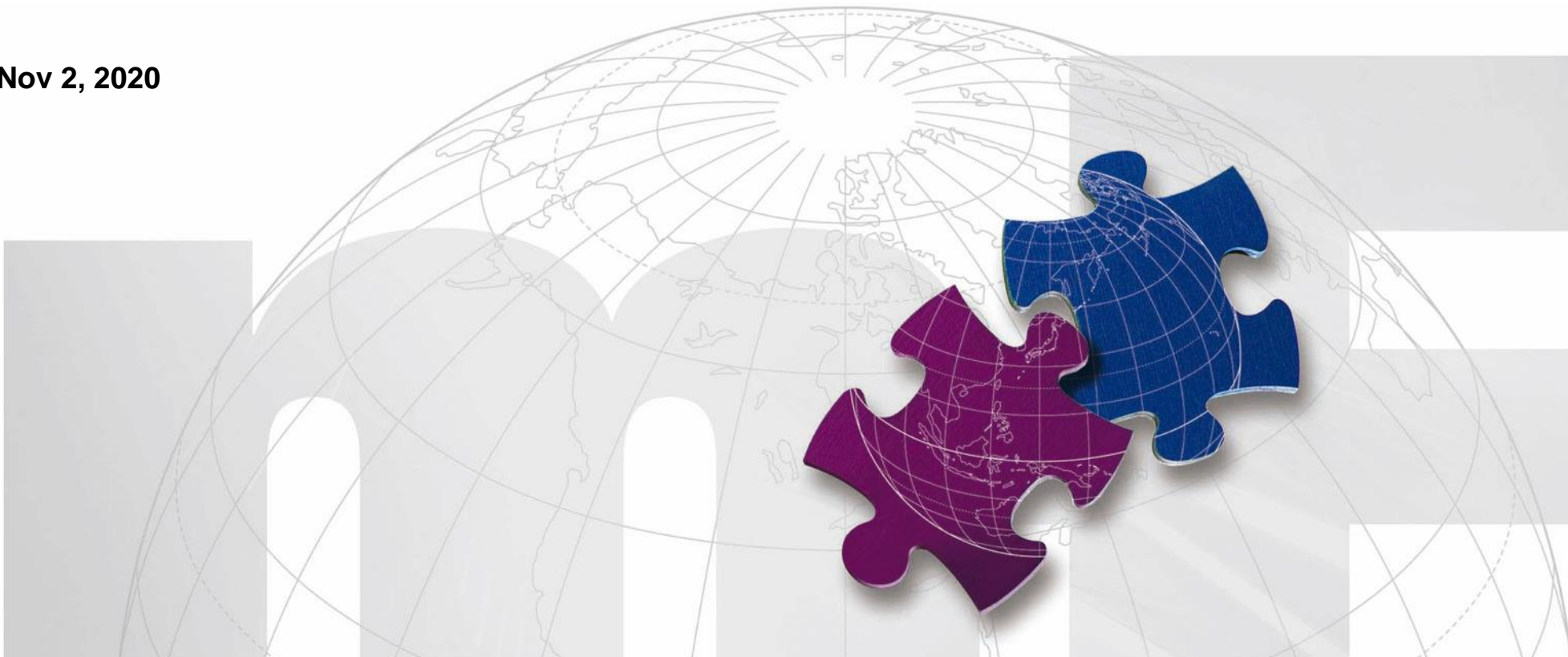


Macnica Fuji Electronics Holdings, Inc. Financial Results Briefing for FY2020 1H

Nov 2, 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 FY2020 1H (Consolidated)**
- II Outlook for FY2020 (Consolidated)**
- III Shareholder Return**

Part II

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

Part I

I Results for FY2020 1H (Consolidated)

II Outlook for FY2020 (Consolidated)

III Shareholder Return

Part II

I Mid-Term Management Plan (FY2019-2021)

Consolidated Operating Results (Y/Y change)



Billion yen	FY2019 1H Actual	FY2020 1H Actual	Difference	Y/Y Change	Variation Factors
Net Sales	254.4	257.2	2.8	1.1%	Sales of in-vehicle products declined due to impact of coronavirus; Sales of cloud- and security-related products strong due to increased remote work
Gross Profit	29.5	29.5	0	0.0%	
Operating Income	6.7	7.6	0.9	13.0%	Reduced SG&A expenses; Actively promoting digital sales, remote work
Ordinary Income	4.9	7.5	2.6	53.3%	
Net Income Owners of Parent	3.1	5.1	2	68.3%	

Consolidated Operating Results (Y/Y change)



Billion yen	FY2020 1H Forecast as of Sept 28	FY2020 1H Actual	Difference	Actual / Forecast
Net Sales	251.3	257.2	5.9	2.3%
Gross Profit	28.7	29.5	0.8	2.7%
Operating Income	7	7.6	0.6	8.5%
Ordinary Income	6.9	7.5	0.6	9.8%
Net Income Owners of Parent	4.4	5.1	0.7	16.8%

Consolidated Balance Sheet



Billion yen	As of 3/31/20	As of 9/30/20	Major Factors
Current Assets	236.4	218.1	Decreased ¥9.9 billion notes and accounts receivable; Decreased ¥3.8 billion products; Decreased ¥5.8 billion other current assets
Fixed Assets	26.9	27.2	Increase ¥0.5 billion other intangible assets
Total Assets	263.2	245.3	
Current Liabilities	117	99.6	Decreased ¥16.6 billion short-term loans payable
Long-Term Liabilities	10.7	6.6	Decreased ¥4 billion long-term debt
Total Liabilities	127.7	106.2	
Total Net Assets	135.6	139.1	Decreased ¥0.6 billion translation adjustments; Increased ¥3.6 billion retained earnings
Total Liabilities & Net Assets	263.2	245.3	

Consolidated Statement of Cash Flows



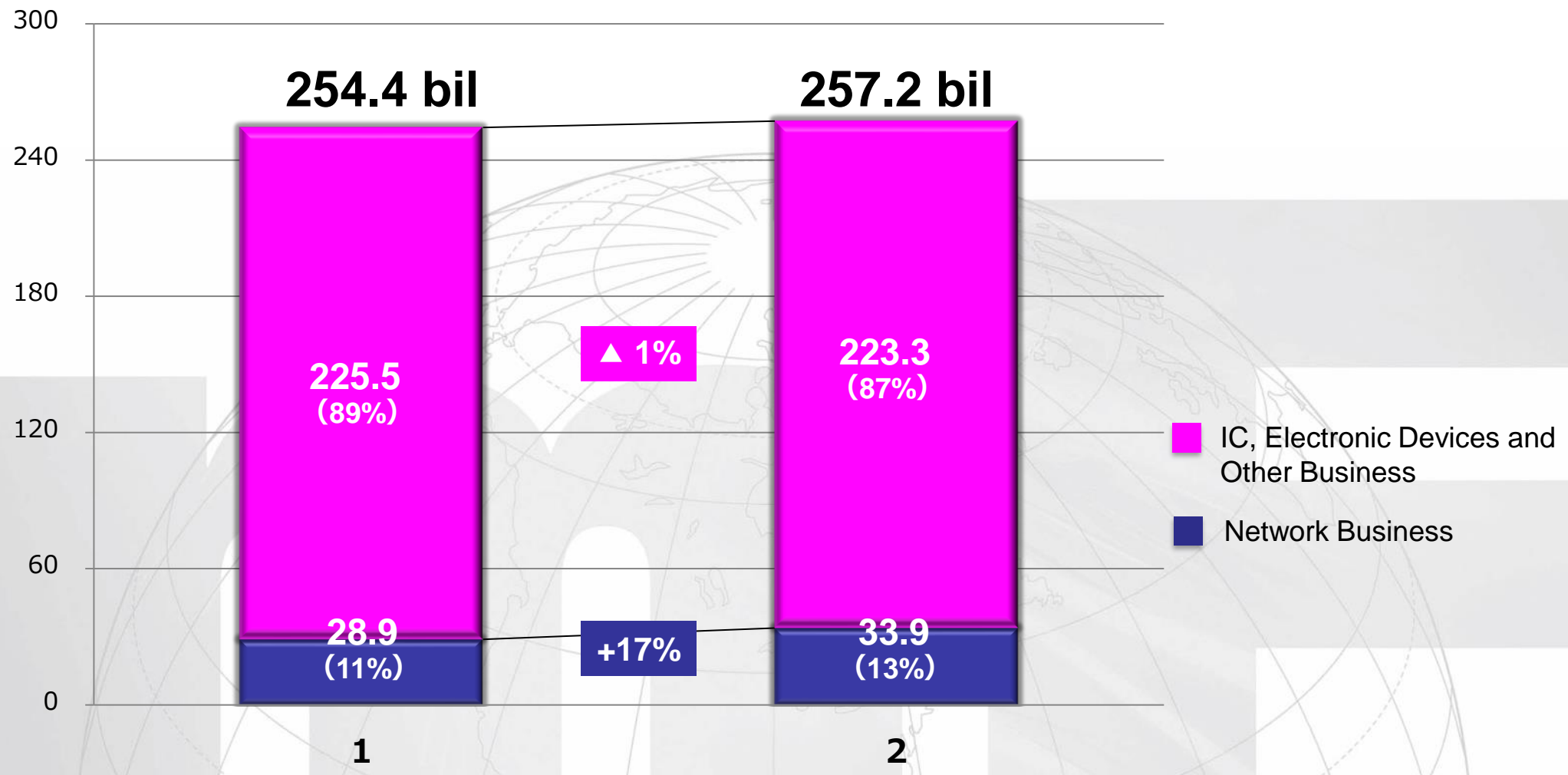
Billion yen	FY2019 1H	FY2020 1H	Major Factors
Cash Flow from Operating Activities	24	24.2	Decreased trade payable; Increased ¥7.6 billion income before income taxes; Decreased notes and accounts receivable, inventories, and other current assets
Cash Flow from Investing Activities	▲6.5	▲0.9	Purchases of property and equipment, and intangible assets
Cash Flow from Financing Activities	▲16.8	▲21.9	Net decrease in short-term loans
Cash & Cash Equivalents at Year End	14.2	16.1	Increased ¥1.4 billion compared to ¥14.7 billion at end of previous consolidated fiscal year



Consolidated Net Sales by Segment

257.2 bil yen Y/Y Change +1.1%

Billion yen
(Component %)

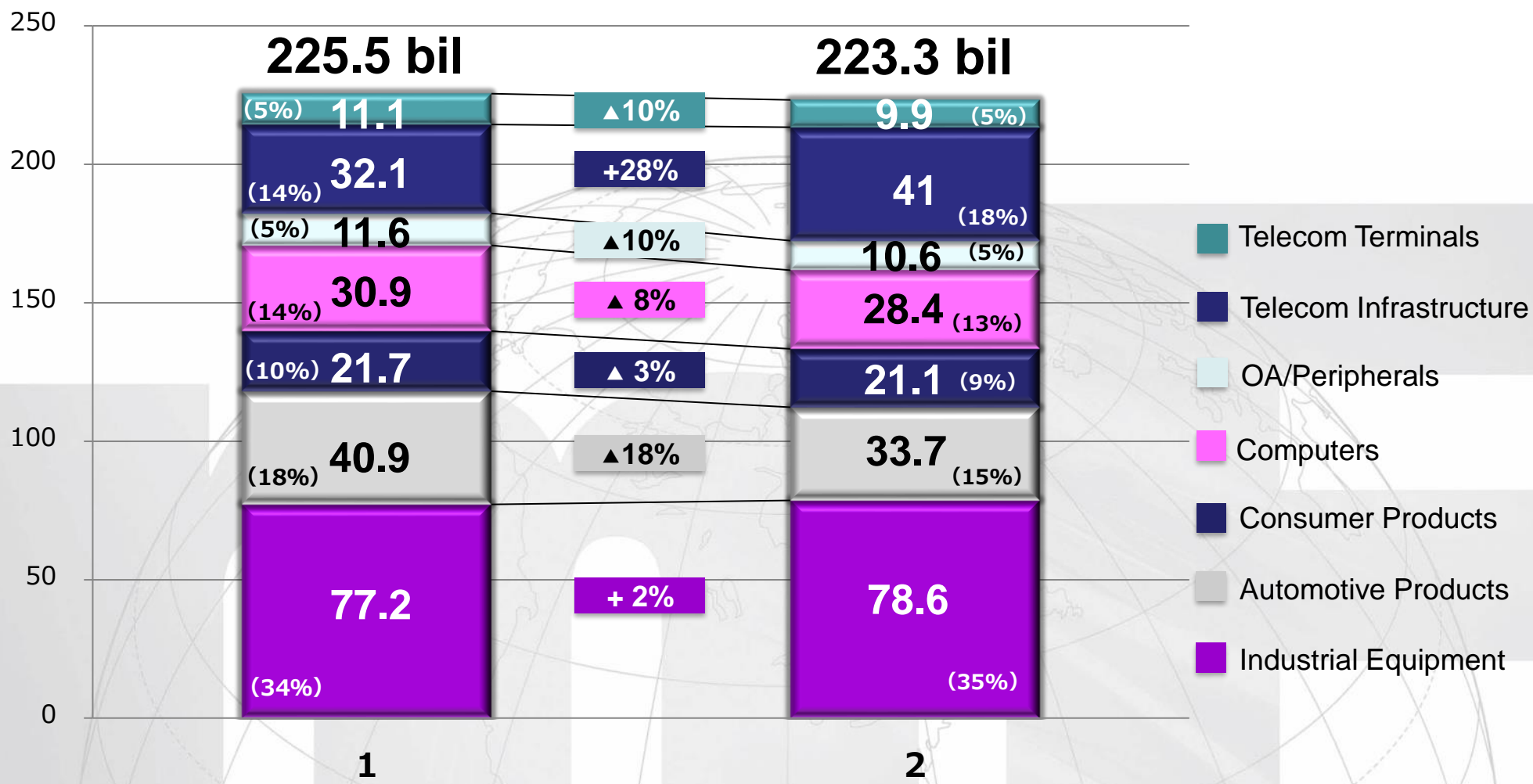


IC, Electronic Devices, Other Business (by Application)



223.3 bil yen Y/Y Change ▲1.0%

Billion yen
(Component %)

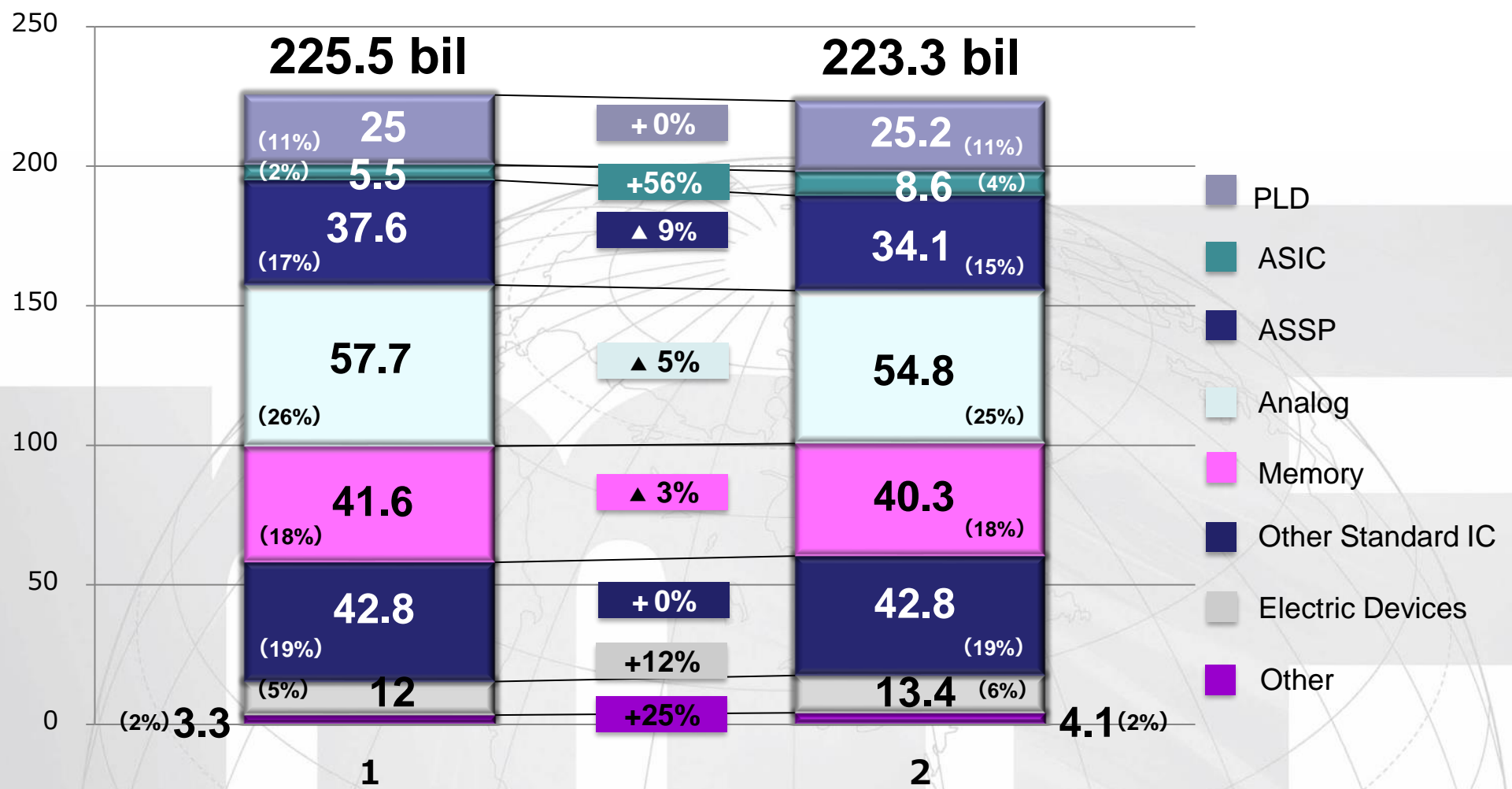




IC, Electronic Devices, Other Business (by Product)

223.3 bil yen Y/Y Change ▲1.0%

Billion yen
(Component %)

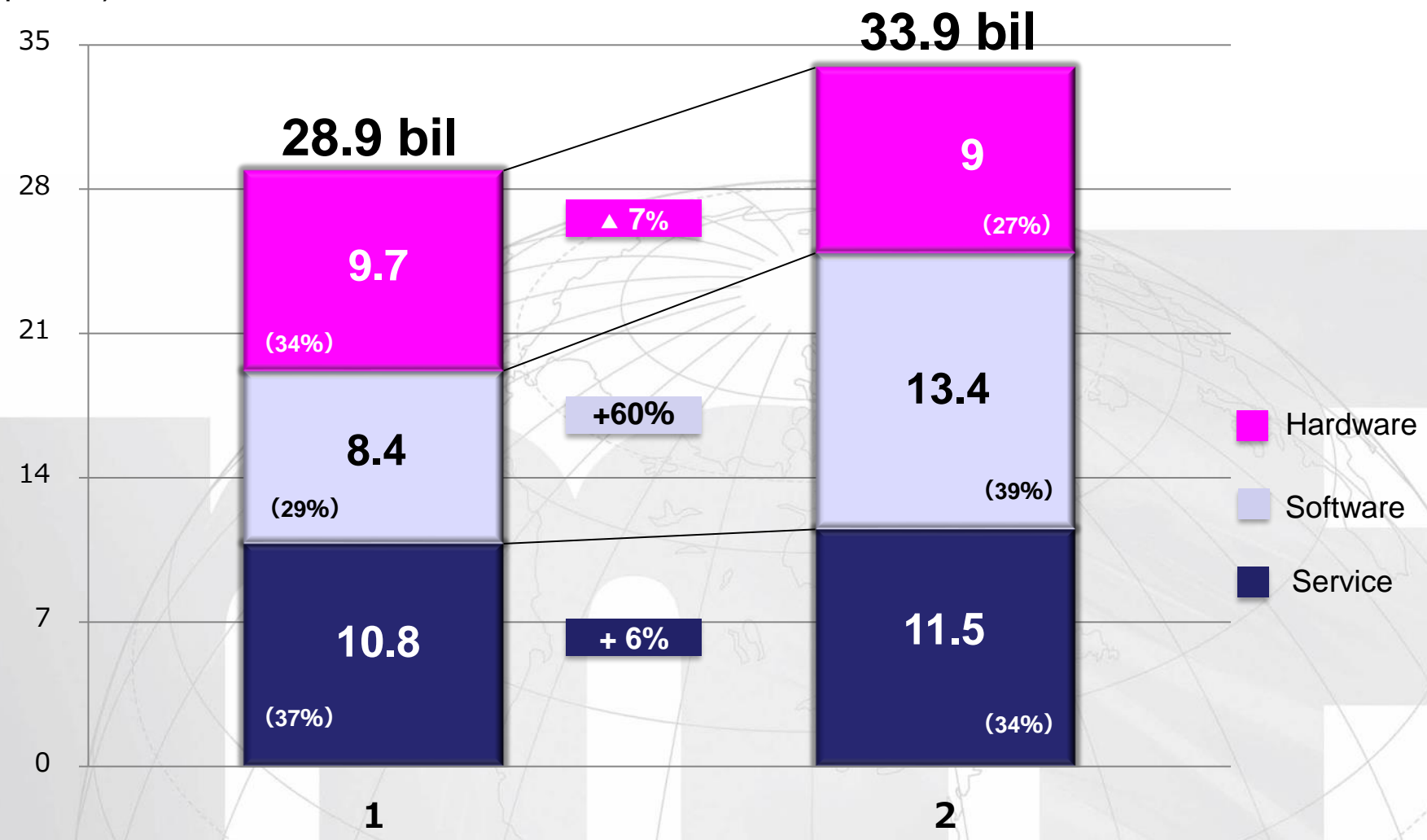




Network Business (by Product)

33.9 bil yen Y/Y Change +17.3%

Billion yen
(Component %)



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I Results for FY2020 1H (Consolidated)

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Part II

I Mid-Term Management Plan (FY2019-2021)

Consolidated Forecast Highlights



Billion yen	FY2019 Actual	FY2020			Y/Y Change
		1H Actual	2H Est.	Full Year Est.	
Net Sales	521.2	257.2	264.8	522	0.2%
IC, Electronic Devices and Other Business	460	223.3	230.7	454	▲1.3%
Network Business	61.2	33.9	34.1	68	11.1%
Gross Profit	59.9	29.5	29.5	59	▲1.4%
Operating Income	14.4	7.6	7	14.6	0.7%
Ordinary Income	11.1	7.5	6.3	13.8	24.6%
Net Income Owners of parent	5.6	5.1	3.5	8.6	52.7%

IC, Electronic Devices and Other Business



Gradual recovery from the coronavirus

- Improving capital investment in advanced semiconductors, investment in 5G and data centers; industrial equipment and telecommunication infrastructure markets expected to remain strong.
- Automotive markets expected to recover gradually from the coronavirus.
- Chinese market, buoyed by demand from anticipation of greater trade friction between the US and China, now expected to slow.



Network Business



Increase in remote work drives sales of related products

- Security-related and network-related products expected to increase, a result of advanced cyber-attacks, and the strengthening of end-point security measures in response to increased telework post-coronavirus.
- With the wider use of the cloud, we expect to see an increase in cloud- and mobile-related products.



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I Mid-Term Management Plan (FY2019-2021)

Dividend



● Dividend Policy

The Group's basic policy is to ensure an internal reserve as necessary for future business deployment, and further enhancing and strengthening management, while at the same time returning maximal profit to shareholders as well as paying stable and regular dividends, taking into account 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
FY2019	25.00	25.00	50.00
FY2020	25.00		
FY2020 (Forecast)		25.00	50.00

Part I

I Results for FY2020 1H (Consolidated)

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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

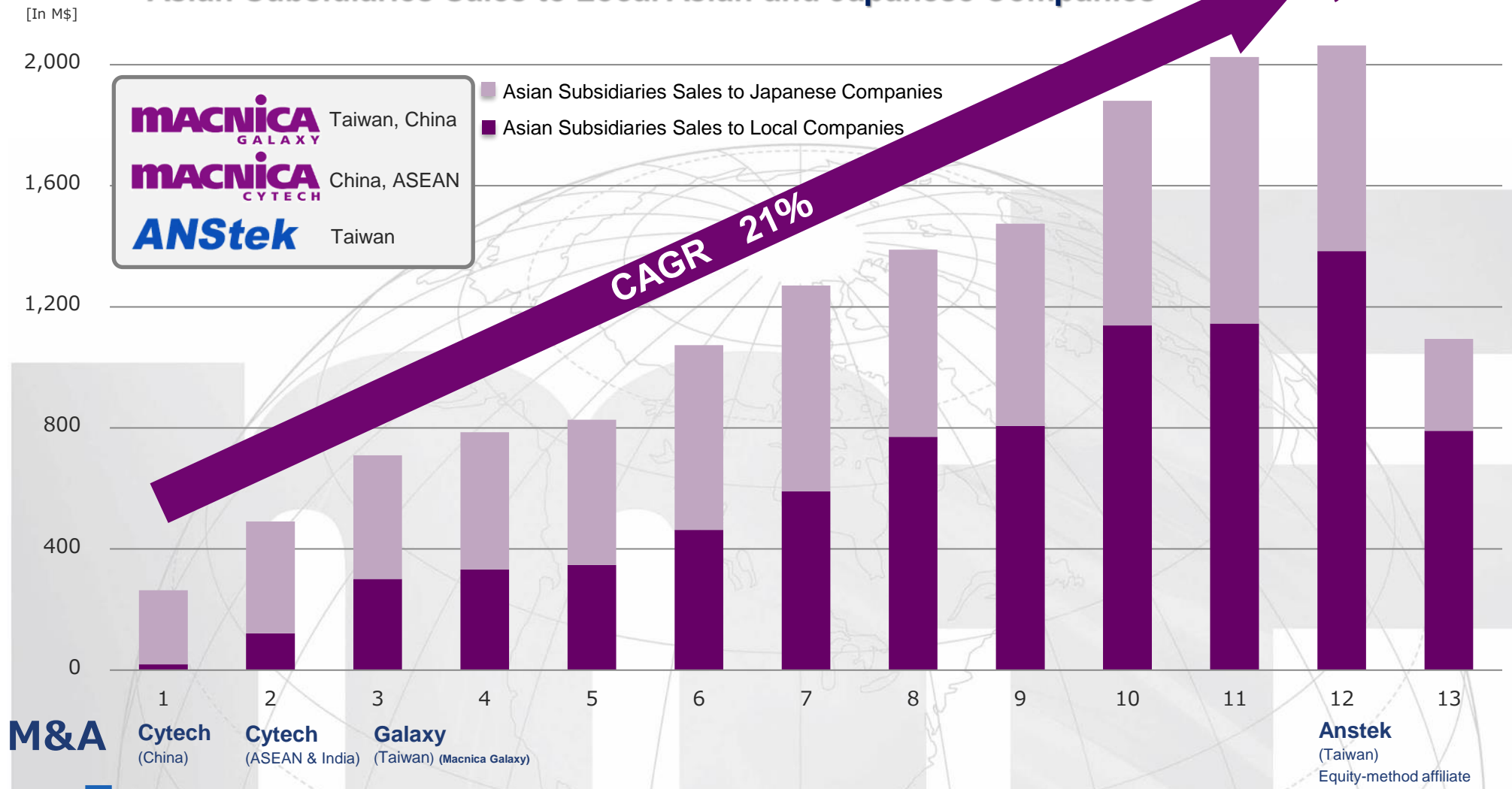


1. Growth Strategy: (1) Semiconductor Business

■ 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\$



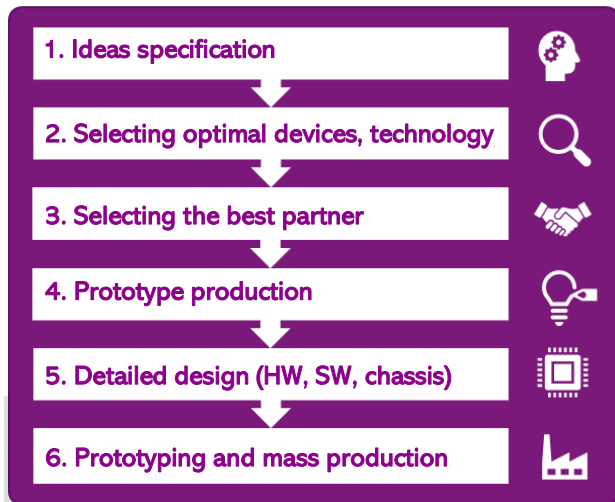


1. Growth Strategy: (1) Semiconductor Business

Value-added solutions using semiconductor technology

'Monozukuri' Consulting

Connecting customers' innovative product ideas with technology



Project Pipeline Amount YoY change
x10

Attribute analysis



Distance measuring device



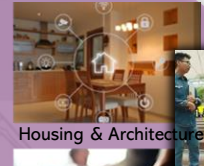
Body temperature detection



Fashion & Apparel



Food & Dining out



Housing & Architecture

Disaster prevention gas sensor terminals



Retail



Agriculture, forestry, fisheries



Logistics

Visualizing scent



Different industries & emerging markets



Development hand sanitizer dispensers



Efficiency utilizing IoT



Intrusion detection



Infrastructure

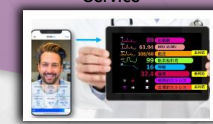


Service



Healthcare

Remote vital sign measurement



FY2019 1H

FY2020 1H



1. Growth Strategy: (1) Semiconductor Business

Value-added solutions using semiconductor technology

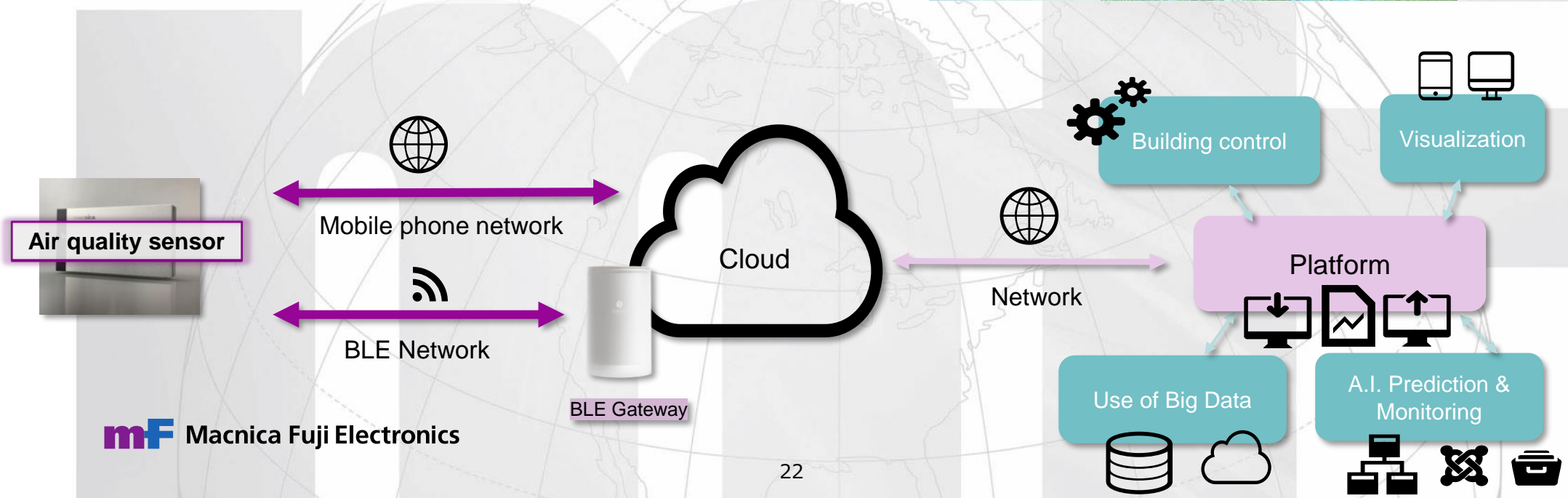
Indoor air quality management solutions

Before: the Challenges
Requests from real estate and building management companies to create an indoor environment that provides users and residents with greater security, safety and comfort



After Consulting: Advanced Solutions

- Visualized air quality through sensor solutions
- Visualizing air quality enabled ventilation and air conditioning to be controlled at appropriate times
- High-precision measurement of air quality over the medium to long term





1. Growth Strategy: (1) Semiconductor Business

Value-added solutions using semiconductor technology

Video analysis solutions with GPU Edge AI

Intrusion Detection



Alert when detecting entry into dangerous & restricted areas
Measure the length of stay

Crime Prevention



Detect shoplifting and abnormal behavior through behavioral analysis of camera footage

Attribute Analysis



Count the number of people entering a store or an event & Detect attributes (age & gender)

Congestion Detection



Congestion detection by area
Send crowd alerts

Facial Authentication



Face authentication & personal identification to determine close contact with corona infected persons

Body Temperature Detection



Detect body temperature at the correct point by recognizing the person's face



1. Growth Strategy: (1) Semiconductor Business

Value-added solutions using semiconductor technology

Coronavirus solutions: Reducing the risk of infection

Environmental monitoring

AI image analysis



High-precision distance measuring devices

Air quality management solutions



Close contact alerts & Tracking solutions

High-precision face recognition

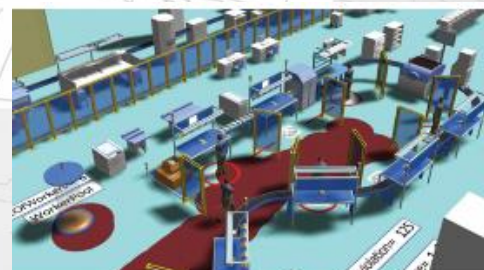


Social distancing simulation in a factory

Temperature measurement / Three Cs measures
Contactless authentication / Hygiene checks



Automated maintenance by remote monitoring

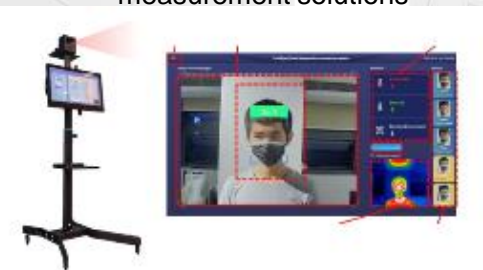


Health monitoring

Body temperature monitoring solutions



AI face recognition & Temperature measurement solutions



Remote vital sign measurement



Infection prevention platform

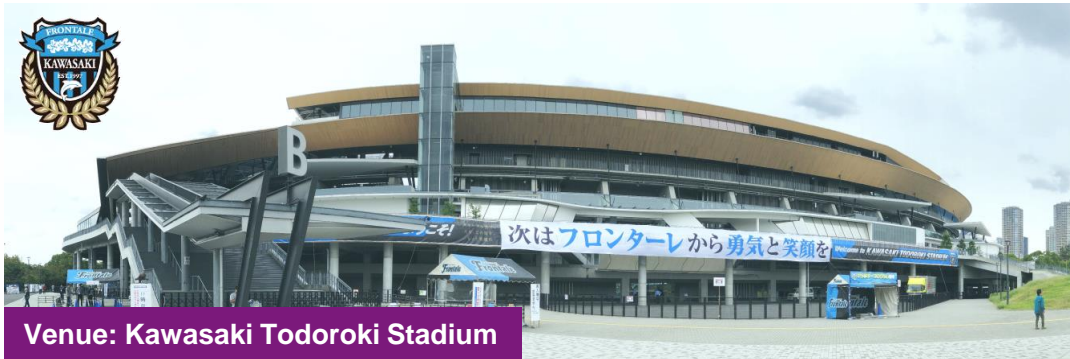




1. Growth Strategy: (1) Semiconductor Business

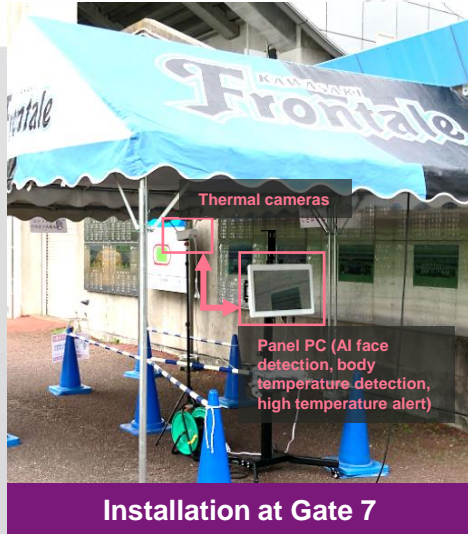
Value-added solutions using semiconductor technology

Case Study: Kawasaki Frontale - AI body temperature detection solution



Venue: Kawasaki Todoroki Stadium

Installation date	Wed October 7, 2020
Weather (Humidity)	Rain (74%)
Temperature	19.4 degrees Celsius
Wind	Weak wind
Spectator numbers	6,635 people
Installed gate	Gate B, Gate 7, Gate 10 & Staff reception



Installation at Gate 7



Detect body temperatures of more than 6,500 people without blocking the flow of people!



1. Growth Strategy: (1) Semiconductor Business

Value-added solutions using semiconductor technology

Collaborative Value Creation through Open Innovation



Planning and developing programming+educational materials through 4 companies collaboration on 'Tsumiki project'



- Macnica's Technology x Intelligence
- Provide BLE devices & Technical capabilities (Communication technology)
 - Produced by Macnica (Open Innovation)

Attention from STEAM & technology education Mandatory programming in public schools



Programming

Macnica provides Silicon Labs BLE devices, communication technology for 'Kokoro Kit' by YUKAI



Easy to operate Tamiya's Mini 4WD with programming via Kokoro Kit



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

	External Threats (Cyber Risk)	Internal Threats	Governance
Detection & Control	Existing strong areas		
Management & Automation			
Operation & Monitoring			

1

2

Zero Trust



1. Growth Strategy: (2) Network Business

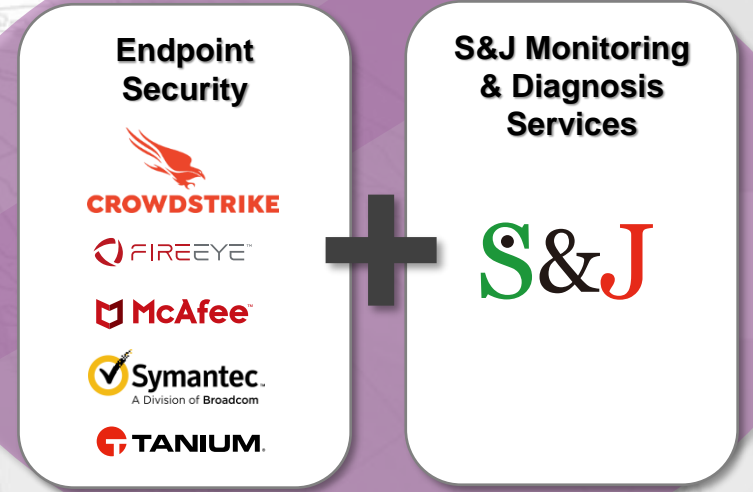
■ Security

Establishing an overwhelmingly dominant position in the security market

Strengthen and Expand 'Operation & Monitoring' **Project Pipeline Amount YoY change**

- (1) Macnica products + S&J services
- (2) S&J consulting & diagnostic services
- (3) Joint development of services

x14



Endpoint Security

★ S&J Corp became an affiliate

FY2019 1H

FY2020 1H



1. Growth Strategy: (2) Network Business

■ Security

Providing best-of-breed total solutions in the Zero Trust area

Environmental changes
Increase in demand for telecommuting due to the coronavirus

Technological Evolution
Cloud & 5G

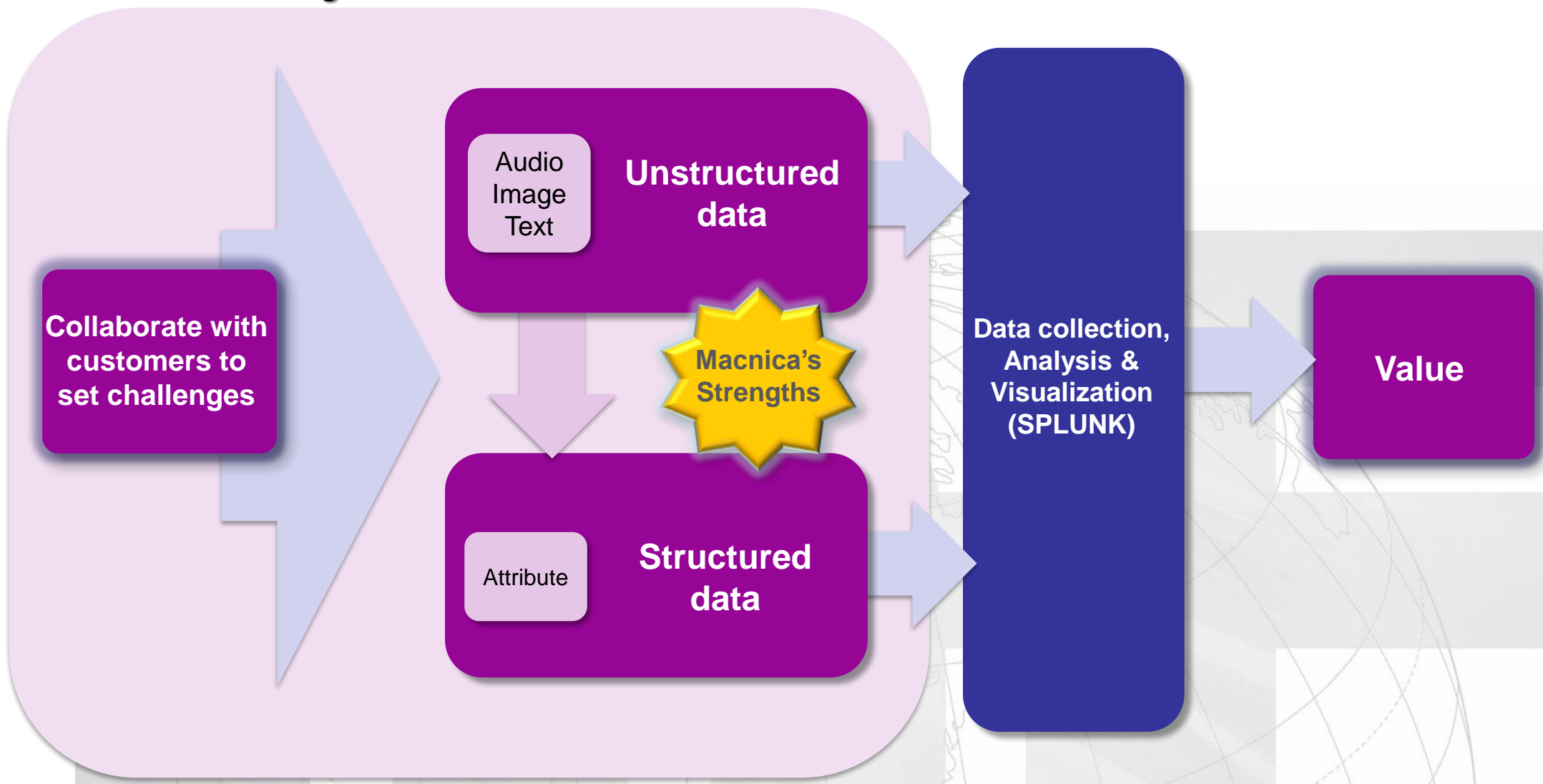




1. Growth Strategy: (2) Network Business

■ Digital Solutions

Combining unstructured and structured data to extract value

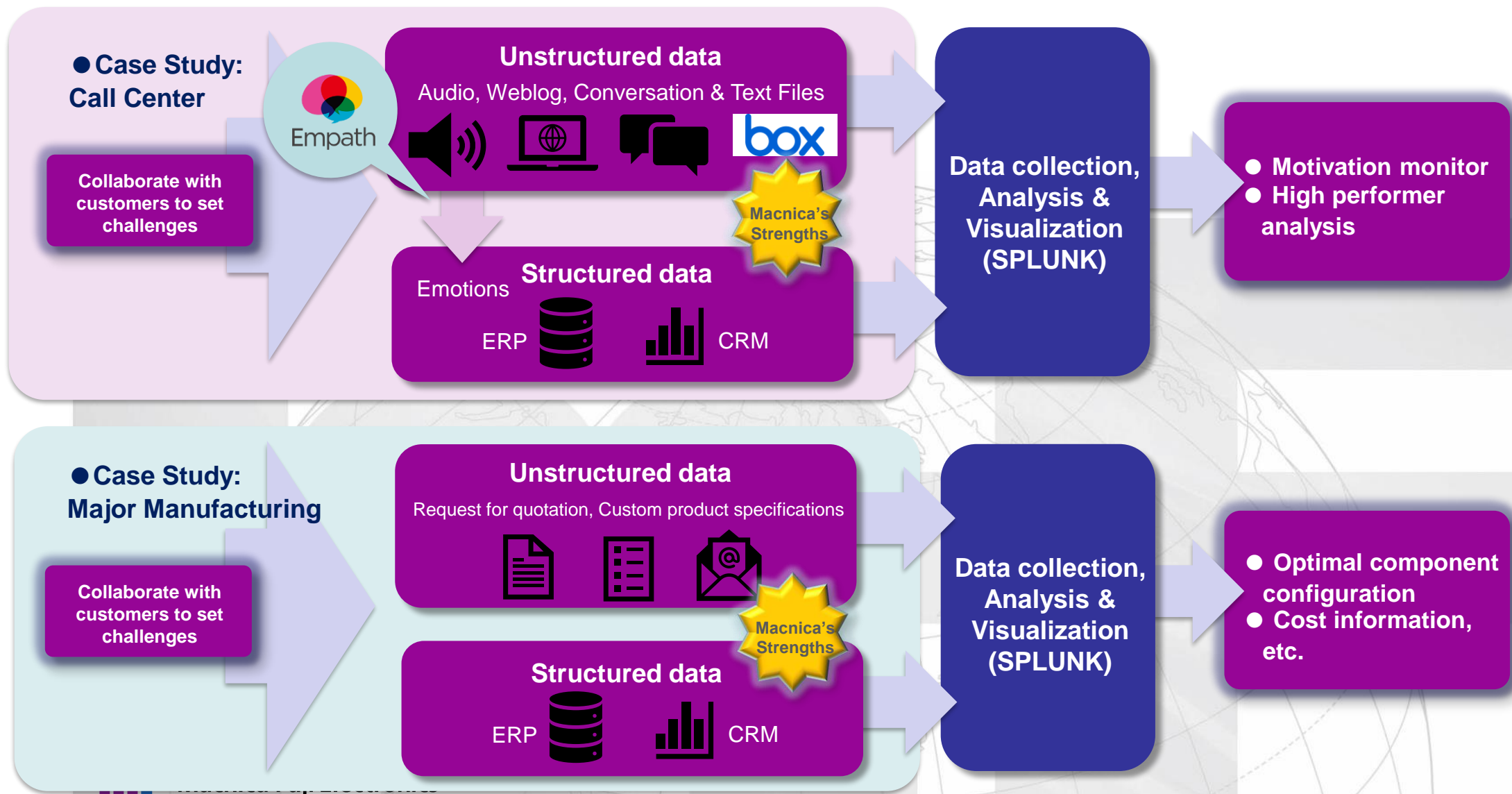




1. Growth Strategy: (2) Network Business

Digital Solutions

Combining unstructured and structured data to extract value



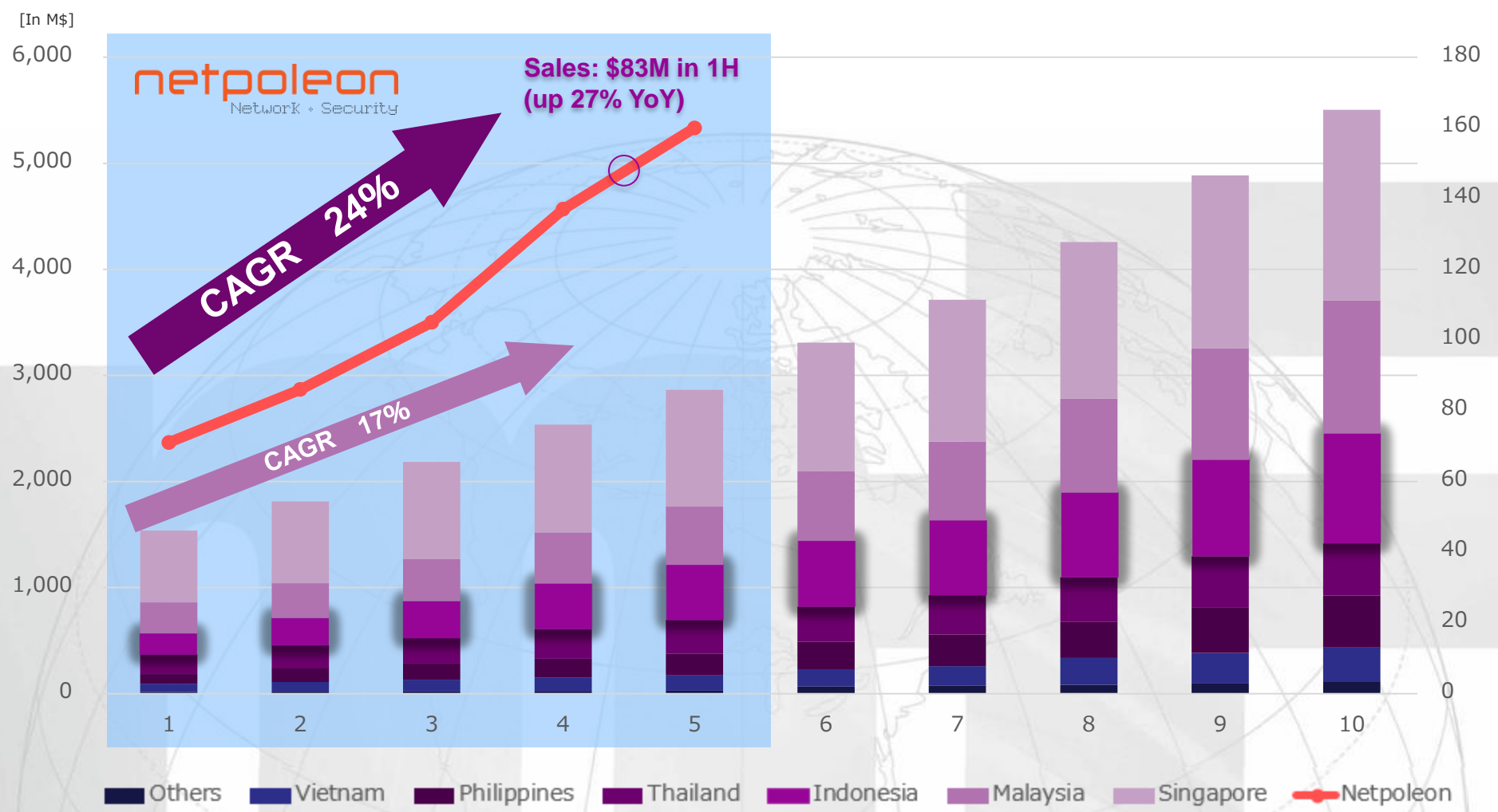


1. Growth Strategy: (2) Network Business

Global Strategy

Growth in Asia's security business

Southeast Asia Market Forecast and Netpoleon's Performance

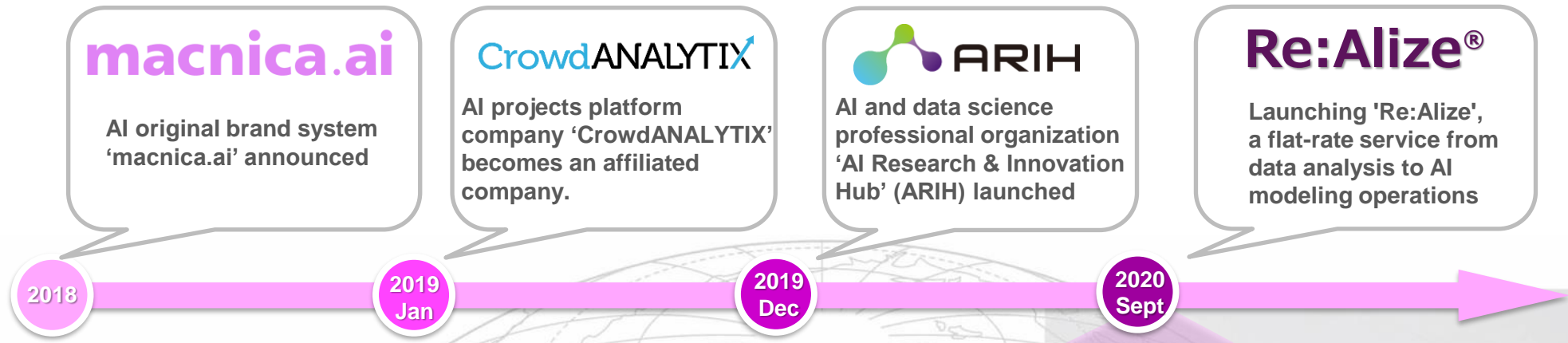


2. New Value-added Business Strategy



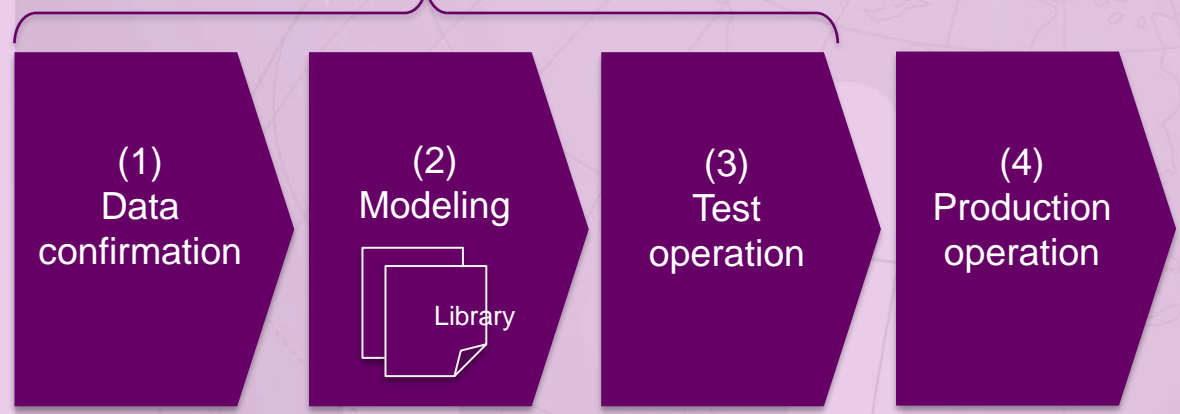
AI

Macnica AI Business: Changes and Evolutions



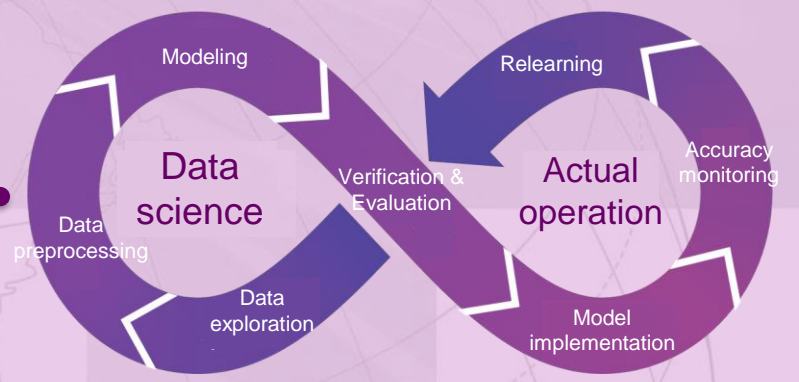
Services

Offered at a minimum of 1.5 months with a flat-rate



Re:Alize® リアライズ

Feedback Loops





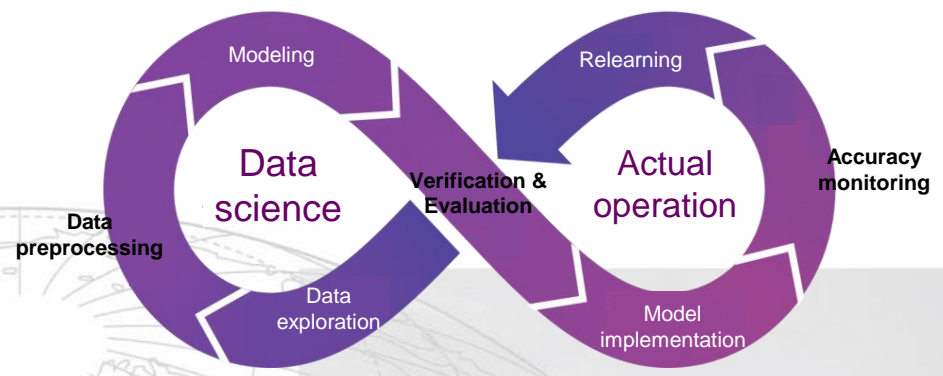
2. New Value-added Business Strategy

AI

The area expansion of AI social implementation

Re:Alize®

リアライズ



Detection of logistics hazardous operations



Drone imaging & crime prevention



Engine monitoring & fuel efficiency optimization



Energy demand forecasts



Education: Analysis of student concentration



2. New Value-added Business Strategy



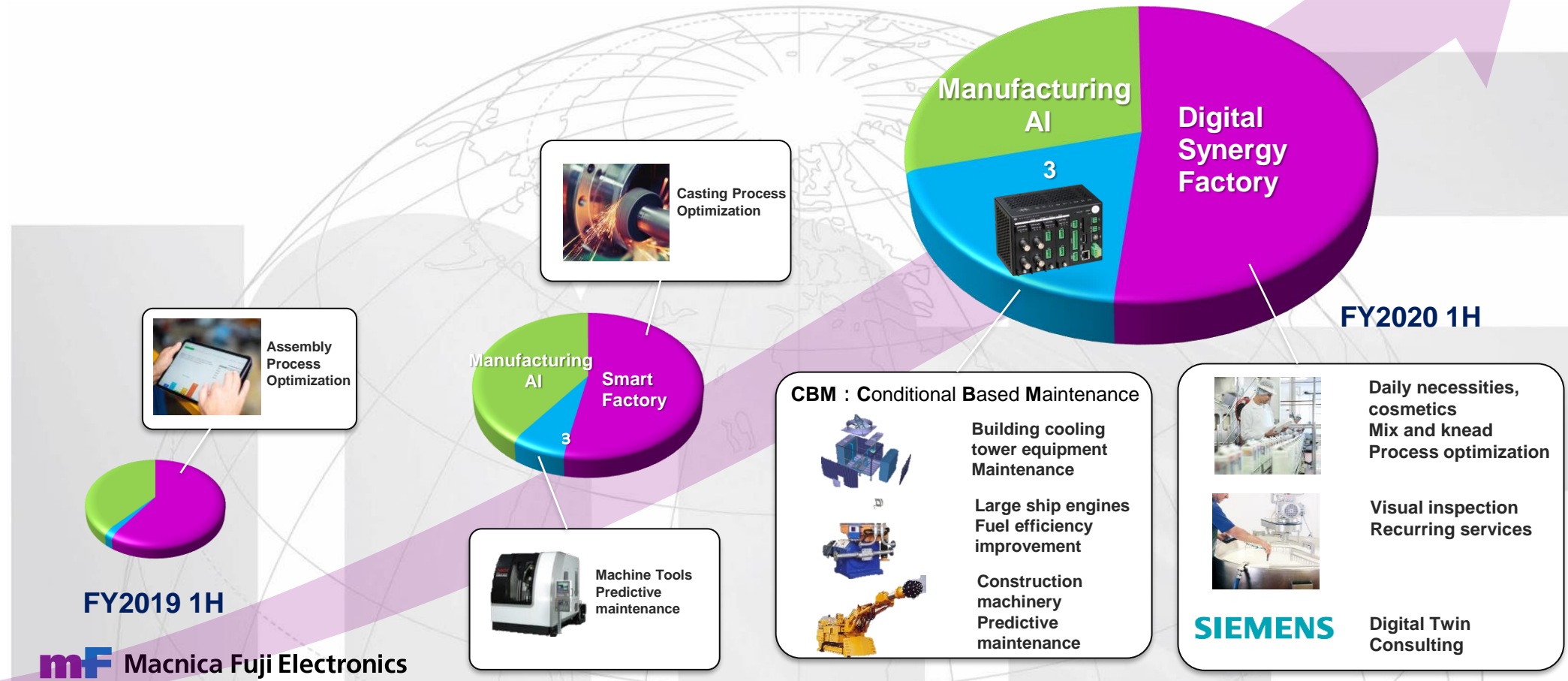
IoT Solutions

AI x IoT Solutions for Smart Factory

Surge in projects after 'Digital Synergy Factory' announced

SENSPIDER edge computing terminals Biz expands

Project Pipeline Amount YoY change **×4**



2. New Value-added Business Strategy

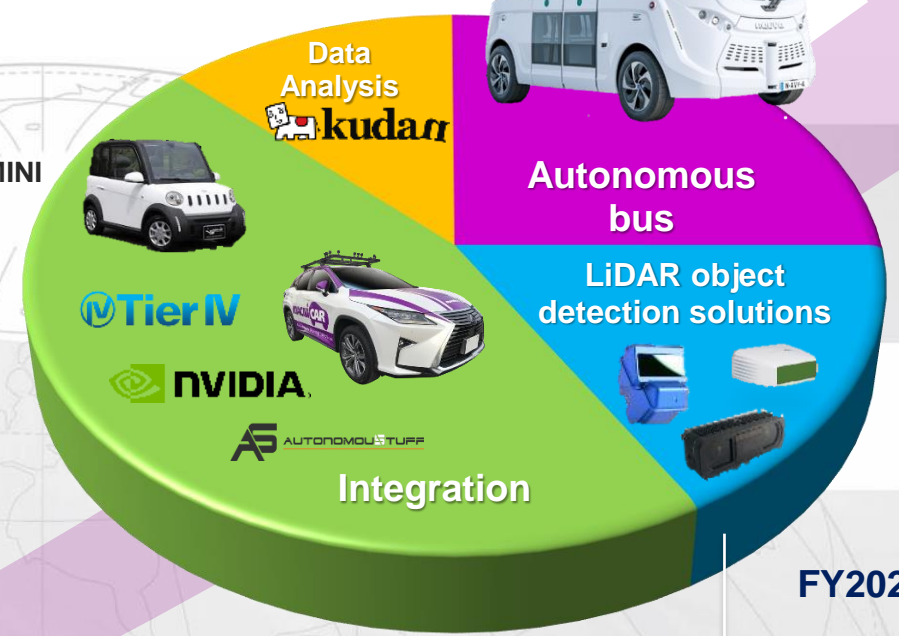


Automated Driving Solutions

Japan's first autonomous bus delivered to 'Haneda Innovation City'
 LiDAR Sensor Biz expands to construction machinery
 & mine dump trucks
 Increase in demonstration experiments
 & car lineup expansion



Macnica Bus



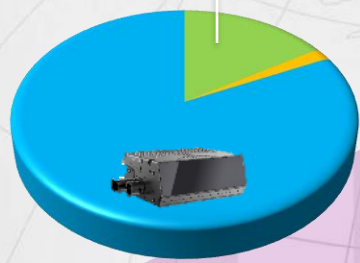
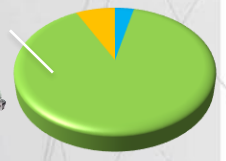
MacniCAR MINI



MacniCAR Trailer



MacniCAR & CART



**Project Pipeline Amount
 YoY change
 ×15**

Autonomous driving of mine dump trucks





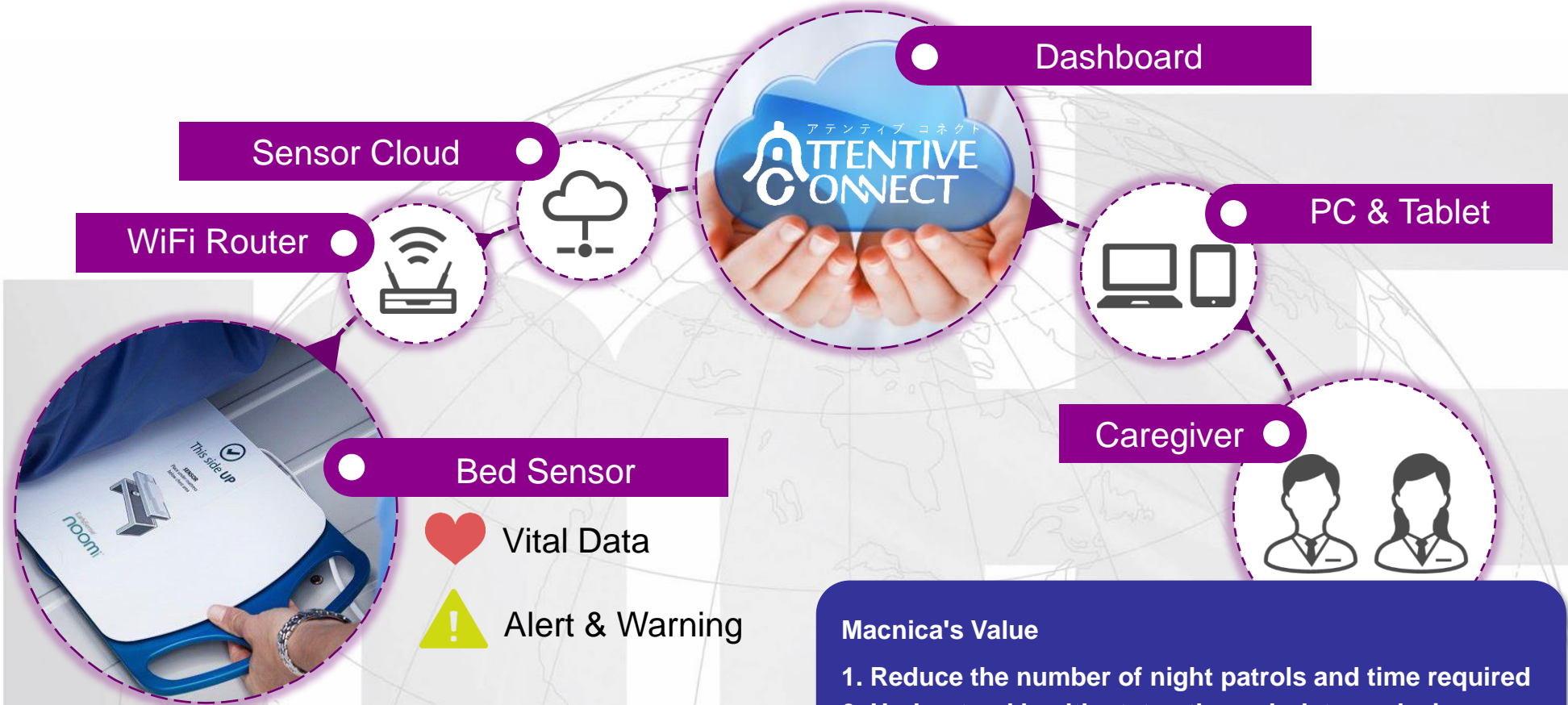
2. New Value-added Business Strategy

Solutions for Nursing Facilities

Cloud-based monitoring solutions

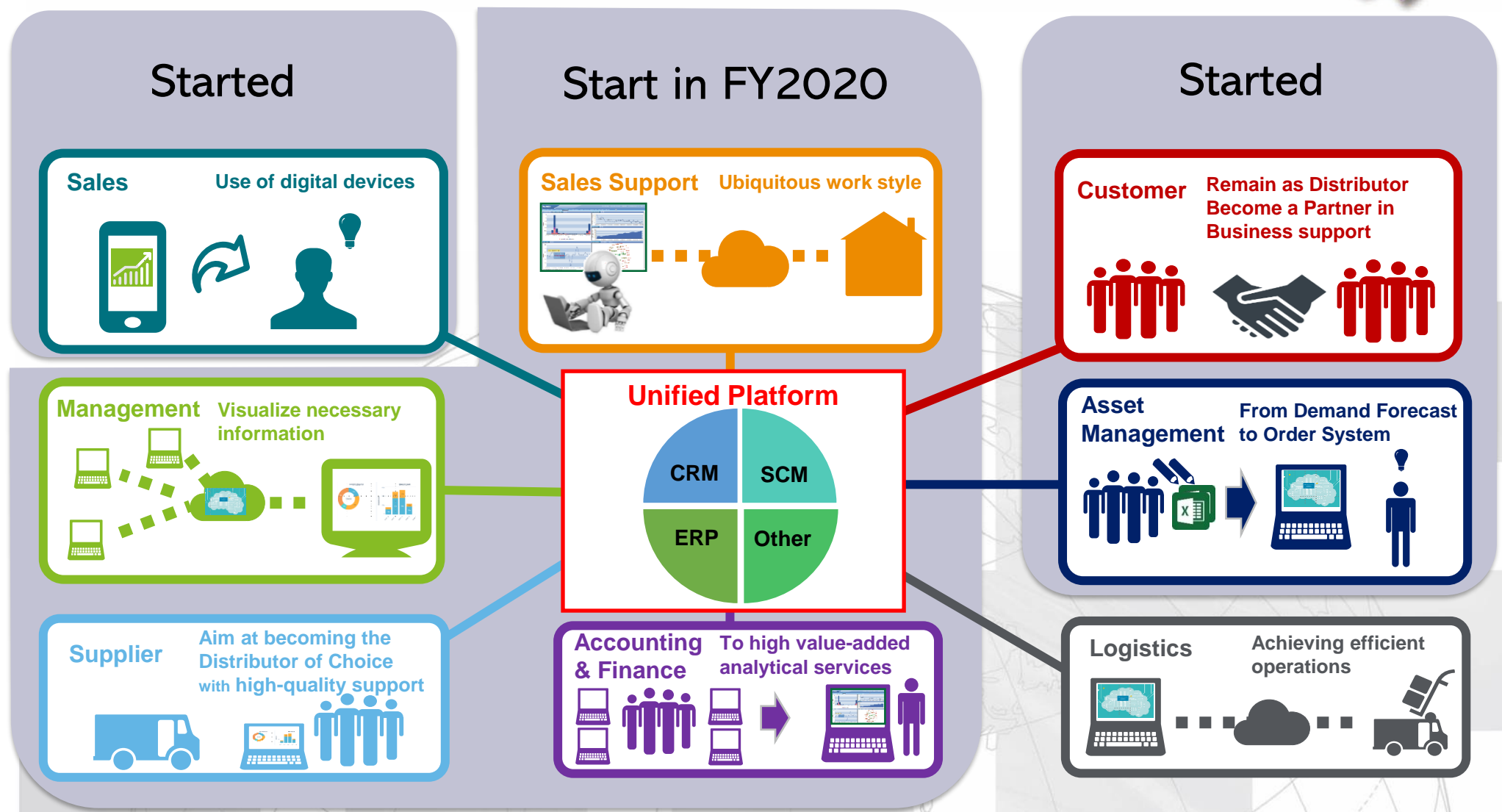
Using sensors to improve operational efficiency and quality of nursing scenes

Sensor	Cloud	User Interface
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- Macnica's Value**
1. Reduce the number of night patrols and time required
 2. Understand health status through data analysis
 3. Operations optimization through system integration

3. Increased Operational & Asset Efficiency





2020.11.18 WED – 12.11 FRI
‘Walk around’ 3D virtual exhibition

Creating the Future Together
with a panoramic view of
the latest technology

Virtual exhibition that captures the present of semiconductors
with more than 150 cases and demonstrations

MET2020

Macnica Exponential Technology

Macnica Technology & Solution Fair ONLINE

2020.10.26 MON
– 12.25 FRI

12 booths and more than 60 diverse sessions

<p>Future Society</p> <ul style="list-style-type: none"> Retail Science Mobility COVID-19 Smart Factory Medical & Nursing Care Service Robot 						
<p>Cyber Security</p> <ul style="list-style-type: none"> Cyber Security 	<p>DX・AI</p> <ul style="list-style-type: none"> AI Data Utilization 	<p>Monozukuri Consulting</p> <ul style="list-style-type: none"> IoT Security Monozukuri Consulting 				



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

