

Nomura Investment Forum 2023

MinebeaMitsumi
Passion to Create Value through Difference

Business Overview and Management Strategy

November 30, 2023

MinebeaMitsumi Inc.

Director, President COO & CFO

Katsuhiko Yoshida



1. Company Profile

2. Management Strategy

- ① Organic growth
- ② M&A strategy
- ③ Developing products and supplying components for resolving social issues

3. ESG

4. Financial and Capital Strategy

1. Company Profile

Management Strategy

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1. Company Profile



Corporate Name	MinebeaMitsumi Inc.
Established	July 16, 1951
Capital	68,258 million yen (As of March 31, 2023)
Representative	Yoshihisa Kainuma, Representative Director, Chairman CEO
Outline of Business	Machinery Components Business, Electronic Devices and Components Business Automotive, Industrial Machinery and Home Security Unit Business
Consolidated Net Sales	MinebeaMitsumi Group 1,292,203 million yen (April 1, 2022 - March 31, 2023)
Consolidated Number of Employees	87,752 (As of March, 2023) *Excluding temporary employees
Number of Consolidated Subsidiaries and Affiliates	MinebeaMitsumi Group 144 Companies (As of March, 2023)

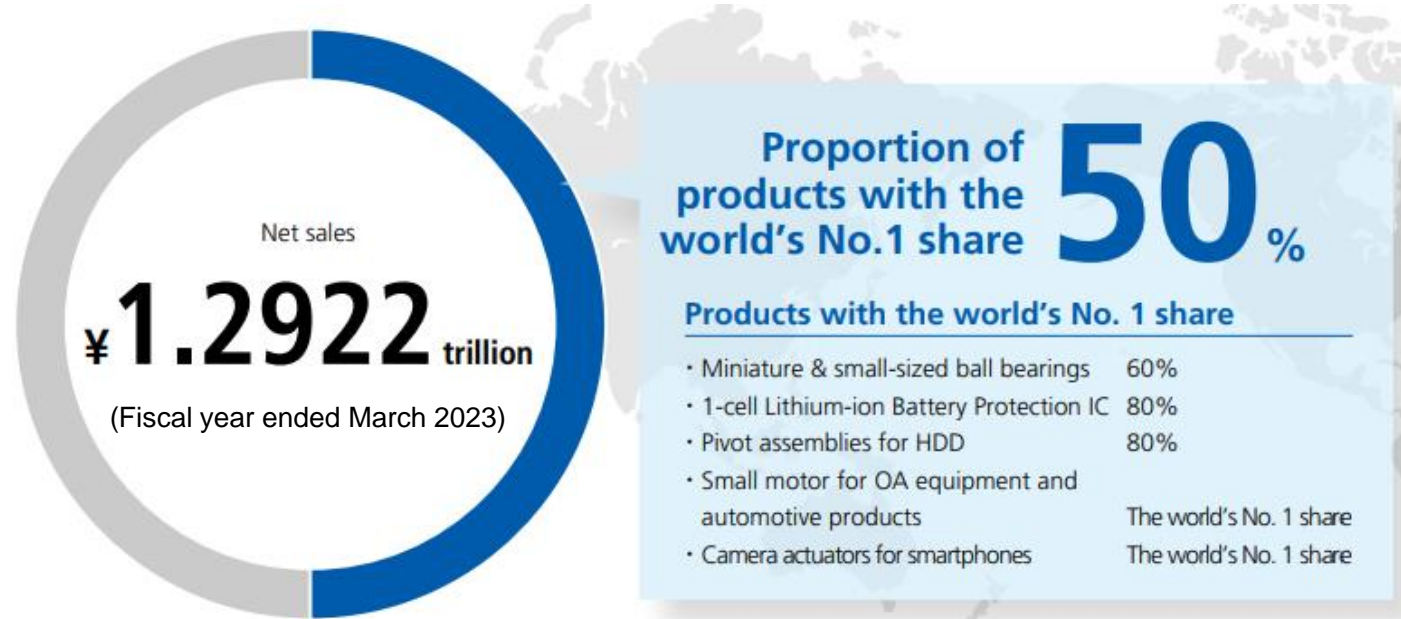
MinebeaMitsumi
Passion to Create Value through Difference

Minebea MITSUMI u-shin ABLIC

Targeting ¥1.4 trillion in net sales and ¥77 billion in OP for the current fiscal year leveraging diverse business portfolio

	(Billions of yen)	FY3/23 Actual (Excl. special factors)	FY3/24 Forecast	YoY	Main products
Total	Net sales	1,292.2	1,400.0	+8.3%	
	Operating income	101.2	77.0	-23.9%	
	Operating margin	7.8%	5.5%	-2.3pt	
PT Precision Technologies (Net sales composition 15.3%)	Net sales	197.3	205.0	+3.9%	Ball bearings, rod-ends/ fasteners, pivot assemblies
	Operating income	45.4	40.0	-11.9%	
	Operating margin	22.9%	19.5%	-3.4pt	
MLS Motor, Lighting & Sensing (Net sales composition 28.4%)	Net sales	366.3	370.0	+1.0%	Motors, LED backlights, resonant devices, sensing devices
	Operating income	11.8	12.0	+1.7%	
	Operating margin	3.2%	3.2%	+0pt	
SE Semiconductors & Electronics (Net sales composition 41.2%)	Net sales	530.1	500.0	-5.7%	Analog semiconductors, camera actuators, mechanical components, precision components, power supplies, smart products,
	Operating income	47.8	37.0	-22.6%	
	Operating margin	9.0%	7.4%	-1.6pt	
AS Access Solutions (Net sales composition 15.1%)	Net sales	194.7	320.0	+64.4%	Automotive components (door latches, door handles, door mirrors, etc.), wireless communication devices, industrial machinery components
	Operating income	2.1	10.0	x4.8	
	Operating margin	1.1%	3.1%	+2.0pt	

The world's No.1 market share products account for 50% our net sales



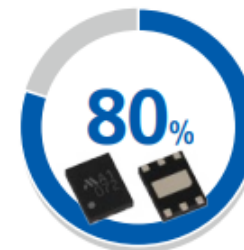
The world's No. 1 share



Miniature & small-sized ball bearings



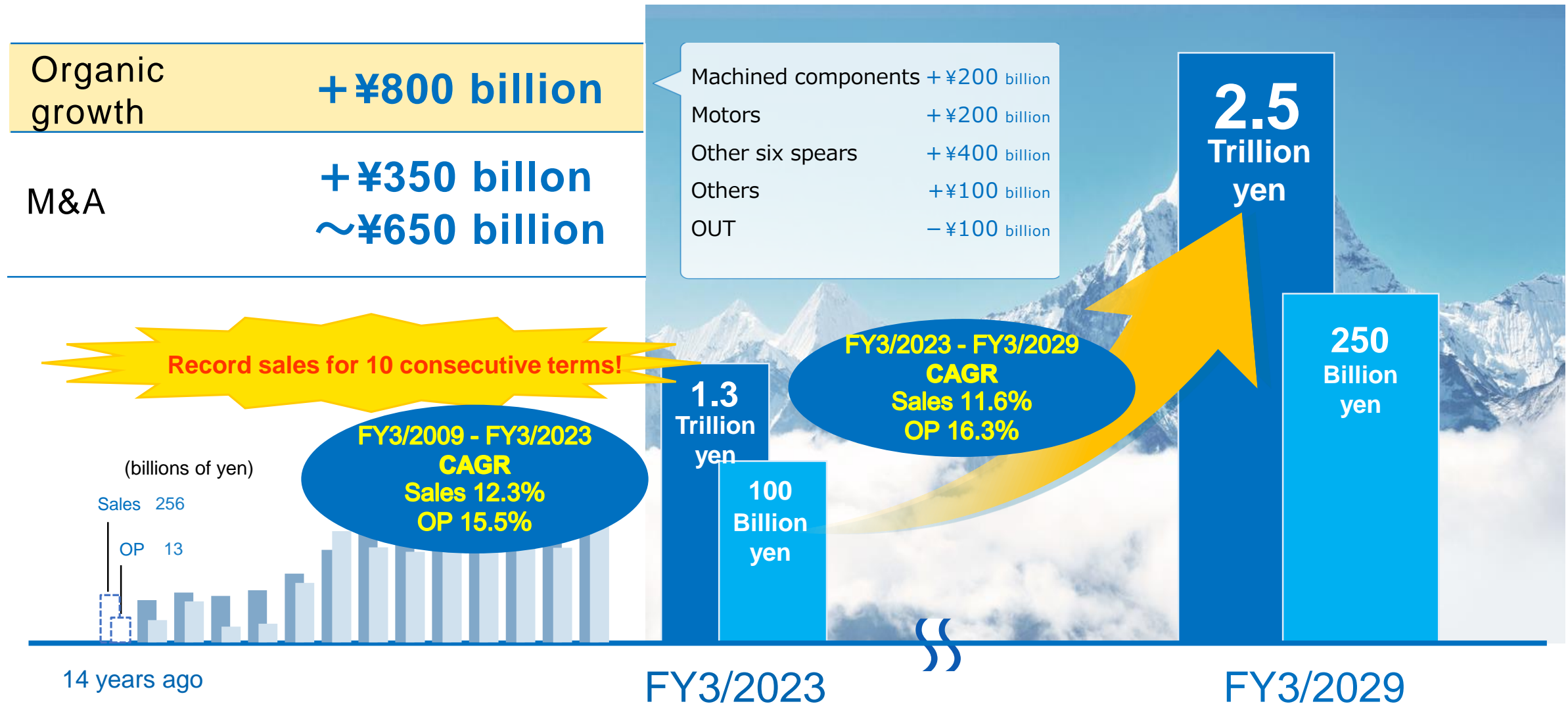
Pivot assemblies for hard disk drive (HDD)



1-cell Lithium-ion Battery Protection IC

Growth Trajectory – Our Targets for the Future

Toward ¥2.5 trillion in net sales and ¥250 billion in OP



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Three key elements of our management strategy

① Organic growth

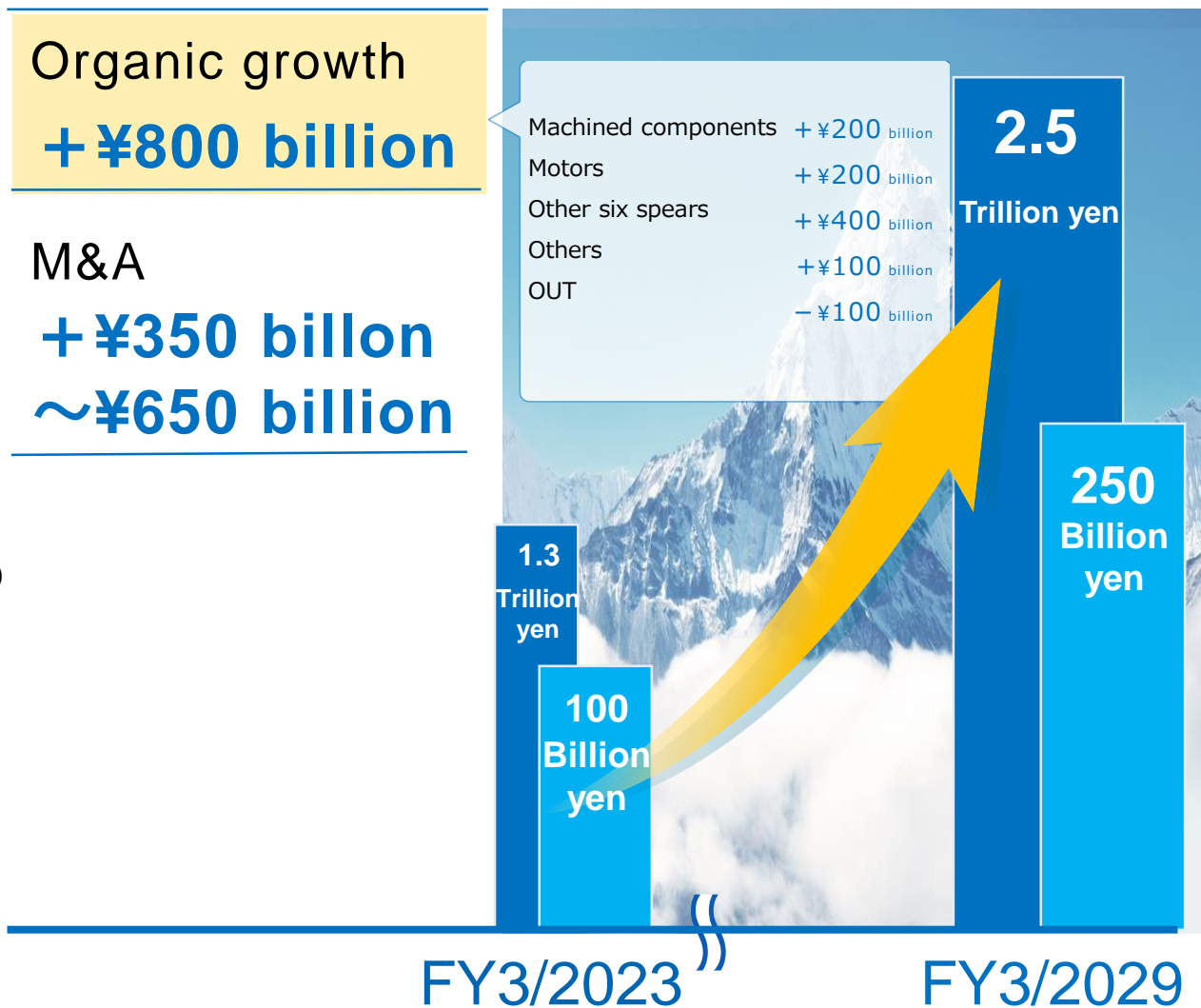
- Market disposable income per capita will rise in line with the growth in global GDP
- The sale of high-end functional products = The necessity of parts for high-end functional products

② M&A

- Integration of synergistic companies, with a focus on MinebeaMitsumi's Eight Spear products that make up its core business

③ Developing products and supplying components for resolving social issues

- Synergistic and close alliances with the Eight Spears



The world's only "INTEGRATION" manufacturer of precision components with the core of Eight Spears



Definition of a "Spear"

1. Serve niche fields in massive markets
2. Not readily displaced even as a result of technological innovation
3. Capable of drawing on the strengths of the Company
4. Have synergies between Spears

1 Bearings



2 Motors



3 Analog semiconductors



4 Access Products



5 Sensors



6 Connectors / switches



7 Power supply components



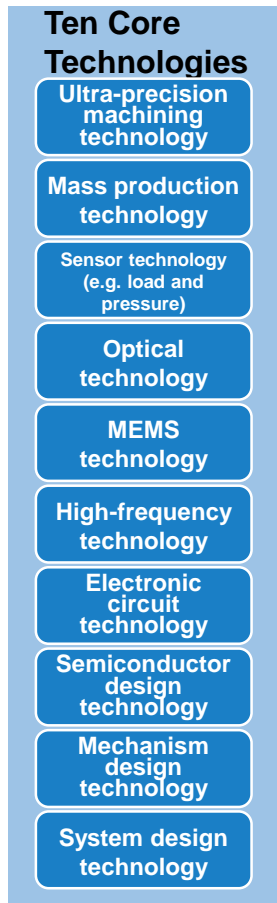
8 Wireless/ communications/ software



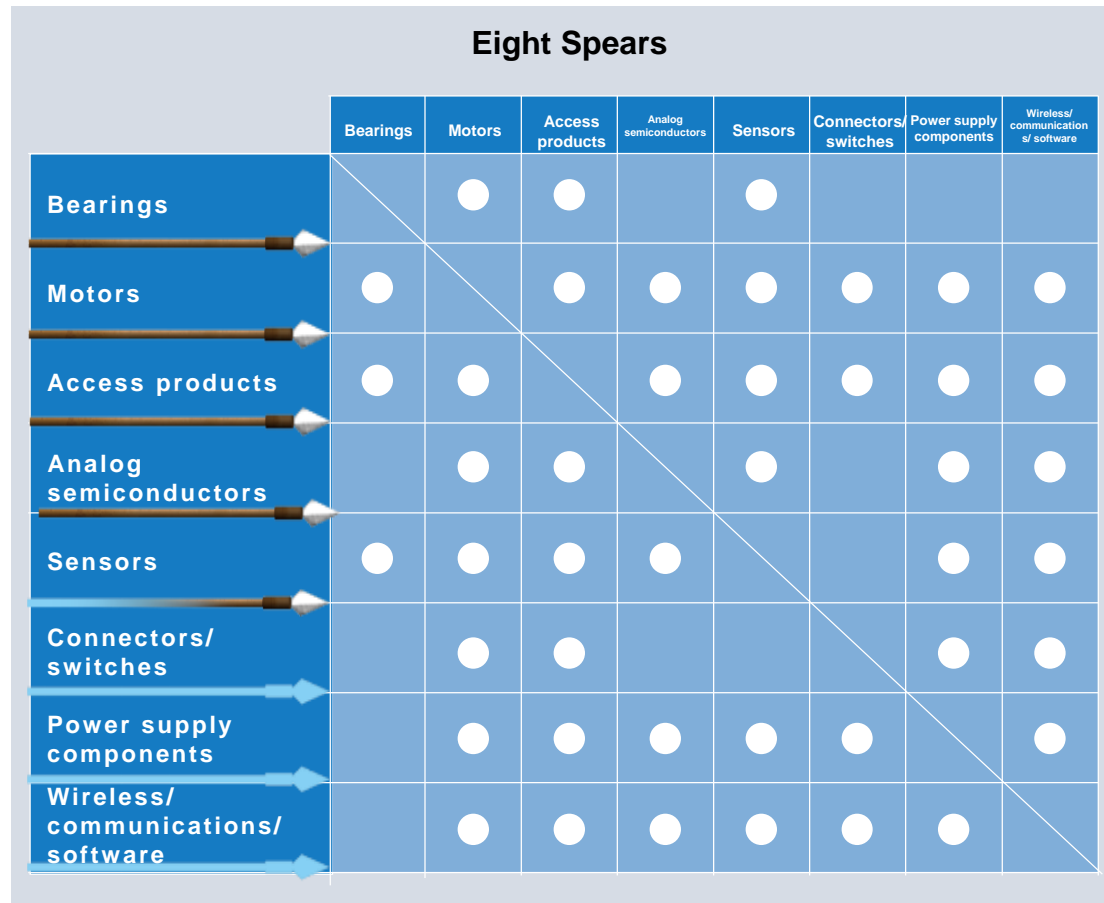
The Keyword is “SOGO (=INTEGRATION*)”

Pursue difference through SOGO of diverse technologies, products and markets

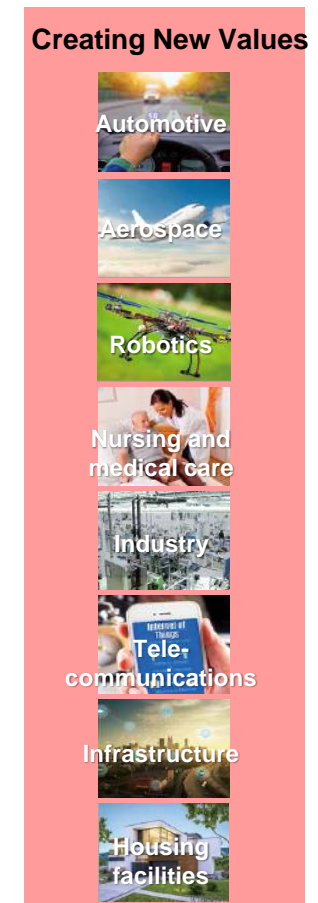
SOGO of technologies



SOGO of products



SOGO of sales activities



"Difference" from other companies and creating new value

Strengthen product competitiveness, including quality and cost

Deepening the same customer base and expanding into other industries

*SOGO=INTEGRATION means “combining” rather than “simple gathering” of the Company’s proprietary technologies to evolve the “Eight Spears” of our core businesses and to create new products in various fields through the INTEGRATION of our advanced technology

Sustainable growth with three strengths

Strengths

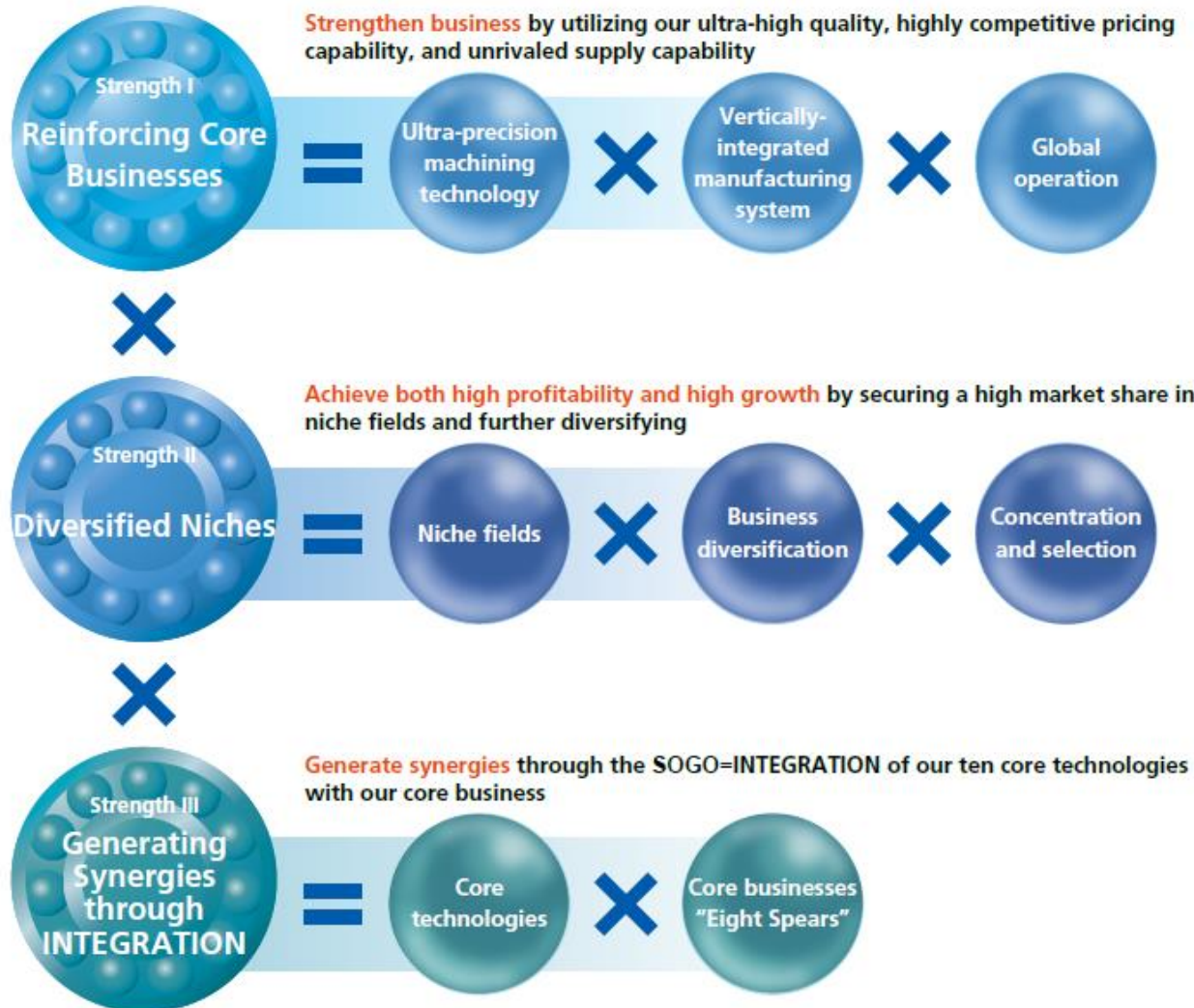


We aim to capture an **overwhelming majority of the market share** with our core products using our original technology and production system

Diversified management centered on **niche** fields, underpinned by strong technologies

Further strengthening business through synergies derived from SOGO= INTEGRATION

Factoring of three strengths

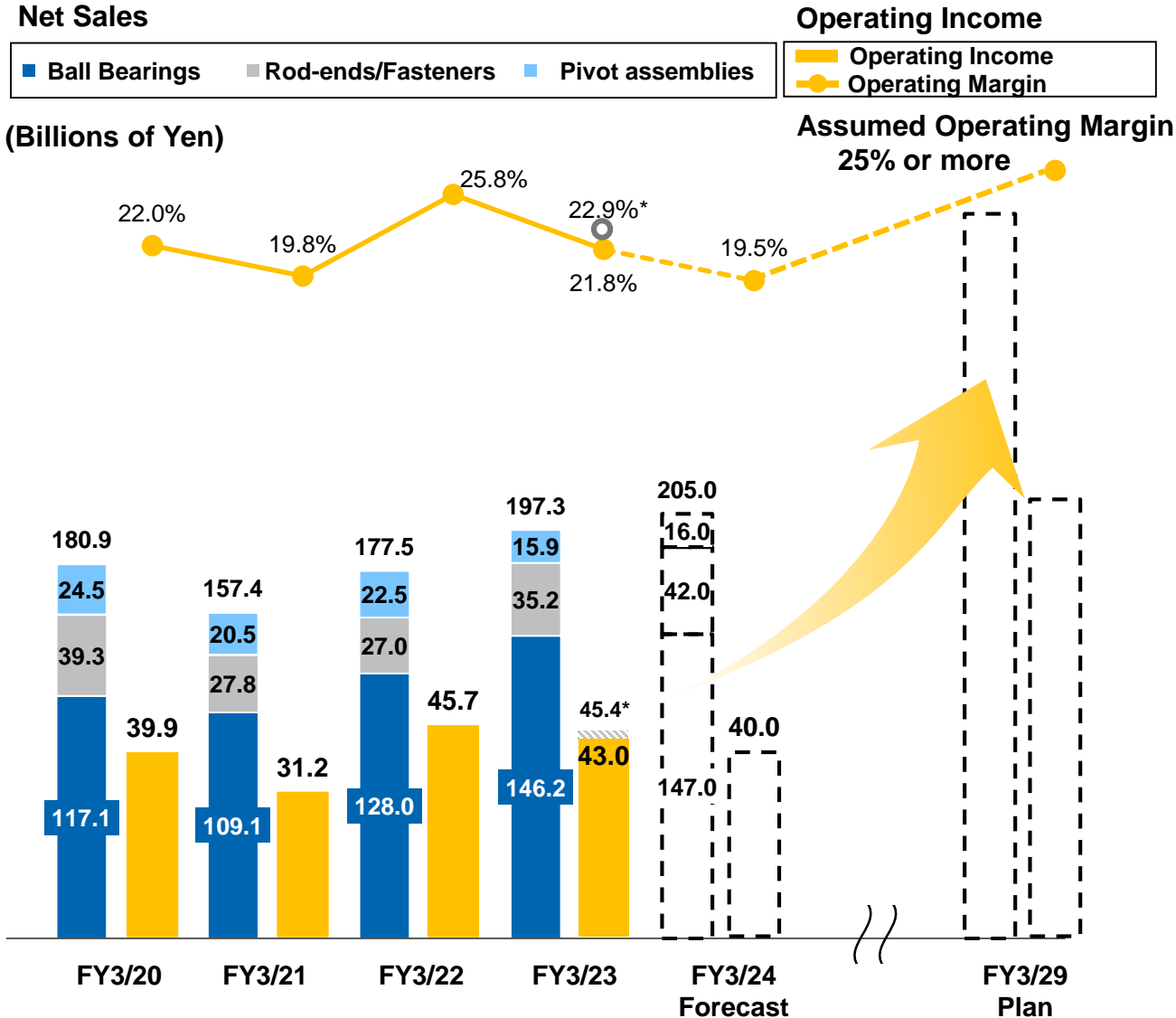


Differences

- Provide products that are vital for resolving social issues in a **wide range of fields**
- Create new value and **achieve sustainable growth**

2-① Organic Growth: Precision Technologies

Our high performance and quality products match to resolve the social issues



1 Bearings

High performance and high quality match to resolve social issues, and further growth is expected by content growth through electrification and high functionality of automotive and others. Data center applications are expected to expand in the medium to long term, despite the current weak trend.

2 Aerospace

Demand for air travel will continue to increase. In addition, demand for new aircrafts will increase thanks to transition to single aisle and equipment of new engines suitable for carbon neutral.

* Excluding special factors (FX forward contract and others)

2-① Organic Growth: Motor, Lighting & Sensing

The growth drivers are automotive motors and actuators

Net Sales

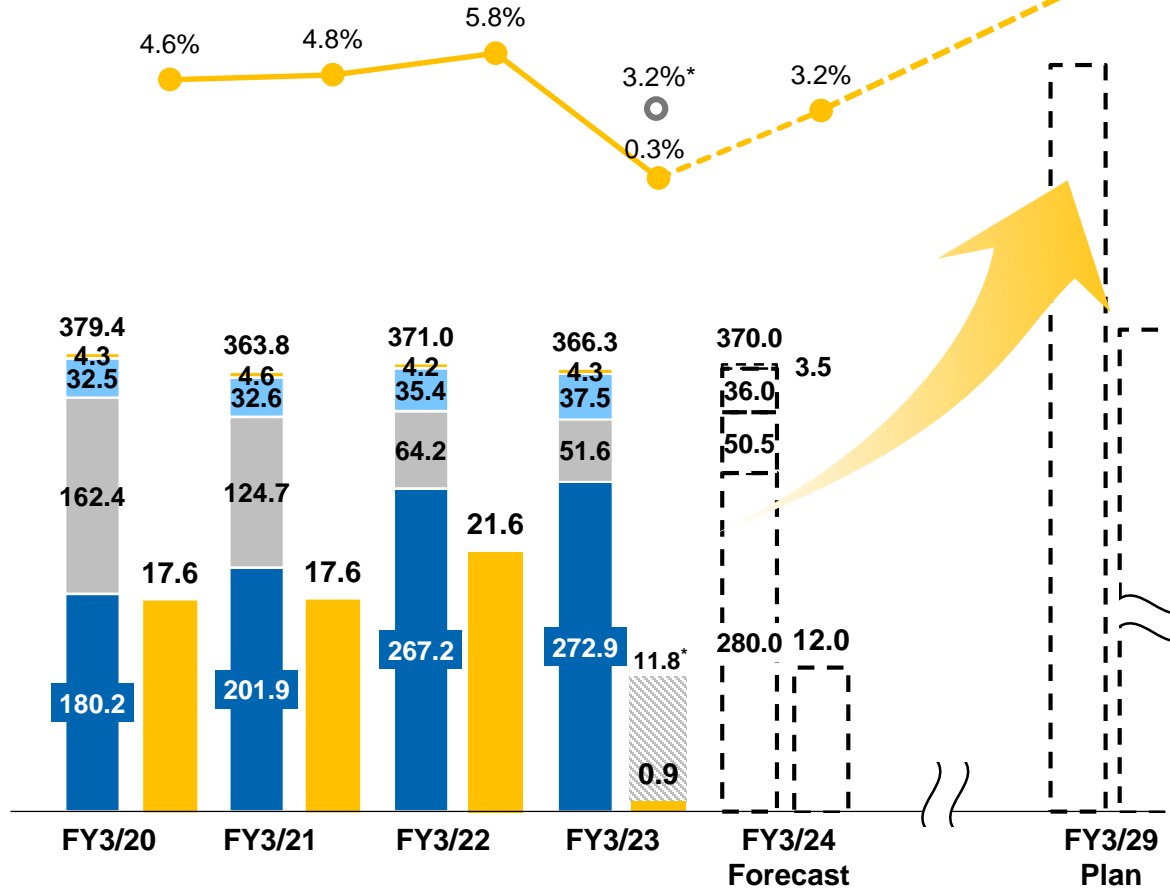
■ Motors ■ Electronic Devices ■ Sensing Devices ■ Other

(Billions of Yen)

Operating Income

■ Operating Income
● Operating Margin

Assumed Operating Margin
10% or more



* Excluding special factors (FX forward contract and others)

Growth drivers for automotive motor products

Electric

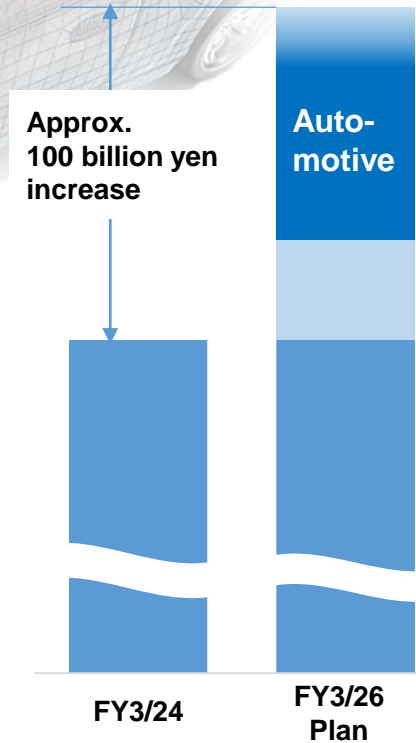
- ▶ AGA *1
- ▶ HVAC Module
- ▶ Resolver
- ▶ Motor for water pump
- ▶ Cooling fan for secondary battery

Autonomous

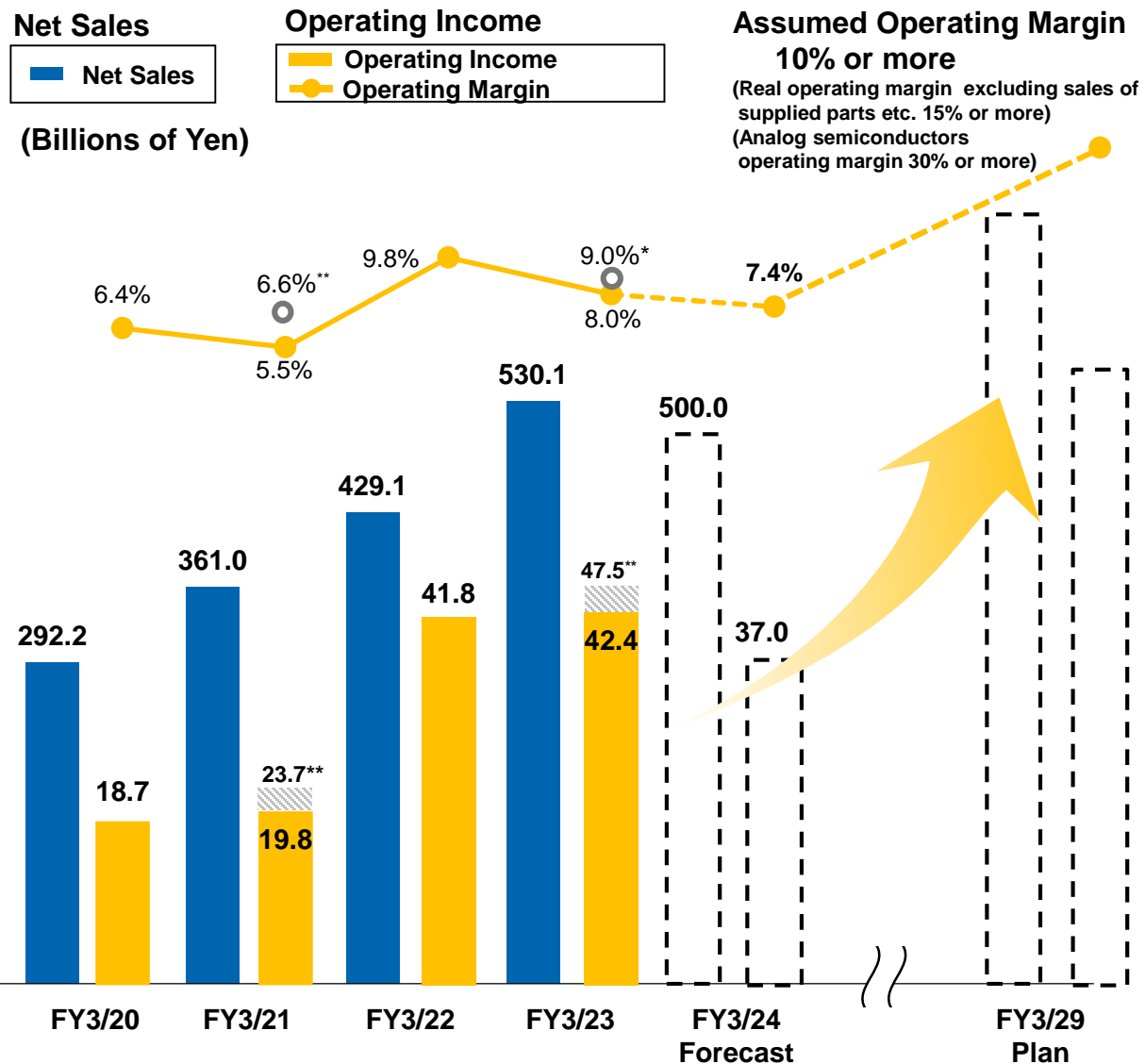
- ▶ BLDC for LiDAR
- ▶ LATM for LiDAR *2
- ▶ ECU cooling fan

*1 AGA : Active grill shutter actuator
*2 LATM : Limited Angle Torque Motor

Motor sales growth image and composition by application



Grow analog semiconductors business to position as the Second Spear following bearings



1 Analog semiconductors

Maintain high profitability despite cycles. Aim to grow the business as the Second Spear following bearings leveraging M&As.

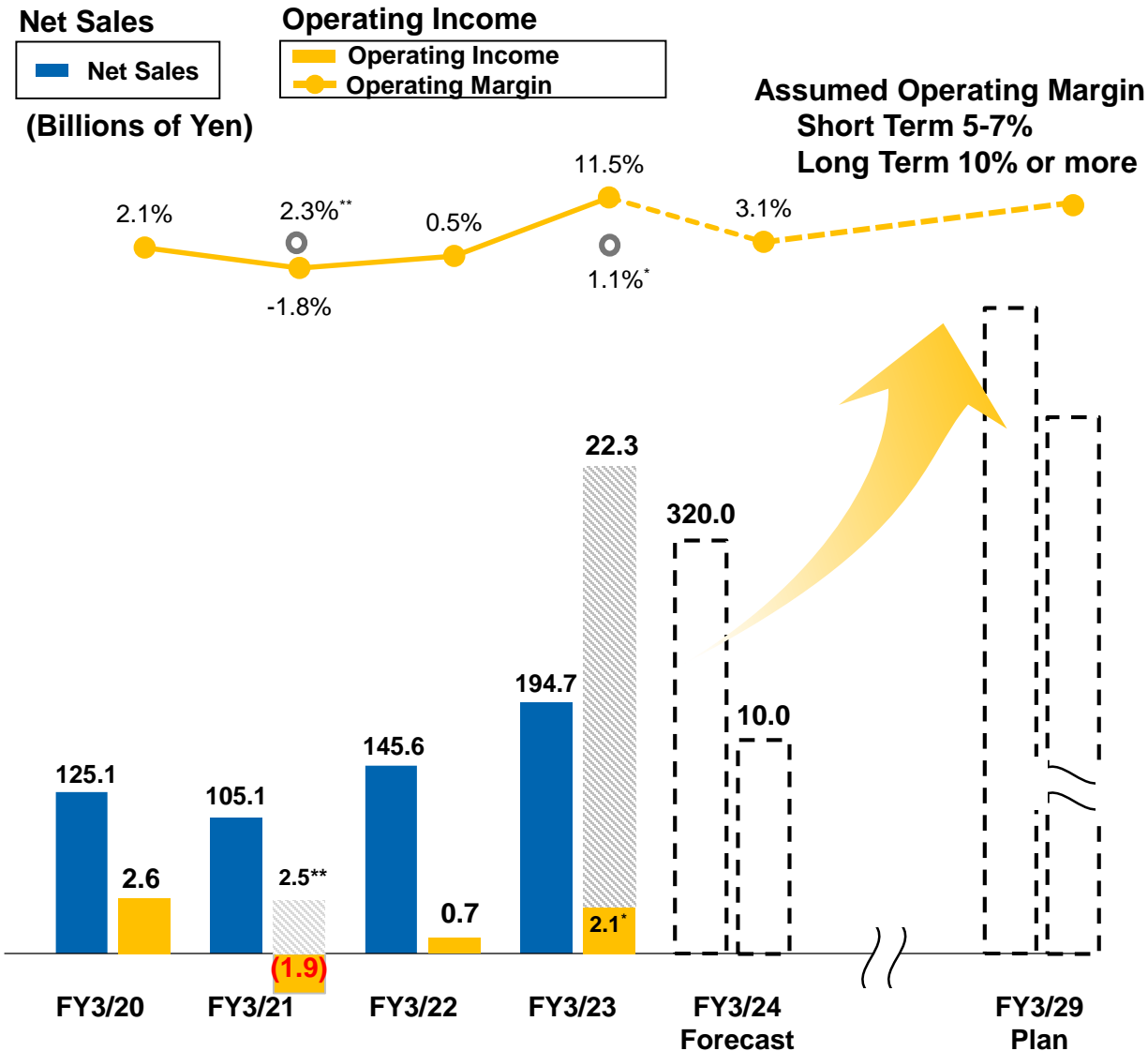
2 Optical devices

The business grew thanks to the increase in the installation rate of our products. Continue to develop as a non-core business.

**Excluding one time cost of ABLIC and optical device * Excluding special factors (FX forward contract and others)

2-① Organic Growth: Access Solutions

Attained capability to generate ¥2 billion OP monthly
Further increase profitability through SOGO products



**Excluding one time cost of Q4

* Excluding special factors (FX forward contract and others)

Products expected as next growth drivers with SOGO and added value

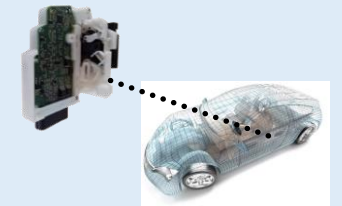
➤ Flush Handle

Contributes to improved design and aerodynamic performance



➤ Latch

An electrically unlocked latch (a device that locks and unlocks the door) that is smaller and lighter.



➤ Power Closure System

CSD (Compact Spindle Drive)

Open and close the door electrically.



CPD (Charge port door)

A system that opens and closes the power feed ports of EVs.



➤ Door mirror

Increasing demand for composite products.



➤ Smart Key System for Motorcycles

The engine can be started after getting in the car with your smartphone in your pocket.



Carry out M&As in accordance with Key Principles

1 M&As that can strengthen our existing businesses and/or provide SOGO

2 Only agree to an appropriate price (never acquiring at a high price)

Target

- ✓ **Temper the Eight Spear products**
- ✓ **Focus on valuation**
- ✓ Shared values
- ✓ No distinction between domestic and international
- ✓ No distinction between listed and unlisted

Characteristics of the system for promoting M&As

- ✓ **Use of accumulated PMI expertise**
→Effectively promote PMI enlisting formulated project formation
- ✓ **Global platform**
→Possibilities for simultaneous execution of multiple M&As depending on region and business segment
- ✓ **Financially sound**
→Ability to generate cash backed by the earnings power of our core businesses enables substantial M&As

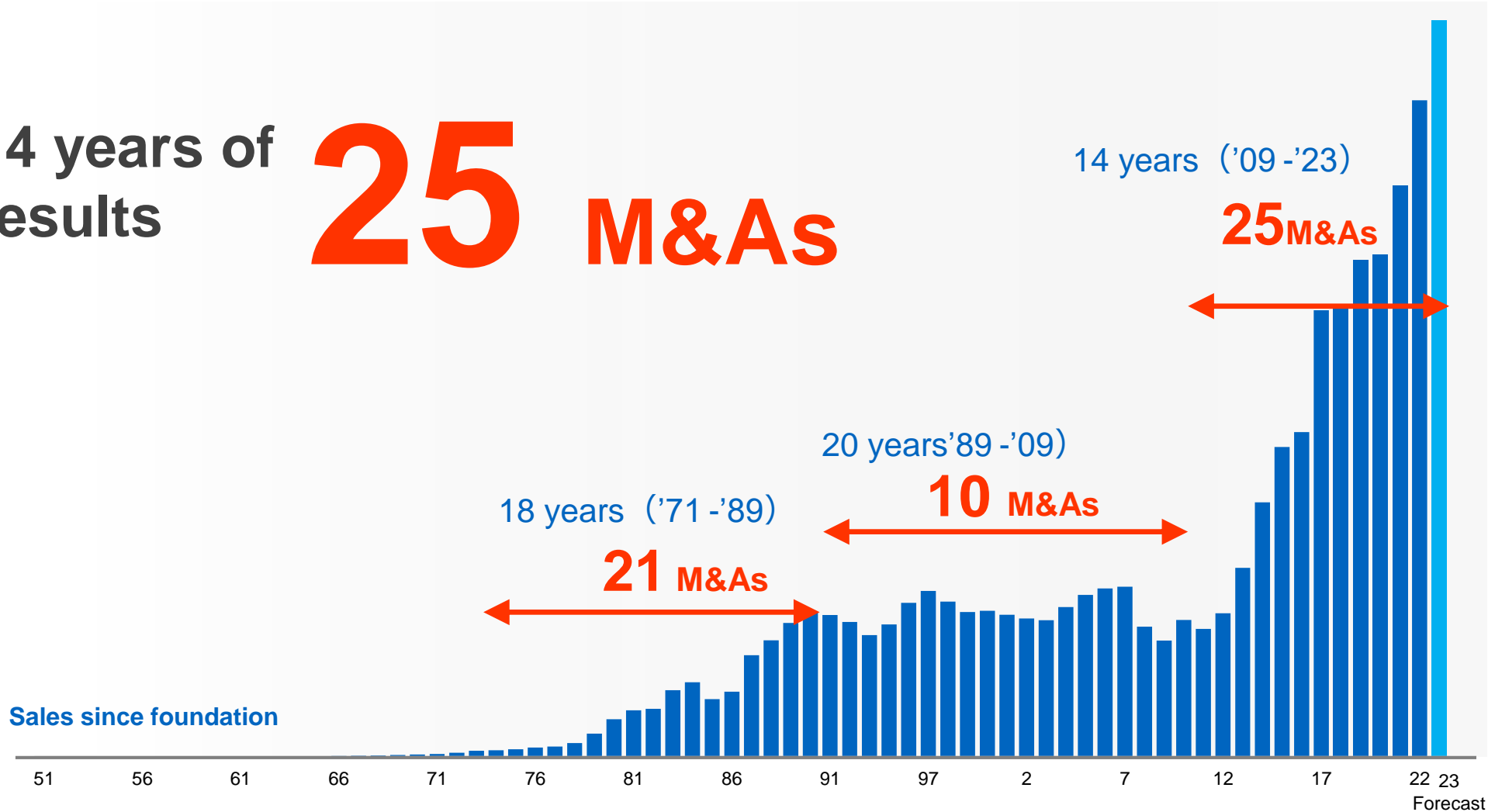
M&A sources of capital and financial discipline

- ✓ 50% of free cash flows + Leverage
 - ✓ Budget of 1 yen to several tens of billions of yen
Maximum of 200 billion yen/M&A)
 - ✓ Maintaining ratings
- However, capital transaction options are not ruled out

M&A is a growth strategy that stabilizes the management base

14 years of results

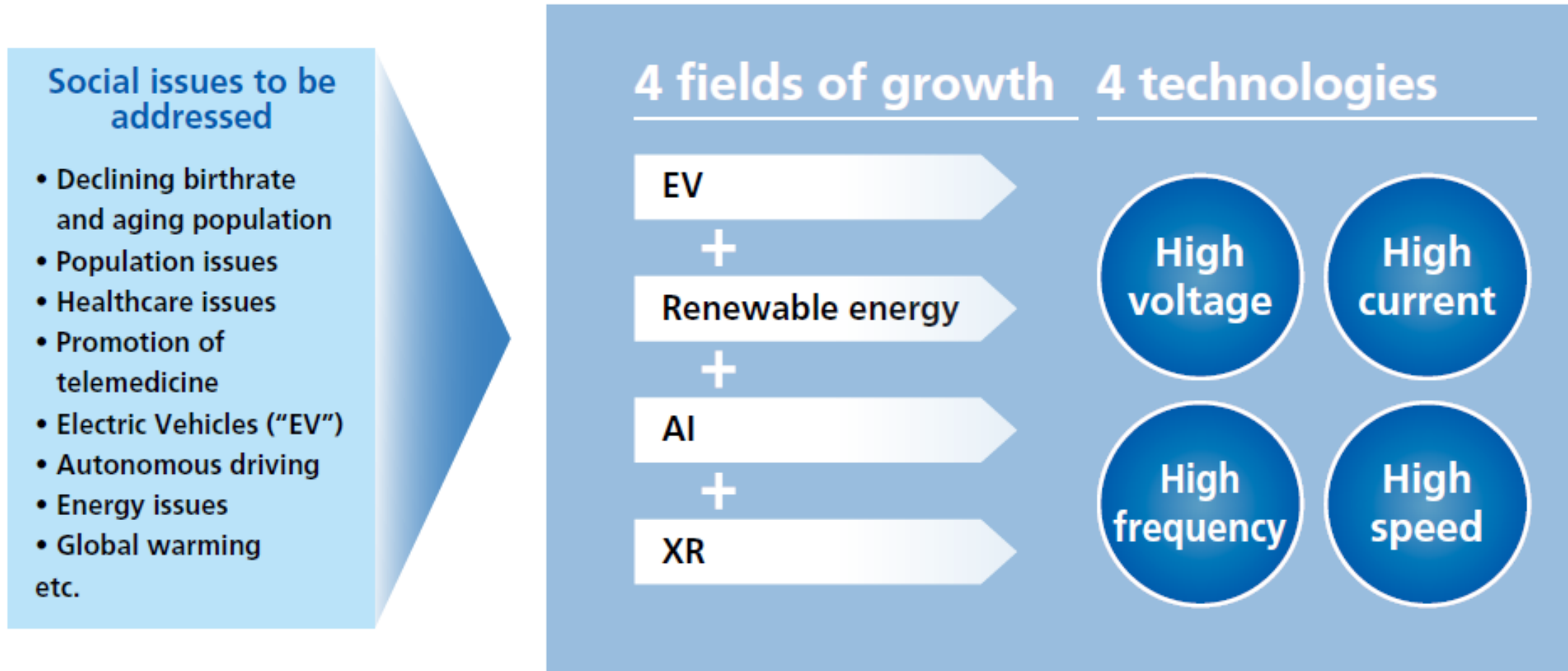
25 M&As



*Excluding FY9/93 (six-month period)

Meet “4 Highs: High voltage, High current, High frequency, and High speed” needed in the world

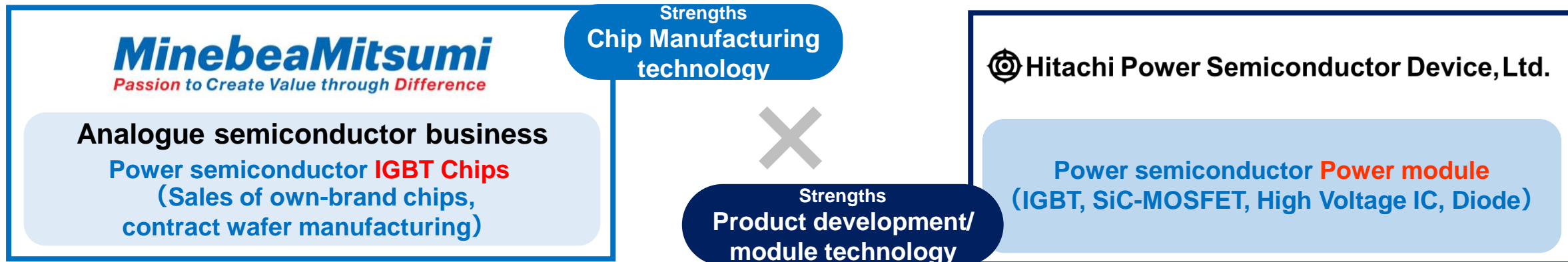
Eight Spears of our existing core businesses are essential to these demands



M&A Example①: Analog Semiconductor (1)

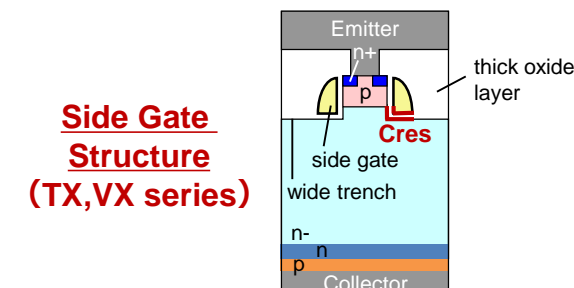
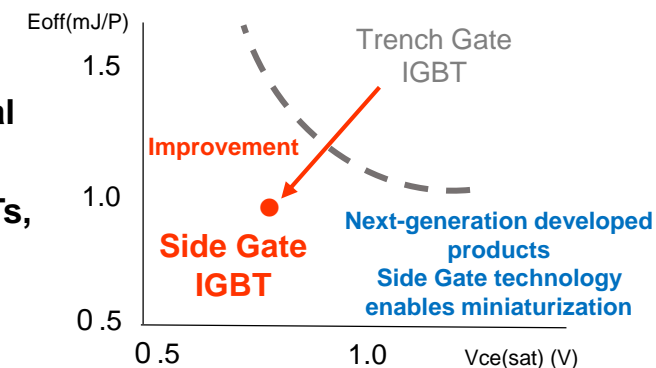
Business acquisition of Hitachi Power Semiconductor Device

Strengthen and expand the 'vertically integrated power semiconductor business' by combining the 'strengths' of the two companies

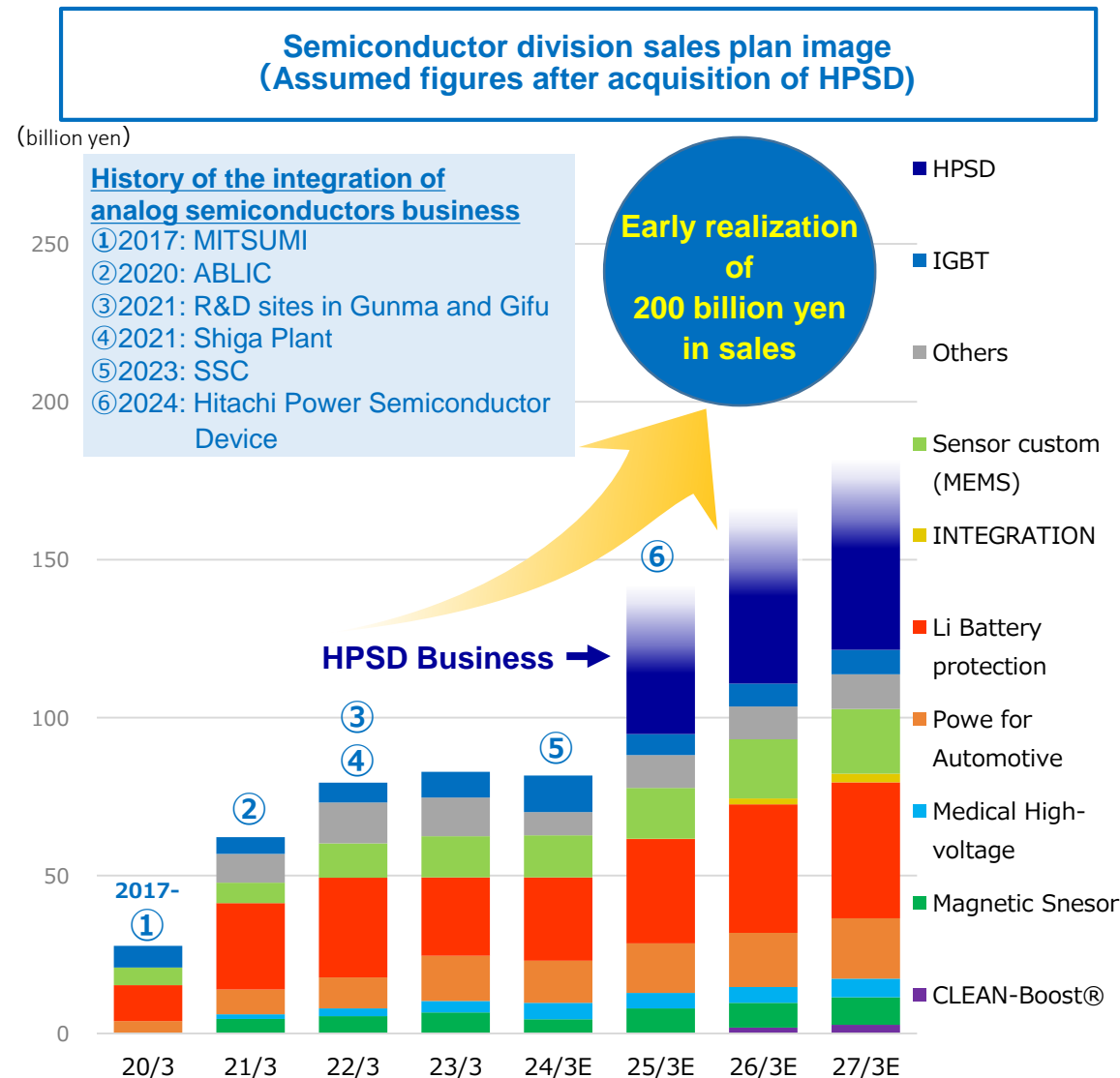
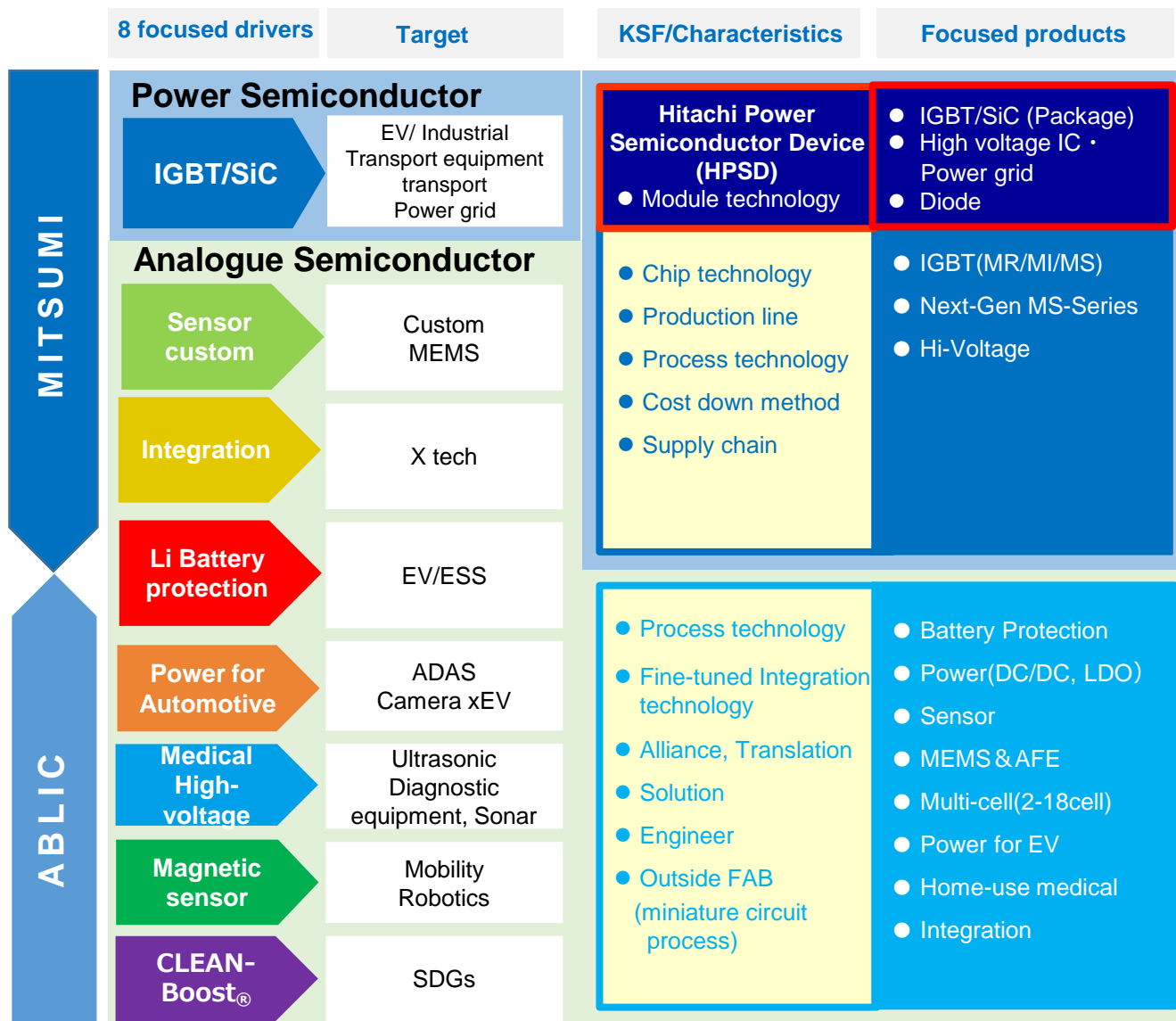


Synergies of business integration

1. We have been contract manufacturing as Fab in the pre-process of Hitachi Power Semiconductor Device (HPSD), and we can capture more added value on the first day of integration through vertical integration.
2. Side Gate IGBTs, which can achieve much higher performance than conventional Trench Gate IGBTs, are already being prototyped at the Shiga plant. These will be launched in the market from the next fiscal year, enabling the company to pursue a global niche top position.
3. Increase Engineers of power semiconductor development engineers
Acquisition of SiC engineers. (MITSUMI 150, ABLIC 100, HPSD 150=400 engineers)
4. Acquisition of HPSD original post-process capacity and acquisition of the foundations for strengthening post-processes.
5. Obtained packaging and module technology that were not available.
6. Expansion of products into a wide range of markets, such as transport equipment (railway), power grids and other high-voltage products.



Further expansion through synergies with the global niche top



M&A Example②: Connectors

Solidify the foundation as one of Eight Spears via integration of three companies

(HONDA TSUSHIN KOGYO: September 16, 2022 & Minebea Connect (Formerly SUMIKO TEC): November 1, 2022)

Achieving synergy in technology, production, and sales to global niche top connector manufacturers

Aim for 50 billion yen in sales and 5 billion yen in OP

MinebeaMitsumi Passion to Create Value through Difference

- Global sales force as Tier1 manufacturers
- In-house automated equipment
- **Oversea plants**

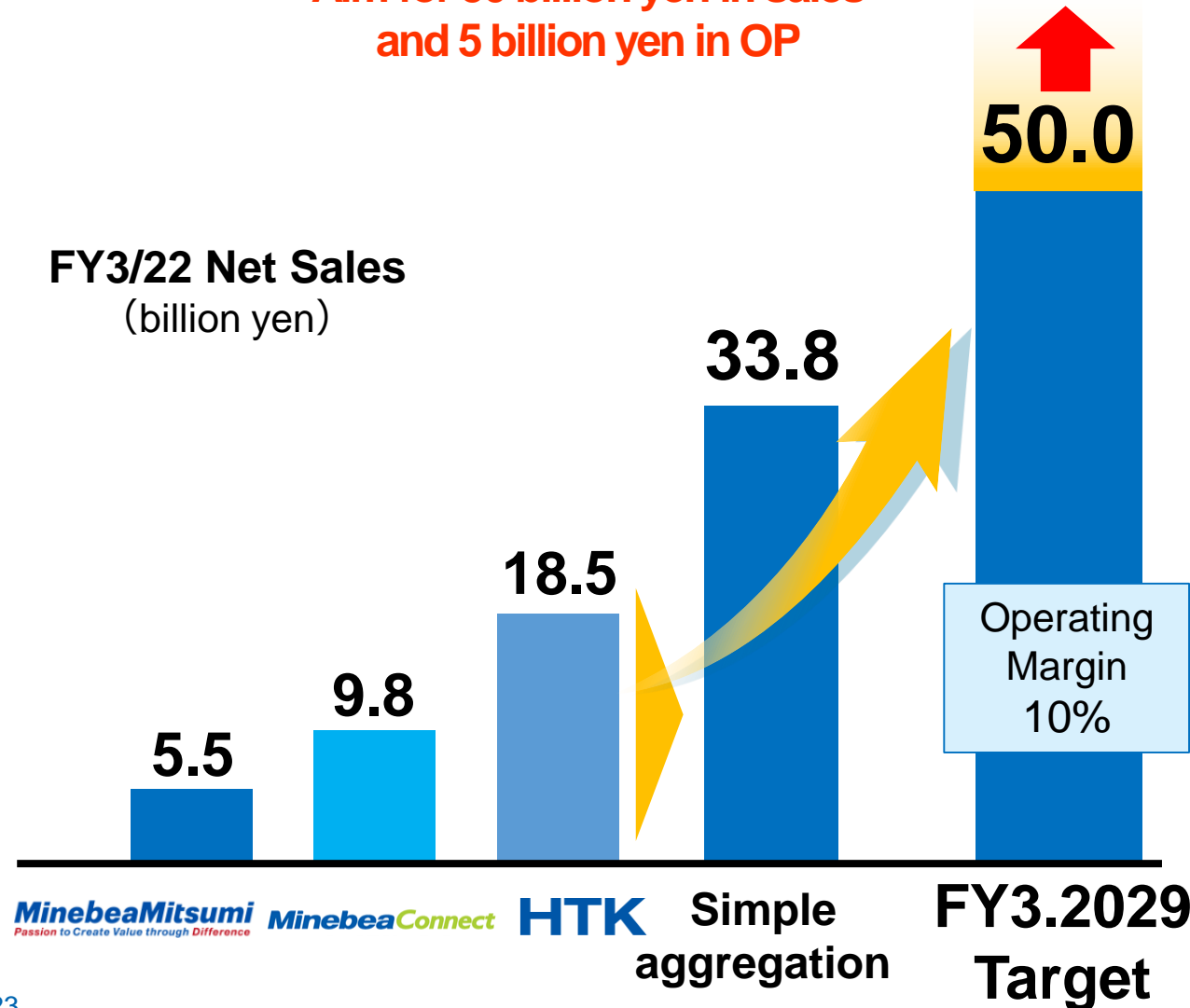
HTK

- Design engineering
- **Sample responsiveness**
- FA & information infrastructure market
- High-mix, small-lot production

MinebeaConnect

- Terminal & Component Technology
- Foundation for vertically integrated production with composite molding technology
- **Trust with Automotive customers**
- Customization

FY3/22 Net Sales (billion yen)



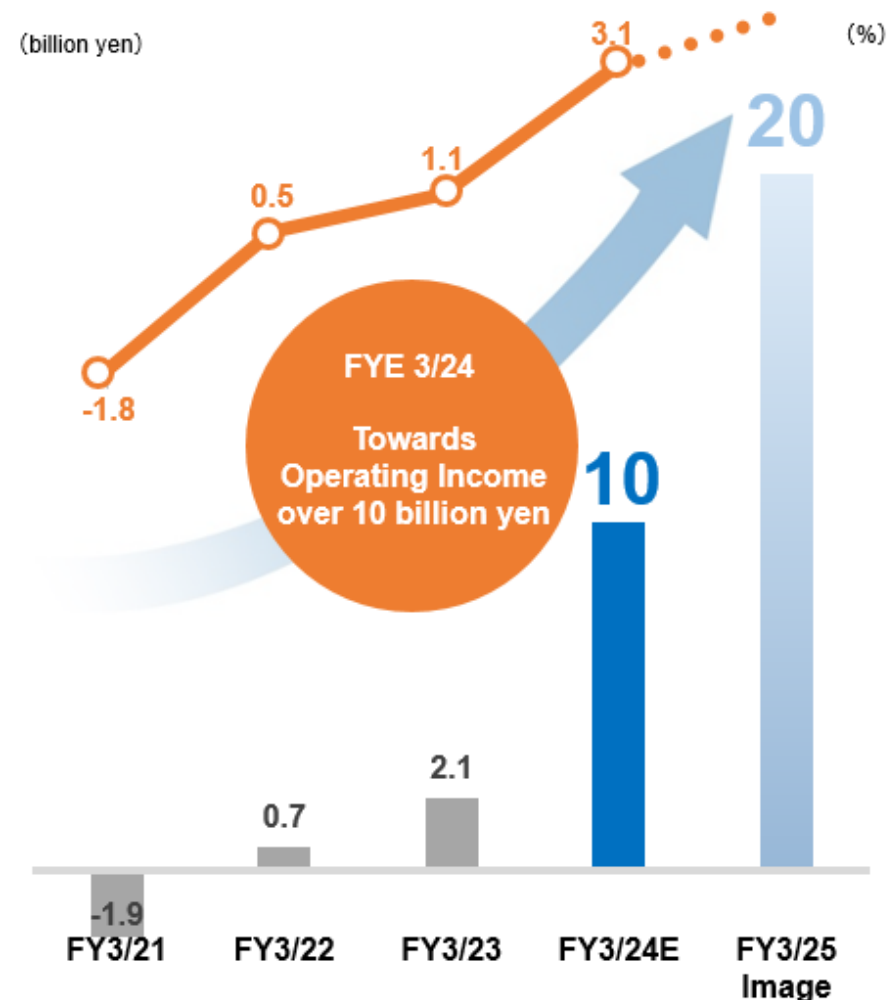
Turnaround to be achieved
Full-year Operating Income in excess of 10 billion yen in sight

Transition of Access Solutions Business

2019 Integration of U-Shin
(U-Shin has integrated Access Mechanisms business from Valeo S.A. in 2013)

2021 Transferred Automotive business from MITSUMI (Currently SE) segment
(High-frequency components such as tuners and antennas, and communication modules)
(Home Security Units are transferred to SE)

2023 Integration of Minebea Access Solutions
(formerly Honda Lock)



■ AS OP ○ AS Operating margin *FY3/23 Excl. Special factors

Strengthening the access products business
via integration with Minebea AccessSolutions (formerly Honda Lock)

Establish Tier1 position and expand customer base

Products

Strengthen synergies in the access products business

- Mainly key locks, outer door handles and mirrors.
- **Product areas overlap with U-Shin** except for mirrors.

Sales

Expand Tier1 biz due to different customer bases

- Full-scale entry into the Honda supply chain.
- **Domestic access products and automotive products to become three pillars.**

Locations

Strengthening global responsiveness by complementing each other's regions of presence

- Manufacturing and R&D bases located **in the Americas** (strengthening entry into the US car market).
- Establish **global development and supply system.**

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Promoting carbon neutral initiatives

Cebu plant (large scale power consumption base)

Installation of large scale solar power generation system and Power Purchase Agreement

1 Solar power generation system

- Invested in an in-house power generation facility with one of the largest power generation capacities (7.9 MW of electromotive force)* among Japanese plants in the Philippines, which started operation in October 2023. This will reduce CO₂ emissions by 6,833 t/year.

* Source: MinebeaMitsumi, October 19, 2023

2 Power purchase agreement (PPA)

- In addition to on-site power generation, renewable energy PPA signed. The plant will be a 100% renewable energy plant by Feb. 2024.

- **Achieved carbon neutrality for a leading mobile phone company.**

Further enhancement of management efficiency and increase synergistic effects

Keywords

1

Secure talented human resources

From new graduates to career hires, acquire and develop talented and diverse human resources

2

Stimulating internal and external exchanges

Pursue collaborative creation, including industry-academia partnerships, that transcends not only internal company locations, divisions, and generations, but also external industry boundaries

3

INTEGRATION and toughening of proprietary technologies

Promote activities involved in the INTEGRATION of diverse know-how and "talents."



MinebeaMitsumi Tokyo X Tech Garden
Starting date :March 27, 2023 (Mon.)
Size :28 stories above ground and 4below

Evolution of management structure in April 2023 Division of roles for strategy and execution for next generation

Corporate Philosophy
Company Credo

Management
Strategy

Execution

Execution items

Execution Strategy

Actions for execution



Yoshihisa Kainuma
CEO&COO → CEO



Katsuhiko Yoshida
CFO → COO & CFO

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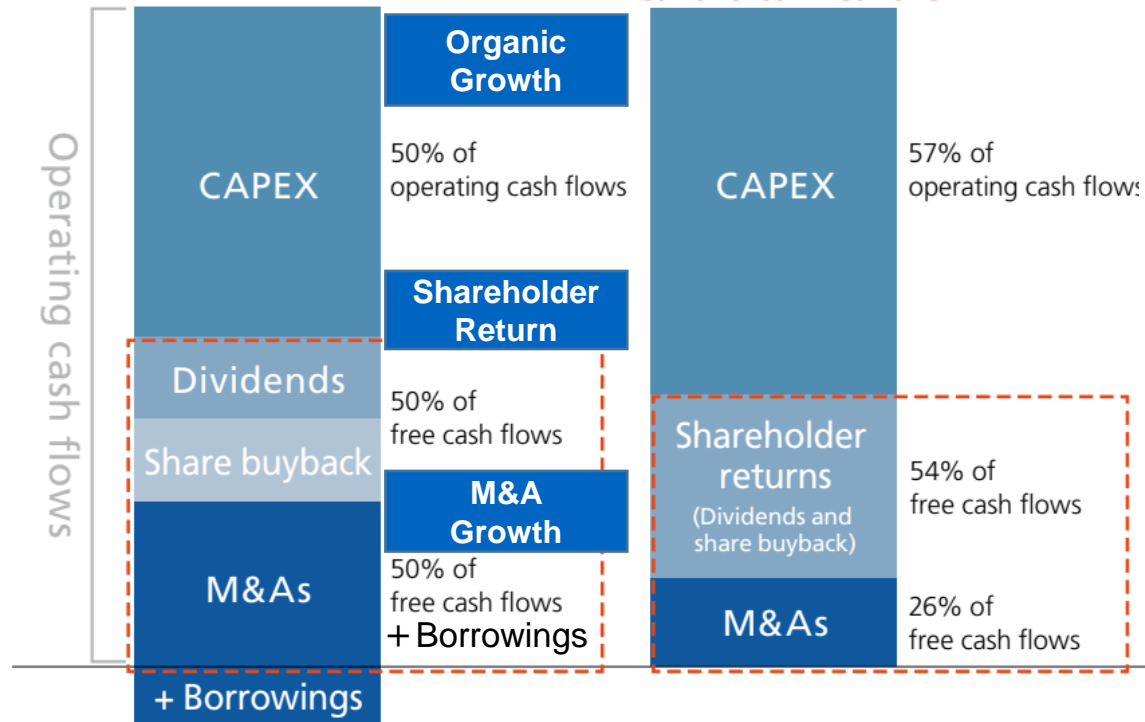
4. Financial and Capital Strategy: Cash Allocation and Financial Discipline

Generated cash will be used for growth investment (including M&As) as the highest priority and to strengthen the financial structure and for shareholder returns **within 0.2 times D/E ratio to maintain financial discipline**

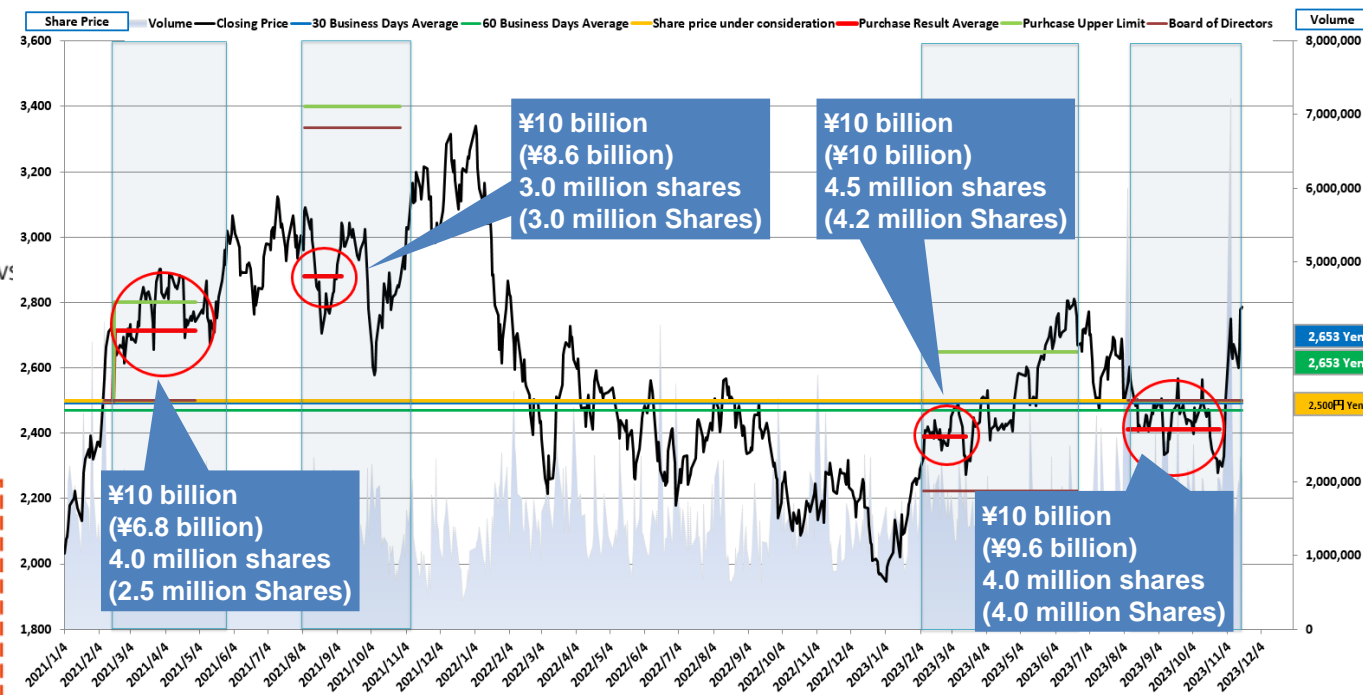
Cash Allocation Policy

Medium- to long-term policy

Results from FY3/2019 to FY3/2023

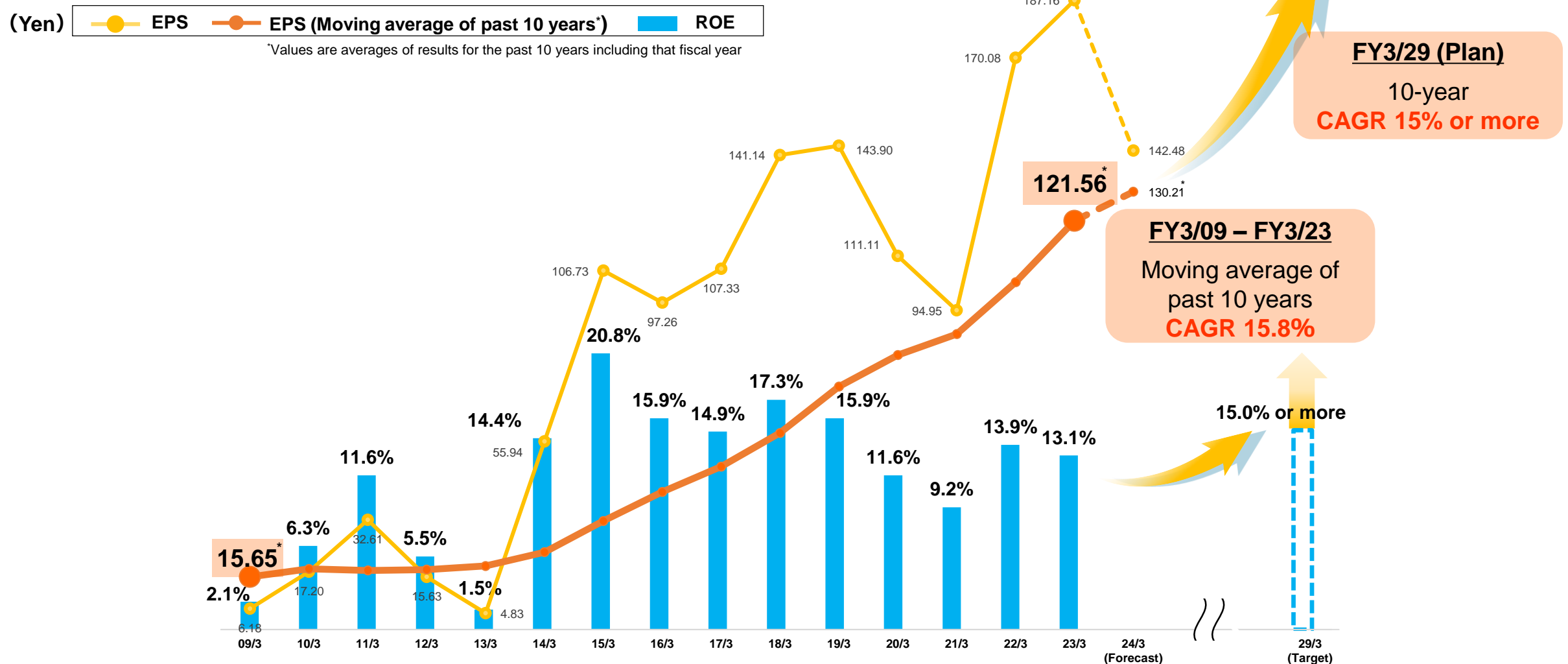


Our share price trends and actual share buybacks since 2021



4. Financial and Capital Strategy: EPS Growth Rate and ROE

EPS : FY3/2009-FY3/2023 actual **CAGR15.8%**, aim for **CAGR15% or more** toward FY3/2029
 ROE : FY3/2009-FY3/2023 average actual **11.6%**, aim for **15% or more** toward FY3/2029





Any statements in this presentation which are not historical are future projections based on certain assumptions and executive judgments drawn from currently available information.

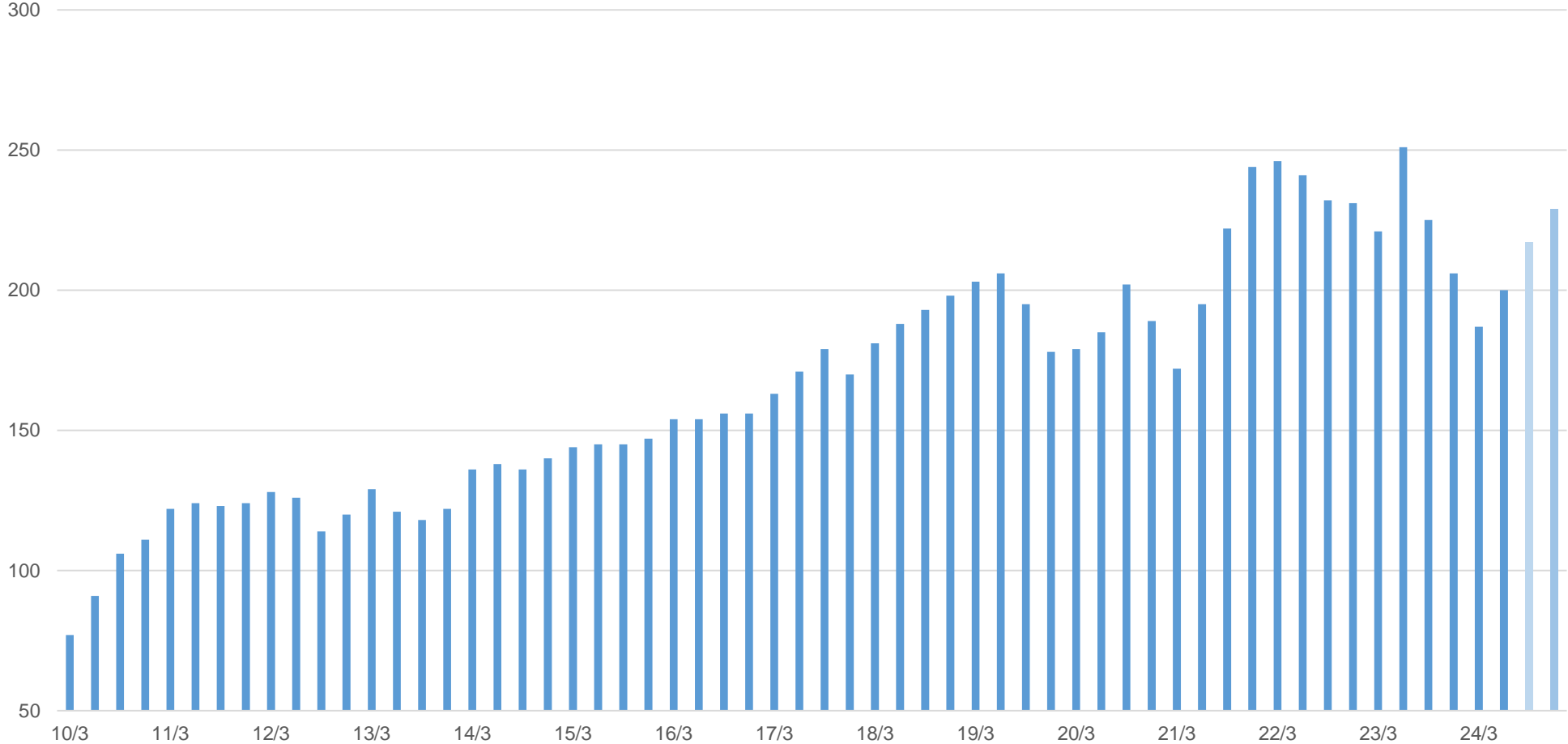
Please note that actual performance may vary significantly from any particular projection due to various factors.

Factors affecting our actual performance include but are not limited to: (i) changes in economic conditions or demand trends related to MinebeaMitsumi's business operations; (ii) fluctuation of foreign exchange rates or interest rates; and (iii) our ability to continue R&D, manufacturing and marketing in a timely manner in the electronics business sector, where technological innovations are rapid and new products are launched continuously.

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Ball Bearing Sales

External shipment (million units/quarter)






Generate new business opportunity for CASE generation






Connected

- 5G antenna / Combo antenna 
- WiFi/BT, GNSS, LTE module 
- High speed transmission connector  ➤ HMI  etc.

Shared











- Smart Key (UWB) 
- E-latch 
- Flash handle  etc.

Autonomous

- Brushless motor for LiDAR 
- LATM for LiDAR *1 
- ECU cooling fan 
- Sensor 
- High speed ADC  etc.

*1 LATM: Limited Angle Torque Motor
*2 AGA : Active grill shatter actuator

Electric

- Motor for water pump 
- Cooling fan for secondary battery 
- Resolver 
- HVAC module 
- Battery protection module 
- AGA *2 
- Battery module 
- IGBT 
- CSD 
- E-Shifter  etc.

