



**Consolidated Financial Statements**  
**for the nine-month ended and as of December 31, 2023 (in English)**

On February 13, 2024, 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]**

Document to be filed:	Quarterly Report
Provisions to base upon:	Article 24-4-7, paragraph 1 of the Financial Instruments and Exchange Act
Filing to:	Director-General of the Kanto Local Finance Bureau
Date of filing:	February 13, 2024
Fiscal period:	3rd quarter of 128th term (from October 1, 2023 to December 31, 2023)
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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 December 31, 2023 and for the nine months ended December 31 (from April 1 to December 31, 2023) 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, 2023	December 31, 2023
Assets			
Current assets			
Cash and cash equivalents		506,185	626,455
Trade receivables		546,381	568,422
Other financial assets	6	52,147	37,688
Inventories		443,001	404,928
Income taxes receivables		4,303	5,169
Other current assets		55,294	65,335
Total current assets		1,607,311	1,707,997
Non-current assets			
Investments accounted for using the equity method		24,706	35,869
Other financial assets	6	153,950	175,091
Property, plant and equipment	5	930,288	953,535
Right-of-use assets		54,683	58,572
Goodwill		149,516	158,839
Intangible assets		61,241	56,982
Long-term advances to suppliers		110,925	104,129
Deferred tax assets		44,189	52,743
Other non-current assets		10,218	10,667
Total non-current assets		1,539,716	1,606,427
Total assets		3,147,027	3,314,424

(Millions of yen)

	Note	March 31, 2023	December 31, 2023
Liabilities			
Current liabilities			
Borrowings	6	248,510	238,688
Lease liabilities		10,298	10,800
Trade payables		351,439	370,779
Other financial liabilities	6	92,673	81,319
Income taxes payables		30,285	40,227
Provisions		13,079	12,133
Other current liabilities		258,027	267,894
Total current liabilities		1,004,311	1,021,840
Non-current liabilities			
Bonds and borrowings	6	448,656	422,378
Lease liabilities		44,694	47,439
Other financial liabilities	6	3,849	5,965
Retirement benefit liabilities		92,313	93,991
Provisions		9,697	9,486
Deferred tax liabilities		70,386	84,142
Other non-current liabilities		10,254	11,711
Total non-current liabilities		679,849	675,112
Total liabilities		1,684,160	1,696,952
Equity			
Equity attributable to owners of parent			
Share capital		32,641	32,641
Capital surplus		45	-
Retained earnings		1,054,738	1,131,997
Other components of equity		387,281	461,091
Treasury shares		(16,259)	(16,099)
Total equity attributable to owners of parent		1,458,446	1,609,630
Non-controlling interests		4,421	7,842
Total equity		1,462,867	1,617,472
Total liabilities and equity		3,147,027	3,314,424

(2) Condensed quarterly consolidated statements of profit or loss and comprehensive income  
Nine months ended December 31, 2023  
Condensed quarterly consolidated statements of profit or loss

(Millions of yen)

	Note	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	4,8	1,708,965	1,618,961
Cost of sales		(1,196,374)	(1,143,550)
Gross profit		512,591	475,411
Selling, general and administrative expenses		(337,110)	(337,183)
Other operating income	9	13,439	17,622
Other operating expenses	9	(243)	(102)
Operating profit		188,677	155,748
Finance income		11,524	28,877
Finance costs		(12,750)	(28,654)
Share of profit of investments accounted for using the equity method		651	1,151
Profit before tax		188,102	157,122
Income tax expense		(50,594)	(36,223)
Net profit for the period		137,508	120,899
Net profit attributable to:			
Owners of parent		136,875	119,491
Non-controlling interests		633	1,408
Net profit for the period		137,508	120,899

(Yen)

	Note	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Earnings per share	10		
Basic earnings per share		361.06	315.01
Diluted earnings per share		360.37	314.52

## Condensed quarterly consolidated statements of comprehensive income

(Millions of yen)

	Note	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net profit for the period		137,508	120,899
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		2,048	(4,496)
Remeasurements of defined benefit plans		8,140	(389)
Share of other comprehensive income of investments accounted for using the equity method		(63)	112
Total		10,125	(4,773)
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		46,958	78,137
Share of other comprehensive income of investments accounted for using the equity method		144	245
Total		47,102	78,382
Total other comprehensive income, net of tax		57,227	73,609
Comprehensive income for the period		194,735	194,508
Comprehensive income attributable to:			
Owners of parent		194,262	193,190
Non-controlling interests		473	1,318
Comprehensive income for the period		194,735	194,508



Three months ended December 31, 2023  
Condensed quarterly consolidated statements of profit or loss

(Millions of yen)

	Note	Three months ended December 31, 2022	Three months ended December 31, 2023
Net sales	4,8	586,972	559,250
Cost of sales		(414,624)	(377,794)
Gross profit		172,348	181,456
Selling, general and administrative expenses		(110,380)	(119,405)
Other operating income	9	6,504	8,195
Other operating expenses	9	(104)	(46)
Operating profit		68,368	70,200
Finance income		4,941	14,484
Finance costs		(5,852)	(9,049)
Share of profit of investments accounted for using the equity method		770	1,245
Profit before tax		68,227	76,880
Income tax expense		(18,274)	(11,382)
Net profit for the period		49,953	65,498
Net profit attributable to:			
Owners of parent		49,924	65,303
Non-controlling interests		29	195
Net profit for the period		49,953	65,498

(Yen)

	Note	Three months ended December 31, 2022	Three months ended December 31, 2023
Earnings per share	10		
Basic earnings per share		131.64	172.14
Diluted earnings per share		131.42	171.88

Condensed quarterly consolidated statements of comprehensive income

(Millions of yen)

	Note	Three months ended December 31, 2022	Three months ended December 31, 2023
Net profit for the period		49,953	65,498
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		354	(4,319)
Remeasurements of defined benefit plans		25	(545)
Share of other comprehensive income of investments accounted for using the equity method		(22)	15
Total		357	(4,849)
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(120,214)	(60,077)
Share of other comprehensive income of investments accounted for using the equity method		(106)	(28)
Total		(120,320)	(60,105)
Total other comprehensive income, net of tax		(119,963)	(64,954)
Comprehensive income for the period		(70,010)	544
Comprehensive income attributable to:			
Owners of parent		(69,839)	447
Non-controlling interests		(171)	97
Comprehensive income for the period		(70,010)	544

## (3) Condensed quarterly consolidated statements of changes in equity

(Millions of yen)

Nine months ended December 31, 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		-	-	136,875	-	-	136,875	633	137,508
Other comprehensive income, net of tax		-	-	-	57,387	-	57,387	(160)	57,227
Total comprehensive income for the period		-	-	136,875	57,387	-	194,262	473	194,735
Transactions with owners									
Equity transactions with non-controlling interests		-	140	-	-	-	140	1,251	1,391
Dividends paid	7	-	-	(37,153)	-	-	(37,153)	(380)	(37,533)
Transfer from retained earnings to capital surplus		-	105	(105)	-	-	-	-	-
Purchase of treasury shares		-	-	-	-	(0)	(0)	-	(0)
Share-based payment transactions		-	184	-	-	-	184	140	324
Exercise of share options		-	(386)	-	-	386	0	-	0
Total transactions with owners		-	43	(37,258)	-	386	(36,829)	1,011	(35,818)
Transfer from other components of equity to retained earnings		-	-	8,329	(8,329)	-	-	-	-
Balance as of December 31, 2022		32,641	43	1,082,713	358,665	(16,312)	1,457,750	4,922	1,462,672

(Millions of yen)

Nine months ended December 31, 2023	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, 2023		32,641	45	1,054,738	387,281	(16,259)	1,458,446	4,421	1,462,867
Comprehensive income for the period									
Net profit for the period		-	-	119,491	-	-	119,491	1,408	120,899
Other comprehensive income, net of tax		-	-	-	73,699	-	73,699	(90)	73,609
Total comprehensive income for the period		-	-	119,491	73,699	-	193,190	1,318	194,508
Transactions with owners									
Equity transactions with non-controlling interests		-	(34)	-	-	-	(34)	2,112	2,078
Dividends paid	7	-	-	(42,103)	-	-	(42,103)	(96)	(42,199)
Transfer from retained earnings to capital surplus		-	18	(18)	-	-	-	-	-
Purchase of treasury shares		-	-	-	-	(1)	(1)	-	(1)
Disposal of treasury shares		-	-	-	-	1	1	-	1
Share-based payment transactions		-	131	-	-	-	131	87	218
Exercise of share acquisition rights		-	(116)	-	-	116	0	-	0
Delivery of share under restricted stock unit		-	(44)	-	-	44	-	-	-
Total transactions with owners		-	(45)	(42,121)	-	160	(42,006)	2,103	(39,903)
Transfer from other components of equity to retained earnings		-	-	(111)	111	-	-	-	-
Balance as of December 31, 2023		32,641	-	1,131,997	461,091	(16,099)	1,609,630	7,842	1,617,472

## (4) Condensed quarterly consolidated statements of cash flows

(Millions of yen)

	Note	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from operating activities			
Net profit for the period		137,508	120,899
Depreciation and amortization		155,662	142,947
Impairment losses (reversal of impairment losses)		509	(511)
Finance income		(11,524)	(28,877)
Finance costs		12,750	28,654
Share of loss of investments accounted for using equity method		(651)	(1,151)
Income tax expense		50,594	36,223
Changes in assets and liabilities:			
Decrease (increase) in trade receivables		(19,122)	(6,702)
Decrease (increase) in inventories		(29,508)	56,653
Decrease (increase) in long-term advances to suppliers		9,699	9,658
Decrease (increase) in other current assets		(42)	(11,192)
Increase (decrease) in trade payables		(74,355)	20,881
Increase (decrease) in other current liabilities		(1,693)	(4,849)
Increase (decrease) in retirement benefit liabilities		(1,681)	(5,285)
Net change in other financial assets and liabilities		(10,975)	11,373
Other		(11,503)	(20,588)
Subtotal		205,668	348,133
Interest and dividends received		9,649	15,630
Interest paid		(6,777)	(7,295)
Income taxes paid		(24,314)	(23,128)
Cash flows from operating activities		184,226	333,340

(Millions of yen)

	Note	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from investing activities			
Purchase of tangible and intangible assets		(220,331)	(156,606)
Proceeds from sale of tangible and intangible assets		18,539	24,072
Proceeds from withdrawal of time deposits		66,955	32,048
Payments into time deposits		(25,025)	(27,193)
Proceeds from sale and redemption of securities		553	1,828
Payment for purchase of securities		(10,314)	(12,154)
Purchase of investments in associates		(6,754)	(9,636)
Other		(1,101)	(171)
Cash flows from investing activities		(177,478)	(147,812)
Cash flows from financing activities			
Proceeds from long-term borrowings		15	80,091
Repayment of long-term borrowings		(3,239)	(4,808)
Net increase (decrease) in short-term borrowings		67,768	(136,001)
Proceeds from issuance of bonds		-	20,000
Net increase (decrease) in commercial papers		-	(9)
Repayment of lease liabilities		(7,685)	(9,044)
Dividends paid	7	(37,164)	(42,099)
Other		1,097	1,896
Cash flows from financing activities		20,792	(89,974)
Effect of exchange rate changes on cash and cash equivalents		8,355	24,716
Net increase in cash and cash equivalents		35,895	120,270
Cash and cash equivalents at beginning of period		439,339	506,185
Cash and cash equivalents at end of period		475,234	626,455

## 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, 2023.

The condensed quarterly consolidated financial statements were approved on February 9, 2024 by Noboru Saito, Representative Director, President & CEO and Tetsuji Yamanishi, CFO, Representative Director & Executive Vice President.

#### (2) 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.

#### (3) 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, 2023.

### 3. Material Accounting Policies

The material 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, 2023, except for the newly adopted accounting standards below.

Accounting standard which TDK adopted from April 1, 2023 is as follows.

Accounting standards	Title	Summary
IAS 12	Income taxes	Accounting treatment clarification of deferred tax related to assets and liabilities arising from a single transaction.

The adoption to this standard above did not have a material impact on Condensed Quarterly Consolidated Financial Statements.

The income tax expense for the nine months ended December 31, 2023 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, 2023, certain products of Other are reclassified into Passive Components 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 nine months ended December 31, 2022 and 2023 are as follows:

Nine months ended December 31, 2022

(Millions of yen)

	Reportable segment				Other	Adjustments	Consolidated
	Passive Components	Sensor Application Products	Magnetic Application Products	Energy Application Products			
Net sales							
External customers	441,190	130,566	157,287	933,845	46,077	-	1,708,965
Intersegment	5,973	52	90	1	4,017	(10,133)	-
Total	447,163	130,618	157,377	933,846	50,094	(10,133)	1,708,965
Segment profit (loss)	79,662	12,694	(16,405)	140,659	1,584	(29,517)	188,677

Nine months ended December 31, 2023

(Millions of yen)

	Reportable segment				Other	Adjustments	Consolidated
	Passive Components	Sensor Application Products	Magnetic Application Products	Energy Application Products			
Net sales							
External customers	427,137	135,302	132,354	883,468	40,700	-	1,618,961
Intersegment	5,410	1,149	61	10	5,360	(11,990)	-
Total	432,547	136,451	132,415	883,478	46,060	(11,990)	1,618,961
Segment profit (loss)	50,204	9,754	(26,249)	155,253	(69)	(33,145)	155,748

The reportable segment information for the three months ended December 31, 2022 and 2023 are as follows:

Three months ended December 31, 2022

(Millions of yen)

	Reportable segment				Other	Adjustments	Consolidated
	Passive Components	Sensor Application Products	Magnetic Application Products	Energy Application Products			
Net sales							
External customers	145,294	45,637	47,475	331,423	17,143	-	586,972
Intersegment	2,183	26	32	1	1,401	(3,643)	-
Total	147,477	45,663	47,507	331,424	18,544	(3,643)	586,972
Segment profit (loss)	25,788	5,556	(13,900)	59,786	1,094	(9,956)	68,368

Three months ended December 31, 2023

(Millions of yen)

	Reportable segment				Other	Adjustments	Consolidated
	Passive Components	Sensor Application Products	Magnetic Application Products	Energy Application Products			
Net sales							
External customers	140,967	49,249	49,300	304,545	15,189	-	559,250
Intersegment	1,625	469	29	2	2,043	(4,168)	-
Total	142,592	49,718	49,329	304,547	17,232	(4,168)	559,250
Segment profit (loss)	18,539	4,729	(7,215)	65,583	452	(11,888)	70,200

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 nine months ended on December 31, 2022 and 2023 are 172,015 million yen and 138,550 million yen, respectively. The decrease in their carrying amounts due to sale or disposal in the nine months ended on December 31, 2022 and 2023 are 24,182 million yen and 20,850 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:

	(Millions of yen)			
	March 31, 2023		December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Bonds	199,399	196,447	219,404	216,361
Long-term borrowings (including current portion)	255,434	250,946	332,038	329,066

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:

	(Millions of yen)			
	March 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets				
Forward foreign exchange contracts	-	4,921	-	4,921
Currency option contracts	-	1,423	-	1,423
Commercial papers	-	34	-	34
SAFE investments	-	-	3,739	3,739
Convertible bonds	-	-	2,370	2,370
Shares	4,283	-	123,393	127,676
Mutual funds	1,394	-	-	1,394
Rabbi trust investments	8,243	-	-	8,243
Total	13,920	6,378	129,502	149,800
Financial liabilities				
Derivative financial liabilities				
Forward foreign exchange contracts	-	3,190	-	3,190
Currency option contracts	-	1	-	1
Total	-	3,191	-	3,191

(Millions of yen)

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets				
Forward foreign exchange contracts	-	1,018	-	1,018
Currency option contracts	-	29	-	29
Commercial papers	-	33	-	33
SAFE investments	-	-	1,613	1,613
Convertible bonds	-	-	213	213
Bonds				
Shares	6,889	-	141,833	148,722
Mutual funds	3,446	-	-	3,446
Rabbi trust investments	9,617	-	-	9,617
Others	-	-	744	744
Total	19,952	1,080	144,403	165,435
Financial liabilities				
Derivative financial liabilities				
Forward foreign exchange contracts	-	2,862	-	2,862
Non-deliverable forward contracts	-	1	-	1
Currency option contracts	-	2,563	-	2,563
Total	-	5,426	-	5,426

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 EBITDA. As of March 31, 2023 and December 31, 2023, the weighted average of EBITDA are both 5.3 times. If EBITDA 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 nine months ended December 31, 2022 and 2023.

### (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)	
	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Opening balance	104,581	129,502
Gains or losses		
Profit or loss	270	9,118
Other comprehensive income	2,204	(5,912)
Acquisition	10,096	9,968
Sales	-	(1,214)
Transfers from Level 3	(88)	(2,633)
Other	7,084	5,574
Ending balance	124,147	144,403

Transfers from Level 3 recognized during the nine months ended December 31, 2023 were due to the listing of investees.

Gains or losses recognized in profit or loss are included in Finance income and Finance costs in the condensed quarterly consolidated statements of profit or loss.

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:

### Nine months ended December 31, 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
Board of Directors Meeting on November 1, 2022	Common shares	20,097	53	September 30, 2022	December 2, 2022

### Nine months ended December 31, 2023

Resolution	Share class	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 22, 2023	Common shares	20,102	53	March 31, 2023	June 23, 2023
Board of Directors Meeting on November 1, 2023	Common shares	22,001	58	September 30, 2023	December 4, 2023

## 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, 2023, certain products of Other are reclassified into Capacitors. Thus, the prior year's figures are also reclassified to conform to the new segmentation.

(Millions of yen)

	Nine months ended December 31, 2022					
	Japan	Americas	Europe	China	Asia and others	Total
Capacitors	19,574	34,347	39,147	59,440	31,673	184,181
Inductive devices	18,599	15,581	37,168	59,881	20,969	152,198
Other passive components	10,109	12,931	27,348	35,313	19,110	104,811
Passive Components	48,282	62,859	103,663	154,634	71,752	441,190
Sensor Application Products	14,425	10,241	20,069	67,223	18,608	130,566
Magnetic Application Products	26,003	879	4,950	26,034	99,421	157,287
Energy Application Products	29,617	50,188	23,788	701,565	128,687	933,845
Other	14,593	7,890	2,623	14,487	6,484	46,077
Net sales total	132,920	132,057	155,093	963,943	324,952	1,708,965
	Nine months ended December 31, 2023					
	Japan	Americas	Europe	China	Asia and others	Total
Capacitors	19,979	32,952	43,048	56,004	32,565	184,548
Inductive devices	19,453	13,525	36,545	57,796	17,867	145,186
Other passive components	9,021	9,112	26,370	33,816	19,084	97,403
Passive Components	48,453	55,589	105,963	147,616	69,516	427,137
Sensor Application Products	16,175	10,716	21,259	65,912	21,240	135,302
Magnetic Application Products	26,551	730	3,193	27,280	74,600	132,354
Energy Application Products	37,116	42,978	19,972	622,753	160,649	883,468
Other	11,909	2,490	1,538	20,713	4,050	40,700
Net sales total	140,204	112,503	151,925	884,274	330,055	1,618,961

(Millions of yen)

		Three months ended December 31, 2022					
		Japan	Americas	Europe	China	Asia and others	Total
Capacitors		6,348	11,869	13,161	20,272	10,496	62,146
Inductive devices		6,500	4,846	12,028	20,198	6,495	50,067
Other passive components		3,322	3,946	8,478	11,107	6,228	33,081
Passive Components		16,170	20,661	33,667	51,577	23,219	145,294
Sensor Application Products		4,936	3,406	6,913	23,039	7,343	45,637
Magnetic Application Products		10,162	233	1,759	7,773	27,548	47,475
Energy Application Products		11,212	16,632	7,582	257,104	38,893	331,423
Other		5,860	2,570	870	5,846	1,997	17,143
Net sales total		48,340	43,502	50,791	345,339	99,000	586,972
		Three months ended December 31, 2023					
		Japan	Americas	Europe	China	Asia and others	Total
Capacitors		6,984	9,888	13,044	18,464	11,021	59,401
Inductive devices		6,765	4,288	11,073	21,075	5,963	49,164
Other passive components		2,978	3,152	7,409	11,944	6,919	32,402
Passive Components		16,727	17,328	31,526	51,483	23,903	140,967
Sensor Application Products		5,688	3,138	6,740	24,530	9,153	49,249
Magnetic Application Products		9,195	335	977	10,138	28,655	49,300
Energy Application Products		13,687	12,262	6,042	217,620	54,934	304,545
Other		4,177	800	415	8,308	1,489	15,189
Net sales total		49,474	33,863	45,700	312,079	118,134	559,250

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, Vietnam, Thailand, Philippines and Korea

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)	
	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Other operating income		
Government grants	5,184	4,775
Compensation income	562	1,254
Proceeds from sale of tangible and intangible assets	2,888	2,876
Refund of consumption tax etc.	164	2,604
Other	4,641	6,113
Other operating income	13,439	17,622
Other operating expenses		
Loss on sale of tangible and intangible assets	243	102
Other operating expense	243	102

	(Millions of yen)	
	Three months ended December 31, 2022	Three months ended December 31, 2023
Other operating income		
Government grants	2,409	794
Compensation income	256	144
Proceeds from sale of tangible and intangible assets	2,244	1,219
Refund of consumption tax etc.	102	2,473
Other	1,493	3,565
Other operating income	6,504	8,195
Other operating expenses		
Loss on sale of tangible and intangible assets	104	46
Other operating expense	104	46

## 10. Earnings per Share

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

	(Millions of yen)			
	Nine months ended December 31, 2022		Nine months ended December 31, 2023	
	Basic	Diluted	Basic	Diluted
Net profit for the period attributable to owners of parent	136,875	136,875	119,491	119,491
Weighted average number of common shares issued	379,095	379,095	379,319	379,319
Incremental shares arising from exercise of share options	-	682	-	520
Incremental shares arising from delivery under restricted share unit plan	-	35	-	56
Incremental shares arising from delivery under performance share unit plan	-	7	-	17
Weighted average number of common shares issued - Total	379,095	379,819	379,319	379,912
Earnings per share	361.06	360.37	315.01	314.52

	(Millions of yen)			
	Three months ended December 31, 2022		Three months ended December 31, 2023	
	Basic	Diluted	Basic	Diluted
Net profit for the period attributable to owners of parent	49,924	49,924	65,303	65,303
	Number of shares (thousands)			
Weighted average number of common shares issued	379,247	379,247	379,350	379,350
Incremental shares arising from exercise of share options	-	584	-	496
Incremental shares arising from delivery under restricted share unit plan	-	46	-	61
Incremental shares arising from delivery under performance share unit plan	-	8	-	18
Weighted average number of common shares issued - Total	379,247	379,885	379,350	379,925
	(Yen)			
Earnings per share	131.64	131.42	172.14	171.88

For the nine months ended December 31, 2022 and the nine months and the three months ended December 31, 2023, certain restricted stock units issued by TDK Corporation and stock options issued by subsidiaries of TDK were excluded from the calculation of diluted earnings per share as the effect would have been antidilutive. For the three months ended December 31, 2022, stock options issued by subsidiaries of TDK were excluded from the calculation of diluted earnings per share as the effect would have been antidilutive.

Certain performance share units that vest upon the achievement of certain performance conditions were excluded from the calculation of diluted earnings per share for the nine months and the three months ended December 31, 2022, and for the nine months and the three months ended December 31, 2023, as the achievement of the conditions is not probable.

#### 11. Subsequent Events

There are no subsequent events to report.