

FY2021 1st Half
Investor Briefing



FY2021 2Q

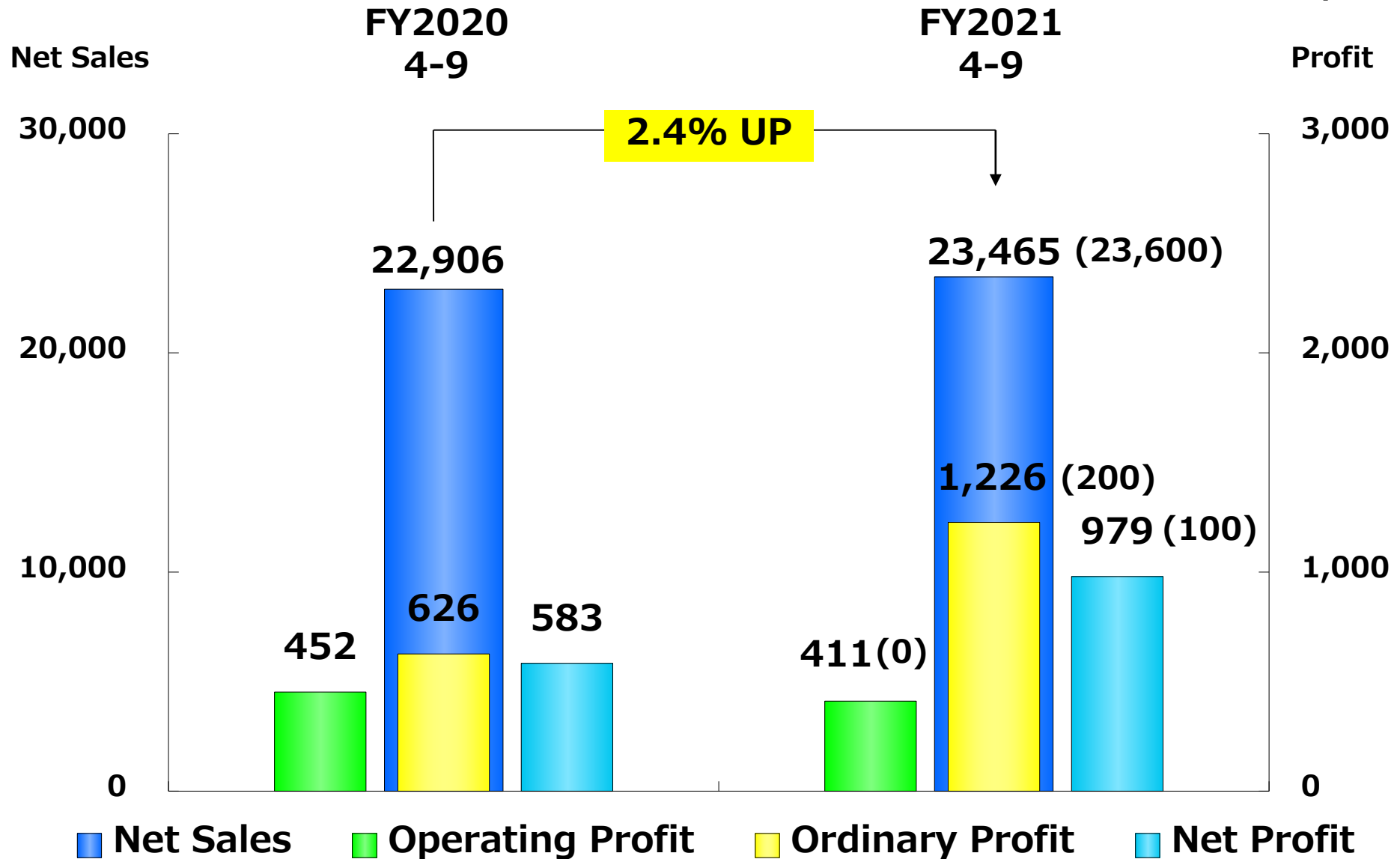
Outline of Financial Statement

Executive Vice President and CFO

KOHEI OHGAKI

<Consolidated> 2Q Financial Results

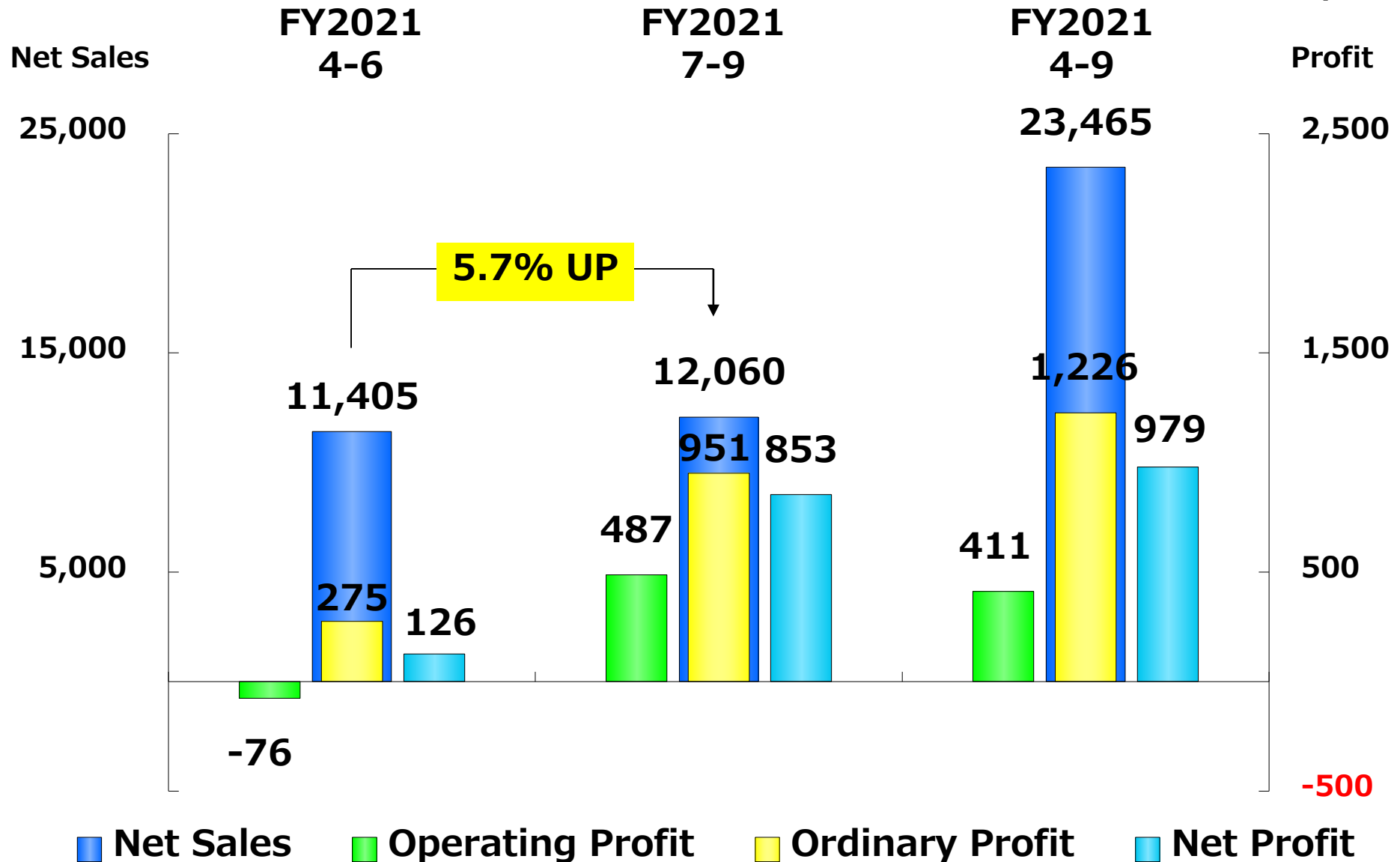
Unit: Million yen



Figures in (parentheses) are initial forecasts published in April 2021.

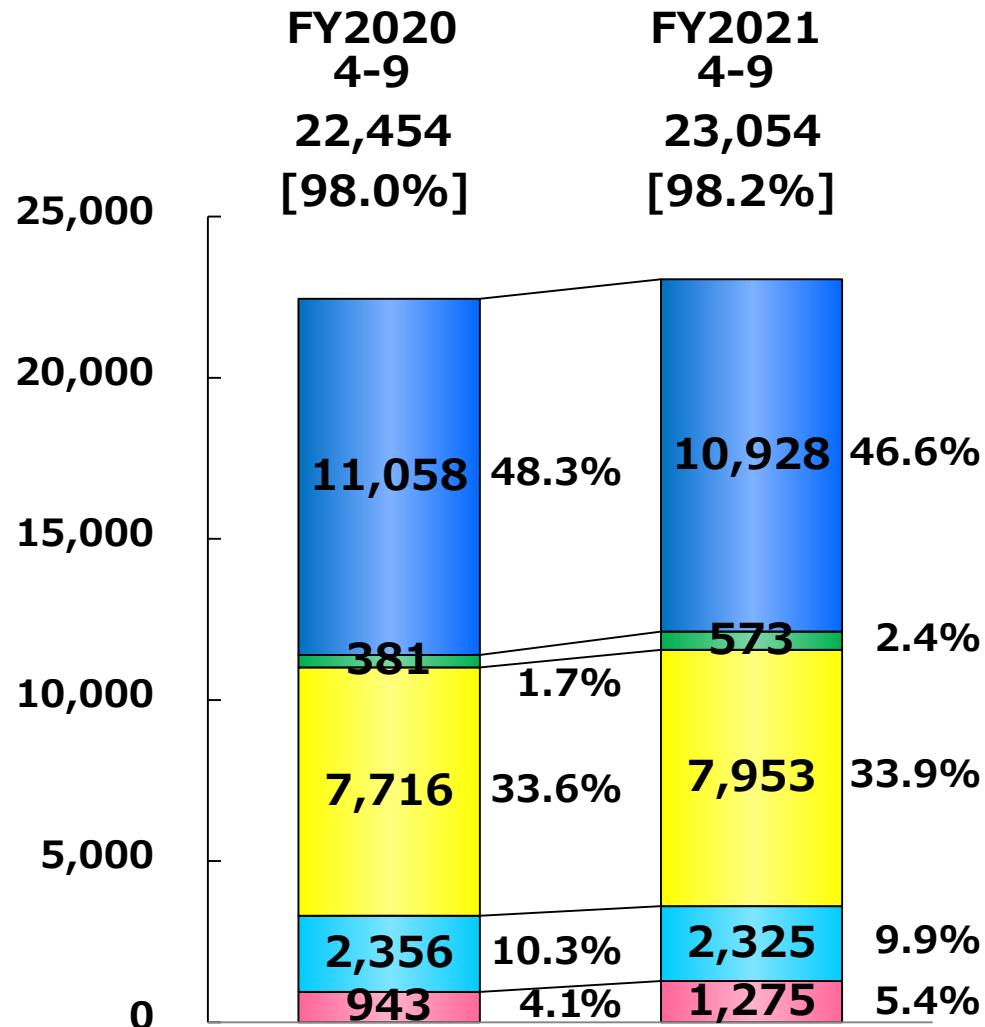
<Consolidated> 2Q Financial Results (by Quarter)

Unit: Million yen



<Consolidated> Operating Expenses

Unit: Million yen



[]: Sales Ratio

■ Material costs

■ Amount paid to subcontractors

■ Labor costs

■ Expenses

■ Depreciations

- Improved by 1.0%
in ratio of material costs &
amount paid to subcontractors
50.0% → 49.0%
(The ratio of material costs
improved through product mix)
- Improved by 0.1%
in ratio of labor costs & expenses
43.9% → 43.8%

**Operating
Profit**

452
[2.0%]

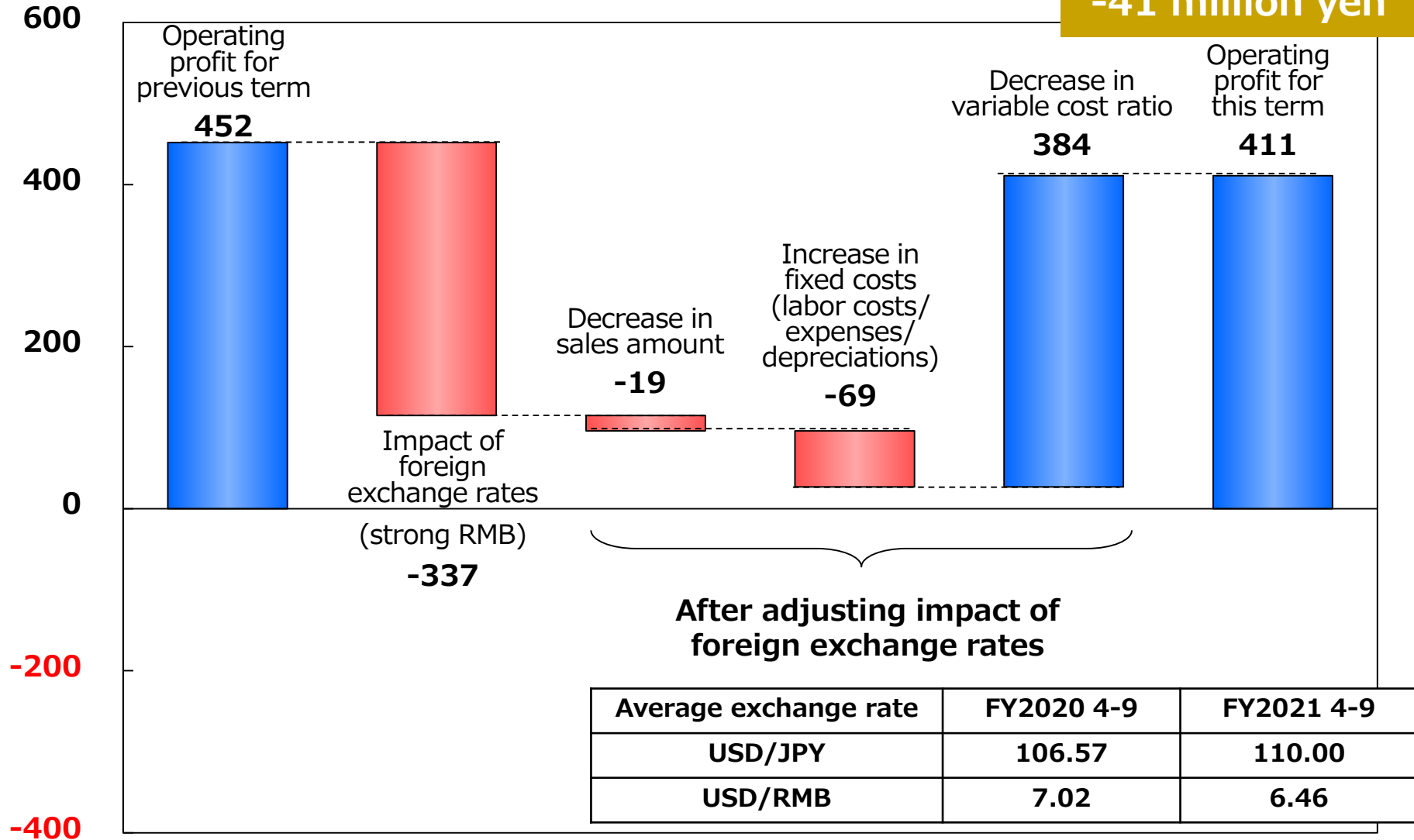
411
[1.8%]

<Consolidated> Analysis of Changes in Operating Profit

Analysis of factors for increase/decrease
of consolidated operating profit
[FY2020 4-9 vs. FY2021 4-9]

Unit: Million yen

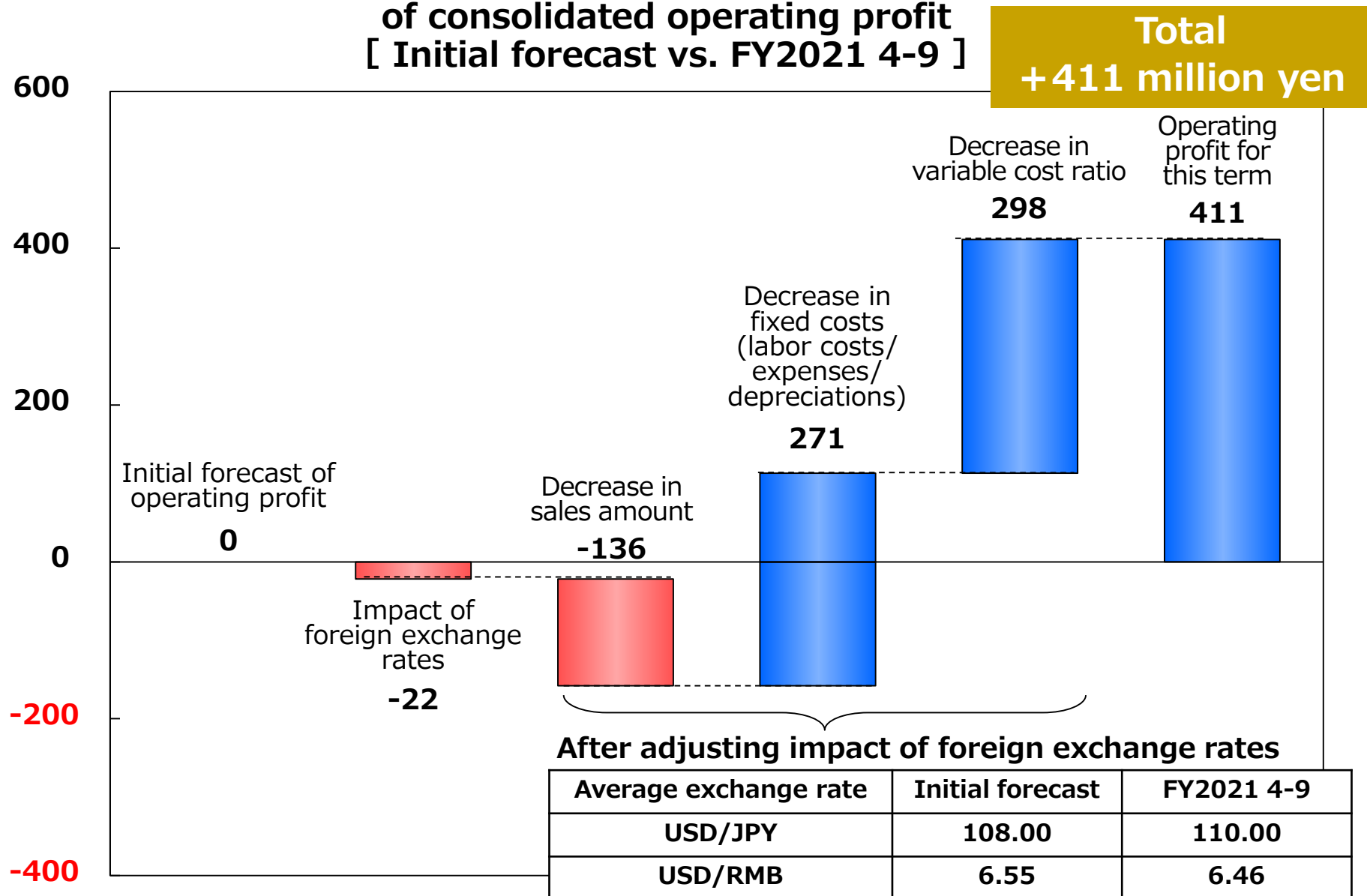
Total
-41 million yen



<Consolidated> Analysis of Changes in Operating Profit

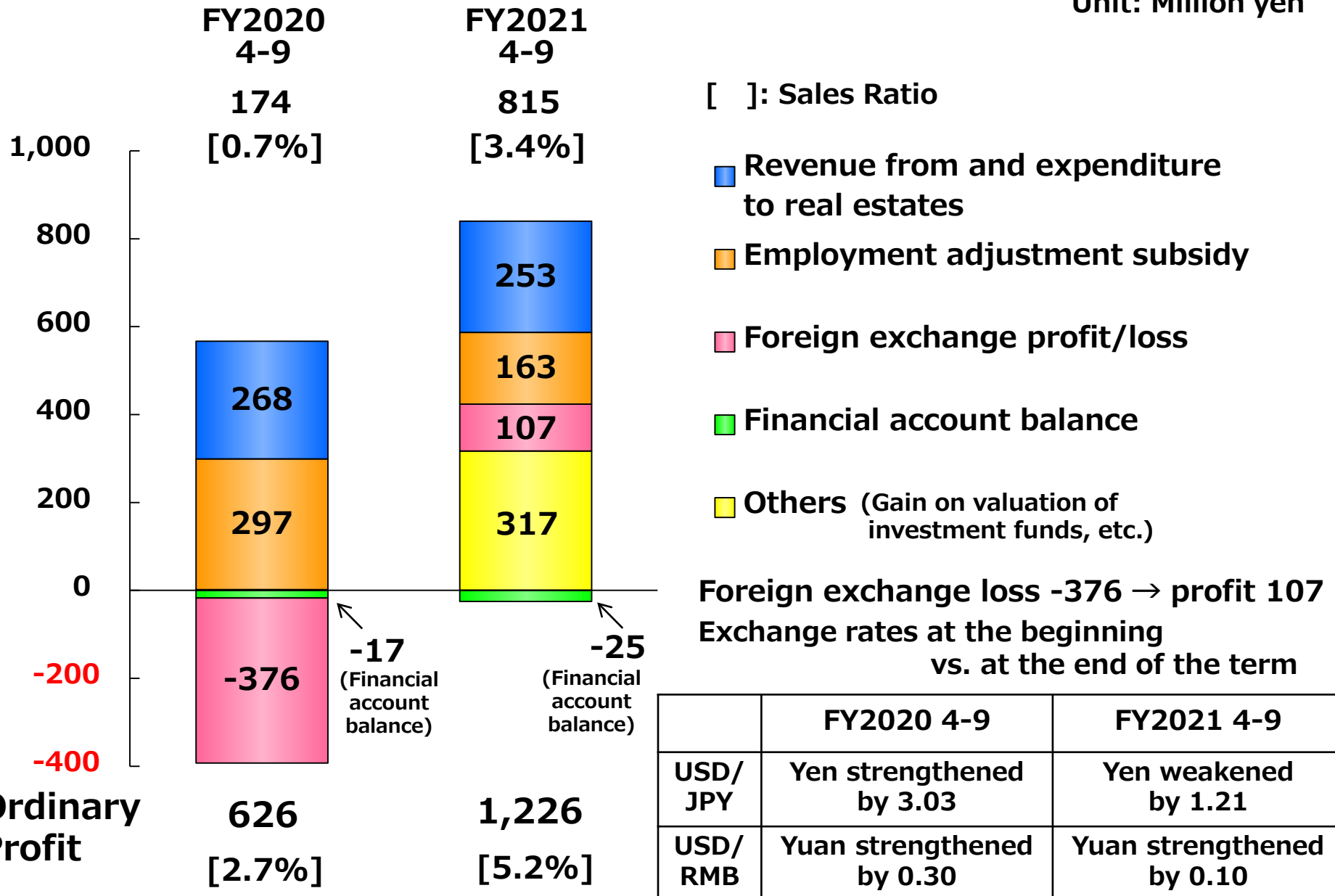
Analysis of factors for increase/decrease
of consolidated operating profit
[Initial forecast vs. FY2021 4-9]

Unit: Million yen

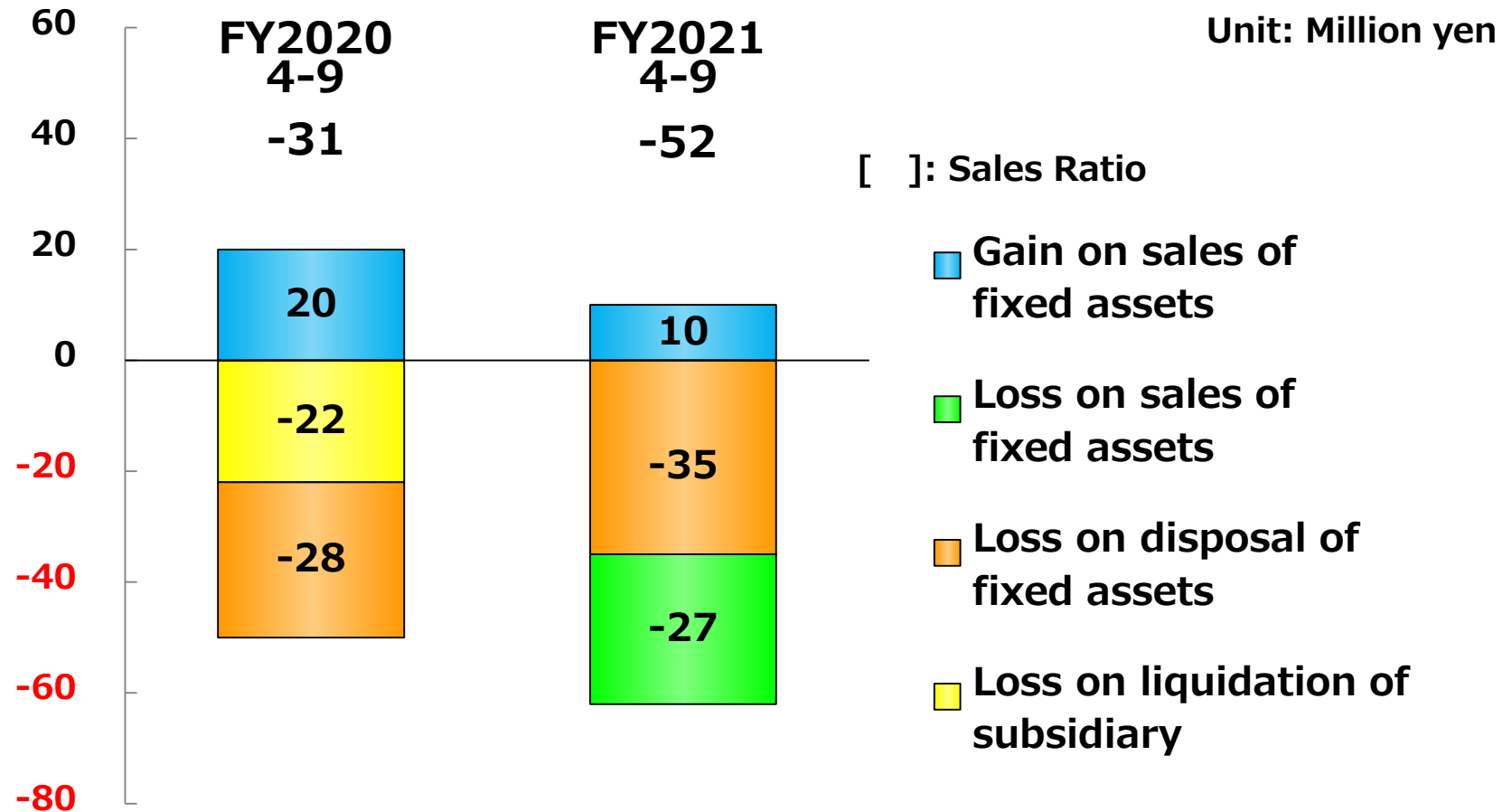


<Consolidated> Non-operating Profit and Loss

Unit: Million yen



<Consolidated> Extraordinary Profit and Loss



Profit before taxes	595	1,174
Income taxes	-48	-195
Loss attributable to non-controlling interests	-35	-
Net Profit	583	979
	[2.5%]	[4.2%]

<Consolidated> Segment Information

Unit: Million yen

FY2021 4-9

	Reporting Segment				Others*	TOTAL
	CS Division	SCI Division	R&D Center	Total		
Net Sales	10,155	13,159	147	23,462	3	23,465
Operating Profit/Loss	677	-154	-112	410	0	411

FY2020 4-9

	Reporting Segment				Others*	TOTAL
	CS Division	SCI Division	R&D Center	Total		
Net Sales	9,347	13,403	154	22,905	1	22,906
Operating Profit/Loss	730	-111	-159	459	-7	452

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

<Consolidated> Revised Financial Result Forecast

Upper row: Percentage to net sales

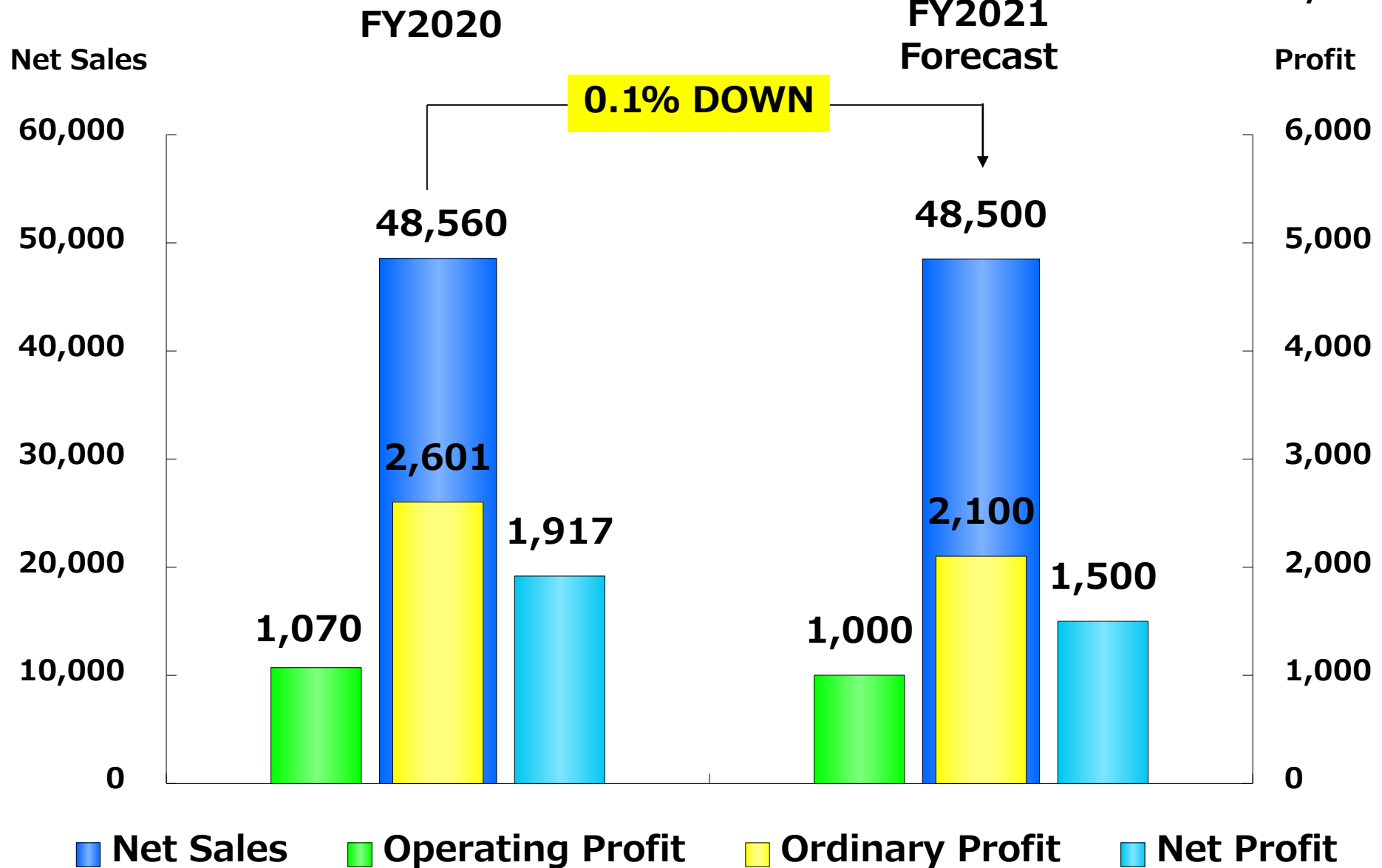
Lower row: Increase (decrease)
ratio to FY2020

Forecast of consolidated operating results for FY 2021 (Full-year)

Disclosed on	Net Sales		Operating Profit		Ordinary Profit		Net Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Apr. 27, 2021	48,500	100.0 (0.1)	500	1.0 (53.3)	1,000	2.1 (61.6)	700	1.4 (63.5)
Act. 26, 2021 New	48,500	100.0 (0.1)	1,000	2.1 (6.6)	2,100	4.3 (19.3)	1,500	3.1 (21.8)

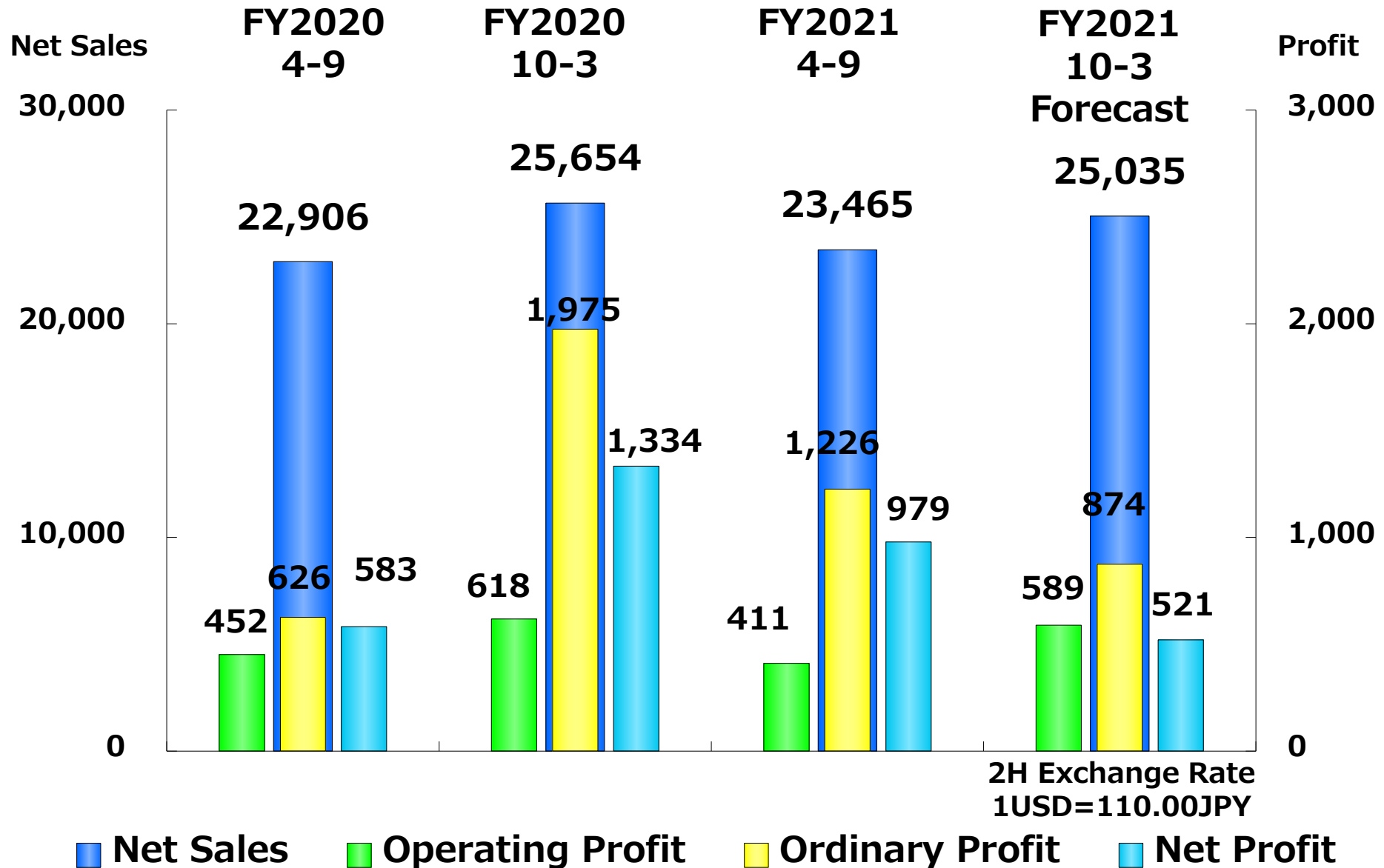
<Consolidated> Financial Performance Trend (Full-year)

Unit: Million yen



<Consolidated> Financial Performance Trend (Half year)

Unit: Million yen



<Consolidated> Cash Position

Unit: Million yen

	Mar. 2021 (A)	Sept. 2021 (B)	Differential (B - A)
Assets	50,332	51,502	1,170
Cash and cash equivalents	8,799	8,380	-418
Accounts receivable	12,567	11,808	-758
Inventories	6,547	7,737	1,189
Fixed assets	21,428	22,432	1,003
Liabilities	22,580	23,175	595
Accounts payable and accrued expenses	6,805	6,648	-156
Interest-bearing debt	11,303	11,168	-134
Net assets	27,751	28,326	575
Common stock	7,996	7,996	-
Capital adequacy ratio	55.1%	55.0%	-0.1%

<Consolidated> Cash Flow Position

Unit: Million yen

	FY2020 4-9	FY2021 4-9
Cash flow from operating activities	1,051	1,495
Working capital	-620	-802
Profit before taxes	595	1,174
Depreciation	1,035	1,372
Others	41	-249
Cash flow from investing activities	-1,049	-1,010
Free cash flow	1	484
Cash flow from financing activities	-1,750	-899
Increase/decrease in interest-bearing debt	-1,469	-136
Increase/decrease in treasury stock	-1	-302
Dividends paid	-258	-322
Others	-22	-139
Initial balance	10,437	8,742
Final balance	8,675	8,333

Annual Dividend

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

FY2021 Prospect

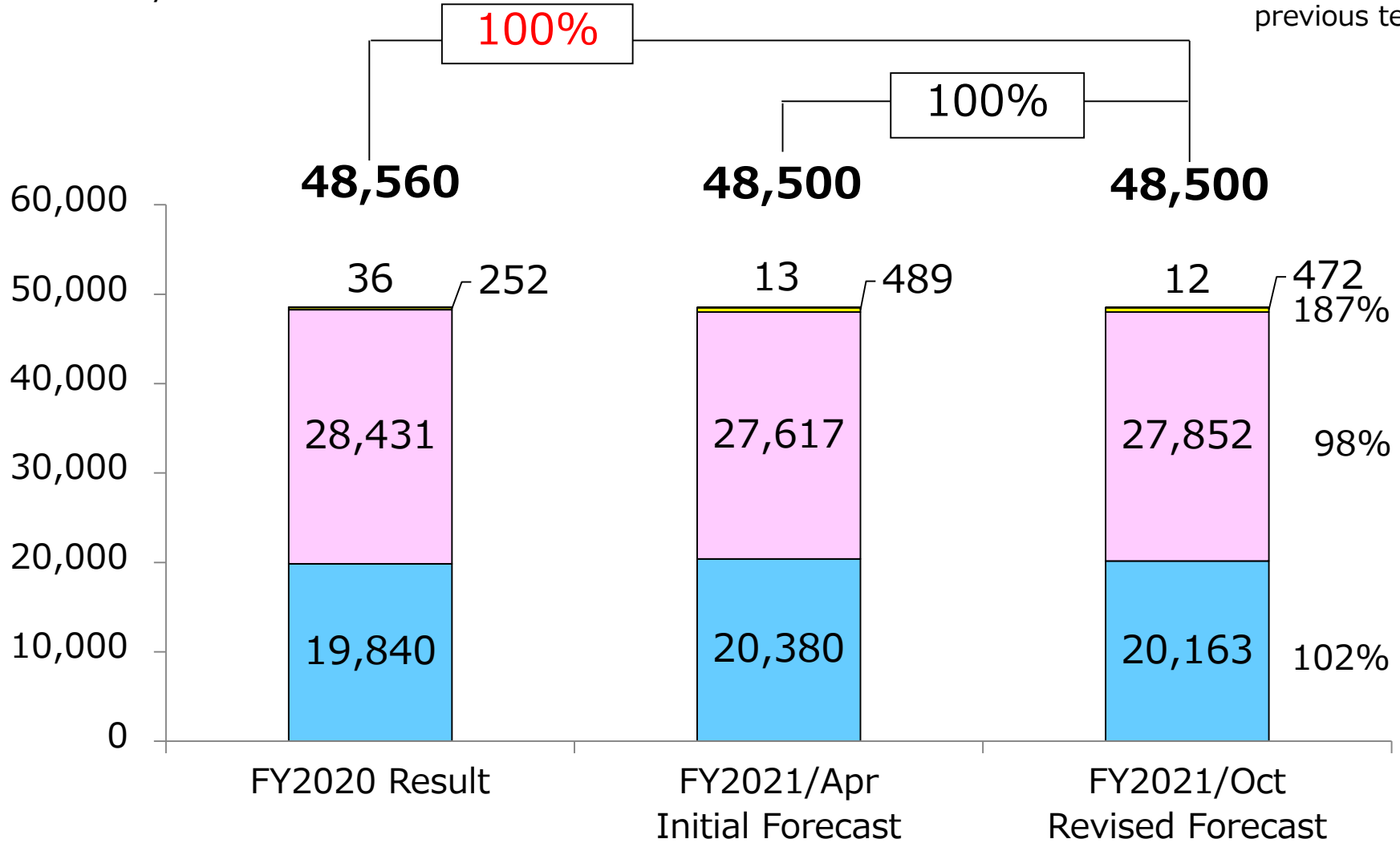
President, CEO and COO

YASUMITSU IKEDA

Net Sales by Product Div. (FY2020-FY2021)

Unit: Million yen

%: Compared to previous term



Exchange rate (1US\$=)

105.87JPY

108.00JPY

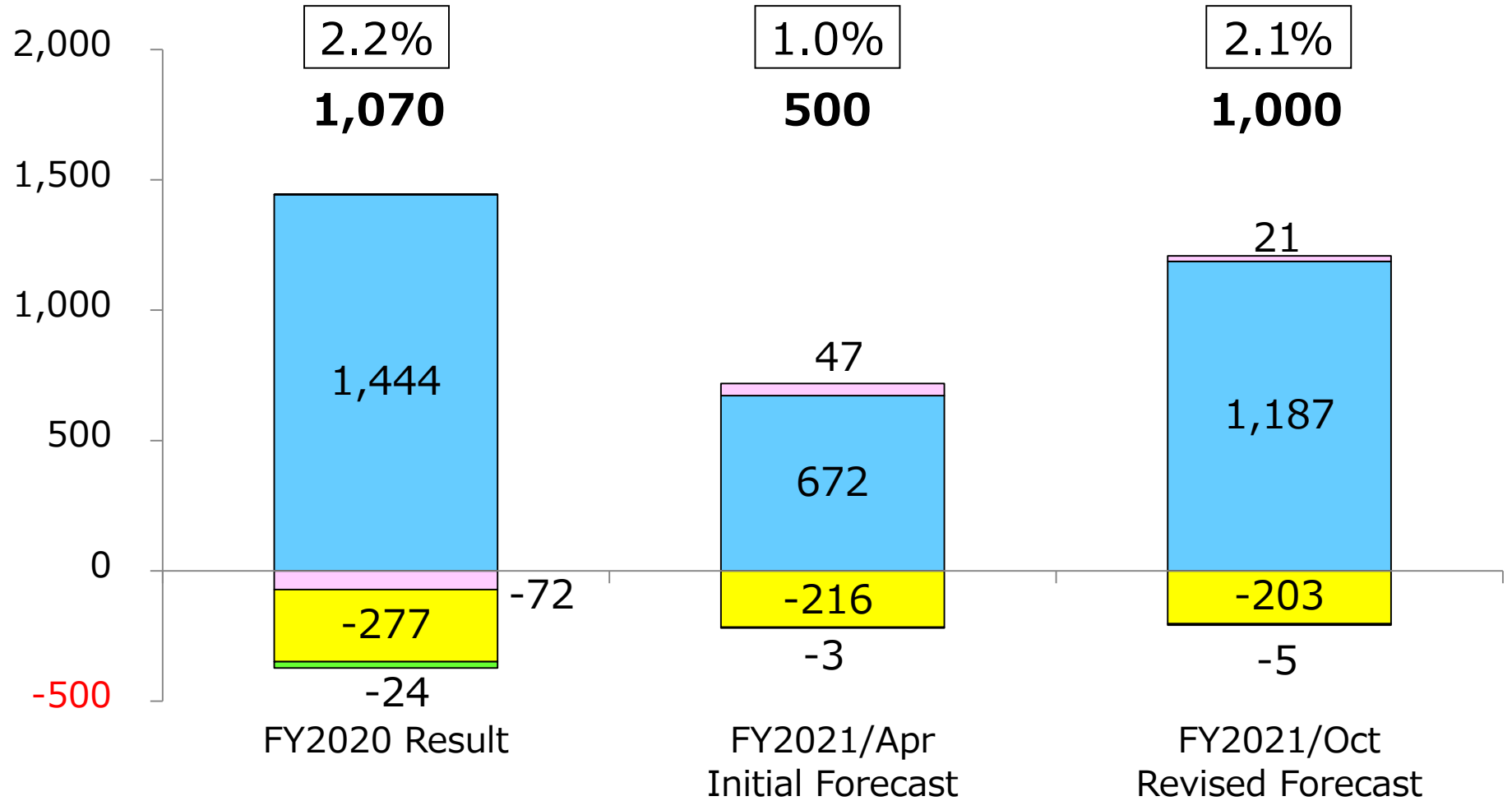
1H: 110.00JPY
2H: 110.00JPY

CS SCI R&D Others

Operating Profit by Product Div. (FY2020-FY2021)

Unit: Million yen

Profitability (%) = Profit / Sales



Exchange rate (1US\$=)

105.87JPY

108.00JPY

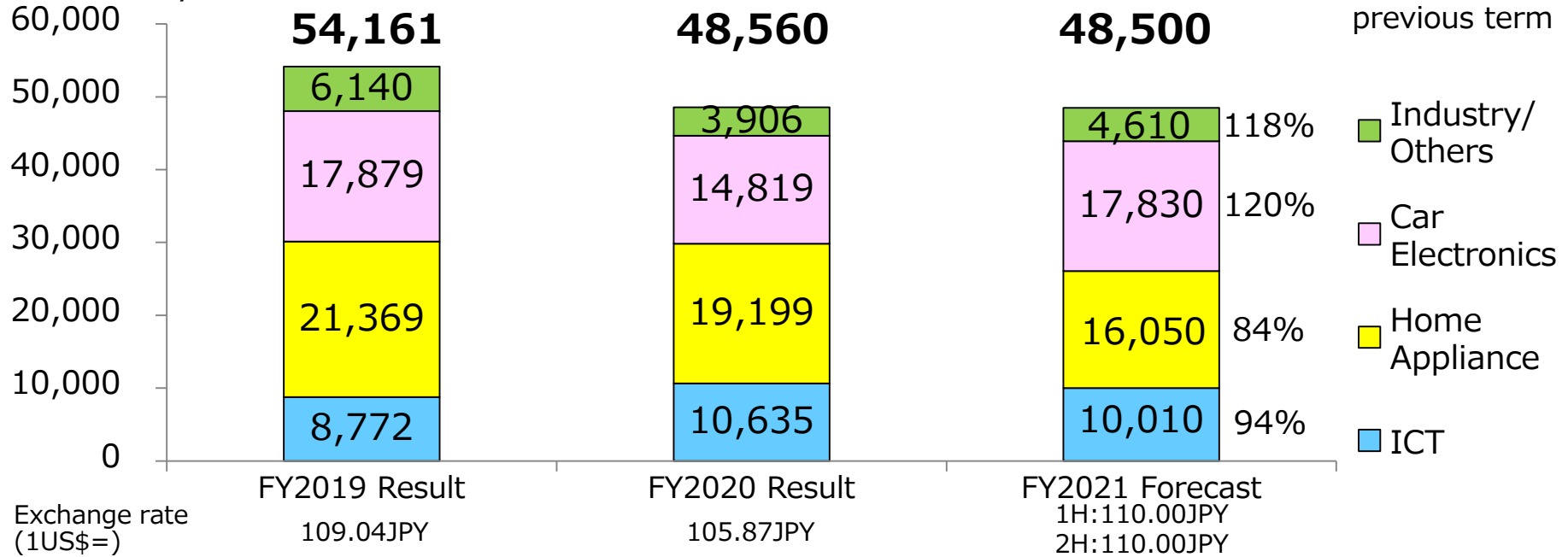
1H: 110.00JPY
2H: 110.00JPY

- 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
FY2021 Factors for increase/decrease (vs. FY2020)	<ul style="list-style-type: none"> - Connectors for smartphones + Connectors for tablets 	<ul style="list-style-type: none"> - Remote controls for STBs + Remote controls for air conditioners + Remote controls and units for housing equipment and home appliances 	<ul style="list-style-type: none"> + Camera connectors + Control units + Camera modules 	<ul style="list-style-type: none"> + Touch panels for all-in-one printers for office use + Units and connectors for photovoltaic modules
FY2021 Key Target	<ul style="list-style-type: none"> - Smartphone/tablet - 5G - Wearable - VICs in China and the U.S. 	<ul style="list-style-type: none"> - Smart home appliance - Housing equipment - Gaming device - Smart home 	<ul style="list-style-type: none"> - ADAS - V2X - EV/PHEV - TCU 	<ul style="list-style-type: none"> - Renewable energy - Office equipment - Healthcare - LPWA

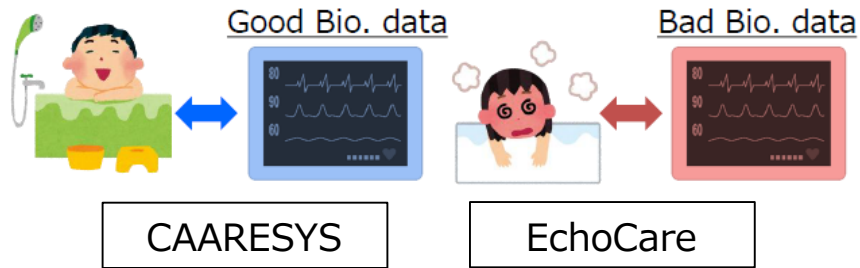
FY2021 Priority Matters

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.

Approach to Healthcare Market

1. Non-contact Biometric Sensor Unit (Consumer Use)

Under Development

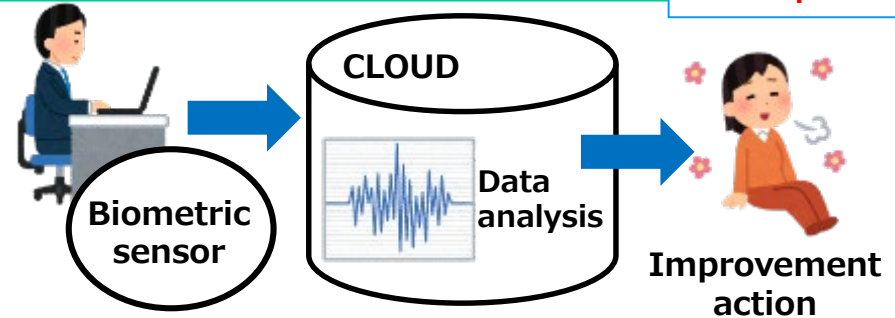


Example:

Non-contact measurement of heart rate/heart rate variability in bathroom. (Converting biometric sensor technology for automotive use to consumer use.)

2. Emotion/Stress Level Visualization Algorithm

Under Development



Development of an algorithm for estimating human emotions and stress levels based on biometric data acquired without contact.

3. EMG Sensor & Muscle Activity/Fatigue Detection Algorithm

Under Development



Development of algorithms for detecting muscle activity and fatigue to meet customer needs

4. Participation in AstraZeneca's "i2.JP" Community

i2.JP

An innovation community in the healthcare sector, with 124 partner companies/organizations participating

SMK Advanced Development Technology Show 2021

1. Onsite (Offline)

Nov. 1–30, 2021 (reservation required)
50+ Products on display
(with 14 demonstrations)

<Main Products>

- ✓ Millimeter Wave Sensor
- ✓ Sensing Module
- ✓ EMG Sensor
- ✓ Monitoring Sensor
- ✓ Emotion Visualization Algorithm
- ✓ Multi Coaxial Connector for Automotive



Demonstration of radar based monitoring system

2. Online

Oct. 13-14, 2021
Including webinars (6 sessions in 2 days)

*Archives remain open until November 30th.



Webinar

Topics

1. Application for Prime Market under New Market Segments

- July 9, 2021 Received the results of the initial assessment of its compliance with the listing criteria of the new market segments from the Tokyo Stock Exchange, Inc.
- Oct 26, 2021 Resolved by the Board of Directors Meeting

2. Commitment to SDGs

Oct. 25, 2021 Published a new web page introducing SMK's efforts to achieve the Sustainable Development Goals on the corporate website.

<https://www.smk.co.jp/csr/sdgs/>

The screenshot shows the top portion of the SMK website. At the top left is the SMK logo. To its right is a search bar with the text 'SMK JAPAN in English' and a search button. Below the search bar is a navigation menu with links for Product Search, Category, Application, Feature, Guide to SMK, Investors, CSR, and Careers. The main content area has a blue header with the text 'Our Commitment to SDGs' and the 'SUSTAINABLE DEVELOPMENT GOALS' logo. Below this, there are icons representing various SDGs and a 'What's New' section with a recent news item dated 2021/09/22.

Priority Issues	Related SDGs	Major Contributing Products	Links
-Business- Development of products and services to solve social issues			
Development of information society		5G, wearable - 5G connectors - FPC to board connectors	▶ Product news ▶ Activities for the Wearable Device Market
Growing use of sustainable energy	 	IoT, smart home - Energy harvesting devices - Connectors for photovoltaic module - Connectors for LED lighting	▶ Product news ▶ Activities in the Green Device Market
Prevention of traffic accidents	 	CASE - Passenger monitoring sensors - Automotive connectors	▶ Product news ▶ Approach to CASE
Promotion of health for all		Healthcare - Monitoring sensors - EMG sensors	▶ Product news

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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