

Corporate

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

November 1, 2024

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

1. Date of disposal	December 3, 2024
2. Class and number of shares for disposal	82,000 shares of common stock of the Company
3. Disposal Price	1,842.5 yen per share to be disposed of
4. Total amount of disposal value	151,085,000 yen
5. Disposal recipients, the number of such recipients, and the number of shares to be disposed of	1 Audit & Supervisory Board Member *1 3,000 shares 3 Corporate Officers *1 8,000 shares 14 Executive Employees in the Company *2 39,000 shares 11 Executive Employees in subsidiaries *2 32,000 shares *1 granted when they are employees in the Company and subsidiaries *2 including already retired Employees
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. Also, at the 128th Ordinary General Meeting of Shareholders of the Company to be held on June 21, 2024, the Company resolved to amend the part of the Plan. In addition, under the same policy, the plan has been expanded to include the Company and subsidiaries' executive employees (hereinafter referred to as "Eligible Employees") from the fiscal year ending March 31, 2022, and RSUs have been granted to them.

At the Board of Directors' meeting held today, the Company resolved to vest RSUs to 29 Eligible Employees (including retired employees) ("the Allottees"), as RSUs granted for the fiscal year ending March 31, 2022. The Company resolved to allot 82,000 shares of common stock of the Company to the Allottees to whom monetary compensation claims in the total amount of 151,085,000 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

RSU is a stock remuneration which is issued based on continuous service. In case of RSU, subject to continuous service for three years from the first year to the last day of the last year of the Medium-Term Plan (or a period of longer than three years as determined by the Board of Directors, the "Target Period"), monetary remuneration claims to be applied to payment in exchange for common shares of the Company to be determined in advance (the "Monetary Remuneration Claims") and money to secure funds for tax payment arising from the delivery of such shares (the "Money for Tax Purposes", and together with the Monetary Remuneration Claims, the "Total Amount of Monetary Remuneration Claims, Etc.") are delivered as remuneration after the end of the Target Period. Each Eligible Employee shall receive delivery of common shares of the Company by contributing in kind the Monetary Remuneration Claims, and the amount to be paid in such case shall be the amount determined by the Board of Directors of the Company based on the closing price of the 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 regarding the issuance or disposition of such shares (if no trades are executed on the same day, the closing price of the most recent trading day prior to the date of resolution) (hereinafter referred to as the "Stock Price at Delivery"), to the extent not particularly favorable to each Eligible Employee who subscribes to the common shares of the Company.

(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 number of common shares of the Company to be delivered to and the amount of Money for Tax Purposes to be paid to each Eligible Employees shall be calculated based on the following formulas:

(i) Number of common shares of the Company to be delivered to each Eligible Employees

Number of Base Stock Units (*1) × 50%

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

(ii) Amount of Money for Tax Purposes to be paid to each Eligible Employees

(Base Stock Units (*1) - Number of common shares of the Company calculated in (i) above) × Stock Price at Delivery

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

Total Amount of Monetary Remuneration Claims, Etc. = (i) above × Stock Price at Delivery + (ii) above

*1: Base Stock Units = Base Amount (determined by the Board of Directors of the Company in accordance with the level of responsibility, etc. of each Eligible Employee) / Stock Price at Grant (the average of the closing price of the common shares of the Company on the Tokyo Stock Exchange during the one-month period preceding the day before the date of grant)

(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 Employees. 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 Employees 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 Employees shall have continuously held the position of Employees of the Company or any of its subsidiaries during the Target Period.

(ii) The Eligible Employees 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 1,842.5 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 (October 31, 2024). 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.

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