

**Presentation of Financial Results
for the Second Quarter ended
September 30, 2021 (FY2021)**

(Supplemental Material for Consolidated
Financial Highlights)

November 16, 2021

SMC Corporation

FY21 1st Half Financial Results Conference

For the 6 months ended on September 30, 2021

November 16, 2021

SMC Corporation

Yoshiki Takada, President

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FY21 1st Half Consolidated Financial Summary

- 【1】** We had ¥358.6 billion net sales and ¥90.2 billion net profit in the FY21 1st half, gaining on an year over year basis.
- 【2】** We revised up our FY21 full year net sales and net profit guidance to ¥700.0 billion and ¥163.0 billion respectively.
- 【3】** We revised up our FY21 full year Capex guidance to ¥80.0 billion in the Q1 results, adding ¥30.0 billion of land acquisition costs for our new headquarters.
- 【4】** The interim dividend per share is 300 yen.

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The FA Demand Environment

★ The change in society, the environment and the industrial structure

- 【1】 Aging and shrinking population, decrease in labor force, rises in personal costs
- 【2】 Promoting DX and Digital Shift
- 【3】 Carbon Neutral
- 【4】 COVID-19

5G communication, IoT, AI, Robots, Automated warehouses, EVs, CASE, Medical related, Social distancing, Contactless



Expecting the continuous growth of the FA demand

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Points to note

- 【1】 The orders may decrease temporarily in response to eating up demand ahead of time in each industry.
- 【2】 Global shortage of semiconductors and electronics parts, and raw materials prices increase and their supply shortage may impact on production adjustments and stops.
- 【3】 Accelerating yen's depreciation

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Focused Measures in the FY21 2nd Half

- 【1】 Establishing BCP for continuing our business in any conditions
- 【2】 Utilizing IT tools for reinforcing cooperation crossing sections and nations to increase productivity in each country
- 【3】 Training global talents leading the next generation
- 【4】 Promoting SDGs (Environment, Human resources, Health & Safety, Social contribution)
- 【5】 Reinforcing security coping with a cyber attack, strengthening the network and setting up data centers

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Notice

This document contains projections concerning the future performance estimated by SMC. These statements are based on information available at the time of compiling this report and may include potential risks and unforeseen factors. Accordingly, please be aware that actual results may differ materially from those projections because of multiple economic factors that influence industrial market.

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Presentation of Financial Results for the Second Quarter Ended September 30, 2021

SMC Corporation

Masahiro Ota,
Director and Executive Officer
Head of Finance & Accounting Division
November 16, 2021

Consolidated Financial Summary (P&L)

	FY2020 1st Half	FY2021 1st Half	FY2021 1st Half			
	Results	Original Forecasts	Results	Growth rate against Plan	year-on-year % change	FOREX rate impact
Net sales	251.9	340.0	358.6	+5%	+42%	(+19.9)
Overseas sales [Overseas sales ratio]	181.0 [71.8%]	251.3 [73.9%]	268.6 [74.9%]	+7%	+48%	
Operating profit (Operating margin)	65.0 (25.8%)	100.0 (29.4%)	118.0 (32.9%)	+18%	+81%	(+8.7)
Ordinary profit	68.2	105.0	126.0	+20%	+85%	(+13.9)
Profit attributable to owners of parent	46.2	75.0	90.2	+20%	+95%	
Average exchange rate(US\$)	¥106.92	¥109.00	¥109.81			
(€)	¥121.32	¥130.00	¥130.87			
(CNY)	¥15.26	¥17.00	¥16.98			
Capital expenditures(tangible/intangible)	11.2	55.0	53.4	▲3%	+377%	
Depreciation(tangible/intangible)	8.9	10.7	9.7	▲9%	+9%	
R&D expenses	10.1	11.2	11.2	▲0%	+10%	
(Unit: Billions of yen)						
Interim dividend per share	200 JPY	300 JPY	300 JPY			

Consolidated Financial Summary (BS)



	FY2020 1st Half	FY2020	FY2021 1st Half			
	Results	Results	Results	year-on-year % change	Change	Change excluding effects of FOREX rates
Net assets	1,296.0	1,379.9	1,458.8	+6%	+78.8	(+ 71.7)
Current assets	1,000.9	1,096.9	1,145.5	+4%	+48.5	(+ 40.0)
(of which: Inventories)	242.2	248.7	256.7	(+3%)	+8.0	(+ 6.1)
Non-current assets	436.2	442.9	490.9	+11%	+48.0	(+ 46.1)
Equity ratio	90.0%	89.4%	88.9%		▲0.5%	▲0.3%
ROE%	3.6%	9.3%	6.4%		▲2.9%	
Net assets per share	19,439JPY	20,835JPY	22,027JPY	+6%	+1,192JPY	+1,082JPY
Closing exchange rate(US\$)	¥105.81	¥110.72	¥111.95			
(€)	¥124.16	¥129.76	¥129.90			
(CNY)	¥15.54	¥16.86	¥17.29			

(Unit: Billions of yen)

SMC Market Share Trend (SMC Estimates)



	FY16	FY17	FY18	FY19		FY20
Rate(JPY/\$)	(108.38)	(110.85)	(110.92)	(108.71)		(106.12)
Japan	65	65	65	65		65
North America	24	25	26	26		27
Europe	20	21	22	22		24
Asia/Oceania	47	48	47	47	⇒ Greater China Other Asia/Oceania	41 59
Global Total	35	36	37	37		38
Global Total(JPY/\$:106.12)	35	37	37	37		38

※ Greater China: China, Hong Kong, Taiwan

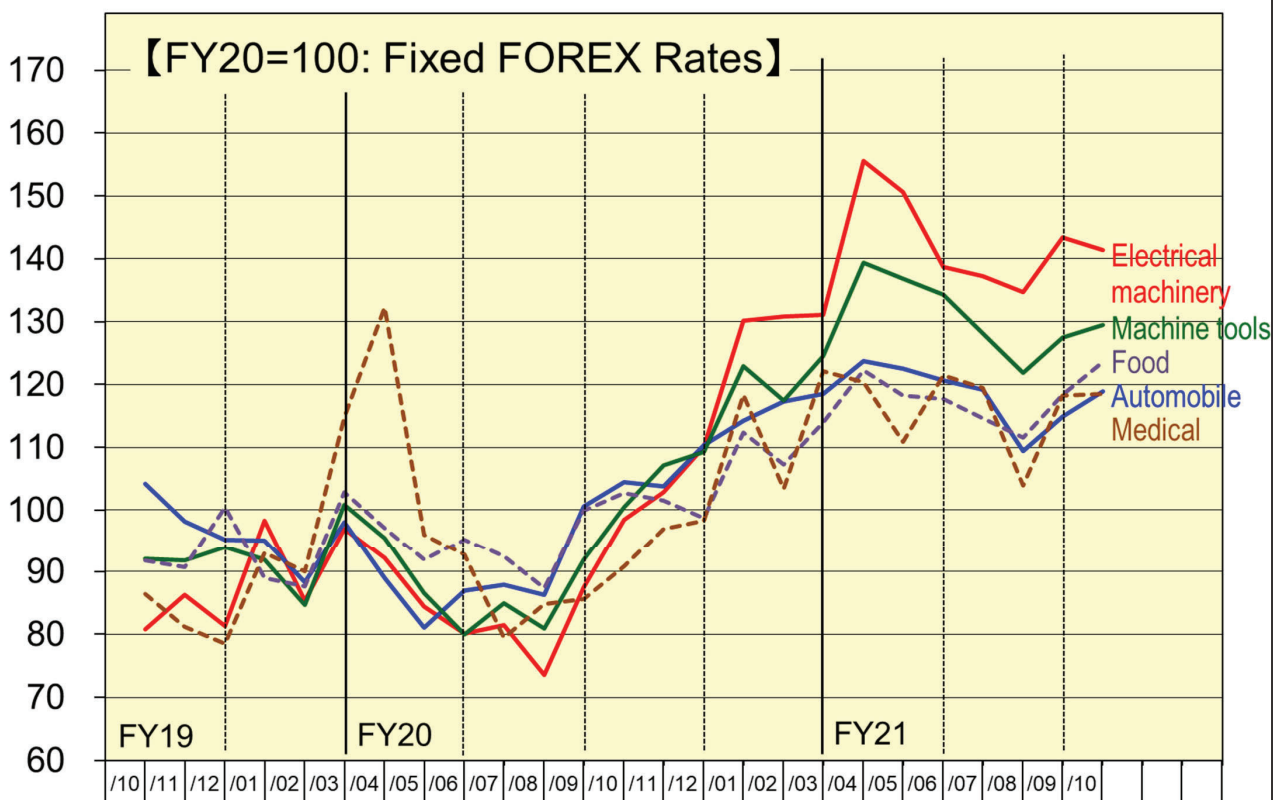
※ SMC estimates

Current Order Situation (FY20=100)

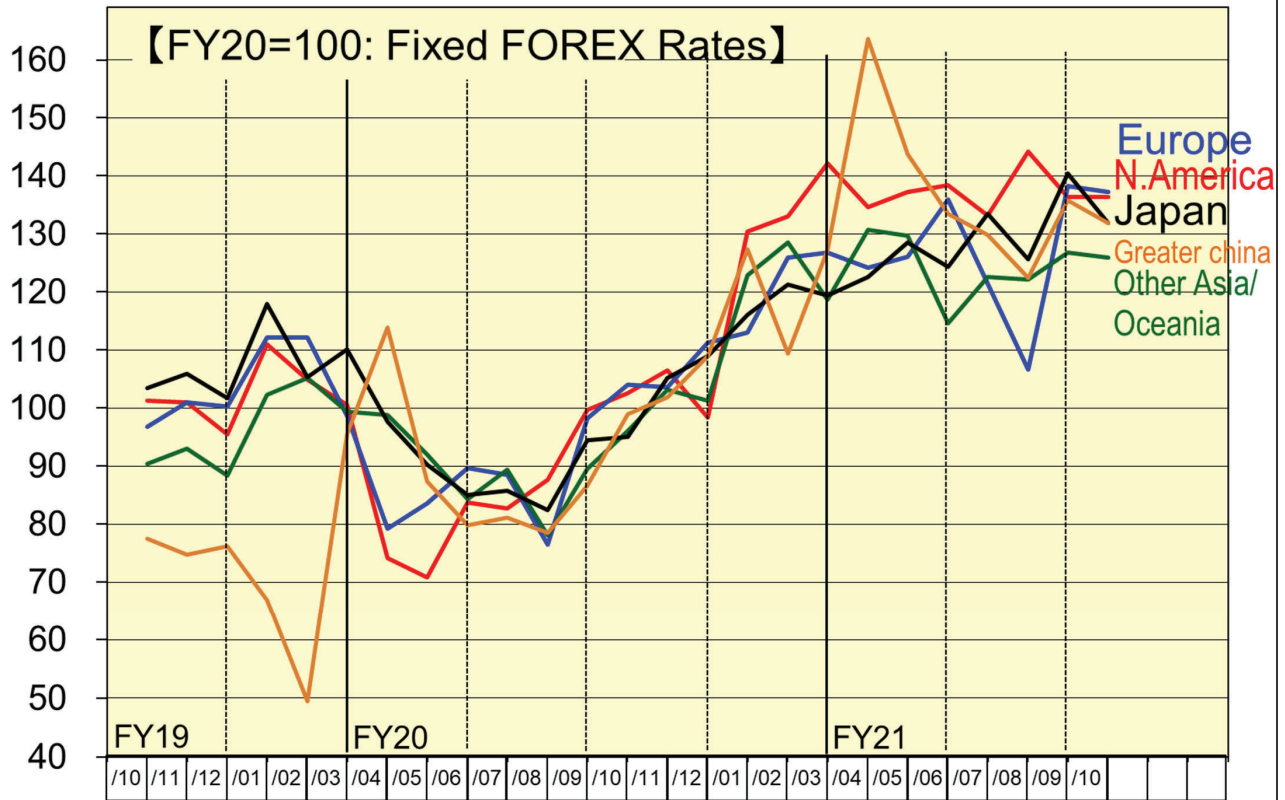


	FY21	'21/1Q	'21/2Q	'21/10	'21/10 situation	
Consolidated	Electrical machinery	143	148	138	141	Increasing tendency in Japan and the US
	Automobile	118	122	115	119	Weakening in each country
	Machine tools	131	137	126	129	Firm tone in Japan and Germany
	Food	118	119	115	124	Firm tone in the US and Germany
	Medical	116	118	114	118	Firm tone in the US and Europe
	Other	129	126	131	131	
Japan	130	125	133	132	Increasing in the electrical machinery and firm tone in the machine tools industry	
North America	137	137	138	136	Increasing in the electrical machinery and firm tone in the food and the medical industry	
Europe	127	129	122	137	Firm tone in the machine tools and the food industry	
Greater China	137	147	129	132	Firm tone in the electrical machinery industry	
The rest of Asia & Oceania	125	125	124	126	Increasing tendency in the electrical machinery industry	
Consolidated	132	134	130	132		

Consolidated Orders Trend By Industry



Consolidated Orders Trend By Region

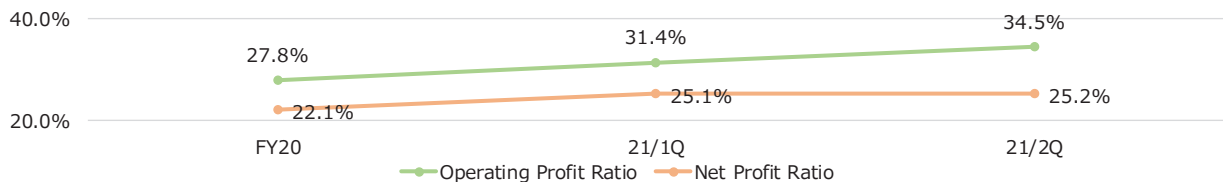


[Quarterly] Consolidated Statement of Income



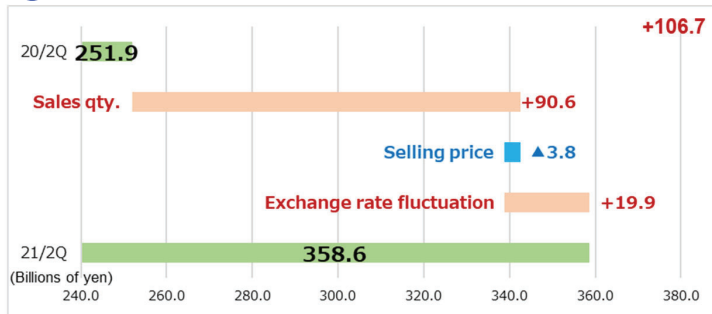
(Billions of yen)

	FY20		FY20 1st Half		FY21 1st Half		YoY (20/2Q vs 21/2Q)		FY21 1Q		FY21 2Q		QoQ (21/1Q vs 21/2Q)	
	Amount	vs net sales	Amount	vs net sales	Amount	vs net sales	Amount	%	Amount	vs net sales	Amount	vs net sales	Amount	%
Net sales	552.1		251.9		358.6		106.6	42.3%	182.7		175.9		-6.8	-3.8%
Cost of sales	286.3	51.9%	133.5	53.0%	176.1	49.1%	42.6	31.9%	93.8	51.4%	82.3	46.8%	-11.5	-12.3%
Gross profit	265.8	48.1%	118.4	47.0%	182.5	50.9%	64.0	54.0%	88.8	48.6%	93.6	53.2%	4.7	5.3%
Selling, general & administrative expenses	112.4	20.3%	53.4	21.2%	64.4	18.0%	11.0	20.6%	31.5	17.2%	32.9	18.7%	1.4	4.6%
Operating profit	153.3	27.8%	65.0	25.8%	118.0	32.9%	52.9	81.4%	57.3	31.4%	60.6	34.5%	3.2	5.7%
Ordinary profit	171.8	31.1%	68.2	27.1%	126.0	35.1%	57.8	84.6%	61.3	33.6%	64.7	36.8%	3.3	5.4%
Net profit	121.7	22.1%	46.2	18.4%	90.2	25.2%	43.9	95.0%	45.9	25.1%	44.3	25.2%	-1.6	-3.6%
Average exchange rate														
USD	106.12		106.92		109.81		+2.89	2.7%	109.51		110.10		+0.59	0.5%
EUR	123.72		121.32		130.87		+9.55	7.9%	131.92		129.82		-2.10	-1.6%
CNY	15.67		15.26		16.98		+1.72	11.3%	16.95		17.01		+0.06	0.4%



① Net Sales

(Billions of yen)



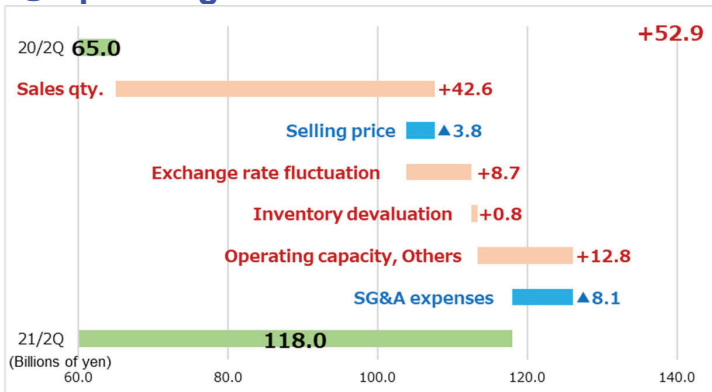
< Sales Increase >

Greater China +58%	EP +43%
North America +48%	MP +31%
Asia(exc.China) +44%	CP +18%
Europe +41%	FP +18%
Japan +27%	DP +16%
	Others +29%
	(Industry:incoming order basis)

< Exchange Rate Profit & Loss>

8% profit increase by weak JPY
 China (mainly RMB) +9.7, Europe (mainly EUR) +3.9,
 North America (mainly USD) +2.1

② Operating Profit



< Exchange Rate Profit & Loss>

Profit increase by weak JPY

< Inventory Devaluation >

With sales increase, turn-over of inventories get improved and booked reversal of inventory devaluation of slow-moving in previous year.

< Operating Capacity >

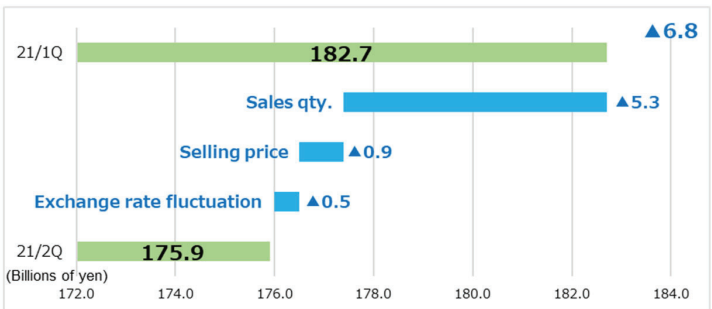
Operating Capacity get improved by production increase.

< SG&A Expenses >

Labor cost+3.6, Sales commissions+1.7, Delivery exp.+1.0

① Net Sales

(Billions of yen)



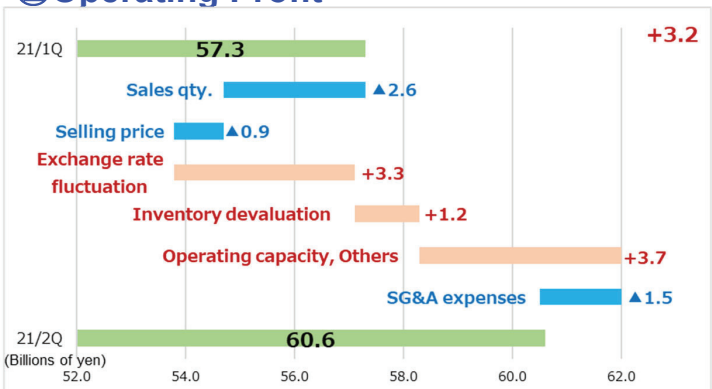
< Sales Increase & Decrease >

Japan +1%, North America▲3%, Europe▲7%,
 Greater China▲5%, Asia(exc. China)▲6%

< Exchange Rate Fluctuations>

JPY became weaker against USD & RMB but JPY became stronger against EUR, so recognized slight exchange loss.

② Operating Profit



< Inventory Devaluation >

With sales increase, turn-over of inventories get improved and booked reversal of inventory devaluation of slow-moving in previous year.

< Exchange Rate Fluctuations / Operating Capacity & Material Cost>

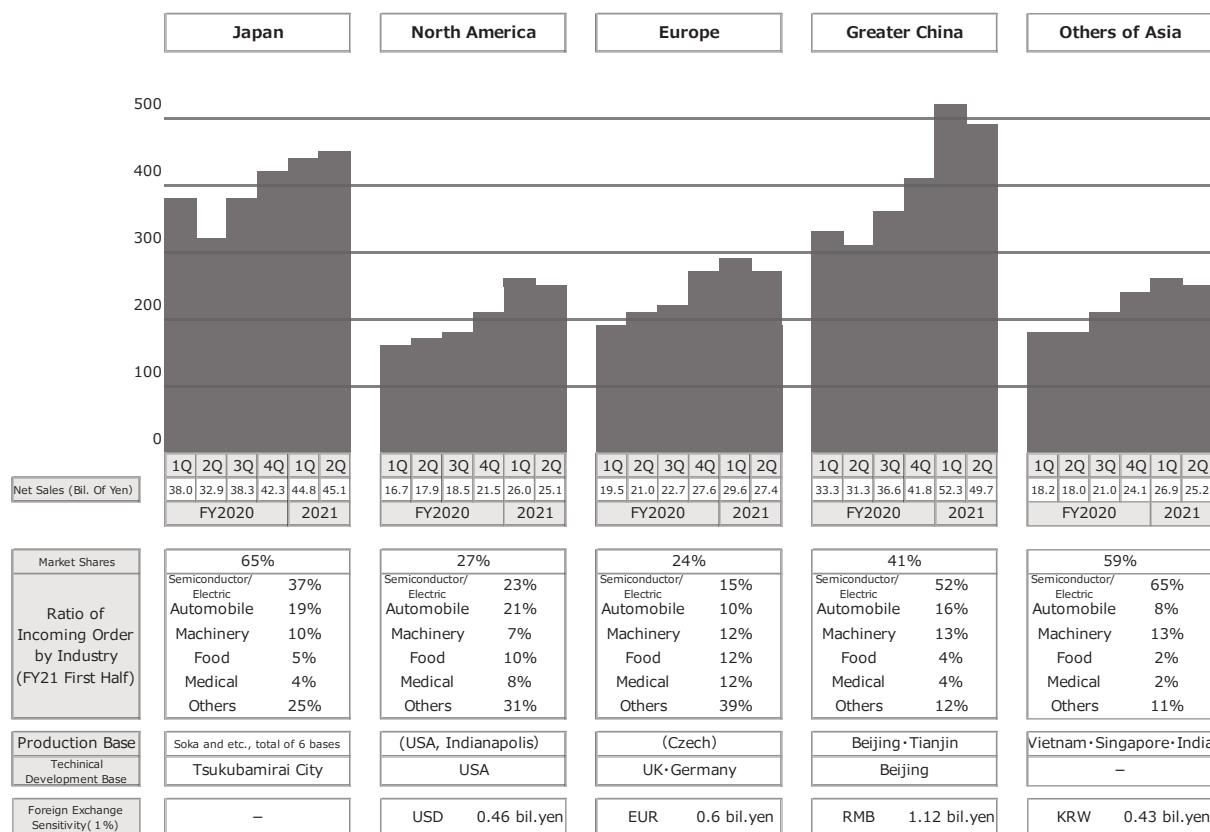
Production increase in 1Q brought decrease in Cost of Sales in 2Q. Especially, unrealized gain in inventory exported to group companies in 1Q, which are low sales of cost ratio from exchange profit and operating capacity perspectives, realized by sales to outside of SMC group in 2Q.

(Exchange gain +3.7, Production efficiency +2.8)

< SG & A Expenses >

Labor cost+0.8, IT License fee etc. +0.7

[Quarterly] Consolidated Net Sales by Location



SMC Corporation

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Consolidated Balance Sheet



	(Billions of yen)			
	FY20	21/2Q	YoY	
Assets	1,539.8	1,636.4	96.5	6.2%
Current assets	1,096.9	1,145.5	48.5	4.4%
(cash and deposits)	629.2	657.2	(27.9)	4.4%
(Trade receivables)	174.9	194.1	(19.1)	10.9%
(securities)	11.2	11.2	(0.03)	0.2%
(inventories)	248.7	256.7	(8.0)	3.2%
Non-current assets	442.9	490.9	48.0	10.8%
(investment securities with fair value)	57.3	57.7	(0.3)	0.7%
(insurance funds)	145.3	149.4	(4.0)	2.7%
Liabilities	159.8	177.5	17.7	11.0%
Current liabilities	118.0	140.1	22.1	18.7%
(Trade payables)	44.0	53.5	(9.4)	21.4%
Non-current liabilities	41.8	37.4	-4.4	-10.5%
Net assets	1,379.9	1,458.8	78.8	5.7%
Equity ratio	89.4%	88.9%	-0.5%	

	(Billions of Yen)		
	FY20	21/2Q	YoY
Total inventory	248.7	256.7	8.0
Merchandise and finished goods	112.1	115.6	3.5
Work in process	21.3	22.5	1.1
Raw materials, parts and supplies	115.3	118.5	3.2
Impact due to exchange rate fluctuation			1.9
Impact due to inventory devaluation			0.5
Actual YoY change			5.7
FY average monthly sales ratio	5.4	4.3	(-1.1)
Closing month sales ratio	4.0	4.3	0.3

SMC Corporation

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21/2Q Consolidated Balance Sheet Summary



(Billions of yen)

Cash and Deposit	657.2	Financial debt	11.1
Securities Investment securities with fair value Insurance funds	11.2 57.7 149.4	Shareholder's equity (Equity ratio 88.9%)	1,455.4
Inventories	256.7		
Other current assets	220.1		
Other non-current assets	283.7		
		Other liabilities and Non-controlling interests	169.8

SMC Corporation

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Capital Expenditure



FY21 1st Half: Main Capital Expenditures

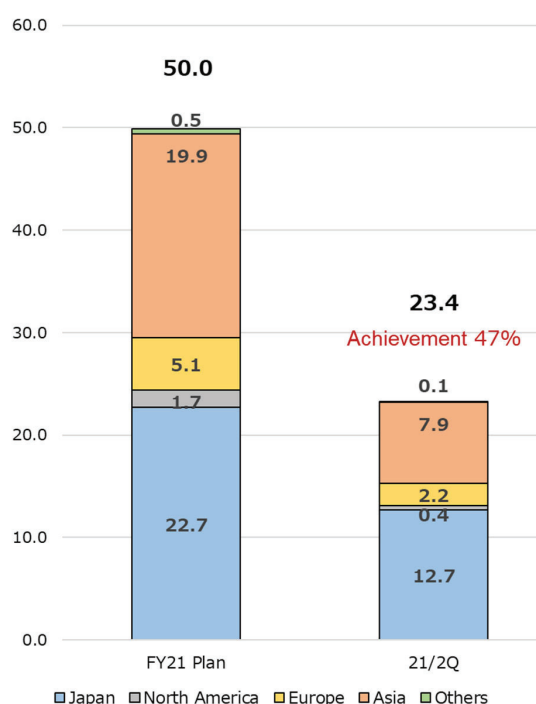
(Billions of yen)

Region	Company name	Type of investment	FY21 1st Half
Japan	SMC	Factory construction (Shimotsuma Factory-No.2, Ryuo Warehouse) Machinery and Equipment	12.7
Asia	Tianjin Mfg	Factory construction, Factory site, parts processing facility (new)	5.0
	Beijing Mfg	Parts processing facilities (added)	1.2
	Singapore Mfg	Factory re-building, parts, assembly, and inspection facilities (added)	0.5
	Vietnam Mfg	Parts processing, assembly and inspection facilities (new)	0.4
	China Mfg	Assembly and inspection facilities (added)	0.2
North America	SMC America	Assembly and inspection facilities (new) Production facilities for products and parts (new)	0.3
	SMC Spain	Land adjacent to the head office (for future expansion)	0.6
Europe	SMC Turkey	Expansion of head office (offices, showrooms etc.)	0.1
Other companies			2.4
Total			23.4

FY21 2nd Half: Main Capital Expenditures

(Billions of yen)

Region	Company name	Type of investment	FY21 2nd Half
Japan	SMC	Factory construction (Shimotsuma Factory-No.2, Ryuo Warehouse, Kamakishi Factory-No.5 and Tono Factory-No.2), Machinery and Equipment	9.7
Asia	Vietnam Mfg	Parts processing, assembly and inspection facilities (new)	3.0
	Singapore Mfg	Factory re-building, parts, assembly, and inspection facilities (added)	1.8
	China Mfg	Assembly and inspection facilities (added)	0.9
	Beijing Mfg	Parts processing facilities (added)	0.8
	Tianjin Mfg	Factory construction, Factory site, parts processing facility (new)	0.7
North America	SMC America	Assembly and inspection facilities (new) Production facilities for products and parts (new)	1.3
	SMC Turkey	Expansion of head office (offices, showrooms etc.)	0.9
Europe	SMC Spain	Land adjacent to the head office (for future expansion)	0.6
Other companies			6.9
Total			26.6

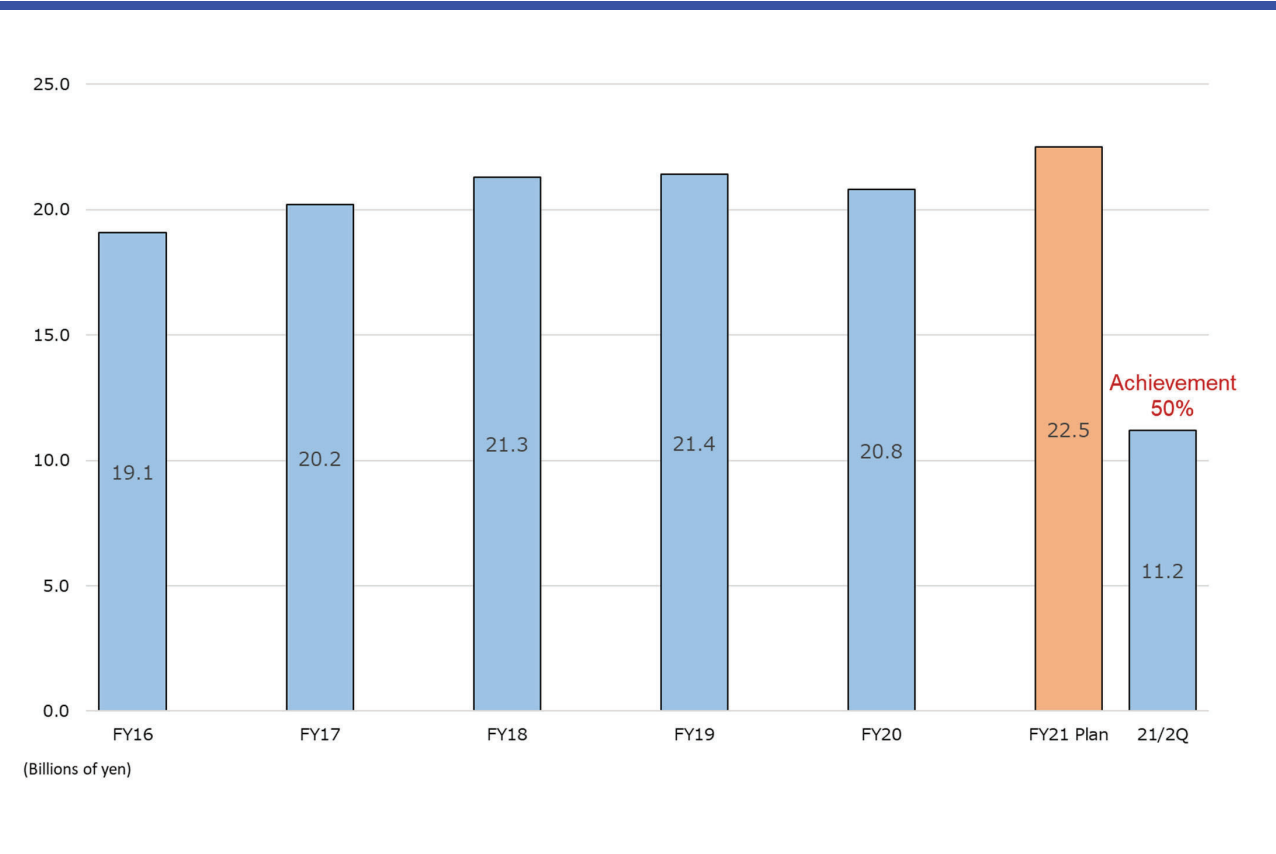


(Billions of yen) * Not include HQ Land investment of 30 bil. yen

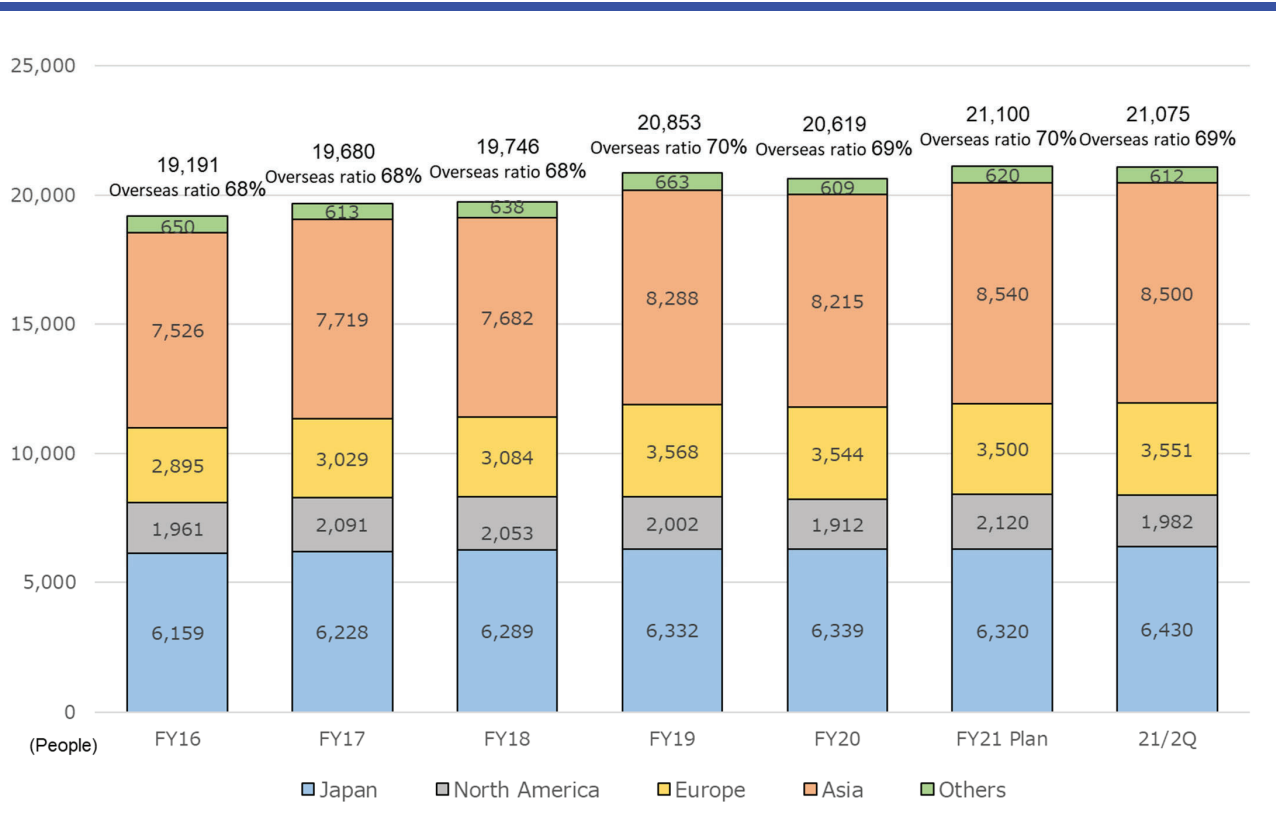
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Research & Development Expenses



Number of Employees



FY21 Consolidated Financial Forecasts Summary

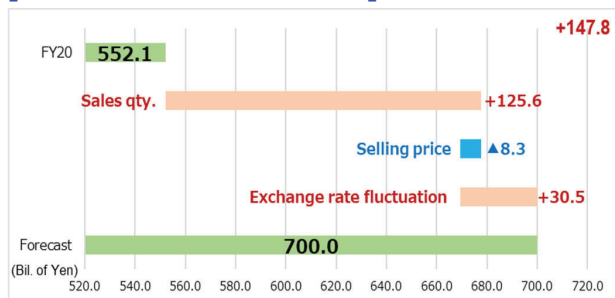


	FY20	FY21		FY21		
	Results	Original Forecasts	year-on-year % change	Revised Forecasts	year-on-year % change	FOREX rate impact
Net sales	552.1	680.0	+23%	700.0	+27%	(+30.5)
Overseas sales [Overseas sales ratio]	400.4 [72.5%]	502.6 [73.9%]	+25%	518.3 [74.0%]	+29%	
Operating profit (Operating margin)	153.3 (27.8%)	200.0 (29.4%)	+30%	218.0 (31.1%)	+42%	(+18.9)
Ordinary profit	171.8	210.0	+22%	228.0	+33%	(+10.8)
Profit attributable to owners of parent	121.7	150.0	+23%	163.0	+34%	
Average exchange rate(US\$)	¥106.12	¥109.00		¥109.00		
(€)	¥123.72	¥130.00		¥130.00		
(CNY)	¥15.67	¥17.00		¥17.00		
Capital expenditures(tangible/intangible)	27.4	80.0	+192%	80.0	+192%	
Depreciation(tangible/intangible)	18.5	21.5	+16%	21.5	+16%	
R&D expenses	20.8	22.5	+8%	22.5	+8%	
(Unit: Billions of yen)						
Annual dividend per share	500 JPY	600 JPY		600 JPY		

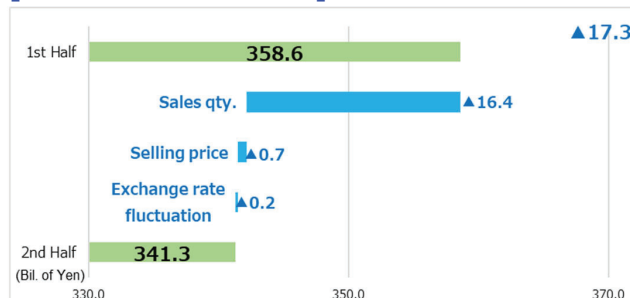
Factors of Change of Net Sales and Operating Profit



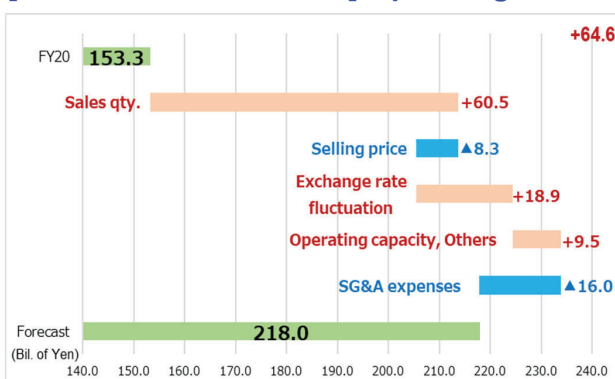
[FY20 vs FY21 Forecast] Net Sales



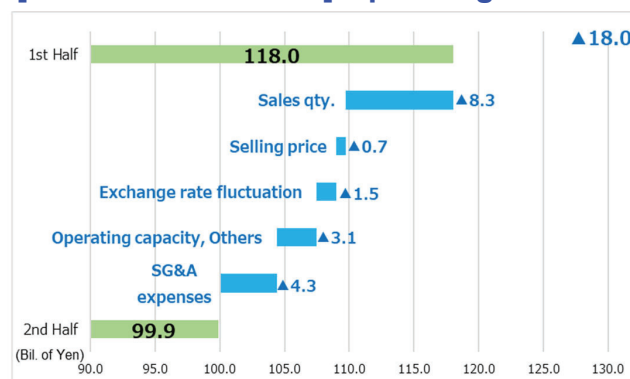
[1st Half vs 2nd Half] Net Sales



[FY20 vs FY21 Forecast] Operating Profit



[1st Half vs 2nd Half] Operating Profit



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.