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## Consolidated Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]



July 28, 2023

Company name: MISUMI Group Inc. Stock exchange listing: Tokyo Stock Exchange  
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 Scheduled date of filing quarterly securities report: August 4, 2023  
 Scheduled date of dividend payments: —  
 Preparation of supplemental explanatory materials: None  
 Holding of quarterly financial results meeting: None

(Amounts of less than one million yen are rounded down.)

### 1. Consolidated Financial Results for the Three Months Ended June 30, 2023 (April 1, 2023 to June 30, 2023)

(1) Consolidated Operating Results (Accumulated) (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2023	89,866	(3.5)	8,999	(36.3)	9,837	(32.6)	6,087	(42.5)
June 30, 2022	93,101	2.4	14,135	(1.6)	14,603	1.2	10,586	(0.1)

(Note) Comprehensive income: Three months ended June 30, 2023: ¥18,380 million (24.4)%  
 Three months ended June 30, 2022: ¥24,314 million 113.9%

	Net income per share	Net income per share (diluted)
Three months ended	Yen	Yen
June 30, 2023	21.47	21.41
June 30, 2022	37.23	37.13

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2023	382,539	320,597	83.0
As of March 31, 2023	378,458	314,224	82.3

(Reference) Shareholders' equity: As of June 30, 2023: ¥317,498 million  
 As of March 31, 2023: ¥311,286 million

### 2. Cash Dividends

	Cash dividends per share for the fiscal year (yen)				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	—	17.80	—	12.34	30.14
Fiscal year ending March 31, 2024	—				
Fiscal year ending March 31, 2024 (Forecast)		12.44	—	14.66	27.10

(Note) Revision of the latest forecast for cash dividends: Yes

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2nd quarter-end (Cumulative)	181,000	(3.8)	20,000	(25.6)	20,800	(24.4)	14,000	(30.8)	49.73
Full year	377,000	1.0	42,800	(8.2)	43,600	(8.9)	30,500	(11.0)	108.35

(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: None
  - 2) Changes in accounting policies other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None
- (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 June 30, 2023: 284,691,897 shares
    - As of March 31, 2023: 284,675,397 shares
  - 2) Total number of treasury stock at the end of the period:
    - As of June 30, 2023: 2,864,729 shares
    - As of March 31, 2023: 130,070 shares
  - 3) Weighted average number of shares outstanding during the period:
    - Three months ended June 30, 2023: 283,570,498 shares
    - Three months ended June 30, 2022: 284,346,312 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 4 of the attached document.

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## **1. Qualitative Information on Quarterly Financial Results**

### **(1) Explanation of Operating Results**

During the first quarter, global economic activities began to normalize as restrictions imposed due to the COVID-19 infections were eased. However, the impact of rising costs for things like energy and raw materials, along with exchange rate fluctuations, continued to prevent a full recovery in demand for capital investment in manufacturing industries. In China, which was heavily affected by the pandemic last year, economic recovery has been greatly delayed and sluggish demand continues. On the other hand, in other overseas regions and Japan, despite an uncertain economic situation, demand remained steadfast.

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. However, we have also been significantly affected by sluggish demand in China and Asia, similar to the impact felt in the machine tool industry due to the delayed economic recovery in China.

Consequently, as a result of the slowdown in demand and some effects from the exchange rates, our consolidated net sales were ¥89,866 million (3.5% decrease year-on-year). In terms of profit, due to the decrease in sales volume and operation, as well as the prepayment of costs associated with the introduction of a new core IT system, operating income was ¥8,999 million (36.3% decrease year-on-year), ordinary income was ¥9,837 million (32.6% decrease year-on-year). Net income attributable to the owners of parent totaled ¥6,087 million (42.5% decrease year-on-year).

#### **① Factory Automation (FA) Business**

The FA business secured growth in regions excluding China. However, in the economically sluggish Chinese market, the overall demand for facility investment remained subdued, with net sales of ¥29,093 million (3.7% decrease year-on-year) and operating income of ¥3,639 million yen (42.1% decrease year-on-year).

#### **② Die Components Business**

The Die Components business experienced an improvement in the operational status of automotive-related customers, attributed to factors such as the alleviation of material supply constraints in regions other than China. Additionally, there was a partial impact from exchange rate effects. As a result, sales reached ¥19,569 million (0.6% increase year-over-year), while operating income was ¥2,083 million (11.7% decrease year-over-year).

#### **③ VONA Business**

VONA business is MISUMI Group's sales and distribution business of manufacturing / automation-related equipment parts and MRO (Maintenance, Repair, and Operations) products. In addition, this business segment includes MISUMI branded products and third-party manufacturers' products. Sales in Europe and the US continued to grow due to the strengthening of product lines and other factors. However, China and Asia were significantly affected by lower factory utilization rates and other factors, resulting in sales of ¥41,204 million (5.1% decrease year on year) and operating income of ¥3,276 million (40.3% decrease year on year).

## **(2) Explanation of Financial Position**

### **1) Assets, liabilities and net assets**

Total assets as of the end of the first quarter of the fiscal year were ¥382,539 million, an increase of ¥4,081 million (+1.1%) compared to the previous year-end. This was mainly attributable to an increase of ¥4,141 million (+1.5%) in current assets due to increases in merchandise and finished goods as well as raw materials and supplies, and an increase of ¥1,128 million (+2.3%) in property, plant and equipment.

Total liabilities amounted to ¥61,942 million, a decrease of ¥2,291 million (-3.6%) compared to the previous year-end. This was mainly attributable to a decrease of ¥2,580 million (-5.3%) in current liabilities due to decreases in notes and accounts payable - trade and provision for bonuses, despite an increase of ¥288 million (+1.9%) in long-term liabilities.

Total net assets amounted to ¥320,597 million, an increase of ¥6,373 million (+2.0%) compared to the previous year-end. This was primarily because accumulated other comprehensive income including foreign currency translation adjustments increased by ¥12,327 million (+44.7%) while shareholders' equity decreased by ¥6,116 million (-2.2%) due to an increase in treasury stock.

As a result, the equity ratio was 83.0%, compared to 82.3% at the end of the previous year.

### **2) Cash flows**

At the end of the first quarter of the fiscal year, cash and cash equivalents amounted to ¥107,556 million, an increase of ¥916 million compared to the previous year-end.

Cash flows from operating activities amounted to a net cash inflow of ¥7,645 million (a net cash inflow of ¥2,781 million for the same period in the previous year). The breakdown is as follows. Income before income taxes was ¥9,837 million. Depreciation and amortization was ¥4,346 million. The amount of decrease in provision for bonuses was ¥1,834 million. The amount of decrease in notes and accounts receivable - trade was ¥3,744 million. The amount of decrease in notes and accounts payable - trade was ¥3,107 million. The amount of decrease in accounts payable - other was ¥1,097 million. Income taxes paid was ¥3,024 million.

Cash flows from investing activities amounted to a net cash outflow of ¥159 million (a net cash outflow of ¥3,364 million for the same period in the previous year). The breakdown is as follows. The purchase of fixed assets was ¥2,933 million. Payments into time deposits was ¥7,817 million. Refund from time deposits was ¥10,584 million.

Cash flows from financing activities amounted to a net cash outflow of ¥12,727 million (a net cash outflow of ¥4,697 million for the same period in the previous year). The main items were purchase of treasury stock of ¥8,808 million and dividends paid of ¥3,511 million.

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

Regarding the consolidated results for the first quarter, we diligently gauged customer demand. We saw positive progress in our new business policies, including developing new products and services for sustainable growth, primarily as planned. However, the delayed economic recovery in China significantly impacted us, resulting in sluggish demand in China and Asia, similar to the machine tool industry. Looking ahead to future market conditions, we anticipate a delay in the recovery of demand due to growing concerns about an economic slowdown in major countries like China and the United States, compared to our projections on April 27, 2023. Considering our business performance and current demand trends, we have revised our consolidated earnings forecasts for the cumulative second quarter and full year, as mentioned earlier.

As always, we remain committed to promptly disclosing any material matters that may affect our business performance in response to changes in the business environment.

[Half-year consolidated financial results forecast for the fiscal year ending March 31, 2024 (April 1, 2023 to September 30, 2023)]

	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	181,000	20,000	20,800	14,000	49.73
Previous forecast	188,000	25,200	25,400	18,700	65.72

[Full-year consolidated financial results forecast for the fiscal year ending March 31, 2024 (April 1, 2023 to March 31, 2024)]

	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	377,000	42,800	43,600	30,500	108.35
Previous forecast	396,000	51,000	51,400	37,800	132.84

The forecast for dividends is announced in the press release dated July 28, 2023, titled “Announcement regarding the revision of consolidated business forecast and annual dividends”.

## **2. Quarterly Consolidated Financial Statements and Primary Notes**

### **(1) Quarterly Consolidated Balance Sheet**

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	119,558	118,123
Notes and accounts receivable - trade	76,359	74,607
Merchandise and finished goods	62,750	64,623
Work in process	4,457	4,527
Raw materials and supplies	10,182	11,242
Other	9,750	14,099
Allowance for doubtful accounts	(436)	(458)
Total current assets	282,623	286,764
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,604	14,793
Machinery, equipment and vehicles, net	15,666	16,139
Land	3,898	3,919
Other, net	14,235	14,680
Total property, plant and equipment	48,405	49,533
Intangible assets		
Software	28,125	27,530
Other	6,896	7,142
Total intangible assets	35,021	34,673
Investments and other assets		
Investment securities	6	6
Other	12,799	11,966
Allowance for doubtful accounts	(397)	(405)
Total investments and other assets	12,408	11,567
Total non-current assets	95,835	95,775
Total assets	378,458	382,539

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	22,434	20,091
Accounts payable - other	8,909	7,376
Income taxes payable	4,276	4,062
Provision for bonuses	3,184	1,445
Provision for directors' bonuses	51	—
Provision for office relocation expenses	608	431
Other	9,475	12,954
Total current liabilities	48,942	46,361
Long-term liabilities		
Liability for retirement benefits	7,025	7,172
Other	8,266	8,407
Total long-term liabilities	15,291	15,580
<b>Total liabilities</b>	<b>64,234</b>	<b>61,942</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	13,936	13,954
Capital surplus	24,292	24,309
Retained earnings	245,557	248,134
Treasury stock	(80)	(8,806)
Total shareholders' equity	283,706	277,590
Accumulated other comprehensive income		
Deferred gain (loss) on hedges	—	50
Foreign currency translation adjustments	27,508	39,785
Defined retirement benefit plans	71	72
Total accumulated other comprehensive income	27,580	39,907
Stock acquisition rights	1,989	2,113
Non-controlling interests	948	986
Total net assets	314,224	320,597
<b>Total liabilities and net assets</b>	<b>378,458</b>	<b>382,539</b>



**(2) Quarterly Consolidated Statement of Income and Comprehensive Income**  
**Quarterly Consolidated Statement of Income**  
**For the Three Months Ended June 30, 2023 and 2022**

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net sales	93,101	89,866
Cost of sales	49,974	49,919
Gross profit	43,126	39,947
Selling, general and administrative expenses	28,991	30,948
Operating income	14,135	8,999
Non-operating income		
Interest income	197	649
Subsidy income	283	284
Miscellaneous income	83	82
Total non-operating income	564	1,015
Non-operating expenses		
Interest expenses	40	40
Foreign exchange losses	16	38
Commission expenses	0	81
Miscellaneous loss	38	16
Total non-operating expenses	95	177
Ordinary income	14,603	9,837
Extraordinary losses		
Loss related to COVID-19	90	—
Total extraordinary losses	90	—
Income before income taxes	14,513	9,837
Income taxes	3,896	3,725
Net income	10,617	6,112
Net income attributable to non-controlling interests	30	24
Net income attributable to owners of parent	10,586	6,087

**Quarterly Consolidated Statement of Comprehensive Income**  
**For the Three Months Ended June 30, 2023 and 2022**

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net income	10,617	6,112
Other comprehensive income		
Deferred gain (loss) on hedges	(36)	50
Foreign currency translation adjustments	13,724	12,216
Defined retirement benefit plans	1	0
Share of other comprehensive income in associates	7	0
Total other comprehensive income	13,697	12,268
Comprehensive income	24,314	18,380
Comprehensive income attributable to		
Owners of parent	24,328	18,415
Non-controlling interests	(13)	(34)

### (3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
<b>Cash flows from operating activities</b>		
Income before income taxes	14,513	9,837
Depreciation and amortization	3,843	4,346
Increase (decrease) in liability for retirement benefits	94	114
Increase (decrease) in provision for bonuses	(3,269)	(1,834)
Increase (decrease) in provision for directors' bonuses	(250)	(51)
Increase (decrease) in allowance for doubtful accounts	68	(2)
Interest and dividend income	(197)	(649)
Interest expenses	40	40
Share-based compensation expenses	156	157
Foreign exchange (gains) losses	(19)	67
Share of (profit) loss of entities accounted for using equity method	(11)	(11)
Loss related to COVID-19	90	—
(Increase) decrease in notes and accounts receivable - trade	(2,357)	3,744
(Increase) decrease in inventories	(2,232)	(77)
(Increase) decrease in consumption taxes refund receivable	47	295
Increase (decrease) in notes and accounts payable - trade	(288)	(3,107)
Increase (decrease) in accounts payable - other	(1,952)	(1,097)
(Increase) decrease in other assets	(918)	(963)
Increase (decrease) in other liabilities	662	(422)
<b>Subtotal</b>	<b>8,021</b>	<b>10,386</b>
Interest and dividend income received	289	538
Interest expenses paid	(29)	(29)
Payments related to COVID-19	(75)	—
Payments for office relocation expenses	—	(226)
Income taxes paid	(5,424)	(3,024)
<b>Net cash provided by operating activities</b>	<b>2,781</b>	<b>7,645</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(2,545)	(2,933)
Proceeds from sales of fixed assets	27	0
Payments into time deposits	(7,749)	(7,817)
Refund from time deposits	6,782	10,584
Payments for lease and guarantee deposits	(141)	(168)
Proceeds from collection of lease and guarantee deposits	265	163
Other, net	(3)	11
<b>Net cash used in investing activities</b>	<b>(3,364)</b>	<b>(159)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of stock	0	0
Purchase of treasury stock	(0)	(8,808)
Dividends paid	(4,182)	(3,511)
Repayments of lease obligations	(533)	(396)
Other, net	18	(10)
<b>Net cash used in financing activities</b>	<b>(4,697)</b>	<b>(12,727)</b>
Effect of exchange rate change on cash and cash equivalents	6,296	6,157
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,016</b>	<b>916</b>
Cash and cash equivalents at beginning of period	101,443	106,640
<b>Cash and cash equivalents at end of period</b>	<b>102,459</b>	<b>107,556</b>

#### (4) Notes to the Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable

(Notes on significant changes in shareholders' equity)

In accordance with a resolution of a meeting of the Board of Directors held on April 27, 2023, the Company purchased 2,734,500 shares of treasury stock during the first quarter. As a result, treasury stock increased by ¥8,726 million in the first quarter of the fiscal year and was ¥8,806 million as of the end of the period.

(Changes in accounting policies)

Not applicable

(Segment information)

[Segment information]

For the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

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	30,226	19,443	43,431	93,101	–	93,101
Sales to customers	30,226	19,443	43,431	93,101	–	93,101
Internal sales to other segments	–	–	–	–	–	–
Total	30,226	19,443	43,431	93,101	–	93,101
Segment income	6,284	2,360	5,490	14,135	–	14,135

(Note) Total of segment income corresponds to operating income in the Consolidated Statements of Income.

For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

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	29,093	19,569	41,204	89,866	–	89,866
Sales to customers	29,093	19,569	41,204	89,866	–	89,866
Internal sales to other segments	–	–	–	–	–	–
Total	29,093	19,569	41,204	89,866	–	89,866
Segment income	3,639	2,083	3,276	8,999	–	8,999

(Note) Total of segment income corresponds to operating income in the Consolidated Statements of Income.

[Supplementary information]

For the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

Information by region

(1) Net sales

(Millions of yen)

Japan	China	Asia	America	Europe	Others	Total
41,753	18,393	14,690	10,271	5,835	2,156	93,101

(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
14,888	11,390	6,611	6,396	9,520	48,807

For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

Information by region

(1) Net sales

(Millions of yen)

Japan	China	Asia	America	Europe	Others	Total
41,731	14,873	13,775	10,749	6,548	2,187	89,866

(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
15,637	11,718	6,132	7,030	9,013	49,533