



FY2023

Investor Briefing

CREATIVE CONNECTIVITY

—Challenge, Creativity, Solutions

SMK Corporation (6798)

May 23, 2024

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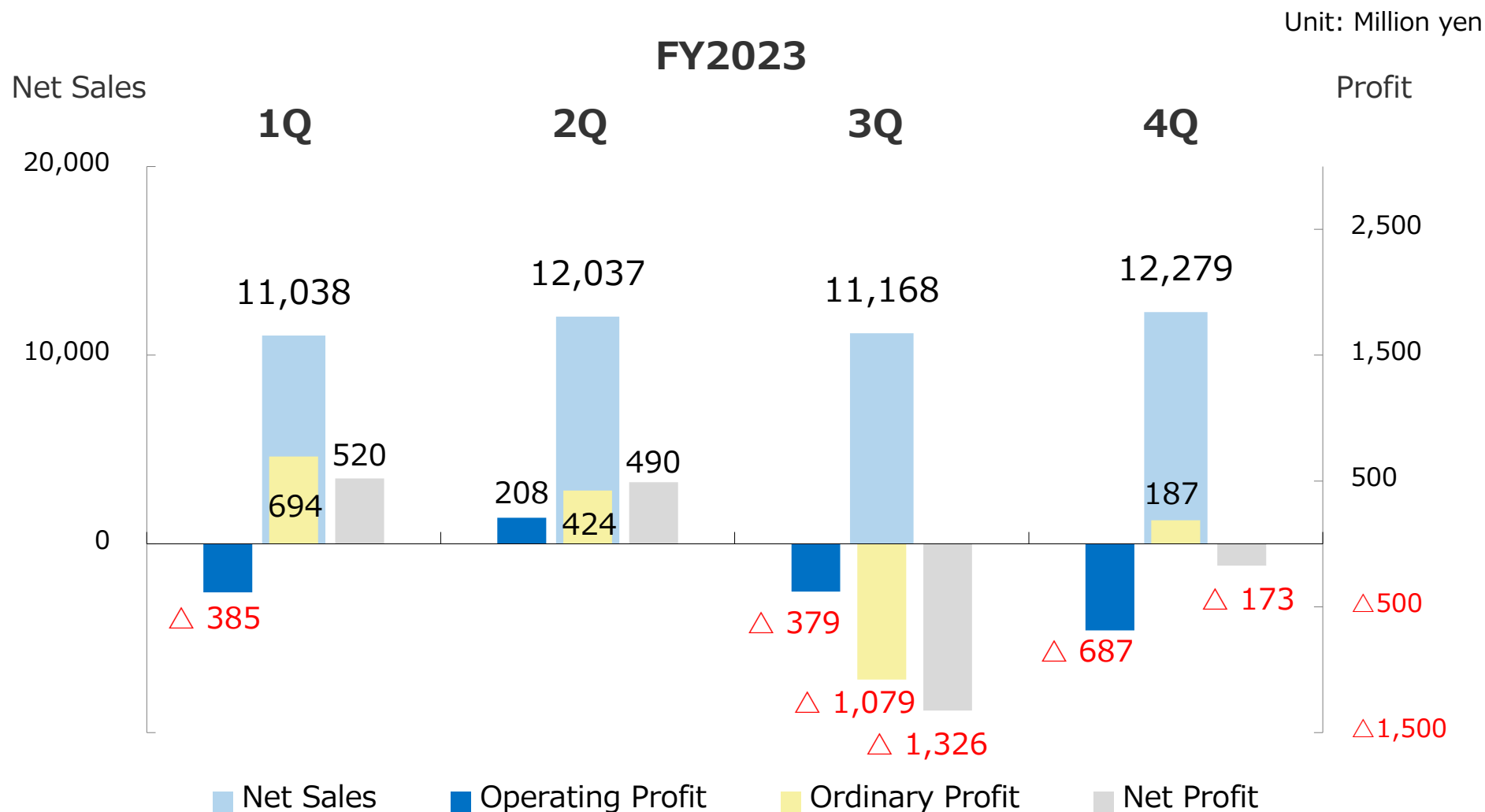
1. Outline of FY2023 Financial Results

- Significant sales and profit decline due to prolonged inventory adjustments and decreased stay-at-home demand following COVID-19. Increased operating loss due to inventory write-downs.
- Slight positive ordinary profit due to foreign exchange gains.
- Net loss due to impairment losses.

Unit: Million yen

	FY2022 Result	FY2023 Result	YoY
Net Sales	54,842	46,522	△15.2%
Operating Profit (Operating profit margin)	1,128 (2.1%)	△1,243 (△2.7%)	—
Ordinary Profit	2,503	226	△91.0%
Net Profit	1,334	△489	—
Earnings per share (yen)	209.12	△75.00	—
Dividend per share (yen)	100.00 *100 (Final)	100.00 *50/50 (Interim/Final)	
Exchange rate (1US\$=)	¥135.53	¥144.56	

- 1Q started slow, turned profitable in 2Q, but lost momentum in 3Q. In 4Q, sales recovered to over 12 billion yen, and operating profit nearly broke even, but a 684-million-yen inventory write-down resulted in an operating loss.



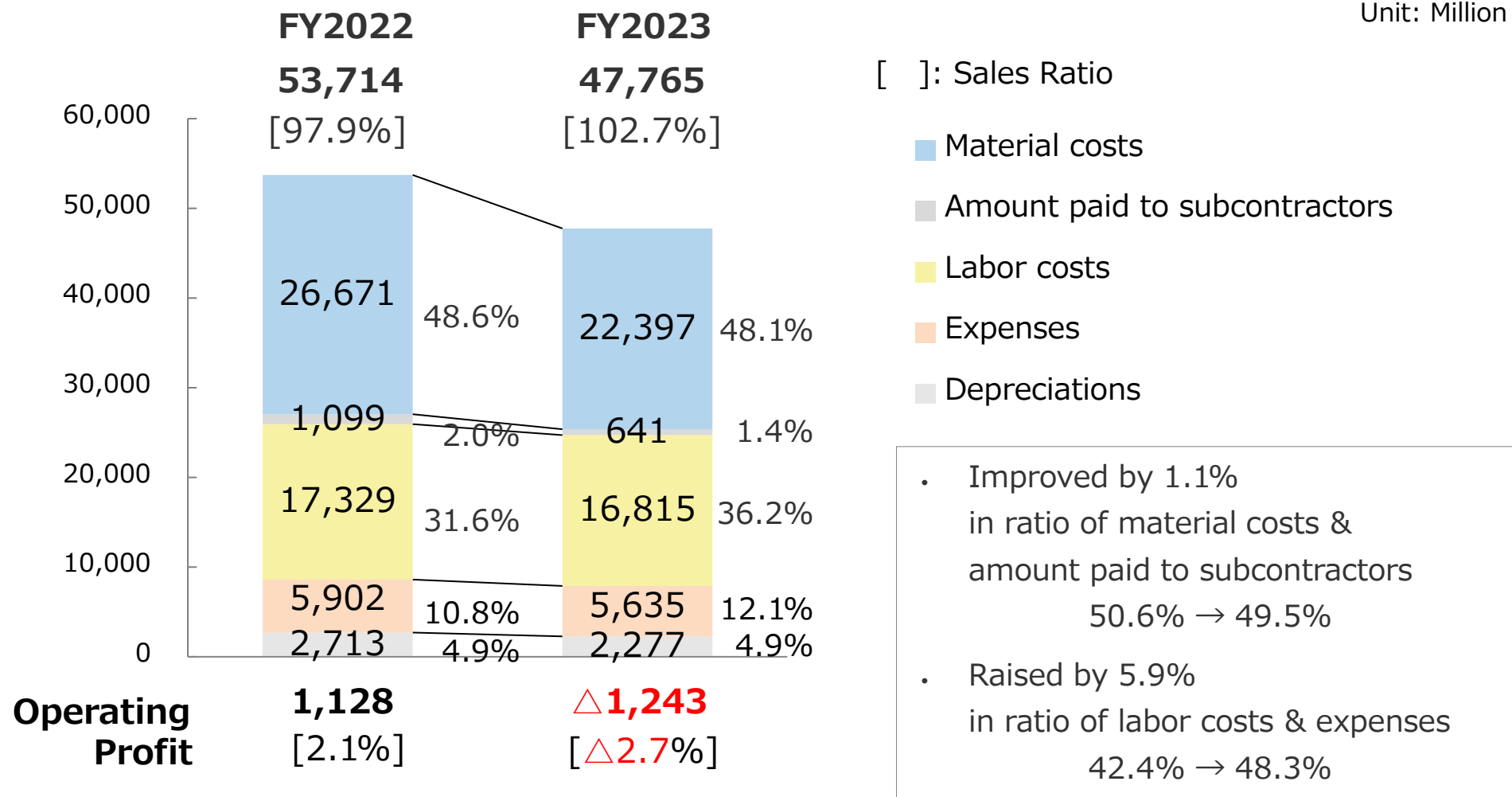
- CS : Despite a decrease in tablet-related demand post-COVID-19, solid performance in camera-related products and robust sales to Chinese smartphone customers led to a YoY increase in sales and profit.
- SCI: Significant YoY sales decline in housing equipment and car electronics markets, coupled with inventory write-downs, resulted in an increased operating loss.

Unit: Million yen

		FY2022 Result	FY2023 Result	YoY	
				Difference	%
CS Division	Net Sales	19,997	20,586	589	+ 2.9%
	Operating Profit	894	1,095	201	+ 22.5%
SCI Division	Net Sales	34,482	25,536	△8,945	△25.9%
	Operating Profit	393	△2,145	△2,539	—
R&D Center	Net Sales	339	387	48	+ 14.2%
	Operating Profit	△160	△184	△23	—
Others	Net Sales	23	11	△11	△50.1%
	Operating Profit	1	△9	△10	—
TOTAL	Net Sales	54,842	46,522	△8,320	△15.2%
	Operating Profit	1,128	△1,243	△2,371	—

- Material cost ratio improved by 1.1% due to factors such as product mix.
- Labor and expense ratio increased by 5.9% due to sales decrease.

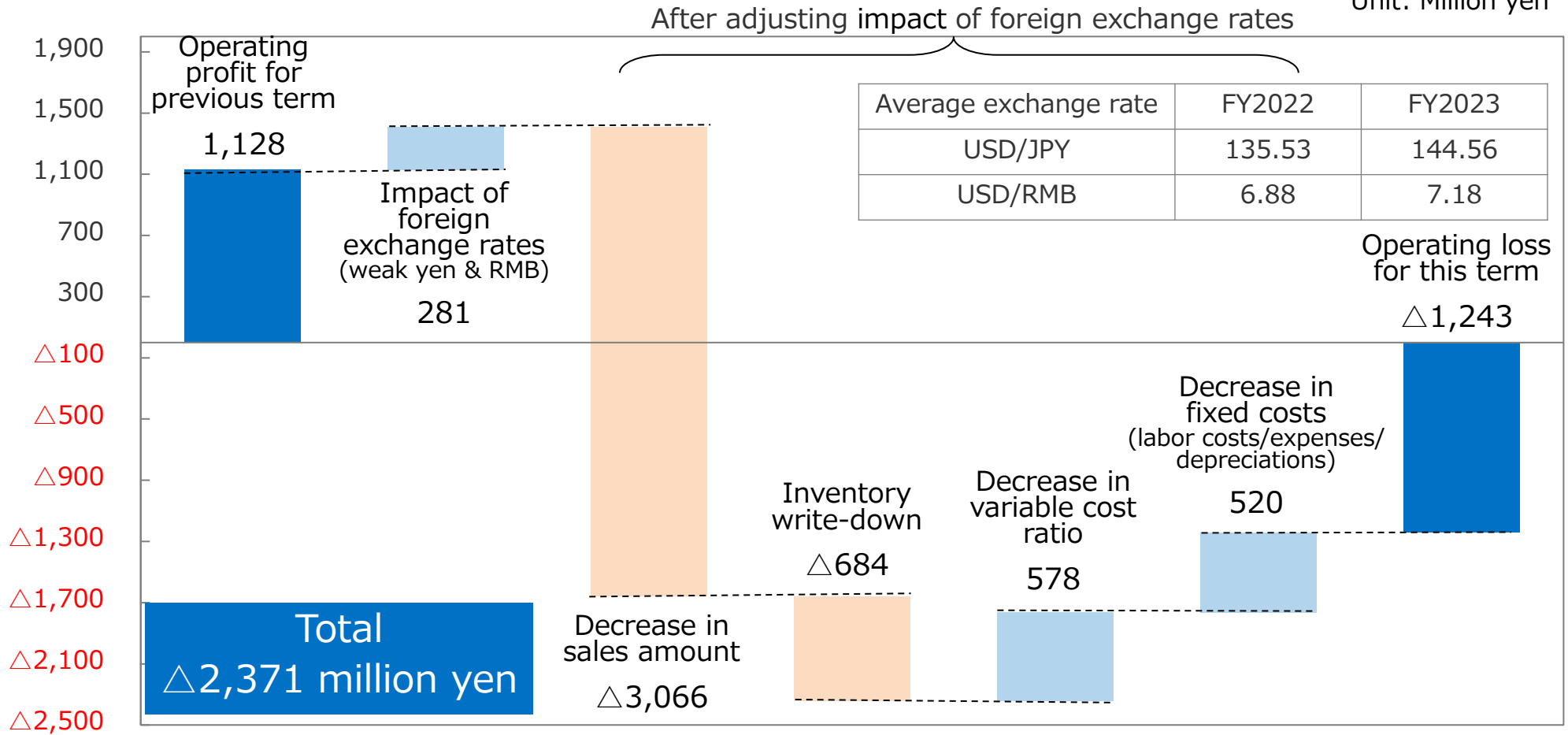
Unit: Million yen



- Significant decrease in operating profit due to sales decline resulting from inventory adjustments in the home appliance and car electronics markets, coupled with inventory write-downs.
- Despite efforts to reduce variable cost ratios and fixed costs, unable to offset the impact of declining sales, resulting in an operating loss.

[FY2022 vs. FY2023]

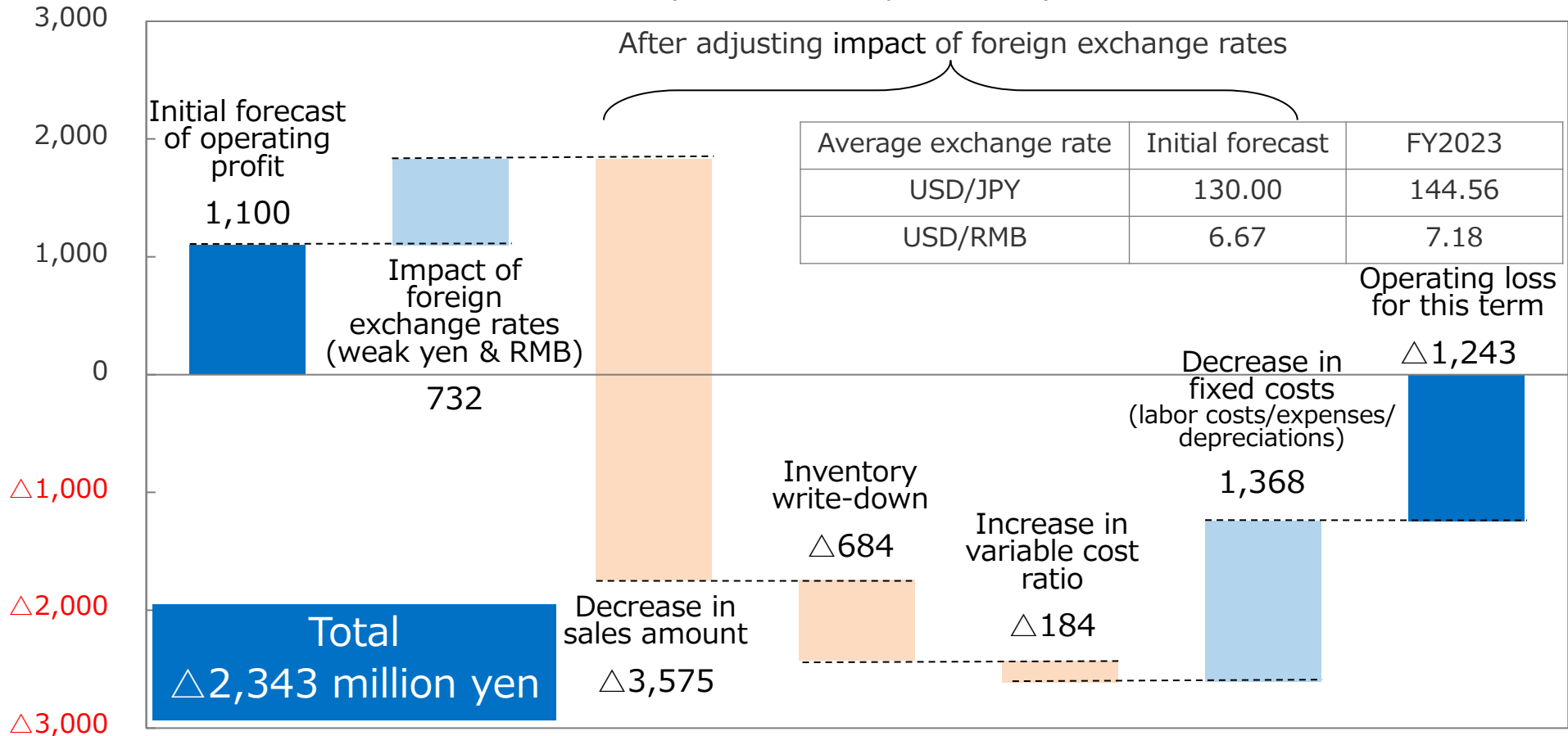
Unit: Million yen



- Significant decrease in operating profit due to sales decline resulting from inventory adjustments in the home appliance and car electronics markets, coupled with inventory write-downs.
- Despite reducing fixed costs, significant operating loss recorded.

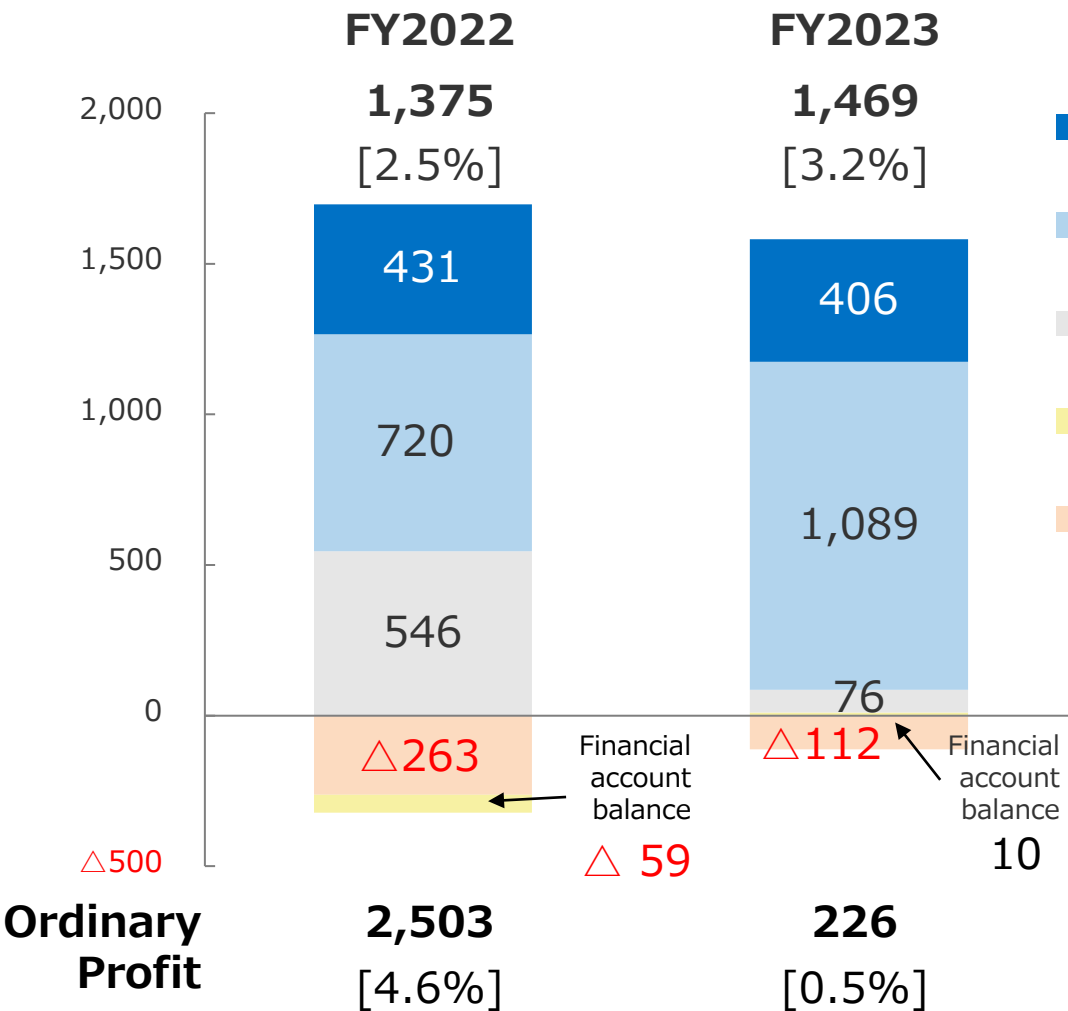
[Initial forecast (announced on Apr. 28, 2023) vs. FY2023]

Unit: Million yen



- FY2023 benefited from foreign exchange gains due to a weaker yen and revenues from real estate.

Unit: Million yen



[]: Sales Ratio

■ Revenue from and expenditure to real estate

■ Foreign exchange gain/loss

■ Others

■ Financial account balance

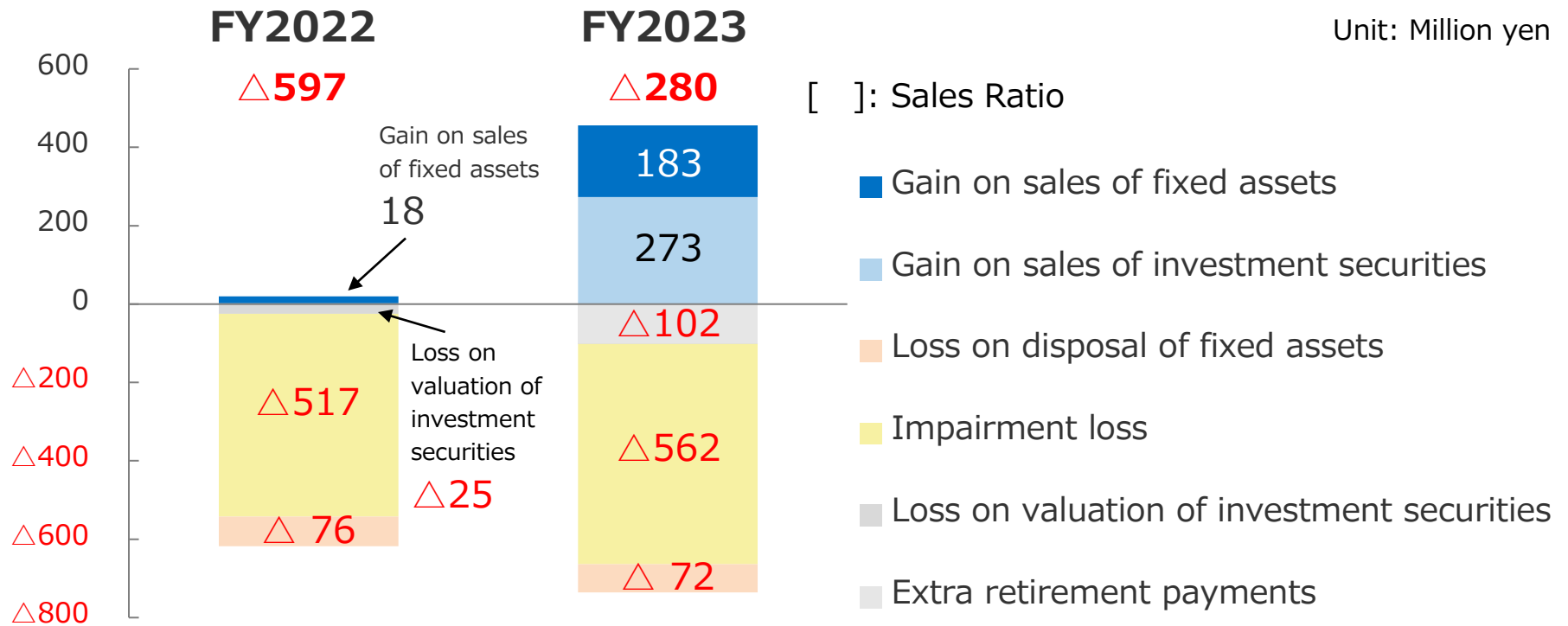
■ Gain/loss on investments in investment partnerships

Foreign exchange profit 720 → 1,089

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

	FY2022	FY2023
USD/JPY	Yen weakened by 11.14	Yen weakened by 17.88
USD/RMB	Yuan weakened by 0.53	Yuan weakened by 0.39

- Gains on sales of real estate and investment securities contributed to profits, while recognizing impairment losses on fixed assets and extra retirement payments due to organizational restructuring at U.S. sites.



Profit before taxes	1,906	△53
Income taxes	△571	△435
Net Profit	1,334	△489
	[2.4%]	[1.1%]

Unit: Million yen

	Mar. 2023 (A)	Mar. 2024 (B)	Differential (B – A)
Assets	56,365	58,444	2,079
Cash and cash equivalents	8,969	10,258	1,289
Accounts receivable	13,176	13,222	46
Inventories	10,073	9,257	△816
Fixed assets	23,113	24,619	1,506
Liabilities	24,090	26,300	2,210
Accounts payable and accrued expenses	6,652	6,503	△149
Interest-bearing debt	12,817	14,365	1,548
Net assets	32,274	32,143	△131
Common stock	7,996	7,996	—
Capital adequacy ratio	57.3%	55.0%	△2.3%

Unit: Million yen

	FY2022	FY2023
Cash flow from operating activities	3,591	3,719
Working capital	△758	1,610
Profit before taxes	1,906	△53
Depreciation	2,884	2,451
Others	△441	△289
Cash flow from investing activities	△1,944	△1,617
Free cash flow	1,647	2,102
Cash flow from financing activities	△862	△478
Increase/decrease in interest-bearing debt	△422	1,005
Increase/decrease in treasury stock	△1	△498
Dividends paid	△438	△984
Initial balance	8,505	8,915
Final balance	8,915	10,197

2. FY2024 Forecast

- Slight increase in sales amid an uncertain market environment.
- Significant YoY improvement in operating profit, but continued losses expected; we will actively pursue additional sales expansion and expense reductions.

Unit: Million yen

	FY2023 Result	FY2024 Forecast	YoY
Net Sales	46,522	50,000	+ 7.5%
Operating Profit (Operating profit margin)	△1,243 (△2.7%)	△200 (△0.4%)	—
Ordinary Profit	226	200	△11.6%
Net Profit	△489	0	—
Earnings per share (yen)	△75.00	0.00	—
Dividend per share (yen)	100.00 *50/50 (Interim/Final)	100.00 *50/50 (Interim/Final)	
Exchange rate (1US\$=)	¥144.56	¥150.00	

- CS : Growth in connectors for tablets due to new model effects.
Solid performance in automotive connectors.
- SCI: Continued weakness in remote controls and units for air conditioners and housing equipment.

Unit: Million yen

		FY2023 Result	FY2024 Forecast	YoY	
				Difference	%
CS Division	Net Sales	20,586	23,420	2,833	+13.8%
	Operating Profit	1,095	965	△130	△11.9%
SCI Division	Net Sales	25,536	26,283	746	+2.9%
	Operating Profit	△2,145	△709	1,436	—
Innovation Center (R&D)	Net Sales	387	297	△90	△23.4%
	Operating Profit	△184	△456	△271	—
Others	Net Sales	11	0	△11	—
	Operating Profit	△9	0	9	—
TOTAL	Net Sales	46,522	50,000	3,477	+7.5%
	Operating Profit	△1,243	△200	1,043	—

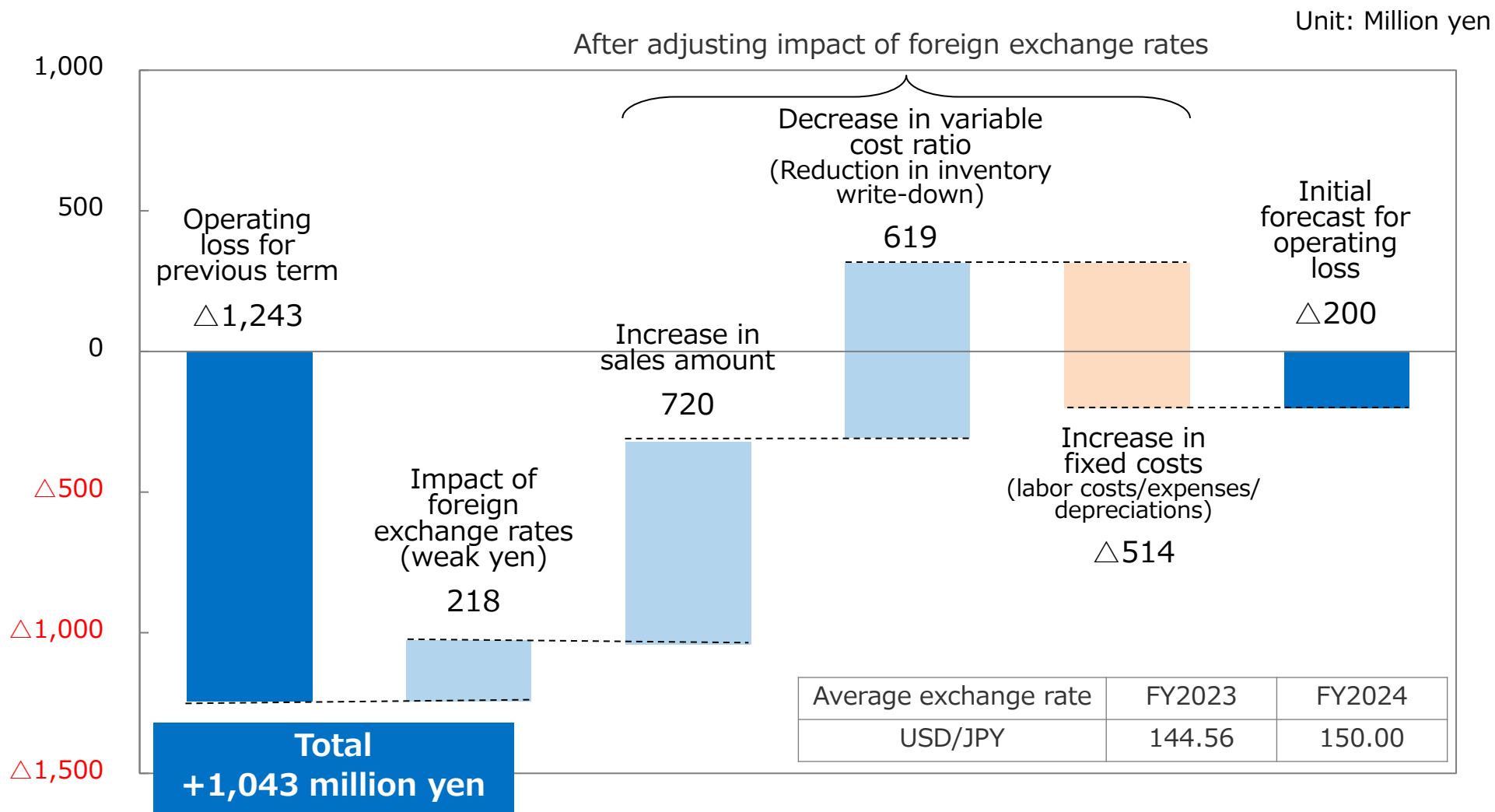
Environment

- Ongoing uncertain market conditions in 1H due to inventory adjustments in certain products in the home appliance (particularly housing equipment) and car electronics markets.
- Market recovery expected from H2, despite varying demand across markets.

Unit: Million yen

	FY2023 Result	FY2024 Forecast	YoY	
ICT	7,908	9,000	+14%	<ul style="list-style-type: none"> ■ Sales recovery is expected due to the contribution of new tablet models of main customers. ■ Connectors for smartphones: Solid.
Home Appliance	17,500	18,000	+3%	<ul style="list-style-type: none"> ■ Remote controls and units for housing equipment: Holding flat due to continued inventory adjustments. ■ Remote controls for sanitary: Robust.
Car Electronics	16,599	17,500	+5%	<ul style="list-style-type: none"> ■ E-Bike-related: Improving due to reduced market inventory. ■ Camera modules and camera connectors: Solid. ■ Connectors for EVs: Expanding. ■ Touch sensors: Decreasing due to End-of-Life.
Industry/Others	4,513	5,500	+22%	<ul style="list-style-type: none"> ■ Remote controls and units for photovoltaic modules and connectors for battery storage systems: Solid.
TOTAL	46,522	50,000	+7%	
1US\$=	¥144.56	¥150.00		

- Increase in sales from market recovery in 2H and reduction in inventory write-downs recorded in the previous term, leading to a smaller operating loss.



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.