



### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Earnings per share attributable to owners of the parent (basic)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Second quarter-end (Cumulative)	168,100	0.9	14,800	(6.9)	14,700	(8.0)	10,900	(5.8)	38.43
Full year	355,000	6.9	35,400	11.1	35,200	10.6	25,900	7.8	91.32

(Note) Revision of the latest financial results forecasts: None

\*Notes:

- (1) Changes in significant consolidated subsidiaries during the fiscal year (changes in specified subsidiaries resulting in changes in scope of consolidation): None
- (2) Adoption of special accounting procedures for the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards: Yes
  - 2) Changes in accounting policies other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None

(Note) Please see the page 9 “2. Quarterly Consolidated Financial Statements and Primary Notes

(4) Notes to the Quarterly Consolidated Financial Statements (Changes in accounting policies)” for details.

- (4) Total number of shares outstanding (common shares)
  - 1) Total number of shares outstanding at the end of the period (including treasury stock):
    - As of June 30, 2019 : 283,785,897 shares
    - As of March 31, 2019 : 283,756,497 shares
  - 2) Total number of treasury stock at the end of the period:
    - As of June 30, 2019 : 129,626 shares
    - As of March 31, 2019 : 129,626 shares
  - 3) Weighted average number of shares outstanding during the period:
    - Three months ended June 30, 2019 : 283,639,946 shares
    - Three months ended June 30, 2018 : 283,336,506 shares

\* These quarterly financial results are outside the scope of quarterly review by certified public accountants or audit corporations.

\* Explanation on the appropriate use of forecasts and other notes

- The earnings forecasts and other forward-looking statements herein are based on information available to the Company at the time of preparation and certain assumptions deemed to be reasonable, and actual results may differ significantly from the forecasts due to various factors. For the assumptions on the earnings forecasts and notes on their use, please refer to “Explanation of Consolidated Financial Results Forecast and Other Forward-looking Statements” on page 3 of the attached document.

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## **1. Qualitative Information on Quarterly Financial Results**

### **(1) Explanation of Operating Results**

The global economy during the first quarter of FY2019 suffered sluggish smartphone and automobile sales, ongoing since last fiscal year. In addition, appetite for capital investment in the manufacturing industry, with the exception of Southeast Asia, waned further over concerns that the US-China trade conflict may be exacerbated. In Japan, business climate slowed down further in response to deceleration of overseas demand and capital investments, which impacted production machinery and automotive related sectors.

Even under such circumstances, MISUMI Group's strategy remains unchanged, leveraging its unique business model, which encompasses both manufacturing and distribution businesses, and advancing the business foundation that supports these businesses globally. We are contributing to the manufacturing industry worldwide by eliminating inefficiencies faced by customers. During this first quarter, continued innovations to our business model were pursued to better adapt to the world's evolving "digital manufacturing". Efforts were made to strengthen the IT infrastructure by taking core system onto the cloud network, and reinforce our global reliable and quick delivery business model by promoting local production, local sourcing for optimal procurement as well as expanding logistics sites in Japan and overseas. Despite these initiatives, sales decreased year-on-year impacted by the sluggish capital investment demand in the manufacturing industry.

Consequently, consolidated net sales was ¥79,042 million, (7.5% decrease year-on-year). In terms of profit, decrease in sales volume impacted upon profits. Thorough expense management was carried out in light of recent demand slowdown, while investments deployed for sustainable growth continued. Subsequently, operating income was ¥5,845 million, (35.3% decrease year-on-year), and ordinary income was ¥5,783 million, (36.8% decrease year-on-year). Net income attributable to owners of parent was ¥4,311 million (33.9% decrease year-on-year).

#### **① Factory Automation (FA) Business**

In the FA business, rebound from large volume order in the same period of last year, coupled with sluggish capital investment demand in Japan, China, and South Korea, and moreover, decelerating demand for automation in Europe caused net sales to be ¥25,189 million (15.4% decrease year-on-year). Operating income was ¥3,108 million (45.1% decrease year-on-year) impacted by decline in sales and continued upfront investments aimed at strengthening the business foundation.

#### **② Die Components Business**

Despite steady sales activities in Southeast Asia, sales in the Die components business was ¥18,779 million (3.6% decrease year-on-year) due to worsening market conditions in the automotive industry within principal countries. Operating income was ¥1,076 million (37.3% decrease year-on-year) influenced by reduced operations at manufacturing sites.

#### **③ VONA Business**

VONA business is MISUMI Group's sales and distribution business of production facilities related components, production auxiliary materials and MRO\*. This business segment includes MISUMI brand products as well as third party manufacturer's products. Enhanced product lineup continued to support business growth this quarter. Items handled reached 27.4 million globally as at the end of this first quarter. These efforts coupled with carrying out proactive sales expansion initiatives resulted in sales expansion in Southeast Asia, but could not compensate for the slowdown in Japan. Consequently, net sales was ¥35,072 million (3.1% decrease year-on-year). Meanwhile, operating income was ¥1,660 million (1.0% increase year-on-year) as profit improvement measures are taking effect.

\*MRO: Maintenance, repair, and operations; i.e. expendable supplies

## **(2) Explanation of Financial Position**

### **1) Assets, liabilities and net assets**

Total assets as of the end of the first quarter of the fiscal year were ¥248,998 million, a decrease of ¥3,394 million compared to the previous year-end. Current assets decreased by ¥9,027 million. This decrease was mainly attributable to a decrease of ¥6,706 million in cash and deposits, a decrease of ¥2,579 million in notes and accounts receivable - trade, while there was an increase of ¥843 million in merchandise and finished goods. Property, plant and equipment increased ¥6,270 million. Intangible assets decreased ¥655 million. Investments and other assets increased ¥17 million. MISUMI Group has applied IFRS 16 “Leases” from the first quarter of the current fiscal year to certain overseas consolidated subsidiaries. As a result, “other, net” under property, plant and equipment increased ¥5,524 million.

Total liabilities amounted to ¥45,906 million, a decrease of ¥1,061 million compared to the previous year-end. Current liabilities decreased ¥5,674 million. This was mainly attributable to a decrease of ¥1,715 million in notes and accounts payable - trade, a decrease of ¥3,266 million in accounts payable – other, a decrease of ¥742 million in income taxes payable, and a decrease of ¥887 million in provision for bonuses. Long-term liabilities increased ¥4,612 million. MISUMI Group has applied IFRS 16 “Leases” from the first quarter of the current fiscal year to certain overseas consolidated subsidiaries. As a result, “other” under current liabilities increased ¥1,455 million, and “other” under long-term liabilities increased ¥4,081 million.

Total net assets amounted to ¥203,092 million, a decrease of ¥2,332 million compared to the previous year-end. This was primarily because shareholders’ equity increased by ¥1,231 million mainly due to an increase of ¥1,194 million in retained earnings, and accumulated other comprehensive income including foreign currency translation adjustments decreased ¥3,654 million. As a result, the equity ratio was 80.8%, compared to 80.6% at the end of the previous year.

### **2) Cash flows**

At the end of the first quarter of the fiscal year, cash and cash equivalents amounted to ¥40,320 million, a decrease of ¥1,432 million compared to the previous year-end. The status of cash flows and their underlying factors for the three months ended June 30, 2019 were as follows.

Cash inflows from operating activities amounted to ¥3,859 million (a net cash outflow of ¥2,635 million for the same period in the previous year). The breakdown of cash flows from operating activities is as follows. Income before income taxes was ¥5,783 million. Depreciation and amortization was ¥3,007 million. The amount of decrease in provision for bonuses was ¥848 million. The amount of decrease in notes and accounts receivable - trade was ¥1,334 million. An increase in inventories was ¥1,635 million. A decrease in notes and accounts payable - trade was ¥1,346 million. A decrease in accounts payable – other was ¥612 million. Income taxes paid was ¥1,920 million.

Cash outflows from investing activities amounted to ¥773 million (a net cash outflow of ¥6,775 million for the same period in the previous year). The breakdown of cash flows from investing activities is as follows. The purchase of fixed assets was ¥5,775 million. Payments into time deposits was ¥2,723 million. Refund from time deposits was ¥7,889 million.

Cash outflows from financing activities amounted to ¥3,458 million (a net cash outflow of ¥3,135 million for the same period in the previous year). The main item of cash flows from financing activities was dividends paid of ¥3,117 million.

### **(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Statements**

The full-year consolidated financial results forecast for the fiscal year ending March 31, 2020 is unchanged from the figures announced on May 9, 2019.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	50,684	43,977
Notes and accounts receivable - trade	67,252	64,672
Merchandise and finished goods	42,795	43,639
Work in process	2,372	2,312
Raw materials and supplies	6,564	6,404
Other	6,155	5,821
Allowance for doubtful accounts	(205)	(236)
Total current assets	175,620	166,592
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,560	11,272
Machinery, equipment and vehicles, net	14,018	16,033
Land	3,758	3,754
Other, net	9,298	12,846
Total property, plant and equipment	37,637	43,907
Intangible assets		
Software	22,186	21,930
Other	7,475	7,076
Total intangible assets	29,661	29,006
Investments and other assets		
Investment securities	6	6
Other	9,654	9,669
Allowance for doubtful accounts	(186)	(183)
Total investments and other assets	9,474	9,491
Total non-current assets	76,772	82,405
Total assets	252,393	248,998

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	18,218	16,503
Accounts payable - other	10,150	6,883
Income taxes payable	2,774	2,032
Provision for bonuses	2,549	1,661
Provision for directors' bonuses	35	5
Other	5,791	6,759
Total current liabilities	39,520	33,845
Long-term liabilities		
Liability for retirement benefits	5,425	5,611
Other	2,022	6,450
Total long-term liabilities	7,448	12,061
Total liabilities	46,968	45,906
<b>Net assets</b>		
Shareholders' equity		
Common stock	13,023	13,042
Capital surplus	23,378	23,397
Retained earnings	166,060	167,254
Treasury stock	(78)	(78)
Total shareholders' equity	202,384	203,616
Accumulated other comprehensive income		
Foreign currency translation adjustments	1,211	(2,446)
Defined retirement benefit plans	(75)	(71)
Total accumulated other comprehensive income	1,135	(2,518)
Stock acquisition rights	1,331	1,439
Non-controlling interests	572	554
Total net assets	205,424	203,092
Total liabilities and net assets	252,393	248,998

**(2) Quarterly Consolidated Statement of Income and Comprehensive Income**  
**Quarterly Consolidated Statement of Income**  
**For the Three Months Ended June 30, 2019 and 2018**

(Millions of yen)

	For the three months ended June 30, 2018	For the three months ended June 30, 2019
Net sales	85,428	79,042
Cost of sales	48,927	45,514
Gross profit	36,500	33,527
Selling, general and administrative expenses	27,467	27,682
Operating income	9,032	5,845
Non-operating income		
Interest income	55	68
Insurance premiums refunded	141	—
Miscellaneous income	89	74
Total non-operating income	286	142
Non-operating expenses		
Sales discounts	22	19
Foreign exchange losses	110	134
Miscellaneous loss	34	51
Total non-operating expenses	166	205
Ordinary income	9,152	5,783
Income before income taxes	9,152	5,783
Income taxes	2,614	1,458
Net income	6,537	4,324
Net income attributable to non-controlling interests	20	12
Net income attributable to owners of parent	6,517	4,311

**Quarterly Consolidated Statement of Comprehensive Income**  
**For the Three Months Ended June 30, 2019 and 2018**

(Millions of yen)

	For the three months ended June 30, 2018	For the three months ended June 30, 2019
Net income	6,537	4,324
Other comprehensive income (loss)		
Foreign currency translation adjustments	(108)	(3,676)
Defined retirement benefit plans	3	3
Share of other comprehensive income (loss) in associates	(6)	2
Total other comprehensive income (loss)	(111)	(3,670)
Comprehensive income	6,426	653
Comprehensive income attributable to		
Owners of parent	6,445	657
Non-controlling interests	(18)	(3)

### (3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	For the three months ended June 30, 2018	For the three months ended June 30, 2019
<b>Cash flows from operating activities</b>		
Income before income taxes	9,152	5,783
Depreciation and amortization	2,093	3,007
Increase (decrease) in liability for retirement benefits	179	194
Increase (decrease) in provision for bonuses	(1,723)	(848)
Increase (decrease) in provision for directors' bonuses	(230)	(30)
Increase (decrease) in allowance for doubtful accounts	(27)	38
Interest and dividend income	(55)	(68)
Interest expenses	0	26
Share-based compensation expenses	140	144
Foreign exchange (gains) losses	(57)	(56)
Share of (profit) loss of entities accounted for using equity method	(12)	(15)
Insurance premiums refunded	(141)	—
(Increase) decrease in notes and accounts receivable - trade	(3,806)	1,334
(Increase) decrease in inventories	(1,674)	(1,635)
(Increase) decrease in consumption taxes refund receivable	(420)	(413)
Increase (decrease) in notes and accounts payable - trade	185	(1,346)
Increase (decrease) in accounts payable - other	(2,931)	(612)
(Increase) decrease in other assets	(374)	214
Increase (decrease) in other liabilities	969	13
Subtotal	1,267	5,730
Interest and dividend income received	59	75
Interest expenses paid	(0)	(26)
Insurance premiums received	141	—
Income taxes refund	136	—
Income taxes paid	(4,240)	(1,920)
Net cash provided by (used in) operating activities	(2,635)	3,859
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(6,140)	(5,775)
Proceeds from sales of fixed assets	37	5
Payments into time deposits	(24,858)	(2,723)
Refund from time deposits	24,614	7,889
Payments for lease and guarantee deposits	(567)	(200)
Proceeds from collection of lease and guarantee deposits	100	30
Other, net	37	(0)
Net cash used in investing activities	(6,775)	(773)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of stock	3	0
Dividends paid	(3,139)	(3,117)
Repayments of lease obligations	—	(341)
Net cash used in financing activities	(3,135)	(3,458)
Effect of exchange rate change on cash and cash equivalents	2	(1,060)
Net increase (decrease) in cash and cash equivalents	(12,544)	(1,432)
Cash and cash equivalents at beginning of period	51,713	41,753
Cash and cash equivalents at end of period	39,168	40,320

#### **(4) Notes to the Quarterly Consolidated Financial Statements**

(Notes on going concern assumption)

Not applicable

(Notes on significant changes in shareholders' equity)

Not applicable

(Changes in accounting policies)

MISUMI Group has applied IFRS 16 "Leases" from the first quarter of the current fiscal year to certain overseas consolidated subsidiaries and record assets and liabilities on the quarterly consolidated balance sheet, in principle, for all leases as lessees' accounting treatment. The Group adopts a method to recognize the cumulative effect of adoption of this new accounting standard, which is recognized as a transitional measure, on the initial date of adoption.

As a result of having applied this standard, "other, net" under property, plant and equipment increased ¥5,524 million, "other" under current liabilities increased ¥1,455 million, and "other" under long-term liabilities increased ¥4,081 million. The application of this standard had no material effect on profit or loss in the first quarter's financial results.

(Segment information)

[Segment information]

For the three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)

1. Net sales and segment income by reportable segment

(Millions of yen)

	Reportable Segments				Adjustments	Consolidated
	FA Business	Die Components Business	VONA Business	Total		
Net sales						
Sales to customers	29,776	19,474	36,177	85,428	–	85,428
Internal sales to other segments	–	–	–	–	–	–
Total	29,776	19,474	36,177	85,428	–	85,428
Segment income	5,657	1,718	1,644	9,020	12	9,032

Segment income before amortization of goodwill*	5,657	1,869	1,644	9,171	12	9,183
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\*(Note) Amortization of other intangible assets related to the acquisition of Dayton Lamina Corporation was added back to Segment income.

2. Differences between the total amount of reportable segments and the amounts in quarterly consolidated statement of income, and major breakdown of such differences (reconciliation)

(Millions of yen)

Income	Amount
Total of reportable segment	9,020
Adjustments	12
Operating income in quarterly consolidated statement of income	9,032

For the three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)

1. Net sales and segment income by reportable segment

(Millions of yen)

	Reportable Segments				Adjustments	Consolidated
	FA Business	Die Components Business	VONA Business	Total		
Net sales						
Sales to customers	25,189	18,779	35,072	79,042	–	79,042
Internal sales to other segments	–	–	–	–	–	–
Total	25,189	18,779	35,072	79,042	–	79,042
Segment income	3,108	1,076	1,660	5,845	–	5,845

Segment income before amortization of goodwill*	3,108	1,229	1,660	5,998	–	5,998
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\*(Note) Amortization of other intangible assets related to the acquisition of Dayton Lamina Corporation was added back to Segment income.

2. Differences between the total amount of reportable segments and the amounts in quarterly consolidated statement of income, and major breakdown of such differences (reconciliation)

Not applicable

[Supplementary information]

For the three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)

1. Information by region

(1) Net sales

(Millions of yen)

Japan	China	Asia	America	Europe	Others	Total
42,743	15,951	14,275	6,850	4,352	1,253	85,428

(Note) Net sales represent the net sales of the Group in Japan and other countries or regions.

(2) Property, plant and equipment

(Millions of yen)

Japan	China	Vietnam	America	Others	Total
12,290	7,516	7,000	2,640	2,169	31,616

For the three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)

1. Information by region

(1) Net sales

(Millions of yen)

Japan	China	Asia	America	Europe	Others	Total
41,124	14,023	11,186	7,057	4,182	1,467	79,042

(Note) Net sales represent the net sales of the Group in Japan and other countries or regions.

(2) Property, plant and equipment

(Millions of yen)

Japan	China	Vietnam	America	Others	Total
15,788	8,616	8,208	3,125	8,168	43,907