

MISUMI Group Inc. FY2022 third quarter consolidated financial results

**~Despite the weak demand for capital investment due to the global recession,
net sales increased because of favorable foreign exchange rates~**

MISUMI Group Inc. announced its consolidated financial results for the cumulative third quarter period of FY2022 (April 1, 2022- December 31, 2022) today. Major performance indicators are as follows.

(Million yen)	FY2021 3Q cumulative basis	FY2022 3Q cumulative basis	YoY change
Net sales	274,155	281,995	+2.9%
Operating income	41,898	38,306	-8.6%
Net income	29,903	28,641	-4.2%
Earnings per share	105.23 yen	100.71 yen	

1. Highlights of FY2022 cumulative third quarter consolidated financial results

- During the first nine months of the current fiscal year, the global economy was cautious about automation-related capital expenditures. In addition, the global recessionary trend intensified amid the lingering effects of the COVID-19 infection. In China, demand remained sluggish due to the lockdown at the period's beginning and the disease's subsequent rapid spread. Demand in overseas regions other than China also gradually slowed due to the economic slowdown and inflation. In Japan, although there were signs of recovery in the second half of the period, particularly in the automotive sector, a full recovery in demand still needs to be achieved.
- Under 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 contribute to industries related to automation demand, particularly the manufacturing industry, by responding to customers' reliable and quick delivery needs. Despite our efforts to accurately anticipate customer demand by leveraging our solid business foundation in IT, logistics, and manufacturing and our global network of locations, we were severely impacted by the worldwide slump in investment demand, particularly in China and Japan.
- Consequently, consolidated net sales were ¥281,995 million, an increase of 2.9% year-on-year (4.2% decrease year-on-year on a local currency basis). In terms of profit, operating income was 38,306 million yen (8.6% decrease year-on-year) and ordinary income was ¥39,208 million yen (6.7% decrease year-on-year) due to a decrease in sales volume and an increase in expenses related to the introduction of a new core system. Net income attributable to owners of parent totaled ¥28,641 million yen (4.2% decrease year-on-year).

2. Demand weakened from the third quarter and all businesses slowed down, but sales increased due to the impact of foreign exchange

- Segment sales for FY2022 cumulative third quarter are shown in the table below.

	Net sales (million yen)		YoY change	
	FY2021 3Q cumulative basis	FY2022 3Q cumulative basis	Yen basis	Local Currency basis
FA business	88,962	91,788	+3.2%	-3.7%
Die components business	56,224	59,936	+6.6%	-4.6%
VONA business	128,969	130,270	+1.0%	-4.3%
Total	274,155	281,995	+2.9%	-4.2%

- In the FA business, demand remained weak in China and Japan. Still, growth continued in other regions.
- The Die components business remained generally weak due to lower global automotive-related capital spending and factory utilization.
- In the VONA business, in addition to the impact of reduced factory operations, particularly in China and Japan, and the suspension of sales that continued throughout the first half of the fiscal year, supply difficulties for some products have yet to be fully resolved.

3. Delayed recovery in China and Japan due to China's COVID-19 policy changes and significant slowdown elsewhere

- Regional break down of sales for FY 2022 cumulative third quarter were as follows.

	Net sales (million yen)		YoY change	
	FY2021 3Q cumulative basis	FY2022 3Q cumulative basis	Yen basis	Local currency basis
Japan	131,442	128,501	-2.2%	—
Overseas	142,712	153,494	+7.6%	-6.0%
China	56,938	54,652	-4.0%	-16.0%
Asia	40,411	43,037	+6.5%	-4.4%
United States	24,711	32,013	+29.5%	+6.4%
Europe	15,410	17,363	+12.7%	+4.8%
Other	5,240	6,426	+22.6%	+0.3%

- In Japan, although there were signs of recovery in the second half of the period, particularly in the automotive sector, a full recovery in demand failed to materialize, resulting in a 2.2% year-on-year decline in sales.
- Overseas sales increased 7.6% year-on-year due to the impact of foreign exchange. However, the recovery in China was delayed due to the impact of the policy change related to COVID-19, and there was a clear sense of slowdown in Asia, Europe, and the US.

4. Downward revisions to the consolidated earnings forecast and year-end dividend forecast for FY2022

(1) FY2022 (April 1, 2022-March 31, 2023) consolidated earnings forecast

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous Forecast (A)	403,500	57,300	57,600	42,000	147.72
Revised forecast (B)	377,000	49,000	50,000	36,500	128.30
Difference (B-A)	-26,500	-8,300	-7,600	-5,500	
Ratio of difference (%)	-6.6%	-14.5%	-13.2%	-13.1%	
FY2021 results	366,160	52,210	52,500	37,557	132.15

Note: Due to the current foreign exchange situation, we have revised the average exchange rates for the full year from 136.9 yen to 134.5 yen per U.S. dollar, 139.8 yen to 140.2 yen per euro, and 19.9 yen to 19.6 yen per yuan, as previously announced on October 27.

In the consolidated cumulative period for the third quarter, the global recessionary trend intensified, and caution in automation-related capital investment was observed. Therefore, considering the progress of our business performance and recent demand trends, we have revised downward our consolidated business forecast for the full year as shown above.

If any significant events occur that may affect our business performance, we will disclose them promptly.

(2) FY2022 (April 1, 2022-March 31, 2023) year-end dividend forecast

	Annual dividend		
	Interim	Year-end	Total
Previous forecast		19.14 yen	36.94 yen
Payout ratio		25.0%	25.0%
Revised forecast		14.29 yen	32.09 yen
Payout ratio		25.0%	25.0%
Actual results this year	17.80yen		
Results of previous fiscal year	18.33 yen	14.71 yen	33.04 yen
Payout ratio	25.0%	25.0%	25.0%

MISUMI established its shareholder return policy by comprehensively considering 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.

As for dividends, since the dividend payout ratio is based on 25%, and as aforementioned, the consolidated earnings forecast was revised for the fiscal year ending March 31, 2023, the year-end dividend forecast has been revised to 14.29 yen per share (0.42 yen decrease year-on-year), and the annual dividend forecast is expected to be 32.09 yen.

[Notes regarding forward-looking statements]

The outlook for the fiscal year ending March 31, 2023, and the forward-looking statements in this document have been prepared based on 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. Considering this, please refrain from making investment decisions solely because 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 cumulative third quarter period of fiscal year ending March 31, 2023.

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