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Consolidated Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP]



July 26, 2024

Company name: MISUMI Group Inc. Stock exchange listing: Tokyo Stock Exchange
 Securities Code: 9962 URL: <https://www.misumi.co.jp>
 Representative: Ryusei Ono, Representative Director and President
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 Scheduled date of dividend payments: –
 Preparation of supplemental explanatory materials: Yes (materials for institutional investors)
 Holding of financial results meeting: Yes (meeting for institutional investors)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2024 (April 1, 2024 to June 30, 2024)

(1) Consolidated Operating Results (Accumulated) (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2024	99,527	10.7	11,828	31.4	12,916	31.3	9,251	52.0
June 30, 2023	89,866	(3.5)	8,999	(36.3)	9,837	(32.6)	6,087	(42.5)

(Note) Comprehensive income: Three months ended June 30, 2024: ¥22,815 million 24.1%
 Three months ended June 30, 2023: ¥18,380 million (24.4)%

	Net income per share	Net income per share (diluted)
	Yen	Yen
Three months ended June 30, 2024	32.92	32.84
June 30, 2023	21.47	21.41

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2024	423,269	359,575	84.2
As of March 31, 2024	413,517	347,679	83.3

(Reference) Shareholders' equity As of June 30, 2024: ¥356,410 million
 As of March 31, 2024: ¥344,515 million

2. Cash Dividends

	Cash dividends per share for the fiscal year (yen)				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	12.60	–	14.87	27.47
Fiscal year ending March 31, 2025	–				
Fiscal year ending March 31, 2025 (Forecast)		16.18	–	20.44	36.62

(Note) Revision of the latest forecast for cash dividends: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% 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
2nd quarter-end (Cumulative)	189,800	5.4	20,200	9.1	20,900	4.5	15,200	7.2	53.93
Full year	393,000	6.9	46,000	19.9	47,400	14.9	34,400	22.2	122.05

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

*Notes:

- (1) Significant changes in the scope of consolidation during the period: 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: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (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, 2024: 284,912,897 shares
 - As of March 31, 2024: 284,847,897 shares
 - 2) Total number of treasury stock at the end of the period:
 - As of June 30, 2024: 5,614,761 shares
 - As of March 31, 2024: 3,008,099 shares
 - 3) Weighted average number of shares outstanding during the period:
 - Three months ended June 30, 2024: 281,022,500 shares
 - Three months ended June 30, 2023: 283,570,498 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

* 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. Overview of Business Results, etc.

(1) Overview of Business Results for the current quarterly consolidated cumulative period

During the first quarter, the global economy continued to show a gradual recovery trend in global investment demand, particularly in the manufacturing sector. In China, Asia and Japan, there was an increase in demand, particularly in the automotive industry, which is one of our primary customer industries. On the other hand, demand in Europe and the US remained generally weak due to the continued impact of factors such as sluggish market conditions and geopolitical risks.

In this economic environment, MISUMI Group is leveraging its unique Business MODEL, which encompasses manufacturing and distribution businesses. By advancing the global business foundation supporting these operations, we contribute to industries related to automation demand, particularly the manufacturing industry, by meeting customers' needs for reliable and quick delivery. We continued to develop new businesses, including new products and services, while leveraging our strong business foundations in IT, manufacturing and logistics that we have built up over the years, as well as our global network of bases, and worked to accurately capture customer demand.

This resulted in consolidated net sales of ¥99,527 million (10.7% increase year-over-year), and we achieved our record quarterly sales, partly due to the exchange rate effects. In terms of profit, despite continued expenses related to measures aimed at sustainable growth, operating income was ¥11,828 million (31.4% increase year-over-year), ordinary income was ¥12,916 million (31.3% increase year-over-year), and quarterly net income attributable to owners of the parent was ¥9,251 million (52.0% increase year-over-year). These results were driven by factors such as increased sales volume, product mix and exchange rate effects.

① Factory Automation (FA) Business

In the FA business, we captured demand mainly in China and Japan, with sales of ¥33,559 million (15.4% increase year-over-year) and operating income of ¥6,210 million (70.7% increase year-over-year).

② Die Components Business

In the Die Components business, while automotive-related demand in China, Asia and Japan was on a recovery trend, demand in Europe and the US remained weak. Sales were ¥21,887 million (11.8% increase year-over-year) and operating income was ¥2,441 million (17.2% increase year-over-year).

③ VONA Business

VONA business is MISUMI Group's sales and distribution business of manufacturing / automation-related equipment parts and MRO (Maintenance, Repair, and Operations) products. In addition, this business segment includes MISUMI branded products and third-party manufacturers' products. In Asia and other overseas regions, sales were generally solid, resulting in a year-over-on-year increase in sales. Sales were ¥44,080 million (7.0% increase year-over-year), and operating income was ¥3,176 million (3.1% decrease year-over-year).

(2) Overview of Financial Position for the current quarterly consolidated cumulative period

1) Assets, liabilities and net assets

Total assets as of the end of the first quarter of the fiscal year were ¥423,269 million, an increase of ¥9,752 million (+2.4%) compared to the previous year-end. This was mainly attributable to an increase of ¥7,281 million (+2.3%) in current assets due to increases in cash and deposits as well as notes and accounts receivable - trade, and an increase of ¥2,991 million (+5.9%) in property, plant and equipment.

Total liabilities amounted to ¥63,694 million, a decrease of ¥2,143 million (-3.3%) compared to the previous year-end. This was mainly attributable to a decrease of ¥3,309 million (-6.6%) in current liabilities due to decreases in accounts payable - other and income taxes payable, despite an increase of ¥1,165 million (+7.3%) in long-term liabilities.

Total net assets amounted to ¥359,575 million, an increase of ¥11,895 million (+3.4%) compared to the previous year-end. This was primarily because accumulated other comprehensive income including foreign currency translation adjustments increased by ¥13,555 million (+27.9%) while shareholders' equity decreased by ¥1,660 million (-0.6%) due to an increase in retained earnings and treasury stock.

As a result, the equity ratio was 84.2%, compared to 83.3% 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 ¥120,397 million, a decrease of ¥12,979 million compared to the previous year-end.

Cash flows from operating activities amounted to a net cash inflow of ¥9,088 million (a net cash inflow of ¥7,645 million for the same period in the previous year). The breakdown is as follows. Income before income taxes was ¥12,916 million. Depreciation and amortization were ¥4,486 million. The amount of increase in notes and accounts receivable - trade was ¥1,347 million. The amount of decrease in inventories was ¥2,635 million. The amount of decrease in notes and accounts payable - trade was ¥1,778 million. The amount of decrease in accounts payable - other was ¥739 million. Income taxes paid was ¥4,614 million.

Cash flows from investing activities amounted to a net cash outflow of ¥17,160 million (a net cash outflow of ¥159 million for the same period in the previous year). The breakdown is as follows. The purchase of fixed assets was ¥3,948 million. Payments into time deposits were ¥25,417 million. Refund from time deposits was ¥12,147 million.

Cash flows from financing activities amounted to a net cash outflow of ¥11,659 million (a net cash outflow of ¥12,727 million for the same period in the previous year). The main items were purchase of treasury stock of ¥6,891 million and dividends paid of ¥4,190 million.

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

The consolidated earnings forecast for the fiscal year ending March 31, 2025, remains unchanged from that announced on April 26, 2024. Demand in our current business environment is gradually recovering, but given the uncertainty of future market conditions, we are maintaining our previously announced earnings forecast.

We will promptly make a disclosure if important matters that will affect business performance occur going forward.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	148,848	150,309
Notes and accounts receivable - trade	75,869	79,547
Merchandise and finished goods	64,269	64,470
Work in process	4,162	4,063
Raw materials and supplies	9,946	9,937
Other	10,587	12,658
Allowance for doubtful accounts	(302)	(325)
Total current assets	313,381	320,662
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,252	20,879
Machinery, equipment and vehicles, net	16,084	17,062
Land	3,880	3,899
Other, net	16,824	12,193
Total property, plant and equipment	51,042	54,033
Intangible assets		
Software	29,709	28,975
Other	6,399	6,574
Total intangible assets	36,109	35,550
Investments and other assets		
Investment securities	6	6
Other	13,373	13,417
Allowance for doubtful accounts	(395)	(400)
Total investments and other assets	12,984	13,022
Total non-current assets	100,136	102,606
Total assets	413,517	423,269

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,984	20,004
Accounts payable - other	9,583	8,316
Income taxes payable	5,791	4,229
Provision for bonuses	3,118	2,790
Provision for directors' bonuses	34	14
Other	10,417	11,264
Total current liabilities	49,929	46,620
Long-term liabilities		
Liability for retirement benefits	7,436	7,517
Provision for loss on business liquidation	1,138	1,160
Other	7,332	8,395
Total long-term liabilities	15,908	17,074
Total liabilities	65,837	63,694
Net assets		
Shareholders' equity		
Common stock	14,146	14,231
Capital surplus	24,303	24,388
Retained earnings	266,651	271,711
Treasury stock	(9,159)	(16,050)
Total shareholders' equity	295,942	294,281
Accumulated other comprehensive income		
Foreign currency translation adjustments	48,476	62,007
Defined retirement benefit plans	96	121
Total accumulated other comprehensive income	48,573	62,128
Stock acquisition rights	2,087	2,024
Non-controlling interests	1,076	1,139
Total net assets	347,679	359,575
Total liabilities and net assets	413,517	423,269

(2) Quarterly Consolidated Statement of Income and Comprehensive Income
Quarterly Consolidated Statement of Income
For the Three Months Ended June 30, 2024 and 2023

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Net sales	89,866	99,527
Cost of sales	49,919	52,374
Gross profit	39,947	47,152
Selling, general and administrative expenses	30,948	35,324
Operating income	8,999	11,828
Non-operating income		
Interest income	649	1,062
Subsidy income	284	38
Miscellaneous income	82	84
Total non-operating income	1,015	1,186
Non-operating expenses		
Interest expenses	40	38
Foreign exchange losses	38	28
Commission expenses	81	1
Miscellaneous loss	16	30
Total non-operating expenses	177	98
Ordinary income	9,837	12,916
Income before income taxes	9,837	12,916
Income taxes	3,725	3,639
Net income	6,112	9,276
Net income attributable to non-controlling interests	24	25
Net income attributable to owners of parent	6,087	9,251

Quarterly Consolidated Statement of Comprehensive Income
For the Three Months Ended June 30, 2024 and 2023

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Net income	6,112	9,276
Other comprehensive income		
Deferred gain (loss) on hedges	50	–
Foreign currency translation adjustments	12,216	13,509
Defined retirement benefit plans	0	24
Share of other comprehensive income in associates	0	4
Total other comprehensive income	12,268	13,539
Comprehensive income	18,380	22,815
Comprehensive income attributable to		
Owners of parent	18,415	22,806
Non-controlling interests	(34)	8

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Cash flows from operating activities		
Income before income taxes	9,837	12,916
Depreciation and amortization	4,346	4,486
Increase (decrease) in liability for retirement benefits	114	89
Increase (decrease) in provision for bonuses	(1,834)	(411)
Increase (decrease) in provision for directors' bonuses	(51)	(20)
Increase (decrease) in allowance for doubtful accounts	(2)	9
Interest and dividend income	(649)	(1,062)
Interest expenses	40	38
Share-based compensation expenses	157	219
Foreign exchange (gains) losses	67	28
Share of (profit) loss of entities accounted for using equity method	(11)	(9)
(Increase) decrease in notes and accounts receivable – trade	3,744	(1,347)
(Increase) decrease in inventories	(77)	2,635
(Increase) decrease in consumption taxes refund receivable	295	(430)
Increase (decrease) in notes and accounts payable – trade	(3,107)	(1,778)
Increase (decrease) in accounts payable – other	(1,097)	(739)
(Increase) decrease in other assets	(963)	(1,294)
Increase (decrease) in other liabilities	(422)	(279)
Subtotal	10,386	13,049
Interest and dividend income received	538	691
Interest expenses paid	(29)	(38)
Payments for office relocation expenses	(226)	–
Income taxes paid	(3,024)	(4,614)
Net cash provided by operating activities	7,645	9,088
Cash flows from investing activities		
Purchase of fixed assets	(2,933)	(3,948)
Payments into time deposits	(7,817)	(25,417)
Refund from time deposits	10,584	12,147
Payments for lease and guarantee deposits	(168)	(32)
Proceeds from collection of lease and guarantee deposits	163	97
Other, net	12	(6)
Net cash used in investing activities	(159)	(17,160)
Cash flows from financing activities		
Proceeds from issuance of stock	0	–
Purchase of treasury stock	(8,808)	(6,891)
Dividends paid	(3,511)	(4,190)
Repayments of lease obligations	(396)	(554)
Other, net	(10)	(23)
Net cash used in financing activities	(12,727)	(11,659)
Effect of exchange rate change on cash and cash equivalents	6,157	6,752
Net increase (decrease) in cash and cash equivalents	916	(12,979)
Cash and cash equivalents at beginning of period	106,640	133,376
Cash and cash equivalents at end of period	107,556	120,397

(4) Notes to the Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable

(Notes on significant changes in shareholders' equity)

During the first three months of the current fiscal year, the Company purchased 2,601,000 shares of treasury stock pursuant to a resolution of the Board of Directors on April 26, 2024. As a result, treasury stock increased by ¥6,891 million, reaching ¥16,050 million at the end of the period.

(Changes in accounting policies)

Not applicable

(Segment information)

[Segment information]

For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

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	29,093	19,569	41,204	89,866	–	89,866
Sales to customers	29,093	19,569	41,204	89,866	–	89,866
Internal sales to other segments	–	–	–	–	–	–
Total	29,093	19,569	41,204	89,866	–	89,866
Segment income	3,639	2,083	3,276	8,999	–	8,999

(Note) Total of segment income corresponds to operating income in the Consolidated Statement of Income.

For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

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	33,559	21,887	44,080	99,527	–	99,527
Sales to customers	33,559	21,887	44,080	99,527	–	99,527
Internal sales to other segments	–	–	–	–	–	–
Total	33,559	21,887	44,080	99,527	–	99,527
Segment income	6,210	2,441	3,176	11,828	–	11,828

(Note) Total of segment income corresponds to operating income in the Consolidated Statement of Income.

[Supplementary information]

For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

Information by region

(1) Net sales

(Millions of yen)

Japan	China	Asia	America	Europe	Others	Total
41,731	14,873	13,775	10,749	6,548	2,187	89,866

* 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
15,637	11,718	6,132	7,030	9,013	49,533

For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

Information by region

(1) Net sales

(Millions of yen)

Japan	China	Asia	America	Europe	Others	Total
42,367	20,058	15,888	11,587	7,124	2,500	99,527

* 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
14,700	15,241	5,584	9,107	9,399	54,033