

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(% 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
	366,000	17.8	52,000	91.2	52,000	91.3	37,000	115.9	130.17

(Note) Revision of the latest financial results forecasts: Yes

* 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: Yes
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None

(Note) For details, please refer to 2. Quarterly Consolidated Financial Statements and Primary Notes, (4) Notes to the Quarterly Consolidated Financial Statements (Changes in accounting policies) on page 9 of the attached document.
- (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 December 31, 2021 : 284,380,297 shares
 - As of March 31, 2021 : 284,244,497 shares
 - 2) Total number of treasury stock at the end of the period:
 - As of December 31, 2021 : 129,896 shares
 - As of March 31, 2021 : 129,760 shares
 - 3) Weighted average number of shares outstanding during the period:
 - Nine months ended December 31, 2021 : 284,169,270 shares
 - Nine months ended December 31, 2020 : 283,912,017 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

The global economy during the cumulative third quarter of FY2021 experienced a recovery in demand for capital investment and operations from the beginning of the term, then continued to be steady after that. On the other hand, there continues to be shortages of some parts such as semiconductors and concerns remain regarding a slowdown in economic activities and supply chain disruptions caused by the COVID-19 pandemic. As a result, uncertainty persists regarding the future economic outlook.

Under this economic environment, MISUMI Group is leveraging its unique business model, which encompasses both manufacturing and distribution businesses. By advancing the business foundation that supports these businesses globally, we contribute to industries worldwide that related to automation demand, particularly the manufacturing industry, by responding to customers' reliable, quick delivery needs.

By utilizing the strong business foundation built to date in IT, logistics, and production as well as our global network, we have continued to provide a stable supply of products to customers around the world while responding to changes taking place in the environment such as the impact of COVID-19 infections and geopolitical risks.

Consequently, consolidated net sales totaled ¥274,155 million (22.9% increase year-on-year). In terms of profits, operating income was ¥41,898 million (139.0% increase year-on-year) due to increased sales and the ongoing effects of profitability improvement. Ordinary income was ¥42,035 million (140.8% increase year-on-year), and net income attributable to owners of parent totaled ¥29,903 million (145.4% increase year-on-year). Both sales and profits reached record highs for the cumulative third quarter period.

The Company has applied Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the fiscal year. For details, please refer to 2. Quarterly Consolidated Financial Statements and Primary Notes, (4) Notes to the Quarterly Consolidated Financial Statements (Changes in accounting policies).

① Factory Automation (FA) Business

In the FA business, sales totaled ¥88,962 million (20.1% increase year-on-year) and operating income reached ¥18,542 million (76.6% increase year-on-year) due to continued growth across all regions, including Japan.

② Die Components Business

In the Die components business, sales totaled ¥56,224 million (15.9% increase year-on-year) and operating income was ¥7,580 million (147.6% increase year-on-year), with continued growth in all regions.

③ VONA Business

VONA business is MISUMI Group's sales and distribution business of manufacturing, automation-related equipment parts / indirect materials, and MRO (consumables) products. This business segment includes MISUMI brand products, as well as third-party manufacturers' products. With our broad acquisition of automation related demand worldwide, sales totaled ¥128,969 million (28.4% increase year-on-year) and operating income was ¥15,776 million (296.9% increase year-on-year).

(2) Explanation of Financial Position

1) Assets, liabilities and net assets

Total assets as of the end of the third quarter of the fiscal year were ¥324,761 million, an increase of ¥35,840 million (+12.4%) compared to the previous year-end. This was mainly attributable to an increase of ¥29,110 million (+14.3%) in current assets due to increases in cash and deposits, and merchandise and finished goods, an increase of ¥2,767 million (+6.5%) in property, plant and equipment, and an increase of ¥3,465 million (+10.9%) in intangible assets.

Total liabilities amounted to ¥62,560 million, an increase of ¥7,208 million (+13.0%) compared to the previous year-end. This was mainly attributable to an increase of ¥4,592 million (+10.8%) in current liabilities caused primarily by an increase in income taxes payable.

Total net assets amounted to ¥262,201 million, an increase of ¥28,631 million (+12.3%) compared to the previous year-end. This was primarily because shareholders' equity increased by ¥22,359 million (+9.8%) mainly due to an increase in retained earnings.

As a result, the equity ratio was 79.9%, compared to 80.0% at the end of the previous year.

2) Cash flows

At the end of the third quarter of the fiscal year, cash and cash equivalents amounted to ¥93,522 million, an increase of ¥21,557 million compared to the previous year-end.

Cash flows from operating activities amounted to a net cash inflow of ¥42,663 million (a net cash inflow of ¥22,927 million for the same period in the previous year). The breakdown of cash flows from operating activities is as follows. Income before income taxes was ¥40,910 million. Depreciation and amortization amounted to ¥11,479 million. The amount of a decrease in notes and accounts receivable – trade was ¥1,003 million. An increase in inventories was ¥2,352 million. A decrease in notes and accounts payable – trade was ¥1,235 million. Income taxes paid was ¥8,497 million.

Cash flows from investing activities amounted to a net cash outflow of ¥14,634 million (a net cash outflow of ¥3,716 million for the same period in the previous year). The breakdown of cash flows from investing activities is as follows. The purchase of fixed assets was ¥12,662 million. Payments into time deposits was ¥7,105 million. Refund from time deposits was ¥5,240 million. Payments for lease and guarantee deposits was ¥1,144 million.

Cash flows from financing activities amounted to a net cash outflow of ¥9,142 million (a net cash outflow of ¥5,132 million for the same period in the previous year). The main item of cash flows from financing activities was dividends paid of ¥7,817 million.

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

Demand for capital investment and operations were strong globally in the consolidated cumulative third quarter. Upward revisions have been made to our full-year consolidated earnings forecast as below considering the progress of business performance and current demand trend.

We will promptly make a disclosure if important matters that will affect business performance occur due to a further spread of COVID-19 going forward.

[Full-year consolidated financial results forecast for the fiscal year ending March 31, 2022 (April 1, 2021 to March 31, 2022)]

	Net sales (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income attributable to owners of parent (million yen)	Net income per share (yen)
Revised forecast	366,000	52,000	52,000	37,000	130.17
Previous forecast	356,000	48,500	48,500	35,200	123.87

The forecast for dividends is announced in the press release dated January 28, 2022, titled “Announcement regarding the revision of full-year consolidated earnings forecast and annual dividends”.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	72,428	95,871
Notes and accounts receivable - trade	71,687	72,650
Merchandise and finished goods	46,329	48,370
Work in process	2,513	2,651
Raw materials and supplies	6,501	7,933
Other	4,793	5,856
Allowance for doubtful accounts	(277)	(249)
Total current assets	203,976	233,086
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,314	13,807
Machinery, equipment and vehicles, net	15,808	15,991
Land	3,950	3,953
Other, net	8,415	11,503
Total property, plant and equipment	42,488	45,255
Intangible assets		
Software	26,215	28,334
Other	5,565	6,911
Total intangible assets	31,781	35,246
Investments and other assets		
Investment securities	6	6
Other	11,012	11,509
Allowance for doubtful accounts	(343)	(342)
Total investments and other assets	10,675	11,173
Total non-current assets	84,945	91,675
Total assets	288,921	324,761

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,458	19,012
Accounts payable - other	8,024	8,140
Income taxes payable	2,775	5,975
Provision for bonuses	3,571	3,182
Provision for directors' bonuses	41	35
Other	8,719	10,837
Total current liabilities	42,591	47,183
Long-term liabilities		
Liability for retirement benefits	6,811	7,072
Other	5,948	8,304
Total long-term liabilities	12,760	15,377
Total liabilities	55,351	62,560
Net assets		
Shareholders' equity		
Common stock	13,436	13,573
Capital surplus	23,791	23,929
Retained earnings	190,779	212,865
Treasury stock	(78)	(79)
Total shareholders' equity	227,929	250,289
Accumulated other comprehensive income		
Deferred gain (loss) on hedges	—	35
Foreign currency translation adjustments	3,371	9,307
Defined retirement benefit plans	(153)	(138)
Total accumulated other comprehensive income	3,217	9,205
Stock acquisition rights	1,787	1,969
Non-controlling interests	634	737
Total net assets	233,569	262,201
Total liabilities and net assets	288,921	324,761

(2) Quarterly Consolidated Statement of Income and Comprehensive Income
Quarterly Consolidated Statement of Income
For the Nine Months Ended December 31, 2021 and 2020

(Millions of yen)

	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021
Net sales	223,014	274,155
Cost of sales	127,426	148,780
Gross profit	95,588	125,375
Selling, general and administrative expenses	78,054	83,476
Operating income	17,533	41,898
Non-operating income		
Interest income	220	377
Miscellaneous income	259	284
Total non-operating income	479	662
Non-operating expenses		
Sales discounts	55	—
Foreign exchange losses	220	346
Miscellaneous loss	277	179
Total non-operating expenses	553	526
Ordinary income	17,459	42,035
Extraordinary losses		
Impairment loss	1,132	421
Loss related to COVID-19	—	703
Other	236	—
Total extraordinary losses	1,368	1,124
Income before income taxes	16,091	40,910
Income taxes	3,879	10,952
Net income	12,212	29,958
Net income attributable to non-controlling interests	28	54
Net income attributable to owners of parent	12,183	29,903

Quarterly Consolidated Statement of Comprehensive Income
For the Nine Months Ended December 31, 2021 and 2020

(Millions of yen)

	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021
Net income	12,212	29,958
Other comprehensive income		
Deferred gain (loss) on hedges	—	35
Foreign currency translation adjustments	881	5,950
Defined retirement benefit plans	13	15
Share of other comprehensive income (loss) in associates	(0)	6
Total other comprehensive income	894	6,008
Comprehensive income	13,106	35,967
Comprehensive income attributable to		
Owners of parent	13,040	35,891
Non-controlling interests	66	75

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021
Cash flows from operating activities		
Income before income taxes	16,091	40,910
Depreciation and amortization	11,218	11,479
Impairment loss	1,132	421
Increase (decrease) in liability for retirement benefits	543	275
Increase (decrease) in provision for bonuses	(625)	(441)
Increase (decrease) in provision for directors' bonuses	(12)	(6)
Increase (decrease) in allowance for doubtful accounts	60	(35)
Interest and dividend income	(226)	(383)
Interest expenses	51	63
Share-based compensation expenses	490	438
Foreign exchange (gains) losses	(0)	(19)
Share of (profit) loss of entities accounted for using equity method	(22)	(27)
Loss related to COVID-19	—	703
(Increase) decrease in notes and accounts receivable - trade	1,216	1,003
(Increase) decrease in inventories	320	(2,352)
(Increase) decrease in consumption taxes refund receivable	815	(205)
Increase (decrease) in notes and accounts payable - trade	(1,555)	(1,235)
Increase (decrease) in accounts payable - other	(1,514)	(27)
(Increase) decrease in other assets	193	(235)
Increase (decrease) in other liabilities	713	1,014
Subtotal	28,891	51,339
Interest and dividend income received	243	285
Interest expenses paid	(51)	(63)
Payments related to COVID-19	—	(676)
Income taxes refund	339	276
Income taxes paid	(6,494)	(8,497)
Net cash provided by operating activities	22,927	42,663
Cash flows from investing activities		
Purchase of fixed assets	(10,912)	(12,662)
Proceeds from sales of fixed assets	75	62
Payments into time deposits	(1,533)	(7,105)
Refund from time deposits	8,349	5,240
Payments for lease and guarantee deposits	(244)	(1,144)
Proceeds from collection of lease and guarantee deposits	523	974
Other, net	24	0
Net cash used in investing activities	(3,716)	(14,634)
Cash flows from financing activities		
Proceeds from issuance of stock	0	16
Dividends paid	(3,676)	(7,817)
Repayments of lease obligations	(1,454)	(1,344)
Other, net	(2)	2
Net cash used in financing activities	(5,132)	(9,142)
Effect of exchange rate change on cash and cash equivalents	822	2,671
Net increase (decrease) in cash and cash equivalents	14,902	21,557
Cash and cash equivalents at beginning of period	44,439	71,964
Cash and cash equivalents at end of period	59,341	93,522

(4) Notes to the Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable

(Notes on significant changes in shareholders' equity)

Not applicable

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition and other standards)

The Company has applied Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, hereinafter "Revenue Recognition Standard"), etc. from the beginning of the first quarter of the fiscal year and recognizes revenue when control over promised goods or services is transferred to a customer in an amount of consideration to which it expects to be entitled in exchange of those goods or services. As a result, with regard to transactions of providing parts to suppliers with compensation for which the Company bears a repurchase obligation, inventories continue to be recognized as a result of deemed financing transactions, and the amount of the ending inventory of those parts retained by the suppliers are recognized as financial liabilities.

The application of the Revenue Recognition Standard is subject to the transitional treatment provided for in the proviso of paragraph 84 of the Revenue Recognition Standard. There is no impact on the balance of retained earnings at beginning of fiscal year, profit/loss for the nine months ended December 31, 2021 and per share information. As a result, compared with figures calculated using the previous accounting procedures, merchandise and finished goods increased by ¥437 million, and current liabilities – other increased by ¥437 million as of December 31, 2021.

In accordance with the transitional treatment stipulated in paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), the information on disaggregation of revenue from contracts with customers for the nine months ended December 31, 2020 is not stated.

(Application of Accounting Standard for Fair Value Measurement and other standards)

The Company has applied Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter "Fair Value Measurement Standard"), etc. from the beginning of the first quarter of the fiscal year and will continue to apply new accounting policies established by the Fair Value Measurement Standard in the future pursuant to the transitional treatment stipulated in paragraph 19 of the Fair Value Measurement Standard and paragraph 44-2 of Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The application has no impact on quarterly consolidated financial statements.

(Additional information)

(Application of tax effect accounting relating to the transition from the consolidated taxation system to the group tax sharing system)

Regarding items that have been transitioned to a group tax sharing system established under the "Act for Partial Amendment of the Income Tax Act, etc." (Act No.8 of 2020), and for which a revision of the non-consolidated taxation system has been carried out pursuant to this transition, the Company and its consolidated subsidiaries in Japan have not applied the provisions in paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018), in accordance with the treatment prescribed in paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (PITF No.39, March 31, 2020). The amounts of deferred tax assets and deferred tax liabilities for these items are based on taxation law as it was before the amendment.

(Accounting estimates in view of COVID-19)

COVID-19 has had a certain impact on capital investment demand in the manufacturing industry and customers' operations. Accounting estimates, including inventory valuation, impairment accounting for non-current assets, and recoverability of deferred tax assets, have been calculated based on the assumption that COVID-19 will affect our business performance for a certain period of the fiscal year ending March 31, 2022. There are no significant changes in the assumptions of accounting estimates from the previous year-end.

This assumption is significantly affected by various factors such as the timing of when impacts of infection fade and so on. Future business results based on actual figures may therefore differ from these estimates and assumptions.

(Segment information)

[Segment information]

For the nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)

1. Net sales and segment income by reportable segment

(Millions of yen)

	Reportable Segments				Adjustments	Consolidated
	FA Business	Die Components Business	VONA Business	Total		
Net sales						
Sales to customers	74,055	48,520	100,438	223,014	—	223,014
Internal sales to other segments	—	—	—	—	—	—
Total	74,055	48,520	100,438	223,014	—	223,014
Segment income	10,497	3,061	3,975	17,533	—	17,533

Segment income before amortization of goodwill*	10,497	3,502	3,975	17,975	—	17,975
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*(Note) Amortization of other intangible assets related to the acquisition of Dayton Lamina Corporation was added back to Segment income.

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

Description is omitted due to immateriality.

For the nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

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	88,962	56,224	128,969	274,155	—	274,155
Sales to customers	88,962	56,224	128,969	274,155	—	274,155
Internal sales to other segments	—	—	—	—	—	—
Total	88,962	56,224	128,969	274,155	—	274,155
Segment income	18,542	7,580	15,776	41,898	—	41,898

Segment income before amortization of goodwill*	18,542	7,962	15,776	42,280	—	42,280
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*(Note) Amortization of other intangible assets related to the acquisition of Dayton Lamina Corporation was added back to Segment income.

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

Description is omitted due to immateriality.

[Supplementary information]

For the nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)

Information by region

(1) Net sales

(Millions of yen)

Japan	China	Asia	America	Europe	Others	Total
110,768	46,633	30,732	19,662	11,599	3,618	223,014

(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
16,655	7,354	6,637	4,574	8,012	43,233

For the nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

Information by region

(1) Net sales

(Millions of yen)

Japan	China	Asia	America	Europe	Others	Total
131,442	56,938	40,411	24,711	15,410	5,240	274,155

(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
15,485	9,903	6,011	4,537	9,317	45,255