



TDK Corporation

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**Consolidated results (IFRS) for the 1st quarter of FY March 2024**

(Millions of yen, %)

Account	Term	Q1 of FY 2023 (April 1, 2022 - June 30, 2022)		Q1 of FY 2024 (April 1, 2023 - June 30, 2023)		Change	
		Amount	% to net sales	Amount	% to net sales	Amount	%
Net sales		510,504	100.0	503,399	100.0	(7,105)	(1.4)
Operating profit		44,603	8.7	26,302	5.2	(18,301)	(41.0)
Profit before tax		43,872	8.6	21,012	4.2	(22,860)	(52.1)
Net profit attributable to owners of parent		31,413	6.2	14,725	2.9	(16,688)	(53.1)
Earnings per share:							
- Basic		82.87yen		38.82yen			
- Diluted		82.67yen		38.76yen			
Purchase of tangible and intangible assets		69,651	-	60,667	-	(8,984)	(12.9)
Depreciation and amortization		51,066	10.0	47,449	9.4	(3,617)	(7.1)
Research and development expenses		44,513	8.7	43,905	8.7	(608)	(1.4)
Number of employees		114,320	-	102,116	-		

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## **[Summary Information and Financial Statements]**

### **1. Summary Information Regarding Financial Results for the First Quarter of Fiscal 2024**

#### **(1) Summary Information Regarding Consolidated Business Results**

Consolidated results for the first three months of fiscal 2024, the period from April 1 to June 30, 2023, are as follows.

During the first three months of fiscal 2024, prolonged inflation and continued high interest rate policies in Europe and the United States have slowed the pace of global economic growth, leaving the world economy in a very unstable situation. Foreign exchange rates have also been affected by these policies and the depreciation of the yen continued especially against the U.S. dollar and the euro.

Looking at the electronics market, which has a large bearing on the consolidated performance of TDK, the prolonged slump in final demand resulted in sluggish production of Information and Communication Technology (ICT) related products compared to the previous fiscal year. In the ICT market, in particular, smartphone production volume remained below the previous fiscal year's level, and demand for notebook PCs and tablets, which had been brisk amid the COVID-19 pandemic, declined considerably. In addition, the production volume of Hard Disk Drives (HDDs) was significantly lower than the previous fiscal year's level, and demand related to data centers, in particular, dropped sharply. On the other hand, in the automotive market, production volume of xEVs and other electric vehicles increased from the previous fiscal year. However, components demand turned out to be lower than TDK's initial forecast due to changes in customer demand for components.

In this business environment, the TDK's consolidated operating results for the first quarter of fiscal 2024 were as follows.

TDK Corporation (6762) FY 2024 First Quarter Financial Results (IFRS)

Item	1Q of FY 2023 (April 1, 2022 – June 30, 2022)		1Q of FY2024 (April 1, 2023 – June 30,2023)		Change	
	(Yen millions)	%	(Yen millions)	%	(Yen millions)	Change(%)
Net Sales	510,504	100.0	503,399	100.0	(7,105)	(1.4)
Operating profit	44,603	8.7	26,302	5.2	(18,301)	(41.0)
Profit before tax	43,872	8.6	21,012	4.2	(22,860)	(52.1)
Net profit attributable to owners of parent	31,413	6.2	14,725	2.9	(16,688)	(53.1)
Earnings per share:						
- Basic		82.87yen		38.82yen		
- Diluted		82.67yen		38.76yen		

Average yen exchange rates for the U.S. dollar and the euro during the first quarter of fiscal 2024 were ¥137.18 and ¥149.37, respectively, as the yen depreciated 6.0% against the U.S. dollar and 8.3% against the euro. As a result of these factors and fluctuations in foreign exchange rates, net sales increased by approximately ¥18.1 billion and operating profit increased by approximately ¥6.5 billion.

## Sales by Product

Item	1Q of FY 2023 (April 1, 2022 – June 30, 2022)		1Q of FY2024 (April 1, 2023 – June 30,2023)		Change	
	(Yen millions)	%	(Yen millions)	%	(Yen millions)	Change(%)
Capacitors	58,324	11.4	62,520	12.4	4,196	7.2
Inductive Devices	49,335	9.7	46,748	9.3	(2,587)	(5.2)
Other Passive Components	34,709	6.8	31,471	6.3	(3,238)	(9.3)
Passive Components	142,368	27.9	140,739	28.0	(1,629)	(1.1)
Sensor Application Products	39,016	7.6	38,787	7.7	(229)	(0.6)
Magnetic Application Products	55,130	10.8	38,217	7.6	(16,913)	(30.7)
Energy Application Products	260,092	50.9	274,933	54.6	14,841	5.7
Other	13,898	2.8	10,723	2.1	(3,175)	(22.8)
Total	510,504	100.0	503,399	100.0	(7,105)	(1.4)
Overseas Sales	470,041	92.1	457,560	90.9	(12,481)	(2.7)

Note: 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.

### 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 ¥140,739 million, down 1.1% year on year from ¥142,368 million.

Capacitors is made up of Ceramic Capacitors, Aluminum Electrolytic Capacitors, and Film Capacitors. Sales in the Capacitors were ¥62,520 million, up 7.2% year on year from ¥58,324 million. Sales of Ceramic Capacitors increased to the automotive market. Sales of Aluminum Electrolytic Capacitors and Film Capacitors increased to the industrial equipment market.

Sales of Inductive Devices decreased by 5.2% year on year from ¥49,335 million to ¥46,748 million. Sales increased to the automotive market, while decreased to the ICT and the industrial equipment markets.

Other Passive Components include High-Frequency Devices, Piezoelectric Material Products, and Circuit Protection Components. Sales of Other Passive Components decreased by 9.3% year on year from ¥34,709 million to ¥31,471 million. Sales decreased mainly to the ICT market.

2) Sensor Application Products Segment

This segment is made up of Temperature and Pressure Sensors, Magnetic Sensors, and MEMS Sensors. Segment sales decreased by 0.6% from ¥39,016 million to ¥38,787 million. Sales increased to the automotive market, while decreased to the ICT and the industrial equipment markets.

3) Magnetic Application Products Segment

This segment is made up of HDD Heads, HDD Suspension Assemblies, and Magnets. Segment sales decreased 30.7% year on year, from ¥55,130 million to ¥38,217 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 5.7% from ¥260,092 million to ¥274,933 million. Sales of Energy Devices increased to the ICT market.

5) Other

Other includes Mechatronics (Production Equipment), Camera Module Micro Actuators for smartphones, and Others. Segment sales decreased by 22.8% from ¥13,898 million to ¥10,723 million. Sales of Mechatronics decreased 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:

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, Others

**[Sales by Region]**

Overseas sales decreased by 2.7% year on year from ¥470,041 million to ¥457,560 million. Overseas sales accounted for 90.9% of consolidated net sales, a 1.2 percentage point decrease from 92.1% in the first quarter of fiscal 2023. Detailed information on sales by region can be found in the consolidated supplementary information on page 23.

## **(2) Summary Information Regarding Consolidated Financial Position**

1) The following table summarizes TDK's consolidated balance sheet as of June 30, 2023.

Total assets	¥3,302,209 million	(4.9% increase)
Total equity attributable to owners of parent	¥1,547,387 million	(6.1% increase)
Ratio of equity attributable to owners of parent	46.9%	(0.6 point increase)

As of June 30, 2023, total assets increased by ¥155,182 million compared with March 31, 2023. Cash and cash equivalent decreased by ¥49,999 million, Also property, plant, and equipment, other current assets and trade receivables increased by ¥35,838 million, ¥20,153 million, and ¥15,248 million respectively.

Total liabilities increased by ¥64,970 million from March 31, 2023. Bonds and borrowings decreased by ¥50,407 million. On the other hand, borrowings (current) increased by ¥93,355 million.

Total equity attributable to owners of parent, which is included in total equity, increased by ¥88,941 million from March 31, 2023. Other components of equity increased by ¥94,216 million, mainly from exchange differences on translation of foreign operations.



## 2) Cash Flows

(Yen millions)

	FY 2023 1Q	FY 2024 1Q	Change
Net cash used in operating activities	(8,093)	57,379	65,472
Net cash used in investing activities	(29,233)	(49,521)	(20,288)
Net cash used in financing activities	(10,362)	15,955	26,317
Effect of exchange rate changes on cash and cash equivalents	35,994	26,186	(9,808)
Net decrease in cash and cash equivalents	(11,694)	49,999	61,693
Cash and cash equivalents at beginning of period	439,339	506,185	66,846
Cash and cash equivalents at end of period	427,645	556,184	128,539

Operating activities provided net cash of ¥57,379 million, changed by ¥65,472 million year on year. It mainly came from a decrease in working capital.

Investing activities used net cash of ¥49,521 million, an increase of ¥20,288 million year on year. It mainly came from a decrease in proceeds from withdrawal of time deposits.

Financing activities provided net cash of ¥15,955 million, changed by ¥26,317 million year on year. It mainly came from an increase in commercial paper.

### (3) Summary Information Regarding Consolidated Projections

(Fiscal 2024 Consolidated Projections)

TDK has changed its projections for consolidated operating results, purchase of tangible and intangible assets, depreciation and amortization, and research and development expenses for fiscal 2024 from the previous projections announced on April 28, 2023 as described below.

Based on the information currently available to TDK, production volume of ICT related devices is expected to decrease from the second quarter onward compared to the initial forecast. Production volume of HDDs for data centers, in particular, is anticipated to drop sharply. In addition, there have been changes in demand trends related to Passive Components for the automotive market due to the adjustment of components inventories by some customers among other factors. As a result of the review of order outlook by taking into the above, TDK forecasts that sales of HDD Heads, HDD Suspension Assemblies, and Passive Components, in particular, will be lower than its initial forecast. Consequently, TDK has revised its projections for consolidated operating results for fiscal 2024 as follows since consolidated net sales and operating profit for fiscal 2024 are expected to be lower than the previous projections announced on April 28.

Item	FY2024 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2023 - March 31, 2024)	vs Previous forecast Changes		FY2023 (April 1, 2022 - March 31, 2023)	vs FY2023 Changes	
	Projection in August '23	Projection in April '23			Actual		
	(Yen millions)	(Yen millions)	(Yen millions)	%	(Yen millions)	(Yen millions)	%
Net sales	1,970,000	2,020,000	(50,000)	(2.5)	2,180,817	(210,817)	(9.7)
Operating profit	150,000	190,000	(40,000)	(21.1)	168,827	(18,827)	(11.2)
Profit before tax	150,000	188,000	(38,000)	(20.2)	167,219	(17,219)	(10.3)
Net profit attributable to owners of parent	105,000	147,000	(42,000)	(28.6)	114,187	(9,187)	(8.0)
Capital expenditures	240,000	260,000	(20,000)	(7.7)	275,709	(35,709)	(13.0)
Depreciation and amortizati	180,000	185,000	(5,000)	(2.7)	206,285	(26,285)	(12.7)
Research and development	170,000	180,000	(10,000)	(5.6)	179,467	(9,467)	(5.3)

(Exchange Rate Forecast)

Average yen exchange rates against the U.S. dollar and the euro of ¥130 and ¥142 respectively will be assumed from the second 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

Nothing to report.

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

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.

### (3) Fundamental Policy for Distribution of Earnings, and Fiscal 2024 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 2024 are as follows. TDK keeps initial dividend forecast unchanged.

	(Yen)	
	FY2024 Forecast	FY2023 Actual
Interim dividend	58.00	53.00
Year-end dividend	58.00	53.00
Annual dividend	116.00	106.00

### 3. Condensed Quarterly Consolidated Financial Statements and Primary Notes

#### (1) Condensed quarterly consolidated statements of financial position

	March 31, 2023		June 30, 2023		Change
	Amount (Yen millions)	%	Amount (Yen millions)	%	Amount (Yen millions)
Assets					
Current assets					
Cash and cash equivalents	506,185		556,184		49,999
Trade receivables	546,381		561,629		15,248
Other financial assets	52,147		44,793		(7,354)
Inventories	443,001		443,849		848
Income taxes receivables	4,303		5,687		1,384
Other current assets	55,294		75,447		20,153
Total current assets	1,607,311	51.1	1,687,589	51.1	80,278
Non-current assets					
Investments accounted for using the equity method	24,706		29,829		5,123
Other financial assets	153,950		164,217		10,267
Property, plant and equipment	930,288		966,126		35,838
Right-of-use assets	54,683		59,596		4,913
Goodwill	149,516		161,746		12,230
Intangible assets	61,241		61,422		181
Long-term advances to suppliers	110,925		110,931		6
Deferred tax assets	44,189		50,197		6,008
Other non-current assets	10,218		10,556		338
Total non-current assets	1,539,716	48.9	1,614,620	48.9	74,904
Total assets	3,147,027	100.0	3,302,209	100.0	155,182

TDK Corporation (6762) FY 2024 First Quarter Financial Results (IFRS)

	March 31, 2023		June 30, 2023		Change
	Amount (Yen millions)	%	Amount (Yen millions)	%	Amount (Yen millions)
<b>Liabilities</b>					
<b>Current liabilities</b>					
Borrowings	248,510		341,865		93,355
Lease liabilities	10,298		10,880		582
Trade payables	351,439		349,248		(2,191)
Other financial liabilities	92,673		95,198		2,525
Income taxes payables	30,285		31,211		926
Provisions	13,079		14,220		1,141
Other current liabilities	258,027		257,532		(495)
<b>Total current liabilities</b>	<b>1,004,311</b>	<b>31.9</b>	<b>1,100,154</b>	<b>33.3</b>	<b>95,843</b>
<b>Non-current liabilities</b>					
Bonds and borrowings	448,656		398,249		(50,407)
Lease liabilities	44,694		48,901		4,207
Other financial liabilities	3,849		6,304		2,455
Retirement benefit liabilities	92,313		94,488		2,175
Provisions	9,697		9,879		182
Deferred tax liabilities	70,386		79,612		9,226
Other non-current liabilities	10,254		11,543		1,289
<b>Total non-current liabilities</b>	<b>679,849</b>	<b>21.6</b>	<b>648,976</b>	<b>19.7</b>	<b>(30,873)</b>
<b>Total liabilities</b>	<b>1,684,160</b>	<b>53.5</b>	<b>1,749,130</b>	<b>53.0</b>	<b>64,970</b>
<b>Equity</b>					
<b>Equity attributable to owners of parent</b>					
Share capital	32,641		32,641		-
Capital surplus	45		68		23
Retained earnings	1,054,738		1,049,406		(5,332)
Other components of equity	387,281		481,497		94,216
Treasury shares	(16,259)		(16,225)		34
<b>Total equity attributable to owners of parent</b>	<b>1,458,446</b>	<b>46.3</b>	<b>1,547,387</b>	<b>46.9</b>	<b>88,941</b>
<b>Non-controlling interests</b>	<b>4,421</b>	<b>0.2</b>	<b>5,692</b>	<b>0.1</b>	<b>1,271</b>
<b>Total equity</b>	<b>1,462,867</b>	<b>46.5</b>	<b>1,553,079</b>	<b>47.0</b>	<b>90,212</b>
<b>Total liabilities and equity</b>	<b>3,147,027</b>	<b>100.0</b>	<b>3,302,209</b>	<b>100.0</b>	<b>155,182</b>

**(2) Condensed quarterly consolidated statements of profit or loss and comprehensive income**

**Condensed quarterly consolidated statements of profit or loss**

	Three months ended June 30, 2022		Three months ended June 30, 2023		Change	
	Amount (Yen millions)	% to net sales	Amount (Yen millions)	% to net sales	Amount (Yen millions)	%
Net sales	510,504	100.0	503,399	100.0	(7,105)	(1.4)
Cost of sales	(358,442)		(376,393)		(17,951)	
Gross profit	152,062	29.8	127,006	25.2	(25,056)	(16.5)
Selling, general and administrative expenses	(109,690)		(105,543)		4,147	
Other operating income	2,324		4,894		2,570	
Other operating expenses	(93)		(55)		38	
Operating profit	44,603	8.7	26,302	5.2	(18,301)	(41.0)
Finance income	3,029		6,520		3,491	
Finance costs	(3,946)		(11,706)		(7,760)	
Share of profit (loss) of investments accounted for using the equity method	186		(104)		(290)	
Profit before tax	43,872	8.6	21,012	4.2	(22,860)	(52.1)
Income tax expense	(12,112)		(5,754)		6,358	
Net profit for the period	31,760	6.2	15,258	3.0	(16,502)	(52.0)
Net profit attributable to:						
Owners of parent	31,413	6.2	14,725	2.9	(16,688)	(53.1)
Non-controlling interests	347	0.0	533	0.1	186	53.6
Net profit for the period	31,760	6.2	15,258	3.0	(16,502)	(52.0)

**Condensed quarterly consolidated statements of comprehensive income**

	Three months ended June 30, 2022	Three months ended June 30, 2023	Change
	Amount (Yen millions)	Amount (Yen millions)	Amount (Yen millions)
Net profit for the period	31,760	15,258	(16,502)
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	(195)	1,315	1,510
Remeasurements of defined benefit plans	4,431	-	(4,431)
Share of other comprehensive income of investments accounted for using the equity method	18	45	27
Total	4,254	1,360	(2,894)
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	129,645	92,744	(36,901)
Total	129,645	92,744	(36,901)
Total other comprehensive income, net of tax	133,899	94,104	(39,795)
Comprehensive income for the period	165,659	109,362	(56,297)
Comprehensive income attributable to:			
Owners of parent	165,229	108,986	(56,243)
Non-controlling interests	430	376	(54)
Comprehensive income for the period	165,659	109,362	(56,297)



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

Three months ended June 30, 2022	Equity attributable to owners of parent						Non- controlling interests	Total equity
	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	-	-	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	-	-	(17,056)	-	-	(17,056)	-	(17,056)
Purchase of treasury shares	-	74	-	-	-	74	19	93
Share-based payment transactions	-	(38)	-	-	38	-	-	-
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

TDK Corporation (6762) FY 2024 First Quarter Financial Results (IFRS)

Three months ended June 30, 2023	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, 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	-	-	14,725	-	-	14,725	533	15,258
Other comprehensive income, net of tax	-	-	-	94,261	-	94,261	(157)	94,104
Total comprehensive income for the period	-	-	14,725	94,261	-	108,986	376	109,362
Transactions with owners								
Equity transactions with non-controlling interests	-	-	-	-	-	-	867	867
Dividends paid	-	-	(20,102)	-	-	(20,102)	-	(20,102)
Purchase of treasury shares	-	-	-	-	(1)	(1)	-	(1)
Share-based payment transactions	-	58	-	-	-	58	28	86
Exercise of share options	-	(35)	-	-	35	0	-	0
Total transactions with owners	-	23	(20,102)	-	34	(20,045)	895	(19,150)
Transfer from other components of equity to retained earnings	-	-	45	(45)	-	-	-	-
Balance as of June 30, 2023	32,641	68	1,049,406	481,497	(16,225)	1,547,387	5,692	1,553,079

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

	Three months ended June 30, 2022	Three months ended June 30, 2023
	Amount (Yen millions)	Amount (Yen millions)
Cash flows from operating activities		
Net profit for the period	31,760	15,258
Depreciation and amortization	51,066	47,449
Impairment losses (reversal of impairment losses)	-	(519)
Finance income	(3,029)	(6,520)
Finance costs	3,946	11,706
Share of profit (loss) of investments accounted for using the equity method	(186)	104
Income tax expense	12,112	5,754
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	(27,377)	11,104
Decrease (increase) in inventories	(64,617)	20,593
Decrease (increase) in long-term advances to suppliers	3,278	3,123
Increase (decrease) in trade payables	40,933	(13,982)
Net change in other assets and liabilities	(40,077)	(38,393)
Net change in other financial assets and liabilities	3,699	17,025
Other	(9,457)	(9,534)
Subtotal	2,051	63,168
Interest and dividends received	2,744	4,834
Interest paid	(2,414)	(2,222)
Income taxes paid	(10,474)	(8,401)
Cash flows from operating activities	(8,093)	57,379

	Three months ended June 30, 2022	Three months ended June 30, 2023
	Amount (Yen millions)	Amount (Yen millions)
Cash flows from investing activities		
Purchase of tangible and intangible assets	(69,651)	(60,667)
Proceeds from sale of tangible and intangible assets	287	10,728
Proceeds from withdrawal of time deposits	49,262	16,611
Payments into time deposits	(3,820)	(8,890)
Proceeds from sale and redemption of securities	2	10
Payment for purchase of securities	(5,568)	(2,827)
Purchase of investments in associates	-	(4,627)
Other	255	141
Cash flows from investing activities	(29,233)	(49,521)
Cash flows from financing activities		
Proceeds from long-term borrowings	2	-
Repayment of long-term borrowings	(1,612)	(1,587)
Net increase (decrease) in short-term borrowings	10,656	(10,381)
Net increase (decrease) in commercial papers	-	49,998
Repayment of lease liabilities	(2,572)	(2,980)
Dividends paid	(16,836)	(19,962)
Other	-	867
Cash flows from financing activities	(10,362)	15,955
Effect of exchange rate changes on cash and cash equivalents	35,994	26,186
Net increase (decrease) in cash and cash equivalents	(11,694)	49,999
Cash and cash equivalents at beginning of period	439,339	506,185
Cash and cash equivalents at end of period	427,645	556,184

## (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, 2023.

### 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, 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 three months ended June 30, 2023 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 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 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 three months ended June 30, 2022 and 2023 are as follows:

Net sales		(Yen millions, %)					
		Three months ended June 30, 2022		Three months ended June 30, 2023		Change	
		Amount	%	Amount	%	Amount	%
Passive Components	External customers	142,368	27.9	140,739	28.0	(1,629)	(1.1)
	Intersegment	1,549		2,001		452	29.2
	Total	143,917		142,740		(1,177)	(0.8)
Sensor Application Products	External customers	39,016	7.6	38,787	7.7	(229)	(0.6)
	Intersegment	12		430		418	-
	Total	39,028		39,217		189	0.5
Magnetic Application Products	External customers	55,130	10.8	38,217	7.6	(16,913)	(30.7)
	Intersegment	22		32		10	45.5
	Total	55,152		38,249		(16,903)	(30.6)
Energy Application Products	External customers	260,092	50.9	274,933	54.6	14,841	5.7
	Intersegment	0		0		0	-
	Total	260,092		274,933		14,841	5.7
Other	External customers	13,898	2.8	10,723	2.1	(3,175)	(22.8)
	Intersegment	1,309		1,477		168	12.8
	Total	15,207		12,200		(3,007)	(19.8)
Intersegment elimination		(2,892)		(3,940)		(1,048)	
Total		510,504	100.0	503,399	100.0	(7,105)	(1.4)

Segment profit (loss)		(Yen millions, %)					
		Three months ended June 30, 2022		Three months ended June 30, 2023		Change	
		Amount	% to net sales	Amount	% to net sales	Amount	%
Passive Components		24,484	17.2	14,126	10.0	(10,358)	(42.3)
Sensor Application Products		2,781	7.1	647	1.7	(2,134)	(76.7)
Magnetic Application Products		(717)	(1.3)	(9,653)	(25.3)	(8,936)	-
Energy Application Products		27,348	10.5	32,187	11.7	4,839	17.7
Other		478	3.4	(1,184)	(11.0)	(1,662)	-
Subtotal		54,374	10.7	36,123	7.2	(18,251)	(33.6)
Adjustment		(9,771)		(9,821)		(50)	
Operating profit		44,603	8.7	26,302	5.2	(18,301)	(41.0)

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 three months ended June 30, 2022 and 2023 are as follows:

Net sales

	Three months ended June 30, 2022	Three months ended June 30, 2023
		(Yen millions)
Japan	40,463	45,839
Americas	45,101	39,955
Europe	52,087	54,406
China	266,433	269,489
Asia and others	106,420	93,710
Total	510,504	503,399

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	Q1 of FY 2023 June 30, 2022		Q1 of FY 2024 June 30, 2023		FY 2023 March 31, 2023	
	US\$=¥	EURO=¥	US\$=¥	EURO=¥	US\$=¥	EURO=¥
The end of the period	136.68	142.67	144.99	157.60	133.53	145.72

## 2) Quarterly sales by product

(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)		Q3 of FY 2023 (October 1, 2022 – December 31, 2022)		Q4 of FY 2023 (January 1, 2023 – March 31, 2023)	
	Amount	%	Amount	%	Amount	%	Amount	%
Capacitors	58,324	11.4	63,711	10.4	62,146	10.6	58,332	12.4
Inductive devices	49,335	9.7	52,796	8.6	50,067	8.5	46,283	9.8
Other passive components	34,709	6.8	37,021	6.1	33,081	5.6	32,954	7.0
Passive Components	142,368	27.9	153,528	25.1	145,294	24.7	137,569	29.2
Sensor Application Products	39,016	7.6	45,913	7.5	45,637	7.8	38,977	8.2
Magnetic Application Products	55,130	10.8	54,682	8.9	47,475	8.1	43,286	9.2
Energy Application Products	260,092	50.9	342,330	56.0	331,423	56.5	239,510	50.8
Other	13,898	2.8	15,036	2.5	17,143	2.9	12,510	2.6
Total	510,504	100.0	611,489	100.0	586,972	100.0	471,852	100.0

(Yen millions, %)

Term Product category	Q1 of FY 2024 (April 1, 2023 – June 30, 2023)	
	Amount	%
Capacitors	62,520	12.4
Inductive devices	46,748	9.3
Other passive components	31,471	6.3
Passive Components	140,739	28.0
Sensor Application Products	38,787	7.7
Magnetic Application Products	38,217	7.6
Energy Application Products	274,933	54.6
Other	10,723	2.1
Total	503,399	100.0

Note: 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.