
MegaChips Corporation Briefing FY2022 (Ended March 2023)

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

Contents

1. FY2022 Results	3
2. FY2023 Forecast	10
3. FY2023 Mid-term Management Policy	12

FY2022 (ended March 2023) Results

FY2022 Consolidated results (P/L) Summary

The sales and the operating income of the current consolidated fiscal year decreased due to the decline in demand for the game software storage LSI (customized memories) compared to the previous fiscal year. The sales of the contract development other than game equipment field has increased and contributed to the performance.

The ordinary income of the current consolidated fiscal year increased from the previous year due to ¥200 million of share of profit of entities accounted for using equity method of SiTime Corporation and ¥640 million of foreign exchange gains.

The net profits attributable to owners of the parent of the current consolidated fiscal year amounted to ¥7,080 million as a gain on sale of shares of subsidiaries and associates of ¥3,460 million was posted as an extraordinary profit due to the sale of a portion of shares in SiTime Corporation, an affiliated company. The performance was almost in line with the forecast published on March 22, 2023.

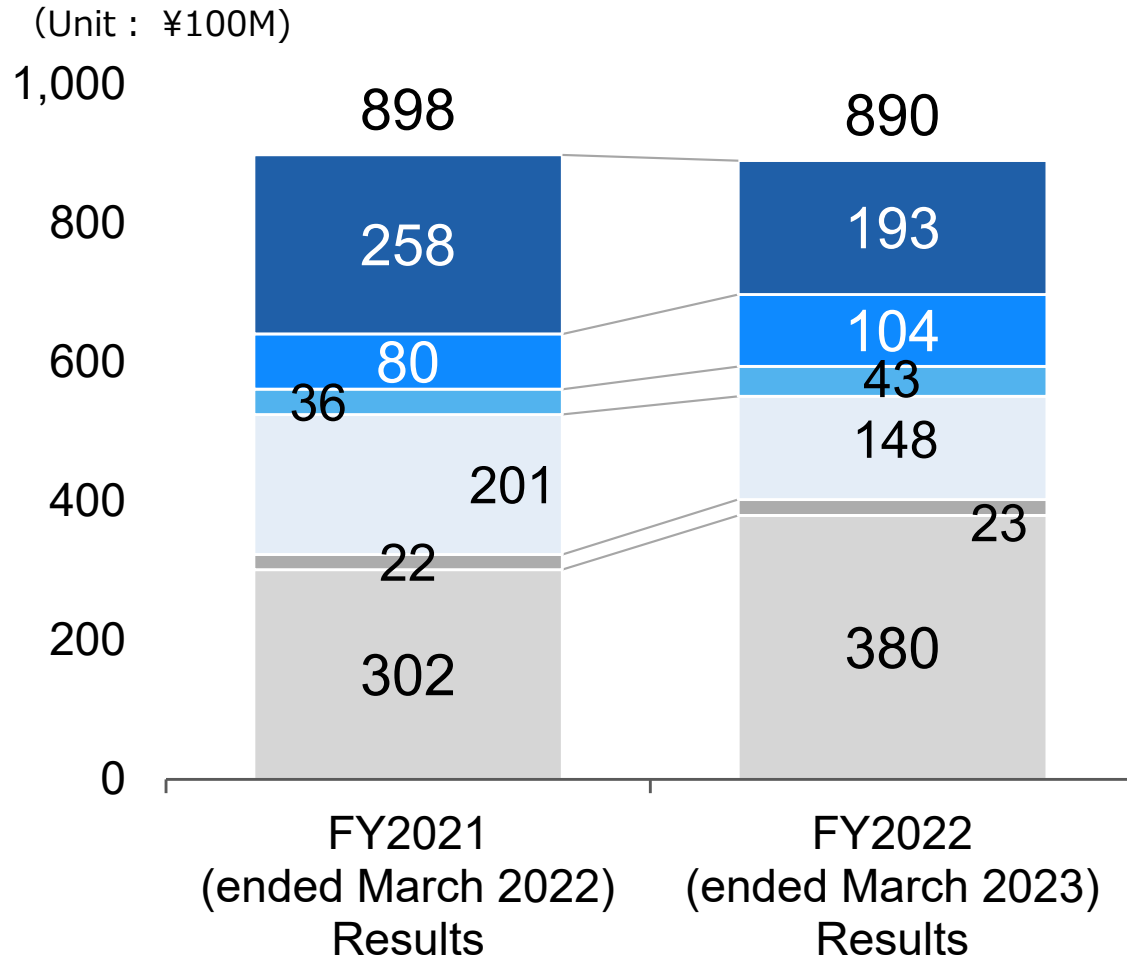
(Unit : ¥ Million)		FY2022 (ended Mar 2023) Results	FY2022 (ended Mar 2023) Initial plan	Gap	FY2021 (ended Mar 2022) Results	YOY
Consoli dated	Sales	70,722	71,000	▲0.4%	75,256	▲6.0%
	Operating income	6,029	6,300	▲4.3%	7,030	▲14.2%
	Ordinary income	7,311	7,500	▲2.5%	7,857	▲6.9%
	Net profit belonging to shareholders of parent company	7,086	6,900	+ 2.7%	27,544	▲74.3%
	Net income per share (¥)	369.40	359.46	+ 2.8%	1,349.01	▲72.6%

※ Exchange rate of FY2022 year-end : USD ¥ 133.53

※ Exchange rate of FY2021 year-end : USD ¥ 122.39

In the fiscal year 2021, a gain on sale of shares 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 SiTime's capital through the issuance of new shares.

FY2022 Financial Status (Assets)

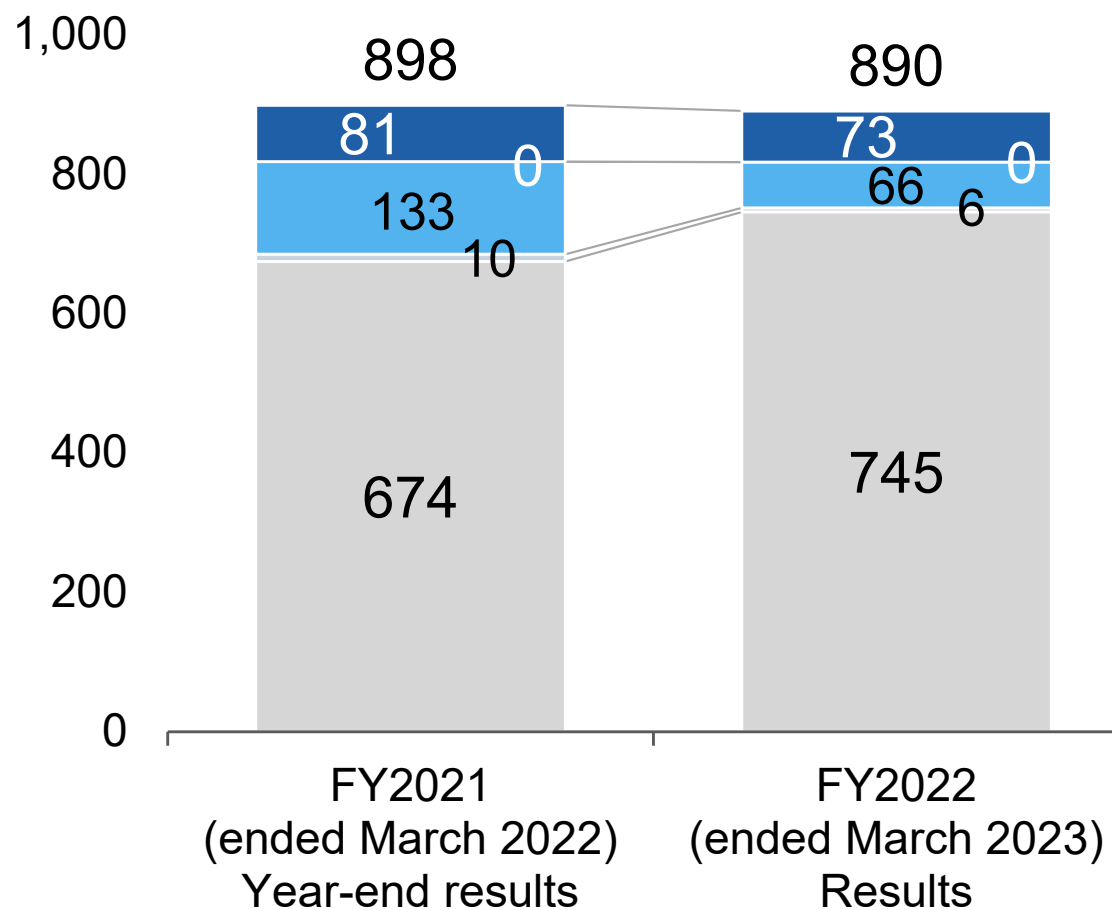


(Unit : ¥100M)

	Increase/Decrease (FY21→FY22)	Change (Increase/Decrease ÷ FY21)
Cash/cash equivalents	▲65.0	▲25%
Notes/accounts receivables	+24.0	+30%
Inventories	+6.8	+19%
Other current assets	▲53.0	▲26%
Tangible/intangible fixed assets	+1.1	+5%
Investment and other assets	+77.9	+26%

FY2022 3Q Financial Status (Liabilities/ Net assets)

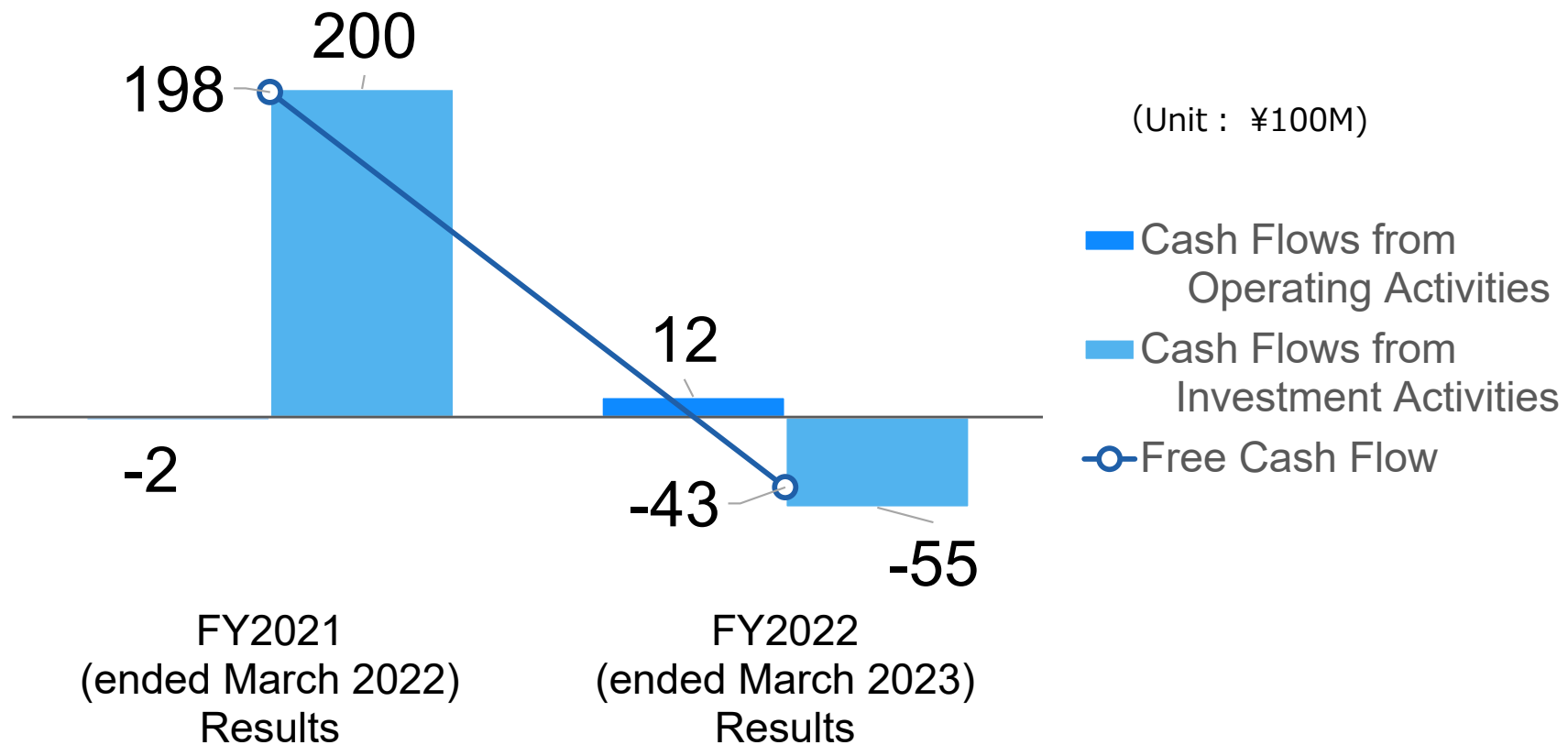
(Unit : ¥100M)



(Unit : ¥100M)	Increase/Decrease (FY21→FY22)	Change (Increase/Decrease ÷ FY21)
Notes/account payables	▲7.6	▲9%
Interest-bearing debt	—	—
Other current liabilities	▲67.1	▲51%
Other fixed liabilities	▲4.6	▲44%
Net assets	+71.1	+11%

FY2022 Cash Flow

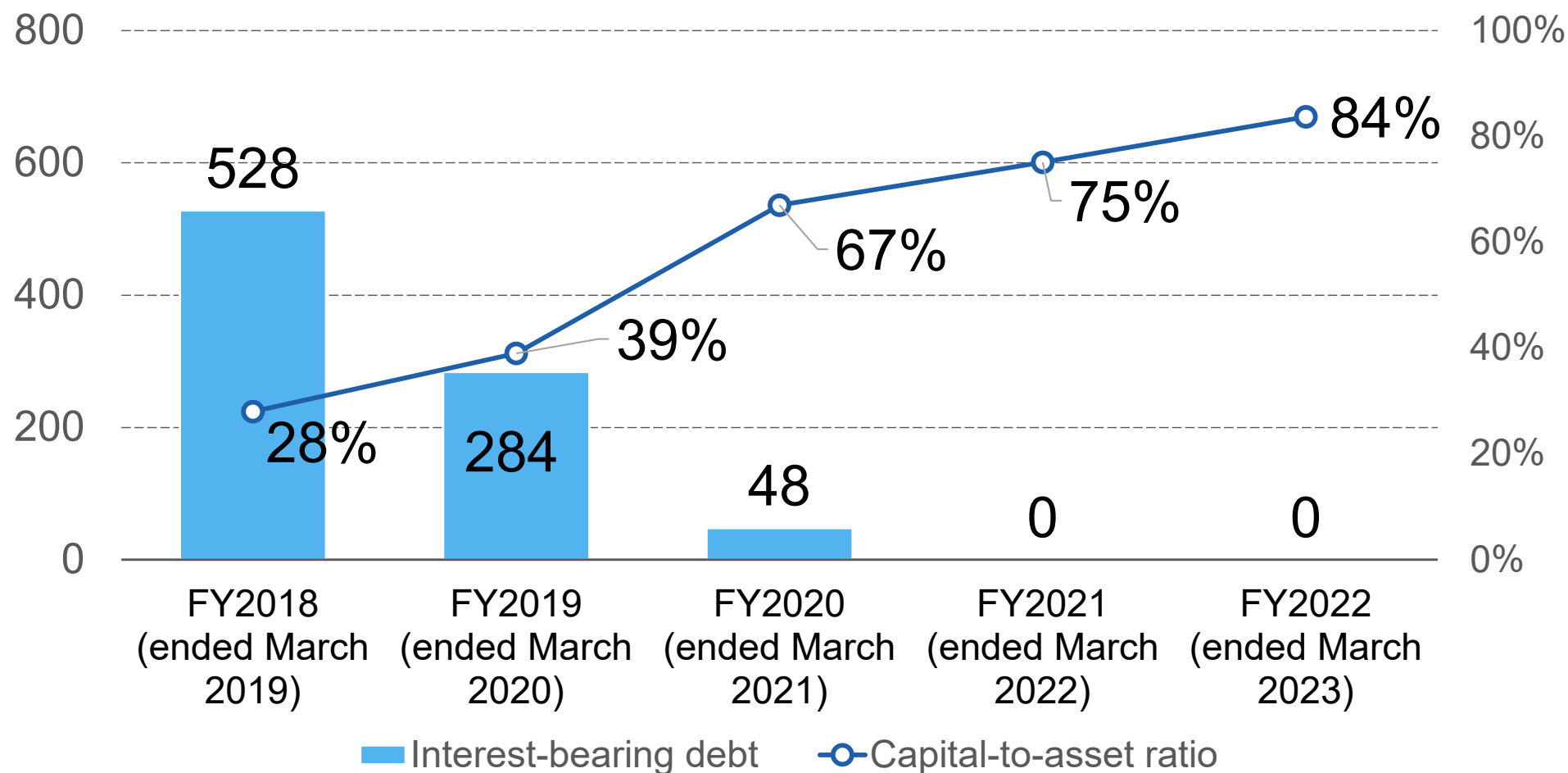
We obtained fund for cash flows from investment activities from cash flows from operating activities and gain on sale of shares of subsidiaries and associates.



FY2022 3Q Capital-to-equity ratio

We strive to enhance financial foundation and capital-to-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.

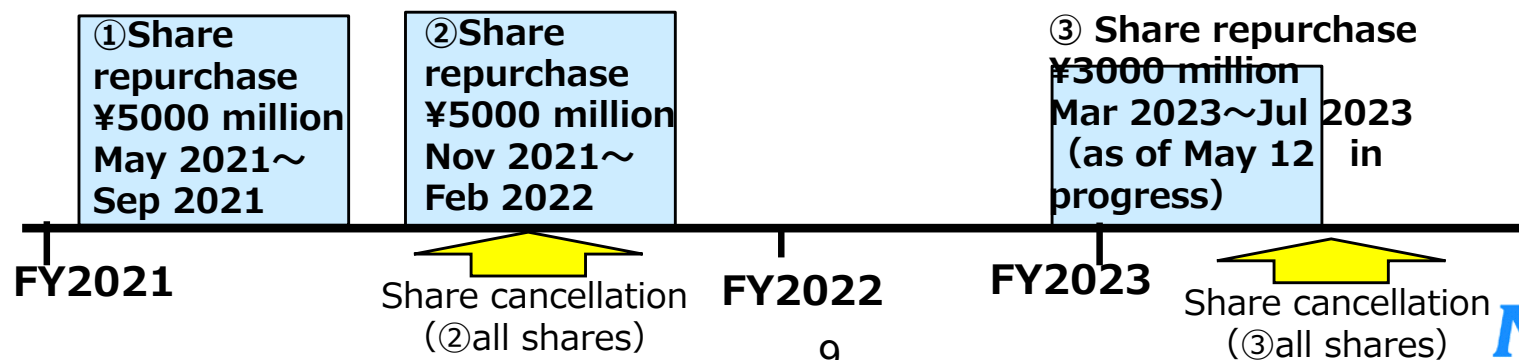
【 Dividend of Surplus 】

- We have decided to pay annual dividend for the fiscal year ended March 2022 for ¥90 (including special dividend of ¥40) in accordance with the basic dividend policy.

	FY2022 (ended Mar 2023)	FY2021 (ended Mar 2022)
Ordinary dividend (¥/share)	¥50	¥40
Special dividend (¥/share)	¥40	¥50
Per share dividend (¥/share)	¥90	¥90

【Share Repurchases and Share Cancellation】

- Considering various factors including market condition, trend in stock price, and financial status, we conduct share repurchases in a timely manner to enhance profit return to shareholders.



FY2023 (ending March 2024) Forecast

FY2022 (ending March 2023) Forecast

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

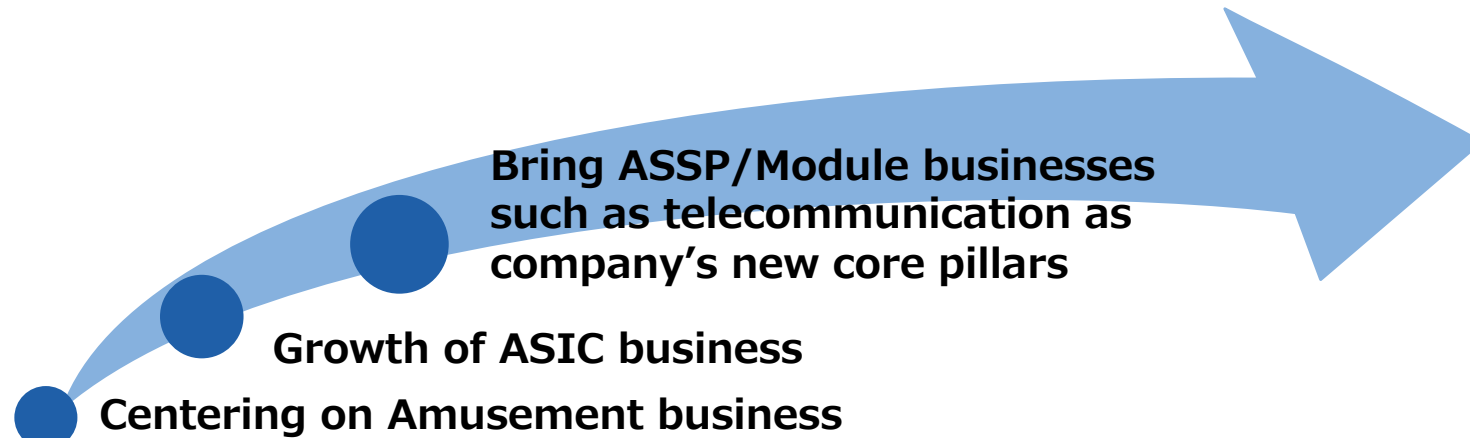
(Unit : ¥Million)		FY2023 (ending Mar 2024) Full-year Forecast	FY2022 (ended Mar 2023) Full-year Results
Consolidated	Net sales	70,000	70,722
	Operating income	5,800	6,029
	Ordinary income	5,200	7,311
	Net profit belonging to shareholders of parent company	3,300	7,086
	Net income per share (¥)	171.94	369.40

- ※ In the fiscal year ended March 2022, a gain on sales of subsidiaries and associates of ¥3,460 million was posted as an extraordinary profit due to the sale of a portion of shares in SiTime Corporation, an affiliated company.
- ※ Exchange rate at the end of FY2022 : ¥133.53
- ※ Exchange rate at the end of FY2023 : ¥130.00

FY2023 Mid-term Management Policy

Mid-term management plan

Strengthen the foundation of amusement and ASIC businesses and grow new businesses into new pillars.



Strengthen the foundation of Amusement business

Strengthen the foundation of ASIC (including telecommunication/FA)

• ASIC business turned profitable in FY2021 and achieved and both sales and profits have increased in FY2022. We are going to boost earnings and profits in the mid-to long-term.

Accelerate launch of ASSP/module businesses such as telecommunication

- As to telecommunication, we started sample shipment of WiFi-Halow LSI and evaluation kit from FY2022 4Q.
- Aim mass production shipment from FY2023.

← Mid-term plan of current FY Mid-term plan of next FY →

Target (in next 5 years)

- ASIC and ASSP businesses account for 40% of total sales
- ROE maintain more than 8%
- PBR aim for early realization of greater than 1

1) Mid-term plan by business (Amusement)

We will focus on solidifying the business foundation by strengthening customer-oriented sales activities and maintaining good and close relationships with major customer and related suppliers.

Business environment

Semiconductor x Amusement markets with drastic change

Roles of suppliers to support industry is becoming more important

Fabless manufacturer

Maintain stable supply system

Information coordination for enhancement of sustainability Establishment of Smooth supply chain

Foundry

Semiconductor supply with response to change of demand
Penetrate CSR procurement policy

Mid-term plan for 2025

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

Sales of major customers

Aim continued stable supply

Mid-term plan of current FY 2025 →

2) Mid-term plan by business (ASIC)

With solution proposal capabilities that solve customers problems, we develop ASIC business taking advantage of our one-stop customer support.

Business environment

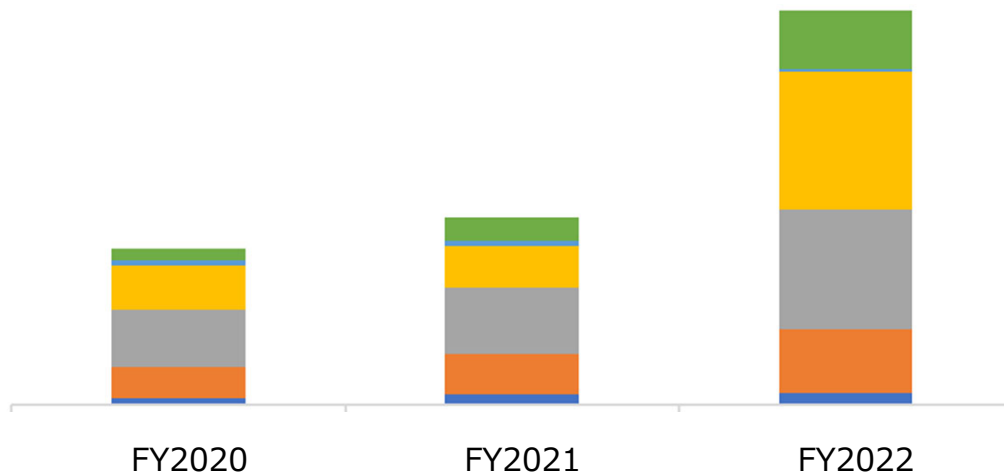
- The adoption of ASIC is expected in the areas such as telecommunication and image.

Environment surrounding ASIC

- Diversified customer needs
- Advancement of various technology such as IoT and AI

Sales transition of ASIC

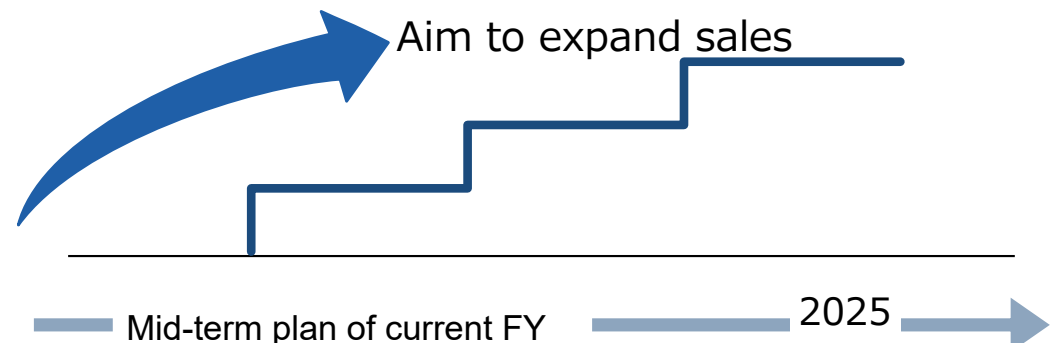
■ Industrial ■ Communication ■ OA equipment ■ Medical ■ Others



Mid-term plan for 2025

- Increase the added value provided to customers
 - Offer flexible solutions according to the needs
 - Strengthen upstream design, technology of analog and advanced communication
 - One-stop customer support
 - Cost reduction and shorten development period by design efficiency
- Develop business centering on areas including industrial, communication, OA equipment, and image
 - Create synergy with new businesses

Sales growth



3) Mid-term plan by business (New business Telecommunication)

With capital alliance and strategic partnership with Morse Micro, we develop new market and provide new solutions in the telecommunication field.



◆ We provide Wi-Fi HaLow LSI and new solutions of wireless module that comply with Wi-Fi HaLow, a new wireless communication standard with low power consumption and longest range.

◆ Target application

Smart factory



Home network



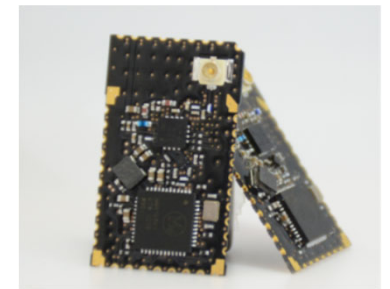
Smart agriculture



Wildlife/ disaster monitoring



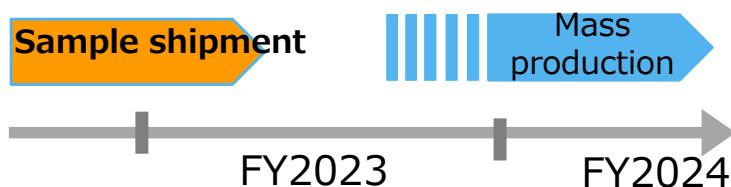
Wi-Fi HaLow™
RF Module



◆ Status of progress

FY2022 Started sample shipment of WiFi-Halow LSI and evaluation kit

FY2023 Aim to start mass production shipment of LSI and module



RF Module]
Evaluation kit



MegaChips

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

We provide solutions to meet smaller, lighter, and less expensive systems for robot taking advantage of our technology.

- (1) Provide wired communication module for robots based on our core communication technology
- (2) Combining our semiconductor integration capability and partner company's mechanical technology, we provide solutions for 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.

◆ Target applications

- Industrial robot
- Cobot

◆ Aim mass production by FY2025.



>> 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

IR Department

ir_inquiry@megachips.co.jp

〒532-0003 Shin-Osaka Hankyu Building

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

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