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Securities Code: 6875
June 4, 2026

To: Our Shareholders

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

NOTICE OF THE 36th ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are hereby notified that the 36th Annual General Meeting of Shareholders of MegaChips Corporation (the “Company”) will be held as described below. In convening this Annual General Meeting of Shareholders, the Company has taken measures for electronic provision of information contained in the Reference Documents for the General Meeting of Shareholders and other related materials (the “Matters Subject to Electronic Provision Measures”). These materials are posted on the following website:

The Company’s website:

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

The Matters Subject to Electronic Provision Measures are also posted on the website of the Tokyo Stock Exchange (“TSE”). Please access the following TSE website (Listed Company Search), enter “MegaChips” in the “Issue Name (Company Name)” field or “6875” in the “Code” field, and click “Search.” Then select “Basic Information” and “Documents for Public Inspection / PR Information” to review the materials.

The TSE website (Listed Company Search):

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

You may exercise your voting rights by postal mail or via the Internet, etc. After reviewing the Reference Documents for the General Meeting of Shareholders, please exercise your voting rights in accordance with the “Guide to Exercising Voting Rights” (page 3) **no later than 6:00 p.m. (Japan time) on Thursday, June 25, 2026**, the day prior to the Annual General Meeting of Shareholders.

1. Date and Time: Friday, June 26, 2026 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 36th Fiscal Year (from April 1, 2025 to March 31, 2026), Consolidated Financial Statements, and Reports of Audit Results of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
2. Non-Consolidated Financial Statements for the 36th Fiscal Year (from April 1, 2025 to March 31, 2026)

Matters to be resolved:

- Proposal 1: Election of Six (6) Directors
Proposal 2: Election of One (1) Auditor

- ◎ If you attend the meeting in person, please submit the enclosed Voting Rights Exercise Form at the reception desk. In addition, for the purpose of conserving resources, please bring this Notice of Convocation of the Annual General Meeting of Shareholders with you. Reception for attendees is scheduled to begin at 9:00 a.m.
- ◎ In accordance with Article 16 of the Company's Articles of Incorporation, if a shareholder exercises voting rights by proxy at the Annual General Meeting of Shareholders, such shareholder may appoint one (1) proxy who is also a shareholder of the Company entitled to exercise voting rights. In such case, the proxy is requested to submit a document evidencing his or her authority as proxy (letter of proxy) at the reception desk on the day of the meeting.
- ◎ Please note that no souvenirs will be provided to shareholders attending the meeting.
- ◎ Among the Matters Subject to Electronic Provision Measures, the following matters are not included in the documents delivered to shareholders pursuant to applicable laws and regulations and the provisions of the Company's Articles of Incorporation. The Audit & Supervisory Board Members and the Accounting Auditor have audited the documents subject to audit, including the following matters:
 - (1) The following items in the Business Report for the 36th Fiscal Year (from April 1, 2025 to March 31, 2026)
 - i. The following items regarding the status of the corporate group:
 - Major business activities, principal business offices, status of employees, and major lenders
 - ii. The following items regarding the status of the Company:
 - Status of the Accounting Auditor, systems to ensure the properness of operations, and basic policy regarding control of the Company
 - (2) Notes to the Consolidated Financial Statements for the 36th Fiscal Year (from April 1, 2025 to March 31, 2026)
 - (3) Notes to the Non-Consolidated Financial Statements for the 36th Fiscal Year (from April 1, 2025 to March 31, 2026)
- ◎ If any revisions are made to the Matters Subject to Electronic Provision Measures, such revisions, and the matters before and after the revisions will be posted on each of the websites described above.
- ◎ Following the conclusion of the Annual General Meeting of Shareholders, information including the resolutions adopted at the meeting will be posted on the Company's website (<https://www.megachips.co.jp/english/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 9-2 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc., and the results of the exercise of voting rights at the meeting will be disclosed on EDINET (Electronic Disclosure for Investors' NETwork), the Financial Services Agency's electronic disclosure system for securities reports and other documents under the Financial Instruments and Exchange Act (<https://disclosure2.edinet-fsa.go.jp/>).

Reference Documents for the General Meeting of Shareholders

Proposal 1 : Election of Six (6) Directors

Since the terms of office of the current eight (8) Directors, Tetsuo Hikawa, Masahiro Shindo, Yoshimasa Hayashi, Masaaki Iwai, Junko Nagata, Hirofumi Nagai, Heihachi Matsumoto, and Satoshi Nakamura will expire at the conclusion of this Annual General Meeting of Shareholders, it is proposed that six (6) 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		92% (11/12 times)
2	Yoshimasa Hayashi	Re-election	Executive Vice President, Executive Officer		100% (12/12 times)
3	Masaaki Iwai	Re-election	Director, Executive Officer		100% (12/12 times)
4	Junko Nagata	Re-election	Director	Outside, Independent	100% (12/12 times)
5	Hirofumi Nagai	Re-election	Director	Outside, Independent	100% (12/12 times)
6	Heihachi Matsumoto	Re-election	Director	Outside, Independent	100% (12/12 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): 14 years
- Number of shares held in the Company 85,000 shares
- Attendance at Board of Directors meetings 92% (11 of 12)

■ 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 overseen the management of the MegaChips Group and worked to strengthen the Company's business foundation as well as create and cultivate new business models through his strong leadership and excellent execution capabilities. In addition, he has steadily implemented the Company's medium- to long-term management strategies and driven its sustainable growth.

The Company has determined that his extensive expertise in the semiconductor field, strategic insight, and business management experience will contribute to the Company's further growth and enhancement of corporate value. Accordingly, he has been re-nominated as a candidate for Director.



■ Positions and responsibilities at the Company

Executive Vice President
Executive Officer, General Manager of Hardware Division

- Number of terms of office (at the conclusion of the Annual General Shareholders Meeting): 10 years
- Number of shares held in the Company 108,000 shares
- Attendance at Board of Directors meetings 100% (12 of 12)

■ 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
Apr.2026 Executive Officer, General Manager of Hardware Division (to present)

(Material concurrent positions)

Director of Shun Yin Investment Ltd.

Reasons for Nomination as Director

Drawing on his extensive experience and expertise cultivated as the person responsible for the semiconductor business, Mr. Hayashi has led the formulation and execution of business strategies and contributed to the Company's growth. In addition, he has contributed to improving the overall performance of the organization by leveraging his broad knowledge and experience in a wide range of fields, including product development, human resources, sales, corporate planning, and finance, thereby promoting business strategy development and operational efficiency.

The Company has determined that these achievements and his broad experience will contribute to further strengthening the Company's business foundation, promoting its growth strategies, and enhancing its sustainable corporate value. Accordingly, he has been re-nominated as a candidate for Director.



■ Positions and responsibilities at the Company

Director, Officer, Senior General Manager of General Administration HQ

- Number of terms of office (at the conclusion of the Annual General Shareholders Meeting): 3 years
- Number of shares held in the Company 7,100 shares
- Attendance at Board of Directors meetings 100% (12 of 12)

■ 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.
- Apr. 2026 Officer, General Manager of General Administration HQ. (to present)

(Material concurrent positions)

Director of MegaChips Taiwan Corporation

Director of MegaChips LSI USA Corporation

Reasons for Nomination as Director

Mr. Iwai possesses extensive experience and expertise in the semiconductor industry. Since joining MegaChips, he has served as the person responsible for the ASIC business and product engineering, promoting product development that addresses technological innovation and customer needs by leveraging his deep knowledge and experience. In addition, he has played a leading role in the formulation and execution of business plans and continues to demonstrate strong leadership in the management of the Company.

The Company has determined that these achievements and experiences will contribute to accelerating the Company's business growth and enhancing its sustainable corporate value. Accordingly, he has been re-nominated as a candidate for Director.

Nominee Number 4 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): 7 years
- Number of shares held in the Company 5,000 shares
- Attendance at Board of Directors meetings 100% (12 of 12)

■ 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 has been a pioneer for the advancement of women, becoming the first female student at the Japan Coast Guard Academy and later serving as the first female and youngest captain of the patrol vessel "Matsunami" in the Japan Coast Guard. In addition, she has engaged in research in policy analysis and business administration and has also been involved in the development of leadership talent, through which she has acquired extensive insight in these fields. Based on these experiences and knowledge, the Company expects that Ms. Nagata will contribute to the revitalization of management by providing advice from an independent perspective as an Outside Director. Accordingly, she has been re-nominated as a candidate for Outside Director.

As of the conclusion of this Annual General Meeting of Shareholders, she will have served as an Outside Director of the Company for seven (7) years.

The Company has designated her as an Independent Officer with the Tokyo Stock Exchange

Nominee Number 5 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): 6 years
- Number of shares held in the Company 5,000 shares
- Attendance at Board of Directors meetings 100% (12 of 12)

■ 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 licensed tax accountant, Mr. Nagai possesses extensive expertise and substantial practical experience in finance, corporate accounting, and auditing.

Based on this expertise, the Company expects that he will provide valuable advice contributing to the enhancement of financial strategies and management decision-making, as well as appropriate supervision from the perspective of corporate governance. Accordingly, he has been re-nominated as a candidate for Outside Director.

As of the conclusion of this Annual General Meeting of Shareholders, he will have served as an Outside Director of the Company for six (6) years.

The Company has designated him as an Independent Officer with the Tokyo Stock Exchange.

Nominee Number 6 **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): 4 years
- Number of shares held in the Company 4,000 shares
- Attendance at Board of Directors meetings 100% (12 of 12)

■ 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 extensive knowledge and experience in the semiconductor field through his involvement in research and development and business operations related to quality assurance, system LSIs, and LCD businesses at Mitsubishi Electric Corporation. In addition, he possesses broad insight gained through his experience as a Visiting Professor at Kochi University of Technology.

The Company expects that he will provide advice and recommendations from diverse and objective perspectives by leveraging these insights. Accordingly, he has been re-nominated as a candidate for Outside Director.

As of the conclusion of this Annual General Meeting of Shareholders, he will have served as an Outside Director of the Company for four (4) years.

The Company has designated him 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, and Heihachi Matsumoto are nominees as Outside Directors of the Company. In addition, Junko Nagata, Hirofumi Nagai, and Heihachi Matsumoto 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, and Heihachi Matsumoto 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 and Heihachi Matsumoto, 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 directors and officers liability insurance contract pursuant to Article 430-3, Paragraph 1 of the Companies Act, under which all Directors are insured. The insurance contract covers damages and legal costs that may arise where an insured Director assumes liability in connection with the execution of his or her duties or becomes subject to claims relating to the performance of such duties. If the candidates proposed in this agenda item are elected as Directors, the Company intends to continue the insurance contract with each of them as an insured.

END

Proposal 1 : Election of One (1) Auditor

In order to further strengthen the auditing structure, the Company proposes to increase the number of Corporate Auditors by one (1) and accordingly requests the election of one (1) Corporate Auditor.

This proposal has obtained the consent of the Board of Corporate Auditors.

The nominee for Corporate Auditor is as follows:

Nominee Number 1 **Yasuto Shimomae**

Date of birth: September 20, 1961

Re-election Outside Auditor Independent Officer



■ Positions and responsibilities at the Company

Executive Director for Intellectual Property and Legal Affairs

- Number of terms of office (at the conclusion of the Annual General Shareholders Meeting): –
- Number of shares held in the Company: 9,700 shares
- Attendance at Board of Directors meetings: –
- Attendance at Audit & Supervisory Board meetings: –

■ Career summary and material concurrent positions

Nov. 2000	Joined MegaChips Corporation
Oct. 2003	Executive Officer, in charge of General Affairs, Human Resources and Legal Teams
Jun. 2014	Executive Officer, General Manager of Intellectual Property & Legal, Corporate Control Department
Jun. 2017	Director
Jul. 2017	Executive Officer, Division Director of ASSP Business Headquarters
Oct. 2022	Executive Officer, Division Director of Intellectual Property & Legal Department
Jun. 2023	Resigned from Director
Jun. 2025	Corporate Officer in charge of Intellectual Property & Legal Affairs

Reason for Nomination as Outside Auditor

Since joining the Company, Mr. Shimomae has been engaged in a wide range of operations, including intellectual property and legal affairs, human resources and administration, and information systems. He has worked to strengthen compliance and risk management and has promoted various initiatives, including customer engagement projects. In addition, he has contributed to strengthening the Company's management foundation by leveraging his extensive knowledge and experience.

He currently serves as the officer in charge of intellectual property and legal affairs and is leading new product development and customer development activities.

The Company has determined that his broad experience and expertise will contribute to further strengthening the Company's audit structure and enhancing corporate value. Accordingly, he has been nominated as a candidate for Corporate Auditor.

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

2. Director and Officer Liability Insurance Contract

The Company has entered into a directors and officers liability insurance contract pursuant to Article 430-3, Paragraph 1 of the Companies Act, with all Auditors as insureds. The insurance contract covers damages and legal costs that may arise from claims made against the insureds in connection with the performance of their duties. If the candidates proposed in this agenda item are elected as Auditors, the Company intends to maintain the insurance contract with them as insureds.

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	●		●	●	●			●
Yoshimasa Hayashi	Executive Vice President	●		●	●		●	●	
Masaaki Iwai	Director		●	●				●	
Junko Nagata	Director (Independent)					●	●		●
Hirofumi Nagai	Director (Independent)				●	●			●
Heihachi Matsumoto	Director (Independent)		●	●			●		
Hiroshi Aoki	Auditor		●	●	●				
Yasuto Shimomae	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

[For Your Reference] Policy on Strategic Shareholdings

The Company Group primarily holds policy shareholdings as strategic investments aimed at generating synergies through alliances and other collaborations with investee companies in order to achieve future growth through business expansion.

The appropriateness of holding shares in each investee company is comprehensively reviewed by the Board of Directors, taking into consideration factors such as the creation of synergies, the progress of the investee's business, and its future prospects.

As of the end of the current consolidated fiscal year, the balance of investment securities held by the Company Group amounted to ¥214.3 billion. Of this amount, shares of SiTime Corporation ("SiTime"), which is listed on the NASDAQ market, accounted for ¥188.8 billion on a book value basis and represented the majority of the Company Group's investment securities.

The Company has been reducing its holdings of SiTime shares, decreasing the number of shares held from the initial 10 million shares to 3.42 million shares. During the fiscal year ended March 31, 2026, the Company sold 400 thousand shares of SiTime stock.

Over the medium-to-long term, the Company intends to continue reducing its holdings while taking into account market conditions and funding needs, with the aim of lowering its ownership ratio from 13% as of March 31, 2026 to approximately 5% by fiscal year 2030. The proceeds from such sales will be utilized for growth investments and shareholder returns, while also improving capital efficiency.

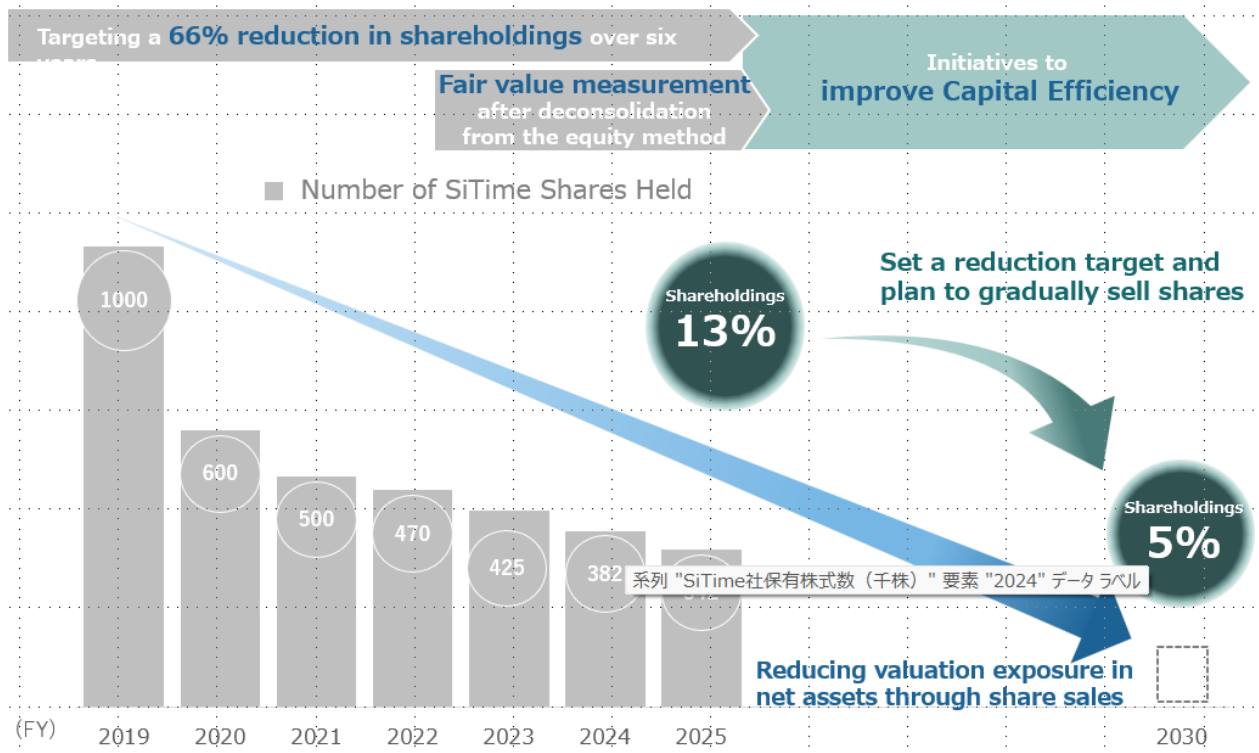
<Background and History of the Acquisition of SiTime

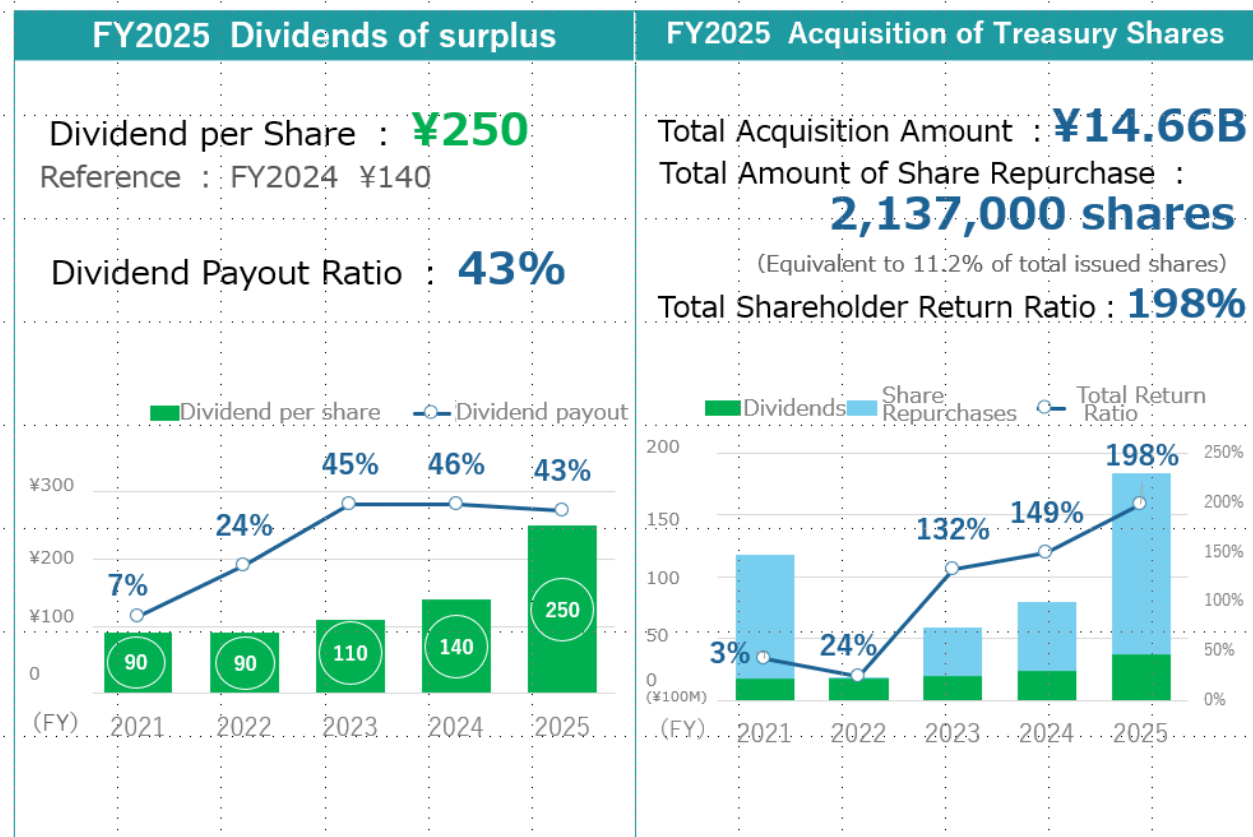
Acquired shares of SiTime, a company with advanced MEMS timing device technologies, and made it a consolidated subsidiary in order to expand business operations.

Subsequently, although the Company pursued technological and product synergies with SiTime, it determined that the potential for future synergies was limited and therefore began reducing its shareholdings.

As the reduction of shareholdings progressed, SiTime was excluded from the Company Group beginning in fiscal year 2023, and the shares were reclassified as investment securities measured at fair value. As a result, the amount recorded on the balance sheet has increased in line with the rise in market value.

[For Your Reference] Policy on Strategic Shareholdings





I Current Status of the MegaChips Group

(1) Status of business for current fiscal year

① Progress and results of operations

In the semiconductor market, demand for advanced semiconductors, particularly those used in generative AI servers, strongly drove the overall market. In the industrial equipment and telecommunication infrastructure sectors, although inventory normalization efforts continued in certain areas, demand for high-performance and high-efficiency semiconductors for data centers, as well as semiconductors compatible with next-generation communication standards, further increased.

Amid this business environment, our ASIC business promoted activities aimed at securing mid- to long-term projects, mainly in the industrial equipment and telecommunications infrastructure sectors, by leveraging our strengths in analog and digital technologies, communication interface technologies, security technologies, and image processing technologies. While the demand in the telecommunications and image processing fields remained firm, recovery in the OA equipment and industrial devices markets, which are our core business areas, was generally gradual due to prolonged inventory adjustments associated with the global slowdown in demand.

In the Amusement segment, although the market is currently in a transition period associated with the shift to new hardware, we have worked to secure stable earnings by maintaining a customer-focused development and support structure.

In the ASSP (Application Specific Standard Product) business, we are accelerating our shift toward growth markets driven by the advancement of AI, IoT, 5G, and next-generation communications. We are also strengthening our competitiveness in analog and digital circuit development and design technologies. In the communications field, we are promoting the development of LSIs utilizing long range, low-power wireless communication technologies and expanding the provision of a broad range of communication solutions. In addition, we are conducting research and development activities in the software field in parallel with a view to future commercialization.

The 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, we are actively working on exploring new markets and developing new products, aiming to create and commercialize unique business opportunities. Through these initiatives, we are committed to achieving sustainable growth over the medium-to-long term.

Regarding the operating results for the current consolidated fiscal year, net sales amounted to ¥36,169 million (a decrease of 14.5% year-on-year), and operating loss was ¥174 million (compared with operating profit of ¥2,190 million in the previous fiscal year). This was mainly due to a decline in demand compared with the previous fiscal year and sluggish recovery in demand in the OA equipment and industrial devices segments, although the Amusement segment continued to show stable demand. In addition, taxes and public dues (enterprise tax under the external standard taxation system) of ¥190 million were incurred in connection with the gain on sale of investment securities. Excluding this impact, adjusted operating profit was ¥16 million.

Ordinary profit amounted to ¥1 million (a decrease of 99.9% year-on-year), mainly reflecting interest income of ¥232 million and valuation gains on investment securities of ¥480 million, partially offset by investment partnership management fees of ¥354 million and other expenses. Net profit attributable to owners of the parent amounted to ¥9,284 million (an increase of 72.8% year-on-year), driven by a gain of ¥15,150 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 ¥1,406 million.

② Status of capital investments

During the current consolidated fiscal year under review, the MegaChips Group made capital investments of ¥2,581 million (including intangible assets).

A rough breakdown of the capital investment consists of ¥2,183 million for the acquisition of reticles used in LSI manufacturing and ¥167 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 ¥1,225 million.

③ Status of financing

The MegaChips Group has concluded overdraft agreements with 5 transaction banks for the total amount of ¥51,000 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 acquisition and disposal of shares in other companies

During this fiscal year, the Company sold 400,000 shares of SiTime Corporation from its holdings, recording a gain on the sale of investment securities amounting to ¥15,150 million.

(2) Status of assets and profits and losses

Classification	33rd (FY2022 ended March 2023)	34th (FY2023 ended March 2024)	35th (FY2024 ended March 2025)	36th (FY2025 ended March 2026)
Net sales (Million JPY)	70,722	57,942	42,326	36,169
Ordinary profit (Million JPY)	7,311	3,456	2,608	1
Profit attributable to owners of parent (Million JPY)	7,086	4,486	5,371	9,284
Profits per share (Yen)	369.40	242.30	306.27	578.31
Total assets (Million JPY)	89,021	126,610	149,940	255,158
Net assets (Million JPY)	74,535	102,673	118,241	185,667
Net assets per share (JPY)	3,883.46	5,639.82	6,901.20	12,349.96

(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, 2026)

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 “Prospering together with customers through system solutions.” The Group is committed to taking on the challenge of creating new value and delivering innovative and diverse solutions to customers, thereby contributing to the realization of a more prosperous and secure society.

In addition, the Group conducts its business activities with a focus on identifying what it can do to help realize a sustainable society and how it can contribute to solving social issues through its business operations. From a long-term perspective, the Group works together with stakeholders to address a wide range of issues, including the global environment, natural resources, society, human rights, and diversity, with the aim of achieving both sustainable growth for the Group and the realization of a sustainable 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 in which everything is connected is driving the trend toward higher performance and multifunctionality of electronic components used in a wide variety of devices. As these components are expected to support future industrial development, their importance continues to increase.

In the communications field, which the Company identifies as a key growth market, the increasing connectivity of various devices to the Internet has accelerated the development of a wide range of communication technologies for the IoT era, including higher communication speeds, longer communication distances, lower latency, and multi-connectivity enabling simultaneous connections among numerous devices. In the AI field, the spread of generative AI and the expansion of cloud usage are rapidly increasing demand for infrastructure capable of supporting high-speed processing and efficient storage of enormous volumes of data. In addition, in the imaging equipment field, the market for professional and enthusiast users remains firm as demand shifts toward more specialized and high-value-added products featuring high-definition video recording and advanced autofocus functions.

Under these circumstances, demand for LSI products is expected to continue expanding as the need for higher-performance electronic components used in various types of equipment continues to grow. LSI products serve as key devices that enable high precision, multifunctionality, compactness, and low power consumption.

In this environment, the MegaChips Group will continue creating higher-value-added products and services by combining its proprietary technologies cultivated over the years with the innovative cutting-edge technologies and expertise of external partners, thereby providing solutions that address customers’ challenges.

While strengthening the business foundation of its core amusement business, the Company will strategically allocate management resources to growth markets such as the communications and imaging equipment fields. Through strengthening its business foundation as well as creating and nurturing new businesses, the Company will promote the transformation of its business structure.

In addition, the Company will seek to enhance profitability and capital efficiency through management that is conscious of the cost of capital, improve market valuation through constructive dialogue with investors, and promote sustainability initiatives through its corporate activities. Through these efforts, the Company aims to achieve both sustainable growth and the realization of a sustainable society while contributing to the development of the electronics industry.

Furthermore, the Company aims to achieve both sustainable growth and contribution to the development of the electronics industry by enhancing profitability and capital efficiency through management that is conscious of the cost of capital, improving market valuation through constructive dialogue with investors, and actively promoting sustainability initiatives through its corporate activities.

③ Mid-to long-term initiatives

During the upcoming medium- to long-term management period (fiscal years 2026 through 2030), the MegaChips Group will promote both business and financial strategies as two key pillars in order to strengthen its earnings power, optimize capital structure, and enhance corporate value.

With respect to business strategies, we will strengthen our business portfolio with the Amusement business and ASIC business serving as core pillars. In addition, we will focus on improving the profitability of the ASSP business and fostering new businesses that will drive the next generation, thereby pursuing further growth and enhancing profitability. Beginning in fiscal year 2026, we aim to place business performance on a growth trajectory. As medium- to long-term targets, we aim to achieve following targets;

- Net sales of ¥80 billion
- Operating profit of ¥10 billion
- Operating profit margin of 10% or higher

① Amusement business

In the Amusement business, we will continue to strengthen customer-focused proposal activities and support systems.

To improve product supply capabilities, we will strengthen our production framework through collaboration with partner companies and contract manufacturers. In addition, we will work to expand market share by differentiating ourselves from competitors through technological development centered on our strengths in memory and security technologies.

② ASIC business

In the ASIC business, we will strengthen our business foundation and work toward rebuilding the business by targeting growth areas such as the communications and image equipment fields, where future growth is expected.

We will leverage the upstream design capabilities and analog technologies cultivated over the years, particularly our strengths in communication interface technology, security technology, and image processing technology. At the same time, we will enhance our competitiveness and focus on expanding the business by acquiring advanced circuit technologies in next-generation communications, image-related fields, and AI-related areas. In addition, by leveraging our strengths in optical access communication technologies, we will focus on developing markets and securing business opportunities in overseas markets, particularly in North America and Asia, with the aim of achieving medium- to long-term growth in both sales and profits.

③ ASSP business and new business

We will actively promote business investments, strategic alliances, and M&A activities involving startup companies possessing cutting-edge technologies and innovative ideas, as well as collaborative research and development with universities in Japan and overseas.

Through these initiatives, we will work to develop new markets and new products in Japan and overseas, particularly in North America and Asia, and aim to create and commercialize new businesses at an early stage in the communications, software, and solutions fields.

As for our financial strategy, the company is actively promoting business investments and strategic partnerships with startup companies that possess cutting-edge technologies and innovative ideas. We will emphasize dialog with investors, achieve proactive shareholder returns, and aim to stabilize managerial foundation.

With both financial and business strategies, we will aim to enhance capital efficiency and earnings power, and achieve ROE 8% or more that exceeds capital cost by the fiscal year 2030.

〔Reduction of strategic shareholdings〕

Through the planned sale of SiTime shares held as the investment securities, we intend to reduce our ownership ratio to approximately 5% by fiscal year 2030. In addition, proceeds from such sales will be utilized as a source of funding for growth investments and shareholder returns, and optimizing capital structure.

〔Utilization of funds for growth investment and strengthening of business foundations〕

For the growth investment, we will utilize funds for investments aimed at creating new businesses and accelerating growth through investments in startup companies, strategic alliances, and M&A activities. We will also flexibly utilize funds for investments aimed at strengthening our business foundation, including research and development of new technologies, establishment of a global business foundation, and acquisition of talented human resources.

〔Utilization of funds for proactive shareholder returns〕

As part of shareholder returns, we plan to utilize a total of ¥20 billion during the medium- to long-term management period for the acquisition of treasury shares. We will conduct such acquisitions flexibly while taking market conditions into consideration, with the aim of improving capital efficiency. In addition, while maintaining a financial base that supports corporate activities, we will provide stable and continuous dividends.

④ Sustainability Initiatives

In order to realize a more prosperous, secure, and sustainable society, the MegaChips Group, as a “company friendly to society, the environment, and people,” will address a wide range of issues, including compliance with laws, regulations, and social norms; contribution to society through the provision of high-quality products; respect for human rights and promotion of diversity; fair and equitable transactions with business partners and suppliers; respect for stakeholders; and contribution to the preservation of the global environment.

〔Human resource development and improvement of the working environment〕

The MegaChips Group is committed to developing human resources, promoting diversity, and improving the working environment so that diverse employees can achieve a balance between work and personal life while enhancing value-added productivity.

With respect to human resource development and diversity, the Group will promote initiatives such as expanding its education and training programs, including position-based and theme-based training; recruiting diverse talent through a year-round hiring system; developing global talent; and enhancing internship opportunities in new graduate recruitment activities.

In terms of improving the working environment, the Group will work to create a workplace in which all employees can work comfortably by enhancing and promoting the use of systems that support diverse working styles, including childcare leave and shortened working hours for childcare, as well as by conducting stress checks and encouraging employees to take paid leave in order to maintain employee health.

{Environmental conservation initiatives}

To help preserve the global environment, the MegaChips Group conducts business activities with consideration for measures against global warming and the reduction of environmental impact.

In research and development, the Group promotes environmentally friendly product development by improving the functionality and quality of LSIs, including higher-speed processing, miniaturization, and lower power consumption. The Group also engages in activities to reduce energy consumption and waste generated in its offices.

In addition, with respect to manufacturing subcontractors of the Company's products, the Group continues working to establish a sustainable supply chain by requesting strict compliance with policies regarding the use of hazardous chemical substances and adherence to standards for carbon dioxide and hazardous substance emissions.

{Social contribution activities}

As part of its efforts to support young people who will form the foundation of Japan's future, the MegaChips Group is committed to fostering highly talented individuals who will lead the next generation in the electronics field through initiatives such as donations to universities in Japan and collaboration through joint and commissioned research projects. At the same time, the Group promotes the creation of advanced technologies through research activities.

In addition, as part of efforts to promote diversity among engineers in the electronics field, the Group provides support to women's universities to help foster talented female engineers of the future. Furthermore, beginning in fiscal year 2024, the Group launched the "MegaChips Corporation Scholarship for Female Students in Science," a non-repayable scholarship program designed to provide financial support to female students pursuing studies in science-related fields.

2 Status of MegaChips Corporation

(1) Status of shares (as of March 31, 2026)

- | | | |
|-------------------------------------|-------------|--------|
| ① Total number of authorized shares | 100,000,000 | shares |
| ② Total number of issued shares | 19,046,900 | shares |
| ③ Number of shareholders | 8,531 | |
| 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)	1,765	11.80
Shindo and Associates Co., Ltd.	1,260	8.43
Shindo Corporation	1,239	8.29
Masahiro Shindo	550	3.75
Ritsuko Shindo	536	3.59
Noriko Matsui	507	3.39
Mika Aoki	494	3.31
Mitsubishi UFJ Bank, Ltd.	487	3.26
Custody Bank of Japan (Trust Account)	450	3.01
Sumitomo Life Insurance Company	400	2.67

(Note) 1. The shareholding ratio is calculated by deducting the treasury shares (4,085K shares) .

2. Although MegaChips Corporation holds 4,085K shares of treasury shares, it is excluded from the above list of major shareholders.

④ Status of shares issued to the Company's directors and officers as compensation of execution of duties

As restricted stock compensation, the Company granted 16,500 shares of its common stock to seven Directors (including 3,000 shares to three Outside Directors) and 3,000 shares of its common stock to six Executive Officers and other officers.

Details of the Company's stock compensation are described in "(2) Status of Corporate Officers," "② Total Compensation, etc. of Directors and Corporate Auditors for the Current Fiscal Year," and "③ Summary of Policies for Determining the Details of Officers' Compensation, etc."

(2) Status of Corporate Officers

① Status of Directors and Auditors (as of March 31, 2026)

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 Officer, General Manager of Hardware Division Director of Shun Yin Investment Ltd
Director Executive Officer	Masaaki Iwai	Director, Officer, Senior General Manager of General Administration HQ Director of MegaChips Taiwan Corporation Director of MegaChips LSI USA 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.

(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 and Tomoyoshi Furukawa 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. Shun Yin Investment Ltd, MegaChips Taiwan Corporation, and MegaChips LSI USA 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 technology, Nara Institute of Science and Technology, The Chinese University of Hong Kong, Kitano Keiichi Tax Accountant Office, SUS Co., Ltd., Ohara & Furukawa and JSK Co., Ltd.

6. Directors Junko Nagata, Hirofumi Nagai, Heihachi Matsumoto and Satoshi Nakamura, and Auditors Keiichi Kitano and Tomoyoshi Furukawa, 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)	¥ 384,508 thousand (58,635 thousand)	¥ 201,000 thousand (39,600 thousand)	¥102,873 thousand (4,758 thousand)	¥80,634 thousand (14,276 thousand)	10 (4)
Auditors (of those, the Outside Directors)	¥33,750 thousand (22,050 thousand)	¥33,750 thousand (22,050 thousand)	—	—	4 (3)
Total (of those, the Outside Directors)	¥418,258 thousand (80,685 thousand)	¥234,750 thousand (61,650 thousand)	¥102,873 thousand (4,758 thousand)	¥80,634 thousand (14,276 thousand)	14 (7)

- (Note)
- 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).
 - 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).
 - 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.
 - 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 ¥102,873 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.
 - 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."
 - 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 policies for determining the details of officers' compensation, etc. The establishment and amendment of such policies are resolved by the Board of Directors based on recommendations from the Compensation Committee. A summary of the policies regarding officers' compensation, etc. is as follows.

A. Basic Policy for Directors' Compensation

The Company's compensation system for Directors is designed to enhance the corporate value of the MegaChips Group while taking into account compensation levels necessary to attract and retain talented personnel, which are the source of the Company's competitiveness. Specifically, Directors' compensation consists of fixed compensation as base compensation, bonuses as performance-linked compensation, and restricted stock compensation as non-monetary compensation. The total amount of compensation shall be determined within the scope approved by resolution of the Annual General Meeting of Shareholders.

B. Policies for Determining the Amount of Base Compensation (Monetary Compensation)

Base compensation for the Company's Directors consists of fixed monthly compensation and is determined by taking into consideration factors such as each Director's position, employment status (full-time or part-time), degree of responsibility, difficulty of duties, and market standards.

C. Policies for Determining the Details and Calculation Methods of Performance-Linked Compensation and Non-Monetary Compensation

Performance-linked compensation is based on business performance in order to enhance motivation to improve performance and is paid in cash as bonuses for officers at a certain time each year.

In principle, the total amount of bonuses for officers for each fiscal year shall not exceed 7% of the MegaChips Group's profit attributable to owners of parent. The Company adopts "profit attributable to owners of parent," which represents the final result of management performance, as an indicator for evaluating performance-linked compensation, and actual results are used as the basis for calculation. Individual bonus amounts are determined by taking into account each Director's performance of his or her responsibilities.

Non-monetary compensation consists of restricted stock compensation, under which shares are allotted annually to eligible Directors in consideration of their responsibilities. Specifically, based on a resolution of the Board of Directors, monetary claims are granted within the scope approved by the Annual General Meeting of Shareholders as compensation relating to restricted stock, and each Director receives an allotment of restricted stock by contributing all such monetary claims as property contributed in kind.

If any eligible Director is a non-resident of Japan at the time the Board of Directors determines the amount of monetary claims and the number of shares to be allotted under this scheme, such Director shall not receive monetary claims or an allotment of restricted stock under the scheme. Instead, monetary compensation equivalent to the amount of such monetary claims shall be paid within the existing monetary compensation framework.

D. Policies on the Ratio of Base Compensation, Performance-Linked Compensation, and Non-Monetary Compensation

The ratio of each category of compensation for Directors shall be determined with reference to compensation levels of benchmark companies of a similar business scale and in related industries and business sectors.

E. Matters Concerning Determination of Individual Compensation for Directors

The Compensation Committee, a majority of whose members consist of Outside Officers, deliberates on the individual amounts of fixed compensation, bonuses for officers, and restricted stock compensation, and reports its recommendations to the Board of Directors.

Based on such recommendations, the Board of Directors delegates the determination of individual compensation amounts to the President & CEO. In making such determinations, the President & CEO shall respect the recommendations of the Compensation Committee and determine the details of compensation for each Director within the compensation ratio ranges indicated in such recommendations.

The Compensation Committee is established under the Board of Directors as a voluntary advisory body. Its secretariat is operated by the Human Resources Department, and its members consist of Outside Officers, who constitute a majority, and Internal Directors. Upon consultation by the Board of Directors, the Compensation Committee deliberates on policies regarding compensation for Directors and Executive Officers, details of individual compensation, and the establishment, amendment, or abolition of rules and procedures necessary for determining such compensation, and provides recommendations and advice to the Board of Directors.

F. Policy for Compensation of Corporate Auditors

Compensation for Corporate Auditors consists solely of fixed compensation. Fixed compensation is determined according to each Corporate Auditor's employment status (full-time or part-time) and responsibilities.

④ Matters concerning Outside Officers

A. Major activities for this fiscal year

Title	Name	Status of activities
Director	Junko Nagata	<p>Attended all 12 meetings (100%) of the Board of Directors held during the current fiscal year. From an independent and objective standpoint separate from the Directors responsible for business execution, she has actively expressed opinions and provided appropriate advice on each proposal and matter deliberated at the meetings. Accordingly, she has appropriately fulfilled her role as an Outside Director in supervising and advising on the execution of the Company's business operations. In addition, she has provided necessary advice regarding the strengthening of corporate governance through meetings of the Board of Directors. In addition to the above, she has served as a member of the Nominating Committee, which has been voluntarily established as an advisory body to the Board of Directors, and has provided necessary advice.</p>
Director	Hirofumi Nagai	<p>Attended all 12 meetings (100%) of the Board of Directors held during the current fiscal year. From an independent and objective standpoint separate from the Directors responsible for business execution, he has actively expressed opinions and provided appropriate advice on each proposal and matter deliberated at the meetings. Accordingly, he has appropriately fulfilled his role as an Outside Director in supervising and advising on the execution of the Company's business operations. In addition, through meetings of the Board of Directors, he has provided professional opinions and necessary advice from the perspective of a certified public accountant and certified tax accountant, as well as advice regarding the strengthening of corporate governance. In addition to the above, he has served as a member of the Nominating Committee, which has been voluntarily established as an advisory body to the Board of Directors, and has provided necessary advice.</p>
Director	Heihachi Matsumoto	<p>Attended all 12 meetings (100%) of the Board of Directors held during the current fiscal year. From an independent and objective standpoint separate from the Directors responsible for business execution, he has actively expressed opinions and provided appropriate advice on each proposal and matter deliberated at the meetings. Accordingly, he has appropriately fulfilled his role as an Outside Director in supervising and advising on the execution of the Company's business operations. In addition, he has provided necessary advice based on his expertise in technical fields through meetings of the Board of Directors. In addition to the above, he has served as a member of the Nominating Committee, which has been voluntarily established as an advisory body to the Board of Directors, and has provided necessary advice.</p>
Director	Satoshi Nakamura	<p>Attended 11 of the 12 meetings (92%) of the Board of Directors held during the current fiscal year. From an independent and objective standpoint separate from the Directors responsible for business execution, he has actively expressed opinions and provided appropriate advice on each proposal and matter deliberated at the meetings. Accordingly, he has appropriately fulfilled his role as an Outside Director in supervising and advising on the execution of the Company's business operations. In addition, he has provided necessary advice based on his expertise in technical fields through meetings of the Board of Directors.</p>
Auditor	Keiichi Kitano	<p>Attended all 12 meetings (100%) of the Board of Directors held during the current fiscal year. Mainly from the professional perspective of a certified tax accountant, he asked appropriate questions and expressed opinions on proposals and matters deliberated at the meetings in order to clarify points at issue and areas of concern. In addition, he provided necessary advice. Attended all 13 meetings (100%) of the Board of Corporate Auditors held during the current fiscal year, and appropriately made remarks and expressed opinions whenever necessary at each meeting attended. In addition, opinions were exchanged regarding audit results, and important matters concerning audits were discussed. In addition to the above, he served as a member of the Compensation Committee, which has been voluntarily established as an advisory body to the Board of Directors, and provided necessary advice.</p>

Title	Name	Status of activities
Auditor	Tomoyoshi Furukawa	<p>Attended all 12 meetings (100%) of the Board of Directors held during the current fiscal year. Mainly from the legal perspective and broad expertise as an attorney, he asked appropriate questions and expressed opinions on proposals and matters deliberated at the meetings in order to clarify points at issue and areas of concern. In addition, he provided necessary advice. Attended all 13 meetings (100%) of the Board of Corporate Auditors held during the current fiscal year, and appropriately made remarks and expressed opinions whenever necessary at each meeting attended. In addition, opinions were exchanged regarding audit results, and important matters concerning audits were discussed. In addition to the above, he served as a member of the Compensation Committee, which has been voluntarily established as an advisory body to the Board of Directors, and provided necessary advice.</p>

B. Description of Limited Liability Agreement

The Company has entered into agreements with each of its Outside Officers to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act. Under such agreements, if an Outside Officer performs his or her duties in good faith and without gross negligence, such liability shall be limited to the minimum liability amount prescribed by laws and regulations.

(3) Policy on Determination of Dividends of Surplus

The Company regards appropriate shareholder returns as one of its key management priorities. In order to achieve both sustainable shareholder returns and corporate growth, the Company strives to enhance shareholder returns while taking into consideration its future business outlook. The basic policy is as follows:

(i) With regard to dividends of surplus, while taking into consideration the medium-term business outlook, the Company shall determine the total amount of dividends as an amount equivalent to 30% or more of profit attributable to owners of parent (provided, however, that certain additions or deductions may be made after taking into account special accounting, settlement, or tax-related factors). The dividend per share shall be calculated by dividing such total amount of dividends by the total number of issued shares outstanding at the end of the fiscal year, excluding treasury shares held by the Company.

(ii) Aiming to enhance corporate value on a sustainable basis, the Company will also secure funds necessary for medium- to long-term growth, including basic research for the creation of innovative technologies, development of unique products, realization of an appropriate business portfolio, and acquisition of talented human resources. In addition, the Company will maintain a sound financial position capable of withstanding changes in the business environment.

(iii) In order to improve capital efficiency, the Company will endeavor to return profits to shareholders through flexible share repurchases, taking into consideration market conditions, stock price trends, and financial conditions.

Pursuant to Article 459, Paragraph 1 of the Companies Act and the Articles of Incorporation approved at the 16th Annual General Meeting of Shareholders held on June 23, 2006, dividends of surplus shall be determined by resolution of the Board of Directors unless otherwise provided by laws and regulations, without requiring a resolution of the General Meeting of Shareholders.

Dividends shall be paid once a year to shareholders or registered pledges of shares recorded in the final shareholder register as of March 31 each year. However, in accordance with the Companies Act and the Articles of Incorporation, the Company may pay dividends based on a different record date as determined by resolution of the Board of Directors.

Based on the above policy, at the meeting of the Board of Directors held on May 14, 2026, the Company resolved to pay an ordinary dividend of ¥250 per common share to shareholders recorded as of March 31, 2026.

Consolidated Balance Sheet

(As of March 31, 2026)

(Unit: Thousand Yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
【Current assets】	【36,002,010】	【Current liabilities】	【12,881,945】
Cash and deposits	15,293,474	Notes and accounts payable-trade	5,163,827
Notes and accounts receivable-trade, and contract assets	11,221,281	Accounts payable - other	1,038,520
Inventories	4,730,192	Income taxes payable	4,428,033
Accounts receivable - other	2,994,702	Provision for bonuses	479,898
Other	1,939,311	Provision for loss on construction contracts	419,492
Allowance for doubtful accounts	-176,951	Other	1,352,172
【Non-current assets】	【219,156,833】	【Non-current liabilities】	【56,609,574】
(Property, plant and equipment)	(2,872,396)	Deferred tax liabilities	56,418,845
Buildings	115,542	Other	190,728
Tools, furniture and fixtures	1,247,169	Total liabilities	69,491,519
Other	1,509,685	(Net assets)	
(Intangible assets)	(659,873)	【Shareholders' equity】	【52,164,319】
Software	659,873	Share capital	4,840,313
(Investment and other assets)	(215,624,563)	Capital surplus	9,359,915
Investment securities	214,354,034	Retained earnings	58,708,967
Long-term prepaid expenses	624,179	Treasury shares	-20,744,876
Deferred tax assets	27,686	【Accumulated other comprehensive income】	【132,602,977】
Other	618,662	Valuation difference on available-for-sale securities	128,932,558
		Foreign currency translation adjustment	3,670,418
		【Non-controlling interests】	【900,028】
		Total net assets	185,667,324
Total assets	255,158,843	Total liabilities and net assets	255,158,843

Consolidated Statements of Income

(From April 1, 2025 To March 31, 2026)

(Unit: Thousand Yen)

Item	Amount
Net sales	36,169,313
Cost of sales	30,656,874
Gross profit	5,512,439
Selling, general and administrative expenses	5,687,256
Operating profit	-174,817
Non-operating income	750,919
Interest income	232,038
Gain on valuation of investment securities	480,586
Gain on investment partnership operations	33,608
Other	4,686
Non-operating expenses	574,625
Interest expenses	23,451
Investment partnership management fees	354,779
Donations	37,966
Foreign exchange loss	68,899
Other	72,576
Ordinary profit	16,952
Extraordinary income	1,476
Gain on sale of investment securities	15,150,486
Extraordinary losses	15,150,486
Loss on valuation of inventories	1,577,396
Loss on disposal of fixed assets	110,812
Loss on valuation of investment securities	1,406,583
Profit before income taxes	60,000
Income taxes - current	13,574,566
Income taxes - deferred	4,258,168
Profit attributable to owners of parent and non-controlling interests	3,418
Profit attributable to non-controlling interests	9,312,980
Profit attributable to owners of parent	28,730

Consolidated Statements of Changes in Net Assets

(From April 1, 2025 To March 31, 2026)

(Unit: Thousand Yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balances at April 1, 2025	4,840,313	9,359,915	59,052,286	-13,467,420	59,785,094
Changes during the fiscal year					
Dividends of surplus	—	—	-2,389,839	—	-2,389,839
Profit attributable to owners of parent	—	—	9,284,249	—	9,284,249
Purchase of treasury shares	—	—	—	-14,662,989	-14,662,989
Disposal of treasury shares	—	29,382	—	118,420	147,803
Cancellation of treasury shares	—	-7,267,112	—	7,267,112	—
Transfer from retained earnings to capital surplus	—	7,237,729	-7,237,729	—	—
Net changes in items other than shareholders' equity during the fiscal year	—	—	—	—	—
Total changes during the fiscal year	—	—	-343,319	-7,277,456	-7,620,775
Balance at March 31, 2026	4,840,313	9,359,915	58,708,967	-20,744,876	52,164,319

	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, 2025	54,970,705	3,049,581	58,020,286	436,020	118,241,401
Changes during the fiscal year					
Dividends of surplus	—	—	—	—	-2,389,839
Profit attributable to owners of parent	—	—	—	—	9,284,249
Purchase of treasury shares	—	—	—	—	-14,662,989
Disposal of treasury shares	—	—	—	—	147,803
Cancellation of treasury shares	—	—	—	—	—
Transfer from retained earnings to capital surplus	—	—	—	—	—
Net changes in items other than shareholders' equity during the fiscal year	73,961,852	620,837	74,582,690	464,008	75,046,698
Total changes during the fiscal year	54,970,705	3,049,581	58,020,286	436,020	118,241,401
Balance at March 31, 2026					

Balance Sheet
(As of March 31, 2026)

(Unit: Thousand Yen)

Item	Amount	Item	Amount
Assets		Liabilities	
【Current assets】	【28,524,396】	【Current liabilities】	【12,831,700】
Cash and deposits	7,910,356	Notes payable – electronically recorded	5,163,827
Electronically recorded monetary claims - operating	38,348	Accounts payable – trade	1,033,248
Notes and accounts receivable - trade	9,202,533	Accounts payable – other	4,428,033
Contract assets	1,980,399	Income taxes payable	160,746
Merchandise and finished goods	3,939,605	Accrued expenses	722,422
Work in process	580,522	Contract liabilities	27,253
Raw materials and supplies	210,064	Deposits received	479,274
Prepaid expenses	202,375	Provision for bonuses	419,492
Accounts receivable - other	2,994,702	Provision for construction contract losses	397,402
Other	1,642,440	Other	【56,322,745】
Allowance for doubtful accounts	-176,951	【Non-Current liabilities】	56,229,786
【Non-current assets】	【219,084,424】	Deferred tax liabilities	92,959
Property, plant and equipment	(2,737,812)	Total liabilities	69,154,445
Buildings	115,542	Net assets	
Tools, furniture and fixtures	1,244,963	【Shareholders' equity】	【53,319,656】
Other	1,377,306	Share capital	(4,840,313)
Intangible assets	(659,873)	Capital surplus	(6,181,300)
Software	659,873	Legal capital surplus	6,181,300
Investments and other assets	(215,686,738)	Retained earnings	(63,042,919)
Investment securities	203,675,673	Legal retained earnings	97,042
Shares of subsidiaries and associates	6,186,007	Other retained earnings	62,945,877
Investments in capital of subsidiaries and associates	4,586,908	Voluntary retained earnings	3,830,500
Long-term loans receivable	7,249	Retained earnings brought forward	59,115,377
Long-term prepaid expenses	624,179	Treasury shares	(-20,744,876)
Lease and guarantee deposits	388,095	【Valuation and translation adjustments】	【125,134,719】
Other	218,625	Valuation difference on available-for-sale securities	(125,134,719)
		Total net assets	178,454,375
Total assets	247,608,821	Total liabilities and net assets	247,608,821

Statements of Income
(From April 1, 2025 To March 31, 2026)

(Unit: Thousand Yen)

Item	Amount
Net sales	36,169,313
Cost of sales	30,656,874
Gross profit	5,512,439
Selling, general and administrative expenses	5,702,267
Operating profit	-189,827
Non-operating income	182,490
Interest and dividend income	168,291
Foreign exchange gains	10,901
Other	3,297
Non-operating expenses	411,922
Interest expenses	21,065
Loss on investment partnership operations	267,066
Expenses for acquisition of treasury shares	37,966
Donations	68,899
Other	16,923
Ordinary profit	-419,259
Extraordinary income	15,150,486
Gain on sale of investment securities	15,150,486
Extraordinary losses	1,577,396
Loss on valuation of inventories	110,812
Loss on retirement of non-current assets	1,406,583
Loss on valuation of investment securities	60,000
Profit before income taxes	13,153,830
Income taxes-current	4,233,337
Income taxes-deferred	-160,922
Profit	9,081,415

Statement of Changes in Net Assets

(From April 1, 2025 To March 31, 2026)

(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		Voluntary retained earnings	Retained earnings brought forward	
Balances at April 1, 2025	4,840,313	6,181,300	—	6,181,300	97,042	3,830,500	59,661,530	63,589,072
Changes during the fiscal year								
Dividends of surplus	—	—	—	—	—	—	-2,389,839	-2,389,839
Profit	—	—	—	—	—	—	9,081,415	9,081,415
Purchase of treasury shares	—	—	—	—	—	—	—	—
Disposal of treasury shares	—	—	29,382	29,382	—	—	—	—
Cancellation of treasury shares	—	—	-7,267,112	-7,267,112	—	—	—	—
Transfer from retained earnings to capital surplus	—	—	7,237,729	7,237,729	—	—	-7,237,729	-7,237,729
Net changes in items other than shareholders' equity during the fiscal year	—	—	—	—	—	—	—	—
Total changes during the fiscal year	—	—	—	—	—	—	-546,153	-546,153
Balance at March 31, 2026	4,840,313	6,181,300	—	6,181,300	97,042	3,830,500	59,115,377	63,042,919

	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, 2025	-13,467,420	61,143,265	53,540,574	53,540,574	114,683,839
Changes during the fiscal year					
Dividends of surplus	—	-2,389,839	—	—	-2,389,839
Profit	—	9,081,415	—	—	9,081,415
Purchase of treasury shares	-14,662,989	-14,662,989	—	—	-14,662,989
Disposal of treasury shares	118,420	147,803	—	—	147,803
Cancellation of treasury shares	7,267,112	—	—	—	—
Transfer from retained earnings to capital surplus	—	—	—	—	—
Net changes in items other than shareholders' equity during the fiscal year	—	—	71,594,145	71,594,145	71,594,145
Total changes during the fiscal year	-7,277,456	-7,823,609	71,594,145	71,594,145	63,770,535
Balances at March 31, 2026	-20,744,876	53,319,656	125,134,719	125,134,719	178,454,375

Independent Auditor's Report

May 13, 2026

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 of MegaChips Corporation ("the Company") and its consolidated subsidiaries ("the Group"), which comprise the consolidated balance sheet as of March 31, 2025, the consolidated statement of income, the consolidated statement of changes in net assets, and the related notes thereto for the fiscal year then ended, in accordance with Article 444, Paragraph 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 of the Group as of March 31, 2025, and its consolidated results of operations for the fiscal year then ended, 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 consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated 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, 2026

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, 2026 and for the year from April 1, 2025 to March 31, 2026 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 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 whether it is appropriate to prepare the consolidated financial statements on a going concern basis and, when required under accounting principles generally accepted in Japan, disclosing matters related to going concern.

Corporate Auditors and the Board of Corporate Auditors are responsible for overseeing the directors' performance of their duties with regard to the design and operation of the financial reporting process.

Auditor's Responsibilities 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 the consolidated financial statements.

As part of an audit conducted 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, although not for the purpose of expressing an opinion on the effectiveness of 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 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 principles generally accepted in Japan, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and review of the audit of the consolidated financial statements. 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 identified during the audit, and other matters required by auditing standards.

We also provide Corporate Auditors and the Board of Corporate Auditors with a statement that we have complied with relevant ethical requirements regarding independence in Japan, 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

There are no interests between the Company or its consolidated subsidiaries and our audit firm or engagement partners that are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

End

Audit report of the Audit & Supervisory Board

Audit Report

With respect to the Directors' performance of their duties during the 36th fiscal year from April 1, 2025 to March 31, 2026, 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 Member 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 requested 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 group consists of the 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, Statement of Changes in 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 Statement of Changes in 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, KPMG 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, KPMG AZSA LLC, are appropriate.

May 13, 2026

Audit & Supervisory Board of MegaChips Corporation

Full-time Audit & Supervisory Board Member : Hiroshi Aoki (Seal)
Outside Audit & Supervisory Board Member : Keiichi Kitano (Seal)
Outside Audit & Supervisory Board Member : Tomoyoshi Furukawa (Seal)