

**Presentation of Financial Results  
for the Second Quarter ended  
September 30, 2023 (FY2023)**

(Supplemental Material for Consolidated  
Financial Highlights)

**November 15, 2023**

**SMC Corporation**

# Presentation of Financial Results for the Second Quarter ended September 30, 2023 (FY2023)

November 15, 2023  
SMC Corporation  
Yoshiki Takada, President

## Supporting Automation



## FY2023 1<sup>st</sup> Half Summary

Although solid demand for automation and labor saving CAPEX continued and depreciation of JPY was positive, both net sales and operating profit decreased due to declining semiconductor related demand and slow down in greater China.

### <By Industry>

Semiconductor and electrical machinery demand remained stagnant. For auto, production volume of cars recovered, but capital investment was sluggish. EV related investment was active mainly in Europe and the U.S. The machine tool industry continued to be in an adjustment phase.

### <By Area>

Due to sluggish demand for semiconductors, sales remained low in Japan, North America, and Asia. In Greater China, solar and some other industries were firm, but overall sales were sluggish. Europe was relatively firm.

### <Shareholder Return>

Resolved to pay interim dividends of 450 yen per share, totaling 29 billion yen.  
Resolved to buyback up to 35 billion yen of its own shares (Buyback period: November 2023 to March 2024)

(Billions of Yen)	FY22/2Q Result		FY23/2Q Result		YoY (22/2Q vs 23/2Q)	
	Amount	vs net sales	Amount	vs net sales	Amount	%
Net sales	421.5		393.5		-27.9	-6.6%
Cost of sales	209.3	49.7%	205.7	52.3%	-3.6	-1.7%
Gross profit	212.1	50.3%	187.8	47.7%	-24.3	-11.5%
Selling, general & administrative expenses	78.5	18.6%	82.7	21.0%	4.1	5.3%
Operating profit	133.6	31.7%	105.1	26.7%	-28.5	-21.3%
Ordinary profit	180.7	42.9%	134.6	34.2%	-46.0	-25.5%
Net profit	133.0	31.6%	94.7	24.1%	-38.3	-28.8%
Average exchange rate						
USD	134.06		141.06		+7.00	5.2%
EUR	138.81		153.44		+14.63	10.5%
CNY	19.89		19.74		-0.15	-0.8%
Depreciation	12.1		15.0		2.9	23.8%
R&D expenses	13.5		15.0		1.4	10.5%

# FY2023 Guidance



Full-year forecasts remain unchanged. Exchange rate assumptions were changed.

## <By Industry>

Semiconductor recovery will be pushed back to the middle of 2024 or later. For auto, EV-related investment continue to be active in each area.

## <By Area>

Japan: Semiconductors are showing some signs of bottoming out, but a full-fledged recovery will not be seen until the next fiscal year. Growth in automotive and machine tools continue to be sluggish.

North America: Similar to Japan. EV-related investment is active, but a full-fledged recovery in semiconductors will not be seen until the next fiscal year.

Greater China: Some industries such as solar energy are growing, but secondary batteries, automobiles, and machine tools remain sluggish. There is a move to prioritize "made in China products" to avoid risk due to export restrictions in the U.S. and Europe.

Asia: Automotive-related industries are firm, but recovery in semiconductor-related industries is lagging.

Europe: EV-related investment is active, partly due to environmental regulations. Try to increase market share and diversifying business.

(Billions of yen)

	FY22 Result	FY23 Forecast	1st Half	2nd Half	FY23 1st Half Result	Progress vs Forecast	2nd Half Forecast (deduction)
Net sales	824.7	807.0	387.0	420.0	393.5	101.7%	413.5
Gross profit	421.1	402.0	190.0	212.0	187.8	98.9%	214.2
Operating profit	258.2	233.0	109.0	124.0	105.1	96.4%	127.9
Ordinary profit	305.9	253.0	118.0	135.0	134.6	114.1%	118.4
Net profit	224.6	183.0	85.0	98.0	94.7	111.5%	88.3

Average exchange rate

				Annual Exchange Rate FCST
USD	135.56	130.00	141.06	145.00
EUR	141.05	145.00	153.44	154.00
CNY	19.75	19.00	19.74	19.80

# FY2023 Strategy and Progress-1



## FY2023 Strategy

### 1. Increase in sales volume and market share

- Cost reduction through sales and production volume expansion
- Rationalization through process transparency of production and business
- Unify strategies globally to achieve results efficiently

### 2. Rationalization through introduction of IT and utilization of global human resources

- Improve productivity through introduction of production DX
- Diversify the workforce based on transparent business processes
- Effective utilization of the Group's human assets

### 3. Improvement of sales structure

- Improve productivity of outside sales staff and Distributor collaborations
- Streamlining of internal sales operations
- Strengthen customer relationships through global contracts

### 4. Sales strategy to increase sales volume

- Approach from both end-users and machine builders
- Expand sales of non-pneumatic products and expand sales in new industries and applications
- Propose CO2 reduction solutions

### 5. Logistical arrangement to support sales volume expansion

- Supply capability which can correspond to JPY 1 trillion sales
- Improve procurement capability for parts and materials
- Agile R&D and production that reflects customer needs

### 6. Establishment of BCP system

- Establishment of multiple production sites, multiple procurement of parts and materials
- Multiple R&D sites, expansion of overseas technical centers functions
- Data security and backups

# FY2023 Strategy and Progress-2



## FY2023 1<sup>st</sup> Half Progress

### 1. Increase in sales volume and market share

- Temporary slowdown in sales volume and market share growth due to sluggish demand

### 2. Sales Strategy

- Propose our solutions for saving electricity and CO2 emission  
Energy saving in production facilities, Switching to energy-saving products, Reduced air pressure in factories
- Focus on sales expansion of non-pneumatic products / Cultivate untapped industries
- Develop and launch new products (booster regulators, flow controllers, etc.)

### 3. Establishment of BCP structure

- Establishment of multiple production bases (Vietnam, China)
- Expand functions of development bases  
(Kashiwanoha Campus New Technology Center, expansion of technology center in each country)
- Cultivate suppliers (purchasing of parts and materials from multiple suppliers)

### 4. Utilization of global human resources

- Started operation of "SMC Group Intra-Group Transfer System"

# Examples of power savings in pneumatic system



## 1 Energy savings in production facilities



Visualization of plant, zero air leakage.

## 2 Switching to energy-saving products

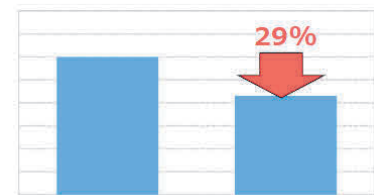


Power-saving and air-saving products

## 3 Lower (reduced) air pressure in factories



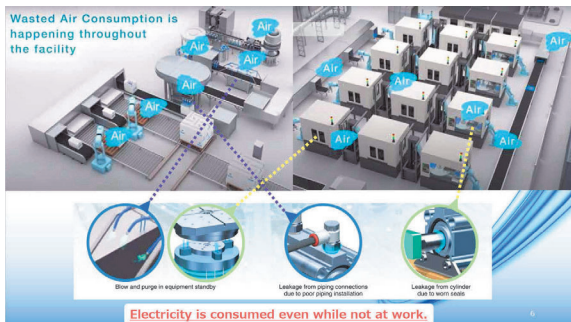
Power saving in factories (reduction of compressor power)



Reductions in electricity



# Energy Savings in production facilities - AMS • Air Leak Visualization Technology



## Visualization of Air Leakage technology developed by SMC

The fluorescent solution (harmless to humans and equipment) is atomized and filled in pneumatic piping, and a black light shines on the fluorescent solution that seeps out from the leaking area, making it possible to visually identify the location of leaks even in minute amounts.

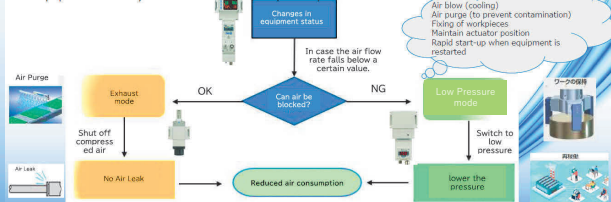
- \*Can be used for piping of fluids other than air (e.g., water).
- \*No operator know-how is required to locate leaks.
- \*Able to detect leaks in the darkness of an ordinary stairway.
- \*Even small leaks can be easily traced and are not easily overlooked.

## Air Management System – Air Saving



**Reduced compressed air consumption during production equipment standby**  
Recognizes the standby status of production equipment and automatically switches to low pressure to reduce air consumption.

Example: Switching from a pressure of 0.5 MPa during equipment operation to 0.2 MPa during equipment standby can reduce air consumption by 50%.

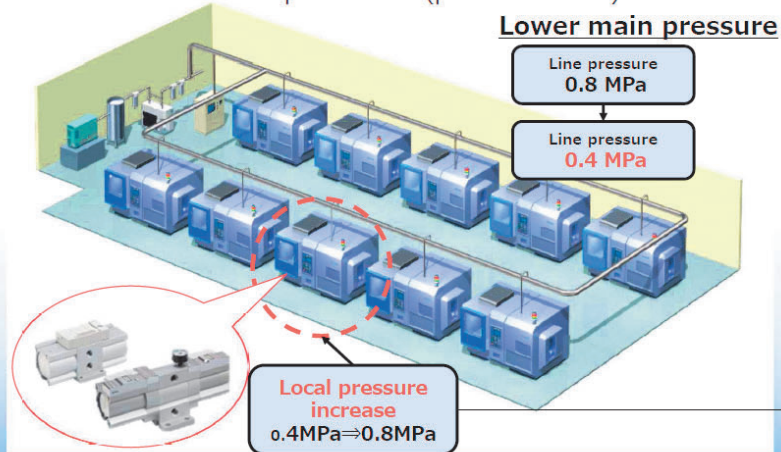


# Reduced Air Pressure in factories



## Example: Compressor power

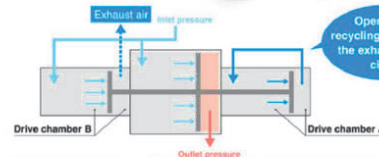
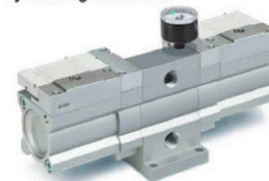
Energy saving: Reduce air pressure throughout the plant and increase pressure locally only where large forces are required.  
⇒Reduction of compressor load (power reduction)



## Booster Regulator VBA-X3145

CO<sub>2</sub> emissions (Air consumption)  
**40% reduction**<sup>\*)</sup>

Driven by reusing exhaust air



Booster Regulator is driven by reusing exhaust air (air that has previously been discarded).

## New Product / Elastic Finger



Developed based on customers requests received from sales representatives around the world. Conventional "gripping" grippers are not suitable for gripping aligned workpieces because the jaws open and close, but the "elastic fingers" can continuously grip differently shaped workpieces without setup changes because the gripping portion wraps the workpiece like a rubber curtain.

### 弾性フィンガ

ゴムシートフィンガにより  
不定形ワークを把持可能

■ 狭ピッチで並んだワークの把持が可能

MHF2

MH-X7654

アタッチメントの幅が  
大きく、ワークに容易  
してします。

フィンガがワークの側  
面に入りやすく、スム  
ーズな把持が可能です。

※エアチェック。弾性フィンが取付アタッチ  
メントは別途手配となります。

New  
RoHS

### ワーク把持例

生たまご

ペットボトル

金属部品

ドライバー

取付き器具

飲料缶

## Diversification and Linkage



### Diversification

Utilize all networks and opportunities to reach out to various users, industries, machines to develop new customers

→Diversify and stabilize revenue sources



Vegetable  
Plant  
(Agriculture)



Wine, Sake,  
Craft beer Mfg.



Dairy  
farming/  
Milking



Cheese  
Mfg.



Powder / Dust  
collection  
Pharmaceuticals /  
Fine Chemicals  
(Chemical process)

### Linkage

Maximize the use of information and resources, and connect each other (linkage) to approach users, whether domestic or overseas, in the same or different industries from various angles and surfaces by connecting users point by point.

## Reinforcement of R&D structure



### Establishment of "Kashiwanoha Campus New Technical Center (provisional name)"

- \*Create a superior development environment, improve productivity, and attract talented human resources.
- \*Create new innovations through exchanges with customers, engineers from group companies, university researchers, etc.
- \*Highly functional base in terms of BCP.

### Expanding Technical Centers around the world

Expand technical center in each country to enhance the supply system and technical support system to meet global customer demand.



Conceptual drawing of Kashiwanoha Campus New Technology Center

Location	Kashiwa city, Chiba prefecture
Outline	Three five-story buildings
Site area	42,794㎡
Building area	29,407㎡
Total floor area	85,320㎡
Total investment amount	JPY 120 Billion
No. of employees	1,300 people
Start of construction	December 2023
End of construction	August 2025

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## Utilization of Global Human Resources



### SMC Group Intra-Group Transfer System Begins Operation

In order to achieve sales of 1 trillion yen in FY2026 and further development of the SMC Group after that, it is necessary to speedily establish a system that enables excellent human resources working in the SMC Group companies to be active globally, beyond the framework of the companies. In fiscal year 2023, we began operating a new "SMC Group Intra-Group Transfer System".

This system is designed to enable talented employees of overseas group companies to broaden their perspectives based on the experience of working in Japan, and to help them to play a more active role after returning to their home countries. At the same time, SMC Japan employees will be stimulated by friendly competition with talented overseas employees, and encouraged to take on the challenge of becoming active on the global stage.

#### <Outline>

- SMC Japan accepts personnel from overseas group companies through "intra-company transfers" status of residence. (In principle, the period of employment in Japan is 3 years.)
- The department that will utilize the overseas personnel prepares a job description, and the human resources department recruits the candidates to the overseas group companies, along with their compensation conditions.
- The president of the overseas group company recommends candidates, and the recruiting department conducts document screening and web interviews to determine who will be transferred. The requested department conducts a document screening and web interview to determine the transferee.
- The recruitments are to be held twice a year (March and September), to be continued every year.

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# Initiatives to reduce GHG emissions



**Mid-long term Targets**  
 (Assuming sales of 1 trillion yen in FY2026 and the same pace of revenue growth thereafter)

**Mid-term**  
 Reduce GHG emissions (Scope 1+2) by 48% by FY2030

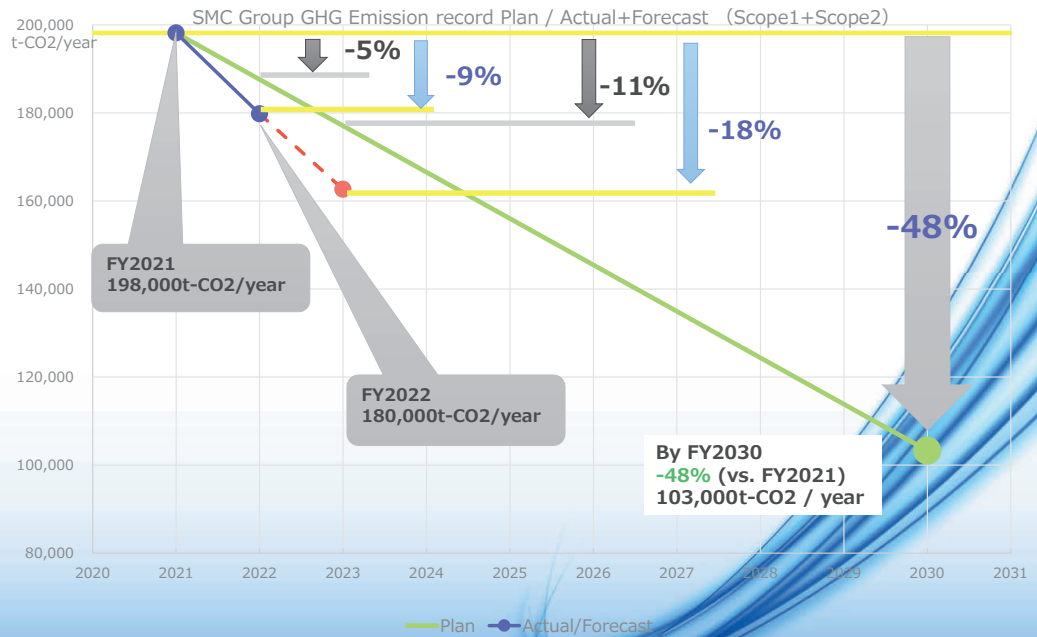
**Long-term**  
 Achieve carbon neutrality by FY2050

**FY2022 Results**

Achieved reductions at a pace exceeding the mid-term target

**Plan for FY2023**

- Further significant reduction is planned
- \*Expand procurement of green electricity
- \*Promote use of solar power generation
- \*Energy saving through renewal of facilities



# Changes in Corporate Governance



FY	Major Events	
2019	Yoshiyuki Takada, the founder of SMC Corporation retired	
2020	Established "Nomination and Compensation Committee"	Chairman : Masanobu Kaizu (Outside Director)
	Introduced Stock Compensation Plan for Directors	Abolished retirement benefits for directors
2021	Yoshiki Takada became President	
	Increased the number of outside directors from 2 to 4 (including 1 <sup>st</sup> female director)	Ratio of outside directors to all directors: 1/3 or more
	Established "Advisory Committee"	Consists of president of four major overseas group companies and president Yoshiki Takada
	Established "Sustainability Committee"	Chairman : Kyoichi Miyazaki (Outside Director)
2022	Appointed 1 <sup>st</sup> female "internal" (foreign) director	
2023	Enhanced stock compensation plan Increased performance-linked and stock ratio	Ratio of Fixed compensation, performance-linked compensation, and stock compensation = 5:2:3
	Changed Accounting Auditor	Changed to Ernst & Young ShinNihon LLC





**Supporting Automation**

# Presentation of Financial Results for the 2nd Quarter Ended September 30, 2023

## SMC Corporation

Masahiro Ota,  
Director and Executive Officer  
Head of Finance & Accounting Division  
November 15, 2023

### Supporting Automation



## Consolidated Statement of Income

(Billions of Yen)

	FY22/2Q Result		FY23/2Q Result		YoY (22/2Q vs 23/2Q)		FY23 Forecast		FY23 1Q		FY23 2Q		QoQ (23/1Q vs 23/2Q)	
	Amount	vs net sales	Amount	vs net sales	Amount	%	Amount	Progress %	Amount	vs net sales	Amount	vs net sales	Amount	%
Net sales	421.5		393.5		-27.9	-6.6%	807.0	48.8%	198.9		194.5		-4.3	-2.2%
Cost of sales	209.3	49.7%	205.7	52.3%	-3.6	-1.7%	405.0	50.8%	102.5	51.5%	103.1	53.0%	0.6	0.6%
Gross profit	212.1	50.3%	187.8	47.7%	-24.3	-11.5%	402.0	46.7%	96.4	48.5%	91.4	47.0%	-5.0	-5.2%
Selling, general & administrative expenses	78.5	18.6%	82.7	21.0%	4.1	5.3%	169.0	48.9%	40.3	20.3%	42.3	21.8%	2.0	5.1%
Operating profit	133.6	31.7%	105.1	26.7%	-28.5	-21.3%	233.0	45.1%	56.1	28.2%	49.0	25.2%	-7.0	-12.6%
Ordinary profit	180.7	42.9%	134.6	34.2%	-46.0	-25.5%	253.0	53.2%	74.8	37.6%	59.8	30.8%	-14.9	-20.0%
Net profit	133.0	31.6%	94.7	24.1%	-38.3	-28.8%	183.0	51.8%	52.1	26.2%	42.5	21.9%	-9.5	-18.3%
Average exchange rate														
USD	134.06		141.06		+7.00	5.2%	130.00		137.49		144.63		+7.14	5.2%
EUR	138.81		153.44		+14.63	10.5%	145.00		149.57		157.31		+7.74	5.2%
CNY	19.89		19.74		-0.15	-0.8%	19.00		19.56		19.93		+0.37	1.9%
Depreciation	12.1		15.0		2.9	23.8%	30.0	50.3%						
R&D expenses	13.5		15.0		1.4	10.5%	30.0	50.0%						

## 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. Result of FY23 1st half was supported by the JPY's depreciation and achieved semi-annual guidance for "Net sales", "Ordinary profit" and "Net profit".

(Billions of yen)

	FY22 Result	FY23 Forecast	FY23 Forecast		FY23 1st Half Result	Progress vs Forecast	2nd Half Forecast (deduction)
			1st Half	2nd Half			
<b>Net sales</b>	<b>824.7</b>	<b>807.0</b>	<b>387.0</b>	<b>420.0</b>	<b>393.5</b>	<b>101.7%</b>	<b>413.5</b>
Gross profit	421.1	402.0	190.0	212.0	187.8	98.9%	214.2
Operating profit	258.2	233.0	109.0	124.0	105.1	96.4%	127.9
Ordinary profit	305.9	253.0	118.0	135.0	134.6	114.1%	118.4
Net profit	224.6	183.0	85.0	98.0	94.7	111.5%	88.3



No Revision

Average exchange rate

USD	135.56	130.00
EUR	141.05	145.00
CNY	19.75	19.00

Annual Exchange Rate FCST

	141.06	145.00
	153.44	154.00
	19.74	19.80

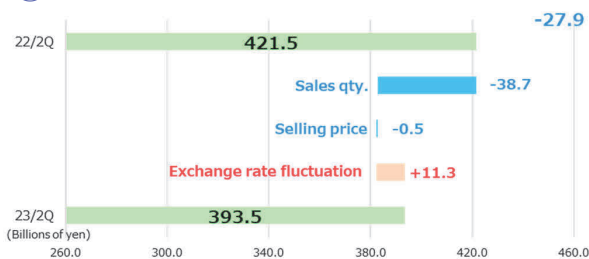


Revision

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

### ① Net Sales

(Billions of yen)



#### < Sales qty. > 9% decrease

Japan -9.2 (-9%), North America -2.1 (-3%), Greater China -21.5 (-17%), Other Asia -5.9 (-9%)

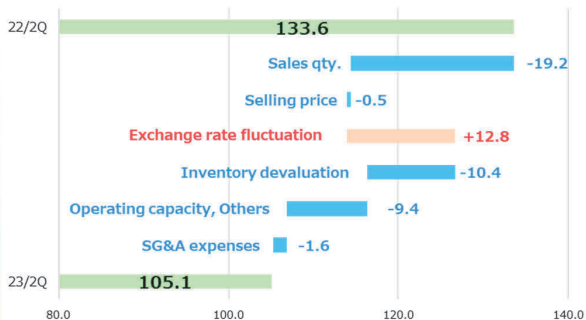
#### < Selling price > 0.1% down

Japan +1.0, Overseas -1.5 decrease in Asia region

#### < Exchange rate fluctuation > 2% Increase

North America (mainly USD) +4.3  
Europe (mainly EUR) +4.6  
Greater China (mainly CNY) -0.4

### ② Operating Profit



#### < Exchange rate fluctuation >

- From transaction (Foreign currency export & import) +11.2
- From conversion (Overseas subs P&L conversion) +1.6

#### < Inventory devaluation >

Decrease in inventory turn-over ratio, increase devaluation

#### < Operating capacity >

Operating efficiency decreased from decrease in production volume.

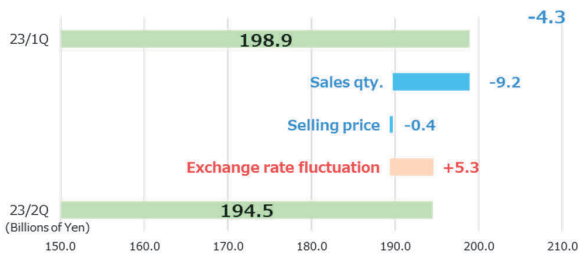
#### < SG&A expenses >

- Depreciation -0.8, R&D -0.6, Traveling -0.5, Personnel -0.2, Donation +0.4

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

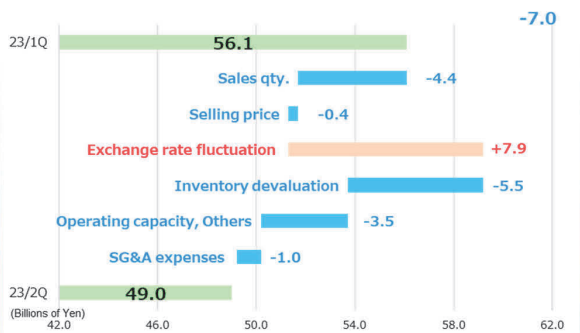
## ① Net Sales

(Billions of yen)



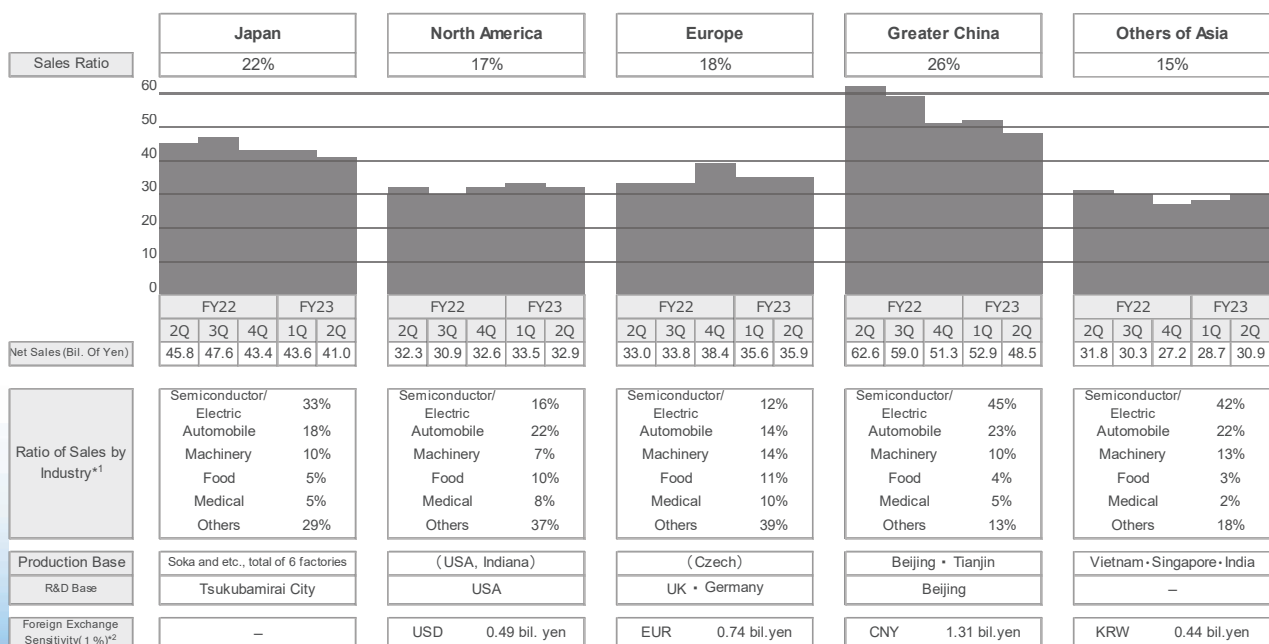
- < Sales qty. > 4% decrease
  - Japan -2.4 (-6%), North America -2.0 (-6%), Europe -0.9 (-2%), Greater China -5.1 (-9%), Other Asia +0.9 (+3%)
- < Selling price > 0.2% down
  - Japan -0.1, Overseas -0.2 decrease in Asia region
- < Exchange rate fluctuation > slight increase
  - North America (mainly USD) +1.7
  - Europe (mainly EURO) +1.1
  - Greater China (mainly CNY) +0.9

## ② Operating Profit



- < Exchange rate fluctuation >
  - From transaction (Foreign currency export & import) +7.1
  - From conversion (Overseas subs P&L conversion) +0.7
- < Inventory devaluation >
  - Decrease in inventory turn-over ratio, increase devaluation.
- < Operating capacity >
  - Operation efficiency decreased from decrease in production volume.
- < SG&A expenses >
  - Personnel -0.3, Depreciation -0.3, Welfare -0.2, Supplies -0.2

# [Quarterly] Consolidated Net Sales by Location



\*<sup>1</sup>From this quarter, Ratio of Incoming Order by Industry is changed to Ratio of Sales by Industry.

\*<sup>2</sup>Impact to operating profit from 1% exchange rate change (total impact of the above major currencies is approximately 3 billion yen)



## Consolidated Balance Sheet

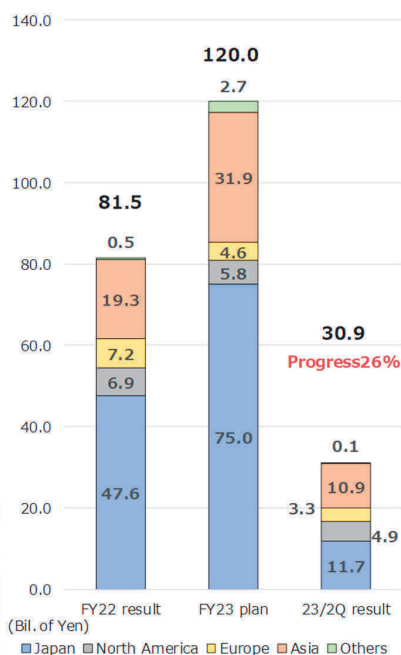
(Billions of Yen)

	FY22	23/2Q	Change	
<b>Assets</b>	<b>1,927.9</b>	<b>2,073.6</b>	<b>145.7</b>	<b>7.6%</b>
Current assets	1,323.8	1,359.3	35.4	2.7%
(①Cash and deposits)	(603.5)	(584.4)	(-19.1)	-3.2%
(Trade receivables)	(228.8)	(226.7)	(-2.0)	-0.9%
(②Securities)	(19.9)	(22.1)	(2.2)	11.0%
(Inventories)	(418.6)	(491.2)	(72.6)	17.4%
Non-current assets	604.0	714.3	110.2	18.3%
(③Investment securities with fair value)	(76.2)	(149.9)	(73.7)	96.8%
(④Insurance funds)	(143.9)	(148.5)	(4.6)	3.2%
*Cashability assets ①+②+③+④	843.6	905.0	61.3	7.3%
<b>Liabilities</b>	<b>225.6</b>	<b>230.5</b>	<b>4.9</b>	<b>2.2%</b>
Current liabilities	188.8	184.6	-4.1	-2.2%
(Trade payables)	(73.6)	(72.4)	(-1.1)	-1.5%
Non-current liabilities	36.7	45.8	9.1	24.8%
<b>Net assets</b>	<b>1,702.3</b>	<b>1,843.1</b>	<b>140.8</b>	<b>8.3%</b>
Equity ratio	88.1%	88.7%	+0.6	
Net assets per share (yen)	26,331	28,517	+2,186	
ROE	13.8%	5.4%	(*The annualized rate 10.8%)	

(Billions of Yen)

	22/4Q	23/2Q	Change
<b>Total inventory</b>	<b>418.6</b>	<b>491.2</b>	<b>72.6</b>
Merchandise and finished goods	165.2	195.1	29.8
Work in process	31.3	34.4	3.0
Raw materials, parts and supplies	221.9	261.6	39.6
Impact due to exchange rate fluctuation			18.0
Impact due to inventory devaluation			-12.9
<b>Actual YoY change</b>			<b>67.4</b>
<b>FY average monthly sales ratio</b>	<b>6.1</b>	<b>7.5</b>	<b>1.4</b>
<b>Closing month sales ratio</b>	<b>5.6</b>	<b>7.7</b>	<b>2.1</b>
<b>Closing exchange rate</b>			
USD	133.54	149.58	+16.04
EUR	145.72	157.97	+12.25
CNY	19.42	20.46	+1.04

## Capital Expenditure



(Billions of yen)

Function	Place	FY23 Plan		23/2Q	
		Plan	Item	Result	Item
PRD	Japan	35.0	Tono Fac. Kamaishi Fac. Shimotsuma Fac.	5.5	Tono Fac. Kamaishi Fac. Shimotsuma Fac.
	Overseas	35.0	Vietnam Mfg China Mfg(s) SMC US SMC Korea	12.5	Vietnam Mfg China Mfg(s) SMC US SMC Korea
Admin. R&D Sales Logistics	Japan	40.0	JTC HQ Building Eas&West Logistics	6.2	JTC HQ Building Eas&West Logistics
	Overseas	10.0	SMC China SMC Australia SMC Czech SMC US SMC Germany	6.8	SMC China SMC Australia SMC Czech SMC US SMC Germany
<b>Total</b>		<b>120.0</b>		<b>30.9</b>	

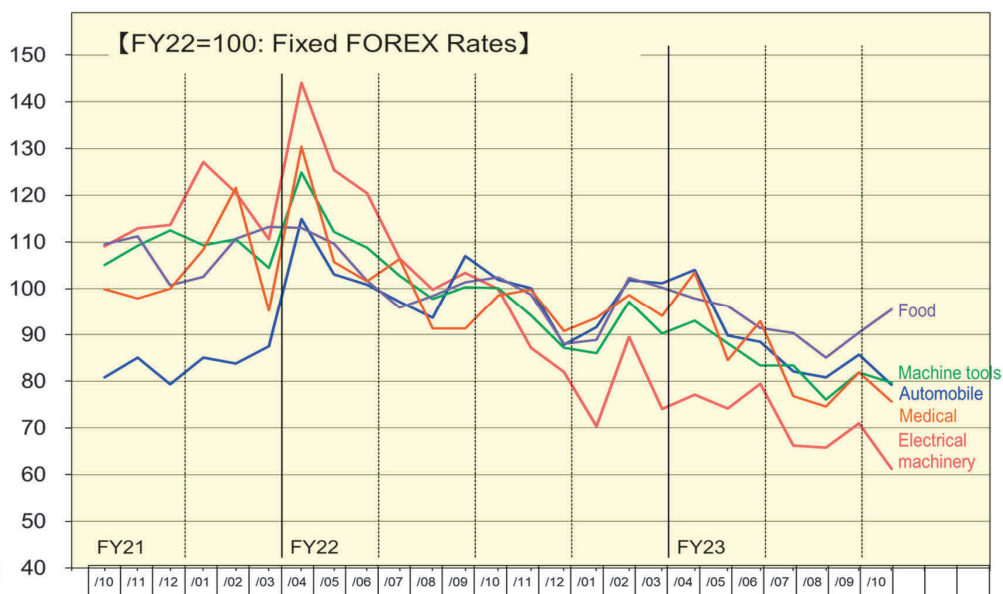
- Budgeted CAPEX for 23/2Q was 30.1 billion yen, and the progress rate was 103% at the end of the quarter.

## Current Order Situation (FY22=100)

	FY23	'23/1Q	'23/2Q	'23/10	'23/10 Situation	
Consolidated	Electrical machinery	71	77	68	61	[Decrease] All areas (except N. America)
	Automobile	87	94	83	79	[Decrease] US [Remained flat] Japan
	Machine tools	84	88	80	80	[Decrease] Japan [Increase] US, South Korea
	Foods	92	95	89	95	[Increase] Japan, China
	Medical	84	93	78	76	[Decrease] US, China [Increase] Japan
	Other	90	95	85	90	
Japan	73	76	72	67	[Decrease] Electrical Machinery [Bottoming-out] Automobile	
North America	81	87	77	75	[Decrease] Automobile [Increase] Electrical machinery	
Europe	84	91	78	80	[Increase] Automobile [Weakening] Machine tools	
Greater China	81	89	74	77	[Bottoming-out] Electrical machinery, Automobile	
The rest of Asia & Oceania	93	96	93	88	[Decrease] Electrical machinery, Automobile	
Consolidated	82	88	78	77		

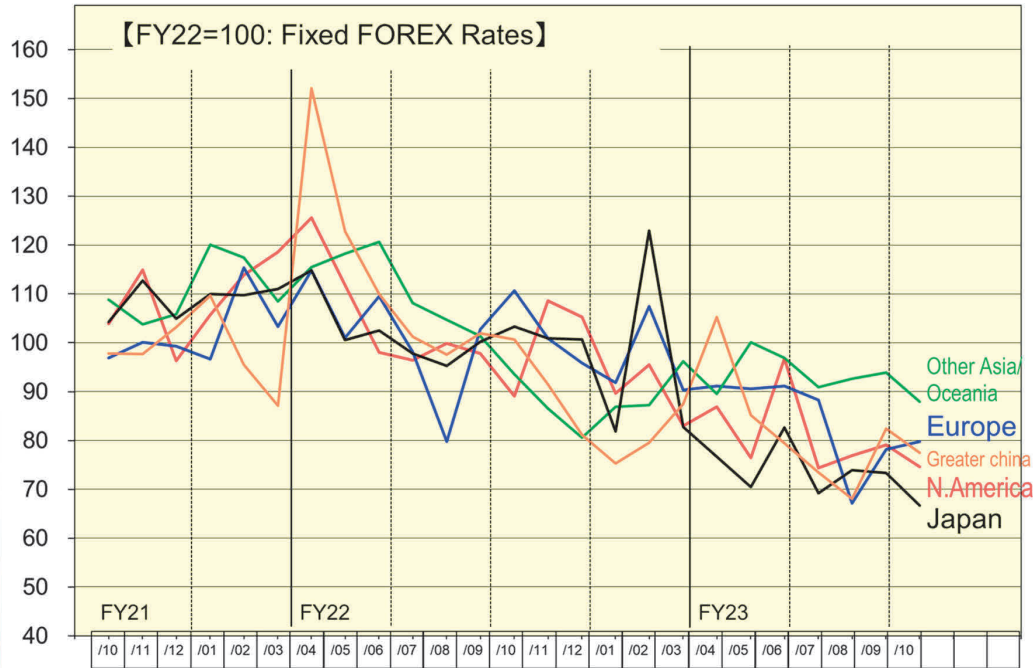
\*Note that percentage of industry for "'23/1Q" has been updated due to reclassification of rechargeable batteries from 'Electrical machinery' to 'Automobile' for FY22.

## Consolidated Orders Trend By Industry



\*Note that percentage of industry for "'23/1Q" has been updated due to reclassification of rechargeable batteries from 'Electrical machinery' to 'Automobile' for FY22.

## Consolidated Orders Trend By Region



## Reference: SMC Market Share Trend up-to FY22 (SMC Estimates)

	'18	'19		'20	'21	'22	
Rate (JPY/\$)	(110.92)	(108.71)		(106.12)	(112.39)	(135.56)	
Japan	65	65		65	63	62	
North America	26	26		27	32	33	
Europe	22	22		24	23	23	
Asia/Oceania	47	47	➔	Greater China	41	43	40
				Other Asia/Oceania	59	59	53
Global Total	37	37		38	39	37	

\*Greater China: China, Hong Kong, Taiwan

### 【Main Factors of Decrease in Global Market Share】

As for further expansion of sales activity, each subsidiary strengthened the sales of non-pneumatic equipment and targeted larger range of customers. Following this activity, the method of calculating denominator for each country's market share has been reviewed with increase in denominators and expansion of target markets. These factors has caused decrease in market share.

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

