

Value Creation Narrative

Message from the CEO



**Powerfully driving the Digital MODEL Shift,
aiming to serve as the Industrial Foundation
that underpins Monozukuri**

President and CEO
Ryusei Ono

Enhancing Our Adaptability To Change Amid Growing Uncertainty

MISUMI Group's mission has always been to maximize Customer's Time Value through process innovation in the Monozukuri industry. By leveraging digital technology to transform procurement processes, we are committed to ensuring "Reliable and Quick Delivery" and contributing to the overall advancement of Monozukuri industry.

Management is constantly confronting uncertainty. Since I assumed the role of President in 2013, I have faced changes beyond expectations over the past decade, such as the COVID-19 pandemic, Russia's invasion of Ukraine, and turmoil in the Middle East.

In particular, today's U.S.-China trade conflict and tariff policies directly affect our customers' investment decisions and have a significant impact on our business. It is not easy to judge when to accelerate and when to apply the brakes in response to changes in the external environment, but I believe that we must always do our best by flexibly assessing social conditions and the market.

In FY2024, despite an environment marked by ongoing geopolitical risks and forex fluctuations, we drove forth the "Digital MODEL Shift" ^{*1} and the "region-specific growth strategy," ^{*2} resulting in record-high sales of 401.9 billion yen. Operating income was 46.4 billion yen, and the operating margin improved to 11.6%. By region, China and Asia achieved high growth, compensating for sluggish performance in Europe and the Americas.

On the other hand, looking at the past several years, it is undeniable that growth has shown signs of slowing and precisely because the world is growing more uncertain, we are pushing for a fundamental restructuring of our Corporate Management Framework to further enhance our Dynamic Capabilities.

^{*1} A growth strategy that combines IT readiness and Monozukuri industry expertise to meet individual customer needs through mass customization.

^{*2} A growth strategy that responds to different customer needs in each global region.

Transforming the Entire Monozukuri Industry's Processes through the Digital MODEL Shift

MISUMI does not issue medium- to long-term management plans, which often come up in questions and feedback. This policy demonstrates our commitment to making optimal and agile decisions tailored to each circumstance, rather than focusing solely on formal plan execution to meet predetermined numerical targets following prolonged planning efforts. For stakeholders, we prioritize clear communication of our growth narrative and strategic direction for the medium to long term.

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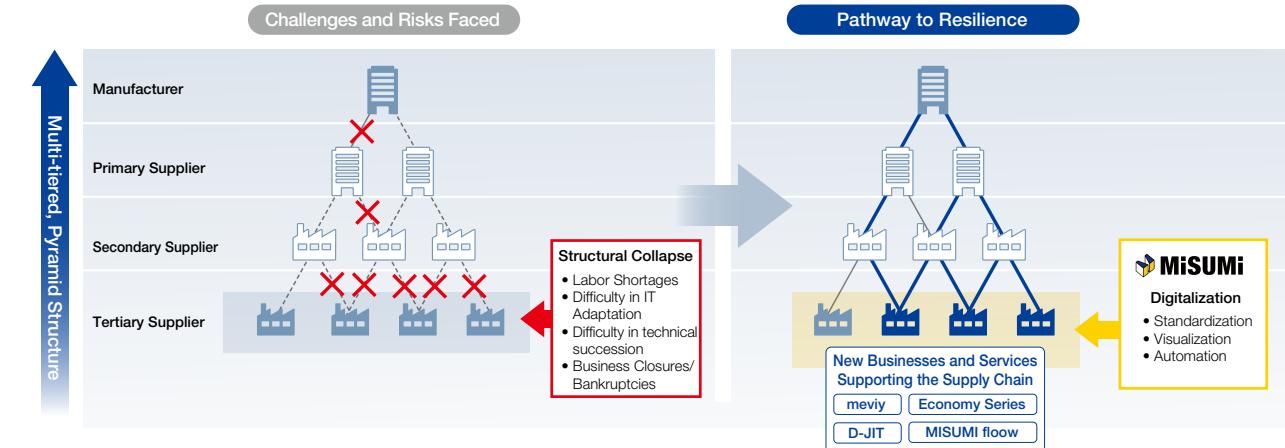
Our objective is to establish ourselves as the Industrial Foundation supporting the broader Monozukuri industry, which operates as a pyramid with set manufacturers at its apex and small to medium-sized enterprises forming the essential base. These enterprises, our primary customers, are instrumental in sustaining this foundation. The industry currently faces several challenges, including labor shortages, delays in digital adoption, and complexities in sourcing small quantities of diverse components—issues that exceed the capacity of any single organization to resolve independently. MISUMI addresses these concerns by consolidating solutions through its products and services. The advancement of our Business MODEL to effectively meet these needs represents a strategic priority for our Company.

While carrying forward our founding principle of “creating Customer’s Time Value,” my role in management is driving the “Digital MODEL Shift” even further by harnessing IT and AI to realize businesses and services that were not possible with conventional approaches. This is not simply a matter of partial digital efficiency; it is an initiative that seeks to fundamentally transform the conventions of the industry.

Specifically, we have already fully launched three services: “mevy,” “Economy Series,” and “D-JIT.” mevy is a digital parts processing service that enables customers to upload 3D data for custom machine parts; tasks that previously required manual handling and receive instant AI generated quotations, with shipments available in as little as one day. The Economy Series offers competitive pricing by rigorously re-examining the specifications, catering to mid-range market needs and helping eliminate inefficiencies for a broader customer base. D-JIT provides supply solutions for medium- and large-volume manufacturing components, integrating inventory data from over 700 Japanese and overseas suppliers alongside our internal production capabilities, visualizing dispersed market inventory data in real time.

These initiatives expand the scope of mass customization that MISUMI has been pursuing since its founding. While our Time-based Strategy is often associated purely with shortening lead times, customers’ needs are in fact far more diverse. In some cases, rather than simply demanding Reliable and Quick Delivery, customers specify their desired dates and times. When we are given such flexibility, we deliver products at more reasonable prices. This series of highly complex operations is supported by our Digital Transformation (DX) strategy, which we believe constitutes a Business MODEL that is extremely difficult to replicate. These efforts have been producing steady results, with sales driven by digital initiatives continuing to grow.

Strengthening the Monozukuri Supply Chain



Expanding Our Business Domain with Upstream and Downstream Strategies

One of the key strategic initiatives we are pursuing involves extending our business domain beyond the “midstream” segment of manufacturing to encompass both the “upstream” and “downstream” segments. Our customers span the entire Monozukuri industry, with a global customer base exceeding 320,000 companies. However, in practice, our business transactions are primarily limited to departments involved in the production of manufacturing equipment, which represents the “midstream” segment and accounts for only a small portion of the entire Monozukuri industry. Looking ahead, our goal is to become a partner capable of providing seamless services across the entire value chain, from the early stages of product development and prototyping (“upstream”) to mass production processes (“downstream”).

For our “upstream” expansion, we acquired Fictiv, based in California, USA, in June 2025. Fictiv specializes in the product development domain and has established strengths in custom mechanical components for prototyping and small-lot production. By leveraging Fictiv’s expertise, MISUMI aims to expand its reach within the custom parts segment. While valuing Fictiv’s entrepreneurial culture, we will support its continued growth through MISUMI’s robust Business Foundation and strive to maximize synergies between both organizations.

A further objective of this acquisition is to leverage Fictiv’s expertise in artificial intelligence (AI). AI represents a technology that

aligns closely with our business operations and is pivotal for our future growth. We have now established a generative AI R & D center at Fictiv, drawing top talent and creating a global framework for the adoption of cutting-edge technologies.

Downstream expansion is being driven by “MISUMI floow,” following development in China, was launched in Japan in April 2025. As the fourth initiative in our Digital MODEL Shift, following mevy, the Economy Series, and D-JIT. MISUMI floow mainly targets mass production factories, optimizing the procurement of manufacturing components and achieving overall cost reduction.

Manufacturing components tend to be overlooked in procurement priorities compared to direct materials due to their low unit price and sheer variety, but MISUMI floow addresses inefficiencies that have thus far been ignored.

Customer response in both Japan and China, where it has been rolled out, has been positive, and adoption is progressing at a faster pace than expected. Going forward, we will simultaneously expand the regions where it is introduced and enhance our service offerings, making it the core of our downstream strategy and striving to increase Customer’s Time Value in the mass production process.

Growth Chain-reaction Aspired Management Starts with Employee Challenges

The driving force behind the ongoing refinement of our Business MODEL is, without a doubt, the individual challenges undertaken by each employee. When employees strive to improve their work and

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skills, delivering results that create value for customers, it builds trust. This value is then returned to society, leading to the expansion of our customers' businesses, and ultimately cycles back to fuel our own growth. This virtuous cycle, which starts with employees taking on challenges connecting the growth of our Company, the Monozukuri industry, and society, is referred to as Growth Chain-reaction Aspired Management, as stated in our management philosophy. It embodies MISUMI's commitment to contributing to the sustainable development of society.

This is why developing talent is one of our most important strategic priorities, and I am personally deeply committed to this effort. In particular, the MISUMI Strategy School for management personnel is an expanded continuation of the Strategy Seminar established by Chairman Emeritus Tadashi Saegusa. I also serve as an instructor, engaging directly in person to help enhance the management literacy of our next generation of leaders.

Currently, to further strengthen our adaptability to change, we are reviewing our Company-wide systems and structures. We have formulated a growth strategy, updated our integrated profit management system, and are now entering the stage of transforming the organization itself. We are also making significant revisions to our personnel and evaluation systems to support employees who think independently, act proactively, and embrace new challenges.

As a first step, we introduced the Next Challenge Program in FY2023. This HR initiative empowers employees to take ownership

of their own career paths, taking the next step in their professional journeys, serving as the cornerstone of our future talent strategy. By resetting current positions and enabling all employees to apply for roles and responsibilities they aspire to, we encourage personal growth and foster greater internal mobility. In fact, about 20% of our employees experienced a job transfer in FY2024. Our goal is to become the world's Best Place To Grow, where employees can achieve their full potential.

Capital Policy and Governance

In our capital policy, we place emphasis on shareholder returns and investments in a balanced manner, for sustainable growth.

Specifically, beginning in FY2025, we increased our dividend payout ratio to 35% from the prior level. Additionally, to improve capital efficiency, we have decided to acquire treasury stock. Due to advances in cash management, we have been able to reduce on-hand cash, including BCP reserves, from approximately 100 billion yen to around 70 billion yen. The difference is being allocated to shareholder returns, and we are flexibly conducting share buybacks with an upper limit of 25 billion yen or 17 million shares.

On the other hand, our capital policy is not focused solely on short-term profits. I believe there are times when we should invest, even at the expense of short-term profits. Through a balanced approach to growth investments and shareholder returns, we will deliver returns that surpass our cost of capital and seek to increase our equity spread.

Soundness and transparency in governance are being enhanced at both the Board of Directors and executive levels. Currently, Outside Directors constitute 40% of the Board; meetings are characterized by dynamic discussions that are not predetermined, rather than mere formalities. To enhance their understanding of frontline operations, we occasionally hold Board meetings at factories or logistics sites, integrating these sessions with on-site inspections. Furthermore, we provide numerous opportunities for Outside Directors to have individual dialogues with senior management, ensuring that diverse perspectives are reflected in our management approach.

On the execution side, we are advancing the introduction of new systems aligned with organizational reforms. Participation of executives from other business units is now mandatory in each business unit's management meetings. Through open discussions and collective decision-making, we strive to establish an even higher standard of governance.

Becoming a Foundation Supporting the Sustainability of the Monozukuri Industry

Our commitment to acting as an Industrial Foundation stem from a strong desire to make the Monozukuri industry more sustainable. Small and medium-sized enterprises, which form the backbone of manufacturing, will continue to face challenges unless innovation in manufacturing and procurement processes advances. If the foundation of the industry weakens, there is a risk that traditional supply chains may cease to function.

These challenges are not unique to Japan; they are also common in the United States, Europe, China, and other regions, where younger generations are increasingly moving away from manufacturing. That is why the MISUMI Group aims to contribute to the sustainability of the Monozukuri industry by supplementing the functions of small and medium-sized enterprises with new digitally driven MODELS and strengthening supply chains globally.

Ultimately, our goal is to serve as the Industrial Foundation that underpins the Monozukuri industry from the ground up. Like electricity or water, we strive to be an essential part of daily life—so much so that customers may not even be conscious of “using MISUMI,” yet can always count on receiving the necessary parts reliably when needed. We aim to provide peace of mind and trust.

To realize this ideal, we remain committed to continually innovating our Digital MODEL Shift initiatives and maximizing Customer's Time Value. We hope all stakeholders will look forward to our Group's further growth and share candid opinions on our initiatives.

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Trajectory of Business MODEL Innovation

Since its founding, MISUMI has achieved growth by pioneering the MISUMI MODEL, an innovative approach that redefines traditional business processes in the Monozukuri industry. In recent years, we have accelerated digital transformation by introducing a series of IT-enabled and AI-powered services. Looking ahead, the acquisition of U.S.-based Fictiv in 2025 and subsequent expansion of our business domains are expected to fuel further growth.

Net Sales Progression

1977
Launched the standard components catalog for press dies

1988
Launched the standardized components catalog for automation machine parts

1994
Listed on Tokyo Stock Exchange (Second Section)

1998
Listed on Tokyo Stock Exchange (First Section)

2005
Merged with SURUGA SEIKI Co., Ltd.

2009
Developed an e-Commerce Platform

2010
Launched the VONA Business

2012
Acquired U.S. die and mold components manufacturers

2014
Shortened standard delivery time to two days

2016
Launched a 3D CAD integrated service

2019
Renewed the Core IT system

2025
Acquired Fictiv (U.S.)

1980

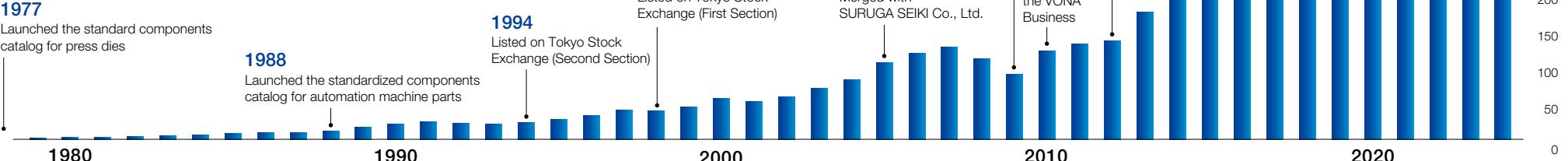
1990

2000

2010

2020

(JPY Billion)



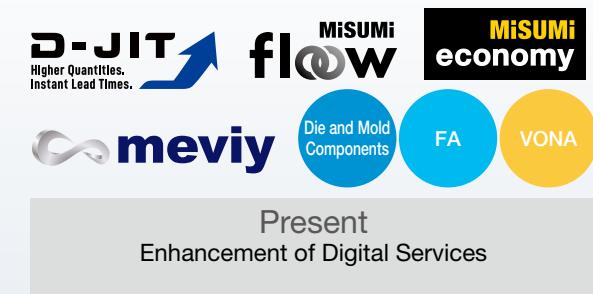
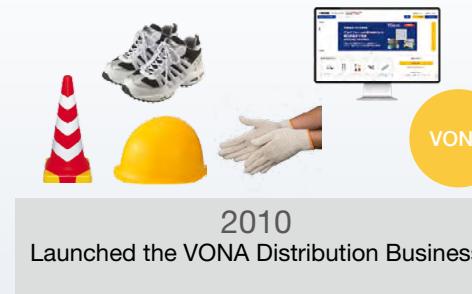
① Catalog sales + Product standardization

② Full-scale global expansion & e-Commerce Platform

③ Digital MODEL Shift



*Standard mechanical parts for Factory Automation (current)



Monozukuri : Driving Global Growth

Since the Industrial Revolution, Monozukuri has remained the driving force behind global economic growth. In postwar Japan, manufacturing industry has led economic development and, even today, it continues to account for around 20% of Japan's nominal GDP. Internationally, Japanese companies maintain a strong competitive edge in the market for products and components.

Amid growing demand for automation that supports Japan's advanced technological capabilities, MISUMI has supplied so-called manufacturing components, such as mechanical parts that are incorporated into devices and equipment used to manufacture final products. While procurement of these manufacturing components is essential to Monozukuri, the process is riddled with inefficiencies and waste, which have become obstacles to improving productivity.

Enhancing Customer's Time Value Globally

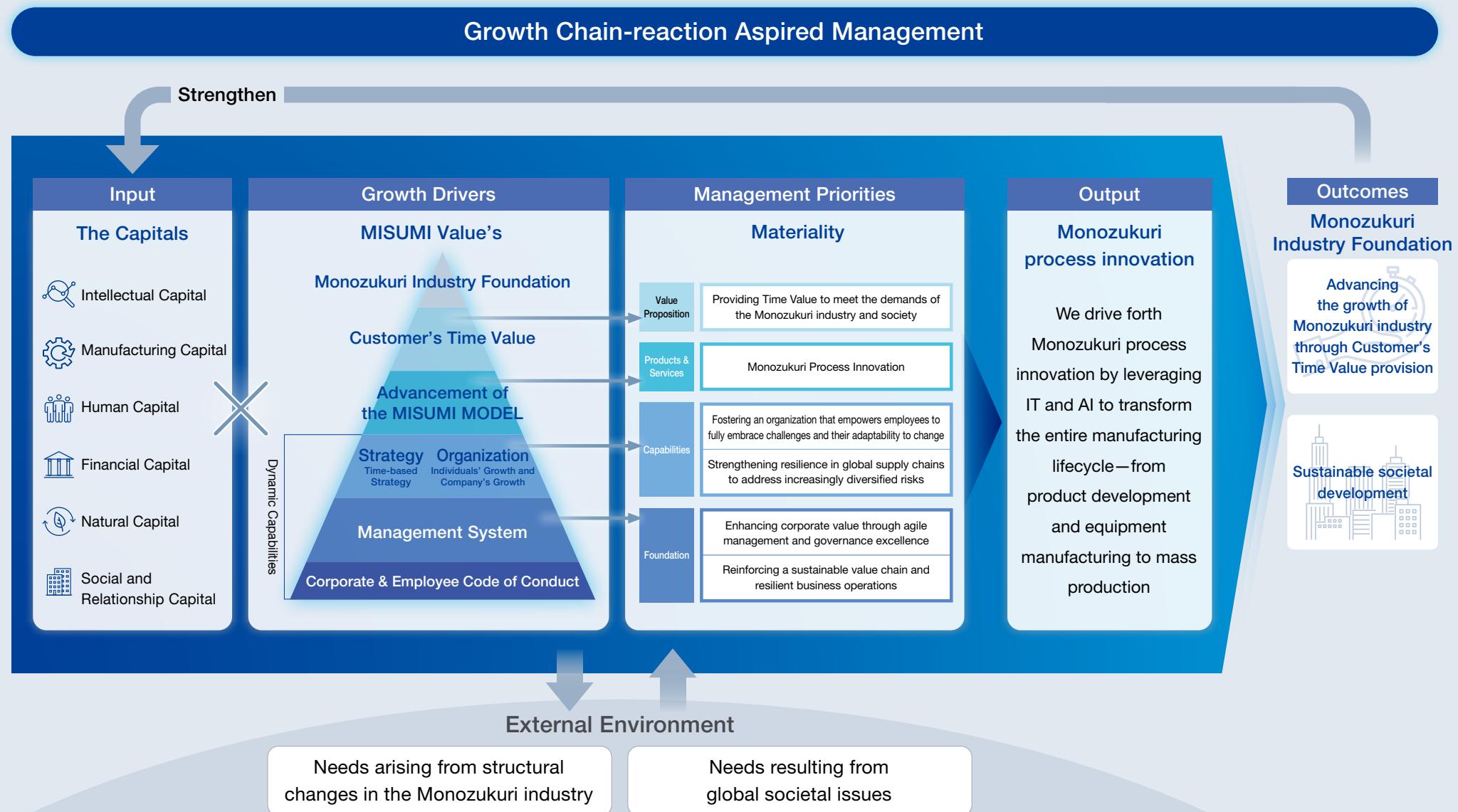
Since publishing Japan's first catalog of press die standard components in 1977, MISUMI has continued to revolutionize procurement processes, eliminating inefficiencies and waste for manufacturers. Today, in addition to challenges such as declining labor populations and tighter working hour regulations, achieving higher productivity within increasingly constrained working hours has become a critical challenge for manufacturing worldwide. MISUMI is enhancing its capabilities not only by offering IT-enabled one-stop procurement platform and expanding ensuring stable product supply but also by leveraging IT to deliver one-stop procurement and by rolling out new digital services globally. We aim to serve as an Industrial Foundation that serves Monozukuri across the world.

[Growth Strategy](#)

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Value Creation Process

With employees' challenges as the starting point, MISUMI aims to realize Growth Chain-reaction Aspired Management, where MISUMI, the Monozukuri industry, and society grow and develop together. We aim to maximize our managerial capital through the MISUMI Value's and drive process innovation in Monozukuri, thereby providing value as the foundation that serves the Monozukuri industry.



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Accumulated Capitals

MISUMI has built a broad range of managerial capital in tandem with its business growth.

The Six Capitals: intellectual, manufacturing, human, financial, natural, and social & relationship, support our Management Foundation.

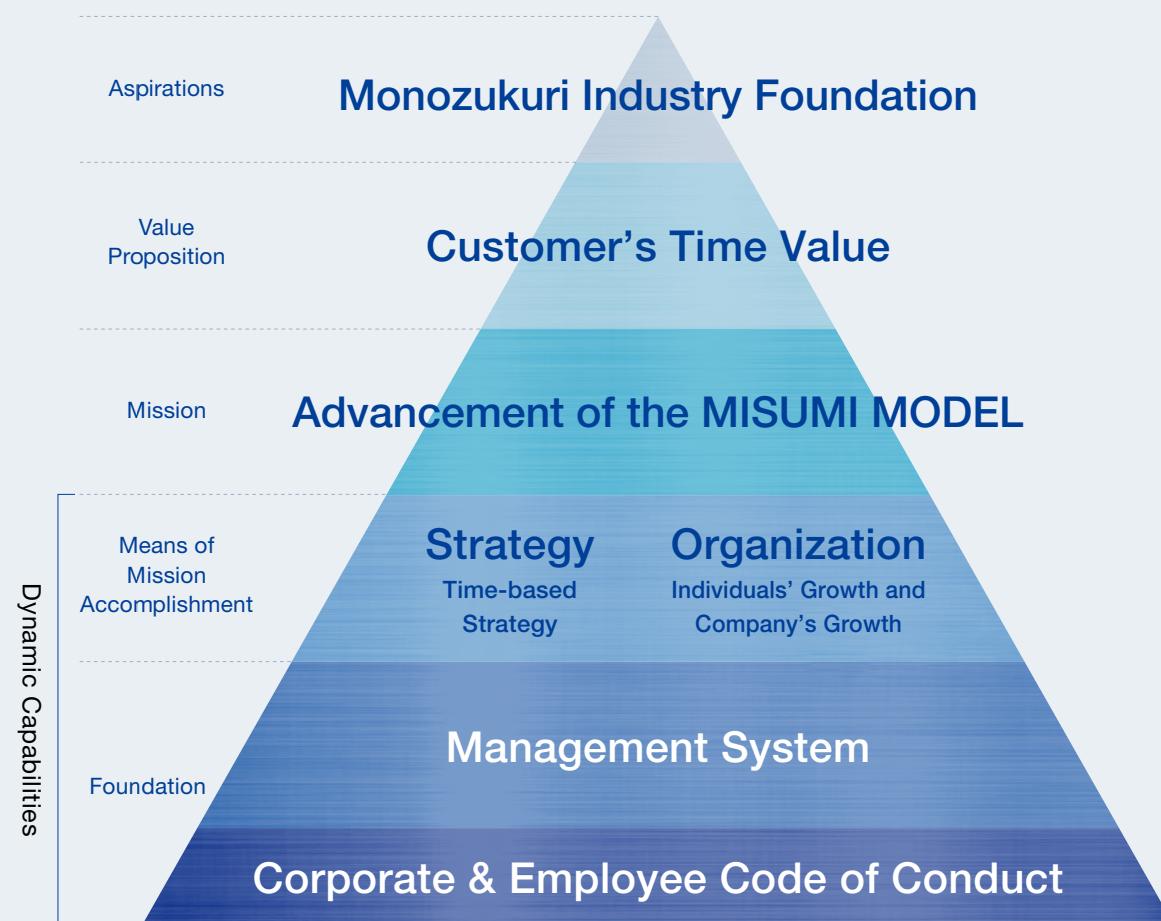
This fuels value creation generating a virtuous cycle that ultimately enhances our corporate value.

 Intellectual Capital	 Manufacturing Capital	 Human Capital	 Financial Capital	 Natural Capital	 Social and Relationship Capital
By fully leveraging IT and AI and utilizing diverse data through DX strategy, we continue innovating our Business MODEL to enable next-phase growth.	We enhance productivity through our established Global 5-Pole Production Structure, resilient logistics network, and automation deployment, enabling Reliable and Quick Delivery.	Guided by the human capital management philosophy, MISUMI strives to be the Best Place To Grow, aspiring to become the world's foremost growth-oriented company, where employees embrace challenges.	Building a highly profitable and robust financial foundation while continuously promoting initiatives to enhance capital efficiency, such as optimizing on-hand liquidity and maintaining appropriate inventory levels.	Contributing to the development of a sustainable society through value creation through environmentally conscious resource usage and the adoption of clean energy.	Realizing value-co-creative growth through initiatives to enhance supply chain management and active engagement with stakeholders.
IT Investment JPY 8.6 billion	Production Sites 22	Internal Mobility Rate 18%*2 (FY2023: 15%)	Shareholders' Equity JPY 304.2 billion	Energy Consumption 139,205MWh	Number of Customers Over 320K companies
R&D Expenditures JPY 4.1 billion	Logistics Sites 20	Employees' Willingness to Embrace Challenges 87%*3 (Previous survey: 80%)	Net Sales JPY 401.9 billion	Water Withdrawal 292 thousand m³	Number of Suppliers Approximately 3,000 companies
Number of DX-related Patents Granted 93*1	Production and Logistics Investments JPY 6.8 billion	Employees' Sense of Growth 75%*3 (Previous survey: 70%)	Operating Income JPY 46.4 billion	Solar Power Installation 6,172MWh	Investor Engagement 526 Interviews
*1 Includes those obtained in previous years					
*2 Internal mobility rate for MISUMI Japan, utilizing the Next Challenge Program					
*3 Results from an employee survey conducted at MISUMI Japan					
Carbon-free Electricity Introduced 15,936MWh					

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MISUMI Value's

We will realize Growth Chain-reaction Aspired Management through the systematization of MISUMI's management philosophy – MISUMI Value's; having integrated the concept of Dynamic Capabilities, our adaptability to change, thereby maximizing our managerial capital.



Our Aspirations

The Monozukuri industry is essential for the sustainable development of society. By serving as the Industrial Foundation for Monozukuri, MISUMI drives innovation in its customers' Monozukuri processes, thereby maximizing their Time Value.

Customer's Time Value

Faster, more accurate, and more efficient. MISUMI upholds a customer first approach centered on maximizing Time Value, encapsulated in our tagline "Your Time, Our Priority." We provide two forms of Time Value: Reliable and Quick Delivery and reduction in customers' workload, through Monozukuri process innovation, enabling customers to focus on higher value-added activities.

Advancement of the MISUMI MODEL

All MISUMI employees are committed to continuously refining our unique business model to achieve MISUMI MODEL innovation which provides greater Time Value to our customers.

Dynamic Capabilities (Adaptability to Change)

As the structure of the Monozukuri industry continues to evolve and global societal challenges shift, the organizational mindset and capabilities required of both the Company and its employees are essential for sustaining MISUMI's Growth Chain-reaction Aspired Management. To adapt to changes in the external environment and to maintain and strengthen competitiveness, we enhance three capabilities of broadly sensing, accurately seizing, and rapidly transforming.

Strategy and Organization

Strategy We continuously develop and advance our Time-based Strategy. By focusing on inefficiencies hidden in the Monozukuri industry's business processes and eliminating them through the lens of time. We are refining our approach to mass customization by fully leveraging digital technologies, enabling us to respond to customer needs with a level of ease and reliability that closely mirrors the experience as if selecting a standard product.

Organization Employees are most expected to continuously pursue next challenges, next tactical measures, and next roles: "Individuals' Growth", which transpires to MISUMI MODEL innovation and increased Time Value: "Company's Growth". Employees consistently prioritize Time Value, linking its improvement to their own personal growth.

Management System

To sustain our Growth Chain-reaction Aspired Management, we continue to enhance our global Dynamic Capabilities, our adaptability to change. We will enhance both the quantity and quality of individuals' challenges globally and bolster our prospects for success.

Corporate & Employee Code of Conduct

We have structured our codes of conduct into two frameworks: The Corporate Code of Conduct, which defines the behaviors expected of MISUMI as a corporate entity, and the Employee Code of Conduct, which specifies the principles and behaviors expected of each officer and employee.

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Message from the Officer Responsible for Sustainability Promotion

~MISUMI's Unique Approach to Materiality Setting~



■ Outlook for the Future

To enhance our adaptability to changes in the business environment, a new approach to materiality that aligns with our growth strategy was formulated. Clearly sharing MISUMI Group's aspired state internally and externally, and by fostering deeper dialogue, we will further strengthen and advance our Growth Chain-reaction Aspired Management.

Senior Corporate Officer, CFO Representative of Finance Platform Hub,
Toru Takanami

Background to the Revision of Materiality

In September 2025, MISUMI revised its materiality after engaging in more than a year of discussions. Originally, materiality was established alongside the Basic Sustainability Policy in 2021. At the time, prevailing ESG trends have guided our management approach, providing a clear and unwavering strategic direction for MISUMI. However, over time, it was recognized that the connection between this approach and our overarching growth strategy was not sufficiently integrated. Furthermore, the introduction of "Growth Chain-reaction Aspired Management" and "MISUMI Value's" highlighted the need to better clarify and organize how these elements relate to one another. This became particularly important as stakeholders, including investors, expressed a strong desire to gain a deeper understanding of MISUMI's growth strategy and its alignment with our core values and management practices.

Both external and internal environments have undergone significant changes. Given the increasing complexity of international affairs and climate change, it has become necessary to reassess the relationship between societal issues and our own management challenges. With the emergence of opaque risks and the rapid advancement of technology, strengthening our "Dynamic Capabilities," that is, our adaptability to change, is crucial for sustainable growth. In this revision, we have identified key issues from both societal and corporate perspectives and have realigned our materiality issues to directly support our growth strategy.

[Basic Sustainability Policy](#)

Synchronizing Growth Strategy and Materiality

Our initial priority when disclosing new materiality was to ensure that it is clearly understandable and aligned with our long-term vision and growth strategy, including the principles of MISUMI Value's. It also encompasses recent key strategies such as expanding business domains through acquisitions of Fictiv, as well as renewing our management systems. In formulating our materiality, we have redefined our business domain from what was traditionally referred to as "Industrial Automation Industry" to the broader "Monozukuri industry" clarifying our commitment to broadly supporting the entire customer value chain

from product development to equipment manufacturing and mass production. The acquisition of Fictiv to strengthen the product development domain was a crucial step in this direction, demonstrating our determination to expand our business domains.

The revised materiality is organized into four elements: "Value Proposition," "Products & Services," "Capabilities," and "Foundation." MISUMI's value proposition is rooted in the concept of "Customer's Time Value," which has been a continuous emphasis for the Company and serves as a key foundation geared towards the Monozukuri industry. Regarding products and services, MISUMI underscores its expertise in driving "Monozukuri process innovation." In addition, we carefully considered how IT and AI can support the Monozukuri industry from the ground up, bolster the resilience of the global supply chains, and acknowledge employees' willingness to embrace challenges and their adaptability to change within Capabilities. As these elements form the backbone of our business operations, we prioritize a sustainable value chain and sound governance – paying close attention to human rights risk management, ensuring fair transactions, and reducing environmental impact.

The most notable accomplishment of this revision is the seamless alignment of MISUMI's growth strategy with materiality, resulting in a clear and organized depiction of "What MISUMI aspires to become as a Company" for both internal and external stakeholders. This approach has also enhanced employees' understanding of the integrated value creation process outlined in our Integrated Report, effectively connecting the overarching growth narrative of "Growth Chain-reaction Aspired Management," the driving force behind "MISUMI Value's," and the current priority issues pertaining to materiality. To reinforce the impact of this framework, we have already initiated updates to our management systems and undertaken organizational restructuring. Looking ahead, we will establish KPIs and targets, driving Company-wide adoption and ensuring consistent implementation through line management.

Serving as a Nexus for Internal and External Voices

MISUMI is sometimes seen as being "cautious in its disclosure" but in practice, the senior Management thoroughly discusses and scrutinizes every single word and document to be released externally until they are fully satisfied. Our attention to language goes beyond mere expression; it is essential for accurately conveying the true nature of our business. With approximately 60% of our shareholders now being overseas institutional investors, strengthening our communication both in Japan and overseas has become even more important. For the distinctively Japanese concept of "Monozukuri," we have adopted the policy of intentionally using the romanized "Monozukuri" with an accompanying explanatory note, so that it can be properly understood on a global level.

Having engaged directly with many investors, I have received a diverse range of opinions and suggestions, including those related to ESG. As the Officer responsible for promoting sustainability, I see it as my duty to earnestly listen to these voices, share them within the organization, and accurately represent the Company's views externally, serving as a nexus. Acting as a bridge between internal and external stakeholders, I am committed to fostering meaningful dialogue and clearly communicating MISUMI's unique perspective to society.

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Materiality

Materiality Formulation Process

MISUMI formulated its materiality in FY2021. As the business environment has grown increasingly uncertain, we have continued to review emerging themes, focusing on how core strengths intersect with societal issues, the risks and opportunities present in our business activities, and focusing on how these connect to our Growth Chain-reaction Aspired Management. Since FY2024, both the Board of Directors and the Sustainability Committee have been continuously discussing updates to materiality.

Step 1

MISUMI Value's Formulation

To articulate our distinctiveness, we examined Growth Chain-reaction Aspired Management along with the implementation framework of MISUMI Value's, enabling us to clarify our long-term vision.

Step 2

Identifying Societal Issues

In the course of this review, we employed the Double Materiality framework. A matrix was established with two axes: one indicating the significance of achieving our long-term vision, and the other representing the societal issues identified by stakeholders as priorities. Drawing upon international standards such as SASB, GRI Standards, and the SDGs, we compiled an extensive list of pertinent issues. To evaluate their relevance to MISUMI, we conducted a survey among Directors, Auditors, and Executives-in-charge, ultimately refining the list to 26 material issues. Every issue was then analyzed with respect to its potential business risks and opportunities.

Step 3

Review from a strategic management standpoint

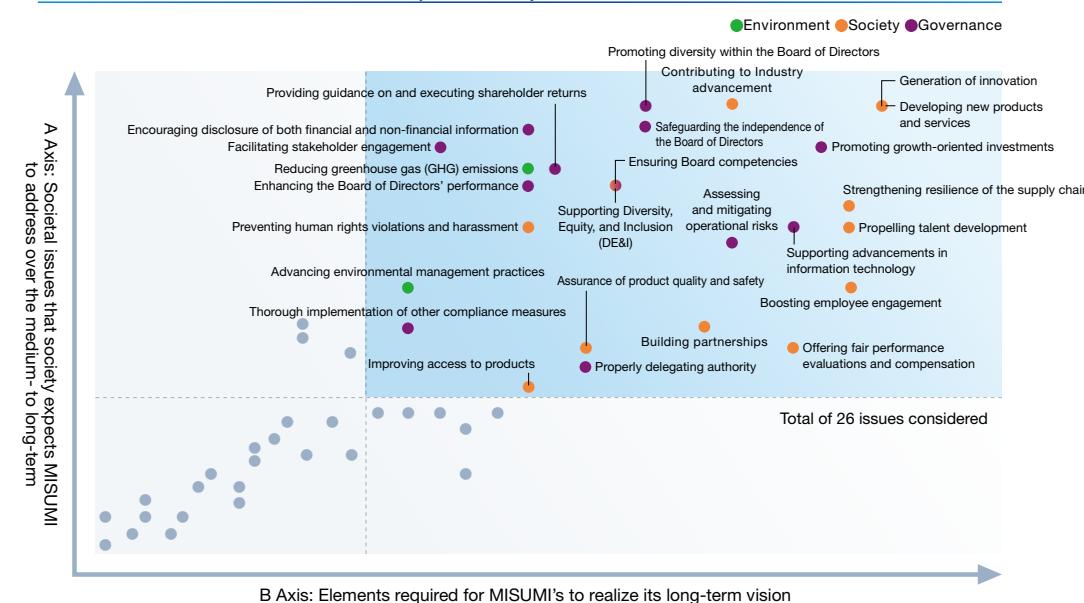
To support our Growth Chain-reaction Aspired Management approach, we have integrated management system elements intended to enhance Dynamic Capabilities, our adaptability to change, to expand our business domains into product development and reduce information asymmetry with stakeholders within our materiality priorities.

Step 4

Materiality Formulation

The 26 principal societal issues, together with factors recognized from a management strategy standpoint, were organized and classified according to the value proposition framework. The revised new materiality was approved by the Board of Directors in September 2025.

Societal Issue Extraction Matrix (Overview)



Revised Materiality

MISUMI Group's Materiality

Value Proposition	Providing Time Value to meet the demands of the Monozukuri industry and society
Products & Services	Monozukuri process innovation
Capabilities	Fostering an organization that empowers employees to fully embrace challenges and their adaptability to change Strengthening resilience in global supply chains to address increasingly diversified risks
Foundation	Enhancing corporate value through agile management and governance excellence Reinforcing a sustainable value chain and resilient business operations

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Explanation of Materiality and KPIs

Management Related to Materiality

Materiality		Rationale for Selecting Material Issues	Concept for Establishing KPIs
Value Proposition	Providing Time Value to meet the demands of the Monozukuri industry and society	<p>MISUMI aims to serve as the foundation of the Monozukuri industry, which is essential for the sustainable development of society, and enhancement of Customer's Time Value ("Your Time, Our Priority").</p> <p>MISUMI proactively addresses structural changes in the Monozukuri industry and global societal challenges, striving for growth that creates value in accordance with the expectations of both the industry and society.</p>	With a view to visualizing our value proposition, we pursue initiatives to quantify Customer's Time Value.
Products & Services	Monozukuri process innovation	<p>MISUMI contributes through process innovation that eliminates waste and inefficiency hidden in the business processes within the Monozukuri industry, using time as the key lens. The Company leverages digital technologies (IT and AI) to transform its Business MODEL and extend it to new domains. This distinctive approach reinforces MISUMI's sustainable competitive advantage. Additionally, MISUMI actively pursues profit growth to support increased investment in future development.</p>	The Company evaluates indicators to assess the impact of the "Digital MODEL Shift" growth strategy on our overall performance, alongside reviewing metrics associated with each form of capital that underpins our competitive advantage.
Capabilities	Fostering an organization that empowers employees to fully embrace challenges and their adaptability to change	<p>For MISUMI, employees are its most important stakeholders. MISUMI is dedicated to fostering an environment in which every employee, worldwide, considers the Company the Best Place To Grow. The challenges embraced and growth achieved by employees strengthen MISUMI's Dynamic Capabilities, thereby increasing the Company's overall likelihood of success.</p>	<p>To encourage employees to take on new challenges and foster growth opportunities, MISUMI is evaluating organizational activation indicators that blend both qualitative and quantitative measures, such as internal mobility, readiness to embrace challenges, and a sense of individual development.</p> <p>Human Capital </p>
	Strengthening resilience in global supply chains to address increasingly diversified risks	<p>As risks surrounding the global supply chain increase, MISUMI prepares for unforeseen events by developing business continuity plans (BCP) and practical systems, to fulfill its supply responsibility to customers in the Monozukuri industry.</p>	<p>Additional indicators are being considered to enhance and secure MISUMI's stable supply system, which is essential for ensuring business continuity throughout the entire industry.</p>
Foundation	Enhancing corporate value through agile management and governance excellence	<p>MISUMI strengthens its Dynamic Capabilities, our adaptability to change, for timely and appropriate recognition of external risks and opportunities, as well as the optimal use of capital. The Company strives to resolve information asymmetries in capital markets and enhance the Board's independence, diversity, and expertise of its Board of Directors to meet the demands of effective corporate governance.</p>	<p>We are considering indicators with a focus on the status of compliance with the Corporate Governance Code and other regulations, as well as improving the quality of dialogue with stakeholders.</p> <p>Corporate Governance </p>
	Reinforcing a sustainable value chain and resilient business operations	<p>To fulfill responsibilities to key stakeholders across the entire value chain, including customers, suppliers, communities, and employees, MISUMI conducts business activities that emphasize fundamental values. The Company is also looking toward achieving carbon neutrality by reducing GHG emissions, conserving resources, and enhancing energy efficiency, working to minimize environmental impact across the full life cycle of products and services, from development to disposal.</p>	<p>Alongside disclosures aligned with international frameworks, MISUMI is actively considering indicators that capture the environmental impact of its business activities and their connection with supply chain management.</p> <p>Natural Capital Social and Relationship Capital </p>