

## Consolidated Financial Highlights for the Year ended March 31, 2022 [under Japanese GAAP]

Company name : **SMC Corporation**  
 Stock exchange listing : **Tokyo Stock Exchange, Prime Market**  
 Security code : **6273**  
 URL : <https://www.smcworld.com/ir/en/>  
 Representative : **Yoshiki Takada, President**  
 Contact person : **Masahiro Ota, Director and Executive Officer**  
 Projected date of annual shareholders' meeting : **June 29, 2022**  
 Projected date of filing Annual report : **June 29, 2022**  
 Projected starting date of dividend payment : **June 30, 2022**

### 1. Consolidated Financial Highlights for the Year ended March 31, 2022

(April 1, 2021 to March 31, 2022)

(Millions of yen, except per share figures)

#### (1) Consolidated Operating Results

Fiscal Year ended March 31	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	
2022	727,397 31.7%	227,857 48.6%	272,981 58.9%	192,991	58.5%
2021	552,178 5.0%	153,355 4.9%	171,827 8.4%	121,790	10.2%

  

Fiscal Year ended March 31	Net income per share (Yen)	Net income per share (diluted basis) (Yen)	Return on equity	Return on assets	Operating income ratio
2022	2,923.76	—	13.2%	16.5%	31.3%
2021	1,831.98	—	9.3%	11.7%	27.8%

(Note) Comprehensive income Year ended March 31, 2022 : ¥ 269,196 million 47.9%  
 Year ended March 31, 2021 : ¥ 182,059 million 230.7%

#### (2) Consolidated Financial Positions

As of March 31	Total assets	Net assets	Equity ratio	Net assets per share (Yen)
2022	1,769,951	1,559,274	87.9%	23,808.08
2021	1,539,871	1,379,987	89.4%	20,835.47

(Reference) Shareholders' equity As of March 31, 2022 : ¥ 1,555,628 million  
 As of March 31, 2021 : ¥ 1,376,704 million

#### (3) Consolidated Cash Flows

Fiscal Year ended March 31	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
2022	156,093	(116,215)	(88,933)	559,296
2021	120,473	73,440	(56,009)	561,540

### 2. Dividends

For the year ended March 31	Dividend per share (Yen)					Total dividends	Dividend ratio	Dividend on equity
	1Q	2Q	3Q	4Q	Total			
2021(Actual)	—	200.00	—	300.00	500.00	33,127	27.3%	2.5%
2022(Actual)	—	300.00	—	450.00	750.00	49,227	25.7%	3.4%
2023(Projected)	—	450.00	—	450.00	900.00		31.3%	

### 3. Forecasts of Consolidated Operating Results for the Year ending March 31, 2023

(Millions of yen, except per share figures)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share (Yen)
Half year ending September 30, 2022	402,500	12.2%	127,500	8.0%	132,500	5.1%	94,000	4.1%	1,438.62
Year ending March 31, 2023	805,000	10.7%	255,000	11.9%	265,000	(2.9%)	188,000	(2.6%)	2,877.24

#### \* Notes

- (1) Changes in significant subsidiaries during the fiscal year ended March 31, 2022: None
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1. Changes in accounting policies applied due to revisions of accounting standards: Yes
  2. Changes in accounting policies other than the above: None
  3. Changes in accounting estimates: None
  4. Retrospective restatement: None

#### (3) Number of shares issued

1. Number of common shares issued (including treasury shares)
2. Number of treasury shares
3. Average number of common shares for the year

	As of March 31, 2022	As of March 31, 2021
1. Number of common shares issued (including treasury shares)	67,369,359	67,369,359
2. Number of treasury shares	2,029,013	1,294,348
3. Average number of common shares for the year	66,007,966	66,480,200

(Note) The company's shares held by the Board Benefit Trust (BBT) for the Directors' Stock Compensation Plan (3,000 shares as of March 31, 2021, and 2,600 shares as of March 31, 2022) is included in the number of treasury shares, which is excluded in the calculation for the above: 2. Number of treasury shares and 3. Average number of common shares for the year.

#### < Reference >

#### Non-consolidated Financial Highlights for the Year ended March 31, 2022

(April 1, 2021 to March 31, 2022)

(Millions of yen, except per share figures)

##### (1) Non-consolidated Operating Results

Fiscal Year ended March 31	Net sales		Operating profit		Ordinary profit		Profit		Net income per share (Yen)
2022	466,970	34.3%	128,718	47.0%	180,580	(39.9%)	130,658	(50.3%)	1,979.43
2021	347,611	4.4%	87,542	(5.7%)	300,543	224.0%	262,885	298.0%	3,954.33

##### (2) Non-consolidated Financial Positions

As of March 31	Total assets	Net assets	Equity ratio	Net assets per share (Yen)
2022	1,159,760	1,017,351	87.7%	15,570.04
2021	1,081,931	976,647	90.3%	14,780.89

(Reference) Shareholders' equity As of March 31, 2022 : ¥ 1,017,351 million  
As of March 31, 2021 : ¥ 976,647 million

**These Consolidated Financial Highlights are not subject to audit procedures by the independent accounting auditor.**

#### Explanation of appropriate use of financial forecasts; other special items

Forecasts are based on information and certain premises that we consider to be reasonable at the time we released these Consolidated Financial Highlights. Some factors could cause actual results to differ from expectations.

# 1. Overview of Operating Results

## (1) Overview of the fiscal year 2021

The 2021 fiscal year that ended on March 31, 2022, saw recoveries in the global economy and capital investment demands within a wide range of industries due to the economic impacts of the Coronavirus (COVID-19) outbreak. However, a high degree of future uncertainty has continued with supply chain disruptions including the shortage of semi-conductors, raw materials and logistics price inflation, the Russian invasion of Ukraine, and other various issues.

The demand for automatic control equipment within the semi-conductor and electronic related industries have remained high in both China and Japan. In addition, it has remained strong in other regions of Asia, North America, and Europe. Even though shortages of semi-conductors impacted the automotive industry, the overall industry performed well with the expansion of electric vehicles and secondary battery production. The demand for machine tools also performed well in the global market. In addition, the food, medical equipment manufacturing and other industries have remained strong within the market with new demands for labor savings and factory automation.

Within this business environment, the SMC Group has continued to strive to avoid the impacts of part shortages on its production capabilities by multi-sourcing procurements and taking initiatives to improve on the quality. At the same time, the Group has continued to aggressively make capital investments to secure its product supply capabilities to meet its customer demands, and to create multi-location production centers to withstand disasters and meet increasing demand. In addition, the Group has also continued to develop new products that are smaller, lighter, offer significant energy savings, and are durable with improved environmental resistance features. Finally, the Group has continued to aggressively promote sales activities to obtain the demanded requirements from its global customers within its sales network.

As a result, consolidated net sales for the fiscal year 2021 were 727,397 million yen (31.7% increase year on year) and operating profit was 227,857 million yen (48.6% increase) due to the increase in revenue, in spite of the increases in selling, general and administrative expenses mainly from personnel cost increase. Ordinary profit was 272,981 million yen (58.9% increase) due to the foreign exchange gains from the depreciation of yen, in spite of the decrease in interest income. Profit before income taxes were 272,851 million yen (58.2% increase), and profit attributable to owners of parent ended up with 192,991 million yen (58.5% increase).

ROE became 13.2%, increased by 3.9 points from previous period.

## (2) Overview of financial positions

Total assets as of the end of the fiscal year 2021 were 1,769,951 million yen, a 230,080 million yen increase yoy. Cash and deposits were 684,834 million yen, a 55,542 million yen increase due to increased profit, and notes and accounts receivable-trade were 211,939 million yen, a 37,004 million yen increase due to the revenue increase. Inventories were 303,545 million yen, a 54,793 million yen increase due to strategical inventory increase mainly in raw materials, in response to the high demand. With the increased retained earnings, the Company applied increased cash and deposits for aggressive capital expenditures to further acquire market demand, and land acquisition for the construction of the new head office to further enhance the Group's administration functions, resulted in an increase in property, plant and equipment which was 270,584 million yen, a 72,043 million yen increase from the previous fiscal year end.

Total liabilities were 210,677 million yen, a 50,794 million yen increase yoy. Notes and accounts payable-trade were 62,101 million yen, a 18,010 million yen increase from purchases associated with demand increase. Income taxes payable were 44,783 million yen, a 14,753 million yen increase associated with the taxable income increase due to the revenue increase.

Total net assets were 1,559,274 million yen, a 179,286 million yen increase yoy, mainly due to the increases in retained earnings from profit attributable to owners of parent and in foreign currency transition adjustment by the depreciation of yen, in spite of the purchase of treasury shares.

Equity ratio became 87.9%, decreased by 1.5 point from the previous fiscal year end.

### **(3) Overview of cash flows**

The balance of cash and cash equivalents (hereinafter “cash”) as of the end of the fiscal year 2021 was 559,296 million yen, a decrease of 2,243 million yen yoy.

#### **(Cash flows from operating activities)**

Net cash provided by operating activities was 156,093 million yen (revenue increase of 35,619 million yen yoy), mainly due to a 100,368 million yen increase in profit before income taxes, in spite of a decrease in capital due to a 24,179 million yen increase in income taxes paid associated with the taxable income increase, and a 29,319 million yen increase in inventories.

#### **(Cash flows from investing activities)**

Net cash used by investing activities was 116,215 million yen (a 189,655 million yen increase, which was a 73,440 revenue provided the prior year), mainly due to the decrease in capital due to a 133,797 million yen increase in payments into and proceeds from withdrawal of time deposits, and a 49,307 million yen increase in purchase of property, plant and equipment.

#### **(Cash flows from financing activities)**

Net cash used in financing activities was 88,933 million yen (a 32,923 million yen increase yoy), due to a 21,314 million yen increase in purchase of treasury shares, and a 13,023 million yen increase in dividends paid.

### **(4) Outlook for the next fiscal year**

At this time, the semi-conductor and electronic related industries demands within the China, Japan, in the other regions of Asia, North America and other regions have maintained strong showings. Even though we concern the shortages of semi-conductors impacted the automotive industry, we estimate that we will see a recovery in the latter half of the next fiscal year. We also expect the machine tool related, food, and medical equipment manufacturing industries to maintain strong.

However, the current situation is expected to remain uncertain with the continued shortages of semi-conductor components, logistical disruptions, China’s Coronavirus lockdown, the Russian invasion of Ukraine, energy and raw material price inflation, price escalation, the fluctuating exchange rate, and other issues.

The Group will continue to aggressively make capital investments, initiate a BCP (Business Continuity Plan) including component procurement capability improvements, and strengthen its global network in order to correspond to increasing demands of the global market.

The consolidated financial results for the next fiscal year are forecasted to be as follows, assuming average exchange rates of the U.S. dollar, the euro, the Chinese yuan against Japanese yen are 123 yen, 133 yen, and 18.50 yen respectively. Net sales 805,000 million yen, operating profit 255,000 million yen, ordinary profit 265,000 million yen and profit attributable to owners of parent 188,000 million yen.

## **2. Basic concept on selection of accounting standards**

In order to maintain the adequacy in figure comparison at all times, SMC Group will continue to disclose consolidated financial statements in accordance with the accounting principles (GAAP) generally adopted in Japan.

We will appropriately consider adopting IFRS through addressing internal and external factors which affect both within and outside of Japan when necessary.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>[ASSETS]</b>		
<b>Current assets</b>		
Cash and deposits	629,291	684,834
Notes and accounts receivable-trade	174,934	211,939
Securities	11,256	12,219
Merchandise and finished goods	112,131	130,829
Work in process	21,314	25,574
Raw materials and supplies	115,306	147,141
Other	33,470	46,769
Allowance for doubtful accounts	(751)	(901)
<b>Total current assets</b>	<b>1,096,953</b>	<b>1,258,406</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	81,450	91,705
Machinery, equipment and vehicles, net	38,515	41,988
Tools, furniture and fixtures, net	9,024	10,523
Land	38,812	74,775
Construction in progress	30,737	51,591
<b>Total property, plant and equipment</b>	<b>198,540</b>	<b>270,584</b>
<b>Intangible assets</b>		
Leasehold interests in land	8,931	11,766
Other	2,457	3,417
<b>Total intangible assets</b>	<b>11,389</b>	<b>15,183</b>
<b>Investments and other assets</b>		
Investment securities	72,383	58,750
Retirement benefit asset	4,828	6,441
Insurance funds	145,373	150,797
Deferred tax assets	5,108	5,715
Other	6,782	5,735
Allowance for doubtful accounts	(1,488)	(1,664)
<b>Total investments and other assets</b>	<b>232,987</b>	<b>225,776</b>
<b>Total non-current assets</b>	<b>442,917</b>	<b>511,545</b>
<b>Total assets</b>	<b>1,539,871</b>	<b>1,769,951</b>

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>[LIABILITIES]</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	44,091	62,101
Short-term borrowings	1,465	6,987
Income taxes payable	30,029	44,783
Provision for bonuses	3,055	5,350
Other	39,402	50,179
<b>Total current liabilities</b>	<b>118,043</b>	<b>169,403</b>
<b>Non-current liabilities</b>		
Long-term borrowings	9,323	4,556
Deferred tax liabilities	17,385	21,463
Provision for retirement benefits for directors	286	270
Provision for share awards for directors	57	65
Retirement benefit liability	6,674	7,552
Other	8,112	7,366
<b>Total non-current liabilities</b>	<b>41,839</b>	<b>41,274</b>
<b>Total liabilities</b>	<b>159,883</b>	<b>210,677</b>
<b>[NET ASSETS]</b>		
<b>Shareholders' equity</b>		
Share capital	61,005	61,005
Capital surplus	73,335	73,335
Retained earnings	1,277,198	1,430,285
Treasury shares	(59,139)	(109,136)
<b>Total shareholders' equity</b>	<b>1,352,399</b>	<b>1,455,489</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	11,404	11,235
Foreign currency translation adjustment	12,056	87,893
Remeasurements of defined benefit plans	842	1,010
<b>Total accumulated other comprehensive income</b>	<b>24,304</b>	<b>100,139</b>
<b>Non-controlling interests</b>	<b>3,283</b>	<b>3,645</b>
<b>Total net assets</b>	<b>1,379,987</b>	<b>1,559,274</b>
<b>Total liabilities and net assets</b>	<b>1,539,871</b>	<b>1,769,951</b>

## (2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

### 1. Consolidated Statement of Income

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
<b>Net sales</b>	<b>552,178</b>	<b>727,397</b>
<b>Cost of sales</b>	<b>286,326</b>	<b>363,545</b>
<b>Gross profit</b>	<b>265,852</b>	<b>363,851</b>
<b>Selling, general and administrative expenses</b>	<b>112,496</b>	<b>135,993</b>
<b>Operating profit</b>	<b>153,355</b>	<b>227,857</b>
<b>Non-operating income</b>		
Interest income	6,959	6,712
Foreign exchange gains	8,570	33,144
Gain on investments in insurance funds	569	—
Other	3,609	5,769
<b>Total non-operating income</b>	<b>19,709</b>	<b>45,626</b>
<b>Non-operating expenses</b>		
Interest expenses	174	182
Sales discounts	358	—
Loss on sale of securities	180	—
Loss on investments in insurance funds	—	98
Other	523	221
<b>Total non-operating expenses</b>	<b>1,236</b>	<b>502</b>
<b>Ordinary profit</b>	<b>171,827</b>	<b>272,981</b>
<b>Extraordinary income</b>		
Gain on sale of non-current assets	650	308
Gain on sale of investment securities	69	243
Gain on sale of shares of subsidiaries and associates	929	—
Other	17	30
<b>Total extraordinary income</b>	<b>1,667</b>	<b>581</b>
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	685	395
Loss on sale of investment securities	5	—
Impairment losses	—	222
Loss on valuation of shares of subsidiaries and associates	104	—
Other	217	93
<b>Total extraordinary losses</b>	<b>1,012</b>	<b>711</b>
<b>Profit before income taxes</b>	<b>172,482</b>	<b>272,851</b>
Income taxes-current	53,565	75,731
Income taxes-deferred	(2,909)	3,796
<b>Total income taxes</b>	<b>50,655</b>	<b>79,527</b>
<b>Profit</b>	<b>121,826</b>	<b>193,323</b>
<b>Profit attributable to non-controlling interests</b>	<b>35</b>	<b>331</b>
<b>Profit attributable to owners of parent</b>	<b>121,790</b>	<b>192,991</b>

## 2. Consolidated Statement of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
<b>Profit</b>	<b>121,826</b>	<b>193,323</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	5,228	(176)
Foreign currency translation adjustment	52,167	75,876
Remeasurements of defined benefit plans, net of tax	2,837	173
<b>Total other comprehensive income</b>	<b>60,232</b>	<b>75,872</b>
<b>Comprehensive income</b>	<b>182,059</b>	<b>269,196</b>
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	181,829	268,826
Comprehensive income attributable to non-controlling interests	229	369



### (3) Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Net assets at beginning of period	61,005	73,335	1,182,014	(30,432)	1,285,922
Changes during period					
Dividends of surplus			(26,607)		(26,607)
Profit attributable to owners of parent			121,790		121,790
Purchase of treasury shares				(28,706)	(28,706)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	95,183	(28,706)	66,477
Net assets at end of period	61,005	73,335	1,277,198	(59,139)	1,352,399

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Net assets at beginning of period	6,344	(40,084)	(1,994)	(35,734)	3,078	1,253,266
Changes during period						
Dividends of surplus						(26,607)
Profit attributable to owners of parent						121,790
Purchase of treasury shares						(28,706)
Net changes in items other than shareholders' equity	5,060	52,141	2,837	60,039	205	60,244
Total changes during period	5,060	52,141	2,837	60,039	205	126,721
Net assets at end of period	11,404	12,056	842	24,304	3,283	1,379,987

**Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)**

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Net assets at beginning of period	61,005	73,335	1,277,198	(59,139)	1,352,399
Cumulative effects of changes in accounting policies			(257)		(257)
Restated balance	61,005	73,335	1,276,940	(59,139)	1,352,142
Changes during period					
Dividends of surplus			(39,646)		(39,646)
Profit attributable to owners of parent			192,991		192,991
Purchase of treasury shares				(50,020)	(50,020)
Disposal of treasury shares				23	23
Net changes in items other than shareholders' equity					
Total changes during period	—	—	153,344	(49,997)	103,347
Net assets at end of period	61,005	73,335	1,430,285	(109,136)	1,455,489

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Net assets at beginning of period	11,404	12,056	842	24,304	3,283	1,379,987
Cumulative effects of changes in accounting policies						(257)
Restated balance	11,404	12,056	842	24,304	3,283	1,379,730
Changes during period						
Dividends of surplus						(39,646)
Profit attributable to owners of parent						192,991
Purchase of treasury shares						(50,020)
Disposal of treasury shares						23
Net changes in items other than shareholders' equity	(169)	75,836	167	75,834	361	76,196
Total changes during period	(169)	75,836	167	75,834	361	179,543
Net assets at end of period	11,235	87,893	1,010	100,139	3,645	1,559,274

#### (4) Consolidated Statement of Cash Flows

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	172,482	272,851
Depreciation	18,585	20,557
Impairment losses	—	222
Increase (decrease) in allowance for doubtful accounts	158	139
Increase (decrease) in provision for retirement benefits for directors	(711)	(15)
Increase (decrease) in retirement benefit liability	(1,652)	710
Interest and dividend income	(7,371)	(7,350)
Interest expenses	174	182
Foreign exchange losses (gains)	(4,236)	(25,599)
Loss (gain) on sale of investment securities	(63)	(243)
Loss (gain) on sale of shares of subsidiaries and associates	(929)	—
Loss (gain) on valuation of investment securities	109	1
Decrease (increase) in trade receivables	(20,605)	(16,941)
Decrease (increase) in inventories	(4,457)	(33,777)
Increase (decrease) in trade payables	(891)	3,209
Decrease (increase) in other current assets	(1,168)	(10,845)
Increase (decrease) in other current liabilities	4,731	8,966
Other, net	(478)	(2,257)
Subtotal	153,675	209,812
Interest and dividends received	4,786	8,431
Interest paid	(197)	(180)
Income taxes refund (paid)	(37,790)	(61,969)
<b>Net cash provided by (used in) operating activities</b>	<b>120,473</b>	<b>156,093</b>

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
<b>Cash flows from investing activities</b>		
Payments into time deposits	(172,628)	(151,867)
Proceeds from withdrawal of time deposits	261,998	107,440
Purchase of property, plant and equipment	(28,281)	(77,588)
Purchase of intangible assets	(1,016)	(3,343)
Purchase of short-term and long-term investment securities	(2,483)	(1,276)
Proceeds from sale and redemption of short-term and long-term investment securities	13,583	14,080
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	6,280	—
Purchase of insurance funds	(9,848)	(9,095)
Proceeds from maturity of insurance funds	4,693	5,705
Other, net	1,141	(270)
<b>Net cash provided by (used in) investing activities</b>	<b>73,440</b>	<b>(116,215)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(2,286)	200
Proceeds from long-term borrowings	3,200	2,100
Repayments of long-term borrowings	(1,645)	(1,566)
Purchase of treasury shares	(28,706)	(50,020)
Dividends paid	(26,607)	(39,631)
Other, net	35	(15)
<b>Net cash provided by (used in) financing activities</b>	<b>(56,009)</b>	<b>(88,933)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>24,507</b>	<b>46,811</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>162,411</b>	<b>(2,243)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>399,128</b>	<b>561,540</b>
<b>Cash and cash equivalents at the end of period</b>	<b>561,540</b>	<b>559,296</b>

## **(5) Notes to consolidated financial statements**

### **(Notes on going-concern assumption)**

N/A

### **(Changes in accounting policies)**

#### **(Application of Accounting Standard for Revenue Recognition)**

From the beginning of the current consolidated fiscal year, the Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as "Accounting Standard for Revenue Recognition"), that revenue is recognized in the amount that expects to receive in exchange for the promised goods or services when the control of the goods or services is transferred to the customer.

Revenues are recorded with the amount which is calculated by deducting returned goods, allowances, and rebates, etc., from the amount agreed upon the contract with the customer. In addition, a part of sales promotion expenses which previously had been included in "selling, general and administrative expenses", and "sales discounts" in "non-operating expenses", are now deducted from the "net sales".

In accordance with the transitional treatment stipulated in Paragraph 84 of the Accounting Standard for Revenue Recognition, the new accounting policies are applied from and to the balance at beginning of the current consolidated fiscal year. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the current consolidated fiscal year, was added to or subtracted from the retained earnings balance at beginning. However, the new accounting policy has not been applied retrospectively to contracts for which the method set forth in Paragraph 86 of the Accounting Standard for Revenue Recognition has been applied. Substantially all revenue amounts have been recognized in accordance with previous treatment prior to the beginning of this consolidated fiscal year.

As a result, the application of these accounting standards do not expect to have a material impact on the consolidated financial statements.

In accordance with transitional treatment as stipulated in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification was made in the previous consolidated fiscal year by a new presentation method.

#### **(Application of Accounting Standard for Fair Value Measurement and Others)**

On April 1, 2021, the Company applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019; hereinafter referred to as "Accounting Standard for Fair Value Measurement"), etc., and the new accounting policies stipulated in the Accounting Standard for Fair Value Measurement, etc. are applied prospectively pursuant to the transitional treatment stipulated by Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, July 4, 2019). The application has no impact on the consolidated financial statements.

**(Segment information)****Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)**

As described under “Current consolidated fiscal year (Disclosure of changes, etc. in reportable segments)”.

**Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)**

The Company and its consolidated subsidiaries are composed of a single business segment, Automatic control equipment business. The disclosure of segment information is thereby omitted.

**(Disclosure of changes, etc. in reportable segments)**

In the past, the SMC Group’s segment information has been segregated into “Automatic control equipment business” (reportable segment) and “others” (excluded from reportable segment). However, in the fiscal year 2020, all the shares of its subsidiary, Toyo Warehouse and Transportation Co., Ltd., segregated under “others” have been transferred that “others” segment information is no longer required. With this change, the disclosure of segment information for the fiscal years 2020 and 2021 have been omitted.

**(Per share information)**

	<b>Previous consolidated FY (April 1, 2020 – March 31, 2021)</b>	<b>Current consolidated FY (April 1, 2021 – March 31, 2022)</b>
Net assets per share	20,835.47 yen	23,808.08 yen
Net income per share	1,831.98 yen	2,923.76 yen

**(Significant subsequent events)**

N/A

## 4. Supplementary Information

### (1) Net sales by region

(Millions of yen)

Japan	U.S.	China	Asia (excl. China)	Europe	Other	Total
173,232	82,648	188,522	130,668	122,282	30,042	727,397

(Note) The above figures shows the sales amounts by the location of customers.

Japan, U.S. and China (including Hong Kong) are individually disclosed since they consist 10% or above the consolidated net sales respectively.

### (2) Geographic segment information

(Millions of yen)

Japan	North America	Europe	Greater China	Other Asia	Other	Total
180,463	105,225	118,475	202,280	108,180	12,771	727,397

(Note) The above figures shows the sales amounts by the location of the Company and its consolidated subsidiaries.

“North America” includes the sales amount of U.S., Canada and Mexico, “Greater China” includes China (including Hong Kong) and Taiwan.

### (3) Consolidated Capital expenditures, Depreciation and R&D expenses

(Millions of yen)

	Year ended March 31, 2022 (Actual)		Year ending March 31, 2023 (Forecast)	
Capital expenditures	83,499	204.3%	120,000	43.7%
Depreciation	20,557	10.6%	24,000	16.7%
R&D expenses	23,457	12.4%	25,000	6.6%

### (4) Foreign currency exchange rates

	Year ended March 31, 2022 (Actual)		Year ending March 31, 2023 (Forecast)
	(average)	(at end)	(average)
U S \$	¥ 112.39	¥ 122.41	¥ 123.00
E U R	¥ 130.55	¥ 136.77	¥ 133.00
C N Y	¥ 17.51	¥ 19.26	¥ 18.50

### (5) Consolidated Full-time employees and Temporary employees

(Number of personnel)

	Year ended March 31, 2022	Difference from last year end
Full-time employees (at end)	21,620	1,001
Temporary employees (average)	5,630	569