
MegaChips Corporation

Briefing

FY2020 (Ended March 2021)

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

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Operation Results for FY2020

FY2020 Consolidated results (P/L) (Summary)

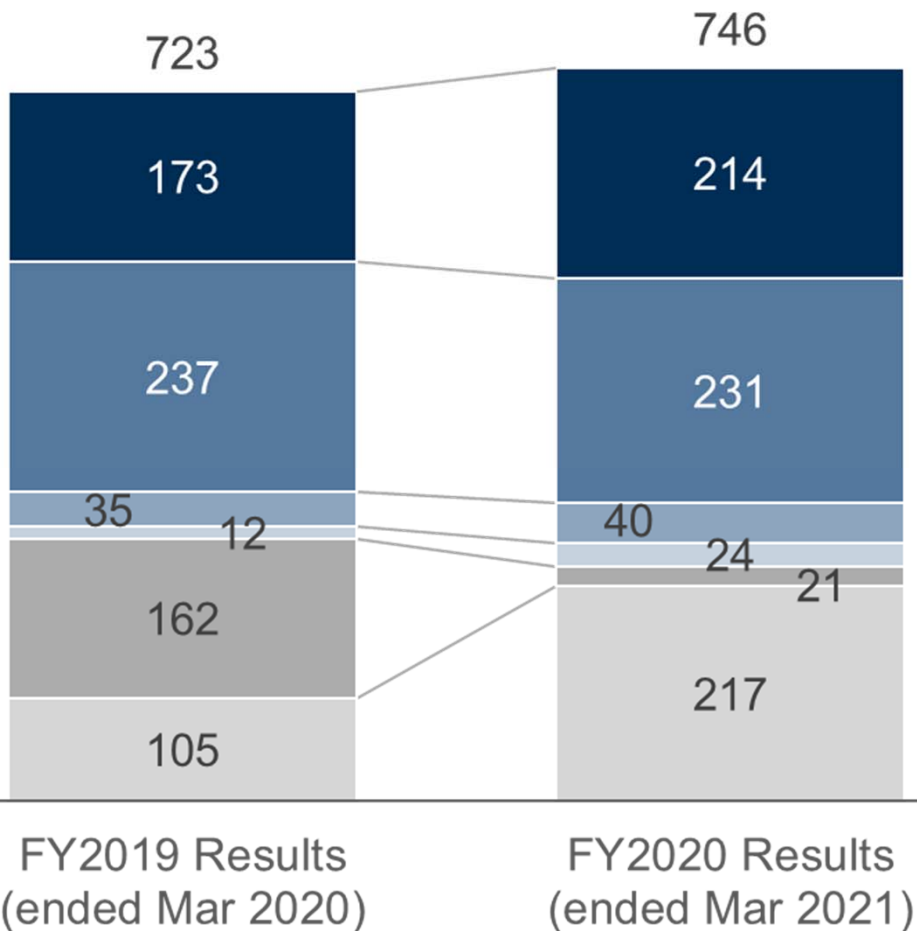
Both sales and profits have increased YOY basis as demand mainly for the game software storage LSI (custom memory) has remained strong. The various restructuring measures taken from March 2019 including change in business structure, streamline of operation, enhancement of financial status all positively effected and contributed to the increase in profit. The sale of the part of shares of SiTime Corporation, a consolidated subsidiary, for the amount of JPY 26,387M also boosted net profit attributable to owners of parent.

(Unit : ¥ Million)		FY2020 (ended Mar 2021) Results	FY2020 (ended Mar 2021) Plan	Gap	FY2019 (ended Mar 2020) Results	YOY
	Sales	83,814	82,000	+ 2.2%	65,764	+ 27.4%
	Operating income before amortization of goodwill	5,608	5,300	+ 5.8%	3,449	+ 62.6%
	Amortization of goodwill	583	600		2,477	
Consoli dated	Operating income after amortization of goodwill	5,025	4,700	+ 6.9%	972	+ 416.7%
	Ordinary income	3,912	3,200	+ 22.3%	639	+ 512.3%
	Net profit belonging to shareholders of parent company	20,920	20,000	+ 4.6%	-1,792	—
	Net income per share (¥)	961.28	918.99	+ 4.6%	- 82.35	—

※Exchange rate of FY2019 year-end : USD ¥108.83

※Exchange rate of FY2020 year-end : USD ¥110.71

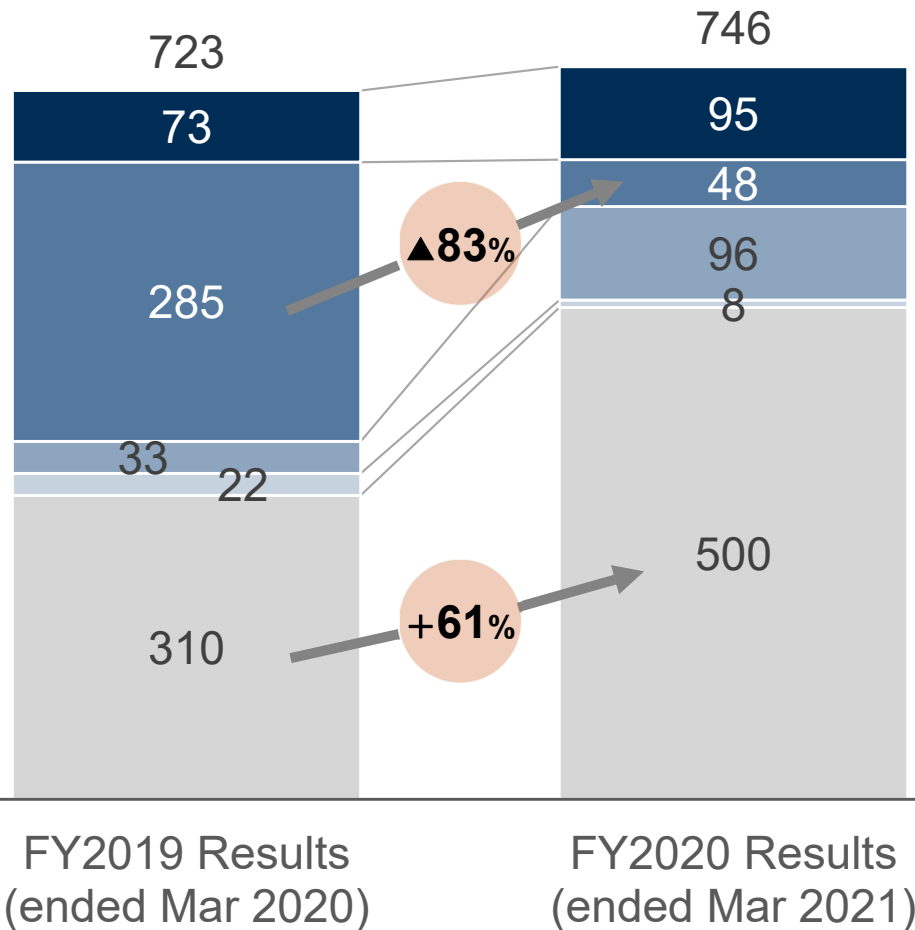
FY2020 (ended March 2021) Financial Status (Assets)



	Increase/Decrease (FY19→FY20)	year-on-year rate (Increase/Decrease ÷ FY19)
Cash/cash equivalents	41.5	+24%
Notes/accounts receivables	▲6.0	▲3%
Inventories	4.6	+13%
Other current assets	12.2	+105%
Tangible/intangible fixed assets	▲141.7	▲87%
Investment and other assets	112.2	+107%

FY2020 (ended March 2021) Financial Status (Liabilities/Net assets)

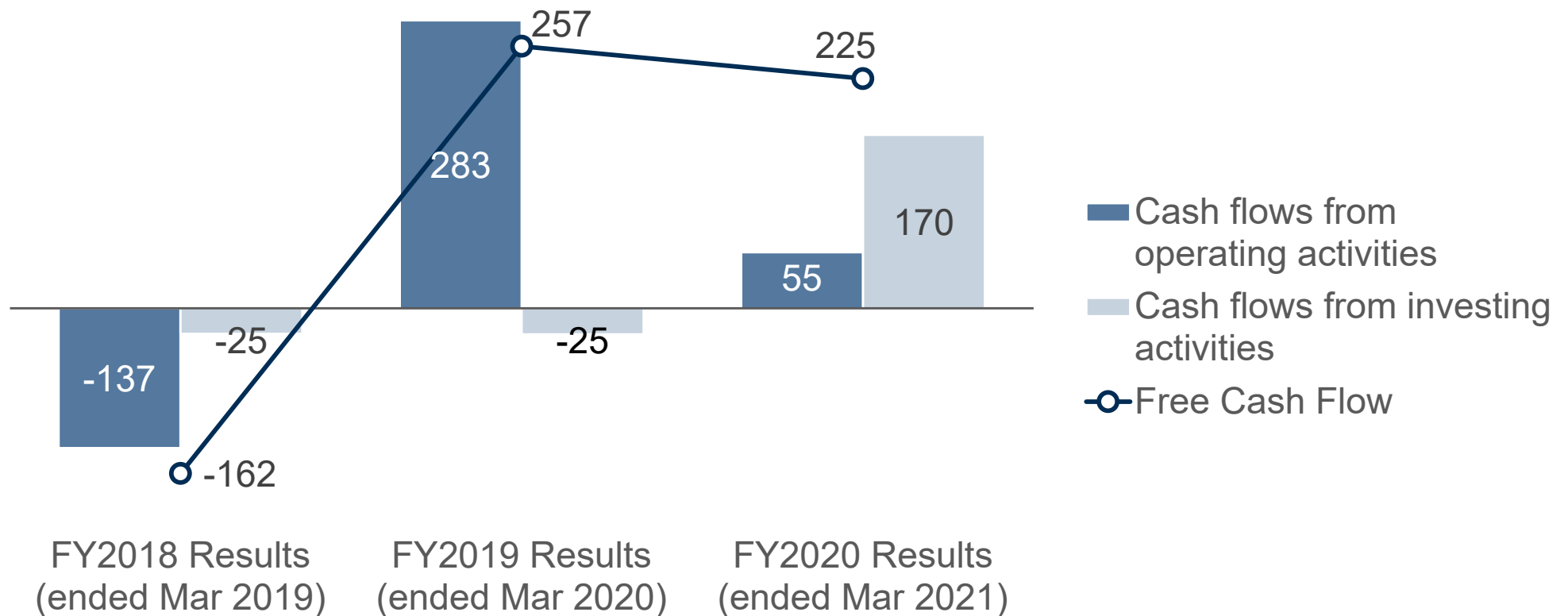
(Unit : ¥100M)



	Increase/Decrease (FY19→FY20)	year-on-year rate (Increase/Decrease ÷ FY19)
Notes/account payables	21.7	+30%
Interest-bearing debt	▲237.0	▲83%
Other current liabilities	62.9	+193%
Other fixed liabilities	▲14.9	▲66%
Net assets	190.1	+61%

FY2020 (ended March 2021) Cash Flow

The cash flow from investment activities was gained from the cash flow from operating activities and the sale of affiliate company's shares

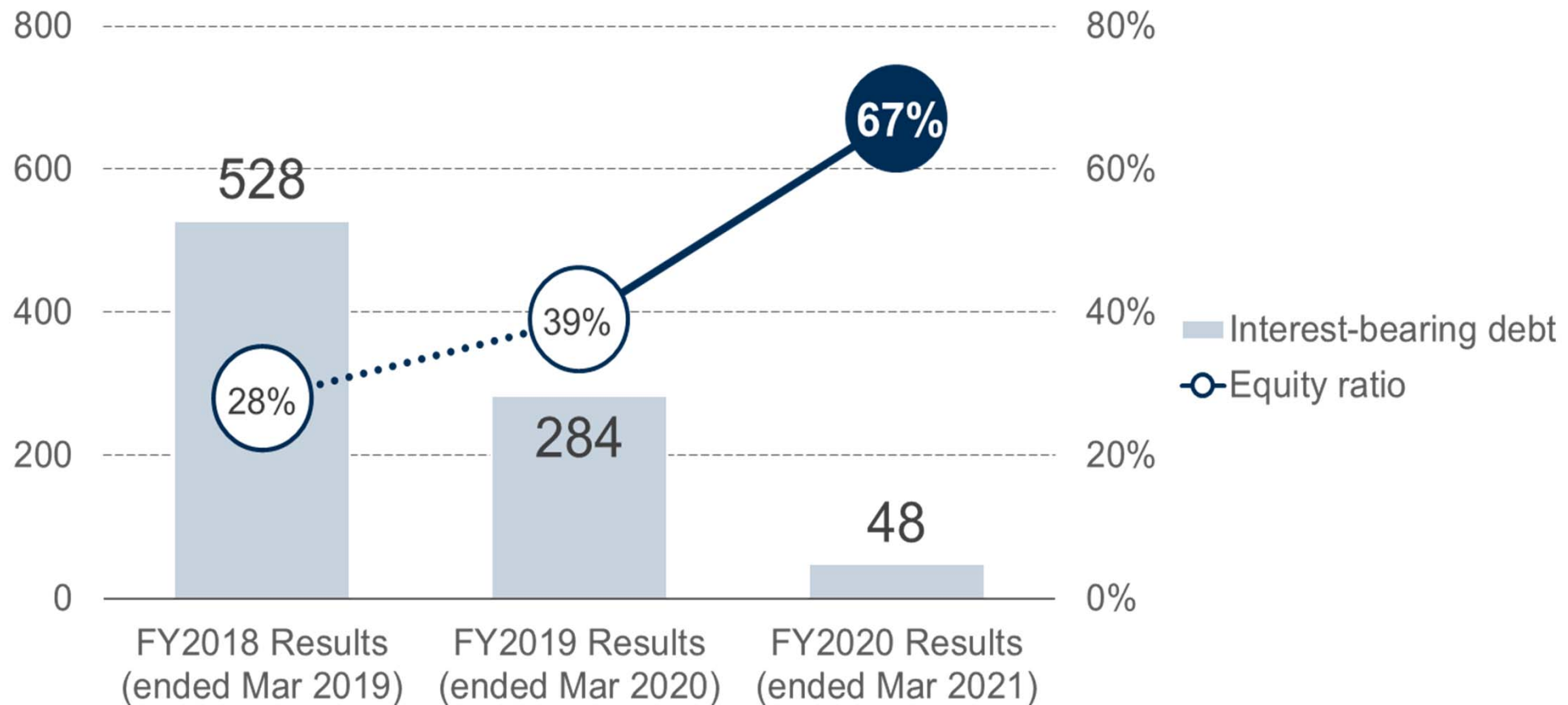


FY2020 (ended March 2021)

Interest-bearing debt and Equity ratio

We strive to enhance financial foundation and equity ratio.

(Unit : ¥100M)



Profit return

We aggressively aim to enhance profit return considering the future management condition based on our basic policy for achievement of sustainable profit contribution and the company's growth.

【Dividend of Surplus】

We will pay annual dividend for the fiscal year ended March 2021 for ¥80 (including commemorative dividend of ¥45 for 30th anniversary of foundation) in accordance with the basic dividend policy

	FY2020 (ended Mar 2021)	FY2019 (ended Mar 2020)
Ordinary dividend (¥/share)	¥35	¥17
Commemorative dividend (¥/share)	¥45	-
Per share dividend (¥/share)	¥80	¥17

【Share Repurchases】

We implement share repurchases to exercise agile management of capital policy corresponding to changes of business environment.

Total number of shares to purchase 1,600K shares (max)
(Ratio to outstanding shares (excluding treasury stock 7.4%))
Total repurchase cost ¥5B (max)

FY2021 Forecast

FY2021 Forecast

We aim invest in mid-term growth areas and secure stable profits.

(Unit : ¥Million)		FY2021 (ending Mar 2022) Full-year Forecast	FY2020 (ended Mar 2021) Full-year Results
Consoli dated	Net sales	65,500	83,814
	Operating income	4,300	5,025
	Ordinary income	3,700	3,912
	Net profit belonging to shareholders of parent company	2,400	20,920
	Net income per share (¥)	110.28	961.28

※From Q2 of FY ended Mar 2021, SiTime reclassified to MegaChips' equity method affiliate.

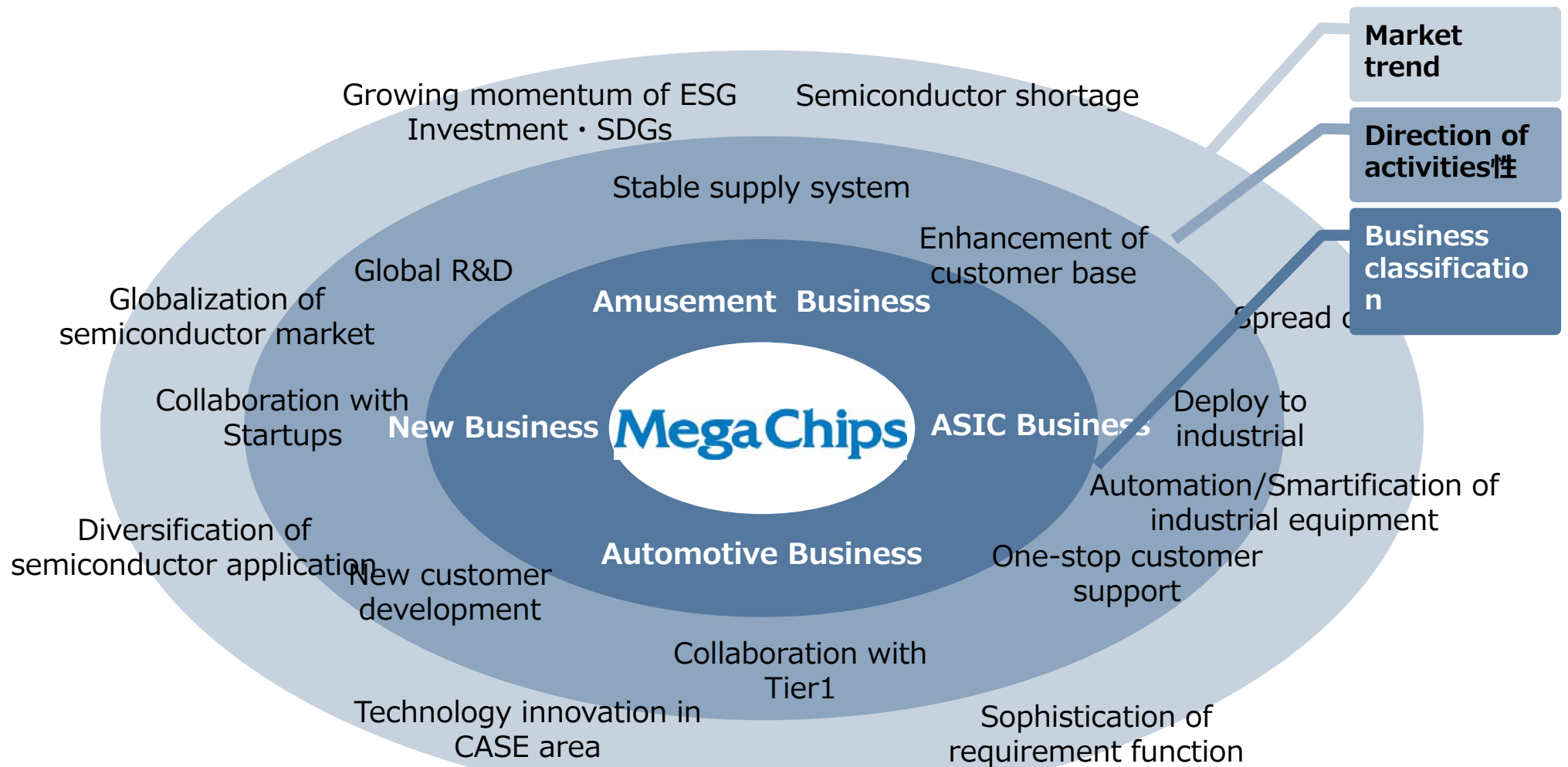
※Exchange rate of FY2020 year-end : USD ¥ 110.71

※Projected exchange rate of FY2021 year-end : USD ¥ 105

FY2021 Mid-term Management Policy

Business environment surrounding MegaChips

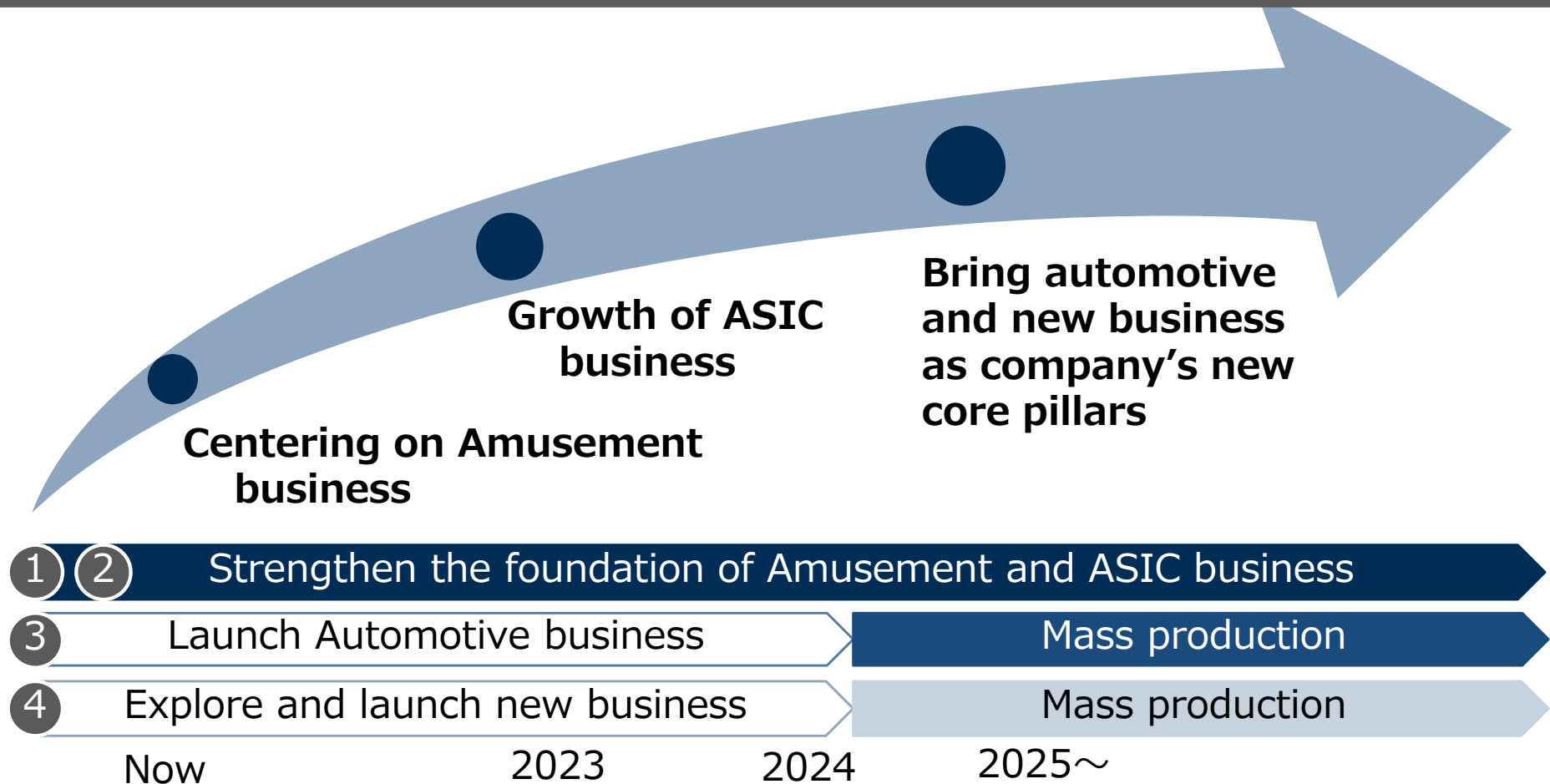
With 4-pillar business of Amusement · ASIC · Automotive · New Business, we aim to expand our business capturing dynamic trend



Mid-term plan 4-pillar business

Support company by amusement and ASIC business and from 2025 4-pillar business including automotive and new business will contribute to increase sales and profits.

Mid-term plan for 2025



1) Mid-term plan by business (Amusement)

Continuously enhance customer-oriented proposals, maintain good and close relationships with major customers and related suppliers, and focus on solidifying business foundation.

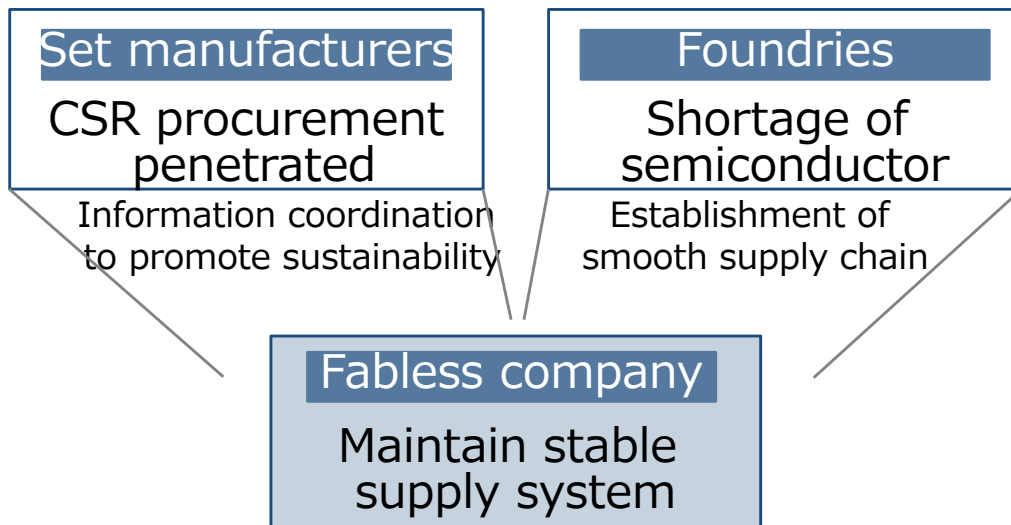
Business environment

Rapidly changing
Semiconductor x Amusement industry

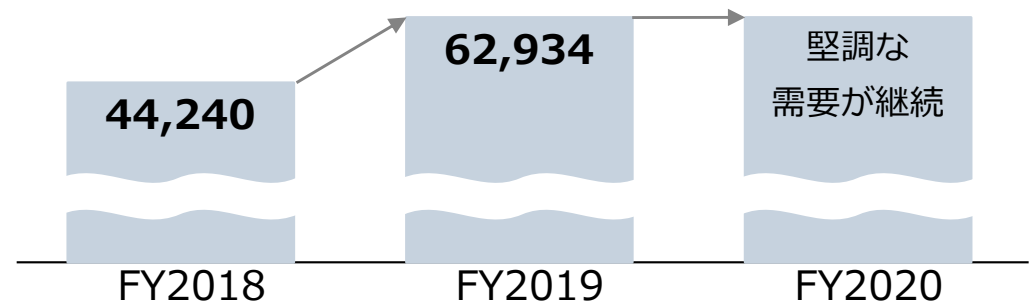
Mid-term plan for 2025

- Continuously solidify business foundation as major business
 - Maintain good and close relationships with major customers and related suppliers
- Win new projects

Supplier's role to support industry is more important



Sales amount for major customers (Consolidated · ¥M)



2) Mid-term plan by business (ASIC)

We aim to expand business centering on industry-related markets leveraging one-stop customer support.

Business environment

- Companies focuses on hiring high-level resources
- Consistent support from design to quality inspection is important

Mid-term plan for 2025

- Focus on consumer and OA equipment⇒Deploy in industry-related
- One-stop customer support
- Utilize high-speed telecom analog circuit technology, information security, encryption technology and image processing technology as competitive

Industry-related markets of expected ASIC adoption

Industrial equipment

Automation/Smartification of FA · construction and agricultural machinaries

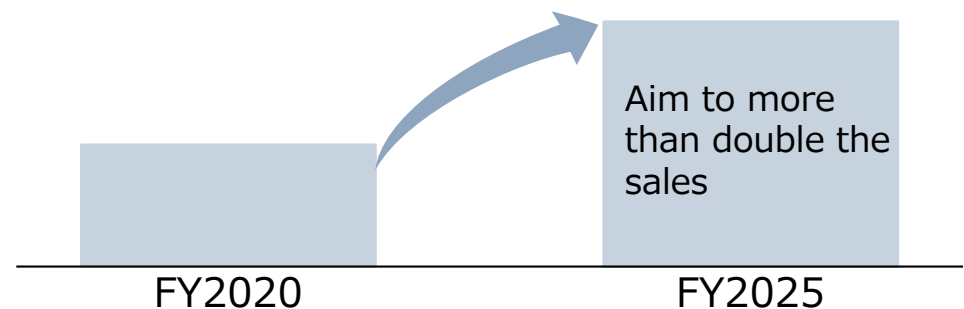
Automotive

Progress of CASE

Communication

Spread of 5G

High sales growth rate



3) Mid-term plan by business (Automotive)

We aim to start mass production after 2025 capturing expansion of semiconductor market for automotive.

Business environment

- Rapid growth supported by CASE
- Collaboration with OEM · Tier1 accelerate
- Request to analog and digital LSI with various functions increase

Mid-term plan for 2025

- Enter into automotive market focusing on high-speed wire communication
 - Plan full-scale business expansion from 2025
- LSI for LAN, high-speed telecom analog circuit are core technology
- Automotive LSI under development with collaboration with Japanese Tier1

Technology innovation CASE area Demand

Technology innovation	CASE area	Demand
C	Increase in data traffic	High-speed network
A	Advancement of automation	AI · sensing
S	Increase in demand of face recognition · monitoring	Security
E	Increased in-car power usage	Power control

Growth direction

Business start-up period until around 2024

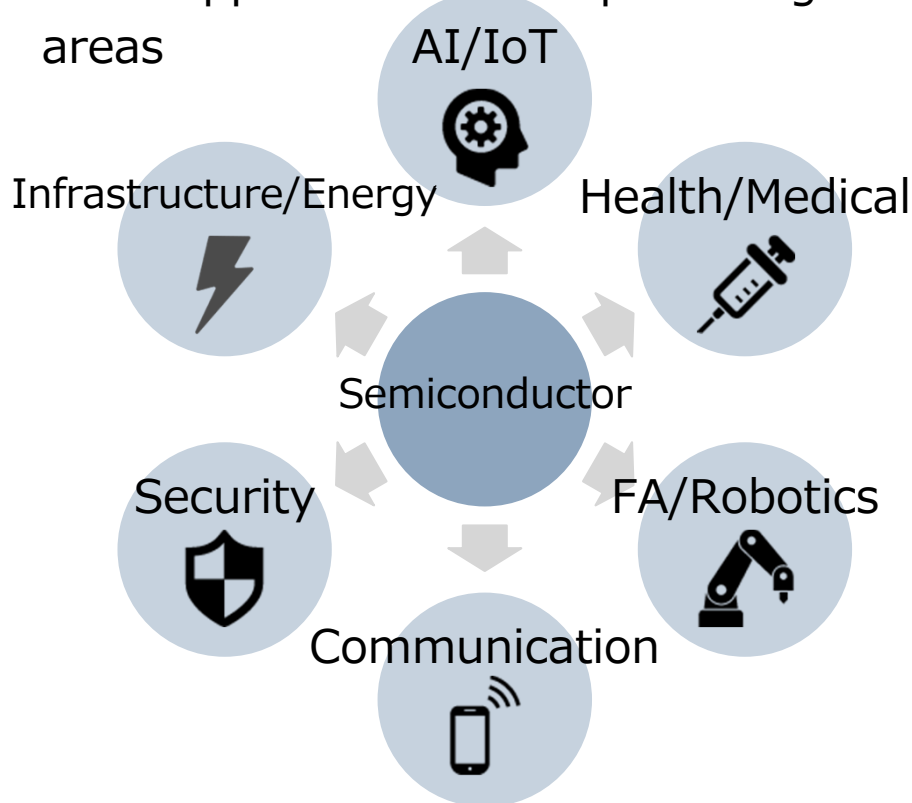
Full-scale business from 2025

4) Mid-term plan by business (New business)

Conduct strategical collaboration and investment in startups mainly in the US and propose new business

Business environment

- Semiconductor applications diversify and more opportunities to expand target areas



Mid-term plan for 2025

- Enhance US base and explore sprouts of new business
 - US base for global marketing, product planning and cutting-edge R&D
 - Form CVC and enhance cooperation with startups

Launch prospective business in short term

Growth direction

Seeding of new business

Commercialization of prospecting business

Full-scale business

Mid-term period

2025

IR Policy

>> Purposes of investor relations and basic policy

MegaChips bases investor relations activities on the principles of fairness, timeliness, accuracy and continuity. We provide information about strategies, finances and other items in order to increase the transparency of our operations. To earn the trust of shareholders, investors and securities analysts and receive a proper evaluation, senior management frequently participates in investor relations activities.

>> Disclosure rules

MegaChips discloses information in accordance with the Financial Instruments and Exchange Law, Company Law and other laws and regulations (“laws and regulations” hereafter) and the Rules for Timely Disclosure of Corporate Information by Issuers of Listed Securities of the Tokyo Stock Exchange, where MegaChips shares are listed. Furthermore, even when not required by laws and regulations or disclosure standards in timely disclosure rules, we aggressively provide information that we believe has an effect on investment decisions by shareholders, investors and securities analysts and other information that we believe is useful to gain a better understanding of MegaChips.

>> Disclosure method

MegaChips distributes information using the Timely Disclosure network (TDnet) operated by the Tokyo Stock Exchange in accordance with timely disclosure rules. This includes information covered by the disclosure standards of the timely disclosure rules as well as information that we believe has an effect on investment decisions by shareholders, investors and securities analysts. In addition, we quickly post this information on the company Website.

We also provide other information that we believe is useful to gain a better understanding of MegaChips by issuing IR publications or news releases and posting this information on the company Website.

IR Policy

>> Forward-looking statements

The information MegaChips discloses may contain forward-looking statements. These statements are based on the judgments of management based on information available when the information was disclosed and thus embody uncertainties and risks (“risks” hereafter). Readers are cautioned to remember that actual results and other developments may differ from these forecasts for a number of reasons. Please refer to the “Cautionary Statement on Risks” section for more information.

>> Investment decisions

MegaChips discloses information for the purpose of giving people a better understanding of the company and not for the purpose of soliciting investments in securities issued by the company. Investors are asked to reach investment decisions on their own.

>> Provision of third-party information about MegaChips

Parties other than MegaChips, including securities analysts, the media and a variety of Internet information sites, announce information and forecasts about MegaChips. MegaChips is not in a position to comment on this information or express its support. However, if there is an obvious mistake in this third-party information that could cause a loss of trust in the company or prevent the company from receiving an appropriate evaluation, a correction will be announced and the proper information released.

>> IR “Quiet Period”

To prevent leaks of information about earnings releases that could affect its stock price and to ensure fairness, MegaChips observes a quiet period during the five business days prior to the earnings announcement for each quarter. During this period, the Company will not make any comments involving financial performance. However, information covered by laws and regulations and timely disclosure rules will be disclosed even during this quiet period and management will respond to inquiries about this information.

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