



Consolidated Financial Statements
for the three-month ended and as of June 30, 2022 (in English)

On August 9, 2022, the Japanese version of this report was filed with
the Director-General of the Kanto Local Finance Bureau of the Ministry of Finance
pursuant to Japan's Financial Instruments and Exchange Act.

[This is an English translation prepared for the convenience of non-resident shareholders. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.]

[Cover]

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Company name (English):	TDK CORPORATION
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Financial Conditions

1. Preparation methods of condensed quarterly consolidated financial statements

The accompanying condensed quarterly consolidated financial statements of TDK Corporation (“TDK”) have been prepared in accordance with International Accounting Standards 34, “Interim Financial Reporting” (“IAS 34”) as prescribed in Article 93 of Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64, 2007).

2. Audit certification

The accompanying condensed quarterly consolidated financial statements of TDK as of June 30, 2022 and for the three months ended June 30 (from April 1 to June 30, 2022) have been reviewed by KPMG AZSA LLC as prescribed in Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

1. Condensed Quarterly Consolidated Financial Statements
(1) Condensed quarterly consolidated statements of financial position

(Millions of yen)

	Note	March 31, 2022	June 30, 2022
Assets			
Current assets			
Cash and cash equivalents		439,339	427,645
Trade receivables		524,476	592,777
Other financial assets	6	66,944	21,357
Inventories		437,004	533,779
Income taxes receivables		4,982	4,603
Other current assets		60,273	81,949
Subtotal		1,533,018	1,662,110
Assets held for sale	12	154	16,187
Total current assets		1,533,172	1,678,297
Non-current assets			
Investments accounted for using the equity method		16,635	16,919
Other financial assets	6	123,581	140,973
Property, plant and equipment	5	945,042	1,005,105
Right-of-use assets		50,169	50,401
Goodwill		137,352	151,030
Intangible assets		69,030	70,819
Long-term advances to suppliers		121,370	126,337
Deferred tax assets		40,062	42,140
Other non-current assets		5,240	5,669
Total non-current assets		1,508,481	1,609,393
Total assets		3,041,653	3,287,690

(Millions of yen)

	Note	March 31, 2022	June 30, 2022
Liabilities			
Current liabilities			
Borrowings	6	175,924	190,039
Lease liabilities		9,432	9,570
Trade payables		460,132	530,445
Other financial liabilities	6	147,272	153,198
Income taxes payables		29,715	27,418
Provisions		13,949	10,938
Other current liabilities		225,934	227,620
Total current liabilities		1,062,358	1,149,228
Non-current liabilities			
Bonds and borrowings	6	455,562	456,743
Lease liabilities		38,895	40,604
Other financial liabilities	6	4,573	3,721
Retirement benefit liabilities		105,089	101,211
Provisions		5,371	9,446
Deferred tax liabilities		57,454	65,670
Other non-current liabilities		8,596	8,616
Total non-current liabilities		675,540	686,011
Total liabilities		1,737,898	1,835,239
Equity			
Equity attributable to owners of parent			
Share capital		32,641	32,641
Capital surplus		-	36
Retained earnings		974,767	993,573
Other components of equity		309,607	438,974
Treasury shares		(16,698)	(16,660)
Total equity attributable to owners of parent		1,300,317	1,448,564
Non-controlling interests		3,438	3,887
Total equity		1,303,755	1,452,451
Total liabilities and equity		3,041,653	3,287,690

(2) Condensed quarterly consolidated statements of profit or loss and comprehensive income
Three months ended June 30, 2022
Condensed quarterly consolidated statements of profit or loss

(Millions of yen)

	Note	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	4,8	420,058	510,504
Cost of sales		(301,243)	(358,442)
Gross profit		118,815	152,062
Selling, general and administrative expenses		(91,354)	(109,690)
Other operating income	9	3,884	2,324
Other operating expenses	9	(28)	(93)
Operating profit		31,317	44,603
Finance income		3,076	3,029
Finance costs		(2,019)	(3,946)
Share of profit of investments accounted for using the equity method		60	186
Profit before tax		32,434	43,872
Income tax expense		(5,473)	(12,112)
Net profit for the period		26,961	31,760
Net profit attributable to:			
Owners of parent		26,953	31,413
Non-controlling interests		8	347
Net profit for the period		26,961	31,760

(Yen)

	Note	Three months ended June 30, 2021	Three months ended June 30, 2022
Earnings per share	10		
Basic earnings per share		71.12	82.87
Diluted earnings per share		70.94	82.67

Condensed quarterly consolidated statements of comprehensive income

(Millions of yen)

	Note	Three months ended June 30, 2021	Three months ended June 30, 2022
Net profit for the period		26,961	31,760
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss			
Net change in fair value of equity instruments measured at fair value through other comprehensive income		3	(195)
Remeasurements of defined benefit plans		13	4,449
Total		16	4,254
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		13,896	129,645
Total		13,896	129,645
Total other comprehensive income, net of tax		13,912	133,899
Comprehensive income for the period		40,873	165,659
Comprehensive income attributable to:			
Owners of parent		40,835	165,229
Non-controlling interests		38	430
Comprehensive income for the period		40,873	165,659

(3) Condensed quarterly consolidated statements of changes in equity

(Millions of yen)

Three months ended June 30, 2021	Note	Equity attributable to owners of parent						Non- controlling interests	Total equity
		Share capital	Capital surplus	Retained earnings	Other components of equity	Treasury shares	Total		
Balance as of April 1, 2021		32,641	-	853,620	89,460	(16,792)	958,929	2,758	961,687
Comprehensive income for the period									
Net profit for the period		-	-	26,953	-	-	26,953	8	26,961
Other comprehensive income, net of tax		-	-	-	13,882	-	13,882	30	13,912
Total comprehensive income for the period		-	-	26,953	13,882	-	40,835	38	40,873
Transactions with owners									
Equity transactions with non- controlling interests		-	38	-	-	-	38	(122)	(84)
Dividends paid	7	-	-	(11,369)	-	-	(11,369)	-	(11,369)
Purchase of treasury shares		-	-	-	-	(0)	(0)	-	(0)
Share-based payment transactions		-	(9)	-	-	-	(9)	-	(9)
Exercise of share options		-	(12)	-	-	12	-	-	-
Total transactions with owners		-	17	(11,369)	-	12	(11,340)	(122)	(11,462)
Transfer from other components of equity to retained earnings		-	-	395	(395)	-	-	-	-
Balance as of June 30, 2021		32,641	17	869,599	102,947	(16,780)	988,424	2,674	991,098

(Millions of yen)

Three months ended June 30, 2022	Note	Equity attributable to owners of parent						Non- controlling interests	Total equity
		Share capital	Capital surplus	Retained earnings	Other components of equity	Treasury shares	Total		
Balance as of April 1, 2022		32,641	-	974,767	309,607	(16,698)	1,300,317	3,438	1,303,755
Comprehensive income for the period									
Net profit for the period		-	-	31,413	-	-	31,413	347	31,760
Other comprehensive income, net of tax		-	-	-	133,816	-	133,816	83	133,899
Total comprehensive income for the period		-	-	31,413	133,816	-	165,229	430	165,659
Transactions with owners									
Equity transactions with non- controlling interests		-	-	-	-	-	-	(0)	(0)
Dividends paid	7	-	-	(17,056)	-	-	(17,056)	-	(17,056)
Share-based payment transactions		-	74	-	-	-	74	19	93
Exercise of share options		-	(38)	-	-	38	-	-	-
Other									
Total transactions with owners		-	36	(17,056)	-	38	(16,982)	19	(16,963)
Transfer from other components of equity to retained earnings		-	-	4,449	(4,449)	-	-	-	-
Balance as of June 30, 2022		32,641	36	993,573	438,974	(16,660)	1,448,564	3,887	1,452,451

(4) Condensed quarterly consolidated statements of cash flows

(Millions of yen)

	Note	Three months ended June 30, 2021	Three months ended June 30, 2022
Cash flows from operating activities			
Net profit for the period		26,961	31,760
Depreciation and amortization		42,612	51,066
Finance income		(3,076)	(3,029)
Finance costs		2,019	3,946
Share of profit of investments accounted for using the equity method		(60)	(186)
Income tax expense		5,472	12,112
Changes in assets and liabilities:			
Decrease (increase) in trade receivables		(21,823)	(27,377)
Decrease (increase) in inventories		(42,259)	(64,617)
Decrease (increase) in long-term advances to suppliers		-	3,278
Decrease (increase) in other assets		(34,372)	(19,479)
Increase (decrease) in trade payables		48,887	40,933
Increase (decrease) in other liabilities		(8,906)	(19,870)
Increase (decrease) in retirement benefit liabilities		(1,788)	(728)
Other		(3,759)	(5,758)
Subtotal		9,908	2,051
Interest and dividends received		2,516	2,744
Interest paid		(1,378)	(2,414)
Income taxes paid		(7,141)	(10,474)
Cash flows from operating activities		3,905	(8,093)

(Millions of yen)

	Note	Three months ended June 30, 2021	Three months ended June 30, 2022
Cash flows from investing activities			
Purchase of tangible and intangible assets		(61,205)	(69,651)
Proceeds from sale of tangible and intangible assets		311	287
Proceeds from withdrawal of time deposits		41,195	49,262
Payments into time deposits		(8,696)	(3,820)
Proceeds from sale and redemption of securities		913	2
Payment for purchase of securities		(1,160)	(5,568)
Other		79	255
Cash flows from investing activities		(28,563)	(29,233)
Cash flows from financing activities			
Proceeds from long-term borrowings		4	2
Repayment of long-term borrowings		(322)	(1,612)
Net increase (decrease) in short-term borrowings		21,687	10,656
Repayment of lease liabilities		(2,802)	(2,572)
Dividends paid	7	(11,251)	(16,836)
Other		(131)	-
Cash flows from financing activities		7,185	(10,362)
Effect of exchange rate changes on cash and cash equivalents		5,786	35,994
Net decrease in cash and cash equivalents		(11,687)	(11,694)
Cash and cash equivalents at beginning of period		380,387	439,339
Cash and cash equivalents at end of period		368,700	427,645

(5) Notes to the condensed quarterly consolidated financial statements

1. Reporting Entity

TDK Corporation (“TDK”) is a company limited by shares, domiciled in Japan. Its registered office is located in Nihonbashi, Chuo-ku, Tokyo.

TDK was founded in Tokyo in 1935 to accomplish the world’s first industrialization of a magnetic material called ferrite. By pursuing its core technologies, TDK has always been a multinational developer, manufacturer and distributor of unique and diverse products, including ferrite cores, inductive devices, ceramic capacitors, magnetic heads, magnets and other products.

TDK and its consolidated subsidiaries (collectively, “TDK Group”) has four reportable segments, consisting of Passive Components, Sensor Application Products, Magnetic Application Products and Energy Application Products. Details of the reportable segments are set out in Note 4 Segment Information.

2. Basis of Preparation

(1) Compliance with IAS 34

The condensed quarterly consolidated financial statements of TDK Group satisfy the requirements for Specified Companies Complying with Designated International Accounting Standards defined in Article 1-2 of the Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements in Japan, and have been prepared in accordance with IAS 34 as prescribed in Article 93 of the Ordinance.

These condensed quarterly consolidated financial statements do not contain all the disclosures required for the annual consolidated financial statements and hence should be read in conjunction with the consolidated financial statements for the fiscal year ended March 31, 2022.

The condensed quarterly consolidated financial statements were approved on August 8, 2022 by Noboru Saito, Representative Director, President & CEO and Tetsuji Yamanishi, CFO, Representative Director & Executive Vice President.

(2) Measurement basis

The condensed quarterly consolidated financial statements of TDK Group have been prepared on a historical cost basis, except for financial instruments measured at fair value.

(3) Functional and presentation currencies

Items included in the financial statements of each of the TDK’s group companies are measured using the currency of the primary economic environment in which the company operates (“functional currency”). The condensed quarterly consolidated financial statements of TDK Group are presented in Japanese yen, which is the TDK’s functional currency. All amounts are rounded to the nearest million yen.

(4) Significant accounting estimates and judgements

In preparing the condensed quarterly consolidated financial statements, TDK Group makes judgements, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities and revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results may differ from these estimates, and these estimates and assumptions are regularly reviewed. The impact of changes in accounting estimates is recognized in the financial statements for the period in which the change occurs and the future periods affected by the change.

The estimates and judgements that have a material impact on the amounts reported in the condensed quarterly consolidated financial statements are the same as those in the consolidated financial statements for the fiscal year ended March 31, 2022.

There are no significant changes in assumptions relating to the impact of COVID-19 to determine accounting estimates.

However, the impacts from the resurgence of COVID-19, etc. has many uncertain elements. When there are changes in the assumptions above, it could have a significant impact on the consolidated financial position or result of operations of TDK.

(5) Changes in presentation method

(Condensed quarterly consolidated statements of financial position)

Assets held for sale, which had been included in Other current assets in the fiscal year ended March 31, 2022, have been presented separately starting from the three months ended June 30, 2022 due to an increase in the materiality. In order to reflect these changes in presentation method, the consolidated statements of financial position for the fiscal year ended March 31, 2022 have been reclassified. As a result, 60,427 million yen included in Other current assets have been reclassified to Assets held for sale by 154 million yen and 60,273 million yen remain in the Other current assets for the fiscal year ended March 31, 2022.

3. Significant Accounting Policies

The significant accounting policies adopted in the condensed quarterly consolidated financial statements are consistent with those adopted in the financial statements for the fiscal year ended March 31, 2022.

The income tax expense for the three months ended June 30, 2022 is calculated based on the estimated annual effective income tax rates.

4. Segment Information

(1) Description of reportable segments

TDK Group's operating segments are components of the group for which discrete financial information is available and whose operating results are regularly reviewed by management to make decisions about resources to be allocated to the segments and to assess their performance.

TDK Group aggregates its operating segments into the following four reportable segments: Passive Components, Sensor Application Products, Magnetic Application Products, and Energy Application Products, based on the similarities in the type and nature of products, the nature of production processes, markets to distribute products, economic indicators and other characteristics. Operating segments which are not classified as one of these four reportable segments are included in Other.

In accordance with the reorganization for the three months ended June 30, 2022, certain products of Other are reclassified into Passive Components segment and Sensor Application Products segment. Thus, the prior year's figures are also reclassified to conform to the new segmentation.

Principal businesses and products of each reportable segment and Other segment are as follows:

Segment	Principal businesses and products
Passive Components	Ceramic capacitors, aluminum electrolytic capacitors, film capacitors, inductive devices (coils, ferrite cores and transformers), high-frequency devices, piezoelectric material products, circuit protection components
Sensor Application Products	Temperature and pressure sensors, magnetic sensors, MEMS sensors
Magnetic Application Products	HDD heads, HDD suspension assemblies, magnets
Energy Application Products	Energy devices (rechargeable batteries), power supplies
Other	Mechatronics (production equipment), camera module micro actuators for smartphones, etc.

Accounting policies applied to each segment are the same as those for the condensed quarterly consolidated financial statements of TDK Group. Intersegment transactions are based on arm's length prices.

(2) Information about reportable segments

The reportable segment information for the three months ended June 30, 2021 and 2022 are as follows:

Three months ended June 30, 2021

(Millions of yen)

	Reportable segment				Other	Adjustments	Consolidated
	Passive Components	Sensor Application Products	Magnetic Application Products	Energy Application Products			
Net sales							
External customers	121,756	26,828	60,623	199,592	11,259	-	420,058
Intersegment	1,031	15	12	1	1,987	(3,046)	-
Total	122,787	26,843	60,635	199,593	13,246	(3,046)	420,058
Segment profit (loss)	18,073	(3,217)	2,906	23,396	(952)	(8,889)	31,317

Three months ended June 30, 2022

(Millions of yen)

	Reportable segment				Other	Adjustments	Consolidated
	Passive Components	Sensor Application Products	Magnetic Application Products	Energy Application Products			
Net sales							
External customers	141,631	39,016	55,130	260,092	14,635	-	510,504
Intersegment	1,549	12	22	0	2,308	(3,891)	-
Total	143,180	39,028	55,152	260,092	16,943	(3,891)	510,504
Segment profit (loss)	24,595	2,781	(717)	27,348	367	(9,771)	44,603

Segment profit represents a segment's sales less its cost of sales, selling, general and administrative expenses and other operating income and expense that are not attributable to Corporate headquarters.

Segment profit is adjusted for corporate expenses for company-wide operational and administrative purposes that are not allocated to operating segments.

5. Property, Plant and Equipment

The increases in carrying amounts of "property, plant and equipment" due to acquisition in the three months ended on June 30, 2021 and 2022 are 75,723 million yen and 62,379 million yen, respectively.

6. Fair Value Measurement of Financial Instruments

Financial instruments measured at fair value on a recurring basis subsequent to initial recognition are classified into three levels of a fair value hierarchy based on the observability and significance of inputs used in the measurement.

In this categorization, the fair value hierarchy is defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that TDK Group has the ability to access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are available from the market for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

(1) Comparison of fair values and carrying amounts of financial instruments

Carrying amounts and fair values of financial instruments are as follows:

	March 31, 2022		June 30, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Bonds	199,279	198,621	199,309	197,451
Long-term borrowings (including current portion)	259,541	256,941	260,862	255,622

Financial instruments measured at fair value or for which the carrying amount is a reasonable approximation of fair value are not included in the table above.

The fair value of TDK Group's bonds and long-term borrowings (including current portion) above is estimated based on the amount of their respective future cash flows discounted by the borrowing rate applied to TDK Group for similar borrowings with comparable maturity as at the closing date or based on the quoted market prices for the same or similar bonds. These financial instruments are classified as Level 2.

(2) Categorization by level of fair value hierarchy

Categorization of financial instruments measured at fair value on a recurring basis by level of fair value hierarchy is as follows:

	March 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets				
Forward foreign exchange contracts	-	1,974	-	1,974
Currency option contracts	-	8	-	8
Commercial papers	-	36	-	36
SAFE investments	-	-	2,937	2,937
Convertible bonds	-	-	2,475	2,475
Shares	4,210	-	99,169	103,379
Mutual funds	1,336	-	-	1,336
Rabbi trust investments	8,009	-	-	8,009
Total	13,555	2,018	104,581	120,154
Financial liabilities				
Derivative financial liabilities				
Forward foreign exchange contracts	-	2,851	-	2,851
Total	-	2,851	-	2,851

(Millions of yen)

June 30, 2022				
	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets				
Forward foreign exchange contracts	-	912	-	912
Currency option contracts	-	3	-	3
Commercial papers	-	38	-	38
SAFE investments	-	-	3,964	3,964
Convertible bonds	-	-	2,490	2,490
Bonds				
Shares	4,183	-	115,484	119,667
Mutual funds	1,328	-	-	1,328
Rabbi trust investments	8,122	-	-	8,122
Total	13,633	953	121,938	136,524
Financial liabilities				
Derivative financial liabilities				
Forward foreign exchange contracts	-	10,382	-	10,382
Total	-	10,382	-	10,382

Level 1 shares and mutual funds are measured at unadjusted quoted prices in active markets in which transactions occur with sufficient frequency and volume. Rabbi trust investments represent an investment in which a portion of the employees' salaries is placed into the trust and invested in financial instruments with quoted prices (require no adjustments) in active markets.

Level 2 derivatives, including forward foreign exchange contracts, currency option contracts and others, are measured at quoted prices obtained from counterparties, which are determined using observable market inputs such as foreign currency exchange rates.

Fair values of Level 3 shares are measured mainly based on the comparable multiple valuation method or transaction cases comparison method.

For financial assets measured at fair value on a recurring basis that are classified as Level 3, significant unobservable inputs used in fair value measurement of equity instruments are primarily price earnings ratios ("PER"). As of March 31, 2022 and June 30, 2022, the weighted average of PER are both 7.4 times. If PER increase, fair values of shares increase. Changes in fair value resulting from changing unobservable inputs to reflect reasonably possible alternative assumptions are not material.

Transfers between levels of the fair value hierarchy are recognized as if they occurred at the end of each reporting period. There are no transfers between Level 1 and Level 2 during the three months ended June 30, 2021 and 2022.

(3) Fair value measurement of financial instruments classified as Level 3

I. Valuation process

Fair values of financial instruments are calculated by TDK Group's Finance and Accounting staff members using valuation techniques and inputs that most appropriately reflect the nature, characteristics and risks of the financial instruments in accordance with the Group's internal rules. In addition, external experts are used in the fair value measurement of financial instruments when the amount of financial instruments is significant and the measurement requires a high degree of knowledge and expertise. In order to verify results of each period-end fair value measurement of financial instruments including results of measurement by external experts, a result of the fair value fluctuation analysis is reviewed and approved by Finance and Accounting managers.

II. Reconciliation of financial instruments classified as Level 3

A reconciliation of financial instruments classified as Level 3 at the beginning and end of the period is as follows:

Financial assets	(Millions of yen)	
	Three months ended June 30, 2021	Three months ended June 30, 2022
Opening balance	25,104	104,581
Gains or losses		
Profit or loss	-	286
Other comprehensive income	144	(63)
Acquisition	1,021	5,516
Other	45	11,618
Ending balance	26,314	121,938

There are no transfers into and out of Level 3 during the three months ended June 30, 2021 and 2022.

Gains or losses recognized in other comprehensive income, net of tax, are included in Net change in fair value of equity instruments measured at fair value through other comprehensive income in the condensed quarterly consolidated statements of comprehensive income.

7. Dividends

Dividends paid are as follows:

Effective October 1, 2021, TDK implemented a share split at a ratio of three shares per common share. Dividends per share for which record date is before September 30, 2021 are based on the amount prior to the share split.

Three months ended June 30, 2021

Resolution	Share class	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 23, 2021	Common shares	11,369	90	March 31, 2021	June 24, 2021

Three months ended June 30, 2022

Resolution	Share class	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 24, 2022	Common shares	17,056	45	March 31, 2022	June 27, 2022

8. Revenue

TDK Group disaggregates revenue by industry segment, product and geographic segment based on contracts with customers.

The following table presents disaggregation of revenue.

In accordance with the reorganization for the three months ended June 30, 2022, certain products of Other are reclassified into Other passive components and certain products of Other passive components are reclassified into Capacitors and Inductive devices. Thus, the prior year's figures are also reclassified to conform to the new segmentation.

(Millions of yen)

	Three months ended June 30, 2021					
	Japan	Americas	Europe	China	Asia and others	Total
Capacitors	5,664	7,204	11,200	15,406	7,652	47,126
Inductive devices	5,584	3,943	11,524	15,559	5,475	42,085
Other passive components	3,587	3,065	8,226	12,629	5,038	32,545
Passive Components	14,835	14,212	30,950	43,594	18,165	121,756
Sensor Application Products	3,467	2,460	6,056	12,089	2,756	26,828
Magnetic Application Products	5,933	755	2,240	13,009	38,686	60,623
Energy Application Products	7,162	7,515	4,473	161,112	19,330	199,592
Other	3,662	1,772	500	3,012	2,313	11,259
Net sales total	35,059	26,714	44,219	232,816	81,250	420,058
	Three months ended June 30, 2022					
	Japan	Americas	Europe	China	Asia and others	Total
Capacitors	6,038	10,894	12,490	18,128	10,037	57,587
Inductive devices	5,883	5,489	12,662	18,192	7,109	49,335
Other passive components	3,364	3,877	9,074	12,212	6,182	34,709
Passive Components	15,285	20,260	34,226	48,532	23,328	141,631
Sensor Application Products	4,576	3,249	6,379	20,062	4,750	39,016
Magnetic Application Products	7,482	337	1,887	9,628	35,796	55,130
Energy Application Products	8,619	18,396	8,639	184,288	40,150	260,092
Other	4,501	2,859	956	3,923	2,396	14,635
Net sales total	40,463	45,101	52,087	266,433	106,420	510,504

Net sales are primarily revenue recognized from contracts with customers. The revenue recognized from other sources is not material.

The net sales by geographical area are based on the location of external customers.

Major countries in each geographical area are as follows:

- (1) Americas.....United States of America
- (2) Europe.....Germany
- (3) Asia and others....India, Thailand, Vietnam and Philippines

TDK Group sells passive components, sensor application products, magnetic application products and energy application products to global ICT related companies, manufacturers of automobile and automotive components, manufacturers of home electrical appliances and industrial equipment. For these product sales, TDK recognizes revenue when products are transferred to the customers as the customers gain control over the products and performance obligation is satisfied accordingly.

Transaction price that TDK Group receives in exchange for products transferred may include variable considerations such as sales discounts, customer rewards and sales rebates. Variable consideration is included in the transaction price when uncertainty over the variable consideration is resolved to the extent that a significant reversal in the amount of revenue is not expected. Variable consideration is estimated based on past trend or other elements known as of the transaction date and is updated based on the information available at each reporting date.

The amount of considerations in exchange for transactions is received within one year from the satisfaction of performance obligation, and the considerations do not include a significant financing component.

9. Other Operating Income and Other Operating Expenses

Other operating income and other operating expenses comprise the following:

	(Millions of yen)	
	Three months ended June 30, 2021	Three months ended June 30, 2022
Other operating income		
Government grants	2,940	814
Compensation income	57	85
Proceeds from sale of tangible and intangible assets	100	282
Other	787	1,143
Other operating income	3,884	2,324
Other operating expenses		
Loss on sale of tangible and intangible assets	28	93
Other operating expense	28	93

10. Earnings per Share

The basic and diluted earnings per share for the period are as follows:

	(Millions of yen)			
	Three months ended June 30, 2021		Three months ended June 30, 2022	
	Basic	Diluted	Basic	Diluted
Net profit for the period attributable to owners of parent	26,953	26,953	31,413	31,402
				Number of shares (thousands)
Weighted average number of common shares issued	378,969	378,969	379,041	379,041
Incremental shares arising from exercise of share options	-	941	-	789
Incremental shares arising from delivery under restricted share unit plan	-	9	-	28
Incremental shares arising from delivery under performance share unit plan	-	-	-	5
Weighted average number of common shares issued - Total	378,969	379,919	379,041	379,863
				(Yen)
Earnings per share	71.12	70.94	82.87	82.67

The decline of net profit for the period attributable to owners of parent was caused by a diluted effect of share options issued by a subsidiary.

Performance share units that vest upon the achievement of certain performance conditions are excluded from the calculation of diluted earnings per share for the three months ended Jun 30, 2022, as the achievement of the conditions is not probable.

Effective October 1, 2021, TDK implemented a share split at a ratio of three shares per common share. The basic and diluted earnings per share are calculated assuming that the share split was implemented at the beginning of the three months ended on June 30, 2021.

11. Subsequent Events

There are no subsequent events to report.

12. Assets held for sale

Mainly, as it has become highly probable to sell a part of buildings, etc. included in property, plant and equipment, owned by a subsidiary for rechargeable batteries of Energy Application Products segment, the assets have been classified as Assets held for sale. These assets are expected to be sold in the fiscal year ended March 31, 2023.