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Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 [Japanese GAAP]

May 14, 2025

Company name: MegaChips Corporation
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 6875
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 Scheduled date of Ordinary General Meeting of Shareholders: June 20, 2025
 Scheduled date of commencing dividend payments: May 30, 2025
 Scheduled date of filing annual securities report: June 20, 2025
 Availability of supplementary briefing material on annual financial results: Available
 Schedule of annual financial results briefing session: Scheduled (for securities analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (From April 1, 2024 to March 31, 2025)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2025	42,326	(27.0)	2,190	(60.1)	2,608	(24.5)	5,371	19.7
March 31, 2024	57,942	(18.1)	5,483	(9.1)	3,456	(52.7)	4,486	(36.7)

(Note) Comprehensive income: Fiscal year ended March 31, 2025: ¥22,905 million [(45.1)%]
 Fiscal year ended March 31, 2024: ¥41,737 million [375.6%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	306.27	—	4.9	1.9	5.2
March 31, 2024	242.30	—	5.1	3.2	9.5

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2025: ¥— million
 Fiscal year ended March 31, 2024: ¥(2,914) million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2025	149,940	118,241	78.6	6,901.20
As of March 31, 2024	126,610	102,673	80.9	5,639.82

(Reference) Equity: As of March 31, 2025: ¥117,805 million
 As of March 31, 2024: ¥102,408 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2025	(3,726)	3,590	(7,511)	17,547
March 31, 2024	8,160	214	(5,392)	25,160

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2024	—	—	—	110.00	110.00	1,997	45.4	2.3
March 31, 2025	—	—	—	140.00	140.00	2,389	45.7	2.2
Fiscal year ending March 31, 2026 (Forecast)	—	—	—	140.00	140.00		59.7	

We pay dividends once per year based on the basic policy for profit distribution, using the fiscal year-end date as the record date.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (From April 1, 2025 to March 31, 2026)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	42,000	(0.8)	3,000	37.0	2,700	3.5	4,000	(25.5)	234.33

* Notes

- (1) Significant changes in the scope of consolidation during the Fiscal year ended March 31, 2025: Yes
New: 2 companies: LDVP MCC Co-Investment Fund II, L.P., LDV Partners Fund III, L.P.
Exception: –
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (3) Number of shares outstanding (common stock)
 - 1) Number of outstanding shares at the end of the period (including treasury stock)
March 31, 2025: 20,652,400 shares
March 31, 2024: 21,132,400 shares
 - 2) Number of shares of treasury stock at the end of the period
March 31, 2025: 3,582,120 shares
March 31, 2024: 2,974,202 shares
 - 3) Average number of shares outstanding during the period
Fiscal year ended March 31, 2025: 17,539,774 shares
Fiscal year ended March 31, 2024: 18,518,152 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (From April 1, 2024 to March 31, 2025)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2025	42,326	(27.0)	2,175	(61.0)	2,509	(58.3)	6,052	(19.1)
March 31, 2024	57,942	(18.1)	5,580	(8.7)	6,023	(16.8)	7,480	5.2

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2025	345.09	—
March 31, 2024	403.96	—

(2) Non-consolidated Financial Position

Fiscal year ended	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2025	146,200	114,683	78.4	6,718.33
As of March 31, 2024	121,214	97,419	80.4	5,365.04

(Reference) Equity: As of March 31, 2025: ¥114,683 million

As of March 31, 2024: ¥97,419 million

* These financial results are outside the scope of audit by Certified Public Accountants or audit corporations.

* Explanation of the proper use of financial results forecast and other notes

(Note on the forward-looking statements)

The earnings forecasts and other forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable as of the date of publication of this document. The Company does not guarantee the forecast results. Actual results may differ significantly from these forecasts due to a wide range of factors.

(Method to acquire supplementary documents for financial results)

Supplementary briefing material on annual financial results will be presented on the Company's website immediately after disclosure of the summary of consolidated financial results.

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1. Overview of Consolidated Operating Results

(1) Overview of consolidated operating results

The global economy has been facing increasing uncertainty in recent times, with concerns over the impact of tariff policies implemented by the United States and other countries. Furthermore, geopolitical risks such as the prolonged invasion of Ukraine by Russia and heightened tensions in the Middle East, combined with rising global inflationary pressures, have further obscured the outlook for the global economy. While the Japanese economy continues to maintain a moderate recovery trend, factors such as concerns over a potential slowdown in the global economy and rising raw material prices remain as downside risks to economic growth.

In the foreign exchange market, differences in monetary policies among countries have had a significant impact, with the first half of the fiscal year characterized by a continued trend of yen depreciation. However, there have also been instances of rapid yen appreciation, resulting in repeated sharp fluctuations in exchange rates. Consequently, forecasting future trends has become extremely challenging under the current circumstances.

Amid such market conditions, our core business of ASIC is currently experiencing a temporary inventory adjustment phase due to a decline in demand. However, the continued advancement of AI and IoT technologies is driving the expansion of semiconductor demand in the industrial equipment and communication sectors. Under these circumstances, we are focusing on customer-oriented proposal and support activities in the amusement sector. At the same time, we are leveraging the upstream design expertise and analog technologies we have cultivated over the years, as well as our strengths in communication interface technology, security technology, and image processing technology. By developing products for image-related equipment, the growing industrial equipment market, and the communication infrastructure sector, we aim to strengthen our business foundation and expand profitability.

In the ASSP segment, we are focusing our management resources on launching new LSI businesses targeting the communication and industrial equipment sectors, which are expected to experience growth amid the ongoing advancements in information and communication technologies driven by AI, IoT, and 5G. We are working to strengthen our competitive edge in analog and digital circuit development and design technologies. In the communication sector, we are advancing commercialization efforts through a capital alliance and strategic partnership with Morse Micro PTY. LTD. (hereinafter referred to as "Morse Micro"). By leveraging long-range wireless communication technologies, we aim to provide LSIs and modules that meet diverse customer needs and expand our business through a wide range of communication solutions.

The Group will continue to maintain a stable earnings foundation while striving to expand profitability through the strengthening of its business portfolio. Additionally, to foster new businesses that will drive the next generation, we are actively working on exploring new markets and developing new products, aiming to create and commercialize unique business opportunities. Through these initiatives, we are committed to achieving sustainable growth over the medium-to-long term.

Regarding the operating results for the current consolidated fiscal year, net sales decreased to ¥42,326 million (a 27.0% decline year-on-year) due to a reduction in LSI demand in the Amusement business and a decline in LSI demand in the ASIC business caused by customer inventory adjustments, despite steady progress in NRE revenue from contract development. Operating profit decreased to ¥2,190 million (a 60.1% decline year-on-year).

Ordinary profit amounted to ¥2,608 million (a 24.5% decrease year-on-year), primarily due to the recognition of ¥275 million in interest income and ¥206 million in valuation gains on investment securities related to investment partnerships. Quarterly net profit attributable to owners of the parent increased to ¥5,371 million (a 19.7% increase year-on-year), driven by a gain of ¥7,705 million from the partial sale of SiTime Corporation shares. However, this was partially offset by the recognition of a loss on disposal of fixed assets amounting to ¥1,326 million and an impairment loss on investment securities totaling ¥919 million.

Because the MegaChips Group operates as one business segment, no statement related to segment information has been presented.

(2) Overview of the financial position

<Assets>

Total assets at the end of the current consolidated fiscal year amounted to ¥149,940 million, representing an increase of ¥23,329 million compared to the end of the previous consolidated fiscal year. Key items compared to the previous fiscal year-end include an increase of ¥5,080 million in notes and accounts receivable-trade and contract assets, as well as a ¥26,012 million increase in investment securities, primarily due to the mark-to-market valuation of SiTime Corporation shares. On the other hand, cash and deposits decreased by ¥7,229 million.

<Liabilities>

Total liabilities at the end of the current consolidated fiscal year amounted to ¥31,699 million, an increase of ¥7,762 million compared to the end of the previous consolidated fiscal year. Key items compared to the previous fiscal year-end include a ¥9,171 million increase in deferred tax liabilities, while income taxes payable decreased by ¥1,408 million.

<Net Assets>

Net assets at the end of the current consolidated fiscal year amounted to ¥118,241 million, an increase of ¥15,567 million compared to the end of the previous consolidated fiscal year. Key items compared to the previous fiscal year-end include a ¥17,416 million increase in valuation difference on available-for-sale securities, while treasury stock decreased by ¥3,922 million due to the acquisition of treasury shares and other factors.

(Impact of the Mark-to-Market Valuation of Investment Securities: SiTime Corporation Shares)

Regarding the shares of SiTime Corporation (hereinafter referred to as "SiTime") held by the Company, the classification of these shares was changed from "investments in affiliates" to "investment securities" at the end of the previous consolidated fiscal year, following the exclusion of SiTime from equity-method affiliates. As a result, the shares are now subject to mark-to-market valuation at the end of each fiscal period. Due to this impact, the amount of investment securities on the consolidated balance sheet has exceeded ¥100 billion, resulting in a high proportion of investment securities relative to total assets. Similarly, in the liabilities and net assets sections, the proportions of deferred tax liabilities and valuation difference on available-for-sale securities, which are the corresponding accounts, have also increased.

The Company intends to utilize the SiTime shares as a resource for growth investments, including business structure reforms aimed at achieving sustainable growth over the medium to long term, as well as for shareholder returns.

Going forward, the funds obtained from the sale of SiTime shares will continue to be allocated to growth investments and shareholder returns. Through the optimal allocation of management resources, we aim to drive business structure reforms that support sustainable growth over the medium to long term. In addition to strengthening existing businesses, we will focus on launching new businesses targeting growth areas such as industrial equipment and communication infrastructure, with the goal of enhancing corporate value.

(3) Overview of the cash flow

Cash and cash equivalents (hereinafter referred to as "Capital") at the end of the current consolidated fiscal year amounted to ¥17,547 million, representing a decrease of ¥7,612 million compared to the end of the previous consolidated fiscal year (which saw an increase of ¥4,442 million).

Additionally, free cash flow, calculated as the sum of cash flows from operating activities and cash flows from investing activities, resulted in an outflow of ¥136 million, marking a negative change of ¥8,511 million compared to the previous consolidated fiscal year-end.

The status of cash flows at the end of the current consolidated fiscal year was as follows.

<Cash flows from Operating Activities>

Cash flows from operating activities at the end of the current consolidated fiscal year resulted in an outflow of ¥3,726 million, representing a negative change of ¥11,887 million compared to the previous consolidated fiscal year-end. This was primarily due to the following factors: while profit before income taxes amounted to ¥8,067 million, there was a gain on the sale of investment securities of ¥7,705 million, an increase in trade receivables of ¥5,080 million, and income taxes paid of ¥4,169 million.

<Cash flows from Investing Activities>

Cash flows from investing activities at the end of the current consolidated fiscal year resulted in an inflow of ¥3,590 million, representing a positive change of ¥3,376 million compared to the previous consolidated fiscal year-end. This was primarily due to proceeds of ¥8,708 million from the sale of investment securities, partially offset by expenditures of ¥2,299 million for the acquisition of property, plant, and equipment.

<Cash flows from Financing Activities>

Cash flows from financing activities at the end of the current consolidated fiscal year resulted in an outflow of ¥7,511 million, representing a negative change of ¥2,119 million compared to the previous consolidated fiscal year-end. This was primarily due to expenditures of ¥5,621 million for the acquisition of treasury stock and ¥1,994 million for dividend payments.

(4) Outlook

[Mid-term initiatives]

The MegaChips Group aims to strengthen our business portfolio by focusing on three core businesses: the Amusement business, our mainstay, as well as the ASIC business and ASSP business, which operate under different business models. At the same time, we will dedicate efforts to nurturing new businesses that will drive the next generation, thereby enhancing our growth potential and reinforcing our earnings structure.

In each business segment, we will promote overseas expansion, particularly in North America and Asia, while also pursuing initiatives such as acquiring new technologies, integrating them with our existing technologies, creating cutting-edge solutions, and developing new markets and customers. To achieve these goals, we plan to engage in joint research and development with universities both in Japan and abroad, as well as invest in and form strategic partnerships with startup companies that possess advanced technologies and innovative ideas. These efforts aim to create and commercialize unique business opportunities.

Additionally, we place strong emphasis on dialogue with investors and will work to enhance shareholder returns through stable dividends and share buybacks, thereby solidifying our management foundation.

As our medium- to long-term vision, we aim to achieve a ROE of 8% or higher as a target for profitability and capital efficiency, and to enhance corporate value. By doing so, we will strive to achieve a PBR of 1x or higher as a target for market valuation.

① Amusement business

In our core amusement business, efforts will continue to focus on strengthening customer-centric proposal activities and support systems to further enhance service quality. At the same time, initiatives will be undertaken to secure market share and ensure a stable supply of products by enhancing information sharing and production systems in collaboration with partner companies and contract manufacturers. By reinforcing the entire supply chain, the aim is to solidify the position as a key supplier and achieve stable sales and profits.

② ASIC business

In the ASIC business, in addition to the existing focus on consumer electronics and office automation equipment, new growth targets have been identified in the industrial equipment and communication infrastructure sectors. Efforts will continue to expand the business in these areas. Moving forward, the expertise developed over the years in upstream design and analog technologies—particularly strengths in communication interface technology, security technology, and image processing technology—will be leveraged to develop products for image-related equipment, factory automation (FA) equipment, and communication infrastructure devices, with plans to gradually move these products into mass production.

Simultaneously, efforts will be intensified to expand market presence and secure business opportunities not only in Japan but also in overseas markets, particularly in North America and Asia. These initiatives aim to achieve sustainable revenue and profit growth over the medium to long term.

③ ASSP business

In the ASSP business, efforts are underway to advance the full-scale mass production of communication solutions through a strategic partnership with Australia's Morse Micro. This communication business leverages the wired communication technologies developed by the company over the years, combined with Morse Micro's wireless communication technology, which achieves an exceptionally long communication range of approximately 1 km and low power consumption. By providing LSIs and modules, the business aims to deliver a wide range of communication solutions tailored to customer needs.

Additionally, the company is actively promoting business investments and strategic partnerships with startup companies that possess cutting-edge technologies and innovative ideas. By driving the development of new markets and products in Japan and overseas, particularly in North America and Asia, the company seeks to commercialize new businesses and expand its portfolio.

For the consolidated earnings forecast for the fiscal year ending March 2026, net sales are projected to be ¥42.0 billion (a 0.8% decrease year-on-year), operating profit is expected to be ¥3.0 billion (a 37.0% increase year-on-year), and ordinary profit is forecasted at ¥2.7 billion (a 3.5% increase year-on-year). Net profit attributable to owners of the parent is anticipated to be ¥4.0 billion (a 25.5% decrease year-on-year), reflecting an expected gain of ¥3.5 billion from the partial sale of SiTime Corporation shares.

Regarding the dividend forecast for the fiscal year ending March 2026, based on the above consolidated earnings forecast and the medium- to long-term outlook for the business environment, the company plans to maintain an annual dividend of ¥140 per share, the same amount as in the fiscal year ended March 2025.

2. Basic Approach to the Selection of Accounting Standards

The MegaChips Group prepares its consolidated financial statements and non-consolidated financial statements in accordance with Japanese accounting standards. With respect to the implementation of the International Financial Reporting Standards (IFRS), the Group constantly gathers information on the enactment and implementation of accounting standards, both inside and outside Japan. However, for the time being, it will continue preparing consolidated financial statements and non-consolidated financial statements in accordance with Japanese accounting standards.

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheet

	Previous consolidated fiscal year (ended March 31, 2024)	Consolidated fiscal year under review (ended March 31, 2025)
(Unit: Thousand Yen)		
Assets		
Current assets		
Cash and deposits	28,059,864	20,830,306
Notes, accounts receivable-trade, and contract assets	10,473,989	15,554,626
Merchandise and finished goods	1,775,070	2,344,448
Work in progress	1,448,520	1,902,784
Raw materials and supplies	219,600	180,879
Accounts receivable	3,140,105	2,327,726
Other	1,083,970	550,300
Allowance for doubtful accounts	(71,571)	(88,651)
Total current assets	46,129,550	43,602,421
Non-current assets		
Property, plant and equipment		
Buildings	348,239	349,265
Accumulated depreciation	(201,376)	(226,133)
Buildings (net)	146,862	123,132
Tools, furniture and fixtures	4,895,109	5,483,345
Accumulated impairment	(3,917,655)	(4,150,936)
Tools, furniture and fixtures (net)	977,454	1,332,409
Construction in progress	639,958	715,534
Other	1,215,850	1,125,654
Accumulated depreciation	(1,181,587)	(1,047,319)
Other (net)	34,262	78,335
Total property, plant and equipment	1,798,538	2,249,411
Intangible assets		
Software	564,542	658,548
Other	1,160	548
Total intangible assets	565,703	659,096
Investment and other assets		
Investment securities	75,623,395	101,636,005
Long-term prepaid expenses	1,605,545	990,610
Deferred tax assets	34,132	28,625
Other	854,071	774,703
Total investment and other assets	78,117,145	103,429,945
Total non-current assets	80,481,386	106,338,453
Total assets	126,610,936	149,940,875

(Unit: Thousand Yen)

	Previous consolidated fiscal year (ended March 31, 2024)	Consolidated fiscal year under review (ended March 31, 2025)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,508,130	3,083,074
Accounts payable-other	2,186,832	1,957,173
Income taxes payable	2,476,620	1,067,742
Provision for bonuses	719,163	459,484
Provision for loss on construction contracts	94,000	478,160
Other	628,076	916,982
Total current liabilities	8,612,823	7,962,618
Non-current liabilities		
Deferred tax liabilities	14,454,860	23,626,597
Other	869,515	110,257
Total non-current liabilities	15,324,376	23,736,855
Total liabilities	23,937,199	31,699,473
Net equity		
Shareholders' equity		
Capital stock	4,840,313	4,840,313
Capital surplus	9,359,915	9,359,915
Earned surplus	57,210,333	59,052,286
Treasury stock	(9,544,485)	(13,467,420)
Total shareholders' equity	61,866,076	59,785,094
Other accumulated comprehensive equity		
Valuation difference on available-for-sale securities	37,553,803	54,970,705
Foreign currency translation adjustment	2,989,119	3,049,581
Total other accumulated comprehensive equity	40,542,922	58,020,286
Non-controlling interests	264,737	436,020
Total net assets	102,673,736	118,241,401
Total liabilities and net assets	126,610,936	149,940,875

(2) Consolidated statements of income and statements of comprehensive income

(Unit: Thousand Yen)

	Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)	Consolidated fiscal year under review (From April 1, 2024 to March 31, 2025)
Net sales	57,942,966	42,326,428
Cost of sales	46,498,104	34,500,117
Gross profits	11,444,862	7,826,311
Selling, general and administrative expenses	5,961,601	5,636,298
Operating profit	5,483,260	2,190,012
Non-operating income		
Interest income	261,620	275,238
Dividends earned	187,461	54,510
Receipt of dispatching fees	141,713	—
Gain on valuation of investment securities	—	206,589
Gain on investments in investment partnerships	3,211	—
Foreign exchange gains	252,857	111,819
Miscellaneous income	76,513	3,569
Total non-operating income	923,378	651,727
Non-operating expenses		
Interest expenses	4,359	10,627
Loss on sale of receivables	21,638	—
Share of loss of entities accounted for using equity method	2,914,315	—
Loss on investments in investment partnerships	—	22,544
Investment partnerships management fee	—	115,182
Commission for purchase of treasury shares	—	25,361
Donations	2,000	49,255
Miscellaneous losses	7,897	10,401
Total non-operating expenses	2,950,210	233,372
Ordinary profit	3,456,428	2,608,368
Extraordinary income		
Gain on sale of investment securities	—	7,705,261
Gain on sales of shares of subsidiaries and associates	5,524,005	—
Gain on change in equity	1,053,898	—
Total extraordinary income	6,577,904	7,705,261
Extraordinary losses		
Loss on retirement of non-current assets	469,373	1,326,568
Loss on valuation of investment securities	887,058	919,651
Loss on valuation of shares of subsidiaries and associates	454,230	—
Total extraordinary losses	1,810,661	2,246,219
Profit before income taxes	8,223,671	8,067,410
Income taxes - current	3,656,039	2,808,259
Income taxes deferred	95,961	(133,063)
Total income taxes	3,752,001	2,675,195
Profit	4,471,669	5,392,214
(Breakdown)		
Profit (loss) attributable to owners of parent	4,486,913	5,371,919
Profit (loss) attributable to non-controlling interests	(15,243)	20,295

	(Unit: Thousand Yen)	
	Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)	Consolidated fiscal year under review (From April 1, 2024 to March 31, 2025)
Other comprehensive income		
Valuation difference on available-for-sale securities	35,508,331	17,416,902
Foreign currency translation adjustment	917,662	95,997
Share of other comprehensive income of entities accounted for using equity method	839,582	—
Total other comprehensive income	37,265,575	17,512,900
Comprehensive income	41,737,245	22,905,114
(Breakdown)		
Comprehensive income attributable to owners of parent	41,747,340	22,849,283
Comprehensive income attributable to non-controlling members	(10,095)	55,831

(3) Consolidated statements of changes in equity

Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)

(Unit: Thousand Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	4,840,313	9,359,915	61,364,420	(8,298,764)	67,265,884
Changes during period					
Dividends of surplus			(1,727,365)		(1,727,365)
Profit (loss) attributable to owners of parent			4,486,913		4,486,913
Purchase of treasury shares				(3,934,976)	(3,934,976)
Disposal of treasury shares		19,449		75,110	94,560
Cancellation of treasury shares		(2,614,144)		2,614,144	—
Change in scope of equity method			(4,318,939)		(4,318,939)
Transfer from retained earnings to capital surplus		2,594,695	(2,594,695)		—
Net changes in items other than shareholders' equity					
Total changes in items during period	—	—	(4,154,086)	(1,245,721)	(5,399,807)
Balance at the end of the period	4,840,313	9,359,915	57,210,333	(9,544,485)	61,866,076

	Other accumulated comprehensive income			Non-controlling interests	Total net assets
	Valuation differences on available-for-sale securities	Foreign currency translation adjustment	Total other comprehensive income		
Balance at the beginning of the period	2,045,472	5,223,695	7,269,167	—	74,535,052
Changes during period					
Dividends of surplus					(1,725,365)
Profit (loss) attributable to owners of parent					4,486,913
Purchase of treasury shares					(3,934,976)
Disposal of treasury shares					94,560
Cancellation of treasury shares					—
Change in scope of equity method					(4,318,939)
Transfer from retained earnings to capital surplus					—
Net change in items other than shareholders' equity	35,508,331	(2,234,576)	33,273,755	264,737	33,538,492
Total changes in items during the period	35,508,331	(2,234,576)	33,273,755	264,737	28,138,684
Balance at the end of the period	37,553,803	2,989,119	40,542,922	264,737	102,673,736

Consolidated fiscal year under review (From April 1, 2024 to March 31, 2025)

(Unit: Thousand Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	4,840,313	9,359,915	57,210,333	(9,544,485)	61,866,076
Changes during period					
Dividends of surplus			(1,997,401)		(1,997,401)
Profit (loss) attributable to owners of parent			5,371,919		5,371,919
Purchase of treasury shares				(5,595,077)	(5,595,077)
Disposal of treasury shares		32,165		107,412	139,577
Cancellation of treasury shares		(1,564,729)		1,564,729	—
Change in scope of equity method					—
Transfer from retained earnings to capital surplus		1,532,564	(1,532,564)		—
Net changes in items other than shareholders' equity					
Total changes in items during the period	—	—	1,841,953	(3,922,934)	(2,080,981)
Balance at the end of the period	4,840,313	9,359,915	59,052,286	(13,467,420)	59,785,094

	Other accumulated comprehensive income			Non-controlling interests	Total net assets
	Valuation differences on available-for-sale securities	Foreign currency translation adjustment	Total other accumulated comprehensive income		
Balance at the beginning of the period	37,553,803	2,989,119	40,542,922	264,737	102,673,736
Changes during period					
Dividends of surplus					(1,997,401)
Profit (loss) attributable to owners of parent					5,371,919
Purchase of treasury shares					(5,595,077)
Disposal of treasury shares					139,577
Cancellation of treasury shares					—
Change in scope of equity method					—
Transfer from retained earnings to capital surplus					—
Net changes in items other than shareholders' equity	17,416,902	60,461	17,477,363	171,283	17,648,646
Total changes in items during the period	17,416,902	60,461	17,477,363	171,283	15,567,665
Balance at the end of the period	54,970,705	3,049,581	58,020,286	436,020	118,241,401

(4) Consolidated statements of cash flows

	Unit (Thousand Yen)	
	Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)	Consolidated fiscal year under review (From April 1, 2024 to March 31, 2025)
Cash flows from operating activities		
Profit (loss) before taxes	8,223,671	8,067,410
Depreciation	524,275	709,323
Amortization of long-term prepaid expenses	758,542	658,128
Increase (decrease) in allowance for doubtful accounts	(4,692)	17,079
Increase (decrease) in reserves for bonus payments	(14,608)	(259,653)
Increase (decrease) in reserves for loss on construction contracts	(116,643)	384,159
Interest and dividend income	(449,082)	(329,749)
Interest expenses	4,359	10,627
Share of (profit) loss of entities accounted for using equity method	2,914,315	—
Loss (gains) on investments in partnerships	(3,211)	22,544
Foreign exchange gain (loss)	(650,004)	95,786
Loss on retirement of non-current assets	469,373	1,326,568
Loss (gain) on sale of investment securities	—	(7,705,261)
Loss (gain) on valuation of investment securities	887,058	713,062
Loss (gain) on sales of shares of subsidiaries and associates	(5,524,005)	—
Loss (gain) on valuation of shares of subsidiaries and associates	454,230	—
Loss (gain) on change in equity	(1,053,898)	—
Decrease (increase) in notes and accounts receivable-trade	(120,512)	(5,080,636)
Decrease (increase) in inventories valuation	854,383	(984,920)
Increase (decrease) in notes and accounts payable - trade	(4,836,322)	574,944
Decrease (increase) in other assets	9,585,645	1,644,322
Decrease (increase) in other liabilities	(1,016,883)	240,859
Other	(649)	25,217
Subtotal	10,885,339	129,811
Interest and dividend income received	437,754	323,920
Interest expenses paid	(4,359)	(10,627)
Corporate and other income tax refunds	3,599	41
Corporate and other income taxes (paid)	(3,161,364)	(4,169,761)
Cash flows from operating activities	8,160,970	(3,726,615)
Cash flows from investing activities		
Payments into time deposits	(2,899,799)	(418,828)
Proceeds from sale of property, plant and equipment	—	1,136
Purchase of property, plant and equipment	(943,705)	(2,299,225)
Purchase of intangible assets	(168,290)	(184,591)
Proceeds from sale of investment securities	—	8,708,470
Purchase of investment securities	(1,301,798)	(869,367)
Proceeds from sales of shares of subsidiaries and associates	7,031,172	—
Purchase of long-term prepaid expenses	(918,808)	(706,215)
Proceeds from collection of guarantee deposits	1,243	210
Payments for guarantee deposits	(1,064)	(16,798)
Other	(584,884)	(624,199)
Cash flows from investing activities	214,063	3,590,589

	Unit (Thousand Yen)	
	Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)	Consolidated fiscal year under review (From April 1, 2024 to March 31, 2025)
Cash flows from financing activities		
Purchase of treasury shares	(3,935,369)	(5,621,227)
Cash dividends paid	(1,725,411)	(1,994,651)
Proceeds from accepting investments from non- controlling interests in investment partnerships	274,832	115,451
Other	(6,790)	(11,398)
Cash flows from financing activities	(5,392,739)	(7,511,825)
Effect of exchange rate change on cash and cash equivalents	1,460,529	35,662
Net increase (decrease) in cash and cash equivalents	4,442,823	(7,612,189)
Balance at the beginning of the period of cash and cash equivalents	20,717,240	25,160,064
Balance at the end of the period of cash and cash equivalents	25,160,064	17,547,875

(5) Notes relating to consolidated financial statements

(Notes on going concern assumptions)

None

(Significant Changes in the Scope of Consolidation During the Fiscal Year)

LDVP MCC Co-Investment Fund II, L.P. and LDV Partners Fund III, L.P. have been newly included in the scope of consolidation for the current fiscal year due to new investments made during the period.

(Material accounting estimates)

(Valuation of unlisted stocks)

(1) Amount recorded in the consolidated financial statements of the current consolidated fiscal year

MegaChips and its consolidated US subsidiaries Group are investing in several overseas startup companies with cutting-edge technologies and ideas for medium- to long-term growth. Such investment amounts are recorded as investment securities of ¥12,153,163 thousand in the consolidated balance sheet of the current consolidated fiscal year.

(2) Other information that contributes to the understanding of users of consolidated financial statements

The investments held by MegaChips are recognized as the balance sheet value at the acquisition cost as the non-marketable securities. When the value of investments decreases significantly, a loss on valuation will be recognized except when the recoverability of the real value is supported by sufficient evidence. Although, in accordance with U.S. GAAP, the investments held by consolidated subsidiaries are calculated with the method to show as the valuation of the balance sheet based on the acquisition cost with no easily determinable fair market price, if applicable, be selected to use the cost method of deducting impairment losses and adding or subtracting observable price changes to determine the balance sheet amount, a loss on valuation will be recognized when circumstances are identified that suggest that the fair value will be less than the acquisition cost, taking into account qualitative factors, including a significant deterioration in the investment's financial condition or future prospects.

As for the valuation of these investments, as a result of calculation of excess return included in the real value related to such investments in startups, MegaChips recognize a deterioration in the value of the investment held by the company, and a situation suggesting that the fair value of the investments held by the U.S. consolidated subsidiaries are less than the acquisition cost, ¥157,099 thousand and ¥762,551 thousand, respectively.

(Segment information)

【Segment information】

The MegaChips Group is mainly engaged in the design, development and production of LSI devices utilizing its proprietary analog/digital technology to provide of total solutions under one business segment. As a result, the presentation of segment information has been omitted.

(Per share information)

(Unit: Yen)

	Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)	Consolidated fiscal year under review (From April 1, 2024 to March 31, 2025)
Net assets per share	5,639.82	6,901.20
Profit (loss) per share	242.30	306.27

(Notes) 1. Diluted net income per share is not shown because there are no dilutive securities.

2. The basis for the calculation of current net profit per share is as follow.

	Previous consolidated fiscal year (From April 1, 2023 to March 31, 2024)	Consolidated fiscal year under review (From April 1, 2024 to March 31, 2025)
Profit (loss) attributable to owners of parent (thousand yen)	4,486,913	5,371,919
Amount that is not attributable to ordinary shareholders (thousand yen)	—	—
Profit (loss) attributable to shareholders of the parent company related to ordinary shares (thousand yen)	4,486,913	5,371,919
Average number of ordinary shares during the current period	18,518,152	17,539,774

(Material subsequent events)

None

4. Other

Change in Board of Directors

(1) Director to retire

Ikuo Iwama

Masashi Kuramoto

(2) Auditor to Retire

Akira Matsushima

(3) Scheduled Change Date

June 20, 2025