

■ Shareholders memo *For residents of Japan only

Fiscal year	From April 1 through March 31 of the following year
Annual general meeting of shareholders	June
Date of record	Annual general meeting of shareholders and year-end dividends: March 31 Interim dividends: September 30
Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation
Account administration agency for special accounts	Mitsubishi UFJ Trust and Banking Corporation
Office location	Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Division 1-1, Nikko-cho, Fuchu-shi, Tokyo, Japan TEL 0120-232-7111 (toll-free number available in Japan only/Monday-Friday 9:00-17:00)
(Mailing address)	Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Division Shin-TOKYO Post Office post office box No. 29, 137-8081, JAPAN
Listed stock exchange	Tokyo Stock Exchange, Markets Section 1
Method of public notification	Electronic notification However if due to an accident or some unavoidable reason electronic notification cannot be made, notification will be published in the Nihon Keizai Shimbun newspaper.
URL address for public notifications	https://www.misumi.co.jp/ir/



Iidabashi First Bldg., 5-1, Koraku 2-chome, Bunkyo-ku, Tokyo 112-8583, Japan
TEL: +81-3-5805-7037 FAX : +81-3-5805-7014
URL: <https://www.misumi.co.jp/>

■ Disclaimer Notice ■

Disclaimer regarding forward-looking business statements

Although forecasts and forward-looking statements contained in this document are based on assumptions determined to be reasonable by MISUMI Group in light of information available at the time. Notwithstanding, please be advised that our actual business performance may differ substantially from the business forecasts indicated in this document due to various unforeseeable factors.

Regarding change of address, share trade-in requests and other procedures

In principle, shareholders should contact the securities broker where their accounts reside.
For various procedures related to shares recorded in a special account, please contact Mitsubishi UFJ Trust and Banking Corporation.
Dividend payments that have not been received will be paid by the Mitsubishi UFJ Trust and Banking Corporation's Head Office.

MISUMI Art Collection

Marina Kappos [Ronni]

Marina Kappos, Ronni, 2002

Marina Kappos is a talented artist who received an MFA from the Yale University School of Art after graduating from the California Institute of the Arts in Los Angeles. "A surface without shadows" was created using a cutting tool to cut out shapes from Kent paper, placing them on a canvas and applying paint. Ronni is the artist's twin sister. The pendant visible around the neck is an example of the jewelry that she designs. However, the panda hat is more likely to catch the viewer's eye. The pandas in Tokyo's Ueno Zoological Gardens are very popular. During the Chinese Cultural Revolution, there was an attempt to create a "Year of the Panda", in effect replacing the Year of the Dragon. In hindsight it would have been interesting if they had succeeded in doing so.



MISUMI Group Report Vol.49

April 1, 2017 - March 31, 2018

Securities Code : 9962 (TSE Section 1)



MISUMI Art Collection

Marina Kappos

《Ronni, 2002》

Please refer to the back of the cover page for an explanation.

© Marina Kappos

We aim for further growth by pursuing
 “time based strategy” to support process innovation
 in the manufacturing industry.



Representative Director, President and CEO
Ryusei Ono

The value proposition provided by MISUMI Group and its social mission

Amid accelerating structural changes in manufacturing, there is growing expectation from MISUMI Group’s customers - the manufacturing industry - in such areas as shortening design lead time and smoothly executing production plans. In light of these needs for streamlining and quicker turnaround, we have been providing our customers with time-value proposition. In the year ended March 31, 2018 (FY2017), we still further advanced the reliable and quick delivery model, notwithstanding the continuous refinements made over the years past.

Our mission is to provide our manufacturing customers with optimal services, such as MISUMI branded products satisfying micron-level size requirements; extensive third-party brand manufactured product lineup and unrivalled customer offerings unmatched by our competitors. MISUMI Group will continue to support the process innovation progressing within the global manufacturing industry.

Record high sales and profits for the seventh consecutive year

During FY2017, gradual recovery was apparent in the business environment around the world, including Japan. In the United States, notwithstanding the impact of trade issues remaining uncertain at present, trend in economic recovery continued with a gradual rise in employment rates and corporate capital investments. In China as a whole, steady economic growth continued. In other parts of Asia and in Europe, economic recovery continued to be moderate. Meanwhile, in Japan, capital investments continued to grow steadily with improvements in corporate earnings and employment rates.

Amid this economic environment, in FY2017 MISUMI Group continued to reinforce the business foundation by leveraging its business model, which encompasses both manufacturing and distribution businesses. We were able to contribute significantly to the process innovation promoted by the manufacturing industry worldwide by eliminating customer inefficiencies, while simultaneously accelerating business roll-out in international markets. Moreover, efforts were made to strengthen the global reliable and quick delivery business model, by promoting local production and local sourcing of materials for optimal procurement, and expanding logistics sites in Japan and overseas. 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, results were largely according to plan, as sales rose from successfully capturing brisk demand

in the automotive industry and electronics industry. The VONA* Business also contributed to consolidated net sales, with domestic growth strongly reflecting an extension of the product lineup and growth in overseas sales from expansion overseas.

Accordingly, consolidated net sales was ¥312.9 billion, an increase of 20.8% year-on-year. In terms of profit, operating income was ¥34.8 billion, an increase of 28.5%. Net income attributable to owners of parent reached ¥25.6 billion, which was an increase of 39.2%. Both net sales and profits continued to surpass past records for the seventh consecutive year.

* VONA: Variation & One-stop by New Alliance. A business that sells and distributes production facilities related components, production auxiliary materials, maintenance, repair and operations (MRO) consumables from third-party brands alongside MISUMI branded products.

Consolidated business results

	FY2016		FY2017
Net sales	¥259.0 billion	▲	¥312.9 billion
Operating income	¥27.1 billion	▲	¥34.8 billion
Ordinary income	¥26.4 billion	▲	¥34.6 billion
Net income attributable to owners of parent	¥18.3 billion	▲	¥25.6 billion

Transitioned from current business model by adding higher value to the e-commerce model optimized for the manufacturing industry

MISUMI Group's strong business results have been backed by its manufacturing business and VONA business, as well as the business foundation in production, logistics, IT and other areas that supports these business pillars. We will continue to build up this business model as a higher-value-added e-commerce platform optimized for the manufacturing industry, with the intention of achieving clear differentiation from our competitors.

In our manufacturing business, we will continue to respond to digital manufacturing trend and strengthen our global

supply system for reliable and quick delivery. We will expand our production capacities in Japan, China, and other regions in Asia, Europe, and the Americas to stay ahead of the increasing demand for automation worldwide. For production, we will strive not only for quantitative expansion of our operational bases, but also for qualitative advances such as a global rollout of the production improvement methods which we have been cultivating over the years.

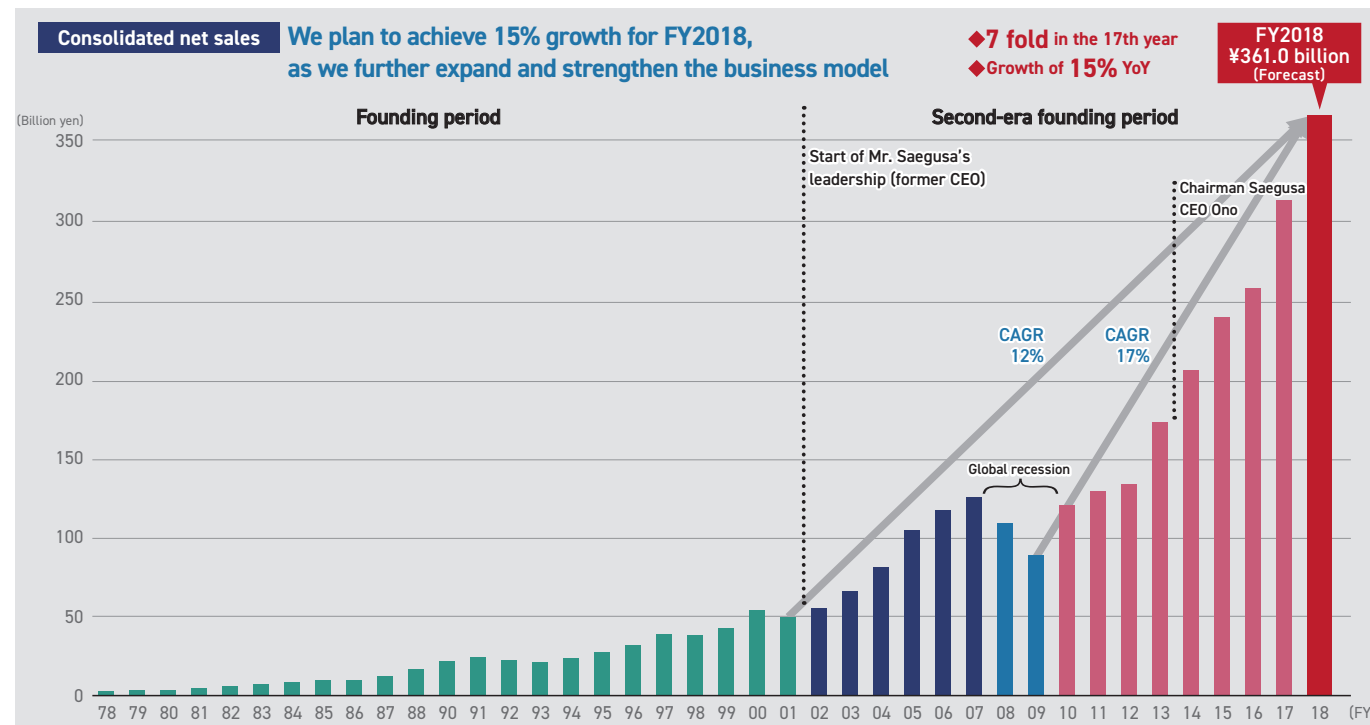
The VONA business, which has grown remarkably in recent years, maintaining an enviable lineup of products which is top

level for the manufacturing industry. The number of products handled in Japan has now reached 20.7 million with the number of participating manufacturing companies exceeding 3,300. We will also concentrate on further global expansion, with launches planned in Malaysia and India during the year ending March 31, 2019 (FY2018). In addition, we will take advantage of MISUMI Group's manufacturing prowess, global network and other strengths to promote strategies for mass customization in order to address customer needs for additional product processing, which is difficult for existing distribution channels to handle, and assembly processing of third-party products.

As for our business foundation, we will increase our logistics sites from the current 15 to 18 to further enhance our global reliable and quick delivery system. In Japan, we

plan to establish the new Central Japan Distribution Center in Aichi Prefecture in the fall of FY2018 with the aim of enhancing reliable and quick delivery to the Chubu region, where demand is accumulating. We will also continue to fortify our IT infrastructure in ways such as upgrading our e-commerce websites and moving core systems to the cloud servers in order to further improve the dependability of our reliable and quick delivery system. Regarding our forecast of consolidated business results for FY2018, we expect to continue setting record highs for net sales and profits for the eighth consecutive year. This will be achieved by demonstrating our superiority through enhancements to our global reliable and quick delivery, in addition to expanding our product lineup and strengthening our cost competitiveness.

Growth of the MISUMI Group

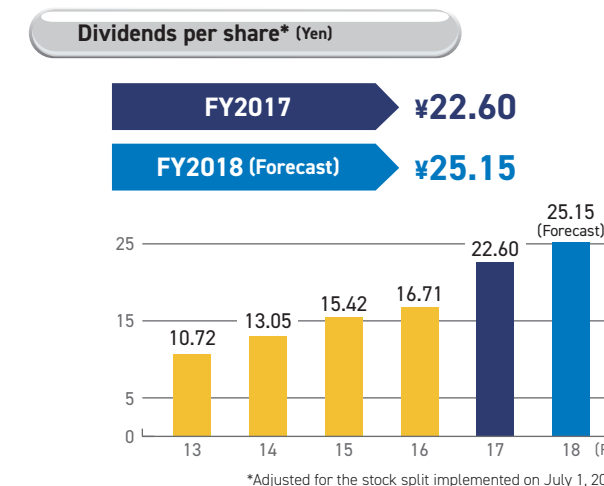


To our shareholders

MISUMI Group has been working toward transforming into the production materials platform business model, and through these initiatives, managed to exceed consolidated net sales of ¥300 billion in FY2017. Starting from FY2009 and up to FY2017, our CAGR was 17%. This growth did not start suddenly in FY2009; rather, it materialized from series of business reforms that were steadily implemented by our former CEO, Mr. Saegusa, year by year since his appointment in 2002. MISUMI Group will continue to maintain an assertive management approach aiming to sustain growth going forward.

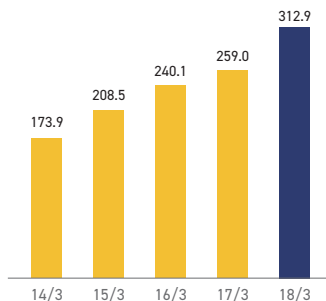
The annual dividend payout for FY2017 was ¥22.60 per share. This set a new record high for the seventh consecutive year as a result of our strong performance.

MISUMI Group would like to express its deepest gratitude to its valued shareholders for their ongoing support.



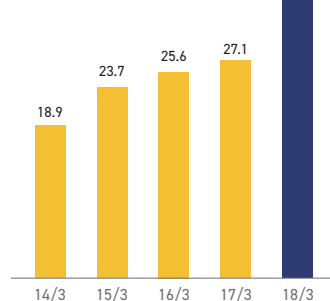
Net sales (Billion yen)

¥312.9 billion
Growth of 20.8% YoY



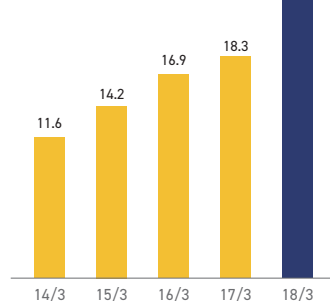
Operating income (Billion yen)

¥34.8 billion
Growth of 28.5% YoY



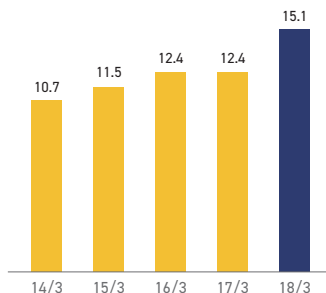
Net income attributable to owners of parent (Billion yen)

¥25.6 billion
Growth of 39.2% YoY



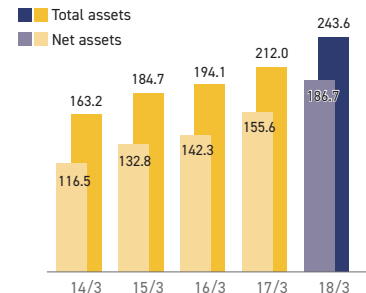
ROE (%)

15.1%



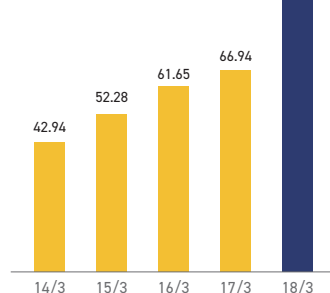
Total assets and Net assets (Billion yen)

Total assets: **¥243.6** billion
Net assets: **¥186.7** billion



Basic earnings per share* (Yen)

¥91.01



*Adjusted for the stock split implemented on July 1, 2015.

For detailed information, please refer to the Investor Relations section of the MISUMI Group website.
[URL] <https://www.misumi.co.jp/english/ir/>

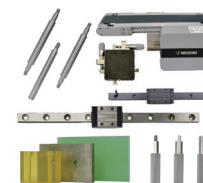
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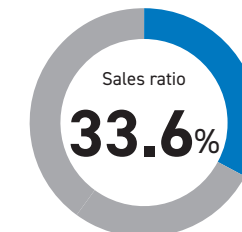
Breakdown of results by business segment

FA Business



Develops and provides high-precision mechanical components used in automation equipments, precision production equipment utilized at production sites.

Net sales FY2016: ¥84.6 billion → FY2017: ¥105.1 billion
Operating income FY2016: ¥14.4 billion → FY2017: ¥20.1 billion

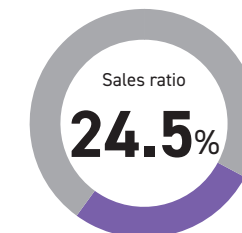


Die Components Business



Develops and provides standardized components and precision components incorporated in press dies and molds, which are required predominantly for processing mainly in the automotive and electronics sectors.

Net sales FY2016: ¥69.7 billion → FY2017: ¥76.5 billion
Operating income FY2016: ¥3.0 billion → FY2017: ¥5.8 billion

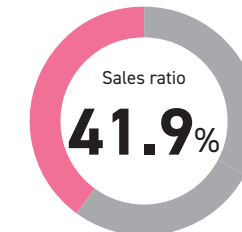


VONA Business

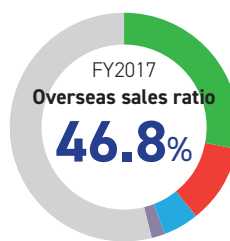


Sale offerings for a broad product lineup including production auxiliary materials and consumables such as tools and gloves used at production sites. This constitutes a distribution business handling third-party manufacturer's products alongside MISUMI branded products.

Net sales FY2016: ¥104.5 billion → FY2017: ¥131.2 billion
Operating income FY2016: ¥9.9 billion → FY2017: ¥9.0 billion

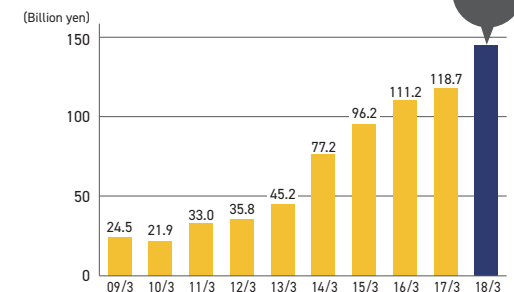


Breakdown of results by region



Region	FY2016	FY2017
China and other Asia	¥76.0 billion	¥99.1 billion
U.S.A.	¥25.7 billion	¥26.9 billion
Europe	¥12.5 billion	¥15.4 billion
Others	¥4.2 billion	¥4.8 billion
Japan	¥140.3 billion	¥166.4 billion

Overseas sales



Note: Amounts have been rounded to the nearest million yen.

Consolidated balance sheet

(Million yen)

Item	The year under review (March 31, 2018)	The previous year (March 31, 2017)
Assets		
Current assets	183,083	160,281
Cash and deposits	65,502	63,179
Notes and accounts receivable - trade	67,817	57,847
Other	49,763	39,254
Non-current assets	60,601	51,759
Total assets	243,685	212,041
Liabilities		
Current liabilities	49,687	37,246
Long-term liabilities	7,278	19,135
Total liabilities	56,965	56,382
Net assets		
Shareholders' equity	183,994	153,724
Accumulated other comprehensive income	1,208	805
Stock acquisition rights	986	675
Non-controlling interests	529	453
Total net assets	186,719	155,658
Total liabilities and net assets	243,685	212,041

Consolidated statement of income

(Million yen)

Item	The year under review (2017.4.1 - 2018.3.31)	The previous year (2016.4.1 - 2017.3.31)
Net sales	312,969	259,015
Operating income	34,848	27,127
Ordinary income	34,679	26,462
Net income attributable to owners of parent	25,601	18,387

Consolidated statement of cash flows

(Million yen)

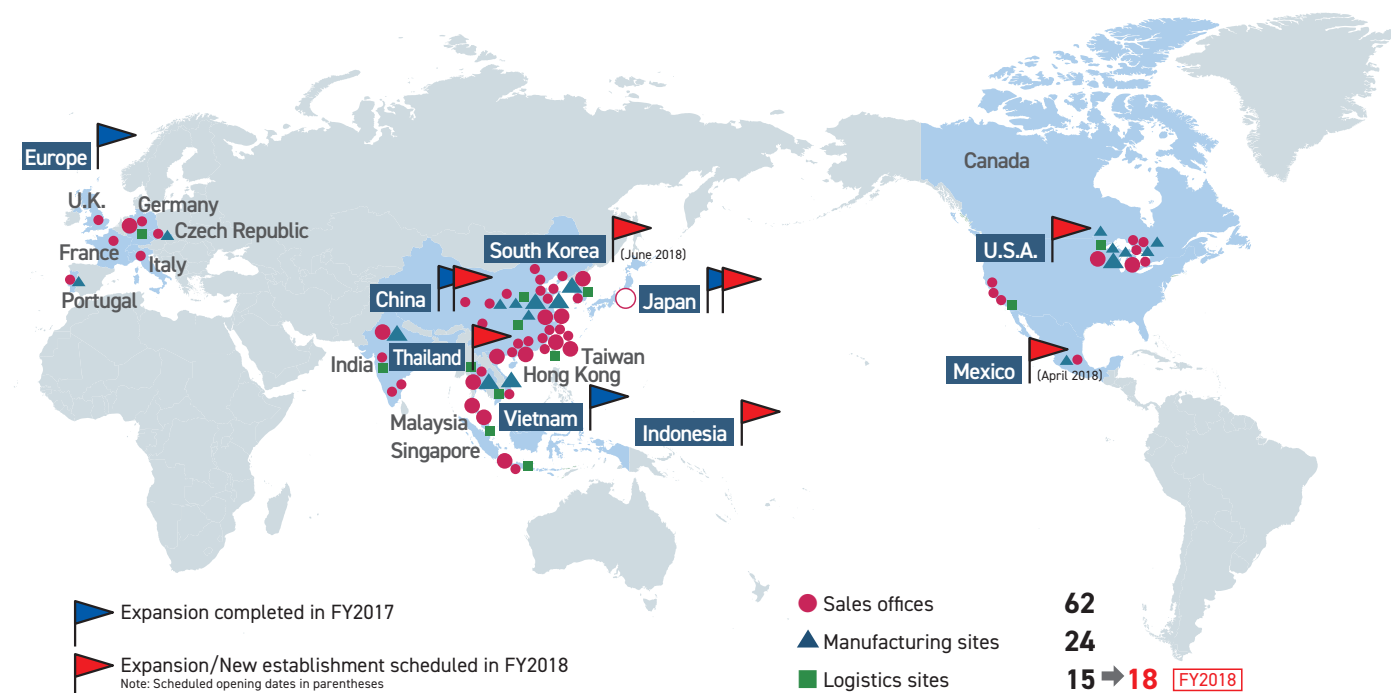
Item	The year under review (2017.4.1 - 2018.3.31)	The previous year (2016.4.1 - 2017.3.31)
Cash flows from operating activities	24,324	19,508
Cash flows from investment activities	(14,887)	(6,056)
Cash flows from financing activities	(5,725)	(4,008)
Effect of exchange rate change on cash and cash equivalents	161	(25)
Net increase (decrease) in cash and cash equivalents	3,872	9,417
Cash and cash equivalents at beginning of period	47,840	39,204
Cash and cash equivalents at end of period	51,713	47,840

Enhancing our network of global logistics sites

We are working to increase the number of our logistics sites in order to build a more robust global reliable and quick delivery system.

In FY2017, we expanded sites in Japan, Europe, China and Vietnam. In FY2018, we plan to increase the number of global logistics sites to 18 by establishing new sites in Japan, the United States and Mexico.

In Japan, we plan to establish the Central Japan Distribution Center in Aichi Prefecture with the aim of enhancing reliable and quick delivery within the Chubu region, where there is accumulating demand. We intend to further promote automation and step up the implementation of our business continuity plan (BCP).



Company overview (As of March 31, 2018)

Trade name	MISUMI Group Inc.
Established	February 23, 1963
Headquarters	Iidabashi First Bldg., 5-1, Koraku 2-chome, Bunkyo-ku, Tokyo
Common stock	12,812 Million yen
Principal businesses	Establish and administer management strategy for the MISUMI Group of companies and provide other functions required by management of the group
Number of employees	11,241 (MISUMI Group consolidated basis)
URL	https://www.misumi.co.jp/



MISUMI Group top management (As of June 14, 2018)

Directors	Representative Director, President and CEO	Ryusei Ono	Senior Chairman	Tadashi Saegusa
	Executive Vice President and Director	Tokuya Ikeguchi		
	CFO and Executive Director	Ichiro Otokozawa		
	CIO and Executive Director	Toshinari Sato		
	Outside Director	Takehiko Ogi		
	Outside Director	Kosuke Nishimoto		

Corporate Officers	MISUMI Group Inc.		Business Companies, Product Groups and Service Platforms
	Representative Director, President and CEO	Ryusei Ono	CEO, China Business Company
	Executive Vice President and Director	Tokuya Ikeguchi	CEO, Asia Business Company
	CFO and Executive Director	Ichiro Otokozawa	Representative Corporate Officer, President, FA Business Company
	CIO and Executive Director	Toshinari Sato	Representative Corporate Officer, VONA Business Company VONA Electronics Global Business Group
	Senior Corporate Officer	Yosuke Uchida	Representative Corporate Officer, VONA Business Company VONA Mechanical Global Business Group
	Senior Corporate Officer	Takaaki Wada	Representative Corporate Officer, VONA Business Company VONA Tool & Supply Global Business Group
	Senior Corporate Officer	Takeshi Marui	Representative Corporate Officer, President, 3D2M Business Company
	Senior Corporate Officer	Koichi Tsunematsu	Representative Corporate Officer, Logistics Service Platform
	Corporate Officer	Makoto Ariga	Representative Corporate Officer, Production Service Platform
	Corporate Officer	Kazumi Hagihira	Deputy Representative Corporate Officer, MIG Service Platform
	Corporate Officer	Hiroshi Shiraishi	

Corporate Auditors	Corporate Auditor	Hiroshi Miyamoto	Founders	Senior Chairman and Second-Era Founder	Tadashi Saegusa
	Outside Corporate Auditor	Juichi Nozue		Special Advisor and Founder	Hiroshi Taguchi
	Outside Corporate Auditor	Nanako Aono			

Total number of authorized shares 1,020,000,000 shares

Total number of issued shares 283,439,597 shares

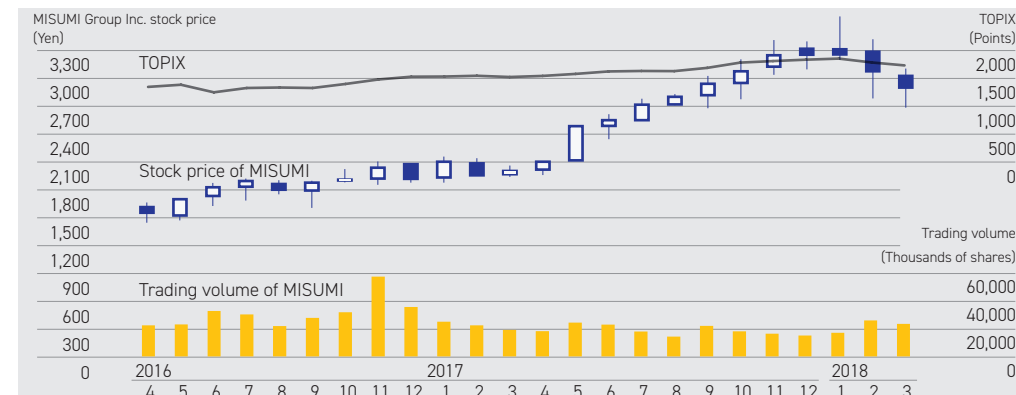
Number of shareholders 6,711

Major shareholders

Name of shareholder	Number of shares held (thousands)	Percentage of shares outstanding (%)
Japan Trustee Services Bank, Ltd.	45,233	15.96%
The Master Trust Bank of Japan, Ltd.	23,401	8.26%
STATE STREET BANK AND TRUST COMPANY	12,215	4.31%
Trust & Custody Services Bank, Ltd. (as trustee for Mizuho Bank Ltd. Retirement Benefit Trusts Account re-entrusted by Mizuho Trust and Banking Co., Ltd.)	10,678	3.77%
STATE STREET BANK AND TRUST COMPANY 505223	6,152	2.17%
Hiroshi Taguchi	5,530	1.95%
THE CHASE MANHATTAN BANK 385036	5,302	1.87%
STATE STREET BANK WEST CLIENT - TREATY 505234	5,043	1.78%
Trust & Custody Services Bank, Ltd.	4,656	1.64%
MSCO CUSTOMER SECURITIES	4,535	1.60%

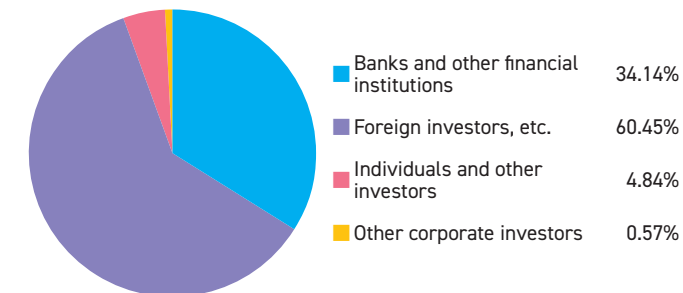
Note: Percentages of shares owned are rounded to the second decimal point.

Stock price



Shareholder composition

By type of shareholder



By number of shares owned (1 trading unit = 100 shares)

