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# MegaChips Corporation Briefing FY2024 2Q (Ending March 2025)

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

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# FY2024 (ending March 2025) 2Q Results

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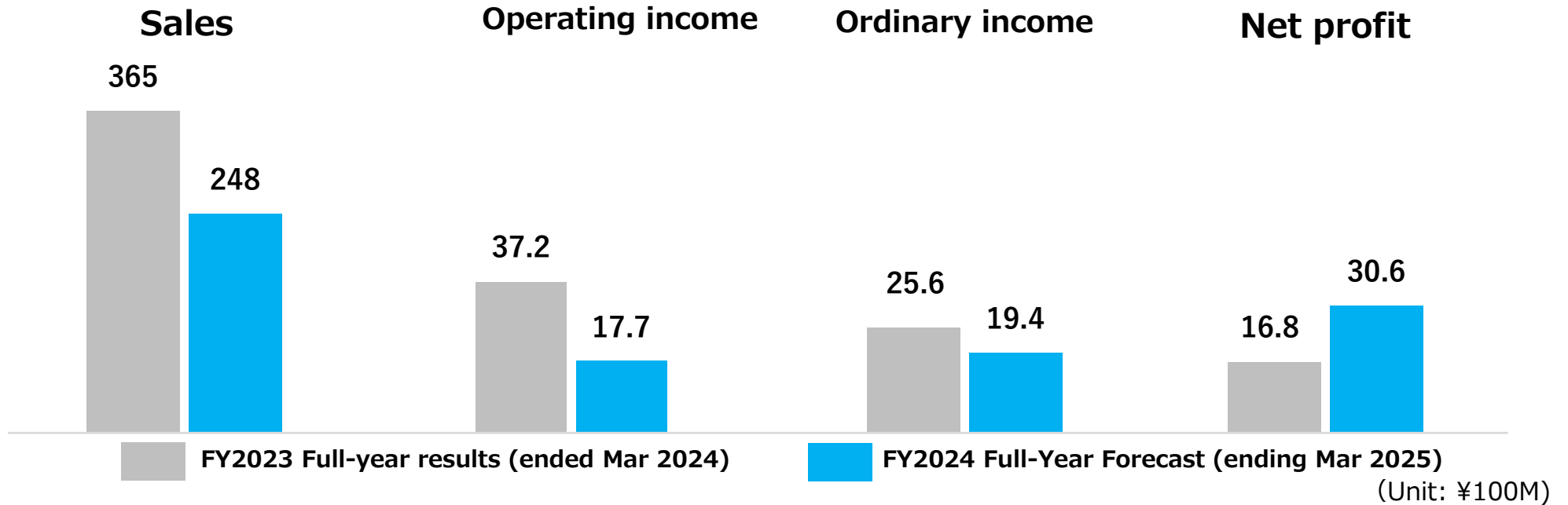
FY2024 2Q (Ending March 2025)

# Consolidated results (P/L) Summary

(Unit : ¥ Million)		FY2023 2Q Results (ended Mar 2024)	FY2024 2Q Results (ending Mar 2025)	YoY	FY2024 Full-year Forecast (ending Mar 2025) published on May 10, 2024
Consoli dated	Sales	36,501	24,853	-31.9%	52,000
	Cost of sales	29,769	20,024	-32.7%	
	SG&A expenses	3,009	3,048	+1.3%	
	Operating income	3,722	1,779	-52.2%	4,000
	Ordinary income	2,564	1,943	-24.2%	4,000
	Net profit belonging to shareholders of parent company	1,689	3,066	+81.5%	5,000
	Earnings Per Share (¥)	90.39	171.48	+89.7%	275.36
	Operating profit ratio	10.2%	7.2%		7.7%
Net profit ratio	4.6%	12.3%		9.6%	
Exchange rate : US\$	¥149.58	¥142.73		¥130.00	

FY2024 2Q (Ending March 2025)

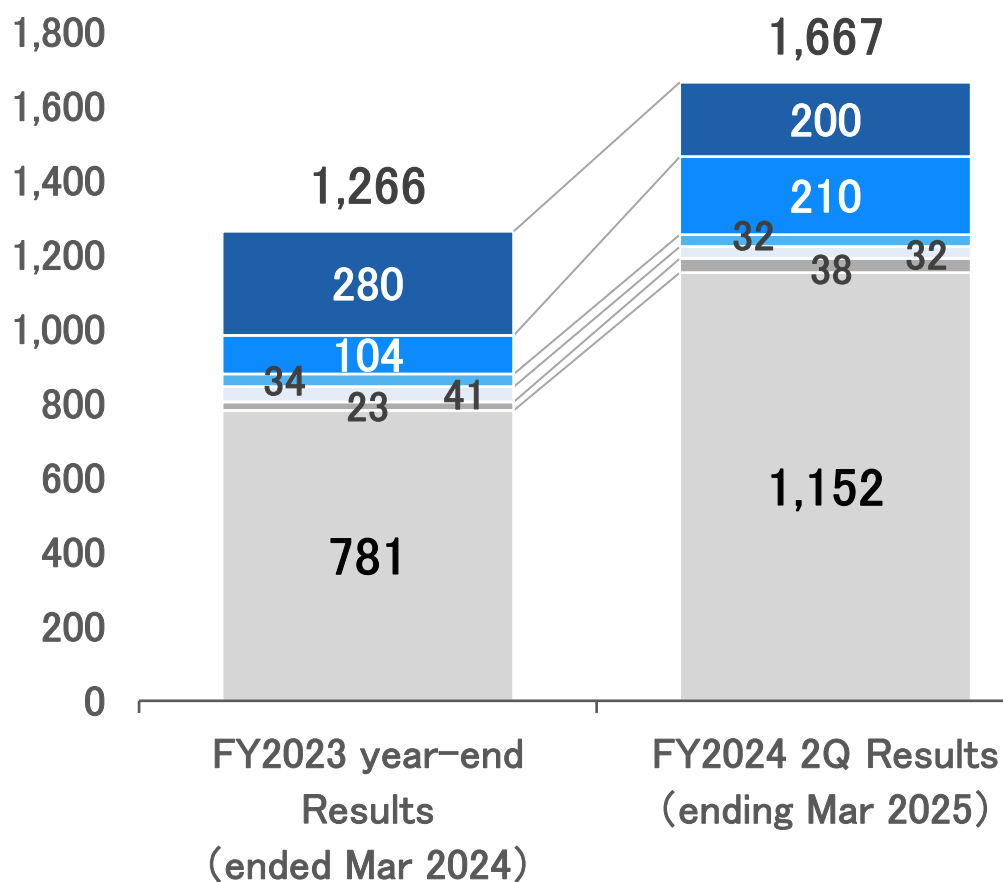
# Consolidated results (P/L) Breakdown



<p><b>Sales YoY</b> -11,600M JPY (-31.9%)</p> <ul style="list-style-type: none"> <li>• Demand for Amusement business declined</li> <li>• Contract development of ASIC business stayed strong (NRE sales)</li> </ul>	<p><b>Operating income YoY</b> -1,940M JPY(-52.2%)</p> <ul style="list-style-type: none"> <li>• Decline in gross profit due to sales decrease</li> <li>• Gross profit rate increased by 10% YoY</li> </ul>	<p><b>Ordinary income YoY</b> -620M JPY (-24.2%)</p> <ul style="list-style-type: none"> <li>• Decline in operating income:-1,940M JPY</li> <li>• Decline in exchange gain: -310M JPY</li> <li>• Decrease in investment loss by SiTime equity method:+1,580M JPY</li> </ul>	<p><b>Net profit YoY</b> <b>+1,370M JPY (+81.5%)</b></p> <ul style="list-style-type: none"> <li>• Decline in ordinary income: -620M JPY</li> <li>• Increase in gain on sale of investment securities of SiTime: +4,030M JPY</li> <li>• Decrease in gain on change in equity : -570 M JPY</li> <li>• Increase in loss on valuation of investment securities : -880M JPY</li> <li>• Increase in income taxes: -570M JPY</li> </ul>
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# FY2024 2Q (Ending March 2025) Financial Status (Assets)

(Unit: ¥100M)



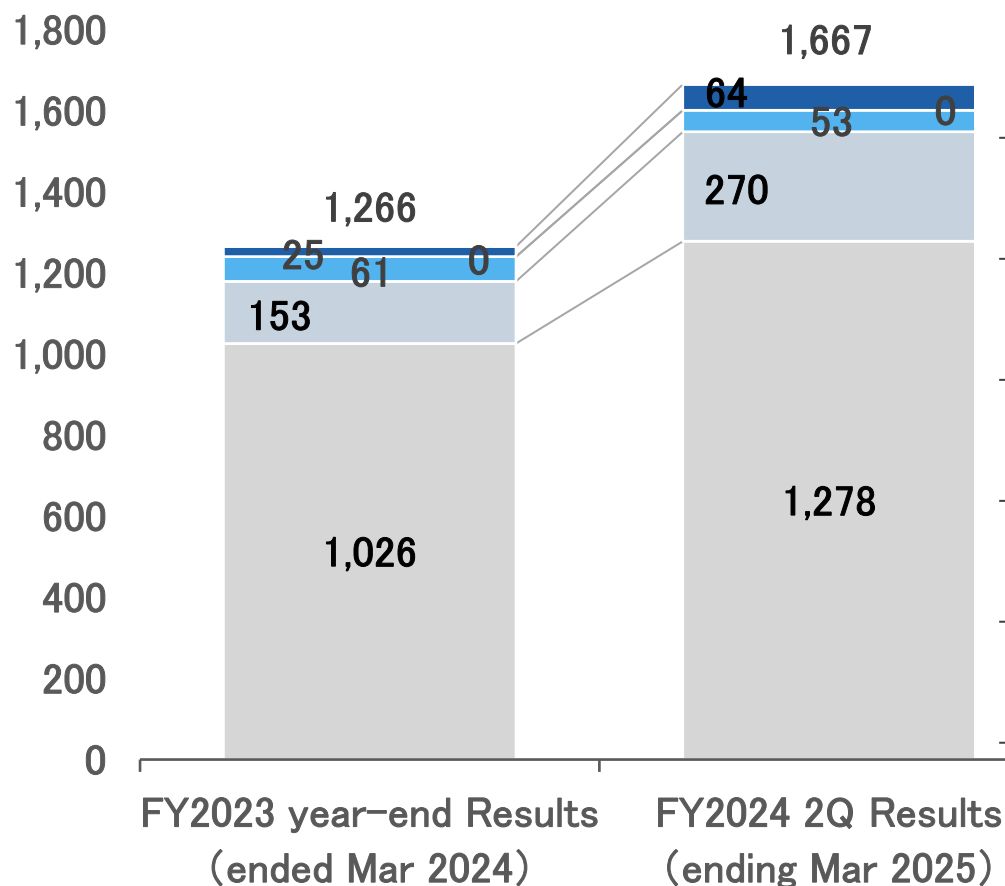
(Unit: ¥100M)

	Increase/Decrease (FY23→FY24)	Increase/Decrease % (Increase/Decrease ÷ FY23)
Cash/cash equivalents	<b>-79.6</b>	<b>-28%</b>
Notes/accounts receivables	<b>+105.9</b>	<b>+101%</b>
Inventories	<b>-1.4</b>	<b>-4%</b>
Other current assets	<b>-9.4</b>	<b>-23%</b>
Intangible/Tangible fixed assets	<b>+14.5</b>	<b>+62%</b>
Investment and other assets	<b>+371.0</b>	<b>+47%</b>

FY2024 2Q (Ending March 2025)

# Financial Status (Liabilities/Net assets)

(Unit: ¥100M)

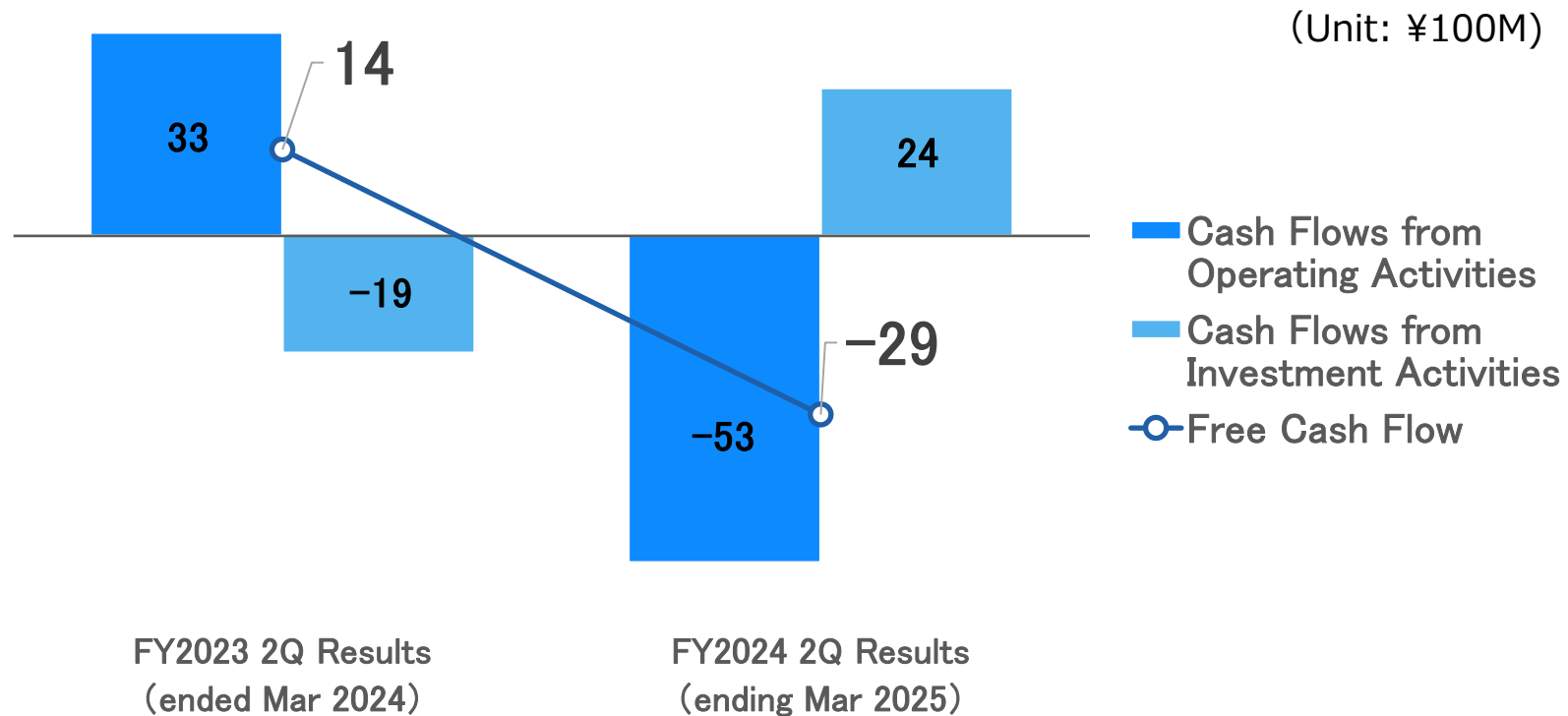


(Unit: ¥100M)

	Increase/Decrease (FY23→FY24)	Increase/Decrease % (Increase/Decrease ÷ FY23)
Notes/account payables	<b>+38.9</b>	<b>+155%</b>
Interest-bearing debt	—	—
Other current liabilities	<b>-7.3</b>	<b>-12%</b>
Other fixed liabilities	<b>+117.2</b>	<b>+77%</b>
Net assets	<b>+252.1</b>	<b>+25%</b>

FY2024 2Q (Ending March 2025)

# Cash Flows



# FY2024 (ending March 2025) Forecast

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# FY2024 (ending March 2025) Forecast

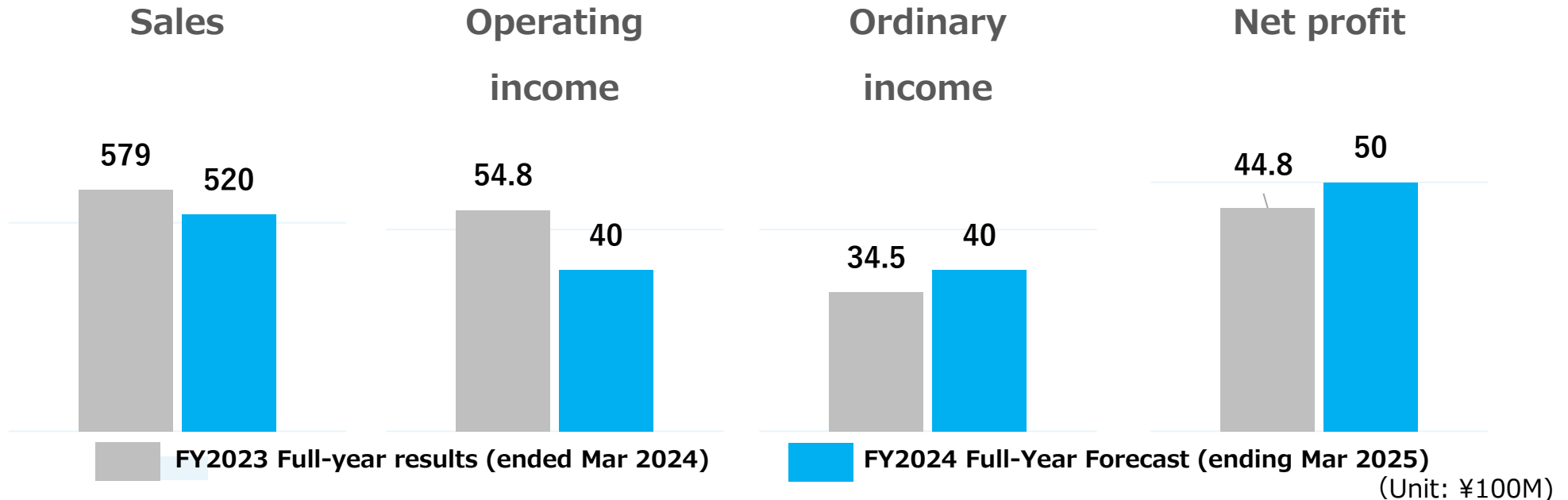
We project a decline in sales for FY2024, however, we aim to continue investing for mid-to-long term growth and stable profits, targeting an increase in income in FY2025 and beyond.

(Unit : ¥ Million)	FY2023 Full-year results (ended Mar 2024)	FY2024 Full-year forecast (ending Mar 2025)	FY2024 2Q Results (ending Mar 2025)	Progress
Sales	57,942	52,000	24,853	47.8%
Operating income	5,483	4,000	1,779	44.5%
Ordinary income	3,456	4,000	1,943	48.6%
Net profit belonging to shareholders of parent company	4,486	5,000	3,066	61.3%
Earnings Per Share (¥)	242.30	275.36	171.48	62.3%
Operating profit ratio	9.5%	7.7%	7.2%	
Net profit ratio	7.7%	9.6%	12.3%	
Exchange rate: US\$	151.41円	130.00円	142.73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



**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.

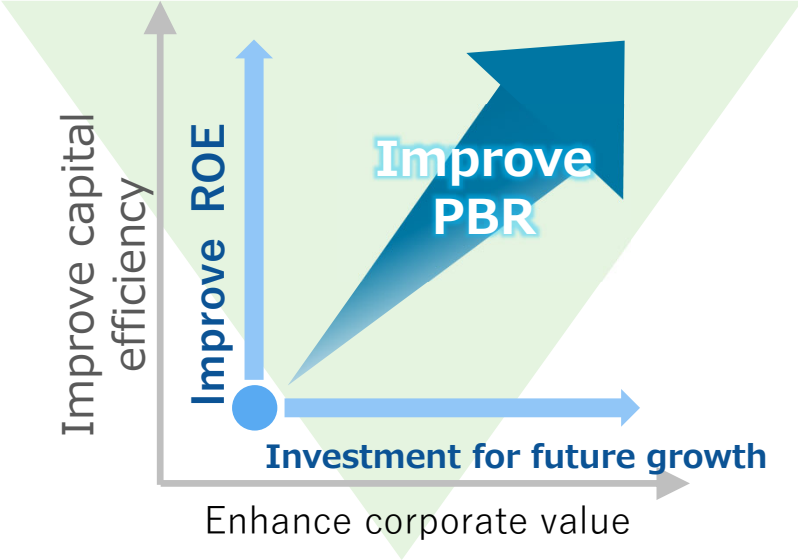

**Ordinary income YoY**  
**+550M JPY (+15.7%)**  
 • Since SiTime has been exclude from the equity method, it is unnecessary to calculate investment gains and losses (non-operating profits and losses) under the equity method. (For the fiscal year ended March 2024, an investment loss of ¥2,900M was recorded 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. ⇒ Posted ¥4,000 million gain on sales of investment securities in FY2024 1Q.

# FY2024 Mid-to-long term Management Policy

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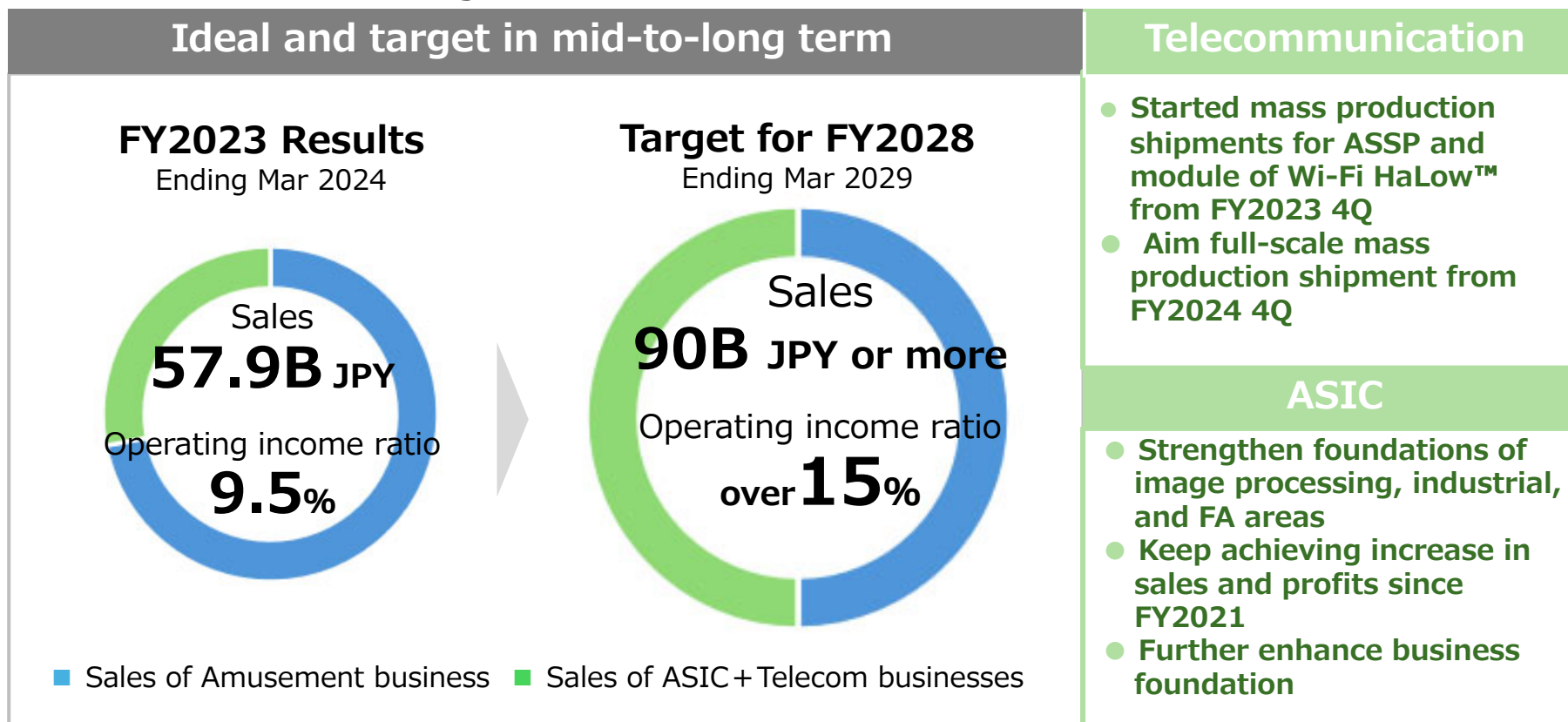
# Mid-to-long term management policy

Mid-to-long term continued target	FY2028 (ending Mar 2029) target	Early realization
ROE 8% or above	ASIC and Telecommunication businesses account for 50% or more of the sales	PBR 1x or more
<p data-bbox="286 568 595 651">Enhance capital efficiency</p> <ul data-bbox="192 687 685 1201" style="list-style-type: none"> <li>● Strengthen revenue foundation by Amusement business</li> <li>● Increase in revenue by enhancing ASIC</li> <li>● Early launch of Telecom business</li> <li>● Foster the 4th pillar of business</li> </ul>		<p data-bbox="1594 568 2033 651">Growth investment for the future</p> <ul data-bbox="1563 715 2063 1214" style="list-style-type: none"> <li>● Development of new markets and products</li> <li>● Investment and strategic collaboration with startups</li> <li>● Promote collaboration with domestic and international universities</li> <li>● Initiatives of business creation and commercialization</li> </ul>
<p data-bbox="728 1246 1487 1329">Enhance profit returns and emphasize dialogues with investors</p>		
<ul data-bbox="734 1358 1440 1469" style="list-style-type: none"> <li>● Stable dividend (aim to increase)</li> <li>● Flexible share repurchases</li> </ul>		

# 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.



# Mid-to-long term plan (Amusement business)

Strength	Market environment	Mid-to-long term plan
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- Continued customer-oriented sales activities and maintaining good and close relationships with major customer and related suppliers



- The market in which the customer demands change greatly in the short-term



- Solidify foundation as a major business
- Maintain good and close relationships with customers and related suppliers.
- Provide higher level quality by strengthening technological and analysis capabilities
- Product supply for a business of next generation game console
- Launch of mass production of products for customers
- Continuously capture market shares

Suppliers' roles to support customers	Mid-term sales				
<table border="1"> <tr> <td style="background-color: #e0f0ff;">Sustainable product supply system</td> <td style="background-color: #e0f0ff;">Flexible support to rapid change in demand</td> </tr> <tr> <td style="background-color: #e0f0ff;">Maintain high level of quality</td> <td style="background-color: #e0f0ff;">Prompt response to problem solving</td> </tr> </table> <p>Under a fables system where all production is outsourced, we are working to enhance our technical capabilities, support capabilities, and mass production supply capacity to ensure customer satisfaction.</p>	Sustainable product supply system	Flexible support to rapid change in demand	Maintain high level of quality	Prompt response to problem solving	<p style="color: red; font-weight: bold;">Continuance of stable sales</p> <p>FY2023   FY2024   FY2025   FY2026   FY2027   FY2028</p>
Sustainable product supply system	Flexible support to rapid change in demand				
Maintain high level of quality	Prompt response to problem solving				

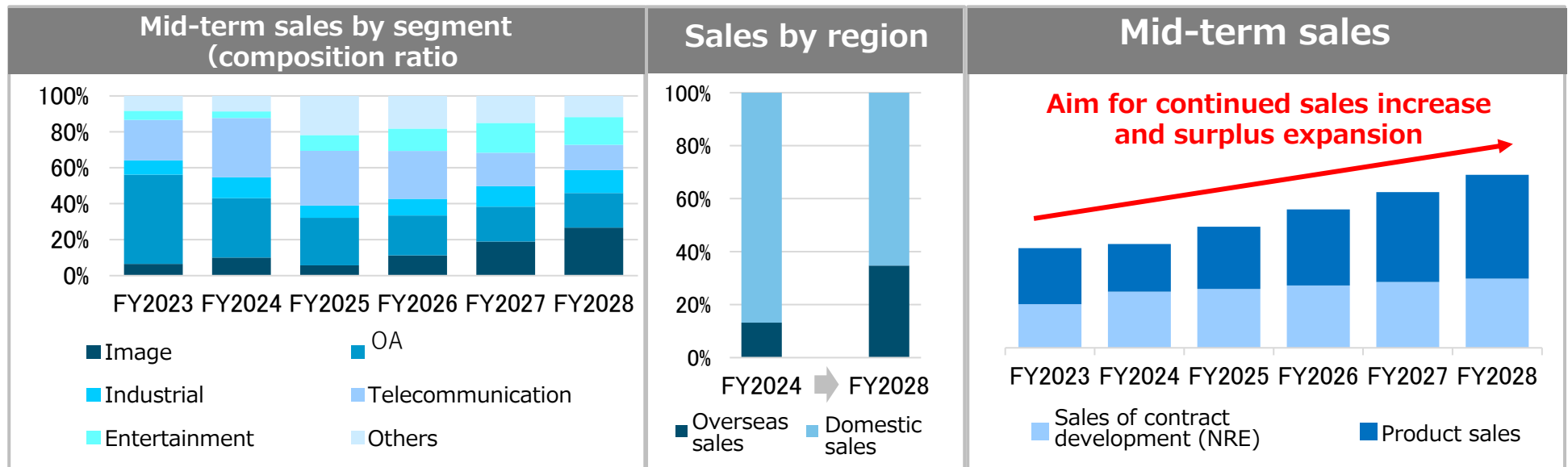
# Mid-to-long term plan (ASIC business)

Strength	Market environment	Mid-to-long term plan
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- Solution proposal and technological capabilities that solve customers' problems
- One-stop customer support

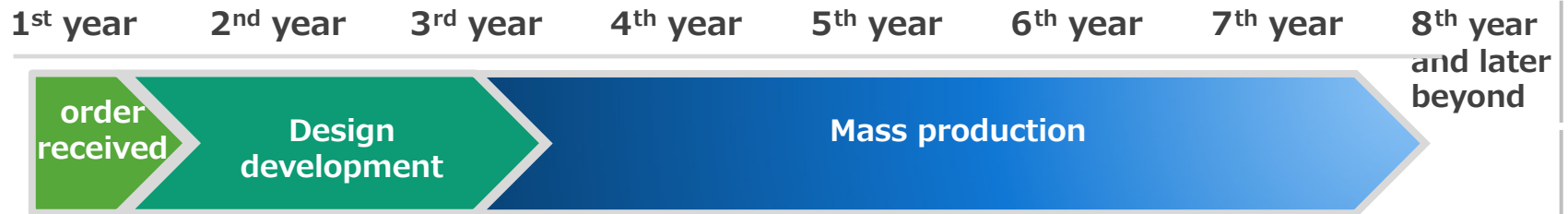
- Rapid advancement of AI and IoT technologies
- Increase in semiconductor demands in the telecommunication and infrastructure devices

- Offer flexible solutions according to customer needs
- Strengthen upstream design, technology of analog and advanced communication
- Cost reduction and shorten development period by design efficiency
- Enhance international customer development and grow business in the global markets

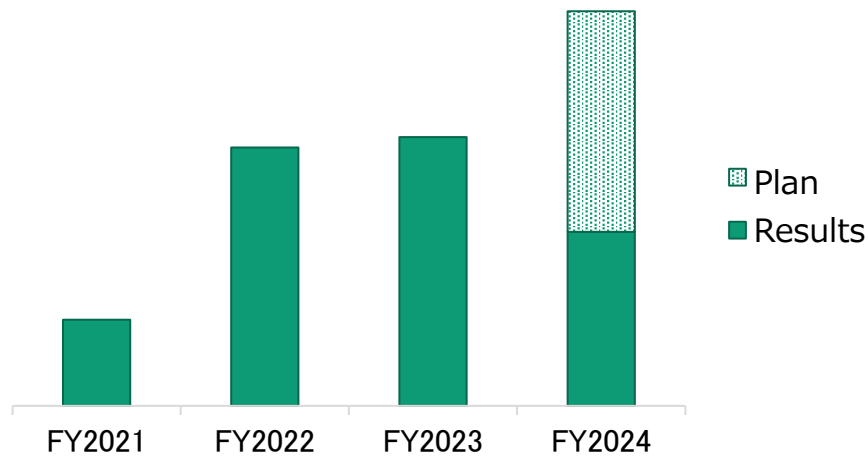


# Mid-to-long term plan (ASIC business)

From order received to mass production of contract development (NRE)

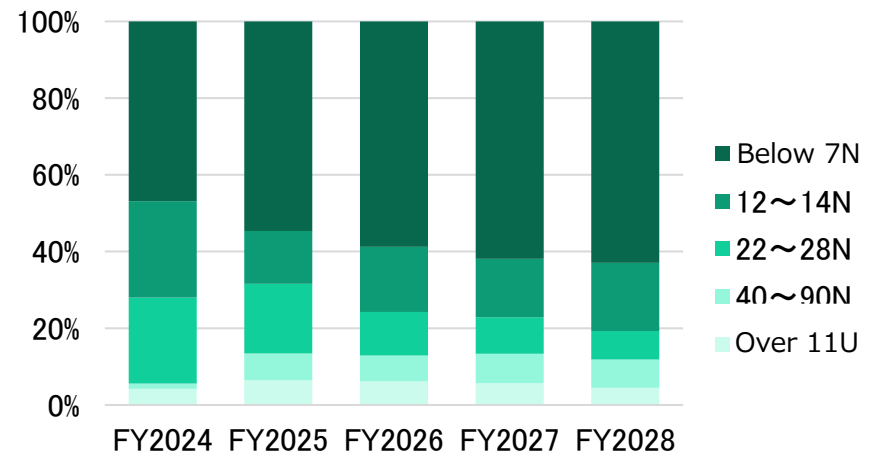


Sales results of contract development (NRE)



● Aim to actively secure contract development (NRE) in growth sectors to expand our revenue.

Process note of contract development (NRE)

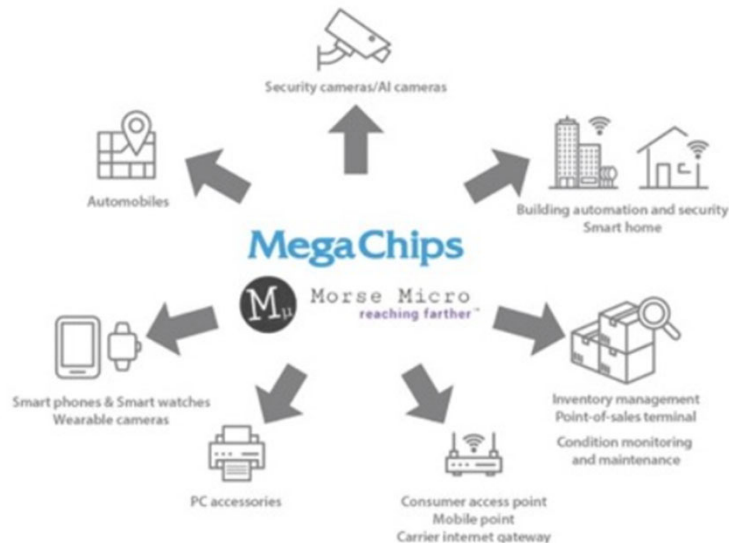


● Advance process ratio increases in the mid term.

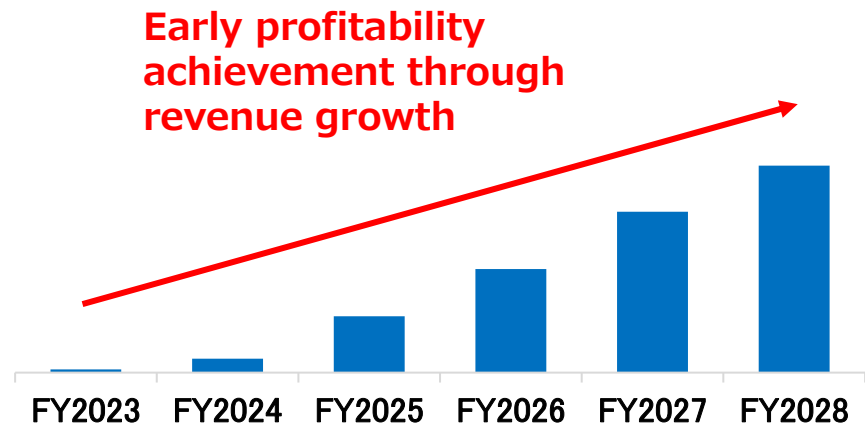
# Mid-to-long term plan (Telecommunication)

Strength	Target segment	Mid-to-long term plan
<ul style="list-style-type: none"> <li>● Provide ASSP/module products using long-range wireless comm technology through capital alliance and strategic partnership with Morse Micro</li> </ul>	<ul style="list-style-type: none"> <li>● Smart factory</li> <li>● Home/Office network</li> <li>● Logistics/Transport management</li> <li>● Remote monitoring and others</li> </ul>	<ul style="list-style-type: none"> <li>● Early launch of business               <ul style="list-style-type: none"> <li>● Customer design-in focus on increasing number of design-in</li> <li>● Launch of business in overseas (North America, Asia)</li> <li>● Enhance support system for mass production from FY2024</li> </ul> </li> </ul>

## Use case of telecom solutions



## Mid-term sales



# 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**

(Plan to increase by ¥10 from the previous year's results)

**Plan of treasury share repurchases  
¥5,590 million**

(¥1,090 million by May + ¥4,500 million released in August)

- ※ **Stable dividends** (increase trend)
- ※ **Ordinary dividends ¥60 / Special dividends ¥60**
- ※ **The dividends above are based on current forecast of business environment and business performance**

**Shareholder returns results of FY2023 (ended Mar 2024)**

**Annual dividends per share ¥110**

**Treasury share repurchases ¥3.93B**

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  
Strategical  
investment**

**Shareholder returns**

# IR Policy

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## >> 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

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## >> 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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