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Building a unique competitive advantage from the synergy of accelerating the “Digital MODLE Shift” and region-specific growth strategies

Competitive advantages that allow us to offer reliable and quick delivery in the global market

MISUMI Group has developed a unique Business MODEL as both a “manufacturing business” with functions for manufacturing and selling components for FA equipment required for industrial automation as well as die sets and automation-related production auxiliary materials and a “distribution business” that sells a wide range of third-party manufactured products from automation related auxiliary production materials to consumables.

At industrial automation sites, failure to supply even a single mechanical part can delay the start-up and operation of automation lines and significantly affect business plans. Moreover, as the demand for automation in the global industrial world accelerates, very few suppliers can provide customers with “reliable and quick delivery” of made-to-order machined parts that meet micron-level dimensional specifications and a wide selection of third-party brand products through a global network.

Our greatest mission is to provide our customers with “reliable and quick delivery,” or “Time Value,” by eliminating inefficient procurement processes for parts used in automation facilities and equipment and by providing them with “predictable delivery dates” when they place an order with MISUMI. To realize this social mission on a global scale, we are pursuing a “time-based strategy” to become a Company with a competitive advantage in terms of business model, organization, business strategy, and operations.

Results for FY2023

During FY2023, the global economy continued to be challenged with soft global investment demand, particularly in the manufacturing sector. In China, demand remained generally soft due to uncertain economic conditions, and in Japan and Asia, with the exceptions of some areas, demand remained weak but showed a gradual recovery trend toward the end of the period. On the other hand, in Europe and the US, geopolitical risks and other economic slowdowns led to a deceleration starting in the second half of the fiscal year.

In this economic environment, MISUMI Group is leveraging its unique Business MODEL, which encompasses manufacturing and distribution businesses. By advancing the business foundation that supports these businesses globally, we are contributing to industries related to automation demand, particularly the manufacturing industry, by responding to customers' needs for reliable and quick delivery.

To further strengthen our solid business foundation in IT, production, and logistics, and our global network of locations, we have implemented a renewal of our core system in our largest base, Japan. At the same time, while we continued to accelerate the development of new businesses, including new products and services, consolidated net sales for FY2023 were ¥367,649 million

Capital policy

With our employees' drive to take on challenges as our starting point, the Group strives for Growth Chain-reaction aspired management in order to contribute to the sustainable growth of our customer, the IA (Industrial Automation) industry, and to support the sustainable development of society through automation and labor-saving in the IA industry.

To achieve this, we are actively investing in growth in regions, businesses, and the development of new

(1.5% decrease year-on-year) due to the impact of weak global demand for capital investment.

By segment, sales in the FA business in Japan managed to maintain the same level as the previous year, but overseas sales were soft, particularly in China. This resulted in net sales of ¥118,219 million (3.0% decrease year-on-year). In the Die Components business, sales were generally soft throughout all regions; however, Asia and Europe were able to capture automotive-related demand and sales impacted by exchange rates. This resulted in net sales of ¥79,932 million (1.0% increase year-on-year). In the VONA business, sales in Japan were in line with the previous year but overseas sales, particularly China and Asia, remained challenged due to the slowdown in customer factory operations. As a result, net sales were ¥169,497 million (1.5% decrease year-on-year).

In terms of profit, operating income was 38,365 million yen (17.7% decrease year-on-year) and ordinary income was ¥41,265 million yen (13.7% decrease year-on-year) due to a decrease in sales volume and an increase in expenses related to the introduction of a new core system for Business MODEL innovation. Net income attributable to owners of parent totaled ¥28,152 million yen (17.9% decrease year-on-year).

products and services, as well as working to advance our Business MODEL that contributes to increasing Customer's Time Value. In addition, to increase corporate value over the medium to long term, we will accurately assess the cost of capital and aim to widen the equity spread so that return on capital exceeds the cost of capital. To that end, we will strike a balance between growth investments from a medium- to long-term perspective and the return of profits to our shareholders.

Shareholder returns

Dividends

As for dividends, we changed the dividend target payout ratio from the previous target of 25% to 30% regarding the year-end dividend for FY2023, considering the expansion of our management base, the strengthening of our financial position, and the improvement of capital efficiency. At present, we expect the annual dividend for FY2024 to be ¥36.62 per share, which would be an increase of ¥9.15 (+33.3%) year-on-year, and set a new record high.

Share repurchases

With respect to share repurchases, we intend to have the flexibility to repurchase shares depending on our cash reserves, growth investment opportunities, stock market trends and other conditions.

The purpose of this share repurchase is to enhance shareholder returns and implement a flexible capital policy.

Forecast for FY2024 and principal initiatives

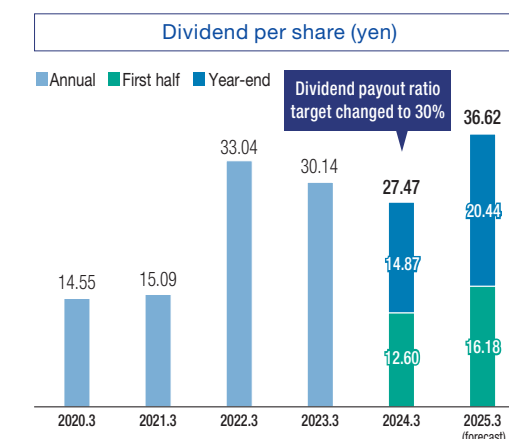
In FY2024, the global and Japanese economy are expected to face an uncertain business environment amid continuous shifts toward regional blocs in the global supply chain. However, in the industrial sector, there are high expectations that demand for automation will continue to increase globally, as various social issues are addressed.

To meet these customer needs, we will continue to advance our IT, production, and logistics business foundations and further refine our "globally reliable, quick delivery." In addition, in order to increase Customer's

Time Value, we will accelerate the development of regional markets, new businesses, new products, new services, and more, as well as promote the creation of a Digital MODEL that is suited to each market so that we can respond to the varying needs of different markets.

In FY2024, net sales are forecast at ¥393.0 billion, operating income at ¥46.0 billion, and net income attributable to owners of parent at ¥34.4 billion.

Principal initiatives for FY2024 are shown in the next section.



Details of matters relating to the share repurchase

Maximum total amount of repurchase:	¥20 billion
Maximum number of shares to be repurchased:	12,000,000
Repurchase period:	From May 17, 2024 to November 29, 2024

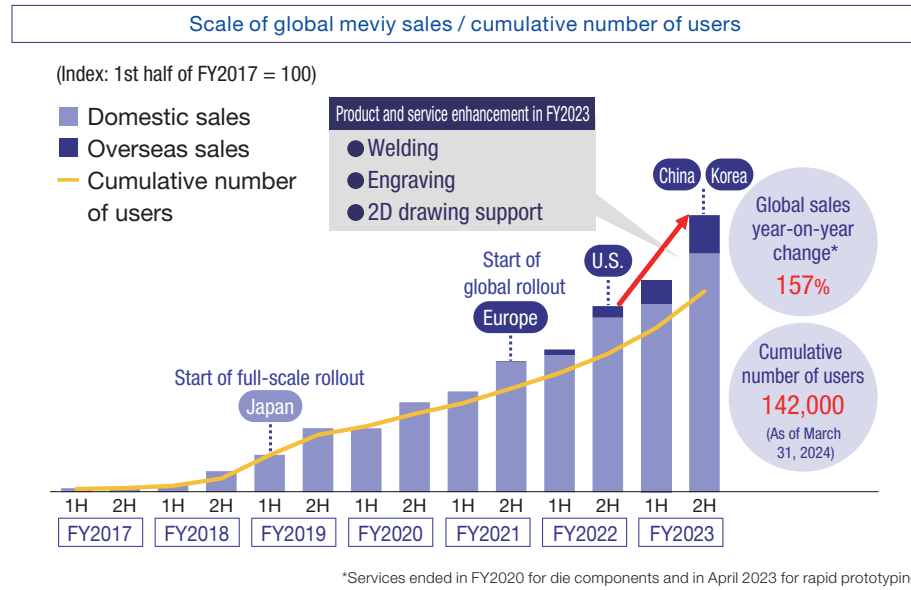
Business Overview

● Digital MODEL Shift Part 1

Accelerating the global rollout of meviy

The global rollout of “meviy,” a service that offers instant quotes and the fastest one-day shipping by simply uploading product design data (3D CAD data), is progressing smoothly. This development, which began in Europe at the end of FY2021, moved on to the U.S. in FY2022, and began a full-scale rollout in China and South Korea in FY2023. Both sales and user numbers continue to grow, reaching 142,000 users worldwide as of March 31, 2024, with global sales growing 157% year-on-year. We will continue to strengthen our product enhancement and system integration capabilities in order to continuously respond to the diverse needs of our customers, while also launching new initiatives that leverage our existing strengths to accelerate our global growth.

meviy <https://meviy.misumi-ec.com/ja-jp/>

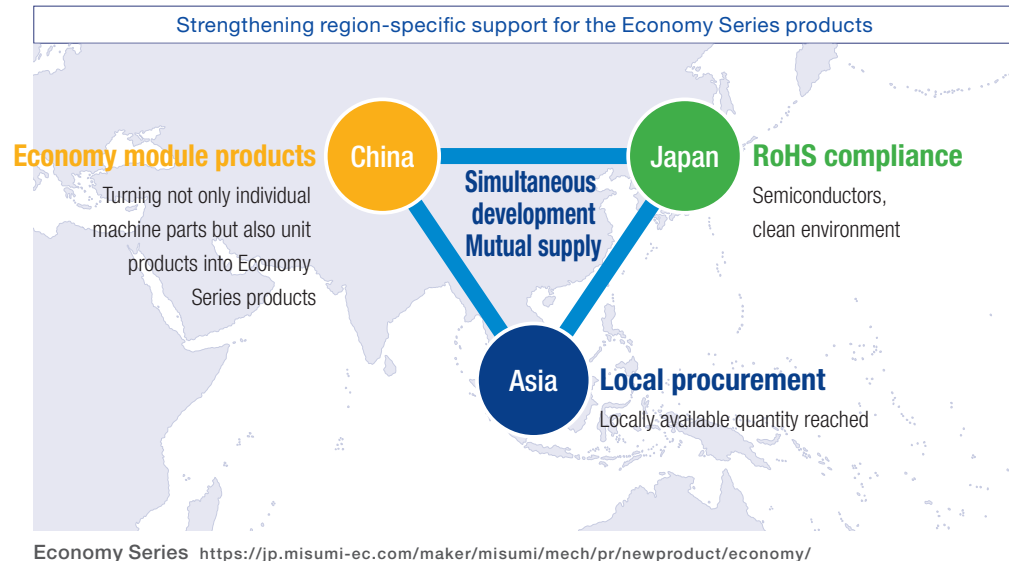


● Digital MODEL Shift Part 2

Further strengthening the “Economy Series” products to meet demand for mid-range products

As the demand for mid-range products will continue to grow, we offer the highly competitive Economy Series products originating from China in the three regions: China, Asia and Japan. We aim to accelerate penetration into each market by enriching our product lineup through product development and promoting a differentiated

approach. In Japan, where the full rollout has begun, significant enhancements are being made to the aluminum frame product group, which has the highest affinity with the Economy Series products. To realize synergies, we have simultaneously released general catalogs for aluminum frames and the Economy Series products.



Economy Series General Catalog

Economy Series <https://jp.misumi-ec.com/maker/misumi/mech/pr/newproduct/economy/>

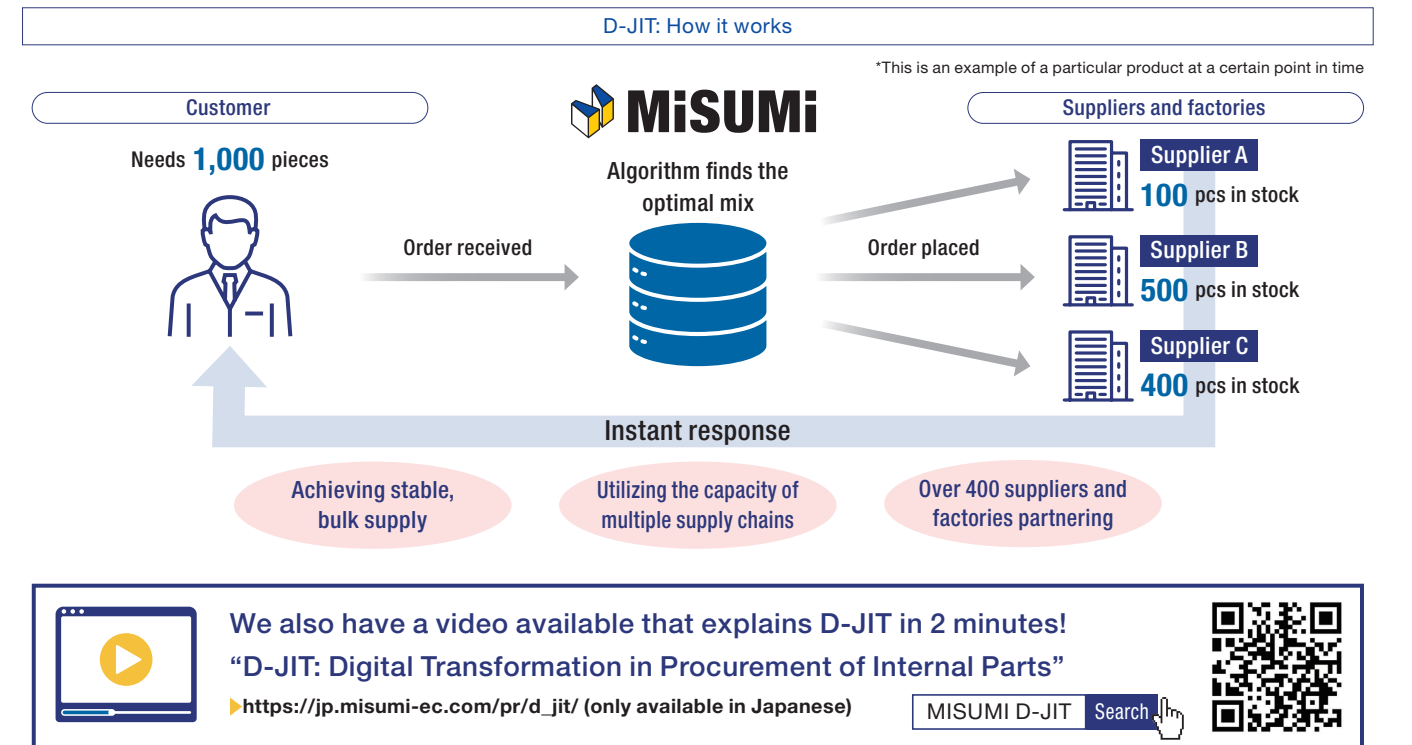
● Digital MODEL Shift Part 3

Starting full-scale operation of “D-JIT,” which can respond to large-scale procurement

We have begun full-scale operation of “D-JIT*,” a new service that innovates the customer procurement process. Until now, when customers wanted to procure a large number of parts, the coordination required to search through multiple suppliers and e-commerce websites to gather all the parts was a tremendous undertaking. To help meet

customers’ desired quantities, MISUMI has changed from “MISUMI for Small Quantity and Quick Delivery” to “MISUMI for Large Quantity, Too” and by leveraging our IT capabilities, we will build a “dynamic” supply system, starting from Japan and expanding globally.

*D-JIT stands for “Digital version of Just in Time.”



Region-specific growth strategies drawn, we strive for the next high growth by leveraging our strength of globally reliable, quick delivery

The Group continues to strengthen and enhance its products and services while innovating the business foundation in the pursuit of thorough revenue management. In addition to aiming for our next high-growth stage

through our strengths in globally reliable and quick delivery, we will accelerate “region-specific MODEL innovation” to meet each region’s unique requirements. We look forward to your continued support.

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