

MISUMI Group Inc. FY2022 first half consolidated financial results

~Sales increased due to foreign exchange effects,
despite the strong impact of slowing demand in Japan and China~

MISUMI Group Inc. announced its consolidated financial results for the first half of FY2022 (April 1, 2022- September 30, 2022) today. Major performance indicators are as follows.

(Million yen)	FY2021 first half	FY2022 first half	YoY change
Net sales	182,238	188,158	+3.2%
Operating income	28,494	26,898	-5.6%
Net income	20,831	20,240	-2.8%
Earnings per share	73.31 yen	71.18 yen	

1. Highlights of FY2022 first half consolidated financial results

- The global economy during the first half of the FY2022 was challenging due to the ongoing impact of the COVID-19 infection, demand slowed down in China due to the lockdown and power restrictions in some areas. Japan was also affected by the China lockdown and remained sluggish, especially in the automotive sector. In addition, the shortage of materials and parts, which has continued since last year, did not improve in earnest, and capital investment in automation-related facilities and factory operations declined. Meanwhile, demand remained steady in overseas regions except China.
- Under this economic environment, MISUMI Group is leveraging its unique business model, which encompasses manufacturing and distribution businesses. By advancing the business foundation that supports these businesses globally, we contribute to industries worldwide related to automation demand, particularly the manufacturing industry, by responding to customers' reliable, quick delivery needs. Despite our efforts to accurately capture customer demand by utilizing the strong business foundation built to date in IT, logistics, and production as well as our global network, the China lockdown had a strong impact.
- Consequently, despite the slowdown in demand, consolidated net sales were ¥188,158 million an increase of 3.2% thanks to the impact from foreign exchange rate effects (4.1% decrease on a local currency basis). In terms of profits, an increase in expenses related to the introduction of a new core system, resulted in an operating income of ¥26,898 million (5.6% decrease year-on-year). As a result, ordinary income was ¥27,527 million (4.1% decrease year-on-year), and net income attributable to owners of the parent totaled ¥20,240 million (2.8% decrease year-on-year).

2. All businesses were affected by the slowdown in demand, but foreign exchange effects helped secure revenue growth

- Segment sales for FY2022 first half are shown in the table below.

	Net sales (million yen)		YoY change	
	FY2021 first half	FY2022 first half	Yen basis	Local Currency basis
FA business	59,073	61,415	+4.0%	-3.2%
Die components business	37,515	39,900	+6.4%	-5.1%
VONA business	85,649	86,842	+1.4%	-4.2%
Total	182,238	188,158	+3.2%	-4.1%

- In the FA business, except for Japan and China, where demand slowed, growth continued in other regions.
- In the Die components business, growth continued in the Americas and Europe, while automotive-related capital expenditures and factory utilization declined in other regions.
- In the VONA business, despite the continued impact of shortages of products and sales discontinuation of some products, expansion was seen in Asia, Americas, and Europe.

3. Steady performance in the U.S. and Europe, while Japan and China, impacted by the China lockdown, remained sluggish

- Regional break down of sales for FY 2022 first half were as follows.

	Net sales (million yen)		YoY change	
	FY2021 first half	FY2022 first half	Yen basis	Local currency basis
Japan	87,157	84,069	-3.5%	—
Overseas	95,081	104,089	+9.5%	-4.6%
China	37,786	37,492	-0.8%	-14.7%
Asia	26,984	29,298	+8.6%	-2.4%
United States	16,395	21,284	+29.8%	+7.2%
Europe	10,304	11,642	+13.0%	+6.4%
Other	3,611	4,370	+21.0%	+0.2%

- In Japan, sales declined 3.5% year-on-year due to a slow recovery from the impact of China lockdown, including the automotive sector.
- Overseas, except for China, which was affected by the lockdowns and power restrictions, sales were generally firm, increasing 9.5% year-on-year.

4. Interim dividend per share to be 17.80 yen, a decrease of 0.53 yen year-on-year

- MISUMI established its shareholder return policy by comprehensively considering various factors such as the expansion of its management system, the strengthening of its balance sheet, and the enhancement of its capital efficiency, to realize sustainable growth and to improve its corporate value.
- With respect to dividends, our payout ratio is set at 25%. In light of this, we paid out an interim dividend per share of 17.80 yen, a decrease of 0.53 yen year-on-year.
- We revised our year-end dividend forecast to 19.14 yen per share, an increase of 4.43 yen year-on-year, an increase of 0.58 yen to our previous forecast.

	Annual dividend		
	Interim	Year-end	Total
Previous forecast		18.56 yen	36.94 yen
Payout ratio		25.0%	25.0%
Revised forecast		19.14 yen	36.94 yen
Payout ratio		25.0%	25.0%
FY2022 interim per-share dividend	17.80 yen		
FY2021 interim per-share dividend	18.33 yen	14.71 yen	33.04 yen
Payout ratio	25.0%	25.0%	25.0%

5. The consolidated earnings forecast for the fiscal year ending March 31, 2023, remains unchanged

- There are no changes to the full-year consolidated earnings forecast for the fiscal year ending March 31, 2023, announced on May 6, 2022. Regarding the future business environment, although the trend of global automation-related demand will remain unchanged over the medium to long term, the impact of COVID-19 infection and a slowdown in demand due to shortages of parts and other factors are increasing uncertainty. Considering our measures and exchange rate effects, we will not change the previously announced earnings forecast.

In the event of any significant events that may affect our business performance due to changes in the business environment, we will promptly disclose such information.

FY2022 (April 1, 2022 - March 31, 2023) consolidated earnings forecast

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
	Million yen	Million yen	Million yen	Million yen	yen
Full year forecast	403,500	57,300	57,600	42,000	147.72
FY2021 results	366,160	52,210	52,500	37,557	132.15
Ratio (%)	+10.2%	+9.7%	+9.7%	+11.8%	—

[Notes regarding forward-looking statements]

The outlook for the fiscal year ending March 31, 2023 and the forward-looking statements in this document have been prepared on the basis of information available at the time of preparation. This includes the domestic and foreign economic climate, changes in foreign exchange rates for various currencies, and other factors that may affect business performance, that have been determined to be reasonable by MISUMI Group Inc. as well as risks and uncertainties. In light of this, please refrain from making investment decisions solely on the basis of this outlook. Actual business performance may differ greatly from this outlook due to various factors that affect MISUMI Group Inc., including economic climate, market trends and exchange rates.

Please refer to our earnings results report for details on consolidated earnings results for the first half of fiscal year ending March 31, 2023.

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