

MISUMI Group Inc. FY2023 first half consolidated financial results

~Sales have decreased year over year due to slow economic recovery in China, reduced appetite for capital investment, and concerns about recession in Europe and the Americas~

MISUMI Group Inc. announced its consolidated financial results for the first half of FY2023 (April 1, 2023- September 30, 2023) today. Major performance indicators are as follows.

(Million yen)	FY2022 first half	FY2023 first half	YoY change
Net sales	188,158	180,094	-4.3%
Operating income	26,898	18,515	-31.2%
Net income	20,240	14,185	-29.9%
Earnings per share	71.18 yen	50.18 yen	

1. Highlights of FY2023 first half consolidated financial 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 (6.5% decrease on local currency basis). 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).

2. Despite the exchange rate effects being higher than the assumed rate, sales declined due to the continued slump in demand

- Segment sales for FY2023 first half are shown in the table below.

	Net sales (million yen)		YoY change	
	FY2022 first half	FY2023 first half	Yen basis	Local Currency basis
FA business	61,415	57,895	-5.7%	-8.0%
Die components business	39,900	39,329	-1.4%	-4.8%
VONA business	86,842	82,868	-4.6%	-6.2%
Total	188,158	180,094	-4.3%	-6.5%

- 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.
- 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.
- In the VONA business, the slowdown in demand in China and Asia had a significant impact although Japan, which accounts for a large share of sales, remained at the previous year's level.

3. While Japan remained at the previous year's level, the overseas regions were slightly weaker

- Regional break down of sales for FY 2023 first half were as follows.

	Net sales (million yen)		YoY change	
	FY2022 first half	FY2023 first half	Yen basis	Local currency basis
Japan	84,069	83,696	-0.4%	-
Overseas	104,089	96,397	-7.4%	-11.4%
China	37,492	29,583	-21.1%	-21.0%
Asia	29,298	27,996	-4.4%	-8.6%
United States	21,284	21,428	+0.7%	-4.9%
Europe	11,642	12,961	+11.3%	+0.6%
Other	4,370	4,426	+1.3%	-10.2%

- Japan saw a sluggish growth in equipment investment demand from major customer industries such as the automotive sector, and it remained at nearly the same level as the previous year.
- Overseas, all regions remained sluggish and were significantly affected by the slowdown in demand.

4. Interim dividend per share to be 12.60 yen, a decrease of 5.20 yen year-on-year

- To maintain our competitive advantage, achieve sustainable growth, and increase shareholder value in the future, we continue to innovate MISUMI's Business MODEL by proactively strengthening our business foundation in IT, production, logistics, and supply chain. This means striking a balance between medium- to long-term investments in growth and returns to shareholders.
- In terms of dividends, we will pay a dividend payout ratio of 25%, considering the expansion of our management base, the strengthening of our financial position, and improvement of capital efficiency. The dividend per share at the end of the first half was 12.60 yen (a decrease of 5.20 yen year-on-year). The year-end dividend forecast has been revised to 14.50 yen per share (an increase of 2.16 yen year-on-year), as the full-year consolidated earnings forecast remains unchanged.

	Annual dividend		
	Interim	Year-end	Total
Previous forecast		14.66 yen	27.10 yen
Payout ratio		25.0%	25.0%
Revised forecast		14.50 yen	27.10 yen
Payout ratio		25.0%	25.0%
Actual results this year	12.60 yen		
Results of previous fiscal year	17.80 yen	12.34 yen	30.14 yen
Payout ratio	25.0%	25.0%	25.0%

5. The consolidated earnings forecast for the fiscal year ending March 31, 2024, remains unchanged

- Regarding the consolidated performance forecast for the fiscal year ending March 31, 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.

FY2023 (April 1, 2023 - March 31, 2024) 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	377,000	42,800	43,600	30,500	108.35
FY2022 results	373,151	46,615	47,838	34,282	120.53
Ratio (%)	+1.0%	-8.2%	-8.9%	-11.0%	—

(Note) For the average exchange rate from October 1, 2023, to March 31, 2024, considering the current exchange rate situation, we have revised the rate assumed at the time of our previous announcement on July 28. The revised rates are: 1 U.S. dollar = 145.0 yen (previously 136.0 yen), 1 euro = 155.0 yen (previously 147.0 yen), and 1 yuan = 20.0 yen (previously 19.0 yen).

[Notes regarding forward-looking statements]

The outlook for the fiscal year ending March 31, 2024, 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 first half consolidated earnings results for the fiscal year ending March 31, 2024.

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