

(4) Issues to be addressed

In the telecommunication sector, which the MegaChips Group is targeting, development of communication infrastructure has been progressing in response to the IoT era, such as improved transmission speed, reduced lag time, and the capacity to connect many devices simultaneously. In the industrial equipment field, IoT is increasingly used in various fields including logistics, automated manufacturing, and smart grids, and, is expected to contribute to the transformation of the industrial world. In addition, in the AI field, its technology has rapidly spread and is being installed in, among others, driverless cars and robotics. As AI technology progress from now, it is expected that AI will be incorporated in even more applications widely in various industries, including manufacturing, logistics, medicine, agriculture, and automotive, thereby bringing about change to society.

As a result, the growing need for high-performance and multifunctional electronic components used in the devices surrounding us in various fields has led to an increase in demand for LSI products as a key device that contributes to high precision, multifunctionality, compactness, and low power consumption.

Under these circumstances, in accordance with the following basic policies, the MegaChips Group intends to accelerate its medium- to long-term growth by strengthening its revenue base and concentrating its management resources on, in fields which are expected to grow in the future, including the industrial equipment, telecommunications, AI, energy control, robotics, and automotive fields, while strengthening the foundation of the ASIC business, focusing on the gaming sector.

In addition, as our initiatives for sustainability, we will build a foundation for sustainable growth prioritizing environmentally friendly business activities, the creation of a sustainable supply chain, specific social contribution activities in the electronics field, diversity promotion and an improved work environment.

① Strengthening of business foundation in our core business field

In the ASIC business, which is our core business, we will strengthen the sales force by proactively promoting a customer-oriented and proposal-based business and strive to improve quality and develop innovative technology. We will also strengthen our business base by maintaining a stable supply and providing optimal solutions in response to customers' needs by focusing on information coordination and securing a manufacturing infrastructure to fulfill our responsibility as a part of the supply chain.

② Fostering new business fields

We will concentrate the deployment of our management resources, targeting the fields of industrial equipment, telecommunications, AI, energy control, robotics, and automotive, where rapid market expansion is expected, to proactively launch excellent products into the domestic and overseas markets and promote sustainable growth by fostering new business fields.

③ Initiatives to create new businesses for the future

To create new businesses with a view to long-term growth, we will promote the launch of new businesses by strengthening the infrastructure of the MegaChips Group's North American base, promoting joint R&D of innovative technologies with U.S. universities, and bolstering strategic alliances and business investments with startup companies with innovative technologies and ideas, mainly in the U.S. through a CVC (corporate venture capital) fund.

④ Strengthening financial position that supports medium- to long-term growth

To support long-term growth through business structure transformation and the fostering of new businesses, we will maintain and strengthen our management base so that we can flexibly and quickly respond to changes in the business environment. As a safety index, we will enhance the ratio of net worth to total assets.

⑤ Addressing global environmental conservation and supply chain issues

For global environmental conservation, the MegaChips Group will operate its business taking into consideration countermeasures for global warming and reduction of the environmental load. We will continue to strive to establish a sustainable supply chain by, among other things, requesting our manufacturing partners to comply with guidelines on the use of hazardous chemicals and to ensure compliance with emission standards for CO₂ and toxic substances, while, at the same time engaging in ecofriendly office activities including the reduction of energy consumption and waste. In addition, we will analyze and study the impact of climate change risks and opportunities in our business activities and revenue according to the TCFD framework and manage the disclosure of information.

⑥ Fostering engineers in the electronics field

To support the younger generation, which is the foundation of Japan's strength, we are dedicated to developing highly skilled human resources who will lead the next generation in the electronics field through donations to Japanese universities and joint or outsourced research, while, at the same time, promoting the creation of innovative technologies through research activities. We will promote diversity of engineers in the electronics field.

⑦ Building diversified organization and working environment

In order to promote diversity not only among employees but also among core personnel, we will create a comfortable work environment and promote fostering of human resources by implementing a fair and impartial performance appraisal system that supports a merit-based and results-based system where diverse personnel can demonstrate their abilities, by creating a work environment that allows various work styles such as teleworking and a parental leave system, providing varied educational programs by professionals, language training and stratified education.

We would like to take this opportunity to ask all of the shareholders for your continued support and encouragement.