

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% 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
	377,000	1.0	42,800	(8.2)	43,600	(8.9)	30,500	(11.0)	108.35

(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, 2023: 284,733,797 shares
 - As of March 31, 2023: 284,675,397 shares
 - 2) Total number of treasury stock at the end of the period:
 - As of September 30, 2023: 3,196,029 shares
 - As of March 31, 2023: 130,070 shares
 - 3) Weighted average number of shares outstanding during the period:
 - Six months ended September 30, 2023: 282,680,642 shares
 - Six months ended September 30, 2022: 284,364,717 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

During the first half of this fiscal year, the global economy witnessed sluggish growth in capital investment demand. This was particularly noticeable in the manufacturing industry due to a significant delay in economic recovery within the Chinese market, which was severely impacted by last year's COVID-19 disaster. Compounding this were the concerns about economic recession in Europe and the Americas. Factors such as rising energy, raw material costs, and exchange rate fluctuations continued to exert pressure. Despite normalization of production within key customer industries like automobiles and semiconductors, there has yet to be a significant rebound in capital investment demand.

In 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 are contributing to industries related to automation demand, particularly the manufacturing industry, by responding to customers' needs for reliable and quick delivery. Utilizing the robust business foundation of IT, production, logistics, and our global network of locations, we have made efforts to capture customer demand accurately. Our new business policies, including developing new products and services aimed at sustainable growth, have progressed primarily according to plan. On the other hand, due to sluggish investment demand, Japan experienced a slight decrease compared to the previous year, while overseas regions saw a decrease in revenue compared to the previous year.

Consequently, due to a slowdown in demand and the impact of exchange rates, our consolidated net sales totaled ¥180,094 million (4.3% decrease year-on-year). In terms of profit, due to decreased sales volume, lower capacity utilization, temporary inventory write-downs, and increased expenses related to implementing a new core IT system to innovate the Business MODEL, operating income was ¥18,515 million (31.2% decrease year-on-year), ordinary income was ¥20,007 million (27.3% decrease year-on-year). Net income attributable to the owners of parent was at ¥14,185 million (29.9% decrease year-over-year).

① Factory Automation (FA) Business

The FA business was able to maintain the same level of sales in Japan as in the previous year, but capital investment demand was generally sluggish in overseas regions, particularly in China, resulting in sales of ¥57,895 million (5.7% decrease year-over-year), and operating income was ¥7,317 million (40.2% decrease year-over-year).

② Die Components Business

The Die Components business is seeing normalization in production for automotive customers, but capital spending remains low. While sales have increased in Asia and Europe, they remain weak in other regions. As a result, sales came to ¥39,329 million (1.4% decrease year-over-year) and operating income was ¥4,301 million (9.1% decrease 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. Although Japan, which accounts for a large share of sales, remained at the previous year's level, the slowdown in demand in China and Asia had a significant impact, resulting in sales of ¥82,868 million (4.6% decrease year-on-year), and operating income was ¥6,896 million (30.5% decrease year-over-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 ¥392,813 million, an increase of ¥14,354 million (+3.8%) compared to the previous year-end. This was mainly attributable to an increase of ¥12,489 million (+4.4%) in current assets due to increases in cash and deposits as well as merchandise and finished goods, and an increase of ¥2,240 million (+4.6%) in property, plant and equipment.

Total liabilities amounted to ¥59,899 million, a decrease of ¥4,335 million (-6.7%) compared to the previous year-end. This was mainly attributable to a decrease of ¥4,358 million (-8.9%) in current liabilities due to decreases in notes and accounts payable - trade and accounts payable - other.

Total net assets amounted to ¥332,914 million, an increase of ¥18,690 million (+5.9%) compared to the previous year-end. This was primarily because shareholders' equity increased by ¥1,123 million (+0.4%) due to an increase in retained earnings and treasury stock, and accumulated other comprehensive income including foreign currency translation adjustments increased by ¥17,332 million (+62.8%).

As a result, the equity ratio was 83.9%, compared to 82.3% 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 ¥117,657 million, an increase of ¥11,016 million compared to the previous year-end.

Cash flows from operating activities amounted to a net cash inflow of ¥23,684 million (a net cash inflow of ¥15,055 million for the same period in the previous year). The breakdown is as follows. Income before income taxes was ¥19,914 million. Depreciation and amortization was ¥8,756 million. The amount of decrease in provision for bonuses was ¥941 million. The amount of decrease in notes and accounts receivable - trade was ¥5,831 million. The amount of decrease in notes and accounts payable - trade was ¥3,894 million. Income taxes paid was ¥5,591 million.

Cash flows from investing activities amounted to a net cash outflow of ¥6,488 million (a net cash outflow of ¥5,501 million for the same period in the previous year). The breakdown is as follows. The purchase of fixed assets was ¥7,665 million. Payments into time deposits was ¥9,587 million. Refund from time deposits was ¥10,742 million.

Cash flows from financing activities amounted to a net cash outflow of ¥14,561 million (a net cash outflow of ¥5,164 million for the same period in the previous year). The main items were purchase of treasury stock of ¥10,095 million and dividends paid of ¥3,511 million.

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

Regarding the consolidated performance forecast for the fiscal year ending March 2024, the performance forecast announced on July 28, 2023, has remained the same. Despite the ongoing uncertainty in our business environment, the Company maintains the previous performance forecast, considering the effects of our unique initiatives and revisions to foreign exchange rates. Please note that if any significant matters that could affect our performance occur due to changes in our business environment in the future, we will promptly disclose them.

The forecast for dividends is announced in the press release dated October 26, 2023, titled "Announcing an interim dividend distribution and revision to forecast for year-end dividend."

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	119,558	130,181
Notes and accounts receivable – trade	76,359	73,276
Merchandise and finished goods	62,750	64,973
Work in process	4,457	4,494
Raw materials and supplies	10,182	11,081
Other	9,750	11,534
Allowance for doubtful accounts	(436)	(429)
Total current assets	282,623	295,112
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,604	14,556
Machinery, equipment and vehicles, net	15,666	15,876
Land	3,898	3,874
Other, net	14,235	16,337
Total property, plant and equipment	48,405	50,645
Intangible assets		
Software	28,125	27,782
Other	6,896	7,146
Total intangible assets	35,021	34,929
Investments and other assets		
Investment securities	6	6
Other	12,799	12,528
Allowance for doubtful accounts	(397)	(409)
Total investments and other assets	12,408	12,125
Total non-current assets	95,835	97,700
Total assets	378,458	392,813

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	22,434	19,356
Accounts payable - other	8,909	7,749
Income taxes payable	4,276	5,117
Provision for bonuses	3,184	2,405
Provision for directors' bonuses	51	—
Provision for office relocation expenses	608	—
Other	9,475	9,953
Total current liabilities	48,942	44,583
Long-term liabilities		
Liability for retirement benefits	7,025	7,318
Other	8,266	7,996
Total long-term liabilities	15,291	15,315
Total liabilities	64,234	59,899
Net assets		
Shareholders' equity		
Common stock	13,936	14,003
Capital surplus	24,292	24,326
Retained earnings	245,557	256,231
Treasury stock	(80)	(9,731)
Total shareholders' equity	283,706	284,830
Accumulated other comprehensive income		
Deferred gain (loss) on hedges	—	51
Foreign currency translation adjustments	27,508	44,787
Defined retirement benefit plans	71	72
Total accumulated other comprehensive income	27,580	44,912
Stock acquisition rights	1,989	2,138
Non-controlling interests	948	1,033
Total net assets	314,224	332,914
Total liabilities and net assets	378,458	392,813

(2) Quarterly Consolidated Statement of Income and Comprehensive Income
Quarterly Consolidated Statement of Income
For the Six Months Ended September 30, 2023 and 2022

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	188,158	180,094
Cost of sales	101,242	98,972
Gross profit	86,915	81,122
Selling, general and administrative expenses	60,017	62,606
Operating income	26,898	18,515
Non-operating income		
Interest income	488	1,420
Subsidy income	286	289
Miscellaneous income	193	238
Total non-operating income	968	1,948
Non-operating expenses		
Interest expenses	98	74
Foreign exchange losses	169	243
Commission expenses	0	96
Miscellaneous loss	70	43
Total non-operating expenses	339	457
Ordinary income	27,527	20,007
Extraordinary losses		
Impairment loss	44	92
Loss related to COVID-19	91	—
Total extraordinary losses	135	92
Income before income taxes	27,391	19,914
Income taxes	7,095	5,683
Net income	20,296	14,230
Net income attributable to non-controlling interests	55	45
Net income attributable to owners of parent	20,240	14,185

Quarterly Consolidated Statement of Comprehensive Income
For the Six Months Ended September 30, 2023 and 2022

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net income	20,296	14,230
Other comprehensive income		
Deferred gain (loss) on hedges	(36)	51
Foreign currency translation adjustments	17,985	17,206
Defined retirement benefit plans	2	0
Share of other comprehensive income in associates	12	4
Total other comprehensive income	17,964	17,263
Comprehensive income	38,260	31,494
Comprehensive income attributable to		
Owners of parent	38,303	31,517
Non-controlling interests	(43)	(23)

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from operating activities		
Income before income taxes	27,391	19,914
Depreciation and amortization	7,857	8,756
Impairment loss	44	92
Increase (decrease) in liability for retirement benefits	141	252
Increase (decrease) in provision for bonuses	(2,411)	(941)
Increase (decrease) in provision for directors' bonuses	(250)	(51)
Increase (decrease) in allowance for doubtful accounts	(31)	(38)
Interest and dividend income	(495)	(1,420)
Interest expenses	98	74
Share-based compensation expenses	350	361
Foreign exchange (gains) losses	(50)	45
Share of (profit) loss of entities accounted for using equity method	(24)	(21)
Loss related to COVID-19	91	—
(Increase) decrease in notes and accounts receivable - trade	2,180	5,831
(Increase) decrease in inventories	(6,695)	815
(Increase) decrease in consumption taxes refund receivable	(484)	693
Increase (decrease) in notes and accounts payable - trade	(1,110)	(3,894)
Increase (decrease) in accounts payable - other	(2,220)	(915)
(Increase) decrease in other assets	(722)	(341)
Increase (decrease) in other liabilities	1	(609)
Subtotal	23,661	28,604
Interest and dividend income received	558	1,346
Interest expenses paid	(58)	(74)
Payments related to COVID-19	(86)	—
Payments for office relocation expenses	—	(601)
Income taxes paid	(9,019)	(5,591)
Net cash provided by operating activities	15,055	23,684
Cash flows from investing activities		
Purchase of fixed assets	(4,885)	(7,665)
Proceeds from sales of fixed assets	41	3
Payments into time deposits	(8,296)	(9,587)
Refund from time deposits	7,979	10,742
Payments for lease and guarantee deposits	(750)	(213)
Proceeds from collection of lease and guarantee deposits	411	217
Other, net	(1)	14
Net cash used in investing activities	(5,501)	(6,488)
Cash flows from financing activities		
Proceeds from issuance of stock	0	0
Purchase of treasury stock	(0)	(10,095)
Dividends paid	(4,182)	(3,511)
Proceeds from share issuance to non-controlling shareholders	34	—
Repayments of lease obligations	(1,015)	(944)
Other, net	—	(10)
Net cash used in financing activities	(5,164)	(14,561)
Effect of exchange rate change on cash and cash equivalents	8,636	8,382
Net increase (decrease) in cash and cash equivalents	13,026	11,016
Cash and cash equivalents at beginning of period	101,443	106,640
Cash and cash equivalents at end of period	114,469	117,657

(4) Notes to the Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable

(Notes on significant changes in shareholders' equity)

During the second quarter of the fiscal year, the Company purchased 3,180,300 shares of treasury stock pursuant to a resolution of the Board of Directors on April 27, 2023. In addition, during the same period, the Company disposed 114,500 shares of treasury stock pursuant to a resolution of the Board of Directors on July 14, 2023. Mainly due to these factors, treasury stock increased by ¥9,651 million, reaching ¥9,731 million at the end of the period.

(Changes in accounting policies)

Not applicable

(Segment information)

[Segment information]

For the six months ended September 30, 2022 (from April 1, 2022 to September 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	61,415	39,900	86,842	188,158	–	188,158
Sales to customers	61,415	39,900	86,842	188,158	–	188,158
Internal sales to other segments	–	–	–	–	–	–
Total	61,415	39,900	86,842	188,158	–	188,158
Segment income	12,241	4,732	9,924	26,898	–	26,898

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

2. Impairment loss on non-current assets or goodwill by reportable segment

Description is omitted due to immateriality.

For the six months ended September 30, 2023 (from April 1, 2023 to September 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	57,895	39,329	82,868	180,094	–	180,094
Sales to customers	57,895	39,329	82,868	180,094	–	180,094
Internal sales to other segments	–	–	–	–	–	–
Total	57,895	39,329	82,868	180,094	–	180,094
Segment income	7,317	4,301	6,896	18,515	–	18,515

(Note) Total of segment income corresponds to operating income in the Consolidated Statements of 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, 2022 (from April 1, 2022 to September 30, 2022)

Information by region

(1) Net sales

(Millions of yen)

Japan	China	Asia	America	Europe	Others	Total
84,069	37,492	29,298	21,284	11,642	4,370	188,158

(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
14,829	11,341	6,754	6,785	9,183	48,894

For the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

Information by region

(1) Net sales

(Millions of yen)

Japan	China	Asia	America	Europe	Others	Total
83,696	29,583	27,996	21,428	12,961	4,426	180,094

(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
15,216	12,915	6,070	7,420	9,022	50,645