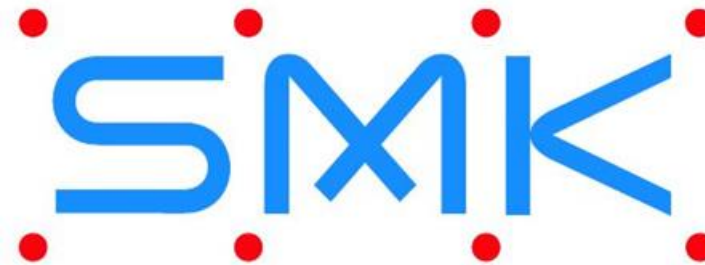


FY2020

Investor Briefing



FY2020

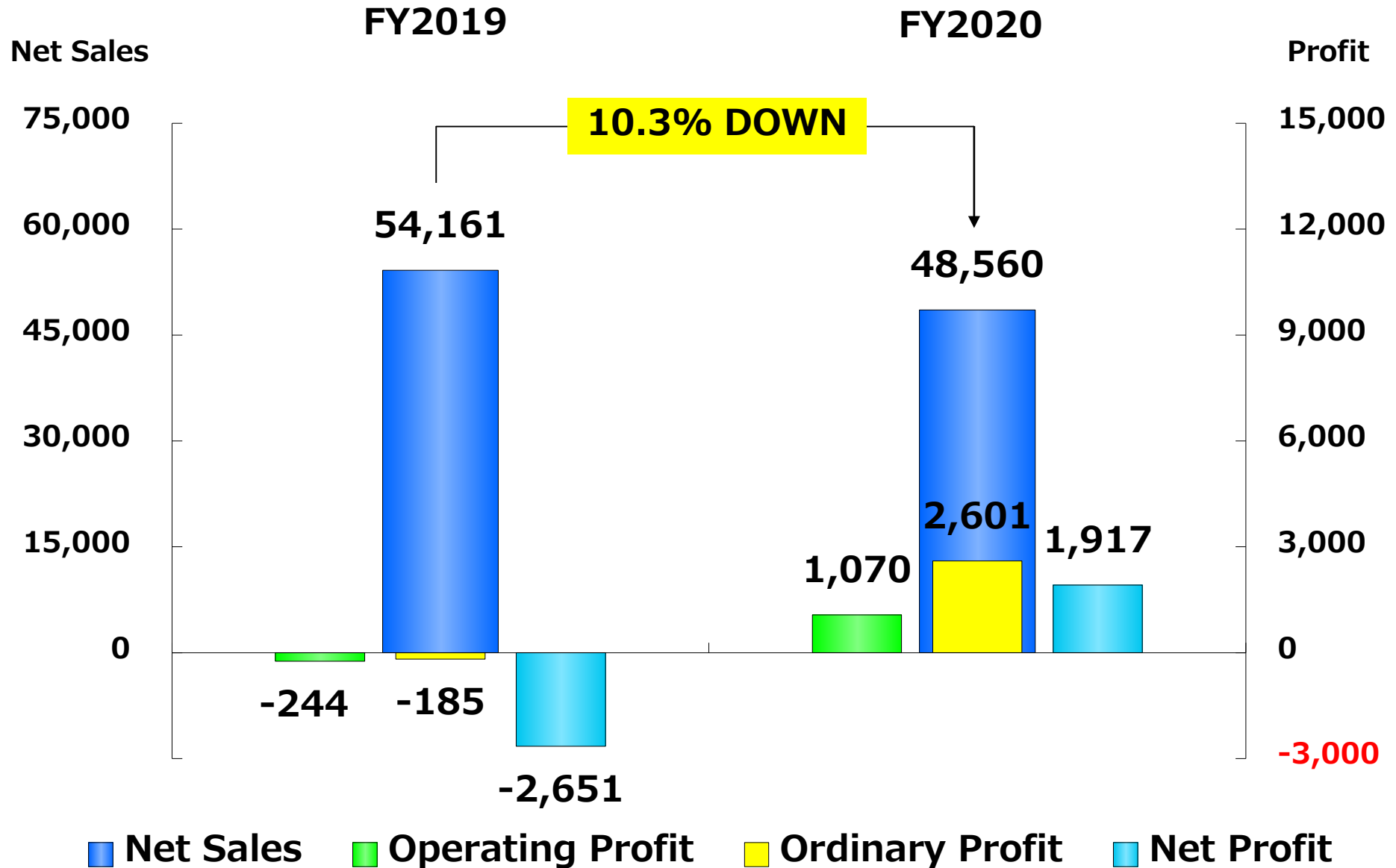
# Outline of Financial Statement

Executive Vice President and CFO

**KOHEI OHGAKI**

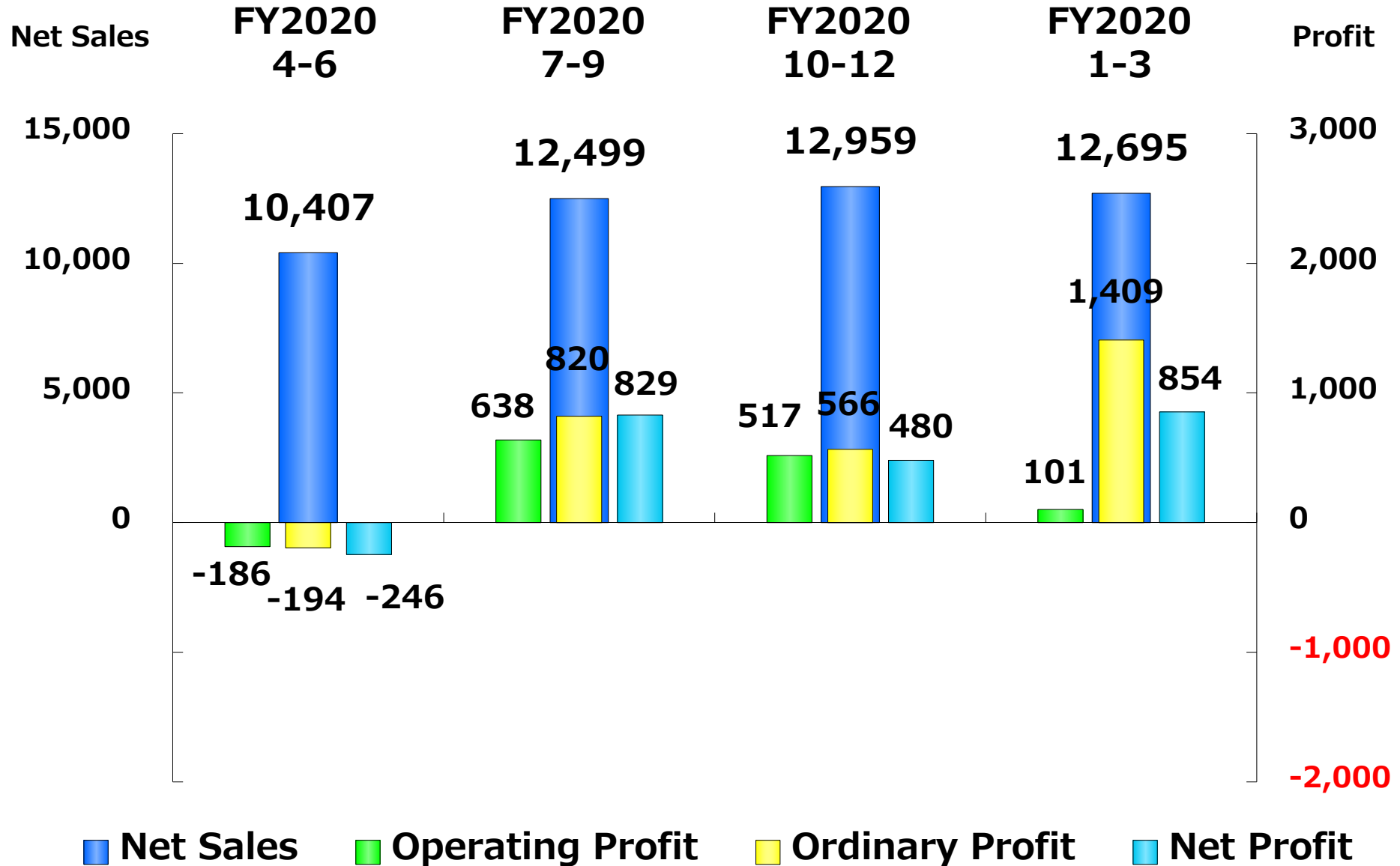
# <Consolidated> Financial Results

Unit: Million yen



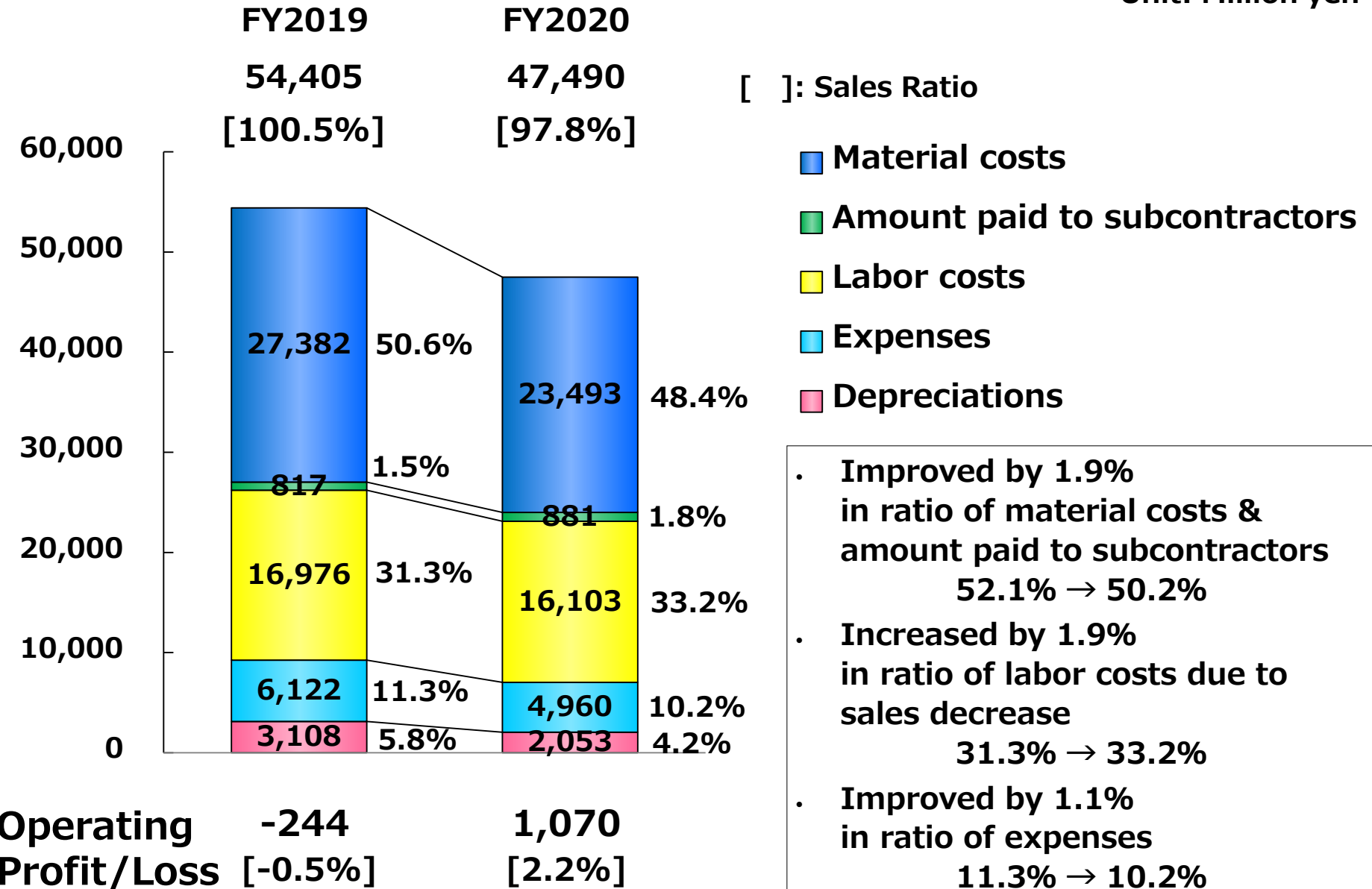
# <Consolidated> Financial Results (by Quarter)

Unit: Million yen



# <Consolidated> Operating Expenses

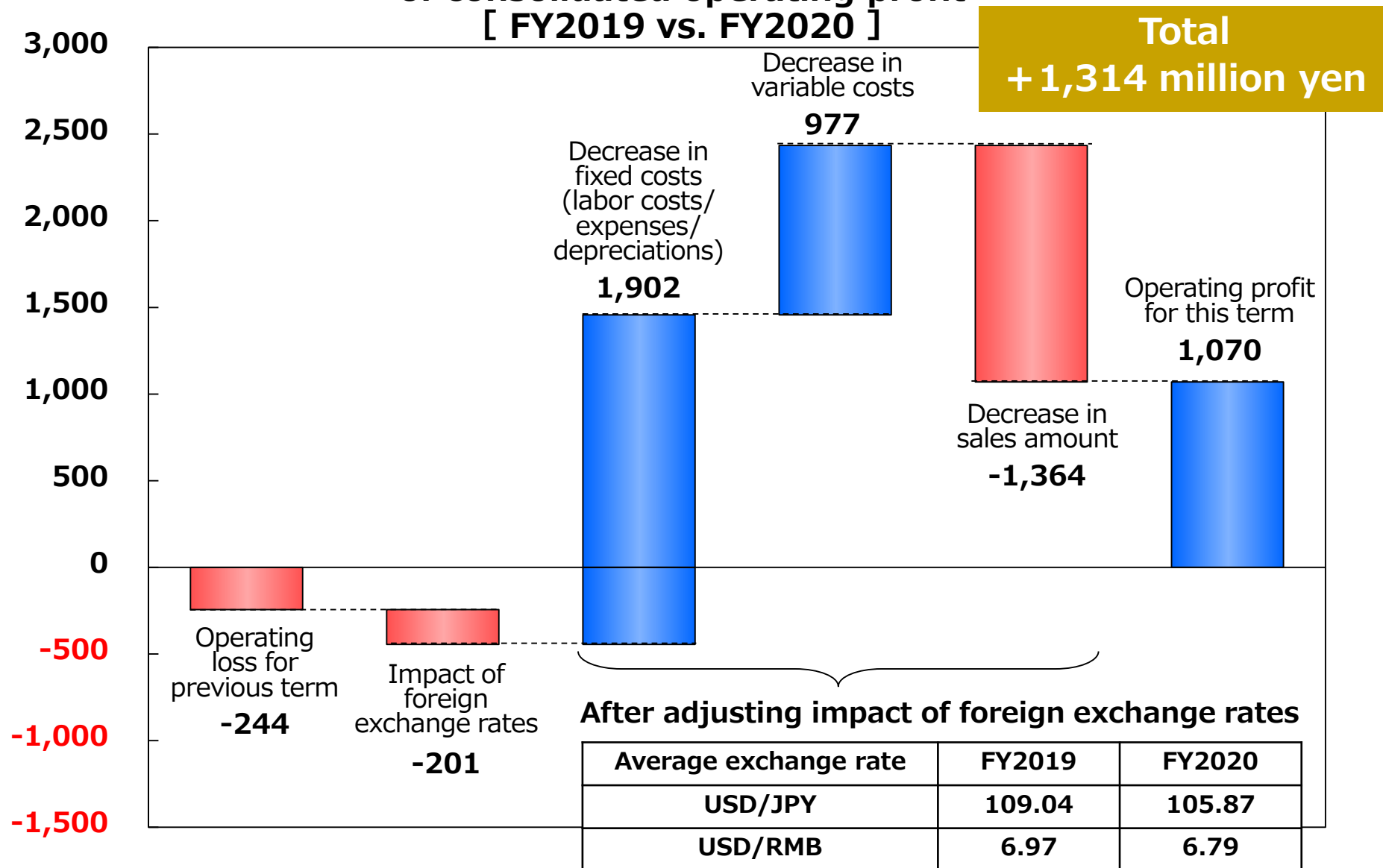
Unit: Million yen



# <Consolidated> Analysis of Changes in Operating Profit

Analysis of factors for increase/decrease  
of consolidated operating profit  
[ FY2019 vs. FY2020 ]

Unit: Million yen



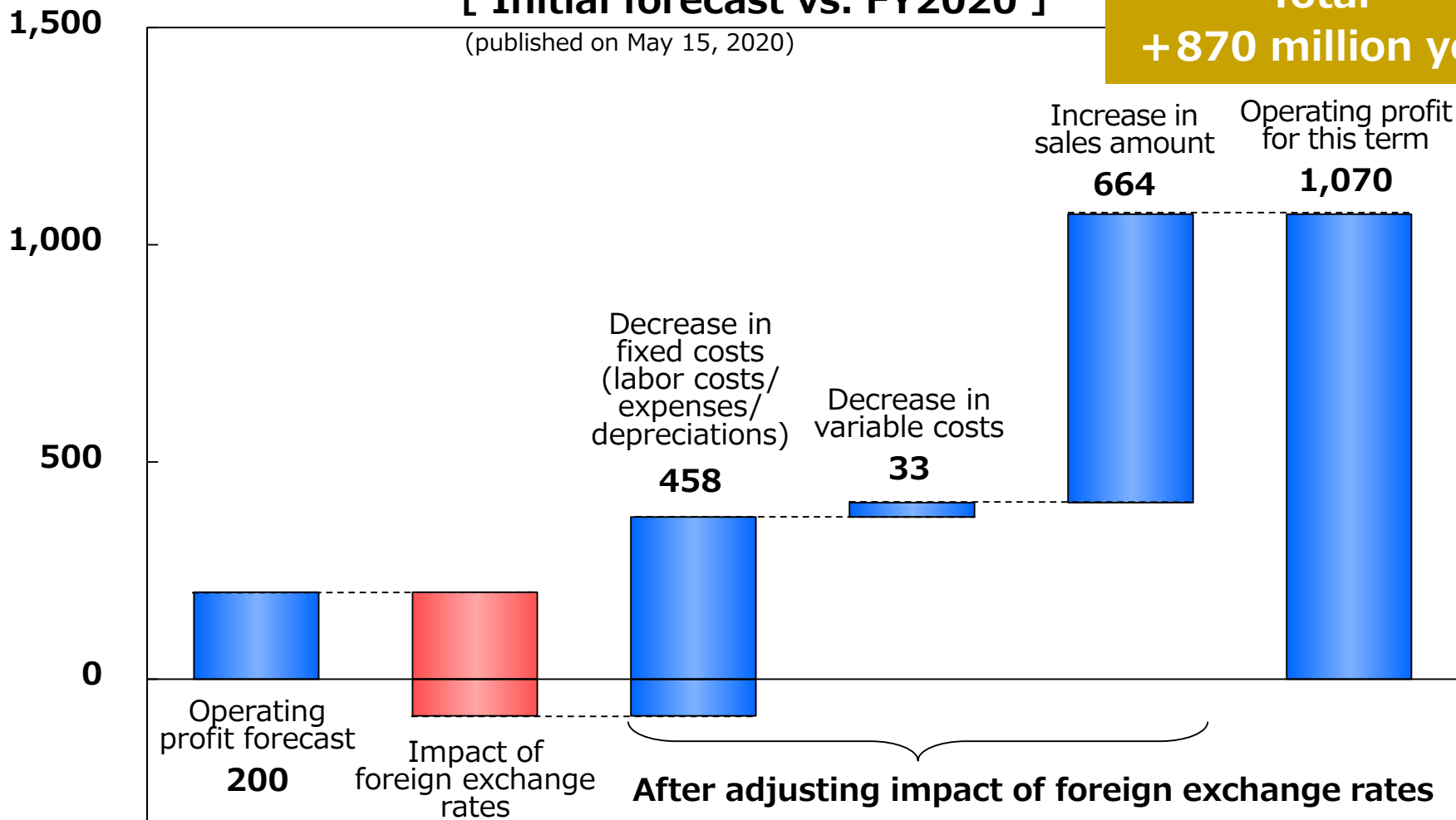
# <Consolidated> Analysis of Changes in Operating Profit

Analysis of factors for increase/decrease of consolidated operating profit [ Initial forecast vs. FY2020 ]

Unit: Million yen

**Total +870 million yen**

(published on May 15, 2020)



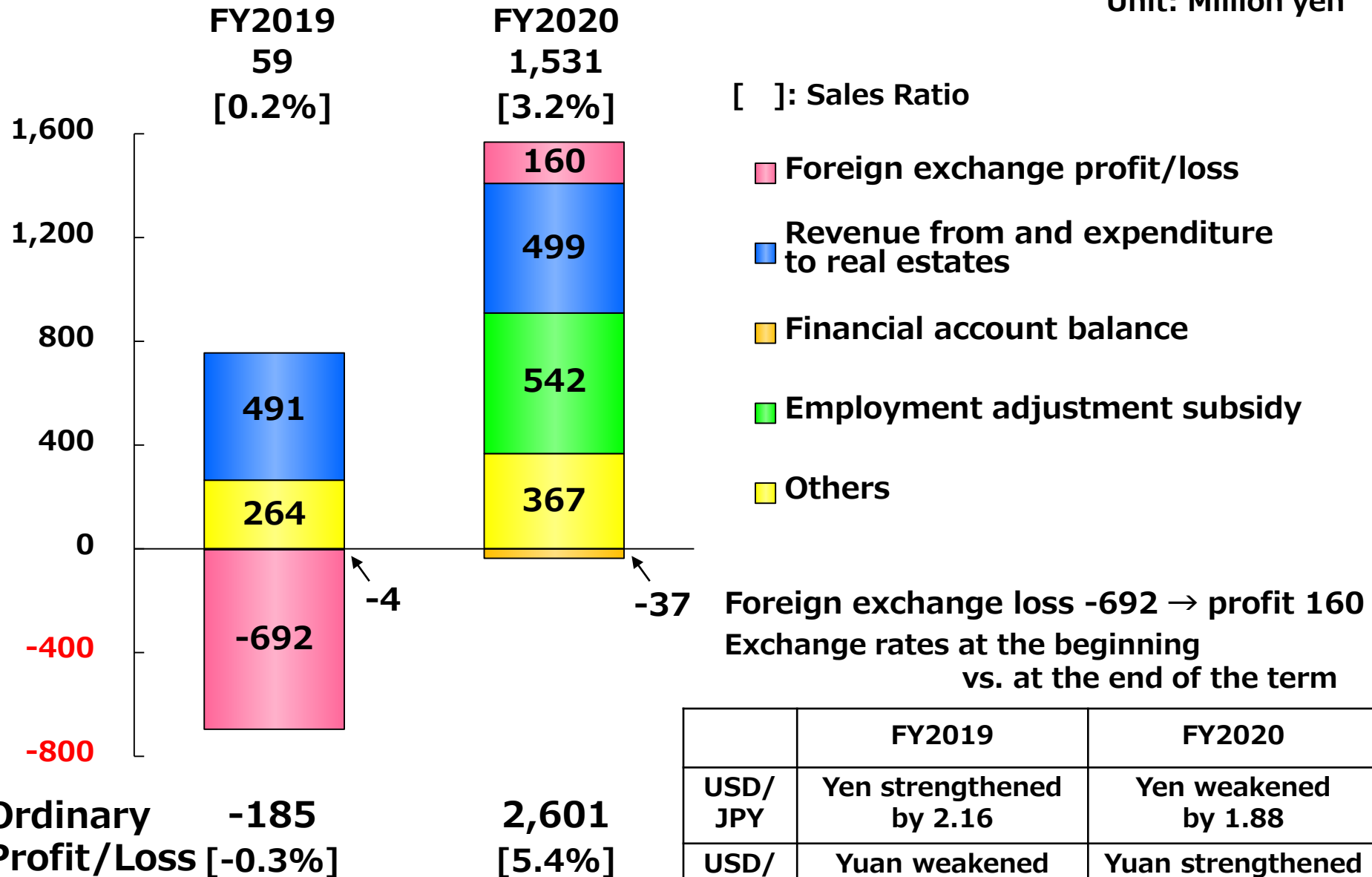
**After adjusting impact of foreign exchange rates**

Average exchange rate	Initial forecast	FY2020
USD/JPY	108.00	105.87
USD/RMB	7.01	6.79

-500

# <Consolidated> Non-operating Profit and Loss

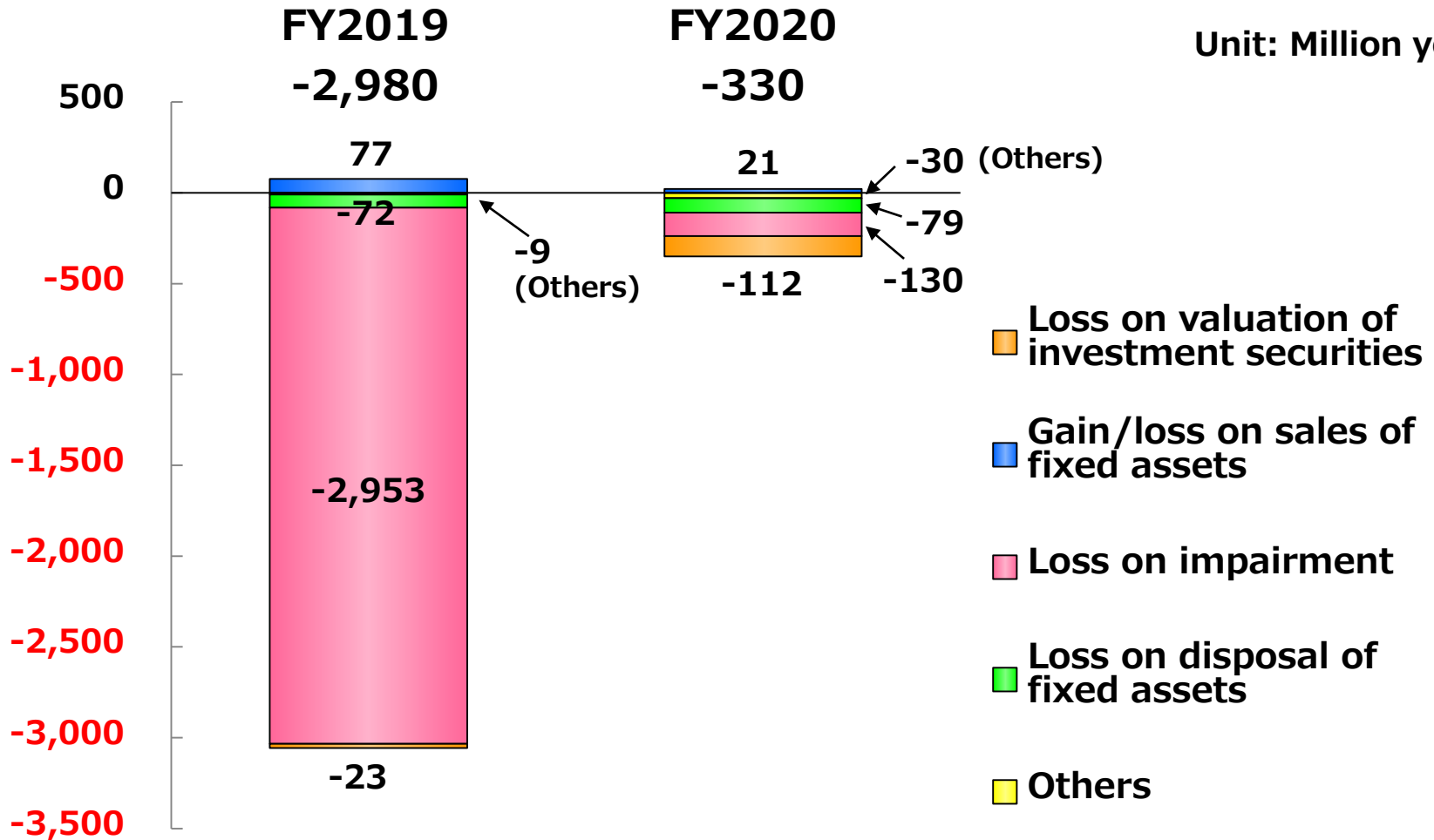
Unit: Million yen





# <Consolidated> Extraordinary Profit and Loss

Unit: Million yen



Profit before taxes	-3,165	2,271
Income taxes	228	-389
Loss attributable to non-controlling interests	-286	-35
<b>Net Profit/Loss</b>	<b>-2,651</b>	<b>1,917</b>
	<b>[-4.9%]</b>	<b>[3.9%]</b>

[ ]: Sales Ratio

## &lt;Consolidated&gt; Segment Information

Unit: Million yen

FY2020

	Reporting Segment				Others*	TOTAL
	CS Division	SCI Division	R&D Center	Total		
<b>Net Sales</b>	<b>19,840</b>	<b>28,431</b>	<b>252</b>	<b>48,524</b>	<b>36</b>	<b>48,560</b>
<b>Operating Profit/Loss</b>	<b>1,444</b>	<b>-72</b>	<b>-277</b>	<b>1,094</b>	<b>-24</b>	<b>1,070</b>

FY2019

	Reporting Segment				Others*	TOTAL
	CS Division	SCI Division	R&D Center	Total		
<b>Net Sales</b>	<b>18,670</b>	<b>35,137</b>	<b>281</b>	<b>54,088</b>	<b>73</b>	<b>54,161</b>
<b>Operating Profit/Loss</b>	<b>141</b>	<b>10</b>	<b>-279</b>	<b>-127</b>	<b>-117</b>	<b>-244</b>

\*Others: Other components business, lease, real-estate rental, and worker dispatching undertaking

## &lt;Consolidated&gt; Cash Position

Unit: Million yen

	Mar. 2020 (A)	Mar. 2021 (B)	Differential (B - A)
<b>Assets</b>	<b>50,204</b>	<b>50,332</b>	<b>127</b>
Cash and cash equivalents	10,514	8,799	-1,715
Accounts receivable	12,332	12,567	235
Inventories	6,426	6,547	121
Fixed assets	19,872	21,428	1,555
<b>Liabilities</b>	<b>25,575</b>	<b>22,580</b>	<b>-2,994</b>
Accounts payable and accrued expenses	6,569	6,805	235
Interest-bearing debt	15,153	11,303	-3,849
<b>Net assets</b>	<b>24,629</b>	<b>27,751</b>	<b>3,122</b>
Common stock	7,996	7,996	-
<b>Capital adequacy ratio</b>	<b>49.6%</b>	<b>55.1%</b>	<b>5.5%</b>

# <Consolidated> Cash Flow Position

Unit: Million yen

	FY2019	FY2020
<b>Cash flow from operating activities</b>	<b>6,345</b>	<b>4,653</b>
<b>Working capital</b>	<b>3,931</b>	<b>-18</b>
<b>Profit before taxes</b>	<b>-3,165</b>	<b>2,271</b>
<b>Depreciation</b>	<b>3,292</b>	<b>2,237</b>
<b>Others</b>	<b>2,287</b>	<b>163</b>
<b>Cash flow from investing activities</b>	<b>-2,525</b>	<b>-2,325</b>
<b>Free cash flow</b>	<b>3,820</b>	<b>2,327</b>
<b>Cash flow from financing activities</b>	<b>-4,176</b>	<b>-3,904</b>
<b>Increase/decrease in interest-bearing debt</b>	<b>-3,707</b>	<b>-3,606</b>
<b>Increase/decrease in treasury stock</b>	<b>-114</b>	<b>-1</b>
<b>Dividends paid</b>	<b>-325</b>	<b>-259</b>
<b>Initial balance</b>	<b>10,776</b>	<b>10,437</b>
<b>Final balance</b>	<b>10,437</b>	<b>8,742</b>

# Financial Forecast and Annual Dividend

%: Increase/decrease  
ratio to previous term

## (1) Forecast of Consolidated Financial Results

	Net Sales		Operating Profit/Loss		Ordinary Profit/Loss		Net Profit/Loss	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
<b>FY2020</b>	<b>48,560</b>	<b>-10.3</b>	<b>1,070</b>	<b>-</b>	<b>2,601</b>	<b>-</b>	<b>1,917</b>	<b>-</b>
<b>FY2021 Forecast</b>	<b>48,500</b>	<b>-0.1</b>	<b>500</b>	<b>-53.3</b>	<b>1,000</b>	<b>-61.6</b>	<b>700</b>	<b>-63.5</b>

## (2) Annual Dividend

	At second quarter end	At fiscal year end	Annual
<b>FY2020</b>	<b>0.00 yen</b>	<b>50.00 yen</b>	<b>50.00 yen</b>
<b>FY2021 Forecast</b>	<b>0.00 yen</b>	<b>50.00 yen</b>	<b>50.00 yen</b>

# FY2020 Result and FY2021 Prospect

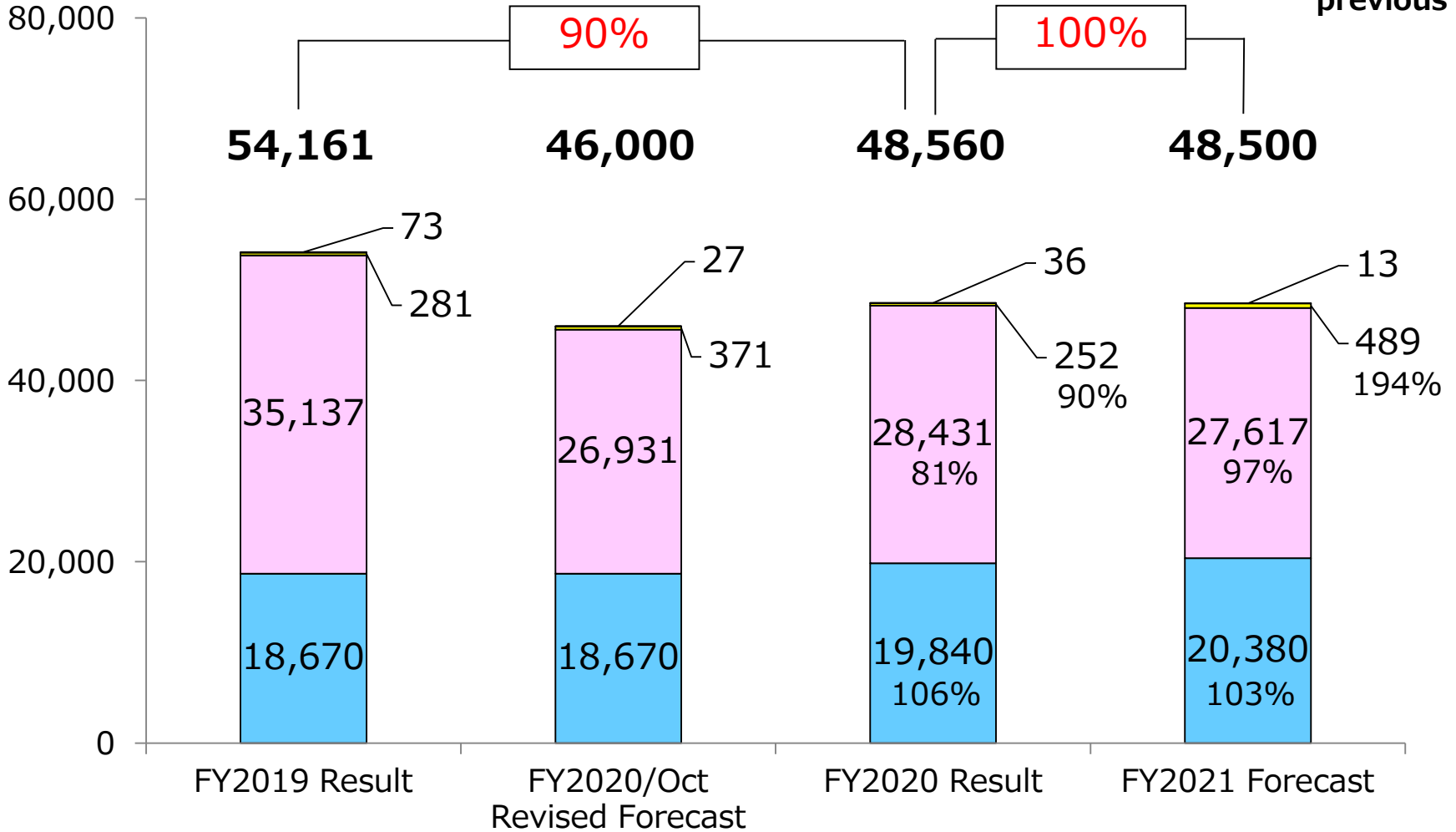
President, CEO and COO

YASUMITSU IKEDA

# Net Sales by Product Div. (FY2019-FY2021)

Unit: Million yen

?: Compared to previous term



Exchange rate (1US\$=)

109.04JPY

1H: 106.57JPY  
2H: 105.00JPY

105.87JPY

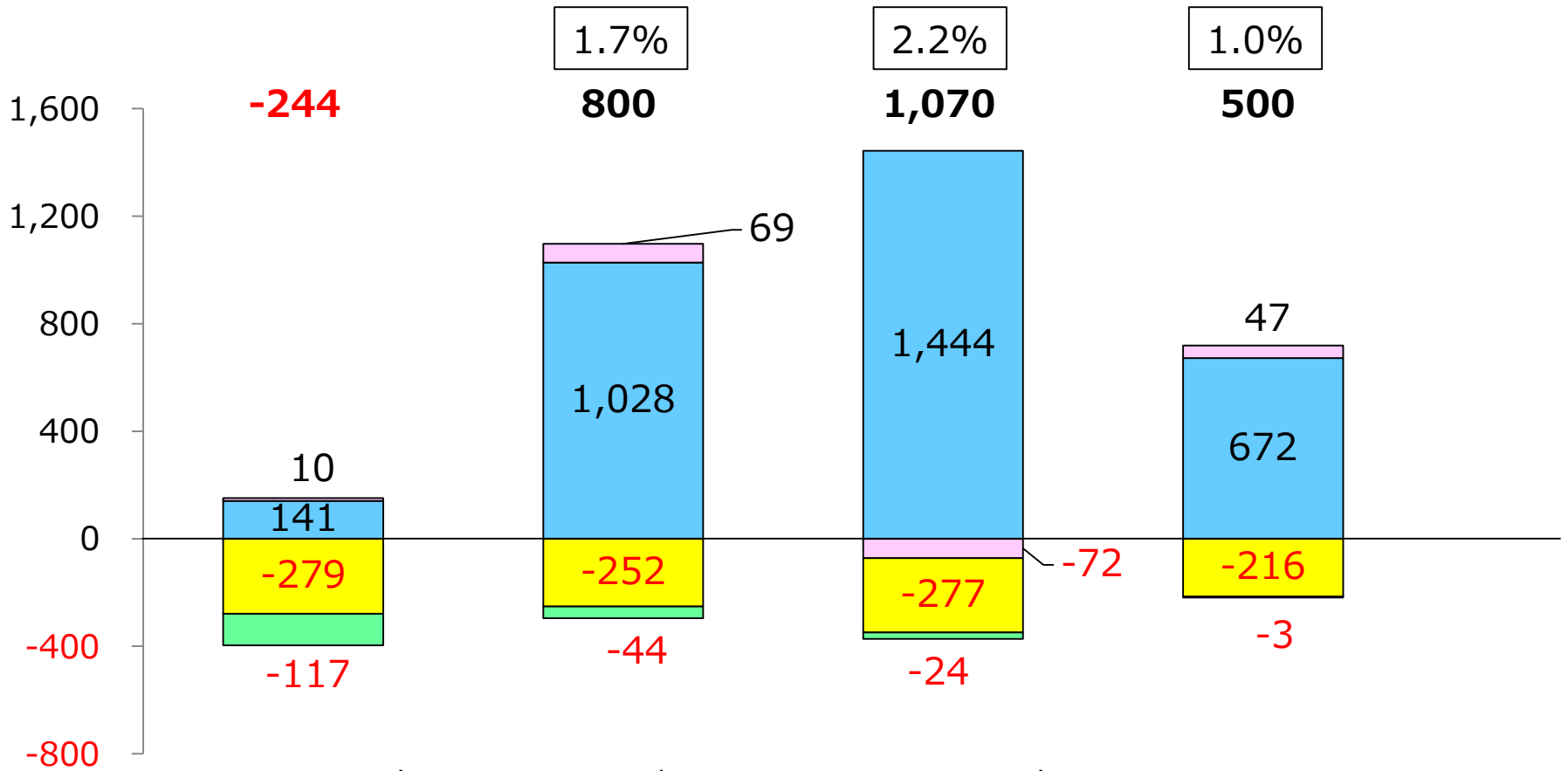
108.00JPY

CS SCI R&D Others

# Operating Profit by Product Div. (FY2019-FY2021)

Unit: Million yen

Profitability (%) = Profit / Sales



FY2019 Result      FY2020/Oct Revised Forecast      FY2020 Result      FY2021 Forecast

Exchange rate (1US\$=)

109.04JPY

1H: 106.57JPY  
2H: 105.00JPY

105.87JPY

108.00JPY

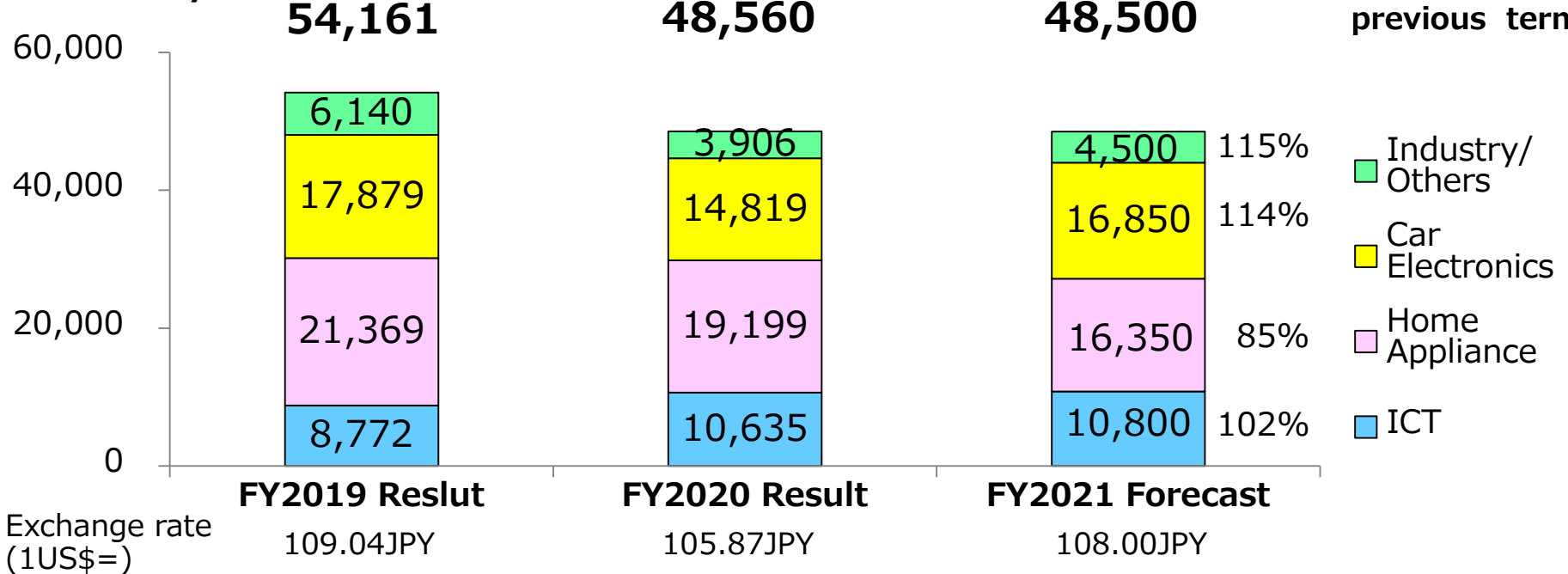
CS      SCI      R&D      Others



# Reference: Net Sales by Market (FY2019-FY2021)

Unit: Million yen

%: Compared to previous term



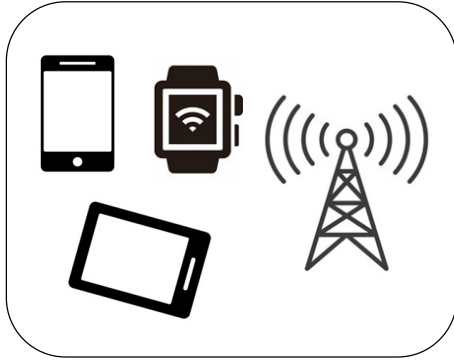
	ICT	Home Appliance	Car Electronics	Industry/Others
<b>FY2020 Factors for increase/decrease (vs. FY2019)</b>	<ul style="list-style-type: none"> <li>+ Connectors for tablet</li> <li>Connectors for smartphone (Chinese customers)</li> </ul>	<ul style="list-style-type: none"> <li>- Remote controls for set-top box</li> <li>+ Remote controls for sanitary</li> </ul>	<ul style="list-style-type: none"> <li>- Automotive touch panels</li> <li>Camera modules</li> <li>+ Automotive camera connectors</li> </ul>	<ul style="list-style-type: none"> <li>- Healthcare-related connectors</li> <li>Connectors for photovoltaic module</li> </ul>
<b>FY2021 Key Target</b>	<ul style="list-style-type: none"> <li>- Smartphone/tablet</li> <li>- 5G</li> <li>- Wearable</li> <li>- VICs in China and the U.S.</li> </ul>	<ul style="list-style-type: none"> <li>- Smart home appliance</li> <li>- Housing equipment</li> <li>- Gaming device</li> <li>- Smart home</li> </ul>	<ul style="list-style-type: none"> <li>- ADAS</li> <li>- V2X</li> <li>- EV/PHEV</li> <li>- TCU</li> </ul>	<ul style="list-style-type: none"> <li>- Renewable energy</li> <li>- Office equipment</li> <li>- Healthcare</li> <li>- LPWA</li> </ul>

## FY2021 Priority Matters

1. Enhance activities to turn around sales and improve profits.
2. Accelerate new product development and acquire new business opportunities by strengthening collaboration between product and sales divisions.
3. Strengthen ESG management.

# Growth Fields/Priority Products in the "New Normal" Age

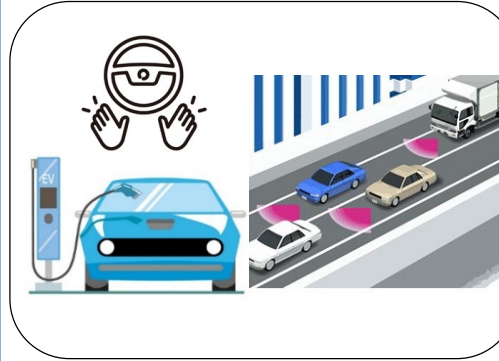
## 5G



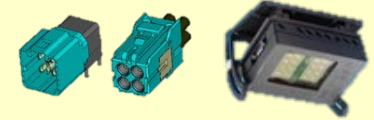
- RF connectors
- Board to board connectors



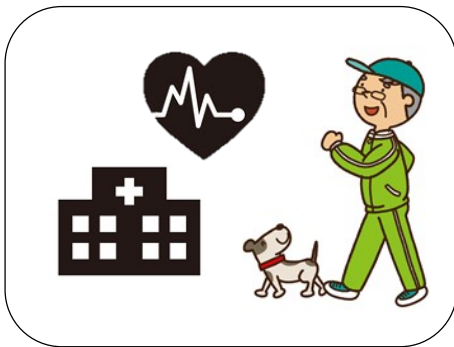
## CASE



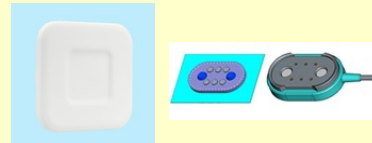
- RF connectors for V2X
- Camera connectors
- Camera modules
- Biometric sensors



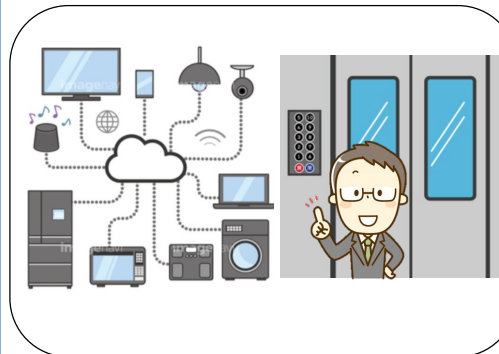
## Healthcare



- Biometric sensors
- Textile connectors



## IoT/Contactless



- RF communication modules
- Voice recognition units
- Proximity & hover sensing touch panels



# SMK Shenzhen Factory Expansion

## Production space

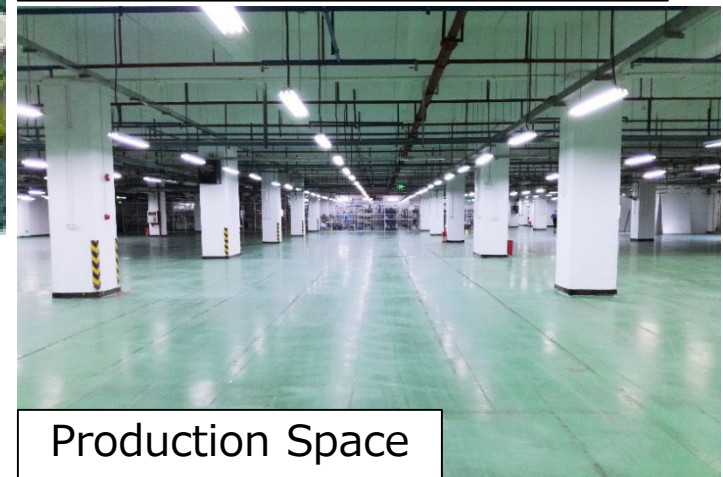
Before: 4,262m<sup>2</sup> ⇒ After: 8,163m<sup>2</sup>  
(expanded by 92%)



High-tech business enterprise zone  
owned by Shenzhen City, Nanshan District local government



Bld. 18 External Appearance



Production Space

# Notice

All information in this material concerning the forecast of business achievements, projections of general business conditions and our business strategies is dependent on our conclusion made to a normally foreseeable extent applying information reasonably accessible to us at the time of preparation of this material.

However, the reality is that it contains risks and uncertainties which may cause result to materially differ from business projections, stated or implied, due to situations which are unforeseeable under normal conditions, or of results which are beyond a reasonably foreseeable outcome at that time.

Despite our active efforts to disclose information which is considered to be important to investors of our company, total dependence on the business projections in this material, stated or implied, must be refrained from when decisions of any kind are made regarding our company.

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