

This is an abridged translation of the original document in Japanese and is intended for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the Japanese original shall prevail.

## Consolidated Financial Results for the Six Months Ended September 30, 2017 [Japanese GAAP]



October 30, 2017

Company name: MISUMI Group Inc. Stock exchange listing: Tokyo Stock Exchange  
 Ticker Code: 9962 URL: <http://www.misumi.co.jp>  
 Representative: Ryusei Ono, Representative Director, President and CEO  
 Contact: Ichiro Otokozawa, Executive Director and CFO Phone: +81-3-5805-7401  
 Scheduled date of filing quarterly securities report: November 6, 2017  
 Scheduled date of dividend payments: December 4, 2017  
 Preparation of supplemental explanatory materials: Yes (materials for institutional investors)  
 Holding of quarterly financial results meeting: Yes (meeting for institutional investors)

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

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2017 (April 1, 2017 to September 30, 2017)

(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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2017	152,465	25.2	18,902	42.2	18,627	42.0	13,040	56.2
Six months ended September 30, 2016	121,802	4.8	13,295	5.8	13,114	7.7	8,350	3.3

(Note) Comprehensive income: Six months ended September 30, 2017 : ¥15,406 million 781.2%  
 Six months ended September 30, 2016 : ¥1,748 million (74.1)%

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2017	46.63		45.56	
Six months ended September 30, 2016	30.42		26.64	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2017	225,081	178,945	78.9
As of March 31, 2017	212,041	155,658	72.9

(Reference) Shareholders' equity: As of September 30, 2017 : ¥177,590 million  
 As of March 31, 2017 : ¥154,530 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				
Fiscal year ended March 31, 2017	—	7.61	—	9.10	16.71
Fiscal year ending March 31, 2018	—	11.52	—	—	—
Fiscal year ending March 31, 2018 (Forecast)	—	—	—	10.47	21.99

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

**3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)**

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	314,000	21.2	36,350	34.0	35,750	35.1	24,900	35.4	89.04

(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 September 30, 2017 : 283,233,797 shares
    - As of March 31, 2017 : 275,689,140 shares
  - 2) Total number of treasury stock at the end of the period:
    - As of September 30, 2017 : 129,456 shares
    - As of March 31, 2017 : 129,178 shares
  - 3) Weighted average number of shares outstanding during the period:
    - Six months ended September 30, 2017 : 279,653,714 shares
    - Six months ended September 30, 2016 : 274,526,930 shares

\* These quarterly financial results are outside the scope of quarterly review.

\* 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.

## Contents of Attachment

1. Qualitative Information on Quarterly Financial Results .....	2
(1) Explanation of Operating Results .....	2
(2) Explanation of Financial Position .....	3
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Statements .....	3
2. Quarterly Consolidated Financial Statements and Primary Notes .....	4
(1) Quarterly Consolidated Balance Sheet .....	4
(2) Quarterly Consolidated Statement of Income and Comprehensive Income .....	6
(3) Quarterly Consolidated Statement of Cash Flows.....	8
(4) Notes to the Quarterly Consolidated Financial Statements .....	9
(Notes on going concern assumption) .....	9
(Notes on significant changes in shareholders' equity).....	9
(Matters related to quarterly consolidated statement of cash flows).....	9
(Segment Information) .....	9

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

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

In the first half of FY2017, major economies around the world, including Japan, continued a gradual recovery trend. In the United States, the economy continued to trend toward recovery, including a gradual rise in employment rates and corporate capital investments. In China, despite flat consumer spending, the recovery in economic trends picked up pace, mainly reflecting benefits from various government policies. In other parts of Asia and in Europe, economic recovery continued to be moderate. Meanwhile, in Japan there were indications that consumer spending and capital investments continued to grow steadily with improvements to corporate earnings and employment rates.

Amid this economic environment, the MISUMI Group is leveraging its unique business model, which encompasses both manufacturing and distribution operations, to expand its business infrastructure globally contributing to the manufacturing industry worldwide by eliminating customer inefficiency, while simultaneously accelerating business expansion. In an effort to address a new wave of manufacturing that positions IT at its core, we improved our competitive strength by continuing to implement Internet strategies. In the overseas markets, efforts were made to strengthen our global reliable, quick delivery business model by promoting local production, local procurement for optimal procurement and expanding logistics infrastructure sites also.

Performance at our business segments primarily benefited from the aforementioned strengthening of our business infrastructure and platforms. In the Factory Automation (FA) business and Die Components business, sales rose on brisk demand in the automotive industry and electronics industry. In the VONA business, domestic growth was strong reflecting an increase in product lineup, coupled with a growth in overseas sales owing to expansion overseas. Accordingly, our consolidated net sales increased year-on-year.

Reflecting this performance, consolidated net sales was ¥152,465 million, (25.2% increase from last year). In the profit front, we recorded an operating income of ¥18,902 million, (42.2% increase from last year), and ordinary income of ¥18,627 million, (42.0% increase from last year). Meanwhile, net income attributable to owners of parent reached ¥13,040 million, (56.2% increase from last year). We achieved all-time highs in net sales, operating income, ordinary income, and net income in a single half-year period.

#### ① Factory Automation (FA)

In the FA business, global needs for reliable and quick delivery of FA components expanded further, steadily permeating MISUMI's business model, and proactively captured the brisk demand for automation products in the automotive and electronics related industries. Accordingly, sales grew in Japan, China and other parts of Asia contributing to net sales of ¥51,731 million (29.3% increase from last year). Operating income was ¥10,539 million (69.4% increase from last year).

#### ② Die Components

In the Die Components business, sales promotion activities aimed at our principal customers in the automotive related sector, and sales expansion in China and other parts of Asia, contributed to net sales of ¥38,692 million (17.3% increase from last year) and operating income was ¥2,767 million (29.9% increase from last year).

#### ③ VONA

VONA business is MISUMI Group's distribution business of production facilities related components, production auxiliary materials and MRO\*. This business segment includes MISUMI brand products as well as third party manufacturer's products. Enhanced product lineup continued to support business growth this year. Items handled reached 21.7 million globally as of the second quarter. These aforementioned efforts coupled with carrying out proactive sales expansion initiatives resulted in net sales of ¥62,041 million (27.1% increase from last year). Meanwhile, operating income was ¥5,823 million (12.9% increase from last year).

\*MRO : Maintenance, repair, and operations ; ie. expendable supplies

## (2) Explanation of Financial Position

### 1) Assets, liabilities and net assets

Total assets as of the end of the second quarter of the fiscal year were ¥225,081 million, an increase of ¥13,039 million compared to the previous year-end. Current assets increased ¥12,295 million. This is mainly due to an increase in notes and accounts receivable - trade of ¥7,388 million and an increase in merchandise and finished goods of ¥4,138 million. Property, plant and equipment decreased ¥141 million. Intangible assets increased ¥82 million. Investments and other assets such as investment securities increased ¥802 million.

Total liabilities were ¥46,135 million, a decrease of ¥10,247 million compared to the previous year-end. Current liabilities decreased ¥606 million. This is mainly due to an increase in provision for bonuses of ¥1,205 million, an increase in income taxes payable of ¥814 million, a decrease in notes and accounts payable - trade of ¥331 million, and a decrease in accounts payable - other of ¥2,030 million. Long-term liabilities decreased ¥9,640 million mainly due to conversion of convertible bonds.

Total net assets were ¥178,945 million, an increase of ¥23,286 million compared to the previous year-end. The primary reason for this was due to convertible bonds being converted; subsequently, common stock increased by ¥5,112 million, and capital surplus increased by ¥5,112 million. These factors coupled with retained earnings increasing by ¥10,532 million, increased shareholders' equity by ¥20,757 million. Accumulated other comprehensive income including foreign currency translation adjustments increased by ¥2,302 million. Consequently, the equity ratio was 78.9% compared to 72.9% at the end of the previous year.

### 2) Cash flows

At the end of the second quarter of the fiscal year, cash and cash equivalents amounted to ¥55,038 million, an increase of ¥7,197 million compared to the previous year-end.

The status of cash flows and their underlying factors for the six months ended September 30, 2017 were as follows.

Cash inflows from operating activities were ¥7,621 million (a net cash inflow of ¥10,262 million for the same period in the previous year). A breakdown of cash flows from operating activities is as follows. Income before income taxes was ¥18,627 million. Depreciation and amortization was ¥3,387 million. Amortization of goodwill was ¥861 million. An increase in notes and accounts receivable - trade was ¥6,943 million. An increase in inventories was ¥3,310 million. A decrease in notes and accounts payable - trade was ¥260 million. A decrease in accounts payable - other was ¥790 million. Income taxes paid was ¥4,956 million.

Cash inflows from investing activities were ¥1,264 million (a net cash inflow of ¥2,395 million for the same period in the previous year). A breakdown of cash flows from investing activities is as follows. The purchase of fixed assets was ¥5,119 million. Payments into time deposits were ¥13,080 million. Refund from time deposits was ¥20,203 million.

Cash outflows from financing activities were ¥2,487 million (a net cash outflow of ¥2,088 million for the same period in the previous year). The main item of cash flows from financing activities was dividends paid of ¥2,507 million.

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

Based on recent business trends and other factors, we have revised the full-year consolidated business forecast announced on May 11, 2017, for the fiscal year ending March 31, 2018 as follows.

[Full-year consolidated financial results forecast for the fiscal year ending March 31, 2018 (April 1, 2017 to March 31, 2018)]

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Basic earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Revised forecast	314,000	36,350	35,750	24,900	89.04
Previous forecast	290,000	31,700	31,100	21,600	78.39

The forecast for dividends is announced in the press release dated October 30, 2017, titled "Announcing an interim dividend distribution and revisions to forecasts for earnings and dividends"

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

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

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	63,179	63,467
Notes and accounts receivable - trade	57,847	65,236
Merchandise and finished goods	25,448	29,587
Work in process	2,215	1,974
Raw materials and supplies	5,646	5,463
Other	6,245	7,157
Allowance for doubtful accounts	(301)	(309)
Total current assets	160,281	172,577
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,711	9,677
Machinery, equipment and vehicles, net	11,454	11,482
Land	3,712	3,735
Other, net	2,996	2,837
Total property, plant and equipment	27,874	27,732
Intangible assets		
Software	9,568	10,846
Goodwill	1,011	145
Other	8,432	8,103
Total intangible assets	19,012	19,095
Investments and other assets		
Investment securities	6	6
Other	5,062	5,864
Allowance for doubtful accounts	(195)	(194)
Total investments and other assets	4,873	5,675
Total non-current assets	51,759	52,503
<b>Total assets</b>	<b>212,041</b>	<b>225,081</b>

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	16,974	16,642
Accounts payable - other	9,033	7,002
Income taxes payable	3,332	4,147
Provision for bonuses	2,286	3,492
Provision for directors' bonuses	242	130
Other	5,378	5,225
Total current liabilities	37,246	36,640
Long-term liabilities		
Convertible bonds	10,388	112
Liability for retirement benefits	4,509	4,765
Other	4,237	4,617
Total long-term liabilities	19,135	9,495
Total liabilities	56,382	46,135
Net assets		
Shareholders' equity		
Common stock	7,593	12,705
Capital surplus	17,982	23,094
Retained earnings	128,226	138,758
Treasury stock	(76)	(77)
Total shareholders' equity	153,724	174,481
Accumulated other comprehensive income		
Foreign currency translation adjustments	863	3,159
Defined retirement benefit plans	(57)	(51)
Total accumulated other comprehensive income	805	3,108
Stock acquisition rights	675	846
Non-controlling interests	453	509
Total net assets	155,658	178,945
Total liabilities and net assets	212,041	225,081

**(2) Quarterly Consolidated Statement of Income and Comprehensive Income**  
**Quarterly Consolidated Statement of Income**  
**For the Six Months Ended September 30, 2017 and 2016**

(Millions of yen)

	For the six months ended September 30, 2016	For the six months ended September 30, 2017
Net sales	121,802	152,465
Cost of sales	71,469	87,069
Gross profit	50,332	65,396
Selling, general and administrative expenses	37,036	46,493
Operating income	13,295	18,902
Non-operating income		
Interest income	91	99
Subsidy income	49	38
Miscellaneous income	127	144
Total non-operating income	268	282
Non-operating expenses		
Sales discounts	35	41
Foreign exchange losses	380	428
Miscellaneous loss	34	86
Total non-operating expenses	450	557
Ordinary income	13,114	18,627
Income before income taxes	13,114	18,627
Income taxes	4,734	5,541
Net income	8,379	13,086
Net income attributable to non-controlling interests	28	45
Net income attributable to owners of parent	8,350	13,040

**Quarterly Consolidated Statement of Comprehensive Income**  
**For the Six Months Ended September 30, 2017 and 2016**

(Millions of yen)

	For the six months ended September 30, 2016	For the six months ended September 30, 2017
Net income	8,379	13,086
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	(0)	—
Foreign currency translation adjustments	(6,618)	2,313
Defined retirement benefit plans	5	6
Share of other comprehensive income (loss) in associates	(17)	(0)
Total other comprehensive income	(6,631)	2,319
Comprehensive income	1,748	15,406
Comprehensive income attributable to		
Owners of parent	1,746	15,342
Non-controlling interests	1	63

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

(Millions of yen)

	For the six months ended September 30, 2016	For the six months ended September 30, 2017
Cash flows from operating activities		
Income before income taxes	13,114	18,627
Depreciation and amortization	2,818	3,387
Amortization of goodwill	836	861
Increase (decrease) in liability for retirement benefits	281	263
Increase (decrease) in provision for bonuses	(500)	1,188
Increase (decrease) in provision for directors' bonuses	(185)	(112)
Increase (decrease) in allowance for doubtful accounts	20	2
Interest and dividend income	(91)	(99)
Interest expenses	0	0
Share-based compensation expenses	52	206
Foreign exchange losses (gains)	243	(669)
Share of (profit) loss of entities accounted for using equity method	(29)	(29)
(Increase) decrease in notes and accounts receivable - trade	(1,125)	(6,943)
(Increase) decrease in inventories	(1,531)	(3,310)
(Increase) decrease in consumption taxes refund receivable	220	177
Increase (decrease) in notes and accounts payable - trade	(289)	(260)
Increase (decrease) in accounts payable - other	(130)	(790)
(Increase) decrease in other assets	(34)	(485)
Increase (decrease) in other liabilities	692	356
Subtotal	14,362	12,373
Interest and dividend income received	134	110
Interest expenses paid	(0)	(0)
Income taxes refund	715	95
Income taxes paid	(4,948)	(4,956)
Net cash provided by operating activities	10,262	7,621
Cash flows from investing activities		
Purchase of fixed assets	(3,600)	(5,119)
Proceeds from sales of fixed assets	1	2
Payments into time deposits	(7,800)	(13,080)
Refund from time deposits	11,708	20,203
Payments for lease and guarantee deposits	(380)	(345)
Proceeds from collection of lease and guarantee deposits	264	95
Other, net	2,203	(491)
Net cash provided by investing activities	2,395	1,264
Cash flows from financing activities		
Proceeds from issuance of stock	121	20
Dividends paid	(2,209)	(2,507)
Other, net	(0)	(0)
Net cash used in financing activities	(2,088)	(2,487)
Effect of exchange rate change on cash and cash equivalents	(2,108)	799
Net increase (decrease) in cash and cash equivalents	8,460	7,197
Cash and cash equivalents at beginning of period	39,204	47,840
Net increase (decrease) in cash and cash equivalents resulting from change in fiscal year of consolidated subsidiaries	(781)	—
Cash and cash equivalents at end of period	46,883	55,038

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

(Notes on going concern assumption)

Not applicable

(Notes on significant changes in shareholders' equity)

Not applicable

(Matters related to quarterly consolidated statement of cash flows)

Details of significant non-monetary transactions

(Millions of yen)

	For the six months ended September 30, 2016	For the six months ended September 30, 2017
Increase in common stock due to conversion of convertible bonds	—	5,084
Increase in capital surplus due to conversion of convertible bonds	—	5,084
Decrease in convertible bonds due to conversion of the bonds	—	10,169

#### (Segment Information)

##### [Segment Information]

For the six months ended September 30, 2016 (from April 1, 2016 to September 30, 2016)

##### 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	40,011	32,980	48,810	121,802	—	121,802
Internal sales to other segments	—	—	—	—	—	—
Total	40,011	32,980	48,810	121,802	—	121,802
Segment income	6,222	2,129	5,158	13,511	(215)	13,295
Segment income before amortization of goodwill*	6,222	3,250	5,158	14,632	(215)	14,416

\*(Note)

Amortization of goodwill and other intangible assets related to the acquisition of Dayton Lamina Corporation was added back to Segment income.

2. Differences between the total amount of reportable segments and the amounts in quarterly consolidated statement of income, and major breakdown of such differences (reconciliation)

(Millions of yen)

Net sales	Amount
Total of reportable segment	121,802
Adjustments	—
Net sales in quarterly consolidated statement of income	121,802

(Millions of yen)

Income	Amount
Total of reportable segment	13,511
Adjustments	(215)
Operating income in quarterly consolidated statement of income	13,295

For the six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

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	51,731	38,692	62,041	152,465	—	152,465
Internal sales to other segments	—	—	—	—	—	—
Total	51,731	38,692	62,041	152,465	—	152,465
Segment income	10,539	2,767	5,823	19,130	(227)	18,902
Segment income before amortization of goodwill*	10,539	3,938	5,823	20,301	(227)	20,074

\*(Note)

Amortization of goodwill and other intangible assets related to the acquisition of Dayton Lamina Corporation was added back to Segment income.

2. Differences between the total amount of reportable segments and the amounts in quarterly consolidated statement of income, and major breakdown of such differences (reconciliation)

(Millions of yen)

Net sales	Amount
Total of reportable segment	152,465
Adjustments	—
Net sales in quarterly consolidated statement of income	152,465

(Millions of yen)

Income	Amount
Total of reportable segment	19,130
Adjustments	(227)
Operating income in quarterly consolidated statement of income	18,902

(Supplementary information)

For the six months ended September 30, 2016 (from April 1, 2016 to September 30, 2016)

1. Information by region

(1) Net sales

(Millions of yen)

Japan	China	Asia	America	Europe	Others	Total
66,782	20,427	14,253	12,237	6,101	1,998	121,802

(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
10,075	6,878	5,248	2,737	1,208	26,148

2. Information on goodwill by reportable segment

(Millions of yen)

	Die Components Business
Amortization for the six months ended September 30, 2016	836
Balance as of September 30, 2016	1,725

For the six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

1. Information by region

(1) Net sales

(Millions of yen)

Japan	China	Asia	America	Europe	Others	Total
79,289	29,121	20,690	13,318	7,502	2,542	152,465

(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
10,485	7,078	5,822	2,810	1,536	27,732

2. Information on goodwill by reportable segment

(Millions of yen)

	Die Components Business
Amortization for the six months ended September 30, 2017	861
Balance as of September 30, 2017	145