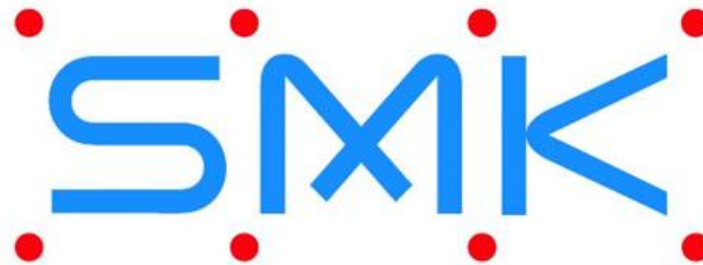


FY2020 1st Half Investor Briefing



FY2020 2Q

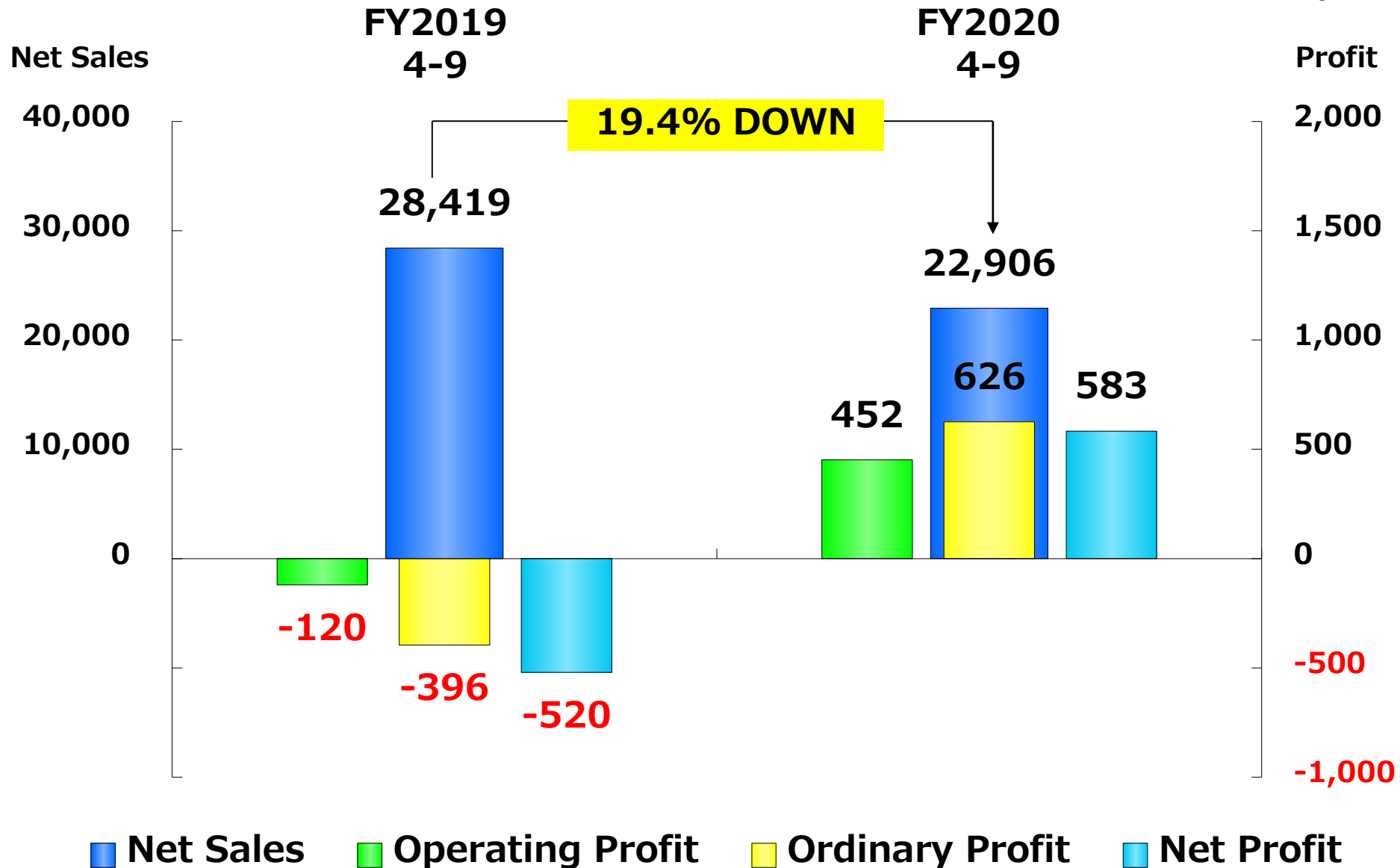
Outline of Financial Statement

Executive Vice President and CFO

KOHEI OHGAKI

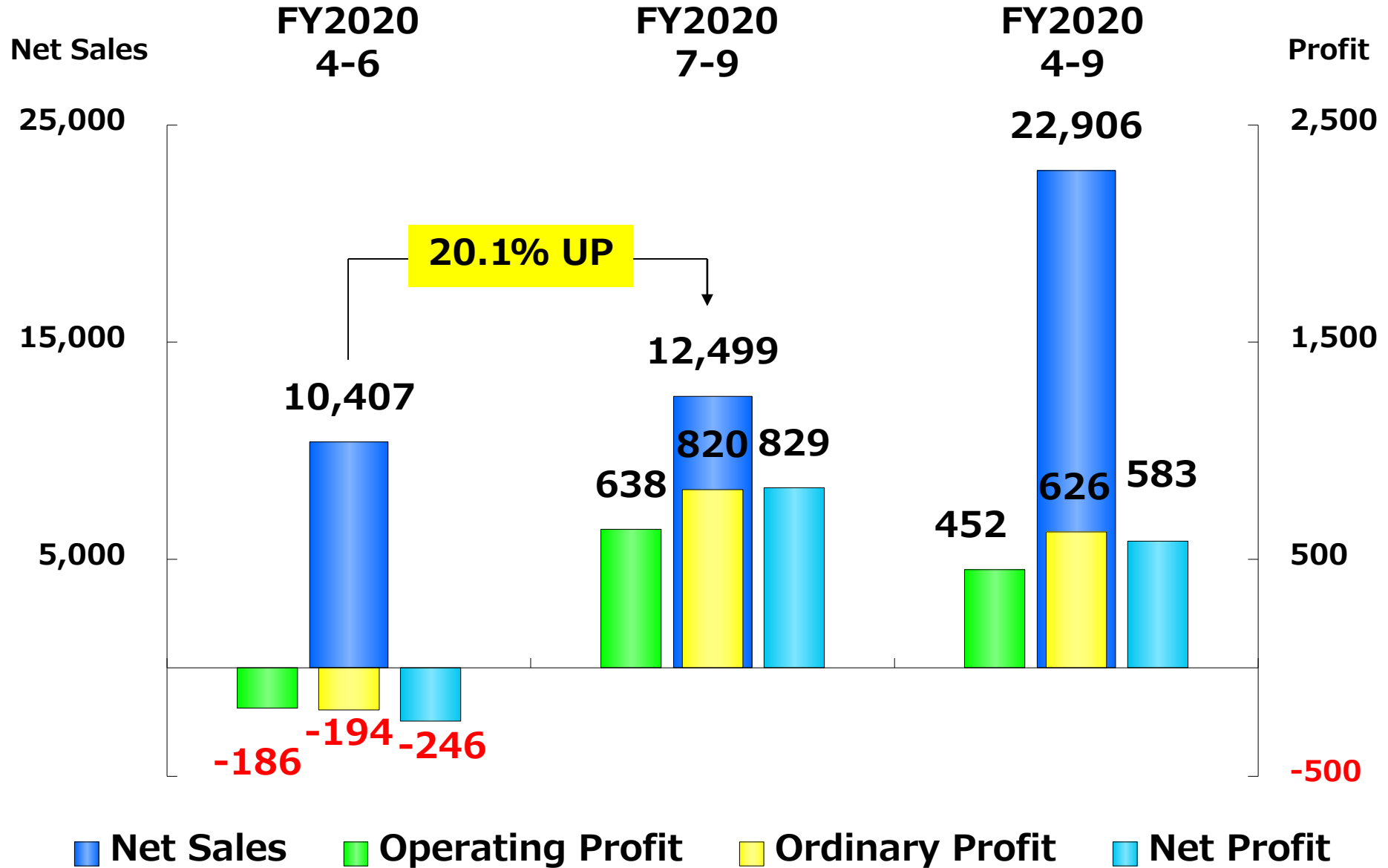
<Consolidated> 2Q Financial Results

Unit: Million yen



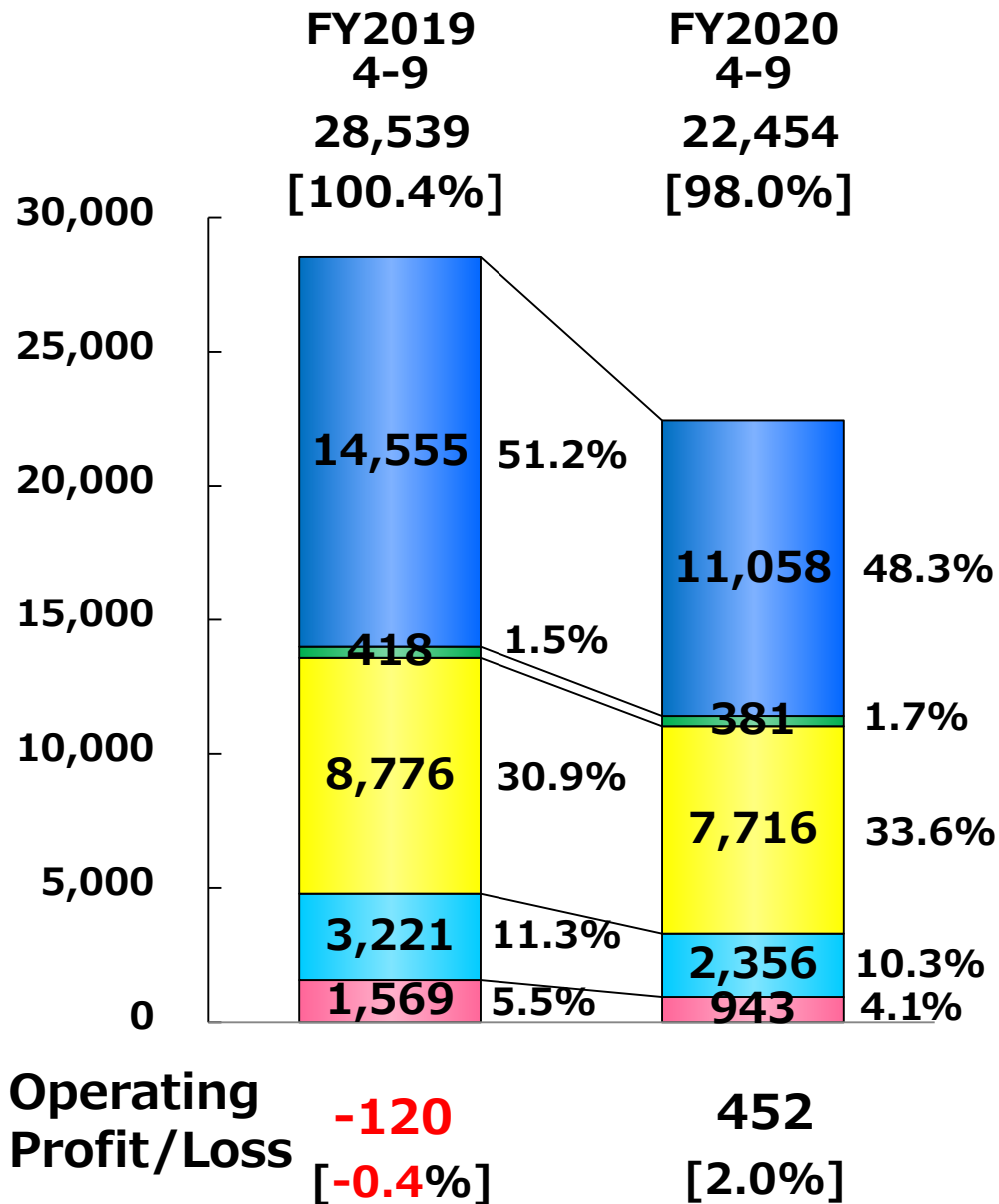
<Consolidated> 2Q Financial Results (by Quarter)

Unit: Million yen



<Consolidated> Operating Expenses

Unit: Million yen



[]: Sales Ratio

■ Material costs

■ Amount paid to subcontractors

■ Labor costs

■ Expenses

■ Depreciations

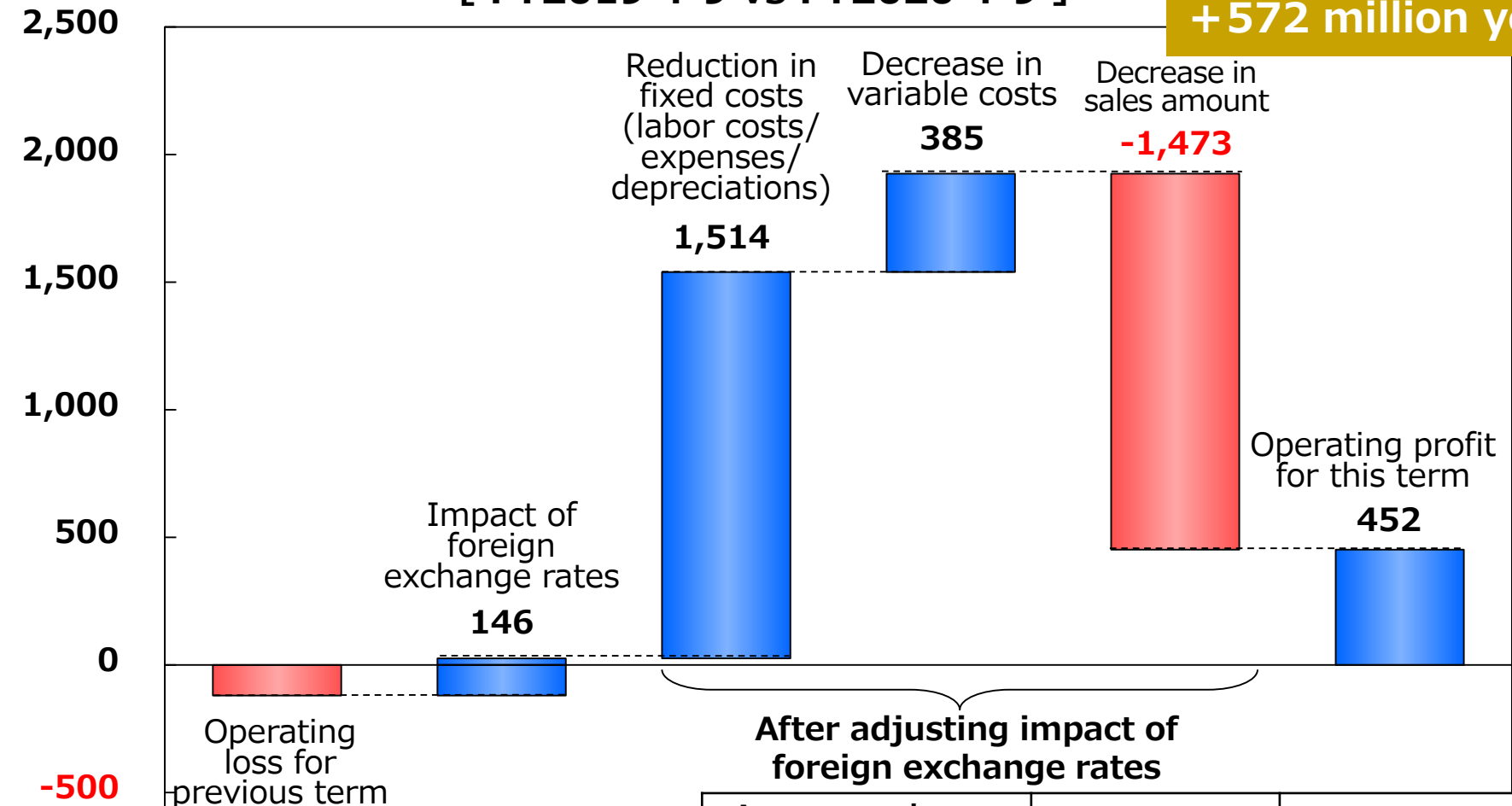
- Decreased by 2.7%
in ratio of material costs &
amount paid to subcontractors
52.7% → 50.0%
(The ratio of material costs
improved through product mix)
- Increased by 1.7%
in ratio of labor costs & expenses
42.2% → 43.9%
(Due to a decline in sales)

<Consolidated> Analysis of Changes in Operating Profit

Analysis of factors for increase/decrease
of consolidated operating profit
[FY2019 4-9 vs FY2020 4-9]

Unit: Million yen

**Total
+572 million yen**



-500
-1,000

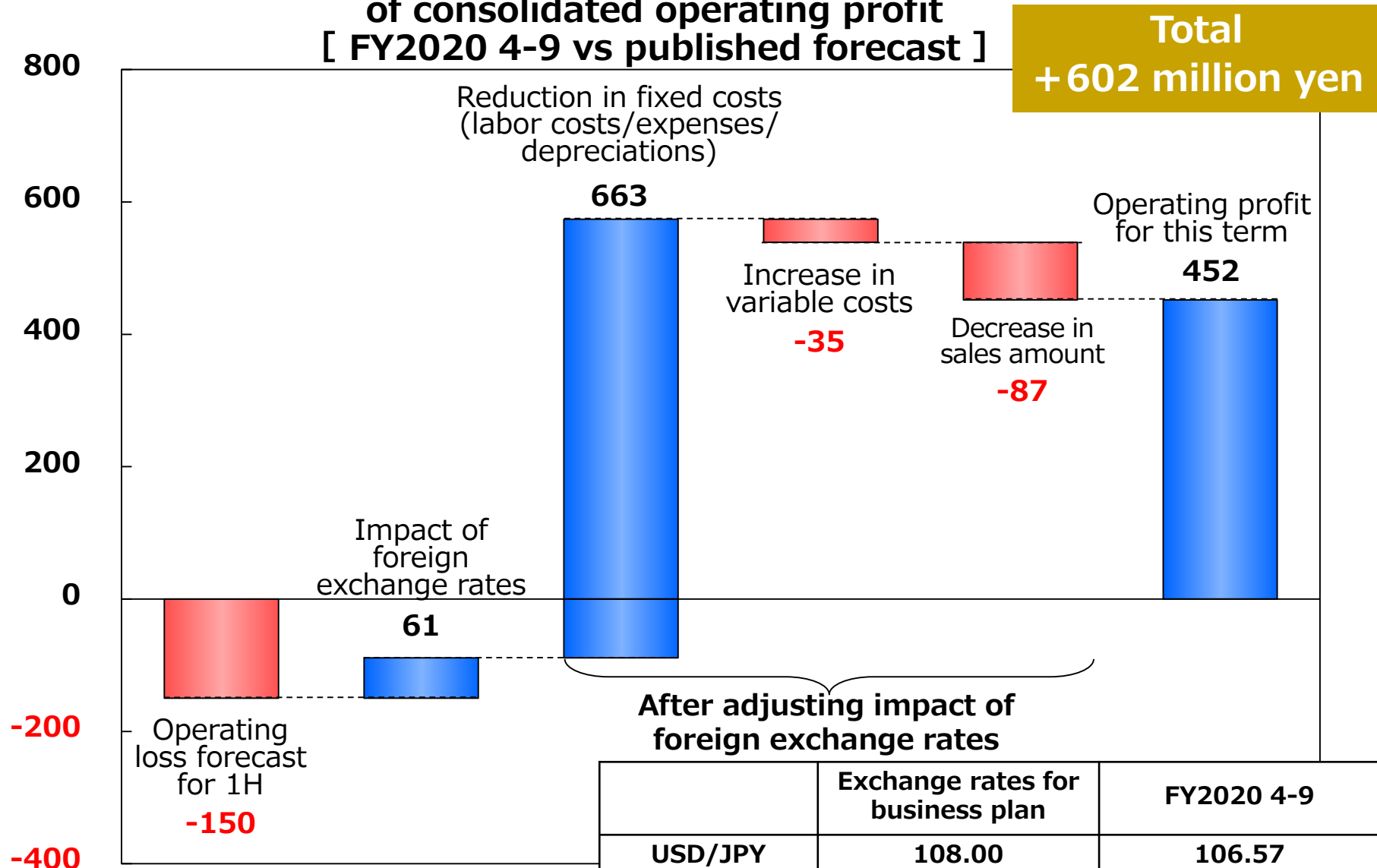
After adjusting impact of
foreign exchange rates

Average exchange rate for each term	FY2019 4-9	FY2020 4-9
USD/JPY	108.93	106.57
USD/RMB	6.88	7.05

<Consolidated> Analysis of Changes in Operating Profit

Analysis of factors for increase/decrease
of consolidated operating profit
[FY2020 4-9 vs published forecast]

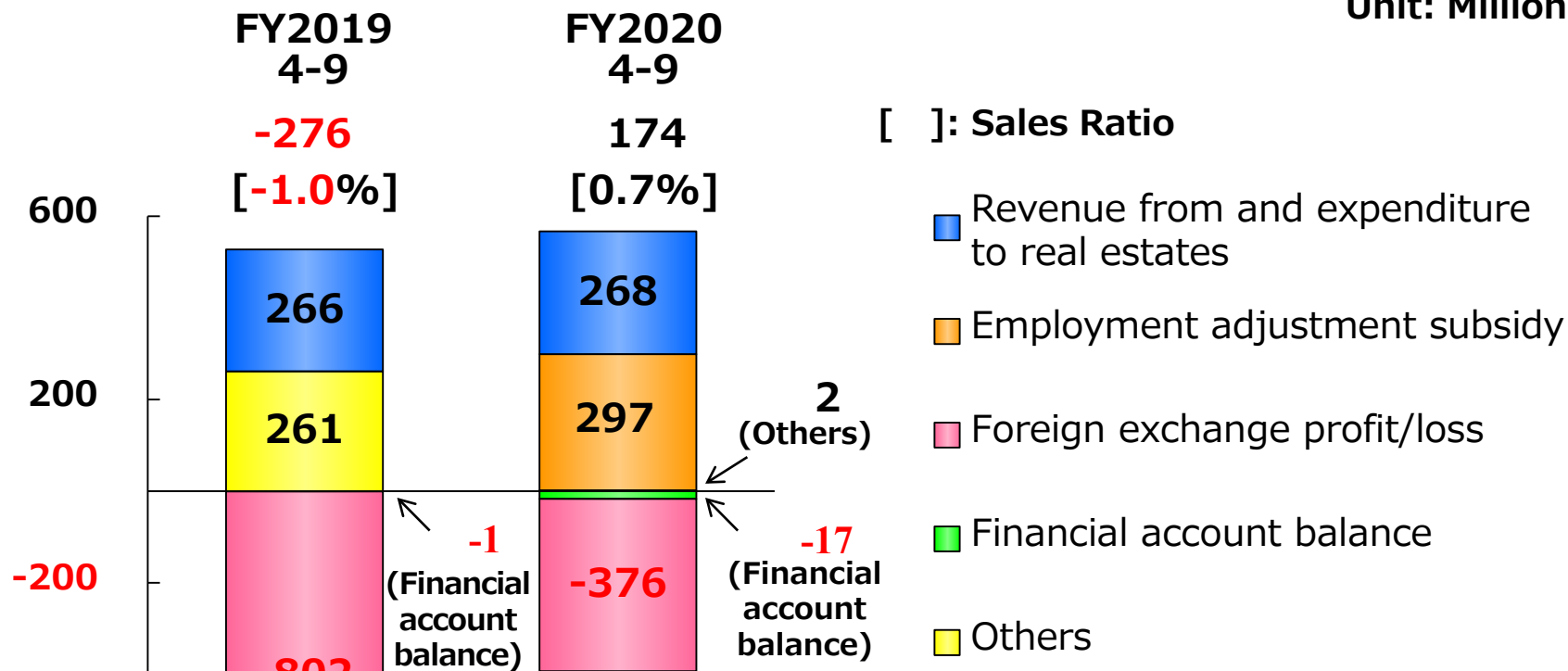
Unit: Million yen



	Exchange rates for business plan	FY2020 4-9
USD/JPY	108.00	106.57
USD/RMB	7.01	7.05

<Consolidated> Non-operating Profit and Loss

Unit: Million yen



Foreign exchange loss -802 → -376

Exchange rates at the beginning
vs. at the end of the term

	FY2019 4-9	FY2020 4-9
USD/JPY	Yen strengthened by 3.07	Yen strengthened by 3.03
USD/RMB	Yuan weakened by 0.39	Yuan strengthened by 0.30

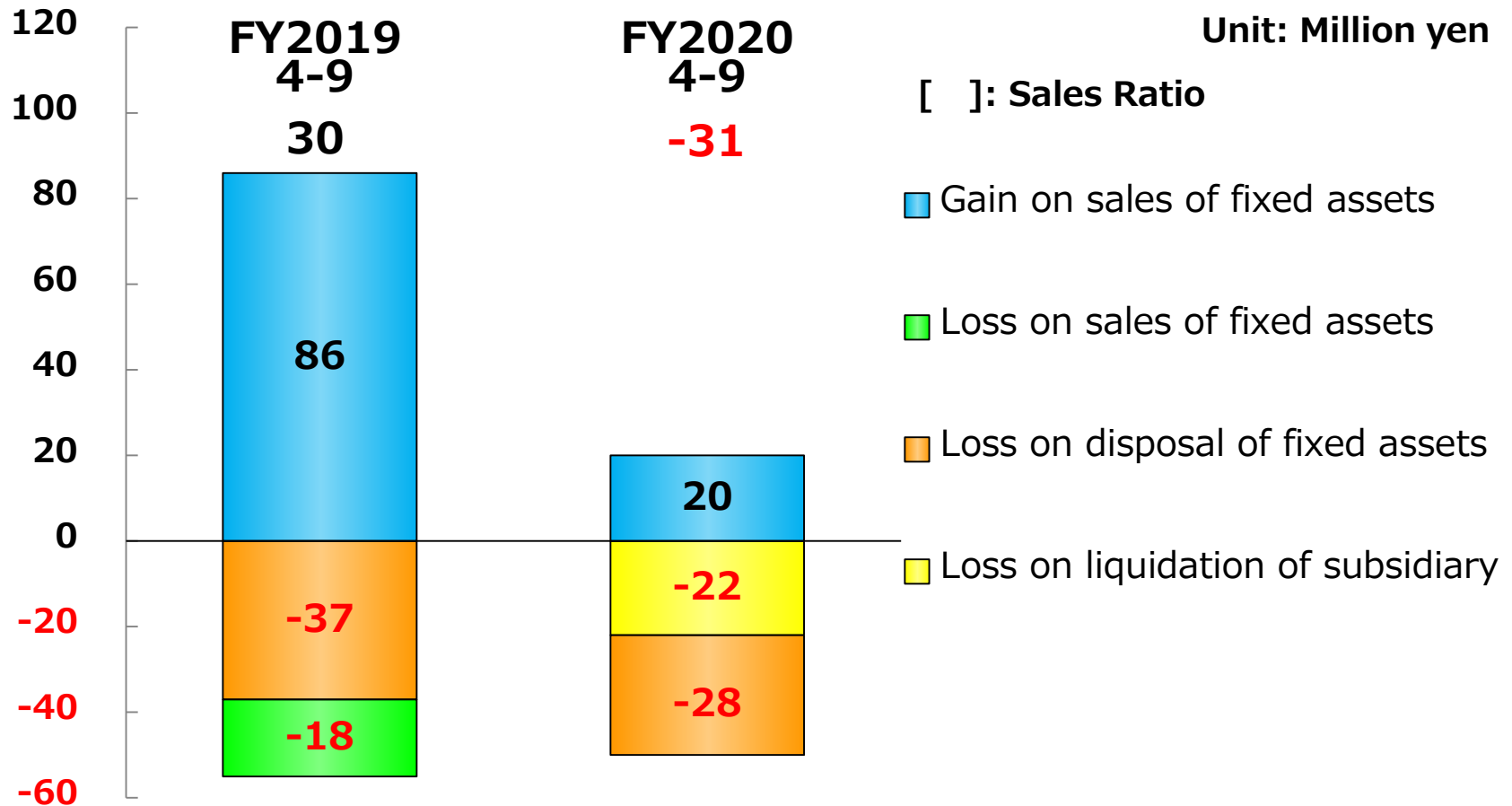
-1,000

Ordinary
Profit/Loss

-396
[-1.4%]

626
[2.7%]

<Consolidated> Extraordinary Profit and Loss



Profit before taxes	-366	595
Income taxes	-154	-48
Loss attributable to non-controlling interests	—	-35
Net Profit/Loss	-520	583
	[-1.8%]	[2.5%]

<Consolidated> Segment Information

FY2020 4-9

Unit: Million yen

	Reporting Segment				Others*	TOTAL
	CS Division	SCI Division	R&D Center	Total		
Net Sales	9,347	13,403	147	22,898	8	22,906
Operating Profit (Loss)	730	(111)	(134)	484	(32)	452

FY2019 4-9

	Reporting Segment				Others*	TOTAL
	CS Division	SCI Division	R&D Center	Total		
Net Sales	9,629	18,616	139	28,385	34	28,419
Operating Profit (Loss)	(28)	80	(154)	(101)	(19)	(120)

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

<Consolidated> Revised Financial Result Forecast

Upper row: Percentage to net sales

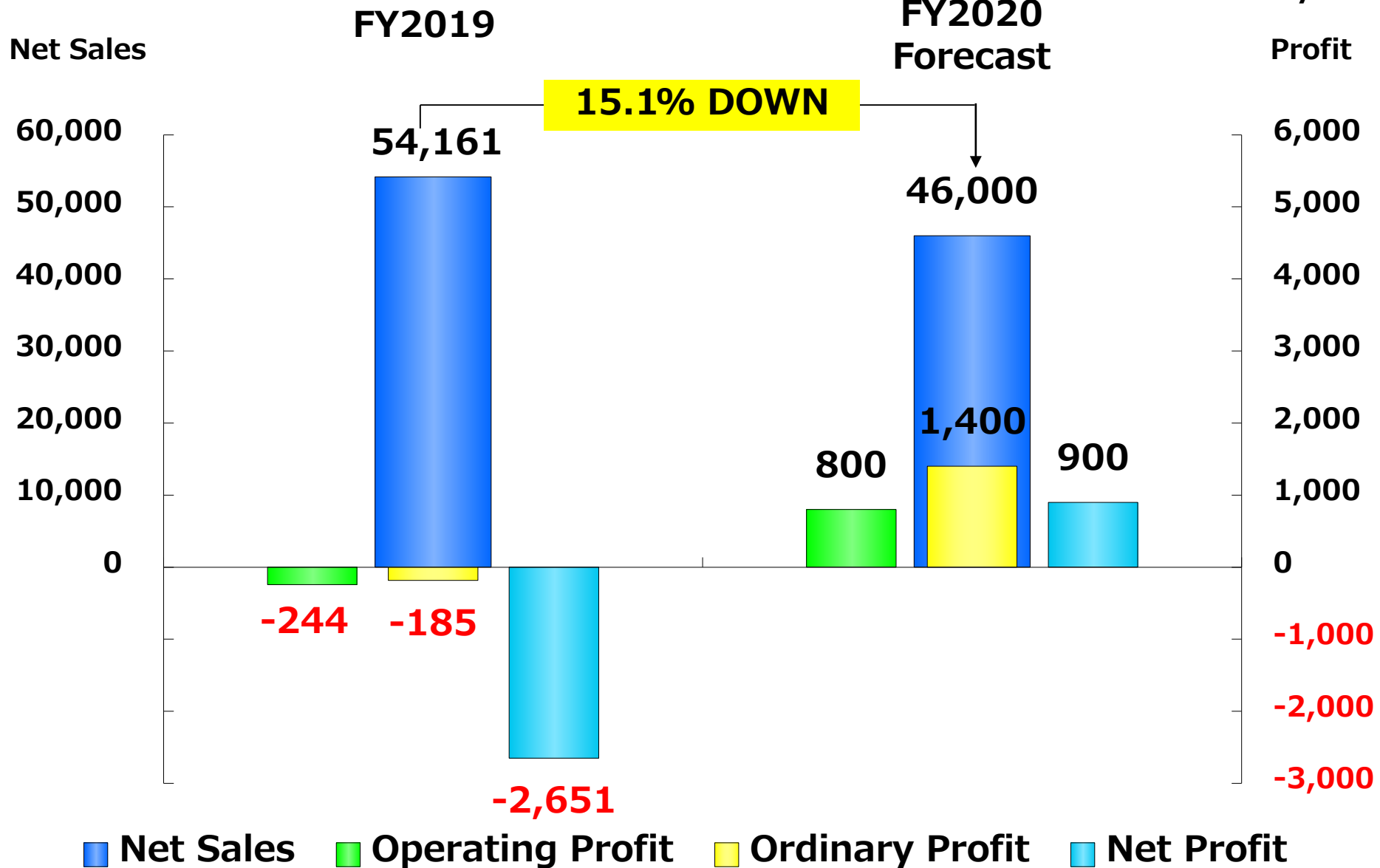
Lower row: Increase (decrease)
ratio to FY2019

Forecast of consolidated operating results for FY 2020 (Full-year)

Disclosed on	Net Sales		Operating Profit		Ordinary Profit		Net Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
May 15, 2020	47,000	100.0 (13.2)	200	0.4 -	700	1.5 -	300	0.6 -
Oct. 27, 2020 New	46,000	100.0 (15.1)	800	1.7 -	1,400	3.0 -	900	2.0 -

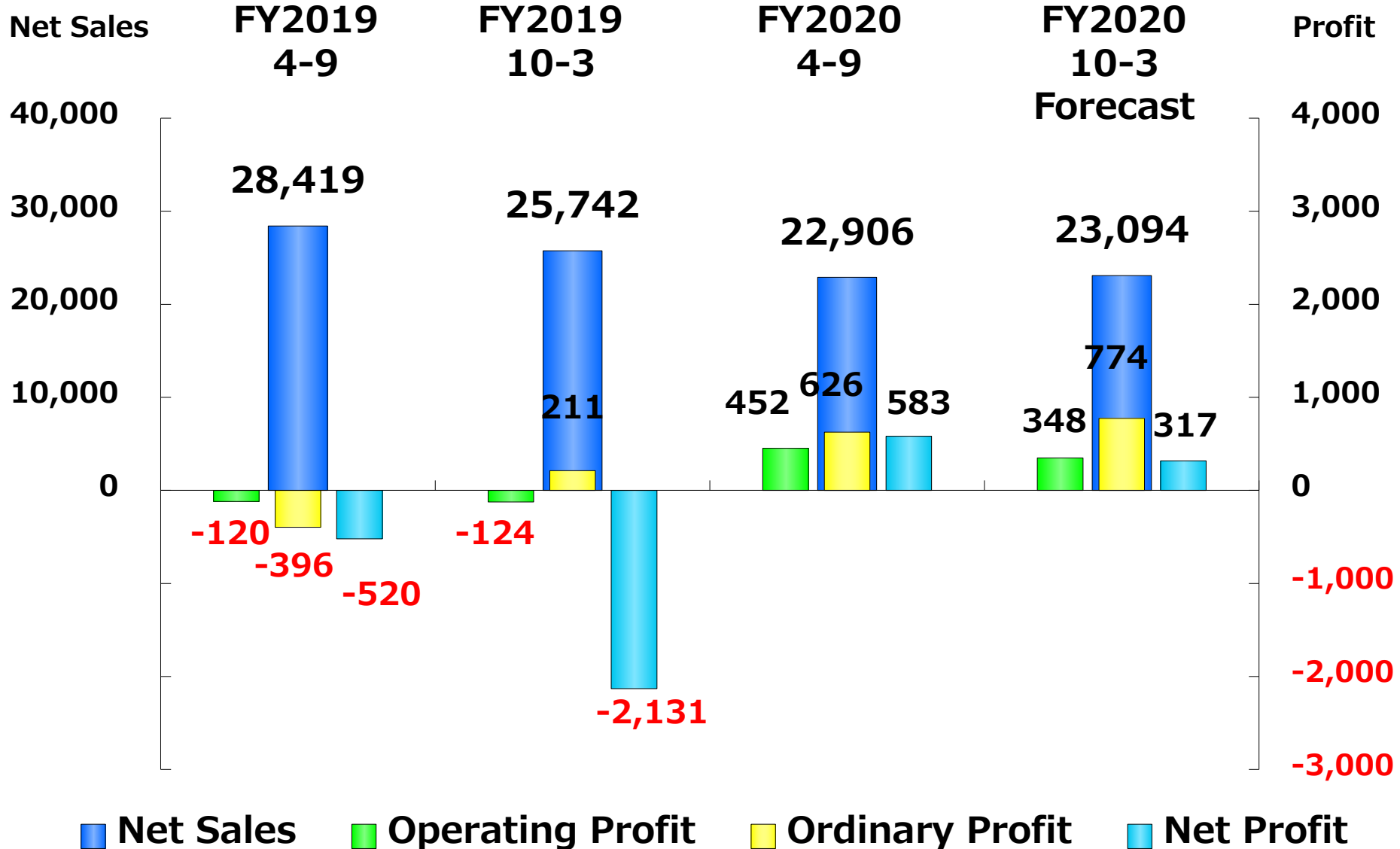
<Consolidated> Changes in Financial Results (Full-year)

Unit: Million yen



<Consolidated> Changes in Financial Results (Half year)

Unit: Million yen



<Consolidated> Cash Position

Unit: Million yen

	Mar. 2020 (A)	Sept. 2020 (B)	Differential (B - A)
Assets	50,204	48,164	(2,040)
Cash and cash equivalents	10,514	8,708	(1,806)
Accounts receivable	12,332	12,287	(45)
Inventories	6,426	6,049	(377)
Fixed assets	19,872	20,020	147
Liabilities	25,575	22,821	(2,753)
Accounts payable and accrued expenses	6,569	5,641	(928)
Interest-bearing debt	15,153	13,432	(1,720)
Net assets	24,629	25,342	713
Common stock	7,996	7,996	-
Capital adequacy ratio	49.6%	52.6%	3.0%

<Consolidated> Cash Flow Position

Unit: Million yen

	FY2019 4-9	FY2020 4-9
Cash flow from operating activities	2,407	1,051
Working capital	1,613	(620)
Profit before taxes	(366)	595
Depreciation	1,656	1,035
Others	(496)	41
Cash flow from investing activities	(1,543)	(1,049)
Free cash flow	864	1
Cash flow from financing activities	(2,146)	(1,750)
Increase/decrease in interest-bearing debt	(1,704)	(1,469)
Increase/decrease in treasury stock	(113)	(1)
Dividends paid	(324)	(258)
Others	(5)	(22)
Initial balance	10,776	10,437
Final balance	9,511	8,675

Annual Dividend

	At second quarter end	At fiscal year end	Annual
FY2019 Result	0.00 yen	40.00 yen	40.00 yen
FY2020 Result	<u>0.00 yen</u>	—	—
FY2020 Forecast	—	<u>40.00 yen</u>	<u>40.00 yen</u>

FY2020 Prospect

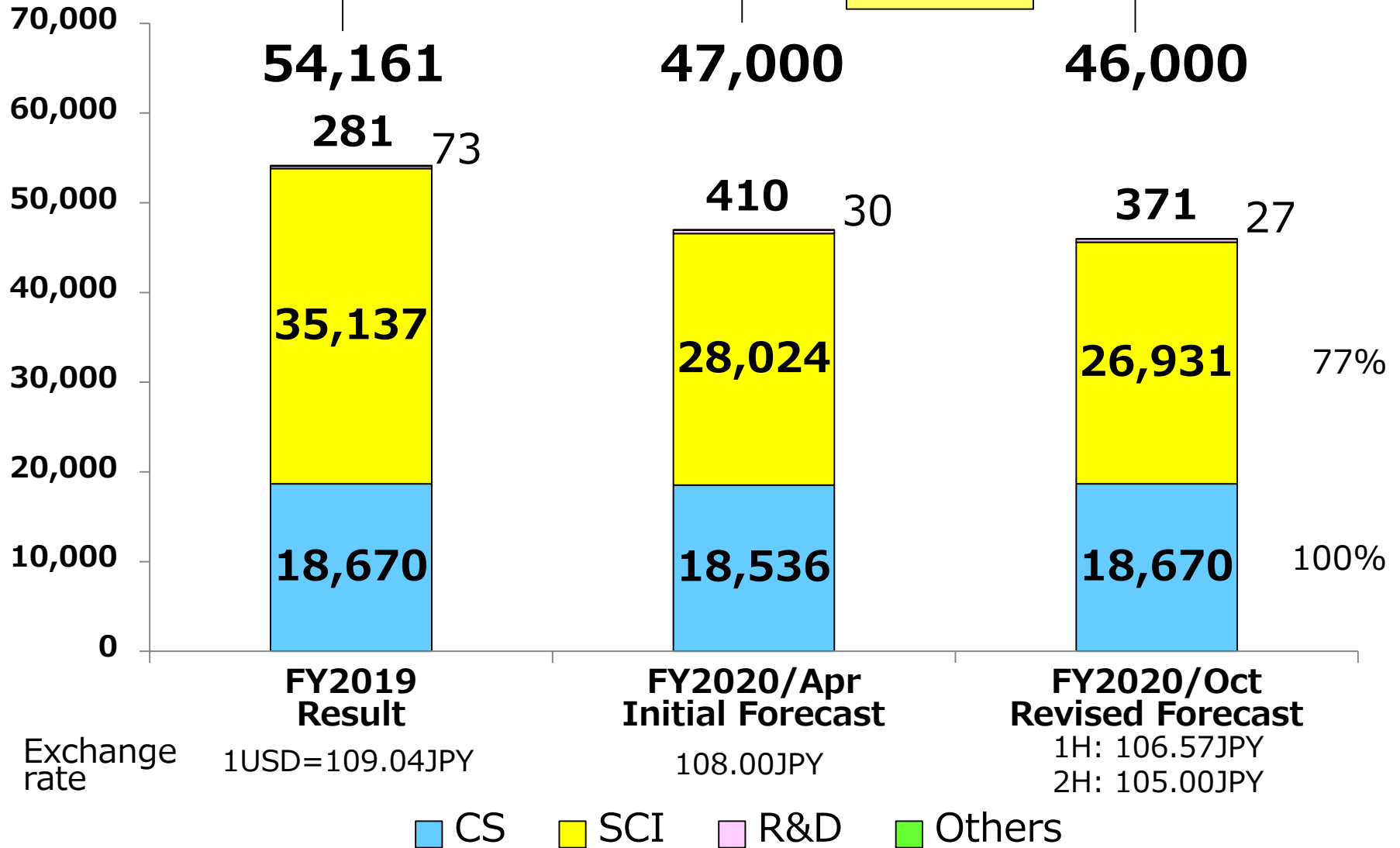
President, CEO and COO

YASUMITSU IKEDA

Net Sales by Product Div. (FY2019-FY2020)

Unit: Million yen

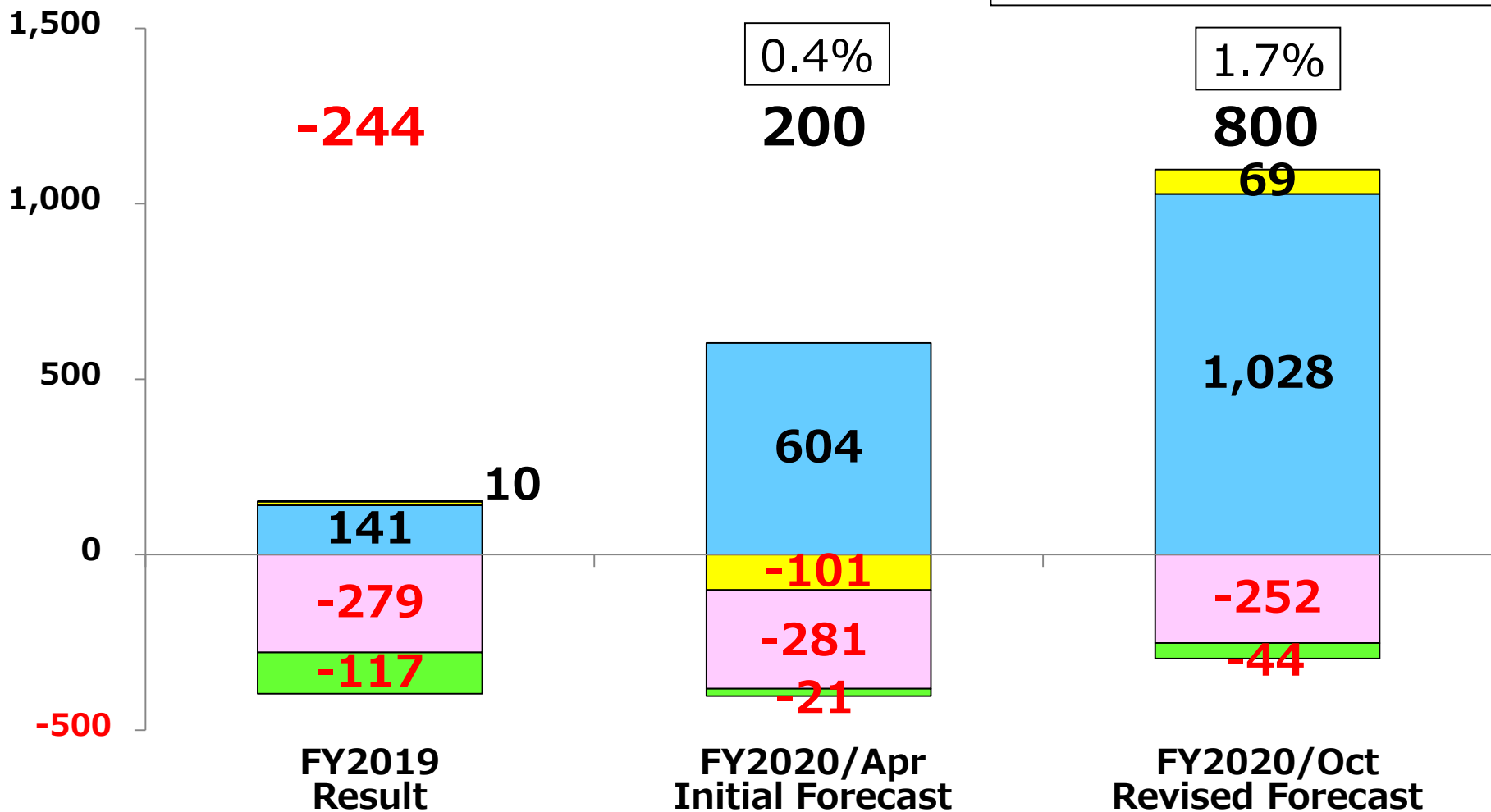
?: Compared to previous term



Operating Profit by Product Div. (FY2019-FY2020)

Unit: Million yen

Profitability (%)=Profit/Sales



Exchange rate

1USD=109.04JPY

108.00JPY

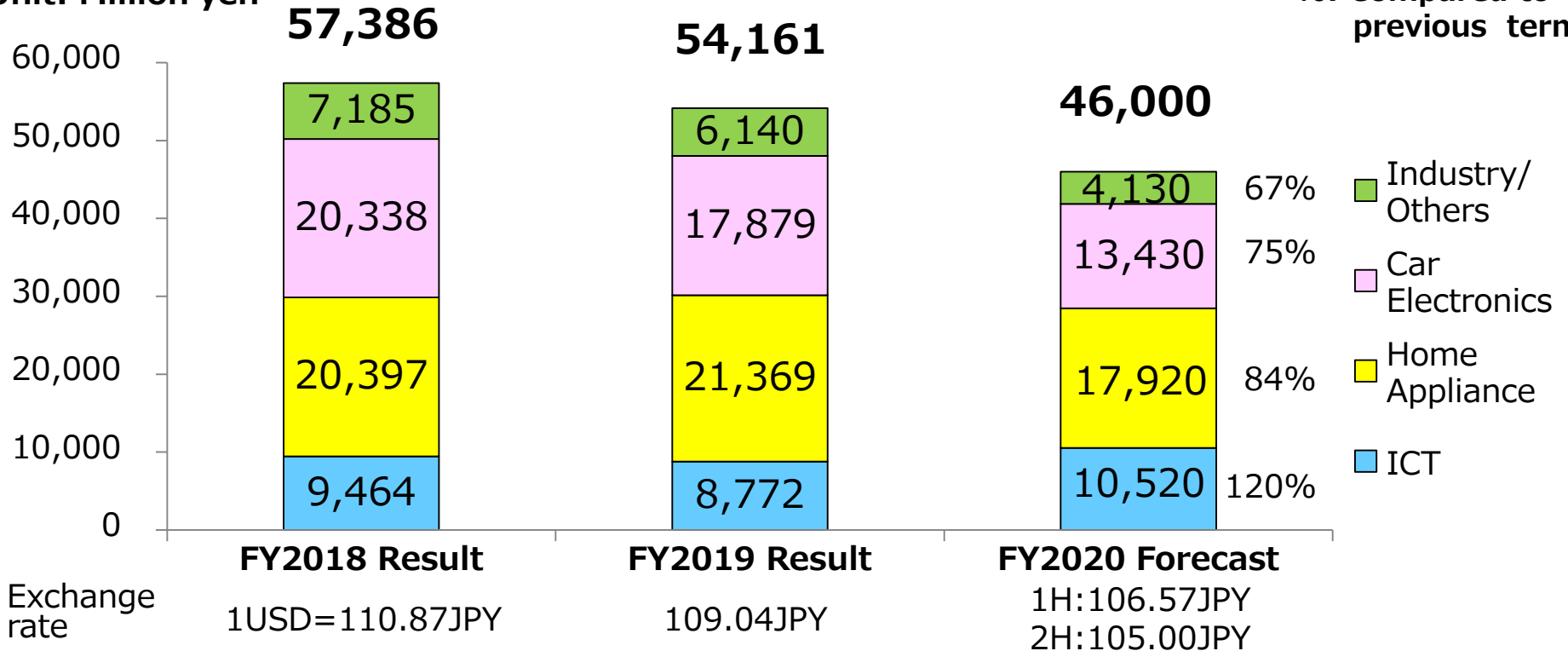
1H:106.57JPY
2H:105.00JPY

CS SCI R&D Others

Reference: Net Sales by Market (FY2018-FY2020)

Unit: Million yen

%: Compared to previous term



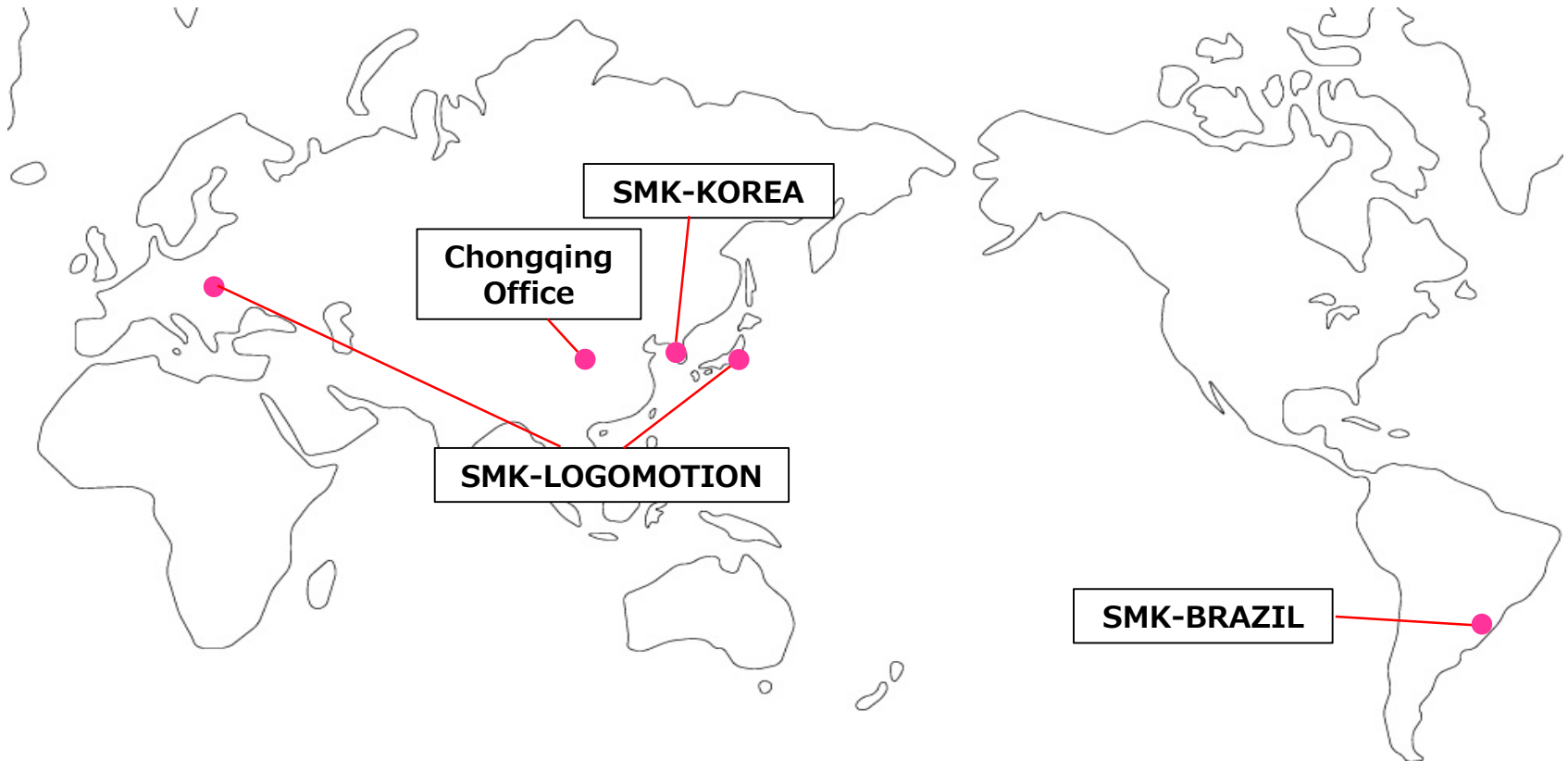
	ICT	Home Appliance	Car Electronics	Industry/Others
FY2020 Factors for increase/decrease (vs. FY2019)	Strong sales of connectors for tablet PCs	Decline in remote control units for STB and air conditioners	Decline in touch panels, camera modules, and connectors	Decline in healthcare-related connectors
FY2020 Key Target	-5G -Wearable	-Smart appliance -Biosensor	-ADAS -V2X -EV/PHEV	-5G base station -Renewable energy -Touchless device

FY2020 Priority Matters

- 1. Conduct business operation in response to the COVID-19 crisis**
- 2. Restore profitability by reducing break-even point**
- 3. Expand business and strengthen the corporate structure with an eye toward post COVID-19**

Transformation of Subsidiaries

- July 2020** Closure of Chongqing Office in China (switched to SOHO)
- July 2020** Liquidation of SMK-BRAZIL
- Sep. 2020** Bankruptcy of SMK-LOGOMOTION
- Oct. 2020** Relocation of SMK-KOREA



COVID-19 Related Products

<Contactless Solutions>

Products



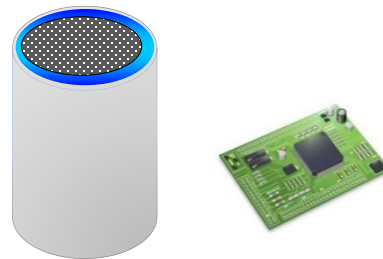
Capacitive Touchless Panel
Equipped With Proximity and
Hover Sensing Functions



Touch Panel
with Image Sensor



3D Shape Touchless Switch



Voice Recognition
Remote Control Unit

Key Target Markets/Applications



Office



Elevator



Kiosk



ATM



Medical



Automotive

Targeting sales of 4 billion yen by 2023 for new products including contactless related products.

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.