

MISUMI Group Inc. FY2023 consolidated financial results

~Although a gradual recovery was seen in the second half of the year, full-year sales decreased compared to the previous year due to sluggish global capital investment demand~

MISUMI Group Inc. announced its consolidated financial results for FY2023 (April 1, 2023- March 31, 2024) today. Major performance indicators are as follows.

| (Million yen) | FY2022 | FY2023 | YoY change |
|--------------------|------------|------------------|------------|
| Net sales | 373,151 | 367,649 | -1.5% |
| Operating income | 46,615 | 38,365 | -17.7% |
| Net income | 34,282 | 28,152 | -17.9% |
| Earnings per share | 120.53 yen | 99.75 yen | |

1. Highlights of FY2023 consolidated financial results

- During this consolidated fiscal year, the global economy continued to be difficult due to sluggish global investment demand, particularly in the manufacturing sector. In China, demand remained generally sluggish due to uncertain economic conditions, and in Japan and Asia, with the exceptions of some areas, demand remained weak but showed a gradual recovery trend toward the end of the period. In Europe and the U.S., on the other hand, geopolitical risks and other economic slowdowns led to a deceleration starting in the second half of the fiscal year.
- In this economic environment, the MISUMI Group is leveraging its unique Business MODEL, which encompasses manufacturing and distribution businesses. By advancing the global business foundation supporting these operations, we contribute to industries related to automation demand, particularly the manufacturing industry, by meeting customers' needs for reliable and quick delivery. To further strengthen the solid business foundation and global network in IT, production, and logistics that we have built up over the years, we have completed the implementation of core system renewal in Japan, our largest base. At the same time, while we continued to accelerate new business policies, including the development of new products and services, both sales and profits declined from the previous year due to the impact of weak global demand for capital investment.

- This resulted in consolidated net sales of ¥367,649 million, 1.5% decrease year-over-year, (4.4% decrease on local currency basis). In terms of profit, as affected by decreased sales volume and increased costs related to the introduction of a new core IT system for Business MODEL innovation, etc., operating income was ¥38,365 million (17.7% decrease year-over-year), and ordinary income was ¥41,265 million (13.7% decrease year-over-year). Net income attributable to owners of parent was ¥28,152 million (17.9% decrease year-over-year).

2. Sales in the Die Components business increased due to exchange rate effects Sales in other businesses decreased due to sluggish demand

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

| | Net sales (million yen) | | YoY change | |
|-------------------------|-------------------------|----------------|------------|----------------------|
| | FY2022 | FY2023 | Yen basis | Local Currency basis |
| FA business | 121,932 | 118,219 | -3.0% | -5.9% |
| Die components business | 79,125 | 79,932 | +1.0% | -3.4% |
| VONA business | 172,093 | 169,497 | -1.5% | -3.7% |
| Total | 373,151 | 367,649 | -1.5% | -4.4% |

- In the FA business, sales in Japan managed to maintain the same level as the previous year, but overseas sales, particularly in China, were sluggish.
- The Die Components business, while generally weak in all regions, captured automotive-related demand, particularly in Asia and Europe, which, supported by exchange rate effects, contributed to the increase in both in sales and profit.
- In the VONA business, sales in Japan were nearly flat year-over-year, but in overseas, particularly China and Asia, remained sluggish due to the slowdown in customer factory operations.

3. Sales remained generally sluggish both domestically and internationally, due to the significant impact of weak demand in China

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

| | Net sales (million yen) | | YoY change | |
|---------------|-------------------------|----------------|------------|----------------------|
| | FY2022 | FY2023 | Yen basis | Local currency basis |
| Japan | 172,661 | 171,141 | -0.9% | — |
| Overseas | 200,489 | 196,507 | -2.0% | -7.4% |
| China | 68,900 | 60,853 | -11.7% | -13.6% |
| Asia | 56,182 | 57,498 | +2.3% | -3.1% |
| United States | 42,521 | 42,839 | +0.7% | -5.7% |
| Europe | 24,257 | 26,201 | +8.0% | -2.7% |
| Other | 8,627 | 9,115 | +5.7% | -6.6% |

4. Annual dividend payout is expected to be ¥27.47 per share

- The Group is committed to the Growth Chain-reaction management based on the employees' challenges to contribute to the sustainable growth of the IA (Industrial Automation) industry, which is our customer, and to support the sustainable development of society through automation and labor saving in the IA industry. To achieve this, we are actively investing in growth in regions, businesses, and the development of new products and services, and are working to advance our Business MODEL that contributes to increasing customer's time value. In addition, to increase corporate value over the medium to long term, we will accurately assess the cost of capital and aim for a return on capital that exceeds the cost of capital, or, to widen the equity spread. To that end, we will strike a balance between investments in growth from a medium- to long-term perspective and the return of profits to our shareholders.
- We will revise the target payout ratio from 25% to 30%, considering the management foundation expansion, strengthening of the financial position, and capital efficiency improvement. Stock repurchases will be implemented flexibly depending on the situation, such as cash position, investment opportunities for growth, and stock market trends. For the current fiscal year, the Company plans to pay a year-end dividend of 14.87 yen per share (an increase of 2.53 yen per share from the previous year) in accordance with the above revised standard. As a result, the annual dividend is expected to be 27.47 yen per share (a decrease of 2.67 yen from the previous year), including the interim dividend of 12.60 yen per share.

| | Annual per-share dividend | | | | | |
|------------------------------|---------------------------|--------------|----------|--------------|--------------|--------------|
| | Interim | | Year-end | | Annual total | |
| | Yen | Payout ratio | Yen | Payout ratio | Yen | Payout ratio |
| Previous forecast | — | — | 14.50 | 25.0% | 27.10 | 25.0% |
| Actual results this year | 12.60 | 25.0% | 14.87 | 30.0% | 27.47 | 27.5% |
| Actual results previous year | 17.80 | 25.0% | 12.34 | 25.0% | 30.14 | 25.0% |

5. Consolidated earnings forecast

- The consolidated earnings forecast for the fiscal year ending March 31, 2025 is as follows.
If there are any significant events that may affect our business results due to changes in the business environment, we will disclose them promptly.

FY2024 (April 1, 2024-March 31, 2025) 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 | 393,000 | 46,000 | 47,400 | 34,400 | 122.05 |
| Actual results this year | 367,649 | 38,365 | 41,265 | 28,152 | 99.75 |
| Increase ratio (%) | +6.9% | +19.9% | +14.9% | +22.2% | — |

Note: Assumed exchange rates: US\$: 145.0 yen, Euro: 157.0 yen, RMB: 20.0 yen

[Notes regarding forward-looking statements]

The outlook for the fiscal year ending March 31, 2025, 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 fiscal year ended March 31, 2024.

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