



June 21, 2024

Company Name MegaChips Corporation
Representative Tetsuo Hikawa, President and CEO
 (Code number: 6875, Tokyo Stock Exchange)
Inquiries Masahisa Miyake, Manager of
 Finance Division
 (Tel: +81-6-6399-2884)

Notice of Disposal of Treasury Shares as Restricted Stock Compensation

MegaChips Corporation (hereafter the “Company”) hereby announces that the Company has decided to dispose treasury shares as restricted stock compensation (hereafter the “Disposal”) at the Board of Directors’ Meeting today.

1. Overview

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| (1) Disposal date | July 19, 2024 |
| (2) Class and number of shares to be disposed | The Company’s common stock 24,000 shares |
| (3) Disposal price | ¥4,230 per share |
| (4) Total value of share disposal | ¥101,520,000 |
| (5) Grantees of shares and number thereof;
number of shares to be allotted | Directors of the Board of the Company (including
outside directors): 9 Directors, 19,500 shares
Executive Officers who do not concurrently serve as
a director and Deputy Directors of the Company:
9 Directors and Deputy Directors, 4,500 shares |
| (6) Other | The extraordinary report for the disposal of treasury
stock has been submitted in accordance with the
Financial Instruments and Exchange Act. |

2. Purpose and Reasons

The Company has approved to introduce a Restricted Stock Compensation Plan (hereafter the “Plan”) for the Directors of the Board and the Executive Officers and Deputy Directors of the Company (hereafter the “Eligible Directors”) in the meeting of the Board of Directors held on May 14, 2021 for the purpose of providing an incentive as well as continuously improving the Company’s corporate value, and to promote further shared value with shareholders. The proposal that allows the Company to pay within ¥200 million based on the Plan to the Eligible Directors (among this, within ¥40 million for the outside directors) and to issue or dispose within forty thousand shares per year of common shares (among this, within eight thousand shares for the outside directors) was approved in the 31st Annual General Meeting of Shareholders held on June 25, 2021.

In consideration of the scope of responsibilities of each of the Eligible Directors and various circumstances, the Company plans to pay total monetary claim for ¥101,520,000 as the Plan and grant 24,000 of common shares by the disposition of treasury shares.

Subject to the conclusion of a Restricted Stock Allotment Agreement, the Eligible Directors neither transfer, create a security interest on, nor otherwise dispose of the shares (hereafter the “Transfer Restriction”) until the eligible director retires as director or immediately after retirement (hereafter the “Transfer Restriction Period”).

Regardless of the above, on the condition that the Eligible Directors continuously maintain the positions predetermined by the Board of Directors during the service period, the Company shall release Transfer Restriction for all the allotted shares at the expiration of the Transfer Restriction Period.

The overview of the Plan is as described in “Notice Regarding the Introduction of a Restricted Stock Compensation Plan” released on May 14, 2021.

3. Basis of Calculation of the Payment Amount and Details thereof

The Eligible Directors shall make in-kind contribution of all monetary compensation claims to be provided by the Company according to the 35th business year plan, and shall, in return, receive the Company’s common shares that will be issued or disposed of by the Company. The amount to be paid-in per share shall be ¥4,230 based on the closing price of the Company’s common share on the Tokyo Stock Exchange on June 20, 2024 (the business day immediately preceding the date of the resolution by the Board of Directors), to the extent that will not constitute an especially advantageous sum with respect to the Eligible Directors subscribing to the shares.

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