
MegaChips Corporation Briefing FY2023 3Q (Ending March 2024)

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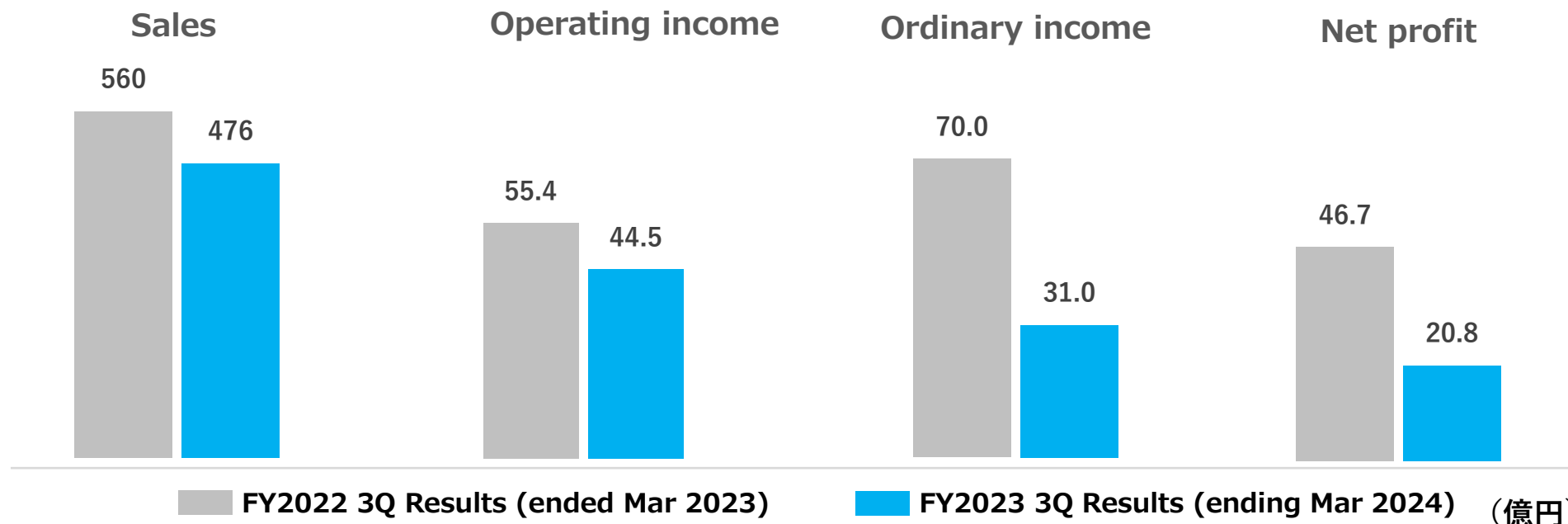
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FY2023 3Q (ending March 2024) Results

FY2023 3Q Consolidated results (P/L) Summary

(Unit : ¥ Million)		FY2022 3Q (ended Mar 2023) Results	FY2023 3Q (ending Mar 2024) Results	YOY	YOY %
Consoli dated	Sales	56,070	47,601	▲8,469	▲15.1%
	Cost of sales	46,204	38,652	▲7,551	▲16.3%
	SG&A expenses	4,324	4,492	+167	+3.9%
	Operating income	5,542	4,457	▲1,085	▲19.6%
	Ordinary income	7,003	3,109	▲3,893	▲55.6%
	Net profit belonging to shareholders of parent company	4,678	2,087	▲2,590	▲55.4%
	Earnings Per Share (¥)	243.92	112.34	▲131.58	▲53.9%
	Operating profit ratio	9.9%	9.4%	▲0.5%pt	
	Net profit ratio	8.3%	4.4%	▲3.9%pt	
	Exchange rate : US\$	132.70円	141.83円		

FY2023 3Q Consolidated results (P/L) Breakdown



Sales YoY
-¥8,500M (-15.1%)

- Strong demand in ASIC business.
- Demand in Amusement business declined to the same period last year.

Operating income YoY
-¥1,090M (-19.6%)

- Decline in gross profit due to sales decrease (impact of exchange rate included):
 -¥920M
- Decline in profit due to increase in SG&A: -¥170M

Ordinary income YoY
-¥3,890M (-55.6%)

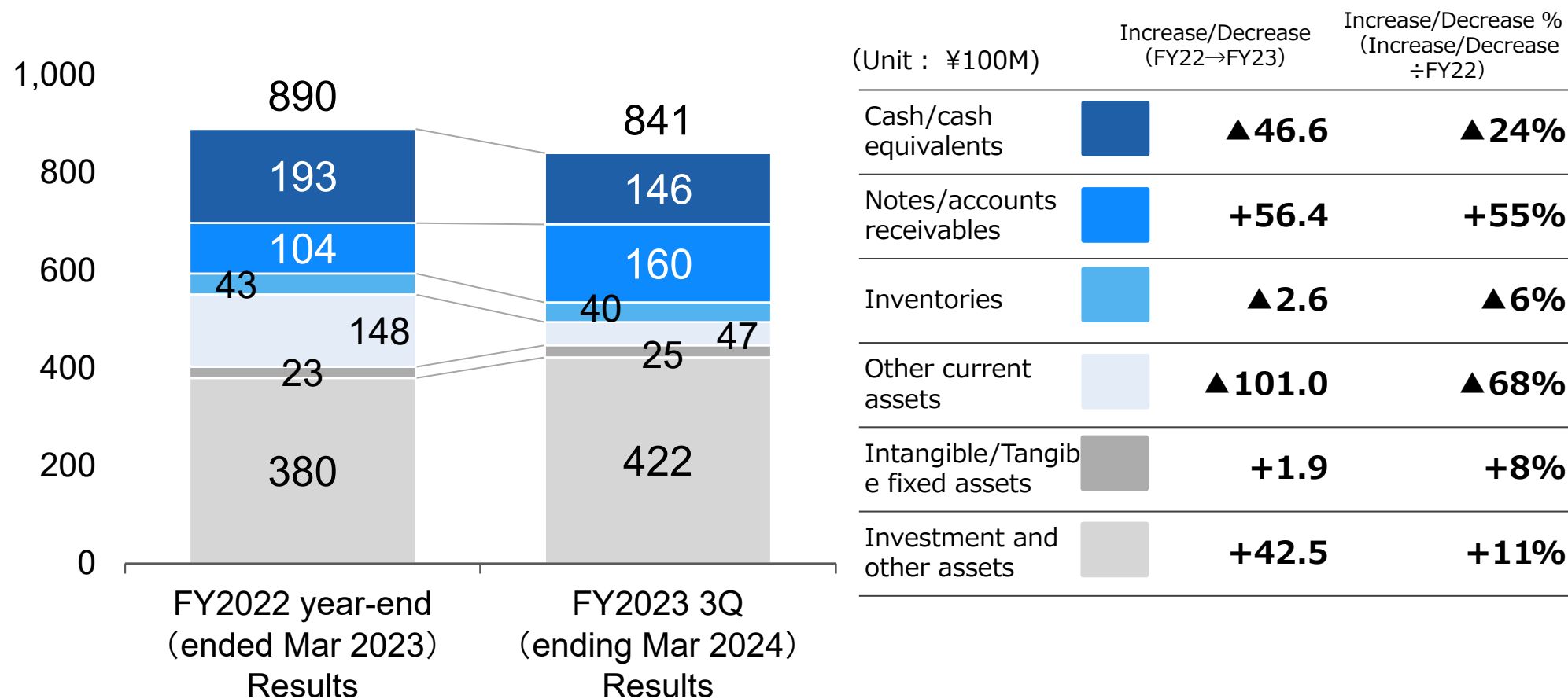
- Decline in operating income: -¥1,090M
- Decrease in share of profit of SiTime accounted for using equity method:
 -¥2,760M
- Decline in exchange gain: -¥140M

Net profit YoY
-¥2,590M (-55.4%)

- Decline in ordinary income: -¥3,890M
- Increase in extraordinary profit: +¥980M (Gain from change in equity method and decline in impairment loss)
- Decline in corporate taxes: +¥290M

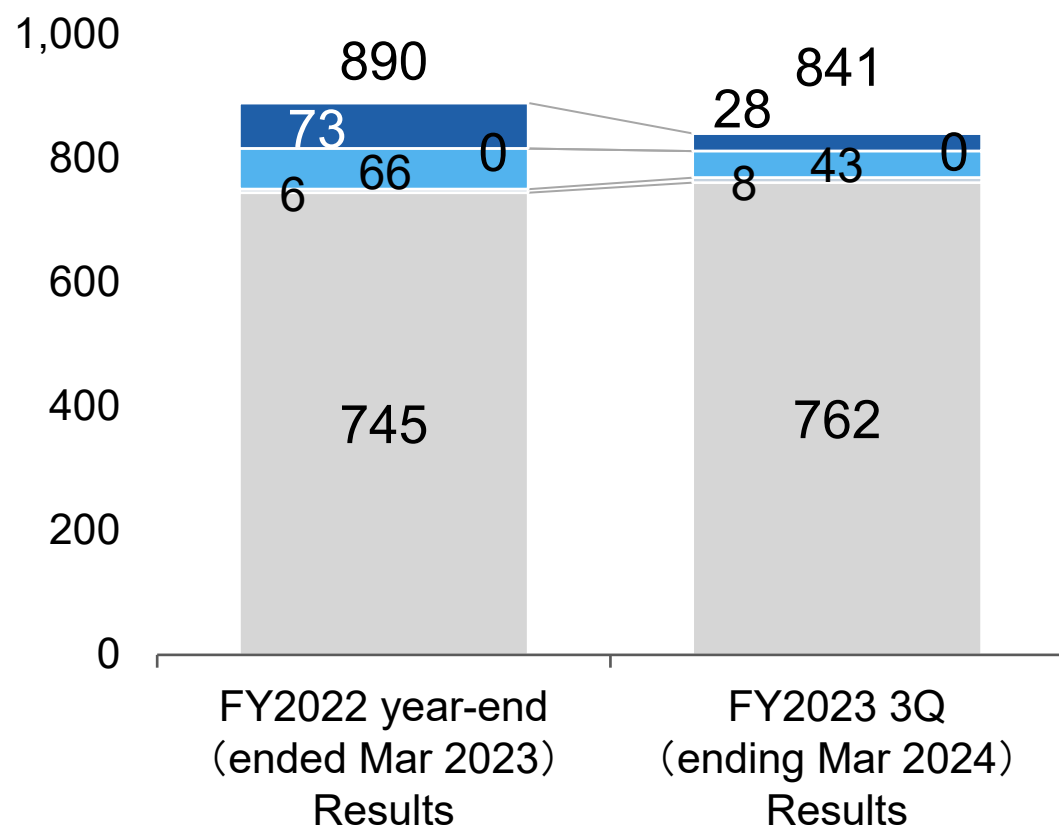
FY2023 3Q Financial Status (Assets)

(Unit: ¥100M)



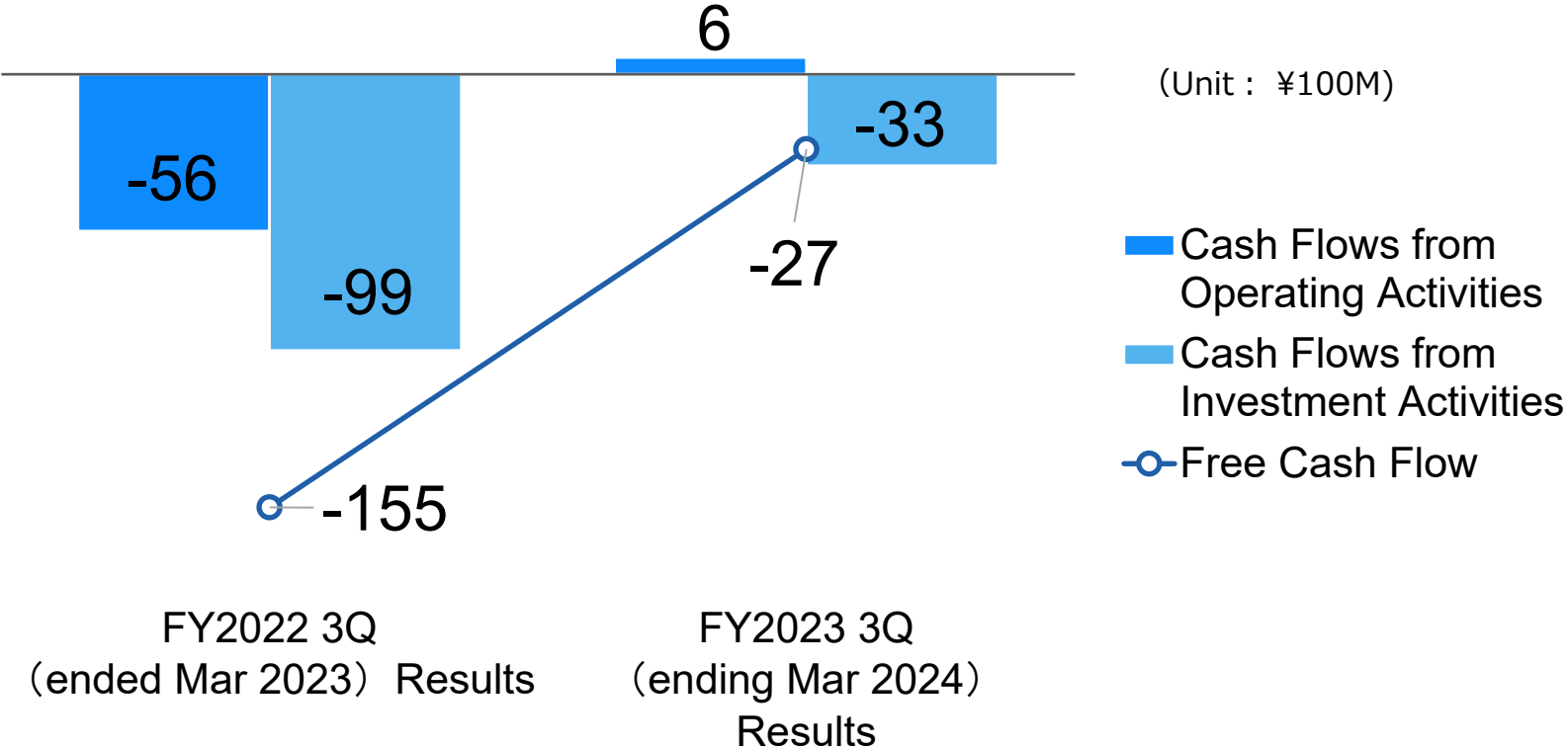
FY2023 3Q Financial Status (Liabilities/Net assets)

(Unit: ¥100M)



(Unit : ¥100M)	Increase/Decrease (FY22→FY23)	Increase/Decrease % (Increase/Decrease ÷ FY22)
Notes/account payables	▲45.2	▲62%
Interest-bearing debt	—	—
Other current liabilities	▲22.7	▲35%
Other fixed liabilities	+2.3	+40%
Net assets	+16.2	+2%

FY2023 3Q Cash Flow



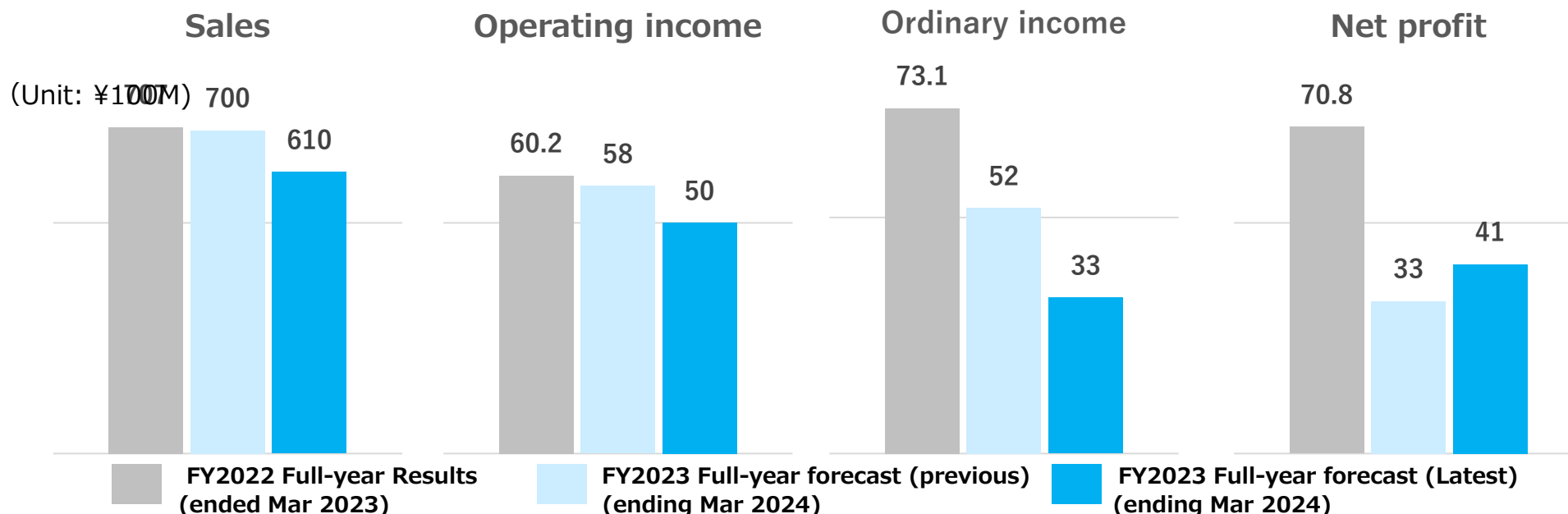
FY2023 (ending March 2024) Forecast

FY2023 (ending March 2024) Forecast

We have revised the forecast published on May 12, 2023.

(Unit : ¥ Million)		FY2023 (ending Mar 2024) Full-year forecast (Latest)	FY2023 (ending Mar 2024) Full-year forecast (Previous)	FY2022 (ended Mar 2023) Full-year results
Consoli dated	Sales	61,000	70,000	70,722
	Operating income	5,000	5,800	6,029
	Ordinary income	3,300	5,200	7,311
	Net profit belonging to shareholders of parent company	4,100	3,300	7,086
	Earnings Per Share (¥)	223.02	171.94	369.40
	Operating profit ratio	8.2%	8.3%	8.5%
	Net profit ratio	6.7%	4.7%	10.0%
	Exchange rate : US\$	¥137.00	¥130.00	¥133.53

FY2023 Forecast (P/L) Breakdown



Sales
Forecast: latest vs previous
-¥9,000M (-12.9%)

- While an increase in sales in the ASIC business is expected, the demand for the amusement business is expected to decrease compared to our previous forecast.

Operating income
Forecast: latest vs previous
-¥800M (-13.8%)

- An expected decline in gross profit is anticipated due to a decrease in sales.

Ordinary income
Forecast: latest vs previous
-¥1,900M (-36.5%)

- In addition to a revised forecast of operating income, a decrease in share of profit of SiTime accounted for using equity method is expected to decrease compared to our previous forecast.

Net profit
Forecast: latest vs previous
+¥800M (+24.2%)

- An extraordinary profit from a partial sale of SiTime's shares and others are expected.

FY2023 Mid-term Management Policy (ending April 2024)

Mid-term plan (Amusement business)

We will focus on solidifying the business foundation by strengthening customer-oriented sales activities and maintaining good and close relationships with customers and related suppliers.

Business environment

- The market in which the customers' demand change greatly in the short-term.

Suppliers' roles to support customers are important

- Provide a sustainable supply system
- Flexibly respond to a rapid change in demand
- Maintain high level of quality
- Respond promptly to solve issues

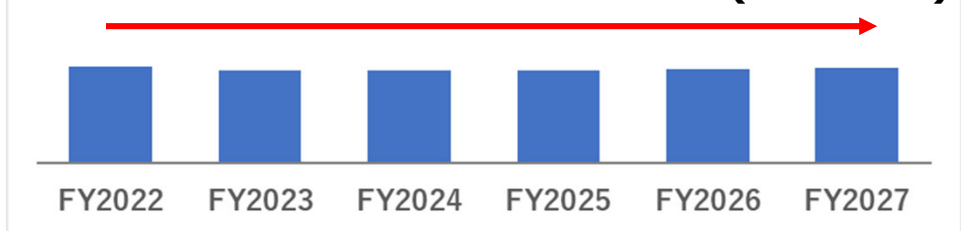
We strive to enhance supply capability to satisfy customers by outsourcing all production to outside partners.

Mid-term plan (for 3 to 5 years)

- Continuously solidify foundation as a major business
 - Maintain good and close relationships with customers and related suppliers.
 - Provide higher level quality by strengthening an evaluation and analysis ability
- New business of next generation game console
 - Launch of supply products to customers
 - Aim to consistently capture significant market share.

Sales

Continuance of stable sales (revenue)



Mid-term plan (ASIC business)

With solution proposal capabilities and technological that solve customers' problems, we develop ASIC business by leveraging our one-stop customer support.

Business environment

- ASIC mounting into every device will be advanced by a rapid progress of AI and IoT technologies

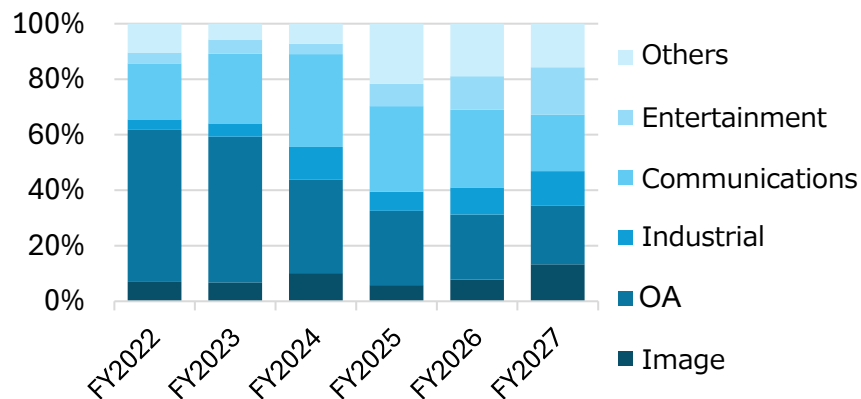
Expansion of target areas

- Advancement of automation and smart-tification in the industrial equipment field.
- Increase in semiconductor demands in the telecommunication and infrastructure devices.

Mid-term plan (for 3 to 5 years)

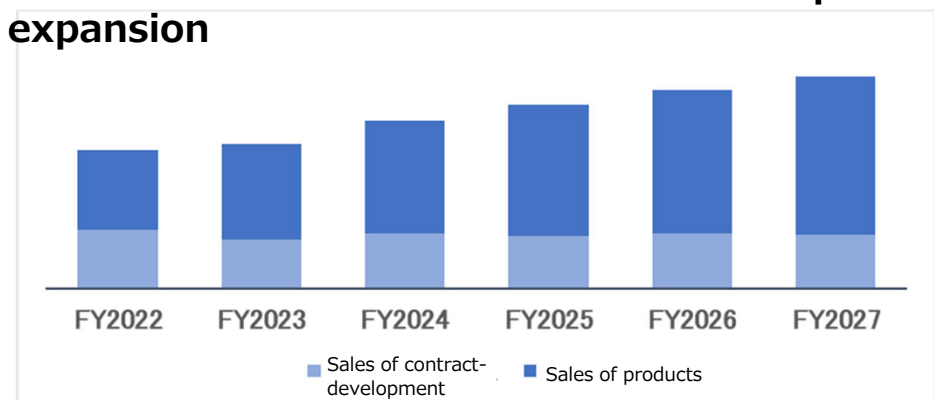
- Increase the added value provided to customers
 - Offer flexible solutions according to the needs
 - Strengthen upstream design, technology of analog and advanced communication
 - One-stop customer support
 - Cost reduction and shorten development period by design efficiency
 - Enhance international customer development

Action to expand sales in ASIC business



Sales

Aim for continued sales increase and surplus expansion



Mid-term plan (Telecommunication business)

With capital alliance and strategic partnership with Morse Micro, we develop a telecommunication business into a profitable business and contribute to our growth.

事業環境

- As IoT and AI technologies rapidly advance, all devices are connected to the network.

Expansion of target areas

- Smart factory
- Home/ Office network
- Logistics/ Transport management
- Remote monitoring

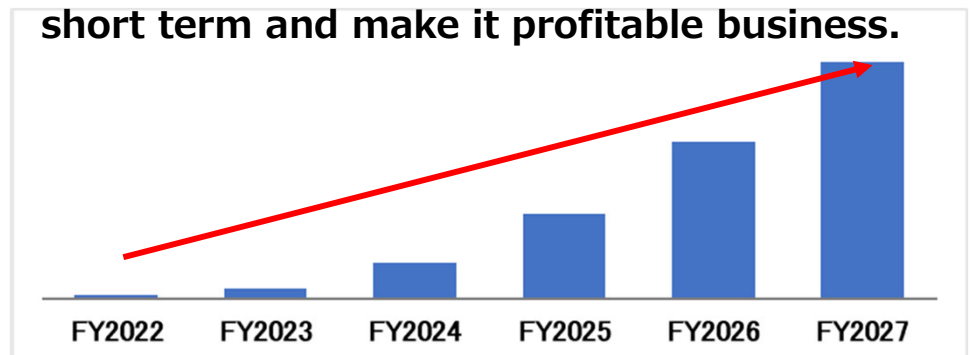
We launch and expand telecommunication business by fusing technologies of Morse Micro's long-range wireless communication and our wired communication.

中長期計画 (3年~5年後までの取組み)

- We aim to launch a new business promptly with strategic partnership with Morse Micro.
 - Focus on increasing number of customer's design-in(*1)
 - Business launch in overseas (North America and Asia)
 - Full-scale mass production shipment from FY2024
- (*1) Customer devices using our products are under development.

Sales

Launch telecommunication business in the short term and make it profitable business.



MegaChips

IR Policy

>> Purposes of investor relations and basic policy

MegaChips bases investor relations activities on the principles of fairness, timeliness, accuracy and continuity. We provide information about strategies, finances and other items in order to increase the transparency of our operations. To earn the trust of shareholders, investors and securities analysts and receive a proper evaluation, senior management frequently participates in investor relations activities.

>> Disclosure rules

MegaChips discloses information in accordance with the Financial Instruments and Exchange Law, Company Law and other laws and regulations (“laws and regulations” hereafter) and the Rules for Timely Disclosure of Corporate Information by Issuers of Listed Securities of the Tokyo Stock Exchange, where MegaChips shares are listed. Furthermore, even when not required by laws and regulations or disclosure standards in timely disclosure rules, we aggressively provide information that we believe has an effect on investment decisions by shareholders, investors and securities analysts and other information that we believe is useful to gain a better understanding of MegaChips.

>> Disclosure method

MegaChips distributes information using the Timely Disclosure network (TDnet) operated by the Tokyo Stock Exchange in accordance with timely disclosure rules. This includes information covered by the disclosure standards of the timely disclosure rules as well as information that we believe has an effect on investment decisions by shareholders, investors and securities analysts. In addition, we quickly post this information on the company Website.

We also provide other information that we believe is useful to gain a better understanding of MegaChips by issuing IR publications or news releases and posting this information on the company Website.

IR Policy

>> Forward-looking statements

The information MegaChips discloses may contain forward-looking statements. These statements are based on the judgments of management based on information available when the information was disclosed and thus embody uncertainties and risks (“risks” hereafter). Readers are cautioned to remember that actual results and other developments may differ from these forecasts for a number of reasons. Please refer to the “Cautionary Statement on Risks” section for more information.

>> Investment decisions

MegaChips discloses information for the purpose of giving people a better understanding of the company and not for the purpose of soliciting investments in securities issued by the company. Investors are asked to reach investment decisions on their own.

>> Provision of third-party information about MegaChips

Parties other than MegaChips, including securities analysts, the media and a variety of Internet information sites, announce information and forecasts about MegaChips. MegaChips is not in a position to comment on this information or express its support. However, if there is an obvious mistake in this third-party information that could cause a loss of trust in the company or prevent the company from receiving an appropriate evaluation, a correction will be announced and the proper information released.

>> IR “Quiet Period”

To prevent leaks of information about earnings releases that could affect its stock price and to ensure fairness, MegaChips observes a quiet period during the five business days prior to the earnings announcement for each quarter. During this period, the Company will not make any comments involving financial performance. However, information covered by laws and regulations and timely disclosure rules will be disclosed even during this quiet period and management will respond to inquiries about this information.

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