



# FY2022 1st Half Investor Briefing

**CREATIVE CONNECTIVITY**

—Challenge, Creativity, Solutions

SMK Corporation (6798)

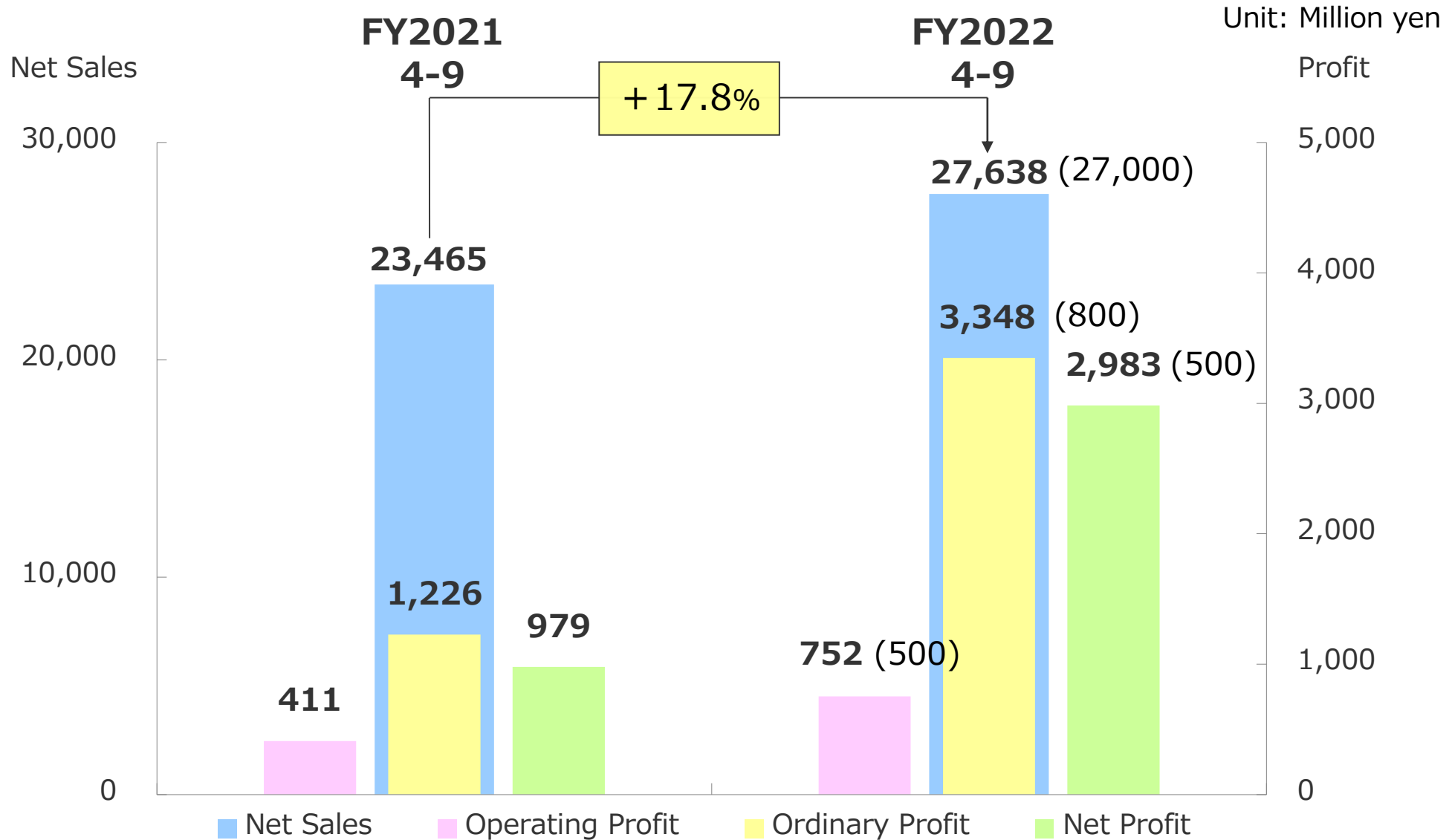
November 11, 2022

**FY2022 2Q**

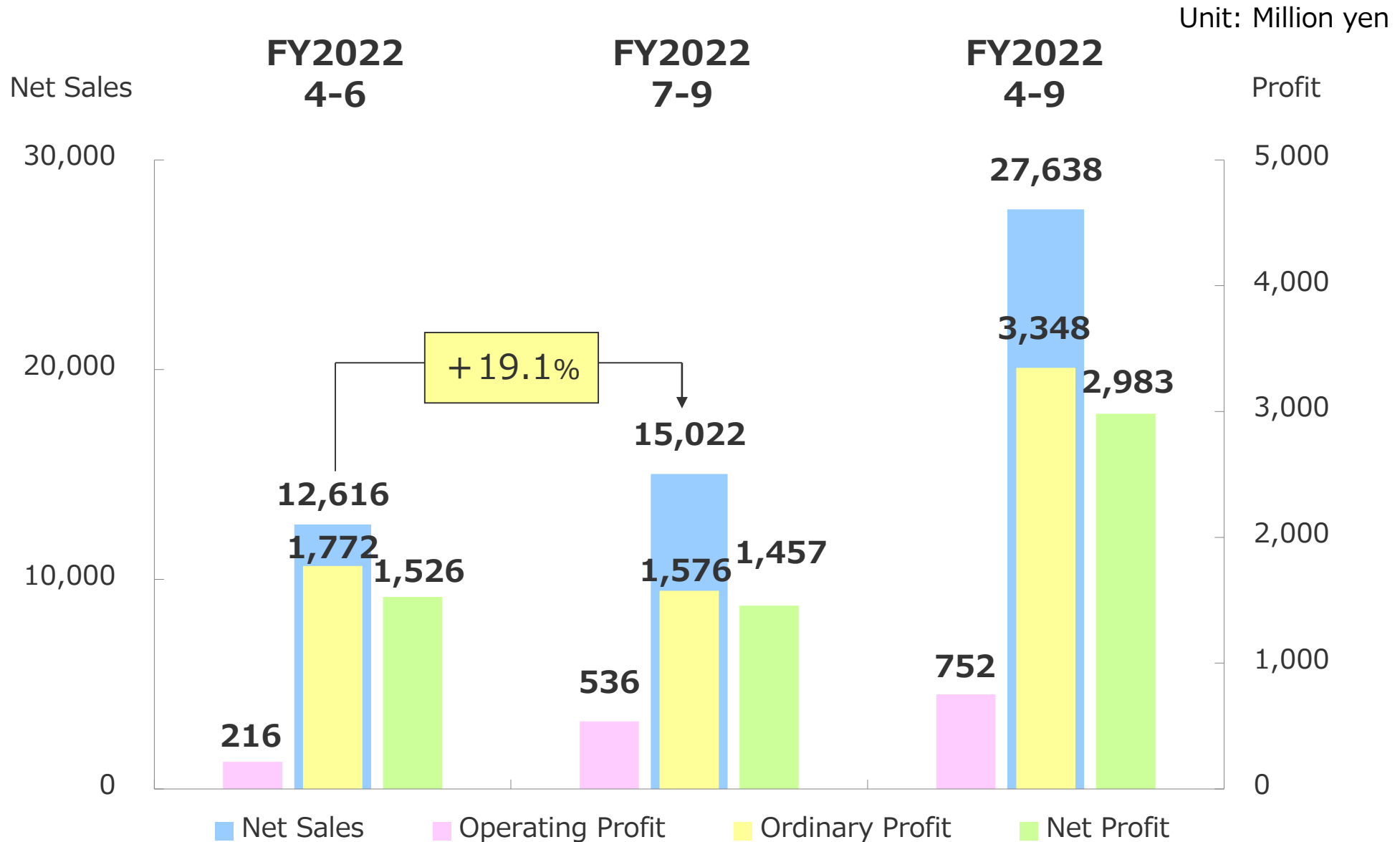
# **Outline of Financial Statement**

Executive Vice President and CFO

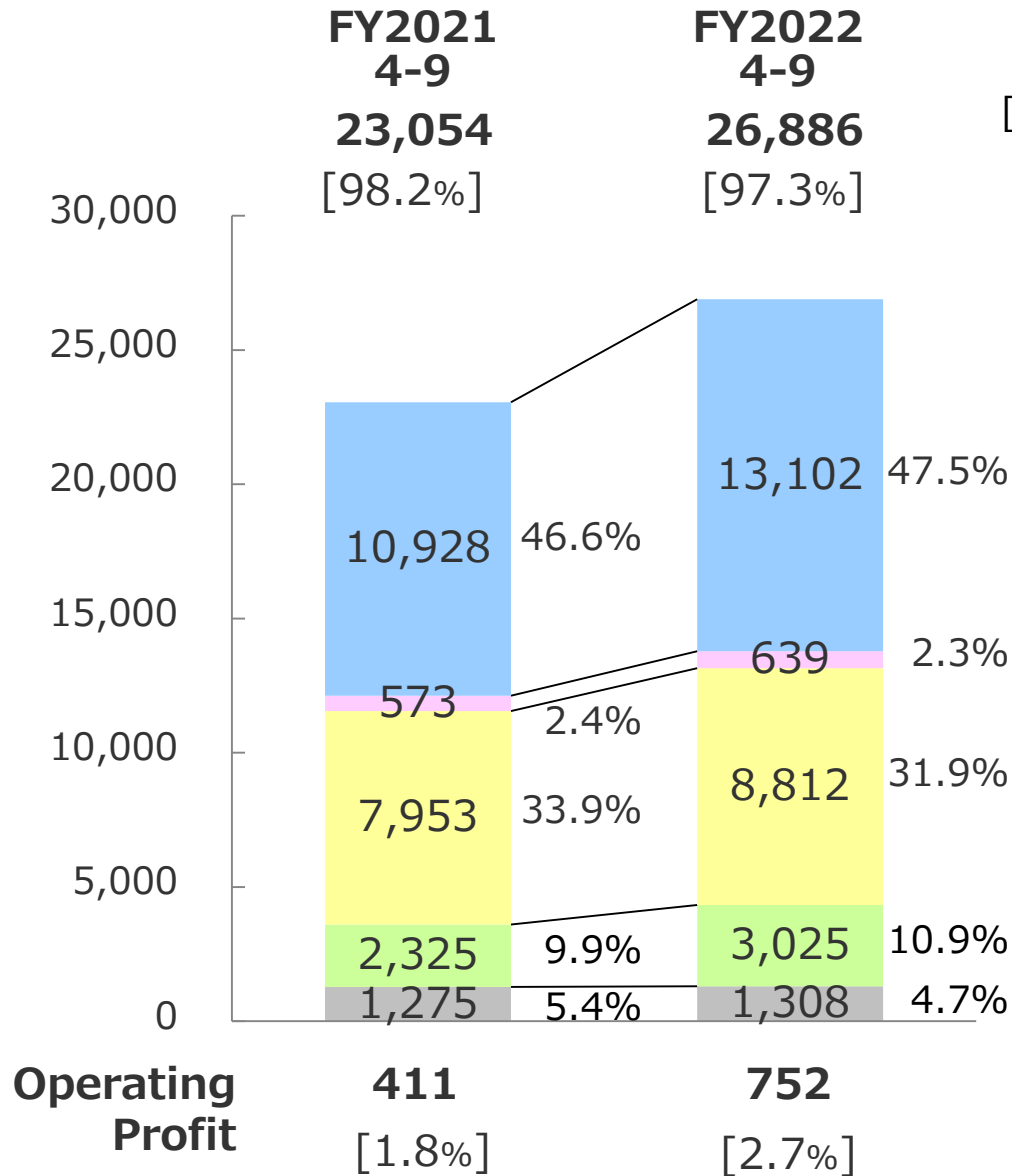
**KOHEI OHGAKI**



Figures in (parentheses) are initial forecasts published in April 2022.



Unit: Million yen



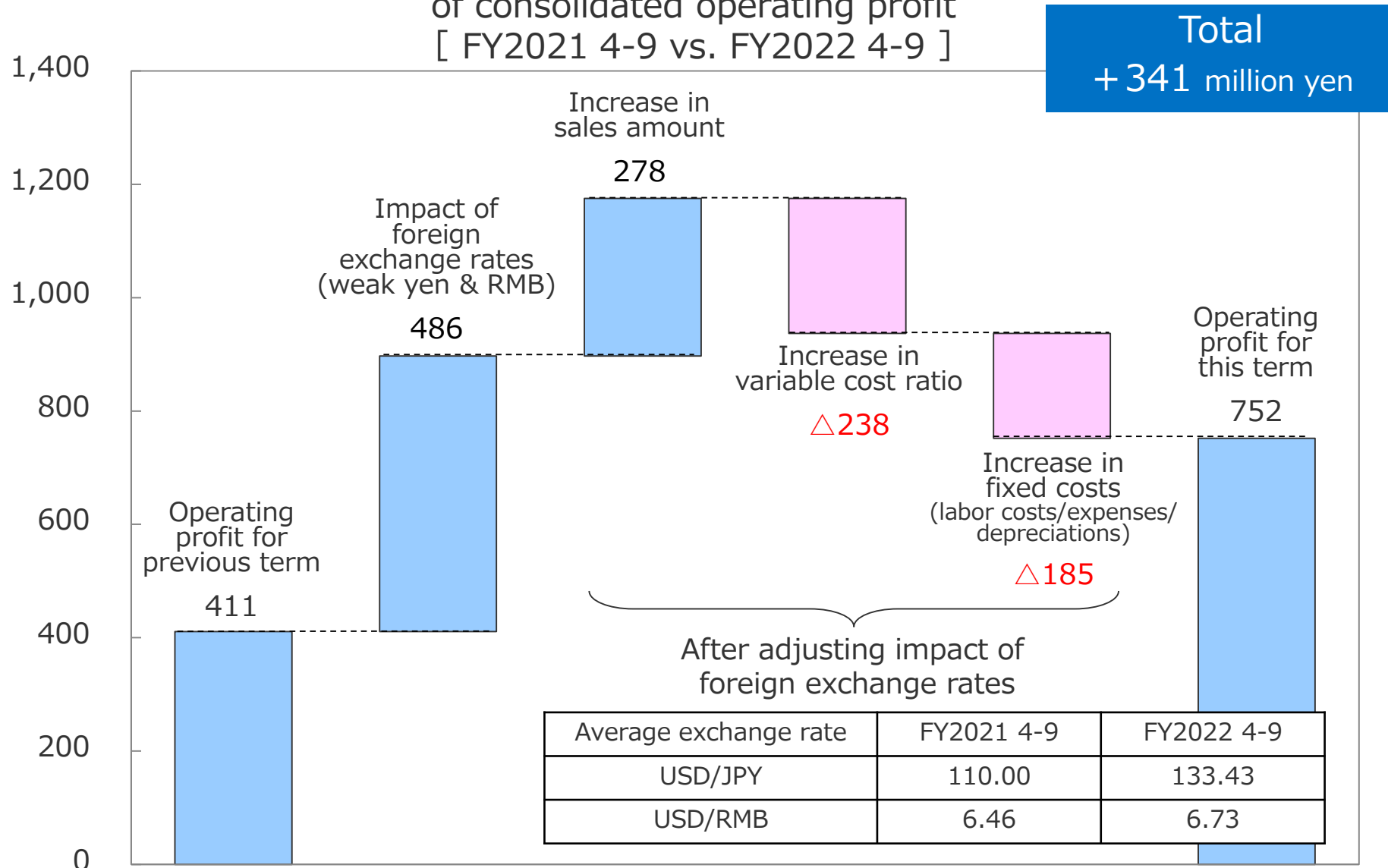
[ ]: Sales Ratio

- Material costs
- Amount paid to subcontractors
- Labor costs
- Expenses
- Depreciations

- Raised by 0.8%  
in ratio of material costs &  
amount paid to subcontractors  
49.0% → 49.8%
- Improved by 1.0%  
in ratio of labor costs & expenses  
43.8% → 42.8%

## Analysis of factors for increase/decrease of consolidated operating profit [ FY2021 4-9 vs. FY2022 4-9 ]

Unit: Million yen

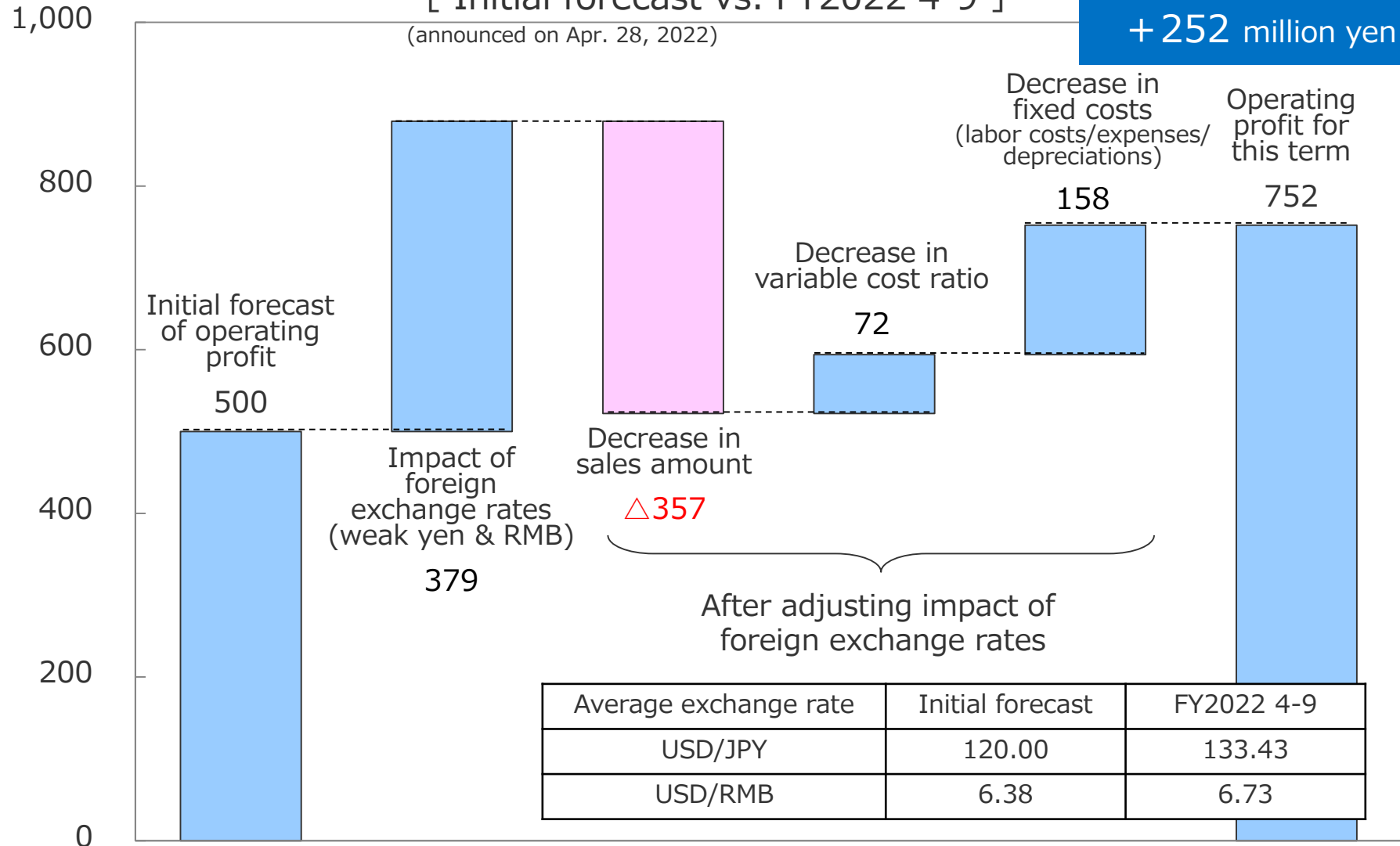


After adjusting impact of foreign exchange rates

Average exchange rate	FY2021 4-9	FY2022 4-9
USD/JPY	110.00	133.43
USD/RMB	6.46	6.73

## Analysis of factors for increase/decrease of consolidated operating profit [ Initial forecast vs. FY2022 4-9 ]

Unit: Million yen



Unit: Million yen

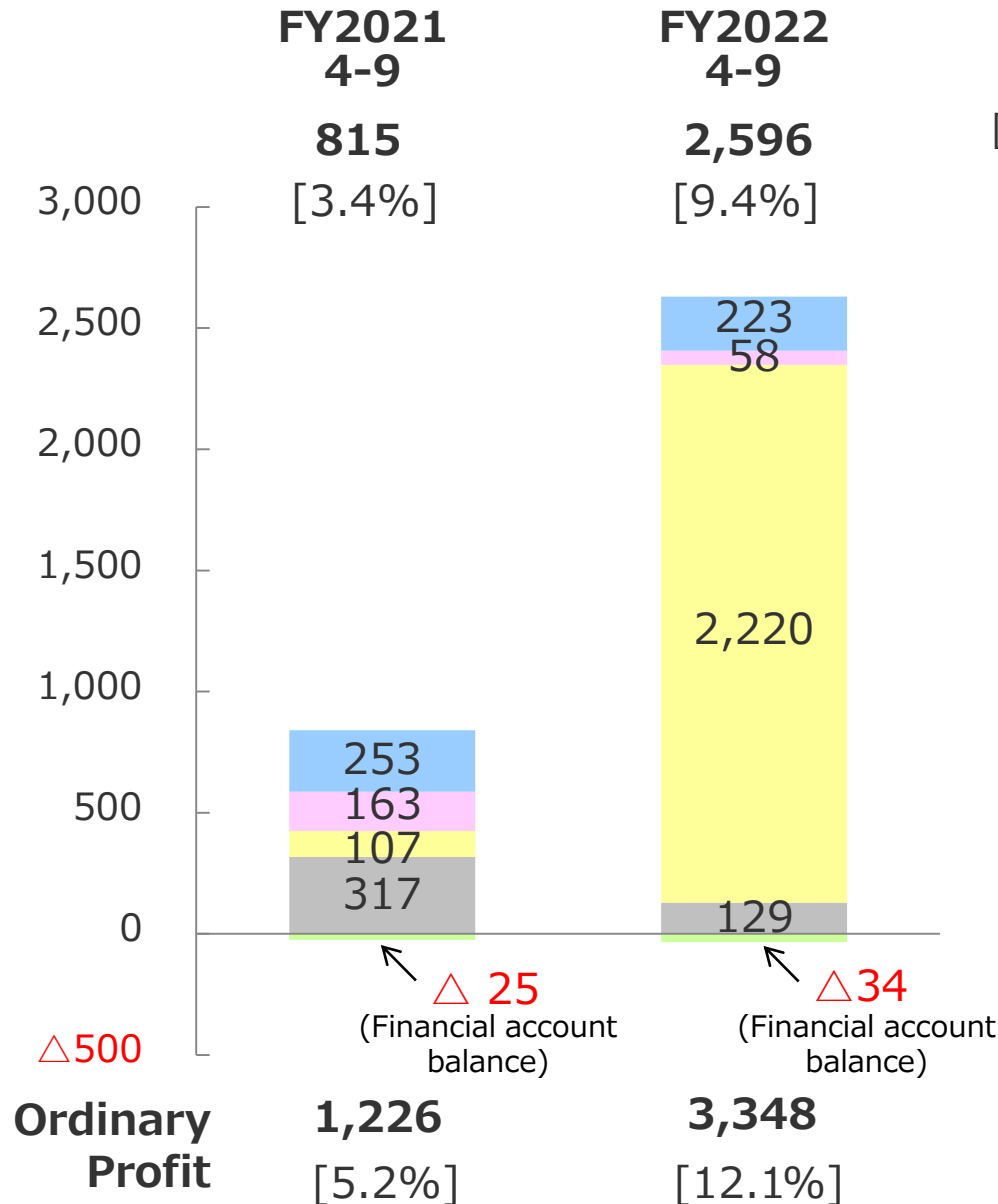
[ ]: Sales Ratio

- Revenue from and expenditure to real estates
- Employment adjustment subsidy
- Foreign exchange profit/loss
- Financial account balance
- Others

Foreign exchange profit 107 → 2,220

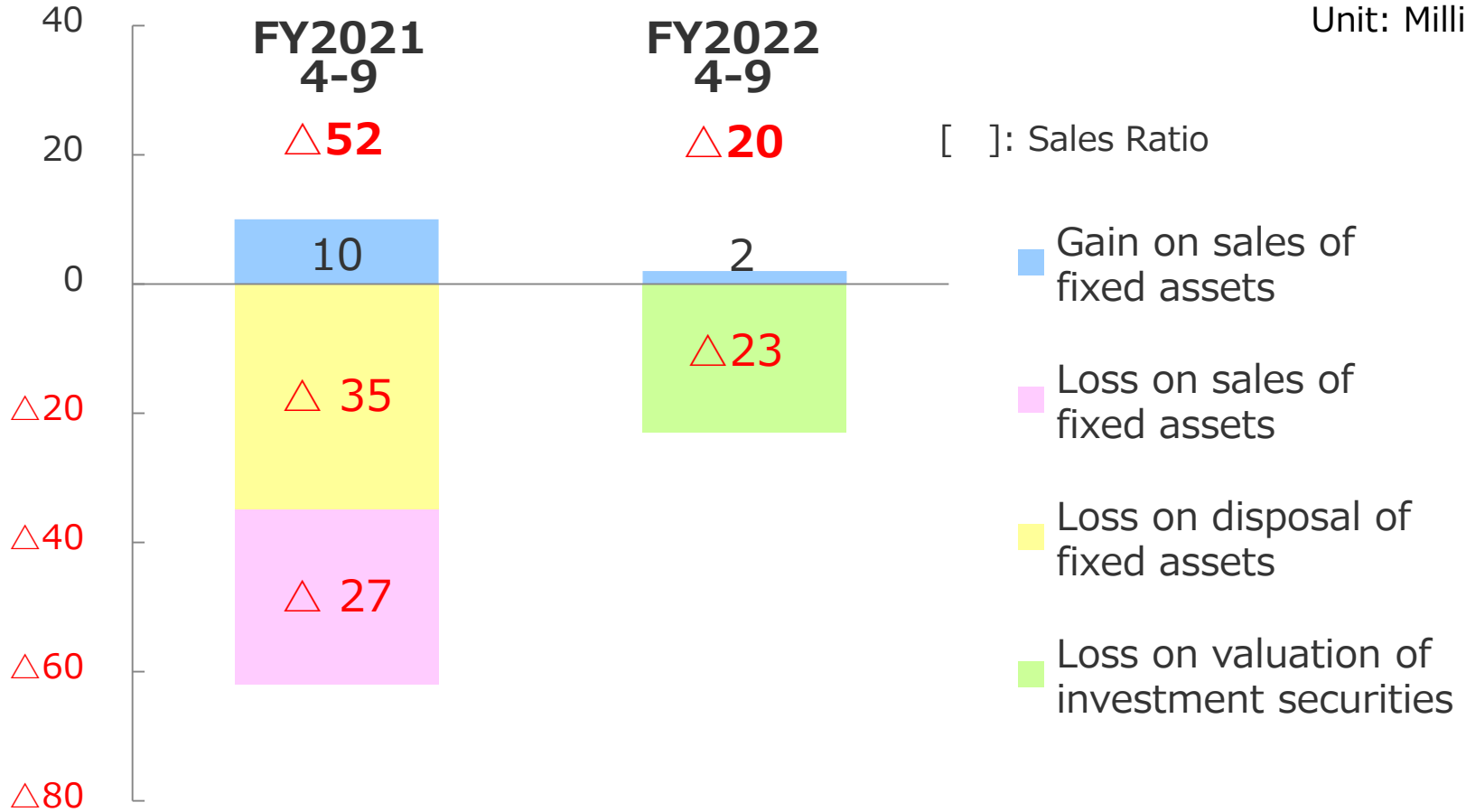
Exchange rates at the beginning vs. at the end of the term

	FY2021 4-9	FY2022 4-9
USD/JPY	Yen weakened by 1.21	Yen weakened by 22.42
USD/RMB	Yuan strengthened by 0.10	Yuan weakened by 0.75





Unit: Million yen



Profit before taxes	1,174	3,328
Income taxes	△195	△344
<b>Net Profit</b>	<b>979</b>	<b>2,983</b>
	[4.2%]	[10.8%]

## FY2022 4-9

Unit: Million yen

	Reporting Segment				Others*	TOTAL
	CS Division	SCI Division	R&D Center	Total		
Net Sales	10,786	16,694	155	27,636	2	27,638
Operating Profit/Loss (△)	644	203	△96	752	0	752

## FY2021 4-9

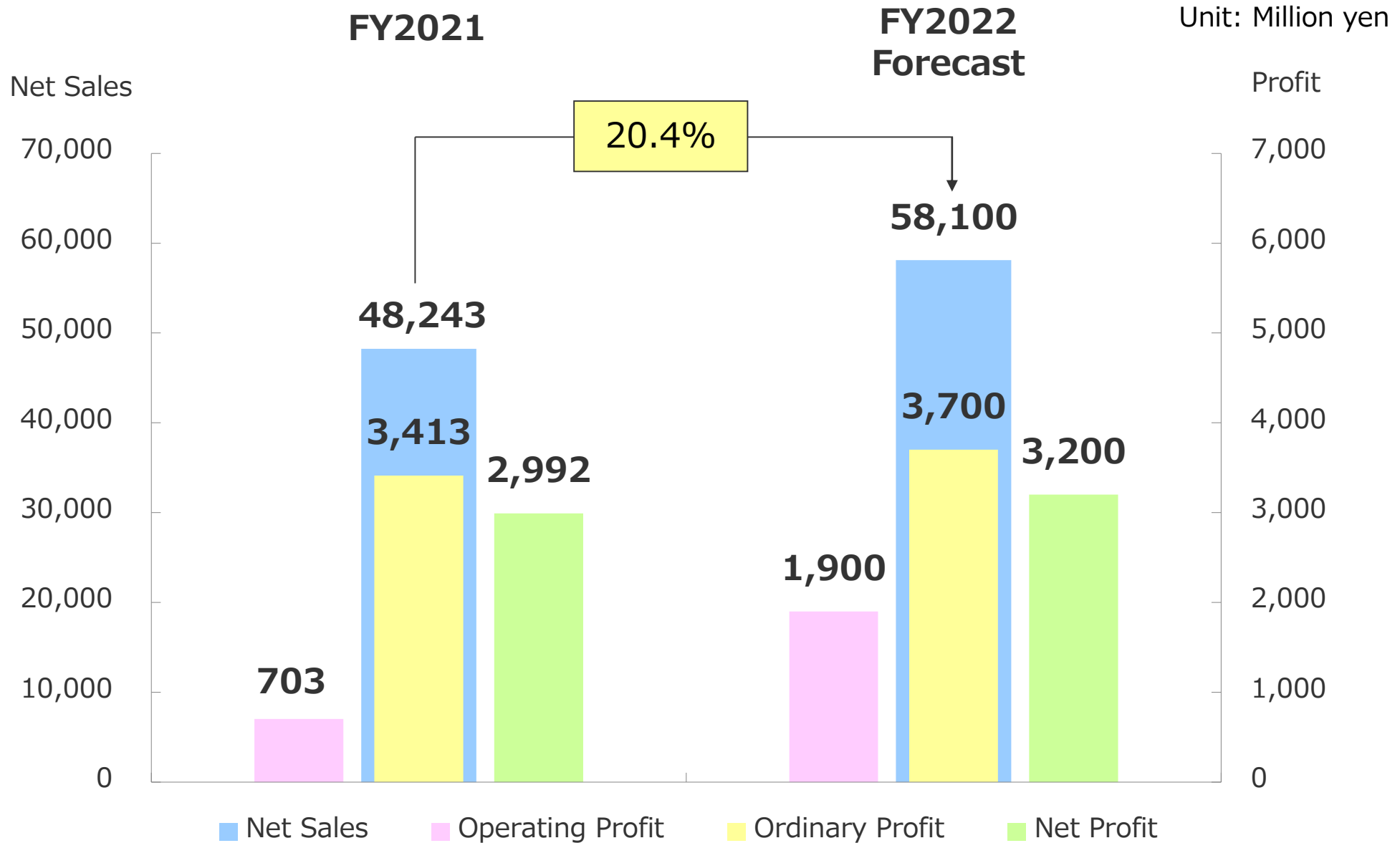
	Reporting Segment				Others*	TOTAL
	CS Division	SCI Division	R&D Center	Total		
Net Sales	10,155	13,159	147	23,462	3	23,465
Operating Profit/Loss (△)	677	△154	△112	410	0	411

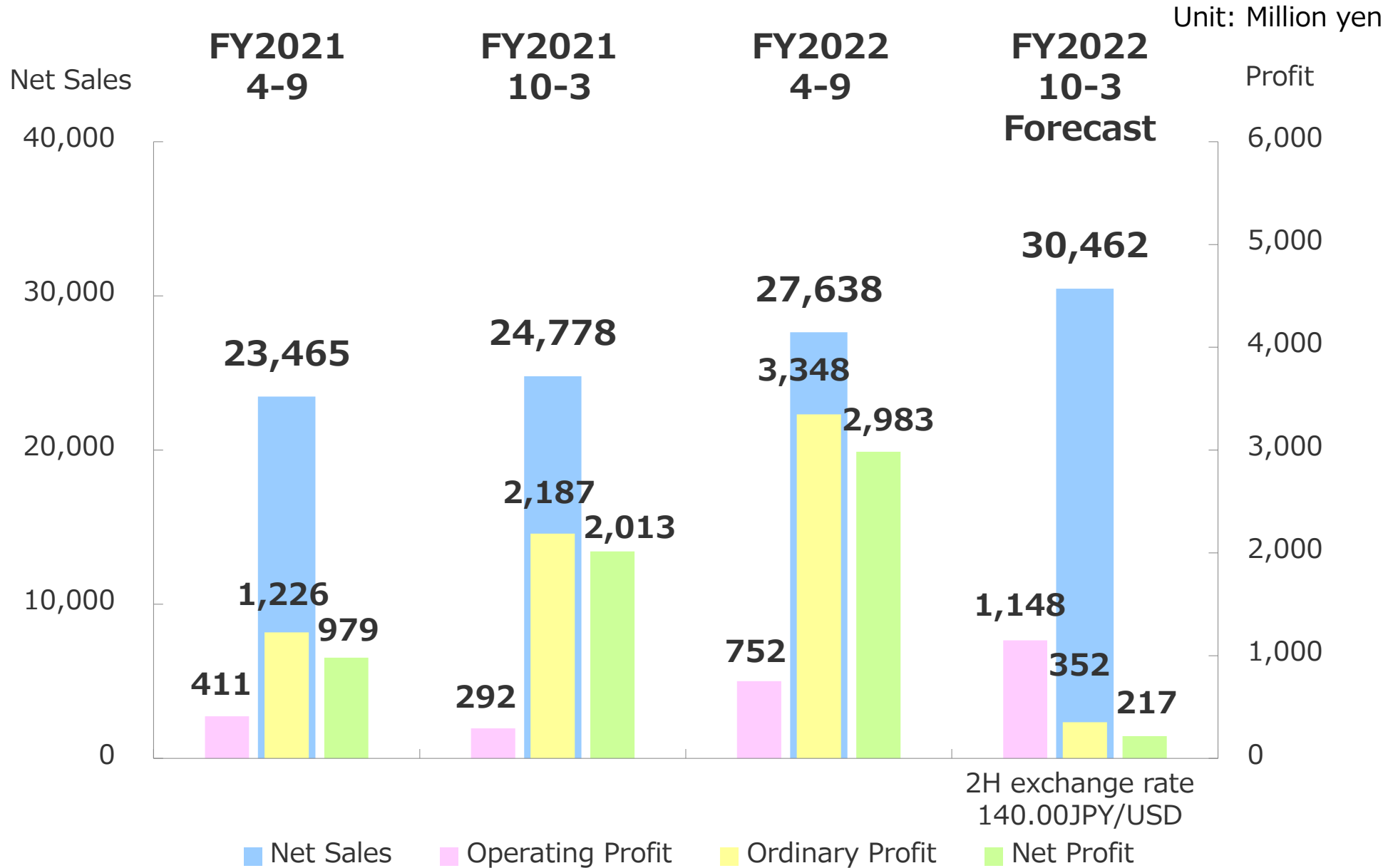
\*Others: Other components business, lease, real-estate rental, and worker dispatching undertaking

Upper row: Percentage to net sales  
 Lower row: Increase (decrease)  
 ratio to FY2021

### Forecast of consolidated operating results for FY 2022 (Full-year)

Disclosed on	Net Sales		Operating Profit		Ordinary Profit		Net Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Apr. 28, 2022	55,000	100.0 14.0	1,500	2.7 113.1	2,000	3.6 △41.4	1,400	2.5 △53.2
Oct. 25, 2022 New	58,100	100.0 20.4	1,900	3.3 169.9	3,700	6.4 8.4	3,200	5.5 6.9





Unit: Million yen

	Mar. 2022 (A)	Sept. 2022 (B)	Differential (B-A)
<b>Assets</b>	54,794	59,295	4,501
Cash and cash equivalents	8,555	9,790	1,235
Accounts receivable	12,800	14,482	1,682
Inventories	9,545	10,946	1,401
Fixed assets	23,063	23,028	△35
<b>Liabilities</b>	24,150	25,606	1,456
Accounts payable and accrued expenses	6,977	7,101	124
Interest-bearing debt	12,608	13,791	1,183
<b>Net assets</b>	30,643	33,689	3,046
Common stock	7,996	7,996	-
<b>Capital adequacy ratio</b>	55.9%	56.8%	0.9%

Unit: Million yen

	FY2021 4-9	FY2022 4-9
Cash flow from operating activities	1,495	1,816
Working capital	△802	△1,985
Profit before taxes	1,174	3,328
Depreciation	1,372	1,393
Others	△249	△920
Cash flow from investing activities	△1,010	△887
Free cash flow	485	929
Cash flow from financing activities	△899	631
Increase/decrease in interest-bearing debt	△274	1,068
Increase/decrease in treasury stock	△303	△1
Dividends paid	△322	△436
Initial balance	8,742	8,505
Final balance	8,333	9,736

	At second quarter end	At fiscal year end	Annual
FY2021 Result	0.00 yen	70.00 yen	70.00 yen
FY2022 Result	<u>0.00 yen</u>	—	—
FY2022 Forecast	—	<u>90.00 yen</u>	<u>90.00 yen</u>



# FY2022 Prospect

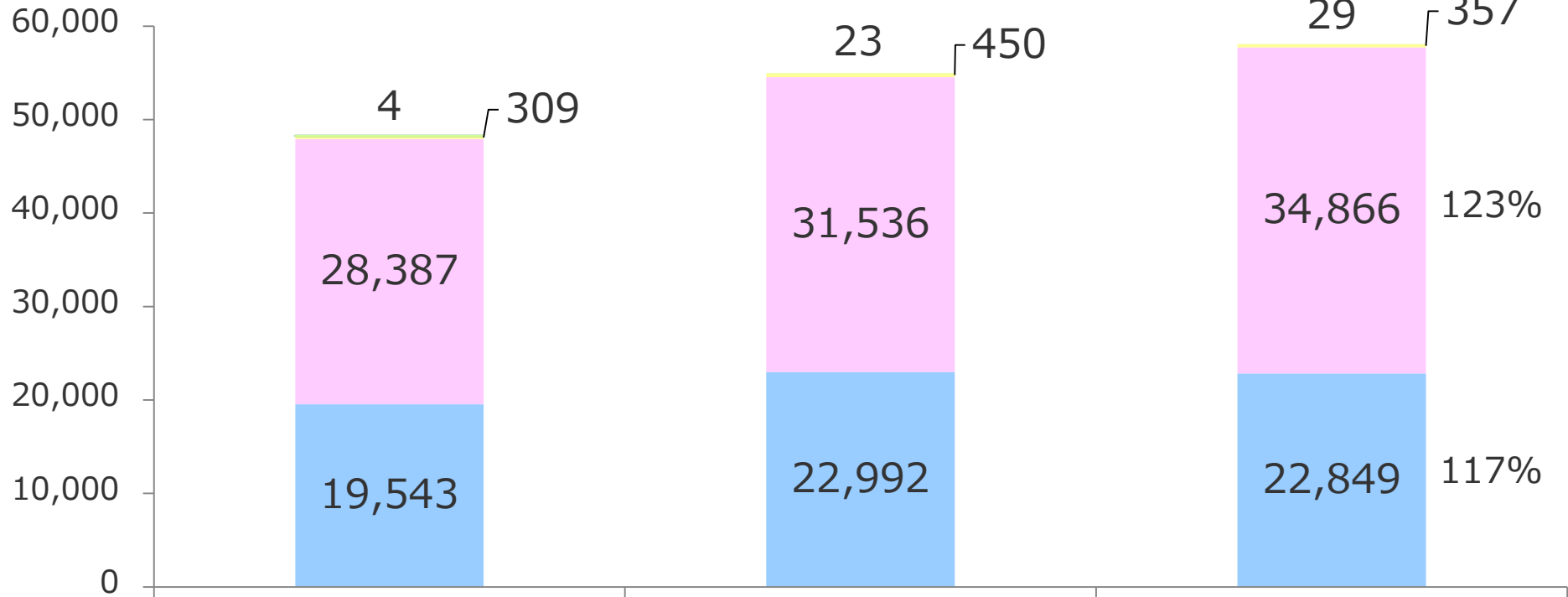
President, CEO and COO

**YASUMITSU IKEDA**

# Net Sales by Product Div. (FY2021-FY2022)

Unit: Million yen

%, Compared to previous term



FY2021 Result

FY2022/Apr  
Initial Forecast

FY2022/Oct  
Revised Forecast

Exchange rate

112.55JPY/USD

120.00JPY/USD

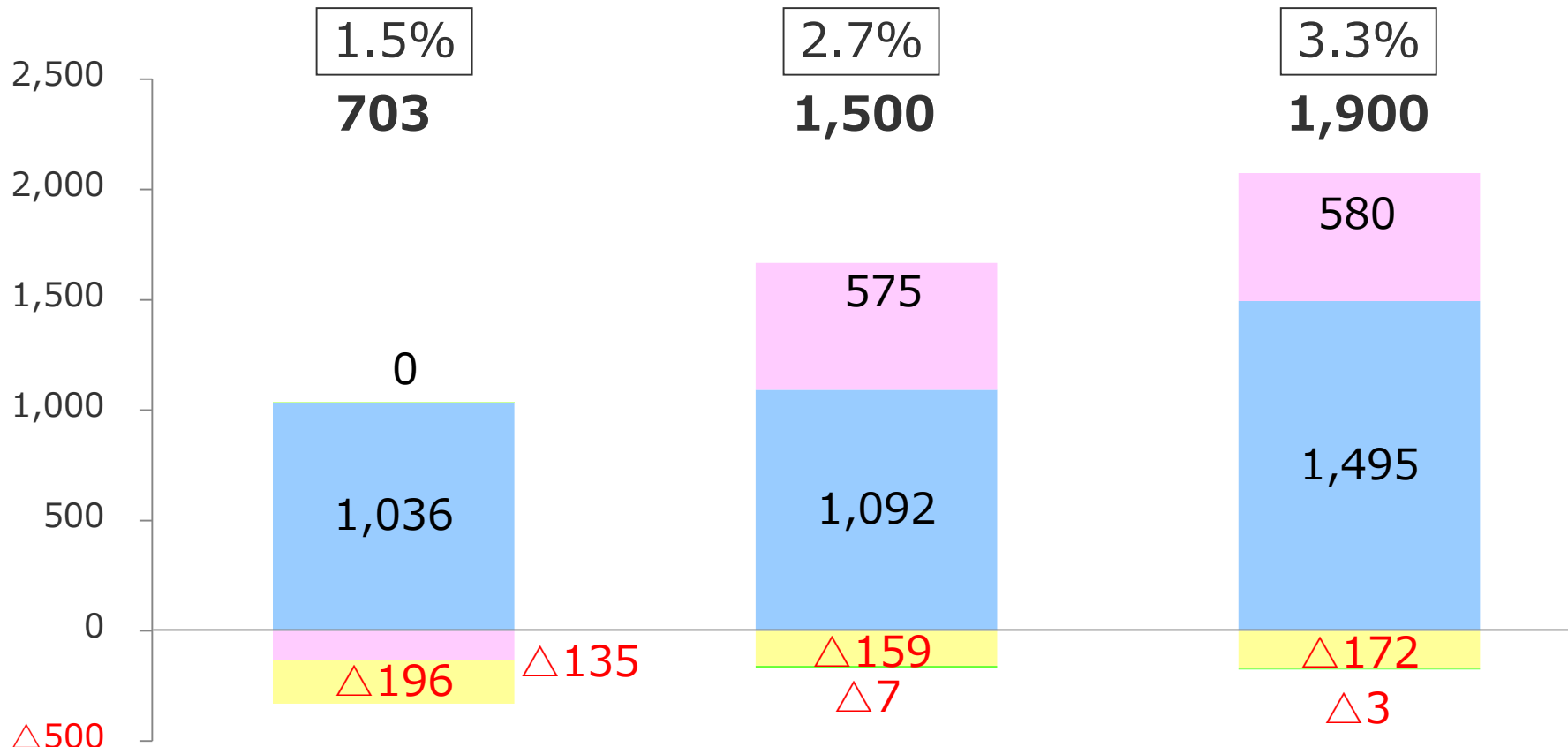
1H: 133.43JPY/USD  
2H: 140.00JPY/USD

CS SCI R&D Others

# Operating Profit by Product Div. (FY2021-FY2022)

Unit: Million yen

Profitability (%)=Profit/Sales



FY2021 Result

FY2022/Apr Initial Forecast

FY2022/Oct Revised Forecast

Exchange rate

112.55JPY/USD

120.00JPY/USD

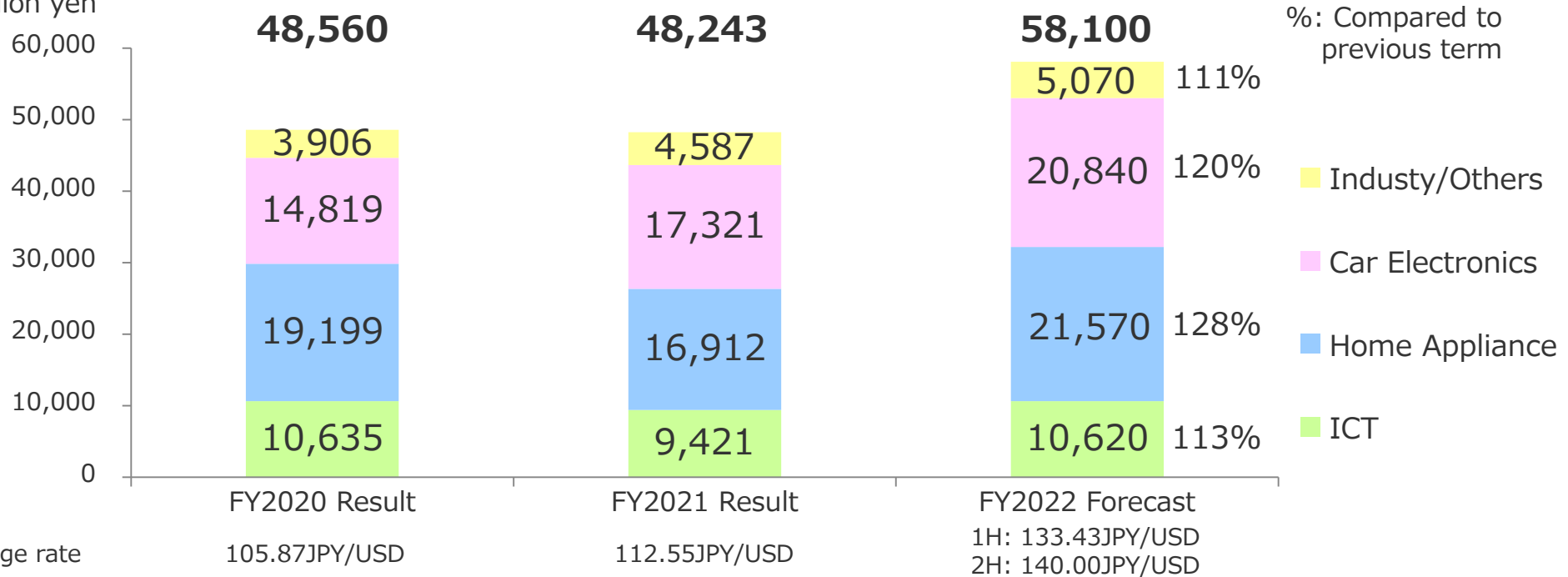
1H: 133.43JPY/USD  
2H: 140.00JPY/USD

CS SCI R&D Others

# Reference: Net Sales by Market (FY2020-FY2022)

20/25

Unit: Million yen



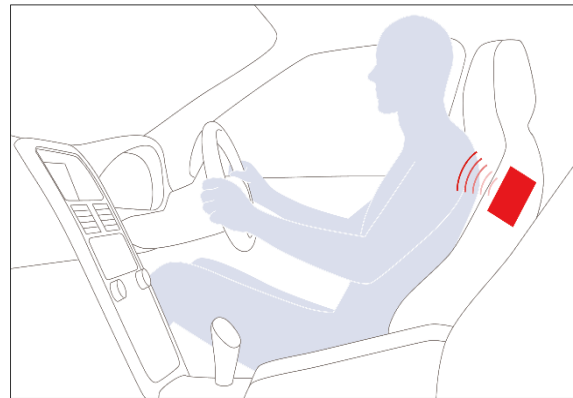
	ICT	Home Appliance	Car Electronics	Industry/Others
<b>FY2022 Factors for Increase/Decrease (vs. FY2021)</b>	<ul style="list-style-type: none"> <li>+ Connectors for tablets</li> <li>- Connectors and switches for smartphones</li> <li>- Connectors and switches for wearables</li> </ul>	<ul style="list-style-type: none"> <li>+ Remote controls for air conditioners, sanitary, and smart appliances</li> <li>+ Remote controls and units for housing equipment</li> <li>+ Connectors for gaming devices</li> <li>- Remote controls for STBs</li> </ul>	<ul style="list-style-type: none"> <li>+ Camera connectors</li> <li>+ Connectors for electrical devices</li> <li>+ Camera modules</li> <li>+ Control units</li> <li>+ Touch sensors</li> </ul>	<ul style="list-style-type: none"> <li>+ Remote controls for photovoltaic systems</li> <li>+ Sub-GHz modules for LED lighting</li> <li>- Touch sensors for all-in-one printers</li> </ul>
<b>FY2022 Key Target</b>	<ul style="list-style-type: none"> <li>- Smartphone/tablet</li> <li>- 5G</li> <li>- Wearable</li> <li>- VICs in China and the U.S.</li> </ul>	<ul style="list-style-type: none"> <li>- White goods</li> <li>- Housing equipment</li> <li>- Gaming device</li> <li>- Smart home</li> </ul>	<ul style="list-style-type: none"> <li>- ADAS</li> <li>- V2X</li> <li>- EV/PHEV</li> <li>- TCU</li> </ul>	<ul style="list-style-type: none"> <li>- Renewable energy</li> <li>- Office equipment</li> <li>- Healthcare</li> <li>- LPWA</li> </ul>

1. Conduct business operation to agilely cope with change in business environments.
2. Expand business with high-value-added products & solutions and Enhance corporate structure.
3. Strengthen ESG management.

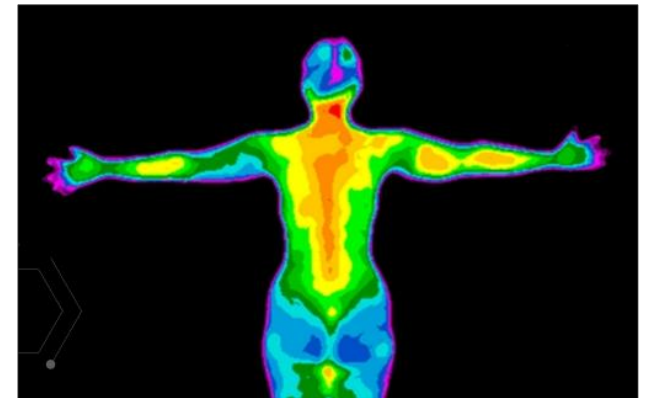
Technology	Partner(s)	Mass Production
UWB type monitoring sensor	EchoCare (Israel)	from FY2023
Radar-based vital sensor (for automotive/consumer use)	- undisclosed -	from FY2025
Analysis of illness and emotions through speech	National Cerebral and Cardiovascular Center, Canary Speech (U.S.)	from FY2023
Easy deep body temperature measurement	- undisclosed -	from FY2024



UWB type monitoring sensor



Radar-based vital sensor (for automotive use)



Easy deep body temperature measurement

Launched new pages “Approach to Open Innovation” on the SMK website.

(Japanese: Published on Sept. 15, English: under preparation)

[https://www.smk.co.jp/mktsp/openinnovation/open\\_innovation/](https://www.smk.co.jp/mktsp/openinnovation/open_innovation/)

## 1. Install solar panels

★ Start of operation

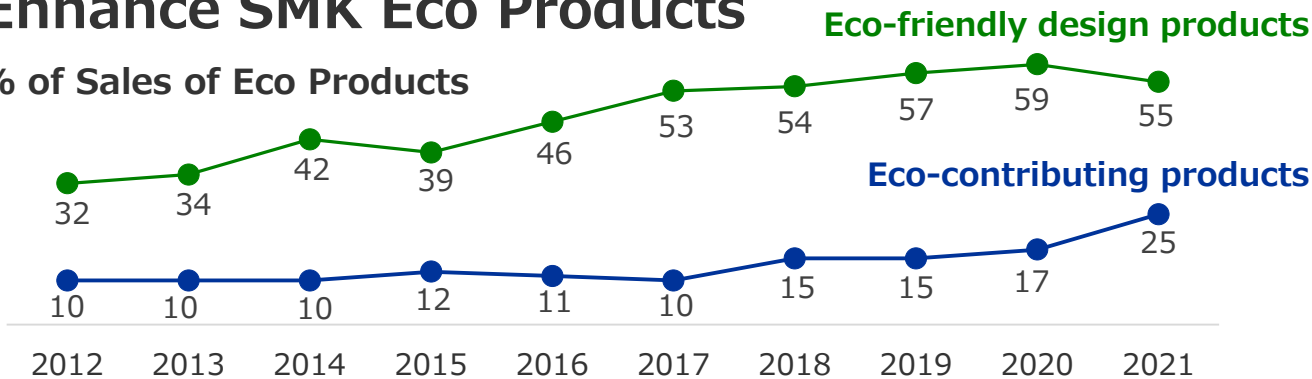
Sites	FY2022	FY2023
Toyama Works	Feb. 2023 ★	
Hitachi Works Bldg. 2	Feb. 2023 ★	
Hitachi Works Bldg. 1	May 2023 ★	
SMK Philippines	July 2023 ★	
SMK Malaysia	Sept. 2023 ★	
Head Office		Mar. 2024 ★



Rendering (Toyama Works)

## 2. Enhance SMK Eco Products

% of Sales of Eco Products



Connectors for LED lighting



Connectors for photovoltaic module

**Eco-friendly design products:** SMK products that meet SMK's internal standards for energy conservation and higher efficiency, resource conservation, environmental protection and eco-friendliness, and reduced load on manufacturing processes.

**Eco-contributing products:** SMK products used in products for environmental markets as defined by internal standards.

## 3. Launched a new web page for TCFD-aligned disclosure

“Response to TCFD” (Published on May 30) <https://www.smk.co.jp/csr/tcf/>

	Exhibition	Date	Venue
In-house	SMK Advanced Development Technology Show 2022	Nov. 2–Dec. 12	Head Office Annex
Japan	Automotive Engineering Exposition 2022	May 25–27	PACIFICO Yokohama
	Smart Sensing 2022	June 15–17	Tokyo Big Sight
	5th Smart House Expo	Sept. 28–30	INTEX Osaka
Others	EuroBike2022	July 13–17	Frankfurt, Germany 
	2nd North América Automotive B2B Meeting 2022	June 15–17	Aguascalientes, Mexico 
	International Suppliers Fair (IZB)	Oct. 11–13	Wolfsburg, Germany 
	CES2023	Jan. 5–8	Nevada, U.S.A. 



SMK Advanced Development Technology Show 2022



EuroBike2022



2nd North América Automotive B2B Meeting 2022



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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