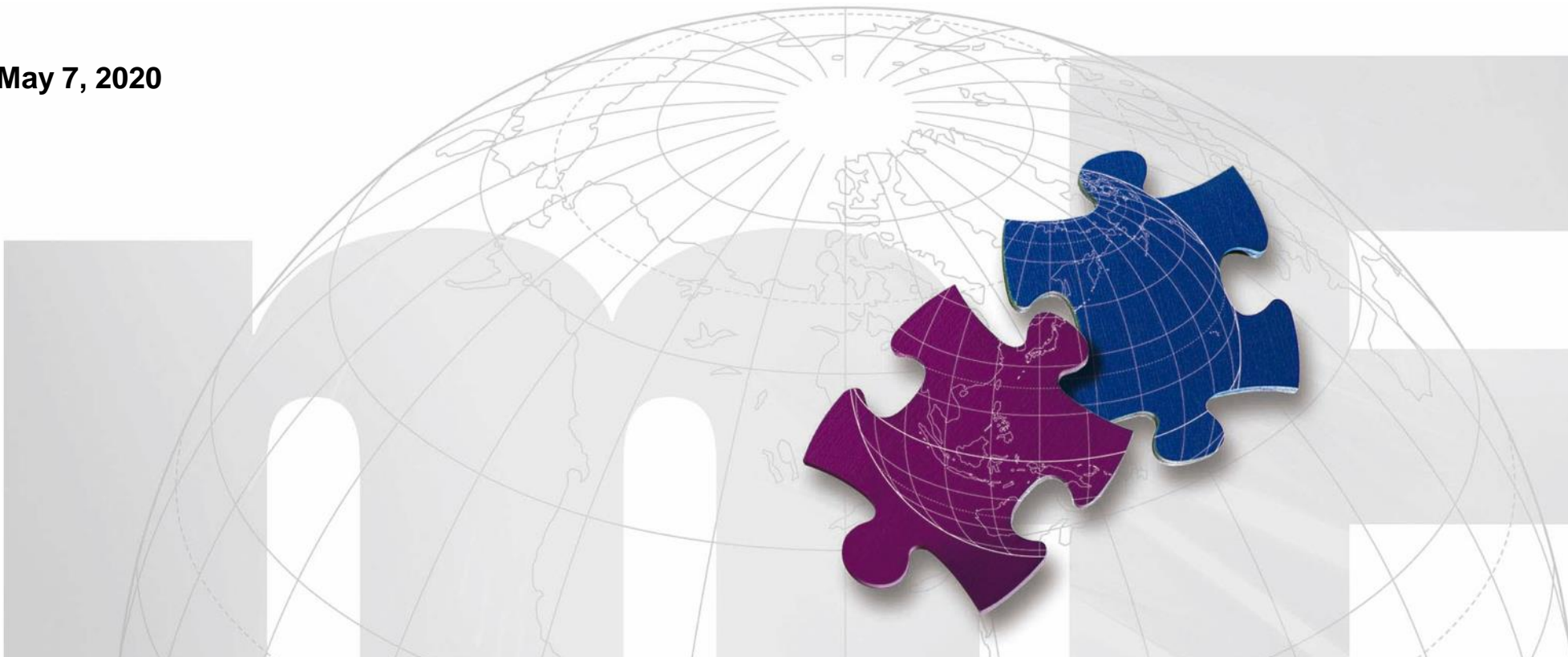


Macnica Fuji Electronics Holdings, Inc. Financial Results Briefing for FY2019

May 7, 2020



Forward-looking statements, including projections, in this document are based on information that was available to management at the time of preparation, and assumptions which are considered to be reasonable. Such statements are not guarantees of future performance and actual results may differ materially due to various factors.

Part I

I Results for FY2019 (Consolidated)

II Outlook for FY2020 (Consolidated)

Part II

I Mid-Term Management Plan (FY2019-2021)

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Consolidated Operating Results (Y/Y change)



Billion yen	FY2018 Actual	FY2019 Actual	Difference	Y/Y Change	Variation Factors
Net Sales	524.2	521.2	▲3.0	▲0.6%	Sales of security-related products increased; Industrial equipment declined due to the impact of the economic slowdown
Gross Profit	61.1	59.9	▲1.2	▲1.9%	Decrease in gross profit margin in semiconductor business
Operating Income	15.3	14.4	▲0.9	▲5.7%	Decrease in net sales and gross profit
Ordinary Income	13.1	11.1	▲2.0	▲15.5%	Interest expense; Equity in net loss of affiliates
Net Income Owners of Parent	8.9	5.6	▲3.3	▲36.6%	Due to loss on valuation of investment securities, following a decline in the stock market caused by the spread of the novel coronavirus

Consolidated Operating Results (Actual vs Forecast)



Billion yen	FY2019 Forecast as of July 29	FY2019 Actual	Difference	Actual / Forecast
Net Sales	510.0	521.2	11.2	2.2%
Gross Profit	59.4	59.9	0.5	0.9%
Operating Income	13.3	14.4	1.1	9.0%
Ordinary Income	10.5	11.1	0.6	5.4%
Net Income Owners of Parent	6.4	5.6	▲0.8	▲11.9%

Consolidated Balance Sheet



Billion yen	As of 3/31/19	As of 3/31/20	Major Factors
Current Assets	276.9	236.4	Increased ¥4.3 billion receivables; Decreased ¥29.5 billion inventories; Decreased ¥15.6 billion current assets
Fixed Assets	22.4	26.9	Increased ¥4.7 billion securities investment, acquisition of stock of affiliated companies
Total Assets	299.3	263.2	
Current Liabilities	149.5	117	Decreased ¥7.0 billion accounts payable; Decreased ¥27.9 billion short-term loans
Long-Term Liabilities	14.3	10.7	Decreased ¥3.0 billion long-term debt
Total Liabilities	163.9	127.7	
Total Net Assets	135.4	135.6	Increased ¥1.9 billion treasury stock; Increased ¥0.2 billion paid-in capital and capital surplus, stock issue as transfer-restricted stock compensation
Total Liabilities & Net Assets	299.3	263.2	

Consolidated Statement of Cash Flows

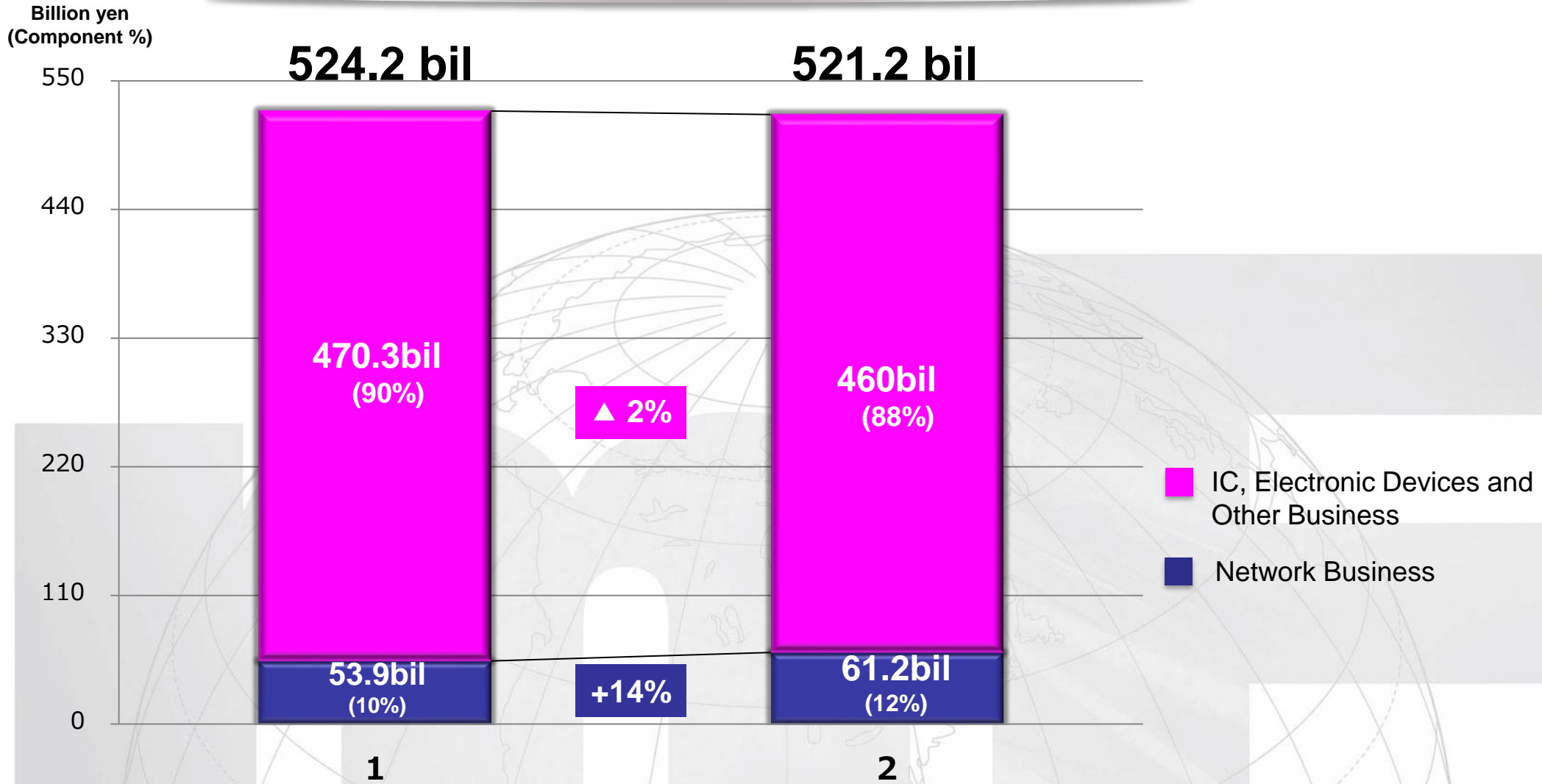


Billion yen	FY2018	FY2019	Major Factors
Cash Flow from Operating Activities	▲30.2	45.8	Decreased notes and accounts receivable, trade payable; Increased ¥9.7 billion income before income taxes; Decreased inventories, others.
Cash Flow from Investing Activities	▲7.3	▲8.9	Purchases of investment securities and shares of affiliates
Cash Flow from Financing Activities	21.9	▲35.8	Decreased short-term loans, repayment of long-term debt, dividends paid out, and purchase of treasury share
Cash & Cash Equivalents at Year End	14	14.7	Increased ¥0.7 billion compared to end of previous consolidated fiscal year



Consolidated Net Sales by Segment

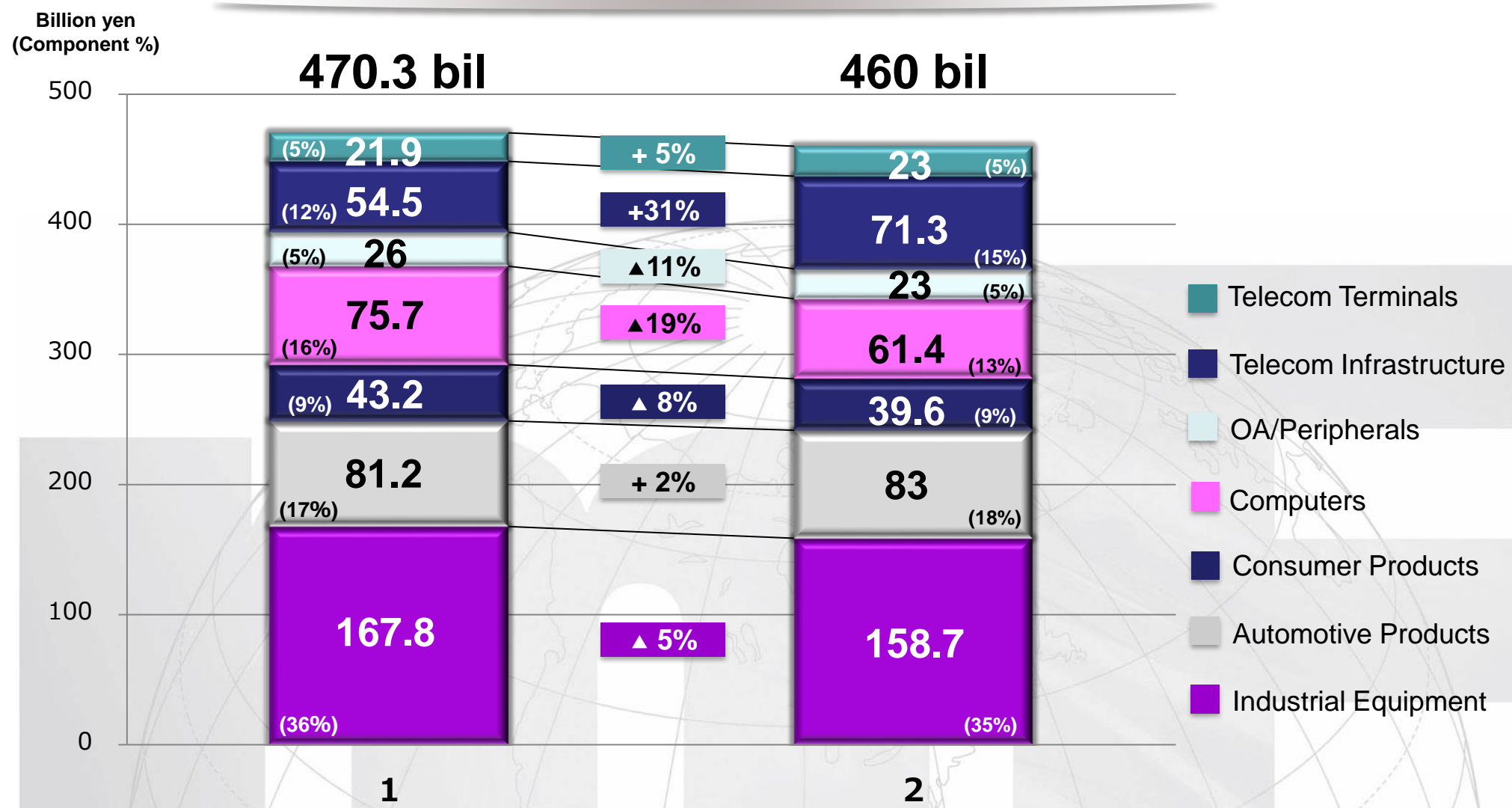
521.2 bil yen Y/Y Change ▲0.6%



IC, Electronic Devices, Other Business (by Application)



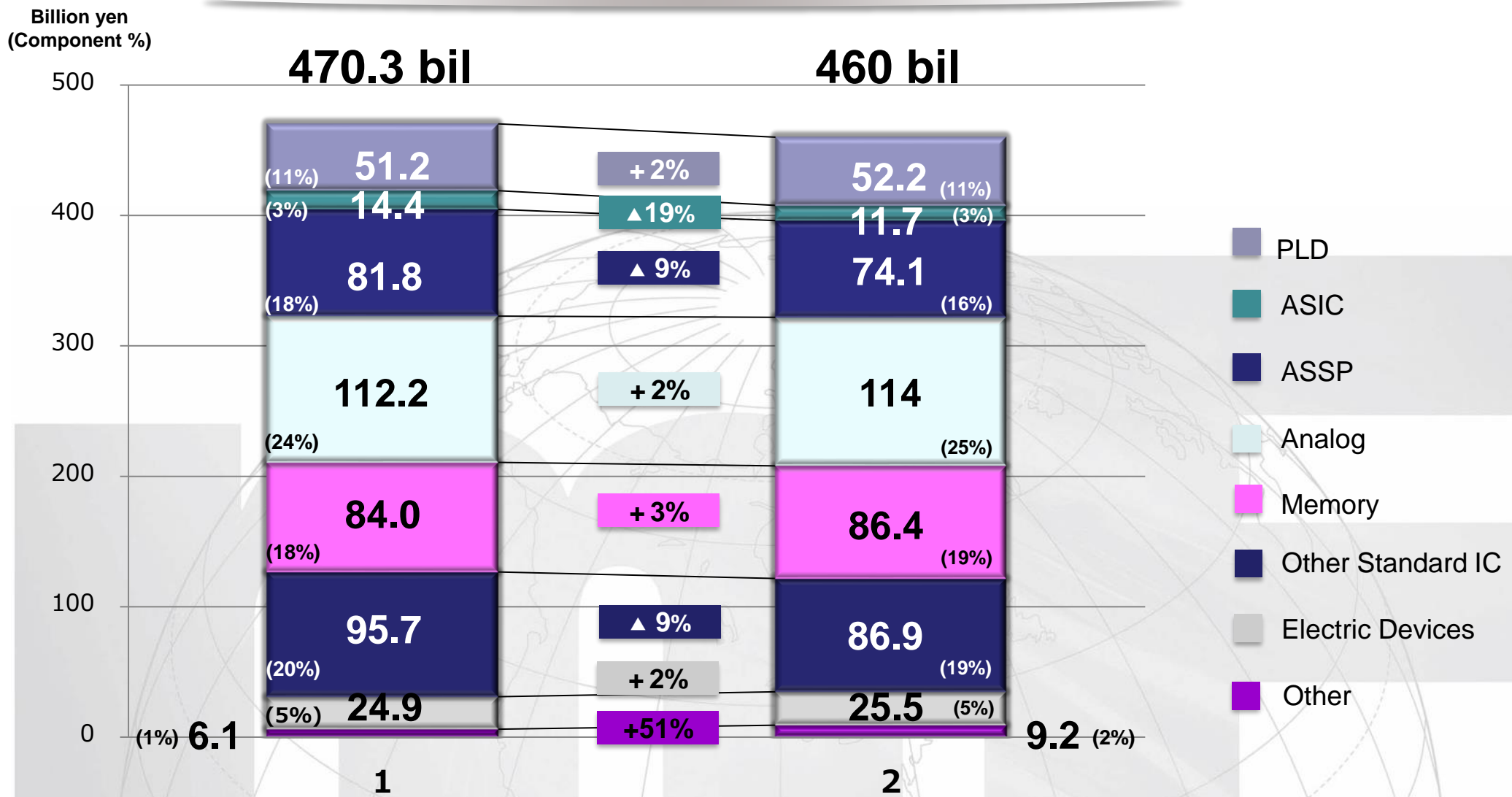
460 bil yen Y/Y Change ▲2.2%





IC, Electronic Devices, Other Business (by Product)

460 bil yen Y/Y Change ▲2.2%

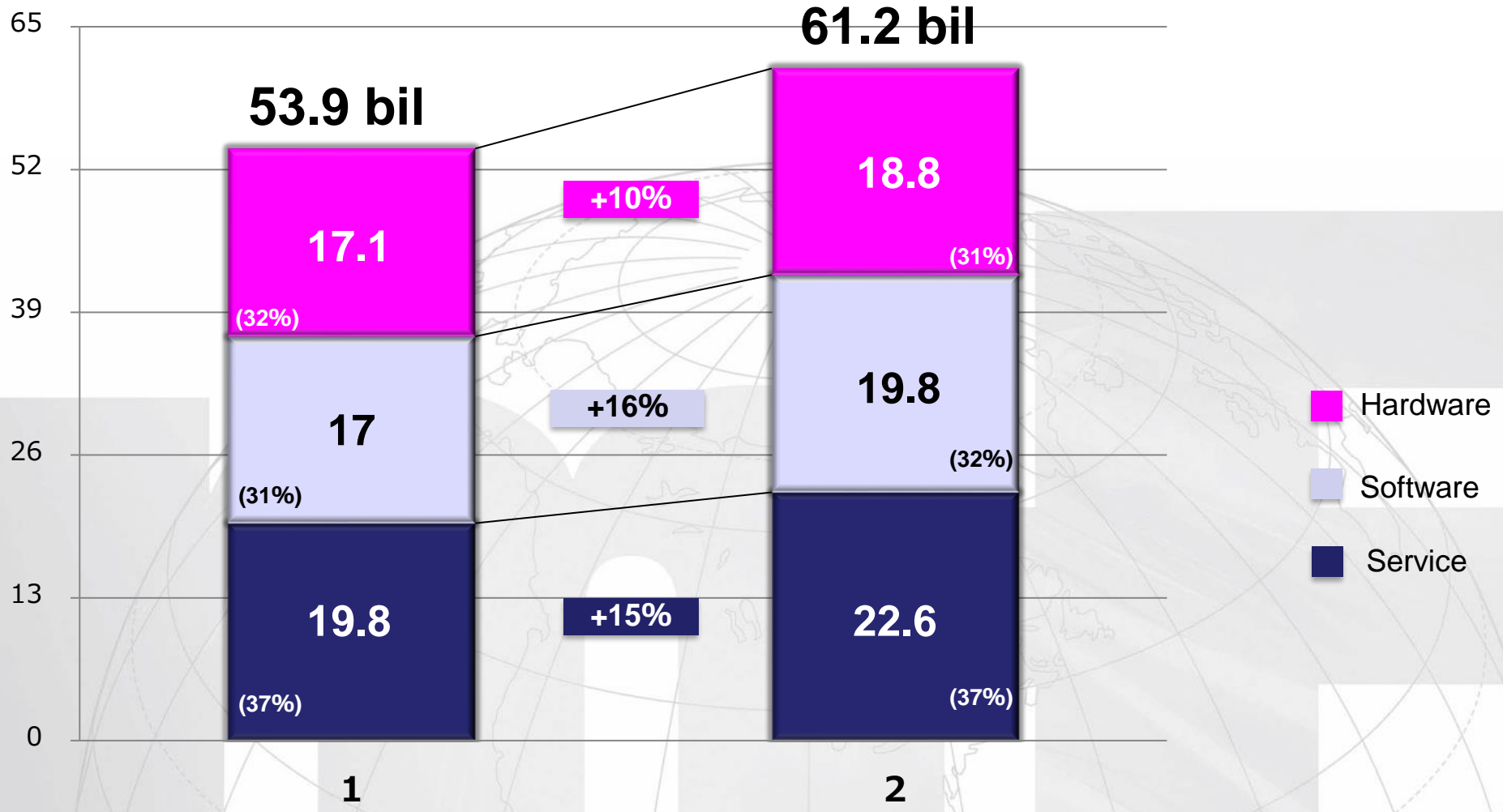




Network Business (by Product)

61.2 bil yen Y/Y Change +13.6%

Billion yen
(Component %)



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Outlook for FY2020 (Consolidated)



Spread of coronavirus affects economic activities at home and abroad

■ IC, Electronic Devices, Other Business

- Automotive market outlook uncertain due to low factory operation rates and decreasing consumption.
- Industrial equipment market expects increase in medical equipment for coronavirus, overall demand likely to decline with restrained capital investment, diminishing appetite for investment, postponement of the Tokyo Olympics.

■ Network Business

- Network related products expected to remain strong with expansion of telework.
- Reduced corporate IT investment amid worsening business sentiment.

■ Outlook

- FY2020 earnings forecast not yet determined, impact of coronavirus on the Group's business activities difficult to quantify
- We will disclose forecasts promptly when we are able to. FY2020 dividend forecast will be announced together with the earnings forecast.

Part I

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I Mid-Term Management Plan (FY2019-2021)



Mid-Term Management Plan (FY2019-2021)

1. Growth Strategy

(1) Semiconductor

- Establishing a global position
- Value-added solutions applying semiconductor technology

(2) Network

- Security
- Digital Solutions
- Global Strategy

2. New Value-added Business Strategy

- macnica.ai
- IoT Solutions
- Automated Driving Solutions
- Service Robots

3. Operational, Asset Efficiency & Investment in Management System

4. Financial and Capital Policies



Net Sales : Over ¥650 billion -- Net Income : Over ¥13 billion -- ROE : Over 9.0%
Operating Cash Flow (Cumulative over 3 years) : More than ¥10 billion



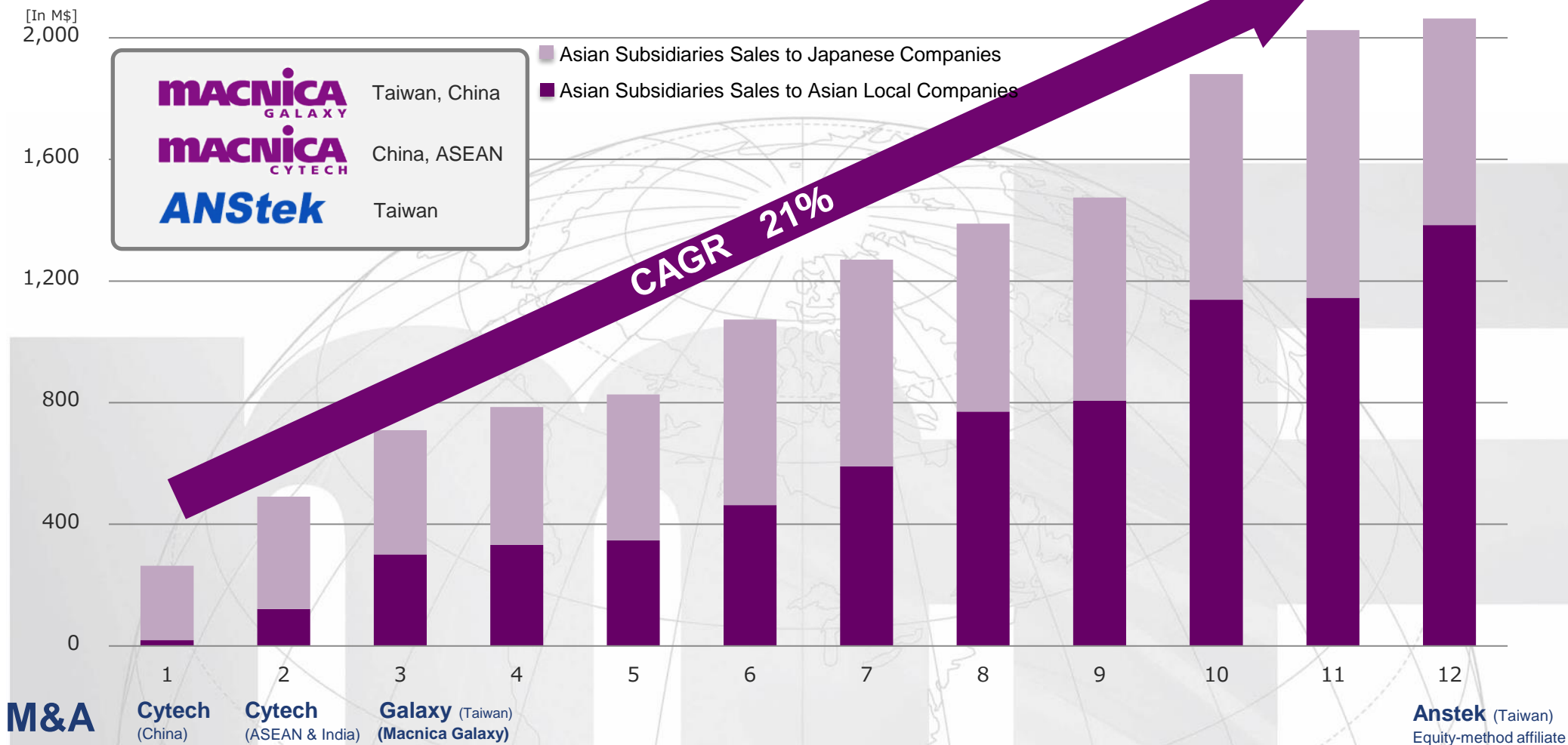
1. Growth Strategy: (1) Semiconductor Business

■ Establishing a Global Position

Expanding business with a focus on Asia, where growth is expected

Asian Subsidiaries Sales to Local Asian and Japanese Companies

2,063M\$



M&A

mF Macnica Fuji Electronics



1. Growth Strategy: (1) Semiconductor Business

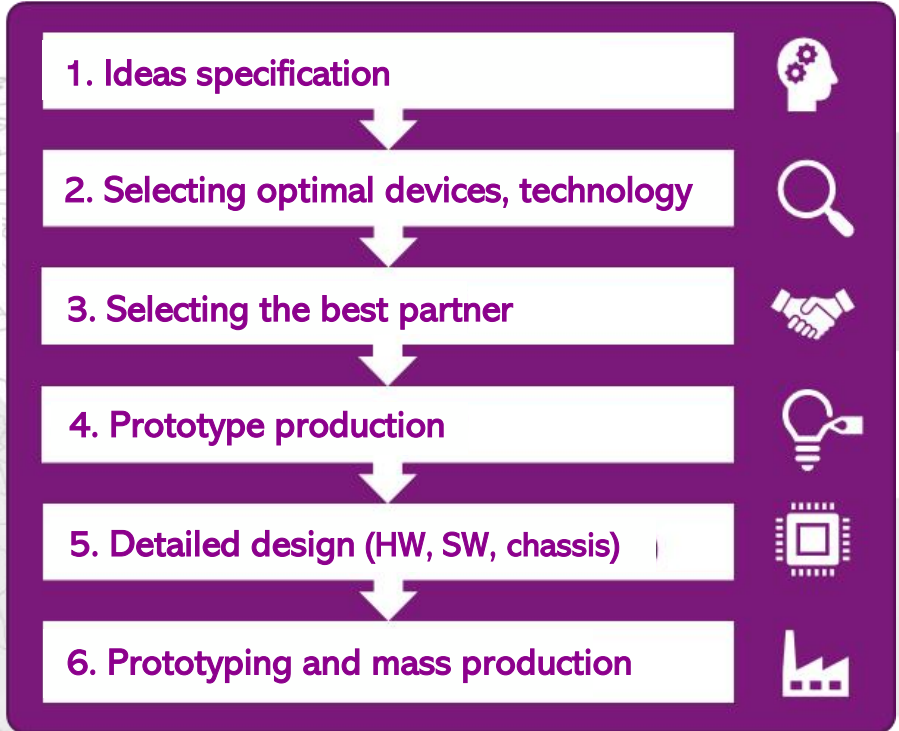
■ Value-added solutions using semiconductor technology

‘Monozukuri’ Consulting



Consultation from customers

Optimal solutions consulting, deliverables





1. Growth Strategy: (1) Semiconductor Business

■ Value-added solutions using semiconductor technology

- Case Study: Major Contractor - Disaster prevention gas sensor terminals



Before: the Challenges

- Unstable wireless environment, harsh construction, installation
- Seeking operational certainty on tight design, installation schedule



After Consulting: Advanced Solutions

- Proposed self-recovery type wireless sensor system for automatic recovery.
- Achieved desired operation, clearing challenges design to mass production

- Case Study: Major chemical manufacturer - Development hand sanitizer dispensers



Before: the Challenges

- High power consumption, poor Batteries, unstable operation.
- Seeks to improve products



After Consulting: Reduced Costs + α

- Analyzed power consumption bottlenecks and proposed devices
- Significant product improvement with reduced overall product costs, risks, + α



1. Growth Strategy: (1) Semiconductor Business

Value-added solutions using semiconductors

- Case Study: Building management company – Efficiency utilizing IoT



Warm water



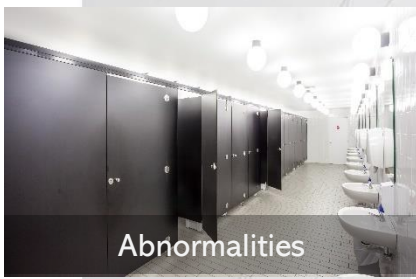
Garbage volume



Toilet paper



Hygiene



Abnormalities

Before: the Challenges

- Check consumables during cleaning, periodic patrols
- Regularly check filling amount of garbage
- Periodic patrols by security guards check for abnormalities



After Consulting: Efficiency

- Reduced man-hours by remote monitoring of various consumables
- Improved efficiency of schedule by monitoring amount of garbage fill
- Monitor personnel and optimized patrol routes, detect abnormalities



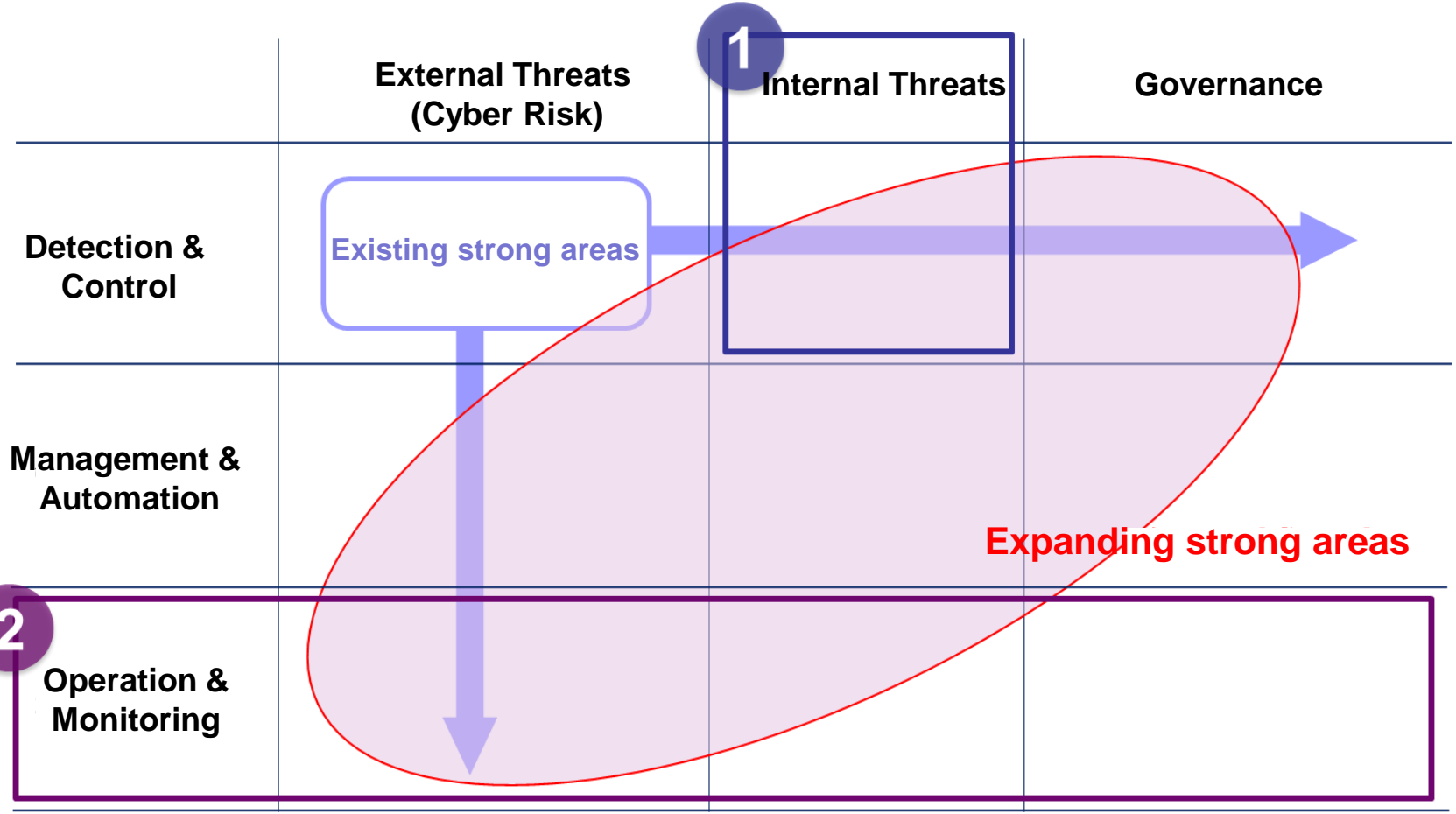
1. Growth Strategy: (2) Network Business

■ Security

Establishing an overwhelmingly dominant position in the security market

Security Solutions for IoT

Security Solutions for Information Systems





1. Growth Strategy: (2) Network Business

■ Security

Establishing an overwhelmingly dominant position in the security market

1 Internal fraud prevention

Background of Growing Needs

- Globalization of IT
- Work-style reforms & telework
- M&A IT system integration
- Increased personnel mobility

Customer needs

- Visualizing external access to info
- Detecting confidential info leaks
- Deterring internal fraud
- Prevent unintended internal fraud

Case study J:COM Jupiter Telecommunications Co., Ltd.

Background & Challenges:

- To unify the security concept between affiliated companies.
- To consider measures against internal fraud from viewpoint of protecting personal information.

Asset Management Tool Log

PC Operation Log

Other Logs

Automatic log analysis using machine learning

Visualize behavior

Internal fraud detection

2 Operations & Monitoring

S&J Corp became an affiliate (Feb 2020)

Security operations monitoring services, from management to technical level

Security Management advisory

- Evaluating security measures
- Internal and external coordination in the event of an incident
- External reporting support, etc.

Technical capabilities

- Cutting-edge security expertise
- Abilities to implement security measures
- Proposing short-term and medium- to long-term measures, etc.

Threat Intelligence

- Identity and purpose of attackers
- Techniques & tactics used by attackers
- Infrastructure and tools used by attackers etc

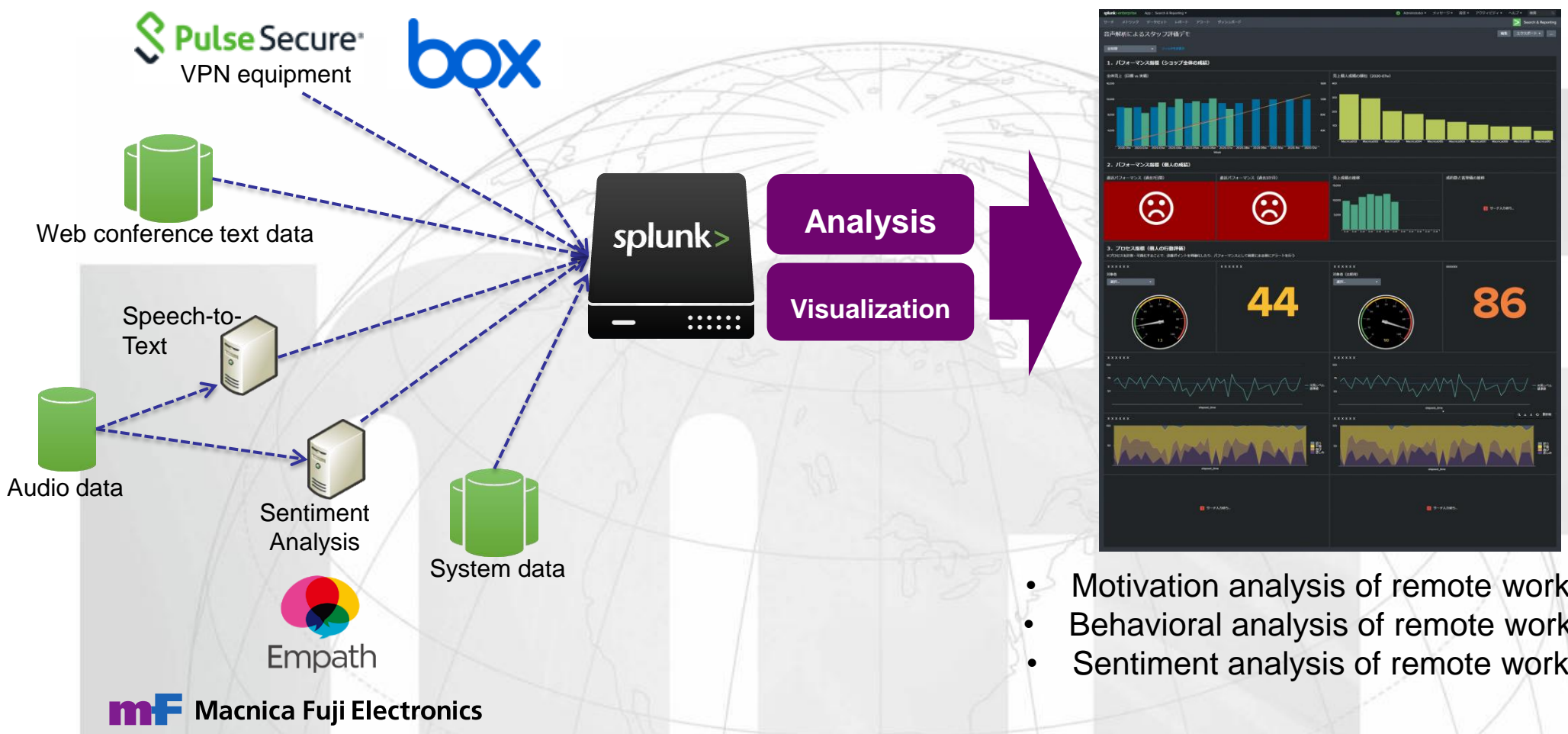


1. Growth Strategy: (2) Network Business

Digital Solutions

Launching DX solutions including Big Data Analytics Platform and AI

To launch DX solution for Remote Work with Sentiment Analysis AI, Big Data Analysis



- Motivation analysis of remote workers
- Behavioral analysis of remote workers
- Sentiment analysis of remote workers

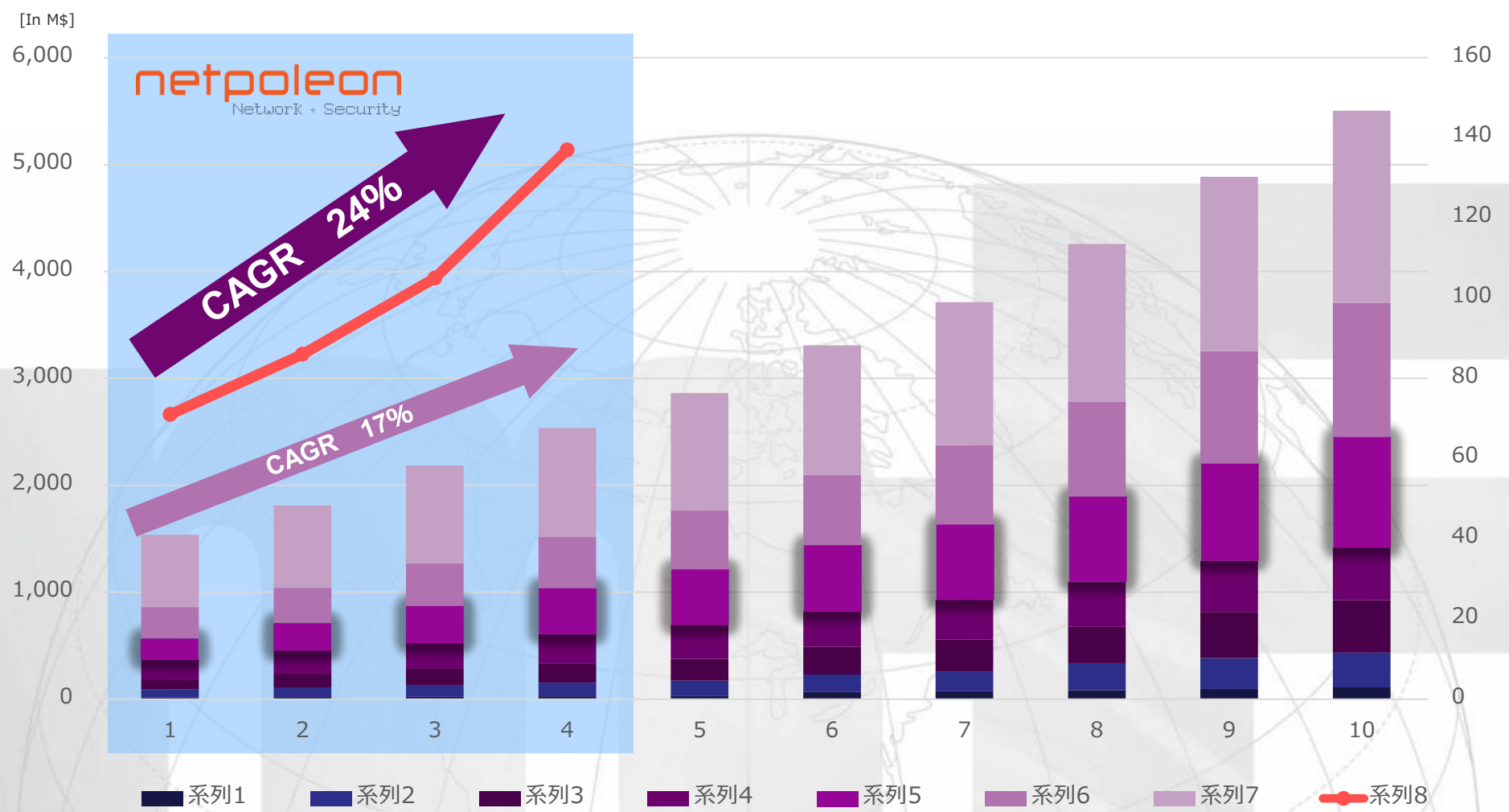


1. Growth Strategy: (2) Network Business

Global Strategy

Growth in Asia's security business

Southeast Asia Market Forecast and Netpoleon's Performance





2. New Value-added Business Strategy

AI

Concept of CrowdANALYTIX

CrowdANALYTIX

MACNICA

World-class AI as a Service

- Capability**
AI Implementation Experience at Leading Overseas Companies
- Scalability**
20,000 Data Science Sources Worldwide
- Flexibility**
Specialized in Business Challenges, Fully Customized AI



Successful AI Deployment Process

- Breakdown of Business Challenges
- Reasonable Scoping based on Challenges
- Minimal POC



- Retail
- Manufacturers
- Healthcare
- Telecom
- Financial
- Internet Service

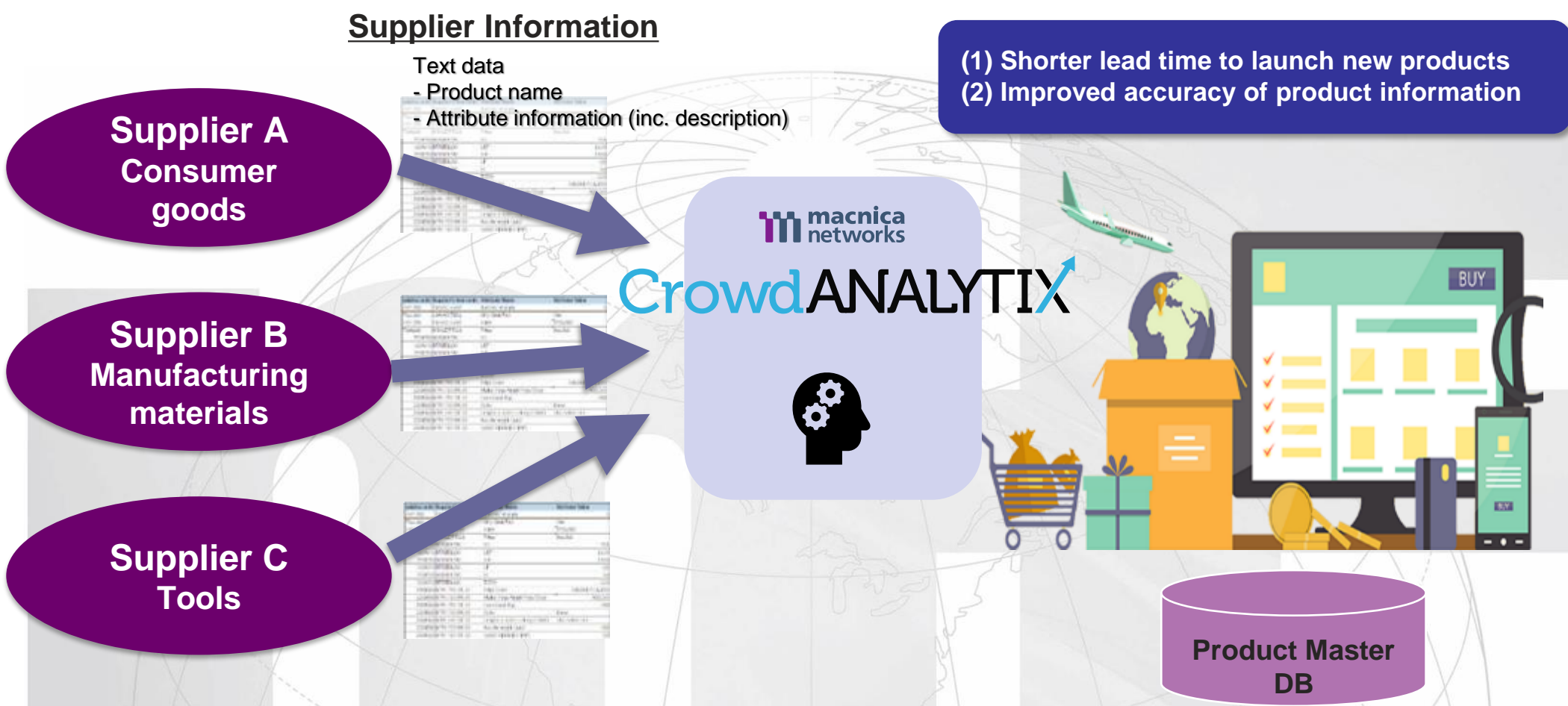


2. New Value-added Business Strategy

AI

- Case Study: Major E-commerce company

Speed up product listing by automatically determining product categories

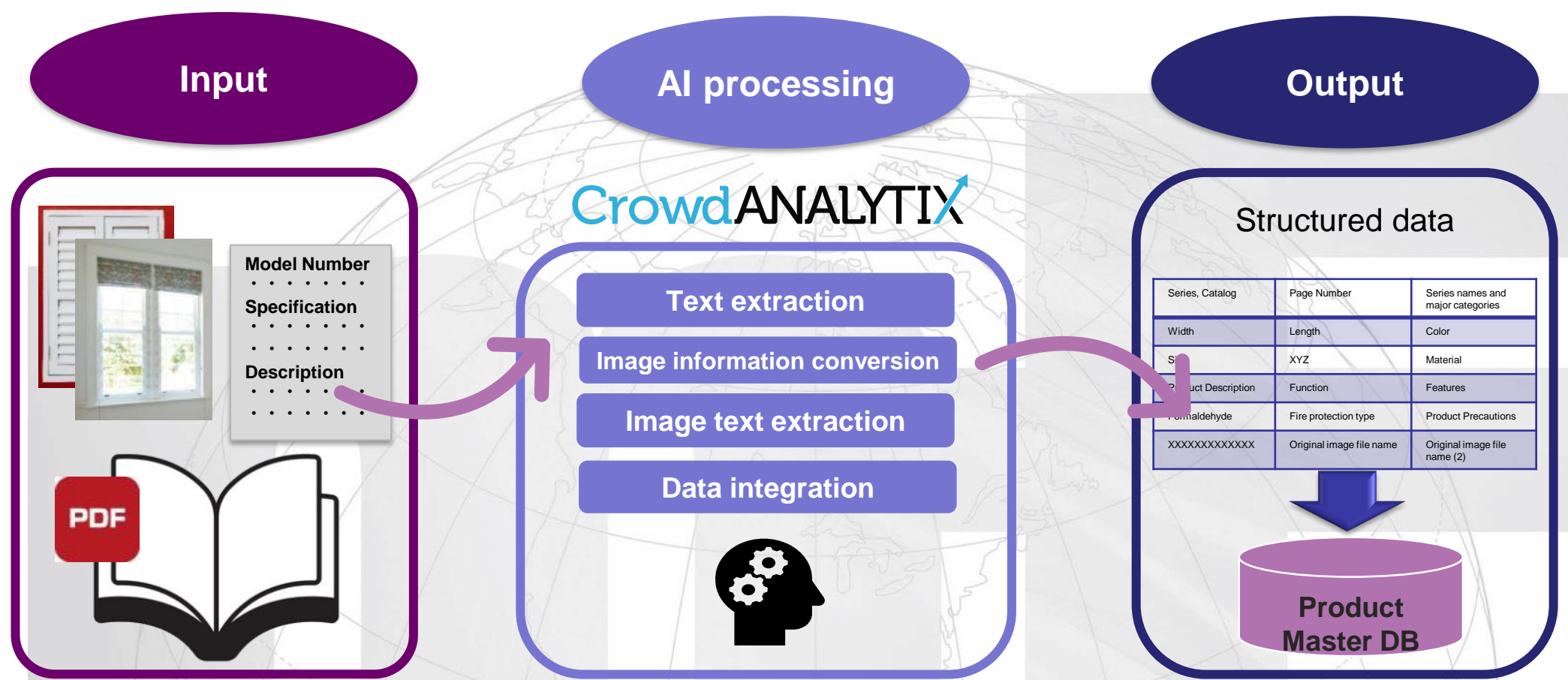




2. New Value-added Business Strategy

AI

- Case Study: Major trading company - Architecture
Automatic judgment from atypical data - Images, etc.



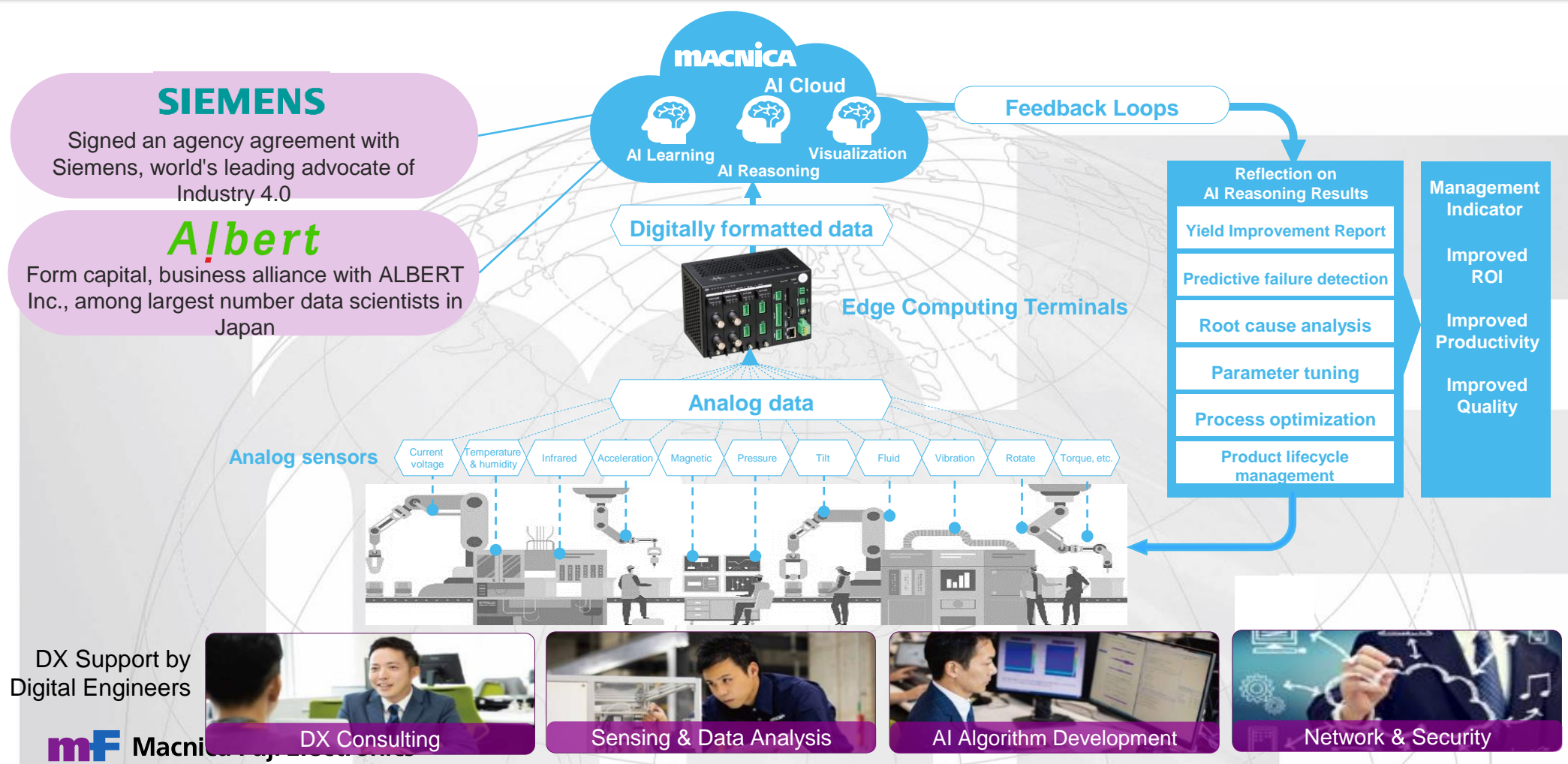


2. New Value-added Business Strategy

IoT Solutions

AI x IoT Solutions for Smart Factory

Launch of "Digital Synergy Factory" for Manufacturing Industry





2. New Value-added Business Strategy

IoT Solutions

AI x IoT Solutions for Smart Factory

Expanding AI Business in the Manufacturing Industry

macnica.ai



Automobile parts manufacturer
Automated human visual inspection process using AI

2018



Domestic automobile manufacturer
Fully automated dross skimming for melting furnace



Food manufacturer
Succession of craftsmanship
Stabilized the quality of dough

2019



Rubber product manufacturer
Reduced waste loss by optimizing kneading hardness



Transport equipment manufacturer
10% yield improvement by predicting porosity defects in aluminum die casting



Cosmetics manufacturer
Yield improvement by optimizing the formulation of liquid daily necessities

2020

ARIH

Established 'AI Research & Innovation Hub', aiming to promote international AI academic activities and the use of AI in industry



2. New Value-added Business Strategy

■ Automated Driving Solutions

MacniCAR & Cart



Increase in demonstration experiments



NEW

Self-driving Shuttle Bus "NAVYA"



Japan's first in Sakaimachi, Ibaraki Prefecture



Shopping town



NEW

Large Special Vehicle Integration



Mining

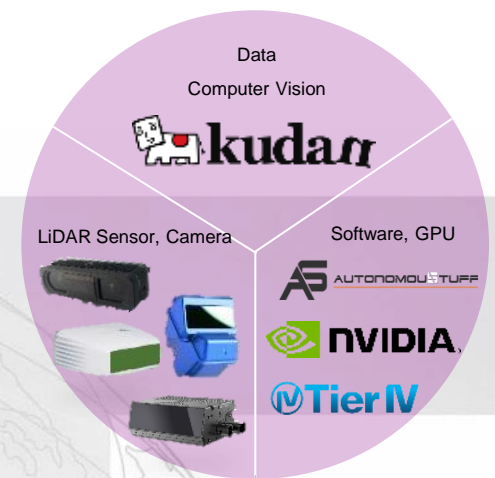


Plant premises



NEW

Sensing, Data and Software



Map data using SLAM





2. New Value-added Business Strategy

■ Service Robots

Neo, Autonomous floor scrubbing robot



Existing target markets



Narita Airport



Haneda Airport



Airports

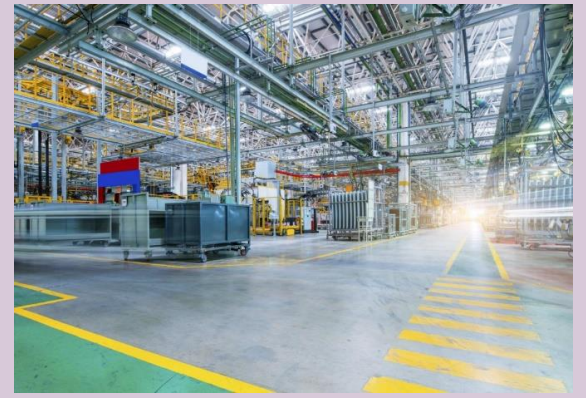
Large commercial facilities



New target markets



Logistics warehouse



Factories



3. Increased Operational & Asset Efficiency

Invest in Management System Infrastructure

Rebuilding Sustainable Management Base

Promoting Work-style Reforms

Operational Efficiency



Also Contributing to BCP Support

Company-wide Telework

95% - approx. 1,900 people
(excluding overseas)

- Environment**
- Laptop computer supplied 100%
 - Smartphone supplied 95%
 - VPN simultaneous connections 100%
 - Skype/Teams installation 98%

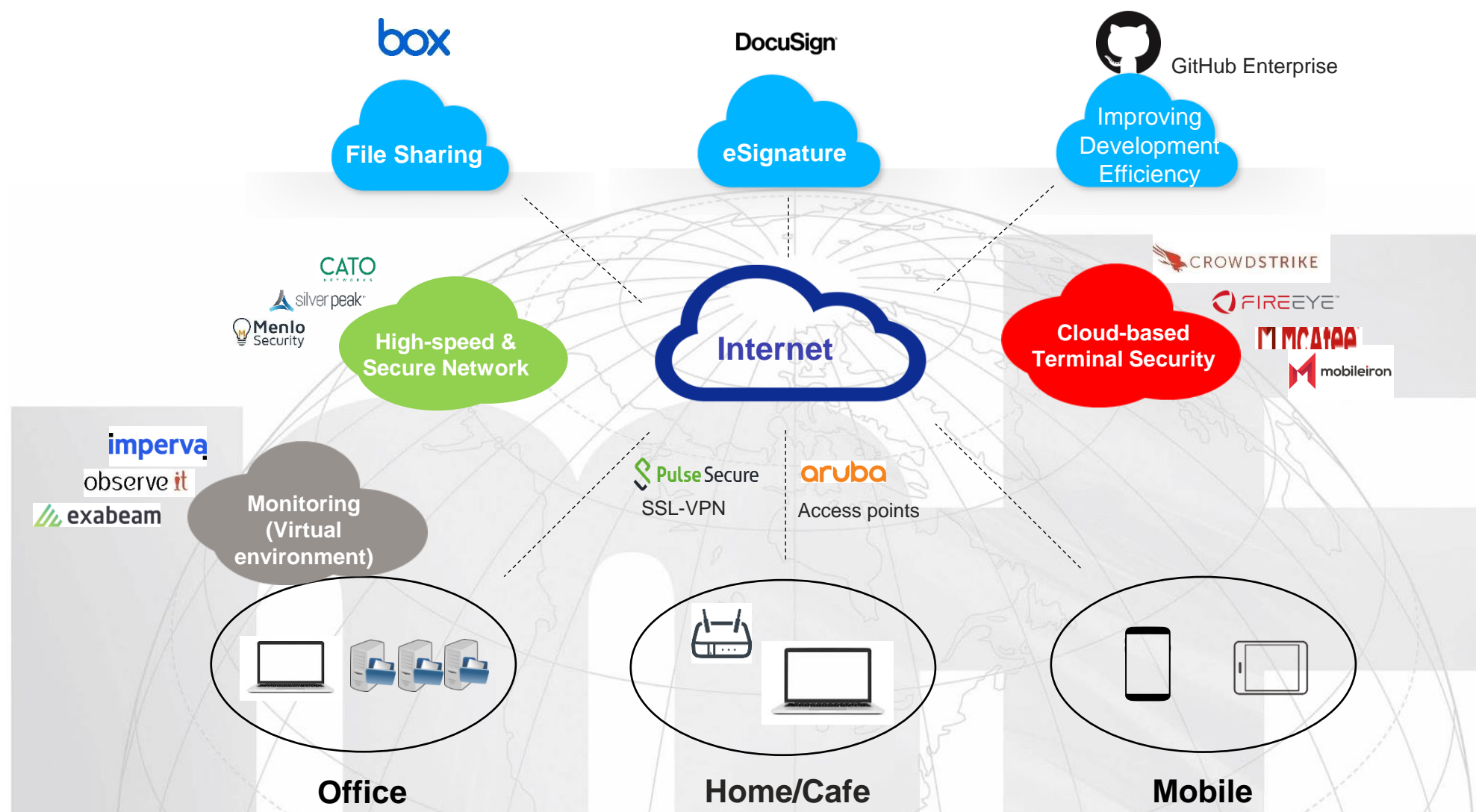
- Experience**
- Work-style reforms in progress
 - Frequent meetings with overseas suppliers using digital communication

- Strength**
- Presence of Group companies with strength in network & security

3. Increased Operational & Asset Efficiency



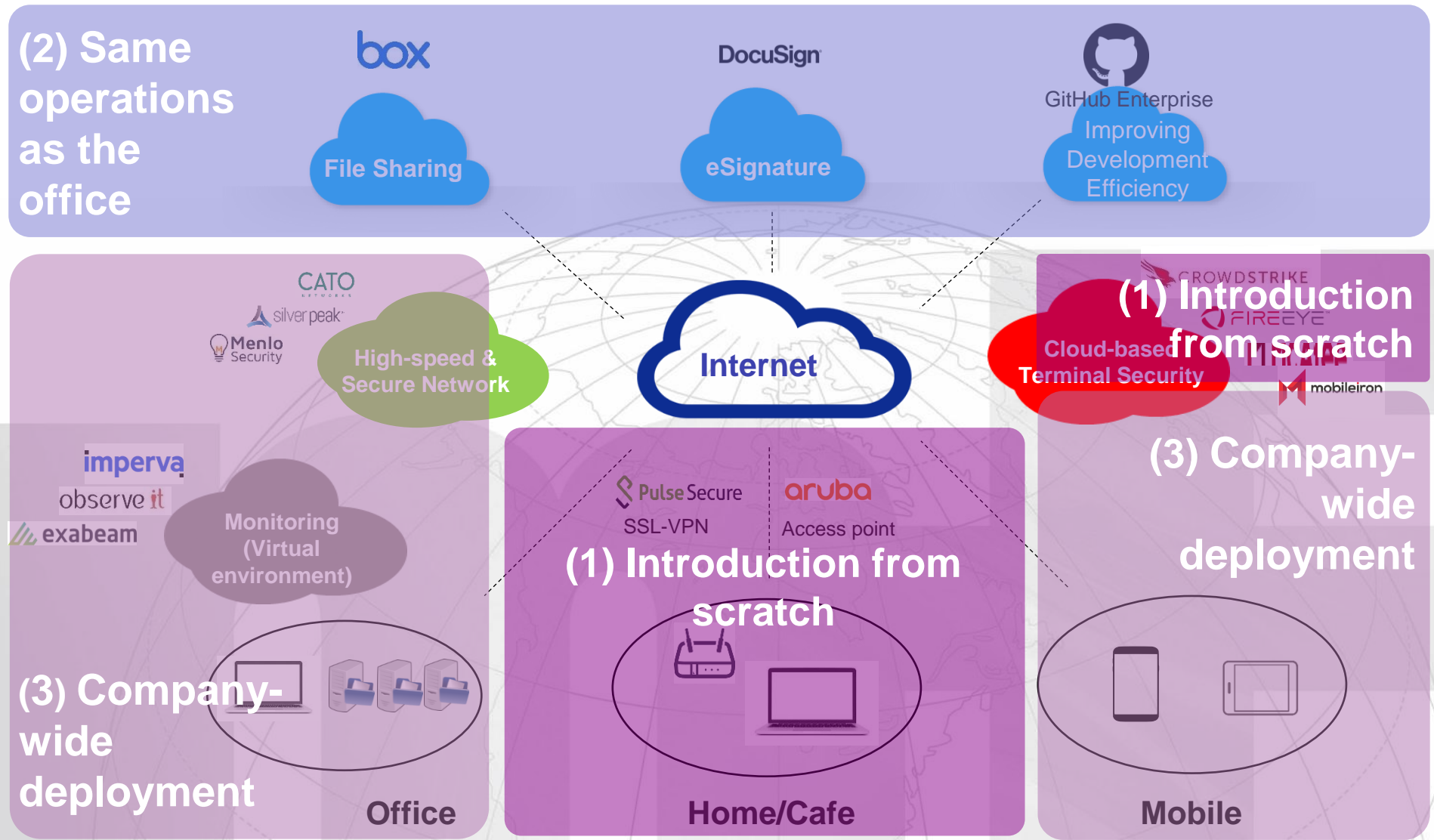
BCP Measure Support Solution





3. Increased Operational & Asset Efficiency

BCP Support Measurement Solution



Quantitative Targets



	FY2021 Target
Consolidated Net Sales	Over ¥650 billion
Consolidated Net Income	Over ¥13 billion
Consolidated ROE	Over 9.0%
Operating Cash Flow	Over ¥10 billion Accumulated over 3 years

