

MISUMI Group Inc.
FY2020 first half consolidated financial results

**~Manufacturing industry undergoing a recession due to the spread of COVID-19
 Aiming to further bolster the global reliable quick delivery, business model
 innovation carefully selected and continued~**

MISUMI Group Inc. announced its consolidated financial results for the first half period of FY2020 (April 1, 2020- September 30, 2020) today. Major performance measures are as follows.

(Million yen)	FY2019 first half	FY2020 first half	YoY change
Net sales	157,133	143,302	-8.8%
Operating income before amortization of goodwill*	12,040	9,422	-21.7%
Operating income	11,737	9,126	-22.2%
Net income	8,510	6,708	-21.2%
Earnings per share	30.00 yen	23.63 yen	

*Operating income before amortization of other intangible fixed assets associated with the acquisition of Dayton Lamina Corporation.

< Highlights of FY2020 first half consolidated financial results >

1. First half period transitioned according to plan, but sales and profits decreased year-on-year

- 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 ¥143.3 billion, a decrease of 8.8% year-on-year (7.4% decrease on a local currency basis). In terms of profit, efforts were made to reduce costs, but due to the impact of decrease in sales, operating income was ¥9.1 billion (22.2% decrease year-on-year) and ordinary income was ¥9.1 billion (21.3% decrease year-on-year). Net income attributable to owners of parent was ¥6.7 billion (21.2% decrease year-on-year).

2. Manufacturing industry in each region was sluggish, especially impacted by the stagnant automotive industry, except China

- Segment sales for FY2020 first half are shown in the table below.

	Net sales (million yen)		YoY change	
	FY2019 first half	FY2020 first half	Yen basis	Local currency basis
FA business	49,836	47,810	-4.1%	-2.7%
Die Components business	37,257	31,028	-16.7%	-14.6%
VONA business	70,038	64,464	-8.0%	-6.8%
Total	157,133	143,302	-8.8%	-7.4%

- In the FA business, despite strong performance in China, sluggishness in other regions especially Japan, had an impact. Net sales decreased 4.1% year-on-year.
- Net sales in the Die components business decreased 16.7% year-on-year due to stagnant market conditions in the automotive related sectors globally causing negative growth within each region.
- In the VONA business, market conditions were solid in China, notwithstanding, the impact from Japan's negative growth was substantial. Net sales decreased by 8.0% year-on-year.

3. Overseas sales were driven by sales increase in China while Japan decreased significantly

- Regional break down of sales for FY 2020 first half was as follows.

	Net sales (million yen)		YoY change	
	FY2019 first half	FY2020 first half	Yen basis	Local currency basis
Japan	83,088	71,222	-14.3%	—
Overseas	74,045	72,080	-2.7%	+0.4%
China	26,840	30,375	+13.2%	+17.2%
Asia	22,274	19,501	-12.4%	-9.3%
United States	13,946	12,594	-9.7%	-7.7%
Europe	8,143	7,232	-11.2%	-11.0%
Other	2,840	2,376	-16.3%	-9.4%

- In Japan, sales of each business segment slowed down due to deteriorated capital investment in the manufacturing industry, resulting in a 14.3% decrease year-on-year.
- Recovery in business conditions in China drove the sales in overseas markets to be the similar level of previous year on a local currency basis.

4. Interim dividend per share to be ¥5.91, a decrease of ¥1.60 year-on-year

- MISUMI established its shareholder return policy by comprehensively taking into account various factors, including the expansion of its management structure, the strengthening of its balance sheet, and the enhancement of its capital efficiency, to realize sustainable growth and to improve its corporate value.
- With respect to dividends, our payout ratio is set at 25%. In light of this, we paid out an interim dividend per share of ¥5.91, a decrease of ¥1.60 year-on-year.
- We revised our year-end dividend forecast to ¥7.22 per share (an increase of ¥0.18 year-on-year), a decrease of ¥0.71 to our previous forecast.

	Dividend per share on an annual basis		
	Interim	Year-end	Total
Previous forecast	5.20 yen	7.93 yen	13.13 yen
Payout ratio	25.0%	25.0%	25.0%
Revised forecast	-	7.22 yen	13.13 yen
Payout ratio	-	25.0%	25.0%
FY2020 interim per-share dividend	5.91 yen	-	-
FY2019 interim per-share dividend	7.51 yen	7.04 yen	14.55 yen
Payout ratio	25.0%	25.0%	25.0%

[Notes regarding forward-looking statements]

The outlook for the fiscal year ending March 31, 2021 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 quarterly earnings results report for details on consolidated earnings results for the first half of the fiscal year ending March 31, 2021.

<p>Please direct any inquiries to: IR Team Corporate Relations Department, MISUMI Group Inc. Tel: +81-3-5805-7037 Fax: +81-3-5805-7014 Email: cc@misumi.co.jp</p>
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