



May 8, 2025

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Notice Concerning Differences Between Full-Year Results Forecasts and Actual Figures, and Recording of Non-operating Expenses (Foreign Exchange Losses), Extraordinary Losses (Impairment Losses, Business Structure Reform Expenses), and Income Taxes-Deferred (Loss)

SMK Corporation (the “Company”) hereby announces differences between the full-year results forecasts for Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025), which were disclosed in October 29, 2024, and the actual figures, which were released today. At the same time, the Company announces the recording of non-operating expenses (foreign exchange losses), extraordinary losses (impairment losses, business structure reform expenses), and income taxes-deferred (loss) in the consolidated fourth quarter of the Fiscal Year Ended March 31, 2025 (January 1, 2025 to March 31, 2025).

1. Differences between the forecasts of full-year consolidated financial results for Fiscal Year Ended March 31, 2025 and the actual figures (April 1, 2024 to March 31, 2025)

	Net sales	Operating profit	Ordinary profit	Net profit belonging to the shareholders of the Parent Company for the period	Net income per share
Previously announced forecast (A)	Millions of yen 48,000	Millions of yen 200	Millions of yen 600	Millions of yen 200	yen sen 31.56
Actual figure (B)	48,051	(235)	534	(1,848)	(291.65)
Change (B - A)	51	(435)	(65)	(2,048)	
% Changes	0.1	—	(10.9)	—	
(Reference) Results for previous term Fiscal Year Ended March 31, 2024	46,522	(1,243)	226	(489)	(75.00)

2. Reason for revision

Concerning the full-year consolidated financial results for the Fiscal Year Ended March 31, 2025, while the net sales were almost the same as the previous forecast released on October 29, 2024, the operating profit fell below the previous forecast due to lower-than-expected demand from major clients in the information and communications market and due to the recording of 265 million yen in retirement benefit expenses at our Mexican manufacturing subsidiary, SMK Electronica S.A. de C.V.. The ordinary profit was at the same level as the previous forecast due to the recording of foreign exchange gains resulting from the weaker-than-expected yen on the final day of the term. The net profit belonging to the shareholders of the Parent Company for the period fell below the previous forecast due to the recording of 417 million yen in impairment losses and 869 million yen in business structure reform expenses in the fourth quarter.

3. Recording of non-operating expenses (foreign exchange losses)

The Company recorded foreign exchange gains of 733 million yen in the consolidated cumulative third quarter of Fiscal Year Ended March 31, 2025 (April 1, 2024 to December 31, 2024), but recorded foreign exchange losses of 678 million yen due to the yen's appreciation in the consolidated fourth quarter of the same fiscal year (January 1, 2025 to March 31, 2025). As a result, the Company recorded foreign exchange gains of 54 million yen as non-operating income in the consolidated cumulative fourth quarter of the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025). This is largely due to the valuation of debts and credits in foreign currencies owned by the Company's group at the foreign exchange rates at the end of the term.

4. Recording of extraordinary losses (impairment losses)

By considering the future possibility of recovering the non-current assets (e.g., machinery, right-of-use assets) owned by the Company and its subsidiary SMK Electronics (Phils.) Corporation on the basis of the current business environment, the Company recorded impairment losses of 417 million yen as extraordinary losses in the consolidated fourth quarter of Fiscal Year Ended March 31, 2025 (January 1, 2025 to March 31, 2025).

5. Recording of extraordinary losses (business structure reform expenses)

As one of the measures for the structural reform program released on March 25, 2025, we called for voluntary retirement of employees in Japan. As extra retirement payments or financial support for career change provided for the voluntary retirees, the Company recorded business structure reform expenses of 853 million yen as extraordinary losses in the consolidated fourth quarter of Fiscal Year Ended March 31, 2025 (January 1, 2025 to March 31, 2025). For details, please see “(Progress of Disclosure Matter) Notice Concerning the Progress of the Structural Reform Program” released today (May 8, 2025).

6. Recording of income taxes-deferred (loss)

From the viewpoints of improving the Group's fund operation efficiency and enhancing group governance, the Company reviewed the policy on dividends from some overseas subsidiaries, and recorded income taxes-deferred (loss) of 414 million yen as tax effects related to the retained earnings of overseas subsidiaries in the consolidated financial statements, in the consolidated fourth quarter of Fiscal Year Ended March 31, 2025 (January 1, 2025 to March 31, 2025).