

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
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	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: None

*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 December 31, 2023: 284,791,597 shares
 - As of March 31, 2023: 284,675,397 shares
 - 2) Total number of treasury stock at the end of the period:
 - As of December 31, 2023: 3,196,079 shares
 - As of March 31, 2023: 130,070 shares
 - 3) Weighted average number of shares outstanding during the period:
 - Nine months ended December 31, 2023: 282,347,980 shares
 - Nine months ended December 31, 2022: 284,390,000 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

During the cumulative period of the third quarter, the global economy continued to lack signs of recovery in China, where economic activity remained stagnant. Meanwhile, in Europe and the U.S., recessionary concerns persisted, and global investment demand remained generally sluggish. Toward the second half of the review period, a gradual recovery trend began to emerge in certain regions, such as Japan and Asia, particularly in relation to automotive demand. However, this did not transpire into a full-fledged recovery.

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. 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 for sustainable growth, while the implementation of our new business policies, including the development of new products and services for sustainable growth, and although progress has been steady, it has not been enough to offset the slump in demand for capital investment, resulting in a year-over-year decline in sales.

Consequently, despite the effects of exchange rates, the impact of a slowdown in demand led to consolidated net sales of ¥272,823 million (3.3% decrease year-over-year). In terms of profit, due to decreased sales volume, increased costs related to the introduction of a new core IT system for Business MODEL innovation, and a decrease in operation, operating income was ¥28,903 million (24.5% decrease year-over-year), ordinary income was ¥31,157 million (20.5% decrease year-over-year). Net income attributable to owners of parent was at ¥22,455 million (21.6% decrease year-over-year).

① Factory Automation (FA) Business

The FA business in Japan secured an increase in sales as the demand related to the automotive sector gradually recovered. However, the demand for equipment investment remained sluggish in overseas regions, including China, resulting in sales of ¥87,723 million (4.4% decrease year-over-year), and operating income was ¥11,381 million (34.2% decrease year-over-year).

② Die Components Business

The Die Components Business, while seeing generally robust capital investment and production from automotive-related customers in Europe and Asia, experiencing growth compared to the previous year, was unable to compensate for the decrease in sales in other regions, resulting in sales of ¥59,348 million (1.0% decrease year-over-year) and operating income of ¥6,792 million (3.3% 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. While Japan generally followed a similar pattern to the previous year, regions such as China and Asia continued to experience a sustained decline in demand as customers' factory operations remained sluggish, resulting in sales of ¥125,751 million (3.5% decrease year-over-year), and operating income was ¥10,729 million (23.3% decrease year-over-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 ¥387,567 million, an increase of ¥9,109 million (+2.4%) compared to the previous year-end. This was mainly attributable to an increase of ¥8,999 million (+3.2%) in current assets due to increases in cash and deposits as well as merchandise and finished goods, a decrease in notes and accounts receivable - trade, and an increase of ¥778 million (+1.6%) in property, plant and equipment.

Total liabilities amounted to ¥57,635 million, a decrease of ¥6,599 million (-10.3%) compared to the previous year-end. This was mainly attributable to a decrease of ¥6,216 million (-12.7%) in current liabilities due to decreases in notes and accounts payable - trade, accounts payable - other, and provision for bonuses.

Total net assets amounted to ¥329,932 million, an increase of ¥15,708 million (+5.0%) compared to the previous year-end. This was primarily because shareholders' equity increased by ¥5,988 million (+2.1%) due to an increase in retained earnings and treasury stock, and accumulated other comprehensive income including foreign currency translation adjustments increased by ¥9,527 million (+34.5%).

As a result, the equity ratio was 84.3%, compared to 82.3% 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 ¥120,443 million, an increase of ¥13,802 million compared to the previous year-end.

Cash flows from operating activities amounted to a net cash inflow of ¥38,158 million (a net cash inflow of ¥20,443 million for the same period in the previous year). The breakdown is as follows. Income before income taxes was ¥31,010 million. Depreciation and amortization was ¥13,139 million. The amount of decrease in notes and accounts receivable - trade was ¥6,251 million. The amount of decrease in notes and accounts payable - trade was ¥3,549 million. Income taxes paid was ¥9,699 million.

Cash flows from investing activities amounted to a net cash outflow of ¥10,272 million (a net cash outflow of ¥14,528 million for the same period in the previous year). The breakdown is as follows. The purchase of fixed assets was ¥12,604 million. Payments into time deposits was ¥12,736 million. Refund from time deposits was ¥14,763 million.

Cash flows from financing activities amounted to a net cash outflow of ¥18,588 million (a net cash outflow of ¥10,722 million for the same period in the previous year). The main items were purchase of treasury stock of ¥10,095 million and dividends paid of ¥7,058 million.

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

Regarding the full-year consolidated performance forecast for the fiscal year ending March 2024, there are no changes from the performance forecast announced on July 28, 2023. Although uncertainties remain in our business environment, we are maintaining our previously announced forecast, considering current demand trends and the progress of the Company's unique measures taken. If there are any significant events that may affect our business results due to changes in the business environment, we will disclose them promptly.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	119,558	131,739
Notes and accounts receivable – trade	76,359	71,816
Merchandise and finished goods	62,750	63,410
Work in process	4,457	4,160
Raw materials and supplies	10,182	9,923
Other	9,750	10,836
Allowance for doubtful accounts	(436)	(263)
Total current assets	282,623	291,622
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,604	14,123
Machinery, equipment and vehicles, net	15,666	14,939
Land	3,898	3,866
Other, net	14,235	16,254
Total property, plant and equipment	48,405	49,183
Intangible assets		
Software	28,125	28,532
Other	6,896	6,647
Total intangible assets	35,021	35,179
Investments and other assets		
Investment securities	6	6
Other	12,799	11,984
Allowance for doubtful accounts	(397)	(409)
Total investments and other assets	12,408	11,582
Total non-current assets	95,835	95,945
Total assets	378,458	387,567

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	22,434	18,984
Accounts payable - other	8,909	7,404
Income taxes payable	4,276	3,769
Provision for bonuses	3,184	2,164
Provision for directors' bonuses	51	28
Provision for office relocation expenses	608	–
Other	9,475	10,374
Total current liabilities	48,942	42,726
Long-term liabilities		
Liability for retirement benefits	7,025	7,448
Other	8,266	7,460
Total long-term liabilities	15,291	14,908
Total liabilities	64,234	57,635
Net assets		
Shareholders' equity		
Common stock	13,936	14,074
Capital surplus	24,292	24,397
Retained earnings	245,557	260,954
Treasury stock	(80)	(9,731)
Total shareholders' equity	283,706	289,695
Accumulated other comprehensive income		
Deferred gain (loss) on hedges	–	17
Foreign currency translation adjustments	27,508	37,017
Defined retirement benefit plans	71	72
Total accumulated other comprehensive income	27,580	37,107
Stock acquisition rights	1,989	2,119
Non-controlling interests	948	1,010
Total net assets	314,224	329,932
Total liabilities and net assets	378,458	387,567

(2) Quarterly Consolidated Statement of Income and Comprehensive Income
Quarterly Consolidated Statement of Income
For the Nine Months Ended December 31, 2023 and 2022

(Millions of yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net sales	281,995	272,823
Cost of sales	152,071	149,059
Gross profit	129,924	123,763
Selling, general and administrative expenses	91,618	94,859
Operating income	38,306	28,903
Non-operating income		
Interest income	840	2,396
Subsidy income	386	302
Miscellaneous income	324	327
Total non-operating income	1,552	3,026
Non-operating expenses		
Interest expenses	122	106
Foreign exchange losses	361	507
Commission expenses	1	96
Miscellaneous loss	165	62
Total non-operating expenses	649	772
Ordinary income	39,208	31,157
Extraordinary losses		
Impairment loss	44	147
Loss related to COVID-19	91	–
Total extraordinary losses	135	147
Income before income taxes	39,073	31,010
Income taxes	10,323	8,471
Net income	28,750	22,539
Net income attributable to non-controlling interests	108	83
Net income attributable to owners of parent	28,641	22,455

Quarterly Consolidated Statement of Comprehensive Income
For the Nine Months Ended December 31, 2023 and 2022

(Millions of yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net income	28,750	22,539
Other comprehensive income		
Deferred gain (loss) on hedges	(36)	17
Foreign currency translation adjustments	7,390	9,432
Defined retirement benefit plans	4	1
Share of other comprehensive income in associates	12	5
Total other comprehensive income	7,371	9,456
Comprehensive income	36,121	31,995
Comprehensive income attributable to		
Owners of parent	36,088	31,983
Non-controlling interests	33	12

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Cash flows from operating activities		
Income before income taxes	39,073	31,010
Depreciation and amortization	12,344	13,139
Impairment loss	44	147
Increase (decrease) in liability for retirement benefits	197	397
Increase (decrease) in provision for bonuses	(2,765)	(1,137)
Increase (decrease) in provision for directors' bonuses	(210)	(23)
Increase (decrease) in allowance for doubtful accounts	8	(189)
Interest and dividend income	(847)	(2,396)
Interest expenses	122	106
Share-based compensation expenses	471	564
Foreign exchange (gains) losses	(196)	(59)
Share of (profit) loss of entities accounted for using equity method	(32)	(25)
Loss related to COVID-19	91	–
(Increase) decrease in notes and accounts receivable - trade	(61)	6,251
(Increase) decrease in inventories	(10,664)	2,205
(Increase) decrease in consumption taxes refund receivable	(281)	934
Increase (decrease) in notes and accounts payable - trade	(1,949)	(3,549)
Increase (decrease) in accounts payable - other	(1,718)	(1,355)
(Increase) decrease in other assets	(210)	455
Increase (decrease) in other liabilities	264	194
Subtotal	33,679	46,671
Interest and dividend income received	836	1,894
Interest expenses paid	(88)	(106)
Payments related to COVID-19	(85)	–
Payments for office relocation expenses	–	(601)
Income taxes paid	(13,897)	(9,699)
Net cash provided by operating activities	20,443	38,158
Cash flows from investing activities		
Purchase of fixed assets	(8,529)	(12,604)
Proceeds from sales of fixed assets	72	4
Payments into time deposits	(14,145)	(12,736)
Refund from time deposits	8,445	14,763
Payments for lease and guarantee deposits	(807)	(181)
Proceeds from collection of lease and guarantee deposits	427	449
Other, net	9	33
Net cash used in investing activities	(14,528)	(10,272)
Cash flows from financing activities		
Proceeds from issuance of stock	0	0
Purchase of treasury stock	(0)	(10,095)
Dividends paid	(9,244)	(7,058)
Proceeds from share issuance to non-controlling shareholders	34	–
Repayments of lease obligations	(1,511)	(1,423)
Other, net	–	(10)
Net cash used in financing activities	(10,722)	(18,588)
Effect of exchange rate change on cash and cash equivalents	4,210	4,504
Net increase (decrease) in cash and cash equivalents	(597)	13,802
Cash and cash equivalents at beginning of period	101,443	106,640
Cash and cash equivalents at end of period	100,846	120,443

(4) Notes to the Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable

(Notes on significant changes in shareholders' equity)

During the first nine months of the current fiscal year, the Company purchased 3,180,300 shares of treasury stock pursuant to a resolution of the Board of Directors on April 27, 2023. In addition, during the same period, the Company disposed of 114,500 shares of treasury stock as restricted stock compensation for directors pursuant to a resolution of the Board of Directors on July 14, 2023. Mainly due to these factors, treasury stock increased by ¥9,651 million, reaching ¥9,731 million at the end of the period.

(Changes in accounting policies)

Not applicable

(Segment information)

[Segment information]

For the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 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	91,788	59,936	130,270	281,995	–	281,995
Sales to customers	91,788	59,936	130,270	281,995	–	281,995
Internal sales to other segments	–	–	–	–	–	–
Total	91,788	59,936	130,270	281,995	–	281,995
Segment income	17,294	7,022	13,989	38,306	–	38,306

(Note) Total of segment income corresponds to operating income in the Consolidated Statements of 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, 2023 (from April 1, 2023 to December 31, 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	87,723	59,348	125,751	272,823	–	272,823
Sales to customers	87,723	59,348	125,751	272,823	–	272,823
Internal sales to other segments	–	–	–	–	–	–
Total	87,723	59,348	125,751	272,823	–	272,823
Segment income	11,381	6,792	10,729	28,903	–	28,903

(Note) Total of segment income corresponds to operating income in the Consolidated Statements of 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, 2022 (from April 1, 2022 to December 31, 2022)

Information by region

(1) Net sales

(Millions of yen)

Japan	China	Asia	America	Europe	Others	Total
128,501	54,652	43,037	32,013	17,363	6,426	281,995

(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
14,634	10,621	6,186	6,369	8,277	46,089

For the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

Information by region

(1) Net sales

(Millions of yen)

Japan	China	Asia	America	Europe	Others	Total
127,492	45,064	42,572	31,711	19,227	6,755	272,823

(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
14,951	13,066	5,441	6,934	8,790	49,183