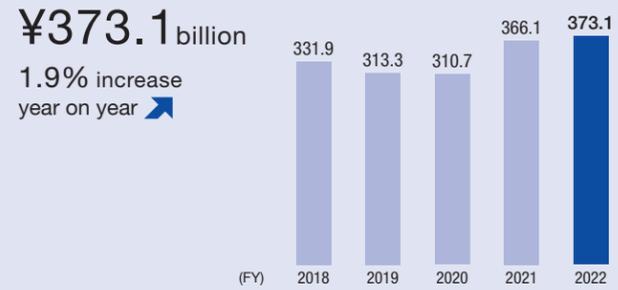
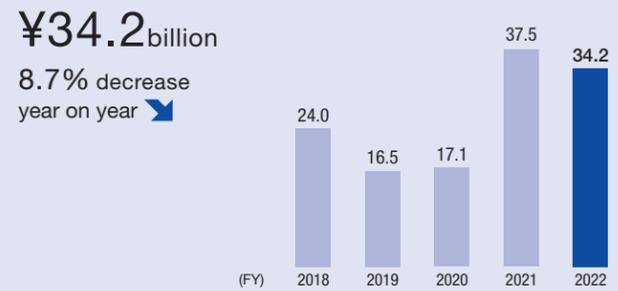


Financial Analysis

Net Sales (Billion yen)



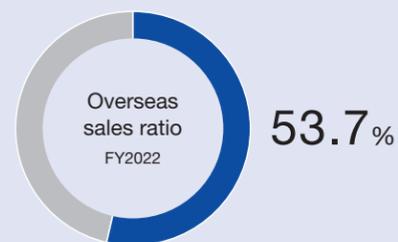
Net Income Attributable to Owners of Parent (Billion yen)



Total Assets and Equity (Billion yen)



Overseas Sales



Operating Income (Billion yen)



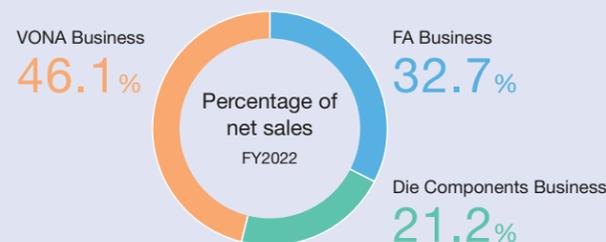
Return on Equity (ROE) (%)



Earnings per Share (Yen)



Net Sales by Segment



Business and Other Risks

Material risks that may significantly impact the financial situation, business results, and cash flows of MISUMI Group are as follows. Please note that the forward-looking statements provided are based on evaluations made by MISUMI Group at the end of FY2022.

Sustainability issues

Companies are required to contribute to the sustainable development of society through their business activities. This includes efforts to address climate change by curbing greenhouse gas emissions and efforts to address human rights issues with initiatives that respect the basic human rights, individuality, and diversity of individuals. These efforts require cooperation not only within our Group but throughout the value chain, including suppliers.

Regarding climate change, the Group has declared its support for the TCFD recommendations and participation in the TCFD Consortium. In addition to identifying the risks and opportunities presented by climate change scenarios and evaluating their business impact, it promotes a wide range of energy conservation activities. Regarding human rights issues, the Group has established the MISUMI Group Human Rights Policy and, in addition to ensuring awareness among all employees, it strives to obtain the understanding and support of suppliers and others for this policy. The Group has also established the Sustainable Procurement Guidelines as a supply chain management initiative, and it endeavors to promote sustainable procurement activities through cooperation. This includes encouraging consensus with major suppliers, implementing a questionnaire to confirm the status of initiatives on the environment, respect for human rights, health and safety, etc., and conducting a fact-finding survey.

However, if these risk responses are not appropriate, public trust in MISUMI Group may deteriorate, affecting its business performance and financial position.

Impact of market trends in specific industries on earnings

In its FA and Die Components Businesses, our Group's primary customers are in the automotive and electronics (including LCD and semiconductor) industries. The VONA business sells manufacturing and automation-related equipment parts, MRO (consumables), and other auxiliary materials, including third-party manufactured products. The Group targets customers that utilize a wide range of automation equipment in their operations. As a result, the Group's performance may be affected by capital investment and production and operation trends in these industries.

Our Group keeps a constant eye on market trends in each of its businesses and implements measures such as capital investment, personnel allocation, and optimization of inventories, as necessary. However, unforeseen changes in conditions in the industries in which our customers operate may affect the business performance and financial position of the Group.

Expansion of overseas business operations

Our Group has established Business Companies in China, Asia, Europe, and the Americas, in addition to Japan, and is strengthening business expansion in each region. However, political, and economic changes, as well as revisions to government policies, laws and regulations in these regions may significantly impact the execution of business plans by each Regional Business Company. In the current consolidated fiscal year, we are facing increased instability in overseas business due to ongoing tensions between the U.S. and China, geopolitical uncertainties such as the situation in Ukraine, as well as structural changes in the post-COVID market and the development of regional blocs in the global supply chain.

Our Group continues to monitor political and economic conditions in the jurisdictions of each regional business unit and globally tracks and responds appropriately to changes in the legal systems that affect our operations. However, if there are sudden changes in these circumstances, it could affect the performance and financial condition of our Group.

Procurement of products and raw materials

MISUMI Group procures many goods and raw materials from domestic and overseas suppliers. However, rising procurement prices due to tight supply and demand, potential disruptions in the supply chain could lead to procurement difficulties. As a result, there may be a deterioration in profitability due to rising purchase prices and a decrease in product sales to customers.

Our Group is working to strengthen the business foundations of IT, production, and logistics and to reinforce our supply chain. However, changes in circumstances that exceed expectations could potentially affect the Group's performance and financial position.

Quality control

MISUMI Group provides a wide range of products to our customers. Still, in addition to the quality and safety of our products, the requirements for managing Environmental Chemical Substances and efforts to reduce environmental impact are becoming stricter every year on a global basis.

Our Group has formulated a framework for quality control. It undertakes procurement in line with its Green Procurement Guidelines while working on product development and production activities with a low environmental load. However, in the event of a product defect or a violation of product-related regulations (including regulations related to the presence of hazardous substances as well as restrictions on imports and exports), our Group's business performance and financial position may be impacted due to product recalls, product discontinuations or various expenses and fees.

Natural disasters and other emergencies

A large-scale earthquake or other natural disaster, or the wide spread of infectious disease, could disrupt the production or distribution of products and merchandise. Our Group's production sites are dispersed around the world, ensuring that some production systems will continue to function during disasters. Although we have a system in place to respond following our business continuity plan (BCP) in the event of a disaster, our Group's business performance and financial position could be affected in the event of damage exceeding our expectations.

Information security

Our Group holds confidential information related to orders, sales, procurement, manufacturing, and other business processes, as well as customer and personal information, in the form of electronic data, and utilizes various information systems in its business operations.

To enhance information security, our Group has formulated information management rules such as the "Basic Policy on Information Security," conducts regular in-house training to ensure thorough awareness of the rules and is also working to fortify its IT infrastructure.

However, in the unlikely event of a cyberattack by a virus or other malware, or a significant failure of software or hardware, information leakage or interruption of customer service could occur, resulting in a deterioration of public trust or substantial compensation for damages, which could affect our Group's performance and financial position.

Foreign exchange rate fluctuations

Our Group engages in transactions using different currencies and terms. Transactions primarily in foreign currencies, as well as balances of receivables and payables denominated in foreign currencies, are susceptible to foreign exchange fluctuations. To mitigate these risks to a certain extent, we use forward exchange contracts. However, it is impossible to avoid the effects of foreign exchange fluctuations, and unforeseen volatility could impact our Group's performance and financial standing.

Human resources

We recognize the importance of recruiting and developing excellent human resources at the appropriate time, both in Japan and overseas, for our Group's medium- to long-term global growth. To this end, the Group recruits, develops, and promotes human resources with an emphasis on ensuring diversity and equal opportunity in terms of background, skills, gender, nationality, etc., and is also working to enhance various training programs to strengthen its human capital.

However, competition to hire excellent human resources is intensifying. If we can hire and train personnel as planned, our business operations may be unrestricted, affecting our Group's business performance and financial position.