



TDK Corporation
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Consolidated results (IFRS) for the 2nd quarter of FY March 2023

(Millions of yen, %)

Account	Term	1H of FY 2022 (April 1, 2021 – September 30, 2021)		1H of FY 2023 (April 1, 2022 – September 30, 2022)		Change	
		Amount	% to net sales	Amount	% to net sales	Amount	%
Net sales		894,185	100.0	1,121,993	100.0	227,808	25.5
Operating profit		81,608	9.1	120,309	10.7	38,701	47.4
Profit before tax		84,845	9.5	119,875	10.7	35,030	41.3
Net profit attributable to owners of parent		68,866	7.7	86,951	7.7	18,085	26.3
Per common share:							
- Net profit attributable to owners of parent Basic		181.71yen		229.39yen			
- Net profit attributable to owners of parent / Diluted		181.28yen		228.92yen			
Purchase of tangible and intangible assets		133,987	-	154,156	-	20,169	15.1
Depreciation and amortization		85,573	9.6	103,162	9.2	17,589	20.6
Research and development expenses		79,216	8.9	89,550	8.0	10,334	13.0
Number of employees		117,054	-	109,580	-		

TDK Corporation (6762) FY 2023 Second Quarter Financial Results (IFRS)

(Millions of yen, %)

Account	Term	2Q of FY 2022 (July 1, 2021 – September 30, 2021)		2Q of FY 2023 (July 1, 2022 – September 30, 2022)		Change	
		Amount	% to net sales	Amount	% to net sales	Amount	%
Net sales		474,127	100.0	611,489	100.0	137,362	29.0
Operating profit		50,291	10.6	75,706	12.4	25,415	50.5
Profit before tax		52,411	11.1	76,003	12.4	23,592	45.0
Net profit attributable to owners of parent		41,913	8.8	55,538	9.1	13,625	32.5
Per common share:							
- Net profit attributable to owners of parent Basic		110.59yen		146.51yen			
- Net profit attributable to owners of parent / Diluted		110.34yen		146.23yen			
Purchase of tangible and intangible assets		72,782	—	84,505	—	11,723	16.1
Depreciation and amortization		42,961	9.1	52,096	8.5	9,135	21.3
Research and development expenses		41,466	8.7	45,037	7.4	3,571	8.6

Note: Effective October 1, 2021, TDK implemented a share split at a ratio of three shares per common share. The basic and diluted net profit attributable to owners of parent per common share are calculated assuming that the share split was implemented at the beginning of the six months ended September 30, 2021.

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[Summary Information and Financial Statements]

1. Summary Information Regarding Financial Results for the Second Quarter of Fiscal 2023

(1) Summary Information Regarding Consolidated Business Results

Consolidated results for the first half of fiscal 2023, the period from April 1 to September 30, 2022, are as follows.

During the first half of fiscal 2023, there were signs of gradual recovery of production activities from the lockdowns imposed in China due to the resurgence of the COVID-19 pandemic. On the other hand, heightened geopolitical risks and soaring prices, mainly for energy and food, resulting from Russia's invasion of Ukraine severely impacted the global economy. In the United States and Europe, policy interest rates were raised as a countermeasure against rapidly rising inflation, which increased concerns over a global recession. This situation also affected exchange rates significantly, and amid the sharp appreciation of the U.S. dollar against other major currencies around the world, the yen's depreciation progressed rapidly.

Looking at the electronics market, which has a large bearing on the consolidated performance of TDK, production volume in the automotive market saw a moderate recovery and increased from the previous fiscal year on the back of the resumption of production following the lifting of lockdowns in China and easing of concerns over components supply in some areas. In addition, demand for components remained firm reflecting the larger number of components installed per vehicle as a result of the spread of electric vehicles (EVs) and Advanced Driving Assistance Systems (ADAS). In the Information and Communications Technology (ICT) market, demand for notebook PCs and tablets, which had been strong amid the COVID-19 pandemic, declined considerably compared with the previous fiscal year. Production of Hard Disk Drives (HDDs) was significantly lower than the previous fiscal year's level due to a decrease in demand related to data centers on top of a sharp year-on-year, decline in demand related to personal computers. While smartphone production volume also declined sharply from the previous year's level, components demand related to new models remained brisk.

In this business environment, the TDK's consolidated operating results for the first half of fiscal 2023 were as follows.

TDK Corporation (6762) FY 2023 Second Quarter Financial Results (IFRS)

(Millions of yen, %)

Item	1H of FY 2022 (April 1, 2021 – September 30, 2021)		1H of FY2023 (April 1, 2022 – September 30,2022)		Change	
	Amount	% to net sales	Amount	% to net sales	Amount	%
Net Sales	894,185	100.0	1,121,993	100.0	227,808	25.5
Operating profit	81,608	9.1	120,309	10.7	38,701	47.4
Profit before tax	84,845	9.5	119,875	10.7	35,030	41.3
Net profit attributable to owners of parent	68,866	7.7	86,951	7.7	18,085	26.3
Per common share:						
Net profit attributable to owners of parent Basic	Yen 181.71		Yen 229.39			
Net profit attributable to owners of parent / Diluted	Yen 181.28		Yen 228.92			

Note: Effective October 1, 2021, TDK implemented a share split at a ratio of three shares per common share. The basic and diluted net profit attributable to owners of parent per common share are calculated assuming that the share split was implemented at the beginning of the Six months ended September 30, 2021.

Average yen exchange rates for the U.S. dollar and the euro during the first half of fiscal 2023 were ¥133.80 and ¥138.67, respectively, as the yen depreciated 21.9% against the U.S. dollar and 6.0% against the euro. As a result of these factors and fluctuations in foreign exchange rates, net sales increased by approximately ¥164.1 billion and operating profit increased by approximately ¥36.9 billion.

[Sales by Product]

Item	1H of FY 2022 (April 1, 2021 - September 30, 2021)		1H of FY2023 (April 1, 2022 - September 30,2022)		Change	
	(Yen millions)	%	(Yen millions)	%	(Yen millions)	Change(%)
Capacitors	96,930	10.8	120,440	10.7	23,510	24.3
Inductive Devices	87,389	9.8	102,131	9.1	14,742	16.9
Other Passive Components	65,462	7.3	71,730	6.4	6,268	9.6
Passive Components	249,781	27.9	294,301	26.2	44,520	17.8
Sensor Application Products	59,513	6.6	84,929	7.6	25,416	42.7
Magnetic Application Products	125,986	14.1	109,812	9.8	(16,174)	(12.8)
Energy Application Products	435,115	48.7	602,422	53.7	167,307	38.5
Other	23,790	2.7	30,529	2.7	6,739	28.3
Total	894,185	100.0	1,121,993	100.0	227,808	25.5
Overseas Sales	822,833	92.0	1,037,413	92.5	214,580	26.1

Note: In accordance with the reorganization for the first quarter 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.

1) Passive Components Segment

This segment is made up of (1) Capacitors, (2) Inductive Devices, and (3) Other Passive Components. Sales in the Passive Components segment were ¥294,301 million, up 17.8% year on year from ¥249,781 million.

Capacitors is made up of Ceramic Capacitors, Aluminum Electrolytic Capacitors, and Film Capacitors. Sales in the Capacitors were ¥120,440 million, up 24.3% year on year from ¥96,930 million. Sales of Ceramic Capacitors increased mainly to the automotive market. Sales of Aluminum Electrolytic Capacitors and Film Capacitors increased to the industrial equipment and the automotive markets.

Sales of Inductive Devices increased by 16.9% year on year from ¥87,389 million to ¥102,131 million. Sales increased to the automotive and the industrial equipment markets.

Other Passive Components include High-Frequency Devices, Piezoelectric Material Products, and Circuit Protection Components. Sales of Other Passive Components increased by 9.6% year on year from ¥65,462 million to ¥71,730 million. Sales increased to the industrial equipment and the

automotive markets.

2) Sensor Application Products Segment

This segment is made up of Temperature and Pressure Sensors, Magnetic Sensors, and MEMS Sensors. Segment sales increased by 42.7% from ¥59,513 million to ¥84,929 million. Sales increased mainly to the ICT and the automotive markets.

3) Magnetic Application Products Segment

This segment is made up of HDD Heads, HDD Suspension Assemblies, and Magnets. Segment sales decreased 12.8% year on year from ¥125,986 million to ¥109,812 million. Sales of HDD Heads and HDD Suspension Assemblies decreased to the ICT market. Sales of Magnets increased to the automotive market.

4) Energy Application Products Segment

This segment is made up of Energy Devices (Rechargeable Batteries) and Power Supplies. Segment sales increased by 38.5% from ¥435,115 million to ¥602,422 million. Sales of Energy Devices increased significantly mainly to the ICT and the industrial equipment markets.

5) Other

Other includes Mechatronics (Production Equipment), Camera Module Micro Actuators for smartphones, and Others. Segment sales increased by 28.3% from ¥23,790 million to ¥30,529 million. Sales of Mechatronics increased to the industrial equipment market. Sales of Camera Module Micro Actuators for smartphones increased to the ICT market.

The main businesses making up the four reporting segments and Other, which includes products not included in these reporting segments, are as follows:

Classification	Constituent Main Business
Passive Components	Ceramic Capacitors, Aluminum Electrolytic Capacitors, Film Capacitors, Inductive Devices (Coils/Ferrite Cores/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, Others

[Sales by Region]

Overseas sales increased by 26.1% year on year from ¥822,833 million to ¥1,037,413 million. Overseas sales accounted for 92.5% of consolidated net sales, a 0.5 percentage point increase from 92.0% in the first half of fiscal 2022. Detailed information on sales by region can be found in the consolidated supplementary information on page 26.

(2) Summary Information Regarding Consolidated Financial Position

1) The following table summarizes TDK's consolidated balance sheet as of September 30, 2022.

Total assets	¥3,389,302 million	(11.4% increase)
Total equity attributable to owners of parent	¥1,547,627 million	(19.0% increase)
Ratio of equity attributable to owners of parent	45.7%	(2.9 point increase)

As of September 30, 2022, total assets increased by ¥347,649 million compared with March 31, 2022. Cash and cash equivalent increased by ¥18,418 million. Also, net trade receivables, net property, plant and equipment, and inventories increased by ¥101,884 million, ¥87,933 million, and ¥83,049 million respectively.

Total liabilities increased by ¥99,810 million from March 31, 2022. Borrowings (current) and Other current liabilities increased by ¥60,746 million and ¥40,116 million respectively.

Total equity attributable to owners of parent, which is included in total equity, increased by ¥247,310 million from March 31, 2022. Other components of equity increased by ¥169,010 million, mainly from exchange differences on translation of foreign operations.

2) Cash Flows

(Yen millions)

	FY 2022 2Q	FY 2023 2Q	Change
Net cash provided by operating activities	13,109	55,261	42,152
Net cash used in investing activities	(86,172)	(112,120)	(25,948)
Net cash provided by financing activities	42,961	28,206	(14,755)
Effect of exchange rate changes on cash and cash equivalents	8,062	47,071	39,009
Net increase (decrease) in cash and cash equivalents	(22,040)	18,418	40,458
Cash and cash equivalents at beginning of period	380,387	439,339	58,952
Cash and cash equivalents at end of period	358,347	457,757	99,410

Operating activities provided net cash of ¥55,261 million, an increase of ¥42,152 million year on year. It mainly came from an increase in long-term advances to suppliers for FY 2022 2Q.

Investing activities used net cash of ¥112,120 million, an increase of ¥25,948 million year on year. It mainly came from an increase in purchase of tangible and intangible assets.

Financing activities provided net cash of ¥28,206 million, a decrease of ¥14,755 million year on year. It mainly came from an increase (decrease) in short-term borrowings

(3) Summary Information Regarding Consolidated Projections

[Fiscal 2023 Consolidated Projections]

Concerns over a slowdown of the global economy grew due to soaring prices mainly for energy and food amid heightened geopolitical risks as well as increases in policy interest rates in the United States and Europe as a countermeasure against rapidly rising inflation, despite signs of recovery from the COVID-19 pandemic. This situation also affected exchange rates significantly, and the yen's depreciation progressed rapidly. Under such circumstances, demand for electronics remained firm on the back of the recovery in automobile production volume and the launch of new smartphone models. As a result, the operating results for the first half of fiscal 2023 exceeded the expectations held at the beginning of the period. In the automotive market, sales of Passive Components and Sensors grew as production volume rebounded moderately and the prevalence of EVs and ADAS increased further. In the ICT market, sales of Rechargeable Batteries and Sensors expanded due to the launch of new smartphone models. As a result of reviewing TDK's full-year projections in light of the operating results for the first half of fiscal 2023, the new projections have been raised from those announced on August 1, 2022. TDK's projections for consolidated operating results, capital expenditures, depreciation and amortization, and research and development expenses for fiscal 2023 are as follows.

Item	FY2023 (April 1, 2022 - March 31, 2023)	FY2023 (April 1, 2022 - March 31, 2023)	vs Previous forecast Changes		FY2022 (April 1, 2021 - March 31, 2022)	vs FY2022 Changes	
	Projection in November '22	Projection in August '22			Actual		
	(Yen millions)	(Yen millions)	(Yen millions)	%	(Yen millions)	(Yen millions)	%
Net sales	2,220,000	2,200,000	20,000	0.9	1,902,124	317,876	16.7
Operating profit	200,000	185,000	15,000	8.1	166,775	33,225	19.9
Profit before tax	200,000	190,000	10,000	5.3	172,490	27,510	15.9
Net profit attributable to owners of parent	147,000	145,000	2,000	1.4	131,298	15,702	12.0
Capital expenditures	300,000	300,000	-	-	291,337	8,663	3.0
Depreciation and amortization	210,000	200,000	10,000	5.0	177,031	32,969	18.6
Research and development	180,000	190,000	(10,000)	(5.3)	165,250	14,750	8.9

(Exchange Rate Forecast)

Average yen exchange rates against the U.S. dollar and the euro of ¥135 and ¥137 respectively will be assumed for Fiscal 2023. Average yen exchange rates against the U.S. dollar and the euro of ¥135 and ¥135 respectively will be assumed from the third quarter onward.

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 Corporation and/or its group companies (“TDK”). These forward-looking statements are based on the current forecasts, estimates, assumptions, plans, beliefs, and evaluations of TDK in light of information currently available to it, and contain known and unknown risks, uncertainties and other factors.

TDK therefore wishes to caution readers that, being subject to risks, uncertainties and other factors, TDK’s actual results, performance, achievements or financial positions could be materially different from any future results, performance, achievements or financial positions expressed or implied by these forward-looking statements, and TDK undertakes no obligation to publicly update or revise any forward-looking statements after the issue of this material except as provided for in applicable laws and ordinances.

The electronics markets in which TDK operates are highly susceptible to rapid changes. Risks, uncertainties and other factors that can have significant effects on TDK include, but are 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.

2. Other Information

(1) Changes in Significant Subsidiaries

In the first quarter ended June 30, 2022, Xiamen Ampeak Technology Limited and Xiamen Ampack Technology Limited which fall under the category of specific subsidiaries, have been established and included in the scope of consolidation.

(2) Accounting Policy Changes, Accounting Estimate Changes and Restatements

Nothing to report.

(3) Fundamental Policy for Distribution of Earnings, and Fiscal 2022 Dividends

TDK recognizes that achieving increase in corporate value over the medium- and long-term ultimately translates into higher shareholder value. In line with this understanding, TDK's fundamental policy is to work to consistently increase dividends through growth in earnings per share. By actively investing for growth, mainly in the development of new products and technologies in key fields so as to respond precisely to rapid technological innovation in the electronics industry, TDK is aiming to increase a medium- and long-term corporate value. Accordingly, TDK actively reinvests its earning in business activities and determines its dividends taking into consideration comprehensive factors, including return on equity (ROE) and dividends on equity (DOE) on a consolidated basis, as well as changes in the business environment, among other factors.

Projected dividends per share for fiscal 2023 are as follows. TDK keeps initial dividend forecast unchanged. TDK split one share of its common stock into three shares with the effective date of October 1, 2021.

	FY2023	FY2022 Actual
Interim dividend (Conversion after the stock split)	53.00	100.00 (33.33)
Year-end dividend	(Forecast)53.00	45.00
Annual dividend (Conversion after the stock split)	(Forecast)106.00	- (78.33)

3. Condensed Quarterly Consolidated Financial Statements and Primary Notes

(1) Condensed quarterly consolidated statements of financial position

	March 31, 2022		September 30, 2022		Change
	Amount (Yen millions)	%	Amount (Yen millions)	%	Amount (Yen millions)
Assets					
Current assets					
Cash and cash equivalents	439,339		457,757		18,418
Trade receivables	524,476		626,360		101,884
Other financial assets	66,944		35,451		(31,493)
Inventories	437,004		520,053		83,049
Income taxes receivables	4,982		3,452		(1,530)
Other current assets	60,273		64,933		4,660
Subtotal	1,533,018		1,708,006		174,988
Assets held for sale	154		25,642		25,488
Total current assets	1,533,172	50.4	1,733,648	51.2	200,476
Non-current assets					
Investments accounted for using the equity method	16,635		21,105		4,470
Other financial assets	123,581		152,258		28,677
Property, plant and equipment	945,042		1,032,975		87,933
Right-of-use assets	50,169		50,891		722
Goodwill	137,352		158,142		20,790
Intangible assets	69,030		69,754		724
Long-term advances to suppliers	121,370		123,341		1,971
Deferred tax assets	40,062		42,017		1,955
Other non-current assets	5,240		5,171		(69)
Total non-current assets	1,508,481	49.6	1,655,654	48.8	147,173
Total assets	3,041,653	100.0	3,389,302	100.0	347,649

TDK Corporation (6762) FY 2023 Second Quarter Financial Results (IFRS)

	March 31, 2022		September 30, 2022		Change
	Amount (Yen millions)	%	Amount (Yen millions)	%	Amount (Yen millions)
Liabilities					
Current liabilities					
Borrowings	175,924		236,670		60,746
Lease liabilities	9,432		10,091		659
Trade payables	460,132		456,934		(3,198)
Other financial liabilities	147,272		137,210		(10,062)
Income taxes payables	29,715		32,544		2,829
Provisions	13,949		10,575		(3,374)
Other current liabilities	225,934		266,050		40,116
Total current liabilities	1,062,358	34.9	1,150,074	33.9	87,716
Non-current liabilities					
Bonds and borrowings	455,562		453,679		(1,883)
Lease liabilities	38,895		40,882		1,987
Other financial liabilities	4,573		3,727		(846)
Retirement benefit liabilities	105,089		95,038		(10,051)
Provisions	5,371		9,419		4,048
Deferred tax liabilities	57,454		75,128		17,674
Other non-current liabilities	8,596		9,761		1,165
Total non-current liabilities	675,540	22.2	687,634	20.3	12,094
Total liabilities	1,737,898	57.1	1,837,708	54.2	99,810
Equity					
Equity attributable to owners of parent					
Share capital	32,641		32,641		-
Capital surplus	-		-		-
Retained earnings	974,767		1,052,697		77,930
Other components of equity	309,607		478,617		169,010
Treasury shares	(16,698)		(16,328)		370
Total equity attributable to owners of parent	1,300,317	42.8	1,547,627	45.7	247,310
Non-controlling interests	3,438	0.1	3,967	0.1	529
Total equity	1,303,755	42.9	1,551,594	45.8	247,839
Total liabilities and equity	3,041,653	100.0	3,389,302	100.0	347,649

**(2) Condensed quarterly consolidated statements of profit or loss and comprehensive income
[1st half results]**

Condensed quarterly consolidated statements of profit or loss

	1H of FY 2022 (April 1, 2021 – September 30, 2021)		1H of FY2023 (April 1, 2022 – September 30,2022)		Change	
	Amount (Yen millions)	% to net sales	Amount (Yen millions)	% to net sales	Amount (Yen millions)	%
Net sales	894,185	100.0	1,121,993	100.0	227,808	25.5
Cost of sales	(626,077)		(781,750)		(155,673)	
Gross profit	268,108	30.0	340,243	30.3	72,135	26.9
Selling, general and administrative expenses	(194,551)		(226,730)		(32,179)	
Other operating income	8,292		6,935		(1,357)	
Other operating expenses	(241)		(139)		102	
Operating profit	81,608	9.1	120,309	10.7	38,701	47.4
Finance income	6,223		6,809		586	
Finance costs	(3,848)		(7,124)		(3,276)	
Share of profit (loss) of investments accounted for using equity method	862		(119)		(981)	
Profit before tax	84,845	9.5	119,875	10.7	35,030	41.3
Income tax expense	(15,902)		(32,320)		(16,418)	
Net profit for the period	68,943	7.7	87,555	7.8	18,612	27.0
Net profit attributable to:						
Owners of parent	68,866	7.7	86,951	7.7	18,085	26.3
Non-controlling interests	77	0.0	604	0.1	527	684.4
Net profit for the period	68,943	7.7	87,555	7.8	18,612	27.0

Condensed quarterly consolidated statements of Comprehensive Income

	1H of FY 2022 (April 1, 2021 – September 30, 2021)	1H of FY2023 (April 1, 2022 – September 30,2022)	Change
	Amount (Yen millions)	Amount (Yen millions)	Amount (Yen millions)
Net profit for the period	68,943	87,555	18,612
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	40	1,628	1,588
Remeasurements of defined benefit plans	13	8,140	8,127
Total	53	9,768	9,715
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	23,559	167,422	143,863
Total	23,559	167,422	143,863
Total other comprehensive income, net of tax	23,612	177,190	153,578
Comprehensive income for the period	92,555	264,745	172,190
Comprehensive income attributable to:			
Owners of parent	92,417	264,101	171,684
Non-controlling interests	138	644	506
Comprehensive income for the period	92,555	264,745	172,190

[2nd quarter results]

Condensed quarterly consolidated statements of profit or loss

	Three months ended September 30, 2021		Three months ended September 30, 2022		Change	
	Amount (Yen millions)	% to net sales	Amount (Yen millions)	% to net sales	Amount (Yen millions)	%
Net sales	474,127	100.0	611,489	100.0	137,362	29.0
Cost of sales	(324,834)		(423,308)		(98,474)	
Gross profit	149,293	31.5	188,181	30.8	38,888	26.0
Selling, general and administrative expenses	(103,197)		(117,040)		(13,843)	
Other operating income	4,408		4,611		203	
Other operating expenses	(213)		(46)		167	
Operating profit	50,291	10.6	75,706	12.4	25,415	50.5
Finance income	3,147		3,846		699	
Finance costs	(1,829)		(3,244)		(1,415)	
Share of profit (loss) of investments accounted for using equity method	802		(305)		(1,107)	
Profit before tax	52,411	11.1	76,003	12.4	23,592	45.0
Income tax expense	(10,429)		(20,208)		(9,779)	
Net profit for the period	41,982	8.9	55,795	9.1	13,813	32.9
Net profit attributable to:						
Owners of parent	41,913	8.8	55,538	9.1	13,625	32.5
Non-controlling interests	69	0.0	257	0.0	188	272.5
Net profit for the period	41,982	8.9	55,795	9.1	13,813	32.9

Condensed quarterly consolidated statements of comprehensive income

	Three months ended September 30, 2021	Three months ended September 30, 2022	Change
	Amount (Yen millions)	Amount (Yen millions)	Amount (Yen millions)
Net profit for the period	41,982	55,795	13,813
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	37	1,823	1,786
Remeasurements of defined benefit plans	—	3,691	3,691
Total	37	5,514	5,477
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	9,663	37,777	28,114
Total	9,663	37,777	28,114
Total other comprehensive income, net of tax	9,700	43,291	33,591
Comprehensive income for the period	51,682	99,086	47,404
Comprehensive income attributable to:			
Owners of parent	51,582	98,872	47,290
Non-controlling interests	100	214	114
Comprehensive income for the period	51,682	99,086	47,404

(3) Condensed quarterly consolidated statements of changes in equity

Six months ended September 30, 2021	Equity attributable to owners of parent						Non- controlling interests (Yen millions)	Total equity (Yen millions)
	Share capital	Capital surplus	Retained earnings	Other components of equity	Treasury shares	Total		
	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)		
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	-	-	68,866	-	-	68,866	77	68,943
Other comprehensive income, net of tax	-	-	-	23,551	-	23,551	61	23,612
Total comprehensive income for the period	-	-	68,866	23,551	-	92,417	138	92,555
Transactions with owners								
Equity transactions with non-controlling interests	-	38	-	-	-	38	(122)	(84)
Dividends paid	-	-	(11,369)	-	-	(11,369)	(78)	(11,447)
Transfer from retained earnings to capital surplus	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	(2)	(2)	-	(2)
Share-based payment transactions	-	15	-	-	-	15	-	15
Exercise of share options	-	(47)	-	-	47	-	-	-
Total transactions with owners	-	6	(11,369)	-	45	(11,318)	(200)	(11,518)
Transfer from other components of equity to retained earnings	-	-	395	(395)	-	-	-	-
Balance as of September 30, 2021	32,641	6	911,512	112,616	(16,747)	1,040,028	2,696	1,042,724

TDK Corporation (6762) FY 2023 Second Quarter Financial Results (IFRS)

Six months ended September 30, 2022	Equity attributable to owners of parent						Non- controlling interests (Yen millions)	Total equity (Yen millions)
	Share capital	Capital surplus	Retained earnings	Other components of equity	Treasury shares	Total		
	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)		
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	-	-	86,951	-	-	86,951	604	87,555
Other comprehensive income, net of tax	-	-	-	177,150	-	177,150	40	177,190
Total comprehensive income for the period	-	-	86,951	177,150	-	264,101	644	264,745
Transactions with owners								
Equity transactions with non-controlling interests	-	140	-	-	-	140	(140)	(0)
Dividends paid	-	-	(17,056)	-	-	(17,056)	(115)	(17,171)
Transfer from retained earnings to capital surplus	-	105	(105)	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	(0)	(0)	-	(0)
Share-based payment transactions	-	125	-	-	-	125	140	265
Exercise of share acquisition rights	-	(370)	-	-	370	0	-	0
Total transactions with owners	-	-	(17,161)	-	370	(16,791)	(115)	(16,906)
Transfer from other components of equity to retained earnings	-	-	8,140	(8,140)	-	-	-	-
Balance as of September 30, 2022	32,641	-	1,052,697	478,617	(16,328)	1,547,627	3,967	1,551,594

(4) Condensed quarterly consolidated statements of cash flows

	1H of FY 2022 (April 1, 2021 – September 30, 2021)	1H of FY2023 (April 1, 2022 – September 30,2022)
	Amount (Yen millions)	Amount (Yen millions)
Cash flows from operating activities		
Net profit for the period	68,943	87,555
Depreciation and amortization	85,573	103,162
Impairment losses	-	509
Finance income	(6,223)	(6,809)
Finance costs	3,848	7,124
Share of profit of investments accounted for using equity method	(862)	119
Income tax expense	15,902	32,320
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	(63,268)	(42,773)
Decrease (increase) in inventories	(57,620)	(43,090)
Decrease (increase) in long-term advances to suppliers	(32,994)	6,510
Increase (decrease) in trade payables	47,602	(33,420)
Net change in other assets and liabilities	(37,783)	(14,887)
Net change in other financial assets and liabilities	(3,424)	(8,735)
Other	4,158	(15,836)
Subtotal	23,852	71,749
Interest and dividends received	5,858	5,190
Interest paid	(2,748)	(4,495)
Income taxes paid	(13,853)	(17,183)
Cash flows from operating activities	13,109	55,261

	1H of FY 2022 (April 1, 2021 – September 30, 2021)	1H of FY2023 (April 1, 2022 – September 30, 2022)
	Amount (Yen millions)	Amount (Yen millions)
Cash flows from investing activities		
Purchase of tangible and intangible assets	(133,987)	(154,156)
Proceeds from sale of tangible and intangible assets	1,416	15,584
Proceeds from withdrawal of time deposits	67,663	54,776
Payments into time deposits	(17,970)	(15,720)
Proceeds from sale and redemption of securities	916	6
Payment for purchase of securities	(4,413)	(7,206)
Purchase of investments in associates	-	(4,361)
Other	203	(1,043)
Cash flows from investing activities	(86,172)	(112,120)
Cash flows from financing activities		
Proceeds from long-term borrowings	100,012	4
Repayment of long-term borrowings	(100,319)	(1,684)
Net increase (decrease) in short-term borrowings	59,930	52,106
Repayment of lease liabilities	(5,148)	(5,146)
Dividends paid	(11,364)	(17,046)
Other	(150)	(28)
Cash flows from financing activities	42,961	28,206
Effect of exchange rate changes on cash and cash equivalents	8,062	47,071
Net increase (decrease) in cash and cash equivalents	(22,040)	18,418
Cash and cash equivalents at beginning of period	380,387	439,339
Cash and cash equivalents at end of period	358,347	457,757

(5) Notes to the condensed quarterly consolidated financial statements

(Notes to going concern assumption)

There are no items to report.

(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 (Segment information).

(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.

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 currency

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 and presentation currency. All amounts are rounded to the nearest million yen.

(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 six months ended September 30, 2022 is calculated based on the estimated annual effective income tax rates.

(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 segment and assess its 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 first quarter 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 reportable segments 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/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 six months ended September 30, 2021 and 2022 are as follows:

Net sales		(Yen millions, %)					
		1H of FY 2022 (April 1, 2021 – September 30, 2021)		1H of FY2023 (April 1, 2022 – September 30, 2022)		Change	
		Amount	%	Amount	%	Amount	%
Passive Components	External customers	249,781	27.9	294,301	26.2	44,520	17.8
	Intersegment	1,953		3,790		1,837	94.1
	Total	251,734		298,091		46,357	18.4
Sensor Application Products	External customers	59,513	6.6	84,929	7.6	25,416	42.7
	Intersegment	15		26		11	73.3
	Total	59,528		84,955		25,427	42.7
Magnetic Application Products	External customers	125,986	14.1	109,812	9.8	(16,174)	(12.8)
	Intersegment	20		58		38	190.0
	Total	126,006		109,870		(16,136)	(12.8)
Energy Application Products	External customers	435,115	48.7	602,422	53.7	167,307	38.5
	Intersegment	1		0		(1)	-
	Total	435,116		602,422		167,306	38.5
Other	External customers	23,790	2.7	30,529	2.7	6,739	28.3
	Intersegment	4,116		4,678		562	13.7
	Total	27,906		35,207		7,301	26.2
Intersegment elimination		(6,105)		(8,552)		(2,447)	
Total		894,185	100.0	1,121,993	100.0	227,808	25.5

Segment profit (loss)		(Yen millions, %)					
		1H of FY 2022 (April 1, 2021 – September 30, 2021)		1H of FY2023 (April 1, 2022 – September 30, 2022)		Change	
		Amount	% to net sales	Amount	% to net sales	Amount	%
Passive Components		39,532	15.8	54,175	18.4	14,643	37.0
Sensor Application Products		(2,243)	(3.8)	7,138	8.4	9,381	-
Magnetic Application Products		5,172	4.1	(2,505)	(2.3)	(7,677)	-
Energy Application Products		57,721	13.3	80,873	13.4	23,152	40.1
Other		(1,235)	(5.2)	189	0.6	1,424	-
Subtotal		98,947	11.1	139,870	12.5	40,923	41.4
Adjustment		(17,339)		(19,561)		(2,222)	
Operating profit		81,608	9.1	120,309	10.7	38,701	47.4

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

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

Net sales (Yen millions, %)

		Three months ended September 30, 2021		Three months ended September 30, 2022		Change	
		Amount	%	Amount	%	Amount	%
Passive Components	External customers	128,025	27.0	152,670	25.0	24,645	19.3
	Intersegment	922		2,241		1,319	143.1
	Total	128,947		154,911		25,964	20.1
Sensor Application Products	External customers	32,685	6.9	45,913	7.5	13,228	40.5
	Intersegment	0		14		14	-
	Total	32,685		45,927		13,242	40.5
Magnetic Application Products	External customers	65,363	13.8	54,682	8.9	(10,681)	(16.3)
	Intersegment	8		36		28	350.0
	Total	65,371		54,718		(10,653)	(16.3)
Energy Application Products	External customers	235,523	49.7	342,330	56.0	106,807	45.3
	Intersegment	0		0		0	-
	Total	235,523		342,330		106,807	45.3
Other	External customers	12,531	2.6	15,894	2.6	3,363	26.8
	Intersegment	2,129		2,370		241	11.3
	Total	14,660		18,264		3,604	24.6
Intersegment elimination		(3,059)		(4,661)		(1,602)	
Total		474,127	100.0	611,489	100.0	137,362	29.0

Segment profit (loss) (Yen millions, %)

		Three months ended September 30, 2021		Three months ended September 30, 2022		Change	
		Amount	% to net sales	Amount	% to net sales	Amount	%
Passive Components		21,459	16.8	29,580	19.4	8,121	37.8
Sensor Application Products		974	3.0	4,357	9.5	3,383	347.3
Magnetic Application Products		2,266	3.5	(1,788)	(3.3)	(4,054)	-
Energy Application Products		34,325	14.6	53,525	15.6	19,200	55.9
Other		(283)	(2.3)	(178)	(1.1)	105	-
Subtotal		58,741	12.4	85,496	14.0	26,755	45.5
Adjustment		(8,450)		(9,790)		(1,340)	
Operating profit		50,291	10.6	75,706	12.4	25,415	50.5

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

3. Geographic segment information

The geographic segment information for the six months ended September 30, 2021 and 2022 are as follows:

Net sales

	1H of FY 2022 (April 1, 2021 – September 30, 2021)	(Yen millions) 1H of FY2023 (April 1, 2022 – September 30, 2022)
Japan	71,352	84,580
Americas	56,707	88,555
Europe	87,300	104,302
China	499,347	618,604
Asia and others	179,479	225,952
Total	894,185	1,121,993

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

Net sales

	Three months ended September 30, 2021	(Yen millions) Three months ended September 30, 2022
Japan	36,293	44,117
Americas	29,993	43,454
Europe	43,081	52,215
China	266,531	352,171
Asia and others	98,229	119,532
Total	474,127	611,489

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

(Significant subsequent events)

There are no items to report.

(6) Appendix to the Consolidated Financial Statements

1) Foreign exchange rates

Term Item	Q2 of FY 2022 September 30, 2021		Q2 of FY 2023 September 30, 2022		FY 2022 March 31, 2022	
	US\$=¥	EURO=¥	US\$=¥	EURO=¥	US\$=¥	EURO=¥
The end of the period	111.92	129.86	144.81	142.32	122.39	136.70

2) Quarterly sales by product

Term Product category	Q1 of FY 2022 (April 1, 2021 – June 30, 2021)		Q2 of FY 2022 (July 1, 2021 – September 30, 2021)		Q3 of FY 2022 (October 1, 2021 - December 31, 2021)		Q4 of FY 2022 (January 1, 2022 – March 31, 2022)	
	Amount	%	Amount	%	Amount	%	Amount	%
Capacitors	47,126	11.2	49,804	10.5	50,782	10.2	50,433	9.9
Inductive devices	42,085	10.0	45,304	9.6	47,028	9.4	45,822	9.0
Other passive components	32,545	7.8	32,917	6.9	32,210	6.4	31,770	6.3
Passive Components	121,756	29.0	128,025	27.0	130,020	26.0	128,025	25.2
Sensor Application Products	26,828	6.4	32,685	6.9	36,141	7.2	35,115	6.9
Magnetic Application Products	60,623	14.4	65,363	13.8	64,023	12.8	58,437	11.5
Energy Application Products	199,592	47.5	235,523	49.7	256,145	51.3	274,085	53.9
Other	11,259	2.7	12,531	2.6	13,341	2.7	12,607	2.5
Total	420,058	100.0	474,127	100.0	499,670	100.0	508,269	100.0

(Yen millions, %)

Term Product category	Q1 of FY 2023 (April 1, 2022 – June 30, 2022)		Q2 of FY 2023 (July 1, 2022 – September 30, 2022)	
	Amount	%	Amount	%
Capacitors	57,587	11.3	62,853	10.3
Inductive devices	49,335	9.7	52,796	8.6
Other passive components	34,709	6.8	37,021	6.1
Passive Components	141,631	27.8	152,670	25.0
Sensor Application Products	39,016	7.6	45,913	7.5
Magnetic Application Products	55,130	10.8	54,682	8.9
Energy Application Products	260,092	50.9	342,330	56.0
Other	14,635	2.9	15,894	2.6
Total	510,504	100.0	611,489	100.0

Note: In accordance with the reorganization for the first quarter 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.