

**Presentation of Financial Results  
for the Third Quarter ended  
December 31, 2022 (FY2022)**

(Supplemental Material for Consolidated  
Financial Highlights)

**February 16, 2023**

**SMC Corporation**

# Presentation of Financial Results for the 3rd Quarter Ended December 31, 2022

## SMC Corporation

Masahiro Ota  
Director and Executive Officer  
Head of Finance & Accounting Division  
February 16, 2023

### Supporting Automation



## Consolidated Statement of Income

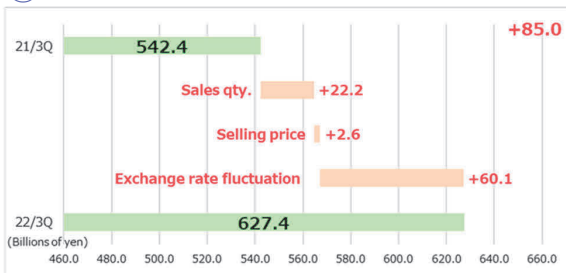
(Billions of yen)

	FY21/3Q		FY22/3Q		YoY (21/3Q vs 22/3Q)		FY22 Forecast		FY22 2Q		FY22 3Q		QoQ (22/2Q vs 22/3Q)	
	Amount	vs net sales	Amount	vs net sales	Amount	%	Amount	Progress %	Amount	vs net sales	Amount	vs net sales	Amount	%
Net sales	542.4		627.4		85.0	15.7%	824.0	76.1%	210.1		205.9		-4.2	-2.0%
Cost of sales	267.5	49.3%	307.4	49.0%	39.8	14.9%	413.5	74.3%	103.3	49.2%	98.0	47.6%	-5.2	-5.1%
Gross profit	274.8	50.7%	320.0	51.0%	45.2	16.4%	410.5	78.0%	106.7	50.8%	107.8	52.4%	1.0	1.0%
Selling, general & administrative expenses	99.6	18.4%	122.2	19.5%	22.5	22.7%	162.0	75.5%	41.1	19.6%	43.6	21.2%	2.5	6.3%
Operating profit	175.2	32.3%	197.8	31.5%	22.6	12.9%	248.5	79.6%	65.6	31.2%	64.1	31.2%	-1.5	-2.3%
Ordinary profit	195.6	36.1%	234.3	37.3%	38.6	19.8%	302.0	77.6%	76.7	36.5%	53.5	26.0%	-23.1	-30.2%
Net profit	139.0	25.6%	173.7	27.7%	34.7	25.0%	220.0	79.0%	57.6	27.4%	40.7	19.8%	-16.9	-29.4%
Average exchange rate														
USD	111.12		136.59		+25.47	22.9%	138.00		138.54		141.57		+3.03	2.2%
EUR	130.60		140.68		+10.08	7.7%	139.00		139.40		144.35		+4.95	3.6%
CNY	17.25		19.88		+2.63	15.2%	19.80		20.20		19.87		-0.33	-1.6%
Depreciation	15.0		18.8		3.7	24.7%	26.0	72.4%						
R&D expenses	17.4		20.1		2.7	15.6%	27.0	74.4%						

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

### ① Net Sales

(Billions of yen)



#### < Sales qty. > 4% Increase

Japan	+3.2 (+2%)	North America	+1.4 (+2%)
Europe	+6.6 (+8%)	Greater China	+6.0 (+4%)
Other Asia	+3.9 (+5%)		

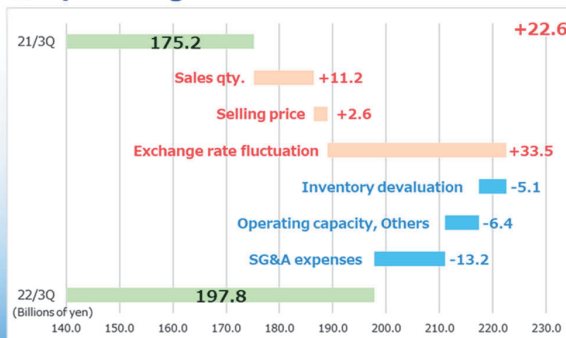
#### < Selling price > 0.5% up

Japan +0.2, Overseas +2.4 Increasing trend from supply chain crisis

#### < Exchange rate fluctuation > 11% Increase

Greater China (mainly CNY)	+24.4
North America (mainly USD)	+17.8
Other Asia (KRW and others)	+10.1
Europe (mainly EUR)	+5.6

### ② Operating Profit



#### < Exchange rate fluctuation >

- From transaction (Foreign currency export & import) +21.1
- From conversion (Overseas subs P&L conversion) +12.4

#### < Inventory devaluation >

Decrease in inventory turn-over ratio due to increase RM&P by advance purchasing and product inventory build-up in subsidiaries.

#### < Operating capacity, Material cost, Others >

Cost of sales ratio got worse from increase in material cost and labor costs which can't be absorbed by improvement of operating capacity from increase in production volume.

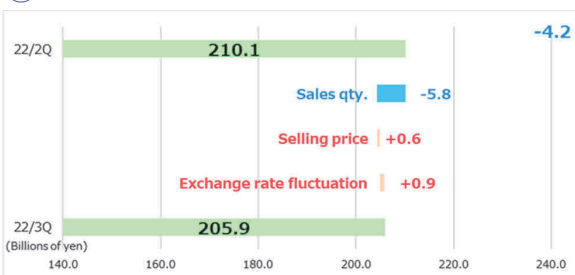
#### < SG&A expenses >

- Freight & Delivery -4.9, Service charge -4.5
- Donation -1.5, Personnel -1.1

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

### ① Net Sales

(Billions of yen)



#### < Sales qty. > 3% Decrease

Japan	+1.3 (+3%)	North America	-1.9 (-6%)
Europe	+0.3 (+1%)	Greater China	-4.2 (-7%)
Other Asia	-1.2 (-4%)		

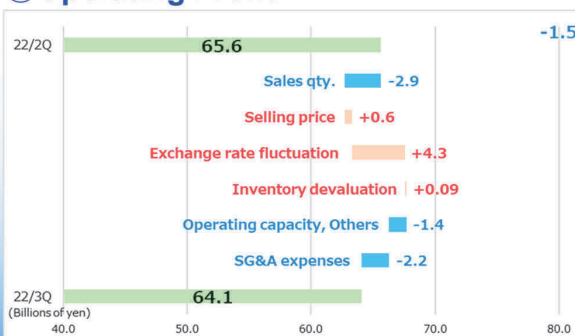
#### < Selling price > 0.3% up

Japan +0.4, Overseas +0.1 Increasing trend from supply chain crisis

#### < Exchange rate fluctuation > Slight increase

Europe (mainly EUR)	+0.9
North America (mainly USD)	+0.7
Other Asia (SGD and others)	+0.1
Greater China (mainly CNY)	-0.8

### ② Operating Profit



#### < Exchange rate fluctuation >

- From transaction (Foreign currency export & import) +4.2
- \*Including realization of unrealized profit +2.3
- From conversion (Overseas subsidiaries' P&L conversion) +0.1

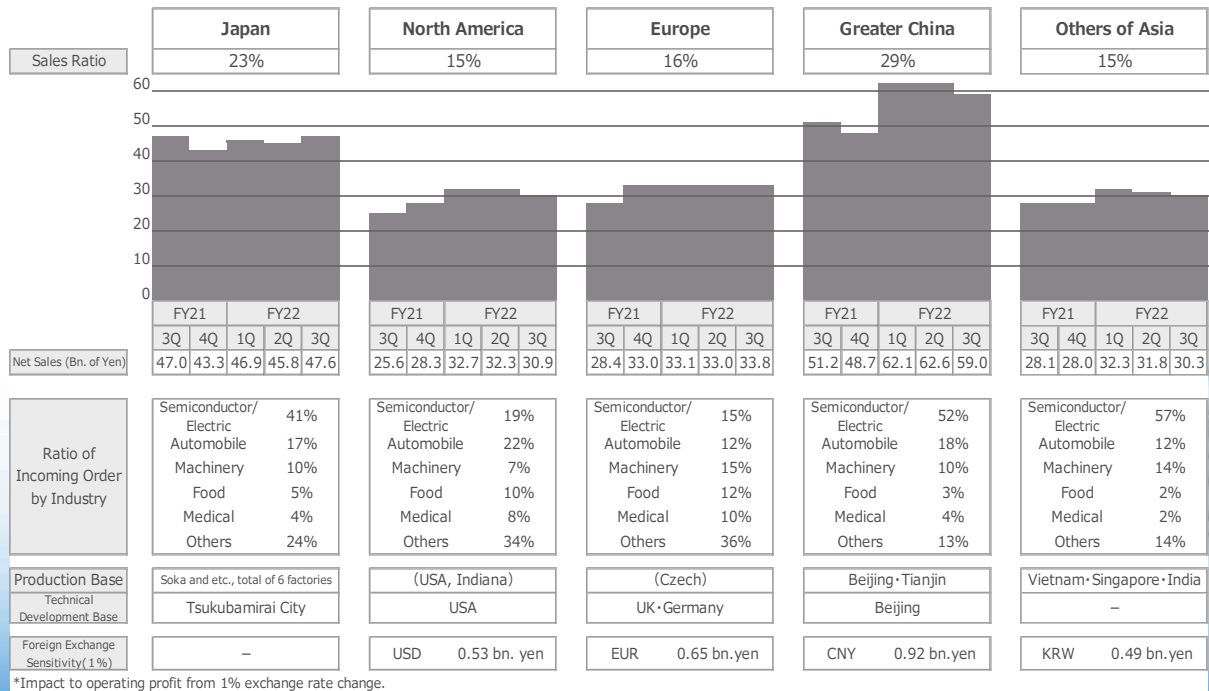
#### < Operating capacity, Material cost, Others >

Cost of sales ratio got worse from decrease in production volume and material and labor costs did not improve as expected.

#### < SG&A expenses >

- Service charge -1.7, Freight & Delivery -1.3, Donation -0.9, Personnel +2.6

## [Quarterly] Consolidated Net Sales by Location

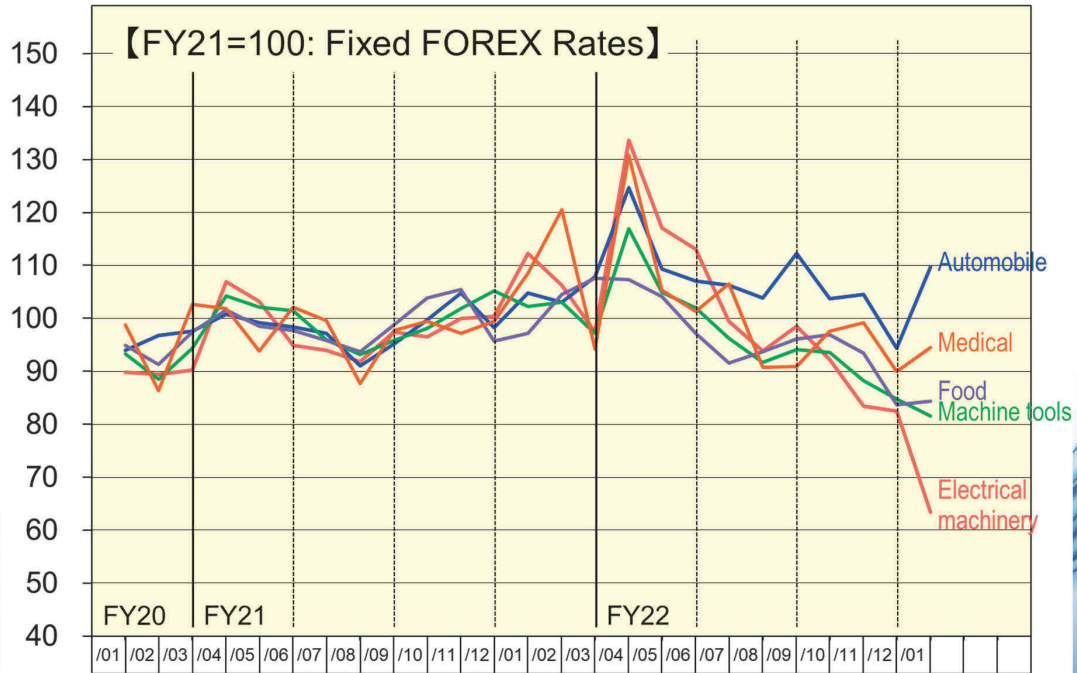


## Current Order Situation (FY21=100)

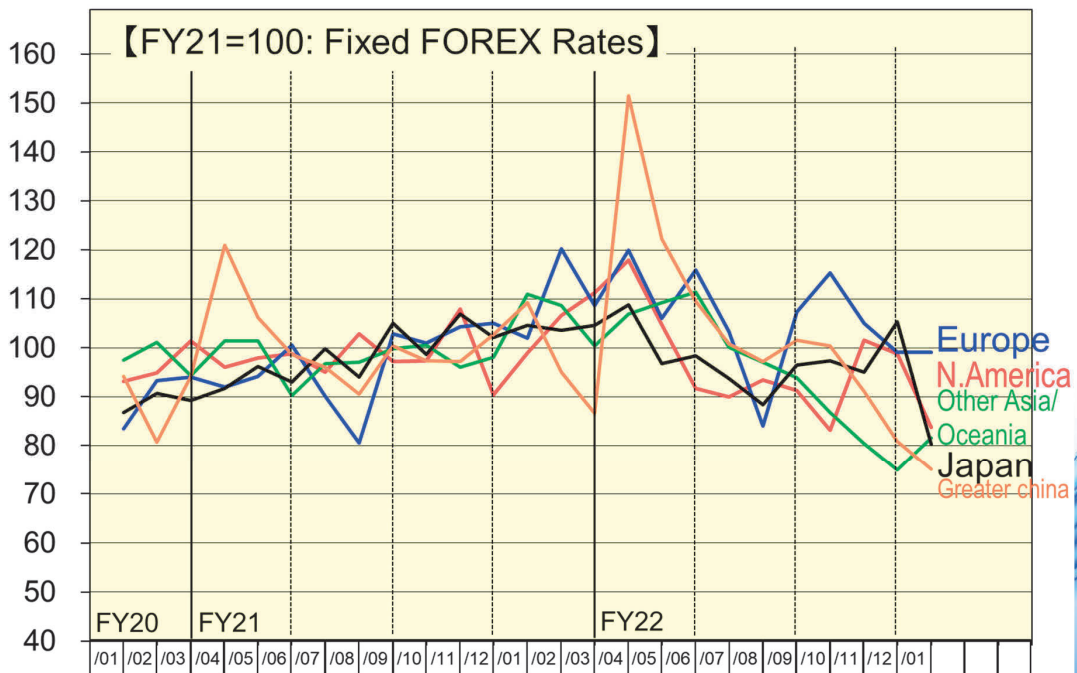
\*Category of secondary battery of China (= Approx. 15% of China's incoming order. Approx. 2.0 billion yen in Jan.2023) had been re-categorized from "Electrical machinery" to "Automobile". Due to this change, these 2 categories are inconsistent with the past order trend.

		FY22	'22/2Q	'22/3Q	'23/01	23/1 Situation
Consolidated	Electrical machinery	97	97	86	63	Decreasing in all areas
	Automobile	107	107	101	110	Increasing in Germany, Korea, and China
	Machine tools	95	94	89	82	Decreasing in all areas
	Food	95	94	91	84	Decreasing in all areas
	Medical	100	96	96	94	Increasing in China
	Other	102	101	103	88	
Japan		96	93	99	80	Decreasing in all industries
North America		96	92	95	84	Decreasing in electrical machinery
Europe		105	98	106	99	Decreasing in medical
Greater China		102	100	91	75	Firm tone in automobile, decreasing in electrical machinery
The rest of Asia & Oceania		94	97	81	82	Bottoming-out in electrical machinery and automobile
Consolidated		99	96	94	82	

## Consolidated Orders Trend By Industry



## Consolidated Orders Trend By Region



## Consolidated Balance Sheet

(Billions of yen)

	FY21	22/3Q	YoY	
<b>Assets</b>	<b>1,769.9</b>	<b>1,898.4</b>	<b>128.5</b>	<b>7.3%</b>
Current assets	1,258.4	1,294.5	36.1	2.9%
(①cash and deposits)	(684.8)	(608.9)	(-75.8)	-11.1%
(Trade receivables)	(211.9)	(233.2)	(21.2)	10.0%
(②securities)	(12.2)	(13.3)	(1.1)	9.0%
(inventories)	(303.5)	(386.8)	(83.3)	27.5%
Non-current assets	511.5	603.8	92.3	18.1%
(③investment securities with fair value)	(43.8)	(93.2)	(49.4)	112.9%
(④insurance funds)	(150.7)	(144.3)	(-6.3)	-4.2%
<b>*Cashability assets</b>	<b>891.6</b>	<b>859.9</b>	<b>(-31.6)</b>	<b>-3.6%</b>
①+②+③+④				
<b>Liabilities</b>	<b>210.6</b>	<b>212.1</b>	<b>1.4</b>	<b>0.7%</b>
Current liabilities	169.4	177.4	8.0	4.8%
(Trade payables)	(62.1)	(80.8)	(18.7)	30.2%
Non-current liabilities	41.2	34.6	-6.6	-16.1%
<b>Net assets</b>	<b>1,559.2</b>	<b>1,686.3</b>	<b>127.0</b>	<b>8.1%</b>
Equity ratio	87.9%	88.6%	+0.7	
Net assets per share (yen)	23,808	25,826	+2,018	
ROE	13.2%	10.7%		

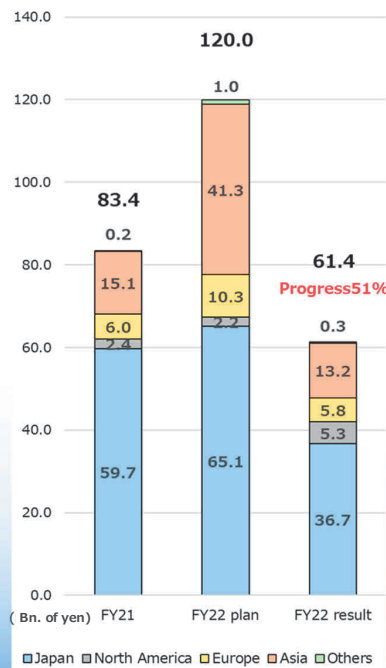
(Billions of Yen)

	FY21	22/2Q	YoY
<b>Total inventory</b>	<b>303.5</b>	<b>386.8</b>	<b>83.3</b>
Merchandise and finished goods	130.8	155.3	24.5
Work in process	25.5	29.7	4.1
Raw materials, parts and supplies	147.1	201.8	54.6

Impact due to exchange rate fluctuation	6.5
Impact due to inventory devaluation	-4.2
<b>Actual YoY change</b>	<b>81.0</b>

FY average monthly sales ratio	5.0	5.5	0.5
Closing month sales ratio	4.6	6.1	1.5
Closing exchange rate			
USD	122.41	134.18	+11.77
EUR	136.77	142.53	+5.76
CNY	19.26	19.18	-0.08

## Capital Expenditure



(Billions of yen)

Purpose	Place	FY22 Plan		22/3Q		
		Plan	Item	Result		
PRD	Japan	46.1	16.2	Shimotsuma Fac.	7.8	24.9
			9.0	Kamaishi Fac.	4.9	
			8.4	Tono Fac.	5.0	
			12.5	Others	7.2	
	Overseas	36.2	20.0	SMC China	5.7	12.7
			12.2	Vietnam Mfg	5.6	
Admin. R&D Sales Logistics	Japan	19.0	4.0	HQ Building	0.7	11.8
			6.1	JTC Land	6.5	
			6.1	East&West Logistics	4.6	
	Overseas	18.7	5.9	SMC Germany	2.2	11.9
			3.7	SMC Korea	0.1	
			1.6	SMC US	4.8	
			1.1	SMC Turkey	1.6	
			1.0	SMC Thailand	0.6	
			5.3	Others	2.6	
<b>Total</b>		<b>120.0</b>			<b>61.4</b>	

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

