

## Consolidated Financial Highlights for the Year ended March 31, 2023 [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, 2023**  
 Projected date of filing Annual report : **June 29, 2023**  
 Projected starting date of dividend payment : **June 30, 2023**

### 1. Consolidated Financial Highlights for the Year ended March 31, 2023

(April 1, 2022 to March 31, 2023)

(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	
2023	824,772 13.4%	258,200 13.3%	305,980 12.1%	224,609	16.4%
2022	727,397 31.7%	227,857 48.6%	272,981 58.9%	192,991	58.5%

  

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
2023	3,444.55	—	13.8%	16.5%	31.3%
2022	2,923.76	—	13.2%	16.5%	31.3%

(Note) Comprehensive income  
 Year ended March 31, 2023 : ¥ 256,933 million (4.6%)  
 Year ended March 31, 2022 : ¥ 269,196 million 47.9%

#### (2) Consolidated Financial Positions

As of March 31	Total assets	Net assets	Equity ratio	Net assets per share (Yen)
2023	1,927,940	1,702,325	88.1%	26,331.72
2022	1,769,951	1,559,274	87.9%	23,808.08

(Reference) Shareholders' equity  
 As of March 31, 2023 : ¥ 1,698,413 million  
 As of March 31, 2022 : ¥ 1,555,628 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
2023	101,617	(87,086)	(113,299)	491,324
2022	156,093	(116,215)	(88,933)	559,296

### 2. Dividends

For the year ended March 31	Dividend per share (Yen)					Total dividends	Dividend ratio	Dividend on equity
	1Q	2Q	3Q	4Q	Total			
2022(Actual)	—	300.00	—	450.00	750.00	49,227	25.7%	3.4%
2023(Actual)	—	450.00	—	450.00	900.00	58,430	26.1%	3.6%
2024(Projected)	—	450.00	—	450.00	900.00		31.7%	

### 3. Forecasts of Consolidated Operating Results for the Year ending March 31, 2024

(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, 2023	387,000 (8.2%)	109,000 (18.4%)	118,000 (34.7%)	85,000 (36.1%)	1,317.81
Year ending March 31, 2024	807,000 (2.2%)	233,000 (9.8%)	253,000 (17.3%)	183,000 (18.5%)	2,837.18

#### \* Notes

- (1) Changes in significant subsidiaries during the fiscal year ended March 31, 2023: 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, 2023	As of March 31, 2022
1. Number of common shares issued (including treasury shares)	67,369,359	67,369,359
2. Number of treasury shares	2,868,732	2,029,013
3. Average number of common shares for the year	65,207,145	66,007,966

(Note) The company's shares held by the Board Benefit Trust (BBT) for the Directors' Stock Compensation Plan (2,600 shares as of March 31, 2022, and as of March 31, 2023) 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, 2023

(April 1, 2022 to March 31, 2023)

(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)
2023	510,431 9.3%	142,759 10.9%	257,002 42.3%	203,180 55.5%	3,115.92
2022	466,970 34.3%	128,718 47.0%	180,580 (39.9%)	130,658 (50.3%)	1,979.43

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

As of March 31	Total assets	Net assets	Equity ratio	Net assets per share (Yen)
2023	1,253,875	1,103,130	88.0%	17,102.62
2022	1,159,760	1,017,351	87.7%	15,570.04

(Reference) Shareholders' equity As of March 31, 2023 : ¥ 1,103,130 million  
As of March 31, 2022 : ¥ 1,017,351 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 2022

The 2022 fiscal year that ended on March 31, 2023, saw normalization from the Coronavirus (COVID-19) pandemic that manufacturing sector in general has recovered its appetite for capital investments. However, the outlook remains uncertain due to the difficulties seen in procuring parts and materials, the prolonged Russian military invasion of Ukraine, the rising tensions between the U.S. and China, and concerns about recession due to monetary tightening in the U.S. and Europe.

As for the demand for automation control equipment, the semi-conductor and electrical machinery-related demand was high within the first half of the period. However, within the second half, there were moves to postpone capital investments, mainly in the U.S. and Europe due to global inflation and the economic slowdown. Within the automotive-related industry, the demand did not reach a full-scale recovery due to the continued impact of shortages in semi-conductors and other components, however, demand growth was seen mainly in China for the electric vehicle battery-related products. Although there were some new demands for labor-saving alternatives and automation following COVID-19, demands for machine tool-related, the medical-related, food-related, and other industries showed signs of slowing down due to the economic slowdown.

Within this business environment, the SMC Group has continued to invest aggressively in new facilities and creating multi-location production facilities to ensure product supply capabilities based on SMC's Business Continuity Plan (BCP) to meet a growing global demand. SMC has also continued to focus on developing new and efficiently performing products that can address environmental issues and contribute to the reduction of CO2 emissions by its customers while also strengthening its global sales activity collaboration with its IT infrastructure. In addition, SMC has started to take specific initiatives by setting medium- to long-term target to reduce 48% of GHG emissions for Scope 1 and Scope 2 by FY2030 and achieve carbon neutral by FY2050, based on the GHG protocol to realize decarbonized society.

As a result, consolidated net sales for the fiscal year 2022 were 824,772 million yen (13.4% increase year on year) mainly from the increase in sales quantity and increase in revenue from the foreign exchange fluctuations for the sales in overseas. Operating profit was 258,200 million yen (13.3% increase) due to the increase in revenue, in spite of the increases in selling, general and administrative expenses mainly from logistics, personnel, and IT related costs. Ordinary profit was 305,980 million yen (12.1% increase) with the increases in interest income from the rise in market interest rate. With the gain on sale of investment securities, profit before income taxes was 308,777 million yen (13.2% increase), and profit attributable to owners of parent was 224,609 million yen (16.4% increase).

ROE became 13.8%, increased by 0.6 points from the previous fiscal year end.

## (2) Overview of financial positions

Total assets as of the end of the fiscal year 2022 were 1,927,940 million yen, a 157,988 million yen increase yoy. Cash and deposits were 603,570 million yen, an 81,263 million yen decrease due to purchases of treasury shares and U.S. treasuries, tax payments, inventory buildup, and capital expenditures, in spite of the earnings from business activities and the gains from the foreign exchange on the foreign exchange currency deposits. Notes and accounts receivable-trade were 228,848 million yen, a 16,909 million yen increase, resulted from the increase in revenue and revenue from the exchange fluctuations on the sales in overseas. Inventories were 418,602 million yen, a 115,056 million yen increase, by increasing purchase to correspond to the high demands and by strategically increasing parts and raw material inventories to overcome recent constraints on supply chain. Property, plant and equipment was 326,995 million yen, a 56,410 million yen increase, by further increasing investments for the production and logistics facilities within and outside of Japan, from the perspectives to secure production capabilities in order to correspond to the rising demands and to enforce BCP to enhance its sustainable capability of supplying its products. SMC also acquired land for the relocation of the SMC's core technical center in Tsukuba as to further enhance its engineering functions and to attract talented engineering staffs.

Total liabilities were 225,615 million yen, a 14,937 million yen increase yoy. Notes and accounts payable-trade were 73,636 million yen, an 11,534 million yen increase from purchases associated with demand increase and strategically increasing parts and raw materials procurements.

Total net assets were 1,702,325 million yen, a 143,051 million yen increase yoy, mainly due to the increases in retained earnings resulted from the increase in profit, and 120,275 million yen, a 32,381 million yen increase in foreign currency translation adjustment from the depreciation of the yen, in spite of a 55,030 million yen decrease from the purchase of treasury shares.

Equity ratio became 88.1%, decreased by 0.2 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 2022 was 491,324 million yen, a 67,972 million yen decrease yoy.

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

Net cash provided by operating activities was 101,617 million yen (decrease of 54,476 million yen revenue decrease yoy), mainly due to the cash flows based on the operating profit / loss calculated from: profit before income taxes 308,777 million yen (35,925 million yen revenue increase), depreciation 25,767 million yen (5,210 million yen increase), foreign exchange gains 21,874 million yen (3,725 million yen increase), in addition to the inventories 106,728 million yen (72,951 million yen increase) and income taxes paid 91,581 million yen (29,612 million yen increase).

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

Net cash used by investing activities was 87,086 million yen (a 29,128 million yen decrease yoy), mainly due to the investments of 72,180 million yen (5,408 million yen decrease) to further enhance its production capabilities, and purchase and sale of investment securities of 42,063 million yen (54,868 million yen increase) for fund management purposes.

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

Net cash used in financing activities was 113,299 million yen (a 24,366 million yen increase yoy), due to the purchase of treasury shares 55,030 million yen (5,010 million yen increase) and dividends paid 58,776 million yen (19,144 million yen increase).

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

We estimate that the outlook for the next fiscal year 2023 will remain uncertain, due to the decoupling of the U.S. and China, growing tension in Ukraine, and concerns about the economic recession due to the interest rate policies of various countries.

At this time, although various countries are temporarily at adjustment phases especially for memories, semi-conductor and electronic-related industries are expected to see continuous growth in medium-term. Automotive-related industry expects a recovery in the production from the shortage of semi-conductors, and demand growth in battery-related due to the EV shift. In spite of the stagnation of the capital investments, increase in demand for post-COVID-19 automation is expected in machine tool-related, the medical-related, and food-related industries.

Within this business environment, the SMC Group will continue to make various efforts to win further market share in various regions to achieve its sales target of "JPY 1 Billion by FY2026", by aggressively investing in new facilities; establishing SMC's BCP structure to improve its capabilities including procurement; strengthen sales expansion activities on its energy-saving products such as temperature control equipment, electric actuators, AMS (Air Management System) and booster regulator.

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 130 yen, 145 yen, and 19 yen respectively. Net sales 807,000 million yen, operating profit 233,000 million yen, ordinary profit 253,000 million yen and profit attributable to owners of parent 183,000 million yen.

Since June of 2022, SMC has frozen all exports to and new investments at its Russian subsidiaries. If SMC were to complete a full withdrawal from the Russian market in the future, there is a risk that SMC will not be able to obtain the required permits and approvals from the local authorities to recover SMC's remaining assets within the country. As such, the SMC Group may see damages of up to 12 billion yen from the loss of these assets.

## **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, 2022	As of March 31, 2023
<b>[ASSETS]</b>		
<b>Current assets</b>		
Cash and deposits	684,834	603,570
Notes and accounts receivable-trade	211,939	228,848
Securities	12,219	19,926
Merchandise and finished goods	130,829	165,288
Work in process	25,574	31,388
Raw materials and supplies	147,141	221,925
Other	46,769	53,641
Allowance for doubtful accounts	(901)	(740)
<b>Total current assets</b>	<b>1,258,406</b>	<b>1,323,848</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	91,705	123,752
Machinery, equipment and vehicles, net	41,988	52,097
Tools, furniture and fixtures, net	10,523	13,897
Land	74,775	87,746
Construction in progress	51,591	49,501
<b>Total property, plant and equipment</b>	<b>270,584</b>	<b>326,995</b>
<b>Intangible assets</b>		
Leasehold interests in land	11,766	11,759
Other	3,417	4,832
<b>Total intangible assets</b>	<b>15,183</b>	<b>16,591</b>
<b>Investments and other assets</b>		
Investment securities	58,750	92,420
Retirement benefit asset	6,441	11,639
Insurance funds	150,797	143,902
Deferred tax assets	5,715	7,456
Other	5,735	6,540
Allowance for doubtful accounts	(1,664)	(1,454)
<b>Total investments and other assets</b>	<b>225,776</b>	<b>260,505</b>
<b>Total non-current assets</b>	<b>511,545</b>	<b>604,092</b>
<b>Total assets</b>	<b>1,769,951</b>	<b>1,927,940</b>

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>[LIABILITIES]</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	62,101	73,636
Short-term borrowings	6,987	7,137
Income taxes payable	44,783	42,435
Provision for bonuses	5,350	5,143
Other	50,179	60,494
<b>Total current liabilities</b>	<b>169,403</b>	<b>188,847</b>
<b>Non-current liabilities</b>		
Long-term borrowings	4,556	5,049
Deferred tax liabilities	21,463	16,094
Provision for retirement benefits for directors	270	458
Provision for share awards for directors	65	114
Retirement benefit liability	7,552	7,577
Other	7,366	7,472
<b>Total non-current liabilities</b>	<b>41,274</b>	<b>36,767</b>
<b>Total liabilities</b>	<b>210,677</b>	<b>225,615</b>
<b>[NET ASSETS]</b>		
<b>Shareholders' equity</b>		
Share capital	61,005	61,005
Capital surplus	73,335	73,342
Retained earnings	1,430,285	1,596,086
Treasury shares	(109,136)	(164,167)
<b>Total shareholders' equity</b>	<b>1,455,489</b>	<b>1,566,266</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	11,235	7,573
Foreign currency translation adjustment	87,893	120,275
Remeasurements of defined benefit plans	1,010	4,298
<b>Total accumulated other comprehensive income</b>	<b>100,139</b>	<b>132,146</b>
<b>Non-controlling interests</b>	<b>3,645</b>	<b>3,912</b>
<b>Total net assets</b>	<b>1,559,274</b>	<b>1,702,325</b>
<b>Total liabilities and net assets</b>	<b>1,769,951</b>	<b>1,927,940</b>

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

### 1. Consolidated Statement of Income

(Millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
<b>Net sales</b>	<b>727,397</b>	<b>824,772</b>
<b>Cost of sales</b>	<b>363,545</b>	<b>403,613</b>
<b>Gross profit</b>	<b>363,851</b>	<b>421,159</b>
<b>Selling, general and administrative expenses</b>	<b>135,993</b>	<b>162,958</b>
<b>Operating profit</b>	<b>227,857</b>	<b>258,200</b>
<b>Non-operating income</b>		
Interest income	6,712	11,722
Foreign exchange gains	33,144	28,203
Other	5,769	8,090
<b>Total non-operating income</b>	<b>45,626</b>	<b>48,016</b>
<b>Non-operating expenses</b>		
Interest expenses	182	105
Loss on investments in insurance funds	98	—
Other	221	130
<b>Total non-operating expenses</b>	<b>502</b>	<b>236</b>
<b>Ordinary profit</b>	<b>272,981</b>	<b>305,980</b>
<b>Extraordinary income</b>		
Gain on sale of non-current assets	308	447
Gain on sale of investment securities	243	3,208
Other	30	7
<b>Total extraordinary income</b>	<b>581</b>	<b>3,663</b>
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	395	352
Impairment losses	222	35
Extra retirement payments	—	370
Other	93	109
<b>Total extraordinary losses</b>	<b>711</b>	<b>867</b>
<b>Profit before income taxes</b>	<b>272,851</b>	<b>308,777</b>
Income taxes-current	75,731	90,677
Income taxes-deferred	3,796	(6,806)
<b>Total income taxes</b>	<b>79,527</b>	<b>83,871</b>
<b>Profit</b>	<b>193,323</b>	<b>224,905</b>
<b>Profit attributable to non-controlling interests</b>	<b>331</b>	<b>296</b>
<b>Profit attributable to owners of parent</b>	<b>192,991</b>	<b>224,609</b>



## 2. Consolidated Statement of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
<b>Profit</b>	<b>193,323</b>	<b>224,905</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(176)	(3,650)
Foreign currency translation adjustment	75,876	32,383
Remeasurements of defined benefit plans, net of tax	173	3,295
<b>Total other comprehensive income</b>	<b>75,872</b>	<b>32,028</b>
<b>Comprehensive income</b>	<b>269,196</b>	<b>256,933</b>
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	268,826	256,616
Comprehensive income attributable to non-controlling interests	369	316

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

Previous 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

**Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)**

(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	1,430,285	(109,136)	1,455,489
Changes during period					
Dividends of surplus			(58,808)		(58,808)
Profit attributable to owners of parent			224,609		224,609
Purchase of treasury shares				(55,030)	(55,030)
Change in ownership interest of parent due to transactions with non-controlling interests		6			6
Net changes in items other than shareholders equity					
Total changes during period	—	6	165,801	(55,030)	110,777
Net assets at end of period	61,005	73,342	1,596,086	(164,167)	1,566,266

	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	11,235	87,893	1,010	100,139	3,645	1,559,274
Changes during period						
Dividends of surplus						(58,808)
Profit attributable to owners of parent						224,609
Purchase of treasury Shares						(55,030)
Change in ownership interest of parent due to transactions with non-controlling interests						6
Net changes in items other than shareholders' equity	(3,662)	32,381	3,288	32,007	266	32,273
Total changes during Period	(3,662)	32,381	3,288	32,007	266	143,051
Net assets at end of period	7,573	120,275	4,298	132,146	3,912	1,702,325

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

(Millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	272,851	308,777
Depreciation	20,557	25,767
Impairment losses	222	35
Extra retirement payments	—	370
Increase (decrease) in allowance for doubtful accounts	139	(517)
Increase (decrease) in provision for retirement benefits for directors	(15)	190
Increase (decrease) in retirement benefit liability	710	143
Interest and dividend income	(7,350)	(12,985)
Interest expenses	182	105
Foreign exchange losses (gains)	(25,599)	(21,874)
Loss (gain) on sale of investment securities	(243)	(3,203)
Loss (gain) on valuation of investment securities	1	34
Decrease (increase) in trade receivables	(16,941)	(10,014)
Decrease (increase) in inventories	(33,777)	(106,728)
Increase (decrease) in trade payables	3,209	6,332
Decrease (increase) in other current assets	(10,845)	(6,023)
Increase (decrease) in other current liabilities	8,966	3,690
Other, net	(2,257)	(5,467)
Subtotal	209,812	178,632
Interest and dividends received	8,431	14,692
Interest paid	(180)	(125)
Income taxes refund (paid)	(61,969)	(91,581)
<b>Net cash provided by (used in) operating activities</b>	<b>156,093</b>	<b>101,617</b>

(Millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
<b>Cash flows from investing activities</b>		
Payments into time deposits	(151,867)	(190,302)
Proceeds from withdrawal of time deposits	107,440	207,357
Purchase of property, plant and equipment	(77,588)	(72,180)
Purchase of intangible assets	(3,343)	(2,197)
Purchase of short-term and long-term investment securities	(1,276)	(60,795)
Proceeds from sale and redemption of short-term and long-term investment securities	14,080	18,731
Purchase of insurance funds	(9,095)	(9,553)
Proceeds from maturity of insurance funds	5,705	19,588
Other, net	(270)	2,265
<b>Net cash provided by (used in) investing activities</b>	<b>(116,215)</b>	<b>(87,086)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	200	5,276
Proceeds from long-term borrowings	2,100	2,307
Repayments of long-term borrowings	(1,566)	(6,936)
Purchase of treasury shares	(50,020)	(55,030)
Purchase of treasury shares of subsidiaries	—	(44)
Dividends paid	(39,631)	(58,776)
Other, net	(15)	(95)
<b>Net cash provided by (used in) financing activities</b>	<b>(88,933)</b>	<b>(113,299)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>46,811</b>	<b>30,796</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,243)</b>	<b>(67,972)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>561,540</b>	<b>559,296</b>
<b>Cash and cash equivalents at the end of period</b>	<b>559,296</b>	<b>491,324</b>

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

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

N/A

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

#### **(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)**

From the beginning of the 2022 fiscal year that ended on March 31, 2023, the Company applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, June 17, 2021; hereinafter referred to as "Implementation Guidance on Accounting Standard for Fair Value Measurement"), and the new accounting policies stipulated within, are applied prospectively pursuant to the transitional treatment stipulated by Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. The application has no impact on the consolidated financial statements.

### **(Segment information)**

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.

### **(Per share information)**

	<b>Previous consolidated FY (April 1, 2021 – March 31, 2022)</b>	<b>Current consolidated FY (April 1, 2022 – March 31, 2023)</b>
Net assets per share	23,808.08 yen	26,331.72 yen
Net income per share	2,923.76 yen	3,444.55 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
176,302	100,135	223,612	144,562	143,362	36,796	824,772

(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
184,016	128,649	138,574	235,316	121,702	16,513	824,772

(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, 2023 (Actual)		Year ending March 31, 2024 (Forecast)	
Capital expenditures	81,592	(2.3%)	120,000	47.1%
Depreciation	25,767	25.3%	30,000	16.4%
R&D expenses	27,361	16.6%	30,000	9.6%

### (4) Foreign currency exchange rates

	Year ended March 31, 2023 (Actual)		Year ending March 31, 2024 (Forecast)
	(average)	(at end)	(average)
U S \$	¥ 135.56	¥ 133.54	¥ 130.00
E U R	¥ 141.05	¥ 145.72	¥ 145.00
C N Y	¥ 19.75	¥ 19.42	¥ 19.00

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

(Number of personnel)

	Year ended March 31, 2023	Difference from last year end
Full-time employees (at end)	22,988	1,368
Temporary employees (average)	6,243	613