

**CMK CORPORATION**

Securities Cord No : 6958

**2023**  
**Business Report**

Year Ended March 31, 2023

## Message from the President



I would like to express our sincere gratitude to our shareholders for their continued support of our operations.

In the fiscal year ended March 31, 2023, the Japanese economy remained uncertain, mainly due to rising prices, although social and economic activities were normalizing and there were signs of a moderate recovery in the economy.

The world economy also remained uncertain, chiefly reflecting rising energy prices and other prices attributable to the prolonged war in Ukraine, in addition to concern over economic downturns chiefly due to monetary tightening worldwide.

Under these conditions, in the CMK Group's main business of products for automotive use, the operating environment was difficult due to a continued decline in production at auto manufacturers, among other factors, which resulted from semiconductor shortages and supply chain disruptions.

Notwithstanding the challenging business conditions, the CMK Group saw an increase in sales of products designed for powertrains and driving safety, resulting in consolidated net sales of ¥83,840 million (up 2.9% year on year).

On the profit front, operating income amounted to ¥2,605 million (down 13.7% year on year), mainly reflecting a decrease in capacity utilization at production factories and rises in energy prices.

Ordinary income came to ¥2,622 million (down 20.6% year on year) and profit attributable to owners of parent was ¥1,588 million (down 43.0% year on year), mainly attributable to a decrease in operating income.

Despite a difficult business environment and uncertain economic conditions, demand in the automotive printed circuit board (PCB) market, a key market for the CMK Group, is anticipated to expand over the medium to long term.

To capture this demand and establish a growth cycle, the Group will continue to increase production capacity and implement internal reforms. We ask our shareholders for their continued understanding and support.

June 2023

**Isao Osawa**

President and CEO

## Future Outlook

The outlook for the world economy is expected to remain uncertain, chiefly due to the prolonged war in Ukraine and rising energy and other prices.

In the automotive products market, the CMK Group's key market, demand is expected to continue to expand in the medium to long term, reflecting the progress of vehicle electrification that will accompany CASE reforms.

Under these conditions, the Group will continue to enhance productivity and improve quality, in addition to restructuring its production bases in Japan to establish a profit base and gear up for the next stage of growth, a key component of the 1st Medium-Term Management Plan that the Group has been executing from the fiscal year ended March 31, 2023.

The Group will also increase profitability by achieving an

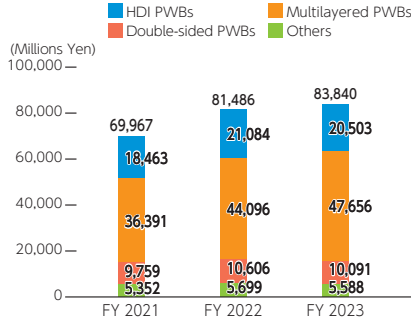
automotive product portfolio shift toward products with high added value. Meanwhile, it will seek to enter markets related to 5G communications systems and put new businesses on a firm footing.

To accelerate growth by capturing CASE demand and increasing net sales from new businesses, which is a key component of the 2nd Medium-Term Management Plan, the Group has decided to build a new factory on the site of the CMK's Thailand factory, a major factory of the Group, in September 2022.

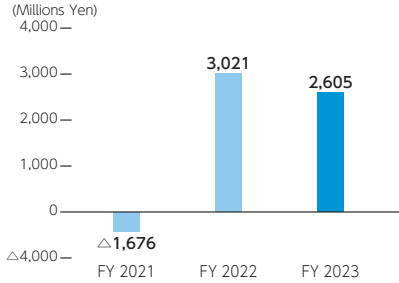
Construction of the new factory started in December 2022 and progress has been good. The factory is scheduled to begin operations in August 2024.

With the new factory, the Group will make sure to capture CASE demand and strive to establish a growth cycle.

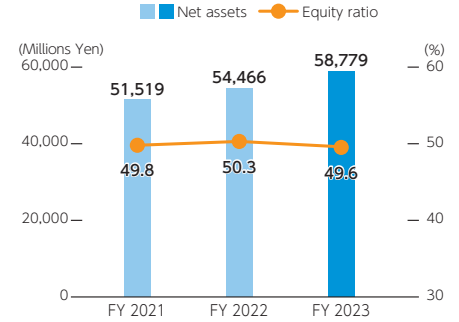
## Net sales



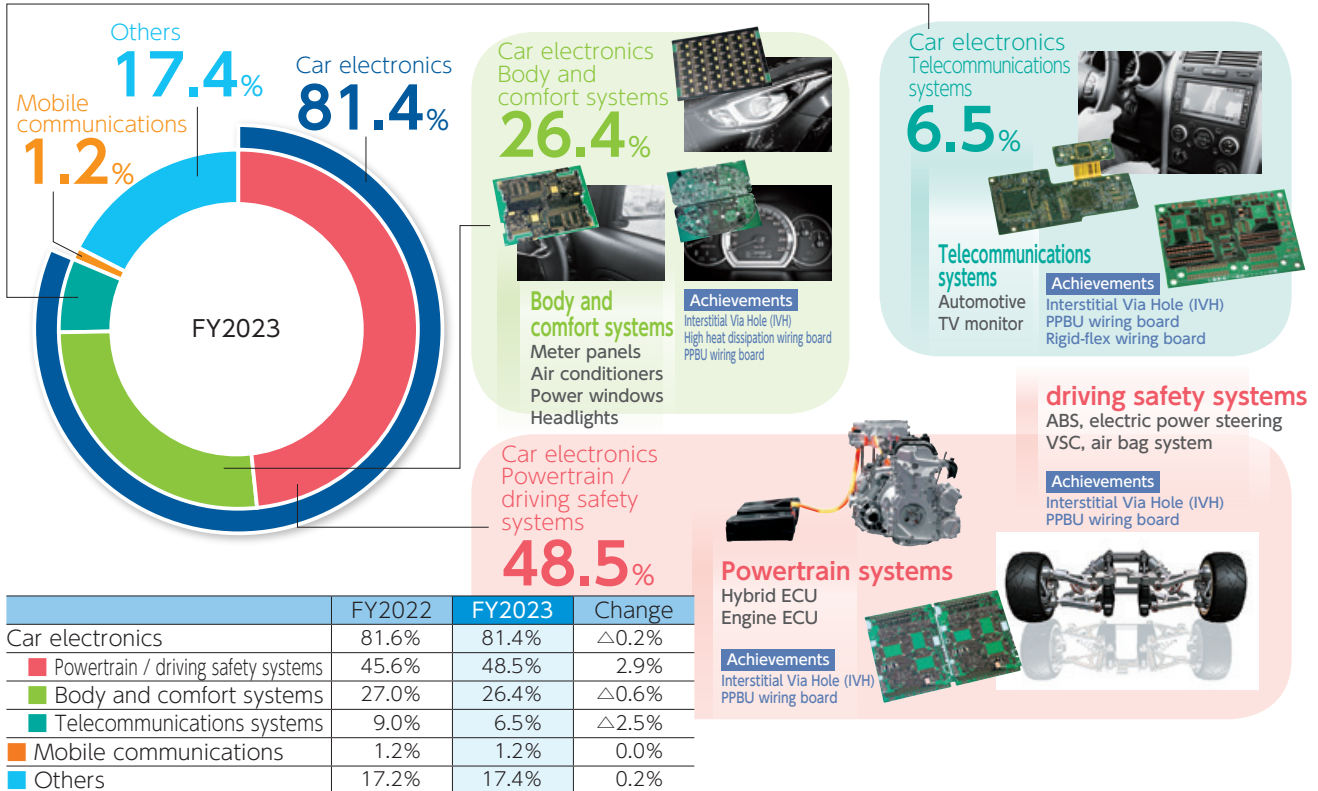
## Operating income (loss) (△)



## Net assets/Equity ratio



## Sales by application



	FY2022	FY2023	Change
Car electronics	81.6%	81.4%	△0.2%
Powertrain / driving safety systems	45.6%	48.5%	2.9%
Body and comfort systems	27.0%	26.4%	△0.6%
Telecommunications systems	9.0%	6.5%	△2.5%
Mobile communications	1.2%	1.2%	0.0%
Others	17.2%	17.4%	0.2%

## To promote CMK's technologies, CMK Corporation actively participated in exhibitions in Japan and overseas.

This fiscal year, CMK took part in five exhibitions in Japan and overseas to actively gather information on market needs and introduce its latest technologies to many customers.

Of those exhibitions, we will report CMK's exhibition at NEPCON JAPAN (Tokyo), electronica (Munich, Germany), and IPC APEX EXPO (San Diego, USA).

### 1. NEPCON JAPAN (at the Tokyo Big Sight on January 25 to 27, 2023)

At the Company's booth, a "different copper thicknesses integrated PCB," which is a new PCB that is manufactured using the thick copper substrate manufacturing technology, attracted great attention.

Using this technology, we can create PCBs that have both the heat radiation and high current functions that heavy copper makes possible, and the control function enabled by thin copper.

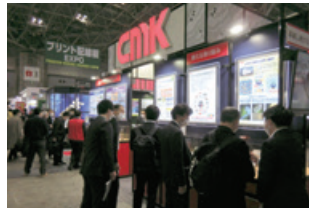
Many visitors were interested in this technology. We received a lot of feedback and questions about practical applications.

During the seminar, an engineer at CMK spoke on the current state of automotive PCBs and technological trends.

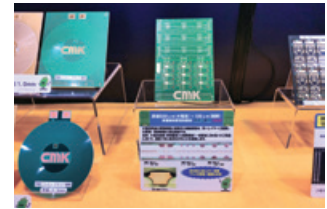
The talk was well received by the audience. We received comments such as "The talk was informative. I learned what types of PCBs are used in electric vehicles" and "It was good to hear about issues and innovations related to automotive PCBs."



Our booth



Visitors to our booth



The exhibition of different copper thicknesses integrated PCB

### 2. electronica (in Munich, Germany on November 15 to 18, 2022)

CMK participated in electronica, a trade fair for electronics components and manufacturing equipment, aiming to expand its business in European markets.

CMK's booth was visited by customers from a wide range of fields, including automotive products, aviation, space, healthcare, and communications.

New business opportunities were created through negotiations with Tier-1 manufacturers in Europe.



Our booth

### 3. IPC APEX EXPO (January 24 to 26, 2023 in San Diego, USA)

CMK took part in IPC APEX EXPO, one of the largest trade shows for mounting technology in North America, to find new users and research market needs.

We found that expectations of CMK's Thailand factory are high in the U.S. market.

CMK had opportunities to hold business meetings with emerging EV manufacturers and U.S. Tier-1 medical equipment manufacturers.



Our booth

CMK will continue to develop innovative PCB technologies based on technical trends that it has identified by participating in exhibitions.

Please stay tuned to future developments.

## A positive impact finance agreement

CMK Corporation concluded a Mizuho Positive Impact Finance Agreement with Mizuho Bank, Ltd. on September 27, 2022.

Positive impact finance is a lending method in which the parties identify the positive and negative effects that CMK's business activities have on the economy, environment and society and reduce the negative effects and increase the positive effects, aiming to achieve the SDGs.

CMK aims to create a sustainable society and enhance corporate value by supplying "world-leading safe and secure PCBs" that are suited to a new society and new values.

CMK will thus achieve the impact KPIs that have been set in connection with the agreement.

Please refer to the following press release for further details of Mizuho Positive Impact Finance Agreement.

<https://www.cmk-corp.com/topics/topics000487.html>

## Environment protection activities

### (Kanbara Factory) Cooperation with Noudai River Salmon Trout Proliferation Association

In the Noudai river in Niigata prefecture, salmon run up the river every year.

At the Kanbara, we mowed the grass in Nodaigawa Salmon Park and incubated, raised and released salmon into the river with the Nodai River Salmon Trout Proliferation Association.



Mowing the grass in Noudai River Salmon Park



Releasing juvenile salmon into the river

### (Niigata) Cooperation with Association for Gosen Togeso (NPO)

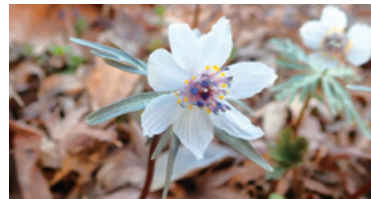
We participated in the activities of Association for Gosen Togeso (NPO) to conserve togeso, an endangered species that live in Gosen, and the spring water and conducted a population survey.



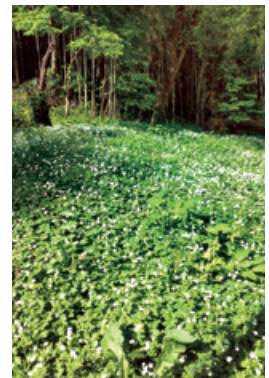
Togeso, the symbol of a clear stream

### (Chichibu Factory) Preservation of native plants

At the Chichibu Factory, we are taking action to preserve endangered native plants in the green space on the factory premises.



Eranthis pinnatifida



Anemone flaccida



## Corporate Data (As of March 31, 2023)

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

**Date of establishment** February 25, 1961

**Capital** 22,310.1million yen

**Number of employees** 1,268 (Group total 4,487)

### Executives (as of June 27, 2023)

#### Board of Directors

President and CEO Isao Osawa  
 Director and Executive Officer Kunihiko Tedo  
 Director and Executive Officer Yoshihisa Yamaguchi  
 Director and Executive Officer Yoshiaki Ishizaka  
 Director and Executive Officer Kazuto Ono  
 Director and Executive Officer Toru Nishizawa  
 Director Rika Sato  
 Director Mitsuru Kaitoh  
 Director Shoshiro Taneichi

#### Board of Corporate Auditors

Standing Corporate Auditor Akihiro Okabe  
 Corporate Auditor Masaki Ashibe  
 Corporate Auditor Kiyotaka Yokokoji

#### Executive Officers

Senior Executive Officer Toshikazu Fujino  
 Executive Officer Junichi Ishibashi  
 Executive Officer Masanori Kawashima  
 Executive Officer Tatsuya Koizumi  
 Executive Officer Satoru Takahashi

### Primary Consolidated Subsidiaries

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

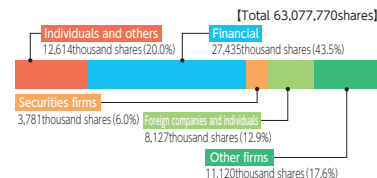
## Stock Information (As of March 31, 2023)

**Total number of shares authorized**  
227,922,000

**Total number of shares issued and outstanding**  
63,077,770

**Number of shareholders**  
7,762

### Shareholder Breakdown



### Major shareholders (10 largest)

Shareholders	Number of shares held (thousands)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	9,248	15.6
Custody Bank of Japan, Ltd. (Trust Account)	6,564	11.0
Mizuho Bank, Ltd.	2,576	4.3
The Foundation for Technology Promotion of Electronic Circuit Board	2,500	4.2
JP Morgan Securities Japan Co., Ltd.	1,957	3.3
The Dai-ichi Life Insurance Company, Limited	1,895	3.2
Kiraboshi Bank, Ltd.	1,745	2.9
Sumitomo Mitsui Banking Corporation	1,613	2.7
Takahiro Nakayama	1,515	2.5
Sato Shoji Corporation	1,216	2.0

Note:1. Although the Company holds 3,865,795 shares of treasury stock, it is not included in the above list of major shareholders.  
 2. Treasury shares were excluded in calculating the shareholding ratios.

## Shareholders Memo

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

**Regular general meeting of shareholders:** Held in June each year

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

**Date of record for mid-year dividends:** September 30

**Notification method:** Electronic notification (company website at <https://www.cmk-corp.com>). If notification cannot be made electronically, it will be made using the Nihon Keizai Shimbun.

**Transfer agent:** Mizuho Trust & Banking Co., Ltd.  
1-3-3 Marunouchi, Chiyoda-ku, Tokyo

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



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<https://www.cmk-corp.com>