

Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]

February 7, 2025

Company name: MegaChips Corporation
 Stock exchange listing: Tokyo Stock Exchange
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 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 Nine Months Ended December 31, 2024 (From April 1, 2024 to December 31, 2024)

(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	%
Nine months ended								
December 31, 2024	34,544	(27.4)	1,971	(55.8)	2,399	(22.8)	3,399	62.8
December 31, 2023	47,601	(15.1)	4,457	(19.6)	3,109	(55.6)	2,087	(55.4)

(Note) Comprehensive income: Nine months ended December 31, 2024: ¥56,087 million [831.1%]
 Nine months ended December 31, 2023: ¥6,023 million [(29.0)%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended				
December 31, 2024	192.15		—	
December 31, 2023	112.34		—	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2024	202,807	151,510	74.5	8,844.86
As of March 31, 2024	126,610	102,673	80.9	5,639.82

(Reference) Equity: As of December 31, 2024: ¥151,167 million
 As of March 31, 2024: ¥102,408 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, 2024	—	—	—	110.00	110.00
Fiscal year ending March 31, 2025	—	—	—		
Fiscal year ending March 31, 2025 (Forecast)				140.00	140.00

(Note) Revision to the forecast for dividends announced most recently: Yes

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

The breakdown of annual dividends for fiscal year ended March 31, 2024 is an ordinary dividend of ¥50 and a special dividend of ¥60.

The breakdown of annual dividends for fiscal year ending March 31, 2025 (Forecast) is an ordinary dividend of ¥60 and a special dividend of ¥80.

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	45,000	(22.3)	2,300	(58.1)	2,500	(27.7)	5,000	11.4	292.55

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes

(1) Significant changes in the scope of consolidation during the nine months ended December 31, 2024: 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)

December 31, 2024: 20,652,400 shares

March 31, 2024: 21,132,400 shares

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

December 31, 2024: 3,561,376 shares

March 31, 2024: 2,974,202 shares

3) Average number of shares outstanding during the period

Nine months ended December 31, 2024: 17,692,479 shares

Nine months ended December 31, 2023: 18,586,348 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 financial results)

Supplementary briefing material on financial results will be presented on the Company's website immediately after disclosure of the summary of consolidated financial results for the nine months ended December 31, 2024.

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1. Qualitative Information Related to The Quarterly Operating Results

(1) Overview of consolidated operating results

The recent global economy has been facing uncertainty due to the outcome of the American presidential election and the opaque political management of various nations. Additionally, geopolitical risks stemming from the prolonged Russian invasion to Ukraine and escalating political tensions in the Middle East, combined with rising global inflation pressures, have further clouded the outlook for the global economy. While the Japanese economy has shown mild recovery, there are still risks of recession driven by a concern over a slowdown in the global economy and increased prices of raw materials.

Additionally, in the foreign exchange market, while the first half of the year saw a trend of yen depreciation due to the differences in monetary policies among countries, the trend temporarily shifted toward yen appreciation. This volatility in exchange rates has created a challenging environment for forecasting future trends.

In the mainstay ASIC (Application Specific Integrated Circuit) business, the demand for semiconductors is continuously expanding in the industrial equipment and telecommunication infrastructure sectors owing to advancements in AI and IoT technologies, even though the ASIC sector is facing temporary inventory adjustments due to the influence of global demand decline. Under circumstances like these, the Company focuses on customer-oriented sales and support activities in the amusement field and aims to expand profits by enhancing its business foundation through advancing product development for the image processing device market, as well as growth markets including industrial equipment and telecommunication infrastructure. The Company leverages its strength in upstream design and analog technologies, particularly in telecommunication interface, security, and image processing.

In the ASSP (Application Specific Standard Product) business, in which Information and Communication Technology is advancing through AI, IoT, and 5G, the Company is concentrating its management resources on launching new LSI businesses, targeting fields where future growth is expected, such as the areas of telecommunications and industrial equipment. MegaChips strives to enhance the competitiveness of its analog and digital circuit development and design technology while engaging in a capital alliance and strategic collaboration Morse Micro. The Company provides LSI and modules utilizing long-range wireless communication technology and explores its business with a wide variety of telecommunication solutions based on customers' requirements.

The Company will constantly maintain a stable profit base to expand revenue by strengthening its business portfolio. The Company will create unique businesses by exploring new markets and developing new products to foster new businesses that will lead the next generation. Through these initiatives, the Company aims for sustainable growth in the mid-to-long term.

Regarding the consolidated operating results for the current quarterly consolidated accounting period, the MegaChips Group saw net sales of ¥34,544 million (a decrease of 27.4% compared to the same quarterly period of the previous fiscal year) and the operating profit of ¥1,971 million (a decrease of 55.8% compared to the same quarterly consolidated period of the previous fiscal year). This performance was impacted by a decrease in demand for amusement business and for ASIC business, which was attributed to inventory adjustments by customers. However, contract development (NRE) sales in the ASIC business remained strong.

The ordinary profit amounted to ¥2,399 million (a decrease of 22.8% compared to the same quarterly period of the previous fiscal year) because the interest income and foreign exchange gains occurred for ¥224 million and ¥162 million, respectively.

The profit attributable to owners of parent reached ¥3,399 million (an increase of 62.8% compared to the same quarterly period of the previous fiscal year), due to gain on sale of investment securities by selling shares of SiTime Corporation in the first quarter and loss on devaluation of two issues of investment securities that the Group owns occurred ¥4,035 million and ¥963 million, respectively.

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

(2) Overview of financial position

<Assets>

Total assets as of the end of the current quarterly consolidated accounting period amounted to ¥202,807 million (an increase of ¥76,197 million compared to the previous consolidated fiscal year-end). Comparing major assets with the end of the previous consolidated fiscal year, notes and accounts receivable-trade and contract assets increased by ¥13,267 million, investment securities increased by ¥74,978 million, mainly due to the market valuation of SiTime Corporation, while cash and deposits decreased by ¥13,318 million.

<Liabilities>

Total liabilities amounted to ¥51,297 million (an increase of ¥27,360 million compared to the previous consolidated fiscal year-end). Comparing major liabilities with the end of the previous consolidated fiscal year, short-term loans payable and deferred tax liabilities increased by ¥6,000 million and ¥23,302 million, respectively.

<Net assets>

The MegaChips Group's net assets amounted to ¥151,510 million (an increase of ¥48,836 million compared to the previous consolidated fiscal year-end). This was primarily due to the valuation difference on available-for-sale securities increased by ¥52,463 million compared to the previous fiscal year-end.

(Investment Securities Impact of SiTime Corporation's market valuation)

Regarding the investment securities of SiTime Corporation ("SiTime") that the Company owns, these are measured at fair value at the end of each fiscal year. This follows its exclusion from being an equity-method affiliate and the change of account title from shares of an affiliated company to investment securities at the end of the last consolidated fiscal year. Consequently, the investment securities are valued at over ¥100,000 million on the quarterly consolidated balance sheet, resulting in a temporally high ratio of investment securities to total assets. Additionally, on the liabilities and total assets side, deferred tax liabilities and valuation difference on available-for-sale securities, which are counterparty accounts on the liabilities and net assets, are in relatively larger situation.

The Company intends to use SiTime's shares for growth investments aimed at sustainable growth in the mid-to-long term, as well as for return to shareholders.

In the future, the Company will advance business structural reform through the optimal allocation of managerial resources. It aims to enhance corporate value by launching new businesses targeting growth areas, including industrial equipment and communication infrastructure, in addition to strengthening existing businesses.

(3) Overview of cash flows

Cash and cash equivalents (“Capital”) were recorded at ¥11,268 million at the current quarterly consolidated accounting period, a decrease of ¥13,891 million from the end of the previous consolidated fiscal year (compared to a decrease of ¥6,116 million in the same period of the previous consolidated fiscal year).

The free cash flows, consisting of the net cash provided by or used in operating activities and investment activities, resulted in ¥12,612 million cash-out (a decrease of ¥9,927 million compared to the same quarterly period of the previous fiscal year).

The status of cash flows the current quarterly consolidated accounting period was as follows.

<Cashflows from operating activities>

Cash flows provided by operating activities amounted to ¥12,394 million (a decrease of ¥12,989 million compared to the same quarterly period of the previous fiscal year). This was mainly due to a profit before income taxes of ¥5,456 million, while gain on sale of investment securities of ¥4,035 million, increase in trade receivables of ¥13,267 million, and a corporate tax of ¥4,168 million.

<Cashflows from investment activities>

Cash flows from investment activities resulted in an outflow of ¥217 million (an increase of ¥3,061 million compared to the same quarterly period of the previous fiscal year). This was mainly attributable to ¥4,618 million of the proceeds from sale of investment securities, while ¥2,267 million for the acquisition of property, plant and equipment.

<Cashflows from financing activities>

Cash flows used in financing activities amounted to ¥1,408 million (an increase of ¥3,090 million compared to the same quarterly period of the previous fiscal year). This was mainly due to an increase in short-term loans of ¥6,000 million while purchase of treasury shares of ¥5,482 million and cash dividends paid of ¥1,994 million.

(4) Overview of forward looking statements such as consolidated earnings forecast

As stated in “Sale of Investment Securities and Post of Extraordinary Profits”, the Company has revised its consolidated earnings forecast for the fiscal year ending March 2025, which was announced in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Japanese GAAP)”, which was officially released on May 10, 2024. For detailed information, please refer to “Revisions in Forecast” that was released today.

(5) Management that is conscious of cost of capital and stock price

MegaChips Groups aims to achieve both high capital efficiency and healthy financial structure. We will ensure the adequate return of managerial resources based on market conditions, competitive circumstances, and growth opportunities. Regarding capital efficiency, we will strive to understand our own cost of capital and take initiatives that are meaningful of this cost to enhance corporate value in the medium term. We consider ROE and PBR as important indicators representing capital income ratio and market valuation, respectively.

MegaChips Group's Return on Equity (ROE) was 5.1% in the fiscal year ended March 2024, which was slightly lower than our recognized cost of capital. We target an ROE level of more than 8%, and to achieve this target in the mid-to-long term, we aim to continuously enhance capital efficiency, ensure the implementation of our mid-to-long term management strategy, and increase profitability. We believe it is necessary to improve capital efficiency and market valuation, including our stock price and PBR, by gaining sufficient understanding from investors regarding our growth strategy through ongoing conversations.

Regarding our financial structure, we aim to enhance equity capital to respond to rapid changes in business circumstances, maintain stable management, and prepare for risks associated with market condition deterioration.

The overview of our mid-to-long term initiatives to further enhance corporate value and shareholder value is as follows:

① Growth strategy

We will proceed with measures based on the following mid-term initiatives: We aim to enhance profitability and our business portfolio by strengthening Amusement and ASIC business foundations, and by launching new businesses, including Telecommunications, for mid-to-long-term sustainable growth.

② Financial strategy

We will maintain a healthy financial structure that enables flexible and prompt adaptation to changes in business circumstances, supporting mid-to-long-term growth through business structural reform and new business development. We will also conduct proactive and stable profit return based on the following policy, aiming to enhance capital efficiency.

- Regarding the distribution of retained earnings, we will determine the amount of dividends by taking an amount equivalent to at least 30% of the consolidated net income attributable to owners of parent (with special factors subtracted upon due consideration) as the aggregate amount of dividends, while taking the medium-term business outlook into consideration.

- To enhance capital efficiency, we will agilely conduct share repurchases, considering market conditions, share price trends, and financial conditions.

③ Human resource strategy

We consider the development of human resources to be one of our major agendas for achieving a society where human rights and cultures are respected, and where diverse human resources can actively play their roles. We will take initiatives to provide our employees with opportunities for growth and engagement, promote diversity, offer grand-type scholarships through a foundation established by our founder, and support the development of young human resources who will be the main pillars of the electronics industry.

④ Improvement of IR activities

The Company will enhance communication with investors through individual IR meetings and constructive dialogues with institutional investors to gain an understand of our business strategies. We will share opinions and requests obtained from these dialogues and utilize them for our future initiatives. The Company also send information that is easy to understand for individual investors, including non-financial information, and provide necessary information that would be useful for all investors.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly consolidated balance sheet

(Unit: Thousand Yen)

	Previous consolidated fiscal year (ended March 31, 2024)	Current third quarter of the consolidated fiscal period (ended December 31, 2024)
Assets		
Current assets		
Cash and deposits	28,059,864	14,741,026
Notes, accounts receivable-trade, and contract assets	10,473,989	23,741,892
Merchandise and finished goods	1,775,070	1,739,011
Work in process	1,448,520	2,225,489
Raw materials and supplies	219,600	109,338
Accounts receivable - other	3,140,105	2,611,050
Other	1,083,970	780,553
Allowance for doubtful accounts	(71,571)	(82,364)
Total current assets	46,129,550	45,865,998
Non-current assets		
Property, plant and equipment		
Buildings	348,239	349,283
Accumulated depreciation	(201,376)	(219,984)
Buildings (net)	146,862	129,298
Other	6,750,919	8,789,664
Accumulated depreciation	(5,099,243)	(5,261,881)
Other (net)	1,651,675	3,527,782
Total property, plant and equipment	1,798,538	3,657,081
Intangible assets		
Other	565,703	658,117
Total intangible assets	565,703	658,117
Investment and other assets		
Investment securities	75,623,395	150,602,114
Long-term prepaid expenses	1,605,545	1,150,063
Deferred tax assets	34,132	35,659
Other	854,071	838,911
Total investment and other assets	78,117,145	152,626,749
Total non-current assets	80,481,386	156,941,948
Total assets	126,610,936	202,807,946

(Unit: Thousand Yen)

	Previous consolidated fiscal year (ended March 31, 2024)	Current third quarter of the consolidated fiscal period (ended December 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,508,130	3,735,361
Short-term loans	—	6,000,000
Income taxes payable	2,476,620	298,767
Provision for bonuses	719,163	460,088
Provision for loss on construction contracts	94,000	62,473
Other provisions	—	135,000
Other	2,814,908	2,753,513
Total current liabilities	8,612,823	13,445,204
Non-current liabilities		
Deferred tax liabilities	14,454,860	37,757,450
Other	869,515	94,784
Total non-current liabilities	15,324,376	37,852,235
Total liabilities	23,937,199	51,297,439
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	57,080,941
Treasury stock	(9,544,485)	(13,343,424)
Total shareholders' equity	61,866,076	57,937,745
Other accumulated comprehensive equity		
Valuation difference on available-for-sale securities	37,553,803	90,017,249
Foreign currency translation adjustment	2,989,119	3,212,733
Total other accumulated comprehensive equity	40,542,922	93,229,983
Non-controlling interests	264,737	342,778
Total net assets	102,673,736	151,510,507
Total liabilities and net assets	126,610,936	202,807,946

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

(Unit: Thousand Yen)

	Previous consolidated fiscal period (From April 1, 2023 to December 31, 2023)	Current third quarter of the consolidated fiscal period (From April 1, 2024 to December 31, 2024)
Net sales	47,601,654	34,544,691
Cost of sales	38,652,491	28,088,591
Gross profits	8,949,163	6,456,100
Selling, general and administrative expenses	4,492,005	4,484,910
Operating income	4,457,158	1,971,189
Non-operating income		
Interest income	185,879	224,570
Dividends income	188,591	51,083
Receipt of dispatching fees	142,567	—
Gain on valuation of investment securities	15,664	93,827
Gain on forfeiture of unclaimed dividends	835	2,552
Foreign exchange gains	483,258	162,264
Miscellaneous income	9,803	603
Total non-operating income	1,026,599	534,902
Non-operating expenses		
Interest expenses	4,233	4,252
Loss on sale of receivables	19,926	—
Loss on investments in partnership	—	39,657
Share of loss of entities accounted for using equity method	2,341,430	—
Donations	2,000	46,255
Miscellaneous losses	6,354	16,468
Total non-operating expenses	2,373,944	106,633
Ordinary income	3,109,813	2,399,457
Extraordinary income		
Gain on change in equity	834,640	—
Gain on sale of investment securities	—	4,035,377
Total extraordinary income	834,640	4,035,377
Extraordinary losses		
Loss on retirement of non-current assets	28,562	14,329
Loss on valuation of investment securities	—	963,817
Total extraordinary losses	28,562	978,147
Profit (loss) before taxes	3,915,891	5,456,687
Income taxes	1,837,094	2,051,493
Profit (loss)	2,078,796	3,405,194

(Unit: Thousand Yen)

	Previous consolidated fiscal period (From April 1, 2023 to December 31, 2023)	Current third quarter of the consolidated fiscal period (From April 1, 2024 to December 31, 2024)
(Breakdown)		
Profit (loss) attributable to owners of parent	2,087,958	3,399,603
Profit (loss) attributable to non-controlling members	(9,162)	5,590
Other comprehensive income		
Valuation difference on available-for-sale securities	726,416	52,463,446
Foreign currency translation adjustment	601,394	218,983
Share of other comprehensive income of entities accounted for using equity method	2,617,306	—
Total other comprehensive income	3,945,116	52,682,430
Comprehensive income	6,023,912	56,087,624
(Breakdown)		
Comprehensive income attributable to owners of parent	6,012,778	56,086,664
Comprehensive income attributable to non-controlling members	11,134	959

(3) Quarterly consolidated statements of cash flows

	Unit (Thousand Yen)	
	Previous consolidated fiscal period (From April 1, 2023 to December 31, 2023)	Current third quarter of the consolidated fiscal period (From April 1, 2024 to December 31, 2024)
Cash flows from operating activities		
Profit (loss) before taxes	3,915,891	5,456,687
Depreciation	365,349	513,385
Amortization of long-term prepaid expenses	551,495	503,171
Increase (decrease) in reserves for bonus payments	(195,587)	(259,084)
Increase (decrease) in reserves for loss on construction contracts	(131,325)	(31,526)
Interest and dividend income	(374,470)	(275,654)
Interest expenses	4,233	4,252
Share of (profit) loss of entities accounted for using equity method	2,341,430	-
Foreign exchange gain (loss)	(533,113)	95,166
Loss on retirement of non-current assets	28,562	14,329
Loss (gain) on valuation of investment securities	(15,664)	869,989
Loss (gain) on sale of investment securities	-	(4,035,377)
Loss (gain) on change in equity	(834,640)	-
Decrease (increase) in trade receivables	(5,644,097)	(13,267,903)
Decrease (increase) in inventories	263,143	(630,648)
Increase (decrease) in trade payables	(4,519,232)	1,227,231
Decrease (increase) in other assets	8,979,609	1,074,742
Decrease (increase) in other liabilities	(936,304)	49,726
Other	126,392	193,848
Subtotal	3,391,671	(8,497,662)
Interest and dividends received	363,261	274,285
Interest paid	(4,233)	(3,458)
Corporate and other income taxes (refund)	1,226	-
Corporate and other income taxes (paid)	(3,157,259)	(4,168,045)
Cash flows from operating activities	594,665	(12,394,880)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	-	(443,044)
Purchase of property, plant and equipment	(805,118)	(2,267,047)
Purchase of intangible assets	(117,528)	(155,136)
Proceeds from sale of investment securities	-	4,618,638
Purchase of investment securities	(888,143)	(625,146)
Purchase of long-term prepaid expenses	(899,748)	(706,215)
Other	(568,651)	(639,638)
Cash flows from investing activities	(3,279,191)	(217,590)

	Unit (Thousand Yen)	
	Previous consolidated fiscal period (From April 1, 2023 to December 31, 2023)	Current third quarter of the consolidated fiscal period (From April 1, 2024 to December 31, 2024)
Cash flows from financing activities		
Increase (decrease) in short-term loans	—	6,000,000
Purchase of treasury stock	(2,991,843)	(5,482,929)
Contributions from non-controlling interests in consolidated investments funds	223,142	77,081
Cash dividends paid	(1,725,075)	(1,994,064)
Other	(4,938)	(8,343)
Cash flows from financing activities	(4,498,714)	(1,408,256)
Effect of exchange rate change on cash and cash equivalents	1,066,494	129,184
Net increase (decrease) in cash and cash equivalents	(6,116,746)	(13,891,541)
Cash and cash equivalents at beginning of period	20,717,240	25,160,064
Cash and cash equivalents at end of period	14,600,494	11,268,522

(4) Notes relating to quarterly consolidated financial statements

(Notes on going concern assumptions)

None

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

The previous quarterly consolidated period (from April 1, 2023, to December 31, 2023)

According to the written solution under Article 370 of the Corporate Law (a written resolution in lieu of a resolution of the Board of Directors meeting) as of March 22, 2023, the Company acquired 832,800 shares of treasury stock. Accordingly, the treasury stock increased by ¥2,991,543 thousand, including the purchase of shares less than one unit, and the treasury stock decreased by ¥2,689,255 thousand due to the cancellation of 835,300 shares of treasury stock. As a result, the Company's treasury stock amounted to ¥8,601,053 thousand at the end of the current quarterly consolidated fiscal year.

The current quarterly consolidated period (from April 1, 2024, to December 31, 2024)

Based on the resolution of the Board of Directors meeting on February 9, 2024 and the written solution under Article 370 of the Corporate Law (a written resolution in lieu of a resolution of the Board of Directors meeting) as of May 23, 2024 and August 20, 2024, the Company acquired treasury stocks for 254,100 shares, 35,000 shares, and 809,900 shares, respectively. Accordingly, the treasury stock increased by ¥5,474,341 thousand, including the purchase of shares less than one unit. On the other hand, the Company has cancelled the treasury stock of 480,000 shares on June 28, 2024, and the Company's treasury stock decreased by ¥1,675,401 thousand due to the disposal of treasury stock. Consequently, the balance of the Company's treasury stock amounted to ¥13,343,424 thousand at the end of the current quarterly consolidated fiscal year.

(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.