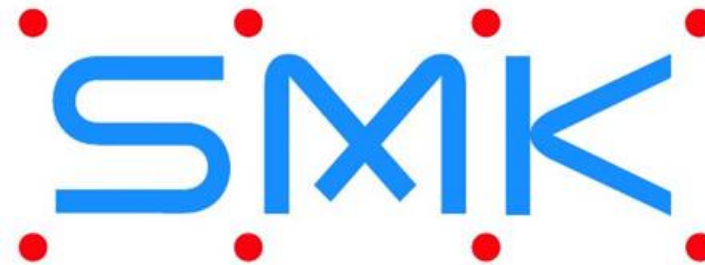


FY2019

Investor Briefing



FY2019

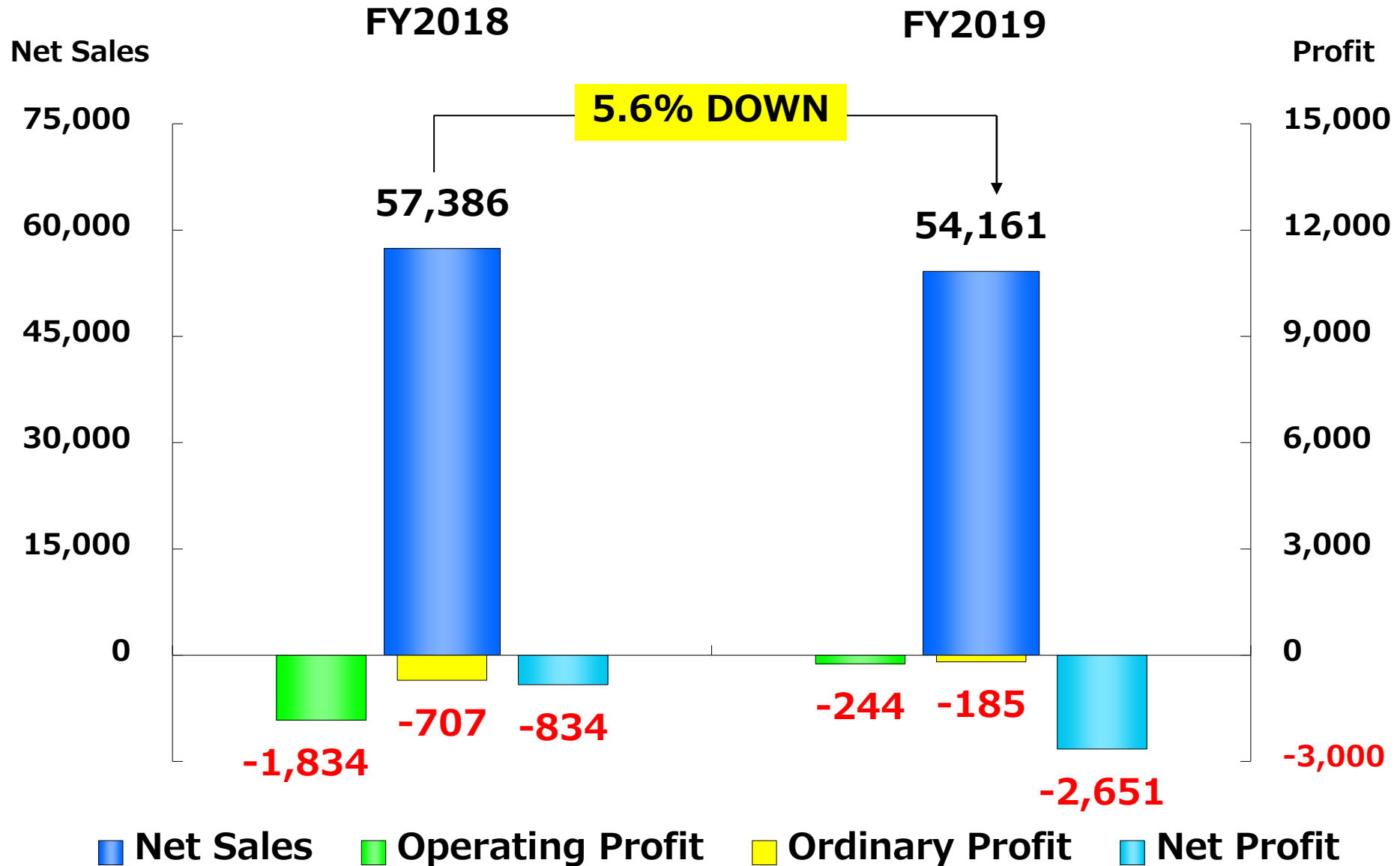
Outline of Financial Statement

Executive Vice President and CFO

KOHEI OHGAKI

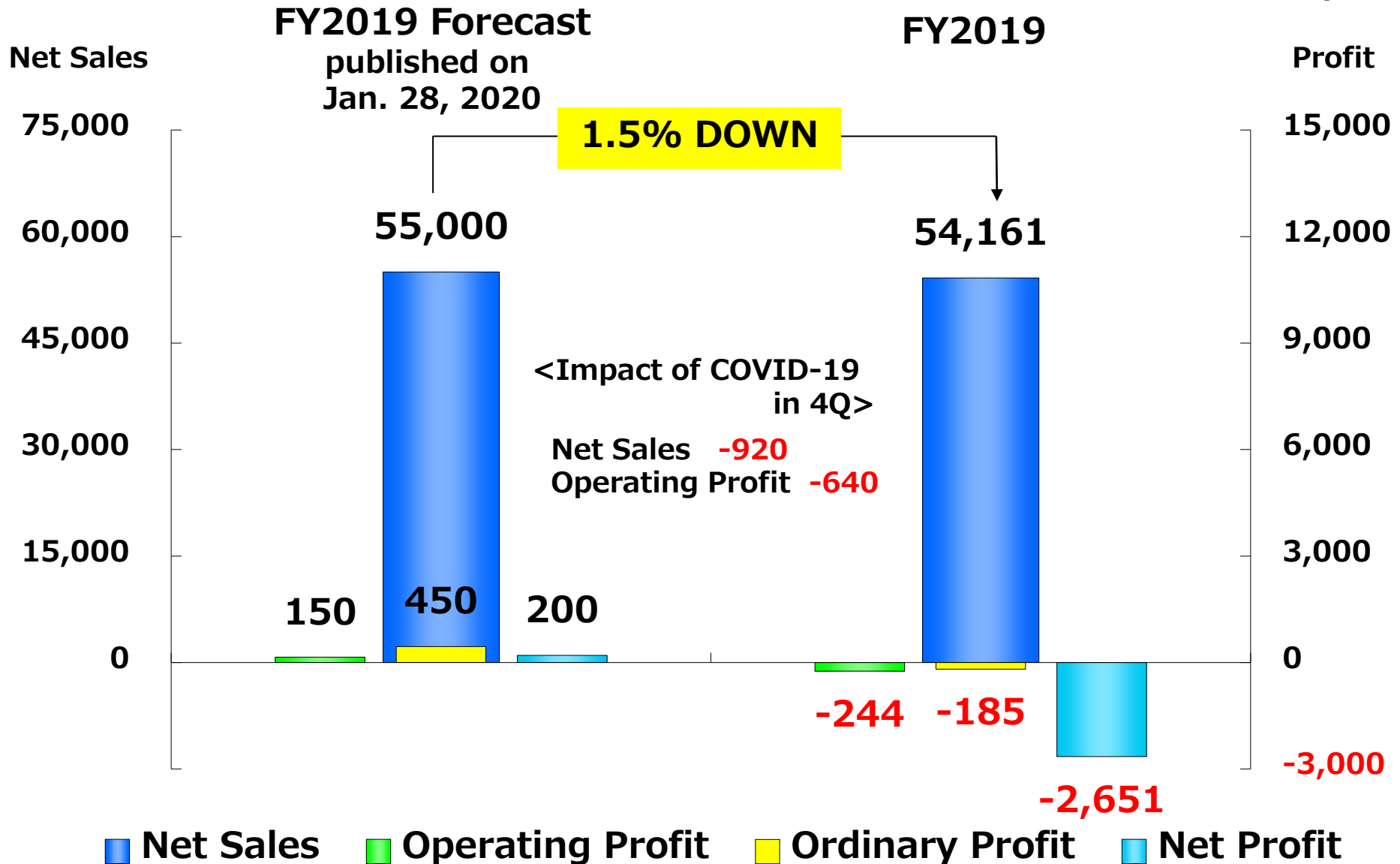
<Consolidated> Financial Results

Unit: Million yen



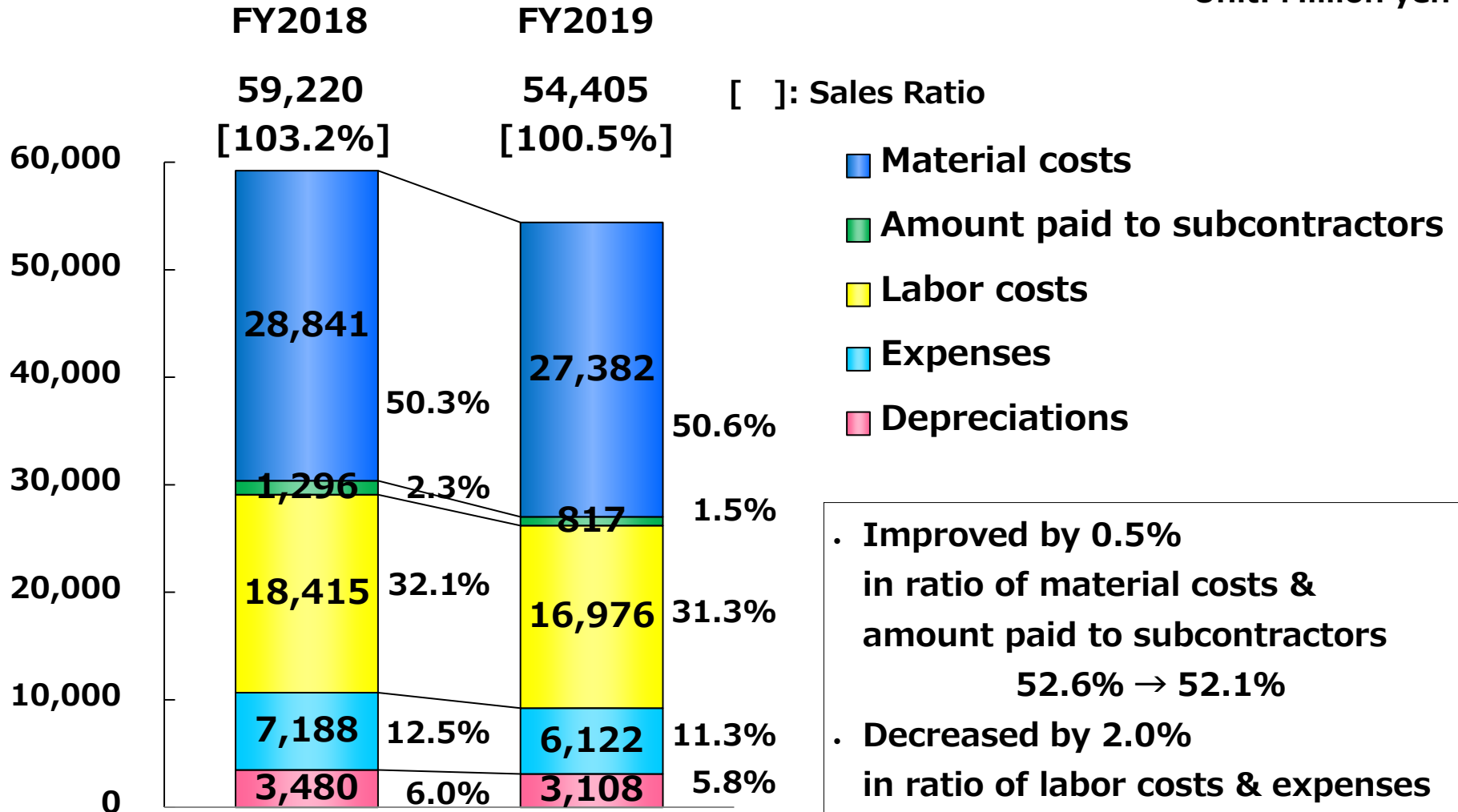
<Consolidated> Financial Results

Unit: Million yen



<Consolidated> Operating Expenses

Unit: Million yen



- Improved by 0.5% in ratio of material costs & amount paid to subcontractors
52.6% → 52.1%
- Decreased by 2.0% in ratio of labor costs & expenses
44.6% → 42.6%
(Because of the reduction of fixed costs)

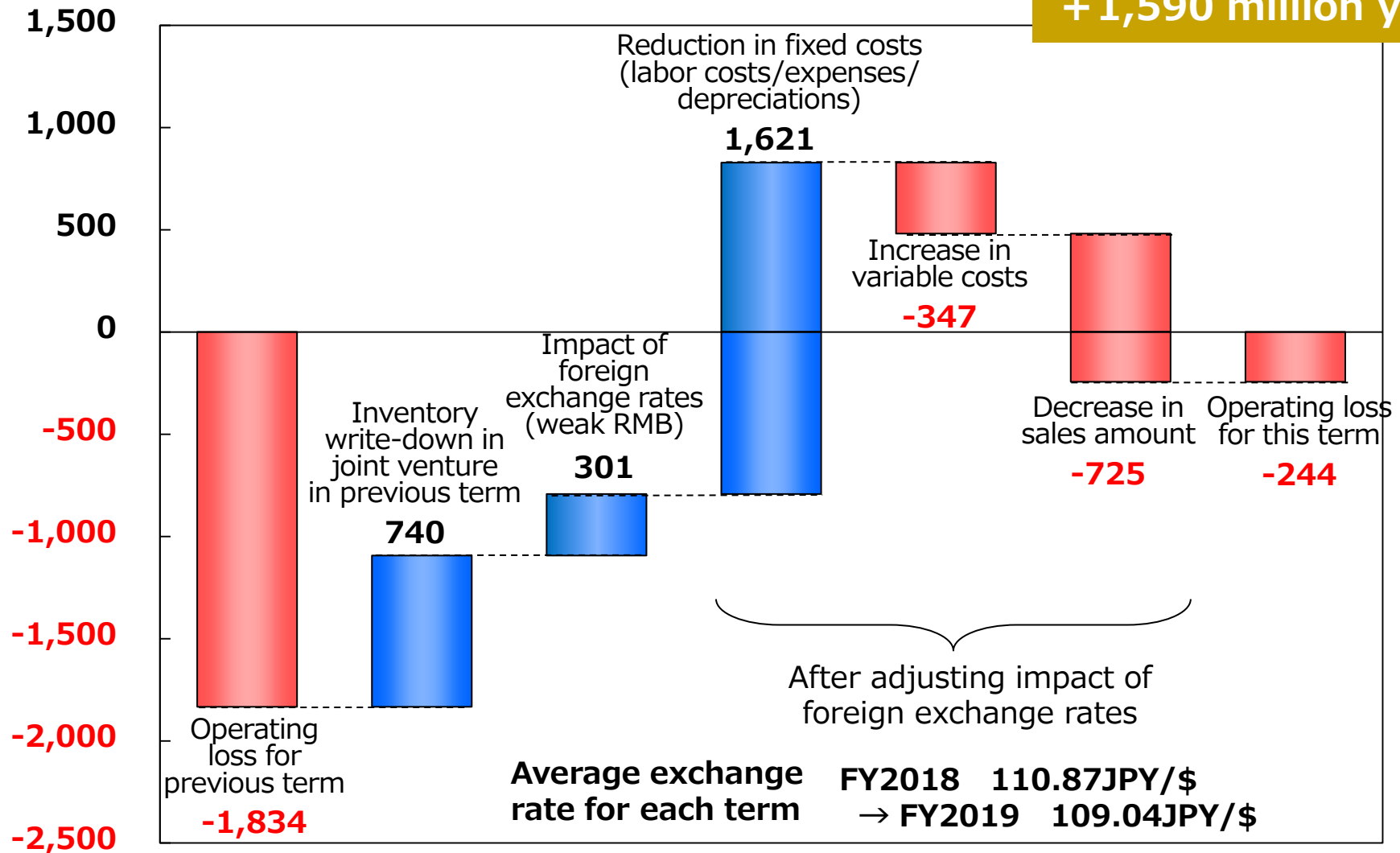
Operating Profit/Loss
-1,834
[-3.2%]

-244
[-0.5%]

<Consolidated> Analysis of Changes in Operating Profit

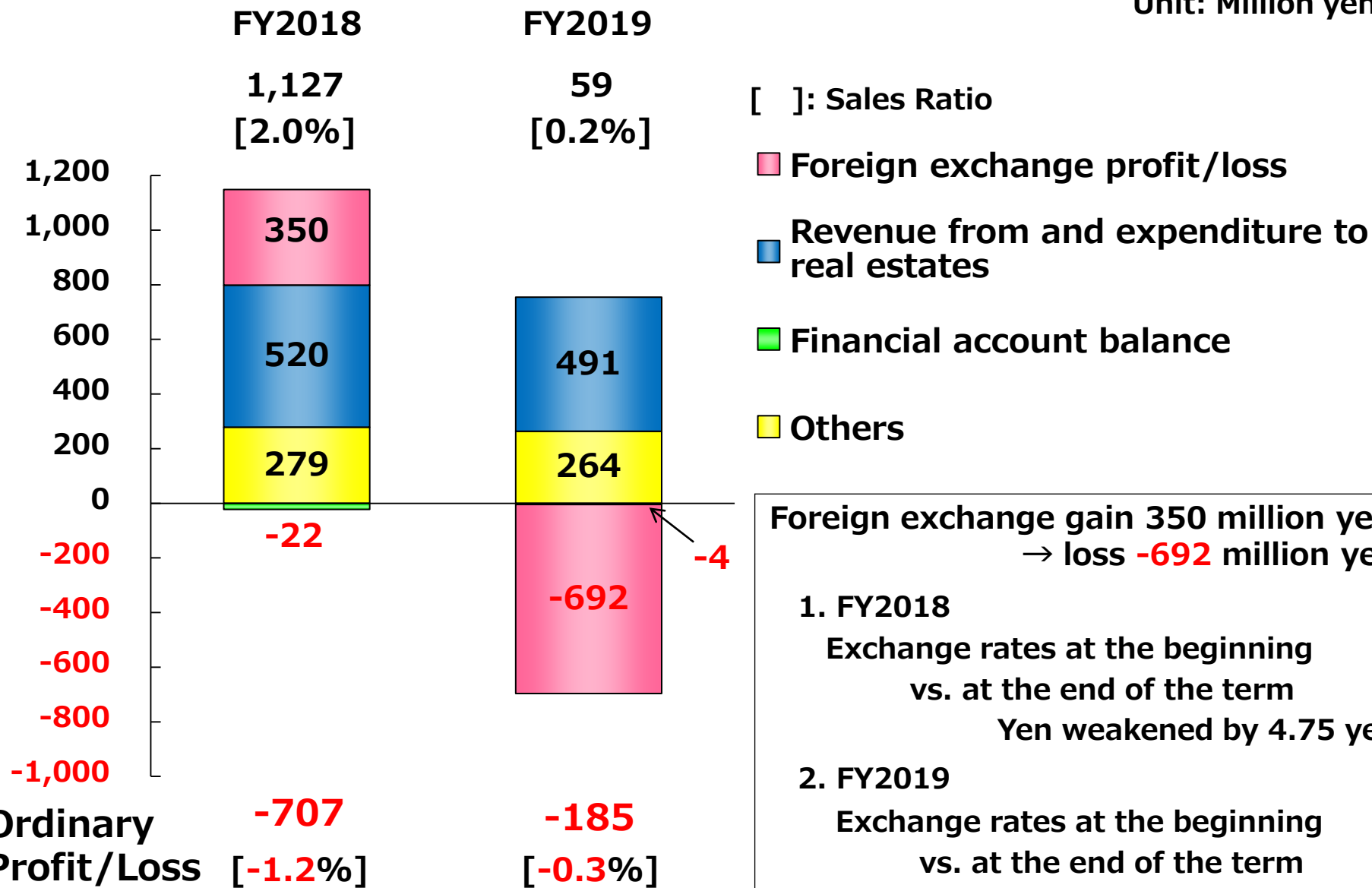
Analysis of factors for increase/decrease
of consolidated operating profit
[FY2018 vs. FY2019]

Unit: Million yen



<Consolidated> Non-operating Profit and Loss

Unit: Million yen



[]: Sales Ratio

Foreign exchange profit/loss

Revenue from and expenditure to real estates

Financial account balance

Others

Foreign exchange gain 350 million yen
→ loss -692 million yen

1. FY2018

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

Yen weakened by 4.75 yen

2. FY2019

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

Yen strengthened by 2.16 yen

<Consolidated> Extraordinary Profit and Loss

Unit: Million yen

[]: Sales Ratio



1,500
1,000
500
0
-500
-1,000
-1,500
-2,000
-2,500
-3,000
-3,500

FY2018
1,011

FY2019
-2,980

195

1,316

-153

-199

-148

54

-9
(Others)
-72

-2,953

303

-3,165

-1,137

228

-

-286

-834

-2,651

[-1.5%]

[-4.9%]

Profit before taxes
Income taxes
Loss attributable to
non-controlling interests

Net Profit/Loss

<Consolidated> Segment Information

Unit: Million yen

FY2019

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

FY2018

	Reporting Segment				Others*	TOTAL
	CS Division	SCI Division	R&D Center	Total		
Net Sales	21,712	35,180	471	57,365	21	57,386
Operating Profit (Loss)	258	(862)	(316)	(919)	(914)	(1,834)

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

<Consolidated> Cash Position

Unit: Million yen

	Mar. 2019 (A)	Mar. 2020 (B)	Differential (B - A)
Assets	58,713	50,204	(8,509)
Cash and cash equivalents	10,889	10,514	(374)
Accounts receivable	14,496	12,332	(2,164)
Inventories	8,071	6,426	(1,645)
Fixed assets	24,430	19,872	(4,557)
Liabilities	30,101	25,575	(4,526)
Accounts payable and accrued expenses	6,792	6,569	(223)
Interest-bearing debt	18,865	15,153	(3,712)
Net assets	28,612	24,629	(3,982)
Common stock	7,996	7,996	-
Capital adequacy ratio	48.7%	49.6%	0.9%

<Consolidated> Cash Flow Position

Unit: Million yen

	FY2018	FY2019
Cash flow from operating activities	1,608	6,345
Working capital	(679)	3,931
Profit before taxes	303	(3,165)
Depreciation	3,664	3,292
Others	(1,680)	2,287
Cash flow from investing activities	(2,091)	(2,525)
Free cash flow	(483)	3,820
Cash flow from financing activities	997	(4,176)
Increase/decrease in interest-bearing debt	1,614	(3,707)
Increase/decrease in treasury stock	(344)	(114)
Dividends paid	(264)	(325)
Initial balance	10,482	10,776
Final balance	10,776	10,437

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	%
FY2019	54,161	(5.6)	(244)	–	(185)	–	(2,651)	–
FY2020 Forecast	47,000	(13.2)	200	–	700	–	300	–

(2) Annual Dividend

	At second quarter end	At fiscal year end	Annual
FY2019	0.00 yen	40.00 yen	40.00 yen
FY2020 Forecast	TBD	TBD	TBD

FY2019 Result and FY2020 Prospect

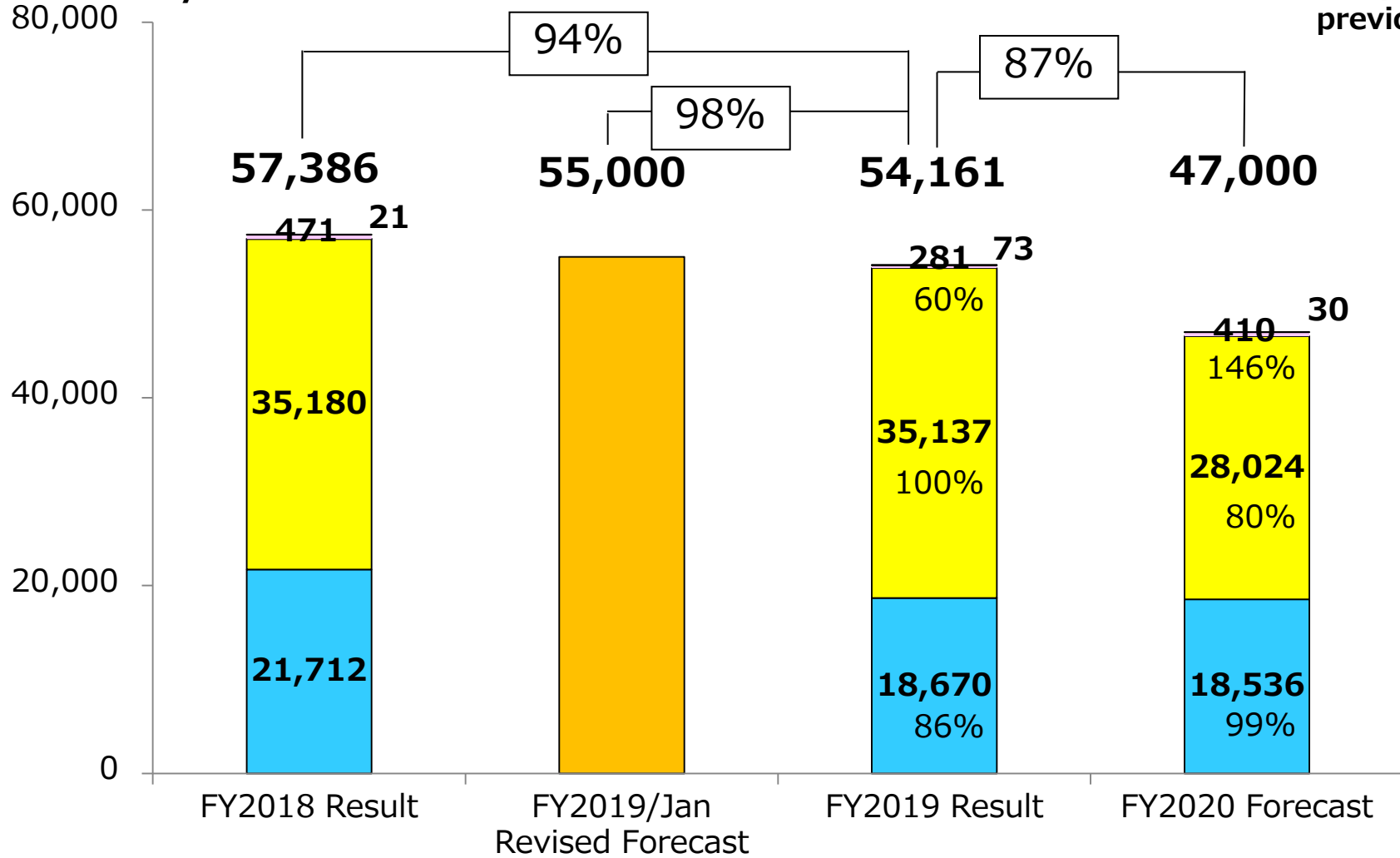
President, CEO and COO

YASUMITSU IKEDA

Net Sales by Product Div. (FY2018-FY2020)

Unit: Million yen

%: Compared to previous term



Exchange rate

1USD=110.87JPY

1H: 108.93JPY
2H: 108.00JPY

109.04JPY

108.00JPY

CS

SCI

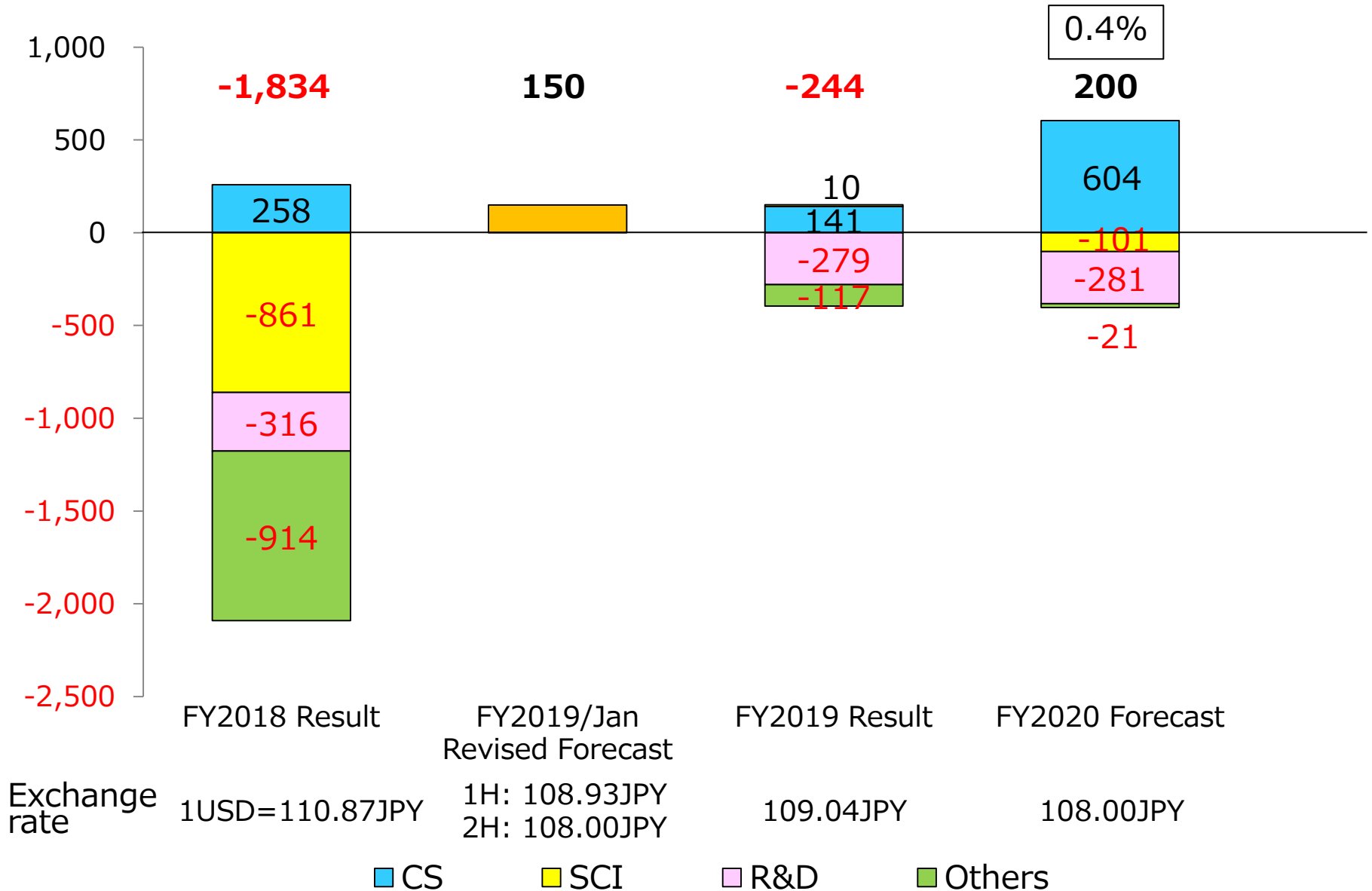
R&D

Others

Operating Profit by Product Div. (FY2018-FY2020)

Unit: Million yen

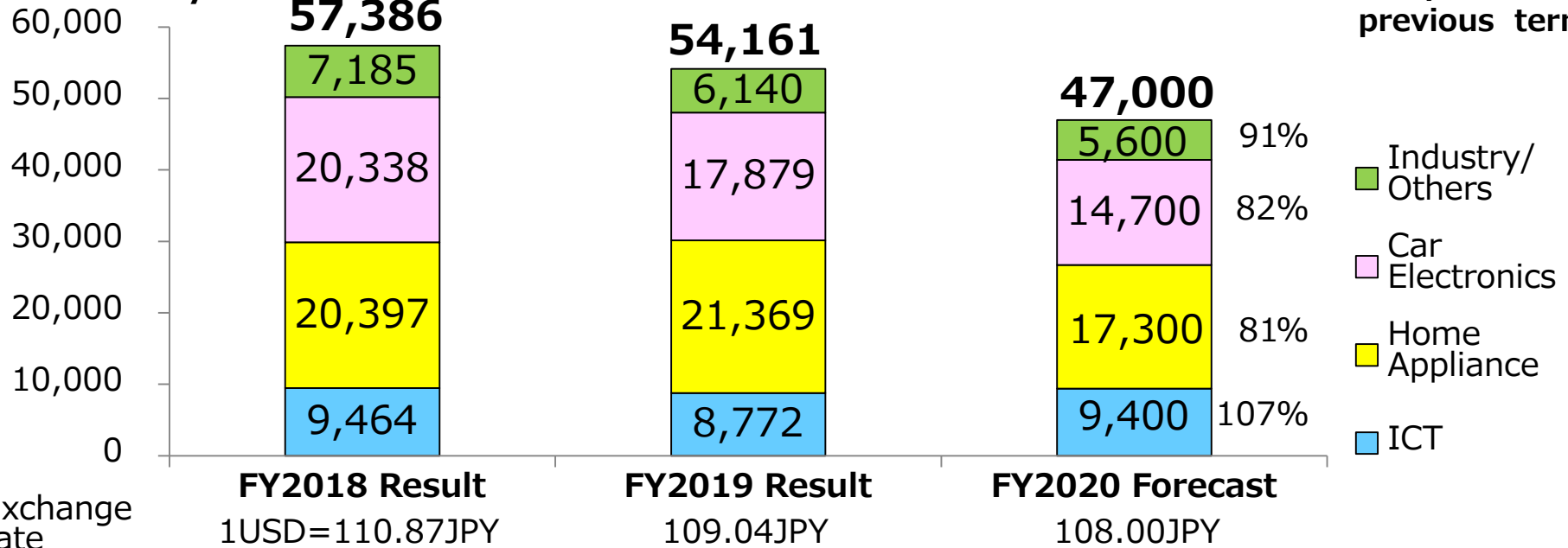
Profitability (%)=Profit/Sales



Reference: Net Sales by Market (FY2018-FY2020)

Unit: Million yen

%: Compared to previous term



	ICT	Home Appliance	Car Electronics	Industry/Others
FY2019 Factors for increase/decrease (vs. FY2018)	Decline in smartphone-related business for U.S. customers	Growth in STB-related business for U.S. customers	Global car sales slump	Decline in healthcare-related connector business
FY2020 Key targets	-5G -Wearable -VICs in China and the U.S. -Work from home	-Smart appliance -Set-top box -Home equipment -Game	-ADAS -V2X -EV/PHEV -TCU	-LPWA -Healthcare -Renewable energy -Non-electronics customers

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**

SMK Group Operating Status (as of May 25)

	Base		Resumed from	Attendance
Works	Japan	Toyama	Not affected	
		Hitachi		
	China	Shenzhen	March 11	100%
		Dongguan	March 10	100%
	ASEAN	Malaysia	May 4	90%
		Philippines	April 13 (partially)	40%
	North America	Mexico	May 4 (partially)	75%

	Country/Region	Working style	Customer visit
Sales Offices	Japan	Mainly work from home	NOT allowed
	China	Business as usual	Allowed (partially not)
	Taiwan	Business as usual	Allowed (partially not)
	Korea	Business as usual	Allowed
	USA	In principle, work from home	NOT allowed
	Europe	In principle, work from home	NOT allowed
	Singapore, Thailand	In principle, work from home	NOT allowed
	Malaysia	Business as usual	NOT allowed

Approach to ICT Market

Unit: Million yen

10,000

5,000

0

?: Compared to previous term

107%

FY2018 Result




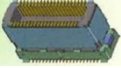



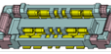
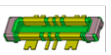




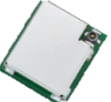
FY2019 Result

FY2020 Forecast

9,464

8,772

9,400

Target	Applications	Key Promotion Products
5G 	Smartphone, tablet PC, base station (including local 5G base station)	RF connector, board to board connector, Coaxial connector   
Wearable  	Watch, earphone	Board to board connector, board to wire connector, switch, battery connector    
	Smart wear	Textile connector, RF module
<COVID-19> Work from home  	PC, tablet PC, Wi-Fi® router	Interface connector, board to wire connector, RF module  

R&D Center's Approach to Smart Street Light business

LPWA + System

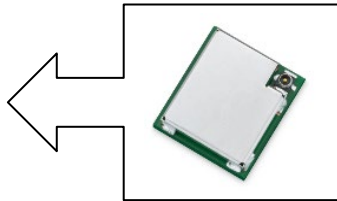
■ Potential of smart street light (worldwide)

FY2013: 3M ⇒ FY2020: 17M units

NEC commenced the demonstration experiment of the smart street lighting **employing SMK's wireless module** in Sugunami Ward, Tokyo.



Illuminance sensor



LoRaWAN® module (SMK)

■ Differentiated features

- Highly versatile
- Connection reliability
- Waterproof, small
- Low cost



Location detection

■ Other applications

Tilt sensing



Strength evaluation



Traffic survey

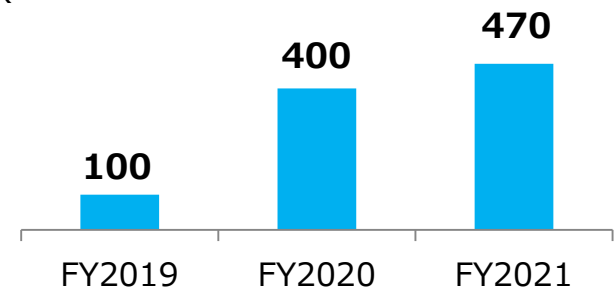


Disaster monitoring



■ Sales target (LPWA + System)

(FY2019 sales amount is taken as 100)

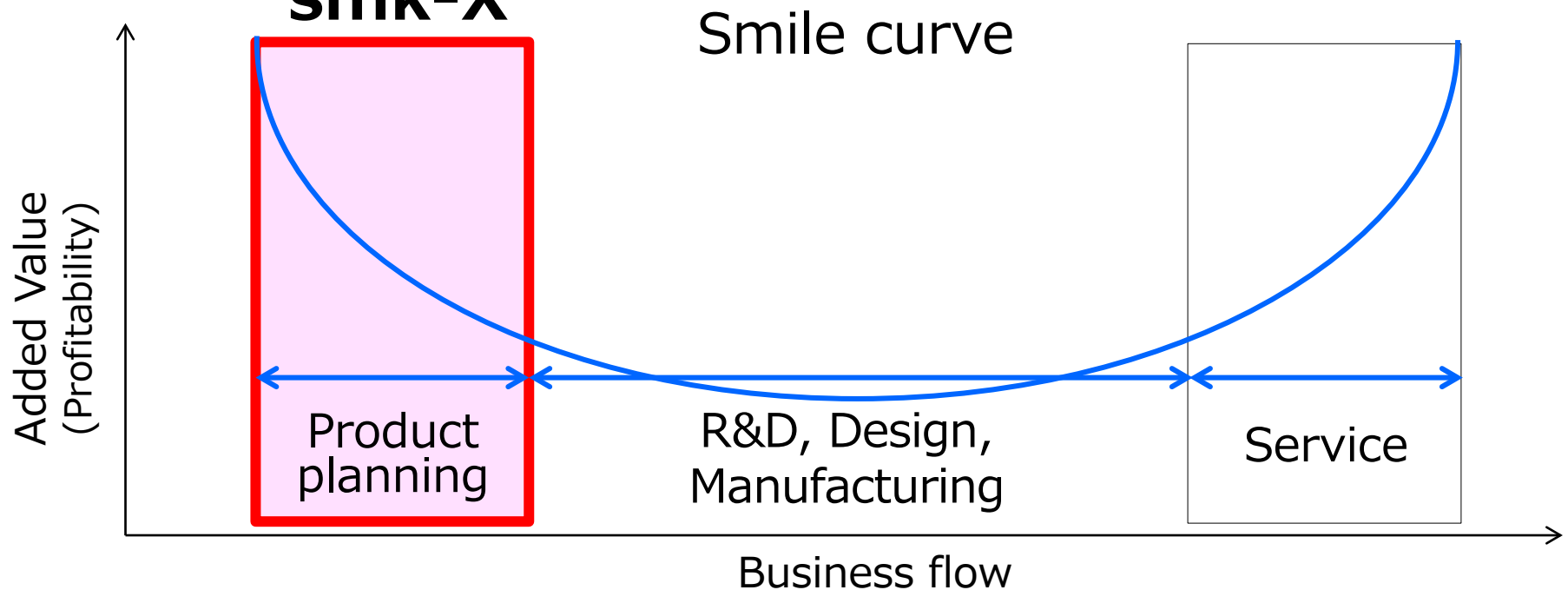


New Approach: smk-X



Manufacturing
×
Creative

Scope of smk-X



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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