

This is an abridged translation of the original notice in Japanese and is intended for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the Japanese original shall prevail.

Securities Code: 9962

May 28, 2024

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 62<sup>nd</sup> Annual General Meeting of Shareholders**

You are hereby notified of the 62<sup>nd</sup> Annual General Meeting of Shareholders (the “Meeting”) of MISUMI Group Inc. (the “Company”), details of which are provided below.

The Electronic Provision Measures have been taken 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 12, 2024.**

**1. Date and Time:** June 13, 2024 (Thursday) from 2:00 p.m. (Registration opens at 1:00 p.m.)

**2. Place:** MISUMI Group Inc.  
14<sup>th</sup> Floor, Kudan Kaikan Terrace  
6-5 Kudanminami 1-Chome, Chiyoda-ku, Tokyo, Japan

The location of the Meeting is different from last year. Please refer to the “Map of the Annual General Meeting” at the end of this document to ensure that you arrive at the correct location for the meeting.

\*Map is available only in Japanese

### **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 62<sup>nd</sup> Fiscal Year (from April 1, 2023, to March 31, 2024).
2. Financial Statements for the 62<sup>nd</sup> Year (from April 1, 2023, to March 31, 2024).

## Proposals

- Proposal 1:** Dividend of Surplus
- Proposal 2:** Election of Nine (9) Directors
- Proposal 3:** Election of One (1) Corporate Auditor
- Proposal 4:** Revision of Total Amount of Compensation for Outside Directors and Corporate Auditors

## 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 12, 2024. 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 12, 2024.  
\*Website is available only in Japanese

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- ◎ If attending the Meeting in person, please submit the enclosed Voting Right Exercise Form to the receptionist at the venue.
  - ◎ In case revisions occur regarding Electronic Provision Measures Matters, we will post the revised content on each of our aforementioned websites.
  - ◎ The following items are not included in the paper-based documents delivered to Shareholders who have requested the delivery in accordance with applicable legal provisions and the Company's Articles of Incorporation. The Independent Auditor and the Corporate Auditors have audited the subject documents for the audit including the following items.
    - “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
  - ◎ 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

MISUMI Group is committed to the Growth Chain-reaction management, which starts with the employees' challenges, to contribute to the sustainable growth of the IA (Industrial Automation) industry, which is our customer, and to support the sustainable development of society through automation and labor saving in the IA industry. To achieve this, we are actively investing for growth in the development of regions, businesses, new products, and services, and are working to advance our Business MODEL that contributes to increasing customer's time value. In addition, to increase corporate value over the medium to long term, the Company will accurately assess the cost of capital and aim for a return on capital that exceeds the cost of capital and widening the equity spread. To that end, we will strike a balance between investments in growth from a medium to long-term perspective and the return of profits to our shareholders.

The Company will revise the benchmark payout ratio from 25% to 30%, considering the management foundation expansion, strengthening of the financial position, and capital efficiency improvement. Stock repurchases will be implemented flexibly depending on the situation, such as cash position, investment opportunities for growth, and stock market trends. The purpose of this stock repurchase is to enhance shareholder returns and to facilitate a flexible capital policy.

Based on the changed benchmark described above, the Company proposes a year-end dividend of **¥14.87** per share.

Pending approval of this proposal, the annualized dividend would be **¥27.47** per share, a decrease of **¥2.67** from the previous year's figure, including the interim dividend of **¥12.60** per share (total amount: **¥3,547,375,877**) already paid out on **December 5, 2023**.

(1) Type of dividend assets

**Cash**

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

**¥14.87** per share of common stock. Total amount: **¥4,190,957,797**

(3) Effective date of the dividend of surplus

**June 19, 2024**



## Proposal 2: Election of Nine (9) Directors

The terms of office for all eight (8) current Directors will expire at the end of this Meeting. Therefore, the Company proposes the addition of one (1) Director and the election of nine (9) Directors including one (1) new Outside Director to strengthen the management of the Company. The Nomination and Compensation Committee as a voluntary committee (the majority comprises 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 nine (9) Directors (seven (7) males and two (2) females), including three (3) Outside Directors.

Candidates for the position of Director are as follows.

	Name		Positions and responsibilities in the Company	Board of Directors Meeting Attendance
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>Arata Shimizu</b>	Re-appointment	Outside Director (To be executive director when re-appointed)	14 out of 14 meetings (100%)
4	<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%)
5	<b>Shigetaka Shimizu</b>	Re-appointment	Executive Director President, Japan Business Company, MISUMI Corporation	14 out of 14 meetings (100%)
6	<b>Shaochun Xu</b>	Re-appointment	Director Chairperson and General Manager, MISUMI (CHINA) PRECISION MACHINERY TRADING CO., LTD.	14 out of 14 meetings (100%)
7	<b>Yoichi Nakano</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%)
9	<b>Keiko Yano</b>	New appointment Outside Director	-	-

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. (currently Interworks Confidence 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>Date of Birth:</u></b> March 1, 1958  <b><u>Ownership of the Company's shares</u></b> 65,600 shares		<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.
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>Date of Birth:</u></b> October 1, 1964  <b><u>Ownership of the Company's shares</u></b> 511,000 shares		<b><u>Reason for nomination as Director:</u></b> As Representative Director and President, Mr. Ryusei Ono has led 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.

Candidate number 3	<p><b>Arata Shimizu</b> 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.  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.</p>
		<p><b><u>Reason for nomination as Director:</u></b>  Mr. Arata Shimizu has extensive experience as strategic consulting and business manager over many years and has wide-ranging knowledge. In addition, Mr. Shimizu has provided appropriate advice and supervision about MISUMI Group's management as an Outside Director from an independent perspective since June 2020. Mr. Shimizu is capable of carrying out his decision-making and supervisory roles appropriately and effectively, using his experience and knowledge. Accordingly, Mr. Shimizu is nominated as a candidate for an executive director, and upon approval of his appointment, will assume the position of Senior Executive Director and CIO.</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 4	<p><b>Tomoki Kanatani</b> Re-appointment</p>	<p><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: 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)</p>
		<p><b><u>Reason for nomination as Director:</u></b>  Mr. Tomoki Kanatani has participated in the Company's business for an extended period, and has, among other things, enhanced the foundation for the Company's sales. 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.</p>
	<p><b><u>Date of Birth:</u></b> October 20, 1967</p> <p><b><u>Ownership of the Company's shares</u></b> 29,900 shares</p>	

Candidate number 5	<p><b>Shigetaka Shimizu</b> Re-appointment</p>	<p><b><u>Profile, positions and responsibilities and important concurrent positions</u></b>  Apr 1995: Joined Okura &amp; Co., Ltd.  Apr 1999: Joined MISUMI Group Inc.  Dec 2015: 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)</p>
		<p><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.</p>
	<p><b><u>Date of Birth:</u></b> November 28, 1971</p> <p><b><u>Ownership of the Company's shares</u></b> 55,200 shares</p>	
Candidate number 6	<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>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>
	<p><b><u>Date of Birth:</u></b> January 28, 1964</p> <p><b><u>Ownership of the Company's shares</u></b> 12,400 shares</p>	



Candidate number 7	<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>Reason for nomination as Director and summary of expected roles:</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.  Upon his appointment, he will assume the position of Lead Outside Director and the Chairman of Nomination and Compensation Committee.</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>	
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 and 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 and summary of expected roles:</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>	



Candidate number 9	<p><b>Keiko Yano</b> Outside Director New appointment</p>	<p><b><u>Profile, positions and responsibilities and important concurrent positions</u></b>  Apr 1981: Joined Toyo Kogyo Co., Ltd. (currently Mazda Motor Corporation)  Jan 1988: Joined Ford Motor Company of Japan Limited  Jul 2000: Senior Managing Director and General Manager of Corporate Planning, Japan Climate Systems Corporation, Secondment  Nov 2005: Sales Director, Visteon Japan  Dec 2011: Senior Managing Director and General Manager of Corporate Planning, Japan Climate Systems Corporation  Sep 2012: Mazda General Manager, Johnson Controls Inc.  Jul 2014: Sales Director, Visteon Corporation  Oct 2020: Vice President, Visteon Corporation  Oct 2020: Representative Director, Visteon Japan Ltd.</p>
		<p><b><u>Reason for nomination as Director and summary of expected roles:</u></b>  Ms. Keiko Yano has served in various capacities in cars and automotive components industry as an executive in several global companies including joint venture formed by a Japanese company and an American company. She has ample experience and broad knowledge from her extensive career. We nominate Ms. Yano as a candidate for Outside Director, as it is expected that, with her experience and knowledge, she will provide appropriate advice and supervision to strengthen our group management.</p>
	<p><b><u>Date of Birth:</u></b> December 18, 1958</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. Tomoharu Suseki and Ms. Keiko Yano 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 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. Upon the approval of her appointment, Ms. Keiko Yano will become an Independent Officer according to the rules set by the Tokyo 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 five (5) years upon the closing of the Meeting.
    - (ii) Mr. Tomoharu Suseki has been an Outside Director of the Company since June 2021 and will have served as such for about three (3) 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. 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 and Mr. Tomoharu Suseki if approval is given for their reappointment. If appointment of Ms. Keiko Yano is approved, the Company plans to enter into an agreement of the same kind with her.
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).

### Proposal 3: Election of One (1) Corporate Auditor

To enhance the auditing functions due to the global business expansion and the strengthening of the corporate governance of MISUMI Group, the Company proposes the addition of one (1) Corporate Auditor and the election of the following one (1) new Corporate Auditor.

The Board of Corporate Auditors has given its consent to this proposal.

Candidate for the position of Corporate Auditor is as follows.

<p style="text-align: center;"><b>Ichiro Otokozawa</b> New Appointment</p>	<p><b><u>Profile, positions and responsibilities and important concurrent positions</u></b>          Apr 1979: Joined Nippon Kokan Corporation (currently JFE Engineering Corporation)          Mar 1997: General Manager of President’s Office, Santen Pharmaceutical Co., Ltd.          Jul 1999: Corporate Officer, Santen Pharmaceutical Co., Ltd.          Jun 2005: Director and Senior Corporate Officer, Santen Pharmaceutical Co., Ltd.          May 2006: Senior Director, AlixPartners          Jul 2007: Senior Director, Advent International Corporation          Apr 2011: Director and CFO, Avon Products Co., Ltd (currently FMG &amp; MISSION CO., LTD.)          Dec 2013: Senior Corporate Officer and CFO, MISUMI Group Inc.          Jun 2014: Executive Director and CFO, MISUMI Group Inc.          Jul 2020: Executive Director, MISUMI Group Inc.          Oct 2020: Chief Executive in charge of Europe and Americas Business, MISUMI Corporation (to present)</p>
	<p><b><u>Reason for nomination as Corporate Auditor:</u></b>          Mr. Ichiro Otokozawa has extensive experience as CFO for several companies and a wide-ranging track record as a manager of administrative and business units. Using his knowledge, he has appropriately carried out his executive, decision-making and supervisory roles as the CFO for MISUMI Group and as the person responsible for head office administrative organization since December 2013, and as the person responsible for Europe and Americas Business since October 2020.          Mr. Otokozawa has been nominated as a candidate for Corporate Auditor in the expectation that he will use his experience and knowledge to strengthen the audit function of the Company and appropriately audit Directors’ execution of their duties.</p>
<p><b><u>Date of Birth:</u></b> August 22, 1955</p> <p><b><u>Ownership of the Company’s shares</u></b> 29,400 shares</p>	

Notes:

1. No special interests exist between the candidate 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 Corporate Auditors of the Companies as the insured. The said insurance agreement shall compensate for damages and legal expenses to be borne by the insured. In the event that Mr. Ichiro Otokozawa is appointed as Corporate Auditor of the Company, he will become the insured under the said insurance agreement. The Company plans to renew the said insurance agreement with the same terms at the time of next renewal.

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

The Company has prepared and disclosed a skills matrix that lists each Director's 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 and 3 are approved, the Board of Directors and Board of Corporate Auditors will comprise members\* with the following skills.

\*10 males/ 3 females, and 12 Japanese/ 1 foreign-national

Name	Positions	Corporate Mgt	Business strategy	Global experience (*1)	DX/ IT	Manufacturing/ Operations (*2)	Organizational/ HR strategy	Finance/ Accounting	ESG/ Risk Mgt/ Legal
Kosuke Nishimoto	Representative Director	○	○				○	○	○
Ryusei Ono	Representative Director	○	○	○	○	○			
Arata Shimizu	Director	○	○		○	○			
Tomoki Kanatani	Director		○	○	○	○			
Shigetaka Shimizu	Director		○	○	○	○			
Shaochun Xu	Director			○			○	○	○
Yoichi Nakano	Outside Director	○		○			○	○	
Tomoharu Suseki	Outside Director	○		○		○			○
Keiko Yano	Outside Director	○	○	○			○		
Ichiro Otokozaawa	Corporate Auditor	○		○				○	○
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

### **Criteria for Independence of Outside Directors and Outside Corporate Auditors**

The Company nominates a person who is considered unlikely to have conflicts of interests with general shareholders as a candidate of Outside Director or Outside Corporate Auditor. Therefore, a candidate shall pass the Independence Test set by the Tokyo Stock Exchange, and be required that he/she is not fall under any of the followings:

1. A person for which the Company is a major client, or an executive of an entity for which the Company is a major client;
2. A person who is a major client of the Company, or an executive of an entity which is a major client of the Company;
3. A consultant, accounting professional, or legal professional who receives a large amount of money or other assets from the Company, in addition to their remuneration as Director or Corporate Auditor (if the entity receiving said assets is a corporation, partnership, or other organization, a person who belongs to said entity);
4. A person who was one of the above three in the past one year;
5. A person whose circumstances may cause conflicts of interest with the Company other than those listed here; or
6. A spouse or a relative of someone within the second degree of kinship who fell under one of the above.

#### **Proposal 4: Revision of Total Amount of 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 compensation for the Directors has been approved as not exceeding ¥1,100 million per annum (including a maximum of ¥40 million for Outside Directors).

Separately from the above base compensation, by resolution of the 61<sup>st</sup> Annual General Meeting of Shareholders held on June 15, 2023, the grant of Restricted Stock to Directors (excluding Outside Directors) for compensation has been approved as not exceeding ¥850 million per annum with the aim of enhancing the motivation of Directors 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.

The Company has increased the number of Outside Directors from the one (1) director at the time of the 52<sup>nd</sup> Annual General Meeting of Shareholders to three (3) Outside Directors to strengthen the supervisory function of the Board of Directors. To secure individuals with the abundant experience and broad insight appropriate for the roles and responsibilities expected of Outside Directors, the Company would like to increase the compensation to Outside Directors up to ¥80 million per annum. The total compensation to the Directors will remain at the current amount of ¥1,100 million per annum. Currently the number of the Directors is eight (8) including three (3) Outside Directors; when Proposal 2 is approved, the number of Directors will be changed to nine (9) including three (3) Outside Directors.

Additionally, by resolution of the of the 31<sup>st</sup> Annual General Meeting of Shareholders held on June 28, 1993, the total compensation for Corporate Auditors has been approved as not exceeding ¥50 million per annum. More than 30 years have passed since this approval, and during this time, the scope of duties for the Corporate Auditors has significantly expanded due to the enlargement of the business scale and the strengthening of the corporate governance. Furthermore, when the proposal 3 is approved, the number of Corporate Auditors will be changed from three (3) to four (4).

Therefore, the Company proposes to increase the total compensation for the Corporate Auditors up to ¥80 million per annum in response to the addition of Corporate Auditors and to achieve a level of compensation that matches their roles and responsibilities.



# **Business Report**

From April 1, 2023, to March 31, 2024

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

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

During this consolidated fiscal year, the global economy continued to be difficult due to sluggish global capital investment demand, particularly in the manufacturing sector. In China, demand remained generally sluggish due to uncertain economic conditions, and in Japan and Asia, with the exceptions of some areas, demand remained weak but showed a gradual recovery trend toward the end of the period. In Europe and the U.S., on the other hand, economic slowdowns due to geopolitical risks and other factors led to a deceleration starting in the second half of the fiscal year.

In this economic environment, MISUMI Group is leveraging its unique Business MODEL, which encompasses manufacturing and distribution businesses. By advancing the global business foundation supporting these operations, we contribute to industries related to automation demand, particularly the manufacturing industry, by meeting customers' needs for reliable and quick delivery. To further strengthen the solid business foundation and global network in IT, manufacturing, and logistics that we have built up over the years, we have completed the implementation of core system renewal in Japan, our largest base. At the same time, while we continued to accelerate new business policies, including the development of new products and services, both sales and profits declined from the previous year due to the impact of weak global demand for capital investment.

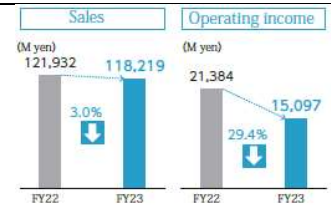
This resulted in consolidated net sales of ¥367,649 million (1.5% decrease year-over-year). In terms of profit, as affected by decreased sales volume and increased costs related to the introduction of a new core IT system for Business MODEL innovation, etc., operating income was ¥38,365 million (17.7% decrease year-over-year), and ordinary income was ¥41,265 million (13.7% decrease year-over-year). Net income attributable to owners of parent was ¥28,152 million (17.9% decrease year-over-year).

## Segment Information

### FA Business



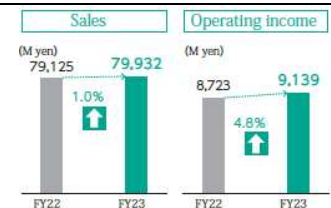
In the FA business, sales in Japan managed to maintain the same level as the previous year, but overseas sales, particularly in China, were sluggish, resulting in sales of 118,219 million yen (3.0% decrease year-over-year) and operating income of 15,097 million yen (29.4% decrease year-over-year).



### Die Components Business



The Die Components business, while generally weak in all regions, captured automotive-related demand, particularly in Asia and Europe, which, supported by exchange rate effects, contributed to the increase in both in sales and profit. Sales was ¥79,932 million (1.0% increase year-over-year) and operating income was ¥9,139 million (4.8% increase year-over-year).



### VONA Business



VONA business 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. Sales in Japan managed to maintain the same level as the previous year, but in overseas, particularly China and Asia, remained sluggish due to the slowdown in customer factory operations. Sales was ¥169,497 million (1.5% decrease year-over-year), and operating income was ¥14,128 million (14.4% decrease year-over-year).



## (2) Capital Investment and Financing

Capital investments made this consolidated fiscal year amounted to ¥17,976 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

We expect the business environment in the global economy, including Japan, to remain uncertain as the global supply chain continues to shift toward regional blocs. In the industrial sector, however, there are high expectations that the demand for automation will continue to grow worldwide as various social issues are addressed. To meet these customer needs, we will continue to advance our IT, manufacturing, and logistics business foundations and further refine our “globally reliable, quick delivery.” We will accelerate the development of regional markets, new businesses, new products, and services, etc. to improve customer's time value, and promote the transition to the Digital MODEL that fits each market to respond to the different needs of each market.

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

MISUMI Group is accelerating its business domain expansion and global development by leveraging our strength as both a manufacturer and a distributor. In the manufacturing business, we are developing the Factory Automation and Die Components businesses on a global scale. Through “mevii,” our online machine parts procurement service in addition to the traditional catalogs and websites, we are contributing to our customers greatly shorten their equipment design and procurement processes, thereby improving their convenience.

In the distribution business, or the VONA business, we are expanding its product lines that include other companies' brands, while strongly promoting the acceleration of global expansion through our uniquely broad range of products and services that meet the needs and characteristics of our customers. Through these efforts, we will achieve sustainable growth in the future.

#### ii. Digital MODEL Shift

To meet the needs of global customers, we must evolve our Business MODEL in each region and country. To this end, we will develop products and services tailored to the characteristics of the markets in each region and country, accelerate the Digital MODEL, and improve the supply chain resilience.

We will continue to develop the new Digital MODEL to meet diversifying automation needs on an ongoing basis, while integrating it into the growth strategies in each region to further evolve our “globally reliable, quick delivery” strategy.

In addition, we revamped our core system in Japan, our largest base, as part of our efforts to improve business foundation in IT, manufacturing, and logistics.

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

MISUMI Group provides customers with “time value” creation through “reliable, quick delivery” and “reduction of customer’s wasted work and tasks.” The “Industrial Automation industry,” our business domain, realizes automation and labor saving in various social activities and is essential to the sustainable development of society.

We pursue growth through the challenges of each employee, which generates contributions to “customer's time value.” We aspire to achieve the “Growth Chain-reaction management,” a chain of growth in which our customers prosper, society flourishes, and our employees thrive.

Please refer to the following sections for MISUMI Group’s sustainability approaches and initiatives that lead to the goals.

## **(Reference)**

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

MISUMI Group aims to activate Growth Chain-reaction management that starts with employees' challenges. We aim to create a Growth Chain-reaction where customers prosper, society flourishes, and employees thrive through the advancement of "customer's time value" activated by employees' challenges.

The Group contributes to the industry by solving inefficiencies with the "Elimination of all wasted work and tasks" of Customers and Suppliers. The Industrial Automation industry realizes the automation and labor saving in various social activities and contributes as essential for the sustainable development of society. The sustainable development of society creates demand in the industry, which also leads to the creation of new opportunities for the Group.

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

### **Sustainability Initiatives**

#### **● Climate Change Initiatives**

MISUMI Group is committed to addressing climate change through our business activities, and we endorsed the TCFD Recommendations and joined the TCFD Consortium in September 2021.

Aiming to achieve carbon neutrality by 2050, we have set a target to reduce greenhouse gas emissions (Scope 1 and 2) by 42% compared to fiscal 2020 by fiscal 2030. In fiscal 2022, we were able to reduce group-wide greenhouse gas emissions (Scope 1 and 2) by 49,000 tons of CO<sub>2</sub>, equivalent to 70% of fiscal 2020 emissions. Specific reduction measures included the introduction of solar power generation at our Vietnam production site, the promotion of energy saving at our main production sites, the introduction of CO<sub>2</sub>-free electricity at our domestic production sites and head office building, and the active use of renewable energy certificates for our production sites in Vietnam, China, Thailand, and India. We will continue to make further efforts to reduce greenhouse gas emissions.

For more information, please visit our website:

<https://www.misumi.co.jp/english/esg/environment/climate>

#### **● 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 Group's Human Rights Policy (the "Human Rights Policy"), and 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 appropriately.

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, please visit our website.

[https://www.misumi.co.jp/sites/default/files/2024-04/misumi\\_humanright\\_en.pdf](https://www.misumi.co.jp/sites/default/files/2024-04/misumi_humanright_en.pdf)

#### **● Supply Chain Management**

MISUMI Group has formulated and implemented "Sustainable Procurement Guidelines." We actively promote our key suppliers to agree on these Guidelines and conduct surveys on respect for human rights, promotion of occupational health and safety, and the status of their management systems. Furthermore, we are collaborating with our suppliers on environmental initiatives to enhance sustainable procurement practices by sharing the energy usage data and calculating to reduce the greenhouse gas emissions. We are actively seeking to expand this initiative.

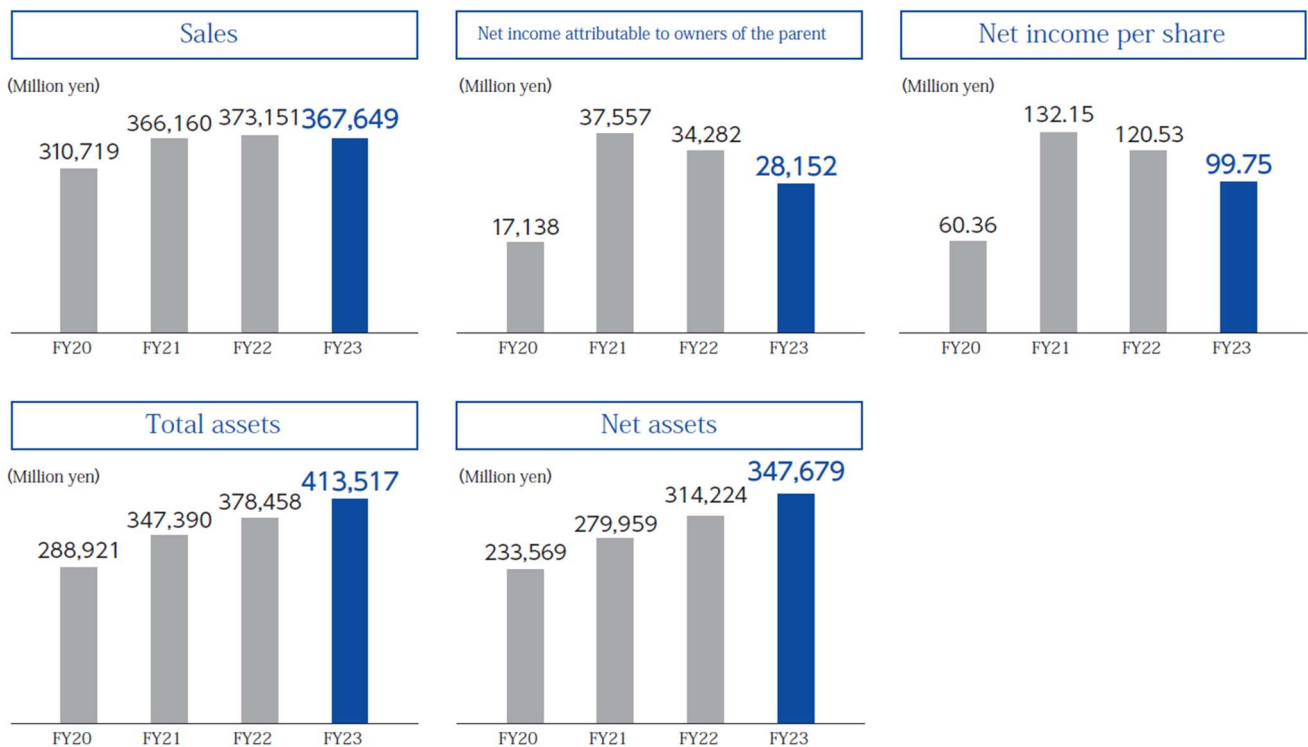
We will continue to quantitatively identify risks and opportunities throughout the supply chain to formulate and implement effective measures to address them.

#### (4) Assets, Income

Item	Period	59 <sup>th</sup> Term	60 <sup>th</sup> Term	61 <sup>st</sup> Term	62 <sup>nd</sup> Term
		(Year ended March 2021)	(Year ended March 2022)	(Year ended March 2023)	(Year ended March 2024)
Net sales	(Million yen)	310,719	366,160	373,151	367,649
Net income attributable to owners of parent	(Million yen)	17,138	37,557	34,282	28,152
Net income per share	(Yen)	60.36	132.15	120.53	99.75
Total assets	(Million yen)	288,921	347,390	378,458	413,517
Net assets	(Million yen)	233,569	279,959	314,224	347,679

Notes:

The Company has applied Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), since 60<sup>th</sup> Term (Fiscal Year ended March 2022).



#### (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%)	Die Components 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:

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

### 2) Status of designated wholly owned subsidiaries as of March 31, 2024

Nothing to report.



## (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
11,039	765 (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, 2024, is 11,814.

## (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 281,839,798  
(Excluding 3,008,099 treasury stocks)
- (3) Number of shareholders 10,912

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

Name of shareholders	Number of shares held (thousand)	Ownership Percentages (%)
THE MASTER TRUST BANK OF JAPAN, LTD.	50,589	17.9
CUSTODY BANK OF JAPAN, LTD.	22,282	7.9
SSBTC CLIENT OMNIBUS ACCOUNT	18,901	6.7
BNYM AS AGT/CLTS NON TREATY JASDEC	12,498	4.4
STATE STREET BANK AND TRUST COMPANY 505103	5,829	2.1
RBC IST 15 PCT LENDING ACCOUNT – CLIENT ACCOUNT	5,650	2.0
STATE STREET BANK WEST CLIENT – TREATY 505234	5,140	1.8
JPMORGAN SECURITIES JAPAN CO., LTD	4,879	1.7
THE BANK OF NEW YORK MELLON 140044	4,860	1.7
RBC IST 15 PCT NON LENDING ACCOUNT – CLIENT ACCOUNT	4,859	1.7

Notes:

- Treasury stocks (3,008,099) are excluded from the calculations of ownership percentages.
- Percentage ownership is rounded to the second decimal place.

### (5) Shares distributed to the officers as compensation for the execution of their duties during this fiscal year

Details of stock-based compensation distributed during this fiscal year are as follows

	Number of shares distributed	Number of eligible persons
Directors (excluding Outside Directors)	114,500	5

### 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, Open Up Group 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. Directors Yoichi Nakano, Arata Shimizu, and Tomoharu Suseki, and Corporate Auditors Juichi Nozue and Nanako Aono have passed the Independence Test set by the Tokyo Stock Exchange and met the Company's Criteria for Independence of Outside Directors and Outside Corporate Auditors (see page 13). The Company has designated all of them 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	Restricted Stock	
Directors (Outside Directors, subtotal)	725 (36)	258 (36)	34 (-)	194 (-)	237 (-)	8 (3)
Corporate Auditors (Outside Corporate Auditors, subtotal)	40 (16)	40 (16)	- (-)	- (-)	- (-)	3 (2)
Total	765	298	34	194	237	11

Note:

Stock Options compensation has been abolished due to the introduction of Restricted Stock compensation approved by the 61<sup>st</sup> Annual General Meeting of Shareholders held on June 15, 2023. Although no new Stock Options have been granted in this consolidated fiscal year, the amount of the Stock Options stated above is the compensation and other expenses recorded in this consolidated fiscal year for the Stock Options granted in previous years. In accordance with corporate accounting standards, performance-linked Stock Options are expensed pro rata over 36 months after the resolution of the Stock Options allotment and Restricted stock is expensed pro rata over 12 months.

### 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 36 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 Grant of Restricted Stock to the members of the Board of Directors excluding Outside Directors (hereinafter “Eligible Directors”) has been approved in the 61<sup>st</sup> Annual General Meeting of Shareholders held on June 15, 2023, to promote value sharing with shareholders through owing shares and to achieve a sustainable increase in the value of the Company. A summary of Restricted Stock is as follows.

## Summary of Restricted Stock

### (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.

Notes: Summary of Stock Options provided before the consolidated 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 (matters excluded from paper-based documents delivered to Shareholders) regarding the 62<sup>nd</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 was 7 (including 1 Outside Director).

Separately from the above compensation, by resolution of the 61<sup>st</sup> Annual General Meeting of Shareholders held on June 15, 2023, the grant of Restricted Stock to Directors (excluding Outside Directors) as compensation shall not exceed ¥850 million per annum. The number of Directors at the end of the said Annual General Meeting of Shareholders was 8 (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 was 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 May 18, 2023, 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.

**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 “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.

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 grant of Long-Term Incentive (Restricted Stock), 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 the fiscal year under review

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 7 out of 7 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 7 out of 7 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
<p>Tomoharu Suseki (Outside Director)</p>	<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 7 out of 7 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>
<p>Juichi Nozue (Outside Corporate Auditor)</p>	<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 24 out of 24 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>
<p>Nanako Aono (Outside Corporate Auditor)</p>	<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 24 out of 24 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 the fiscal year under review

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 | ¥62 million  |
| 2) Sum of cash or other assets payable by the Company and/or its subsidiaries     | ¥103 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 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 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 MISUMI Group ensure the observance of 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 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 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 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 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 to reflect the amendment of the Company Act.

During this fiscal year, 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 the fiscal year under review were as follows.

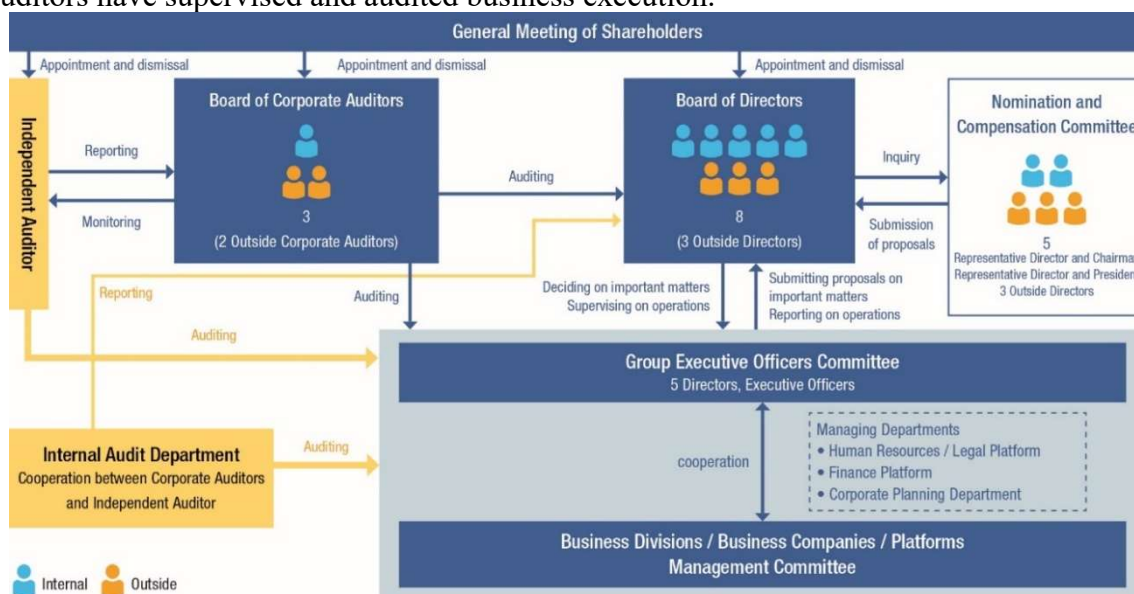
- The Company's Board of Directors held 14 meetings during the fiscal year under review. In addition, the Board of Directors and the Group Officers' Committee made important decisions and appropriately performed other functions, such as monitoring, supervision, and guidance of Headquarters, Business 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 MISUMI Group. During this training, employees are made fully aware of 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.
- The auditing environment for Corporate Auditors and Board of Corporate Auditors has been continuously enhanced through the expansion of interview opportunities with Directors including Outside Directors, coordination with administration departments, fulfillment of a full-time corporate auditor for the Subsidiaries, and strengthening of the assistance of the Corporate Auditor, which has been operated stably.
- 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, 2024)

(Millions of yen)

Item	Amount	Item	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>313,381</b>	<b>Current liabilities</b>	<b>49,929</b>
Cash and deposits	148,848	Notes and accounts payable - trade	20,984
Notes and accounts receivable - trade	75,869	Lease obligations	1,784
Merchandise and finished goods	64,269	Accounts payable - other	9,583
Work in process	4,162	Income taxes payable	5,791
Raw materials and supplies	9,946	Provision for bonuses	3,118
Income tax receivable	3,549	Provision for directors' bonuses	34
Other	7,037	Other	8,633
Allowance for doubtful accounts	(302)		
		<b>Long-term liabilities</b>	<b>15,908</b>
		Lease obligations	5,034
		Deferred tax liabilities	648
		Liabilities for retirement benefits	7,436
		Provision for loss on business liquidation	1,138
		Other	1,649
<b>Non-current assets</b>	<b>100,136</b>	<b>Total liabilities</b>	<b>65,837</b>
<b>Property, plant and equipment</b>	<b>51,042</b>		
Buildings and structures	14,252	<b>(Net assets)</b>	
		<b>Shareholders' equity</b>	<b>295,942</b>
Machinery, equipment and vehicles	16,084	Common stock	14,146
Land	3,880	Capital surplus	24,303
Right-of-use assets	5,366	Retained earnings	266,651
Construction in progress	8,512	Treasury stock	(9,159)
Other	2,946	<b>Accumulated other comprehensive income</b>	<b>48,573</b>
<b>Intangible assets</b>	<b>36,109</b>		
Software	29,709	Foreign currency translation adjustments	48,476
Other	6,399	Defined retirement benefit plans	96
<b>Investments and other assets</b>	<b>12,984</b>	<b>Stock acquisition rights</b>	<b>2,087</b>
Investment securities	6	<b>Non-controlling interests</b>	<b>1,076</b>
Deferred tax assets	7,679		
Other	5,693	<b>Total net assets</b>	<b>347,679</b>
Allowance for doubtful accounts	(395)	<b>Total liabilities and net assets</b>	<b>413,517</b>
<b>Total assets</b>	<b>413,517</b>		

**Consolidated Statement of Income**  
(From April 1, 2023, to March 31, 2024)

(Millions of yen)

Item	Amount	
<b>Net sales</b>		<b>367,649</b>
<b>Cost of sales</b>		<b>200,272</b>
<b>Gross profit</b>		<b>167,377</b>
<b>Selling, general and administrative expenses</b>		<b>129,011</b>
<b>Operating income</b>		<b>38,365</b>
<b>Non-operating income</b>		
Interest income	3,412	
Share of profit of entities accounted for using equity method	33	
Subsidy income	327	
Miscellaneous income	426	<b>4,199</b>
<b>Non-operating expenses</b>		
Interest expenses	147	
Foreign exchange losses	619	
Loss on retirement of non-current assets	312	
Miscellaneous losses	220	<b>1,299</b>
<b>Ordinary income</b>		<b>41,265</b>
<b>Extraordinary losses</b>		
Impairment loss	148	
Loss on liquidation of business	1,897	<b>2,045</b>
<b>Income before income taxes</b>		<b>39,219</b>
Income taxes - current	11,853	
Income taxes - deferred	(888)	10,964
<b>Net income</b>		<b>28,254</b>
Net income attributable to non-controlling interests		102
<b>Net income attributable to owners of parent</b>		<b>28,152</b>

## Consolidated Statements of Changes in Equity

(From April 1, 2023, to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2023	13,936	24,292	245,557	(80)	283,706
Changes of items during the consolidated fiscal year					
Issuance of new shares	209	209	—	—	419
Dividends of surplus	—	—	(7,058)	—	(7,058)
Net income attributable to owners of parent	—	—	28,152	—	28,152
Purchase of treasury stock	—	—	—	(10,000)	(10,000)
Disposal of treasury stock	—	(197)	—	921	723
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the consolidated fiscal year	209	11	21,093	(9,079)	12,235
Balance as of March 31, 2024	14,146	24,303	266,651	(9,159)	295,942

(Millions of yen)

	Accumulated other comprehensive income			Stock acquisition rights	Non-controlling interests	Total net assets
	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income			
Balance as of April 1, 2023	27,508	71	27,580	1,989	948	314,224
Changes of items during the consolidated fiscal year						
Issuance of new shares	—	—	—	—	—	419
Dividends of surplus	—	—	—	—	—	(7,058)
Net income attributable to owners of parent	—	—	—	—	—	28,152
Purchase of treasury stock	—	—	—	—	—	(10,000)
Disposal of treasury stock	—	—	—	—	—	723
Net changes of items other than shareholders' equity	20,968	24	20,993	98	128	21,219
Total changes of items during the consolidated fiscal year	20,968	24	20,993	98	128	33,455
Balance as of March 31, 2024	48,476	96	48,573	2,087	1,076	347,679

## Non-consolidated Balance Sheet

(As of March 31, 2024)

(Millions of yen)

Item	Amount	Item	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>122,456</b>	<b>Current liabilities</b>	<b>57,574</b>
Cash and deposits	63,995	Accounts payable - other	2,234
Accounts receivable - other	5,595	Deposits received from subsidiaries and affiliates	54,645
Deposits paid to subsidiaries and associates	51,073	Income taxes payable	149
Other	1,792	Provision for bonuses	149
		Provision for directors' bonuses	34
		Other	359
		<b>Long-term liabilities</b>	<b>1,150</b>
		Provision for retirement benefits	1,129
		Other	20
<b>Non-current assets</b>	<b>33,915</b>	<b>Total liabilities</b>	<b>58,725</b>
<b>Investments and other assets</b>	<b>33,915</b>	<b>(Net assets)</b>	
Shares of subsidiaries and associates	32,320	<b>Shareholders' equity</b>	<b>95,559</b>
Deferred tax assets	1,116	<b>Common stock</b>	<b>14,146</b>
Other	478	<b>Capital surplus</b>	<b>21,204</b>
		Legal capital surplus	20,844
		Other capital surplus	359
		<b>Retained earnings</b>	<b>69,369</b>
		Legal retained earnings	402
		Other retained earnings	68,966
		General reserve	27,400
		Retained earnings brought forward	41,566
		<b>Treasury stock</b>	<b>(9,160)</b>
		<b>Stock acquisition rights</b>	<b>2,087</b>
		<b>Total net assets</b>	<b>97,646</b>
<b>Total assets</b>	<b>156,372</b>	<b>Total liabilities and net assets</b>	<b>156,372</b>

## Non-consolidated Statement of Income

(From April 1, 2023, to March 31, 2024)

(Millions of yen)

Item	Amount	
<b>Operating revenue</b>		<b>60,348</b>
<b>Operating expenses</b>		<b>13,219</b>
<b>Operating income</b>		<b>47,128</b>
<b>Non-operating income</b>		
Interest income	2,145	
Commission received	300	
Miscellaneous income	17	2,463
<b>Non-operating expenses</b>		
Interest expenses	2,094	
Miscellaneous losses	23	2,118
<b>Ordinary income</b>		<b>47,473</b>
<b>Income before income taxes</b>		<b>47,473</b>
Income taxes - current	17	
Income taxes - deferred	95	112
<b>Net income</b>		<b>47,361</b>

## Non-consolidated Statements of Changes in Equity

(From April 1, 2023, to March 31, 2024)

(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, 2023	13,936	20,635	557	21,192	402	27,400	1,264	29,067
Changes of items during the fiscal year								
Issuance of new shares	209	209	—	209	—	—	—	—
Dividends of surplus	—	—	—	—	—	—	(7,058)	(7,058)
Net income	—	—	—	—	—	—	47,361	47,361
Purchase of treasury stock	—	—	—	—	—	—	—	—
Disposal of treasury stock	—	—	(197)	(197)	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—	—
Total changes of items during the fiscal year	209	209	(197)	11	—	—	40,302	40,302
Balance as of March 31, 2024	14,146	20,844	359	21,204	402	27,400	41,566	69,369

(Millions of yen)

	Shareholders' equity		Stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity		
Balance as of April 1, 2023	(81)	64,114	1,989	66,104
Changes of items during the fiscal year				
Issuance of new shares	—	419	—	419
Dividends of surplus	—	(7,058)	—	(7,058)
Net income	—	47,361	—	47,361
Purchase of treasury stock	(10,000)	(10,000)	—	(10,000)
Disposal of treasury stock	921	723	—	723
Net changes of items other than shareholders' equity	—	—	98	98
Total changes of items during the fiscal year	(9,079)	31,444	98	31,542
Balance as of March 31, 2024	(9,160)	95,559	2,087	97,646