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Securities Code: 9962

May 30, 2023

(Electronic Provision Measures Commencement Date: May 22, 2023)

To Our Shareholders:

Kosuke Nishimoto  
Representative Director and Chairman  
MISUMI Group Inc.  
6-5 Kudanminami 1-Chome  
Chiyoda-ku Tokyo 102-8583  
JAPAN

### **Convocation Notice for the 61<sup>st</sup> Annual General Meeting of Shareholders**

You are hereby notified of the 61<sup>st</sup> Annual General Meeting of Shareholders (the “Meeting”) of MISUMI Group Inc. (the “Company”), details of which are provided below.

The Electronic Provision Measures has been taking for the convocation of this Meeting, and the Electronic Provision Measures Matters for the Meeting will be available on the Company's website at <https://www.misumi.co.jp/english/ir/stock/syousyu.html>.

The same information will also be available on the Tokyo Stock Exchange website in Japanese at <https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>.

Instead of attending the Meeting, you may exercise your voting rights, either by returning the enclosed Voting Right Exercise Form by mail, indicating your approval or disapproval of the Proposals, or by accessing the website indicated in the enclosed Voting Right Exercise Form and exercising your voting rights over the Internet. **Please review the enclosed 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 14, 2023.**

**1. Date and Time:** June 15, 2023 (Thursday) from 2:00 p.m.

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

### **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 61<sup>st</sup> Fiscal Year (from April 1, 2022, to March 31, 2023).
2. The Non-Consolidated Financial Statements Report for the 61<sup>st</sup> Year (from April 1, 2022, to March 31, 2023).

#### **Proposals**

- Proposal 1:** Dividend of Surplus
- Proposal 2:** Election of Eight (8) Directors
- Proposal 3:** Determination of Compensation for Granting Restricted Stock to Directors (excluding Outside Directors), in Connection with the Revision of the Executive Compensation System

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

- 1) Exercise of voting rights by post  
Please indicate your approval or disapproval of the proposals on the enclosed Voting Rights Exercise Form and return it so that it arrives by 5:00 p.m. on Wednesday, June 14, 2023. If there is no indication of approval or disapproval for each proposal, it will be treated as if there was an indication of approval.
- 2) Exercise of voting rights via the Internet  
Please access the voting rights exercise website designated by the Company (<https://evote.tr.mufg.jp/>)\* via the internet. Please exercise your voting rights by 5:00 p.m. on Wednesday, June 14, 2023.  
\*Website is available only in Japanese

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- ③ If attending the Meeting in person, please submit the enclosed Voting Right Exercise Form to the receptionist at the venue.
- ③ In case revisions occur regarding Electronic Provision Measures Matters, we will post the revised content on each of our aforementioned websites.
- ③ At this General Meeting of Shareholders, the Company will send a document stating the Electronic Provision Measures Matters to all shareholders, regardless of whether a Request for Delivery of Documents is made. However, the following items among the Electronic Provision Measures Matters are excluded from this document in accordance with applicable legal provisions and the Company's Articles of Incorporation.
- "Matters concerning stock acquisition rights" in the Business Report
  - "Notes to Consolidated Financial Statements" in the Consolidated Financial Statements
  - "Notes to Non-Consolidated Financial Statements" in the Non-Consolidated Financial Statements
- Accordingly, the Business Report, the Consolidated Financial Statements, and the Financial Statements contained herein are part of the documents audited by the Independent Auditor in preparing the Independent Auditor's Report and by the Corporate Auditors in preparing the Audit Report.
- ③ The results of the resolutions of the General Meeting of Shareholders will be published on the Company's website (<https://www.misumi.co.jp/english/ir/stock/>).

## Reference Document

### Proposal 1: Dividend of Surplus

To maintain future competitive advantages and realize sustainable growth and corporate value enhancement, the Company is improving IT, production, and logistics business foundations, strengthening the supply chain, and continuously innovating its Business MODEL. Therefore, the Company balances the investments for growth and the returns to the shareholder.

The Company uses a benchmark dividend payout ratio of 25% as part of the policy to return to the shareholders after a comprehensive review of the expansion of the business foundation, strength of the balance sheet, and capital efficiency, among other factors. The Company repurchases shares flexibly depending on factors such as cash in hand, an investment opportunity to increase growth, and stock market trends.

Based on the benchmark described above, the Company proposes a year-end dividend of **¥12.34** per share.

Pending approval of this proposal, the annualized dividend would be **¥30.14** per share, a decrease of **¥2.90** from the previous year's figure, including the interim dividend of **¥17.80** per share (total amount: **¥ 5,062,231,481**) already paid out on **December 6, 2022**.

(1) Type of dividend assets

**Cash**

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

**¥12.34** per share of common stock. Total amount: **¥3,511,289,335**

(3) Effective date of the dividend of surplus

**June 21, 2023**



## Proposal 2: Election of Eight (8) Directors

The terms of office for all eight (8) current Directors will expire at the end of this Meeting. Therefore, the Company proposes the election of eight (8) Directors. The Nomination and Compensation Committee as a voluntary committee (the majority comprises independent Outside Directors) has deliberated on this Proposal and thereafter, decided on by the Board of Directors.

When all candidates for the Directors in this proposal are elected, the Board of Directors will comprise eight (8) Directors (seven (7) males and one (1) female), including three (3) Outside Directors.



Candidates for the position of Director are as follows.

	Name		Positions and responsibilities in the Company	Attendance at the Board of Directors
1	<b>Kosuke Nishimoto</b>	Re-appointment	Representative Director and Chairman	14 out of 14 meetings (100%)
2	<b>Ryusei Ono</b>	Re-appointment	Representative Director and President Representative Director and President, MISUMI Corporation	14 out of 14 meetings (100%)
3	<b>Tomoki Kanatani</b>	Re-appointment	Executive Director Chief Executive in charge of China and Asia Business and President, Asia Business Company, MISUMI Corporation	14 out of 14 meetings (100%)
4	<b>Shigetaka Shimizu</b>	Re-appointment	Executive Director President, Japan Business Company, MISUMI Corporation	14 out of 14 meetings (100%)
5	<b>Shaochun Xu</b>	Re-appointment	Director Chairperson and General Manager, MISUMI (CHINA) PRECISION MACHINERY TRADING CO., LTD.	11 out of 11 meetings (100%)
6	<b>Yoichi Nakano</b>	Re-appointment Outside Director	Outside Director	14 out of 14 meetings (100%)
7	<b>Arata Shimizu</b>	Re-appointment Outside Director	Outside Director	14 out of 14 meetings (100%)
8	<b>Tomoharu Suseki</b>	Re-appointment Outside Director	Outside Director	14 out of 14 meetings (100%)

Candidate number 1	<b>Kosuke Nishimoto</b> Re-appointment	<b><u>Profile, positions and responsibilities and important concurrent positions</u></b> 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. Jun 2017: Outside Director, MISUMI Group Inc. Jun 2019: Director and Executive Vice President, MISUMI Group Inc. Feb 2020: Representative Director and Chairman, MISUMI Group Inc. (to present)
		<b><u>Reason for nomination as Director:</u></b> Mr. Kosuke Nishimoto has extensive experience as business manager over many years and has wide-ranging knowledge of various manufacturing industries in Japan. Using his experience and knowledge, he has appropriately and effectively performed his decision-making and supervisory roles as Director and Executive Vice President since June 2019 and Representative Director and Chairman since February 2020. Accordingly, Mr. Nishimoto has been nominated as a candidate for Director with the expectation that he will make further contributions.
	<b><u>Date of Birth:</u></b> March 1, 1958  <b><u>Ownership of the Company's shares</u></b> 10,000 shares	
Candidate number 2	<b>Ryusei Ono</b> Re-appointment	<b><u>Profile, positions and responsibilities and important concurrent positions</u></b> 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 (to present) Jun 2014: Representative Director, President, and CEO, MISUMI Group Inc. Feb 2020: Representative Director and President, MISUMI Group Inc. (to present)
		<b><u>Reason for nomination as Director:</u></b> As Representative Director and President, Mr. Ryusei Ono has led the MISUMI Group to grow further 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. Accordingly, Mr. Ono has been nominated as a candidate for Director with the expectation that he will make further contributions.
	<b><u>Date of Birth:</u></b> October 1, 1964  <b><u>Ownership of the Company's shares</u></b> 460,000 shares	

Candidate number 3	<b>Tomoki Kanatani</b> Re-appointment		<b><u>Profile, positions and responsibilities and important concurrent positions</u></b> Apr 1991: Joined Kankaku Securities Co., Ltd. Apr 1992: Joined SADOSHIMA CORPORATION Jun 2000: Joined MISUMI Group Inc. Dec 2015: CEO, China Business Company, MISUMI Corporation Apr 2018: President, China Business Company, MISUMI Corporation Jul 2020: Senior Corporate Officer, MISUMI Group Inc. Oct 2020: Chief Executive in charge of China and Asia Business (to present) Jun 2021: Executive Director, MISUMI Group Inc. (to present) Jan 2023: President, Asia Business Company, MISUMI Corporation (to present)
	<b><u>Date of Birth:</u></b> October 20, 1967  <b><u>Ownership of the Company's shares</u></b> 9,000 shares		<b><u>Reason for nomination as Director:</u></b> Mr. Tomoki Kanatani has participated in the Company's business for an extended period, enhancing the foundation for the Company's sales, among other things. Since December 2015, he has demonstrated his leadership as the head of China Business Company. He has been driving the growth of MISUMI Group's business in China, its largest overseas market. In addition, since October 2020, he has been leading the organization as the Chief Executive in charge of China and Asia Business. Using his experience and knowledge, he has appropriately and effectively performed his executive, decision-making and supervisory roles. Accordingly, Mr. Kanatani has been nominated as a candidate for Director with the expectation that he will make further contributions.
	<b>Shigetaka Shimizu</b> Re-appointment		<b><u>Profile, positions and responsibilities and important concurrent positions</u></b> Apr 1995: Joined Okura & Co., Ltd. Apr 1999: Joined MISUMI Group Inc. Dec 2015: CEO, Asia Business Company, MISUMI Corporation. Apr 2018: President, Asia Business Company, MISUMI Corporation Jul 2020: Senior Corporate Officer, MISUMI Group Inc. Oct 2020: President, IM Business Company, MISUMI Corporation Jun 2021: Executive Director, MISUMI Group Inc. (to present) Apr 2022: President, Japan Business Company, MISUMI Corporation (to present)
<b><u>Date of Birth:</u></b> November 28, 1971  <b><u>Ownership of the Company's shares</u></b> 34,300 shares	<b><u>Reason for nomination as Director:</u></b> Mr. Shigetaka Shimizu has participated in the Company's business for an extended period, playing core role in starting up the Company's business in China, among other things. Since December 2015, he has demonstrated his leadership as the head of Asia Business Company, driving the growth of MISUMI Group's business in Asia. In addition, he has been leading Japan Business Company since April 2022 as its President. Using his experience and knowledge, he has appropriately and effectively performed his executive, decision-making and supervisory roles. Accordingly, Mr. Shimizu has been nominated as a candidate for Director with the expectation that he will make further contributions.		
Candidate number 4			

Candidate number 5	<p><b>Shaochun Xu</b> Re-appointment</p>		<p><b><u>Profile, positions and responsibilities and important concurrent positions</u></b>  Sep 1988: Joined Treasury, Commercial Bureau of Shanghai city, China.  Sep 1996: Chief of China Investment Department, ITOCHU (CHINA) HOLDING CO., LTD.  Aug 1998: General Manager of Finance Department, Panasonic Electric Works China Co., Ltd.  May 2012: Joined MISUMI (CHINA) PRECISION MACHINERY TRADING CO., LTD.  Apr 2017: Corporate Officer, China Business Company, MISUMI Corporation  Apr 2017: General Manager, MISUMI (CHINA) PRECISION MACHINERY TRADING CO., LTD.  Oct 2021: Managing Executive Officer, China Business Company, MISUMI Corporation  Oct 2021: Chairperson and General Manager, MISUMI (CHINA) PRECISION MACHINERY TRADING CO., LTD. (to present)  Jun 2022: Director, MISUMI Group Inc (to present)  Jun 2022: Vice President, China Business Company, MISUMI Corporation (to present)</p>
	<p><b><u>Date of Birth:</u></b> January 28, 1964</p> <p><b><u>Ownership of the Company's shares</u></b> nil</p>		<p><b><u>Reason for nomination as Director:</u></b>  Ms. Shaochun Xu joined MISUMI (CHINA) PRECISION MACHINERY TRADING CO., LTD. after experiencing working at a Chinese government office and several Japanese companies in China. She has demonstrated her leadership in the company as General Manager since April 2017 and Chairperson since October 2021. She has been driving the growth of MISUMI Group's business in China, its largest overseas market. Using her experience and knowledge, she has appropriately and effectively performed her executive, decision-making, and supervisory roles with a global perspective. Accordingly, Ms. Xu has been nominated as a candidate for Director in the expectation that she will make further contributions.</p>
Candidate number 6	<p><b>Yoichi Nakano</b> Outside Director Re-appointment</p>		<p><b><u>Profile, positions and responsibilities and important concurrent positions</u></b>  May 1990: Joined International Finance Corporation, World Bank Group  Jun 1996: Joined McKinsey &amp; Company Incorporated, Japan.  Jun 2003: Executive Search Consultant, Jomon Associates Inc.  Aug 2011: Partner, Leadership Consulting, Heidrick &amp; Struggles Japan, GK  Jan 2013: Partner, Executive Search, Heidrick &amp; Struggles Japan, GK  Feb 2016: Representative Director and President, Chuuyou Corporation (to present)  Jun 2019: Outside Director, MISUMI Group Inc. (to present)</p>
	<p><b><u>Date of Birth:</u></b> April 26, 1960</p> <p><b><u>Ownership of the Company's shares</u></b> nil</p>		<p><b><u>Reason for nomination as Director:</u></b>  Mr. Yoichi Nakano has proactively provided opinions and advice and supervised MISUMI Group's management from an independent perspective as Outside Director since June 2019. He has extensive experience in various industries on a global basis, namely, finance, consulting, and executive search, as well as broad knowledge of management personnel development. We nominate Mr. Nakano as a candidate for Outside Director, as it is expected that, with his experience and knowledge, he will continue to provide appropriate advice and supervision to strengthen our group management.</p>

Candidate number 7	<p><b>Arata Shimizu</b> Outside Director Re-appointment</p>	<p><b><u>Profile, positions and responsibilities and important concurrent positions</u></b>  Apr 1997: Joined Accenture Japan Ltd.  Sep 2005: Executive Partner, Accenture Japan Ltd.  Jul 2015: Executive Officer, General Manager of Strategic Consulting Headquarters, Accenture Japan Ltd.  Mar 2017: Representative Director, Vice President, and COO, SEAOS Inc.  Jun 2017: Outside Director, Interworks, Inc. (to present)  Sep 2017: Outside Director, Trust Tech Inc. (currently Open Up Group Inc.) (to present)  Jun 2020: Outside Director, MISUMI Group Inc. (to present)  Jun 2021: Director, P&amp;E Directions, Inc. (to present)</p>
		<p><b><u>Reason for nomination as Director:</u></b>  Mr. Arata Shimizu has proactively provided opinions and advice and has supervised MISUMI Group's management from an independent perspective as Outside Director since June 2020. He has ample experience and broad knowledge through his extensive strategic consulting and business management career. We nominate Mr. Shimizu as a candidate for Outside Director, as it is expected that, with his experience and knowledge, he will continue to provide appropriate advice and supervision to strengthen our group management.</p>
	<p><b><u>Date of Birth:</u></b> June 1, 1972</p> <p><b><u>Ownership of the Company's shares</u></b> nil</p>	
Candidate number 8	<p><b>Tomoharu Suseki</b> Outside Director Re-appointment</p>	<p><b><u>Profile, positions and responsibilities and important concurrent positions</u></b>  Apr 1979: Joined Sumitomo Electric Industries, Ltd.  Jan 1997: Joined Raychem Corporation  Nov 2001: Representative Director, Tyco Electronics Raychem K.K.  Apr 2003: Executive Officer, D&amp;M Holdings, Inc.  Nov 2004: Representative Director, President and CEO, OCC Corporation  Mar 2007: Executive Officer and COO, Sumida Corporation  Sep 2010: Representative Executive Officer and President, Sumida Corporation  Mar 2020: Director, Sumida Corporation  Mar 2020: Chairman of the Risk Management Committee, Sumida Corporation  Mar 2021: Member of the Nomination Committee and the Compensation Committee, Sumida Corporation  Jun 2021: Outside Director, MISUMI Group Inc. (to present)</p>
		<p><b><u>Reason for nomination as Director:</u></b>  Mr. Tomoharu Suseki has proactively provided opinions and advice and supervised MISUMI Group's management from an independent perspective as Outside Director since June 2021. He has ample experience and broad knowledge through his extensive career in management of various global companies primarily in electronics field. We nominate Mr. Suseki as a candidate for Outside Director, as it is expected that, with his experience and knowledge, he will continue to provide appropriate advice and supervision to strengthen our group management.</p>
	<p><b><u>Date of Birth:</u></b> February 18, 1957</p> <p><b><u>Ownership of the Company's shares</u></b> nil</p>	



Notes:

1. No special interests exist between the candidates and the Company.
2. The Company has concluded a directors and officers liability insurance agreement as stipulated in Article 430-3, paragraph (1) of the Companies Act with an insurance company, with all the Directors of the Companies as the insured. The said insurance agreement shall compensate for damages and legal expenses to be borne by the insured. If the candidates are appointed as Company Directors, they will become the insured under the said agreement. The Company plans to renew the said insurance agreement with the same terms at the time of the next renewal when being active as Directors.
3. Information concerning the candidates for Outside Director is as follows.
  - (1) Candidates for Director Mr. Yoichi Nakano, Mr. Arata Shimizu, and Mr. Tomoharu Suseki 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. Yoichi Nakano, Mr. Arata Shimizu, and Mr. Tomoharu Suseki are designated as Independent Officers according to the rules set by the Tokyo Stock Exchange and said designation has been reported to the said stock exchange.
  - (3) Number of Years in Office:
    - (i) Mr. Yoichi Nakano has been an Outside Director of the Company since June 2019 and will have served as such for about four (4) years upon the closing of the Meeting.
    - (ii) Mr. Arata Shimizu has been an Outside Director of the Company since June 2020 and will have served as such for about three (3) years upon the closing of the Meeting.
    - (iii) Mr. Tomoharu Suseki has been an Outside Director of the Company since June 2021 and will have served as such for about two (2) years upon the closing of the Meeting.
  - (4) Attendance to Board of Directors Meetings:
    - (i) Mr. Yoichi Nakano attended 14 of the 14 meetings of the Board of Directors during the fiscal year under review and made inquiries and provided advice concerning proposals and discussions mainly from his professional perspective as a business manager.
    - (ii) Mr. Arata Shimizu attended 14 of the 14 meetings of the Board of Directors during the fiscal year under review and made inquiries and provided advice concerning proposals and discussions mainly from his professional perspective as a business manager.
    - (iii) Mr. Tomoharu Suseki attended 14 of the 14 meetings of the Board of Directors during the fiscal year under review and made inquiries and 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. Yoichi Nakano, Mr. Arata Shimizu, and Mr. Tomoharu Suseki. 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 the Limited Liability Agreement with Mr. Yoichi Nakano, Mr. Arata Shimizu, and Mr. Tomoharu Suseki if approval is given for their reappointment.
5. Nomination and Compensation Committee  
The Company has set up the Nomination and Compensation Committee as a voluntary committee to evaluate and decide on the Directors' remuneration, the selection and dismissal of Directors, and succession planning for Representative Directors. If the appointment as Outside Directors of the Company is approved for each candidate, Outside Directors will compose the majority of the Company's Nomination and Compensation Committee members.
6. 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. In April 2005, the current MISUMI Corporation was established through a spin-off from the then MISUMI Group Inc., inheriting all its business operations.
7. 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).

**(Reference)****Skill Matrix of Directors and Corporate Auditors**

The Company has prepared and disclosed a skills matrix that lists each Director and Corporate Auditor's the knowledge, experience, abilities after identifying the skills that Directors and Corporate Auditors should have in light of the Company's management strategy.

When Proposals 2 is approved, the Board of Directors and Board of Corporate Auditors will comprise members\* with the following skills.

\*9 males/ 2 females, and 10 Japanese/1 foreign-national

Name	Positions	Corporate Mgt	Business strategy	Global experience (*1)	DX/ IT	Manufacturing/ Operations (*2)	Organizational/ HR strategy	Finance/ Accounting	Legal/ Governance/ Risk Mgt
Kosuke Nishimoto	Representative Director	○	○				○	○	○
Ryusei Ono	Representative Director	○	○	○	○	○			
Tomoki Kanatani	Director		○	○	○	○			
Shigetaka Shimizu	Director		○	○	○	○			
Shaochun Xu	Director			○			○	○	○
Yoichi Nakano	Outside Director	○		○			○	○	
Arata Shimizu	Outside Director	○	○		○	○			
Tomoharu Suseki	Outside Director	○		○		○			○
Takaaki Wada	Corporate Auditor			○		○	○		
Juichi Nozue	Outside Corporate Auditor			○					○
Nanako Aono	Outside Corporate Auditor	○						○	

\*1 Overseas business management, management of regional subsidiaries

\*2 Logistics, customer services

### **Proposal 3: Determination of Compensation for Granting Restricted Stock to Directors (excluding Outside Directors), in Connection with the Revision of the Executive Compensation System**

The compensation payable to the Directors has been approved by resolution of the 52<sup>nd</sup> Annual General Meeting of Shareholders held on June 13, 2014, as; (i) the total amount of compensation for Directors, not exceeding ¥1,100 million per annum (including a maximum of ¥40 million for Outside Directors, but not including Directors' salaries as employees of the Company or stock acquisition rights issued as stock options); separately (ii) stock options (stock acquisition rights) as stock-based compensation exercisable upon retirement for Directors (excluding Outside Directors), not exceeding ¥220 million with the maximum number of the shares as 90,000 per annum; and (iii) stock options (stock acquisition rights) as stock-based compensation as a medium-term incentive to Directors (excluding Outside Directors), not exceeding ¥630 million with the maximum number of the shares as 200,000 per annum. Furthermore, due to the reaction to the revision of the Company Act, (ii) and (iii) have been approved again with the same content by resolution of the 59<sup>th</sup> Annual General Meeting of Shareholders held on June 17, 2021.

The Company proposes to grant compensation in the form of restricted stock with transfer restrictions to the Directors (excluding Outside Directors), (hereinafter "Eligible Directors"), with the aim of enhancing their motivation to contribute to improvement of medium to long-term performance and corporate value, and further promoting value sharing with our shareholders through owning stocks for a long time. This is separate from the compensation mentioned in (i) above and would involve the discontinuation of (ii) and (iii) as mentioned above.

The total amount of monetary compensation claims to be provided as compensation for granting Restricted Stock by this Proposal shall not exceed ¥850 million per annum, the same amount as the total compensation of (ii) and (iii) above. The allocation to each Eligible Director is decided based on the "Policy for Deciding the Details of Individual Compensation for the Directors" (after amendment, prescribed below). This allocation may vary, or may not be provided at all, depending on the Company's performance and individual evaluation.

The number of Directors is 8 (including 3 Outside Directors) and will remain the same after Proposal 2 is approved.

<The specific contents and the maximum number of Restricted Stock granted to the Eligible Directors>

#### **(1) Allotment of Restricted Stock**

The Company provides monetary compensation claims within the annual limit of JPY 850 million as compensation related to restricted stock with transfer restrictions based on the resolution of the Board of Directors to the Eligible Directors. Each Eligible Director will receive issuance or disposal of the Company's common stock by providing all the monetary compensation claims in contribution in kind.

The amount to be paid for the Restricted Stock per share shall be determined based on the closing price of the Company's common stock at the Tokyo Stock Exchange on the day immediately preceding the resolution of the Board of Directors regarding the issuing or disposition of the shares, provided that the amount paid shall not be particularly favorable to the Eligible Director who is to receive the Restricted Stock (if the transaction is not made on that day, the closing price of the most recent transaction day preceding).

The monetary compensation claim shall be provided to Eligible Director on the condition that the Eligible Director has agreed with the contribution in kind and concluded the agreement for allotment of Restricted Stock, including the contents prescribed in (3) below.

#### **(2) Number of Restricted Stock**

The total common stock the Company issues or disposes of to the Eligible Directors every fiscal year shall be at most 500,000 shares.

However, suppose the Company's shares are split (including allotment of the Company's

common stock without contribution) or consolidated after the resolution of this Proposal, or in any other equivalent event that the total number of common stocks issued or disposed of as the compensation of Restricted Stock needs to be adjusted has occurred, the total number shall be adjusted proportionally.

(3) Agreement on allotment of Restricted Stock

Regarding the issuance or disposal of the Company's common stock above, the agreement for the allotment of Restricted Stock that the Company and Eligible Director conclude shall include the following based on the resolution of the Board of Directors.

(a) Feature of restriction on transfer

Regarding the Restricted Stock, the Eligible Director who has been allotted the Restricted Stock may neither transfer the shares to a third person, pledge the shares, establish the security interest on the shares, donate the shares during their lifetime, bequest, or dispose of shares in any other way ("Transfer Restriction") during the period from the date the Restricted Stock are issued until the date the Eligible Director ceases to hold the status of an officer or employee of the Company or its subsidiaries or affiliates ("Restricted Period")

(b) Removal of the Transfer Restriction

The Company lifts the Transfer Restriction of all Restricted Stock at the time of expiration of the Restricted Period.

(c) Malus and Clawbacks

The Company prescribes that in the event of serious misconduct or violation by an Eligible Director, such Director's compensation (including beneficial interest) may be confiscated or claimed for restitution.

(d) Treatment of shares in case of the Company's reorganization

Notwithstanding (3)(a), in the event that the merger agreement in which the Company disappears, the share exchange agreement or the share transfer plan in which the Company is to be a subsidiary of another or any other matters related to the Company's reorganization are approved by resolution of the Shareholders' meeting (or the Board of Directors if approval of the Shareholders' meeting is not necessary for the Company's reorganization) during the Restricted Period, the Company shall, by resolution of the Board of Directors, lift the Transfer Restriction for the proportional number, which is decided by considering the period from beginning date of the Restricted Period to the approval date of such reorganization of the Company, of the Restricted Stock before the effective date of such reorganization of the Company.

In this case, upon the immediate lifting of the Transfer Restriction as per the above provisions, the allocated shares that still have the Transfer Restriction will be acquired by the Company free of charge.

The proportion of the maximum number of Restricted Stock prescribed above (2) to the total number of shares issued (as of March 31, 2023) is approximately 0.18%, and the dilution rate is minor.

The maximum amount of the compensation and the maximum number of Restricted Stock resulting from this Proposal and other conditions to provide Restricted Stock to Eligible Directors are decided considering the purpose above, the current situation of the Company, the Policy for Deciding the Details of Individual Compensation for the Directors, (after the amendment prescribed below), dilution rate described above, and other various circumstances. Therefore, the conditions are considered appropriate.

Additionally, the Company resolved "the Policy for Deciding the Details of Individual Compensation for the Directors" (the "Policy") at the Board of Directors Meeting held on May 18, 2023, as below on condition of approval of this Proposal.

## **(Reference)**

### **The Policy for Deciding the Details of Individual Compensation for the Directors (If Proposal 3 is approved as originally proposed)**

#### **1. Basic Policy and Composition of Compensation for Directors**

Regarding the amount of compensation for Directors, the Company's policy is to provide appropriate compensation in light of experience, market standard and contribution. Specifically, the compensation of Directors shall be composed of "Basic Compensation" which is a fixed amount, "Performance-Linked Compensation," the amount of which may vary depending on the Company's performance, and "Restricted Stock" as Long-Term Incentive. With respect to Outside Directors, who are independent of the executory function, the Company provides Basic Compensation only from the viewpoint of their function and independence.

##### **(1) Basic Compensation**

With respect to the Basic Compensation, the amount shall be decided according to the role and position of each Director, considering the market standard and provided as monthly fixed compensation.

##### **(2) Performance-Linked Compensation (Bonuses)**

Considering the consolidated ordinary income and dividends amount of each consolidated fiscal year, the amount of Performance-Linked Compensation shall be decided to enhance their motivation to contribute business performance for each consolidated fiscal year. Performance-Linked Compensation shall be provided as bonuses at a certain time each year.

##### **(3) Long-Term Incentive (Restricted Stock)**

Long-Term Incentive is granted in the form of restricted stock to enhance their motivation to contribute to improvement of the medium to long-term performance and corporate value. The restricted stock shall be granted based on the individual evaluation at a certain time each year. The transfer restriction shall be lifted when the Director ceases to hold the status of an officer or employee of the Company or its subsidiaries or affiliates.

If there are any restrictions on the granting of restricted stock cash may be paid in lieu of granting the restricted stock.

#### **2. Proportion of Basic Compensation, Performance-Linked Compensation and Long-Term Incentive**

The Company shall set the proportion of compensation appropriately, considering the Company's strategy/business environment, role/position, and medium to long-term incentives regarding the compensation standard using benchmark companies with similar size, business area. The amount of Performance-Linked Compensation and Long-Term Incentive (Restricted Stock) may vary, or may not be provided at all, depending on the Company's performance and individual evaluation.

#### **3. Process of Deciding Individual Compensation of Directors**

With respect to individual compensation and other matters relating to the compensation of Directors, the Representative Directors shall propose, and the Nomination and Compensation Committee comprised of Outside Directors and Representative Directors (Majority of its members are Outside Directors) shall decide through mutual consultation among its members. To issue Long-Term Incentive (Restricted Stock), the Company shall obtain a resolution of the Board of Directors in addition to the decision by the Nomination and Compensation Committee.

#### **4. Malus and Clawbacks**

In the event of serious misconduct or violation by a Director, the Director's compensation (including beneficial interest) may be confiscated or claimed for restitution.

# **Business Report**

From April 1, 2022, to March 31, 2023

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

### **(1) Overview of Business Results for the Fiscal Year**

During FY 2022, the global economy continued to be affected by COVID-19 infections. In China, economic activity stagnated due to the lockdown at the beginning of the period and the resurgence of infections in the second half of the year, resulting in continued sluggish demand. In other overseas regions, demand gradually slowed down in the second half of the fiscal year due to inflation and other factors, but growth was maintained in Europe and the US. In Japan, however, demand remained generally weak due to the impact of the slowdown in China and low factory utilization rates, particularly for automotive-related products.

In this economic environment, MISUMI Group is leveraging its unique Business MODEL, which encompasses manufacturing and distribution businesses. By advancing the business foundation that supports these businesses globally, we are contributing to industries related to automation demand, particularly the manufacturing industry, by responding to customers' needs for reliable and quick delivery.

Despite our efforts to accurately anticipate customer demand by leveraging our solid business foundation in IT, production, and logistics, and our global network of locations, the business was severely affected by the lockdown in China at the beginning of the period and weak global demand for capital investment in the second half of the year.

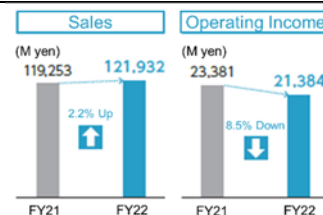
Despite the slowdown in demand, consolidated net sales were ¥373,151 million (1.9% increase year-on-year), partially due to foreign exchange rate effects. In terms of profit, operating income was ¥46,615 million (10.7% decrease year-on-year), and ordinary income was ¥47,838 million (8.9% decrease year-on-year) due to a decline in sales volume and an increase in expenses related to the introduction of the new Core IT system. As a result, net income attributable to owners of the parent totaled ¥34,282 million (8.7% decrease year-on-year).

## Segment Information

### FA Business



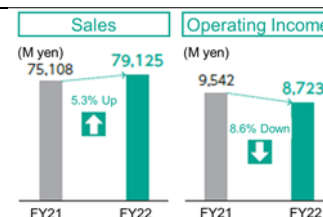
The FA business continued to grow in Europe and the US, but demand in China and Japan was weak, with net sales of ¥121,932 million (2.2% increase year-on-year) and operating income of ¥21,384 million (8.5% decrease year-on-year).



### Die Components Business



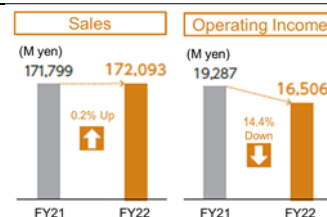
The Die Components business experienced sluggish growth, in China and Asia due to delays in investment in automotive-related equipment and reduced factory operations worldwide. As a result, net sales were ¥79,125 million (5.3% increase year-on-year), while operating income was ¥8,723 million (8.6% decrease year-on-year).



### VONA Business



VONA is MISUMI Group's sales and distribution business of manufacturing/automation-related equipment parts and MRO (Maintenance, Repair, and Operations) products. In addition, this business segment includes MISUMI branded products and third-party manufacturers' products. Strong demand for EV-related products continued to drive growth in Europe and the US. However, in China and Japan, the low factory utilization rates and other factors led to a significant decline in demand. As a result, net sales were ¥172,093 million (0.2% increase year-on-year), and operating income was ¥16,506 million (14.4% decrease year-on-year).



## (2) Capital Investment and Financing

Capital investments made during FY22 amounted to ¥13,625 million. The primary investment areas were IT systems, production facilities, and logistics sites. These investments were all self-financed. There were no significant sales or disposals of equipment and facilities.

### (3) Challenges and Priorities

It is expected that the global and Japanese economies will continue to face uncertain business environments amid structural transitions of the post-COVID-19 market and shifts toward regional disruption in the global supply chain. In the industrial sector, however, demand for automation is expected to increase globally in anticipation of a post-COVID-19 market.

To meet these customer needs, we will continue to advance our IT, production, and logistics business foundations and further refine our "reliable and quick delivery on a global basis."

In addition, we will focus on regions, businesses, and services with higher growth potential and profitability and strive to innovate the Business MODEL in anticipation of the changes in the competitive environment and geopolitical risks, among others.

#### i. Business domain expansion and global rollout

MISUMI Group is expanding its business domain and accelerating global expansion by maximizing its strength of possessing both manufacturing and distribution businesses. In the manufacturing business, FA and Die components businesses are being rolled out globally. Through providing services linked to the 3D CAD system in addition to conventional (paper) catalogs and the EC website, we are contributing to the improvement of convenience by significantly shortening the customer's equipment design and procurement process.

In the distribution business, we are enhancing the product lineup of the VONA business, including third-party brands. At the same time, we are forcefully propelling global expansion with our unique product lineup and services that match our customer demand and characteristics. Through these efforts, we will continue to strengthen and expand our global customer base to realize future sustainable growth.

#### ii. Business MODEL innovation

To innovate the Business MODEL and establish a competitive advantage, strengthening the IT, production, and logistics business foundations continues. We relentlessly work to implement IT investment for the fundamental switchover of the core IT system, which is at the heart of MISUMI's Business MODEL.

We must also innovate our Business MODEL in each global region or country to meet global customers' demands. To meet such demand, we will develop products and services tailored to the characteristics of each region or country's market, and enhance the IT, production, and logistics business foundations to make the supply chain more resilient.

We will strive to advance "reliable and quick delivery on a global basis" by continuing to innovate our Business MODEL.

#### iii. Contribution to the sustainable development of society

MISUMI Group's business domain, the industrial automation industry, is an essential presence that realizes the automation and streamlining of various social activities, contributing to the sustainable development of society.

By providing "reliable and quick delivery" and reducing unnecessary labor hours, the Group offers industrial automation customers the "time value" they seek. Through "time innovation" for the customers, the MISUMI Group aims to contribute to the establishment and promotion of a circular economy for the sustainable development of society and achieve sustainable growth for the Company itself.

MISUMI Group embraces a management approach centered around the Growth Chain-reaction, where each individual challenges and efforts contribute to the continuous enhancement of this "time value." This, in turn, leads to our customers' prosperity, society's betterment, and our employees' overall success.

The following pages will discuss the Group's sustainability initiatives, material issues, and governance structure that support and promote sustainability.



## **(Reference)**

### **MISUMI Group's Approach to Sustainability**

The industrial automation industry, which is the focus of MISUMI Group's business, has realized automation and labor-saving of various social activities and is indispensable in contributing to the sustainable development of society.

MISUMI Group's business resolves various inefficiencies in the overall supply chain and the entire business process in the industrial automation industry from the perspective of "time" and contributes to development of the industry. The sustainable development of society resulting from development of the industrial automation industry creates further demand in the industrial sector, creating new opportunities for MISUMI Group.

By contributing to the establishment of this cycle, the MISUMI Group aims to support the sustainable development of society and industry and achieve sustainable growth for the Company itself.

- **MISUMI Group's Sustainability Initiatives**

MISUMI Group plays a significant role in the development of the industrial automation industry by targeting inefficiencies throughout the entire supply chain and business processes, from the "time" perspective. With a supply chain that serves over 300,000 customers globally, we prioritize "reliable and quick delivery" to deliver "time value" that minimizes waste and reduces labor hours within the industrial realm. To continuously improve this time value, we are working on the advancement and development of our Business MODELS, including our business, products, and services, as well as strengthening our IT, production, and logistics infrastructure and building our human resources foundation to support them.

- **Initiatives to Support Sustainable Growth in the Industrial Automation Industry**

Parts used in automated equipment and devices are unique, and the process from drawing creation to quoting, parts processing, and procurement is riddled with highly inefficient operations, resulting in complex tasks and long lead times. To address this, we standardize custom parts used in automated equipment and devices, eliminating the need for drawing creation and significantly reducing the time spent on inefficient work for our customers. In addition, our reliable and quick global delivery ensures on-time fulfillment for even a single part, reducing unnecessary inventory and preventing production and operational losses. Our digital services integrated with 3D CAD enable us to reduce waste and labor hours in the procurement process by approximately 90%, reducing energy consumption and promoting resource efficiency by eliminating paper drawings.

Through our commitment to "time innovation" in the industrial automation industry, we will continue to contribute to the sustainable development of society.

- **Contributing to Sustainable Development of Society**

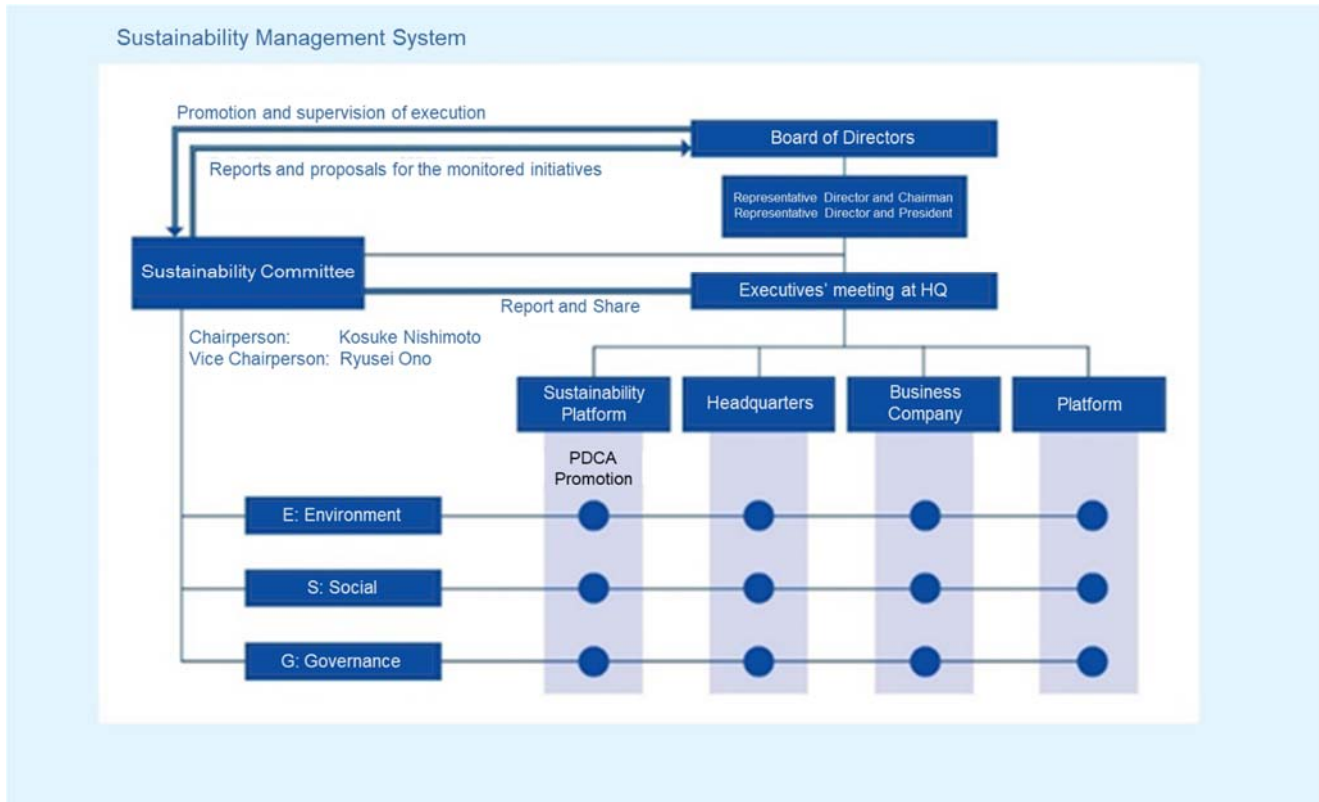
MISUMI Group is committed to contributing to the sustainable development of society. Through our business development efforts, we aim to create value that reduces the use and consumption of resources within the industrial automation industry. By eliminating all forms of "waste" for our customers and suppliers, we are actively driving the transition from a conventional economy based on mass production, consumption and disposal to a circular economy.

For this reason, MISUMI Group proactively responds to the growing social imperatives for Environmental, Social, and Governance (ESG) practices. We prioritize climate change countermeasures and work towards preventing global warming through our business activities. Additionally, we deeply respect the culture, history, human rights, and diversity of the countries where the Company, customers, and suppliers operate. We collaborate with our stakeholders to contribute to developing a sustainable society.

## Governance Structure to Promote Sustainability

To enhance sustainability efforts, MISUMI Group has formed a Sustainability Committee, chaired by the Chairman of the Board of Directors and vice-chaired by the President. The Committee's role is to drive initiatives addressing social issues and provide reports and proposals to the Board of Directors.

Additionally, the Group has established the Sustainability Platform as a permanent organization. This platform collaborates with the Group's execution organizations, including Headquarters, Business Company, and Platform, monitoring and evaluating ESG-related goals and progress, promoting sustainability management across the organization.



## Our Key Issues in Sustainability

MISUMI Group has identified three key areas for continuous improvements in customer's time value and sustainable business growth.



We continuously innovate and develop our Business MODELS, including our businesses, products, and services.

## Sustainability Initiatives

### ● Climate Change Initiatives

MISUMI Group is actively combating climate change through its business activities, which includes measures to prevent global warming.

In September 2021, we announced our support for the Task force on Climate-related Financial Disclosures (“TCFD”) recommendations and announced our intent to join the TCFD Consortium. In March 2022, we conducted an analysis based on scenarios of temperatures rising 1.5-2 degrees Celsius or temperatures rising 4 degrees Celsius, and disclosed information of the identified transition risks, physical risks, and opportunities under each scenario as well as the assessed business impacts.

Additionally, we have set greenhouse gas emission targets for 2030 (Scope 1 and Scope 2) to drop by 42% compared to fiscal 2020 to reach zero carbon emissions by 2050. To achieve this target, the MISUMI Group will further promote energy conservation.

### ● Respect for Human Rights

MISUMI Group considers respect for human rights the basic principle of all activities and respects the human rights of all people involved in our business. We have established the MISUMI Group Human Rights Policy (the "Human Rights Policy"), we always strive to manage and act in harmony with the international community.

The “Human Rights Policy” identifies human rights issues that the Group should focus on and address as appropriate.

The Group is committed to ensuring that all employees are fully aware of the Human Rights Policy and gaining the understanding and support of business partners such as suppliers. In addition, the Group will assess and identify human rights risks and implement measures to prevent or mitigate those human rights risks.

For more information on our Human Rights Policy, please visit our website.

([https://www.misumi.co.jp/assets/img/esg/social/misumi\\_humanright\\_en.pdf](https://www.misumi.co.jp/assets/img/esg/social/misumi_humanright_en.pdf))

### ● Supply Chain Management

MISUMI Group has formulated the "Sustainable Procurement Guideline" and encouraged our primary suppliers to adopt this Guideline. We also conducted a questionnaire survey on suppliers' environmental activities, such as greenhouse gas emissions, respect for human rights, health and safety, and management systems, and are working with our suppliers to improve our sustainable procurement activities.

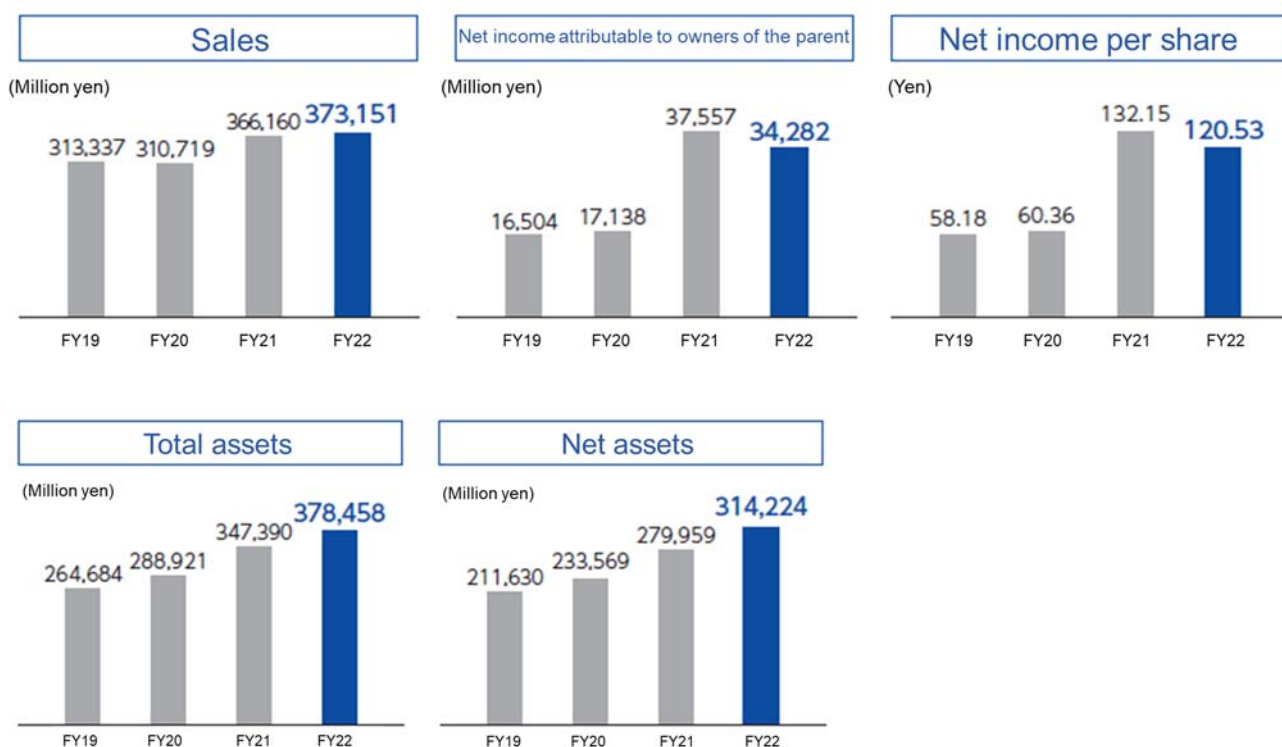
We will continue to quantitatively identify risks and opportunities throughout the supply chain to formulate and implement effective measures to address them.

(4) Assets, Income

Item	Period	58 <sup>th</sup> Term (Year ended March 2020)	59 <sup>th</sup> Term (Year ended March 2021)	60 <sup>th</sup> Term (Year ended March 2022)	61 <sup>th</sup> Term (Year ended March 2023)
Net Sales	(Million yen)	313,337	310,719	366,160	373,151
Net Income attributable to owners of parent	(Million yen)	16,504	17,138	37,557	34,282
Net Income per share	(Yen)	58.18	60.36	132.15	120.53
Total assets	(Million yen)	264,684	288,921	347,390	378,458
Net assets	(Million yen)	211,630	233,569	279,959	314,224

Notes:

The Company has applied Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), from the beginning of FY22. Therefore, consolidated financial position as of March 31, 2023, has been presented by 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 provides third-party brands alongside original MISUMI-branded products mainly through online sales. It provides indirect materials such as MRO (consumables) as well as manufacturing, automation-related equipment parts.

## (6) Status of Major Subsidiaries

### 1) 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
MISUMI (CHINA) PRECISION MACHINERY TRADING CO., LTD.	Thousand RMB 587,328	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
MISUMI KOREA CORP.	Thousand KRW 700,000	100.0%	FA Business Die Components Business VONA Business
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
MISUMI USA, INC.	Thousand USD 4,900	100.0% (100.0%)	FA Business Die Components Business VONA Business
Dayton Progress Corporation	Thousand USD 348	100.0% (100.0%)	Die Components Business
MISUMI Europa GmbH	Thousand EUR 6,500	100.0% (100.0%)	FA Business Die Components Business VONA Business
Dayton Progress-Perfuradores Lda	Thousand EUR 400	100.0% (100.0%)	Die Components Business

Notes:

- Including the above, the number of consolidated subsidiaries is 51 and the number of equity-method affiliates are two.
- Figures in parentheses in the “the Company’s shareholding ratio” indicate indirect ownership.

### 2) Status of designated wholly owned subsidiaries as of March 31, 2023

Name	Address	Total book value	Total assets
MISUMI Corporation	6-5, Kudanminami 1-chome, Chiyoda-ku, Tokyo	¥ 25,295 million	¥ 105,672 million

## (7) Major Sales Offices and Business Locations

Company name	Location
MISUMI Group, Inc. (Head Office)	Chiyoda-ku, Tokyo, Japan
MISUMI Corporation	Chiyoda-ku, Tokyo, Japan
SURUGA SEIKI CO., LTD.	Shizuoka, Japan
SURUGA Production Platform Co., Ltd.	Shizuoka, Japan
MISUMI (CHINA) PRECISION MACHINERY TRADING CO., LTD.	Shanghai, China
SURUGA SEIKI (NANTONG) CO., LTD.	Nantong, China
MISUMI KOREA CORP.	Seoul, South Korea
SAIGON PRECISION CO., LTD.	Ho Chi Minh, Vietnam
MISUMI (THAILAND) CO., LTD.	Rayong, Thailand
MISUMI USA, INC.	Illinois, U.S.
Dayton Progress Corporation	Ohio, U.S.
MISUMI Europa GmbH	Frankfurt, Germany
Dayton Progress-Perfuradores Lda	Alcobaça, Portugal

## (8) Employees

Number of employees	Change from the end of the previous fiscal year
11,804	38 (decreased)

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, 2023, is 12,737.

## (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.

## 2. Matters Relating to the Company's Shares

- (1) Total number of authorized shares 1,020,000,000
- (2) Total number of shares outstanding 284,545,327  
(Excluding 130,070 treasury stocks)
- (3) Number of shareholders 7,005

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

Name of shareholders	Number of shares held (thousand)	Ownership Percentages (%)
THE MASTER TRUST BANK OF JAPAN, LTD.	60,720	21.3
CUSTODY BANK OF JAPAN, LTD.	22,448	7.9
SSBTC CLIENT OMNIBUS ACCOUNT	14,316	5.0
BNYM AS AGT/CLTS NON TREATY JASDEC	8,611	3.0
RBC IST 15 PCT LENDING ACCOUNT - CLIENT ACCOUNT	5,553	2.0
THE BANK OF NEW YORK MELLON 140051	5,248	1.8
NORTHERN TRUST CO.(AVFC) RE FIDELITY FUNDS	4,881	1.7
STATE STREET BANK WEST CLIENT - TREATY 505234	4,775	1.7
GIC Private Limited- C	4,287	1.5
THE BANK OF NEW YORK MELLON 140042	4,109	1.4

Notes:

1. Treasury stocks (130,070) are excluded from the calculations of ownership percentages.
2. Percentage ownership is rounded to the second decimal place.

### 3. Officers of the Company

#### (1) Directors and Corporate Auditors

Position	Name	Areas of Responsibility and Important Posts Held Concurrently
Representative Director and Chairman	Kosuke Nishimoto	
Representative Director and President	Ryusei Ono	Representative Director and President, MISUMI Corporation
Executive Director	Tomoki Kanatani	Chief Executive in charge of Chia and Asia Business and President, Asia Business Company, MISUMI Corporation
Executive Director	Shigetaka Shimizu	President, Japan Business Company, MISUMI Corporation
Director	Shaochun Xu	Chairperson and General Manager, MISUMI (CHINA) PRECISION MACHINERY TRADING CO., LTD. Vice President, China Business Company, MISUMI Corporation
Director	Yoichi Nakano	Representative Director and President, Chuuyou Co., Ltd.
Director	Arata Shimizu	Outside Director, Interworks Inc. Outside Director, Open Up Group Inc. Director, P&E Directions, Inc.
Director	Tomoharu Suseki	
Full-time Corporate Auditor	Takaaki Wada	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. Outside Corporate Auditor, Nippon Paper Industries Co., Ltd. Outside Director (Audit and Supervisory Committee Member), MEIKO NETWORK JAPAN CO., LTD.

Notes:

1. Directors Yoichi Nakano, Arata Shimizu, and Tomoharu Suseki are Outside Directors as stipulated in Article 2, Paragraph 15 of the Companies Act.
2. Corporate Auditors Juichi Nozue and Nanako Aono are Outside Corporate Auditors as stipulated in Article 2, Paragraph 16 of the Companies Act.
3. Corporate Auditor Juichi Nozue is qualified as an attorney at law.
4. Corporate Auditor Nanako Aono is qualified as a certified public accountant and has extensive experience and knowledge in the field of finance and accounting.
5. The Company has designated Directors Yoichi Nakano, Arata Shimizu, and Tomoharu Suseki, 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) Amount of Compensation Paid to Directors and Corporate Auditors

### 1) Total Amount of Compensation Paid to Directors and Corporate Auditors

Category	Amount of compensation (Million yen)	Total amount of each type of compensation (Million yen)			Number of officers
		Basic Compensation	Performance-Linked Compensation (Bonuses)	Non-Monetary Compensation (Stock options)	
Directors (Outside Directors, subtotal)	617 (34)	271 (34)	63 (-)	282 (-)	10 (3)
Corporate Auditors (Outside Corporate Auditors, subtotal)	38 (16)	38 (16)	- (-)	- (-)	4 (2)
Total	656	310	63	282	14

### 2) Matters pertaining to Performance-Linked Compensation

The Company provides Bonuses to Directors as performance-linked compensation. The amount of performance-linked compensation is calculated based on the consolidated ordinary income and dividends amount of each consolidated fiscal year to increase the motivation toward improved business performance for each consolidated fiscal year. Considering all these factors, the amount of compensation for each Director is decided. The performance indicators and result thereof for this consolidated fiscal year are stated in Consolidated Statement of Income on page 38 as for consolidated ordinary income, and in Proposal 1 on page 3 as for the amounts of dividends.

### 3) Details of Non-Monetary Compensation

The Company grants stock options to the members of the Board of Directors to promote value sharing with shareholders through owing shares and to achieve a sustainable increase in the value of the Company. A summary of the Stock Options granted during the fiscal year under review is as follows.

Name	Stock Options Issue No. 44	Stock Options Issue No. 45
Date of Resolution to Issue	June 30, 2022	June 30, 2022
Number of Holders	4 Directors, excluding Outside Directors and Director of foreign nationality	4 Directors, excluding Outside Directors and Director of foreign nationality
Number of Stock Options	148 (The number of shares subject to 1 stock option is 100 shares)	999 (The number of shares subject to 1 stock option is 100 shares)
Type of Shares to be Issued upon the Exercise of Stock Options	Common Stock	Common Stock
Number of Shares to be Issued upon the Exercise of Stock Options	14,800 shares	99,900 shares
Amount to be Paid for the Exercise of Stock Options	¥1 per share	¥1 per share
Exercise Period for Stock Options	From July 16, 2022 to July 15, 2052	From July 15, 2025, to July 14, 2032
Principal Conditions Relating to the Exercise of Stock Options	<p>i. 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>ii. The conditions for the exercise of the stock options other than those stated in Clause i) 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>	<p>i. 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>ii. The conditions for the exercise of the stock options other than those stated in Clause i) 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>

Notes: Summary of Stock Options provided before the fiscal year under review is available at “the notes on the Matters Relating to Stock Acquisition Rights” on Business Report supplied as the Electronic Provision Measures Matters regarding the 61<sup>st</sup> Annual General Meetings of Shareholders. \*Website is available only in Japanese.

4) Matters pertaining to Resolutions of General Shareholders Meeting on Compensation for Directors and Corporate Auditors

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. The number of Directors at the end of the said Annual General Meeting of Shareholders is 7 (including 1 Outside Director).

Separately from the above compensation, by resolution of the 59<sup>th</sup> Annual General Meeting of Shareholders held on June 17, 2021, stock options (stock acquisition rights) as stock-based compensation upon retirement (Stock Option Plan A) shall not exceed ¥220 million per annum and stock options (stock acquisition rights) as stock-based compensation as a medium-term incentive (Stock Option Plan B) shall not exceed ¥630 million per annum. Outside Directors are excluded from both Plans. The number of Directors at the end of the said Annual General Meeting of Shareholders is 9 (including 3 Outside Director).

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. The number of Corporate Auditors at the end of the said Annual General Meeting of Shareholders is 2.

5) Matters pertaining to the Policy for Deciding the Details of Individual Compensation for the Directors

The Company established “the Policy for Deciding the Details of Individual Compensation for the Directors” (the “Policy”) at the Board of Directors Meeting held on February 18, 2021, as below.

It should be noted that, in deciding individual compensation for Directors, the Nomination and Compensation Committee conducts deliberation from various perspectives, including the consistency with the Policy, through mutual consultation among the members. Therefore, it is deemed by the Board of Directors that such decisions are consistent with the Policy.

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### **The Policy for Deciding the Details of Individual Compensation for the Directors**

#### 1. Basic Policy and Composition of Compensation for Directors

Regarding the amount of compensation for Directors, the Company's policy is to provide appropriate compensation in light of experience, market standard, and contribution. Specifically, the compensation of Directors shall be composed of “Basic Compensation,” which is a fixed amount, “Performance-Linked Compensation,” the amount of which may vary depending on the Company's performance, and “Stock Options” as non-monetary compensation. With respect to Outside Directors, who are independent of the executory function, the Company provides Basic Compensation only from the viewpoint of their function and independence.

##### (1) Basic Compensation

With respect to the Basic Compensation, the amount shall be decided according to the role and position of each Director, considering the market standard, and provided as monthly fixed compensation.

##### (2) Performance-Linked Compensation (Bonuses)

Considering the consolidated ordinary income and dividends amount of each consolidated fiscal year, the amount of Performance-Linked Compensation shall be decided to enhance their motivation to contribute business performance for each consolidated fiscal year. Performance-Linked Compensation shall be provided as bonuses at a certain time each year.

### (3) Non-Monetary Compensation (Stock Options)

Non-Monetary Compensation shall be a stock option to enhance their motivation to contribute to improvement of medium to long-term performance and corporate value. The stock options shall consist of stock-based compensation exercisable upon retirement (Stock Option Plan A) and stock-based compensation as a medium-term incentive (Stock Option Plan B). As for Plan A, a certain amount of stock acquisition rights will be provided according to the position of each Director. As for Plan B, stock acquisition rights will be provided within the defined scope, according to their respective positions, based on evaluation of their contribution. In addition, under both Plans, the stock acquisition rights are provided at a certain time each year.

## 2. Proportion of Basic Compensation, Performance-Linked Compensation, and Non-Monetary Compensation

The Company shall set the proportion of compensation appropriately, considering the Company's strategy/business environment, role/position, medium to long-term incentives regarding the compensation standard using benchmark companies with similar size, business area. The amount of Performance-Linked Compensation and Plan B stock options may vary or not be provided at all, depending on the Company's performance and individual evaluation.

## 3. Process of Deciding Individual Compensation of Directors.

With respect to individual compensation and other matters relating to the compensation of Directors, the Representative Director and President of the Company shall propose, and the Nomination and Compensation Committee comprised of Outside Directors, Representative Director and Chairman, Representative Director and President shall decide through mutual consultation among its members. For issuing stock options, a resolution of the Board of Directors shall also be obtained, in addition to the decision by the Nomination and Compensation Committee.

[End]

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## 6) Matters pertaining to the Delegation of Decisions on Individual Compensation of Directors

With respect to individual compensation and other matters relating to the compensation of Directors concerning the fiscal year under review, Representative Director and President Ryusei Ono proposed, and the Nomination and Compensation Committee decided through mutual consultation among its members; comprised of Outside Director Yoichi Nakano, Outside Director Arata Shimizu, Outside Director Tomoharu Suseki, Representative Director and Chairman Kosuke Nishimoto, and Representative Director and President Ryusei Ono. The reason for delegating decision-making authority to the Nomination and Compensation Committee is to enhance transparency and accountability regarding decision-making on compensation. For the issuance of stock options, the Nomination and Compensation Committee deliberated and decided on the terms and conditions, such as the number of units, and subsequently obtained a resolution of the Board of Directors.

## 7) Malus and Clawbacks

In the event of serious misconduct or violation by a Director, the Director's compensation (including beneficial interest) may be confiscated or claimed for restitution.

### (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 between the Company and other corporations in which Outside Directors and Outside Corporate Auditors concurrently hold important positions.

#### 2) Main Activities in FY22

Name	Main Activities
Yoichi Nakano (Outside Director)	<ul style="list-style-type: none"><li>• Attendance and oral statements at the Board of Directors meetings and summary of duties performed in relation to the expected role of Outside Director: Mr. Nakano attended 14 out of 14 Board of Directors meetings during the fiscal year under review. He raised questions or provided advice on proposals and discussions, mainly based on his extensive experience and knowledge of business management, and supervises the management of MISUMI Group from an independent perspective. In addition, Mr. Nakano attended 9 out of 9 Nomination and Compensation Committee meetings. He provided appropriate supervision by participating in discussions on evaluation and decisions on compensation of directors, the selection and dismissal of directors, and succession planning for representative directors from a neutral and objective position.</li><li>• Business policies or decision changed based on Mr. Nakano's opinion: Nothing to report.</li><li>• Summary of actions taken by Mr. Nakano in response to any misconduct involving the Company: Nothing to report.</li></ul>
Arata Shimizu (Outside Director)	<ul style="list-style-type: none"><li>• Attendance and oral statements at the Board of Directors meetings and summary of duties in relation to the expected role of Outside Director: Mr. Shimizu attended 14 out of 14 Board of Directors meetings during the fiscal year under review. He raised questions or provided advice on proposals and discussions, mainly based on his extensive experience and knowledge of business management, and supervises the management of MISUMI Group from an independent perspective. In addition, Mr. Shimizu attended 9 out of 9 Nomination and Compensation Committee meetings. He provided appropriate supervision by participating in discussions on evaluation and decisions on compensation of directors, the selection and dismissal of directors, and succession planning for representative directors from a neutral and objective position.</li><li>• Business policies or decision changed based on Mr. Shimizu's opinion: Nothing to report.</li><li>• Summary of actions taken by Mr. Shimizu in response to any misconduct involving the Company: Nothing to report.</li></ul>

Name	Main Activities
Tomoharu Suseki (Outside Director)	<ul style="list-style-type: none"> <li>• Attendance and oral statements at the Board of Directors meeting and summary of duties performed in relation to the expected role of Outside Director: Mr. Suseki attended 14 out of 14 Board of Directors meetings during the fiscal year under review. He raised questions or provided advice on proposals and discussions, mainly based on his extensive experience and knowledge of business management, and supervises the management of MISUMI Group from an independent perspective. Additionally, Mr. Suseki attended 9 out of 9 Nomination and Compensation Committee meetings. He provided appropriate supervision by participating in discussions on evaluation and decisions on compensation of directors, the selection and dismissal of directors, and succession planning for representative directors from a neutral and objective position.</li> <li>• Business policies and decisions changed based on Mr. Suseki's opinion: Nothing to report.</li> <li>• Summary of actions taken by Mr. Suseki in response to any misconduct involving the Company: Nothing to report.</li> </ul>
Juichi Nozue (Outside Corporate Auditor)	<ul style="list-style-type: none"> <li>• Attendance and oral statements at the Board of Directors meeting and the Board of Corporate Auditors meeting. Mr. Nozue attended 14 out of 14 Board of Directors meetings and 26 out of 27 Board of Corporate Auditors meetings during the fiscal year under review. He raised questions or provided advice on proposals and discussions, mainly from his professional perspective as an attorney at law.</li> <li>• Business policies and decisions changed based on Mr. Nozue's opinion: Nothing to report.</li> <li>• Summary of actions taken by Mr. Nozue in response to any misconduct involving the Company: Nothing to report.</li> </ul>
Nanako Aono (Outside Corporate Auditor)	<ul style="list-style-type: none"> <li>• Attendance and oral statements at the Board of Directors meeting and the Board of Corporate Auditors meeting Ms. Aono attended 14 out of 14 Board of Directors meetings and 27 out of 27 Board of Corporate Auditors meetings during the fiscal year under review. She raised questions or provided advice on proposals and discussions, mainly from her professional perspective as a certified public accountant.</li> <li>• Business policies decisions changed as based on Ms. Aono's opinion: Nothing to report.</li> <li>• Summary of actions taken by Ms. Aono in response to any misconduct 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 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 FY22  
Nothing to report.

### (4) Outline of Directors and Officers Liability Insurance Agreement

The Company has entered into a directors and officers liability insurance agreement as stipulated in Article 430-3, paragraph (1) of the Companies Act. This agreement provides compensation for damages and legal expenses incurred by the insured individuals, excluding damages resulting from violations of the law committed knowingly by directors or officers.

The insured under the said directors' and officers' liability insurance agreement are the past, current, and future directors, corporate auditors, executive officers, accounting advisors, and corporate officers (including individuals having the position equivalent to these under applicable laws) as well as employees with managerial or supervisory capacity (including full-time, part-time and seasonal employees). The Company bears insurance fees for all the insured.

#### **4. 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) Outline of the Indemnity Agreement**

Nothing to report.

**(4) Amounts of Audit Fee 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 | ¥59 million |
| 2) Sum of cash or other assets payable by the Company and/or its subsidiaries     | ¥99 million |

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

Notes:

1. The audit fee under Article 2, Paragraph 1 of the Certified Public Accountants Act is the sum of the fee paid for the audit by the independent auditor under the Companies Act and the 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.

**(5) Non-audit duties**

Nothing to report.

**(6) Policy on dismissal or non-reappointment of Independent Auditor**

In the event that the Independent Auditor is deemed to fall under any of the items of Article 340, Paragraph 1 of the Companies Act, the Board of Corporate Auditors shall dismiss the Independent Auditor with its unanimous consent. If significant doubts arise regarding the ability of the Independent Auditor to fulfill their responsibilities, in addition to the aforementioned, the Board of Corporate Auditors shall determine the content of a proposal regarding the dismissal or non-reappointment of the Independent Auditor and submit it to the General Meeting of Shareholders.



## 5. 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, and Other Systems to Ensure that the 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 in 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.

- (i) Systems for the retention and management of information concerning the execution of Directors' duties
  - Minutes for the Board of Directors, the Group Executive Officers Committee, and other important meetings are compiled and retained appropriately, as stipulated by laws, regulations, and rules.
- (ii) Rules and other systems pertaining to the management of risks that could cause losses to the Company or its subsidiaries
  - Various regulations, internal rules, manuals, and risk management systems are formulated to address risks faced by MISUMI Group Inc. and its subsidiaries (hereinafter collectively "MISUMI Group"), including risks relating to regulatory compliance, the environment, information, export controls, and natural disasters.
  - Task forces are established to take timely action and report to the Board of Directors if unforeseen contingencies affect the MISUMI Group.
- (iii) Systems to ensure the efficient execution of duties by Directors of the Company and its subsidiaries
  - Management plans are subject to final approval by the Board of Directors, and progress on such plans are monitored at monthly meetings of the Group Executive Officers Committee.
  - Important issues identified through monitoring progress on management plans or other processes are discussed at the Board of Directors or the Group Executive Officers Committee.
  - At each monthly Board of Directors meeting, performance reports are presented, and monitoring of performance and advice and guidance on important matters are provided.
- (iv) 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 ensure the observance of the MISUMI Group Code of Conduct and compliance with laws, regulations, and the Company's Articles of Incorporation.
  - Systems have 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 are being taken to guarantee that whistleblowers will not be disadvantaged.
- (v) Systems for ensuring that the Company's business operations and the subsidiaries that make up the Group are conducted appropriately, including system for reporting to the Company on the execution of duties by the subsidiaries' directors

- MISUMI Group Inc. requires each subsidiary to submit a monthly report concerning its business execution and operations.
  - MISUMI Group Inc. ensures 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 Internal Audit Department audits each subsidiary's business operations regularly.
  - Provisions have been incorporated to the MISUMI Group Code of Conduct to prohibit any association or cooperation with antisocial forces explicitly and the entire MISUMI Group commits to firmly opposing and resisting such forces.
- (vi) Matters pertaining to employees who assist the Company's Corporate Auditors
- Corporate Auditors are free to appoint Auditor's assistant and are involved in transfers and evaluations of Auditor's assistant.
  - When assisting the Corporate Auditors' activities, Auditor's assistants act in accordance with instructions from the Corporate Auditors.
- (vii) Systems for reporting to the Company's Corporate Auditors
- The Corporate Auditors attend important meetings, including the Board of Directors and the Group Executive Officers Committee. Directors and employees inform the Corporate Auditors immediately of any situation that could severely impact the MISUMI Group or of the risk that such a situation might arise.
  - MISUMI Group's Officers and employees provide accurate reports about the execution of their duties at the Corporate Auditors' request.
  - The Corporate Auditors regularly meet with the Independent Auditor and the Internal Audit Department to share opinions and information. In addition, Corporate Auditors seek reporting from the Independent Auditor whenever necessary.
  - The department in charge of the internal reporting ("whistleblowing") system reports regularly to the Corporate Auditors about the status of internal reporting within the MISUMI Group.
  - The officers and employees of MISUMI group who report to the Corporate Auditors are guaranteed not to be treated disadvantageously.
- (viii) Matters pertaining to policies concerning the treatment of costs resulting from the execution of duties by Corporate Auditors of the Company
- A fixed budget is provided each year regarding costs 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 is 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 business operations are carried out appropriately. This Basic Policy is revised to reflect environmental changes within or beyond the Company. In addition, 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.

During FY22, the Company evaluated its Basic Policy on Internal Control Systems and verified that it is being appropriately executed without any significant issues.

The main actions on internal control systems during FY22 were as follows.

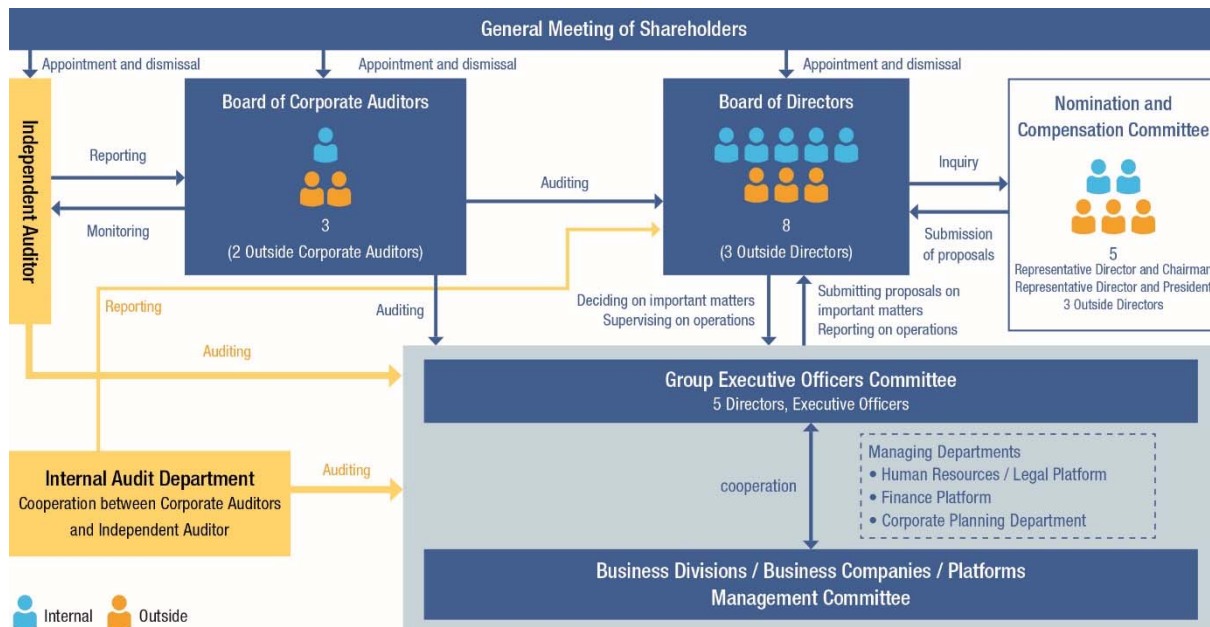
- The Company's Board of Directors held 14 meetings during FY22. In addition, the Board of Directors and the Group Officers' Committee made important decisions and

appropriately performed other functions, such as monitoring, supervision, and guidance of Headquarters, Business Companies, Platforms, and Subsidiaries.

- Comprehensive risk assessments have been carried out at key MISUMI Group sites and reported to the Board of Directors. Based on the results of these assessments, which covered the executions of business operations, information, financial management, human resource management, and legal affairs, the Company nominates the principal department, which addresses identified risks going forward. As part of such efforts, the Company has formulated a Business Continuity Plan (BCP) to deal with crises/ emergencies.
- Compliance and legal affairs training has been 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 has been enhanced through the expansion of interview opportunities with Directors, including Outside Directors, and coordination with administration departments and, in addition, fulfillment of a full-time corporate auditor for the Subsidiaries. As a result, the Corporate Auditor's support arrangement is operationally stable.
- Cooperation between the Internal Audit Department and the Board of Directors or the Board of Corporate Auditors has been ensured by establishing a system in which the Internal Audit Department reports directly to the Board of Directors and the Board of Corporate Auditors. The Board of Directors shall establish a company-wide internal control and risk management system and supervise its operation status while utilizing the Internal Audit Department.

**(Reference)**  
**Corporate Governance Structure**

The Board of Directors, the Group Executive Officer’s Committee, and the Board of Corporate Auditors have supervised and audited business execution.



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

Nothing to report.

\* 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, 2023)

(Millions of yen)

Item	Amount	Item	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>282,623</b>	<b>Current liabilities</b>	<b>48,942</b>
Cash and deposits	119,558	Notes and accounts payable - trade	22,434
Notes and accounts receivable - trade	76,359	Lease obligations	2,163
Merchandise and finished goods	62,750	Accounts payable - other	8,909
Work in process	4,457	Income taxes payable	4,276
Raw materials and supplies	10,182	Provision for bonuses	3,184
Income tax receivable	2,473	Provision for directors' bonuses	51
Other	7,276	Provision for office relocation expenses	608
Allowance for doubtful accounts	(436)	Other	7,312
		<b>Long-term liabilities</b>	<b>15,291</b>
		Lease obligations	5,521
		Deferred tax liabilities	798
		Liabilities for retirement benefits	7,025
		Other	1,946
<b>Non-current assets</b>	<b>95,835</b>	<b>Total liabilities</b>	<b>64,234</b>
<b>Property, plant, and equipment</b>	<b>48,405</b>		
Buildings and structures	14,604		
		<b>(Net assets)</b>	
Machinery, equipment, and vehicles	15,666	<b>Shareholders' equity</b>	<b>283,706</b>
Land	3,898	Common stock	13,936
Right-of-use assets	6,424	Capital surplus	24,292
Construction in progress	5,039	Retained earnings	245,557
Other	2,771	Treasury stock	(80)
<b>Intangible assets</b>	<b>35,021</b>	<b>Accumulated other comprehensive income</b>	<b>27,580</b>
Software	28,125	Foreign currency translation adjustments	27,508
Other	6,896	Defined retirement benefit plans	71
<b>Investments and other assets</b>	<b>12,408</b>	<b>Stock acquisition rights</b>	<b>1,989</b>
Investment securities	6	<b>Non-controlling interests</b>	<b>948</b>
Deferred tax assets	6,891		
Other	5,907	<b>Total net assets</b>	<b>314,224</b>
Allowance for doubtful accounts	(397)	<b>Total liabilities and net assets</b>	<b>378,458</b>
<b>Total assets</b>	<b>378,458</b>		

**Consolidated Statement of Income**  
(From April 1, 2022, to March 31, 2023)

(Millions of yen)

Item	Amount	
<b>Net Sales</b>		<b>373,151</b>
<b>Cost of sales</b>		<b>202,073</b>
<b>Gross profit</b>		<b>171,078</b>
<b>Selling, general and administrative expenses</b>		<b>124,463</b>
<b>Operating income</b>		<b>46,615</b>
<b>Non-operating income</b>		
Interest income	1,357	
Share of profit of entities accounted for using equity method	43	
Subsidy income	461	
Miscellaneous income	420	<b>2,283</b>
<b>Non-operating expenses</b>		
Interest expenses	160	
Foreign exchange losses	557	
Miscellaneous losses	341	<b>1,059</b>
<b>Ordinary income</b>		<b>47,838</b>
<b>Extraordinary losses</b>		
Impairment loss	44	
Loss related to COVID-19	90	
Office relocation expenses	1,170	<b>1,305</b>
<b>Income before income taxes</b>		<b>46,533</b>
Income taxes - current	12,509	
Income taxes - deferred	(383)	12,126
<b>Net income</b>		<b>34,406</b>
Net income attributable to non-controlling interests		124
<b>Net income attributable to owners of parent</b>		<b>34,282</b>

## Consolidated Statements of Changes in Equity

(From April 1, 2022, to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2022	13,664	24,020	220,519	(79)	258,125
Changes of items during the consolidated fiscal year					
Issuance of new shares	272	272	—	—	544
Dividends of surplus	—	—	(9,244)	—	(9,244)
Net income attributable to owners of parent	—	—	34,282	—	34,282
Purchase of treasury stock	—	—	—	(0)	(0)
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the consolidated fiscal year	272	272	25,037	(0)	25,581
Balance as of March 31, 2023	13,936	24,292	245,557	(80)	283,706

(Millions of yen)

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income			
Balance as of April 1, 2022	36	19,063	(0)	19,100	1,937	797	279,959
Changes of items during the consolidated fiscal year							
Issuance of new shares	—	—	—	—	—	—	544
Dividends of surplus	—	—	—	—	—	—	(9,244)
Net income attributable to owners of parent	—	—	—	—	—	—	34,282
Purchase of treasury stock	—	—	—	—	—	—	(0)
Net changes of items other than shareholders' equity	(36)	8,444	72	8,479	51	150	8,682
Total changes of items during the consolidated fiscal year	(36)	8,444	72	8,479	51	150	34,264
Balance as of March 31, 2023	—	27,508	71	27,580	1,989	948	314,224

## Non-consolidated Balance Sheet

(As of March 31, 2023)

(Millions of yen)

Item	Amount	Item	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>70,609</b>	<b>Current liabilities</b>	<b>38,655</b>
Cash and deposits	43,358	Accounts payable - other	6,822
Accounts receivable - other	7,992	Deposits received from subsidiaries and affiliates	30,980
Deposits paid to subsidiaries and associates	16,970	Income taxes payable	157
Other	2,287	Provision for bonuses	190
		Provision for directors' bonuses	51
		Provision for office relocation expenses	128
		Other	325
		<b>Long-term liabilities</b>	<b>913</b>
		Provision for retirement benefits	881
		Other	31
<b>Non-current assets</b>	<b>35,063</b>	<b>Total liabilities</b>	<b>39,568</b>
<b>Investments and other assets</b>	<b>35,063</b>	<b>(Net assets)</b>	
Shares of subsidiaries and associates	32,320	<b>Shareholders' equity</b>	<b>64,114</b>
Long-term loans receivable from subsidiaries and associates	1,431	<b>Common stock</b>	<b>13,936</b>
Deferred tax assets	1,212	<b>Capital surplus</b>	<b>21,192</b>
Other	100	Legal capital surplus	20,635
		Other capital surplus	557
		<b>Retained earnings</b>	<b>29,067</b>
		Legal retained earnings	402
		Other retained earnings	28,664
		General reserve	27,400
		Retained earnings brought forward	1,264
		<b>Treasury stock</b>	<b>(81)</b>
		<b>Stock acquisition rights</b>	<b>1,989</b>
		<b>Total net assets</b>	<b>66,104</b>
<b>Total assets</b>	<b>105,672</b>	<b>Total liabilities and net assets</b>	<b>105,672</b>



## **Non-consolidated Statement of Income**

(From April 1, 2022, to March 31, 2023)

(Millions of yen)

Item	Amount	
<b>Operating revenue</b>		<b>22,123</b>
<b>Operating expenses</b>		<b>12,661</b>
<b>Operating income</b>		<b>9,461</b>
<b>Non-operating income</b>		
Interest income	417	
Commission received	189	
Miscellaneous income	<u>0</u>	607
<b>Non-operating expenses</b>		
Interest expenses	387	
Miscellaneous losses	<u>0</u>	<u>388</u>
<b>Ordinary income</b>		<b>9,680</b>
<b>Extraordinary losses</b>		
Office relocation expenses	<u>214</u>	<u>214</u>
<b>Income before income taxes</b>		<b>9,466</b>
Income taxes - current	(102)	
Income taxes - deferred	<u>193</u>	<u>90</u>
<b>Net income</b>		<b>9,375</b>

## Non-consolidated Statements of Changes in Equity

(From April 1, 2022, to March 31, 2023)

(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, 2022	13,664	20,363	557	20,920	402	27,400	1,133	28,936
Changes of items during the fiscal year								
Issuance of new shares	272	272	—	272	—	—	—	—
Dividends of surplus	—	—	—	—	—	—	(9,244)	(9,244)
Net income	—	—	—	—	—	—	9,375	9,375
Purchase of treasury stock	—	—	—	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—	—
Total changes of items during the fiscal year	272	272	—	272	—	—	131	131
Balance as of March 31, 2023	13,936	20,635	557	21,192	402	27,400	1,264	29,067

(Millions of yen)

	Shareholders' equity		Stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity		
Balance as of April 1, 2022	(81)	63,439	1,937	65,377
Changes of items during the fiscal year				
Issuance of new shares	—	544	—	544
Dividends of surplus	—	(9,244)	—	(9,244)
Net income	—	9,375	—	9,375
Purchase of treasury stock	(0)	(0)	—	(0)
Net changes of items other than shareholders' equity	—	—	51	51
Total changes of items during the fiscal year	(0)	674	51	726
Balance as of March 31, 2023	(81)	64,114	1,989	66,104