

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% 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)	190,900	4.8	28,500	0.0	28,700	0.0	20,900	0.3	73.51
Full year	403,500	10.2	57,300	9.7	57,600	9.7	42,000	11.8	147.72

(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: 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, 2022 : 284,502,897 shares

As of March 31, 2022 : 284,452,897 shares

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

As of June 30, 2022 : 129,974 shares

As of March 31, 2022 : 129,896 shares

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

Three months ended June 30, 2022 : 284,346,312 shares

Three months ended June 30, 2021 : 284,134,116 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 FY2022 was challenging due to the ongoing impact of the COVID-19 infection, lock-downs in several cities in China caused weakness in automation-related capital investment and operations. Other overseas regions performed well in general although the shortages of parts and materials continued. However, in Japan, demand was sluggish mainly in the automotive industry which was impacted by the China lock-downs.

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. 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, we were affected by the China lock-down in the first quarter of this fiscal year.

Consequently, sales decrease was offset by foreign exchange effects, resulting in consolidated net sales of ¥93,101 million (2.4% increase year-on-year).

In terms of profits, despite the effects of foreign exchange, the decrease in sales volume, soaring raw material and delivery costs could not be fully absorb, resulting in an operating income of ¥14,135 million (1.6% decrease year-on-year). Ordinary income was ¥14,603 million (1.2% increase year-on-year), and net income attributable to owners of parent totaled ¥10,586 million (0.1% decrease year-on-year).

① Factory Automation (FA) Business

In the FA business, with the exception of China and Japan, where demand slowed, growth continued in other regions with sales of ¥30,226 million (3.8% increase year-on-year) and operating income was ¥6,284 million (0.8% decrease year-on-year).

② Die Components Business

In the Die components business, growth continued in the Americas and Europe, however, the recovery of automotive-related demand in other regions tended to be delayed. Sales totaled ¥19,443 million (2.3% increase year-on-year) and operating income was ¥2,360 million (15.4% decrease year-on-year).

③ VONA Business

VONA business is MISUMI Group's sales and distribution business of manufacturing / automation-related equipment parts, and indirect materials such as MRO (consumables) products. This business segment includes MISUMI brand products, as well as third-party manufacturers' products. Despite the continued impact of certain product shortages, automation-related demand remained firm mainly in overseas regions, resulting in sales of ¥43,431 million (1.5% increase year-on-year) and operating income was ¥5,490 million (4.8% 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 ¥364,311 million, an increase of ¥16,920 million (+4.9%) compared to the previous year-end. This was mainly attributable to an increase of ¥15,223 million (+6.0%) in current assets due to increases in cash and deposits, notes and accounts receivable - trade, and merchandise and finished goods, an increase of ¥2,286 million (+4.9%) in property, plant and equipment.

Total liabilities amounted to ¥63,970 million, a decrease of ¥3,459 million (-5.1%) compared to the previous year-end. This was mainly attributable to a decrease of ¥4,568 million (-8.7%) in current liabilities due to decreases in income taxes payable and provision for bonuses, despite an increase of ¥1,109 million (+7.4%) in long-term liabilities.

Total net assets amounted to ¥300,340 million, an increase of ¥20,380 million (+7.3%) compared to the previous year-end. This was primarily because shareholders' equity increased by ¥6,541 million (+2.5%) due to an increase in retained earnings, an increase of ¥13,741 million(+71.9%) in accumulated other comprehensive income including foreign currency translation adjustments.

As a result, the equity ratio was 81.7%, compared to 79.8% 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 ¥102,459 million, an increase of ¥1,016 million compared to the previous year-end.

Cash flows from operating activities amounted to a net cash inflow of ¥2,781 million (a net cash inflow of ¥8,632 million for the same period in the previous year). The breakdown is as follows. Income before income taxes was ¥14,513 million. Depreciation and amortization was ¥3,843 million. The amount of decrease in provision for bonuses was ¥3,269 million. The amount of increase in notes and accounts receivable - trade was ¥2,357 million. The amount of increase in inventories was ¥2,232 million. The amount of decrease in accounts payable - other was ¥1,952 million. Income taxes paid was ¥5,424 million.

Cash flows from investing activities amounted to a net cash outflow of ¥3,364 million (a net cash outflow of ¥3,306 million for the same period in the previous year). The main item was purchase of fixed assets of ¥2,545 million.

Cash flows from financing activities amounted to a net cash outflow of ¥4,697 million (a net cash outflow of ¥3,013 million for the same period in the previous year). The main item was dividends paid of ¥4,182 million.

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

The consolidated earnings forecast for the fiscal year ending March 31, 2023, remains unchanged from that announced on May 6, 2022. Regarding the future business environment, amid increasing uncertainty including the impact of the COVID-19 infection, sluggish demand due to the shortages of parts and materials, global trend of automation related demand has not changed. Therefore, we will maintain the 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, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	108,895	111,338
Notes and accounts receivable - trade	76,819	82,052
Merchandise and finished goods	50,593	53,948
Work in process	2,823	3,563
Raw materials and supplies	8,324	9,593
Other	5,950	8,225
Allowance for doubtful accounts	(282)	(375)
Total current assets	253,123	268,347
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,815	14,025
Machinery, equipment and vehicles, net	16,272	16,866
Land	3,876	3,900
Other, net	12,555	14,014
Total property, plant and equipment	46,520	48,807
Intangible assets		
Software	28,527	28,431
Other	7,192	7,691
Total intangible assets	35,719	36,122
Investments and other assets		
Investment securities	6	6
Other	12,375	11,386
Allowance for doubtful accounts	(355)	(358)
Total investments and other assets	12,026	11,033
Total non-current assets	94,266	95,963
Total assets	347,390	364,311

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,617	22,880
Accounts payable - other	9,208	7,385
Income taxes payable	7,154	4,369
Provision for bonuses	4,819	1,666
Provision for directors' bonuses	250	—
Other	9,361	11,540
Total current liabilities	52,410	47,841
Long-term liabilities		
Liability for retirement benefits	6,872	6,999
Other	8,146	9,129
Total long-term liabilities	15,019	16,128
Total liabilities	67,430	63,970
Net assets		
Shareholders' equity		
Common stock	13,664	13,733
Capital surplus	24,020	24,089
Retained earnings	220,519	226,923
Treasury stock	(79)	(79)
Total shareholders' equity	258,125	264,667
Accumulated other comprehensive income		
Deferred gain (loss) on hedges	36	0
Foreign currency translation adjustments	19,063	32,839
Defined retirement benefit plans	(0)	1
Total accumulated other comprehensive income	19,100	32,841
Stock acquisition rights	1,937	1,955
Non-controlling interests	797	875
Total net assets	279,959	300,340
Total liabilities and net assets	347,390	364,311

(2) Quarterly Consolidated Statement of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

For the Three Months Ended June 30, 2022 and 2021

(Millions of yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Net sales	90,924	93,101
Cost of sales	49,151	49,974
Gross profit	41,773	43,126
Selling, general and administrative expenses	27,405	28,991
Operating income	14,367	14,135
Non-operating income		
Interest income	100	197
Subsidy income	7	283
Miscellaneous income	79	83
Total non-operating income	186	564
Non-operating expenses		
Interest expenses	19	40
Foreign exchange losses	83	16
Miscellaneous loss	15	38
Total non-operating expenses	117	95
Ordinary income	14,436	14,603
Extraordinary losses		
Loss related to COVID-19	—	90
Total extraordinary losses	—	90
Income before income taxes	14,436	14,513
Income taxes	3,816	3,896
Net income	10,620	10,617
Net income attributable to non-controlling interests	20	30
Net income attributable to owners of parent	10,599	10,586

Quarterly Consolidated Statement of Comprehensive Income
For the Three Months Ended June 30, 2022 and 2021

(Millions of yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Net income	10,620	10,617
Other comprehensive income		
Deferred gain (loss) on hedges	—	(36)
Foreign currency translation adjustments	737	13,724
Defined retirement benefit plans	5	1
Share of other comprehensive income in associates	5	7
Total other comprehensive income	748	13,697
Comprehensive income	11,368	24,314
Comprehensive income attributable to		
Owners of parent	11,337	24,328
Non-controlling interests	31	(13)

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Cash flows from operating activities		
Income before income taxes	14,436	14,513
Depreciation and amortization	3,769	3,843
Increase (decrease) in liability for retirement benefits	58	94
Increase (decrease) in provision for bonuses	(1,251)	(3,269)
Increase (decrease) in provision for directors' bonuses	1	(250)
Increase (decrease) in allowance for doubtful accounts	(9)	68
Interest and dividend income	(100)	(197)
Interest expenses	19	40
Share-based compensation expenses	131	156
Foreign exchange (gains) losses	(39)	(19)
Share of (profit) loss of entities accounted for using equity method	(9)	(11)
Loss related to COVID-19	—	90
(Increase) decrease in notes and accounts receivable - trade	(1,779)	(2,357)
(Increase) decrease in inventories	(2,056)	(2,232)
(Increase) decrease in consumption taxes refund receivable	(657)	47
Increase (decrease) in notes and accounts payable - trade	(118)	(288)
Increase (decrease) in accounts payable - other	(425)	(1,952)
(Increase) decrease in other assets	(869)	(918)
Increase (decrease) in other liabilities	976	662
Subtotal	12,077	8,021
Interest and dividend income received	90	289
Interest expenses paid	(18)	(29)
Payments related to COVID-19	—	(75)
Income taxes refund	—	0
Income taxes paid	(3,515)	(5,424)
Net cash provided by operating activities	8,632	2,781
Cash flows from investing activities		
Purchase of fixed assets	(3,102)	(2,545)
Proceeds from sales of fixed assets	17	27
Payments into time deposits	(836)	(7,749)
Refund from time deposits	509	6,782
Payments for lease and guarantee deposits	(396)	(141)
Proceeds from collection of lease and guarantee deposits	478	265
Other, net	24	(3)
Net cash used in investing activities	(3,306)	(3,364)
Cash flows from financing activities		
Proceeds from issuance of stock	14	0
Dividends paid	(2,608)	(4,182)
Repayments of lease obligations	(419)	(533)
Other, net	(0)	18
Net cash used in financing activities	(3,013)	(4,697)
Effect of exchange rate change on cash and cash equivalents	297	6,296
Net increase (decrease) in cash and cash equivalents	2,610	1,016
Cash and cash equivalents at beginning of period	71,964	101,443
Cash and cash equivalents at end of period	74,575	102,459

(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 the U.S. GAAP ASU 2016-02 "Leases")

Some of the consolidated subsidiaries outside Japan have applied ASU 2016-02 "Leases" from the beginning of the first quarter of the fiscal year. Accordingly, assets and liabilities are now recognized for all leases as a lessee in principle. In applying the said standard, those consolidated subsidiaries elected to recognize the cumulative effect of initially applying the standard at the date of initial application, which is allowed as a transitional treatment.

As a result of the application of the said accounting standard, "Other, net" under property, plant and equipment increased by ¥971 million, "Other" under current liabilities increased by ¥196 million, and "Other" under long-term liabilities increased by ¥1,071 million.

The application of the said accounting standard has only a minimal impact on income and loss for the three months ended June 30, 2022.

(Additional information)

(Application of Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System)

The Company and its consolidated subsidiaries in Japan have transitioned from the consolidated taxation system to the group tax sharing system from the first quarter of the fiscal year. As a result, accounting treatment and disclosure of corporate and local income taxes and tax effect accounting are in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42, August 12, 2021, hereinafter, "PITF No. 42"). Pursuant to the provision in Paragraph 32 (1) of PITF No. 42, the Company has judged that there is no impact from the change in accounting policies as a result of applying PITF No. 42.

(Segment information)

[Segment information]

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.

For the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

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	30,226	19,443	43,431	93,101	–	93,101
Sales to customers	30,226	19,443	43,431	93,101	–	93,101
Internal sales to other segments	–	–	–	–	–	–
Total	30,226	19,443	43,431	93,101	–	93,101
Segment income	6,284	2,360	5,490	14,135	–	14,135

Segment income before amortization of goodwill*	6,284	2,486	5,490	14,260	–	14,260
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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, 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

For the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

Information by region

(1) Net sales

(Millions of yen)

Japan	China	Asia	America	Europe	Others	Total
41,753	18,393	14,690	10,271	5,835	2,156	93,101

(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
14,888	11,390	6,611	6,396	9,520	48,807