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Consolidated Financial Results for the Three Months Ended June 30, 2025 [Japanese GAAP]



July 29, 2025

Company name: SMK Corporation

Stock exchange listing: Tokyo Stock Exchange Prime Market

Code number: 6798

URL: <https://www.smk.co.jp/ja>

Representative: Yasumitsu Ikeda, President, Chief Executive Officer and Chief Operating Officer

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Scheduled date of commencing dividend payments: –

Availability of supplementary explanatory materials on financial results: Available

Schedule of financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2025 (April 1, 2025 - June 30, 2025)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|----------------------------------|-------------|-------|------------------|---|-----------------|------|---|------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Three months ended June 30, 2025 | 11,029 | (5.9) | (280) | – | (618) | – | (651) | – |
| June 30, 2024 | 11,726 | 6.2 | (64) | – | 952 | 37.1 | 801 | 54.0 |

(Note) Comprehensive income: Three months ended June 30, 2025: ¥(680) million [–%]

Three months ended June 30, 2024: ¥1,324 million [14.4%]

| | Basic earnings per share | Diluted earnings per share |
|----------------------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Three months ended June 30, 2025 | (102.88) | – |
| June 30, 2024 | 126.47 | – |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|----------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| As of June 30, 2025 | 56,795 | 27,965 | 49.2 |
| As of March 31, 2025 | 57,684 | 29,221 | 50.7 |

(Reference) Equity: As of June 30, 2025: ¥27,965 million

As of March 31, 2025: ¥29,221 million

2. Dividends

| | Annual dividends | | | | |
|--|------------------|-----------------|-----------------|----------|--------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended March 31, 2025 | — | 50.00 | — | 90.00 | 140.00 |
| Fiscal year ending March 31, 2026 | — | | | | |
| Fiscal year ending March 31, 2026 (Forecast) | | 50.00 | — | 50.00 | 100.00 |

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 - March 31, 2026)

(% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|------------|-------------|-------|------------------|---|-----------------|------|---|---|--------------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| First half | 22,000 | (6.8) | (400) | — | (150) | — | (300) | — | (47.35) |
| Full year | 46,000 | (4.3) | 500 | — | 1,000 | 82.0 | 600 | — | 94.70 |

(Note) Revision to the financial results forecast announced most recently: None

*** Notes:**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to the revision of accounting standards: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (4) Total number of issued and outstanding shares (common stock)
- 1) Total number of issued and outstanding shares at the end of the period (including treasury stock):

| | |
|-----------------|------------------|
| June 30, 2025: | 7,200,000 shares |
| March 31, 2025: | 7,200,000 shares |
 - 2) Total number of treasury stock at the end of the period:

| | |
|-----------------|----------------|
| June 30, 2025: | 865,662 shares |
| March 31, 2025: | 863,954 shares |
 - 3) Average number of shares during the period:

| | |
|-----------------------------------|------------------|
| Three months ended June 30, 2025: | 6,336,246 shares |
| Three months ended June 30, 2024: | 6,338,953 shares |

(Note) The number of treasury stock includes the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets for the Board Benefit Trust (BBT).

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable, and actual results may differ significantly from these forecasts due to various factors. For preconditions for the financial results forecast, notes on the use thereof, etc., please refer to "1. Qualitative Information on Quarterly Financial Results (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information" on page 3 of the attachment.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

The Group established the Medium-Term Business Plan “SMK Next 100” that covers the period from FY2024 to FY2026 as the first milestone for achieving the Long-Term Vision FY2035 “Contribute to the next 100 years with our manufacturing capability that meets all manner of needs.” This period was positioned as a “period to accelerate structural reforms toward sustainable growth,” with the Group aiming to return to a growth trajectory in sales and profits through resource investment, cost structural reforms, and strengthening of its management base, including integrated production and sales operations. However, the current situation remained challenging, as CS Division performed well but experienced only modest growth, SCI Division remained sluggish due in part to the prolonged inventory adjustments by clients, and Innovation Center continued facing persisting losses caused by delays in the development of new products and new businesses.

As announced on March 25, 2025, the Company, in light of this situation, has decided to formulate and implement the “structural reform program” in order to further accelerate structural reforms. Aiming to achieve the targets under the Long-Term Vision and the Medium-Term Business Plan, we accelerate our return to a growth trajectory by withdrawing or scaling down unprofitable products in each division and focusing our resources on areas with higher profitability and efficiency. Additional efforts are also underway to optimize the number of personnel and talent portfolio, as well as improvements in the scale efficiency of administrative functions.

During the three months ended June 30, 2025, the global economy was generally stable against a backdrop of the firmness of the U.S. economy. However, the future business climate remains uncertain mainly due to the future direction of the Trump administration’s tariff policy, the continued geopolitical risks caused by the prolonged Ukraine crisis and tensions in the Middle East, as well as the continued sluggishness of the Chinese economy, albeit temporarily stabilized by the government’s economic measures. Given these factors, dollar-yen exchange rates also remain unstable.

In the electronic components industry, the market conditions showed a moderate recovery trend overall. The car electronics market showed signs of stagnation due to the global slowdown in automobile sales and stalled sales of electric vehicles (EVs). In the ICT market, while sales of smartphones and tablets remained sluggish, sales of artificial intelligence (AI) servers and data center-related products expanded. In the home appliance market, sales of gaming-related devices and white goods showed firm momentum. In the industry market, although sales of products, particularly semiconductor manufacturing equipment, showed some signs of recovery, the overall situation still remained sluggish.

In the three months ended June 30, 2025, sales in CS Division decreased year on year due to sluggish performance in the ICT and industry markets, although sales in the car electronics and home appliance markets remained strong. Sales in SCI Division remained almost unchanged from those of the previous fiscal year, supported by strong performance in the car electronics market, although sales in the home appliance market decreased year on year. As a result, net sales amounted to ¥11,029 million (5.9% decrease year on year), and operating loss was ¥280 million (compared to operating loss of ¥64 million in the same period of the previous fiscal year). Ordinary loss was ¥618 million (compared to ordinary profit of ¥952 million in the same period of the previous fiscal year) by recording foreign exchange losses of ¥514 million due to the yen appreciation, and loss attributable to owners of parent was ¥651 million (compared to profit attributable to owners of parent of ¥801 million in the same period of the previous fiscal year).

Results by segment are as follows.

[CS Division]

In the car electronics market, sales remained unchanged from those of the previous fiscal year due to the continued strong sales of camera-related and E-Bike-related products. In the home appliance market, sales exceeded those of the previous fiscal year due to the expansion in amusement-related products. Meanwhile, in the ICT market, sales decreased year on year due to decreases in smartphones and tablet-related products. In the industry market, sales decreased year on year due to a decrease in healthcare-related products, despite strong

sales of renewable energy-related products.

As a result, sales in CS Division as a whole fell below the level of those of the previous fiscal year. Net sales amounted to ¥5,207 million (8.9% decrease year on year), and operating profit was ¥229 million (59.8% decrease year on year).

[SCI Division]

In the home appliance market, sales of remote control units decreased year on year due to a decrease in those for smart home appliances, although those for sanitation and air conditioners remained strong. In the car electronics market, sales exceeded those of the previous fiscal year due to the strong performance in camera modules for automotive applications, control units, E-Bike control units, and switches. In SCI Division as a whole, sales remained almost at the same level year on year.

However, as a result, sales in SCI Division as a whole fell slightly below the previous fiscal year's level. Net sales amounted to ¥5,801 million (2.4% decrease year on year), and operating loss was ¥365 million (compared to operating loss of ¥528 million in the same period of the previous fiscal year).

[Innovation Center]

Sales of Bluetooth® modules decreased year on year due to a decrease in those for mobile printers. In addition, sales of Sub-GHz communication modules for lighting equipment also decreased, and sales in Innovation Center as a whole decreased year on year. Through the selection and concentration of businesses as part of the structural reform program, the Innovation Center focused its' resources on two businesses, the speech-based head health analysis technology and EMG sensors. Accordingly, the communication module business was transferred to SCI Division in June in consideration of company-wide efficiency.

As a result, net sales in Innovation Center amounted to ¥20 million (67.9% decrease year on year), and operating loss was ¥144 million (compared to operating loss of ¥104 million in the same period of the previous fiscal year).

(2) Explanation of Financial Position

Current assets decreased 2.5% from the end of the previous fiscal year to ¥32,320 million. This was mainly due to a decrease of ¥1,329 million in accounts receivable - trade, and increases of ¥229 million in cash and deposits and ¥194 million in merchandise and finished goods. Non-current assets decreased 0.2% from the end of the previous fiscal year to ¥24,474 million. This was mainly due to a decrease of ¥59 million in property, plant and equipment.

As a result, total assets decreased 1.5% from the end of the previous fiscal year to ¥56,795 million.

Current liabilities increased 5.7% from the end of the previous fiscal year to ¥17,594 million. This was mainly due to increases of ¥450 million in notes and accounts payable - trade, ¥300 million in short-term borrowings, and ¥161 million in electronically recorded obligations - operating. Non-current liabilities decreased 4.9% from the end of the previous fiscal year to ¥11,234 million. This was mainly due to a decrease of ¥339 million in long-term borrowings.

As a result, total liabilities increased 1.3% from the end of the previous fiscal year to ¥28,829 million.

Total net assets decreased 4.3% from the end of the previous fiscal year to ¥27,965 million. This was mainly due to a decrease of ¥1,226 million in retained earnings.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

No change has been made to the consolidated financial results forecast for the six months ending September 30, 2025 and the fiscal year ending March 31, 2026, announced on May 8, 2025.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

| | As of March 31, 2025 | As of June 30, 2025 |
|---|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 10,475 | 10,704 |
| Notes receivable - trade | 4 | 7 |
| Electronically recorded monetary claims - operating | 2,710 | 2,690 |
| Accounts receivable - trade | 11,221 | 9,892 |
| Merchandise and finished goods | 2,909 | 3,103 |
| Work in process | 517 | 679 |
| Raw materials and supplies | 4,246 | 4,162 |
| Other | 1,151 | 1,151 |
| Allowance for doubtful accounts | (85) | (71) |
| Total current assets | 33,149 | 32,320 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 4,151 | 4,135 |
| Land | 5,819 | 5,819 |
| Other, net | 4,783 | 4,739 |
| Total property, plant and equipment | 14,754 | 14,695 |
| Intangible assets | | |
| Other | 202 | 195 |
| Total intangible assets | 202 | 195 |
| Investments and other assets | | |
| Other | 9,672 | 9,693 |
| Allowance for doubtful accounts | (94) | (109) |
| Total investments and other assets | 9,578 | 9,584 |
| Total non-current assets | 24,535 | 24,474 |
| Total assets | 57,684 | 56,795 |

(Million yen)

| | As of March 31, 2025 | As of June 30, 2025 |
|--|----------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 3,206 | 3,656 |
| Electronically recorded obligations - operating | 1,005 | 1,166 |
| Short-term borrowings | 7,040 | 7,340 |
| Accounts payable - other | 2,690 | 2,760 |
| Income taxes payable | 198 | 140 |
| Provision for bonuses | 581 | 414 |
| Provision for bonuses for directors (and other officers) | 3 | — |
| Valuation reserve for inventory purchase commitments | 6 | 6 |
| Other | 1,915 | 2,108 |
| Total current liabilities | 16,647 | 17,594 |
| Non-current liabilities | | |
| Long-term borrowings | 7,282 | 6,942 |
| Provision for retirement benefits for directors (and other officers) | 124 | 128 |
| Retirement benefit liability | 297 | 266 |
| Provision for share awards for directors (and other officers) | 24 | 32 |
| Other | 4,086 | 3,863 |
| Total non-current liabilities | 11,815 | 11,234 |
| Total liabilities | 28,462 | 28,829 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 7,996 | 7,996 |
| Capital surplus | 12,057 | 12,057 |
| Retained earnings | 10,731 | 9,504 |
| Treasury shares | (3,032) | (3,032) |
| Total shareholders' equity | 27,752 | 26,525 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 969 | 1,018 |
| Deferred gains or losses on hedges | 16 | 9 |
| Foreign currency translation adjustment | (812) | (777) |
| Remeasurements of defined benefit plans | 1,296 | 1,190 |
| Total accumulated other comprehensive income | 1,469 | 1,440 |
| Total net assets | 29,221 | 27,965 |
| Total liabilities and net assets | 57,684 | 56,795 |

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Three Months Ended June 30

(Million yen)

| | For the three months ended June 30, 2024 | For the three months ended June 30, 2025 |
|--|---|---|
| Net sales | 11,726 | 11,029 |
| Cost of sales | 9,477 | 9,095 |
| Gross profit | 2,248 | 1,933 |
| Selling, general and administrative expenses | 2,312 | 2,214 |
| Operating loss | (64) | (280) |
| Non-operating income | | |
| Interest income | 25 | 28 |
| Dividend income | 24 | 28 |
| Rental income from real estate | 254 | 259 |
| Foreign exchange gains | 887 | – |
| Other | 22 | 91 |
| Total non-operating income | 1,214 | 407 |
| Non-operating expenses | | |
| Interest expenses | 49 | 56 |
| Rental costs on real estate | 137 | 141 |
| Foreign exchange losses | – | 514 |
| Other | 11 | 33 |
| Total non-operating expenses | 198 | 745 |
| Ordinary profit (loss) | 952 | (618) |
| Extraordinary income | | |
| Gain on sale of non-current assets | 5 | – |
| Total extraordinary income | 5 | – |
| Extraordinary losses | | |
| Loss on sale of non-current assets | – | 0 |
| Loss on retirement of non-current assets | 3 | 0 |
| Loss on valuation of investment securities | 2 | – |
| Total extraordinary losses | 5 | 0 |
| Profit (loss) before income taxes | 951 | (619) |
| Income taxes - current | 75 | 75 |
| Income taxes - deferred | 74 | (42) |
| Total income taxes | 150 | 32 |
| Profit (loss) | 801 | (651) |
| Profit (loss) attributable to owners of parent | 801 | (651) |

Quarterly Consolidated Statements of Comprehensive Income
Three Months Ended June 30

(Million yen)

| | For the three months ended June 30, 2024 | For the three months ended June 30, 2025 |
|---|---|---|
| Profit (loss) | 801 | (651) |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 259 | 48 |
| Deferred gains or losses on hedges | 29 | (7) |
| Foreign currency translation adjustment | 310 | 34 |
| Remeasurements of defined benefit plans, net of tax | (77) | (105) |
| Total other comprehensive income | 523 | (29) |
| Comprehensive income | 1,324 | (680) |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,324 | (680) |

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Segment information, etc.)

(Segment information)

I. For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

Information on amounts of net sales and profit (loss) by reportable segment

(Million yen)

| | Reportable segment | | | | Amount recorded in Quarterly Consolidated Statements of Income |
|---|------------------------------------|---|----------------------|--------|--|
| | CS (Connection System) Division | SCI (Sensing, Communications and Interface) Division | Innovation Center | Total | |
| Net sales | | | | | |
| Net sales to outside customers | 5,717 | 5,944 | 64 | 11,726 | 11,726 |
| Inter-segment net sales or transfers | — | — | — | — | — |
| Total | 5,717 | 5,944 | 64 | 11,726 | 11,726 |
| Segment profit (loss) (operating loss) | 569 | (528) | (104) | (64) | (64) |

II. For the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

Information on amounts of net sales and profit (loss) by reportable segment

(Million yen)

| | Reportable segment | | | | Amount recorded in Quarterly Consolidated Statements of Income |
|---|------------------------------------|---|----------------------|--------|--|
| | CS (Connection System) Division | SCI (Sensing, Communications and Interface) Division | Innovation Center | Total | |
| Net sales | | | | | |
| Net sales to outside customers | 5,207 | 5,801 | 20 | 11,029 | 11,029 |
| Inter-segment net sales or transfers | — | — | — | — | — |
| Total | 5,207 | 5,801 | 20 | 11,029 | 11,029 |
| Segment profit (loss) (operating loss) | 229 | (365) | (144) | (280) | (280) |

(Notes on consolidated statements of cash flows)

Quarterly consolidated statements of cash flows are not prepared for the three months ended June 30, 2025.
Depreciation (including amortization of intangible assets) for the three months ended June 30 is as follows.

| | (Million yen) | |
|--------------|---|---|
| | For the three months ended June 30, 2024 | For the three months ended June 30, 2025 |
| Depreciation | 569 | 549 |

3. Supplementary Information

Status of Orders Received and Sales (by Market)

1) Orders received

(Million yen)

| Market | Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024) | | Three months ended June 30, 2025 (From April 1, 2025 to June 30, 2025) | | Change | |
|--------------------|---|---------------------|---|---------------------|--------|---------------|
| | Amount | Contribution (%) | Amount | Contribution (%) | Amount | Change (%) |
| ICT | 2,270 | 18.1 | 1,621 | 13.5 | (648) | (28.6) |
| Home appliance | 5,203 | 41.5 | 5,174 | 43.2 | (28) | (0.5) |
| Car electronics | 3,663 | 29.2 | 4,034 | 33.7 | 371 | 10.1 |
| Industry and other | 1,411 | 11.2 | 1,159 | 9.6 | (251) | (17.8) |
| Total | 12,548 | 100.0 | 11,990 | 100.0 | (557) | (4.4) |

| Market | (Reference) Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025) | |
|--------------------|--|---------------------|
| | Amount | Contribution (%) |
| ICT | 6,552 | 13.9 |
| Home appliance | 19,745 | 41.8 |
| Car electronics | 16,242 | 34.4 |
| Industry and other | 4,675 | 9.9 |
| Total | 47,215 | 100.0 |

2) Sales

(Million yen)

| Market | Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024) | | Three months ended June 30, 2025 (From April 1, 2025 to June 30, 2025) | | Change | |
|--------------------|---|---------------------|---|---------------------|--------|---------------|
| | Amount | Contribution (%) | Amount | Contribution (%) | Amount | Change (%) |
| ICT | 2,185 | 18.6 | 1,554 | 14.1 | (630) | (28.9) |
| Home appliance | 4,917 | 41.9 | 4,961 | 45.0 | 44 | 0.9 |
| Car electronics | 3,378 | 28.8 | 3,532 | 32.0 | 154 | 4.6 |
| Industry and other | 1,244 | 10.6 | 979 | 8.9 | (264) | (21.3) |
| Total | 11,726 | 100.0 | 11,029 | 100.0 | (696) | (5.9) |

| Market | (Reference) Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025) | |
|--------------------|--|---------------------|
| | Amount | Contribution (%) |
| ICT | 6,949 | 14.5 |
| Home appliance | 19,820 | 41.2 |
| Car electronics | 16,100 | 33.5 |
| Industry and other | 5,180 | 10.8 |
| Total | 48,051 | 100.0 |