



**3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)**

(% 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)
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	300,000	(4.3)	20,900	(11.6)	20,500	(11.8)	14,900	(9.7)	52.48

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

\*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: 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 September 30, 2020 : 284,046,197 shares
    - As of March 31, 2020 : 284,028,197 shares
  - 2) Total number of treasury stock at the end of the period:
    - As of September 30, 2020 : 129,618 shares
    - As of March 31, 2020 : 129,616 shares
  - 3) Weighted average number of shares outstanding during the period:
    - Six months ended September 30, 2020 : 283,904,005 shares
    - Six months ended September 30, 2019 : 283,648,617 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 consolidated first half of FY2020 was impacted by the spread of COVID-19 infection and US-China trade conflict, and the manufacturing industry was mired by harsh circumstances globally due to the continuing sluggish capital investment. Although there was a recovery trend in China, the outlook is still uncertain in other regions despite some gradual recovery signs. Also, automotive-related production returned in some regions, but have yet to reach full-scale demand recovery in principal countries. In Japan, the impact from sluggish capital investment demand and decrease in exports of production equipment continued.

Even in such 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. During this cumulative second quarter, we continued to steadily provide products meeting customers' reliable and quick delivery needs, by fully utilizing our strong business foundations built to date in IT, logistics and production; as well as leveraging our global network, amidst the continued impact of COVID-19. Notwithstanding, both sales and profits declined year-on-year from the continued impact of sluggish capital investment in the manufacturing industry.

Consequently, consolidated net sales was ¥143,302 million (8.8% decrease year-on-year). In terms of profit, efforts were made to reduce costs, but due to the impact of decrease in sales, operating income was ¥9,126 million (22.2% decrease year-on-year) and ordinary income was ¥9,108 million (21.3% decrease year-on-year). Net income attributable to owners of parent was ¥6,708 million (21.2% decrease year-on-year).

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

In the FA business, despite strong performance in China, sluggishness in other regions especially Japan, had an impact, causing net sales to be ¥47,810 million (4.1% decrease year-on-year). Decrease in sales was partially absorbed through favorable product mix and operating income was ¥6,128 million (1.8% decrease year-on-year).

#### **② Die Components Business**

Net sales in the Die components business was ¥31,028 million (16.7% decrease year-on-year) due to stagnant market conditions in the automotive related sectors globally causing negative growth within each region. Operating income was ¥1,273 million (49.1% decrease year-on-year) significantly impacted by decline in sales.

#### **③ VONA Business**

VONA business is MISUMI Group's sales and distribution business of production facilities related components, production auxiliary materials and MRO\* products. This business segment includes MISUMI brand products, as well as third party manufacturer's products. During this cumulative second quarter, market conditions were solid in China, notwithstanding, the impact from Japan's negative growth was substantial. Consequently, net sales was ¥64,464 million (8.0% decrease year-on-year) and operating income was ¥1,725 million (42.4% decrease year-on-year).

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

## **(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 ¥264,099 million, a decrease of ¥585 million (-0.2%) compared to the previous year-end. This was mainly attributable to a decrease of ¥437 million (-1.0%) in property, plant and equipment, and a decrease of ¥381 million (-1.2%) in intangible assets, while current assets increased by ¥224 million (+0.1%) due to factors such as increases in cash and deposits, and merchandise and finished goods.

Total liabilities amounted to ¥47,417 million, a decrease of ¥5,637 million (-10.6%) compared to the previous year-end. This was mainly attributable to a decrease of ¥5,530 million (-13.6%) in current liabilities, due to factors such as a decrease of ¥3,557 million (-35.7%) in accounts payable – other, and a decrease of ¥1,439 million (-8.2%) in notes and accounts payable – trade.

Total net assets amounted to ¥216,682 million, an increase of ¥5,052 million (+2.4%) compared to the previous year-end. This was primarily because shareholders' equity increased by ¥4,734 million (+2.2%) mainly due to an increase in retained earnings.

As a result, the equity ratio was 81.1%, compared to 79.2% 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 ¥53,872 million, an increase of ¥9,432 million compared to the previous year-end.

Cash flows from operating activities amounted to a net cash inflow of ¥13,611 million (a net cash inflow of ¥13,366 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 ¥9,108 million. Depreciation and amortization amounted to ¥7,370 million. The amount of decrease in notes and accounts receivable – trade was ¥6,073 million. An increase in inventories was ¥2,314 million. A decrease in notes and accounts payable – trade was ¥1,743 million. Income taxes paid was ¥3,643 million.

Cash flows from investing activities amounted to a net cash outflow of ¥1,525 million (a net cash outflow of ¥287 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 ¥7,944 million. Payments into time deposits was ¥1,177 million. Refund from time deposits was ¥7,683 million. Payments for lease and guarantee deposits was ¥232 million.

Cash flows from financing activities amounted to a net cash outflow of ¥2,948 million (a net cash outflow of ¥3,818 million in the same period in the previous year). The main item of cash flows from financing activities was dividends paid of ¥1,998 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, 2021 is unchanged from the figures announced on July 30, 2020.

## **2. Quarterly Consolidated Financial Statements and Primary Notes**

### **(1) Quarterly Consolidated Balance Sheet**

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	51,646	54,429
Notes and accounts receivable - trade	63,178	58,522
Merchandise and finished goods	46,506	49,004
Work in process	2,391	2,373
Raw materials and supplies	6,280	6,161
Other	6,633	6,434
Allowance for doubtful accounts	(242)	(307)
Total current assets	176,395	176,619
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,469	13,969
Machinery, equipment and vehicles, net	15,344	14,720
Land	4,249	4,247
Other, net	13,440	12,128
Total property, plant and equipment	45,503	45,066
Intangible assets		
Software	25,734	25,871
Other	6,600	6,081
Total intangible assets	32,334	31,952
Investments and other assets		
Investment securities	6	6
Other	10,651	10,665
Allowance for doubtful accounts	(206)	(211)
Total investments and other assets	10,451	10,460
Total non-current assets	88,289	87,480
Total assets	264,684	264,099

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	17,448	16,009
Accounts payable - other	9,961	6,404
Income taxes payable	2,658	1,524
Provision for bonuses	2,463	2,021
Provision for directors' bonuses	30	13
Other	8,029	9,089
Total current liabilities	40,592	35,061
Long-term liabilities		
Liability for retirement benefits	6,008	6,359
Other	6,454	5,996
Total long-term liabilities	12,462	12,355
Total liabilities	53,054	47,417
<b>Net assets</b>		
Shareholders' equity		
Common stock	13,231	13,244
Capital surplus	23,586	23,599
Retained earnings	177,317	182,027
Treasury stock	(78)	(78)
Total shareholders' equity	214,057	218,792
Accumulated other comprehensive income		
Foreign currency translation adjustments	(4,455)	(4,502)
Defined retirement benefit plans	(88)	(79)
Total accumulated other comprehensive income	(4,543)	(4,581)
Stock acquisition rights	1,560	1,901
Non-controlling interests	555	569
Total net assets	211,630	216,682
Total liabilities and net assets	264,684	264,099

**(2) Quarterly Consolidated Statement of Income and Comprehensive Income**  
**Quarterly Consolidated Statement of Income**  
**For the Six Months Ended September 30, 2020 and 2019**

(Millions of yen)

	For the six months ended September 30, 2019	For the six months ended September 30, 2020
Net sales	157,133	143,302
Cost of sales	90,513	82,573
Gross profit	66,619	60,729
Selling, general and administrative expenses	54,882	51,602
Operating income	11,737	9,126
Non-operating income		
Interest income	135	144
Miscellaneous income	184	170
Total non-operating income	320	314
Non-operating expenses		
Sales discounts	37	35
Foreign exchange losses	328	198
Miscellaneous loss	124	98
Total non-operating expenses	490	332
Ordinary income	11,566	9,108
Income before income taxes	11,566	9,108
Income taxes	3,027	2,381
Net income	8,538	6,727
Net income attributable to non-controlling interests	28	19
Net income attributable to owners of parent	8,510	6,708



**Quarterly Consolidated Statement of Comprehensive Income**  
**For the Six Months Ended September 30, 2020 and 2019**

(Millions of yen)

	For the six months ended September 30, 2019	For the six months ended September 30, 2020
Net income	8,538	6,727
Other comprehensive income (loss)		
Foreign currency translation adjustments	(5,625)	(32)
Defined retirement benefit plans	4	8
Share of other comprehensive income (loss) in associates	(6)	(2)
Total other comprehensive income (loss)	(5,627)	(25)
Comprehensive income	2,910	6,701
Comprehensive income attributable to		
Owners of parent	2,919	6,670
Non-controlling interests	(8)	31

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

(Millions of yen)

	For the six months ended September 30, 2019	For the six months ended September 30, 2020
<b>Cash flows from operating activities</b>		
Income before income taxes	11,566	9,108
Depreciation and amortization	6,107	7,370
Increase (decrease) in liability for retirement benefits	387	361
Increase (decrease) in provision for bonuses	(442)	(445)
Increase (decrease) in provision for directors' bonuses	(17)	(17)
Increase (decrease) in allowance for doubtful accounts	20	68
Interest and dividend income	(141)	(150)
Interest expenses	50	28
Share-based compensation expenses	361	364
Foreign exchange (gains) losses	(58)	24
Share of (profit) loss of entities accounted for using equity method	(31)	(16)
(Increase) decrease in notes and accounts receivable - trade	5,118	6,073
(Increase) decrease in inventories	(3,644)	(2,314)
(Increase) decrease in consumption taxes refund receivable	(374)	(184)
Increase (decrease) in notes and accounts payable - trade	(1,324)	(1,743)
Increase (decrease) in accounts payable - other	(1,144)	(1,210)
(Increase) decrease in other assets	143	(568)
Increase (decrease) in other liabilities	(113)	195
Subtotal	16,464	16,943
Interest and dividend income received	149	150
Interest expenses paid	(50)	(28)
Income taxes refund	4	188
Income taxes paid	(3,201)	(3,643)
Net cash provided by (used in) operating activities	13,366	13,611
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(8,976)	(7,944)
Proceeds from sales of fixed assets	6	0
Payments into time deposits	(1,163)	(1,177)
Refund from time deposits	9,918	7,683
Payments for lease and guarantee deposits	(246)	(232)
Proceeds from collection of lease and guarantee deposits	106	118
Other, net	67	26
Net cash provided by (used in) investing activities	(287)	(1,525)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of stock	45	0
Dividends paid	(3,117)	(1,998)
Repayments of lease obligations	(746)	(942)
Other, net	0	(8)
Net cash provided by (used in) financing activities	(3,818)	(2,948)
Effect of exchange rate change on cash and cash equivalents	(1,936)	296
Net increase (decrease) in cash and cash equivalents	7,323	9,432
Cash and cash equivalents at beginning of period	41,753	44,439
Cash and cash equivalents at end of period	49,076	53,872

#### **(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)

Not applicable

(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 the spread of COVID-19)

The spread of COVID-19 is affecting 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 assumptions that business condition of global manufacturing industries bottoms out in the first quarter and expects a gradual recovery toward the second half of the fiscal year. There are no significant changes in the assumptions of accounting estimates from the previous year-end.

These assumptions do not factor in further deterioration to the business environment from occurring, such as the further spread of COVID-19 infection and other significant factors which may have huge impact, such as the timing of when the spread of infections ends and so on. Future results based on actual amounts may therefore differ from these estimates and assumptions.

(Segment information)

[Segment information]

For the six months ended September 30, 2019 (from April 1, 2019 to September 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	49,836	37,257	70,038	157,133	–	157,133
Internal sales to other segments	–	–	–	–	–	–
Total	49,836	37,257	70,038	157,133	–	157,133
Segment income	6,242	2,498	2,995	11,737	–	11,737

Segment income before amortization of goodwill*	6,242	2,801	2,995	12,040	–	12,040
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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 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.

[Supplementary information]

For the six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

Information by region

(1) Net sales

(Millions of yen)

Japan	China	Asia	America	Europe	Others	Total
83,088	26,840	22,274	13,946	8,143	2,840	157,133

(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
16,669	8,088	8,059	4,024	8,179	45,021

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