MISUMI Group Inc. FY2026 First Quarter Financial Results Briefing (Zoom) - Q&A Excerpt

Friday, July 31, 2026

<Q&A>

【Overall Business Performance】

・Factors Behind the Q1 Upside

Q: What drove the strong Q1 performance, and what factors caused results to exceed internal expectations?

A: The main factors were our ability to capture semiconductor- and telecommunications-related demand driven by AI investment, together with accelerated growth in digital services. Although signs of strength had emerged toward the end of the previous fiscal year, we had not anticipated an upside large enough to warrant revising our forecast.

・Full-Year Plan: First-Half/Second-Half Balance

Q: Under the full-year plan, profit growth appears to slow in the second half. What assumptions underlie the balance between the first and second halves?

A: The main factor is our conservative foreign-exchange assumption. The actual exchange rate in Q1 was JPY160.5 to the U.S. dollar, while our forecast for Q2 onward assumes JPY155.0 to the U.S. dollar.

・Demand Environment

Q: What is the current demand environment for the automotive business?

A: Since the beginning of July, we have seen signs of a gradual recovery.

Q: Are the signs of recovery in automotive-related demand primarily in the Japanese market?

A: Yes, primarily in Japan.

【Segment Results】

−FA Business

・Automated Positioning Stages for Telecommunications Applications

Q: How large were Q1 sales of automated positioning stages for telecommunications applications, and what is the full-year outlook?

A: Q1 sales were approximately 2.5 times the prior-year level. For the full year, we have raised our outlook from approximately 1.5 times to approximately 2 times the prior-year level.

Q: There had been concerns that the high proportion of outsourced production for automated positioning stages would weigh on profitability. What is the latest outlook for the product-mix improvement effect?

A: Q1 results exceeded our plan because higher production volumes contributed to lower costs and increases in material costs were smaller than anticipated. Although we expect material costs to rise over the full year, we plan to offset the impact through operational improvements. As a result, the outlook has improved from our assessment in April

・Outlook for meviy

Q: What is driving the strong outlook for the meviy business, with year-over-year growth of 31%?

A: The customer base has expanded beyond the automotive sector, with adoption also increasing among semiconductor manufacturing equipment makers and other customers. However, we are not satisfied with the current level of growth and are considering further measures to accelerate expansion.

・**Benefits from AI-Related Demand**

Q: How large is the benefit from AI-related demand in quantitative terms? Is AI-related demand driving the highly profitable FA business?

A: FA-related products generally have high profit margins. Although it is difficult to quantify the impact separately, AI-related demand is clearly being captured. In Asia, for example, the composition of our largest customers has shifted from automotive-related companies toward semiconductor- and telecommunications-related companies, reflecting our growing capture of AI-related demand.

【Operating Profit Variance Analysis】

・**Product Development and Sales Promotion Expenses**

Q: What specifically is included in "Product Development and Sales Promotion Expenses" in the operating profit variance analysis, and what returns are expected from these investments?

A: The expenses include new product development for robotics and humanoid applications, M&A-related costs, and advertising and marketing expenses. We expect returns from the rollout of distinctive services, including AI-enabled features on our website.

・**Product-Mix Improvement Effect**

Q: In the operating profit variance analysis, why does the full-year product-mix improvement plan of JPY3.3 billion appear conservative compared with the Q1 result of JPY1.5 billion?

A: In Q1, cost increases for externally sourced products were smaller than anticipated. For the full year, however, we expect a certain level of cost increases. The full-year figure therefore cannot be calculated simply by multiplying the Q1 result by four.

【Cost Measures and Operations】

・**Passing Cost Increases Through to Prices**

Q: What has enabled MISUMI to pass cost increases through to prices, and how has the Company managed tight material supply?

A: We have absorbed some cost increases by raising utilization rates at our own factories. For externally sourced products, we implemented price revisions in July. AI-based inventory management and lead-time calculations are functioning effectively, and we are building inventory of products for which demand is high.

・**Core System (SAP) Upgrade**

Q: Is there any risk associated with the core system (ERP) upgrade, similar to the issues experienced by other companies?

A: The rollout of the new core system (SAP) is progressing smoothly and is scheduled to be completed across all sites in September 2026. The transition has also proceeded without significant issues at our sites in Asia, where sales have grown to approximately 1.5 times the previous level.

【Capital Expenditure】

・**Capacity Expansion Investment (Press Release Dated July 31, 2026)**

Q: What is the current performance and outlook for humanoid robotics, and when is the investment expected to begin contributing to earnings?

A: The U.S. market will be key, but the specific investment details are not disclosed. This capacity expansion investment is being undertaken with the second half of FY2027 in mind, and we expect it to begin making a full-scale contribution to earnings around that time.