

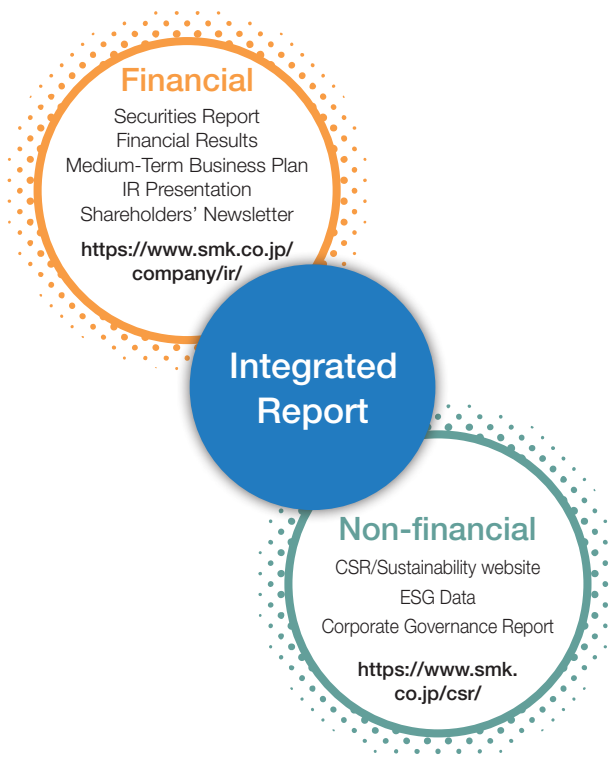


SMK Corporation

## CREATIVE CONNECTIVITY

— Challenge, Creativity, Solutions

INTEGRATED REPORT 2024



## CONTENTS

<p>▶ <b>About SMK</b></p> <p>SMK Philosophy ..... 02</p> <p>History of Value Creation ..... 03</p> <p>At a Glance ..... 05</p> <p>▶ <b>Strategy</b></p> <p>President's Message ..... 06</p> <p>Value Creation Process ..... 12</p> <p>Business Environment, Risks and Opportunities ..... 13</p> <p>ESG Materiality ..... 14</p> <p>Financial and Capital Strategy (CFO Message) ..... 15</p> <p>Strategies by Segment ..... 17</p> <p>Research and Development Strategy (CTO Message) ..... 23</p> <p>Quality Improvement ..... 25</p> <p>Productivity Improvement ..... 26</p> <p>Human Capital Strategy ..... 27</p>	<p>▶ <b>Sustainability</b></p> <p>Sustainability Governance ..... 30</p> <p>Environment ..... 31</p> <p>Human Rights / Occupational Health &amp; Safety ..... 34</p> <p>Customer Satisfaction / Social Contributions ..... 35</p> <p>Supply Chain Management ..... 36</p> <p>Corporate Governance ..... 37</p> <p>Compliance / Risk Management ..... 41</p> <p>▶ <b>Data</b></p> <p>Financial and Non-Financial Highlights .. 43</p> <p>Company Outline ..... 45</p>
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● **Editorial Policy**

This report is published for the purpose of providing all stakeholders, including shareholders, investors, and business partners, with a better understanding of SMK's business activities and efforts to enhance corporate value. We hope that this report will serve as a catalyst for deeper dialogue.

● **Reporting Period**

FY2023 (April 1, 2023 – March 31, 2024)  
However, certain sections of this report include information before and after that period.

● **Reporting Boundaries**

SMK Corporation and its consolidated subsidiaries

● **Date of Issue**

December 2024

● **Reference Guidelines**

International Integrated Reporting Framework, IFRS Foundation

● **Cautionary Note on Forward-Looking Statements**

The information in this report about our plans, strategies, and future prospects is based on currently available information and reflects our judgment. These may have risks and uncertainties. Please note that actual results may differ due to changes in the environment and other factors.

● **Trademark Notices**

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- USB Type-C® is a registered trademark of USB Implementers Forum.
- Wi-Fi® is a registered trademark of Wi-Fi Alliance.
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**About the Cover**

Next year, SMK will celebrate its 100th anniversary. The flowing lines forming the number 100 symbolize the journey of our past century, while also representing SMK's continued path forward, unwavering in our progress toward the next 100 years.

# SMK Philosophy |

Since its founding, SMK has consistently developed cutting-edge technologies and provided attractive products and services to customers around the world. Guided by our founding spirit, SMK Philosophy, and code of conduct, we will continue to contribute to a better society and future.



## Founding Spirit

Good Parts Create  
Good Final Products

Heishiro Ikeda  
Founder

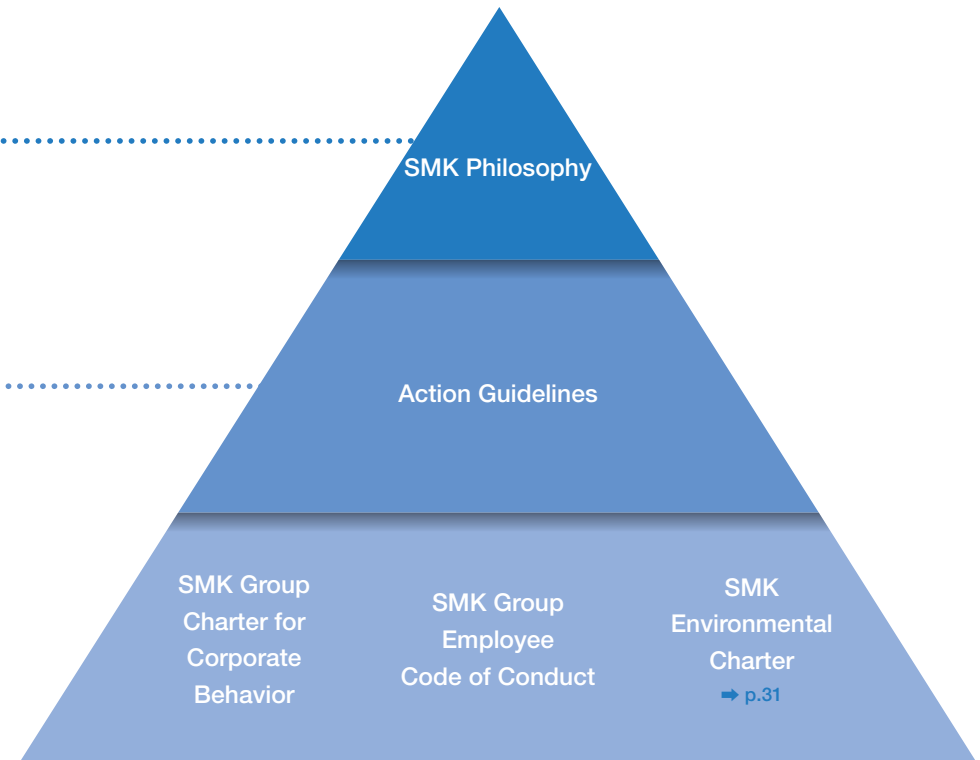
## 【Meaning of the Company Name】



SMK stands for Supertech Multifield Knowhow (exploring new fields by fully utilizing advanced technology and unique knowhow).

SMK is committed to the advancement of mankind through development of the information society, by integrating its current technological strengths and creating advanced technology.

- 1 Contribute to society with pride and confidence.
- 2 Be customer-oriented, with zeal and sincerity.
- 3 Challenge courageously for higher goals without fear of failure.
- 4 Trust and respect each other for a brighter working atmosphere.
- 5 Keep an open mind, and view SMK from a global perspective.





# History of Value Creation |

## SMK celebrates its 100th anniversary in April 2025.

Electronic components are indispensable to our daily lives. Today, they are increasingly installed in many devices due to the evolution of technology and the development of IoT. In response to these changes, SMK has always continued to provide cutting-edge products and technology.

When the Company was first established in 1925, our core business was radio-related components and radio receivers. After the World War II, we specialized in the electronic component business, and expanded as a comprehensive electronic components manufacturer while remaining true to our founding spirit that “good parts create good final products.” Today, SMK’s products are used in a wide range of fields, from the ICT market that includes smartphones, tablets, and wearable devices, to the car electronics and mobility markets, and the home appliance and industry markets that include white goods, game consoles, and solar power generation systems.

Since our full-scale entry into the global market in 1973, we have built partnerships with customers around the world, and currently provide products and services transnationally through a network that spans 16 regions globally.

Going forward, SMK will continue to contribute to the development of the information society and be a company in high demand by society.

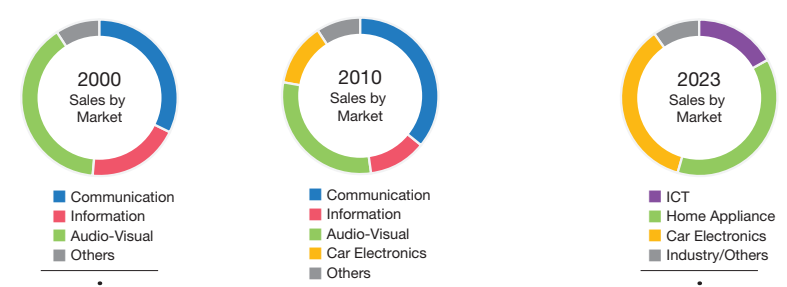
## SMK's Sales Trends



Year	Milestone
1925	Heishiro Ikeda founded Ikeda Musen Denki Seisakujo.
1929	Incorporated and renamed Showa Musen Kogyo Kabushiki Gaisha. Began manufacturing radio-related components and radio receivers.
1946	Began manufacturing electronic components.
1962	Listed on the second section of the Tokyo Stock Exchange.
1973	Expanded into the global market. Established local subsidiaries in the U.S. and Belgium (sales offices) and a joint venture in Taiwan (production site).
1978	Listed on the first section of the Tokyo Stock Exchange.
1985	Changed the company name to SMK Corporation.
1990	Overseas Sales Ratio: 21.3%
1995	Initiated “Transnational (TN) Management” to advance globalization.
1997	Established the SMK Charter for Corporate Behavior.
2000	Overseas Sales Ratio: 21.3%
2006	Established the SMK Group Employee Code of Conduct.
2022	Transferred to the Prime Market of the Tokyo Stock Exchange.
2023 (FY)	Overseas Sales Ratio: 67%

**1978** \* Consolidated figures since FY1978

**Transnational**  
= Global + Borderless



About SMK

Strategy

Sustainability

Data

## Developments in the Electronics Industry

### 1920s~

Radio broadcasting began in Japan.

### 1950s~

Television broadcasting began in Japan.

### 1970s~

Televisions and radio cassette recorders became smaller.

### 1980s~

The widespread use of PCs began.  
The audio-visual (AV) equipment industry experienced its heyday.

### 2000s~

Mobile phones became widespread.

### 2010s~

Smartphones became widespread, and mobile networks saw significant advances in speed and capacity. The growth of IoT devices and connected cars began.

## SMK's Mainstay Products

- Power transformers



- Cathode-ray tube (CRT) sockets



- Push-type channel switches for TVs

- Crimp connectors for AV equipment

- Mini-jacks (φ 2.5) for mobile phones

- Switches for smartphones



- Radio receivers



"Olympic 680 model" won a prize at the first competitive exhibition held by the Japan Radio Association in 1937.

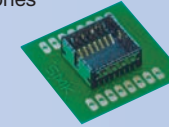
- Fuse holders



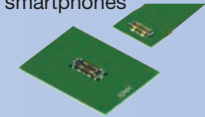
- Pin jacks for AV equipment

- MT switches  
\* MT = Mechanical Tactile

- Camera connectors for mobile phones



- FPC to board connectors for smartphones



- CRT sockets



- Keyboards for PCs

- Remote controls for set-top boxes



- Infrared remote controls



- Connectors for photovoltaic modules

- Jacks (φ 6.3) for TVs and large stereo

- Mini-jacks (φ 3.5) for compact TVs and radio cassette recorders

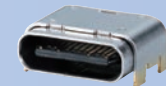


- FPC/FFC connectors for AV equipment

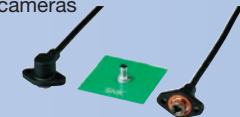
- Touch panels for car navigation equipment



- USB Type-C® receptacles



- Connectors for automotive cameras



- Coaxial connectors for automotive devices



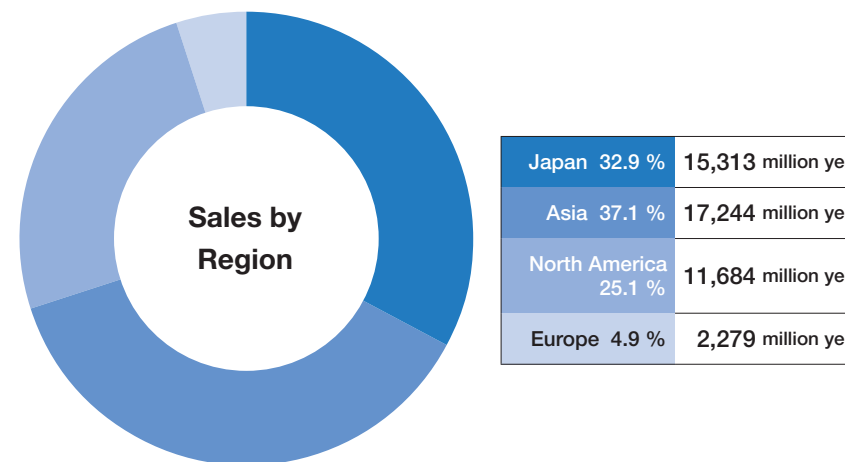
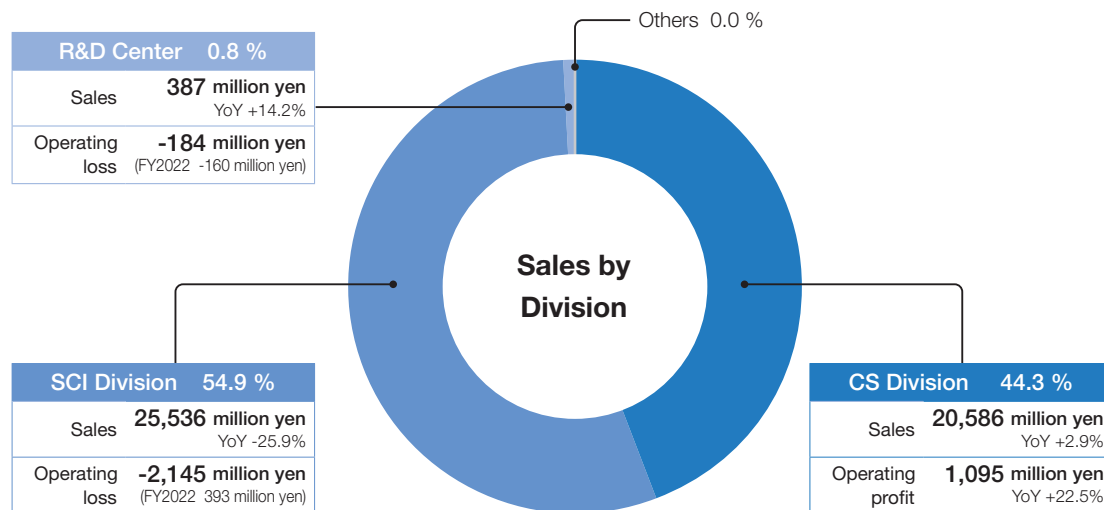
# At a Glance

## Overview of FY2023

In FY2023, sales decreased by approximately 15% compared to the previous year, due to factors such as inventory adjustments by major customers in the home appliance and car electronics markets continuing longer than expected, and delays in new product launches by major customers in the ICT market. Additionally, we recorded an operating loss of approximately 1.2 billion yen due to inventory write-downs. It should be noted that these inventory write-downs were recorded partly as a preventive measure in anticipation of FY2024.

While we recorded foreign exchange gains of approximately 1.1 billion yen due to the weakening yen, resulting in an ordinary profit of 226 million yen, the final profit for the period showed a loss of 489 million yen due to factors including the recording of impairment losses at the end of the period.

	FY2023 Results	Year-on-Year (YoY)
Sales	46,522 million yen	-15.2%
Operating profit (loss)	-1,243 million yen	(FY2022 1,128 million yen)
Operating profit (loss) margin	-2.7 %	(FY2022 2.1 %)
Ordinary profit	226 million yen	-91.0%
Profit (loss)	-489 million yen	(FY2022 1,334 million yen)



Market	Percentage	Products
ICT	17.0 %	Smartphones, Tablets, PCs, Wearables, Network Equipment, Tracking Devices, Electronic Dictionaries
Home Appliance	37.6 %	TVs, STBs, Smart Home Appliances, Air Conditioners, Amusement, Sanitary, Housing Equipment, Home Security
Car Electronics	35.7 %	CASE, ADAS, xEV, Car Navigation Equipment, E-Bikes,IVI, Electrical Devices, ECU
Industry/Others	9.7 %	Renewable Energy, Healthcare, Lighting Equipment, Multi-Functional Machines, ECR/POS, Industrial Robots

# CREATIVE CONNECTIVITY

We will contribute to the next 100 years with our Manufacturing Capabilities that realize all kinds of needs.

Yasumitsu Ikeda  
President, CEO and COO

Joined SMK in 1993. After serving as Vice President of SMK America Group and General Manager of Corporate Planning Department, appointed as Vice President in 2002, Executive Vice President in 2004, Director in 2006, and Director and Executive Deputy President in 2008. Has served as President, CEO and COO since 2012.



## A B2B Company Providing Good Parts Essential for Good Final Products

— First, could you share your thoughts on what kind of company SMK is and where its strengths lie?

SMK started by manufacturing radio-related components and has focused on manufacturing electronic components. Our main customers are companies that make final products, such as electrical products and automobiles, making SMK what is known as a B2B<sup>1</sup> company.

Under our founding spirit of “Good Parts Create Good Final Products,” we have prioritized technical capability and quality in delivering good parts to our customers, and next year we will mark our 100th anniversary. Our history is also one of manufacturing based on flexibly responding to our customers’ changing needs and requests for specific components. Our strength lies in our ability to provide flexible and agile customization. We have solved various issues of customers through our flexible response capability that we can demonstrate precisely because we are not

a large company. Currently, we have expanded our bases globally, which could also be seen as part of our capability to respond to customers worldwide.

However, our ability to compete based on “response capability” may have been possible because we were in a relatively predictable environment. In today’s unpredictable times, and as we look toward the next 100 years, we believe we must take on new challenges.

<sup>\*1</sup> Abbreviation for Business to Business, a business model dealing with enterprises rather than consumers

## A 100-Year Journey of Evolution Alongside Final Products

— SMK will mark its 100th anniversary in 2025. What has this 100-year history been like, and how do you personally view this history?

As mentioned earlier, we started with manufacturing radio components at our founding in 1925, and while we had a period

of manufacturing radio receivers as final products, after the World War II, we focused on manufacturing electronic components. Initially, we mainly manufactured mechanical components such as CRT sockets, large jacks, pin jacks, connectors, and switches, primarily for Japanese customers.



Parts assembly, 1954

In the late 1970s, we began manufacturing products that combined mechanical components with circuit components, such as infrared remote controls, which remain one of our main products today.

Furthermore, from the 1990s, we began manufacturing touch panels as new input devices, supplying them as components for ATMs, POS systems, and car navigation systems. From the 2000s, we began producing composite components such as Bluetooth® communication modules and camera modules. Developing from there, we have recently been working on new products and services including software, incorporating sensing technology, high-frequency technology, and algorithmic technology. In this way, our product portfolio has also changed with the evolution of final products. Starting with radio components at the time of our founding, we shifted to TV components with the advent of television, and later to components for AV equipment, automobiles, mobile phones, and smartphones, adapting to the needs of each era. Fortunately, until a certain period, final product sales were growing steadily, which allowed our company to grow as well.

However, in recent years, we can no longer continue with the same approach as before. The turning point was probably around the mid-2010s. There were major market changes, such as the decrease in digital camera demand due to the emergence of smartphones. At the same time, television viewing decreased, and





Product catalog, 1932

Japanese manufacturers, who were our important customers, withdrew from the TV market one after another. While we had been doing business based on customer requests until then, those customers disappeared. In addition to these circumstances, we also struggled due to the effects of the global financial crisis and the Great East Japan Earthquake that occurred slightly earlier. In this situation, automotive components, which we began handling, starting with our touch panels in the 1990s, became our new pillar of sales. Originally, the automotive components industry was dominated by automobile manufacturers' affiliated companies, making it difficult for independent component manufacturers like us to enter. However, we were able to initiate business by being early to develop touch panels for car navigation systems, and from there, we expanded our business to other components such as connectors. While our touch panel business is now declining as the touch panels have been incorporated into LCD screens, our business in automotive components such as connectors remains one of our stable sources of revenue.

Looking back like this, our industry is challenging in the sense that what we produce becomes obsolete with the changing times. Conversely, it is an industry where new products will certainly continue to emerge.

Currently, society is in the process of rapid digitalization, and digitalization leads to using more electronics. This indicates that opportunities are arising for us to enter non-electronics industries where we have previously had no presence.

For example, looking at the construction industry, amid recent labor shortages, digital technology is being introduced in

healthcare areas such as preventing worker heatstroke. Also, fatigue detection systems require sensors. Business opportunities for electronic components themselves are definitely increasing. The issue is how to capture such needs and expand our business. As a B2B manufacturer that has basically developed products according to customer requirements, this might be our challenge.



### A Year Where Our Weakness Emerged: Custom Products-Centered Approach = Difficulty in Responding Quickly to Environmental Changes

— FY2023 was the final year of the previous Medium-Term Business Plan. Could you look back on the past year?

Unfortunately, our financial results for FY2023 (previous term) showed a loss. In fact, when we formulated our previous Medium-Term Business Plan, we had not anticipated that the impact of the COVID-19 pandemic would persist this long, but we were significantly affected by it.

To explain in more detail, actually, FY2022 showed strong sales, progressing at a pace slightly above the Medium-Term Business Plan. This strong performance might have been due to stay-at-home consumption during the pandemic. People purchased items such as electrical products earlier than planned for FY2023. Since people couldn't go out, that portion of spending was redirected to shopping. So while FY2022 was good, we saw the backlash from this in FY2023.

Another factor is that we handle components for housing equipment, such as white goods like air conditioners and sanitary equipment, and we believe these were negatively impacted by the

U.S. real estate situation. In the U.S., due to rising interest rates caused by inflation, the real estate market stagnated in FY2023, resulting in sluggish demand for housing equipment. In addition to the sluggish sales of final products in FY2023, production had been increased due to strong performance two years prior, leading to excess inventory in the market. As a result, our factory utilization rates declined in FY2023, and with the recording of write-downs on procured parts inventory and impairment of fixed assets, we ultimately recorded a significant loss.

The expansion of sales through new businesses also didn't progress as planned because customers halted their product development due to the pandemic. Performance showed a significant downturn only in the third year of the previous Medium-Term Business Plan. We think this might be a result of our weaknesses. Our products are mainly custom components developed according to customer requirements. Unlike standard products, these components cannot be sold to other customers if they don't sell. When considering future management, we needed to have thorough discussions about responding flexibly to environmental changes.



## We Want to Contribute to All Customers Aiming for Future Electronics

— I understand that before developing a new Medium-Term Business Plan, you set a long-term vision for 2035. First, please tell us about its contents.

As a premise, we have established the SMK Vision of “CREATIVE CONNECTIVITY—Challenge, Creativity, Solutions.” This phrase embodies our desire to contribute to creating a better society and future by solving social and customer challenges through connecting people to people, people to products, and products to products creatively. In developing the new Medium-Term Business Plan, under this SMK Vision, we first determined “what SMK should be in 2035” as our long-term vision. That vision is “We will contribute to the next 100 years with our Manufacturing Capabilities that realize all kinds of needs.”

As society’s digitalization progresses, there will be an increasing

number of customers who want to utilize electronics. We want to grasp the issues of all such customers and contribute to a prosperous society by solving them with value-added electronic components and services, along with manufacturing capabilities such as design, production, and quality. Our philosophy is “SMK is committed to the advancement of mankind through development of the information society, by integrating its current technological strengths and creating advanced technology.” As we mark our 100th anniversary in 2025, we have incorporated into the long-term vision our determination to continue contributing to society for the next 100 years by focusing not on cost competition, but on differentiation with advanced technology and high-value-added products.

At the same time, we set targets for FY2035 of 150 billion yen in sales, 10% operating profit margin, and 10% ROE (Return on Equity). To achieve these goals, we need to develop and provide

more valuable products and services utilizing high-frequency technology and algorithmic technology. Our core technologies include connection technology from years of experience handling mechanical areas such as connectors, wireless technology from remote controls, and input technology cultivated through switches and touch panels. While individual technologies might not show significant differences compared to competitors, we should be able to achieve differentiation by combining them or enhancing them with software.

Marketing activities are essential for this. Going forward, I want us to evolve into a company that makes proposals that are one step ahead of customer expectations by further strengthening our marketing activities.

# SMK’s Vision CREATIVE CONNECTIVITY — Challenge, Creativity, Solutions

Previous Medium-Term Business Plan  
FY2021-FY2023

New Medium-Term Business Plan  
FY2024-FY2026

Long-Term Vision  
FY2035

### SMK 100th Anniversary in April 2025

**Toward New Growth  
Confidence & Transformation**

#### Accelerating structural reforms for sustainable growth

Looking toward the next 100 years, we aim to maximize corporate value by pursuing sustainable growth in sales and profits, and by improving the sophistication of our management base, capital and financial strategies.

#### SMK Next100

#### What SMK should be

**We will contribute to the next 100 years with our *Manufacturing Capabilities* that realize all kinds of needs**

— We provide products and services that solve the challenges faced by customers who use electronics, contributing to the creation of a prosperous society. —

	FY2023 Result	FY2026 Target (Final year of the Medium-Term Business Plan)	FY2035 Target (Long-Term Vision)
Net Sales	46.5 billion yen	60.0 billion yen	150.0 billion yen
Operating Profit Margin	△ 2.7%	3.5%	10.0 %
ROE	△ 1.5%	5.0%	10.0 %

## Major Reorganization to Enhance Proposal Capabilities by Integrating Sales Division and Product Divisions

— From here, I'd like to ask about the new Medium-Term Business Plan. What are the contents of this three-year medium-term plan, and what aspects are particularly emphasized?

The Medium-Term Business Plan "SMK Next100," starting in FY2024, is the first step toward realizing this long-term vision and a plan to build the foundation for the next 100 years of new SMK. Our basic policies are enhancing financial value through "achieving sustainable growth in sales and profits," "strengthening the management base that supports business," and "sophisticating capital and financial strategies," along with enhancing non-financial value through "promoting ESG & sustainability management." With these four pillars, we aim for sales of 60 billion yen, an operating profit margin of 3.5%, and ROE of 5.0% in the final year, FY2026.

Regarding "achieving sustainable growth in sales and profits," we plan to achieve this through strengthening the existing CS business (connectors) and SCI business (remote controls, units, etc.), and creating new businesses. In the CS business, we will expand connector sales in areas such as car electronics, e-bikes, renewable energy, and wearables. In the SCI business, we will expand existing products like remote controls in markets such as home appliances, housing equipment, car electronics, and e-bikes, while working to create new high-value-added products. "Strengthening the management base that supports business" is essential for this. As the biggest change, we implemented an organizational restructuring on April 1, 2024, abolishing the traditional Sales Division and integrating it into two Product Divisions and the Innovation Center. Abolishing the Sales Division, which had existed since I joined the company, was a significant decision for us.

One aim of this reorganization is to strengthen our sales capabilities. While salespersons in the previous organization broadly handled products from all businesses, now they belong to either the CS Division, SCI Division, or Innovation Center. This is expected to improve salespersons' product expertise and knowledge. I believe this has significant meaning for the marketing activities we discussed earlier, particularly for understanding needs to make proposals that are one step ahead of customer expectations.

Also, integrating the Sales Division and Product Divisions centralizes everything from sales promotion to production and

delivery. In the former organization, there were often conflicts where the Sales Division focused on sales while the Product Divisions focused on profit, meaning that the Product Divisions wanted to raise prices to improve profits, but the Sales Division feared losing customers and wanted to maintain prices. However, under the new organizational structure, responsibility for both sales and profits will be unified, making accountability clearer. We have high expectations for new businesses that will be generated by the newly established Innovation Center. The Innovation Center is an organization that integrates the open innovation promotion team from the Marketing Department into the former Research & Development Center. While I'll discuss specific development details later, they are working on creating subscription-based businesses that combine traditional hardware with software and services like algorithms, which are expected to

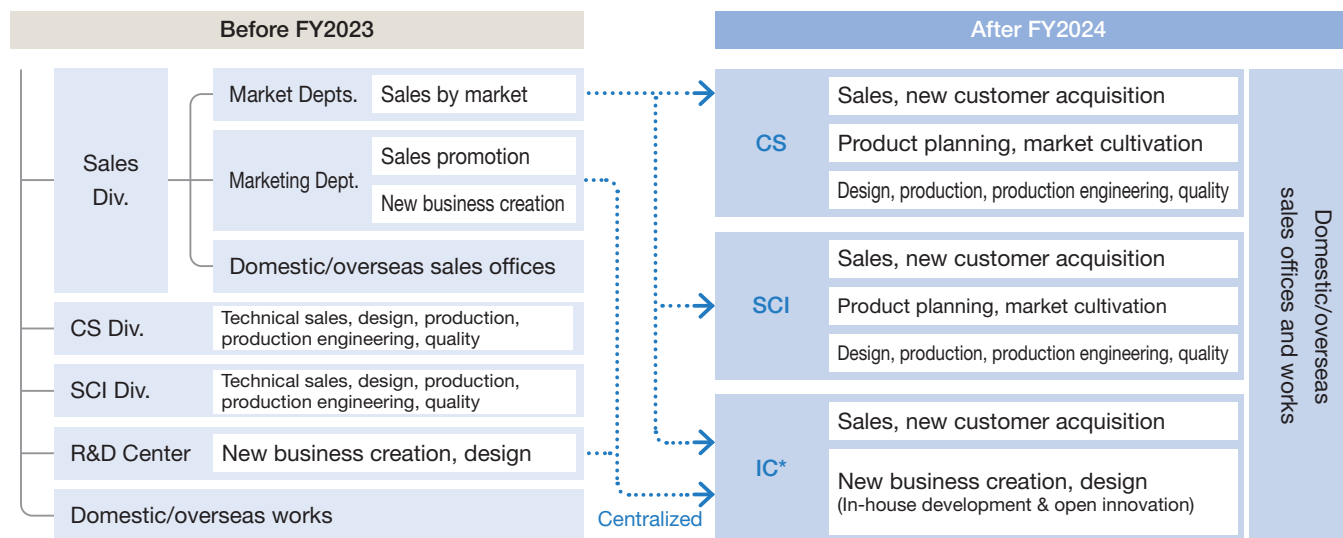
be highly profitable.

In addition to reorganizing the Product Divisions, we have also revised our administrative structure. One such change aims to strengthen stock market-conscious planning functions by integrating financial and capital strategy with investor relations (IR). Additionally, to manage profits by Product Divisions, it is essential to advance profit and loss management as well as cost management. We need to properly manage costs and pricing, and if we find areas where sales are good, but profits aren't improving, we should review our internal rules. Since IT capabilities are indispensable for such advanced management, we will simultaneously work on upgrading our IT systems.

### Basic Policy



### Reorganization



\*IC: Innovation Center

— Besides organizational restructuring and supporting system enhancement, are there any other areas you particularly focus on for strengthening management bases?

Our highest priority is strengthening human capital. In this area, our major goals are “creating challenging and rewarding workplaces” and “developing self-directed employees.” We regard reforms in personnel systems, revision of performance evaluation systems, active recruitment and development of talent, reskilling plans, and consideration of job-based employment as important themes. From the perspective of diversity, equity & inclusion, we are focusing on developing women employees in management positions, and we plan to implement measures to improve the scores of the employee engagement survey, which we first conducted last year.

As one initiative toward creating challenging and rewarding workplaces, we’ve actually been holding lunch meetings called “SAM’s CAFÉ”<sup>\*2</sup> with young employees for about two years to create opportunities for direct dialogue. Through these conversations, I heard particularly from non-engineering employees expressing their desire to “see manufacturing sites.” Acting on this feedback, we have begun creating opportunities for young employees to experience growth, such as resuming manufacturing site training programs in FY2024, which had been suspended during the COVID-19 pandemic.

The company’s survival is possible above all because of our employees’ efforts. I personally believe that our employees are our greatest asset. I want to create a new SMK together with all our employees, remembering that their job satisfaction and growth will make SMK grow as a company.

Regarding “sophistication of capital and financial strategies,” we first aim to raise our PBR (Price-to-Book Ratio) from its current level of approximately 0.5. To achieve this, we will pursue growth through this Medium-Term Business Plan, advance cost structure reforms such as production system efficiency, and introduce ROIC (Return on Invested Capital) as a new indicator to improve capital efficiency.

Finally, regarding “promotion of ESG & sustainability management,” for the environmental dimension, we have completed the installation of solar power generation systems at major production sites by last term. We are currently considering additional measures to achieve our target of carbon neutrality by 2045. For the social dimension, as mentioned earlier, we are focusing on strengthening human capital. Regarding the governance dimension, we recognize that there are areas where we haven’t fully met the requirements of the Corporate Governance Code of the Tokyo Stock Exchange, and we consider the current lack of

women directors to be a significant issue. However, of the 12 new graduates who joined SMK in Japan in 2024, seven are women. We have also prepared career development programs targeting women and are actively working to develop future executive candidates.

\*2 SAM: The president’s nickname from time at SMK America Group



SAM’s CAFÉ

### Creating New Revenue Through Product + Service Subscription-Based Businesses

— While strengthening business foundations seems likely to bring major changes, aiming for 150 billion yen in sales by FY2035 seems like quite a challenge. What is your vision for achieving this goal?

New businesses emerging from the Innovation Center look promising for achieving our numerical targets of the long-term vision for 2035. Here, in addition to traditional in-house development businesses, we are actively engaging in open innovation with startups worldwide to develop new products and services. In particular, we expect high profit margins from subscription-based businesses that sell solutions as services rather than just tangible products.

One service born from open innovation is a high-performance monitoring system using radar-based sensing technology. It can detect subject position, posture, respiration, and motion without cameras. Because it is suitable for applications such as fall detection in bathrooms, we’re receiving inquiries from hospitals, elderly care facilities, and housing manufacturers. Another service being developed by the Innovation Center

together with partners is a system that supports dementia diagnosis using speech analysis. This system analyzes cognitive function status through speech captured by the smartphone’s microphone, and we’ve launched a new service this year in partnership with an external conversation community service. We’re also receiving inquiries from life insurance companies interested in using it for simple screening during insurance contract applications. As dementia is now a high-interest topic outside Japan as well, we plan to expand the business into Asian markets.

We’re also developing an app that visualizes sleep disorder risks. This system records breathing sounds during sleep via smartphone and analyzes the data to detect the severity of sleep apnea syndrome.







Such open innovation initiatives have emerged through interactions with startup companies. For example, our monitoring system was created through collaboration between a startup with software technology and our company's sensor manufacturing capabilities. Additionally, the SCI Division, which previously focused on remote controls, is actively working to develop new businesses by combining existing technologies with sensing technology to create new business pillars. For instance, we have "Milweb," an in-house developed product that combines millimeter-wave sensors with our proprietary algorithms. This is a high-performance monitoring system that can detect heart rate, position, and number of people. We're receiving inquiries for this product from new industries we haven't worked with before, such as hotel operators wanting to detect room occupancy. These solutions represent a shift from "products" to "services," and we believe they're significant not only for their high profit margins but also for addressing social issues including the aging society.

## Enhancing Production Sites in Japan While Aiming for Overseas "One-Stop Services"

— What initiatives are you considering for overseas bases?

In response to recent yen depreciation and to avoid geopolitical risks, we're receiving requests from Japanese customers to "manufacture in Japan." Therefore, we plan to strengthen production in Japan, including expanding production space. Meanwhile overseas, while maintaining the current number of production sites, we'll advance smart factory initiatives through automation, labor savings, and unmanned operations. Furthermore, we plan to have our factories in China focus on the Chinese market, our Mexico factory serve the U.S. market, and our Philippines, Malaysia, and Japanese factories handle other markets.

Our ultimate ideal is localization, which we call "one-stop services." We aim to create systems that can complete everything from sales promotion to development, production, and delivery within each area wherever possible. The biggest challenge for this is the shortage of engineers, which is particularly difficult in ASEAN countries. In such cases, we'll handle development in Japan or China while conducting sales promotion and production locally, effectively utilizing our resources.

Also, while we currently don't have a base in India, the Indian market has considerable potential, so we plan to first hire local sales staff and establish a representative office.

To strengthen overseas sales promotion and uncover needs, in addition to improving sales capabilities as mentioned earlier,



SMK Philippines

we want to increase the number of technically knowledgeable sales staff as we've been working on. This will likely include strengthening recruitment of sales engineers locally.

## Aiming to Increase Corporate Value and Contribute to All Stakeholders Through Achieving SMK Next100

— Finally, please share your message for stakeholders.

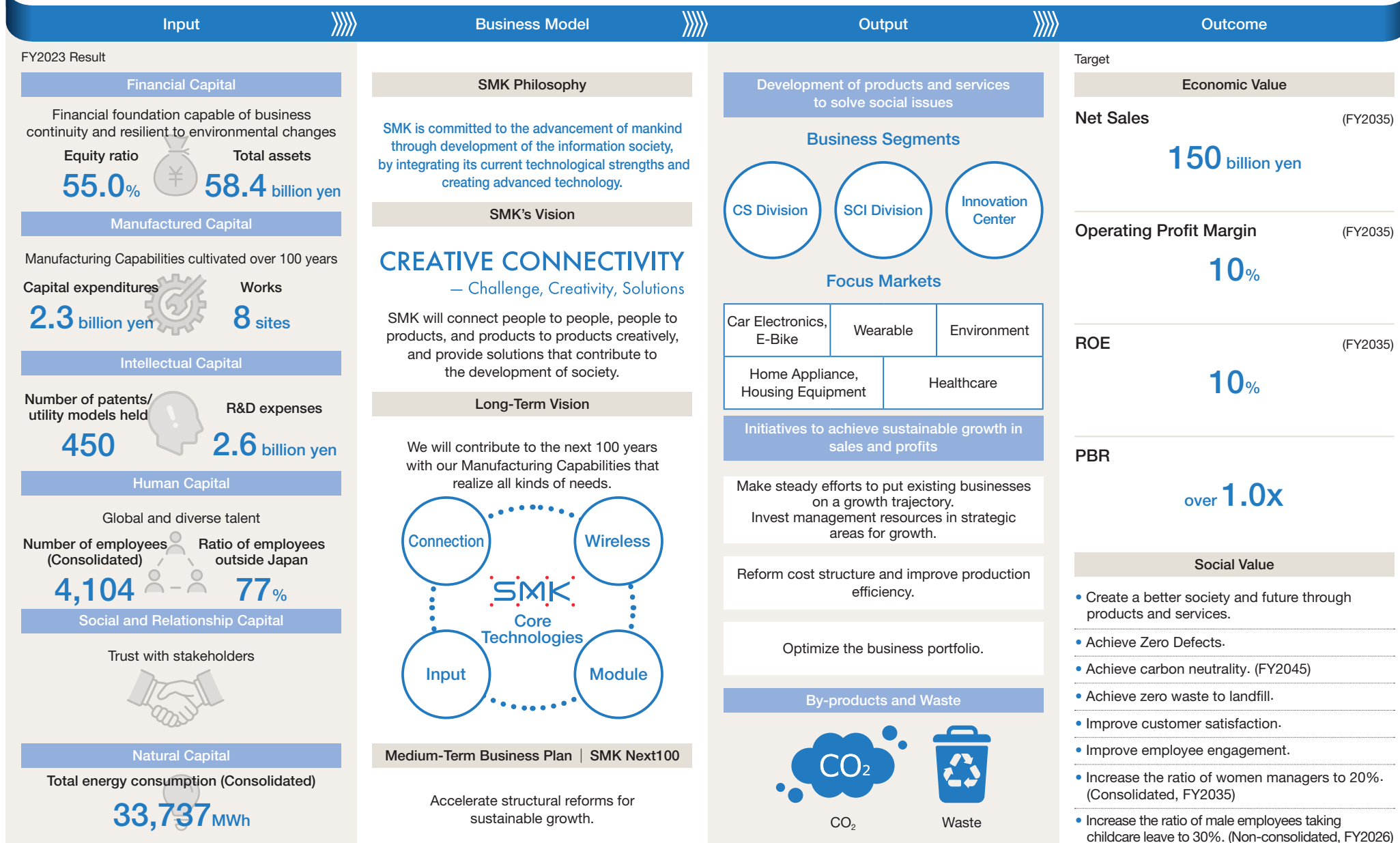
Reaching our 100-year milestone reminds me that we want to execute our new Medium-Term Business Plan "SMK Next100" to create a new SMK and contribute to society for the next 100 years.

Of course, we will continue to prioritize quality and provide good products and services to customers based on our technical capabilities. Furthermore, we aim to contribute to our customers' business expansion and create our new businesses by providing even more new proposals, technologies, and ideas. Co-creation with our business partners is essential for this. New businesses created through our combined efforts should lead to providing new value to society.

As a result, I believe corporate value will increase, allowing us to return profits to shareholders. To raise both financial and non-financial value, we will execute "SMK Next100" to create a new SMK that meets stakeholders' expectations. We ask for your continued support and cooperation.

# Value Creation Process

Increasing corporate value and return to each capital



# Business Environment, Risks and Opportunities |

Environment	Risks and Opportunities Risks ● Opportunities ●	Challenges to Address
Changes in industrial structure driven by technological innovation	<ul style="list-style-type: none"> <li>● Uncertainty in timing of new market expansion. (5G/6G, healthcare, etc.)</li> <li>● Intensified price competition due to product commoditization.</li> <li>● Expansion of new business opportunities (increase in the number of electronic components with the electrification of automobiles, entry into new markets like digital healthcare).</li> </ul>	<ul style="list-style-type: none"> <li>● Appropriate response to changes in market and industrial structure</li> </ul>
Climate change and shift toward a decarbonized society	<ul style="list-style-type: none"> <li>● Temporary shutdowns at production sites or reduced production capacity due to increased frequency of extreme weather.</li> <li>● Higher electricity costs due to energy policies and new costs such as carbon taxes and emissions trading.</li> <li>● Sales growth through the development of products and services for a decarbonized society and market.</li> </ul>	<ul style="list-style-type: none"> <li>● Realization of a carbon neutral and circular society</li> </ul>
Labor shortage	<ul style="list-style-type: none"> <li>● Rising hiring costs due to intensified competition for talent.</li> <li>● Decline in competitiveness due to delays in human capital development and skill transfer.</li> <li>● Improved labor productivity through IT and automation advancements.</li> </ul>	<ul style="list-style-type: none"> <li>● Strengthening of human capital development</li> <li>● Improvement of work environment, health &amp; safety, and employee welfare</li> </ul>
Increasing geopolitical risks	<ul style="list-style-type: none"> <li>● Difficulty in procuring raw materials and components, as well as rising prices and inventory buildup due to supply chain disruptions.</li> <li>● Enhanced competitiveness through our global production network enabling production at optimal and alternative locations.</li> </ul>	<ul style="list-style-type: none"> <li>● Strengthening of supply chain BCM</li> </ul>
Growing social demand for enhanced sustainability and governance	<ul style="list-style-type: none"> <li>● Damage to corporate brand and costs due to legal violations and human rights abuses.</li> <li>● Data breaches and system failures due to cyberattacks.</li> <li>● Sales growth through the development of high-quality, reliable products and services.</li> </ul>	<ul style="list-style-type: none"> <li>● Advancement of corporate governance and compliance</li> <li>● Respect for human rights</li> <li>● Enhancement of information security</li> <li>● Improvement of product quality and safety</li> <li>● Establishment of trust from customers</li> </ul>



# ESG Materiality |

In 2023, SMK has identified material issues for sustainable enhancement of corporate value. We will advance specific initiatives for each materiality based on prioritization established by organizing and assessing stakeholder interest and the impact on our business.

## Materiality Assessment

### STEP 1

Medium Term Business Planning Committee,  
CSR Committee, Corporate Planning Dept.

Organized the business environment, opportunities, and risks, based on our corporate philosophy, vision, charter for corporate behavior, code of conduct, and medium-term business plan.

### STEP 2

Executive Officers Meeting, Outside Officers Meeting

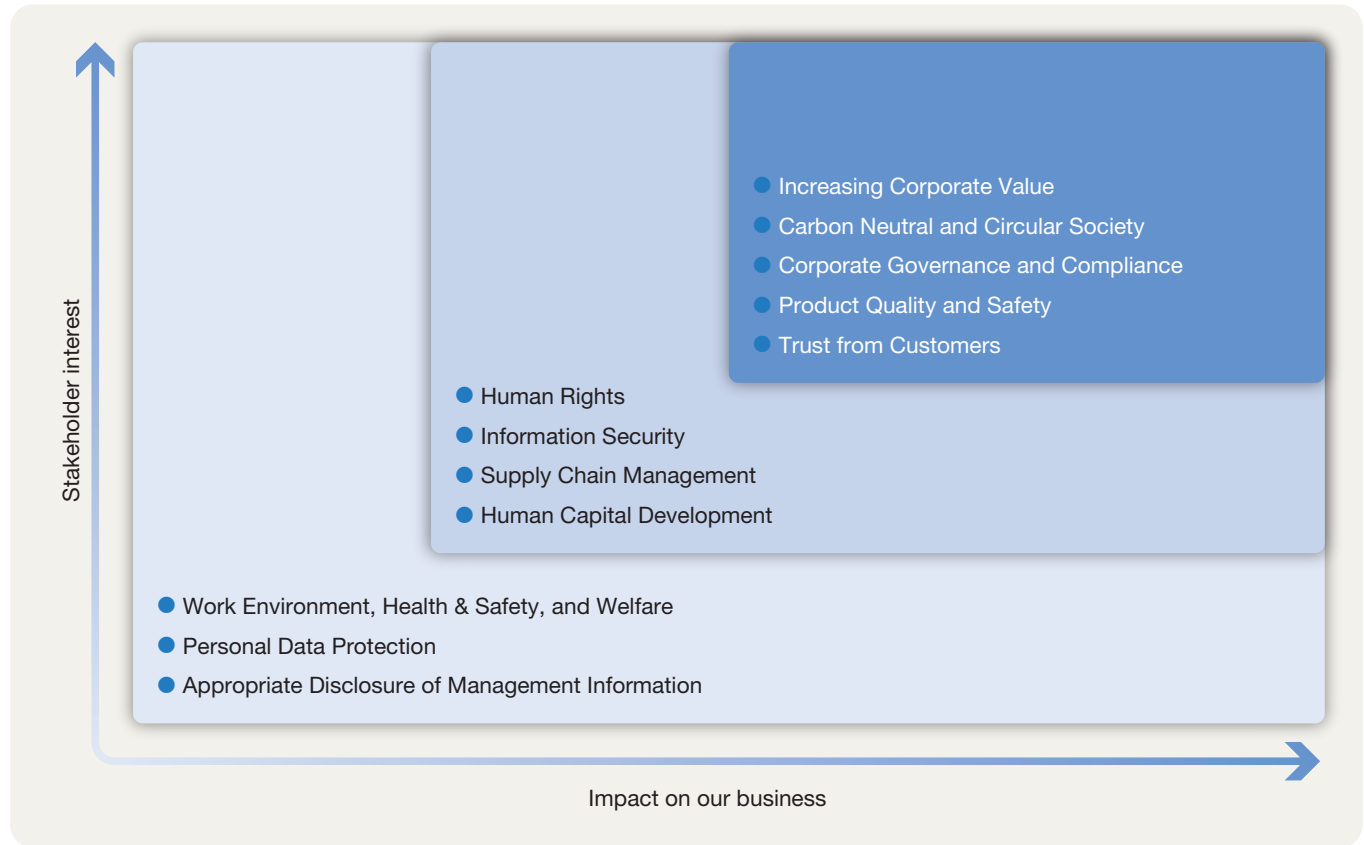
Identified key issues, taking into account stakeholder engagement.

### STEP 3

Board of Directors Meeting

Prioritized key issues using a three-level matrix based on their impact on our business and stakeholder interest.

## Materiality Matrix



Materiality	Initiatives	Details
Increasing Corporate Value	Implement the Medium-Term Business Plan.	➔ p.08
Carbon Neutral and Circular Society	Achieve carbon neutrality by 2045.	➔ p.32
Corporate Governance and Compliance	Enhance governance.	➔ p.37
	Provide employee education.	➔ p.41
Product Quality and Safety	Achieve Ultimate Quality.	➔ p.25
Trust from Customers	Improve customer satisfaction.	➔ p.35

# Financial and Capital Strategy



**Itaru Kitahira**  
Vice President, CFO

After working at financial institutions, joined SMK in 2022. Appointed as General Manager of the Accounting Department (now Financial Planning Department) in September of the same year. Has served as Vice President and CFO since June 2024.

After working at financial institutions, I gained experience in the company's Accounting Department (now Financial Planning Department) from 2022, and in June 2024, I became CFO (Chief Financial Officer) and also took charge of the Public Relations Department.

The Financial Planning Department I oversee is strengthening strategic financial functions to support management strategy formulation and decision-making, in addition to its traditional accounting role. Furthermore, by having the CFO oversee the Public Relations Department, which was previously under direct presidential control, we will integrate financial and capital strategy with investor relations (IR) to work toward realizing our new Medium-Term Business Plan "SMK Next100" and enhancing our corporate value.

## Business Performance Overview

During the previous Medium-Term Business Plan period (FY2021-2023), our financial results for FY2021 and FY2022 were close to the plan's target values, partly due to the positive effect of yen depreciation on performance. However, in FY2023, the final year, sales decreased 15% year-on-year to 46.5 billion yen, and we recorded an operating loss of 1.2 billion yen, including 0.7 billion yen in inventory write-downs, failing to achieve the medium-term plan targets. This was due to factors including decreased sales from the end of stay-at-home demand during COVID-19, new business sales expansion not progressing as planned, and continued inventory adjustments by major customers, primarily in the SCI Division.

In FY2024, uncertain global economic conditions continue, including the U.S. economic outlook, Chinese economic downturn, and geopolitical risks in Russia and the Middle East. While conditions vary by market in the electronic components industry, some

signs of recovery are beginning to appear. SMK strives to actively introduce new products, accurately respond to market changes and customers' latent needs, and evolve into a "company that makes proposals that are one step ahead of customer expectations" to put our performance back on a recovery track.

## Medium-Term Business Plan "SMK Next100"

SMK will celebrate its 100th anniversary in April 2025. Looking toward the next 100 years, to accurately respond to significant environmental changes and contribute to sustainable corporate value enhancement, we have formulated our 2035 Long-term Vision and the Medium-Term Business Plan "SMK Next100" for the three-year period beginning in FY2024. To achieve sales of 60 billion yen, an operating profit margin of 3.5%, and ROE of 5.0% in FY2026, the final year of the plan, we will steadily implement the Medium-Term Business Plan, advance initiatives for sustainable growth in sales and profits, strengthen our management base, and make our capital and financial strategies more sophisticated to maximize corporate value.

### Target of Medium-Term Business Plan (FY2024 to FY2026)

(million yen)	FY2023 Result	FY2024 Forecast*	FY2025 Target	FY2026 Target
Net sales	46,522	48,000	52,000	60,000
Operating profit (loss)	△ 1,243	200	700	2,100
Operating profit (loss) margin	△ 2.7%	0.4%	1.3%	3.5%

\* Revised forecast announced in October 2024

## Initiatives toward Corporate Value Enhancement and Management Focused on Capital Costs and Stock Price

Currently, our PBR is below 1, which we recognize is largely due to poor performance since FY2017, uncertainty about future growth, high profit volatility, low operating profit margin, and low ROE. To exceed PBR 1, we need to execute management that focuses more on growth expectations for sales and profits, as well as capital costs and stock price.

In the Medium-Term Business Plan "SMK Next100," each Product Division including the CS Division, SCI Division, and Innovation Center will work toward sales and profit growth,

aiming to achieve a steady growth trajectory while promoting cost structure reform through production system efficiency. Furthermore, we will gradually introduce ROIC as a management framework and advance management with awareness of capital efficiency. Through steady execution of these measures, we aim to achieve ROE of 10%, exceeding our cost of shareholders' equity (approximately 9%) over the medium to long term. Proper stock price formation requires stakeholders to understand SMK's direction. Through further enhancement of information disclosure and dialogue with shareholders and investors via General Meetings of Shareholders, semi-annual investor briefings, and individual meetings, we will strive for mutual understanding by receiving opinions about our company and explaining our future growth strategies and initiatives for sustainable corporate value enhancement.

## Advanced Management Control

With the reorganization of Product Divisions in April 2024, we have established a system where divisions are given sales and profit responsibility and execute profit expansion strategies centered on the Product Division to maximize sales and profits. Additionally, we will advance the sophistication of cost management and detailed P&L analysis to visualize profitability and improve earning power. To implement ROIC-based management, we are setting ROIC measurements and KPIs by Product Division, working on improvements, and developing ROIC trees. We conduct regular educational activities at various meetings such as Business Plan Conferences attended by all managers to ensure company-wide penetration. Furthermore, to improve ROIC, we will work on improving CCC (Cash Conversion Cycle) and refining cash flow planning. Moreover, we plan to establish investment withdrawal criteria by the end of FY2024 to advance asset efficiency and maintain financial soundness.

### Cross-shareholdings

SMK maintains cross-shareholdings when we judge they contribute to our medium to long-term corporate value enhancement, such as strengthening business relationships. The appropriateness of such holdings is reviewed and determined by the Board of Directors Meeting once a year. Additionally, we review the status of transactions with investee companies, their stock price, and dividends quarterly, regularly report the results of assessments on whether to continue cross-shareholdings to the Board of Directors Meeting, and sell shares deemed to have diminished strategic significance from an asset efficiency perspective, following internal regulations defining transaction authority.

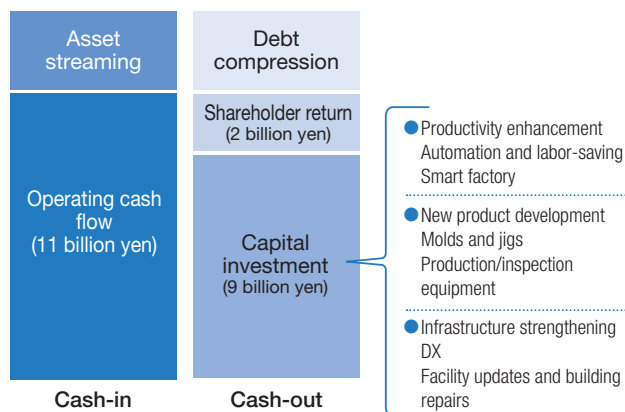
## Balancing Growth Investment, Financial Soundness, and Shareholder Returns

### Capital Allocation

During the previous Medium-Term Business Plan period, we generated cumulative operating cash flow of 9.7 billion yen over three years and made capital investments of 6.4 billion yen. Dividend payments totaled 1.7 billion yen. The main capital investments were in molds and machinery for new product development and production automation/labor savings. Additionally, in FY2023, we introduced and expanded solar power generation systems at domestic and overseas production sites toward achieving carbon neutrality by FY2045.

During the new Medium-Term Business Plan period, we plan to generate 11 billion yen in cash, allocate 9 billion yen to capital investment for sustainable growth, and implement 2 billion yen in shareholder returns. We will make growth investments in automation and labor-saving equipment for productivity improvement, production and inspection equipment for new product development, and DX-related initiatives for strengthening the management base.

### Medium-Term Business Plan (FY2024 to FY2026)

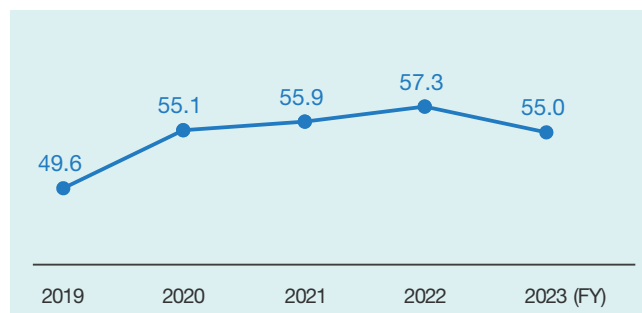


### Financial Soundness

Since the electronic components industry is significantly affected by global economic conditions and product demand, resulting in large performance fluctuations, we maintain a policy of maintaining healthy equity capital for sustainable business development. From a financial soundness perspective, we consider an equity ratio

of around 50% and DER (Debt-Equity Ratio) within 0.5 times to be appropriate. As of March 2024, total assets decreased by 2,079 million yen from the previous year to 58,444 million yen. Shareholders' equity decreased by 131 million yen to 32,143 million yen due to decreased retained earnings and increases in foreign currency translation adjustments and remeasurements of the defined benefit plan, resulting in an equity ratio of 55.0%. DER is 0.4 times.

### Equity Ratio (%)



### Shareholder Returns

SMK determines dividend payments based on consolidated performance for the period, considering medium to long-term payout ratios and internal reserve status. Our basic policy is to pay dividends twice a year: interim and year-end dividends. Internal reserves are invested in research and development and capital investment necessary for future growth and development to enhance corporate value and increase profits.

In FY2023, despite profits falling significantly below initial plans, we implemented dividends as initially planned.

Additionally, at the Board of Directors Meeting in October 2023, we decided to acquire treasury stock with an upper limit of 500 million yen to enhance shareholder returns and capital efficiency, and acquired 200,000 shares in March 2024.

During the new Medium-Term Business Plan period, we aim to maintain shareholder returns targeting DOE (Dividend on Equity) of around 2%, premised on maintaining the aforementioned financial soundness to respond to business environment changes, combined with flexible share buybacks based on performance.

## Sustainability Risk Management

This July, we reorganized our sustainability promotion system and established a new CSR/Sustainability Committee. It is responsible for discussing and coordinating company-wide issues related to sustainable growth promotion, CSR, business continuity, and risk management. As a division responsible for our financial planning functions, we believe the following risk hedging is necessary to flexibly respond to external environment and market changes:

### Foreign Exchange Fluctuation Risk

Our overseas sales account for about 70% of total sales, primarily conducted in U.S. dollars. While we hedge against market fluctuation risks through foreign exchange forward contracts, it is difficult to completely eliminate the impact of exchange rate fluctuations, and generally, profits decrease when the yen strengthens. We will minimize exchange rate fluctuation risk through control of foreign currency-denominated assets.

### Raw Material Procurement and Price Fluctuation

SMK procures raw materials and components from suppliers. While we have built cooperative relationships with suppliers for stable supply, procurement difficulties from suppliers or purchase price increases due to sudden demand fluctuations could affect performance through production delays and cost increases. In response, we are working to strengthen supply chain management and striving to ensure stable supply of raw materials and components by securing alternative procurement sources and concluding long-term supply contracts.

### Efforts to Gain Stakeholder Trust

Social demands, expectations from stakeholders such as markets and investors, and the business environment are changing significantly. We believe that appropriately responding to these changes while shifting resources to growth areas and steadily enhancing corporate value will lead to gaining stakeholder trust. We will continue to execute our capital and financial strategies steadily from a long-term perspective.



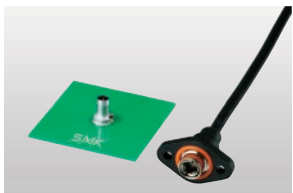
# Strategies by Segment

## CS Division

**Major Products** Connectors (coaxial, board-to-board, FPC), jacks

### Highlights of Our Products and Technology

#### Automotive camera connectors



#### USB Type-C® receptacles



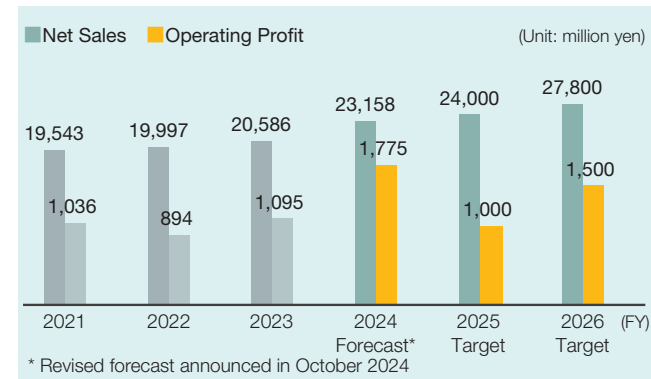
**Hideo Sugano**  
Vice President, Senior General Manager of CS Division

### Review of Performance in the Previous Term

While our performance in FY2023 fell short of the targets set in our previous Medium-Term Business Plan, we achieved sales of 20,586 million yen and operating profit of 1,095 million yen against initial forecasts of 22,742 million yen in sales and 1,083 million yen in operating profit, resulting in decrease sales but meeting the operating profit forecast. While we aimed to expand sales in the car electronics market in the Chinese region, which is strongly promoting EVs, price competition became increasingly fierce due to local component manufacturers in this active market. In Japan, we were affected by the successive withdrawal of Japanese smartphone manufacturers and inventory adjustments due to demand settling down in the previously strong amusement sector. On the profit side, while rising material and transportation costs due to the Ukraine situation and U.S.-China trade friction led to increased material cost ratios that squeezed profits, we self-evaluate that our efforts to improve our structure through front-loading development and further automation had some effect.

### New Medium-Term Business Plan (FY2024-2026) Strategy

The CASE initiatives that began with the major transformation of automobiles toward electrification are expanding the xEV field beyond just automobiles, creating new vehicles due to the high applicability of this technology. In addition, with rising environmental awareness, technology development is progressing in the renewable energy field. At the same time, in the industrial equipment field, efforts are accelerating in areas such as advancing robotics, improving equipment maintainability and scalability, and enhancing manufacturing process productivity. Electronic components, which have been driven by the consumer and ICT markets, are now expanding their markets alongside the transformation of automobiles and industrial equipment. The



technologies being developed are utilized across market boundaries, making them increasingly essential. In the new Medium-Term Business Plan starting from FY2024, we will continue to work on expanding business in markets we have been active in such as consumer and industry, led by the car electronics market where new categories of vehicles such as personal mobility are emerging as our focus market, aiming for sales of 27.8 billion yen, operating profit of 1.5 billion yen, and an operating profit margin of 5.4% in the final year of FY2026.

### The Future of the CS Division

Although there was a time when it was rumored that "connectors would become unnecessary" as components became more integrated and their functions became more sophisticated, the demand for connectors has, in fact, become more diversified as the shift to electronics has progressed in all fields. We have shared challenges with our customers such as the miniaturization and thinning of mobile devices, increased current in industrial equipment, and high-speed transmission in car electronics, and have made optimal proposals for solving these issues. These proposals, along with our track record, have expanded across different fields and contributed to adding value to many products. We continue to work on advancing product development and manufacturing technology to maintain stable supply with reliable high quality at reasonable costs. In product development, we have introduced various simulation analyses to increase the reliability of performance and quality at the development stage. In manufacturing technology, we are reducing overall losses and stabilizing quality by incorporating inspections between processes, while also working on automating these inspections to improve our automated inspection capabilities. In addition, as part of our pursuit of optimal production methods, we are developing original manufacturing equipment in-house. While further enhancing the technical capabilities we have cultivated in this way, we will continue to provide optimal proposals where customer needs exist and contribute to creating a prosperous society.

# Medium-Term Business Plan

## Business Environment, Opportunities and Risks

### Environment

- Continued uncertainty in the global economy and world situation
- Increased demand for electronic components in xEV and ADAS, the car electronics market trends, including the new category such as personal mobility
- Expansion of the renewable energy market
- Rising demand for transitioning to green energy, including within supply chains

### Opportunities

- Expansion of connector demand accompanying accelerated xEV adoption
- Expansion of demand due to growth in the green energy market
- Increase in new model development accompanying the shift to wireless devices

### Risks

- Supply chain disruption
- Surge in raw material costs
- Cost increases for green energy support
- Reduction in connectors due to shift to wireless devices

### Focus Market

Capture needs in each market centered on car electronics, consumer, and industry markets, and provide optimal proposals

- Car electronics: xEV, ADAS, e-bike
- Consumer and industry: Smartphone, tablet, wearable, amusement, renewable energy

### Growth Strategy

Expand orders through collaboration between manufacturing and sales, shorten development periods through establishment of quality at the development stage

- Expand orders by making proposals leveraging synergies between existing resources and DX that meet customer needs.
- Front-loading type product development.

### Manufacturing Strategy

The “Manufacturing Capabilities” we have cultivated since our founding. Never stopping our journey to further improve ourselves while pursuing new technologies.

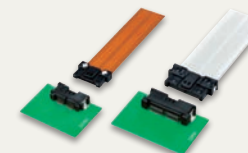
- Achieve early establishment of quality by advancing simulation technologies.
- Promote smart factories and smart manufacturing processes (DX, automation).

## Topics

### Car Electronics Market

- Strengthening development of connectors for xEV and ADAS
- Proposals for lighter and thinner battery monitoring systems (BMS)

We are strengthening our response to high-speed transmission for connectors for automotive cameras and ECUs, where demand is expanding due to progress of ADAS. Also, with the expansion of the EV market, we have commercialized products such as FPC connectors with locking structure “FV-1” and low-profile crimp connectors targeting BMS etc., which contribute to making devices lighter and thinner, and are expanding their use centered on EVs. Including other product groups, we will focus on connector development for the increasingly growing mobility sector.



FPC Connector “FV-1”



Ethernet Connector “SE-R1”

### ICT Market

- Pursuit of miniaturization, thinning, and high-speed transmission
- Active development of connectors for wearables

As demands for miniaturization, thinning, and high-speed/high-frequency response increase, we are working on product development that aims for industry-smallest sizes while ensuring contact reliability and utilizing high-speed transmission technology.



Ultra Small Terminal

Also, as demand for noise countermeasure products increases with the shift to high-speed devices, we are further expanding our lineup of earth terminals.

We aim to expand sales by actively deploying these types of products in the smartphone and wearable markets.

## Core Competencies

### Reliable technical capabilities refined over the past 100 years

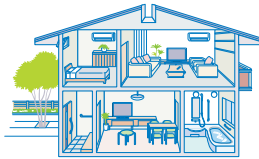
- ▶ **Compact and high-speed transmission design**  
Leveraging our experience in the ICT market, we develop the industry's smallest and highest-speed connectors with high reliability.
- ▶ **Custom solutions**  
With a proven track record, we offer flexible customized solutions with unique structures.
- ▶ **Automation**  
We provide excellent cost and delivery responsiveness through the development of versatile, high-speed, and high-quality manufacturing equipment.

## Major Products

Remote controls, switches, camera modules

## Highlights of Our Products and Technology

### Remote controls



### Switches



### Camera modules



**Takashi Ito**

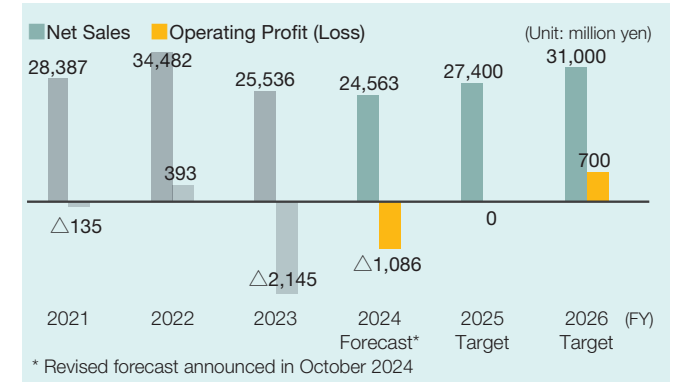
Vice President, Senior General Manager of SCI Division

## Review of Performance in the Previous Term and Achievement Status of Previous Medium-Term Business Plan

While we exceeded our planned sales targets for the first two years (FY2021, FY2022) of the previous Medium-Term Business Plan, in the final year FY2023, sales were 25,536 million yen with an operating loss of 2,145 million yen, showing a significant slowdown in both sales and profits. We were significantly impacted by the deterioration in the car electronics market including e-bikes and home appliance markets such as air conditioners and cooling systems, as well as prolonged inventory adjustments by major customers, partly due to a backlash against the rapid recovery from the COVID-19 pandemic. While we implemented countermeasures against the rapid decline in sales, factory utilization rate decrease, and material price surges and persistence, we couldn't keep up with the speed of sales decline and couldn't deal with these issues. In addition, write-downs from organizing inventory with low recovery prospects became a major negative factor.

## New Medium-Term Business Plan (FY2024-2026) Strategy

In the new Medium-Term Business Plan starting from FY2024, we will focus on our biggest challenges of "sales expansion" and "return to profitability" to achieve early recovery in performance. As key measures, along with sales expansion through concentrated sales promotion under a new system centered on existing business, we will actively take on the challenge of early business development by focusing on developing high-value-added products in new fields with sensors/sensing as key elements and pioneering new markets in order to create next-generation main products. Through steady implementation of these measures, we aim to achieve sales of 31 billion yen and operating profit of 700 million yen in FY2026, the final year.



## The Future of the SCI Division

In the current market environment, there is increasing demand for EVs and ADAS in the car electronics market, while AI and IoT utilization is further advancing in the consumer and industry markets. As a result, customer and market needs continue to change, with diversification accelerating. In such a business environment, taking the approach of only evolving our traditionally cultivated Sensing, Communication, and Interface technologies individually will make it difficult to fully meet customer expectations. We believe it is important to create new added value by crossing and merging these technologies. Going forward, we will accelerate the creation of new businesses by maximizing the synergistic effects of our technologies. To this end, we will actively work toward creating functions needed by the market and new added value through comprehensive system solutions. Furthermore, for items where we have already begun specific initiatives such as PoC (Proof of Concept), we will focus on early practical application and business development.

Through these initiatives, we aim to accurately grasp and flexibly respond to continuously changing customer and market needs as well as social issues, actively proposing optimal solutions while pursuing both contribution to creating a safe and secure society and sustainable business.

# Medium-Term Business Plan

## Business Environment, Opportunities and Risks

### Environment

#### [Market]

- Accelerating shift toward eco-friendly products
- Rapid spread of products utilizing AI
- Growing awareness of safety, health, and monitoring

#### [Supply chain]

- Recovery from semiconductor and electronic component shortages
- Growing influence of component manufacturers
- Increase in intermediate inventory due to market downturn

### Opportunities

- Increased opportunities for entry into new markets such as CASE, IoT, and AI
- Expanded deployment of existing products in domestic markets
- Increased demands for BCP production systems and multi-site production

### Risks

- Increased cost and foreign exchange risks due to global inflation
  - Changes in competitors (EMS\*, customer in-house production)
  - Changes in business models (requirements)
- \* Electronics Manufacturing Service

### Focus Market

- Home appliance: Air conditioner
- Housing equipment: Sanitary
- Car electronics: E-bike, camera modules

### Growth Strategy

#### ▶ New market cultivation

- Sensors and sensing products: Commercialize high-value-added products

#### ▶ Maintenance and expansion of existing markets

- Car electronics: Expand e-bike business (domestic/overseas market)
- Home appliance/housing equipment: Deepen relationships with major customers

### Strengthen Organization for Growth

#### ▶ Establish a dedicated team for new market and customer development

- Establish a dedicated team for expanding the sales of focus products and intensively promote them worldwide.

#### ▶ Review production systems: Respond to multi-site production due to BCP requirements and demands for a return to domestic production.

- Expand domestic production sites (Toyama, Hitachi).
- Make effective use of overseas production sites (Mexico, China, Malaysia, Philippines).

#### ▶ Improve productivity: Promote production line automation and optimization.

- Automation: Deploy production lines with “humans” and “robots” coexisting across the group.
- Standardization of production equipment: Promote efficient capital investment.
- Promote productivity improvement utilizing AI technology.

## Topics

### Initiatives toward commercialization of sensing products

As an initiative toward creating next-generation main products, we will focus on product development and new market development through the fusion of sensing technology with existing technologies and AI. Based on our original millimeter-wave sensor “Milweb”, we are proceeding with new product development and new business development through fusion with our technologies and AI. Millimeter-wave sensors are suitable for developing various products and applications in automotive, healthcare, drones, and other areas as they can detect distance, speed, and angle with high precision. Specific large-scale projects for automotive applications and multiple field demonstration experiments are already in progress, and we are working toward early business development. In 2023, we released an evaluation kit for millimeter-wave sensors and received numerous inquiries from various fields. By actively responding to these, we are accelerating efforts toward creating and realizing new business development.

#### [Milweb™]

Millimeter-wave sensor combining sensing technology and algorithms to detect heart rate, respiratory rate, position, number of people, distance, speed, etc.



Evaluation Kit  
Milweb Application Kit “MAK”

### [Examples of millimeter-wave sensor applications]

#### Medical/Healthcare



Monitor breathing and heart rate with no-contact.

#### Drones



Detect speed, distance, and position to complement operations.

#### Entertainment



Detect user movements and reflect them in the game.

## Core Competencies

#### ▶ Product diversity

We own a broad range of fundamental technologies enabling complex and applied responses.

#### ▶ Provision of one-stop services

We have established an integrated system capable of completing sales - development - production - distribution.

#### ▶ Risk countermeasures

BCP response is possible thanks to our multi-site production.



# Innovation Center

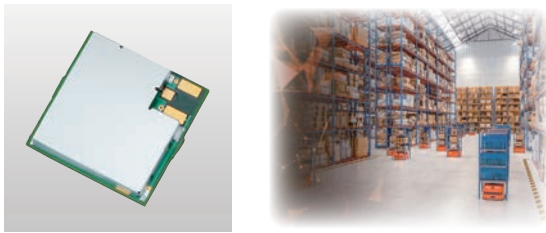
## Major Products

Wireless modules, NFC antennas

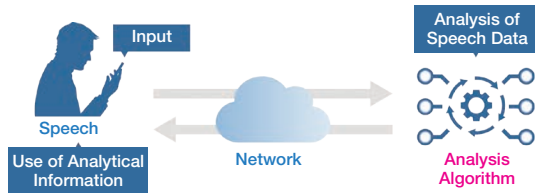
### Highlights of Our Products and Technology

→ Please refer to the sections “Focus Market” and “Growth Strategy” on page 22 for details.

#### ● Sub-GHz communication system



#### ● Technology to analyze diseases and emotions through speech



#### ● UWB type monitoring sensor



## Tetsuo Hara

Director and Executive Vice President,  
General Manager of Innovation Center

### About the Establishment of the Innovation Center

Previously, the former Research & Development Center had been selling communication modules using Bluetooth®, Sigfox, proprietary communication protocols, and Sub-GHz as main products while conducting advanced development looking toward new business areas. In addition, the former Marketing Department had been working on new business development based on open innovation in IoT and healthcare fields.

With the aim of unifying new business development resources, we integrated the Research & Development Center and the section promoting open innovation within the Marketing Department to launch the Innovation Center in April 2024. Also, by making salespersons directly affiliated with the Innovation Center, we will work to speed up business development and strengthen sales capabilities.

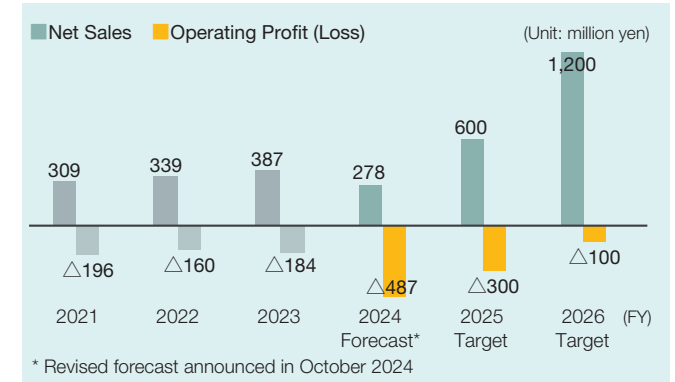
The Innovation Center has the following three missions:

- ① Create solution businesses that solve social issues
- ② Create SMK's next profit pillars through proprietary high-value-added technologies and products
- ③ Create new business models combining conventional hardware businesses with software such as algorithms and services

We aim to achieve these by combining internal development with open innovation utilizing external cutting-edge technologies.

### Review of Performance in the Previous Term and Achievement Status of Previous Medium-Term Business Plan

The Research & Development Center's performance in FY2023, the final year of the previous Medium-Term Business Plan, fell significantly



short with actual sales of 387 million yen against the medium-term plan target of 1.1 billion yen. While we planned to increase sales through communication modules, we were unable to secure new orders for Bluetooth® modules due to intensified competition. For existing customers, although we secured IC chips that had been difficult to obtain and worked to maintain sales, profit decreased due to reduced customer requirements. Regarding Sub-GHz communication systems, while mass production for system lighting began, we did not achieve our sales targets. Regarding open innovation in the Marketing Department, we positioned the period of the previous Medium-Term Business Plan as a PoC phase, with sales expected to contribute from FY2024 onward.

### New Medium-Term Business Plan (FY2024-2026) Strategy

In the IoT domain, focusing on Sub-GHz communication systems, we aim to build new business models combining hardware + software + services by providing IoT solutions for DX promotion in various industries through combinations with various sensors and algorithm development tailored to customer applications. For the NFC antenna under development, we will focus on areas such as automotive, where demand is expected to expand, leveraging our advantages in small size and advanced communication performance.

In the healthcare domain, while proceeding with market introduction of brain disease screening technology through speech analysis, we will begin official provision of a service for monitoring of the elderly using UWB type monitoring sensors after conducting small-scale PoC tests in actual facilities. For EMG sensors, we are aiming for market introduction of applications such as visualizing muscle activity during golf swings, running, and gym training.

# Medium-Term Business Plan

## Business Environment, Opportunities and Risks

Environment	
<ul style="list-style-type: none"> <li>Further Growth of the IoT Market &lt;Leading markets&gt; Digital healthcare, smart home appliance, car electronics, industry</li> </ul>	
Opportunities	Risks
<ul style="list-style-type: none"> <li>Growth of logistics market</li> <li>Growth of healthcare market utilizing biological information</li> </ul>	<ul style="list-style-type: none"> <li>Progress of commoditization of general-purpose hardware</li> <li>Intensification of competition for technology differentiation</li> </ul>
Focus Market	

### Healthcare field where demand is expected to expand across industries

- ▶ **EMG sensors:** Frailty prediction through muscle strength visualization
- ▶ **Biometric sensors:** Non-contact estimation of human condition through heart rate variability data  
<Sales partnership with Pontosense Inc.>
- ▶ **Speech analysis technology:** Simple analysis of mild cognitive impairment (MCI) and depression through approximately 40 seconds of speech  
Contributing to a society where everyone can live healthy and long lives by connecting early detection to improvement. <Technical partnership with Canary Speech, Inc.>
- ▶ **UWB type monitoring sensor:** Detecting position and falls + heart rate and breathing  
Enabling prompt response by detecting dangers in real-time such as falls and submersion in bathrooms. Furthermore, by collecting data on daily living activities and analyzing sleep, activity levels, and fall risks to monitor health conditions, we will realize an environment where elderly people can continue living independently with peace of mind for a long time. <Technical partnership with EchoCare Technologies Ltd.>

## Growth Strategy

- Promote high-value-added business through solution development combining core technologies of communication modules and sensors with in-house developed algorithms.
- Launch new businesses utilizing open innovation in the healthcare field where demand is expected to expand.

## Examples of Growth Strategy

### Sub-GHz Communication System

**Features** Communication system using original 920MHz protocol. Can communicate through gaps even in environments surrounded by metal where communication is difficult with Bluetooth® low energy and Wi-Fi®. Can customize communication specifications according to the application and build systems combined with various sensors.

**Applications** Equipment monitoring in stores, temperature management in logistics

### NFC Antenna

**Features** Coil type with metal wire wound around ferrite core. Small and thin, allowing for flexible placement.

**Applications** Smart key (Built-in NFC antenna in car door handles, pillars, and house door handles for locking/unlocking by holding a smartphone or card to the antenna)

## Topics

### Sub-GHz Communication System

#### ① Temperature management in logistics

We received an order from a logistics company for unit products combining Sub-GHz Communication Systems and sensors for warehouse temperature management. Communication from inside sealed warehouses to the outside was a challenge, but our technology's communication performance was evaluated positively, leading to the order. Going forward, we aim to expand the business into temperature management for truck cargo beds and failure detection for cooling systems.

#### ② Equipment monitoring in stores

We conducted a PoC test in summer 2024 for a failure detection system to be added to the temperature management system for retail store freezer and refrigerator showcases. We are aiming for a high-value-added solution business by adding failure detection algorithms to units combining Sub-GHz communication systems and temperature sensors.



### Temperature management in logistics

SMK, EPS Corporation, and Helte Co., Ltd. signed a business alliance agreement and developed a new service "Sail Brain Training," launching it in April 2024. The service determines changes in health conditions, particularly signs of dementia, from speech data of elderly people using the conversation community service "Sail"\*. The service uses a speech analysis AI algorithm developed by SMK.



\* A one-to-one conversation community service provided by Helte where Japanese people can easily and safely communicate in Japanese with people around the world learning Japanese.

## Core Competencies

- ▶ **High-frequency expertise**  
We possess advanced high-frequency technology, cultivated through the design of communication modules and antennas.
- ▶ **Capability to co-develop algorithms and hardware**  
We develop practical algorithms that work seamlessly with hardware, including sensors.
- ▶ **Design capability to meet customer specifications**  
We fulfill diverse customer needs through a combination of circuit design, software, and algorithms.

# Research and Development Strategy



## Masanobu Ieko

Director and Executive Deputy President, CTO

Joined SMK in 1979. Involved in launching the Shenzhen factory in China specializing in connectors upon becoming Senior General Manager of CS Division in 2012. Became a Vice President in 2013 and Executive Vice President in 2018. Has served as Director and Executive Deputy President and CTO since 2022.

**Let's create innovation!**  
— Creating New Value by Incorporating New Approaches and Technology—

## CREATIVE CONNECTIVITY

Based on its philosophy of “SMK is committed to the advancement of mankind through development of the information society, by integrating its current technological strengths and creating advanced technology.” and with a vision of “CREATIVE CONNECTIVITY,” SMK continuously conducts research and development to propose solutions and added value for social and customer challenges.

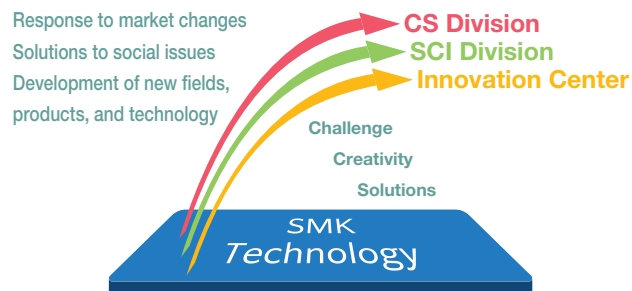
In the electronics industry, mobile devices are transitioning from maturity to saturation, and with the end of the COVID-19 pandemic, there is a shift from products to services. In addition, even four years after the launch of commercial 5G services in Japan, millimeter-wave band usage remains at just 0.1% of total traffic. In this way, while this market environment remains unclear for us component manufacturers, the remarkable progress of digitalization and IoT will surely continue, so sustainable growth can be expected going forward.

I believe that R&D is a universal source of competitive strength for manufacturers. In the field of electronic components within the electronics information industry, we continue our daily efforts with great joy in contributing to improving social convenience by evolving our core technologies that we have cultivated and refined over many years, and contributing to the creation of new value for our customers' final products including usability and environmental performance.

SMK will celebrate its 100th anniversary in April 2025. Under our Long-Term Vision of “We will contribute to the next 100 years with our Manufacturing Capabilities that realize all kinds of needs,” we provide products and services that solve the challenges faced by customers who use electronics, contributing to the creation of a prosperous society.

## Three Arrows

Since restarting as a component manufacturer after World War II - following our history of manufacturing power transformers and radio receivers trademarked as “Olympic” - we have accumulated proprietary technologies in the areas of mechanical and connection components, and currently conduct R&D across three Product Divisions: CS Division, SCI Division, and Innovation Center.



For connection components like connectors and switches, we pursue the heights of mechanical product design with keywords including miniaturization, thin-walling, low-profile, operability, robustness, EMC, high-speed transmission, and high current capacity, while advancing high-speed manufacturing with minimal human intervention and production technology sophistication that incorporates IT-based operational data collection systems.

For mechanical components combining sensors and modules developed from wireless communication technology, we respond to diverse customer needs with unit products that fuse mechanical product design, electrical product design, and software development technologies. In addition, we are developing advanced products that can be used in various applications through modularization applying combined sensing and algorithm technologies.

We aim to create high-value-added devices by refining each proprietary technology and utilizing cutting-edge technologies. Our goal is to develop Only One products and No. 1 products.

We are also working to pioneer new business domains through solution proposals for social issues. Through open innovation utilizing both our R&D capabilities and external cutting-edge technologies, we aim to create new businesses combining hardware + algorithms + services in new domains including healthcare, smart homes, vehicles, logistics, and construction.

We are advancing R&D while maintaining our philosophy and vision, with three Product Divisions with different core technologies and business models coexisting in parallel - core businesses taking a product-in approach and new businesses taking a market-in approach.

## Transnational Collaboration

SMK has R&D bases at three sites in Japan plus the U.S., Mexico, China and Singapore. Based on Design in Market principles, we have established a transnational development system with the headquarters as the center, facilitating two-way collaboration between the headquarters and each base, as well as between bases. Each R&D base serves as the design function in one-stop services (integrated sales, design and production system) for that region, while development proceeds with bases sharing new technologies and complementing design work hours and proficiency levels between bases.

## Revitalizing Research & Development

Reflecting on the past three years, I regret that we have not been able to energize R&D indicators such as number of design engineers, development projects, and development roadmap registered themes. While business opportunities and product development have a chicken-and-egg relationship where it's debatable which comes first, R&D is a universal source of competitive strength, so we must strengthen both business literacy<sup>\*1</sup> and technology as two wheels on the same axle. Therefore, we are implementing initiatives to revitalize R&D in terms of both quality and quantity.

<sup>\*1</sup> Knowledge, information capability, explanation ability, action ability, coordination ability, and network building ability needed to obtain and realize business opportunities

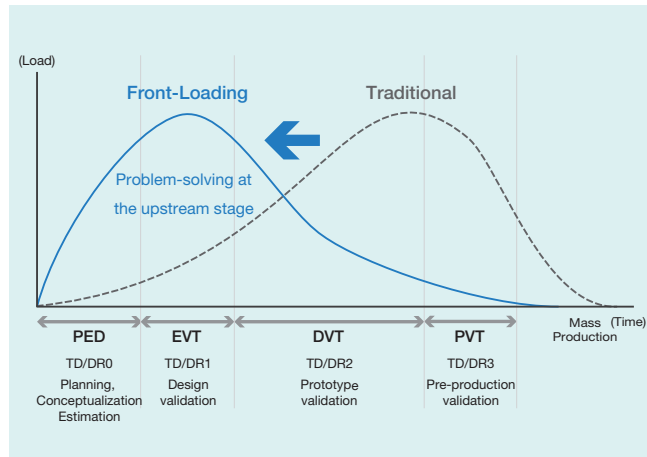
## Expertise, Imagination, and Courage

While we want engineers to acquire overwhelming specialized knowledge in their assigned fields, if they become too immersed and their perspective narrows, they tend to think within a confined framework and may miss new insights. Therefore, to foster diverse viewpoints, ways of thinking, and approaches, we regularly hold Technology Conferences and Technology Promotion Meetings as forums for engineers from various fields to interact. Engineers from around the world present on various themes, and even for topics outside their specialty, attendees engage in active Q&A, deepening connections while creating enjoyable discussions. It surely stimulates their engineering spirit. We have engineers present about their R&D at least once during their tenure. Expressing their daily activity results in such forums leads to individual growth and value enhancement. For management as well, it provides a good opportunity to glimpse engineers' growth process. Above all, since technology is created by people, the connection between people and technology is essential. Rather than specialists focused on one area, we want engineers to develop into personnel who

accumulate specialized knowledge, experience, and skills in specific fields while maintaining knowledge and interest in a wide range of other genres. Innovation often emerges from combining different elements. With advanced “expertise,” forward-looking “imagination,” and a bit of “courage” - “Let’s create innovation” - we want to nurture engineers who create new value by incorporating new ideas and technologies.

## ■ Front-Loading Product Development

In new product development processes, we promote front-loading product development. At each step from DR<sup>2</sup>0 to DR<sup>3</sup>, we thoroughly eliminate anticipated problems, aiming to establish product and process quality before moving to mass production by advancing each verification stage of EVT, DVT, and PVT prototyping and evaluation without backtracking.



We have introduced a product development management system for progress management, taking preventive measures to avoid carrying over remaining issues to the next step by ensuring task execution at each step, technical discussions and problem-solving discussions at TD<sup>3</sup>, and proper transition judgments to the next step at DR. In addition, we are improving TD and DR quality by utilizing a Lessons Learned Report that accumulates both good and bad examples. We have also established the “MSEC”<sup>4</sup> mass production trial evaluation system and determine good product conditions by executing part SPVR<sup>5</sup> at DVT and product SPVR at PVT to verify and sufficiently enhance process capabilities. Since the new product development process is carried out by cross functional teams selected from each department for each product, it serves as both a place for individual engineers to demonstrate their

knowledge and capabilities and as a place for learning and growth. We aim to hear people say, “That’s a well-devised new product!”

- \*2 DR : Desing Review
- \*3 TD : Technical Discussion
- \*4 MSEC : Mass-Production Shift Evaluation Criteria
- \*5 SPVR : Serial Process Verification Run: Verification conducted by producing for specified time, quantity, and cycles under exactly the same conditions as mass production, for each product and part.

## ■ Creating an Environment Where Design Work is Easier

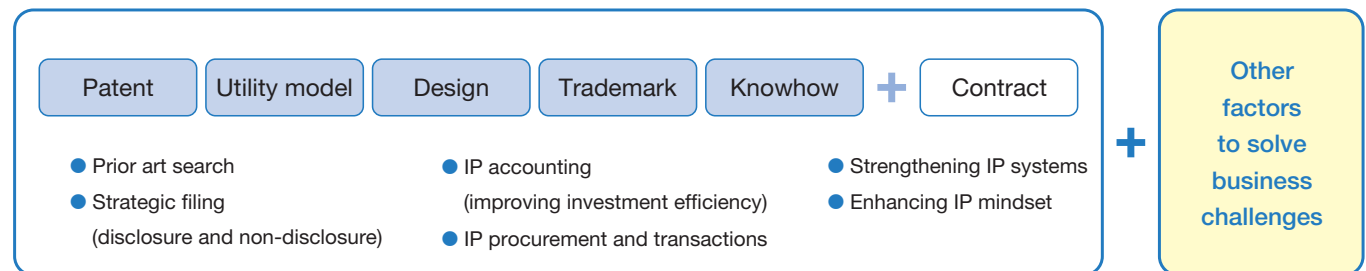
To create superior products, we are working on establishing an environment that makes design work easier. As one initiative, we are introducing CAE tools enabling various analyses to improve simulation skills in terms of speed, accuracy, and level. Simulation, which can visualize invisible physical phenomena, is an effective means for realizing front-loading product development as it allows improving completion without repeated prototyping trials and can prove logical design concepts and design validity against requirements.

We also conduct designer training by setting four analysis levels:

- Level 1: Individual item level analysis
- Level 2-3: Dynamic analysis, static analysis, heat conduction analysis, etc.
- Level 4: Coupled analysis, optimization analysis, and other high-difficulty analyses

For Level 1, we aim for designers to be able to perform analysis and drawing/design simultaneously. By enabling designers to perform simulations until they are satisfied, completion levels improve while development time is reduced by half compared to before. We are also proceeding with construction of a Product Data Management (PDM) system. This is an integrated system for centrally managing product and design-related information such as CAD data, bills of materials (BOM), analysis/test data, and technical documents. By linking this PDM with core systems, we are advancing improvements in design efficiency and information sharing and utilization with

## ■ IP-Related Initiatives



manufacturing divisions. Particularly for products using hundreds of passive components, automatic matching of BOMs with external information services allows instant visibility of the latest status of each part’s status, lifecycle, and environmental compliance, dramatically reducing designers’ investigation workload.

With providing designers as much “thinking time” as possible as our motto, we will continue working to create an environment that makes design work easier.

## ■ Intellectual Property Strategy

We consider intellectual property to be an important management resource for business growth, corporate value enhancement, and new business creation, and strive for its appropriate protection and utilization. To utilize intellectual property both defensively to minimize business risks and offensively to maximize business opportunities, we strive to establish and maintain intellectual property rights while respecting third-party intellectual property rights as our basic policy. We advance our intellectual property strategy by conducting thorough research of public information from the early stages of R&D and product development, while repeatedly thinking about establishing rights for ideas and making rights stronger.

Furthermore, we are accelerating the creation of new businesses as solutions to social issues through co-creation with different industries and fields via open innovation, including investment in startups and partnerships with universities. The intellectual property created through these efforts serves as a value driver for enhancing corporate value, bringing positive business cycles by increasing competitive advantage, and enabling further investment in R&D and product development. We will continue working on knowledge creation to contribute to achieving our Medium-Term Business Plan “SMK Next100” for sustainable growth.



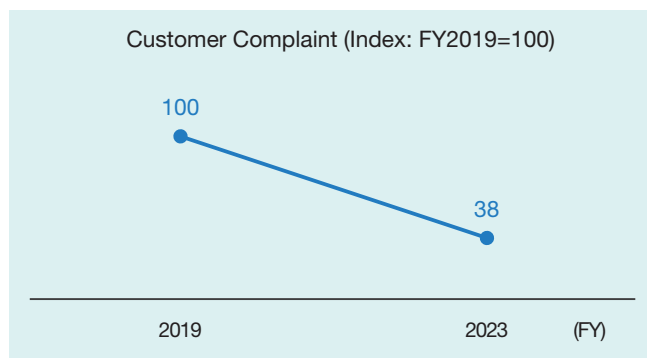
# Quality Improvement

## Basic Approach

SMK upholds Ultimate Quality Management as a core belief. This involves not only employees in divisions directly engaged in production, but all departments across the company. Through this commitment of Ultimate Quality Management, we aim to improve customer satisfaction.

## Quality Goals and Status

SMK aims to achieve “ZD (Zero Defects).” As a result of various initiatives, complaint incidents have decreased year by year, with 2023 achieving a significant reduction to 38 (62% decrease) on an index where 2019 is set at 100.



## Quality Assurance System

SMK has built an end-to-end quality assurance system based on the international standard ISO 9001. In addition, we have obtained IATF 16949, the international standard for automotive industry quality management, at five domestic and overseas sites.

For a list of certified sites,  
please see the "Certifications" page on our website.  
<https://www.smk.co.jp/company/iso/>

## TN Quality Improvement Committee

SMK holds The TN Quality Improvement Committee as a forum to report the quality status of the entire company to senior management and share information with the heads of production sites and quality assurance managers. When a serious complaint occurs, a detailed report covering aspects from the cause of the complaint to the prevention of its recurrence is made and guidance on countermeasures is provided at the committee meeting.

## FY2023 Quality Improvement Initiatives

We analyze trends in complaints from the previous year and organize issues based on inspections and advice received from customers to formulate annual action plans. These are reviewed and finalized by the TN Quality Improvement Committee. In FY2023, we further strengthened verification at the design stage using simulation. In addition, in the manufacturing stage, we are advancing initiatives, which we have continued for many years, to prevent problems by feeding back the results of process defect analysis to upstream processes.

## Employee Training

In FY2023, as part of our response to the automotive-related business, we conducted practical FMEA (Failure Mode and Effects Analysis) training and education related to VDA6.3<sup>\*1</sup>. Furthermore, we are conducting training to firmly grasp the true cause of problems, ensure their fundamental resolution, and prevent their recurrence. Until FY2020, this training was only targeted at domestic sites, but in FY2021 and FY2022 it was expanded to include Chinese factories, and in FY2023 it was further expanded to the Malaysian factory.

<sup>\*1</sup> A standard used for process audits within Verband der Automobilindustrie (German Automobile Industry Association) standards

## Company-Wide Quality Improvement Activities

SMK designates October through December each year as SMK Quality Month. During this period, each production site conducts morning assemblies (broadcasts) that include quality improvement initiatives and region-specific topics. Then, as the main event of Quality Month, we hold the “TN Q-Up Conference” across the entire SMK Group every December. Representative teams that have won preliminaries at QC Circle<sup>\*2</sup> Meetings held at each production site participate in this event. The presenting teams share the results of various improvement activities including productivity and yield improvements and functional enhancements. This promotes self-development, mutual development, and workplace vitalization. At the December 2023 event, a team from the Dongguan factory in China won the grand prize for their presentation on improving productivity in remote control assembly processes.

<sup>\*2</sup> Small groups where workplace employees continuously manage and improve the quality of products, services, and work

## Quality Improvement Through Collaboration with Suppliers

To provide products with stable quality, SMK conducts quality audits of suppliers and holds regular Quality Meetings with suppliers. At these meetings, we hold discussions and provide information to resolve issues, and communicate with suppliers through quality performance reporting, sharing of improvement cases, communication of notifications, and education.

# Productivity Improvement

## Productivity Improvement Committee

SMK holds monthly Productivity Improvement Committee meetings attended by production technology engineers from domestic and overseas production sites and related departments, aimed at company-wide productivity improvement. The committee serves as an aid to productivity improvement by reviewing new equipment investment plans, reporting improvement activity results, and sharing information such as manufacturing defect rate trends.

In addition, to energize productivity improvement activities, we have established the ENOY (Engineer of the Year) system, which recognizes production technology engineers by giving scores for activity results including committee reports and project difficulty. The ENOY system targets production technology engineers not only in Japan but at bases worldwide, and last year employees from overseas sites took all top three positions.

In new equipment investment plan reviews, applications for production equipment incorporating robots have increased rapidly since around 2022. In improvement activity reports, a wide range of knowledge and know-how is reported as activity results, from defect analysis leading to reduced loss costs to shortened movement times through manufacturing site layout changes.

## Medium-Term Business Plan Initiatives

Under the new Medium-Term Business Plan that began in FY2024, the production engineering division continues to focus on improving manufacturing process automation rates. SMK's overall automation rate in FY2023 was 56%. Starting this fiscal year, we aim to increase this by 5 percentage points annually to reach 70% by FY2026. Specifically, we will promote automation rate improvement through labor savings and unmanned operations by actively introducing robots and automated guided vehicles.

In particular, since the low automation rate in remote control manufacturing processes is an issue, we aim to improve automation rates by deploying automated machines incorporating know-how from the Dongguan factory, which is taking advanced initiatives in this field, to our factories in ASEAN and Mexico.

We also plan to advance the introduction of AI technology in image inspection and automated machine design development processes.



Remote control assembly automation machine using 6-axis robots (Dongguan Factory, China)

## Automation, Labor-Saving, and Smart Factory Initiatives

As part of our initiatives toward automation, labor-saving, and smart factory development, we introduced automated guided vehicles to manufacturing processes at the Toyama Works in FY2023. In this initiative, we constructed a line that can be managed by one operator, where automated guided vehicles work in coordination with multiple automated machines to automate part supply, finished product collection, and supply of finished products to packaging machines.

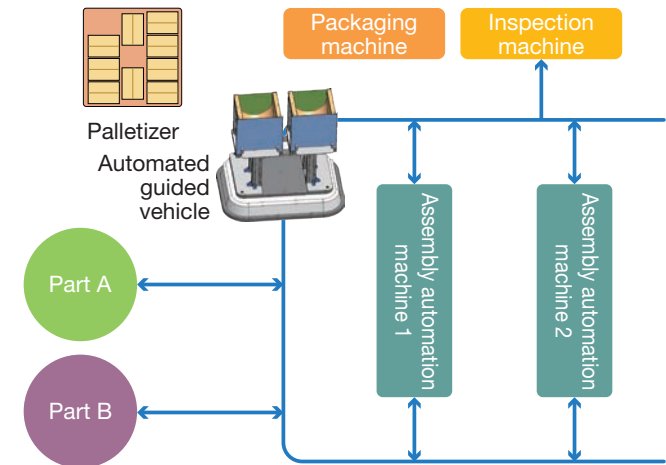
In addition, as part of smart factory development, we are also working on building a predictive maintenance system that detects equipment malfunctions before they occur. This system monitors the operation of each part of equipment and prompts operators and engineers to check when it detects operation deviating from normal conditions, and we are currently proceeding with deployment to other production sites.

## Strengthening Production Site BCP

As a BCP initiative, we established “Equipment Disaster Mitigation Guidelines” targeting production equipment in 2020. The purpose is to “minimize damage to people and equipment related to production equipment during disasters.” Based on these guidelines, we have been advancing safety measures at domestic and overseas production sites.

As a result, when the Noto Peninsula Earthquake occurred in January 2024, although our Toyama Works experienced an intensity 5 earthquake, there was no equipment that toppled or was damaged, with only minor position shifts that could be immediately restored.

For equipment safety measures, in addition to toppling prevention, we have made safety cover effectiveness confirmation and installation mandatory throughout the group, and regularly follow up on safety measure progress in the aforementioned Productivity Improvement Committee.



# Human Capital Strategy



## Mitsuyuki Masubuchi

### Vice President

Joined SMK in 1982. Seconded to SMK America Group in 1991. Subsequently served as FC (predecessor of SCI) Division Senior General Manager, became Vice President in 2016. After serving as Vice President in charge of SCI Division and Mexico Factory President, has been serving as Vice President in charge of Human Resources and General Affairs Departments since 2022.

## Toward Realizing “Creation of Challenging and Rewarding Workplaces” and “Development of Self-Directed Employees”

### Investment in Human Capital

The SMK Group has advanced as a company that is needed by society and that maintains a culture of developing human resources, upholding our founder’s motto of “Courtesy, Diligence, Honesty, Humility, Service” as our Company Creed. And next year, we will reach our 100th anniversary.

Our group’s basic approach to human resources is that employees are not company property; rather, the company and employees are in a relationship of mutual growth and social contribution through cooperation. We aim for mutual growth through a positive cycle where company growth creates diverse opportunities for employees to thrive.

SMK has always strived to develop human resources who can practice our vision of “CREATIVE CONNECTIVITY—Challenge, Creativity, Solutions” with a spirit of “independence, self-help, and self-regulation.” Individual employee growth is essential to respond to an increasingly globalizing business environment. To support this, we are working on enhancing class-based training and further strengthening job-specific training. In FY2024, we also started reskilling training.

In this way, the Human Resources Department is advancing organizational culture reform toward becoming a “learning organization” where employees can grow while considering each individual’s aptitude. At the same time, from a succession planning perspective, we are working to strengthen the development process for executive management.

### Corporate Group with Diversity

SMK has advanced globalization of human resources through long-term TN management. With the recent increase in mid-career hiring ratios, we have more personnel with diverse experiences and knowledge, and this diversity continues to increase. Additionally, from the perspective of promoting women’s advancement, we are advancing the expansion of training for women employees and introducing career development programs, aiming to increase the ratio of women in management positions in the future.

### Fostering Job Satisfaction and Creating Comfortable Work Environments

To aim for sustainable growth of both the company and employees, we will introduce a new personnel evaluation system from the second half of FY2024 to support employees who continue to take on challenges without fear of failure. Additionally, we are beginning to restructure the re-employment system to maintain

work motivation for long-serving employees.

Regarding the work environment, we are first proceeding with renovating headquarters offices, working to create comfortable, safe, and vibrant workplaces. Furthermore, we will expand systems enabling diverse work styles and strive to promote employees’ physical and mental health.

### Final Thoughts

The Medium-Term Business Plan sets “creating challenging and rewarding workplaces” and “developing self-directed employees” as human capital management goals. To promote these and contribute to corporate value enhancement, we will actively address the following four key issues:

### Medium-Term Business Plan Initiatives Related to Human Capital

Key Issue	Policy	Measures
Creating challenging and rewarding workplaces	Introduction of HR system that rewards employees who continue to take on challenges without fear of failure	<ul style="list-style-type: none"> <li>● Review of personnel evaluation system</li> <li>● Restructuring of re-employment system</li> </ul>
Developing self-directed employees	Securing and development of human resources who practice our vision with a spirit of “independence, self-help, and self-regulation”	<ul style="list-style-type: none"> <li>● Professional talent recruitment</li> <li>● Strengthening of executive development process</li> <li>● Implementation of employee reskilling</li> </ul>
Realization of DE&I	Creation of workplaces where diverse human resources can thrive while respecting each employee’s individuality	<ul style="list-style-type: none"> <li>● Initiatives to increase women in management positions ratio</li> <li>● Improvement of engagement scores</li> </ul>
Promotion of diverse work styles	Enhancement of HR systems enabling diverse human resources to thrive with flexible work styles	<ul style="list-style-type: none"> <li>● Creation of side job/concurrent employment system</li> <li>● Promotion of paternity leave</li> </ul>

## ■ Governance Structure

The Board of Directors Meeting deliberates and decides on human capital investments related to the management strategy and communicates this to the Executive Officers Meeting, while human capital investments for group employees in general are deliberated and decided on at the Executive Officers Meeting. Under the Executive Officers Meeting, we have established a Personnel Evaluation Committee that deliberates on various HR systems including support for diverse talent, and an HR Ability Development/Utilization Meeting that discusses talent development. The HR Ability Development/Utilization Meeting determines group-wide training and development policies, shares information about training implementation status at each location, and exchanges opinions on new initiatives.

## Human Capital Development

### ■ Employee Training and Development Policy

Recognizing that education and training are up-front investments that enhance corporate vitality, our basic policy for employee development is to strategically implement class-based and job-specific training. Furthermore, in order to respect our employees' desire to grow based on their own spirit of independence, self-help, and self-regulation, we are actively working to expand our subscription programs in addition to distance learning and e-learning.

### ■ Reskilling

We have launched a project to implement employee reskilling and are identifying target skills. As part of this, leading participants are engaging in data science and programming training as skills that are valuable across all job types.

## ■ Developing Executive Personnel

Based on the executive personnel selection system and the successor nomination system, we are promoting the development of executive personnel by systematically implementing personnel rotations and operational handovers. Additionally, we are planning to hold "SMK Management School," an educational program for executive talent, in 2025-2026 and are currently making preparations.

### ■ Career Autonomy

To support employee career autonomy, we conduct career training for employees when they reach ages 35, 50, and 55 to update their career plans. In FY2023, 81 employees seriously considered their future career development and created plans. Furthermore, we operate an in-house recruitment system and FA system to provide opportunities for employees seeking career autonomy to choose their workplace based on their own will. The in-house recruitment system allows employees to voluntarily apply for positions in new projects or to fill vacant posts. In FY2023, there were 10 positions with a total of 12 openings, and 6 people were successful and are now active in their roles. The FA system grants FA rights to employees with certain work experience, allowing them to transfer to their desired workplace if successful. In FY2023, 23 employees were granted these rights.

		FY2022	FY2023	2035 Target
Average hours of training per employee (hours)	Consolidated	21	33	30
	Non-Consolidated	51	63	75
Average amount spent per employee on training (yen)	Consolidated	8,072	10,856	12,000
	Non-Consolidated	38,779	38,458	45,000
Total number of training programs provided to employees (times)	Consolidated	286	271	—
Total number of training hours provided to employees (hour)	Consolidated	104,412	136,802	—

## Improving Employee Engagement

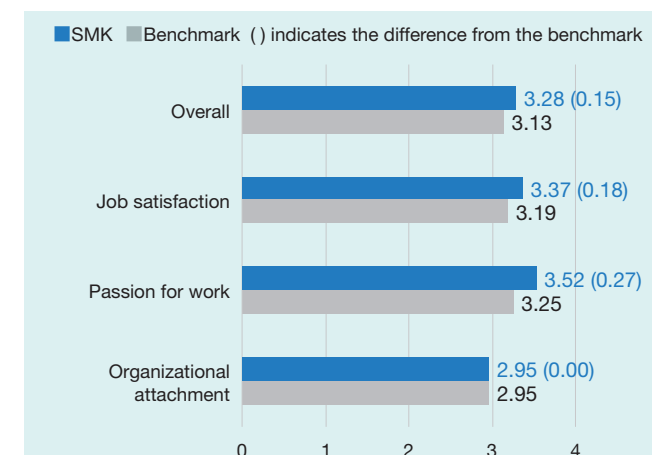
### ■ Engagement Survey and Workshops

In FY2023, SMK conducted our first engagement survey for employees in Japan (SMK Corporation, non-consolidated), with 790 participants responding. The overall engagement score was 3.28 out of 5, exceeding the benchmark by 0.15 points. "Job Satisfaction" and "Passion for Work" scored above the benchmark, while "Organizational Attachment" was on par with it. To strengthen employees' attachment to the organization, we will enhance our communication of the company's vision and improve information-sharing methods.

The survey results were shared at the Board of Directors Meeting and the Executive Officers Meeting, where engagement improvement measures were discussed. We also held workshops for each department to share the results and explore specific actions. These actions are ongoing.

In FY2024, we plans to expand the survey to include overseas subsidiaries, aiming to improve engagement across the entire group.

### ■ Result of Engagement Survey in FY2023



\* The benchmark is the average of 1,000 full-time employees (ages 18-64) from companies with 1,000 or more employees.



## Diversity, Equity & Inclusion

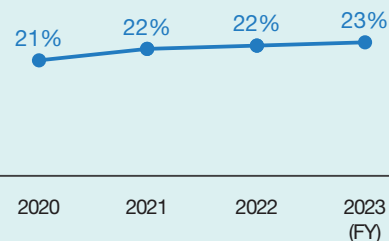
### Supporting the Active Participation of Diverse Talent

#### ● Non-Japanese employees

To foster a culture in which non-Japanese human resources can actively participate, we operate an integrated grading and evaluation system under a transnational HR system based on uniform standards for all Group companies in Japan and overseas.

In addition, by making English and Chinese our official languages, we are creating an environment that facilitates the involvement of non-Japanese employees, supporting their active participation within Japan and the localization of overseas site management.

Ratio of non-Japanese employees in management positions (consolidated)



#### ● Mid-career employees

Whether new graduate hires or mid-career hires, we are conducting proactive recruitment worldwide, and many employees hired through mid-career recruitment are actively contributing at SMK.

Our aim is for the company to develop by way of mid-career hires utilizing their diverse experience.

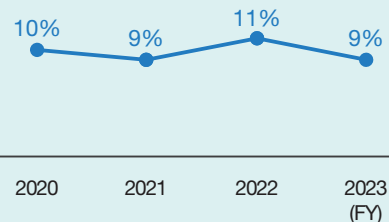
Ratio of mid-career hires in management positions (consolidated)



#### ● Women employees

SMK was ahead of its time in providing support to employees to balance childcare and work by introducing a maximum period of three years for childcare leave. The average length of service for women employees at SMK Corporation (non-consolidated) is 22.0 years, exceeding that for male employees at 19.0 years. As well as proactively introducing systems that enable flexible work styles, including telework and three-day weekends, we are also implementing a selection system to train candidates for leadership positions. Through these efforts, the number of women in management positions is gradually increasing. We are also actively recruiting women employees.

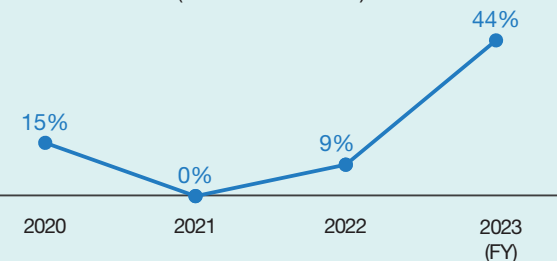
Ratio of women employees in management positions (consolidated)



### Promotion of Paternity Leave

The number of male employees wishing to take childcare leave is increasing yearly, and to help them balance maintaining their livelihood with participating in childcare, we have relaxed absence deductions for childcare leave at birth. We also provide detailed explanations of the system to male employees whose spouses are expecting a baby.

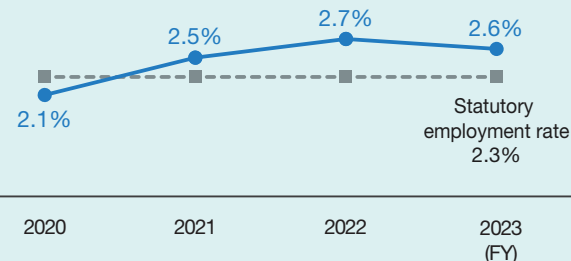
Ratio of male employees that took childcare leave (non-consolidated)



### Employees with Disabilities

At SMK, we strive to create a comfortable work environment for all employees, regardless of whether or not they have disabilities, and proactively support long-term employment. The current employment ratio for people with disabilities exceeds the legal rate, and we will continue our commitment to employ people with disabilities.

Ratio of employees with disabilities (non-consolidated)



\* Equivalent to general/section managers in the transnational HR system.

# Sustainability

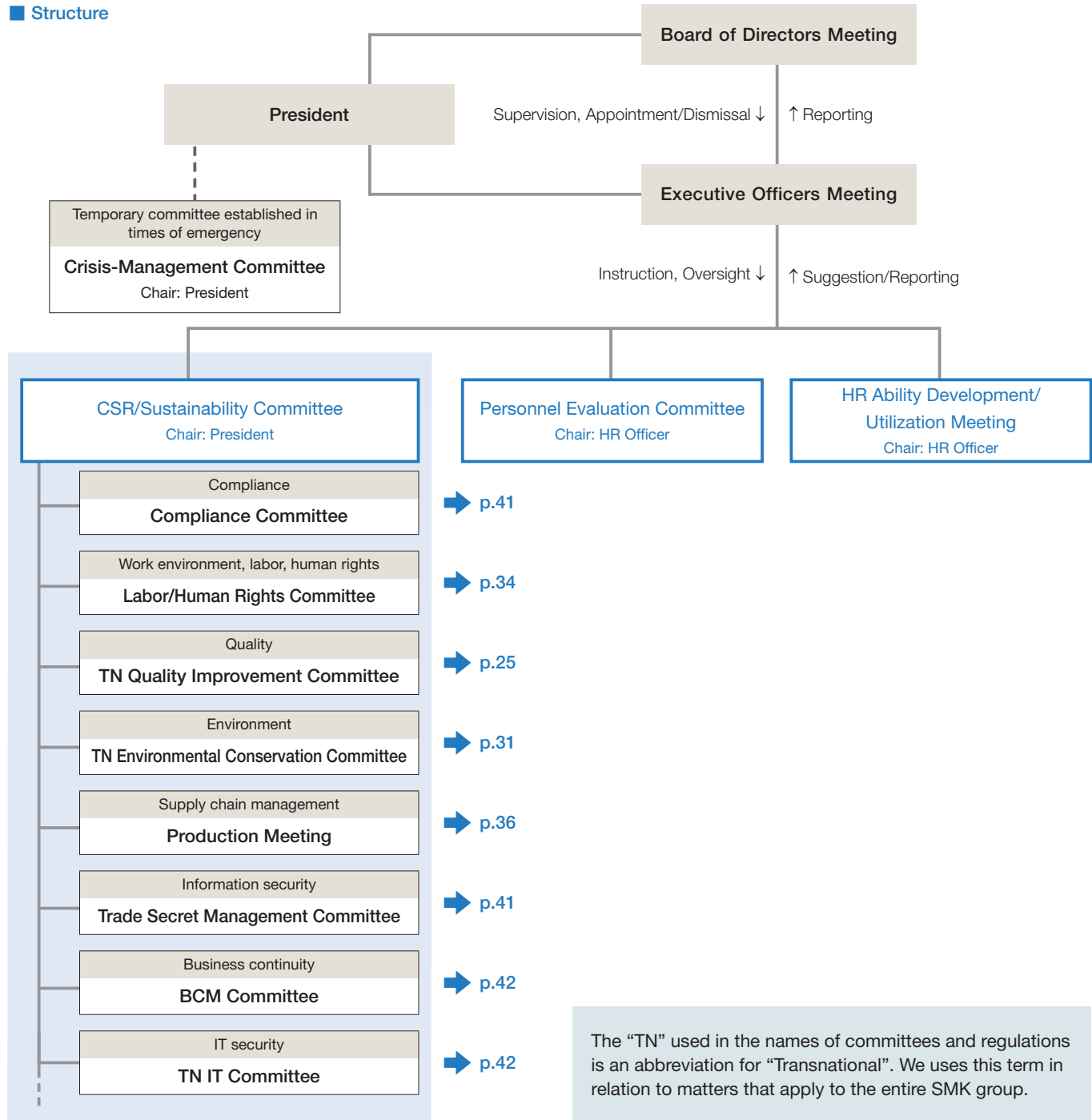
## Basic Approach

Based on the SMK Philosophy and the SMK Group Charter for Corporate Behavior, the SMK Group solves social issues through products and services, engages in environmentally and socially responsible business practices, and contributes to the realization of a sustainable society.

## Sustainability Governance

At SMK, we have been promoting activities linked to sustainability centered on the “CSR Committee” established in 2007 and the “Crisis-Management Committee” established in 2005. To further improve the efficiency and effectiveness of these activities, we reorganized the promotion system in July 2024. Specifically, we integrated and reorganized the former CSR Committee and Crisis-Management Committee to establish a new “CSR/Sustainability Committee” under the Executive Officers Meeting. This committee, chaired by the President, plays the role of comprehensively deliberating and coordinating company-wide issues related to CSR, business continuity, and risk management, with various committees and meeting bodies under its umbrella promoting specific activities by theme. In addition, the reorganized new “Crisis-Management Committee” will now operate as a temporary committee established in times of emergency. Regarding human capital, the “Personnel Evaluation Committee” and “HR Ability Development/Utilization Meeting” play central roles in HR system reform, human resource development, and promotion of diversity. These activities are supervised and overseen by the Board of Directors Meeting and Executive Officers Meeting.

### Structure



The “TN” used in the names of committees and regulations is an abbreviation for “Transnational”. We uses this term in relation to matters that apply to the entire SMK group.

# Environment

## Basic Approach

SMK promotes environmentally conscious initiatives in all aspects of corporate activities based on the recognition that “environment is an important management theme.”

### SMK Group Environmental Charter

Issued: March 1995  
Revised: July 2024

#### ● Basic Philosophy ●

The SMK Group pursues environmental preservation as well as economic development by integrating its current technological strengths and creating advanced technology. As a good corporate citizen, every one of us will contribute to the promotion of sustainable global development.

#### ● Action Guidelines ●

- ① Establish an internal system to promote environmental conservation activities, establish and periodically review environmental targets, and promote continuous improvement to achieve the targets.
- ② Aim to reduce greenhouse gas emissions and achieve carbon neutrality in our business activities.
- ③ Develop environmentally-friendly products (energy- and resource-saving, reduction of environmentally hazardous substances, etc.).
- ④ Aim to minimize the environmental impact caused by procurement and production activities.
- ⑤ Aim to reduce waste through efficient use of resources, promotion of reuse and recycling, and other resource recycling efforts.
- ⑥ Promote business activities that consider the relationship with water resources and biodiversity.
- ⑦ Comply with the laws, regulations, agreements, etc. of the countries and regions where the SMK Group is located.
- ⑧ Conduct environmental education and awareness activities to raise employees' environmental awareness and promote environmental conservation activities.

## Governance Structure

We have established the TN Environmental Conservation Committee under the CSR/Sustainability Committee. The TN Environmental Conservation Committee is chaired by the Director and Executive Deputy President and Environmental Officer and consists of representatives from Product Divisions, production sites, and other related departments.

The TN Environmental Conservation Committee manages environmental conservation activities for the entire group and determines activity policies and indicators. Important matters are deliberated and approved by the Executive Officers Meeting and Board of Directors Meeting through the CSR/Sustainability Committee.

In addition, each domestic and overseas site determines its own policies incorporating unique challenges based on group policies through site-specific environmental conservation committees and carries out activities. Information and activities useful to the entire group are deployed horizontally through the TN Environmental Conservation Committee.



## Environmental Management Systems

SMK's environmental management systems are in accordance with ISO 14001, the international standard. SMK has obtained

ISO 14001 certification for all of our Japan sites and overseas production sites.

For a list of certified sites,  
please see the "Certifications" page on our website  
<https://www.smk.co.jp/company/iso/>

## Legal Compliance

The TN Environmental Conservation Committee shares information on regulatory revisions affecting each site and confirms the status of compliance with regulations and whether there have been any accidents related to the environment and ecosystems. In FY2023, there were no environmental law violations or fines in the SMK Group.

## Waste Treatment Contractor Site Visits

We conduct on-site visits to contractors to confirm that waste is being properly treated and disposed of. In FY2023, we visited three contractors in Japan and confirmed there were no issues.

## Environmental Education

We provide opportunities to all group employees to learn about global environmental issues including climate change as part of CSR and compliance education (→ see page 41). In addition, each site conducts specialized education and awareness activities according to local laws and environmental impacts. Also, in Japan, to improve employees' environmental knowledge and awareness, we encourage obtaining the “Certification Test for Environmental Specialists (Eco Test)” from the Tokyo Chamber of Commerce and Industry, providing study materials and support for examination costs. There have been 163 successful candidates to date (including retired employees).

	FY2021	FY2022	FY2023
Number of Eco Test passes	12	7	10

## Toward Realizing a Carbon Neutral Society

SMK has set medium- to long-term targets for Scope 1 and 2 emissions, aiming to achieve carbon neutrality by FY2045. To ensure CO<sub>2</sub> emissions reduction even as business grows, we changed our management indicator from the conventional “per unit” to “emissions volume” from FY2024.

In addition, in line with the Electrical and Electronics Industry “Carbon Neutrality Action Plan,” we are working to improve energy efficiency in production processes with a target of achieving an improvement in energy consumption per unit of production value by an average of 1% or more annually.

**Long-term target**  
FY2045 Achieve carbon neutrality

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**Medium-term target**  
FY2030 Reduce CO<sub>2</sub> total emissions by 40% from FY2020

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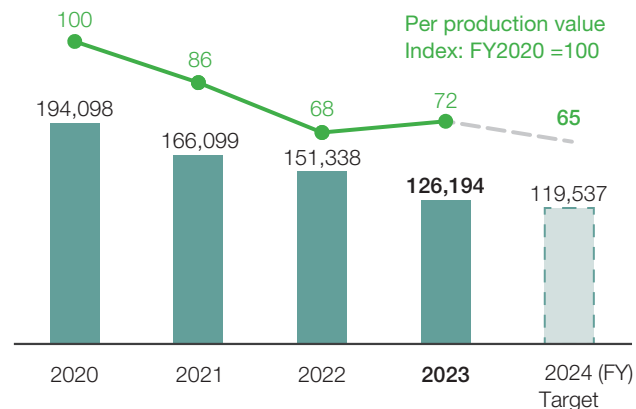
**Key initiatives**

- Upgrade to energy-saving facilities
- Expand solar power generation systems
- Consider purchasing certificates or carbon credits

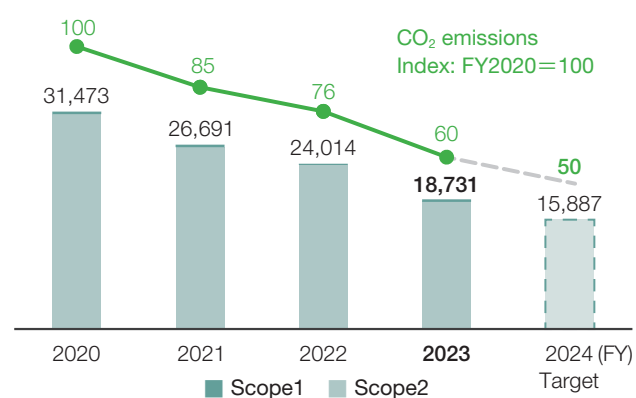
## Energy Consumption and CO<sub>2</sub> Emissions Reduction - FY2023 Results

In FY2023, we achieved our energy consumption and CO<sub>2</sub> emissions reduction targets through full operation of energy-efficient compressors updated in the previous year, plus steady power generation throughout the year from solar power generation systems at two sites in Japan. We are making steady progress toward achieving our medium-term target.

### Energy Consumptions (GJ)



### CO<sub>2</sub> Emissions (t)



## Utilization of Renewable Energy

In FY2023, we promoted the installation of solar power generation systems at overseas production sites. Currently, we are using self-generated power at two domestic sites and three overseas sites. In addition, SMK America switched its purchased power from the utility to a renewable energy-derived power option. From May 2024, the Dongguan factory in China also began purchasing solar power-generated electricity.

### Solar Power Generation Systems installed in FY2023



SMK Mexico



SMK Malaysia

## Information Disclosure Based on TCFD Recommendations

SMK has declared its support for Task Force on Climate-related Financial Disclosures (TCFD) recommendations and fulfills its accountability in ESG & sustainability management. In FY2024, we incorporated scenario analysis and revised some risk assessments. We will continue to improve evaluation methods and strive for more accurate information disclosure.



For information disclosure based on the TCFD recommendations, please see the "Response to TCFD" page on our website.

<https://www.smk.co.jp/csr/tcfd/>

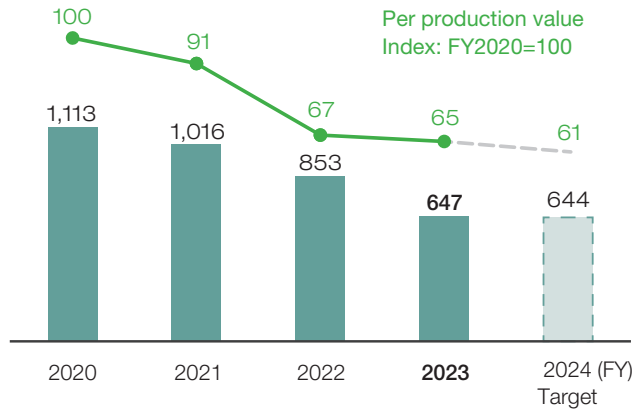


## Toward Realizing a Circular Society

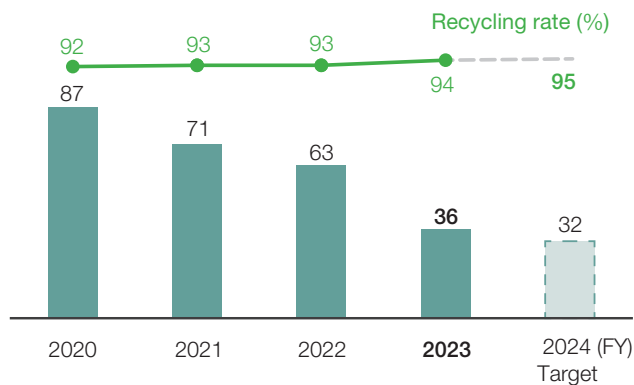
### Effective Use of Resources - FY2023 Results

We set single-year targets and implement resource-saving initiatives aiming to control waste volume and achieve zero emissions (zero waste landfill disposal). In FY2023, we achieved our targets for reducing waste emissions and landfill disposal through promoting 3R activities such as reducing scrap materials from manufacturing processes and reusing automatic assembly machines.

#### Waste Generated (t)

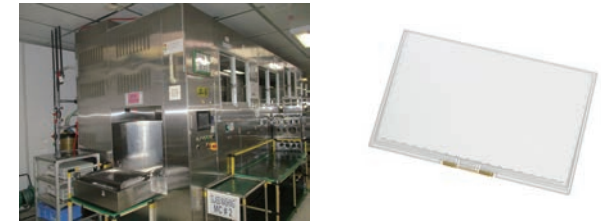


#### Landfill Waste and Recycling Rate (t)



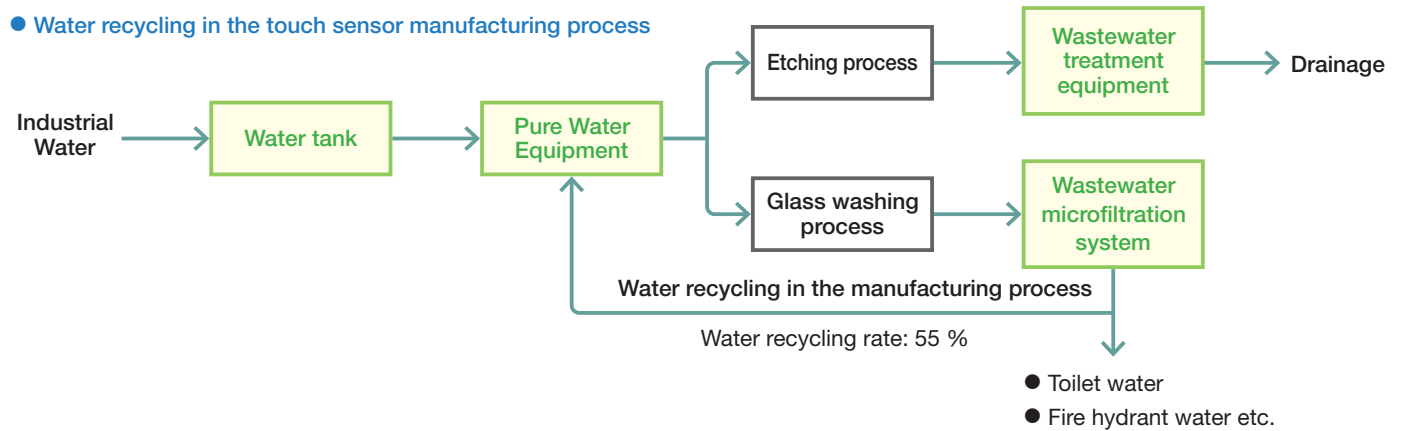
### Effective Use of Water Resources

At the Philippines factory, we reuse water consumed in touch sensor manufacturing processes through a wastewater microfiltration system. The water recycling rate in FY2023 was 55%.



Glass washing machines

#### Water recycling in the touch sensor manufacturing process



### SMK Eco Products

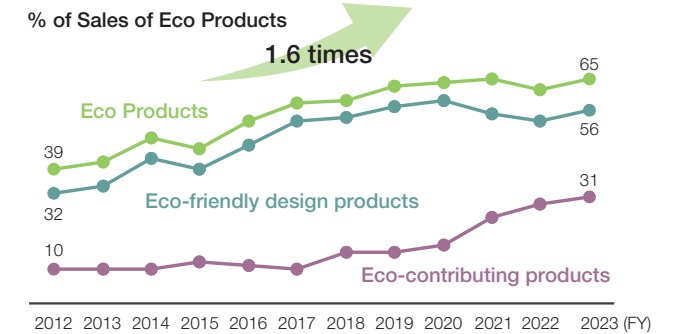
As part of product development aimed at realizing a carbon neutral and circular society, we are working to increase the ratio of SMK Eco Products. Eco Products consist of eco-friendly design products and eco contributing products. (Products that fall into both categories are counted without duplication.)

#### Eco-friendly design products

SMK products that meet 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.



While there have been some fluctuations from year to year, the sales ratio of Eco Products has expanded by approximately 1.6 times since the initiative began in FY2012.

# Human Rights |

## ■ Basic Approach

It has been set as our basic principle that we respect each individual's human rights and that we do not conduct any acts that may discriminate against people or damage people's dignity because of their birth, nationality, race, ethnic group, belief, religion, gender, sexual orientation, age, or any disability. SMK has laid down a provision in the SMK Group Charter for Corporate Behavior and SMK Group Employee Code of Conduct for respect for human rights.

### SMK Group Charter for Corporate Behavior (Excerpt)

#### Article 5

We will strive to make it possible for employees to lead pleasant and enriched lives, by guaranteeing a comfortable and safe work environment and respecting our employees' dignity and individuality.

#### Article 8

In overseas operations, we will comply with the laws and regulations of the countries and regions, respect human rights and other international norms, and manage ourselves in a manner that contributes to local development.

### SMK Group Employee Code of Conduct (Excerpt)

#### Article 2. Human Rights and Labor

- Prohibition of Forced Labor
- Prohibition of Child Labor
- Respect for Human Rights
- Prohibition of Discriminations
- Compliance with Employment Regulations
- Working Hours and Wage
- Freedom of Association and Respect for Collective Bargaining Rights

Please see our website for the full text of SMK Group Employee Code of Conduct.  
<https://www.smk.co.jp/csr/fair/>

## ■ Governance Structure

Under the CSR/Sustainability Committee, we have established a Labor/Human Rights Committee to promote labor compliance including human rights respect and occupational health and safety activities. The Labor/Human Rights Committee also oversees the Occupational Safety and Health Committee at each business site.

## ■ Human Rights Due Diligence

Based on the "Responsible Business Conduct Guidelines" provided by the Japan Electronics and Information Technology Industries Association (JEITA), we conducted human rights due diligence across group sites in FY2023.

We identified nine items as potential negative impacts: (1) Forced labor, (2) Child labor and consideration for young workers, (3) Working hours, (4) Wages, (5) Inhumane treatment, (6) Discrimination (specifically targeting race, age, gender, sexual orientation, ethnic group, nationality, disability, pregnancy, religion, political views, etc.), (7) Freedom of association and right to collective bargaining, (8) Occupational safety, and (9) Worker health.

Fortunately, no cases of human rights violations such as forced labor, child labor, or discrimination were found. We will continue our efforts to prevent such occurrences. Regarding health and safety, we identified areas for improvement in accident management methods and disaster drill, and have made corrections. We plan to continue conducting due diligence annually.

# Occupational Health & Safety |

## ■ Eradicating Work-Related Accidents

SMK is working on health and safety initiatives at each site with the goal of zero work-related accidents. When an accident does occur, we discuss preventive measures across the entire group to avoid similar accidents from occurring again.

	FY2021	FY2022	FY2023
Work-related accident frequency rate	0.00	0.00	0.00
Number of accidents resulting in lost time injuries	Target 0	Target 0	Target 0
	Result 0	Result 0	Result 0

Reference: Average frequency rate in the electronic components, devices, electronic circuits manufacturing industry*	0.58	0.62	0.66
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\* Japan, calendar year cumulative total, Source: "Survey on Industrial Accidents" (Ministry of Health, Labor and Welfare)

## ■ Health Promotion

SMK values the importance of each employee leading a healthy and happy life, both physically and mentally, and we are working to support the health of our employees.

We aim for 100% participation rate for health check-ups and retests to promote physical health. For mental well-being, we conduct annual mental health self-care training to improve our employees' abilities to cope with stress. Additionally, we have established an in-house advisory service to help with the early detection of mental health issues.

	FY2021	FY2022	FY2023
Number of employees trained in health	722	823	732

## ■ Safety Education

In order to achieve a safe and secure workplace with zero work-related accidents, we actively conduct safety awareness activities and provide education on health and safety rules.

	FY2021	FY2022	FY2023
Number of employees trained in safety	2,264	2,272	2,184

# Customer Satisfaction

## Basic Approach

SMK seeks to be useful to society and upholds as the first principle of the SMK Group Charter for Corporate Behavior “For customer confidence, we will develop and provide superior goods in terms of quality, cost, and safety through our accumulated advanced technology.” We believe that customer satisfaction is the most important element in determining SMK’s significance and value as a company. Therefore, all departments including sales, design, production, quality control, and manufacturing sites work together to improve customer satisfaction.

## Customer Satisfaction (CS) Surveys

SMK conducts CS questionnaires targeting customers in material procurement, technology, and quality departments to survey how customers perceive not only product quality but also SMK’s activities and improvement efforts. Until now, this was conducted once every three years. To make the questionnaires more beneficial going forward, we are currently reviewing the frequency and content of implementation.

### [Main Survey Themes]

- Impression of SMK
- Environmental responsiveness
- Delivery
- Quality
- Cost
- Service
- Technology

CS survey results are fed back to the entire company and reflected in improvement initiatives, primarily in the production, technology, and quality departments. In addition, for problems discovered through the survey, we analyze causes and create specific solutions to address them.

# Social Contributions

SMK clearly states in its Group Charter for Corporate Behavior that it will “actively engage in social contribution activities as a good corporate citizen,” and as a responsible company, implements various activities such as social welfare and local community contributions. In addition to tree planting activities and beautification campaigns near factories, we actively conduct educational support and local support activities such as manufacturing workshops for elementary school students and accepting internships. We will continue these initiatives going forward.

(million yen)	FY2021	FY2022	FY2023
Social contribution expense (Cash contributions)	2.0	4.2	3.6
Employee volunteer hours during paid working hours (Monetary valuation)	1.4	5.0	6.6
Contributions of product and services (Monetary valuation)	0.4	0.7	0.5

## Activities in FY2023

### Children’s Cafeteria

We opened a children’s cafeteria in July 2023 with the aim of providing children with a safe and secure place and warm, nutritious evening meals. We hold it once a month at the headquarters annex in cooperation with a local community member. In addition to providing meals, we also hold seasonal events such as at Christmas, and SMK employees participate as volunteers in every activity.

In FY2023, 396 children and their parents in total visited the children’s cafeteria.



### Showa Ikeda Memorial Foundation

The Showa Ikeda Memorial Foundation, which is a public interest incorporated foundation established by the late Mr. Heishiro Ikeda, the founder of the company, and the late Mrs. Shizuko Ikeda, has chiefly engaged in three aspects of charitable activities: scholarship programs, social welfare projects, and support for traditional entertainment.



### Environmental Week (Mexico Factory)

Coinciding with Earth Day and Children’s Day at the end of April, our Mexico factory implemented various environmental awareness programs over one week in cooperation with local organizations. 45 children participated in the painting workshop held in the factory, helping to raise environmental awareness through art. Employees also visited local elementary schools to give presentations where children could learn about the SDGs while having fun. In addition, we donated seedlings to people working in the same industrial park to promote environmental awareness throughout the region.



# Supply Chain Management

## Basic Approach

In the process of creating products, SMK receives assistance from many suppliers. We recognize suppliers as partners and aim to develop mutually while building trusting relationships.

## Governance Structure

Under the CSR/Sustainability Committee, the Production Meeting, chaired by the Production Management Officer, regularly discusses building and maintaining the ideal supply chain.

## Basic Policy

SMK's supply chain is built with companies that understand our policies and Action Guidelines and can work together toward a sustainable society. To maintain this, we disclose the SMK Group Charter for Corporate Behavior, Environmental Charter, and Code of Conduct, present specific management standards and guidelines based on these, and have a basic policy of conducting business with suppliers who agree to them.

## Identification of Significant Suppliers

We identify approximately 200 companies as significant suppliers, centered on procurement sources for important raw materials and suppliers with large transaction amounts.

## CSR Procurement

SMK has established "SMK Supply Chain CSR Guidelines" in compliance with JEITA's "Responsible Business Conduct Guidelines" and RBA's Code of Conduct. We present these to all trading suppliers and request compliance along with submission of agreement documents.

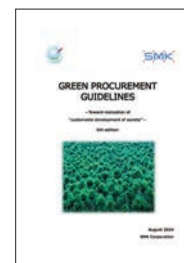


Supply Chain CSR Guidelines  
<https://www.smk.co.jp/csr/quality/>

	FY2023	2024 Target
% of agreements received from significant suppliers	99.3	100.0

## Green Procurement

SMK aims to minimize environmental impacts from procurement and production activities while conducting environmentally conscious product development, working together with suppliers. We present "Green Procurement Guidelines" and the "Controlled Chemical Substances Standard" to all trading suppliers and promote green procurement by procuring materials that comply with these standards. In addition, when starting new transactions and when deemed necessary for continuing transactions, we audit suppliers' environmental conservation activities and confirm their management systems.



Green Procurement Guidelines  
<https://www.smk.co.jp/csr/green/>

	FY2021	FY2022	FY2023
Number of suppliers audited on environmental aspect	138	139	142

## Communication with Suppliers

Based on the belief that communication with suppliers is important for maintaining and developing a healthy supply chain, we conduct activities in various aspects.

### Business Partner's Conference

We hold Business Partner's Conferences each year to explain company policies and the business environment while sharing goals with suppliers. We also express our gratitude by recognizing suppliers who have contributed to SMK's production activities in terms of overall capability and quality assurance.

### Supplier Questionnaires

We conduct questionnaires with significant suppliers every three years to improve the appropriateness of SMK's procurement activities through supplier evaluations. Questionnaire results are anonymized and statistically fed back to relevant personal, encouraging them to incorporate supplier opinions into daily procurement activities.

### Supplier Performance Evaluations

For manufacturing companies among significant suppliers, we conduct annual evaluations including technical capabilities and environmental conservation activities in addition to QCD (Quality, Cost, Delivery). We meet individually with evaluated suppliers and disclose results to promote communication.

	FY2021	FY2022	FY2023
Number of suppliers evaluated	95	87	87

➔ Please refer to [page 25](#) for information on supplier communication regarding quality.



# Corporate Governance

## Basic Approach

Based on the SMK Philosophy and Action Guidelines, SMK recognizes that the strengthening of corporate governance is one of the most important management issues in order to continuously and stably enhance our corporate value, as well as to be a company that is trusted by all stakeholders, including shareholders, business partners, employees, and local communities.

## Corporate Governance Structure

In April 2002, we separated the offices of the Chairman and the President and introduced an executive officer and outside board member system. Clearly separating the Board of Directors, which is responsible for management decision making and business supervision, from the functions of executive officers, who are responsible for business execution, creates a system

that allows management responsibility to be clarified and speedy management decisions to be made. Furthermore, Board of Auditors is made up of three auditors, two of whom are Outside Auditors who supervise Directors' performance of duty from an objective standpoint.

The Remuneration Committee was set up in January 2022 under the Board of Directors to ensure fairness, transparency, and objectivity of Directors' remuneration.

SMK has submitted Internal Control Report to authorities from June 2009 to improve internal administration, complying with the Internal Control Reporting System based on the Financial Instruments and Exchange Act effective in 2008.

## Officer Selection Policy

Decisions regarding the appointment and dismissal of senior management are made following in-depth deliberation by the Board of Directors. The Company appoints persons with excellent character and insight who are suitable to be part of the senior management team. In the selection of Inside Director candidates, the Board nominates persons who can contribute to the Company's profits by being involved in overall management as a Director. In addition, to reflect external opinions, the Board also nominates candidates for Outside Director with sufficient knowledge and experience. As for Auditor candidates, the Company nominates persons with the expertise to fairly audit the execution of duties by Directors and competently fulfill their auditing functions.

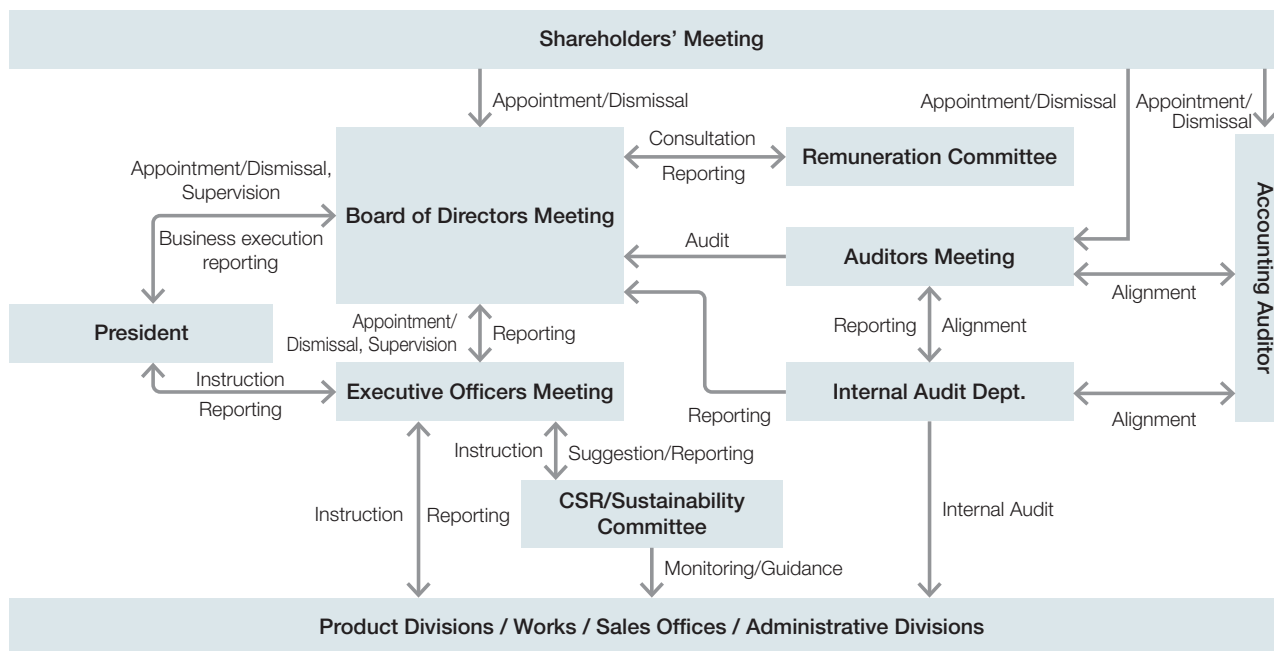
## Board of Directors Activities

The Board of Directors consists of 6 Directors and 3 Auditors. In FY2023, to secure sufficient discussion time for various issues including management strategy, we increased the number of meetings from 6 to 9 per year. In addition, the average attendance rate of members remained high at 98.8%. For individual officers' attendance status, please see the table on [page 39](#).

### FY2023 Main Board of Directors Resolution and Reporting Matters (excluding regular resolution items)

- Medium-Term Business Plan
- Reorganization and subsidiary's BPR
- ESG materiality
- Employee engagement survey
- Progress toward carbon neutrality

From the perspective of Outside Directors actively contributing to board discussions, we regularly hold meetings consisting only of Independent Outside Officers to exchange information and share recognition based on independent objective positions.



## Board Effectiveness

We conduct an annual self-evaluation of effectiveness to enhance board effectiveness and increase corporate value. In FY2023, we again conducted a questionnaire for board members regarding board composition, meeting operations, deliberation content, and level of cooperation and support, and discussed the results at the Board of Directors Meeting.

### FY2023 Evaluation Results

SMK's Board of Directors was evaluated as functioning effectively overall, with no major dysfunction or deficiencies in light of the Companies Act and Corporate Governance Code. However, it was recognized that further improvement is needed in discussing cause analysis and countermeasures when Medium-Term Business Plan targets are not met, and in board composition, so we will work on improvements.

The evaluation results are published on our website.

<https://www.smk.co.jp/csr/fair/>

## Remuneration Committee

The Remuneration Committee comprises one Inside Director (President) and two Outside Directors, with the majority being Independent Outside Directors. In FY2023, the Remuneration Committee met third. For the attendance status by individual committee members, please see the table on [page 39](#).

## Details of Activities

The committee conducts multifaceted deliberations regarding individual remuneration for Directors, including consistency with the Policy for Determining Director Remuneration determined by the Board, and provides recommendations to the Board. The committee is also considering the revision of standard remuneration criteria to create a remuneration system that is more closely linked to business performance.

## Director Remuneration

Remuneration for each Director is determined by the Board of Directors with respect for the recommendations prepared by the Remuneration Committee.

### Basic Policy

The basic policy for remuneration for Directors is to have a system that fully functions as an incentive for Directors to continuously enhance corporate value, and to set appropriate levels of remuneration based on the duties of each Director when determining remuneration for individual Directors.

### FY2023 Officer Remuneration Results

Officer classification	Total amount of remuneration, etc. (million yen)	Total amount of remuneration by type (million yen)				Number of eligible officers
		Fixed remuneration	Bonuses	Board Benefit Trust	Retirement benefits	
Inside Director*	77	73	1	—	2	3
Outside Director	13	13	Not eligible	Not eligible	Not eligible	2
Inside Auditor	—	—	—	—	—	0
Outside Auditor	17	17	Not eligible	Not eligible	Not eligible	3

\* Excluding one Director who does not receive compensation.

### Remuneration System from FY2024 Onward

Item	Details	Objective
Fixed remuneration	Fixed monthly remuneration	Basic remuneration in accordance with duties
Adjusted operating profit-linked performance-linked bonus	Bonuses	Incentives to improve business performance each fiscal year
Non-monetary compensation linked to achievement of non-financial information (including ESG external evaluation) in Medium-Term Business Plan	Board Benefit Trust	Encourage the medium- to long-term enhancement of corporate value and social contributions
Monetary accumulation compensation linked to Medium-Term Business Plan achievement	Retirement benefits	Encourage contribution to medium- to long-term business performance improvement

## Remuneration System

At the Board of Directors Meeting in March 2024, we resolved to change the remuneration system. We have introduced new indicators for non-financial information achievement and Medium-Term Business Plan achievement, creating a remuneration system that heightens awareness of medium- to long-term corporate value enhancement and social contribution.

Outside Directors receive fixed monthly remuneration only, from the perspective of ensuring independence from management.

List of Officers (as of June 25, 2024), Skill Matrix, and Attendance Status

Directors



<b>Yasumitsu Ikeda</b> President, CEO and COO Internal Audit, Sales (Japan, Korea)	<b>Masanobu Ikeo</b> Director and Executive Deputy President, CTO Technology, Environment	<b>Paul Evans</b> Director and Executive Vice President Sales (Europe, America)	<b>Tetsuo Hara</b> Director and Executive Vice President Innovation Center	<b>Toshio Nakamura</b> Director Outside Independent	<b>Kaoru Ishikawa</b> Director Outside Independent
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Auditors



<b>Kohei Ohgaki</b> Full-Time Auditor	<b>Naru Nakashima</b> Auditor Outside Independent	<b>Fumio Nishimura</b> Auditor Outside Independent
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Main expertise possessed by Directors and Auditors	Management	●	●	●	●	●	●	●
	Technology development		●		●			
	Sales and Marketing	●		●	●			
	Global	●		●		●	●	
	Legal affairs and Compliance						●	●
	Finance and accounting						●	●
	Environment and Society		●			●		●
FY2023 Attendance Rate	Board of Directors Meeting	100 % (9/9)	100 % (9/9)	89 % (8/9)	100 % (9/9)	100 % (9/9)	100 % (9/9)	
	Auditors Meeting	—	—	—	—	—	—	100 % (8/8)
	Remuneration Committee	100 % (3/3)	—	—	—	100 % (3/3)	100 % (3/3)	—

Not applicable for FY2023 due to appointment on June 25, 2024.

\* The notation following the attendance percentage, such as (9/9), indicates the number of attendances divided by the total number of meetings.

Executive Officers (as of June 25, 2024, excluding those concurrently serving as Directors)

Executive Vice President Vice President

 <b>Hiroshi Usami</b> CIO Corporate Planning, Legal, System	 <b>Mitsuyuki Masubuchi</b> Human Resources, General Affairs	 <b>Fumikazu Hata</b> Sales (China, Asia)	 <b>Mikio Otsubo</b> Works, Production management, Production Engineering, Business Affairs	 <b>Hideo Sugano</b> CS Division	 <b>Takashi Ito</b> SCI Division	 <b>Itaru Kitahira</b> CFO Finance and Accounting, Public Relations
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## Outside Director's Message



**Toshiro Nakamura**  
Director (Outside)

Joined the Ministry of International Trade and Industry in 1970, and subsequently served as Director-General of the Trade Bureau, Commissioner of the Small and Medium Enterprise Agency, Secretary-General of the Japan Association for the 2005 World Exposition, President of the Japan Chamber of Commerce and Industry, and Outside Director of the Enterprise Turnaround Initiative Corporation of Japan, among other positions. Currently, he serves concurrently as Chairman of the National Association of Small and Medium Enterprise Promotion Organizations and as Outside Director of Aoki Super Co., LTD. He was appointed as Outside Director of SMK in June 2016.

SMK's products are mainly components and modules incorporated into final products, but the lifespan of final products is becoming shorter year by year, and the degree of their change and evolution is becoming greater and faster. For this reason, more than ever before, we need to understand users' needs, and cultivate development and production capabilities that meet those needs, as well as advanced development skills with an eye to the future. Meanwhile, it goes without saying that there is strong demand for products to be supplied at a greater quality and at required prices. To address these issues, it is essential that all divisions share

issues and related information, and that related divisions collaborate with one another. This necessity is being increasingly recognized, and the motivation to achieve it is growing. SMK will celebrate its 100th anniversary next year, but it is said that long-established companies often have strengths in continuous self-innovation in response to change and trust relationships with customers. We are no exception. I am confident that we can further strengthen these advantages and connect them to future growth and development.



**Kaoru Ishikawa**  
Director (Outside)

Joined the Ministry of Foreign Affairs in 1972, and subsequently served as Director-General of the International Community Cooperation Department, Director-General of the Economic Affairs Bureau, Ambassador Extraordinary and Plenipotentiary of Japan to Egypt, and Ambassador Extraordinary and Plenipotentiary of Japan to Canada, among other positions. Currently, he serves concurrently as Director of Kawamura Gakuen, Director of The Society for Promotion of Japanese Diplomacy, Outside Auditor of SHIMIZU CORPORATION, and Director of Mitsubishi UFJ Foundation. He was appointed as Outside Director of SMK in June 2017.

The latest technology electronic components that SMK manufactures are incorporated in devices used in wide aspects of daily life. They connect people to people, products to products, and people to products, and have now become indispensable for us to live comfortably and smoothly. Electronic components are the crystallization of advanced technology, and their manufacture requires smooth functioning of global supply chains. In addition, our customers' products are sensitive to global market trends. Therefore, SMK has aimed not only to understand and appropriately respond to electronic

product-related market trends and international political and economic situations, but to stay one step ahead and anticipate the times. In today's international situation where transparency is becoming clouded, we aim for further advancement through leadership by internationally diverse management while keeping our antennas raised high. SMK will continue to develop technology tirelessly so that people's lives can become more convenient and peace of mind can be enhanced.

## Outside Auditor's Message



**Naru Nakashima**  
Auditor (Outside)

Appointed judge of Nagoya District Court in 1987. He registered as an attorney at law in 1988 and established NAKASHIMA Naru Law Office (currently NAKASHIMA Naru Comprehensive Law Office) in 1990. He was appointed as Outside Auditor of SMK in June 2008.

Why do companies exist? The answer may seem uncertain, varying by person and position. However, just as people live to be happy, I believe companies also exist to make their stakeholders happy. And for stakeholders to be happy, companies must be able to contribute to creating a happy society. Because any company is ultimately supported by consumers, business continuation will be difficult if you do not maintain operations that contribute to the happiness of consumers who make up society.

Sound corporate governance is essential to achieve such corporate purpose. SMK continues its efforts to maintain the fundamental aspects of corporate governance at the Board of Directors Meeting, Auditors Meeting, Full Time Directors and Auditors Meeting, etc. - not letting executives become a case of "The Emperor's New Clothes," sharing information, and conducting verifications collaboratively.



# Compliance

At SMK, we have established the “SMK Group Charter for Corporate Behavior” as a guideline for corporate activities and the “SMK Group Code of Conduct” as the standard for employee behavior, and are promoting CSR and compliance.

## ■ Governance Structure

We have established a Compliance Committee, chaired by the Legal Officer, under the CSR/Sustainability Committee to plan important policies for ensuring corporate behavior based on corporate ethics and legal compliance, and to implement and monitor compliance promotion measures.

## ■ Education for Employees

We distribute the Charter for Corporate Behavior and Code of Conduct as booklets translated into Japanese, English, and Chinese to all group employees worldwide, and have them submit pledges of compliance. In addition to training at the time of hiring, we regularly conduct CSR and compliance education.

### ● CSR and Compliance Education

We conduct education based on the Code of Conduct for all group employees. This covers a wide range of themes including human rights, safety and health, environment, fair trade, ethics, quality, safety, and information management, with content that makes employees recognize issues as their own by incorporating specific violation examples.

	FY2021	FY2022	FY2023	Target (for each year)
% of employees trained in CSR & Compliance	98.0	99.1	99.9	100

### ● Legal Compliance Training

We conduct training each year on decided themes for employees whose work is relevant. Furthermore, we have established an e-learning system where past training materials are published on the internal portal for all employees to take courses at any time. In FY2023, 1,068 people took courses through the internal portal, bringing the cumulative number of participants to 4,384.

## ■ Major Training Results Over Past Three Years

	Theme	Attendance (%) (Among targeted employees)
FY2023	Global Competition Law	77.1
FY2022	Revised Act on the Protection of Personal Information of Japan	78.3
	Global Anti-Bribery Laws	64.7
FY2021	Whistle-Blowing System	87.0

In addition, from FY2023, we publish a compliance newsletter three times a year that provides easy-to-understand explanations of familiar work-related themes. Under the policy that raising individual awareness is important for preventing compliance-related problems, we will continue to implement various measures.

## ■ Whistle-Blowing System

To ensure the early detection, correction, and prevention of violations of laws and internal regulations, we established the SMK Ethics Helpline as an internal whistle-blowing channel. The Company addresses reports and inquiries from employees in accordance with the Whistle Blowing Operation Rules. Two contact points are available: An internal contact within the Corporate Legal Department and an external contact point at an outside law firm, which allows anonymous reporting. Furthermore, a message from the President is regularly distributed to employees to remind them that this is a secure system. This approach aims to create a system that is easily accessible and effective in practice.

# Risk Management

## Information Management

### ■ Trade Secret Management

With the aim of proper utilization and prevention of leakage of trade secrets, we established Trade Secret Management Regulations and Trade Secret Management and Administration Standards covering the entire group in 2008. We have built a system to prevent information leakage by conducting employee education and strengthening information security so that trade secrets, including information provided by other companies, can be properly managed according to our rules.

### ■ Personal Data Management

At SMK, since establishing a Privacy Policy in Japan in 2005, we have been working on protecting and properly utilizing personal information. In 2017, we established Personal Data Management Regulations for Japan and built a management system, and following this, in 2021, we established TN Personal Data Management Regulations as the main rules to strengthen group-wide management, and established regulations and management systems for each overseas subsidiary. As global personal information protection laws are being revised in response to the recent global trend of strengthening personal information protection, we strive to obtain the latest information and review management systems to comply with laws. In addition, to ensure information is managed according to rules, we conduct annual internal audits for both trade secret management and personal information management, and correct any issues found.

## Information Security

### ■ Governance Structure

SMK formulated the IT Security Policy in 2005 and has been working to protect and manage electronic information. Subsequently, in light of changes in the social environment due to advances in IT, we revised the policy in September 2023 as the IT Security Regulation. Based on these regulations, we have established a structure in which the TN IT Committee, chaired by the CIO, deliberates and globally implements security policies and countermeasures.

In addition to building a system to prevent unauthorized access and virus infections from external sources, we also request external organizations to conduct vulnerability tests and incorporate specialized knowledge in efforts to build more robust information security systems. Moreover, we are working on managing the extraction of data and on data encryption in order to prevent information security incidents and accidents. Regarding these systems, we obtained TISAX certification, the European automotive industry's information security assessment, at two sites – the headquarters and Toyama Works - in 2024.

### ■ Education for Employees

Once a year, we provide training to all Group employees who have access to our internal networks. The training covers the threat of cyber-attacks, appropriate responses to suspicious emails, and procedures to be followed in the event of a suspected virus infection. Furthermore, twice a year, we conduct suspicious email training without advance warning. Employees who open the emails and take inappropriate actions, such as clicking on a URL in the email body or an attachment, receive additional education. This effort aims to enhance employee awareness of thorough information security.

(Among targeted employees)	FY2023
% of employees trained in information security	99.8
% of employees who failed the suspicious email training (who responded inappropriately twice)	0.7

## Business Continuity Management (BCM)

### ■ Governance Structure

To minimize impact even when disasters occur and fulfill responsibilities to stakeholders, SMK works company-wide to improve its business continuity plan (BCP) combining alternative and local recovery strategies, centered on the BCM Committee established in 2007. Our aim is BCM with multi-hazard response that focuses on resource constraints such as no electricity, unusable buildings, and employees unable to come to work, while considering the unique characteristics of each event such as earthquakes, fires, floods, volcanic eruptions, and infectious diseases.

Divisions and production sites proactively conduct initiatives for business continuity efforts, while the BCM Committee confirms the response status of each organization and supports activities. We also work to strengthen individual employees' crisis response capabilities through BCP formulation and training.

#### Major Initiatives in FY2023

##### [Japan]

- Joint implementation of simulation with multiple sites on the theme of supplier fires
- Initiation of BCP formulation for headquarters design division
- Development of new routes through regular practice of alternative transportation

- Re-implementation of supply chain BCM survey

##### [Overseas]

- Review of anticipated risks and damages by site, implementation of advance countermeasures and training

### ■ Supply Chain BCM

Aiming to create a system enabling rapid alternative procurement, we conduct questionnaires every other year with significant suppliers (→ see page 36) to confirm in particular if systems are

in place to quickly understand impacts on production. We request improvements from suppliers with insufficient BCM and work to strengthen business continuity capability in the supply chain.

### ■ IT-BCP

We have formulated a BCP for IT systems, vital infrastructure for business continuity, and are strengthening measures in readiness for risks such as disasters and cyber-attacks.

In formulating a BCP, we conducted a business impact analysis (BIA) to set recovery priorities and target recovery times for IT systems. In the event of a disaster, the pre-assigned response team will carry out recovery operations based on these priorities and the recovery manual.

In normal circumstances, we focus on creating a disaster-resistant IT system. For critical IT systems, we have installed servers in two data centers in Tokyo and Hokuriku, which perform mutual backups, creating a mechanism that allows the ongoing use of one system even if the other becomes unusable. The adoption of cloud services is also actively underway.

As a preparation for a cyber-attack, we regularly back up all our IT systems and have a system in place to quickly restore them. We also organize a computer security incident response team (CSIRT) to rapidly identify the cause of the failure and endeavor to prevent secondary damage.

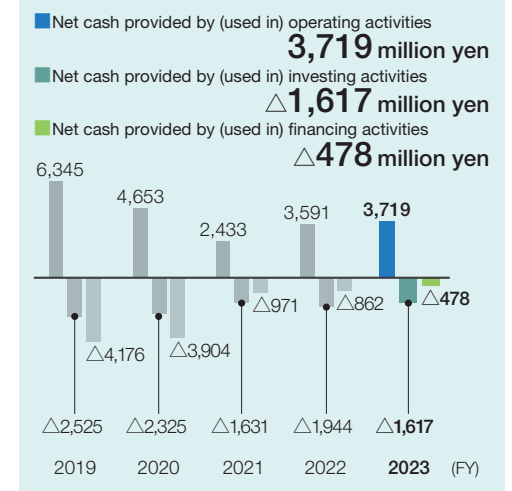
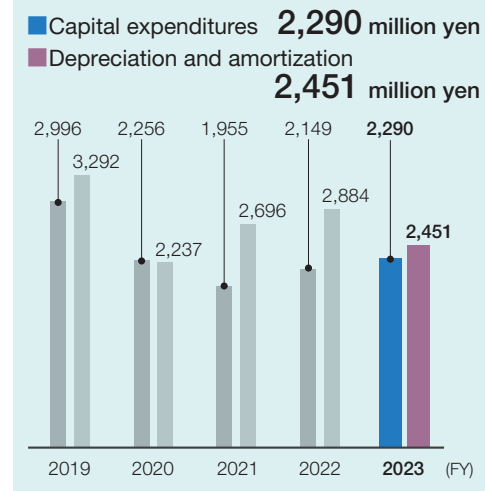
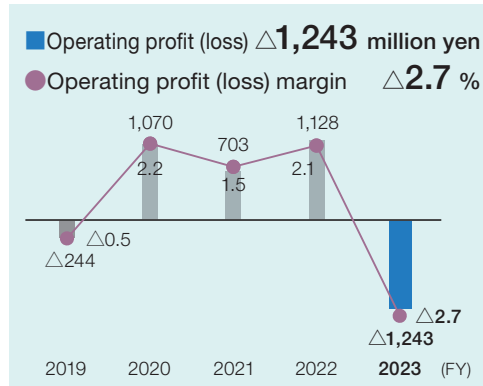
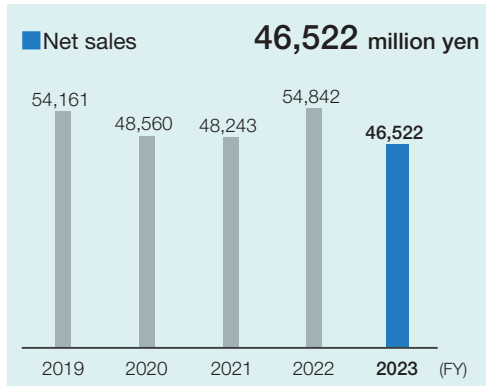
Outages that exceed the target response times set by the BIA are defined as serious incidents, and our target for such incidents is zero annually. In FY2023, there were no serious incidents.

	FY2022	FY2023	Target
Number of serious incidents	0	0	0

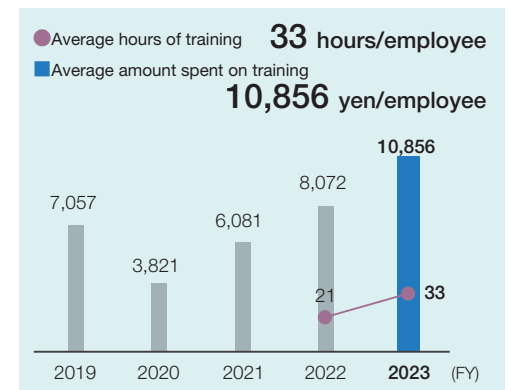
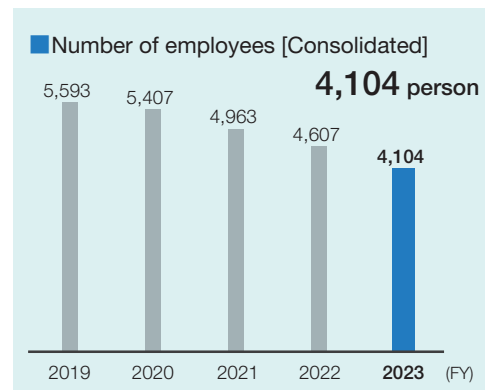
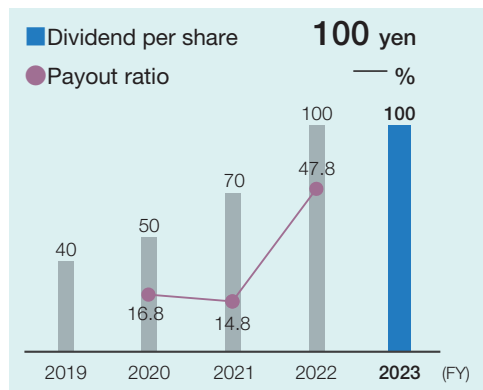
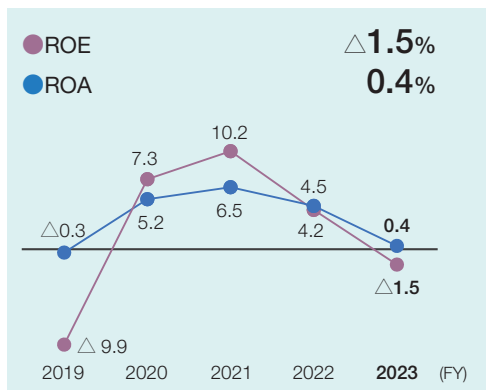
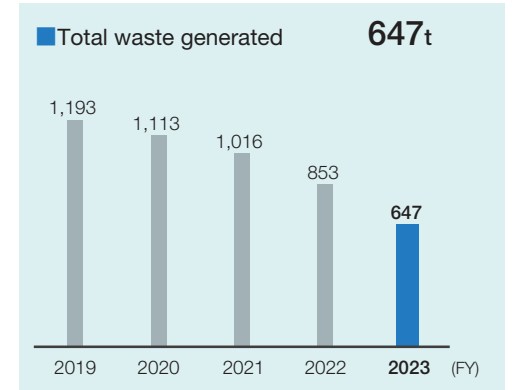
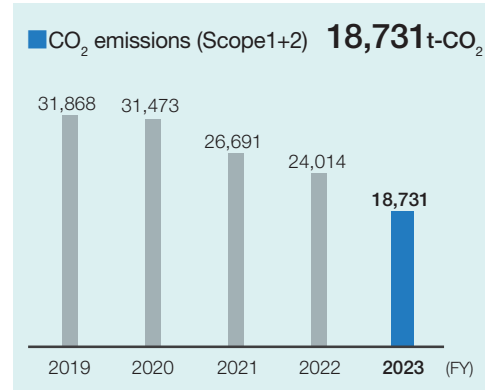
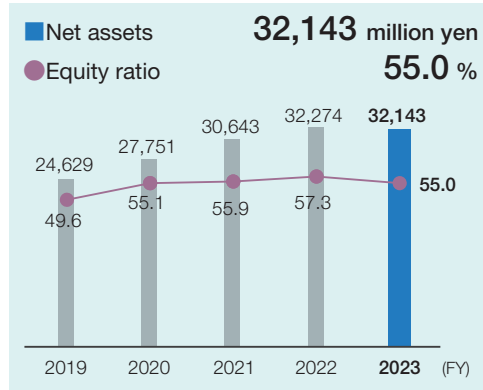
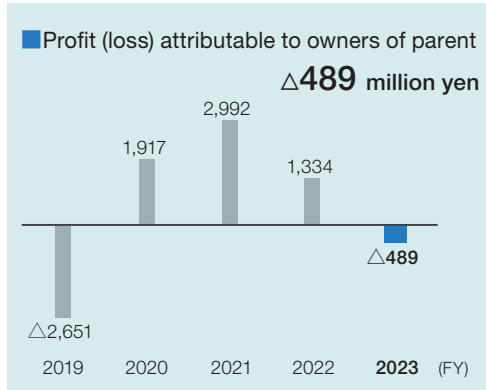
To verify the effectiveness of these BCPs, we conduct training for multiple scenarios and review the BCPs based on the results.

# Financial and Non-Financial Highlights

## Financial Data



## Non-financial Data



			FY2019 Mar. 2020	FY2020 Mar. 2021	FY2021 Mar. 2022	FY2022 Mar. 2023	FY2023 Mar. 2024
Financial Data	Operating Results (Million yen)	Net sales	54,161	48,560	48,243	54,842	<b>46,522</b>
		Operating profit (loss)	△244	1,070	703	1,128	<b>△1,243</b>
		Ordinary profit (loss)	△185	2,601	3,413	2,503	<b>226</b>
		Profit (loss) attributable to owners of parent	△2,651	1,917	2,992	1,334	<b>△489</b>
		Capital expenditures	2,996	2,256	1,955	2,149	<b>2,290</b>
		R&D expenses	2,845	2,515	2,384	2,390	<b>2,557</b>
		Depreciation and amortization	3,292	2,237	2,696	2,884	<b>2,451</b>
	Per Share Data	Book-value per share (BPS) (Yen)	3,870.65	4,311.91	4,914.89	4,932.86	<b>5,070.15</b>
		Earnings per share (EPS) (Yen)	△410.88	297.92	472.14	209.12	<b>△75.00</b>
		Dividend per share (Yen) (Interim dividend per share)	40 (—)	50 (—)	70 (—)	100 (—)	<b>100 (50)</b>
		Payout ratio (%)	—	16.8	14.8	47.8	<b>—</b>
	Financial Indicators	Equity ratio (%)	49.6	55.1	55.9	57.3	<b>55.0</b>
		Return on equity (ROE) (%)	△9.9	7.3	10.2	4.2	<b>△1.5</b>
		Ratio of ordinary profit to total assets (ROA) (%)	△0.3	5.2	6.5	4.5	<b>0.4</b>
	Cash Flows (Million yen)	Net cash provided by (used in) operating activities	6,345	4,653	2,433	3,591	<b>3,719</b>
		Net cash provided by (used in) investing activities	△2,525	△2,325	△1,631	△1,944	<b>△1,617</b>
		Free cash flow	3,820	2,327	801	1,647	<b>2,102</b>
		Net cash provided by (used in) financing activities	△4,176	△3,904	△971	△862	<b>△478</b>
		Cash and cash equivalents at end of period	10,437	8,742	8,505	8,915	<b>10,197</b>

Non-Financial Data	Employee	Number of employees [Consolidated]	5,593	5,407	4,963	4,607	<b>4,104</b>
		Women managers [Consolidated] (%)*	9.1	10.1	9.3	10.8	<b>9.2</b>
		Men that took childcare leave [Non-Consolidated] (%)	0.0	15.4	0.0	9.1	<b>44.4</b>
	Environment	CO <sub>2</sub> emissions (Scope1+2) (t-CO <sub>2</sub> )	31,868	31,473	26,691	24,014	<b>18,731</b>
		Total waste generated (MWh)	55,309	53,916	46,139	42,039	<b>35,054</b>
		Final disposed waste (t)	1,193	1,113	1,016	853	<b>647</b>
		Recycling rate (%)	91	92	93	93	<b>94</b>

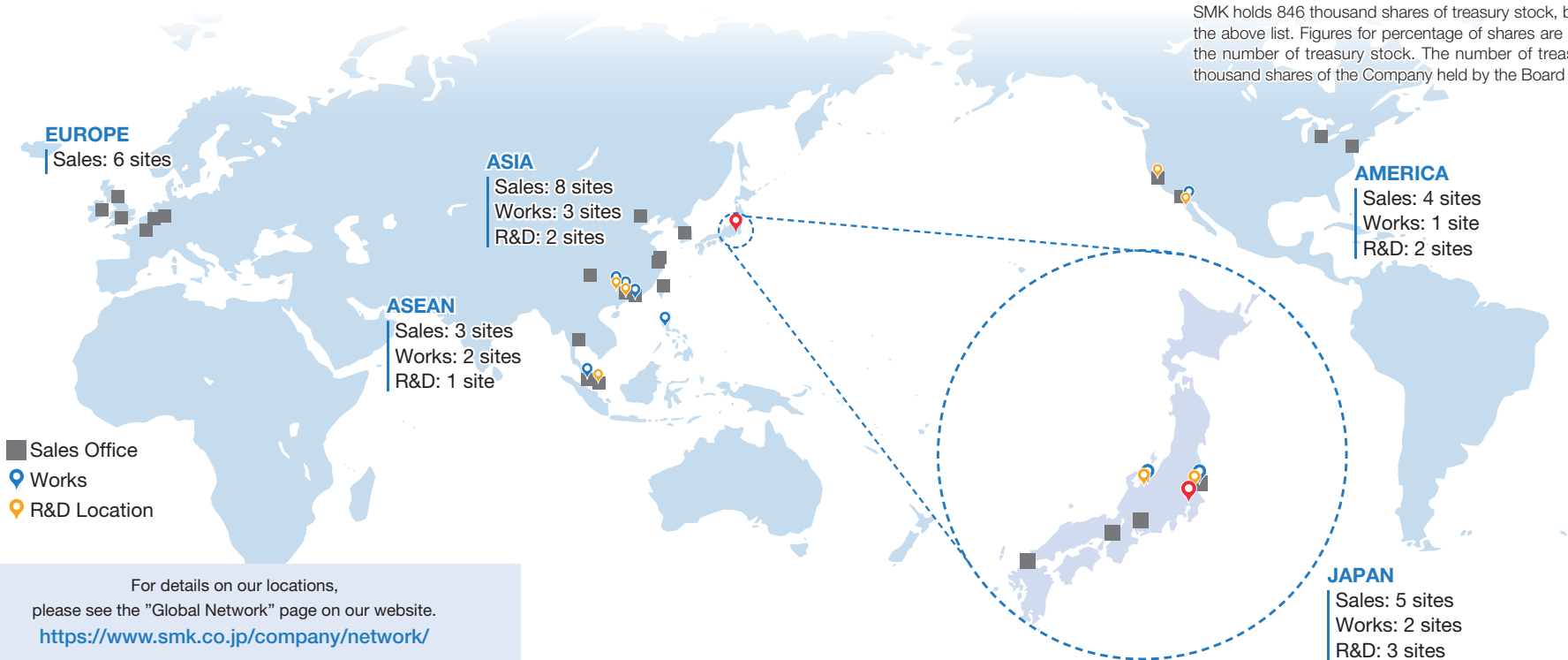
\* Equivalent to general/section managers in SMK's transnational HR system.



**Company Outline** as of March 31, 2024

<b>Name</b>	SMK Corporation
<b>Established</b>	1925
<b>Capital</b>	7,996 million yen
<b>Stock exchange listing</b>	Tokyo Stock Exchange, Prime Market (Securities Code: 6798)
<b>Settlement term</b>	March 31
<b>Sales</b>	46,522 million yen (Consolidated)
<b>Employees</b>	4,104 (Consolidated)
<b>Head office</b>	5-5, Togoshi 6-chome, Shinagawa-ku, Tokyo 142-8511

**Global Network** as of September 30, 2024

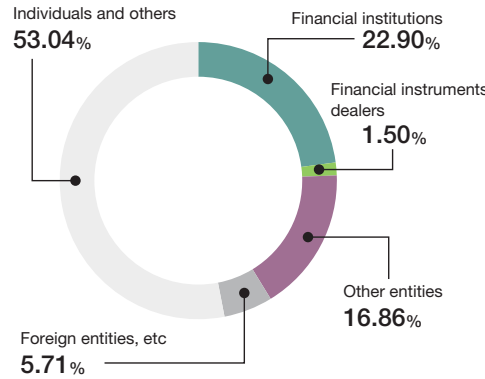


For details on our locations, please see the "Global Network" page on our website.  
<https://www.smk.co.jp/company/network/>

**Stock Information** as of March 31, 2024

<b>Authorized shares</b>	19,596,127
<b>Issued shares</b>	7,200,000
<b>Number of shareholders</b>	6,006

**Share Ownership by Shareholder Type**



**Major Shareholders (Top Ten)**

Name	Shares owned (1,000 shares)	Percentage of shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	612	9.65
SMK Cooperating Company Share Holding Association	518	8.17
The Showa Ikeda Memorial Foundation	359	5.66
Dai Nippon Printing Co., Ltd	320	5.04
Nippon Life Insurance Company	307	4.84
SMK Employees Share Holding Association	269	4.24
Mizuho Bank, Ltd.	167	2.64
Custody Bank of Japan, Ltd. (Trust Account)	150	2.37
Meiji Yasuda Life Insurance Company	137	2.17
Terutaka Ikeda	130	2.05

SMK holds 846 thousand shares of treasury stock, but these are excluded from the above list. Figures for percentage of shares are calculated after subtracting the number of treasury stock. The number of treasury stock includes the 40 thousand shares of the Company held by the Board Benefit Trust.

Data

About SMK

Strategy

Sustainability

Data