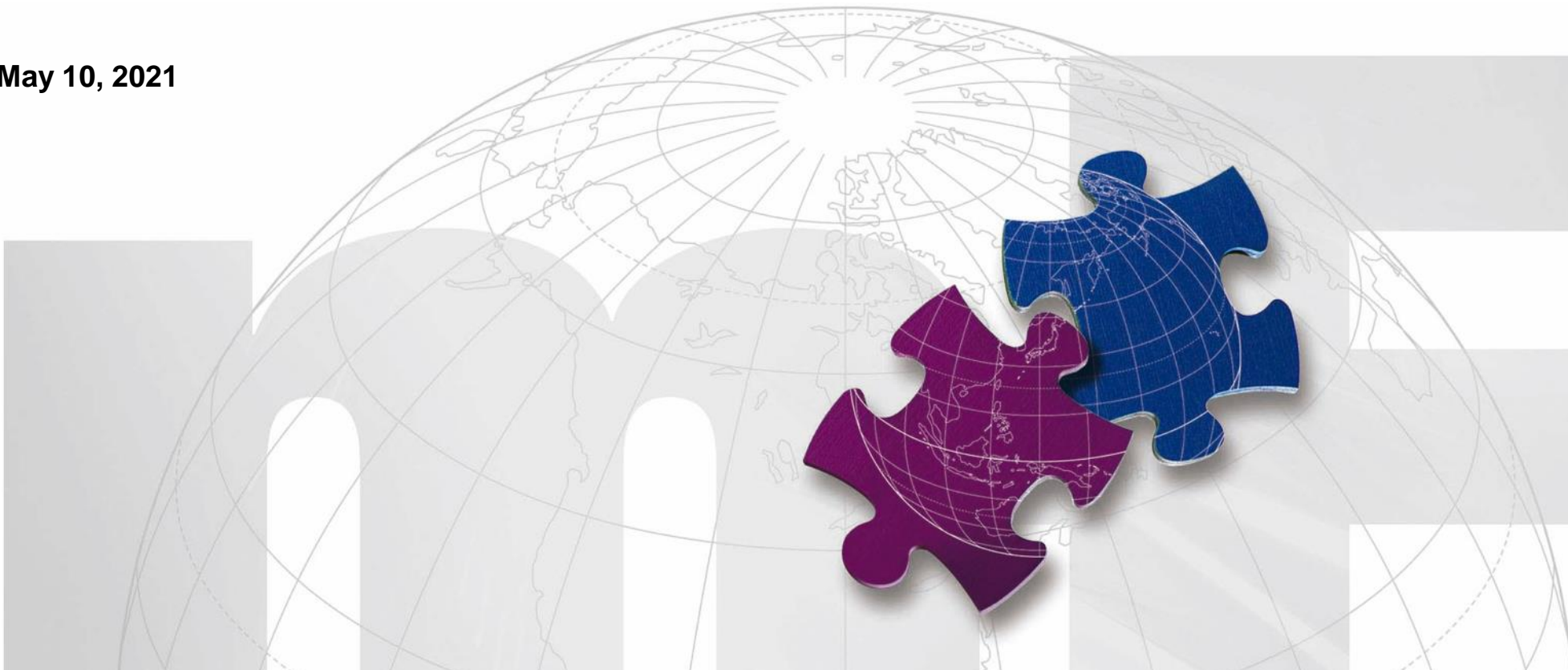


# Macnica Fuji Electronics Holdings, Inc. Financial Results Briefing for FY2020

May 10, 2021



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 FY2020 (Consolidated)**
- II Outlook for FY2021 (Consolidated)**
- III Shareholder Return**

## Part II

- I Mid-Term Management Plan (FY2019-2021)**

## Part I

### **I Results for FY2020 (Consolidated)**

### **II Outlook for FY2021 (Consolidated)**

### **III Shareholder Return**

## Part II

### **I Mid-Term Management Plan (FY2019-2021)**

# Consolidated Operating Results (Y/Y change)



Billion yen	FY2019 Actual	FY2020 Actual	Difference	Y/Y Change	Variation Factors
Net Sales	521.2	554	32.8	6.3%	Industrial equipment market was strong driven by demand in China; Sales of cloud- and security-related products strong due to increased remote work
Gross Profit	59.9	64.8	4.9	8.3%	Due to increase in net sales
Operating Income	14.4	18.8	4.4	29.9%	Reduced SG&A expenses; Actively promoting digital sales, remote work
Ordinary Income	11.1	16.4	5.3	48.1%	Due to foreign exchange gains and a decrease in interest expenses, despite an equity in net loss of affiliates
Net Income Owners of Parent	5.6	10.9	5.3	93.1%	Recorded loss on valuation of investment securities in FY2019

# Consolidated Operating Results (Y/Y change)



Billion yen	FY2020 Forecast as of Nov 2	FY2020 Actual	Difference	Actual / Forecast
Net Sales	522	554	32	6.1%
Gross Profit	59	64.8	5.8	9.8%
Operating Income	14.6	18.8	4.2	29.0%
Ordinary Income	13.8	16.4	2.6	18.8%
Net Income Owners of Parent	8.6	10.9	2.3	26.5%

# Consolidated Balance Sheet



Billion yen	As of 3/31/20	As of 3/31/21	Major Factors
Current Assets	236.4	243.4	Decreased ¥8.4 billion products; Decreased ¥8.4 billion other current assets; Increased ¥10.7 billion cash and deposits; Increased ¥13.3 billion notes & accounts receivable
Fixed Assets	26.9	26.2	Increase ¥1.1 billion intangible assets; Decrease ¥2.1 billion investment securities due to loss on valuation of shares of subsidiaries and associates
<b>Total Assets</b>	<b>263.2</b>	<b>269.6</b>	
Current Liabilities	117	108.4	Increased ¥14.5 billion notes & accounts payable; Decreased ¥26.5 billion short-term loans payable
Long-Term Liabilities	10.7	15.2	Increased ¥4.7 billion long-term debt
<b>Total Liabilities</b>	<b>127.7</b>	<b>123.6</b>	
<b>Total Net Assets</b>	<b>135.6</b>	<b>146</b>	Increased ¥7.8 billion retained earnings; Increased ¥2.3 billion translation adjustments
<b>Total Liabilities &amp; Net Assets</b>	<b>263.2</b>	<b>269.6</b>	

# Consolidated Statement of Cash Flows



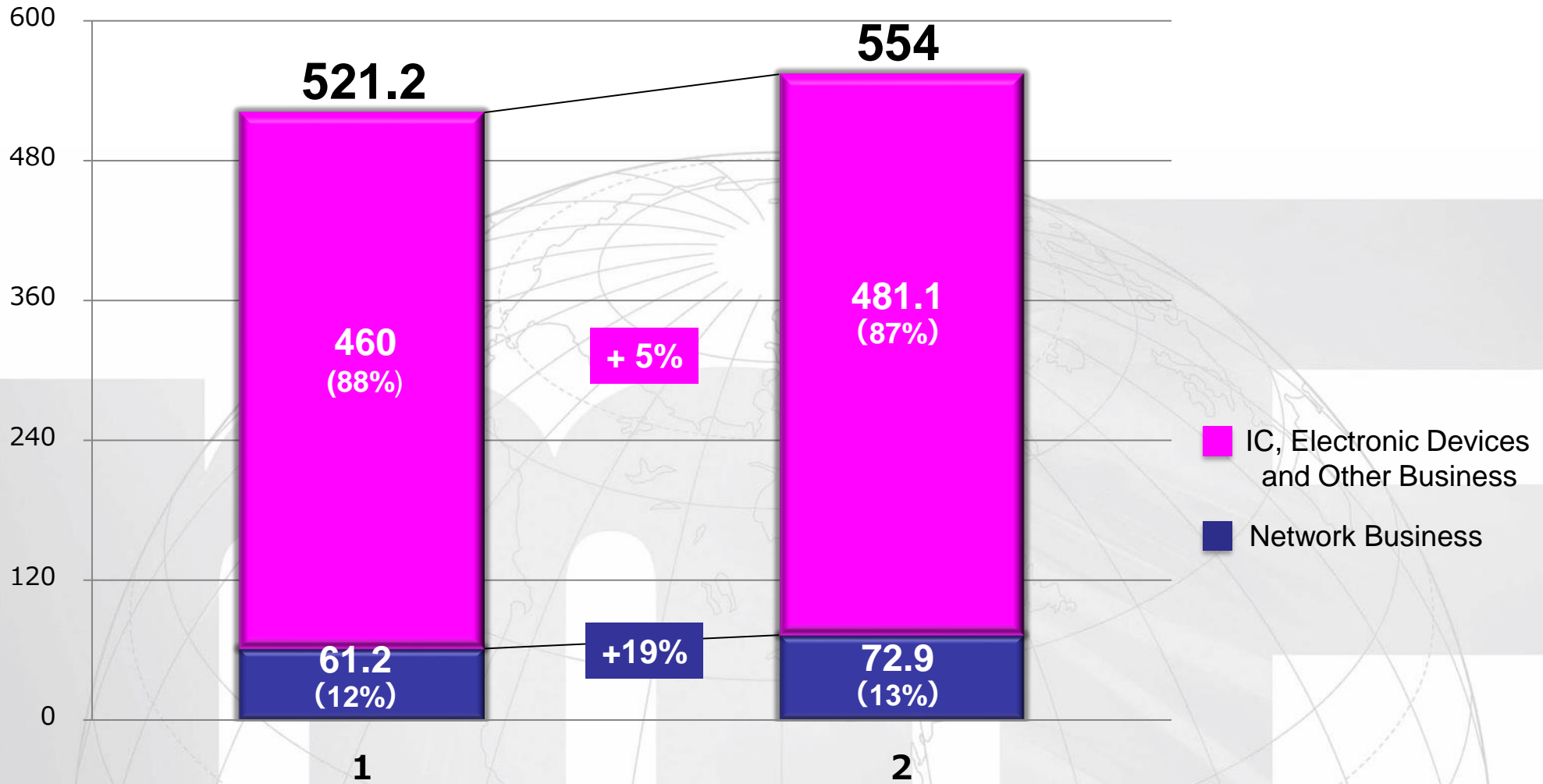
Billion yen	FY2019	FY2020	Major Factors
Cash Flow from Operating Activities	45.8	38.1	Increased notes and accounts receivable; Increased ¥16.3 billion income before income taxes; Decreased inventories and other current assets; Increased trade payable
Cash Flow from Investing Activities	▲8.9	▲2.2	Purchases of property and equipment and intangible assets
Cash Flow from Financing Activities	▲35.8	▲26.2	Net decrease in short-term loans, repayment of long-term debt and payment of cash dividends, despite proceeds from long-term debt
Cash & Cash Equivalents at Year End	14.7	25.4	Increased ¥10.7 billion compared to ¥14.7 billion at end of previous consolidated fiscal year



# Consolidated Net Sales by Segment

**554 bil yen Y/Y Change +6.3%**

Billion yen  
(Component %)



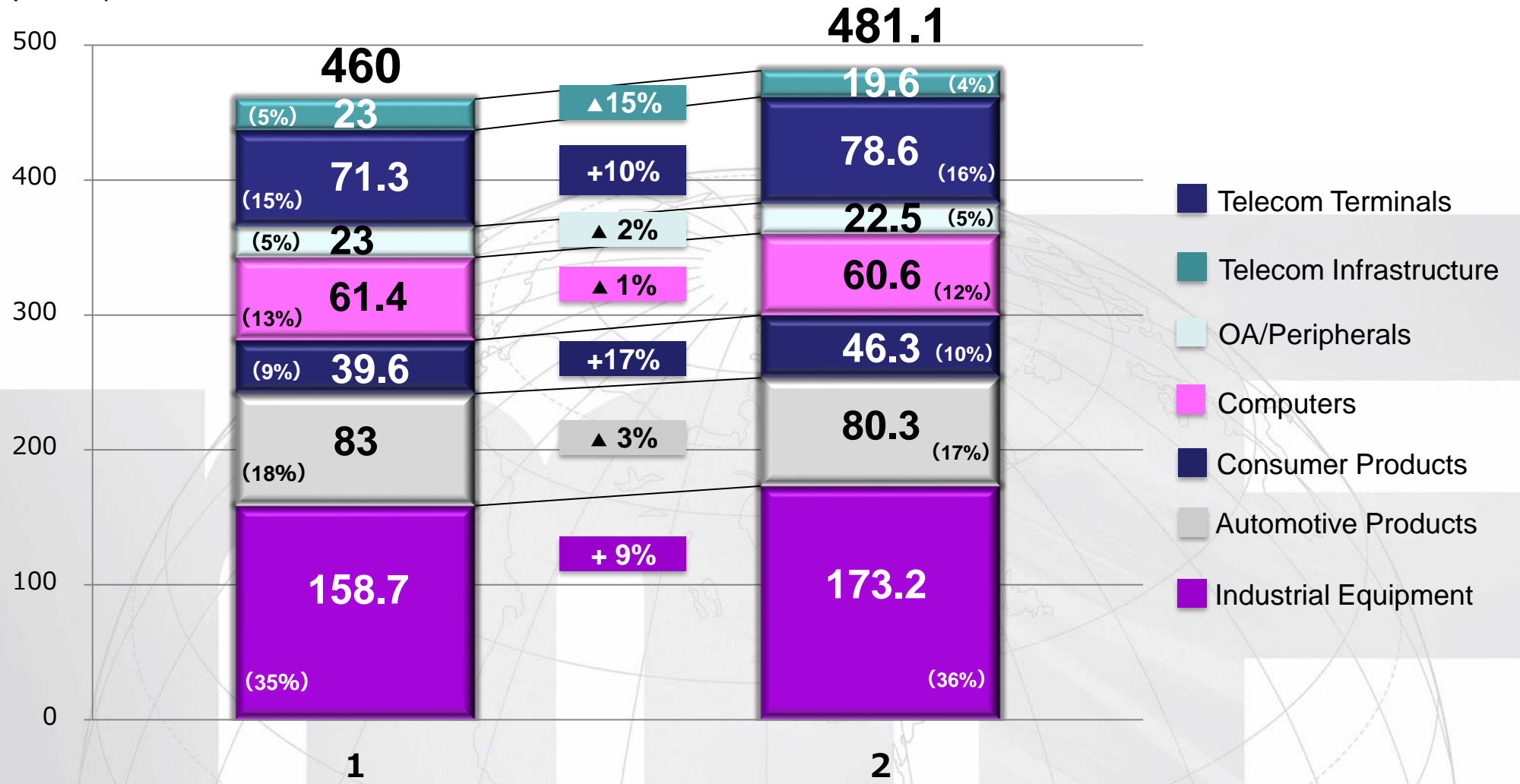




# IC, Electronic Devices, Other Business (by Application)

**481.1 bil yen Y/Y Change +4.6%**

Billion yen  
(Component %)

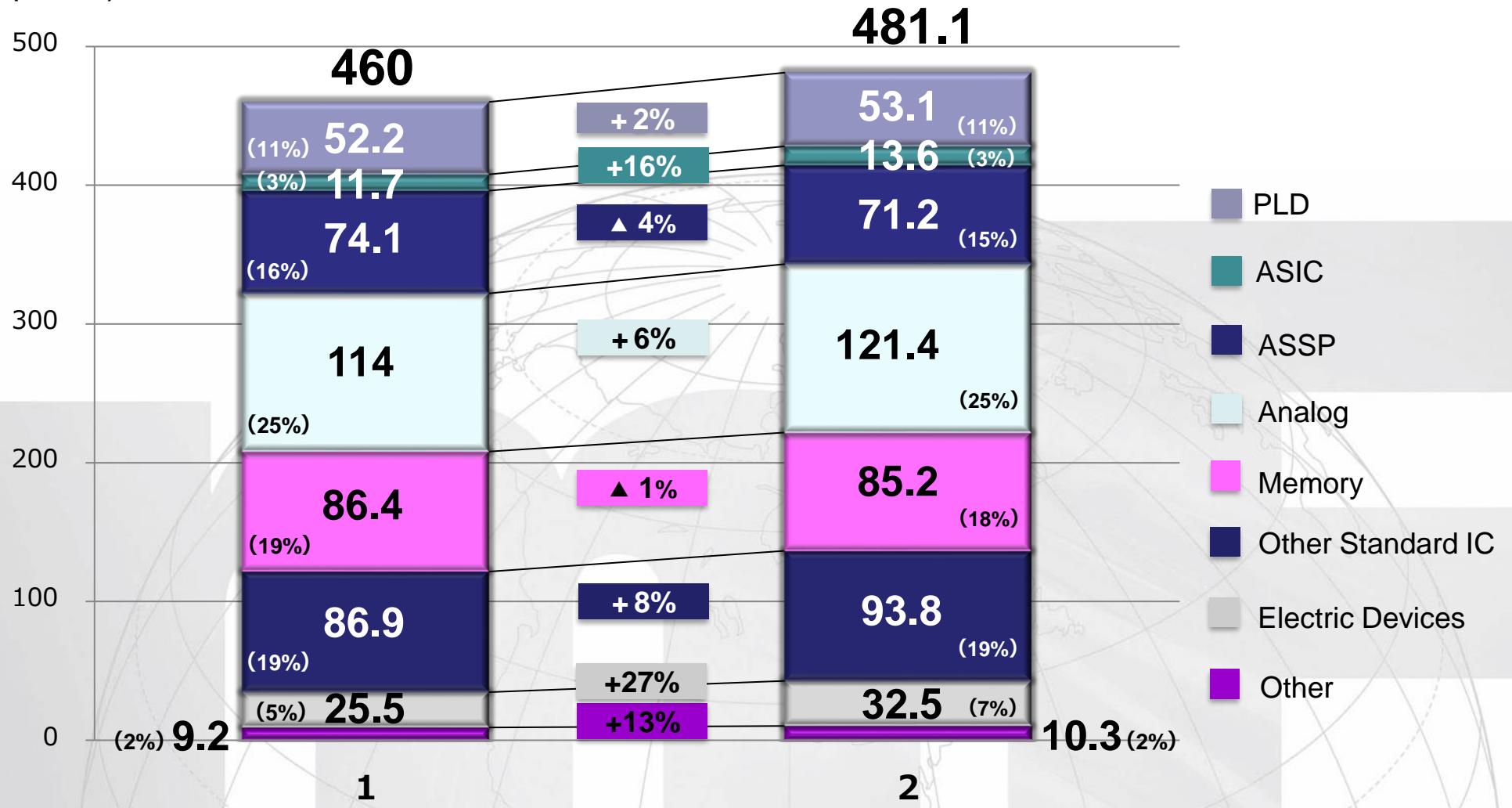




# IC, Electronic Devices, Other Business (by Product)

**481.1 bil yen Y/Y Change +4.6%**

Billion yen  
(Component %)

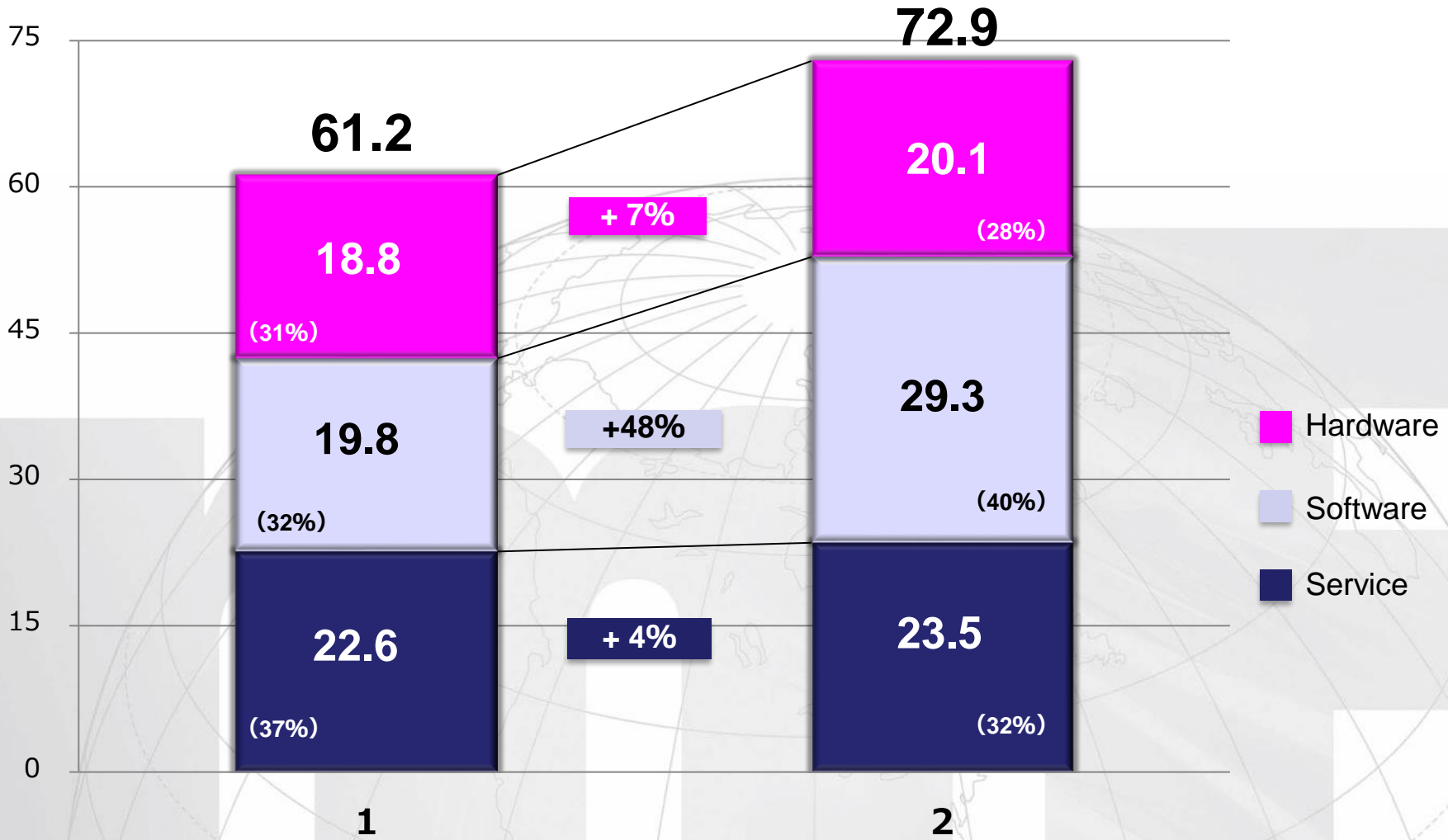




# Network Business (by Product)

## 72.9 bil yen Y/Y Change +19.0%

Billion yen  
(Component %)



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**I Mid-Term Management Plan (FY2019-2021)**

# Consolidated Forecast Highlights



Billion yen	FY2020 Actual	FY2021			Y/Y Change
		1H Est.	2H Est.	Full Year Est.	
Net Sales	<b>554</b>	<b>315</b>	<b>315</b>	<b>630</b>	<b>13.7%</b>
IC, Electronic Devices and Other Business	<b>481.1</b>	<b>278.1</b>	<b>275</b>	<b>553.1</b>	<b>15.0%</b>
Network Business	<b>72.9</b>	<b>36.9</b>	<b>40</b>	<b>76.9</b>	<b>5.3%</b>
Gross Profit	<b>64.8</b>	<b>35.9</b>	<b>36.2</b>	<b>72.1</b>	<b>11.3%</b>
Operating Income	<b>18.8</b>	<b>10.4</b>	<b>10.6</b>	<b>21</b>	<b>11.9%</b>
Ordinary Income	<b>16.4</b>	<b>9.8</b>	<b>10.2</b>	<b>20</b>	<b>22.0%</b>
Net Income Owners of parent	<b>10.9</b>	<b>6.5</b>	<b>6.5</b>	<b>13</b>	<b>19.5%</b>

# IC, Electronic Devices and Other Business



## Continued growth for industrial equipment & automotive markets

- In the industrial equipment segment, semiconductor manufacturing equipment and factory automation equipment are expected to remain strong.
- Demand for automotive products is expected to remain firm against the backdrop of the electrification of automobiles.
- Demand for telecommunications infrastructure to continue, for 5G & servers.
- U.S. & China Trade friction, semiconductor shortages expected to continue.



# Network Business



## Security and cloud-related products continue as driving force

- Endpoint security-related products and cloud security-related products are expected to continue leading as security measures that do not rely on perimeter protection.
- Cloud-related products are expected to continue strong in line with new work styles, such as tele-working, and lead to increased business efficiency, while data-related products are expected to grow as the importance of corporate data utilization increases.



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# Dividend



## ● Dividend Policy

The Group's basic policy is to ensure an internal reserve as necessary for future business deployment and to further enhance and strengthen management, while returning maximal profit to shareholders and paying stable and regular dividends while taking account of various factors. In principle, the Group pays dividends twice a year: the first as the interim dividend and the second as the year-end dividend.

## ● Dividend Forecast

	Annual Dividends (yen)		
	Mid Term	End of Term	Total
<b>FY2019</b>	<b>25.00</b>	<b>25.00</b>	<b>50.00</b>
<b>FY2020</b>	<b>25.00</b>	<b>25.00</b>	<b>50.00</b>
<b>FY2021 (Forecast)</b>	<b>30.00</b>	<b>30.00</b>	<b>60.00</b>

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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**



# Merger of Macnica and Macnica Networks

## ■ Cyber Physical System

Improving efficiency of social systems

Co-Creation among different industries

Creation of new industries

### Data Driven Society with Cyber Physical System

**Cyberspace (Cyber)**

**Data × AI × Expertise**

Data

Feedback Control

**Real world (Physical)**

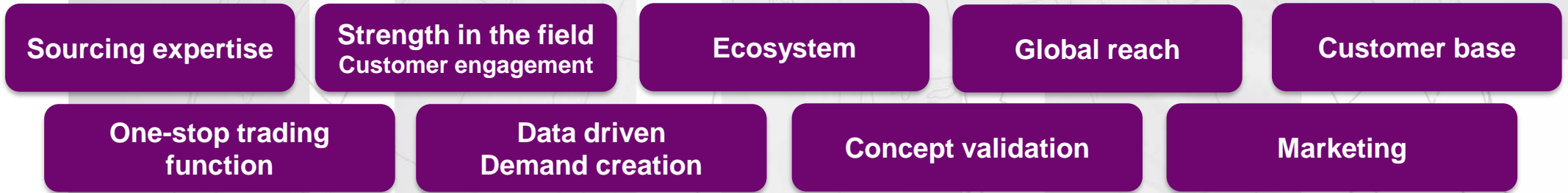
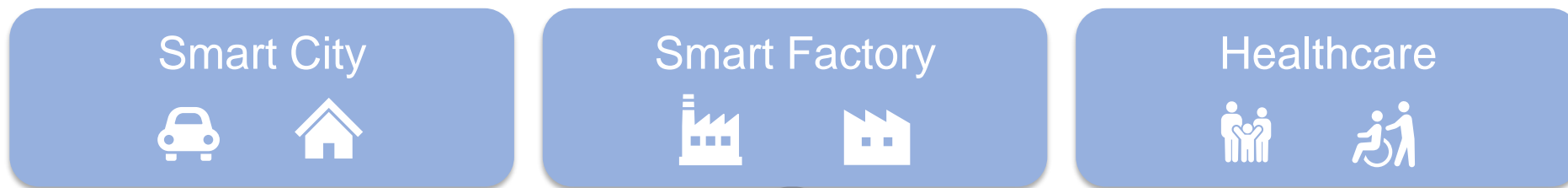
Sensor





# Merger of Macnica and Macnica Networks

## ■ Our aims in the Cyber Physical System



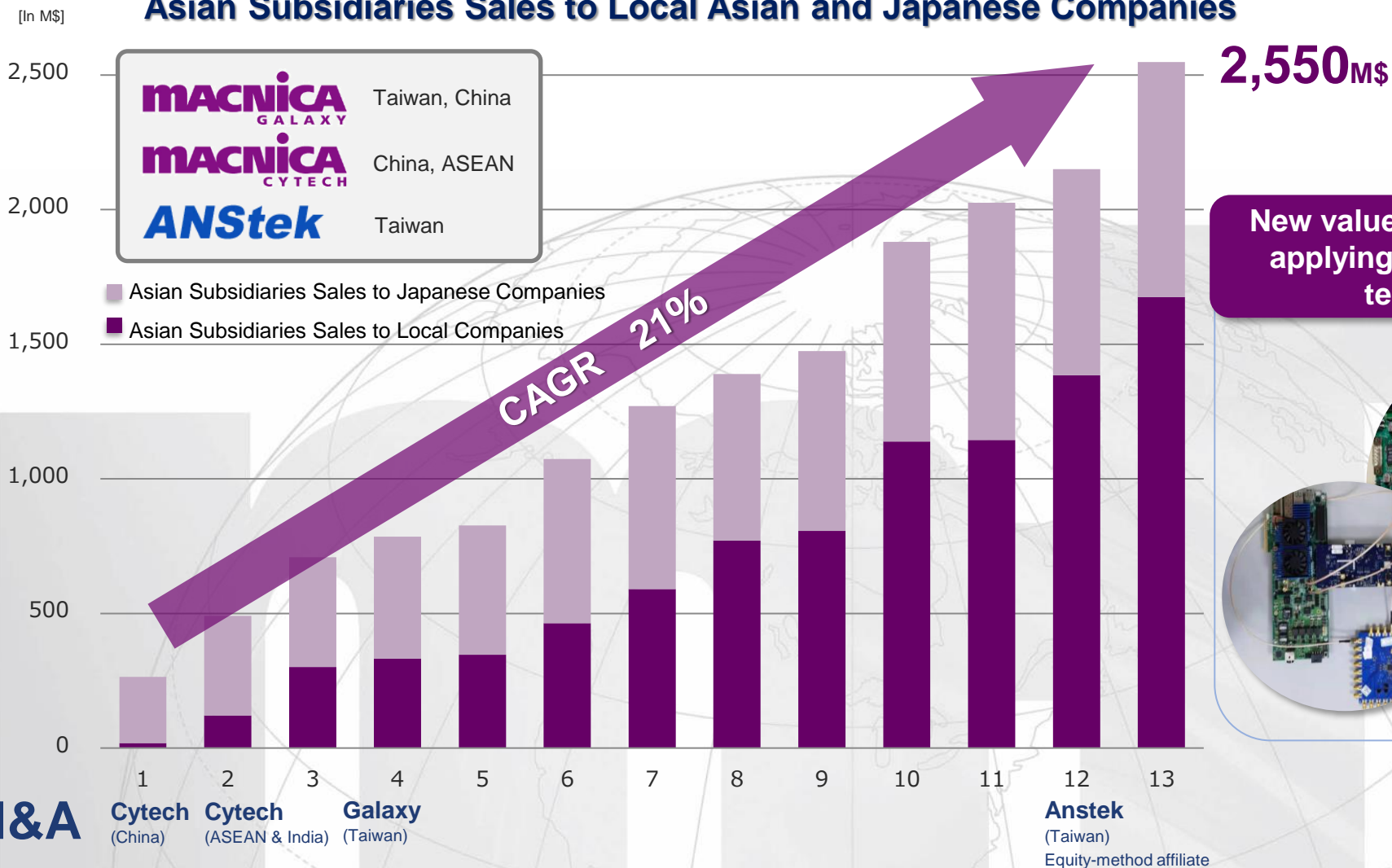


# 1. Growth Strategy: (1) Semiconductor Business

## ■ Establishing a Global Position

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

**Asian Subsidiaries Sales to Local Asian and Japanese Companies**



<b>MACNICA GALAXY</b>	Taiwan, China
<b>MACNICA CYTECH</b>	China, ASEAN
<b>ANStek</b>	Taiwan

**M&A**

**Cytech** (China)  
**Cytech** (ASEAN & India)  
**Galaxy** (Taiwan)

**Anstek** (Taiwan)  
 Equity-method affiliate

**mF Macnica Fuji Electronics**



# 1. Growth Strategy: (1) Semiconductor Business

## ■ New value-added solutions using semiconductor technology

### Semiconductor x IT: Entering the Implementation Phase

**Body surface temperature monitoring**

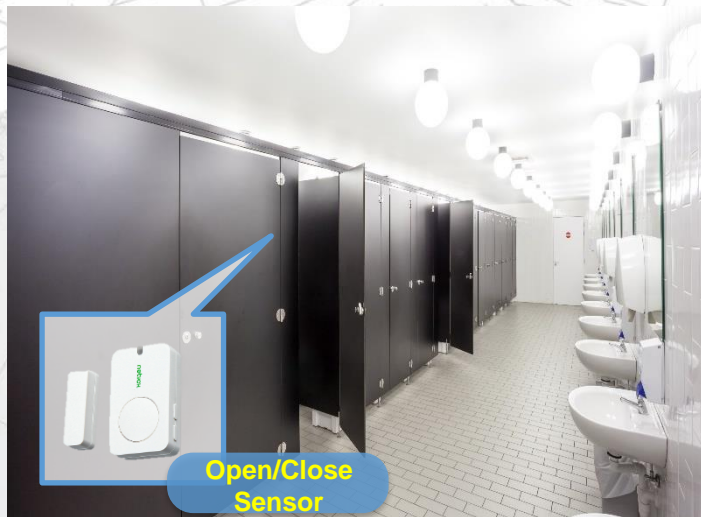
5 companies, 12 units ordered

**Toilet usage monitoring**

Implemented at major department stores

**Temperature and humidity monitoring**

Implemented at major logistics warehouses





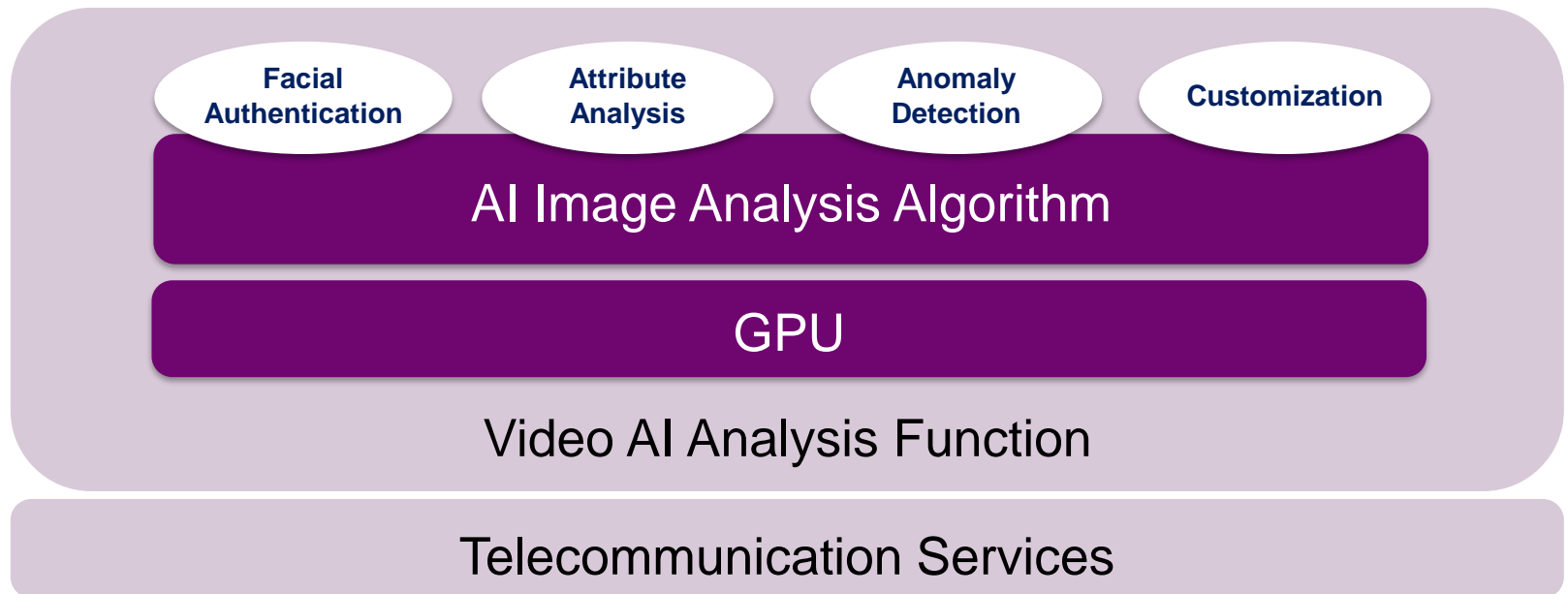
# 1. Growth Strategy: (1) Semiconductor Business

## ■ New value-added solutions using semiconductor technology

Demonstration with NTT East to commercialize AI image analysis platform



### NTT East Smart Innovation Lab





# 1. Growth Strategy: (2) Network Business

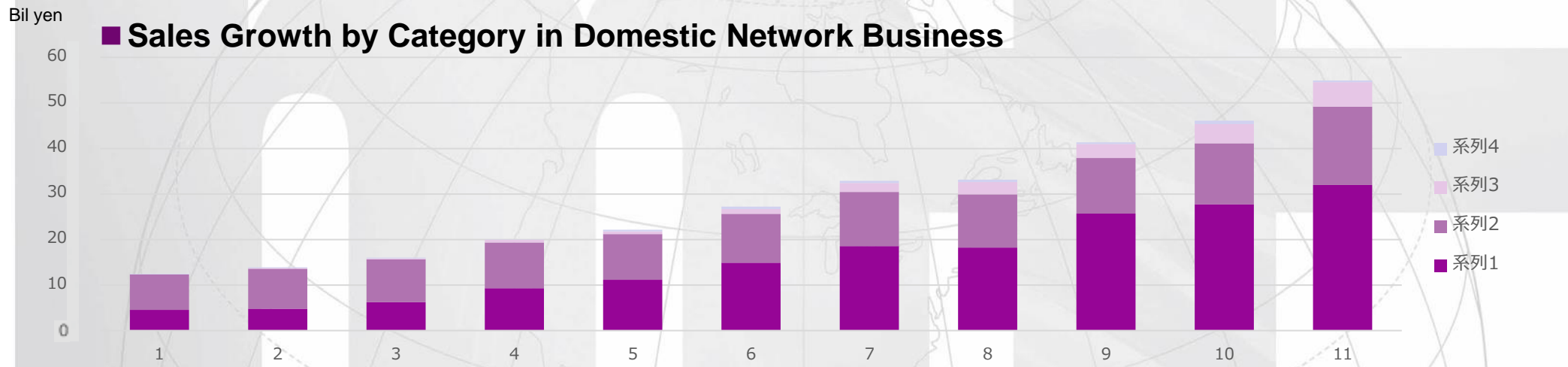
## Growth in Network Business



**CAGR 19% Growth over 10 years**  
(Domestic 16%)



(\*)Overseas sales in FY17 are for 2H only.

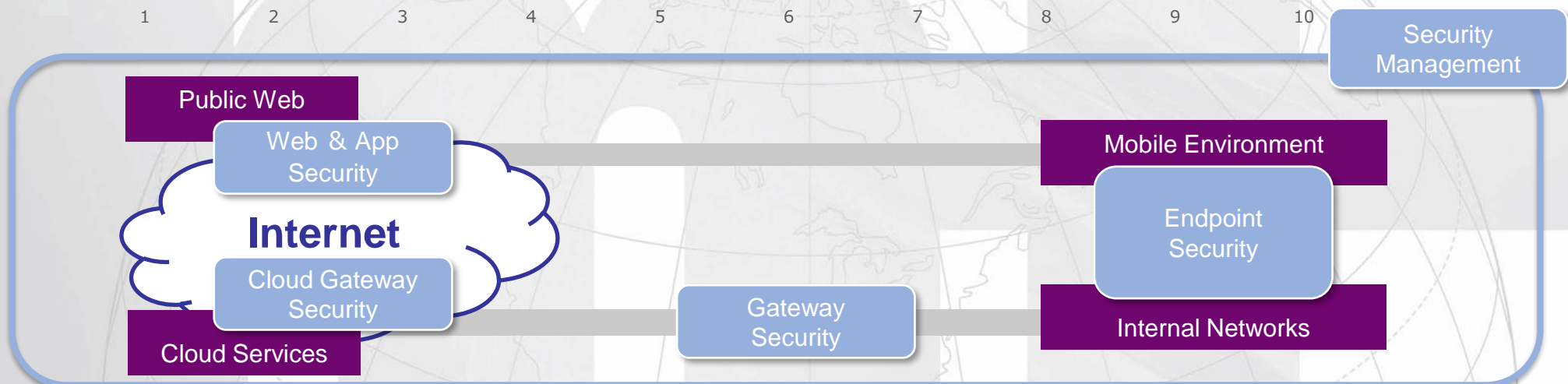
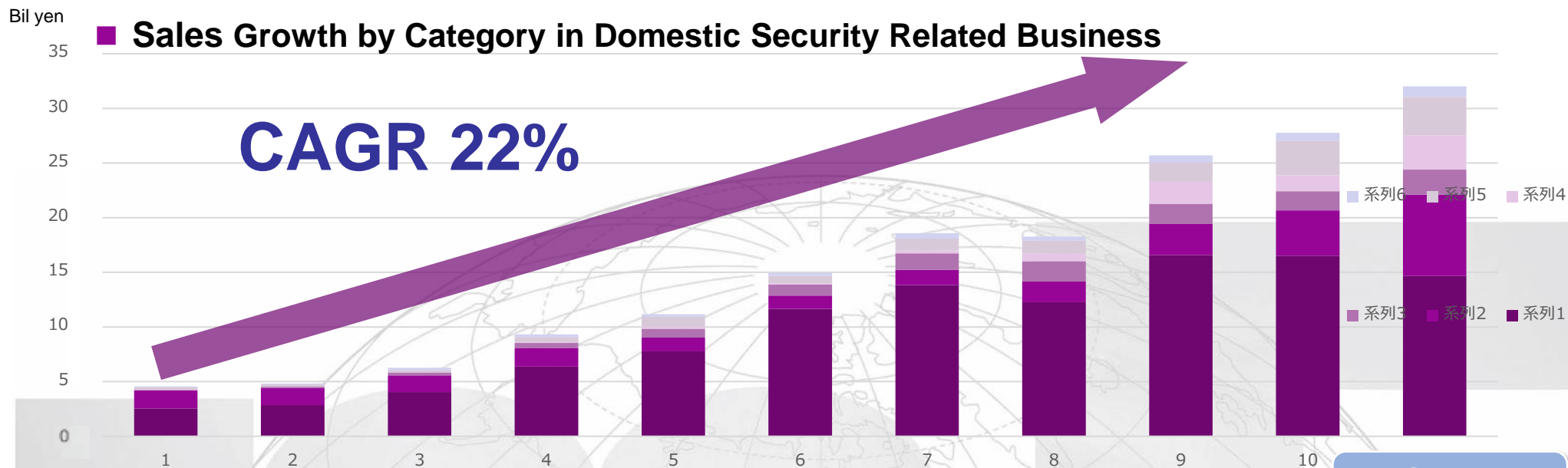




# 1. Growth Strategy: (2) Network Business

## Security

Growth in Endpoint and Cloud related security

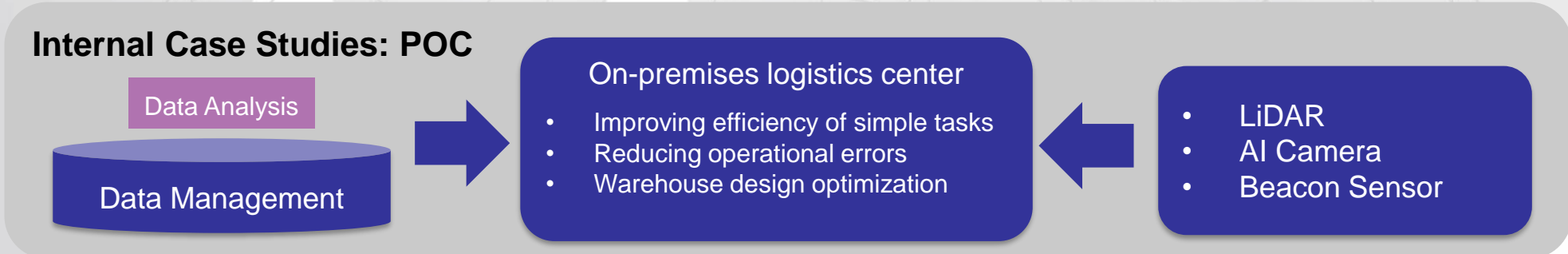
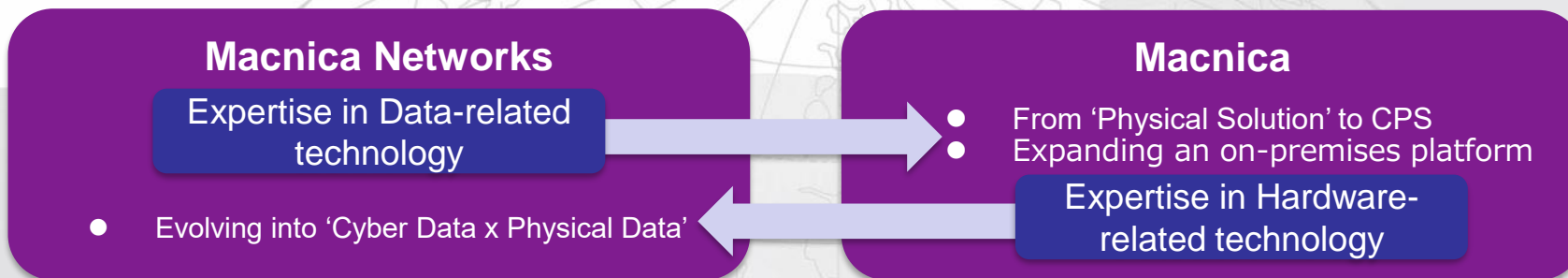
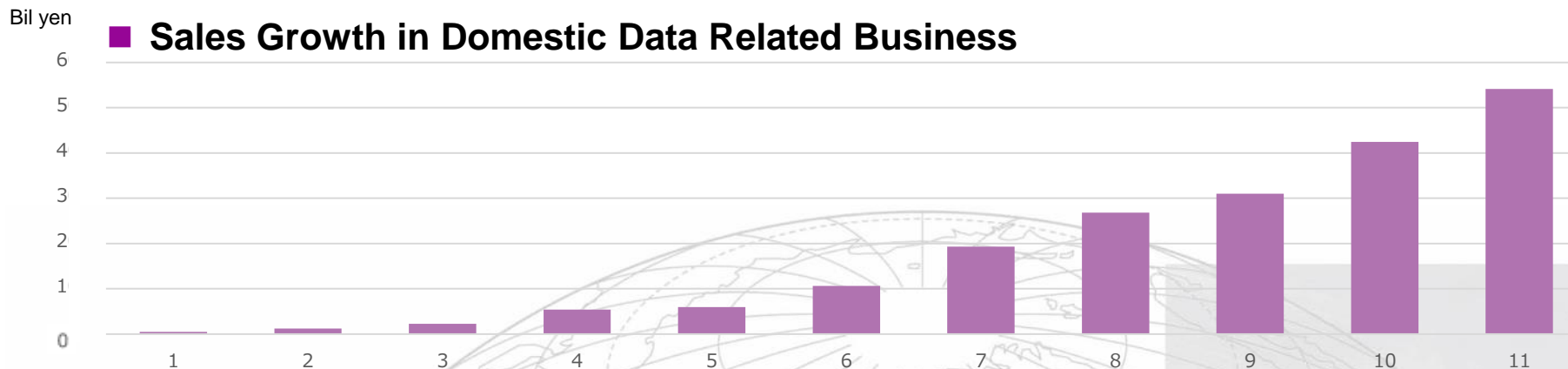




# 1. Growth Strategy: (2) Network Business

## Digital Solutions

Growth in Data Analytics Platform, Convergence with Cyber and Physical



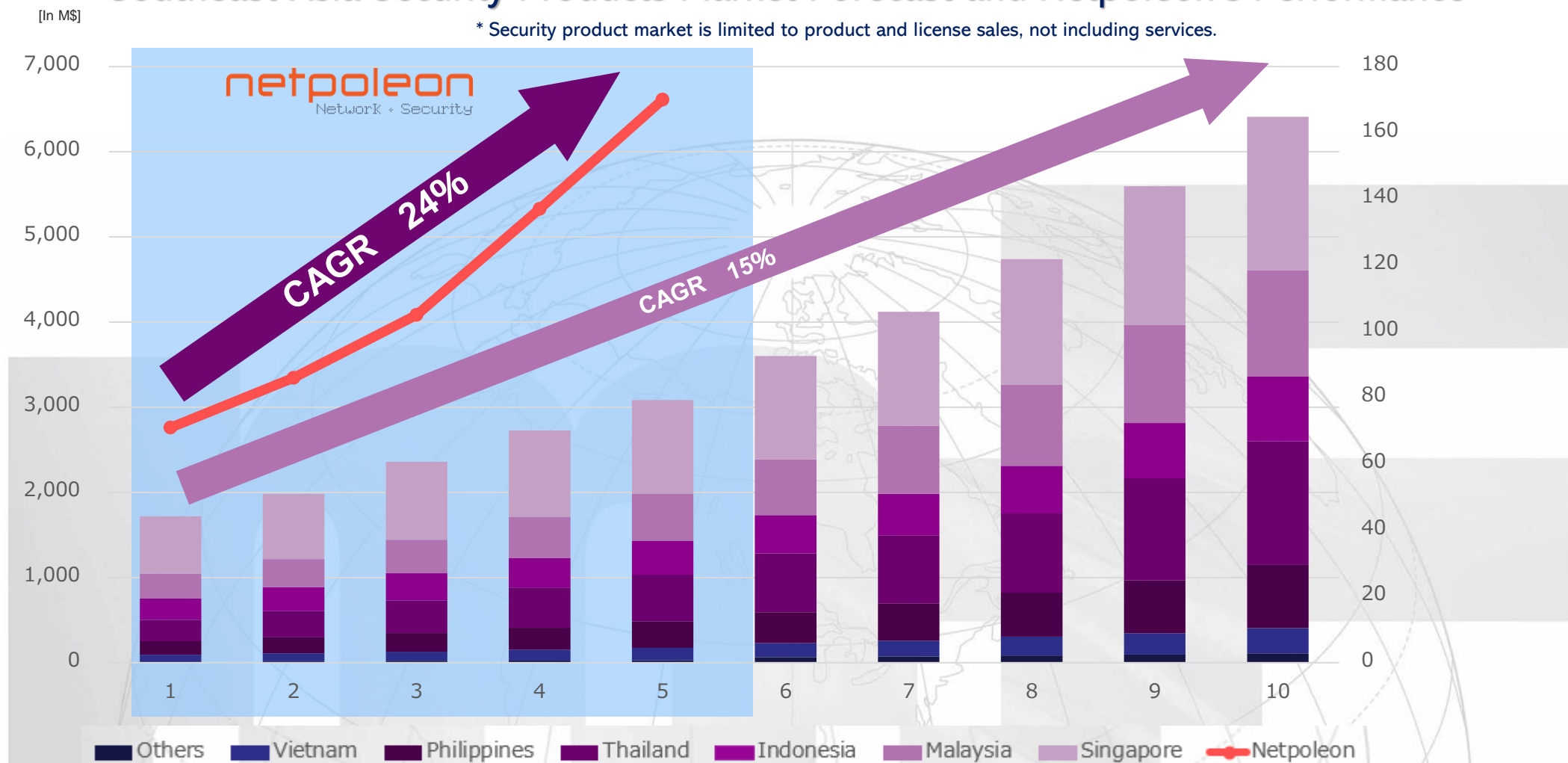


# 1. Growth Strategy: (2) Network Business

## Global Strategy

Selection and Focus on Growth Areas

### Southeast Asia Security Products Market Forecast and Netpoleon's Performance

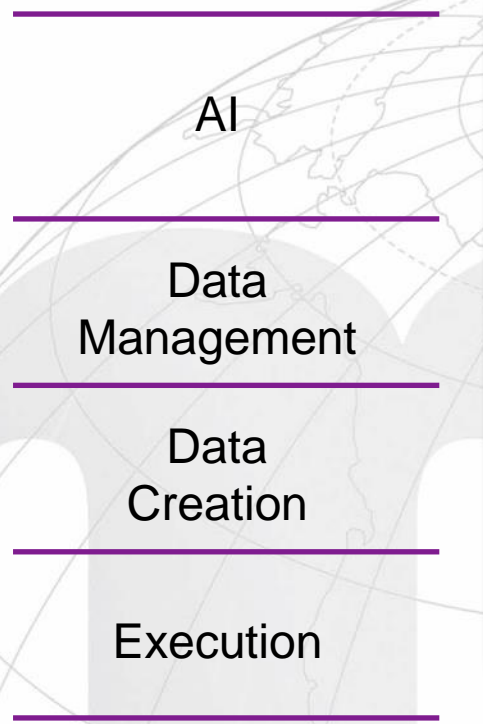




# 2. New Value-added Business Strategy

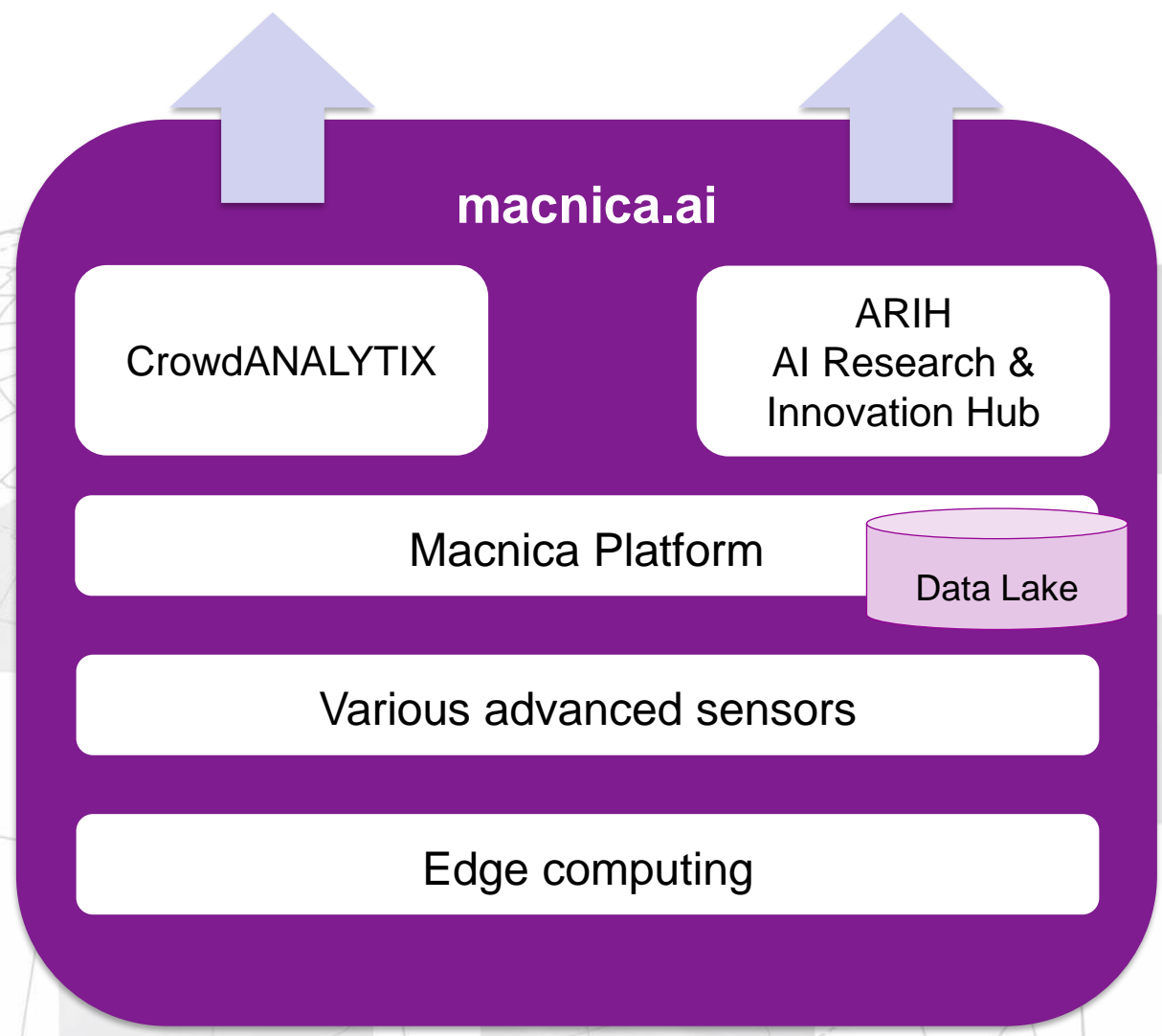
## ■ macnica.ai

- 80 Data Scientists in our Group
- Global Community of 25,000 Data Scientists
- Eco Partners in Japan and Overseas



B2B Solution

Smart Factory

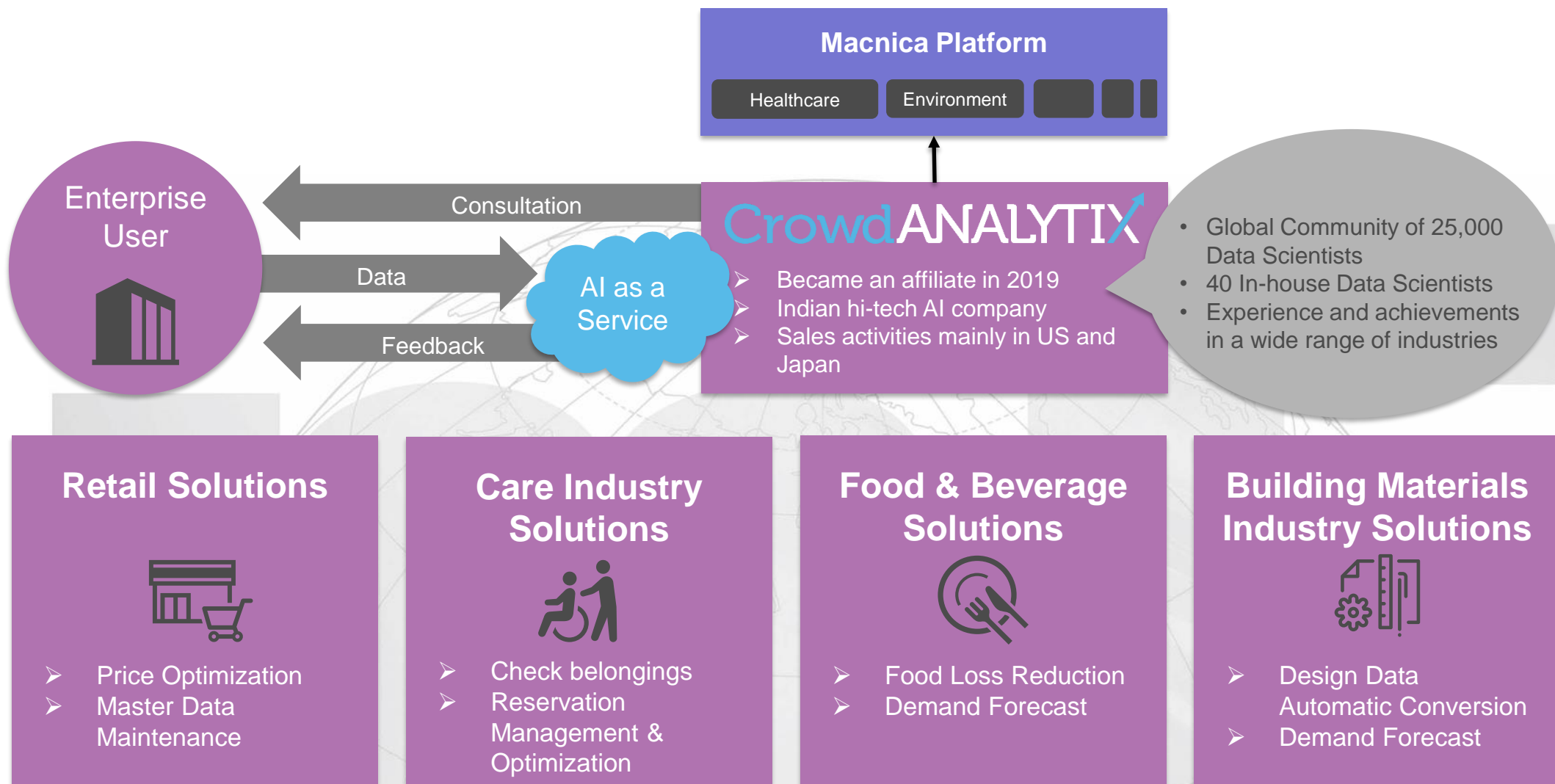




## 2. New Value-added Business Strategy

### ■ macnica.ai: CrowdANALYTIX

Developing B2B solutions & SaaS service platforms





# 2. New Value-added Business Strategy

## ■ macnica.ai: Expanding into Healthcare

### From Vital Sensors to Data Accumulation & Coordination

Combined solutions



Healthcare Service Infrastructure  
Powered by **CrowdANALYTIX**

Data coordination & Expertise



**Lifestyle Related Diseases Solutions**

- Capital Alliance with Arblet to Launch 24-Hour Vital Monitoring to Tackle Lifestyle-related Diseases

**Mental Health Solutions**

- Joint Research with Hiroshima University and Meiji Sika Pharma to Prevent Depression

Meiji Seika ファルマ株式会社

**Sport Tech Solutions**

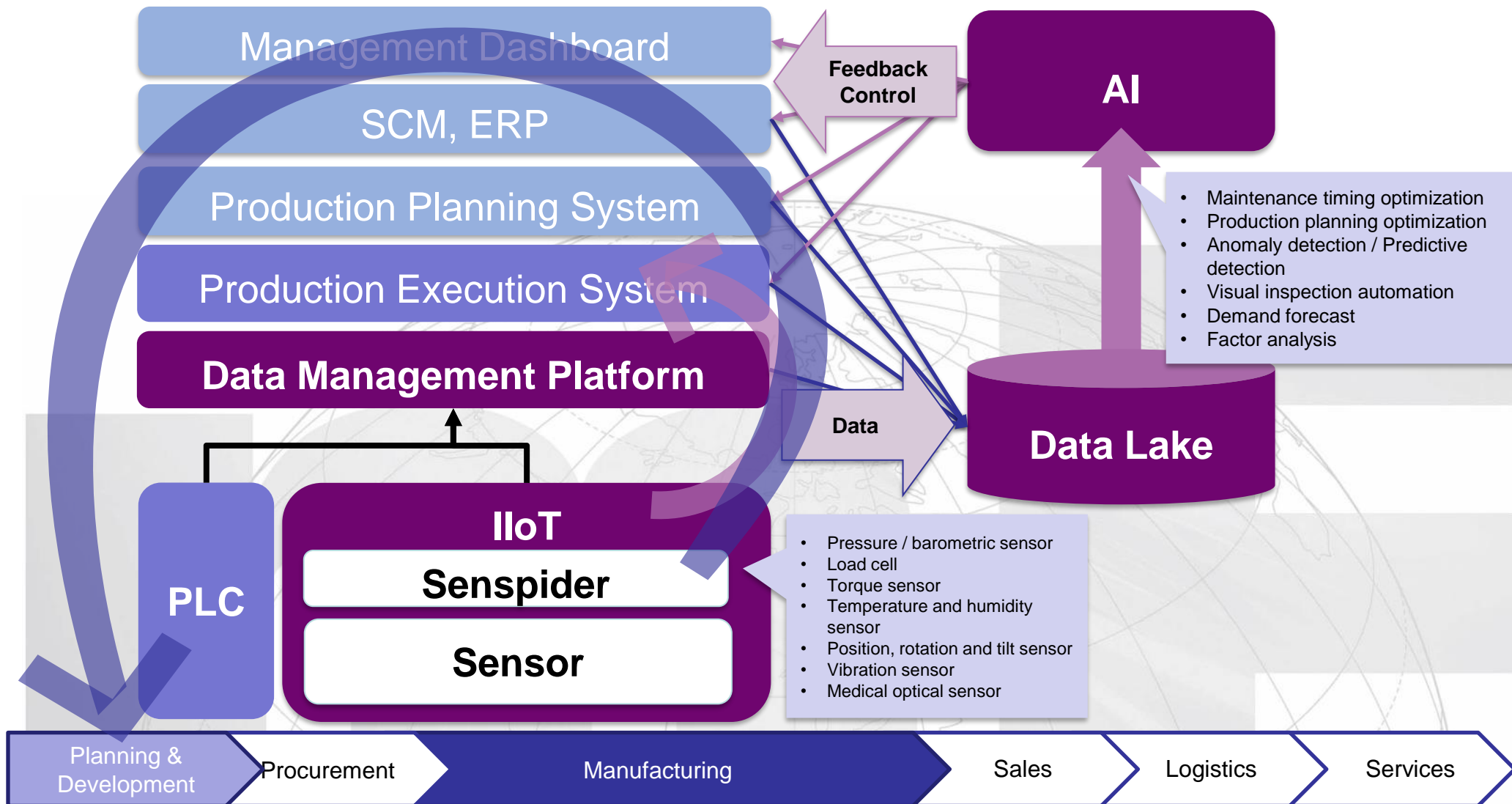
- Capital Alliance with Strive Tech to Provide Solution for Athletes, Physical Fitness Solution for Consumers



## 2. New Value-added Business Strategy

### ■ macnica.ai x IoT Solutions: Smart Factory

Capture data with IoT and develop solutions with AI



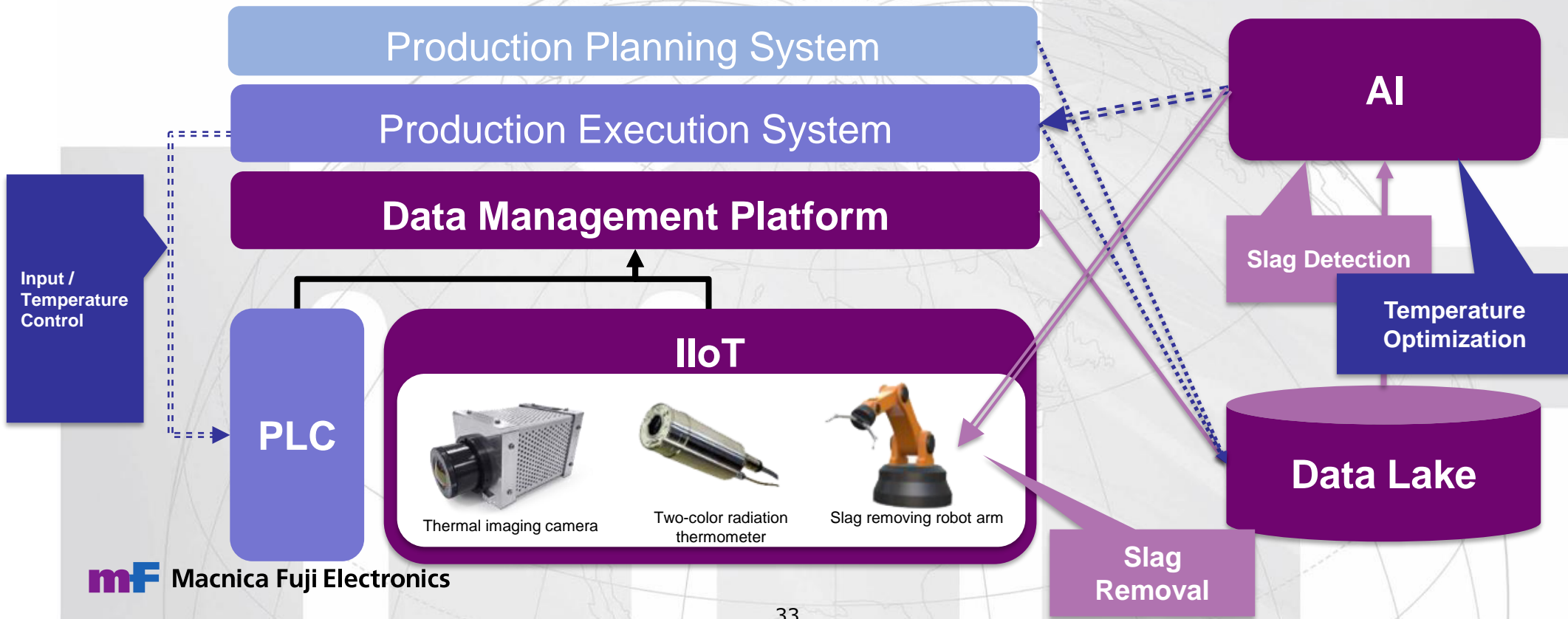
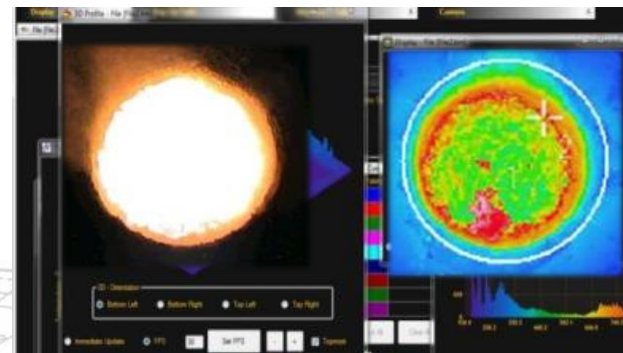
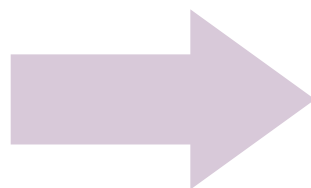




## 2. New Value-added Business Strategy

### ■ macnica.ai x IoT Solutions: Smart Factory

Examples of adoption in casting process

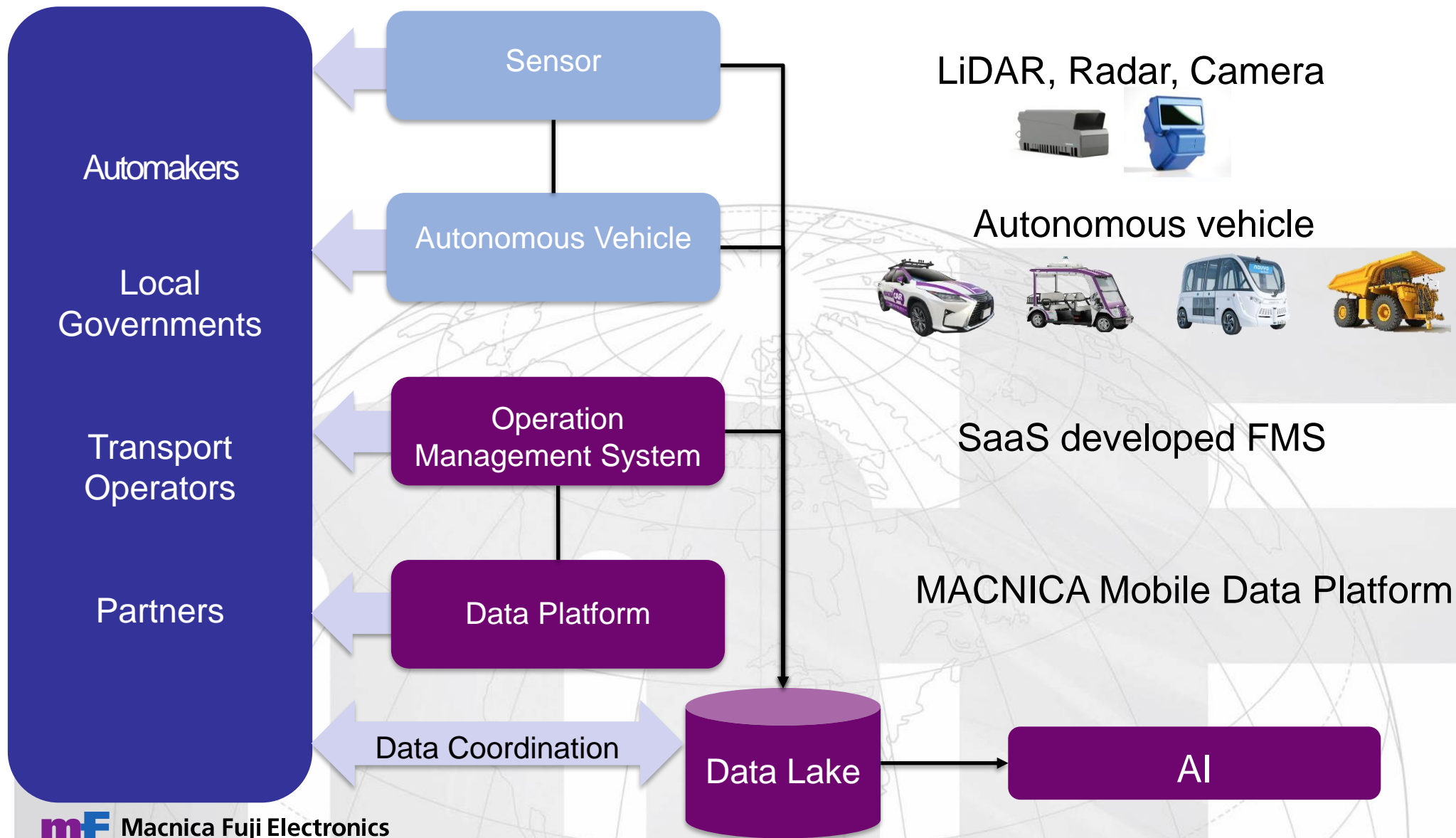




## 2. New Value-added Business Strategy

### ■ Automated Driving Solutions

#### Overview of Mobility Solutions





# 2. New Value-added Business Strategy

## Automated Driving Solutions Initiatives for Mobility Solutions



Sensor

11/24 Launches 'InnovizOne', the most advanced automotive-grade LiDAR  
4/14 Partners with Seoul Robotics, Korea

Autonomous Vehicle

11/17 Public road operation with autonomous ultra-compact mobility 'macniCAR-01'  
11/25 Sakai-machi, Ibaraki Prefecture, first to start regular autonomous bus service  
12/10 'macniCAR-01' to Smart Island Promotion Demonstration Survey, Hiroshima  
1/18 Launches NAVYA's 'EVO' compatible with autonomous driving level 4  
1/21 Social experiment of 'Calling a micro-robot taxi by voice'  
2/22 Demonstration experiment of new tourism experience using local 5G and MR  
3/18 Participates in '3 Days to Think about Next Generation Mobility in the City' in Yokkaichi City, Mie Prefecture

Operation Management System

3/18 Utilized in a demonstration experiment in Yokkaichi City, Mie Prefecture

Data Platform

1/19 Launches Macnica Mobility Data Platform (MMDP)  
2/10 Data collection on public roads  
3/29 Launches digital transformation platform service for local governments  
4/05 aptpod, Inc. and Macnica form capital and business alliance





## 2. New Value-added Business Strategy

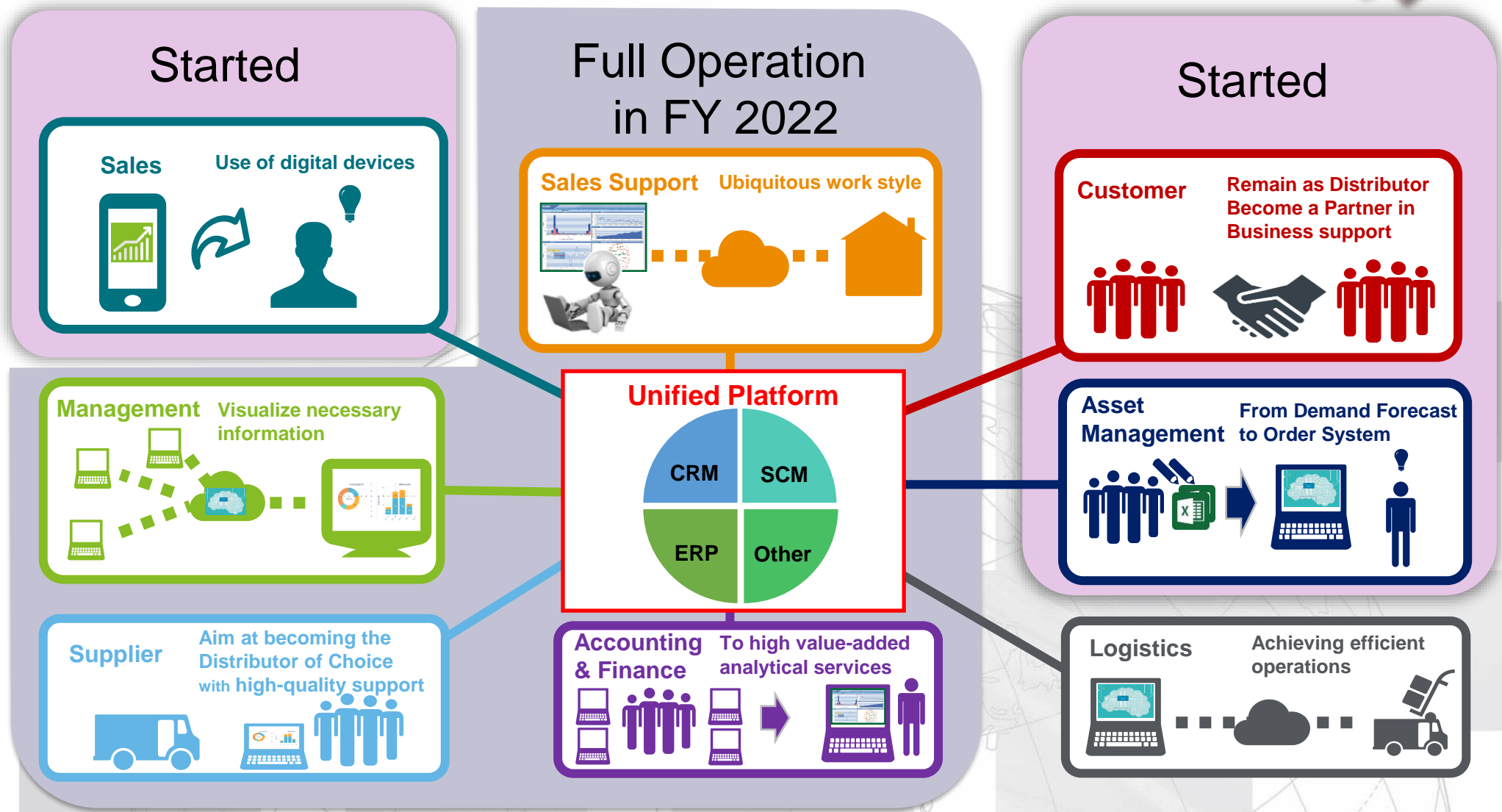
### ■ Service Robots

Transforming robots into autonomous mobile platforms & large cleaners





# 3. Increased Operational & Asset Efficiency





# Digitally Ready

## Digital Marketing Initiatives

Q1	Q2	Q3	Q4
----	----	----	----

Private Seminar

Webinar

● Macnica Networks Day  
2,273 people

● Macnica Exponential Technology  
2,526 people  
● Macnica Technology & Solution Fair  
1,157 people

56 sessions

114 sessions

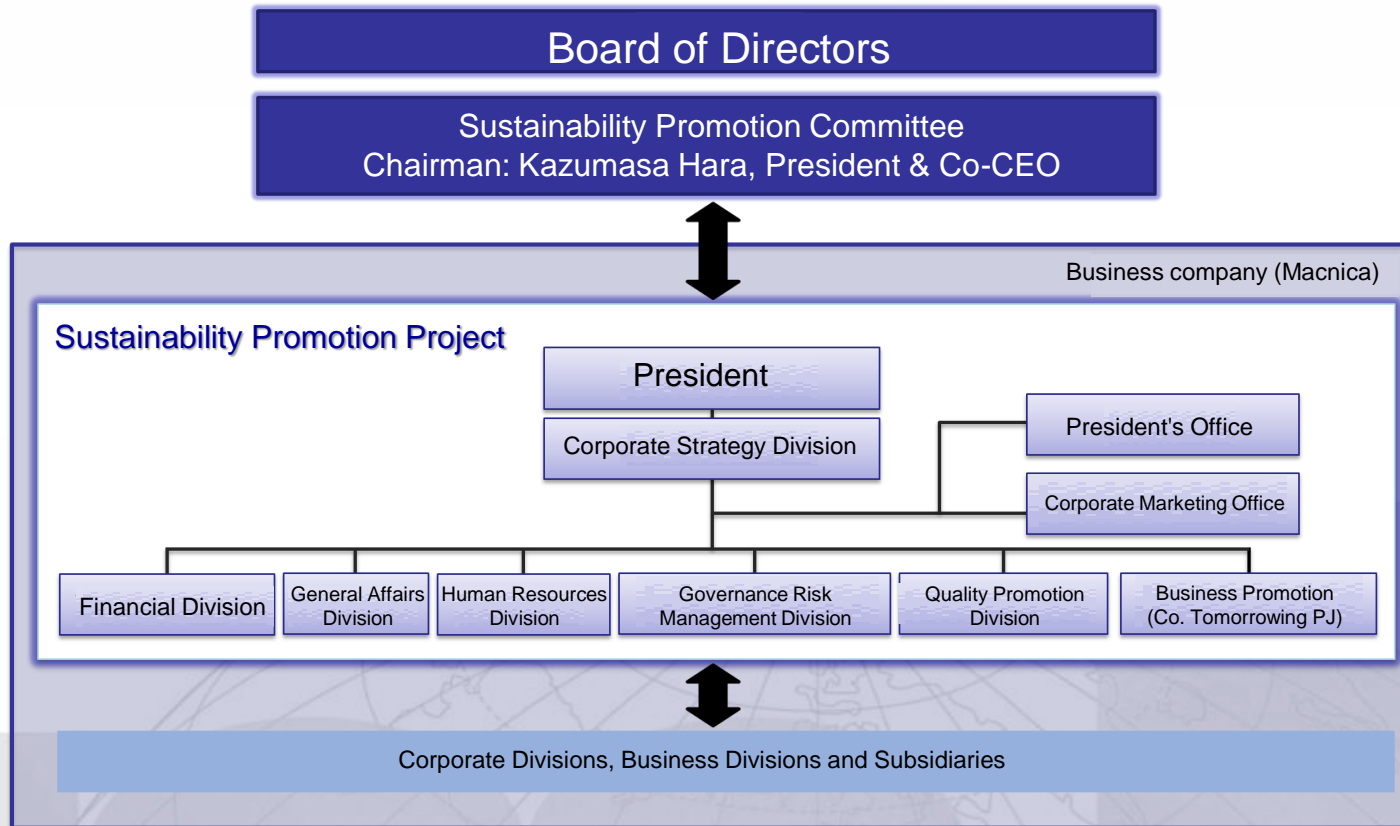
107 sessions

147 sessions





# Sustainability Management



## ESG Management - Macnica Way

### Corporate Culture

- Venture Spirit
- Core Value 'T.E.A.M.S'
- Quick Decision, Quick Action
- Aggressive, Accurate
- Open, Fair

### Strength

- Innovation
- Cyber & Physical (CPS)
- Sourcing (Connoisseur)
- Technical (Implementation) skills
- Global



# Quantitative Targets

	<b>FY2019-2021 Target</b>	<b>FY2021 Forecast</b> as of May 10
<b>Consolidated Net Sales</b>	<b>Over ¥650 billion</b>	<b>¥630 billion</b>
<b>Consolidated Net Income</b>	<b>Over ¥13 billion</b>	<b>¥13 billion</b>
<b>Consolidated ROE</b>	<b>Over 9.0%</b>	<b>Over 9.0%</b>
<b>Operating Cash Flow</b>	<b>Over ¥10 billion Accumulated over 3 years</b>	<b>Approx. ¥80 billion Accumulated over 3 years</b>



