

# **Financial Results Briefing**

## **FY2023 1H Presentation**

---

Macnica Holdings, Inc.

October 30, 2023

# AGENDA

## 01. Results

- ① Business Performance Highlights for FY2023 1H
- ② Results for FY2023 1H (Consolidated)

## 02. Mid-Term Management Plan (FY2022-2024)

- ① Company-wide
- ② Semiconductor Business
- ③ Network Business
- ④ CPS Solutions Business
- ⑤ Strengthening the Management Base

In this presentation, "ICs, electronic devices and others business" is referred to as Semiconductor Business. The former "Services & Solutions Model" has been renamed "CPS Solutions Business". Figures for CPS Solutions Business are included under Semiconductor Business.

# 01. Results

---

- ① Business Performance Highlights for FY2023 1H

## Business Performance Highlights for FY2023 1H

Yen billion	FY2022 1H Results	FY2023 1H Results	Change	Outlook for FY2023	Progress Rate
<b>Net Sales</b>	<b>492.6</b>	<b>547</b>	<b>+54.4</b>	<b>1100</b>	<b>50%</b>
Semiconductor Business	446.3	492.6	+46.3	984.8	50%
Network Business	46.3	54.4	+8.1	115.2	47%
<b>Operating Income</b>	<b>26.8</b>	<b>38</b>	<b>+11.2</b>	<b>66</b>	<b>58%</b>
Semiconductor Business	23.8	34.6	+10.8		
Network Business	3	3.4	+0.4		
Average exchange rate (JPY/USD)	131.56 yen	138.69 yen		140 yen	(Q3, Q4)
<b>Net Income attributable to Owners of Parent</b>	<b>16.8</b>	<b>25.9</b>	<b>+9.1</b>	<b>42.2</b>	<b>61%</b>
<b>Cash Flows from Operating Activities</b>	<b>45.5</b>	<b>22.7</b>	<b>▲22.8</b>		

- **In FY23 1H, both the semiconductor and network businesses remained strong.**  
In the semiconductor business, our focus industrial equipment and automotive segments remained strong, growing ¥49.5 billion, up 25%, and ¥20.5 billion, up 27% (net sales, Y/Y change), offsetting negative growth in the memory-centered infrastructure and computer segments.
- **For FY23 2H, the semiconductor business should remain strong overall, although a recovery in memory-based product is not expected. The network business should remain strong, esp. security.**
- **For the full FY23, Macnica maintains its sales and income forecast, while its dividend forecast has been revised upward.**

Dividends (per share)		
	Interim	Year-End
FY2022	65 yen	140 yen
FY2023 (Est.)	80 yen	160 yen
Payout Ratio (Est.)	23%	

# 01. Results

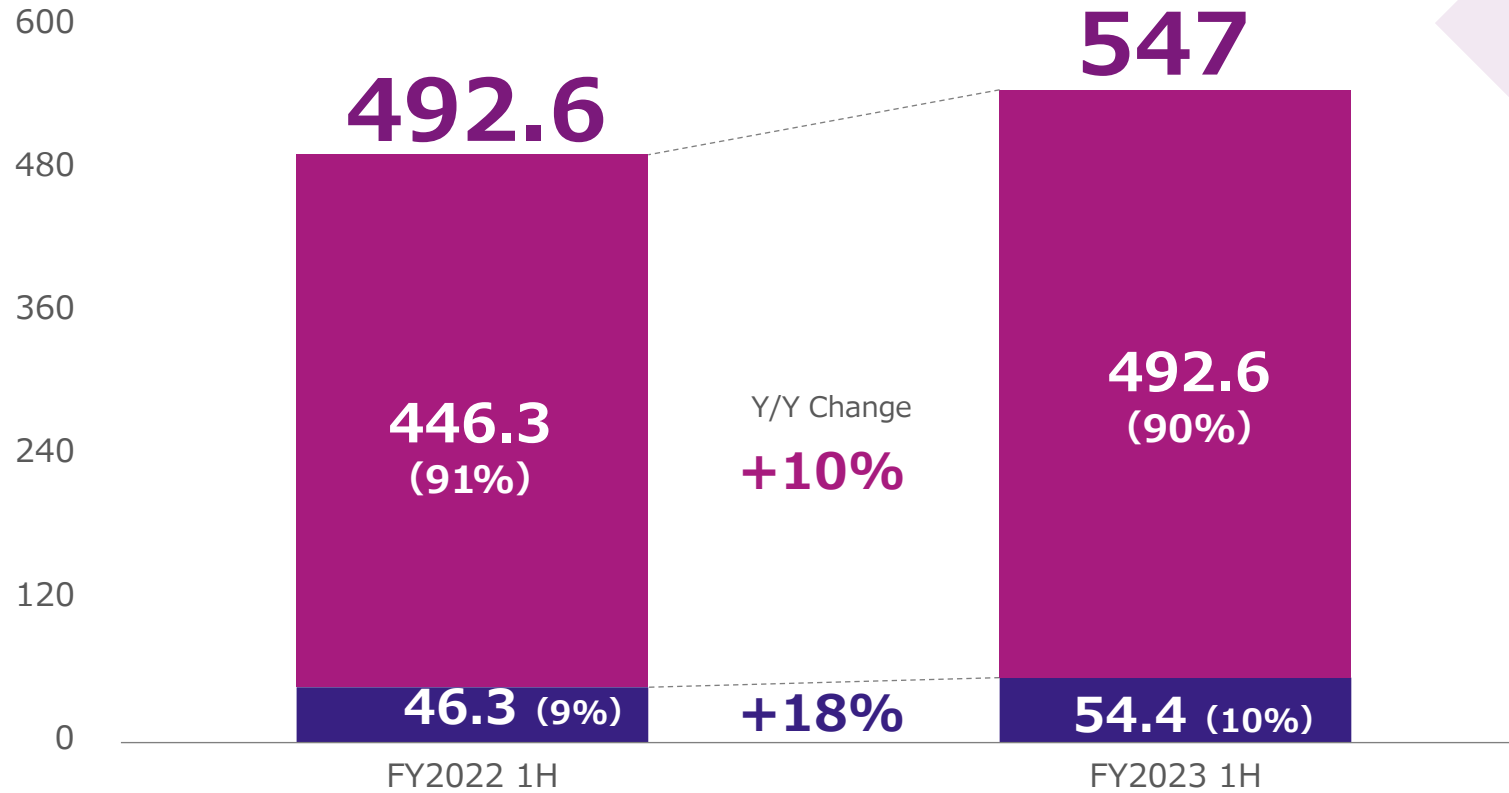
---

- ② Results for FY2023 1H (Consolidated)

### Net Sales by Segment

¥547 billion Y/Y Change +11.0%

Yen billion / (Component %)

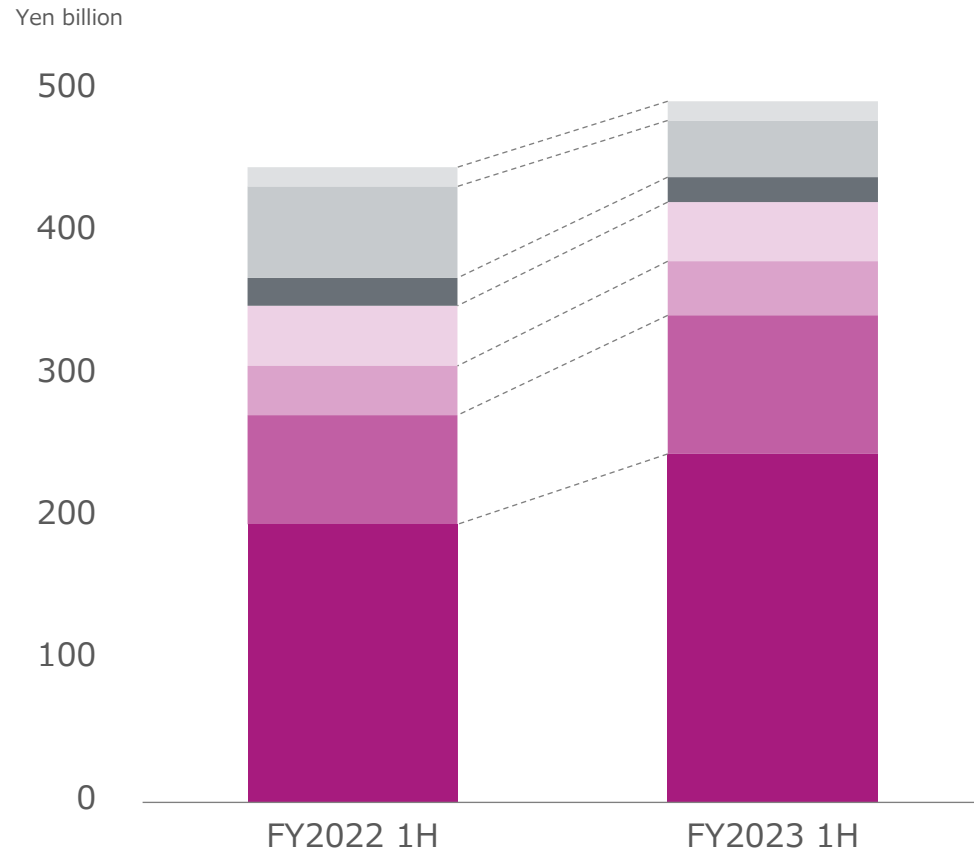


Y/Y Change  
**+11.0%**

- Semiconductor Business
- Network Business

## Semiconductor Business by Application: Net Sales

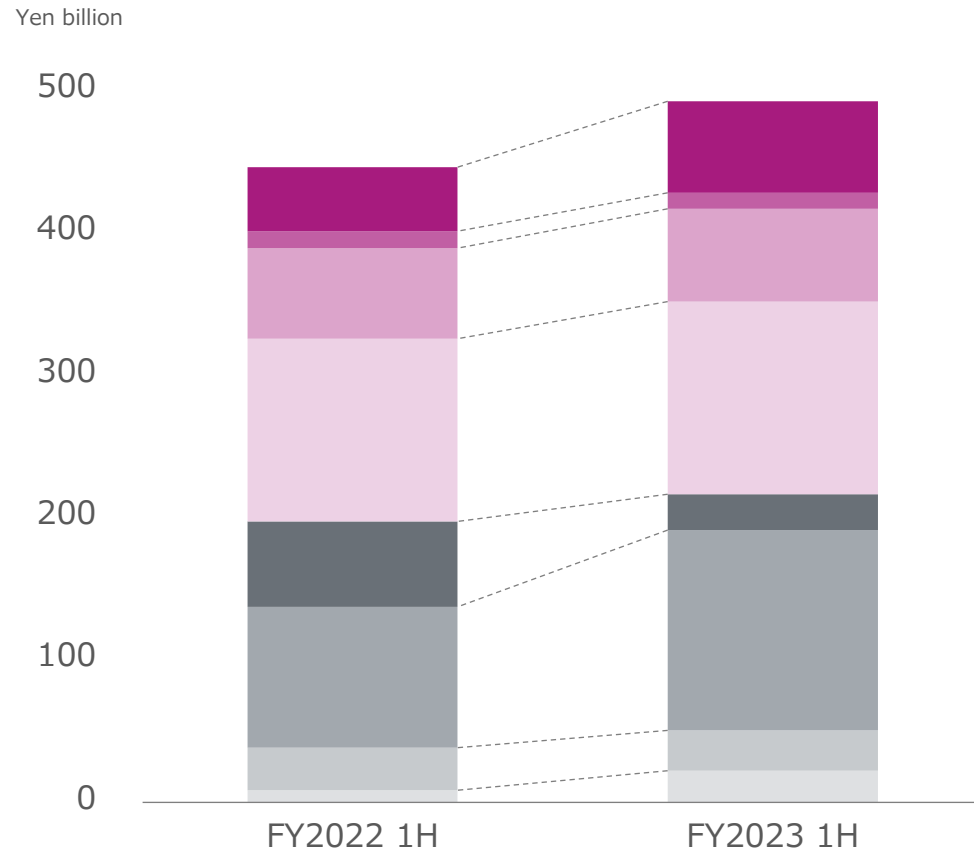
**¥492.6 billion Y/Y Change +10.4%**



Yen billion (Component %)	FY2022 1H	FY2023 1H	Y/Y Change
Telecom Terminals	13.5 (3%)	13.4 (3%)	▲1%
Telecom Infrastructure	64.3 (14%)	39.8 (8%)	▲38%
OA/Peripherals	19.5 (4%)	17.6 (3%)	▲9%
Computers	42.3 (10%)	41.6 (8%)	▲2%
Consumer Products	34.6 (8%)	38.0 (8%)	+10%
Automotive Products	76.7 (17%)	97.3 (20%)	+27%
Industrial Equipment	195.4 (44%)	244.9 (50%)	+25%
<b>Total</b>	<b>446.3</b>	<b>492.6</b>	<b>+10.4%</b>

## Semiconductor Business by Product: Net Sales

¥492.6 billion Y/Y Change +10.4%

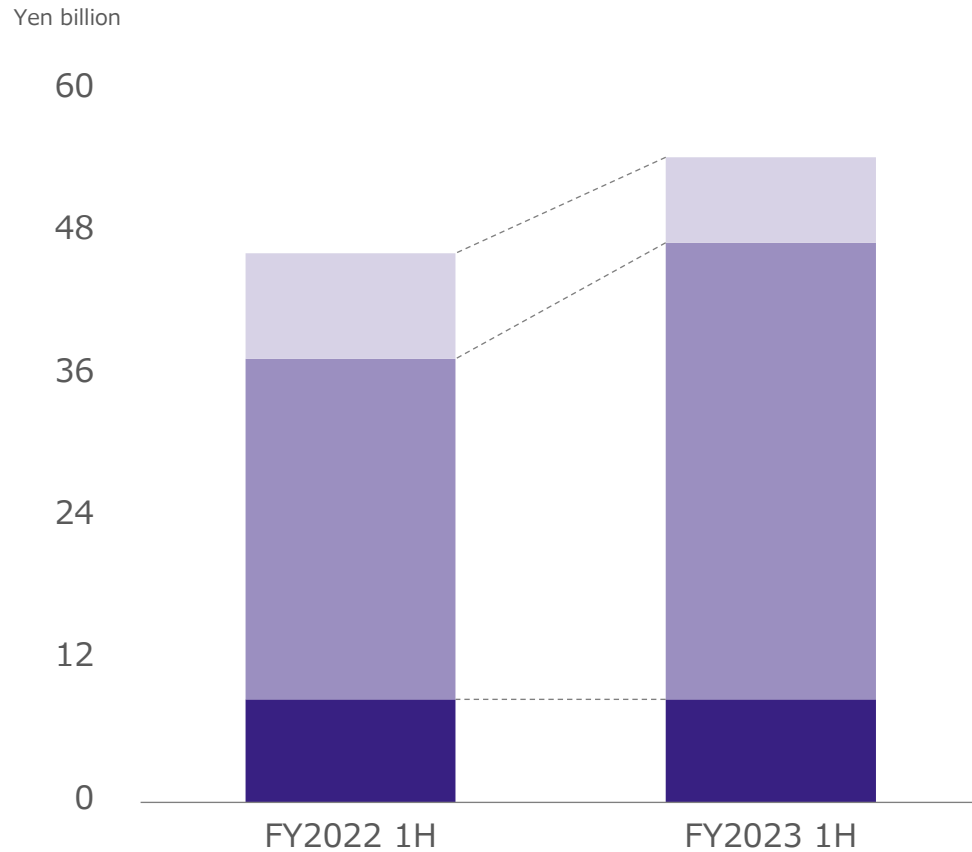


Yen billion (Component %)	FY2022 1H	FY2023 1H	Y/Y Change
PLD	45 (10%)	64.2 (13%)	+43%
ASIC	11.9 (3%)	11.2 (2%)	▲6%
ASSP	63.6 (14%)	65.2 (13%)	+2%
Analog	128.4 (29%)	135.4 (27%)	+5%
Memory	60 (13%)	25.2 (5%)	▲58%
Other Standard IC	98.9 (22%)	140.8 (29%)	+42%
Electric Devices	29.9 (7%)	28.2 (6%)	▲6%
Other	8.6 (2%)	22.4 (5%)	+162%
<b>Total</b>	<b>446.3</b>	<b>492.6</b>	<b>+10.4%</b>



## Network Business by Product: Net Sales

**¥54.4 billion Y/Y Change +17.7%**



Yen billion (Component %)	FY2022 1H	FY2023 1H	Y/Y Change
Hardware	8.9 (19%)	7.2 (13%)	▲18%
Software	28.7 (62%)	38.5 (71%)	+34%
Service	8.7 (19%)	8.7 (16%)	+1%
<b>Total</b>	<b>46.3</b>	<b>54.4</b>	<b>+17.7%</b>

## 02. Mid-Term Management Plan (FY2022-2024)

---

### ① Company-wide

## Revised Long-term Management Targets for FY2030 (Fiscal Year ending March 31, 2031)

	FY2024 Management Targets	FY2030 Long-term Management Targets	
	Announced May 8, 2023	Announced May 9, 2022	Announced Sept 25, 2023
Consolidated Net Sales	Over ¥1.2 trillion	Over ¥1.3 trillion	Over <b>¥2.0 trillion</b>
Consolidated Operating Income	Over ¥67 billion	Over ¥100 billion	Over <b>¥150 billion</b>
Consolidated Operating Income Margin	Over 5.6%	Over 7.5%	Over <b>7.5%</b>
Consolidated Net Income	Over ¥50 billion		
Consolidated ROE <sup>1</sup>	Over 15%	Over 15.0%	Over <b>15.0%</b>
Working Capital Turnover <sup>2</sup>	Over 3.8		

1. Consolidated ROE = Consolidated Net Income attributable to Owners of Parent / Consolidated Shareholders' Equity (Net Assets less Non-Controlling Interests, at end of the period)

2. Working Capital Turnover = Annual Sales / Working Capital (Accounts Receivables + Inventories - Accounts Payable, at end of period)

### Mid-Term Management Plan: Company-wide

	Business Strategy	Strengthen Management Base
<b>Semiconductor Business</b>	<ul style="list-style-type: none"> <li>● Expand market share in growth domains</li> <li>● Expand high value-added solutions</li> <li>● Explore commercial products for long-term growth</li> <li>● Global strategy</li> </ul>	<ul style="list-style-type: none"> <li>● Strengthen risk management</li> <li>● Strengthen IT and DX Strategy</li> <li>● Maximize human capital</li> <li>● Strengthen financial strategy</li> </ul>
<b>Network Business</b>	<ul style="list-style-type: none"> <li>● Expand security business</li> <li>● Grow Big Data business</li> <li>● Expand application business</li> <li>● Global strategy</li> </ul>	
<b>CPS Solutions Business<sup>1</sup></b>	<ul style="list-style-type: none"> <li>● Business development to solve social issues in six themes</li> <li>● Expand CPS platforms</li> <li>● Strengthen capabilities for long-term growth</li> </ul>	

1. "Services & Solutions Model" has been renamed "CPS Solutions Business"

## 02. Mid-Term Management Plan (FY2022-2024)

---

### ② Semiconductor Business

## Growth Factor

### Y/Y Change +¥46.2 billion (+10.4%) Growth in industrial equipment & automotive markets for Japanese companies



#### For Japanese Companies

- Industrial Equipment** : Increased in a wide range of fields such as FA equipment and semiconductor manufacturing equipment
- Automotive** : Increase due to higher performance and EVs
- Others** : Increase in products for generative AI

#### For Overseas Local Companies

- Industrial Equipment** : Decrease in FA equipment, etc. affected by slowdown in Chinese market
- Automotive** : Inventory adjustment by improving semiconductor delivery time
- Others** : Negative growth due to lower demand for memory for servers

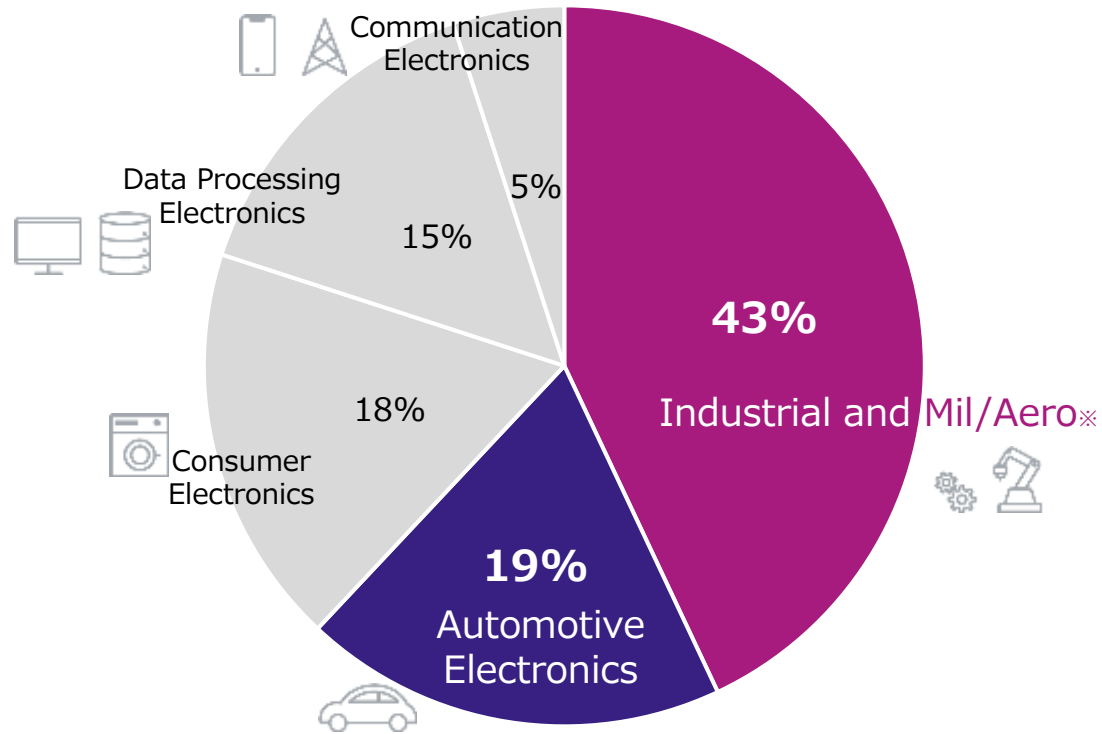
#### Overall Impact

- Foreign exchange impact from yen depreciation
- Business expansion

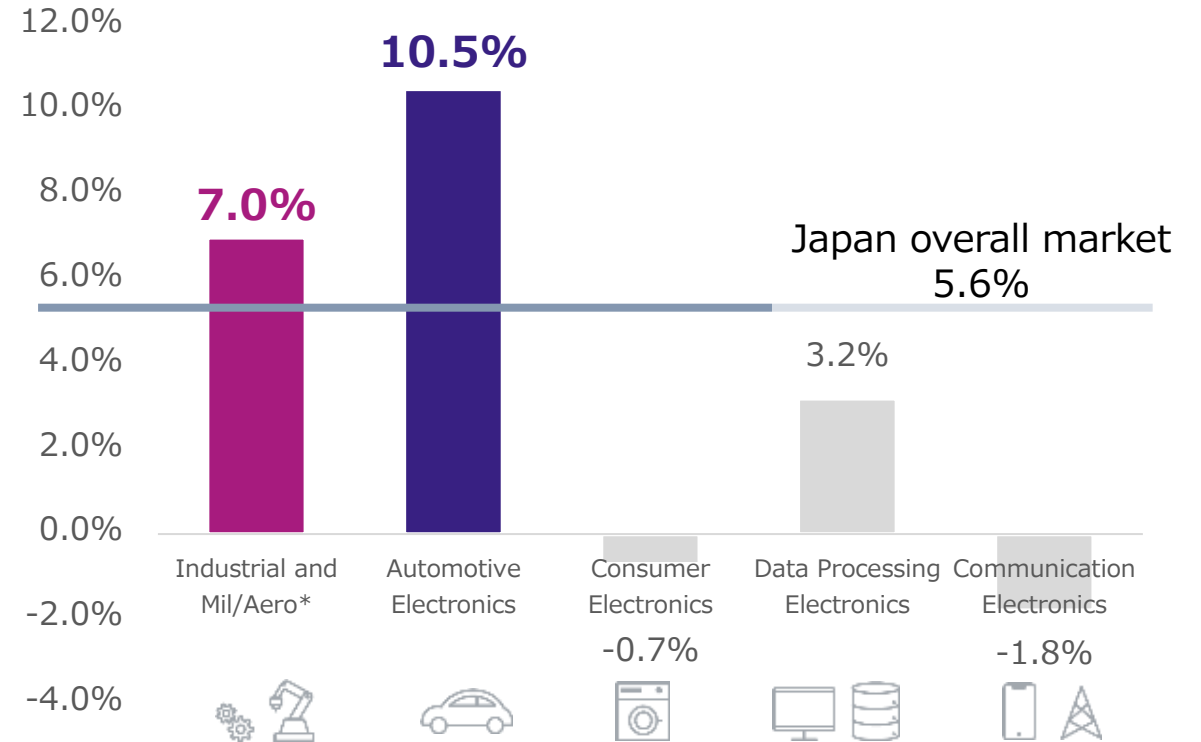
## Domestic Strategic Markets (Industrial Equipment and Automotive Markets)

### Industrial equipment and automotive markets drive the domestic semiconductor market

Domestic Semiconductor Market Composition in CY22



Domestic Semiconductor Market CAGR for CY22-27



Charts/graphics created by Macnica based on Gartner® research. Revenue Basis calculations performed by Macnica.

\*Industrial and Military/Civil Aerospace Electronics

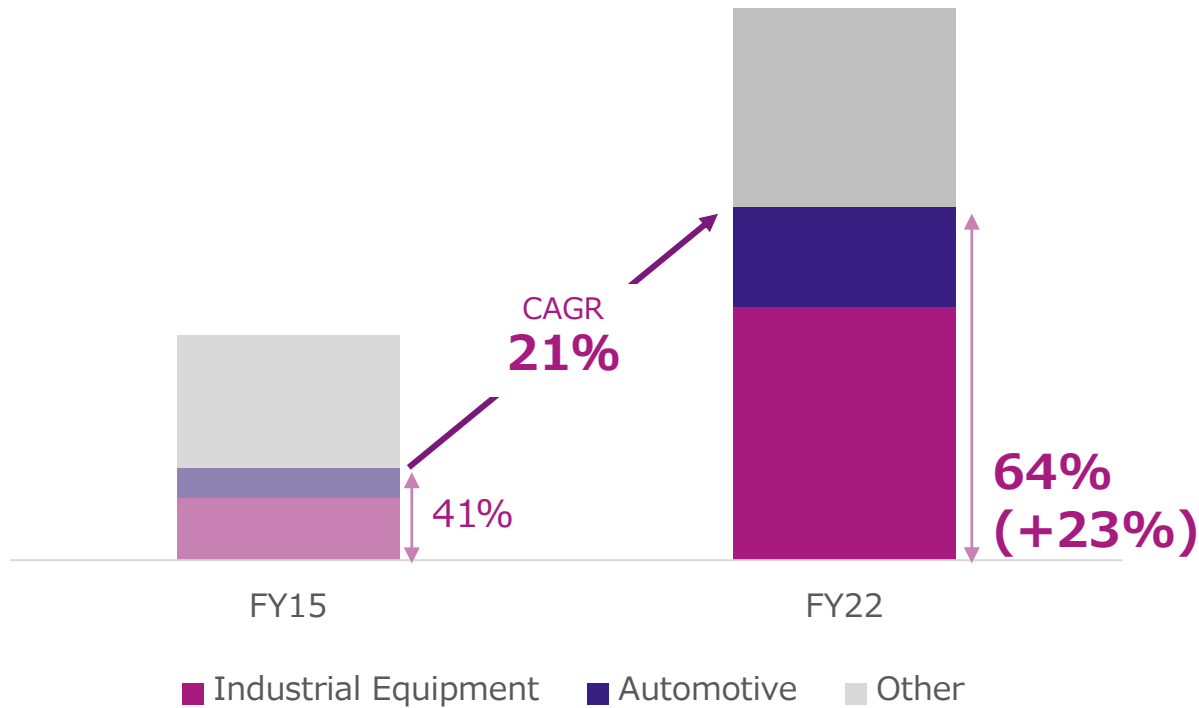
Gartner® Semiconductors and Electronics Forecast Database, Worldwide, 3Q23 Update, Masatsune Yamaji et al, 4 October 2023

GARTNER is a trademark and service marks of Gartner, Inc. and/or its affiliates and are used herein with permission.

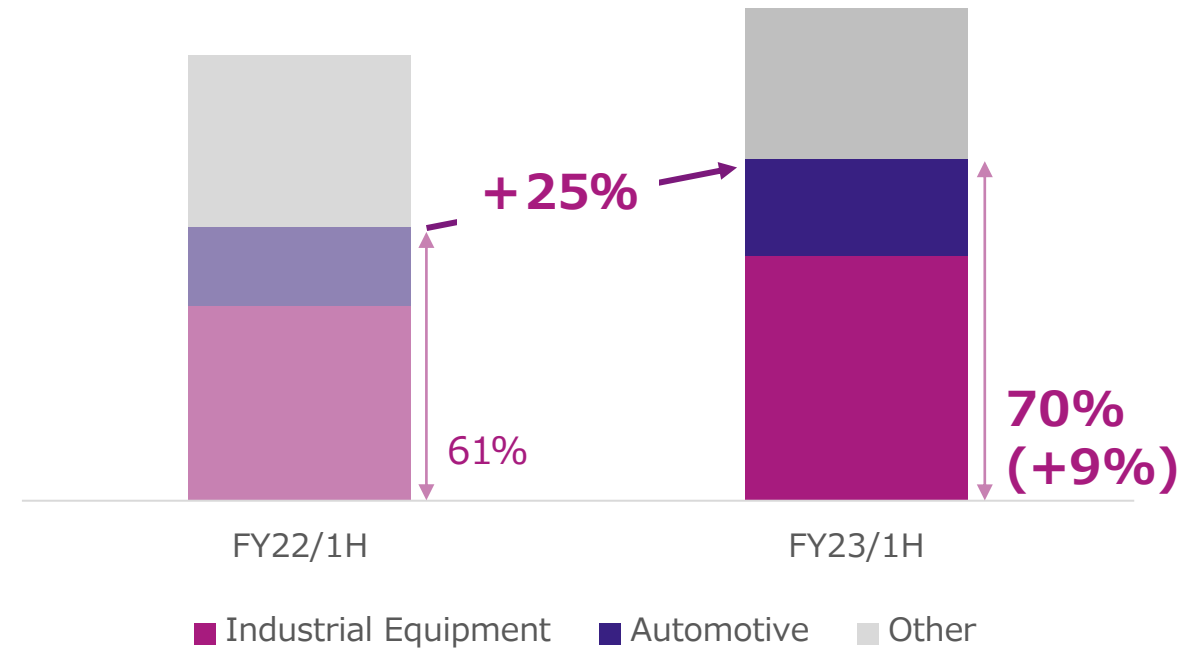
## Focus on Industrial Equipment and Automotive Markets (Net Sales)

Industrial equipment and automotive markets, which are our focus markets, account for 70% of sales

Long-term comparison



Y/Y Change





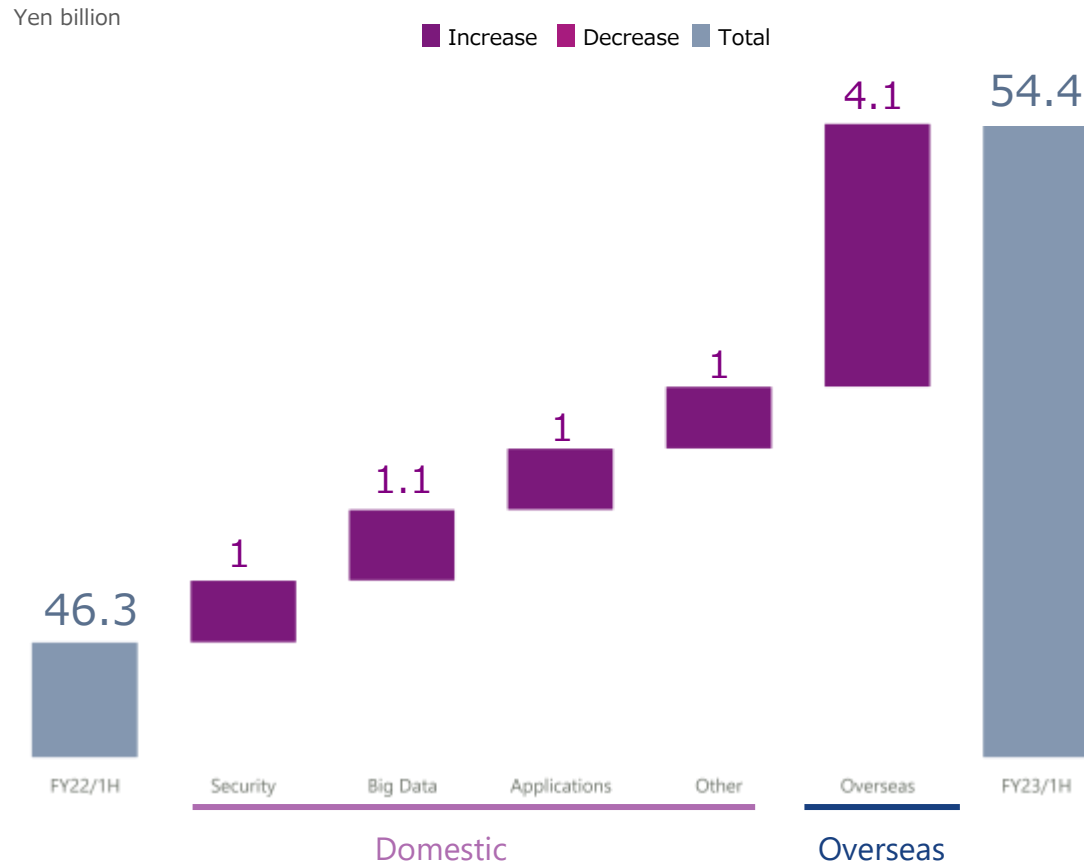
## 02. Mid-Term Management Plan (FY2022-2024)

---

### ③ Network Business

Growth Factor

Y/Y Change +¥8.1 billion (+18%) Growth in all focus areas



Domestic : Y/Y Change +¥4 billion (+13%)

- **Security** (+4%)  
Growth mainly in endpoint, cloud security
- **Big Data** (+31%)  
Growth mainly in data analysis infrastructure & in-house services
- **Application** (+30%)  
Growth mainly in cloud applications

Overseas : Y/Y Change +¥4.1 billion (+29%)

Growth in Singapore, Thailand, Australia, Indonesia and India

## Growth Strategies in Security Business

### Growth in both existing and new markets

**1 Cyber Security Tools Market, Expanding Share in SAM**

**+8%** Steady growth in endpoint security

**2 Cyber Security Tools Market, Expanding SAM**

**+115%** Steady growth in security measures when utilizing cloud computing

**3 Strengthening Cyber Security Services**

**+12%** Increased orders for ASM and integrated monitoring services

**4 Promoting Commercialization of CPS security**

**+91%** Growth in IoT and OT device management products

**5 Strengthening Overseas Expansion**

**+29%** Growth mainly in Singapore, Thailand, Australia, Indonesia, and India

Security Services Market\*  
TAM ¥221.3 billion (FY2022 Est.)

**SAM ¥24.4 billion**

Net Sales  
**+12%**

CPS Security Market  
No market data

Net Sales  
**+91%**

3

4

Security Products Market\*  
TAM ¥413.1 billion (+11.4%) (FY2022 Est.)

**SAM ¥237.6 billion**

Net Sales  
**+8%**

New SAM  
**¥1.4 billion**

Net Sales  
**+115%**

New Market

5

Overseas  
No market data

Net Sales  
**+29%**

\*Source: Fuji Chimera Research Institute's "2022 Network Security Business Survey" "Security Service Market" and "Security Product Market" (SAM calculated by the Company)

Expanding Big Data domain and in-house services

Expanding distribution domain and in-house services

Services & Solutions Model

Data Utilization Application

Data Utilization Platform

Compared to FY2022 2H **+246%**

AI Services (CPS Solutions Business)

Expanding in-house services

High Value-added Distribution Model

Analysis Platform

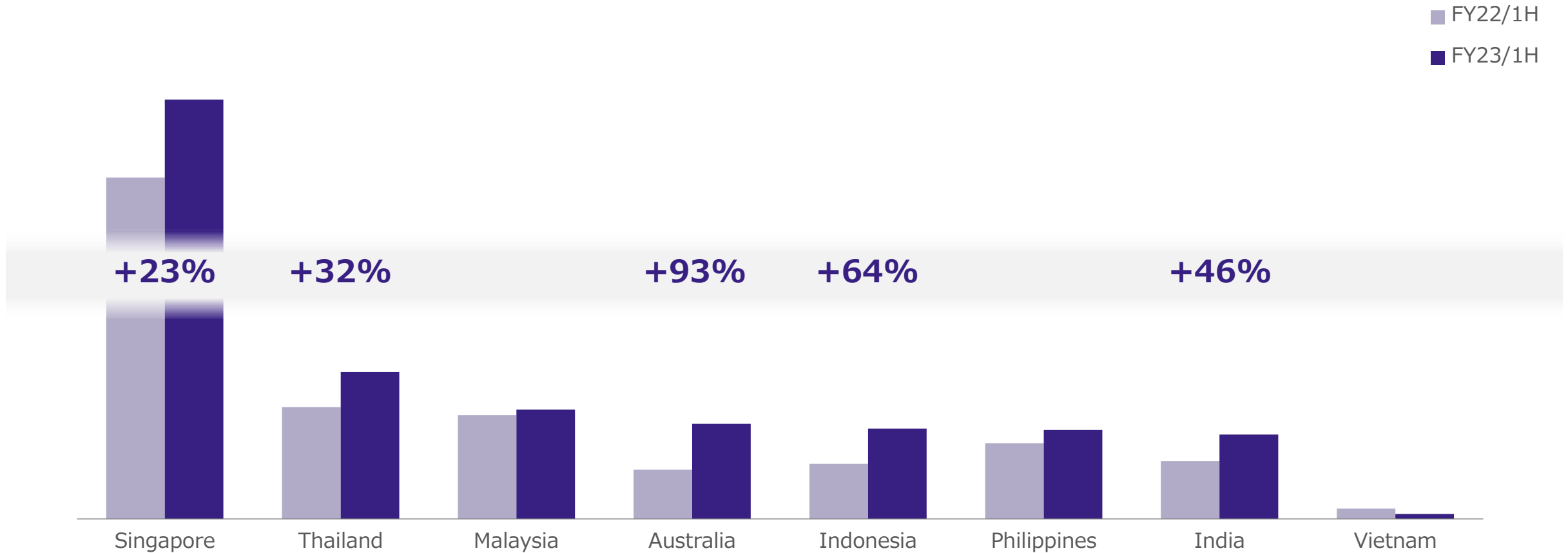
Y/Y Change **+31%**

Data Platform	AI	
	Learning/Inference	AI TRiSM

Portfolio Expansion **2 → 4**

Overseas Network Business

Y/Y Change +¥4.1 billion (+29%) , Growth in Singapore, Thailand, Australia, Indonesia and India



\* Percentages represent Y/Y changes.

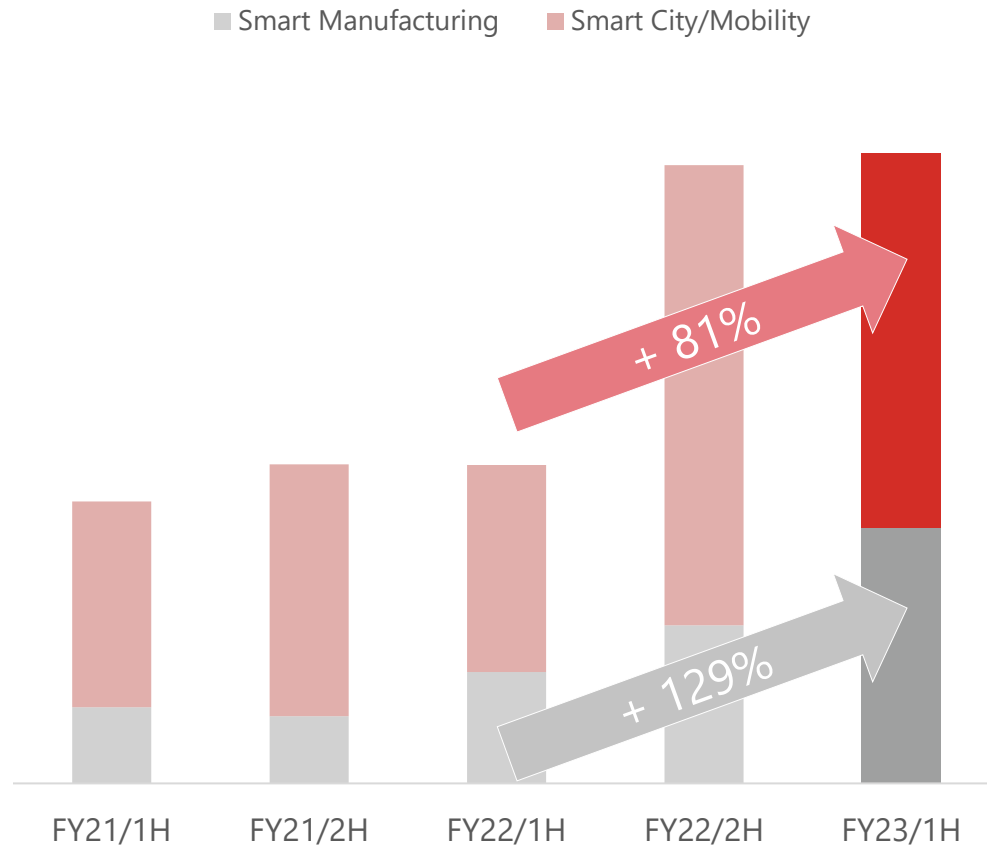
## 02. Mid-Term Management Plan (FY2022-2024)

---

### ④ CPS Solutions Business

### Leading CPS Solutions Business

## Smart City / Mobility and Smart Manufacturing Enter Growth Phase



### Smart City/Mobility

- Y/Y Change +81%
- In-house Services & Solutions ratio: 43%
- Growth in FMS (Fleet Management System)

### Smart Manufacturing

- Y/Y Change +129% Growth
- In-house Services & Solutions ratio: 23%
- Growth in consulting and system integration

# Spreading use of NAVYA autonomous Driving buses in Japan

## Market accelerating towards regular operations with 'RoAD to the L4' as a business driver

### RoAD to the L4

The goal is to realize autonomous driving mobile services in about 50 locations by FY2025, with full-scale dissemination by FY2027.

Regular operation

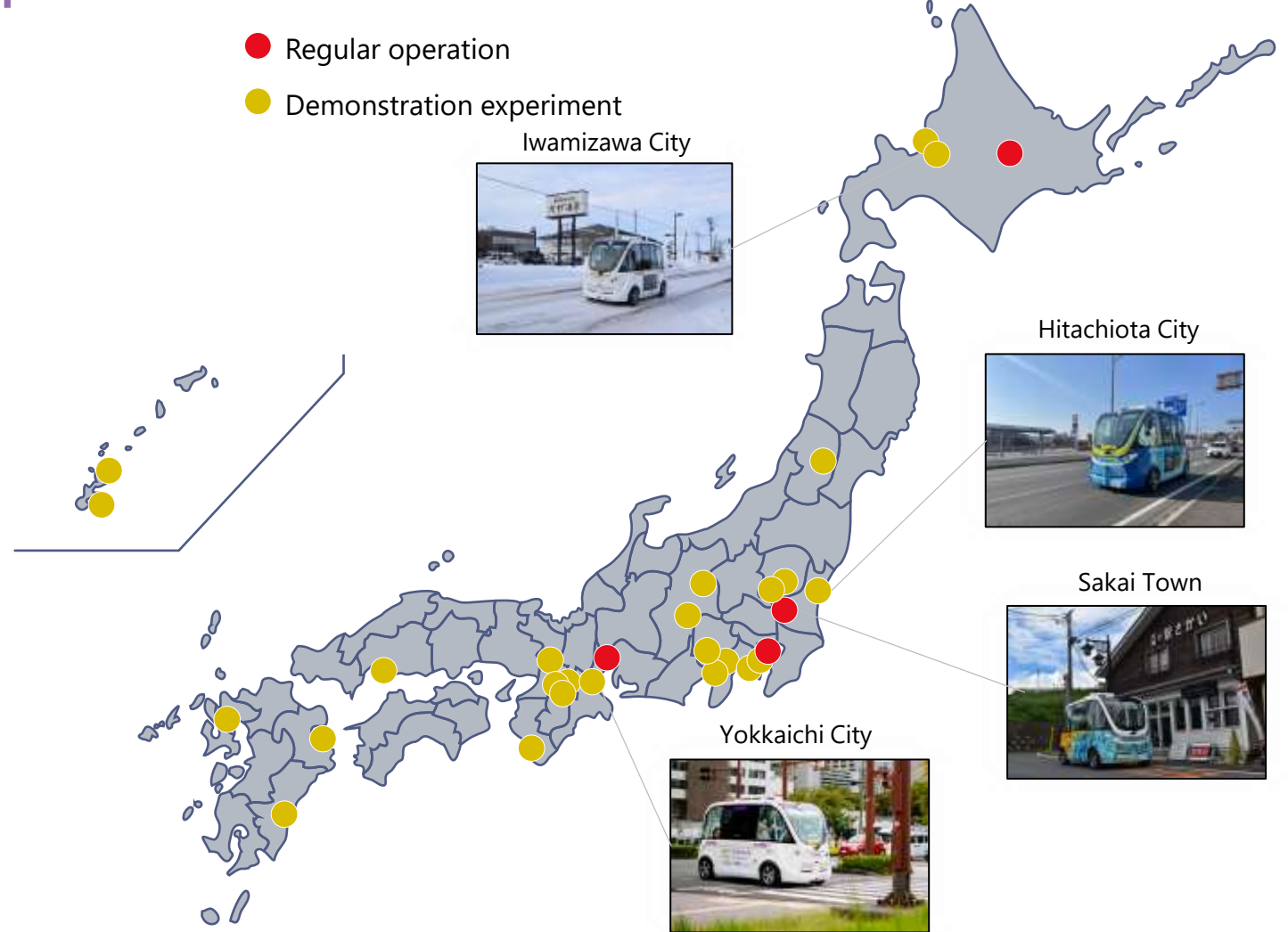
4

Demonstration experiment

26

● Regular operation

● Demonstration experiment





### Cutting-edge Technology

# Accelerating Collaboration and Demonstration for Practical Application of Perovskite Solar Cells

## Perovskite Solar Cells

Prof. Tsutomu Miyasaka, Graduate School of Engineering, Toin University of Yokohama  
High conversion efficiency, lightweight, thin, bendable, mass production possible with printing technology



### Technology Collaboration Consortium

- Launched a technology collaboration consortium led by Prof. Miyasaka
- Prototype development by spring 2024
- Aiming to commercialize within 3 years
- Participating Companies
  - Peccell Technologies
  - Macnica
  - Reiko
  - MORESCO

### Ministry of the Environment Demonstration Project

- Adoption of technology development for the utilization of perovskite solar cells in harsh environments such as harbors<sup>1</sup>
- Representative
  - Macnica
- Co-implementer
  - Peccell Technologies
  - Reiko

### Tokyo Metropolitan Government Demonstration Project

- Demonstration project of air quality monitoring solution using perovskite solar cells
- Power saving for air quality monitoring solution "AiryQonnect"
- Adoption of perovskite solar cells developed by EneCoat Technologies Co.,Ltd.

1. Adopted in second round of applications for FY2023 carbon neutral technology development and demonstration project for co-creation with local communities and across sectors.

## 02. Mid-Term Management Plan (FY2022-2024)

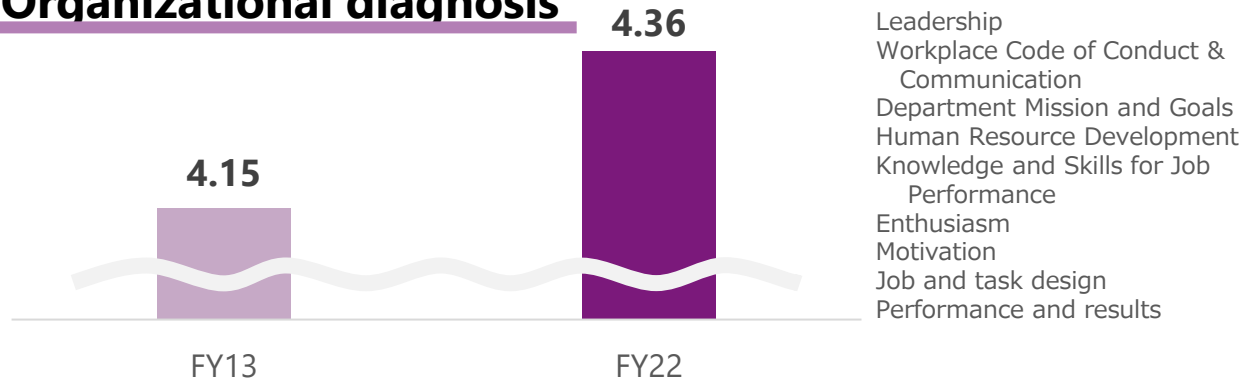
---

- ⑤ Strengthening the Management Base

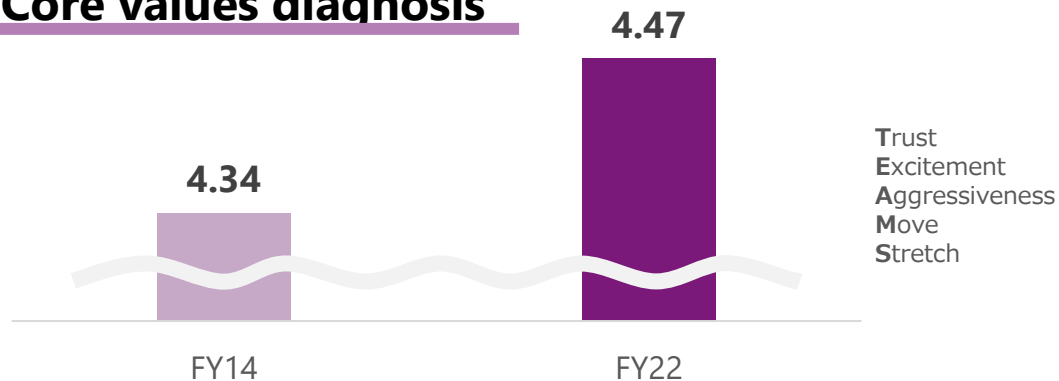
## Maximizing Human Capital

### Organizational and core values diagnosis and ongoing improvement efforts in each department

#### Organizational diagnosis



#### Core values diagnosis



**Award**

Career Ownership Management Award 2023

**No. 5**

"Major Japanese Companies with Excellent Teamwork"  
Ranked by New Graduate Employees<sup>1</sup>

**No.19**

"Top Ranking Companies recommended by Managers"<sup>2</sup>

1. OpenWork Inc., Institute for the Study of Job Satisfaction, Research Report Vol. 113  
2. Nikkei Business Online, Oct 10, 2023, "Special Feature: Managers, Punishment Game, Top Ranking Companies recommended by Managers, No.1 is ITOCHU, No.2 is..", <https://business.nikkei.com/atcl/gen/19/00583/100300003/>

## Strengthen IR Activities

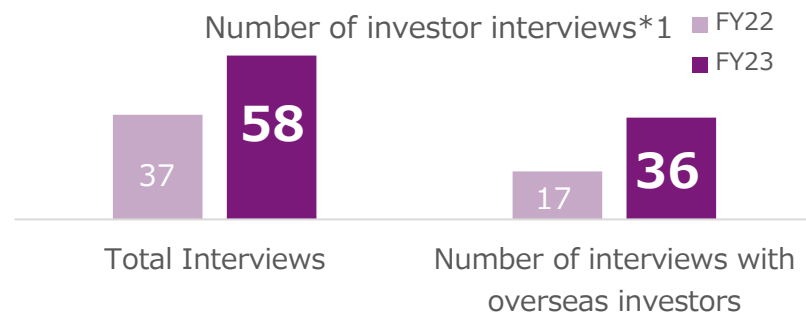
# First integrated report issued and enhanced investor interviews

### Inclusion in Indexes

- JPX Prime 150
- JPX-Nikkei Index 400
- TOPIX 500
- FTSE All-World Index

### Enhanced Investor Interviews

Strengthened interviews with new and foreign investors  
 International Investors Roadshow (planned)



### Disclosure

- First integrated report "LIMITLESS 2023" published.
  - Integrated Report ([link](#))
    - Japanese version: Issued
    - English version: To be published in mid-November (planned)
  - Integrated Report briefing ([link](#))
- Sponsored Research ([link](#))
- Full transcript of financial results briefing and IR event ([link](#))
  - Japanese version: Done
  - English version: To be published from 1H results (planned)
- IR Web page renewal (planned)

1. Institutional buy-side investors only, interviews between announcement of 1Q results and the silent period are counted.

### Promotion of Sustainability Management

## Further strengthening the foundation for sustainable growth

### ENVIRONMENT

- Participation in TCFD Consortium
- Formulation of Environmental VISION and environmental policy
- Aqua de Power Kanagawa Certified
- ISO 14001

### SOCIETY

- Formulation of multi-stakeholder policy
- Formulation of DEI Statement
- Formulation of Macnica Group Human Rights Policy
- Health Management Declaration
- Declaration of Partnership Building
- Career Ownership Management Award 2023 - Award for Excellence

### GOVERNANCE

- Group-wide risk visualization
- Risk management regulations in place
- Establishment of CSIRT system
- ISO9001 (Quality)
- ISO/IEC 27001

### Strengthening Financial Base

- Minimize foreign exchange risk
- Strengthen global cash flow management
- Thorough management of working capital turnover

### Strengthening IT Infrastructure

- Introduction of process mining (planned)
- DX Certified Operator
- CRM Best Practices Award

Strengthening IT Infrastructure

Introduction of Process Mining for Greater Efficiency

	Theme	Measures	Status
<b>Transformation</b>			
Value Creation	Strengthening customer contacts	Promote CRM utilization	Improved new project acquisition rate
		Information centralization for customers	50% deployed
		<b>Process Mining (Sales)</b>	<b>Introduction FY2023 2H (planned)</b>
<b>Growth</b>			
Increased Profitability	Advanced Inventory Management	Promote SCM utilization	Demand forecasting accuracy within ±10%
		Introduction of RPA, etc.	10,000 hours of cumulative automation
		<b>Process Mining (Operations)</b>	<b>Introduction FY2023 2H (planned)</b>
<b>Foundation</b>			
Foundations of Transformation and Growth	Strengthen IT policy planning and execution capabilities	Strengthening organizational structure	Continuing to strengthen recruitment
	Strengthen IT risk/response capabilities	Strengthening security counter-measures and operation	FY23 2H Zero Trust security installation begins (planned)

# MET2023

Macnica Exponential Technology

豪華ゲスト登壇 全29  
セッション

最先端テクノロジーを俯瞰し共に未来を創る



ヘルスケア



製造DX



フード  
アグリテック



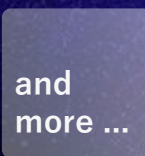
DX経営



セキュリティ



AI/Data



and  
more ...

オンライン開催

期間中いつでも視聴可能

※一部公開日が異なるセッションがございます

12.1(金) - 12.8(金)



お申込みはこちら

macnica MET2023



入山 章栄氏



池上 高志氏



小野 和俊氏



伊藤 穰一氏



落合 陽一氏

©Impress Corporation