



TDK Corporation

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Consolidated results (IFRS) for the 3rd quarter of FY March 2024

(Millions of yen, %)

Account	Term	The 9-month-period of FY 2023 (April 1, 2022 – December 31, 2022)		The 9-month-period of FY 2024 (April 1, 2023 – December 31, 2023)		Change	
		Amount	% to net sales	Amount	% to net sales	Amount	%
Net sales		1,708,965	100.0	1,618,961	100.0	(90,004)	(5.3)
Operating profit		188,677	11.0	155,748	9.6	(32,929)	(17.5)
Profit before tax		188,102	11.0	157,122	9.7	(30,980)	(16.5)
Net profit attributable to owners of parent		136,875	8.0	119,491	7.4	(17,384)	(12.7)
Earnings per share:							
- Basic		361.06 yen		315.01 yen			
- Diluted		360.37 yen		314.52 yen			
Purchase of tangible and intangible assets		220,331	-	156,606	-	(63,725)	(28.9)
Depreciation and amortization		155,662	9.1	142,947	8.8	(12,715)	(8.2)
Research and development expenses		134,589	7.9	138,577	8.6	3,988	3.0
Number of employees		107,139	-	102,167	-		

(Millions of yen, %)

Account	Term	3Q of FY 2023 (October 1, 2022 – December 31, 2022)		3Q of FY 2024 (October 1, 2023 – December 31, 2023)		Change	
		Amount	% to net sales	Amount	% to net sales	Amount	%
Net sales		586,972	100.0	559,250	100.0	(27,722)	(4.7)
Operating profit		68,368	11.6	70,200	12.6	1,832	2.7
Profit before tax		68,227	11.6	76,880	13.7	8,653	12.7
Net profit attributable to owners of parent		49,924	8.5	65,303	11.7	15,379	30.8
Earnings per share:							
- Basic		131.64 yen		172.14 yen			
- Diluted		131.42 yen		171.88 yen			
Purchase of tangible and intangible assets		66,175	-	42,161	-	(24,014)	(36.3)
Depreciation and amortization		52,500	8.9	48,337	8.6	(4,163)	(7.9)
Research and development expenses		45,039	7.7	48,471	8.7	3,432	7.6

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[Summary Information and Financial Statements]

1. Summary Information Regarding Financial Results for the Third Quarter of Fiscal 2024

(1) Summary Information Regarding Consolidated Business Results

Consolidated results for the first nine months of fiscal 2024, the period from April 1 to December 31, 2023, are as follows.

Looking at the global economy during the first nine months of fiscal 2024, while North America has remained firm, the sense of economic slowdown intensified due to the impact of unrest in the Middle East on top of the economic slowdown in Europe and China. As for foreign exchange rates, 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 Communications Technology (ICT) related products compared to the same period of the previous fiscal year. During the third quarter of fiscal 2024 (October 1 to December 31, 2023), however, smartphone production volume for the Chinese market remained above the previous fiscal year's level. Meanwhile, demand for notebook PCs and tablets declined considerably. Demand for nearline Hard Disk Drives (HDDs) for data centers also dropped sharply. In the industrial equipment market, capital expenditure demand remained generally weak. In the automotive market, on the other hand, production volume of xEVs and other automobiles increased from the previous year. However, component demand turned out to be lower than TDK's initial forecast due to protracted component inventory adjustments at some customers.

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

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

(Millions of yen, %)

Item	The 9-month-period of FY 2023 (April 1, 2022 – December 31, 2022)		The 9-month-period of FY 2024 (April 1, 2023 – December 31, 2023)		Change	
	Amount	% to net sales	Amount	% to net sales	Amount	%
Net Sales	1,708,965	100.0	1,618,961	100.0	(90,004)	(5.3)
Operating profit	188,677	11.0	155,748	9.6	(32,929)	(17.5)
Profit before tax	188,102	11.0	157,122	9.7	(30,980)	(16.5)
Net profit attributable to owners of parent	136,875	8.0	119,491	7.4	(17,384)	(12.7)
Earnings per share:						
- Basic	361.06 yen		315.01 yen			
- Diluted	360.37 yen		314.52 yen			

Average yen exchange rates for the U.S. dollar and the euro during the first nine months of fiscal 2024 were ¥143.21 and ¥155.22, respectively, as the yen depreciated 4.9% against the U.S. dollar and 10.4% against the euro. As a result of these factors and fluctuations in foreign exchange rates, net sales increased by approximately ¥58.0 billion and operating profit increased by approximately ¥17.2 billion.

[Sales by Product]

Item	The 9-month-period of FY 2023 (April 1, 2022 - December 31, 2022)		The 9-month-period of FY 2024 (April 1, 2023 - December 31, 2023)		Change	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	Change (%)
Capacitors	184,181	10.7	184,548	11.4	367	0.2
Inductive Devices	152,198	9.0	145,186	9.0	(7,012)	(4.6)
Other Passive Components	104,811	6.1	97,403	6.0	(7,408)	(7.1)
Passive Components	441,190	25.8	427,137	26.4	(14,053)	(3.2)
Sensor Application Products	130,566	7.6	135,302	8.3	4,736	3.6
Magnetic Application Products	157,287	9.2	132,354	8.2	(24,933)	(15.9)
Energy Application Products	933,845	54.7	883,468	54.6	(50,377)	(5.4)
Other	46,077	2.7	40,700	2.5	(5,377)	(11.7)
Total	1,708,965	100.0	1,618,961	100.0	(90,004)	(5.3)
Overseas Sales	1,576,045	92.2	1,478,757	91.3	(97,288)	(6.2)

Note: In accordance with the reorganization for the first quarter 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 ¥427,137 million, down 3.2% year on year from ¥441,190 million.

Capacitors is made up of Ceramic Capacitors, Aluminum Electrolytic Capacitors, and Film Capacitors. Sales in the Capacitors were ¥184,548 million, up 0.2% year on year from ¥184,181 million. Sales of Ceramic Capacitors increased to the automotive market. Sales of Aluminum Electrolytic Capacitors and Film Capacitors decreased mainly to the industrial equipment market.

Sales of Inductive Devices decreased by 4.6% year on year from ¥152,198 million to ¥145,186 million. Sales increased to the automotive market, while decreased to the industrial equipment market.

Other Passive Components include High-Frequency Devices, Piezoelectric Material Products, and Circuit Protection Components. Sales of Other Passive Components decreased by 7.1% year on year from ¥104,811 million to ¥97,403 million. Sales decreased mainly to the industrial equipment market.

2) Sensor Application Products Segment

This segment is made up of Temperature and Pressure Sensors, Magnetic Sensors, and MEMS Sensors. Segment sales increased by 3.6% from ¥130,566 million to ¥135,302 million. Sales increased to the automotive market.

3) Magnetic Application Products Segment

This segment is made up of HDD Heads, HDD Suspension Assemblies, and Magnets. Segment sales decreased 15.9% year on year from ¥157,287 million to ¥132,354 million. Sales of HDD Heads and HDD Suspension Assemblies decreased to the ICT market. Sales of Magnets decreased mainly to the industrial equipment market.

4) Energy Application Products Segment

This segment is made up of Energy Devices (Rechargeable Batteries) and Power Supplies. Segment sales decreased by 5.4% from ¥933,845 million to ¥883,468 million. Sales of Energy Devices decreased 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 decreased by 11.7% from ¥46,077 million to ¥40,700 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:

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 decreased by 6.2% year on year from ¥1,576,045 million to ¥1,478,757 million. Overseas sales accounted for 91.3% of consolidated net sales, a 0.9 percentage point decrease from 92.2% in the first nine months of fiscal 2023. Detailed information on sales by region can be found in the consolidated supplementary information on page 27.

(2) Summary Information Regarding Consolidated Financial Position

1) The following table summarizes TDK's consolidated statements of financial position as of December 31, 2023.

Total assets	¥3,314,424 million	(5.3% increase)
Total equity attributable to owners of parent	¥1,609,630 million	(10.4% increase)
Ratio of equity attributable to owners of parent	48.6%	(2.3 point increase)

As of December 31, 2023, total assets increased by ¥167,397 million compared with March 31, 2023. Cash and cash equivalent increased by ¥120,270 million. Also, inventories decreased by ¥38,073 million. On the other hand, property, plant and equipment, trade receivables and other financial assets (non-current) increased by ¥23,247 million, ¥22,041 million and ¥21,141 million respectively.

Total liabilities increased by ¥12,792 million from March 31, 2023. Bonds and borrowings decreased by ¥26,278. On the other hand, trade payables, deferred tax liabilities and income taxes payables increased by ¥19,340 million, ¥13,756 million and ¥9,942 million respectively.

Total equity attributable to owners of parent, which is included in total equity, increased by ¥151,184 million from March 31, 2023. Retained earnings increased by ¥77,259 million. Also, other components of equity increased by ¥73,810 million, mainly from exchange differences on translation of foreign operations.

2) Cash Flows

(Millions of yen)

	FY 2023 3Q	FY 2024 3Q	Change
Cash flows from operating activities	184,226	333,340	149,114
Cash flows from investing activities	(177,478)	(147,812)	29,666
Cash flows from financing activities	20,792	(89,974)	(110,766)
Effect of exchange rate changes on cash and cash equivalents	8,355	24,716	16,361
Net increase in cash and cash equivalents	35,895	120,270	84,375
Cash and cash equivalents at beginning of period	439,339	506,185	66,846
Cash and cash equivalents at end of period	457,234	626,455	151,221

Operating activities provided net cash of ¥333,340 million, an increase of ¥149,114 million year on year. It mainly came from a decrease in working capital.

Investing activities used net cash of ¥147,812 million, a decrease of ¥29,666 million year on year. It mainly came from a decrease in purchase of tangible and intangible assets.

Financing activities used net cash of ¥89,974 million, change by ¥110,766 million year on year. It mainly came from a change of net increase (decrease) in short-term borrowings.

(3) Summary Information Regarding Consolidated Projections

[Fiscal 2024 Consolidated Projections]

During the first nine months of fiscal 2024, production in the electronics market on the whole slowed due to weakness in final demand. On the other hand, sales of small capacity rechargeable batteries remained firm during the third quarter under review on the back of the rebound of demand from the Chinese smartphone market in addition to the effect of the depreciation of the yen. As a result, TDK's performance for the first nine months of fiscal 2024 exceeded the projections held on August 2, 2023. As a result of the review of full-year projections in light of the above conditions, TDK has revised its consolidated projections for fiscal 2024 from the projections announced on August 2, 2023, as shown below. In addition, TDK will implement the measures to enhance asset efficiency looking ahead of the changes in future demand trend and recognize one-time expenses including restructuring costs of approximately ¥12.0 billion in the fourth quarter of fiscal 2024.

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 January '24	Projection in August '23			Actual		
	(Millions of yen)	(Millions of yen)	(Millions of yen)	%	(Millions of yen)	(Millions of yen)	%
Net sales	2,090,000	1,970,000	120,000	6.1	2,180,817	(90,817)	(4.2)
Operating profit	170,000	150,000	20,000	13.3	168,827	1,173	0.7
Profit before tax	170,000	150,000	20,000	13.3	167,219	2,781	1.7
Net profit attributable to owners of parent	120,000	105,000	15,000	14.3	114,187	5,813	5.1
Capital expenditures	230,000	240,000	(10,000)	(4.2)	275,709	(45,709)	(16.6)
Depreciation and amortization	190,000	180,000	10,000	5.6	206,285	(16,285)	(7.9)
Research and development	180,000	170,000	10,000	5.9	179,467	533	0.3

(Exchange Rate Forecast)

Average yen exchange rates against the U.S. dollar and the euro of ¥144 and ¥155 respectively will be assumed for Fiscal 2024. Average yen exchange rates against the U.S. dollar and the euro of ¥145 and ¥156 respectively will be assumed for the fourth quarter.

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.

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

(Yen)

3. Condensed Quarterly Consolidated Financial Statements and Primary Notes

(1) Condensed quarterly consolidated statements of financial position

	March 31, 2023		December 31, 2023		Change
	Amount (Millions of yen)	%	Amount (Millions of yen)	%	Amount (Millions of yen)
Assets					
Current assets					
Cash and cash equivalents	506,185		626,455		120,270
Trade receivables	546,381		568,422		22,041
Other financial assets	52,147		37,688		(14,459)
Inventories	443,001		404,928		(38,073)
Income taxes receivables	4,303		5,169		866
Other current assets	55,294		65,335		10,041
Total current assets	1,607,311	51.1	1,707,997	51.5	100,686
Non-current assets					
Investments accounted for using the equity method	24,706		35,869		11,163
Other financial assets	153,950		175,091		21,141
Property, plant and equipment	930,288		953,535		23,247
Right-of-use assets	54,683		58,572		3,889
Goodwill	149,516		158,839		9,323
Intangible assets	61,241		56,982		(4,259)
Long-term advances to suppliers	110,925		104,129		(6,796)
Deferred tax assets	44,189		52,743		8,554
Other non-current assets	10,218		10,667		449
Total non-current assets	1,539,716	48.9	1,606,427	48.5	66,711
Total assets	3,147,027	100.0	3,314,424	100.0	167,397

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

	March 31, 2023		December 31, 2023		Change
	Amount (Millions of yen)	%	Amount (Millions of yen)	%	Amount (Millions of yen)
Liabilities					
Current liabilities					
Borrowings	248,510		238,688		(9,822)
Lease liabilities	10,298		10,800		502
Trade payables	351,439		370,779		19,340
Other financial liabilities	92,673		81,319		(11,354)
Income taxes payables	30,285		40,227		9,942
Provisions	13,079		12,133		(946)
Other current liabilities	258,027		267,894		9,867
Total current liabilities	1,004,311	31.9	1,021,840	30.8	17,529
Non-current liabilities					
Bonds and borrowings	448,656		422,378		(26,278)
Lease liabilities	44,694		47,439		2,745
Other financial liabilities	3,849		5,965		2,116
Retirement benefit liabilities	92,313		93,991		1,678
Provisions	9,697		9,486		(211)
Deferred tax liabilities	70,386		84,142		13,756
Other non-current liabilities	10,254		11,711		1,457
Total non-current liabilities	679,849	21.6	675,112	20.4	(4,737)
Total liabilities	1,684,160	53.5	1,696,952	51.2	12,792
Equity					
Equity attributable to owners of parent					
Share capital	32,641		32,641		-
Capital surplus	45		-		(45)
Retained earnings	1,054,738		1,131,997		77,259
Other components of equity	387,281		461,091		73,810
Treasury shares	(16,259)		(16,099)		160
Total equity attributable to owners of parent	1,458,446	46.3	1,609,630	48.6	151,184
Non-controlling interests	4,421	0.2	7,842	0.2	3,421
Total equity	1,462,867	46.5	1,617,472	48.8	154,605
Total liabilities and equity	3,147,027	100.0	3,314,424	100.0	167,397

**(2) Condensed quarterly consolidated statements of profit or loss and comprehensive income
[9-month-period results]**

Condensed quarterly consolidated statements of profit or loss

	The 9-month-period of FY 2023 (April 1, 2022 – December 31, 2022)		The 9-month-period of FY 2024 (April 1, 2023 – December 31, 2023)		Change	
	Amount (Millions of yen)	% to net sales	Amount (Millions of yen)	% to net sales	Amount (Millions of yen)	%
Net sales	1,708,965	100.0	1,618,961	100.0	(90,004)	(5.3)
Cost of sales	(1,196,374)		(1,143,550)		52,824	
Gross profit	512,591	30.0	475,411	29.4	(37,180)	(7.3)
Selling, general and administrative expenses	(337,110)		(337,183)		(73)	
Other operating income	13,439		17,622		4,183	
Other operating expenses	(243)		(102)		141	
Operating profit	188,677	11.0	155,748	9.6	(32,929)	(17.5)
Finance income	11,524		28,877		17,353	
Finance costs	(12,750)		(28,654)		(15,904)	
Share of profit (loss) of investments accounted for using equity method	651		1,151		500	
Profit before tax	188,102	11.0	157,122	9.7	(30,980)	(16.5)
Income tax expense	(50,594)		(36,223)		14,371	
Net profit for the period	137,508	8.0	120,899	7.5	(16,609)	(12.1)
Net profit attributable to:						
Owners of parent	136,875	8.0	119,491	7.4	(17,384)	(12.7)
Non-controlling interests	633	0.0	1,408	0.1	775	122.4
Net profit for the period	137,508	8.0	120,899	7.5	(16,609)	(12.1)

Condensed quarterly consolidated statements of Comprehensive Income

	The 9-month-period of FY 2023 (April 1, 2022 – December 31, 2022)	The 9-month-period of FY 2024 (April 1, 2023 – December 31, 2023)	Change
	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)
Net profit for the period	137,508	120,899	(16,609)
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)	(6,544)
Remeasurements of defined benefit plans	8,140	(389)	(8,529)
Share of other comprehensive income of investments accounted for using the equity method	(63)	112	175
Total	10,125	(4,773)	(14,898)
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	46,958	78,137	31,179
Share of other comprehensive income of investments accounted for using the equity method	144	245	101
Total	47,102	78,382	31,280
Total other comprehensive income, net of tax	57,227	73,609	16,382
Comprehensive income for the period	194,735	194,508	(227)
Comprehensive income attributable to:			
Owners of parent	194,262	193,190	(1,072)
Non-controlling interests	473	1,318	845
Comprehensive income for the period	194,735	194,508	(227)

[3rd quarter results]**Condensed quarterly consolidated statements of profit or loss**

	Three months ended December 31, 2022		Three months ended December 31, 2023		Change	
	Amount (Millions of yen)	% to net sales	Amount (Millions of yen)	% to net sales	Amount (Millions of yen)	%
Net sales	586,972	100.0	559,250	100.0	(27,722)	(4.7)
Cost of sales	(414,624)		(377,794)		36,830	
Gross profit	172,348	29.4	181,456	32.4	9,108	5.3
Selling, general and administrative expenses	(110,380)		(119,405)		(9,025)	
Other operating income	6,504		8,195		1,691	
Other operating expenses	(104)		(46)		58	
Operating profit	68,368	11.6	70,200	12.6	1,832	2.7
Finance income	4,941		14,484		9,543	
Finance costs	(5,852)		(9,049)		(3,197)	
Share of profit (loss) of investments accounted for using equity method	770		1,245		475	
Profit before tax	68,227	11.6	76,880	13.7	8,653	12.7
Income tax expense	(18,274)		(11,382)		6,892	
Net profit for the period	49,953	8.5	65,498	11.7	15,545	31.1
Net profit attributable to:						
Owners of parent	49,924	8.5	65,303	11.7	15,379	30.8
Non-controlling interests	29	0.0	195	0.0	166	572.4
Net profit for the period	49,953	8.5	65,498	11.7	15,545	31.1

Condensed quarterly consolidated statements of comprehensive income

	Three months ended December 31, 2022	Three months ended December 31, 2023	Change
	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)
Net profit for the period	49,953	65,498	15,545
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)	(4,673)
Remeasurements of defined benefit plans	25	(545)	(570)
Share of other comprehensive income of investments accounted for using the equity method	(22)	15	37
Total	357	(4,849)	(5,206)
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	(120,214)	(60,077)	60,137
Share of other comprehensive income of investments accounted for using the equity method	(106)	(28)	78
Total	(120,320)	(60,105)	60,215
Total other comprehensive income, net of tax	(119,963)	(64,954)	55,009
Comprehensive income for the period	(70,010)	544	70,554
Comprehensive income attributable to:			
Owners of parent	(69,839)	447	70,286
Non-controlling interests	(171)	97	268
Comprehensive income for the period	(70,010)	544	70,554

(3) Condensed quarterly consolidated statements of changes in equity

Nine months ended December 31, 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		
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
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	-	-	(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

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

Nine months ended December 31, 2023	Equity attributable to owners of parent						Non- controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Other components of equity	Treasury shares	Total		
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
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	-	-	(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

	The 9-month-period of FY 2023 (April 1, 2022 – December 31, 2022)	The 9-month-period of FY 2024 (April 1, 2023 – December 31, 2023)
	Amount (Millions of yen)	Amount (Millions of yen)
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 profit 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
Increase (decrease) in trade payables	(74,355)	20,881
Net change in other assets and liabilities	(3,416)	(21,326)
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

	The 9-month-period of FY 2023 (April 1, 2022 – December 31, 2022)	The 9-month-period of FY 2024 (April 1, 2023 – December 31, 2023)
	Amount (Millions of yen)	Amount (Millions of yen)
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	(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

(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.

(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.

(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, 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 nine months ended December 31, 2022 and 2023 are as follows:

Net sales		(Millions of yen, %)					
		The 9-month-period of FY 2023 (April 1, 2022 – December 31, 2022)		The 9-month-period of FY 2024 (April 1, 2023 – December 31, 2023)		Change	
		Amount	%	Amount	%	Amount	%
Passive Components	External customers	441,190	25.8	427,137	26.4	(14,053)	(3.2)
	Intersegment	5,973		5,410		(563)	(9.4)
	Total	447,163		432,547		(14,616)	(3.3)
Sensor Application Products	External customers	130,566	7.6	135,302	8.3	4,736	3.6
	Intersegment	52		1,149		1,097	-
	Total	130,618		136,451		5,833	4.5
Magnetic Application Products	External customers	157,287	9.2	132,354	8.2	(24,933)	(15.9)
	Intersegment	90		61		(29)	(32.2)
	Total	157,377		132,415		(24,962)	(15.9)
Energy Application Products	External customers	933,845	54.7	883,468	54.6	(50,377)	(5.4)
	Intersegment	1		10		9	900.0
	Total	933,846		883,478		(50,368)	(5.4)
Other	External customers	46,077	2.7	40,700	2.5	(5,377)	(11.7)
	Intersegment	4,017		5,360		1,343	33.4
	Total	50,094		46,060		(4,034)	(8.1)
Intersegment elimination		(10,133)		(11,990)		(1,857)	
Total		1,708,965	100.0	1,618,961	100.0	(90,004)	(5.3)

Segment profit (loss)

(Millions of yen, %)

	The 9-month-period of FY 2023 (April 1, 2022 – December 31, 2022)		The 9-month-period of FY 2024 (April 1, 2023 – December 31, 2023)		Change	
	Amount	% to net sales	Amount	% to net sales	Amount	%
Passive Components	79,662	18.1	50,204	11.8	(29,458)	(37.0)
Sensor Application Products	12,694	9.7	9,754	7.2	(2,940)	(23.2)
Magnetic Application Products	(16,405)	(10.4)	(26,249)	(19.8)	(9,844)	-
Energy Application Products	140,659	15.1	155,253	17.6	14,594	10.4
Other	1,584	3.4	(69)	(0.2)	(1,653)	-
Subtotal	218,194	12.8	188,893	11.7	(29,301)	(13.4)
Adjustment	(29,517)		(33,145)		(3,628)	
Operating profit	188,677	11.0	155,748	9.6	(32,929)	(17.5)

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.

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

Net sales		(Millions of yen, %)					
		Three months ended December 31, 2022		Three months ended December 31, 2023		Change	
		Amount	%	Amount	%	Amount	%
Passive Components	External customers	145,294	24.7	140,967	25.2	(4,327)	(3.0)
	Intersegment	2,183		1,625		(558)	(25.6)
	Total	147,477		142,592		(4,885)	(3.3)
Sensor Application Products	External customers	45,637	7.8	49,249	8.8	3,612	7.9
	Intersegment	26		469		443	-
	Total	45,663		49,718		4,055	8.9
Magnetic Application Products	External customers	47,475	8.1	49,300	8.8	1,825	3.8
	Intersegment	32		29		(3)	(9.4)
	Total	47,507		49,329		1,822	3.8
Energy Application Products	External customers	331,423	56.5	304,545	54.5	(26,878)	(8.1)
	Intersegment	1		2		1	100.0
	Total	331,424		304,547		(26,877)	(8.1)
Other	External customers	17,143	2.9	15,189	2.7	(1,954)	(11.4)
	Intersegment	1,401		2,043		642	45.8
	Total	18,544		17,232		(1,312)	(7.1)
Intersegment elimination		(3,643)		(4,168)		(525)	
Total		586,972	100.0	559,250	100.0	(27,722)	(4.7)

Segment profit (loss)

(Millions of yen, %)

	Three months ended December 31, 2022		Three months ended December 31, 2023		Change	
	Amount	% to net sales	Amount	% to net sales	Amount	%
Passive Components	25,788	17.7	18,539	13.2	(7,249)	(28.1)
Sensor Application Products	5,556	12.2	4,729	9.6	(827)	(14.9)
Magnetic Application Products	(13,900)	(29.3)	(7,215)	(14.6)	6,685	-
Energy Application Products	59,786	18.0	65,583	21.5	5,797	9.7
Other	1,094	6.4	452	3.0	(642)	(58.7)
Subtotal	78,324	13.3	82,088	14.7	3,764	4.8
Adjustment	(9,956)		(11,888)		(1,932)	
Operating profit	68,368	11.6	70,200	12.6	1,832	2.7

Segment profit represents a segment's sales less its cost of sales, selling, general and administrative expenses and other operating profit 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 nine months ended December 31, 2022 and 2023 are as follows:

Net sales

	(Millions of yen)	
	The 9-month-period of FY 2023 (April 1, 2022 – December 31, 2022)	The 9-month-period of FY 2024 (April 1, 2023 – December 31, 2023)
Japan	132,920	140,204
Americas	132,057	112,503
Europe	155,093	151,925
China	963,943	884,274
Asia and others	324,952	330,055
Total	1,708,965	1,618,961

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

Net sales

	(Millions of yen)	
	Three months ended December 31, 2022	Three months ended December 31, 2023
Japan	48,340	49,474
Americas	43,502	33,863
Europe	50,791	45,700
China	345,339	312,079
Asia and others	99,000	118,134
Total	586,972	559,250

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	Q3 of FY 2023 December 31, 2022		Q3 of FY 2024 December 31, 2023		FY 2023 March 31, 2023	
	US\$=¥	EURO=¥	US\$=¥	EURO=¥	US\$=¥	EURO=¥
The end of the period	132.70	141.47	141.83	157.12	133.53	145.72

2) Quarterly sales by product

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

(Millions of yen)

Term Product category	Q1 of FY 2024 (April 1, 2023 – June 30, 2023)		Q2 of FY 2024 (July 1, 2023 – September 30, 2023)		Q3 of FY 2024 (October 1, 2023 – December 31, 2023)	
	Amount	%	Amount	%	Amount	%
Capacitors	62,520	12.4	62,627	11.3	59,401	10.6
Inductive devices	46,748	9.3	49,274	8.8	49,164	8.8
Other passive components	31,471	6.3	33,530	6.0	32,402	5.8
Passive Components	140,739	28.0	145,431	26.1	140,967	25.2
Sensor Application Products	38,787	7.7	47,266	8.5	49,249	8.8
Magnetic Application Products	38,217	7.6	44,837	8.1	49,300	8.8
Energy Application Products	274,933	54.6	303,990	54.6	304,545	54.5
Other	10,723	2.1	14,788	2.7	15,189	2.7
Total	503,399	100.0	556,312	100.0	559,250	100.0

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