Presentation of Financial Results for the year ended March 31, 2025

May 14, 2025

SMC Corporation

Yoshiki Takada, President

Content

FY2024 Summary

Recovery of semiconductor-related demand delayed in Japan, North America, South Korea, and other regions.
Despite the positive impact of yen depreciation, sales increased and operating profit decreased.

In electric industry, semiconductor-related sectors remained sluggish in Japan and North America, but electric-related sectors in China is in recovering trend. In automotive industry, capital investments have been postponed, due to the impact of the U.S. presidential election. Machine tool-related sectors continue to be in an adjustment phase, except in Greater China.

Capex: Achieved 107.8 bil yen versus revised plan of 100 bil yen.

Fiscal year-ended dividend: 500yen/share
Annual dividend: 1,000yen/share

Total return ratio: Maintaining 50% including share buyback around 25 bil yen.

(Billions of Yen)

	FY23 Result		FY24 Result		YoY (FY23 vs FY24)		FY24 Forecast	
	Amount	vs net sales	Amount	vs net sales	Amount	%	Amount	Achievement %
Net sales	776.8		792.1		15.2	2.0%	788.0	100.5%
Cost of sales	413.7	53.3%	429.0	54.2%	15.2	3.7%	425.0	101.0%
Gross profit	363.0	46.7%	363.0	45.8%	-0.0	-0.0%	363.0	100.0%
Selling, general & administrative expenses	166.8	21.5%	172.7	21.8%	5.9	3.6%	172.0	100.5%
Operating profit	196.2	25.3%	190.2	24.0%	-5.9	-3.0%	191.0	99.6%
Ordinary profit	251.0	32.3%	209.9	26.5%	-41.0	-16.4%	215.0	97.6%
Net profit	178.3	23.0%	156.3	19.7%	-21.9	-12.3%	151.0	103.5%
Average exchange rate								
USD	144.58		152.59		+8.01	5.5%	152.00	
EUR	156.74		163.86		+7.12	4.5%	162.00	
CNY	20.13		21.10		+0.97	4.8%	21.10	
Capital Investment	105.5		107.8		2.3	2.2%	100.0	107.8%
Depreciation	33.3		34.3		0.9	2.9%	35.0	98.0%
R&D expenses	31.1		33.3		2.2	7.1%	35.0	95.3%
Annual dividend(JPY)/share	950		1,000		50.0	5.3%	1,000	100.0%
Total Return (%)	51.1		56.8		5.7	-	-	-

FY2025 Guidance

Sales are expected to increase from the middle to the latter half of the year due to the expected recovery of semiconductors, increase in automotive-related demand mainly for EVs, and increase in demand for automation and labor saving due to labor shortage, despite the current difficult business environment due to the stagnant in semiconductor-related market and the impact of the tariff measures in the U.S.

Operating profit is expected to increase due to higher sales volume and utilization, and lower inventory devaluation.

The US tariff hike is expected to reduce sales by 8 bil yen and gross profit by 10 bil yen and is factored into the forecast. Assumption that the tariff rates currently in effect will apply throughout the fiscal year.

Capital investment will continue to be aggressive to strengthen product development, secure production capacity, and respond to BCP, and is planned to be 180 bil yen, which is the record high in the company's history.

Dividend: 2nd quarter-end: 500 yen/share
Annual dividend: 1,000yen/share

Though we will allocate the majority of earnings to capital expenditure in this fiscal year, we will also repurchase our own shares up to 30 bil yen, maintain 50% of total return ratio, and achieve both business growth and shareholder return.

(Billions of Yen)

	FY23 Result		FY24 Result		FY25 Forecast		YoY (FY24 vs FY25)	
	Amount	vs net sales	Amount	vs net sales	Amount	Achievement %	Amount	%
Net sales	776.8		792.1		850.0		57.8	7.3%
Cost of sales	413.7	53.3%	429.0	54.2%	451.0	53.1%	21.9	5.1%
Gross profit	363.0	46.7%	363.0	45.8%	399.0	46.9%	35.9	9.9%
Selling, general & administrative expenses	166.8	21.5%	172.7	21.8%	184.0	21.6%	11.2	6.5%
Operating profit	196.2	25.3%	190.2	24.0%	215.0	25.3%	24.7	13.0%
Ordinary profit	251.0	32.3%	209.9	26.5%	232.0	27.3%	22.0	10.5%
Net profit	178.3	23.0%	156.3	19.7%	167.0	19.6%	10.6	6.8%
Average exchange rate								
USD	144.58		152.59		141.00		-11.59	-7.6%
EUR	156.74		163.86		157.00		-6.86	-4.2%
CNY	20.13		21.10		19.50		-1.60	-7.6%
Capital Investment	105.5		107.8		180.0		+72.1	67.0%
Depreciation	33.3		34.3		42.3		+7.9	23.3%
R&D expenses	31.1		33.3		37.0		+3.6	10.9%
Annual dividend(JPY)/share	950		1,000		1,000		0	
Total Return (%)	51.1		56.8		55.8		-1.0	

Our Philosophy and Vision

<Management Philosophy>

- Contributing to automated, labor-saving operation
- Focusing on the main business
- Supplying products globally

<Management Vision>

1. The Company shall strive to develop products capable of accurately capturing customer needs and to create a framework capable of responding to customer requests for delivery dates, quality, prices, etc.
2. The Company shall focus on newly expanding production facilities and replacing existing facilities, establish a globally optimal production system with future vision in mind, and shall accelerate rationalization and cost reduction.
3. The Company shall aim to thrive amid the competitive global market and acquire a higher market share.

<Strengths in Business Model>

- Product lineup and solutions contributing to CO2 emissions reduction
- Comprehensive strength to provide a full range of products in a one-stop solution
- Global manufacturing, sales, and development network with ample inventory to meet market demands, achieve cost reduction, short lead times, and provide localized services
- Versatile product lineup and a diversified, stable customer base
- Strong financial base and a robust operational system focused on core business

<Materiality>

- Respect human rights, Promote diversity & Ensure safe and secure work environment
- Actions to take on Climate Change & Environmental Issues
- Stable global product supply
- Develop human resources & Disseminate automation control technology

Mid-Long term Priority Measures

① Sales Strategies Based on Our Strengths
→ Sales Growth and Market Share Expansion

・Wide global footprint : Comprehensive coverage of global markets, full utilization of distributed and stable sales force and customer base
・Wide product lineup and Short delivery lead time system : "One-stop shop" services to meet a wide range of customers' needs, selling as a product package, not as a single item

② Aggressive Capex→Differentiation from Competitors and Improving Competitiveness

・ Product supply capacity : To make necessary investments steadily regardless of business conditions
・Production Diversification : Sustainable and resilient product supply system
・ Human Capital Investment : To secure talented human resources in global and to increase productivity

③ Establish a System for Developing Products that Meet the Performance Required by Customers

・Never miss a sales opportunity through rapid product development in response to customer requests
・Continue to enhance compact, lightweight product lines and environmentally friendly products
・ Social contribution to the prevention of global warming through sales of energy-saving products

④ Coping with Sudden Changes in the Business Environment

Consolidated sales, which were in the 500 bil yen range before Covid-19, remained in the 500 bil yen range during the pandemic and exceeded 800 bil yen after that. Although helped in part by the economic environment, including demand for semiconductors and the weak yen, the expansion of the customer base during this period led to a subsequent increase in sales to around 800 bil yen. In the current fiscal year, we will be exposed to new and rapid changes in the external environment, such as tariff measures in the U.S. We will continue to invest and conduct sustainable business operations over the medium to long term, viewing such a time as an excellent opportunity to expand our customer base.

⑤ Shareholder Return

Despite the uncertain business environment, we will continue to pay a dividend of 1,000 yen per share and maintain a total return ratio of 50% or more, including the recent share buyback of 30 bil yen, to balance investments for the future and shareholder returns. We will cancel 3.5 million shares of treasury stock that has accumulated to about 5% of shares issued.

Measures for FY2025

<Sales>

1. Strengthen Direct Sales and Distributor Sales

We will increase the number of sales personnel, cultivate business with important customers who have much room for development through direct sales, and increase the Company's market share by each customer. At the same time, we will increase the number of distributors who can realize our strategy together and build a system that enables us to sell to a wide range of customers in each market, to further expand the customer base in every market of the world and raise our sales volume.

2. Diversification of Products and Industries

For products that still have a low market share and room for market development, we will increase sales through training of sales personnel and expansion of target customers. In addition, the Company will aggressively cultivate industries with low sales share and new industries to further increase sales and diversify its sales outlets.

3. Strengthen Direct Sales to End Users

Maximizing our global footprint, we will take over our competitor's strongholds by conducting sales activities in more systematic manner - for example, we will acquire specifications from equipment manufacturers in Europe via end users in Southeast Asia. In addition, we will promote our top sales approach to managements of end-users, centered on energy conservation proposals using lower pressure.

4. Optimization of Selling Prices up to situation of Each Market

We have revised sales prices in Japan, Europe, etc., and started to pass on cost increases due to price hikes to sales prices. Regarding U.S. tariffs, we will take a prudent approach while assessing the conclusion. We will not pass on prices uniformly but will check the competitive situation and consider raising prices on an individual company basis.

<Production>

1. Capex for Sustainable Product Supply

Continue to make capex to expand sustainable, resilient production capacity and reduce costs. Invest in and transfer production to the Vietnam plant as a global supply base.

2. A System that can Respond to Fluctuation in Demand

Reduce fixed costs by improving productivity with automation, labor saving, and multi-skilling in manufacturing and logistics.

3. Appropriate Management of Inventories

Control the occurrence of inventory devaluation by promoting the development of a system that enables the timely sharing of information on order status, trend changes in hot-selling products, etc., and by achieving both short delivery lead time and inventory levels.

<Development>

1. Improving Productivity in Development

Continue to take the stance of turning customer requests into products and invest management resources across departments on development themes that will lead to significant sales growth. In addition, overseas TCs will be utilized to shorten the development period and bring products that sell to market faster.

2. Global Cooperation and Securing Talented Human Resources

Hire talented human resources globally. Raise development capacity of overseas TCs, scoop up customer needs near the customer and develop them quickly.

China Market Situation and Strategies

<China Market Situation>

In the first half of FY2024, capex tends to be restrained due to sluggish domestic demand. In the second half of FY2024, demand is in recovering trend, especially for smartphones and home appliances, due to the government's economic stimulus measures. Due to competition from the U.S., domestic production of semiconductors and semiconductor manufacturing equipment, as well as medical-related equipment, is being promoted. In this fiscal year, we expect growth in automobiles, home appliances, smartphones, etc. to continue to be stimulated by domestic demand and exports. Semiconductor-related growth will slow, but there is a major imperative for domestic production, and solid demand will continue. EV batteries have bottomed out and are recovering, including exports.

<Our Business in China>

As mentioned above, demand is solid, but competition is severe, and sales prices continue to decline. Under these circumstances, we increased sales volume in the Chinese market and increased production volume at our Chinese plants, whose utilization rate had fallen due to the transfer of production to Vietnam, thereby raising production efficiency and improving the profit margin of the entire China business, including manufacturing subsidiaries.

<China Market Strategies>

①Response to U.S. Tariff Measures

The share of exports to the U.S. in China's total exports has fallen to around 12%, half of which is trade between groups of U.S. companies, which is estimated to be 6% in real terms, and the impact of the U.S. tariffs on Chinese business confidence is expected to be limited. However, it is rare for manufacturers exporting to the U.S. to be able to locally procure production equipment in the countries to which they shift, and Chinese equipment suppliers will continue to provide it. Since our main customers are equipment suppliers (machine builders), not manufacturers, we expect little impact on our company.

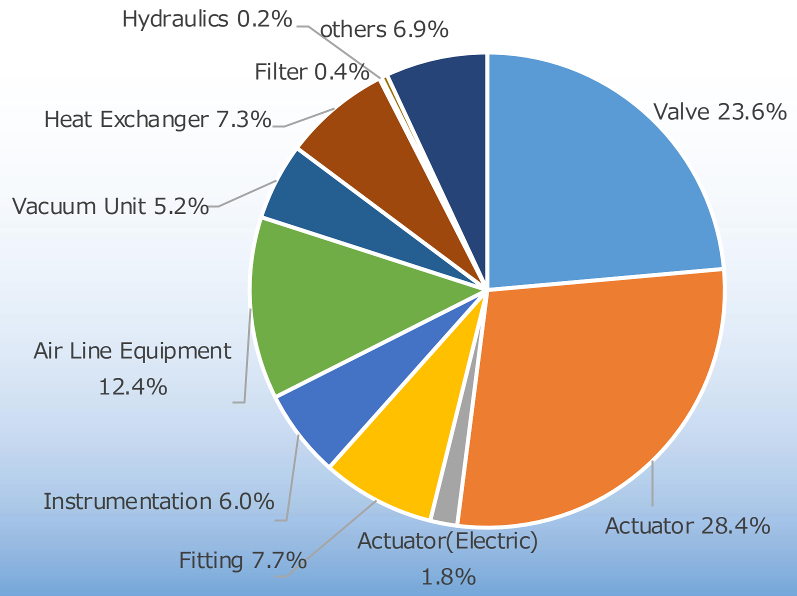
②Investment in Sales, Production and Logistics

Plans to invest about 15 billion yen. In order to respond to the trend in China to give priority to domestically produced products, we will invest in facilities and promote “local production for local consumption” and also promote cost reductions by adopting local materials. In addition, we will invest in a logistics warehouse (Changzhou) and a development base.

Creating Demand through Diversification

Diversification of Products for Sale

The majority of our products are traditional pneumatic products, which account for approximately 75% of the sales. Although the company already has a high market share for pneumatic products, we will thoroughly analyze the residual demand of existing customers to eliminate missed sales of the product mix for a series of products. Non-pneumatic products have a lower market share than pneumatic products and have room for expansion, and we will increase the approach to customers using competitive products.



Diversification of Customer Industries

We have already gained market share in industries where Japanese companies have traditionally been strong, such as semiconductors and electronics, automobiles, and machine tools, but there is a large room for sales expansion in new fields such as food, medical care, resources*, dairy, fisheries, agriculture, and water treatment. We will work with distributors who have commercial rights in each of these fields to diversify our sales channels.

* The market for resources, mining, and extraction is in demand in Oceania, the Middle East, South America, South Africa, and other regions, and increased to 2% of consolidated sales in the Company's most recent quarter.

Agricultures

Dairy

Fishing Industries

Water Treatment

Craft Beer

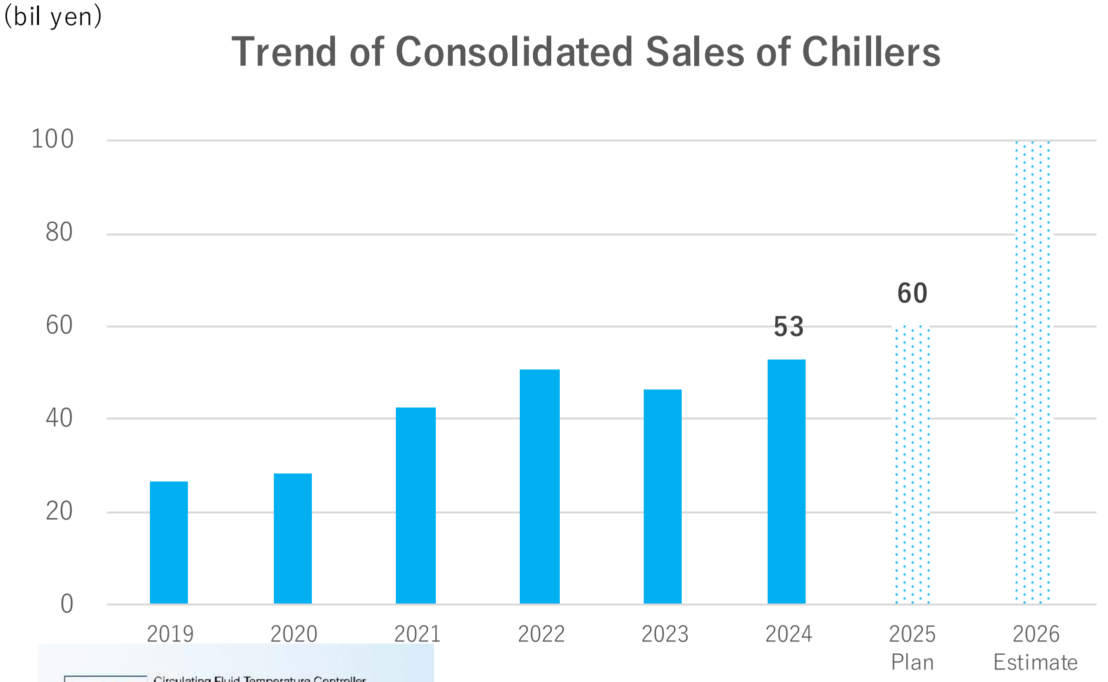
Chiller Strategy

We developed the chiller, a device that regulates temperature, by developing the "dryer" technology that we have long produced as one of a series of pneumatic devices.

Chillers for the semiconductor industry, which require "precise temperature control functions" and "energy-saving performance," both of which are our strengths, are in high demand for high-performance products with technological innovation due to the progress of miniaturization of semiconductor chips, and we will continue to develop technologies to meet customer requirements and increase sales.

Chillers are used in various applications other than the semiconductor industry, and although the size of the market is not yet known, our market share is much smaller than that of pneumatic products, so there is much room for sales expansion.
We plan to increase sales by 15% to over 60 billion yen this fiscal year, and in the future, we will develop and market products with the goal of 100 billion yen, or 10% of our sales.

The advantage of our chillers over competitors is their low power consumption and the high environmental performance of the refrigerant they use. The chiller using CO2 refrigerant with a GWP value of 1 was launched in the previous fiscal year and has been well received by major automobile manufacturers and other customers.



Examples of environmentally friendly chillers launched in the previous fiscal year

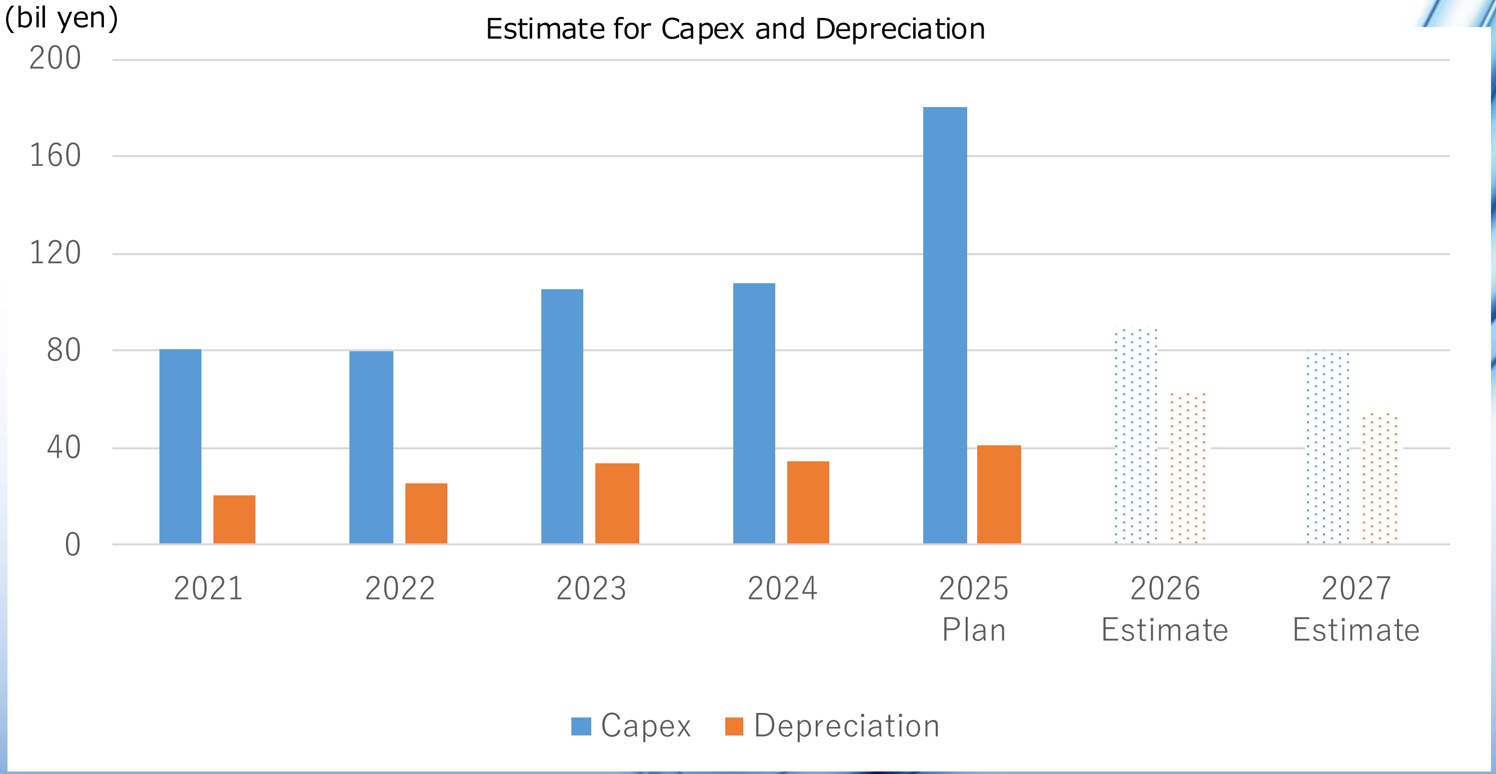
(Non F-Gas/CO2)

CAPEX Plan

Although demand for automatic control equipment will depend on customers' capital expenditures trends in the short term, we assume that demand for automation will grow in the medium to long term against the backdrop of a shrinking labor force and rising labor costs. We will respond to the expansion of production capacity and a return to multiple lines of production and local production for local consumption.

In FY2025, with the completion of the New Technical Center and Tono Supplier Park, we plan to invest a record 180 billion yen in facilities. From the next fiscal year onward, capital expenditures is expected to settle down to a reasonable level, and depreciation expenses are expected to be in the low 40 billion yen range in this fiscal year, and to peak out in around 65 billion yen range in the next fiscal year.

(Billions of Yen)		FY24 Result		FY25 Plan	
Function	Place	Result	Item	Plan	Item
PRD	Japan	37.2	Tono Fac. Shimotsuma Fac. Kamaishi Fac. Others	41.0	Tono Fac. SP. Tsukuba Fac. Shimotsuma Fac. Kamaishi Fac. Others
PRD	Overseas	46.8	Vietnam Mfg SMC Korea China Mfg(s) SMC Czech Others	39.1	Vietnam Mfg China Mfg(s) SMC US Others
Admin. R&D Sales Logistics	Japan	13.6	New HQ building New Technical Center East&West Logistics Others	80.4	New Technical Others
Admin. R&D Sales Logistics	Overseas	10.3	SMC China (Sales) R&D Base in China SMC Taiwan SMC Australia SMC Malaysia Others	19.5	SMC Taiwan SMC Australia SMC China (Sales) SMC Malaysia SMC Korea European Warehouse SMC Germany Others
Total		107.8		180.0	



Progress of CAPEX

A series of capital expeditures to expand production capacity and production diversification, to respond to local production for local consumption, to improve the supply chain, and to upgrade aging facilities will be completed by the end of the current fiscal year. We will utilize the sustainable supply capacity secured by these capital expenditures to accelerate areal expansion based on our global footprint, which is one of our strengths, to raise our top line and expand our business.

SMC Czech Factory (Vyškov)
(Completed in September 2024)

SMC Korea Daejeon 2nd Plant (Daejeon)
(Completed in December 2024)

New Head Office
(Kyobashi, Tokyo)
(Completed in March 2025)

New Technical Center
(Kashiwa City, Chiba Prefecture)
(Scheduled to be completed in September 2025)

Tono Supplier Park
(Tono City, Iwate Prefecture)
(Scheduled to be completed in August 2025)

SMC Manufacturing (Vietnam) Co.,Ltd.
1st, 2nd, 3rd Plant (Dong Nai Province)
(Completed in September and December 2024)

SMC Automation China Co., Ltd.
Changzhou Warehouse (Changzhou)
(Scheduled to be completed in May 2025)

SMC (Tianjin) Manufacturing Co., Ltd.(Tianjin)
(Scheduled to be completed in July 2025)

Tono Supplier Park (Scheduled to be completed in August 2025)

①Importance of Suppliers
As a company that sells compact, lightweight, and energy-efficient products, many of the parts used to manufacture these products are minute and high-precision, and securing subcontractors that can produce them at a reasonable cost is one of the most important issues in maintaining our supply chain.

②Sustainability - Support for Suppliers
Suppliers that manufactures key parts for our company will move into the plant building constructed on land adjacent to our Tono Plant. The goal is to work closely with suppliers with high technological capabilities to improve productivity and sustainability together and to grow.

③Flexible Response to Demand Fluctuations
Close collaboration with major subcontractors will enable flexible response to our orders and expand sales opportunities through shorter delivery times.

④Integrated production in cooperation with Suppliers
Adjacent Tono plant and manufacturing DX to promote rationalization and cost reduction by linking production processes.

⑤Automation and Energy Saving at Suppliers with Our Products
Our cutting-edge products will be installed in the production processes of the subcontractors, and our production engineering department will also provide support for production automation, which is expected to lead to increased automation and energy savings at the subcontractors and lower component production costs.

⑥Growing Together with Our Suppliers
The suppliers that will be housed in the facility will also be able to produce products to be supplied to other companies. We expect the company to support our supply chain by increasing production, expanding operations, increasing profits and retained earnings, and becoming a more reliable company.

CAPEX for New Technical Center

In order to improve the development capacity and sustainability of the technical department, the company is expanding its Technical Center (TC), which serves as a base of operations.

In addition to the core New Technical Center (Kashiwa City, Chiba Prefecture), we actively invest in overseas technology centers (U.S., Germany, U.K., and China) to secure excellent development personnel on a global basis. Shorten development time through division of labor and staggered handover between each technical centers and enhance response to customer requirements.

	Kashiwanoha New Technical Center (Japan)	CTC (China)	GTC (Germany)
Total Investment Amount	Around 120 Billion Yen	Around 7 Billion Yen	Around 9 Billion Yen (Jointly developed with new headquarters of German subsidiary)
Scheduled completion of construction	September 2025	May 2026	June 2028

Kashiwanoha New Technical Center (Kashiwa City, Chiba Prefencture)

CTC (China)

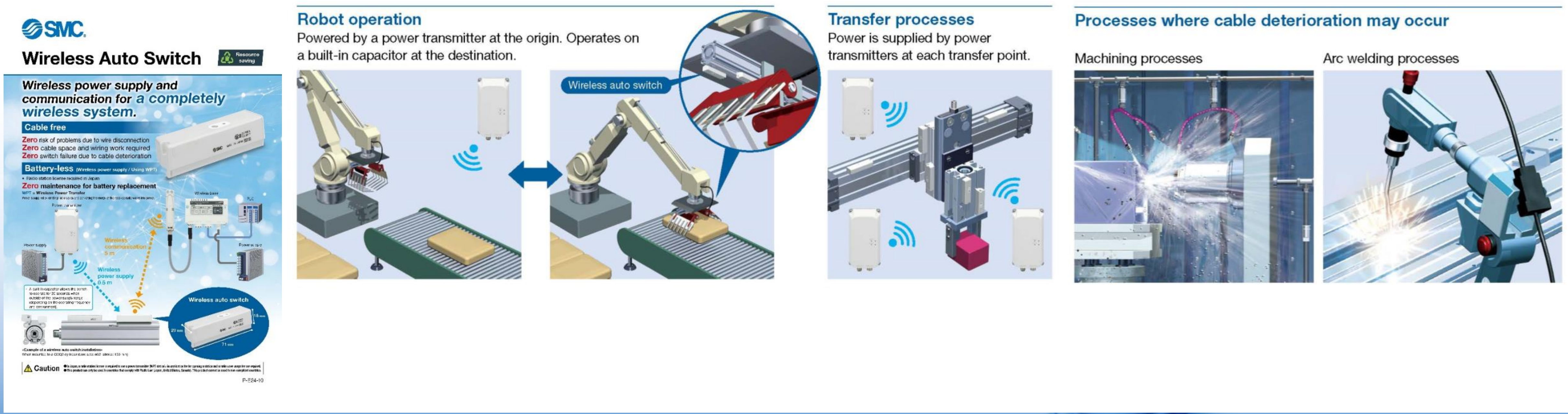
GTC (Germany)

New Product (Wireless Auto Switch)

SMC has developed and released wireless auto switch that can be used with wireless power supply and wireless communication. By making all power supply and communication wireless, it is possible to eliminate temporary stoppages at factories due to wire breakage and reduce regular maintenance costs.

This new product is a wireless power supply function newly added to the previously marketed auto switch that supports wireless communication. The wireless power supply can be used within a range of 0.5 meters and wireless communication within a range of 5 meters, and the company plans to further reduce size and power consumption in the future.

The new wireless system will eliminate the cable manufacturing process and contribute to the reduction of CO2 emissions to maintain global environment.



SMC receives the "Supplier Excellence Award" from Applied Materials

Applied Materials, the world's No. 1 manufacturer of semiconductor manufacturing equipment, presented SMC with its "Supplier Excellence" award, which is given to outstanding suppliers. SMC has established a good partnership with Applied Materials and received the "Excellence in Sustainability" award in recognition of our contributions through continuous product development and subsequent quality control. Our value-added proposal for power savings to address the semiconductor industry's significant power consumption challenges was also highly evaluated. Of the approximately 3,000 suppliers, only SMC was selected for the "Excellence in Sustainability" award. On May 8, members of Applied Materials, Inc. visited SMC's headquarters and held a ceremony to present the award.

※Applied Materials News Release : Applied Materials Awards Suppliers for Outstanding Performance | Applied Materials

Development and launch of environmentally friendly products

SMC has cultivated its technological capabilities by responding to the needs of its customers. The miniaturization and lightweighting of our products leads to a reduction in the weight and increase in the payload of our customers' equipment and robots, thereby contributing to the reduction of energy consumption in the entire factory.

<u>Customers' Scope 2 Emission reduction = SMC Scope 3 Emission reduction</u>

We have established our own criteria* and define "environmentally friendly products" as those that contribute to the reduction of our customers' GHG emissions. **<u>Environmentally friendly product : 80% of net sales (FY2023)</u>**

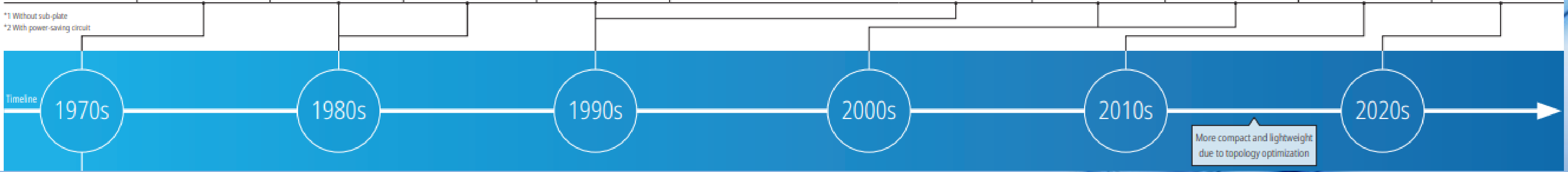
*New products that outperform comparative old products in terms of either (1) power saving, (2) resource saving, or (3) air saving when the product is used, and(4) Products that fall into the four categories of environmentally friendly new products.

Evolution of Products

Solenoid Valves (Directional Control Valves)

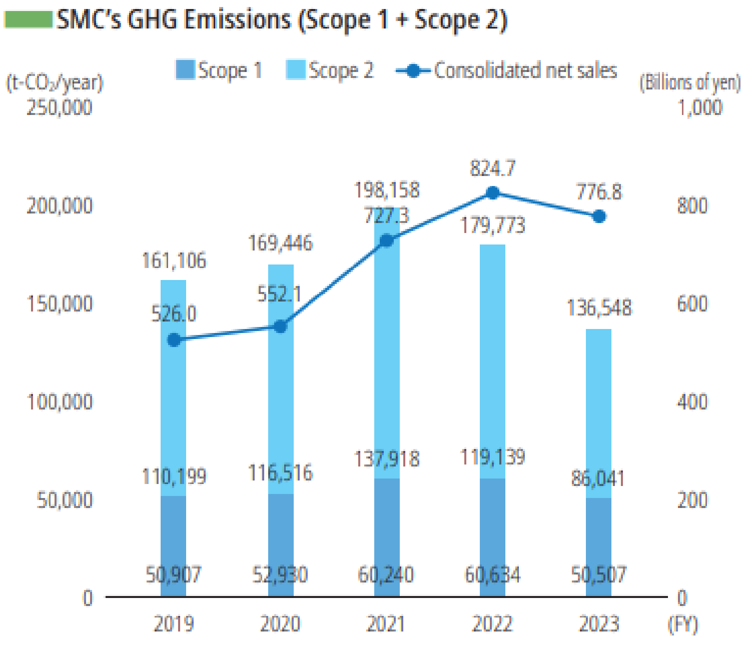
Year	1971	1983	1984	1993	1998	2005	2009	2019	2020
Series	VS4000	VF	VZ	SY	SZ	SJ2000	New-SY	JSY	SJ1000
Valve width	36 mm	26.4 mm	15 mm	10 mm	10 mm	7.5 mm	10 mm	6.4 mm	6.5 mm
Power consumption	5.5 W	2 W	2 W	0.55 W	0.6 W	0.23 W*2	0.4 W	0.2 W*2	0.23 W*2

*1 Without sub-plate
*2 With power-saving circuit

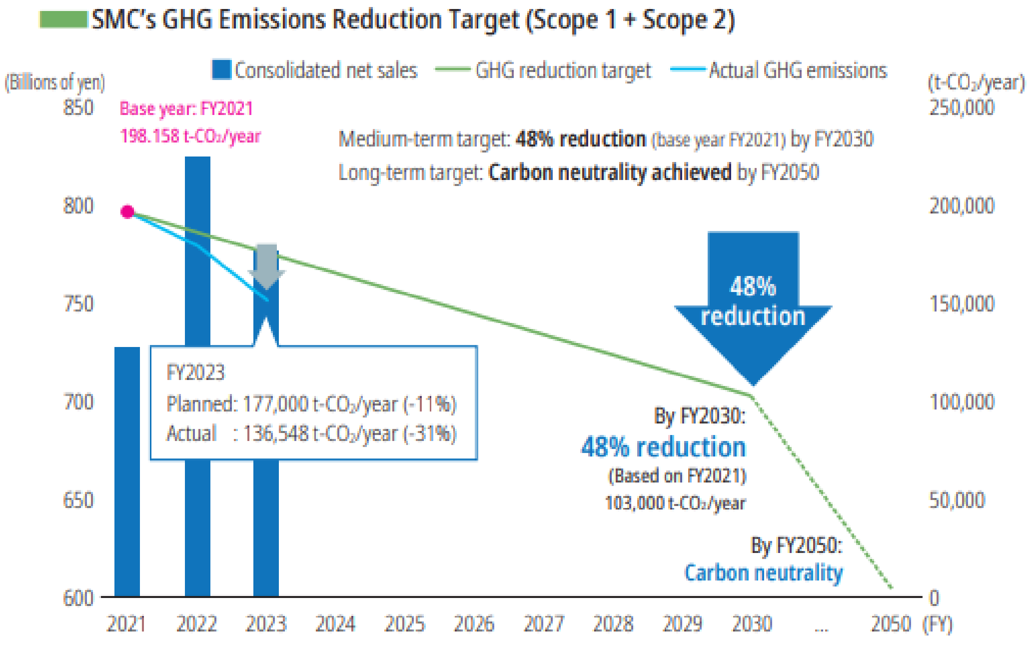


Reduction of Scope 1+2 Emissions

SMC is promoting various initiatives to reduce greenhouse gas (GHG) emissions from its own production activities, and is compiling data covering the entire group for Scope 1, 2, and 3 emissions based on the “GHG Protocol. In addition, the company has established mid- to long-term reduction targets by accumulating specific measures, assuming future expansion of sales and production scale as well.



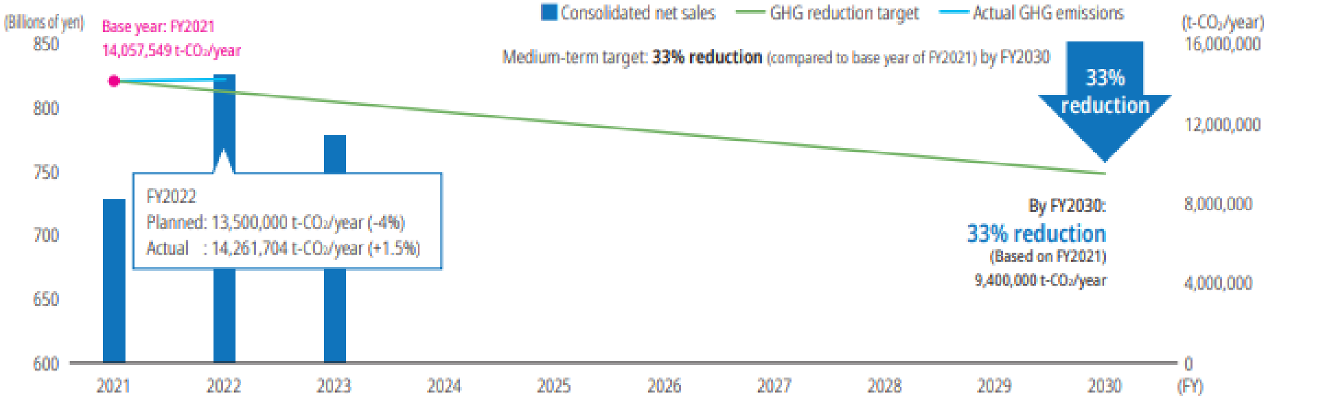
Third-party verification data for Scope 1, 2, and 3 are from FY2021 and FY2022.



Reduction of Scope 3 Emissions

In FY2024, the company established the “Scope 3 CO2 Reduction Project” to identify the overall picture of GHG emissions in the supply chain. From the 15 category groups of Scope 3 emissions, categories 1, 4, and 11 were identified as hot spots, and we have been building a mechanism to tackle decarbonization throughout the supply chain. In the future, the company will establish a system of mutual cooperation with suppliers in order to grasp emissions with higher precision.

SMC Group’s GHG Emissions Reduction Target (Scope 3)



Third-party verification data for Scope 1, 2, and 3 are from FY2021 and FY2022.

Scope 3 Emissions by Category

(thousand t-CO_2)

Category	FY2023 emissions
1. Purchased goods and services	1,576
2. Capital goods	363
3. Fuel- and energy-related activities not included in Scope 1 or Scope 2	20
4. Upstream transportation and distribution	121
5. Waste generated in operations	5
6. Business travel	3
7. Employee commuting	10
8. Upstream leased assets	0
9. Downstream transportation and distribution	4
10. Processing of sold products	0
11. Use of sold products	20,708
12. End-of-life treatment of sold products	22
13. Downstream leased assets	0
14. Franchises	0
15. Investments	0
Total Scope 3 emissions	22,832

Improvement of ESG ratings

In FY2024, SMC's CDP and Ecovadis improved among its ESG ratings. In particular, CDP improved significantly from D to B. The improvement of Ecovadis' rating is strongly requested by important European customers. It is also important in terms of sales policy.

2024 Climate Change /B
Water Security /B
23年 Climate Change /D
Water Security /D

「Carbon Disclosure Project」

An international non-profit organization dedicated to addressing climate change and environmental issues. Provides a platform for companies and municipalities to disclose their environmental impacts, and rates companies on their transparency and commitment to the environment through CDP scores.

2024 59/100 (Bronze)
2023 56/100 (Bronze)
2022 49/100 (Bronze)

Ecovadis is a private evaluation agency that assesses the sustainability of companies. It submits and evaluates materials related to the environment, labor and human rights, ethics, and sustainable sourcing. It focuses on supply chain sustainability assessments.

BRONZE | Top 35%
ecovadis
Sustainability Rating
JAN 2025

Consolidation of non-consolidated subsidiaries

Overseas subsidiaries which were previously excluded from the scope of consolidation because they were deemed immaterial from the perspective of the consolidated group as a whole, will be included in the scope of consolidation from FY March 2026.

Number of newly consolidated companies : 27 (excluding 2 subsidiaries those are scheduled for liquidation)

Impact : Net Sales 7 bill JPY　Operating profit : 1.1 bill JPY

We will aim to achieve sales of 1 trillion yen by utilizing our global footprint.

	Europe	Asia	Others
Net sales	2.3 bill JPY	1.1 bill JPY	3.6 bill JPY
Operating Profit	0.2 bill JPY	0.2 bill JPY	0.7 bill JPY
Name of subsidiaries (ex.)	Total 13 companies SMC Romania, SMC Slovakia, SMC Bulgaria, SMC Norway, SMC Lithuania, SMC Serbia, SMC Latvia, SMC Estonia	Total 6 companies SMC Isreal, SMC Dubai	Total 8 companies SMC South Africa, SMC Chile, SMC Argentina, SMC Peru, SMC Morocco

SMC®

Supporting Automation

Presentation of Financial Results for the Fiscal Year Ended March 31, 2025

SMC Corporation

Masahiro Ota,
Director and Executive Officer
General Manager of Finance & Accounting Division

May 14, 2025

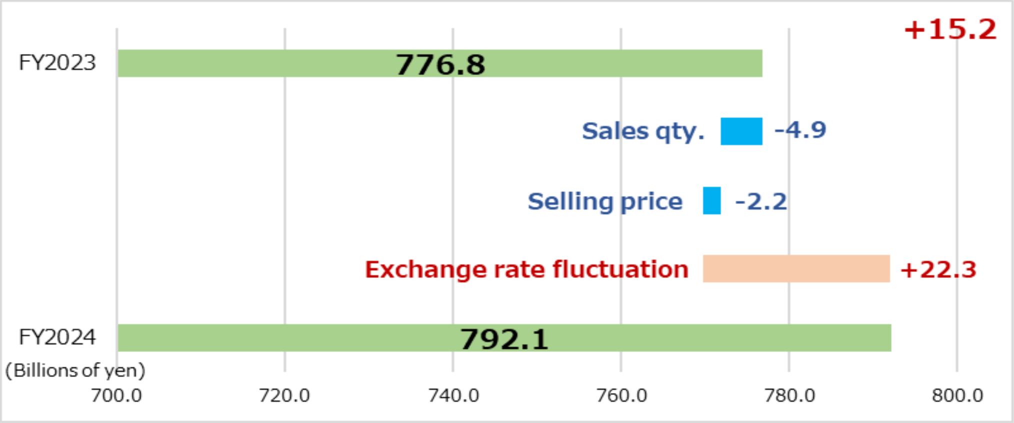
Consolidated Statement of Income

(Billions of Yen)

	FY23 Result Amount	FY23 Result vs net sales	FY24 Result Amount	FY24 Result vs net sales	YoY (FY23 vs FY24) Amount	YoY (FY23 vs FY24) %	FY24 Forecast Amount	FY24 Forecast Achievement %	FY24 3Q Amount	FY24 3Q vs net sales	FY24 4Q Amount	FY24 4Q vs net sales	QoQ (24/3Q vs 24/4Q) Amount	QoQ (24/3Q vs 24/4Q) %
Net sales	776.8		792.1		15.2	2.0%	788.0	100.5%	195.3		201.6		6.2	3.2%
Cost of sales	413.7	53.3%	429.0	54.2%	15.2	3.7%	425.0	101.0%	108.9	55.7%	110.6	54.9%	1.6	1.5%
Gross profit	363.0	46.7%	363.0	45.8%	-0.0	-0.0%	363.0	100.0%	86.4	44.3%	91.0	45.1%	4.5	5.3%
Selling, general & administrative expenses	166.8	21.5%	172.7	21.8%	5.9	3.6%	172.0	100.5%	43.1	22.1%	43.5	21.6%	0.4	1.0%
Operating profit	196.2	25.3%	190.2	24.0%	-5.9	-3.0%	191.0	99.6%	43.2	22.2%	47.4	23.5%	4.1	9.6%
Ordinary profit	251.0	32.3%	209.9	26.5%	-41.0	-16.4%	215.0	97.6%	61.9	31.7%	43.7	21.7%	-18.1	-29.4%
Net profit	178.3	23.0%	156.3	19.7%	-21.9	-12.3%	151.0	103.5%	42.1	21.6%	35.9	17.8%	-6.2	-14.8%
Average exchange rate														
USD	144.58		152.59		+8.01	5.5%	152.00		152.27		152.56		+0.29	0.2%
EUR	156.74		163.86		+7.12	4.5%	162.00		162.54		160.55		-1.99	-1.2%
CNY	20.13		21.10		+0.97	4.8%	21.10		21.14		20.93		-0.21	-1.0%
Depreciation	33.3		34.3		0.9	2.9%	35.0	98.0%						
R&D expenses	31.1		33.3		2.2	7.1%	35.0	95.3%						

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

①Net Sales



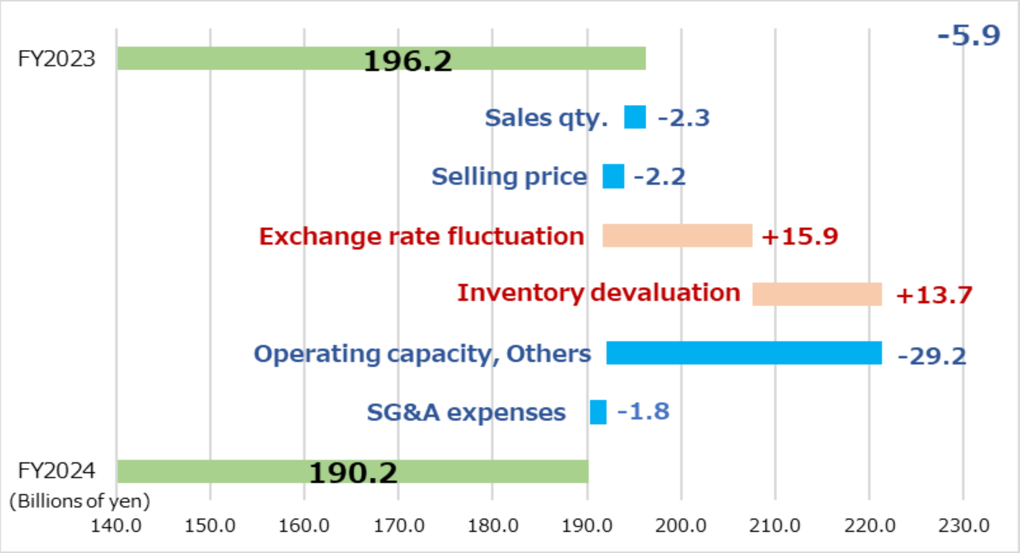
(Billions of yen)

< Sales qty. > 0.6% decrease
Japan -2.2 (-1%), North America -13.3 (-10%),
Europe -9.1 (-6%), Greater China +16.1 (+8%),
Other Asia +3.3 (+3%)

< Selling price > 0.3% down
Japan +0.5, Overseas -2.7

< Exchange rate fluctuation > 2.8% increase
North America (mainly USD) +4.7
Europe (mainly EUR) +4.2
Greater China (mainly CNY) +9.8

②Operating Profit



< Exchange rate fluctuation >
- From transaction (Foreign currency export & import) +12.7
- From conversion (Overseas subs P&L conversion) +3.2

< Inventory devaluation >
- Increase in inventory turn-over ratio, decrease devaluation

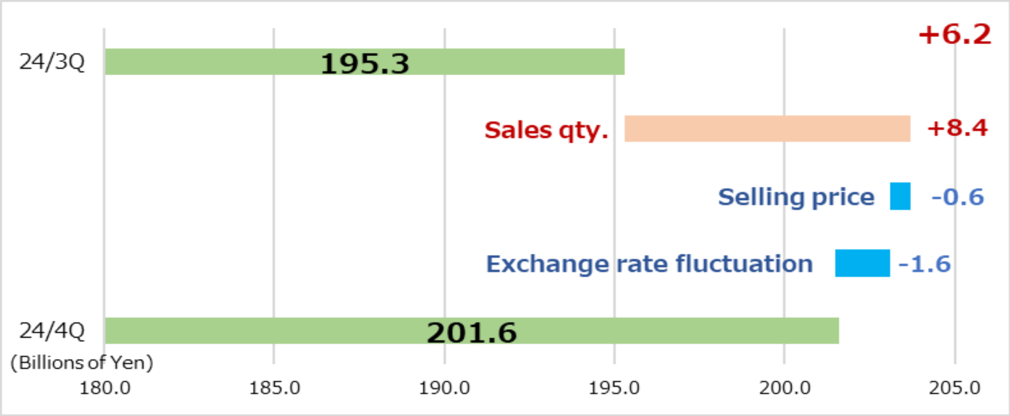
< Operating capacity >
- Operating efficiency decreased from decrease in production volume

< SG&A expenses >
- Communication -0.3, Personnel -0.2, R&D -0.2, Advertisement -0.1, Other -1.0

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

①Net Sales

(Billions of yen)

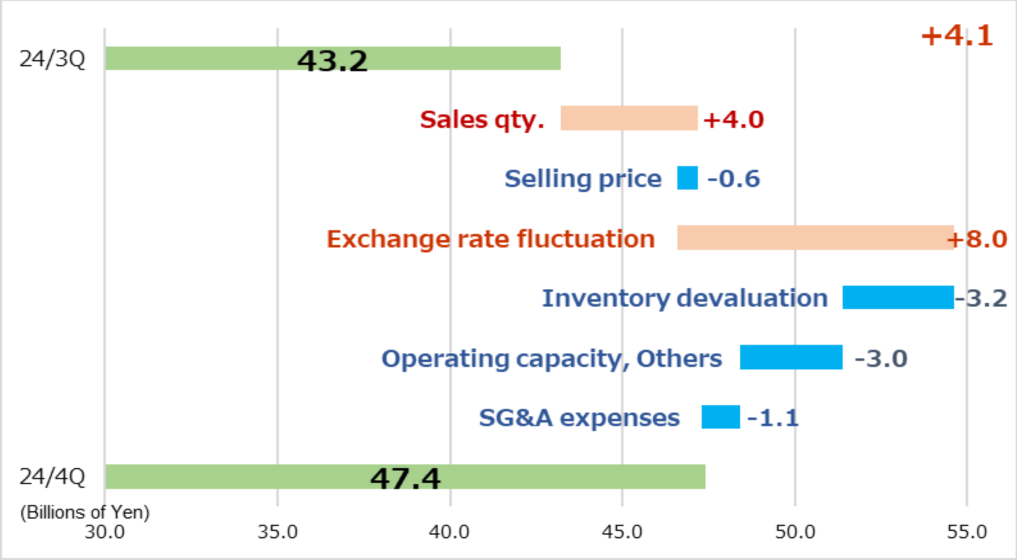


< Sales qty. > 4.3% Increase
Japan -3.6 (-8%), North America +3.0 (+11%),
Europe +5.9 (+18%), Greater China +3.3 (+6%),
Other Asia -0.1 (±0%)

< Selling price > 0.3% down
Japan -0.1, Overseas -0.5

< Exchange rate fluctuation > 0.8% Decrease
North America (mainly USD) ±0.0
Europe (mainly EUR) -0.4
Greater China (mainly CNY) -0.5

②Operating Profit



< Exchange rate fluctuation >
- From transaction (Foreign currency export & import) +7.9
- From conversion (Overseas subs P&L conversion) +0.1

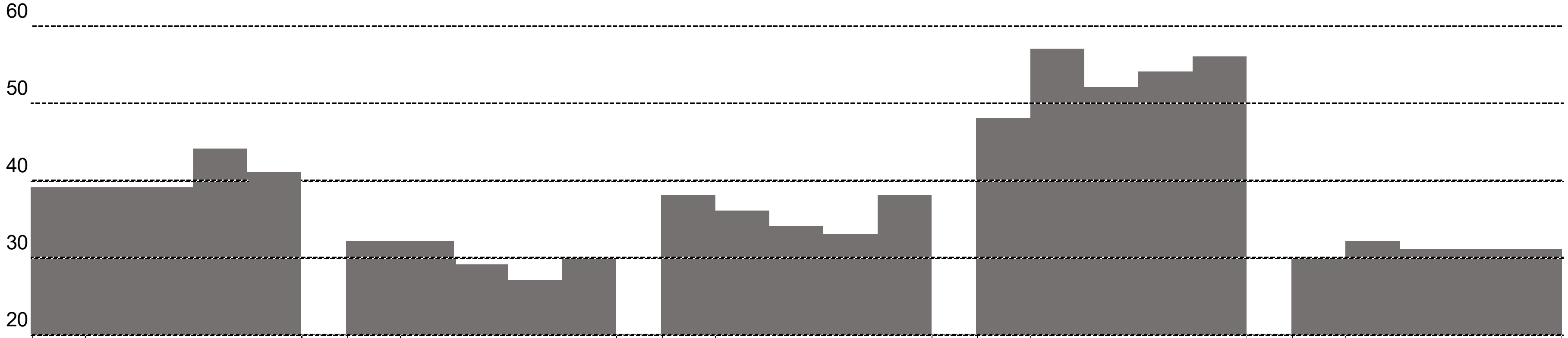
< Inventory devaluation >
- Increase in devaluation

< Operating capacity >
- Operating efficiency decreased from decrease in production volume

< SG&A expenses >
- Personnel -0.9, Communication -0.1, Other -0.1

[Quarterly] Consolidated Net Sales by Location

	Japan	North America	Europe	Greater China	Other Asia
Sales Ratio	20%	15%	19%	28%	16%



	FY23	FY24			
	4Q	1Q	2Q	3Q	4Q
Net Sales (Bil. Of Yen) Japan	39.1	39.7	39.1	44.3	40.5
North America	32.8	32.2	29.8	27.1	30.2
Europe	38.7	35.7	33.8	32.4	38.0
Greater China	48.6	57.6	52.6	54.8	56.8
Other Asia	30.0	32.1	31.7	31.9	31.3

Ratio of Sales by Industry (Cumulative)	Japan	North America	Europe	Greater China	Other Asia	Consolidated
Semiconductor	23%	13%	8%	24%	31%	19%
Electric	10%	3%	3%	22%	15%	11%
Automobile	19%	20%	12%	21%	17%	17%
Machine tools	9%	7%	13%	11%	12%	10%
Food	5%	11%	13%	4%	3%	7%
Medical	4%	8%	10%	5%	2%	6%
Others	29%	37%	41%	13%	20%	30%

	Japan	North America	Europe	Greater China	Other Asia
Production Base	Soka and etc., total of 6 factories	USA, Indiana	Czech	Beijing･Tianjin	Vietnam･Singapore･India
R&D Base	Tsukubamirai City	USA	UK･Germany	Beijing	–
Foreign Exchange Sensitivity (1%)*	–	USD 0.35 bil. yen	EUR 0.61 bil.yen	CNY 0.73 bil.yen	KRW 0.37 bil.yen

*Impact to operating profit from 1% exchange rate change (total impact of the above major currencies is approximately 2.68 billion yen)

Consolidated Balance Sheet

(Billions of Yen)

	FY23	FY24	Change	
Assets	2,094.5	2,100.7	6.2	0.3%
Current assets	1,307.9	1,421.8	113.8	8.7%
(①Cash and deposits)	(511.2)	(655.7)	(144.5)	(28.3%)
(Trade receivables)	(217.6)	(207.9)	(-9.7)	(-4.5%)
(②Securities)	(0.0)	(29.7)	(29.7)	-
(Inventories)	(519.5)	(489.6)	(-29.8)	(-5.8%)
Non-current assets	786.5	678.9	-107.6	-13.7%
(③Investment securities with fair value)	(155.0)	(127.3)	(-27.7)	(-17.9%)
(④Insurance funds)	(147.1)	(0.0)	(-147.1)	(-100.0%)
*Cashable Financial Assets ①+②+③+④	813.5	812.9	-0.6	-0.1%
Liabilities	208.6	172.4	-36.2	-17.4%
Current liabilities	164.6	135.6	-28.9	-17.6%
(Trade payables)	(58.8)	(46.8)	(-11.9)	(-20.3%)
Non-current liabilities	44.0	36.8	-7.2	-16.5%
Net assets	1,885.8	1,928.3	42.4	2.3%
Equity ratio	89.8%	91.8%	+2.0	
Net assets per share (yen)	29,338	30,255	+917	
ROE	10.0%	8.2%		

(Billions of Yen)

	FY23	FY24	Change
Total inventory	519.5	489.6	-29.8
Merchandise and finished goods	197.3	173.9	-23.3
Work in process	37.2	31.2	-5.9
Raw materials, parts and supplies	285.0	284.4	-0.5

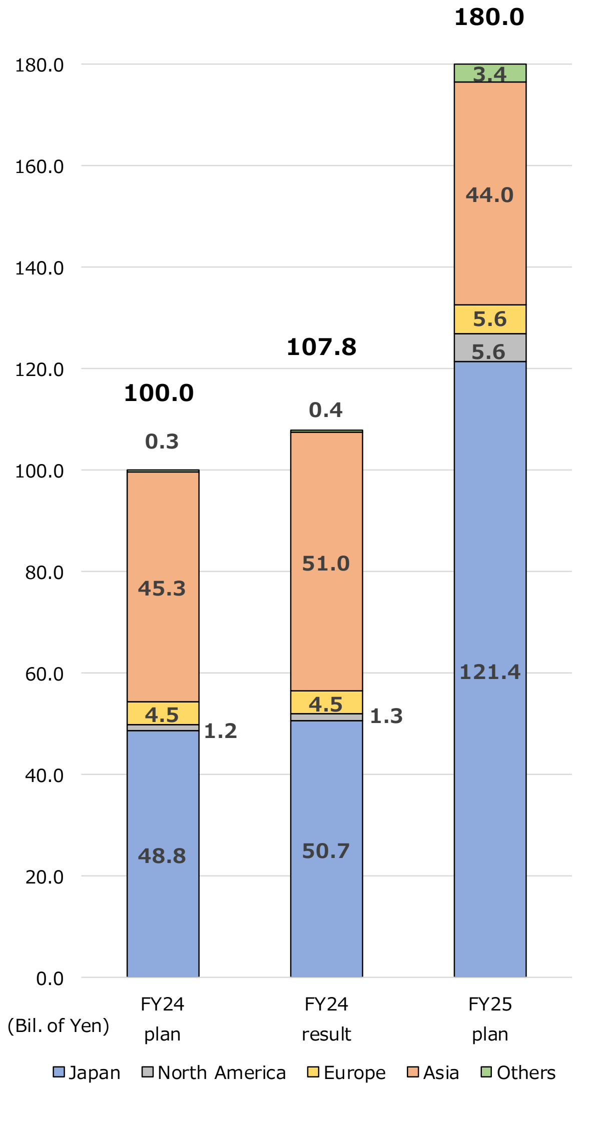
Impact due to exchange rate fluctuation	-5.7
Impact due to inventory devaluation	-10.3
Actual change	**-13.8**

	FY23	FY24	Change
FY average monthly sales ratio	8.0	7.4	-0.6
Closing month sales ratio	7.9	7.4	-0.5

Closing exchange rate

	FY23	FY24	Change
USD	151.40	149.53	-1.87
EUR	163.28	162.03	-1.25
CNY	20.84	20.59	-0.25

Capital Expenditure

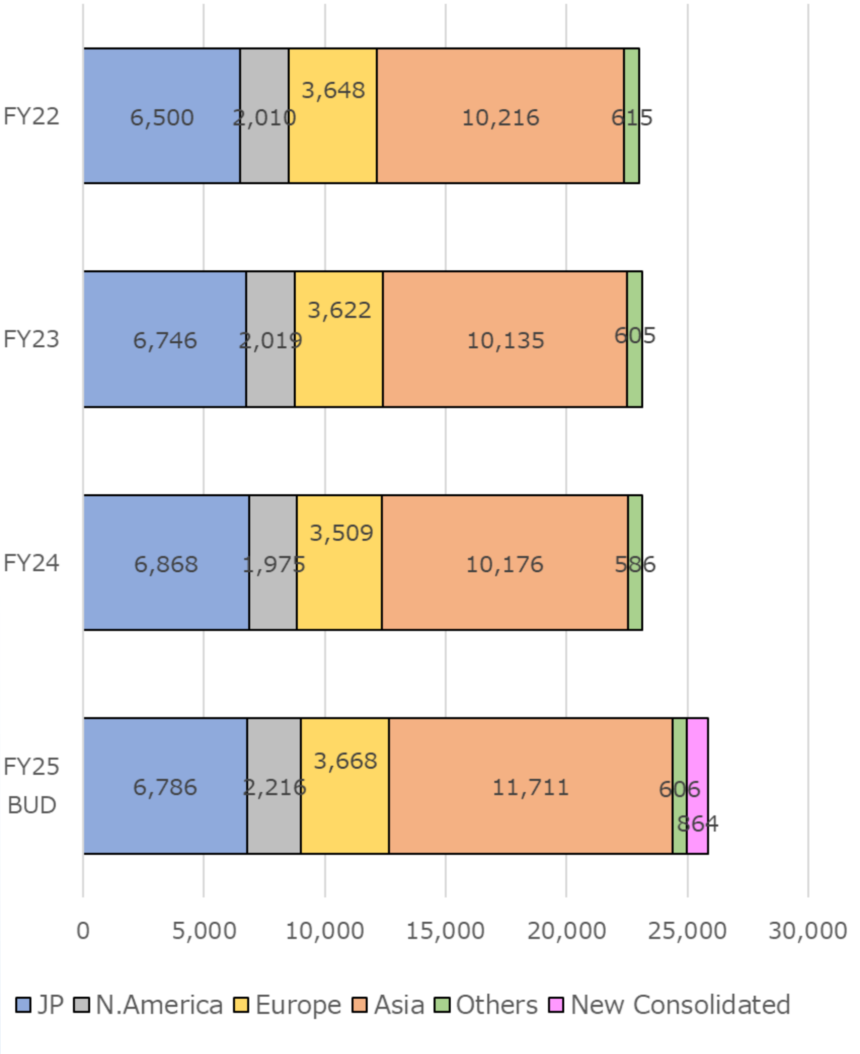


(Billions of Yen)

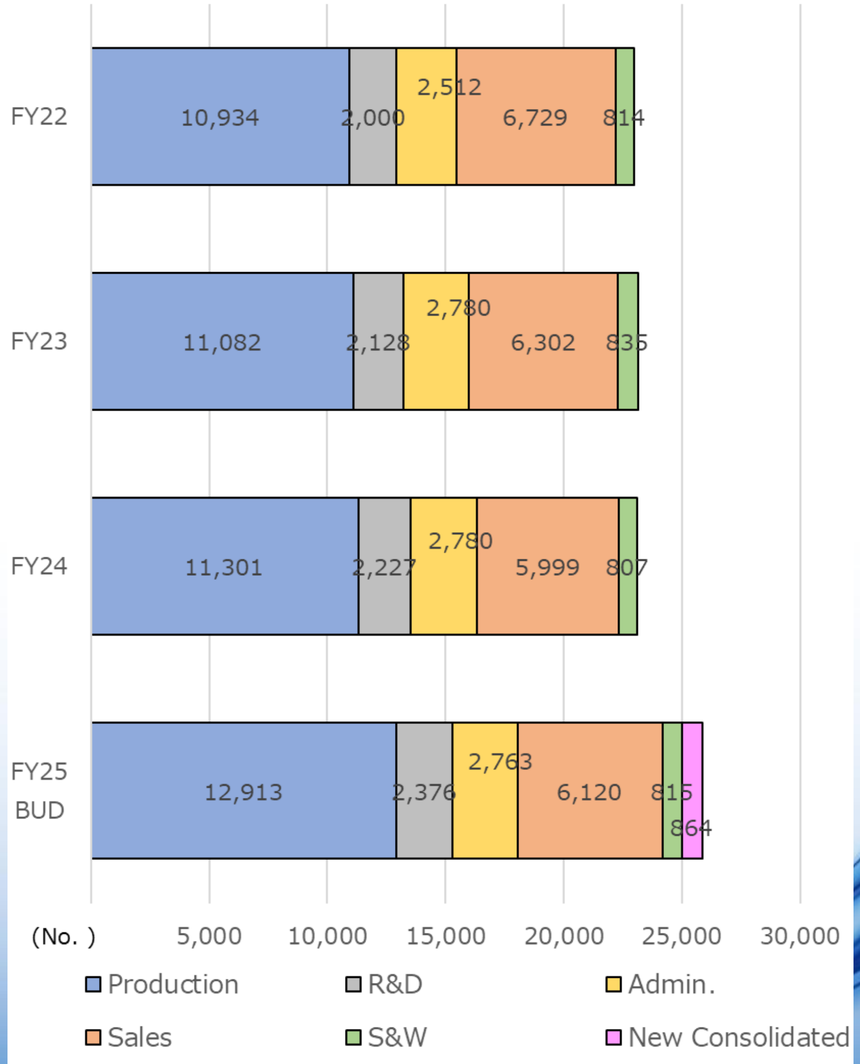
Function	Place	FY24 Result: Result	FY24 Result: Item	FY25 Plan: Plan	FY25 Plan: Item
PRD	Japan	37.2	Tono Fac. Shimotsuma Fac. Kamaishi Fac. Others	41.0	Tono Fac. SP. Tsukuba Fac. Shimotsuma Fac. Kamaishi Fac. Others
PRD	Overseas	46.8	Vietnam Mfg SMC Korea China Mfg(s) SMC Czech Others	39.1	Vietnam Mfg China Mfg(s) SMC US Others
Admin. R&D Sales Logistics	Japan	13.6	New HQ building New Technical Center East&West Logistics Others	80.4	New Technical Center Others
Admin. R&D Sales Logistics	Overseas	10.3	SMC China (Sales) R&D Base in China SMC Taiwan SMC Australia SMC Malaysia Others	19.5	SMC Taiwan SMC Australia SMC China (Sales) SMC Malaysia SMC Korea European Warehouse SMC Germany Others
Total		107.8		180.0	

Number of Employees

① By Region



② By Division



22,989
Overseas Employees
Ratio 72%

23,127
Overseas Employees
Ratio 71%

23,114
Overseas Employees
Ratio 70%

25,851
Overseas Employees
Ratio 73%

FY25 Consolidated Financial Forecast

(Billions of Yen)

	FY23 Result		FY24 Result		FY25 Forecast		YoY (FY24 vs FY25)	
	Amount	vs net sales	Amount	vs net sales	Amount	Achievement %	Amount	%
Net sales	776.8		792.1		850.0		57.8	7.3%
Cost of sales	413.7	53.3%	429.0	54.2%	451.0	53.1%	21.9	5.1%
Gross profit	363.0	46.7%	363.0	45.8%	399.0	46.9%	35.9	9.9%
Selling, general & administrative expenses	166.8	21.5%	172.7	21.8%	184.0	21.6%	11.2	6.5%
Operating profit	196.2	25.3%	190.2	24.0%	215.0	25.3%	24.7	13.0%
Ordinary profit	251.0	32.3%	209.9	26.5%	232.0	27.3%	22.0	10.5%
Net profit	178.3	23.0%	156.3	19.7%	167.0	19.6%	10.6	6.8%
Average exchange rate								
USD	144.58		152.59		141.00		-11.59	-7.6%
EUR	156.74		163.86		157.00		-6.86	-4.2%
CNY	20.13		21.10		19.50		-1.60	-7.6%
Capital Investment	105.5		107.8		180.0		72.1	67.0%
Depreciation	33.3		34.3		42.3		7.9	23.3%
R&D expenses	31.1		33.3		37.0		3.6	10.9%
Annual dividend per share (JPY)	950		1,000		1,000		0	

Impact of the Additional U.S. Tariffs

The impact of the additional U.S. tariffs on sales and profits for FY2025 is as follows.
The calculation of the impact amount is based on the following three assumptions:

Assumption 1：
The tariff rates currently applied are based on the latest policies announced by the U.S. government.(Section 232 of the Trade Expansion Act of 1962)
Assumption 2:
The reciprocal tariffs, which are currently suspended for 90 days, are not applied for one year.
Assumption 3:
As a result of above, SMC-US imports products/parts with the tariff rates by country of origin as follows:
Made in Japan：12%　Singapore：10%　China：56%　Vietnam：11%

1．Direct impact: Profit decline -6.2 billion yen

(million USD)	Before the second Trump admin.			Projection after the second Trump admin. begins				
Country of origin for imported goods	FY2024 Shipment amount	Tariff amount (theoretical)	Average tariff rate	Average tariff rate	Increase in tariff rate	FY2025 Shipment amount	Tariff amount (theoretical)	Tariff increase amount
China	17	3.9	23.4%	56.0%	32.6%	19	10.1	6.2
Japan	242	0.5	0.2%	12.0%	11.8%	273	32.8	32.3
Singapore	32	0.0	0.0%	10.0%	10.0%	37	3.7	3.7
Vietnam	14	0.1	0.6%	11.0%	10.4%	15	1.7	1.6
Total	305	4.5	1.5%	20.8%	19.3%	344	48.3	43.8

2．Indirect impact：Profit decline -3.8 billion yen, sales decline -8.0 billion yen

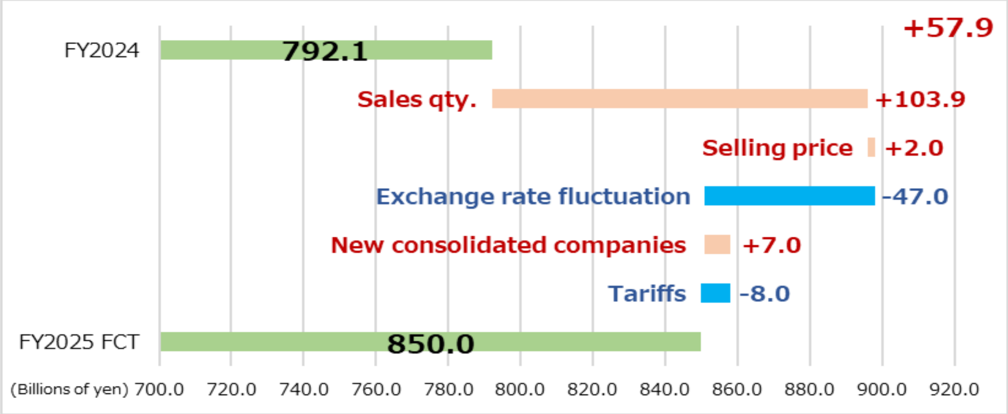
・Sales for Automobile, mainly in Japan and Germany, decreased by approximately 8 billion yen.

・The above factors resulted in a gross profit reduction of 3.8 billion yen, based on the gross profit margin.

【FY25FCT vs FY24】 Factors of Change of Net Sales and Operating Profit

① Net Sales

(Billions of yen)



< Sales qty. >
- Japan +14.6, Oversea +89.3

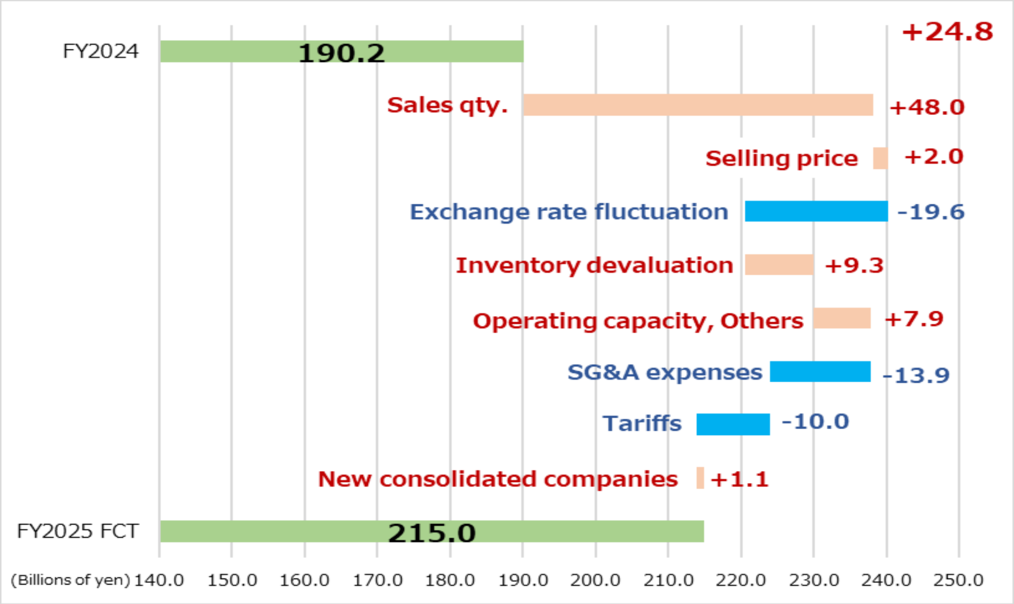
< Selling price >
- Japan +3.6, Oversea -1.6

< Exchange rate fluctuation >
- Greater China -16.5, North America -9.0

< Impact of expansion of consolidation scope >
- Europe +2.3, Asia +1.1, South America and others +3.6

< Impact of tariffs > (refer to slide10)
- Mainly Japan and Europe -8.0

② Operating Profit



< Exchange rate fluctuation >
- Due to stronger yen, decrease in profitability of export and decrease in P&L conversion profit from overseas subsidiaries

< Inventory devaluation >
- Devaluation decease due to higher inventory turn-over ratio from increase in sales

< Operating capacity, Material cost, Others >
- Higher operating efficiency from increase in production volume.

< SG&A expenses >
- Personnel -5.6, Delivery -2.5, Depreciation -2.0, Freight -1.0

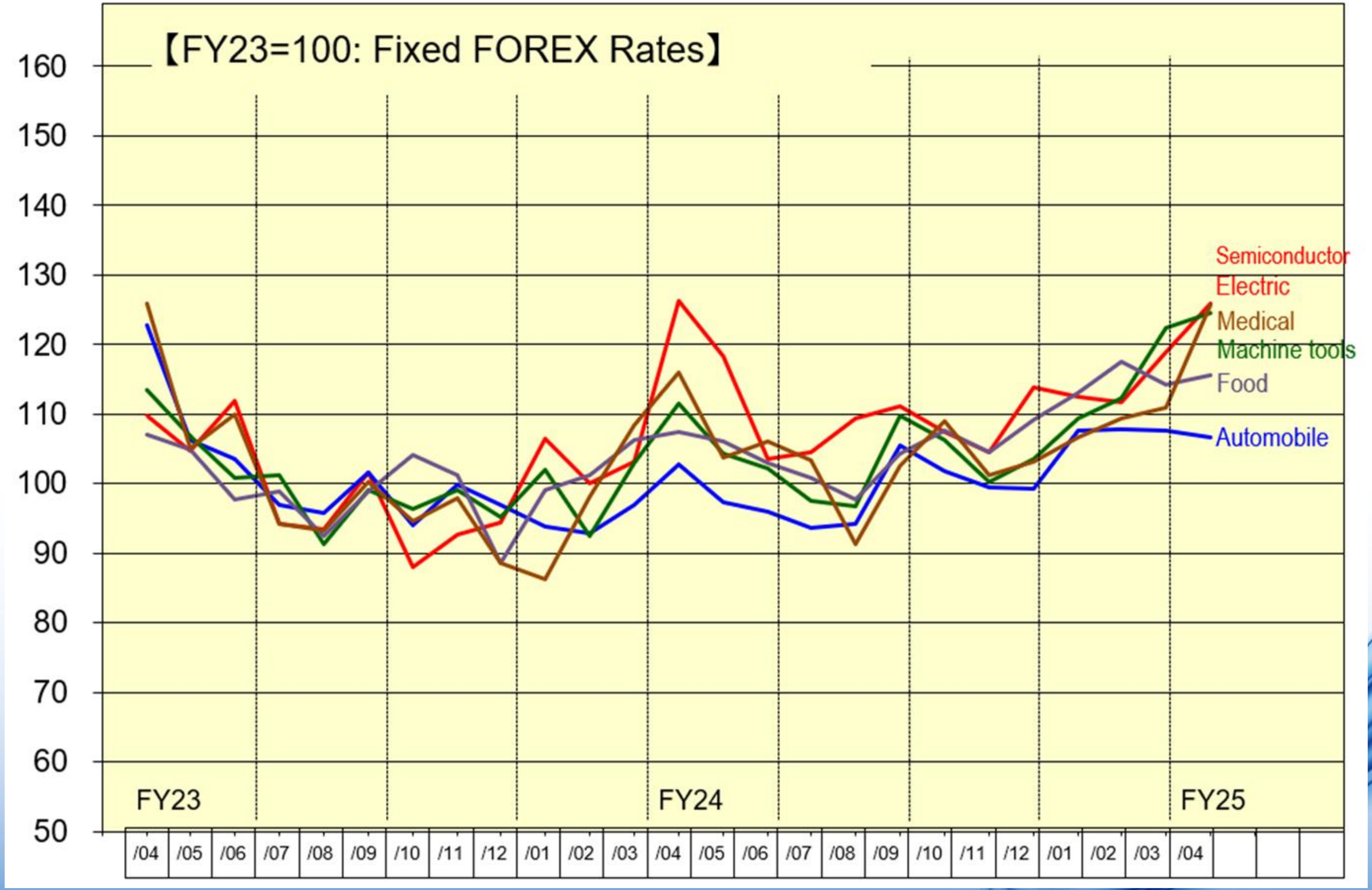
< Impact of tariffs > (refer to slide10)
- Direct impact -6.2, Indirect impact -3.8

< Impact of expansion of consolidation scope >
- Europe +0.2, Asia +0.2, South America and others +0.7

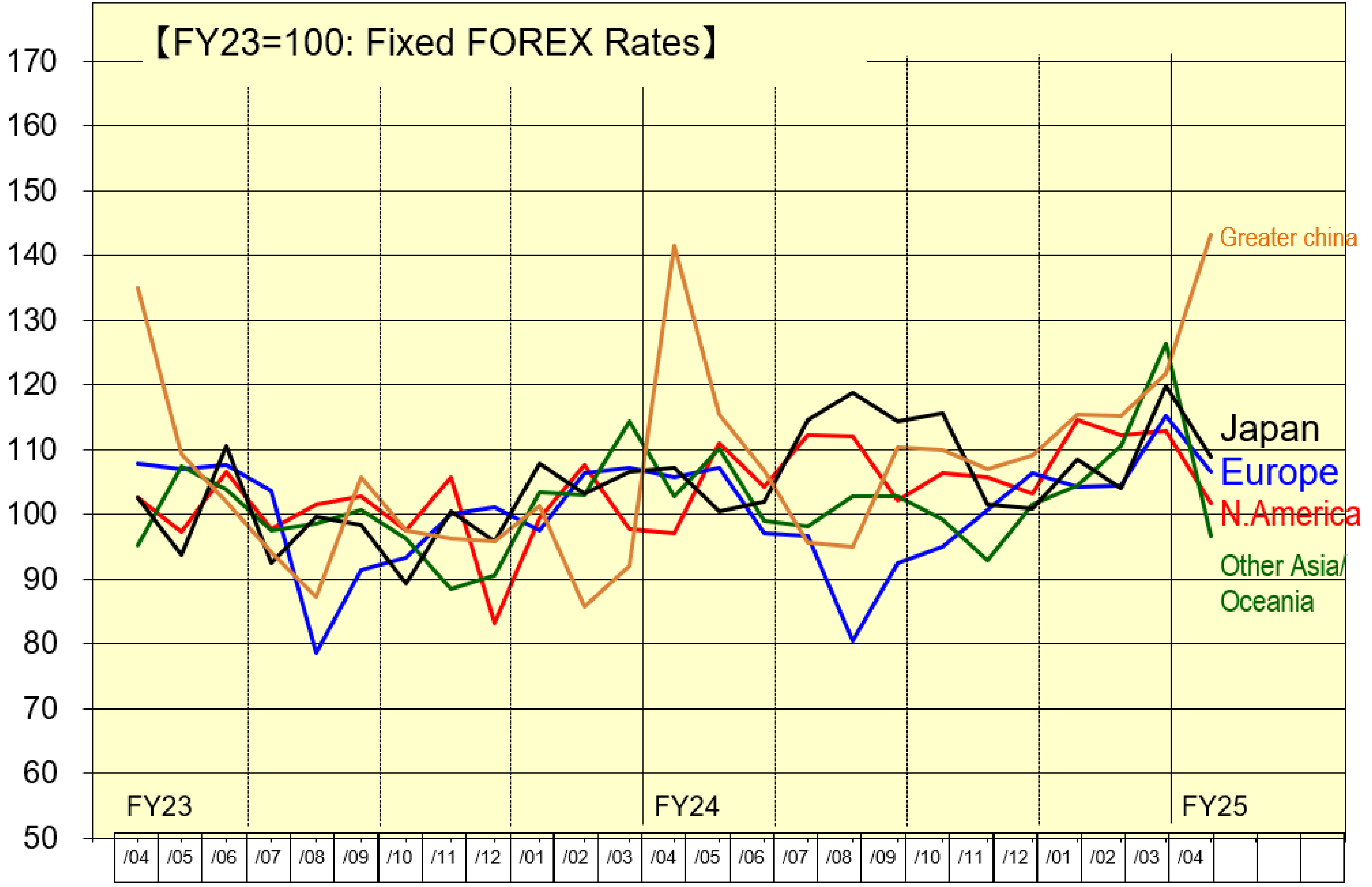
Current Order Situation (FY23=100)

		FY24	'24/3Q	'24/4Q	'25/04	25/04 Situation
Consolidated	Semiconductor/Electric	112	109	114	126	[Increase] Japan, Greater China [Decrease] North America, Other Asia
	Automobile	101	100	108	107	[Increase] Greater China [Decrease] Japan, North America, Other Asia
	Machine tools	106	103	115	125	[Increase] Europe, Greater China [Decrease] Other Asia
	Food	107	107	115	116	[Increase] Greater China [Decrease] North America
	Medical	105	105	109	126	[Stable] Japan [Increase] Other Regions
	Other	107	103	118	108	
Japan		109	106	111	109	[Increase] Semiconductor [Decrease] Automobile
North America		108	105	113	102	[Decrease] Semiconductor, Automobile
Europe		100	101	108	107	[Increase] Machine tools, Medical
Greater China		112	109	117	143	[Increase] All Industries
Other Asia/ Oceania		104	98	114	97	[Decrease] Semiconductor, Automobile, Machine tools
Consolidated		107	104	113	115	

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