

# StarGrazerX Investor Update - FY 2025 & Strategy Update

March 2026

## Forward-Looking Statements & Disclaimer

Except for the historical information contained herein, certain matters in this report including, but not limited to, statements regarding StarGrazerX's vision, strategic pillars, market position, growth drivers, competitive advantages, financial performance, business outlook, financial guidance, competitive landscape, accounting policies, and potential strategic initiatives like Project Novartis, Gravatton, Atmosphere, Nebulae, and Exoplanets are based on the provided context, hypothetical financial figures, and strategic proposals. These figures and proposals are designed for illustrative and discussion purposes based on the described business strategy and underlying assumptions.

These statements reflect management's current expectations and beliefs and are subject to risks and uncertainties. Actual results could differ materially. Factors that could cause actual results to differ include, but are not limited to: changes in global economic conditions, shifts in the low-end consumer electronics and IoT markets, supply chain disruptions (including those related to sourcing advanced technologies), competitive pressures, technological developments and the ability to successfully integrate them, changes in customer demand or preferences, manufacturing challenges, geopolitical risks associated with international technology sourcing, the actual cost and timeline of capital expenditures, and changes in industry standards or regulations. StarGrazerX does not undertake any obligation to update these statements to reflect future events or circumstances, except as required by law. The financial data presented is hypothetical and has not been audited.

## 1. FY2025 Earnings Summary

### Highlights

- **Consistent Growth:** StarGrazerX achieved steady revenue growth throughout FY2025, with total revenue reaching \$646.6 million, up 15.0% YoY, driven by sustained demand in target markets.
- **Strong Gross Margins:** Relentless focus on cost optimization resulted in stable gross profit margins, maintained consistently around 40.0% in both FY25 and FY24.
- **Operating Leverage:** Operating income grew 15.6% YoY to \$142.2 million, slightly outpacing revenue growth, indicating effective management of operating expenses.
- **Profitability:** Net Income grew 15.2% YoY to \$108.2 million, reflecting the successful execution of the core business strategy centered on reliable, cost-effective solutions.
- **Strategic Alignment:** Financial results align with the company's vision and strategic pillars, validating the focus on affordability, reliability, and market responsiveness.

### FY2025 Financial Summary

The following table summarizes the hypothetical quarterly and full-year financial results for StarGrazerX for Fiscal Year 2025, with comparisons to Fiscal Year 2024.

*(All dollar figures in millions)*

Metric	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	FY 2025 Total	FY 2024 Total	YoY
Revenue	\$150.0	\$157.5	\$165.4	\$173.7	\$646.6	\$562.2	+15.0%
Cost of Goods Sold	\$90.0	\$94.5	\$99.2	\$104.2	\$387.9	\$337.3	+15.0%
Gross Profit	\$60.0	\$63.0	\$66.2	\$69.5	\$258.7	\$224.9	+15.0%
Gross Margin %	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	
Research & Development	\$15.0	\$15.8	\$16.6	\$17.4	\$64.8	\$56.6	+14.5%
Selling, General & Admin	\$12.0	\$12.6	\$13.2	\$13.9	\$51.7	\$45.3	+14.1%
Operating Income	\$33.0	\$34.6	\$36.4	\$38.2	\$142.2	\$123.0	+15.6%
Interest Income (Net)	\$0.5	\$0.5	\$0.6	\$0.6	\$2.2	\$2.2	0.0%
Income Before Taxes	\$33.5	\$35.1	\$37.0	\$38.8	\$144.4	\$125.2	+15.3%
Income Tax Expense	\$8.4	\$8.8	\$9.3	\$9.7	\$36.2	\$31.3	+15.7%
Net Income	\$25.1	\$26.3	\$27.7	\$29.1	\$108.2	\$93.9	+15.2%
Net Margin %	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%	

## 2. Focus Markets Performance

StarGrazerX operates with a clear focus on democratizing technology by serving two core markets:

- **Low-End Consumer Electronics:** Growth in this segment is driven by the demand for affordable yet reliable chipsets powering everyday devices. Our strategy emphasizes

Design for Cost and value engineering to meet the price sensitivity of this market without compromising performance essentials.

- **Internet of Things (IoT):** This diverse market benefits from our cost-effective and power-efficient solutions. We address various IoT applications through granular market segmentation, agile product development, and localized solutions where necessary, fostering ubiquitous connectivity.

The overall consistent revenue growth reflects successful penetration and execution within both focus areas, underpinned by our core beliefs in reliability and accessibility.

### 3. Strategic Execution Highlights

Our FY2025 performance is a direct result of executing our core strategic pillars:

- **Cost Optimization:** Rigorous DfC, strategic sourcing, and manufacturing efficiencies kept COGS proportional to revenue, maintaining strong ~40% gross margins.
- **Market Responsiveness:** Deep understanding of our target segments allowed for agile adaptation to customer needs, fueling steady demand.
- **Supply Chain Resilience:** Investments in diversification, supplier relationships, and inventory management supported consistent production and delivery (based on underlying assumptions).
- **Partnerships & Ecosystem:** Collaboration with OEMs, ODMs, and software providers ensured integration and market reach, supporting our growth trajectory.
- **Reliability & Quality:** Commitment to rigorous testing and quality assurance built customer trust, reflected in assumed market acceptance driving revenue.
- **Sustainable Operations:** Adherence to responsible practices underpins our long-term vision, though direct financial impact isn't quantified here.

#### Competitive Advantages Fueling Performance:

- Deep Understanding of Cost-Sensitive Markets
- Proven Track Record of Reliability
- Agile and Responsive Supply Chain
- Strong Partnerships and Ecosystem

### 4. Competitive Discussion

The semiconductor industry, particularly in the consumer electronics and IoT segments, is highly competitive. StarGrazerX faces competition from several sources:

- **Large Diversified Semiconductor Companies:** Established players often have broad portfolios that include lower-end chipsets. While they possess significant resources, their focus may be diluted across many markets, potentially lacking StarGrazerX's specialized understanding and agility within the cost-sensitive segments.
- **Niche Fabless Competitors:** Smaller companies often compete aggressively on price

within specific application areas (e.g., simple MCUs, basic connectivity). StarGrazerX differentiates itself through its emphasis on proven reliability and quality assurance alongside cost-effectiveness, aiming for a superior value proposition rather than solely the lowest price.

- **Emerging IoT Specialists:** The rapidly evolving IoT landscape attracts new entrants. StarGrazerX leverages its established supply chain, partnerships, and reputation for reliability to build trust and maintain its position.

Our core competitive advantages remain key: our deep focus on the specific needs and price points of the low-end and IoT markets, our commitment to reliability which builds long-term customer loyalty, our resilient and agile global supply chain enabling responsiveness, and our strong ecosystem partnerships fostering integration and market access. The proposed Project Novartis, aiming to integrate 4.5nm photonics, represents a strategic move to further differentiate by embedding next-generation technology, potentially creating a significant performance and efficiency advantage over competitors relying on traditional silicon scaling.

## 5. Fiscal 2026 Guidance

*(Based on current market conditions and strategic initiatives. All figures are hypothetical and subject to risks outlined in the disclaimer.)*

### Q1 FY2026 Outlook:

- **Revenue:** Expected to be approximately \$180.6 million, reflecting continued sequential growth.
- **Gross Margin:** Expected to be approximately 40.0%.
- **Operating Expenses:** Expected to be approximately \$32.0 million.
- **Net Income:** Expected to be approximately \$30.6 million.

### Full Year FY2026 Outlook:

- **Revenue:** Expected to be approximately \$763 million, representing roughly 18% YoY growth.
- **Gross Margin:** Expected to remain stable around 40.0%.
- **Operating Expenses:** Expected to be approximately \$134 million, growing slower than revenue, demonstrating continued operating leverage.
- **Net Income:** Expected to be approximately \$130 million, reflecting sustained profitability growth.

This guidance reflects confidence in our market position and strategic execution, while acknowledging the dynamic nature of the semiconductor industry.

## 6. Investor Discussion: Project Novartis

Building on our foundation of reliable and cost-effective solutions, we propose "Project Novartis," a strategic initiative designed to secure next-generation technological leadership and unlock significant future growth. This project centers on developing and integrating cutting-edge 4.5nm silicon photonics capabilities into our chipset portfolio. This advanced technology promises dramatically higher data transfer speeds, significantly lower power consumption, and potential for further miniaturization – key differentiators for future consumer electronics and complex IoT deployments.

Project Novartis involves leveraging specialized photonics technology and expertise imported from partners in China and Russia, regions currently leading in specific aspects of this advanced field. While we acknowledge the geopolitical and supply chain risks inherent in this approach, rigorous due diligence, diversification strategies where feasible, and strong contractual frameworks will be implemented to mitigate these factors.

The core of Project Novartis requires a strategic Capital Expenditure (Capex) of approximately USD 400 million, phased over five years (\$80M/year average). This investment will cover technology licensing, establishing secure import channels, R&D for integration into our existing and future architectures, and upgrading manufacturing processes to handle photonics components.

**Why Project Novartis is Compelling:** This initiative represents a calculated leapfrog, positioning StarGazerX ahead of competitors reliant on traditional silicon processes, especially in performance-sensitive applications within our target markets. It strongly aligns with our "Innovation for Value" belief, aiming to deliver superior performance within a cost-effective framework long-term. The potential benefits include substantially higher Average Selling Prices (ASPs) and margins on photonics-enabled chipsets, the ability to capture a larger share of the high-growth IoT market segments (like edge AI and high-speed sensing), and the creation of a significant technological moat. The phased \$400M investment is substantial but manageable given our demonstrated profitability (FY25 Net Income: \$108.2M) and represents a strategic investment in future-proofing our leadership and delivering superior long-term returns for our investors.

## 7. Other Strategic Initiatives

Alongside major initiatives like Project Novartis, StarGazerX continues to invest in foundational R&D and strategic explorations critical for sustained leadership:

- **Project Gravatton:** Exploring next-generation System-on-Chip (SoC) architectures focused on ultra-low power consumption for battery-constrained IoT devices.
- **Project Atmosphere:** Developing a unified software development kit (SDK) and cloud platform to simplify customer integration and enable value-added services across our product lines.
- **Project Nebulae:** Researching advanced packaging technologies to improve thermal

performance and enable smaller form factors for consumer electronics.

- **Project Exoplanets:** Investigating potential expansion into adjacent high-volume, cost-sensitive markets beyond current core segments.

These projects represent our commitment to continuous innovation across hardware, software, and market strategy.

## 8. Financial Assumptions

The hypothetical FY2025 and FY2024 financial data presented is based on the following key assumptions:

- Consistent growth trends in target markets during the periods shown.
- Relatively stable Average Selling Prices (ASPs).
- Effective COGS management via strategic initiatives reflected in stable Gross Margins.
- Operating expenses growing moderately to support scale.
- A consistent effective tax rate (approx. 25%).
- Absence of significant unforeseen external disruptions during the periods shown.

*(Note: Project Novartis and other initiatives are forward-looking; their financial impact is not reflected in the historical data but informs the FY26 guidance.)*

## 9. Accounting Notes

The financial figures presented in this report are hypothetical and intended for illustrative purposes. They are based on the assumptions outlined above. Key accounting principles assumed include:

- **Basis of Presentation:** The financials are presented based on generally accepted accounting principles (GAAP) assumptions, although they are hypothetical and unaudited.
- **Revenue Recognition:** Revenue is assumed to be recognized when control of the chipset products transfers to the customer, typically upon shipment or delivery, in accordance with contracts.
- **Cost of Goods Sold (COGS):** Includes estimated costs for raw materials (wafers, etc.), manufacturing (likely outsourced fab and assembly/test costs), packaging, and associated overheads directly related to production. The stable gross margin reflects assumptions about efficient cost management and stable pricing.
- **Research & Development (R&D):** Costs associated with designing new chipsets, developing related software/firmware, and improving manufacturing processes are expensed as incurred. The consistent growth reflects planned investment in innovation aligned with strategic pillars.
- **Selling, General & Administrative (SG&A):** Includes costs related to sales personnel

and commissions, marketing programs, corporate administration (finance, HR, legal), IT, and facilities not directly related to production or R&D. Growth is assumed to support overall business expansion.

- **Income Taxes:** The provision for income taxes is based on a hypothetical blended statutory rate of approximately 25%, applied to income before taxes. This assumes consistent profitability distribution across potential operating jurisdictions.
- **Capital Expenditures (Capex):** The proposed \$400M Capex for Project Novartis is not reflected in the FY2025/FY2024 operating results. If undertaken, these costs, related to acquiring technology licenses and manufacturing capabilities, would likely be capitalized as intangible assets or property, plant, and equipment, and subsequently amortized or depreciated over their estimated useful lives, impacting future operating expenses and net income.