
MegaChips Corporation Briefing

FY2024 1Q (Ending March 2025)

<https://www.megachips.co.jp/>

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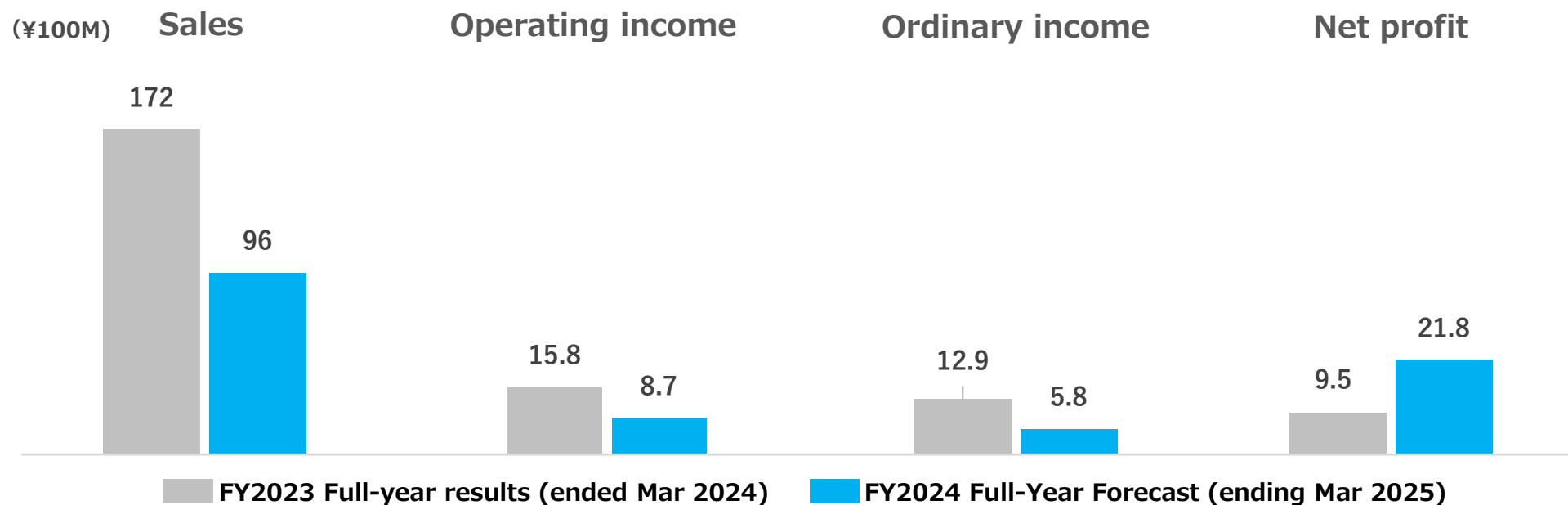
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FY2024 (ending March 2025) 1Q Results

FY2024 1Q Consolidated results (P/L) Summary

(Unit : ¥ Million)		FY2023 1Q Results (ended Mar 2024)	FY2024 1Q Results (ending Mar 2025)	YoY	FY2024 Full- year Forecast (ending Mar 2025) published on May 10, 2024
Consoli dated	Sales	17,290	9,660	▲44.1%	52,000
	Cost of sales	14,191	7,261	▲48.8%	
	SG&A expenses	1,513	1,523	+0.7%	
	Operating income	1,586	874	▲44.9%	4,000
	Ordinary income	1,297	584	▲55.0%	4,000
	Net profit belonging to shareholders of parent company	952	2,187	+129.6%	5,000
	Earnings Per Share (¥)	50.21	121.85	+142.7%	275.36
Operating profit ratio		9.2%	9.1%		
Net profit ratio		5.5%	22.6%		
Exchange rate : US\$		144.99 JPY	161.07 JPY		

FY2024 1Q Consolidated results (P/L) Breakdown



Sales YoY
-7,600M JPY (-44.1%)

- Declined from the same period of last year when demand for Amusement business was high
- While customer demands in ASIC business stayed strong

Operating income YoY
-710M JPY (-44.9%)

- Decline in gross profit due to sales decrease
- Gross profit rate increased by 6.9% from last fiscal year

Ordinary income YoY
-710M JPY (-55.0%)

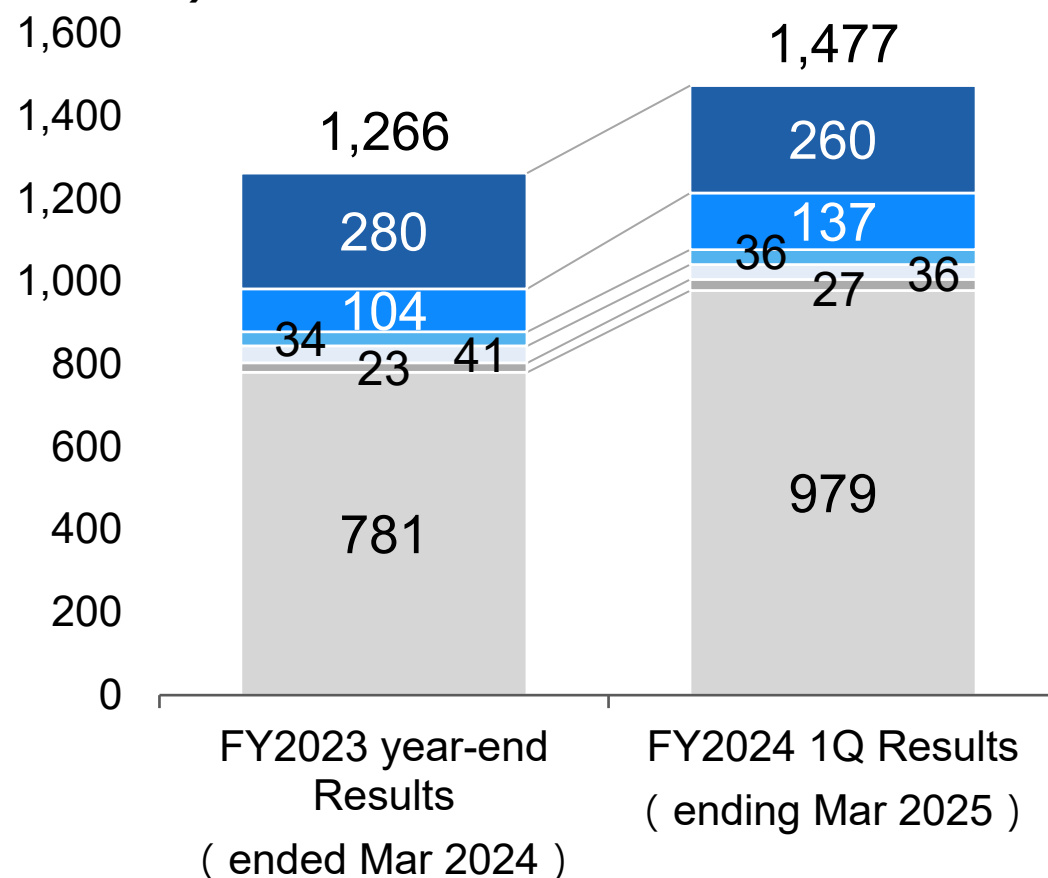
- Decline in operating income: -710M JPY
- Decline in exchange gain: -260M JPY
- Increase in exchange loss: -360M JPY
- Decrease in investment loss by SiTime equity method: +590M JPY

Net profit YoY
+1,230M JPY(+129.7%)

- Decline in ordinary income: -710M JPY
- Increase in gain on sale of investment securities of SiTime: +4,030M JPY
- Increase in loss on valuation of investment securities: -970M JPY
- Increase in income taxes: -840M JPY

FY2024 1Q Financial Status (Assets)

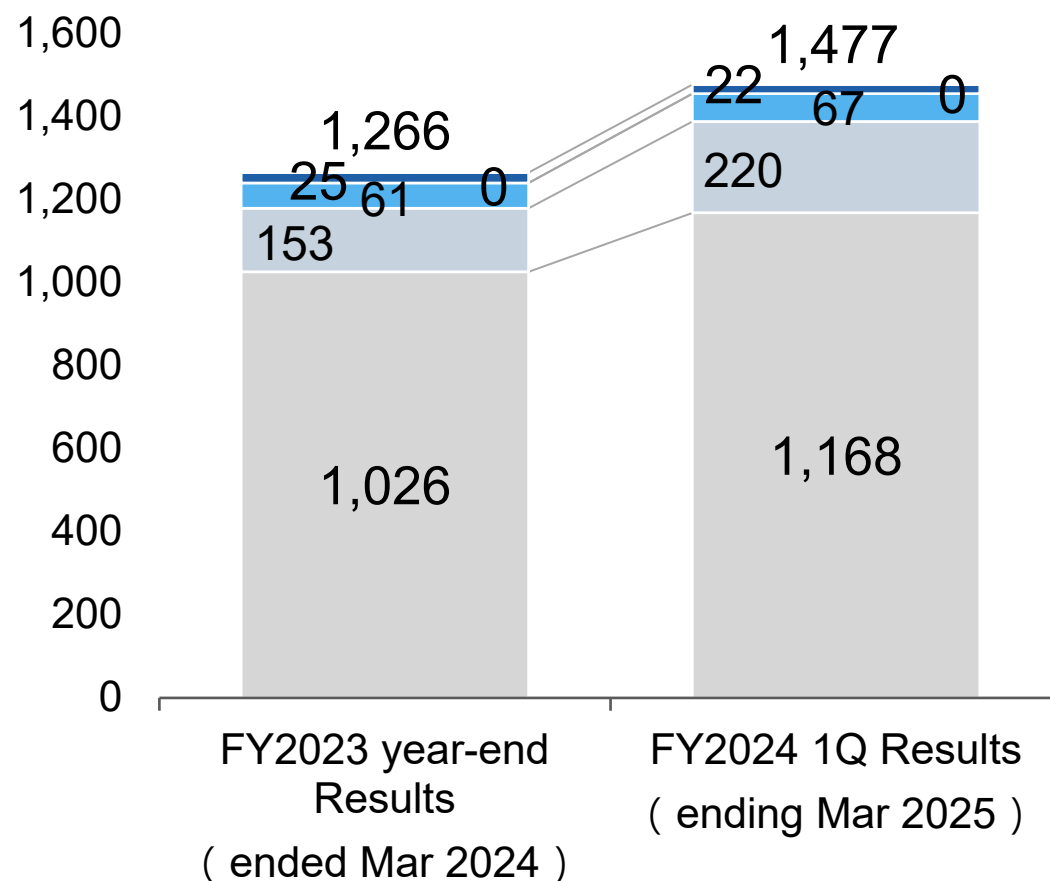
(100M JPY)



		Increase/Decrease (FY23→FY24)	Increase/Decrease % (Increase/Decrease ÷ FY23)
Cash/cash equivalents		-19.9	-7%
Notes/accounts receivables		+32.7	+31%
Inventories		+1.7	+5%
Other current assets		-4.6	-11%
Intangible/Tangible fixed assets		+3.9	+16%
Investment and other assets		+197.9	+25%

FY2024 1Q Financial Status (Liabilities/Net assets)

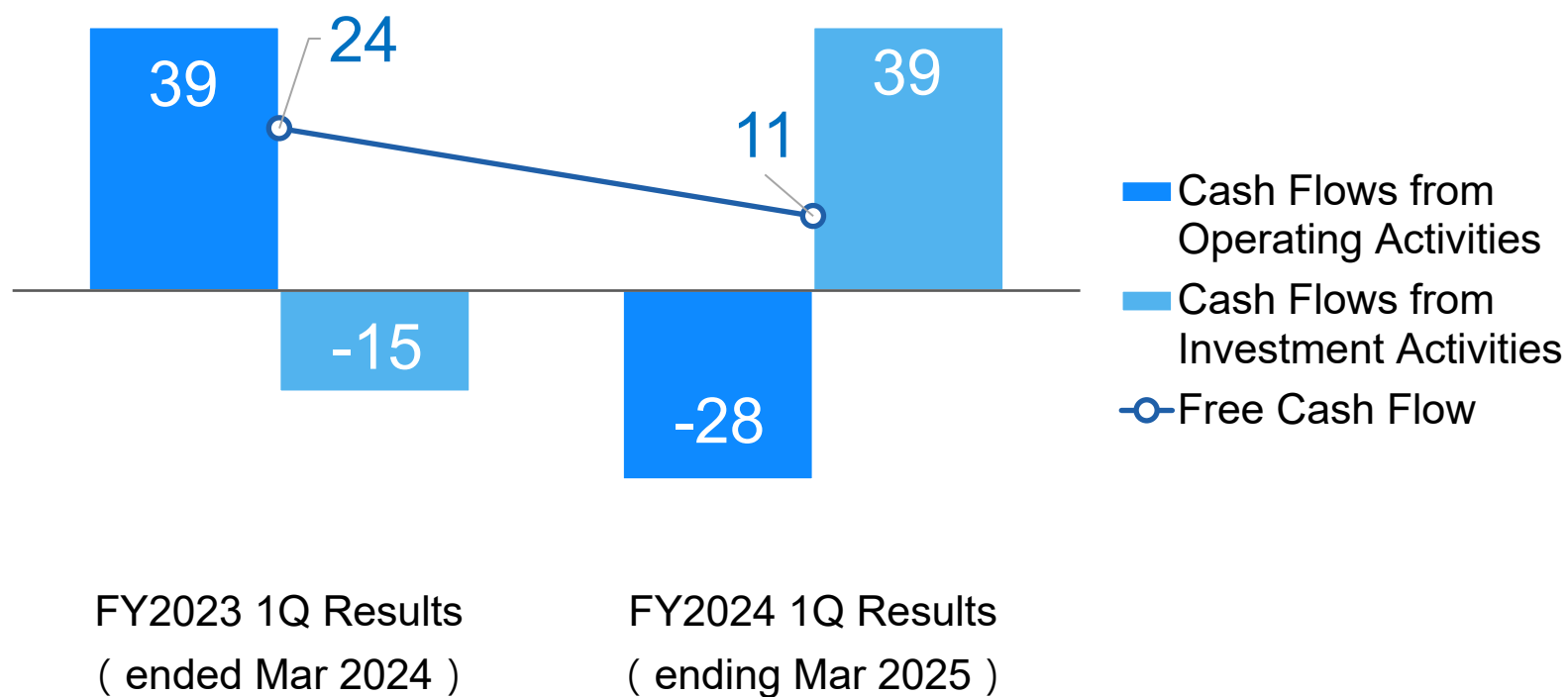
(100M JPY)



		Increase/Decrease (FY23→FY24)	Increase/Decrease % (Increase/Decrease÷ FY23)
Notes/account payables		▲2.8	▲11%
Interest-bearing debt		—	—
Other current liabilities		+6.0	+10%
Other fixed liabilities		+66.8	+44%
Net assets		+141.7	+14%

FY2024 1Q Cash Flows

(Unit: ¥100M)



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 Full-year results (ended Mar 2024)	FY2024 Full-year forecast (ending Mar 2025)	FY2024 1Q Results (ending Mar 2025)	Progress
Consolidated	Sales	57,942	52,000	9,660	18.6%
	Operating income	5,483	4,000	874	21.9%
	Ordinary income	3,456	4,000	584	14.6%
	Net profit belonging to shareholders of parent company	4,486	5,000	2,187	43.7%
	Earnings Per Share (¥)	242.30	275.36	121.85	44.3%
Operating profit ratio		9.5%	7.7%	9.1%	
Net profit ratio		7.7%	9.6%	22.6%	
Exchange rate: US\$		151.41円	130.00円	161.07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 ending March 2025, an extraordinary profits for around ¥3,000 million due to a partial sale of SiTime's shares, however, it incurred ¥4,000 million gain on sales of investment securities as a results of sale in 1Q of FY2024.

FY2024 Forecast (P/L) Breakdown

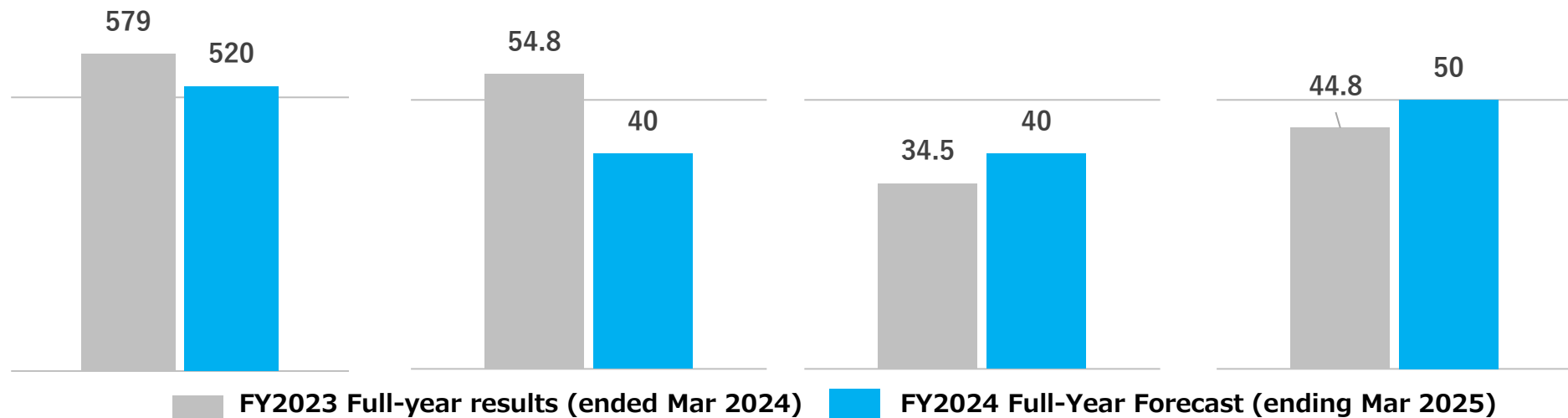
(¥100M)

Sales

Operating income

Ordinary income

Net profit



Sales YoY
-5,900M JPY (-10.3%)

- The demand for the game software storage LSI (custom memory) is expected to decrease compared to the previous fiscal year.

Operating income YoY
-1,480M JPY (-27.1%)

- Mainly decline in gross profit due to a decrease in sales, and an increase in investment for business enhancement and the development of new businesses are projected.

Ordinary income YoY
+550M JPY (+15.7%)

- Since SiTime is no longer subject to the equity method, it is unnecessary to calculate investment gains and losses (non-operating profits and losses) under the equity method. (For the fiscal year ended March 2024, an investment loss of ¥2,900M was recorded under the equity method.)

Net profit YoY
+520M JPY (+11.4%)

- 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.

FY2024 Mid-to-long term Management Policy

Mid-to-long term management policy

Mid-to-long term
continued target

ROE 8% or above

FY2028 (ending Mar 2029) target

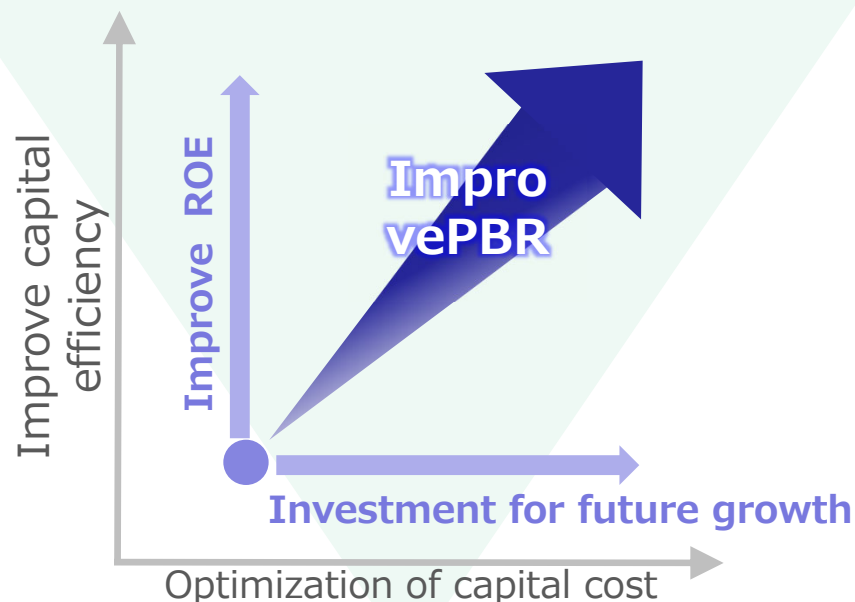
**50% or more of sales composition with
ASIC and Telecommunication businesses**

Early realization

PBR 1x or more

Enhance capital efficiency

- Strengthen revenue foundation by Amusement business
- Increase in revenue by enhancing ASIC business foundation
- Early launch of Telecom business
- 4 Foster the 4th pillar of business



Growth investment for the future

- Promote collaboration with domestic and international universities
- Investment and strategic partnership with startups
- Cultivate new market and develop new products
- Link business creation and commercialization

Enhance profit returns and emphasize dialogues with investors

- Stable dividend (aim to increase)
- Continued share repurchases

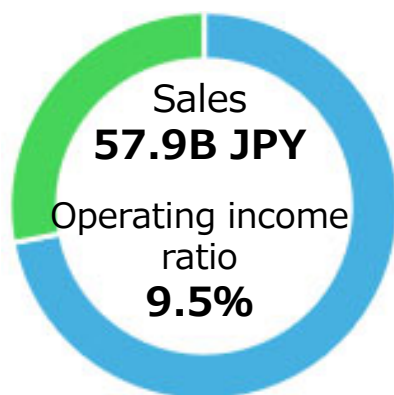
Mid-to-long term management policy

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 businesses, Amusement, and ASIC.

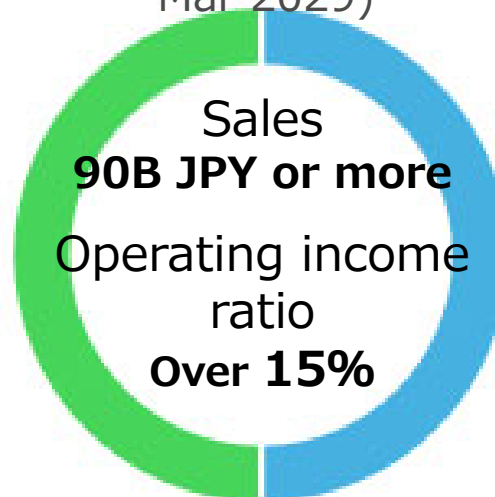
We will also explore and foster our 4th new business and promote business structural reforms in the mid-to-long term.

Ideal and target in mid-to-long term

FY2023 Results
(ended Mar 2024)



Target for FY2028 (ending
Mar 2029)



■ Sales of Amusement business ■ Sales of ASIC+Telecom businesses

New business

- Start mass production shipments for ASSP and module of **Wi-Fi HaLow™** from FY2023 4Q
- Aim full-scale mass production shipment from YR204

ASIC business

- Strengthen foundation of industrial and FA areas
- Increase in sales and profit by FY2023 and focus to further enhance business foundation

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

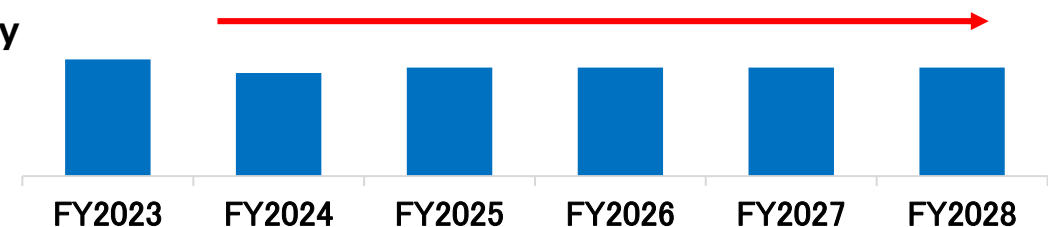
We strive to enhance supply capability to satisfy customers by outsourcing all production to outside partners.

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 capability
- Product launch for a business of next generation game console
 - Launch of mass production of products for customers
 - Continuously capture market shares

Sales

Continuance of stable sales (revenue)



Mid-to-long term plan (ASIC business)

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

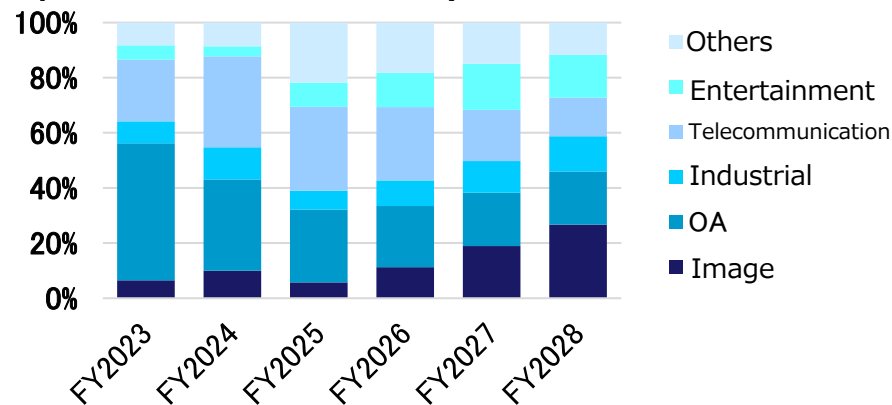
Business environment

- 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 area (diversification of product revenue structure)

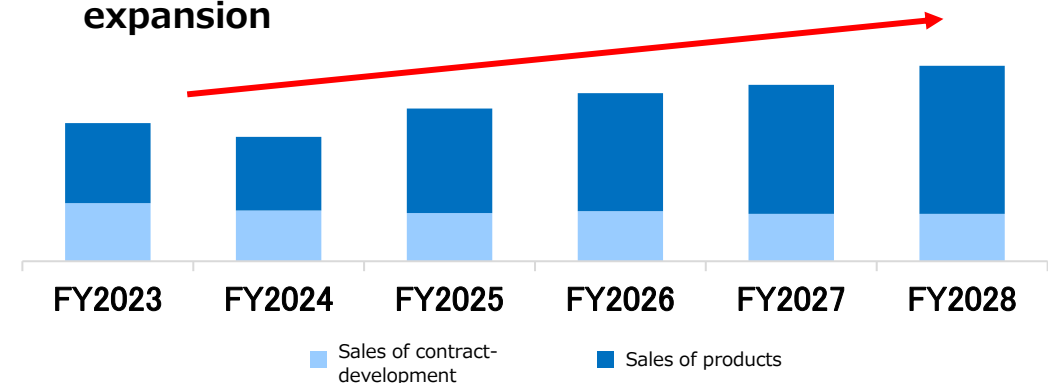


Mid-to-long term plan (3~5 years)

- Increase the added value provided to customers
 - Offer flexible solutions according to customer 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 will 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

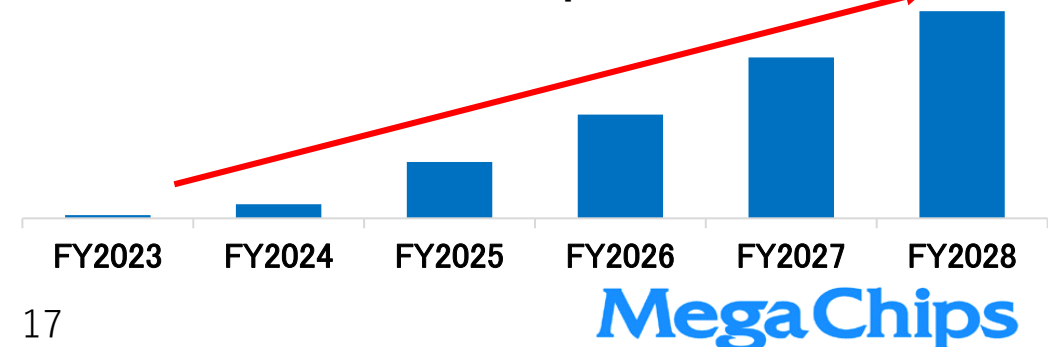
We will launch and expand telecommunication business by fusing technologies of Morse Micro's long-range wireless communication (WiFi-HaLow) and our wired communication.

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

- We aim to early launch a new business 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

Basic profit distribution policy

Dividend : Stably implement based on business growth

Share repurchases : Flexibly implement considering funding needs and business

FY2024 (ending Mar 2025) Dividends of surplus (plan)

Annual dividends per share ¥120

(10 JPY increase from previous year's results)

※ Stable dividends (increase trend)

※ Ordinary dividends ¥60 / Special dividends ¥60

※ The dividends above are based on current forecast of business environmental business performance

Shareholder returns results of FY2023 (ended Mar 2024)

Annual dividends per share ¥110

Treasury share repurchases ¥3.9B

Payout ratio 45.6%

Total return ratio 132.7%

※ Ordinary dividends ¥50 / Special dividends ¥60

Basic cashout policy

Cash generated will be distributed in a balanced manner between investment for future growth and shareholder returns, and aim for continuous growth

Investment for
future growth
and strategical
investment

Shareholder
returns

※ Allocation might vary based on the trend of investment for future growth.

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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