

Financial Statements Briefing Session for 2021/03 Term

(From April 1, 2020 to March 31, 2021)



May 14, 2021

- I . Overview of Consolidated Financial Results for 2021/03 Term
- II . Business Outlook
- III . Forecast of Consolidated Financial Results for 2022/03 Term

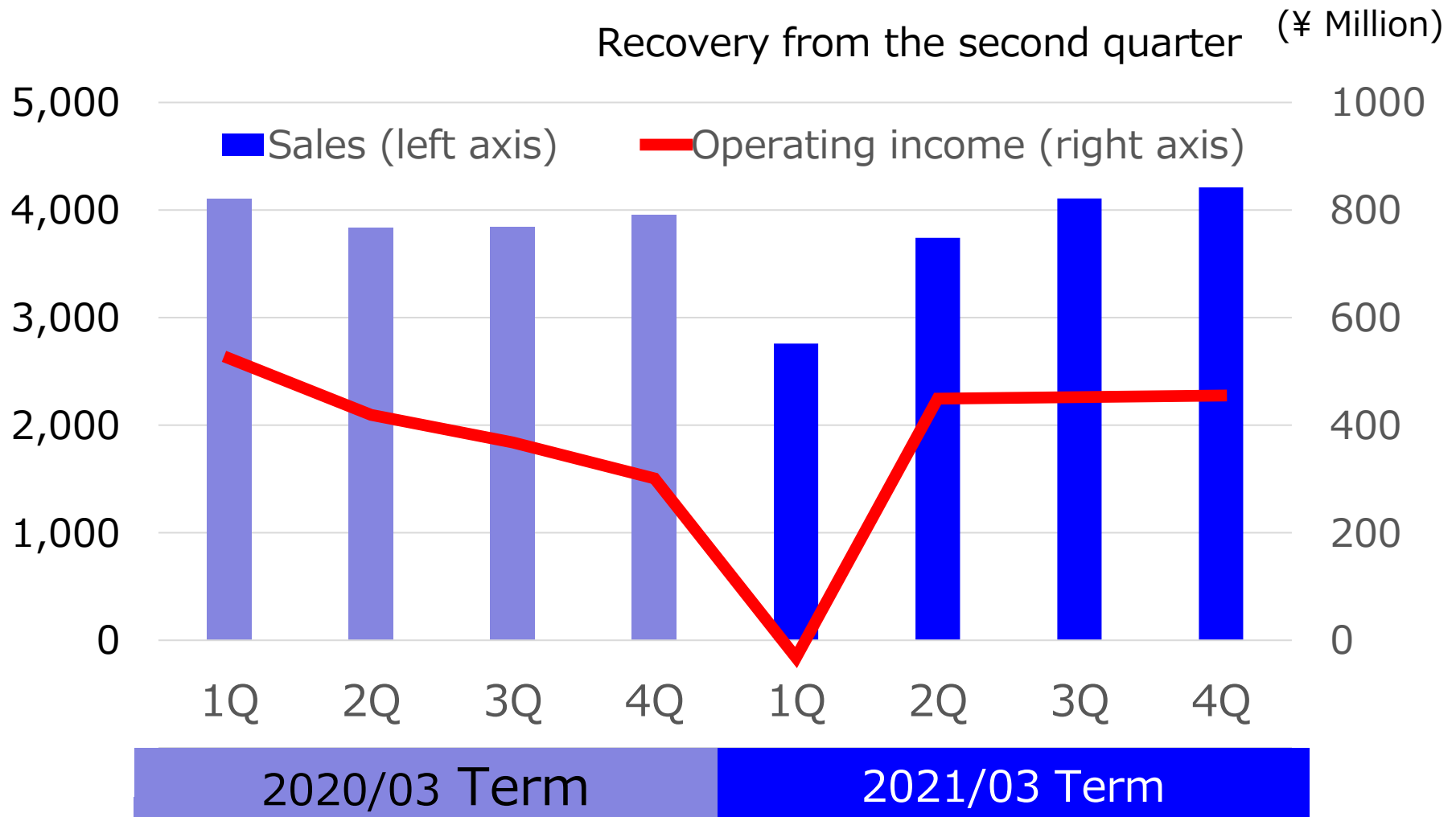
- I . Overview of Consolidated Financial Results for 2021/03 Term
- II . Business Outlook
- III . Forecast of Consolidated Financial Results for 2022/03 Term

Consolidated Financial Statements for 2021/03 Term Highlights (Part1)

(¥ Million)	2021/03 Term	2020/03 Term	Year-on-year percentage Change	Estimated value of business results (May12, 2020)
Sales Amount	14,818	15,729	-5.8%	15,420
Precision Machinery	8,675	8,808	-1.5%	8,470
Fiber Optic Components & Instrumental	6,142	6,921	-11.3%	6,950
Operating Profit	1,324	1,614	-17.9%	1,500
Ordinary Profit	1,431	1,688	-15.2%	1,580
Net Profit	983	1,152	-14.7%	1,000

Quarterly transition in consolidated earnings

■ Covid-19 impact in the first quarter



Consolidated Financial Statements for 2021/03 Term Highlights (Part2)

(¥ Million)	2021/03 Term	2020/03 Term	Year-on-year percentage change
Orders Received	15,269	15,803	-3.4%
Orders Backlog	2,974	2,522	+17.9%
Equipment Investment	869	1,721	-49.5%
Depreciation Expenses	1,542	1,481	+4.1%
R & D Expenses	403	470	-14.2%

Main products and technologies of the Precision Machinery Division

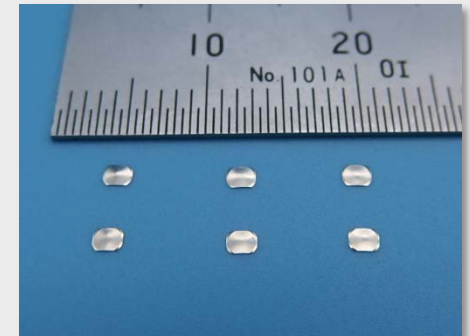
◆ Molds

Molds for data-archive discs
Other precision molds



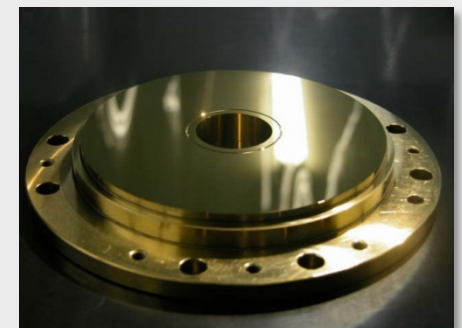
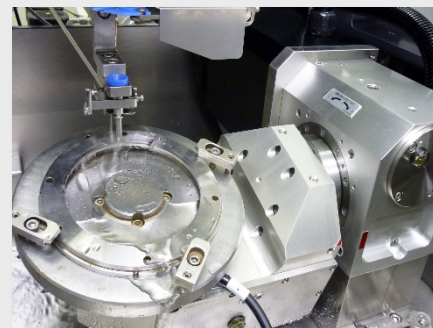
◆ Molded products

Automotive insert molded parts
Metal pressed molded parts
Resin injection molded parts, etc.



◆ Other

Precision processed metal parts, etc.



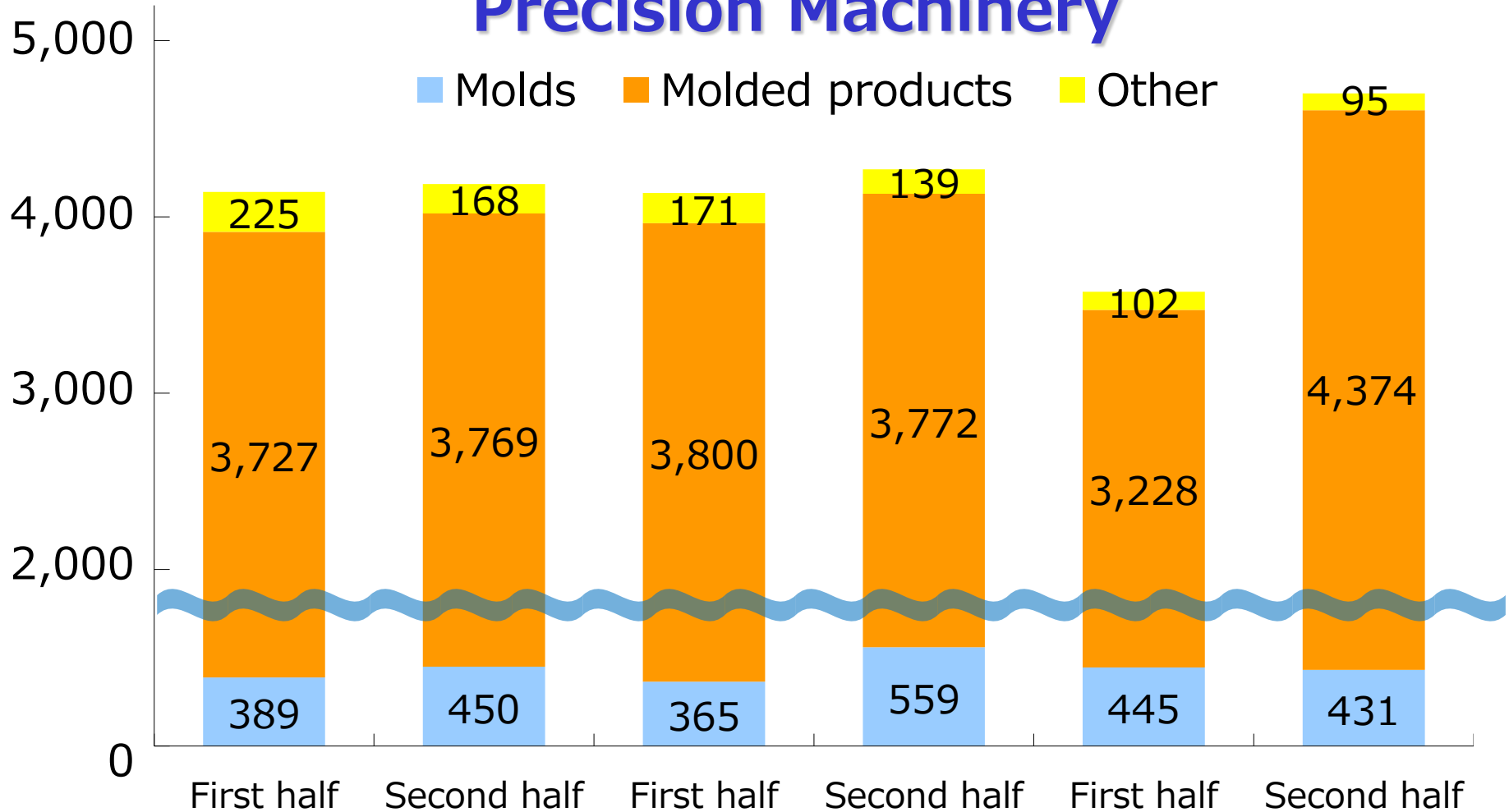
Business Results by Segment/ Precision Machinery

(¥ Million)	2021/03 Term	2020/03 Term	Year-on-year percentage change
Sales Amount	8,675	8,808	-1.5%
Operating Expenses	8,023	7,999	+ 0.3%
Operating Profit	652	809	-19.4%
Operating Profit Ratio	7.5%	9.2%	—

Sales Amounts by Product / Precision Machinery

¥ Million

■ Molds ■ Molded products ■ Other



2019/03 Term

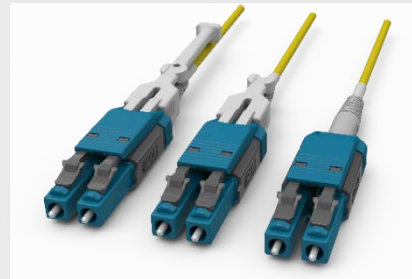
2020/03 Term

2021/03 Term

Main products and technologies of the Optical Products Division

◆ Optical communication network components

Optical connectors
Ferrules, etc.

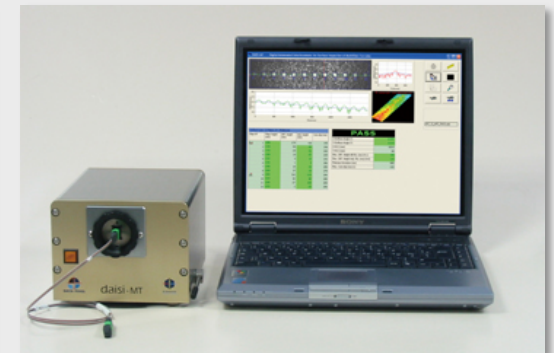


◆ Manufacturing machinery and equipment

Optical connector polishing machines



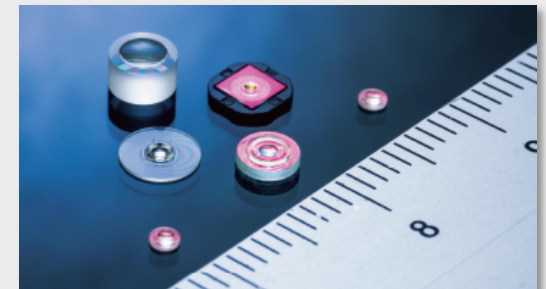
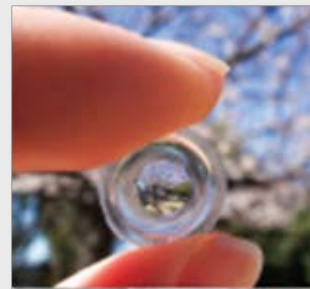
Inspection equipment for optical connector end faces



Optical electric field sensors, etc.

◆ Other

Micro lenses, etc.

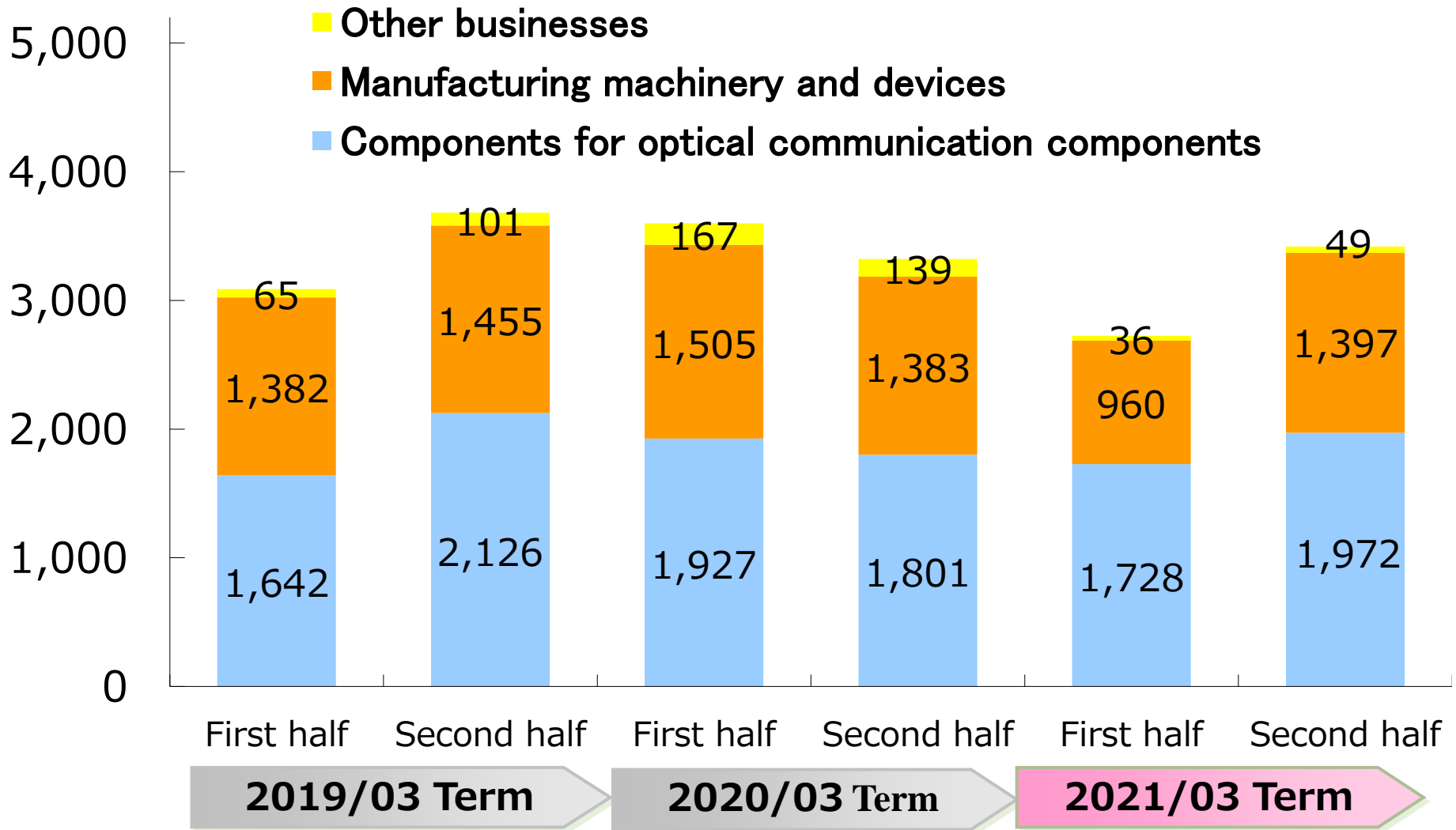


Business Results by Segment/ Fiber Optic Components & Instrumental

(¥ Million)	2021/03 Term	2020/03 Term	Year-on-year percentage change
Sales Amount	6,142	6,921	-11.3%
Operating Expenses	5,470	6,117	-10.6%
Operating Profit	672	804	-16.5%
Operating Profit Ratio	10.9%	11.6%	—

Sales Amounts by Product / Fiber Optic Components & Instrumental

¥ Million



Consolidated Balance Sheet

(¥ Million)

[Assets]	2021/03 Term	2020/03 Term	Amount (Increase/Decrease)
Current Assets	19,026	17,339	+ 1,687
Fixed Assets	9,939	10,405	(465)
Total Assets	28,966	27,744	+ 1,221
[Liabilities and Net Assets]			
Current Liabilities	3,375	2,950	+ 425
Fixed Liabilities	1,376	1,265	+ 111
Net Assets	24,213	23,528	+ 685
Total Liabilities/ Net Assets	28,966	27,744	+ 1,221

Consolidated Cash Flow Statement

(¥ Million)	2021/03 Term	2020/03 Term
CF - Operating	2,374	2,225
CF - Investing	(626)	(1,752)
CF- Financing	(411)	(685)
Increase in Cash	1,327	(265)
Balance at the beginning of term	3,550	3,816
Balance at the end of term	4,877	3,550

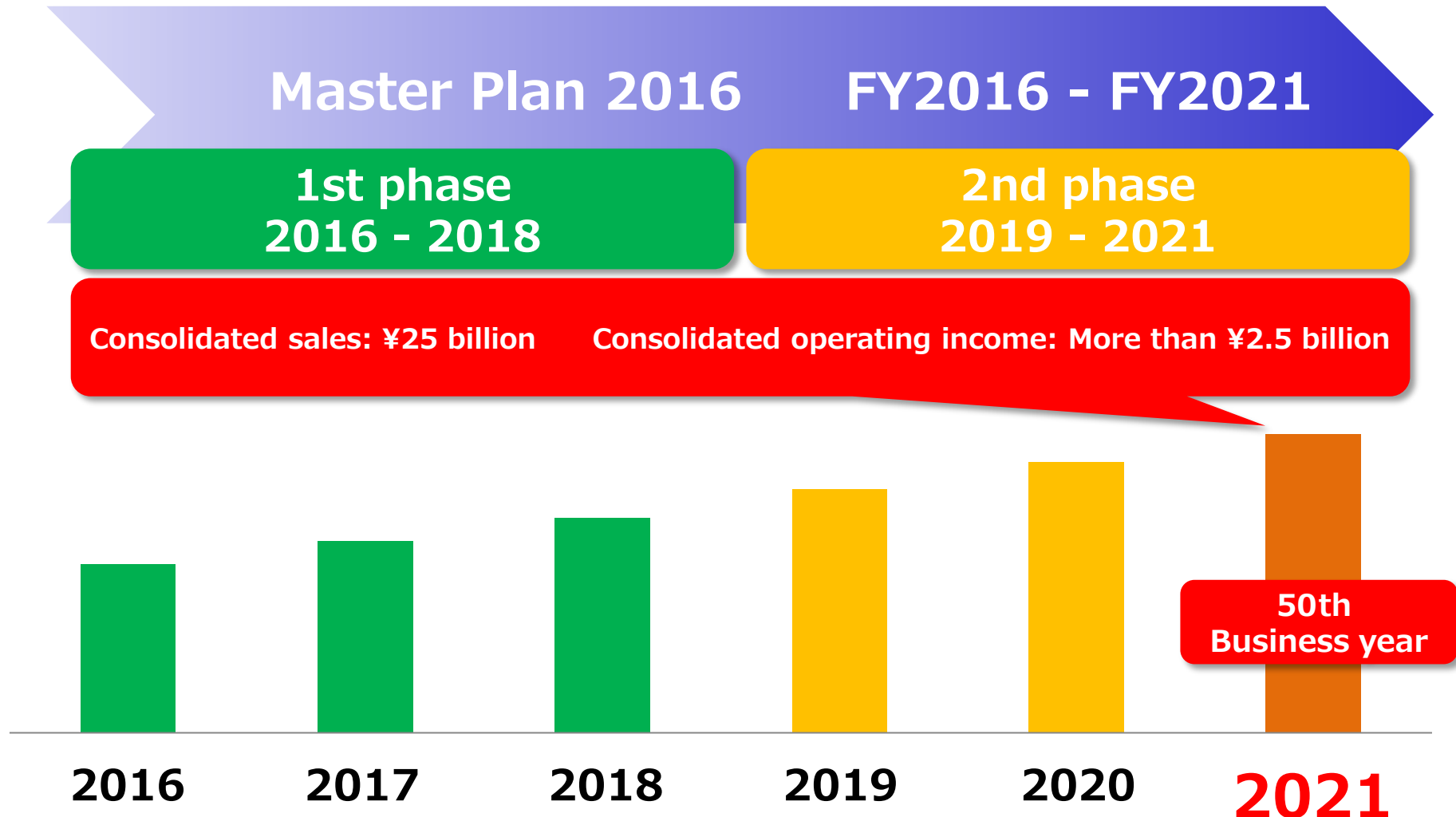
I . Overview of Consolidated Financial Results for 2021/03 Term

II . Business Outlook

III . Forecast of Consolidated Financial Results for 2022/03 Term

Medium-Term Management Plan Master Plan 2016

- Six-year medium-term plan ending in FY 2021, the 50th business year of the Company



Fundamental Strategies for the 2nd Phase

1. Strengthen earnings of existing businesses

- Strengthen sales capabilities
- Raise price-competitive strength
- Accelerate new product development and new technology development

2. Optimize business portfolio

- Create next generation businesses
- Streamline loss-making businesses

3. Strengthen business foundations

- Strengthen corporate functions
- Implement growth promoting investments
- Strengthen quality control and patent strategy

Our technical resources (internal environment)

■ Precision processing, precision molding, and optical technology

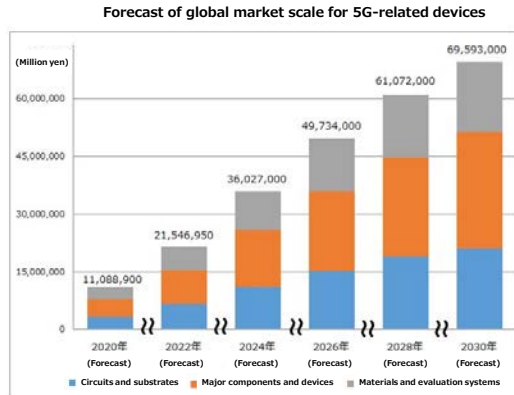


- Information and communication
- Automobiles
- Medical and bio science



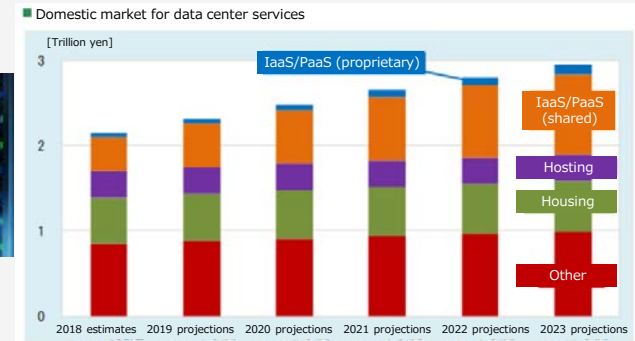
Prospects for relevant markets (external environment)

■ 5G related market expansion



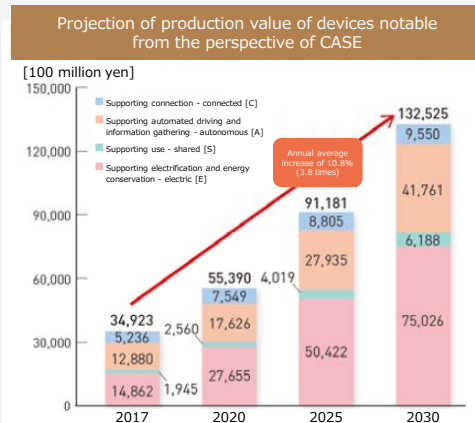
(Source: Yano Research Institute)

■ Expansion of the data center market



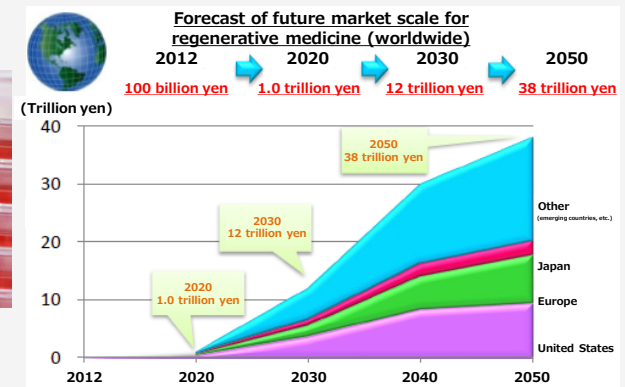
(Source: Comprehensive Survey of Data Center Business Market 2019 (Fuji Chimera Research Institute))

■ Expansion of automotive device market from CASE



(Source: Japan Electronics and Information Technology Industries Association)

■ Expansion of medical and biotechnology-related markets



(Source: Ministry of Economy, Trade and Industry)

1. Strengthening earnings of existing businesses

■ Precision Machinery Business

With precision molds and manufacturing technologies at the core, transition to high added-value business in molded products

■ Strengthen sales capabilities

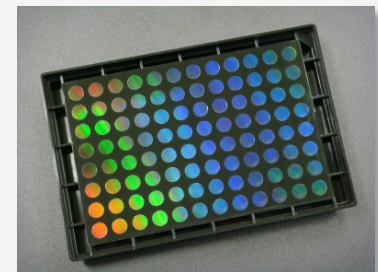
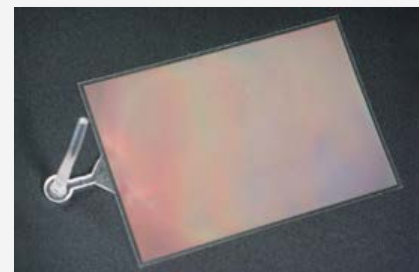
· Raise price-competitive strength

- Acceleration of business negotiations with new customers
- Strengthen relationships with major existing customers
- Market development for pressed molded products
- Develop repeat business
- Shorten production lead time



■ Accelerate new product development and new technology development

- Accelerate new business development for precision molded products
→ Automotive, medical, and bio science applications
- Enhance precision mold technology, thin-wall molding technology, and micro-transfer technology
- Improve production automation (FA) technology



1. Strengthening earnings of existing businesses

■ Optical products business

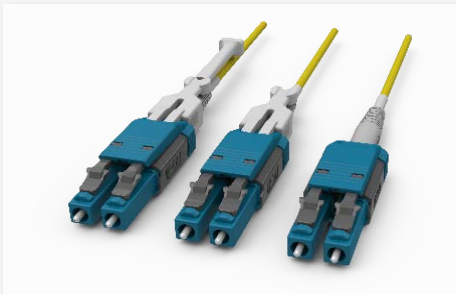
Take steps to expand market shares in the growing markets surrounding data centers and 5G technology

■ Strengthen sales capabilities · Raise price-competitive strength

- Increase sales of connectors for data centers
- Increase sales of "Intelli-Cross Pro" new connectors
- Expanding sales of 5G-compatible optical electric field sensors
- Increase sales of micro lenses

■ Accelerate new product development and new technology development

- Attain volume production of optical devices compatible with 100G and 400G large-volume, high-speed data transmission
- Improve polishing machinery and end-face inspection equipment
- Develop production automation equipment for optical communications components

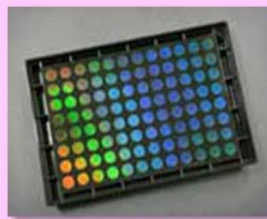


2. Optimization of the Business Portfolio

Problem businesses



Lenses



Molded products

Growth

Growth driving businesses



Optical communications products



Information / communication



Medical equipment / bio sciences



Car electronics

Next generation businesses

Cash

Promote lenses and precision molded products to growth driver businesses

Actively use financial resources to create next-generation businesses

3. Reinforcing the management base

■ Strengthen corporate functions - Establish a robust foundation supporting sustainable growth -

- Strengthen human resources
⇒ Develop human resources and recruit personnel for business expansion and globalization
- IT strategy
⇒ Invest in systems to maximize operational efficiency and optimize the Group's overall information systems
- Financial strategy
⇒ Strengthen budget and performance management and apply new accounting standards
- Strengthen communication ⇒ Raise the Company's name recognition by strengthening external public relations
Create synergies by strengthening collaboration within the Group
- Sustainability ⇒ Strengthen governance at the Group level, reduce business continuity risk through BCP

■ Investment for growth - 10 billion yen investment framework by fiscal 2021 -

- Strengthen M&A ⇒ Acquisition of new technologies, new products, and new trading areas
- Strengthen R&D ⇒ Accelerate product development by promoting alliances and industry-academia collaboration, etc.

■ Strengthen quality control and patent strategy - Differentiation through trusted quality and leverage of patents -

- Improve quality levels across the entire group ⇒ Strengthen efforts to attain zero defects
- Step up proactive patent strategies ⇒ Strategic use of patents respectively for protection and attack

- I . Overview of Consolidated Financial Results for 2021/03 Term
- II . Business Outlook
- III . Forecast of Consolidated Financial Results for 2022/03 Term**

Forecast of Consolidated Business Results for 2022/03 Term

(¥ Million)	First half	Second half	Forecast of the 2022/03 Term	Results for the 2021/03 Term
Sales Amount	7,920	8,970	16,890	14,818
Operating Profit	720	830	1,550	1,324
Ordinary Profit	780	860	1,640	1,431
Net profit	500	600	1,100	983
Equipment Investment			1,693	869
Depreciation Expenses			1,312	1,542
R & D Expenses			407	403

Forecast of Consolidated Business Results (by Segment) for 2022/03 Term

(¥ Million)	First half	Second half	Forecast of the 2022/03 Term	Results for the 2021/03 Term
The Relation of Precision Machinery				
Sales Amount	4,370	4,730	9,100	8,675
Operating Expenses	4,140	4,470	8,610	8,023
Operating Profit	230	260	490	652
The Relation of Optical Communications				
Sales Amount	3,550	4,240	7,790	6,142
Operating Expenses	3,060	3,670	6,730	5,470
Operating Profit	490	570	1,060	672

Impact of the application of new revenue recognition standards

(Million yen)	Net presentation of goods received for value	Batch recognition of sales and cost of molds and equipment
Full-year net sales	(1,300)	+ 100
Cost of sales	(1,300)	+ 200
Gross profit	0	(100)

- ◆ Consolidated results projections for the fiscal year ending March 31, 2022 based on **former accounting standards**

(Million yen)	Precision Machinery Business	Optical Products Business	Fiscal year ending March 31, 2022 former accounting standards	Fiscal year ending March 31, 2022 new accounting standards
Net sales	10,300	7,790	18,090	16,890
Operating income	590	1,060	1,650	1,550

Concerning shareholder returns

		Forecast of the 2022/03 Term	Results for the 2021/03 Term	Results for the 2020/03 Term
Net income	million yen	1,100	983	1,152
Dividend per share	yen	40	40	40
Payout ratio	%	33.2	37.1	31.8

