

---

# MegaChips Corporation Briefing FY2022 3Q (Ending March 2023)

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

# Contents

---

<b>1. FY2022 3Q Results</b>	<b>• • • • • • •</b>	<b>3</b>
<b>2. FY2022 Forecast</b>	<b>• • • • • • •</b>	<b>9</b>
<b>3. Business Update</b>	<b>• • • • • • •</b>	<b>11</b>

# **FY2022 (ending March 2023) 3Q Results**

---

# FY2022 3Q Consolidated Statement of Income (P/L) Summary

Although the sales and the operating income of the current consolidated cumulative third quarter (Apr-Dec) decreased, there was a strong demand for the game software storage LSI (customized memories) in the second and third quarters compared to the first quarter. The sales of the contract development other than game equipment field has increased and contributed to the performance. The operating income of the current consolidated cumulative third quarter (Oct-Dec) increased by 12.8% from the previous year.

The ordinary income of the current consolidated cumulative third quarter (Apr-Dec) increased from the previous year due to ¥410 million of share of profit of entities accounted for using equity method of SiTime Corporation (approx. ¥10 million of investment loss for the same period of the previous year) and ¥620 million of foreign exchange gains.

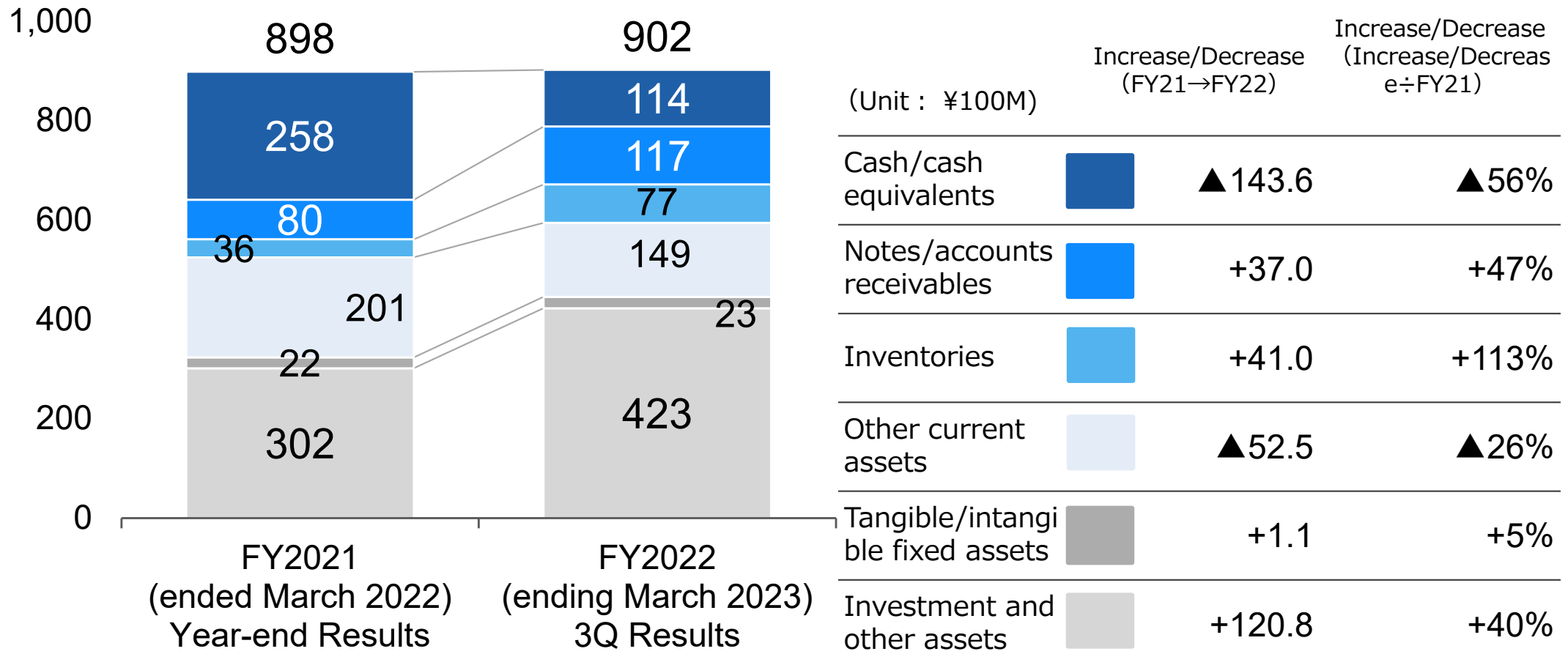
The net profits attributable to owners of the parent of the current consolidated cumulative third quarter (Apr-Dec) decreased by ¥4,600 million from the same period of the previous year. In the third quarter of the previous year, a gain on sales of subsidiaries and associates of ¥29,200 million was posted as an extraordinary profit due to the sale of a portion of shares in SiTime Corporation, an affiliated company, and an increase in its capital through the issuance of new shares.

(Unit : ¥ Million)		FY2021 3Q (ended Mar 2022) Results	FY2022 3Q (ending Mar 2023) Results	YOY
Consolidated	Net sales	61,376	56,070	▲8.6%
	Operating income	5,862	5,542	▲5.5%
	Ordinary income	5,924	7,003	+ 18.2%
	Net profit attributable to owners of the parents	26,248	4,678	▲82.2%
	Net income per share (¥)	1262.82	243.92	▲80.7%

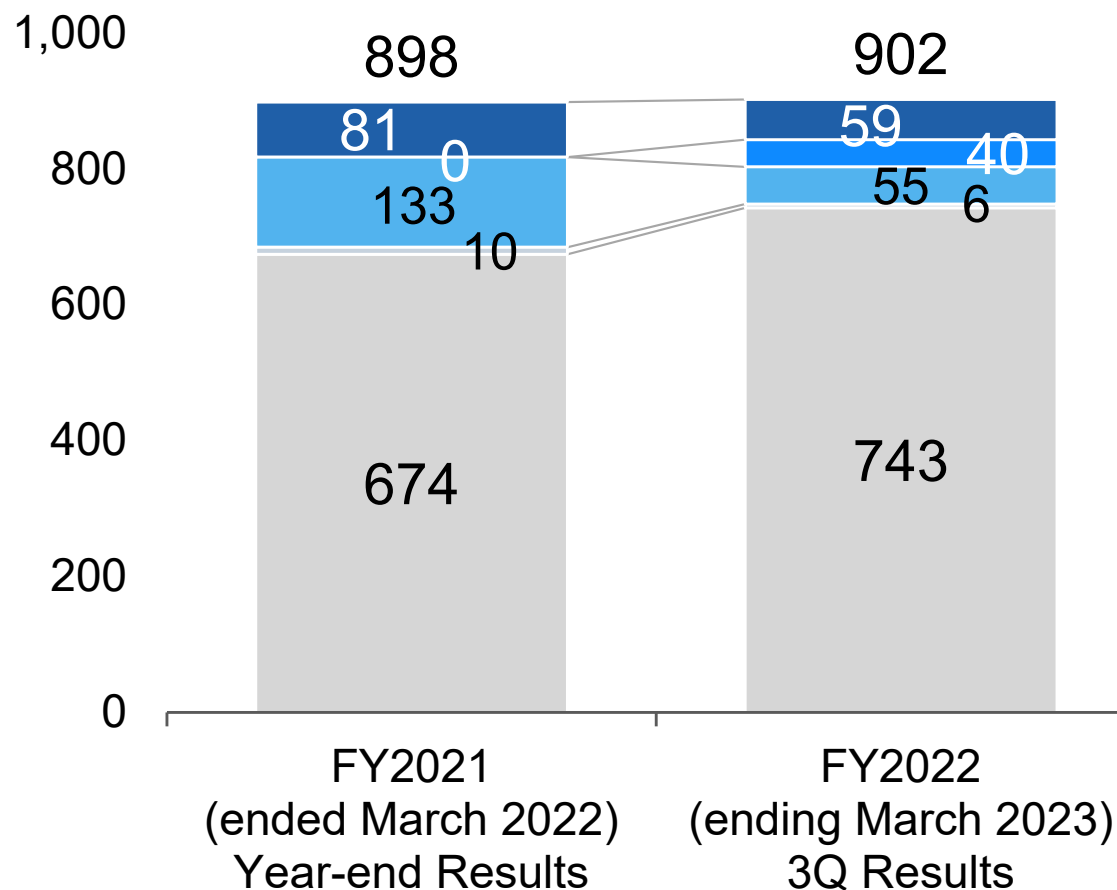
※Exchange rate at the end of FY2021 3Q: USD ¥115.02

※Exchange rate at the end of FY2022 3Q: USD ¥132.70

# FY2022 3Q Financial Status (Assets)

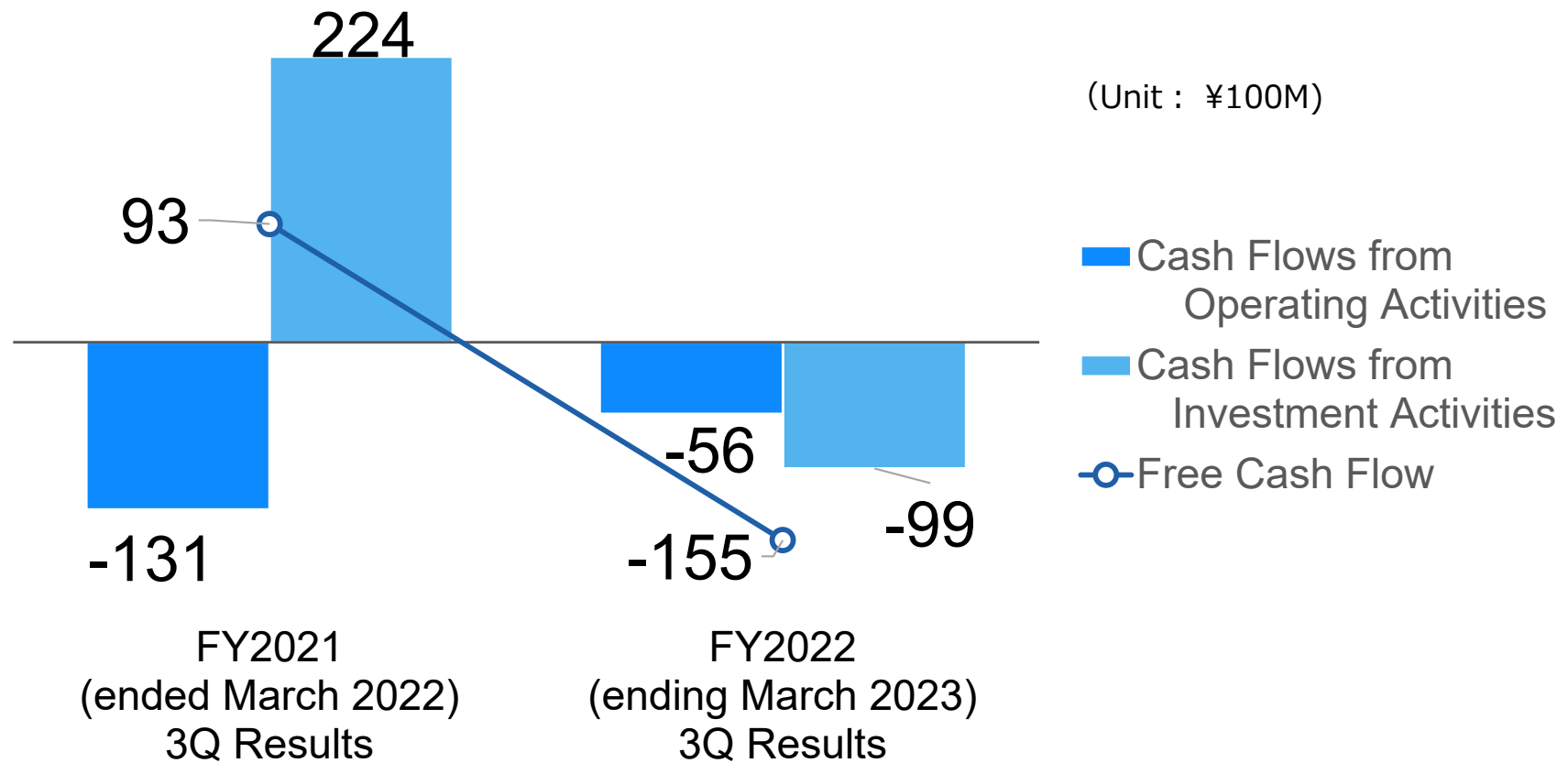


# FY2022 3Q Financial Status (Liabilities/ Net assets)



(Unit : ¥100M)	Increase/Decrease (FY21→FY22)	Increase/Decrease (Increase/Decrease ÷ FY21)
Notes/account payables	▲21.8	▲27%
Interest-bearing debt	+40.0	—
Other current liabilities	▲78.0	▲59%
Other fixed liabilities	▲4.7	▲45%
Net assets	+68.3	+10%

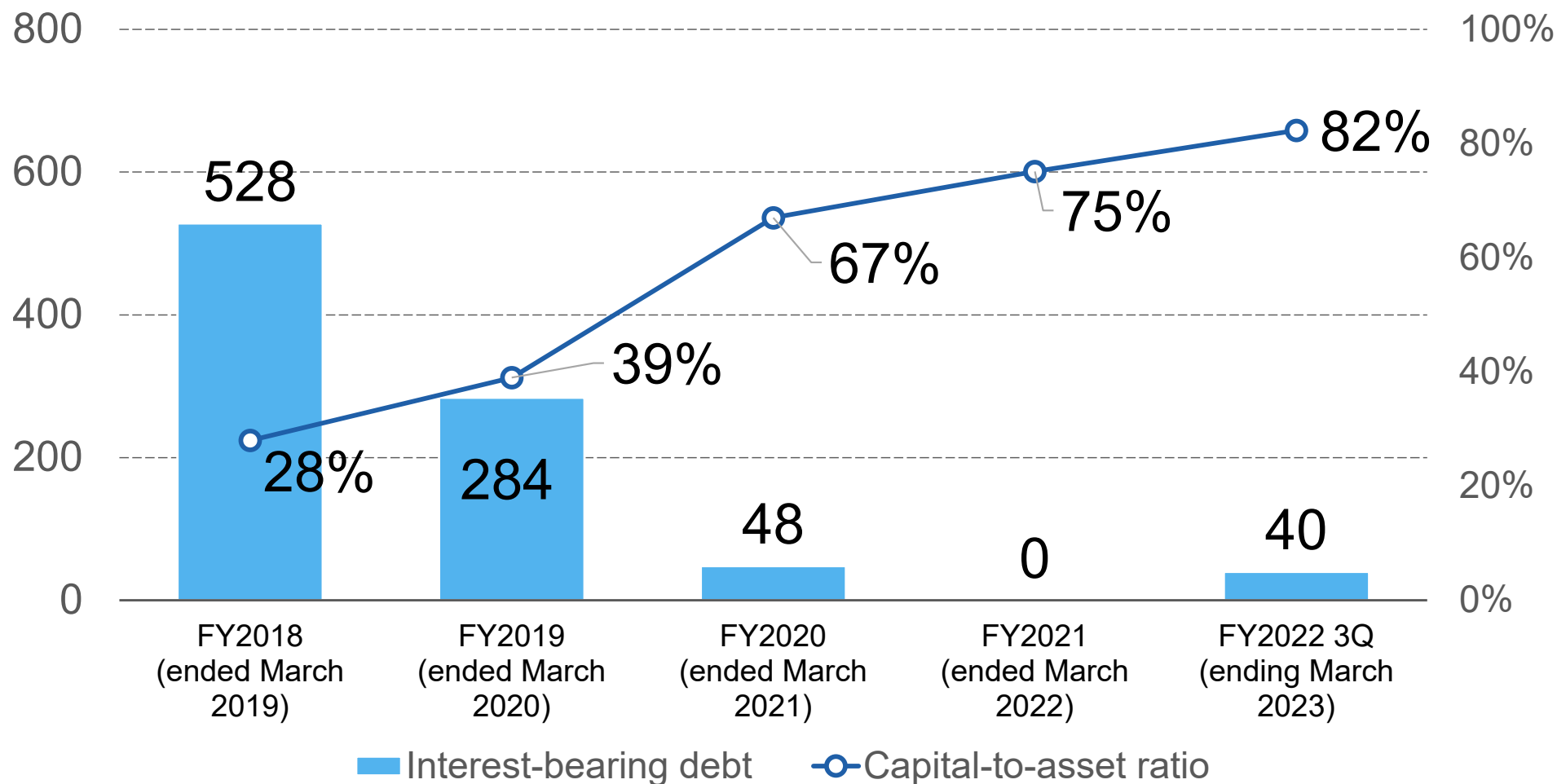
# FY2022 3Q Cash Flow



# FY2022 3Q Capital-to-equity ratio

We strive to enhance financial foundation and Capital-to-equity ratio.

(Unit : ¥100M)





# **FY2022 (ending March 2023) Forecast**

---

# FY2022 (ending March 2023) Forecast

**We aim to invest in mid-term growth areas and secure stable profit.**

(Unit: ¥Million)		FY2021 (ended March 2022) Full-year Results	FY2022 (ending March 2023) Full-year Forecast	FY2022 3Q (ending March 2023) Results	Progress against Full- year Forecast
Consol idated	Net sales	75,256	72,000	56,070	77.9%
	Operating income	7,030	7,200	5,542	77.0%
	Ordinary income	7,857	7,200	7,003	97.3%
	Net profit attributable to owners of the parents	27,544	4,700	4,678	99.5%
	Net income per share (¥)	1,349.01	245.17	243.92	99.5%

※ In the fiscal year ended March 2022, a gain on sales of subsidiaries and associates of ¥29,200 million was posted as an extraordinary profit due to the sale of a portion of shares in SiTime Corporation, an affiliated company, and an increase in its capital through the issuance of new shares.

※ Exchange rate at the end of FY2021 : ¥122.39

# Business update

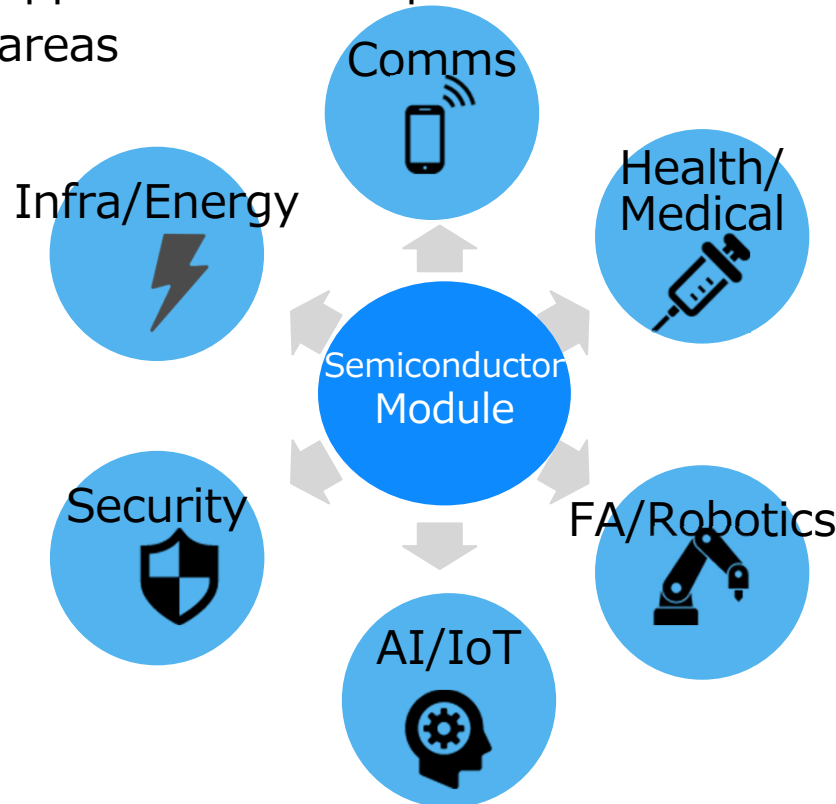
---

# New business development efforts

**We explore new business through strategic collaboration and invest in startups centering on the U.S.**

## Business Environment

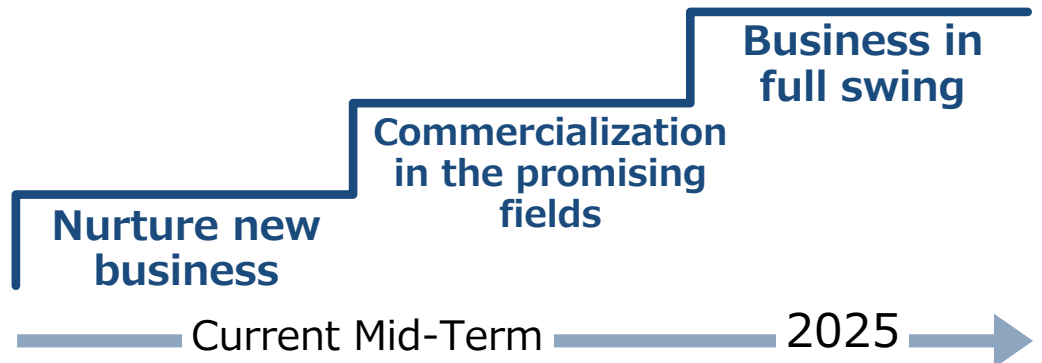
- Opportunity of diversified semiconductor application and expanded of business areas



## Mid-to long-term plan for 2025

- Strengthen US base and nurture the growth of new businesses
    - Responsible for global marketing, product planning, and advanced R&D
    - Establish CVC and enhance relationships with startups
- ↓
- Accelerate to start promising businesses

## Direction of growth



# Initiatives in Communication field

## Capital alliance and strategic partnership with Morse Micro Develop and deploy wireless module complying to Wi-Fi HaLow



We have invested in Morse Micro who achieves “Wi-Fi HaLow™”, a new wireless communication standard designed for IoT environments with lowest power and longest range and will develop new market and solutions in the communication market

### ◆ Features of 「Wi-Fi HaLow」

- Long-range communication (over 1Km, while conventional Wi-Fi offers tens of kilometers)
- Unprecedented data rates (Tens of Mbps)
- Proven security and IP transmission (IP transmission available and UDP and TCP/IP protocols. WAP3 and Wi-Fi security function in addition to WAP2.)
- Connectivity over 8000 points (Connectable over 8000 IoT devices to one access point.)

### ◆ Target applications

#### Smart factory



#### Home network



#### Smart agriculture



#### Wildlife and disaster monitoring



# Initiatives in Industrial field

**Combining our semiconductor integration with mechanical technologies of our partners, we provide solutions of smaller, lighter, and less expensive systems.**

Strategic  
partnership with  
MotusLabs

## ◆ MotusLabs

A start-up that designs, manufactures, and sells gearing solutions for the robotics and industrial automation markets. The company has connections with robot manufacturers around the world including Japanese manufacturers.

## ◆ Features

- ① Smaller
- ② Lighter
- ③ Less expensive

## ◆ Target applications

- Industrial robot
- Cobot



# Initiatives in AI field

**We provide solutions with edge AI IP through strategic partnership with Brainchip/Quadric that handle edge AI IP**

Strategic partnership  
with BrainChip

Investment in Quadric

## Collaboration cases

- Aim to launch products leveraging BrainChips' next generation edge-based AI solutions
- Aim to commercialize products with AI function with processor for edge devices that AI and DSP are incorporated

### ◆ Features

- Low power, on-chip learning, versatility, low latency, and variety of image processing library group

### ◆ Target applications

- Image processing (blur, background elimination, etc.), local learning, always-on monitoring (low-power standby), object detection, face recognition, motion detection, sound authentication, gesture detection



## >> 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.



## >> 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.

## **Inquiries regarding this document**

**MegaChips Corporation**

**Finance Department**

**ir-team@megachips.co.jp**

**〒532-0003 Shin-Osaka Hankyu Building**

**1-1-1, Miyahara, Yodogasa-ku, Osaka**

**TEL : 06-6399-2884 FAX : 06-6399-2886**