

MISUMI Group Inc.

FY2021 (ending March 31, 2022) First half (1H) earnings report

October 29, 2021
Representative Director, President
Ryusei Ono

FY21 1H earnings overview

FX rates (vs Yen)	FY20 1H actual	FY21 1H actual
USD	106.7 yen	110.2 yen
EUR	121.4 yen	131.0 yen
RMB	15.2 yen	17.0 yen

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Market condition in the 1H of FY21 and MISUMI's initiatives

The market condition is in a bit of turmoil as customers explore the new normal following the COVID-19 pandemic

- Strong demand has led to shortages of various materials and components, starting with semiconductors
- Supply chain disruptions in some regions due to COVID-19
- Customer utilization rates are high, but with extreme volatility

While we are affected by these market conditions

- Demand, driven by China, is recovering in all regions including Japan
- Thorough profitability improvement, which has been underway since last year, continued
- Vigorously defending reliable and quick delivery by making full use of our global production and supply network
- However, affected by shortages of some products, and restrictions on factory operations (Vietnam)

While there were favorable and unfavorable factors, 1H results exceeded the plan, resulting in new record highs for the half-year period

FY21 1H earnings overview

Net sales and operating income both reached record highs for the half-year period

Factors behind the significant increase in profits are (1) profit improvement started last year, (2) sales increase, and (3) forex impact

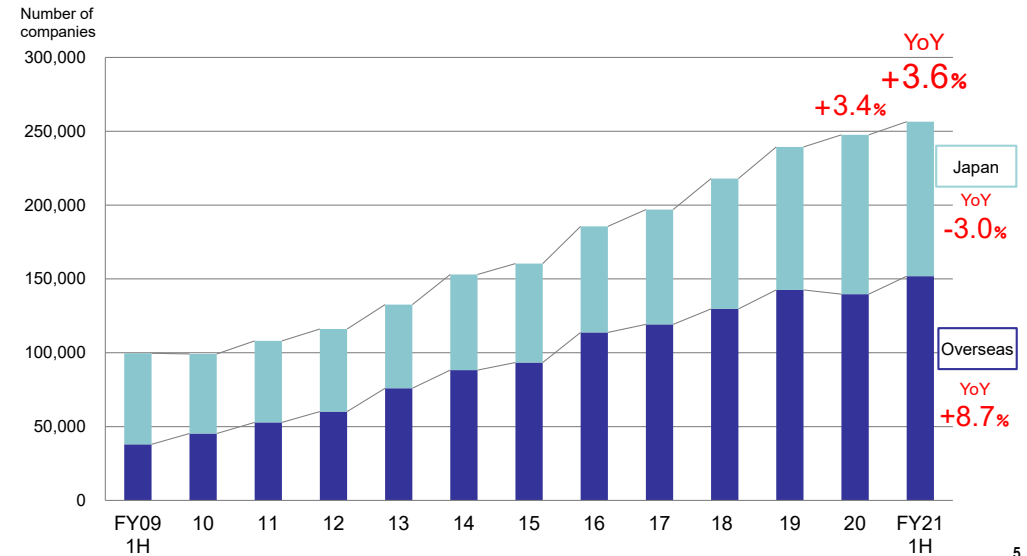
Category	Million yen				
	FY20 1H Actual	7/30 Revised plan	FY21 1H		
			Actual	Percentage change	
			YoY	Vs plan	
Net sales	143,302	179,900	182,238	+27.2%	+1.3%
Operating income	9,126	25,500	28,494	+212.2%	+11.7%
Margin	6.4%	14.2%	15.6%	+9.3pt	+1.5pt
Ordinary income	9,108	25,400	28,694	+215.0%	+13.0%
Net income	6,708	18,600	20,831	+210.5%	+12.0%

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FY21 1H transition of customer numbers

Overseas: recovered from the impact of last year's lockdowns, and customer growth exceeded the pre-COVID-19 levels in all regions

Japan: decreased slightly compared to the previous year, which was not affected by COVID-19, but per-customer spending increased significantly



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FY21 1H sales by business segment

FA: in addition to continued growth in China, recovery in all regions including Japan, Asia, Europe, and the U.S.

Die Components: steady acquisition of automotive-related demand mainly in the U.S., Japan, and Asia

VONA: continued recovery both in Japan and overseas on the back of strong demand for automation

Category	Million yen			
	FY20 H1 Actual	FY21 1H Actual	YoY change	
			Yen basis	Local currency basis
Total	143,302	182,238	+27.2%	+22.2%
FA business	47,810	59,073	+23.6%	+18.5%
Die components business	31,028	37,515	+20.9%	+14.8%
VONA business	64,464	85,649	+32.9%	+28.5%

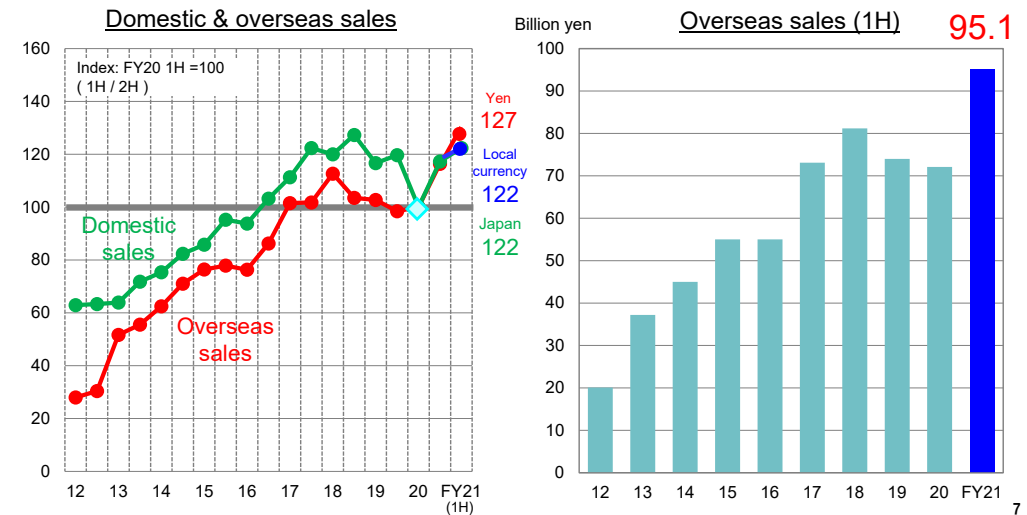
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FY21 1H domestic & overseas sales

Japan: demand recovered mainly related to semiconductor industry but is still below the record high

Overseas: sales increased in all regions and reached a record high for the first half period

Overseas sales increased by 22.2% on a local currency basis, overseas ratio was 52%

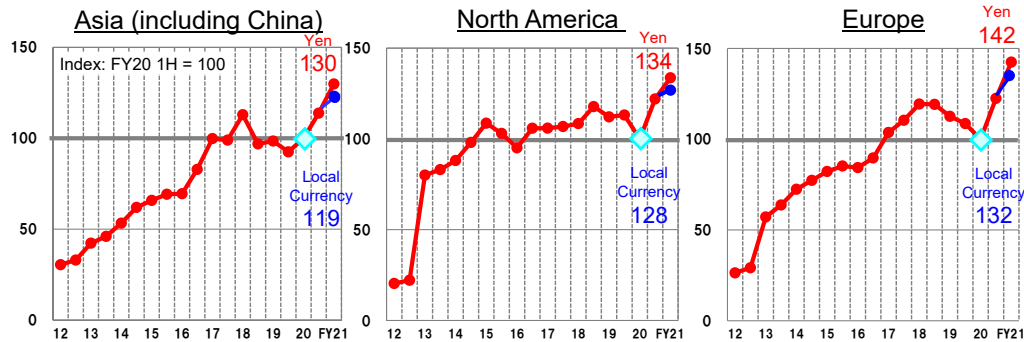


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FY21 1H sales by region (local currency basis)

Asia: 5G and rechargeable batteries related drove sales in China, and automotive and semiconductor-related are the drivers in the rest of Asia

U.S. and Europe: recovery in the manufacturing industry in general, centered on EV related, and demand in logistics and medical related also captured



China 124 (111)
Asia 138 (131)
Parentheses indicate
local currency basis

FX rates (vs Yen)	FY20 1H actual	FY21 1H actual
USD	106.7 yen	110.2 yen
EUR	121.4 yen	131.0yen
RMB	15.2yen	17.0 yen

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FY21 1H operating income by business segment

Restrained SG&A expenses in 1H originally planned, on the assumption of activity limitation due to the impact from COVID-19

Substantial increase in profit in each business due to profitability improvement, sales increase, and forex impact

Million yen

Category	FY20 1H		FY21 1H			
	Actual		Actual		YoY	
		Margin		Margin	Yen basis	Local currency basis
Total	9,126	6.4%	28,494	15.6%	+212.2%	+175.0%
FA business	6,128	12.8%	12,796	21.7%	+108.8%	+90.6%
Die components business	1,273	4.1%	5,091	13.6%	+300.0%	+266.4%
VONA business	1,725	2.7%	10,606	12.4%	+515.0%	+441.1%

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Profitability improvement effects in 1H of FY21

Main initiatives to improve profitability

- Appropriate pricing in consideration of market competitiveness
- Improvement of product mix by bolstering sales of high value-added products
- Cost reduction in production and procurement
- Restraining SG&A expenses by fundamentally reviewing inefficient operations

We are going to strengthen the existing initiatives in 2H and beyond;
While continuing and reinforcing profitability improvement measures, such as

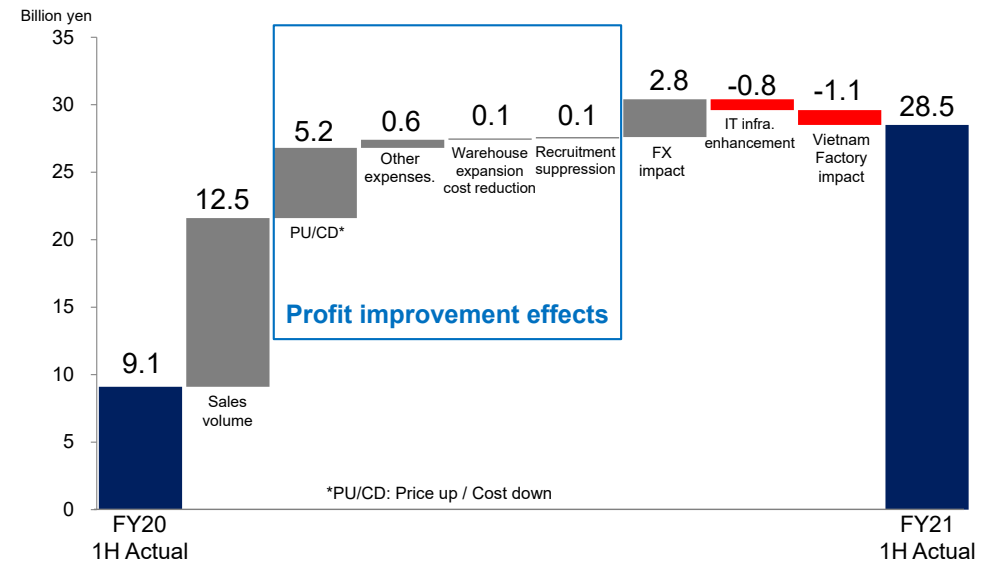
- Termination of low-profit products and services
- Product selection and concentration in the VONA business

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FY21 1H operating income analysis (YoY)

In addition to the increase in sales volume and forex impact, profitability improvement effects exceeded the previous plan

Significantly increased profit by absorbing expenses incurred in fortifying the IT infrastructure and the impact at the Vietnam factory

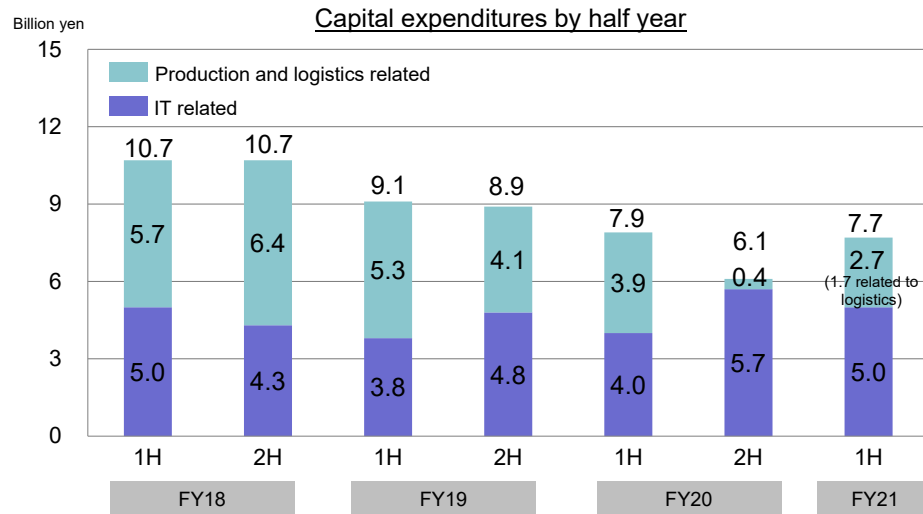


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Investment results

Investment in IT enhancement, such as core system renewal, is implemented in advance in anticipation of the future

Investment in production and logistics, restrained considering demand trends, will be actively deployed in 2H



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FY21 full year consolidated earnings forecasts

FX rates (vs Yen)	FY20 actual	FY21 2H plan	FY21 full-year plan
USD	106.2 yen	107.0 yen	108.7 yen
EUR	123.7 yen	128.0 yen	130.1 yen
RMB	15.6 yen	16.5 yen	16.8 yen

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Outlook of FY21 going forward

The global trend of structural reform in manufacturing and the rising demand for automation in the medium to long term remains unchanged, but **uncertainty is increasing**

- Difficulties in procuring energy and raw materials, supply chain disruptions
- Rising risks in China (recession, power restrictions)
- Watching out for **geopolitical risk reduction scenario** and **strategy updates from major manufacturers**

We will:

In the short-term: not only make full use of our supply network with reliable and quick delivery, but striving to enhance our **resilience** and the ability to respond to changes

In the long-term: **continue to strengthen business model innovation** aiming for sustainable growth

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FY21 full year earnings forecast

Revised forecast to reflect overachievement in 1H while maintaining a cautious outlook for 2H as previously planned

Proactively implement initiatives for growth and thoroughly improve profitability

Million yen

Category	FY20 Actual	FY21 Revised plan (October 28)	FY21			
			YoY		Revised plan(July 30)	
			Yen basis	Local currency basis	Yen basis	Local currency basis
Net sales	310,719	356,000	+14.6%	+11.8%	+0.6%	+0.3%
Operating income	27,199	48,500	+78.3%	+65.8%	+6.6%	+5.6%
Margin	8.8%	13.6%	+4.9pt	+4.2pt	+0.7pt	+0.7pt
Ordinary income	27,189	48,500	+78.4%	-	+7.3%	-
Net income	17,138	35,200	+105.6%	-	+6.7%	-

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FY21 sales forecast by business segment

Demand for automation including EV-related, will continue, and the impact of recent concerns will be factored

FA and VONA are expected to reach record highs, while Die components business is likely to grow for the full year

Million yen

Category	FY20	FY21		
	Actual	Revised Plan (October 28)	YoY	
			Yen basis	Local currency basis
Total	310,719	356,000	+14.6%	+11.8%
FA business	102,244	119,321	+16.7%	+13.8%
Die components business	66,871	73,261	+9.6%	+6.2%
VONA business	141,602	163,419	+15.4%	+13.1%

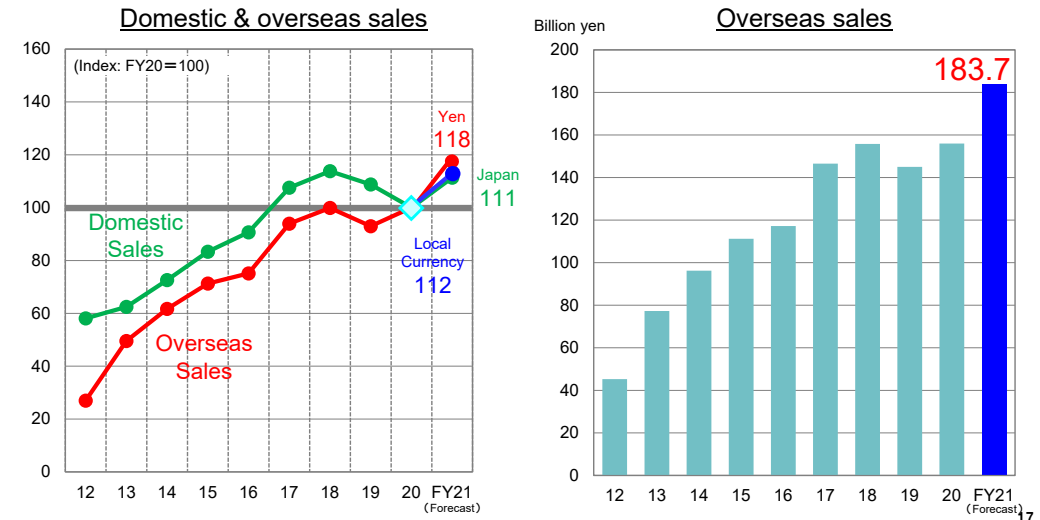
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FY21 domestic & overseas sales

Japan: continued demand for semiconductors and EV-related but concerns about difficulties in procuring parts

Overseas: while demand for automation will increase, geopolitical risks will be taken into consideration

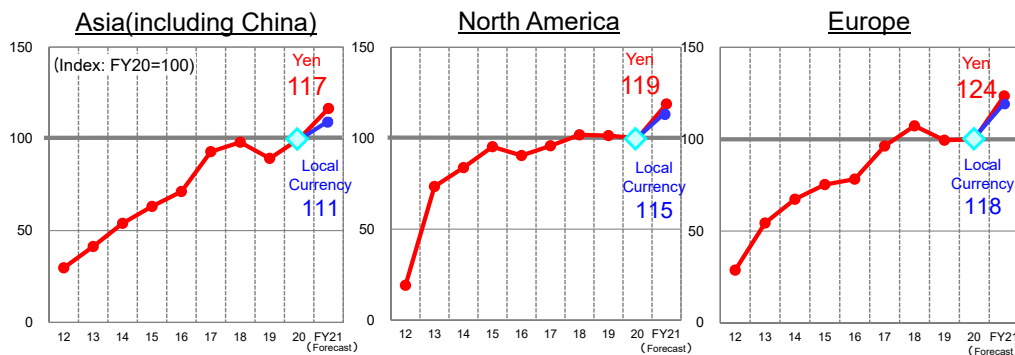
Overseas sales up 11.8% on a local currency basis, the overseas ratio at 52%



FY21 sales by region (local currency basis)

Asia: cautious view taken as uncertainty anticipated in 2H in both China and Asia, but annual growth expected year-on-year

U.S. and Europe: continued to cultivate demand for EV and medical related, but uncertainty exists, as in other regions



China 113(105)
Asia 122(118)
Parentheses indicate local currency basis

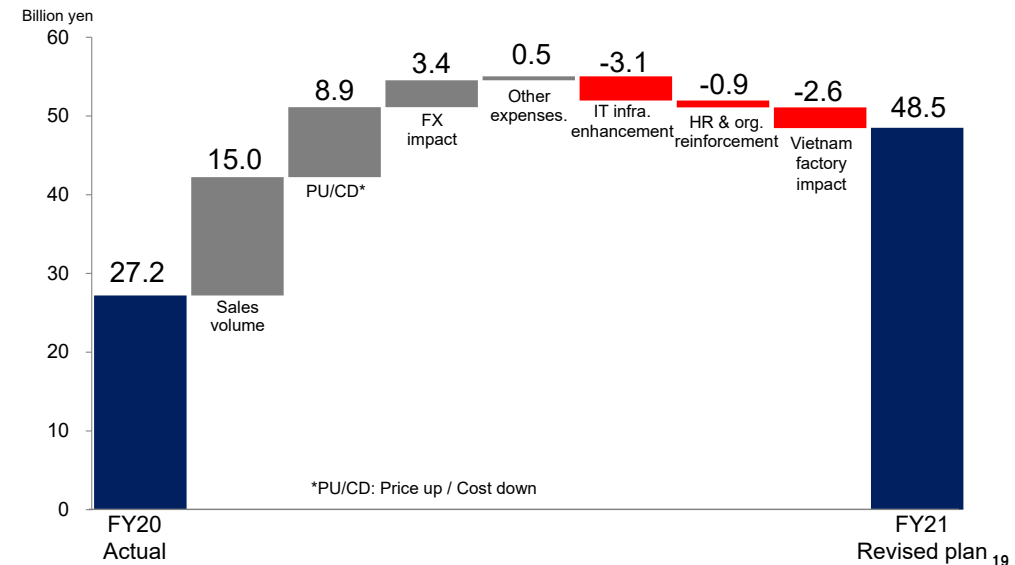
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FY21 operating income analysis (YoY)

Profit increase exceeded the plan due to sale volume, profitability improvement and forex impact, covering the increase in expenditures

Proactive reinforcement of IT infrastructure and organization in 2H to achieve sustainable growth



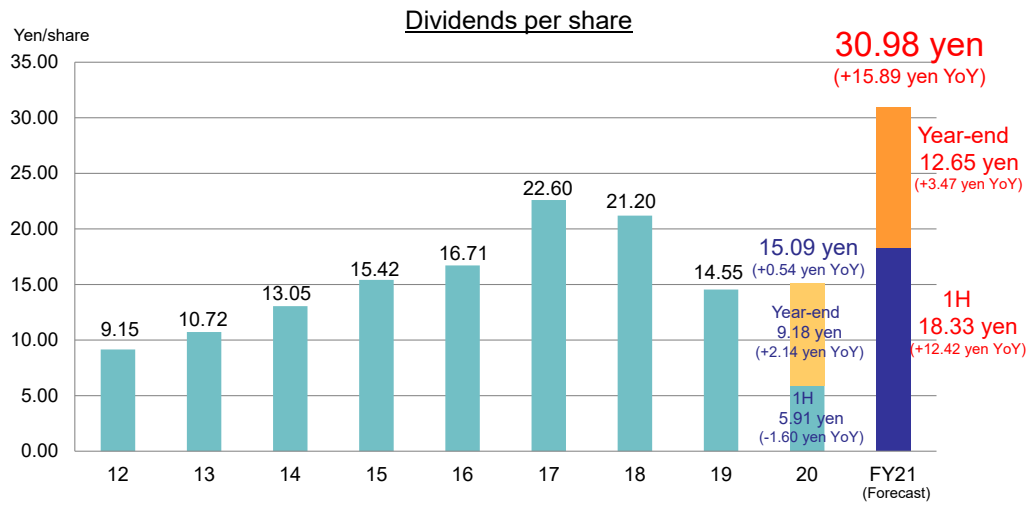
*PU/CD: Price up / Cost down

FY21 Revised plan 19

Shareholder return

Dividend for 1H of FY21 was 18.33 yen, an increase of 12.42 yen year-on-year

Full-year dividend is expected to be 30.98 yen, a record high, and an increase of 15.89 yen year-on-year



* Effective July 1, 2015, a 3-for-1 stock split was executed. Past DPS amounts have been adjusted to reflect the split

Summary

Thorough reinforcement of the competitive advantage, as demand for automation is expected to grow long-term

