
MegaChips Corporation

Briefing

FY2021 3Q (Ending March 2022)

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

Contents

| | | |
|--|------------------------|-----------|
| 1. FY2021 3Q Results | • • • • • • • • | 3 |
| 2. FY2021 Forecast | • • • • • • • • | 9 |
| 3. Share repurchases and cancellation of treasury stock | • • • | 11 |
| 4. Business Status | • • • • • • • • | 13 |

FY2021 (ending March 2022) 3Q Results

FY2021 3Q Consolidated Statement of Income (P/L) Summary

The sales of LSI for game storage software (custom memory) has remained strong and operating income, ordinary income and net profit soared to the record high.

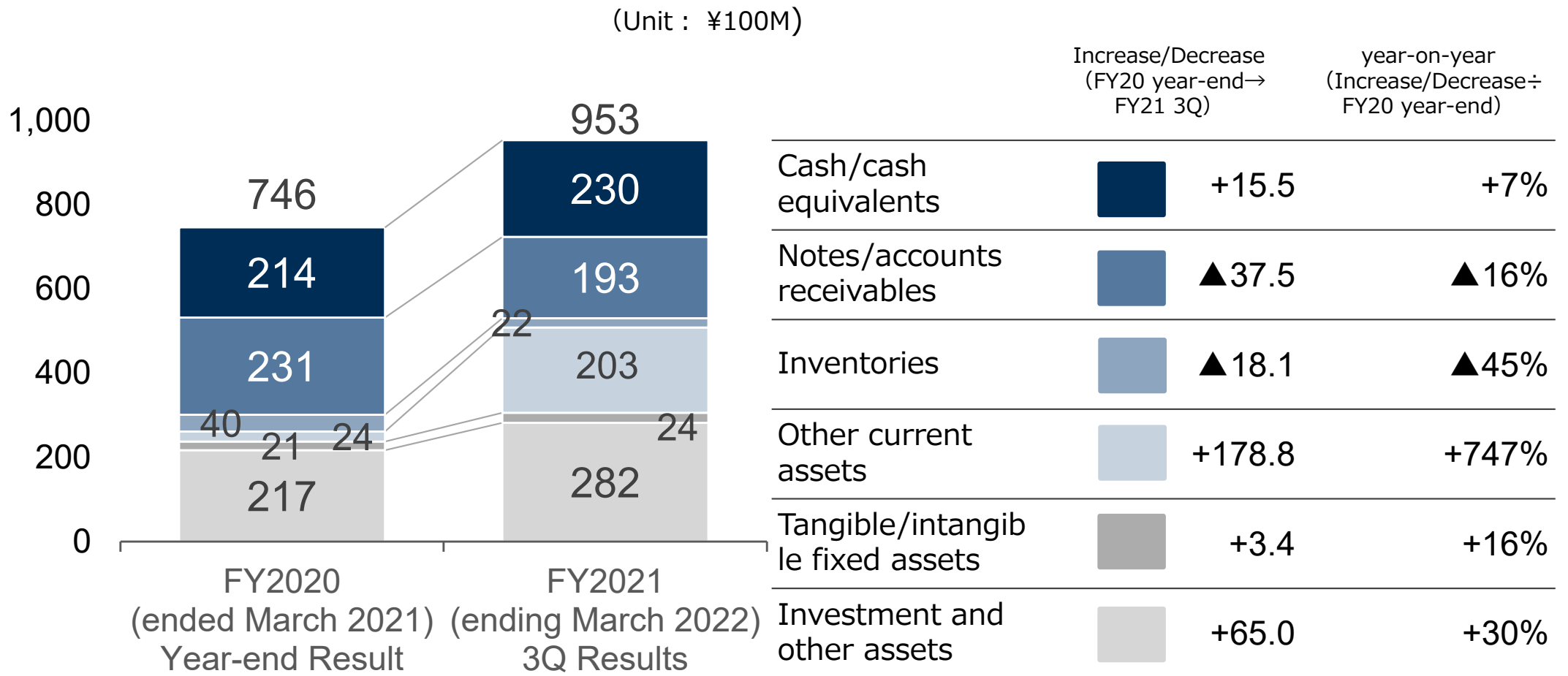
| (Unit : ¥ Million) | | FY2021 3Q (ending Mar 2022) Results | FY2020 3Q (ended Mar 2021) Results | YOY |
|--------------------|--|---|--|---------|
| Consolidated | Net sales | 61,376 | 69,305 | ▲ 11.4% |
| | Operating income before amortization of goodwill | 5,862 | 4,972 | +17.9% |
| | Amortization of goodwill | — | 583 | — |
| | Operating income after amortization of goodwill | 5,862 | 4,389 | +33.6% |
| | Ordinary income | 5,924 | 2,962 | +100.0% |
| | Net profit attributable to owners of the parents | 26,248 | 3,174 | +726.9% |
| | Net income per share (¥) | 1,262.82 | 145.85 | +765.8% |

※From Q2 of fiscal year ended Mar 2021, SiTime reclassified to MegaChips' equity method affiliate.

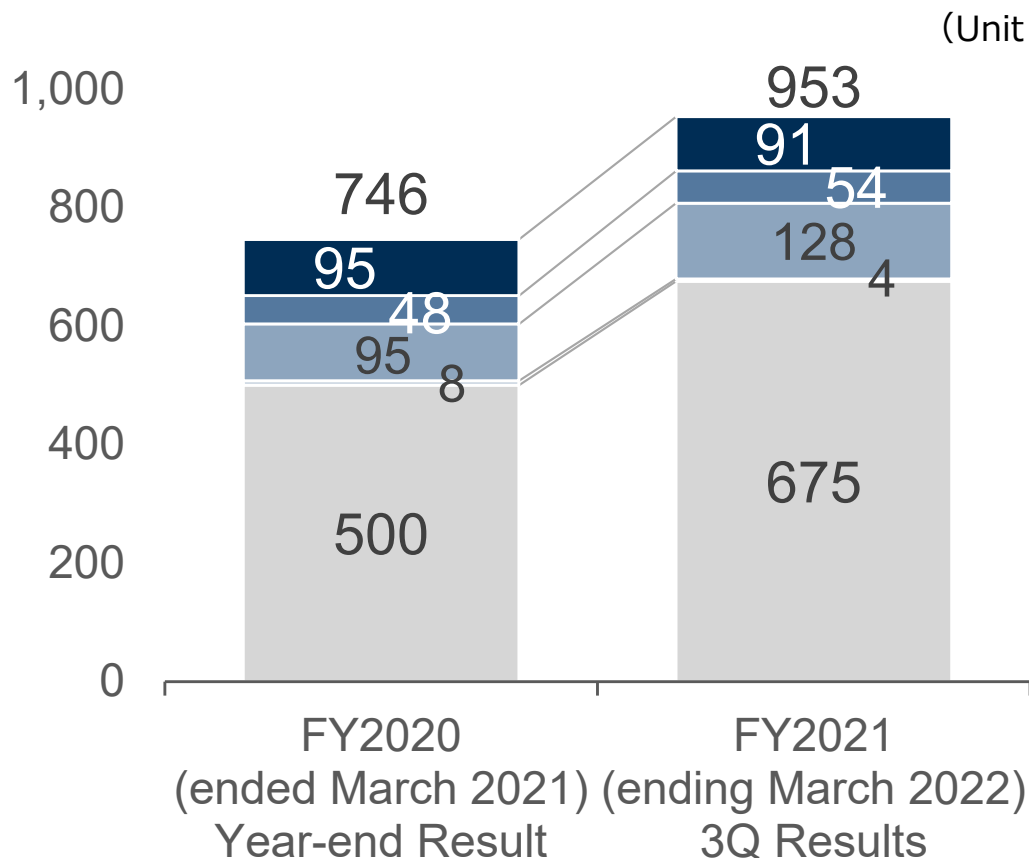
※Exchange rate of FY2020 3Q: USD ¥103.50

※Exchange rate of FY2021 3Q: USD ¥115.02

FY2021 (ending March 2022) 3Q Financial Status (Assets)

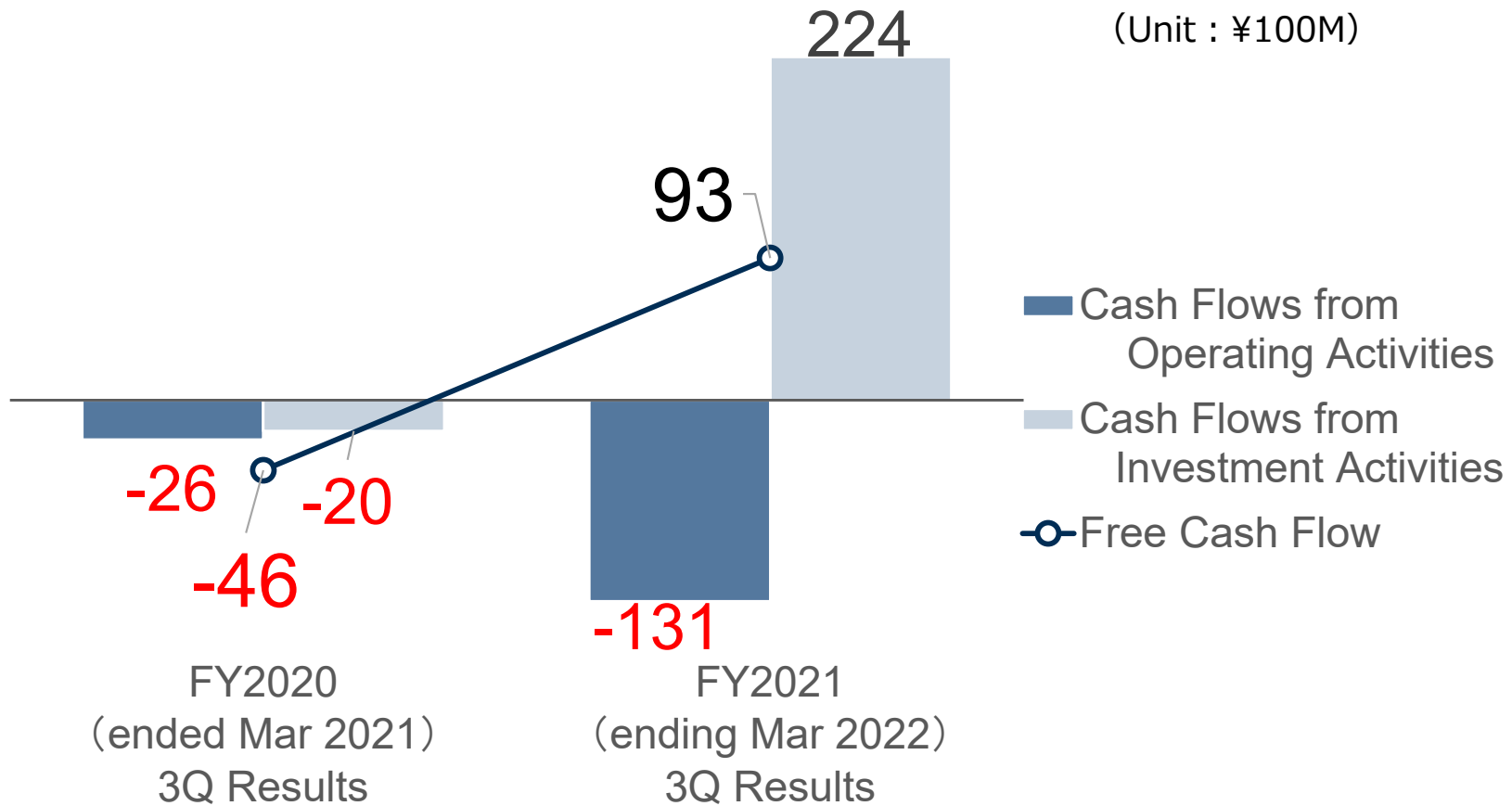


FY2021 (ending March 2022) 3Q Financial Status (Liabilities/Net assets)



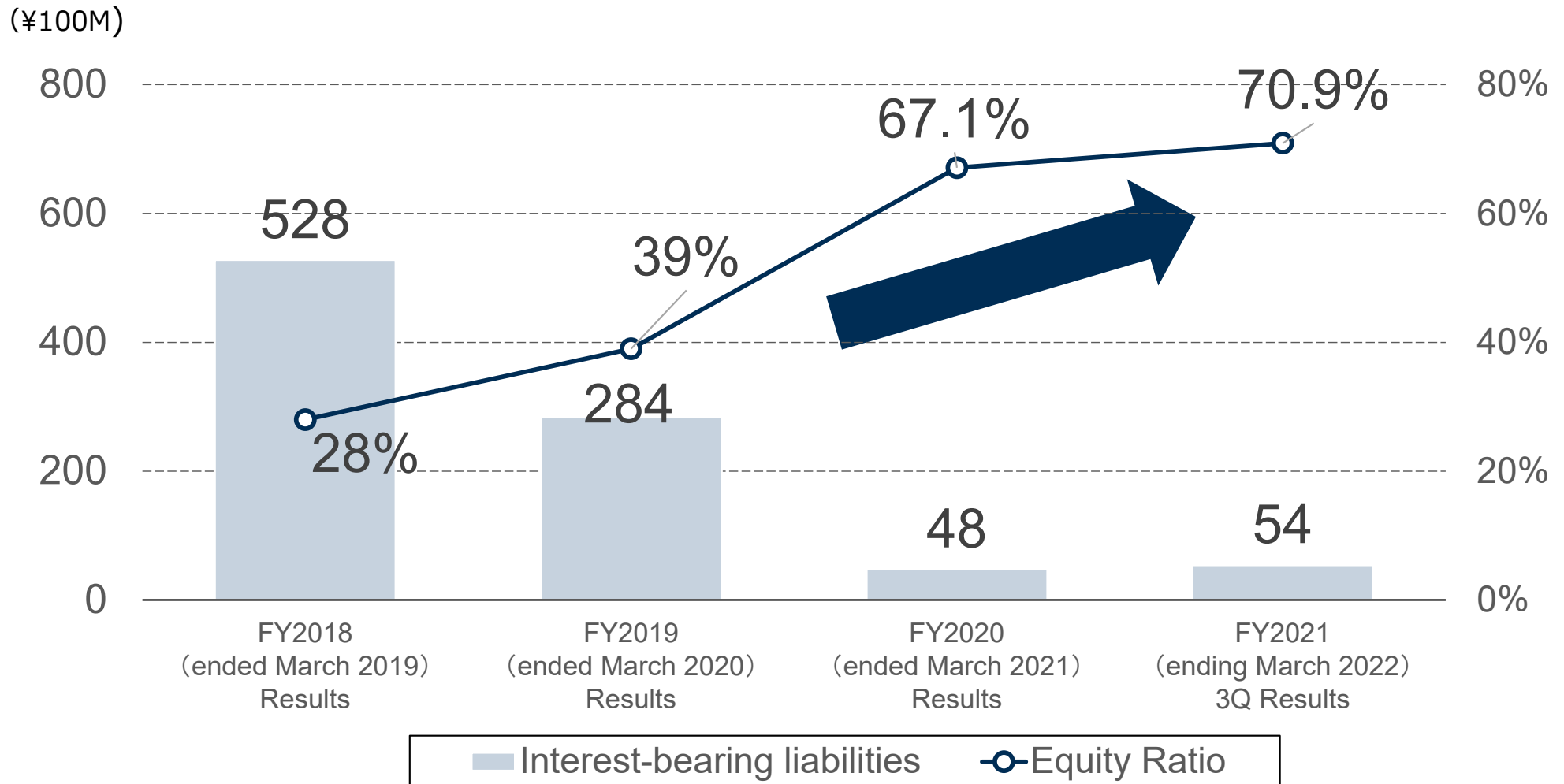
| | Increase/Decrease (FY20 year-end→ FY21 3Q) | year-on-year (Increase/Decrease÷ FY20 year-end) |
|---------------------------|--|---|
| Notes/account payables | ▲3.4 | ▲4% |
| Interest-bearing debt | +6.6 | +14% |
| Other current liabilities | +32.2 | +34% |
| Other fixed liabilities | ▲3.5 | ▲46% |
| Net assets | +175.1 | +35% |

FY2021 (ending March 2022) 3Q Cash Flows



FY2021 (ending March 2022) 3Q Equity Ratio

We strive to enhance financial foundation and equity ratio.



FY2021 (ending March 2022) Forecast

FY2021 (ending March 2022) Forecast

We aim to invest in mid-term growth areas and secure stable profit. The sales and profit of FY2021 are expected to reach record high.

| (Unit: ¥Million) | | FY2021 (ending March 2022) Latest Full-year Forecast | FY2020 (ended March 2021) Full-year Results |
|------------------|--|---|--|
| Consolidated | Net sales | 76,000 | 83,814 |
| | Operating income | 6,000 | 5,025 |
| | Ordinary income | 6,000 | 3,912 |
| | Net profit attributable to owners of the parents | 26,000 | 20,920 |
| | Net income per share (¥) | 1,284.50 | 961.28 |

※ From Q2 of FY ended Mar 2021, SiTime reclassified to MegaChips' equity method affiliate.

※ FY2021 ended Mar 2021 : USD ¥110.71

※ Projected exchange rate of FY2021 ending Mar 2022 : USD ¥110

Share repurchases and cancellation of treasury stock

Share repurchases and cancellation of treasury stock

We seek to actively return capital to our investors based on our basic policy toward the realization of both sustainable return of profits and corporate growth.

【Share repurchases】

| | |
|---------------------------------|---|
| Class of shares／Method | MCC's Common Stock／Through market purchases on TSE |
| Purchase period | From November 18, 2021 to February 1, 2022 |
| Total number of acquired shares | 1,070,700 |
| | Ratio to outstanding shares (excluding treasury stock) 4.6% |
| Total amount | ¥4,999M |

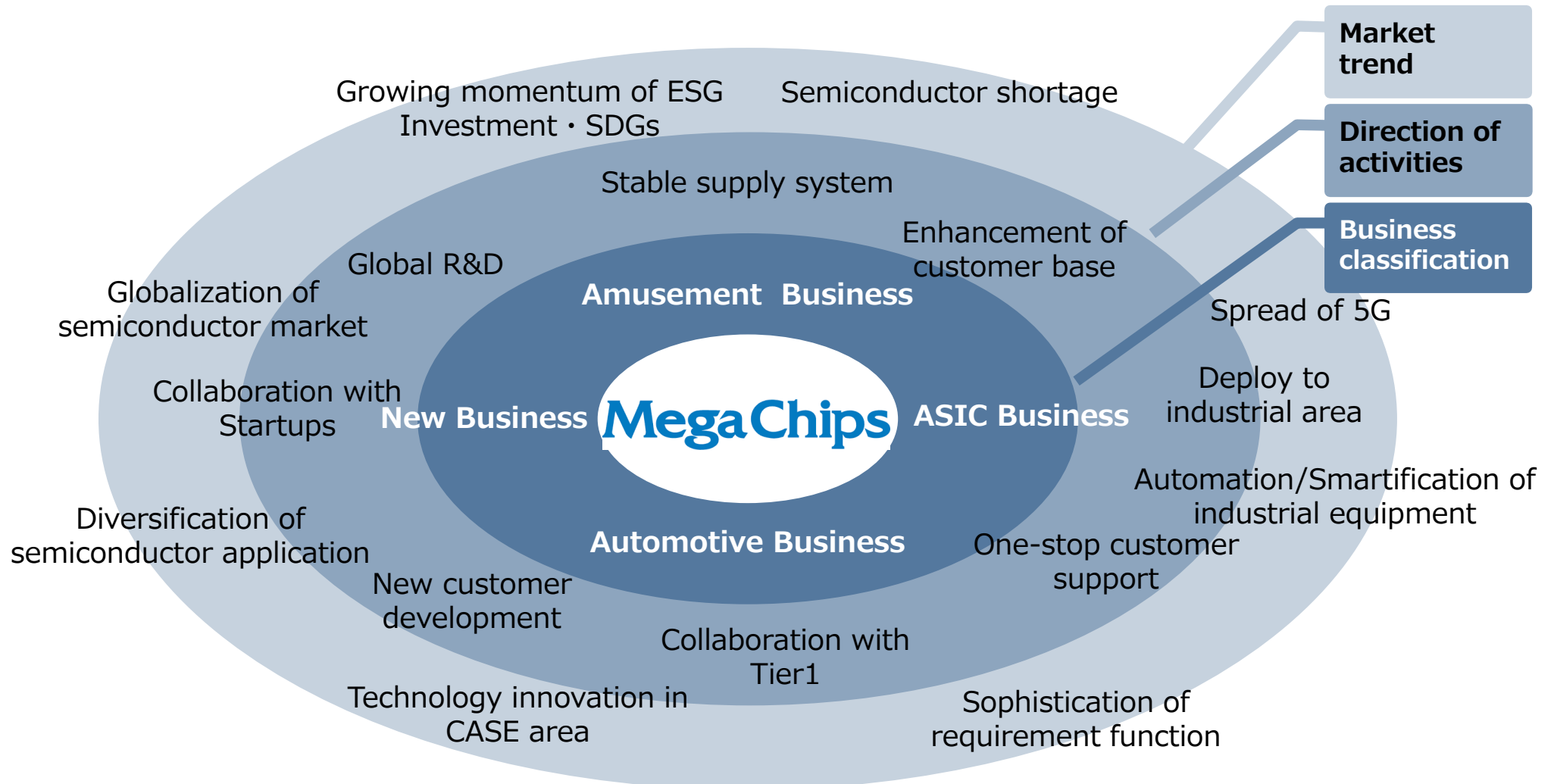
【Share Cancellation】

| | | |
|---|------------------|------------|
| Class of shares | 1,070,700 | |
| Scheduled cancel date | February 7, 2022 | |
| Total number of shares outstanding after cancellation | | 21,967,700 |

Business Status

Business environment surrounding MegaChips

With 4-pillar business of Amusement · ASIC · Automotive · New Business, we aim to expand our business capturing dynamic trend



Technology development in ASIC·Automotive business



We currently develop technology and application of ASIC and automotive business with a view to market trend change

In-vehicle wired network

- Technology innovation in CASE field
 - High speed communication
 - Noise resistance
 - Low cost
- Co-development with Tier-1

High speed wired Communication for automotive

5G/post-5G telecom infrastructure

- Ultra high-speed communication
 - High speed analog communication
 - Low power consumption
 - Low cost
- Co-development with domestic and international communication IP·vendors

FA Robot

- Device automation and Smartification
 - High speed communication
 - High reliability
 - Robust security

Semiconductor for industrial equipment

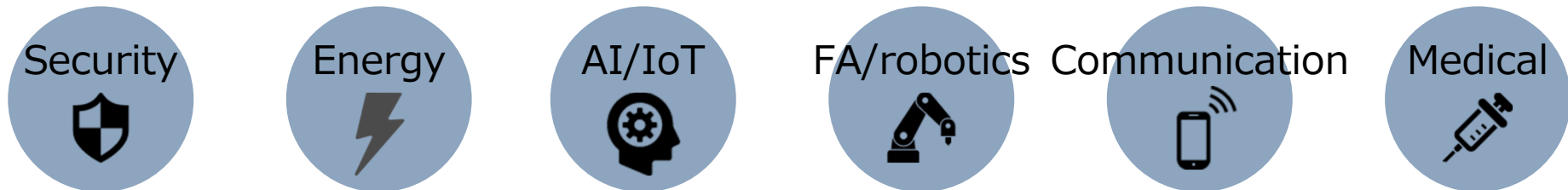
Semiconductor for telecom infrastructure

Global collaboration in new business development



We meet diversified semiconductor needs through strategic collaboration and business investments in startups with cutting-edge technology and ideas centering on US region.

Meet diversified semiconductor needs as a global supplier



Collaborations

Strategic partnership with BrainChip

- Aim to achieve early launch of EdgeAI solution

Investment in Quadric

- Aim for commercialization of product with AI function with edge AI processor

>> 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

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