

Nomura Investment Forum 2024

MinebeaMitsumi
Passion to Create Value through Difference

Business Overview and Management Strategy

December 4, 2024

MinebeaMitsumi Inc.

Director, President COO & CFO

Katsuhiko Yoshida



1. Today's Point

2. Growth Strategies toward 10% or more Operating Margin

3. Towards Sustainable Growth

4. Financial and Capital Strategy

Overall

- Net sales and operating income have grown 5.5 times over the 15 years since 2009
- Aiming to achieve the targets for FY3/29 (net sales of 2.5 trillion yen, operating income of 250 billion yen, operating margin of 10%, ROE of 15% or more, EPS growth rate of 15% or more), the company is now entering a stage of pursuing profitability rather than scale.

Organic growth

- Core business “8 spears” and sub-core strategies to manage the business portfolio.
- PT: Demand for ultra-precision, high-quality products continues to grow. Monthly external sales of ball bearings exceed 300 million units per month, and operating margin to improve toward a record high.
- MLS: With the recovery of the HDD market and improvements in product mix, as well as an increase in global niche top products, mainly for the automotive industry, we expect operating income of 27 billion yen for FY3/25. We aim to achieve an operating margin of 10% for FY3/27 for motors.
- SE: With synergies from each business, we aim to achieve an operating margin of 30% for FY3/29 in the analog semiconductors.
- AS: Capturing great opportunity of automotive electrification. Growth faster than the market through the launch of high value-added products resulting from INTEGRATION.

M&A

- M&A targets high margins while maintaining principles.

Developing products and supplying components for resolving social issues

- Accelerating the business integration of high-value-added power semiconductor and medical businesses that meet the needs of society for “high current”, “high voltage”, “high frequency” and “high speed”.

Sustainability

- Strengthen initiatives for human capital that supports growth.
- Powerfully promote carbon neutrality through solar power and other projects.

Financial and Capital Strategy

- Generated cash is used for growth investments (including M&A) and shareholder returns in accordance with the cash allocation policy.

Sales and Operating Income by Business

Targeting ¥1.56 trillion in net sales and ¥103 billion in OP for the current fiscal year leveraging diverse business portfolio

	(Billions of yen)	FY3/24 Actual	FY3/25 Forecast	YoY	Main products
Total	Net sales	1,402.1	1,560.0	+11.3%	
	Operating income	73.5	103.0	+40.1%	
	Operating margin	5.2%	6.6%	+1.4pt	
PT Precision Technologies (Net sales composition 15.1%)	Net sales	211.4	256.0	+21.1%	Ball bearings, rod-ends/ fasteners, Precision mechanical components (PMC)
	Operating income	38.0	56.0	+47.2%	
	Operating margin	18.0%	21.9%	+3.9pt	
MLS Motor, Lighting & Sensing (Net sales composition 26.4%)	Net sales	369.4	415.0	+12.3%	Motors, LED backlights, resonant devices, sensing devices
	Operating income	11.9	24.0	x2.0	
	Operating margin	3.2%	5.8%	+2.6pt	
SE Semiconductors & Electronics (Net sales composition 35.4%)	Net sales	494.7	555.0	+12.2%	Analog semiconductors, camera actuators, mechanical components, precision components, power supplies, smart products,
	Operating income	35.5	32.0	-9.9%	
	Operating margin	7.2%	5.8%	-1.4pt	
AS Access Solutions (Net sales composition 23.1%)	Net sales	322.1	329.0	+2.1%	Automotive components (door latches, door handles, door mirrors, etc.), wireless communication devices, industrial machinery components
	Operating income	10.6	17.0	+60.0%	
	Operating margin	3.3%	5.2%	+1.9pt	

Long-term Trend of Sales / OP / Operating margin

**Our focus is shifting from the scale of the business to profitable growth
Toward 2.5 trillion yen in sales, 250 billion yen in OP, and 10% in operating margin**

Organic growth +¥500 billion
M&A +¥300 billion
~¥600 billion

○ Operating margin
○ Real operating margin (Operating margin excluding sales of supplied parts etc)
* FY3/25-FY3/27 plan does not include additions from new M&As.

3/24~3/29
CAGR
Sales 12.3%
OP 27.7%

Record sales for 11 consecutive terms!



EPS Growth Rate and ROE

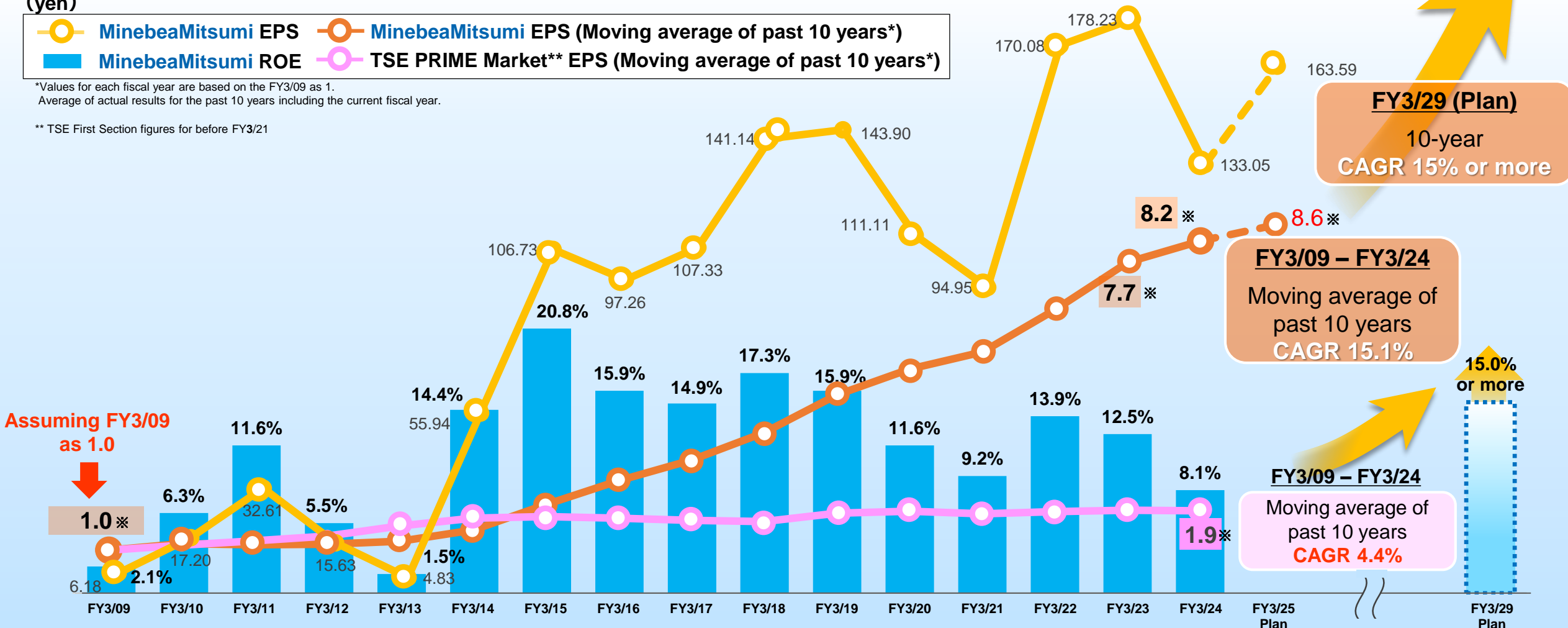
EPS: FY3/09-FY3/24 actual CAGR15.1%, aim for CAGR15% or more toward FY3/29
ROE: FY3/09-FY3/24 average actual 11.3%, aim for 15% or more toward FY3/29

(yen)



*Values for each fiscal year are based on the FY3/09 as 1.
 Average of actual results for the past 10 years including the current fiscal year.

** TSE First Section figures for before FY3/21



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4. Financial and Capital Strategy

1) Organic growth

- As global GDP grows, disposable income per person in the market rises.
- Sales of high-end functional products will increase the necessity for high-end components.

2) M&A

- Integrate companies with synergies, mainly in the Eight spears products.

3) Development of products and supply of parts that solve social issues

- Close and inseparable relationship with the Eight spears.

4) The development of high-value-added products through INTEGRATION

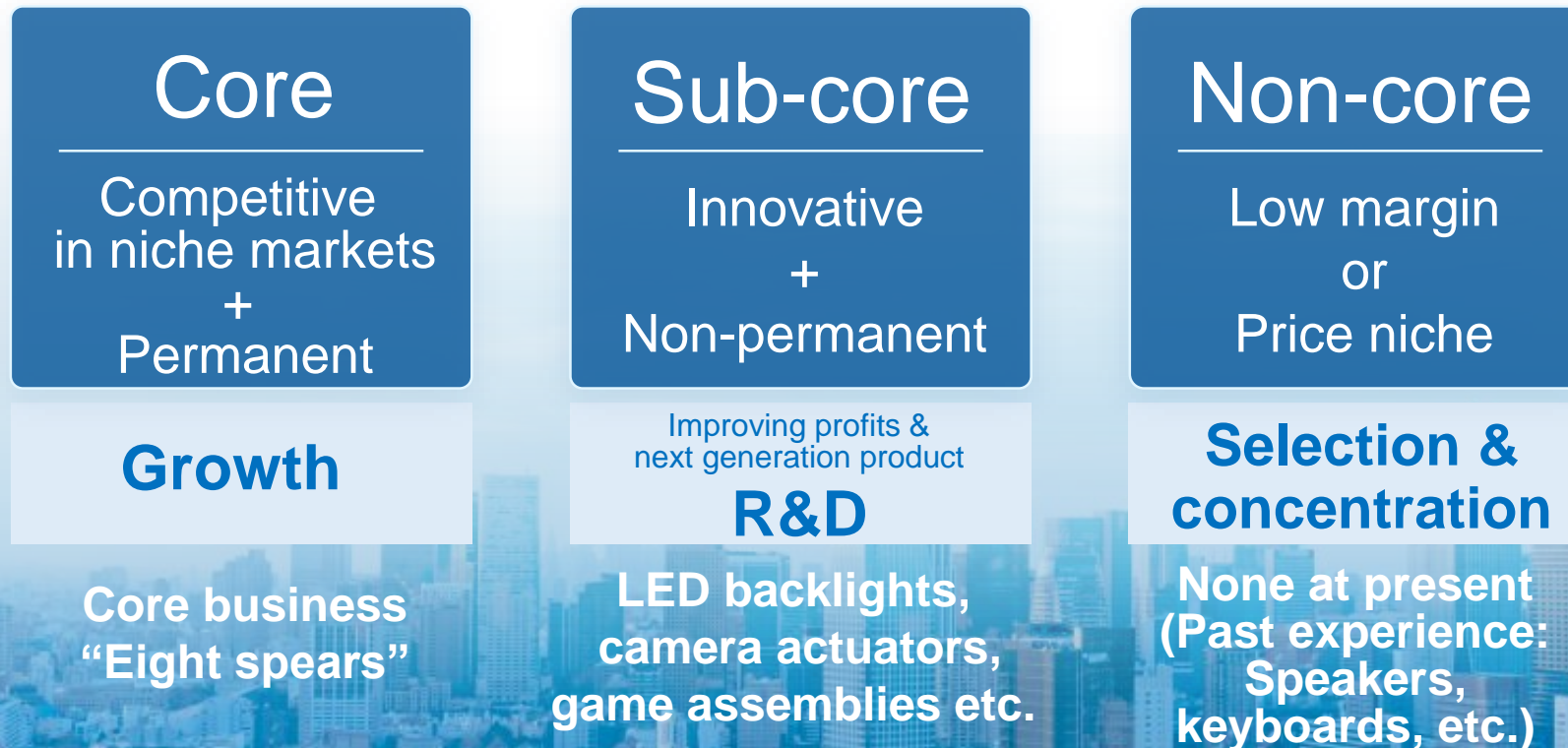
- Creating synergy through the INTEGRATION of core technologies (ultra-precision machining technology, mass production, etc.) and core businesses (the Eight spears).
- Accelerating the development of high-value-added products that only our company can make.



5) Automation project

- Thoroughly reduce costs by improving productivity through automation.

- 1 **Strengthening core business via super precision machining & high quality**
- 2 **Maximizing sub-core as cash cow business, continue as long as it is economically rational**
- 3 **Cash generated from sub-core be utilized toward growth of core business**



2-1) Organic Growth – Business Portfolio Strategy

**Defined a business with over 20 billion yen in OP as a “spear”, and confirmed 4 “spears”.
With just the confirmed spears, we expect to see over 140 billion yen in OP in the near future!**



Definition of a “Spear”

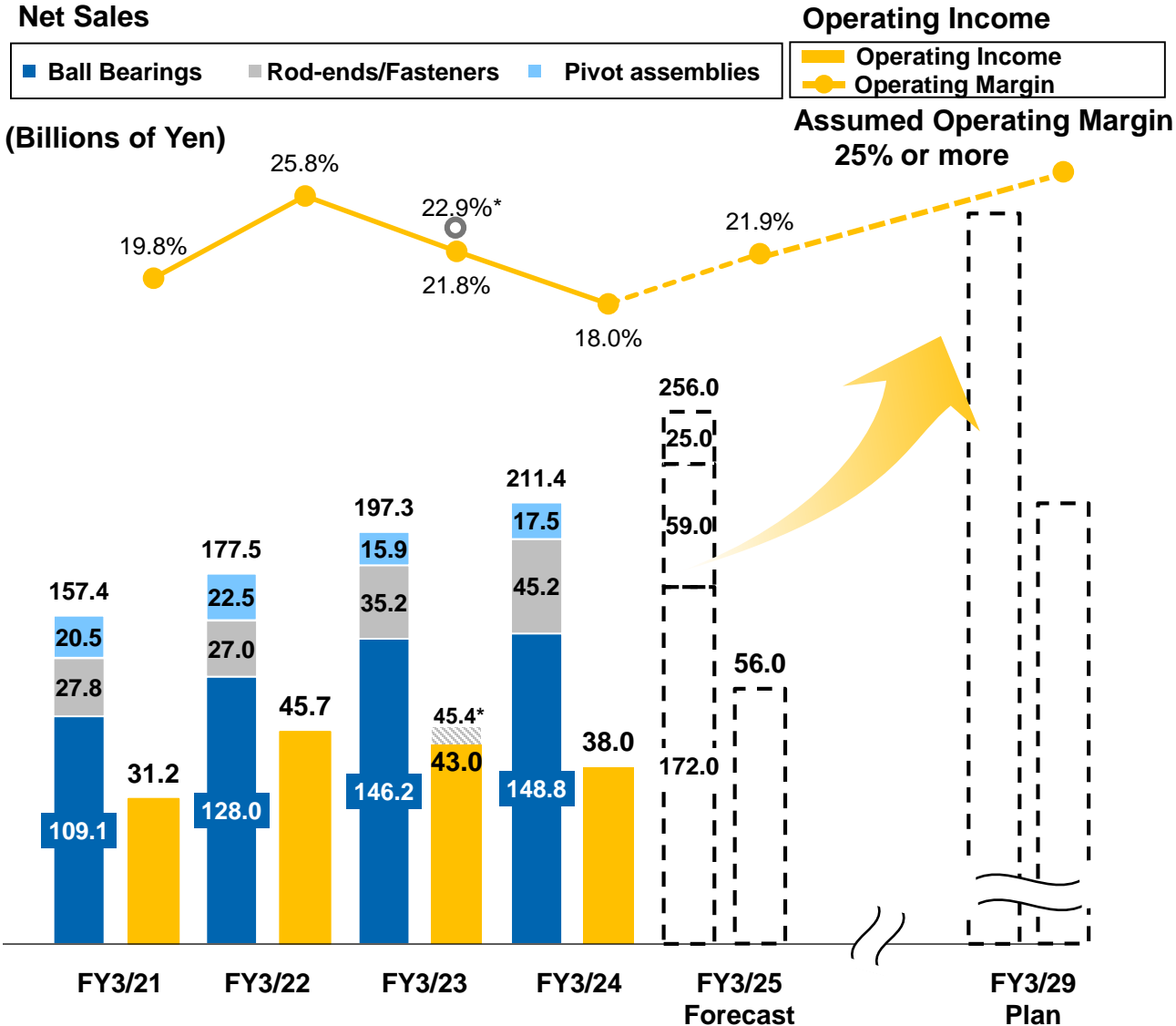
1. Serve niche fields in massive markets
2. Not readily displaced even as a result of technological innovation
3. Capable of drawing on the strengths of the Company
4. Have synergies between Spears

1	Bearings	Operating income 60 billion yen or more
2	Analog semiconductors	Operating income 30 billion yen or more
3	Motors	Operating income 30 billion yen or more
4	Access Products	Operating income 20 billion yen or more

- 5 Sensors
- 6 Connectors / switches
- 7 Power supply components
- 8 Wireless/ communications/ software

2-1) Organic Growth: Precision Technologies

Demand for ultra-precision, high-quality products continues to grow. Monthly external sales of bearings exceed 300 million units, and operating margins continue to improve toward a new record high



Drivers for improving operating margin

1

Data center market : Bearing, PMC

- As the uses of AI expand from language model to images to video, the amount of data increases.
- In addition to AI servers, demand for traditional data storage servers will continue to grow.

2

Automotive market : Bearing, PMC

- The number of our components increase due to change in engine types (ICE → HEV/EV).
- Content growth is continuing due to the expansion in demand for small motors, which are used in electrical equipment for comfortable, environment and safety applications. We expect volume growth to exceed the growth of the automotive market.

3

Medical device market : Bearing, PMC

- Demand for high-margin medical equipment, which had fallen during the spread of COVID-19, has recovered. PMC's product lineup will expand.


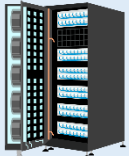
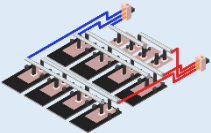
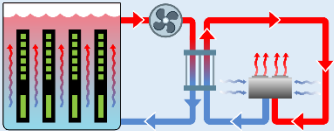
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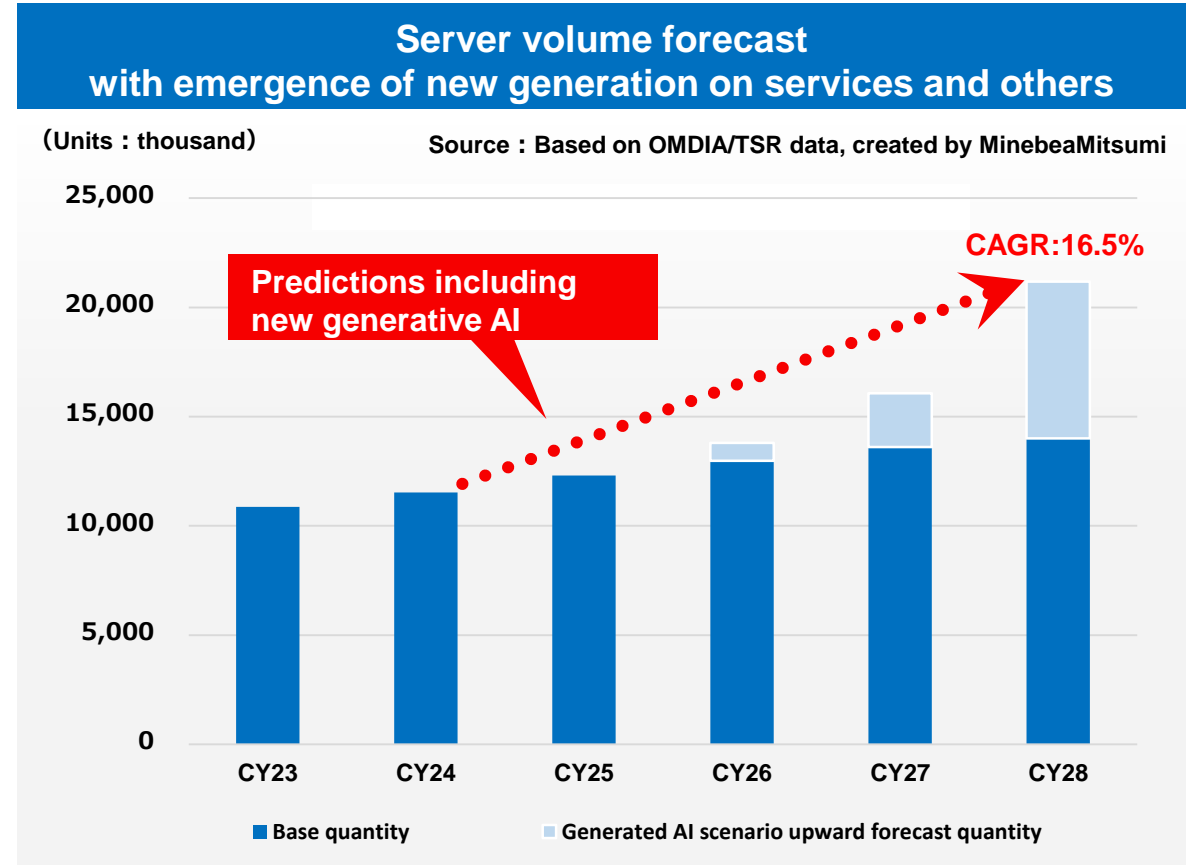
Aerospace market : Rod-end

- Demand for air travel continues to grow. Demand for new aircraft is increasing, including new engines aimed at carbon neutrality. The financial base of competitors has deteriorated due to COVID-19. Capturing demand with a global network in Thailand, India, Europe and the United States.

2-1) Organic Growth: Growth Potential in the Data Center Market

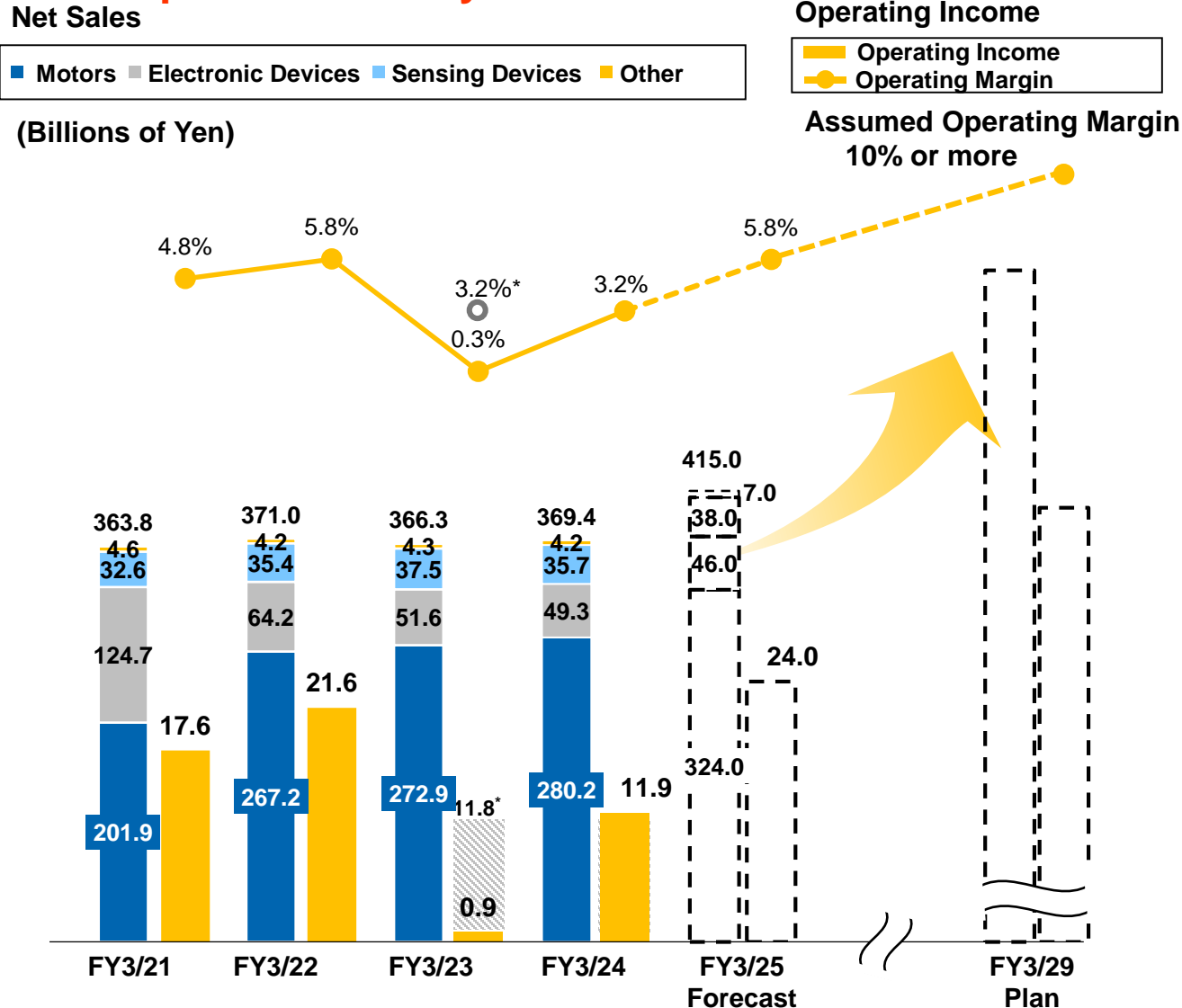
- **Even if there is a change in the cooling system of the server, the fan motors continue to be used**
 - ➔ New opportunities for using fan motors and bearings are also emerging (e.g. increasing the number of bearings to reduce noise at low speeds, increasing demand for high-performance bearings that achieve high reliability and quietness, etc.)
- **Data expansion is expected to continue in the future. Servers for data storage will increase!**
 - ➔ AI applications expand to language ➔ image ➔ video
 - Development of autonomous driving technology and use of 5G are also expected

Cooling System		Fan motor use
Air cooling		○
Liquid cooling	① Rear door 	○ + Large fan motors
	② Cold plate • Liquid to Air(LTA) • Liquid to Liquid 	○ + Large fan motors (only LTA)
	③ Immersion 	△ (for stirring)



2-1) Organic Growth: Motor, Lighting & Sensing

With the recovery of the HDD market and improvements in product mix, as well as an increase in global niche top products, mainly for the automotive industry, we expect 27 billion yen in OP for FY3/25 and aim to achieve 10% operating margin for FY3/27 for motors



Drivers for improving operating margin

1

Data center market: Motor

- The HDD market is recovering steadily. The increase in near-line drives, which have high profit margins, is driving improvements in the motor business's profitability.

2

Automotive market: Motor, backlight

- Content growth will continue to expand due to electrification of comfortable, environment and safety.
- Increased profitability through an expansion in the number of global niche top products that can demonstrate competitiveness.
- In the automotive sector, the adoption of backlights for control panels is progressing, mainly for high-end models from premier European manufacturers. A project to target sales of 100 billion yen over seven years from FY3/26 has also been launched.

3

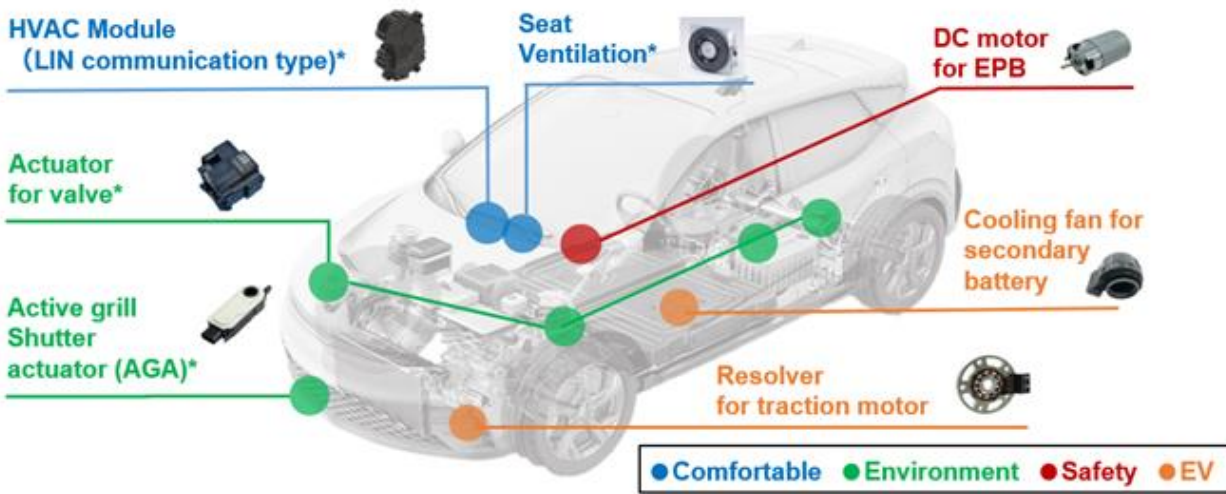
OA · Home appliance market : Motor

- The stagnant OA and home appliance markets are recovering from the bottom.
- The competitive environment is improving due to the withdrawal of competitors. Market share increases are progressing.

2-1) Organic Growth: Contents Growth for Automotive market

Demand for electrification and higher functionality (comfortable, environment, safety) is increasing, and the content growth of bearings and motors continues to outpace the growth of the automotive market

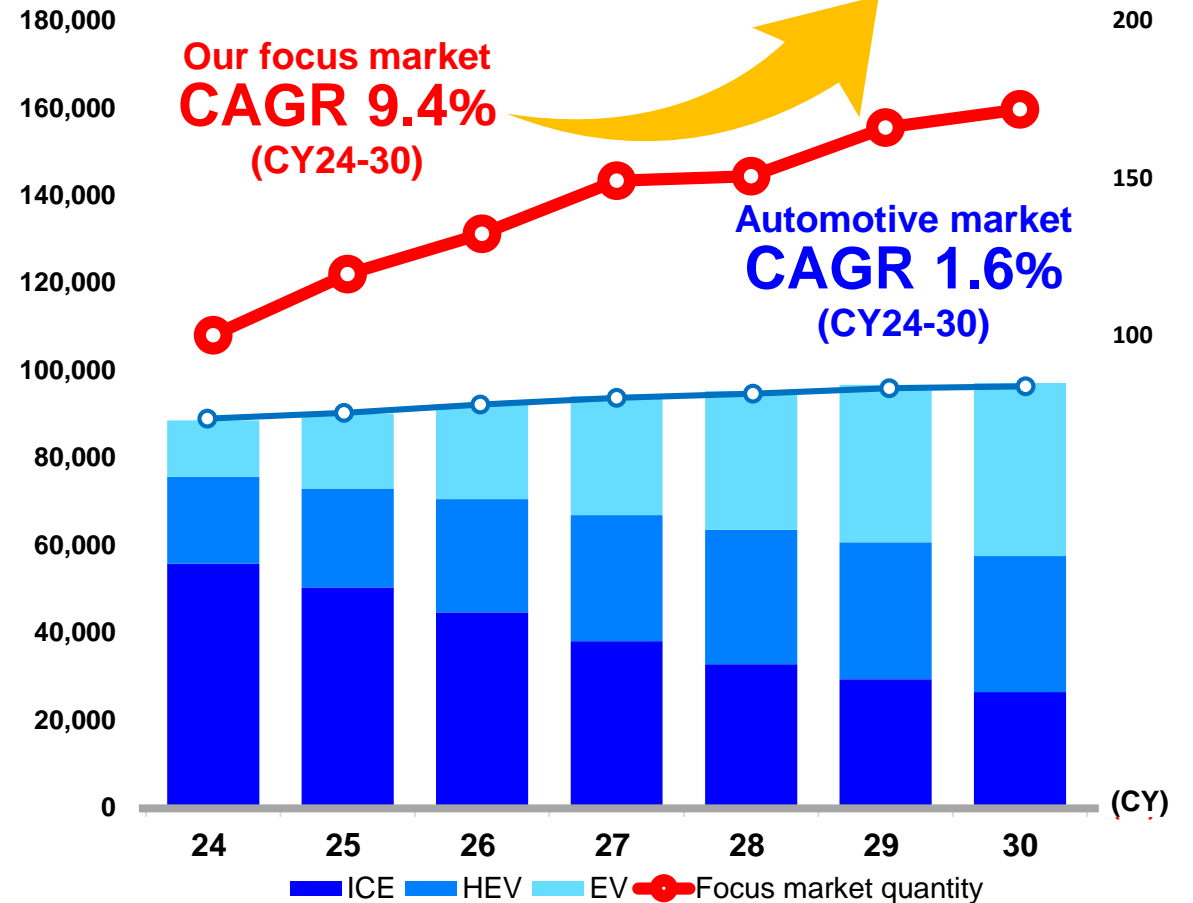
An example of a major motor for automotive applications



Applications related to comfortable, environment and safety performance are increasing regardless of engine type

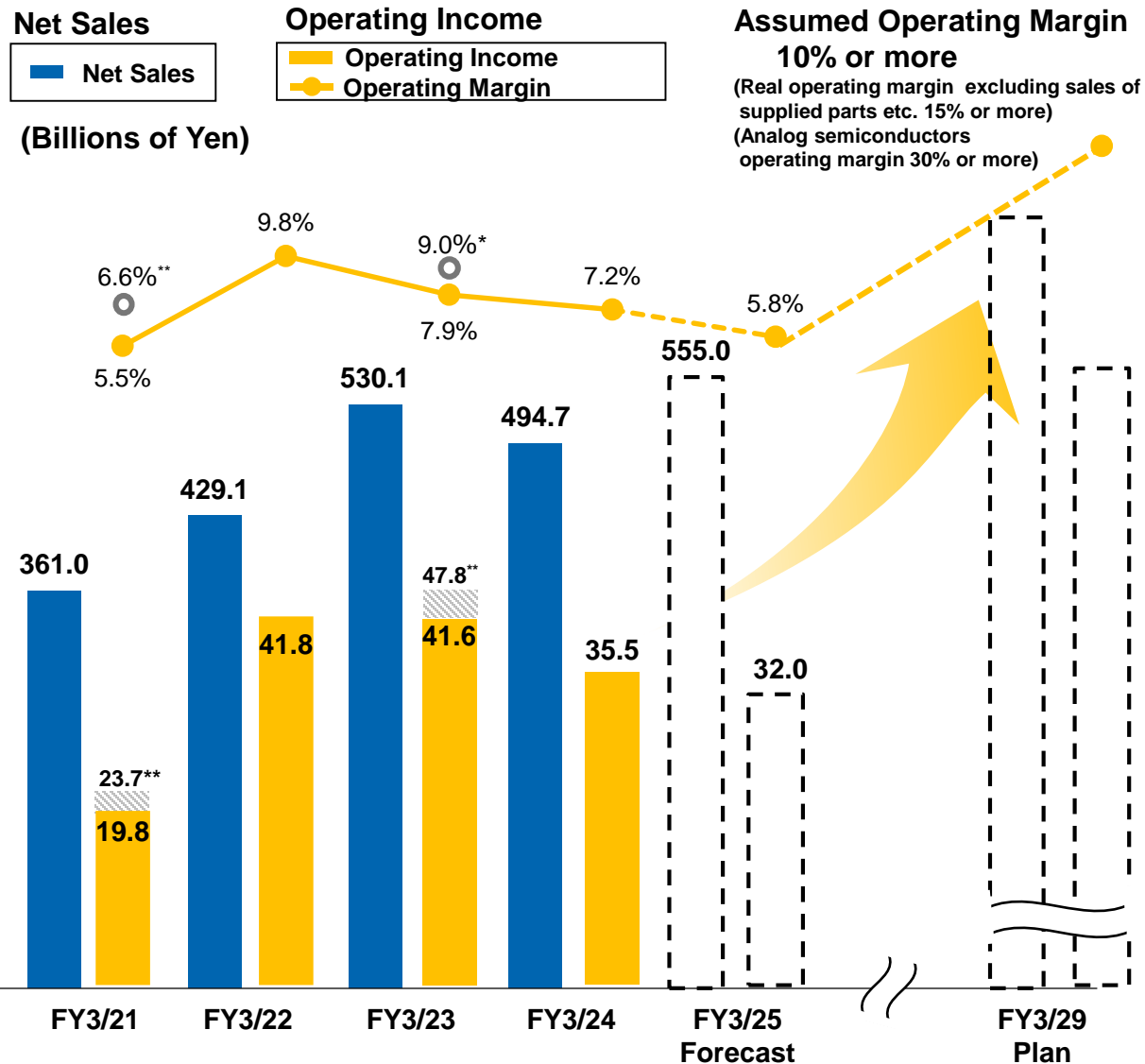
Global automotive production volume and growth potential of our focus markets*

*AGA, HVAC, Seat fan, Valve. Sales volume, indexed against FY3/24 figures



2-1) Organic Growth: Semiconductors & Electronics

Accelerate the growth of core businesses centered on analog semiconductors
Continue to strengthen the profitability of sub-core businesses



Drivers for improving operating margin

1

Semiconductor

Analog semiconductor

- Focus on niche and custom areas. Provide products that meet customer needs leveraging harmony of craftsmanship. Expand global niche top products, which have high switching costs and can also build barriers to entry against Chinese companies.
- Further improve profitability through the acquisition of Socionext's medical-related business, etc.

Power semiconductor

- IGBTs are targeted not only for EVs, but also for high-current, high-voltage products such as trains, industrial machinery, and power grids.
- We will thoroughly differentiate ourselves through our unique side-gate IGBT technology.
- We will continue to adjust the prices of Minebea Power Semiconductors Devices.
- We will increase the utilization of the Shiga Plant and aim to improve profitability as soon as possible.

2

Sub-core business : For smartphone, game

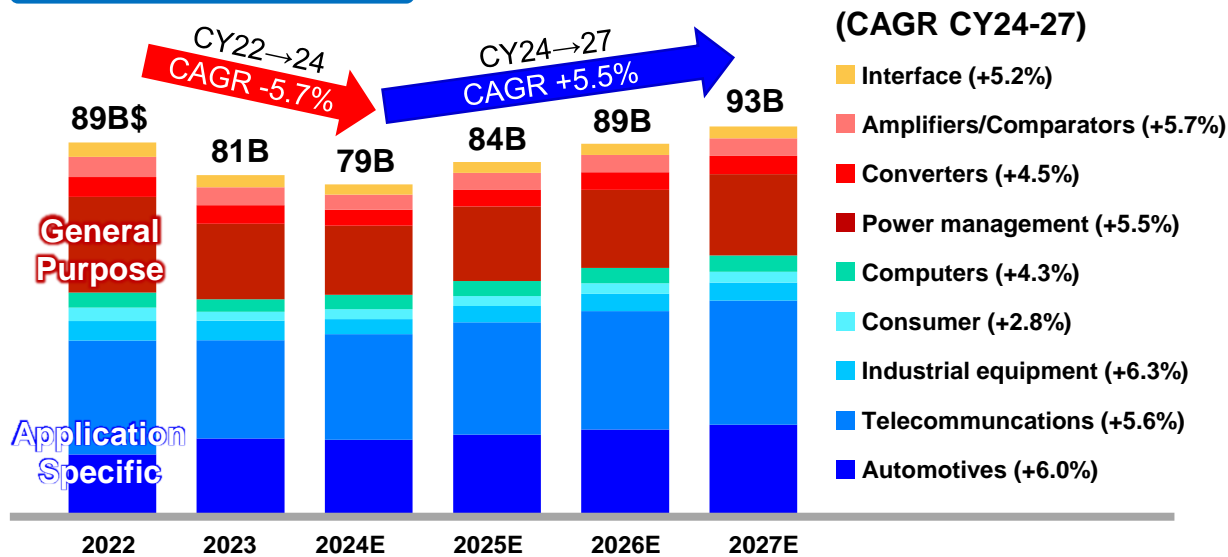
- We will respond to customer demand in both the smartphone and game markets, and pursue economic rationality through cost reductions and productivity improvements.

2-1) Organic Growth: Analog Semiconductor

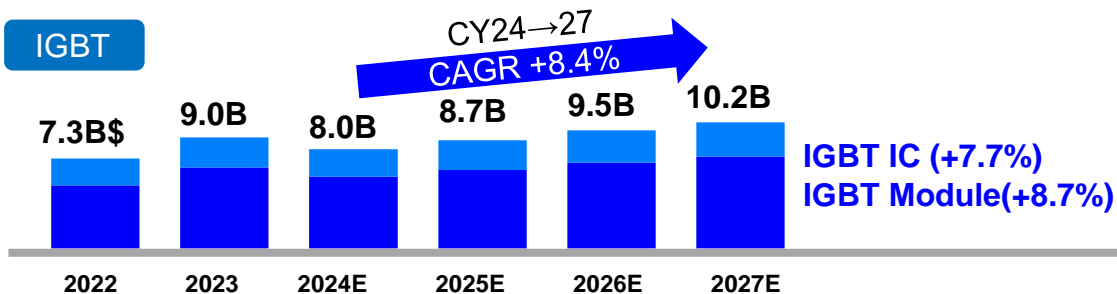
Accelerated growth in both analog and power semiconductor markets from 2025 onward
Aiming to be a “Global Niche Top” company, and targeting an operating margin of 30% for FY3/29!

Global market forecast

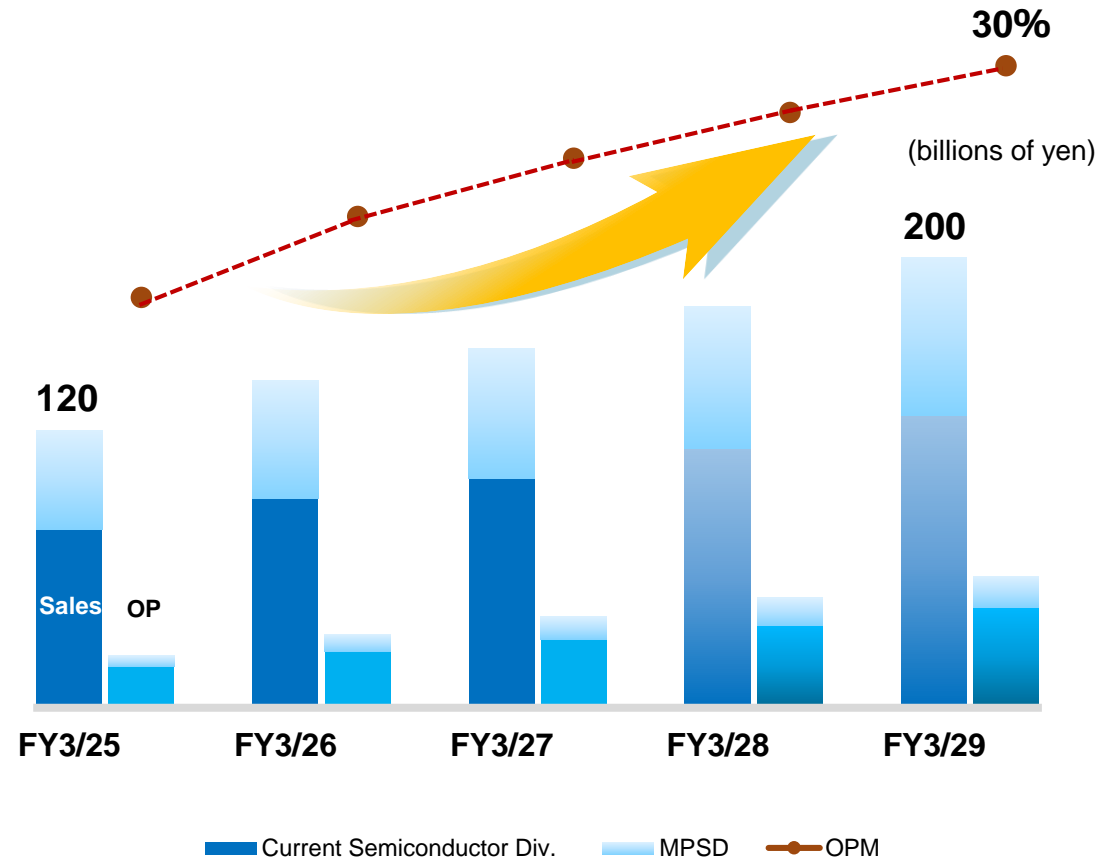
Analog semiconductors



IGBT

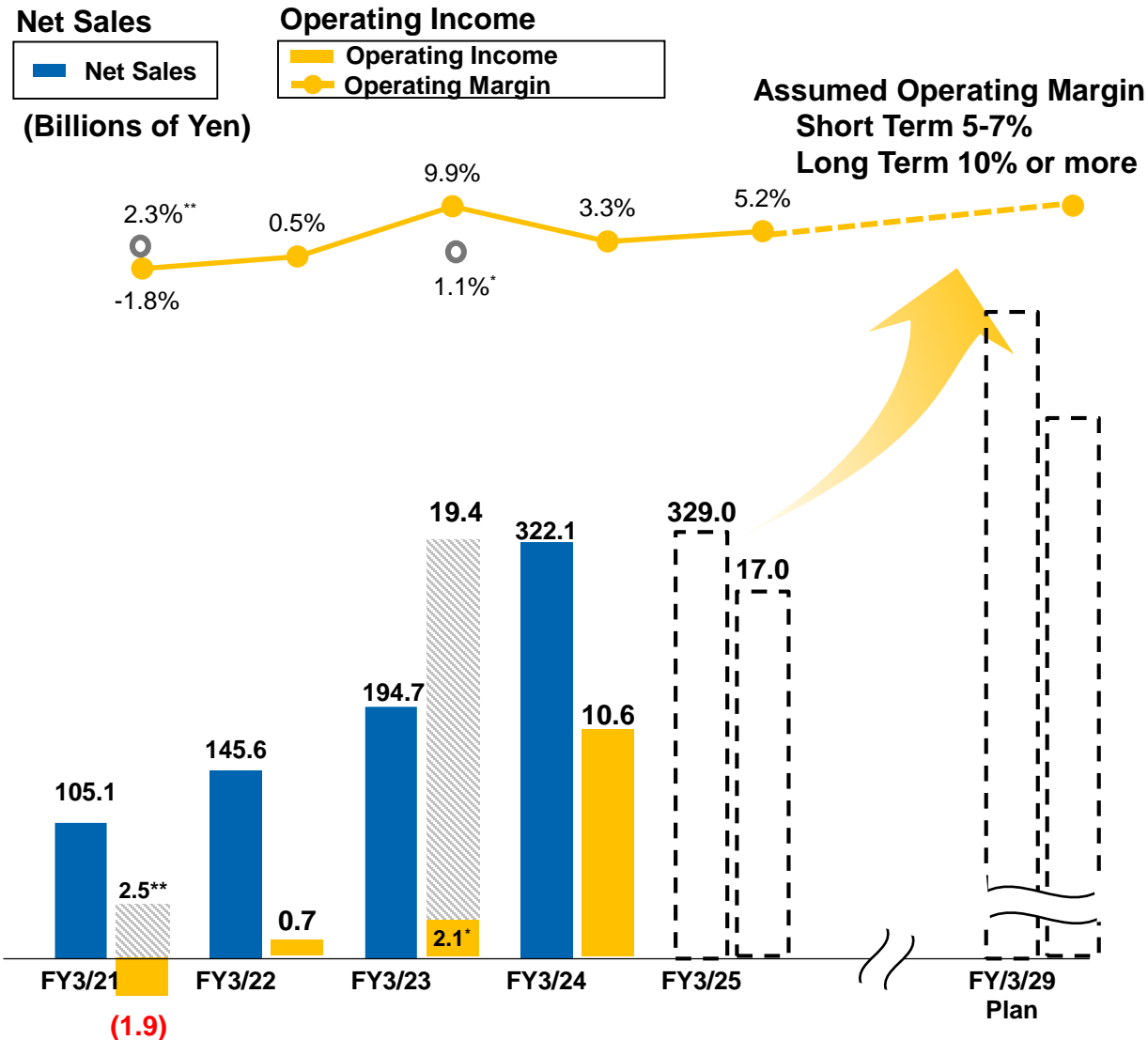


Medium-term targets for analog semiconductor Div.



2-1) Organic Growth: Access Solutions

Capturing great opportunity of automotive electrification



Drivers for improving operating margin

- #### 1 Electro Mechanics Solutions™ arrives in the field

 - Electrification of Access products including flash handles, has been expanding at a faster-than-expected rate.
 - Due to the impact of COVID-19, the financial situation of our competitors in Europe has deteriorated. Inquiries to our company, which has a solid financial base, are on the rise.
 - A project has also started for 7 years and 100 billion yen from FY3/26.
 - In Southeast Asia, smart locks for motorcycles, which are highly profitable, are doing well.
- #### 2 Development of new products through INTEGRATION

Game-changing opportunities for new entrants also increase (Wing handle, e-Latch, etc.)

 - INTEGRATION of core businesses, and development of new high-value-added products such as wing handles that only our company can make.
 - Latches, which had high barriers to entry due to safety and spare parts, have also seen a dramatic increase in opportunities to acquire new business through electrification.
- #### 3 Structural reform and synergy have improved the loss-making business

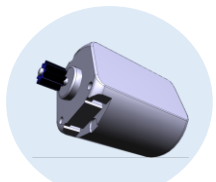
 - Through the results of structural reforms and synergies, we have turned around loss-making businesses in the Americas, Europe, and the automotive device.

2-1) Organic Growth: Access Solutions

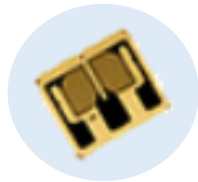
The results of INTEGRATION leading to further growth have come to fruition
Growth faster than the market through the launch of high value-added products resulting from INTEGRATION

Wing Handle

- INTEGRATION of door locks, motors, and sensors enables unprecedented electric locking/unlocking via touch-sensitive operation
- Enhanced design and simplified door systems allow for greater flexibility in vehicle design



Motor

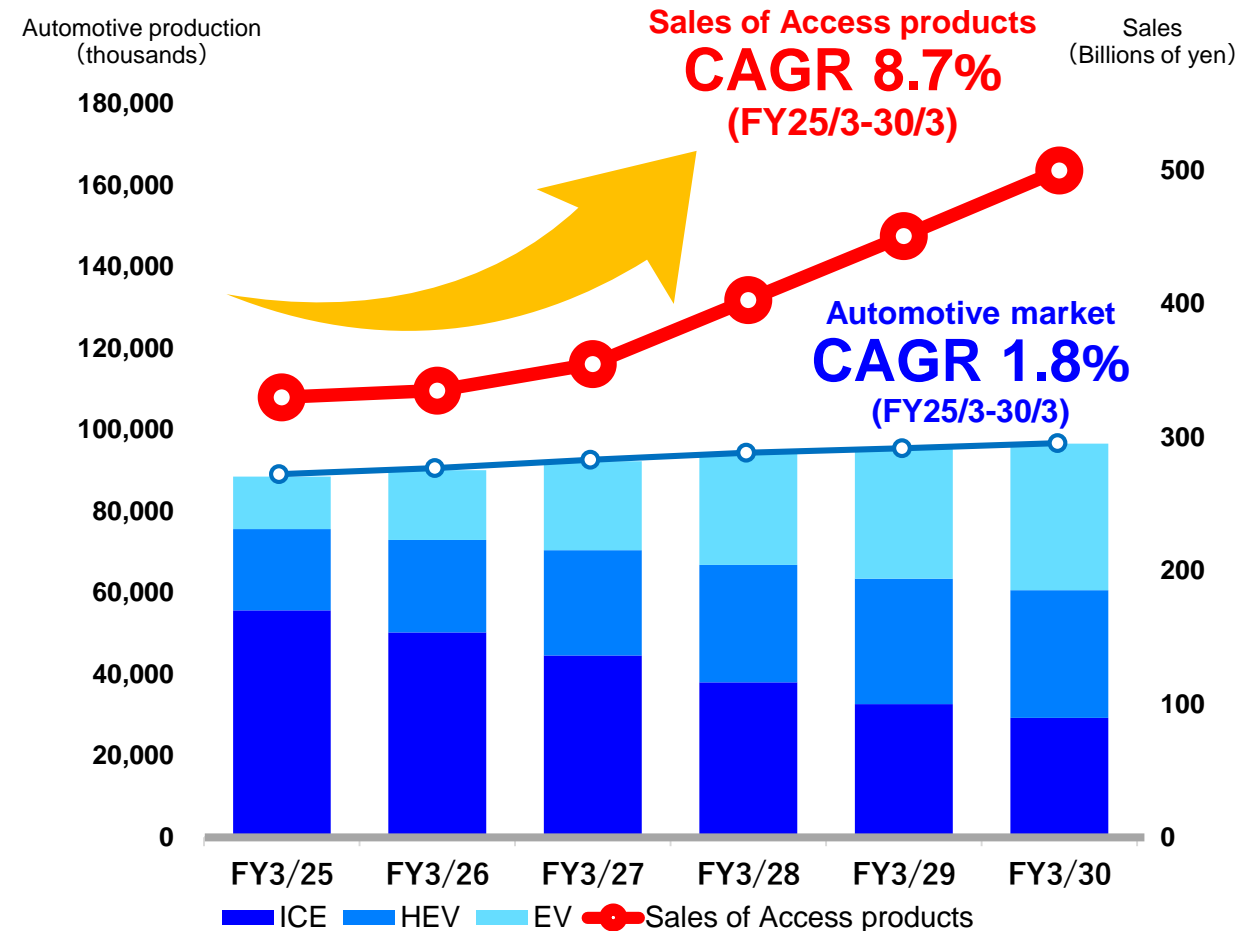


Sensor



Handle

Global automotive production and growth potential of our Access products



Source: Based on S&P Global data, created by MinebeaMitsumi

M&A targets high margins while maintaining

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

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

16 years of Results/forecast

Total enterprise value of 26 integrated

Total sales of 25 integrated (excluding MPSPD) (at time of integration)

Total OP of 25 integrated (excluding MPSPD) (FY3/24)

28 M&As

Of which integrated

26 M&As

about 306 billion yen

about 610 billion yen

about 49 billion yen

16 years (10/3-25/3)

28 M&As

20 years (90/3-9/3)

10 M&As

18 years (72/3-89/3)

21 M&As

Sales since foundation

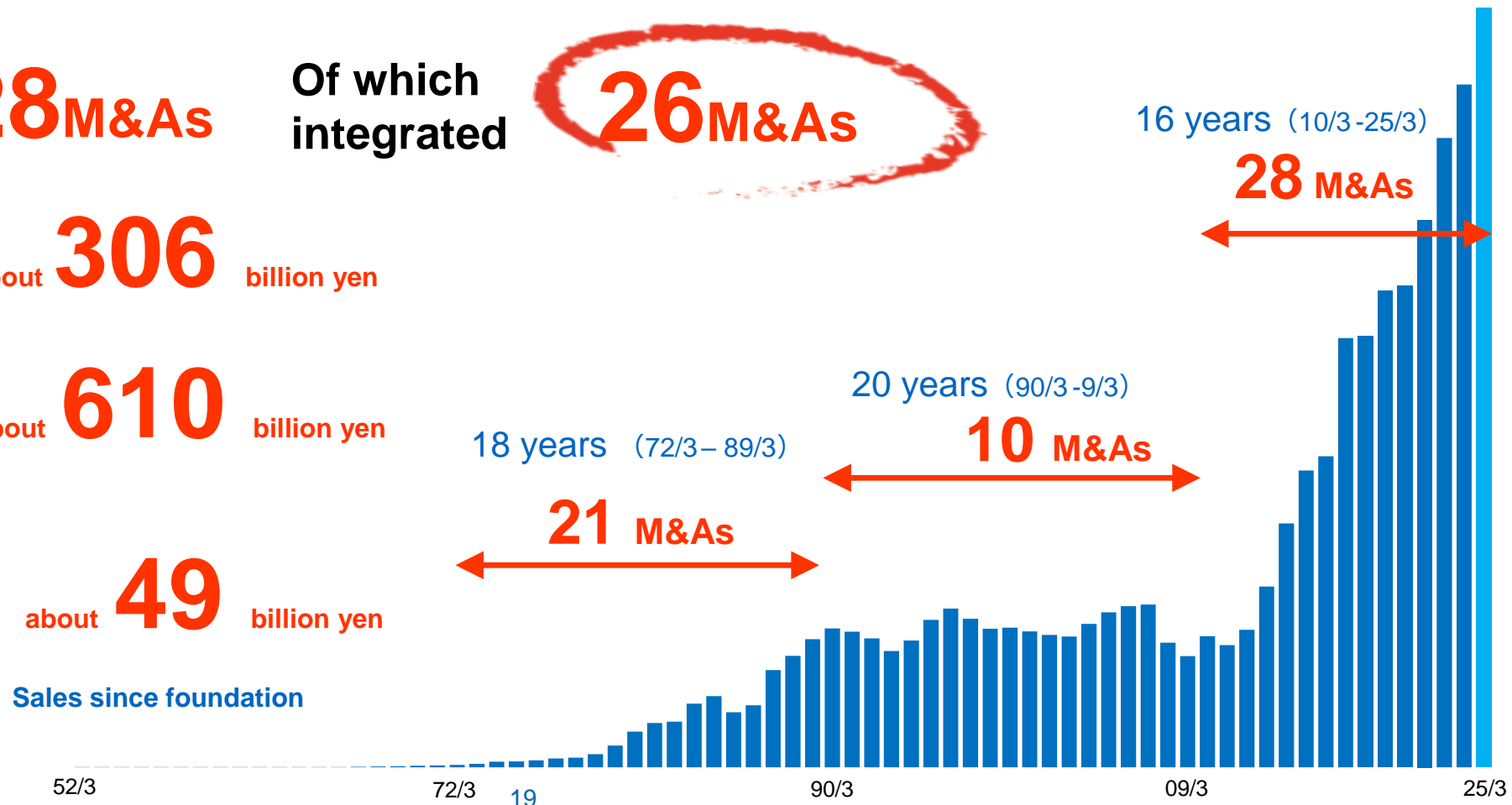
52/3

72/3 19

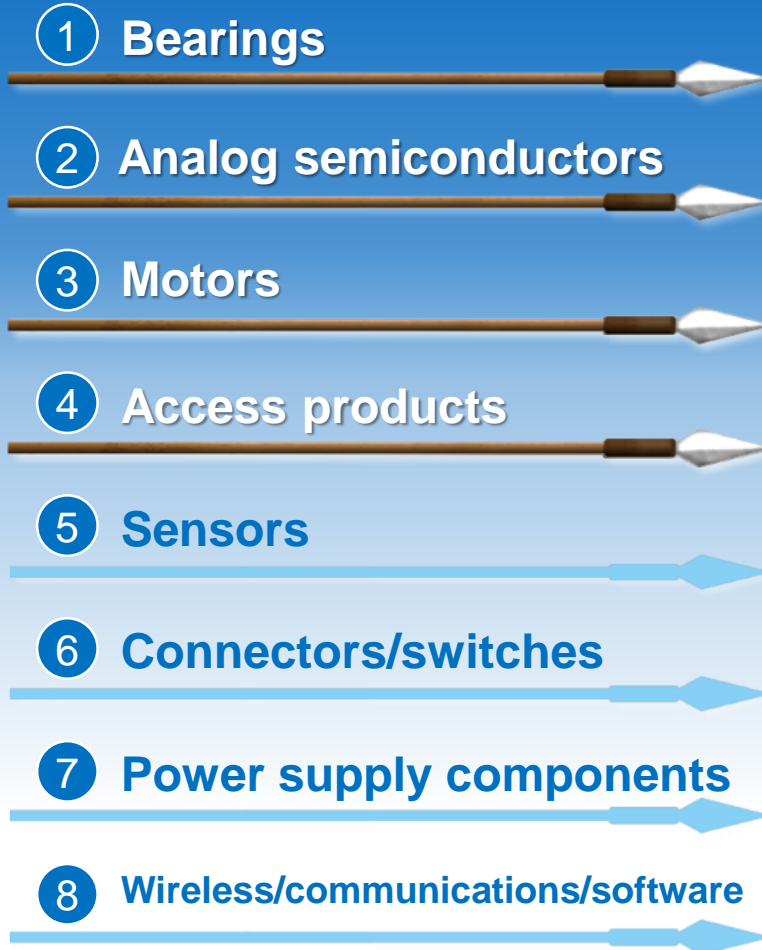
90/3

09/3

25/3



Focus on M&A to strengthen earnings base by toughening the eight spears



Strengthening established spears

- ✓ **Machined components** : Aircraft business etc.
- ✓ Analog Semiconductors : Strengthening the medical field, entering the World TOP10
- ✓ Motors Enhancement : Technologies, Manufacturing Capabilities, Marketing Channels, etc.

Strengthening spears that have not been established

- ✓ Substantial growth in power supply components, connectors/switches, etc.

Creation of new spears

- ✓ Synergy with existing eight spears is a prerequisite

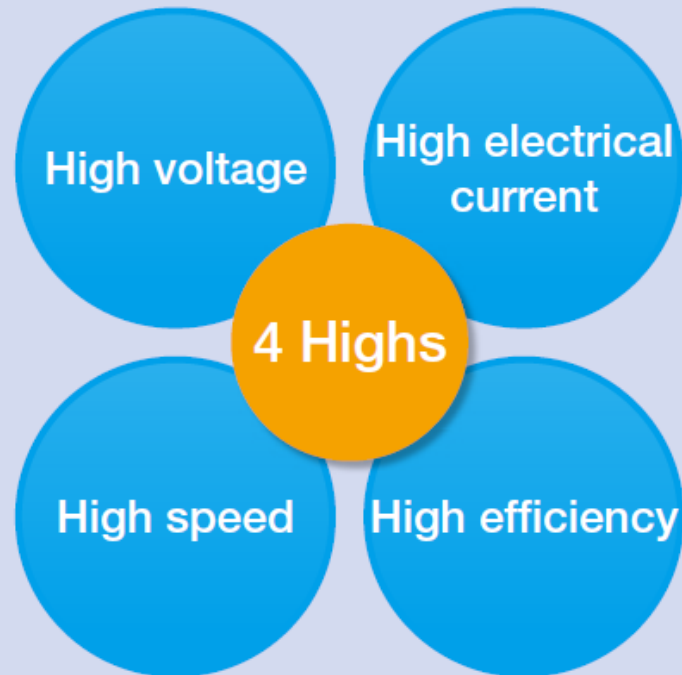
Meet “4 Highs: High voltage, High current, High frequency, and High speed” needed in the world

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

Social issues to be addressed

- Declining birthrate and aging population
- Population issues
- Healthcare issue
- Promotion of telemedicine
- EV
- Autonomous driving
- Robotics
- Environmental
- Energy issues
- Global warming etc.

Seeds



Needs

Electrification, automation

+

AI·VR·XR

+

xEV·CASE

+

Ultra-high-speed communication

+

Sensing (Control)

M&A & “4 Highs” Case – Analog Semiconductors

Acquired high-current, high-voltage power semiconductor business, accelerating INTEGRATION with global niche top

	8 focused drivers	Target	KSF/Characteristics	Focused products
MITSUMI	Power Semiconductor			
	IGBT/SiC	EV/ Industrial Transport equipment transport Power grid	Minebea Power Semiconductor Device (MPSD)	<ul style="list-style-type: none"> IGBT/SiC (Package) High voltage IC · Power grid Diode
	Analogue Semiconductor			
	Sensor custom	Custom MEMS	<ul style="list-style-type: none"> Chip technology Production line Process technology Cost down method Supply chain 	<ul style="list-style-type: none"> IGBT(MR/MI/MS) Next-Gen MS-Series Hi-Voltage
ABLIC	Integration	X tech		
	Li Battery protection	EV/ESS		
	Power for Automotive	ADAS Camera xEV	<ul style="list-style-type: none"> Process technology Fine-tuned Integration technology Alliance, Translation Solution Engineer Outside FAB (miniature circuit process) 	<ul style="list-style-type: none"> Battery Protection Power(DC/DC, LDO) Sensor MEMS & AFE Multi-cell(2-18cell) Power for EV Home-use medical Integration
	Medical High-voltage	Ultrasonic Diagnostic equipment, Sonar		
	Magnetic sensor	Mobility Robotics		
	CLEAN-Boost®	SDGs		

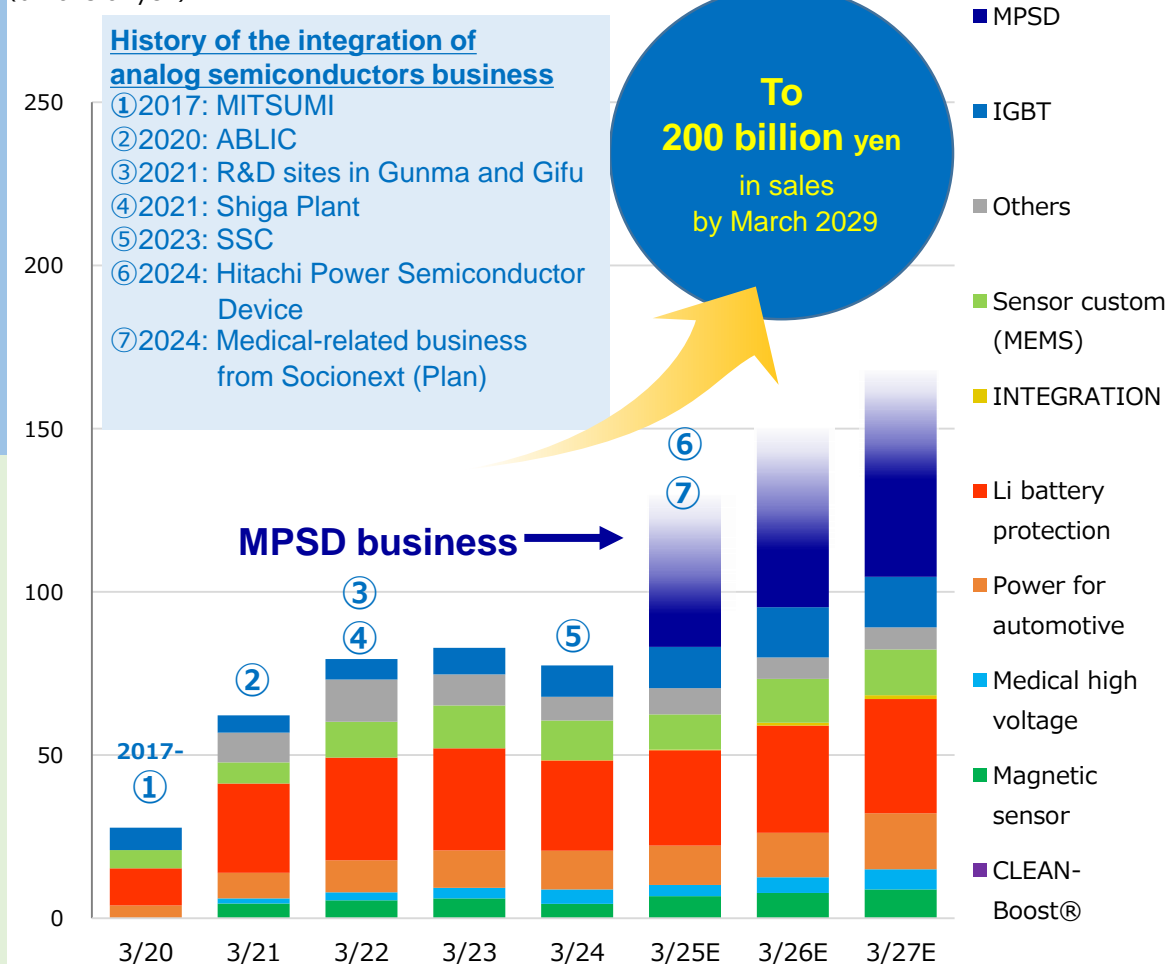
Semiconductor division sales plan image
(Assumed figures after business integration with MPSD)

(billions of yen)

History of the integration of analog semiconductors business

- 2017: MITSUMI
- 2020: ABLIC
- 2021: R&D sites in Gunma and Gifu
- 2021: Shiga Plant
- 2023: SSC
- 2024: Hitachi Power Semiconductor Device
- 2024: Medical-related business from Socionext (Plan)

To 200 billion yen
in sales
by March 2029

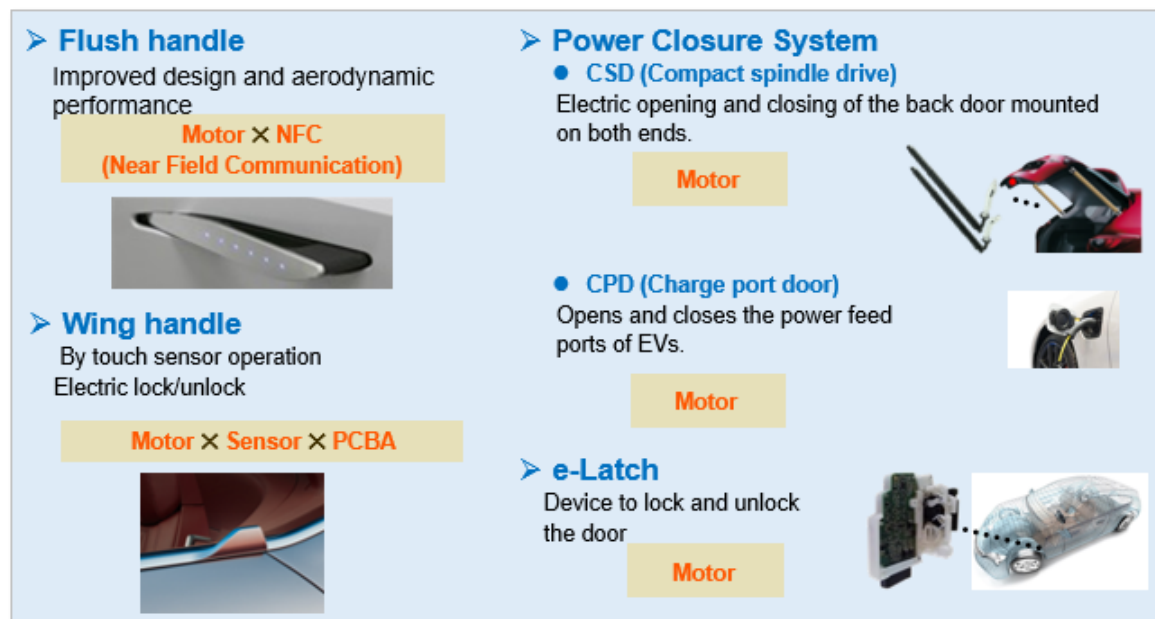


No competitor can combine a variety of technologies to create new products!

Access solutions product

High value-added products through INTEGRATION will be launched in the next few years

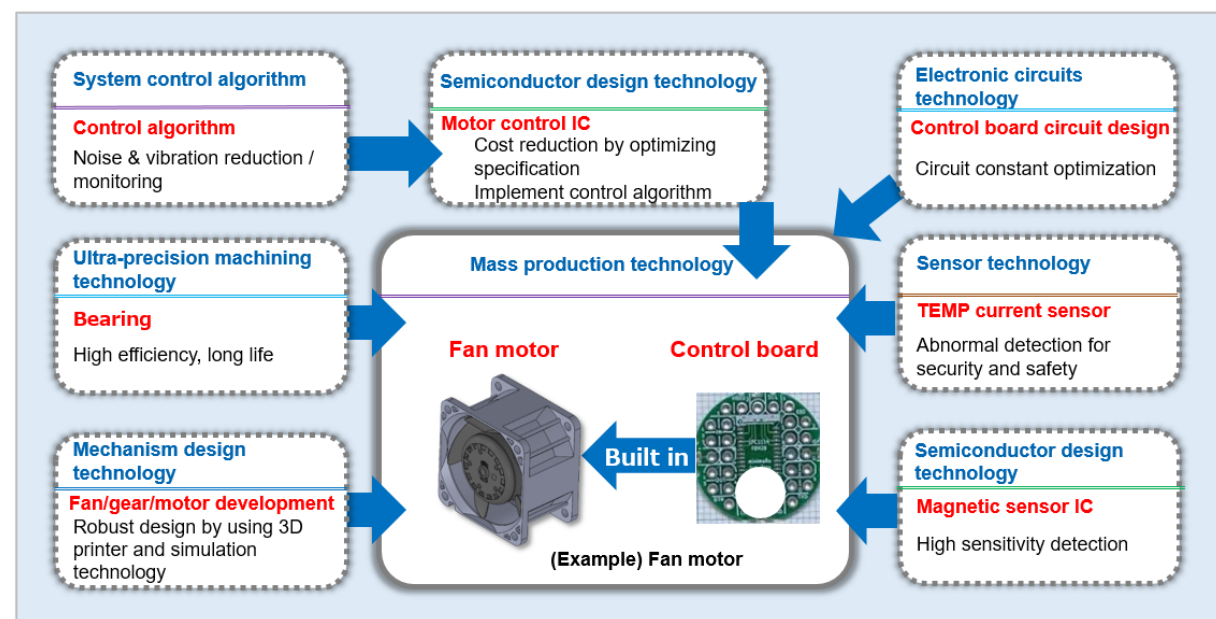
- Develop approximately 150 INTEGRATED products in 1.5 years from FY3/24 onward.
- The lifetime value is approx. 30 billion yen for the ordered products. (on a “INTEGRATED components unit” basis).
- Access products are also being considered for future applications in home appliances and housing equipment.



Motor driver IC

One-stop solution for motor-related products using our own technology. INTEGRATED products that pursue ease of use and high added value

- Mass production of high-precision fan motors for monitoring host-side conditions in data centers by combining motors, in-house semiconductors with microcontrollers, software, sensing, and other components.
- Expanding our lineup of high-margin products through the INTEGRATION of our technologies.



Achieve efficient growth investment and maximize cost-effectiveness through automation and productivity improvement efforts
Expect to achieve labor savings for approximately 5,000 people in FY3/25

Key Points

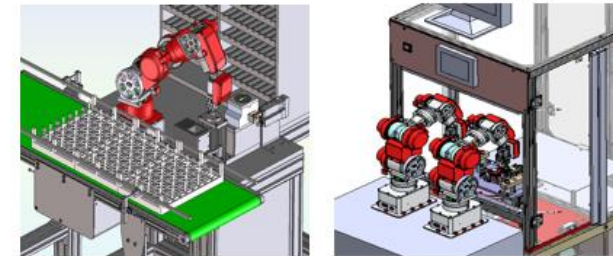
1 Solving the problems that we face as a manufacturing company

- **Challenges in Manufacturing**
Securing a workforce to work on the manufacturing floor
Rising wages worldwide
Passing on manufacturing technology to the next generation
Stabilization and improvement of quality, etc.
- **Classify, categorize, and automate processes for all group companies**
Automate equivalent to approx. 6,000 processes in FY3/24,
approx. 5,000 processes in FY3/25,
and a total of approx. 13,000 processes by FY3/26.

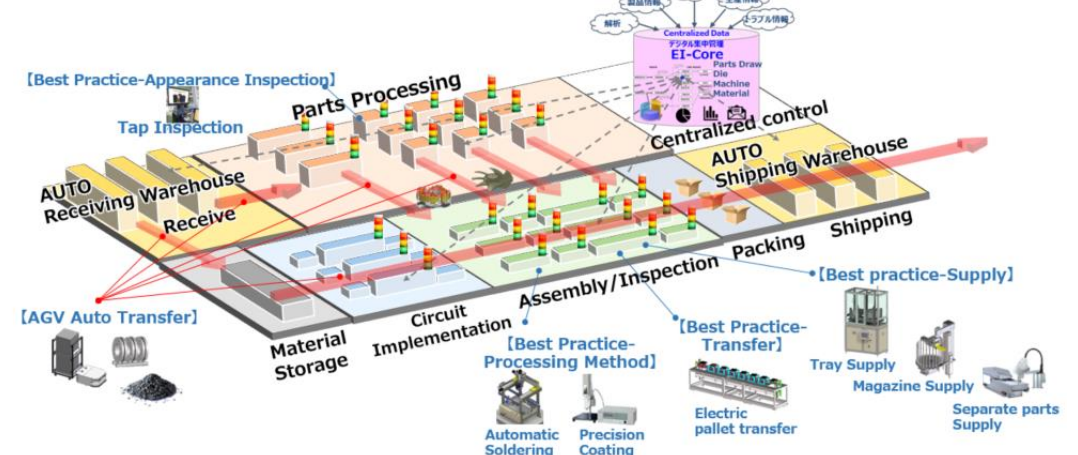
2 Building AI/DX manufacturing systems

- **Our particular challenge.**
Each of the integrated companies has a different manufacturing philosophy.
- **Build a global standard by unifying improvement methods and IT tools.**
- **Eliminate inefficiency at manufacturing sites through top-down approach.**

Case Studies of Automation Projects Pick & Place and image processing (example)



While making full use of AI/DX, building MinebeaMitsumi's latest manufacturing systems and automated lines
All-in-one floor Manufacturing



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Fostering the “passion” of 100,000 people for further growth and promoting **INTEGRATION** with core businesses and technologies

People” will support growth towards the long-term goal of FY3/29 and MinebeaMitsumi's 100th anniversary, and promote INTEGRATION of ‘business’ and ”technology”. A new human resources strategy linked to management strategy has been formulated. We will work to improve productivity by motivating each and every employee.



To commit to our social responsibility to promote renewable energy, MinebeaMitsumi added power generation business to its Articles of Incorporation at the annual general shareholders meeting in June, 2024

1 **Cambodia: Solar power generation system business**

- Signed a memorandum of understanding with the Ministry of Mines and Energy of Cambodia. Plans to start operation of a solar power generation project in FY3/26, in cooperation with SchneiTec, a Cambodian government-approved power company (in Krakor, Pursat Province, Cambodia) .

Plans to change the articles of incorporation of our subsidiary in Cambodia

- The electricity used at the existing factories in Cambodia and the Pursat second plant, which will be the driving force for the growth of the PT business, as well as at future factory expansions, is scheduled to be 100% renewable energy.

Power generation : total approx. 50MW (at completion) /
CO₂ emissions reduction : 48,000t-CO₂ /year (at completion)
Total investment (planned): 6 billion yen



Conceptual drawing of Pursat Plant
(second plant in Cambodia)

2 **Thailand: Solar power generation system business**

- Plan to start a power generation business jointly with Super Energy a leading power generation company in Thailand, and to start supplying clean energy to the Group's main bases.
- Large-scale renewable energy power supply is now possible, and the renewable energy coverage of the entire group has been improved.

Power generation : total 154MW (at completion) /
CO₂ emissions reduction : 95,000t-CO₂ /year (at completion)
Total investment (planned): 17 billion yen



Solar panels installed at Cebu plant

3 **Philippines: Power purchase agreement (PPA)**

- In addition to on-site power generation, renewable energy PPA signed. Achieve 100% carbon neutrality at the two plants in Cebu from February 2024.

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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 Net D/E ratio to maintain financial discipline**

Cash allocation policy

- Allocating capital backed by the ability to generate cash

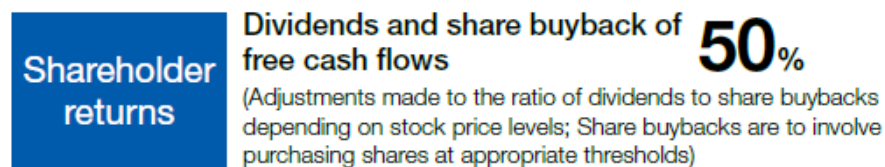
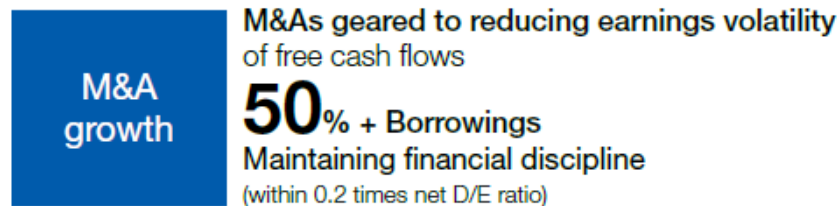
Operating cash flows

We will allocate capital to achieve organic growth, backed by our ability to generate cash accompanying profit growth.

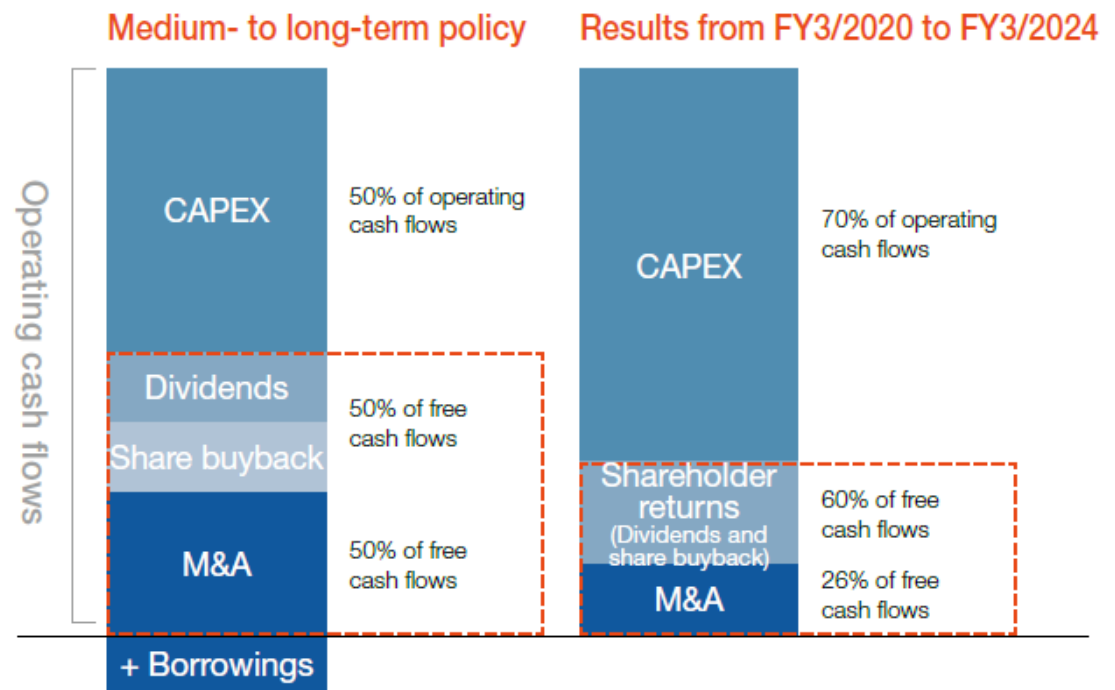


Free cash flows

We will flexibly allocate capital, having secured the resources necessary to achieve organic growth.



Over the past five years, steady execution of capital allocation with similar allocation to that in the medium- to long-term policy



4. Financial and Capital Strategy: Shareholders Return

Dividends

Dividends will be maintained at the previous year's level

Dividends for FY3/25

(Reference) Dividends for FY3/24
Annual 40 yen/share (20 yen for interim, 20 yen for year-end)

Interim dividend	20 yen/share	Year-end dividend (Plan)	TBD
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Regarding the year-end dividends for FY3/25, we will finalize in light of our performance for this fiscal year. However, if the year-end dividend is set at 20 yen, Dividend payout ratio will be 24.5%, total return ratio. No change in medium-to-long-term cash allocation policy.

Share buyback

We will continue to execute it in an agile manner

Accumulated results (since FY3/09)

- 1. Number of shares: **54,163** thousand shares
- 2. Total acquired amount : **84,443,927** thousand yen
- 3. Average acquisition price (2÷1) : **1,559** yen

(Reference)

FY3/25 result (As of December 4, 2024)

2,800,000 shares acquired for 7,778,606 thousand yen from August 21 to November 6, 2024 (execution date basis). (published November 7, 2024)

December 4, 2024

Utilization of own shares

Purpose	Shares (thousand shares)
Share exchange at the time of business integration with MITSUMI ELECTRIC	-20,000
Conversion of Euro yen convertible bonds inherited from MITSUMI ELECTRIC	-9,661
Execution of stock options at retirement of directors	-88
Executive officers shareholding trusts	-10
Total	-29,759

Number of shares as of September 30, 2024 24,289 thousand shares



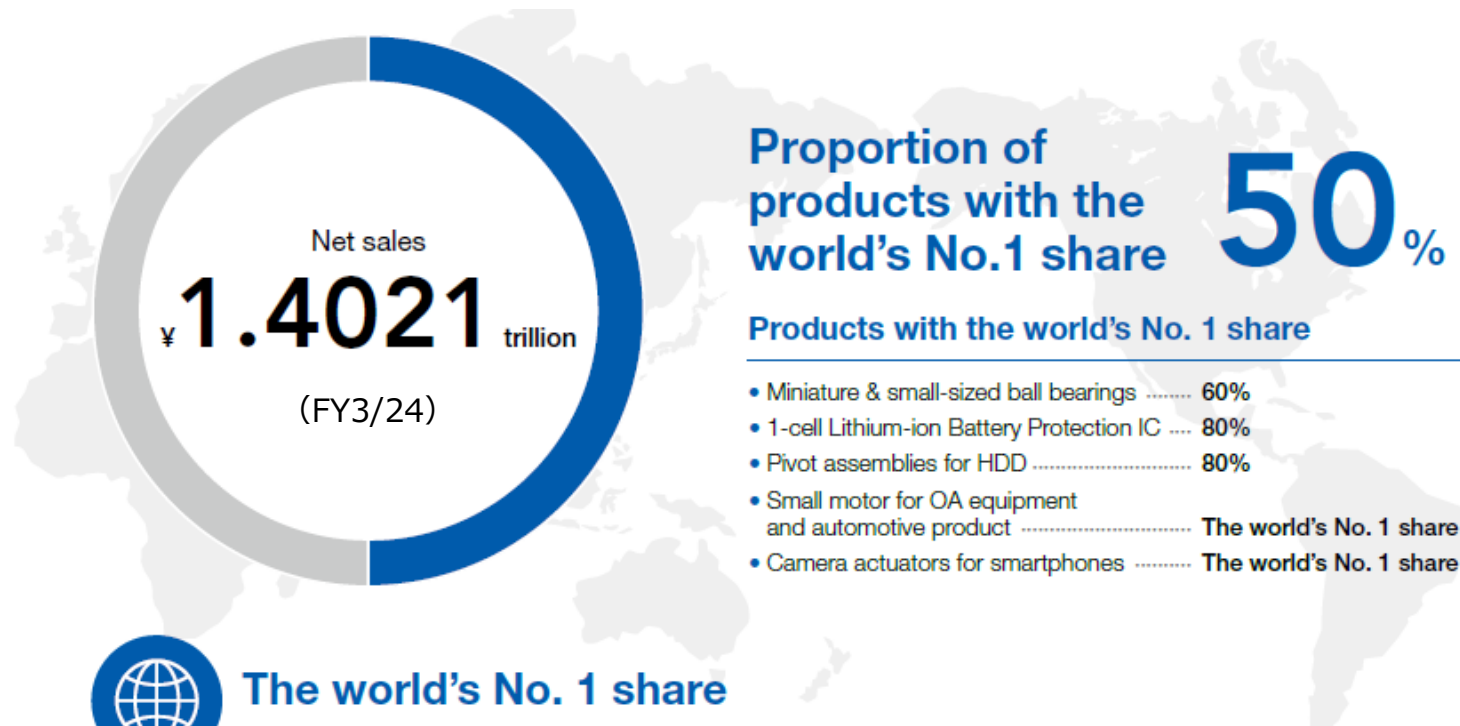
Any statements in this presentation which are not historical are future projections based on certain assumptions and executive judgments drawn from currently available information.

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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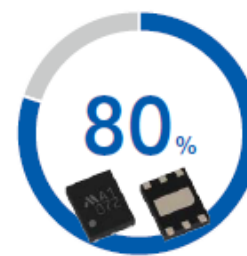
Products with the world's No.1 market share account for 50% of our sales



Miniature & small-sized ball bearings



Pivot assemblies for hard disk drive (HDD)



1-cell Lithium-ion Battery Protection IC

3 strengths generate out-of-the-ordinary “differences”

