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Securities Code: 9962  
May 23, 2019

To Our Shareholders:

Ryusei Ono  
Representative Director,  
President and CEO  
MISUMI Group Inc.  
5-1, Koraku 2-chome,  
Bunkyo-ku, Tokyo  
JAPAN

Convocation Notice for the 57<sup>th</sup> Annual General Meeting of Shareholders

You are hereby notified of and cordially requested to attend the 57<sup>th</sup> Annual General Meeting of Shareholders (the “Meeting”) of MISUMI Group Inc. (the “Company”), details of which are provided below.

**If you are unable to attend the Meeting, you may exercise your voting rights, either by returning to us by mail, the enclosed Voting Rights Exercise Form indicating your approval or disapproval of the propositions, or by accessing the website indicated in the enclosed Voting Right Exercise Form and exercising your voting rights via the Internet. Please review the accompanying Reference Documents for the General Meeting of Shareholders and exercise your voting rights by no later than 5:00 p.m. JST, on Wednesday, June 12, 2019.**

**1. Date and Time:** June 13, 2019 (Thursday) from 2:00 p.m.

**2. Place:** Toranomom Hills Forum,  
Toranomom Hills Mori Tower 5th Floor,  
1-23-3 Toranomom, Minato-ku, Tokyo, Japan

- Business Briefing of Shareholders will be held after the General Meeting.
- On the day, please feel free to visit us at our exhibition booth where you will be met and welcomed by our directors and employees.

Exhibition booth opening hours

Part I : 1:00 p.m. until 1:45 p.m.

Part II : will be held for a period of 45 minutes after the Business Briefing of Shareholders

\*Part I and II will comprise the same contents.

### 3. Agenda: Reports

1. The Business Report, the Consolidated Financial Statements, and Audit Reports on the Consolidated Financial Statements by the independent auditor and our Board of Corporate Auditors for the 57<sup>th</sup> Fiscal Year (from April 1, 2018 to March 31, 2019).
2. The Non-Consolidated Financial Statements Report for the 57<sup>th</sup> Fiscal Year (from April 1, 2018 to March 31, 2019).

### Proposals

- Proposal 1:** Dividend of Surplus  
**Proposal 2:** Election of Seven (7) Directors

### 4. Instructions for the Exercise of Voting Rights

- 1) Exercise of voting rights by post  
Please indicate your approval or disapproval for each of the proposals on the enclosed Voting Right Exercise Form and return the form to the Company so that it arrives no later than 5:00 p.m. (JST) on Wednesday, June 12, 2019.  
Please note that if there is no indication of approval or disapproval for any of the proposals, it will be counted as a vote of approval.
- 2) Exercise of voting rights via the Internet  
Please access the designated website (<https://www.evoting.tr.mufg.jp/>) and place your vote no later than 5:00 p.m. (JST) on Wednesday, June 12, 2019.  
Available in Japanese text only.

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1. If attending the Meeting in person, please submit the enclosed Voting Right Exercise Form to the receptionist at the venue.
  2. The notes to the Consolidated Financial Statements and Non-Consolidated Financial Statements are available on behalf of shareholders on MISUMI's website (<https://www.misumi.co.jp/english/ir/stock/syousyu.html>) in accordance with laws, regulations, and the Articles of Incorporation.  
Available in Japanese text only.
  3. We will notify you of any changes to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements or the Non-Consolidated Financial Statements by placing the updated information on MISUMI's website (<https://www.misumi.co.jp/english/>).
  4. The results of voting at Annual General Meeting of Shareholders will also be posted on MISUMI's website indicated above.

#### Electronic Voting Platform

Custodian banks or other nominee shareholders (including standing proxies) that have registered in advance with ICJ Co., Ltd., a company established by Tokyo Stock Exchange, Inc. and other organizations, are able to use ICJ's Voting Rights Electronic Voting Platform as an alternative electronic method for the exercise of voting rights at the General Meeting of Shareholders, in addition to Internet voting as described in 4 above.

**Proposal 1: Dividend of Surplus**

The Company uses a benchmark dividend payout ratio of 25% as part of the policy to return profits to the shareholders after a comprehensive review of the business environment, performance trends and outlooks, expansion of the business foundation to realize sustainable growth and corporate value enhancement, strength of the balance sheet, and capital efficiency among other factors.

Based on the benchmark described above, the Company proposes a year-end dividend of ¥10.99 per share.

Pending approval for this proposal, the annualized dividend would be ¥21.20 per share, a decrease of ¥1.4 from the previous year's figure, including the interim dividend of ¥10.21 per share (Total amount: ¥2,893,458,161) already paid out on December 4, 2018.

**(1) Type of dividend assets**

**Cash**

**(2) Allocation of dividend assets to shareholders and the total amount of dividends**

**¥10.99 per share of common stock. Total amount: ¥3,117,059,312**

**(3) Effective date of dividend of surplus**

**June 19, 2019**

## Proposal 2: Election of Seven (7) Directors

The terms of office of all six (6) of the current Directors will expire as of the end of the Meeting. Therefore, the Company proposes the election of seven (7) Directors, including one new Outside Director and the addition of one (1) Director, in order to reinforce the management of the Company.

Candidates for the position of Director are as follows.

Candidate number	Name (Date of birth)	Profile, positions and responsibilities and important concurrent positions	Ownership of the Company's shares
1	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">Re-Appointment</div> <p>Ryusei Ono (October 1, 1964)</p>	<p>Apr 1987: Joined MISUMI Group Inc.            Apr 2002: Corporate Officer, MISUMI Group Inc.            Jun 2007: Director and Corporate Officer, MISUMI Group Inc.            Oct 2008: Representative Director and President, SURUGA Production Platform Co., Ltd.            Oct 2008: Director and Senior Corporate Officer, MISUMI Group Inc.            Jan 2011: Representative Director and President, SURUGA SEIKI CO., LTD.            Jan 2013: Senior Executive Director, MISUMI Group Inc.            Dec 2013: Representative Director and President, MISUMI Group Inc.            Dec 2013: Representative Director and President, MISUMI Corporation (present position)            Jun 2014: Representative Director, President and CEO, MISUMI Group Inc. (present position)</p>	350,000 shares
<p>Reason for nomination as Director:            As CEO, Mr. Ryusei Ono has led the MISUMI Group to further growth as a global enterprise while formulating and implementing strategies to enhance the Company's corporate value in the medium to long-term perspective. He has used his wide-ranging experience and knowledge of our business activities, operations, production and other areas as the basis for appropriate and effective management decision-making and supervision. Mr. Ono has been nominated as a candidate for Director in the expectation that he will make further contributions in the future.</p>			

Candidate number	Name (Date of birth)	Profile, positions and responsibilities and important concurrent positions	Ownership of the Company's shares
2	<div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">Re-Appointment</div> Tokuya Ikeguchi (December 30, 1968)	Apr 1992: Joined Mitsubishi Corporation Apr 2005: Joined MISUMI Corporation Apr 2007: Corporate Officer, MISUMI Group Inc. Nov 2009: Senior Corporate Officer, MISUMI Group Inc. Jun 2010: Executive Director, MISUMI Group Inc. May 2015: Senior Executive Director, MISUMI Group Inc. May 2017: Director and Executive Vice President, MISUMI Group Inc. (present position) May 2017: Chief Executive in charge of Europe and Americas Business, MISUMI Group Inc. (present position) Apr 2018: President, OST Business Company, MISUMI Corporation (present position) Apr 2018: Representative Director and President, SURUGA SEIKI CO., LTD. (present position)	155,800 shares
	Reason for nomination as Director: Mr. Tokuya Ikeguchi has built a track record of achievement as the person in charge of key business divisions. He has shown excellent leadership as a driving force in a wide range of areas, including operational innovation. As Chief Executive in charge of Europe and Americas Business and President of OST Business Company, he has provided organizational leadership and appropriate and effective decision-making and supervision. Mr. Ikeguchi has been nominated as a candidate for Director in the expectation that he will make further contributions in the future.		
3	<div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">Re-Appointment</div> Kosuke Nishimoto (March 1, 1958)	Apr 1981: Joined Kanebo, Ltd. Sep 1984: Joined Meitec Corporation Jun 1995: Director, Meitec Corporation Jul 1996: Senior Managing Director, Meitec Corporation Nov 1999: Representative Director and President, Meitec Corporation Apr 2003: Representative Director and President, and CEO, Meitec Corporation Apr 2014: Director and Chairman, Meitec Corporation Jun 2015: Outside Director, Interworks, Inc. Apr 2017: Representative Director, Chairman and President, Interworks, Inc. (present position) (Scheduled to retire as of June 27, 2019) June 2017: Outside Director, MISUMI Group Inc. (present position)	2,000 shares
	Reason for nomination as Director: Mr. Kosuke Nishimoto has extensive experience as business manager over many years and has wide-ranging knowledge on various manufacturing industries in Japan. In addition, Mr. Nishimoto has provided appropriate advice and supervision about the MISUMI Group's management as an Outside Director since June 2017. Mr. Nishimoto is capable of carrying out his decision-making and supervisory roles appropriately and effectively, using his experience and knowledge in our view. Accordingly, Mr. Nishimoto is nominated as a candidate for an executive director, and upon approval of his appointment, will assume the position of Director and Executive Vice President.		

Candidate number	Name (Date of birth)	Profile, positions and responsibilities and important concurrent positions	Ownership of the Company's shares
4	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Re-Appointment</div> <p>Ichiro Otokozawa (August 22, 1955)</p>	<p>Apr 1979: Joined Nippon Kokan Corporation (currently JFE Engineering Corporation)</p> <p>Mar 1997: General Manager of President's Office, Santen Pharmaceutical Co., Ltd.</p> <p>Jul 1999: Corporate Officer, Santen Pharmaceutical Co., Ltd.</p> <p>Jun 2005: Director and Senior Corporate Officer, Santen Pharmaceutical Co., Ltd.</p> <p>May 2006: Senior Director, AlixPartners</p> <p>Jul 2007: Senior Director, Advent International Corporation</p> <p>Apr 2011: Director and CFO, Avon Products Co., Ltd.</p> <p>Dec 2013: Senior Corporate Officer and CFO, MISUMI Group Inc.</p> <p>Jun 2014: Executive Director and CFO, MISUMI Group Inc. (present position)</p> <p>Dec 2015: Representative Corporate Officer responsible for Corporate Service Platform, MISUMI Group Inc. (present position)</p>	4,500 shares
	<p>Reason for nomination as Director: Mr. Ichiro Otokozawa has extensive experience as CFO for several companies and a wide-ranging track record as a manager of administrative and business units. He has appropriately and effectively carried out his executive, decision-making and supervisory roles as the CFO for the MISUMI Group, and as the person responsible for head office administrative organization. Mr. Otokozawa has been nominated as a candidate for Director in the expectation that he will make further contributions in the future.</p>		
5	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Re-Appointment</div> <p>Toshinari Sato (March 30, 1956)</p>	<p>Apr 1980: Joined Tokyo Shibaura Electric Co., Ltd. (currently Toshiba Corporation)</p> <p>Apr 2006: Joined i2 Technologies Japan Inc.</p> <p>Mar 2008: Representative Director and President, SGI Japan, Ltd.</p> <p>Feb 2010: Representative Director and Chairman, SGI Japan, Ltd.</p> <p>Apr 2010: Joined NIDEC Corporation</p> <p>Jun 2010: Corporate Officer CIO, NIDEC Corporation</p> <p>Jun 2012: Senior Corporate Officer CIO, NIDEC Corporation</p> <p>Oct 2016: Senior Corporate Officer CIO, MISUMI Group Inc. (present position)</p> <p>Oct 2016: Representative Corporate Officer responsible for IT Service Platform, MISUMI Group Inc. (present position)</p> <p>Feb 2017: Representative Corporate Officer responsible for User Service Platform, MISUMI Group Inc. (present position)</p> <p>Jun 2018: Executive Director and CIO, MISUMI Group Inc. (present position)</p>	100 shares
	<p>Reason for nomination as Director: Mr. Toshinari Sato has extensive experience as a business manager and CIO for several companies. As CIO for the MISUMI Group, he has shown excellent leadership in reforming and strengthening MISUMI Group's IT. Mr. Sato has been nominated as a candidate for Director in the expectation that he will carry out appropriate and effective management decision-making and supervision using his experience and knowledge.</p>		

Candidate number	Name (Date of birth)	Profile, positions and responsibilities and important concurrent positions	Ownership of the Company's shares
6	<div style="border: 1px solid black; padding: 2px; margin-bottom: 10px; width: fit-content;">Re-Appointment</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 10px; width: fit-content;">Candidate for Outside Director</div> <p style="text-align: center;">Takehiko Ogi (August 8, 1961)</p>	<p>Apr 1984: Joined the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry)</p> <p>May 2000: Representative Director and President, Tsutaya Online Co., Ltd.</p> <p>Jun 2002: Representative Director and Managing Director, Culture Convenience Club Co., Ltd.</p> <p>Jul 2004: Managing Director, Industrial Revitalization Corporation</p> <p>Nov 2004: Representative Director and President, Kanebo, Ltd.</p> <p>Apr 2007: Representative Director and President, Maruzen Co., Ltd.</p> <p>Feb 2010: Representative Director and President, CHI Group Co., Ltd. (currently Maruzen CHI Holdings Co., Ltd.)</p> <p>Jun 2013: Outside Director, Seibu Holdings Inc. (present position)</p> <p>Jun 2015: Outside Director, MISUMI Group Inc. (present position)</p> <p>Aug 2015: Representative Director and President, Japan Human Resources Co., Ltd. (present position)</p> <p>Apr 2016: Advisor to the Financial Services Agency (present position)</p> <p>Sep 2017: Trustee, Shizenkan University Graduate School of Leadership &amp; Innovation (present position)</p> <p>Aug 2018: Counselor of the Minister's Secretariat, Ministry of Economy, Trade and Industry (present position)</p>	5,000 shares
<p>Reason for nomination as Outside Director: As an Outside Director, Mr. Takehiko Ogi has provided appropriate advice and supervision with regard to the MISUMI Group's management, based on his extensive experience and wide-ranging knowledge as a person with a long career in business management. His nomination as Outside Director reflects our judgment that he will continue to carry out the duties of that position appropriately in the future.</p>			
7	<div style="border: 1px solid black; padding: 2px; margin-bottom: 10px; width: fit-content;">New Appointment</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 10px; width: fit-content;">Candidate for Outside Director</div> <p style="text-align: center;">Yoichi Nakano (April 26, 1960)</p>	<p>May 1990: Joined International Finance Corporation, World Bank Group</p> <p>Jun 1996: Joined McKinsey &amp; Company Incorporated, Japan.</p> <p>Jun 2003: Executive Search Consultant, Jomon Associates Inc.</p> <p>Aug 2011: Partner, Leadership Consulting, Heidrick &amp; Struggles Japan, GK</p> <p>Jan 2013: Partner, Executive Search, Heidrick &amp; Struggles Japan, GK</p> <p>Feb 2016: Representative Director and President, Chuuyou Corporation</p>	- shares
<p>Reason for nomination as Outside Director: Mr. Yoichi Nakano has extensive experience in various industries on a global basis, namely, finance, consulting and executive search, possessing ample experience and broad knowledge of Management personnel development. His nomination as Outside Director reflects our judgment that he will provide appropriate advice and supervision for MISUMI Group's management, based on his experience and knowledge.</p>			

Notes:

1. No special interests exist between the candidates and the Company.
2. Candidate for Director Mr. Tokuya Ikeguchi has been in the position of President, MIG Business Company, MISUMI Corporation, since September 2018, but is scheduled to retire from that position in connection with organizational change as of June 1, 2019.
3. Information concerning the candidates for Outside Director is as follows.
  - (1) Candidates for Director Mr. Takehiko Ogi and Mr. Yoichi Nakano are candidates for Outside Director as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
  - (2) Mr. Takehiko Ogi is designated as an independent officer according to rules set by the Tokyo Stock Exchange and said designation has been reported to said stock exchange. Upon the approval of his appointment, Mr. Yoichi Nakano will become an independent officer according to rules set by the Tokyo Stock Exchange.
  - (3) Mr. Takehiko Ogi has been an Outside Director of the Company since June 2015 and will have served as such for about four (4) years upon the closing of the Meeting.
  - (4) Mr. Takehiko Ogi attended 14 of the 15 meetings of the Board of Directors during the fiscal year under review and made inquiries or provided advice concerning proposals and discussions mainly from his professional perspective as a business manager.
4. Limited Liability Agreement with Outside Directors  
The Company has entered into Limited Liability Agreements with Mr. Takehiko Ogi and Mr. Kosuke Nishimoto. These Agreements provide that the maximum amount for liability will be ¥10 million or an amount stipulated by law, whichever is higher. The Company will maintain Limited Liability Agreement with Mr. Takahiro Ogi if approval is given for his reappointment. If appointment of Mr. Yoichi Nakano is approved, the Company plans to enter into an agreement of the same kind with him.
5. MISUMI Group Inc. changed its trade name from MISUMI Shoji Co., Ltd. to MISUMI Corporation in May 1989 and from MISUMI Corporation to MISUMI Group Inc. in April 2005. Present MISUMI Corporation was established in April 2005 by means of a spin-off from present MISUMI Group Inc. and took over all business operations from MISUMI Group Inc.
6. SURUGA SEIKI CO., LTD. was renamed SURUGA Production Platform Co., Ltd. in January 2011. A subsidiary spun off from SURUGA Production Platform in January 2011 has taken over the name of SURUGA SEIKI CO., LTD., as well as the business operations of its Optical and Scientific Technology Division, which sells products related to optical equipment and factory automation (FA).

# **Business Report**

From April 1, 2018 to March 31, 2019

## **1. Current Status of the MISUMI Group of Companies**

### **(1) Business Activities, Results, Priorities**

The global economy trended towards deceleration during FY 2018. Sales of smartphones and automobiles were sluggish, in addition, appetite for capital investment in manufacturing industry waned due to prolonged US-China trade conflict. Business conditions were particularly weak in the second half, decelerating month after month. Also, in Japan, business climate similarly slowed down in response to deceleration of overseas demand and capital investments, which impacted production machinery and automotive related sectors.

Even under such circumstances, MISUMI Group's strategy remains unchanged, leveraging its unique business model, which encompasses both manufacturing and distribution businesses, and advancing the business foundation that supports these businesses globally. We are contributing to manufacturing industry worldwide by eliminating inefficiencies faced by customers. During this fiscal year, continued innovations of our business model were pursued to better adapt to the world's evolving "digital manufacturing". To further strengthen competitiveness, EC websites were revamped and optimized to meet local needs of respective countries and 3D CAD incorporated services were further enhanced. Also, while being cautious about some investments in response to declining demand, efforts were made to reinforce our global reliable and quick delivery business model by promoting local production, local sourcing for optimal procurement, as well as expanding logistics sites in Japan and overseas.

Advancements to our business model offers high convenience to our customers, which led to customer number growth amid decelerating business conditions in the manufacturing industry. Along with accelerated global expansion of the VONA business, consolidated net sales exceeded on a year-on-year basis despite being slightly off projection.

Consequently, consolidated net sales was ¥331,936 million, (6.1% increase year-on-year), highest result for the 8th consecutive year. In terms of profit, thorough expense management was carried out in light of recent demand slowdown, while continued investments were deployed to accelerate further growth. Subsequently, operating income was ¥31,874 million, (8.5% decrease year-on-year), and ordinary income was ¥31,815 million, (8.3% decrease year-on-year). Net income attributable to owners of parent was ¥24,034 million (6.1% decrease year-on-year).

(Million yen)

	Net Sales			Operating Income		
	Previous consolidated fiscal year	Current consolidated fiscal year	Percentage Change (%)	Previous consolidated fiscal year	Current consolidated fiscal year	Percentage change (%)
Factory Automation (FA) Business	105,184	109,230	3.8	20,171	18,835	(6.6)
Die Components Business	76,523	76,443	(0.1)	5,869	6,109	4.1
VONA Business	131,262	146,262	11.4	9,010	6,929	(23.1)
Corporate, eliminations and period adjustments	-	-	-	(203)	-	(100.0)
Total	312,969	331,936	6.1	34,848	31,874	(8.5)

## Segment Information

### ① Factory Automation (FA) Business

In the FA business, although being impacted by slowdown in capital investment demand namely in China and South Korea, global needs for reliable and quick delivery of FA components expanded further, steadily permeating MISUMI's business model; incorporating demand for automation products in South East Asia and Europe. Accordingly, net sales was ¥109,230 million (3.8% increase year-on-year). Operating income was ¥18,835 million (6.6% decrease year-on-year) as a result of increased expenses incurred to further strengthen the business foundation.

### ② Die Components Business

Despite favorable sales activities in South East Asia, sales in the Die components business was ¥76,443 million (0.1% decrease year-on-year) due to lower demand in the automotive industry within principal countries. Operating income was ¥6,109 million (4.1% increase year-on-year) due to decrease in amortization expenses of goodwill.

### ③ VONA Business

VONA business is MISUMI Group's sales and distribution business of production facilities related components, production auxiliary materials and MRO\*. This business segment includes MISUMI brand products as well as third party manufacturers' products. Enhanced product lineup continued to support business growth this term. Items handled reached 26.7 million globally as at the end of FY2018. These efforts coupled with carrying out proactive sales expansion initiatives resulted in net sales of ¥146,262 million (11.4% increase year-on-year). Meanwhile, operating income was ¥6,929 million (23.1% decrease year-on-year) as upfront investments geared for business expansion in Japan and overseas increased.

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

## (2) Capital Investment and Financing

Capital investments made during the consolidated fiscal year ending March 31, 2019 amounted to ¥21,414 million. The main areas of investments were IT systems and production facilities at the MISUMI Group's overseas factories as well as logistic sites. These investments were all self-financed. There were no significant sales or disposals of equipments and facilities.

## (3) Challenges and Priorities

Although capital investment demand in the manufacturing industry has been slowing down recently, rapid advances in IT technology however, is driving changes at manufacturing sites, including the

emergence of Industrie 4.0 and the Internet of Things (IoT). This trend is unchanging, and actually accelerating further. This manifests an increasing need for efficient purchasing processes and the reduction of design workload in the markets for production facilities related components and production auxiliary materials, as the global competitive environment intensifies ever more. MISUMI Group is being cautious with investment decisions in light of recent demand decrease, while, business growth is being accelerated by leveraging our unique business model which encompasses both manufacturing and distribution businesses, whilst globally advancing these complimentary business foundations (platforms), thereby further increasing competitive advantages.

#### ① Expansion of Business Areas, Global Roll Out

MISUMI Group continues to increase its contributory impact to the manufacturing industry, by accelerating business expansion and global roll out; taking full advantage of possessing both manufacturing and distribution businesses.

In the manufacturing business, we are striving to expand product lineup within the FA and Die component business. Pursuant to catalogs and website, third medium offering in the form of 3D CAD incorporated services, has managed to significantly reduce customer's equipment design and procurement process, thereby improving convenience.

With respect to our distribution business, we have expanded product line up by including third party manufactured products on the VONA platform. At the same time, we have taken measures to expand local inventory by offering region specific product line-ups to synchronize with our customers' needs, improving our one-stop shop capabilities.

#### ② Business Platform Innovation

In order to innovate the business model better adapted to digital manufacturing, we will continue to deploy investments for reinforcing the business foundation, namely, manufacturing, logistics and IT.

To further strengthen reliable and quick delivery on a global basis, we will be establishing new logistics sites as well as expand existing ones to increase the number of inventoried items to meet customers' needs. In addition, with the aim to be completely in synch with customers' workflow process, we are striving to build the world's best production materials database, as well as revamping EC websites that are optimized for customers' orientation for each respective country. Furthermore, establishment of the next generation core IT system is underway, to elevate the stability and trustworthiness of reliable and quick delivery. By continuing to make investments to these business foundations, we offer customer-oriented services optimized for manufacturing and time value, in other words, making innovations to our QCT model- Q (high quality), C (low cost), T (reliable and quick delivery time).

#### ③ Advancement of the Organization

MISUMI Group's organization is based upon two fundamental pillar concepts: "energized individual employees" and "management-led strategic alignment". To realize these two pillar concepts, MISUMI Group instills an organizational culture where every individual is responsible to "develop, produce, and sell". By decentralizing authority to each business line, MISUMI Group empowers the "energized individual employees" to take on responsibilities for their business. MISUMI Group is able to realize a coherent business strategy throughout the organization via coordinated strategic guidance by the Senior Management, thus making "management-led strategic alignment" possible. We envisage continuing to advance the organization based on this premise, while adapting to business environmental changes and MISUMI's organizational growth.

As advancement of digital manufacturing within the manufacturing industry accelerate further globally, MISUMI Group has created fully autonomous regional Business Company structures in China, Asia, Europe and the Americas to expand our business, by effectively responding to increasing demands in each region. At the same time, our product Business Companies and our Service Platforms e.g. Manufacturing, Logistics, IT, and Customer Services are responsible for offering

competitive products and services in the respective regions, thereby accelerating the expansion of MISUMI Group's strategy.

#### (4) Assets, Income

Item	Period	54 <sup>th</sup> Term (Year ended March 2016)	55 <sup>th</sup> Term (Year ended March 2017)	56 <sup>th</sup> Term (Year ended March 2018)	57 <sup>th</sup> Term (Year ended March 2019)
Net Sales	(Million yen)	240,139	259,015	312,969	331,936
Net Income attributable to owners of parent	(Million yen)	16,907	18,387	25,601	24,034
Earnings per share attributable to owners of the parent (basic)	(Yen)	61.65	66.94	91.01	84.80
Total assets	(Million yen)	194,186	212,041	243,492	252,393
Net assets	(Million yen)	142,333	155,658	186,719	205,424

#### Notes:

Effective from the 57<sup>th</sup> term (year ended March 2019), the presentation method has been changed following the application of “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018). Therefore, consolidated financial position as of March 31, 2018 has been presented by retroactively adjusting the figures to reflect such changes.

#### (5) Principal Business Operations

MISUMI Group companies are active in three business segments. The FA Business mainly supplies standardized components for automated equipment used in factory automation and other applications. The Die Components Business specializes primarily in die and mold parts used to manufacture automobiles and electronic devices. VONA Business sells third-party brand products alongside the MISUMI brand products, including parts for production equipment, ancillary production materials, and MRO (consumables), under a distribution business model.

**(6) Status of Parent Company and Major Subsidiaries**

1) Relation with the parent company:

Nothing to report.

2) Status of major subsidiaries

Company name	Capital	The Company's shareholding ratio (%)	Principal businesses
MISUMI Corporation	Million Yen 850	100.0%	FA Business Die Components Business VONA Business
SURUGA SEIKI CO., LTD.	Million Yen 100	100.0%	FA Business
SURUGA Production Platform Co., Ltd.	Million Yen 491	100.0%	FA Business Die Components Business VONA Business
MISHIMA SEIKI CO., LTD.	Million Yen 80	100.0% (100.0%)	Die Components Business
DAISEKI Co., Ltd.	Million Yen 10	100.0% (100.0%)	FA Business
MISUMI (CHINA) PRECISION MACHINERY TRADING CO., LTD.	Thousand RMB 587,328	100.0% (100.0%)	FA Business Die Components Business VONA Business
SURUGA SEIKI SALES & TRADING (SHANGHAI) CO., LTD.	Thousand RMB 25,325	100.0% (100.0%)	FA Business
MISUMI E.A.HK LIMITED	Thousand HKD 8,000	100.0% (100.0%)	FA Business Die Components Business VONA Business
SURUGA SEIKI (NANTONG) CO., LTD.	Thousand RMB 624,769	100.0% (100.0%)	FA Business
SURUGA SEIKI (SHANGHAI) CO., LTD.	Thousand RMB 112,992	100.0% (100.0%)	FA Business Die Components Business
Wuhan Dong Feng Connell Die & Mold Standard Parts Co., Ltd.	Thousand RMB 13,117	63.0% (63.0%)	Die Components Business
MISUMI KOREA CORP.	Thousand KRW 700,000	100.0%	FA Business Die Components Business VONA Business
SURUGA KOREA CO., LTD.	Thousand KRW 2,502,840	100.0% (100.0%)	FA Business

Company name	Capital	The Company's shareholding ratio (%)	Principal businesses
MISUMI TAIWAN CORP.	Thousand NTD 15,000	100.0% (100.0%)	FA Business Die Components Business VONA Business
MISUMI Vietnam CO., LTD.	Million VND 40,131	100.0% (100.0%)	
SAIGON PRECISION CO., LTD.	Thousand USD 95,200	100.0% (100.0%)	FA Business Die Components Business
MISUMI (THAILAND) CO., LTD.	Thousand THB 118,805	100.0% (100.0%)	FA Business Die Components Business VONA Business
SURUGA (THAILAND) CO., LTD.	Thousand THB 107,000	100.0% (100.0%)	Die Components Business
MISUMI INDIA Pvt. Ltd.	Thousand INR 1,770,495	100.0% (100.0%)	FA Business Die Components Business VONA Business
SURUGA India Pvt. Ltd.	Thousand INR 360,460	100.0% (99.7%)	Die Components Business
MISUMI SOUTH EAST ASIA PTE.LTD.	Thousand SGD 1,000	100.0% (100.0%)	FA Business Die Components Business VONA Business
MISUMI MALAYSIA SDN. BHD.	Thousand MYR 2,500	100.0% (100.0%)	
PT.MISUMI INDONESIA	Million IDR 68,342	100.0% (100.0%)	
MISUMI USA, INC.	Thousand USD 4,900	100.0% (100.0%)	
MISUMI Investment USA Corporation	USD 100	100.0% (100.0%)	Holding company
Dayton Lamina Corporation	USD 1,000	100.0% (100.0%)	
Dayton Progress International Corporation	USD 2,500	100.0% (100.0%)	Die Components Business
Dayton Progress Corporation	Thousand USD 348	100.0% (100.0%)	

Company name	Capital	The Company's shareholding ratio (%)	Principal businesses
Anchor Lamina America, Inc.	USD 0	100.0% (100.0%)	Die Components Business
P.C.S. Company	Thousand USD 500	100.0% (100.0%)	
Connell Asia Limited LLC	Thousand USD 1,000	100.0% (100.0%)	Holding company
Connell Anchor America, Inc.	USD 0	100.0% (100.0%)	
Dayton Progress Canada, Ltd.	CAD 100	100.0% (100.0%)	Die Components Business
MISUMI Mexico S. de R.L. de C.V.	Thousand MXN 11,292	100.0% (100.0%)	FA Business Die Components Business VONA Business
MISUMI Mexico Service S. de R.L. de C.V.	Thousand MXN 101	100.0% (100.0%)	
Dayton Progress (Mexico), S. de R.L. de C.V.	Thousand MXN 77,461	100.0% (100.0%)	Die Components Business
Dayton Progress (Mexico) Services, S. de R.L. de C.V.	Thousand MXN 3	100.0% (100.0%)	
MISUMI Europa GmbH	Thousand EUR 6,500	100.0% (100.0%)	FA Business Die Components Business VONA Business
Dayton Progress GmbH	Thousand EUR 1,533	100.0% (100.0%)	Die Components Business
Dayton Progress SAS	Thousand EUR 440	100.0% (100.0%)	
Dayton Progress Ltd.	GBP 100	100.0% (100.0%)	
Dayton Progress-Perforadores Lda	Thousand EUR 400	100.0% (100.0%)	
Dayton Progress s.r.o.	Thousand CZK 200	100.0% (100.0%)	

Notes:

1. The indirect shareholding ratios are included in parentheses under the Company's shareholdings.
2. Percentages of shares owned are rounded to one decimal place.

### 3) Status of designated wholly owned subsidiaries as of March 31, 2019

Name	Address	Total book value	Total assets
MISUMI Corporation	5-1, Koraku 2-chome, Bunkyo-ku, Tokyo	¥25,295 million	¥70,070 million

## (7) Major Sales Offices and Business Sites

### 1) The Company

Name	Location	
Head Office	Tokyo	Bunkyo Ward

### 2) Subsidiaries

#### • Japan

Name	Location	
MISUMI Corporation	Tokyo	Bunkyo Ward
SURUGA SEIKI CO., LTD.	Shizuoka Prefecture	Shizuoka City
SURUGA Production Platform Co., Ltd.	Shizuoka Prefecture	Shizuoka City
MISHIMA SEIKI CO., LTD.	Shizuoka Prefecture	Sunto County
DAISEKI Co., Ltd.	Hyogo Prefecture	Kobe City

#### • Overseas

Name	Location	
MISUMI (CHINA) PRECISION MACHINERY TRADING CO., LTD.	China	Shanghai
SURUGA SEIKI SALES & TRADING (SHANGHAI) CO., LTD.	China	Shanghai
MISUMI E.A.HK LIMITED	China	Hong Kong
SURUGA SEIKI (NANTONG) CO., LTD.	China	Nantong
SURUGA SEIKI (SHANGHAI) CO., LTD.	China	Shanghai
Wuhan Dong Feng Connell Die & Mold Standard Parts Co., Ltd.	China	Wuhan
MISUMI KOREA CORP.	South Korea	Seoul
SURUGA KOREA CO., LTD.	South Korea	Gyeonggi-do
MISUMI TAIWAN CORP.	Taiwan	Taipei

Name	Location	
MISUMI Vietnam CO., LTD.	Vietnam	Bac Ninh
SAIGON PRECISION CO., LTD.	Vietnam	Ho Chi Minh
MISUMI (THAILAND) CO., LTD.	Thailand	Rayong
SURUGA (THAILAND) CO., LTD.	Thailand	Rayong
MISUMI INDIA Pvt. Ltd.	India	Gurgaon
SURUGA India Pvt. Ltd.	India	Gurgaon
MISUMI SOUTH EAST ASIA PTE. LTD.	Singapore	
MISUMI MALAYSIA SDN. BHD.	Malaysia	Selangor
PT. MISUMI INDONESIA	Indonesia	Jakarta
MISUMI USA, INC.	U.S.A.	Illinois
MISUMI Investment USA Corporation	U.S.A.	Delaware
Dayton Lamina Corporation	U.S.A.	Ohio
Dayton Progress International Corporation	U.S.A.	Ohio
Dayton Progress Corporation	U.S.A.	Ohio
Anchor Lamina America, Inc.	U.S.A.	Michigan
P.C.S. Company	U.S.A.	Michigan
Dayton Progress Canada, Ltd.	Canada	Ontario
MISUMI Mexico S. de R.L. de C.V.	Mexico	Querétaro
MISUMI Mexico Service S. de R.L. de C.V.	Mexico	Querétaro
Dayton Progress (Mexico), S. de R.L. de C.V.	Mexico	Querétaro
Dayton Progress (Mexico) Services, S. de R.L. de C.V.	Mexico	Querétaro
MISUMI Europa GmbH	Germany	Frankfurt

Name	Location	
Dayton Progress GmbH	Germany	Oberursel
Dayton Progress SAS	France	Meaux
Dayton Progress Ltd.	U.K.	Warwickshire
Dayton Progress-Perfuradores Lda	Portugal	Alcobaça
Dayton Progress s.r.o.	Czech Republic	Benátky nad Jizerou

**(8) Employees**

Number of employees	Change from the end of the previous fiscal year
12,300	+1,059

Notes:

1. The number of employees is the number of employed staff and does not include part-time and temporary staff.
2. The total number of employees including part-time and temporary staff as of March 31, 2019 is 14,137.

**(9) Major Lenders**

There are no borrowings from financial institutions.

However, we have entered into a Commitment Line Agreement (credit line limit of ¥ 15.0 billion) with financial institutions.

**(10) Policy on Decisions Concerning the Surplus Distribution, etc.**

Nothing to report.

## 2. Matters Relating to the Shares of the Company

- (1) Total number of authorized shares 1,020,000,000 shares
- (2) Total number of shares issued 283,626,871 shares (excluding 129,626 treasury shares)
- (3) Number of shareholders 6,073

### (4) Major shareholders (Top 10)

Name of shareholder	Number of shares held	Percentage of ownership (%)
JAPAN TRUSTEE SERVICES BANK, LTD.	46,854,400	16.5
THE MASTER TRUST BANK OF JAPAN, LTD.	26,767,500	9.4
SSBTC CLIENT OMNIBUS ACCOUNT	14,224,991	5.0
TRUST & CUSTODY SERVICES BANK, LTD. (as trustee for Mizuho Bank Ltd. Retirement Benefit Trusts Account re-entrusted by Mizuho Trust and Banking Co., Ltd.)	10,678,500	3.8
JP MORGAN CHASE BANK 380055	8,296,989	2.9
RBC IST 15 PCT LENDING ACCOUNT	6,776,281	2.4
BBH FOR MATTHEWS ASIA DIVIDEND FUND	5,869,600	2.1
THE BANK OF NEW YORK MELLON 140044	5,803,877	2.0
STATE STREET BANK AND TRUST COMPANY 505223	5,195,427	1.8
THE BANK OF NEW YORK MELLON 140051	4,978,500	1.8

#### Notes:

1. Treasury shares (129,626 shares) are excluded from the calculations of percentages of ownership.
2. Percentages of shares owned are rounded to one decimal place.

### 3. Matters Relating to Stock Acquisition Rights

#### (1) Stock acquisition rights (Stock Options) held by Directors of the Company at the end of the fiscal year

	Stock Options Issue No. 20
Date of Resolution to Issue	June 13, 2014
Number of Holders	
Directors of the Company (excluding outside officers)	3
Outside Directors of the Company (outside officers only)	–
Corporate Auditors of the Company	–
Type of Shares to be Issued upon the Exercise of Stock Options	Common stock
Number of Share to be Issued upon the Exercise of Stock Options	21,900 shares
Amount to be Paid for the Exercise of Stock Options	¥1 per share
Exercise Period for Stock Options	From November 8, 2014 to November 7, 2044
Principal Conditions Relating to the Exercise of Stock Options	<p>a. Directors who have ceased to be officers or employees of the Company or its subsidiaries or affiliates may exercise their options within 10 days reckoning from the date on which they ceased to hold the status of officers or employees of the Company or its subsidiaries or affiliates.</p> <p>b. The conditions for the exercise of the stock options other than those stated in Clause a) above shall be based on a resolution of the Board of Directors, and shall be as set forth in the “Stock Options Allotment Agreement” to be entered into by and between the Company and each individual to whom the stock options are allotted.</p>
Basis in which Stock Options can be Acquired	<p>a. If a shareholders meeting of the Company (or a board meeting of the Company if shareholder approval is not required) approve proposals for (i) a merger agreement whereby the Company becomes a non-surviving company, (ii) an agreement whereby the Company is spun off into and absorbed by another entity, or a plan whereby the Company is spun off into a newly established entity, (iii) a stock swap agreement whereby the Company becomes the wholly owned subsidiary of another entity, or (iv) a stock transfer plan, the Company may acquire without providing compensation all stock options outstanding as of a date to be determined separately by the Company's Board of Directors.</p> <p>b. If a Company Director is no longer qualified to exercise his/her stock options under the Main Conditions for the Exercise of Stock Options, as stated above, the Company may acquire without providing compensation all stock options held by that Director as of a date to be determined separately by the Company's Board of Directors.</p>
Favorable Conditions	–

	Stock Options Issue No. 21
Date of Resolution to Issue	June 13, 2014
Number of Holders	
Directors of the Company (excluding outside officers)	1
Outside Directors of the Company (outside officers only)	–
Corporate Auditors of the Company	–
Type of Shares to be Issued upon the Exercise of Stock Options	Common stock
Number of Shares to be Issued upon the Exercise of Stock Options	17,700 shares
Amount to be Paid for the Exercise of Stock Options	¥1 per share
Exercise Period for Stock Options	From November 7, 2017 to November 6, 2024
Principal Conditions Relating to the Exercise of Stock Options	<p>a. Directors must be employed as officers or employees of the Company or its subsidiaries or affiliates when they exercise the stock options. Provided, however, that the Company Directors may exercise the stock options only for a period prior to the two-year anniversary date of reckoning from the day following the date of resignation/retirement, or until the expiration date of the exercise period, whichever comes earlier, even if the Company Directors no longer have said employment status when exercising the stock options.</p> <p>b. The conditions for the exercise of the stock options other than those stated in Clause a) above shall be based on a resolution of the Board of Directors and shall be as set forth in the “Stock Options Allotment Agreement” to be entered into by and between the Company and each individual to whom the stock options are allotted.</p>
Basis in which Stock Options can be Acquired	<p>a. If a shareholders meeting of the Company (or a board meeting of the Company if shareholder approval is not required) approve proposals for (i) a merger agreement whereby the Company becomes a non-surviving company, (ii) an agreement whereby the Company is spun off into and absorbed by another entity, or a plan whereby the Company is spun off into a newly established entity, (iii) a stock swap agreement whereby the Company becomes the wholly owned subsidiary of another entity, or (iv) a stock transfer plan, the Company may acquire without providing compensation all stock options outstanding as of a date to be determined separately by the Company's Board of Directors.</p> <p>b. If a Company Director is no longer qualified to exercise his/her stock options under the Main Conditions for the Exercise of Stock Options, as stated above, the Company may acquire without providing compensation all stock options held by that Director as of a date to be determined separately by the Company's Board of Directors.</p>
Favorable Conditions	–

	Stock Options Issue No. 23
Date of Resolution to Issue	February 10, 2016
Number of Holders	
Directors of the Company (excluding outside officers)	3
Outside Directors of the Company (outside officers only)	–
Corporate Auditors of the Company	–
Type of Shares to be Issued upon the Exercise of Stock Options	Common stock
Number of Shares to be Issued upon the Exercise of Stock Options	18,100 shares
Amount to be Paid for the Exercise of Stock Options	¥1 per share
Exercise Period for Stock Options	From February 26, 2016 to February 25, 2046
Principal Conditions Relating to the Exercise of Stock Options	<p>a. Directors who have ceased to be officers or employees of the Company or its subsidiaries or affiliates may exercise their options within 10 days reckoning from the date on which they ceased to hold the status of officers or employees of the Company or its subsidiaries or affiliates.</p> <p>b. The conditions for the exercise of the stock options other than those stated in Clause a) above shall be based on a resolution of the Board of Directors and stipulated in the “Stock Options Allotment Agreement” to be entered into by and between the Company and each individual to whom the stock options are allotted.</p>
Basis in which Stock Options can be Acquired	<p>a. If a shareholders meeting of the Company (or a board meeting of the Company if shareholder approval is not required) approve proposals for (i) a merger agreement whereby the Company becomes a non-surviving company, (ii) an agreement whereby the Company is spun off into and absorbed by another entity, or a plan whereby the Company is spun off into a newly established entity, (iii) a stock swap agreement whereby the Company becomes the wholly owned subsidiary of another entity, or (iv) a stock transfer plan, the Company may acquire without providing compensation all stock options outstanding as of a date to be determined separately by the Company's Board of Directors.</p> <p>b. If a Company Director is no longer qualified to exercise his/her stock options under the Main Conditions for the Exercise of Stock Options, as stated above, the Company may acquire without providing compensation all stock options held by that Director as of a date to be determined separately by the Company's Board of Directors.</p>
Favorable Conditions	–

	Stock Options Issue No. 24
Date of Resolution to Issue	February 10, 2016
Number of Holders	
Directors of the Company (excluding outside officers)	2
Outside Directors of the Company (outside officers only)	–
Corporate Auditors of the Company	–
Type of Shares to be Issued upon the Exercise of Stock Options	Common stock
Number of Shares to be Issued upon the Exercise of Stock Options	38,700 shares
Amount to be Paid for the Exercise of Stock Options	¥1 per share
Exercise Period for Stock Options	From February 25, 2019 to February 24, 2026
Principal Conditions Relating to the Exercise of Stock Options	<p>a. Directors must be employed as officers or employees of the Company or its subsidiaries or affiliates when they exercise the stock options. Provided, however, that the Company Directors may exercise the stock options only for a period prior to the two-year anniversary date of reckoning from the day following the date of resignation/retirement, or until the expiration date of the exercise period, whichever comes earlier, even if the Company Directors no longer have said employment status when exercising the stock options.</p> <p>b. The conditions for the exercise of the stock options other than those stated in Clause a) above shall be based on a resolution of the Board of Directors and shall be as set forth in the “Stock Options Allotment Agreement” to be entered into by and between the Company and each individual to whom the stock options are allotted.</p>
Basis in which Stock Options can be Acquired	<p>a. If a shareholders meeting of the Company (or a board meeting of the Company if shareholder approval is not required) approve proposals for (i) a merger agreement whereby the Company becomes a non-surviving company, (ii) an agreement whereby the Company is spun off into and absorbed by another entity, or a plan whereby the Company is spun off into a newly established entity, (iii) a stock swap agreement whereby the Company becomes the wholly owned subsidiary of another entity, or (iv) a stock transfer plan, the Company may acquire without providing compensation all stock options outstanding as of a date to be determined separately by the Company's Board of Directors.</p> <p>b. If a Company Director is no longer qualified to exercise his/her stock options under the Main Conditions for the Exercise of Stock Options, as stated above, the Company may acquire without providing compensation all stock options held by that Director as of a date to be determined separately by the Company's Board of Directors.</p>
Favorable Conditions	–

	Stock Options Issue No. 26
Date of Resolution to Issue	September 15, 2016
Number of Holders	
Directors of the Company (excluding outside officers)	3
Outside Directors of the Company (outside officers only)	–
Corporate Auditors of the Company	–
Type of Shares to be Issued upon the Exercise of Stock Options	Common stock
Number of Shares to be Issued upon the Exercise of Stock Options	15,400 shares
Amount to be Paid for the Exercise of Stock Options	¥1 per share
Exercise Period for Stock Options	From October 4, 2016 to October 3, 2046
Principal Conditions Relating to the Exercise of Stock Options	<p>a. Directors who have ceased to be officers or employees of the Company or its subsidiaries or affiliates may exercise their options within 10 days reckoning from the date on which they ceased to hold the status of officers or employees of the Company or its subsidiaries or affiliates.</p> <p>b. The conditions for the exercise of the stock options other than those stated in Clause a) above shall be based on a resolution of the Board of Directors and stipulated in the “Stock Options Allotment Agreement” to be entered into by and between the Company and each individual to whom the stock options are allotted.</p>
Basis in which Stock Options can be Acquired	<p>a. If a shareholders meeting of the Company (or a board meeting of the Company if shareholder approval is not required) approve proposals for (i) a merger agreement whereby the Company becomes a non-surviving company, (ii) an agreement whereby the Company is spun off into and absorbed by another entity, or a plan whereby the Company is spun off into a newly established entity, (iii) a stock swap agreement whereby the Company becomes the wholly owned subsidiary of another entity, or (iv) a stock transfer plan, the Company may acquire without providing compensation all stock options outstanding as of a date to be determined separately by the Company's Board of Directors.</p> <p>b. If a Company Director is no longer qualified to exercise his/her stock options under the Main Conditions for the Exercise of Stock Options, as stated above, the Company may acquire without providing compensation all stock options held by that Director as of a date to be determined separately by the Company's Board of Directors.</p>
Favorable Conditions	–

	Stock Options Issue No. 27
Date of Resolution to Issue	September 15, 2016
Number of Holders	
Directors of the Company (excluding outside officers)	3
Outside Directors of the Company (outside officers only)	–
Corporate Auditors of the Company	–
Type of Shares to be Issued upon the Exercise of Stock Options	Common stock
Number of Shares to be Issued upon the Exercise of Stock Options	126,500 shares
Amount to be Paid for the Exercise of Stock Options	¥1 per share
Exercise Period for Stock Options	From October 3, 2019 to October 2, 2026
Principal Conditions Relating to the Exercise of Stock Options	<p>a. Directors must be employed as officers or employees of the Company or its subsidiaries or affiliates when they exercise the stock options. Provided, however, that the Company Directors may exercise the stock options only for a period prior to the two-year anniversary date of reckoning from the day following the date of resignation/retirement, or until the expiration date of the exercise period, whichever comes earlier, even if the Company Directors no longer have said employment status when exercising the stock options</p> <p>b. The conditions for the exercise of the stock options other than those stated in Clause a) above shall be based on a resolution of the Board of Directors and shall be as set forth in the “Stock Options Allotment Agreement” to be entered into by and between the Company and each individual to whom the stock options are allotted.</p>
Basis in which Stock Options can be Acquired	<p>a. If a shareholders meeting of the Company (or a board meeting of the Company if shareholder approval is not required) approve proposals for (i) a merger agreement whereby the Company becomes a non-surviving company, (ii) an agreement whereby the Company is spun off into and absorbed by another entity, or a plan whereby the Company is spun off into a newly established entity, (iii) a stock swap agreement whereby the Company becomes the wholly owned subsidiary of another entity, or (iv) a stock transfer plan, the Company may acquire without providing compensation all stock options outstanding as of a date to be determined separately by the Company's Board of Directors.</p> <p>b. If a Company Director is no longer qualified to exercise his/her stock options under the Main Conditions for the Exercise of Stock Options, as stated above, the Company may acquire without providing compensation all stock options held by that Director as of a date to be determined separately by the Company's Board of Directors.</p>
Favorable Conditions	–

	Stock Options Issue No. 29
Date of Resolution to Issue	September 21, 2017
Number of Holders	
Directors of the Company (excluding outside officers)	3
Outside Directors of the Company (outside officers only)	–
Corporate Auditors of the Company	–
Type of Shares to be Issued upon the Exercise of Stock Options	Common stock
Number of Shares to be Issued upon the Exercise of Stock Options	11,500 shares
Amount to be Paid for the Exercise of Stock Options	¥1 per share
Exercise Period for Stock Options	From October 7, 2017 to October 6, 2047
Principal Conditions Relating to the Exercise of Stock Options	<p>a. Directors who have ceased to be officers or employees of the Company or its subsidiaries or affiliates may exercise their options within 10 days reckoning from the date on which they ceased to hold the status of officers or employees of the Company or its subsidiaries or affiliates.</p> <p>b. The conditions for the exercise of the stock options other than those stated in Clause a) above shall be based on a resolution of the Board of Directors and stipulated in the “Stock Options Allotment Agreement” to be entered into by and between the Company and each individual to whom the stock options are allotted.</p>
Basis in which Stock Options can be Acquired	<p>a. If a shareholders meeting of the Company (or a board meeting of the Company if shareholder approval is not required) approve proposals for (i) a merger agreement whereby the Company becomes a non-surviving company, (ii) an agreement whereby the Company is spun off into and absorbed by another entity, or a plan whereby the Company is spun off into a newly established entity, (iii) a stock swap agreement whereby the Company becomes the wholly owned subsidiary of another entity, or (iv) a stock transfer plan, the Company may acquire without providing compensation all stock options outstanding as of a date to be determined separately by the Company's Board of Directors.</p> <p>b. If a Company Director is no longer qualified to exercise his/her stock options under the Main Conditions for the Exercise of Stock Options, as stated above, the Company may acquire without providing compensation all stock options held by that Director as of a date to be determined separately by the Company's Board of Directors.</p>
Favorable Conditions	–

	Stock Options Issue No. 30
Date of Resolution to Issue	September 21, 2017
Number of Holders	
Directors of the Company (excluding outside officers)	3
Outside Directors of the Company (outside officers only)	–
Corporate Auditors of the Company	–
Type of Shares to be Issued upon the Exercise of Stock Options	Common stock
Number of Shares to be Issued upon the Exercise of Stock Options	72,200 shares
Amount to be Paid for the Exercise of Stock Options	¥1 per share
Exercise Period for Stock Options	From October 6, 2020 to October 5, 2027
Principal Conditions Relating to the Exercise of Stock Options	<p>a. Directors must be employed as officers or employees of the Company or its subsidiaries or affiliates when they exercise the stock options. Provided, however, that the Company Directors may exercise the stock options only for a period prior to the two-year anniversary date of reckoning from the day following the date of resignation/retirement, or until the expiration date of the exercise period, whichever comes earlier, even if the Company Directors no longer have said employment status when exercising the stock options</p> <p>b. The conditions for the exercise of the stock options other than those stated in Clause a) above shall be based on a resolution of the Board of Directors and shall be as set forth in the “Stock Options Allotment Agreement” to be entered into by and between the Company and each individual to whom the stock options are allotted.</p>
Basis in which Stock Options can be Acquired	<p>a. If a shareholders meeting of the Company (or a board meeting of the Company if shareholder approval is not required) approve proposals for (i) a merger agreement whereby the Company becomes a non-surviving company, (ii) an agreement whereby the Company is spun off into and absorbed by another entity, or a plan whereby the Company is spun off into a newly established entity, (iii) a stock swap agreement whereby the Company becomes the wholly owned subsidiary of another entity, or (iv) a stock transfer plan, the Company may acquire without providing compensation all stock options outstanding as of a date to be determined separately by the Company's Board of Directors.</p> <p>b. If a Company Director is no longer qualified to exercise his/her stock options under the Main Conditions for the Exercise of Stock Options, as stated above, the Company may acquire without providing compensation all stock options held by that Director as of a date to be determined separately by the Company's Board of Directors.</p>
Favorable Conditions	–

	Stock Options Issue No. 32
Date of Resolution to Issue	June 21, 2018
Number of Holders	
Directors of the Company (excluding outside officers)	4
Outside Directors of the Company (outside officers only)	–
Corporate Auditors of the Company	–
Type of Shares to be Issued upon the Exercise of Stock Options	Common stock
Number of Shares to be Issued upon the Exercise of Stock Options	12,100 shares
Amount to be Paid for the Exercise of Stock Options	¥1 per share
Exercise Period for Stock Options	From July 7, 2018 to July 6, 2048
Principal Conditions Relating to the Exercise of Stock Options	<p>a. Directors who have ceased to be officers or employees of the Company or its subsidiaries or affiliates may exercise their options within 10 days reckoning from the date on which they ceased to hold the status of officers or employees of the Company or its subsidiaries or affiliates.</p> <p>b. The conditions for the exercise of the stock options other than those stated in Clause a) above shall be based on a resolution of the Board of Directors, and stipulated in the “Stock Options Allotment Agreement” to be entered into by and between the Company and each individual to whom the stock options are allotted.</p>
Basis in which Stock Options can be Acquired	<p>a. If a shareholders meeting of the Company (or a board meeting of the Company if shareholder approval is not required) approve proposals for (i) a merger agreement whereby the Company becomes a non-surviving company, (ii) an agreement whereby the Company is spun off into and absorbed by another entity, or a plan whereby the Company is spun off into a newly established entity, (iii) a stock swap agreement whereby the Company becomes the wholly owned subsidiary of another entity, or (iv) a stock transfer plan, the Company may acquire without providing compensation all stock options outstanding as of a date to be determined separately by the Company's Board of Directors.</p> <p>b. If a Company Director is no longer qualified to exercise his/her stock options under the Main Conditions for the Exercise of Stock Options, as stated above, the Company may acquire without providing compensation all stock options held by that Director as of a date to be determined separately by the Company's Board of Directors.</p>
Favorable Conditions	–

	Stock Options Issue No. 33
Date of Resolution to Issue	June 21, 2018
Number of Holders	
Directors of the Company (excluding outside officers)	4
Outside Directors of the Company (outside officers only)	–
Corporate Auditors of the Company	–
Type of Shares to be Issued upon the Exercise of Stock Options	Common stock
Number of Shares to be Issued upon the Exercise of Stock Options	77,500 shares
Amount to be Paid for the Exercise of Stock Options	¥1 per share
Exercise Period for Stock Options	From July 6, 2021 to July 5, 2028
Principal Conditions Relating to the Exercise of Stock Options	<p>a. Directors must be employed as officers or employees of the Company or its subsidiaries or affiliates when they exercise the stock options. Provided, however, that the Company Directors may exercise the stock options only for a period prior to the two-year anniversary date of reckoning from the day following the date of resignation/retirement, or until the expiration date of the exercise period, whichever comes earlier, even if the Company Directors no longer have said employment status when exercising the stock options</p> <p>b. The conditions for the exercise of the stock options other than those stated in Clause a) above shall be based on a resolution of the Board of Directors, and shall be as set forth in the “Stock Options Allotment Agreement” to be entered into by and between the Company and each individual to whom the stock options are allotted.</p>
Basis in which Stock Options can be Acquired	<p>a. If a shareholders meeting of the Company (or a board meeting of the Company if shareholder approval is not required) approve proposals for (i) a merger agreement whereby the Company becomes a non-surviving company, (ii) an agreement whereby the Company is spun off into and absorbed by another entity, or a plan whereby the Company is spun off into a newly established entity, (iii) a stock swap agreement whereby the Company becomes the wholly owned subsidiary of another entity, or (iv) a stock transfer plan, the Company may acquire without providing compensation all stock options outstanding as of a date to be determined separately by the Company's Board of Directors.</p> <p>b. If a Company Director is no longer qualified to exercise his/her stock options under the Main Conditions for the Exercise of Stock Options, as stated above, the Company may acquire without providing compensation all stock options held by that Director as of a date to be determined separately by the Company's Board of Directors.</p>
Favorable Conditions	–

**(2) Stock acquisition rights (Stock Options) issued to certain employees of the Company, as well as to certain officers and employees of any subsidiaries during the fiscal year**

	Stock Options Issue No. 34
Date of Resolution to Issue	October 18, 2018
Number of Individuals Granted Allotments	
Employees of the Company (excluding those who also serve as officers of the Company)	24
Officers and Employees of the Company's Subsidiaries (excluding those who also serve as officers or employees of the Company)	75
Type of Shares to be Issued upon the Exercise of Stock Options	Common stock
Number of Shares to be Issued upon the Exercise of Stock Options	166,300 shares
Amount to be Paid for the Exercise of Stock Options	¥1 per share
Exercise Period for Stock Options	From November 2, 2021 to November 1, 2028
Principal Conditions Relating to the Exercise of Stock Options	<p>a. Holders of stock options must be employed as officers or employees of the Company or its subsidiaries or affiliates when they exercise the stock options. Provided, however, that the qualified individuals may exercise the stock options only for a period prior to the two-year anniversary date of reckoning from the day following the date of resignation/retirement, or until the expiration date of the exercise period, whichever comes earlier, even if the individual no longer has said employment status when exercising the stock options.</p> <p>b. The conditions for the exercise of the stock options other than those stated in Clause a) above shall be based on a resolution of the Board of Directors and shall be as set forth in the "Stock Options Allotment Agreement" to be entered into by and between the Company and each individual to whom the stock options are allotted.</p>
Basis in which Stock Options can be Acquired	<p>a. If a shareholders meeting of the Company (or a board meeting of the Company if shareholder approval is not required) approve proposals for (i) a merger agreement whereby the Company becomes a non-surviving company, (ii) an agreement whereby the Company is spun off into and absorbed by another entity, or a plan whereby the Company is spun off into a newly established entity, (iii) a stock swap agreement whereby the Company becomes the wholly owned subsidiary of another entity, or (iv) a stock transfer plan, the Company may acquire without providing compensation all stock options outstanding as of a date to be determined separately by the Company's Board of Directors.</p> <p>b. If a holder of the stock options is no longer qualified to exercise his/her stock options under the Main Conditions for the Exercise of Stock Options, as stated above, the Company may acquire without providing compensation all stock options held by that stock option holder as of a date to be determined separately by the Company's Board of Directors.</p>
Favorable Conditions	—

## 4. Officers of the Company

### (1) Directors and Corporate Auditors

Position	Name	Areas of Responsibility and Important Posts Held Concurrently
Representative Director, President and CEO	Ryusei Ono	Representative Director and President, MISUMI Corporation
Director and Executive Vice President	Tokuya Ikeguchi	Chief Executive in charge of Europe and Americas Business, MISUMI Group, Inc. President, OST Business Company, MISUMI Corporation President, MIG Business Company, MISUMI Corporation Representative Director and President, SURUGA SEIKI CO., LTD.
Executive Director and CFO	Ichiro Otokozawa	Representative Corporate Officer responsible for Corporate Service Platform, MISUMI Group Inc.
Executive Director and CIO	Toshinari Sato	Representative Corporate Officer responsible for IT Service Platform, MISUMI Group Inc. Representative Corporate Officer responsible for User Service Platform, MISUMI Group Inc.
Director	Takehiko Ogi	Representative Director and President, Japan Human Resources Co., Ltd. Outside Director, Seibu Holdings Inc. Advisor to the Financial Services Agency Trustee, Shizenkan University Graduate School of Leadership & Innovation Counselor of the Minister's Secretariat, Ministry of Economy, Trade and Industry
Director	Kosuke Nishimoto	Representative Director, Chairman and President, Interworks, Inc. Outside Director, Ichigo Inc. Auditor, Shizenkan University Graduate School of Leadership & Innovation
Full-time Corporate Auditor	Hiroshi Miyamoto	Corporate Auditor, MISUMI Corporation Corporate Auditor, SURUGA Production Platform Co., Ltd. Corporate Auditor, SURUGA SEIKI CO., LTD.
Corporate Auditor	Juichi Nozue	Attorney at Law, Shizuoka Nozomi Law and Patent Office Outside Director, Shizuoka Gas Company Outside Director (Audit and Supervisory Committee Member), LEC, INC. Outside Director, Akasaka Diesels Limited
Corporate Auditor	Nanako Aono	Representative Director and President, GEN Co., Ltd.

#### Notes:

1. Director and Executive Vice President Mr. Tokuya Ikeguchi is scheduled to retire from MIG Business Company, MISUMI Corporation as of June 1, 2019. He will be rescinding his position as President of MIG Business Company.
2. Directors Takehiko Ogi and Kosuke Nishimoto are Outside Directors as stipulated in Article 2, Paragraph 15 of the Companies Act.
3. Director Kosuke Nishimoto is scheduled to retire from Interworks, Inc. as of June 27, 2019 rescinding his position as Representative Director, Chairman and President. He will also be retiring from Ichigo Inc. as of May 26, 2019 rescinding his position as Outside Director. He will

also be retiring from Shizenkan University Graduate School of Leadership & Innovation as of May 29, 2019, rescinding his position as Auditor.

4. Corporate Auditors Juichi Nozue and Nanako Aono are Outside Corporate Auditors as stipulated in Article 2, Paragraph 16 of the Companies Act.
5. Corporate Auditor Juichi Nozue is qualified as an attorney at law.
6. Corporate Auditor Nanako Aono is qualified as a certified public accountant and has extensive experience and knowledge in the field of financial accounting.
7. The Company has designated Directors Takehiko Ogi and Kosuke Nishimoto, and Corporate Auditors Juichi Nozue and Nanako Aono as Independent Officers as stipulated in the rules of the Tokyo Stock Exchange and submitted a notification to that effect to the Tokyo Stock Exchange.

## (2) Total Compensation, etc., Paid to Directors and Corporate Auditors

Category	Amount of compensation, etc. (Million yen)	Total amount of each type of compensation, etc. (Million yen)			Number of officers
		Base salary	Bonuses	Stock options	
Directors (Outside Directors, subtotal)	533 (20)	209 (20)	33 (—)	289 (—)	6 (2)
Corporate Auditors (Outside Corporate Auditors, subtotal)	36 (16)	36 (16)	— (—)	— (—)	3 (2)
Total	569	245	33	289	9

Notes:

1. By resolution of the 52<sup>nd</sup> Annual General Meeting of Shareholders held on June 13, 2014, the total amount of compensation for Directors shall not exceed ¥1,100 million per annum (including a maximum of ¥40 million for Outside Directors). This does not include Directors' salaries as employees of the Company or stock acquisition rights issued as stock options.
2. By resolution of the of the 31<sup>st</sup> Annual General Meeting of Shareholders held on June 28, 1993, the total amount of compensation for Corporate Auditors shall not exceed ¥50 million per annum.
3. Among the total amount of each type of compensations, etc., the total amount of stock options represents the amount treated as the cost of stock options, which were issued as part of compensation in accordance with resolutions passed at the 52<sup>nd</sup> Annual General Meeting of Shareholders and previous Annual General Meetings.

### (3) Matters Pertaining to Outside Officers

#### 1) Relationships between the Company and Other Corporations in which Positions are Held

There are no significant business relationships, etc., between the Company and other corporations in which Outside Directors and Outside Corporate Auditors concurrently hold important positions.

#### 2) Main Activities in the Fiscal Year Ended March 31, 2019

Name	Main Activities
<p style="text-align: center;">Takehiko Ogi (Outside Director)</p>	<ul style="list-style-type: none"> <li>• Attendance and input at meetings of the Board of Directors Mr. Ogi attended 14 out of 15 meetings of the Board of Directors during the fiscal year under review and asked questions or provided advice concerning proposals and discussions, based mainly on his extensive experience and knowledge of business management.</li> <li>• Business policies changed as a result of input from Mr. Ogi: Nothing to report.</li> <li>• Summary of actions by Mr. Ogi in response to any misconduct, etc., involving the Company: Nothing to report.</li> </ul>
<p style="text-align: center;">Kosuke Nishimoto (Outside Director)</p>	<ul style="list-style-type: none"> <li>• Attendance and input at meetings of the Board of Directors Mr. Nishimoto attended 15 out of 15 meetings of the Board of Directors during the fiscal year under review and asked questions or provided advice concerning proposals and discussions, based mainly on his extensive experience and knowledge of business management.</li> <li>• Business policies changed as a result of input from Mr. Nishimoto: Nothing to report.</li> <li>• Summary of actions by Mr. Nishimoto in response to any misconduct, etc., involving the Company: Nothing to report.</li> </ul>
<p style="text-align: center;">Juichi Nozue (Outside Corporate Auditor)</p>	<ul style="list-style-type: none"> <li>• Attendance and input at meetings of the Board of Directors and Board of Corporate Auditors: Mr. Nozue attended 15 out of 15 meetings of the Board of Directors and 18 out of 18 meetings of the Board of Corporate Auditors during the fiscal year under review and asked questions or provided advice concerning proposals and discussions, mainly from his professional perspective as an attorney at law.</li> <li>• Business policies changed as a result of input from Mr. Nozue: Nothing to report.</li> <li>• Summary of actions by Mr. Nozue in response to any misconduct, etc., involving the Company: Nothing to report.</li> </ul>
<p style="text-align: center;">Nanako Aono (Outside Corporate Auditor)</p>	<ul style="list-style-type: none"> <li>• Attendance and input at meetings of the Board of Directors and Board of Corporate Auditors: Ms. Aono attended 15 out of 15 meetings of the Board of Directors and 18 out of 18 meetings of the Board of Corporate Auditors during the fiscal year under review and asked questions or provided advice concerning proposals and discussions, mainly from her professional perspective as a certified public accountant.</li> <li>• Business policies changed as a result of input from Ms. Aono: Nothing to report.</li> <li>• Summary of actions by Ms. Aono in response to any misconduct, etc., involving the Company: Nothing to report.</li> </ul>

3) Outline of Limited Liability Agreements

The Company has stipulated rules concerning Limited Liability Agreements with Outside Directors and Outside Corporate Auditors in Article 29, Paragraph 2, and Article 39, Paragraph 2, of its Articles of Incorporation.

The following is an outline of the Limited Liability Agreements that the Company concluded with all of the Outside Directors and Outside Corporate Auditors based on the provisions of the Articles of Incorporation.

Classification	Outline of Limited Liability Agreements
Outside Directors	The Company entered into an agreement with Outside Directors to limit their liability as stipulated in Article 423, Paragraph 1 of the Companies Act, to ¥10 million or the amount stipulated by law, whichever is higher, based on the provisions set forth under Article 427, Paragraph 1 of the Companies Act.
Outside Corporate Auditors	The Company entered into an agreement with Outside Corporate Auditors to limit their liability as stipulated in Article 423, Paragraph 1 of the Companies Act, to ¥5 million or the amount stipulated by law, whichever is higher, based on the provisions set forth under Article 427, Paragraph 1 of the Companies Act.

4) Compensation amount received by officers from subsidiaries of the Company during the fiscal year ended March 31, 2019:

Nothing to report.

## **5. Independent Auditor**

### **(1) Name of the Independent Auditor of the Company**

Deloitte Touche Tohmatsu LLC

### **(2) Outline of the Limited Liability Agreement**

Nothing to report.

### **(3) Amounts of Audit Fee, etc., to be Paid to the Independent Auditor for the Fiscal Year under Review**

- |   |             |
|---|-------------|
| 1) Audit fee under Article 2, Paragraph 1 of the Certified Public Accountants Act | ¥87 million |
| 2) Sum of cash or other assets payable by the Company and/or its subsidiaries     | ¥87 million |

The Company's major overseas subsidiaries were audited by Deloitte Touche Tohmatsu.

Notes:

1. Audit fee under Article 2, Paragraph 1 of the Certified Public Accountants Act is the sum of fee paid for the audit by the independent auditor under the Companies Act and fee paid for the audit under the Financial Instruments and Exchange Act.
2. The Board of Corporate Auditors has concluded that the amount of audit fee paid to the independent auditor is appropriate and approved the payment under the provisions Article 399 Paragraph 1 of the Companies Act, after checking and examining an outline of the audit plan, the performance of work by the independent auditor, and the basis for the calculation of the estimated amount of audit fee.

### **(4) Content of Any Non-audit Duties**

Nothing to report.

### **(5) Policy on Decisions by the Company Concerning the Dismissal or Non-Reappointment of the Independent Auditor**

The Company's Board of Corporate Auditors will deliberate concerning the dismissal or non-reappointment of the independent auditor if this becomes necessary due to the Company's circumstances, or if there is factual evidence that any of the items in Article 340 Paragraph 1 of the Companies Act applies to the independent auditor.

If as a result of these deliberations the Board of Corporate Auditors determines that dismissal or non-reappointment would be appropriate, the Board of Corporate Auditors will decide to submit a proposal for the dismissal or non-reappointment of the independent auditor to a General Meeting of Shareholders and determine the content of said proposal, in accordance with the Company's Board of Corporate Auditors Regulations.

## 6. The Company's Systems and Policies

### (1) Systems to Ensure that the Company's Business Operations are Conducted in Compliance with Laws, Regulations and the Articles of Incorporation, Other Systems to Ensure that Company's Business Operations are Conducted in an Appropriate Manner

The Company's Board of Directors, at its meeting held on May 14, 2015, adopted a resolution on the Basic Policy on Internal Control Systems, as stipulated on Article 362, Paragraph 4, Item 6 of the Companies Act, and Article 100, Paragraphs 1 and 3 of the Companies Act Enforcement Ordinance. The content of that policy is as follows.

- ① Systems for the retention and management of information concerning the execution of Directors' duties
  - Minutes for meetings of the Board of Directors, the Group Officers' Committee and other important meetings will be compiled and retained appropriately, as stipulated by laws, regulations and rules.
- ② Rules and other systems pertaining to management of risks that could cause losses to the Company or its subsidiaries
  - Various regulations, internal rules, manuals, and risk management systems will be formulated to address risks faced by MISUMI Group Inc. and its subsidiaries (hereinafter referred to collectively as the "MISUMI Group"), including risks relating to regulatory compliance, the environment, information, export controls and natural disasters.
  - Task forces will be established to take timely action and report to the Board of Directors in the event of unforeseen contingencies affecting the MISUMI Group.
- ③ Systems to ensure the efficient execution of duties by Directors of the Company and its subsidiaries
  - Management plans will be subject to final approval by the Board of Directors, and progress on such plans will be monitored at monthly meetings of the Group Officers' Committee.
  - Important issues identified through the monitoring of progress on management plans, or through other processes, will be discussed at meetings of the Board of Directors or the Group Officers' Committee, etc.
  - At its monthly meetings, the Board of Directors will hear reports, monitor business results, and provide advice and guidance on important matters.
- ④ Systems to ensure that the duties of Directors and employees of the Company and its subsidiaries are performed in accordance with laws, regulations and the Articles of Incorporation
  - Directors and employees of the MISUMI Group will ensure observance of the MISUMI Group Code of Conduct and compliance with laws, regulations, and the Company's Articles of Incorporation.
  - Systems has been established to ensure that duties are carried out appropriately in accordance with the occupational authority rules and other decision-making rules of the MISUMI Group.
  - An internal reporting ("whistleblowing") system has been established for the entire MISUMI Group to ensure the early discovery of actual or suspected violations of laws, regulations and/or internal rules. Steps will be taken to guarantee that whistleblowers will not be disadvantaged.
- ⑤ Systems for ensuring that the business operations of the Company and the subsidiaries that make up the Group are conducted appropriately, including systems for reporting to the Company on the execution of duties by the subsidiaries' directors, etc.
  - MISUMI Group Inc. will require each subsidiary to submit a monthly report concerning its business execution and operations.

- MISUMI Group Inc will ensure the appropriateness of the business operations of each subsidiary by obtaining business reports and monitoring progress on management plans at Group Officers' Committee meetings.
  - The business operations of each subsidiary will be audited regularly by the Internal Audit Department.
  - Provisions will be included in the MISUMI Group Code of Conduct requiring the repudiation of relationships with antisocial forces, and resolute opposition to such forces by the entire MISUMI Group.
- ⑥ Matters pertaining to employees who assist the Company's Corporate Auditors
- Corporate Auditors will be free to appoint audit assistants and will be involved in transfers and evaluations, etc., of audit assistants.
  - When assisting the Corporate Auditors in the performance of their activities, audit assistants will act in accordance with instructions from the Corporate Auditors.
- ⑦ Systems for reporting to the Company's Corporate Auditors
- The Corporate Auditors will attend important meetings, including meetings of the Board of Directors and the Group Officers' Committee. Directors and employees will inform the Corporate Auditors immediately of any situation that could have a serious impact on the MISUMI Group, or of the risk that such a situation might arise.
  - Officers and employees of the MISUMI Group will provide accurate reports about the execution of their duties at the request of the Corporate Auditors.
  - The Corporate Auditors will meet regularly with the independent auditor and the Internal Audit Department to share opinions and information. Corporate Auditors will seek reports from the independent auditor whenever necessary.
  - The unit in charge of the internal reporting ("whistleblowing") system will report on a regular basis to the Corporate Auditors about the status of internal reporting within the MISUMI Group.
  - A guarantee will be provided to the effect that no officer or employee of the MISUMI Group who reports to the Corporate Auditors will be disadvantaged as a result of that action.
- ⑧ Matters pertaining to policies concerning the treatment of costs resulting from the execution of duties by Corporate Auditors of the Company
- A fixed budget will be provided each year for costs, etc., incurred in the execution of duties by the Corporate Auditors. Any other essential costs incurred by the Corporate Auditors in the execution of their duties will be either paid in advance or settled promptly on request from the Corporate Auditors.

## **(2) Administration of Systems to Ensure the Appropriateness of Business Operations**

The Company has adopted a Basic Policy on Internal Control Systems and created systems to ensure that business operations are carried out appropriately. This Basic Policy is revised as necessary to reflect environmental changes within or beyond the Company. As noted above, the system was amended by a resolution of the Board of Directors at its meeting on May 14, 2015 to reflect the amendment of the Company Act.

The Company reviewed the administration of its Basic Policy on Internal Control Systems in the year ended March 31, 2019. This review confirmed that the policy is being implemented appropriately, and that there are no significant problems.

The main actions pertaining to internal control systems during the year ended March 31, 2019 were as follows.

- The Company's Board of Directors held 15 meetings during the fiscal year ended March 31, 2019. The Board of Directors and the Group Officers' Committee made important decisions and appropriately performed other functions, such as the monitoring, supervision and guidance of the operations of business units, divisions, service platforms and subsidiaries.
- Comprehensive risk assessments have been carried out at key MISUMI Group sites. Based on the results of these assessments, which covered such aspects as the executions of business operations, information, financial management, human resource management, and legal affairs, the Company nominates the principal department in-charge which addresses aforementioned identified risks going forward.
- Compliance and legal affairs training is carried out at all major sites of the MISUMI Group. During this training employees are made fully aware of the MISUMI Group's Code of Conduct and legal compliance.
- An internal reporting ("whistleblowing") system has been established and administered appropriately across the entire MISUMI Group.
- Corporate Auditors / Board of Corporate Auditors' auditing environment is being enriched through interview opportunities with Directors, including Outside Directors, and by reinforcing coordination with administration departments. Corporate Auditor's support arrangement is operationally stable.

## **(3) Basic Policy Concerning Control of the Joint-Stock Corporation**

Nothing to report.

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\* Amounts or numbers of shares provided in this Business Report have been truncated if less than the indicated unit.

## Consolidated Balance Sheet

(As of March 31, 2019)

(Millions of yen)

Item	Amount	Item	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>175,620</b>	<b>Current liabilities</b>	<b>39,520</b>
Cash and deposits	50,684	Notes and accounts payable - trade	18,218
Notes and accounts receivable - trade	67,252	Accounts payable - other	10,150
Merchandise and finished goods	42,795	Income taxes payable	2,774
Work in process	2,372	Provision for bonuses	2,549
Raw materials and supplies	6,564	Provision for directors' bonuses	35
Income tax receivable	463	Other	5,791
Other	5,692	<b>Long-term liabilities</b>	<b>7,448</b>
Allowance for doubtful accounts	(205)	Deferred tax liabilities	1,317
		Liabilities for retirement benefits	5,425
<b>Non-current assets</b>	<b>76,772</b>	Other	705
<b>Property, plant and equipment</b>	<b>37,637</b>		
Buildings and structures	10,560	<b>Total liabilities</b>	<b>46,968</b>
Machinery, equipment and vehicles	14,018		
Land	3,758	<b>(Net assets)</b>	
Construction in progress	6,926	<b>Shareholders' equity</b>	<b>202,384</b>
Other	2,371	Common stock	13,023
<b>Intangible assets</b>	<b>29,661</b>	Capital surplus	23,378
Software	22,186	Retained earnings	166,060
Other	7,475	Treasury stock	(78)
		<b>Accumulated other comprehensive income</b>	<b>1,135</b>
<b>Investments and other assets</b>	<b>9,474</b>	Foreign currency translation adjustments	1,211
Investment securities	6	Defined retirement benefit plans	(75)
Deferred tax assets	5,346	<b>Stock acquisition rights</b>	<b>1,331</b>
Other	4,308	<b>Non-controlling interests</b>	<b>572</b>
Allowance for doubtful accounts	(186)	<b>Total net assets</b>	<b>205,424</b>
<b>Total assets</b>	<b>252,393</b>	<b>Total liabilities and net assets</b>	<b>252,393</b>

**Consolidated Statement of Income**  
(From April 1, 2018 to March 31, 2019)

(Millions of yen)

Item	Amount	
<b>Net Sales</b>		<b>331,936</b>
<b>Cost of sales</b>		<b>189,846</b>
<b>Gross profit</b>		<b>142,090</b>
<b>Selling, general and administrative expenses</b>		<b>110,215</b>
<b>Operating income</b>		<b>31,874</b>
<b>Non-operating income</b>		
Interest income	276	
Share of profit of entities accounted for using equity method	60	
Insurance return	143	
Miscellaneous income	310	791
<b>Non-operating expenses</b>		
Interest expenses	1	
Sales discounts	87	
Foreign exchange losses	608	
Miscellaneous losses	152	850
<b>Ordinary income</b>		<b>31,815</b>
<b>Income before income taxes</b>		<b>31,815</b>
Income taxes - current	7,641	
Income taxes - deferred	75	7,717
<b>Net income</b>		<b>24,098</b>
Net income attributable to non-controlling interests		64
<b>Net income attributable to owners of parent</b>		<b>24,034</b>

## Consolidated Statements of Changes in Equity

(From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2018	12,812	23,201	148,059	(77)	183,994
Changes of items during the consolidated fiscal year					
Issuance of new shares	211	211	—	—	422
Dividends of surplus	—	—	(6,032)	—	(6,032)
Net income attributable to owners of parent	—	—	24,034	—	24,034
Purchase of treasury stock	—	—	—	(0)	(0)
Changes in scope of consolidation	—	(33)	—	—	(33)
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the consolidated fiscal year	211	177	18,001	(0)	18,390
Balance as of March 31, 2019	13,023	23,378	166,060	(78)	202,384

(Millions of yen)

	Accumulated other comprehensive income			Stock acquisition rights	Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Defined retirement benefit plans	Total accumulated other comprehensive income			
Balance as of April 1, 2018	1,291	(83)	1,208	986	529	186,719
Changes of items during the consolidated fiscal year						
Issuance of new shares	—	—	—	—	—	422
Dividends of surplus	—	—	—	—	—	(6,032)
Net income attributable to owners of parent	—	—	—	—	—	24,034
Purchase of treasury stock	—	—	—	—	—	(0)
Changes in scope of consolidation	—	—	—	—	—	(33)
Net changes of items other than shareholders' equity	(80)	7	(73)	344	43	314
Total changes of items during the consolidated fiscal year	(80)	7	(73)	344	43	18,705
Balance as of March 31, 2019	1,211	(75)	1,135	1,331	572	205,424

## Non-consolidated Balance Sheet

(As of March 31, 2019)

(Millions of yen)

Item	Amount	Item	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>30,675</b>	<b>Current liabilities</b>	<b>4,248</b>
Cash and deposits	10,484	Accounts payable - other	2,902
Accounts receivable - other	4,507	Income taxes payable	1,021
Deposits paid to subsidiaries and associates	13,481	Provision for bonuses	158
Other	2,201	Provision for directors' bonuses	35
		Other	130
		<b>Long-term liabilities</b>	<b>1,349</b>
		Provision for retirement benefits	1,301
		Other	47
<b>Non-current assets</b>	<b>39,394</b>	<b>Total liabilities</b>	<b>5,597</b>
<b>Investments and other assets</b>	<b>39,394</b>	<b>(Net assets)</b>	
Shares of subsidiaries and associates	32,320	<b>Shareholders' equity</b>	<b>63,140</b>
Long-term loans receivable from subsidiaries and associates	6,093	<b>Common stock</b>	<b>13,023</b>
Deferred tax assets	871	<b>Capital surplus</b>	<b>20,278</b>
Other	110	Legal capital surplus	19,721
		Other capital surplus	557
		<b>Retained earnings</b>	<b>29,917</b>
		Legal retained earnings	402
		Other retained earnings	29,515
		General reserve	27,400
		Retained earnings brought forward	2,115
		<b>Treasury stock</b>	<b>(79)</b>
		<b>Stock acquisition rights</b>	<b>1,331</b>
		<b>Total net assets</b>	<b>64,472</b>
<b>Total assets</b>	<b>70,070</b>	<b>Total liabilities and net assets</b>	<b>70,070</b>

## Non-consolidated Statement of Income

(From April 1, 2018 to March 31, 2019)

(Millions of yen)

Item	Amount	
<b>Operating revenue</b>		<b>26,248</b>
<b>Operating expenses</b>		<b>21,705</b>
<b>Operating income</b>		<b>4,542</b>
<b>Non-operating income</b>		
Interest income	149	
Miscellaneous income	6	155
<b>Non-operating expenses</b>		
Interest expenses	0	
Foreign exchange losses	42	
Stock issuance cost	0	
Miscellaneous losses	2	45
<b>Ordinary income</b>		<b>4,653</b>
<b>Income before income taxes</b>		<b>4,653</b>
Income taxes - current	(22)	
Income taxes - deferred	297	274
<b>Net income</b>		<b>4,379</b>

## Non-consolidated Statements of Changes in Equity

(From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity							
	Common stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance as of April 1, 2018	12,812	19,510	557	20,067	402	27,400	3,768	31,571
Changes of items during the fiscal year								
Issuance of new shares	211	211	—	211	—	—	—	—
Dividends of surplus	—	—	—	—	—	—	(6,032)	(6,032)
Net income	—	—	—	—	—	—	4,379	4,379
Purchase of treasury stock	—	—	—	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—	—
Total changes of items during the fiscal year	211	211	—	211	—	—	(1,653)	(1,653)
Balance as of March 31, 2019	13,023	19,721	557	20,278	402	27,400	2,115	29,917

(Millions of yen)

	Shareholders' equity		Stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity		
Balance as of April 1, 2018	(79)	64,371	986	65,358
Changes of items during the fiscal year				
Issuance of new shares	—	422	—	422
Dividends of surplus	—	(6,032)	—	(6,032)
Net income	—	4,379	—	4,379
Purchase of treasury stock	(0)	(0)	—	(0)
Net changes of items other than shareholders' equity	—	—	344	344
Total changes of items during the fiscal year	(0)	(1,231)	344	(886)
Balance as of March 31, 2019	(79)	63,140	1,331	64,472