

For Immediate Release



February 25, 2021

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Notice Regarding Revisions in Forecast and Post of Extraordinary Income

MegaChips Corporation (the “Company”) hereby announces the revision of business forecast for the fiscal year ending March 2021 published on October 30, 2020 considering recent business performance trend and the impact on the business results from the stock offering (“SiTime Corporation (“SiTime) Announces Launch of Follow-on Public Offering” (link to SiTime’s website)) published on February 16, 2021. The Company also expects to post the extraordinary income in both consolidated and standalone financial results for the 4th Quarter of fiscal year ending in March 2021.

1. Revisions in forecast

Revision of full-year business forecast for the fiscal year ending March 2021

	Sales	Operating Income	Ordinary Income	Net Profit (loss) attributable to owners of parent	Earnings per Share
	Million yen	Million yen	Million yen	Million yen	Yen
Previously announced (A)	75,000	4,200	2,700	2,700	124.06
Revised forecast (B)	82,000	4,700	3,200	20,000	918.99
Gap (B-A)	7,000	500	500	17,300	
Gap ratio (%)	9.3	11.9	18.5	640.7	
(Reference) Results of FY2019	65,764	972	639	(1,792)	(82.35)

Reasons for the revisions

The sales and profits have been revised upward because the demand for LSI products centering on the game software storage LSI (custom memory) exceeded the previous forecast and expected to remain strong.

In addition, the net income attributable to the shareholder of the parent has been increased due to the extraordinary profit from the SiTime’s follow-on offering and the sale of SiTime’s shares that the Company owns.

2. Posting of extraordinary incomes in the consolidated and the standalone financial results

As results of sale of SiTime's follow-on offering and the sale of SiTime's shares that the Company owns, the gain on the sale of shares of affiliate (including profit from stock sale that the Company owns and profit from change in the Company's ownership by the stock offering and stock sale) is expected to be ¥22.7 billion, and the gain on the sale of shares of affiliate is expected to be ¥15.6 billion.

In addition, the Company reevaluated the technological assets and the loss on retirement of fixed assets is going to occur for around ¥1 billion on the consolidated and standalone financial results.

3. Future policy

The competitiveness of the Company lies in the ability to develop and provide System LSI with unique algorithm and architecture for solving customers' problems based on our deep expertise relating to customers' applications and unique core technologies.

While enhancing existing major business in the game equipment field, the Company is going to focus its managerial resources in launching new business targeting rapidly growing markets such as automotive, industrial equipment, telecom infrastructure, energy control, and robotics areas and promote to strengthen business structure in the mid-to-long term.

As to the launch of new business, the Company is going to strengthen developmental base in the north American region, pursue joint research development of cutting-edge technology with Universities and institutions in the U.S., build strategic partnership and invest in the startups mainly in the U.S., and execute M&A. The Company also conduct activities to deepen cooperation with industry-government-academia and advance to create new technology.

The change in customer-base and the longer business cycle are expected in the new business fields such as automotive and industrial equipment, the Company aims to improve the financial base to support long-term growth.

As stated above, the Company is going to launch new business for the sustainable growth, enhance financial foundation, and further improve corporate value.

The Company considers the appropriate return of profits to our shareholders to be an important management policy. The Company plans to implement the shareholder return policy after comprehensively considering the funding needs and the outlook of the business environment and other factors for the mid-to-long term sustainable growth and will announce the policy as soon as it is decided.

(Reference)

The number of SiTime's shares the Company has sold, total proceeds and the ownership of the Company before and after the offering are as follows. SiTime remains as the Company's equity method affiliate.

- Number of shares held: 7,500,000 shares (ownership: 43.7%)
- Number of shares sold and total proceeds: 1,500,000 shares US\$190 million (¥20.1 billion)
- Number of shares held after offering: 6,000,000 shares (ownership: 32.2%)

(Note) 1. Voting rights held before offering is calculated based on 17,150,278 outstanding shares as of December 21, 2020

2. Voting rights held after offering is calculated based on 18,650,278 outstanding shares after SiTime's follow-on stock offering

3. 1 dollar = 105 yen conversion, estimated exchange rate of FY2020

<p>This press release has been prepared for the sole purpose of announcing the fact that the Company's consolidated subsidiary has filed an application for the listing on the NASDAQ market, and has not been prepared for the purpose of soliciting investments or engaging in any other similar activities within or outside Japan.</p>

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