

July 29, 2016

FOR IMMEDIATE RELEASE

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Notice on Revisions of Financial Forecasts

In consideration of the recent business trends, MegaChips Corporation (the “Company”) hereby announces revisions to the consolidated financial forecasts published on May 13, 2016 for the first half and full-year of FY2016 (the fiscal year ending March 31, 2017) as follows.

● Revisions to Financial Forecasts for the First Half and Full-Year

Revision to the consolidated financial forecasts for the first half of FY2016
 (April 1, 2016 to September 30, 2016)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Forecast announced previously (A)	25,000	(600)	(700)	(900)	(42.00)
Revised forecast (B)	27,000	(600)	(700)	(1,900)	(88.67)
Increase / Decrease (B-A)	2,000	—	—	(1,000)	
Increase / Decrease (%)	8.0	—	—	—	
Reference: Actual results for the first half of FY2015	28,781	100	347	(367)	(16.42)

Revision to the consolidated financial forecasts for the full-year of FY2016
 (April 1, 2016 to March 31, 2017)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Forecast announced previously (A)	57,000	1,200	1,000	200	9.33
Revised forecast (B)	60,000	1,200	1,000	(800)	(37.33)
Increase / Decrease (B-A)	3,000	—	—	(1,000)	
Increase / Decrease (%)	5.3	—	—	—	
Reference: Actual results for FY2015	55,662	(335)	313	(782)	(35.24)

Reasons for the revisions

The Company revised up the previously announced sales forecast for the first half and full-year of FY2016 due to the increase in demand of LSIs for storing game software (custom memories), although demand for ASIC products is expected to be lower than the previous forecast due to production adjustments by customers influenced by the Kumamoto Earthquake.

In regard to operating income and ordinary income, the Company keeps the same forecasts for the first half and the full-year for FY2016 as previously announced because of changes in product mix, the reinforcement in the development investment of ASSP products in future growth fields, as well as the adjustment for differences from the previous forecast in association with the fixing of cost related to the “Disposal of Treasury Stock for Incentives to U. S. Subsidiary Members” resolved at the 26th Ordinary General Meeting of Shareholders held on June 23, 2016.

As stated in the “Notice Regarding Extraordinary Loss” published on July 15, 2016, the Company will book a 1,001 million yen extraordinary loss in relation to the valuation of the investment securities in its consolidated financial results for the first half of FY2016. Taking into consideration this extraordinary loss, the Company revised down the previously announced forecasts of profit attributable to owners of parent for the first half and full-year of FY2016, respectively.

* Note on the description of the future and other matters

Forward-looking statements, such as the operating results forecast included in this document, are based on information available to the Company and certain assumptions that are considered reasonable as of the date of the publication of this release. The Company does not guarantee the projected results. Actual results could differ materially depending on various factors that may arise in the future.