

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Second quarter-end (Cumulative)	179,900	25.5	25,500	179.4	25,400	178.9	18,600	177.3	65.46
Full year	354,000	13.9	45,500	67.3	45,200	66.2	33,000	92.5	116.14

(Note) Revision of the latest financial results forecasts: Yes

*Notes:

(1) Changes in significant consolidated subsidiaries during the period (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) For details, please refer to 2. Quarterly Consolidated Financial Statements and Primary Notes, (4) Notes to the Quarterly Consolidated Financial Statements (Changes in accounting policies) on page 9 of the attached document.

(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, 2021 : 284,278,897 shares

As of March 31, 2021 : 284,244,497 shares

2) Total number of treasury stock at the end of the period:

As of June 30, 2021 : 129,803 shares

As of March 31, 2021 : 129,760 shares

3) Weighted average number of shares outstanding during the period:

Three months ended June 30, 2021 : 284,134,116 shares

Three months ended June 30, 2020 : 283,899,725 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 in the first quarter of FY2021 started to normalize from the influence of the COVID-19 infection. The economy continued to expand steadily in China, as well as economic activities in other regions overseas were on recovery trends, investment demand and operations recovered. In Japan, business conditions improved significantly compared to the same period of last year, a recovery trend was also seen in principal industries, mainly semiconductor-related.

Even in such an economic environment, MISUMI Group is leveraging its unique business model, which encompasses both manufacturing and distribution businesses, and by advancing the business foundation that supports these businesses globally, we are contributing to the manufacturing industry worldwide by responding to customer's reliable quick delivery needs. Amidst the continued impact of COVID-19, we continued to steadily provide products meeting customers' reliable and quick delivery needs, by fully utilizing the strong business foundations built to date in IT, logistics, and production; as well as leveraging the global network. In addition to strong overseas demand, and recovery of domestic demand, both sales and profits reached record highs of any quarter, during this first quarter in the current fiscal year.

Consequently, consolidated net sales was ¥90,924 million (29.0% increase year-on-year). In terms of profits, operating income was ¥14,367 million (245.4% increase year-on-year) and ordinary income was ¥14,436 million (250.0% increase year-on-year) due to the recovery of sales and the effect of structural reform being worked on since last year as well as the continuation of profit improvement measures this year. Net income attributable to owners of parent was ¥10,599 million (247.9% increase year-on-year).

The Company has applied Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the fiscal year. For details, please refer to 2. Quarterly Consolidated Financial Statements and Primary Notes, (4) Notes to the Quarterly Consolidated Financial Statements (Changes in accounting policies).

① Factory Automation (FA) Business

In the FA business, in addition to the solid performance in China, other regions also showed full-scale recovery, with sales of ¥29,130 million (22.6% increase year-on-year). Operating income was ¥6,337 million (99.7% increase year-on-year).

② Die Components Business

In the Die components business, automobile-related demand showed signs of recovery in each region, with sales of ¥18,998 million (27.5% increase year-on-year), and operating income was ¥2,791 million (1,160.3% increase year-on-year).

③ VONA Business

VONA business is MISUMI Group's sales and distribution business of production facilities related components, production auxiliary materials, and MRO (consumables) products. This business segment includes MISUMI brand products, as well as third-party manufacturer's products. Due to the recovery of capital investment demand and operations in Japan and overseas, sales was ¥42,795 million (34.4% increase year-on-year), and consequently, operating income was ¥5,239 million (585.0% increase year-on-year).

(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 ¥298,231 million, an increase of ¥9,309 million (+3.2%) compared to the previous year-end. This was mainly attributable to an increase of ¥8,719 million (+4.3%) in current assets due to increases in cash and deposits, and notes and accounts receivable - trade, an increase of ¥303 million (+0.7%) in property, plant and equipment, and an increase of ¥372 million (+1.2%) in intangible assets.

Total liabilities amounted to ¥55,755 million, an increase of ¥403 million (+0.7%) compared to the previous year-end. This was mainly attributable to an increase of ¥816 million (+6.4%) in long-term liabilities despite a decrease of ¥412 million (-1.0%) in current liabilities due to decreases in accounts payable – other and provision for bonuses.

Total net assets amounted to ¥242,475 million, an increase of ¥8,906 million (+3.8%) compared to the previous year-end. This was primarily because shareholders' equity increased by ¥8,042 million (+3.5%) due to an increase in retained earnings.

As a result, the equity ratio was 80.5%, compared to 80.0% 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 ¥74,575 million, an increase of ¥2,610 million compared to the previous year-end.

Cash flows from operating activities amounted to a net cash inflow of ¥8,632 million (a net cash inflow of ¥3,465 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 ¥14,436 million. Depreciation and amortization amounted to ¥3,769 million. The amount of an increase in notes and accounts receivables – trade was ¥1,779 million. An increase in inventories was ¥2,056 million. Income taxes paid was ¥3,515 million.

Cash flows from investing activities amounted to a net cash outflow of ¥3,306 million (a net cash inflow of ¥2,545 million for the same period in the previous year). The main item of cash flows from investing activities was purchase of fixed assets of ¥3,102 million.

Cash flows from financing activities amounted to a net cash outflow of ¥3,013 million (a net cash outflow of ¥2,516 million for the same period in the previous year). The main item of cash flows from financing activities was dividends paid of ¥2,608 million.

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

The Company revised its consolidated financial results forecast for the fiscal year ending March 31, 2022, which was disclosed on May 6, 2021, as follows, in consideration of the financial results of the three months ended June 30, 2021, and the current demand trends.

[Consolidated financial results forecast for the second quarter-end (cumulative) of the fiscal year ending March 31, 2022 (from April 1, 2021 to September 30, 2021)]

	Net sales (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income attributable to owners of parent (million yen)	Net income per share (yen)
Revised forecast	179,900	25,500	25,400	18,600	65.46
Previous forecast	168,000	19,400	19,200	14,000	49.31

[Full-year consolidated financial results forecast for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)]

	Net sales (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income attributable to owners of parent (million yen)	Net income per share (yen)
Revised forecast	354,000	45,500	45,200	33,000	116.14
Previous forecast	340,000	38,000	37,600	27,400	96.50

For the dividend forecast, please refer to Announcement regarding the revision of consolidated business forecast and annual dividends released today.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	72,428	75,356
Notes and accounts receivable - trade	71,687	73,934
Merchandise and finished goods	46,329	48,508
Work in process	2,513	2,447
Raw materials and supplies	6,501	6,544
Other	4,793	6,175
Allowance for doubtful accounts	(277)	(270)
Total current assets	203,976	212,695
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,314	14,049
Machinery, equipment and vehicles, net	15,808	16,693
Land	3,950	3,948
Other, net	8,415	8,101
Total property, plant and equipment	42,488	42,792
Intangible assets		
Software	26,215	26,754
Other	5,565	5,399
Total intangible assets	31,781	32,153
Investments and other assets		
Investment securities	6	6
Other	11,012	10,925
Allowance for doubtful accounts	(343)	(341)
Total investments and other assets	10,675	10,589
Total non-current assets	84,945	85,535
Total assets	288,921	298,231

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable – trade	19,458	19,937
Accounts payable – other	8,024	7,323
Income taxes payable	2,775	3,008
Provision for bonuses	3,571	2,325
Provision for directors' bonuses	41	43
Other	8,719	9,540
Total current liabilities	42,591	42,178
Long-term liabilities		
Liability for retirement benefits	6,811	6,859
Other	5,948	6,717
Total long-term liabilities	12,760	13,576
Total liabilities	55,351	55,755
Net assets		
Shareholders' equity		
Common stock	13,436	13,462
Capital surplus	23,791	23,817
Retained earnings	190,779	198,771
Treasury stock	(78)	(79)
Total shareholders' equity	227,929	235,972
Accumulated other comprehensive income		
Foreign currency translation adjustments	3,371	4,103
Defined retirement benefit plans	(153)	(148)
Total accumulated other comprehensive income	3,217	3,955
Stock acquisition rights	1,787	1,882
Non-controlling interests	634	665
Total net assets	233,569	242,475
Total liabilities and net assets	288,921	298,231

(2) Quarterly Consolidated Statement of Income and Comprehensive Income
Quarterly Consolidated Statement of Income
For the Three Months Ended June 30, 2021 and 2020

(Millions of yen)

	For the three months ended June 30, 2020	For the three months ended June 30, 2021
Net sales	70,481	90,924
Cost of sales	40,778	49,151
Gross profit	29,703	41,773
Selling, general and administrative expenses	25,543	27,405
Operating income	4,159	14,367
Non-operating income		
Interest income	77	100
Miscellaneous income	93	86
Total non-operating income	170	186
Non-operating expenses		
Sales discounts	16	—
Foreign exchange losses	128	83
Miscellaneous loss	60	34
Total non-operating expenses	205	117
Ordinary income	4,124	14,436
Income before income taxes	4,124	14,436
Income taxes	1,066	3,816
Net income	3,058	10,620
Net income attributable to non-controlling interests	11	20
Net income attributable to owners of parent	3,046	10,599

Quarterly Consolidated Statement of Comprehensive Income
For the Three Months Ended June 30, 2021 and 2020

(Millions of yen)

	For the three months ended June 30, 2020	For the three months ended June 30, 2021
Net income	3,058	10,620
Other comprehensive income		
Foreign currency translation adjustments	32	737
Defined retirement benefit plans	4	5
Share of other comprehensive income (loss) in associates	(2)	5
Total other comprehensive income	33	748
Comprehensive income	3,091	11,368
Comprehensive income attributable to		
Owners of parent	3,085	11,337
Non-controlling interests	6	31

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	For the three months ended June 30, 2020	For the three months ended June 30, 2021
Cash flows from operating activities		
Income before income taxes	4,124	14,436
Depreciation and amortization	3,633	3,769
Increase (decrease) in liability for retirement benefits	192	58
Increase (decrease) in provision for bonuses	(926)	(1,251)
Increase (decrease) in provision for directors' bonuses	(22)	1
Increase (decrease) in allowance for doubtful accounts	68	(9)
Interest and dividend income	(77)	(100)
Interest expenses	14	19
Share-based compensation expenses	152	131
Foreign exchange (gains) losses	23	(39)
Share of (profit) loss of entities accounted for using equity method	(6)	(9)
(Increase) decrease in notes and accounts receivable - trade	4,431	(1,779)
(Increase) decrease in inventories	(1,896)	(2,056)
(Increase) decrease in consumption taxes refund receivable	(150)	(657)
Increase (decrease) in notes and accounts payable - trade	(1,732)	(118)
Increase (decrease) in accounts payable – other	(1,467)	(425)
(Increase) decrease in other assets	(1,232)	(869)
Increase (decrease) in other liabilities	678	976
Subtotal	5,805	12,077
Interest and dividend income received	86	90
Interest expenses paid	(14)	(18)
Income taxes refund	115	—
Income taxes paid	(2,528)	(3,515)
Net cash provided by operating activities	3,465	8,632
Cash flows from investing activities		
Purchase of fixed assets	(4,165)	(3,102)
Proceeds from sales of fixed assets	0	17
Payments into time deposits	(525)	(836)
Refund from time deposits	7,427	509
Payments for lease and guarantee deposits	(211)	(396)
Proceeds from collection of lease and guarantee deposits	40	478
Other, net	(21)	24
Net cash provided by (used in) investing activities	2,545	(3,306)
Cash flows from financing activities		
Proceeds from issuance of stock	2	14
Dividends paid	(1,998)	(2,608)
Repayments of lease obligations	(520)	(419)
Other, net	(0)	(0)
Net cash used in financing activities	(2,516)	(3,013)
Effect of exchange rate change on cash and cash equivalents	151	297
Net increase (decrease) in cash and cash equivalents	3,644	2,610
Cash and cash equivalents at beginning of period	44,439	71,964
Cash and cash equivalents at end of period	48,084	74,575

(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)

(Application of Accounting Standard for Revenue Recognition and other standards)

The Company has applied Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, hereinafter "Revenue Recognition Standard"), etc. from the beginning of the first quarter of the fiscal year and recognizes revenue when control over promised goods or services is transferred to a customer in an amount of consideration to which it expects to be entitled in exchange of those goods or services. As a result, with regard to transactions of providing parts to suppliers with compensation for which the Company bears a repurchase obligation, inventories continue to be recognized as a result of deemed financing transactions, and the amount of the ending inventory of those parts retained by the suppliers are recognized as financial liabilities.

The application of the Revenue Recognition Standard is subject to the transitional treatment provided for in the proviso of paragraph 84 of the Revenue Recognition Standard. There is no impact on the balance of retained earnings at beginning of fiscal year, profit/loss for the three months ended June 30, 2021 and per share information. As a result, compared with figures calculated using the previous accounting procedures, merchandise and finished goods increased by ¥419 million, and current liabilities – other increased by ¥419 million as of June 30, 2021.

In accordance with the transitional treatment stipulated in paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), the information on disaggregation of revenue from contracts with customers for the three months ended June 30, 2020 is not stated.

(Application of Accounting Standard for Fair Value Measurement and other standards)

The Company has applied Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter "Fair Value Measurement Standard"), etc. from the beginning of the first quarter of the fiscal year and will continue to apply new accounting policies established by the Fair Value Measurement Standard in the future pursuant to the transitional treatment stipulated in paragraph 19 of the Fair Value Measurement Standard and paragraph 44-2 of Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The application has no impact on quarterly consolidated financial statements.

(Additional information)

(Application of tax effect accounting relating to the transition from the consolidated taxation system to the group tax sharing system)

Regarding items that have been transitioned to a group tax sharing system established under the "Act for Partial Amendment of the Income Tax Act, etc." (Act No.8 of 2020), and for which a revision of the non-consolidated taxation system has been carried out pursuant to this transition, the Company and its consolidated subsidiaries in Japan have not applied the provisions in paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018), in accordance with the treatment prescribed in paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (PITF No.39, March 31, 2020). The amounts of deferred tax assets and deferred tax liabilities for these items are based on taxation law as it was before the amendment.

(Accounting estimates in view of COVID-19)

COVID-19 has had a certain impact on capital investment demand in the manufacturing industry and customers' operations. Accounting estimates, including inventory valuation, impairment accounting for non-current assets, and recoverability of deferred tax assets, have been calculated based on the assumption that COVID-19 will affect our business performance for a certain period of the fiscal year ending March 31, 2022. There are no significant changes in the assumptions of accounting estimates from the previous year-end.

This assumption is significantly affected by various factors such as the timing of when impacts of infection fade and so on. Future business results based on actual figures may therefore differ from these estimates and assumptions.

(Segment information)

[Segment information]

For the three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

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	23,755	14,895	31,831	70,481	–	70,481
Internal sales to other segments	–	–	–	–	–	–
Total	23,755	14,895	31,831	70,481	–	70,481
Segment income	3,172	221	764	4,159	–	4,159

Segment income before amortization of goodwill*	3,172	372	764	4,310	–	4,310
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*(Note) Amortization of other intangible assets related to the acquisition of Dayton Lamina Corporation was added back to Segment income.

For the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

1. Net sales, segment income, and information on disaggregation of revenue by reportable segment

(Millions of yen)

	Reportable Segments				Adjustments	Consolidated
	FA Business	Die Components Business	VONA Business	Total		
Net sales						
Revenue from contracts with customers	29,130	18,998	42,795	90,924	–	90,924
Sales to customers	29,130	18,998	42,795	90,924	–	90,924
Internal sales to other segments	–	–	–	–	–	–
Total	29,130	18,998	42,795	90,924	–	90,924
Segment income	6,337	2,791	5,239	14,367	–	14,367

Segment income before amortization of goodwill*	6,337	2,916	5,239	14,493	–	14,493
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*(Note) Amortization of other intangible assets related to the acquisition of Dayton Lamina Corporation was added back to Segment income.

[Supplementary information]

For the three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

Information by region

(1) Net sales

(Millions of yen)

Japan	China	Asia	America	Europe	Others	Total
35,847	14,449	9,590	5,960	3,247	1,386	70,481

(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
16,753	7,722	7,401	4,907	8,410	45,194

For the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

Information by region

(1) Net sales

(Millions of yen)

Japan	China	Asia	America	Europe	Others	Total
43,005	19,224	13,298	8,193	5,260	1,941	90,924

(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
16,269	8,373	6,287	4,407	7,454	42,792