

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

**FY2021 1H Presentation**

Nov 1, 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.

# Agenda

## I

1. Results for FY2021 1H (Consolidated)
2. Outlook for FY2021 (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

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# Operating Results (Y/Y change)

Billion yen	FY2020 1H Actual	FY2021 1H Actual	Difference	Y/Y Change	Variation Factors
Net Sales	257.2	362.3	105.1	40.9%	Overall strong performance; Increased global demand for semiconductors; Continued growth in security-, cloud-related products
Gross Profit	29.5	41.3	11.8	40.0%	
Operating Income	7.6	15.4	7.8	103.2%	
Ordinary Income	7.5	15.3	7.8	104.1%	
Net Income Owners of Parent	5.1	12	6.9	133.3%	Recorded extraordinary income by revaluation of equity at market value at the time of the acquisition, as Company acquired additional shares in equity-method affiliate, making it a consolidated subsidiary.

# Operating Results (Y/Y change)

Billion yen	FY2021 1H Forecast as of Jul 26	FY2021 1H Actual	Difference	Actual / Forecast
Net Sales	346.0	362.3	16.3	4.7%
Gross Profit	38.9	41.3	2.4	6.0%
Operating Income	13.5	15.4	1.9	14.3%
Ordinary Income	13.6	15.3	1.7	12.8%
Net Income Owners of Parent	10.3	12	1.7	16.4%

# Balance Sheet

Billion yen	As of 3/31/21	As of 9/30/21	Major Factors
Current Assets	243.4	274	Increased ¥22.9 billion notes & accounts receivable; Increased ¥10.2 billion products
Fixed Assets	26.2	26.7	Decreased ¥5.4 billion investment securities; Increased ¥1.8 billion goodwill; Increased ¥3.5 billion other intangible assets
<b>Total Assets</b>	<b>269.6</b>	<b>300.7</b>	
Current Liabilities	108.4	123	Increased ¥3.6 billion notes & accounts payable Increased ¥4.3 billion short-term loans payable Increased ¥6.2 billion other current liabilities
Long-Term Liabilities	15.2	16.5	Increased ¥1.2 billion long-term debt
<b>Total Liabilities</b>	<b>123.6</b>	<b>139.5</b>	
<b>Total Net Assets</b>	<b>146</b>	<b>161.2</b>	Increased ¥10.4 billion retained earnings; Increased ¥4.5 billion non-controlling interests
<b>Total Liabilities &amp; Net Assets</b>	<b>269.6</b>	<b>300.7</b>	

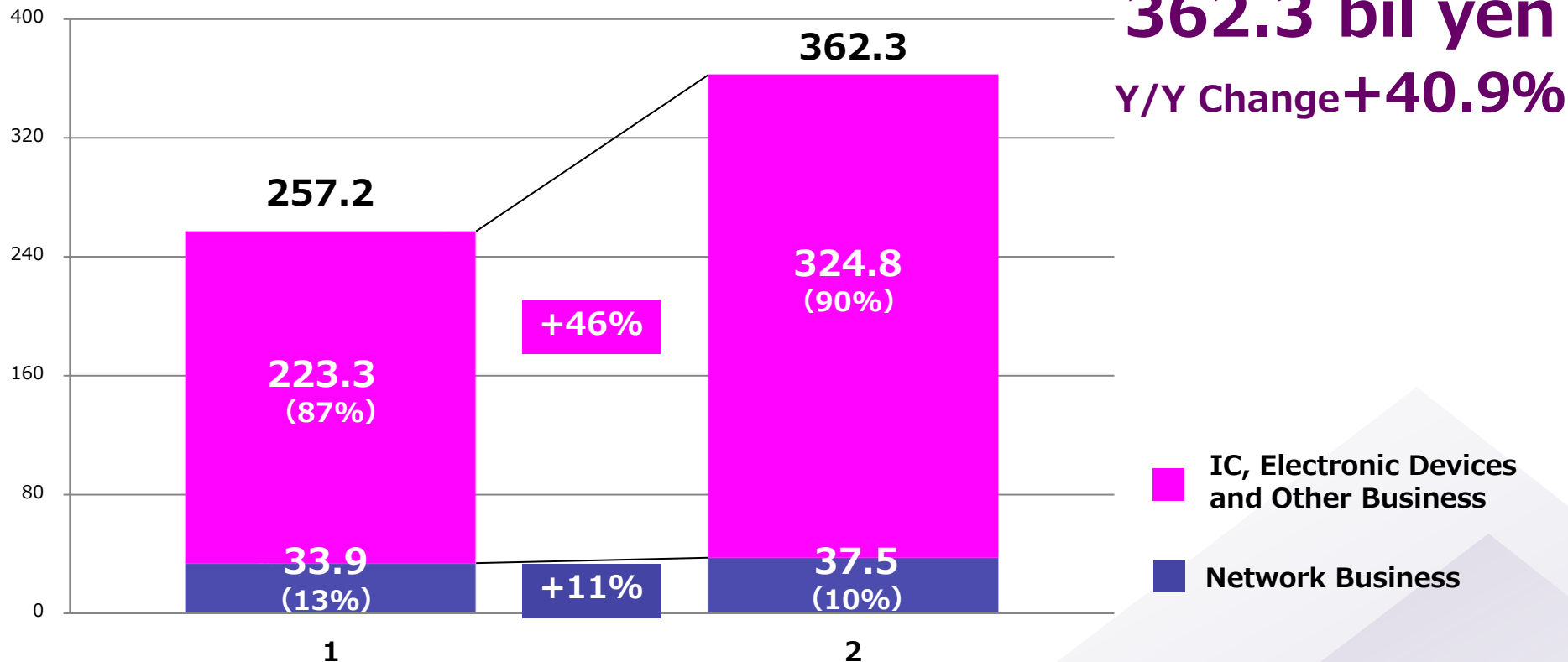
# Statement of Cash Flows

Billion yen	FY2020 1H Actual	FY2021 1H Actual	Major Factors
Cash Flow from Operating Activities	24.2	▲2.6	Increased ¥17.3 billion yen income before income taxes; Increased notes and accounts receivable; Increased inventories, corporate tax payment, and a gain on step acquisition
Cash Flow from Investing Activities	▲0.9	▲0.2	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	▲21.9	▲1.3	Repayment of long-term debt and cash dividends paid, despite a net increase in short-term loans
Cash & Cash Equivalents at Year End	16.1	21.7	Decreased ¥3.7 billion compared to ¥25.4 billion at end of previous consolidated fiscal year

# Net Sales by Segment

Billion yen

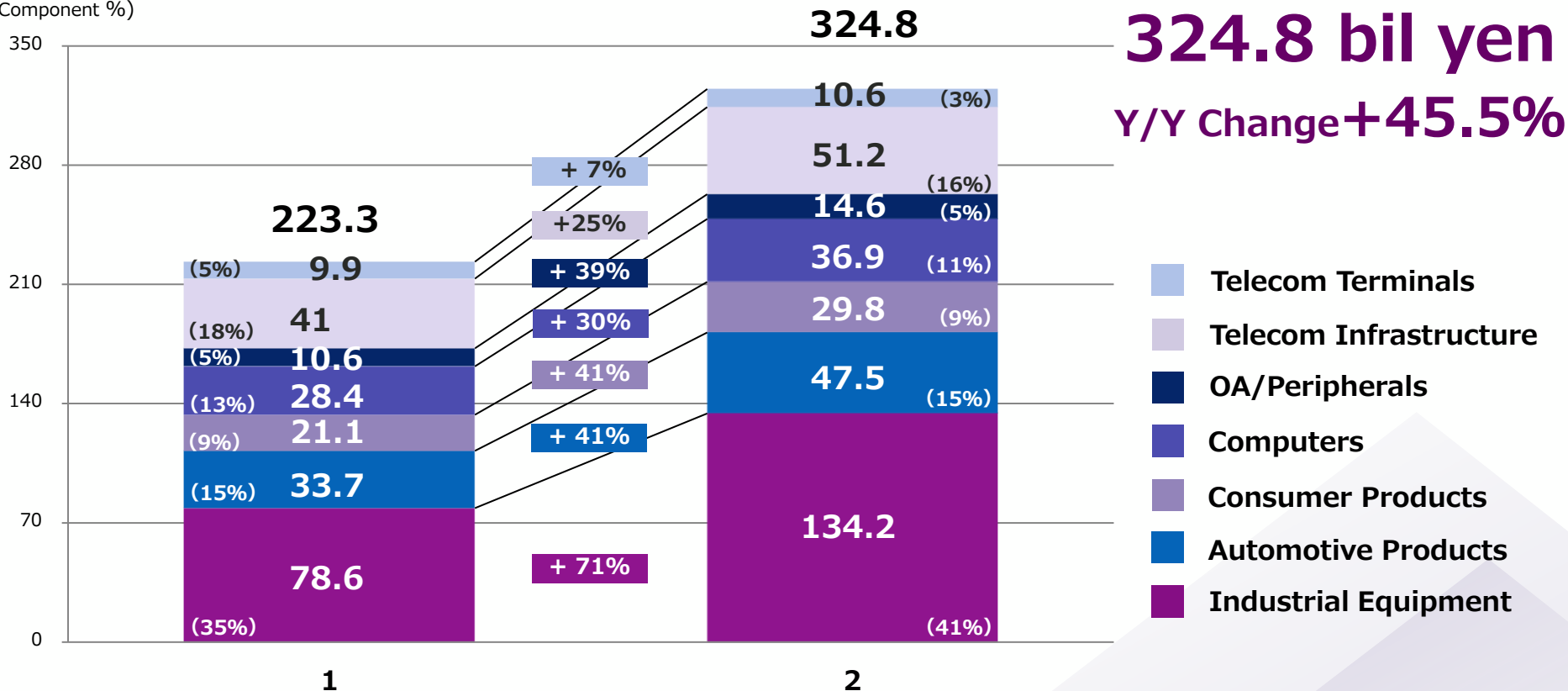
(Component %)





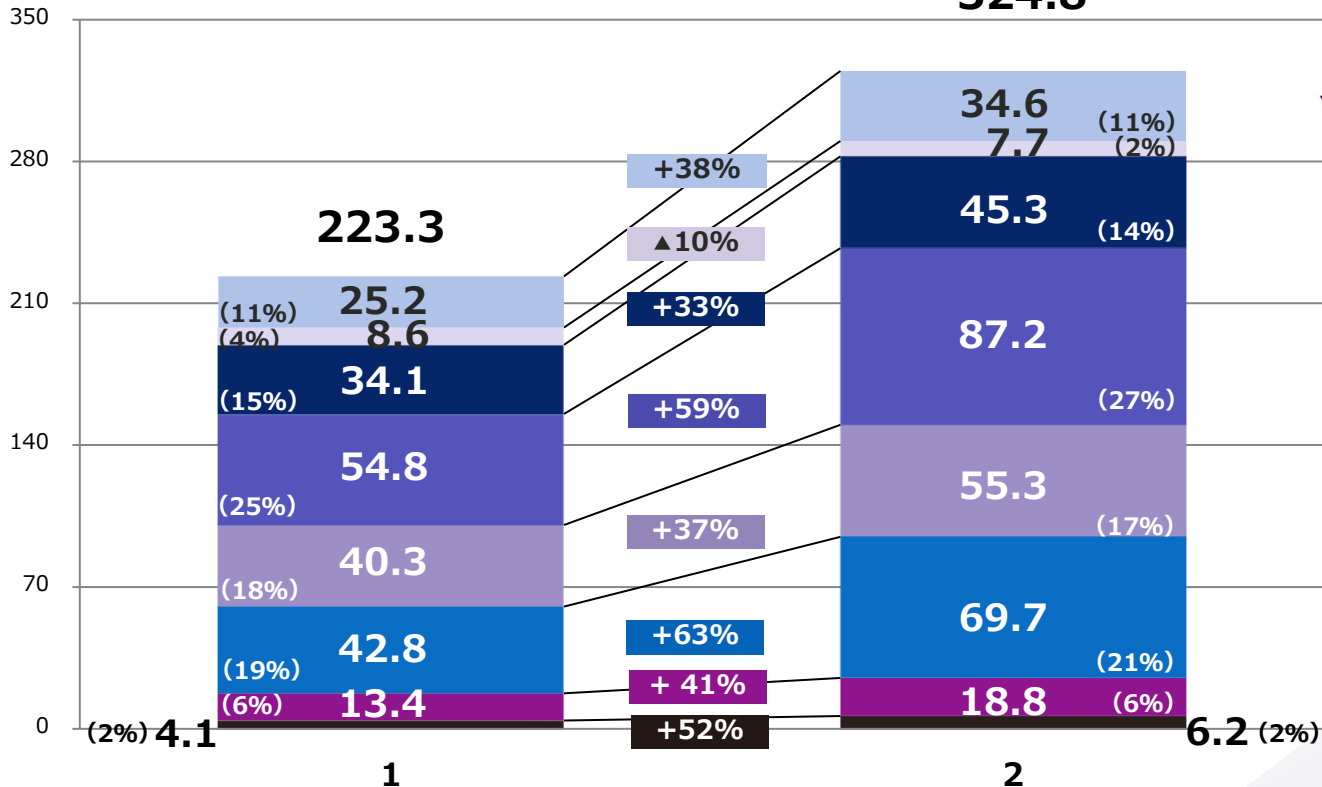
Billion yen

(Component %)

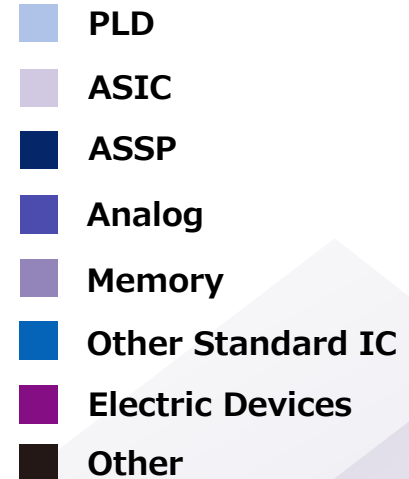


Billion yen

(Component %)



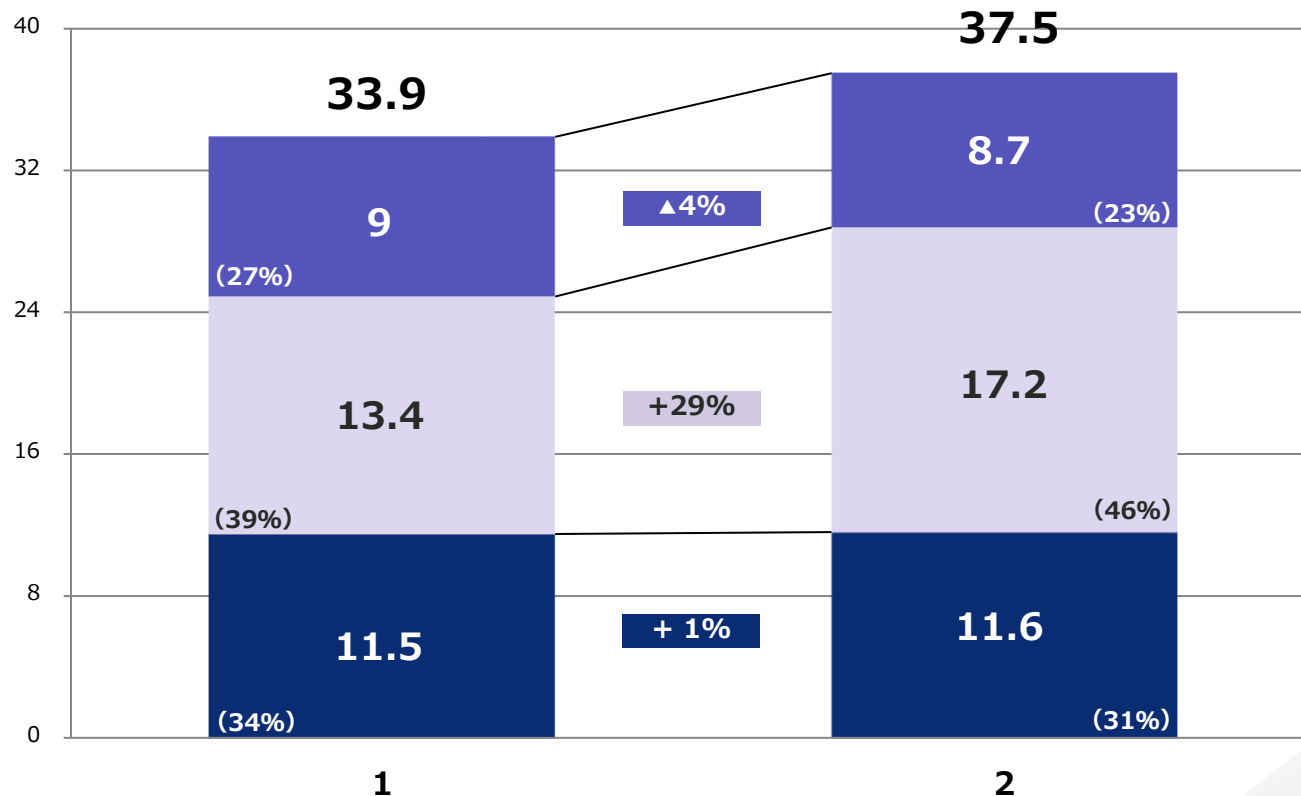
**324.8 bil yen**  
Y/Y Change **+45.5%**



## Network Business (by Product)

Billion yen

(Component %)



**37.5 bil yen**  
Y/Y Change **+11.0%**

- Hardware
- Software
- Service

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2. **Outlook for FY2021 (Consolidated)**
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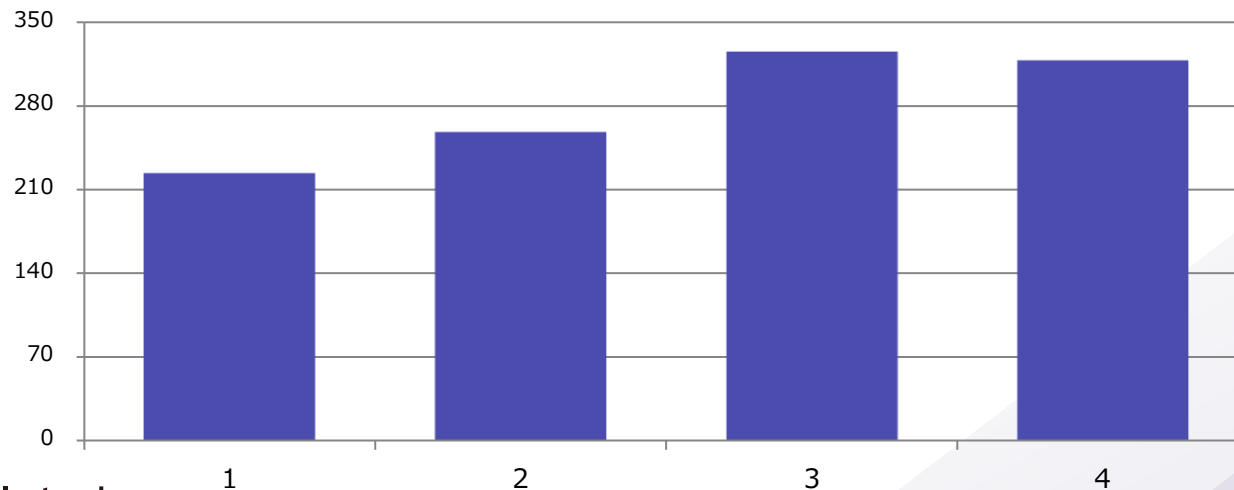
## Forecast Highlights

Billion yen	FY2020 Actual	FY2021			Y/Y Change
		1H Actual	2H Est.	Full Year Est.	
Net Sales	554	362.3	357.7	720	30.0%
IC, Electronic Devices and Other Business	481.1	324.8	317.6	642.4	33.5%
Network Business	72.9	37.5	40.1	77.6	6.2%
Gross Profit	64.8	41.3	41.2	82.5	27.2%
Operating Income	18.8	15.4	14.6	30	59.8%
Ordinary Income	16.4	15.3	13.7	29	76.8%
Net Income Owners of parent	10.9	12	8	20	83.9%

## Strong demand for semiconductors continues, particularly in industrial equipment market

- Strong demand is expected to continue in a wide range of sectors, including semiconductors, production lines, 5G, data centers, and the electrification of automobiles.
- Uncertainty expected to continue, due to semiconductor shortages, component delays caused by factory shutdowns due to COVID-19 expansion in Southeast Asia, and power shortages in China.

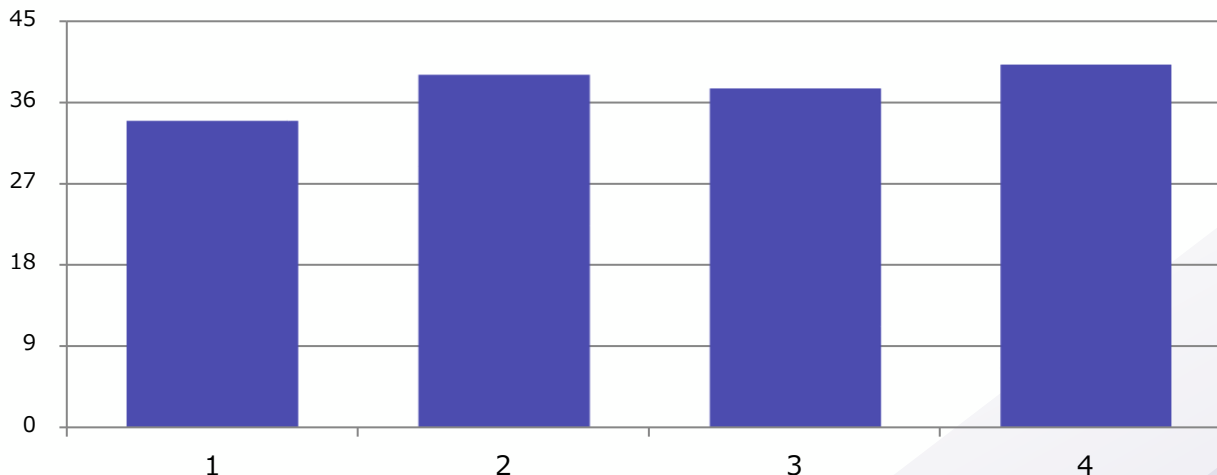
Bil yen



## Software continues to expand through use of cloud computing

- Software is expected to drive growth, particularly in cloud services and security measures that do not rely on perimeter protection, as the use of cloud computing increases.
- Hardware is expected to continue to grow in security management, despite the expected reactionary decline in the special demand for remote access in the previous year.

Bil yen



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- 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

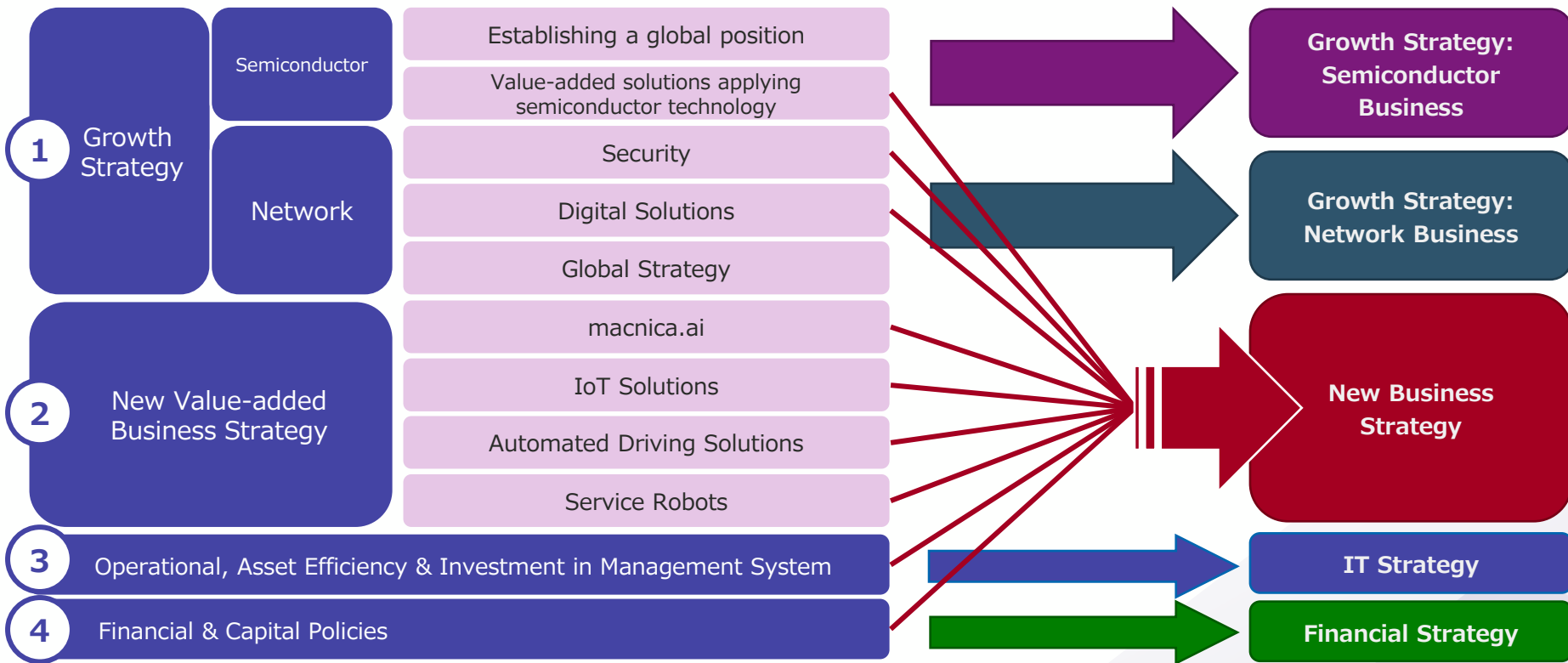
	Annual Dividends (yen)		
	Mid Term	End of Term	Total
FY2020	25.00	25.00	50.00
FY2021	40.00		
FY2021 (Forecast)		40.00	80.00
Reference: Previous forecast as of May 10, 2021	30.00	30.00	60.00



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

- 1. Growth Strategy: Semiconductor Business**
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- 5. Financial & Capital Policies**

## Towards Next Mid-Term Management Plan

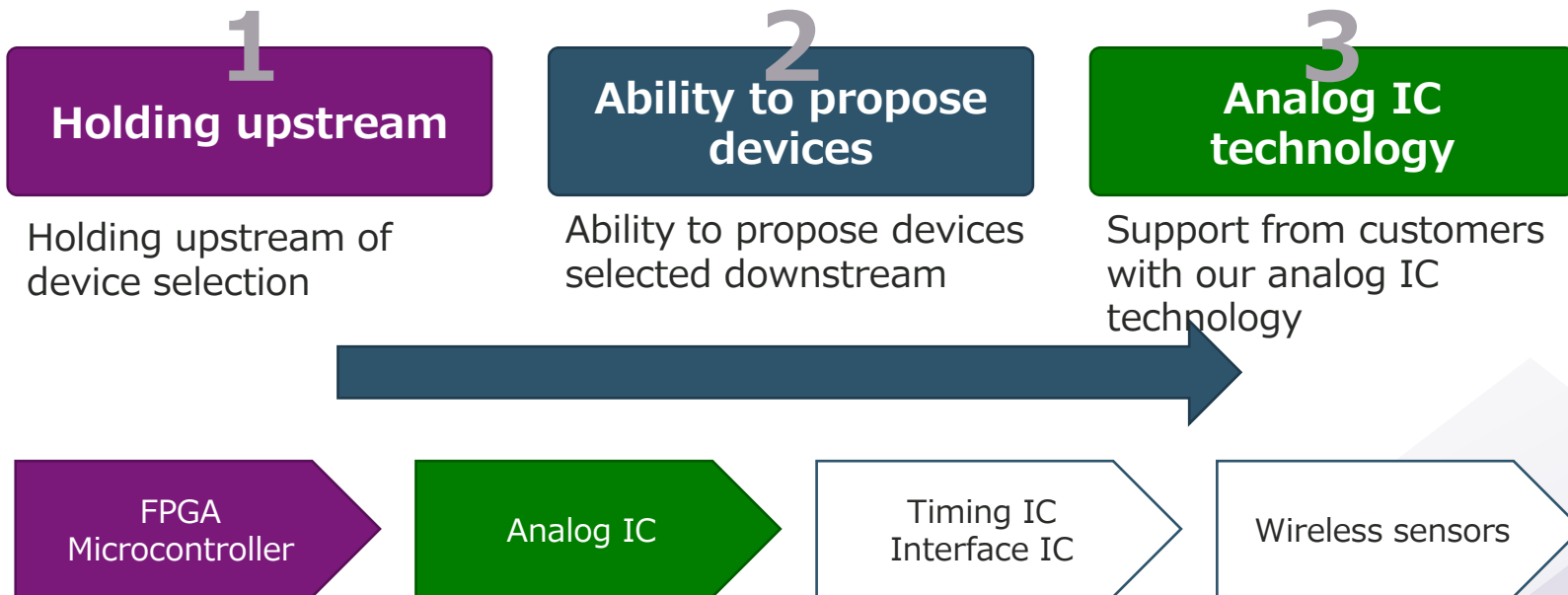




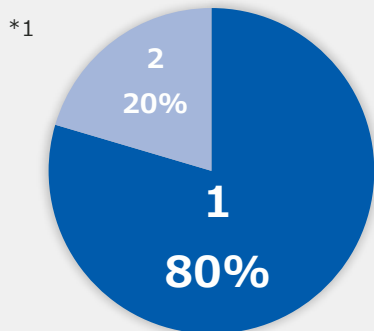
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## New Customer Acquisition and Cross-sell Processes in the Industrial Equipment Market



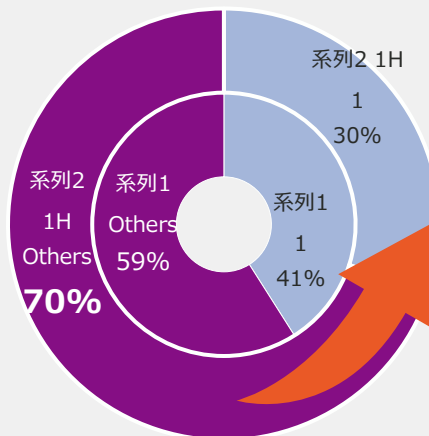
## Sustainable Growth: Diverse Products x Broad Customer Base x Growth Markets

World's Leading  
ProductsTop 25 semiconductor  
suppliers in 2020

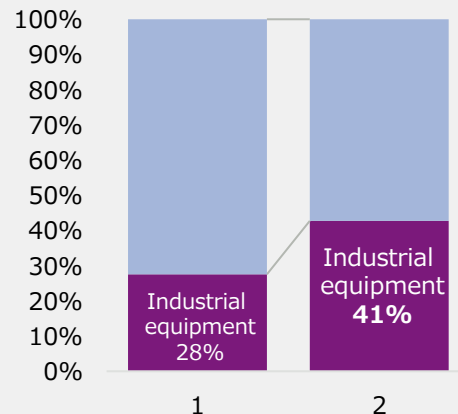
(Source : Gartner. Graph created by Macnica based on Gartner Research  
\*1:Gartner, Market Share Analysis: Semiconductors,Worldwide,  
2020, Andrew Norwood et al., 31 march 2021)

Suppliers  
**160+**Growing Customer  
Base

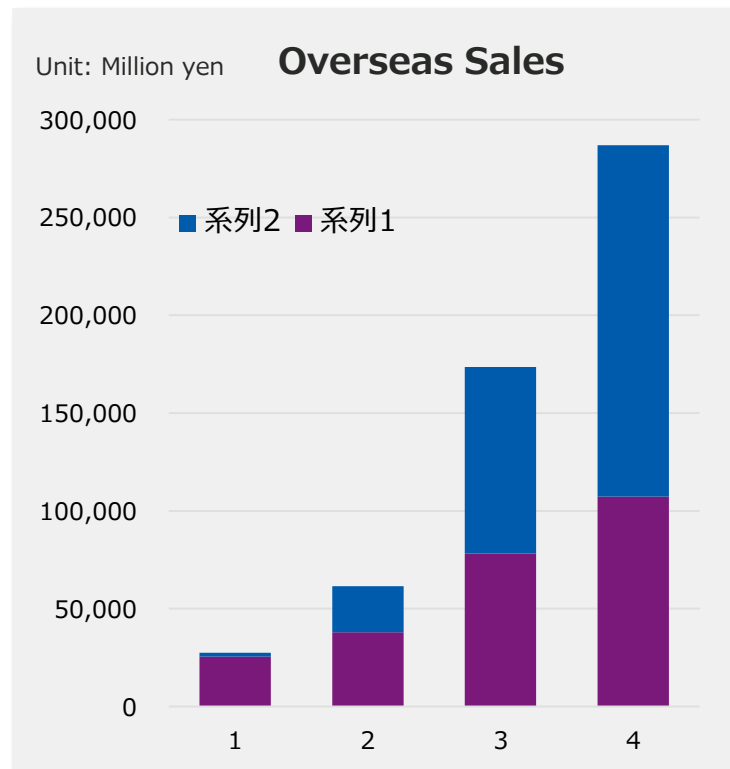
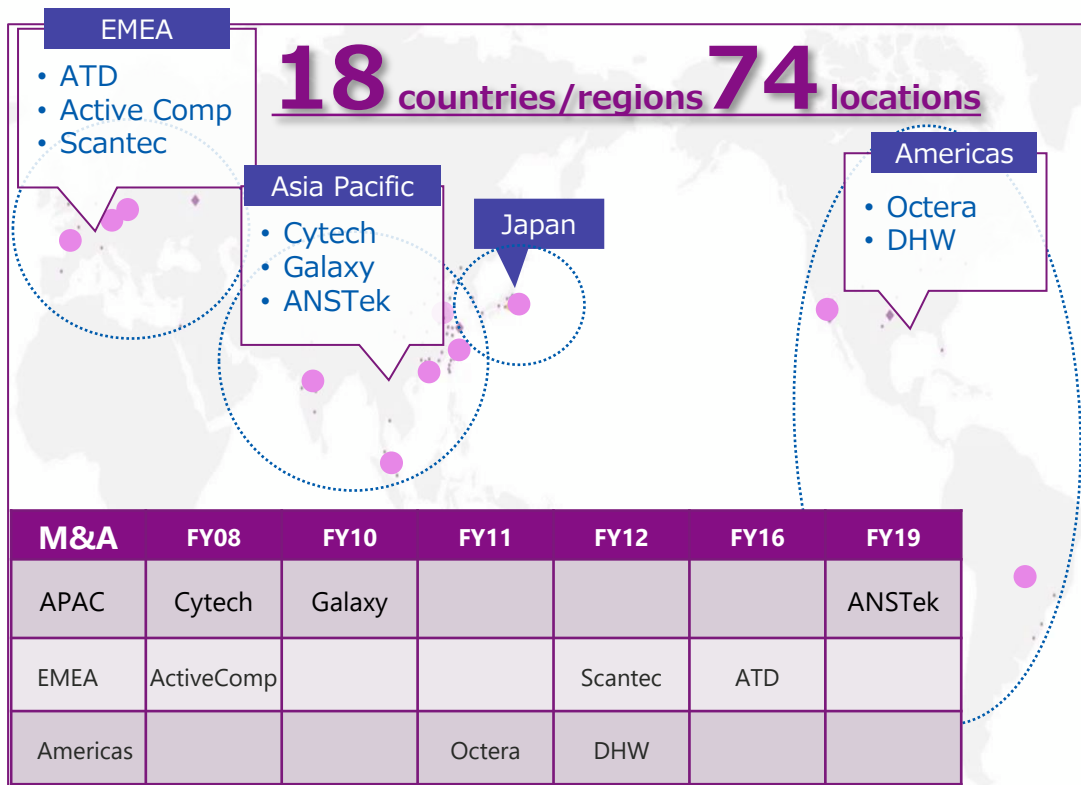
Sales by customer

Customers  
**18,000+**Industrial  
Equipment Market

Sales by market

FY2015→FY2021 1H  
**+13%**

## Global Support with Focus on Asia



## Expand Markets and Solutions by Leveraging Semiconductor Assets

### Board/Appliance

Value-added products mainly  
for semiconductor suppliers

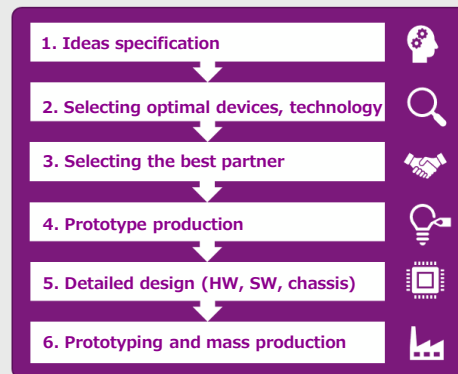
Group customer base



### 'Monozukuri' Consulting

Hardware design &  
development

Supply chain connections



### Total Solutions

Sourcing of advanced  
technologies and solutions

Hardware/Software/  
AI technology





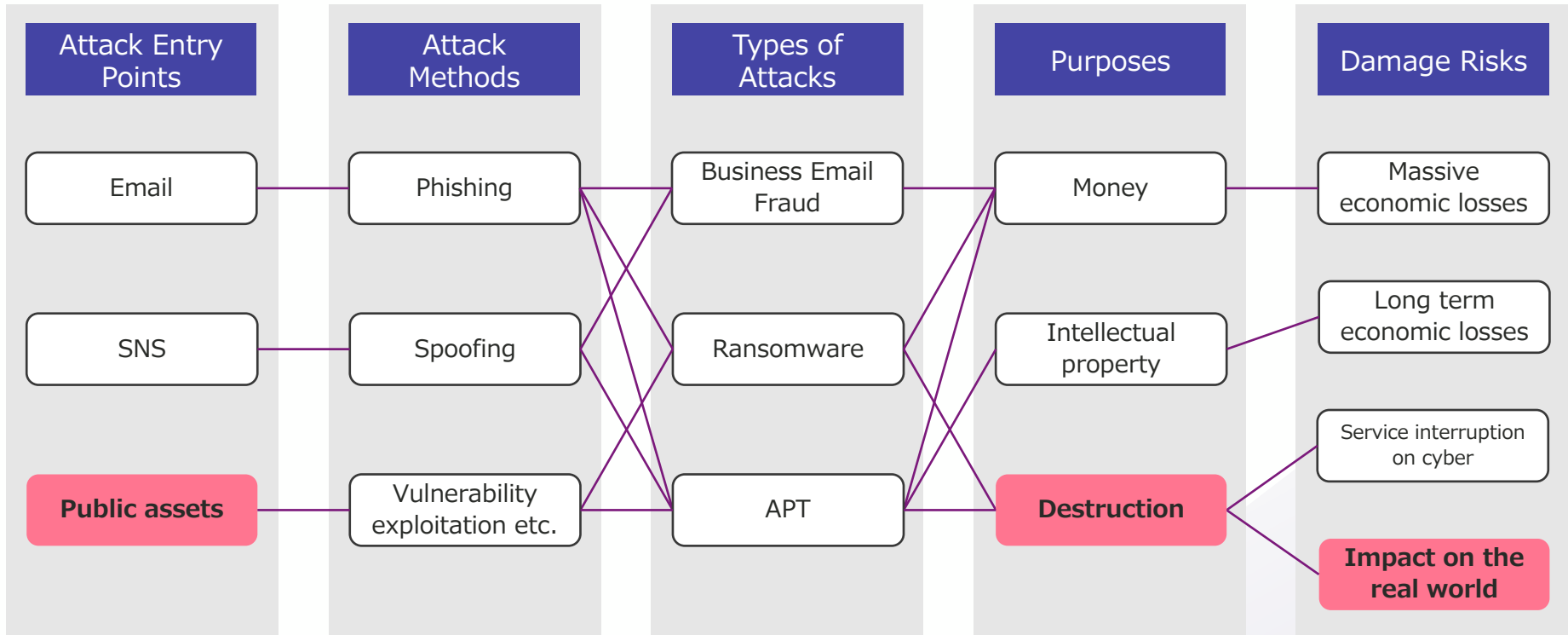


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## Changes in 'Methods' and 'Damage Risk' in Cyberattacks



Towards Growth in Security Business**1 Cyber Security Tools Market: Increase Share within SAM**

Continue to increase share in target markets through risk awareness and risk-based proposition activities

**2 Cyber Security Tools Market: Expansion of Target Market**

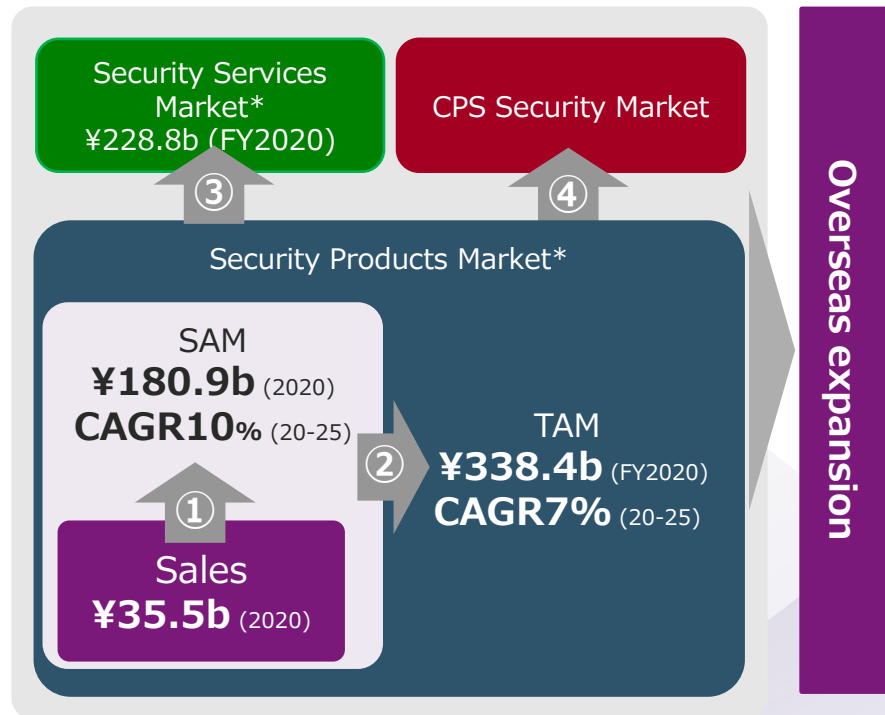
Expand the target market by continuously introducing advanced products that respond to changing cyber attack methods

**3 Strengthening Cybersecurity Services**

Strengthen new security services and security operation and management services in response to changing cyber attack methods

**4 Promoting commercialization of CPS Security**

Commercialization of CPS security across departments for the CPS security market that is expanding over the long term



\*Data based on "2021 Network Security Business Survey" by Fuji Chimera Research Institute (CAGR and SAM are calculated by Macnica)

## Acquire Capabilities while Raising Short-term Profits → New Business Development

### Big Data Biz.

#### Short-term revenue and capabilities

##### Short-term revenue

- FY2020 Sales: Approx. ¥5.4b

##### Capabilities

- Data analysis expertise
- Data storage expertise
- General-purpose service development
- Consulting partners etc.

### New business

#### Data Platform

##### Individual enhancement

- Standard platform
- Mobility optimized P/F
- Manufacturing optimized P/F
- Nursing Care Providers optimized P/F

##### Individual enhancement and standardization

##### Standardization

- Security standards
- SLA standards
- Quality standards

#### DX / AI

- AI package for EC/retailers
- AI package for food loss prevention
- AI package for Nursing Care Providers
- VOC services for manufacturing and call centers

##### Solution Packaging

## Towards further growth

### Increase in Headcount

2020/9



2021/9



## Employees

Increase by **50+**

### Strengthen High-touch Sales

2020 1H



2021 1H



## Sales per Customer

**+26%**

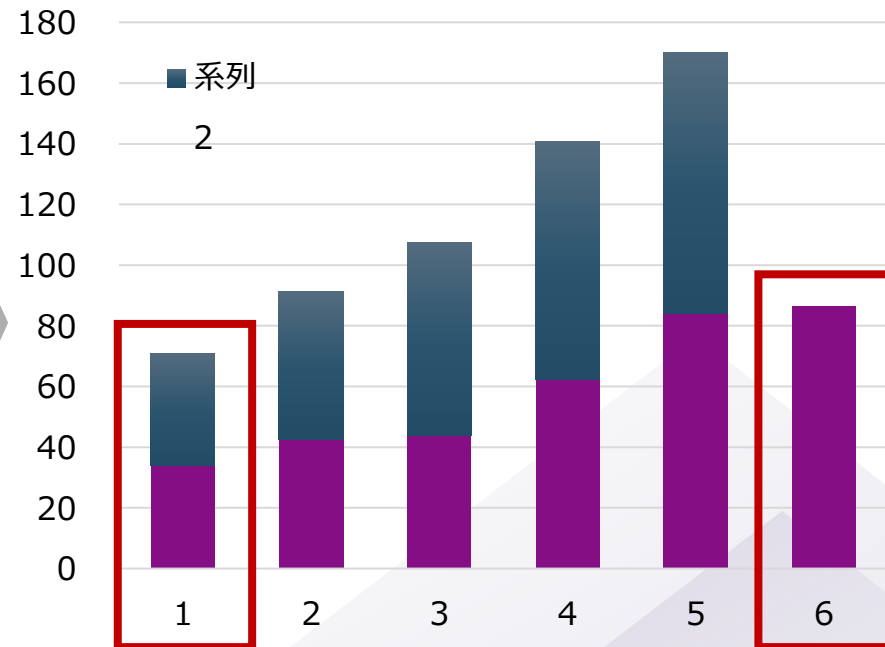
Sustained Investment and Steady Growth in Business

	2016	2020
Suppliers	25	59
Countries of Operation	7	11
Employees	242	391

× **2.4**× **1.6**× **1.6**

In: M\$

Netpoleon Sales



Note: Consolidated from FY2017 2H



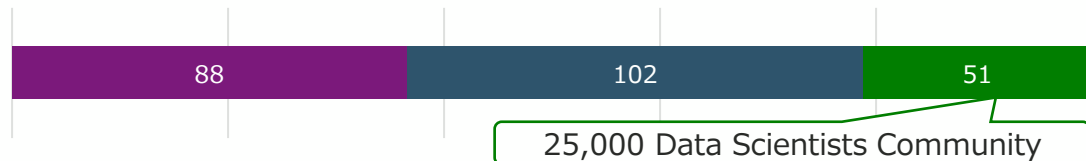
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## Aggressive Investments in New Business Development

Headcount

241



■ 系列1 ■ 系列2  
■ 系列3

R&D

3 Security Research Center



Demonstration Experiments 327



Contracted Suppliers 48



Partners 60



■ 系列1 ■ 系列2  
■ 系列3 ■ 系列4  
■ 系列5



Focus on 6 Themes

macnica.ai

IoT  
SolutionsAutomated  
Driving  
SolutionsService  
Robots**Business & Economy****Smart Factory**

Business phase (initial)  
 Customers: 40<  
 Partners: 11  
 Demonstration  
 Experiments: 200<

**CPS Security**

Business phase (initial)  
 Customers: 10<  
 Partners: 6  
 Demonstration  
 Experiments: 10<

**Common/Other**

Customers: Approx. 30 Partners: 37 Demonstration experiments: Approx. 50

**Life & Society****Smart City/Mobility**

Business phase (initial)  
 Customers: 50<  
 Partners: 34  
 Demonstration  
 Experiments: 50<

**Healthcare**

Business phase  
 Customers: 10<  
 Partners: 16  
 Demonstration  
 Experiments: 4

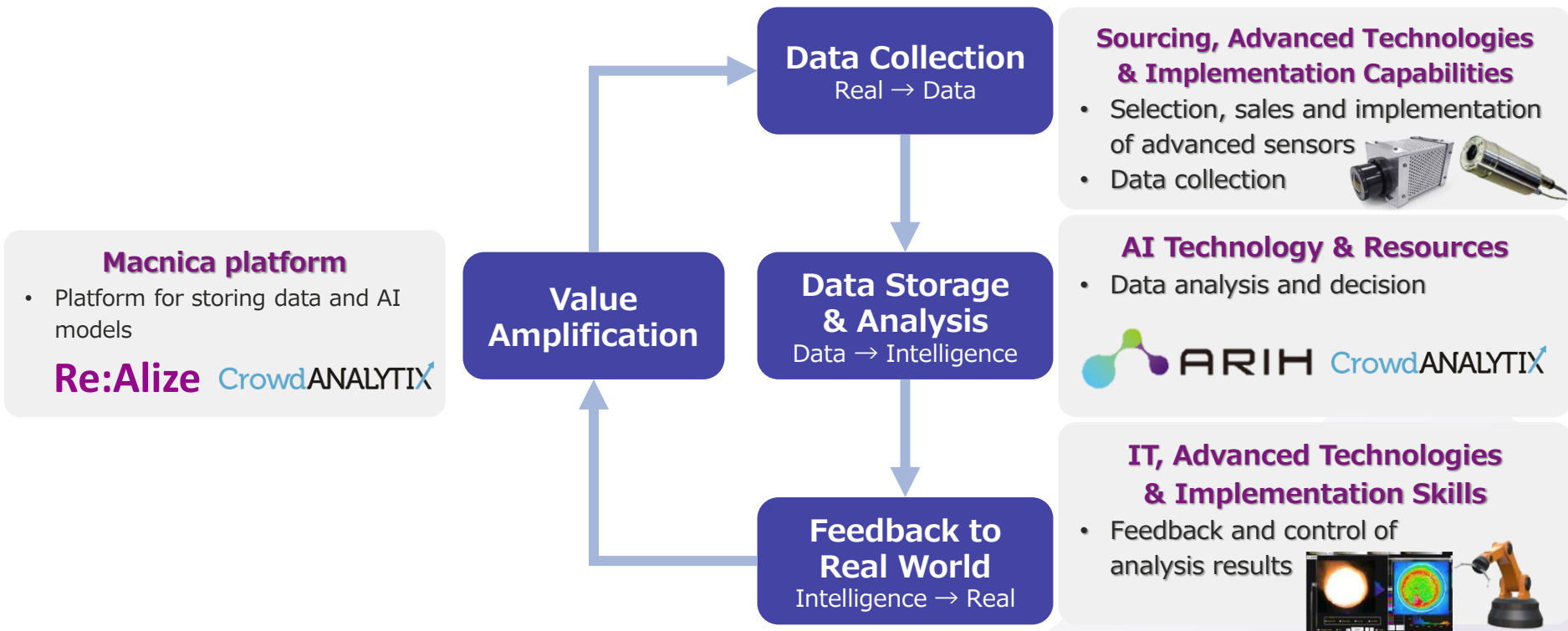
**Green & Earth****Circular Economy**

Business phase (initial)  
 Customers: 30<  
 Partners: 4

**Food & Agritech**

Research phase

## Macnica's capabilities in Cyber Physical System

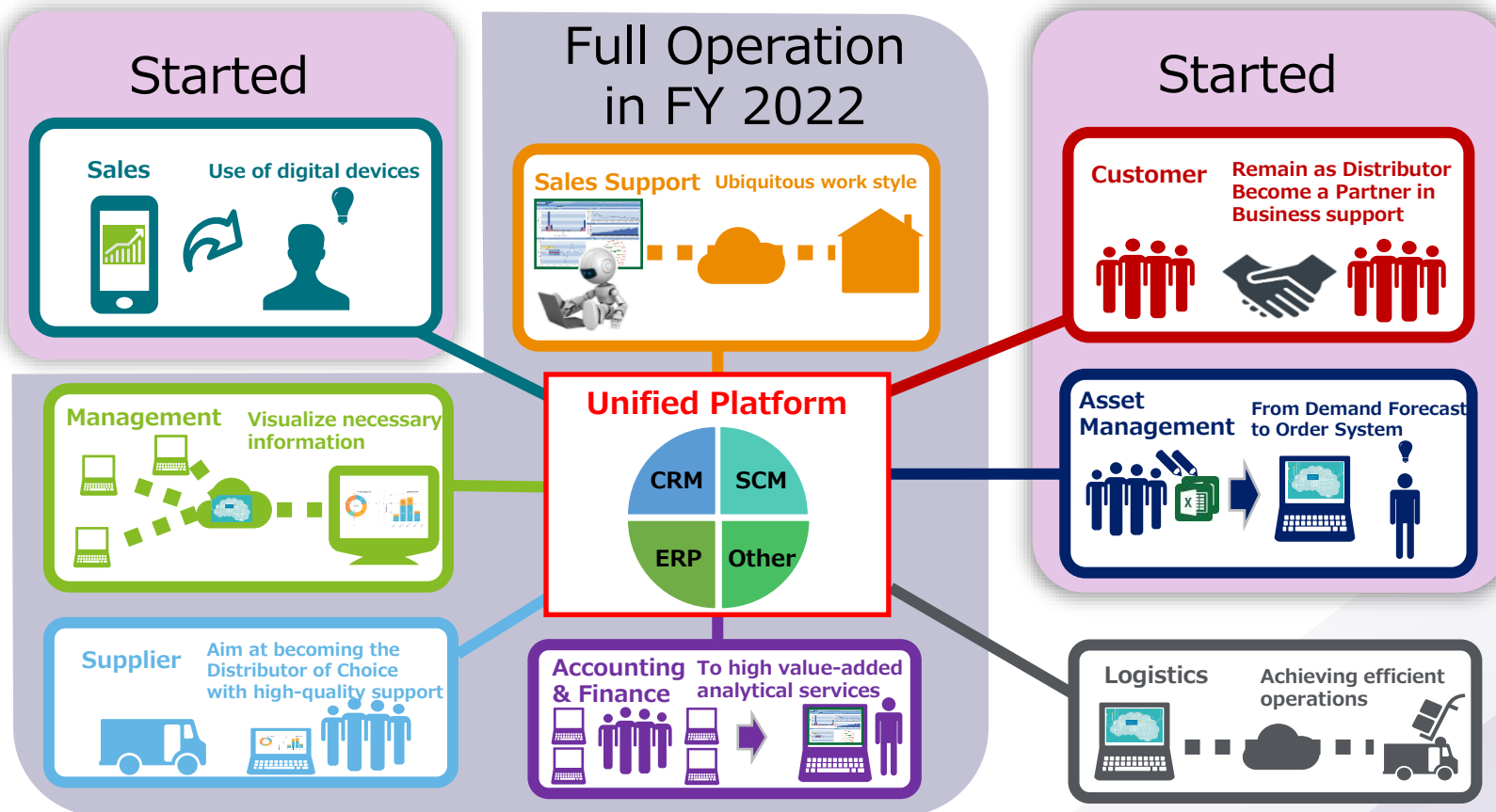




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	FY2019-2021 Target	FY2021 Forecast as of Nov 1, 2021
Consolidated Net Sales	Over ¥650 bil	¥720 bil
Consolidated Net Income	Over ¥13 bil	¥20 bil
Consolidated ROE	Over 9.0%	12.0%
Operating Cash Flow	Over ¥10 bil Accumulated over 3 years	¥60 bil Accumulated over 3 years

# MET2021

Macnica Exponential Technology

最先端テクノロジーを俯瞰し、  
共に未来を創る

AI

Brain-AI

バイオ  
テクノロジー

SDGs

セキュリティ

IoTセキュリ  
ティ

ロボット

ものづくり  
コンサル

スマートシティ

スマート  
モビリティ

スマート  
エネルギー

スマート  
ファクトリー

ヘルスケア

スポーツ

介護

EC

浅澤 健氏

シブサワ・アンド・カンパニー  
株式会社



入山 章栄氏

早稲田大学



落合 陽一氏

ピクシーダストテクノロジーズ  
株式会社



伊藤 邦雄氏

一橋大学



馬淵 邦美氏

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