

**Presentation of Financial Results
for the Fiscal Year ended
March 31, 2024**

(Supplemental Material for Consolidated
Financial Highlights)

May 15, 2024

SMC Corporation



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Yoshiki Takada, President

Supporting Automation



FY2023 Summary

Continued restraint on capital investment in Japan, Asia, North America, and other regions. Despite the positive impact of yen depreciation, sales and income decreased due to lower sales volume.

By industry, semiconductor-related sectors remained sluggish. In the automotive sector, EV-related investments were made mainly in Europe and the U.S., but demand for EV batteries in China declined significantly. The machine tool-related sector continued to be in a correction phase due to sluggish semiconductor-related demand and the economic slowdown in China.

CAPEX : achieved 105.5 bil yen versus revised plan 100 bil yen

Fiscal year-end dividend : 500yen / share

Annual dividend : 950 yen / share

Total return ratio : Maintaining 50% including share buyback 30 bil yen

(Billions of Yen)

	FY22 Result		FY23 Result		YoY (FY22 vs FY23)	
	Amount	vs net sales	Amount	vs net sales	Amount	%
Net sales	824.7		776.8		-47.8	-5.8%
Cost of sales	403.6	48.9%	413.7	53.3%	10.1	2.5%
Gross profit	421.1	51.1%	363.0	46.7%	-58.0	-13.8%
Selling, general & administrative expenses	162.9	19.8%	166.8	21.5%	3.8	2.4%
Operating profit	258.2	31.3%	196.2	25.3%	-61.9	-24.0%
Ordinary profit	305.9	37.1%	251.0	32.3%	-54.9	-18.0%
Net profit	224.6	27.2%	178.3	23.0%	-46.2	-20.6%
Average exchange rate						
USD	135.56		144.58		+9.02	6.7%
EUR	141.05		156.74		+15.69	11.1%
CNY	19.75		20.13		+0.38	1.9%
Depreciation	25.7		33.3		7.5	29.4%
R&D expenses	27.3		31.1		3.7	13.8%



FY2024 Guidance

Sales are expected to increase from mid-year to the second half of the year due to a full-fledged recovery in semiconductors, an increase in automotive-related demand due to the shift to EVs mainly in Europe and the U.S., and an increase in automation and labor-saving demand due to labor shortages, despite the current difficult business environment due to the semiconductor-related slump, inflation, and concerns of an economic recession in China.

Operating profit is expected to increase due to higher sales volume, improved utilization, and lower inventory devaluation.

To achieve mid-term sales target of "JPY 1 Trillion by FY2026", aggressive capex (120 bil yen) will continue in order to expand production capacity for supporting sales growth and BCP (Business Continuity plan) of production bases.

Dividend :

2nd quarter-end : 500 yen / share

Annual dividend : 1000 yen / share

-Achieve both business growth and shareholder return

	FY22		FY23		FY24		(Billions of Yen)	
	Amount	vs net sales	Amount	vs net sales	Amount	vs net sales	Amount	YoY (FY23 vs FY24) %
Net sales	824.7		776.8		840.0		63.1	8.1%
Cost of sales	403.6	48.9%	413.7	53.3%	428.0	51.0%	14.2	3.4%
Gross profit	421.1	51.1%	363.0	46.7%	412.0	49.0%	48.9	13.5%
Selling, general & administrative expenses	162.9	19.8%	166.8	21.5%	178.0	21.2%	11.1	6.7%
Operating profit	258.2	31.3%	196.2	25.3%	234.0	27.9%	37.7	19.3%
Ordinary profit	305.9	37.1%	251.0	32.3%	274.0	32.6%	22.9	9.2%
Net profit	224.6	27.2%	178.3	23.0%	194.0	23.1%	15.6	8.8%
Average exchange rate								
USD	135.56		144.58		146.00		+1.42	1.0%
EUR	141.05		156.74		158.00		+1.26	0.8%
CNY	19.75		20.13		20.50		+0.37	1.8%
Capital expenditure	81.5		105.5		120.0		14.4	13.7%
Depreciation	25.7		33.3		44.0		10.6	31.9%
R&D expenses	27.3		31.1		35.0		3.8	12.4%
Dividend per share (JPY)	900		950		1,000		50	



FY2024 Strategy

1. For semiconductor cycle recovery
2. For demand related to EVs and secondary batteries
3. Promotion of "4 BAR FACTORY"
4. Diversification of sales destinations through distributors
5. Promotion of local production for local consumption in Chinese market
6. Expansion of production and procurement capacity for BCP
7. Improvement of development capabilities to realize customer requirements
8. Human Capital Enhancement and Sustainability
9. Efforts to reduce GHG emissions

For semiconductor cycle recovery

1. Customer Strategy (For End user and machine builder)

- Build up sales to existing users, mainly in Japan and the U.S. (SMC products have already been approved and accepted.)

SMC received the "Supplier Excellence Awards 2024" from Applied Materials, Inc. (herein after "AMAT"), one of the largest semiconductor and display equipment company.

The "Supplier Excellence Awards 2024" is awarded to suppliers that demonstrated outstanding performance including quality, service, lead time, delivery, cost, and responsiveness.

On March 13(JST), AMAT executives visited SMC head office and handed a plaque commemorating the award to SMC President Takada.



For semiconductor cycle recovery

2. Product strategy

Development of new products based on semiconductor customers' request

• Thermo Chiller

Launched New products with low CO2 and GWP (Global Warming Potential) as a response to stricter GHG regulations.

Energy Saving (less than 50% versus competitors' product)

Compact size (decreased 21% versus old model)

• Slit Valve

Low particle emission during operation

Introduction to SMC's Non-F-Gas (CO₂ Refrigerant) Thermo-chillers for the Semiconductor Industry

GWP: 1
(Natural refrigerant)

Air transport possible

EU refrigerant regulations: GWP100 or less
US refrigerant regulations: GWP100 or less
California: US refrigerant regulations: GWP100 or less

No air transport restrictions for non-toxic and non-flammable refrigerants

The design allows for efficient filter change

Highly reliable

For F-Gas recovery

SMC's CO₂ recovery & storage unit

Circulating Fluid Temperature Controller

Low GWP Refrigerant Chiller

Refrigerated Thermo-chiller

GWP:148

Environmentally friendly

R600a as refrigerant

More effective energy-saving is achieved through use of a DC inverter compressor and an inverter pump.

HRZF Series

Parallel Seal Type Slit Valve

For 3000 mm wafer

Long service life

3 million cycles
(at ordinary temperature)

Reduced by 1/5 or more
(compared with the current product)

Low particle generation

Reduced by 1/5 or more
(compared with the current product)

Replaceable bellows

Top accessible

Low weight

14 kg

Air consumption reduced by 22%

Low pressure

50 mm x 330 mm

XGTP Series

For semiconductor cycle recovery

3. Customer Strategy (For end user)

- Increase in the number of sales destinations by trying to satisfy specifications and requirement of end users in Europe, Taiwan, and Korea
- Plan to make capital investment to meet the needs of large-scale local users

Europe : Local production, Expansion of service centers (Investment amount: approx. 6 bil yen)

Taiwan : Relocation of sales company headquarters, Establishment of service center (Investment amount: approx. 7 bil yen)

Korea : Construction of the second plant in Daejeon to handle production and after-sales service (Investment amount: approx. 9 bil yen)

Construction plan on the second plant in Daejeon

Title	2024							
	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.
Site preparation and foundation excavation work	Completed							
Total and retaining wall construction	Completed							
Pile construction	Completed							
Foundation and reinforced concrete construction	In progress							
Steel frame construction	In progress							
Panel and waterproofing								
Fittings such as doors and windows, and tile construction								
Machinery and Equipment								
completion of construction								

- Architectural Overview
- Site area : 7,645 tsubo
- Total area : 10,015 tsubo (Manufacturing Building + Administrative building + Additional Facilities)



For demand related to EVs and secondary batteries

1. FY2024 outlook

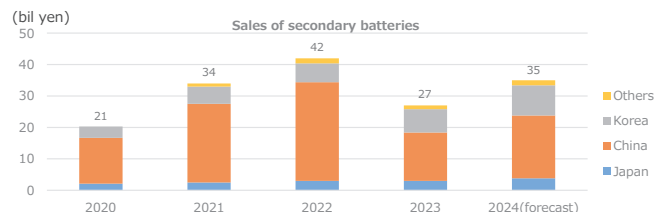
- Overall, we expect recovery from the previous year but not reach FY2022 levels
- Chinese market will not reach FY2022 levels

2. U.S. market

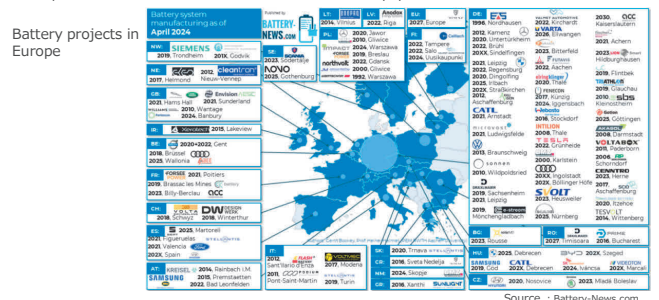
- Follow up on investment projects by automotive companies in the U.S. triggered by IRA
- EV and secondary battery-related investments toned down a bit but not cancelled

3. Europe Market

- Follow-up on investment projects
- Trend of GHG emission reduction and shift to EVs continues



* Equipment manufacturers are Japanese, Chinese, and Korean, even if the end users are in Europe and North America. Sales are recorded for equipment manufacturers.



Promotion of “4 BAR FACTORY”

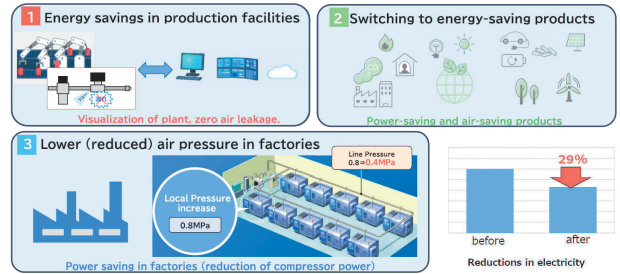
1. Proposal to reduce power consumption on customer production lines

- Reduce compressor air pressure to 4 atmospheres (0.4 Mpa) to reduce electricity consumption for compressed air production
- Air pressure control in air piping by AMS, local pressure increase by recycle booster regulators
- Switch to a series of air-saving product lines

2. Conversion of SMC factories into a 4 BAR FACTORY

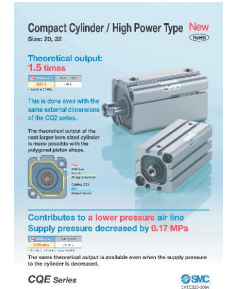
- Promote the conversion of our own factories into showrooms and low-pressure facilities for customers to visit
- Contribute to our own GHG reduction (Scope 2)

3. Work with government to ensure that customers' capital investments are eligible for energy conservation subsidies



*New Product :
Polygonal piston Cylinder

Use of a piston with a large, irregularly shaped face allows power output to be maintained even at low pressure



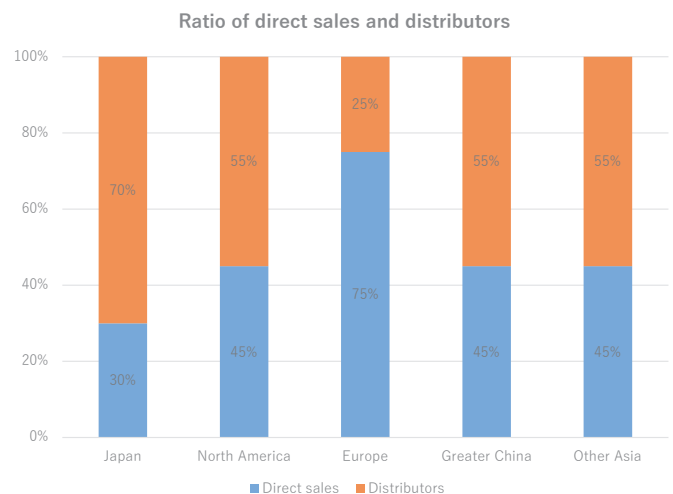
Diversification of sales destinations through distributors

1. Increasing productivity of over 7,000 direct sales personnel

- Direct sales personnel will concentrate on deepening and developing new customers of medium size and above
- Application-based information accumulated by CRM is shared globally to promote customer development
- Promote deeper transactions with global contract users in each country

2. Diversification of sales destinations through expansion of distributor sales

- Developing distributors with their own sales channels and diversifying sales outlets through distributors



Promotion of local production for local consumption in Chinese market

1. The mission of supplying air cylinders and other commodity products globally will shift from China to Vietnam and other countries which has lower labor costs and less geopolitical risk
2. Current production capacity in China will be shifted to production and knockdown production of products to be sold locally (in China)
3. Reduce manufacturing costs and ensure flexibility in selling prices by promoting in-house production of parts and use of locally procured parts and materials at Chinese plants



Expansion of production and procurement capacity for BCP

1. Continued capital investment of more than 100 bil yen this fiscal year to prepare for future demand growth
2. Diversify suppliers by expanding procurement of parts and materials overseas
3. Attracting domestic partner companies to Tono Supplier Park, mainly for the purpose of stable procurement of parts and materials

Conceptual drawing of Tono Supplier Park



(Billions of Yen)		FY23 Result		FY24 Plan	
Function	Place	Result	Item	Plan	Item
PRD	Japan	26.6	Tono Fac. Kamaishi Fac. Shimotsuma Fac.	30.9	Tono Fac. Shimotsuma Fac. Kamaishi Fac.
	Overseas	30.8	Vietnam Mfg China Mfg(s) SMC US SMC Korea	57.1	Vietnam Mfg SMC Korea China Mfg(s) SMC Czech
Admin. R&D Sales Logistics	Japan	35.4	New Technical Center New HQ building East&West Logistics	11.1	New HQ building New Technical Center East&West Logistics
	Overseas	12.7	SMC Czech SMC US SMC Germany SMC China (Sales) SMC Austria	20.9	SMC China (Sales) China R&D SMC Taiwan SMC Australia SMC Malaysia
Total		105.5		120.0	

Improvement of development capabilities to realize customer requirements

1. New Technology Center under construction in Kashiwa City, Chiba Prefecture, to serve as a core R&D center (scheduled for completion in September 2025).
2. Enhancement of management resources at four overseas technical centers (U.S., Germany, U.K., China)
3. Attract the best developers globally and accelerate the development of products that customers want



(Tentative name) Kashiwanoha Campus New Technology Center
Conceptual drawing

Location	Kashiwa city, Chiba prefecture
Outline	Three five-story buildings
Site area	42,794m ²
Building area	29,407m ²
Total floor area	85,320m ²
Total investment amount	JPY 120 Billion
No. of employees	1,300 people
Start of construction	December 2023
End of construction	September 2025

Human Capital Enhancement and Sustainability

1. Headquarters relocation to Kyobashi, Tokyo in March 2025. To become a place where globally talented people gather.
2. Launched Sustainability Website



Sustainability

Top Message

Pioneering a sustainable future with "automated, labor-saving" operations within industries

Along with climate change we now face a variety of societal issues. Companies are expected to take an active part in resolving these issues and building a society with a rich natural environment that can be handed down to the next generation. SMC takes pride in having contributed to "sustainable growth and technological innovation" within the society at large by continuing to supply environmentally friendly products and supporting "automated, labor-saving" operations in industries. We have conducted a materiality analysis and identified 4 areas of Materiality that are strongly linked to the resolutions of problems we face as a society and drive our corporate activities as the core pillars of our management philosophy. We will link this Materiality issues to specific activities outlined in each "SMC SDGs TARGET". Each Materiality will be taken on in a unified manner by the entire corporate group in order to create a sustainable future.

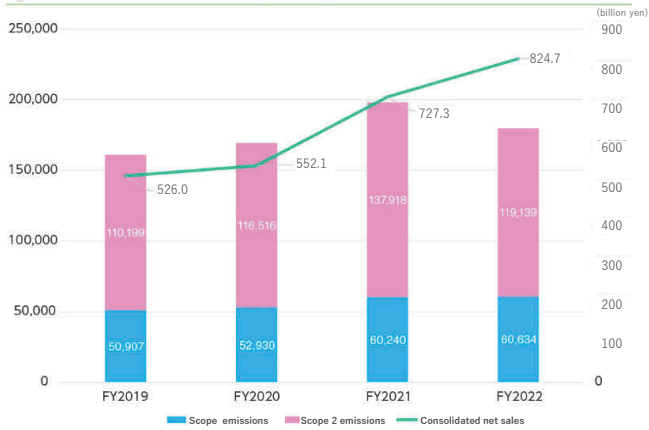
SMC Corporation
President
Yoshitaki Takada



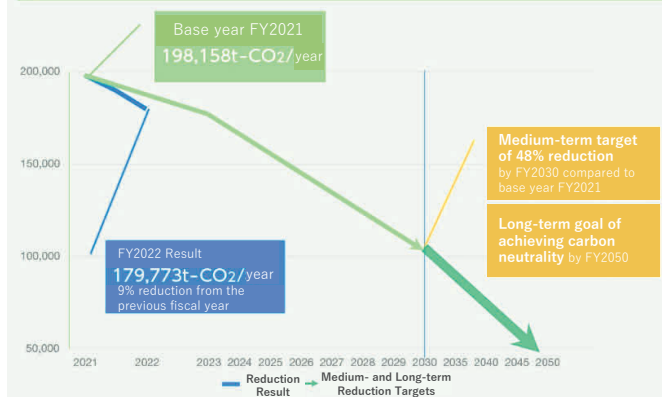
Efforts to reduce GHG emissions

Set targets to reduce GHG emissions (Scope 1+2) from our own energy consumption by 48% in FY2030 and to be carbon neutral by FY2050.

SMC Group's GHG emissions (Scope 1 and Scope 2)



SMC Group's GHG emission reduction targets (Scope 1 and Scope 2)



Supporting Automation



Presentation of Financial Results for the Fiscal Year Ended March 31, 2024

SMC Corporation

Masahiro Ota,
Director and Executive Officer
Head of Finance & Accounting Division
May 15, 2024

Supporting Automation



Consolidated Statement of Income

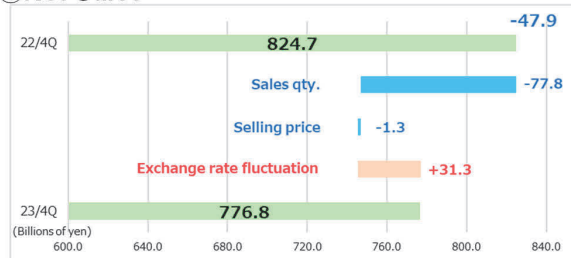
(Billions of Yen)

	FY22 Result		FY23 Result		YoY (FY22 vs FY23)		FY23 Forecast		FY23 3Q		FY23 4Q		QoQ (23/3Q vs 23/4Q)	
	Amount	vs net sales	Amount	vs net sales	Amount	%	Amount	Achievement %	Amount	vs net sales	Amount	vs net sales	Amount	%
Net sales	824.7		776.8		-47.8	-5.8%	767.0	101.3%	189.0		194.2		5.1	2.7%
Cost of sales	403.6	48.9%	413.7	53.3%	10.1	2.5%	399.0	103.7%	96.8	51.2%	111.2	57.3%	14.4	14.9%
Gross profit	421.1	51.1%	363.0	46.7%	-58.0	-13.8%	368.0	98.7%	92.2	48.8%	83.0	42.7%	-9.2	-10.0%
Selling, general & administrative expenses	162.9	19.8%	166.8	21.5%	3.8	2.4%	167.0	99.9%	42.1	22.3%	41.9	21.6%	-0.1	-0.5%
Operating profit	258.2	31.3%	196.2	25.3%	-61.9	-24.0%	201.0	97.6%	50.0	26.5%	41.0	21.1%	-9.0	-18.0%
Ordinary profit	305.9	37.1%	251.0	32.3%	-54.9	-18.0%	232.0	108.2%	50.9	26.9%	65.4	33.7%	14.4	28.4%
Net profit	224.6	27.2%	178.3	23.0%	-46.2	-20.6%	170.0	104.9%	42.5	22.5%	41.0	21.1%	-1.5	-3.6%
Average exchange rate														
USD	135.56		144.58		+9.02	6.7%	145.00		147.85		148.62		+0.77	0.5%
EUR	141.05		156.74		+15.69	11.1%	154.00		159.04		161.32		+2.28	1.4%
CNY	19.75		20.13		+0.38	1.9%	19.80		20.43		20.62		+0.19	0.9%
Depreciation	25.7		33.3		7.5	29.4%	33.0	101.1%						
R&D expenses	27.3		31.1		3.7	13.8%	30.0	103.8%						

[YoY] Factors of Change of Net Sales and Operating Profit

① Net Sales

(Billions of yen)



< Sales qty. > 9% decrease

Japan -21.8 (-12%), North America -10.2 (-8%),
Greater China -31.7 (-14%), Other Asia -8.0 (-7%)

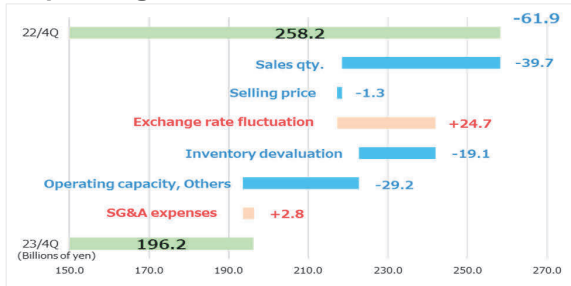
< Selling price > 0.2% down

Japan +3.4, Overseas -4.8 decrease in Asia region

< Exchange rate fluctuation > 4% Increase

North America (mainly USD) +9.7
Europe (mainly EUR) +9.6
Greater China (mainly CNY) +4.2

② Operating Profit



< Exchange rate fluctuation >

- From transaction (Foreign currency export & import) +20.6
- From conversion (Overseas subs P&L conversion) +4.0

< Inventory devaluation >

- Decrease in inventory turn-over ratio, increase devaluation

< Operating capacity >

- Operating efficiency decreased from decrease in production volume.

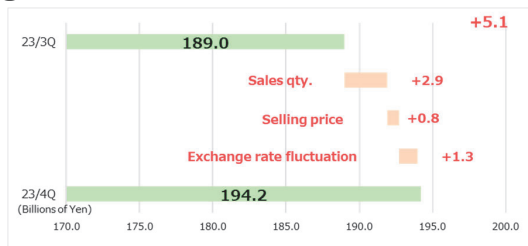
< SG&A expenses >

- Delivery +1.9, Donation +1.4, Depreciation -1.3

[QoQ] Factors of Change of Net Sales and Operating Profit

① Net Sales

(Billions of yen)



< Sales qty. > 2% increase

Japan -2.0 (-5%), North America +3.1 (+11%),
Europe +5.0 (+15%), Greater China -3.6 (-7%),
Other Asia +0.3 (+1%)

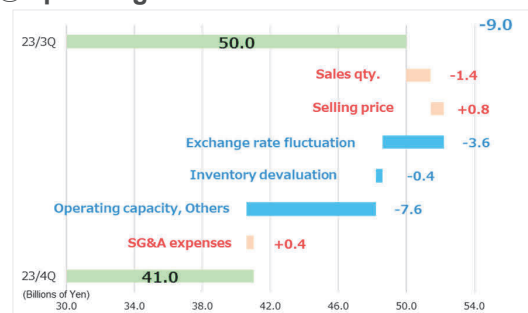
< Selling price > 0.5% UP

Japan -0.5, Overseas +1.4 increase in Asia

< Exchange rate fluctuation > 1% increase

North America (mainly USD) +0.2
Europe (mainly EUR) +0.3
Greater China (mainly CNY) +0.4

② Operating Profit



< Exchange rate fluctuation >

- From transaction (Foreign currency export & import) -3.8
- From conversion (Overseas subs P&L conversion) +0.1

< Inventory devaluation >

- Due to increase in inventory pileup, increase devaluation.

< Operating capacity >

- Operating efficiency decreased from decrease in production volume.

< SG&A expenses >

- Personnel +0.6

[Quarterly] Consolidated Net Sales by Location



Impact to operating profit from 1% exchange rate change (total impact of the above major currencies is approximately 2.9 billion yen)

Consolidated Balance Sheet

(Billions of Yen)								
	FY22	FY23	Change					
Assets	1,927.9	2,094.5	166.6	8.6%				
Current assets	1,323.8	1,307.9	-15.8	-1.2%				
(①Cash and deposits)	(603.5)	(511.2)	(-92.3)	(-15.3%)				
(Trade receivables)	(228.8)	(217.6)	(-11.1)	(-4.9%)				
(②Securities)	(19.9)	(0.0)	(-19.9)	(-99.8%)				
(Inventories)	(418.6)	(519.5)	(100.9)	(24.1%)				
Non-current assets	604.0	786.5	182.4	30.2%				
(③Investment securities with fair value)	(76.2)	(155.0)	(78.8)	(103.5%)				
(④Insurance funds)	(143.9)	(147.1)	(3.2)	(2.3%)				
*Cashability assets	843.6	813.5	-30.0	-3.6%				
①+②+③+④								
Liabilities	225.6	208.6	-16.9	-7.5%				
Current liabilities	188.8	164.6	-24.2	-12.8%				
(Trade payables)	(73.6)	(58.8)	(-14.8)	(-20.1%)				
Non-current liabilities	36.7	44.0	7.3	19.9%				
Net assets	1,702.3	1,885.8	183.5	10.8%				
Equity ratio	88.1%	89.8%	+1.7					
Net assets per share (yen)	26,331	29,338	+3,007					
ROE	13.8%	10.0%						

(Billions of Yen)			
	FY22	FY23	Change
Total inventory	418.6	519.5	100.9
Merchandise and finished goods	165.2	197.3	32.0
Work in process	31.3	37.2	5.8
Raw materials, parts and supplies	221.9	285.0	63.0

Impact due to exchange rate fluctuation	21.0
Impact due to inventory devaluation	-24.1
Actual change	104.0

FY average monthly sales ratio	6.1	8.0	1.9
Closing month sales ratio	5.6	7.9	2.3

Closing exchange rate			
USD	133.54	151.40	+17.86
EUR	145.72	163.28	+17.56
CNY	19.42	20.84	+1.42

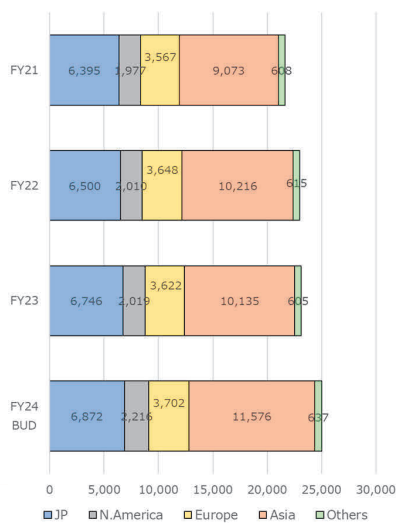
Capital Expenditure



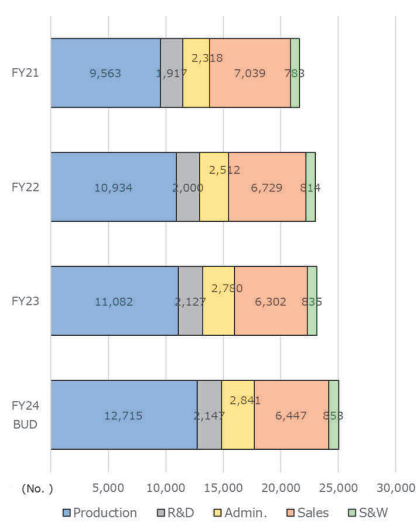
(Billions of Yen)		FY23 Result		FY24 Plan	
Function	Place	Result	Item	Plan	Item
PRD	Japan	26.6	Tono Fac. Kamaishi Fac. Shimotsuma Fac.	30.9	Tono Fac. Shimotsuma Fac. Kamaishi Fac.
	Overseas	30.8	Vietnam Mfg China Mfg(s) SMC US SMC Korea	57.1	Vietnam Mfg SMC Korea China Mfg(s) SMC Czech
Admin. R&D Sales Logistics	Japan	35.4	New Technical Center New HQ building East&West Logistics	11.1	New HQ building New Technical Center East&West Logistics
	Overseas	12.7	SMC Czech SMC US SMC Germany SMC China (Sales) SMC Austria	20.9	SMC China (Sales) China R&D SMC Taiwan SMC Australia SMC Malaysia
Total		105.5		120.0	

Number of Employees

① By Region



② By Division



21,620
Overseas
Employee Ratio
70%

22,988
Overseas
Employee Ratio
72%

23,127
Overseas
Employee Ratio
71%

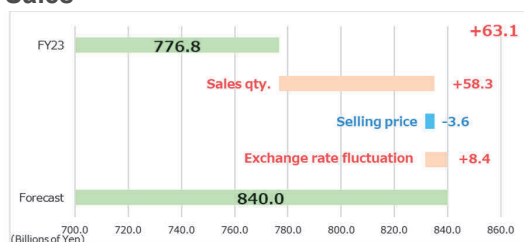
25,002
Overseas
Employee Ratio
73%

FY24 Consolidated Financial Forecast

	FY22 Result		FY23 Result		FY24 Forecast		YoY (FY23 vs FY24)	
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Capital expenditure	81.5		105.5		120.0		14.4	13.7%
Depreciation	25.7		33.3		44.0		10.6	31.9%
R&D expenses	27.3		31.1		35.0		3.8	12.4%
Dividend per share (JPY)	900		950		1,000		50	

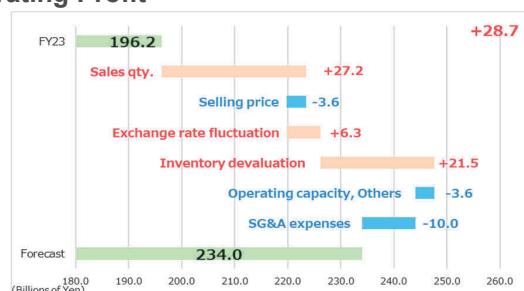
[FY23 vs FY24] Factors of Change of Net Sales and Operating Profit

① Net Sales



- < Sales qty. >
Japan +6.6, Overseas +51.7
Increase in North America, Asia, and Europe
- < Selling price >
Japan -0.2, Overseas -3.4
- < Exchange rate fluctuation >
N. America +1.9
Asia +7.1

② Operating Profit

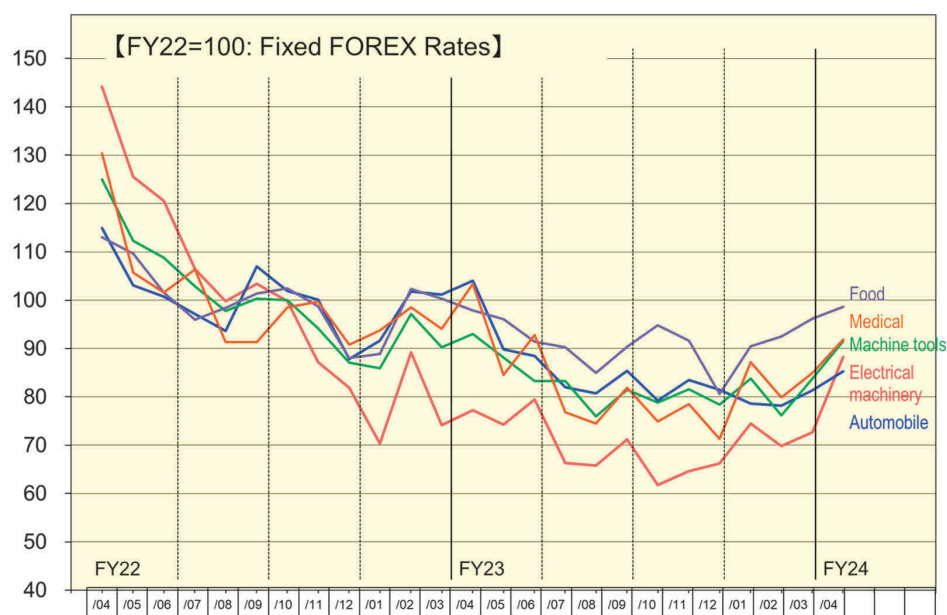


- < Exchange rate fluctuation >
■ We forecast weaker JPY, which will result in export profitability increase, and profit increase in P/L conversion of overseas group companies.
- < Inventory devaluation >
■ Due to decrease in inventory pileup, decrease devaluation.
- < Operating capacity, Others >
■ We expect operating capacity increase due to increase in production volume and we also expect an increase in raw materials and parts expenses.
- < SG&A expenses >
■ Personnel -3.3, Depreciation -2.4, Delivery -1.2, Commission expenses -0.5

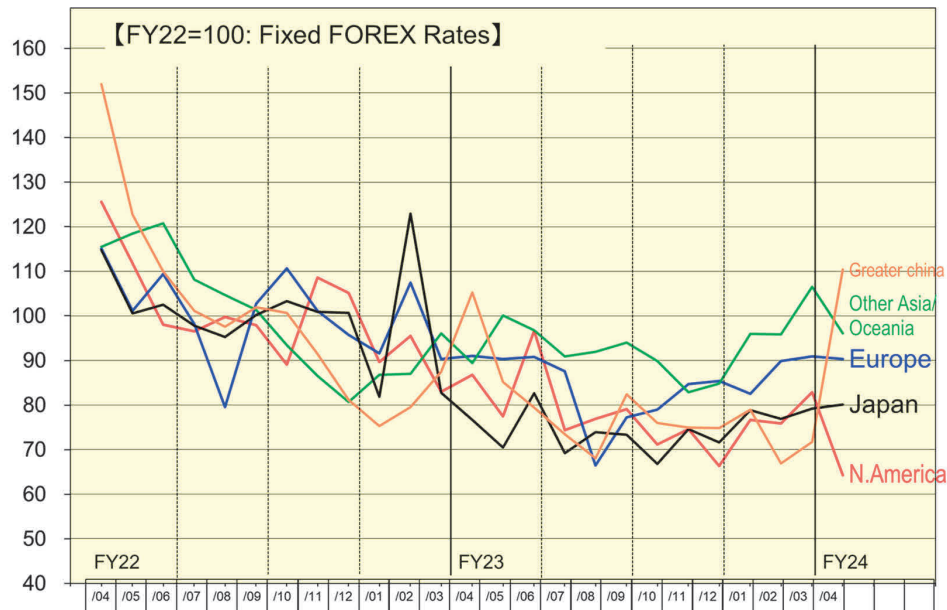
Current Order Situation (FY22=100)

		FY23	'23/3Q	'23/4Q	'24/04	24/04 Situation
Consolidated	Electrical machinery	70	64	72	88	[Increase] China, Korea, Taiwan
	Automobile	84	81	79	85	[Increase] China [Weak tone] Japan
	Machine tools	82	80	81	92	[Increase] China [Remained flat] Other areas
	Foods	91	89	93	99	[Increase] US, China
	Medical	82	75	84	92	[Increase] China [Decrease] Japan, US
	Other	91	89	94	89	
Japan		74	71	78	80	[Remained flat] Electrical machinery [Weak tone] Automobile
North America		78	71	78	64	[Remained flat] Automobile [Decrease] Electrical machinery
Europe		85	83	88	90	[Increase] Electrical machiney [Weak tone] Other sectors
Greater China		78	75	73	110	[Increase] All sectors
The rest of Asia & Oceania		93	86	99	96	[Decrease] Automobile
Consolidated		81	77	82	91	

Consolidated Orders Trend By Industry



Consolidated Orders Trend By Region



This document contains projections concerning future performance estimates of SMC. These statements are information available at the time of the compiling of this report and may include potential risks and unforeseen factors. Accordingly, please be aware that actual results may change considerably according to multiple factors that influences the industrial market.

Thank you for your time and attention

Supporting Automation

