



CMK CORPORATION
(Stock code : 6958)

Review of Medium-term Management Plan (FY2024-FY2026)

November 9, 2023
CMK CORPORATION

1. Look-back/Long-term Vision 2030

2. Review of Medium-term Management Plan(FY2024-FY2026)

- Reason for renewal/Summary/

 - Upward revision of numerical targets

- In-vehicle growth strategy

- To strengthen revenue platform

- Financial strategy/Strengthening Management base

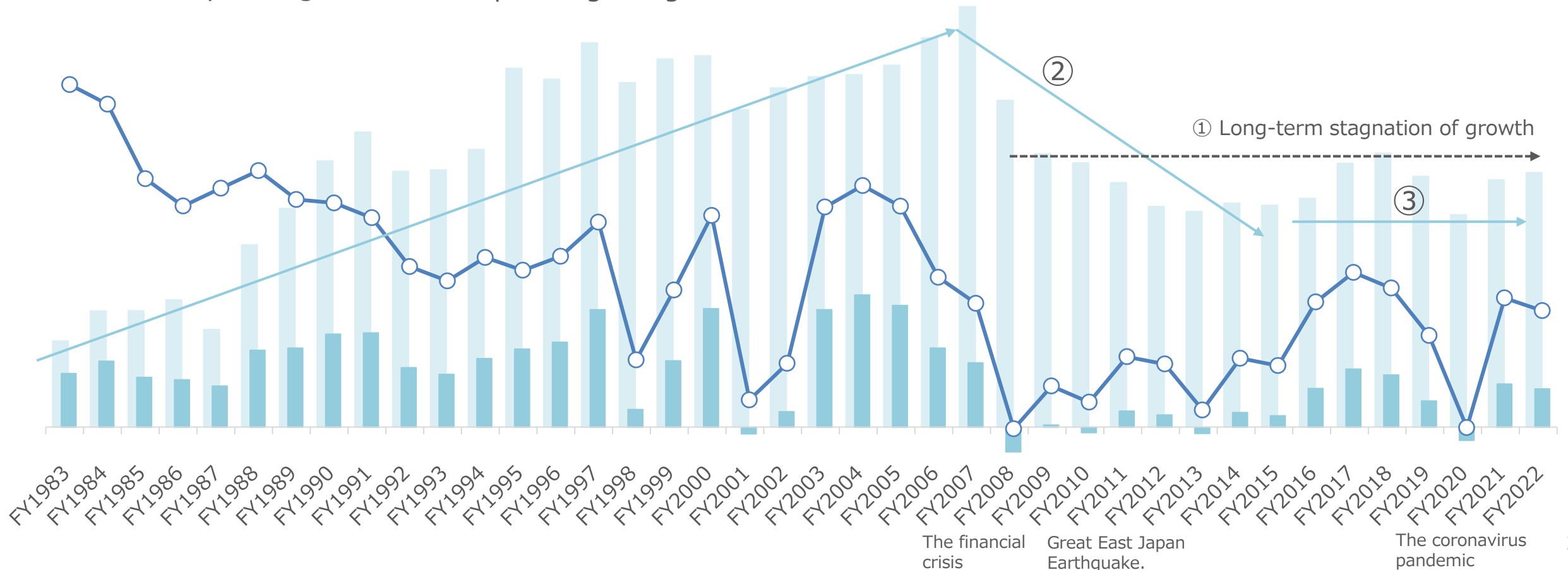
3. Supplementary information

Our history



- ① Since FY2007 when the highest sales in history was recorded, growth has been stagnant long.
- ② Shrinking production capacity due to consolidation of production bases up to FY2015
- ③ Reconstruction to establish stable revenue platform starting in FY2016

■ Sales ■ Operating income ○ Operating margin

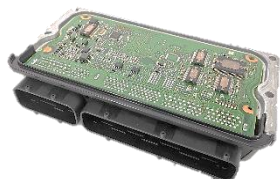


Creation of values we have accomplished so far

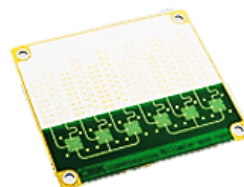
We have contributed to social creation of values by grasping social issues and providing needed solutions

⇒ Our corporate purpose is to realize a safe and comfortable society by continuously supplying the world's highest level safe and secure print circuit boards that always comply with the new society and its values.

PCB for Engine ECU
(the world's smallest "ECU on the palm")



Downsizing and higher precision of PCB for ADAS (Integrated antenna) with high-precision circuits



From domain type to zone type
PCB for integrated ECU with highly advanced functions realized by architecture conversion

Our history



World's first PCB for regenerative braking system for HEV



World's first inverter/converter/battery control PCB for mass-produced BEV



PCB for new business fields (eVTOL, aeronautical/space, etc.)

We contribute to new social value creation by fusing mobility and social infrastructure and realization of a safe and comfortable society

CMK Vision2030

- We contribute to building a safe and comfortable society by continuously supplying the world highest level safe and secure PCBs**
- We observe compliance and enhance soundness and transparency of management**

We aim to maximize the corporate value toward 2030 by shifting to new next growth path of "Growth acceleration stage".



1. Look-back/Long-term Vision 2030
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1. Major clients' medium-to long-term demand is very strong (higher than estimate)

Due to such situations as progress in electrification and actual launch of items for self-driving, medium-to long-term demand is much higher than estimate.

2. A lot of inquiries from new customers

Affected by geopolitical risk aversion in the supply chain, we have even higher customer needs (especially foreign customers) for our new plant in Thailand.

Summary:

1. In-vehicle growth strategy

- Sales growth by capturing CASE demands
- To increase the ratio of foreign clients
- Shift to high-value added business

2. To strengthen revenue platform

- Fixed cost reduction by reforming business structure
- Productivity improvement by investing in enlargement and automatization
- Establishment of new business fields

3. Financial strategy/Strengthening Management base

- Capital allocation
- To build digital management base, to strengthen sustainability activities
- Improvement of corporate value (to increase PBR)

2. Review of Medium-term Management Plan(FY2024-FY2026)

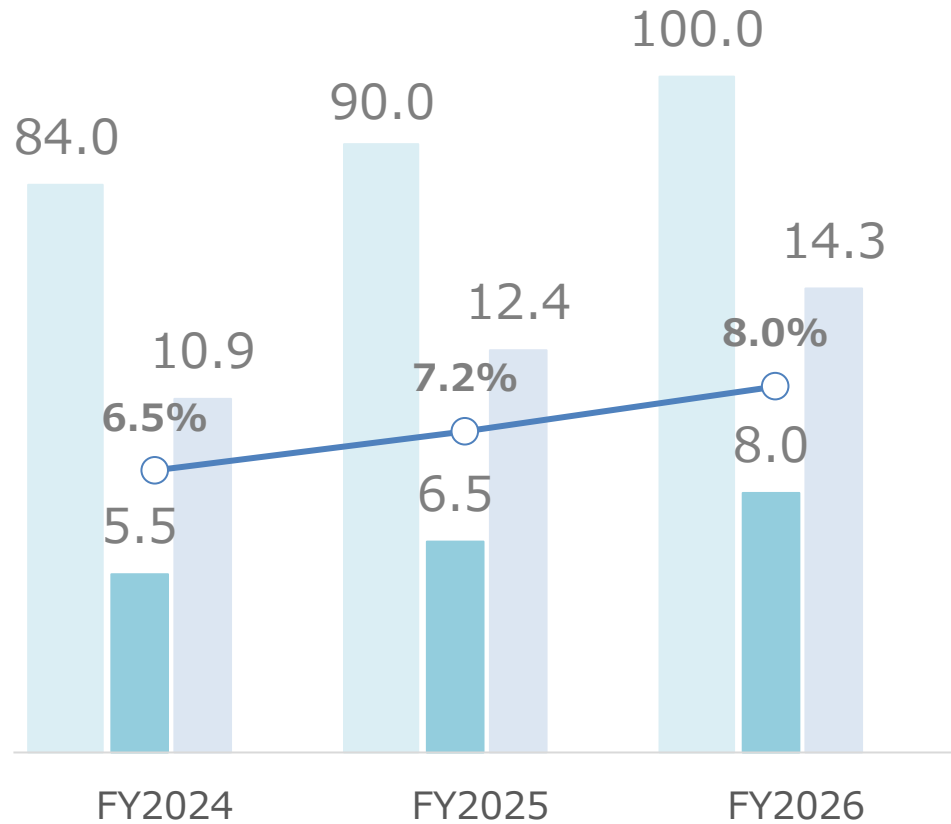
Upward revision of numerical targets



<Medium-term Management Plan> (Nov, 2021)

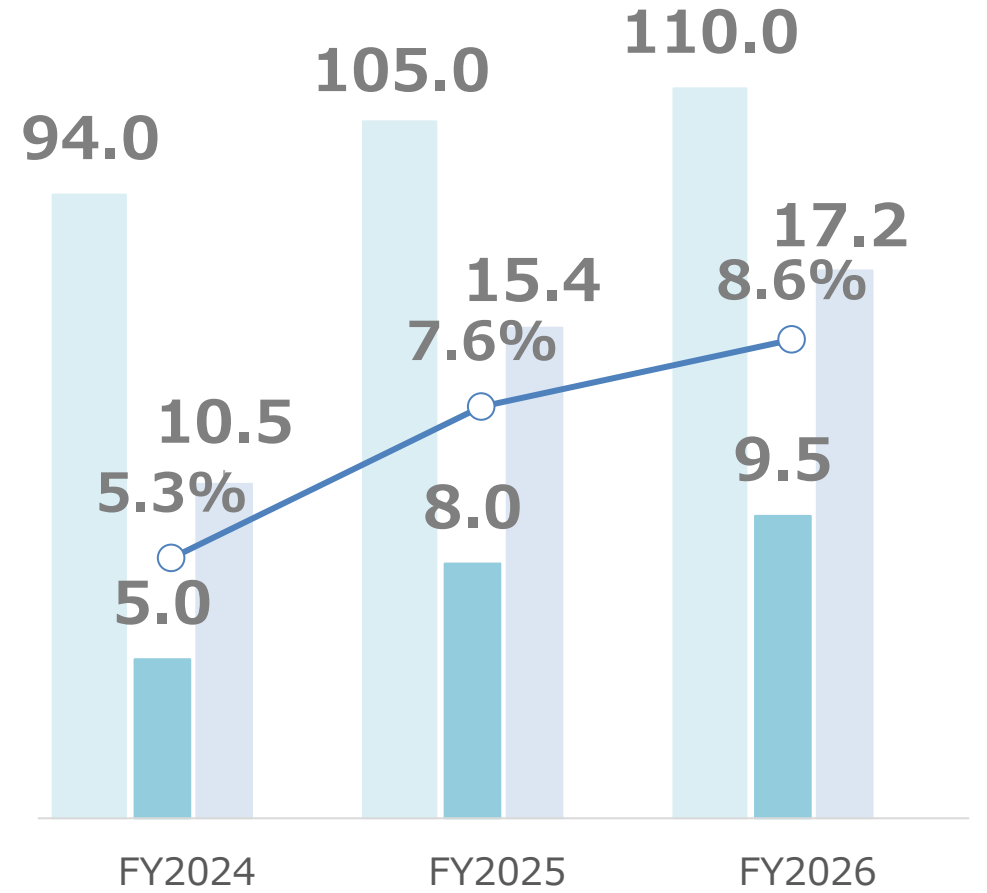
■ Sales ■ Operating income ■ EBITDA ○ Operating margin

(Billions of yen)



<Review of Medium-term Management Plan> (Nov, 2023)

■ Sales ■ Operating income ■ EBITDA ○ Operating margin



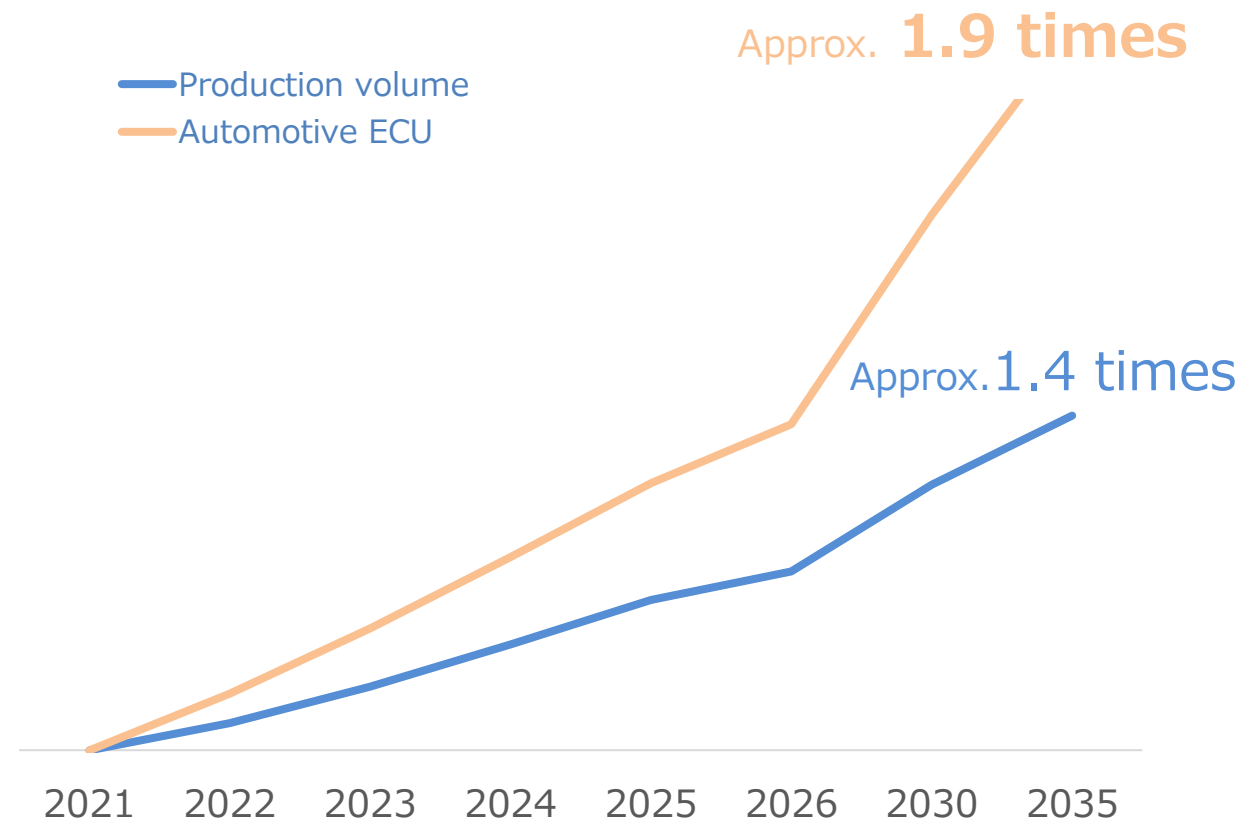
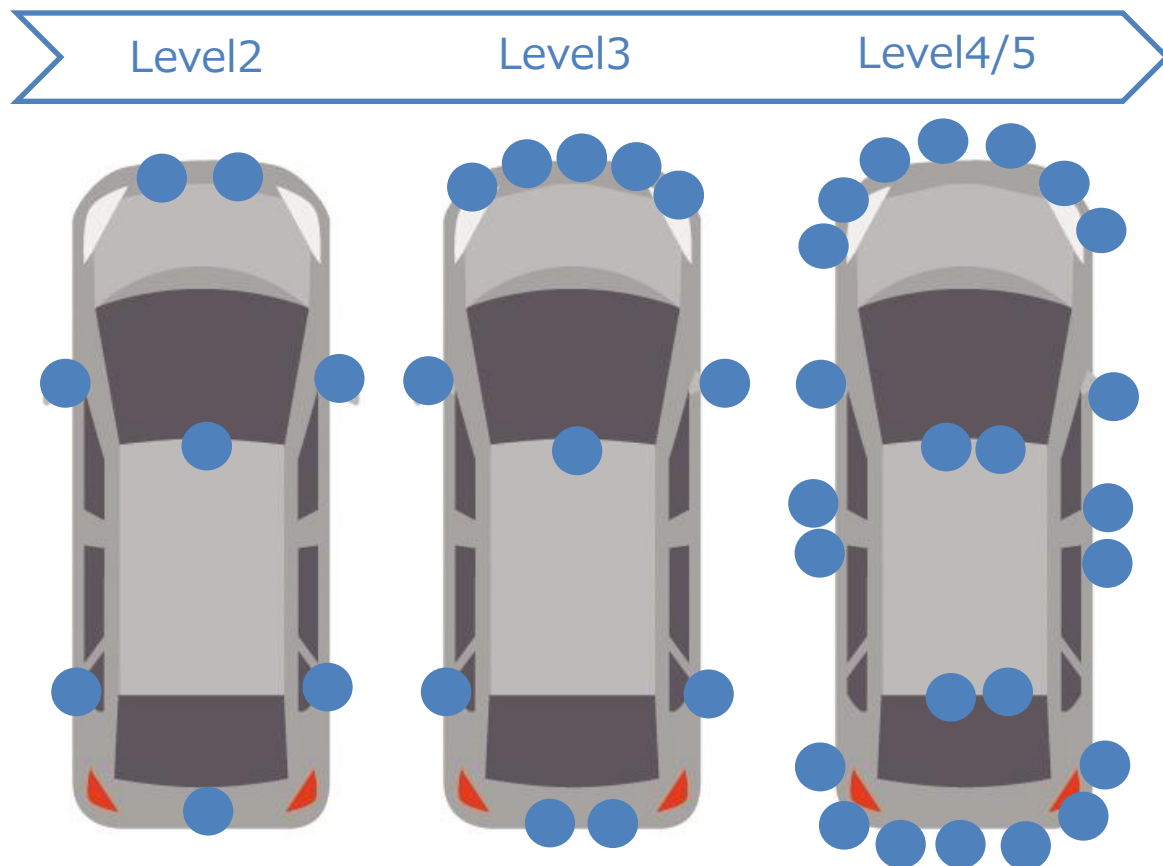
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In-vehicle growth strategy (Upcoming trend①)

The number of installed ECU is increasing at the rate that exceeds that of automobile production volume due to complexity of control of self-driving functions, etc.

< Volume concept of self-driving level, sensors, cameras, etc. > (Our estimate)

< Forecast of automotive production volume and automotive ECU >

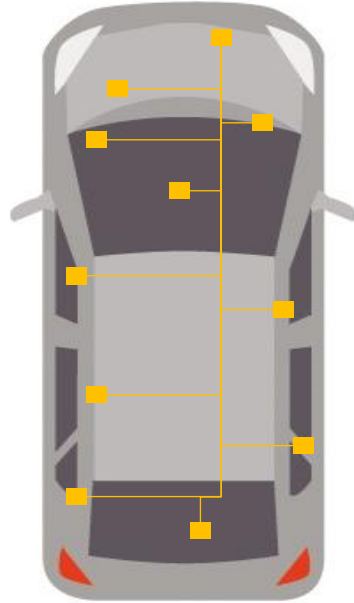


* 2022: prospect, After 2023: Forecast

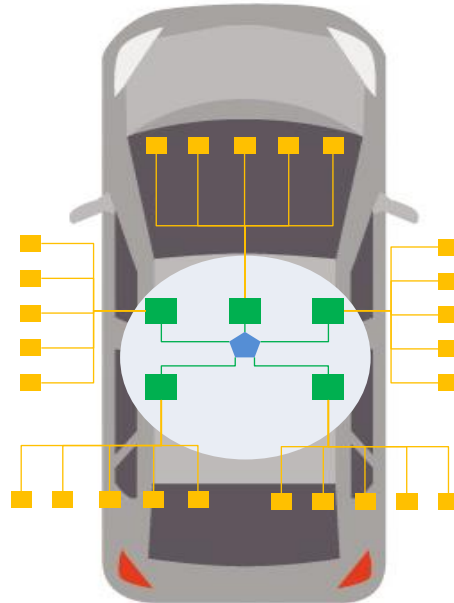
* Source: Comprehensive Study of In-Vehicle Electronics Devices and components 2023 by Fuji Chimera Research

2. Review of Medium-term Management Plan(FY2024-FY2026) In-vehicle growth strategy (Upcoming trend②)

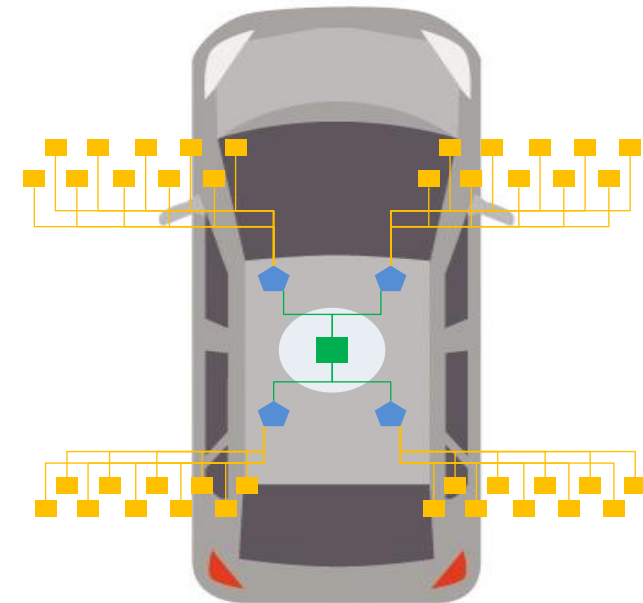
Distributed Architecture



Domain architecture



Zone architecture



- Individual ECU
- Integrated ECU
- ◆ Getaway

Now

2025

2030

While ECU gains higher functionality, PCBs need more sorts of fundamental technology.

『Upward compatibility of manufacturing technology』

⇒Expanded needs for build-up PCBs

In-vehicle growth strategy (Business opportunity and target items)



product	Powertrain	Driving control and Safety
<p>Our strengths and achievements</p>	<ul style="list-style-type: none"> • Manufacturing and quality management knowing the requirements for in-vehicle devices. • Analysis ability, promptness of customer service • Long-term product supply and assurance system based on a stable financial platform • We can provide the same products from the three bases, in Japan, in China and in Southeast Asia. 	<ul style="list-style-type: none"> • Among in-vehicle devices, those for drive and control systems where high reliability is indispensable are our specialties.
<p>Business opportunity</p>	<ul style="list-style-type: none"> • Electricity consumption needs expand due to compatibility with environment (more xEV) 	<ul style="list-style-type: none"> • We have technology and supply system of HDI PCBs • Technology development with Japanese-affiliated and European Tier1 manufacturers~Startup of mass production
<p>Target items</p>	<ul style="list-style-type: none"> • Along with CASE progress, usage of PCBs increases remarkably. • ECU becomes integrated with higher functions (needs for HDI PCB expands) • Integrated ECU for drive system • BEV/HEV ECU • Inverter and DC-DC converter • Secondary driving battery (battery) • Power Control Unit (PCU), etc. 	<ul style="list-style-type: none"> • New functions are added for self-driving • Creation of new values along with development of in-vehicle software • Integrated ECU for ADAS • Image sensor, Camera Module • Millimeter wave, LiDAR • Driver support systems, etc.

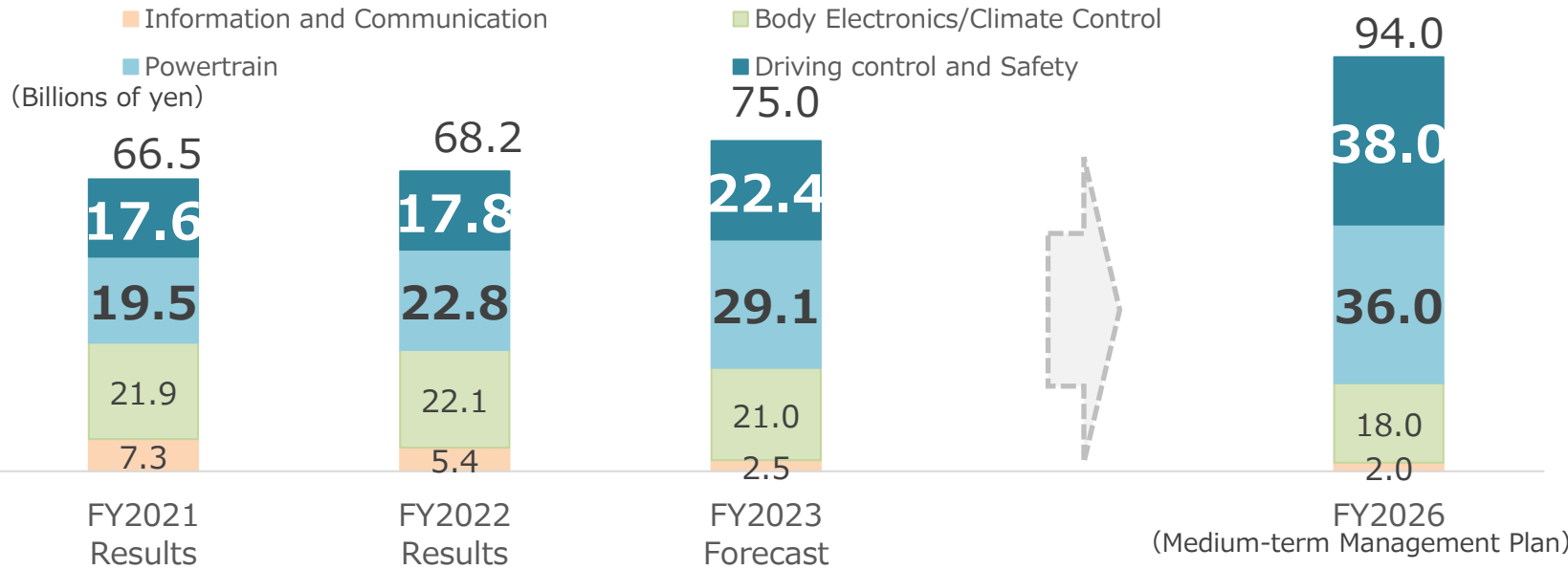
2. Review of Medium-term Management Plan(FY2024-FY2026)

In-vehicle growth strategy (Sales by product)

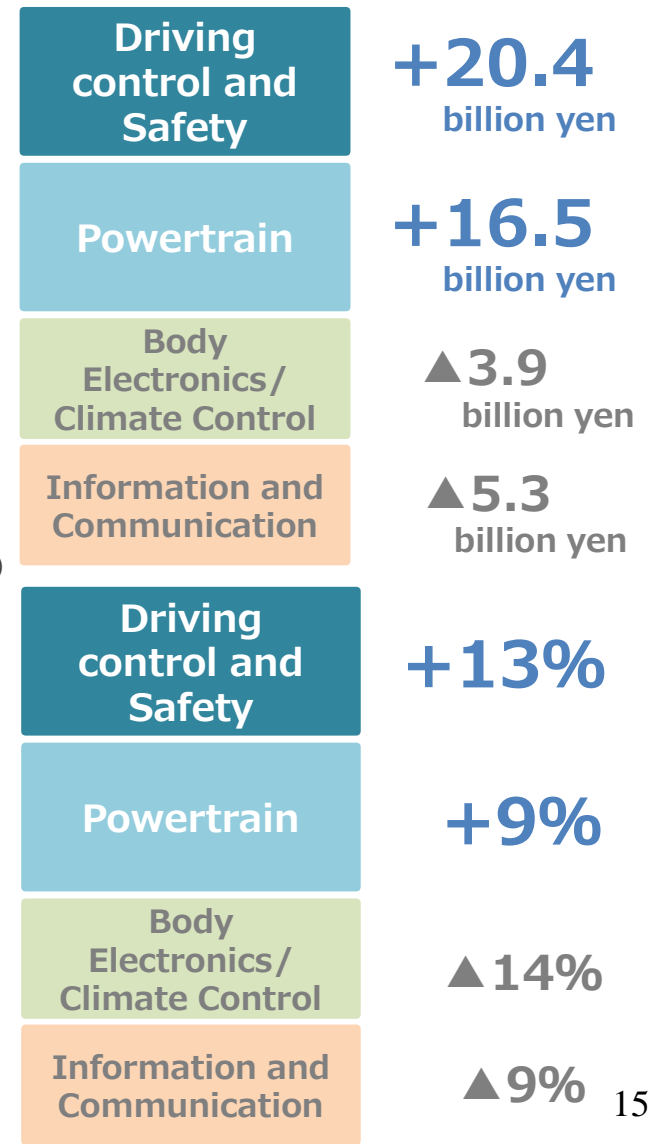
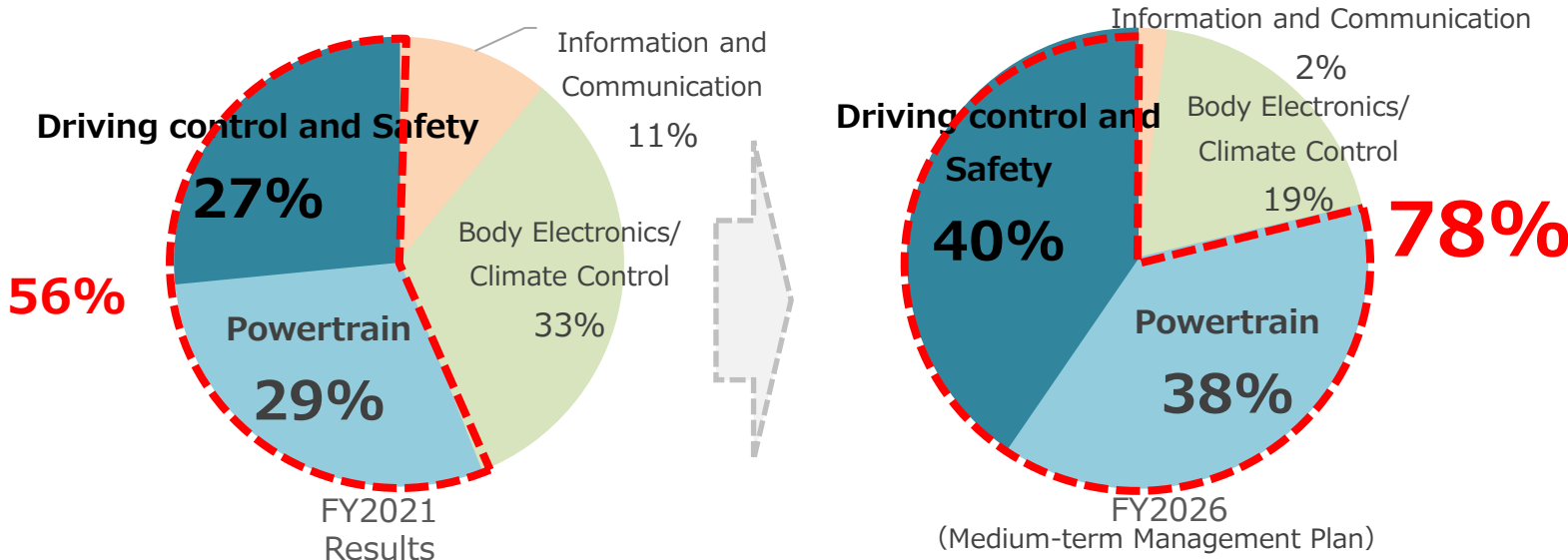


Remarkable shift to portfolio of in-vehicle products where we have a competitive advantage <FY2021 vs FY2026>

Sales by product



Sales ratio by product



2. Review of Medium-term Management Plan(FY2024-FY2026)



In-vehicle growth strategy (Sales by customers and Sales by type of PCBs)

(Billions of yen)

FY2021
Results

Foreign
customers

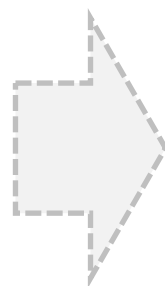
3.5

5%

Japanese customers

62.9

95%



FY2026

Medium-term Management plan

Foreign
customers

18.8

20%

Japanese customers

75.2

80%

<FY2021 vs FY2026>

Customer portfolio is diversified

(To increase foreign sales ratio)

Sales amount for foreign customers:

Sales +15.3 billion yen

Sales ratio +15%

Sales by
customers(ratio)

HDI

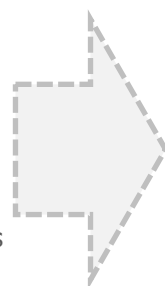
18.0

27%

Double-sided, Multilayered, Others

48.4

73%



HDI

37.0

39%

Double-sided, Multilayered, Others

57.0

61%

Shift to high-value added business

(To increase HDI sales ratio)

HDI PCBs :

Sales +19.0 billion yen

Sales ratio +12%

Sales by type of
PCBs(ratio)

Reference: PCB Market forecast

Our Medium-term Management plan expects for growth that exceeds market forecast.

<Automotive PCB market forecast vs Our Medium-term-Management plan>

【Automotive PCB market forecast】
2021 vs 2027

CAGR approx. 5.4%

【 Our Medium-term Management plan
of in-vehicle products) 】
2021 vs 2027

CAGR approx. 8.8%

(Powertrain/Driving control and Safety approx. 16.5%)

<PCB market forecast vs Our Medium-term-Management plan >

【PCB market forecast】
2021 vs 2027

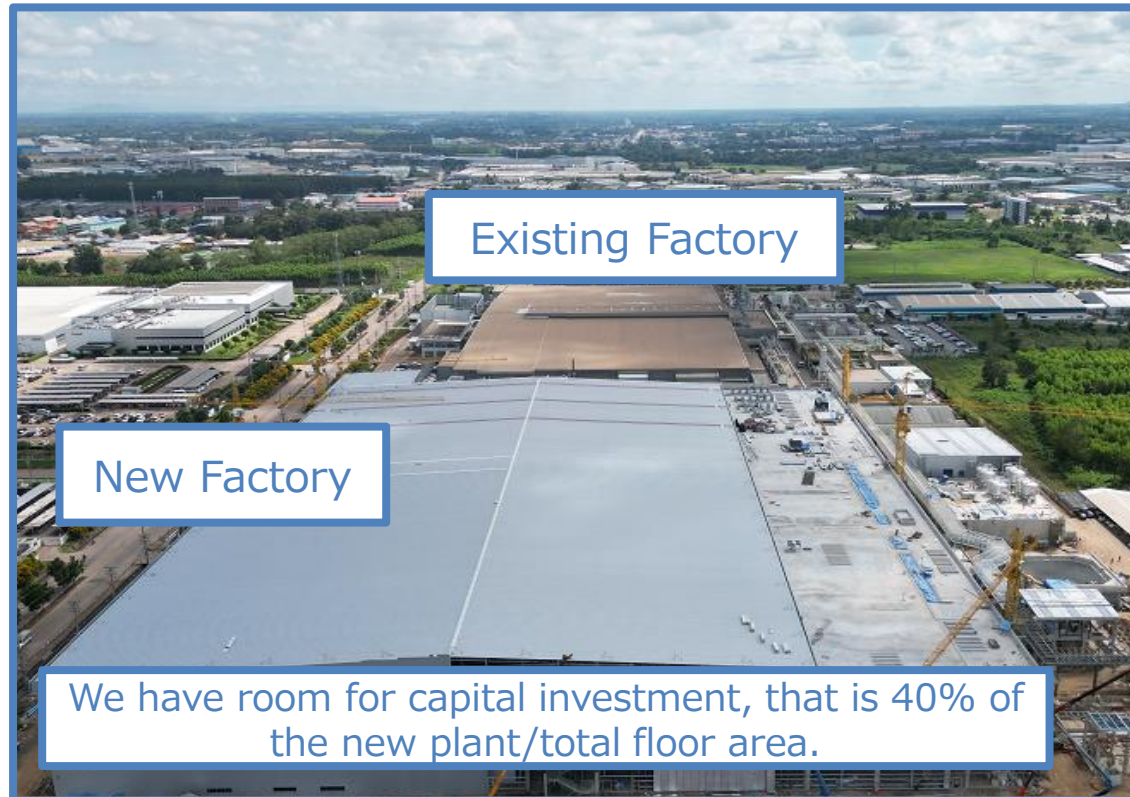
CAGR approx. 1.9%

【 Our Medium-term Management plan 】
2021 vs 2027

CAGR approx. 7.8%

Medium-to long-term demand (inquiries) for our Thailand plant is very strong, which is 120% of the planned sales of in-vehicle products in FY2026.

< Room for investment regarding the new plant in Thailand >



< Capacity of Thailand plant >

	Now	After the first phase investment in the new plant	After the second phase investment
Schedule	—	2024	Under review
Investment amount	—	Approximately 25.0 billion yen	
Capacity/Month (Existing Factory +New Factory)	130km ²	160km ²	200km ²
(Breakdown by type of PCBs)			
Double-sided Multilayered	113km ²	126km ²	132km ²
HDI	17km²	34km²	68km²

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To strengthen revenue platform (Japan)

Japan

■ Improvement measures to establish a revenue platform (so far)

- Improvement of marginal profit ratio by promoting insourcing
- Cost reduction/Optimization by consolidating and reorganizing production bases (completed at the end of September, 2023.)

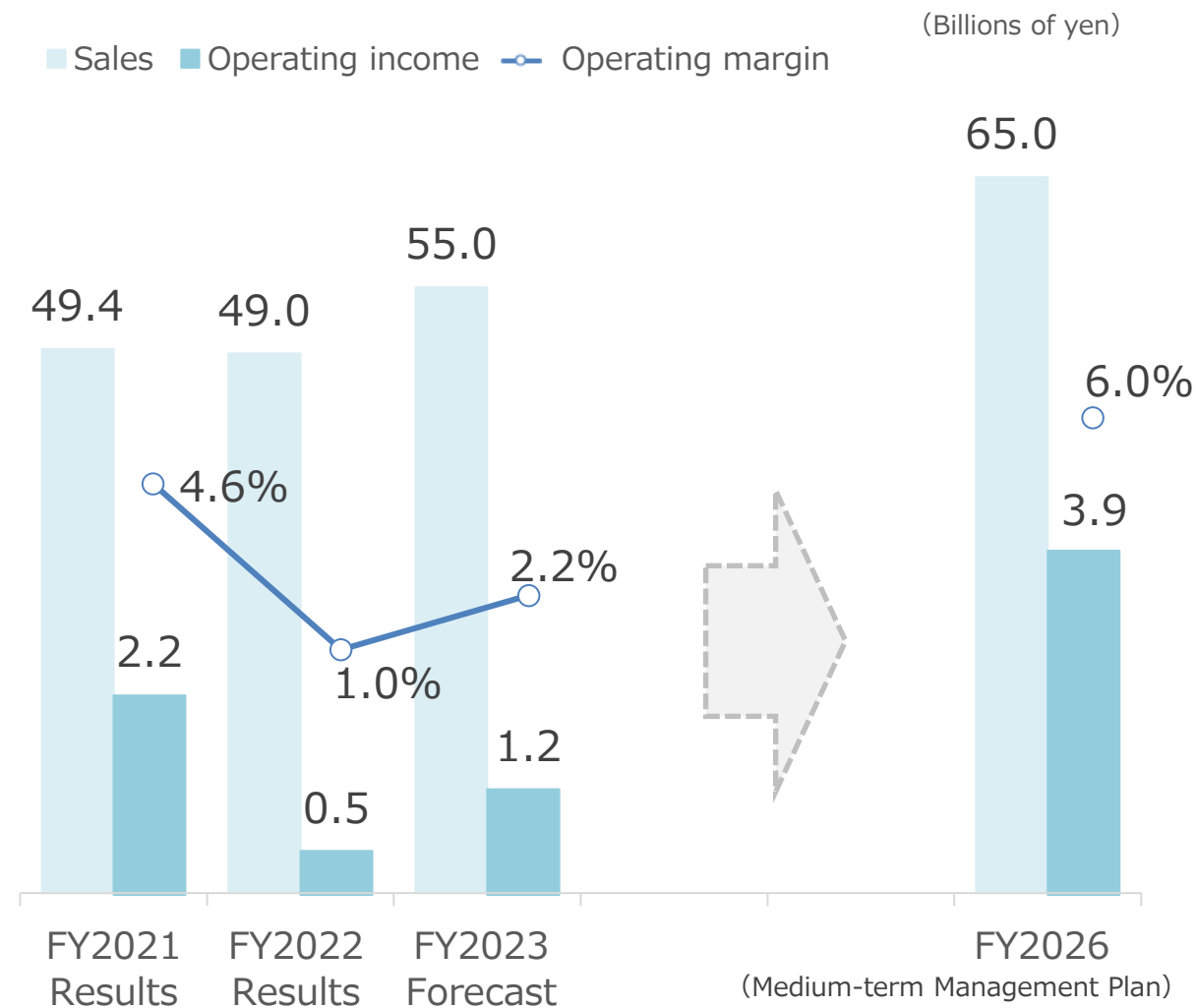
■ Future tasks

- Profit maximization of existing production system



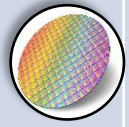




■ Future initiatives

- Investment shift to high value-added fields/higher ratio of HDI PCB production
(Target item: Integrated ECU for self-driving, etc.)
- Creating profits by establishing a new business field
- Resilient supply chain
(Maintenance of three base supply system, Thailand, China and Japan)

Sales/Operating income/Operating margin



New business field growth strategy

Required technology	Expected growth market	Important theme
<ul style="list-style-type: none"> • High aspect ratio • Multiple stacked vias HDI • Fine • High density • High frequency material • Heavy copper, etc. 	<ul style="list-style-type: none"> ■ Next generation mobility  	<ul style="list-style-type: none"> • Entering air mobility market • PCB for eVTOL (Electric vertical take-off and landing aircraft) provided for testing
	<ul style="list-style-type: none"> ■ Aeronautical/space  	<ul style="list-style-type: none"> • Qualified as JAXA space parts (Aug.24, 2023) • Contribution to JAXA's space activities • Entering private space development PCB for flight model provided for testing
	<ul style="list-style-type: none"> ■ Semi conductor, etc.  	<p>Sales expansion focusing on semi-conductor inspection tools with high aspect through hole technology we have developed</p>
	<ul style="list-style-type: none"> ■ Industrial equipment, Robotics  	<p>Response to various VOC with diversified product lineup such as high frequency materials, HDI PCBs, RF PCBs, heat dissipation PCBs, etc. One stop service, AW~PCB production-mounting, should increase orders</p>
	<ul style="list-style-type: none"> ■ Base station, etc.  	<p>To enter Beyond 5G model field by focusing on high frequency materials and HDI PCBs whose technology we have developed</p>
	<ul style="list-style-type: none"> ■ Medical equipment  	<p>To expand orders with our strength of stability of high quality cultivated in in-vehicle area.</p>
	<ul style="list-style-type: none"> ■ Electricity, Infrastructure  	<p>To expand orders using high current/high voltage technology</p>

To strengthen revenue platform (China)

China

■ Improvement measures to establish a revenue platform (so far)

- 100% insourcing will increase marginal profit rate
- Yield/Productivity improvement by investing in automation

■ Future tasks

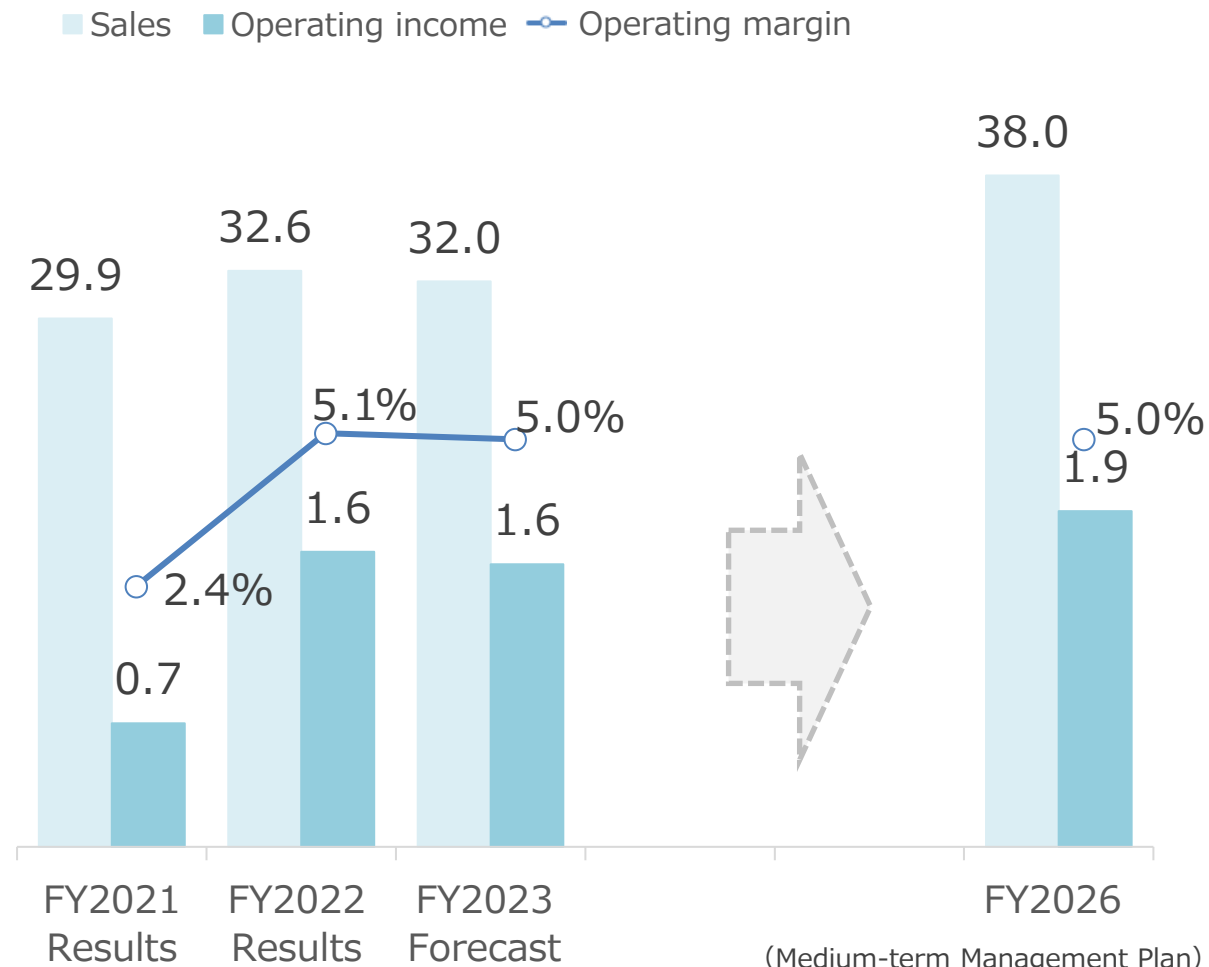
- Risk management in the Chinese market
- To strengthen competitiveness of existing production system

■ Future initiatives

- To promote 'fab light' for generic in-vehicle PCBs.
- Productivity improvement by investing in enlargement

Sales/Operating income/Operating margin

(Billions of yen)



To strengthen revenue platform (Southeast Asia)



Southeast Asia

■ Improvement measures to establish a revenue platform (so far)

- Productivity improvement by ameliorating yield
- Sales expansion to foreign clients

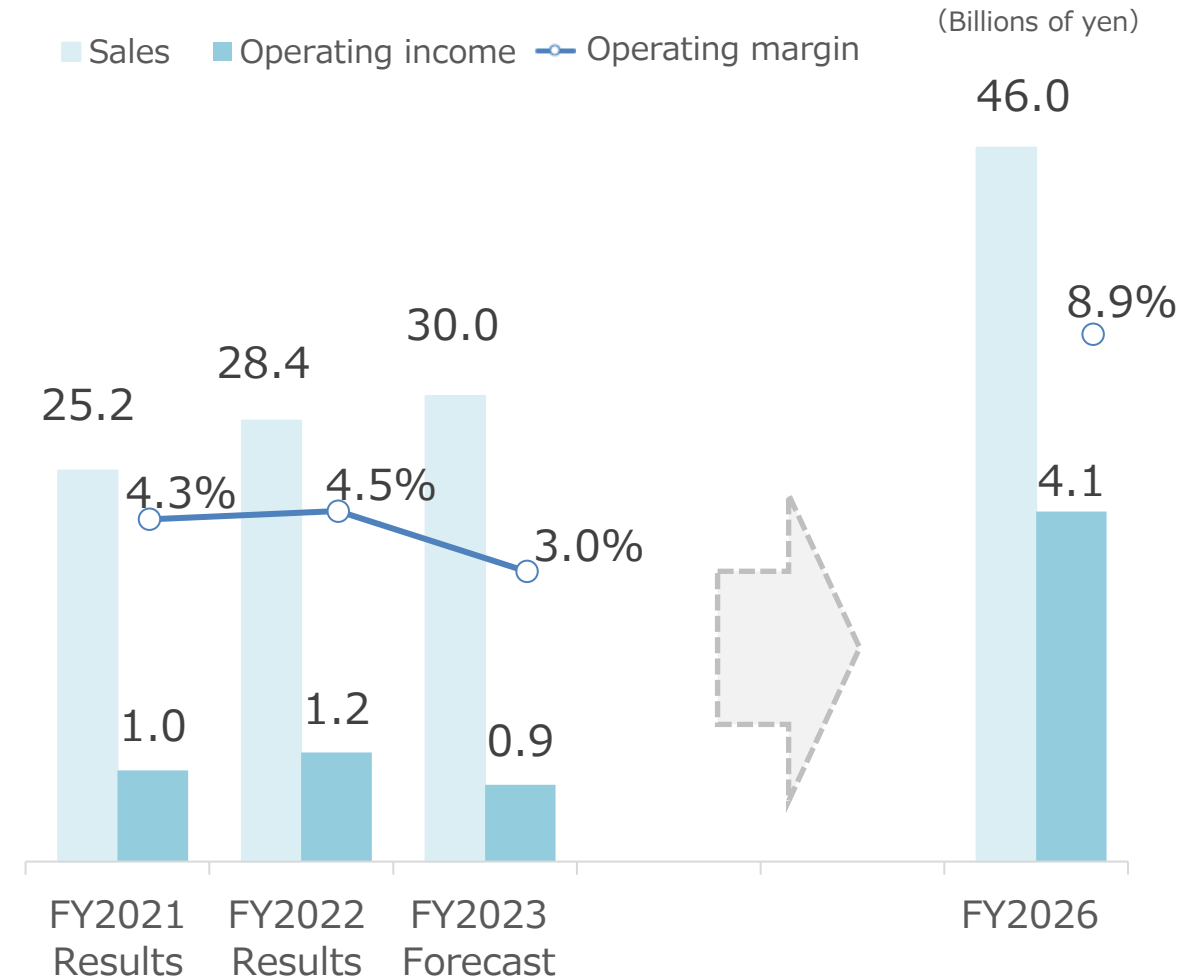
■ Future tasks

- Sales expansion to foreign customers
- Early decision making as for the new plant second phase investment

■ Future initiatives

- Productivity improvement by automating, enlarging and promoting filmless
- Embodiment of contents of the second phase investment

Sales/Operating income/Operating margin



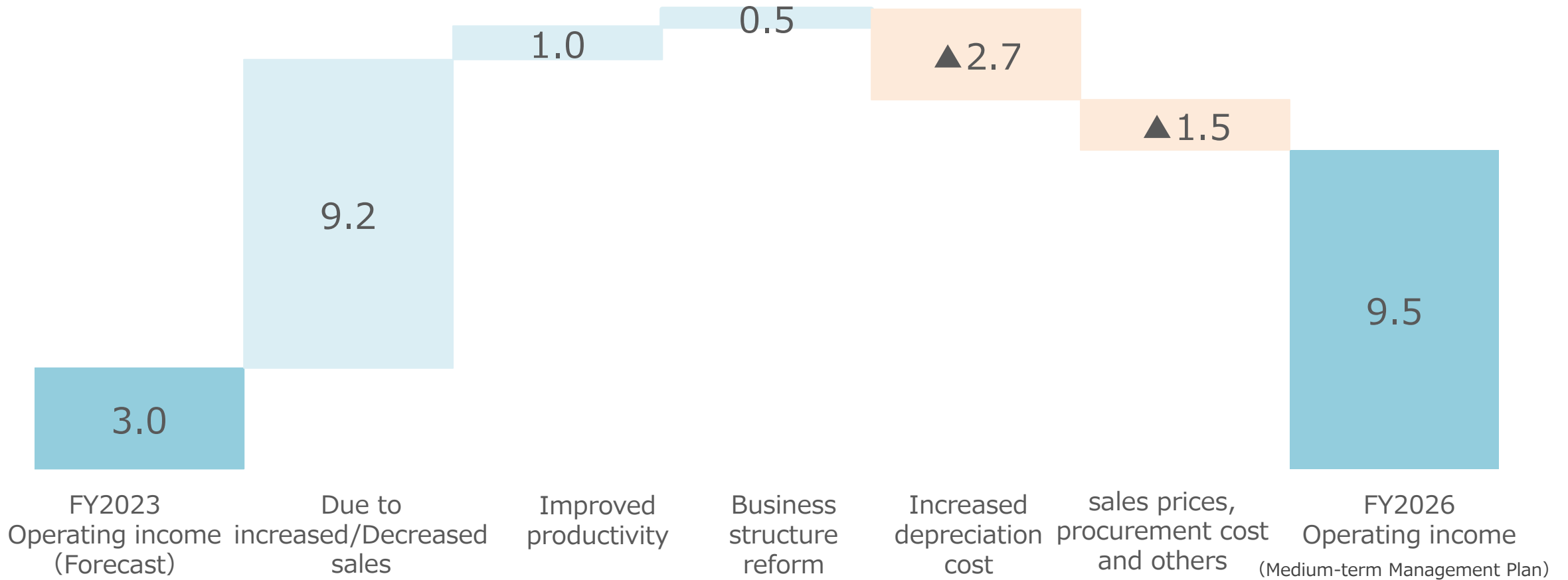
(Medium-term Management Plan)

2. Review of Medium-term Management Plan(FY2024-FY2026)

To strengthen revenue platform (Analysis of changes in operating income)



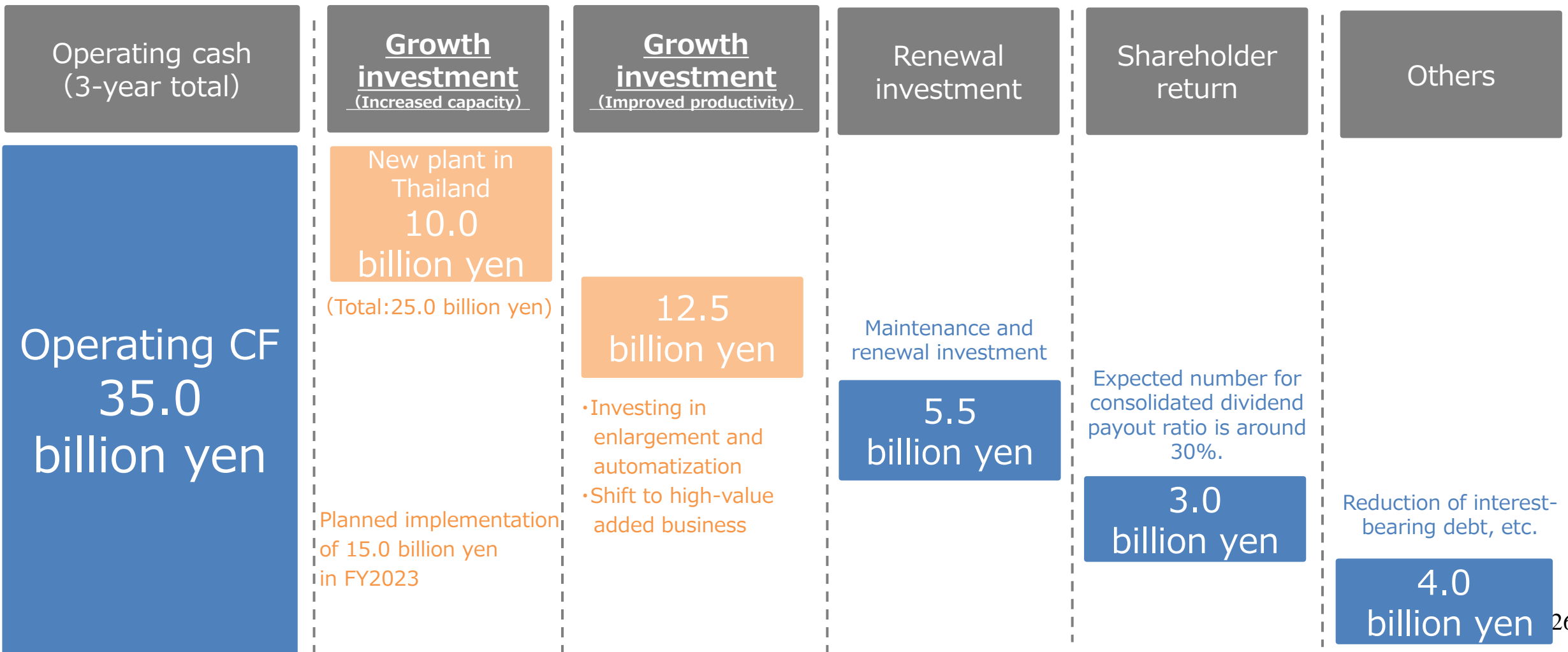
(Billions of yen)



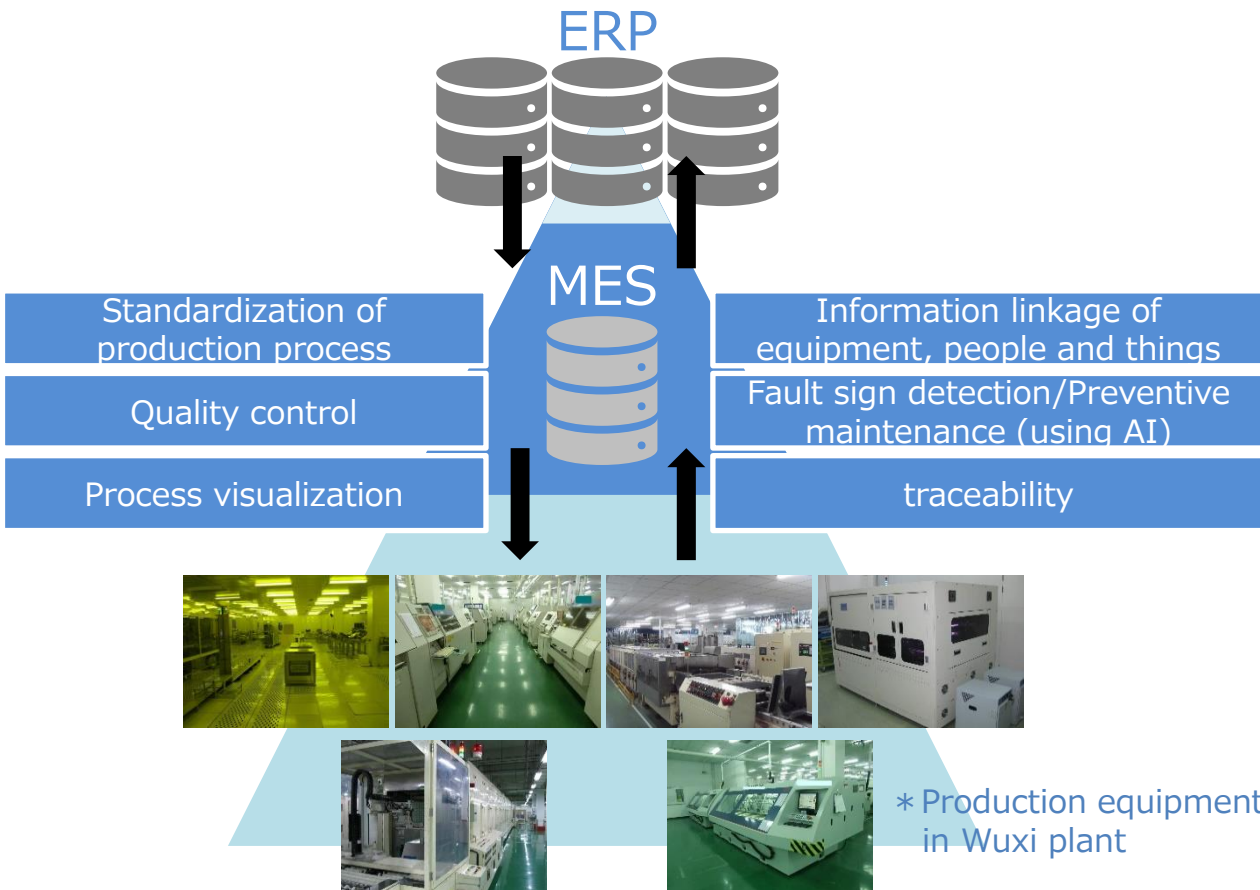
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Financial strategy (Capital allocation)

To create cash stably while maintaining medium-term-to long term financial soundness and continuing growth investment toward CASE demand capture



We realize further strengthening of management base, and to improve productivity and work efficiency, by utilizing digital technology (Speedy/more visualized).



■ To improve productivity and quality maintenance by making advancement in manufacturing with digital technology, knowledge sharing and utilizing AI.

■ Reduction and optimization of administrative/indirect works by reconstructing the core system

< Initiatives for Carbon neutral >

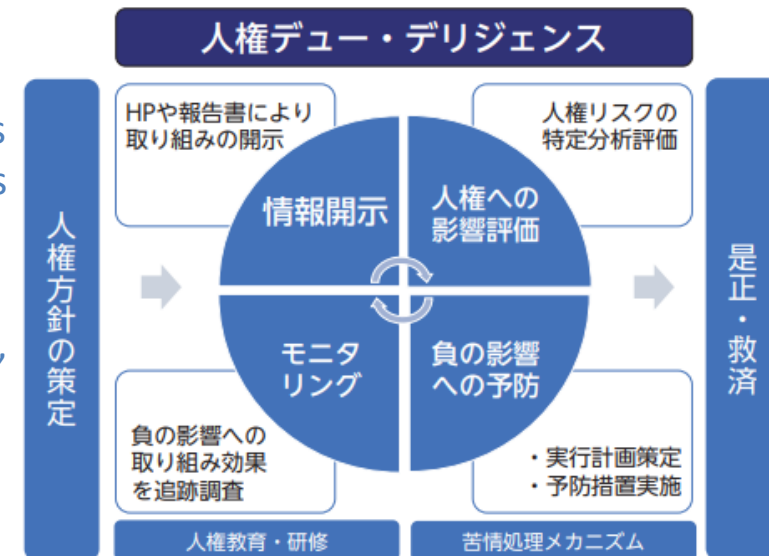
We advocate “Smart e-changes NetZero” , and aim at Carbon neutral and proceed.



< Due Diligence activities >

Currently, we are promoting Due Diligence activities. Specifically, to identify impacts on human rights, we are promoting various activities such as making a human rights risk map in terms of seriousness and possibility to occur related to our business operations, supply chain management to prevent negative impacts, establishment of a consultation counter for human rights abuses inside and outside, etc.

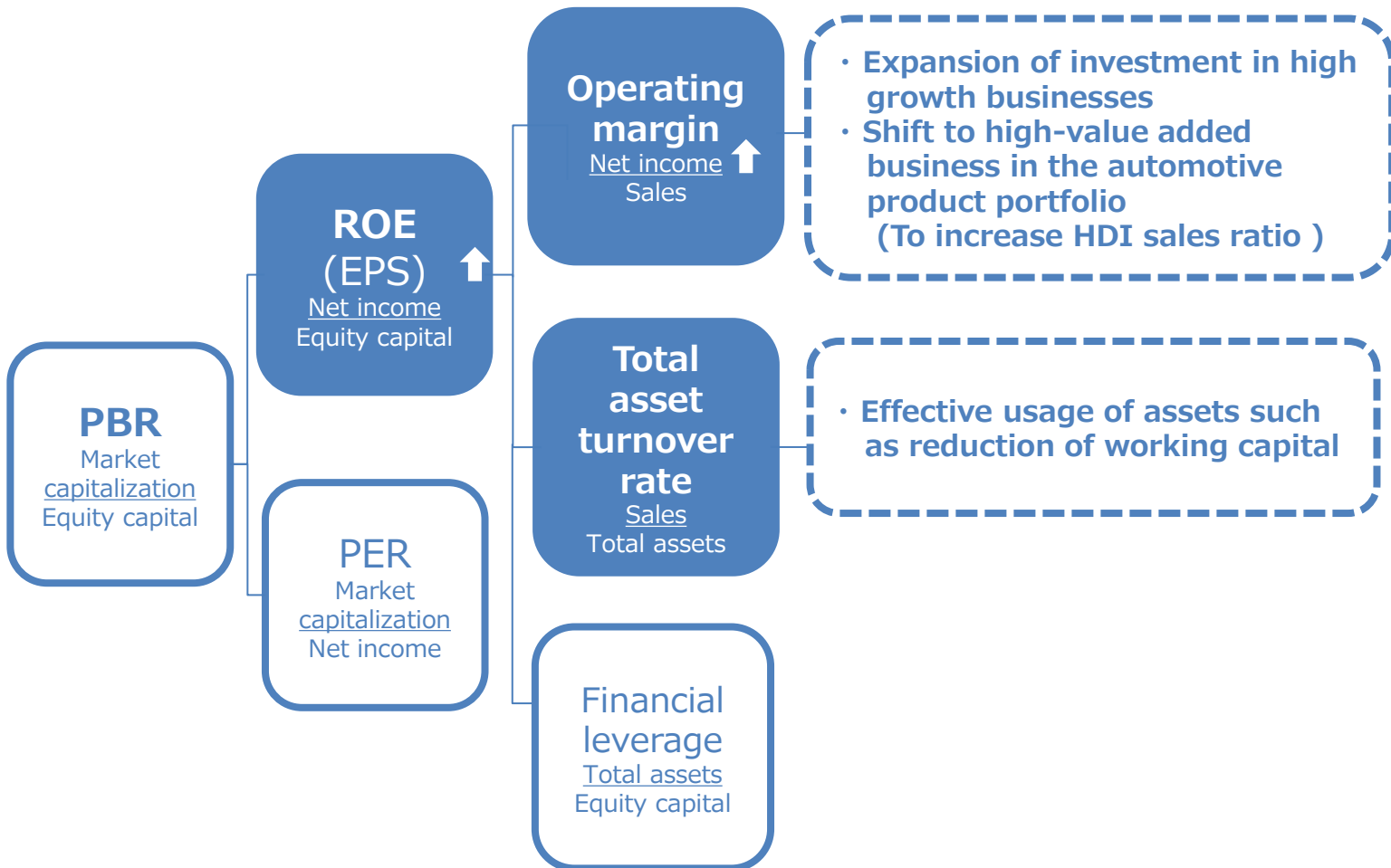
* Please refer to our website below
<https://www.cmk-corp.com/csr/doc/CMKReport2023.pdf>



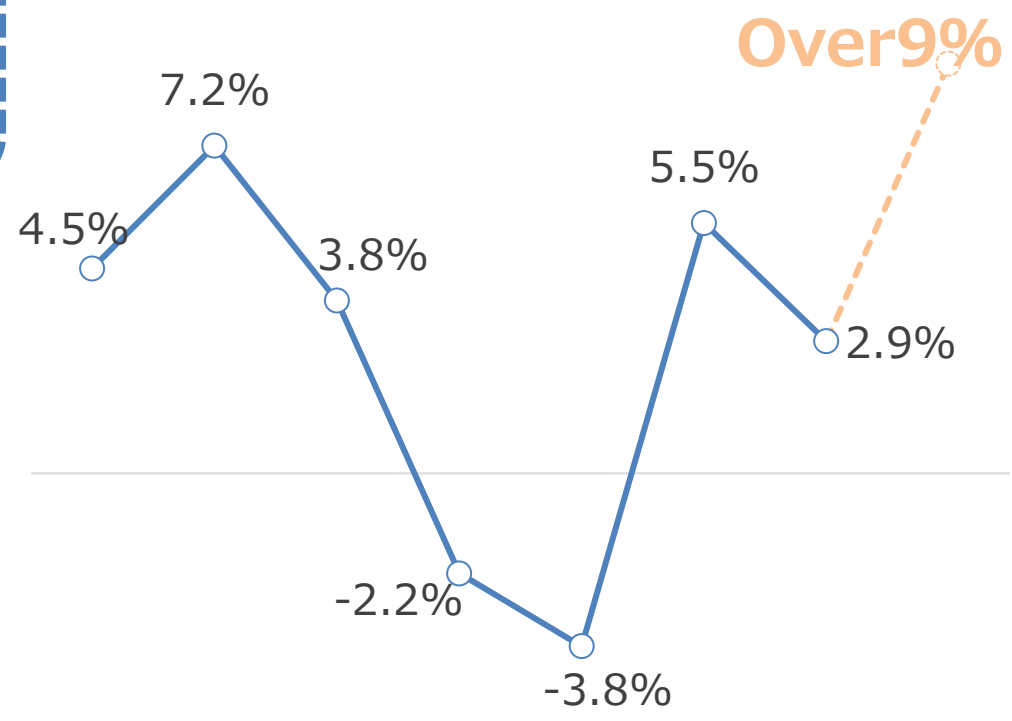
Improvement of corporate value (to increase PBR)

Status quo: Stock price stays lower than 1 PBR. The problems are profitability lower than capital cost and low growth prospect.

⇒ Management handling toward higher corporate value paying attention to capital cost



Changes in ROE



FY2016 FY2017 FY2018 FY2019 FY2020 FY2021 FY2022 FY2026

Numerical targets (FY2026)

Net sales	110.0 billion yen
Operating income	9.5 billion yen
Operating margin	8.6%
ROE	Over 9%
Equity ratio	Around 50%

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① Numerical Targets (Financial targets)



<Medium-Term Management Plan>

(Billions of yen)

FY2024

FY2025

FY2026

Net sales

94.0

105.0

110.0

Operating income

5.0

8.0

9.5

operating margin

5.3%

7.6%

8.6%

EBITDA

10.5

15.4

17.2

* Exchange rate (USD/JPY) 130.00

3. Supplementary information

② Numerical Targets (Sales by product)



(Billions of yen)	FY2021 (Results)	FY2026 (Medium-term Management plan)	Change	%
Car Electronics	66.5	94.0	+27.4	+41%
Power train	19.5	36.0	+16.5	+84%
Driving control and Safety	17.6	38.0	+20.4	+115%
Body Electronics/Climate Control	21.9	18.0	-3.9	-18%
Information and Communication	7.3	2.0	-5.3	-73%
Mobile communications	0.9	1.5	+0.5	+60%
New businesses	-	7.0	+7.0	-
Others	14.0	7.5	-6.5	-47%
Total	81.4	110.0	+28.5	+35%

3. Supplementary information

③ Numerical Targets (Sales by type of PCBs)



(Billions of yen/Sales ratio)	FY2021 (Results)		FY2026 (Medium-term Management plan)		Change	%
HDI PCBs	21.0	26%	41.5	38%	+20.4	+97%
Multilayered PCBs	44.0	54%	57.0	52%	+12.9	+29%
Double-sided PCBs	10.6	13%	6.0	5%	-4.6	-43%
Others	5.6	7%	5.5	5%	-0.1	-4%
Total	81.4	100%	110.0	100%	+28.5	+35%

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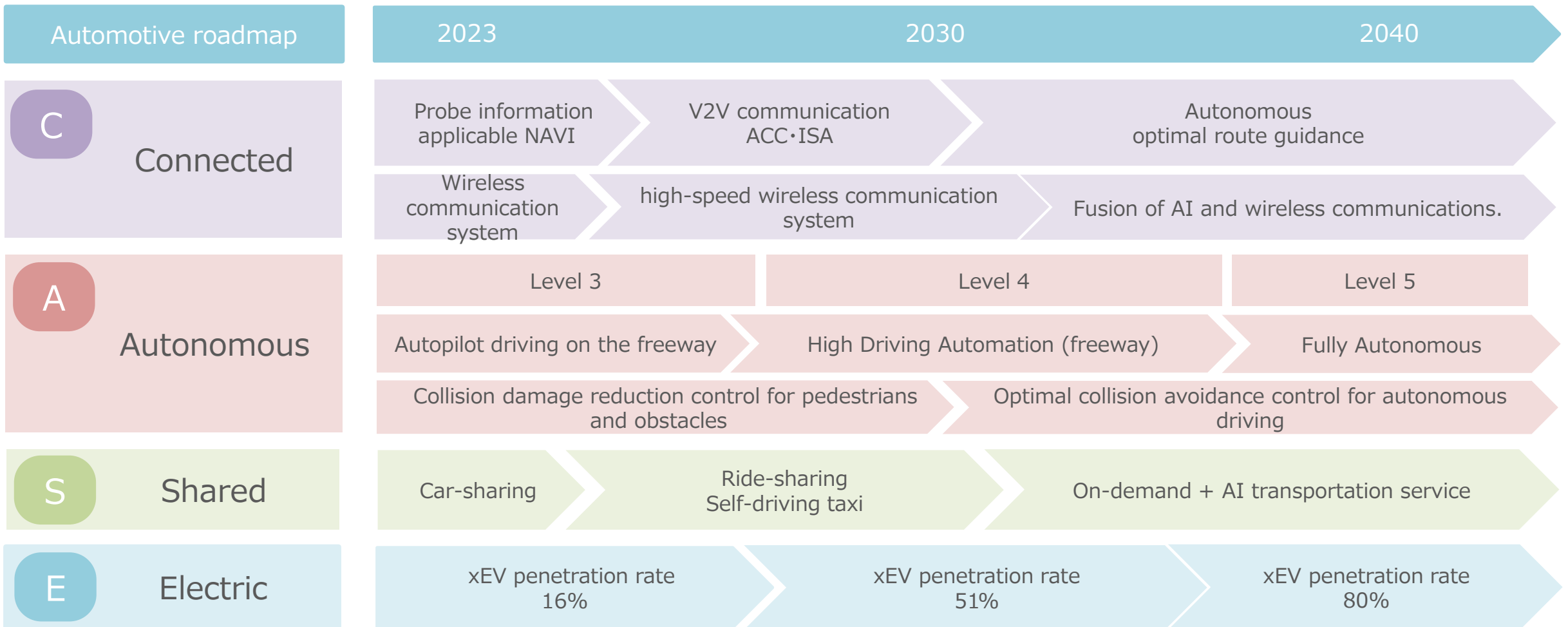
④ Numerical Targets (Financial targets by region)



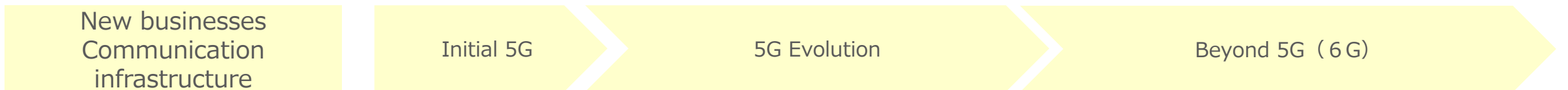
(Billions of yen)		FY2021 (Results)	FY2026 (Medium-term Management plan)	Change	%
Japan	Sales	49.4	65.0	+15.5	+32%
	Operating income	2.2	3.9	+1.6	+72%
China	Sales	29.9	38.0	+8.0	+27%
	Operating income	0.7	1.9	+1.1	+169%
Southeast Asia	Sales	25.2	46.0	+20.7	+82%
	Operating income	1.0	4.1	+3.0	+281%
Europe & North America	Sales	3.7	10.0	+6.2	+168%
	Operating income	0.1	0.7	+0.5	+390%
Adjustment	Sales	▲26.9	▲49.0	-22.0	-
	Operating income	▲1.1	▲1.1	+0.0	-
Consolidated	Sales	81.4	110.0	+28.5	+35%
	Operating income	3.0	9.5	+6.4	+215%

3. Supplementary information

⑤-1 CASE and New businesses roadmap



※Prepared in our company with reference to the Society of Automotive Engineers of Japan "Technology Roadmap" of "Future vision : 2050 Challenge"








※Prepared in our company with reference to the Ministry of Internal Affairs and Communications " Beyond 5G Promotion Strategy -6G Roadmap."

3. Supplementary information

⑤-2 CASE and New businesses roadmap



Market needs	Products	PCB requirement	Our technological innovation
 <p>C Connected</p>	<p>Data communication module 5G,V2X Infotainment IVI</p>	<p>Low loss SoC processors</p>	<p>Low dielectric material, characteristic impedance control Multiple stacked vias HDI, Fine circuit MSAP</p>
 <p>A Autonomous</p>	<p>Millimeter wave Radar Sensing camera</p>	<p>Stable accuracy of antenna circuit, Downsized unit, 3D</p>	<p>High-definition circuit pattern MSAP Multiple stacked vias HDI, High-thickness Rigid-Flex</p>
 <p>S Shared</p>	<p>AI-equipped Unit for infrastructure</p>	<p>AI processors High layer count, Small Diameter VIA</p>	<p>Low dielectric material , characteristic impedance control Multiple stacked vias HDI , High aspect ratio</p>
 <p>E Electric</p>	<p>Integrated ECU Power module</p>	<p>Signal circuit and Power mix High withstand voltage, High current PCB and Heat resistance</p>	<p>Heavy copper circuit, Inner layer copper core, High heat radiation material Highly insulating resist, Heat Dissipation simulation</p>
 <p>5G New businesses Communication infrastructure</p>	<p>5 G Base station small cell</p>	<p>High layer count, low loss High density, Fine circuit</p>	<p>Low dielectric material, High layer count, High aspect ratio Subtract-process fine circuit, Back Drill</p>

3. Supplementary information

⑥ Technology roadmap



Our technological innovation

FY2022

FY2023

FY2024

FY2025

FY2026

C



High density

Multiple stacked BVH HDI

AnyLayer HDI

Fine circuit MSAP

Mass-produced

Trial

Mass-production

Development

Trial

Mass-production

A



High function

High-definition circuit MSAP

High thickness Rigid-Flex

Mass-produced

Development

Trial

Mass-production

S



High frequency

Low loss

characteristic impedance control

Trial

Mass-production

±10%(actual measurement control)

±10%(process guarantee)

simulation control

E



High heat dissipation

Heavy copper + Signal circuit

High heat conduction

Development

Trial

Mass-production

Trial

Mass-production



High layer

High aspect Ratio

Subtract-Process fine circuit

AR12

AR21

AR24

Development

Trial

Mass-production

Future-related information and descriptions in this material are just forward-looking statements and not guarantees for future achievements
(Amounts are rounded, and % is rounded to one decimal place.)

END