

**Macnica Fuji Electronics Holdings, Inc.**  
**Financial Results**  
**Briefing**  
**FY2021 Presentation**

May 9, 2022

Forward-looking statements in this document, including earnings forecasts, are based on information available to management at the time of preparation, and certain assumptions that the Company considered reasonable. Such statements are not intended to guarantee future performance. Actual results may differ significantly due to various factors.

# Agenda

## I

1. Results for FY2021 (Consolidated)
2. Outlook for FY2022 (Consolidated)
3. Shareholder Return

## II

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

1. Growth Strategy: Semiconductor Business
2. Growth Strategy: Network Business
3. New Value-added Business Strategy
4. Operational, Asset Efficiency & Investment in Management System
5. Financial & Capital Policies

## III

### Long-term Management Vision & Mid-Term Management Plan

# I

- 1. Results for FY2021 (Consolidated)**
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# Operating Results (Y/Y change)

Billion yen	FY2020 Actual	FY2021 Actual	Difference	Y/Y Change	Variation Factors
Net Sales	554	761.8	207.8	37.5%	Overall strong performance; Increased global demand for semiconductors; Continued growth in security- & cloud-related products
Gross Profit	64.8	90.7	25.9	39.9%	
Operating Income	18.8	36.7	17.9	95.6%	
Ordinary Income	16.4	35.5	19.1	116.4%	
Net Income Owners of Parent	10.9	25.8	14.9	137.2%	Recorded extraordinary income by revaluation of equity at market value at the time of acquisition, as Company acquired additional shares in equity-method affiliate, making a consolidated subsidiary

# Operating Results (Actual/Forecast)

Billion yen	FY2021 Forecast	FY2021 Actual	Difference	Actual / Forecast
Net Sales	750	761.8	11.8	1.6%
Gross Profit	88.8	90.7	1.9	2.1%
Operating Income	35	36.7	1.7	4.9%
Ordinary Income	34	35.5	1.5	4.4%
Net Income Owners of Parent	23.5	25.8	2.3	9.8%

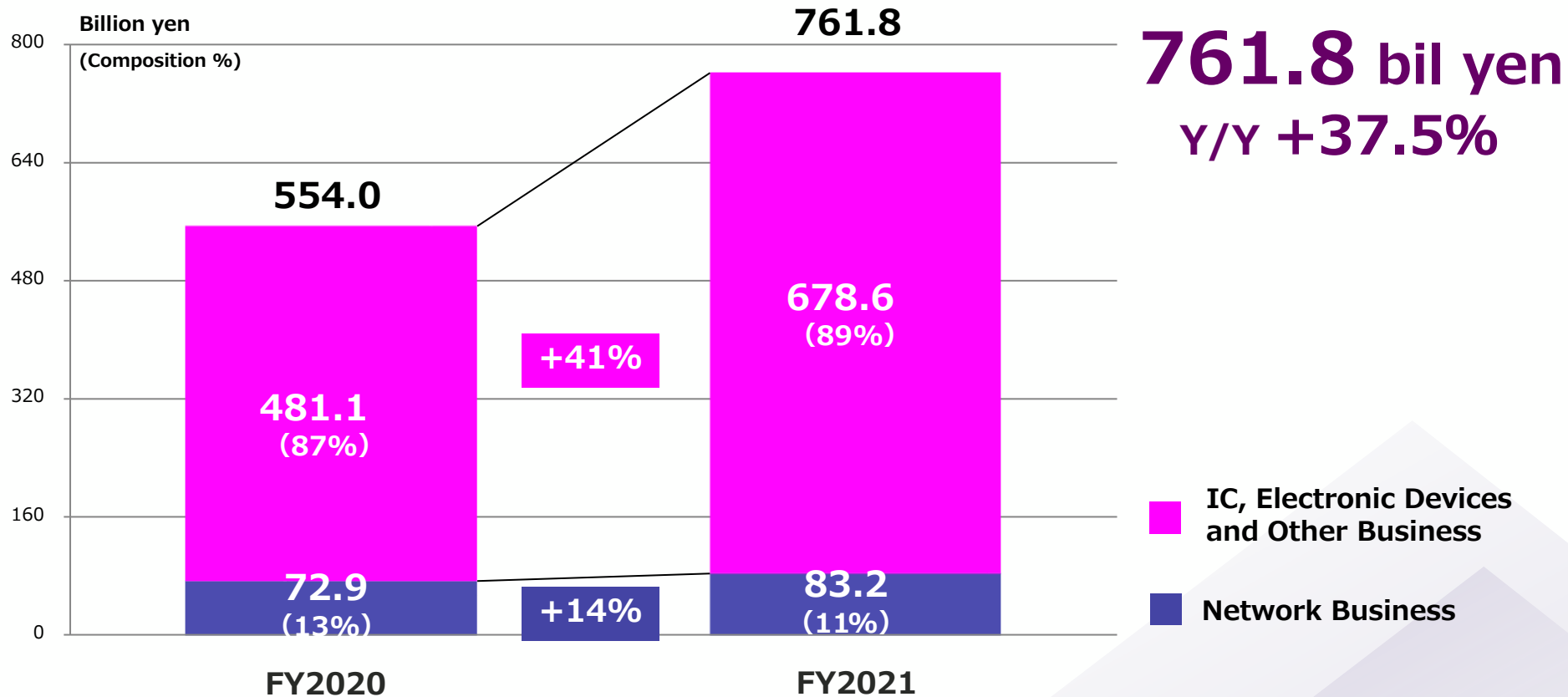
## Balance Sheet

Billion yen		As of 3/31/21	As of 3/31/22	Major Factors
	<b>Current Assets</b>	<b>243.4</b>	<b>335</b>	Increased ¥35.8 billion accounts receivable; Increased ¥53.9 billion products; Increased ¥2.5 billion other current assets
	<b>Fixed Assets</b>	<b>26.2</b>	<b>27.6</b>	Decreased ¥5.3 billion investment securities; Increased ¥1.6 billion goodwill; Increased ¥4.1 billion other intangible assets
<b>Total Assets</b>		<b>269.6</b>	<b>362.6</b>	
	<b>Current Liabilities</b>	<b>108.4</b>	<b>161.2</b>	Increased ¥18.3 billion notes and accounts payable; Increased ¥21.4 billion short-term loans payable; Increased ¥6.7 billion accounts payable; Increased ¥4.3 billion accrued income taxes payable
	<b>Long-Term Liabilities</b>	<b>15.2</b>	<b>21.6</b>	Increased ¥5.2 billion long-term debt
<b>Total Liabilities</b>		<b>123.6</b>	<b>182.8</b>	
<b>Total Net Assets</b>		<b>146</b>	<b>179.8</b>	Increased ¥21.8 billion retained earnings; Increased ¥6.4 billion foreign currency translation adjustments; Increased ¥5.8 billion non-controlling interests
<b>Total Liabilities &amp; Net Assets</b>		<b>269.6</b>	<b>362.6</b>	

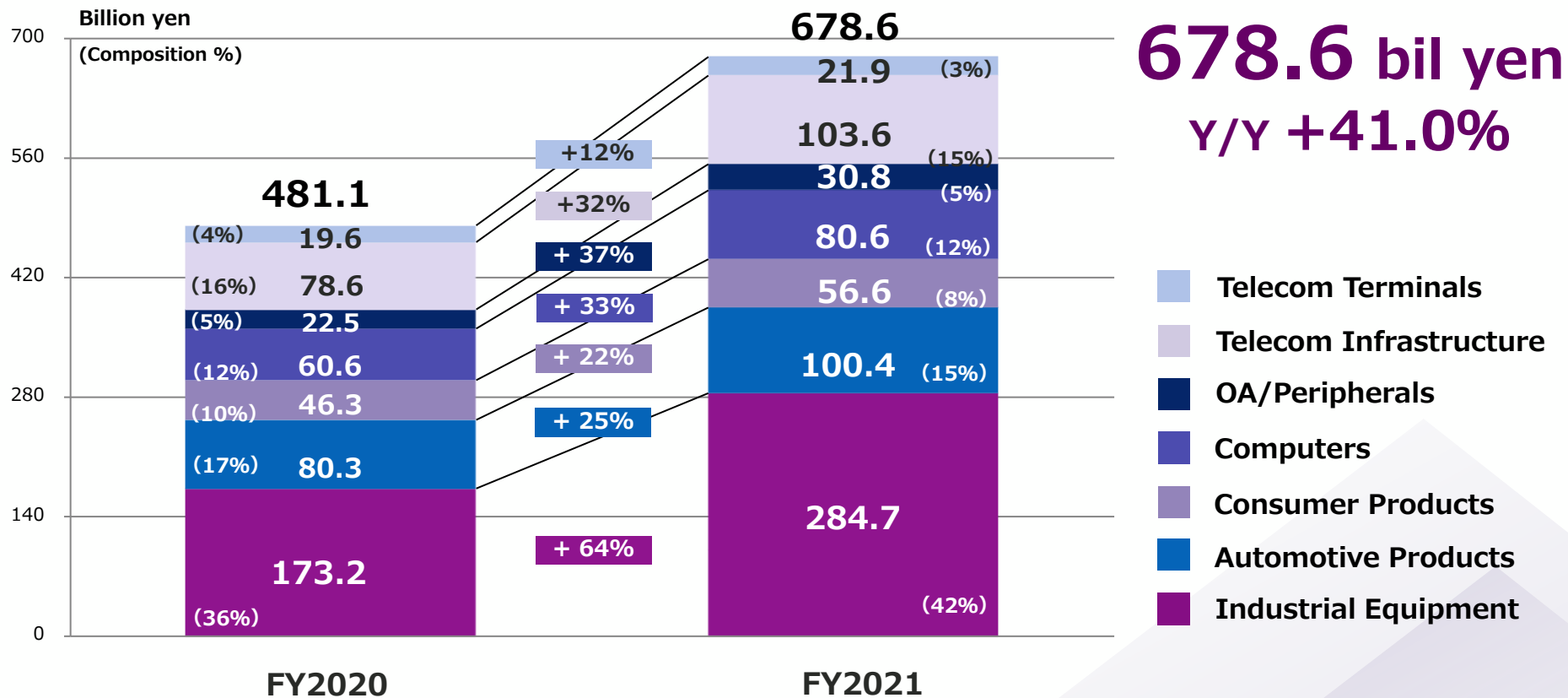
## Statement of Cash Flows

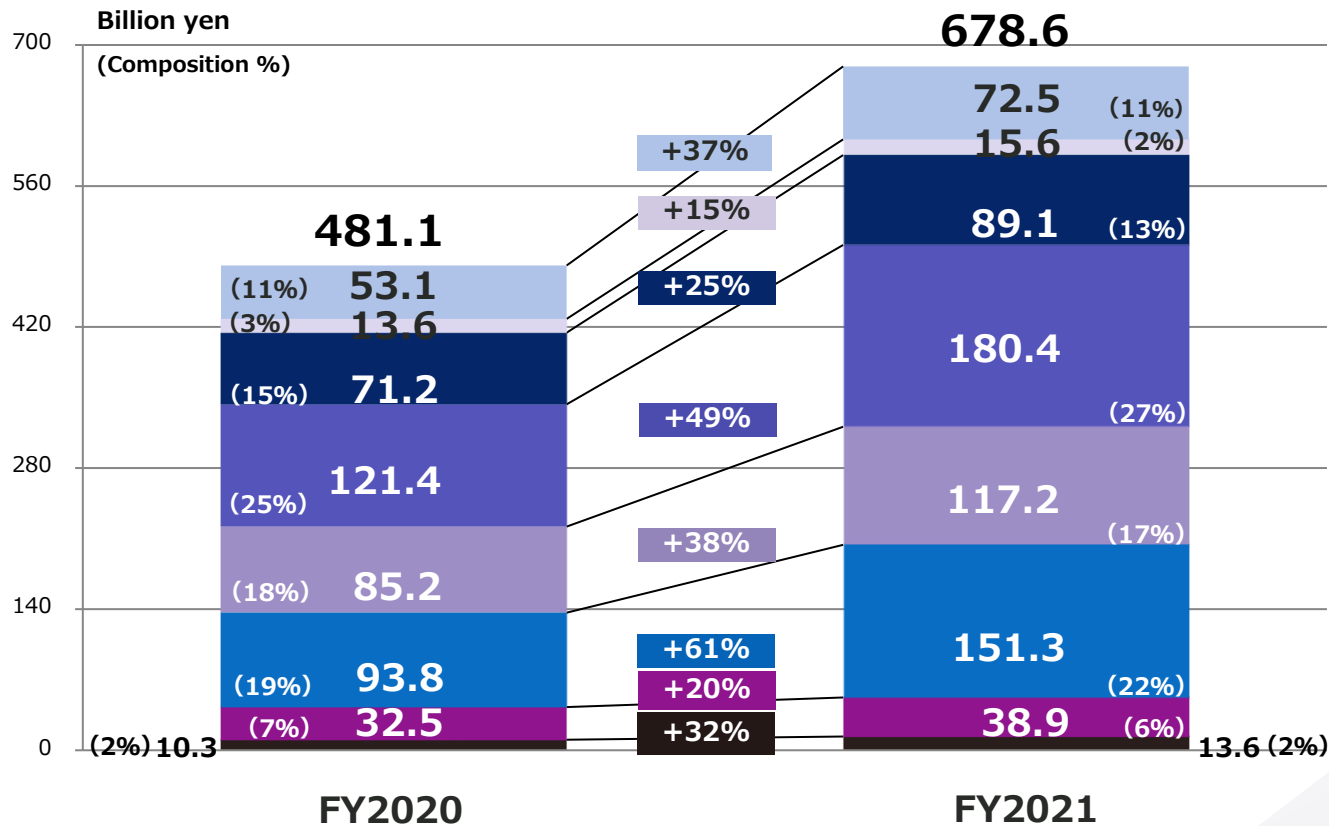
Billion yen	FY2020	FY2021	Major Factors
Cash Flow from Operating Activities	38.1	▲15.5	Increased ¥37.1 billion yen income before income taxes; Increased trade payable and accounts payable; Increased notes and accounts receivable; Increased trade inventories
Cash Flow from Investing Activities	▲2.2	▲1.7	Proceed from purchases of shares of the affiliate resulting in change in scope of consolidation; Purchases of property and equipment and intangible assets
Cash Flow from Financing Activities	▲26.2	14.4	Net increases in short-term loans and proceeds from long-term debt, despite cash dividends paid
Cash & Cash Equivalents at Year End	25.4	25.1	Decreased ¥0.3 billion compared to ¥25.4 billion at end of previous consolidated financial year

## Net Sales by Segment

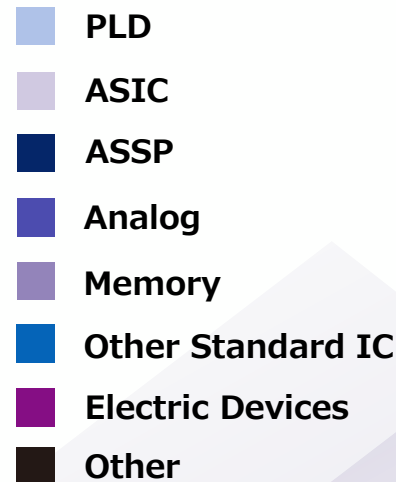


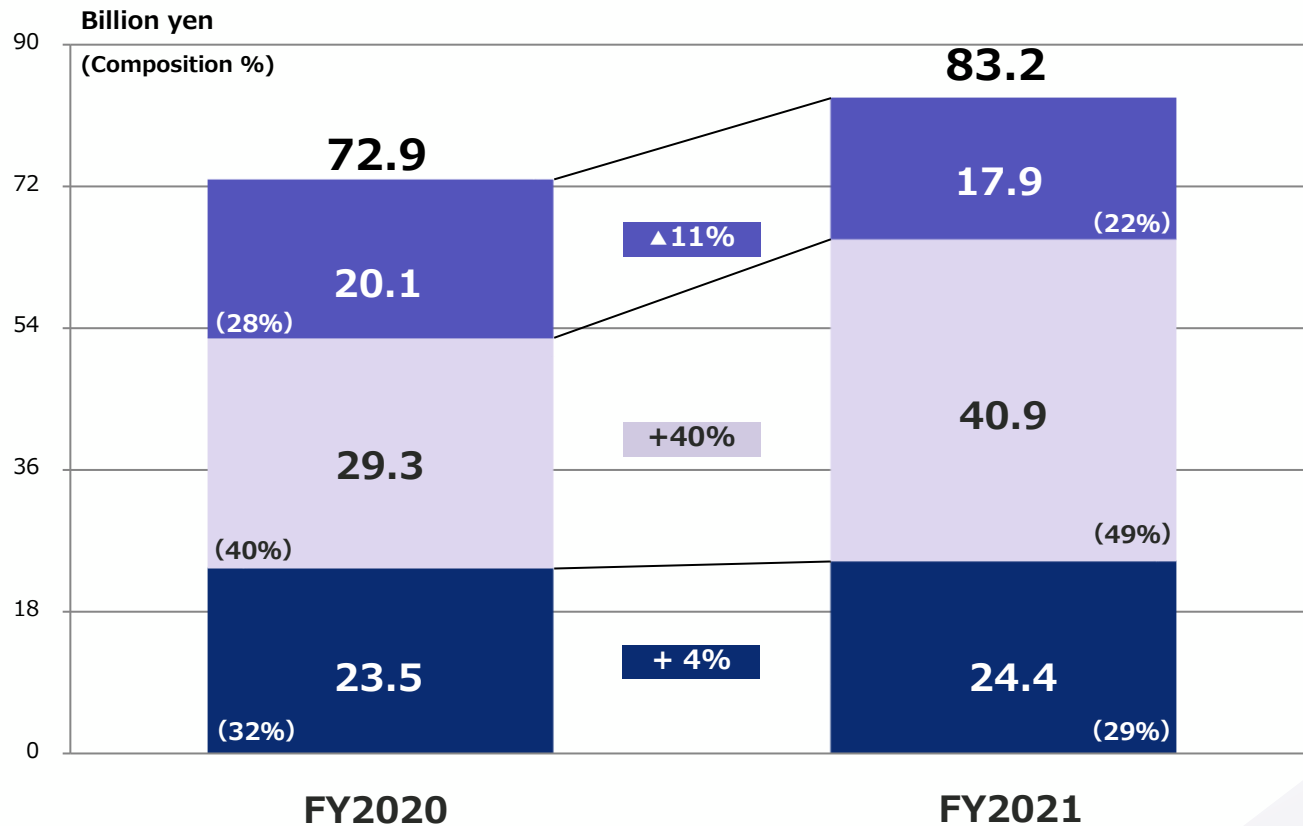




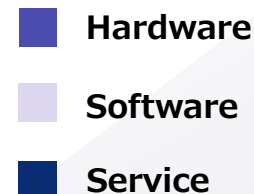


**678.6 bil yen**  
**Y/Y +41.0%**





**83.2 bil yen**  
**Y/Y +14.0%**



# I

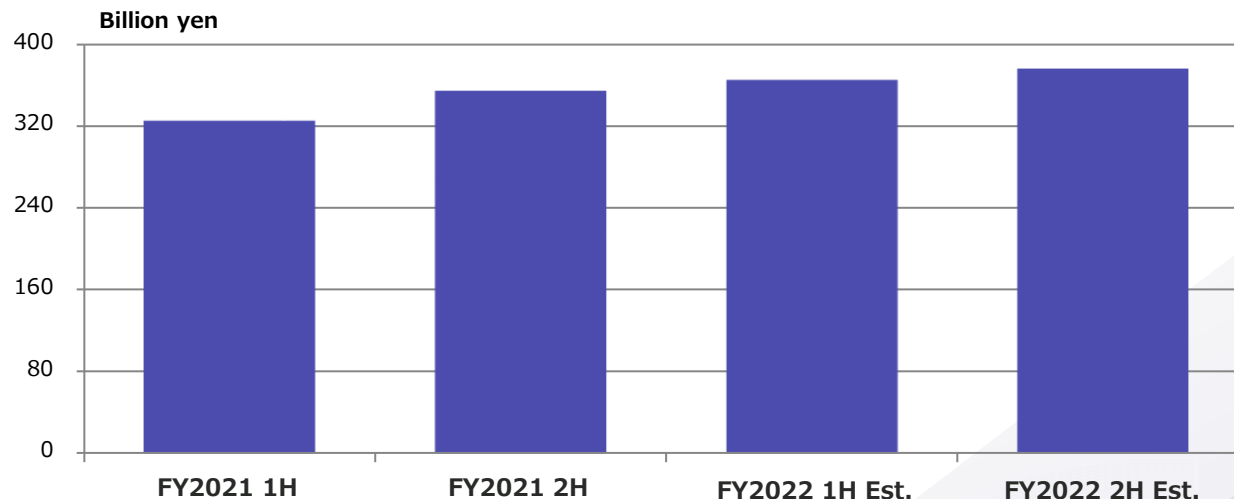
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## Forecast Highlights

Billion yen	FY2021 Actual	FY2022			Y/Y Change
		1H Actual	2H Est.	Full Year Est.	
Net Sales	761.8	407	423	830	8.9%
IC, Electronic Devices and Other Business	678.6	364.6	375.4	740	9.0%
Network Business	83.2	42.4	47.6	90	8.1%
Gross Profit	90.7	48.8	49.2	98	8.0%
Operating Income	36.7	19.5	19.5	39	6.2%
Ordinary Income	35.5	19.2	19.2	38.4	8.2%
Net Income Owners of parent	25.8	13	13	26	0.8%

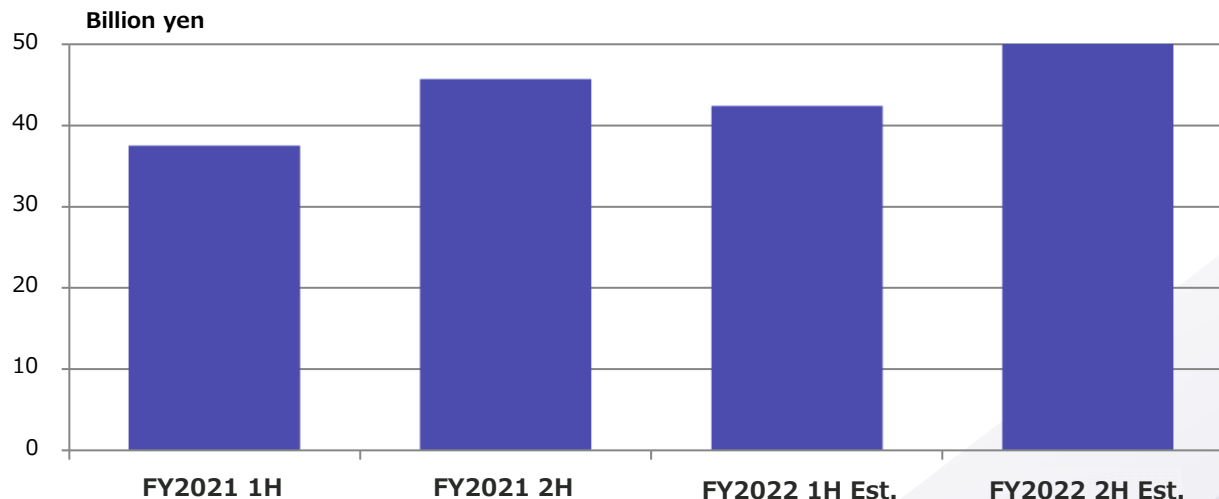
## Strong demand for semiconductors in wide range of markets

- Strong demand for semiconductors expected to continue in a wide range of sectors, including Industrial Equipment for automation and upgrading of production, 5G, data centers and the electrification of automobiles.
- Uncertainty remains due to supply chain disruptions including semiconductor shortages, rising raw material prices, the Ukraine and China's zero-COVID policy.



## Software expands against backdrop of changing work trends

- Software is expected to drive growth, with a focus on cloud services that do not rely on perimeter protection and end-point security that offers advanced security.
- Hardware is expected to slow down as demand shifts from perimeter defense of internal systems to security of client terminals and the cloud.



# I

1. **Results for FY2021 (Consolidated)**
2. **Outlook for FY2022 (Consolidated)**
3. **Shareholder Return**



## Dividends and Dividend Forecast

	Annual Dividends (yen)		
	Mid-Term	Year End	Total
FY2020	25.00	25.00	50.00
FY2021	40.00	60.00	100.00
FY2022 (Forecast)	60.00	60.00	120.00



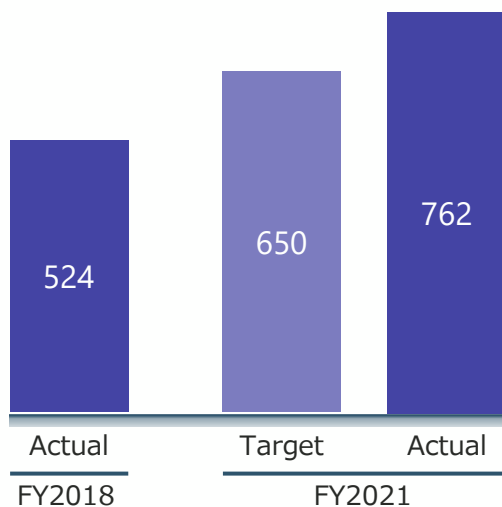
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- 4. Operational, Asset Efficiency & Investment in Management System**
- 5. Financial & Capital Policies**

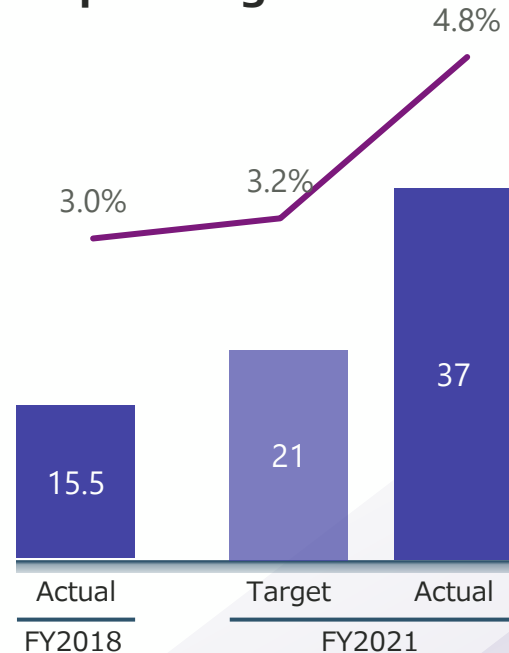
## Targets for mid-term plan substantially met

Billion yen

### Net Sales



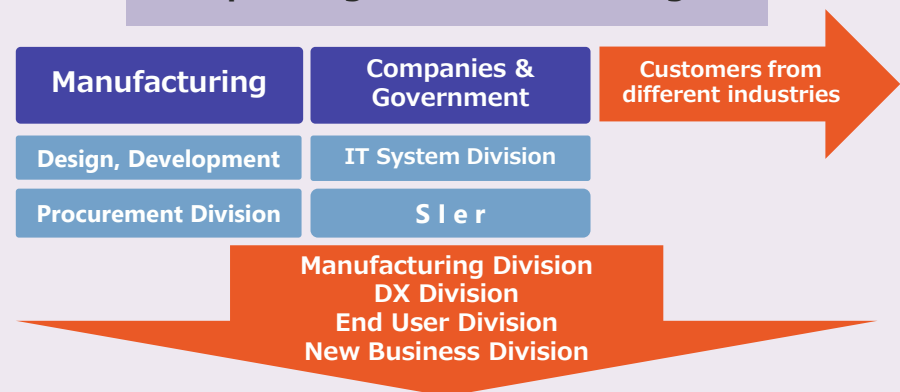
### Operating Income



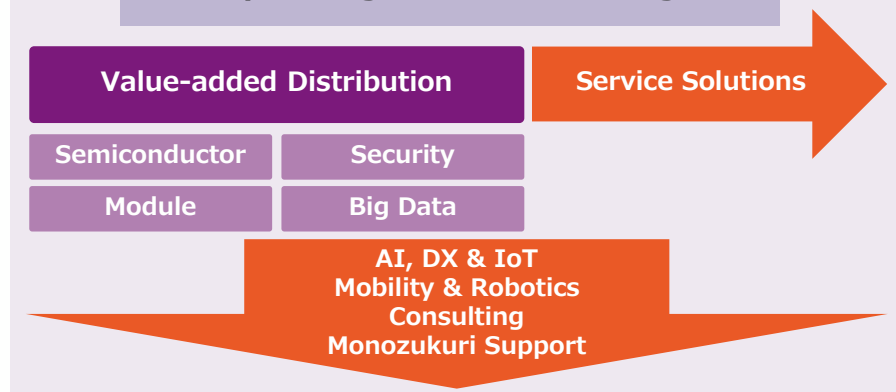
## Increased Business Presence and Coverage

	Business Challenges Facing Customers	Our Strengths
Semiconductor Business	Semiconductor Procurement (SCM/BCP)	Large Domestic and International Suppliers, Global
Network Business	Cyber Risk (IT/OT)	Security Expertise & Advanced Solutions
New Value-added Business	DX	Cyber Physical Expertise & Implementation Skills

### Expanding Customer Coverage



### Expanding Solution Coverage





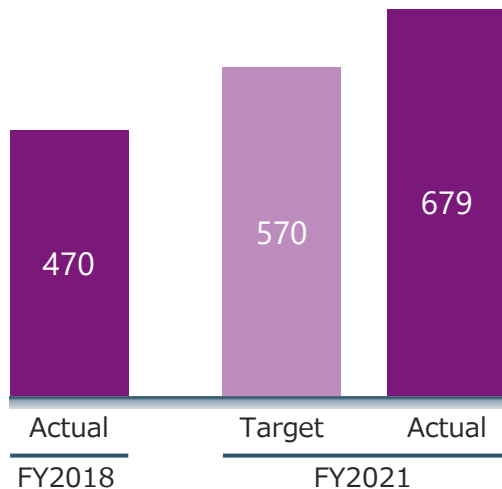
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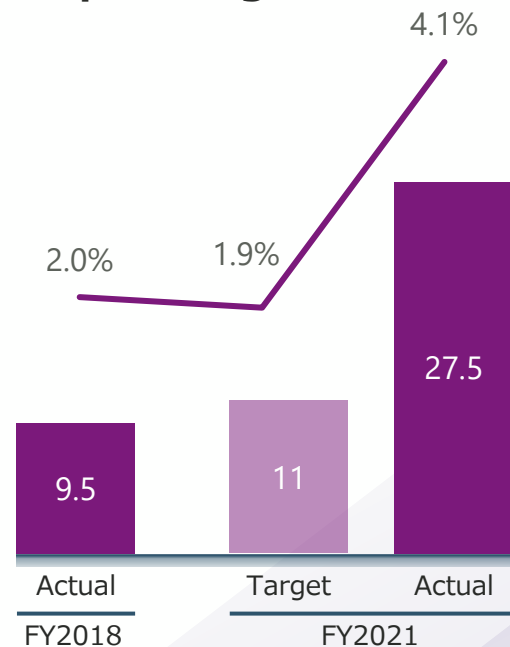
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Billion yen

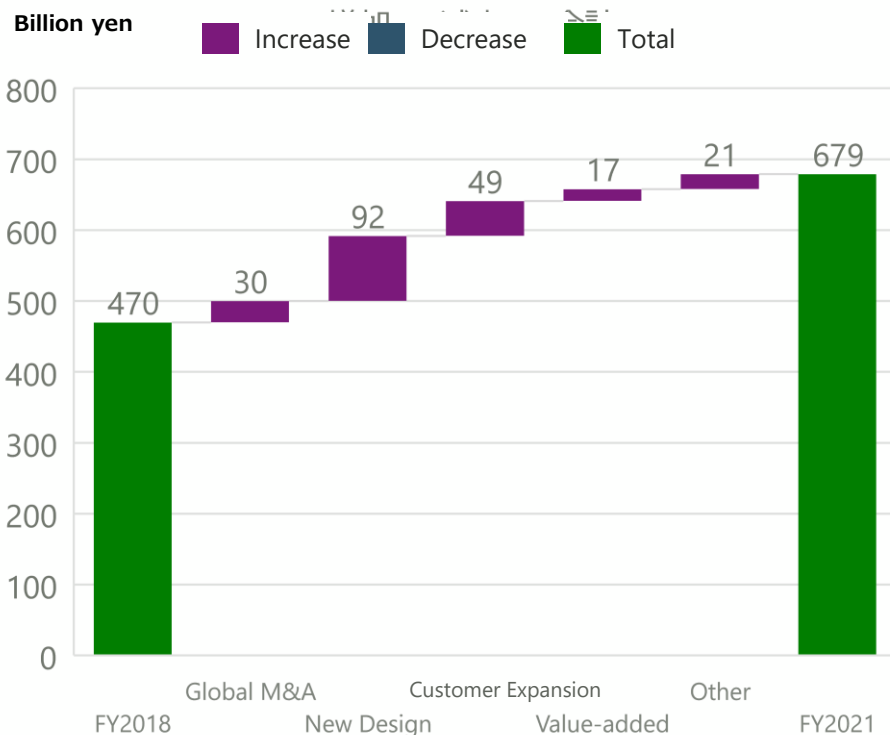
## Net Sales



## Operating Income



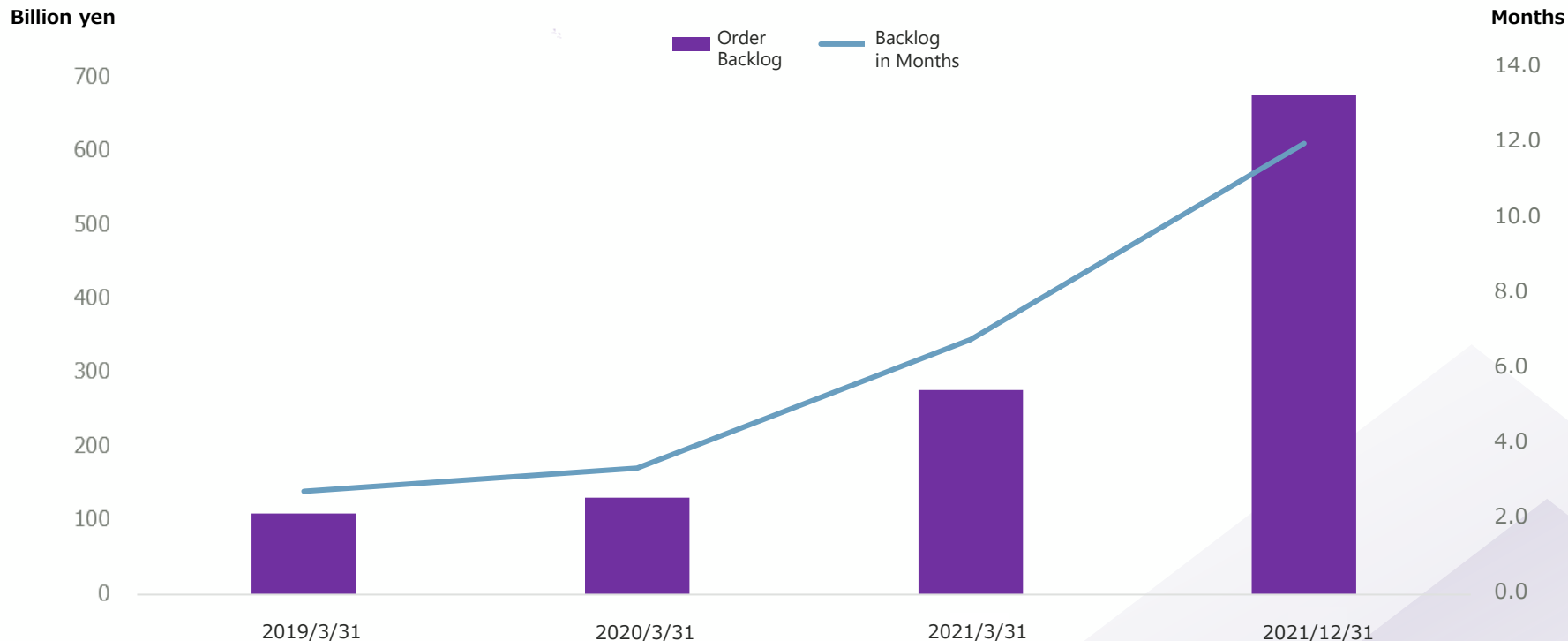
## Growth in all major strategies



- **Global M&A**  
Consolidation of ANSTek and ATD\*, focus on Industrial Equipment market
- **New Design**  
New Design Wins, mainly Industrial Equipment and Automotive markets  
Expanded sales to overseas data centers
- **Customer Coverage Expansion**  
Acquired new customers for several large suppliers, mainly Industrial Equipment market
- **New Value-added Business**  
Growth in Telecoms, AI-related, Mobility, etc.

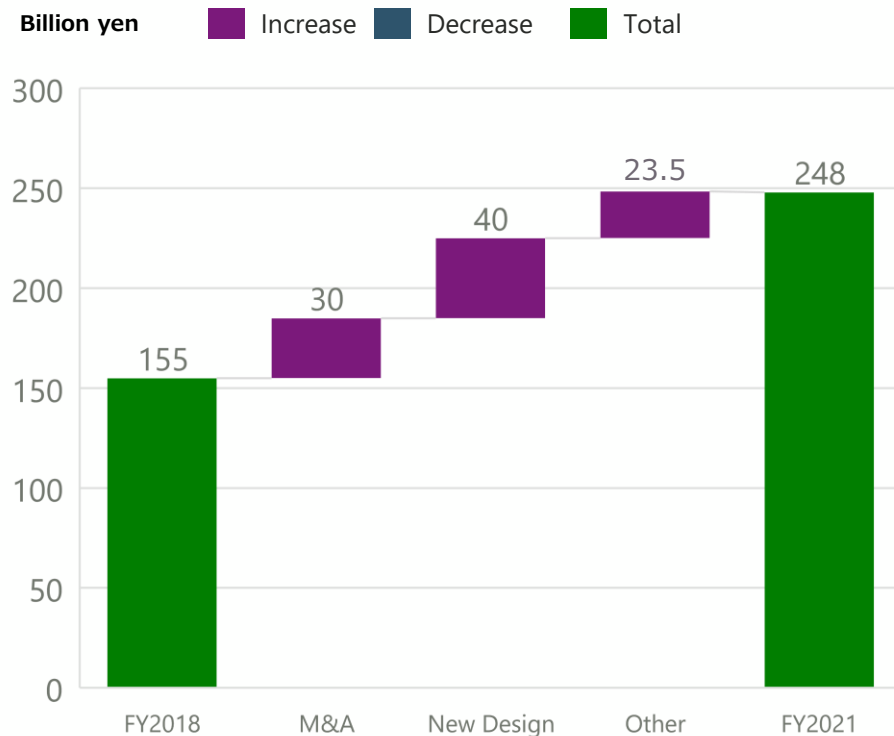
\*ANSTek : Answer Technology Co., Ltd.  
ATD : Macnica ATD Europe S.A.S

Order backlog approx. 12 months due to long-term contracts





## Sales growth through M&amp;A and New Designs



- **ANSTek (Taiwan) Consolidated in 2021**

Affiliated in 2019, made consolidated subsidiary in 2021, Industrial Equipment market accounts for 87% of sales, strong in analog and PLD

- **ATD (France) Consolidated in 2021**

Affiliated in 2016, made consolidated subsidiary in 2021, strong in image sensors

FY2021	ANSTek	ATD
Net Sales	25.1 bil	5 bil
Gross Profit	3.2 bil	640 mil
Operating Income	1.56 bil	130 mil

- **New Design**

Sales expanded by approx. 40 billion yen, mainly with China datacenters

New capacities acquired, to be expanded in next mid-term plan

## Value-added solutions using semiconductors

Board, Appliance, Software



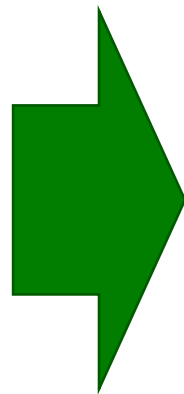
Monozukuri Consulting



Total Solution



Now Reclassified and Expanding as  
High Value-added Distribution Model



Now Reclassified and Expanding as  
Service & Solutions Model



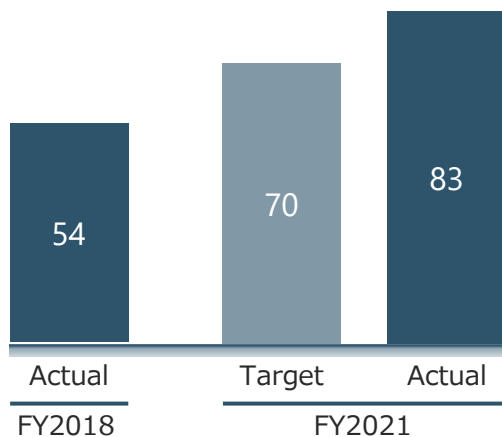
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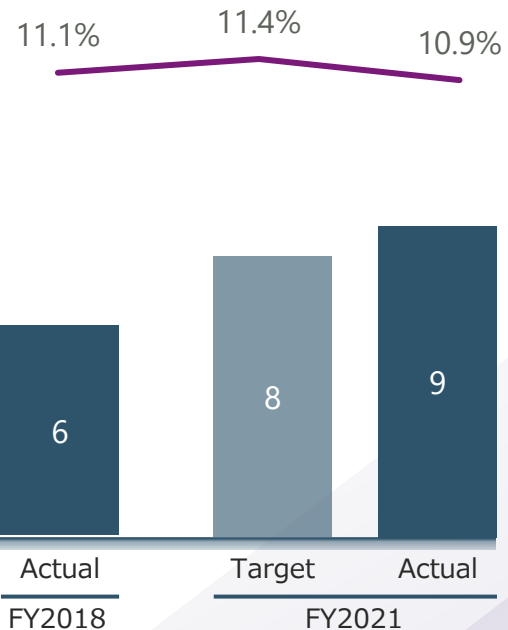
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Billion yen

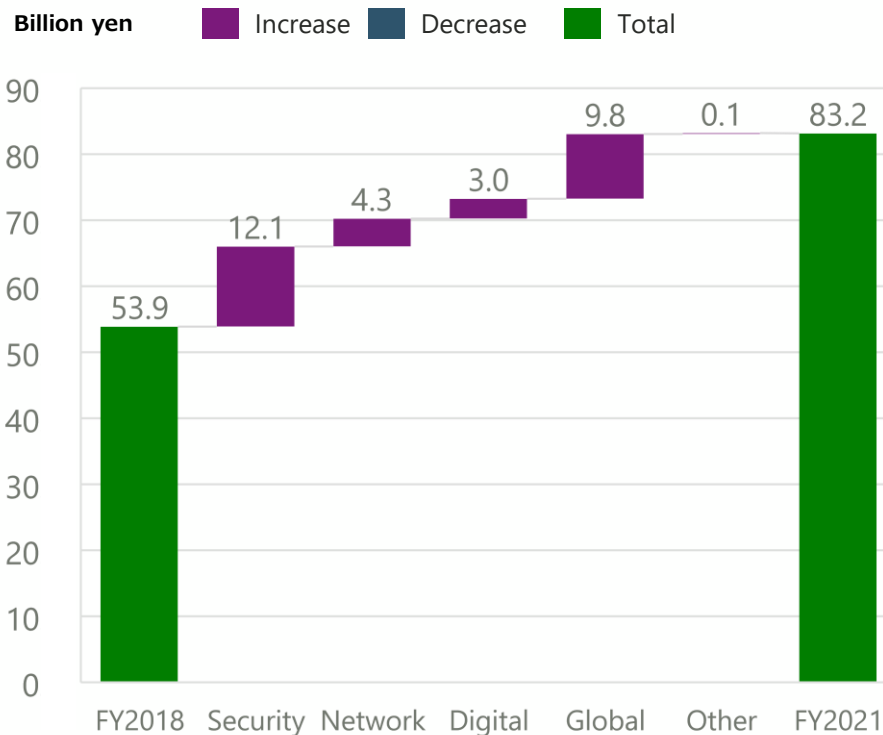
### Net Sales



### Operating Income

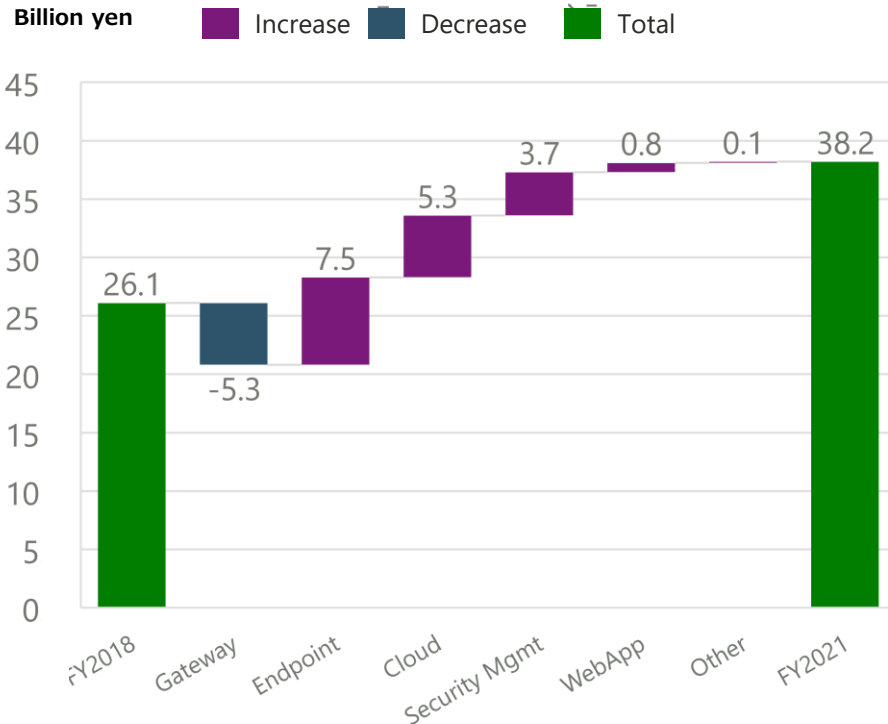


## Growth in all major strategies



- **Security (Japan)**  
Significant growth in endpoint security, cloud security and security management
- **Network (Japan)**  
Significant growth in cloud and mobile-related products
- **Digital Solutions (Japan)**  
Significant growth in big data analysis platforms and related products
- **Global**  
Growth in 4 countries and launch in 2 countries

## Growth in endpoint and cloud-related, Portfolio expansion



- **Gateway Security**

Decrease due to shift toward endpoint security cloud security

- **Endpoint Security**

Growth due to shift toward endpoint security, influenced by the expansion of remote working

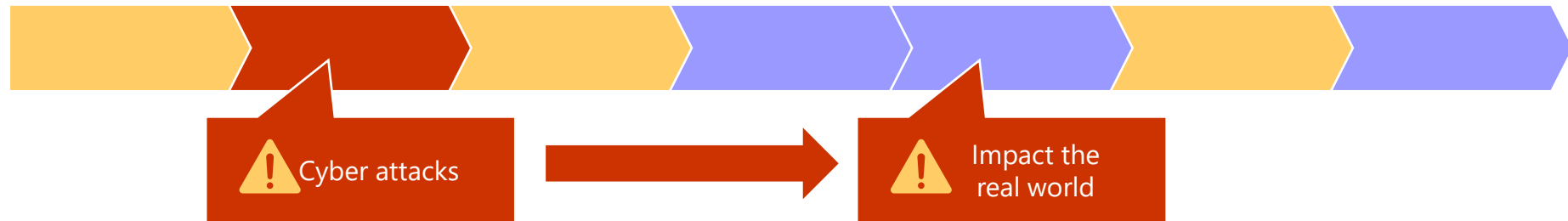
- **Cloud Security**

Growth due to expansion of remote working and widespread use of cloud computing

- **Security Management**

Growth through portfolio expansion into internal fraud prevention, operations and monitoring related solutions

## Impacting the real world & SCM risks



- (1) Cyber attacks affect the real world
- (2) Attack intrusion routes are changing
- (3) Security risks in the supply chain are impacting your company

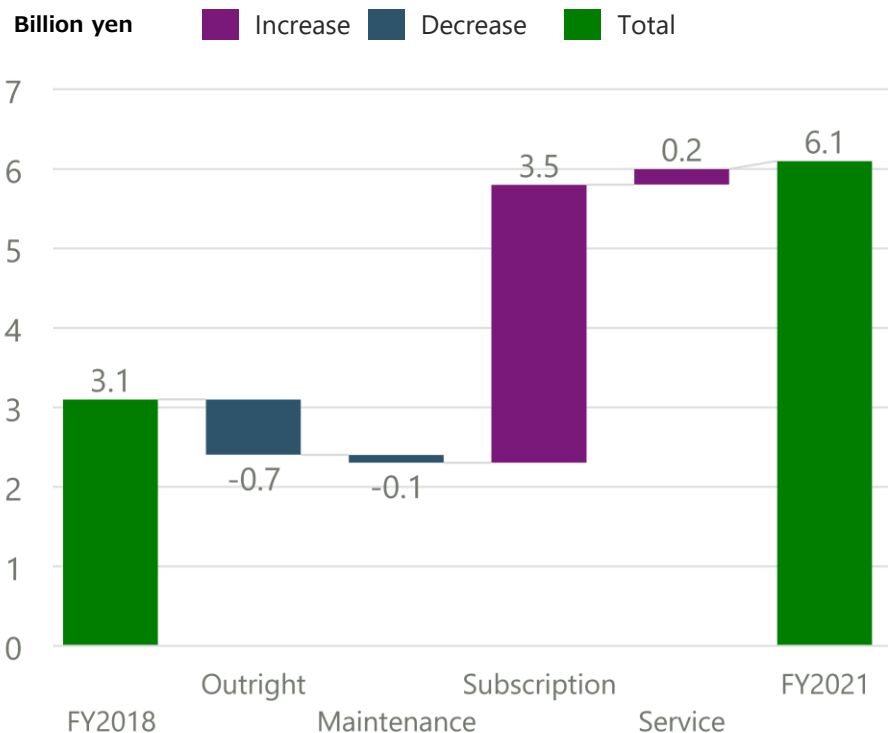
- (1) Security risks becoming more serious
- (2) Security measures expanding in response to changing attack intrusion routes
  - Attack Surface Management (Macnica service)
  - MDR, EDR, NDR (S&U, international security products)
- (3) Visualizing risks in the supply chain
  - Risk scoring (international security products)

MDR : Managed Detection and Response

EDR : Endpoint Detection and Response

NDR : Network Detection and Response

## Growth through shift to subscription and expansion of domains



- **Outright purchase type**  
Decrease due to transition to subscription
- **Maintenance**  
Decrease due to decline in number of outright purchases
- **Subscription type**  
Growth due to shift from outright purchase and expansion of domains from traditional security to IT operational applications
- **Service**  
Growth in proprietary services such as consultancy and implementation support in line with product introduction



## From distributor to service provider

## Evolution to Macnica Services

SaaS-based data visualization and analysis cloud service

## Macnica U's Case Visualizer

Splunk  
Solution Provider AgreementNetwork Security  
Integrated Management Tools

MOTEX

Macnica U's Case Visualizer  
for  
LANSCOPE

Content Cloud

box

Macnica U's Case Visualizer  
for  
BOX

SOC Outsourcing

S&amp;J

Macnica U's Case Visualizer  
for  
S&JMacnica Service  
Partner collaborationSplunk  
Distributor Agreement

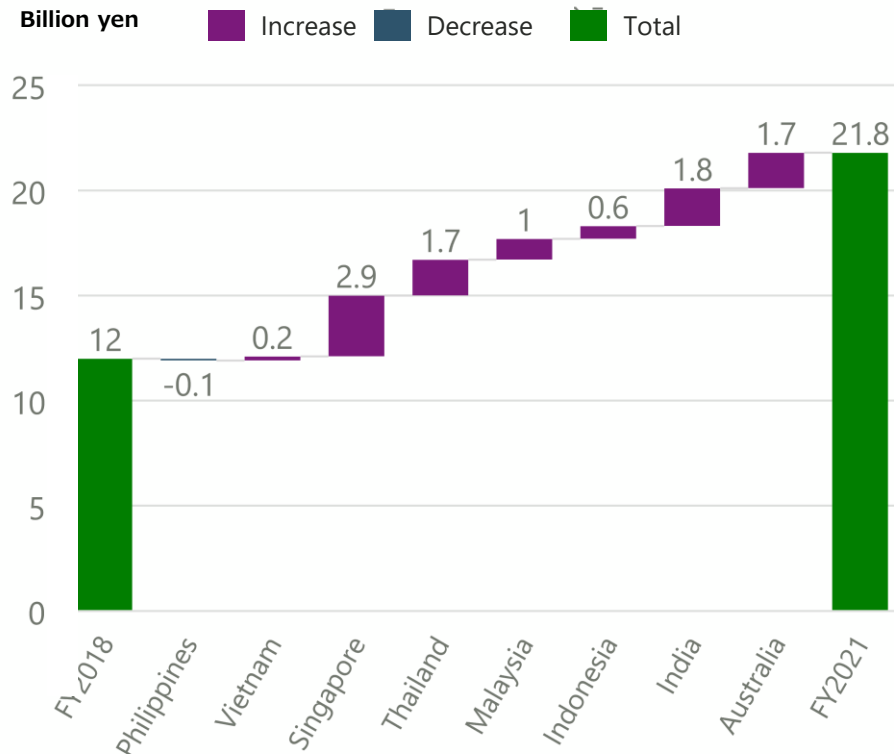
Splunk

Consultancy &amp; Implementation Support

Products

Macnica proprietary  
value-added services

## Overall business growth in Asia-Pacific



- **Growth in existing regions**

Growth in Singapore, Thailand, Malaysia and Indonesia due to effective collaboration with the domestic network sector, including

- (1) Common suppliers and sharing of sales and technical expertise
- (2) Consolidation of technical support centers to raise the level of support
- (3) In-depth expertise sharing on cyber attacks

- **Launch in new entry countries**

Newly established in India (April 2019) and Australia (June 2019), rapidly ramping up and contributing to performance from FY2020 onwards

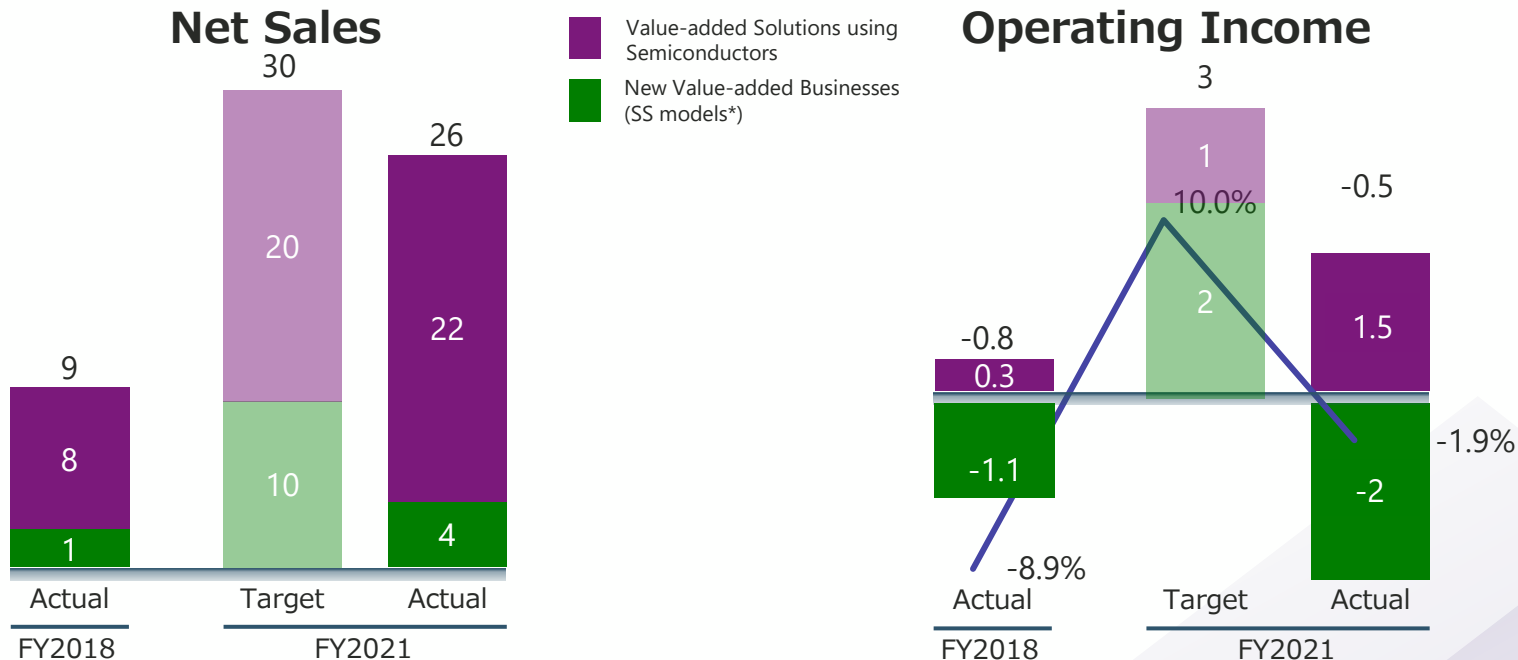


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## Mid-term plan targets not met

Billion yen



\* In the FY2022-24 Mid-Term Management Plan, we will incorporate Value-added Solutions using Semiconductors into the Semiconductor Business strategy; New Value-added Businesses will change to Service & Solutions Models (SS Models).

## Macnica products & services development in progress

	High Value-added Distribution	Market Expertise & Partner Acquisition	Macnica Products & Services
<p><b>Business &amp; Economy</b></p>	<p>SIEMENS   temi   realwear   digicert®</p> <p>13 companies</p>	<p>Albert   YASKAWA 安川電機   TECHNOPRO   BellChild</p> <p>17 companies</p>	<p>Consulting &amp; Professional Services</p> <p>Re:Alize.macnica.ai</p> <p>DSF CYCLONE   SENSPIDER</p> <p>Macnica Robot Platform</p> <p>CrowdANALYTIX</p> <p>Macnica Mobility Data Platform Fleet Management System</p> <p>ATTENTIVE ONNECT   MAQUP</p> <p>AiryQonnect</p> <p>S&amp;J</p> <p>mpRESSION Cyber Security Service   tatoe</p> <p>U's Case Visualizer</p>
<p><b>Life &amp; Society</b></p>	<p>NAVYA be fluid   EarlySense   noomi   Arblet Inc.   Baraja   INNOVIZ TECHNOLOGIES</p> <p>25 companies</p>	<p>aptpod   Nice METS   Hiroshima University</p> <p>19 companies</p>	
<p><b>Green &amp; Earth</b></p>	<p>cleanwatts   ShinyU</p> <p>4 companies</p>	<p>Exploring</p>	
<p><b>Semiconductor &amp; Network</b></p>	<p>Semiconductor: Over 170 companies</p> <p>Network: Over 100 companies</p>	<p>TEAMT5   MOTEX   Positka</p> <p>3 companies</p>	

## Verification of MaaS business creation with mobility demonstration experiment

**Next Generation Mobility in the City 2nd Demonstration Experiment** conducted in Yokkaichi city, Mie prefecture\*

Objective: Explore issues for **the implementation of new transport methods such as autonomous driving technology**

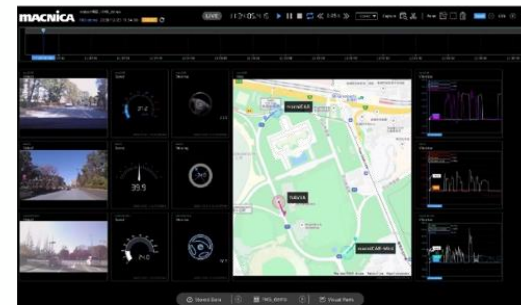
Using NAVYA autonomous buses  
regularly operating in Sakai, Ibaraki

Remote monitoring and fleet management  
Verification for future MaaS business creation

NAVYA ARMA autonomous bus



Remote monitoring and fleet management system for autonomous buses



\* Announced March 18, 2022: Participated in the 'Next Generation Mobility in the City 2nd Demonstration Experiment - in Yokkaichi' using autonomous driving buses

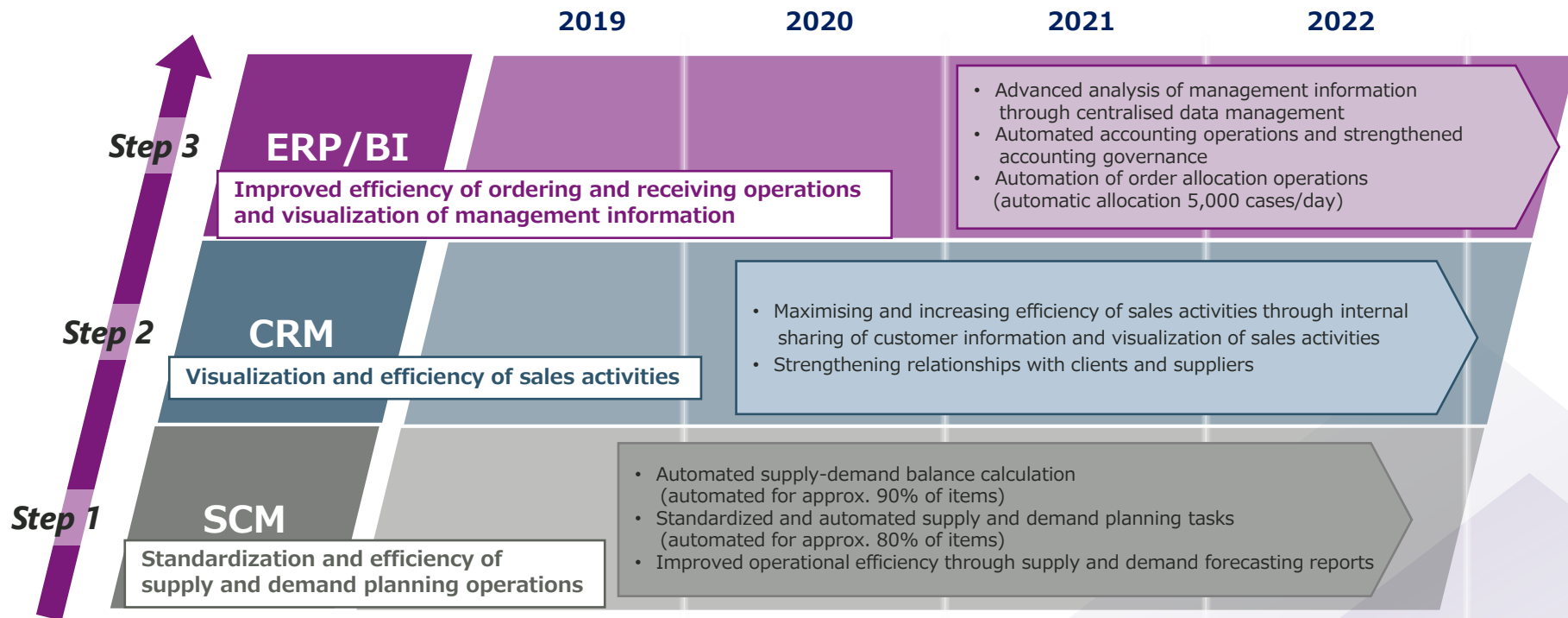


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# Results of 3-year Initiative

**Standardization of business processes, increased operational efficiency and visualization of management information**







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# Management Targets and Results

	FY2019-2021 Target	FY2021 Actual
Consolidated Net Sales	Over ¥650 bil	<b>¥761.8 bil</b>
Consolidated Net Income	Over ¥13 bil	<b>¥25.8 bil</b>
Consolidated ROE	Over 9.0%	<b>15.2 %</b>
Operating Cash Flow	Over ¥10 bil Accumulated over 3 years	<b>¥68.3 bil</b> Accumulated over 3 years

# Review: Mid-Term Management Plan (FY2019-2021)

## Group Consolidated

## Semiconductor Business

## Network Business

## New Value-added Business\*1

### Net Sales

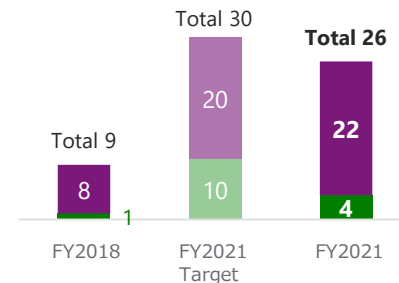
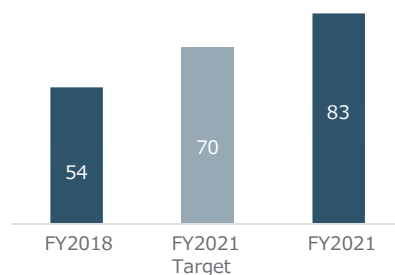
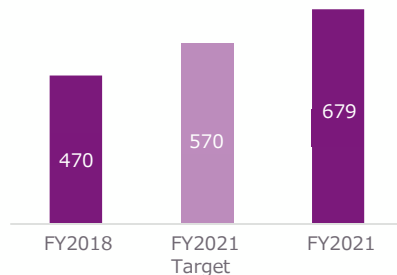
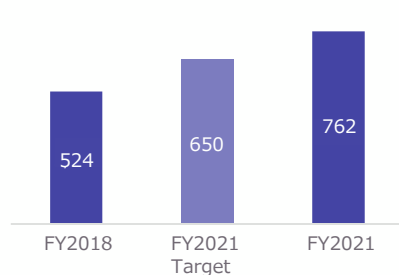
Value-added solutions using semiconductors  
New value-added business (SS models\*2)

CAGR (21/18) : +13.3%

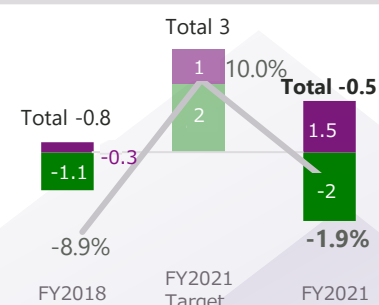
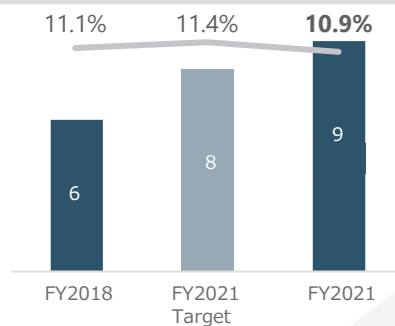
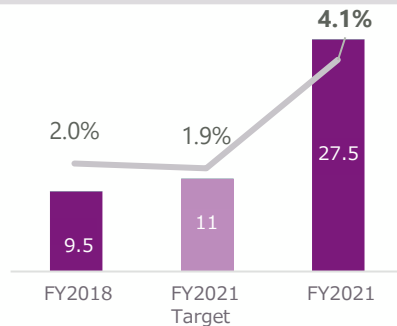
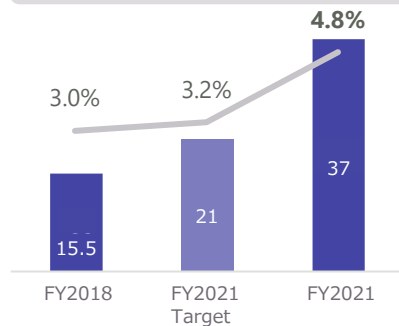
CAGR (21/18) : +13.0%

CAGR (21/18) : +15.6%

CAGR (21/18) : +42.4%



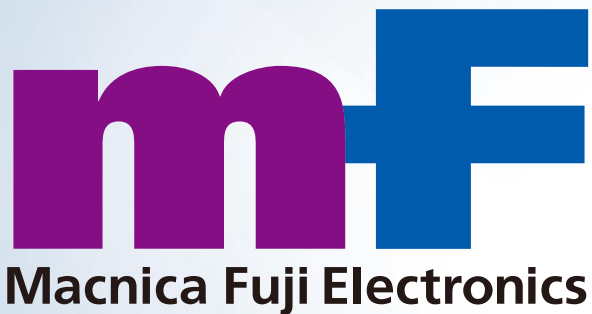
### Operating Income



\*1 Figures for New Value-added Businesses are included in the Semiconductor Business and Network Business Segments.

\*2 In the FY2022-24 Mid-Term Management Plan, we will incorporate Value-added Solutions using Semiconductors into the Semiconductor Business strategy; New Value-added Businesses will become Service & Solutions Models (SS Models).

Growth Strategy	Semiconductor	<p>Growth in all major strategies (Global, Demand Creation, Customer Coverage Expansion and New Value-added Solutions). Operating margins increased. Significant growth in analog ICs, other standard ICs and memory in a wide range of sectors including Industrial Equipment, Computers and Automotive.</p> <p><b>(i)</b> Establishing a Global Position In 2019, the company acquired a stake in Taiwan's Answer Technology, specializing in the Industrial Equipment market.</p> <p><b>(ii)</b> Value-added Solutions using Semiconductors Achievements leading to enhanced handling of high value-added commercial products and expansion into Service &amp; Solutions Models.</p>
	Network	<p>Growth in all major strategies (Security, Digital, Network and Global). Operating margins increased.</p> <p><b>(i)</b> Security Decrease in gateway-type products. Growth in endpoint and cloud-related products and services. Growth due to expansion of various commercial products.</p> <p><b>(ii)</b> Digital Solutions Growth in market share and domain expansion while moving from outright purchase to subscriptions. Started expanding into Macnica services.</p> <p><b>(iii)</b> Global Growth in existing regions through synergies with domestic network sectors. Launching in new countries (India, Australia).</p>
New Value-added Business Strategy		<p>Value-added Solutions using Semiconductors grew above target, but New Value-added Businesses did not achieve performance targets. The original 4 themes (1) IoT solutions, (2) autonomous driving solutions, (3) service robots and (4) macnica.ai were repositioned as elements of business development. Six business themes based on a backcast of social issues to be solved. Entering the market with high value-added distribution. Shifted to a strategy of acquiring the necessary expertise and partners in each market and developing Macnica products and services. The track record is still small but many partners have been acquired and more than 10 Macnica services have been released.</p>
Operational, Asset Efficiency & Investment in Management System		<p>The work reorganization and system infrastructure development that started in 2019 progressed as planned and achieved the following</p> <p><b>(i)</b> Standardization and streamlining of sales, supply and demand, ordering and receiving operations, etc.</p> <p><b>(ii)</b> Visualization of management information and sales activities.</p>



**Macnica Fuji Electronics Holdings, Inc.**  
**Financial Results**  
**Briefing**

**Long-term Management Vision  
& Mid-Term Management Plan**

May 9, 2022

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.

# Agenda

## I

### Formulation of Purpose, Vision & Value (PVV)

1. Corporate Philosophy
2. Purpose
3. Vision
4. Value
5. Brand Slogan

## II

### Basic Sustainability Policy

1. Basic Sustainability Policy
2. Materiality
3. Management Materiality
4. Relationship: Materiality and Business Activities

## III

### Long-term Management Objectives

## IV

### Mid-term Management Plan

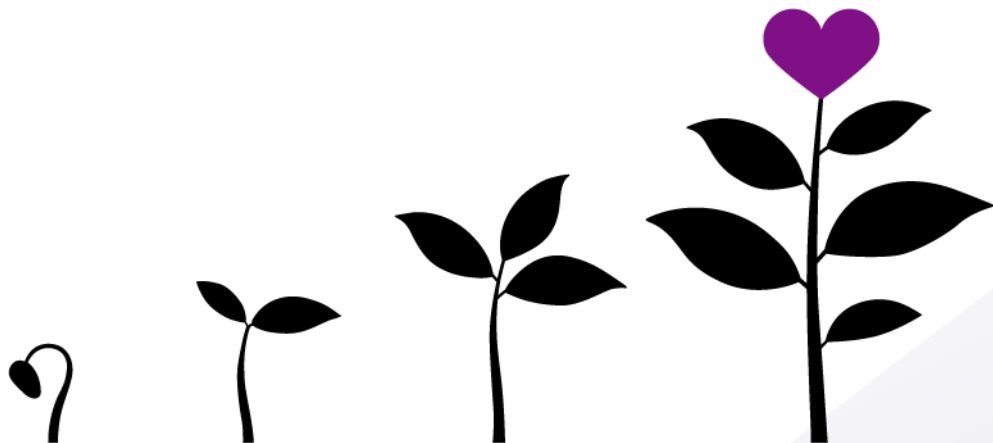
1. Review: Mid-Term Management Plan (FY2019-2021)
2. Mid-term Management Plan
3. Financial Strategy and Dividend Policy
4. Overall Summary



## **Formulation of Purpose, Vision & Value (PVV)**

- 1. Corporate Philosophy**
- 2. Purpose**
- 3. 2030 Vision**
- 4. Value**
- 5. Brand Slogan**

## Sowing Seeds Continuously Under Our Feet





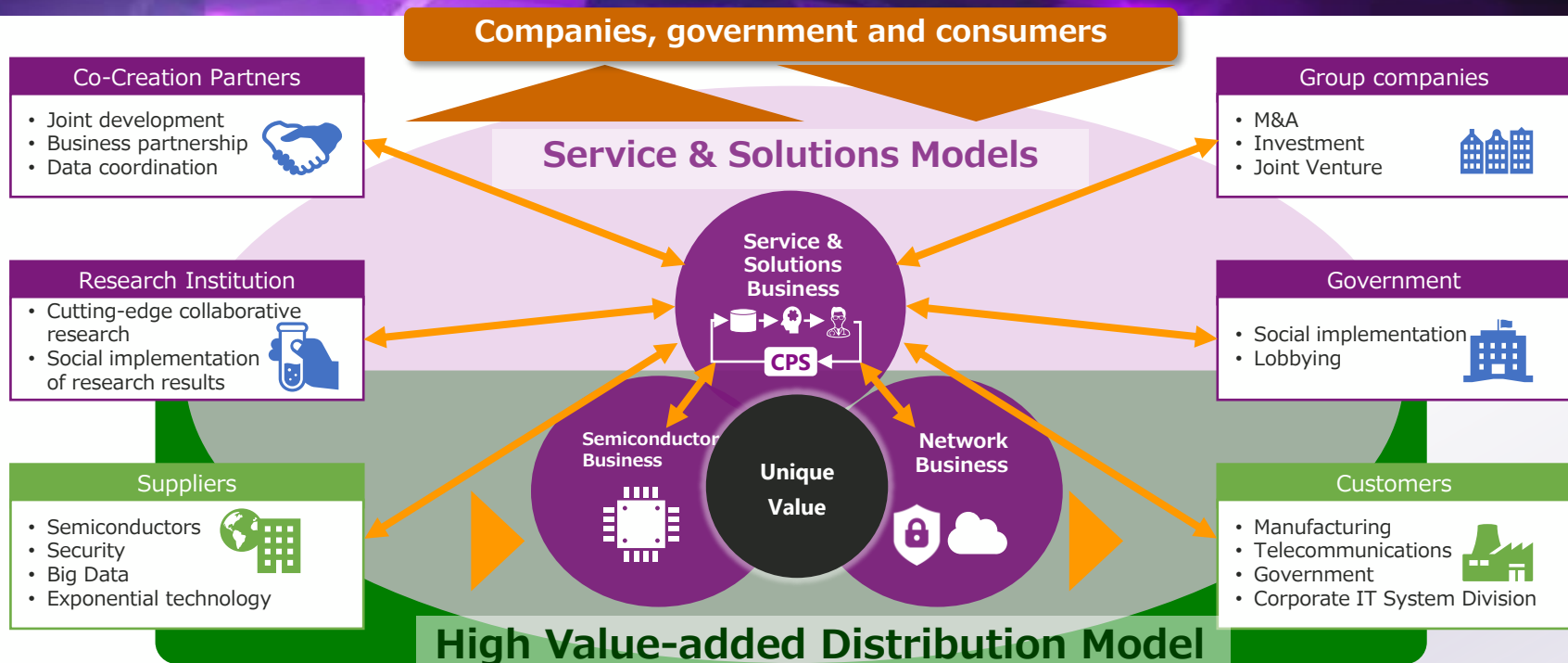
## 2. Purpose

**Leading** in an ever-changing world,  
We seek technology and intelligence **beyond the cutting edge**  
while envisioning the future and creating the **“Now.”**

# 3. 2030 Vision

Continuing to create new value by connecting technology and intelligence from around the world toward the realization of a prosperous future society

## Service & Solutions Company



# 4. Value

T

Trust

Empowerment  
backed by trust

E

Excitement

Communication &  
positive thinking  
create an ideal  
working environment  
with positive attitude,  
excitement & energy

A

Aggressiveness

High aspirations  
and aggressive  
thinking: Passion  
to persevere  
until goals are  
achieved

M

Move

Anticipate  
changing times  
and pursue self-  
transformation

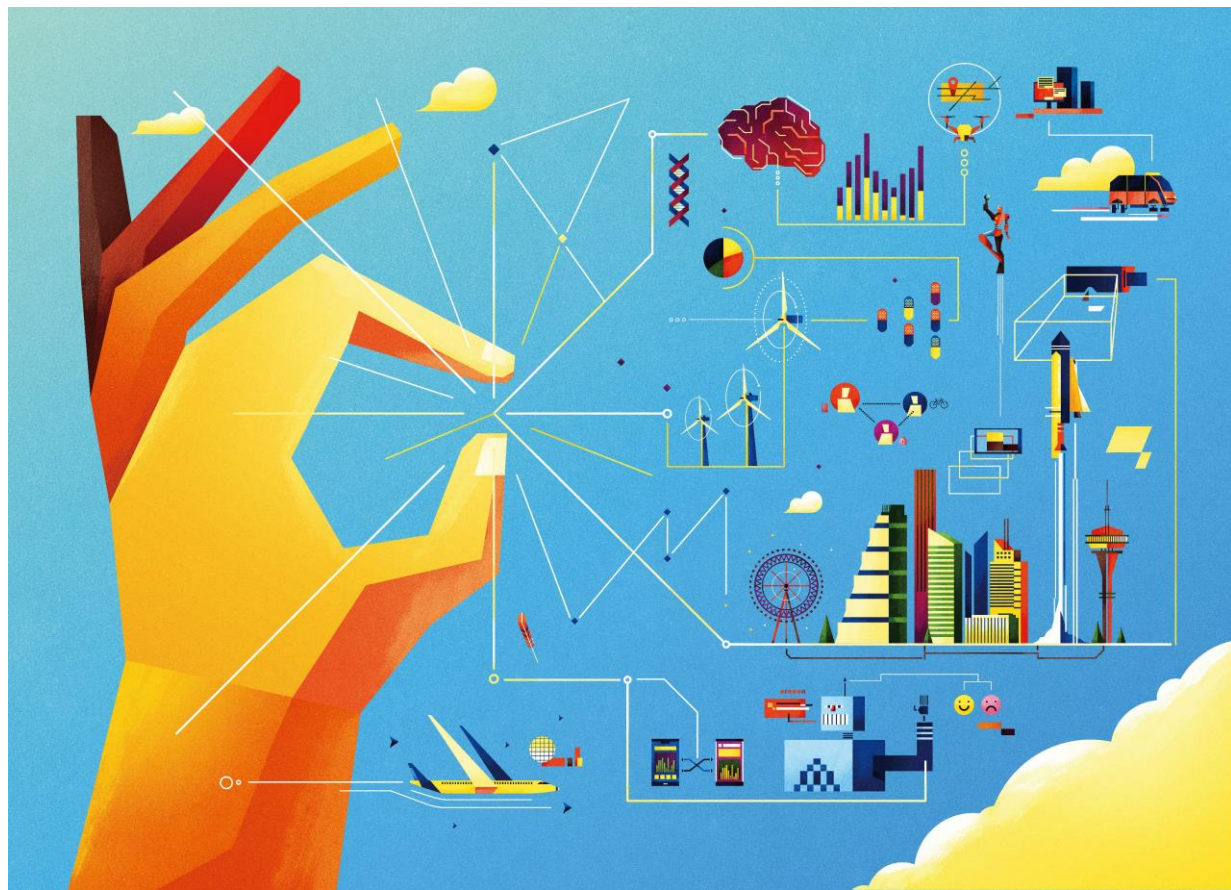
S

Stretch

Always set and  
challenge high  
goals

# 5. Brand Slogan

Co.Tomorrowing  
**MACNICA**





## **Basic Sustainability Policy**

- 1. Basic Sustainability Policy**
- 2. Materiality**
- 3. Management Materiality**
- 4. Relationship: Materiality and Business Activities**

# 1. Basic Sustainability Policy

We regard addressing global environmental and social issues as among the most important aspects of our management policy, and we are committed to our purpose: **“Leading in an ever-changing world, We seek technology and intelligence beyond the cutting edge while envisioning the future and creating the “Now.”**

1

Identifying key issues, solving social problems,  
and contributing to a sustainable society;  
Business promotion and  
business investment management

2

Promoting environmental and human  
rights-friendly global management,  
strengthening supply chains

3

Gaining societal trust, strengthening  
governance & risk management systems

4

Education and raising the awareness of  
employees toward promoting sustainability

## 2. Materiality





## Strengthen management and business resilience

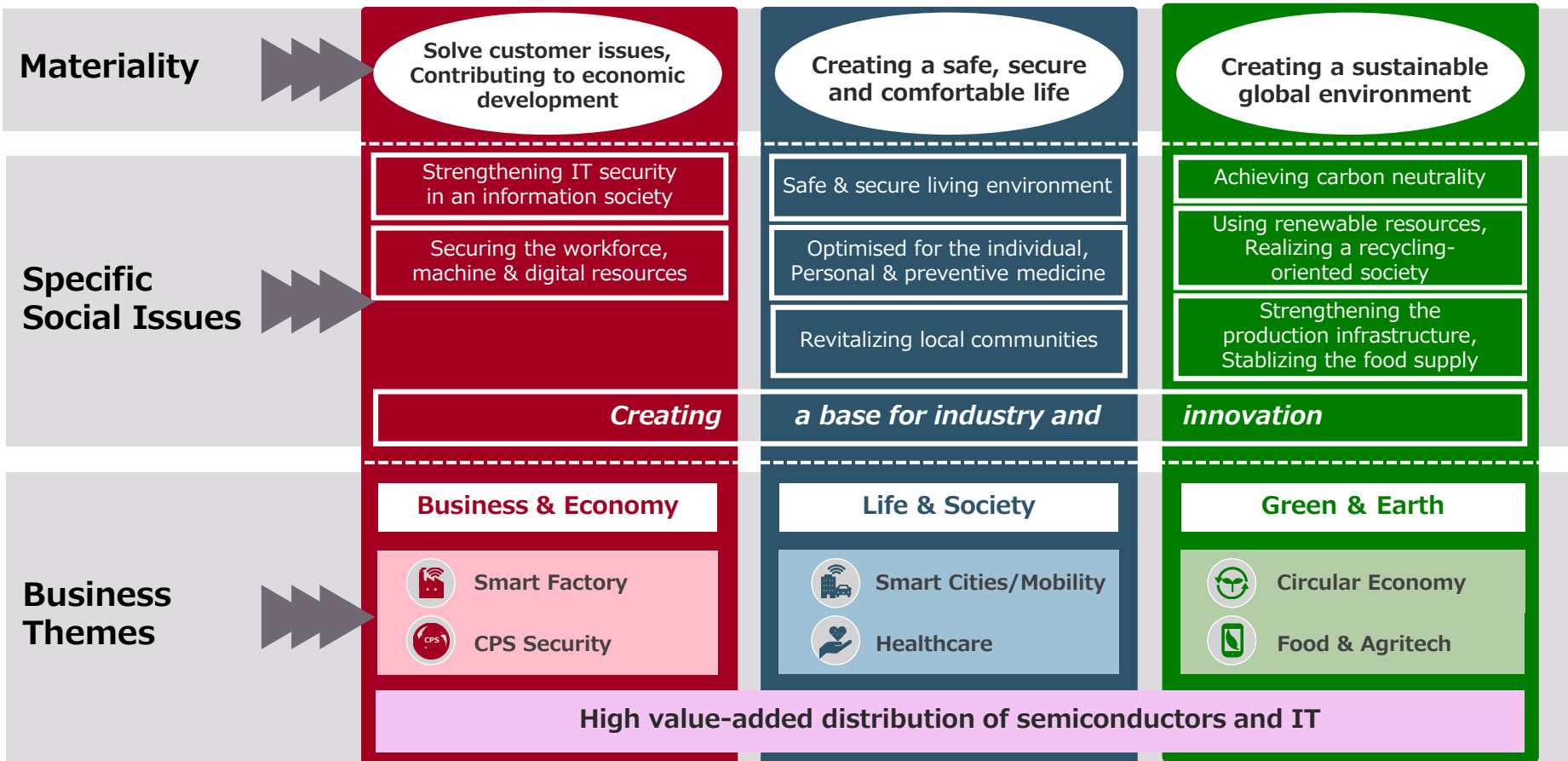
Reinforcing  
governance and  
risk management

Diversity & Inclusion  
(Maximizing  
human capital)

Strengthening  
dialogue with  
stakeholders



# 4. Materiality and Business Activities





## Long-term Management Objectives

## Driving the development of future societies

Creating a sustainable  
global environment

Creating a safe, secure and  
comfortable life

Solving customer issues,  
Contributing to economic  
development

## Sustainable business growth

Net Sales Over 1.3 tril yen

Operating  
Income Over 100 bil yen

Over 100 bil yen from 3 pillars: Semiconductor business,  
Network business, Service & Solutions model

Operating  
Margins Over 7.5 %

ROE Over 15 %

# IV

## Mid-term Management Plan

- 1. Mid-Term Management Plan: Review (FY2019-2021)**
- 2. Mid-term Management Plan:**
- 3. Financial Strategy and Dividend Policy**
- 4. Overall Summary**

## 1 Mid-term Management Plan: Review (FY2019-21)

	FY2019-2021 Target	FY2021 Actual
Consolidated Net Sales	Over ¥650 bil	¥761.8 bil
Consolidated Net Income	Over ¥13 bil	¥25.8 bil
Consolidated ROE	Over 9.0%	15.2 %
Operating Cash Flow	Over ¥10 bil Accumulated over 3 years	¥68.3 bil Accumulated over 3 years

## 1 Mid-term Management Plan: Review (FY2019-21)

## Group Consolidated

## Semiconductor Business

## Network Business

## New Value-added Business\*1

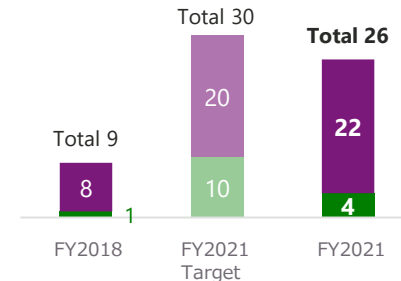
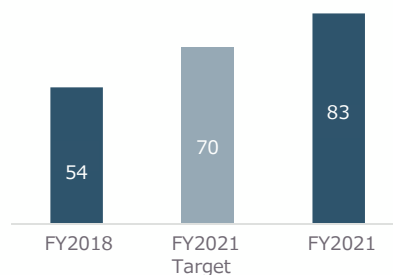
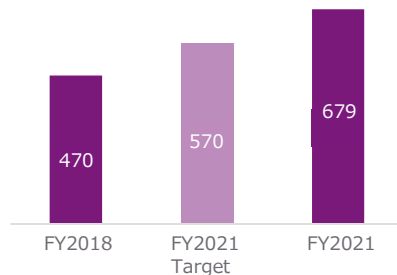
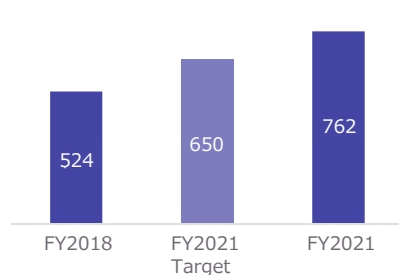
## Net Sales

CAGR (21/18) : +13.3%

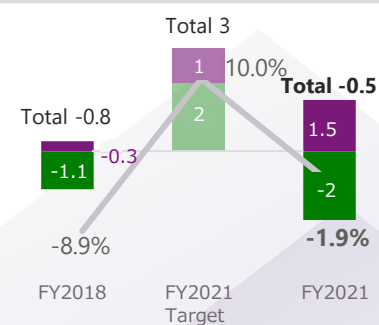
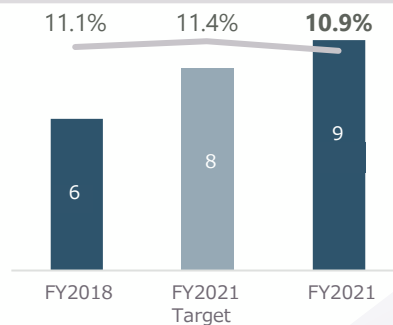
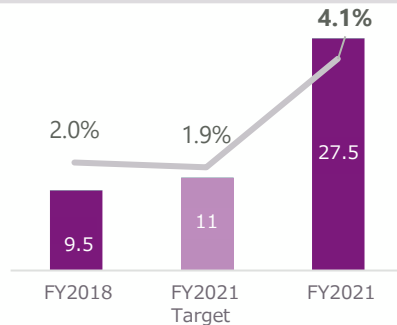
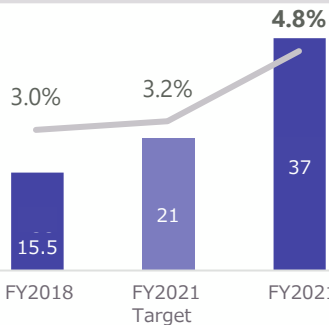
CAGR (21/18) : +13.0%

CAGR (21/18) : +15.6%

CAGR (21/18) : +42.4%



## Operating Income



\*1 Figures for New Value-added Businesses are included in the Semiconductor Business and Network Business Segments.

\*2 In the FY2022-24 Mid-Term Management Plan, we will incorporate Value-added Solutions using Semiconductors into the Semiconductor Business strategy; New Value-added Businesses will become Service & Solutions Models (SS Models).

## Growth Strategy

## Semiconductor

Growth in all major strategies (Global, Demand Creation, Customer Coverage Expansion and New Value-added Solutions). Operating margins increased. Significant growth in analogue ICs, other standard ICs and memory in a wide range of sectors including Industrial Equipment, Computers and Automotive.

- (i) Establishing Global Position. In 2019, acquired stake in Taiwan's Answer Technology, specializing in Industrial Equipment.
- (ii) Value-added Solutions using Semiconductors. Achievements leading to enhanced handling of high value-added commercial products and expansion into Service & Solutions Models.

## Network

Growth in all major strategies (Security, Digital, Network and Global). Operating margins increased.

- (i) Security - Decrease in gateway-type products. Growth in endpoint and cloud-related products and services. Growth due to expansion of various commercial products.
- (ii) Digital Solutions - Growth in market share and domain expansion while moving from outright purchase to subscriptions. Expanding into Macnica services.
- (iii) Global - Growth in existing regions, synergies with domestic network sectors. Launching in new countries (India, Australia).

New Value-added  
Business Strategy

Value-added Solutions using Semiconductors met targets, but New Value-added Businesses did not meet performance targets. The original 4 themes (1) IoT solutions (2) autonomous driving solutions (3) service robots and (4) macnica.ai were repositioned as business development. Six business themes named from current social issues to be solved. Entering market for high value-added distribution. Shifted to strategy of acquiring the expertise and partners in each market and developing Macnica products and services. Our track record is still new but we have acquired many partners and more than 10 Macnica services have been released.

Operational & Asset  
Efficiency, Investment  
in Management System

Work reorganization and system infrastructure development that started in 2019 progressed as planned and achieved the following

- (i) Standardization and streamlining of sales, supply and demand, ordering and receiving operations, etc.
- (ii) Visualization of management information and sales activities.

	FY2021 Actual	FY2024 Management Targets
Consolidated Net Sales	761.8 bil yen	Over 970 bil yen
Consolidated Operating Income	36.7 bil yen	Over 48 bil yen
Operating Margins	4.9 %	Over 5.0 %
Consolidated Net Income	25.8 bil yen	Over 30 bil yen
Consolidated ROE*1	15.2 %	Over 15 %
Working Capital Turnover*2	3.2	Over 3.8

\*1 Consolidated ROE = consolidated net income / consolidated equity (net assets minus non-controlling interests, at end of year)

\*2 Working capital turnover = annual turnover / working capital (accounts receivable + inventories - accounts payable)



			FY2022-24 Management Resource Fusion Phase	FY2025-27 Specialization Enhancement Phase	FY2028-30 Management Resource Integration Phase
<b>Service &amp; Solutions Model</b>	<b>Development Investment</b>		Strengthening service development	Accelerated service growth	Service integration and stabilization
	<b>Point</b>		Development of individual services	Strengthening individualised services and inter-service coordination	Standardization of platforms
	<b>Brand Enhancement</b>		Brand development	Brand enhancement	Brand maintenance and enhancement
<b>High Value-added Distribution Model</b>	<b>Semiconductor Business</b>	<b>Profit Structure Reform</b>	Development of high value-added products	Expansion of high value-added products	Stabilization of high value-added products
	<b>Network Business</b>	<b>Profit Structure Reform</b>	Macnica services development	Macnica services expansion	Macnica services stabilization
	<b>Common</b>	<b>Strengthening Business</b>	Acquisition of cutting-edge products, strengthening globally and portfolio expansion		
		<b>Strengthening Business Base</b>	Strengthening DX development	Strengthening DX dissemination and development	DX stabilization

## Business Strategy and Strengthening Management Base

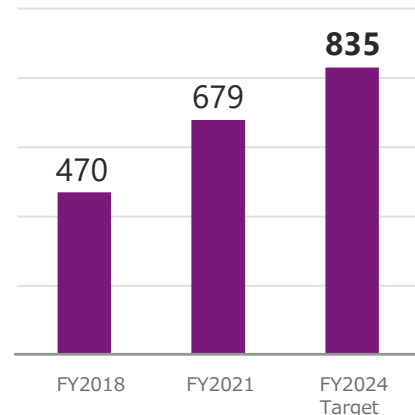
	Business Strategy	Strengthen Management Base
<b>Semiconductor Business</b>	<ul style="list-style-type: none"> <li>• Expanding market share in growth domains</li> <li>• Expanding value-added solutions</li> <li>• Developing products for long-term growth</li> <li>• Global strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen risk management</li> <li>• IT and DX strategy</li> <li>• Maximizing human capital</li> <li>• Financial strategy</li> </ul>
<b>Network Business</b>	<ul style="list-style-type: none"> <li>• Expanding security business</li> <li>• Expanding Big Data business</li> <li>• Expanding applications business</li> <li>• Global strategy</li> </ul>	
<b>Service &amp; Solutions Models</b>	<ul style="list-style-type: none"> <li>• Business development solving social issues on 6 themes</li> <li>• Expansion of CPS platform</li> <li>• Strengthening capability for long-term growth</li> </ul>	

## Semiconductor Business

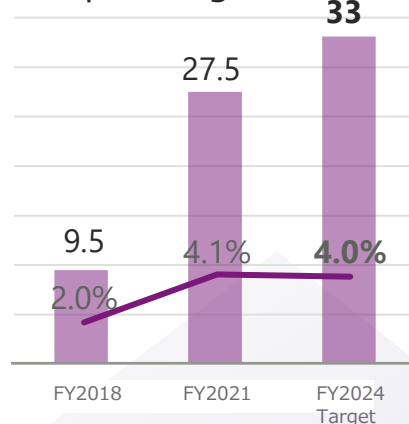
- **Expanding market share in growth domains**  
Increased market share in growth markets, particularly in Automotive and Industrial Equipment
- **Expansion of value-added solutions**  
Further strengthening value-added solutions using semiconductors
- **Developing products for long-term growth**  
Strengthening development of advanced products for long-term growth, focus on environment-, IoT-, telecoms- and mobility-related products
- **Global strategy**  
Further strengthening global franchise, considering overseas M&A, address Chinese semiconductor market

Billion yen

### Net Sales



### Operating Income

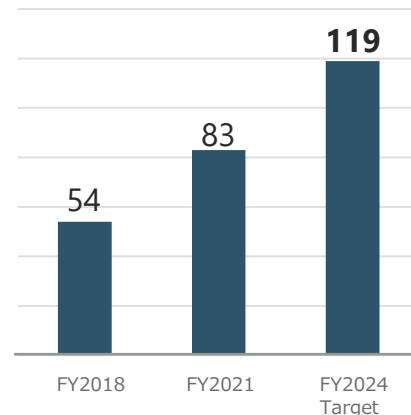


## Network Business

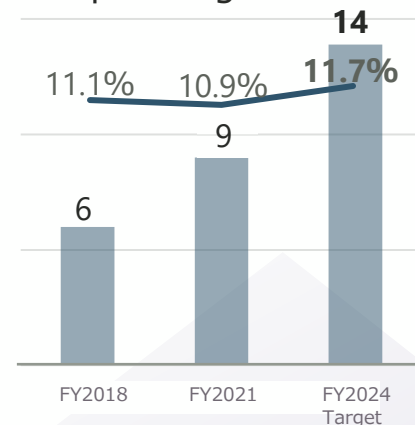
- **Expanding security business**
  - (i) Increase existing market share (cybersecurity)
  - (ii) Expand into new areas, and
  - (iii) Strengthen Macnica services
- **Expanding Big Data business**
  - (i) Expand existing areas (data analytics platforms)
  - (ii) Acquisition of new products, and
  - (iii) Strengthen Macnica services (AI, DX, data analytics)
- **Expanding Application business**
  - (i) Expansion in existing areas (digital workplace)
  - (ii) Promoting Macnica services development
- **Global strategy (Business expansion)**
  - (i) Strengthening synergies domestic network sectors
  - (ii) Active investment in growth countries

Billion yen

### Net Sales



### Operating Income



## Service & Solutions Models\*

- **Business development to solve social issues**

Promoting business development 6 business themes (Smart Factory, CPS Security, Smart City/Mobility, Healthcare, Circular Economy, Food & Agri-Tech), addressing materialities in Basic Sustainability Policy

- **Expansion of CPS platform**

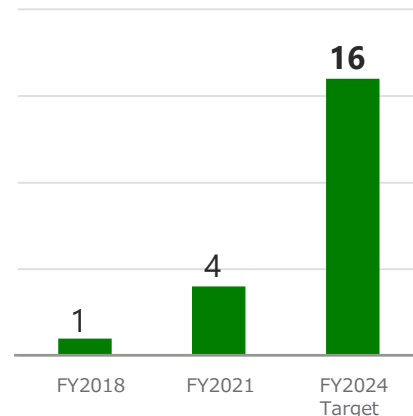
(i) Expanding Cyber Physical System(CPS)to strengthen cooperation with Macnica services and eco-partners,  
(ii) Strengthening Macnica services and solutions that combine cyber and physical strengths

- **Strengthening capability for long-term growth**

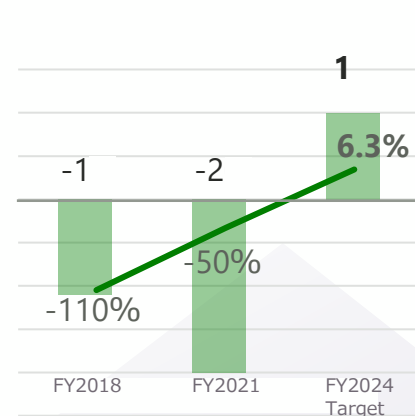
Strengthening market expertise and the capability to develop service & solutions

Billion yen

### Net Sales



### Operating Income



\* In the FY2022-24 Mid-Term Management Plan, we will incorporate Value-added Solutions using Semiconductors into the Semiconductor Business strategy; New Value-added Businesses will become Service & Solutions Models. Figures for Service & Solutions Models are included in the Semiconductor Business and Network Business Segments.

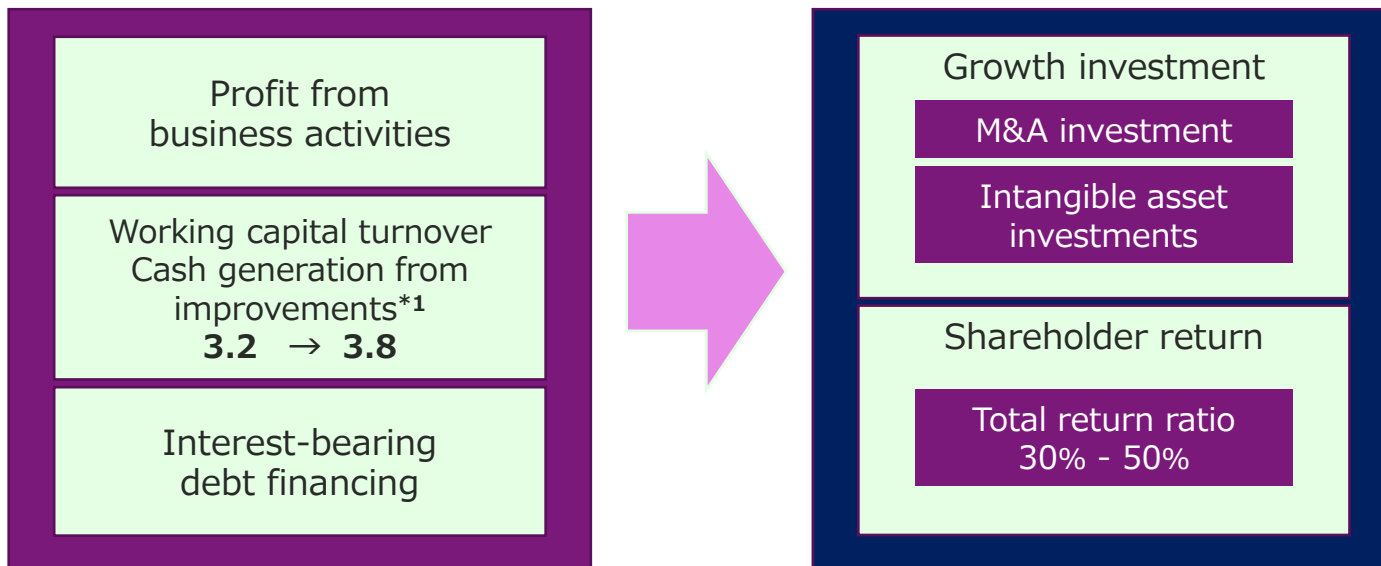
## Strengthening Management Base

- **Maximizing human capital**  
(i) Diversity and inclusion, and (ii) Priority enhancement of work style reforms and human resources development
- **Strengthening risk management**  
(i) Visualizing Group risks and strengthening the Group risk management system; and (ii) Promoting visualization, analysis and disclosure of climate change risks
- **Strengthening IT and DX strategies**  
(i) Improving operational efficiency by promoting the use of next-generation systems, (ii) Strengthening global IT governance, and (iii) Promoting increased business opportunities and operational efficiency by promoting internal DX
- **Strengthening financial strategy**  
Improved working capital turnover and cash generation

## Organizations and projects under direct control of the President



Stable shareholder returns, investment in growth, enhancement of sustainable corporate value



## Dividend Policy

**Consolidated dividend on equity ratio\*2 (DOE) 4%, stable dividend payments**

\*1 Working capital turnover = annual turnover / working capital (accounts receivable + inventories - accounts payable)

\*2 Consolidated ratio of dividends to equity = total dividends paid during the year / consolidated equity (net assets minus non-controlling interests, at end of year).

# 4 Overall Summary

**Purpose** Leading in an ever-changing world, We seek technology and intelligence beyond the cutting edge while envisioning the future and creating the "Now."

**Basic Sustainability Policy** We regard addressing global environmental and social issues as among the most important aspects of our management policy, and we are committed to our purpose: "At the forefront of change, to search for technology and knowledge beyond the cutting edge, to envision the future, and create the present".

- Materiality identification, business investment and promotion
- Environment- and human rights-friendly management and supply chain development
- Gaining trust of society and strengthening governance and risk management
- Education and awareness-raising of employees

**Materiality**

3 Mid-term Management Plans

FY2022-24 Management Resource Fusion Phase      FY2025-27 Specialization Enhancement Phase      FY2028-30 Management Resource Integration Phase

Business Strategy	Strengthen Management Base
<b>Semiconductor Business</b> <ul style="list-style-type: none"> <li>Expanding market share in growth domains</li> <li>Expanding value-added solutions</li> <li>Developing products for long-term growth</li> <li>Global strategy</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen risk management</li> <li>IT and DX strategy</li> <li>Maximizing human capital</li> <li>Financial strategy</li> </ul>
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<b>Consolidated Net Income</b>	25.8 bil yen	Over 30 bil yen
<b>Consolidated ROE <sup>(1)</sup></b>	15.2 %	Over 15.0 %
<b>Working Capital Turnover <sup>(2)</sup></b>	3.2	Over 3.8

**Value** T.E.A.M.S.

**Corporate Philosophy** Sowing Seeds Continuously Under Our Feet

**Vision**

Toward a prosperous future society  
Connecting skills and expertise from around the world  
Continue to create new value

**Service Solutions Company**

Driving to create new value by connecting skills and expertise from around the world toward the realization of a prosperous future society.

**Long-term management objectives**

Driving the development of future societies	Sustainable business growth
Creating a sustainable global environment	Net Sales Over 1.0 tril yen
Creating a safe, secure and comfortable life	Operating Income Over 100 bil yen
Through solving customer issues, contributing to economic development	Operating Margins Over 7.5 %
	ROE Over 15 %



**Macnica Fuji Electronics Holdings, Inc.**



**Macnica Holdings, Inc.**

**August 1, 2022 (Planned)**



**mF Macnica Fuji Electronics**