



Attracting Tomorrow



TDK Transformation
to enhancement of enterprise value

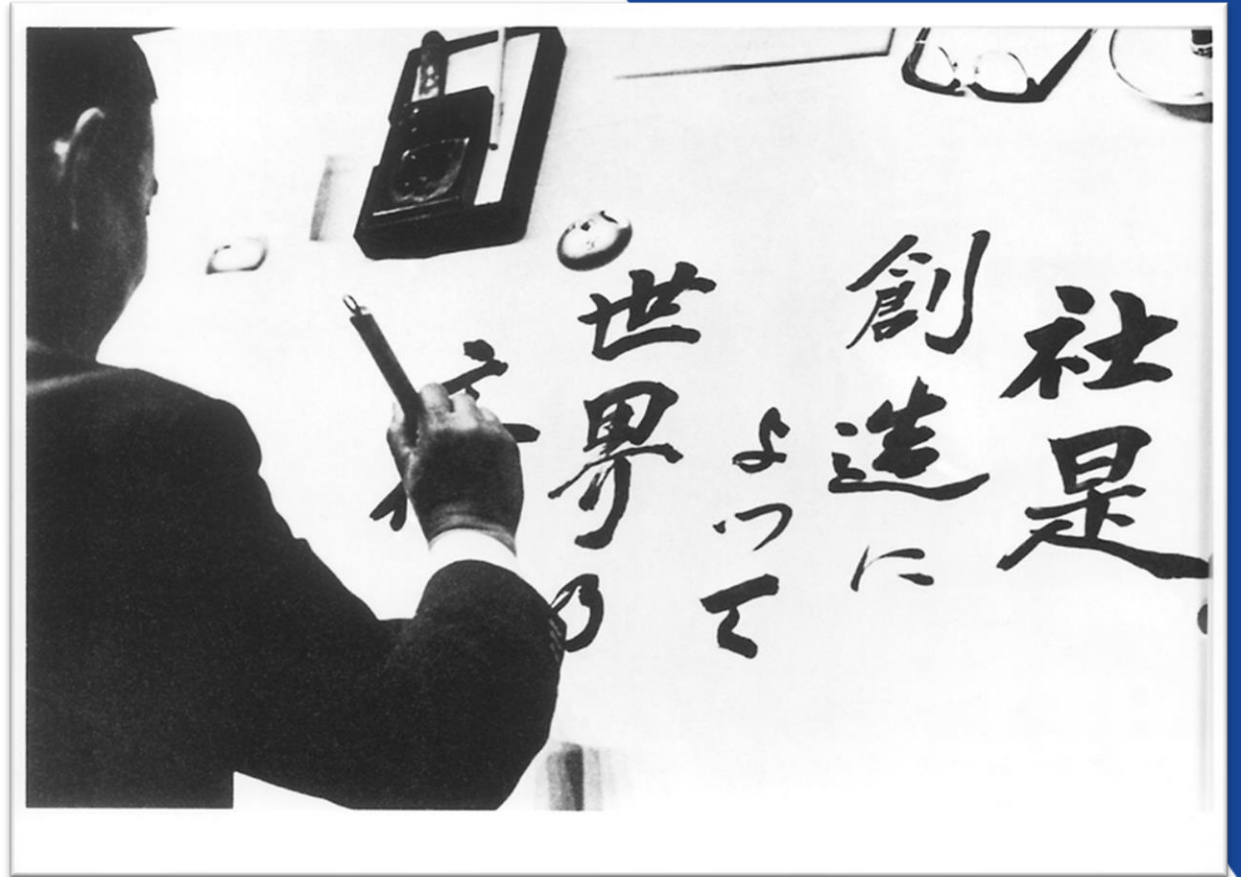
**Long-term Vision &
New Medium-term Plan**

TDK Corporation
IR&SR Group
May 22, 2024

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1. Long-term Vision



My commitment as President & CEO

- We have formulated our vision of what we want to be 10 years from now (long-term vision). We have back-casted from our vision for 10 years to identify the path to enhancing our enterprise value.
- Based on our materials x processes x software technologies, we will become the No.1 partner for our world-wide customers and accelerate social transformation for a sustainable future.
- We will enhance our business portfolio management, increase the spread between ROIC and WACC, increase cash flows, improve capital efficiency, and strengthen business management to increase financial capital.
- We will evolve the Ferrite Tree and reinforce business management to increase pre-financial capital, which is the source of future cash flows.
- We will focus more on investor dialogue and investor relations.

TDK Value Structure

Contribute to culture and industry through creativity

Corporate
Motto

“Vision” “Courage” “Trust”

Corporate
Principles

TDK Transformation

~ Accelerating transformation for a sustainable future ~

Long-term Vision

Key Issues (Materiality) which should be addressed toward the realization of Long-term Vision

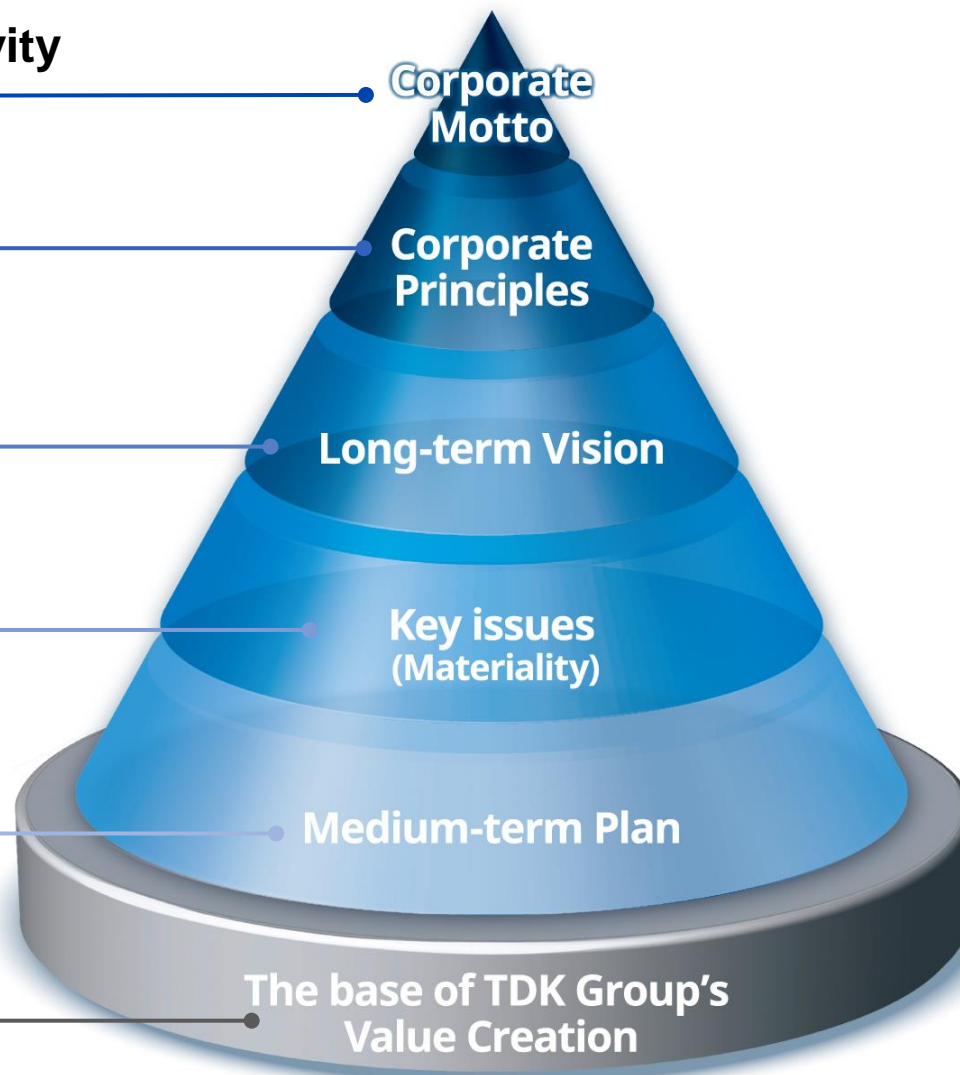
Key issues
(Materiality)

Action plan for the next 3 years to realize the Long-term Vision

Medium-term Plan

Values/codes/rules that serve as the base of TDK Group's Value Creation

The base of TDK Group's
Value Creation

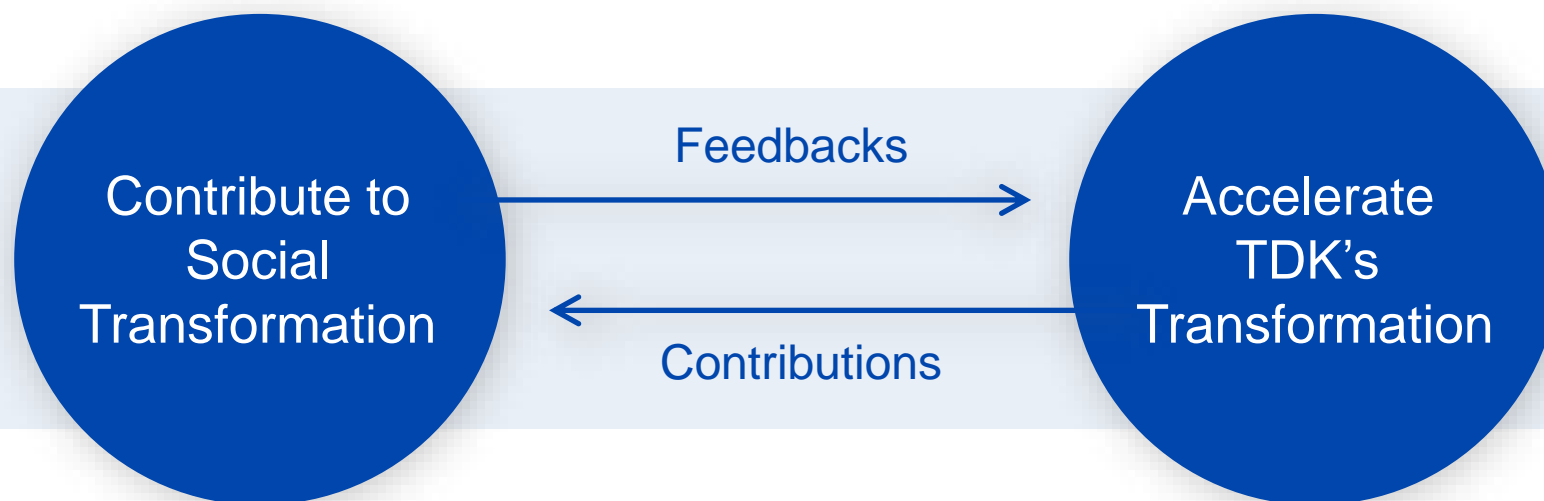


Long-term vision

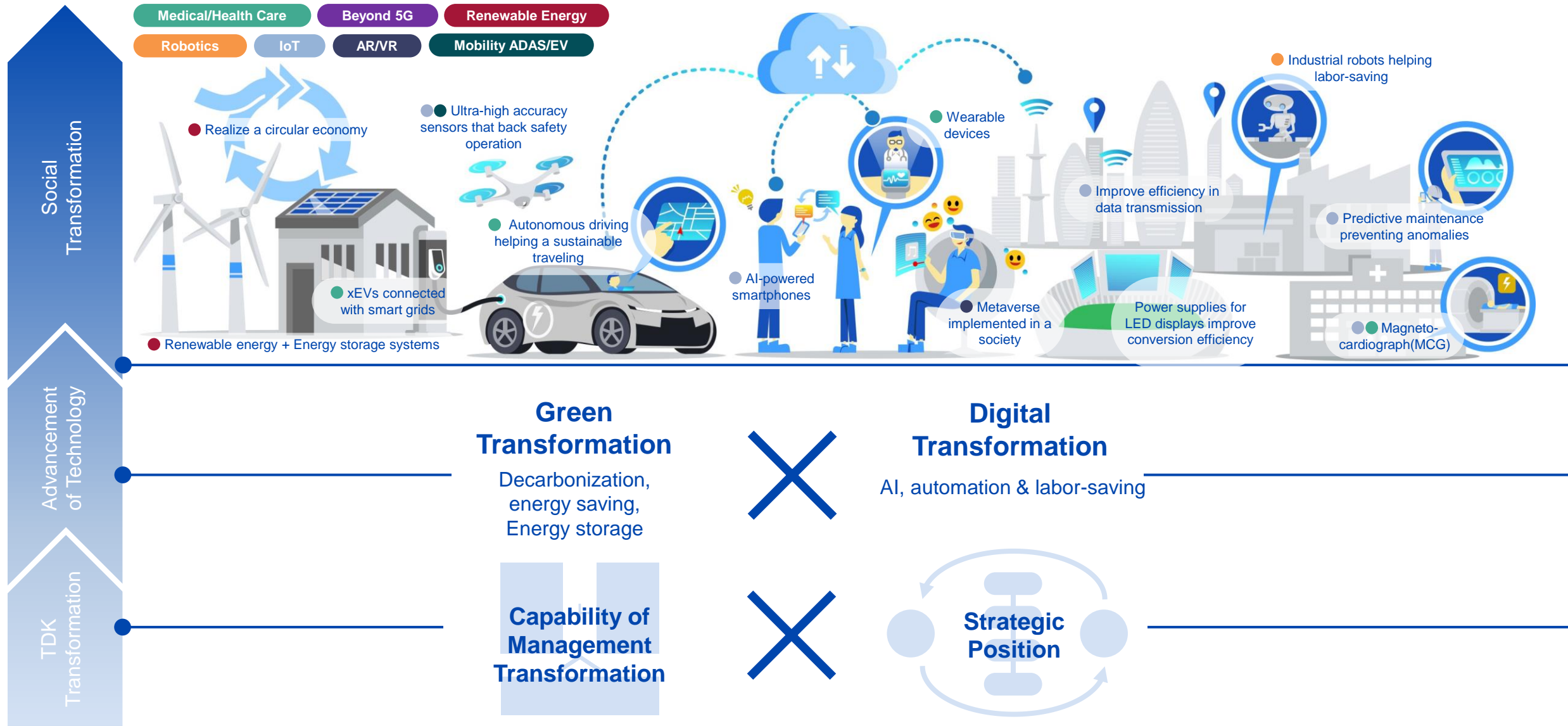
TDK Transformation

~Accelerating transformation for a sustainable future~

- Contribute to the transition towards a sustainable future by **accelerating the transformation of society and advancements in technology** enabled by electronic devices developed through leveraging cutting-edge innovation in **materials, processes, and software technology**.
- **Become the No.1 partner** growing alongside our worldwide customers by **pursuing continuous “transformation”**.

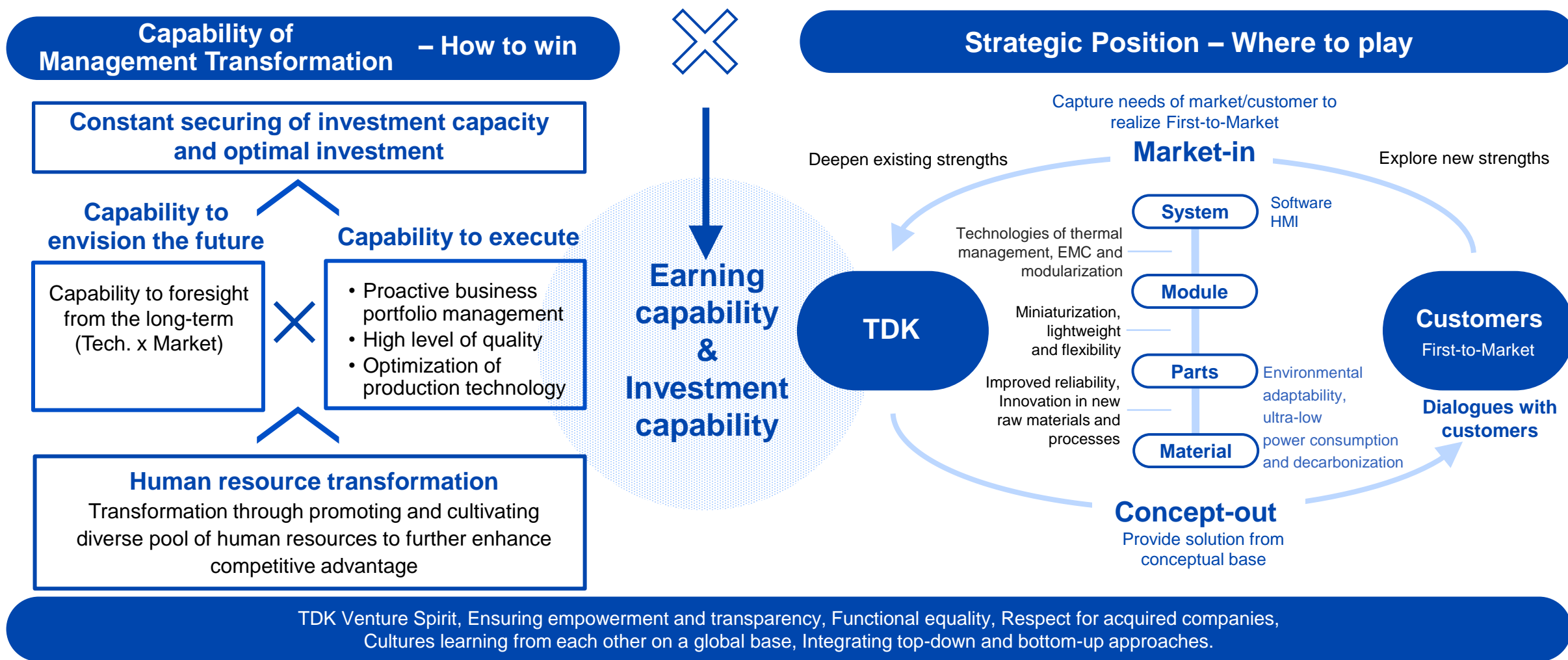


Contribute to Social Transformation



Acceleration of TDK Transformation

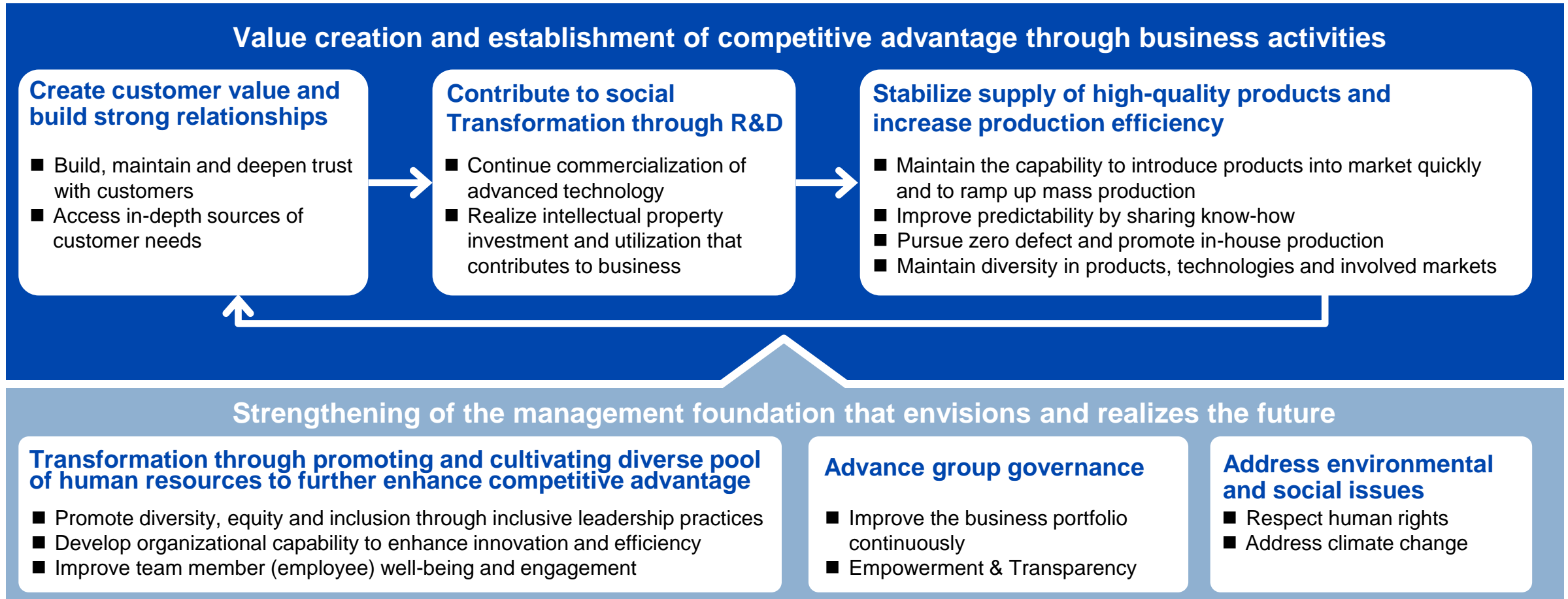
- Contribute to the transition towards a sustainable society as the No.1 partner based on establishing leading position by electronic devices developed through leveraging cutting-edge innovation in materials, processes and software technology in organic growth and M&A.



Defining key issues (Materiality)

- Key issues is set to realize long-term vision and enhance enterprise value through verbalization of sources of competitive advantage which have supported long-term growth.

Basic policy of key issues (Materiality)



2. Review of Previous Medium-term Plan



Review of the previous medium-term plan – Value Creation 2023

Attracting Tomorrow



- Achieved positive FCF after shareholder returns as a result of optimizing capital allocation in line with change of business environment.
- Several revenue sources following small capacity batteries have progressed to a certain level: Profitability of sensor application products, growth of passive components and transfer medium capacity batteries business to JVs.
- Issue: The undershooting of profitability targets.
 - ✓ Have the management emphasizing BizROA and cash flows penetrate still more.
 - ✓ Business growth with capital efficiency improvement, in particular passive components and sensor application products.
 - ✓ Address turnaround businesses.

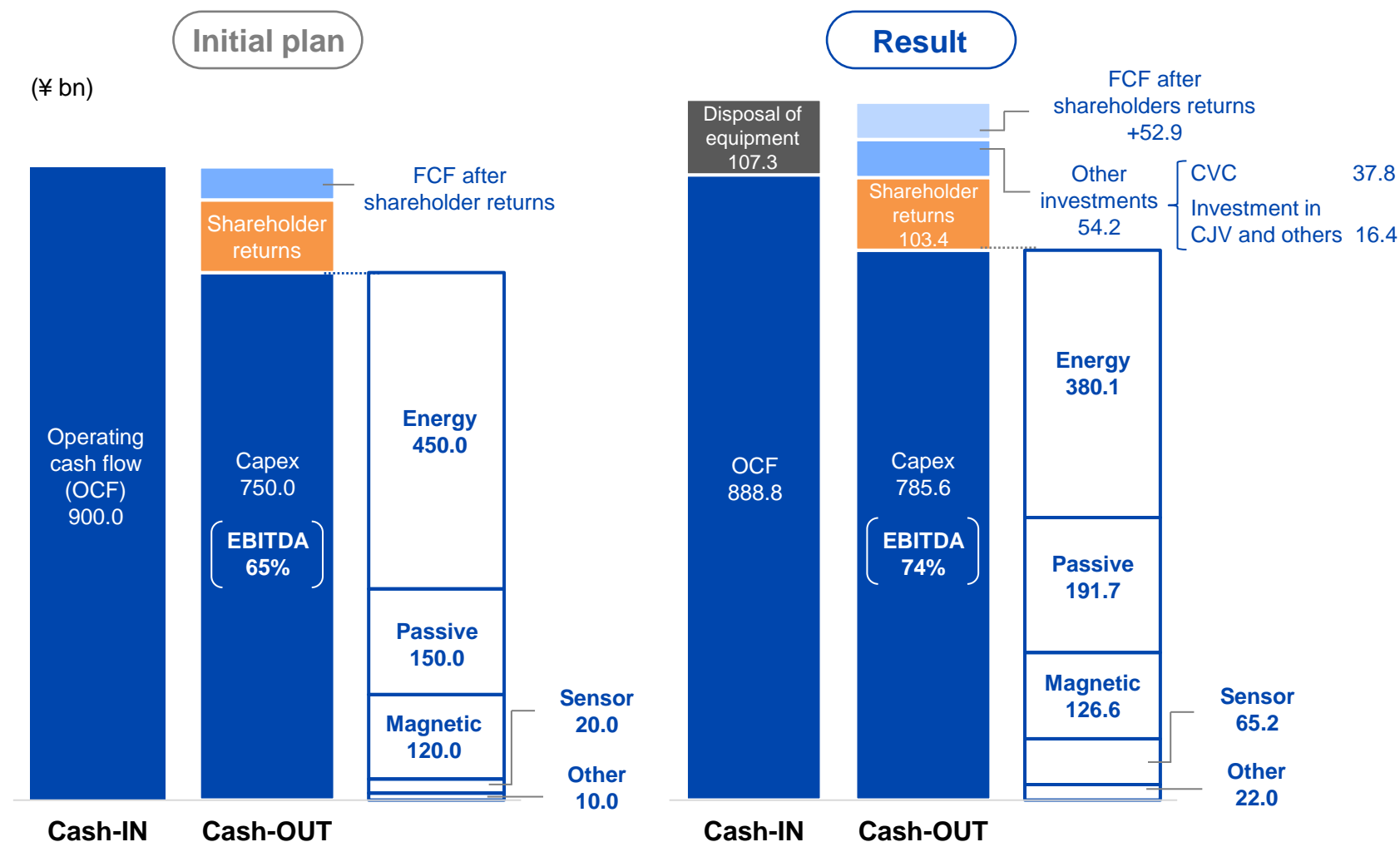
Targets and results in VC2023 KPIs

| | Targets FY3/24 | Results FY3/24 |
|-------------------------------|-------------------|-------------------|
| Net sales | ¥2,000.0 bn | ¥2,103.9 bn |
| Operating profit margin (OPM) | 12.0% | 8.2% |
| ROE | 14.0% | 7.9% |
| FCF after shareholder returns | Profitability | ¥52.9 bn |
| Capex (over the three years) | ¥750.0 bn | ¥785.6 bn |

| | Achievement | Issue |
|-------------------------------|--|---|
| Passive Components | <ul style="list-style-type: none"> • Significantly increased production of products for automobiles, such as MLCCs • Continuous developing high value-added products • Productivity improved | <ul style="list-style-type: none"> • Accelerate developing new products • Optimization of manufacturing sites |
| Sensor Application Products | <ul style="list-style-type: none"> • Improved profitability, established surplus trend. • Profit of TMR sensors improved due to expansion of usage and investment in increased production has been decided to expand more | <ul style="list-style-type: none"> • Profitability improvement of the MEMS microphone business has been delayed |
| Magnetic Application Products | <ul style="list-style-type: none"> • Commenced mass production of next-generation technology MAMR • Developing HAMR has progressed • Withdrawal from the suspension application products business has been decided | <ul style="list-style-type: none"> • Profitability of the HDD-related business deteriorated • Profitability improvement of the magnet business has been delayed |
| Energy Application Products | <ul style="list-style-type: none"> • Market share of small capacity batteries increased, and profitability improved • Manufacturing sites in India commenced cell productions • JVs in medium-capacity batteries commenced full-scale operations and achieved profitability | <ul style="list-style-type: none"> • Accelerate developing new products • Optimization of manufacturing sites |

Improvement of capital efficiency remain challenges

Capital allocation in VC2023 (FY3/22 to FY3/24)



Financial guidance in VC2023

- Accelerate growth through inclined capital allocations in the rechargeable batteries, passive components and sensors businesses
- Strengthen financial discipline
- Secure long-term stable funds and optimize debt structure

Achievements

- Secure long-term stable funds
- Strengthen financial position

Ongoing issues

- Enhance business portfolio management
- Improve capital efficiency
- Strengthen shareholder returns

3. New Medium-term Plan

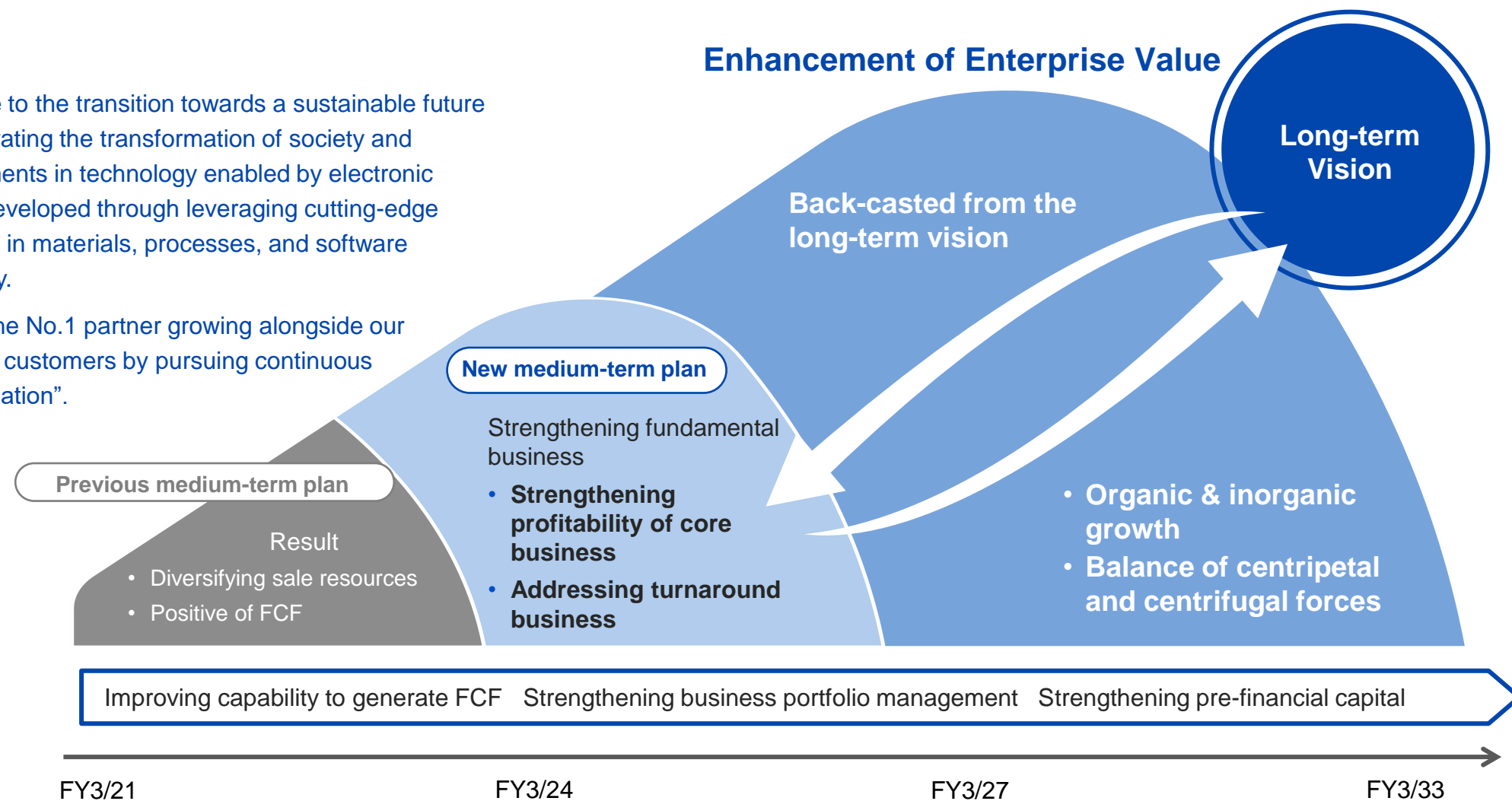


Position of the new medium-term plan

- The new medium-term plan is positioned as the plan to strengthen fundamental business to realize the Long-term Vision.

Contribute to the transition towards a sustainable future by accelerating the transformation of society and advancements in technology enabled by electronic devices developed through leveraging cutting-edge innovation in materials, processes, and software technology.

Become the No.1 partner growing alongside our worldwide customers by pursuing continuous “transformation”.



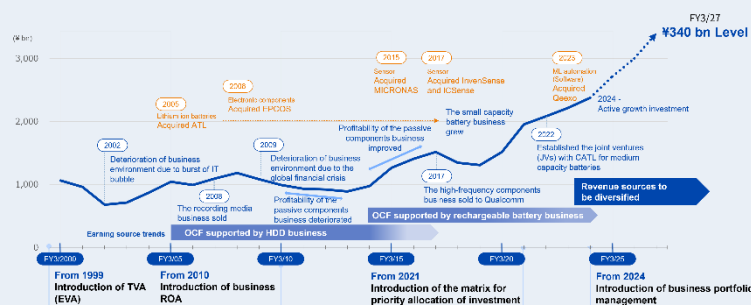
New medium-term plan: Key points

- To achieve what we want to be in the next decade, we are committed to strengthening management focusing on cash flows, enhancing business portfolio management, increasing pre-financial capital and engaging with investors.

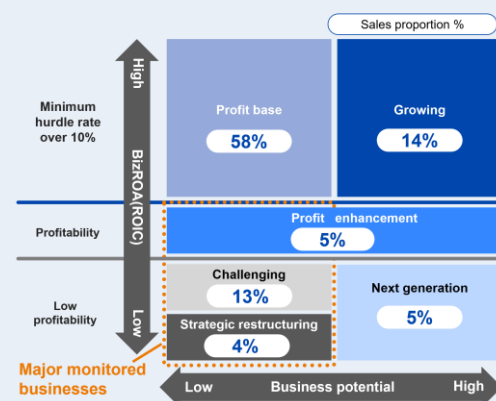
$$\text{Enterprise value} = \frac{\text{Maximize FCF generation} \uparrow}{\text{Cost of capital (WACC)} \downarrow - \text{Expected growth rate} \uparrow}$$

Key points

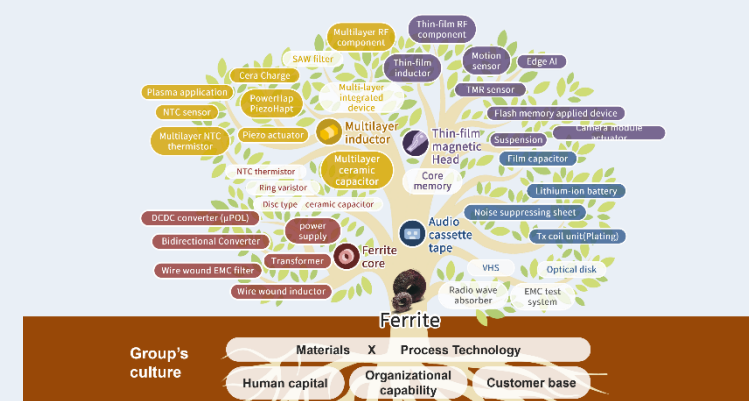
1 Strengthen management focusing on cash flows



2 Enhance business portfolio management (Emphasizing ROIC)



3 Evolve the Ferrite Tree (Pre-financial capital)



Financial/Pre-financial KPIs

Attracting Tomorrow



- Through enhancement of proactive business portfolio management, we aim to achieve KPIs that exceed plans.

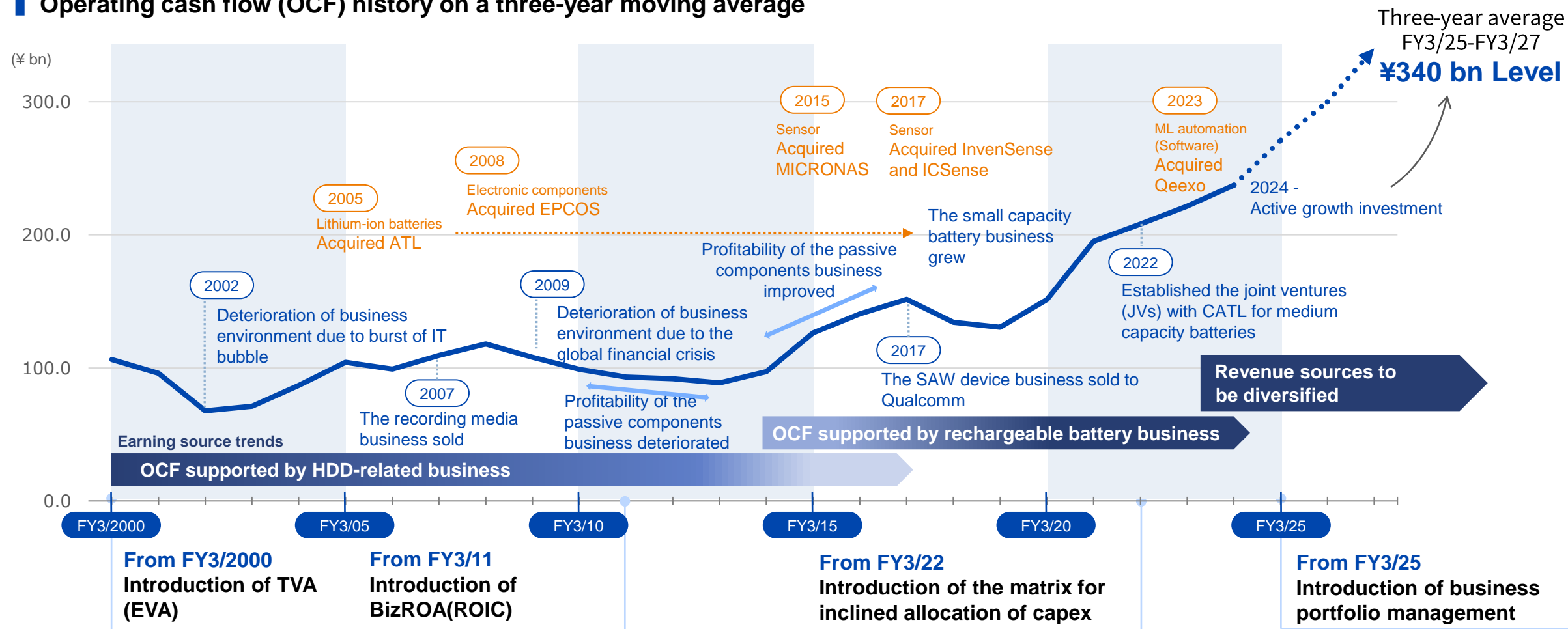
| | | FY3/24 | FY3/27 | How we want to be in the medium-to long-term | |
|---------------------------|---------------------|---|--------------|--|-------------|
| Financial indices | Growth | Net sales [¥ bn] (CAGR) | 2,103.9 | 2,500.0 (approx. 5%) (10% or more) | |
| | Efficiency | ROE | 7.9% | 10% or more | 15% or more |
| | | ROIC (>WACC) | 5.3% (<7.0%) | 8% or more | 12% or more |
| | | Operating profit margin(OPM) | 8.2% | 11% or more | 15% or more |
| | Financial soundness | Shareholders' equity ratio | 50% | 50% level | |
| | | D/E ratio | 0.4x | 0.3 - 0.4x | |
| Pre-financial indices | KPIs | Team member engagement (TME) | | | |
| | | Communication score | 67pts. | 75pts. or more | |
| | | Response rate | 80% | 80% or more | |
| | | CO ₂ emission reductions* (vs. FY3/22) | 42.9% | 23.3% | 42.0% |
| Exchange rate assumptions | | ¥144/US\$ | ¥135/US\$ | ¥135/US\$ | |

*Note: CO₂ emission reductions = Targets of SBTi Scope1+2 CO₂ emission reductions, whose figures in FY3/24 are approximate.

Aiming for operating cash flow growth

- We will improve cash flows over the medium- to long-term by enhancing our earning capability through organic growth, M&A, and proactive business portfolio transformation.

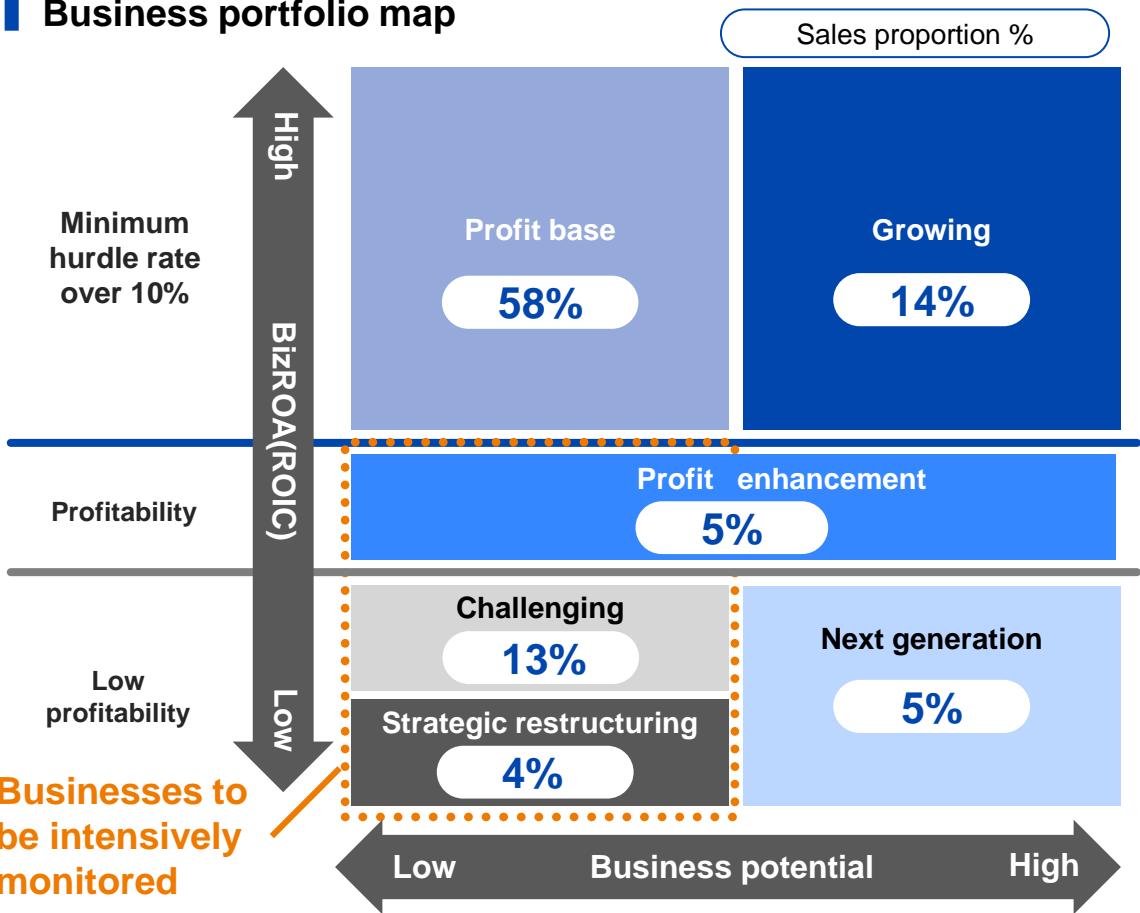
Operating cash flow (OCF) history on a three-year moving average



Enhancing business portfolio management

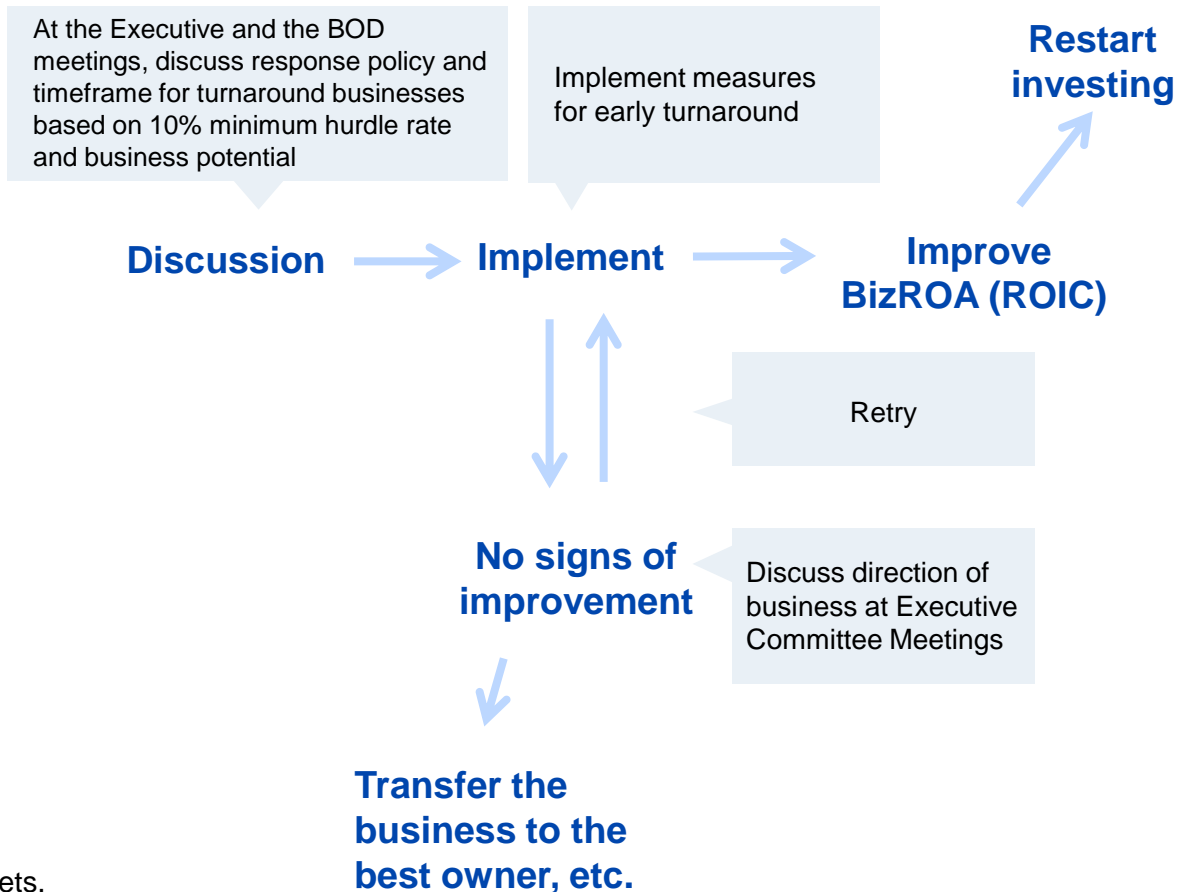
- Have evolved from the previous double-axis investment allocation map to a double-axis business portfolio map.
- Appropriately address businesses that fall below the minimum hurdle rate and prioritize allocating capital into growth areas.

Business portfolio map



- BizROA = Business OP after tax and before distribution of corporate expenses / business assets.
- The 10% minimum hurdle rate is calculated, considering the 7% corporate WACC and corporate expenses.

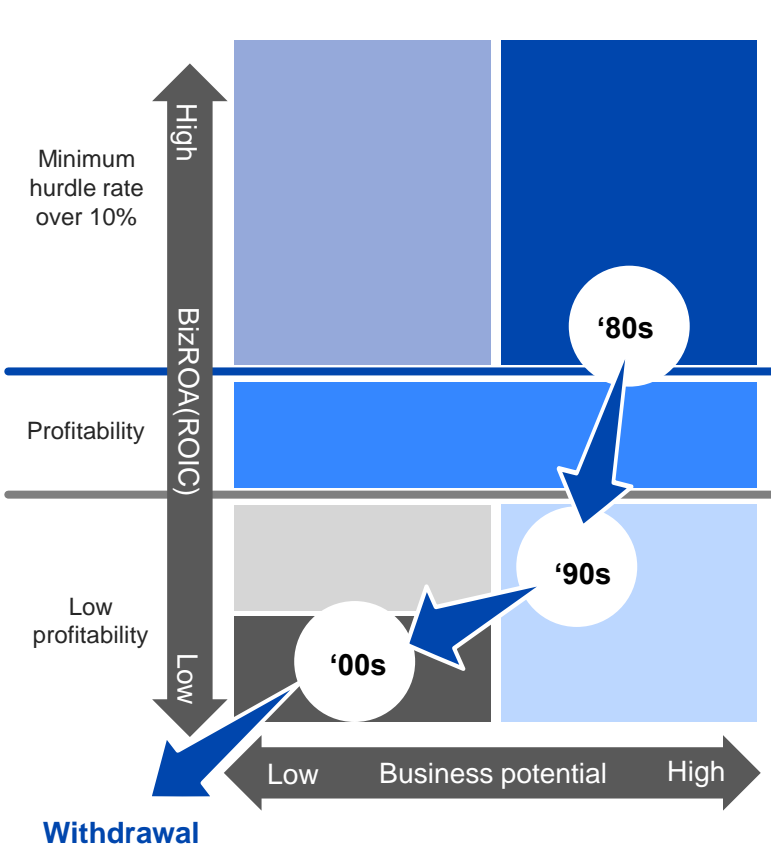
Proactive portfolio transformation



(Reference) Examples of business portfolio management

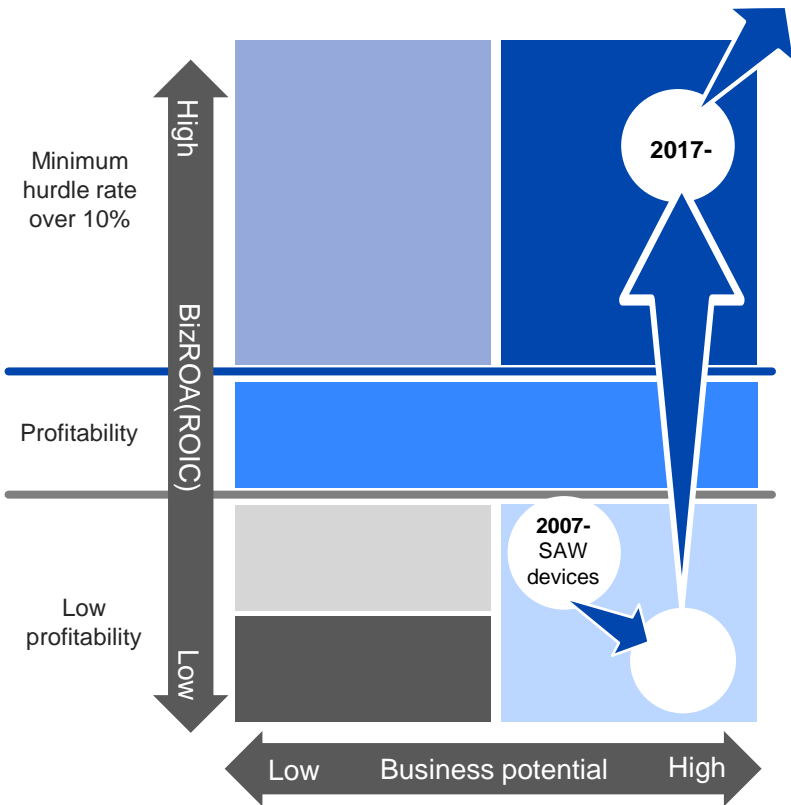
Audio tape business

Divested at an appropriate time in line with the industry lifecycle.



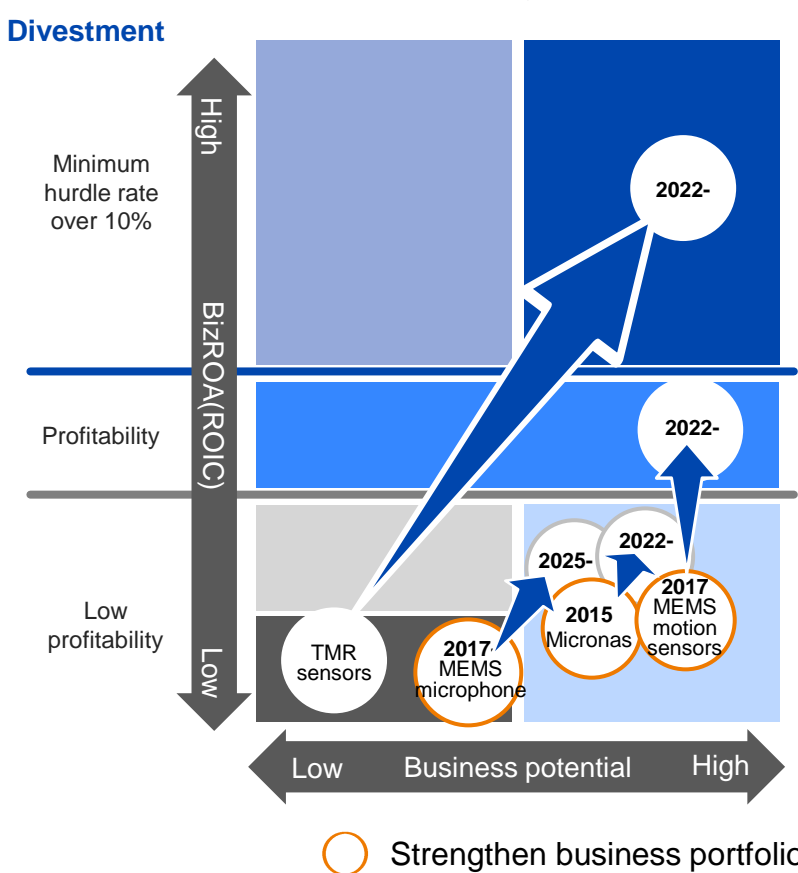
Passive components(SAW devices) business

Increased added value and achieved turnaround by injecting processes technology after acquisition. Subsequently divested from a best-owner perspective.



Sensor application products business

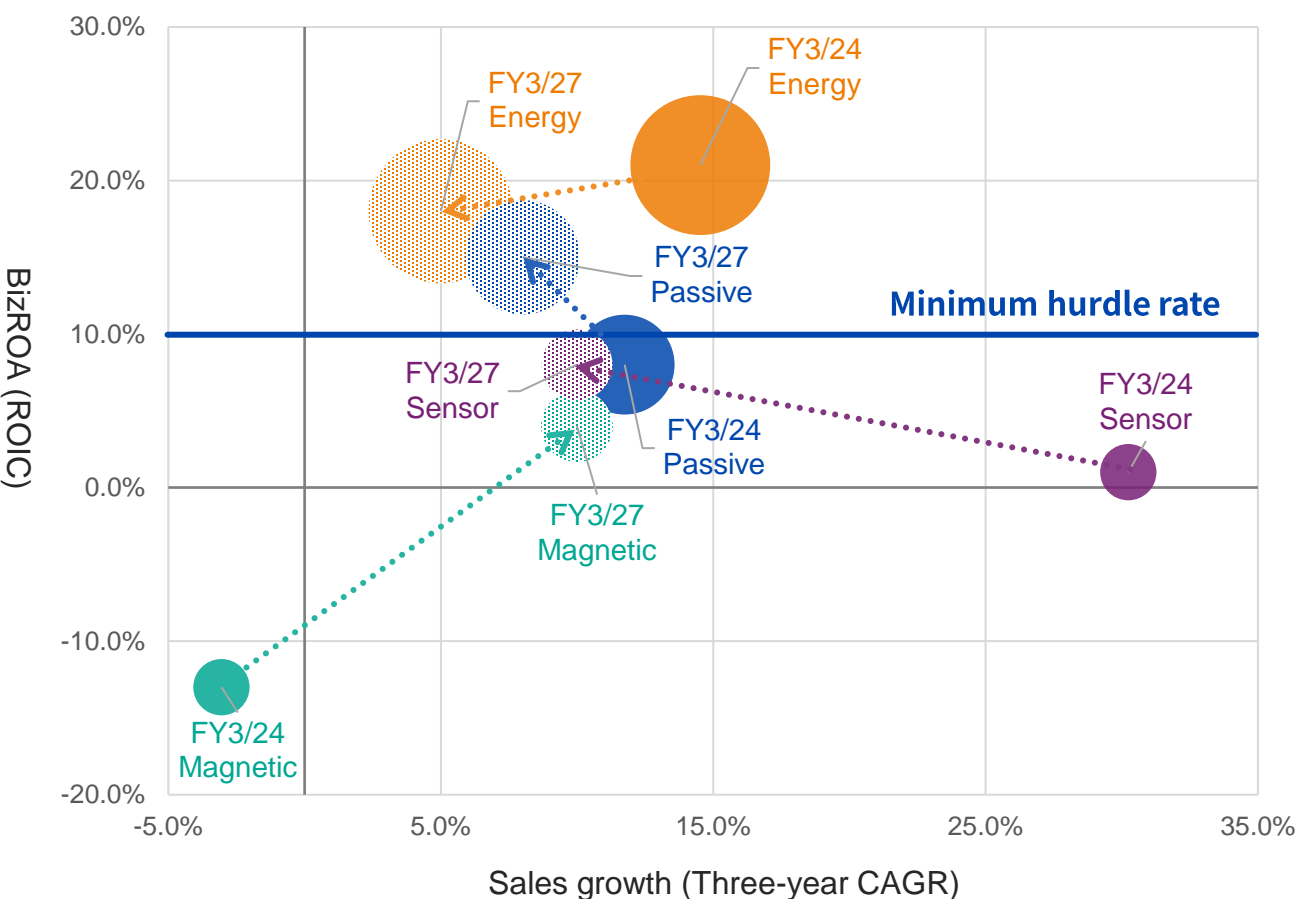
Applied magnetic and thin film technologies and developed the TMR sensor business. Generated synergies by adding to portfolio and achieved turnaround through sales expansion.



Business portfolio strategies

- We will strengthen businesses with high profitability and capital efficiency to achieve higher operating profit margins and BizROA (ROIC).

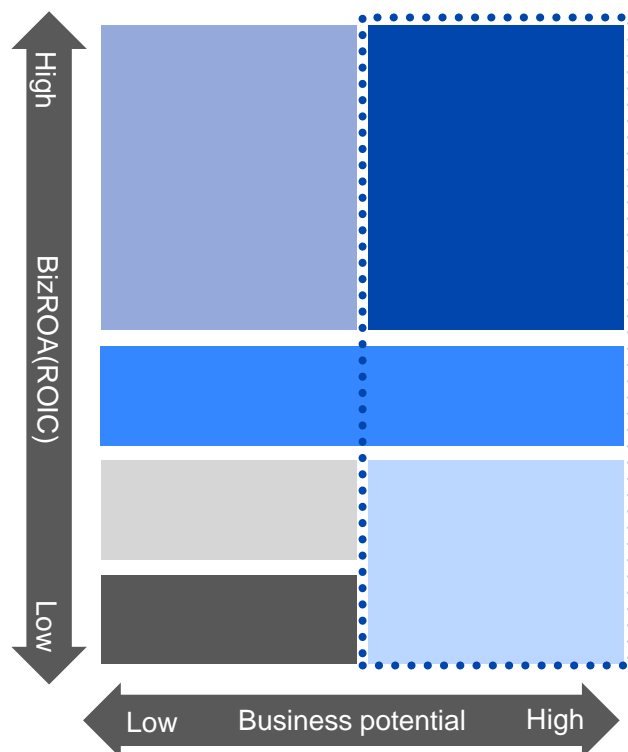
Chart for growth and capital efficiency by segment



Net sales/BizROA by segment

| (¥ bn) | FY3/21 | FY3/24 | FY3/27 |
|-------------------------------|----------------|----------------|---------------------|
| Net sales (CAGR) | 1,479.0 | 2,103.9 | 2,500.0 (5%) |
| Passive Components | 407.1 | 565.6 | CAGR 5-8% |
| Sensor Application Products | 81.3 | 180.5 | CAGR 8-11% |
| Magnetic Application Products | 199.3 | 184.2 | CAGR 8-11% |
| Energy Application Products | 740.2 | 1,121.7 | CAGR 2-5% |
| OPM | 7.6% | 8.2% | 11.0% |
| BizROA (ROIC) | 5.2% | 5.3% | 8.0% |
| Passive Components | — | 7.7% | 15.0% |
| Sensor Application Products | — | 1.2% | 8.0% |
| Magnetic Application Products | — | -12.2% | 4.0% |
| Energy Application Products | — | 21.5% | 18.0% |

Growth strategies for priority growth businesses

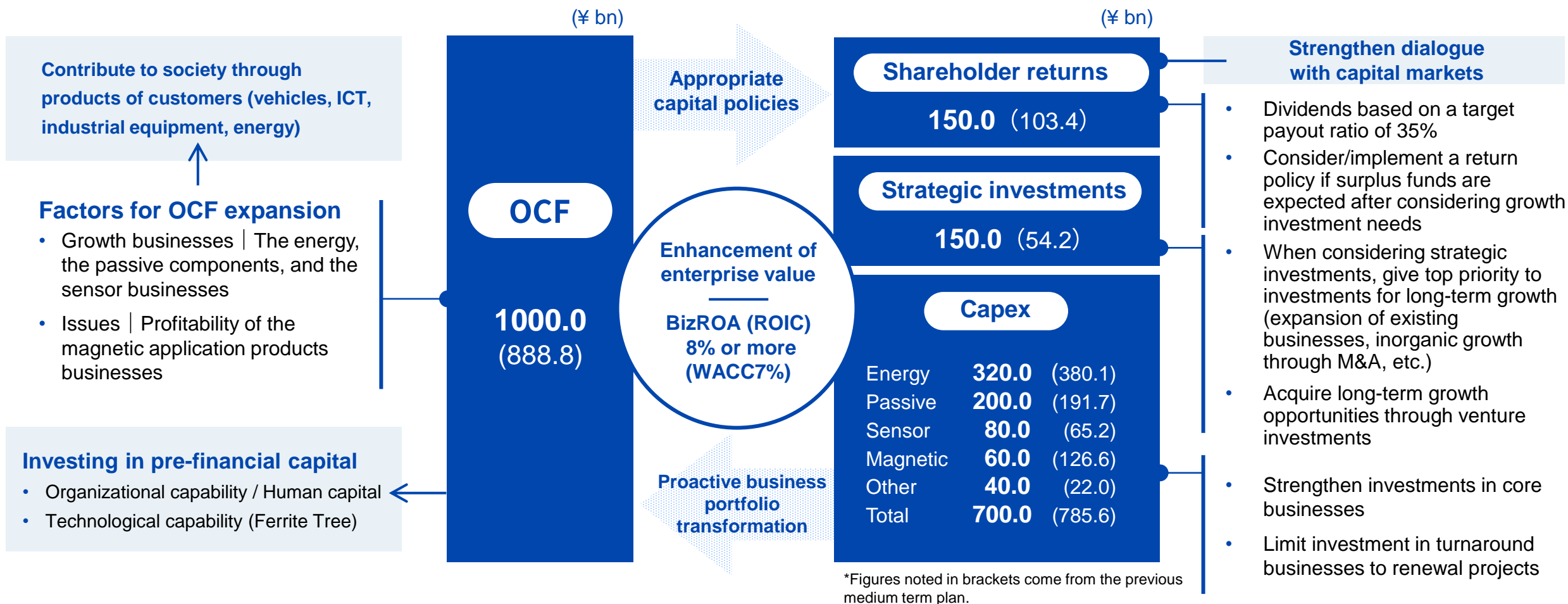


| | Opportunities and trends | Products | Measures/drivers for growth |
|-------------------------------------|--|----------------------------------|--|
| Automobile-related | <ul style="list-style-type: none"> Progress in xEVs and ADAS | MLCCs, Passive components | <ul style="list-style-type: none"> Continuous improvement in supply capacity of high-reliability products Continued launch of high value-added products |
| | | TMR sensors | <ul style="list-style-type: none"> Angle sensors for high-sensitivity motors, e.g., power steering Current sensors for xEVs |
| | | Motion sensors | <ul style="list-style-type: none"> Expansion of high-performance IMU for ADAS leveraging design development capabilities |
| ICT-related | <ul style="list-style-type: none"> Increased functionality of IoT devices Foldable smartphones Function evolution due to AI installation Cloud, edge | TMR sensors | <ul style="list-style-type: none"> Expansion of customer base for ICT devices, e.g., smartphone |
| | | Small capacity batteries | <ul style="list-style-type: none"> Continuous incorporation of cutting-edge technologies Further enhancement of production technology that supports cost competitiveness |
| Industrial equipment-related | <ul style="list-style-type: none"> Full-scale use and dissemination of renewable energy Labor saving, automation, DX Utilization of AI | Medium capacity batteries | <ul style="list-style-type: none"> Full-scale launch of JVs Enhance product lineup to address diverse needs, e.g., power tools, electric motorcycles, ESSs Expansion from RESS market to industrial and commercial ESSs |

| Three directions | Priority measures |
|--|--|
| Enhance business portfolio management and BizROA (ROIC) | <ul style="list-style-type: none">• Improve BizROA (ROIC) of businesses that fall short of the 10% minimum hurdle rate and determine the direction of the business. |
| Strengthen growth investment | <ul style="list-style-type: none">• Determine areas for growth investment (e.g., further growth investment in existing businesses, potential M&A)• Prioritize allocation of FCF after returns to M&A and growth investments (Surplus funds will be allocated to share buybacks and other forms of shareholder return) |
| Optimize balance sheet structure and reinforce shareholder returns | <ul style="list-style-type: none">• Achieve the optimal balance sheet structure based on financing needs to support the growth strategies• Pay dividends based on a target dividend payout ratio of 35% |

Capital allocation plan (FY3/25 to FY3/27 accumulated)

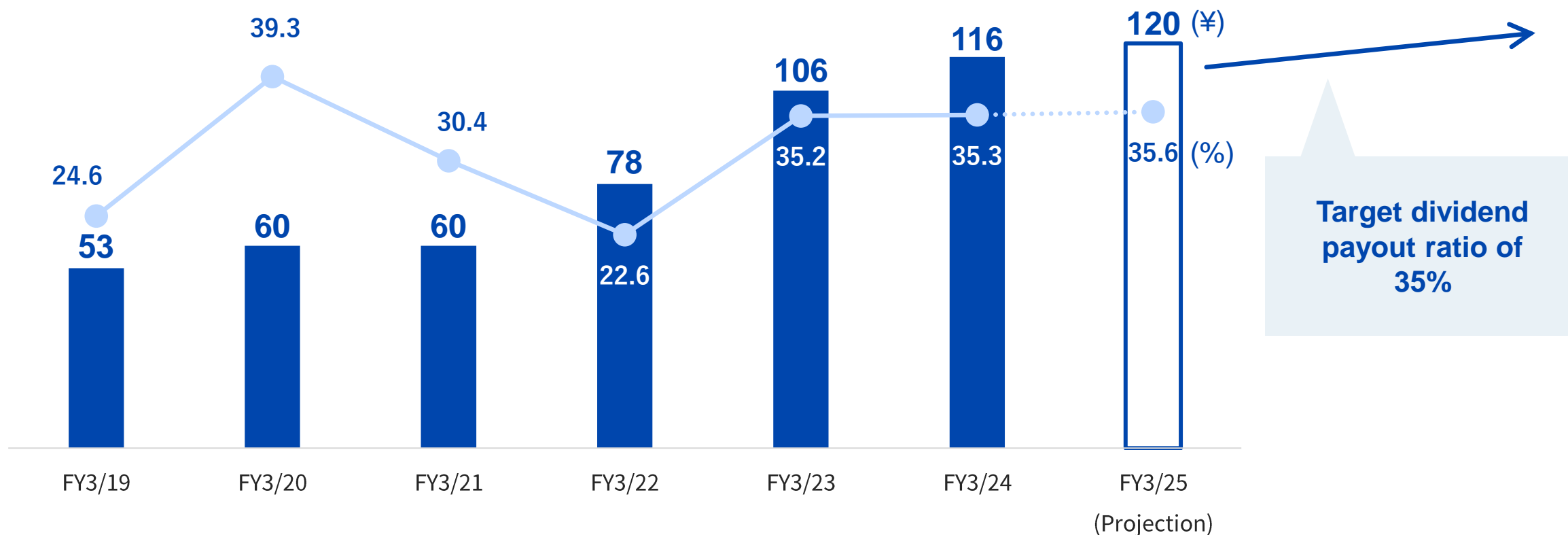
- We will strengthen sustained cash flow generation and achieve an optimal balance sheet structure by allocating FCF after shareholder returns to growth investments.



Strengthen shareholder returns still more

- We have changed our payout ratio target from 30% to 35% in our dividend policy.
- We will enhance shareholder returns through flexible share buybacks, taking into account the situation of strategic investments.

■ Annual dividends and dividend payout ratio



4. Pre-Financial Assets Supporting Transformation

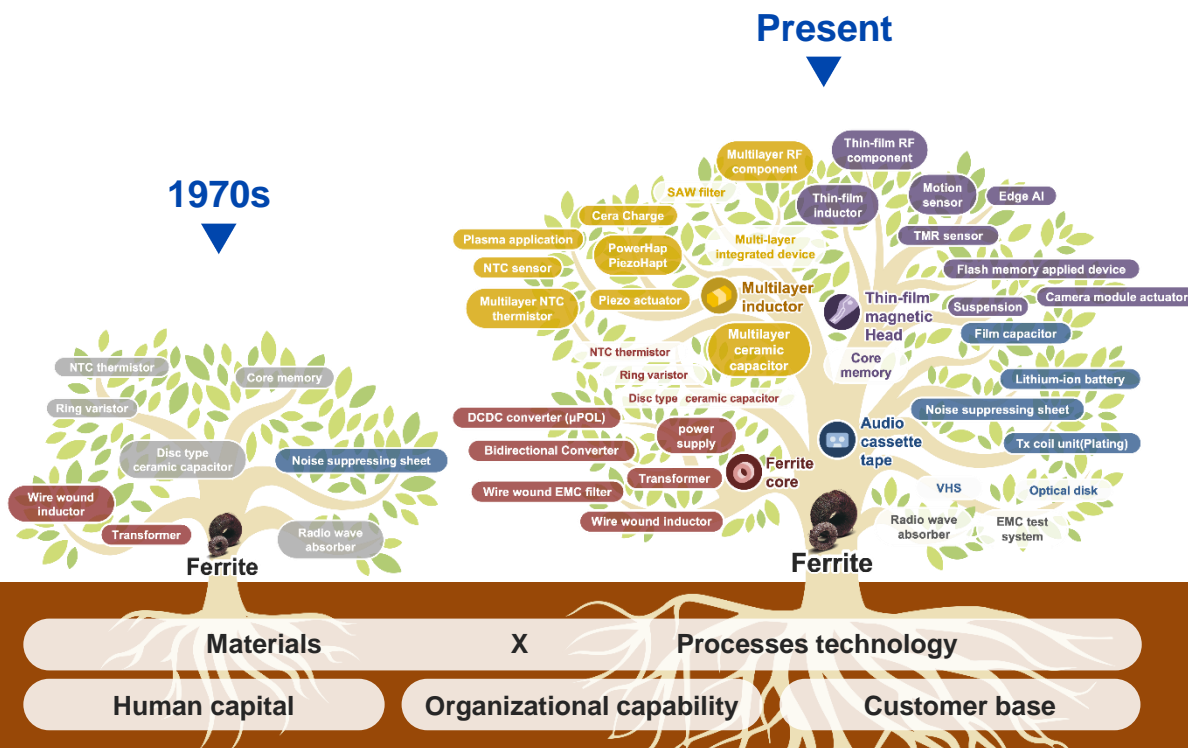


Evolving the Ferrite Tree for further growth

- The Ferrite Tree has continued to grow in response to changes in society. We will continue to evolve the tree ahead of social changes, such as green transformation and digital transformation.

What is the Ferrite Tree ?

- We have gained competitive advantage through the materials and processes technology we have cultivated since our founding.
- In addition to R&D, we have strengthened our technologies in sensors and software through M&A.
- Even if we divest or withdraw from businesses, the technologies are accumulated at TDK and applied to current products, enabling the Ferrite Tree to progress day by day.



Future Ferrite Tree



Pre-financial capital that backs TDK's value creation

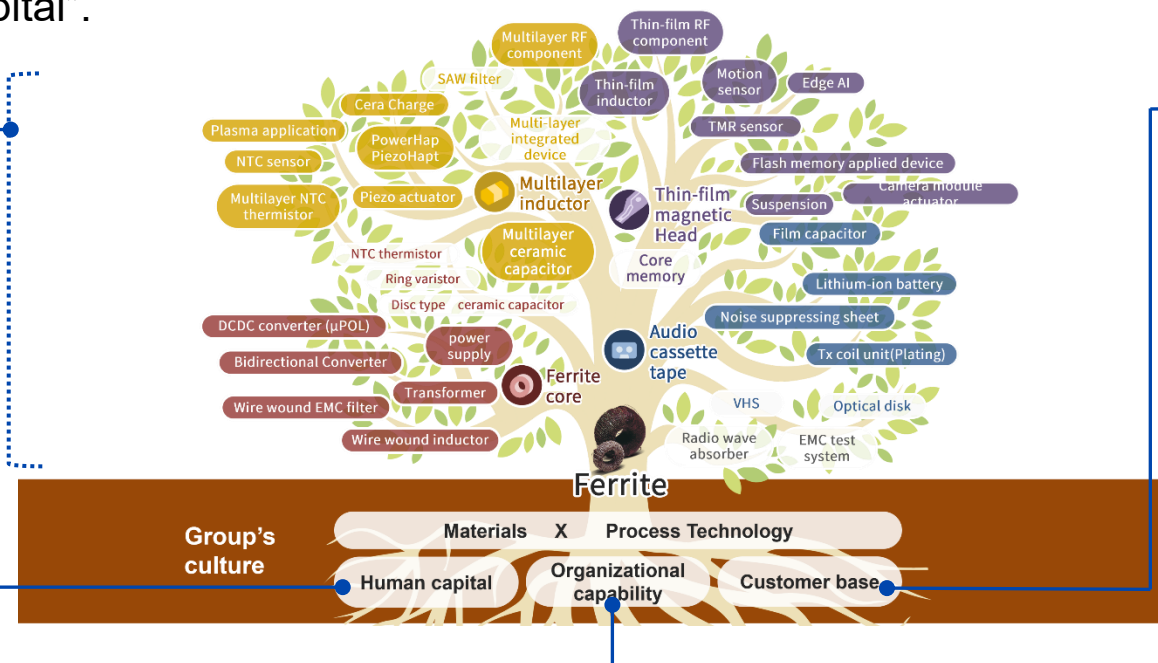
- TDK considers the following as capital capable of generating future cash flows and refers to them as “pre-financial capital” rather than “non-financial capital”.

Technological capability

- Continuously evolving the Ferrite Tree.
- Highly refined manufacturing technologies.

Human capital

- Over 100K team members, about 90% of whom are non-Japanese members.
- Appointing members to important positions, including came from acquired and other companies.



Customer base

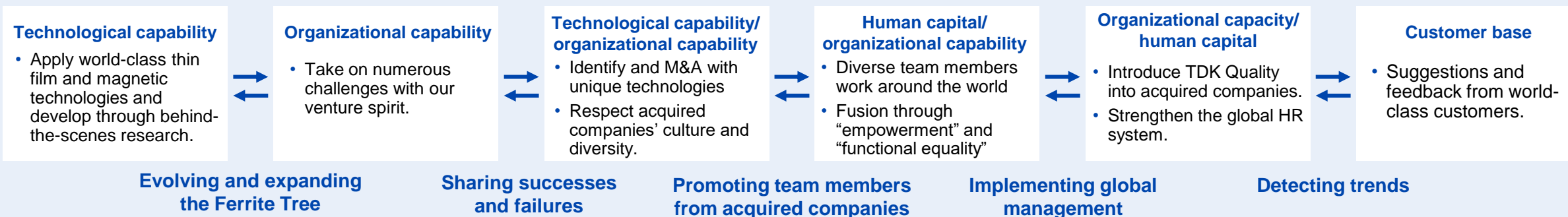
- Deep connections to the world's leading-customers. (High share of the global market)

Organizational capability

- Unique Group's culture, venture spirit and, permeating the “functional equality”.
- Global management.
- Corporate governance.

*Functional equality—is one of our values to encourage discussions in an open and equal atmosphere, based on functions (roles) rather than hierarchy.

Value creation process through pre-financial capital (Examples of the sensor business)



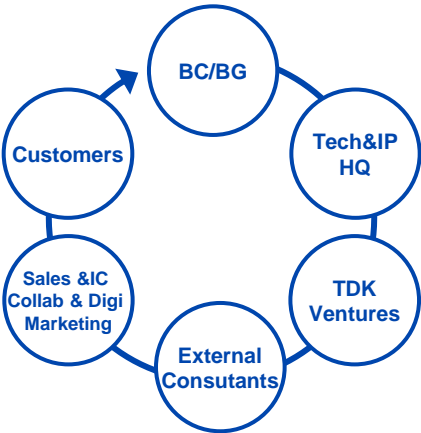
Responding to market potential/needs in a cross-sectional manner

- Strengthening marketing, innovation, and incubation capabilities across the Group.



Responding to market potential/needs in a cross-sectional manner

We have provided new value to customers through cross-organizational efforts, primarily through Corporate Marketing & Incubation (CM&I).



Identifying technology trends in cutting-edge areas through TDK Ventures

In addition to accelerating technology development and strengthening our growth strategy, we have identified the latest trends and implement an effective marketing strategy.

Major areas of investment ►



Next-Gen Materials



Energy & Cleantech



Connectivity & Computing



Industrial



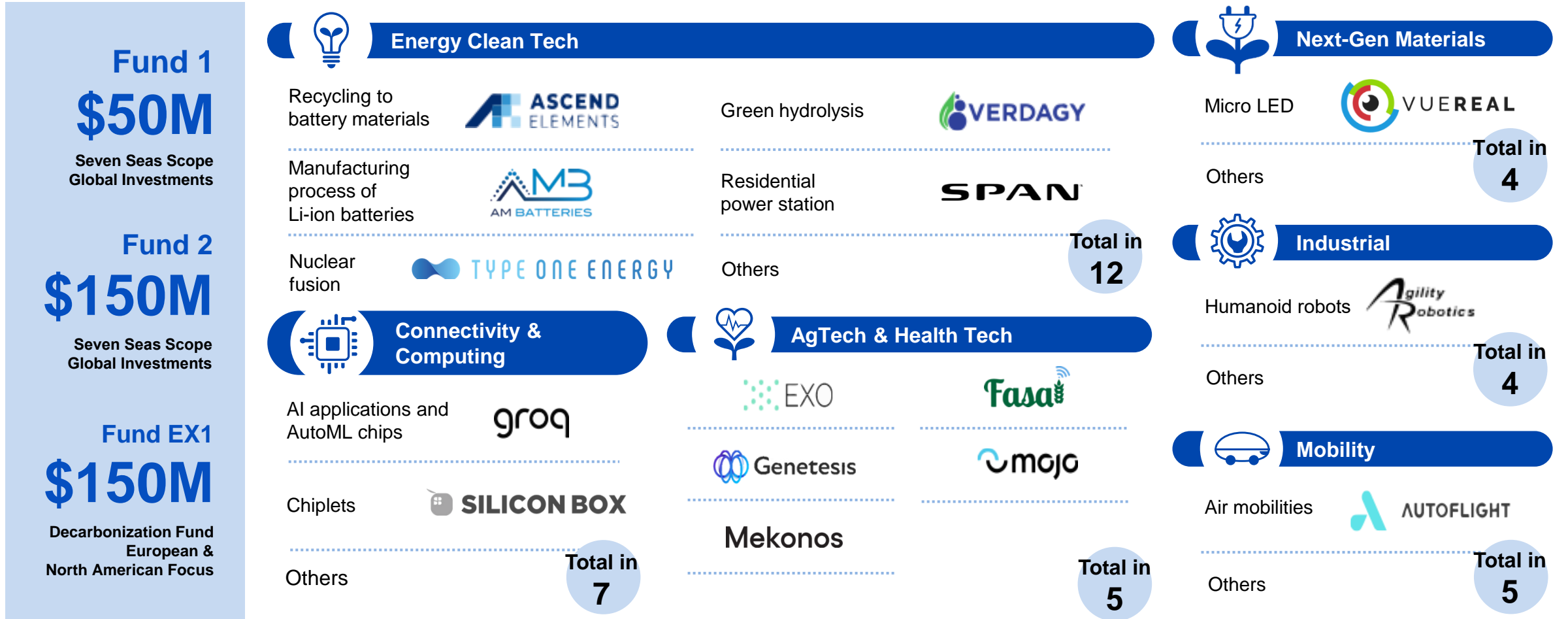
Mobility



Healthtech

Open innovation activities

- Continuous exploring cutting-edge areas and future business investment possibilities through CVC activities.
- TDK ventures has invested in 37 companies.
- Fund size is US\$ 350M as of 2024.



Examples of new businesses

1. Data center-related components



Eco-friendly data centers
Power saving, high-speed, high-capacity



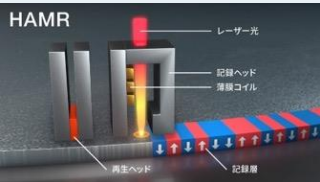
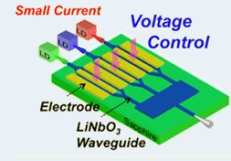
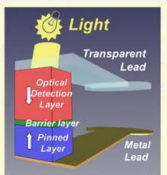


New businesses and products contributing to society

^

New technologies in demand

×

Applicable TDK technologies

| Storages | Photoelectric conversion | high-performance servers | Immersion liquid cooling |
|---|---|---|--|
| <p>HAMR</p>  | <p>LN thin films</p>  <p>Spin photo detectors</p>  | <p>Neuromorphic devices</p>  | <p>Passive components (MLCCs, inductors)</p>  |

Examples of new businesses

2. Human Machine Interface



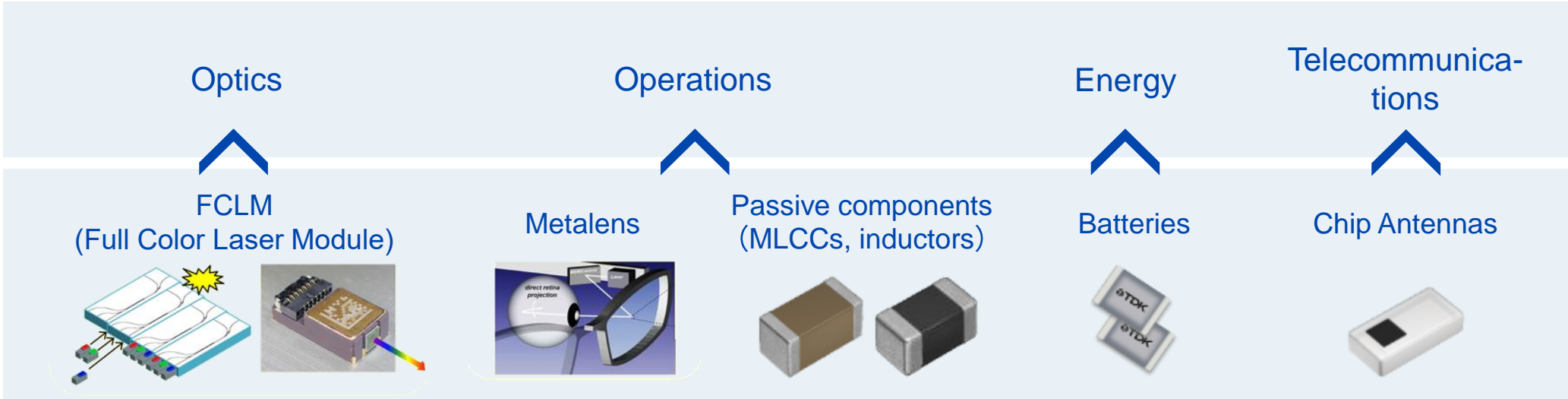
New businesses and products contributing to society

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New technologies in demand

×

Applicable TDK technologies



Examples of new businesses

3. Solution business



Sensors + Software
Predictive maintenance




New businesses and products contributing to society

^







New technologies in demand

×

Applicable TDK technologies

AutoML 
Automated machine learning

Not only detects motion but also predicts anomalies and issues alerts.

| | | | | | |
|---|--|---|---|---|---|
| Motion Sensors | Microphones | Magnetic Sensors | Current Sensors | Temperature Sensors | Battery / Energy Harvesting |
|  |  |  |  |  |  |

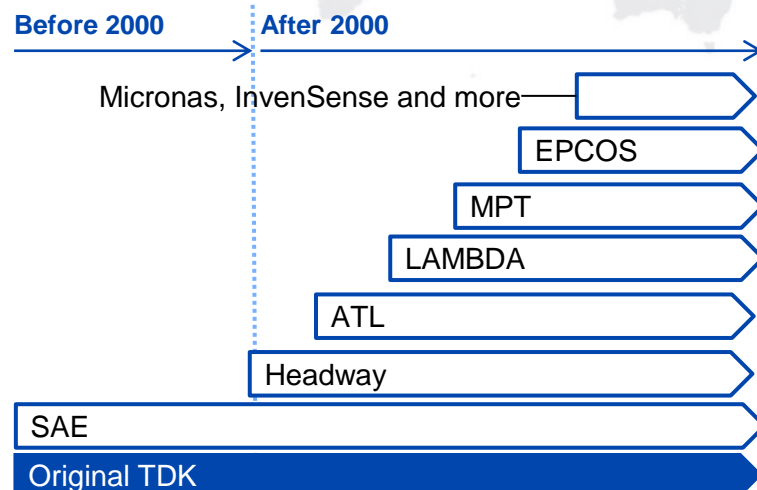
Group's culture focusing on diversity

- German Executive Officer leads the global HR function and other team members have been also appointed to important positions from acquired companies around the world.

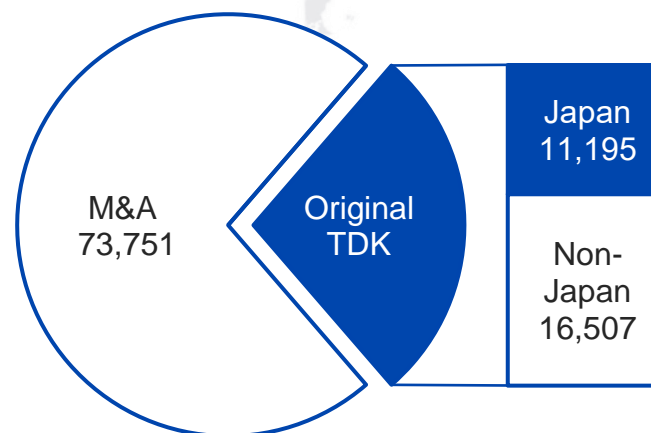
Acquired companies in the world



History of acquisitions



Team member structure



Original TDK's culture and HR capital

- Traditionally, the culture that is inclusive of all backgrounds.
- All executive committee meetings use English.
- A concept of "functional equivalence".



Japanese members in parent company now a minority throughout M&A

- Japanese members: 10% (20 years ago: 25%)
- Members from acquired companies: about 80%



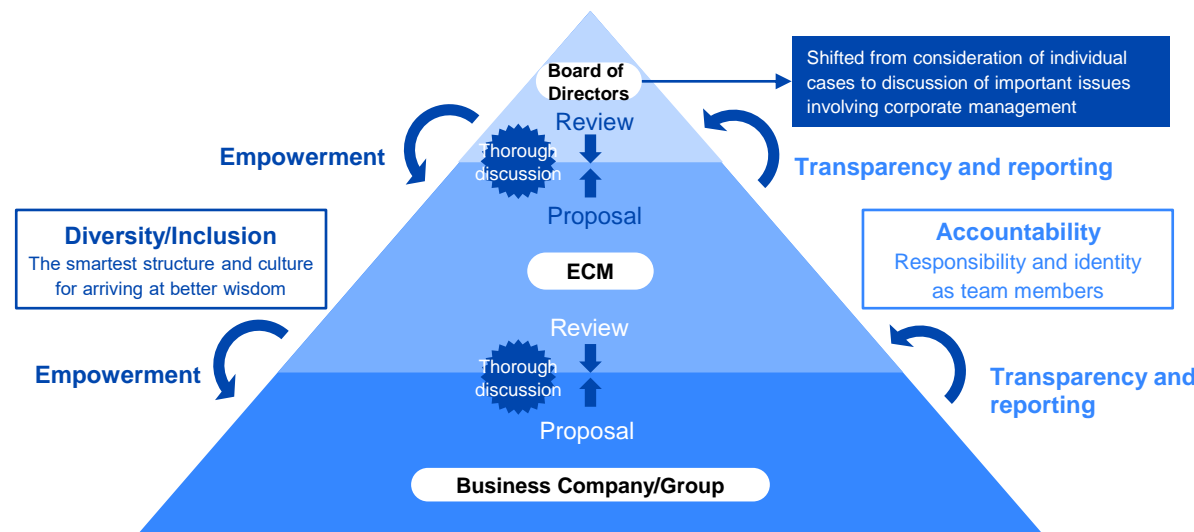
Diversity significantly contributing to our enterprise value

Rather than being managed by the Japanese parent company, the Group's culture and organizational climate of the acquired companies are respected, and a culture of learning global best practices together is being accelerated.

■ Delegation of authority for agile, efficient decision-making

- Separating supervision from execution since before.
- An independent outside director serves as the chair of the board.
- Early on, committees, each chaired by an independent outside director, were established as advisory bodies to the board.
- Emphasis on empowerment and transparency.
- Allocate more time in board meetings to discuss management issues than on reporting.

Roles and authority of the Board of Directors, Executive Committee meeting (ECM), and BCs/BGs

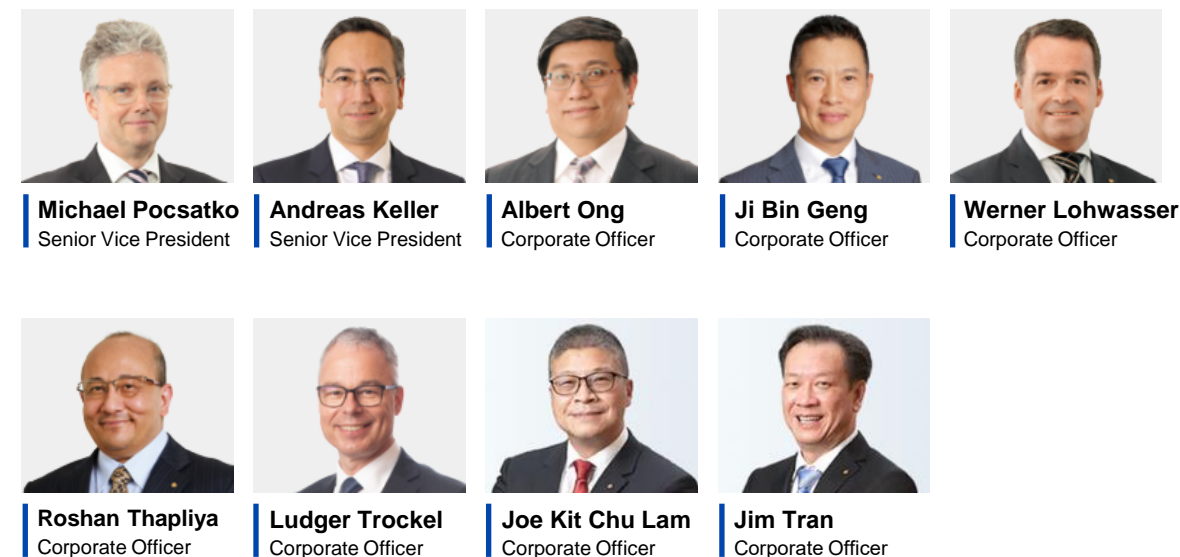


■ Global, open and flat culture

- TDK's corporate culture is our stance of delivering value to customers through the collaboration beyond national borders of team members (employees) with diverse individuals working around the world.
- Regarding M&A, TDK maintains equal relationships and respects one another's corporate culture through a policy of post-merger integration (PMI).

Non-Japanese corporate officers

50%, 9 out of a total of 18 corporate officers.

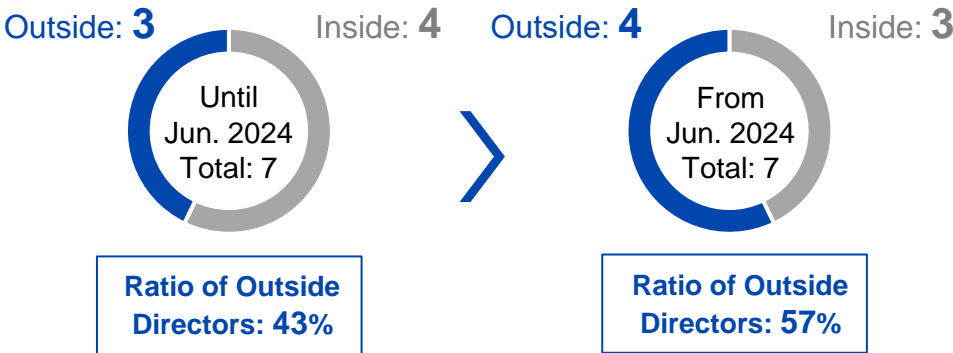


(As of May 2024)

Evolving corporate governance

- Strengthen our board into a monitoring-oriented board
- Introduction of an executive remuneration system linked to medium- to long-term enterprise value growth

Board composition



Mr. Toru Katsumoto, a candidate of new Outside Director

Career

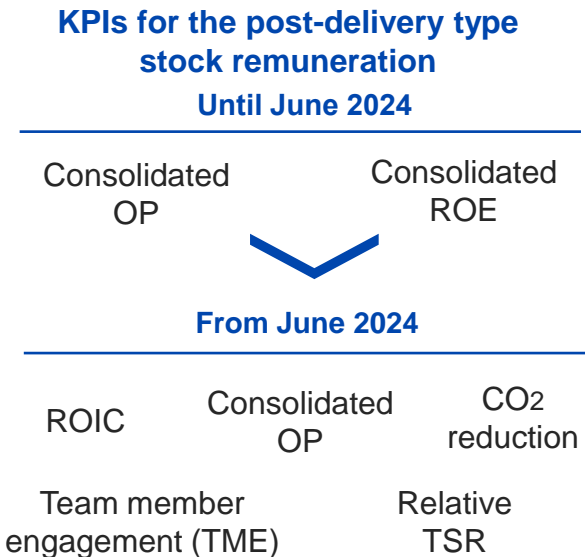
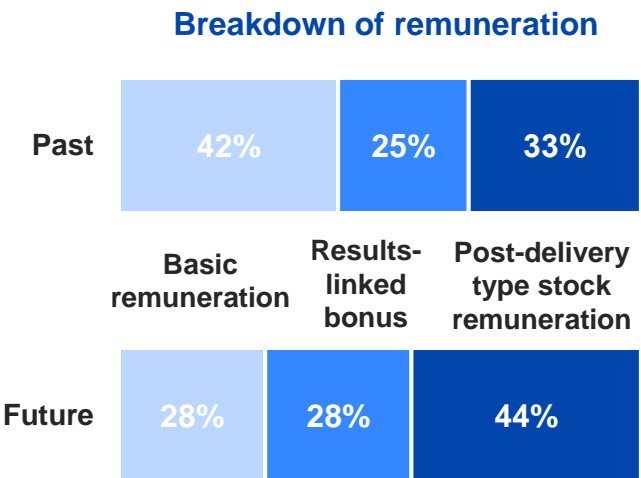
Former Senior Executive Vice President and CTO of Sony Group Corporation

Reasons for nomination as a candidate

Mr. Toru Katsumoto has an abundance of experience and knowledge as a head of the technology division, CTO, and manager of a company that operates globally in the game, music and movie, consumer electronics equipment and other businesses. The Company expects him to supervise the overall management of the Company and to give advice and recommendations to ensure the legality and appropriateness of decision-making of the Board of Directors of the Company by utilizing his experience and insight, and has nominated him as a candidate for Outside Director of the Company.



Structure of remuneration for executives and KPIs



Introduction of remuneration plan using the ESOP

Purpose: We want employees to understand the activities to enhance enterprise value as a personal issue in order to raise awareness of corporate management

Applicable persons: Employees working in Japan who are members of the employee stock ownership plan (ESOP)

Details: Annual grant of 15 shares per person will be granted. 15 shares will be added, if the corporate targets will be achieved

- Improve continuously a series of risk management activities from dentification of risks to implementation.

Potential risks over the term of new medium term plan

| Category | Potential risks |
|------------------------|---|
| Economic/Market trends | Slowdown of global economy, changes in social trends, soaring prices and personnel costs, hikes in raw material purchase costs and energy resource prices |
| Technological trends | Delay in the use of digital technologies, acceleration in technological transformation |
| Geopolitical risks | Geopolitical tensions, tightening regulations for technology export |
| Compliance | Deficiencies in compliance system, deficiencies in contract signing, insufficient legal due diligence, information leakage due to misconduct |
| Supply chain | Quality deficiencies in supply chains, soaring row material and logistic costs, inadequate human rights efforts in value chains |

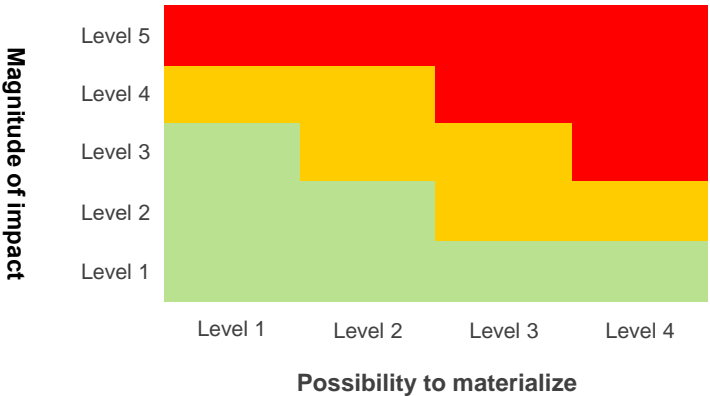
Risk management structure

We have established an ERM Committee to implement the PDCA cycle for risk management.



“Residual Risk” heatmap

We have created a residual risk heat map to visualize and assess the priority of implementing risk countermeasures.



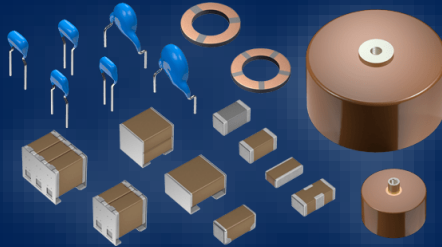
- We are instilling a concept of “Quality First” throughout the Group. This applies not only to product quality but also to a wide range of Quality improvements, such as improving production efficiency, improving yield rate, strengthening marketing, and even improving the work environment and team member motivation.

Quality First

| Quality of Operations | Quality of Products | Quality of Health | Quality of Work environment |
|---|--|---|---|
| <ul style="list-style-type: none">• Promoting internal DX• Promoting DX in sales, quality, and pre-financial capital | <ul style="list-style-type: none">• Improving production efficiency• Improving yield rate• Strengthening marketing | <p>We recognize that the physical and mental quality of each member is one of our most important management issues.</p> <ul style="list-style-type: none">• Established the TDK Health Declaration.• Participating in the Health & Productivity Management, whose aims are to create a model for health and productivity management in Japan and to work together to develop solutions | <p>improving the work environment to increase team member motivation</p> <ul style="list-style-type: none">• Created a pleasant and fulfilling workplace as part of a public-private partnership community development project• Ensure a safe and rewarding work environment |

5. Strategy by Segment

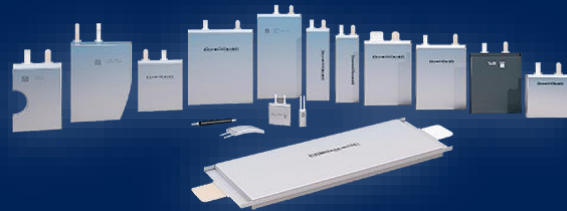
Passive Components



Sensor Application Products



Energy Application Products



Magnetic Application Products

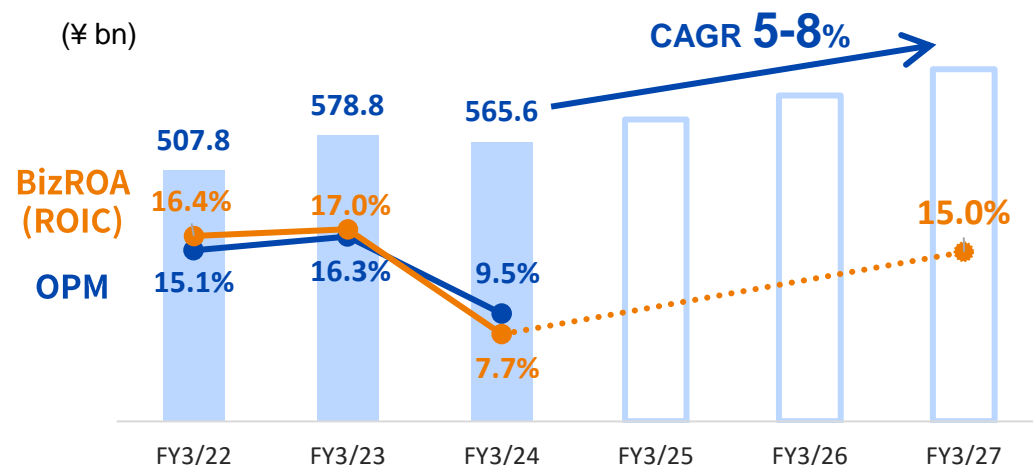


Passive Components business strategy

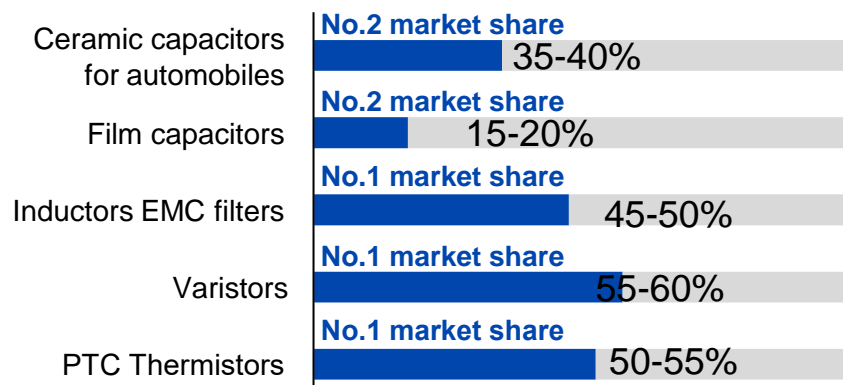
- Pursue continuous growth by providing timely products to the growing markets with leveraging materials, processes technology and quality capability.

Targets for net sales and BizROA(ROIC)

(¥ bn)



Priority products estimated market share



Strategies

- Further strengthen high-reliability products for powertrains
- Launch new products for ADAS use
- Optimize investments and manufacturing sites in line with market growth
- Improve quality and productivity
- Combine materials and optimal production methods, e.g., winding, layering, and thin-film technologies

Opportunities

- Increase in added value and number of components due to the progress of xEVs and ADAS of vehicles
- Increase in demand for low power consumption passive components, e.g., AI servers
- Increase in demand for high value-added custom products for industrial equipment use

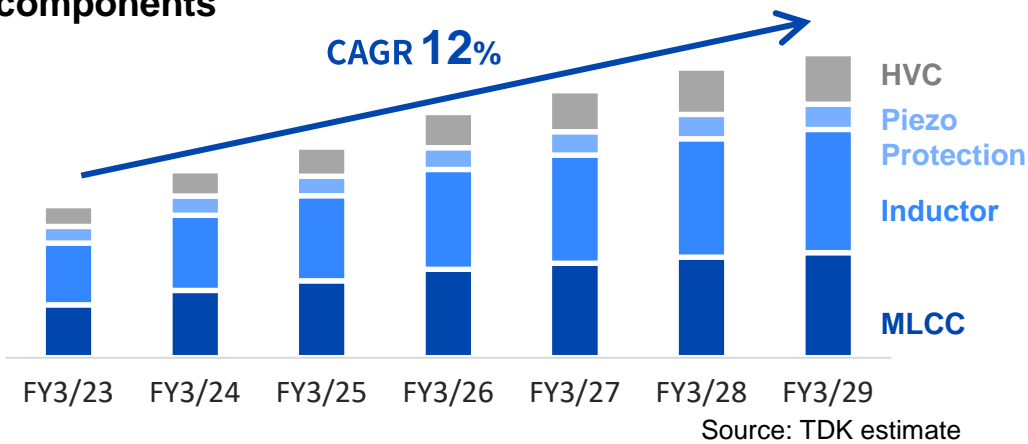
Competitive advantage

- Combination of materials and processes technology
- Long-standing quality track record in the automotive market
- High-reliability eco-friendly technologies, e.g., high-temperature and high-voltage
- In-house production engineering technology



Capacity expansion of passive components for automobiles

- Continuous capacity expansion of high value-added passive components by seizing the electrification demand.

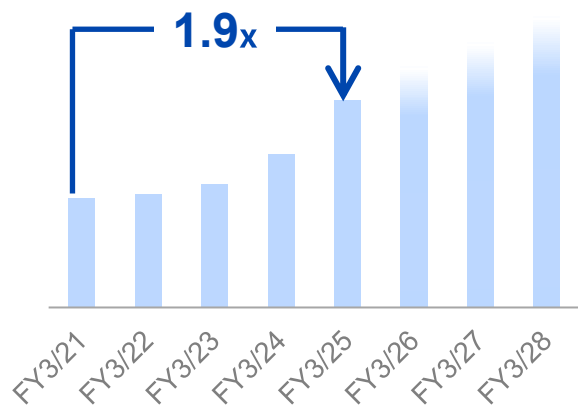
Estimated market demand for automotive passive components



Number of components usage per gasoline vehicles vs. xEVs

| |  ICE | HEV | PHEV |  BEV |
|------------------------|--|-------|-------|--|
| MLCCs | 5,000 | 6,000 | 8,000 | 10,000 |
| Inductors | 450 | 600 | 650 | 700 |
| Piezoelectric Products | 100 | 140 | 160 | 180 |

MLCC production capacity

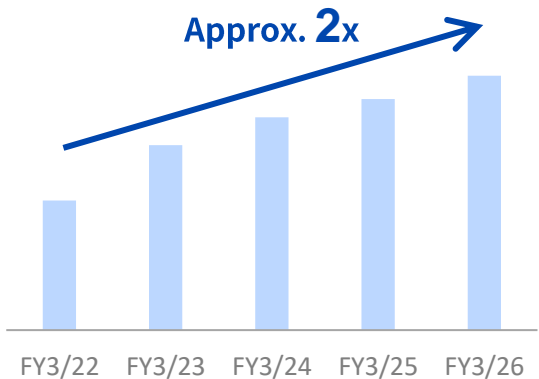


Expansion of Kitakami Factory, manufacturing MLCCs



Japan : MLCC factory, Iwate

Film capacitor production capacity



Establishment of new factory, manufacturing film capacitors

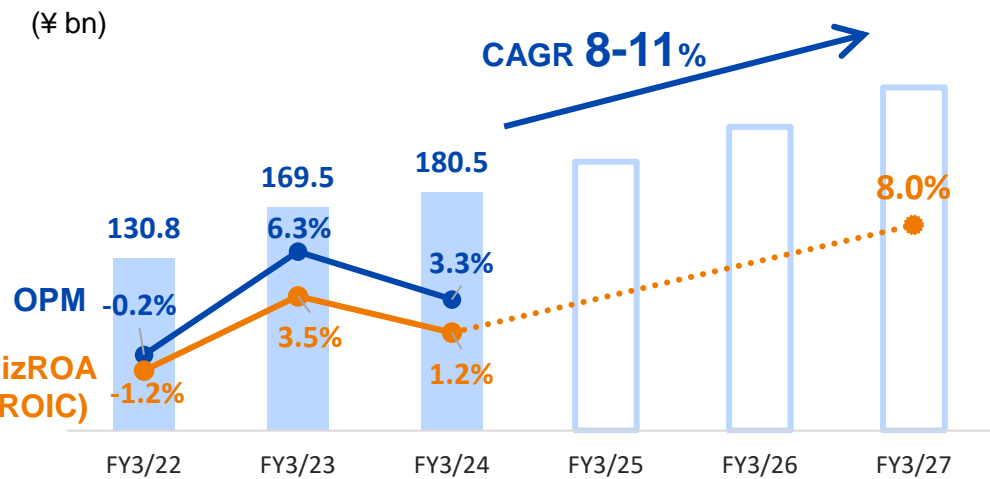


India : Film capacitor factory, Nashik

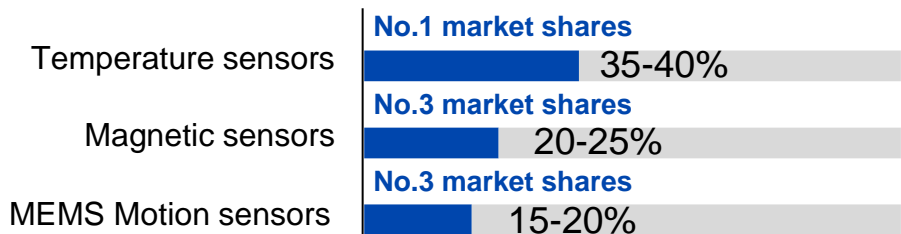
Sensor Application Products business strategy

- Based on the strategic concept of “Create different and Connect,” we have created new solution and achieved large market shares in focus markets.

Targets for net sales and BizROA(ROIC)



Major products estimated market share

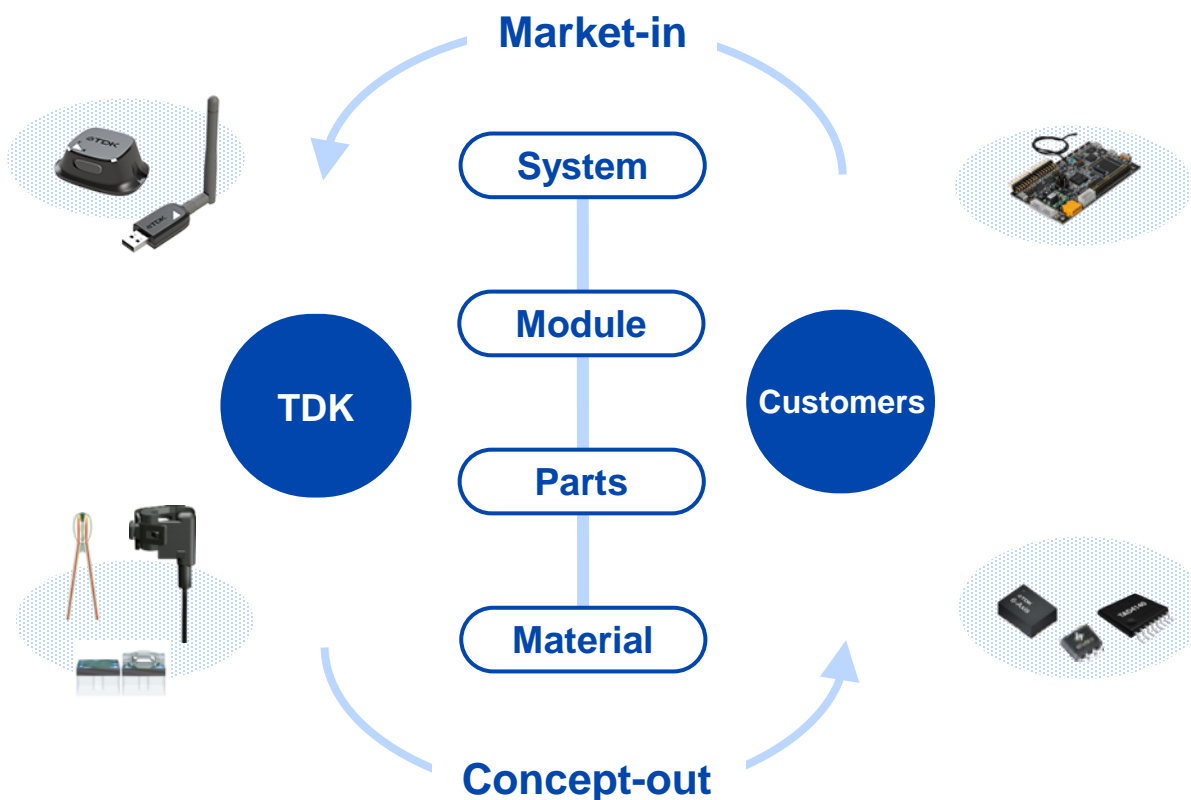


| | |
|-----------------------|--|
| Strategies | <ul style="list-style-type: none">Establish a “market-in” business approach, which captures market/customer needs to achieve “First-to-Market,” and a “concept-out” approach, which provides solutions based on conceptsExpand collaboration with technology leaders and game changers that drive the industry forwardOptimize the internal resources by transformation of organization structure |
| Opportunities | <ul style="list-style-type: none">Increased demand for sensors due to the utilization of AIIncreased business opportunities due to electrification of vehiclesEstablishment of top position leveraging the cooperative relationships of existing and new businesses |
| Competitive advantage | <ul style="list-style-type: none">TMR technology derived from long accumulated magnetic and thin-film technologiesTemperature sensors with top share in the automotive marketOur unique production methods, materials and processes technologiesMEMS design technology and magnetic circuit design technologyIC design capabilities of IC Sense and InvenSense, including expertise of sensor characteristicsProduct development capabilities by combining sensors and software |

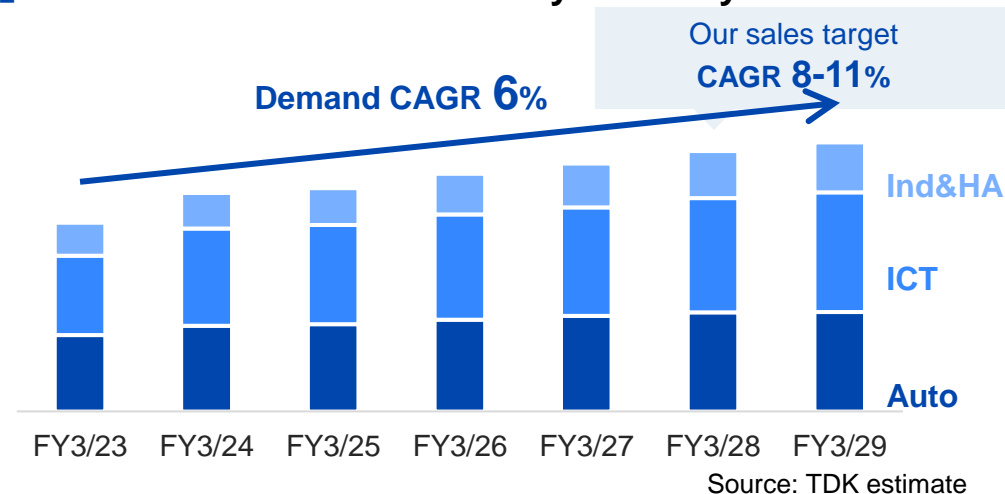
Sensor application products | Positioning and capex

- Strengthen investments in key products and high quality products, by capturing DX and EX trends.

Strategic position



Sensor demand estimate by industry



Investments for sensor capacity investment

Opening of Hungary factory
(Temp. sensor for Auto/Ind&HA)



Temperature sensor factory
in Hungary

ATF factory expansion
(TMR sensor for ICT/Auto)

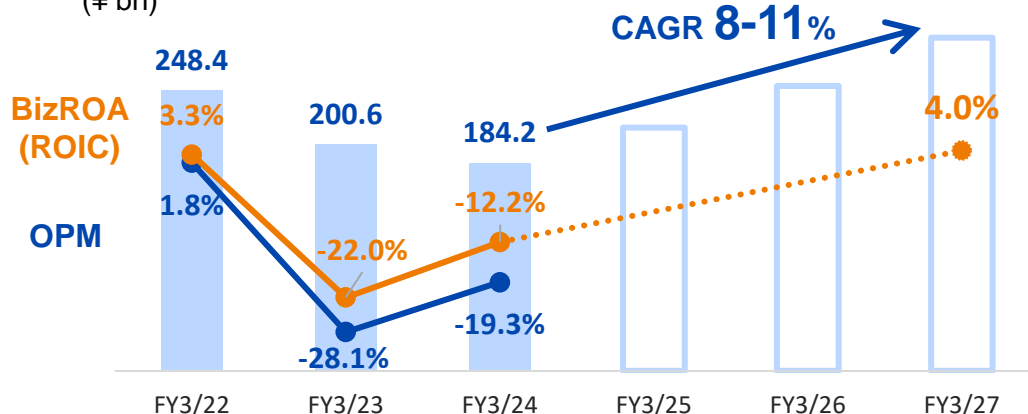


TMR sensor factory
in Nagano

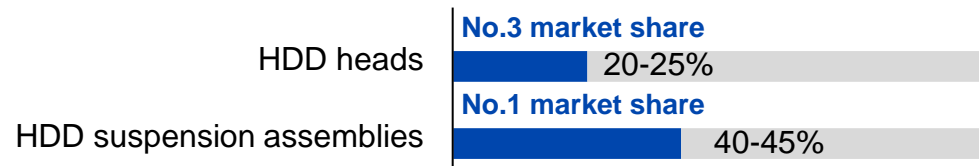
Magnetic Application Products business strategy

Targets for net sales and BizROA(ROIC)

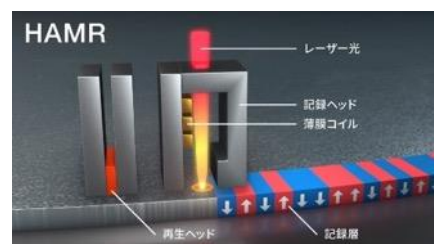
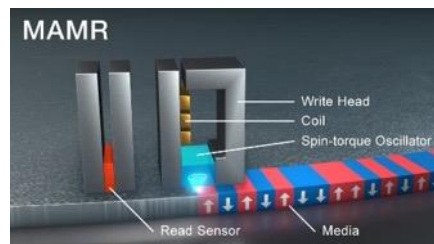
(¥ bn)



Major products estimated market share



MAMR and HAMR, next generation magnetic recording technologies



Strategies

- Maintain MAMR technology leadership, accelerate development of HAMR technology, and prepare for mass production:
- Optimize production capacity and operations
- Strive to increase market share of Tri-SA suspensions to support high-capacity nearline drives

Opportunities

- Increase in demand for data storage due to the progress of AI technologies and the spread of cloud services
- Leading in medium- to long-term innovation in cutting-edge technologies

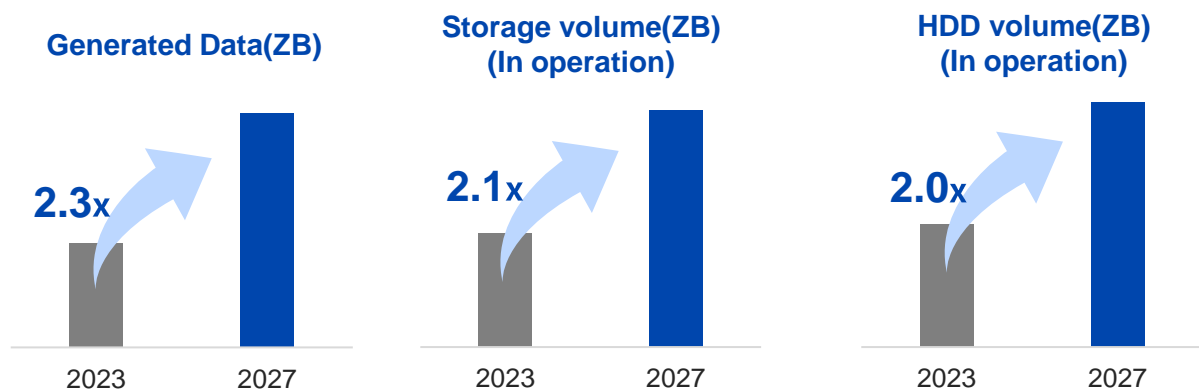
Competitive advantage

- Ability to continuously develop and mass produce new technology products
- Optimize production capacity and operations by continuously working on automation and increasing the use of big data.

Launch of next generation head technology

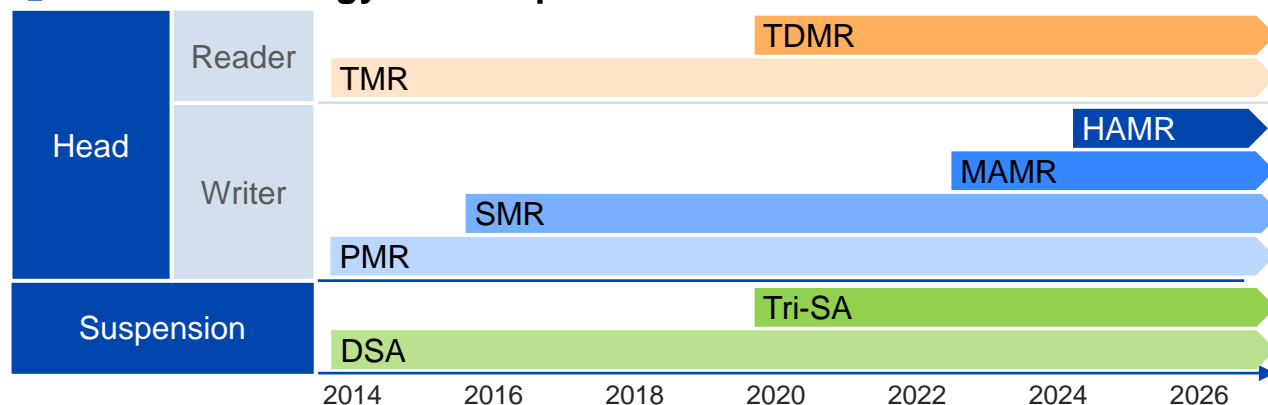
- Pursue profitability turn around by continuous launch of next generation value added technologies, e.g.MAMR, HAMR and Tri-SA in the back of increasing demand trend of nearline HDD.

Demand forecast of generated data and storage volume

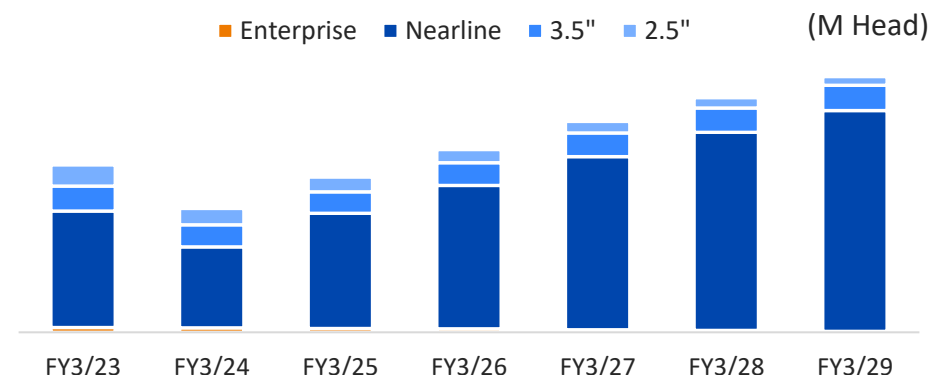


Source : IDC Worldwide Global DataSphere,Forecast, 2023-2027 (#US50554523)
IDC Worldwide StorageSphere Forecast, 2023-2027 (#US50673423)

HDD technology roadmap

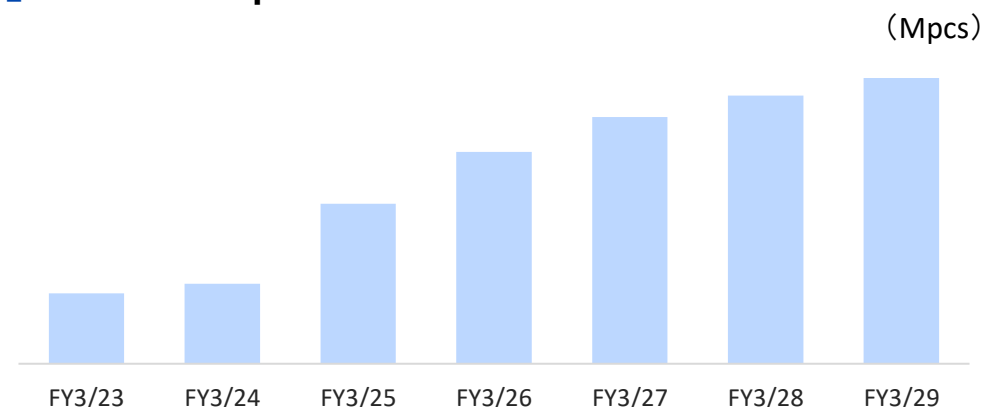


HGA Demand forecast



Source: TDK estimate

Tri-SA Suspension demand forecast



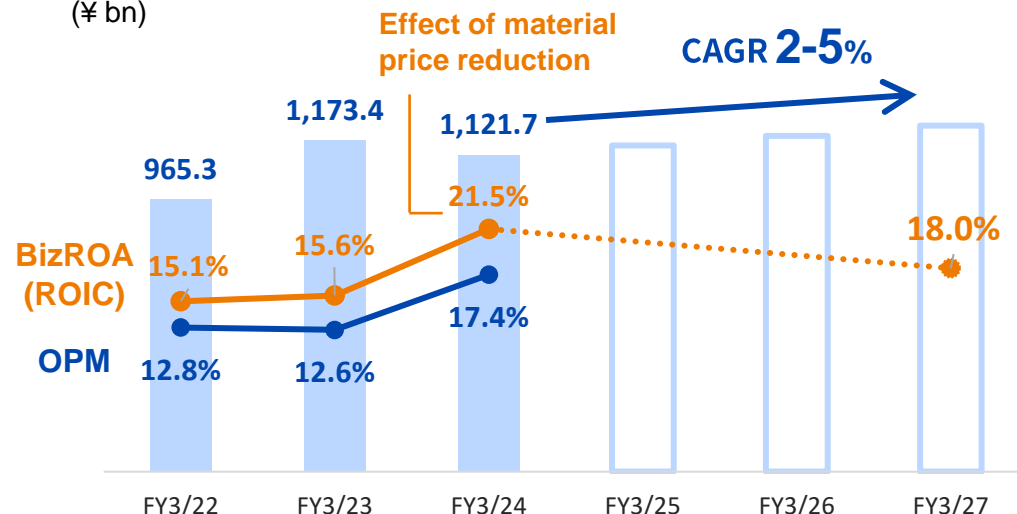
Source: TDK estimate

Energy Application Products business strategy

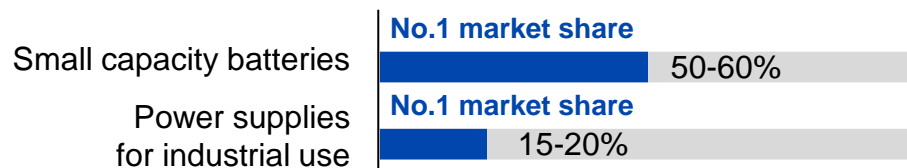
- Pursue excellence in energy products and technologies through relentless technological innovation and empower people in their daily lives.

Targets for net sales and BizROA(ROIC)

(¥ bn)



Major products estimated market share



Strategies

- Maintain and enhance top position in the market for small capacity batteries by continuous development of cutting-edge technologies.
- Establish the top position in the medium capacity battery market as a supplier.
- Further enhance market competitiveness by strengthening differentiation technologies and cost competitiveness

Opportunities

- Further expansion of applications requiring high-performance rechargeable batteries
- A boost in the high-end smartphone market due to the expansion of high-function devices, such as foldable smartphones and AI smartphones
- Increased added-value in LIB due to Si anodes and other new differentiation technologies
- Expansion of the storage battery market and demand for related devices due to the accelerated introduction of renewable energy (rechargeable battery and industrial power supply businesses)
- Local demand increase in growth markets such as India

Competitive advantage

- Ability to develop cutting-edge technologies as a technology leader in the industry
- Capability of management transformation based on “Capability to envision the future” and “Capability to execute”
- High-reliability mass production technology, thorough safety risk management
- Cost optimization technology and production engineering technology capabilities
- Broad customer base and long-term partnerships

Small capacity batteries | Growth strategy

- We will support the evolution of small electronic devices, such as smartphones, through advanced and innovative technologies.

- Offer new value through innovative technologies and enhance user experience.
- Implement a China Plus One strategy in view of geopolitical risks.
- Maximize business value by strengthening the value chain.

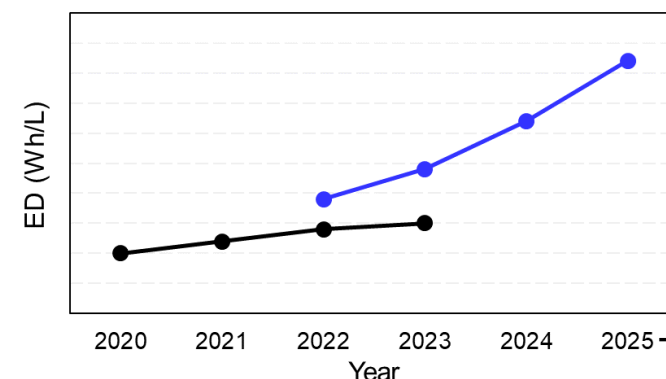


India new factory
Phase 1 construction progress

■ Increase in energy density with silicon anode

- Improve energy density by 30-40% in the future

Road map of energy density



■ Battery production history and upcoming plan in India

- 2017-** Start of pack production
- 2022-** Start of cell production
- 2025-** Launch of new factory at Sohna

Medium capacity batteries | Growth strategy

- Provide the optimal technologies according to the characteristics of the device and contribute to the acceleration of Energy Transformation (EX).

- **Superior Customer Service**

Propose and deliver products and technologies that meet customer needs from a wide range of resources (materials, designs, processes)

- **Technology Advancement**

Technology and product strategies that further enhance customer value
(High performance, long life, high quality, high reliability)

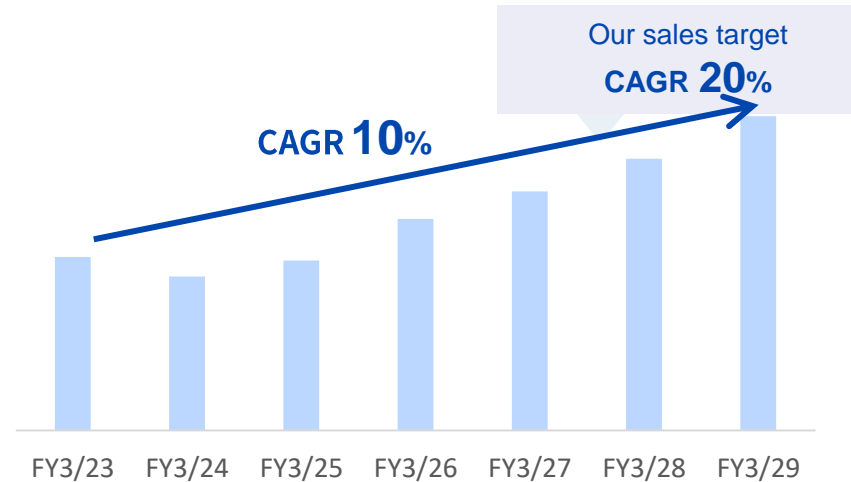
- **Operational excellence**

Achieve outstanding QCD by launching a new plant



Expanding production capacity by launching a new manufacturing site in Xiamen, Fujian

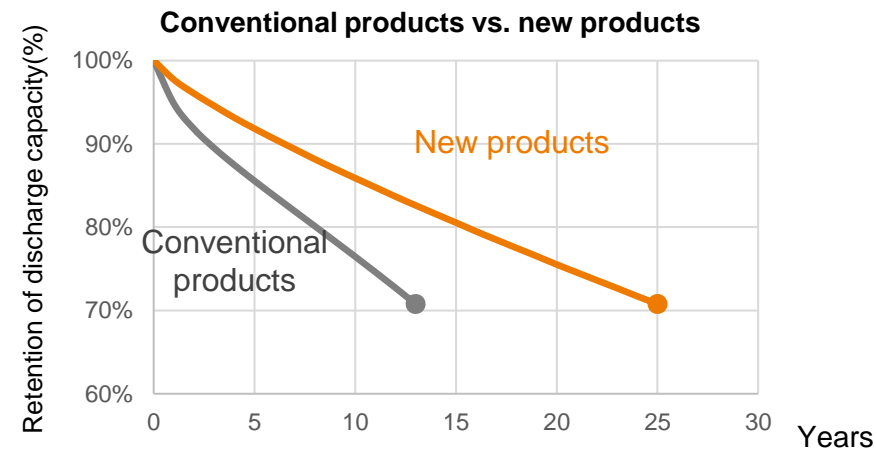
Medium capacity battery market demand growth



Target applications

- Energy storage systems (ESSs)
- Industrial use batteries e.g., power tools, electric motorcycles, drones, etc.

Comparison of retention of discharge capacity



Conventional product
10~15 years endurance
(6,000 cycles)



New products
20~25 years endurance
(15,000 cycles)

Evolving the Ferrite Tree

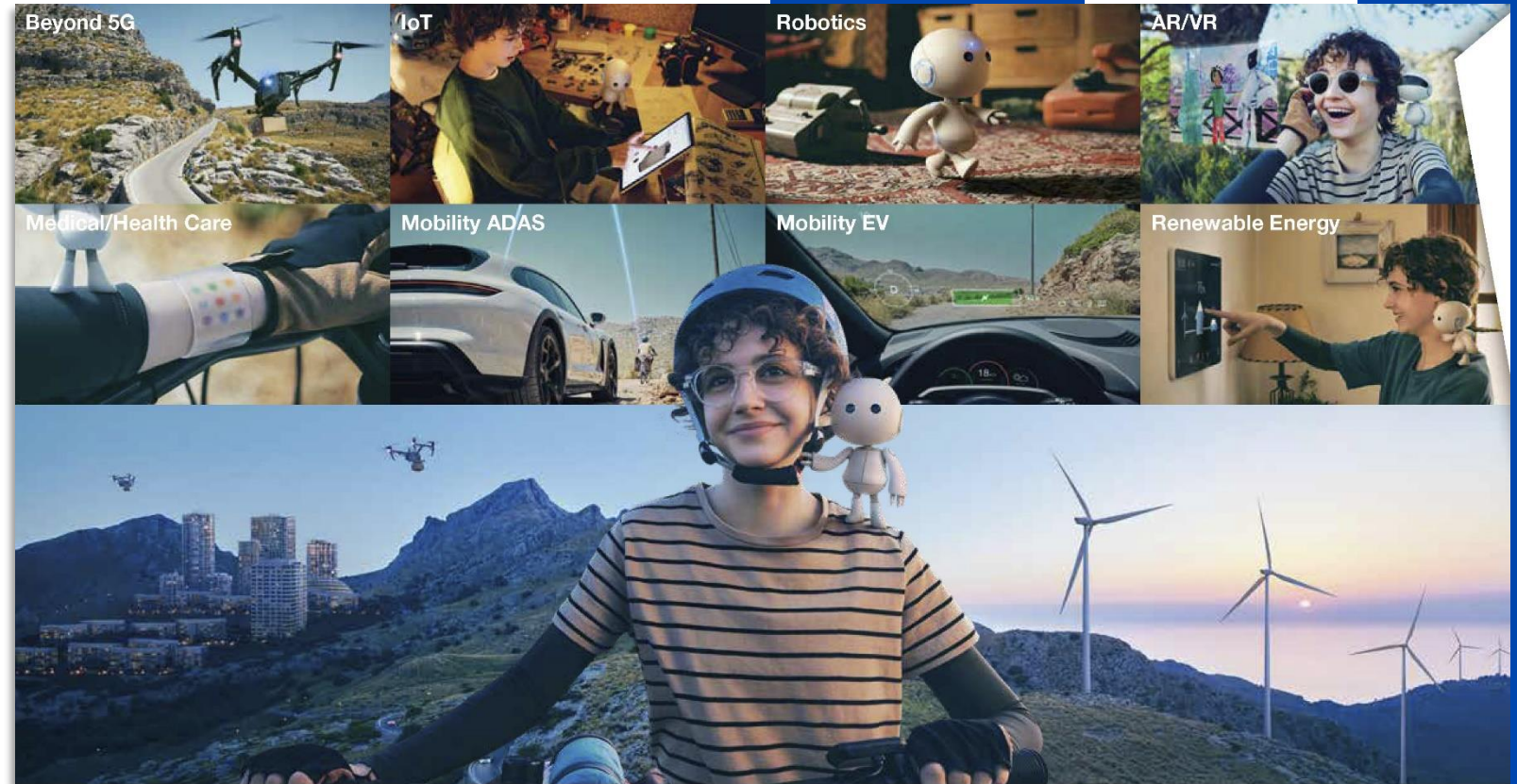


Ending



- We will accelerate the transformation within TDK through capabilities to envision the future, to execute the envisioned future, and capability of human resources transformation so that we can continue to contribute to social transformation.
- We will deepen existing core technology strengths and explore new strengths.
- We will enhance proactive business portfolio management.
- We will improve the spread between ROIC and WACC to increase cash flows and improve capital efficiency.
- We will strengthen management that enhances pre-financial capital, evolve the Ferrite Tree, and maximize our enterprise value.
- We will focus more on investor dialogue and investor relations.

Appendix



The history of TDK

Our venture spirit

1930: Dr. Yogoro Kato and Dr. Takeshi Takei invented “Ferrite,” a magnetic ceramic compound containing oxides of iron and other materials.



Dr. Yogoro Kato (left)
Dr. Takeshi Takei (right)

1935: Dr. Kato’s statement that “*innovative work is the source of true industry*,” inspired **Kenzo Saito** to found TDK Corporation.



Kenzo Saito
First president of TDK

1937: “Ferrite core” was produced and applied for the first time worldwide in a number of Japanese wireless communication units and radios.



Ferrite core

About TDK

TDK Corporation is a manufacturing company that produces worldwide cutting-edge electronic components, contributing to cultures and industries in the world through creativity.

TDK at a glance

Foundation year

1935

TDK Venture Spirit, originated from the founders' passion for an authentically industrialized Japan with ferrite.

Net sales in FY3/24 (% of overseas)

¥2,103.9 bn
(over 90%)

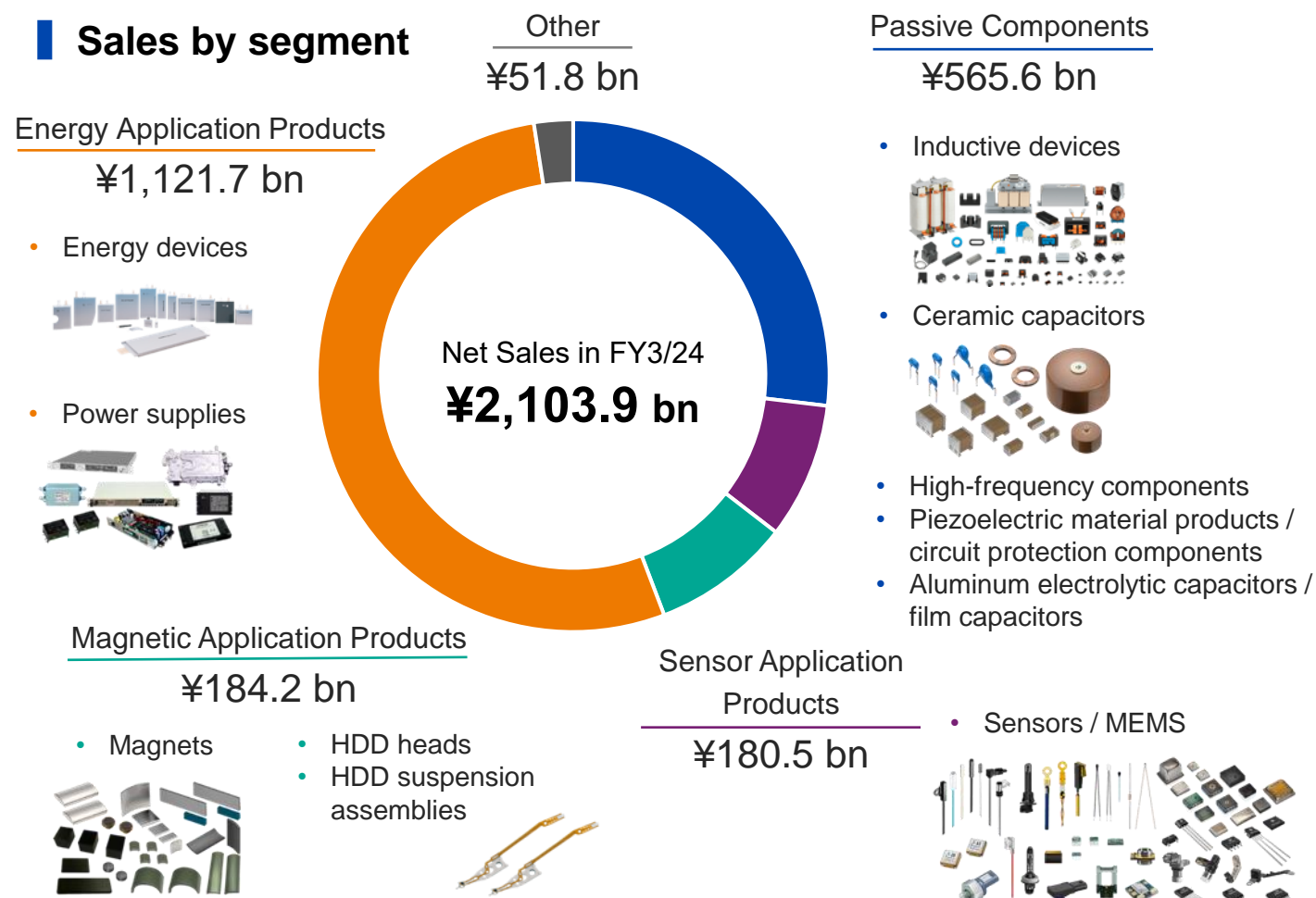
We offer a variety of products that respond to changes in the market and the needs of society.

Number of employees (% of non-Japanese)

Over 100,000
(about 90%)

Global team members who can contribute to TDK's value creation

Sales by segment



Something we have been passed on

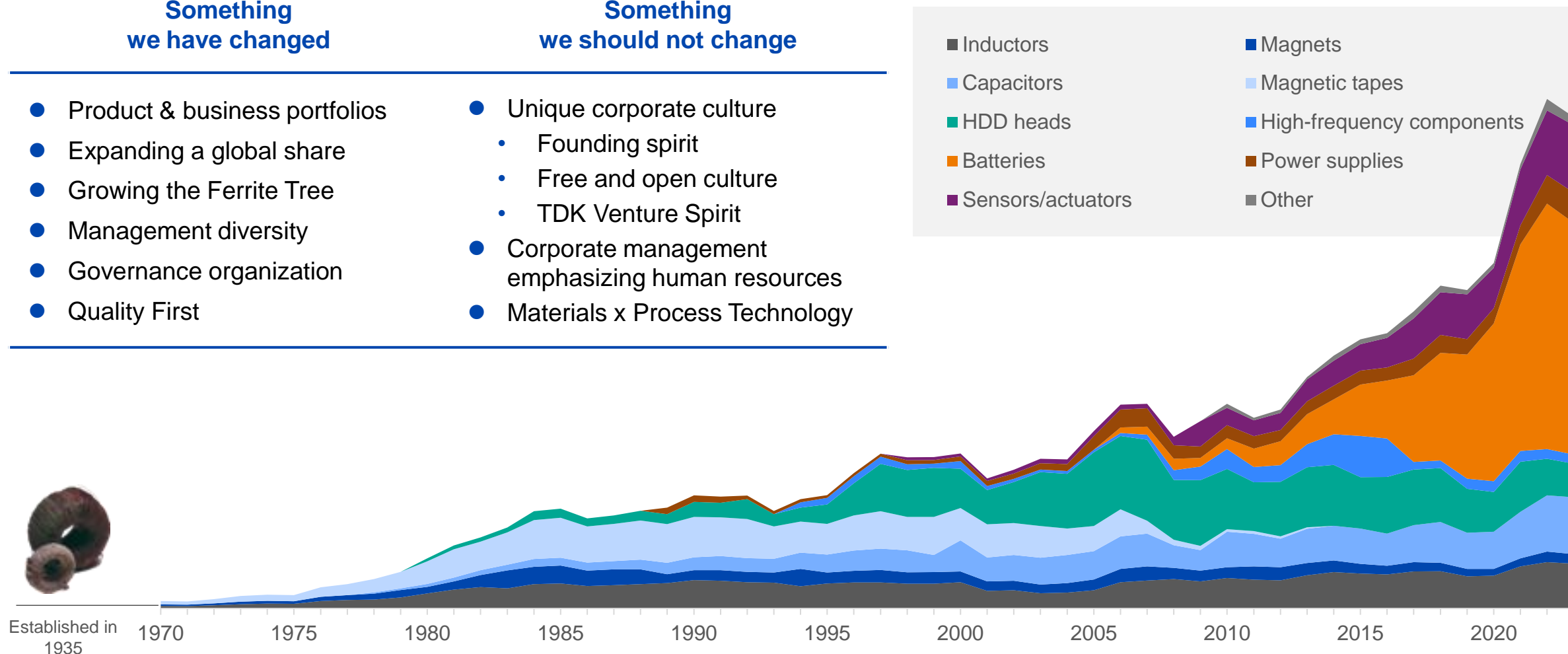
- We have grown up with evolving the electronic material technology originated from ferrite and optimizing business portfolio

Something we have changed

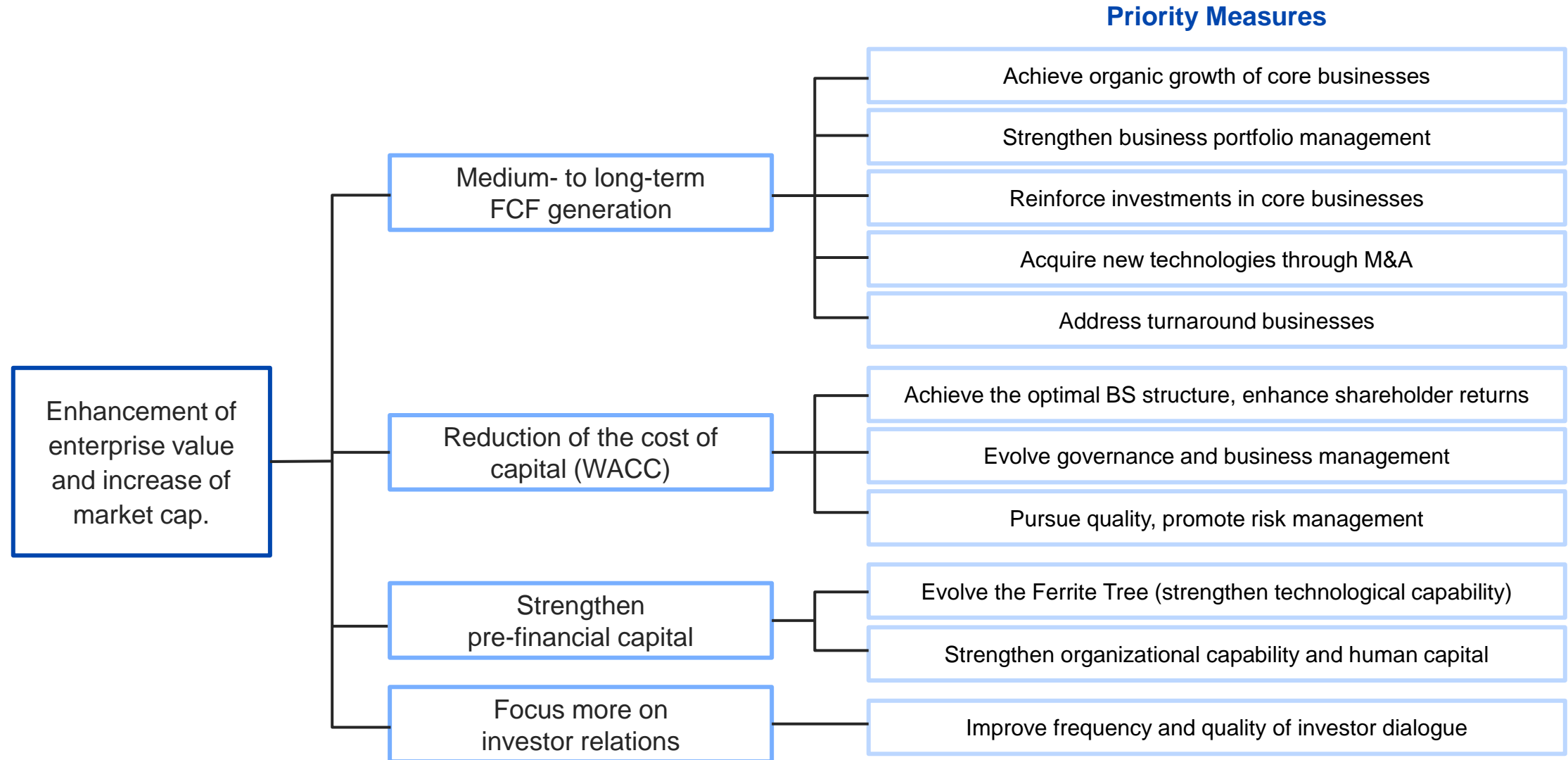
- Product & business portfolios
- Expanding a global share
- Growing the Ferrite Tree
- Management diversity
- Governance organization
- Quality First

Something we should not change

- Unique corporate culture
 - Founding spirit
 - Free and open culture
 - TDK Venture Spirit
- Corporate management emphasizing human resources
- Materials x Process Technology



The path to realize the new medium-term plan



Cautionary statements with respect to forward-looking statements

This material contains forward-looking statements, including projections, plans, policies, management strategies, targets, schedules, understandings, and evaluations about TDK, or its group companies (TDK Group). These forward-looking statements are based on the current forecasts, estimates, assumptions, plans, beliefs, and evaluations of the TDK Group in light of the information currently available to it, and contain known and unknown risks, uncertainties, and other factors. The TDK Group therefore wishes to caution readers that, being subject to risks, uncertainties, and other factors, the TDK Group's actual results, performance, achievements, or financial position could be materially different from any future results, performance, achievements, or financial position expressed or implied by these forward-looking statements, and the TDK Group undertakes no obligation to publicly update or revise any forward-looking statements after the issue of this material except as provided for in laws and ordinances.

The electronics markets in which the TDK Group operates are highly susceptible to rapid changes, risks, uncertainties, and other factors that can have significant effects on the TDK Group including, but not limited to, shifts in technology, fluctuations in demand, prices, interest and foreign exchange rates, and changes in economic environments, conditions of competition, laws and regulations. Also, since the purpose of these materials is only to give readers a general outline of business performance, many numerical values are shown in units of a billion JPY. Because original values, which are managed in units of a million JPY, are rounded off, the totals, differences, etc. shown in these materials may appear inaccurate. If detailed figures are necessary, please refer to our financial statements and supplementary materials.