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Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]

January 28, 2025

Company name: SMK Corporation
Stock exchange listing: Tokyo Stock Exchange Prime Market
Code number: 6798
URL: https://www.smk.co.jp
Representative: Yasumitsu Ikeda, President, Chief Executive Officer and Chief Operating Officer
Contact: Itaru Kitahira, Vice President, Chief Financial 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 Nine Months Ended December 31, 2024 (April 1, 2024 - December 31, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2024	34,630	1.1	(75)	–	1,180	–	680	–
December 31, 2023	34,243	(18.7)	(556)	–	39	(98.6)	(316)	–

(Note) Comprehensive income: Nine months ended December 31, 2024: ¥523 million [152.6%]
Nine months ended December 31, 2023: ¥207 million [(91.3)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	107.42	–
December 31, 2023	(48.32)	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2024	58,516	32,027	54.7
As of March 31, 2024	58,444	32,143	55.0

(Reference) Equity: As of December 31, 2024: ¥32,027 million
As of March 31, 2024: ¥32,143 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, 2024	–	50.00	–	50.00	100.00
Fiscal year ending March 31, 2025	–	50.00	–		
Fiscal year ending March 31, 2025 (Forecast)				90.00	140.00

(Notes) 1. Revision to the forecast for dividends announced most recently: None

2. Breakdown of the year-end dividend for the fiscal year ending March 31, 2025:

Common dividend: ¥50.00

Commemorative dividend for SMK 100th Anniversary: ¥40.00

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(% 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
Full year	48,000	3.2	200	–	600	165.2	200	–	31.56

(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):

December 31, 2024:	7,200,000 shares
March 31, 2024:	7,200,000 shares

2) Total number of treasury stock at the end of the period:

December 31, 2024:	862,818 shares
March 31, 2024:	860,296 shares

3) Average number of shares during the period:

Nine months ended December 31, 2024:	6,338,304 shares
Nine months ended December 31, 2023:	6,540,078 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 Long-Term Vision FY2035 “Contribute to the next 100 years with our manufacturing capability that meets all manner of needs,” and started working on the Medium-Term Business Plan “SMK Next 100” that covers the period from FY2024 to FY2026 as the first milestone for achieving the vision. Based on the promotion of sustainable management, we have promoted to realize sustainable growth of sales and profits, strengthen our operating base that supports business, and promote sophistication of capital and financial strategies, aiming to maximize corporate value.

During the nine months ended December 31, 2024, the global economy was relatively stable against a backdrop of the easing of high inflation and firmness of the U.S. economy. However, the future business climate remains uncertain mainly due to the China-U.S. standoff, the continued geopolitical risks caused by the prolonged Ukraine crisis and increasing tensions in the Middle East, as well as the prolonged sluggish real estate conditions and a downturn in consumer sentiment in China. In addition, dollar-yen exchange rates remain unstable due to the trends in Japanese and U.S. monetary policies and other factors.

In the electronic components industry, while the market conditions showed a moderate recovery trend overall, they remained somewhat stagnant. 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, sales of smartphones, tablets, and other devices remained firm following a round of inventory adjustments in the products, and sales of artificial intelligence (AI) server-related products expanded. In the home appliance market, although inventory adjustments in some of housing facilities continued, the market remained firm supported by high-end home appliances. In the industry market, sales of FA and equipment-related products remained sluggish, despite an increase in demand for some of semiconductor-related products and other products.

In the nine months ended December 31, 2024, in CS Division, sales in car electronics and industry markets remained strong, exceeding those of the same period of the previous fiscal year. In SCI Division, sales in the home appliance market remained firm, although sales in the car electronics and industry markets decreased year on year. As a result, net sales amounted to ¥34,630 million (1.1% increase year on year), and operating loss was ¥75 million (compared to operating loss of ¥556 million in the same period of the previous fiscal year). Ordinary profit was ¥1,180 million (2,919.1% increase year on year) by recording foreign exchange gains of ¥733 million due to the yen depreciation, and profit attributable to owners of parent was ¥680 million (compared to loss attributable to owners of parent of ¥316 million in the same period of the previous fiscal year).

Results by segment are as follows.

[CS Division]

In the car electronics market, sales exceeded those of the same period of the previous fiscal year due to the strong performance in E-Bike-related products, in addition to steady sales of camera-related products. In the home appliance market, sales of amusement-related products expanded and increased year on year. In the industry market, sales significantly exceeded those of the same period of the previous fiscal year due to the expansion in renewable energy-related products. Meanwhile, in the ICT market, sales in the first half of the fiscal year under review progressed, exceeding those of the same period of the previous fiscal year as tablet-related demand increased, but sales in tablets and smartphones of some customers slowed down with the start of the third quarter of the fiscal year under review. Sales increased year on year in CS Division as a whole.

As a result, net sales of CS Division amounted to ¥16,841 million (9.2% increase year on year), and operating profit was ¥1,318 million (73.9% increase year on year).

[SCI Division]

In the home appliance market, sales of remote control units for sanitation, air conditioners, and smart home appliances expanded steadily, exceeding those of the same period of the previous fiscal year. Meanwhile,

in the car electronics market, sales decreased year on year due to the continued inventory adjustments of control units by major customers, as well as a decrease in sales of camera module-related products due to the impact of a decrease in the production volume of models that use them and development time lag of new products. Sales decreased year on year in SCI Divion as a whole.

As a result, net sales of SCI Division amounted to ¥17,624 million (4.9% decrease year on year), and operating loss was ¥1,036 million (compared to operating loss of ¥1,166 million in the same period of the previous fiscal year).

[Innovation Center]

Regarding Bluetooth® modules, the central product of Innovation Center's mainstay wireless communication module businesses, sales for mobile printers and medical devices decreased year on year. In addition, sales of Sub-GHz communication modules for lighting equipment remained unchanged from the same period of the previous fiscal year. Sales of Innovation Center as a whole decreased year on year.

As a result, net sales of Innovation Center amounted to ¥163 million (41.2% decrease year on year), and operating loss was ¥356 million (compared to operating loss of ¥147 million in the same period of the previous fiscal year).

(2) Explanation of Financial Position

Current assets increased 0.4% from the end of the previous fiscal year to ¥33,976 million. This was mainly due to increases of ¥216 million in merchandise and finished goods and ¥623 million in work in process, and a decrease of ¥546 million in accounts receivable - trade. Non-current assets decreased 0.3% from the end of the previous fiscal year to ¥24,540 million. This was mainly due to a decrease of ¥166 million in property, plant and equipment.

As a result, total assets increased 0.1% from the end of the previous fiscal year to ¥58,516 million.

Current liabilities decreased 1.4% from the end of the previous fiscal year to ¥15,157 million. This was mainly due to an increase of ¥744 million in notes and accounts payable - trade, and a decrease of ¥973 million in electronically recorded obligations - operating. Non-current liabilities increased 3.7% from the end of the previous fiscal year to ¥11,331 million. This was mainly due to an increase of ¥690 million in long-term borrowings.

As a result, total liabilities increased 0.7% from the end of the previous fiscal year to ¥26,488 million.

Total net assets decreased 0.4% from the end of the previous fiscal year to ¥32,027 million. This was mainly due to an increase of ¥139 million in foreign currency translation adjustment, and a decrease of ¥242 million in remeasurements of defined benefit plans.

(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 fiscal year ending March 31, 2025, announced on October 29, 2024.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	10,258	10,327
Notes receivable - trade	50	10
Electronically recorded monetary claims - operating	3,132	2,818
Accounts receivable - trade	10,039	9,492
Merchandise and finished goods	3,424	3,640
Work in process	592	1,215
Raw materials and supplies	5,240	5,003
Other	1,150	1,554
Allowance for doubtful accounts	(64)	(86)
Total current assets	33,824	33,976
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,245	4,100
Land	5,819	5,819
Other, net	5,263	5,241
Total property, plant and equipment	15,328	15,161
Intangible assets		
Other	130	216
Total intangible assets	130	216
Investments and other assets		
Other	9,255	9,257
Allowance for doubtful accounts	(94)	(95)
Total investments and other assets	9,160	9,162
Total non-current assets	24,619	24,540
Total assets	58,444	58,516

(Million yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,643	3,387
Electronically recorded obligations - operating	2,058	1,085
Short-term borrowings	5,840	5,840
Accounts payable - other	1,801	2,151
Income taxes payable	270	146
Provision for bonuses	572	418
Provision for bonuses for directors (and other officers)	1	–
Valuation reserve for inventory purchase commitments	107	24
Other	2,075	2,102
Total current liabilities	15,371	15,157
Non-current liabilities		
Long-term borrowings	7,022	7,713
Provision for retirement benefits for directors (and other officers)	132	122
Retirement benefit liability	37	38
Provision for share awards for directors (and other officers)	27	36
Other	3,708	3,420
Total non-current liabilities	10,929	11,331
Total liabilities	26,300	26,488
Net assets		
Shareholders' equity		
Share capital	7,996	7,996
Capital surplus	12,057	12,057
Retained earnings	13,253	13,296
Treasury shares	(3,030)	(3,031)
Total shareholders' equity	30,276	30,319
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,159	1,064
Deferred gains or losses on hedges	(70)	(30)
Foreign currency translation adjustment	(497)	(357)
Remeasurements of defined benefit plans	1,274	1,032
Total accumulated other comprehensive income	1,866	1,708
Total net assets	32,143	32,027
Total liabilities and net assets	58,444	58,516

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Net sales	34,243	34,630
Cost of sales	28,327	27,714
Gross profit	5,915	6,915
Selling, general and administrative expenses	6,471	6,991
Operating loss	(556)	(75)
Non-operating income		
Interest income	67	121
Dividend income	64	48
Rental income from real estate	733	766
Foreign exchange gains	217	733
Other	159	195
Total non-operating income	1,242	1,864
Non-operating expenses		
Interest expenses	121	154
Rental costs on real estate	419	426
Other	105	27
Total non-operating expenses	647	608
Ordinary profit	39	1,180
Extraordinary income		
Gain on sale of non-current assets	182	6
Other	1	–
Total extraordinary income	184	6
Extraordinary losses		
Loss on sale of non-current assets	–	0
Loss on retirement of non-current assets	49	48
Impairment losses	104	80
Loss on valuation of investment securities	1	2
Extra retirement payments	86	–
Total extraordinary losses	241	132
Profit (loss) before income taxes	(18)	1,055
Income taxes - current	188	233
Income taxes - deferred	109	140
Total income taxes	297	374
Profit (loss)	(316)	680
Profit (loss) attributable to owners of parent	(316)	680

Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Profit (loss)	(316)	680
Other comprehensive income		
Valuation difference on available-for-sale securities	314	(94)
Deferred gains or losses on hedges	(84)	40
Foreign currency translation adjustment	353	139
Remeasurements of defined benefit plans, net of tax	(59)	(242)
Total other comprehensive income	523	(157)
Comprehensive income	207	523
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	207	523

(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.)

1. Information on net sales and profit (loss) by reportable segment

For the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

(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	15,422	18,542	278	34,243	34,243
Inter-segment net sales or transfers	–	–	–	–	–
Total	15,422	18,542	278	34,243	34,243
Segment profit (loss) (operating loss)	757	(1,166)	(147)	(556)	(556)

For the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(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	16,841	17,624	163	34,630	34,630
Inter-segment net sales or transfers	–	–	–	–	–
Total	16,841	17,624	163	34,630	34,630
Segment profit (loss) (operating loss)	1,318	(1,036)	(356)	(75)	(75)

2. Information on changes in reportable segments

In accordance with the reorganization as of April 1, 2024, the Company integrated Sales Division (Head Quarter) into Product Divisions and Research & Development Center, as well as integrated New Business Creation Unit in Marketing Department into Research & Development Center, reorganizing Innovation Center. Accordingly, from the three months ended June 30, 2024, the name of the reportable segment previously indicated as "Research & Development Center" has been changed to "Innovation Center," and other parts business included in "Others" is now included in "SCI Division" and "Innovation Center." The segment information for the nine months ended December 31, 2023 has also been prepared based on the name and classification of the reportable segment after the change.

Regarding the integration of Product Divisions, Research & Development Center, and Sales Division (Head

Quarter), it is practically difficult to prepare the segment information for the nine months ended December 31, 2023 under the same conditions as that for the period under review, and therefore reclassified information is not disclosed.

(Notes on consolidated statements of cash flows)

Quarterly consolidated statements of cash flows are not prepared for the nine months ended December 31, 2024. Depreciation (including amortization of intangible assets) for the nine months ended December 31 is as follows.

(Million yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Depreciation	1,839	1,745

3. Supplementary Information

Status of Orders Received and Sales (by Market)

1) Orders received

(Million yen)

Market	Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)		Nine months ended December 31, 2024 (From April 1, 2024 to December 31, 2024)		Change	
	Amount	Contribution (%)	Amount	Contribution (%)	Amount	Change (%)
ICT	5,481	17.2	5,010	14.3	(471)	(8.6)
Home appliance	11,667	36.6	14,989	42.9	3,321	28.5
Car electronics	11,859	37.2	11,247	32.2	(611)	(5.2)
Industry and other	2,877	9.0	3,713	10.6	836	29.1
Total	31,886	100.0	34,961	100.0	3,074	9.6

Market	(Reference) Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	
	Amount	Contribution (%)
ICT	7,668	17.6
Home appliance	16,326	37.4
Car electronics	15,825	36.3
Industry and other	3,833	8.8
Total	43,653	100.0

2) Sales

(Million yen)

Market	Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)		Nine months ended December 31, 2024 (From April 1, 2024 to December 31, 2024)		Change	
	Amount	Contribution (%)	Amount	Contribution (%)	Amount	Change (%)
ICT	5,854	17.1	5,503	15.9	(351)	(6.0)
Home appliance	13,341	39.0	14,647	42.3	1,306	9.8
Car electronics	11,880	34.7	10,911	31.5	(969)	(8.2)
Industry and other	3,167	9.2	3,567	10.3	400	12.6
Total	34,243	100.0	34,630	100.0	386	1.1

Market	(Reference) Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	
	Amount	Contribution (%)
ICT	7,908	17.0
Home appliance	17,500	37.6
Car electronics	16,599	35.7
Industry and other	4,513	9.7
Total	46,522	100.0