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# MegaChips Corporation Briefing FY2019 (Ended March 2020)

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

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# Operation Results for FY2019

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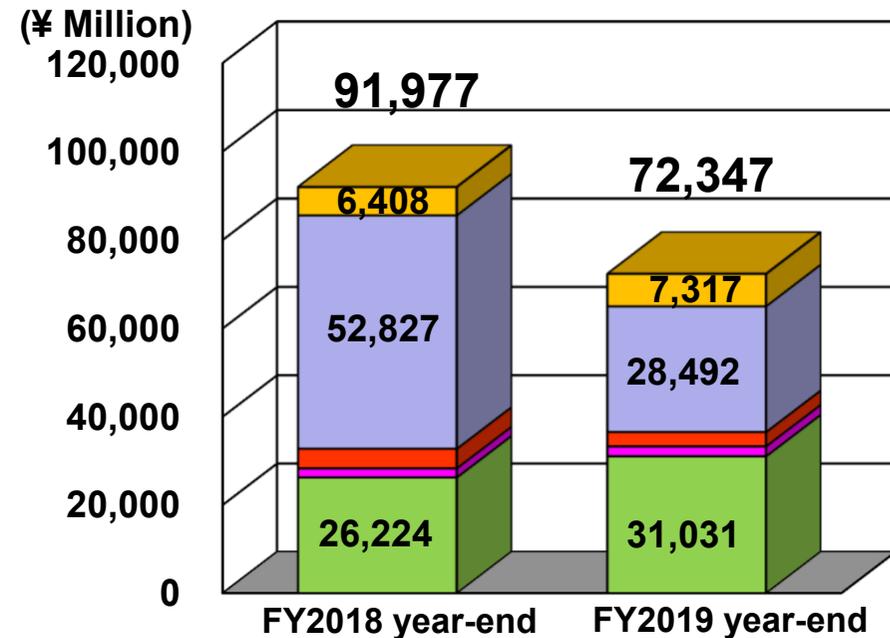
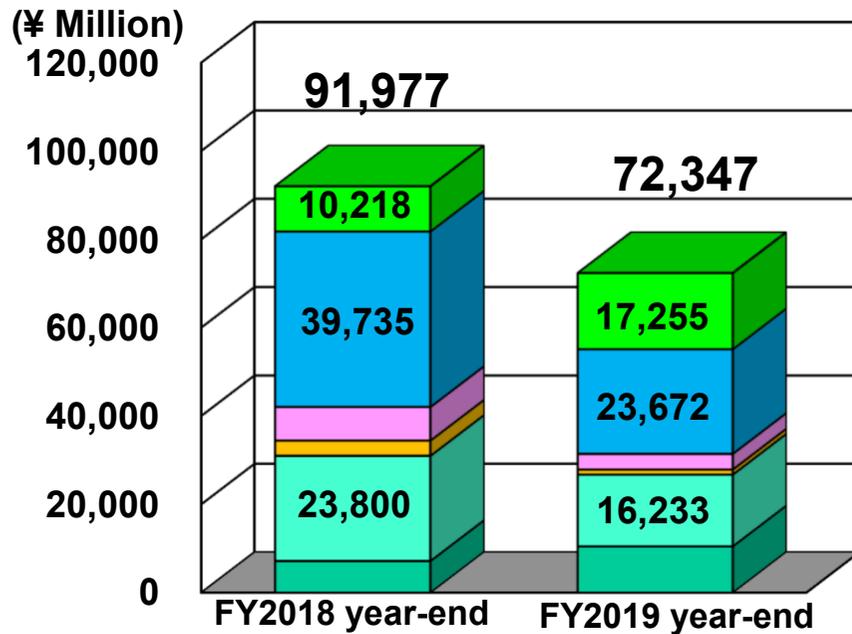
# FY2019 Consolidated results (P/L) (Summary)

(¥ Million)		FY2019 Full-year results	FY2019 Full-year forecast	Gap Results vs Forecast	FY2018 Full-year results	YOY
<b>Consolidated</b>	Sales	65,764	65,000	+ 1.2%	95,145	- 30.9%
	Operating income before amortization of goodwill	3,449	3,250	+ 6.1%	3,152	+ 9.4%
	Amortization of goodwill etc.	2,477	2,600	—	2,579	—
	Operating income after amortization of goodwill	972	650	+ 49.6%	573	+ 69.5%
	Ordinary income	639	250	+ 155.6%	502	+ 27.1%
	Net income attributable to owners of parent	-1,792	-1,550	—	- 1,727	—
	EPS (¥)	- 82.35	- 71.25	—	- 79.40	—

As to the consolidated results for FY2019 (ended in March 2020), the sales was lower than previous year because of the decrease in sales due to the transfer of Systems Business conducted in the 4th Quarter of the previous year, and the decline in demand of game software storage LSI (custom memory) and Smart Connectivity LSI. The operating income and the ordinary income increased compared to the previous year because of the reduction in the operating expenses by the various restructuring measures. Also, net loss attributable to owners of the parent was ¥1.79 billion as a result of the gain on dissolution of subsidiaries and affiliates of ¥590 million by the liquidation of MegaChips Technology America Corporation, a consolidated subsidiary, the loss on transfer of Smart Connectivity (DisplayPort) business of ¥2.09 billion, and loss on valuation of investment securities of ¥540 million.

- ※ Exchange rate at the end of FY2018 : USD ¥ 110.99 ,TWD ¥ 3.598
- ※ Exchange rate at the end of FY2019 : USD ¥ 108.83 ,TWD ¥ 3.601
- ※ Forecasted exchange rate at the end of FY2019 : USD ¥ 110, TWD ¥3.6

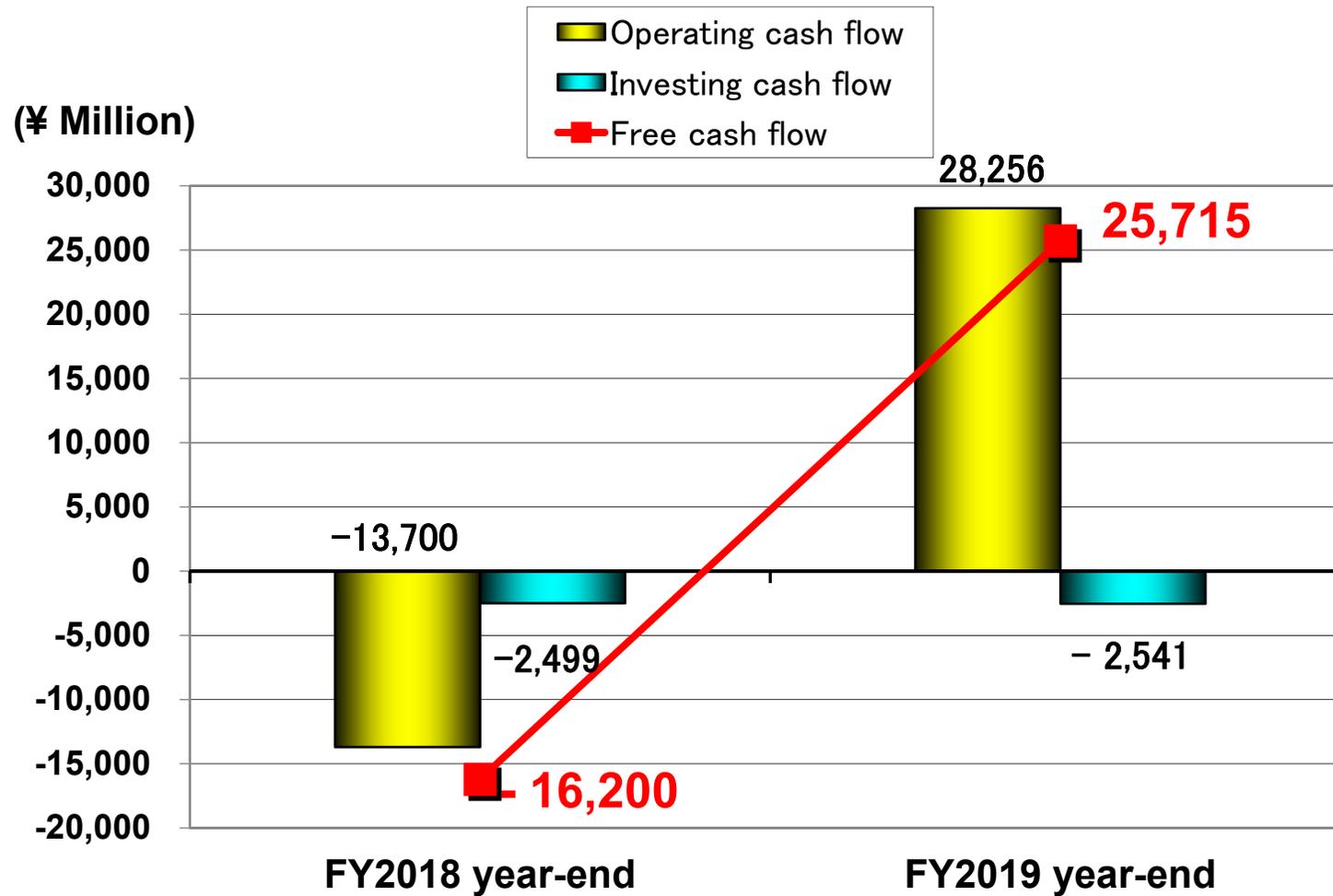
# FY2019 Financial Status



	2019.3/ year-end	2020.3/ year-end
Cash/cash equivalents	10,218	17,255
Notes/accounts receivables	39,735	23,672
Inventories	7,608	3,533
Other current assets	3,443	1,168
Tangible/intangible assets	23,800	16,233
Investment and other assets	7,173	10,485

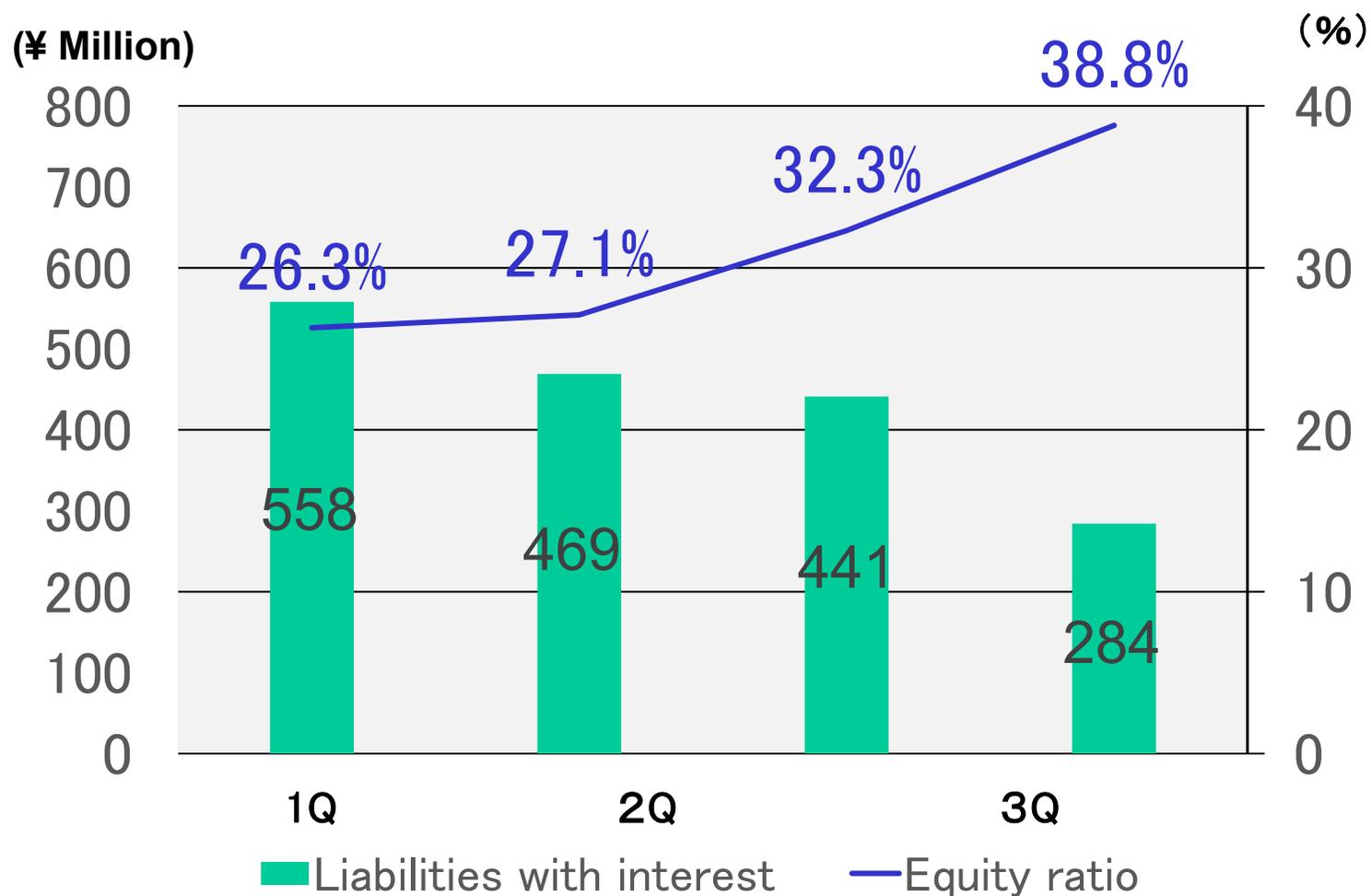
	2019.3/ year-end	2020.3/ year-end
Notes/account payables	6,408	7,317
Liabilities with interest	52,827	28,492
Other current liabilities	4,447	3,264
Other fixed liabilities	2,071	2,243
Net assets	26,224	31,031

# FY2019 Cash flow



# FY2019 Liabilities with interest and Equity ratio

We work on enhancing financial strength and equity ratio.

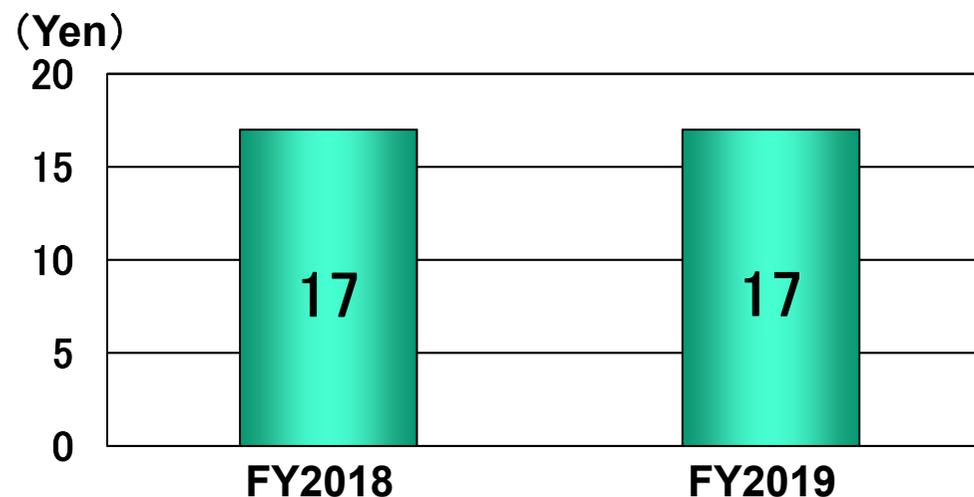


# Dividend

## 【Basic policy in profit distribution】

- ①The Company shall determine the amount of retained earnings for distribution by adopting an amount equivalent to 30% or more of consolidated net income (The amount may fluctuate when there is special accounting, settlements or tax factors.) as the aggregate amount of dividends and dividing this aggregate amount by the number of outstanding shares at the end of the period, which is obtained by deducting the number of shares held by the Company at the end of the period, taking into consideration medium-term business forecasts.
- ②In order to continuously improve its value as a company, the Company shall give consideration to the securing of appropriate funds for activities towards achieving medium- to long-term growth, such as basic research for creating innovative new technologies, the development of original products, the actualization of a reasonable business portfolio and the recruitment of capable individuals, as well as the maintenance of a sound financial position which enables the company to withstand changes in business conditions.
- ③For improving capital efficiency, the Company shall work to acquire its own shares expeditiously and return profits to its shareholders, taking into consideration factors, such as market conditions, share price trends and its financial position.

### Dividend of FY2019: ¥17 per share



# **FY2020 Operating forecast (ending March 2021)**

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# FY2020 Operating forecast

(¥ Million)		FY2020 Full-year forecast	FY2019 Full-year results	YoY change (Full-year)
Consolidated	Net sales	60,500	65,764	- 8.0%
	Operating income prior to ①	5,200	3,449	+ 50.7%
	①Amortization of goodwill etc.	2,500	2,477	—
	Operating income After ①	2,700	972	+ 177.6%
	Ordinary income	2,300	639	+ 259.9%
	Net profit attributable to owners of parent	400	-1,792	—
	EPS (Yen)	18.38	- 82.35	—

※ Exchange rate at the end of FY2019: USD ¥ 108.83 TWD ¥ 3.601

※ Forecasted exchange rate at the end of FY2020 : USD ¥ 110 TWD ¥ 3.6

# **FY2020 Mid-term Management Policy**

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# Mid-term Management Policy

**Explicitly define areas to focus our managerial resources and provide customers solutions of originality leveraging creation of unprecedented new value and high technological capability to make both MegaChips and customers evolve into something better and grow together**

**<Mid-term Management Policy>  
Bring ASIC business to a growth path and strengthen a revenue foundation, and focus management resources on infrastructure field, and accelerate mid-term growth.**

**Preparation for  
future growth**

**Business expansion**

**Reinforcement of  
competitiveness and  
profitability**

**Enhancement of  
financial situation**

# Mid-term Management Policy

**As to amusement business, our major area, we are committed to developing new products and improving quality, and strengthening our business foundation.**



**Focus managerial resources into growth fields including automotive, industrial equipment and infrastructure (wired network, server device, 5G base station, etc.) to develop new business utilizing our unique core technology in high-speed wired communication area. Also, we aim to deploy business by enhancing sales force, developing leading customers.**



**Expand product lineup of MEMS timing device, increase business with leading global customers and develop new fields for further growth.**

**Work to improve our equity ratio and establish a sound financial position, and improve operational efficiency, and promote human resource development, strengthen the management foundation to flexibly and quickly adapt to changes in the business environment.**

## >> 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.

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