

The Reasons Why Customers Favor MISUMI

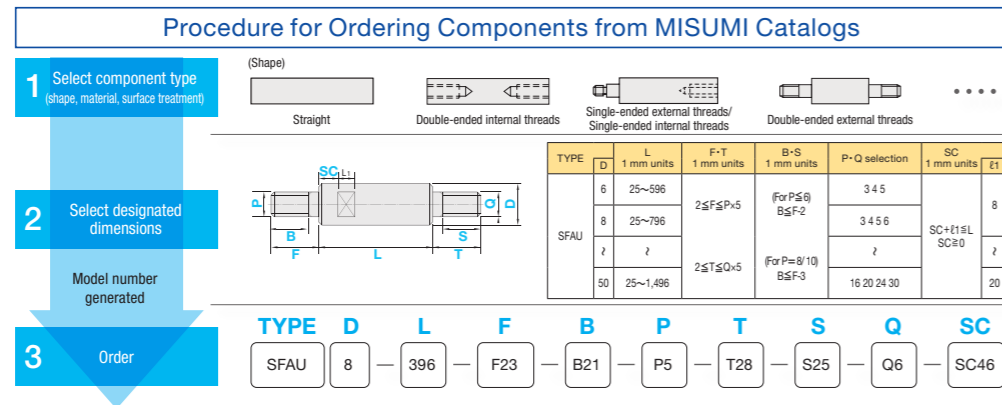
MTO Advantages

MISUMI's catalog allows customers to specify the size of parts in microns, and including this variation, MISUMI oversees 80 sextillion (80 billion times 1 trillion) product items. Regardless of when, where, and in what quantity, MISUMI can deliver them via reliable and quick delivery.

Fundamental Reform through Product Standardization

Realizing Considerable Time Savings through MTO (Make To Order)

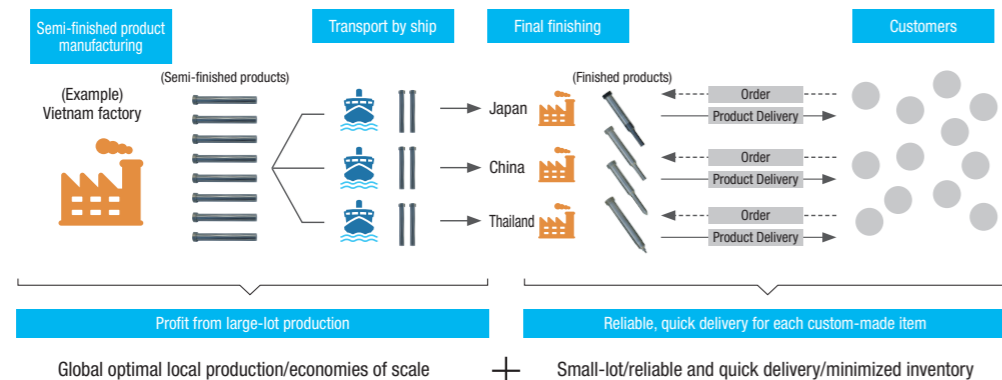
Each machine part is designed differently, and the designer must draw a diagram for each part. For each part, a quotation must be made and orders must be placed with multiple parts processing manufacturers. MISUMI's catalog "standardizes" parts that normally need to be custom-made, and orders can be placed simply by selecting the dimensions and specifications of the parts from a list.



Harmonizing Two Conflicting Competitive Advantages

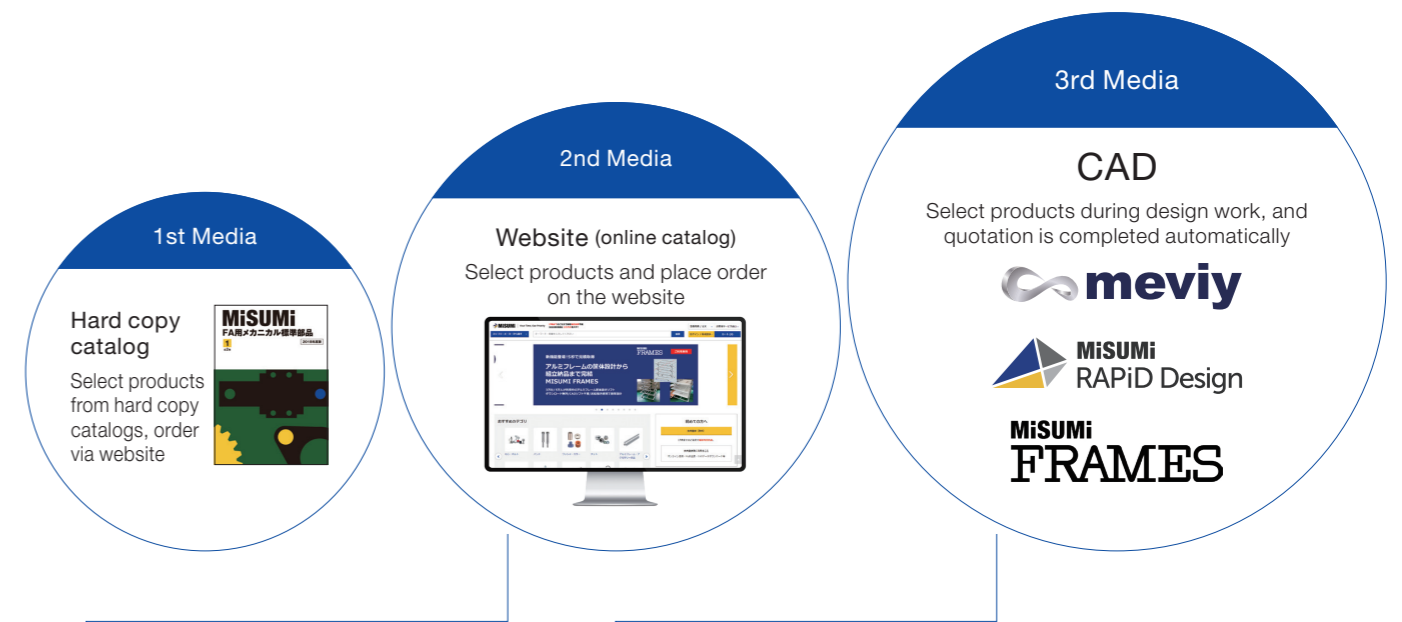
Abundant Product Variation, Low Cost, and Reliable, Quick Delivery while Minimizing Inventory

Semi-finished products are mass-produced at factories in Vietnam and other countries and finalized at the place of consumption by way of "reliable, quick delivery for each custom-made item" according to the customer's specified order.



Advanced Response to Digital Manufacturing

As use of digital manufacturing becomes increasingly pervasive at manufacturing and automation sites around the world, MISUMI is transforming the way it approaches digital manufacturing to aid customers' efforts in eliminating inefficiencies, such as, by offering a proprietary 3D-CAD linkage (software) tool that provides superior time value that goes beyond the traditional hard copy and online catalogs.



From 2010 Strengthening the Online Strategy

We have been enhancing our website (online catalog) as the second media after hard copy catalogs. Online catalogs enable an overwhelming advantage in product search and selection by securing full and instantaneous search responses for approximately 80 sextillion part configurations.

From 2016 Enhancing Our Approach to Digital Manufacturing

By positioning CAD, which is used by facility designers, as a third medium after the website, we have promoted the expansion of our 3D-CAD linkage services, including "meviy," "RAPiD Design," and "MISUMI FRAMES" services. Going forward, we will promote digital transformation (DX) in manufacturing in the area of parts procurement, and work to dramatically reduce the time required for procurement by strengthening our approach to digital manufacturing. By enabling customers to use the time they save to their higher value-added core operations, we are helping to improve the quality and productivity of the manufacturing industry as a whole.

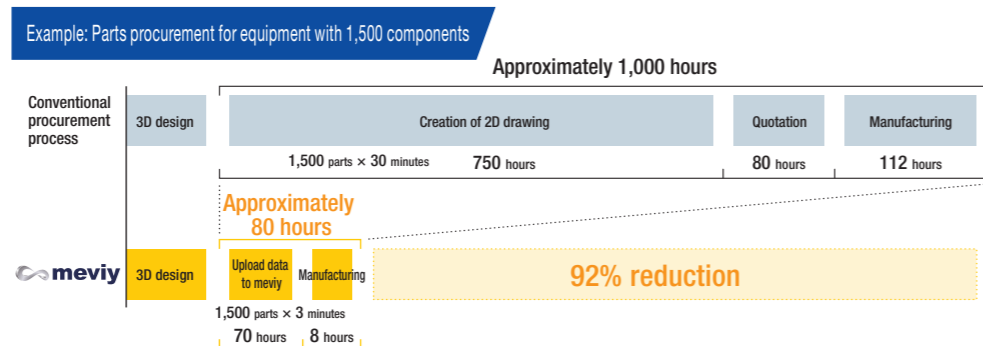
Innovating Machinery Parts Procurement to Improve Customer's Time Value



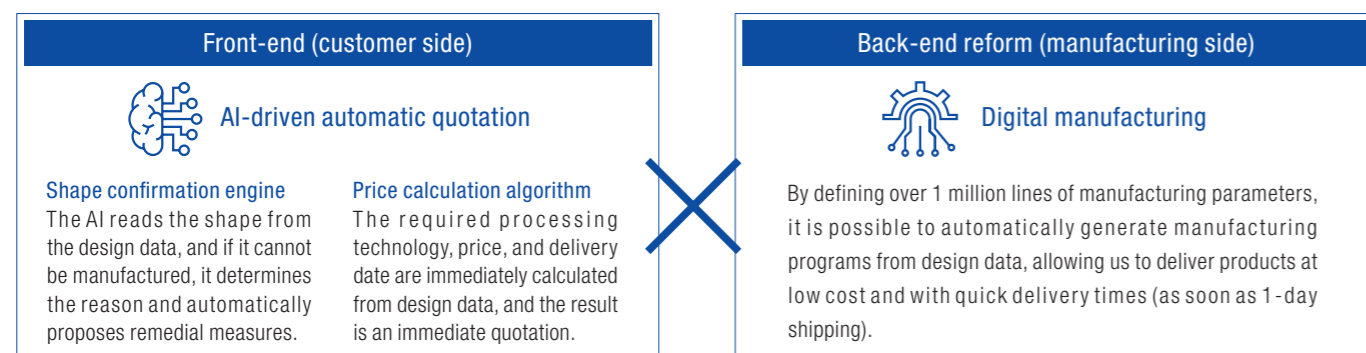
Procurement Reforms Realized by “meviy” Digital Parts Procurement Service

meviy digitalizes the process of providing quotation and manufacturing of mechanical parts, reducing the process from completing the 3D-CAD design to creating 2D drawings and obtaining quotes from them from dozens of hours to one minute. Furthermore, once the part's design data (3D-CAD data) is uploaded, the AI immediately responds with the price and delivery date, and the automatic generation of manufacturing programs has made it possible to ship the part in as little as one day.

Even complex parts that are difficult to list in catalogs can now be procured easily using only data without human intervention.



meviy, Supported by Two In-house Innovations, “Front-end Innovation × Back-end Innovation”



Distribution Innovation Driven by the VONA Business

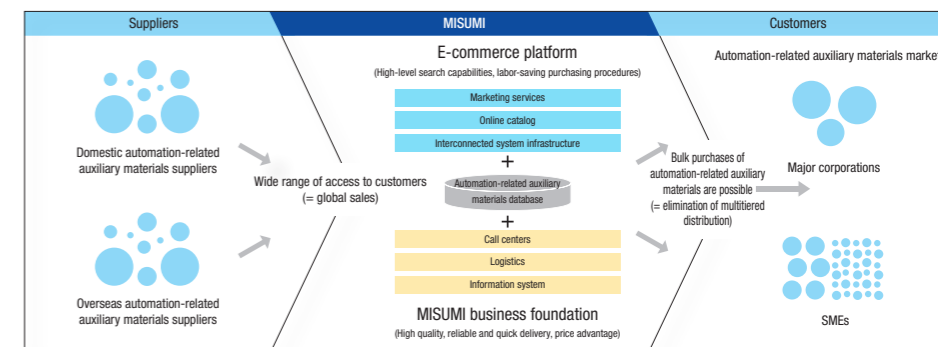
VONA, MISUMI's distribution business, was launched in 2010 as a platform to handle not only MISUMI brand products, but also third-party brand products, including tools, gloves, and other production auxiliary materials and consumables used in production and automation sites. We will continue to strengthen the brands and product lineups we handle to realize our vision embodied in the brand name VONA, or Variation & One-stop by New Alliance, and aim for global business expansion by continuously evolving our e-commerce website.

Enabling One-Stop Purchasing of Automation-Related Auxiliary Materials

Having started the VONA Business, it has become possible to globally connect the needs of customers who want to efficiently procure various products used at manufacturing and automation sites on a one-stop basis, with the needs of manufacturers of automation-related auxiliary materials who seek expanded sales channels beyond their own sales network as suppliers.

Domestic manufacturers we do business with **Over 3,000 companies**

We do business with more than 3,000 manufacturers in Japan, and boast the largest scale of product lineups for the manufacturing and automation industries.



An Abundant Product Lineup

We are reinforcing our product lineup to promptly respond to customer needs, which vary by region.

In addition, we have built e-commerce websites that are rooted in each region around the world. Today, we have e-commerce websites available in 16 countries and in 12 languages, handling more than 30 million products with 80 sextillion part configurations, making it possible to easily search, make quotations and order from a rich product lineup.

		Products Handled				
Manufacturing Business	FA Business	Shafts	Timing pulleys	Linear bushings	Flat belt conveyors	
	Locator devices and measurement equipment (OST* Business)	Set collars	Locating pins	Gears	Couplings	
Distribution Business	Die Components Business	Punches	Button dies	Ejector pins	Sprue bushings	
	VONA Business	Mechanical components and screws, bolts, washer and nuts	Sensors and switches	Pipe fittings	Screws, bolts and nuts	Castors
		Wiring, control and PC components	Connectors	Switches	Cables	Transformers
	Cutting tools and components for production machining	End mills	Hexagonal wrenches	Milling chips	Calipers	
	Packaging, logistics & storage materials and safety & protection, environmental & sanitary and office supplies	Carts	Work gloves	Parts cleaners	Laboratory equipment & supplies	

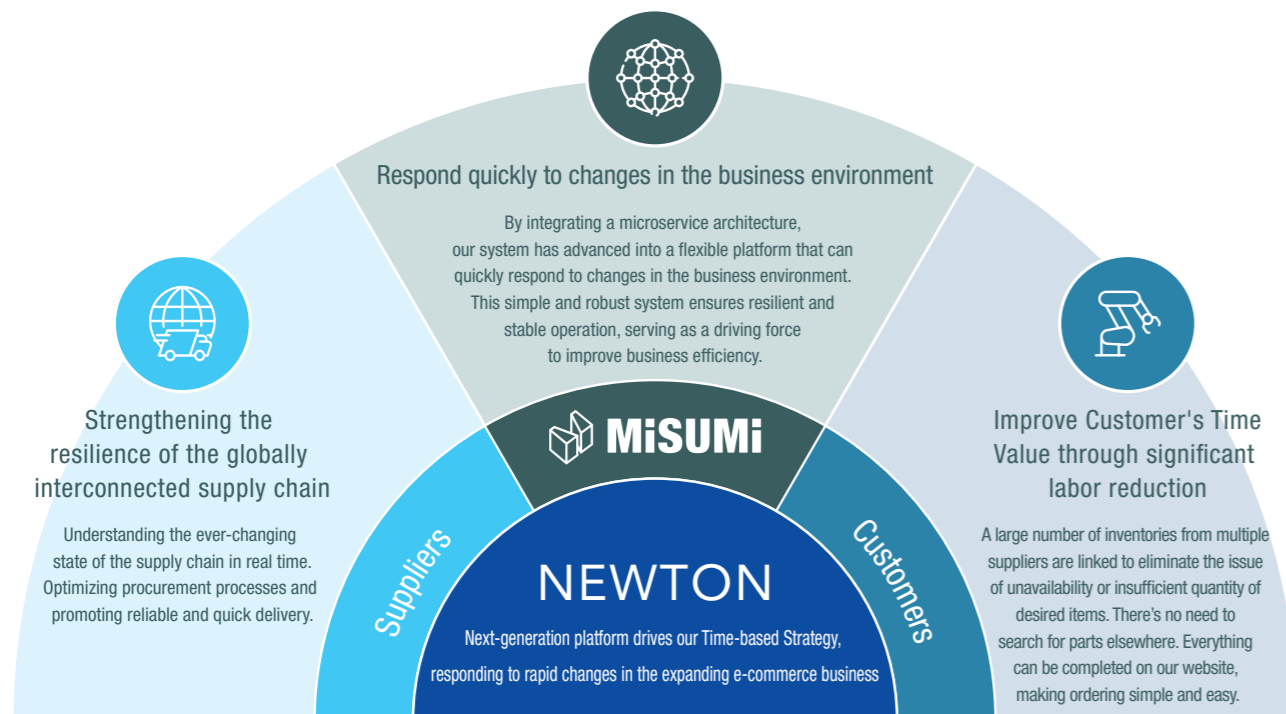
*Optical & Scientific Technology

A Solid IT Infrastructure Supporting MISUMI's Business MODEL

Whether it be for made-to-order or in-stock items, we have the capability to instantly provide our customers with prices and delivery dates for a product variation of 80 sextillion part configurations via our e-commerce platform. Indispensable to achieving this is digital innovation, both on the customer-facing front end and Company-side back end, which at its core consists of the automation-related production materials database accumulated since the Company's founding. In accelerating a shift toward a Digitalized MODEL, we have built a robust IT infrastructure that supports manufacturing and distribution businesses.

The Core System NEWTON Governing Our Time-based Strategy

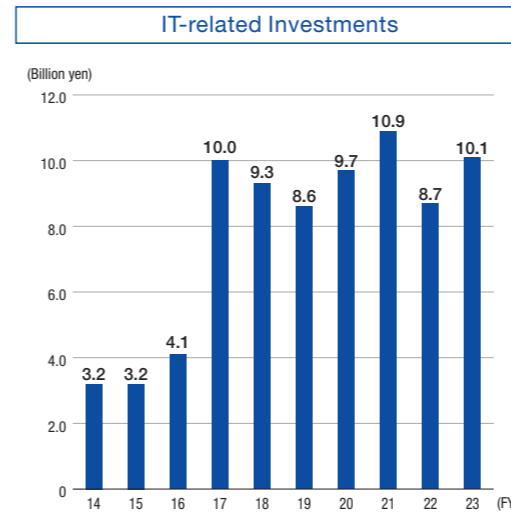
To improve Customer's Time Value, MISUMI has implemented and continuously strengthened its advanced IT infrastructure "NEWTON." This system ensures "flexibility" to respond quickly to environmental changes by adopting the latest multi-cloud technologies and integrating microservice architecture into our ordering system. By leveraging this IT infrastructure that can quickly respond to changes, we will continue to enhance Customer's Time Value.



NEWTON Accelerates the Advancement of the MISUMI MODEL

- ▶ Our system was completely revamped to a highly flexible architecture, significantly improving development productivity. The system development lead time and costs for new services have been reduced to approximately one-third compared to conventional methods, thereby supporting faster business operations and enhancing adaptability to changes.
- ▶ The introduction of a multi-cloud approach has enabled reliable and quick delivery of products even in the increasingly decoupled global supply chain. By pushing these initiatives further, operational re-engineering has assured the provision of higher value-added services to our customers.
- ▶ The low-code development platform adopted for the UI layer enables "on-site" development, closely aligning with customer needs. This allows us to provide user-friendly interfaces for our customers.

Accelerate IT Infrastructure Reinforcement through Proactive Investments that Support Further Business Growth



We have positioned "fortification of the IT infrastructure" as an essential assertive measure for sustainable growth and are actively working on IT-related investments.

In FY2017, we globally developed e-commerce websites optimized for customer needs in each region, customized screen designs and functions according to the business practices of each country, and improved searchability to enhance convenience. In FY2019, we moved the system entirely to the cloud. In addition to reducing costs, this further improved the reliability and flexibility of core systems and networks.

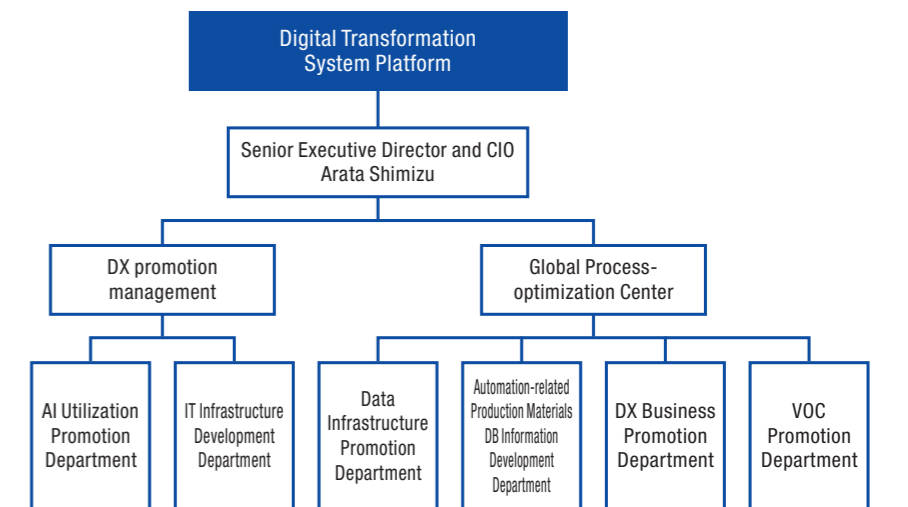
In addition, by utilizing this stable network, we are working on renovating the core system at all subsidiaries. We began implementation in Taiwan in FY2021, Thailand in FY2022, and Japan, our largest base, in FY2023. We aim to improve the development efficiency of more innovative services that realize the thorough elimination of inefficiencies for industrial automation customers. We will continue our efforts to further fortify our IT infrastructure by incorporating the most appropriate cutting-edge technologies.

Digital Transformation System Platform

In October 2020, the "Digital Transformation System Platform," an organization responsible for MISUMI's digital innovation, was established. Since then, we have been fortifying our organizational structure. This platform is tasked to develop the core system, at the heart of MISUMI's Business MODEL, and takes the lead in promoting DX throughout the Company. We are also working to build a stable IT infrastructure common to all regions, including an IT organization of cross-divisional collaboration that spans the globe.

In addition, the organization supports MISUMI's mission of "globally reliable, quick delivery" through a wide range of initiatives, such as ramping up development cycle speed and enhancing security.

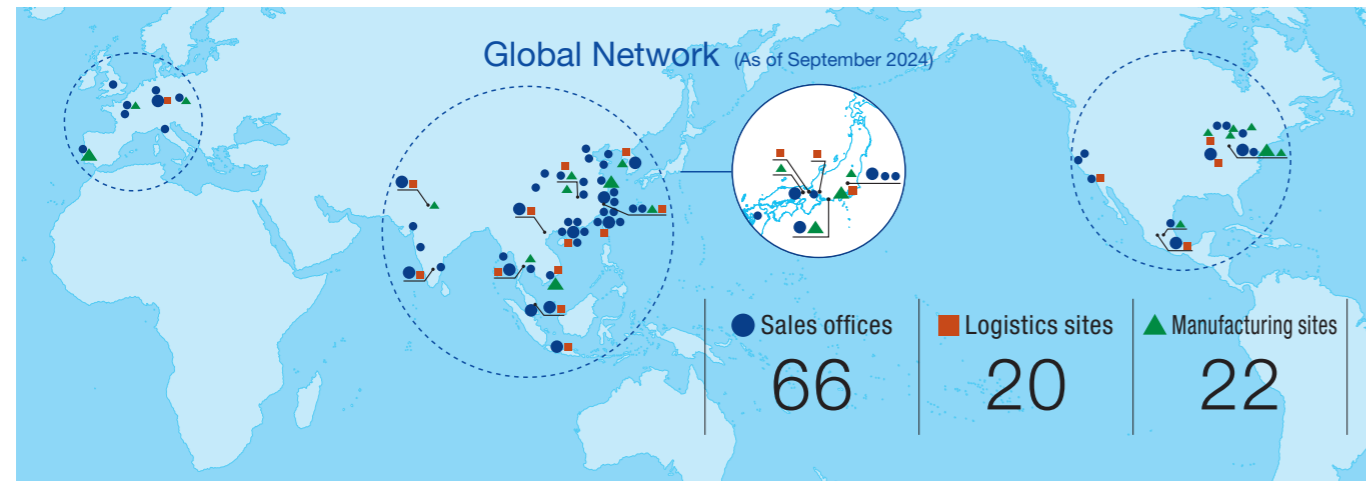
Moreover, Senior Executive Director and CIO Arata Shimizu assumed the position of Representative Corporate Officer in June 2024, and he will proactively proceed with further bolstering our organizational structure and building an IT infrastructure that will support future growth.



(As of August 2024)

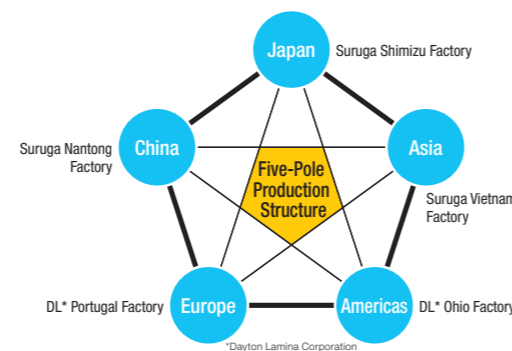
Enhancing Our “Globally Reliable, Quick Delivery”

To further bolster competitiveness and ensure a stable supply of products, it is essential to establish a reliable and quick system on a global basis. Therefore, to stay ahead of the curve in responding to strong demand for automation, we will enhance our five-pole production capacity in the five regions of Japan, China, Asia, the Americas, and Europe, as well our global logistics system to capture demand for quick delivery.



Five-Pole Global Production Structure

MISUMI Production System (MPS), developed in Japan, has been horizontally expanded overseas, transforming into a global five-pole production system. This system ensures reliable and 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.



Thorough Pursuit of “Time Value” with In-house Developed Machinery

MISUMI has constantly innovated its proprietary technologies to reduce lead times in its unique “variable mix and quantity” production system. It has been accelerating process improvements through in-house development. After introducing the machinery developed in-house, we significantly reduced the required equipment and human resources, dramatically reducing lead time.

Logistics: Leveraging Automation to Dramatically Improve Productivity

We are working to innovate our logistics operations on a global scale to build a more stable supply system.

In 2017, with the opening of the Central Japan Distribution Center, we introduced state-of-the-art automated operations to create a new logistics MODEL for global expansion. By introducing automation and operational innovation, we will achieve a higher level of reliable, quick delivery to win further customer trust. We will expand our MODEL to Europe, the Americas, East Japan, and China, aiming to strengthen our logistics infrastructure globally.

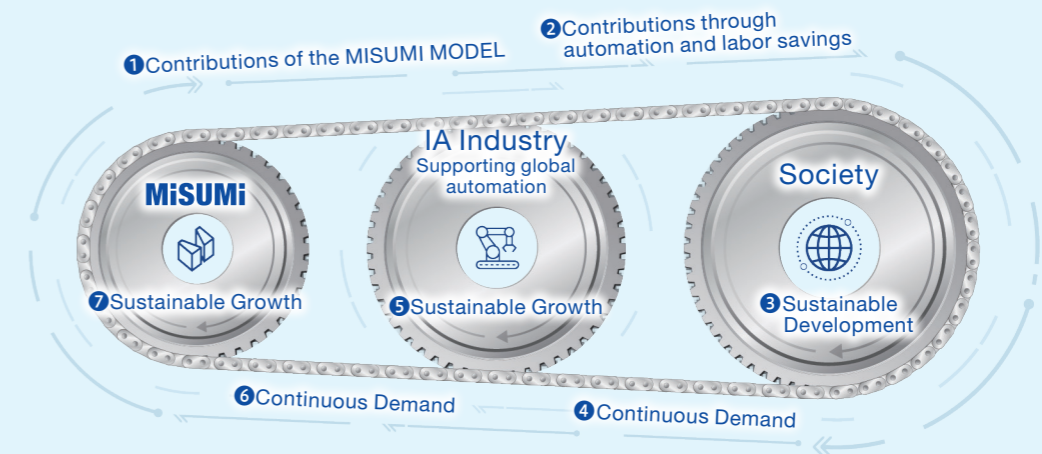
MISUMI’s Sustainability

Basic Policy of Sustainability

MISUMI Group has developed a unique Business MODEL which encompasses businesses like “FA” and “Die components” with business like “VONA” which distributes a wide range of products from production auxiliary materials to consumables.

Our business is focused on the industrial automation industry. We contribute to eliminating inefficiencies in this industry by helping customers and suppliers eliminate waste of all kinds. In addition, the industrial automation industry has realized automation and labor-saving of various economic activities and is indispensable in contributing to the sustainable development of society. The sustainable development of society creates demand in the industrial sector, creating new opportunities for MISUMI.

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



Our approach to sustainability

We contribute to the development of the industrial automation industry by eliminating inefficiencies in the entire supply chain and business processes from the “time” perspective. We have built a supply chain that serves more than 300,000 customers globally. We provide “Time Value” that reduces various wastes and man-hours in the industrial world by realizing “reliable and quick delivery”. To continuously improve the value of time, 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 infrastructure, including production, logistics, and IT, and the establishment of human resources infrastructure to support this Business MODEL.

Initiatives to support the sustainable growth of the industrial automation industry

The parts for automation equipment and devices are unique. Creating drawings, quotations, 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 realizing reliable, quick delivery on a global scale, even for a single part, we can reduce unnecessary inventory and eliminate production and operation opportunity losses. Furthermore, by providing digital services linked to 3D CAD, we have reduced the amount of waste and man-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 innovation” in the industrial automation industry.