

# Consolidated Financial Results for the Nine Months Ended December 31, 2023 [Japanese GAAP]

February 9, 2024

Company name: MegaChips Corporation  
Stock exchange listing: Tokyo Stock Exchange  
Code number: 6875  
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Scheduled date of filing quarterly securities report: February 14, 2024  
Scheduled date of commencing dividend payments: —  
Availability of supplementary briefing material on quarterly financial results: Available  
Schedule of quarterly financial results briefing session: Scheduled (for securities analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

## 1. Consolidated Financial Results for the Nine Months Ended December 31, 2023 (From April 1, 2023 to December 31, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2023	47,601	(15.1)	4,457	(19.6)	3,109	(55.6)	2,087	(55.4)
December 31, 2022	56,070	(8.6)	5,542	(5.5)	7,003	18.2	4,678	(82.2)

(Note) Comprehensive income: Nine months ended December 31, 2023: ¥6,023 million [(29.0)%]

Nine months ended December 31, 2022: ¥8,486 million [(69.0)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	112.34	—
December 31, 2022	243.92	—

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2023	84,083	76,157	90.3	4,129.85
As of March 31, 2023	89,021	74,535	83.7	3,883.46

(Reference) Equity: As of December 31, 2023: ¥75,923 million

As of March 31, 2023: ¥74,535 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	—	—	—	90.00	90.00
Fiscal year ending March 31, 2024	—	—	—		
Fiscal year ending March 31, 2024 (Forecast)				—	—

(Note) Revision to the forecast for dividends announced most recently: No

We pay dividends once per year based on the basic policy for profit distribution, using the fiscal year-end date as the record date. Since the concrete dividend forecast is yet to be decided, “—” is shown for the fiscal year-end dividend.

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (From April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	61,000	(13.7)	5,000	(17.1)	3,300	(54.9)	4,100	(42.1)	223.02

(Note) Revision to the financial results forecast announced most recently: Yes

#### \* Notes

(1) Changes in significant subsidiaries during the nine months ended December 31, 2023 (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New: –

Exception: –

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Number of shares outstanding (common stock)

1) Number of outstanding shares at the end of the period (including treasury stock)

December 31, 2023: 21,132,400 shares

March 31, 2023: 21,967,700 shares

2) Number of shares of treasury stock at the end of the period

December 31, 2023: 2,748,302 shares

March 31, 2023: 2,774,753 shares

3) Average number of shares outstanding during the period

Nine months ended December 31, 2023: 18,586,348 shares

Nine months ended December 31, 2022: 19,179,165 shares

\* Quarterly financial results are outside the scope of quarterly review by certified public accountants or audit corporations.

\* Explanation of the proper use of financial results forecast and other notes

(Note on the forward-looking statements)

The earnings forecasts and other forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable as of the date of publication of this document. The Company does not guarantee the forecast results. Actual results may differ significantly from these forecasts due to a wide range of factors.

(Method to acquire supplementary documents for quarterly financial results)

Supplementary briefing material on quarterly financial results will be presented on the Company's website immediately after disclosure of the summary of consolidated quarterly financial results.

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## 1. Qualitative Information Related to The Quarterly Operating Results

### (1) Overview of consolidated operating results

In the electronic machinery and equipment industry in the current consolidated third quarter, demand for the industrial electronic devices and consumer devices increased, while demand for the electronic components and devices decreased, the overall market for the electronics device industry declined slightly compared to the previous corresponding period.

In the ASIC business, the Group is providing optimal solutions for applications in client devices and services, not only in the mainstay game console, digital camera and office machine sectors, but also to service major customers both inside and outside Japan in the industrial equipment area. Our competitive advantage is our ability to develop and supply System LSIs with unique algorithm architecture to solve our customers' problems based on our deep understanding of our customers' applications and our proprietary core technology.

In the ASSP business, to achieve further growth in a world where innovation in Information and Communication Technologies is occurring at a breakneck pace, the Company is concentrating its management resources on launching new LSI businesses, targeting fields where future growth is expected, such as the areas of telecommunications, industrial equipment, energy control. MegaChips strives to foster new businesses that will become important pillars for future profits by developing and providing a superior, value-added solution capable of differentiation through initiatives to enhance the competitiveness of the analog and digital circuits' development and design technology and engaging in strategic collaboration with businesses inside and outside Japan.

As to consolidated operating results for the current consolidated third quarter, the MegaChips Group saw net sales of ¥47,601 million (a decrease of 15.1% from the same quarter of the previous consolidated fiscal year), and the operating profit amounted to ¥4,457 million (a decrease of 19.6% from the same quarter of the previous consolidated fiscal year), due to the decrease in demand for amusement business compared to the same quarter of the previous consolidated fiscal year despite a high level of demand, while demand for ASIC business has remained strong.

While the foreign exchange gains occurred for ¥483 million, ordinary profit amounted to ¥3,109 million (a decrease of 55.6% from the same quarter of the previous consolidated fiscal year) and the profit attributable to owners of parent reached ¥2,087 million (a decrease of 55.4% from the same quarter of the previous consolidated fiscal year), due to share of loss of entities accounted for using equity method of ¥2,341 million.

### (2) Overview of financial position

Total assets as of the end of the current consolidated third quarter amounted to ¥84,083 million (a decrease of ¥4,937 million from the previous fiscal year-end). Comparing major assets with the end of the previous consolidated fiscal year, while notes and accounts receivable – trade and contract assets, investment securities in investments and other assets, shares of subsidiaries and associates, and long-term prepaid expenses increased by ¥5,644 million, ¥1,773 million, ¥1,135 million, and ¥1,125 million respectively, cash and deposits, securities, and accounts receivable-other decreased by ¥4,657 million, ¥1,451 million and ¥7,819 million respectively.

Total liabilities amounted to ¥7,925 million (a decrease of ¥6,560 million from the previous fiscal year-end). Comparing major liabilities with the end of the previous consolidated fiscal year, notes and accounts payable-trade and income taxes payable decreased by ¥4,519 million and ¥1,360 million respectively.

The MegaChips Group's net assets amounted to ¥76,157 million (an increase of ¥1,622 million from the previous fiscal year-end). Comparing major net assets with the end of the previous consolidated fiscal year, while the profit attributable to owners of the parent was ¥2,087 million, capital surplus decreased by ¥2,253 million due to retirement of treasury stock of ¥2,614 million and dividends from surplus of ¥1,727 million. In addition, treasury stock increased by ¥302 million due to the purchase of treasury stock of ¥2,991 million and retirement of treasury stock of ¥2,614 million, while valuation difference on available-for-sale securities and foreign currency translation adjustment increased by ¥726 million and ¥3,198 million respectively. As a result, net worth amounted to ¥75,923 million and the net worth ratio was 90.3% (increased by 6.6 percentage points from the previous fiscal year-end).

Cash and cash equivalents ("Capital") were recorded at ¥14,600 million at the end of the third quarter of the current consolidated fiscal year, a decrease of ¥6,116 million from the end of the previous consolidated fiscal year (compared to a decrease of ¥12,352 million in the same quarter of the previous consolidated fiscal year). The status of cash flows at the end of the third quarter of the current consolidated fiscal year was as follows.

Cash flows provided by operating activities amounted to ¥594 million (compared to ¥5,613 million used as capital in the same quarter of the previous consolidated fiscal year). This was mainly due to a profit before income taxes of ¥3,915 million, shares of loss of entities accounted for using equity method of ¥2,341 million, a decrease in the other assets of ¥8,979 million, while an increase of trade receivables of ¥5,644 million, a decrease of trade payables of ¥4,519 million and income taxes paid of ¥3,157 million.

Cash flows from investment activities amounted to ¥3,279 million (compared to ¥9,886 million used as capital in same quarter of the previous consolidated fiscal year). This was mainly attributable to ¥805 million for the acquisition of property, plant and equipment, ¥888 million for the purchase of investment securities and ¥899 million for the purchase of long-term prepaid expenses.

As a result, the free cash flows, consisting of the net cash provided by or used in operating activities and investment activities, resulted in ¥2,684 million net cash used (compared to ¥15,500 million used as capital in the same quarter of the previous consolidated fiscal year).

Cash flows used in financing activities amounted to ¥4,498 million (compared to ¥2,272million obtained as capital in the same quarter of the previous consolidated fiscal year). This was mainly due to purchase of treasury shares of ¥2,991 million and cash dividends paid of ¥1,725 million.

### ( 3 ) Overview of forward-looking statements such as consolidated earnings forecast

As stated in the news released today "Notice regarding sale of shares in affiliated company", MegaChips Corporation (the "Company") hereby announces the post of extraordinary profits due to the partial sale of shares in SiTime Corporation ("SiTime") and the revision to "Consolidated financial results for the fiscal year ended March 31, 2023" that was published on May 12, 2023 based on the recent performance trend. For more information, please refer to "Revisions in forecast and post of extraordinary profits" that was announced today.

## 2. Quarterly Consolidated Financial Statements and Main Notes

### (1) Quarterly consolidated balance sheets

	(Unit: Thousand Yen)	
	Previous consolidated fiscal year (ended March 31, 2023)	Current third consolidated fiscal quarter (ended December 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	19,265,419	14,607,789
Notes, accounts receivable-trade, and contract assets	10,353,476	15,997,573
Securities	1,451,821	—
Merchandise and finished goods	2,182,487	1,599,321
Work in progress	1,740,111	2,178,953
Raw materials and supplies	374,976	256,157
Accounts receivable - other	11,960,299	4,140,695
Other	1,500,044	671,473
Allowance for doubtful accounts	(76,264)	(77,230)
Total current assets	48,752,371	39,374,732
Non-current assets		
Property, plant and equipment		
Buildings	348,386	351,942
Accumulated depreciation	(178,581)	(198,710)
Buildings (net)	169,804	153,231
Other	6,723,268	6,802,063
Accumulated depreciation	(5,056,028)	(5,003,514)
Other (net)	1,667,240	1,798,548
Total property, plant and equipment	1,837,045	1,951,780
Intangible assets		
Other	457,482	534,378
Total intangible assets	457,482	534,378
Investment and other assets		
Investment securities	14,214,221	15,987,375
Shares of subsidiaries and associates	21,149,636	22,285,052
Long-term prepaid expenses	931,619	2,056,719
Deferred tax assets	1,026,233	1,023,630
Other	652,434	870,015
Total investment and other assets	37,974,145	42,222,793
Total non-current assets	40,268,672	44,708,953
Total assets	89,021,044	84,083,685

(Unit: Thousand Yen)

	Previous consolidated fiscal year (ended March 31, 2023)	Current third consolidated fiscal quarter (ended December 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	7,344,452	2,825,220
Income taxes payable	1,969,952	609,338
Provision for bonuses	733,733	538,170
Provision for loss on construction contracts	210,644	79,318
Other provisions	—	135,000
Other	3,643,654	2,922,104
Total current liabilities	13,902,436	7,109,151
Non-current liabilities		
Other	583,555	816,775
Total non-current liabilities	583,555	816,775
Total liabilities	14,485,992	7,925,927
Net equity		
Shareholders' equity		
Capital stock	4,840,313	4,840,313
Capital surplus	9,359,915	9,379,365
Earned surplus	61,364,420	59,110,868
Treasury stock	(8,298,764)	(8,601,053)
Total shareholders' equity	67,265,884	64,729,494
Other accumulated comprehensive equity		
Valuation difference on available-for-sale securities	2,045,472	2,771,888
Foreign currency translation adjustment	5,223,695	8,422,099
Total other accumulated comprehensive equity	7,269,167	11,193,987
Non-controlling interests	—	234,276
Total net assets	74,535,052	76,157,758
Total liabilities and net assets	89,021,044	84,083,685

## (2) Quarterly consolidated statements of income and statements of comprehensive income

The consolidated third quarter

(Unit: Thousand Yen)

	Previous consolidated third quarter (From April 1, 2022 to December 31, 2022)	Current consolidated third quarter (From April 1, 2023 to December 31, 2023)
Net sales	56,070,913	47,601,654
Cost of sales	46,204,057	38,652,491
Gross profits	9,866,856	8,949,163
Selling, general and administrative expenses	4,324,281	4,492,005
Operating income	5,542,574	4,457,158
Non-operating income		
Interest income	67,767	185,879
Dividend income	185,336	188,591
Receipt of dispatching fees	186,724	142,567
Share of profit of entities accounted for using equity method	417,447	—
Gain on valuation of investment securities	—	15,664
Gain on forfeiture of unclaimed dividends	700	835
Foreign exchange gains	623,358	483,258
Miscellaneous income	25,431	9,803
Total non-operating income	1,506,764	1,026,599
Non-operating expenses		
Interest expenses	6,129	4,233
Loss on sales of accounts receivable	29,853	19,926
Share of loss of entities accounted for using equity method	—	2,341,430
Donations	—	2,000
Miscellaneous losses	9,960	6,354
Total non-operating expenses	45,943	2,373,944
Ordinary income	7,003,396	3,109,813
Extraordinary income		
Gain on change in equity	240,418	834,640
Total extraordinary income	240,418	834,640
Extraordinary losses		
Loss on retirement of non-current assets	45,421	28,562
Impairment losses	387,616	—
Loss on valuation of investment securities	501	—
Total extraordinary losses	433,538	28,562
Profit (loss) before taxes	6,810,276	3,915,891
Income taxes	2,132,053	1,837,094
Profit (loss)	4,678,222	2,078,796



	(Unit: Thousand Yen)	
	Previous consolidated third quarter (From April 1, 2022 to December 31, 2022)	Current consolidated third quarter (From April 1, 2023 to December 31, 2023)
(Breakdown)		
Profit (loss) attributable to owners of parent	4,678,222	2,087,958
Profit (loss) attributable to non-controlling members	—	(9,162)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,545,558)	726,416
Foreign currency translation adjustment	503,452	601,394
Share of other comprehensive income of entities accounted for using equity method	4,850,804	2,617,306
Total other comprehensive income	3,808,697	3,945,116
Quarterly Comprehensive income	8,486,920	6,023,912
(Breakdown)		
Comprehensive income attributable to owners of parent	8,486,920	6,012,778
Comprehensive income attributable to non-controlling members	—	11,134

## ( 3 ) Quarterly consolidated statements of cash flows

	Unit (Thousand Yen)	
	Previous consolidated third quarter (From April 1, 2022 to December 31, 2022)	Current consolidated third quarter (From April 1, 2023 to December 31, 2023)
Cash flows from operating activities		
Profit (loss) before taxes	6,810,276	3,915,891
Depreciation	282,465	365,349
Amortization of long-term prepaid expenses	508,138	551,495
Increase (decrease) in reserves for bonus payments	(318,626)	(195,587)
Increase (decrease) in reserves for loss on construction contracts	120,414	(131,325)
Interest and dividend income	(253,103)	(374,470)
Interest expenses	6,129	4,233
Share of (profit) loss of entities accounted for using equity method	(417,447)	2,341,430
Loss (gain) on valuation of investment securities	501	(15,664)
Foreign exchange gain (loss)	(577,018)	(533,113)
Loss on retirement of non-current assets	45,421	28,562
Impairment loss	387,616	—
Loss (gain) on change in equity	(240,418)	(834,640)
Decrease (increase) in notes and accounts receivable-trade	(3,701,942)	(5,644,097)
Decrease (increase) in inventories valuation	(4,100,778)	263,143
Increase (decrease) in trade payables	(2,177,187)	(4,519,232)
Decrease (increase) in other assets	6,775,654	8,979,609
Decrease (increase) in other liabilities	(772,904)	(936,304)
Other	176,791	126,392
Subtotal	(2,553,981)	3,391,671
Interest and dividend income received	231,027	363,261
Interest expenses paid	(6,098)	(4,233)
Income taxes refund	—	1,226
Corporate and other income taxes (paid)	(8,392,572)	(3,157,259)
Cash flows from operating activities	(5,613,661)	594,665
Cash flows from investing activities		
Purchase of property, plant and equipment	(634,946)	(805,118)
Purchase of intangible assets	(130,837)	(117,528)
Proceeds from liquidation of investment securities	270,590	—
Purchase of investment securities	(9,447,702)	(888,143)
Purchase of long-term prepaid expenses	(1,003,094)	(899,748)
Proceeds from sale of businesses	2,156,960	—
Other	(1,097,353)	(568,651)
Cash flows from investing activities	(9,886,383)	(3,279,191)

	Unit (Thousand Yen)	
	Previous consolidated third quarter (From April 1, 2022 to December 31, 2022)	Current consolidated third quarter (From April 1, 2023 to December 31, 2023)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	4,000,000	—
Purchase of treasury stock	(139)	(2,991,843)
Contributions from non-controlling interests in consolidated investments funds	—	223,142
Cash dividends paid	(1,722,717)	(1,725,075)
Other	(4,791)	(4,938)
Cash flows from financing activities	2,272,351	(4,498,714)
Effect of exchange rate change on cash and cash equivalents	875,560	1,066,494
Net increase (decrease) in cash and cash equivalents	(12,352,132)	(6,116,746)
Cash and cash equivalents at beginning of period	25,769,446	20,717,240
Cash and cash equivalents at end of period	13,417,313	14,600,494

( 4 ) Notes relating to consolidated financial statements

(Notes on going concern assumptions)

None

(Notes relating to significant changes in the amount of shareholders' equity)

According to the written solution under the Article 370 of the Corporate Law (a written resolution in lieu of a resolution of meeting of Board Directors), the Company acquired 832,800 shares of treasury stock. Accordingly, the treasury stock increased by ¥2,991,543 thousand, including the purchase of shares less than one unit. On the other hand, the Company's treasury stock decreased by ¥2,689,255 thousand due to the retirement of 835,300 shares of treasury stock. As a result, the balance of the Company's treasury stock amounted to ¥8,601,053 thousand at the end of the third quarter of the current consolidated fiscal year.

(Notes on Entry under Accounting Methods Specific to the Preparation of Quarterly Consolidated Financial Statements)

(Calculation of tax expenses)

The tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the consolidated fiscal year including the current consolidated third quarter, and multiplying quarterly profit before income taxes by such estimated tax rate.