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Consolidated Financial Results for the Three Months Ended June 30, 2025 [Japanese GAAP]

August 7, 2025

Company name: MegaChips Corporation
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 6875
 URL: <https://www.megachips.co.jp/>
 Representative: Tetsuo Hikawa, President and CEO
 Contact: Yoko Araki, General Manager of Finance Division
 Phone: +81-6-6399-2884
 Scheduled date of commencing dividend payments: —
 Availability of supplementary briefing material on financial results: Available
 Schedule of 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 Three Months Ended June 30, 2025 (From April 1, 2025 to June 30, 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	%
Three months ended June 30, 2025	6,490	(32.8)	(389)	—	(752)	—	(575)	—
June 30, 2024	9,660	(44.1)	874	(44.9)	584	(55.0)	2,187	129.6

(Note) Comprehensive income: Three months ended June 30, 2025: ¥20,221 million [17.1%]
 Three months ended June 30, 2024: ¥17,263 million [611.9%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2025	(34.10)	—
June 30, 2024	121.85	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2025	172,065	133,344	77.2	8,061.30
As of March 31, 2025	149,940	118,241	78.6	6,901.20

(Reference) Equity: As of June 30, 2025: ¥132,761 million
 As of March 31, 2025: ¥117,805 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	—	—	—	140.00	140.00
Fiscal year ending March 31, 2026	—				
Fiscal year ending March 31, 2026 (Forecast)		—	—	140.00	140.00

(Note) Revision to the forecast for dividends announced most recently: No

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	

(Note) Revision to the financial results forecast announced most recently: No

* Notes

(1) Significant changes in the scope of consolidation during the three months ended June 30, 2025: No

New: –

Exception: –

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) 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

(4) Number of shares outstanding (common stock)

1) Number of outstanding shares at the end of the period (including treasury stock)

June 30, 2025: 20,652,400 shares

March 31, 2025: 20,652,400 shares

2) Number of shares of treasury stock at the end of the period

June 30, 2025: 4,183,451 shares

March 31, 2025: 3,582,120 shares

3) Average number of shares outstanding during the period

Three months ended June 30, 2025: 16,874,613 shares

Three months ended June 30, 2024: 17,948,534 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or audit corporations: None

* 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 quarterly financial results)

Supplementary briefing material on quarterly financial results will be presented on the Company's website immediately after disclosure of the summary of consolidated financial results for the three months ended June 30, 2025.

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1. Qualitative Information Related to The Quarterly 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. Additionally, 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.

Our core ASIC business (Application-Specific Integrated Circuit) is currently experiencing an inventory adjustment, however, the 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.

As to consolidated operating results for the current consolidated first quarter, the MegaChips Group saw net sales of ¥6,490 million (a decrease of 32.8% from the same quarter of the previous consolidated fiscal year) and the operating loss of ¥389 million (the operating profit of ¥874 million in the same quarter of the previous consolidated fiscal year), due to the decrease in demand for amusement business compared to the same quarter of the previous consolidated fiscal year.

The ordinary loss amounted to ¥752 million (the ordinary profit of ¥584 million in the same quarter of the previous consolidated fiscal year) because the foreign exchange losses occurred for ¥323 million, and the loss attributable to owners of parent reached ¥575 million (the profit attributable to owners of parent of ¥2,187 million in the same quarter of the previous consolidated fiscal year)

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 as of the end of the current consolidated first quarter amounted to ¥172,065 million (an increase of ¥22,124 million from the previous fiscal year-end). Comparing major assets with the end of the previous consolidated fiscal year, cash and deposits decreased by ¥5,813 million and notes, accounts receivable-trade, and contract decreased by ¥3,774, while the mark-to-market valuation of SiTime Corporation shares increased by ¥31,002 million.

<Liabilities>

Total liabilities during the first quarter of the consolidated cumulative period amounted to ¥38,720 million (an increase of ¥7,020 million from the previous fiscal year-end). Key items compared to the previous fiscal year-end include a ¥9,448 million increase in deferred tax liabilities, while notes and accounts payable-trade and income taxes payable decreased by ¥1,009 million and ¥1,041 million, respectively.

<Net Assets>

Net assets as of the end of the current consolidated first quarter amounted to ¥133,344 million (an increase of ¥15,103 million compared to the end of the previous consolidated fiscal year. Key items compared to the previous fiscal year-end include a ¥20,981 million increase in valuation difference on available-for-sale securities, while Earned surplus decreased by ¥2,965 million and treasury stock decreased by ¥2,916 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 fiscal year ended in March 2024, 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 ("Capital") during the first quarter of the consolidated cumulative period amounted to ¥11,844 million, representing a decrease of ¥5,703 million compared to the end of the previous consolidated fiscal year (which saw an decrease of ¥1,672 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 ¥447 million, marking a negative change of ¥1,552 million compared to the same quarter of the previous consolidated fiscal year.

<Cash flows from Operating Activities>

Cash flows from operating activities during the first quarter of the consolidated cumulative period amounted to an inflow of ¥924 million (an increase of ¥3,781 million compared to the same quarter of the previous year).

This was primarily due to the following factors: a quarterly net loss before tax adjustments of ¥752 million, a decrease in accounts payable of ¥1,009 million, and corporate tax payments of ¥968 million, offset by a decrease in accounts receivable of ¥3,774 million.

<Cash flows from Investing Activities>

Cash flow from investing activities during the first quarter of the consolidated cumulative period amounted to an outflow of ¥1,372 million (a decrease of ¥5,334 million compared to the same quarter of the previous year).

This was primarily due to expenditures of ¥608 million for the acquisition of tangible fixed assets and ¥596 million for the acquisition of investment securities.

<Cash flows from Financing Activities>

Cash flow from financing activities during the first quarter of the consolidated cumulative period amounted to an outflow of ¥5,102 million (a decrease of ¥2,020 million compared to the same quarter of the previous year).

This was primarily due to expenditures of ¥2,917 million for the acquisition of treasury stock and ¥2,370 million for dividend payments.

(4) Explanation regarding forward-looking information, including consolidated earnings forecasts

There have been no changes from the consolidated earnings forecast for the fiscal year ending March 31, 2026, which was announced in the “Consolidated Financial Results for the Fiscal Year Ending March 31, 2025 (Japanese GAAP)”, which was officially released on May 14, 2025.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly consolidated balance sheets

(Unit: Thousand Yen)

	Previous consolidated fiscal year (ended March 31, 2025)	Current first consolidated fiscal quarter (ended June 30, 2025)
Assets		
Current assets		
Cash and deposits	20,830,306	15,016,785
Notes, accounts receivable-trade, and contract assets	15,554,626	11,780,349
Merchandise and finished goods	2,344,448	2,428,831
Work in progress	1,902,784	2,103,569
Raw materials and supplies	180,879	66,624
Accounts receivable	2,327,726	1,679,809
Other	550,300	1,412,039
Allowance for doubtful accounts	(88,651)	(75,345)
Total current assets	43,602,421	34,412,663
Non-current assets		
Property, plant and equipment		
Buildings	349,265	349,255
Accumulated depreciation	(226,133)	(231,599)
Buildings (net)	123,132	117,656
Tools, furniture and fixtures	5,483,345	5,816,723
Accumulated impairment	(4,150,936)	(4,280,869)
Tools, furniture and fixtures (net)	1,332,409	1,535,854
Construction in progress	715,534	974,288
Other	1,125,654	1,068,420
Accumulated depreciation	(1,047,319)	(925,898)
Other (net)	78,335	142,521
Total property, plant and equipment	2,249,411	2,770,320
Intangible assets		
Software	658,548	663,719
Other	548	386
Total intangible assets	659,096	664,105
Investment and other assets		
Investment securities	101,636,005	132,638,553
Long-term prepaid expenses	990,610	905,396
Deferred tax assets	28,625	27,723
Other	774,703	646,614
Total investment and other assets	103,429,945	134,218,288
Total non-current assets	106,338,453	137,652,714
Total assets	149,940,875	172,065,378

	(Unit: Thousand Yen)	
	Previous consolidated fiscal year (ended March 31, 2025)	Current first consolidated fiscal quarter (ended June 30, 2025)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,083,074	2,073,084
Accounts payable-other	1,957,173	1,265,229
Income taxes payable	1,067,742	26,528
Provision for bonuses	459,484	205,556
Provision for loss on construction contracts	478,160	467,056
Other provisions	—	45,000
Other	916,982	1,455,817
Total current liabilities	7,962,618	5,538,272
Non-current liabilities		
Deferred tax liabilities	23,626,597	33,075,510
Other	110,257	106,611
Total non-current liabilities	23,736,855	33,182,122
Total liabilities	31,699,473	38,720,395
Net equity		
Shareholders' equity		
Capital stock	4,840,313	4,840,313
Capital surplus	9,359,915	9,359,915
Earned surplus	59,052,286	56,087,045
Treasury stock	(13,467,420)	(16,384,417)
Total shareholders' equity	59,785,094	53,902,856
Other accumulated comprehensive equity		
Valuation difference on available-for-sale securities	54,970,705	75,952,490
Foreign currency translation adjustment	3,049,581	2,905,861
Total other accumulated comprehensive equity	58,020,286	78,858,351
Non-controlling interests	436,020	583,773
Total net assets	118,241,401	133,344,982
Total liabilities and net assets	149,940,875	172,065,378

(2) Quarterly consolidated statements of income and statements of comprehensive income

First quarter of the consolidated cumulative period

(Unit: Thousand Yen)

	Previous consolidated first quarter (From April 1, 2024 to June 30, 2024)	Current consolidated first quarter (From April 1, 2025 to June 30, 2025)
Net sales	9,660,077	6,490,515
Cost of sales	7,261,621	5,500,633
Gross profits	2,398,456	989,882
Selling, general and administrative expenses	1,523,756	1,379,635
Operating Profit (loss)	874,699	(389,753)
Non-operating income		
Interest income	79,210	60,137
Gain on valuation of investment securities	12,859	2,109
Miscellaneous income	2,664	2,781
Total non-operating income	94,734	65,028
Non-operating expenses		
Interest expenses	221	616
Loss on investments in investment partnerships	5,060	4,560
Investment partnerships management fee	—	88,108
Donations	3,000	7,050
Foreign exchange losses	365,570	323,168
Miscellaneous losses	11,337	4,247
Total non-operating expenses	385,189	427,751
Ordinary Profit (loss)	584,243	(752,476)
Extraordinary income		
Gain on sale of investment securities	4,035,377	—
Total extraordinary income	4,035,377	—
Extraordinary losses		
Loss on valuation of investment securities	978,556	—
Total extraordinary losses	978,556	—
Quarterly net income (loss) before income taxes	3,641,064	(752,476)
Income taxes	1,455,776	(164,482)
Quarterly net income (loss)	2,185,288	(587,993)
(Breakdown)		
Profit (loss) attributable to owners of parent	2,187,063	(575,402)
Profit (loss) attributable to non-controlling interests	(1,774)	(12,591)
Other comprehensive income		
Valuation difference on available-for-sale securities	14,546,417	20,981,784
Foreign currency translation adjustment	531,873	(172,351)
Total other comprehensive income	15,078,291	20,809,433
Quarterly comprehensive income	17,263,580	20,221,439
(Breakdown)		
Comprehensive income attributable to owners of parent	17,247,543	20,262,662
Comprehensive income attributable to non-controlling members	16,036	(41,223)

(3) Quarterly consolidated statements of cash flows

	(Unit: Thousand Yen)	
	Previous consolidated first quarter (From April 1, 2024 to June 30, 2024)	Current consolidated first quarter (From April 1, 2025 to June 30, 2025)
Cash flows from operating activities		
Profit (loss) before taxes	3,641,064	(752,476)
Depreciation	144,919	163,220
Amortization of long-term prepaid expenses	172,738	155,885
Increase (decrease) in allowance for doubtful accounts	3,650	(13,305)
Increase (decrease) in provision for bonuses	(455,975)	(253,957)
Increase (decrease) in provision for loss on construction contracts	(30,366)	(11,103)
Interest and dividend income	(79,210)	(60,137)
Interest expenses	221	616
Investment partnership operating loss (profit)	5,060	4,560
Foreign exchange gain (loss)	98,430	270,988
Loss (gain) on valuation of investment securities	965,697	(2,109)
Loss (gain) on sale of investment securities	(4,035,377)	—
Decrease (increase) in trade receivables	(3,274,865)	3,774,276
Decrease (increase) in inventories	(169,138)	(170,913)
Increase (decrease) in trade payables	(276,266)	(1,009,990)
Decrease (increase) in other assets	527,431	(130,277)
Increase (decrease) in other liabilities	2,012,603	(172,177)
Other	51,387	43,133
Subtotal	(697,996)	(1,836,231)
Interest and dividends received	66,271	57,064
Interest paid	(221)	(616)
Corporate and other income taxes (paid)	(2,225,476)	(968,135)
Cash flows from operating activities	(2,857,422)	924,543
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	499,258	—
Payments for deposit into time deposits	—	(14,496)
Payments for acquisition of property, plant, and equipment	(435,384)	(608,827)
Payments for acquisition of intangible assets	(40,521)	(22,568)
Proceeds from sale of investment securities	4,618,638	—
Payments for acquisition of investment securities	(154,679)	(596,812)
Payments for acquisition of long-term prepaid expenses	(65,781)	(129,678)
Other	(459,575)	—
Cash flows from investing activities	3,961,953	(1,372,382)
Cash flows from financing activities		
Purchase of treasury stock	(1,103,183)	(2,917,288)
Contributions from non-controlling interests in consolidated investments funds	—	188,977
Cash dividends paid	(1,977,304)	(2,370,363)
Other	(1,704)	(3,568)
Cash flows from financing activities	(3,082,192)	(5,102,242)
Effect of exchange rate change on cash and cash equivalents	304,913	(153,561)
Net increase (decrease) in cash and cash equivalents	(1,672,747)	(5,703,643)
Cash and cash equivalents at beginning of period	25,160,064	17,547,875
Cash and cash equivalents at end of period	23,487,317	11,844,232

(4) Notes to the quarterly consolidated financial statements

(Notes on going concern assumptions)

None

(Notes relating to significant changes in the amount of shareholders' equity)

The previous first quarter consolidated culminative period (from April 1, 2024, to June 30, 2024)

Based on the resolution of the Board of Directors meeting on February 9, 2024, the Company acquired 289,100 shares of treasury stock. Accordingly, the treasury stock increased by ¥1,095,032 thousand. On the other hand, the Company's treasury stock decreased by ¥1,564,729 thousand due to the cancellation of 480,000 treasury shares on June 28, 2024. Consequently, the balance of the Company's treasury stock amounted to ¥9,074,788 thousand at the end of the first quarter of the previous consolidated fiscal year.

During the first quarter of the consolidated cumulative period (from April 1, 2025, to June 30, 2025)

Based on the resolution of the Board of Directors meeting held on May 14, 2025, the company acquired 601,200 shares of treasury stock. As a result, including increases due to purchases of fractional shares, treasury stock increased by ¥2,916,996 thousand, bringing the balance of treasury stock at the end of the first quarter of the consolidated accounting period to ¥16,384,417 thousand.

(Notes on entry under accounting methods specific to the preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

The tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the consolidated fiscal year including the current quarterly consolidated period and multiplying quarterly profit before income taxes by such estimated tax rate.

(Notes on Segment Information, etc.)

【Segment Information】

Because the MegaChips Group operates as one business segment, the statements have been omitted.