

**Presentation of Financial Results
for the First Quarter ended
June 30, 2023 (FY2023)**

(Supplemental Material for Consolidated
Financial Highlights)

August 10, 2023

SMC Corporation

Presentation of Financial Results for the 1st Quarter Ended June 30, 2023

SMC Corporation

Masahiro Ota,
Director and Executive Officer
Head of Finance & Accounting Division
August 10, 2023

Supporting Automation



Consolidated Statement of Income

(Billions of Yen)

	FY22/1Q Result		FY23/1Q Result		YoY (22/1Q vs 23/1Q)		FY23 Forecast		FY22 4Q		FY23 1Q		QoQ (23/4Q vs 23/1Q)	
	Amount	vs net sales	Amount	vs net sales	Amount	%	Amount	Progress %	Amount	vs net sales	Amount	vs net sales	Amount	%
Net sales	211.3		198.9		-12.3	-5.9%	807.0	24.7%	197.2		198.9		1.6	0.8%
Cost of sales	105.9	50.1%	102.5	51.5%	-3.4	-3.2%	405.0	25.3%	96.1	48.8%	102.5	51.5%	6.3	6.6%
Gross profit	105.4	49.9%	96.4	48.5%	-8.9	-8.5%	402.0	24.0%	101.1	51.2%	96.4	48.5%	-4.6	-4.6%
Selling, general & administrative expenses	37.4	17.7%	40.3	20.3%	2.8	7.7%	169.0	23.9%	40.7	20.6%	40.3	20.3%	-0.3	-1.0%
Operating profit	67.9	32.2%	56.1	28.2%	-11.8	-17.5%	233.0	24.1%	60.3	30.6%	56.1	28.2%	-4.2	-7.1%
Ordinary profit	104.0	49.2%	74.8	37.6%	-29.2	-28.1%	253.0	29.6%	71.6	36.3%	74.8	37.6%	3.1	4.4%
Net profit	75.4	35.7%	52.1	26.2%	-23.2	-30.8%	183.0	28.5%	50.8	25.8%	52.1	26.2%	1.3	2.6%
Average exchange rate														
USD	129.72		137.49		+7.77	6.0%	130.00		132.42		137.49		+5.07	3.8%
EUR	138.24		149.57		+11.33	8.2%	145.00		142.19		149.57		+7.38	5.2%
CNY	19.60		19.56		-0.04	-0.2%	19.00		19.35		19.56		+0.21	1.1%
Depreciation	5.7		7.0		1.3	22.9%	30.0	23.5%						
R&D expenses	6.2		7.1		0.9	14.9%	30.0	24.0%						

Progress of FY23 Forecast

Sales for semiconductors are expected to recover in the 2nd half of this fiscal year, and forecast is allocated 48% in the 1st half and 52% in the 2nd half based on net sales. Net sales and profit achieved more than 50% of forecast in the first quarter.

(Billions of yen)

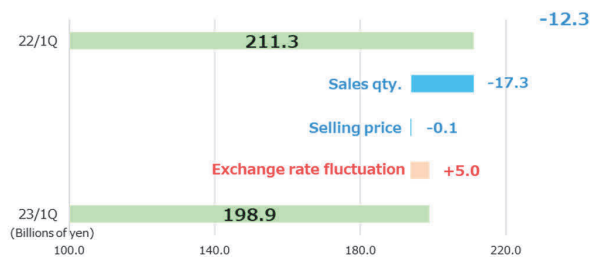
	FY22 Result	FY23 Forecast			FY23Q1 Result	Progress vs Forecast
			1st Half	2nd Half		
Net sales	824.7	807.0	387.0	420.0	198.9	51.4%
Gross profit	421.1	402.0	190.0	212.0	96.4	50.8%
Operating profit	258.2	233.0	109.0	124.0	56.1	51.5%
Ordinary profit	305.9	253.0	118.0	135.0	74.8	63.4%
Net profit	224.6	183.0	85.0	98.0	52.1	61.4%

USD	135.56	130.00	137.49
EUR	141.05	145.00	149.57
CNY	19.75	19.00	19.56

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

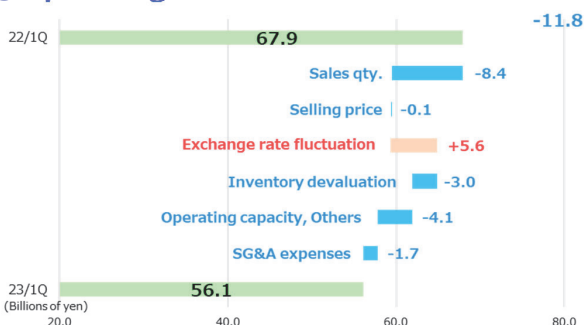
① Net Sales

(Billions of yen)



- < Sales qty. > 8% decrease
Japan -3.7 (-8%), North America -1.1 (-4%), Greater China -9.0 (-14%), Other Asia -3.9 (-12%)
- < Selling price > 0.1% down
Japan +0.4, Overseas -0.5 decrease in Asia region
- < Exchange rate fluctuation > 2% Increase
North America (mainly USD) +2.2
Europe (mainly EUR) +1.9
Greater China (mainly CNY) +0.0

② Operating Profit

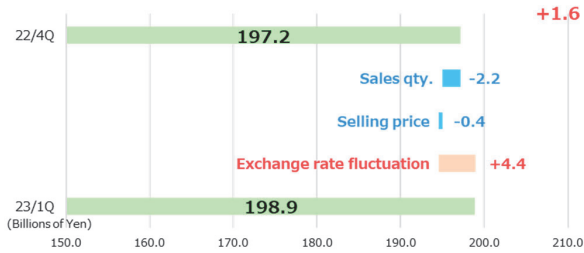


- < Exchange rate fluctuation >
 - From transaction (Foreign currency export & import) +4.8
 - From conversion (Overseas subs P&L conversion) +0.7
- < Inventory devaluation >
Decrease in inventory turn-over ratio, increase devaluation
- < Operating capacity >
Cost of sales ratio worsened from increase in material cost and labor costs which can not be absorbed by improvement of operating capacity from increase in production volume.
- < SG&A expenses >
 - Personnel -0.9, Traveling -0.3, Research -0.3

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

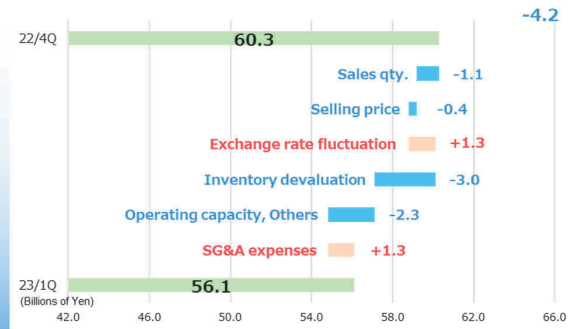
① Net Sales

(Billions of yen)



- < Sales qty. > 1% decrease
 Japan -0.6 (-2%), Europe +4.8 (-12%),
 Greater China +1.6 (+3%), Other Asia +1.5 (+6%)
- < Selling price > 0.3% down
 Japan +0.9, Overseas -1.4 decrease in Asia region
- < Exchange rate fluctuation > slight increase
 North America (mainly USD) +1.4
 Europe (mainly EURO) +1.6
 Greater China (mainly CNY) +0.8

② Operating Profit



- < Exchange rate fluctuation >
 - From transaction (Foreign currency export & import) +0.6
 - From conversion (Overseas subs P&L conversion) +0.7
- < Inventory devaluation >
 Decrease in inventory turn-over ratio, increase devaluation.
- < Operating capacity >
 Operation capacity decreased from decrease in production volume.
- < SG&A expenses >
 - Taxes and dues +1.2, Personnel +0.7, Delivery -0.2, Traveling -0.2

[Quarterly] Consolidated Net Sales by Location

	Japan	North America	Europe	Greater China	Others of Asia																																																																						
Sales Ratio	22%	17%	18%	27%	14%																																																																						
Net Sales (Bil. Of Yen)	<table border="1"> <tr><th colspan="2">FY22</th><th colspan="2">FY23</th></tr> <tr><th>1Q</th><th>2Q</th><th>3Q</th><th>4Q</th><th>1Q</th></tr> <tr><td>46.9</td><td>45.8</td><td>47.6</td><td>43.4</td><td>43.6</td></tr> </table>	FY22		FY23		1Q	2Q	3Q	4Q	1Q	46.9	45.8	47.6	43.4	43.6	<table border="1"> <tr><th colspan="2">FY22</th><th colspan="2">FY23</th></tr> <tr><th>1Q</th><th>2Q</th><th>3Q</th><th>4Q</th><th>1Q</th></tr> <tr><td>32.7</td><td>32.3</td><td>30.9</td><td>32.6</td><td>33.5</td></tr> </table>	FY22		FY23		1Q	2Q	3Q	4Q	1Q	32.7	32.3	30.9	32.6	33.5	<table border="1"> <tr><th colspan="2">FY22</th><th colspan="2">FY23</th></tr> <tr><th>1Q</th><th>2Q</th><th>3Q</th><th>4Q</th><th>1Q</th></tr> <tr><td>33.1</td><td>33.0</td><td>33.8</td><td>38.4</td><td>35.6</td></tr> </table>	FY22		FY23		1Q	2Q	3Q	4Q	1Q	33.1	33.0	33.8	38.4	35.6	<table border="1"> <tr><th colspan="2">FY22</th><th colspan="2">FY23</th></tr> <tr><th>1Q</th><th>2Q</th><th>3Q</th><th>4Q</th><th>1Q</th></tr> <tr><td>62.1</td><td>62.6</td><td>59.0</td><td>51.3</td><td>52.9</td></tr> </table>	FY22		FY23		1Q	2Q	3Q	4Q	1Q	62.1	62.6	59.0	51.3	52.9	<table border="1"> <tr><th colspan="2">FY22</th><th colspan="2">FY23</th></tr> <tr><th>1Q</th><th>2Q</th><th>3Q</th><th>4Q</th><th>1Q</th></tr> <tr><td>32.3</td><td>31.8</td><td>30.3</td><td>27.2</td><td>28.7</td></tr> </table>	FY22		FY23		1Q	2Q	3Q	4Q	1Q	32.3	31.8	30.3	27.2	28.7
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R&D Base	Tsukubamirai City	USA	UK·Germany	Beijing	-																																																																						
Foreign Exchange Sensitivity(1%)*	-	USD 0.49 bil. yen	EUR 0.74 bil.yen	CNY 1.31 bil.yen	KRW 0.44 bil.yen																																																																						

*Impact to operating profit from 1% exchange rate change (total impact of the above major currencies is approximately 3 billion yen)

Consolidated Balance Sheet

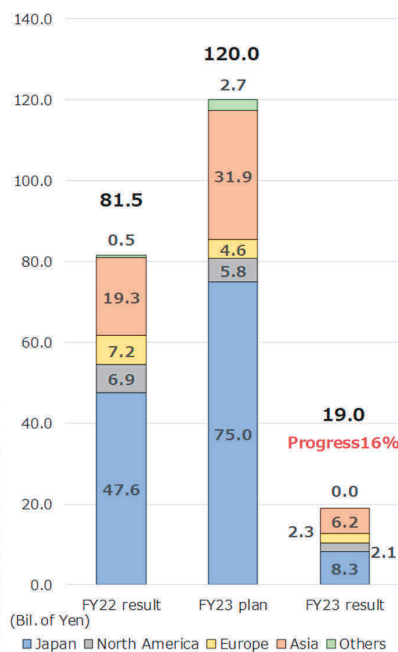
(Billions of Yen)				
	FY22	23/1Q	Change	
Assets	1,927.9	2,014.7	86.7	4.5%
Current assets	1,323.8	1,312.8	(11.0)	-0.8%
(①Cash and deposits)	(603.5)	(565.9)	(-37.6)	-6.2%
(Trade receivables)	(228.8)	(232.2)	(3.4)	1.5%
(②Securities)	(19.9)	(21.2)	(1.3)	6.8%
(Inventories)	(418.6)	(465.3)	(46.7)	11.2%
Non-current assets	604.0	701.8	97.7	16.2%
(③Investment securities with fair value)	(76.2)	(149.0)	(72.7)	95.5%
(④Insurance funds)	(143.9)	(144.0)	(0.1)	0.1%
*Cashability assets ①+②+③+④	843.6	880.3	36.6	4.3%
Liabilities	225.6	231.8	6.2	2.8%
Current liabilities	188.8	190.1	1.3	0.7%
(Trade payables)	(73.6)	(84.4)	(10.8)	14.7%
Non-current liabilities	36.7	41.6	4.9	13.3%
Net assets	1,702.3	1,782.8	80.5	4.7%
Equity ratio	88.1%	88.3%	+0.2	
Net assets per share (yen)	26,331	27,579	+1,248	
ROE	13.8%	3.0%*		

(Billions of Yen)			
	FY22	23/1Q	Change
Total inventory	418.6	465.3	46.7
Merchandise and finished goods	165.2	184.4	19.1
Work in process	31.3	34.4	3.0
Raw materials, parts and supplies	221.9	246.4	24.5
Impact due to exchange rate fluctuation			13.0
Impact due to inventory devaluation			-3.7
Actual YoY change			37.4
FY average monthly sales ratio	6.1	7.0	0.9
Closing month sales ratio	5.6	6.7	1.1
Closing exchange rate			
USD	133.54	144.99	+11.45
EUR	145.72	157.56	+11.84
CNY	19.42	19.95	+0.53

(*The annualized rate 12%)

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Capital Expenditure



		(Billions of yen)		FY23 Plan		23/1Q	
Purpose	Place	Plan	Item	Result	Item		
PRD	Japan	35.0	Tono Fac. Kamaishi Fac. Shimotsuma Fac.	2.7	Tono Fac. Kamaishi Fac. Shimotsuma Fac.		
	Overseas	35.0	Vietnam Mfg China Mfg(s) SMC US SMC Korea	6.9	Vietnam Mfg China Mfg(s) SMC US SMC Korea		
Admin. R&D Sales Logistics	Japan	40.0	JTC HQ Building East&West Logistics	5.6	JTC HQ Building East&West Logistics		
	Overseas	10.0	SMC China SMC Australia SMC Czech SMC US SMC Germany	3.8	SMC China SMC Australia SMC Czech SMC US SMC Germany		
Total		120.0		19.0			

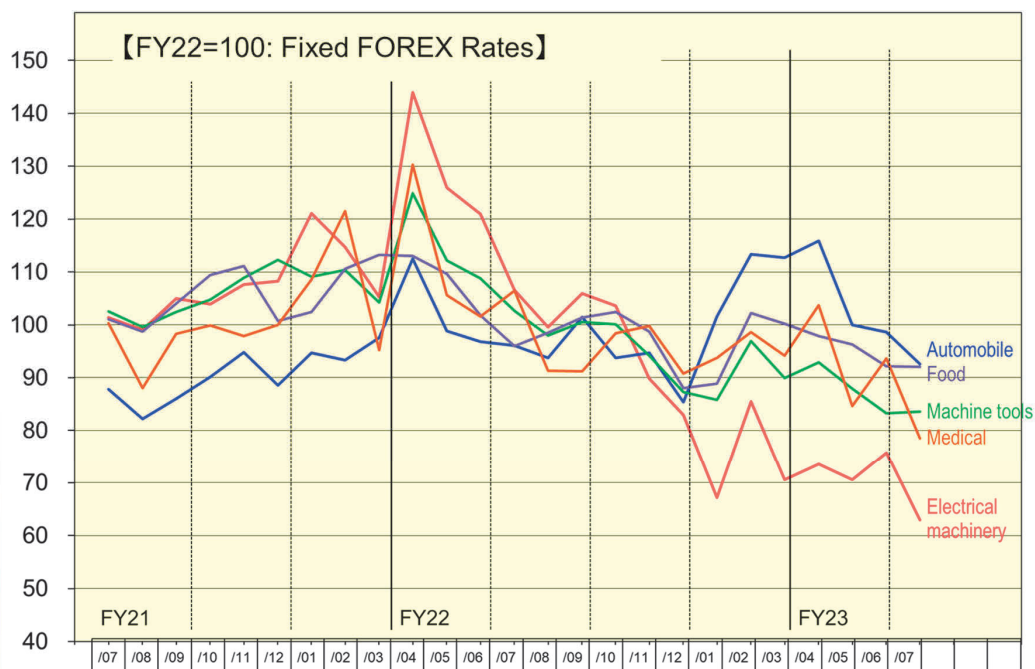
- Budgeted CAPEX for 23/1Q was 25 billion yen, and the progress rate was 76% at the end of the quarter.
- The delay in CAPEX is mainly due to delays in deliveries by equipment suppliers, changes in investment plans, and a shortage of human resources in the production engineering department, etc.

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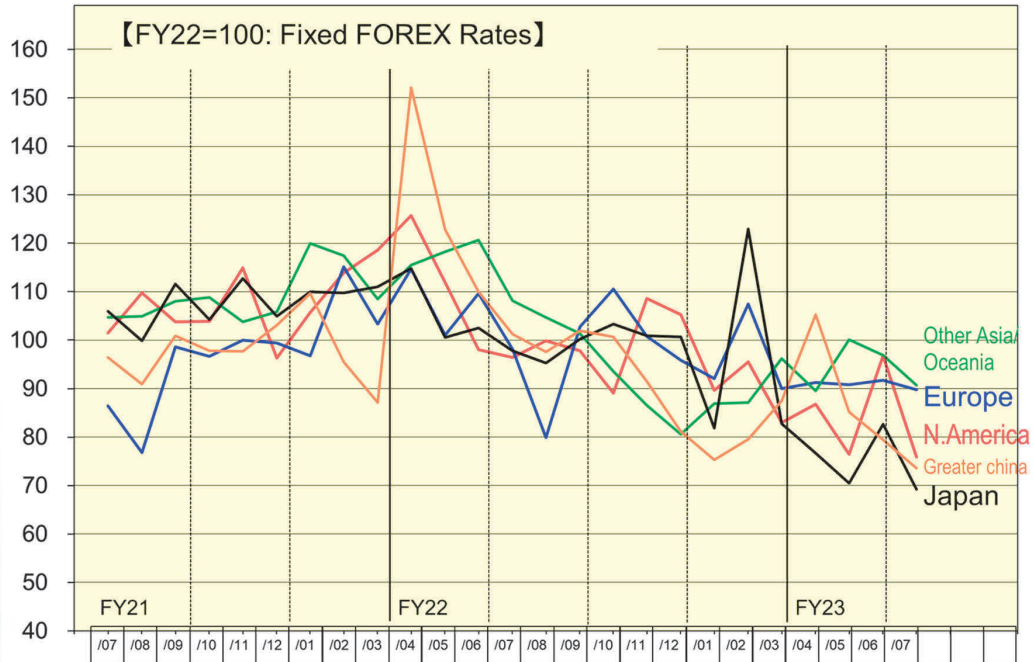
Current Order Situation (FY22=100)

	FY23	'22/4Q	'23/1Q	'23/07	'23/07 Situation	
Consolidated	Electrical machinery	71	74	73	63	[Decrease] All areas (except Singapore)
	Automobile	101	109	104	93	[Decrease] China [Remained flat] Japan, Korea
	Machine tools	87	91	88	84	[Decrease] Japan, China [Increase] Switzerland
	Foods	94	97	95	92	[Decrease] US, China [Remained flat] Japan
	Medical	90	95	94	79	[Decrease] Japan, US, China
	Other	92	95	93	86	
Japan	75	95	76	69	[Decrease] Electrical machinery, medical	
North America	84	89	87	76	[Decrease] All industries	
Europe	91	96	91	90	[Decrease] Automobile [Increase] Machine tools	
Greater China	86	81	89	74	[Decrease] All industries	
The rest of Asia & Oceania	95	90	96	91	[Decrease] All industries	
Consolidated	85	89	88	79		

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

