

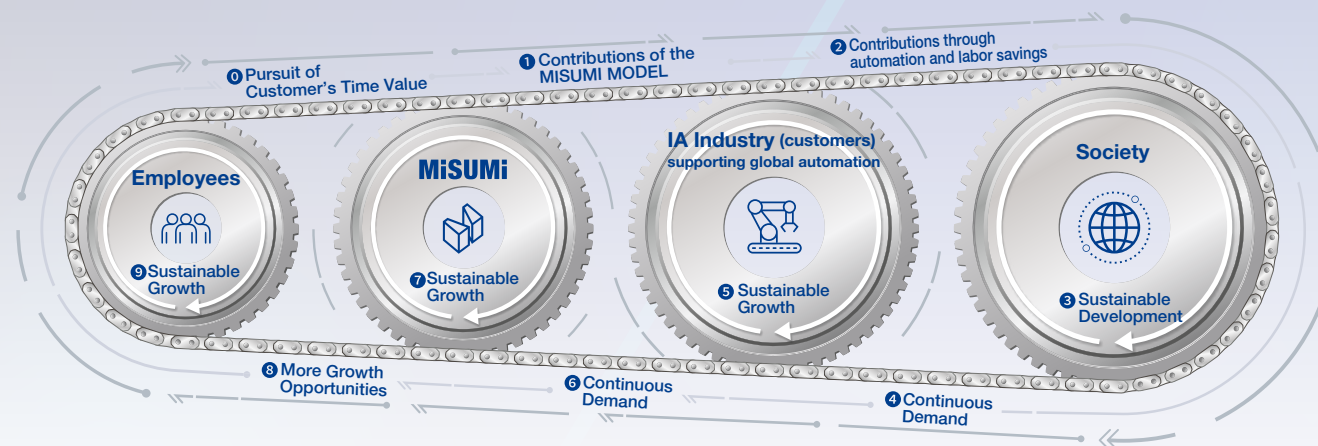
INTEGRATED REPORT 2024



MISUMI's Growth Chain-reaction Aspired Management

MISUMI aims to eliminate inefficiencies in the Industrial Automation (IA) industry and increase "Time Value" for customers.

In doing so, we strive for "Growth Chain-reaction Aspired Management" which fosters the growth and development of MISUMI, the IA industry, and society as a whole.



Employees' Challenges as the Starting Point

Employees always pursue the "next challenge," accelerating MISUMI MODEL innovation

In-house Initiatives

Improving Customer's Time Value through continuous MODEL innovation

- Reliable, Quick Delivery
- Reduction of wasteful labor-hours

Initiatives to Support Customer Industries

Time-based innovations in each of our customer's "equipment design," "procurement," "acceptance," and "usage" process

Contributions to the Sustainable Development of Society

Contributes to the acceleration of the global transition to a circular economy through labor-saving and automated equipment manufactured by customers

Aspired Management Style

Vision

- 1 MISUMI aims to activate Growth Chain-reaction Aspired Management that starts with employees' challenges
- 2 With our employees' commitment to take on challenges to enhance Customer's Time Value, MISUMI aims to drive a Growth Chain-reaction that fosters prosperity for customers, society, and employees
- 3 To sustain continuous improvement on Customer's Time Value, MISUMI has three unique perspectives
 - 1. Growth potential
Highly growth-oriented, where one measure attracts the subsequent growth
 - 2. Strategicalness
Highly strategy-oriented with "time" at the core
 - 3. Proactiveness
Self-motivated employees willing to take on new challenges
- 4 To realize Growth Chain-reaction Aspired Management, MISUMI employees as the driving force, will continually "learn, think, and challenge one's self" to foster personal growth and development

MISUMI Value's which realizes Growth Chain-reaction Aspired Management

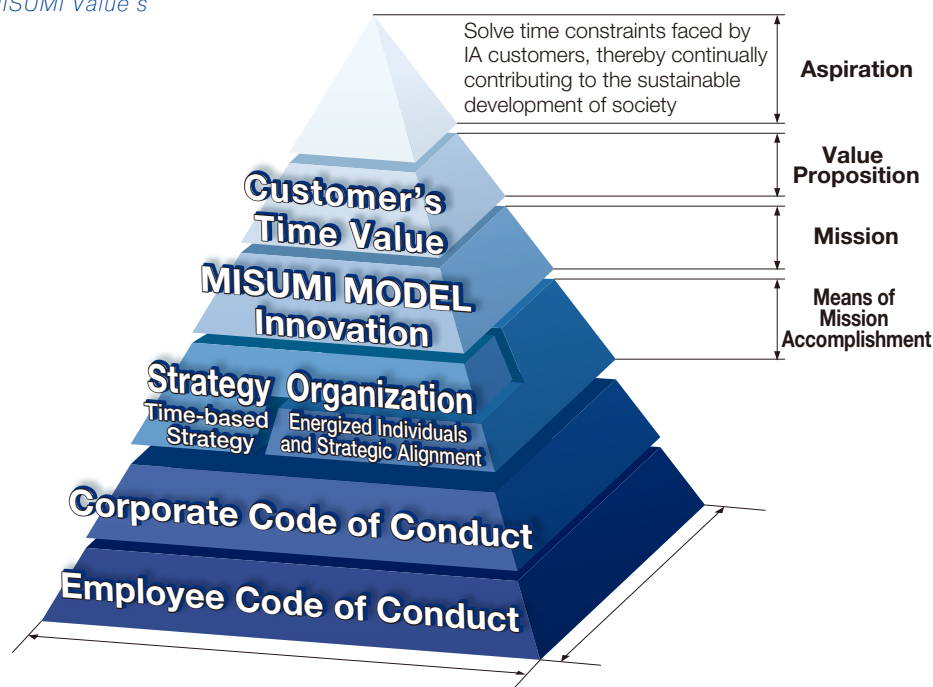
MISUMI Value's

MISUMI Value's summarizes the most valuable ideas, attitudes, and actions of MISUMI's corporate activities.

We are continuously refining our strategy and organization and developing the MISUMI MODEL to place the Customer's Time Value first.

The Framework for realizing Growth Chain-reaction Aspired Management

MISUMI Value's



MISUMI Value's Book [🔗](#)

Aspiration

Our Aspirations

MISUMI addresses the inefficiencies faced by customers in the Industrial Automation (IA) industry and solves them through a time-centric approach, contributing not only to the IA industry, but also to the sustainable development of our society.

Value

Our Value Proposition

Faster, more accurate, more efficient — we deliver Time Value by eliminating inefficiencies and creating valuable time for our customers. We support the IA industry by prioritizing our Customer's Time Value.

Mission

Our Mission

To realize Growth Chain-reaction Aspired Management and sustainable development, we will continue to innovate the "MISUMI MODEL," which increases the value of our customers' time by ensuring Reliable, Quick Delivery and reducing customers' workload.

Strategy

Means of Mission Accomplishment

Strategy We will always advance the "Time-based Strategy," our original core strategy. We focus on all inefficiencies in the IA industry and seek to innovate our Business MODEL from the time perspective.

Organization Employees are expected to always pursue the next challenges — the next step, the next role (energized individuals), which leads to the advancement of the MISUMI MODEL and the improvement of Time Value (strategic alignment). MISUMI employees place Time Value first and foremost and link it to their own growth through Time Value improvements.

Contents

01 MISUMI's Growth Chain-reaction Aspired Management

02 Realizing Growth Chain-reaction Aspired Management through MISUMI Value's

03 Contents / Editorial Policy

Message from Top Management

04 Message from the CEO

At a Glance

07 Management Trajectory

08 Accumulated Management Capitals

Value Creation

09 Value Creation Process

10 Business Portfolio

11 Strengths of our Business MODEL

11 Manufacturing Business

12 Distribution Business

13 Business Foundation

14 Global Network

15 Path Towards Innovation: Digital MODEL Shift

16 Digital Services Innovation

17 Digital MODEL Strategy

17 Message from the CIO

19 meviy

21 Economy Series

22 D-JIT

24 NEWTON

26 Use of Manufacturing AI

27 MISUMI's DX Organization and Digital Talent

29 HR Strategy

29 MISUMI's Human Capital Management: "Best Place To Grow"

31 Next Challenge Scheme

32 Interview with Next Challenge Scheme Participants

33 D&I (Diversity & Inclusion)

34 Monitoring of Engagement and Challenge Motivation

35 Creating an Environment Promoting Model Innovation

36 Financial Strategy

36 Message from the CFO

Sustainability

38 MISUMI's Sustainability

39 Basic Policy of Sustainability

40 Our Key Issues in Sustainability

41 Sustainability Committee

42 Environmental Initiatives

42 MISUMI Group's Basic Environmental Policy

42 Climate Change Initiatives

49 Initiatives in Procurement of Products / Parts

49 MISUMI Group's Environmental Activities

51 Social Initiatives

51 Supply Chain Management

52 Manufacturing Support Activities

52 Dialogue and Co-creation with Our Stakeholders

Governance

53 SPECIAL DIALOGUE (Governance Dialogue)

57 Corporate Governance Structure

59 Outside Directors and Outside Corporate Auditors

60 Board of Directors' Effectiveness Evaluation

60 Officers' Compensation

61 Risk management

62 Status of Internal Control System Development

64 Ethics and Compliance

67 Members of the Management Team

Data

70 Ten-Year Summary of Financial Data (Consolidated)

71 Overview by Segment

72 Employee-related Information

73 Corporate Information / Stock Information

[Notice]

June, 18 2025

The greenhouse gas emissions data presented in this Integrated Report have been updated due to inaccuracies in previously disclosed figures.

Revised figures are reflected on the following pages:

P.8 Energy Consumption

P.47 Greenhouse Gas (GHG) Emissions

P.48 Reduction Results

P.50 Business Activities and Environmental Impact

Editorial Policy

The MISUMI Integrated Report 2024 was prepared with the key objectives to 1) help our diverse stakeholders, both domestic and international, gain a deeper understanding of MISUMI's value creation process and its unique strength and 2) be transparent in presenting our initiatives aimed at enhancing long-term and sustainable corporate value, enabling stakeholders to grasp the potential of these efforts.

Additionally, the report outlines MISUMI's initiatives to accelerate the advancement of the MISUMI MODEL, which has been central to improving Customer's Time Value since our founding. These initiatives include growth strategies driven by the Digital MODEL Shift as well as efforts to strengthen our Business Foundation, human capital strategy, and corporate governance.

The report concisely presents MISUMI's Growth Chain-reaction Aspired Management and its historical business trajectory in the "At a Glance" section, followed by a "Value Creation" section, which highlights the strengths of the MISUMI MODEL, Digital MODEL Strategy and organizational strategies. Furthermore, the "Sustainability" section outlines our ESG initiatives and describes efforts to enhance the corporate governance structure.

Finally, the report includes MISUMI's financial data to clearly communicate the trends in corporate value and our future growth strategies. Comprehensive IR information and ESG-related data are disclosed on our corporate website, ensuring easy access for stakeholders worldwide. MISUMI leverages its integrated report as a key tool for information dissemination. Moving forward, we remain committed to incorporating stakeholder feedback and continuously improving the quality of the report.

Reporting Period

FY2023 (From April 1, 2023 through March 31, 2024)
However, the report includes certain disclosure items and details of business activities commenced from April 2024.

Scope of this Report

MISUMI Group Inc. and its consolidated subsidiaries/associates

Forward-looking statements

This report contains forward-looking statements regarding MISUMI Group's business performance forecast and business environment projections. These statements are based on information available to MISUMI Group at the time of publication and include inherent uncertainties. There may be potential risks that could cause MISUMI's actual results to materially differ from those projected in this report. Accordingly, please be advised that actual future business performance and business environment may differ from the forecasts and projections presented here.

MESSAGE FROM THE CEO

Accelerating the Digital MODEL Shift to Maximize “Customer’s Time Value”



#Time-based Strategy

MISUMI Supporting Industrial Automation with Time Value

Ryusei Ono

Representative Director
and President

MISUMI Group’s paramount mission is to provide Reliable, Quick Delivery, or Time Value, to our customers in the Industrial Automation industry. We achieve this by streamlining inefficient procurement processes for parts used in automation facilities and equipment; offering “predictable delivery dates when placing an order with MISUMI.” To fulfill this social mission globally, we are advancing a Time-based Strategy to establish ourselves as a Company with a competitive edge in Business MODEL, organization, business strategy, and operations.

Prioritizing the Customer’s Time Value, the core principle that guides each employee’s practice is MISUMI’s Growth Chain-reaction Aspired Management. MISUMI’s ongoing challenges and growth drive the expansion of our customers in the IA industry, and by contributing to the sustainable development of society, we drive increased demand throughout the industrial sector, fostering a cycle of continuous growth for MISUMI. The catalyst for this is the initiative of our employees. Each employee strives to further enhance Customer’s Time Value through independent and proactive efforts. These efforts not only support the sustainable growth of our customers and society, but also provide our employees with even greater opportunities for personal and professional growth.

Driven by Growth Chain-reaction Aspired Management, we are committed to maximizing the Customer’s Time Value, thereby fostering global growth in the IA industry and contributing to societal progress.

Transformation Toward Creating Customer’s Time Value

Founded in 1963 as a distribution trading company, we expanded by incorporating in-house production capabilities, creating a distinctive Business MODEL that merges manufacturing with distribution. Through various transformations focused on enhancing the Customer’s Time Value, we have realized growth up to this point.

MESSAGE FROM THE CEO

Our first major transformation took place in 1977 when we became industry pioneers by launching a catalog for die components. Back then, ordering and procuring die and mold components from metalworking companies involved intricate drawing tasks, resulting in lengthy delivery times and high costs. By standardizing and cataloging these components, we made prices and delivery times transparent, allowing customers to easily specify dimensions from the catalog and procure items swiftly. In the 1980s, we expanded this innovative approach to the procurement of automation-related machine components (FA), significantly revolutionizing our customers' procurement processes.



In 2002, when Chairman Emeritus Tadashi Saegusa assumed the role of President, it marked the beginning of a second era of transformation through the strategic and bold reform of MISUMI's Business MODEL. We not only pursued the acquisition of manufacturing capabilities and full-scale global expansion but also embraced the trend of digitalization in global manufacturing sites. By innovating our procurement tools from paper catalogs to online catalogs and then to CAD, we advanced our digital strategy, enhancing new products and services to adapt to digital manufacturing.

By consistently prioritizing our customers' operational processes, we have utilized Business Process Reengineering (BPR) methodologies to implement transformative changes that eliminate inefficiencies, reduce lead times, and enhance overall convenience.

Promoting Digital MODEL Shift

I assumed the role of President in December 2013, and I am dedicated to upholding our core philosophy of "Time-based Strategy." My focus is on consistently enhancing customer value and propelling the Company to new heights. A key element of this effort is leveraging IT more extensively to initiate innovative reengineering processes. This initiative is driven by the fundamental social challenges predominantly faced by the manufacturing sector.

The manufacturing industry is a pyramid structure with OEM at the top. At the base of this structure are many small and medium sized companies that are supported by companies like ours that work behind the scenes. Small companies face challenges such as business succession, and if the suppliers at the lower levels are weakened, the foundation of manufacturing will be destabilized. In newer manufacturing environments, there is a growing demand for IT solutions, but for small factory owners, this remains a realistically difficult challenge. By focusing on a Digital MODEL Shift, our Company aims to expand the areas in which we can contribute, replacing traditional functions and playing a role in securing the industrial structure.

As for the contents of that Digital MODEL, we have already fully launched three services: "meviy," "Economy Series," and "D-JIT."

The digital parts procurement service "meviy" enables users to simply upload 3D data of machine parts, allowing AI to generate instant, automatic quotations. Shipments can be made in as little as one day. Traditionally, standardized parts listed in our catalog account for approximately half of our customers' needs. The other half consists of customized parts that cannot be standardized, and "meviy" is designed to address this specialized segment.

The 'Economy Series' product line has been developed to improve price competitiveness. By adjusting specifications from the traditional micron level to a necessary and sufficient level, we offer these products at an affordable price point to meet the needs of a broader customer base. Sales began in 2021, capturing the growing demand in the Asian region, with the series currently being rolled out in China, Asia, and Japan. Unlike conventional products, it utilizes a distinct production system, revisiting design, materials, and processing methods to achieve cost reductions.

Additionally, the manufacturing components purchasing service "D-JIT," which commenced full-scale deployment in March 2024, has enhanced its capacity to manage large orders, revolutionizing the customer procurement process. Through a cyber network of over 400 factories and suppliers both domestically and internationally, we have established a unique system that enables real-time visualization and coordination of dispersed market inventories.

Strengthening Our Business Foundation Globally

IT

In advancing the Digital MODEL Shift our Company is actively making DX investments. For the development and implementation of the new core system "NEWTON," we allocated approximately 20 billion yen over four years. "NEWTON" offers the flexibility to swiftly adapt to environmental changes by utilizing the latest multi-cloud technology and microservices in the order management system. Building on this foundation, we will expedite the development of new products and services to enhance the Customer's Time Value.

Additionally, we recognize cybersecurity as a critical management risk and have allocated dedicated budgets and personnel to implement robust countermeasures. Under the leadership of the CIO, who also serves as the Chief Information Security Officer for the entire Company, we have established a comprehensive management structure. This includes appointing Information

MESSAGE FROM THE CEO

Security Supervisors for each Business Company, Headquarters, Platforms, along with implementation and site managers to oversee operations. Our efforts focus on adapting to cloud architectures, supporting system software, establishing clear policies, and educating employees. By addressing cybersecurity from multiple perspectives and ensuring regular updates, we are committed to maintaining a strong and resilient security framework.

Production

To ensure globally Reliable, Quick Delivery, our Company is expanding production capacity across five key regions: Japan, China, Asia, the Americas, and Europe. This strategic expansion aims to establish an optimal production and supply structure for our customers. By optimizing production, we strive to enhance efficiency while maintaining a robust global network. This network is designed to swiftly respond to changes in geopolitical risks and export regulations from a business continuity planning (BCP) perspective.

We have not only developed in-house machine tools tailored to our unique production method, enabling the shortening of production processes, but also leveraged our extensive expertise in standard product manufacturing. To address the production of labor-intensive, customizable products, we have built a unique digital manufacturing system, known as meviy, by utilizing advanced IT technology.

Logistics

To establish a more stable global supply structure, we have been driving innovations in logistics operations. In 2019, the Central Japan Distribution Center adopted state-of-the-art automated operations, and this MODEL is now being deployed to logistics sites worldwide. This initiative has enabled a higher level of Reliable, Quick Delivery across the globe.

Additionally, to further enhance logistics quality and strengthen cost competitiveness, we have established a logistics network in collaboration with delivery partners in each region. For deliveries to areas with high customer concentration, we ensure Reliable, Quick Delivery by utilizing dedicated transportation instead of mixed-load shipping. Furthermore, our unique initiatives include leveraging AI to propose efficient delivery routes and promoting supplier diversification through D-JIT.

Human Capital

Looking toward MISUMI's future, we recognize investment in human capital as a critical priority. Guided by our "Best Place To Grow" philosophy, we are driving reforms in our global HR systems. A key focus is on strengthening digital talent by cultivating individuals capable of creating new value through role models, specialized educational content, and practical learning environments. Additionally, we aim to globally recruit professionals with expertise in both manufacturing and IT, ensuring a strong alignment with our business goals. [Best Place To Grow](#) [P.29](#)

In addition, the entire Group is actively working to enhance employees' digital skills. Since the late 1970s, our Company has engaged in order placement and receipt through EDI (Electronic Data Interchange), which utilizes communication lines with major suppliers. Since then, we have actively leveraged IT to conduct BPR. As a result, both employees and executives possess high-level digital skills. We consistently discuss the innovation of business processes in forums such as the Group Executive Officers Committee. This ensures that all employees stay alert and abreast with the latest IT trends. Furthermore, we refine digital skills through a comprehensive, practical educational program that is directly linked to job performance. Additionally, by utilizing our proprietary generative AI, we reduce unnecessary processes in internal operations.



Regarding these digital strategies and platform enhancement projects, progress is reported monthly at the Group Executive Officers Committee, which I attend. For projects requiring special support, discussions are held bi-weekly among the Corporate Officers. Furthermore, for projects identified as top-priority strategies, individual reports are received monthly, enabling timely decision-making.

To Our Stakeholders

In recent years, the supply chain within the manufacturing industry has become increasingly fragile due to challenges like labor shortages, business succession, and digital adaptation. In response, our Company seeks to further advance its Business MODEL and continuously develop and deliver innovative products and services. By doing so, we aim to make the supply chain more resilient and enhance the overall sustainability of the industry.

Looking ahead, the global demand for automation in the industrial sector is anticipated to increase significantly. Within our unique Digital MODEL, we are committed to further refine globally Reliable, Quick Delivery and focusing on enhancing the Customer's Time Value. Through the provision of digital services, we strive to achieve mass customization and cater to individual customer needs, thereby contributing to the global IA industry.

We look forward to MISUMI's continued growth and kindly ask for your unwavering support in the future.

Management Trajectory

Corporate Milestones

1963

Established MISUMI for the sales of electronic equipment and bearings

1973

Opened the first sales office (current Nagoya Sales Office) in Nisshin, Aichi Prefecture

1977

Launched the standard components catalog for press dies

1981

Opened the first distribution center (current West Japan Distribution Center) in Mita, Hyogo Prefecture

1988

Established the first overseas subsidiary, MISUMI USA, Inc., in Illinois, U.S.

1988

Launched the standardized components catalog for automation machine parts (current FA standardized mechanical components)

1994

Listed on Tokyo Stock Exchange (Second Section)

1998

Listed on Tokyo Stock Exchange (First Section)

2002

Strengthened overseas sites

2005

Integrated with Suruga Seiki Co., Ltd.

2009

Developed an e-Commerce platform (Web catalog and web ordering)

2010

Launched the VONA Business to sell manufacturing components along with MISUMI products
Initiated the full-scale development of our e-Commerce platform

2012

Acquired U.S. die and mold components manufacturers

2016

Launched a 3D CAD integrated service

2019

Revamped the IT system (cloud integration, new core system)

2021

Accelerated new business development
Accelerated Digital MODEL Shift

(Billion yen)



Founding Period

Second-Era Founding Period

Present

Business MODEL innovation





Standardization of MTO (Make To Order) products

Make To Order P.11

Paper catalog



Procedure for Ordering Components from MISUMI Catalogs

(Shape)		   		...						
Straight		Double-ended internal threads		Single-ended external threads Single-ended internal threads		Double-ended external threads				
TYPE	D	L	F	B	P	T	S	Q	SC	ET
		1 mm units	1 mm units	B S 1 mm units		P-Q selection		SC 1 mm units		
8	25-506		23P-S1				For P-S1 B-S1	3 4 5		8
8	25-736							3 4 5 6		SC-DL B-S1
7	/	/								7
50	25-1486		23T-S10-S1				For P-B101 B-S1	16 20 24 30		SC-28
TYPE	D	L	F	B	P	T	S	Q	SC	
SFAU	8	396	F23	B21	P5	T28	S25	Q6	SC46	

Full-scale Global Expansion

Acquisition of Manufacturing Capabilities

Entry into Distribution Business and e-Commerce Platform

Digital MODEL Shift

e-Commerce site



3D CAD Integrated Service



Services Responding to Customer Digitalization



*Records for FY1989 are omitted due to a change in the accounting period

Accumulated Management Capitals

MISUMI is committed to enhancing Customer's Time Value and has built various management capitals alongside its business growth. These management capitals are essential in supporting our business activities and serve as a source for further enhancing corporate value in the future. Under our philosophy that improving Customer's Time Value leads to the development of the Industrial Automation (IA) industry, we aim to strengthen each type of capital, accelerate our growth, and contribute to the realization of a sustainable society.



Financial Capital

High profitability and a robust Financial Foundation that support growth investments for Business MODEL innovation
Expansion of the equity spread to secure capital returns exceeding capital costs

Shareholders' Equity	Net sales	Operating income
¥295.9 billion	¥367.6 billion	¥38.3 billion



Manufacturing Capital

Creation of Customer's Time Value by improving productivity through the Global 5-Pole Production Structure and automation implementation in order to realize Reliable, Quick Delivery

Manufacturing sites	Logistics sites	Production and logistics investments
22 sites	20 sites	¥7.8 billion



Intellectual Capital

Expertise in expanding products and services by actively utilizing customer feedback and digital technologies
Further promotion of understanding and managing business realities based on data, and enhancing efficiency and automation

IT investments	Research & Development Costs	DX-related Awards History
¥10.1 billion	¥3.9 billion	13

MISUMI's Value Proposition



Customers

MISUMI's
Main Business

Manufacturing Business

Distribution Business



Reliable, Quick Delivery



Reduce Customer Workload
(Eliminate unnecessary tasks & operations)



Customer's Time Value
—Time-based Strategy—

MISUMI's Sustainability

MISUMI's "Growth Chain-reaction Aspired Management" focuses on eliminating inefficiencies in the Industrial Automation (IA) industry to enhance Time Value. This approach drives supply chain reengineering through introduction of new products and services via Digital MODEL Shift. By tackling societal challenges such as a declining labor force, resource scarcity, and climate change, we align our sustainability efforts with our business strategy, contributing to the realization of a sustainable society.



Human Capital

Guided by our human capital management philosophy, MISUMI strives to be the "Best Place to Grow," embracing challenges and aspiring to be the world's foremost growth-oriented company.

Number of employees	Percentage of females in management	Internal transfer rate
11,039 (Domestic: 3,164 Overseas: 7,875)	24% (Global)	15% (Use of Next Challenge Program, MISUMI Japan)



Natural Capital

MISUMI creates value through management of energy and water resource usage as well as initiatives to reduce consumption

Energy consumption	Amount of water resources used (water consumption)
137,169 MWh	393 thousand m ³



Social and Relationship Capital

We strive to achieve sustainable co-creation of social value through initiatives aimed at maintaining and improving our supply chain as well as dialogue with stakeholders

Number of suppliers	Dialogue with investors
Approximately 3,000	443 (Number of interviews)

Value Creation Process


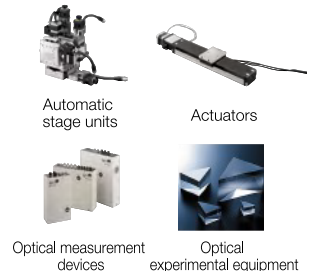
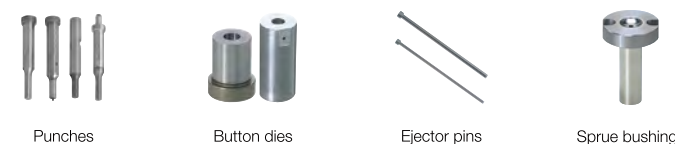

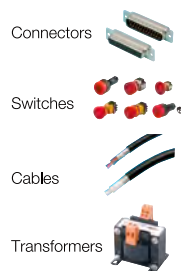
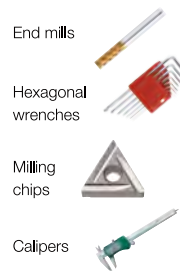

MISUMI is a company dedicated to provide Time Value to customers. As a leader driving the Digital MODEL Shift, we are continuously advancing the MISUMI MODEL to create new “Time Value.” We believe that enhancing our Customers’ Time Value will contribute to the development of both industry and society.



*1 MTO (Make To Order) *2 Dayton Lamina Corporation

Business Portfolio

MISUMI is comprised of 3 business segments: the FA Business, Die Components Business, both of which are manufacturing businesses, and the VONA Business, which is a distribution business. In order to promptly meet the varying needs of customers in the Industrial Automation (IA) industry across different regions, we are committed to offering an extensive product lineup and continually strengthening our product assortment.

Business Segments		Main Products Handled	Breakdown of Net Sales/Operating Income
Manufacturing Business	FA Business We develop, produce, and sell precision machine parts used in manufacturing equipment and production automation machinery.	FA standardized mechanical components  Positioning devices & measuring equipment (OST* Business) 	<p>Figures are rounded down to the nearest 100 million yen</p> <p>For the Fiscal Year Ended March 31, 2024 Net Sales ¥367.6 billion</p> <p>VONA Business ¥169.4 billion 46.1%</p> <p>FA Business ¥118.2 billion 32.2%</p> <p>Die Components Business ¥79.9 billion 21.7%</p>
	Die Components Business We develop, produce, and sell precision components and standardized components used in the manufacturing of dies and molds for mass-producing press parts and resin-molded parts.	Standardized metal press/ plastic mold components 	
Distribution Business	VONA Business This is our distribution business offering a broad range of products from automation-related manufacturing components to consumables, including those manufactured by other companies. In addition to MISUMI brand products, over 3,000 global manufacturers participate.	Mechanical components/ Screws, bolts, washers and nuts  Wiring, control and PC components  Cutting tools and components for production machining  Packaging and logistics storage supplies/ Safety protection, environmental hygiene, and office supplies 	<p>Fiscal Year Ended March 31, 2024 Operating Income ¥38.3 billion</p> <p>VONA Business ¥14.1 billion 36.8%</p> <p>FA Business ¥15.0 billion 39.4%</p> <p>Die Components Business ¥9.1 billion 23.8%</p>

*OST: Optical & Scientific Technology

Strengths of our Business MODEL

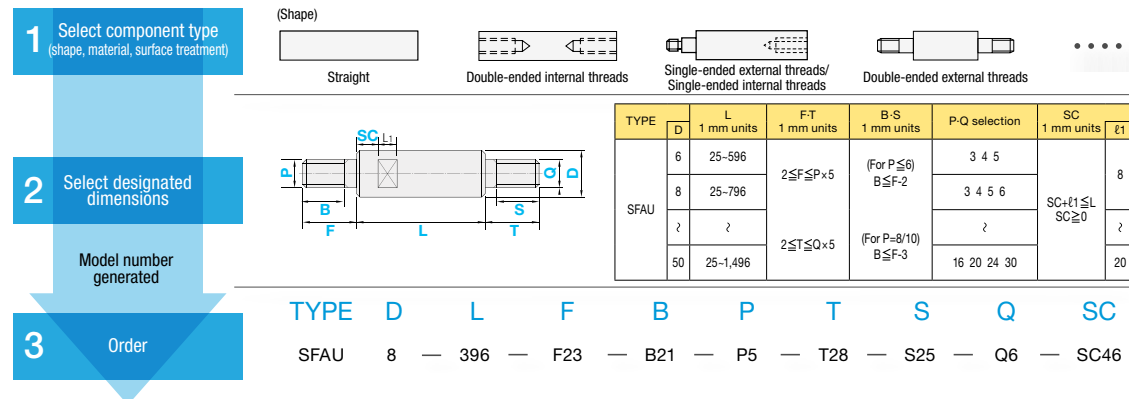
Manufacturing Business

1. Fundamental Reform of Parts Procurement through “Standardization”

Realizing Considerable Time Savings through MTO (Make To Order)

Each machine part is a unique design that requires a customised drawing, quotation and order placement with multiple parts processing manufacturers for that part. MISUMI's catalog “standardizes” what are normally considered custom parts by allowing customers to place an order by selecting dimensions and specifications from the parts list. Ordering by model number, without the need for drawings, has helped to save our customers considerable time in procuring parts.

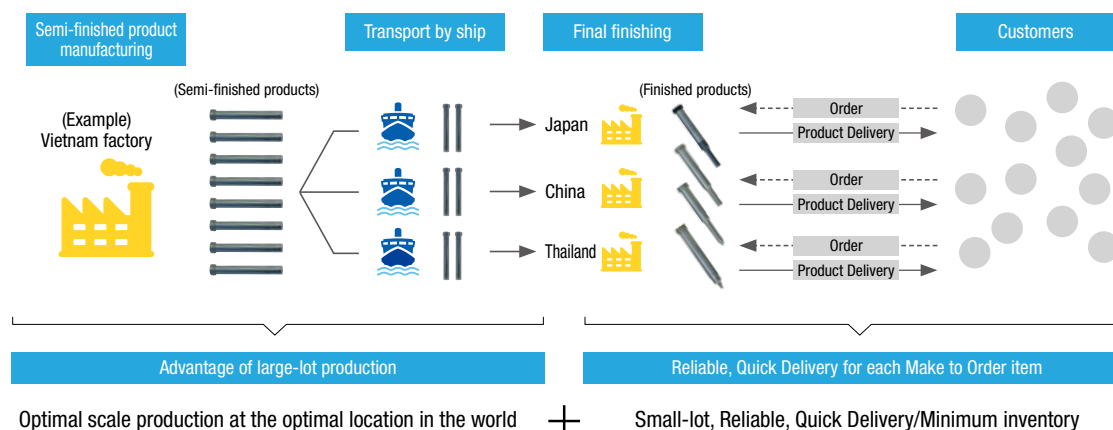
Procedure for Ordering Components from MISUMI Catalogs



2. Harmonizing Two Contradictory Competitive Advantages

Achieving 80 Sextillion (80 billion times 1 trillion) Product Variations and Low Costs with Reliable, Quick Delivery

With customers able to specify the size of parts in microns, MISUMI offers 80 sextillion (80 billion times 1 trillion) product items. Notwithstanding the extensive variety of 80 sextillion product variations that MISUMI offers, our success in minimizing inventory and ensuring Reliable, Quick Delivery is anchored in our use of “semi-finished products.” We mass-produce these semi-finished products at factories in Vietnam and other locations and perform the final finishing at the factory closest to the consumption area based on customer orders, ensuring Reliable, Quick Delivery for each Make to Order item. As a result, we have achieved low costs as well as reliable and quick delivery.



Strengths of our Business MODEL

Distribution Business: VONA (Variation & One-stop by New Alliance)

1. Realizing One-Stop Shopping for Automation-Related Manufacturing Components

The VONA Business was launched as a platform to globally connect customers' needs to an efficient one-stop shop for various products and manufacturers' need, looking to expand their sales channels beyond their own sales network as suppliers. As a result of our efforts, to strengthen the supply network, approximately 3,000 manufacturers from various industries now participate in the platform.

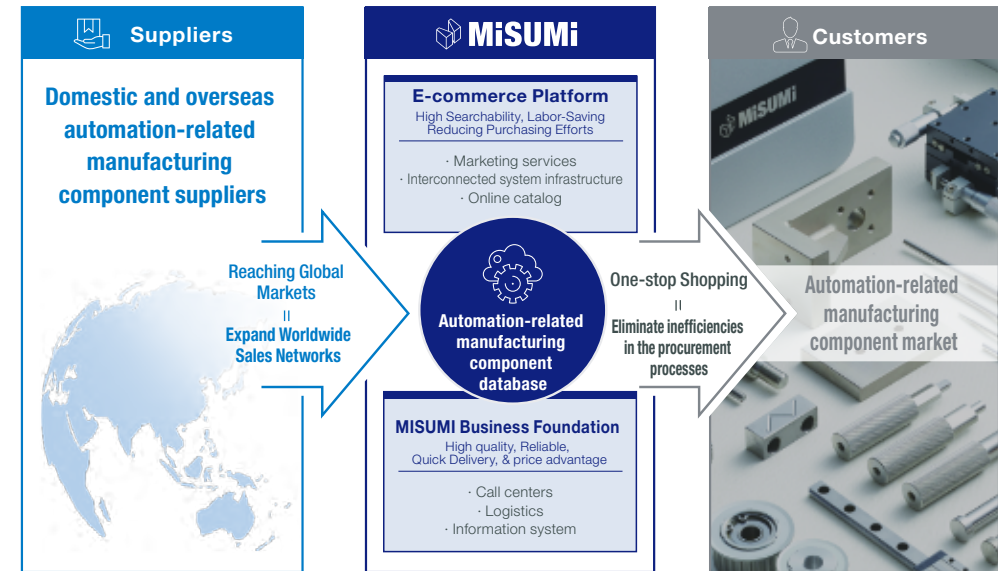
2. One of the Largest Lineups in the Industry with Over 30 million Products

In addition to MISUMI-branded products, the VONA Business is a platform for third-party products, including tools, gloves, and other manufacturing auxiliary materials and consumables used in production and automation sites. We handle over 30 million products, boasting the largest scale of product lineups for the manufacturing and automation industries.

To help realize the vision embodied in our brand name VONA (Variation and One-stop by New Alliance) we will continue to strengthen the brands and product lineups, aiming to expand our business globally.

3. Digital Order Rates Over 90%

With our e-Commerce platform, we provide a high level of convenience in product searches and selection, such as being able to narrow down cross-sectional searches from an extensive product lineup. Additionally, orders can be directly placed from a customer's bill of materials, greatly reducing the time and effort for quotations and placing orders. As a result of the online order convenience praised by customers, our digital order rates in Japan are now above 90%.



Variation & One-stop by New Alliance

MISUMI-branded products



Third-party products



Tools and consumables



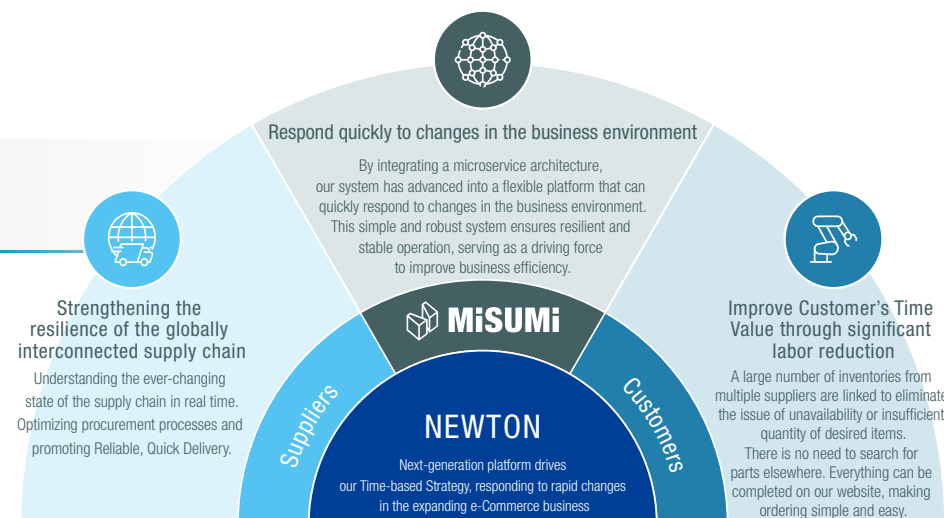
Strengths of our Business MODEL

Business Foundation: IT, Production, and Logistics

IT

Accelerating MISUMI MODEL Innovation through Core System
NEWTON Governing Our Time-based Strategy

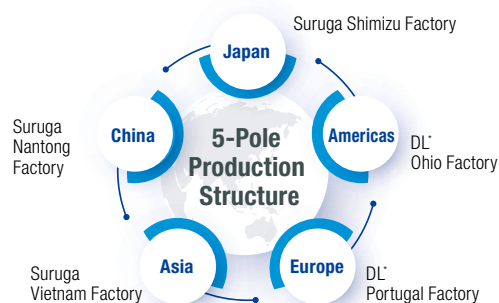
MISUMI has positioned the fortification of its IT infrastructure as essential for sustainable growth and is actively working on IT-related investments. In FY2021, we started the implementation of NEWTON, an advanced IT infrastructure, which is at the heart of the MISUMI Business MODEL and have been actively strengthening it. NEWTON is a system that ensures flexibility to respond promptly to changes in the business environment by adopting the latest multi-cloud technologies and integrating microservice architecture into our ordering system. On the strength of this foundation, we aim to develop more innovative services and improve efficiencies to realize the thorough elimination of inefficiencies for Industrial Automation (IA) industry customers. We will continue to incorporate the most appropriate advanced technologies to further fortify our IT infrastructure.



Production

Thorough Pursuit of "Time Value" with In-house Developed Machinery: a 5-Pole Global Production Structure

In 2005, we merged with Suruga Seiki Co., Ltd., which at the time was one of our largest partner manufacturers to have manufacturing functions within our Group allowing us to accelerate our full-scale global expansion and production innovation activities. We have thoroughly refined our unique production method MPS (MISUMI Production System), dramatically shortening lead times. By rolling this out not only in Japan but also overseas, we have advanced into a Global 5-Pole Production Structure. This system ensures Reliable, Quick Delivery of products by manufacturing at the factory closest to the customer, which allows us to switch production factories immediately in case of emergency, raising the level of supply assurance to our customers.



*Dayton Lamina Corporation

Logistics

Leveraging Automation to Dramatically Improve Productivity

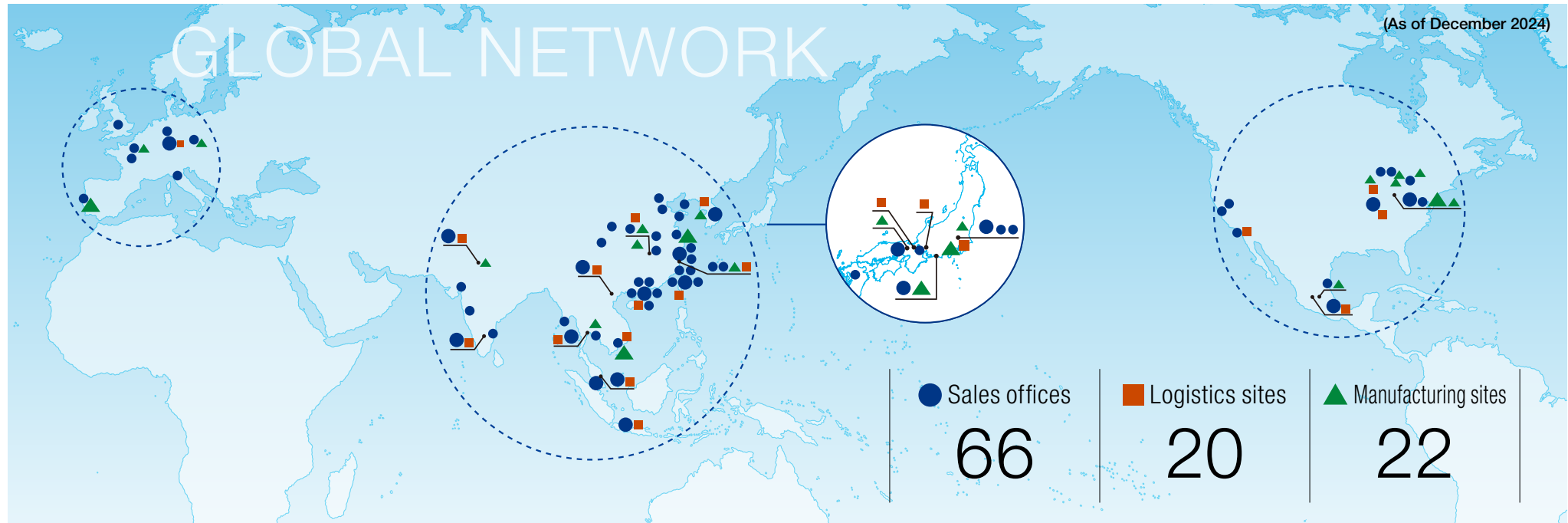
MISUMI boasts an on-time delivery rate of over 99.7%. This is the Reliable, Quick Delivery promised by MISUMI. MISUMI is greatly improving productivity through reform of global logistics operations and the use of automation in various countries as we build a more stable supply system. In 2019, we established the Central Japan Distribution Center and also introduced state-of-the-art automated operations, creating a new logistics MODEL for global expansion. By introducing automation and operational innovation, we have achieved a 50%-plus increase in productivity and an even higher level of Reliable, Quick Delivery. We will expand our MODEL globally, aiming to strengthen our Logistics Infrastructure.



Central Japan (Aichi Prefecture)

Global Network

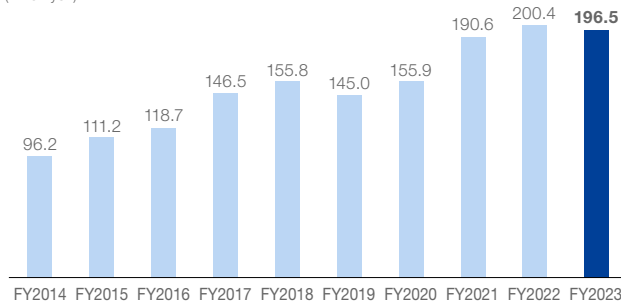
We have established a globally Reliable, Quick Delivery structure that realizes greater competitiveness and a stable supply of products, through global business expansion through sales offices, logistics sites, and manufacturing sites in various countries, with a focus on Asia, the Americas, and Europe. Since 2002, we have expanded our overseas sites in efforts to drive acceleration of our overseas strategy, and as a result, overseas sales now comprise 53% of sales.



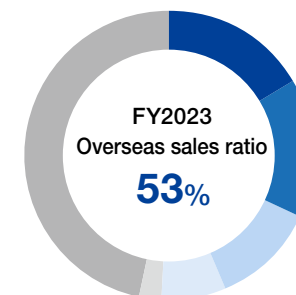
Overseas Sales



(Billion yen)



Breakdown by Region

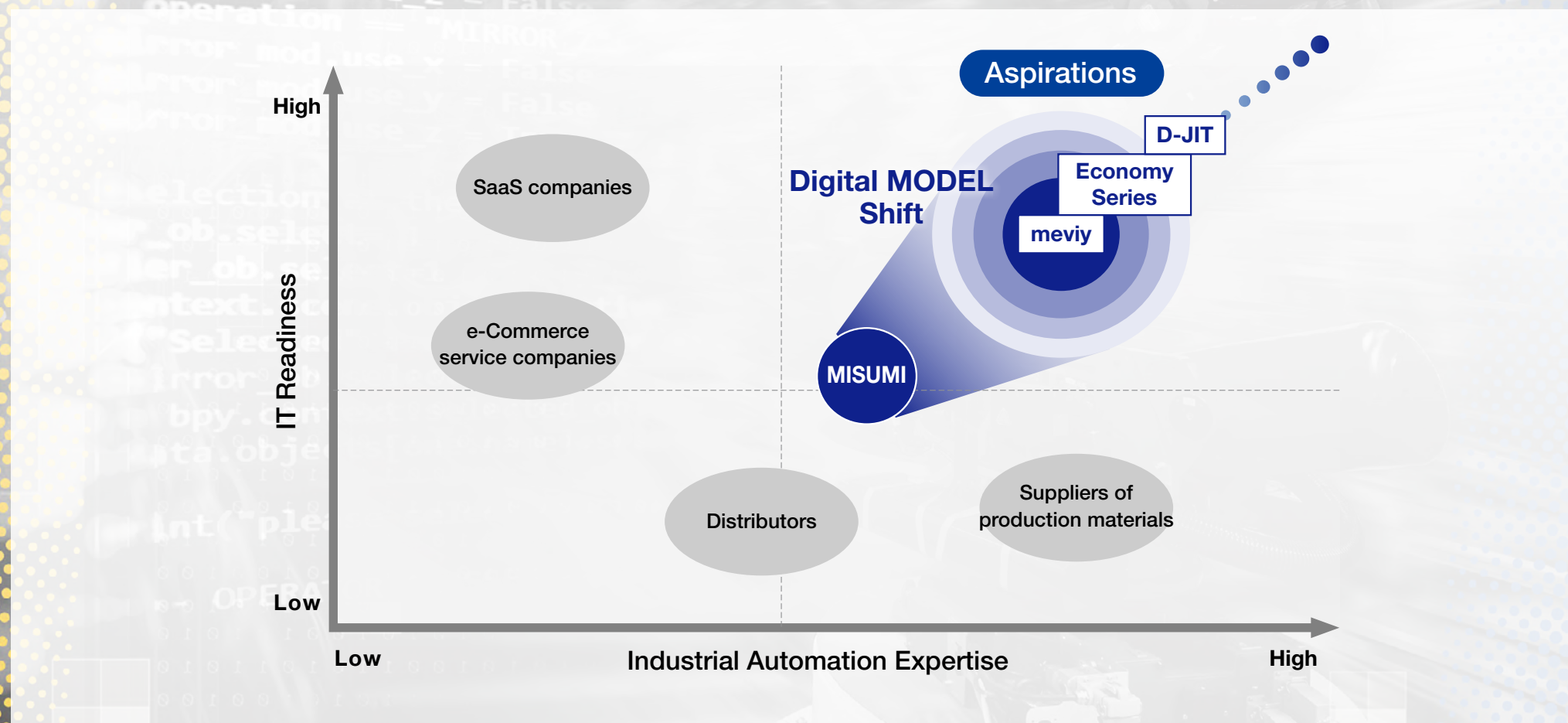


China	¥60.8 billion
Asia	¥57.4 billion
Americas	¥42.8 billion
Europe	¥26.2 billion
Others	¥9.1 billion
Japan	¥171.1 billion

Path Towards Innovation: Digital MODEL Shift

In addition to responding to increasingly diverse automation-related customer needs on a global basis, MISUMI is pursuing a Digital MODEL Shift in order to strengthen its own competitiveness. Based on the market environment that the Company operates, we consider “IT readiness” and “Industrial Automation expertise” to be the most important two indicators for MISUMI. By combining these two factors, the chart below shows the position for each related company.

It is often thought that market changes brought about by digitalization have recently progressed rapidly, but our Company have focused on the Digital Shift in our Business MODEL and have released a series of new products and services appropriate for this shift. Following the first initiative “meviy,” we released the second initiative “Economy Series,” and the third initiative “D-JIT,” each of these has been highly regarded by customers as our unique measures. We will continue to develop new business, with the fourth and fifth initiatives while promptly capturing the ever-changing needs of society and our customers.



Digital Services Innovation

To meet the world's diverse automation needs, we are continuously strengthening the expansion of our products and services that actively utilizes digital technology.

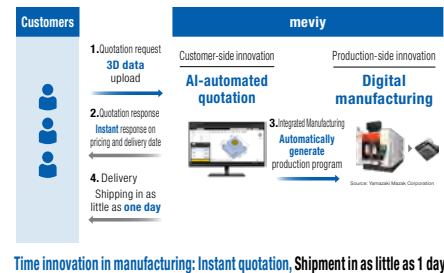
Digital MODEL Shift

#1 meviy



AI Platform for Machine Parts Procurement

This service uses AI to provide instant and automatic quotations just by uploading 3D data online, and by integrating manufacturing data to production, machine parts can be shipped in as little as one day. In addition to product enhancements and acceleration of the global expansion, in September 2024 we released a marketplace that supports procurement of all types of machine parts.



RAPiD Design



3D data library software for components used in automation device and equipment. It significantly reduces complicated tasks by completing everything from design to quotations in CAD.

MISUMI FRAMES



Installable software that allows even those who have never operated CAD to design aluminum frame enclosures as if they were drawing. Considerably reduces inefficiencies from design to order placement.



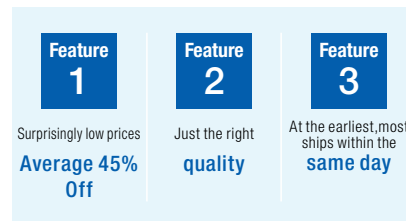
3D CAD Integrated Services
Accelerating Our Response to Digital Manufacturing

#2 Economy Series



By Responding to Mid-range Demand; Price Competitiveness is a Strength

A series of products designed to meet the demand of the mid-range market, which balances the right quality for a low price. By revising specifications and manufacturing methods, we have achieved an average of 45% reduction in prices compared with our conventional products. Usage is expanding in Japan, China and Asia, and is being promoted with differentiation based on customer demand in each region.

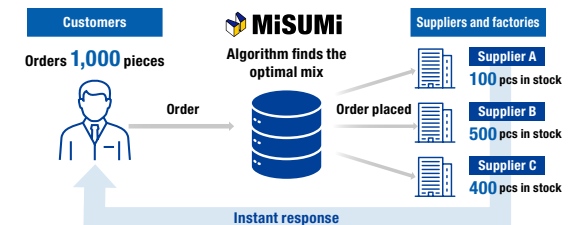


#3 D-JIT



"Even for Larger Quantities, Trust MISUMI" — Meeting Customer Quantity Needs with a "Dynamic" Supply Structure

This service enables one-click ordering of large quantities of manufacturing components. Inventories, previously shrouded in poor transparency for location and quantities, are now visible thanks to our unique cyber network. Abilities to supply products have improved substantially.



NEWTON

A Core System that Flexibly Adapts to Environmental Changes and Accelerates the Time-based Strategy

Digital MODEL Strategy Message from the CIO

Digital Innovation Accelerating Growth Chain-reaction Aspired Management



Arata Shimizu

Senior Executive Director and CIO
Representative Corporate Officer,
Digital Transformation System Platform and
Representative Corporate Officer,
SCM Operation Platform

Position of DX (Digital Transformation) at MISUMI

Since our founding, MISUMI has aimed to create Customer's Time Value in the B2B market and has pioneered new services to the market by incorporating leading technology. For instance, over 30 years ago, we attempted to launch “meviy” as a service to convert CAD/CAM data for molds into EDI via a public network. However, due to the slow speed of network environments at the time, which resulted in several hours of data transmission, the service did not gain traction due to its limited convenience. Yet, with the advancement of digital technology, we have successfully realized new services and innovated our Business MODEL.

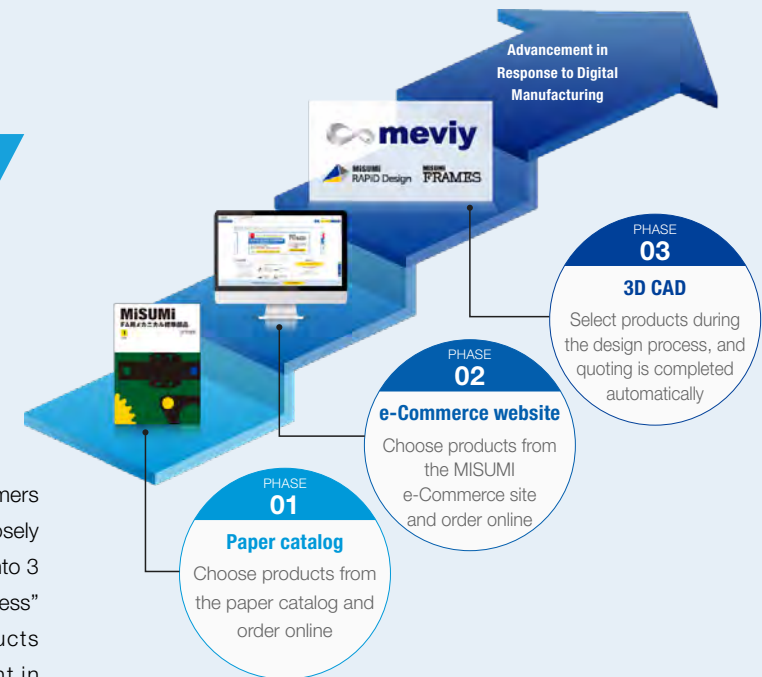
In this way, employees dedicated to advancing our MODEL uncover new insights into Time Value creation for our manufacturing customers, leveraging digital technology to develop innovative services. This process is essential for our sustainable growth. For MISUMI, having embraced technology and pursued new innovation since its founding, DX is seen as a catalyst to accelerate Growth Chain-reaction Aspired Management.

MISUMI MODEL Innovated with Digital Technologies

Our business is centered on “delivering the products our customers need in a timely manner;” thus, we have always strived to “closely aligning with their needs.” When breaking down our business into 3 elements — “Products,” “Sales Channels,” and “Delivery Process” — we offer over 30 million products, 80 sextillion products with variations in sizes, demonstrating our achievement in standardization. Our “Sales Channels” have advanced from product catalogs to e-Commerce sites and now to CAD design interfaces (meviy and RAPID Design), while in the “Delivery Process,” we have achieved a 99.7% on-time delivery rate within 2 standard days, even for make-to-order products. These continuous innovations through digital technology demonstrate how we have utilized DX to advance our Business MODEL to “align with customer needs,” making DX an indispensable strategy for achieving this goal.

In September 2024, we furthered this approach by launching one of Japan's largest manufacturing marketplaces, expanding the meviy service to connect customers and suppliers, bridging demand and supply.

We aim to further accelerate DX, advancing our MODEL as a Platform Company to “align with the needs of our customers and suppliers.” By developing new services that better meet the needs



of our customers and connecting these to suppliers and our factories, we will strive to enhance speed and automation across the entire value chain, contributing to the Industrial Automation (IA) industry and society. This is the Digital MODEL Shift that MISUMI is striving for.

DX Promotion Structure and Governance

In advancing our DX strategy, we have established the following:

● Approval of DX investments—System Investment Committee

All DX-related investments at MISUMI undergo a process of deliberation and approval by the System Investment Committee, chaired by the CIO. Expectations and effects are quantitatively determined following a specified format. The committee evaluates the NPV (amount) over 5- and 7-year periods, investment efficiency

Digital MODEL Strategy Message from the CIO

through IRR(%), the cash flow payback period (years), and operating income payback period (years). The deliberation is conducted by the CIO, CFO, and business leaders from departments other than the proposing department. Following this review, major projects are submitted for approval to the Group Executive Officers Committee and the Group Board of Directors Meeting, as mandated by regulations.

● Effectiveness Review — System Investment Evaluation Committee

Paired with the System Investment Committee is the System Investment Evaluation Committee, which comprises the same members but is chaired by the CFO. The evaluation process involves an initial review conducted 3 months post-implementation, followed by an interim evaluation, and a final evaluation upon the recovery of investments. These minimum of 3 evaluations are designed to measure and confirm investment effectiveness. For NEWTON, our largest core system investment, the expected first-year effects were assessed 3 months post-implementation and reported to the Group Board of Directors 6 months post-implementation.

● Management of DX-related Project Progress

<Formulating Business Plans>

The starting point for DX-related projects is the formulation of the Business Plan. Through collaboration between business departments (vertical axis) and the technology department (horizontal axis), we explore ways to enhance the Customer's Time Value using new technologies and determine project themes. Subsequently, we form cross-functional teams, and the progress of these projects is monitored by the Group Executive Officers Meeting from the onset. Project implementation is carried out jointly by the business and technology departments.

<Utilizing DX in Management>

We independently integrate and analyze 5 primary data sources generated from business activities — core system data, e-Commerce data, VOC*¹ from customer support, productivity data from production and logistics, and activity-based costing— to support daily activities of business departments and managerial decision-making. Specifically, we define operational indicators that lead to results metrics such as sales and financial performance, enabling visibility into business productivity, on-time delivery rates, cost efficiency, and claim rates at the business × region × operation unit level. VOC analysis identifies improvement challenges for each organization and is used to promote cross-organizational improvement activities. Additionally, improvements derived from VOC are published on our e-Commerce site under the title “MISUMI is Advancing!”

<Monitoring>

Each project has critical milestones designed into a progress rate indicator known as BNI (Bottleneck Indicator) from the start. These BNIs are managed weekly, and projects with a progress rate below 90% are reported to and discussed at the monthly Group Executive Officers Committee. For projects requiring special support, a separate framework is in place for discussions. Additionally, projects designated as prominent strategies (top-priority strategies), such as NEWTON and D-JIT, are reported to the President on a monthly basis.

<Reporting to the Group Board of Directors>

For projects that have reached their milestones set in their previous business execution reports, progress reports are submitted to the Group Board of Directors Meeting. Additionally, for NEWTON, our Back-end support system, we plan to roll it out to 13 regional subsidiaries over 3 years. Before implementing the system at each regional subsidiary, progress and developments are reported, and approval is obtained as part of the process.

Spreading the Word to Employees

The realization of MISUMI's “Growth Chain-reaction Aspired Management” relies on the initiatives of each employee. Employees are encouraged to “learn, think, and challenge one's self,” continuously challenging their personal growth while implementing the innovation of the MISUMI MODEL. All employees are expected to integrate knowledge acquisition and utilization of DX, essential for enhancing Customer's Time Value, into their work.

Based on this philosophy of “MISUMI Value's,” which applies to all group employees, MISUMI is committed to providing foundational knowledge and skills necessary for developing digital talent*² and has adopted the comprehensive utilization of AI as a company-wide policy. [MISUMI's DX Organization and Digital Talent](#) **P.27**

Future Plans

As we continue to advance our DX, we recognize the importance of enhancing business transparency and sustainability. We are planning initiatives to promote data-driven understanding and management of business realities, alongside efforts to improve efficiency and automation. By leveraging new digital technologies, including AI, we aim to achieve sustainable growth.

In our DX projects, we aim not only to improve profitability on the P&L but also to enhance capital efficiency by advancing business initiatives that consider free cash flow.

Furthermore, to foster digital talent, we plan to augment our courses that teach business and managerial thinking with training on utilizing digital technologies. This will help us develop digital talent capable of considering both “business and digital” aspects.

*1 Voice of Customer

*2 Digital Talent: Personnel responsible for advancing DX

Digital MODEL Strategy Creating New Businesses



To Create Time Value in the Various Domains in the Engineering Chain with meviy at the Core



Mitsunobu Yoshida

Senior Corporate Officer and
President, ID Business Company

meviy Realizing Time Creation in Procurement for Manufacturers

● Background of Development

Japan's manufacturing industry is a core industry accounting for 20% of the nation's GDP. Compared with other countries, Japan's manufacturing industry has a significantly higher number of products with a global share of over 60%, indicating that the industry is highly competitive internationally. However, in recent years, in addition to the decline in the working-age population, there has been a sharp reduction in the total number of hours worked as a result of legislation that was introduced to address work-life balance of employees, which presents a challenge to maximize output with shorter working hours – in other words, a paradigm shift is required to survive in the face of fierce global competition.

Amid the need for improved productivity through DX as a fundamental measure in solving issues, we have developed “meviy” to create time, especially in the procurement area, within the engineering chain of design→procurement→manufacturing→sales.

● Impact of meviy

In the engineering chain, digitalization has advanced in many forms, such as with 3D CAD and CAE for design, automation of factories

with robots for manufacturing, and e-Commerce sites for sales. However, progress in procurement process has been slow. For example, ordering 1,500 parts for factory equipment can take up to 1,000 hours to create paper drawings and wait for parts to arrive. Even though 3D data is created in the design phase, it is transferred to paper in the procurement phase and faxed to multiple companies for estimates. To put this in perspective for the entire Japanese manufacturing industry, a massive 380 million hours are wasted in procurement alone.*1

With meviy, once the part's design data (3D CAD data) is uploaded, AI immediately responds with the price and delivery date. With the adoption of digital manufacturing in production, meviy has made it possible to ship in as little as one day. The 1,000

hours of work mentioned above can be completed in 80 hours with meviy, resulting in 92% (920 hours) time savings for customers.

meviy's contribution to productivity gains in the procurement of machine parts has been highly regarded, and in 2023, the development group was awarded the Prime Minister's Prize at the Ninth Monodzukuri Nippon Grand Awards, the most prestigious accolade in Japan's manufacturing industry. It was highly praised for significant contribution in addressing the labor shortage issue, plaguing Japan's manufacturing industry. The number of users are increasing each year and meviy has achieved the top market share*2 for four consecutive years. As of November 2024, the number of users exceeded 170,000 with design data uploads for over 30 million uploads.

● The World We're Aiming for with meviy

Through meviy, MISUMI provides not only parts but offer Time Value. By creating and providing time, which is the most valuable asset in Japan's labor-scarce manufacturing industry, manufacturers can devote themselves to more creative work that can only be performed by humans. As a result, even better products and services can be created, leading to the sustainable growth of the Industrial Automation (IA) industry—this is the world we strive for.

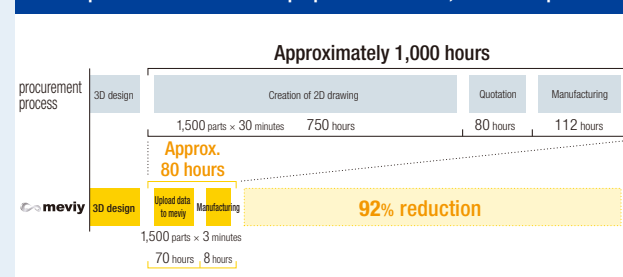
Future Outlook for meviy

meviy is accelerating further innovation in the following three ways.

The first is “Service Innovation.” Based on customers' opinions and information, including the design data they uploaded to meviy, we have identified the services we have not yet supported and are working to expand the scope of our services, including expanding available finishing types, shapes, sizes and materials as well as adding options for selection based on delivery time or price.

The second is “Strengthening Alliances.” We are seeking to accelerate innovation by developing new services through co-creation with Toyota Motor, Yamazaki Mazak, and our other globally

Parts procurement for equipment with 1,500 components



*1 Assumes orders for the above placed by a hypothetical 380,000 business sites

*2 According to Techno Systems Research Co., Ltd. [\[Link\]](#)

Digital MODEL Strategy Creating New Businesses with meviy

leading partners, as we have announced in the past, and by advancing open innovation, including joint research for AI development with Carnegie Mellon University, the US leader in AI.

Third, and finally, is our “Global Expansion.” meviy began its Global Expansion in 2021, steadily expanding its reach to Europe in the same year, followed by the US in 2022, and China and Asia in 2023. Currently, meviy is utilized by many users in five regions of the world. We continue to aim to be the No. 1 global manufacturing platform originating from Japan, driving further business growth.

● Marketplace MODEL

There are still a number of inefficiencies in the manufacturing industry. Starting with the core service of meviy, we are also pushing to eliminate various inefficiencies in the engineering chain, not only in procurement, resulting in the creation of time.



Following the release of meviy in 2019, we have actively released the meviy family, including meviy2D, which expanded compatibility with 2D drawings, in 2023, and meviy Finder, a drawing management function enabling searches of uploaded drawing data using drawing keywords and similar drawings, in August 2024.

And then in September 2024, we released a new service, meviy Marketplace. The types of processes requested by customers are broad, limited not just to milling and sheet metal processing but also including 3D printing, injection molding, frame manufacturing, metal fabrication, casting, and the list goes on. As part of our considerations for how to swiftly and 100% respond to rapidly changing customer needs, we landed on a concept for a new DX platform that can respond to various demands of the manufacturing industry by directly connecting the demand side with the supply side.

Customers upload design data to meviy Marketplace. Then, they select the processing method from the service category and enter quote terms and other conditions. meviy's AI then matches the customer with the most optimal supplier from the registered partner companies. Subsequent communication with the partner is centrally managed via chat. Payment can also be made to a MISUMI account, eliminating the need to open an account. In addition to milling and sheet metal processing, we have been able to expand meviy's scope to handle a wide range of processes, adding injection molding, 3D printing, welding, urethane casting, frame manufacturing, and metal fabrication.

By adding this new Marketplace Business MODEL, we have dramatically improved our VOC-based response times. I believe we have made considerable advances in providing Time Value to customers, which is our goal.

● Accelerating Development by Establishing a Subsidiary

In September 2022, we spun off our development team that required sophisticated IT capabilities and established a strategic subsidiary DT dynamics Corporation, dedicated solely to systems development. This is a joint venture with Core Concept Technology Inc. (CCT), an expert in developing systems for the manufacturing industry. By insourcing, development speed and productivity has improved significantly.

IT capabilities are the most important component at the core of our business strategy, and their importance will continue to grow in the future. We cannot achieve our vision without this core element of the business. For example, in our global rollouts, rapid response is critical in the process of incorporating customer needs that vary by region into the system. The speed of doing this completely different for outsourcing and insourcing.

While employee compensation is indeed commensurate with skills, DT dynamics also attracts digital talent from diverse backgrounds who resonate with issue resolutions and social roles filled by MISUMI and meviy. Consequently, the number of issues resolved by meviy has tripled compared to the initial development phase of meviy. We are striving to be a technology company with the greatest commitment to time.

Accelerating the Speed of Innovation

Meanwhile, IT capabilities quickly become obsolete. The languages and various services that continue to emerge need to be followed closely. The key to this is digital talent. In the future, one of our key strategies for achieving sustainable growth across the Group will continue to attract top-level digital talent.

With this in mind, DT dynamics was originally established to develop meviy. However, as we expand the scope within the MISUMI Group for creating value beyond meviy, we see the subsidiary as contributing to increasing the speed of innovation throughout the Group.

Digital MODEL Strategy Economy Series

As manufacturing becomes increasingly digitalized, product lifecycles are becoming shorter and companies are required to reduce the cost of each product life cycle.

This has led to a growing demand for mid-range products, which is a balance of quality and price. Our Economy Series was launched to meet this demand and to respond to the rising procurement costs.

Economy Series Overview

The Economy Series is a secondary series of MISUMI products that is responding to the changes in our customers' business environment due to the acceleration of digitalization in manufacturing. On average, the price is reduced from 45% to a maximum of 90% for comparable products. We have achieved overwhelmingly low prices for mechanical parts and offer a global lineup of over 600,000 products. Committed to "Surprisingly low prices at just the right quality," we have thoroughly revised our manufacturing methods and optimized specifications for this series. The Economy Series is currently available in China, Asia and Japan markets, offering a wide range of products to meet our customers' diverse needs.

On average, 45% and up to 90% reduced prices for comparable products. Mechanical parts at overwhelmingly low prices. Over 600,000 products with the same MISUMI quality, this secondary series has achieved surprisingly low prices.

Over 600,000 Products Globally



Three Reasons for the Low Prices

1. Revised Manufacturing Process

For washers, for instance, we have switched from turning to stamping, resulting in cost reductions of up to 82%.



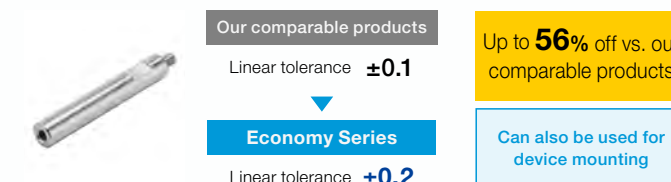
3. Large Production Volumes and Large Inventories

In the case of stainless steel bolts, for instance, we switched from selling individually to selling the bolts in a package of 50 pieces, lowering costs by as much as 90%. Costs are kept down by holding inventories on a global scale through large production and package sales.

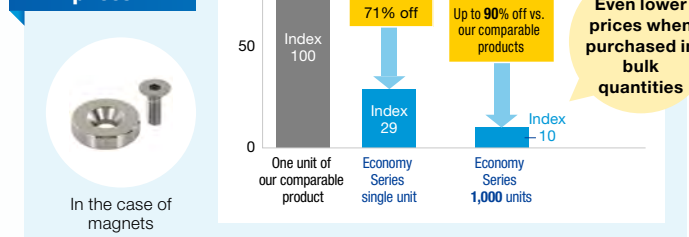
	Quantity	Our comparable product BOX-SCB SCB	Economy Series E-BOX-GSCB E-GSCB	Price Reduction
Small lot (One piece unit)	200 to 999 pieces	¥8/piece	¥6/piece	25%
Large lot (Small box)	1 to 2 boxes	¥4/piece	¥2.8/piece	30%
	3 to 10 boxes	¥4/piece	¥2/piece	50%

2. Revised Product Tolerances

In the case of circular columns, we revised linear tolerance (permissible variation in fabrication), lowering prices by as much as 56%.



Large quantities means lower prices



Feedback from the Market

Used by more than **30,000**
companies domestically

Affordable, fast, and reliable. The Economy Series offers clearly lower prices and products can be used without specification issues.

(Hisanori Kanai, Manager of Production Department, Robot Technology Department, Kokoro Co., Ltd.)

We greatly appreciate the reliable MISUMI brand providing overwhelmingly affordable products with reasonable quality. Adoption in non-core applications is likely to increase.

(Kohei Mitsuda, Representative Director and President, Alpha giken CO., LTD.)

Digital MODEL Strategy Business Model Innovation



DX Innovation within the Purchasing Process From “MISUMI for small quantities, quick delivery” to “MISUMI, even for larger quantities”



Yusuke Kido

Corporate Officer and Chief of
Headquarters
DJ System Promotion Department

D-JIT Overview

D-JIT was named to embody the meaning of digital JIT (Just-in-Time). It is a new system that uses digital technology to optimize the purchasing process for manufacturing components in the Industrial Automation (IA) industry. This proprietary system centralizes and tracks the ever-changing inventory of over 400 suppliers in and outside of Japan, as well as the production capacity of their factories. This allows us to instantly configure the supply chain to meet the customer's desired quantity and automatically displays the price and delivery dates.

● Development Background

What prompted us to develop D-JIT was from receiving feedback from the customer that they were not satisfied with our service because it was difficult to secure parts inventory. When we asked ourselves “why was this situation occurring?” we realized that there were structural issues in the distribution system that had remained unresolved for many years, and that this was due to the lack of visibility of the inventory circulating in the market.

Components vital to the IA industry typically reach the end user after passing through parts manufacturers, wholesalers, and distributors. This multiple distribution layers hindered the visibility of

inventory levels within the market. Manufacturers, whose main business is production, do not have a system to manage inventory and directly take orders from multiple customers. Wholesalers can manage inventory for manufacturers but avoid selling directly to end users because of their relationships with distributor, who lack the digital capabilities and financial resources. Given these factors, it was extremely challenging for these players to make a drastic innovation. We believed that it was something that only MISUMI can achieve.

MISUMI has gained the support from customers by Reliable, Quick Delivery for small quantity orders. However, we have also advanced the D-JIT initiative with the anticipation that the ability to handle large quantity orders would be a new source of growth for MISUMI.

Why was MISUMI to Achieve D-JIT

The three MISUMI-unique innovations have made D-JIT possible.

① Cyber Network with Over 400 Suppliers Globally

The first innovation was to establish the network of suppliers' inventory information and update it as often as possible in real time. This made it possible to accurately track the inventory volume available for supply. This cyber network has grown to its current size

over the past two years, with suppliers such as manufacturers, distributors, and wholesalers at its center, participating in the network and continuing to expand.

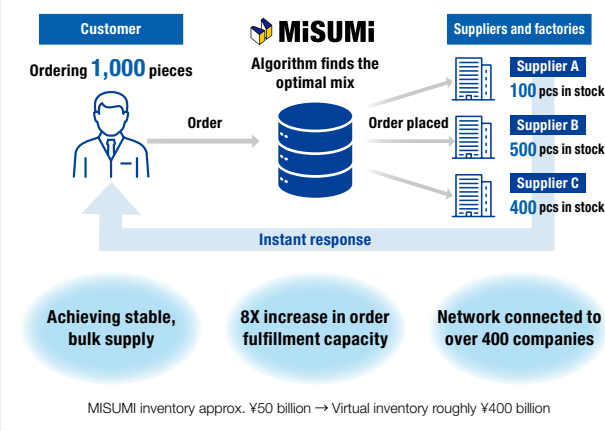
② New Core System That Integrates Cyber Network

The second innovation was being able to automatically calculate inventory volumes at over 400 suppliers and their production capacity by introducing NEWTON as a new core system. Additionally, by developing an algorithm that calculates optimal combinations in response to customers' requested quantities and delivery dates, it is now possible to offer maximized fulfillment capacity.

③ Real-time Inventory Information Displayed on Our e-Commerce Site

Building a cyber network and automatically adding up inventory information has little value if that information is not provided to the customers. Therefore, our third innovation was the “technology to display this information in real time on our e-Commerce site.” By instantly presenting it on the e-Commerce site, instead of responding through an inquiry, we can provide Time Value to our customers. We have obtained a patent for this technology.

■ Proprietary System Realizing Large Purchases



Digital MODEL Strategy Business Model Innovation D-JIT

Aiming for “All-Party Satisfaction” with Current Vision

D-JIT addresses the long-standing purchasing issue of “not having the necessary products in the required quantity at the required time” against the backdrop of increasing bulk purchasing demands and global supply chain instability. Of course, for customers, as well as for manufacturers and suppliers providing parts, and for MISUMI as well, we aim to elevate to a modern version of the “all-party satisfaction” service level, which leads to mutual profit enhancement and elimination of inefficiencies.

■ Becoming a service that makes a significant impact on society and industry structures



D-JIT's Impact on Corporate Value and Sustainable Growth

D-JIT has the potential to both “further leverage the Business MODEL” and “explore new business opportunities.”

By “leveraging,” we mean strengthening our fulfillment capability to meet existing demand. With an enhanced fulfillment capability

on our e-Commerce site, customers will benefit from a new innovative Reliable, Quick Delivery. We expect this will lead to greater customer satisfaction, more purchases and more repeat orders.

“Exploration” refers to the fact that MISUMI made a full-scale entry into the previously untapped market of the medium-and-larger quantities. This proved to be a bridgehead for capturing new demand areas (medium to large quantities) in MISUMI's business portfolio. Responding to the medium to large quantities demand customers requires a significant amount of time (for quotation and delivery lead time), which makes it almost impossible for other distributors and fabricators to handle. We anticipate capturing new demand by providing Time Value in the form of “zero wait time + quick delivery” for medium to larger quantity orders.

Business and System Integration

D-JIT is a service providing a new procurement system, and NEWTON is the back-end system supporting this.

Since the decision was made to launch the D-JIT project, DJ System Promotion Department (business side) and NEWTON Promotion Department (system side) have been working together to continue to deliver results as a business enterprise. The teams hold regular meetings, not only to review the development progress but also to share information and discuss next measures. They understand that for value creation, it is essential to inspire each other and maintain an equal, collaborative relationship between marketing and systems based on mutual respect. They have also increased the number of people in the DJ System Promotion Department and trained them in digital skills over the course of three years. These people are formulating the business requirements for new value creation, while supporting the day-to-day development of D-JIT as the bridging System Engineers to enable a smooth handover to the NEWTON Promotion Department.

Future Outlook

D-JIT was firstly launched in Japan, and now it has been implemented in four regions: Japan, Thailand, Taiwan, and South Korea. In the future, we plan to launch in Europe in FY2024, and in the Americas, China and other parts of Asia in FY2025 and beyond, simultaneously with NEWTON's expansion.

We anticipate that D-JIT's global expansion will increase the participation of overseas suppliers in its cyber network, accelerating the scaling process. In the future, we expect participation by not just mechanical parts manufacturers, but also electronics manufacturers along with IT and other companies from differing industries. Through an expanded network, we strive to significantly improve the value proposition for customers.

What our customers say: N-TECH

For employees with insufficient knowledge, procurement has been a task that consumes many hours. D-JIT provides a clear view of inventory volume and delivery, allowing even those with little experience to smoothly procure parts, which is a significant help.

D-JIT has two major advantages. The first is that the delivery time is immediately displayed on the user's screen, even for large order quantities. This allows us to deliver products to end customers as planned, without having to make major changes to our production processes. The second is that D-JIT allows us to predict when the market will run out of stock, allowing us an additional week to prepare compared to before. D-JIT is extremely useful in improving productivity because it eliminates the waste of waiting for a response on delivery time.

Digital Model Strategy IT infrastructure **NEWTON**

The Growth Acceleration Platform that Governs MISUMI's Time-based Strategy



Akira Rikita

Executive Officer,
NEWTON Promotion Department
NEWTON Global Joint Function
Development

Background to NEWTON Implementation

MISUMI has developed its business by actively leveraging digital technologies. In 1989, we built an IT infrastructure upon the implementation of mainframes, launching a WOS (Web Ordering System) in 2000, an e-Commerce site in 2004. In 2010, we launched the VONA Business, which handles third-party brands, by building an open system by taking some functions from mainframe computing.

However, in the second half of the 2010s, the mainframe that had been patched up and operated for many years had become a black box, requiring significant effort to make even minor modifications to the system. It also became apparent that this legacy system, with its old basic design and service philosophy inherited from the 1980s that prevented a fundamental review, was becoming an obstacle in realizing a new Business MODEL. In response, MISUMI's top management decided that a new IT infrastructure was essential to the innovation of MISUMI's Business MODEL, and a project was launched to completely overhaul the core system. In the first stage, we migrated the core system to the cloud and ended the use of mainframes in 2019-20. In the second stage, starting in 2020, we started the development of NEWTON, which represents a complete revamp of the core system. Implementation of NEWTON was

completed with Taiwan in August of 2022, followed by Thailand in April 2023, Japan in March 2024, and South Korea in December of that year.

IT Infrastructure Update

The previous system had been in use for 30 years, during which time many functions had become obsolete. In migrating to NEWTON, we re-evaluated MISUMI's strengths and weaknesses and established a process for selecting which assets (functions and data) to use. After thorough internal discussion, we migrated only those functions and data that were deemed necessary to NEWTON.

Updating the core system is inseparable from improving our business, and NEWTON will inevitably and repeatedly be updated along with the innovation of our Business MODEL. We deliberately keep NEWTON a simple infrastructure without unnecessary functions so that new functions can be readily added at any time.

● Additional Functionality

For NEWTON, we are simultaneously adding functionality for overseas subsidiaries that have already adopted the system and rolling it out to the remaining subsidiaries. When we add functionality, we consider the impact on other subsidiaries, sometimes making minor adjustments.

The addition of new functions are not an immediate responses to

user feedback, but rather, an established review process where experts gather to discuss if new functions are truly necessary to the improvement of the business process. This is asking "Is adding this function necessary?" and "Can this be improved by revising the current work processes?" If it is determined that the addition of function would not be an optimal fit, we will make the decision not to implement the suggested function.

● Understanding Problems and Troubleshooting

Upon the adoption of NEWTON, we introduced a monitoring system that automatically sends e-mail notifications to registered addresses when system errors occur, enabling a swift response. By adopting a ticket management tool as a means to follow increases/decreases in disruptions and inquiries, we are working to improve the efficiency of our responses.

For troubleshooting, we first respond to stop the disruption to minimize the impact on work processes and then work extensively on a permanent solution to prevent recurrence. While a low-profile activity, such efforts have seen the number of disruptions trend downward and we have achieved stable operations.

● Analysis and Evaluation Methods

We have adopted a BI tool that imports order data generated in the core system and conducts analysis from various angles. It is a solution that analyzes net sales, profit margins and the like from order data from multiple angles.

Digital Model Strategy IT infrastructure NEWTON

Key Features of NEWTON's Function

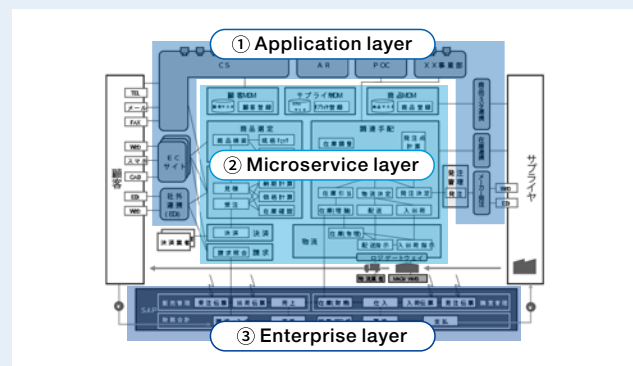
NEWTON comprises three layers: 1) the application layer that acts as the user interface, 2) the microservice layer that instantly calculates prices and delivery dates for 80 sextillion product variations sold by MISUMI, and 3) the enterprise layer that oversees transactions. We have proactively incorporated new technology not used internally to date. The following three main technological features are highlighted below.

① Use of Low-code Tool in Application Layer

In the application layer, we have introduced a low-code development platform for the user interface, so that those that have no programming experience can easily help develop the user interface. In fact, new graduates can start to develop the user interface after a few months of training, and there are already several cases where screens developed by new employees are in operation.

② Core System in a Multi-cloud Environment

By connecting two cloud services—AWS in the upper application and microservice layers and Google Cloud in the enterprise layer—we have built a core system in a multi-cloud environment. Using a single cloud service would put us in a lock-in situation, so we work with the knowledge of multiple cloud services, which allows us to consider switching at any time.



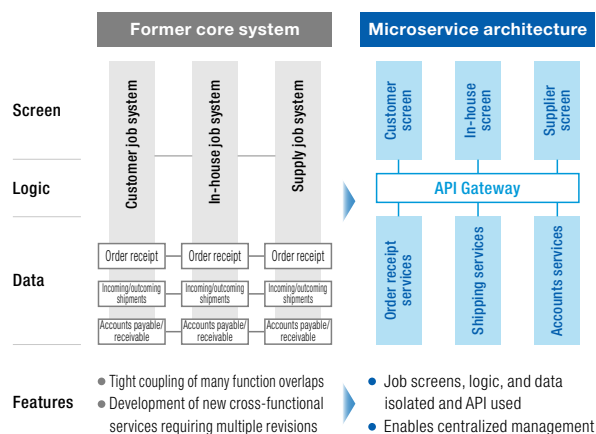
*Three-layer system realizing optimal function allocation

③ Combining Microservice and SAP

With conventional mainframes, internal configurations so massive that impact investigations took considerable time, and when disruptions occurred the fallout would be felt globally in an instant. Therefore, we decided to leave the enterprise layer, which oversees transactions, to the ERP SAP standard function, while calculating delivery lead time and price for as many as 80 sextillion product variations, which is MISUMI's strength, are achieved via microservices, in the microservice layer. By defining service responsibilities, we can quickly investigate the impact of a disruption and isolate the disruption to a specific area. We have also introduced a solution that allows us to perform a cross-sectional service management, so we can quickly identify which service is experiencing a problem.

■ Microservice architecture

A development method that constructs a single application by combining multiple functions (loosely coupled). When making changes, the impact range is limited to the relevant part only, allowing for flexible addition and modification of functions.



Value and Impact Brought by NEWTON

● Front-end

In terms of the Front-end (e-Commerce interface) that interacts with customers, we have unified the design of the product selection screen and the order screen to improve the usability for new customers. In addition, the D-JIT functionality implemented in NEWTON has enabled the collection and display of supplier information, making it possible to complete large-quantity procurement solely on our e-Commerce site. This allows the parts procurement process to be completed in a short time, providing Time Value to our customers.

● Back-end

Revision speeds have increased considerably due to fundamental changes to the internal architecture, which allows us to launch Economy Shipping Service, additionally developed following the NEWTON implementation, in just two months after being up for consideration. The fact that D-JIT allows us to easily collect supplier information contributes to the customer experience on our e-Commerce site also contributes to production levelling on the supply side.

Future Plans

As of December 2024, NEWTON has been rolled out in Japan, Thailand, Taiwan and South Korea. We plan to complete the migration in Europe in FY2024 and in all remaining regional subsidiaries in FY2025.

I consider NEWTON to be the foundation for achieving our Business MODEL innovation. Our digital transformation (DX) will only be achieved when a variety of services, including D-JIT, are realized on NEWTON. What kind of services we can deliver with NEWTON will be our focus for the future.

Digital MODEL Strategy Utilization of Manufacturing AI

As a company-wide policy, we are committed to leveraging cutting-edge technologies, including AI, to enhance Customer's Time Value. We encourage innovative applications at both the organizational and individual levels, integrating these technologies into our business and operations.

While ensuring robust measures against information leakage, we view these technologies as tools to accelerate the enhancement of service competitiveness and labor productivity.

IT Infrastructure

We utilize AI in a chatbot-style inquiry response system, which assists in proactively addressing frequent issues, speeding up inquiry responses, and reducing operational costs.

Business Applications of AI

Back-end Operations

Production: By digitalizing processing and management technologies, we have achieved manufacturing and shipping within as little as 1 day.

Logistics: AI-driven optimal route exploration enables us to establish a cost-effective, in-house delivery infrastructure.

Inventory Management: AI predicts sales and inventory shortages for each product and automatically generates order information.

Order Processing: AI automatically reads various types of paper forms exchanged via fax and other means.

Data Forecasting: AI enables high-accuracy predictions by using deep learning based on actual performance data.

Front-end Operations

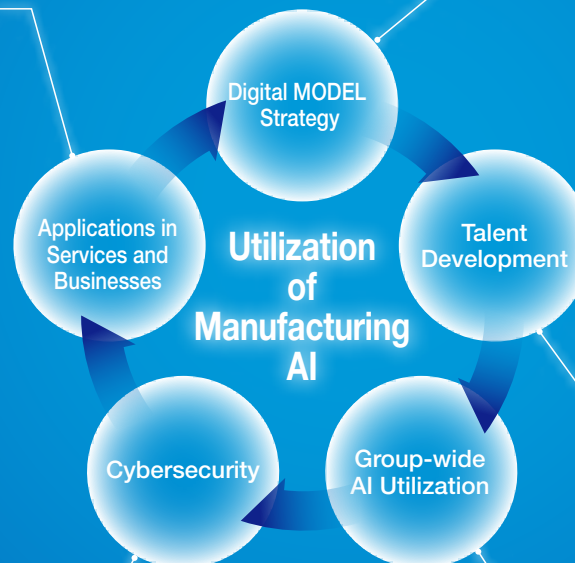
Inquiry Handling: Our AI-powered chatbot enhances response efficiency and reduces operational costs.

meviy Development: Our AI analyzes 3D data uploaded online by our customers, provides instant, automatic quotations, and seamlessly generates manufacturing programs for factory transmission.

D-JIT: This service facilitates multi-channel procurement and instant quoting.

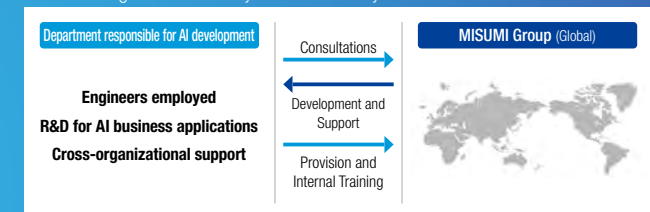
Implementation of Anomaly Detection Systems

We have developed a structure to swiftly detect and address potential threats. By monitoring network traffic in real time, we automate vulnerability identification and risk analysis. AI plays a pivotal role in risk evaluation, enabling us to respond promptly to the most critical security challenges.



Business Structure for AI Development and Utilization

In 2018, we established a department responsible for AI development focusing on R&D and deploying AI applications across the Group, promoting AI development, support, and internal training both domestically and internationally.



Internal Training

AI Workshops: Workshops are conducted regularly for employees, including management, to enhance decision-making and application skills in AI-driven business contexts.

Internal Online Seminars: Topics such as 1) use of generative AI and 2) e-learning for AI literacy (e.g., information leakage, violation of laws) are covered.

Engineer Development Programs: Advanced trainings specializing in software development, data science, and AI technologies are provided.

Collaboration with Academia and Government

We actively collaborate with universities and research institutions both domestically and internationally to acquire cutting-edge knowledge in AI and data science and promote initiatives to apply these insights to real business scenarios.

AI Utilization in Strategic Promotion within Individual Business Departments

Operational Applications: AI is employed to automate business processes and perform data analysis (e.g., demand forecasting and customer data analysis) to support strategic decision-making.

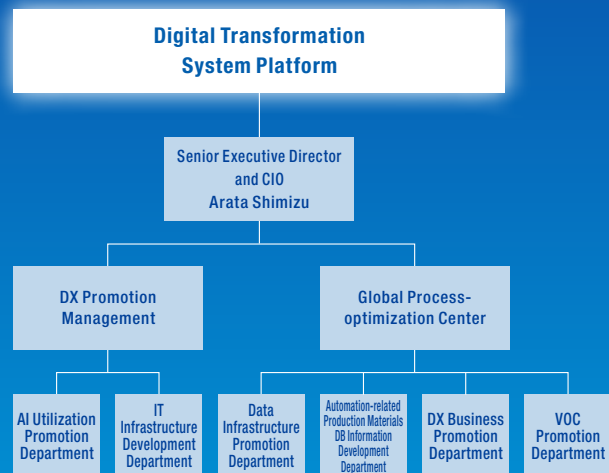
Communication: To enhance cross-departmental communication, we have implemented the "MISUMI AI Assistant," an AI chatbot designed for internal knowledge sharing. By training it with internal information, we reduce redundant inquiries and promote the reuse of information, effectively leveraging the organization's knowledge assets.

Digital MODEL Strategy MISUMI's DX Organization and Digital Talent

Digital MODEL Strategy Control Tower

Digital Transformation System Platform

In October 2020, the "Digital Transformation System Platform," an organization driving MISUMI's Company-wide digital innovation, was revamped. It serves as the control tower for advancing DX initiatives, including the development of our new core system, NEWTON, and fostering cross-organizational collaboration with IT teams globally. Additionally, it plays a pivotal role in supporting MISUMI's mission of global Reliable, Quick Delivery by accelerating development cycles and fortifying security. Furthermore, in June 2024, Senior Executive Director and CIO Arata Shimizu assumed the role of Representative Corporate Officer, further bolstering our organizational structure and IT infrastructure.



(As of August 2024)

01 Definition

Our Competent Digital Talent

Promotion of the Digital MODEL Shift, leveraging digital technology, and the fortification of IT infrastructure are of significant importance for management strategy and are crucial for sustained growth. Digital talent, equipped with both advanced digital technology and strategic thinking, will propel MISUMI's growth as we aim to achieve MODEL innovation.



Common Requisites

The foundational mindset and basic skills that serve as the groundwork for individual specifications.

Employees, as the starting point to realize Growth Chain-reaction Aspired Management, will continually take it upon themselves to "learn, think, and challenge one's self" to grow and further develop. To further accelerate the Digital MODEL, digital talent must possess the following skills and mindset.

Digital Intellect: The capability to address business challenges by leveraging data and IT technology. A flexible mindset is essential to digitalize traditional workflows and achieve optimization efficiently and effectively.

Agile Approach: The ability to swiftly adapt to a changing business environment and deliver customer value rapidly while steadily advancing projects.

Ability to Communicate and Collaborate: Exceptional communication skills to establish shared visions and align on common goals, while effectively partnering with cross-functional teams.

Ongoing Drive to Learn: An unwavering dedication to continuous skill development and staying at the forefront of emerging technological trends.



Individual Requisites

The part of the required knowledge, skills, and experience for each profession.

IT engineers

Knowledge of Cloud Infrastructure: To strengthen our IT infrastructure through the NEWTON project, it is crucial to have an in-depth understanding of cloud computing technologies (such as AWS, Azure, etc.) and infrastructure automation.

Security & Data Management: As information security and privacy protection remain critical priorities in advancing DX, employees must possess robust skills in security technologies to address these challenges effectively.

Data scientists

Data Analysis Skills: Proficiency in statistical analysis, machine learning, and AI technologies is crucial for leveraging large datasets to support informed decision-making at the management level.

Business Acumen: A deep understanding of the overall business is essential to address and resolve business challenges through data-driven solutions, extending beyond the role of a technical engineer.

Project Managers

Project Management Skills: Must possess the ability to oversee project progress through agile development and scrum methodologies, while effectively coordinating with multiple stakeholders.

Leadership: In driving DX projects, must demonstrate the capability to articulate a clear vision, set time-bound objectives, and inspire others through strong leadership.

Digital MODEL Strategy MISUMI's DX Organization and Digital Talent

02 Recruitment

We are focusing on recruiting top digital talent from outside the Company, while also fostering a workplace environment where these specialized skills can be effectively utilized.

Bolstering Recruitment of Digital Talent

To build stronger connections with highly skilled digital professionals, we actively participate in industry events and work to enhance partnerships with universities and specialized educational institutions. Through these efforts, we are developing robust networks with technical experts, which in turn facilitates the recruitment of young talent equipped with specialized education.

We attract talent through the following strategies.

Visions and Strategy Sharing: By clearly articulating our dedication to MISUMI's Digital MODEL strategy and innovation, we strive to offer an appealing workplace that fosters mutual growth.

Flexible Work Arrangements: We provide flexible working options, including remote work and flexible hours, to accommodate diverse lifestyles.

Competitive Compensation and Career Paths: Attracting top digital talent through market-competitive compensation structures and clear career path opportunities.

In addition to the above, we are also working to enhance post-employment engagement by promoting an open and collaborative corporate culture.

03 Development

We are cultivating digital talent capable of driving new value creation, including spearheading the Digital MODEL Shift and innovating work processes through the use of digital technology.

Development Program

Employees enhance their digital skills, such as AI and big data analysis, while acquiring practical skills through participation in projects based on real business challenges. Additionally, through cross-functional collaboration, they develop a broad perspective and the ability to approach problem-solving from multiple viewpoints.

Digital Talent Development Program

Total classes held: 1,849, Total participants: 6,392*

Basic Training

Learn about DX basics, real examples, and impact on business

Strengthening Data literacy

Acquiring foundational knowledge of data analysis and skills to leverage it for decision-making.

Leadership and communication abilities

Bringing together diverse teams and strengthening decision-making skills.

For engineers

Advanced training programs specializing in software development, data science and AI technology

For Management-level Professionals

Develop strategic thinking that bridges business and technology

Acquiring skills through practice**Utilizing internal resources**

Promoting On-the-Job Training (OJT) and knowledge sharing

Collaboration with Partners

With the cooperation of companies with strengths in DX promotion, we implement the introduction of the latest technologies and internal training.

Industry-academia-government collaboration

Collaborating with domestic and international universities and research institutions to learn cutting-edge knowledge on AI and data science.

We provide learning opportunities for all employees to enhance their DX knowledge at any time through the information dissemination site "IT Master" that supports the use of digital technologies, and the online training system "M-Campus".

*As of FY2023; includes e-learning courses

04 Evaluation

At MISUMI, we have implemented an HR system that evaluates two key aspects: the practical application of MISUMI Value's and the results achieved. In the realm of DX, special emphasis is placed on contributions to advancing a shift toward a Digital MODEL with the aim of realizing an aspired management based on Growth Chain-reaction.

In addition to quantitative performance evaluations, qualitative contributions are also subject to evaluation, with a high regard for obtaining qualifications, as well as collaboration and leadership both within and outside the Company.

Future Outlook

To further enhance the retention and engagement of digital talent, we are committed to creating an environment where employees can actively shape their careers and strengthen support structure. To sustain high engagement levels, we will focus on developing leadership and making continuous investments in new technologies, thereby achieving Growth Chain-reaction Aspired Management sparked by employees' growth.

Activity Examples by Digital Talent

Not limited to the information systems department, many employees in operational departments are also utilizing digital technology and driving business through training programs and practical application.

Received Excellence Award for Best Customer Support from JIIT*

In customer service, business personnel are trained as RPA engineers to develop the RPA needed to drive business efficiency. By having people who actually know the business develop the RPA, a cycle of improvement is established that not only increases productivity but also builds skills and a sense of accomplishment.

*JIIT: Japan Institute of Information Technology

HR Strategy MISUMI's Human Capital Management: "Best Place To Grow"

Growth Chain-reaction Aspired Management: Employees' Challenges and Growth as the Starting Point



Takako Sasaki

Senior Corporate Officer
Representative Corporate Officer,
Human Resources & Legal Platform

"Employees' Challenges and Growth" as the Source of Competitiveness

Our Company is dedicated to thoroughly pursuing "Reliable, Quick Delivery" and "elimination of customer inefficiencies" to realize "Growth Chain-reaction Aspired Management". Since the products we handle do not have significant differentiating factors on their own, we enhance added value by continuously innovating our Business MODEL.

It is "people" who continually refine this Business MODEL (MISUMI MODEL). The challenges and growth of employees become the source of competitiveness, advancing the MISUMI MODEL, which leads to MISUMI's further growth through customer growth and societal development. The "next growth" of employees, as defined in MISUMI Value's, as the starting point of Growth

MISUMI Value's: Means of Mission Accomplishment (organization edition): "Energized individuals" and "Strategic alignment"

- MISUMI employees are always pursuing two "next challenges"
 - Challenge towards the "next course of action (theme)" for MODEL innovation
 - Consistently pursuing personal growth through "challenging the next role."
- At MISUMI, the proactive and ambitious inquiry of "What's next?" directed towards oneself and others, along with taking the initiative, is highly valued and respected.
- The "Next Challenge" drives the enhancement of Customer's Time Value and fosters social contribution, creating a sustainable cycle of Growth Chain-reaction that serves as a source of vitality.
- The principle that every challenge contributes to MODEL innovation and the enhancement of Customer's Time Value constitutes the core of MISUMI's "strategic alignment."
- To ensure that MISUMI consistently embodies a growth-oriented, strategy-driven, and proactive mindset, advancing toward MODEL innovation at the fastest pace, MISUMI continually advances into the optimal organization (theory).

Chain-reaction Aspired Management and the foundation of our Company's human capital management.

Our Desire to Become the "Best Place To Grow"

Starting in 2023, MISUMI has embraced the slogan "Best Place to Grow" to define the type of environment it strives to create for its employees. The Company is committed to becoming a dynamic, challenge-driven organization that offers unparalleled opportunities for growth on a global scale.

MISUMI has consistently upheld a strong commitment to "the growth of people and business," grounded in its organizational philosophy of "energized individuals (where each employee is highly driven and proactive) and strategic alignment (strategically uniting these motivated individuals to create collective momentum for the Company)." However, MISUMI's organizational structure and human capital have undergone significant transformation over the years. In the early 2000s, the Company operated with fewer than 1,000 employees globally, and its overseas sales ratio stood at approximately 20%. Today, the workforce has grown to over 10,000 employees worldwide, and the overseas sales ratio has exceeded 50%. As the Company's global scale continues to expand, the need for "a shared set of values that the entire Group comprehends and strives toward" has become increasingly vital to instill MISUMI's organizational philosophy on a global level.

Both domestically and globally, irrespective of job type or location, all employees should persistently engage in innovative efforts and challenges that push even a millimeter beyond the current state, thereby accelerating MISUMI MODEL innovation. The Company aspires to make MISUMI a place "teeming with challenges and growth opportunities." To clearly align with Growth Chain-reaction Aspired Management, the concept of "Best Place To Grow" was introduced, empowering each individual to fully embrace their ownership of challenges and growth.

HR Strategy MISUMI's Human Capital Management: "Best Place To Grow"

"Energized Individuals" and "Strategic Alignment"

To bring the concept of "Best Place To Grow" to life, it is essential for the "two wheels"—fostering both "Energized individuals" and "Strategic alignment"—to revolve in harmony, driven by each employee's pursuit of "What's next?" while maintaining a perfect balance.

The left wheel, dedicated to fostering "energized individuals," focuses on encouraging each employee's proactivity. In an environment that promotes active engagement, employees grow by embracing challenges, while the company recognizes and appropriately rewards their efforts, creating a continuous cycle of striving toward the next stage of growth.

The right wheel focuses on "strategic alignment," uniting the challenges of every employee under the "strategy" of each organization. This drives MISUMI MODEL innovation, enhances the value delivered to customers, and ultimately increases corporate value.

To ensure these two wheels spiral upward in harmony while maintaining balance, the Company has established "four mechanisms." Among these, the "Next Challenge Program" serves as a starting-point mechanism for "What's next?" and represents a distinctive MISUMI initiative.

In the Next Challenge Program, employees, guided by the Business Plans (strategy and organizational design) developed by each organization, proactively define their own challenge themes. They have the flexibility to set aside their current affiliations temporarily, allowing them to either continue with their existing challenge themes or transfer to another organization to pursue new opportunities, applying to their desired organization to choose their workplace. Additionally, employees can voluntarily seek promotions or advancements, empowering them to tackle themes from higher positions.

The Next Challenge Program encompasses functions for transfers, promotions, and advancements, while also encouraging employees to pursue challenges within their current roles. By embracing the concept of "choosing for oneself," it promotes

proactive career decisions geared towards the next challenge. Through building diverse career experiences, employees can develop a comprehensive understanding of the overall business while honing their expertise in a specific area. This approach enables them to deepen their insight into operational mechanisms and various functions, ultimately driving MISUMI MODEL innovation and enhancing organizational capabilities.

Toward Realizing the "Best Place To Grow" on a Global Scale

Creating an HR environment to achieve the "Best Place To Grow"

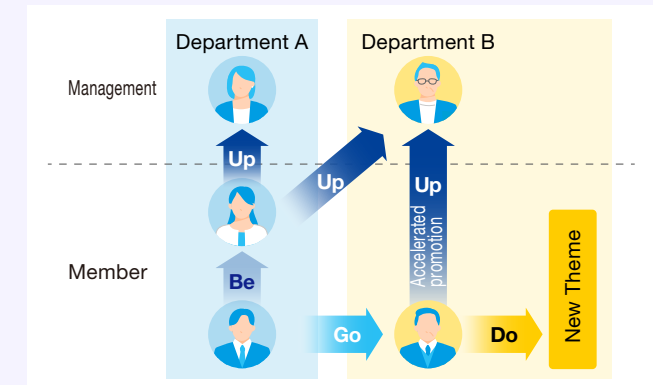
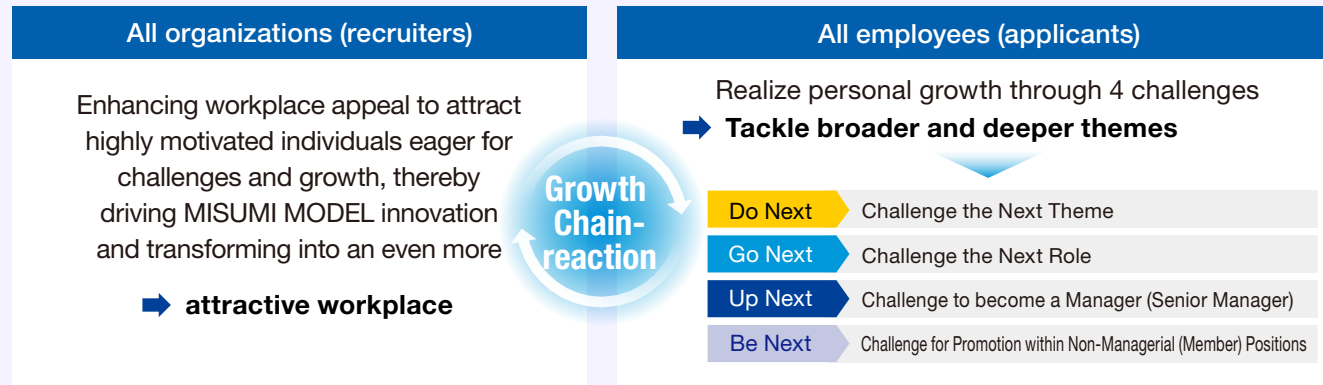
on a global scale is an urgent area of focus. Recently, as the global implementation of the Next Challenge Program and Evaluation System has progressed, challenges have emerged, including the need for deeper integration of the concept itself and the customization of systems to reflect regional characteristics. Expanding the number of regional executives in each region is also a critical aspect of globalization. By continuously addressing the question, "What is MISUMI's unique approach to globalization?" we will drive the realization of the "Best Place To Grow" as a key component of MISUMI's future global growth.



Detailed Overview of Each Initiative within the '4 Mechanisms' [↗](#)

HR Strategy Next Challenge Program

Establishing an In-house Labor Market



Maximally Stimulate “Employees’ Challenges,” which Serve as the Starting Point for the “Best Place to Grow”

Employees proactively challenge various themes, and the organization creates opportunities for challenges and enhances workplace appeal, aiming for a mutually reinforcing, virtuous cycle of Growth Chain-reaction.

Employees constantly consider “What’s next” for their own career paths and voluntarily choose from the following four “Next Challenges (XX Next).”

Do Next and Go Next

● “Reset” Current Positions to a Clean Slate

Employees typically have the autonomy to decide whether to move based on their career choices. Staying in one job for too long and becoming complacent is seen as a barrier to growth. The Do Next and Go Next initiatives require employees to “reset” their current positions on an annual basis. To either continue in their current position or seek a transfer, they must “apply” to their desired organization to select their job. A notable feature is the opportunity

to explore different career paths within the Company, including transfers across countries and job functions.

● Establishing an In-house Labor Market

As a foundation for mutual selection and appeal between employees and organizations, MISUMI has established its in-house labor market: “MISUMI NEXT Market (MNM)”.

Through MNM, recruiting organizations disclose their “challenge themes (strategies and actions).” Employees, as applicants, actively explore their next challenges by attending briefings conducted by various organizations. The application and selection processes are facilitated through MNM as well. Furthermore, HR department members serve as “internal agents,” offering support for any concerns faced by both applicants and recruiting organizations.

Up Next and Be Next

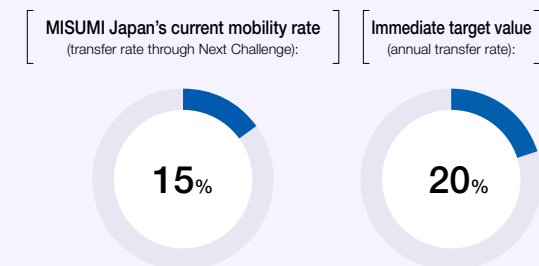
We offer Up Next and Be Next as formats for self-driven career advancement and promotions.

These are conducted year-round, allowing individuals to take on challenges according to their career plans. The challenge requirements do not consider age, gender, nationality or even

experience and tenure. Moreover, individuals can also “skip grades” to take on positions more than two levels above their current one.

KPI for the Next Challenge Program, Future Developments

As an indicator to measure “employees’ next challenges,” our Group has set internal mobility as a KPI. Currently, it is primarily implemented for domestic employees, but we are advancing the development of a scheme that includes overseas Group companies.



*Transfer rate for all MISUMI Japan members (non-management positions) implemented in FY2023

HR Strategy : Interviews with Next Challenge Program Participants

Interview



Ayano Takayama
Joined April 2019 (new college graduate), age 29

Go Next

Transferred from Japan e-Commerce Domain
→ to the Mexican subsidiary in April 2023

Reason for applying

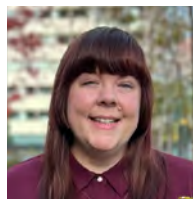
It's been my dream to work overseas since I joined the company, but the trigger for applying for "Go Next" was when I found a job opening in Mexico that matched my experience. I was torn between applying for "Do Next" or "Go Next" because I was happy working in the team at that time, but my desire to take on the challenge of working overseas was stronger, so I decided to apply. I also had a supervisor who encouraged me to take on this challenge and gave me advice from a variety of perspectives.

What I've learned working in Mexico

My responsibilities are broader than when I worked in Japan, and the opportunities for challenge have increased. I'm also now in a position where I can lead operations, which makes me feel that I'm approaching my work from an even higher vantage point than before. At the same time, I'm reminded every day that I'm lacking in my own skills and knowledge, and I'm even more determined to work harder.

Future challenges

I'd like to deliver results as quickly as possible in the current project I'm working on and help increase sales in Mexico. Also, now that my dream of working overseas has come true, I'd like to continue challenging myself while striving for a Leader position.



Bree Storey
Joined August 2018 (mid-career hire), age 33

Go Next

Transferred from MISUMI USA
→ to Japan Head Office in August 2023

Reason for applying

I was motivated to apply because I wanted to gain a comprehensive understanding of the business activities conducted throughout the Company. Since I had a certain level of proficiency in Japanese, I also wanted to use my language skills.

My thoughts on working in Japan (Head Office)

When I arrived, I encountered situations that I did not know how to handle because it had been some time since my last visit to Japan and I was venturing into a new area of work. However, my team and the people around me were extremely kind and allowed me to take a positive approach to my work. By utilizing my business acumen and skills developed at MISUMI USA, I feel that I am working with an even broader perspective.

Regarding Future challenges

MISUMI offers an immense wealth of opportunities in terms of challenges—horizontally, vertically, and diagonally. The most attractive aspect is the ability to seize these opportunities based on my own initiative. Naturally, I aim to improve my Japanese skills and challenge myself to enhance my abilities to the level required for higher positions and a promotion to a Leader position.



Kazuki Shimotsuna
Joined April 2018 (mid-career hire), age 32

Up Next

Promoted to Chief Director in
September 2024
(Responsible for new business domains in Japan)

Moving up to a Director position

I joined MISUMI as a mid-career employee for two reasons: my desire to be involved in the world of "manufacturing" that I studied in college, and to work in an environment where I could challenge myself and grow at a young age on my own initiative. I started from entry-level Member position, but by being proactive and self-motivated, I was able to advance my career annually. In 2022, I challenged myself to be promoted for a Leader position and for a Director's position this year, which was accepted. It was my understanding that MISUMI is a company that places a high value on taking ownership for your actions, which will be reflected in your evaluation. Indeed, MISUMI is an environment where you can grow with infinite directions and possibilities depending on your proactiveness.

Regarding Future challenges

I am currently responsible for key strategies in Japan, and I am focused on growing these businesses and generating profits. As a leader, I feel the weight of the words I convey to members every day and the change in the scope of my responsibilities. I also pay special attention to each person's motivation and whether our workplace is a comfortable working environment.

I feel that "struggling in unknown territory" contributes greatly to one's growth, so I'd like to consider taking my "next challenge" to put myself in such an environment.

HR Strategy D&I (Diversity & Inclusion)

Our Group is a Company where diverse talents can flourish, regardless of gender, age, nationality, years of experience, or whether they are recent graduates or seasoned professionals. At MISUMI Japan, for example, 85% of hires are career-based, reflecting a workforce with diverse backgrounds. In addition, hiring, promotion, and transfer decisions are based on an individual's practical skills and performance. In this context, our Company cultivates a distinctive and healthy corporate culture characterized by significant “diversity” and minimal “political influence.”

● An environment with no limitations for challenges

While offering necessary accommodations for individual circumstances, we endeavor to remove as many barriers as possible to challenges, fostering an environment where everyone can contemplate their “next challenge.”

For instance, within MISUMI Japan's post-retirement re-employment program, the “Senior Next” Program, there are no blanket reductions in benefits or position changes based on age. Instead, benefits and responsibilities are tailored individually for each person.

In addition, employees with disabilities are subject to the same grading, evaluation and compensation systems as other employees, and there are no restrictions on the use of internal systems (including the Next Challenge Program).

● Promotion of Women's Participation

As for the participation of women in our Company, we have a remarkably high percentage of female managers, with 15% in MISUMI Japan and 24% globally, which is relatively high for the manufacturing industry. However, there is a lack of support for women when it comes to the challenges they face and their career concerns due to the environment's emphasis on autonomy. While we are promoting measures to address these issues, our goal for the time being is to achieve 30% female managers worldwide.

Message

Message from a Director



Leveraging Diverse Values and Strengths to Achieve a Global “Best Place to Grow”

Shaochun Xu

Director, and Vice President, China Business Company
Chairperson and General Manager,
MISUMI (China) Precision Machinery Trading Co., Ltd.

MISUMI's Human Capital and Diversity

MISUMI's human capital is characterized by its emphasis on Growth Chain-reaction Aspired Management, with employee challenges as the starting point. In order to achieve Growth Chain-reaction Aspired Management, it is crucial for employees to “learn, think, and challenge one's self” and continuously pursue personal growth. In addition, the diverse backgrounds, expertise, and strengths of each employee are critical to driving innovation and advancing the MODEL.

Global MISUMI Employees

The global human resources system reform that has been underway for the past two years is of great importance as MISUMI continues to grow worldwide. Previously, there were differences in awareness among countries and business units, but the message that all employees are “Global MISUMI Employees” has brought about a significant change in mindset. Under the “alignment” provided by shared values, leveraging the diverse perspectives and strengths of employees will be more important than ever for MISUMI's sustainable growth in the future.

Cultural Integration Between Head Office Staff and Overseas Regional Staff

A distinctive feature of MISUMI's business is that both its Head Office in Japan and its subsidiaries in various countries have product development and new business development functions. Therefore, while the transfer of know-how from Head Office is important, it is crucial for Head Office staff and overseas staff in each country to work closely together to achieve MODEL innovation. At MISUMI China, for example, regional expatriates and overseas regional staff work seamlessly as a team, leveraging each other's strengths to accomplish their tasks.

In order to better understand and reflect the cultural and market elements of each region in the business, it is becoming increasingly important to promote the appointment of overseas staff to management positions. There are still challenges in building systems that provide more opportunities to learn about the culture and mindset of headquarters, which will require further focus in the future.

HR Strategy Talent strategy engagement and challenge monitoring

Through regular engagement surveys, opinion polls on systems and initiatives, and challenge and growth surveys, we continuously monitor employee engagement and translate it into actionable measures.

● Engagement Survey

In the previous Engagement Survey, we conducted a survey with common question items for all global employees. We are promoting actionable measures by referring to the keywords of MISUMI's strengths and weaknesses that emerged from this survey.

Strengths	
An open and frank attitude, supportive actions toward subordinates	
Weaknesses	
Details	Countermeasures
Appropriateness of Evaluations and Compensation (Globally Common)	<ul style="list-style-type: none"> Promoting the global implementation of a new evaluation system based on MISUMI Value's Regarding the Compensation system, the basic concept is to reward "those who perform (those who take on challenges and achieve results)" with top-tier total compensation levels in the market. We are promoting a renewal that aligns with the customs and legal frameworks of each region.
Enrichment of Training Programs (Overseas Subsidiaries)	<ul style="list-style-type: none"> Business Skills: Example: In Europe and the Americas, we have established a talent development platform using LinkedIn Learning Management Skills: Example: In Asia, we have strengthened educational programs for executives MISUMI Literacy: Example: Courses by top Management are also being offered overseas
Appropriate Recruitment and Placement (Japan, US, Europe)	<ul style="list-style-type: none"> The Next Challenge Program has been initially introduced at MISUMI Japan We are promoting the construction of a scheme that includes overseas Group companies

● Survey on the New Evaluation and Compensation Systems

As part of MISUMI's HR strategy to accelerate individual challenges and growth, we are globally advancing the renewal of the Evaluation and Compensation Systems, with MISUMI Japan taking the lead in implementing it from the fiscal year 2023.

Evaluation System consists of two modules: the degree of demonstration of MISUMI Value's (practical ability evaluation) and the evaluation of the results (performance evaluation), achieving a high level of satisfaction with 90% and 91% respectively.

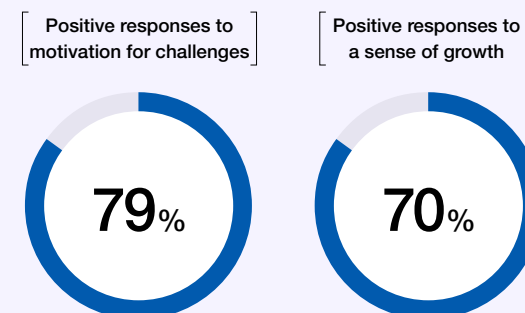
Regarding the Compensation System, the satisfaction level with the salary increase management was high, with a result of 89%.

However, feedback highlighted concerns about the ambiguity of evaluation scales and criteria. To address this, we will focus on further enhancements, including clarifying definitions and providing comprehensive guidelines to promote a better understanding of the processes.

● Survey on Motivation to Take on Challenges and Sense of Growth

At MISUMI Japan, a survey on motivation to take on challenges and a sense of growth was conducted in the fiscal year 2023. The results showed a positive response rate of 79% for motivation to take on challenges and 70% for a sense of growth, reflecting high levels overall. However, the environment was deemed insufficient for everyone to aim for their "next challenge." Additionally, employees in lower positions tended to score lower compared to those in higher positions. Furthermore, the survey on the willingness to be promoted to higher positions revealed results that fell short of the Company's expected levels, highlighting this as a recognized challenge.

We are starting with measures that can be quickly implemented, such as presenting guidelines to enhance the quality of 1-on-1 meetings between supervisors and subordinates and providing support for more effectively highlighting challenge themes from each organization. On the other hand, we recognize that further motivation for challenges is necessary to address these issues, and we are continuing to explore solutions.



HR Strategy Creating an Environment Promoting MODEL Innovation

Flexible Work Styles

To accommodate diverse work styles tailored to employees' circumstances and life stages, we are enhancing flexibility through measures such as the introduction of a flextime system and the utilization of remote work.

Workplace (Head Office relocation)

To invigorate the organization and promote employees' challenges, we relocated our Head Office to Kudan Kaikan Terrace (Chiyoda-ku, Tokyo) in February 2023.

At the new Head Office, we have developed spaces, environments, and IT infrastructure for office-based and remote work employees to co-create for the innovation of the MISUMI MODEL.

Kudan Kaikan Terrace Exterior



Office Reception



Floor Interior (Workspace)



In-house Programs and Employee Benefits

To encourage proactive challenges among employees, we are enhancing systems and benefits to improve the ease of working.

Program Examples

- **Childcare/Caregiving:** We have established unique initiatives that go beyond legal requirements, such as allowing reduced working hours for childcare up to the completion of the fourth grade of elementary school and making nursing and caregiving leave paid rather than unpaid.
- **Massage room:** Up to twice a month, a free 30-minute massage can be received.
- **Recreational Facilities:** we have a contract with the Laforet Club, which allows use at corporate member rates, along with subsidies provided by the company.
- **Theme Park Ticket Subsidy Program:** Special discount tickets are available.

Health & Safety

● **Holding of the Safety and Health Committee**

Based on legal regulations, we hold the Safety and Health Committee monthly and make the minutes publicly available within the Company. We strive to maintain and improve a healthy and sustainable work environment by sharing considerations on safety and health in daily operations and the results of annual stress checks.

● **Ensuring Employee Safety and Health in Emergencies**

The spread of COVID-19 has been one catalyst for us to continuously strengthen our internal BCP structure. In the event of sudden natural disasters such as typhoons or earthquakes, we confirm the safety of employees through an employee safety confirmation system and simultaneously check for physical damage to offices and warehouses, establishing a system to quickly determine the feasibility of business continuity.

Financial Strategy Message from the CFO

Aiming to Enhance Corporate Value in the Medium/Long-term Through Growth Investments and Optimal Cash Allocation for the Innovation of the Business Model



Toru Takanami

CFO and Senior Corporate Officer
Representative Corporate Officer,
Finance Platform and Representative
Corporate Officer, SX Platform

Review of the First Half of FY2024

● Earnings Evaluation and Factor Analysis

For the first half of FY2024, the global economy expected a recovery in demand for capital investments, particularly in the manufacturing industry; however, demand failed to meet market expectations. In Europe and the US, there is sense of caution for investing in capital expenditures in a stagnant market coupled with geopolitical risks, and demand from our customers remained soft. However, in Japan, China, and Asia, demand remains firm, with signs of recovery in the semiconductors and electronic components sectors in addition to some automotive-related demand. Net sales and profits for the first half of the fiscal year exceeded our expectations, due in part, to a large telecom-related order in China. Consolidated net sales were ¥198,022 million (10.0% year-over-year increase); a first-half sales record. In terms of profit, operating income was ¥23,390 million (26.3% year-over-year increase), operating income margin was 11.8% (1.5 percentage point year-over-year improvement), ordinary income was ¥25,221 million (26.1% year-over-year increase), and net income attributable to owners of the parent was ¥18,200 million (28.3% year-over-year increase), helped by higher sales volumes, product mix, and foreign exchange benefits.

In light of the better-than-expected momentum for the first half, for FY2024, we have upwardly revised our full-year business forecast, projecting consolidated net sales of ¥401.2 billion (9.1%

year-over-year increase), operating income of ¥49.1 billion (28.0% year-over-year increase), ordinary income of ¥51.6 billion (25.0% year-over-year increase), and net income attributable to owners of the parent of ¥37.1 billion (31.8% year-over-year increase). In the second half of the year, we expect a recovery in the automotive and semiconductor industries in China, Asia, and Japan as well as a rebound in European and US demand from the fourth quarter.

● Strategies and Initiatives

Our Company is advancing the Digital MODEL Shift by enhancing our capabilities in IT responsiveness and Industrial Automation (IA) responsiveness to meet the diverse needs of the automation industry. We aim to establish a unique competitive edge through growth that align with the market needs in each region. The Digital MODELS we are currently focusing on are “meviy,” “Economy Series,” and “D-JIT.” Positioned as important strategies for our Company, we have been actively investing in these services with the aim to increase future profitability.

In September 2024, “meviy” an AI platform for procuring machined parts, launched “meviy Marketplace,” one of the largest manufacturing marketplaces in Japan. Accounting for roughly 80% of “meviy” sales we anticipate Japan will be profitable for full-FY2024. In Europe, the US, China and South Korea, we expected to achieve profitability once we secure a certain level of sales.

The “Economy Series” has achieved high growth in all regions, penetration among customer has increased enhancing product variations and strengthening regionally catered products in each region. Notably, sales in Asia are expanding, with a shift to regionally procured products in Asia away from exports of products procured and developed in China. Profits are also growing steadily, with similar profitability achieved versus high-end products.

“D-JIT,” a DX innovation of the procurement process of manufacturing components, that began in April 2024, is a system that connects the inventory information of over 400 suppliers and MISUMI Group’s domestic and overseas subsidiaries in real time and is a system that respond to large quantity procurement orders with quick, delivery times. This system has achieved an 8X increase in order fulfillment capacity compared to the traditional approach.

Key Features of MISUMI’s Financial Strategy

In the process of developing our current Business MODEL we had extended long credit terms for account receivables from our customers and short payment terms for accounts payable to suppliers. This was necessary to maintain a certain level of working capital while maintaining an abundant amount of equity capital. Under these circumstances, we have achieved high profitability and built a strong financial base by delivering a wide variety of parts needed for automated devices and equipment with “Reliable, Quick Delivery” and creating added value for reducing our customers’ efforts and prevents production stoppages from delays in parts procurement.

For performance evaluation and earnings management, we distinguish and evaluate growth that comes in waves of business confidence, such as demand for capital investment, and growth resulting from our own unique measures. As markets and business conditions, competitive environment and geopolitical risk differ from region to region, business to business, we have established an earnings management system that evaluates not only global comprehensive strategy, but also region specific measures, impacts and performance.

Financial Strategy Message from the CFO

For investments in IT, production and distribution, we have established and are practicing a system that contributes timely to the next investment decision as well as conducting investment decision-making that includes IRR (internal rate of return) and NPV (net present value) along with effectiveness review considering the market suitability.

DX investments, which account for around half of our capital expenditures, are managed on a project-by-project basis, focusing on the Digital MODEL Shift in realigning the global supply chain, and investments in the core system aimed at enhancing various measures. In October 2024, we upgraded our system to realize a more comprehensive earnings management system. While we handle a massive number of products, we calculate the cost of each individual product using an activity-based costing. To advance this, we utilize IT technologies to perform integrated management that synchronizes the revenue and expense of each organization, platform, department, and team.

Additionally, for revenue and expenses management, we have established a system where performance evaluations can be seen at all levels, including organizations, Headquarters, Platforms, and each department and team. Inventory management is conducted on a team level and within the core system, excess inventory is automatically calculated and reflected in each team's profit and evaluation.

To execute growth investments swiftly and smoothly in each region and country, we have established a cash management system that connects Japan, the Americas, Europe and parts of Asia through a global cash pooling scheme to maximize the benefits from optimal allocations that take economic rationality into account. This structure was recognized as a "Highly Commended Winner" in the "Best Cash Pooling Solution" category in "Treasury Today Adam Smith Awards Asia 2023."

As an important measure to enhance corporate value, we are also reviewing risk governance. Our second line of defense is responsible for risk management and have thoroughly disseminated the concept of promoting internal controls, including overseas subsidiaries. In doing so, we are building a system that balances discretion and self-responsibility under the delegation of authority

and creates opportunities for "individuals" to take on challenges, so that a corporate culture in which each organization and individual can act freely and proactively is not undermined.

Capital Policy and Initiatives to Reduce the Cost of Capital

MISUMI aims to contribute to the sustainable growth of the IA industry and support the sustainable development of society through automation and labor savings with our "Growth Chain-reaction Aspired Management." To achieve this, we are actively investing in regions, businesses, and the development of new products and services, as well as working to advance our Business MODEL that contributes to increasing the "Customer's Time Value."

We also aim to enhance medium to long term corporate value and expand the equity spread to secure capital profitability that exceeds the cost of capital. Regarding our capital policy, the Board of Directors have extensively discussed and resolved to review the dividend payout ratio and purchasing treasury stocks. Early in FY2024, we announced and executed on an increase in the dividend payout ratio (from 25% to 30%) and executed the acquisition of ¥20 billion yen worth of treasury stock. We intend to deepen our discussion on setting ROE targets and other metrics, initiatives to improve our capital efficiency, business portfolio, growth investments, and cash allocation.

① Business Portfolio Management

We are pursuing various strategies aimed at creating "Customer's Time Value," with an eye at improving growth potential and profitability. Specifically, we are working on the development of new Business MODELS such as "meviy," "Economy Series," and "D-JIT," as well as strengthening the foundations of our existing businesses. In each region and business, the "ability to respond to change" is critical to confront the uncertainties of the market and economic conditions. We are advancing our business based on evaluation criteria for each region and business within the market relativity that include the IA industry.

② Growth Investments

We are making investments for the continuous growth of our existing business as well as to growth from inorganic new businesses. For existing businesses, we are reallocating resources

to areas with high investment returns and addressing restructuring associated with business succession issues that impact the supply chain for the entire industry. For inorganic growth, in addition to re-evaluating our business portfolio and promoting alliances and M&A to capture external growth.

③ Cash Allocation

Regarding our cash on hand policy, we aim to secure six months of operating funds (approximately ¥100 billion) as the necessary funds to fulfill our supply responsibilities even in a BCP event such as geopolitical risk or economic crises. Our basic policy is to allocate and give priority to investments for organic and inorganic growth, using the four-year cumulative operating cash flow based on the Business Plan and planned values of each business, and maintain a flexible approach to shareholder returns.

④ Integrating Business and Sustainability Advancement

Our Growth Chain-reaction Aspired Management strives to contribute to the entire industrial sector, specifically to the development of supply chain management across the industry. In these initiatives, we are promoting SX (sustainability transformation) while addressing issues such as global warming and human rights. Growth Chain-reaction Aspired Management itself can be said to be synonymous with sustainability initiatives.

⑤ In Depth Dialogue with Stakeholders

In addition to the previous efforts, we will enhance information disclosures, IR activities overseas, and bolstered financial results briefings to deepen our dialogue with our stakeholders and work towards further reducing the cost of capital.

Message to the Capital Market

We are committed to "Growth Chain-reaction Aspired Management," starting from employees' challenges to lead efforts for sustainable development of MISUMI, the IA industry, and society. Amid a rapidly changing business environment, we will strengthen our ability to respond quickly, while maximizing the use of our resources, capabilities, and assets to achieve medium to long term corporate value enhancement.

SUSTAINABILITY

MISUMI's Sustainability

Contributing to the development of the IA industry and society by building and strengthening the global supply chain through products and services that create Time Value

Toru Takanami

CFO and Senior Corporate Officer
Representative Corporate Officer, Finance Platform and
Representative Corporate Officer, SX Platform

MISUMI's Business MODEL and Sustainability Growth Chain-reaction Aspired Management and Business MODEL

Our Growth Chain-reaction Aspired Management means eliminating inefficiencies in the Industrial Automation (IA) industry, which is our customer, and increasing the value of time, so that MISUMI, the IA industry, and society can grow and develop together. To achieve this, the most valued ways of thinking, attitudes, and behaviors have been clearly stated in our "MISUMI Value's". Based on the two principles which comprise our customer's Time Value, reducing inefficiencies and Reliable, Quick Delivery, we provide products and services that match the needs of each region, each industry, and each customer while innovating the MISUMI MODEL. In addition to value provided through our existing businesses, we are reengineering the manufacturing supply chain through various new products and services, which is part of the Digital MODEL Shift.

Relationship Between Sustainability Transformation (SX) and Management Strategy

Society as a whole faces a variety of societal challenges, such as the declining workforce, resource depletion, and climate change; as a Company we aim to contribute to the IA industry through products and services that create Time Value helping to contribute to the society as a whole. In the IA industry supply chain, our initiatives help address these social challenges by building a global supply chain centered on digitalization, with over 3,000 suppliers through reengineering initiative (utilization of management resources), reduced Scope 3 greenhouse gas (GHG), and implemented human rights risk management. This is MISUMI's business strategy itself and is completely in

synchronization with our sustainability initiatives. In promoting these initiatives, it is of the utmost importance that the our global sites have the dynamic capability (organizational adaptability) to detect, capture, and transform to market changes, as well as the ability to respond quickly to shifts in market conditions, business conditions, and geopolitical risks that differ from region to region and country to country. We believe it is vital to exemplify 'Change Responsiveness' by swiftly and effectively addressing each phase.

Materiality & KPI

The materiality and Basic Policy of Sustainability were defined and disclosed in 2021; however, amid the increasing uncertainty of the future business environment, the Board of Directors and Sustainability Committee have been discussing specific steps and a review of the existing framework, since the beginning of 2024. Based on our stakeholder's medium- to long-term expectations from MISUMI and what is necessary for growth, we would like to unlock the contribution to the IA industry's supply chain through the Time Value we provide, and disclose the newly identified materialities as soon as possible.

Risks and Opportunities in ESG Matters; Information Disclosure

The Company's current qualitative business opportunities include increasing demand for automation, labor productivity reforms, and efficiency demands. Going forward, in addition to achieving quantitative Customer's Time Value that the Company provides will directly address the declining workforce and have indirect spillover effects on the issues that accompany it, such as resource depletion and climate change. We will update these and revise our materiality while continuing to engage in dialogue with all our stakeholders. With regard to risks, the Company's supply chain is

impacted by environmental issues and business continuity challenges, as well as rapid changes in globalization and regional blocs requiring us to adapt. We will strive to improve the supply structure, including BCP, in our Global 5-Pole Production Structure.

As it is imperative to bolster our capability to respond to change, we are also working to advance our human capital management and create opportunities for employees to challenge themselves as self-starters. IT investments geared at enhancing our digital responsiveness also present valuable growth opportunities for employees.

With respect to information disclosure, we are working diligently to conduct regular monitoring, disclose activities already implemented, and take action on those we plan to implement. We have established a process in which a dedicated sustainability organization provides feedback to each organization within the Company regarding stakeholder expectations, ESG rating agency evaluation, promotion of proactive actions, and disclosure of the results of these activities. Through this inaugural Integrated Report, we continue to improve our efforts to more clearly communicate the activities of each organization within the Company, relating to Growth Chain-reaction Aspired Management.

MISUMI's Sustainability

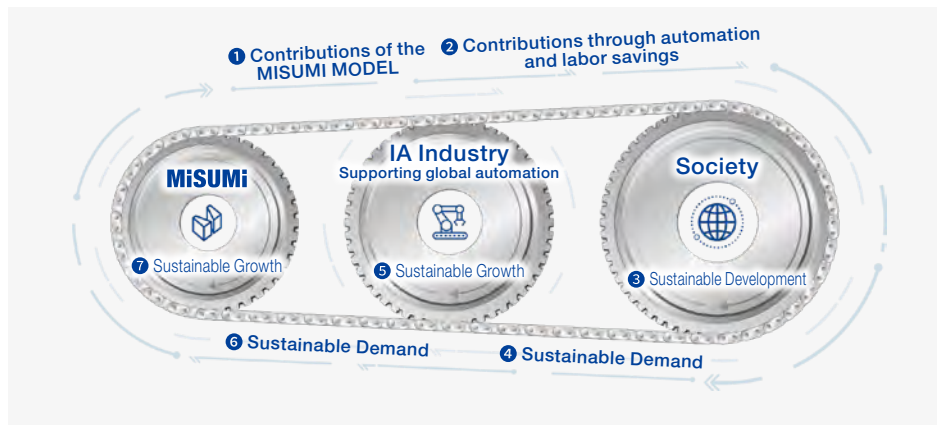
Basic Policy of Sustainability

MISUMI Group has developed a unique Business MODEL that encompasses businesses like FA, Die Components, and VONA, a business which distributes a wide range of products from production auxiliary materials to consumables that are used in production and automation environments.

Our business is focused on the Industrial Automation (IA) industry. We contribute to eliminating inefficiencies in this industry by helping customers and suppliers eliminate waste of all kinds. In addition, the IA industry has enabled automation and labor-saving in various economic activities, playing a crucial role in the sustainable development of society. This development creates demand in the industrial sector, leading to new opportunities for MISUMI.

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

Our Sustainability Initiatives



We contribute to the development of the IA industry by eliminating inefficiencies in the total supply chain and entire business processes from the perspective of "time". We have built a supply chain that serves more than 300,000 customers globally. We provide "Time Value" that reduces various inefficiencies and labor-hours in the industrial world by realizing Reliable, Quick Delivery. To continuously improve Time Value, we are constantly innovating and developing our Business MODEL, including businesses, products, and services. At the same time, we are working to strengthen our Business

Foundation, including IT, production, and logistics, and the establishment of Human Capital Foundation to support the Business MODEL.

Initiatives to Support the Sustainable Growth of the IA Industry

The parts for automation equipment and devices are unique. Creating drawings, quote provision, processing, and procuring parts are complicated and require extended delivery times, resulting in highly inefficient work. By standardizing the parts to be manufactured to order for automation equipment and devices, we eliminate the need to create drawings and significantly reduce the time spent on inefficient work for our customers. In addition, by Reliable, Quick Delivery on a global scale, even for a single part, we can reduce unnecessary inventory and eliminate production and operational opportunity losses. Furthermore, by providing various new products and services, included in our Digital MODEL Shift, we have reduced the amount of waste and labor-hours involved in the procurement process by approximately 90%, reducing energy consumption. We have also contributed to promoting the effective use of resources by eliminating paper drawings.

We will continue to contribute to the sustainable development of society through "Time-based Innovation" in the IA industry.

Contributing to the Sustainable Development of Society

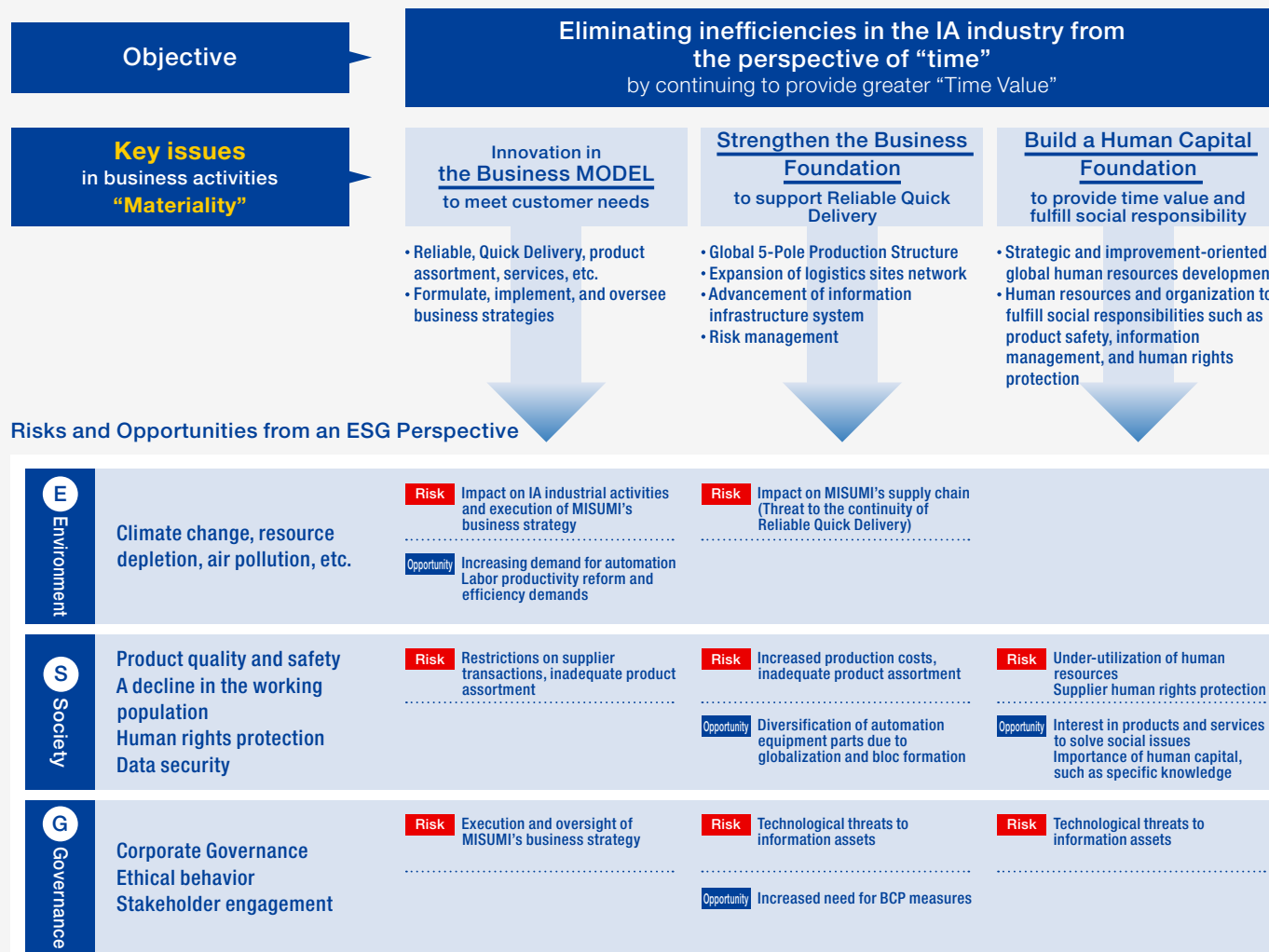
Our business development provides added value that reduces resource input and consumption in the IA industry. By fundamentally eliminating all forms of waste for our customers and suppliers, we contribute to accelerating the transition from conventional mass production, mass consumption, and mass disposal to a circular economy.

In addition, we are actively adapting to ESG promotion, which is a social demand, and we strive to prevent global warming and other climate changes through our business activities. In addition to our own Company, we respect the diversity of cultures, histories, human rights, and human resources in the countries where our customers and suppliers are involved. We will continue to contribute to developing a sustainable society in cooperation with our stakeholders.

MISUMI's Sustainability

Our Key Issues in Sustainability

- In determining the key issues, we have identified the most important issues for the sustainable growth of our business activities, and each issue represents both a challenge to our business as well as a challenge to our social responsibility.
- In addition, risks and opportunities for key issues have been extracted from several ESG-oriented issues of high importance.
- The key issues were decided through discussions at the Board of Directors meeting in 2021. In 2024, the Board of Directors and Sustainability Committee have been discussing a review of the materiality, which is expected to be announced in 2025.



MISUMI's Sustainability

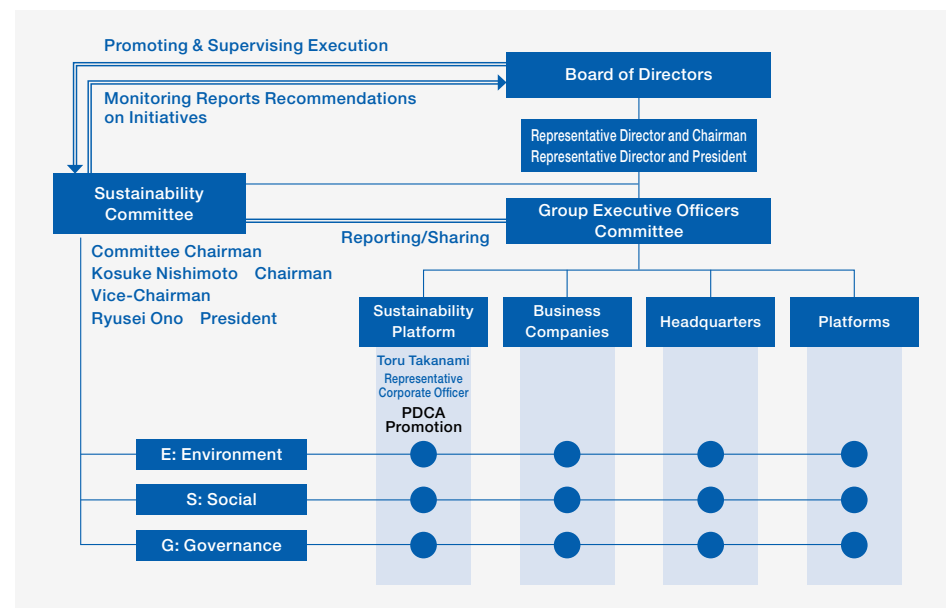
Sustainability Committee

MISUMI Group Inc. has resolved at the Board of Directors meeting to establish a "Sustainability Committee" from October 1, 2021, chaired by the Representative Director and Chairman, the Representative Director and President as Vice-Chairman, to further strengthen its sustainability initiatives.

This Committee formulates the Basic Policy of Sustainability for the Company, verifies the management plan and management policy, reports and makes recommendations regarding initiatives that address social issues to the Board of Directors.

To promote ESG management horizontally across the Group, the Sustainability Committee, under the supervision of the Board of Directors, which has appointed an Officer in charge of Sustainability, works with the Business Companies, Headquarters and Platforms, which are the Group's executive organizations, to monitor ESG-related target setting, progress and evaluation, and to further develop initiatives.

Sustainability Management Structure



Status of Sustainability Committee Meetings

(As of November 2024)

	Dates	Topics
1 st	March 16, 2022	• First Evaluation and improvement from external rating agencies
2 nd	April 20, 2022	• Second Discussion on Evaluation and improvement from external rating agencies
3 rd	May 18, 2022	• First Discussion regarding Scope 3 Initiative Policy
4 th	June 14, 2022	• Second Discussion regarding Report on progress on GHG emission reduction • Scope 3 Initiative Policy
5 th	June 23, 2022	• Report on improvements in the evaluation of the Sustainability Committee and external rating agencies • Countermeasures on climate change
6 th	July 28, 2022	• Sustainability training for executives
7 th	August 1, 2022	• Procurement Guidelines and Code of Conduct update
8 th	August 18, 2022	• Procurement Guidelines and Code of Conduct discussion
9 th	October 20, 2022	• Revisions to Code of Conduct • Establishment of Procurement Guidelines and supply chain management system • Discussing disclosures about human capital indicators
10 th	December 22, 2022	• Report on climate change countermeasures • Discussing disclosures about human capital indicators • Future initiatives
11 th	February 15, 2023	• Review of Activities and Future Direction and Policy
12 th	May 18, 2023	• Status Report on GHG/Supply Chain Management/Human Capital/ Update of Rating Agencies
13 th	September 21, 2023	• GHG FY22 Flash Report, Progress of Supply Chain Management, Analysis of External Rating Agencies
14 th	November 16, 2023	• GHG FY22 Performance Report, FY24 Supply Chain Management Activities • CSRD of EU, CFP (carbon footprint of products) response
15 th	March 19, 2024	• Review of Activities and Future Direction and Policy
16 th	March 21, 2024	• Corporate Governance, Related survey report, Evaluation of the Board of Directors' Effectiveness
17 th	May 16, 2024	• Materiality review, MISUMI Unique Index, Carbon Footprint
18 th	September 18, 2024	• CBAM of EU/EUDR cooperation requirements, Evaluation of external rating agencies' results
19 th	October 17, 2024	• First Discussion regarding Questionnaire for Materiality Evaluation
20 th	November 21, 2024	• Second Discussion regarding the Questionnaire for Materiality Evaluation

Environmental Initiatives

MISUMI Group's Basic Environmental Policy

Our business development provides added value that reduces resource input and consumption in the Industrial Automation industry. By fundamentally eliminating all forms of inefficiencies for our customers and suppliers, we contribute to accelerating the transition from conventional mass production, mass consumption, and mass disposal to a circular economy.

We are committed to addressing climate change measures, such as preventing global warming, through our business activities.

In addition, we manage and implement environmental measures across the entire supply chain, including suppliers, while promoting environmental management that also encompasses product quality and safety. MISUMI Group Inc. and its business companies will promote environmental management based on the following policies.

1. Reduce social/ environmental impact and prevent pollution in business activities	2. Comply with environmental laws, regulations, and other requirements	3. Regularly review environmental goals and continuously improve on them
---	--	--

*Our activities comply with ISO 14001: 2015

Environmental Promotion Structure

Efforts to address environmental issues focus on environmental policy formulation, GHG emissions, toxic substances, water resources, waste, and environmentally friendly products. The Sustainability Committee cooperates with Business Companies, Headquarters, and Platforms, which are the Group's executive organizations, which monitors and evaluates progress and develops sustainability initiatives.

Climate Change Initiatives (Align with TCFD, Greenhouse Gas (GHG) Emissions)

Approach to Climate Change Initiatives

MISUMI Group Inc. announced its support for the TCFD recommendations in September 2021. That same month, the Company made an announcement to join the TCFD Consortium of companies that support the TCFD recommendations. MISUMI then began formulating strategies for climate change initiatives focusing on the Manufacturing Businesses, which have significant environmental impact. These initiatives include conducting an analysis based on the two scenarios of temperatures rising 1.5 to 2 degrees Celsius or temperatures rising 4 degrees Celsius, identifying transition risks, physical risks, and opportunities under each scenario and addressing the impacts on the businesses for each scenario.

MISUMI has disclosed information according to the TCFD recommendations under its management policy, based on the details approved by the MISUMI Board of Directors on March 17, 2022. This information includes the establishment of risk management processes for risk identification, assessment, and mitigation, quantified risk and opportunity assessments, and action to establish a progress assessment mechanism.

Going forward, MISUMI will fully disclose information related to climate change, in line with the TCFD framework, and through our business activities, we will act to counter climate change by mitigating global warming and contribute to the development of a sustainable society.

[Climate Change Initiatives \(Align with TCFD\)](#) 

Environmental Initiatives

■ Identifying Risks and Opportunities and Measures (disclosed in March 2022)

Transition Risks

MISUMI recognizes major risks including increased sales prices and transportation expenses due to power consumption constraints and rate hikes; reputational damage from insufficient disclosure of information relating to greenhouse gas (GHG) emission reductions.

Category	Subcategory	Specific Potential Business Impact	Significance	Measures
Policy, regulations	Introduction of carbon pricing	Increased costs of introducing carbon taxes and emissions trading schemes for manufacturing components.	Low	Monitoring of carbon pricing in countries where MISUMI operates in
	Stricter energy savings, GHG and emissions regulations	Suspended power supply due to Chinese government energy consumption regulations	High	• Explore renewable energy electricity suppliers and consider the introduction of in-house power generation equipment
		Requests by EU companies to disclose GHG emissions to non-EU companies	High	• Reduce electricity consumption by introducing energy saving equipment
Technology	Degraded performance of existing products and lower market competitiveness	Manufacturing components and services become less competitive due to lower environmental performance compared to rivals	Moderate	Continuous disclosure of Scope 1-3 GHG
	Delayed product development investments and lower market competitiveness	Lower market competitiveness and lower revenue due to delayed technology development investments to make manufacturing components and services more sustainable	High	Monitor the development of environmental functionality in manufacturing components industry
Market	Changes in customer behavior	Decline in customers due to environmental consciousness impacting purchasing decisions	Low	• Develop an information network to detect behavioral changes and take actionable measures to address environmental issues for each region and individual customer
		Decline in customers due to insufficient disclosure of climate change-related information	High	• Promote and supply necessary components in conjunction with customer-led final product development
		Decline in customers from higher product sales prices caused by soaring metal prices	High	• Conduct necessary development and investment while responding to the needs of an environmentally conscious society
	Enhancing environmental performance of our own products, increased costs	Higher costs associated with calculating GHG emissions from manufacturing components and services	Low	Continuous disclosure of Scope 1-3 GHG
	Higher raw material costs	Higher transportation costs from higher gasoline prices and the introduction of fuel-efficient vehicles	High	• Create a system to gain customer understanding to pass on cost-related price increases
Reputation	Reputational damage among investors and other stakeholders due to insufficient responses	Damaged reputation among stakeholders due to insufficient disclosure of climate change-related information	Low	• Maintain or reduce product prices by reducing the amount of materials for which an unavoidable cost increase is expected, or by finding substitute materials
			High	We are considering calculating the Carbon Footprint of Products (CFP) for representative products and services, and examining the use of calculation systems to reduce the effort and cost involved in the calculation process.
			Moderate	Revise the delivery cost structure for products or regions where delivery costs, as a percentage of the sales price, are high from a product with no delivery fee.
			Moderate	Strengthen IR activities, focusing on communication with investors

Physical Risks

Although we anticipate extensive damage to our business locations, we are mitigating our risks by deploying production in multiple locations.

Category	Subcategory	Specific Potential Business Impact	Significance	Measures
Acute	Suspended business from violent storm and flood damage	Delayed procurement and suspended production from disaster damage to our production sites at risk from typhoons, tsunamis, flooding, etc.	High	<ul style="list-style-type: none">Examine potential disaster risks at each location, and implement measures, such as strengthening high-risk facilities, expanding production functions to substitute other production sites, and securing new production sites to improve the reliability of product manufacturing and delivery.Examine physical risks, both acute and chronic, for each location in our global network, and comprehensively consider cooperative response measures with the Company and suppliers as part of BCP response.
		Suspended functions from disaster damage to our non-factory locations at risk from typhoons, tsunamis, flooding, etc.	High	
		Delayed procurement and suspended production for suppliers from disaster damage caused by typhoons, tsunamis, flooding, etc.	High	
	Damage at our business locations from violent storm and flood damage	MISUMI assets lost due to typhoons, tsunamis, flooding, etc.	Moderate	
		Increased recovery costs accompanying damage to facilities caused by typhoons, tsunamis, flooding, etc.	Moderate	
Chronic	Altered long-term weather patterns due to climate change	Suspended factory operations due to intensified water and raw material shortages accompanying the effects of climate change	Moderate	
	Higher costs from revising procurement networks due to rising sea levels	Costs arising when we expand our global network to cope with frequent natural disasters	Moderate	
	Higher energy costs from rising average temperatures	Costs from relocation and other responses to reorganizing current business locations due to rising sea levels	Low	
		Higher energy costs from increased air-conditioning use that accompanies rising temperatures	Low	

Environmental Initiatives

Opportunity

MISUMI views changes to products and production processes for customers' decarbonization as a future opportunity to expand sales.

Furthermore, the Business MODEL MISUMI has built can contribute to strengthening social resilience against natural disasters.

Category	Subcategory	Specific Potential Business Impact	Significance	Measures
Resource Efficiency	Lower costs from MISUMI implementing energy and resource conservation	Receipt of tax exemptions, subsidies, and grants for reusing and conserving energy at our business locations that use our technology	Low	Monitor and examine how to utilize tax exemptions, subsidies, and subsidy programs for renewable energy and energy saving on a global basis • Reduction of electricity consumption/facility diagnostic systems/monitoring and utilization of renewable energy-related equipment, suitable for each of our Company's locations • Select and ensure steady procurement from renewable energy providers
		Installation of equipment to reduce power consumption in the production phase	Low	
		Improved processes at our factories and logistics facilities from data analysis that utilizes equipment diagnostic systems to reduce GHG emissions	Moderate	
Energy sources	Utilize renewable energy	Lower costs and expenses by using affordable renewable energy sources	High	
Products and services	Higher demand for our products that contribute to conserving energy and reducing GHGs for customers	Higher demand for products and services that contribute to conserving energy and reducing GHG for customers	High	Expanding the line-up of energy saving and environmentally friendly products
	Promoting the value of our products improved environmental friendliness	Development and sale of products that reduce GHG emissions, such as by recycling our products	High	
		Increased demand for products that use carbon-free metals	Moderate	Monitoring various GHG emissions-related businesses (products using Green Steel, providing Carbon Footprint information on e-Commercesite).
	Higher demand for our products that contribute to improving disaster resilience	An increase in demand for highly corrosion-resistant and durable products that are less prone to deterioration, even with humidity rises due to global warming.	Moderate	Expand the line-up of high strength, durable products
		Expanded sales by establishing globally optimal production and Reliable Quick Delivery that contribute to prompt recoveries for customers suffering disaster damage	High	Examine potential disaster risks at each location, and take measures such as strengthening high-risk facilities, expanding production functions to substitute other production sites, and securing new production sites to improve the reliability of product manufacturing and delivery.
Market	Expanded market for environmentally friendly products	Efficiencies achieved through a modal shift, transitioning from costly air shipments focused on quick delivery to highly efficient rail and seartransport.	Low	Consideration and development of more energy-efficient rail and ocean transportation, shifting away from dependence on air and land transportation
Resilience	Efficiency gains and process design	Sustained delivery functions through logistics sites that are resilient against storms and flooding	Low	Monitoring and considering the use of various technologies and measures to create a logistics site that is resilient to natural disasters

Environmental Initiatives

Scenario

Scenario: Temperatures 1.5-2 Degrees

An analysis of a scenario in which temperatures rise 1.5 to 2 degrees Celsius shows that our industry would also be affected by national decarbonization policies in response to the rising temperatures.

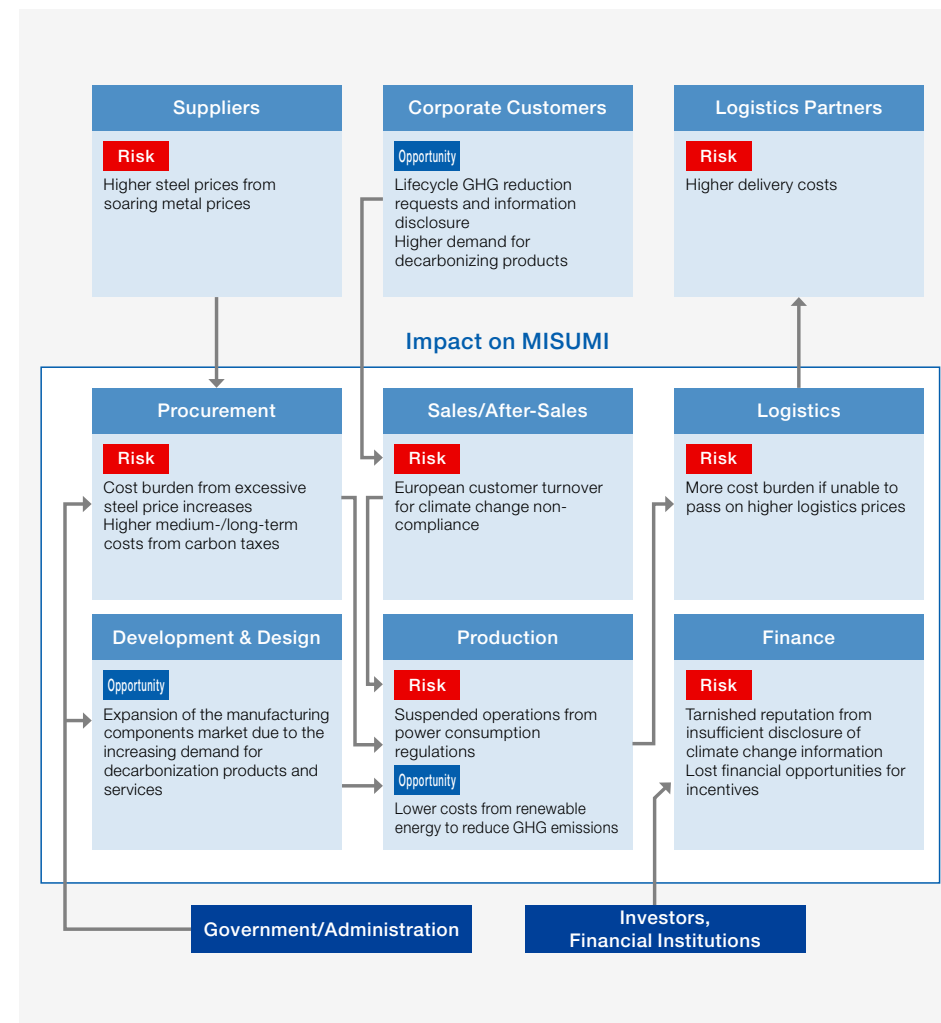
First of all, a zero-carbon society would likely impose a greater burden. Although our main products would incur some degree of carbon taxation, we believe this would be limited due to the nature of the products.

On the other hand, with regard to stronger energy conservation regulation we have seen from governments in China and elsewhere, if a company with locations in the area were to be subject to an order to stop supplying power or suspend a project, our global network of locations for sales, logistics, and production facilities may have to reduce or halt operations. Among our primary customers like the automotive industry, there is progress in disclosing information and requesting reductions concerning greenhouse gas emissions. A slow response to this development could mean we fail to meet customers' purchasing criteria, or there could be a risk of damage to our trustworthiness and reputation among investors and other stakeholders. Elsewhere, we expect the decarbonization trend to boost demand for electronic appliances and lightweight products and to significantly increase costs for the raw materials in our products. In addition, quickly rising fuel costs and the introduction of technology like EV trucks could impact our delivery cost structure.

If temperatures rise 1.5 to 2 degrees Celsius, customers may change their purchasing decisions while society and industry in general maintain climate change measures. We expect higher demand from customers for efficiency such as labor productivity reforms and energy cost reductions.

MISUMI Group's Business MODEL encourages a faster transition to a circular society by eliminating excess production and idle time at our customers' worksites.

Improving the Business MODEL with MISUMI Group's advantage of Reliable, Quick Delivery will support the sustainable development of the entire IA industry.



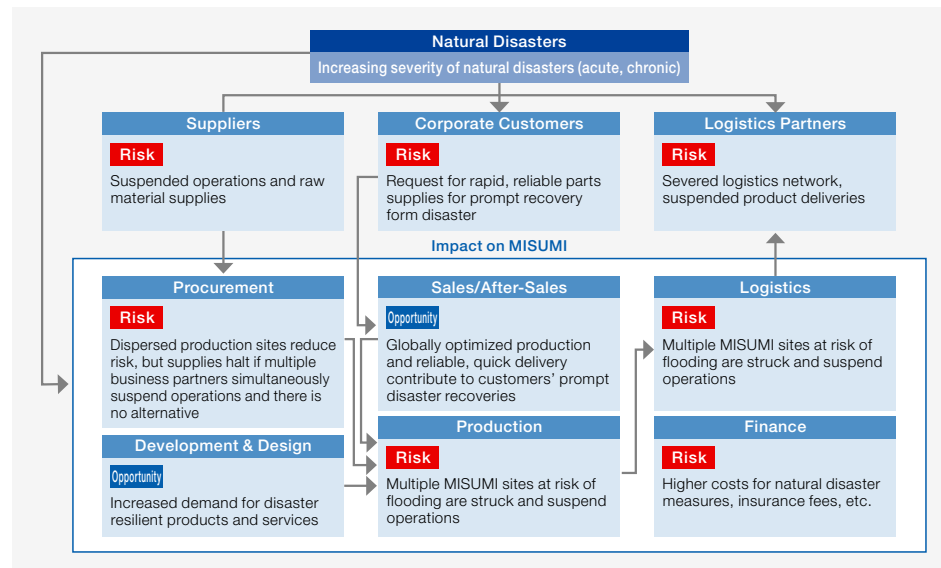
Environmental Initiatives

Scenario: Temperatures 4 Degrees

An analysis of a scenario in which temperatures rise 4 degrees Celsius shows decarbonization policies would not strengthen, average temperatures would continue to rise, and natural disasters would become more destructive, thus raising physical risks.

Our Company operates not only in Japan, but also in China, Asia, Europe, and the Americas, and building global network around the world. If a location were to be struck by a natural disaster such as a typhoon or flood, operations maybe suspended and assets such as our product and semi-finished product inventory, machinery, and logistics equipment maybe damaged. The globally optimal production and Reliable, Quick Delivery MISUMI has developed could also connect to a response to these risks. In addition, we believe that demand from customers and industry will increase for products and services that stand up well to temperature increase measures and disasters.

Globally optimal production is a system we built to disperse production sites around the world for optimization that determines what site will produce a customer's order when it is received. Therefore, the production system is designed to be resilient during disasters and Reliable, Quick Delivery is a system we built to significantly reduce customer time and effort involved in placing orders and to reliably meet deadlines. We believe it can contribute to prompt reconstruction and recovery for industry in general during disasters.



Risk Management Process

Risks are prioritized based on the likelihood, magnitude, and timing of financial impact. We are building a risk management system that focuses on the fact that the amount of GHG emissions associated with our customers' energy use is relatively high compared to our Company.

Our Company conducts a risk assessment once a year of Business Companies, Headquarters and Platforms that execute operations. We report significant cases and management issues to the Board of Directors. Climate change has also been identified as a high-priority risk.

In areas where damage from storms and flooding is expected, we are strengthening the resiliency of our facilities and conducting training focused on employee and facility safety. Meanwhile, in areas that have experienced little such risk or where risk is difficult to predict, we focus on daily monitoring while striving to minimize disaster damage and ensure rapid recovery.

The Sustainability Committee takes an integrated approach to managing climate change risks by setting targets, monitoring progress, and conducting assessments. As needed, the Committee draws on the opinions of outside experts and reports to the Board of Directors.

The Company has built a structure for BCP (Business Continuity Plan) based on the possible impacts of major disasters increasing in severity.

Alongside our existing corporate entity in Japan, we have implemented a comprehensive system of documentation, processes, and communication methods for disaster countermeasures at our overseas subsidiaries.

In preparation for physical risks such as severe storm and flood damage, we will enhance these systems and conduct necessary training.

We shared our internally developed "Sustainable Procurement Guidelines" with primary suppliers in Japan and requested their endorsement.

In addition, we conducted a survey to collect information on their environmental initiatives, including greenhouse gas (GHG) emissions and the development status of their management systems, in order to conduct a comprehensive fact-finding investigation.

We aim to fulfill our social responsibility throughout the supply chain by building mutual trust with our suppliers.

Environmental Initiatives

Metrics and Targets

Through its business, MISUMI Group provides customers with added value that reduces the quantity of invested resources and consumption related to Industrial Automation. We believe that fundamentally eliminating inefficiencies in our customers' operations will help accelerate the transition from the conventional economy of mass production, mass consumption, and mass disposal to a circular economy.

Moreover, we actively engage in climate change initiatives, including global warming prevention, through our business operations.

We also advance environmental management throughout the entire supply chain, encompassing suppliers, with a focus on executing environmental measures and ensuring product quality and safety.

Carbon-Neutral Plan and Implementation Measures

MISUMI Group has identified the greenhouse gas (GHG) emissions reduction targets set out in the table to the right. These conform to the reduction rates and standards required by the SBTi*1 to achieve the 1.5 degrees Celsius target*2.

To achieve this target, MISUMI Group will further promote energy conservation.

To reduce losses from defects in production processes at our production sites, we have installed new equipment and improved processes so as to minimize energy waste. We are endeavoring to reduce our environmental impact by properly sorting waste, sustaining a recycling ratio of at least 80%, as well as implementing paperless operations by introducing digital shipment collection and production order forms and providing tablets.

In the future, we will gradually switch to renewable energy not just at production sites, but also at logistics sites and sales locations.

Targets

Group-wide GHG emissions from business activities
(Scope 1 and 2)

By FY2030	42% reduction compared to FY2020
By Year 2050	Carbon Neutral

*1 The SBTi (Science Based Targets initiative) is an initiative for promoting the setting of GHG reduction targets by companies that align with the standards laid out in the Paris Agreement concluded at the COP21 in 2015.

*2 The 1.5 degrees Celsius target is defined in the Paris Agreement as the maximum permissible rise in average global temperatures compared to pre-industrial temperatures.

Greenhouse Gas (GHG) Emissions

Energy consumption and greenhouse gas (GHG) emissions of MISUMI Group

Input		Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Energy Consumption	Grid-connected Electric Power	MWh	118,704	113,616	116,741	111,907	103,086
	Gasoline	kℓ	986	820	636	634	843
	Diesel	kℓ	203	151	149	419	315
	Kerosene	kℓ	9	13	10	6	7
	LPG	t	69	62	66	55	58
	LNG	t	2,036	1,781	1,625	8	11
	Natural gas	Thousand m ³	—	—	—	938	889
	City gas	Thousand m ³	759	614	652	702	655
	Other supplied energy (including steam, hot water)	GJ	9,577	8,544	6,833	6,978	6,847
Output		Unit	FY2019	FY2020	FY2021	FY2022	FY2023
GHG Emissions	Scope 1	Thousand t-CO ₂ e	7	6	5	6	6
	Scope 2	Thousand t-CO ₂ e	65	61	62	15	13
	Scope 3	Thousand t-CO ₂ e	1,524	1,399	1,637	1,528	1,260
	Scope 3 breakdown (categories)						
	1 Product and services purchased	Thousand t-CO ₂ e	1,350	1,258	1,463	1,346	1,067
	2 Capital stock	Thousand t-CO ₂ e	58	45	53	44	58
	3 Use of fuel and energy not within Scope 1 or 2	Thousand t-CO ₂ e	11	10	10	9	8
	4 Transportation, delivery (upstream)	Thousand t-CO ₂ e	87	73	96	112	108
	5 Waste generated from business operations	Thousand t-CO ₂ e	3	3	3	3	3
	6 Business travel	Thousand t-CO ₂ e	7	1	2	3	6
	7 Employee commuting	Thousand t-CO ₂ e	3	3	3	3	3
	8 Lease assets (upstream)	Thousand t-CO ₂ e	—	—	—	—	—
	9 Transportation, delivery (downstream)	Thousand t-CO ₂ e	—	—	—	—	—
	10 Processing of sold products	Thousand t-CO ₂ e	—	—	—	—	—
	11 Use of sold products	Thousand t-CO ₂ e	—	—	—	—	—
	12 Disposal of sold products	Thousand t-CO ₂ e	6	6	7	7	8
	13 Lease assets (downstream)	Thousand t-CO ₂ e	—	—	—	—	—
	14 Franchises	Thousand t-CO ₂ e	—	—	—	—	—
	15 Investments	Thousand t-CO ₂ e	—	—	—	—	—
Total (Scope 1+2+3)		Thousand t-CO ₂ e	1,597	1,465	1,704	1,549	1,279

- Scope 1 emissions: Unit calorific values and emission factors are based on figures from the Act on Promotion of Global Warming Countermeasures (Japan), and the same figures are applied to overseas business locations.
- Scope 2 emissions are calculated using the market-based method for domestic locations and the location-based method for international locations. For the location-based method, electricity emission factors are sourced from the "IEA Emission Factors" specific to each country.
- GHG calculated under Scope 1 and 2: CO₂ emissions from energy sources (other 6.5 gases are excluded from calculation).
- Scope 3 emissions: Calculated based on categories 1-7 and 12.
- Scope: MISUMI Group headquarters and 37 consolidated subsidiaries both domestically and internationally.

Environmental Initiatives

Reduction Results

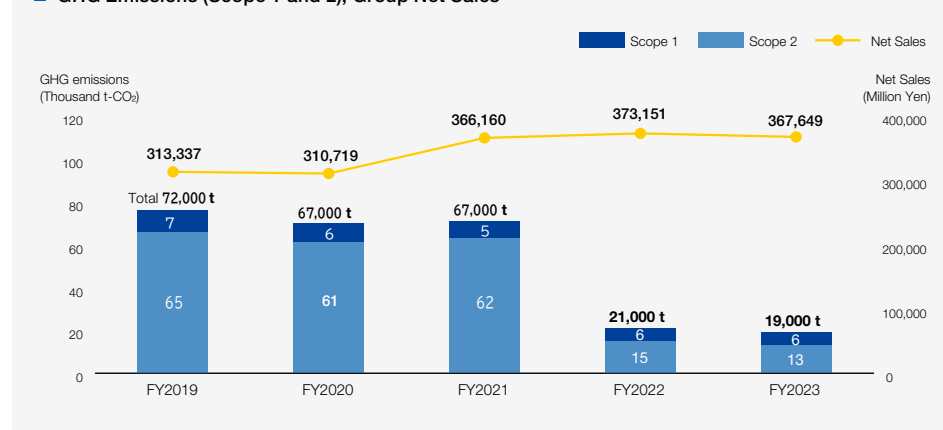
Since FY2022, we have achieved significant reductions in greenhouse gas (GHG) emissions (Scope 1 and 2), with total Group emissions standing at 48,000t-CO₂ for FY2023, a 71% decrease compared to FY2020. Specifically, we introduced solar power generation equipment at our

production site in Vietnam, promoted a variety of energy conservation activities at our domestic and overseas production sites, introduced CO₂-free electricity*¹ at domestic production sites and our Head Office building, and purchased renewable energy certificates (I-REC, TIGR, etc.*²) for our main

production sites in Vietnam, China, Thailand, and India.

Also, we have partially adopted calculations based on “primary-data-based emissions” (*³) for Scope 3 Category 1 and have requested our major suppliers to disclose their GHG emissions.

GHG Emissions (Scope 1 and 2), Group Net Sales

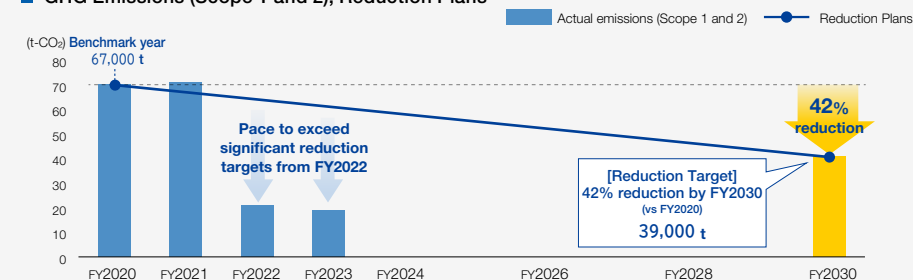


*¹ Carbon-free electricity is generated from renewable energy sources that do not emit CO₂ during generation

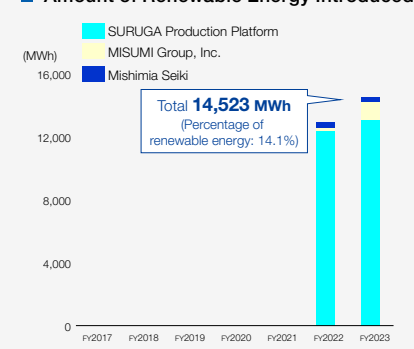
*² I-RECs (International Renewable Energy Certificate) is a renewable energy power certificate and issued under the rules and system provided by the I-REC Standard Foundation (Netherlands). Additionally, TIGR (Tradable Instrument for Global Renewables) is a renewable energy power certificate certified and issued under the rules and system provided by APX (USA). The I-RECs and TIGRs certificates purchased by our Company are certificates solely for electricity generated from renewable energy within each country's market

*³ Primary data conversion: This refers to calculating emissions by using data directly obtained from business partners or other sources, rather than relying on emission factor data, such as those based on amounts, from the Ministry of the Environment's database.

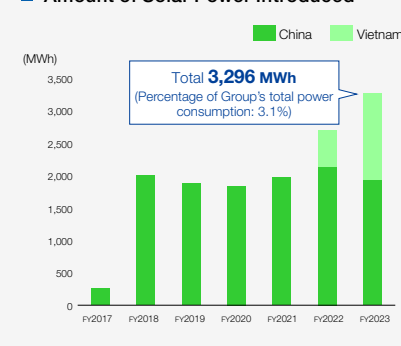
GHG Emissions (Scope 1 and 2), Reduction Plans



Amount of Renewable Energy Introduced



Amount of Solar Power Introduced



Since FY2022, we have started to use CO₂-free electricity at domestic manufacturing sites and the Head Office building. The domestic sites are SURUGA Production Platform's Shimizu Factory, Ami Factory, Kansai Factory, and Mishima Seiki. Head Office building is located in Kudan Kaikan Terrace and includes MISUMI Group Inc. and a portion of MISUMI Corporation.

We have introduced Onsite PPAs for solar power at our Nantong Factory in China and SAIGON PRECISION in Vietnam.

Onsite PPA (Power Purchase Agreement) is a contractual arrangement in which a company has another company construct, own, operate, and maintain power generation facilities on its land, and the Company purchases the electricity generated from said power generation facilities.

Environmental Initiatives

Initiatives in Procurement of Products / Parts

We are expanding green procurement initiatives and offer environmentally friendly products (finished products, semi-finished products, parts, raw materials, auxiliary materials, packaging and wrapping materials) in order to meet the various environmental demands of customers.

Initiatives for Building a Circular Society

MISUMI and SURUGA Production Platform has formulated Green Procurement Guidelines as a way of participating in building a recycling based society. With the cooperation and understanding of all our cooperative suppliers in promoting green procurement in accordance with these Guidelines, we are continuously expanding our efforts and aiming to eliminate the use of environmentally harmful materials in our products.

[MISUMI Green Procurement Guidelines](#)

[SURUGA Production Platform Green Procurement Guidelines](#)

Survey of Chemical Substances in Products

Management standards for chemical substances in products have become stricter in recent years.

MISUMI Group recognizes the inspection and management of chemical substances in products as a critical factor for customers when selecting products and is proactively advancing investigations in compliance with major regulations such as RoHS, REACH, and TSCA.

Test results are disclosed on the Company's website, and responds to questions on the same in the Company's standard format.

For RoHS-compliant products, we carry out self-inspection of the products and periodic supplier surveys based on strict internal control standards.



Initiatives for Responsible Mineral Procurement

To avoid the use of mineral resources that are deeply involved in human rights violations and environmental destruction in regions where conflicts persist in the Democratic Republic of Congo and its surrounding countries, we conduct investigations throughout our supply chain regarding the presence of conflict minerals and take appropriate actions.

We will address customer inquiries regarding inspection results upon request.

Expanding Lineup of Environmentally Conscious Products

Global interest in reducing environmental impact is rising steadily each year, leading to a growing demand from customers for environmentally friendly products. To meet these needs, we offer a range of non-halogen cables (wires). These cables are designed to prevent the emission of harmful halogen gases when incinerated during disposal, which is expected to drive their increased adoption in the future. Currently, we are expanding our offerings to include not only MISUMI brand products but also an increasing number of products within the VONA business, providing customers with a broader selection.

Moving forward, we will continue our efforts to broaden our product range in response to the growing adoption of environmentally friendly products.



Non-halogen-type cable (electrical wiring)

MISUMI Group's Environmental Activities

Initiatives at Production Sites

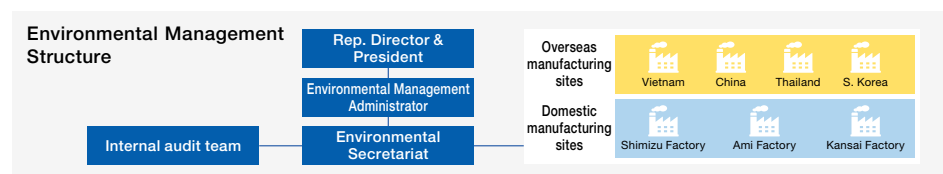
SURUGA Production Platform, as a global company, is responsible for MISUMI Group's production and is firmly aware of its social responsibilities and has agreed to comply with environment-related laws and regulations, and other requirements. We contribute to building a sustainable society by promoting environmental activities such as decarbonization, under the slogan "Coexistence of Technology and Ecology".

Environmental policy

1. Compliant to environmental laws, regulations, and other requirements both domestically and internationally
2. Acceleration of energy creation/energy saving to achieve carbon neutrality by 2050
3. Initiatives to minimize and recycle waste
4. Reducing environmental impact in product development and production activities
5. Prevention of environmental pollution
 - 1) Prevention of leakage of oils and harmful substances
 - 2) Prevention of noise leakage from the site boundary

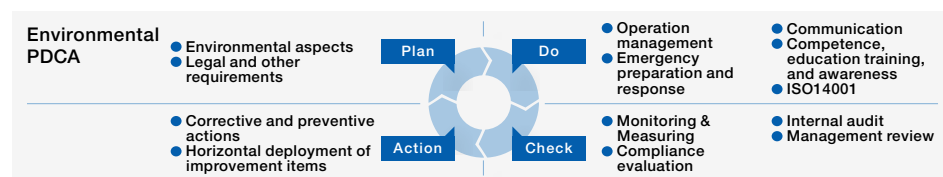
Environmental Initiatives

Environmental Management



*The above manufacturing sites have received ISO14001 certification (of our sales offices, MISUMI Group Inc. and MISUMI Europa GmbH have received ISO14001 certification)

ISO Certified Locations [🔗](#)



Environmental management KPIs [🔗](#)

Environmental Committee

To promote practical environmental improvement activities, the Environmental Committee regularly holds meetings and shares environmental activity policies, environmental management KPIs, and plans and achievements of environmental improvement activities to strengthen our environmental management.

Internal Audit/External Audit

To confirm the operational status and effectiveness of our Environmental Management System and horizontally deploy best practices in environmental activities, we conduct an internal audit annually and undergo an external audits by the ISO 14001 certification body. The results of both internal and external audits reported to the Environmental Committee, contributing to the continuous improvement of our Environmental Management System.

Environmental Education

In line with our environmental education and training plan, we provide environmental education to our employees. Additionally, to enhance our environmental management structure, we conduct regular training activities such as annual internal audit sessions, with a focus on on-site managers.

Initiatives in Logistics

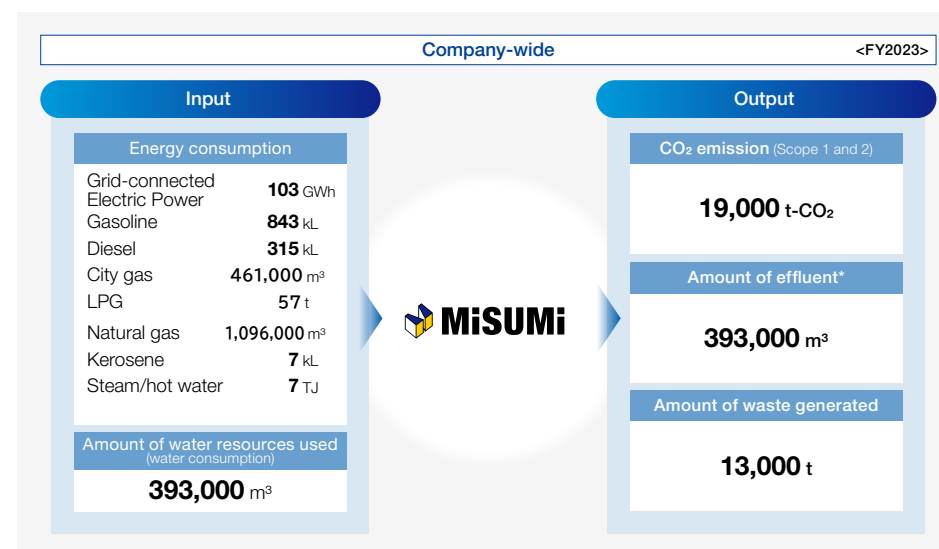
To reduce greenhouse gas (GHG) emissions in logistics, we are taking proactive measures by introducing EV vehicles to some of our delivery routes in Central Japan. Furthermore, we are optimizing logistics routes nationwide and transitioning some international shipments from air to sea freight to further lessen our environmental impact.

Initiatives for a Product-related Circular Economy

As part of our efforts to support customers' environmental measures, we launched a service in October 2023 to collect and recycle bobbins used for certain wire electrodes we sell. Rather than disposing of the collected used bobbins, we reuse them as fuel or repurpose them as packaging materials when collecting.

Business Activities and Environmental Impact (Material Balance)

MISUMI Group represents environmental inputs and outputs related to our business activities in the form of a material balance. This also includes water-related data, providing information on both amount of water intake and effluent produced.



*Calculation assumption: The amount of effluent = amount of water consumed as there is no water uptake into the products

Social Initiatives

Supply Chain Management

MISUMI Group has formulated and implemented "Sustainable Procurement Guidelines." We actively encourage our primary suppliers to adhere to these Guidelines and conduct assessments on respect for human rights, promotion of occupational health and safety, and the development status of monitoring systems. With regard to environmental initiatives, the Group collaborates to enhance sustainable procurement activities by sharing energy consumption data and setting reduction targets to reduce greenhouse gas (GHG) emissions and plans to further expand these activities going forward.

We will continue to enhance our quantitative understanding of risks and opportunities, and develop and execute effective countermeasures, with a comprehensive view of the entire supply chain.

Procurement Policy

MISUMI Group provides customers around the world with convenience in selection and purchasing via our e-Commerce site and delivers products with Reliable, Quick Delivery, thereby offering Time Value by reducing various inefficiencies and work processes commonly required in the industrial sector. In our dedication to continuously enhance Time Value, we are persistently innovating our Business MODEL while strengthening the underpinning Business Foundation for production, logistics, and IT and establishing Human Capital Foundation.

We are committed to sourcing from suppliers in an open, fair, and impartial manner, both domestically and internationally. Our supplier selection process involves making rational and informed decisions based on a comprehensive evaluation of the Time Value of services provided, considering factors such as quality, price, and delivery time, organizational and technical capabilities for continuous improvement, as well as compliance with laws and regulations, environmental conservation, health and safety, and the protection of human rights.

We place great importance on communication with our suppliers and strives to work together to improve sustainable sourcing activities. To this end, we may request their cooperation in providing Time Value as well as periodic or ad hoc reporting and audits as appropriate. We may also ask them to extend similar requirements outlined in our Procurement Guidelines to their own supply chain and confirm compliance as required.

Initiatives for Enhancing Supply Chain Transparency: Supplier Survey Results

Selection of Primary Suppliers

Primary suppliers for our Group, are those providing MISUMI brand products, that constitute top 70% of the purchase value. These suppliers are chosen through a comprehensive evaluation of factors such as transaction volume and substitutability.

1. Supplier Survey on Sustainability Activities

We notified our suppliers in Japan of the Sustainable Procurement Guidelines^{*1} formulated in 2022 and conducted a survey on compliance.

Initiatives related to suppliers	Number of global suppliers of MISUMI Japan ①	Number of suppliers surveyed ② ²	Number of suppliers who consented/ responded ③	Response rate of consent forms and questionnaire (③÷①)	Return rate of consent forms and questionnaire among those surveyed (③÷②)	Target (FY2023) (③÷②)
Consent forms	1,143	960	No. of consenting suppliers 869	71.5% (of total value) 76.0% (of no. of suppliers)	96.9% (of total value) 90.5% (of no. of suppliers)	95% (of total value) 80% (of no. of suppliers)
Questionnaire	1,143	602	No. of responding suppliers 458	59.9% (of total value) 40.1% (of no. of suppliers)	95.0% (of total value) 76.1% (of no. of suppliers)	95% (of total value) 80% (of no. of suppliers)

2. Items evaluated and clarification of risks

We carry out surveys on general ESG items and conduct due diligence on the responses.

April 2023	We interviewed 29 primary domestic suppliers to identify potential risk items. All the risks identified during this process were addressed and eliminated over the course of FY2023.
June 2023	Compliance status was investigated for the primary suppliers comprising the top 50% of domestic procurement amounts. As a result of a detailed investigation into the reported concerns, it was confirmed that there were no significant findings.
August 2024 to date	We are currently in the process of investigating the primary compliance status for the primary suppliers comprising the top 51-80% of domestic procurement amounts. Furthermore, MISUMI Europa GmbH is conducting a supplier questionnaire to address the key requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains.

3. Evaluation Criteria

In addition to compliance-related interviews, improvements are requested when evaluations of business continuity plans (BCP) and management systems are low.

4. Performance

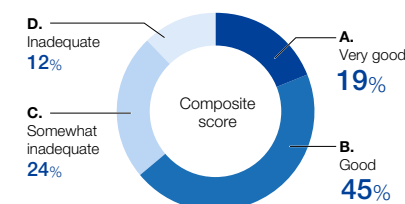
In FY2023, responses to the questionnaire were received from 458 suppliers, with 64% being evaluated as B rank (Good) or above.

5. Initiatives in FY2025

In the fiscal year 2025, we will enhance collaboration with domestic and international group companies to boost the compliance rate with the Sustainable Procurement Guidelines throughout the MISUMI Group and as a unified organization systematically tackle social issues in procurement activities. Furthermore, we will promote the rollout of the Sustainable Procurement Guidelines and prepare for conducting surveys at overseas sites, while targeting the evaluation of the top 70% of suppliers by purchase value globally.

^{*1} Sustainable Procurement Guidelines [🔗](#)

^{*2} MISUMI Japan's global suppliers who were approached for consent form and the questionnaire, excluding certain suppliers



Social Initiatives

Manufacturing Support Activities

MISUMI Group is engaged in various manufacturing support activities, including support for students who will take on the next generation of manufacturing.

Sponsoring of the Biped Robot Battle Tournament (aka “ROBO-ONE”)

Since FY2016, MISUMI Group has served as the main sponsor of “ROBO-ONE,” an event organized by the Biped Robot Association to support students in technical disciplines and engineers from manufacturing companies. The competition features the MISUMI Awards, which are bestowed upon robots with outstanding design and dynamic movements. On September 21-22, 2024, the event titled “MISUMI Presents the 43rd ROBO-ONE” was held, attracting over 550,000 viewers on the live streaming platform “Twitch,” in addition to numerous on-site visitors.



43rd ROBO-ONE MISUMI Award Winners
elephant/Nagaoka Zoo
Nijigasaki High School Robotics Club PUKUTAI
BigHead Ting/WETD KLN

[ROBO-ONE special website](#)

Manufacturing Support for Student Groups

The “MISUMI Student Manufacturing Support” initiative provides products to student organizations as part of its program and have supported over 2,400 organizations since its launch in 2008. Since 2018, MISUMI has supported the robotics competition team named “SAKURA Tempesta” in the FRC robotics competition. Since its inception, the team has achieved 5 years of consecutive awards and has earned the right to participate in the world championship 3 times, and MISUMI has actively provided engineering learning opportunities to junior and senior high school students, fostering interest in the field of manufacturing. MISUMI will remain committed to actively support the next generation of the manufacturing industry.

[“MISUMI Student Manufacturing Support” special website](#)



Introducing One of the Supported Groups in FY2023

MISUMI Student Manufacturing Support
(FY2023: 110 groups in total)

Team name: Tokyo University of Technology,
Solar Energy Laboratory (Ohkubo Lab)

Comment from a student: We are working towards the practical application of “solar-pumped laser,” which generates laser light using only sunlight without the use of electricity. We are grateful for the support from the MISUMI Student Manufacturing Support Program, mainly in the form of tools for machining.

Dialogue and Co-creation with Our Stakeholders

MISUMI Group is dedicated to fostering co-creation with all stakeholders, aiming to drive social value creation and address social challenges through its business while pursuing sustainable growth.

Dialogue with Shareholders and Investors

We engage in proactive dialogue with institutional investors to build long-term partnerships. Management executives directly participate in discussions with shareholders and investors, fostering an open exchange of opinions. In FY2023, a total of 443 dialogue sessions were conducted. The valuable insights gained through interactions are effectively utilized to inform and enhance management decisions.

Dialogue with Suppliers

We conduct interviews and request suppliers to share data on the status of human rights and safety, and initiatives to reduce greenhouse gas (GHG) emissions. By accumulating this information, we are promoting initiatives to minimize environmental impact through supply chain as a whole.

Dialogue with Employees

In alignment with our human capital management philosophy, we embrace the concept of “Best Place To Grow,” underscoring our commitment to providing employees with abundant challenges and unparalleled potential for growth on a global scale. To realize this vision, we have implemented a variety of systems and measures that are unique to MISUMI.

[Human Capital Management Philosophy](#) P.29

Additionally, as part of regular efforts to monitor employee engagement, we periodically conduct engagement surveys and other surveys to gather feedback on various systems and measures. Based on the direct voice of employees received, we continuously explore and implement measures to address identified challenges.

[Monitoring Engagement](#) P.34

Dialogue with Regional Communities

MISUMI Group is engaged in supporting various activities that support the community, such as supporting students who will lead the next generation of manufacturing and as activities to promote the appeal of manufacturing. Through these efforts, we contribute to energizing regional communities.

FY2023 Results

Target Group	Main Activities	No. of Sessions
Analysts and Institutional Investors	Individual meetings with institutional investors	443
	(of which group meetings)	21
	(of which meetings for ESG/engagement interviews)	7
	Financial results presentations	2
Suppliers (Product suppliers)	Securities firm-sponsored conferences	2
	Sustainability initiatives briefing	1
	Regarding sustainable procurement	1
	In-person GHG briefings	1
Employees (various engagement-related)	Online GHG briefings	2
	Monitoring Engagement	
	Management Forum: Direct Dialogue Between Top Management and Employees	
Regional Communities	M-Up/Q-Up: Global Awards and Sharing of Organizational Achievements	
	Sponsoring of the Biped Robot Battle Tournament	
	Various Support Activities for Students Challenging Themselves in Manufacturing	

SPECIAL DIALOGUE

Governance Dialogue

Governance for Achieving Sustainable Growth as a Truly Global Company

MISUMI's succession plan, challenges for the Board of Directors, and DX promotion were discussed in a dialogue between Kosuke Nishimoto, Representative Director and Chairman of the Board of Directors, and Yoichi Nakano, Lead Outside Director and Chairman of the Nomination and Compensation Committee.

Kosuke Nishimoto

Kosuke Nishimoto joined the MISUMI Group in 2017 after stints in management at Meitec Corporation and Interworks. In 2019, he was appointed Executive Vice President and Director, and in 2020 he was appointed Representative Director and Chairman.

Yoichi Nakano

Yoichi Nakano was appointed an Outside Director of the MISUMI Group in 2019, with his extensive experience in various industries on a global basis, such as finance, consulting and executive search.

Succession Planning

(effectiveness of the Nomination and Compensation Committee)

Nishimoto In the fiscal year ending March 2022, our Company reorganized the previous Compensation Committee into the Nomination and Compensation Committee. As the most critical issue for achieving sustainable growth as a truly global enterprise, we have been discussing the “aspired form” and “required qualifications” of the next generation of top leaders. The composition of our Nomination and Compensation Committee already has a ratio of Outside Directors to Internal Directors (Chairman and President) of 3:2, with decision-making authority delegated to the Outside Directors. Mr. Nakano has played a central role in these discussions, and from this fiscal year, was

appointed as Lead Outside Director and Chairman of the Nomination and Compensation Committee.

What are your thoughts on the role of the Committee, from your perspective as Chairperson?

Nakano Recognizing that selecting the next generation of leaders is the Company's most fundamental issue and I embraced the role of Chairperson with a strong sense of mission. I believe the Nomination and Compensation Committee's crucial task ahead is to refine the pool of next-generation leader candidates based on objective evaluation criteria. Those individuals who have been promoted to the position of Corporate Officer or above have the necessary skills and experience required of senior Executives.

However, the role of top Management ultimately involves taking full responsibility and making critical decisions that affect the survival

and growth of the Company, so the indomitable WILL is significantly higher compared to what is expected of other Officers.

From my perspective, beyond abilities and experience, a crucial requirement for our Company's top leaders is the capacity to return to MISUMI's philosophy and origins when hesitations arise in decision-making, a trait that can be described as “MISUMI's DNA.” Since my appointment as an Outside Director, I have interacted with numerous executive employees to ascertain whether the management candidates embody MISUMI's DNA. Currently, all three Outside Directors on the Nomination and Compensation Committee are conducting extensive interviews with executive employees, consistently exploring the potential of future candidates.

SPECIAL DIALOGUE



It is crucial for both Internal and Outside Directors to foster a sense of unity as a team and to deepen discussions focused on enhancing corporate value over the medium to long term.

Yoichi Nakano

Nishimoto Mr. Nakano has been actively involved with the executives since the initial stages of discussing the succession plan. Building on this, I hope that a strong commitment will be maintained in selecting the leaders who will lead MISUMI into the future.

Issues Faced by the Board of Directors

Nishimoto Our Company acknowledges the need to increase diversity of our Board members as a global Company. With the appointment of Director Xu, the number of female and non-Japanese nationals has increased and we are striving for further progress. Furthermore, as our Company increasingly focuses on the North American market, it is crucial to have Board members with global business experience, particularly those well-versed in the U.S. market and society. In this context, the participation of three Outside Directors with global business and management experience is of great significance. During Board of Directors meetings, each member independently and actively shares insights based on their experiences, and as the Chairman, I consistently take their contributions seriously.

Additionally, as we strive for global, non-linear growth in the future, the presence of Auditor Otokozaawa is crucial. Not only is he deeply familiar with MISUMI's business as a former CFO, but he also brings valuable management experience from U.S. companies and expertise in M&A. Moving forward, to achieve sustainable growth as an increasingly global Company, we must continue to reform the Board of Directors. Mr. Nakano,

how do you perceive the current state of our Board of Directors?

Nakano I believe that the Board of Directors should prioritize compliance and risk management. In this respect, I am confident that it is functioning effectively, given that we have members with diverse business experience both domestically and internationally. As MISUMI strives to become a global Company, it is more important for the Board of Directors to engage in “forensic” discussions—fact-based, evidence-driven, and analytical—rather than merely emphasizing English proficiency.

Another essential function of the Board of Directors is the ability to conduct discussions grounded in global-level insights within specific areas of expertise, such as finance and DX.

Considering these criteria, I assess our current Board of Directors to be at a reasonable level overall. However, if I were to highlight an area for improvement, it would be that Internal and Outside Directors have yet to fully function as a unified team. Addressing this would, in my view, result in a more impactful and effective Board of Directors.

Nishimoto What specific measures are necessary for them to function effectively as a team?

Nakano For instance, fostering an environment that facilitates open discussions both within and outside the Company—such as introducing informal forums separate from the Board of Directors—could strengthen team cohesion and enrich discussions during Board meetings.

Nishimoto Indeed. While informal discussions are already actively taking place among Internal Directors, including Corporate Officers, we will further strive to engage Outside Directors and enhance both the frequency and depth of these discussions.

Nakano All Board members are expected to propose and discuss issues based on a factual analysis of the current situation. However, it is crucial during Board meetings to ensure that discussions remain fair and transparent from an external perspective, and we, as Outside Directors, are here to guarantee this.

Moreover, it is important to harmonize MISUMI's norms with external perspectives during discussions. MISUMI's norms, even if unconventional in the wider society, are not necessarily negative and could be an important source of competitive advantage for the Company. The critical task is to determine how to effectively integrate these differences. As Outside Directors, we see it as our role and responsibility to facilitate discussions on how Internal and Outside Directors can learn from and understand each other, and ultimately work together to increase the Company's value in the medium to long term.

Nishimoto To enhance Outside Directors' understanding of our business and organizational operations, we have traditionally held Board meetings that incorporate site visits to key infrastructure divisions, such as distribution centers and in-house production facilities, which are fundamental to our competitive advantage. In light of your feedback, we will actively explore the possibility of hosting more off-site meetings moving forward.

SPECIAL DIALOGUE

DX Promotion Efforts

Nishimoto Amid the broader societal shift toward DX, a key area impacting our business is the advancement of DX in the global manufacturing sector, which includes our primary customers. Notably, the digitalization of business processes related to the design of production equipment, manufacturing machinery, and parts procurement is rapidly accelerating. To adapt to these significant changes and achieve sustainable growth as a global company, we must proactively lead in advancing Digital Transformation (DX) ourselves.

MISUMI has historically achieved growth through the originality and strength of its Business MODEL centered on the standardization and catalog sales of machine parts. Our management policy remains focused on achieving sustainable growth by continuously innovating this Business MODEL Integrating Digital Transformation (“DX”) into the advancement of our Business MODEL is a critical priority for our management strategy.

Based on this premise, we introduced NEWTON through an investment exceeding 20 billion yen, as a new information platform designed to respond quickly and flexibly to DX. This project is currently active and is one of the most frequently discussed and reported topics at Board of Directors meetings. Deliberations and decisions are made using a cost/return/risk approach informed by extensive lectures on digital knowledge. The Board remains responsible for monitoring every step of progress.

In essence, discussions at the Board of Directors meetings focus critically on how to enhance corporate value through DX. We consistently consider how DX drives our BPR and boosts company-wide productivity, alongside significantly improving customer UI/UX. Due to the high expertise required for decision-making based on DX insights at our Board, we appointed Director

Shimizu, who has extensive experience and achievements in supporting DX in the manufacturing industry since 2020, as an Outside Director to join the management (Senior Executive Director since June 2024). As a result, there is a noticeable elevation in the level of discussions regarding DX at the Board of Directors meeting.

What are Director Nakano's thoughts on this situation?

Nakano I myself have had the opportunity to see the actual sites of small factories in Japan, and was deeply impressed by MISUMI's Time-based Strategy, which fundamentally transforms manufacturing processes. For example, meviy's ability to shorten the component design and procurement process by approximately 90% is truly revolutionary. MISUMI's value proposition lies not only in eliminating waste to create time for more creative work but also in alleviating the mental stress of tasks that make people wonder, “Why do we have to spend so much time on something so simple or unnecessary?” In this context, I believe it is critically important to ensure that meviy is widely adopted across the manufacturing industry in the future. While challenges remain, I fully support this initiative and take great pride in being associated with a company like MISUMI.

Nishimoto I'm grateful. As mentioned earlier, the digitalization of our customers' business processes means that our interactions with them are also becoming digitalized. This shift has the potential to dramatically enhance the Time Value we offer our customers. Since its inception, MISUMI has grown by continuously innovating its Business MODEL, from component standardization to catalog sales. In this light, we are currently transitioning to a Digitalized MODEL, with meviy leading the charge.

Digital MODEL Shift, leveraging AI, is critical to further improving Customer's Time Value, which is one of our key management challenges.

Kosuke Nishimoto



Furthermore, while we are already leveraging AI technology in meviy and D-JIT, a key management challenge is to genuinely connect this AI utilization to enhancing the Customer's Time Value. Beyond meviy, we aim to thoroughly deliberate in the Board of Directors meeting on how to accelerate the Digital MODEL innovation throughout MISUMI as a whole.

SPECIAL DIALOGUE

Regarding MISUMI's Sustainability

Nishimoto Amid rising societal expectations and demands on companies, including ESG responses, we have established a “Sustainability Platform” as the driving force for our sustainability efforts. Furthermore, we’ve formed a “Sustainability Committee,” consisting of Directors and Group Executive Officers, to closely monitor our sustainability activities. Mr. Nakano, from your perspective as an Outside Director, how do you view our Company’s sustainability initiatives?

Nakano Concerning sustainability and ESG, I see macro-level initiatives, like global climate change measures toward carbon neutrality, alongside micro-level efforts, where companies strive to address social issues through their business activities.

From this perspective, I believe our Time-based Strategy, which delivers Time Value, eliminates wasted time at the micro-level within the Company while increasing personal time at home. When adopted broadly across society, this approach could significantly contribute to macro-level sustainability.

Nishimoto Indeed. Time-based Strategy is the core of our business strategy. In other words, we are not merely selling products; we are providing Time Value by eliminating unnecessary effort, waste, and inconsistency for our customers. This approach extends beyond individual customers to the entire market and society, eliminating waste, conserving resources, saving energy, and contributing to sustainable development. Our Company has explicitly linked the Time-based Strategy to social sustainability, implementing it as part of our Growth Chain-reaction Aspired Management policy, both internally and externally. This approach is intended to enhance corporate value for all stakeholders.

Growth Chain-reaction Aspired Management P01

In essence, the concept is that by enhancing corporate value for employees, customers, and society, the corporate value for shareholders (reflected in stock price and market capitalization) will also increase.

Furthermore, the concept of “growth driven by our Time-based Strategy, sparked by employee challenges,” lies at the heart of our human capital. Employee value represents the attractiveness of the Company to its employees. At MISUMI, we aim to position the ability for employees to utilize all Company resources for their personal development as our greatest attraction. Our vision is to make MISUMI “the Best Place to Grow” for our employees. I believe this forms the cornerstone of our sustainability-driven management.

Role of Representative Directors

Nakano Finally, while the Company currently has two Representative Directors, how do you define your role as Chairman?

Nishimoto Corporate management and supervisory structures can take many forms, with the required leadership varying depending on the circumstances a company faces. In essence, I believe there is no single, definitive structure for ensuring a company’s sustainable growth.

Our Company’s most fundamental management challenge is to establish a framework that enables sustainable growth as a truly global enterprise. The mission of the Representative Directors is to develop a structure that drives global, sustainable growth, establish a Board of Directors structure to oversee it, and cultivate the next generation of leadership.

From this perspective, my role as Chairman, is to nurture the next generation of management leaders. With President Ono, who rose

from within the Company and is well-versed in our business’s past, present, and future, alongside the Representative Director (Chairman) with nearly 30 years of management experience in publicly traded companies outside MISUMI, we collaborate to cultivate future leaders based on their diverse experiences. I believe this collaboration will sustain a management structure that ensures sustainable growth as a truly global enterprise.

Corporate Governance Structure

“MISUMI Group Corporate Governance Guidelines” has been established to define the fundamental concepts and policy approaches concerning corporate governance within our Group.

[MISUMI Group's Corporate Governance Guidelines](#)

■ Purpose of Corporate Governance

MISUMI Group's corporate governance aims to consistently achieve “Growth Chain-reaction Aspired Management,” fostering the development of the IA industry, our customers, and society through MISUMI MODEL innovation, sparked by the initiatives of our employees. This approach is designed to enhance corporate value over the medium to long term.

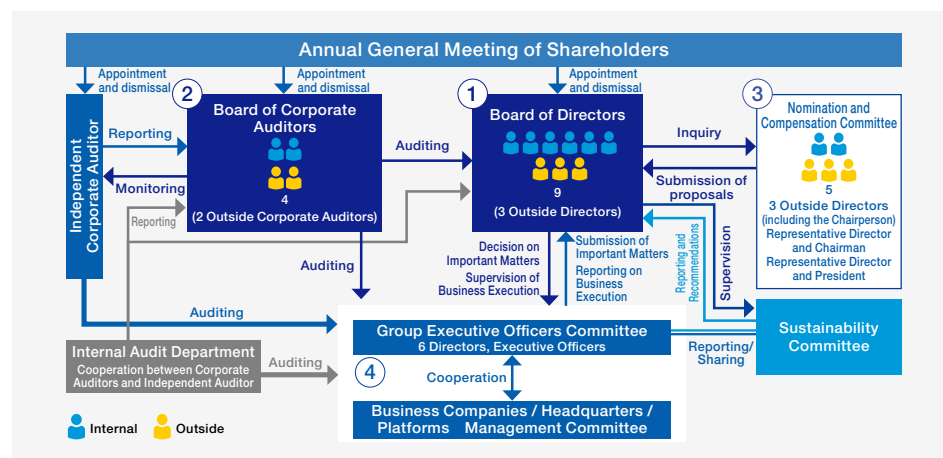
■ Relationship with Shareholders

MISUMI Group proactively and appropriately communicates key management strategies, financial performance, sustainability initiatives, risk management, governance practices, and responses to social and environmental issues to shareholders in a timely manner. We are also committed to fostering active and constructive dialogue with our shareholders.

■ Corporate Governance Structure

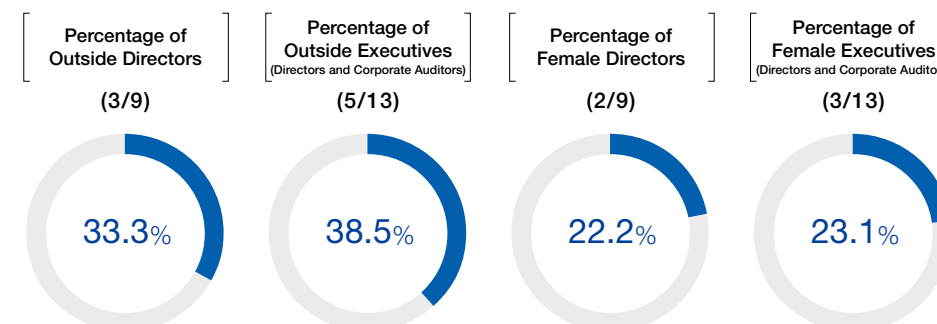
MISUMI Group, in compliance with the Companies Act, has established a Board of Directors and Board of Corporate Auditors. These entities, along with the Group Executive Officers Committee, oversee and audit business operations. Furthermore, voluntary advisory committees, including the Nomination and Compensation Committee and the Sustainability Committee, have been instituted.

MISUMI Group has established Business Companies and Headquarters to oversee business operations, along with Platforms dedicated to providing business support and service functions.



■ Overview of the Corporate Governance Structure

Organizational format	Company with a Board of Corporate Auditors
Number of Directors [of which, Outside Directors]	9 [3]
Term duration for Directors	1 year
Number of Outside Directors designated as independent executives	3
Number of Corporate Auditors [of which, Outside Corporate Auditors]	4 [2]
Adoption of the Corporate Officer structure	Yes
Existence of voluntary committees	Yes (Nomination and Compensation Committee)
Compensation system for Directors and other Officers	1. Base Salary 2. Performance-linked compensation (bonuses) 3. Long-term incentive compensation (restricted stock)



Corporate Governance Structure

① Board of Directors

Board of Directors is responsible for setting the strategic direction of the MISUMI Group, making decisions on significant business executions, supervising and guiding the duties performed by Corporate Officers and Representative Corporate Officers in charge of the respective Business Companies, Headquarters, and Platforms, and establishing an appropriate Internal Control System.

Moreover, the MISUMI Group periodically assesses and revises the operational status of the internal control system, the implementation of the Code of Conduct, and the functioning of the Internal Whistleblowing System.

Board of Directors, comprising nine members, including three Independent Outside Directors, meets regularly once a month and convenes additional Extraordinary Board Meetings as needed to make critical management and business decisions and to oversee business execution

② Board of Corporate Auditors

Board of Corporate Auditors comprises four members including two Outside Corporate Auditors. They audit the Directors' execution of duties and collaborate closely with the Independent Auditor and the Internal Audit Department to enhance audit effectiveness and efficiency.

■ Composition and Skill Matrix of the Board of Directors and Board of Corporate Auditors

Name	Position	Corporate management	Business strategy	Global experience (Overseas business management, Management of regional subsidiaries, etc.)	DX/IT	Manufacturing/Operations (Logistics, Customer service etc.)	Organizational/Human resource strategy	Finance/Accounting	ESG/Risk management/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 Otokozawa	Full-time Corporate Auditor	●		●				●	●
Takaaki Wada	Full-time Corporate Auditor			●		●			
Juichi Nozue	Outside Corporate Auditor			●					●
Nanako Aono	Outside Corporate Auditor	●						●	

*10 Males, 3 females; 12 Japanese nationals, 1 foreign national

③ Nomination and Compensation Committee

Our Company bolsters the Board of Directors' supervisory role and improves the transparency of its decision-making process with a Nomination and Compensation Committee. This committee is led by an Independent Outside Director and consists of a majority (60%) of Independent Outside Directors.

The Nomination and Compensation Committee acts as an advisory body, deliberating and submitting proposals to the Board of Directors on evaluation and remuneration matters, the election and dismissal of Directors, including Representative Directors, and succession planning for these roles to ensure the Company's sustainable growth as a global entity. Additionally, the Committee objectively discusses and considers important issues, such as nominations and compensation, from various perspectives, including diversity and skills.

Member of the Nomination and Compensation Committee	Outside Director	Yoichi Nakano (Chairperson)	Outside Director	Tomoharu Suseki
	Representative Director and Chairman	Kosuke Nishimoto	Outside Director	Keiko Yano
	Representative Director and President	Ryusei Ono		
Meetings Held	7 in FY2023			

④ Group Executive Officers Committee /

Business Companies, Headquarters and Platform Management Committee

Within our Group, we have established Business Companies, Headquarters and Platforms for business support and service functions. Authority and responsibility are delegated across these Business Companies and Headquarters, and Platforms. This structure enables integrated management between the business divisions, which include MISUMI's sales organization, and the manufacturing divisions of the SURUGA Production Platform, while also accelerating decision-making processes.

The Group Executive Officers Committee consists of six full-time Directors (excluding Outside Directors) from MISUMI Group Inc., along with Representative Corporate Officers from Business Companies, Headquarters, and Platforms. As a standard practice, they convene regular meetings once a month to strengthen both supervision and execution.

Furthermore, each Business Company, Headquarters and Platform within the MISUMI Group has established meeting bodies, such as Corporate Management meetings, to streamline and clarify the decision-making process

Outside Directors and Outside Corporate Auditors

The Function and Role of Outside Directors and Outside Corporate Auditors in Corporate Governance

Our Company maintains a Board of Directors responsible for both management decision-making and overseeing business execution by Executive Officers and Corporate Officers. Out of nine Directors, three are Outside Directors, and of the four Corporate Auditors, two are Outside Corporate Auditors. We consider the role of external oversight from an objective and neutral perspective to be crucial in corporate governance. We believe that our current structure adequately ensures effective external oversight, facilitated by the supervision and checks of Outside Directors and independent audits by Outside Corporate Auditors.

Criteria or Policies Regarding the Independence from the Submitting Company in the Appointment of Outside Directors and Outside Corporate Auditors

MISUMI Group uses the standards for Independent Officers set by the Tokyo Stock Exchange as the basis for selecting its Outside Directors and Outside Corporate Auditors.

MISUMI Group has outlined the reasons for appointing its Outside Directors and Outside Corporate Auditors, along with their attendance at Board of Directors meetings for the fiscal year ending March 2024. in the table on the right. Leveraging their specialized knowledge, experience, and perspectives, they are considered well-equipped to oversee and monitor MISUMI Group’s management, as well as to perform fair and objective audits from an independent standpoint.

Supervision or Auditing by Outside Directors and Outside Corporate Auditors

Outside Directors participate in the monthly Board of Directors meetings, where they offer questions and advice on proposals and discussions from an objective standpoint, independent of the management team responsible for business execution.

Additionally, Outside Corporate Auditors attend the monthly Board of Directors and the Board of Corporate Auditors, offering questions and advice on proposals and discussions, drawing from their specialized knowledge and experience.

(As of June 13, 2024)

Outside Director	Reason for Appointment	Number of Board of Directors' Meetings Attended in the Fiscal Year Ended March 31, 2024	
Yoichi Nakano	Bringing extensive global experience across industries such as finance, consulting, and executive search, possessing broad insights into executive leadership development.	Attended all 14 meetings.	
Tomoharu Suseki	Having held executive roles in several global companies, primarily in the electronics industry, possessing abundant experience and extensive knowledge.	Attended all 14 meetings.	
Keiko Yano	Having held executive positions in multiple global companies, including Japan-U.S. joint ventures in the automotive and automotive parts industries, possessing abundant experience and extensive knowledge.	— (Newly appointed in June 2024)	

Outside Corporate Auditor	Reason for Appointment	Number of Board of Directors' Meetings Attended in the Fiscal Year Ended March 31, 2024	Number of Board of Corporate Auditors Meetings Attended in the Fiscal Year Ended March 31, 2024
Juichi Nozue	Bringing specialized legal expertise as a lawyer and extensive experience as an Outside Corporate Auditor and Outside Director of MISUMI Group Inc. and other companies	Attended all 14 meetings.	Attended all 24 meetings.
Nanako Aono	Bringing significant expertise in financial accounting as a certified public accountant, complemented by broad insights developed through a career as a business manager and Corporate Auditor	Attended all 14 meetings.	Attended all 24 meetings.

Board of Directors' Effectiveness Evaluation

■ Evaluation Process (year ended March 31, 2024)

To assess the effectiveness of our Board of Directors, a questionnaire was distributed to Directors and Corporate Auditors, and their responses were collected. Designated evaluation members conducted analysis and assessment based on the aggregated results, the frequency of Board meetings during the fiscal year, the topics discussed, and the level of participation in deliberations.

■ Evaluation Results (year ended March 31, 2024)

Our Board of Directors has concluded that its effectiveness is adequately ensured, as outlined below.

- During the deliberations of the Board of Directors' agenda items, ample time is allocated, and attendees actively engage in discussions, ensuring thorough and serious debates. This process facilitates appropriate decision-making and oversight of execution.
- Outside Directors and Outside Corporate Auditors actively participate in discussions, offering insights from their respective professional perspectives. Their opinions are thoroughly incorporated into the management decision-making process.
- The function and management approach of the Company's Board of Directors are continually refined to boost their effectiveness. This results in more active deliberations, enhanced supervision, and more effective guidance of execution.
- There are now three independent Outside Directors, meeting the requirement of having more than one-third independent Outside Directors in the Prime Market
- At the Annual General Meeting of Shareholders in June 2024, a female Outside Director was appointed, further enhancing the diversity of the Board of Directors.
- The Nomination and Compensation Committee has been established as an advisory body to deliberate and submit proposals to the Board of Directors on evaluation and compensation matters, as well as the election and dismissal of Directors, including Representative Directors. It also discusses and implements succession planning for the Representative Directors.

Moving forward, we will continue to evaluate the roles, functions, operations, and meeting agendas of the Board of Directors to ensure a clear focus on future business growth and globalization initiatives. Additionally, we will maintain ongoing dialogue with stakeholders, including shareholders and investors, while carefully considering the number, composition, diversity, and the balance of knowledge, experience, and skills among Directors and Outside Directors.

Officers' Compensation

■ Basic Policy on Officers' Compensation

The Company's policy is to grant reasonable compensation to Directors by considering past experience, market standards, and their contributions.

■ Structure and Composition of Compensation

The compensation for Directors comprises three components: "base salary," "performance-linked compensation," and "long-term incentive compensation." However, Outside Directors, given their independent role separate from business execution, receive only base salary to maintain their independence and fulfill their responsibilities.

① Base Salary

The amount is determined as a monthly fixed compensation, considering each Director's role, position, and market standards.

② Performance-linked Compensation (bonus)

To strengthen motivation to contribute to the Company's performance during each consolidated fiscal year, the compensation for each Director is determined comprehensively based on factors such as consolidated ordinary income and dividend amounts for the year and is paid annually as a bonus.

③ Long-term Incentive Compensation (restricted stock)

To boost motivation for contributing to mid- to long-term performance and enhancing corporate value, the number of restricted shares granted annually is determined based on individual evaluations.

The compensation structure is appropriately determined based on our management strategy, business environment, responsibilities, and mid- to long-term incentives, with reference to the compensation levels of benchmark companies. Furthermore, performance-linked compensation and the allocation of long-term incentive shares may fluctuate based on performance and individual evaluations, and there may be years when they are not granted at all.

■ Method for Determining Individual Compensation for Directors

Matters related to individual compensation and other rewards for Directors are determined through deliberation by the Nomination and Compensation Committee. Additionally, long-term incentive compensation requires a resolution by the Board of Directors, following the decision of the Nomination and Compensation Committee.

■ Executive's Compensation Claw back Clause

In the event of a significant fraudulent or illegal act by a Director, the compensation of the said executive (including vested rights) may be confiscated or subject to a repayment claim.

Risk Management

■ Risk Management Structure and Policy

The Group has implemented an operational framework to anticipate and manage various risks, ensuring Reliable, Quick Delivery of products to our customers. Considering the growing geopolitical risks, we are striving to further enhance our global risk management structure.

■ Risks Associated with Business Activities

At our Company, each organization responsible for business execution analyzes risks within their respective business areas to develop Business Plans, which are reviewed by the Directors and Group's Corporate Officers. Additionally, the execution status is reported to the Board of Directors and the Group Executive Officers Committee, where countermeasures are deliberated in response to significant risks or issues.

■ Risks Relating to Quality Control

In the product planning and design stages, we thoroughly consider product safety and strive to establish a framework for appropriate quality control during the manufacturing stage.

■ Risks of Natural Disasters and Conflicts

We have established specialized organizations to respond to emergencies such as disasters and have implemented measures including the development of a Business Continuity Plan (BCP), the introduction of a disaster communication system, the establishment of disaster response frameworks, and employee training. Additionally, we conduct BCP drills at domestic and international business sites to identify issues and promote awareness.

■ Risks of Information Security

Our Group holds confidential information related to business processes such as ordering, sales, procurement, and manufacturing, as well as customer and personal information, in electronic data form, and utilizes many information systems in business operations. To strengthen information security, we have established information management rules such as the "Basic Policy on Information Security" and conduct annual internal training to ensure thorough awareness.

Moreover, with the increasing importance of cybersecurity, we are implementing the following measures.

- Formulation and Execution of a Cybersecurity Risk Response Plan

Our Company identifies cybersecurity risks and formulates corresponding response plans. These plans consider both system and human aspects, advancing the development of a defense framework, and we conduct regular system and security audits.

Additionally, as part of the BCP, we conduct exercises and drills to enhance the overall response capabilities of our employees.

- Strengthening the Cybersecurity Framework

We are formulating security policies and promoting related investments while routinely implementing the PDCA (Plan, Do, Check, Act) cycle to establish a framework that can respond flexibly and swiftly to evolving threats.

Status of Internal Control System Development

Our Group has established a three-line defense as part of its Internal Control System (First Line: Business Execution Departments, Second Line: Risk Management Department, Third Line: Internal Audit Department) and is working towards further strengthening it.

Additionally, at the Board of Directors meeting held on October 17, 2024, a resolution was passed to revise the “Basic Policy on Internal Control Systems” based on Article 362, Paragraph 4, Item 6 of the Companies Act and Articles 100, Paragraphs 1 and 3 of the Enforcement Regulations of the Companies Act. The details are as follows.

[Basic Policy on Internal Control System](#) 

① System for the preservation and management of information related to the execution of duties by the Company's Directors

- Minutes of important meetings, such as the Board of Directors and the Group Executive Officers Committee of the Group Headquarters, shall be prepared in accordance with laws and regulations, and internal rules, and appropriately preserved.
- Regarding information management, based on the “Basic Policy on Information Security” and the “Information Security Guidelines,” we clarify the responsibility structure and measures for information security. We establish an information security and management framework to continuously implement initiatives for maintaining and improving information security.
- Regarding trade secrets, they are appropriately managed in accordance with the standards defined based on the “Confidentiality Rules,” depending on the level of confidentiality.
- Personal information is strictly managed based on laws and regulations, as well as the “Personal Information Handling Rules.”
- In addition to shareholders and investors, we disclose timely and appropriate corporate information to the stakeholders of each company in our Group, such as customers and suppliers.

② Regulations and other structure for managing the risk of loss at our Company and its subsidiaries

- For managing risks related to compliance with laws and regulations, environmental issues, information security, export control, natural disasters, and other areas within our Group, we have established a comprehensive risk management framework supported by various regulations, internal rules, and manuals.
- The Company-wide risk management Officer establishes a comprehensive risk management framework focused on risk and compliance organizations, oversees the Group's risk management, and implements the analysis and countermeasures for identified risk factors.
- Departments responsible for Company-wide risk management deliver essential support, coordination, and guidance to ensure systematic and effective risk management across all organizations within the Group.

- Each organization works to identify risks associated with its assigned business or function, prioritizes those requiring immediate attention, establishes specific response policies and measures, and executes risk management effectively.
- Response policies for significant management risks and other important matters from a risk management perspective are thoroughly deliberated by the Board of Directors.
- In the event of an unforeseen situation within the Group, a Task Force will be established to ensure a swift response, with progress reported to the Board of Directors. The Global BCP Promotion Department oversees responses to such situations, including the formulation, maintenance, and execution of the BCP, while providing necessary guidance.

③ To ensure the efficient execution of duties by Directors of our Company and its subsidiaries:

- The management plan of our Group is ultimately approved by the Board of Directors, and its progress is reviewed at the monthly Group Executive Officers Committee.
- Important matters identified through progress reviews are discussed at the Board of Directors or the Group Executive Officers Committee.
- At the monthly Board of Directors meetings, performance reports are presented, with monitoring of performance, advice and guidance provided are on important matters.

④ To ensure that the execution of duties by Directors and employees of our Company and its subsidiaries complies with laws, regulations and the Articles of Incorporation.

- Officers and employees of our Group adhere to the MISUMI Group Code of Conduct to ensure compliance with laws, regulations and the Articles of Incorporation.
- Establish a structure to ensure the proper execution of duties through the decision-making rules of our corporate Group, such as the regulations on authority and duties.
- To promptly detect violations or suspected violations of laws, regulations, or internal rules, an Internal Whistleblowing System covering the entire Group is established, ensuring the prevention of any disadvantageous treatment of whistleblowers.

Status of the Internal control System development

⑤ Reporting to the Company on matters related to the execution of duties by Directors of subsidiaries

Structure to ensure the appropriateness of operations within the corporate Group consisting of the Company and its subsidiaries

- MISUMI Group ensures that the MISUMI Value's and the MISUMI Group Code of Conduct, which define the Group's aspirations, mission, and value propositions, are communicated and ingrained among Officers and employees.
- MISUMI Group Inc. requires subsidiaries to report on their performance and the status of business execution once a month.
- MISUMI Group Inc. ensures the appropriateness of the business operations of each subsidiary by reviewing business reports and monitoring progress on management plans at the Group Executive Officers Committee.
- For the Group's overseas subsidiaries, Directors are appointed as Representative Corporate Officers, Executive Officers, or individuals qualified to supervise and provide advice on the execution of operations and business activities for the respective entity. Corporate Auditors are selected from representatives of the department responsible for internal control at the MISUMI Group Inc.
- The Internal Audit Department performs regular operational audits of each subsidiary.
- The MISUMI Group Code of Conduct stipulates the severance of any relationships with anti-social forces, and the entire Group takes a resolute stance in addressing and responding to such entities.

⑥ Matters regarding employees who should assist in the duties of the Company's Corporate Auditors

- Corporate Auditors are free to appoint assistant auditors, and auditors are involved in matters such as personnel transfers and evaluations of the assistant auditors.
- When assisting with the duties of the Corporate Auditors, assistant auditors perform their tasks following the instructions of the Corporate Auditors.

⑦ Structure for reporting to the Company's Corporate Auditors

- Corporate Auditors attend important meetings such as the Board of Directors and the Group Executive Officers Committee, and Directors and employees promptly report to the Corporate Group Auditors if facts occur or are likely to occur that significantly affect the Group.
- Officers and employees of the Group appropriately report when requested by Corporate Auditors to provide reports related to business execution.
- Corporate Auditors hold regular meetings with the independent Auditor and the Internal Audit Department to exchange opinions and information and may request reports from accounting auditors as needed.
- The department responsible for the Internal Whistleblowing System regularly reports the status of internal reporting within the Group to the Corporate Auditors.
- Ensure the prevention of any adverse treatment toward the Group's Officers and employees who report to the Corporate Auditors.

⑧ Matters regarding the Policy for handling expenses and other costs arising from the execution of our Corporate Auditors' duties

- A fixed annual budget is allocated for expenses incurred in the execution of Corporate Auditors' duties. Furthermore, any additional necessary expenses related to the execution of Corporate Auditors' duties are promptly advanced or reimbursed upon request from the Corporate Auditors.

Ethics and Compliance

The Group has established an “Employee Code of Conduct,” which outlines actions to be taken based on MISUMI Values as a fundamental principle for all Group employees, as well as a “MISUMI Group Human Rights Policy” and a “Zero Tolerance of Harassment Declaration,” which explicitly state the respect for human rights. All activities are conducted based on these principles.

Code of Conduct

In the Group, actions are defined based on “Aspiration,” “Value proposition,” and “Mission” to realize MISUMI’s Growth Chain-reaction Aspired Management, as well as actions based on global social demands, including the principles of the United Nations Global Compact. Among these, actions that the Company should take are compiled in the “Corporate Code of Conduct,” and actions that each Officer and employee should take are compiled in the “Employee Code of Conduct.”

[Employee Code of Conduct](#) 

Employee Training on Ethical Standard

The Group has established an ethics and compliance education system and conducts regular ethics training (in principle, once a year) for all relevant employees. The training includes topics such as the dissemination of the Code of Conduct, prevention of bribery and fraud, accounting compliance, insider trading, HR compliance, and export control. After each training session, a test is administered to measure understanding, ensuring retention of the training content.

Bribery and Anti-Corruption Policy / Efforts to Prevent Bribery and Fraud

The Group has established in its / “Code of Conduct” a prohibition on bribery or the giving of money or gifts to government and administrative agency officials, as well as the improper exchange of money or goods with suppliers and others. Additionally, through the aforementioned employee education activities, all employees are thoroughly informed about the prohibition of bribery and the prevention of fraud.

Protection of Personal Information

The Group complies with this policy, laws, and other regulations regarding personal information protection and appropriately handles the personal information of all stakeholders.

[“Basic Policy on Personal Information Protection”](#) and [“Personal Information Protection Policy”](#) 

Information Security

The Group recognizes the importance of information security in globally expanding its business activities and has established a “Basic Policy on Information Security” to appropriately protect the information assets owned or managed by the Group from various threats. The Group is committed to improving information security

Reporting and Supervision of Legal, Compliance, and Ethical Activities

The Group’s activities concerning legal, compliance, and ethics are reported regularly (in principle, twice a year) to the Board of Directors by the Corporate Officer overseeing legal and compliance. Board of Directors discusses the reported implementation status and supervises by providing guidance on points that need correction or strengthening.

The Legal Department provides monthly reports on important issues and challenges related to legal and compliance matters.

We have also established a HR Compliance Committee composed of two Representative Directors, Corporate Officers in charge of each relevant organization, and the Corporate Officer responsible for managing legal and compliance, to deliberate and decide on disciplinary actions.

Supervision through the Internal Control System and Evaluation/Audit of System Operations

The Group has established, through resolutions of the Board of Directors, a “structure to ensure that the execution of duties complies with laws and the Articles of Incorporation” and a “structure to ensure the appropriateness of other operations”, regulations (the “Internal Control System”).

The Group’s Board of Corporate Auditors evaluates and audits the operations of the Internal Control System annually.

Additionally, the Internal Audit Department sets approximately 10 audit target locations and organizations each year and conducts audits to ensure that the execution of operations at these locations is appropriately carried out in compliance with laws, regulations and internal rules.

Furthermore, since 2019, the Legal Department has been conducting an initiative known as “Legal Risk Review Rounds” to early detect legal risks that could lead to violations of laws, and work with the relevant departments to resolve them.

Ethics and Compliance

MISUMI Group Internal Whistleblowing System

Internal Whistleblowing System and Whistleblower Protection

The Group has established an Internal Whistleblowing System called the “Corporate Ethics Helpline,” where employees of Group companies, both domestically and internationally, can consult and report inappropriate conduct, with reports accepted in English and Japanese. The reporting hotline is set up at an external law firm to ensure strict confidentiality of the reported content.

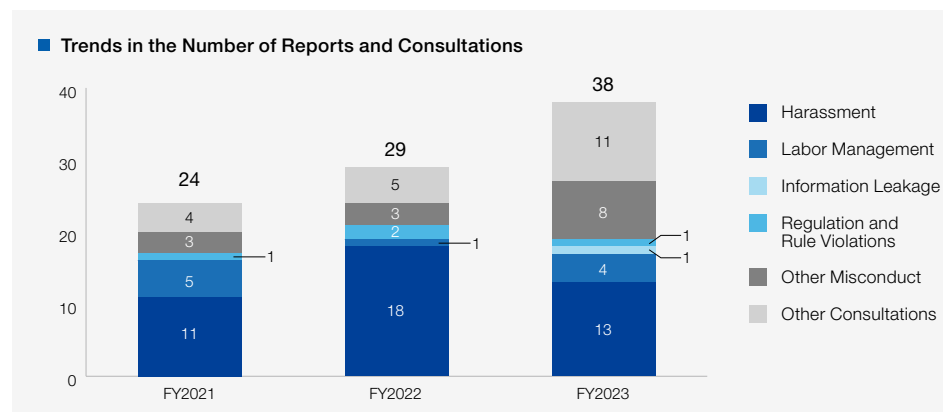
Additionally, a consultation desk has been established within the Human Resources Department where employees can discuss harassment and other inappropriate workplace conduct. The consultation desk also guarantees the anonymity of whistleblowers and ensures that no disadvantage occurs to them.

[Internal Whistleblowing System](#)

Investigation and Response Decision for Reports

When a report is made to the Corporate Ethics Helpline or the Human Resources Department’s consultation desk, both the Human Resources and Legal Departments conduct an internal investigation into the facts and circumstances, ensuring the utmost care to protect the whistleblower’s anonymity and safety. The necessity and content of any disciplinary action based on the investigation results are discussed and determined at the “Human Resources Compliance Meeting”, which includes the Representative Director.

When disciplinary action is taken, the department name is disclosed (without revealing individual names), and the fact of the disciplinary action is announced internally to ensure transparency in the process.



MISUMI Group Human Rights Policy

Our Group considers respect for human rights as a fundamental principle in all activities and has established the “MISUMI Group Human Rights Policy” (hereinafter referred to as the Human Rights Policy). We are committed to ensuring management and actions that are always in harmony with the international community. The Human Rights Policy identifies key human rights issues that our Group must address and promotes appropriate measures.

Key Human Rights Issues

- We respect individuals’ fundamental human rights, individuality, and diversity, and prohibit discrimination or harassment based on race, nationality, gender, religion, beliefs, birth, age, sexual orientation, physical characteristics, or mental and physical disabilities.
- We prohibit all forms of harassment that unjustly harm individual dignity, such as sexual harassment, power harassment, and moral harassment.
- We emphasize diversity in backgrounds, skills, gender, nationality, and other aspects, ensuring equal opportunities in hiring, development, promotion, and treatment of personnel.
- We comply with safety and health-related laws and standards and strive to maintain a safe and comfortable workplace environment.
- We prioritize the mental and physical health of our employees and prevent long working hours.
- We respect employees’ rights as workers, including freedom of association.
- We do not engage in any form of child labor or forced labor.

We apply the Human Rights Policy to all Officers and employees of the Group. We also expect our business partners, such as suppliers, to understand and support this policy, and we work to ensure it is respected.

Additionally, as part of our due diligence efforts, we evaluate and identify human rights risks not only within our Group but also among our business partners, implementing measures to prevent and mitigate such risks.

For communication, we ensure comprehensive education and awareness for all employees within our Group, while providing appropriate information disclosure and engaging in dialogue with stakeholders.

[MISUMI Group Human Rights Policy](#)

Ethics and Compliance

Zero Tolerance for Harassment

In 2017, the MISUMI Group adopted the “Zero Tolerance for Harassment Declaration,” stating that “all forms of harassment are unacceptable within the MISUMI Group,” and has been continuously working towards eradicating harassment.

We vigorously advance initiatives toward this goal by conducting regular compliance training for employees worldwide, thoroughly overhauling and globally implementing our Corporate Code of Conduct and Employee Code of Conduct and establishing a widely publicized internal reporting structure. As a result, the number of harassment cases has declined in recent years. For instance, in the fiscal year 2023, there were very few cases resulting in sanctions due to harassment, with only two cases reported in Japan and one case outside Japan.

However, we acknowledge that achieving Zero Harassment remains an ongoing challenge. To this end, we will further enhance our educational programs, preventive measures, and response strategies to completely eradicate harassment. Additionally, to ensure harassment is neither hidden nor overlooked, we will consistently provide clear and accessible information about our Internal Whistleblowing System and consultation services.

■ Provisions Outlined in the Zero Tolerance for Harassment Declaration

- Prohibition of Harassment Declaration
- Types and Specific Examples of Prohibited Harassment
(Sexual Harassment, Power Harassment, Maternity Harassment, etc.)
- Scope of the Declaration (Applicable to all employees)
- Sanctions for Harassment Incidents
- Establishment of Consultation Channels and Protection for Whistleblowers
- Implementation of Investigations and Measures Following Consultations, and Consideration of Recurrence Prevention Strategies
- Programs Available for Employees Requiring Special Consideration
- Implementation of Harassment Training

Zero Tolerance for Harassment Declaration [🔗](#)

Members of the Management Team

(As of June 13, 2024)

Directors



Kosuke Nishimoto
Representative Director and
Chairman



Ryusei Ono
Representative Director and
President



Arata Shimizu
Senior Executive Director



Tomoki Kanatani
Executive Director



Shigetaka Shimizu
Executive Director



Shaochun Xu
Director



Yoichi Nakano
Lead Outside Director



Tomoharu Suseki
Outside Director



Keiko Yano
Outside Director

Founder



Tadashi Saegusa
Chairman Emeritus and
Second-Era Founder

Members of the Management Team

(As of June 13, 2024)

Board of Directors' Brief Biography

Kosuke Nishimoto

Representative Director and Chairman

April	1981	Joined Kanebo, Ltd.
September	1984	Joined Meitec Corporation
June	1995	Director, Meitec Corporation
July	1996	Senior Managing Director, Meitec Corporation
November	1999	Representative Director and President, Meitec Corporation
April	2003	Representative Director, President, and Group CEO, Meitec Corporation
April	2014	Director and Chairman, Meitec Corporation
June	2015	Outside Director, Interworks Inc. (currently Interworks Confidence Inc.)
April	2017	Representative Director, Chairman and President, Interworks Inc. (currently Interworks Confidence Inc.)
June	2017	Director, MISUMI Group Inc.
June	2019	Executive Vice President and Director, MISUMI Group Inc.
February	2020	Representative Director and Chairman, MISUMI Group Inc. (incumbent)

Ryusei Ono

Representative Director and President

April	1987	Joined MISUMI
April	2002	Corporate Officer, MISUMI Group Inc.
June	2007	Director of the Board and Senior Corporate Officer, MISUMI Group Inc.
October	2008	Representative Director and President, SURUGA Production Platform Co., Ltd.
October	2008	Director and Senior Corporate Officer, MISUMI Group Inc.
January	2011	Representative Director and President, SURUGA SEIKI Co. Ltd.
January	2013	Senior Executive Director, MISUMI Group Inc.
December	2013	Representative Director and President, MISUMI Group Inc.
December	2013	Representative Director and President, MISUMI Corporation (incumbent)
June	2014	Representative Director, President, and CEO, MISUMI Group Inc.
February	2020	Representative Director and President, the Company (incumbent)

Arata Shimizu

Senior Executive Director

April	1997	Joined Accenture Japan Ltd.
September	2005	Executive Partner, Accenture Japan Ltd.
July	2015	Executive Officer, General Manager of Strategic Consulting Headquarters, Accenture Japan Ltd.
March	2017	Representative Director, Vice President, and COO, SEAOS, Inc.
June	2017	Outside Director, Interworks Inc. (currently Interworks Confidence Inc.)
September	2017	Outside Director, Trust Tech Inc. (currently Open Up Group Inc.) (incumbent)
June	2020	Outside Director, MISUMI Group Inc.
June	2021	Director, P&E Directions, Inc.
June	2024	CIO Representative Corporate Officer, MISUMI Group Inc. (incumbent)

Tomoki Kanatani

Executive Director

April	1991	Joined Kankaku Securities Co., Ltd.
April	1992	Joined Sadoshima Corporation
June	2000	Joined MISUMI Group Inc.
December	2015	President, China Business Company, MISUMI Corporation
July	2020	Senior Corporate Officer, MISUMI Group Inc.
October	2020	Chief Executive in charge of China and Asia Business, MISUMI Corporation (incumbent)
June	2021	Executive Director, MISUMI Group Inc. (incumbent)
January	2023	President, Asia Business Company, MISUMI Corporation (incumbent)

Shigetaka Shimizu

Executive Director

April	1995	Joined Ookura Trading Co. Ltd.
April	1999	Joined MISUMI Group Inc.
December	2015	President, Asia Business Company, MISUMI Corporation
July	2020	Senior Corporate Officer, MISUMI Group Inc.
October	2020	President, IM Business Company, MISUMI Corporation
June	2021	Executive Director, MISUMI Group Inc. (incumbent)
April	2022	President, Japan Business Company, MISUMI Corporation (incumbent)

Shaochun Xu

Director

September	1988	Treasury, Commercial Bureau of Shanghai city, China
September	1996	Chief of China Investment Division, ITOCHU (China) Holding Co. Ltd.
August	1998	General Manager of Finance Department, Panasonic Electric Works China Co., Ltd.
May	2012	Joined MISUMI (China) Precision Machinery Trading Co. Ltd.
April	2017	Corporate Officer, China Business Company, MISUMI Corporation
April	2017	General Manager, MISUMI (China) Precision Machinery Trading Co. Ltd.
October	2021	Senior Corporate Officer, China Business Company, MISUMI Corporation
October	2021	Chairperson and General Manager, MISUMI (China) Precision Machinery Trading Co. Ltd. (incumbent)
June	2022	Director, MISUMI Group Inc. (incumbent)
June	2022	Vice President, China Business Company, MISUMI Corporation (incumbent)

Yoichi Nakano

Lead Outside Director

May	1990	Joined Investment Division, International Finance Corporation, World Bank Group
June	1996	Joined McKinsey & Company Incorporated, Japan
June	2003	Executive Search Consultant, Jomon Associates Inc.
August	2011	Partner, Leadership Consulting Division, Heidrick & Struggles Japan GK
January	2013	Partner, Executive Search, Heidrick & Struggles Japan GK
February	2016	Representative Director and President, Chuuyou Corporation (incumbent)
June	2019	Outside Director, MISUMI Group Inc.
June	2024	Lead Outside Director, MISUMI Group Inc. (incumbent)

Tomoharu Suseki

Outside Director

April	1979	Joined Sumitomo Electric Industries, Ltd.
January	1997	Director, Raychem Corporation
November	2001	Representative Director, Tyco Electronics Raychem K.K.
April	2003	Executive Officer, D&M Holdings Inc.
November	2004	Representative Director, President, and CEO, OCC Corporation
March	2007	Executive Officer and COO, Sumida Corporation
September	2010	Representative Executive Officer and President, Sumida Corporation
March	2020	Director and Chairman of the Risk Management Committee, Sumida Corporation
March	2021	Member of the Nomination Committee and the Compensation Committee, Sumida Corporation
June	2021	Outside Director, MISUMI Group Inc. (incumbent)

Keiko Yano

Outside Director

April	1981	Joined Toyo Kogyo Co., Ltd. (currently Mazda Motor Corporation)
January	1988	Joined Ford Motor (Japan) Co., Ltd.
July	2000	Seconded Senior Managing Director and General Director of Corporate Planning, Japan Climate Systems Corporation
November	2005	Sales Director, Visteon Japan
December	2011	Seconded Senior Managing Director and General Manager of Corporate Planning, Japan Climate Systems Corporation
September	2012	Mazda General Manager, Johnson Controls Inc.
July	2014	Sales Director, Visteon Corporation
October	2020	Vice President, Visteon Corporation
October	2020	Representative Director, Visteon Japan Ltd.
June	2024	Outside Director, MISUMI Group Inc. (incumbent)

Members of the Management Team

Corporate Auditors



Ichiro Otokozawa
Full-time Corporate Auditor

April	1979	Joined Nippon Kokan Corporation (currently JFE Engineering Corporation)
March	1997	General Manager of President's Office, Santen Pharmaceutical Co., Ltd.
July	1999	Corporate Officer, Santen Pharmaceutical Co., Ltd.
June	2005	Director and Senior Corporate Officer, Santen Pharmaceutical Co., Ltd.
May	2006	Senior Director, AlixPartners
July	2007	Senior Director, Advent International Corporation
April	2011	Director and CFO, Avon Products Co., Ltd. currently FMG & Mission Co. Ltd.
December	2013	Senior Corporate Officer and CFO, MISUMI Group Inc.
June	2014	Executive Director and CFO, MISUMI Group Inc.
July	2020	Executive Director, MISUMI Group Inc.
October	2020	MISUMI Corporation, Head of the Europe and Americas Business Group
June	2024	Corporate Auditor, MISUMI Group Inc. (incumbent)



Takaaki Wada
Corporate Auditor

April	1985	Joined MISUMI
July	2006	Business Director of P&D Business Team, Die Components Business, MISUMI Corporation
November	2011	Corporate Officer, Die and Mold Business Company, MISUMI Corporation
November	2013	President, Die and Mold Business Company, MISUMI Corporation
December	2015	President, Die and Mold Business Company, MISUMI Corporation
January	2017	G Corporate Officer, MISUMI Group Inc.
May	2017	Senior Corporate Officer, MISUMI Group Inc.
April	2022	Corporate Auditor, MISUMI Corporation
June	2022	Corporate Auditor, MISUMI Group Inc. (incumbent)



Juichi Nozue
Outside Corporate Auditor

April	1987	Registered as an attorney-at-law
December	1990	Joined Kato Law and Patent Office (currently Shizuoka Nozomi Law and Patent Office) (incumbent)
March	1996	Registered as an attorney-at-law in the State of New York, the United States of America
October	1998	Registered as a patent attorney
June	2000	Outside Corporate Auditor, SURUGA Production Platform Co., Ltd.
March	2003	Outside Corporate Auditor, Shizuoka Gas Co., Ltd.
April	2005	Outside Corporate Auditor, MISUMI Group Inc. (incumbent)
March	2015	Outside Director, Shizuoka Gas Co., Ltd.
June	2015	Outside Director (Audit and Supervisory Committee member), LEC, Inc.
June	2018	Outside Director, Akasaka Diesels Limited (incumbent)
March	2023	Outside Director, Aikawa Iron Works Co. Ltd. (incumbent)
June	2024	Outside Auditor, Shizuoka Railway Co., Ltd. (incumbent)



Nanako Aono
Outside Corporate Auditor

April	1984	Joined The Nikko Securities Co., Ltd. (currently SMBC Nikko Securities Inc.)
November	1995	Joined Chuo Aoyama Audit Corporation
July	2002	Joined Busicom Co., Ltd. (currently OAG Consulting Group)
March	2005	Director, OAG Consulting Group
June	2008	Outside Corporate Auditor, Duskin Co., Ltd.
May	2010	Representative Director and President, GEN Co., Ltd. (incumbent)
June	2017	Outside Corporate Auditor, the Company (incumbent)
June	2019	Outside Corporate Auditor, Nippon Paper Industries Co., Ltd. (incumbent)
March	2020	Outside Director, Optex Group Co. Ltd.
March	2021	Outside Corporate Auditor, Meiko Network Japan Co., Ltd.
November	2022	Outside Director (Audit and Supervisory Committee member), Meiko Network Japan Co., Ltd. (incumbent)
March	2023	Outside Director, CCS Inc. (incumbent)

Executive Officers in charge of overseeing the Group

Representative Director and Chairman	Kosuke Nishimoto	Representative Director and President	Ryusei Ono
Senior Executive Director / CIO Digital Transformation System Platform and Representative Corporate Officer SCM Operation Platform and Representative Corporate Officer	Arata Shimizu	Executive Director and Chief Executive in charge of China and Asia Business President, Asia Business Company	Tomoki Kanatani
Executive Director President, Japan Business Company	Shigetaka Shimizu	Director Vice President, China Business Company Chairperson and General Manager, MISUMI (China) Precision Machinery Trading Co., Ltd.	Shaochun Xu
Senior Corporate Officer President, ID* Business Company	Mitsunobu Yoshida	Senior Corporate Officer President, China Business Company	Toru Arakawa
Senior Corporate Officer President, Americas Business Company	Ryuji Ohora	Senior Corporate Officer Representative Corporate Officer, Human Resources & Legal Platform	Takako Sasaki
CFO and Senior Corporate Officer Representative Corporate Officer, Finance Platform Representative Corporate Officer, SX Platform	Toru Takanami		

Corporate Officers

Vice President, Japan Business Company	Hideka Shoji	Vice President, Japan Business Company	Koichi Kawakami	President, OST Business Company	Nobumasa Watanabe
President, Factory-MRO Business Company	Takashi Baba	President, Europe Business Company	Noriaki Murata	Representative Corporate Officer, Production Platform	Takumi Toya
Chief of Headquarters EC Service Development	Masatake Sumi	Chief of Headquarters DJ System Promotion	Yusuke Kido		

Founders

Chairman Emeritus and Second-Era Founder	Tadashi Saegusa	Special Advisor and Founder	Hiroshi Taguchi
---	------------------------	--	------------------------

*ID = Industrial Digital Manufacturing

(As of June 13, 2024)

Ten-Year Summary of Financial Indicators

		FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Earnings/Losses											
Net Sales	Million yen	208,562	240,139	259,015	312,969	331,936	313,337	310,719	366,160	373,151	367,649
Operating Income	Million yen	23,759	25,690	27,127	34,848	31,874	23,640	27,199	52,210	46,615	38,365
Operating Margin	%	11.4	10.7	10.5	11.1	9.6	7.5	8.8	14.3	12.5	10.4
Income before income taxes	Million yen	22,942	25,003	26,071	34,516	31,815	22,781	23,496	51,131	46,533	39,219
Net income attributable to owners of parent	Million yen	14,291	16,907	18,387	25,601	24,034	16,504	17,138	37,557	34,282	28,152
Net income margin attributable to owners of parent	%	6.9	7.0	7.1	8.2	7.2	5.3	5.5	10.3	9.2	7.7
Financial Position											
Total assets* ¹	Million yen	184,784	194,186	212,041	243,492	252,393	264,684	288,921	347,390	378,458	413,517
Total equity	Million yen	132,138	141,462	154,530	185,203	203,520	209,514	231,147	277,225	311,286	344,515
Interest-bearing liabilities* ²	Million yen	—	—	—	—	—	—	—	—	—	—
CAPEX, depreciation and amortization as of and for the years ended March 31:											
Capital expenditures (CAPEX)	Million yen	8,487	9,126	7,219	15,421	21,414	18,018	14,016	16,508	13,625	17,976
Depreciation and amortization expense* ³	Million yen	7,024	7,821	7,439	8,105	8,758	11,339	13,101 * ³	13,589 * ³	14,712 * ³	15,747
Capital expenditures (CAPEX) Depreciation and amortization											
Return on equity* ⁴	%	11.5	12.4	12.4	15.1	12.4	8.0	7.8	14.8	11.7	8.6
Return on assets* ⁵	%	13.2	13.2	12.8	15.2	12.8	8.8	8.5	16.1	12.8	9.9
Current ratio	%	429.2	445.8	430.3	362.1	444.4	434.6	478.9	483.0	577.5	627.7
Interest coverage ratio* ⁶	times	1,470.3	5,179.8	4,972.6	21,868.1	8,853.9	360.1	541.8	623.9	270.4	371.0
Per share information											
Earnings* ⁷	Yen	52.28	61.65	66.94	91.01	84.80	58.18	60.36	132.15	120.53	99.75
Cash dividends* ⁷	Yen	13.05	15.42	16.71	22.60	21.20	14.55	15.09	33.04	30.14	27.47
Equity* ⁷	Yen	482.17	515.39	560.79	653.71	717.56	737.99	813.57	975.04	1,093.98	1,222.38
Cash flow* ⁷	Yen	41.26	60.89	70.80	85.86	46.00	99.40	128.44	194.82	110.52	193.61
Stock valuations as of and for the years ended March 31:											
PER	times	30.9	26.1	30.1	32.1	32.5	40.5	53.3	27.7	27.4	20.7
PBR	times	3.4	3.1	3.6	4.5	3.8	3.2	4.0	3.8	3.0	1.7

*1 The figure for FY2017 has been revised retroactively in accordance with Partial Amendments to Accounting Standard for Tax Effect Accounting.

*2 The convertible bonds with attached stock acquisition rights issued in October 2013 are excluded from interest-bearing liabilities on account of being non-interest bearing.

In addition, lease liabilities under IFRS 16 "Leases" are excluded. The actual amount for the fiscal year ending March 2024 is 6,818 million yen.

*3 Excludes depreciation of right-of-use assets due to the application of IFRS 16 "Leases." The actual amount for FY2023 was ¥1,823 million.

*4 Calculated based on the net income attributable to owners of parent company stock

*5 Calculated based on income before income taxes

*6 Net cash provided by operating activities ÷ interest payment

*7 After adjustment for stock split effective July 1, 2015

Overview by Segment

Manufacturing Business

FY2023 Overview

In the manufacturing business, we operate two segments: the FA business, which involves the development, production, and sale of precision machine components used in manufacturing equipment and production automation machinery, and the Die Components business, which focuses on the development, production, and sale of standard and precision components incorporated into molds for mass-producing press and resin mold parts.

In the fiscal year ending March 2024, the FA business in Japan maintained levels similar to the previous year. However, performance in overseas regions, particularly China, was sluggish, leading to sales of 118,219 million yen, a 3.0% decrease year-over-year, and an operating profit of 15,097 million yen, (29.4% decrease year-over-year).

In the fiscal year ending March 2024, the Die Components business, while generally experiencing sluggish performance across all regions, achieved increased sales and profits by capturing automotive-related demand, especially in Asia and Europe, aided by favorable foreign exchange effects. Sales amounted to 79,932 million yen, (1.0% increase year-over-year), and operating profit reached 9,139 million yen, (4.8% increase year-over-year).

Segments	Net Sales (Million Yen)			Operating Income (Million Yen)			Profit Ratio (%)	
	FY2022	FY2023	Increase/Decrease	FY2022	FY2023	Increase/Decrease	FY2022	FY2023
FA	121,932	118,219	-3.0%	21,384	15,097	-29.4%	17.5%	12.8%
Die Components	79,125	79,932	1.0%	8,723	9,139	4.8%	11.0%	11.4%

Key subsidiaries/associated companies

FA Business	MISUMI Corporation	Die Components Business	MISUMI Corporation
	SURUGA Production Platform Co., Ltd. SURUGA SEIKI Co., Ltd.		SURUGA Production Platform Co., Ltd. Dayton Progress Corporation

Distribution Business

FY2023 Overview

The Distribution Business encompasses the sales and distribution of manufacturing and automation-related equipment parts, MRO (Maintenance, Repair, and Operations) products, and other auxiliary materials from both the MISUMI brand and third-party manufacturers. We are committed to further enhancing the brands and product lineups we offer, aligning with our vision represented by the brand name VONA—"Variation & One-stop by New Alliance." Additionally, we will continue to drive innovation in our e-Commerce platform.

In the VONA business, sales in Japan in FY2023 remained flat from the previous year but overseas sales, particularly China and Asia, remained sluggish due to the slowdown in customers' factory operations. Net sales were ¥169,497 million (1.5% decrease year-over-year), and operating income was ¥14,128 million (14.4% decrease year-over-year).

Segments	Net Sales (Million Yen)			Operating Income (Million Yen)			Profit Ratio (%)	
	FY2022	FY2023	Increase/Decrease	FY2022	FY2023	Increase/Decrease	FY2022	FY2023
VONA Business	172,093	169,497	-1.5%	16,506	14,128	-14.4%	9.6%	8.3%

Key subsidiaries/associated companies

MISUMI Corporation
MISUMI (China) Precision Machinery Trading Co. Ltd.
SURUGA Production Platform Co., Ltd.

Employee-related Information

Description	Scope	Unit	FY2021	FY2022	FY2023
Number of employees	Global*2	Employees	11,842	11,804	11,039
Domestic			3,241	3,136	3,164
FA Business			912	896	863
Die Components Business			311	224	234
VONA Business			181	49	59
Other*1			1,837	1,967	2,008
Overseas			8,601	8,668	7,875
FA Business			3,819	3,769	3,153
Die Components Business			2,700	2,810	2,563
VONA Business			80	77	213
Other*1			2,002	2,012	1,946
Number of fulltime employees	MISUMI Japan*3	Age	1,739	1,675	1,752
Average age			38.2	38.9	39.8
Average no. of years of continuous service			6.0	6.5	7.1
Percentage of Female Employees	Global*2		—	36.0	36.8
	MISUMI Japan*3		—	43.2	42.9
Percentage of Female Managers	Global*2		—	22.7	23.6
	MISUMI Japan*3		—	14.5	14.8
Gender Wage Gap (all employees)	MISUMI Japan*3	%	—	58.1	61.6
Full-time employees			—	66.0	69.0
Contract employees/part-timers			—	55.3	63.9
By hierarchy (Officers; heads of departments)			—	131.9	118.2
By hierarchy (Directors)			—	93.6	86.2
By hierarchy (Leaders)			—	87.9	90.0
By hierarchy (Members)			—	84.4	83.3
Percentage of Paternity Leave Utilized by Male Employees	MISUMI Japan*3		—	70.0	86.6

*1 Employees engaged in operations that cannot be classified into specific business segments (various management, order processing, logistics, etc.) are counted.

*2 Total value of domestic and overseas group affiliated companies

*3 Total number within MISUMI Group Inc. and MISUMI Corporation

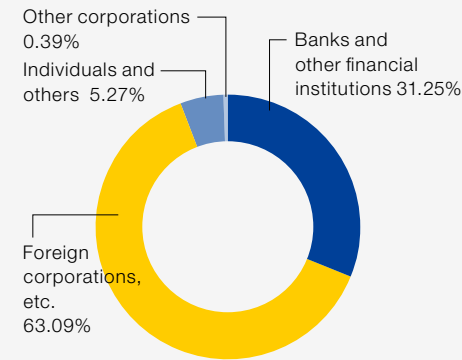
Corporate Information

Company name	MISUMI Group Inc.
Established	February 23, 1963
Capital Stock	14,146 million yen
Number of employees (consolidated)	11,039
Head Office location	Kudan Kaikan Terrace, 6-5, Kudan-Minami 1-chome, Chiyoda-ku, Tokyo 102-8583, Japan
Business Description	Strategic management, planning, administration, and operations centered around the FA Business, Die Components Business, VONA Business for the corporate Group
Website	https://www.misumi.co.jp/english/

Stock Information

Stock listing	Prime Section of the Tokyo Stock Exchange
Code:	9962
Number of shares	Total number of authorized shares 1,020,000,000 shares Total number of shares outstanding 284,847,897 shares
Number of shareholders	10,912

Share Distribution by Owner Type



Major Shareholders

Shareholder's Name	Number of shares held (thousand)	Percentage of shares outstanding (%)
The Master Trust Bank of Japan, Ltd.	50,589	17.95
Custody Bank of Japan, Ltd.	22,282	7.91
SSBTC CLIENT OMNIBUS ACCOUNT Permanent Agent: The Hongkong and Shanghai Banking Corporation Tokyo Branch	18,901	6.71
BNYM AS AGT/CLTS NON TREATY JASDEC Permanent Agent: Mitsubishi UFJ Bank, Ltd.	12,498	4.43
STATE STREET BANK AND TRUST COMPANY 505103 Permanent Agent: The Hongkong and Shanghai Banking Corporation Tokyo Branch	5,829	2.07
RBC IST 15 PCT LENDING ACCOUNT – CLIENT ACCOUNT Permanent Agent: Citibank, N.A. Tokyo Branch	5,650	2.01
STATE STREET BANK WEST CLIENT – TREATY 505234 Permanent Agent: Mizuho Bank, Ltd. Settlement Sales Department	5,140	1.82
JPMorgan Securities Japan Co., Ltd.	4,879	1.73
THE BANK OF NEW YORK MELLON 140044 Permanent Agent: Mizuho Bank, Ltd. Settlement Sales Department	4,860	1.72
RBC IST 15 PCT NON LENDING ACCOUNT – CLIENT ACCOUNT Permanent Agent: Citibank, N.A. Tokyo Branch	4,859	1.72

(Note) 1 In calculating the ownership ratio, treasury stock is excluded.
(Note) 2: The ownership ratio is rounded to three decimal places.

Stock Price and Trading Volume Trends.

