
MegaChips Corporation Briefing FY2021 (Ended March 2022)

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Operation Results for FY2021

FY2021 Consolidated results (P/L) (Summary)

The sales, ordinary income, and the net profit belonging to shareholders of parent company posted record high mainly due to the demand for the game software storage LSI (custom memory) has remained strong.

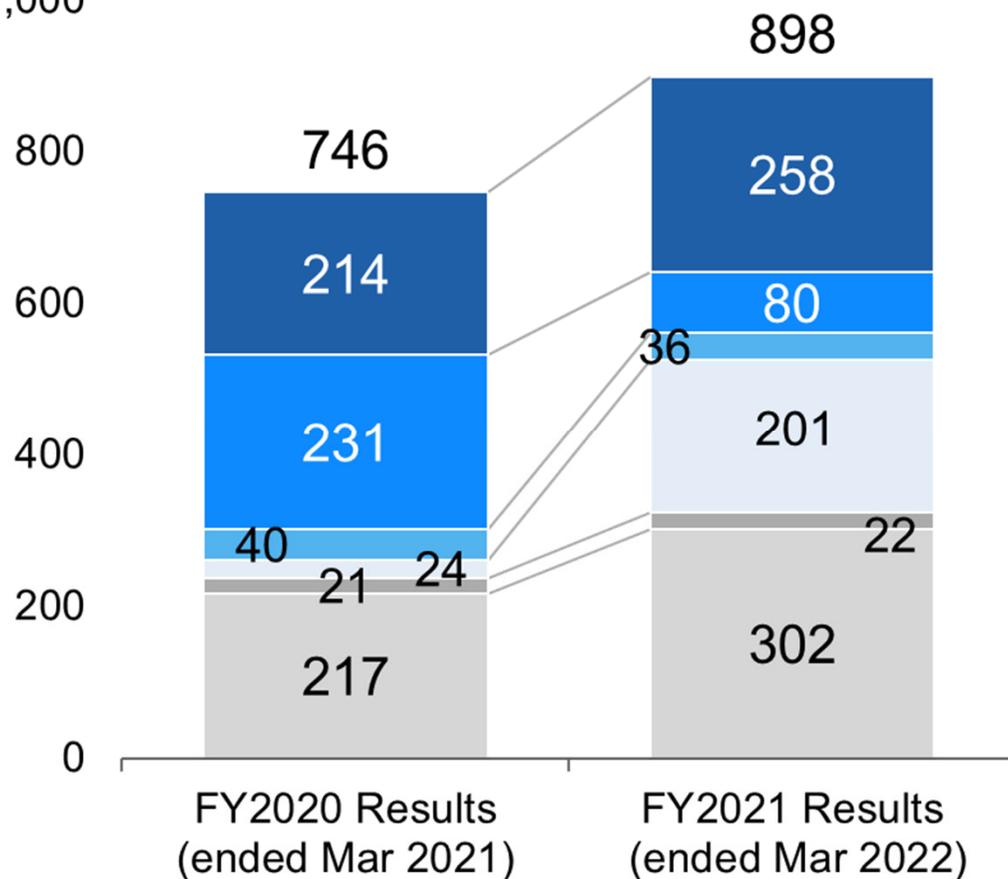
(Unit : ¥ Million)	FY2021 (ended Mar 2022) Results	FY2021 (ended Mar 2022) Plan	Gap	FY2020 (ended Mar 2021) Results	YOY
Sales	75,256	76,000	▲1.0%	83,814	▲10.2%
Operating income before amortization of goodwill	7,030	6,000	+ 17.2%	5,608	+ 25.4%
Amortization of goodwill	—	—	—	583	—
Consolidated Operating income after amortization of goodwill	7,030	6,000	+ 17.2%	5,025	+ 39.9%
Ordinary income	7,857	6,000	+ 31.0%	3,912	+ 100.8%
Net profit belonging to shareholders of parent company	27,544	26,000	+ 5.9%	20,920	+ 31.7%
Net income per share (¥)	1,349.01	1,284.50	+ 5.0%	961.28	+ 40.3%

※ Exchange rate of FY2020 year-end : USD ¥ 110.71

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

FY2021 (ended March 2022) Financial Status (Assets)

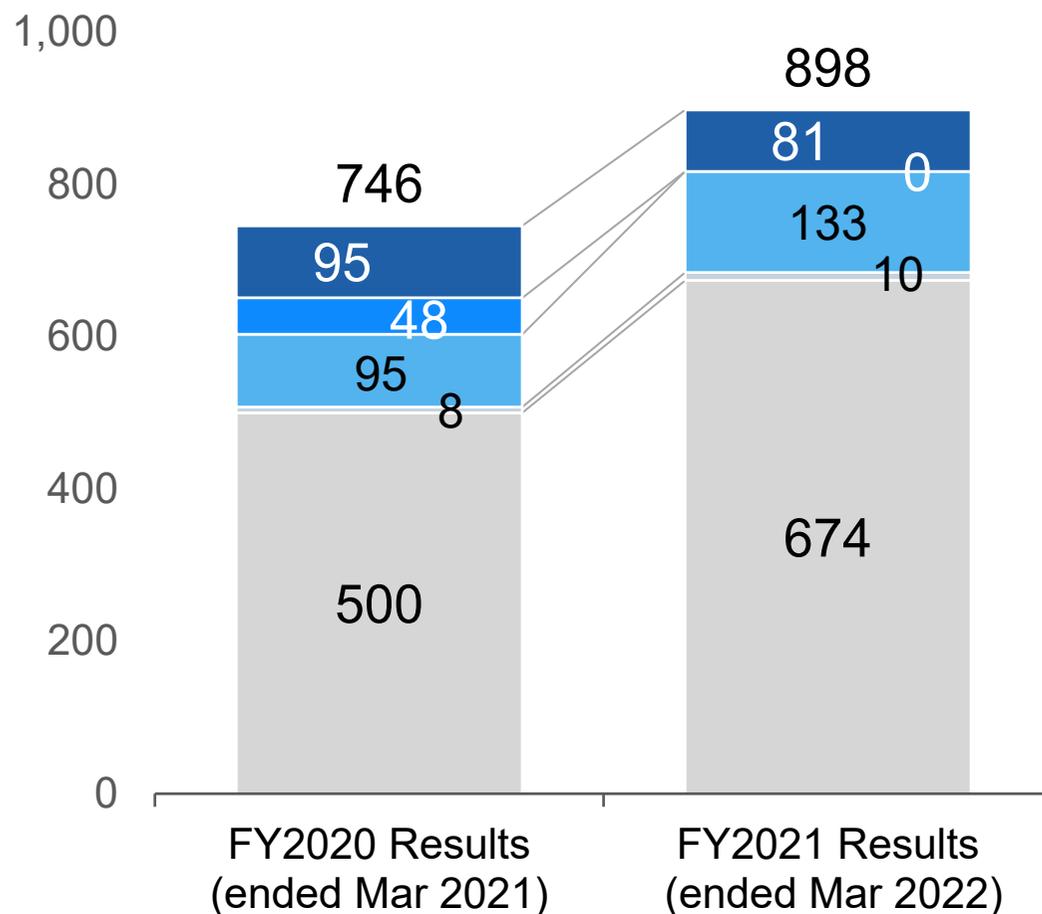
(Unit: ¥ Million)
1,000



(Unit: ¥ Million)	Increase/Decrease (FY20→FY21)	year-on-year rate (Increase/Decrease ÷ FY20)
Cash/cash equivalents	+43.6	+20%
Notes/accounts receivables	▲151.2	▲66%
Inventories	▲3.7	▲9%
Other current assets	+177.5	+742%
Tangible/intangible fixed assets	+1.3	+6%
Investment and other assets	+84.7	+39%

FY2021 (ended March 2022) Financial Status (Liabilities/Net assets)

(Unit: ¥ Million)

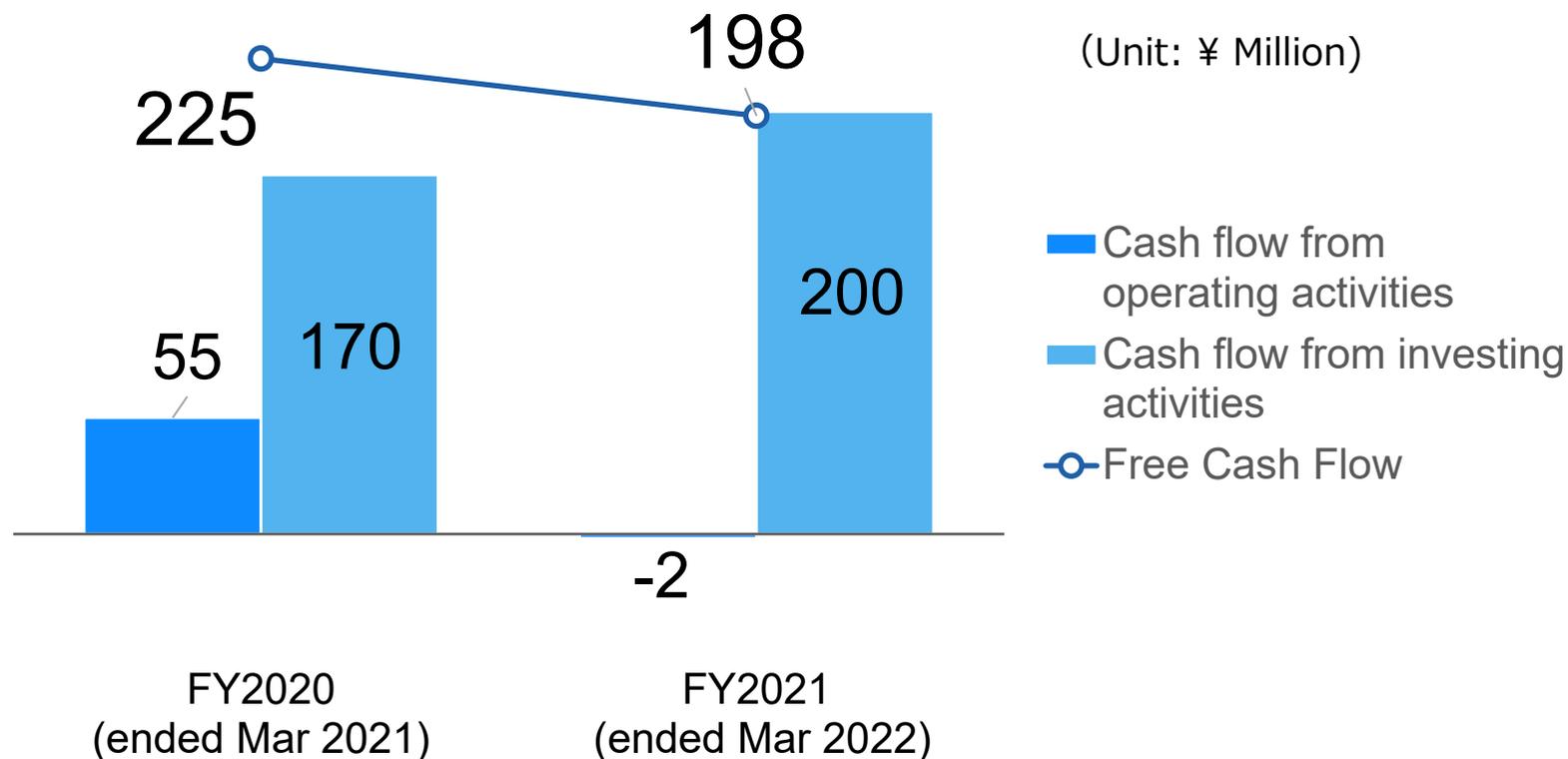


(Unit: ¥ Million)

	Increase/Decrease (FY20→FY21)	year-on-year rate (Increase/Decrease ÷ FY20)
Notes/account payables	▲13.8	▲15%
Interest-bearing debt	▲47.9	▲100%
Other current liabilities	+37.2	+39%
Other fixed liabilities	+2.9	+38%
Net assets	+173.9	+35%

FY2021 (ended March 2022) Cash Flow

The cash flow from investment activities was acquired as capital due to cash flow from operating activities and the sales of shares of subsidiaries and associates

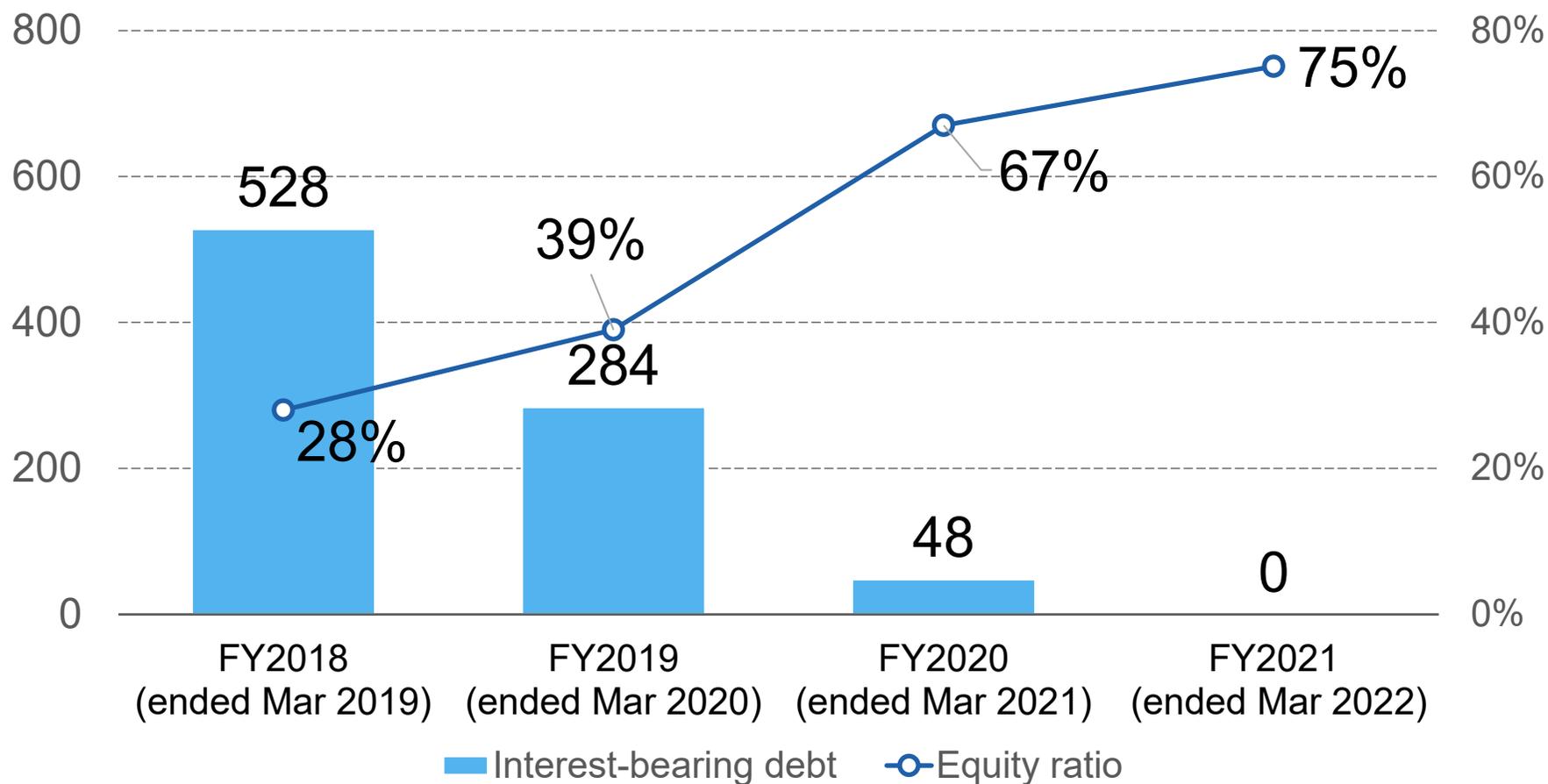


FY2021 (ended March 2022)

Interest-bearing debt and Equity ratio

We strive to enhance financial foundation and equity ratio.

(Unit: ¥ Million)



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 ¥50) in accordance with the basic dividend policy.

	FY2021 (ended Mar 2022)	FY2020 (ended Mar 2021)
Ordinary dividend (¥/share)	40円	35円
Special dividend (¥/share)	50円	45円
Per share dividend (¥/share)	90円	80円

Share Repurchases and Share Cancellation

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.

【Share Repurchases】

Total number of acquired shares In the fiscal 2021	2,613,200 shares
Total amount	¥10 Billion
	11% of total shares outstanding
	23,038,400 (when acquired)
Purchase type and method	MCC's Common Stock/Through market purchases
(1)Purchase period	From May 17, 2021 to Sep 3, 2021
Total number of acquired shares	1,542,500 shares
Total amount	¥5 Billion
(2)Purchase period	From Nov 18, 2021 to Feb 1, 2022
Total number of acquired shares	1,070,700 shares
Total amount	¥5 Billion

【Share Cancellation】

Class of shares to cancel	1,070,700 shares	
Date of cancellation	Feb 7, 2022	
Total number of shares outstanding after cancellation		21,967,700 shares

FY2022 Forecast

FY2022 Forecast

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

(Unit : ¥Million)		FY2022 (ending Mar 2023) Full-year Forecast	FY2021 (ended Mar 2022) Full-year Results
Consolidated	Net sales	72,000	75,256
	Operating income	7,200	7,030
	Ordinary income	7,200	7,857
	Net profit belonging to shareholders of parent company	4,700	27,544
	Net income per share (¥)	245.17	1,349.01

※ In the fiscal year ended March 2022, the gain on sale of shares of subsidiaries and affiliates was posted for ¥29.2 billion as an extraordinary profit resulted from the sale of SiTime shares that we own as well as SiTime's secondary offering.

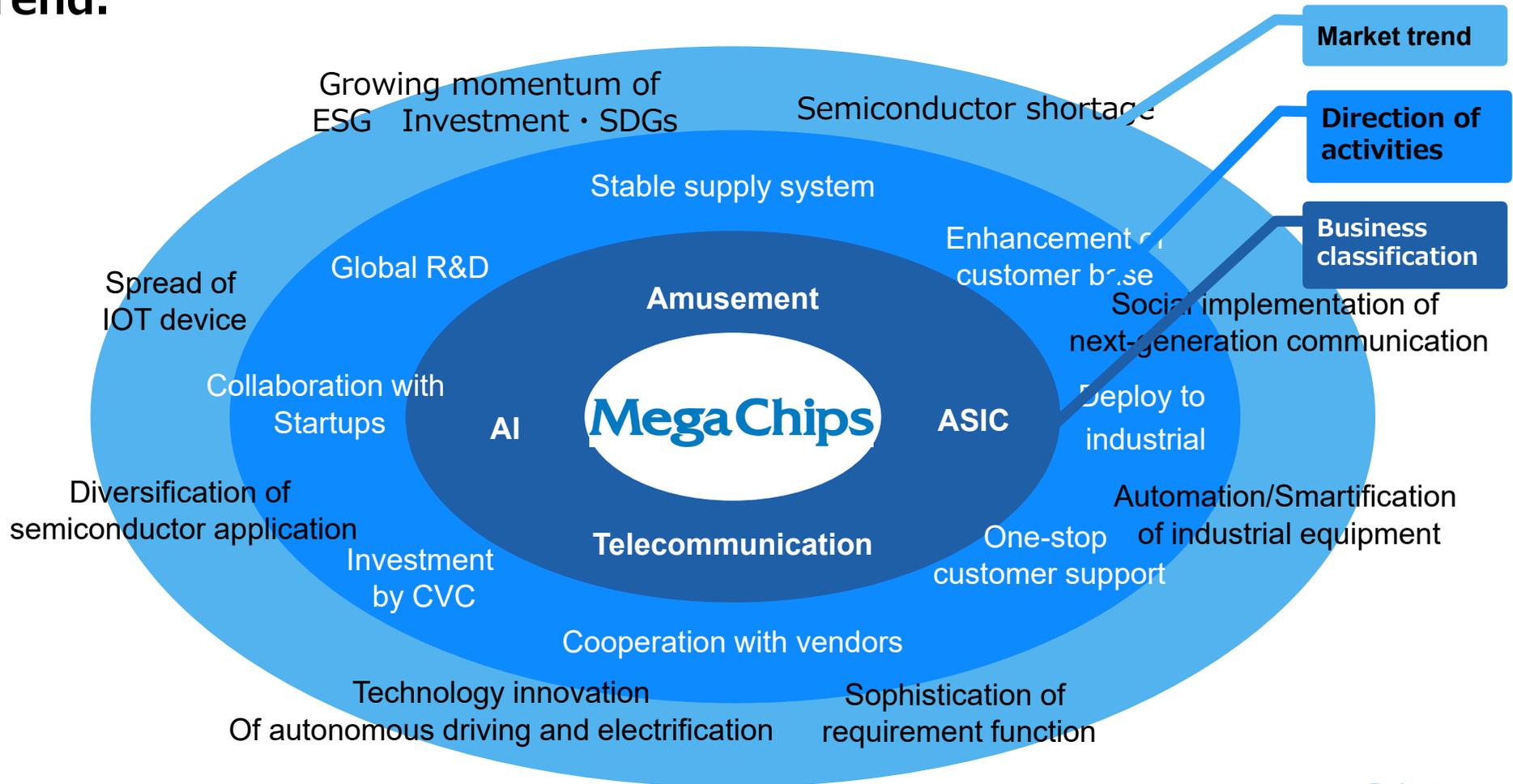
※ Exchange rate of FY2021 year-end: USD ¥122.39

※ Projected exchange rate of FY2022 year-end: USD ¥120

FY2022 Mid-term Management Policy

Business environment surrounding MegaChips

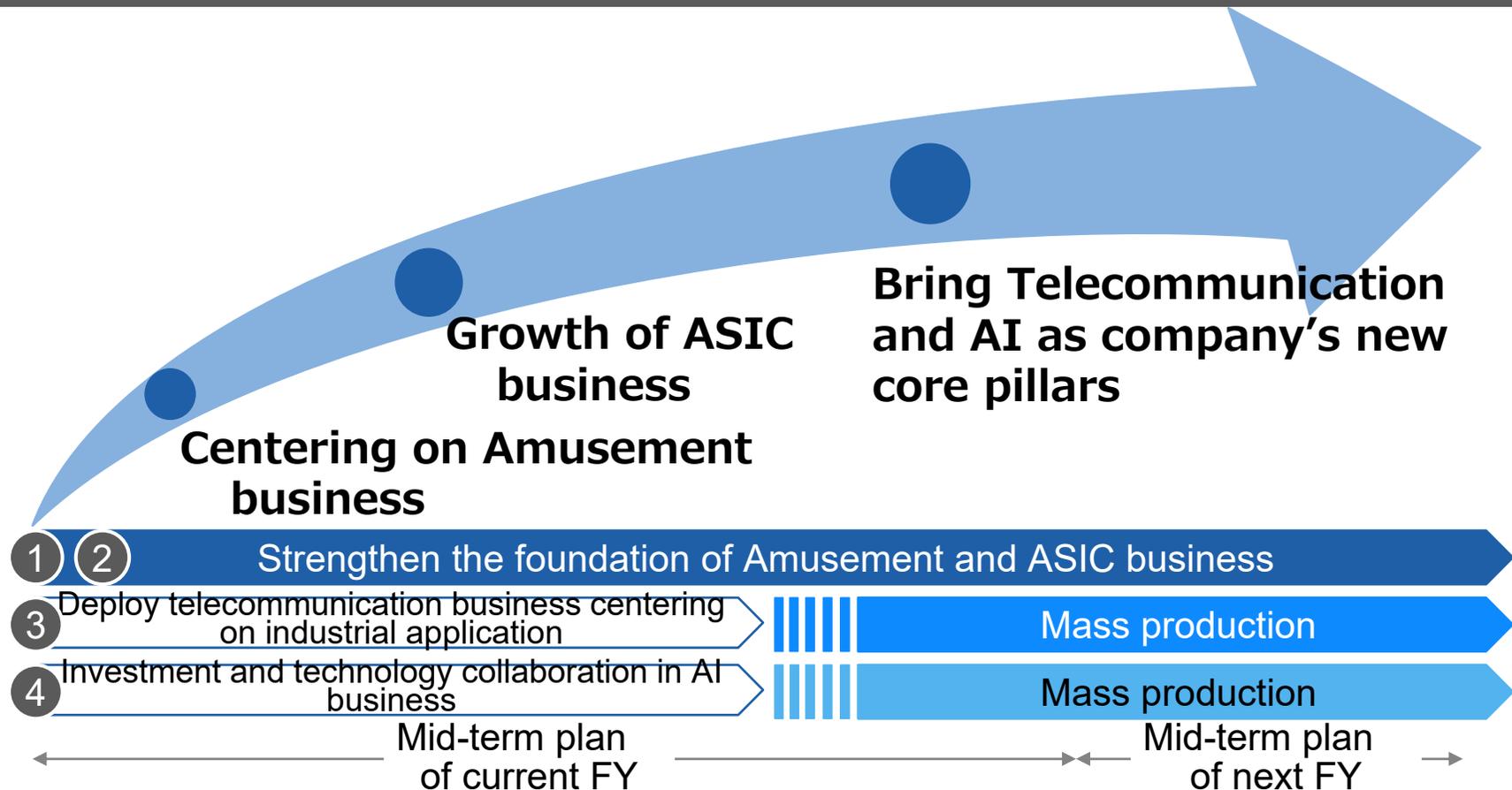
With 4-pillar business of Amusement · ASIC · Telecommunication · AI Business, we aim to expand our business capturing dynamic trend.



Mid-term plan 4-pillar business

Strengthen the foundation of amusement business and ASIC business, and grow telecommunication and AI business to new pillars.

Mid-term plan for 2025



1) Mid-term plan by business (Amusement)

Continuously enhance customer-oriented proposals, maintain good and close relationships with major customers and related suppliers, and focus on solidifying business foundation.

Business environment

Rapidly changing
Semiconductor x Amusement industry

Supplier's role to support industry is more important

Fabless company
Maintain stable supply system

Information coordination to promote sustainability

Establishment of smooth supply chain

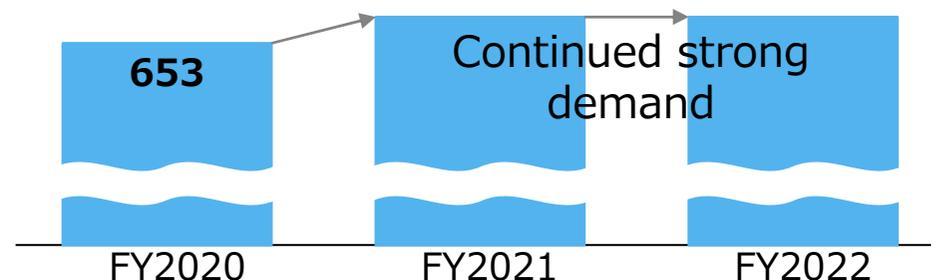
Set manufacturers
Penetration CSR procurement

Foundries
Shortage of semiconductor

Mid-term plan for 2025

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

Sales amount for major customers (Consolidated · ¥M)



2) Mid-term plan by business (ASIC)

We aim to expand business centering on industry-related markets leveraging proposal capability to solve customers problems and one-stop customer support

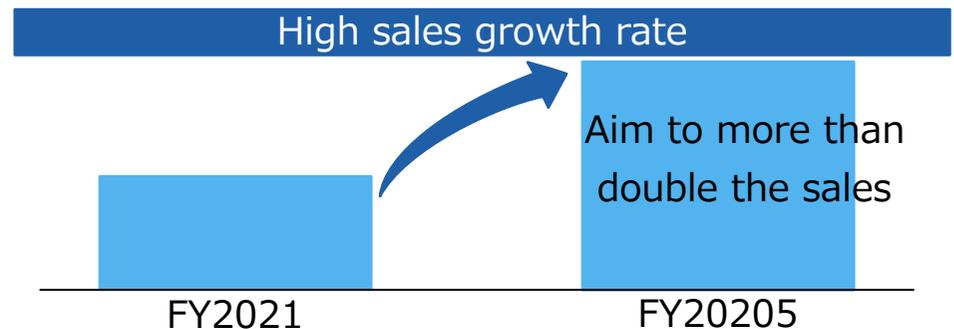
Business environment

- ASIC business expansion is expected centering on industry-related area



Mid-term plan for 2025

- Increase added value to customers
 - Provide flexible solution that are tailored to needs
 - Enhance upstream, analog, and advanced communication technology
 - Provide one-stop customer support
 - Lower cost and shorter period by efficient design
- Business deployment centering on industrial, telecommunication and OA equipment
 - Synergy creation with AI and Telecommunication business



3) Mid-term plan by business (Telecommunication)

We aim to start mass production in the second half of current mid-term plan capturing expansion of semiconductor market for telecommunication.

Business environment

Increase of data traffic



Semiconductor×Market expansion of telecommunication area

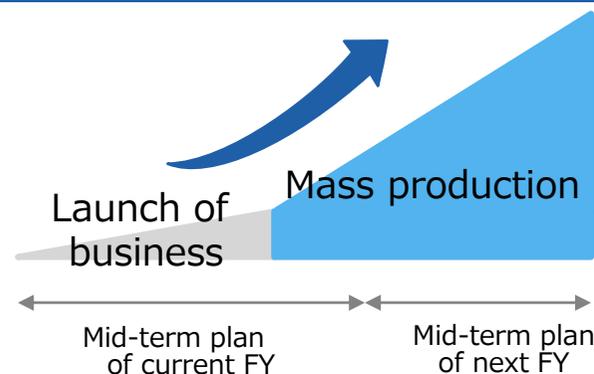
Telecommunication function is embedded in every device

- Progress of next-gen communication technology and smartification of industrial equipment
 - Lower power, lower cost, robust security
- Technology innovation of autonomous driving and electrification
 - High reliability, speedup and higher capacity, interconnectivity

Mid-term plan for 2025

- Aim to commercialize by providing telecommunication solution in the device market centering on industrial area
 - Enhance high-speed wire and wireless communication technology
- Accelerate commercialization through strategic collaboration with startups that have communication technology

Growth direction

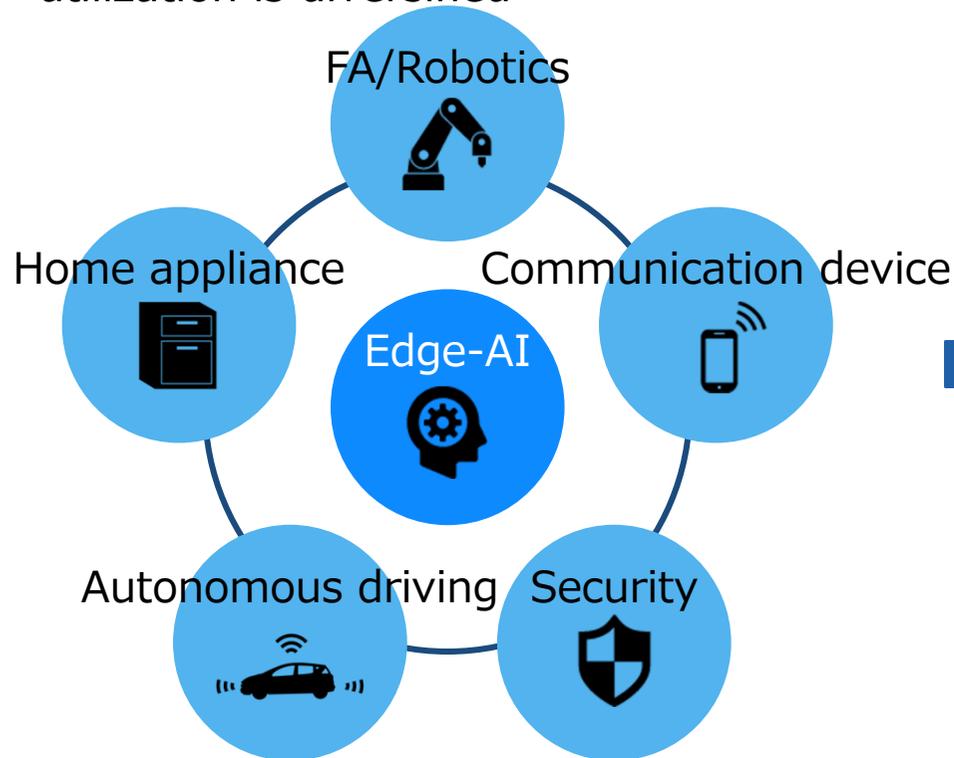


4) Mid-term plan by business (AI business)

We aim early commercialization focusing on Edge AI through collaboration with partner companies.

Business environment

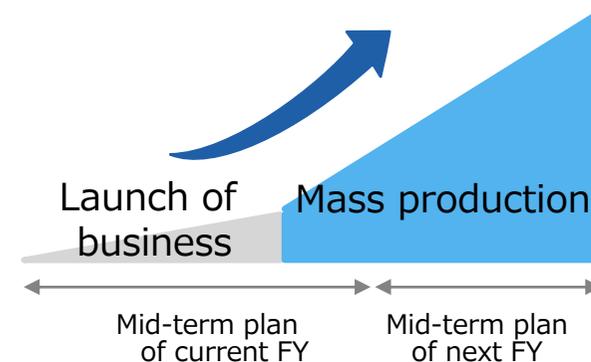
- IoT internet is progressed and Edge AI utilization is diversified



Mid-term plan for 2025

- Enhance technology development of Edge AI sector
 - Smaller and lighter in size, lower power, lower cost
- Promote collaboration with Edge AI-related companies
 - Strategic partnership with BrainChip
 - Invest in Quadric by US subsidiary

Growth direction



IR Policy

>> 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.

IR Policy

>> 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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