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# Performance Briefing First Half of Fiscal Year March 2022

- **Consolidated Results for First Half of FY March 2022**  
Tetsuji Yamanishi, Executive Vice President
- **Consolidated Full Year Projections for FY March 2022**  
Shigenao Ishiguro, President and CEO

# Consolidated Results for First Half of FY March 2022

Tetsuji Yamanishi  
Executive Vice President

**Demand for electronic components continued to recover on the back of the gradual waning of the COVID-19 pandemic and normalization of social and economic activities. Both net sales and operating income achieved new record highs as demand related to digital transformation (DX) and energy transformation (EX) remained strong.**

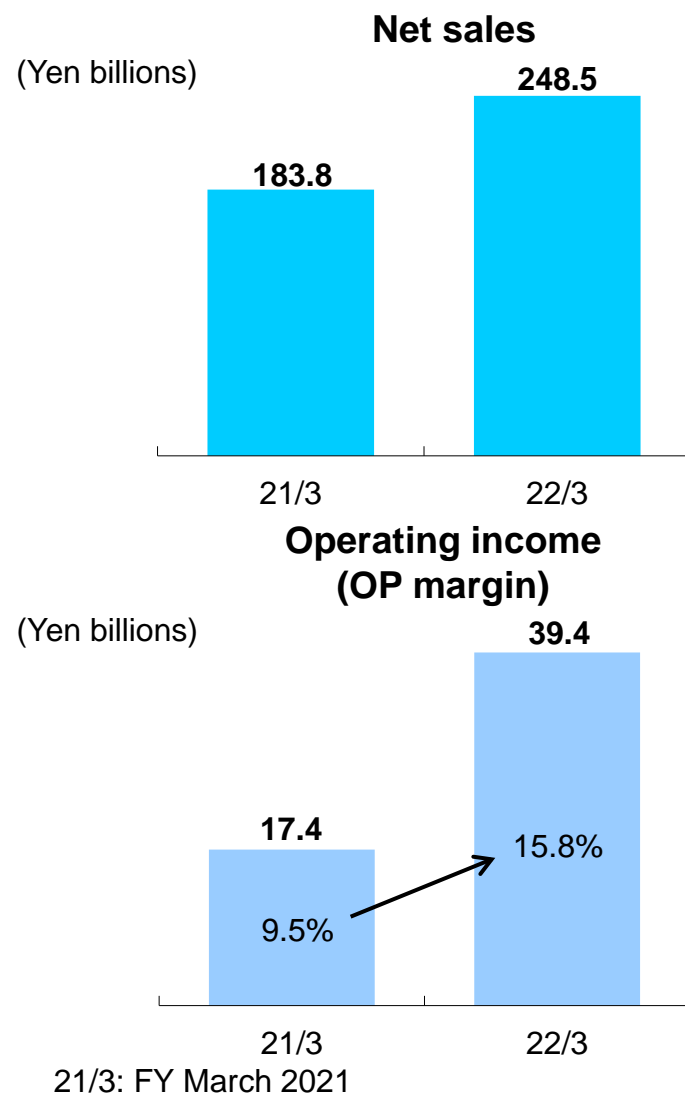
- **Net sales increased 29.4% year on year. Operating income increased 28.2% year on year.**
  - **Net sales and operating income for 2Q and the first half achieved new record highs for both a quarterly and a half-yearly basis.\***
- Although automobile production is affected by the shortage in supply of semiconductors and other components, sales to the automotive market remained brisk on the back of an increase in the number of components installed per vehicle. Sales of Passive Components and Sensors increased.
  - As for the ICT market, while production of smartphones was below the initial forecast due to the semiconductor supply shortage and the effects of the resurgence of COVID-19, demand for PCs and tablets remained brisk. In addition, investment in data centers remained strong and demand for servers increased. Sales of Rechargeable Batteries, Sensors, and HDD Heads increased.
  - Sales of Power Supplies for industrial equipment and Passive Components increased as capital expenditures remained at a high level.

\*Operating income is compared on the basis excluding a gain on sale of business recorded in FY March 2017.

# Consolidated results for first half of FY March 2022

(Yen billions)		FY March 2021 Results through 2Q (2020.4.1-2020.9.30)	FY March 2022 Results through 2Q (2021.4.1-2021.9.30)	Change	
				Yen billions	%
Net sales		691.1	894.2	203.1	29.4
Operating income		62.4	80.0	17.6	28.2
Operating income margin		9.0%	9.0%	-	-
Income before income taxes		63.2	84.5	21.3	33.7
Net income		42.2	68.2	26.0	61.6
Earning per share (JPY)		111.42	180.03	-	-
Ex-rate	US\$ (JPY)	106.92	109.79	Depreciated by 2.7%	
	EURO (JPY)	121.27	130.86	Depreciated by 7.9%	
Ex-rate impact to net sales & operating income		Net sales : Increased by about 45.4 billion Yen Operating income : Decreased by about 1.8 billion Yen			

# First half results - Passive Components segment



**Net sales 248.5 billion yen (up 35.2% year on year)**  
**Operating income 39.4 billion yen (up 126.4% year on year)**

- **Ceramic Capacitors**

- Sales and profit increased year on year.
- Sales increased significantly to the automotive market.

- **Aluminum Electrolytic Capacitors and Film Capacitors**

- Sales and profit increased year on year.
- Sales increased to the industrial equipment and the automotive markets.

- **Inductive Devices**

- Sales and profit increased year on year.
- Sales increased significantly mainly to the automotive market.

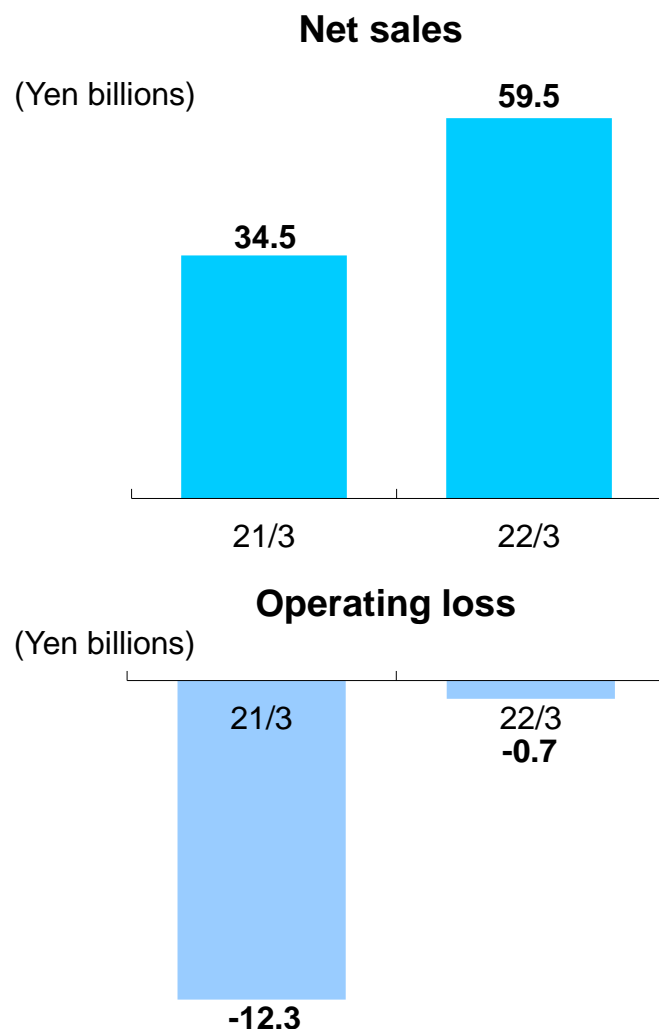
- **High-Frequency Components**

- Sales increased and profit decreased year on year.
- Sales to the ICT market increased.

- **Piezoelectric Material Products and Circuit Protection Components**

- Sales and profit increased year on year.
- Sales increased mainly to the industrial equipment and the automotive market.

# First half results - Sensor Application Products segment



21/3: FY March 2021

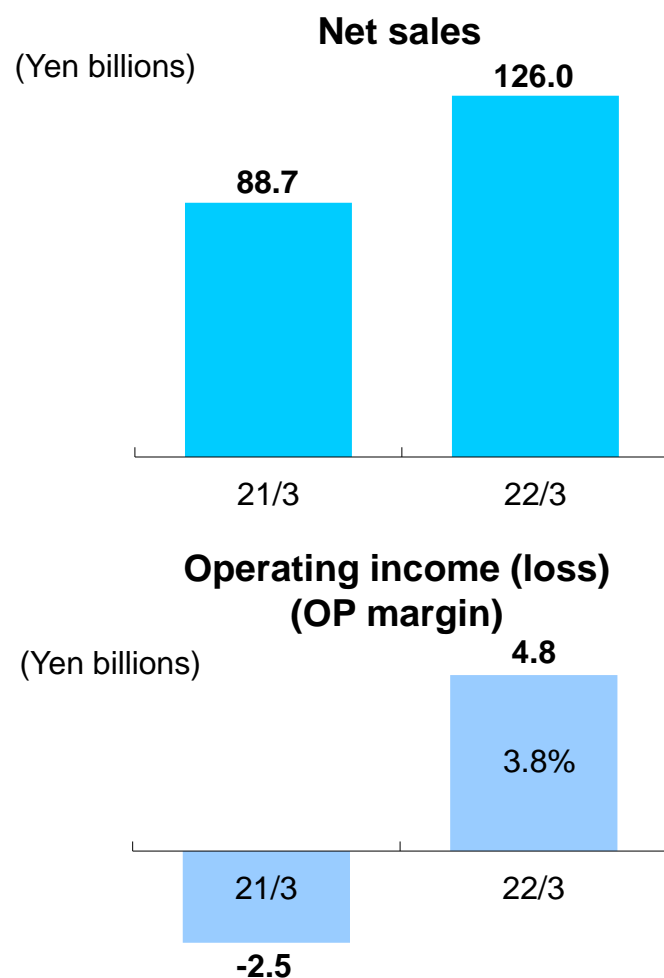
**Net sales 59.5 billion yen (up 72.5% year on year)**  
**Operating loss -0.7 billion yen (down —% year on year)**

## ● Sensors

- Sales surged year on year, and operating loss declined significantly. The segment achieved profitability in 2Q.
- Sales of Temperature and Pressure Sensors increased to the automotive market and for home appliances. Earnings also improved.
- In Magnetic Sensors, sales of Hall Sensors increased to the automotive market, and sales of TMR Sensors remained at a level significantly above that of the previous fiscal year, thanks to their increased adoption by the ICT market.
- In MEMS Sensors, sales of Motion Sensors and Microphones increased mainly to the ICT market, owing to the expansion of the customer base and applications. Earnings also improved significantly.

# First half results - Magnetic Application Products segment

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**Net Sales 126.0 billion yen (up 42.0% year on year)**  
**Operating income 4.8 billion yen (up —% year on year)**

- **HDD Heads and HDD Suspension Assemblies**

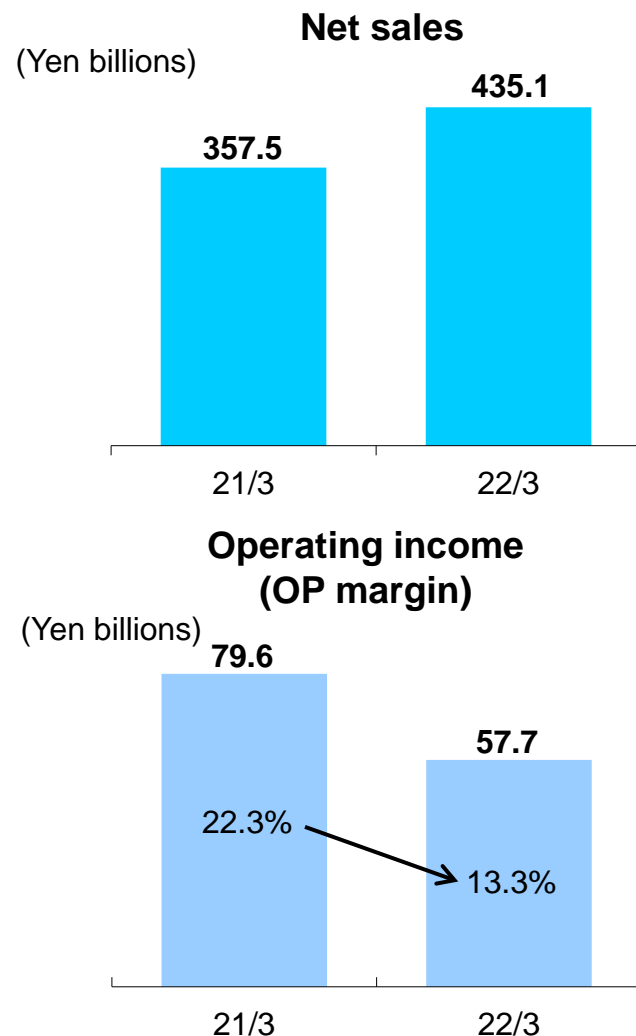
- Sales and profits increased year on year. One-time expenses were recorded in 2Q.
- Due to growing demand for servers for data centers, sales of nearline HDD Heads increased significantly. Earnings also expanded.

- **Magnets**

- Sales increased and operating loss decreased year on year.
- Sales increased to the automotive market.

21/3: FY March 2021

# First half results - Energy Application Products segment



**Net Sales 435.1 billion yen (up 21.7% year on year)**  
**Operating income 57.7 billion yen (down 27.5% year on year)**

- **Energy Devices (Rechargeable Batteries)**

- Sales increased and profit decreased year on year. Profit decreased due to upfront investments for power cell products and soaring raw material prices.
- Profitability, including royalties, has improved, as a decline in profitability during 1Q due to the effects of higher raw material costs was more than offset by higher profit in 2Q.
- Sales of products for mobile applications (smartphones, tablets, notebook PCs) and mini cell products for small size equipment remained strong.
- Sales of power cell products for electric motorcycles and residential energy storage systems expanded.

- **Power Supplies**

- Due to growing demand for capital expenditures, sales and profit of Power Supplies for industrial equipment increased year on year.

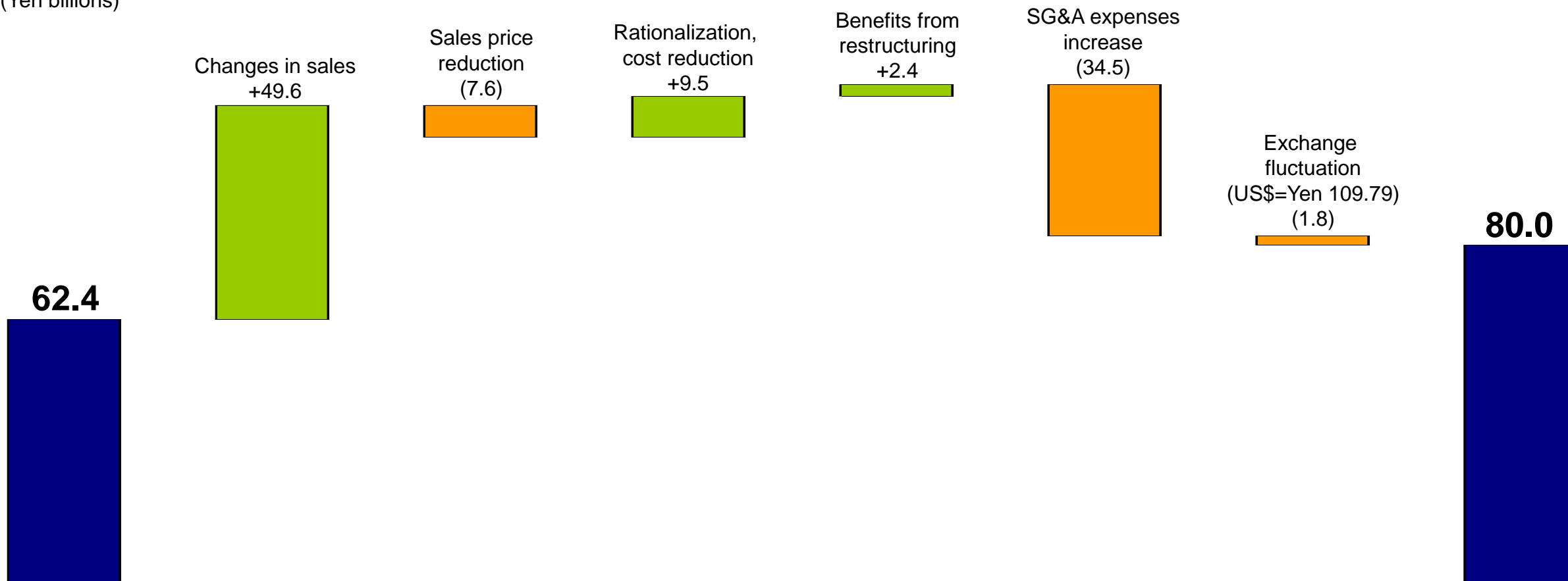
# Breakdown of operating income changes

First half of  
FY March 2021  
62.4 billion yen

**Operating income +17.6 billion yen**

First half of  
FY March 2022  
80.0 billion yen

(Yen billions)



# Consolidated results for 2Q of FY March 2022

(Yen billions)		FY March 2021 2Q results	FY March 2022 2Q results	Change	
				Yen billions	%
Net sales		381.7	474.1	92.4	24.2
Operating income		44.0	49.2	5.2	11.9
Operating income margin		11.5%	10.4%	-1.1 pt	-
Income before income taxes		42.5	52.2	9.8	23.0
Net income		29.0	41.6	12.5	43.2
Earning per share (JPY)		76.61	109.66	-	-
Ex-rate	US\$ (JPY)	106.23	110.07	Depreciated by 3.6%	
	EURO (JPY)	124.06	129.83	Depreciated by 4.7%	
Ex-rate impact to net sales & operating income		Net sales : Increased by about 24.0 billion Yen Operating income : Decreased by about 0.1 billion Yen			

# Quarterly results by segment

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(Yen billions)		2Q of FY March 2021 (A)	1Q of FY March 2022 (B)	2Q of FY March 2022 (C)	YoY change (C)-(A)		QoQ change (C)-(B)	
					Yen billions	%	Yen billions	%
Net sales	Capacitors	38.6	47.1	49.8	11.2	29.1	2.7	5.7
	Inductive Devices	34.6	42.0	45.2	10.6	30.6	3.2	7.6
	Other Passive Components	26.2	32.0	32.3	6.1	23.2	0.3	0.9
	<b>Passive Components</b>	99.4	121.2	127.3	27.9	28.1	6.2	5.1
	<b>Sensor Application Products</b>	19.8	26.8	32.7	12.9	65.2	5.9	21.8
	<b>Magnetic Application Products</b>	50.4	60.6	65.4	14.9	29.6	4.7	7.8
	<b>Energy Application Products</b>	200.7	199.6	235.5	34.9	17.4	35.9	18.0
	<b>Other</b>	11.4	11.8	13.2	1.8	15.9	1.4	11.7
	<b>Total</b>	381.7	420.1	474.1	92.4	24.2	54.1	12.9
Operating income	<b>Passive Components</b>	9.7	18.0	21.4	11.7	121.2	3.3	18.5
	<b>Sensor Application Products</b>	(5.1)	(2.0)	1.3	6.4	-	3.4	-
	<b>Magnetic Application Products</b>	1.4	2.8	2.0	0.7	50.9	(0.7)	-26.2
	<b>Energy Application Products</b>	48.3	23.4	34.3	(14.0)	-29.0	10.9	46.8
	<b>Other</b>	(2.8)	(2.9)	(1.2)	1.7	-	1.7	-
	<b>Sub total</b>	51.4	39.2	57.9	6.4	12.5	18.7	47.6
	<b>Corporate and eliminations</b>	(7.5)	(8.4)	(8.7)	(1.2)	-	(0.3)	-
	<b>Total</b>	44.0	30.8	49.2	5.2	11.9	18.4	59.6
	Operating income margin	11.5%	7.3%	10.4%	-1.1pt	-	+3.1pt	-
Ex-rate	US\$ (JPY)	106.23	109.50	110.07				
	EURO (JPY)	124.06	131.90	129.83				

# Consolidated Full Year Projections for FY March 2022

Shigenao Ishiguro  
President and CEO

# Key points concerning revisions to FY March 2022 full year projections

## ● Market forecast (changes from initial forecasts)

- The global economic growth rate is expected to deteriorate slightly overall, as economic growth will likely slow in the U.S. and China, despite the improvement trend in the eurozone.
- Automobile production is forecast to remain at a similar level as the previous fiscal year, falling behind the initial projection, due to the shortage in supply of semiconductors and other components.
- Smartphone production is predicted to be slightly lower than the previous fiscal year's level, falling behind the initial projection due to the shortage in supply of semiconductors and other components and the negative effects of the resurgence of COVID-19.
- Production of HDDs, notebook PCs and tablets is anticipated to remain firm, exceeding the initial projection.

## ● Upward revision to full year projections (sales and income)

- Sales and income of full year projections were upgraded in light of operating results for the first half and the recent stronger booking momentum. While the forecast for automobile and smartphone production has been revised downward, orders and sales are anticipated to exceed the initial projection, on the back of an increase in the number of components installed per vehicle and the movement to secure stock of components.

## ● Revisions to interim dividend and year-end dividend projection

- In line with the revision of the full-year projections, the interim dividend and year-end dividend forecast have been increased by ¥5 per share and ¥12 per share, respectively, with a plan to pay out an annual dividend of ¥208 per share (conversion prior to the stock split).

# Projections for 3Q of FY March 2022

## - Image of changes in sales

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(Yen billions)

Segment	2Q of FY March 2022	3Q projections (QoQ change)
Passive Components	127.3	-1%~-4%
Sensor Application Products	32.7	-2%~-5%
Magnetic Application Products	65.4	-3%~-6%
Energy Application Products	235.5	+3%~+6%
Other	13.2	—
<b>Total</b>	<b>474.1</b>	<b>±0%</b>

Forex assumptions

US\$(JPY)  
EURO(JPY)

110.07  
129.83

109.00  
128.00

# FY March 2022 full year / dividend projections

(Yen billions)		FY March 2021 full year results	FY March 2022 full year projections (announced on Jul. 28, 2021)	FY March 2022 full year projections (announced on Nov. 1, 2021)	YoY change	
					Yen billions	%
Net sales		1,479.0	1,600.0	<b>1,800.0</b>	321.0	21.7
Operating income		111.5	150.0	<b>157.0</b>	45.5	40.8
Operating income margin		7.5%	9.4%	<b>8.7%</b>	+1.2 pt	-
Income before income taxes		121.9	150.0	<b>162.0</b>	40.1	32.9
Net income		79.3	100.0	<b>110.0</b>	30.7	38.6
Earning per share (JPY)		628.08	791.61	<b>290.25</b>	-	-
Dividends (JPY)		Interim : 90 Year-end : 90 Annual : 180	Interim : 95 Year-end : 96 (32) Annual : 191 <small>*(Post-stock split standard)</small>	<b>Interim : 100 Year-end : 108 (36) Annual : 208</b> <small>*(Post-stock split standard)</small>	-	-
Ex-rate	US\$ (JPY)	106.05	105.00	<b>109.00</b>	-	
	EURO (JPY)	123.67	124.00	<b>128.00</b>	-	
Capital expenditure		212.4	300.0	<b>300.0</b>	87.6	41.3
Depreciation and amortization		140.3	160.0	<b>160.0</b>	19.7	14.1
Research and development		127.0	140.0	<b>160.0</b>	33.0	25.9

# Supplementary Data

# Quarterly sales and operating income by segment

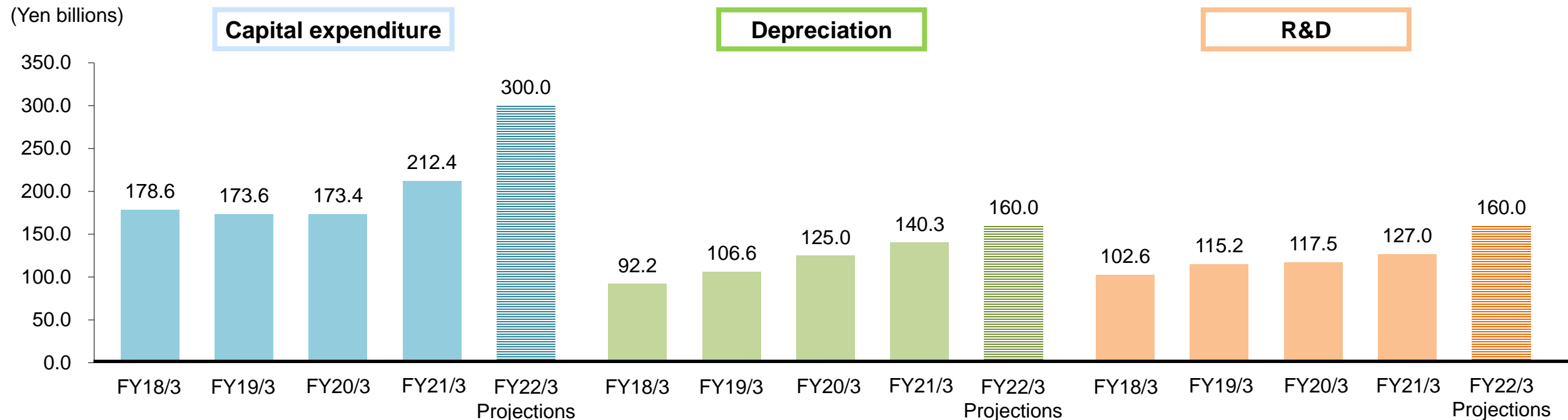
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(Yen billions)		FY March 2021					FY March 2022				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Net sales	Capacitors	33.3	38.6	41.9	44.3	158.2	47.1	49.8			
	Inductive Devices	27.4	34.6	39.0	39.0	140.0	42.0	45.2			
	Other Passive Components	23.6	26.2	28.5	30.6	109.0	32.0	32.3			
	Passive Components	84.4	99.4	109.5	113.9	407.1	121.2	127.3			
	Sensor Application Products	14.7	19.8	23.0	23.9	81.3	26.8	32.7			
	Magnetic Application Products	38.3	50.4	55.9	54.6	199.3	60.6	65.4			
	Energy Application Products	156.9	200.7	195.4	187.3	740.2	199.6	235.5			
	Other	15.2	11.4	11.9	12.5	51.1	11.8	13.2			
Total		309.4	381.7	395.7	392.2	1,479.0	420.1	474.1			
Operating income	Passive Components	7.7	9.7	13.4	9.5	40.2	18.0	21.4			
	Sensor Application Products	(7.3)	(5.1)	(4.1)	(8.5)	(24.9)	(2.0)	1.3			
	Magnetic Application Products	(3.8)	1.4	4.2	(4.1)	(2.4)	2.8	2.0			
	Energy Application Products	31.3	48.3	42.8	25.0	147.4	23.4	34.3			
	Other	(1.9)	(2.8)	(3.0)	(8.3)	(16.1)	(2.9)	(1.2)			
	Sub total	26.0	51.4	53.3	13.6	144.3	39.2	57.9			
	Corporate and eliminations	(7.6)	(7.5)	(8.2)	(9.5)	(32.7)	(8.4)	(8.7)			
Total		18.4	44.0	45.1	4.1	111.5	30.8	49.2			
Ex-rate	US\$ (JPY)	107.61	106.23	104.50	105.87	106.05	109.50	110.07			
	EURO (JPY)	118.45	124.06	124.46	127.75	123.67	131.90	129.83			

# FY March 2022 projections and forex sensitivity

## Expenses



## Forex sensitivity (impact by 1 (one) yen change)

- **US\$ : Sales 10.0 billion yen, Operating income 1.2 billion yen**
- **EURO : Sales 2.0 billion yen, Operating income 0.2 billion yen**

# Financial position

<b>(Yen billions)</b>	<b>March End, 2021</b>	<b>June End, 2021</b>	<b>September End, 2021</b>	<b>Change</b>
<b>Total asset</b>	<b>2,401.4</b>	<b>2,508.2</b>	<b>2,597.8</b>	<b>89.6</b>
<b>Total liability</b>	<b>1,395.1</b>	<b>1,471.7</b>	<b>1,508.5</b>	<b>36.8</b>
<b>Stockholders's equity</b>	<b>1,003.5</b>	<b>1,033.8</b>	<b>1,086.6</b>	<b>52.8</b>
(comprehensive income)	<b>(82.7)</b>	<b>(67.8)</b>	<b>(56.6)</b>	<b>11.3</b>
<b>Stockholders's equity ratio</b>	<b>41.8%</b>	<b>41.2%</b>	<b>41.8%</b>	<b>+0.6pt</b>
<b>Cash and cash equivalents</b>	<b>446.3</b>	<b>402.5</b>	<b>375.1</b>	<b>(27.5)</b>
<b>Interest-bearing debt (*1)</b>	<b>483.3</b>	<b>504.7</b>	<b>543.8</b>	<b>39.1</b>
<b>Net cash (*2)</b>	<b>(37.0)</b>	<b>(102.1)</b>	<b>(168.7)</b>	<b>(66.6)</b>

\*1: Short-term debt + Current installments of long-term debt + Long-term debt, excluding current installments (except operating lease obligations)

\*2: Cash and cash equivalents - Interest-bearing debt

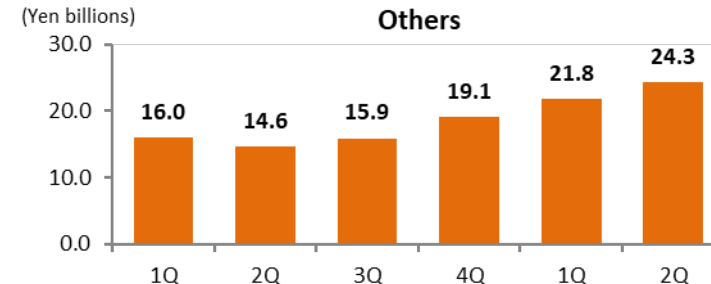
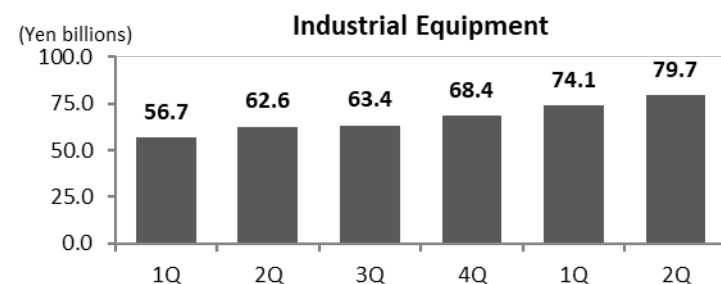
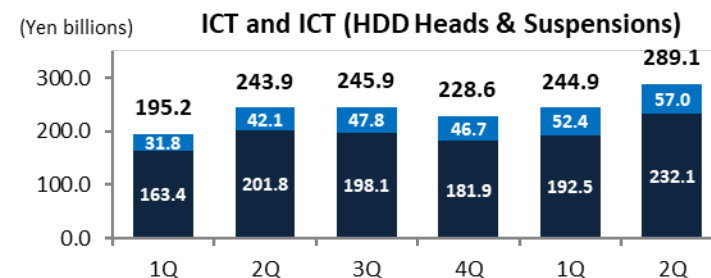
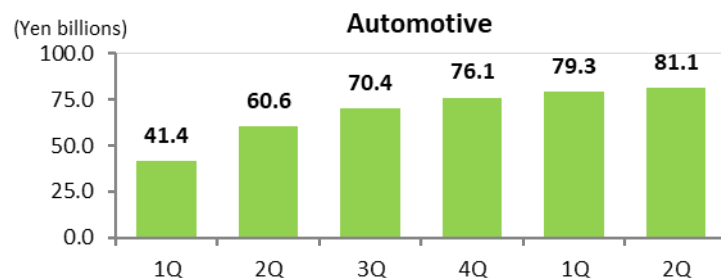
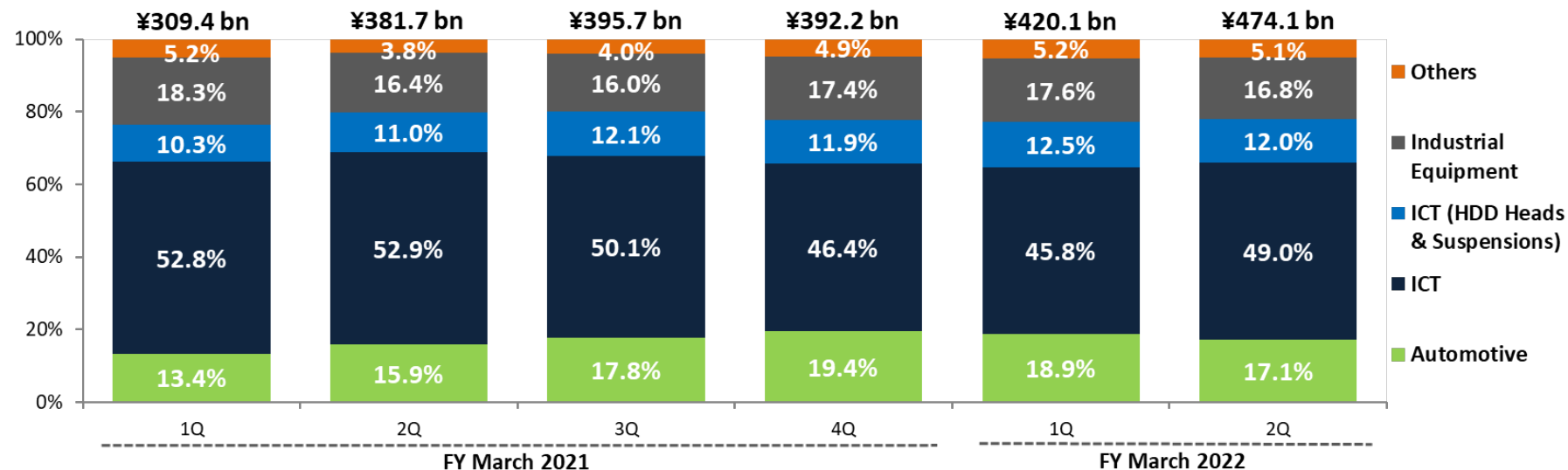
# Cash flows

<b>(Yen billions)</b>	<b>FY March 2021 Results through 2Q</b>	<b>FY March 2022 Results through 2Q</b>	<b>YoY change</b>
Operating cash flow	73.1	8.2	(64.9)
Investing cash flow	(98.4)	(86.0)	12.4
Free cash flow	(25.3)	(77.8)	(52.5)
Financing cash flow	35.4	47.7	12.3
Effect of exchange rate changes on cash and cash equivalents	(0.2)	8.1	8.3

Cash and cash equivalents	342.6	358.3	15.8
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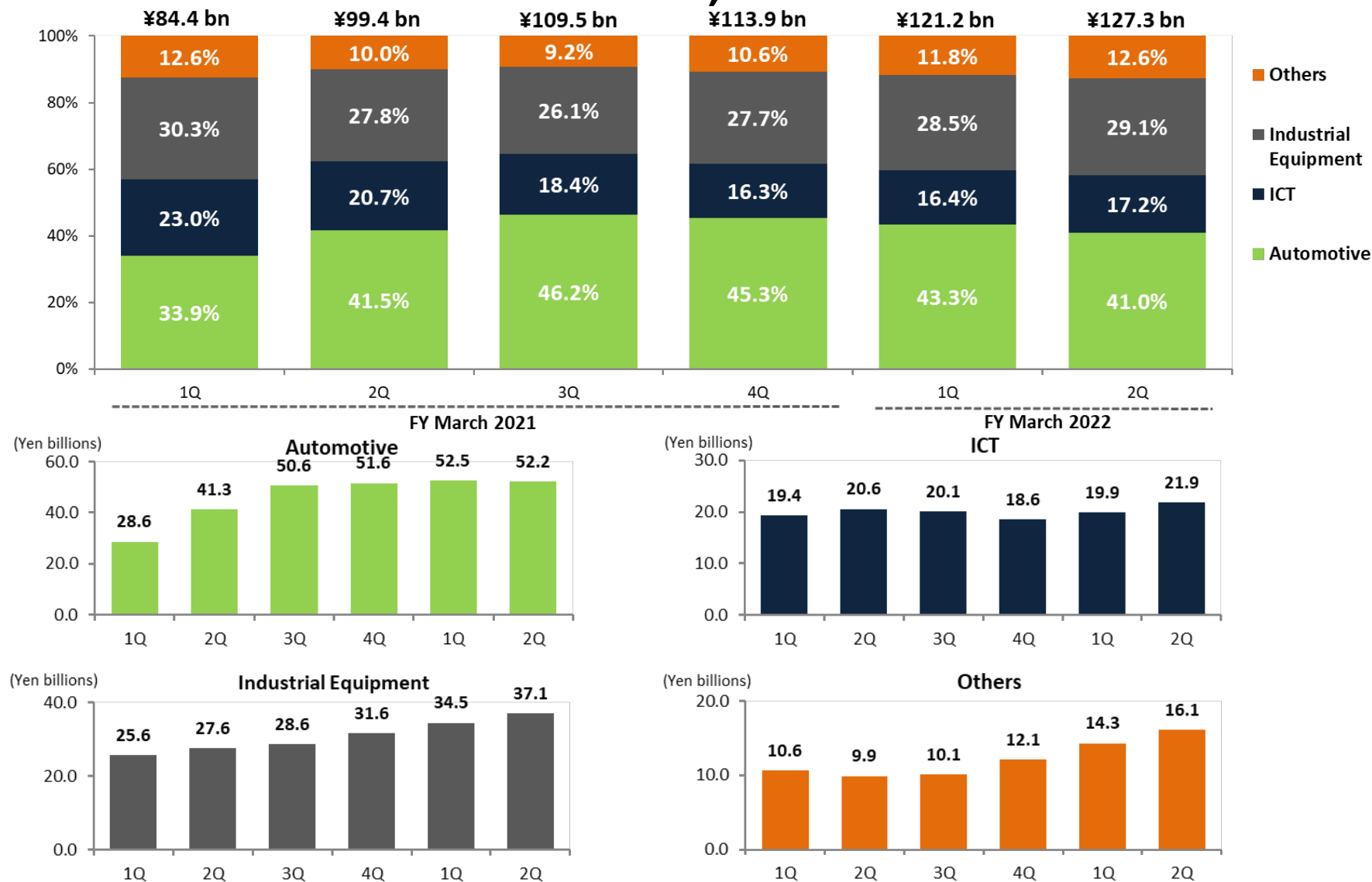
<b>(Yen billions)</b>	<b>FY March 2021 Results through 2Q</b>	<b>FY March 2022 Results through 2Q</b>	<b>YoY change</b>
Capital expenditures	97.1	134.0	36.9
Depreciation and amortization	64.7	81.6	16.8

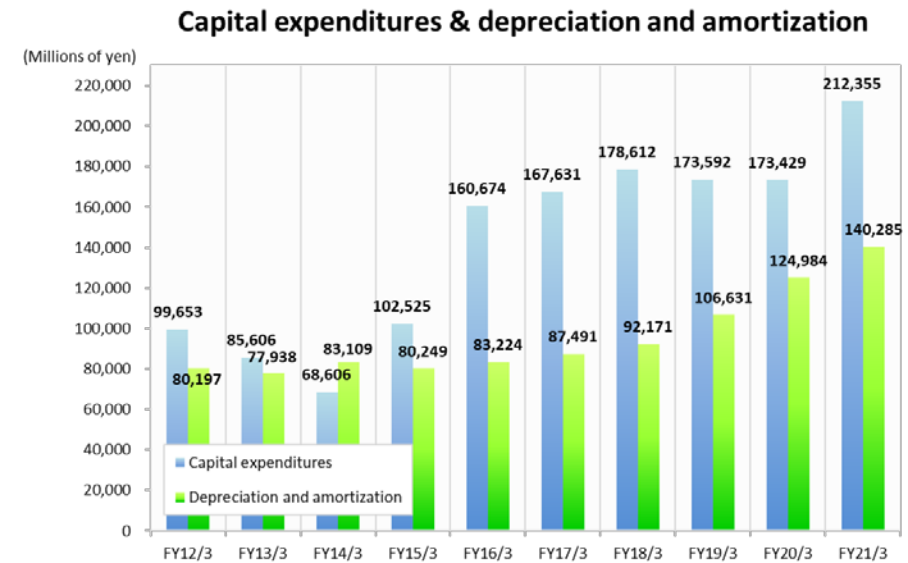
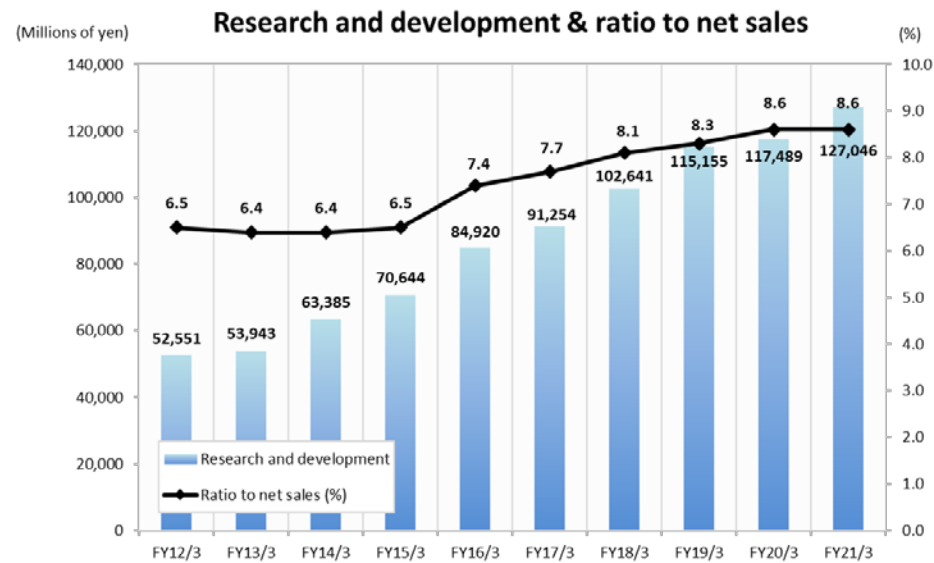
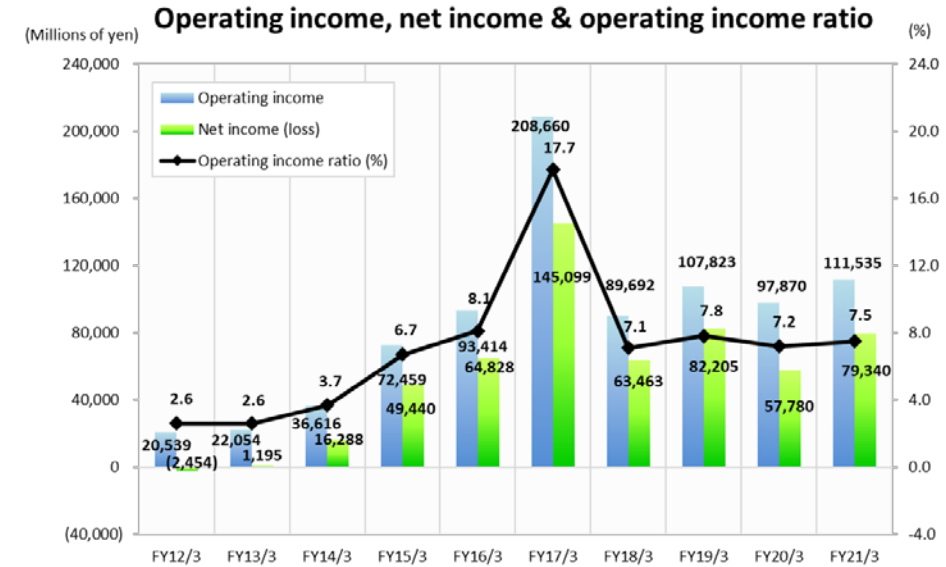
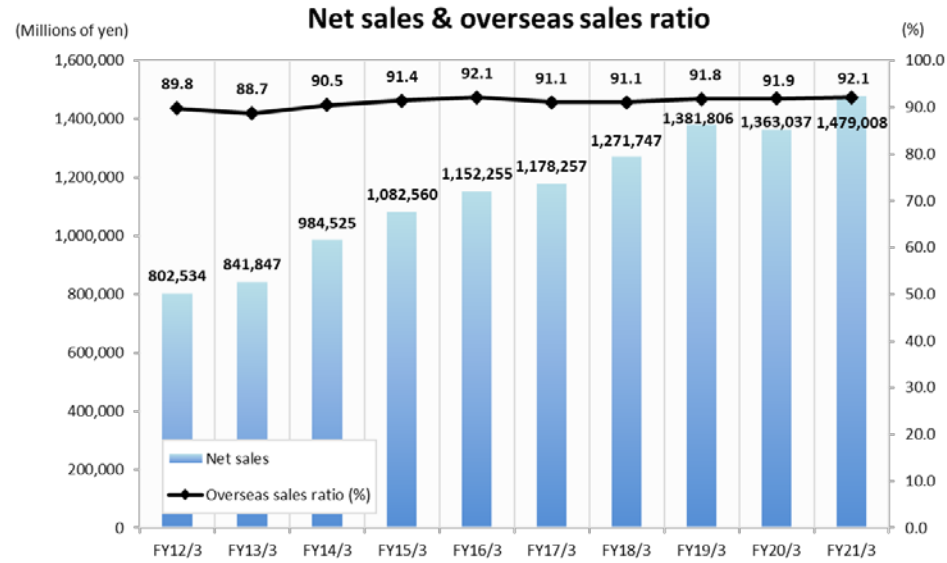
# Quarterly sales by markets (1Q of FY March 2021 – 2Q of FY March 2022)

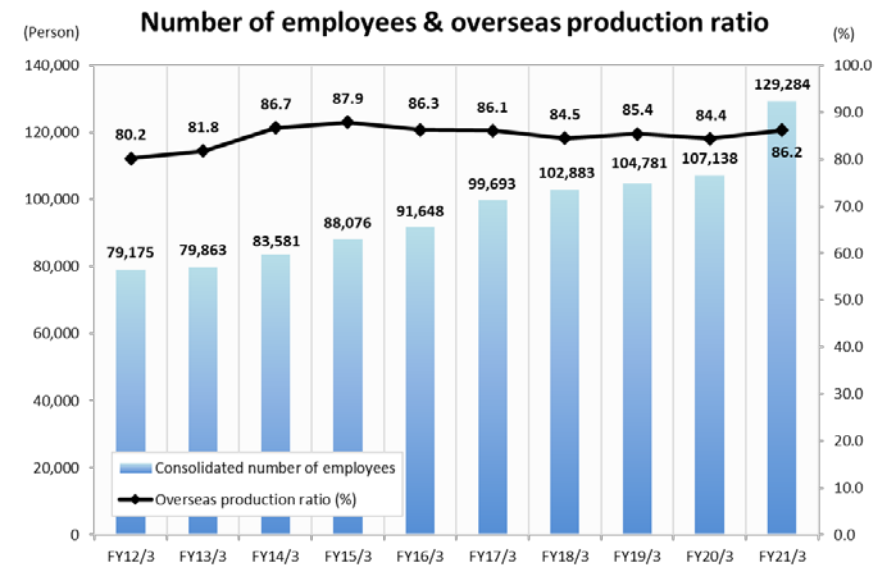
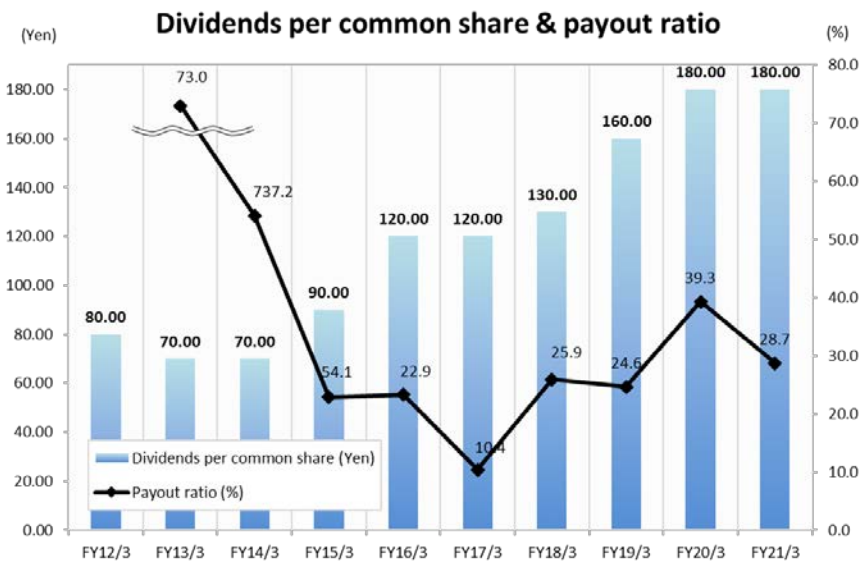
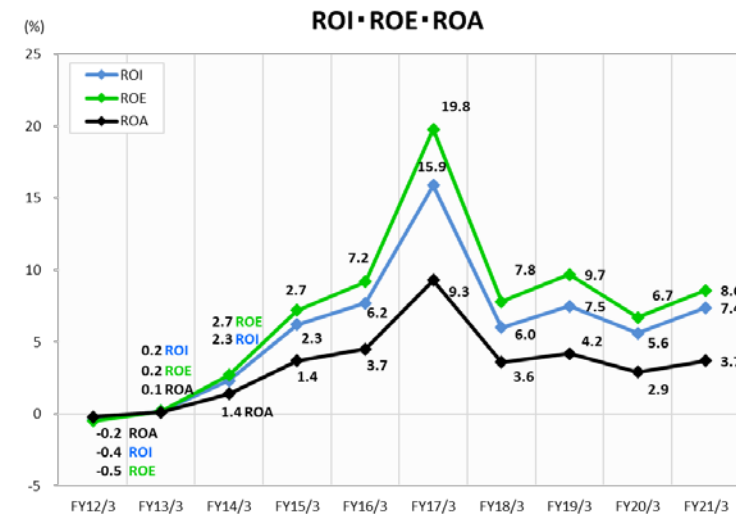
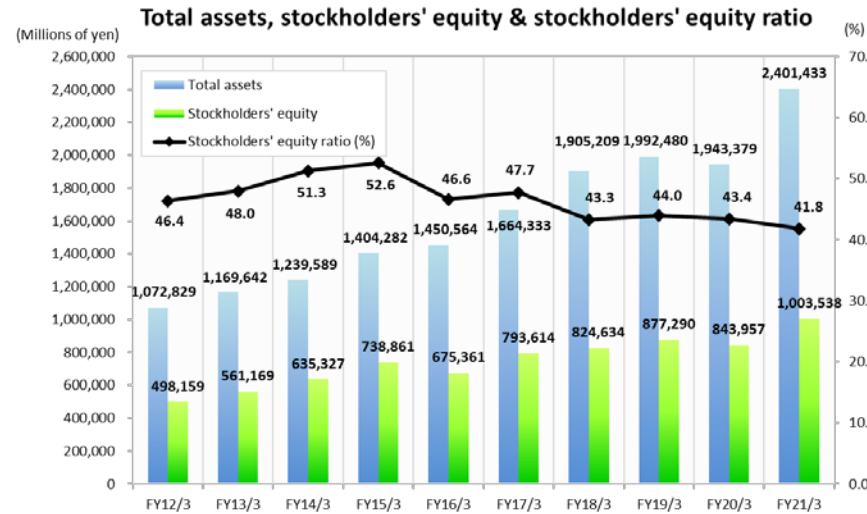


# Passive Components business quarterly sales by markets (1Q of FY March 2021 – 2Q of FY March 2022)

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# 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, or its group companies (TDK Group). These forward-looking statements are based on the current forecasts, estimates, assumptions, plans, beliefs, and evaluations of the TDK Group in light of the information currently available to it, and contain known and unknown risks, uncertainties, and other factors. The TDK Group therefore wishes to caution readers that, being subject to risks, uncertainties, and other factors, the TDK Group's actual results, performance, achievements, or financial position could be materially different from any future results, performance, achievements, or financial position expressed or implied by these forward-looking statements, and the TDK Group undertakes no obligation to publicly update or revise any forward-looking statements after the issue of this material except as provided for in laws and ordinances.

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Text data including Q&A of performance briefing will be uploaded on following site.  
[https://www.tdk.com/en/ir/ir\\_events/conference/2022/2q\\_1.html](https://www.tdk.com/en/ir/ir_events/conference/2022/2q_1.html)