

This is translated into English by MegaChips Corporation and intended to assist English speakers. The original statement is in Japanese. If there is any discrepancy between this English statement and the original Japanese statement, the Japanese statement prevails.

Securities Code: 6875  
May 29, 2025

To: Our Shareholders

Tetsuo Hikawa, President & CEO  
MegaChips Corporation  
1-1-1, Miyahara, Yodogawa-ku, Osaka

## NOTICE OF THE 35<sup>th</sup> ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are hereby notified that the 35th Annual General Meeting of Shareholders of MegaChips Corporation (the “Company”) is to be held as described below. We have taken measures for the electronic provision of information for this meeting. Matters to be provided electronically have been posted on the Company’s Internet website under “Notice of the 35th Annual General Meeting of Shareholders”.

The Company’s website:

(<https://www.megachips.co.jp/irinfo>)

The items are also posted on the Internet website shown below.

Please access to the website of TSE (Tokyo Stock Exchange), enter “MegaChips” to the field of “Issue Name (company name)” or “6875” to the field of “Code” and click “Search”, click “Basic Information”, and select the “Documents for public inspection/PR information” tab.

The TSE’s website (Tokyo Stock Exchange):

(<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>)

**You may exercise your voting rights by post or via internet, after carefully considering the attached Reference Documents for Shareholders Meeting indicating your approval or disapproval by following the Guide to Exercising Voting Rights (page 3 of Japanese version of Notice of the 35th Annual General Meeting of Shareholders). Please send it to ensure its arrival by 6 p.m. on Thursday, June 19, 2025 (Japan time), the day before the Annual General Meeting of Shareholders.**

**1. Date and Time:** Friday, June 20, 2025 at 10:00 a.m. (Japan time)

**2. Venue:** Main Hall, 8th floor, Osaka Science & Technology Center  
1-8-4, Utsubo-Honmachi, Nishi-ku, Osaka, Japan

### 3. Agenda of the Meeting

#### Matters to be reported:

1. Business report for the fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) (“Business Report”), the Consolidated Financial Statements and the report of the results of audits by the accounting auditors and the Board of Statutory Auditors of the Consolidated Financial Statements
2. Non-Consolidated Financial Statements for the fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

#### Matters to be resolved:

- Proposal 1: Election of Eight (8) Directors  
Proposal 2: Election of One (1) Auditor

- ◎ If you attend the meeting, kindly submit the Voting Form enclosed herewith at the reception. Also, please bring this Notice of Annual General Meeting of Shareholders (hereafter abbreviated as “Notice of Convocation”, where appropriate) with you to the meeting for the conservation of resources. The reception desk for those attending the meeting will start at 9 a.m.
- ◎ If you are exercising your voting rights by proxy on the day of the Annual General Meeting of Shareholders, you may appoint one (1) proxy who is also a shareholder of the Company entitled to votes at the meeting in accordance with the provisions of Article 16 of the Company’s Articles of Incorporation. Please have the proxy present written proof of his/her right of proxy (letter of proxy) at the reception desk.
- ◎ We do not provide souvenirs to attending shareholders.
- ◎ Among the electronic provision measure matters, the following matters are not mentioned in the written information sent to the shareholders pursuant to applicable laws and regulations and the Company’s Articles of Incorporation. Statements to be audited, including the following matters have been audited by the accounting auditors and the Audit and Supervisory Board.
  - (1) Following items from the 35<sup>th</sup> Business Report (April 1, 2024 to March 31, 2025)
    - i. The following items with regard to the current status of the MegaChips group  
Major businesses and business locations and current situation of employees and major lenders
    - ii. The following items with regard to the current status of the Company  
Current status of accounting auditors, systems to ensure the appropriateness of operations, and basic policy on control of the Company
  - (2) Notes to Consolidated Financial Statements for the 35th Business Report (April 1, 2024 to March 31, 2025)
  - (3) Individual notes to Non-Consolidated Financial Statements for the 35th Business Report (April 1, 2024 to March 31, 2025)
- ◎ If there are any correction to the matters to be provided electronically, there will be promptly posted on each website above.
- ◎ Following the conclusion of the Annual General Meeting of Shareholders, information including the resolutions from that meeting will be uploaded to the Company’s website (<https://www.megachips.co.jp/irinfo/>).
- ◎ Following the conclusion of the Annual General Meeting of Shareholders, an extraordinary report will be filed in accordance with Article 19, Paragraph (2), Item (ix)-2 of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc. and the results of exercising voting rights at such shareholders meeting will be disclosed on the Financial Services Agency’s website, EDINET (an electronic disclosure system for disclosure documents such as securities filings made pursuant to the Financial Instruments and Exchange Act) (<https://disclosure2.edinet-fsa.go.jp/>).

## Reference Documents for Shareholders Meeting

### Proposal 1 : Election of Eight (8) Directors

Since the terms of office of the current ten Directors, Tetsuo Hikawa, Masahiro Shindo, Yoshimasa Hayashi, Ikuo Iwama, Masashi Kuramoto, Masaaki Iwai, Junko Nagata, Hirofumi Nagai, Heihachi Matsumoto, and Satoshi Nakamura will expire at the conclusion of the Annual General Meeting of Shareholders, it is proposed that ten (8) Directors be elected.

The nominees for Director are as follows:

Nominee Number	Name		Position in Company		Attendance Rate at Board of Director Meetings
1	Tetsuo Hikawa	Re-election	President and CEO		100% (15/15 times)
2	Masahiro Shindo	Re-election	Chairman		100% (15/15 times)
3	Yoshimasa Hayashi	Re-election	Executive Vice President, Executive Officer		100% (15/15 times)
4	Masaaki Iwai	Re-election	Director, Executive Officer		93% (14/15 times)
5	Junko Nagata	Re-election	Director	Outside, Independent	100% (15/15 times)
6	Hirofumi Nagai	Re-election	Director	Outside, Independent	100% (15/15 times)
7	Heihachi Matsumoto	Re-election	Director	Outside, Independent	100% (15/15 times)
8	Satoshi Nakamura	Re-election	Director	Outside, Independent	100% (11/11 times)

**Nominee Number 1 Tetsuo Hikawa**      Date of birth: May 3, 1958    Re-election



■ Positions and responsibilities at the Company

President and CEO

- Number of terms of office (at the conclusion of the Annual General Shareholders Meeting): 13 years
- Number of shares held in the Company    81,000 shares
- Attendance at Board of Directors meetings    100% (15 of 15)

■ Career summary and material concurrent positions at the Company

Apr. 2000	Executive Officer, Corporate Planning
Jun. 2000	Director
Jan. 2008	Executive Officer, General Manager of Corporate Control Division, and General Manager of Public Relations Division
Jun. 2008	Resigned as Director, Executive Officer, Division Director of Customer Specific Business Headquarters
Dec. 2010	Executive Officer, Department Manager of Production Management Department
Jun. 2012	Director
Apr. 2013	Executive Officer, General Manager of Division No. 1
Jul. 2017	Executive Officer, General Manager of Corporate Planning Division
Jun. 2018	Managing Director
Jun. 2019	President and CEO (to present)

Reasons for Nomination as Director

As President / CEO since 2019, Mr. Hikawa has demonstrated strong leadership in managing the MegaChips Group and has driven the Company's growth through his superb leadership and outstanding execution skill, strengthening a business foundation, establishing a new business model and achieving a mid-to long term vision. Due to Mr. Hikawa's technical knowledge and strategic thinking on semiconductor and rich experience in corporate management, he is viewed as being capable of contributing to the expanding businesses and continued enhancement of corporate value in a mid-to long term, and therefore, has been nominated again as a candidate for Director.



■ Positions and responsibilities at the Company

Chairman of Board of Directors

- Number of terms of office (at the conclusion of the Annual General Shareholders Meeting):    6 years
- Number of shares held in the Company    556,644 shares
- Attendance at Board of Directors meetings    100% (15 of 15)

■ Career summary and material concurrent positions at the Company

Apr. 1990	Founder of the Company, President and CEO
Jun. 2000	Resigned as President and CEO
Jun. 2000	Chairman of Board of Directors
Jun. 2002	Resigned as Director
Jun. 2002	Chairman
Jun. 2019	Chairman of Board of Directors (to present)

Reasons for Nomination as Director

Since Mr. Shindo founded MegaChips in 1990, he has driven the continued growth of the Company by establishing a solid business foundation through his unwavering vision and powerful leadership. Currently, Mr. Shindo is making efforts in pervading a management philosophy, corporate reform, human resource development, and new business creation initiatives. Furthermore, he is committed to supporting for fostering talented human resources including next-generation engineers by introducing a scholarship system and providing them opportunities of practical learning experiences.

With his rich experience, knowledge and achievements in matters related to corporate management, Mr. Shindo is viewed as a person capable of reinforcing business foundation and realizing growth strategy, and therefore continues to be nominated again as a candidate for Director.

## Nominee Number 3 **Yoshimasa Hayashi**

Date of birth: September 23, 1957 Re-election



### ■ Positions and responsibilities at the Company

Executive Vice President  
Executive Officer

- Number of terms of office (at the conclusion of the Annual General Shareholders Meeting): 9 years
- Number of shares held in the Company 114,500 shares
- Attendance at Board of Directors meetings 100% (15 of 15)

### ■ Career summary and material concurrent positions at the Company

Jun. 2000	Director
Jan. 2008	Executive Officer, General Manager of Business Control Office
Feb. 2009	Director, Vice President, Division Director, Executive Manager of Sales Headquarters
Jun. 2013	Resigned as Director
Apr. 2016	Executive Officer, Senior General Manager of Human Resources Development Division, and General Manager of System Product Division
Jun. 2016	Director
Apr. 2020	Executive Officer, Division Director of ASIC Business Headquarters
Jun. 2020	Senior Managing Director (to present)
Oct. 2021	Executive Officer, General Manager of Planning Department
Feb. 2022	Executive Officer, General Manager of Planning Department, General Manager of Application Technology Division
Jul. 2022	Executive Vice President (to present)
Apr.2023	Executive Officer, General Manager of Finance Division (to present)
Apr.2025	Executive Officer (to present)

(Material concurrent positions)

Director of MegaChips LSI USA Corporation

### Reasons for Nomination as Director

As the person responsible for the semiconductor business, he has contributed in the growth of the company leveraging his many years of experience and expertise, creating business strategies and taking the lead of execution. Currently, Mr. Hayashi contributes to improving the Company's performance and shown initiatives in formulating financial strategies and increasing operational efficiency with his extensive experiences ranging from product development, human resources, sales and corporate planning to finance. With his rich experience, knowledge and achievements, Mr. Hayashi is viewed as being capable of strengthening operation basis, achieving growth strategy and continuously enhancing corporate value and therefore has been nominated again as a candidate for Director.

## Nominee Number 4 **Masaaki Iwai**

Date of birth: March 3, 1964 Re-election



### ■ Positions and responsibilities at the Company

Director, Officer, Senior General Manager of ASIC Division

- Number of terms of office (at the conclusion of the Annual General Shareholders Meeting): 2 years
- Number of shares held in the Company 5,100 shares
- Attendance at Board of Directors meetings 93% (14 of 15)

### ■ Career summary and material concurrent positions at the Company

Apr. 1989    Joined Toshiba Corporation  
Feb. 2009    Toshiba America Electronic Components, Inc.  
Jan. 2012    Back to Toshiba Corporation  
Nov. 2020    Joined MegaChips Corporation, Deputy Senior General Manager, General Manager of Product Engineering Dept. of ASIC Business Division No. 2/ASIC Business HQ. No. 2  
Jan. 2021    Senior General Manager of ASIC Business Division No. 2/ ASIC Business HQ. No. 2  
Oct. 2021    Officer, Senior General Manager of Business Division No. 3  
Oct. 2022    Officer, Executive General Manager of ASIC Business HQ. (to present)  
Jun. 2023    Director (to present)  
Apr. 2025    Officer, General Manager of ASIC Business HQ. (to present)

(Material concurrent positions)

Director of MegaChips Taiwan Corporation

### Reasons for Nomination as Director

Mr. Iwai has deep experience and knowledge in the semiconductor industry. Since joining MegaChips, he has promoted product development that responds to advancements in semiconductor technology and changes in customer needs by utilizing his rich experience and expertise as a head of ASIC business division and product engineering and has led a planning and promoting the business projects. Reflecting his achievements and experiences in the management of the Company, Mr. Iwai is viewed as a person capable of contributing to the continued enhancement of corporate value and therefore has been nominated again as a Director.

**Nominee Number 7 Junko Nagata** Date of birth: October 9, 1961

Re-election / Outside Director / Independent Officer



■ Positions and responsibilities at the Company

Director

- Number of terms of office (at the conclusion of the Annual General Shareholders Meeting): 6 years
- Number of shares held in the Company 4,000 shares
- Attendance at Board of Directors meetings 100% (15 of 15)

■ Career summary and material concurrent positions at the Company

- Apr. 1988 Captain of Matsunami, a patrol boat of Tokyo Coast Guard Office
- Mar. 1993 Acquired Master's degree of Policy Analysis at Graduate School of Saitama University
- Apr. 1995 Chief Officer of Chikuzen, a patrol boat of Fukuoka Coast Guard Office
- Apr. 1997 Assistant Professor of Governmental Management Course at the Japan Coast Guard Academy
- Mar. 2000 Acquired credits for Doctoral Management Research at Graduate School of Osaka University
- Apr. 2003 Assistant Professor of Graduate School of Urban Information Study Course at Osaka City University
- Apr. 2005 Associate Professor of Graduate School of Urban Information Study Course at Osaka City University
- Apr. 2018 Professor of Graduate School of Urban Management at Osaka City University (currently, Osaka Metropolitan University) (to present)
- Jun. 2019 Outside Director (to present)

(Material concurrent positions)

Professor of Urban Policy and Regional Economy Course, Graduate School of Urban Management  
at Osaka Metropolitan University

Director of Women's Business Association

Reasons for Nomination as Outside Director and Expected Role

Ms. Junko Nagata was one of the pioneers to open the careers for women, the first female student of the Japan Coast Guard Academy and the youngest and first female captain of "Matsunami", a patrol boat. In addition, she researched and studied policy analysis and management to develop leadership talent. For the reasons described above, she will proactively provide advice from objective perspectives as an outside director and make management more active from a new point of view. Therefore, the Company has judged that Ms. Nagata will be able to serve as an Outside Director properly and we have nominated her again as a candidate for Outside Director.

Further, as of the conclusion of this Annual General Meeting of Shareholders, Ms. Nagata will have served as an Outside Director of the Company for six terms of office. The Company has registered Ms. Nagata as an Independent Officer with the Tokyo Stock Exchange.



**Nominee Number 8 Hirofumi Nagai**      Date of birth: January 23, 1972

Re-election / Outside Director / Independent Officer



■ Positions and responsibilities at the Company

Director

- Number of terms of office (at the conclusion of the Annual General Shareholders Meeting): 5 years
- Number of shares held in the Company 4,000 shares
- Attendance at Board of Directors meetings 100% (15 of 15)

■ Career summary and material concurrent positions at the Company

- Oct. 1994      Joined Show & Ota (currently, EY ShinNihon LLC)
- May. 1998      Registered as a certified public accountant
- Oct. 2005      Transferred to the Listing Examination Department of the Osaka Securities Exchange Co., Ltd.  
(currently, Osaka Exchange, Inc.)
- Oct. 2007      Returned to Ernst & Young ShinNihon LLC (currently, EY ShinNihon LLC)
- Feb. 2010      Head of Nagai Public Accountant Office (to present)
- Mar. 2010      Registered as a certified tax accountant
- Jun. 2020      Outside Director (to present)

(Material concurrent positions)

Head of Nagai Public Accountant Office

Representative Partner of ALT Tsukiji Audit LLC

Outside auditor of Broad Enterprise Co., Ltd.

Reasons for Nomination as Outside Director and Expected Role

As a certified public accountant and certified tax accountant, Mr. Nagai has extensive expertise and rich career in finance, corporate accounting and corporate auditing. With these specialized skills, we believe he will be able to provide advice proactively on the formulation of financial strategies and the improvement of the accuracy of management decisions and supervise management in terms of corporate governance. Therefore, we continue to nominate him again as a candidate for Outside Director.

Further, as of the conclusion of this Annual General Meeting of Shareholders, Mr. Nagai will have served as an Outside Director of the Company for five terms of office. The Company has registered Mr. Nagai as an Independent Officer with the Tokyo Stock Exchange.

## Nominee Number 9 **Heihachi Matsumoto**

Date of birth: November 2, 1946

Re-election / Outside Director / Independent Officer



### ■ Positions and responsibilities at the Company

Director

- Number of terms of office (at the conclusion of the Annual General Shareholders Meeting): 3 years
- Number of shares held in the Company 3,000 shares
- Attendance at Board of Directors meetings 100% (15 of 15)

### ■ Career summary and material concurrent positions at the Company

Apr. 1972    Joined Mitsubishi Electric Corporation, Kita-Itami Works  
Nov 1985    Doctor of Engineering, Kyoto University  
Jan. 1987    Manager of Quality Assurance Department 3, Mitsubishi Electric Corporation  
Oct. 1991    Deputy General Manager, Memory IC Department, Mitsubishi Electric Corporation  
Oct. 1993    General Manager, System LSI Department, Mitsubishi Electric Corporation  
Apr. 1997    Head of System LSI Laboratory, Mitsubishi Electric Corporation  
Apr. 2002    Senior General Manager, LCD Business Department, Mitsubishi Electric Corporation  
Apr. 2006    Professor, Kochi University of Technology  
Apr. 2010    Visiting Professor, Kochi University of Technology (to present)  
Jun. 2022    Outside Director (to present)

(Material concurrent positions)

Visiting Professor, Kochi University of Technology

### Reasons for Nomination as Outside Director and Expected Role

Mr. Matsumoto has engaged in Research and Development and business operations in the semiconductor field including quality assurance, system LSI, and LCD since joining Mitsubishi Electric Corporation and has a wealth of knowledge and experience about semiconductors. Further, he has broad expertise in technical specialties as a professor at Kochi University of Technology.

We have nominated Mr. Matsumoto as a candidate for Outside Director because we believe that he can contribute to the development of the Company by proactively providing suggestions and proposals from a diverse and objective perspective, leveraging his wide-ranging experience.

Further, as of the conclusion of this Annual General Meeting of Shareholders, Mr. Matsumoto will have served as an Outside Director of the Company for three terms of office. The Company has registered Mr. Matsumoto as an Independent Officer with the Tokyo Stock Exchange.

## Nominee Number 10 Satoshi Nakamura

Date of birth: August 4, 1958

Re-election / Outside Director / Independent Officer



### ■ Positions and responsibilities at the Company

Director

- Number of terms of office (at the conclusion of the Annual General Shareholders Meeting): 2 years
- Number of shares held in the Company 1,000 shares
- Attendance at Board of Directors meetings 100% (15 of 15)

### ■ Career summary and material concurrent positions at the Company

- Apr. 1981 Joined Sharp Corporation, Central Research Labs., Information Technology Research Laboratories
- Mar. 1992 Doctor of Engineering, Kyoto University
- Apr. 1994 Associate Professor of The Graduate School of Information Science at Nara Institute of Science and Technology
- Dec. 2003 Honorarprofessor of Karlsruher Institut für Technologie (to present)
- Apr. 2005 Director of Spoken Language Communication Laboratories, Advanced Telecommunications Research Institute International
- Jun. 2007 Board Member of Advanced Telecommunications Research Institute International
- Apr. 2010 Director of Knowledge Creating Communication Research Center, Director General of Keihanna Research Centre, National Institute of Information and Communications Technology
- Apr. 2011 Professor of The Division of Information Science, The Graduate School of Information Science at Nara Institute of Science and Technology
- Jun. 2023 Outside Director (to present)
- Apr. 2024 Professor of Division for Research Strategy, The Graduate School of Information Science at Nara Institute of Science and Technology (to present)
- Apr. 2024 Professor of School of Data Science, The Chinese University of Hong Kong, Shenzhen (to present)

(Material concurrent positions)

Honorarprofessor of Karlsruher Institut für Technologie

Professor of The Graduate School of Information Science at Nara Institute of Science and Technology

Professor of School of Data Science, The Chinese University of Hong Kong, Shenzhen

### Reasons for Nomination as Outside Director and Expected Role

Having been involved in information technology research for a long time, Mr. Nakamura has been engaged in information and communication technology research while teaching at the University. He has engaged in the establishment of NAIST Data Science Center and currently teaches at NAIST and The Chinese University of Hong Kong, Shenzhen. We have nominated him again as a candidate for outside director because we believe that he can contribute to the development of the Company by proactively providing suggestions and proposals from a diverse and objective perspective, leveraging his wealth of experience and wide-ranging expertise.

Further, as of the conclusion of this Annual General Meeting of Shareholders, Mr. Nakamura will have served as an Outside Director of the Company for two terms of office. The Company has registered Mr. Nakamura as an Independent Officer with the Tokyo Stock Exchange.

(Note) 1. There is no conflict of interest between the Company and any nominee.

2. Junko Nagata, Hirofumi Nagai, Heihachi Matsumoto, and Satoshi Nakamura are nominees as Outside Directors of the Company. In addition, Junko Nagata, Hirofumi Nagai, Heihachi Matsumoto and Satoshi Nakamura meet the standards for Independent Officer set by the Tokyo Stock Exchange and the Company has submitted filings to the Tokyo Stock Exchange designating them as Independent Officers. If Junko Nagata, Hirofumi Nagai, Heihachi Matsumoto and Satoshi Nakamura are reelected, the Company is scheduled to submit filings designating them as an Independent Officers set by the Tokyo Stock Exchange.

3. In connection with the performance of the duties by outside directors and to ensure the performance of their duties as outside directors as well as to enable the Company to employ talented personnel, the Company's Articles of Incorporation permit the Company to conclude agreements with outside directors. The Company has concluded such an agreement with Junko Nagata, Hirofumi Nagai, Heihachi Matsumoto and Satoshi Nakamura, the Company's current outside directors, to limit liability for damages. If they hold the position of director, the Company plans to extend agreements to limit liability for damages.

The outline of the agreement is as follows.

- In the event of liability for the damages stipulated in Paragraph 1, Article 423 of the Companies Act, and when the duties have been performed in good faith and without gross negligence, liability will be limited to the minimum legally permissible amount.

4. Director and Officer Liability Insurance Contract

The Company has entered into a contract of liability insurance for directors and officers pursuant to Paragraph 1, Article 430-3 of the Companies Act, naming all directors as insureds. The contract is intended to cover damages that may arise from the insured directors assuming responsibility for the execution of their duties or receiving claims related to the performance of their obligations. If the candidates proposed in this agenda are elected as Directors, the Company will continue to enter into a liability insurance contract with each of them as the insured.

END

### Proposal 1 : Election of One (1) Auditor

Since the terms of office of the current two Auditors, Keiichi Kitano and Akira Matsushima will expire at the conclusion of the Annual General Meeting of Shareholders, it is proposed that one (1) Auditor be elected.

The nominee for Auditor is as follows:

#### Nominee Number 1 **Keiichi Kitano**

Date of birth: December 12, 1962

Re-election Outside Auditor Independent Officer



#### ■ Positions and responsibilities at the Company

Auditor

- Number of terms of office (at the conclusion of the Annual General Shareholders Meeting): 23 years
- Number of shares held in the Company: 10,000 shares
- Attendance at Board of Directors meetings: 100% (15 of /15)
- Attendance at Audit & Supervisory Board meetings: 100% (13 of 13)

#### ■ Career summary and material concurrent positions

Apr. 1985    Joined Amagasaki Naniwa Shinkin Bank (currently Amagasaki Shinkin Bank)  
Jan. 1988    Retired from the bank above  
Feb. 1988    Joined Wada Sogo Accounting Office  
Feb. 1996    Registered as a tax accountant  
Sept. 1998    Deputy General Manager of Wada Sogo Accounting Office  
Apr. 2000    Office Manager of Kitano Keiichi Tax Accountant Office  
Jun. 2002    Outside Auditor of the Company (to present)

(Material concurrent positions)

Director of Kitano Keiichi Tax Law Firm

Outside Auditor of SUS Co., Ltd.

#### Reason for Nomination as Outside Auditor

Mr. Kitano has extensive knowledge and rich experience as a certified tax accountant and possesses expertise in the semiconductor industry. At the conclusion of this Annual General Meeting of Shareholders, his tenure will have reached 23 years. As such, he has developed a deep understanding of the Company's internal affairs and has consistently applied his insight and experience to the Company's audits with a high level of attention to detail.

Additionally, the Company has registered him as an Independent Officer with the Tokyo Stock Exchange.

(Note) 1. There is no conflict of interest between the Company and a nominee.

2. Keiichi Kitano is a nominee as Outside Auditors of the Company. In addition, Keiichi Kitano meets the standards for Independent Officer set by the Tokyo Stock Exchange and the Company has submitted filings to the Tokyo Stock Exchange designating him as an Independent Officers. Further, if Keiichi Kitano is elected, the Company plans to submit filings to the Tokyo Stock Exchange designating him as an Independent Officer who meets the Tokyo Stock Exchange's criteria for independent officer and has been determined as having substantial independence by the Company.

3. In connection with the performance of the duties by outside auditors and to ensure the performance of their duties as outside auditors as well as to enable the Company to employ talented personnel, the Company's Articles of Incorporation permit the Company to conclude agreements with auditors. The Company has concluded such an agreement with Keiichi Kitano the Company's current auditor, to limit liability for damages.

The outline of the agreement is as follows.

- In the event of liability for the damages stipulated in Paragraph 1, Article 423 of the Companies Act, and when the duties have been performed in good faith and without gross negligence, liability will be limited to the minimum legally permissible amount.

4. Director and Officer Liability Insurance Contract

The Company has entered into a contract of liability insurance for all auditors pursuant to Paragraph 1, Article 430-3 of the Companies Act, naming auditors as insureds. The contract is intended to cover damages that may arise from the insured directors assuming responsibility for the execution of their duties or receiving claims related to the performance of their obligations. If the candidates proposed in this agenda item are elected as Auditors, the Company will continue to enter into a liability insurance contract with each of them as the insured.

## Skill Matrix for Directors and Auditors

Name	Title	Corporate management	Technology / Product development/ Innovation	Business strategy / Marketing	Financial accounting	Legal • Risk management	Human resource development/Diversity	Global business	Sustainability
Tetsuo Hikawa	President and CEO	●		●	●	●			●
Masahiro Shindo	Chairman of the Board	●	●	●			●	●	
Yoshimasa Hayashi	Executive Vice President	●		●	●		●		●
Masaaki Iwai	Director		●	●				●	
Junko Nagata	Director (Independent)					●	●		●
Hirofumi Nagai	Director (Independent)				●	●			●
Heihachi Matsumoto	Director (Independent)		●	●			●		
Satoshi Nakamura	Director (Independent)	●	●				●	●	
Hiroshi Aoki	Auditor	●			●	●			
Keiichi Kitano	Auditor (Independent)				●	●			●
Tomoyoshi Furukawa	Auditor (Independent)				●	●		●	

\* The above list represents areas in which each person has more specialized knowledge based on their experiences and does not represent all the knowledge they possess

The Company Group primarily holds strategic shareholdings as "strategic investments (strategic securities)" aimed at achieving synergies through partnerships and other collaborations with investee companies, with the goal of expanding our business for future growth.

The appropriateness of holding shares in each investee company is comprehensively evaluated by the Board of Directors, taking into account factors such as the creation of synergies with our company, the progress of the investee's business, and its future potential.

As of the end of the current consolidated fiscal year, the balance of investment securities held by the Company Group amounts to ¥101.6 billion. Of this amount, the book value of shares in SiTime Corporation (hereinafter referred to as "SiTime") accounts for ¥87.3 billion, representing the majority of our investment securities.

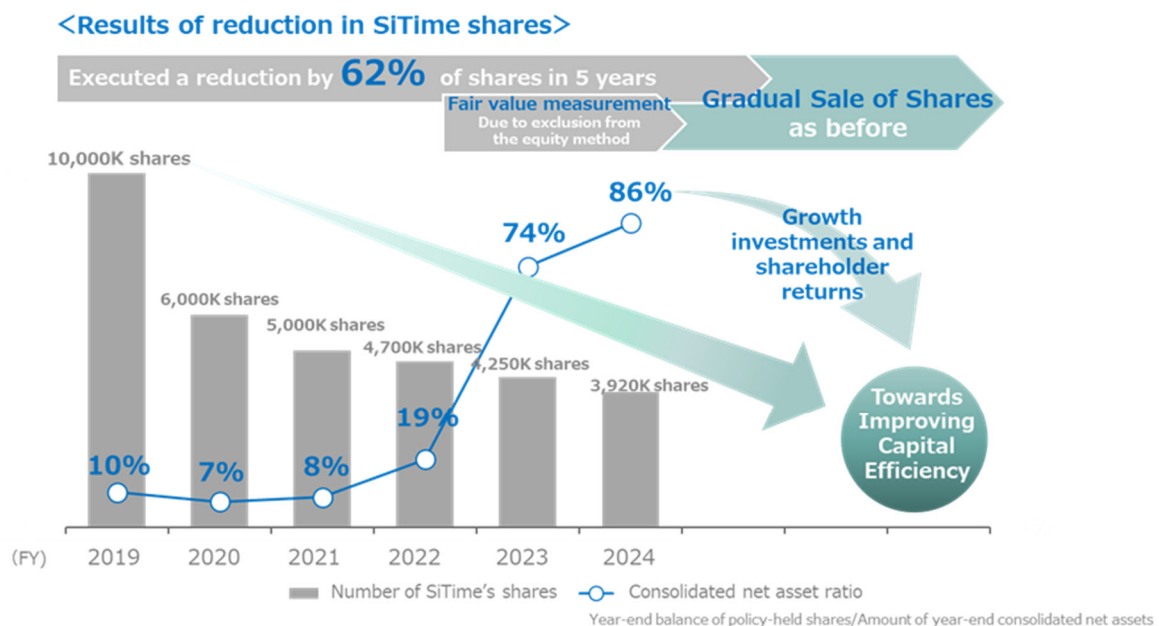
Regarding SiTime, as outlined below, the Company has been reducing its shareholdings and utilizing the funds obtained from the sale of shares for growth investments to expand its business and for shareholder returns. The Company also plan to utilize the remaining shares in SiTime to further enhance its sustainable corporate value through growth investments, shareholder returns, and other initiatives.

## <Acquisition of SiTime's shares and background so far>

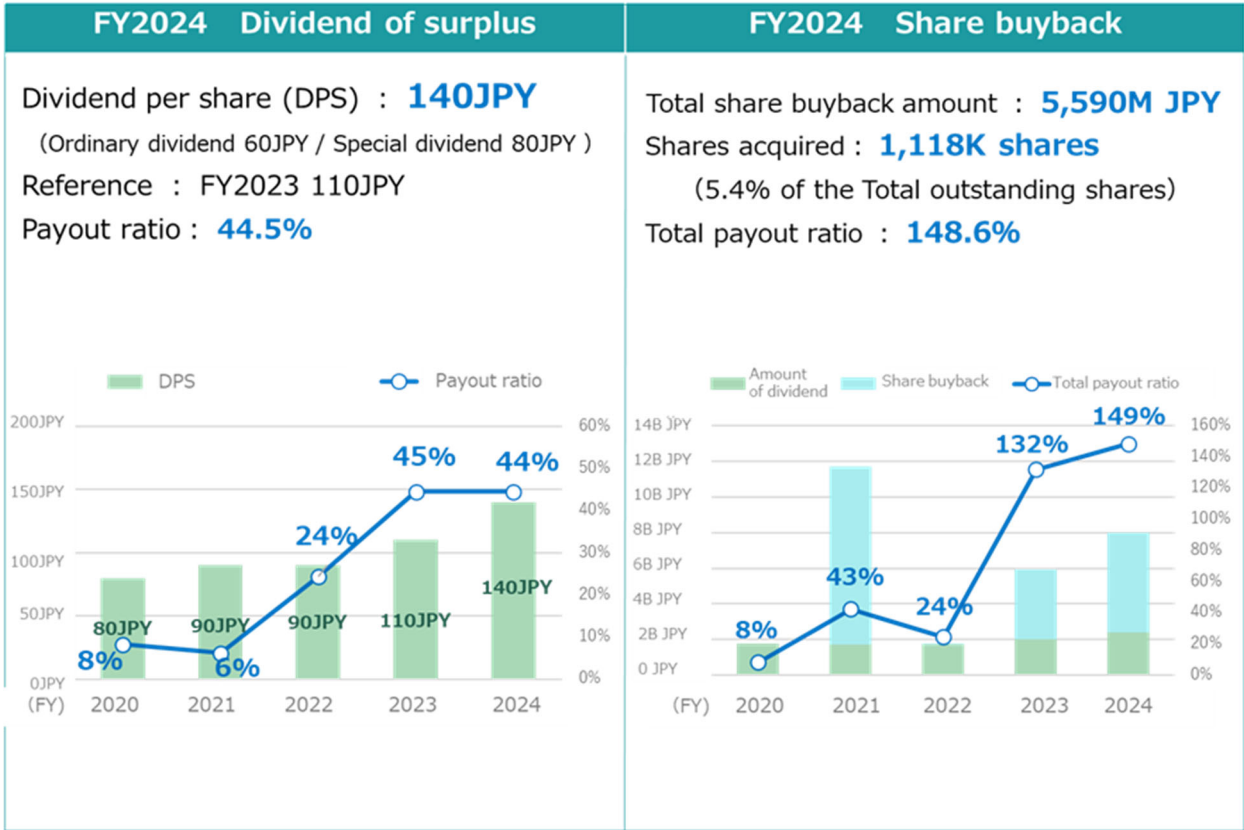
Acquisition of SiTime shares and consolidation as a subsidiary to expand business operations

Subsequently, while the Company has pursued technological and product synergies with SiTime, it was determined that the potential for synergy creation in the future is low. As a result, the Company began reducing its shareholdings.

As the Company continued to reduce its shareholdings, SiTime was excluded from the Company Group starting in fiscal year 2023. Consequently, the shares are now classified as investment securities and are being measured at fair value, resulting in an increase in the valuation of the shares.







## **I Current Status of the MegaChips Group**

### **(1) Status of business for current fiscal year**

#### **① Progress and results of operations**

The Company's core business of ASIC is currently experiencing a temporary inventory adjustment phase due to a decline in demand. However, the continued advancement of AI and IoT technologies is driving the expansion of semiconductor demand in the industrial equipment and communication sectors. Under these circumstances, the Company is focusing on customer-oriented proposal and support activities in the amusement sector. At the same time, the Company is leveraging the upstream design expertise and analog technologies it has cultivated over the years, as well as its strengths in communication interface technology, security technology, and image processing technology. By developing products for image-related equipment, the growing industrial equipment market, and the communication infrastructure sector, the Company aims to strengthen its business foundation and expand profitability.

In the ASSP segment, the Company is focusing its management resources on launching new LSI businesses targeting the communication and industrial equipment sectors, which are expected to experience growth amid the ongoing advancements in information and communication technologies driven by AI, IoT, and 5G. The Company is working to strengthen our competitive edge in analog and digital circuit development and design technologies.

In the communication sector, the Company is advancing commercialization efforts through a capital alliance and strategic partnership with Morse Micro PTY. LTD. (hereinafter referred to as "Morse Micro"). By leveraging long-range wireless communication technologies, the Company aims to provide LSIs and modules that meet diverse customer needs and expand its business through a wide range of communication solutions.

The MegaChips Group will continue to maintain a stable earnings foundation while striving to expand profitability through the strengthening of its business portfolio. Additionally, to foster new businesses that will drive the next generation, the Company is actively working on exploring new markets and developing new products, aiming to create and commercialize unique business opportunities. Through these initiatives, the Company is committed to achieving sustainable growth over the medium-to-long term.

Regarding the operating results for the current consolidated fiscal year, net sales decreased to ¥42,326 million (a 27.0% decline year-on-year) due to a reduction in LSI demand in the Amusement business and a decline in LSI demand in the ASIC business caused by customer inventory adjustments, despite steady progress in NRE revenue from contract development. Operating profit decreased to ¥2,190 million (a 60.1% decline year-on-year).

Ordinary profit amounted to ¥2,608 million (a 24.5% decrease year-on-year), primarily due to the recognition of ¥275 million in interest income and ¥206 million in valuation gains on investment securities related to investment partnerships. Quarterly net profit attributable to owners of the parent increased to ¥5,371 million (a 19.7% increase year-on-year), driven by a gain of ¥7,705 million from the partial sale of SiTime Corporation shares. However, this was partially offset by the recognition of a loss on disposal of fixed assets amounting to ¥1,326 million and an impairment loss on investment securities totaling ¥919 million.

② Status of capital investments

During the current consolidated fiscal year under review, the MegaChips Group made capital investments of ¥2,850 million (including intangible assets).

A rough breakdown of the capital investment consists of ¥1,903 million for the acquisition of reticles used in LSI manufacturing and ¥184 million for the acquisition of software IP, etc., for future competitiveness.

In addition, the Company implemented the retirement of tangible fixed assets, primarily consisting of reticles, amounting to ¥1,318 million.

③ Status of financing

The MegaChips Group has concluded overdraft agreements with 5 transaction banks for the total amount of ¥26,000 million and raises funds as necessary to fund its ordinary working capital. There is no balance of the MegaChips group's interest-bearing liabilities in the end of current consolidated fiscal year.

④ Status of disposal of shares in other companies

The Company has invested in the funds managed by LDV Partners, "LDVP MCC Co-Investment Fund II, L.P." with an investment amount of USD 2,000 thousand (100% ownership ratio) and "LDV Partners Fund III, L.P." with an investment amount of USD 6,000 thousand (83.3% ownership ratio), and these funds have been included as consolidated subsidiaries starting from this fiscal year.

Additionally, during this fiscal year, the Company sold 430,000 shares of SiTime Corporation from its holdings, recording a gain on the sale of investment securities amounting to ¥7,705 million.

(2) Status of assets and profits and losses

Classification	32nd (FY2021 ended March 2022)	33rd (FY2022 ended March 2023)	34th (FY2023 ended March 2024)	35th (FY2024 ended March 2025)
Net sales (Million Yen)	75,256	70,722	57,942	42,326
Ordinary profit (Million Yen)	7,857	7,311	3,456	2,608
Profit attributable to owners of parent (Million Yen)	27,544	7,086	4,486	5,371
Profits (Loss) per share (Yen)	1,349.01	369.40	242.30	306.27
Total assets (Million Yen)	89,842	89,021	126,610	149,940
Net assets (Million Yen)	67,428	74,535	102,673	118,241
Net assets per share (Yen)	3,517.30	3,883.46	5,639.82	6,901.20

### (3) Status of material parent company and subsidiaries

#### ① Status of parent company

There is no relevant information to report.

#### ② Status of major subsidiaries (as of March 31, 2025)

Company names	Capital	Company's ratio of voting rights or investment ratio (%)	Details of major businesses
Shun Yin Investment Ltd.	NT\$309,040 thousand	100.0%	Investment business
MegaChips Taiwan Corporation	NT\$400,000 thousand	100.0% (41.0)	Development and technical support of semiconductor
MegaChips LSI USA Corporation	US\$3,000 thousand	100.0%	Development, marketing and sales of semiconductor
MegaChips VC USA LLC	US\$7,000 thousand	100.0% (100.0)	Corporate venture capital fund
MegaChips VC2 USA LLC	US\$7,299 thousand	100.0% (100.0)	Corporate venture capital fund
LDVP MCC Co-Investment Fund, L.P.	US\$15,636 thousand	82.5% (27.5)	Investment fund
LDVP MCC Co-Investment Fund II, L.P.	US\$2,000 thousand	100.0%	Investment fund
LDV Partners Fund III, L.P.	US\$7,194 thousand	83.3%	Investment fund

(Note) 1. The Company has eight major subsidiaries as above.

2. Shun Yin Investment Ltd., MegaChips Taiwan Corporation, MegaChips VC USA LLC, MegaChips VC2 USA LLC, LDVP MCC Co-Investment Fund, L.P., and DV Partners Fund III, L.P. are deemed to be specified subsidiaries.

3. The figures in parentheses under "Company's ratio of voting rights or investment ratio (%)" represent the percentage indirectly owned by the Company.

4. MegaChips VC USA LLC, MegaChips VC2 USA LLC, LDVP MCC Co-Investment Fund, L.P., LDVP MCC Co-Investment Fund II, L.P., and LDV Partners Fund III, L.P. are the funds. Therefore, the amount of capital and the percentage of voting rights are shown in place of the amount of capital and the percentage of voting rights, respectively.

#### ③ Status of major business partnerships

Nintendo Co., Ltd. and Macronix International Co., Ltd. are the Company's major business partners, and each is a party to a contract manufacturing agreement with the Company for the supply of game software storage LSI.

#### (4) Issues to be addressed

##### ① Management Policy

The MegaChips group, guided by the management philosophy established at the time of its founding, has set forth the mission of "Prosper together with customers by utilizing our system solutions." The Group is committed to taking on the challenge of creating new value and delivering innovative and diverse solutions to our customers, thereby contributing to the realization of a richer and safer society.

#### MegaChips Identity

##### Management Philosophy

"Innovation" : Innovation to fuel our growth

"Trust" : Having a trustworthy relationship with customers

"Creation" : Create products that benefit society

##### ② Vision

In the electronics industry, to which the MegaChips group belongs, the realization of an advanced networked society where everything is connected to the network is driving the trend toward higher performance and multifunctionality of electronic components installed in various devices. These components are becoming increasingly important as they support the future development of the industry.

In the communications field, which the Company targets as a key growth market, the widespread connection of various devices to the internet has led to advancements in communication technologies to meet the demands of the IoT era. These include improvements in communication speed and range, reduction of latency, and the realization of multi-connectivity, enabling numerous devices to connect simultaneously. Similarly, in the industrial equipment sector, the global demand for automation and the shift toward digitalization are accelerating automation trends in areas such as logistics and manufacturing automation, as well as in everyday life. This has increased the importance of industrial robots and various automated devices.

Given this situation, as the demand for higher performance electronic components used in various fields continues to grow, the need for LSI products - key devices that enable high precision, multifunctionality, compactness, and low power consumption in equipment - is expected to expand further.

In this environment, the MegaChips Group is committed to creating high-value-added products and services by combining the proprietary technologies that the Company has cultivated with the innovative, cutting-edge technologies and expertise of other companies. The Company aims to provide solutions that address its customers' challenges. While strengthening the business foundation of its core amusement business, the Company will focus its management resources on growth markets such as industrial equipment and communication devices. Through the expansion of our ASIC and ASSP business and the development of new businesses, the Company will drive the transformation of its business structure.

Additionally, the Company will enhance profitability and capital efficiency by understanding its own cost of capital, improve market valuation through constructive dialogue with investors, and actively promotes sustainability initiatives through corporate activities. By doing so, the Company aims to achieve both the sustainable growth of the company and contributes to the development of the electronics industry.

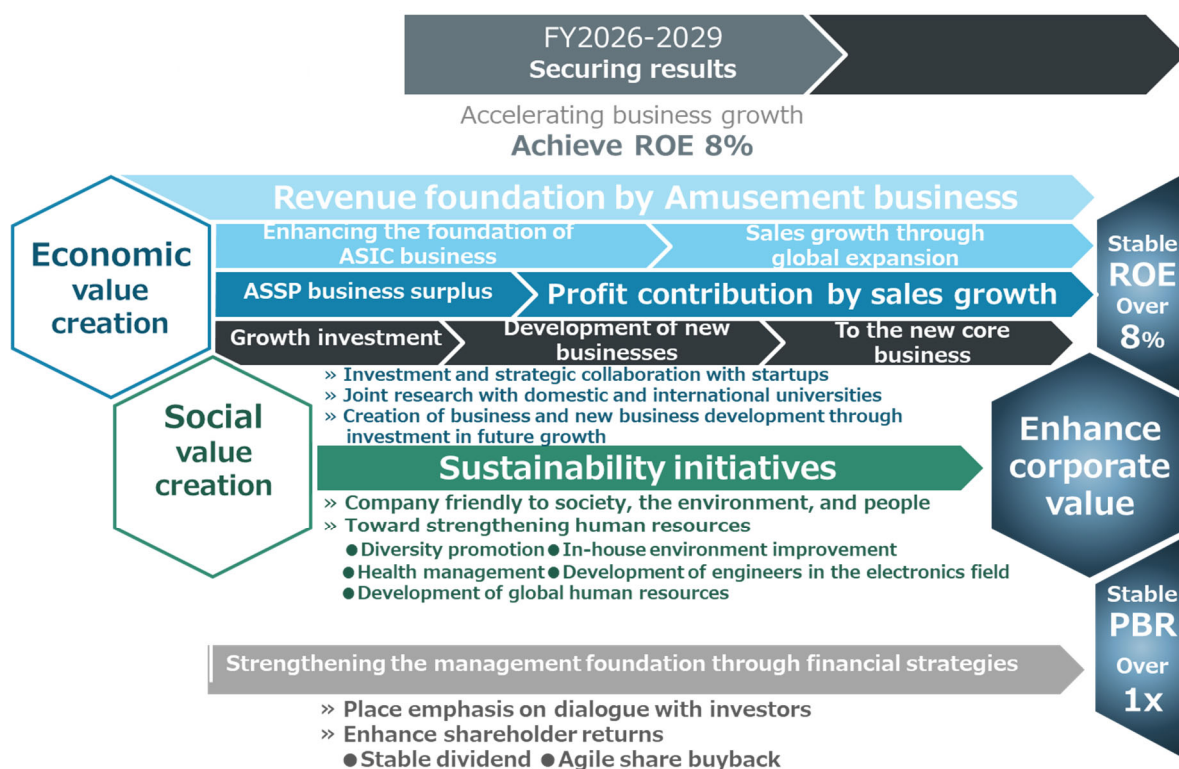
### ③ Mid-to long-term management strategy

In the medium to long term, the Company plans to strengthen its business portfolio by focusing on three core pillars: the amusement business, the ASIC business, and the ASSP business, each with distinct business models. At the same time, the Company will dedicate efforts to nurturing new businesses that will drive the next generation, aiming to enhance its growth potential and reinforce its revenue structure.

For each business, the Company will not only expand domestically but also actively promote overseas development, particularly in North America and Asia. The goals include acquiring new technologies, integrating them with its proprietary technologies, creating solutions using cutting-edge technologies, and exploring new markets and customers. To achieve these objectives, the Company will pursue joint research and development with universities both domestically and internationally, as well as invest in and form strategic partnerships with startup companies that possess advanced technologies and innovative ideas. Through these initiatives, the Company aims to create and commercialize unique businesses.

Additionally, the Company will prioritize dialogue with investors while enhancing shareholder returns through stable dividends and share buybacks, thereby solidifying its management foundation.

As the medium- to long-term vision, the Company aims to achieve an ROE of 8% or higher as a target for profitability and capital efficiency, while improving corporate value. By doing so, the Company will strive to achieve a PBR of 1x or higher as a market valuation target, ensuring sustained growth and increased market recognition.



#### [Amusement Business]

In the core amusement business, the Company will continue to enhance customer-focused proposal activities and support systems to further improve our services. At the same time, to secure market share and ensure a stable supply of products, the Company will strengthen information sharing and production systems with partner companies and manufacturing contractors. By working to solidify the entire supply chain, we aim to further establish our position as a key supplier and ensure stable sales and revenue.

#### [ASIC Business]

In the ASIC business, in addition to the existing focus on consumer electronics and office automation equipment, new growth targets have been identified in the industrial equipment and communication infrastructure sectors. Efforts will continue to expand the business in these areas. Moving forward, the expertise developed over the years in upstream design and analog technologies - particularly strengths in communication interface technology, security technology, and image processing technology - will be leveraged to develop products for image-related equipment, factory automation (FA) equipment, and communication infrastructure devices, with plans to gradually move these products into mass production.

Simultaneously, efforts will be intensified to expand market presence and secure business opportunities not only in Japan but also in overseas markets, particularly in North America and Asia. These initiatives aim to achieve sustainable revenue and profit growth over the medium to long term.

#### [ASSP Business]

In the ASSP business, efforts are underway to advance the full-scale mass production of communication solutions through a strategic partnership with Australia's Morse Micro. This communication business leverages the wired communication technologies developed by the company over the years, combined with Morse Micro's wireless communication technology, which achieves an exceptionally long communication range of approximately 1 km and low power consumption. By providing LSIs and modules, the business aims to deliver a wide range of communication solutions tailored to customer needs.

#### [Sustainability Initiatives]

In order to realize a more prosperous, secure, and sustainable society, our group, as “company friendly to society, the environment, and people”, will address various issues such as compliance with laws, regulations, and social norms; contribution to society by providing excellent products; respect for human rights and promotion of diversity; fair trade with suppliers and business partners; respect for stakeholders; and contribution to global environmental conservation.

- Promoting human resource development and improving working environment

To bring the best out of our human resources, we will promote the development of human resources and diversification and improve the work environment. As to the human resource development and diversification, we will expand on education system, such as job-level training and theme-based training, employ a wide variety of people through a year-round recruitment system, development of global talent, enhance internship opportunities in our new graduate recruitment activities. We will also strive to create a comfortable working environment for all employees by conducting stress checks and workshops on women's health and encouraging employees to take paid leave.



- Addressing environmental conservation

For global environmental conservation, the MegaChips Group will operate its business taking into consideration countermeasures for global warming and reduction of the environmental load. In research and development, we will continue to promote environmentally friendly product manufacturing by enhancing the functions and quality of LSI, focusing on high-speed processing, downsizing, and low-power consumption. We will also engage in activities to reduce energy consumption and waste in our offices. Regarding outsourcing manufacturers, we continuously strive to establish a sustainable supply chain by requesting compliance with the policy on the use of hazardous materials and adherence to carbon dioxide and hazardous material emission standards.

- Social contribution activities

To support the younger generation, which is the foundation of Japan's strength, we are dedicated to developing highly skilled human resources who will lead the next generation in the electronics field through donations to Japanese universities and joint or outsourced research, while, at the same time, promoting the creation of innovative technologies through research activities. In addition to supporting women's universities as part of our efforts to nurture talented female engineers of the future, we began providing financial support through a non-repayable scholarship, the "MegaChips Corporation Scholarship for Female Students in Science," starting in FY2024. This initiative aims to promote the diversification of engineers in the electronics field.

## 2 Status of MegaChips Corporation

### (1) Status of shares (as of March 31, 2025)

- ① Total number of authorized shares 100,000,000 shares
- ② Total number of issued shares 20,652,400 shares
- ③ Number of shareholders 10,199
- ④ Major shareholders (top 10)

Names of shareholders	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,015	11.81
Shindo and Associates Co., Ltd.	1,260	7.39
Shindo Corporation	1,239	7.26
BNY GCM CLIENT ACCOUNT JPRD ACISG (FE-AC)	785	4.60
Custody Bank of Japan (Trust Account)	664	3.89
Masahiro Shindo	556	3.26
Ritsuko Shindo	536	3.14
Noriko Matsui	507	2.97
Mika Aoki	494	2.90
Mitsubishi UFJ Bank, Ltd.	487	2.86

(Note) 1. The shareholding ratio is calculated by deducting the treasury shares (3,582K shares) .

2. Although MegaChips Corporation holds 3,582K shares of treasury shares, it is excluded from the above list of major shareholders.

### ⑤ Status of shares issued to the Company's directors and officers as compensation of execution of duties

The Company delivered 19,500 shares of outstanding shares to 9 directors (4,000 outstanding shares to 4 outside directors), and 4,500 shares of outstanding shares to 9 officers of the Company as restricted stock compensation. The information of the Company's stock compensation are described in "② Total compensation of Directors and Auditors for the current fiscal year" and "③ Summary of policy for determining details of officers' compensation" of "(2) Status of Corporate Officers".

## (2) Status of Corporate Officers

### ① Status of Directors and Auditors (as of March 31, 2025)

Title	Name	Areas of responsibility and status of significant concurrent positions
President and CEO	Tetsuo Hikawa	
Chairperson	Masahiro Shindo	
Executive Vice President Executive Officer	Yoshimasa Hayashi	Executive Manager of Finance Division Officer of MegaChips LSI USA Corporation
Director Executive Officer	Ikuo Iwama	CEO of MegaChips LSI USA Corporation Representative of MegaChips VC USA LLC Representative of MegaChips VC2 USA LLC
Director Executive Officer	Masashi Kuramoto	General Manager of ASIC Memory Business Division Officer of MegaChips LSI USA Corporation Officer of Shun Yin Investment Ltd.
Director Executive Officer	Masaaki Iwai	General Manager of ASIC Business Headquarters Officer of MegaChips Taiwan Corporation
Director	Junko Nagata	Professor at Graduate School of Urban Management at Osaka Metropolitan University Board member of International Human Resource Network Organization Foundation
Director	Hirofumi Nagai	Head of Nagai Public Accountant Office Representative Member of Alt Professional Services Outside auditor of Broad Enterprise Co., Ltd.
Director	Heihachi Matsumoto	Visiting Professor at Kochi University of Technology
Director	Satoshi Nakamura	Honorarprofessor of Karlsruhe Institute of Technology, Germany Professor of The Graduate School of Information Science at Nara Institute of Science and Technology Professor of School of Data Science, The Chinese University of Hong Kong, Shenzhen
Full-time Auditor	Hiroshi Aoki	
Auditor	Keiichi Kitano	President of Kitano Keiichi Tax Accountant Office Outside Auditor of SUS Co., Ltd.
Auditor	Tomoyoshi Furukawa	Partner of Ohara & Furukawa Outside Auditor of JSK Co., Ltd.
Auditor	Akira Matsushima	

(Note) 1. Directors Junko Nagata, Hirofumi Nagai, Heihachi Matsumoto, and Satoshi Nakamura are outside directors as defined in Article 2, Item 15 of the Companies Act.

2. Auditors Keiichi Kitano, Tomoyoshi Furukawa, and Akira Matsushima are outside auditors as defined in Article 2, Item 16 of the Companies Act.

3. Auditor Keiichi Kitano is a certified tax accountant and has considerable knowledge about finance and accounting.

4. MegaChips LSI USA Corporation and MegaChips Taiwan Corporation are subsidiaries of the Company, engaging in transactions with the Company for the outsourcing, contracting, etc. of operations

5. There is no relationship of special interest between the Company and Osaka Metropolitan University, the International Human Resource Network Organization Foundation, Nagai Public Accountant Office, Alt Professional Services, Broad Enterprise Co., Ltd., Kochi University of Technology, Karlsruher Institute für technologie, Nara Institute of Science and Technology, The Chinese University of Hong Kong, Kitano Keiichi Tax Accountant Office, SUS Co., Ltd., and Ohara & Furukawa and JSK Co., Ltd.

6. Directors Junko Nagata, Hirofumi Nagai, Heihachi Matsumoto and Satoshi Nakamura, and Auditors Keiichi Kitano, Tomoyoshi Furukawa, and Akira Matsushima, each satisfies the requirements for independent directors as stipulated by the Tokyo Stock Exchange and have been reported to the Exchange as independent directors.

7. Liability Insurance Contracts for Officers, etc.

The Company has entered into a liability insurance contract with all officers, executive officers, and others as insured pursuant to Article 430-3, Paragraph 1 of the Companies Act. The liability insurance contract covers damages that may be caused by the insured officers, executive officers, and others being held liable for the execution of their duties or receiving claims related to the pursuit of such liability.

② Total compensation of Directors and Auditors for the current fiscal year

Title	Total Amount of Compensation, etc.	Total Amount of Compensation etc. by Category			Number of People
		Base Compensation	Performance-Linked Compensation, etc.	Non-Monetary Compensation, etc.	
Directors (of those, the Outside Directors)	¥ 440,386 thousand (55,930 thousand)	¥ 225,000 thousand (39,300 thousand)	¥137,487 thousand (3,172 thousand)	¥77,898 thousand (13,457 thousand)	10 (4)
Auditors (of those, the Outside Directors)	¥36,000 thousand (25,200 thousand)	¥36,000 thousand (25,200 thousand)	—	—	4 (3)
Total (of those, the Outside Directors)	¥476,386 thousand (81,130 thousand)	¥261,000 thousand (64,500 thousand)	¥137,487 thousand (3,172 thousand)	¥69,578 thousand (13,457 thousand)	14 (7)

- (Note)
1. Pursuant to the resolution adopted at the 27th Annual General Meeting of Shareholders held on June 23, 2017, the annual aggregate compensation for Directors shall not exceed ¥550 million for 12 Directors (of whom 4 are Outside Directors) (¥100 million for Outside Directors).
  2. Pursuant to the resolution adopted at the 31st Annual General Meeting of Shareholders held on June 25, 2021, the annual aggregate non-monetary compensation for Directors shall not exceed ¥200 million for 9 Directors (of whom 3 are Outside Directors) (¥40 million for Outside Directors).
  3. Pursuant to the resolution adopted at the Extraordinary Meeting of Shareholders held on February 25, 1998, the annual aggregate compensation paid to Auditors shall not exceed ¥50 million for 4 Auditors.
  4. Performance-linked compensation, etc. was recorded as bonuses for officers for six Directors during the current fiscal year. The total amount of bonuses for officers for the current fiscal year was set at ¥137,487 thousand, after considering the source of funds to be up to 7% of the Group's "profit attributable to the owners of parent", in accordance with the policy for determining the details of compensation, etc. for officers.
  5. The actual results of the performance-linked index (profit attributable to the owners of parent) for the amount of compensation, etc. for the current fiscal year are as stated in "1. (2) Status of assets and profit and losses".
  6. In determining the details of the individual compensation, etc., for Directors, the decision has been entrusted to Tetsuo Hikawa, President and CEO, who is considered to be the most appropriate person to evaluate the Company's overall performance and the achievements of each Director. The President & CEO determines the individual amounts of fixed compensation and the evaluation and allocation of bonuses for officers for each Director within the range of compensation amount designated by the Compensation Committee. Since the Compensation Committee reviews and proposes the individual compensation amount taking into consideration the compensation standards of companies of a business scale similar to that of the Company and in a related industry, including the consistency with a policy for determining the details of compensation, etc. for officers, the Board of Directors respects the decision of the Compensation Committee and judges that it is consistent with such policy.

③ Summary of policy for determining details of officers' compensation

The Company has established a policy for determining the details of compensation, etc. for officers, and the Board of Directors decides about the establishment and amendment of such policy based on report from the Compensation Committee. The following is a summary of a policy for determining the details of compensation, etc. for officers.

A. Director's Compensation Policy

The compensation structure for the Company Officers focuses on enhancing the enterprise value of the MegaChips Group taking into consideration standards that enable the Company to acquire and retain talented personnel as a source of competitiveness. Specifically, the compensation of a director consists of a fixed compensation amount, a director's bonus, and non-monetary compensations as restricted stock compensation that are linked to performance. The total amount of compensation will be within the scope determined by a resolution adopted at the Annual General Meeting of Shareholders.

B. Policies for determining each individual's compensation, etc. for the basic compensation (monetary compensation)

The basic compensation for the Company's Directors is a fixed monthly compensation amount, which will be determined taking into account, among other things, the difficulty of performing his or her work, the degree of responsibility, and the market rate, depending on each Director's position and work status (full-time/part-time).

C. Policies for determining the details and calculation of performance-linked compensation, etc. and non-monetary compensation, etc. (including policies for determining the timing or conditions for payments of compensation, etc.)

In principle, bonuses for officers will be determined with the source of funds not exceeding 7% of the Group's "profit attributable to the owners of parent" in each fiscal year. (At the MegaChips Group, the "profit attributable to the owners of parent," which is the final management results, is used as an indicator to evaluate the linkage to business performance, and the actual value will be used as the standard.) The distribution of individual payments will be allocated after taking into consideration the additional factor of each Director's performance of his or her responsibilities.

Non-monetary compensation, etc. will be shares with transfer restrictions, the compensation details of which will be the number of shares allotted to the Subject Directors at a certain time each year, taking into consideration their responsibilities. Specifically, based on a resolution of the Company's Board of Directors, monetary claims will be paid to the extent approved and passed at the Annual General Meeting of Shareholders as compensation related to the shares with transfer restrictions, with each Director receiving an allotment of shares with transfer restrictions by transferring all of such monetary claims as an in-kind contribution.

Further, if any of the Subject Directors falls under the category of a non-resident of Japan at the time of the Board of Directors' meeting to determine the amount of monetary claims and the number of shares with transfer restrictions to be allotted under this scheme, the Company will not grant monetary claims or allot shares with transfer restrictions to such Director under this scheme, but will pay such Director monetary compensation in an amount equal to the monetary claims within the range of compensation limit of the existing monetary compensation.

D. Policies on the ratio of the amount of basic compensation (monetary compensation) to the amount of individual compensation, etc. for Directors for the amount of performance-linked compensation, etc. or non-monetary compensation, etc.

The Director's compensation ratio by category will be based on the compensation standards by setting companies of a business scale similar to that of the Company and in a related industry or business category as the Company as a benchmark.

E. Matters for determining the details of individual compensation, etc. for Directors

The Compensation Committee, more than half of whose members consist of Outside Directors, will discuss the individual amounts of fixed-amount compensation, bonuses for officers, and compensation in the form of shares with transfer restrictions, and the Board of Directors will get a report from the Compensation Committee. Following this, the Board of Directors will then entrust the decision of the individual amounts of compensation to the President & CEO, who will respect the contents of the Compensation Committee's report and will determine the details of the individual compensation, etc. for each Director within the scope of the compensation ratio by category indicated in the report.

The Compensation Committee is established under the auspices of the Board of Directors as a voluntary advisory body. The secretariat of the Compensation Committee is the Human Relations Department, more than half of whose members consist of Outside Officers and In-House Directors. In response to the Board of Directors' request for advice, the Compensation Committee has the authority to deliberate on policies related to the compensation, etc., of Directors and Executive Officers, the details of compensation, etc., for individual Directors and Executive Officers, and the establishment, amendment, abolition, etc., of rules and procedures necessary for decisions on matters, and to report to and advise the Board of Directors.

F. Auditor's Compensation Policy

The compensation of auditors consists of a fixed compensation amount. The Company pays a fixed fee compensation based on the type of work (full-time or part-time) and the responsibilities of each auditor.

④ Matters concerning Outside Officers

A. Major activities for this fiscal year

Title	Name	Status of activities
Director	Junko Nagata	<p>Attended 15 of 15 (100%) meetings of the Board of Directors held in the current fiscal year. To clarify the points of contention and doubts, asked appropriate questions and expressed opinions on each proposal and deliberation as an Outside Director of the Company, she has played an appropriate role in monitoring and advising about the execution of the Company's business by making initiative-taking comments from such perspective. In addition to the above, provided necessary advice about improving corporate governance through Board of Directors meetings.</p> <p>Served as a member of the Nominating Committee that was voluntarily formed as a consultative body by the Board of Directors; provided necessary advice.</p>
Director	Hirofumi Nagai	<p>Attended 15 of 15 (100%) meetings of the Board of Directors held in the current fiscal year. To clarify the points of contention and doubts, asked appropriate questions and expressed opinions on each proposal and deliberation as an Outside Director of the Company, he has played an appropriate role in monitoring and advising about the execution of the Company's business by making initiative-taking comments from such perspective. In addition to the above, provided opinion from the professional perspective of a certified public accountant and certified tax accountant, and necessary advice about improving corporate governance through Board of Director meetings.</p> <p>Served as a member of the Nominating Committee that was voluntarily formed as a consultative body by the Board of Directors; provided necessary advice.</p>
Director	Heihachi Matsumoto	<p>Attended 15 of 15 (100%) of the meetings of the Board of Directors held in the current fiscal year. As an Outside Director of the Company, he has played an appropriate role in monitoring and advising the execution of the Company's business by making initiative-taking comments on each agenda item and deliberation, etc., from an objective viewpoint independent of the directors who execute the Company's business. In addition, he has also provided necessary advice based on his technological expertise.</p> <p>Served as a member of the Nominating Committee that was voluntarily formed as a consultative body by the Board of Directors; provided necessary advice.</p>
Director	Satoshi Nakamura	<p>Attended 15 of 15 (100%) of the meetings of the Board of Directors held in the current fiscal year. As an Outside Director of the Company, he has played an appropriate role in monitoring and advising the execution of the Company's business by making initiative-taking comments on each agenda item and deliberation, etc., from an objective viewpoint independent of the directors who execute the Company's business. In addition, he has also provided necessary advice based on his technological expertise.</p>
Auditor	Keiichi Kitano	<p>Attended 15 of 15 (100%) meetings of the Board of Directors held in the current fiscal year. To clarify the points of contention and doubts, asked appropriate questions and expressed opinions on proposals and deliberations mainly from the expert viewpoint as a certified tax accountant. Also, provided necessary advice.</p> <p>Attended 13 of 13 (100%) meetings of the Board of Auditors held in the current fiscal year and made appropriate remarks at every meeting attended and expressed opinions. In addition, exchanged opinions about audit results and consulted about important matters concerning audits.</p> <p>Served as a member of the Compensation Committee that was voluntarily formed as a consultative body by the Board of Directors; provided necessary advice.</p>

Title	Name	Status of activities
Auditor	Tomoyoshi Furukawa	<p>Attended 15 of 15 (100%) meetings of the Board of Directors held in the current fiscal year. To clarify the points of contention and doubts, asked appropriate questions and expressed opinions on proposals and deliberations mainly from the legal perspective and broad insight as an attorney. Also, provided necessary advice.</p> <p>Attended 13 of 13 (100%) meetings of the Board of Auditors held in the current fiscal and made appropriate remarks at every meeting attended and expressed opinions. In addition, exchanged opinions about audit results and consulted about important matters concerning audits.</p> <p>Served as a member of the Compensation Committee that was voluntarily formed as a consultative body by the Board of Directors; provided necessary advice.</p>
Auditor	Akira Matsushima	<p>Attended 15 of 15 (100%) of the meetings of the Board of Directors held in the current fiscal year. To clarify the points of contention and doubts, asked appropriate questions and expressed opinions on proposals and deliberations mainly from the viewpoint of expert with business management experiences mainly in the semiconductor sector. Also, provided necessary advice.</p> <p>Attended 13 of 13 (100%) of the meetings of the Board of Auditors held in the current fiscal year and made appropriate remarks at every meeting attended and expressed opinions. In addition, exchanged opinions about audit results and consulted about important matters concerning audits.</p>

#### B. Description of limited liability agreement

The Company has entered into a limited liability agreement with each of its Outside Officers which limits their respective liability for damages to the extent stipulated in laws and regulations in cases where there is liability for damages under Paragraph 1, Article 423 of the Companies Act, when duties were performed in good faith and without any gross negligence.



### (3) Policy on determination of dividends of surplus

Putting priority on appropriate shareholder returns as one of the important management issues, the Company aggressively promotes shareholder returns, while taking into consideration the Company's business outlook going forward, to better achieve both the sustainable return of profits and the growth of the Company. The basic policy is as follows:

- (i) The Company will, while taking the medium-term business outlook into consideration, determine the amount of dividends of surplus by taking an amount equivalent to at least 30% of the profit attributable to owners of the parent (however, subtractions and additions may occur after taking into consideration special factors relating to accounting, financial settlement or taxation) as the total amount of dividends, and then dividing this amount by the number of issued shares at the end of the then-current period, minus the number of treasury shares held by the Company at the end of the then-current period.
- (ii) Aiming at continuous improvements in its corporate value, the Company will allocate funds to basic research to create innovative modern technologies, the development of unique products, the achievement of a suitable business portfolio, and the securing of competent human resources to achieve medium-to long-term growth. It will also give consideration to maintaining a sound financial position that can withstand variations in the business environment.
- (iii) The Company will endeavor to return profits to shareholders by purchasing treasury shares expeditiously, taking into consideration market conditions, movement of stock prices, and the Company's financial circumstances to improve the efficiency of capital.

In accordance with the Articles of Incorporation approved at the 16th Annual General Meeting of Shareholders held on June 23, 2006 and Article 459 (1) of the Companies Act, decisions regarding the distribution of dividends will be made by a resolution by the Board of Directors, without requiring a resolution by a General Meeting of Shareholders, unless otherwise stipulated by law.

Dividends will be distributed once every year to those shareholders or registered pledges of shares listed or registered in the final shareholder registry as of March 31 of every year. However, dividends may be distributed by prescribing a different record date, following a resolution by the Board of Directors in accordance with the Companies Act and the Articles of Incorporation.

Pursuant to the resolution adopted at the Board of Directors' meeting held on May 14, 2025, the Company will pay an end-of year dividend for this current consolidated fiscal year of a total of ¥140 yen per common share, consisting of a ¥60 yen per share as an ordinary dividend and a ¥80 yen per share as a special dividend to the shareholders as of March 31, 2025.

## Consolidated Balance Sheet

(As of March 31, 2025)

(Unit: Thousand Yen)

Item	Amount	Item	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>【Current assets】</b>	<b>【43,602,421】</b>	<b>【Current liabilities】</b>	<b>【7,962,618】</b>
Cash and deposits	20,830,306	Notes and accounts payable-trade	3,083,074
Notes and accounts receivable-trade, and contract assets	15,554,626	Accounts payable - other	1,957,173
Inventories	4,428,112	Income taxes payable	1,067,742
Accounts receivable - other	2,327,726	Provision for bonuses	459,484
Other	550,300	Provision for loss on construction contracts	478,160
Allowance for doubtful accounts	(88,651)	Other	916,982
<b>【Non-current assets】</b>	<b>【106,338,453】</b>	<b>【Non-current liabilities】</b>	<b>【23,736,855】</b>
<b>Property, plant and equipment</b>	<b>2,249,411</b>	Deferred tax liabilities	23,626,597
Buildings	123,132	Other	110,257
Tools, furniture and fixtures	1,332,409	<b>Total liabilities</b>	<b>31,699,473</b>
Other	793,870	<b>(Net assets)</b>	
<b>Intangible assets</b>	<b>659,096</b>	<b>【Shareholders' equity】</b>	<b>【59,785,094】</b>
Software	658,548	Share capital	4,840,313
Other	548	Capital surplus	9,359,915
<b>Investment and other assets</b>	<b>103,429,945</b>	Retained earnings	59,052,286
Investment securities	101,636,005	Treasury shares	(13,467,420)
Long-term prepaid expenses	990,610	<b>【Accumulated other comprehensive income】</b>	<b>【58,020,286】</b>
Deferred tax assets	28,625	Valuation difference on available-for-sale securities	54,970,705
Other	774,703	Foreign currency translation adjustment	3,049,581
		<b>【Non-controlling interests】</b>	<b>【436,020】</b>
		<b>Total net assets</b>	<b>118,241,401</b>
<b>Total assets</b>	<b>149,940,875</b>	<b>Total liabilities and net assets</b>	<b>149,940,875</b>

## Consolidated Statements of Income

(From April 1, 2024 To March 31, 2025)

(Unit: Thousand Yen)

Item	Amount
<b>Net sales</b>	<b>42,326,428</b>
<b>Cost of sales</b>	<b>34,500,117</b>
<b>Gross profit</b>	<b>7,826,311</b>
<b>Selling, general and administrative expenses</b>	<b>5,636,298</b>
<b>Operating profit</b>	<b>2,190,012</b>
<b>Non-operating income</b>	<b>651,727</b>
Interest income	275,238
Dividend income	54,510
Gain on valuation of investment securities	206,589
Foreign exchange gains	111,819
Other	3,569
<b>Non-operating expenses</b>	<b>233,372</b>
Interest expenses	10,627
Loss on investments in partnership	22,544
Partnership management expense	115,182
Payments for purchase of treasury shares	25,361
Donations	49,255
Other	10,401
<b>Ordinary profit</b>	<b>2,608,368</b>
<b>Extraordinary income</b>	<b>7,705,261</b>
Gain on sale of investment securities	7,705,261
<b>Extraordinary losses</b>	<b>2,246,219</b>
Loss on retirement of non-current assets	1,326,568
Loss on valuation of investment securities	919,651
<b>Profit before income taxes</b>	<b>8,067,410</b>
Income taxes-current	2,808,259
Income taxes-deferred	(133,063)
<b>Profit</b>	<b>5,392,214</b>
<b>Net profit attributable to non-controlling interests</b>	<b>20,295</b>
<b>Profit attributable to owners of parent</b>	<b>5,371,919</b>

## Consolidated Statements of Changes in Net Assets

(From April 1, 2024 To March 31, 2025)

(Unit: Thousand Yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balances at April 1, 2024	4,840,313	9,359,915	57,210,333	(9,544,485)	61,866,076
Changes of items during the consolidated year					
Dividends of surplus	—	—	(1,997,401)	—	(1,997,401)
Profit attributable to owners of parent	—	—	5,371,919	—	5,371,919
Purchase of treasury shares	—	—	—	(5,595,077)	(5,595,077)
Disposal of treasury shares	—	32,165	—	107,412	139,577
Cancellation of treasury shares	—	(1,564,729)	—	1,564,729	—
Transfer from retained earnings to capital surplus	—	1,532,564	(1,532,564)	—	—
Net changes in items other than shareholders' equity during the consolidated year	—	—	—	—	—
Changes of items during the consolidated year (total)	—	—	1,841,953	(3,922,934)	(2,080,981)
Balances at March 31, 2025	4,840,313	9,359,915	59,052,286	(13,467,420)	59,785,094

	Accumulated Other Comprehensive Income (AOCI)			Non-controlling interests	Total net assts
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total other accumulated comprehensive income		
Balances at April 1, 2024	37,553,803	2,989,119	40,542,922	264,737	102,673,736
Changes of items during the consolidated year					
Dividends of surplus	—	—	—	—	(1,997,401)
Profit attributable to owners of parent	—	—	—	—	5,371,919
Purchase of treasury shares	—	—	—	—	(5,595,077)
Disposal of treasury shares	—	—	—	—	139,577
Cancellation of treasury shares	—	—	—	—	—
Transfer from retained earnings to capital surplus	—	—	—	—	—
Net changes in items other than shareholders' equity during the consolidated year	17,416,902	60,461	17,477,363	171,283	17,648,646
Changes of items during the consolidated year (total)	17,416,902	60,461	17,477,363	171,283	15,567,665
Balances at March 31, 2025	54,970,705	3,049,581	58,020,286	436,020	118,241,401

## Balance Sheet

(As of March 31, 2025)

(Unit: Thousand Yen)

Item	Amount	Item	Amount
<b>Assets</b>		<b>Liabilities</b>	
<b>【Current assets】</b>	<b>【36,188,894】</b>	<b>【Current liabilities】</b>	<b>【7,917,066】</b>
Cash and deposits	13,491,795	Electronically recorded obligations	418,735
Electronically recorded monetary claims - operating	15,817	Accounts payable - trade	2,664,339
Accounts receivable - trade	12,751,484	Accounts payable	1,952,918
Contract assets	2,787,323	Income taxes payable	1,067,742
Merchandise and finished goods	2,344,448	Accrued expenses	163,204
Work in process	1,902,784	Contract liabilities	384,902
Raw materials and supplies	180,879	Deposits received	30,239
Prepaid expenses	181,031	Provision for bonuses	458,966
Accounts receivable - other	2,327,726	Provision for loss on construction contracts	478,160
Other	294,254	Other	297,858
Allowance for doubtful accounts	(88,651)	<b>【Non-Current liabilities】</b>	<b>【23,600,079】</b>
<b>【Non-current assets】</b>	<b>【110,012,090】</b>	Deferred tax liabilities	23,600,079
<b>Property, plant and equipment</b>	<b>2,168,610</b>	<b>Total liabilities</b>	<b>31,517,145</b>
Buildings	123,132	<b>Net assets</b>	
Tools, furniture and fixtures	1,329,943	<b>【Shareholders' equity】</b>	<b>【61,143,265】</b>
Other	715,535	<b>Share capital</b>	<b>4,840,313</b>
<b>Intangible assets</b>	<b>658,548</b>	<b>Capital surplus</b>	<b>6,181,300</b>
Software	658,548	Legal capital surplus	6,181,300
<b>Investment and other assets</b>	<b>107,184,931</b>	<b>Retained earnings</b>	<b>63,589,072</b>
Investment securities	96,806,293	Legal retained earnings	97,042
Shares of subsidiaries and associates	6,186,007	Other retained earnings	63,492,030
Investments in capital of subsidiaries and associates	2,498,950	Voluntary retained earnings	3,830,500
Long-term loans receivable	1,495	Retained earnings brought forward	59,661,530
Long-term prepaid expenses	990,610	<b>Treasury shares</b>	<b>(13,467,420)</b>
Guarantee deposits	388,087	<b>【Valuation and translation adjustment】</b>	<b>【53,540,574】</b>
Other	313,487	<b>Valuation difference on available-for-sale securities</b>	<b>53,540,574</b>
		<b>Total net assets</b>	<b>114,683,839</b>
<b>Total assets</b>	<b>146,200,985</b>	<b>Total liabilities and net assets</b>	<b>146,200,985</b>

## Statements of Income

(From April 1, 2024 To March 31, 2025)

(Unit: Thousand Yen)

Item	Amount
<b>Net sales</b>	<b>42,326,428</b>
<b>Cost of sales</b>	<b>34,500,117</b>
<b>Gross profit</b>	<b>7,826,311</b>
<b>Selling, general and administrative expenses</b>	<b>5,651,292</b>
<b>Operating profit</b>	<b>2,175,019</b>
<b>Non-operating income</b>	<b>480,648</b>
Interest and dividend income	431,366
Foreign exchange gains	45,779
Other	3,501
<b>Non-operating expenses</b>	<b>146,394</b>
Interest expenses	9,182
Loss on investments in partnership	51,721
Payments for purchase of treasury shares	25,361
Donations	49,255
Other	10,873
<b>Ordinary profit</b>	<b>2,509,272</b>
<b>Extraordinary income</b>	<b>7,705,261</b>
Gain on sale of investment securities	7,705,261
<b>Extraordinary losses</b>	<b>1,483,668</b>
Loss on retirement of non-current assets	1,326,568
Loss on valuation of investment securities	157,099
<b>Profit before income taxes</b>	<b>8,730,866</b>
Income taxes-current	2,791,430
Income taxes-deferred	(113,413)
<b>Profit</b>	<b>6,052,850</b>

## Statement of Changes in Net Assets

(From April 1, 2024 To March 31, 2025)

(Unit: Thousand Yen)

	Shareholders' equity							
	Share capital	Capital surplus			Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings	Retained earnings brought forward	
						Voluntary retained earnings		
Balances at April 1, 2024	4,840,313	6,181,300	—	6,181,300	97,042	3,830,500	57,138,646	61,066,188
Changes of items during the consolidated year								
Dividends of surplus	—	—	—	—	—	—	(1,997,401)	(1,997,401)
Net Profit	—	—	—	—	—	—	6,052,850	6,052,850
Purchase of treasury shares	—	—	—	—	—	—	—	—
Disposal of treasury shares	—	—	32,165	32,165	—	—	—	—
Cancellation of treasury shares	—	—	(1,564,729)	(1,564,729)	—	—	—	—
Transfer from retained earnings to capital surplus	—	—	1,532,564	1,532,564	—	—	(1,532,564)	(1,532,564)
Net changes of items other than shareholders' equity during the consolidated year	—	—	—	—	—	—	—	—
Changes of items during the consolidated year (total)	—	—	—	—	—	—	2,522,883	2,522,883
Balances at March 31, 2025	4,840,313	6,181,300	—	6,181,300	97,042	3,830,500	59,661,530	63,589,072

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale Securities	Total valuation and translation adjustments	
Balances at April 1, 2024	(9,544,485)	62,543,316	34,876,221	34,876,221	97,419,538
Changes of items during the consolidated year					
Dividends of surplus	—	(1,997,401)	—	—	(1,997,401)
Net Profit	—	6,052,850	—	—	6,052,850
Purchase of treasury shares	(5,595,077)	(5,595,077)	—	—	(5,595,077)
Disposal of treasury shares	107,412	139,577	—	—	139,577
Cancellation of treasury shares	1,564,729	—	—	—	—
Transfer from retained earnings to capital surplus	—	—	—	—	—
Net changes in items other than shareholders' equity during the consolidated year	—	—	18,664,352	18,664,352	18,664,352
Changes of items during the consolidated year (total)	(3,922,934)	(1,400,051)	18,664,352	18,664,352	17,264,301
Balances at March 31, 2025	(13,467,420)	61,143,265	53,540,574	53,540,574	114,683,839

Independent Auditor's Report

May 13, 2025

To the Board of Directors of  
MegaChips Corporation

KPMG AZSA LLC  
Osaka Office, Japan

Tetsuo Yamada  
Designated Limited Liability  
PartnerEngagement Partner  
Certified Public Accountant

Masahiro Deguchi  
Designated Limited Liability  
PartnerEngagement Partner  
Certified Public Accountant

**Opinion**

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of MegaChips Corporation ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as of March 31, 2025 and for the year from April 1, 2024 to March 31, 2025 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Responsibilities of Management and Corporate auditors and the board of corporate auditors for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

#### **Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Implement an audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group that are foundation of the opinion of the consolidated financial statements. We are responsible for the direction, supervision and inspection of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Interest required to be disclosed by the Certified Public Accountants Act of Japan**

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

#### **Notes to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act for the conveniences of the reader.

End

Independent Auditor's Report

May 13, 2025

To the Board of Directors of  
MegaChips Corporation

KPMG AZSA LLC  
Osaka Office, Japan

Tetsuo Yamada  
Designated Limited Liability Partner  
Engagement Partner Certified Public  
Accountant

Masahiro Deguchi  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

**Opinion**

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules ("the financial statements and the accompanying supplementary schedules") of MegaChips Corporation ("the Company") as at March 31, 2025 and for the year from April 1, 2024 to March 31, 2025 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the accompanying supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and the Accompanying Supplementary Schedules**

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules.**

Our objectives are to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the accompanying supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the accompanying supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the accompanying supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the accompanying supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the accompanying supplementary schedules, including the disclosures, and whether the financial statements and the accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Interest required to be disclosed by the Certified Public Accountants Act of Japan**

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

End

### Audit Report

With respect to the Directors' performance of their duties during the 35<sup>th</sup> fiscal year from April 1, 2024 to March 31, 2025, the Audit & Supervisory Board has prepared this Audit Report after deliberations, based on the Audit Report prepared by each Audit & Supervisory Board Member, and hereby report as follows:

#### 1. Method and Contents of Audit by Audit & Supervisory Board Members and Audit & Supervisory Board

(1) The Audit & Supervisory Board has established the audit policies, audit plan, etc. and received a report from each Audit & Supervisory Board Member regarding the status of implementation of their audits and results thereof. In addition, the Audit & Supervisory Board has received reports from the Directors, etc. and the Independent Auditors regarding the status of performance of their duties and requested explanations as necessary.

(2) In conformity with the Audit & Supervisory Board Members auditing standards established by the Audit & Supervisory Board, and in accordance with the audit policies and job assignment, etc. each Audit & Supervisory Board Members endeavored to facilitate a mutual understanding with the Directors, the Internal Audit and other employees, etc., endeavored to collect information and maintain and improve the audit environment, has implemented audit as follows:

I. Attended the meetings of the Board of Directors and other important meetings, received reports on the status of performance of duties from the Directors and other employees, and request explanations as necessary, examined important approval/decision documents, and inspected the status of the corporate affairs and assets. With respect to the subsidiaries, each Audit & Supervisory Board Member endeavored to facilitate a mutual understanding and exchanged information with the Directors, Audit & Supervisory Board Members, etc. of each subsidiary and received from subsidiaries reports on their respective business as necessary.

II. Each Audit & Supervisory Board Member received regular reports from Director and employees concerning the architecture and implementation of (i) the contents of the Board of Directors' resolution regarding the development and maintenance of the system to ensure that the Directors listed within the Business Report, during the performance of their duties, complied with all laws, regulations and the Articles of Incorporation of the Company and other systems that are set forth in Paragraph 1 and 3, Article 100 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of a joint stock company (kabushiki kaisha) and a Corporate Groups consists of a Company and its subsidiaries and (ii) the systems (internal control systems) based on such resolutions, and requested further information as necessary, making remarks when appropriate.

III. Each Audit & Supervisory Board Member monitored and verified whether the Independent Auditors maintained its independence and properly conducted its audit, received a report from the Independent Auditors on the status of its performance of duties, and requested explanations as necessary. Each Audit & Supervisory Board Member was notified by the Independent Auditors that it had established a "system to ensure that the performance of the duties of the Independent Auditors was properly conducted" (the matters listed in the items of Article 131 of the Company Accounting Regulations) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council on October 28, 2005), and requested explanations as necessary.

Based on the above-described methods, each Audit & Supervisory Board Member examined the Business Report and the accompanying supplemental schedules, and the financial statements (Balance Sheet, Statements of Income, Statements of Shareholders' Equity and the notes to financial statements), and the accompanying supplemental schedules, and the Consolidated financial statements (Consolidated Balance Sheet, Consolidated Statements of Income, Consolidated Statements of Shareholders' Equity and the notes to Consolidated financial statements).

## 2. Results of Audit

### (1) Results of Audit of Business Report, etc.

- ① We acknowledge that the Business Report and the accompanying supplemental schedules thereto fairly represents the status of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
- ② We acknowledge that no misconduct of material fact constituting a violation of any law or regulation, or the Articles of Incorporation of the Company was found with respect to the Directors' performance of their duties.
- ③ We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the information provided in the Business Report or the Directors' performance of their duties concerning the internal control systems.

### (2) Results of Audit of financial statements and the accompanying supplemental schedules We acknowledge that the methods and results of audit performed by the Independent Auditors, KMPG AZSA LLC, are appropriate.

### (3) Results of Audit of consolidated financial statements

We acknowledge that the methods and results of audit performed by the Independent Auditors, KMPG AZSA LLC, are appropriate.

May 13, 2025

Audit & Supervisory Board of MegaChips Corporation

Standing Statutory Auditor : Hiroshi Aoki (Seal)

Auditor : Keiichi Kitano (Seal)

Auditor : Tomoyoshi Furukawa (Seal)

Auditor : Akira Matsushima (Seal)

This is translated into English by MegaChips Corporation and intended to assist English speakers. The original report is in Japanese. If there is any discrepancy between this English report and the original Japanese report, the Japanese report prevails.