

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
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	356,000	14.6	48,500	78.3	48,500	78.4	35,200	105.4	123.87

(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 September 30, 2021 : 284,309,297 shares
 - As of March 31, 2021 : 284,244,497 shares
 - 2) Total number of treasury stock at the end of the period:
 - As of September 30, 2021 : 129,849 shares
 - As of March 31, 2021 : 129,760 shares
 - 3) Weighted average number of shares outstanding during the period:
 - Six months ended September 30, 2021 : 284,149,628 shares
 - Six months ended September 30, 2020 : 283,904,005 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 half of FY2021 started to recover from the COVID-19 pandemic, capital investment and operations in the manufacturing industry were solid worldwide. Demand that has been driven by China, also recovered in all other regions, including Japan. On the other hand, concerns such as the strong recovery in demand causing a shortage of some components, including semiconductors, and supply chain disruptions in certain regions due to COVID-19, became apparent.

Under this economic environment, MISUMI Group is leveraging its unique business model, which encompasses both manufacturing and distribution businesses. By advancing the business foundation that supports these businesses globally, we contribute to industries worldwide that related to automation demand, particularly the manufacturing industry, by responding to customers' reliable, quick delivery needs.

By utilizing the strong business foundation built to date in IT, logistics, and production as well as our global network, we have continued to provide a stable supply of products to customers around the world while responding to changes taking place in the environment such as the impact of COVID-19 infections and geopolitical risks.

Consequently, consolidated net sales was ¥182,238 million (27.2% increase year-on-year). In terms of profits, operating income was ¥28,494 million (212.2% increase year-on-year) due to the recovery of sales and the effects of ongoing efforts to improve profitability since the previous fiscal year. Ordinary income was ¥28,694 million (215.0% increase year-on-year), and net income attributable to owners of parent was ¥20,831 million (210.5% increase year-on-year). Both sales and profits reaching record highs for the half-year period.

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, sales was ¥59,073 million (23.6% increase year-on-year) and operating income was ¥12,796 million (108.8% increase year-on-year) due to continued growth in China and continued recovery in all other regions, including Japan.

② Die Components Business

In the Die components business, automobile-related demand showed sign of recovery in Asia, the U.S. and Europe with sales of ¥37,515 million (20.9% increase year-on-year), and operating income was ¥5,091 million (300.0% increase year-on-year).

③ VONA Business

VONA business is MISUMI Group's sales and distribution business of manufacturing, automation-related equipment parts / indirect materials, and MRO (consumables) products. This business segment includes MISUMI brand products, as well as third-party manufacturers' products. Due to the strong global demand for automation, sales was ¥85,649 million (32.9% increase year-on-year), and consequently, operating income was ¥10,606 million (515.0% increase year-on-year).

(2) Explanation of Financial Position

1) Assets, liabilities and net assets

Total assets as of the end of the second quarter of the fiscal year were ¥310,862 million, an increase of ¥21,941 million (+7.6%) compared to the previous year-end. This was mainly attributable to an increase of ¥19,746 million (+9.7%) in current assets due to increases in cash and deposits, and merchandise and finished goods, and an increase of ¥2,600 million (+8.2%) in intangible assets.

Total liabilities amounted to ¥57,360 million, an increase of ¥2,009 million (+3.6%) compared to the previous year-end. This was mainly attributable to an increase of ¥1,374 million (+3.2%) in current liabilities caused primarily by an increase in income taxes payable and to an increase of ¥634 million (+5.0%) in long-term liabilities.

Total net assets amounted to ¥253,502 million, an increase of ¥19,932 million (+8.5%) compared to the previous year-end. This was primarily because shareholders' equity increased by ¥18,343 million (+8.0%) due to an increase in retained earnings.

As a result, the equity ratio was 80.7%, compared to 80.0% at the end of the previous year.

2) Cash flows

At the end of the second quarter of the fiscal year, cash and cash equivalents amounted to ¥84,816 million, an increase of ¥12,852 million compared to the previous year-end.

Cash flows from operating activities amounted to a net cash inflow of ¥28,345 million (a net cash inflow of ¥13,611 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 ¥28,379 million. Depreciation and amortization amounted to ¥7,494 million. The amount of a decrease in notes and accounts receivables – trade was ¥1,733 million. An increase in inventories was ¥1,537 million. Income taxes paid was ¥5,808 million.

Cash flows from investing activities amounted to a net cash outflow of ¥12,494 million (a net cash outflow of ¥1,525 million for the same period in the previous year). The main items of cash flows from investing activities were purchase of fixed assets of ¥7,704 million and payments into time deposits of ¥6,012 million.

Cash flows from financing activities amounted to a net cash outflow of ¥3,503 million (a net cash outflow of ¥2,948 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

Based on the financial results for the six months ended September 30, 2021 and recent business trends, we have revised the full-year consolidated financial results forecast announced on July 30, 2021, for the fiscal year ending March 31, 2022 as follows.

[Full-year consolidated financial results forecast for the fiscal year ending March 31, 2022 (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	356,000	48,500	48,500	35,200	123.87
Previous forecast	354,000	45,500	45,200	33,000	116.14

The forecast for dividends is announced in the press release dated October 28, 2021, titled “Announcing an interim dividend distribution and revisions to forecasts for year-end and annual dividends.”

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	72,428	90,219
Notes and accounts receivable - trade	71,687	70,911
Merchandise and finished goods	46,329	47,320
Work in process	2,513	2,536
Raw materials and supplies	6,501	7,191
Other	4,793	5,794
Allowance for doubtful accounts	(277)	(250)
Total current assets	203,976	223,722
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,314	14,048
Machinery, equipment and vehicles, net	15,808	16,182
Land	3,950	3,946
Other, net	8,415	7,859
Total property, plant and equipment	42,488	42,037
Intangible assets		
Software	26,215	27,521
Other	5,565	6,860
Total intangible assets	31,781	34,382
Investments and other assets		
Investment securities	6	6
Other	11,012	11,053
Allowance for doubtful accounts	(343)	(338)
Total investments and other assets	10,675	10,720
Total non-current assets	84,945	87,140
Total assets	288,921	310,862

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable – trade	19,458	19,078
Accounts payable – other	8,024	7,043
Income taxes payable	2,775	5,300
Provision for bonuses	3,571	3,720
Provision for directors' bonuses	41	25
Other	8,719	8,798
Total current liabilities	42,591	43,965
Long-term liabilities		
Liability for retirement benefits	6,811	6,952
Other	5,948	6,442
Total long-term liabilities	12,760	13,395
Total liabilities	55,351	57,360
Net assets		
Shareholders' equity		
Common stock	13,436	13,497
Capital surplus	23,791	23,852
Retained earnings	190,779	209,002
Treasury stock	(78)	(79)
Total shareholders' equity	227,929	246,272
Accumulated other comprehensive income		
Deferred gain (loss) on hedges	—	16
Foreign currency translation adjustments	3,371	4,678
Defined retirement benefit plans	(153)	(142)
Total accumulated other comprehensive income	3,217	4,551
Stock acquisition rights	1,787	1,986
Non-controlling interests	634	690
Total net assets	233,569	253,502
Total liabilities and net assets	288,921	310,862

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

(Millions of yen)

	For the six months ended September 30, 2020	For the six months ended September 30, 2021
Net sales	143,302	182,238
Cost of sales	82,573	98,992
Gross profit	60,729	83,246
Selling, general and administrative expenses	51,602	54,751
Operating income	9,126	28,494
Non-operating income		
Interest income	144	235
Miscellaneous income	170	174
Total non-operating income	314	410
Non-operating expenses		
Sales discounts	35	—
Foreign exchange losses	198	129
Miscellaneous loss	98	81
Total non-operating expenses	332	210
Ordinary income	9,108	28,694
Extraordinary losses		
Impairment loss	—	20
Loss related to COVID-19	—	294
Total extraordinary losses	—	314
Income before income taxes	9,108	28,379
Income taxes	2,381	7,511
Net income	6,727	20,868
Net income attributable to non-controlling interests	19	37
Net income attributable to owners of parent	6,708	20,831

Quarterly Consolidated Statement of Comprehensive Income
For the Six Months Ended September 30, 2021 and 2020

(Millions of yen)

	For the six months ended September 30, 2020	For the six months ended September 30, 2021
Net income	6,727	20,868
Other comprehensive income (loss)		
Deferred gain (loss) on hedges	—	16
Foreign currency translation adjustments	(32)	1,310
Defined retirement benefit plans	8	11
Share of other comprehensive income (loss) in associates	(2)	5
Total other comprehensive income (loss)	(25)	1,344
Comprehensive income	6,701	22,213
Comprehensive income attributable to		
Owners of parent	6,670	22,165
Non-controlling interests	31	47

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2020	For the six months ended September 30, 2021
Cash flows from operating activities		
Income before income taxes	9,108	28,379
Depreciation and amortization	7,370	7,494
Impairment loss	—	20
Increase (decrease) in liability for retirement benefits	361	160
Increase (decrease) in provision for bonuses	(445)	139
Increase (decrease) in provision for directors' bonuses	(17)	(16)
Increase (decrease) in allowance for doubtful accounts	68	(29)
Interest and dividend income	(150)	(242)
Interest expenses	28	37
Share-based compensation expenses	364	303
Foreign exchange (gains) losses	24	(21)
Share of (profit) loss of entities accounted for using equity method	(16)	(21)
Loss related to COVID-19	—	294
(Increase) decrease in notes and accounts receivable - trade	6,073	1,733
(Increase) decrease in inventories	(2,314)	(1,537)
(Increase) decrease in consumption taxes refund receivable	(184)	(720)
Increase (decrease) in notes and accounts payable - trade	(1,743)	(749)
Increase (decrease) in accounts payable – other	(1,210)	(917)
(Increase) decrease in other assets	(568)	(291)
Increase (decrease) in other liabilities	195	(47)
Subtotal	16,943	33,969
Interest and dividend income received	150	185
Interest expenses paid	(28)	(36)
Payments related to COVID-19	—	(234)
Income taxes refund	188	270
Income taxes paid	(3,643)	(5,808)
Net cash provided by operating activities	13,611	28,345
Cash flows from investing activities		
Purchase of fixed assets	(7,944)	(7,704)
Proceeds from sales of fixed assets	0	22
Payments into time deposits	(1,177)	(6,012)
Refund from time deposits	7,683	1,113
Payments for lease and guarantee deposits	(232)	(575)
Proceeds from collection of lease and guarantee deposits	118	652
Other, net	26	9
Net cash used in investing activities	(1,525)	(12,494)
Cash flows from financing activities		
Proceeds from issuance of stock	0	16
Dividends paid	(1,998)	(2,608)
Repayments of lease obligations	(942)	(901)
Other, net	(8)	(10)
Net cash used in financing activities	(2,948)	(3,503)
Effect of exchange rate change on cash and cash equivalents	296	505
Net increase (decrease) in cash and cash equivalents	9,432	12,852
Cash and cash equivalents at beginning of period	44,439	71,964
Cash and cash equivalents at end of period	53,872	84,816

(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 six months ended September 30, 2021 and per share information. As a result, compared with figures calculated using the previous accounting procedures, merchandise and finished goods increased by ¥499 million, and current liabilities – other increased by ¥499 million as of September 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 six months ended September 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 six months ended September 30, 2020 (from April 1, 2020 to September 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	47,810	31,028	64,464	143,302	—	143,302
Internal sales to other segments	—	—	—	—	—	—
Total	47,810	31,028	64,464	143,302	—	143,302
Segment income	6,128	1,273	1,725	9,126	—	9,126

Segment income before amortization of goodwill*	6,128	1,569	1,725	9,422	—	9,422
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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. Impairment loss on non-current assets or goodwill by reportable segment

Not applicable

For the six months ended September 30, 2021 (from April 1, 2021 to September 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	59,073	37,515	85,649	182,238	—	182,238
Sales to customers	59,073	37,515	85,649	182,238	—	182,238
Internal sales to other segments	—	—	—	—	—	—
Total	59,073	37,515	85,649	182,238	—	182,238
Segment income	12,796	5,091	10,606	28,494	—	28,494

Segment income before amortization of goodwill*	12,796	5,343	10,606	28,746	—	28,746
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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. Impairment loss on non-current assets or goodwill by reportable segment

Description is omitted due to immateriality.

[Supplementary information]

For the six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

Information by region

(1) Net sales

(Millions of yen)

Japan	China	Asia	America	Europe	Others	Total
71,222	30,375	19,501	12,594	7,232	2,376	143,302

(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
17,399	7,556	7,011	4,855	8,242	45,066

For the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

Information by region

(1) Net sales

(Millions of yen)

Japan	China	Asia	America	Europe	Others	Total
87,157	37,786	26,984	16,395	10,304	3,611	182,238

(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
15,953	8,279	6,105	4,493	7,204	42,037