

Corporate

TDK announces Disposal of Treasury Stock as Post-Delivery type Stock Remuneration

August 2, 2023

TDK Corporation (TSE:6762) ("the Company") today announced that its Board of Directors has resolved to dispose of treasury stock (the "Treasury Stock Disposal") as post-delivery type stock remuneration.

1. Summary of the disposal

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| 1. | Date of disposal | August 28, 2023 |
| 2. | Class and number of shares for disposal | 26,100 shares of common stock of the Company |
| 3. | Disposal Price | 5,550 yen per share to be disposed of |
| 4. | Total amount of disposal value | 144,855,000 yen |
| 5. | Disposal recipients, the number of such recipients, and the number of shares to be disposed of | Directors of the Company *1,2: 6 persons, 12,000 shares
Corporate Officers *2: 14 persons, 14,100 shares
*1 excluding Outside Directors
*2 including already retired Directors and Corporate Officers |
| 6. | Other | This disposal of treasury stock is subject to the effectiveness of the Securities Registration Statement in accordance with the Financial Instruments and Exchange Act. |

2. Objectives and reasons for the disposal

At the 124th Ordinary General Meeting of Shareholders to be held on June 23, 2020, the Company resolved to introduce a post-delivery type stock remuneration plan (the "Plan") for the Subject Directors (excluding outside directors; the "Subject Directors"), specifically, to introduce a Restricted Stock Unit ("RSUs") and Performance Share Unit ("PSUs") for the purpose of sharing with shareholders the benefits and risks of stock price fluctuations and to increase their motivation to contribute more than ever to improving the medium-term business performance and corporate value.

At the Board of Directors' meeting held today, the Company resolved to vest RSUs to 6 Directors (including 2 retired Directors) and 14 Corporate Officers (including 8 retired Corporate Officers), ("the allottees"), as RSUs granted for the fiscal year ending March 31, 2021. The Company resolved to allot 26,100 shares of common stock of the Company to the allottees to whom monetary compensation claims in the total amount of 144,855,000 yen will be paid and the Allottees will receive all of the said monetary compensation claims by way of contribution in kind.

3. Overview of the Plan

(1) Overview of RSUs

RSUs which is vested based on the Plan is a type of stock remuneration which is issued based on continuous service. Subject to continuous service for a period of three years from the first day of the first year to the last day of the last year of the Medium-Term Plan (or a period of three years or more as determined by the Board of Directors of the Company, the "Target Period"), a pre-determined amount of the Company's shares and money is delivered after the end of the Target Period.

(2) Method of calculating the number of shares to be delivered, the amount of money to be paid, and the amount of monetary remuneration claims

The Company will calculate the number of common shares of the Company to be provided and the amount of money to be paid to each Eligible Directors and Corporate Officers based on the following formula:

(i) Number of common shares of the Company to be provided to each Eligible Directors and Corporate Officers.

$(\text{Base Amount (*1)} \div \text{Stock Price at Grant (*2)}) \times 50\%$

Any fraction of less than 100 shares resulting from the calculation will be rounded up to the nearest 100 shares.

(ii) Amount of money to be paid to each Eligible Directors and Corporate Officers

$\{(\text{Base Amount (*1)} \div \text{Stock Price at Grant (*2)}) - \text{Number of common shares of the Company as calculated in (i) above}\} \times \text{Stock Price at Delivery (*3)}$

Any fraction of less than one yen resulting from the calculation will be rounded up to the nearest one yen.

※1 The Base Amount shall be determined by the Board of Directors of the Company for each Eligible Director in accordance with the level of responsibility of each Eligible Director.

※2 The Stock Price at Grant shall be the average of closing prices of common shares of the Company on the Tokyo Stock Exchange during the one-month period preceding the day immediately before the date of the Ordinary General Meeting of Shareholders in the year of grant.

※3 The Stock Price at Delivery shall be the closing price of common shares of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors of the Company in relation to the issuance or disposition of shares to be provided under the Plan (or if no trades are executed on the same day, the closing price of the most recent trading day prior to the date of resolution).

(3) Requirements for Vesting

Under this Plan, if the Target Period ends and the following requirements are met, the Company will deliver common shares of the Company and pay money to each Eligible Directors and Corporate Officers. The delivery of common shares of the Company will be made by way of an issuance of shares or disposal of treasury shares by the Company, and the actual recipients of the shares to be delivered among the Eligible Directors and Corporate Officers and the subscription requirements in connection with such issuance of shares or disposal of treasury shares will be determined at a meeting of the Board of Directors of the Company after the expiration of the Target Period.

- (i) The Eligible Directors and Corporate Officers shall have continuously held the position of Director or Corporate Officer of the Company or any of its subsidiaries during the Target Period.
- (ii) The Eligible Directors and Corporate Officers shall not have committed any of the illegal acts determined by the Board of Directors of the Company.
- (iii) Other requirements determined by the Board of Directors of the Company as necessary to achieve the purpose of this Plan.

4. Basis for calculation of the amount to be paid and specific details thereof

In order to eliminate arbitrariness, the disposal price for this disposition of treasury stock is set at 5,550 yen, which is the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Company's Board of Directors (August 1, 2023). This is the market share price immediately prior to the date of resolution by the Company's Board of Directors, and is considered to be a reasonable and not particularly favorable price.

5. Matters concerning the procedure required by the corporate code of Conduct

This third-party allotment does not require an opinion from an independent third party or require procedures for confirming the intent of shareholders, which are provided for under Rule 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, because (i) the dilution ratio is less than 25% and (ii) this third-party allotment does not involve a change in controlling shareholder.

Contacts for regional media

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