



FY2023 1st Half Investor Briefing

CREATIVE CONNECTIVITY

—Challenge, Creativity, Solutions

SMK Corporation (6798)

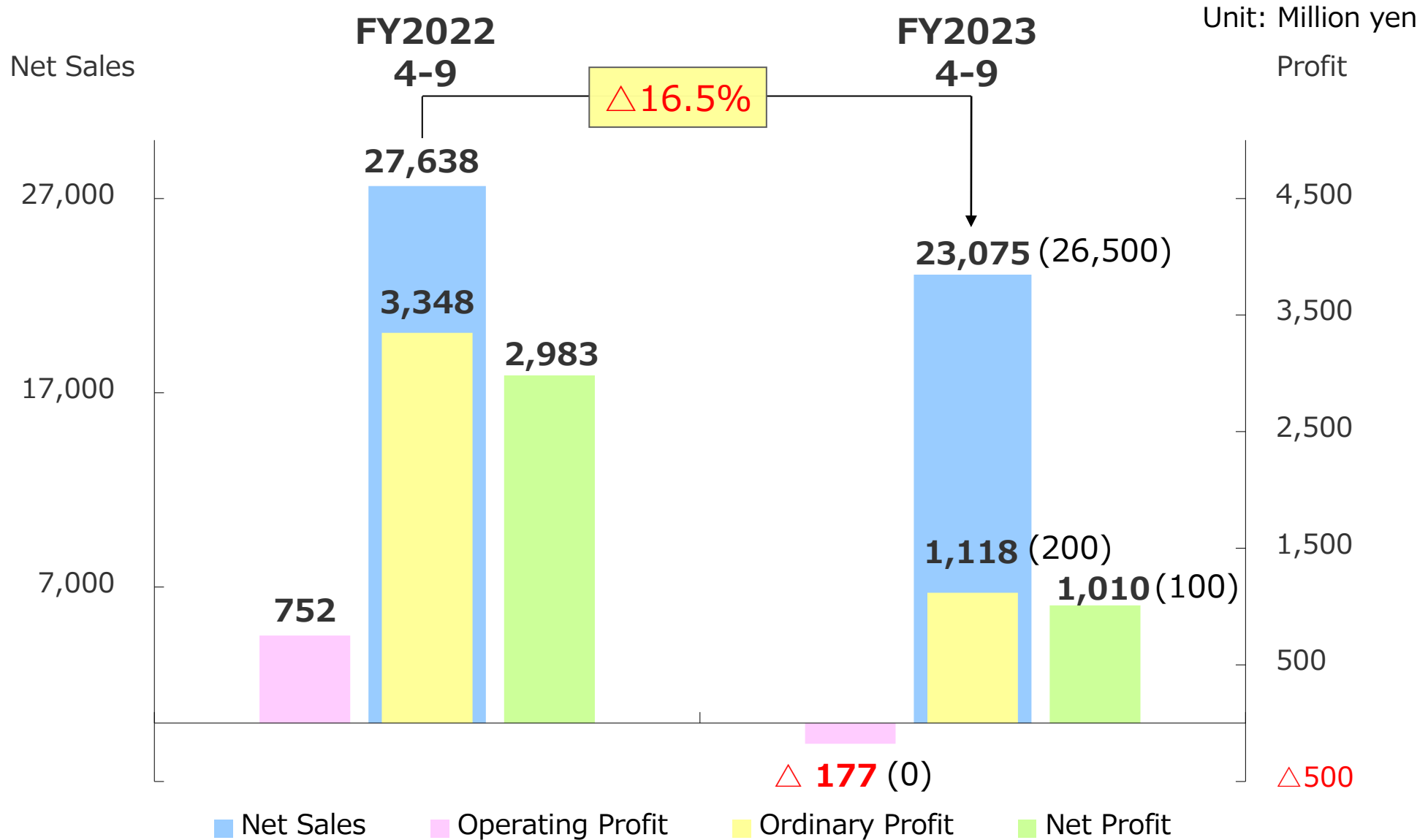
November 9, 2023

FY2023 2Q

Outline of Financial Statement

Executive Vice President and CFO

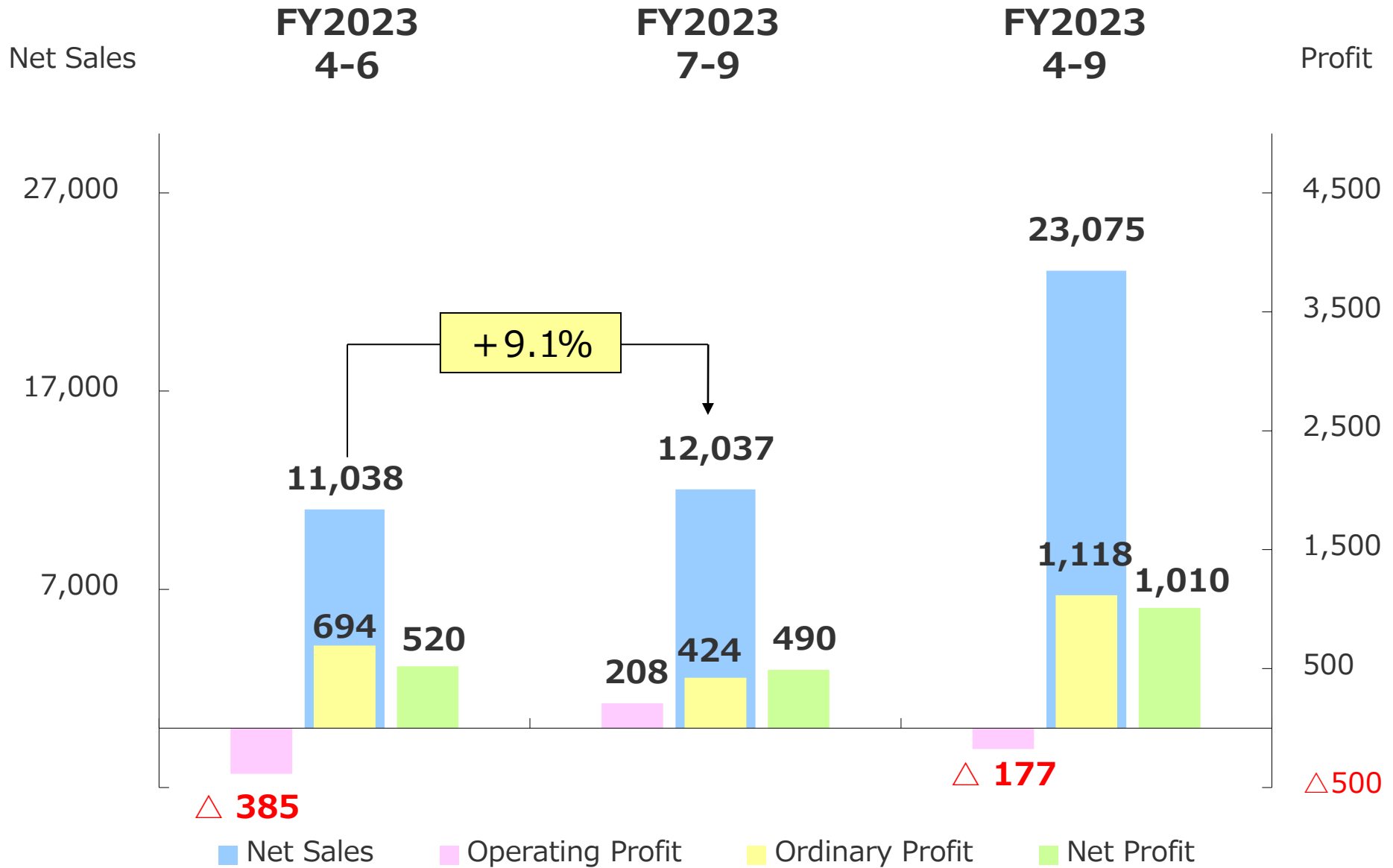
KOHEI OHGAKI



Figures in (parentheses) are initial forecasts published in April 2023.

<Consolidated> 2Q Financial Results (by Quarter)

Unit: Million yen



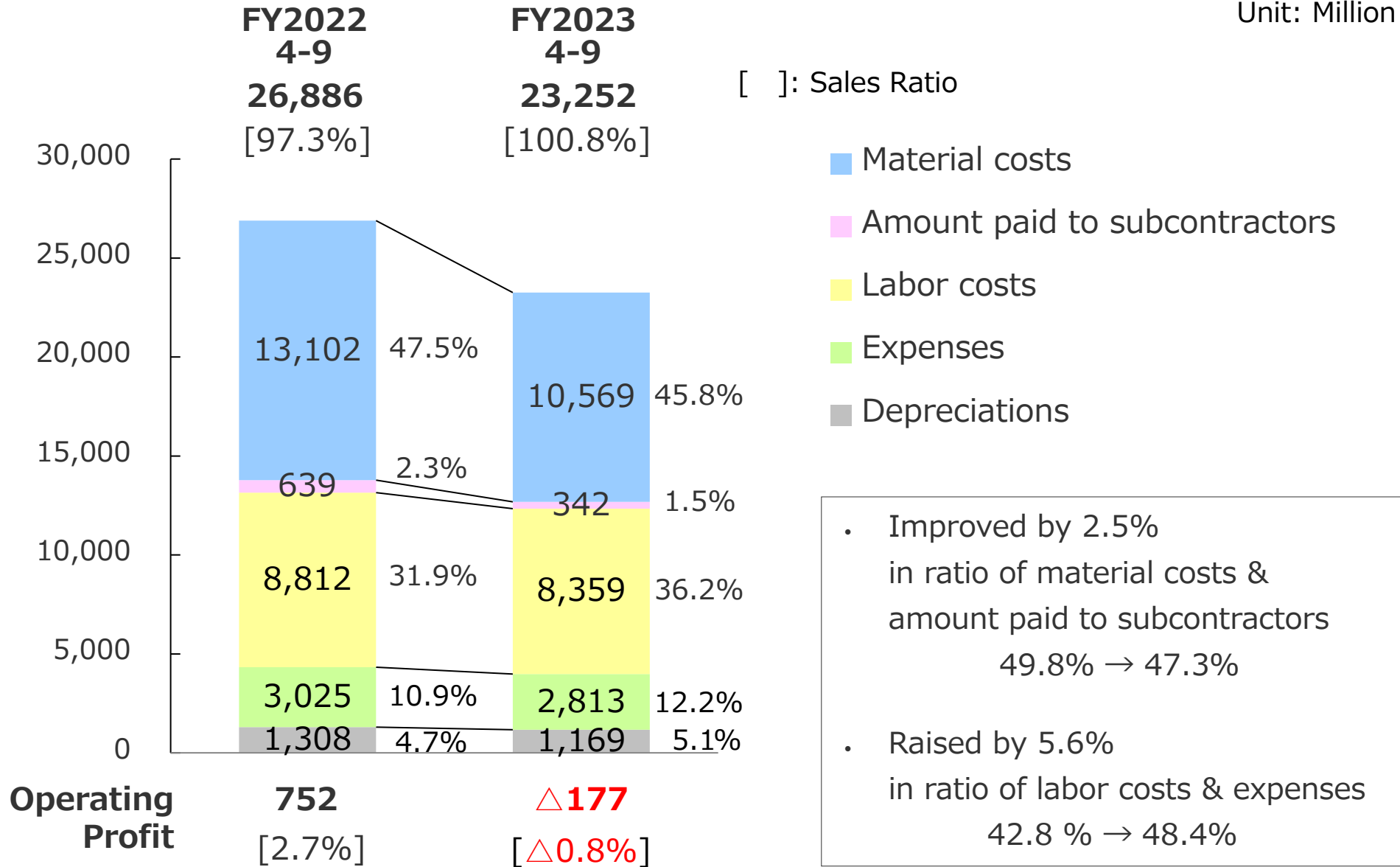
Upper row: Percentage to net sales
 Lower row: Increase (decrease)
 ratio to FY2022

Forecast of consolidated operating results for FY 2023 (Full-year)

Disclosed on	Net Sales		Operating Profit		Ordinary Profit		Net Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Apr. 28, 2023	55,000	100.0 0.3	1,100	2.0 △2.5	1,600	2.9 △36.1	1,100	2.0 △17.6
July 26, 2023	51,000	100.0 △7.0	700	1.4 △38.0	1,100	2.2 △56.1	800	1.6 △40.1
Oct. 25, 2023 New	50,000	100.0 △8.8	100	0.2 △91.1	1,100	2.2 △56.1	800	1.6 △40.1

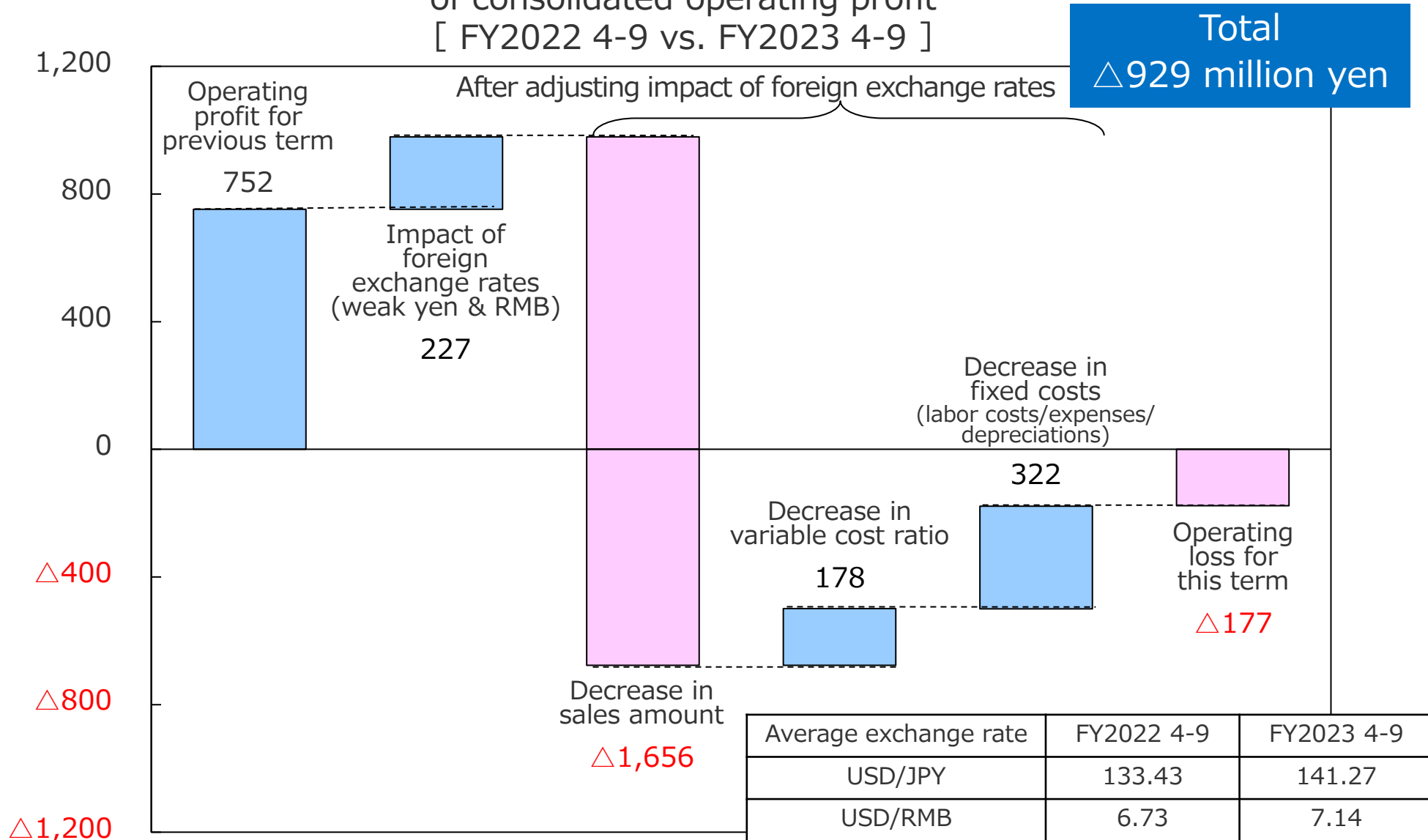
<Consolidated> Operating Expenses

Unit: Million yen



Analysis of factors for increase/decrease of consolidated operating profit [FY2022 4-9 vs. FY2023 4-9]

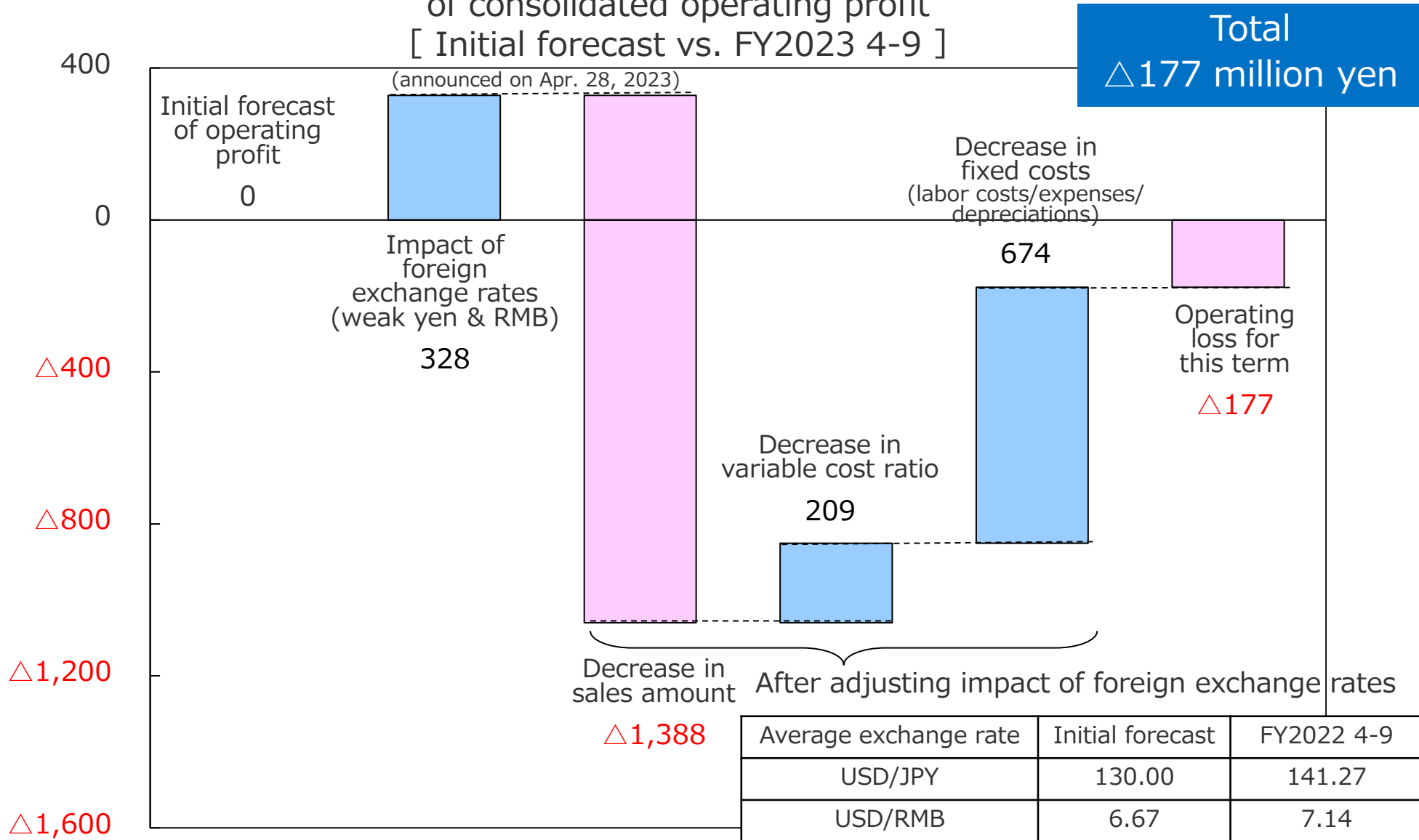
Unit: Million yen



Average exchange rate	FY2022 4-9	FY2023 4-9
USD/JPY	133.43	141.27
USD/RMB	6.73	7.14

Analysis of factors for increase/decrease of consolidated operating profit [Initial forecast vs. FY2023 4-9]

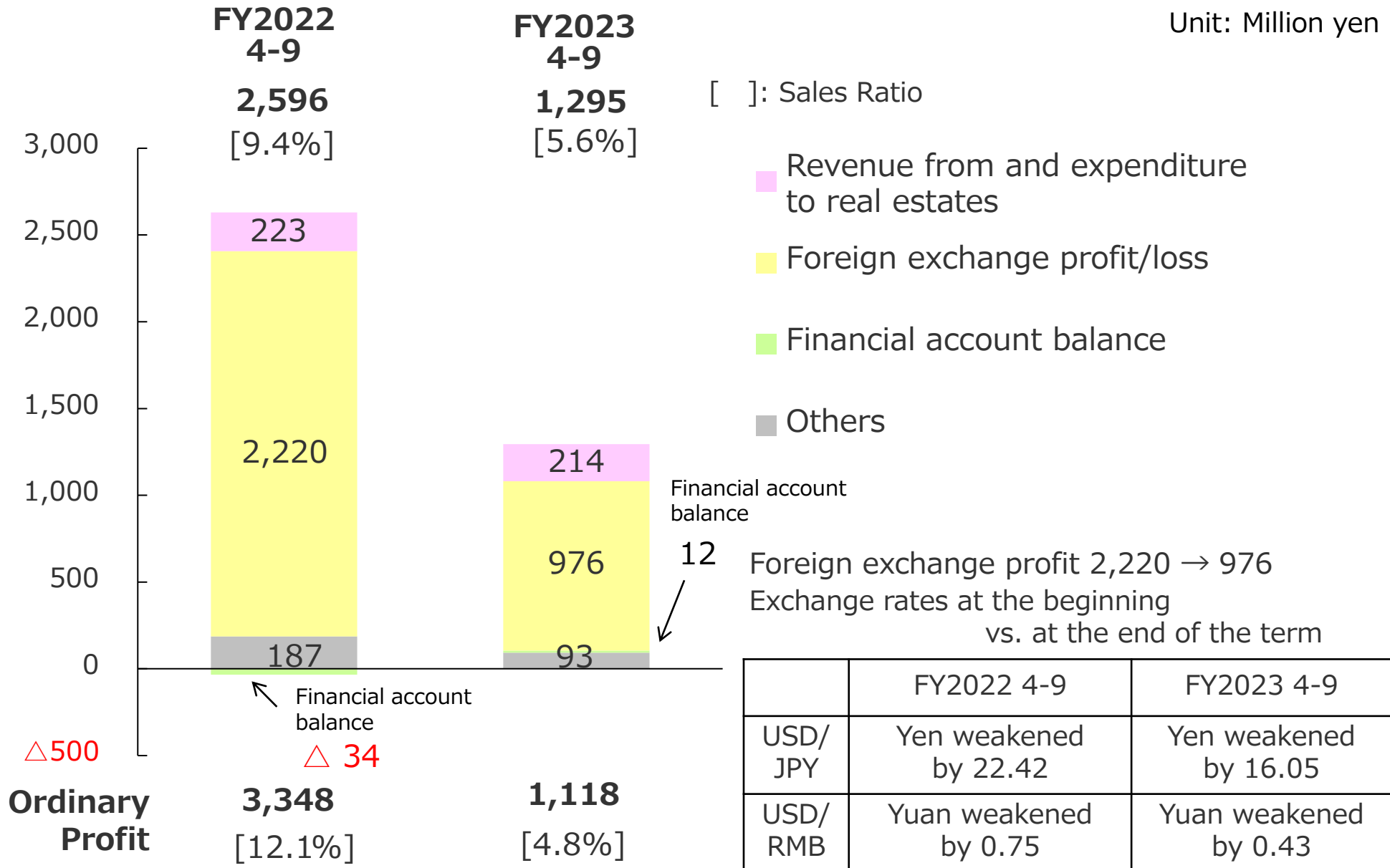
Unit: Million yen



<Consolidated> Non-operating Profit and Loss

Unit: Million yen

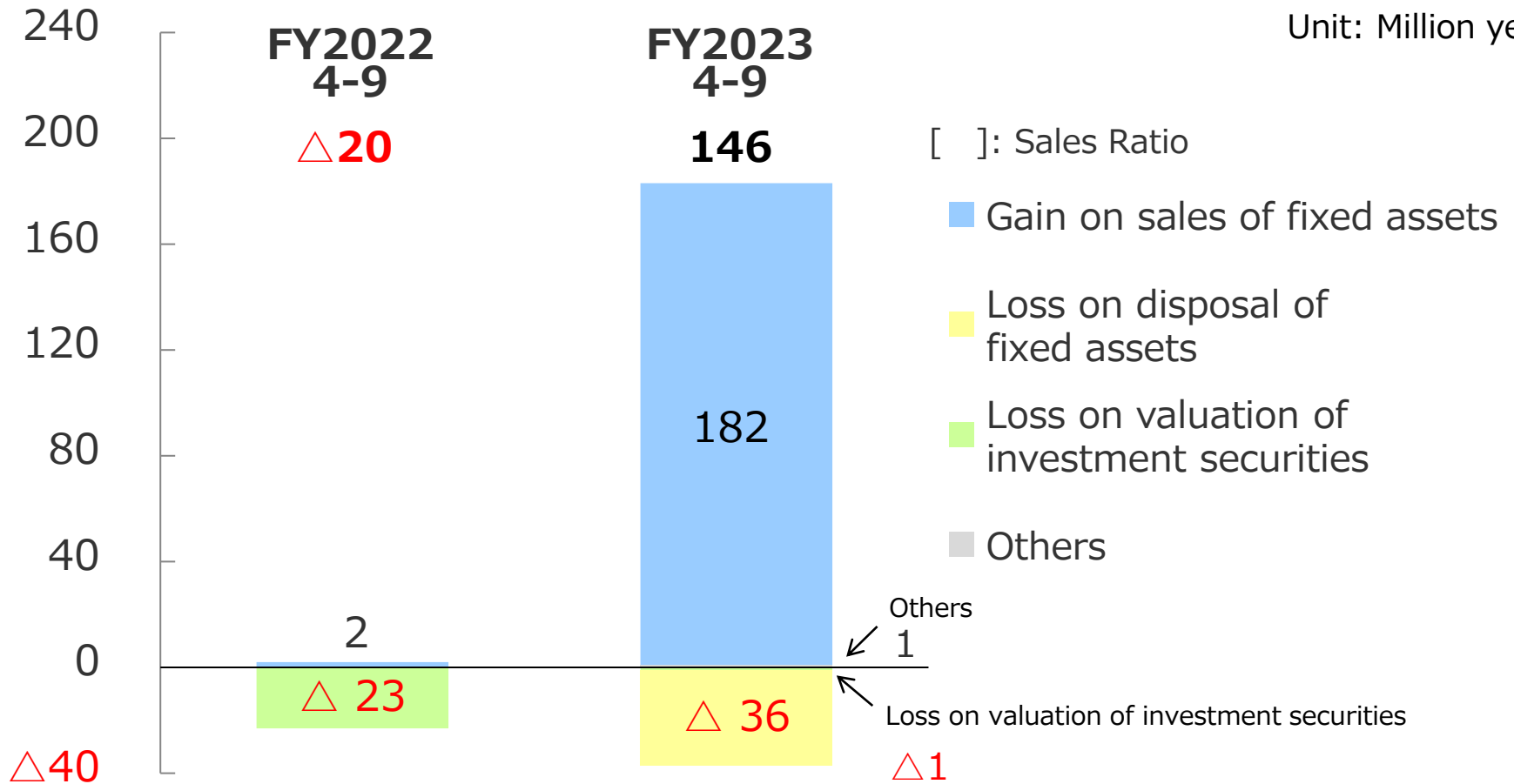
[]: Sales Ratio



<Consolidated> Extraordinary Profit and Loss

10/24

Unit: Million yen



Profit before taxes

3,328

1,264

Income taxes

△344

△254

Net Profit

2,983

1,010

[10.8%]

[4.4%]

FY2023 4-9

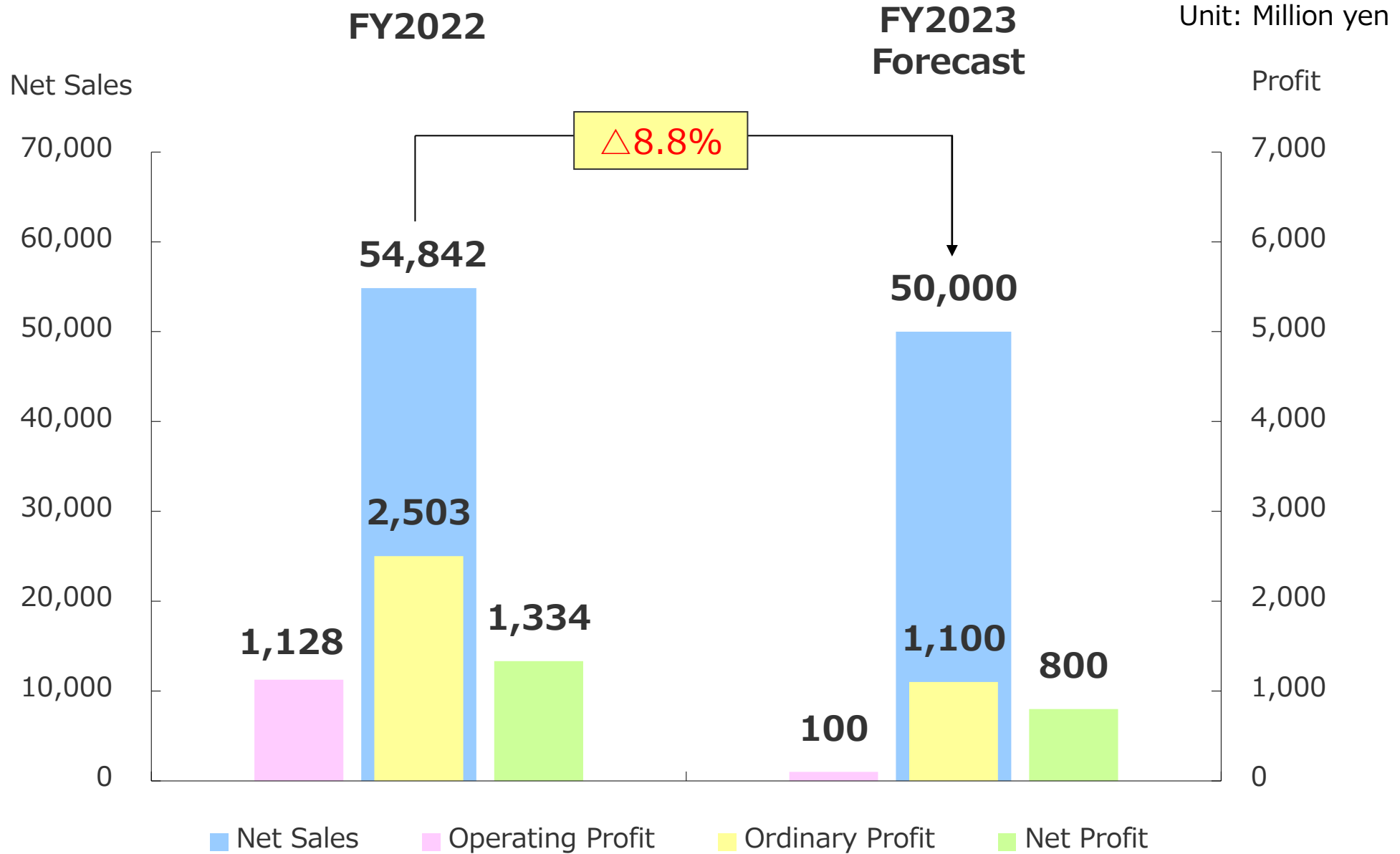
Unit: Million yen

	Reporting Segment				Others*	TOTAL
	CS Division	SCI Division	R&D Center	Total		
Net Sales	10,349	12,512	205	23,067	7	23,075
Operating Profit/Loss (△)	526	△608	△91	△173	△3	△177

FY2022 4-9

	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

*Other components business



Unit: Million yen

	Mar. 2023 (A)	Sept. 2023 (B)	Differential (B-A)
Assets	56,365	59,140	2,775
Cash and cash equivalents	8,969	9,931	961
Accounts receivable	13,176	13,311	134
Inventories	10,073	10,990	917
Fixed assets	23,113	23,812	699
Liabilities	24,090	25,825	1,735
Accounts payable and accrued expenses	6,652	6,927	274
Interest-bearing debt	12,817	13,830	1,012
Net assets	32,274	33,314	1,040
Common stock	7,996	7,996	—
Capital adequacy ratio	57.3%	56.3%	△1.0%

Unit: Million yen

	FY2022 4-9	FY2023 4-9
Cash flow from operating activities	1,816	2,062
Working capital	△1,985	75
Profit before taxes	3,328	1,264
Depreciation	1,393	1,254
Others	△920	△532
Cash flow from investing activities	△887	△977
Free cash flow	929	1,084
Cash flow from financing activities	631	217
Increase/decrease in interest-bearing debt	1,068	874
Increase/decrease in treasury stock	△1	△1
Dividends paid	△436	△655
Initial balance	8,505	8,915
Final balance	9,736	9,859

	At second quarter end	At fiscal year end	Annual
FY2022 Result	0.00 yen	100.00 yen	100.00 yen
FY2023 Result	<u>50.00 yen</u>	—	—
FY2023 Forecast	—	<u>50.00 yen</u>	<u>100.00 yen</u>

FY2023 Prospect

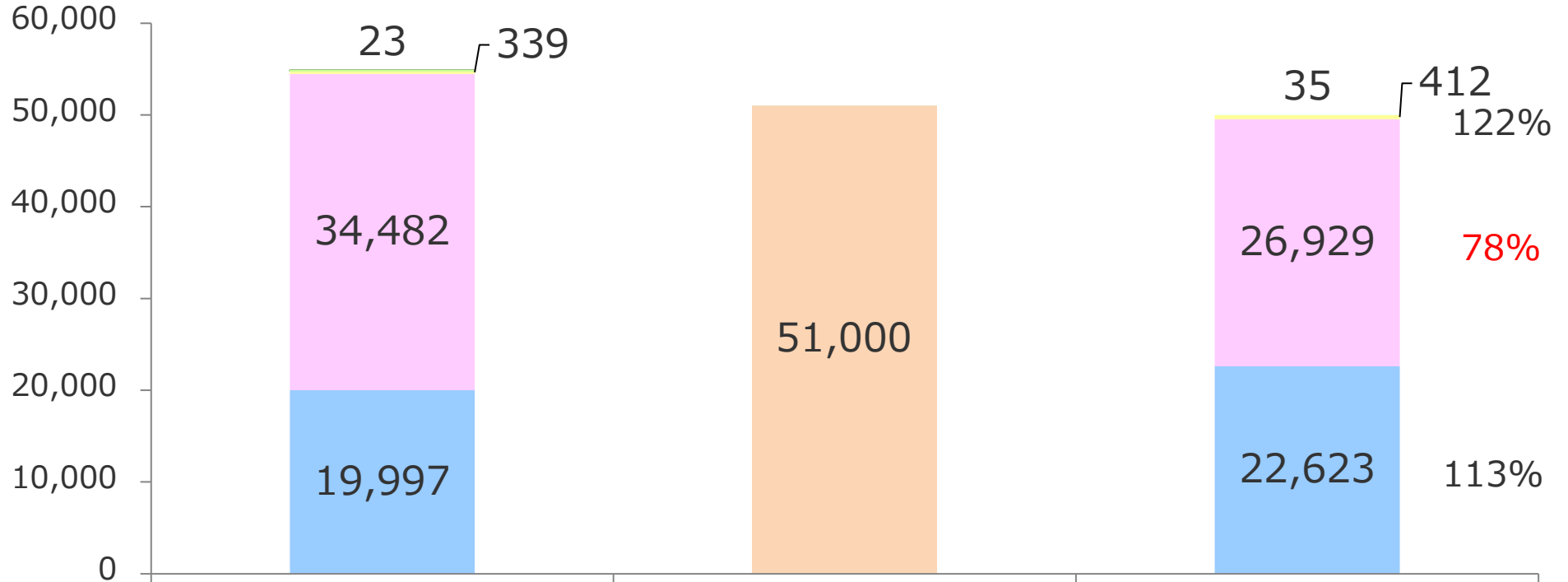
President, CEO and COO

YASUMITSU IKEDA

Net Sales by Product Div. (FY2022-FY2023)

Unit: Million yen

%, Compared to previous term



FY2022 Result

FY2023 Forecast revised in July

FY2023 Forecast revised in Oct.

Exchange rate

135.53JPY/USD

130.00JPY/USD

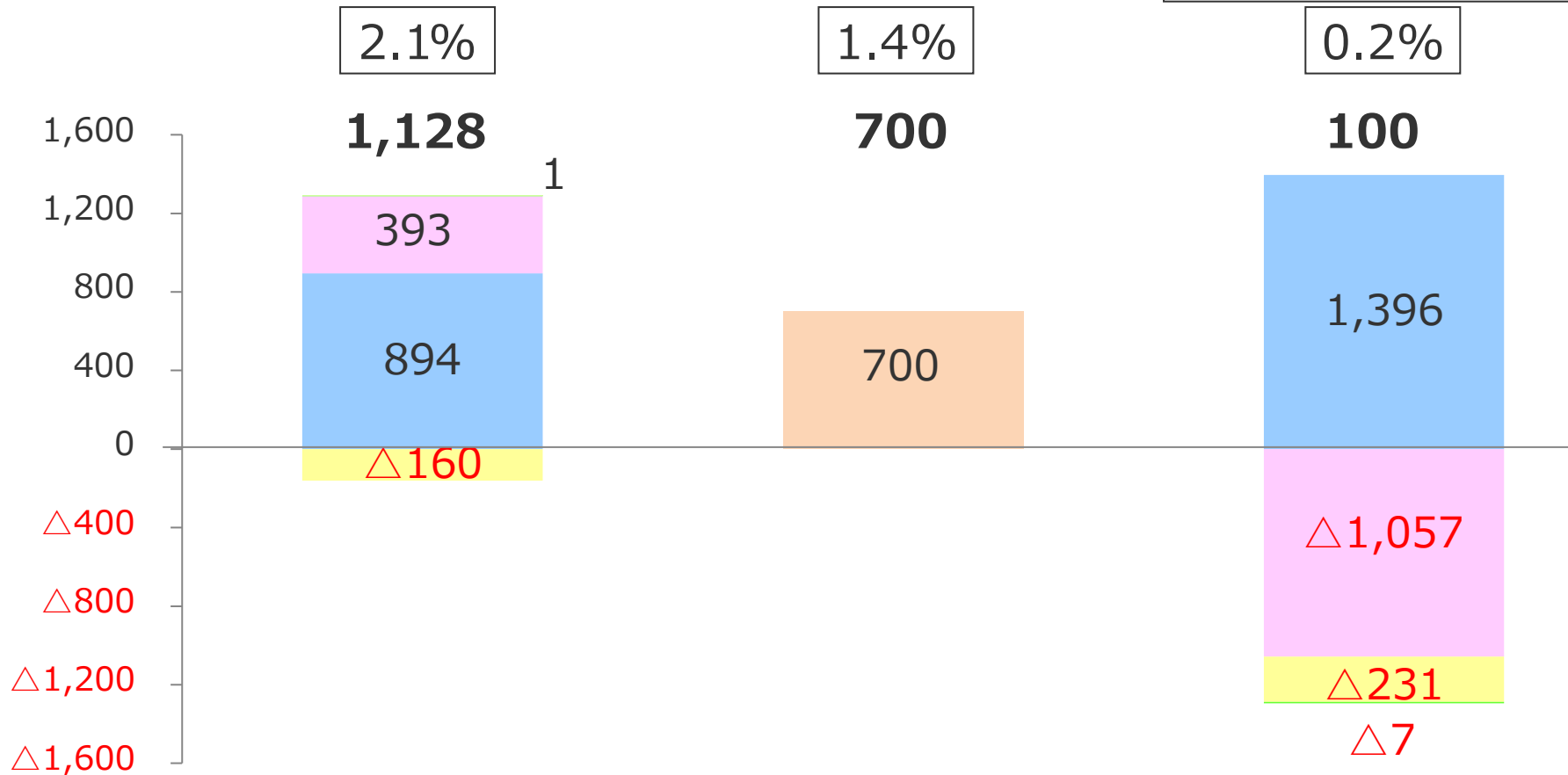
1H: 141.27JPY/USD
2H: 140.00JPY/USD

CS SCI R&D Others

Operating Profit by Product Div. (FY2022-FY2023)

Unit: Million yen

Profitability (%) = Profit/Sales



FY2022 Result

FY2023 Forecast revised in July

FY2023 Forecast revised in Oct.

Exchange rate

135.53JPY/USD

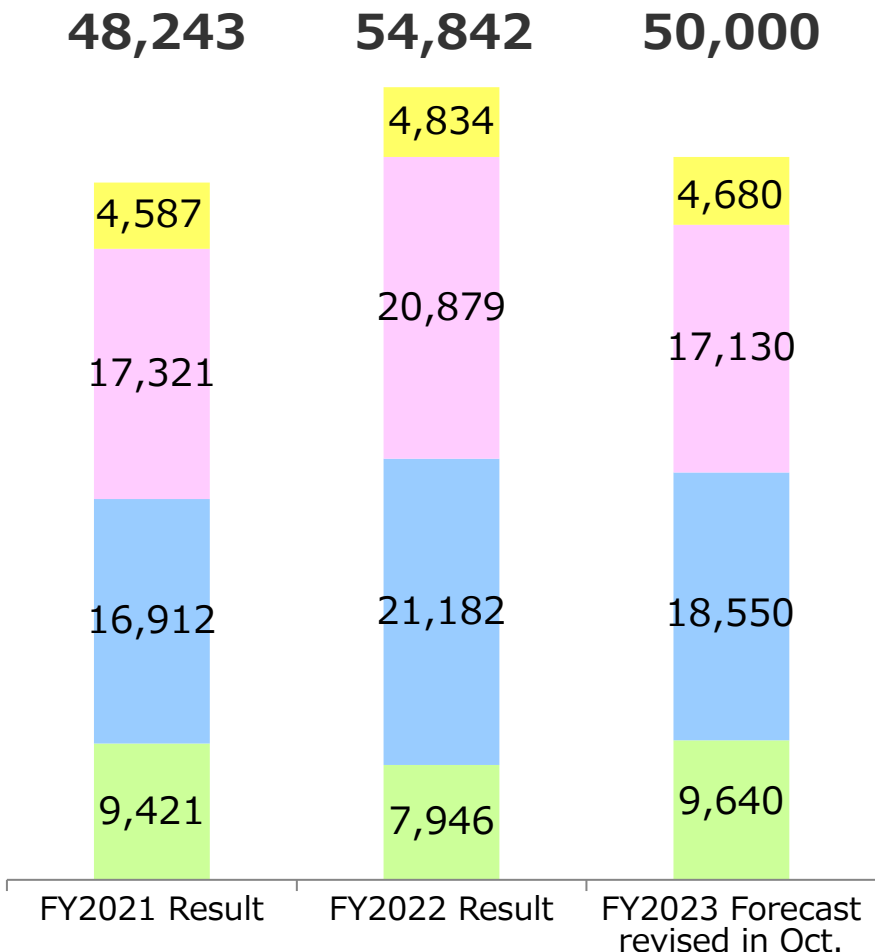
130.00JPY/USD

1H: 141.27JPY/USD
2H: 140.00JPY/USD

CS SCI R&D Others

Reference: Net Sales by Market (FY2021-FY2023)

Unit: Million yen



	FY2023 YoY Growth	FY2023 Factors for Increase/Decrease (vs. FY2022)	FY2023 Key Target
Industry/Others	97%	<ul style="list-style-type: none"> - Touch sensors for all-in-one printers + Units for photovoltaic systems 	<ul style="list-style-type: none"> • Renewable energy • Healthcare • IoT device
Car Electronics	82%	<ul style="list-style-type: none"> - Touch sensors - Camera modules - Control units + Connectors for electrical devices 	<ul style="list-style-type: none"> • ADAS • V2X • EV/PHEV • TCU
Home Appliance	88%	<ul style="list-style-type: none"> - Remote controls and units for housing equipment - Remote controls for air conditioners + Remote controls for sanitary + Connectors for gaming devices 	<ul style="list-style-type: none"> • White goods • Housing equipment • Gaming device • Smart home
ICT	121%	<ul style="list-style-type: none"> - Connectors for tablets + Connectors for smartphones + Connectors for wearables 	<ul style="list-style-type: none"> • Smartphone/tablet • 5G • Wearable • VICs in China and the U.S.

Exchange rate 112.55JPY/USD 135.53JPY/USD 1H: 141.27JPY/USD
 2H: 140.00JPY/USD

■ ICT ■ Home Appliance ■ Car Electronics ■ Industry/Others

1. Generate sales and profit through enhanced transnational activities.
2. Develop a new strategy to achieve sustainable growth.
3. Promote ESG management.

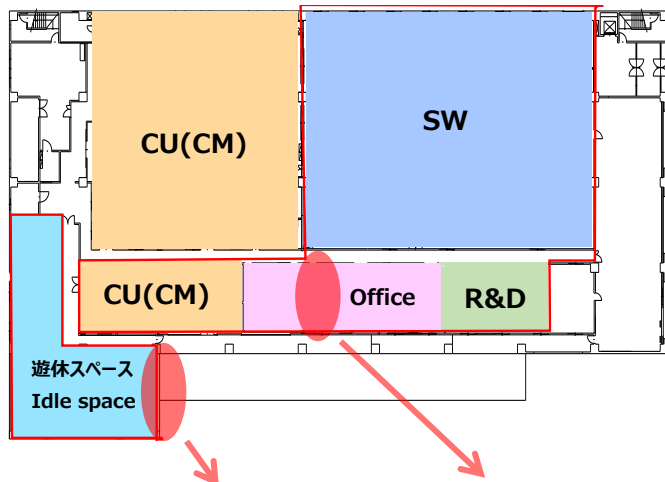
■ Enhancement of Hitachi Works (Showa Denshi)

<Objectives>

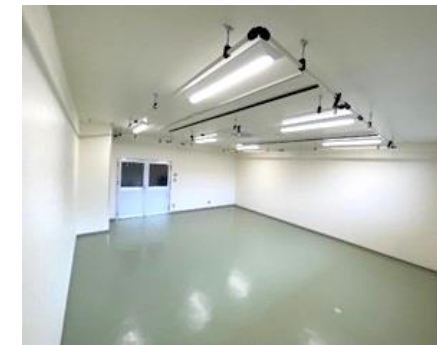
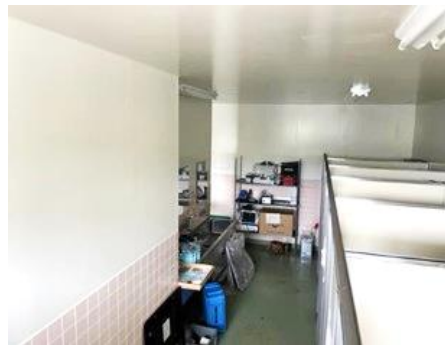
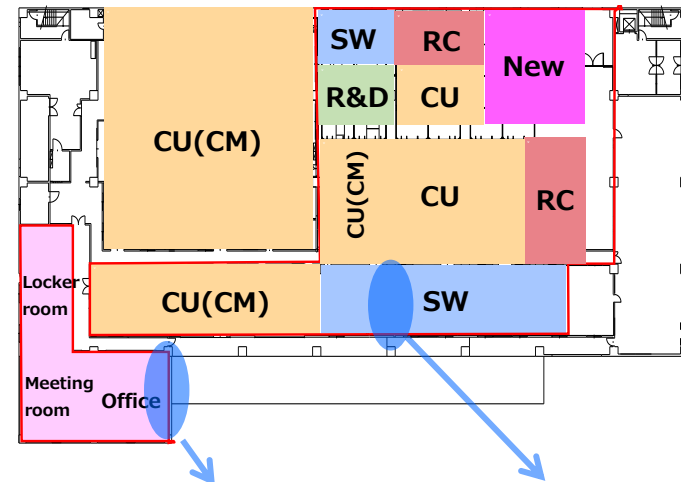
- ✓ Establishment of production system for new products.
- ✓ Enhancement of domestic production capabilities.

⇒ Production Capacity of SCI products at Hitachi Works: 200%

Before



After



- ✓ **Enhanced participation in public exhibitions (FY2022: 13 ⇒ FY2023: 15)**
- ✓ **Press release on new healthcare business (November 9th)**

	Exhibition	Date	Venue
In-house 1 show	SMK Advanced Development Technology Show 2023	Nov. 8-10	Head Office Annex
Japan 9 shows	Automotive Engineering Exposition 2023	May 24-26	PACIFICO Yokohama
	Transport Logistics DX EXPO 2023	May 24-26	Tokyo Big Sight
	Smart Sensing 2023	May 31-June 2	Tokyo Big Sight
	Pharmacy Solutions Expo 2023	Oct. 11-13	MAKUHARI MESSE
	Upcoming: [November] Microwave Exhibition [January] Maas EXPO 2024, Wearable EXPO 2024, Factory Innovation Week 2024 [March] Care Technology Expo '24		
Others 5 shows	Electronica China 2023	July 11-13	Shanghai, China 
	Thailand Medical Fair	Sept. 13-15	Bangkok, Thailand 
	Indonesia Hospital Expo 2023	Oct. 18-21	Jakarta, Indonesia 
	3rd NAA B2B Meeting 2023	Nov. 29-30	Aguascalientes, Mexico 
	CES 2024	Jan. 9-12	Nevada, U.S.A. 



Pharmacy Solutions Expo 2023



Thailand Medical Fair



Indonesia Hospital Expo 2023

1. Integrated Report

Published/will be published on the SMK website
 on October 30th (Japanese)
 on November 30th (English)

https://www.smk.co.jp/company/ir/integrated_report/

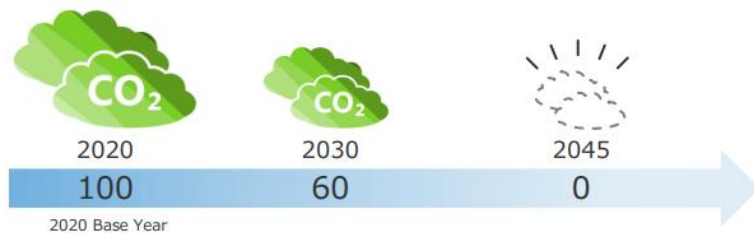


2. Aiming for Carbon Neutrality

- Long-term target: FY2045 Achieve carbon neutrality
- Medium-term target: FY2030 Reduce CO₂ emissions per unit of production value* by 40% compared to FY2020

*CO₂ emissions divided by production value

<Scope1, 2>



Results (vs. FY2020):
 FY2021 15% down
 FY2022 33% down

<Scope3>

Started disclosing Scope 3 emissions from FY2022 results (on the ESG DATA page of the SMK website).

<Installation of polar power generation systems>

- Japan Toyama and Hitachi Works: operation started
- Overseas Philippines and Malaysia factories: operation started
 Mexico factory: scheduled to start operation in January 2024

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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