

2020 Business Report

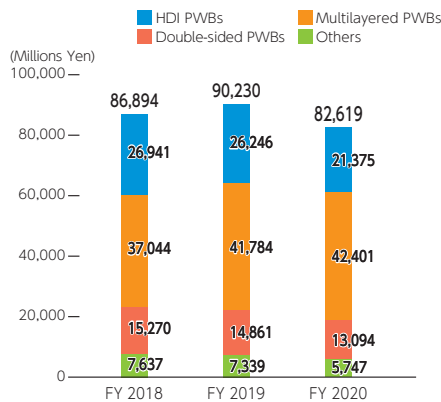
Year Ended March 31, 2020



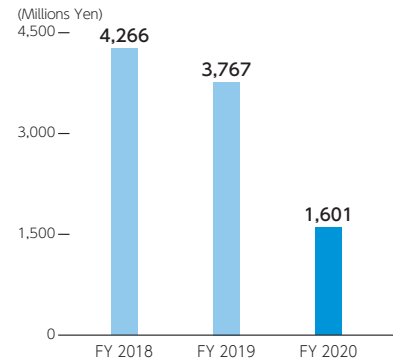
POINT

- Net sales decreased due to factors including the lower sales of products designed for automotive use that resulted from a slowdown in the global market for such products.
- Operating income fell, reflecting causes such as a net sales drop and a lower operating rate for manufacturing plants in Japan.

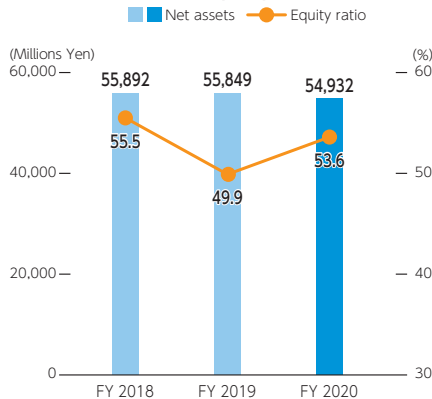
Net sales



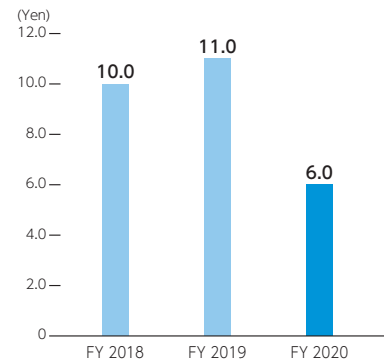
Operating income



Net assets/Equity ratio



Cash dividends





I would like to take this opportunity to express my gratitude to our shareholders for the consistent support they have shown us over the years. It is my pleasure to present the operating results for the 59th fiscal year (from April 1, 2019 to March 31, 2020).

I ask for your continued understanding and further support in the years to come.

June 2020

Isao Osawa

President and CEO

Financial Results for the Fiscal Year Ended March 31, 2020

During the fiscal year under review, the Japanese economy showed a decelerating trend, including an export slump, although consumer spending recovered slowly with improvements in the employment environment and other factors in the background. In the global economy, the United States and China showed signs of business slowdown, reflecting factors, such as the adverse effects of the U.S.-China trade friction. Uncertainty increased in the global economy as a result of the slowdown and other developments, including intensified geopolitical risks in the Middle East.

In addition, the spread of COVID-19 stagnated economic activities in certain countries, increasing concerns about a global economic slowdown.

Under those conditions, the reliance of automobiles on electronics rose in the market for printed wiring boards

(PWBs), a main operating field for CMK Corporation and its consolidated subsidiaries (the "CMK Group"). However, unit sales of automobiles decreased worldwide, making business conditions difficult for the Group.

Consolidated net sales for the CMK Group amounted to ¥82,619 million (down 8.4% year on year), reflecting lower sales for mobile communications, amusement and other products, in addition to the decline in automotive PWB sales.

Operating income totaled ¥1,601 million (down 57.5% year on year), under the adverse effects of factors such as the sales drop and a lower operating rate for manufacturing plants in Japan. Ordinary income amounted to ¥792 million (down 79.0% year on year), reflecting developments, including the operating income decline. Loss attributable to owners of parent was ¥1,128 million (compared with profit attributable to owners of parent of ¥2,015 million posted in the previous fiscal year), mainly due to income taxes – deferred posted in connection with the reversal of deferred tax assets.



Future Outlook

The global spread of COVID-19 significantly restricted economic activities in certain countries, making the future outlook for Japanese and global economies extremely uncertain. The car electronics market, a key operating area for the CMK Group, has also fallen into severe business conditions never before experienced by the Group as a result of changes, including sharp declines in automobile production and sales. Meanwhile, in the automotive PWB market, demand is expected to expand with greater automobile reliance on electronics in the medium term, with structural changes caused by new CASE (Connected, Autonomous, Shared & Services, and Electric) trends, including shifts toward automation, electrification and connected cars, in the background.

Under those circumstances, the CMK Group adopted changing our business structure to promote customer

satisfaction and create more rewarding working environment as its Medium- and Long-Term Vision. Based on the Vision, the Group will work to make employees happy and help them grow, in addition to meeting the expectations of stakeholders, by providing our products with global level of reliability to society, focusing on products in automotive powertrain, driving control and safety areas where the Group has strengths, including engines, brakes, and safety as well as other preventive devices for which high quality and reliability are required.

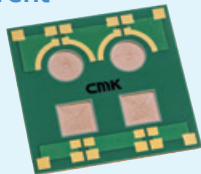
To sustain its growth after COVID-19 and the recovery of economic activities worldwide, the CMK Group will prioritize promoting structural reforms and improvement in the quality of Group companies adopted in the Medium-Term Management Plan, make all possible efforts to raise the value of Group companies, and continue stable dividends as a way to return profits to shareholders. The Group asks all shareholders for their understanding and support.

Proposing PWBs with high functionality and reliability with automation, electrification and connected cars as key words

For Power Electronics Applications

CMK-COMP series of PWBs for high heat dissipation and high current

- The series offers PWBs high in heat dissipation performance.
- The series solves problems from heat generated by mounted components.
- The series meets high current requirements using heavy copper PWBs.

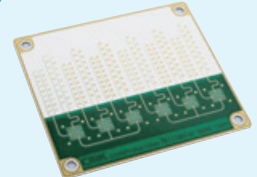


Copper-based PWB

For Automotive Sensor Applications

High frequency-compatible PWBs

- These PWBs use high accuracy, 79GHz-band sensors.
- These products meet the requirements for integrating an antenna and a controller.



High frequency-compatible PWB

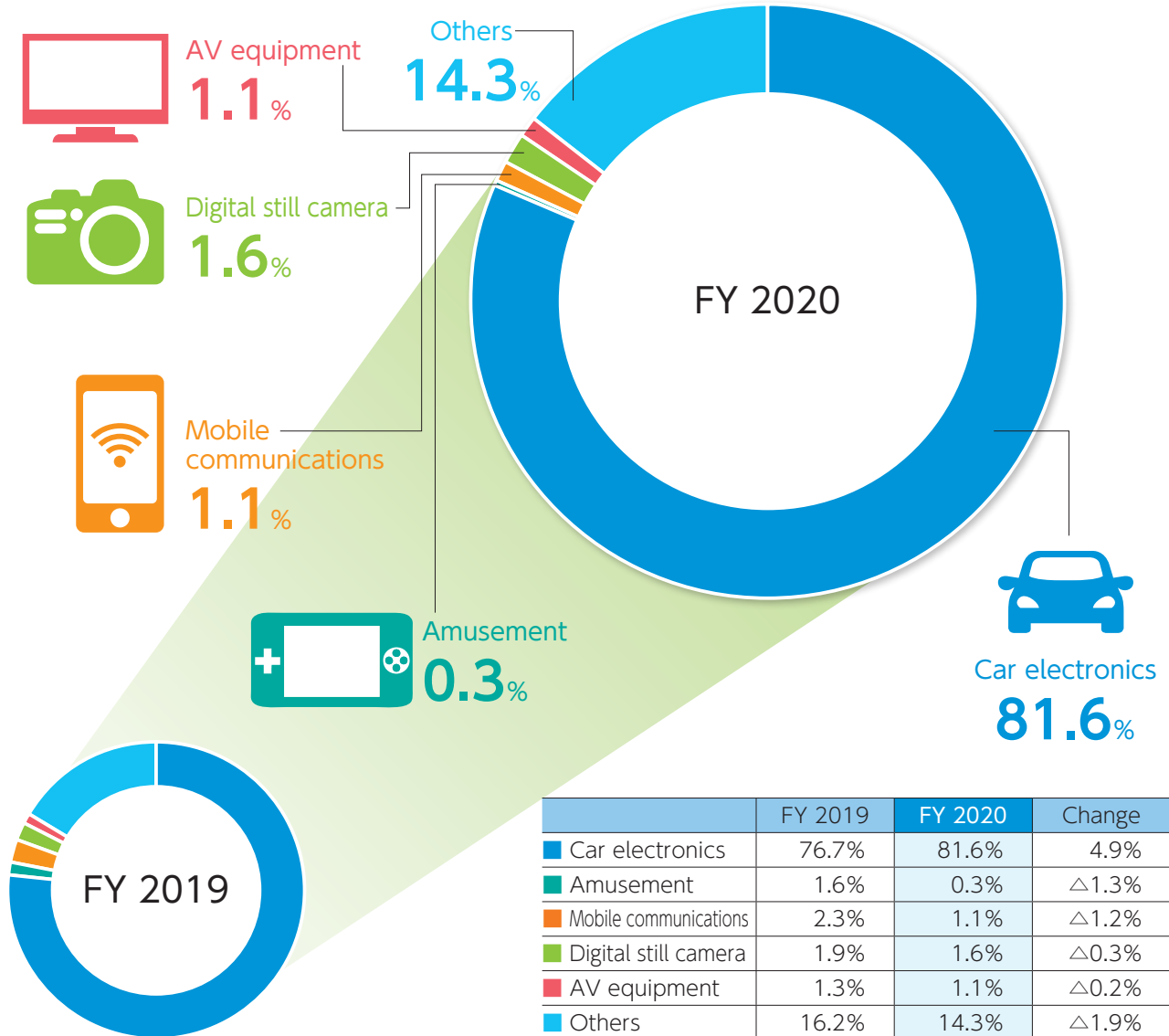
Consolidated Balance Sheet

	Millions of Yen		Thousands of U.S.Dollars
	FY2020 As of March, 2020	FY2019 As of March, 2019	FY2020 As of March, 2020
Assets			
Current assets	48,665	61,066	\$445,446
Non-current assets	47,349	44,072	433,400
Property, plant and equipment	41,052	37,503	375,762
Intangible assets	337	339	3,084
Investments and other assets	5,959	6,228	54,544
Deferred assets	29	50	265
Total assets	96,044	105,189	879,121
Liabilities			
Current liabilities	21,091	25,917	193,052
Non-current liabilities	20,020	23,422	183,249
Total liabilities	41,111	49,340	376,302
Net assets			
Shareholders' equity	48,471	50,251	443,670
Share capital	22,306	22,306	204,173
Capital surplus	16,628	16,628	152,201
Retained earnings	12,671	14,451	115,981
Treasury shares	(3,135)	(3,134)	(28,695)
Accumulated other comprehensive income	2,979	2,208	27,267
Non-controlling interests	3,480	3,389	31,853
Total net assets	54,932	55,849	502,810
Total liabilities and net assets	96,044	105,189	879,121

Consolidated Statement of Income

	Millions of Yen		Thousands of U.S.Dollars
	FY2020 For the year ended March31,2020	FY2019 For the year ended March31,2019	FY2020 For the year ended March31,2020
Net sales	82,619	90,230	\$756,237
Cost of sales	71,678	77,180	656,091
Gross profit	10,941	13,050	100,146
Selling, general and administrative expenses	9,340	9,283	85,491
Operating profit	1,601	3,767	14,654
Non-operating income	476	633	4,356
Non-operating expenses	1,285	630	11,762
Ordinary profit	792	3,770	7,249
Extraordinary income	17	207	155
Extraordinary losses	232	1,005	2,123
Profit before income taxes	577	2,972	5,281
Income taxes - current	565	602	5,171
Income taxes for prior periods	50	222	457
Income taxes - deferred	788	(101)	7,212
Profit (loss)	(826)	2,249	(7,560)
Profit attributable to non-controlling interests	301	233	2,755
Profit (loss) attributable to owners of parent	(1,128)	2,015	(10,324)

Sales by application



Introduction of a new personnel system

CMK Corporation (“CMK”) introduced a new personnel system in April 2020. This system aims to accomplish three goals—achieving fairness in personnel affairs, realizing a more rewarding working environment and evaluating employees who are working hard and achieving success. CMK will work to keep its junior and senior employees highly motivated and be capable of meeting violent changes in business conditions by shifting to a job-based salary system.

Shifting from a seniority-based salary system to a job-based one

Realizing a personnel system that rewards employees working hard and achieving success regardless of their age, gender or nationality

Establishing an executive position-based promotion system

Aimed at revitalizing organizations by training and selecting next-generation manager candidates at an early stage

Extending the retirement age to 65

Shifting from hiring senior employees from a welfare viewpoint to their practical use as capable force

Initiatives for addressing COVID-19

CMK has been taking measures based on Japanese governmental policies, attaching top priority to the safety and security of customers, employees, stakeholders and the like from the viewpoint of preventing the spread of COVID-19.

In addition, CMK donated 12,000 face masks to Xiegang Town, Dongguan City, China, through its overseas affiliate in February 2020. CMK also contributed to a charitable institution in Wuxi City in March 2020 toward the purchase of disease control supplies.



Donation of face masks



Ceremony for presenting a letter of thanks for the contribution made

Initiatives for developing new products

CMK is actively developing new products, including those that are compatible with the Advanced Driver Assistance System (ADAS), automated driving, electrification and the fifth generation mobile network (5G).

High-current PWB units

These PWB units are designed to handle an electric current of 1kA or higher in response to a shift toward high currents.

Electrification is expected to accelerate. CMK is working on making its products compatible with unprecedented high currents to address the electrification of power units for drones, flying automobiles, electric planes and the like.



Coil PWBs for motors

These are coil PWBs for brushless motors under joint research with a university.

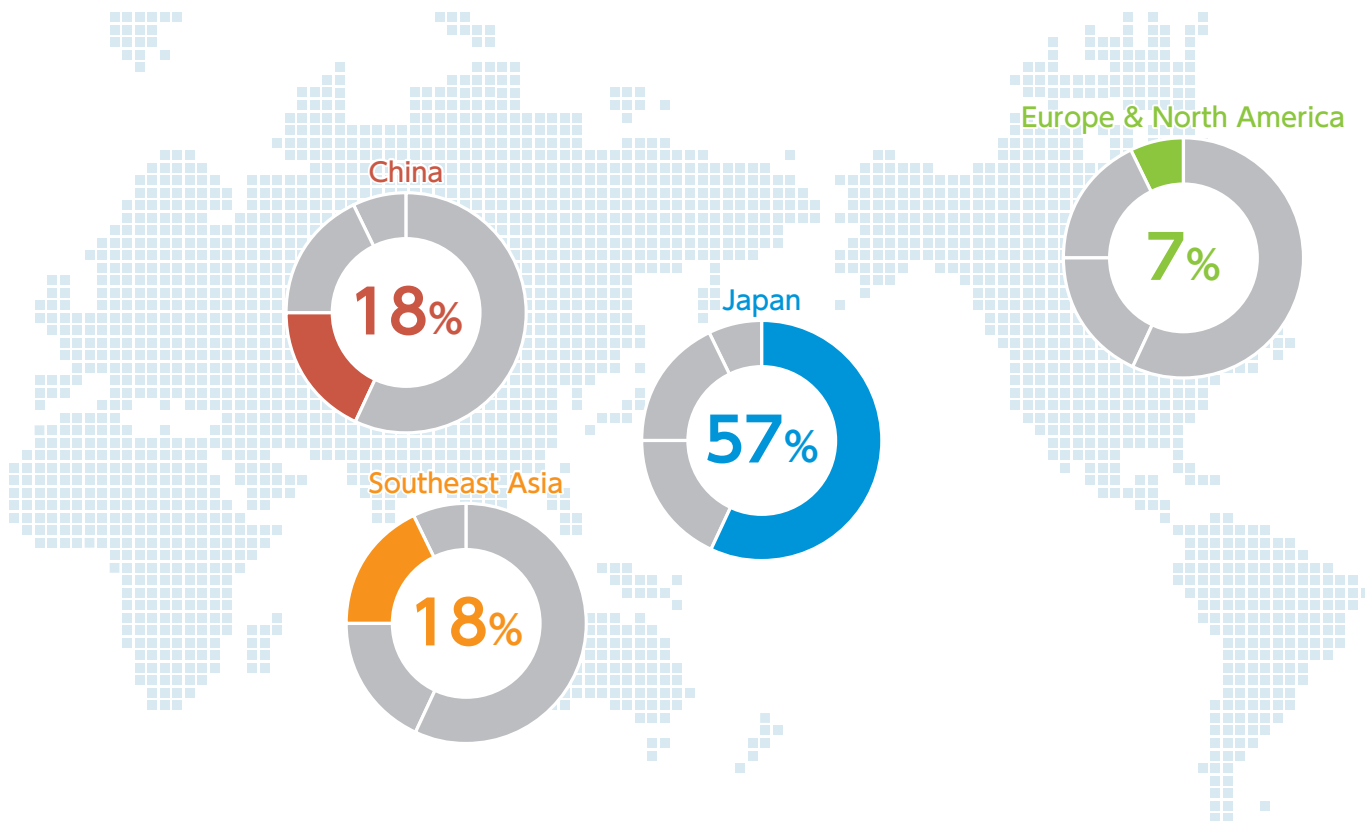
CMK is advancing their research, believing that they can contribute to solving the future issues of downsizing electric motors, reducing their weights and enhancing their efficiency.



In addition, CMK offers a broad range of related products, including products to which high-reliability Modified Semi-Additive Process (MSAP) technologies supporting ADAS technologies are applied, rigid flexible PWBs compatible with higher density, and the CMK-COMP series of products for high heat dissipation.

Operating Results by Region

■ Sales by region



Japan

Sales **¥47,216**million

(Down 8.4% year on year)

Operating loss **¥21**million

(Operating income of ¥1,961 million was posted for the segment in the previous fiscal year.)

Overview for the fiscal year

Sales for automotive products stayed at the same level as the previous fiscal year, reflecting increased automobile reliance on electronics. Net sales, however, amounted to ¥47,216 million (down 8.4% year on year), due mainly to material supply delays associated with supply chain disruption caused by Typhoon No. 19 and a production decrease that resulted from the delays, in addition to lower sales for mobile communications and amusement products. Looking at profits, operating loss for the segment totaled ¥21 million (compared with operating income of ¥1,961 million posted in the previous fiscal year), reflecting factors such as the net sales fall and a lower operating rate for manufacturing plants.

China

Sales **¥14,891**million

(Down 11.3% year on year)

Operating income **¥1,904**million

(Operating income of ¥1,620 million was posted for the segment in the previous fiscal year.)

Overview for the fiscal year

Automotive product sales dropped under the adverse effects of the automobile sales decrease in China. Sales also plunged for products for amusement use. As a result, net sales for the segment was ¥14,891 million (down 11.3% year on year). Looking at profits, operating income amounted to ¥1,904 million (up 17.5% year on year), due to factors including productivity improvement and the depreciation of the renminbi against the U.S. dollar.

Southeast Asia

Sales **¥14,676**million

(Down 1.2% year on year)

Operating loss **¥15**million

(Operating income of ¥273 million was posted for the segment in the previous fiscal year.)

Overview for the fiscal year

CMK's automotive product sales decreased mainly due to sluggish automobile sales in Thailand including exports. As a result, net sales for the segment amounted to ¥14,676 million (down 1.2% year on year). Looking at profits, the operating loss came to ¥15 million (compared with operating income of ¥273 million posted in the previous fiscal year), reflecting a heavy cost burden associated with investments to increase production in Thailand.

Europe & North America

Sales **¥5,835**million

(Down 17.4% year on year)

Operating income **¥313**million

(Operating income of ¥409 million was posted for the segment in the previous fiscal year.)

Overview for the fiscal year

CMK's automotive product sales sank chiefly because of sluggish unit sales of automobiles in the United States. As a result, net sales for the segment totaled ¥5,835 million (down 17.4% year on year). Looking at profits, operating income amounted to ¥313 million (down 23.4% year on year), as a result of the net sales decline.

Name of listed company CMK CORPORATION
(Securities code no.: 6958)

Date of establishment February 25, 1961

Capital ¥22,306,203,140

Number of employees 1,243 (Group total 4,851)

Executives (as of August 1, 2020)

Board of Directors

President and CEO	Isao Osawa
Executive Director and CCO	Akira Kurosawa
Director and Executive Officer	Hiroshi Hanaoka
Director and Executive Officer	Takahiro Shirai
Director	Tsuyoshi Ukyo
Director	Rika Sato
Director	Mitsuru Kaitoh

Board of Corporate Auditors

Standing Corporate Auditor	Masashi Koike
Corporate Auditor	Yukio Otaka
Corporate Auditor	Akihiro Kakizaki

Executive Officers

Senior Executive Officer	Masayoshi Hagiwara
Executive Officer	Kouichi Amimoto
Executive Officer	Yoshiaki Ishizaka
Executive Officer	Masanori Kawashima
Executive Officer	Masaya Kuriyama
Executive Officer	Seiichi Kobayashi
Executive Officer	Yasuhiko Takahashi
Executive Officer	Toshikazu Fujino
Executive Officer	Yoshihisa Yamaguchi

Primary Consolidated Subsidiaries (As of April 1, 2020)

■ **Japan**

- CMK Products Corporation

■ **Overseas** (As of August 1, 2020)

- CMK ASIA (PTE.) LTD.
- CMKM SDN.BHD.
- CMK CORPORATION (THAILAND) CO.,LTD.
- CMKC (HK) LIMITED
- CMKC (SHENZHEN). LTD.
- CMKC (DONG GUAN) LTD.
- CMK ELECTRONICS (WUXI) CO., LTD.
- CMK EUROPE N.V.
- CMK AMERICA CORPORATION

Our Website

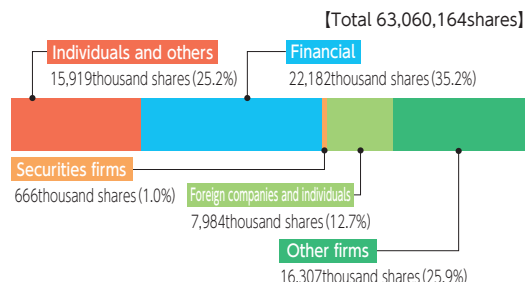
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| ■ PRODUCT | ■ IR INFO | ■ COMPANY |
| ■ CSR | ■ RECRUIT | ■ TOPICS |

We disclose detailed information on this website.



Total number of shares authorized 227,922,000
 Total number of shares issued and outstanding 63,060,164
 Number of shareholders 7,104
 Share trading unit 100

Shareholder Breakdown



Major shareholders (10 largest)

Shareholders	Number of shares held (thousands)	Percentage (%)
Kyoden Area Net KK	4,638	7.8
The Master Trust Bank of Japan, Ltd. (Trust account)	3,953	6.6
Takahiro Nakayama	2,975	5.0
Mizuho Bank, LTD.	2,576	4.3
The Foundation for Technology Promotion of Electronic Circuit Board	2,500	4.2
Japan Trustee Services Bank, Ltd. (Trust account 9)	2,275	3.8
Japan Trustee Services Bank, Ltd. (Trust account)	2,040	3.4
The Dai-ichi Life Insurance Company, Limited	1,895	3.2
Akiharu Nakayama	1,891	3.1
Hiroshi Hashimoto	1,890	3.1

Note: 1. Although the Company holds 3,864,028 shares of treasury stock, it is not included in the above list of major shareholders.
 2. Treasury shares were excluded in calculating the shareholding ratios.

Shareholders Memo

Fiscal year: April 1 through March 31 of the following year

Regular general meeting of shareholders: Held in June each year

Date of record for end-of-year dividends: March 31

Date of record for mid-year dividends: September 30

Notification method: Electronic notification (company website at <https://www.cmk-corp.com>).

If notification cannot be made electronically, it will be made using the Nihon Keizai Shimbun.

Transfer agent: Mizuho Trust & Banking Co., Ltd.
 1-2-1, Yaesu, Chuo-ku, Tokyo, Japan
 Stock Transfer Agency Business Planning Department

Contact address: Mizuho Trust & Banking Co., Ltd.
 8-4 Izumi 2-chome, Suginami-ku, Tokyo 168-8507
 ☎ 0120-288-324



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