



## 2. Cash Dividends

	Cash dividends per share for the fiscal year (yen)				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2018	Yen —	Yen 11.52	Yen —	Yen 11.08	Yen 22.60
Fiscal year ending March 31, 2019	—				
Fiscal year ending March 31, 2019 (Forecast)		12.53	—	12.62	25.15

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

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Second quarter-end (Cumulative)	170,000	11.5	19,800	4.7	19,700	5.8	14,200	8.9	50.12
Full year	361,000	15.3	39,700	13.9	39,500	13.9	28,500	11.3	100.60

(Note) Revision of the latest financial results forecasts: None

### \* Notes:

- (1) Changes in significant consolidated subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None
- (2) Adoption of special accounting procedures for the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards: None
  - 2) Changes in accounting policies other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None
- (4) Total number of shares outstanding (common shares)
  - 1) Total number of shares outstanding at the end of the period (including treasury stock):
    - As of June 30, 2018 : 283,489,777 shares
    - As of March 31, 2018 : 283,439,597 shares
  - 2) Total number of treasury stock at the end of the period:
    - As of June 30, 2018 : 129,536 shares
    - As of March 31, 2018 : 129,536 shares
  - 3) Weighted average number of shares outstanding during the period:
    - Three months ended June 30, 2018 : 283,336,506 shares
    - Three months ended June 30, 2017 : 277,773,932 shares

\* These quarterly financial results are outside the scope of quarterly review by certified public accountants or audit corporations.

\* Explanation on the appropriate use of forecasts and other notes

- The earnings forecasts and other forward-looking statements herein are based on information available to the Company at the time of preparation and certain assumptions deemed to be reasonable, and actual results may differ significantly from the forecasts due to various factors. For the assumptions on the earnings forecasts and notes on their use, please refer to “Explanation of Consolidated Financial Results Forecast and Other Forward-looking Statements” on page 3 of the attached document.

## Contents of Attachment

1. Qualitative Information on Quarterly Financial Results .....	2
(1) Explanation of Operating Results .....	2
(2) Explanation of Financial Position .....	3
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Statements .....	3
2. Quarterly Consolidated Financial Statements and Primary Notes .....	4
(1) Quarterly Consolidated Balance Sheet .....	4
(2) Quarterly Consolidated Statement of Income and Comprehensive Income .....	6
(3) Quarterly Consolidated Statement of Cash Flows .....	8
(4) Notes to the Quarterly Consolidated Financial Statements .....	9
(Notes on going concern assumption).....	9
(Notes on significant changes in shareholders' equity).....	9
(Changes in accounting policies).....	9
(Additional information).....	9
(Matters related to quarterly consolidated statement of cash flows).....	9
(Segment information).....	10

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

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

In the first quarter period of FY2018, gradual recovery continued with major economies around the world, including Japan, notwithstanding the impact of trade related issues remaining uncertain. In the United States, the economy continued to trend toward recovery, including a gradual rise in employment rates and corporate capital investments. In other parts of Asia and in Europe, economic recovery continued to be moderate. Meanwhile, in Japan capital investments continued to grow steadily with improvements to corporate earnings and employment rates. On the other hand, in China, where capital investment had been robust, but now there are signs of a deceleration in infrastructure investment and there is concern about the future impact on trade related issues.

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

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

Reflecting this performance, consolidated net sales was ¥85,428 million, an increase of 12.7% year-on-year, best quarter result to date. In terms of profit, operating income was ¥9,032 million, (decrease of 9.9% year-on-year), and ordinary income of ¥9,152 million, (decrease of 8.1% year-on-year) as a result of increased investments in anticipation of accelerated growth. Meanwhile, net income attributable to owners of parent was ¥6,517 million (decrease of 5.0% year-on-year). Profits decreased year-on-year compared to the most profitable quarter ever.

#### **① Factory Automation (FA)**

In the FA business, global needs for reliable and quick delivery of FA components expanded further, steadily permeating MISUMI's business model, and proactively captured the demand for automation products in the automotive and electronics related industries. Accordingly, net sales was ¥29,776 million (16.0% increase year-on-year). Operating income was ¥5,657 million (7.3% increase year-on-year).

#### **② Die Components**

In the Die components business, due to the reduced demand of our primary customers in the automotive related industry, despite sales activities being brisk in Asia, net sales was ¥19,474 million (1.1% decrease year-on-year) and operating income was ¥1,718 million (3.2% increase year-on-year).

#### **③ VONA**

VONA business is MISUMI Group's sales and distribution business of production facilities related components, production auxiliary materials and MRO\*. This business segment includes MISUMI brand products as well as third party manufacturer's products. Enhanced product lineup continued to support business growth this term. Items handled reached 24.6 million globally as at the end of first quarter of FY2018. These efforts coupled with carrying out proactive sales expansion initiatives resulted in net sales of ¥36,177 million (19.0% increase year-on-year). Meanwhile, operating income was ¥1,644 million (49.2% decrease year-on-year) as upfront investments geared for business expansion in Japan and overseas increased.

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

## **(2) Explanation of Financial Position**

### **1) Assets, liabilities and net assets**

Total assets as of the end of the first quarter of the fiscal year were ¥236,210 million, a decrease of ¥7,281 million compared to the previous year-end. Current assets decreased ¥9,357 million. This is mainly due to a decrease in cash and deposits of ¥12,455 million, an increase in notes and accounts receivable - trade of ¥1,199 million and an increase in merchandise and finished goods of ¥1,080 million. Property, plant and equipment increased ¥1,902 million. Intangible assets increased ¥393 million. Investments and other assets such as investment securities decreased ¥219 million.

Total liabilities were ¥46,011 million, a decrease of ¥10,760 million compared to the previous year-end. Current liabilities decreased ¥10,940 million. This is mainly due to a decrease in notes and accounts payable - trade of ¥586 million, a decrease in accounts payable - other of ¥5,127 million, a decrease in income taxes payable of ¥2,184 million, and a decrease in provision for bonuses of ¥1,706 million. Long-term liabilities increased ¥180 million.

Total net assets were ¥190,198 million, an increase of ¥3,478 million compared to the previous year-end. This was primarily because shareholders' equity increased by ¥3,453 million mainly due to an increase of ¥3,378 million in retained earnings, and accumulated other comprehensive income including foreign currency translation adjustments decreased by ¥72 million. As a result, the equity ratio was 79.8%, compared to 76.1% marked at the end of the previous year.

Effective from the fiscal year 2018, the presentation method has been changed following the application of "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018). Accordingly, year-on-year comparisons were made with figures adjusted retroactively.

### **2) Cash flows**

At the end of the first quarter of the fiscal year, cash and cash equivalents amounted to ¥39,168 million, a decrease of ¥12,544 million compared to the previous year-end.

The status of cash flows and their underlying factors for the three months ended June 30, 2018 were as follows.

Cash outflows from operating activities were ¥2,635 million (a net cash inflow of ¥1,746 million for the same period in the previous year). A breakdown of cash flows from operating activities is as follows. Income before income taxes was ¥9,152 million. Depreciation and amortization was ¥2,093 million. A decrease in provision for bonuses was ¥1,723 million. An increase in notes and accounts receivable - trade was ¥3,806 million. An increase in inventories was ¥1,674 million. An increase in notes and accounts payable - trade was ¥185 million. A decrease in accounts payable - other was ¥2,931 million. Income taxes paid was ¥4,240 million.

Cash outflows from investing activities were ¥6,775 million (a net cash inflow of ¥4,462 million for the same period in the previous year). A breakdown of cash flows from investing activities is as follows. The purchase of fixed assets was ¥6,140 million. Payments into time deposits were ¥24,858 million. Refund from time deposits was ¥24,614 million.

Cash outflows from financing activities were ¥3,135 million (a net cash outflow of ¥2,495 million for the same period in the previous year). The main item of cash flows from financing activities was dividends paid of ¥3,139 million.

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

The full-year consolidated financial results forecast for the fiscal year ending March 31, 2019 is unchanged from the figures announced on May 10, 2018.

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

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

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	65,502	53,047
Notes and accounts receivable - trade	67,817	69,016
Merchandise and finished goods	33,208	34,289
Work in process	1,771	2,344
Raw materials and supplies	6,301	6,467
Other	5,622	5,666
Allowance for doubtful accounts	(319)	(285)
Total current assets	179,904	170,547
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,649	9,533
Machinery, equipment and vehicles, net	12,053	12,655
Land	3,728	3,730
Other, net	4,282	5,697
Total property, plant and equipment	29,714	31,616
Intangible assets		
Software	17,057	16,973
Other	7,529	8,007
Total intangible assets	24,587	24,980
Investments and other assets		
Investment securities	6	6
Other	9,467	9,252
Allowance for doubtful accounts	(187)	(192)
Total investments and other assets	9,285	9,065
Total non-current assets	63,587	65,663
Total assets	243,492	236,210

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	19,524	18,938
Current portion of convertible bonds	106	88
Accounts payable - other	14,001	8,874
Income taxes payable	4,494	2,310
Provision for bonuses	3,525	1,818
Provision for directors' bonuses	261	23
Other	7,770	6,690
Total current liabilities	49,684	38,743
Long-term liabilities		
Liability for retirement benefits	4,878	5,052
Other	2,209	2,215
Total long-term liabilities	7,087	7,268
<b>Total liabilities</b>	<b>56,772</b>	<b>46,011</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	12,812	12,849
Capital surplus	23,201	23,238
Retained earnings	148,059	151,437
Treasury stock	(77)	(77)
Total shareholders' equity	183,994	187,447
Accumulated other comprehensive income		
Foreign currency translation adjustments	1,291	1,215
Defined retirement benefit plans	(83)	(79)
Total accumulated other comprehensive income	1,208	1,136
Stock acquisition rights	986	1,078
Non-controlling interests	529	535
<b>Total net assets</b>	<b>186,719</b>	<b>190,198</b>
<b>Total liabilities and net assets</b>	<b>243,492</b>	<b>236,210</b>

**(2) Quarterly Consolidated Statement of Income and Comprehensive Income**  
**Quarterly Consolidated Statement of Income**  
**For the Three Months Ended June 30, 2018 and 2017**

(Millions of yen)

	For the three months ended June 30, 2017	For the three months ended June 30, 2018
Net sales	75,774	85,428
Cost of sales	43,442	48,927
Gross profit	32,332	36,500
Selling, general and administrative expenses	22,312	27,467
Operating income	10,019	9,032
Non-operating income		
Interest income	50	55
Insurance premiums refunded	—	141
Subsidy income	38	—
Miscellaneous income	84	89
Total non-operating income	173	286
Non-operating expenses		
Sales discounts	19	22
Foreign exchange losses	201	110
Miscellaneous loss	12	34
Total non-operating expenses	233	166
Ordinary income	9,959	9,152
Income before income taxes	9,959	9,152
Income taxes	3,071	2,614
Net income	6,888	6,537
Net income attributable to non-controlling interests	30	20
Net income attributable to owners of parent	6,858	6,517

**Quarterly Consolidated Statement of Comprehensive Income**  
**For the Three Months Ended June 30, 2018 and 2017**

(Millions of yen)

	For the three months ended June 30, 2017	For the three months ended June 30, 2018
Net income	6,888	6,537
Other comprehensive income (loss)		
Foreign currency translation adjustments	581	(108)
Defined retirement benefit plans	3	3
Share of other comprehensive income (loss) in associates	(2)	(6)
Total other comprehensive income (loss)	582	(111)
Comprehensive income	7,470	6,426
Comprehensive income attributable to		
Owners of parent	7,433	6,445
Non-controlling interests	36	(18)

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

(Millions of yen)

	For the three months ended June 30, 2017	For the three months ended June 30, 2018
<b>Cash flows from operating activities</b>		
Income before income taxes	9,959	9,152
Depreciation and amortization	1,626	2,093
Amortization of goodwill	431	—
Increase (decrease) in liability for retirement benefits	151	179
Increase (decrease) in provision for bonuses	(1,037)	(1,723)
Increase (decrease) in provision for directors' bonuses	(117)	(230)
Increase (decrease) in allowance for doubtful accounts	18	(27)
Interest and dividend income	(57)	(55)
Interest expenses	1	0
Share-based compensation expenses	111	140
Foreign exchange losses (gains)	56	(57)
Share of (profit) loss of entities accounted for using equity method	(14)	(12)
Insurance premiums refunded	—	(141)
(Increase) decrease in notes and accounts receivable – trade	(3,811)	(3,806)
(Increase) decrease in inventories	(1,306)	(1,674)
(Increase) decrease in consumption taxes refund receivable	174	(420)
Increase (decrease) in notes and accounts payable – trade	(750)	185
Increase (decrease) in accounts payable – other	(1,000)	(2,931)
(Increase) decrease in other assets	(230)	(374)
Increase (decrease) in other liabilities	1,021	969
Subtotal	5,226	1,267
Interest and dividend income received	68	59
Interest expenses paid	(1)	(0)
Insurance premiums received	—	141
Income taxes refund	29	136
Income taxes paid	(3,576)	(4,240)
Net cash provided by operating activities	1,746	(2,635)
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(2,879)	(6,140)
Proceeds from sales of fixed assets	2	37
Payments into time deposits	(7,093)	(24,858)
Refund from time deposits	14,588	24,614
Payments for lease and guarantee deposits	(163)	(567)
Proceeds from collection of lease and guarantee deposits	57	100
Other, net	(50)	37
Net cash used in investing activities	4,462	(6,775)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of stock	12	3
Dividends paid	(2,507)	(3,139)
Net cash used in financing activities	(2,495)	(3,135)
Effect of exchange rate change on cash and cash equivalents	215	2
Net increase (decrease) in cash and cash equivalents	3,928	(12,544)
Cash and cash equivalents at beginning of period	47,840	51,713
Cash and cash equivalents at end of period	51,769	39,168

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

(Notes on going concern assumption)

Not applicable

(Notes on significant changes in shareholders' equity)

Not applicable

(Changes in accounting policies)

Not applicable

(Additional information)

Following the application of the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018), etc. from the beginning of the first quarter of the fiscal year, deferred tax assets are presented in investments and other assets, while deferred tax liabilities are presented in long-term liabilities.

(Matters related to quarterly consolidated statement of cash flows)

Details of significant non-monetary transactions

(Millions of yen)

	For the three months ended June 30, 2017	For the three months ended June 30, 2018
Increase in common stock due to conversion of convertible bonds	3,961	10
Increase in capital surplus due to conversion of convertible bonds	3,961	10
Decrease in convertible bonds due to conversion of the bonds	7,923	21

(Segment information)

[Segment information]

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

1. Net sales and segment income by reportable segment

(Millions of yen)

	Reportable Segments				Adjustments	Consolidated
	FA Business	Die Components Business	VONA Business	Total		
Net sales						
Sales to customers	25,665	19,698	30,410	75,774	–	75,774
Internal sales to other segments	–	–	–	–	–	–
Total	25,665	19,698	30,410	75,774	–	75,774
Segment income	5,272	1,666	3,236	10,174	(154)	10,019
Segment income before amortization of goodwill*	5,272	2,252	3,236	10,761	(154)	10,606

\*(Note)

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

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

(Millions of yen)

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

For the three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)

1. Net sales and segment income by reportable segment

(Millions of yen)

	Reportable Segments				Adjustments	Consolidated
	FA Business	Die Components Business	VONA Business	Total		
Net sales						
Sales to customers	29,776	19,474	36,177	85,428	–	85,428
Internal sales to other segments	–	–	–	–	–	–
Total	29,776	19,474	36,177	85,428	–	85,428
Segment income	5,657	1,718	1,644	9,020	12	9,032
Segment income before amortization of goodwill*	5,657	1,869	1,644	9,171	12	9,183

\*(Note)

Other intangible assets related to the acquisition of Dayton Lamina Corporation was added back to Segment income.

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

(Millions of yen)

Income	Amount
Total of reportable segment	9,020
Adjustments	12
Operating income in quarterly consolidated statement of income	9,032

[Supplementary information]

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

1. Information by region

(1) Net sales

(Millions of yen)

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

(Note) Net sales represent the net sales of the Group in Japan and other countries or regions.

(2) Property, plant and equipment

(Millions of yen)

Japan	China	Vietnam	America	Others	Total
10,318	6,953	5,760	2,808	1,516	27,357

2. Information on goodwill by reportable segment

(Millions of yen)

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

For the three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)

1. Information by region

(1) Net sales

(Millions of yen)

Japan	China	Asia	America	Europe	Others	Total
42,743	15,951	14,275	6,850	4,352	1,253	85,428

(Note) Net sales represent the net sales of the Group in Japan and other countries or regions.

(2) Property, plant and equipment

(Millions of yen)

Japan	China	Vietnam	America	Others	Total
12,290	7,516	7,000	2,640	2,169	31,616

2. Information on goodwill by reportable segment

Not applicable