
MegaChips Corporation Briefing FY2023 (Ended March 2024)

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Contents

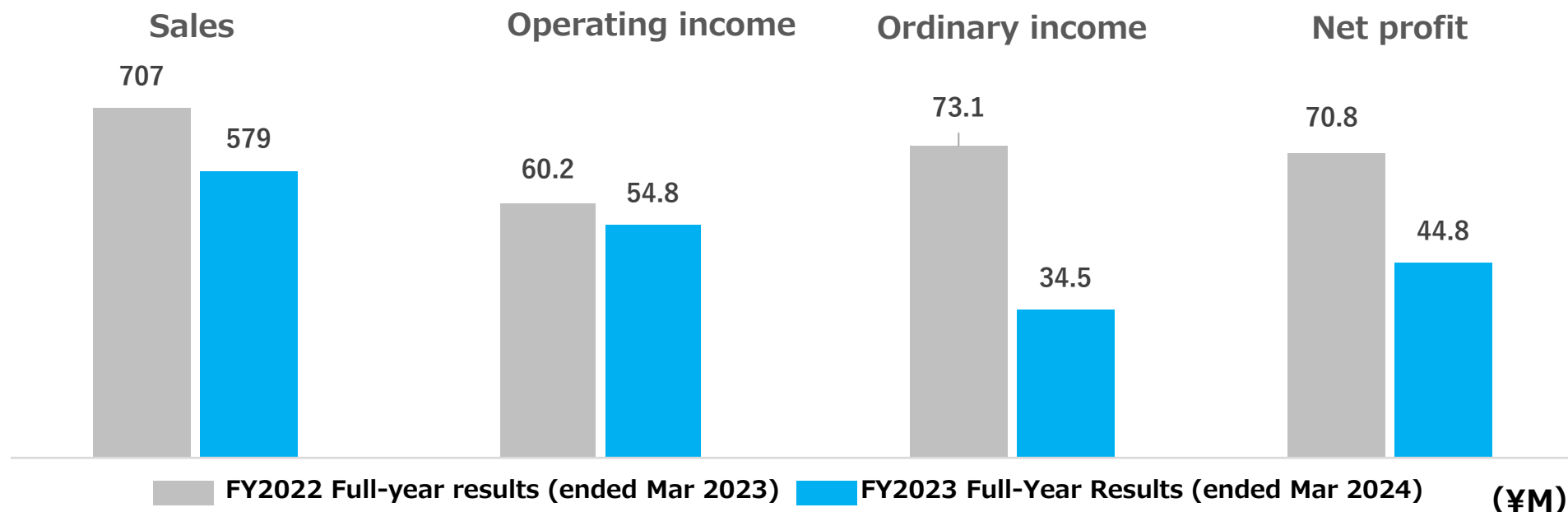
1. FY2023 Results	3
2. FY2024 Forecast	9
3. FY2024 Mid-term Management Policy	12

FY2023 (ended March 2024) Results

FY2023 Consolidated results (P/L) Summary

(Unit : ¥ Million)		FY2022 (ended Mar 2023) Results	FY2023 (ended Mar 2024) Results	YoY	FY2023 (ended Mar 2024) Forecast published on Feb 9, 2024
Consoli dated	Sales	70,722	57,942	-18.1%	61,000
	Cost of sales	58,672	46,498	-20.7%	
	SG&A expenses	6,020	5,961	-1.0%	
	Operating income	6,029	5,483	-9.1%	5,000
	Ordinary income	7,311	3,456	-52.7%	3,300
	Net profit belonging to shareholders of parent company	7,086	4,486	-36.7%	4,100
	Earnings Per Share (¥)	369.40	242.30	-34.4%	223.02
	Operating profit ratio	8.5%	9.5%		
	Net profit ratio	10.0%	7.7%		
	Exchange rate : US\$	133.53 JPY	151.41 JPY		

FY2023 Consolidated results (P/L) Breakdown



Sales YoY
-¥12,700M (-18.1%)

- Demand in amusement business declined to the same period last year.
- On the other hand, ASIC business remained strong.

Operating income YoY
-¥540M (-9.1%)

- Decline in gross profit due to sales decrease
- Gross profit rate increased by 2.7% from last fiscal year and operating income rate improved from 8.5% in FY2022 to 9.5% in FY2023

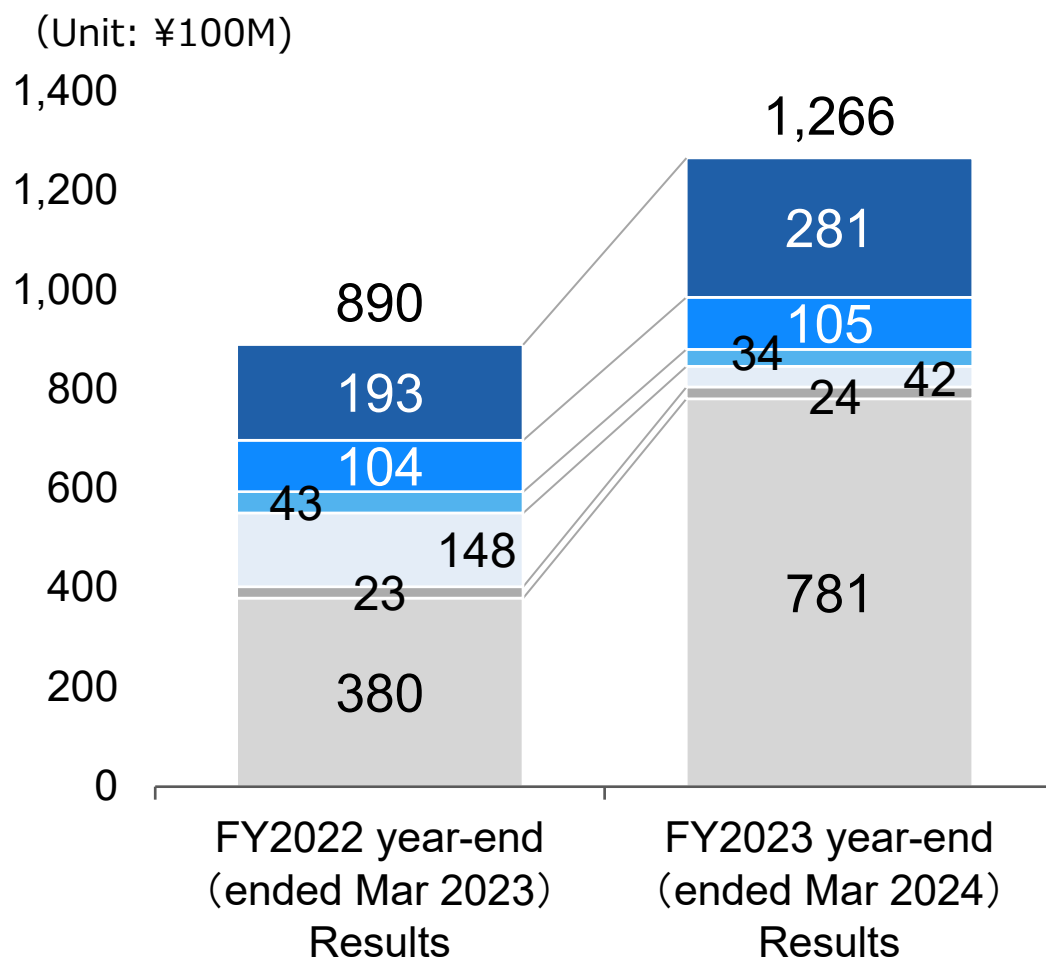
Ordinary income YoY
-¥3,850M (-52.7%)

- Decline in operating income: -¥540M JPY
- Decrease in share of profit of SiTime accounted for using equity method: - ¥3,120M
- Decline in exchange gain: -¥390M
- Interest income: +¥140M

Net profit YoY
-¥2,590M (-36.7%)

- Decline in ordinary income: -¥3,850M
- Increase in extraordinary profit: +¥ 2,740M
(Gain on change in equity and increase in gain on sale of shares of subsidiaries and affiliates)
- Increase in extraordinary loss: -¥940M
(Increase in investment securities/extraordinary loss for stock depreciation of an affiliate, and decrease in fixed assets impairment)
- Increase in income taxes : -¥560M

FY2023 Financial Status (Assets)

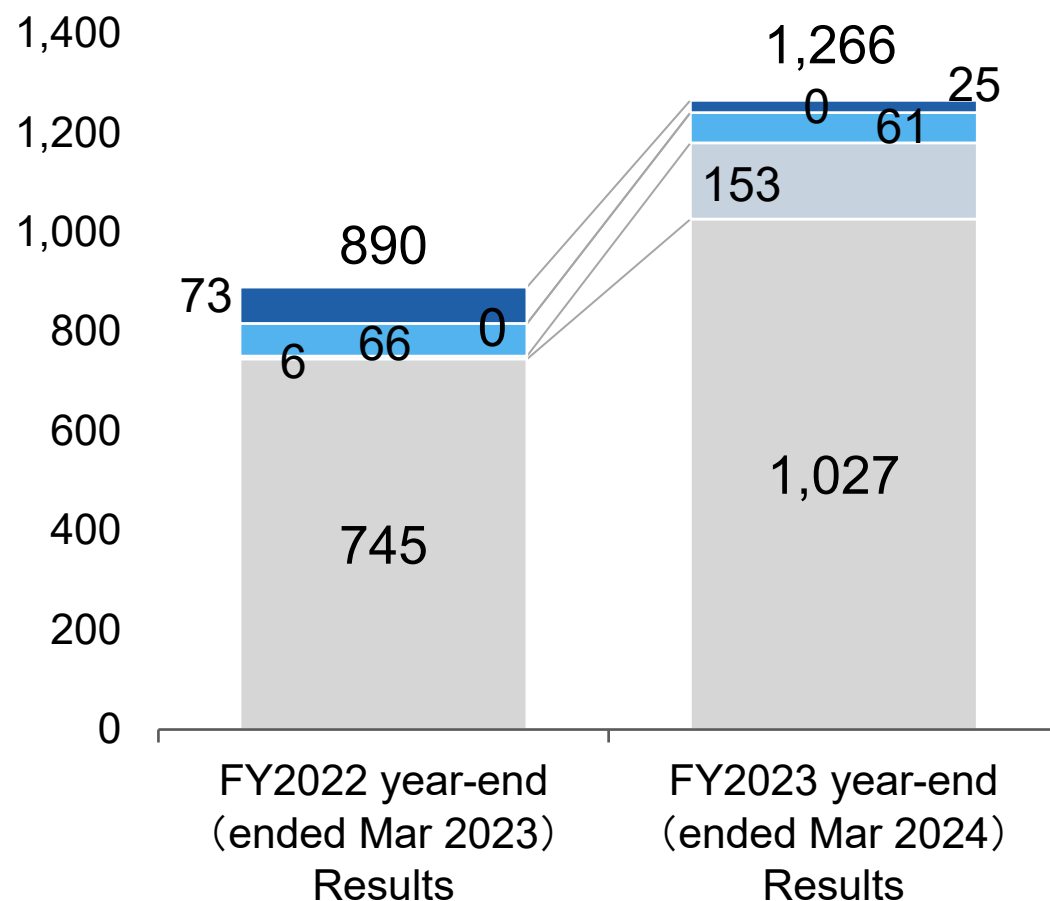


(Unit : ¥100M)

	Increase/Decrease (FY22→FY23)	Increase/Decrease % (Increase/Decrease ÷ FY22)
Cash/cash equivalents	+87.9	+46%
Notes/accounts receivables	+1.2	+1%
Inventories	-8.5	-20%
Other current assets	-106.8	-72%
Intangible/Tangible fixed assets	+0.7	+3%
Investment and other assets	+401.4	+106%

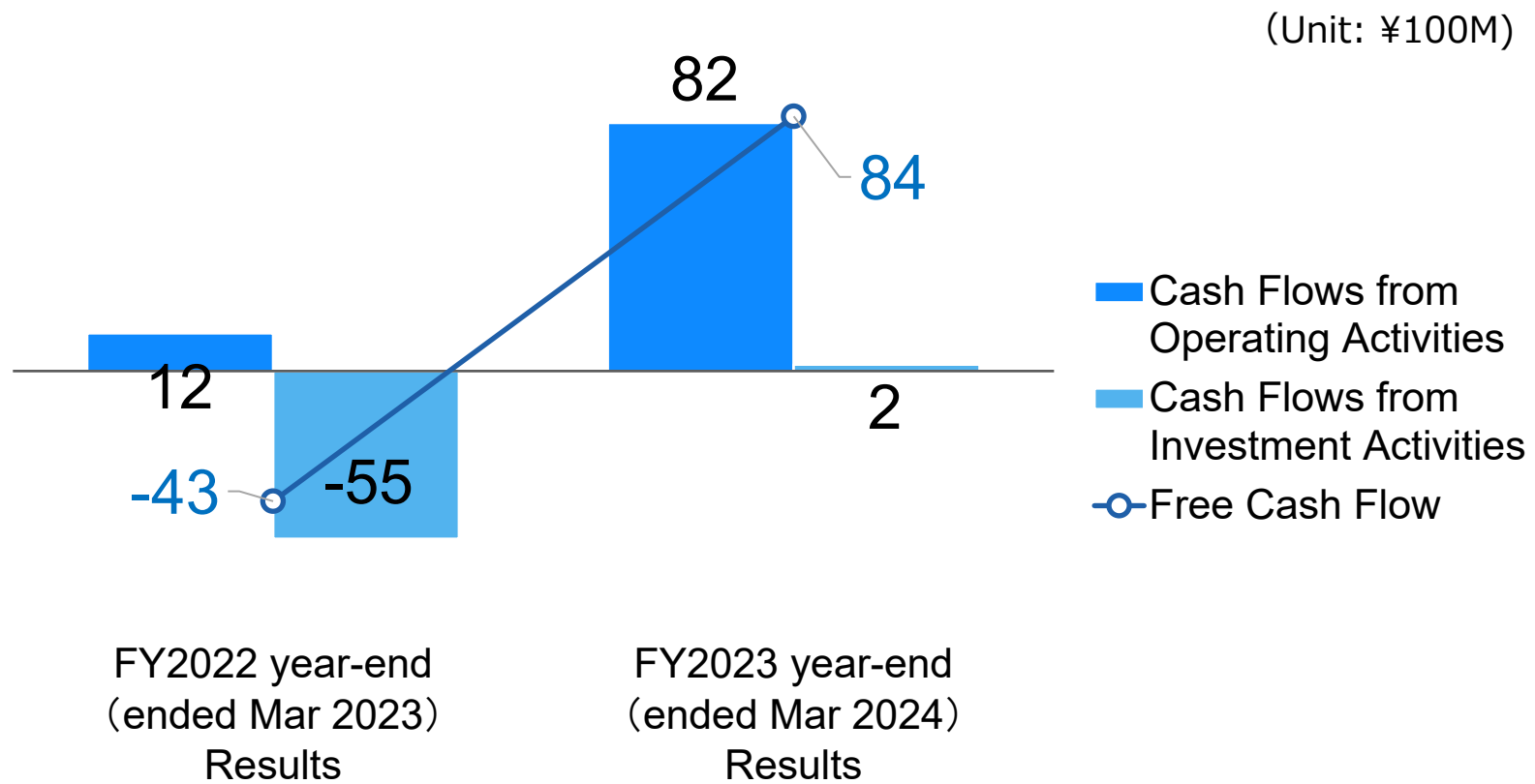
FY2023 Financial Status (Liabilities/Net assets)

(Unit: ¥100M)



(Unit : ¥100M)	Increase/Decrease (FY22→FY23)	Increase/Decrease % (Increase/Decrease÷FY22)
Notes/account payables	-48.4	-66%
Interest-bearing debt	-	-
Other current liabilities	-4.5	-7%
Other fixed liabilities	+147.4	+ 25times
Net assets	+281.4	+38%

FY2023 Cash Flow



FY2024 (ending March 2025) Forecast

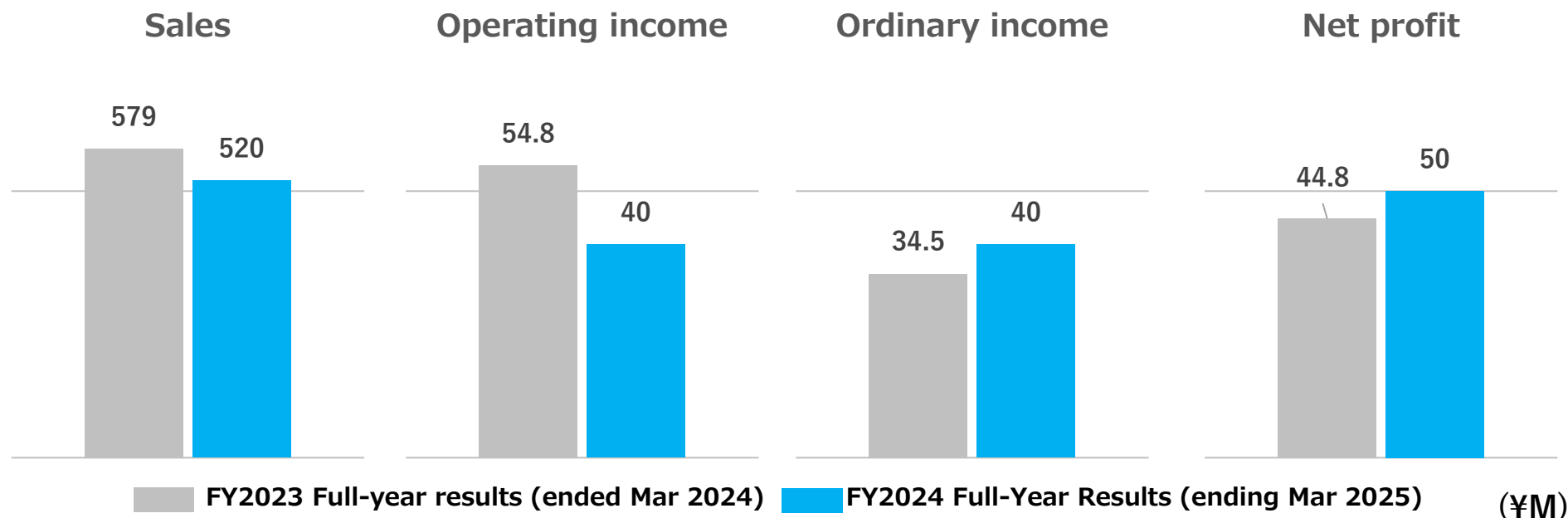
FY2024 (ending March 2025) Forecast

We project a decline in sales for FY2024, however, we aim to continue investing for mid-term growth and stable profits, targeting an increase in income in FY2025 and beyond.

(Unit : ¥ Million)		FY2023 (ended Mar 2024) Full-year results	FY2024 (ending Mar 2025) Full-year forecast
Consolidated	Sales	57,942	52,000
	Operating income	5,483	4,000
	Ordinary income	3,456	4,000
	Net profit belonging to shareholders of parent company	4,486	5,000
	Earnings Per Share (¥)	242.30	275.36
Operating profit ratio		9.5%	8.5%
Net profit ratio		7.7%	10.0%
Exchange rate : US\$		151.41円	130.00円

- ※ In the fiscal year ended March 2024, a gain on sales of shares in subsidiaries and associates of ¥5,520 million was posted as an extraordinary profit due to the sale of a portion of shares in SiTime Corporation.
- ※ In the fiscal year ended March 2025, a gain on sales of investment securities of around ¥3,000 million will be expected to be posted as an extraordinary profit due to the sale of a portion of shares in SiTime Corporation.

FY2024 Forecast (P/L) Breakdown

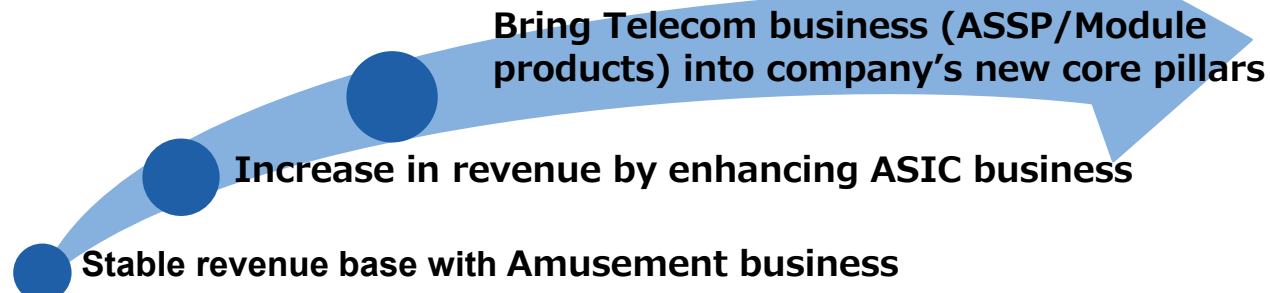


<p align="center">Sales YoY -¥5,900M (-10.3%)</p> <ul style="list-style-type: none"> • The demand for the game software storage LSI (custom memory) is expected to decrease compared to the previous fiscal year. 	<p align="center">Operating income YoY -¥1,480M (-27.1%)</p> <ul style="list-style-type: none"> • Mainly project a decline in gross profit due to a decrease in sales, and an increase in investment for business enhancement and the development of new businesses. 	<p align="center">Ordinary income YoY +¥550M (+15.7%)</p> <ul style="list-style-type: none"> • Since SiTime is no longer subject to the equity method, it is unnecessary to calculate investment gains and losses (non-operating losses) under the equity method. (For the fiscal year ended March 2024, an investment loss of ¥2,900M was recorded under the equity method.) 	<p align="center">Net profit YoY +¥520M (+11.4%)</p> <ul style="list-style-type: none"> • A gain on sales of investment securities of around ¥3,000 million is expected to be posted as an extraordinary profit due to the sale of a portion of shares in SiTime Corporation in FY2024.
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FY2024 Mid-term Management Policy

Mid-to-long term management policy

We aim to strengthen the foundation of our amusement and ASIC businesses and grow our telecom business into a new pillar. We also strive to launch a fourth business by exploring and developing new business opportunities.



Strengthen the foundation of Amusement business

Strengthen the foundation of ASIC (including industrial/FA)

- We saw increase in ASIC business until FY2023. We aim further increase in the mid-to long-term.

Early launch of Telecom business (ASSP/module)

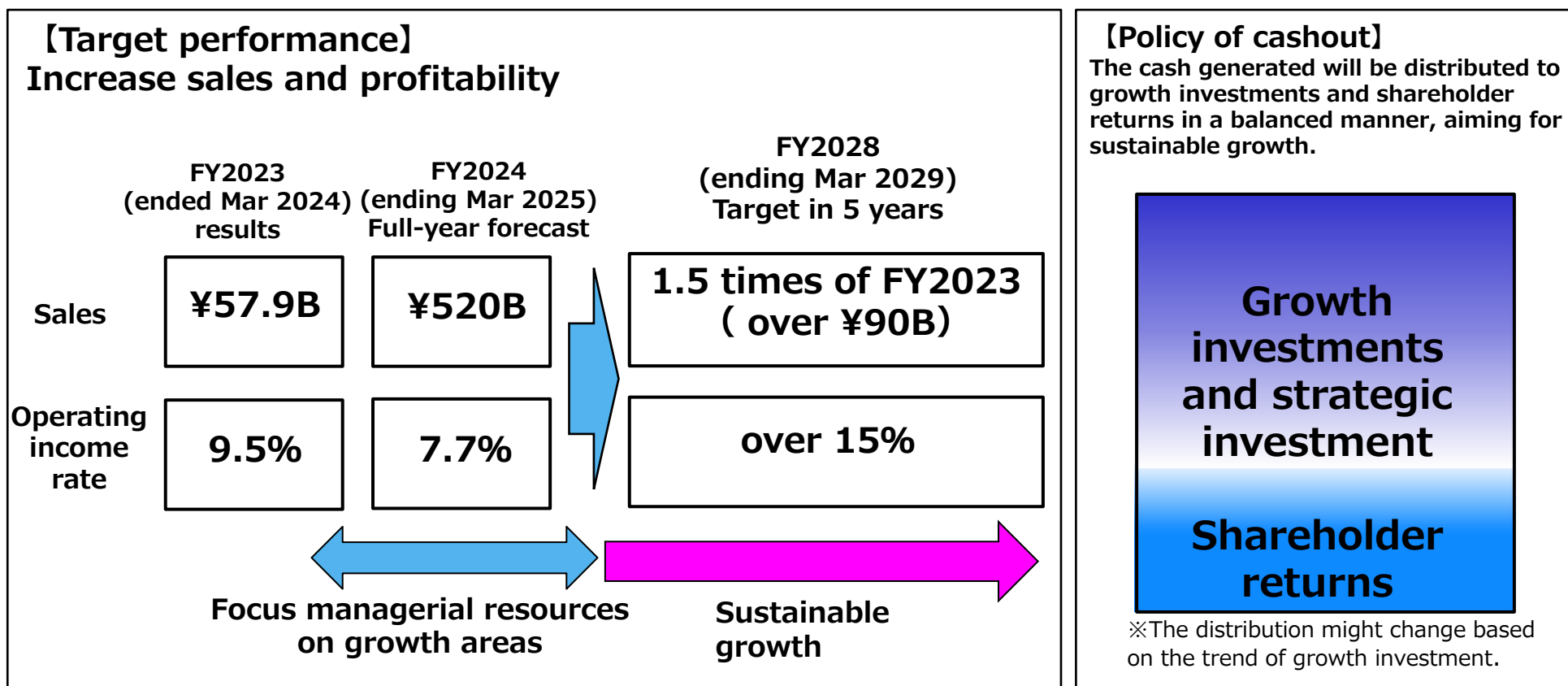
- In the telecom business, we started a commercial production of WiFi-Halow ASSP and module from 4Q of FY2023.
- Aim full-scale commercial production from FY2025.

Target (in next 5 years)

- ASIC and Telecom businesses account for 40% of total sales
- ROE maintain more than 8%
- PBR aim for early realization of greater than 1

Mid-to-long term management policy

We will accelerate the development of profitable businesses by focusing managerial resources on our new Telecom business, while solidifying the business foundations of our major product, Amusement, and ASIC.



Mid-to-long term plan (Amusement business)

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

Business environment

- The market in which the customer demands 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

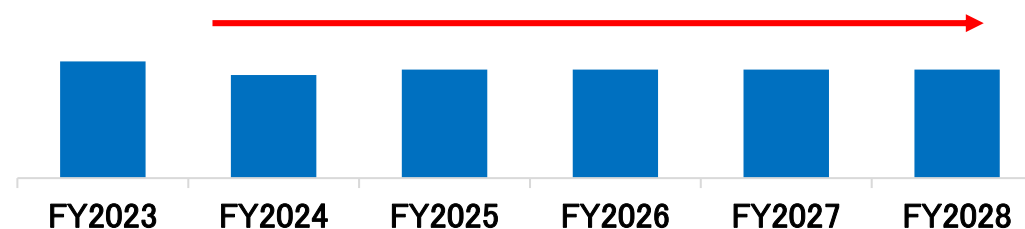
We strive to enhance supply capability to satisfy customers by outsourcing all production to outside partners.

Mid-to-long term plan (3~5 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
- Product launch for a business of next generation game console
 - Launch of mass production
 - Continuously capture market shares

Sales

Continuance of stable sales (revenue)



Mid-to-long 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.

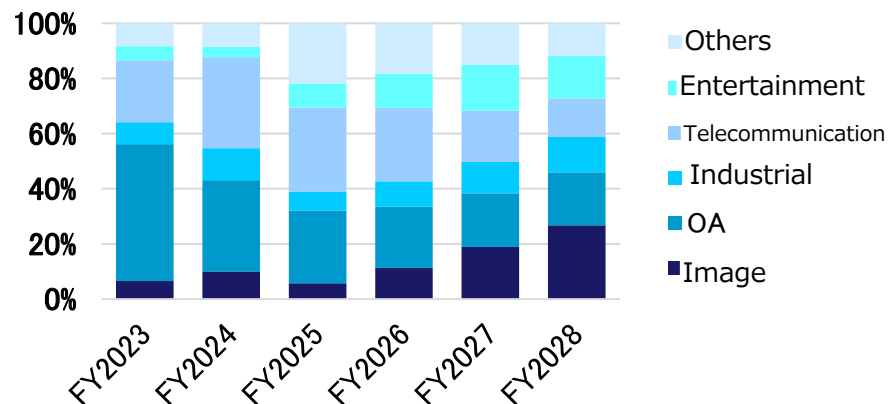
Business environment

- 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 smartification in the industrial equipment field.
- Increase in semiconductor demands in the telecommunication and infrastructure devices.

Expand sales in ASIC business (diversification of product revenue structure)

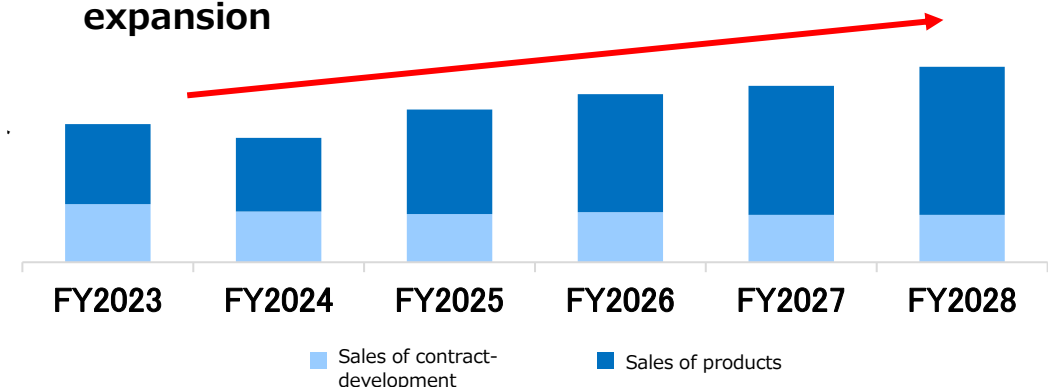


Mid-to-long term plan (3~5 years)

- 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

Sales

Aim for continued sales increase and surplus expansion



Mid-to-long term plan (Telecommunication)

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

Business environment

- As IoT and AI technologies rapidly advance, every device is connected to the network.

Expansion of target areas

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

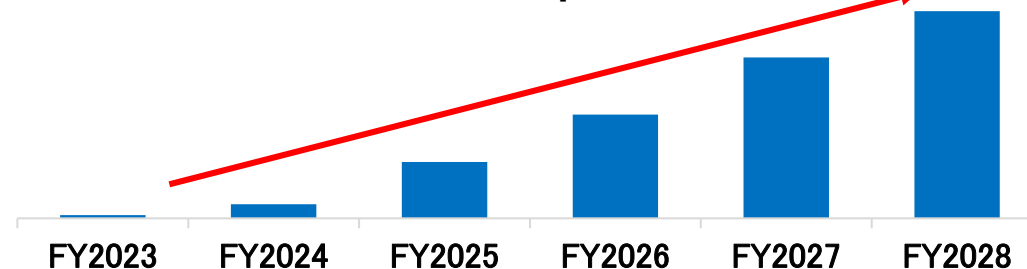
We launch and expand telecommunication business by fusing technologies of Morse Micro's long-range wireless communication and our wired communication.

Mid-to-long term plan (3~5 years)

- 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.



Profit distribution

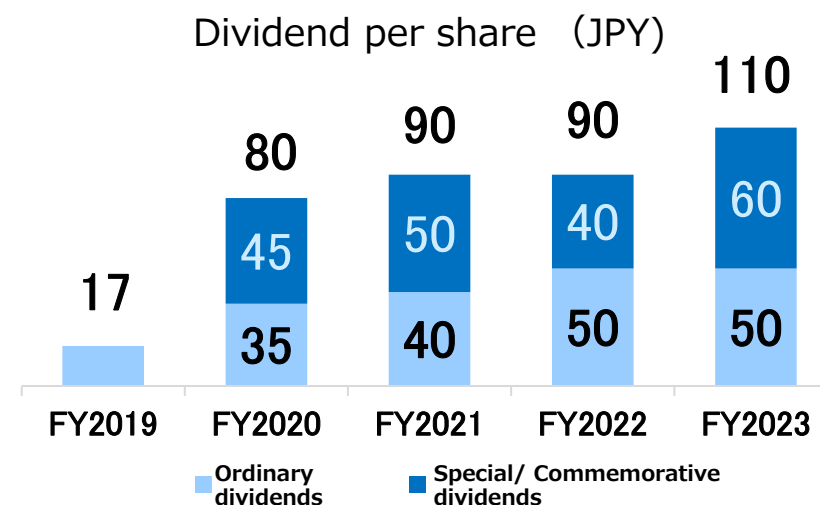
We aggressively promote shareholder returns, taking into consideration our business outlook, to better achieve both sustainable profit returns and our growth.

FY2023 (ended Mar 2024) Shareholder Returns (Dividends)

The annual dividend per share has increased by 20 yen from the previous fiscal year, resulting in 110 yen per share.

- Ordinary dividends funded by the profits of our business : ¥50
- Special dividends funded by the profits from the partial sale of our SiTime shares : ¥60

	Dividends of FY2023
Ordinary dividends (¥/share)	¥50
Special dividends (¥/share)	¥60
Dividend per share (¥/share)	¥110



Profit distribution

【Basic Profit Distribution Policy】

Dividends : Stably distribute based on business growth

Acquisition of treasury shares : Implemented flexibly, taking into account capital requirements and the business environment.

【FY2024 (ending Mar 2025)

Distribution of Retained Earnings (tentative)】

Scheduled dividend per share ¥120

(¥10 increase from the previous fiscal year)

※Stable dividends (trend of increase)

※(Ordinary dividends ¥60／ Special dividends ¥60)

※This is based on our current business forecast and environment.

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.

Inquiries regarding this document

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