
MegaChips Corporation Briefing FY2023 1Q (Ending March 2024)

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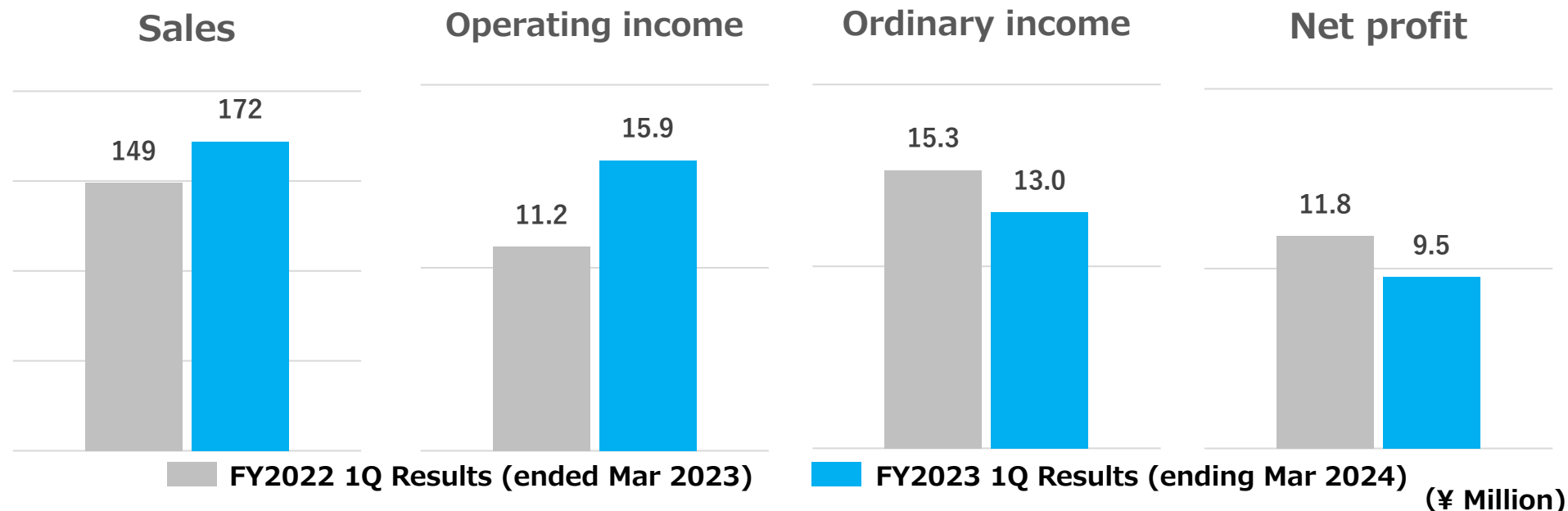
FY2023 1Q (ending March 2023) Results

FY2023 1Q Consolidated results (P/L) Summary

The consolidated results were in line with full-year forecast published on May 12, 2023.

(Unit : ¥ Million)		FY2022 1Q (ended Mar 2023) Results	FY2023 1Q (ended Mar 2024) Results	YOY	YOY %
Consoli dated	Sales	14,925	17,290	+2,366	+15.9%
	Cost of sales	12,354	14,191	+1,837	+14.9%
	SG&A expenses	1,454	1,513	+59	+4.0%
	Operating income	1,115	1,586	+470	+42.2%
	Ordinary income	1,530	1,297	-233	-15.2%
	Net profit belonging to shareholders of parent company	1,180	952	-228	-19.3%
	Earnings Per Share (¥)	61.58	50.21	-11.37	-18.5%
Operating profit ratio		7.5%	9.2%	+1.7%pt	
Net profit ratio		7.9%	5.5%	-2.4%pt	
Exchange rate : US\$		136.68円	144.99円		

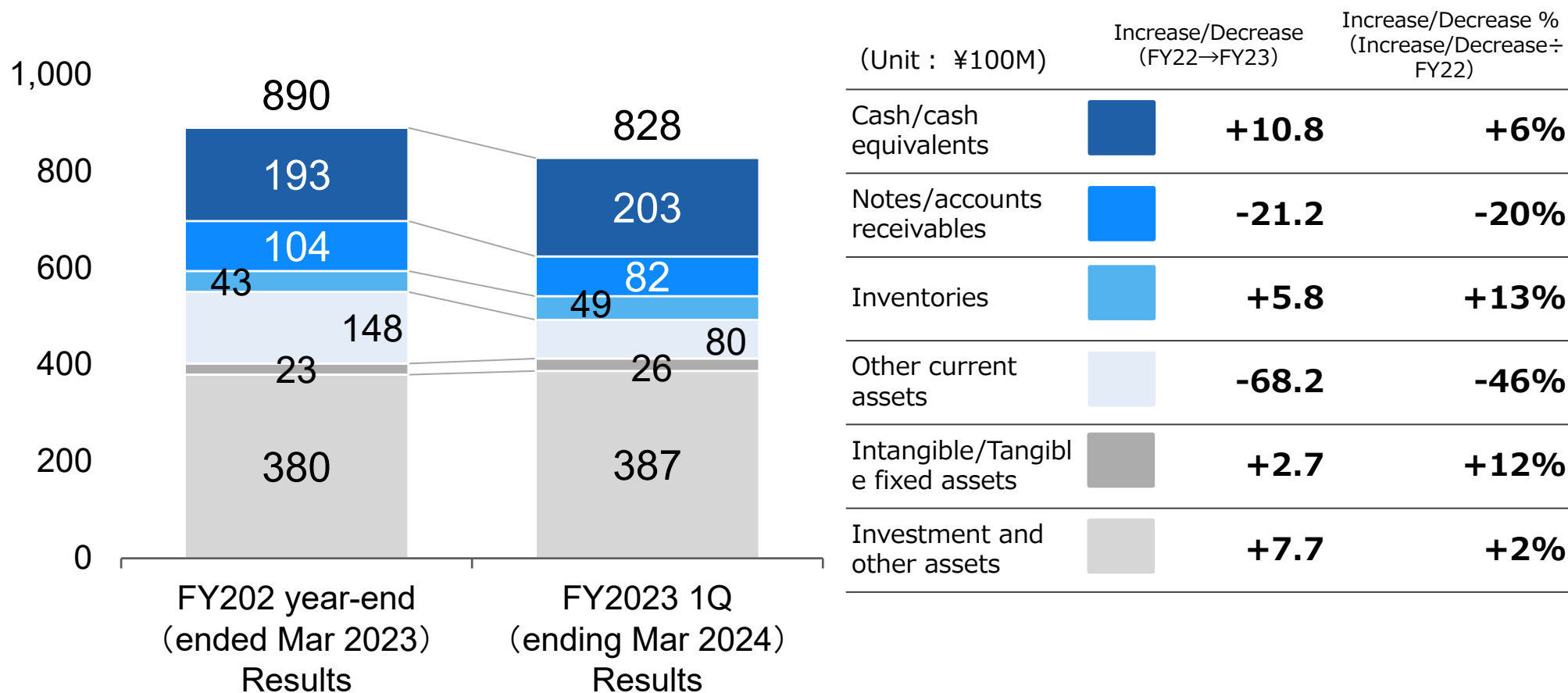
FY2023 1Q Consolidated results (P/L) Breakdown



<p>Sales YoY +¥2.3 B (+15.9%)</p> <ul style="list-style-type: none"> • Mainly due to strong sales of game software storage LSI (custom memory) 	<p>Operating income YoY +¥ 4.7 B (+42.2%)</p> <ul style="list-style-type: none"> • Due to increase in profit from sales rise (including exchange rate effects) : +¥530 M • Decrease in profits due to increase in SG&A : -¥60M 	<p>Ordinary income YoY -¥230 M (-15.2%)</p> <ul style="list-style-type: none"> • Increase in operating income : +¥470 M • Increase of investment loss from the equity method of SiTime : -¥660M • Decrease in exchange gains : -¥80 M 	<p>Net profit YoY -¥220 M (-19.3%)</p> <ul style="list-style-type: none"> • Decrease in ordinary income : -¥230 M • Increase in extraordinary profit (gain from changes in equity interest) : +¥160 M • Increase in corporate tax : -¥ 160 M
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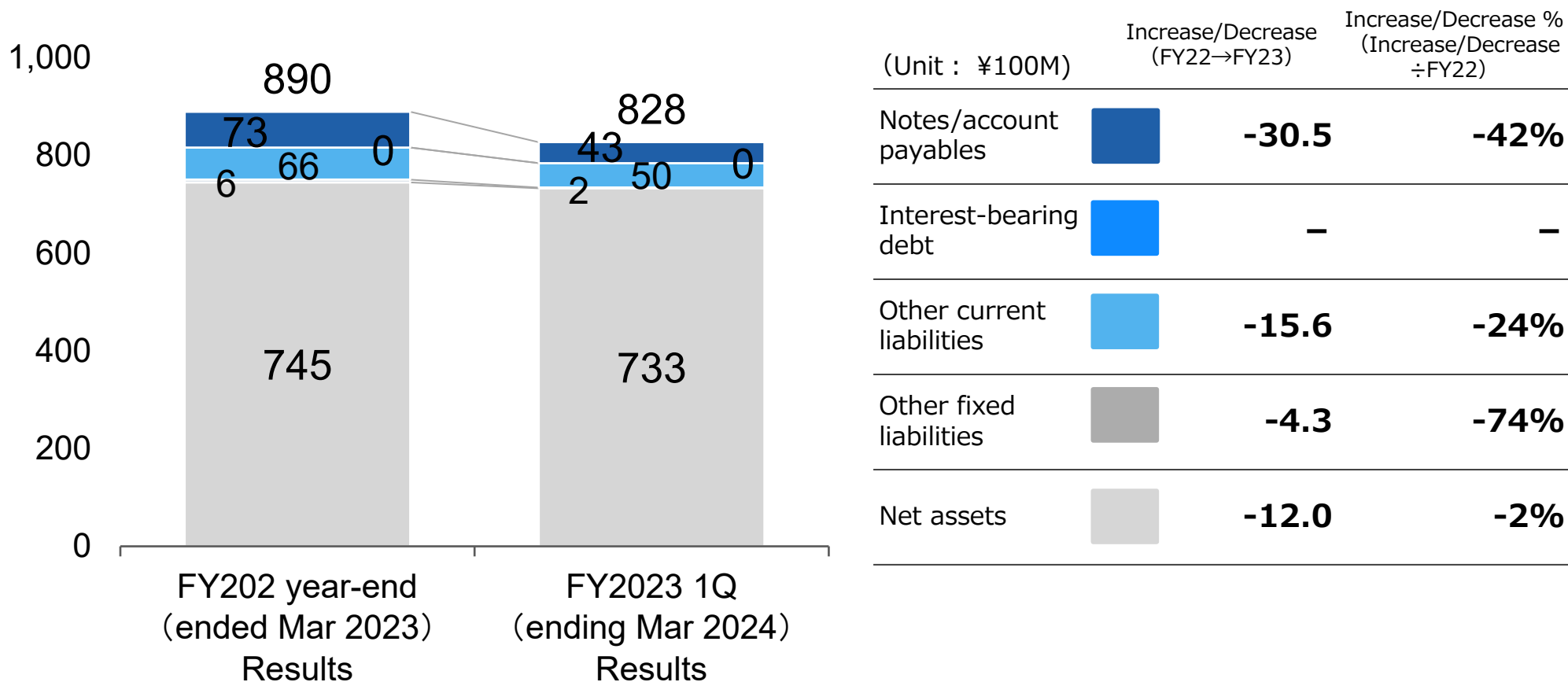
FY2023 1Q Financial Status (Assets)

(Unit : ¥100M)

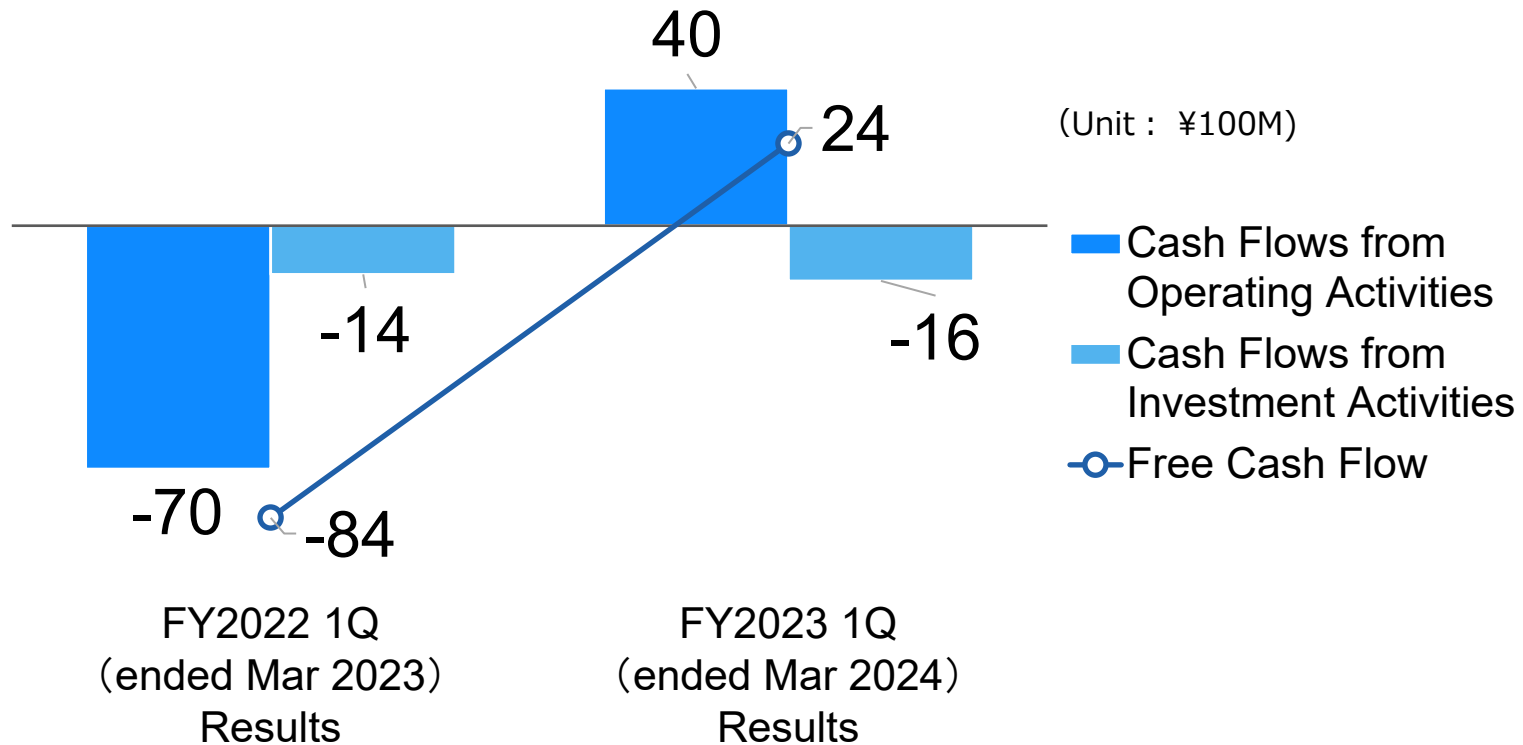


FY2023 1Q Financial Status (Liabilities/ Net assets)

(Unit : ¥100M)



FY2023 1Q Cash Flow



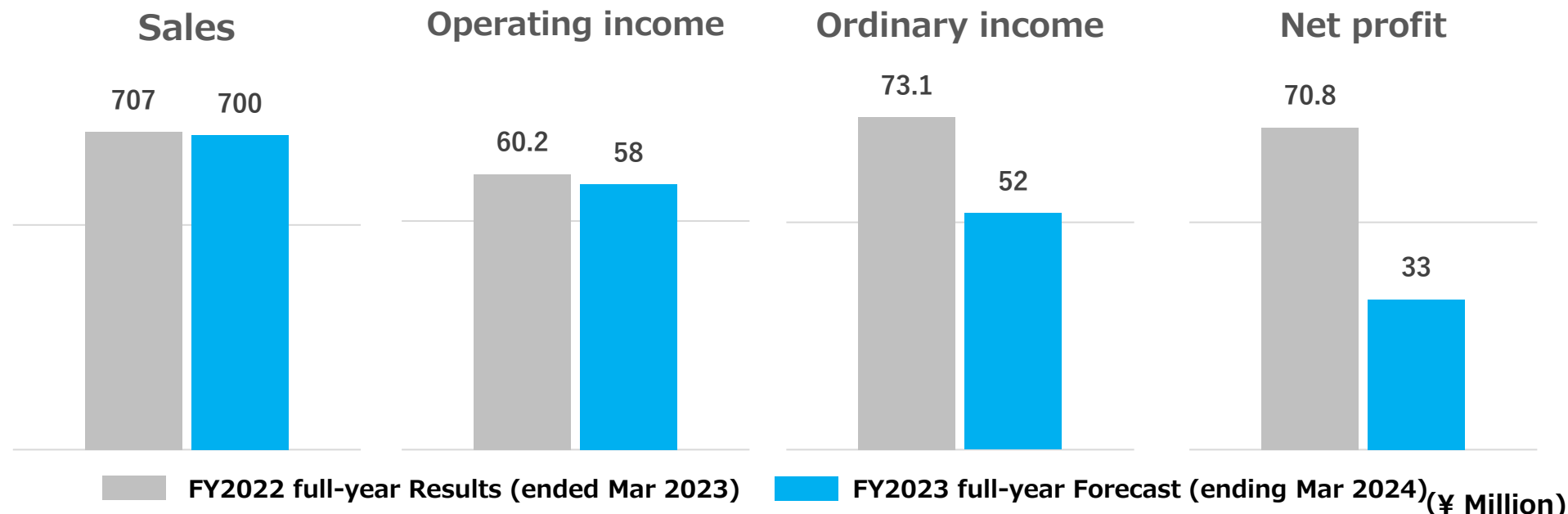
FY2023 (ending March 2024) Forecast

FY2023 (ending March 2024) Forecast

Our business is performing well and the forecast published on May 12, 2023 was unchanged.

(Unit : ¥ Million)		FY2022 (ended Mar 2023) Full-year results	FY2023 (ending Mar 2024) Full-year forecast	YoY	YoY %	FY2023 1Q (ending Mar 2024) results	Progress
Consolidated	Sales	70,722	70,000	-722	-1.0%	17,290	24.7%
	Operating income	6,029	5,800	-229	-3.8%	1,586	27.3%
	Ordinary income	7,311	5,200	-2,111	-28.9%	1,297	24.9%
	Net profit belonging to shareholders of parent company	7,086	3,300	-3,786	-53.4%	952	28.9%
	Earnings Per Share (¥)	369.40	171.94	-197.46	-53.5%	50.21	29.2%
Operating profit ratio		8.5%	8.3%	-0.2%pt		9.2%	
Net profit ratio		10.0%	4.7%	-5.3%pt		5.5%	
Exchange rate : US\$		¥133.53	¥130.00			¥144.99	

FY2023 Forecast (P/L) Breakdown



<p align="center">Sales YoY -¥700 M (-1.0%)</p> <ul style="list-style-type: none"> • The demand of game software storage LSI (custom memory) is expected to decline on a year-on-year basis, while the sales of ASIC business is likely to increase. 	<p align="center">Operating income YoY -¥230 M (-3.8%)</p> <ul style="list-style-type: none"> • The grow profit is expected to decrease mainly due to the sales decline 	<p align="center">Ordinary income YoY -¥2.11 B (-28.9%)</p> <ul style="list-style-type: none"> • Decrease in operating income: about -¥200 M • Decrease in non-operating profit: about -¥200 M (Decrease in cash dividends received) • Decrease of investment profits from the equity method of SiTime: about -¥1.1 B • Decrease in exchange gains: about -¥600 M 	<p align="center">Net profit YoY -¥3.79 B (-53.4%)</p> <ul style="list-style-type: none"> • Decrease in ordinary income : about -¥2.1 B • Decrease of gains on the sales of shares of SiTime : about -¥3.4 B • Increase in other extraordinary profit : about +¥400 M • Decrease of corporate tax : about +¥1.3 B
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FY2024 Mid-term Management Policy

Mid-term plan (Amusement)

We will focus on solidifying the business foundation by strengthening customer-oriented sales activities and maintaining good and close relationships with major customer 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 ability to satisfy customer 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
- Win a new business of next generation game console
 - Continued close communication with customers and proposal activities

Sales

Continuance of stable sales (revenue)



Mid-term plan (ASIC business)

With solution proposal capabilities, technological strength and an integrated customer support, that solve customers problems, we develop ASIC business taking advantage of 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

smartification in the industrial equipment field.

- Increase in semiconductor demands in the telecommunication and infrastructure devices.

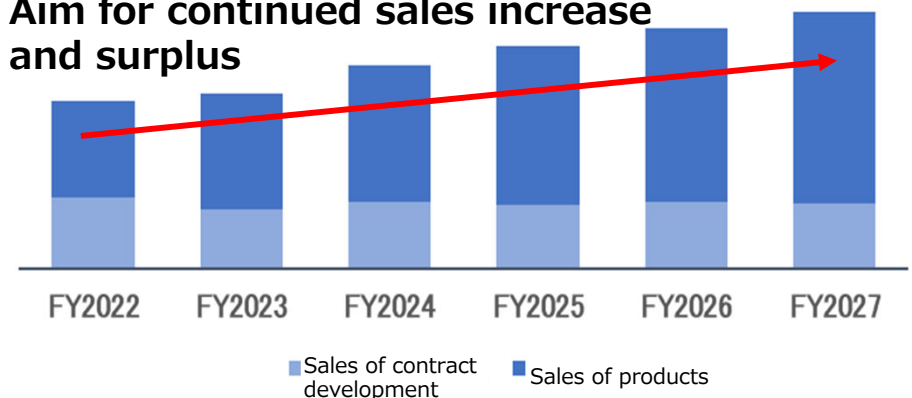
ASIC business expansion such as industrial and telecommunication/ infrastructure equipment fields in addition to the current business areas (image devices and OA equipment)

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

Sales

Aim for continued sales increase and surplus



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.

Business environment

- All devices are connected to the network with rapid advance of IoT and AI technologies

Expansion of target areas

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

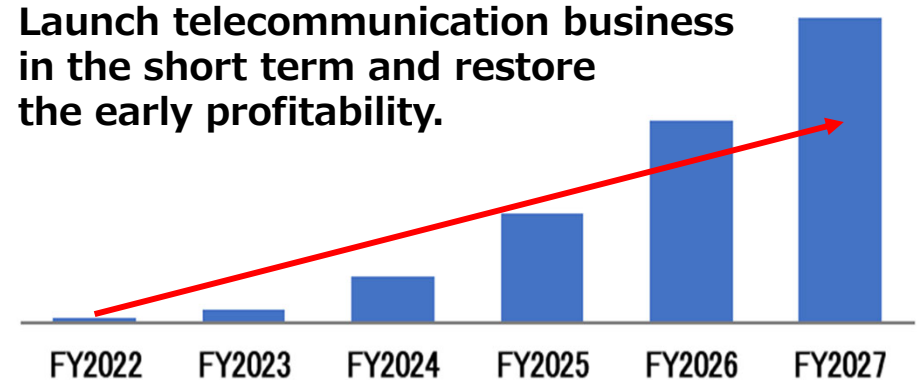
We launch and expand telecommunication business by fusing technologies of Morse Micro's long-range wireless communication and our wired communication.

Mid-term plan (for 3 to 5 years)

- We aim to launch a new business promptly with strategic partnership with Morse Micro.
 - Started sample shipment of LSI and module from the end of FY2022.
 - Aim to start a first mass production shipment in the second half of FY2023.

Sales

Launch telecommunication business in the short term and restore the early profitability.



>> 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.

>> 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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