



MegaChips Corporation Briefing FY2024 3Q (Ending March 2025)

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Contents

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

FY2024 (ending March 2025) 3Q Results

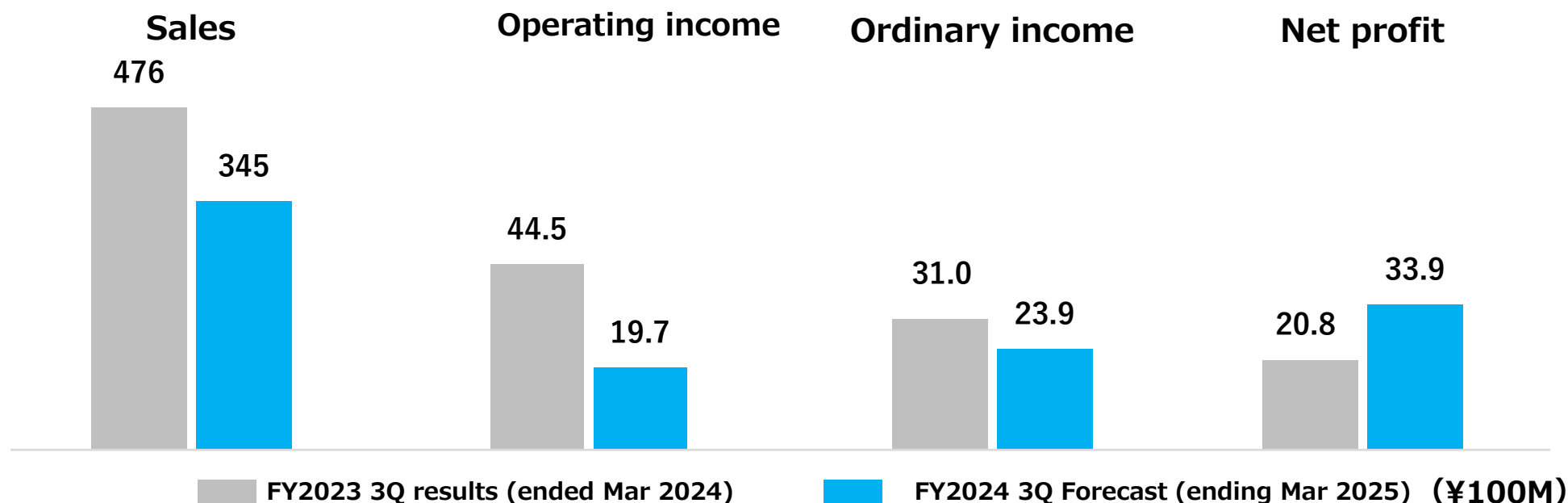
FY2024 3Q (Ending March 2025)

Consolidated results (P/L) Summary

(Unit : ¥ Million)		FY2023 3Q Results (ended Mar 2024)	FY2024 3Q Results (ending Mar 2025)	YoY	YoY change
Consoli dated	Sales	47,601	34,544	-13,056	-27.4%
	Cost of sales	38,652	28,088	-10,563	-27.3%
	SG&A expenses	4,492	4,484	-7	-0.2%
	Operating income	4,457	1,971	-2,485	-55.8%
	Ordinary income	3,109	2,399	-710	-22.8%
	Net profit belonging to shareholders of parent company	2,087	3,399	+ 1,311	+ 62.8%
	Earnings Per Share (¥)	112.34	192.15	+ 79.81	+ 71.0%
Operating profit ratio		9.4%	5.7%	-3.6%	
Net profit ratio		4.4%	9.8%	+ 5.4%	
Exchange rate : US\$		141.83円	158.18円	+ 16.35	

FY2024 3Q (Ending March 2025)

Consolidated results (P/L) Breakdown



Sales YoY
-13,000M JPY (-27.4%)

- Demand for Amusement business declined
- Demand for ASIC business declined due to customers' inventory adjustments
- Contract development of ASIC business stayed strong (NRE sales)

Operating income YoY
-2,480M JPY (-55.8%)

- Decline in gross profit due to sales decrease
- Additional temporary cost occurred in ASIC business

Ordinary income YoY
-710M JPY (-22.8%)

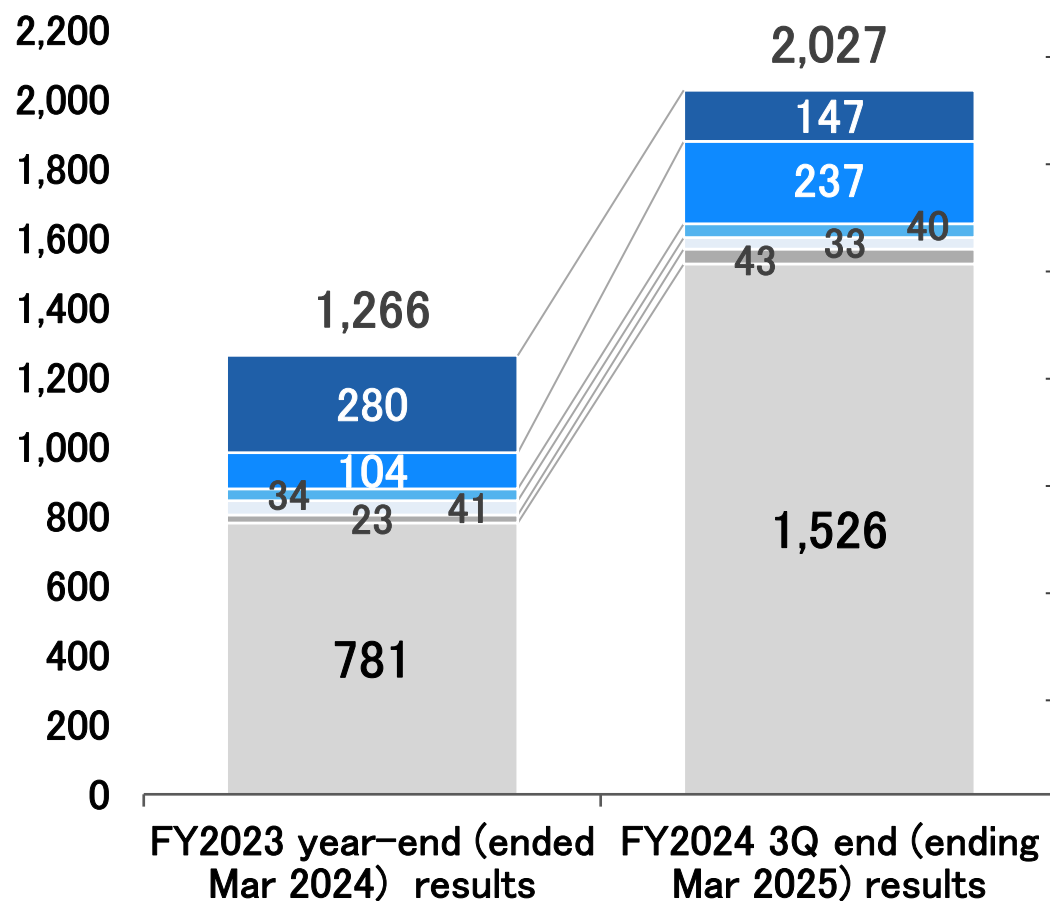
- Decline in operating income : -2,480M JPY
- Decline in exchange gain : - 320M JPY
- Decrease in investment loss by SiTime equity method : +2,340M JPY

Net profit YoY
+1,300M JPY (+62.8%)

- Decline in ordinary income: - 710M JPY
- Increase in gain on sale of investment securities of SiTime : +4,030M JPY
- Decrease in gain on change in equity : -830M JPY
- Increase in loss on valuation of investment securities: - 960M JPY

FY2024 3Q (Ending March 2025) Financial Status (Assets)

(¥100M)

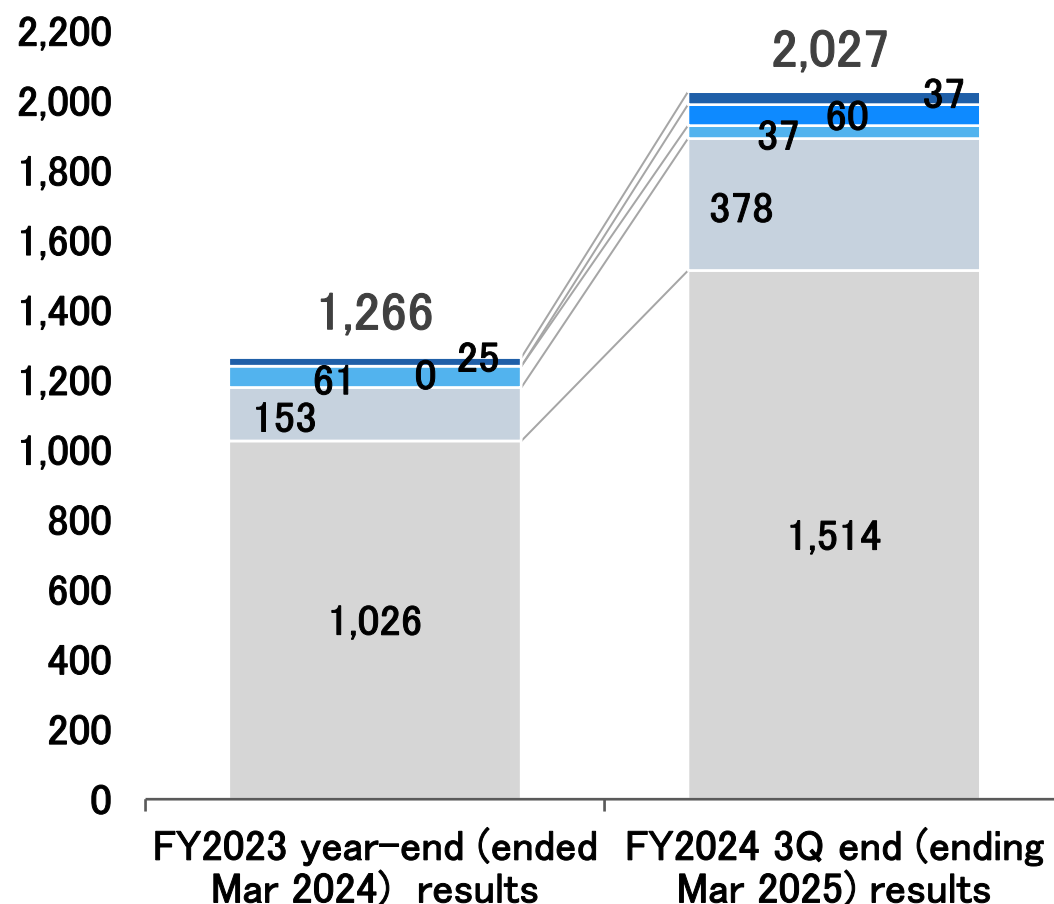


	(Unit: ¥100M)	Change (FY23→FY24)	Change rate (Change ÷ FY23)
Cash/cash equivalents		-133.1	-47%
Notes/accounts receivables		+132.6	+127%
Inventories		+6.3	+18%
Other current assets		-8.4	-20%
Intangible/Tangible fixed assets		+19.5	+83%
Investment and other assets		+745.0	+95%

FY2024 3Q (Ending March 2025)

Financial Status (Liabilities/Net assets)

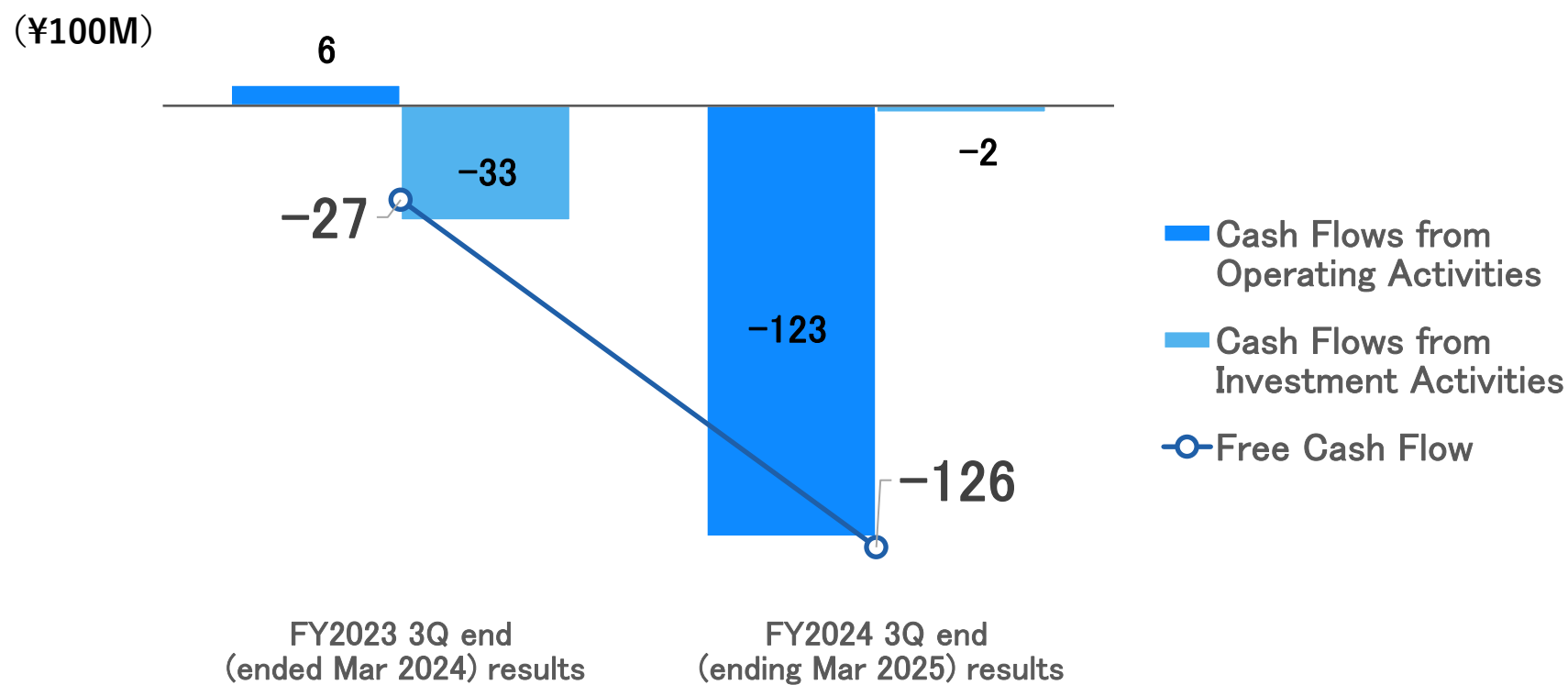
(¥100M)



	(Unit: ¥100M)	Change (FY23→FY24)	Change rate (Change ÷ FY23)
Notes/account payables		+ 12.2	+ 49%
Interest-bearing debt		+60.0	—
Other current liabilities		-23.9	-39%
Other fixed liabilities		+225.2	+ 147%
Net assets		+488.3	+48%

FY2024 3Q (Ending March 2025)

Cash Flows



FY2024 (ending March 2025) Forecast

FY2024 (ending March 2025) Forecast

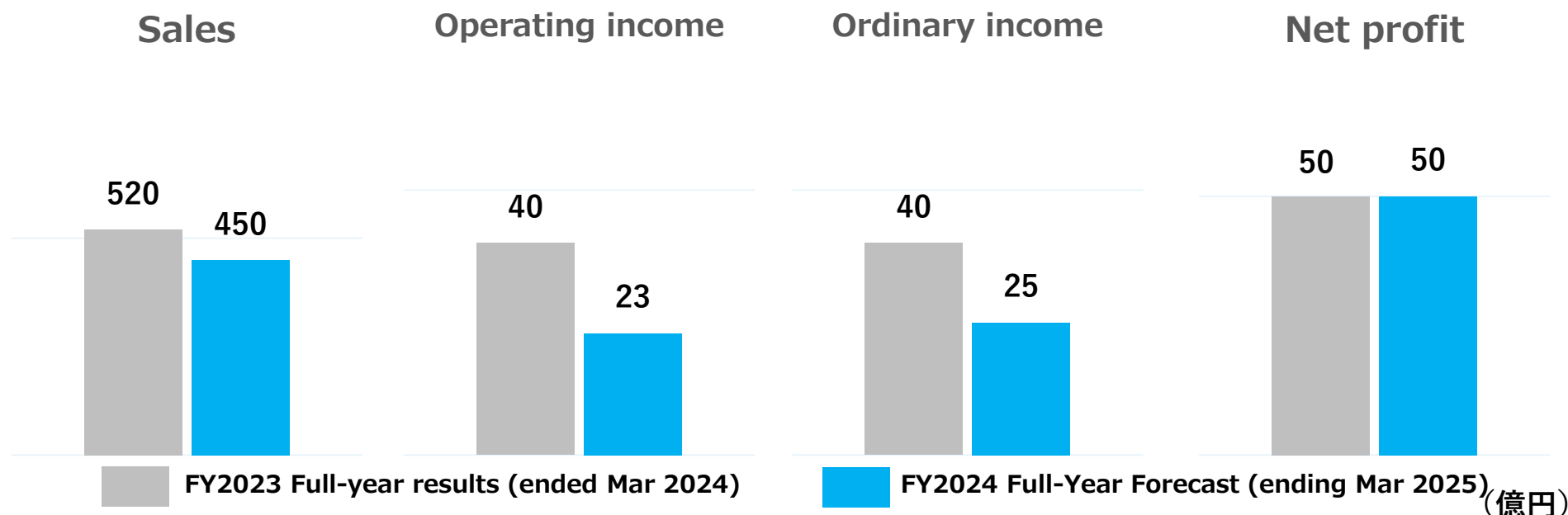
We have revised previously announced forecast.

(Unit : ¥ Million)		FY2024 Full-year forecast (ending Mar 2025) (Previous)	FY2024 Full-year forecast (ending Mar 2025) (Updated)	FY2023 Full-year forecast (ended Mar 2024) (Results)
Consoli dated	Sales	52,000	45,000	57,942
	Operating income	4,000	2,300	5,483
	Ordinary income	4,000	2,500	3,456
	Net profit belonging to shareholders of parent company	5,000	5,000	4,486
	Earnings Per Share (¥)	275.36	292.55	242.30
Operating profit ratio		7.7%	5.1%	9.5%
Net profit ratio		9.6%	11.1%	7.7%
Exchange rate: US\$		130.00円	150.00円	151.41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 of ¥4,000 million that was posted in 1Q, and around ¥3,500 million of gain from securities in 4Q are projected due to a partial sale of SiTime's shares.

FY2024 Forecast (P/L) Breakdown



Sales YoY -7,000M JPY (-13.5%)

- The demand for the game software storage LSI (custom memory) is expected to decrease
- Demand for ASIC business is expected to decrease due to customers' inventory adjustments

Operating income YoY -1,700M JPY (-42.5%)

- Mainly decline in gross profit due to a decrease in sales
- Additional temporary cost is expected to occur in ASIC business

Ordinary income YoY -1,500M JPY (-37.5%)

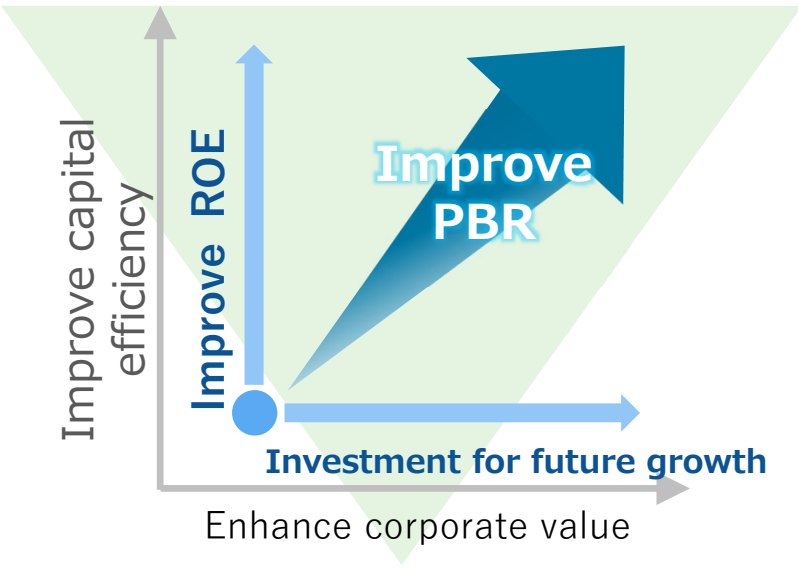
- Mainly decline in operating income is expected
- Non-operating income such as interest income is expected

Net profit YoY Same as previous forecast

- Decline in incomes are expected
- On the other hand, gain from investment securities for around ¥3,500M as an extraordinary profits is expected in 4Q of FY2024 due to the sale of portion of shares in SiTime

FY2024 Mid-to-long term Management Policy

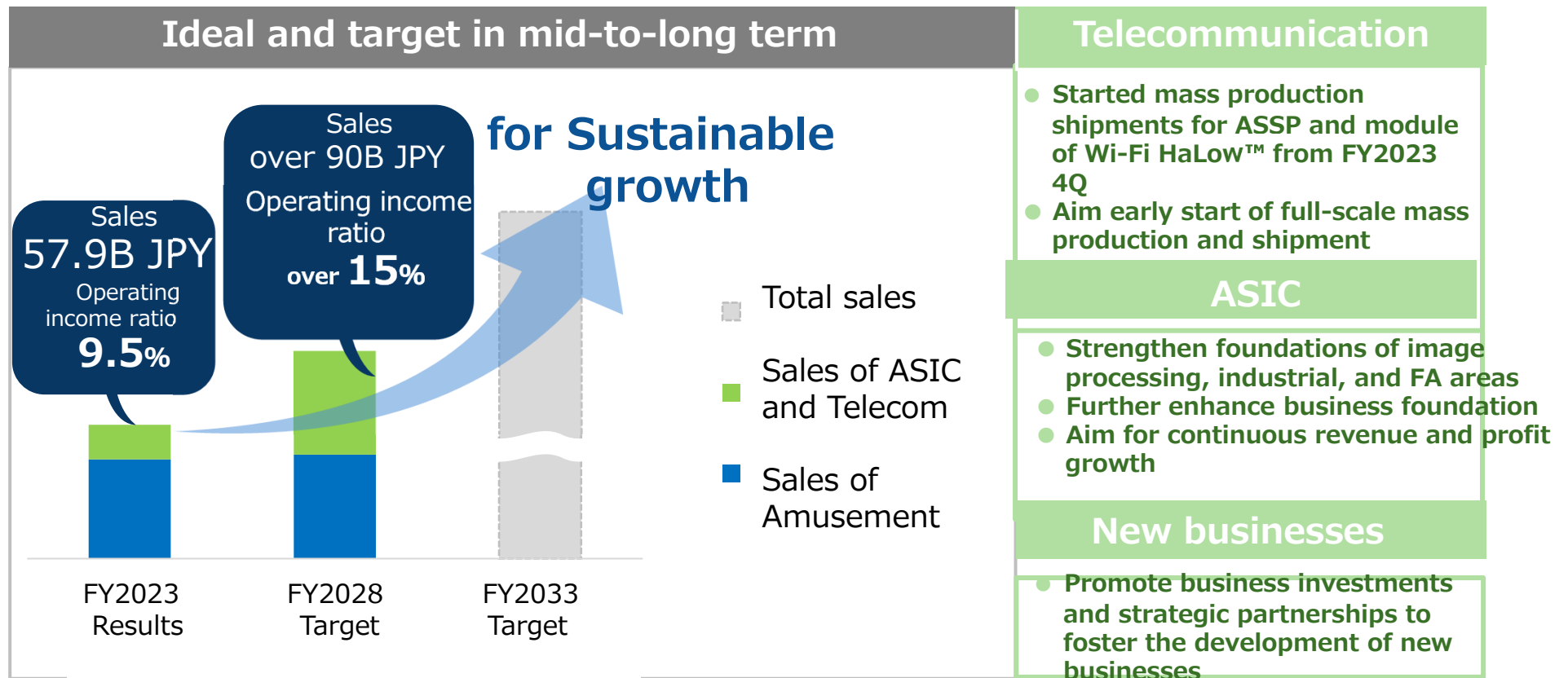
Mid-to-long term management policy

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
Enhance capital efficiency <ul style="list-style-type: none"> Strengthen revenue foundation by Amusement business Increase in revenue by enhancing ASIC Early launch of Telecom business Foster the 4th pillar of business 		Growth investment for the future <ul style="list-style-type: none"> Development of new markets and products Investment and strategic collaboration with startups Promote collaboration with domestic and international universities Initiatives of business creation and commercialization
	Enhance profit returns and emphasize dialogues with investors <ul style="list-style-type: none"> Stable dividend (aim to increase) Flexible 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 portfolio expansion in the mid-to-long term.



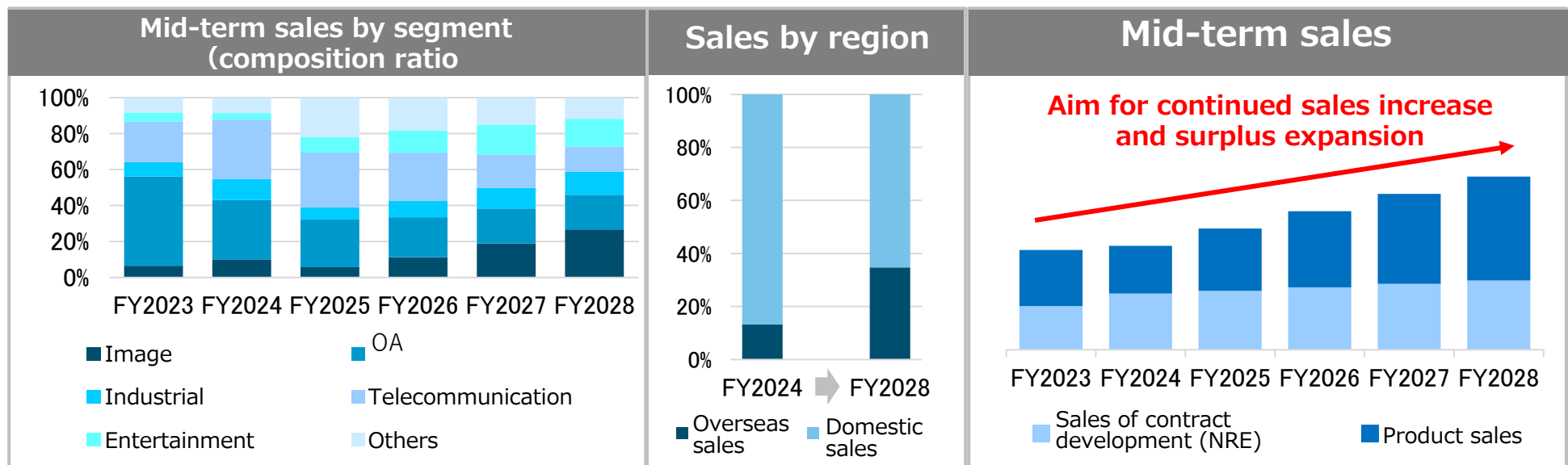
Mid-to-long term plan (Amusement business)

Strength	Market environment	Mid-to-long term plan
<ul style="list-style-type: none"> Continued customer-oriented sales activities and maintaining good and close relationships with major customer and related suppliers 	<ul style="list-style-type: none"> The market in which the customer demands change greatly in the short-term 	<ul style="list-style-type: none"> 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						
Sustainable product supply system	Flexible support to rapid change in demand	<div>Continuance of stable sales</div> <table><tr><td>FY2023</td><td>FY2024</td><td>FY2025</td><td>FY2026</td><td>FY2027</td><td>FY2028</td></tr></table>	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
FY2023	FY2024		FY2025	FY2026	FY2027	FY2028		
Maintain high level of quality	Prompt response to problem solving							
Under a fabless 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.								

Mid-to-long term plan (ASIC business)

Strength	Market environment	Mid-to-long term plan
<ul style="list-style-type: none"> ● Solution proposal and technological capabilities that solve customers' problems ● One-stop customer support 	<ul style="list-style-type: none"> ● Rapid advancement of AI and IoT technologies ● Increase in semiconductor demands in the telecommunication and infrastructure devices 	<ul style="list-style-type: none"> ● 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



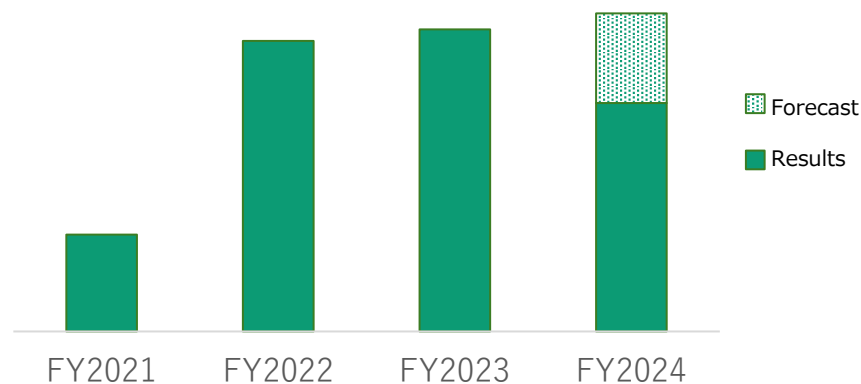
Mid-to-long term plan (ASIC business)

Overview of the process from securing contract development (NRE) orders to mass production

1st year 2nd year 3rd year 4th year 5th year 6th year 7th year onward

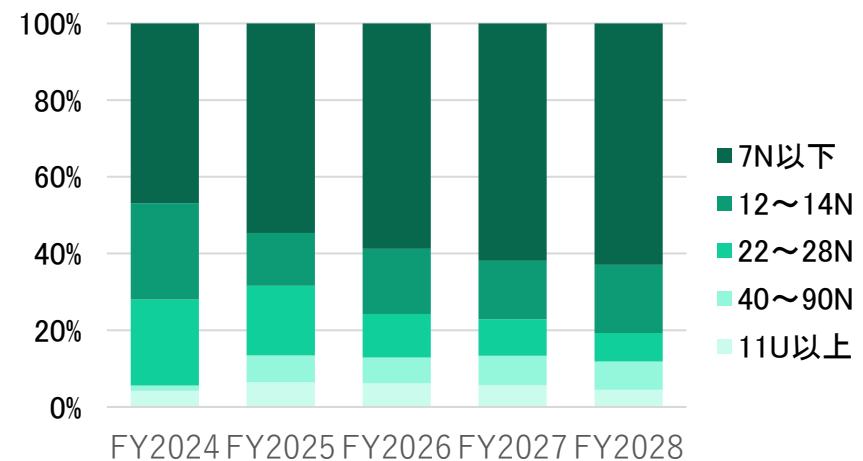


Transition of sales results of contract development(NRE)



● Aim to expand revenue by actively securing contract development (NRE) projects in growth sectors

Transition of process node of contract development sales

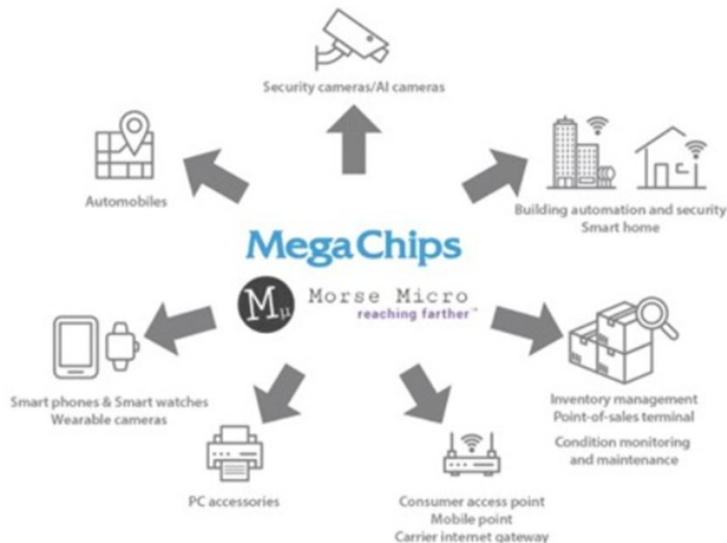


● The ratio of advanced processes will increase in the mid-term.

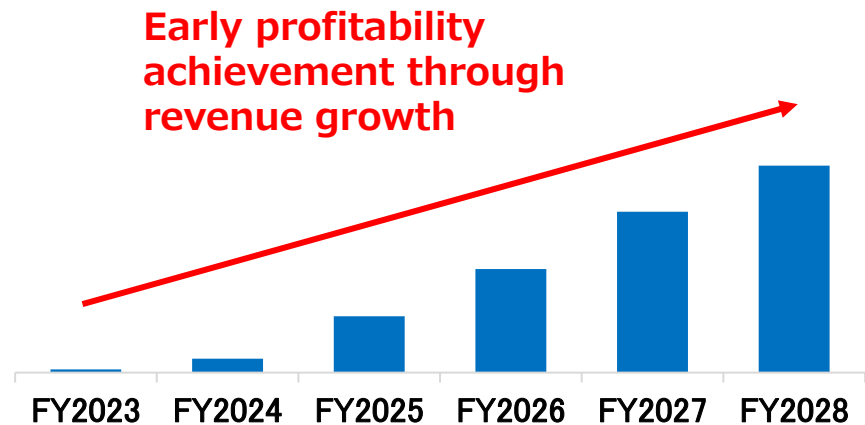
Mid-to-long term plan (Telecommunication)

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

Use case of telecom solutions



Mid-term sales

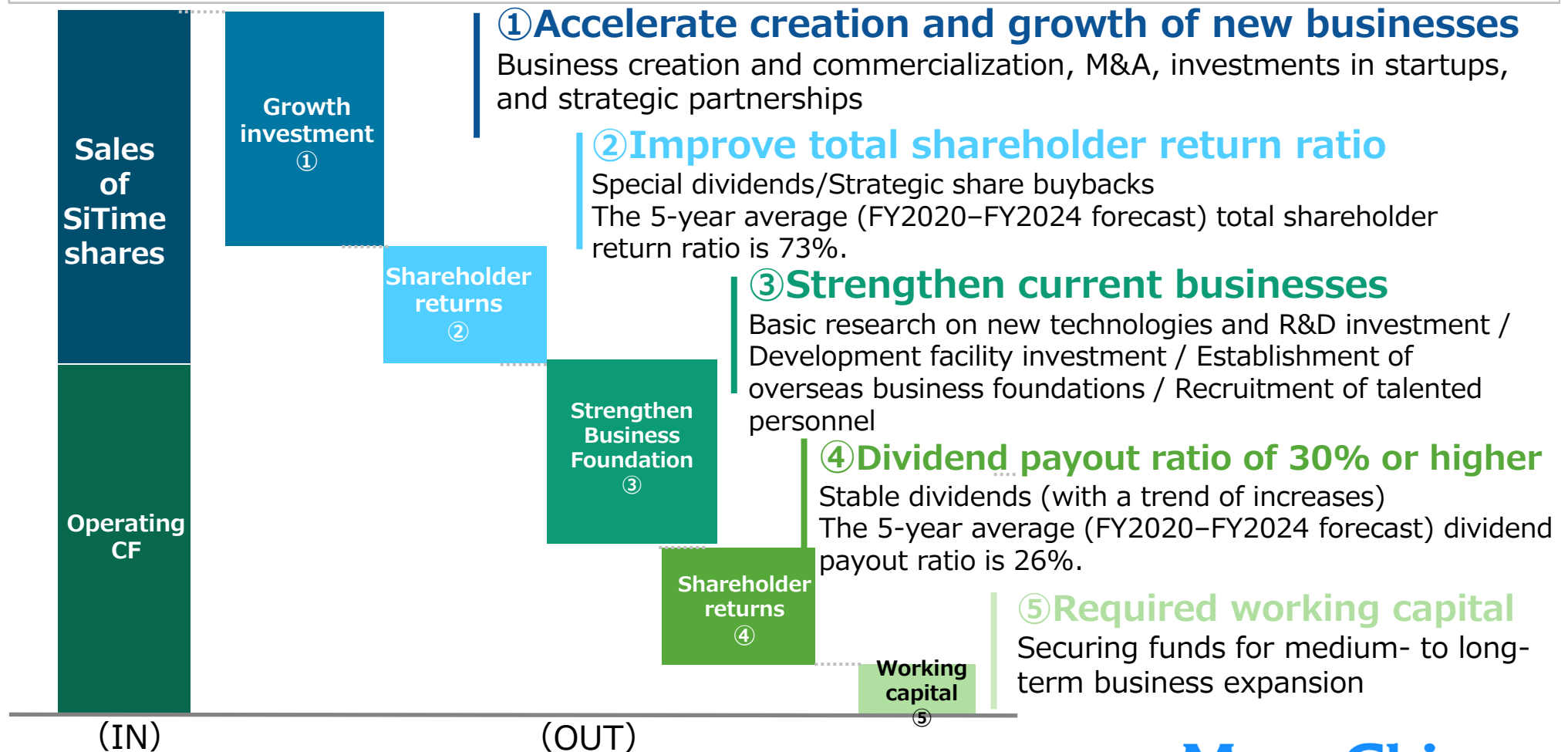


MegaChips

Capital allocation

We aim to enhance **sustainable corporate value** through optimal capital allocation

- ◆ Actively promote strategic growth investments and shareholder returns by leveraging SiTime shares.
- ◆ Allocate operating cash flow to strengthen the business foundation and provide shareholder returns, ensuring stable growth.



Profit distribution

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

Forecast : **140 JPY**/share

(Ordinary dividend of 60 JPY/Special dividend of 80 JPY)

Forecast of payout ratio : **48%**

Reference : Previous forecast 120 JPY/Results of previous fiscal year 110 JPY

FY2024 (ending Mar 2025) share buybacks

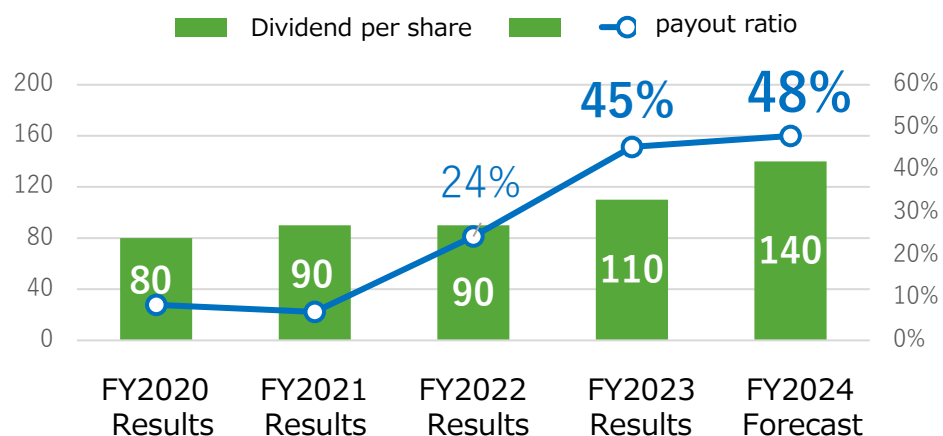
Total share buybacks : **5.59 B JPY**

Number of shares repurchased : **1,118K**

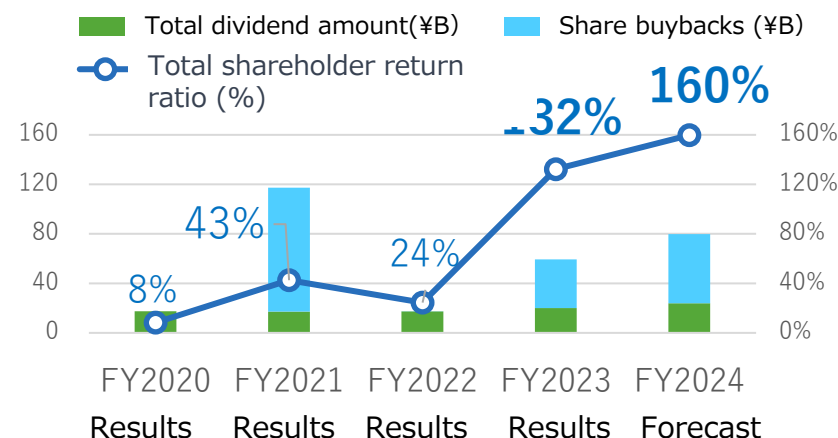
(In relation to the total number of issued shares 5.4%)

Forecasted total shareholder return ratio : **160%**

(¥100M) Dividend per share/shareholder return ratio



(¥100M) Trends in total shareholder return ratio



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

**MegaChips Corporation
Finance & IR Department**

Inquiry:

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

**〒532-0003 Shin-Osaka Hankyu Building
1-1-1, Miyahara, Yodogasa-ku, Osaka
TEL : 06-6399-2884 FAX : 06-6399-2886**