

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 Three Months Ended June 30, 2017 [Japanese GAAP]



July 28, 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: August 4, 2017  
 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, 2017 (April 1, 2017 to June 30, 2017)

(1) Consolidated Operating Results (% 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	%
Three months ended June 30, 2017	75,774	24.4	10,019	33.7	9,959	33.0	6,858	31.3
June 30, 2016	60,903	6.6	7,496	21.2	7,485	24.3	5,223	37.4

(Note) Comprehensive income: Three months ended June 30, 2017 : ¥7,470 million -%  
 Three months ended June 30, 2016 : ¥(923) million -%

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2017	24.69		23.85	
June 30, 2016	19.03		16.05	

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2017	214,023	168,666	78.2
As of March 31, 2017	212,041	155,658	72.9

(Reference) Shareholders' equity: As of June 30, 2017 : ¥167,432 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
Fiscal year ended March 31, 2017	Yen —	Yen 7.61	Yen —	Yen 9.10	Yen 16.71
Fiscal year ending March 31, 2018	—	—	—	—	—
Fiscal year ending March 31, 2018 (Forecast)	—	9.17	—	10.43	19.60

(Note) Revision of the latest forecast for cash dividends: None

**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
Second quarter-end (Cumulative)	138,000	13.3	14,800	11.3	14,500	10.6	10,100	21.0	36.65
Full year	290,000	12.0	31,700	16.9	31,100	17.5	21,600	17.5	78.39

(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 June 30, 2017 : 281,561,949 shares
    - As of March 31, 2017 : 275,689,140 shares
  - 2) Total number of treasury stock at the end of the period:
    - As of June 30, 2017 : 129,178 shares
    - As of March 31, 2017 : 129,178 shares
  - 3) Weighted average number of shares outstanding during the period:
    - Three months ended June 30, 2017 : 277,773,932 shares
    - Three months ended June 30, 2016 : 274,493,240 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
(Segment information) .....	9

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

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

In the first quarter of FY2017, major economies around the world, including Japan, continued a gradual recovery trend. In the United States, the economy continued to rebound underpinned by improvements in employment rates and capital investments compared to the fourth quarter of FY2016. In China, owing in part to benefits of various government policies, consumer spending was strong. 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 addition, to expand our operations overseas, we strengthened our platform for reliable and quick deliveries globally, by promoting local production, local procurement to provide customers with optimal procurement. In terms of business segments, Factory Automation (FA) Business and Die Components Business, was able to capture demand in the automotive industry and electronics industry. In the VONA Business, strong domestic growth was underpinned by increasing the product line up, coupled with our efforts in propelling overseas expansion. Accordingly, our consolidated net sales increased year-on-year.

Reflecting this performance, consolidated net sales was ¥75,774 million (24.4% increase from last year). In terms of profit, operating income was ¥10,019 million (33.7% increase from last year), and ordinary income was ¥9,959 million (33.0% increase from last year). Net income attributable to owners of parent was ¥6,858 million (31.3% increase from last year). We achieved an all-time high for a single quarter in terms of net sales, operating income, ordinary income, and net income.

#### 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 ¥25,665 million (28.3% increase from last year). Operating income was ¥5,272 million (58.0% 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 ¥19,698 million (17.9% increase from last year) and operating income was ¥1,666 million (97.9% 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 line up continued to support business growth this quarter. Items handled reached 20.7 million items globally as of this first quarter. These aforementioned efforts coupled with carrying out proactive sales expansion initiatives resulted in net sales of ¥30,410 million (25.7% increase from last year). Meanwhile, operating income was ¥3,236 million (6.5% decrease from last year), due to an increase in business expansion expenditure.

\*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 first quarter of the fiscal year were ¥214,023 million, an increase of ¥1,981 million compared to the previous year-end. Current assets increased ¥1,846 million. This is mainly due to a decrease in cash and deposits of ¥3,522 million, an increase in notes and accounts receivable - trade of ¥4,554 million and an increase in merchandise and finished goods of ¥1,069 million. Property, plant and equipment decreased ¥516 million. Intangible assets increased ¥7 million. Investments and other assets such as investment securities increased ¥644 million.

Total liabilities were ¥45,357 million, a decrease of ¥11,025 million compared to the previous year-end. Current liabilities decreased ¥3,538 million. This is mainly due to a decrease in notes and accounts payable - trade of ¥775 million, a decrease in accounts payable - other of ¥2,229 million, and a decrease in income taxes payable of ¥631 million. Long-term liabilities decreased ¥7,487 million mainly due to conversion of convertible bonds.

Total net assets were ¥168,666 million, an increase of ¥13,007 million compared to the previous year-end. The primary reason for this was due to convertible bonds being converted; subsequently, common stock increased by ¥3,984 million, and capital surplus increased by ¥3,984 million. These factors coupled with retained earnings increasing by ¥4,357 million, increased shareholders' equity by ¥12,326 million. Accumulated other comprehensive income including foreign currency translation adjustments increased by ¥575 million. Consequently, the equity ratio was 78.2% compared to 72.9% 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 ¥51,769 million, an increase of ¥3,928 million compared to the previous year-end.

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

Cash inflows from operating activities were ¥1,746 million (a net cash inflow of ¥2,539 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 ¥9,959 million. Depreciation and amortization was ¥1,626 million. Amortization of goodwill was ¥431 million. Decrease in provision for bonuses was ¥1,037 million. An increase in notes and accounts receivable - trade was ¥3,811 million. An increase in inventories was ¥1,306 million. A decrease in notes and accounts payable - trade was ¥750 million. A decrease in accounts payable - other was ¥1,000 million. Income taxes paid was ¥3,576 million.

Cash inflows from investing activities were ¥4,462 million (a net cash inflow of ¥2,011 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 ¥2,879 million. Payments into time deposits were ¥7,093 million. Refund from time deposits was ¥14,588 million.

Cash outflows from financing activities were ¥2,495 million (a net cash outflow of ¥2,186 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**

The full-year consolidated financial results forecast for the fiscal year ending March 31, 2018 is unchanged from the figures announced on May 11, 2017.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	63,179	59,657
Notes and accounts receivable - trade	57,847	62,402
Merchandise and finished goods	25,448	26,518
Work in process	2,215	1,965
Raw materials and supplies	5,646	6,172
Other	6,245	5,731
Allowance for doubtful accounts	(301)	(320)
Total current assets	160,281	162,127
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,711	9,686
Machinery, equipment and vehicles, net	11,454	11,434
Land	3,712	3,731
Other, net	2,996	2,505
Total property, plant and equipment	27,874	27,357
Intangible assets		
Software	9,568	10,243
Goodwill	1,011	542
Other	8,432	8,234
Total intangible assets	19,012	19,019
Investments and other assets		
Investment securities	6	6
Other	5,062	5,706
Allowance for doubtful accounts	(195)	(195)
Total investments and other assets	4,873	5,517
Total non-current assets	51,759	51,895
<b>Total assets</b>	<b>212,041</b>	<b>214,023</b>

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	16,974	16,198
Accounts payable - other	9,033	6,803
Income taxes payable	3,332	2,700
Provision for bonuses	2,286	1,310
Provision for directors' bonuses	242	64
Other	5,378	6,630
Total current liabilities	37,246	33,708
Long-term liabilities		
Convertible bonds	10,388	2,385
Liability for retirement benefits	4,509	4,655
Other	4,237	4,607
Total long-term liabilities	19,135	11,648
<b>Total liabilities</b>	<b>56,382</b>	<b>45,357</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	7,593	11,578
Capital surplus	17,982	21,966
Retained earnings	128,226	132,583
Treasury stock	(76)	(76)
Total shareholders' equity	153,724	166,051
Accumulated other comprehensive income		
Foreign currency translation adjustments	863	1,435
Defined retirement benefit plans	(57)	(54)
Total accumulated other comprehensive income	805	1,381
Stock acquisition rights	675	753
Non-controlling interests	453	479
<b>Total net assets</b>	<b>155,658</b>	<b>168,666</b>
<b>Total liabilities and net assets</b>	<b>212,041</b>	<b>214,023</b>

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

(Millions of yen)

	For the three months ended June 30, 2016	For the three months ended June 30, 2017
Net sales	60,903	75,774
Cost of sales	35,317	43,442
Gross profit	25,585	32,332
Selling, general and administrative expenses	18,089	22,312
Operating income	7,496	10,019
Non-operating income		
Interest income	45	50
Subsidy income	49	38
Miscellaneous income	62	84
Total non-operating income	158	173
Non-operating expenses		
Sales discounts	17	19
Foreign exchange losses	133	201
Miscellaneous loss	18	12
Total non-operating expenses	169	233
Ordinary income	7,485	9,959
Income before income taxes	7,485	9,959
Income taxes	2,249	3,071
Net income	5,235	6,888
Net income attributable to non-controlling interests	12	30
Net income attributable to owners of parent	5,223	6,858



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

(Millions of yen)

	For the three months ended June 30, 2016	For the three months ended June 30, 2017
Net income	5,235	6,888
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	(1)	—
Foreign currency translation adjustments	(6,152)	581
Defined retirement benefit plans	0	3
Share of other comprehensive income (loss) in associates	(4)	(2)
Total other comprehensive income	(6,158)	582
Comprehensive income	(923)	7,470
Comprehensive income attributable to		
Owners of parent	(915)	7,433
Non-controlling interests	(7)	36

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

(Millions of yen)

	For the three months ended June 30, 2016	For the three months ended June 30, 2017
<b>Cash flows from operating activities</b>		
Income before income taxes	7,485	9,959
Depreciation and amortization	1,405	1,626
Amortization of goodwill	428	431
Increase (decrease) in liability for retirement benefits	139	151
Increase (decrease) in provision for bonuses	(940)	(1,037)
Increase (decrease) in provision for directors' bonuses	(278)	(117)
Increase (decrease) in allowance for doubtful accounts	4	18
Interest and dividend income	(45)	(57)
Interest expenses	1	1
Share-based compensation expenses	59	111
Foreign exchange losses (gains)	(196)	56
Share of (profit) loss of entities accounted for using equity method	(14)	(14)
(Increase) decrease in notes and accounts receivable - trade	(1,032)	(3,811)
(Increase) decrease in inventories	(1,436)	(1,306)
(Increase) decrease in consumption taxes refund receivable	149	174
Increase (decrease) in notes and accounts payable - trade	112	(750)
Increase (decrease) in accounts payable - other	(565)	(1,000)
(Increase) decrease in other assets	(316)	(230)
Increase (decrease) in other liabilities	1,126	1,021
Subtotal	6,087	5,226
Interest and dividend income received	51	68
Interest expenses paid	(1)	(1)
Income taxes refund	28	29
Income taxes paid	(3,626)	(3,576)
Net cash provided by operating activities	2,539	1,746
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(1,592)	(2,879)
Proceeds from sales of fixed assets	1	2
Proceeds from cancellation of insurance funds	—	2
Payments into time deposits	(6,004)	(7,093)
Refund from time deposits	9,360	14,588
Payments for lease and guarantee deposits	(233)	(163)
Proceeds from collection of lease and guarantee deposits	74	57
Other, net	404	(52)
Net cash provided by investing activities	2,011	4,462
<b>Cash flows from financing activities</b>		
Proceeds from issuance of stock	22	12
Dividends paid	(2,209)	(2,507)
Net cash used in financing activities	(2,186)	(2,495)
Effect of exchange rate change on cash and cash equivalents	(1,906)	215
Net increase (decrease) in cash and cash equivalents	457	3,928
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	38,880	51,769

#### (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 three months ended June 30, 2016	For the three months ended June 30, 2017
Increase in common stock due to conversion of convertible bonds	—	3,961
Increase in capital surplus due to conversion of convertible bonds	—	3,961
Decrease in convertible bonds due to conversion of the bonds	—	7,923

#### (Segment information)

##### [Segment information]

For the three months ended June 30, 2016 (from April 1, 2016 to June 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	20,002	16,707	24,193	60,903	—	60,903
Internal sales to other segments	—	—	—	—	—	—
Total	20,002	16,707	24,193	60,903	—	60,903
Segment income	3,336	841	3,461	7,639	(142)	7,496
Segment income before amortization of goodwill*	3,336	1,415	3,461	8,213	(142)	8,070

\*(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	60,903
Adjustments	—
Net sales in quarterly consolidated statement of income	60,903

(Millions of yen)

Income	Amount
Total of reportable segment	7,639
Adjustments	(142)
Operating income in quarterly consolidated statement of income	7,496

For the three months ended June 30, 2017 (from April 1, 2017 to June 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	25,665	19,698	30,410	75,774	—	75,774
Internal sales to other segments	—	—	—	—	—	—
Total	25,665	19,698	30,410	75,774	—	75,774
Segment income	5,272	1,666	3,236	10,174	(154)	10,019
Segment income before amortization of goodwill*	5,272	2,252	3,236	10,761	(154)	10,606

\*(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	75,774
Adjustments	—
Net sales in quarterly consolidated statement of income	75,774

(Millions of yen)

Income	Amount
Total of reportable segment	10,174
Adjustments	(154)
Operating income in quarterly consolidated statement of income	10,019

(Supplementary information)

For the three months ended June 30, 2016 (from April 1, 2016 to June 30, 2016)

1. Information by region

(1) Net sales

(Millions of yen)

Japan	China	Asia	America	Europe	Others	Total
32,761	10,444	7,175	6,319	3,163	1,038	60,903

(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
9,937	7,077	5,483	2,728	1,248	26,475

2. Information on goodwill by reportable segment

(Millions of yen)

	Die Components Business
Amortization for the three months ended June 30, 2016	428
Balance as of June 30, 2016	2,160

For the three months ended June 30, 2017 (from April 1, 2017 to June 30, 2017)

1. Information by region

(1) Net sales

(Millions of yen)

Japan	China	Asia	America	Europe	Others	Total
38,744	14,637	10,470	6,978	3,691	1,252	75,774

(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
10,318	6,953	5,760	2,808	1,516	27,357

2. Information on goodwill by reportable segment

(Millions of yen)

	Die Components Business
Amortization for the three months ended June 30, 2017	431
Balance as of June 30, 2017	542