MISUMI Group Inc. FY2026 First Half (1H) Earnings Briefing (Zoom) - Q&A Excerpt

Friday, October 30, 2026

<Q&A>

【Overall Business Performance】

・Outlook for the China Business

Q: What is behind the continued high sales outlook for the China business, and what are the risk factors going forward?

A: We have secured an order backlog for optical transceiver-related demand for both the current fiscal year and the next. The impact of the EV slowdown has already run its course, and we are rapidly shifting our customer portfolio toward growth areas. If AI-related investment were to slow, we believe that regions with greater dependence on semiconductors than China, such as South Korea and Taiwan, would be more likely to be affected.

・AI/DX Investment

Q: How are the cost increases from AI/DX investment progressing, and will these cost increases continue from the next fiscal year onward?

A: Progress is in line with plan. While we will continue to invest, we expect a leverage effect that boosts operating income to emerge from the next fiscal year onward, driven by the completion of the core system renewal, contributions from growth investments, and the effect of restraining personnel investment.

【Segment Results】

−FA Business

・Trends in Automated Stages for Telecommunications Applications

Q: What is behind the ¥2.6 billion positive impact on operating income from product mix expected in the full-year plan, and what is the sales scale of automated stages?

A: We have raised our sales assumption for data centers in China from ¥20.3 billion to ¥22.8 billion. The ¥2.6 billion includes not only the effect of higher sales but also margin improvement (slightly more than half) resulting from cost reductions and the limited impact of material cost increases, which had been a concern.

Q: How do you view the risk of U.S. export restrictions on Chinese-made optical transceivers and their potential impact on MISUMI? Also, what is MISUMI’s ability to respond if production shifts?

A: The end customers we supply number more than ten companies, most of which are U.S. and European manufacturers; only two are purely Chinese companies. Because our production sites are located not only in China but also in Vietnam, we can continue to supply without problems even if customers relocate production to other parts of Asia or elsewhere.

・Ball Screws for Humanoid Robots

Q: Are business opportunities for ball screws used in humanoid robots expanding?

A: We will refrain from commenting on the current situation. That said, ball screws are generally not used in the entertainment-oriented humanoids currently produced in China.

・Improvement in Fictiv’s Profitability

Q: Fictiv achieved profitability before amortization in the second quarter alone. Why was the full-year outlook left unchanged, and what is the profit and loss outlook for the next fiscal year?

A: Because seasonal factors such as the U.S. holiday season and Chinese New Year come into play from the third quarter onward, we have taken a conservative view of the full year. Earnings improvement is progressing steadily toward our plan to become profitable in FY2027.

−VONA Business

・Decline in Q2 Profit Margin

Q: What caused the decline in the VONA business's profit margin in the second quarter, and what is the profitability outlook for the second half?

A: Because the business is centered on the resale of purchased products, margins fluctuate from quarter to quarter depending on increases in purchase prices and the timing of price revisions; however, no particular problems have arisen. Leveraging our e-Commerce platform, we have the ability to respond on pricing, so we consider excessive concern unnecessary.

【Cost Measures and Operations】

・Supply Structure and Material Procurement

Q: Are there any disruptions in the current supply structure? Also, what is the status of advance orders, and are there any bottlenecks in material procurement?

A: Our basic structure remains focused on short lead times, while advance orders have been increasing in Asia and elsewhere, making demand easier to forecast. Production lines for customized products continue to operate at high utilization, and we are reinforcing staffing. We are generally able to respond on material procurement, although lead times have lengthened for some electrical products.

・Cost Structure in the Event of a Demand Slowdown

Q: If demand slows, is there a concern that the cost structure could deteriorate due to factors such as higher fixed costs? Can the cost structure be adjusted flexibly?

A: We place importance on flexibility in responding to cost fluctuations. The increase in expenses mainly consists of profit sharing (performance-linked bonuses) and headcount increases in growth regions, and operational efficiency gains from digital investment are also contributing. As a result, we have a structure that can maintain a comparable profit margin even if demand slows.

【Capital Policy】

・Capital Policy and Cash Allocation

Q: In line with the announcement of the Medium- to Long-Term Growth Plan, are you considering further strengthening your capital policy and cash allocation?

A: We are preparing to clearly disclose our approach to capital policy, including ROE and ROIC, in a way that responds to market requests, and plan to present it at the time of the full-year results announcement.