

Business Results

Second Quarter of Fiscal Year
Ending March 31, 2023

MinebeaMitsumi Inc.

November 2, 2022

1. Financial Results
2. Business Update & Management Strategy

Financial Results

Katsuhiko Yoshida

Director, Senior Managing Executive Officer

November 2, 2022

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Passion to Create Value through Difference

My name is Yoshida.

Today I would first like to explain the consolidated financial results for the second quarter of the fiscal year ending March 31, 2023.

Summary of Consolidated Business Results for 2Q

Net sales hit a quarterly record high
Operating income hit a 2Q record high

(Millions of yen)	FY3/22	FY3/23		Change	
	2Q	1Q	2Q	YoY	QoQ
Net sales	281,955	251,040	330,021	+17.0%	+31.5%
Operating income	25,005	14,255	26,394	+5.6%	+85.2%
Profit before taxes	24,716	14,274	28,184	+14.0%	+97.4%
Profit for the period attributable to owners of the parent	20,393	10,734	20,060	-1.6%	+86.9%
Earnings per share, basic (yen)	50.36	26.43	48.62	-3.5%	+84.0%

Foreign Exchange Rates	FY3/22 2Q	FY3/23 1Q	FY3/23 2Q
US\$	¥110.10	¥124.44	¥135.32
Euro	¥130.82	¥134.45	¥139.28
Thai Baht	¥3.40	¥3.68	¥3.79
Chinese RMB	¥17.05	¥19.13	¥20.05

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Consolidated net sales for the second quarter of the fiscal year ending March 31, 2023, was up 17.0% year on year and up 31.5% quarter on quarter to total 330,021 million yen.

Operating income up 5.6% year on year and up 85.2% quarter on quarter to total 26,394million yen. Profit for the period attributable to owners of the parent down 1.6% year on year and up 86.9% quarter on quarter to total 20,060 million yen.

We estimate that foreign currency translations have a year-on-year impact of plus 45.8 billion yen in net sales and plus 19.3 billion yen in operating income. Quarter on quarter impact was plus 6.8 billion yen in net sales and plus 3.2 billion yen in operating income.

Summary of Consolidated Business Results for 1H

Net sales hit a 1H record high

(Millions of yen)	FY3/22	FY3/23	Change YoY	FY3/23 1H	
	1H	1H		August Forecast	vs. Forecast
Net sales	530,260	581,061	+9.6%	568,000	+2.3%
Operating income	44,633	40,649	-8.9%	41,000	-0.9%
Profit before taxes	44,319	42,458	-4.2%	40,500	+4.8%
Profit for the period attributable to owners of the parent	35,052	30,794	-12.1%	30,000	+2.6%
Earnings per share, basic (yen)	86.45	75.22	-13.0%	73.86	+1.8%

Foreign Exchange Rates	FY3/22 1H	FY3/23 1H
US\$	¥109.55	¥129.88
Euro	¥130.83	¥136.87
Thai Baht	¥3.45	¥3.74
Chinese RMB	¥16.93	¥19.59

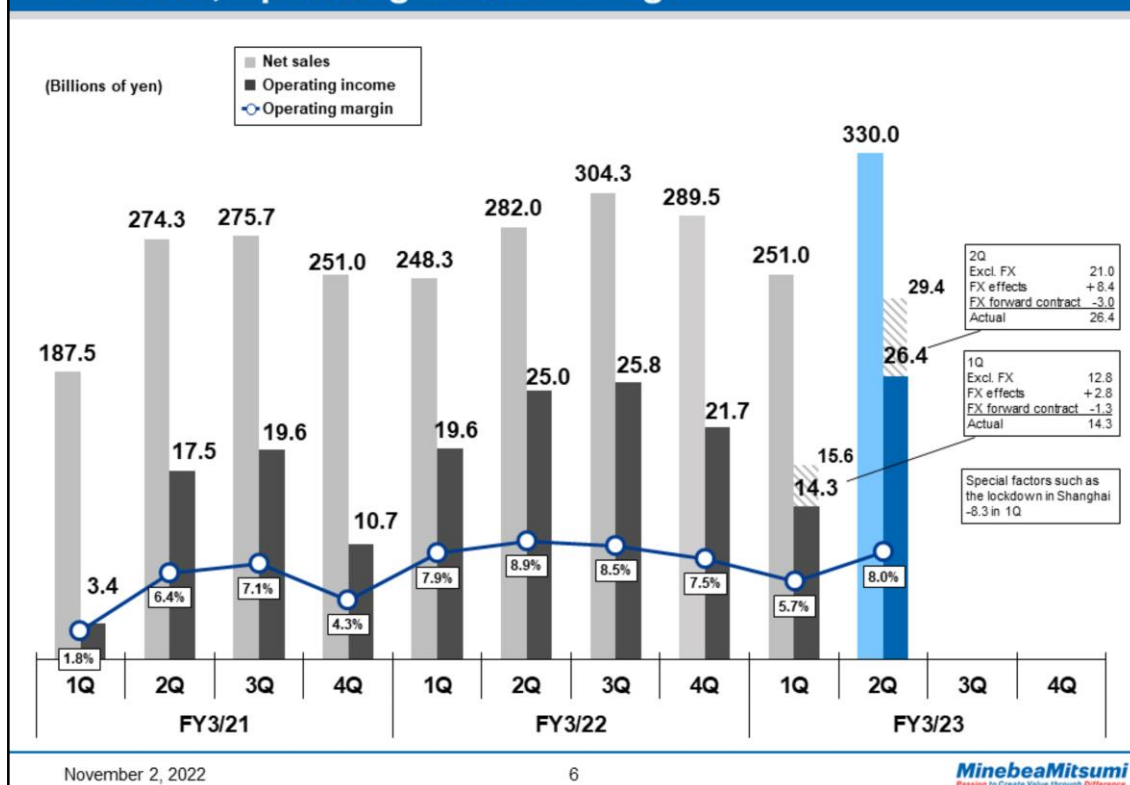
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This is the summary result for the first half.
Net sales hit the first half record highs as well.

Net Sales, Operating Income/ Margin



This is for quarterly trend in net sales, operating income and operating margin.

The operating margin for the second quarter was 8.0%, down 0.9 percentage point year on year and up 2.3 percentage points quarter on quarter.

We had a negative impact on operating income as we had FX forward contracts, whilst there were more-than-expected fluctuations of exchange rate.

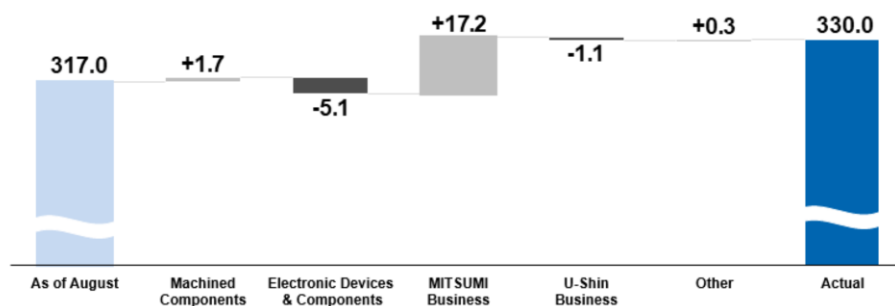
The foreign exchange effects we've calculated are shown in the boxes for your reference. In contrast to our initial forecast, the operating income figure for the second quarter includes a foreign exchange gain of 8.4 billion yen and a 3-billion-yen loss on the FX forward contract.

If there had not been any impact from the FX forward contract, operating income would have been 29.4 billion yen.

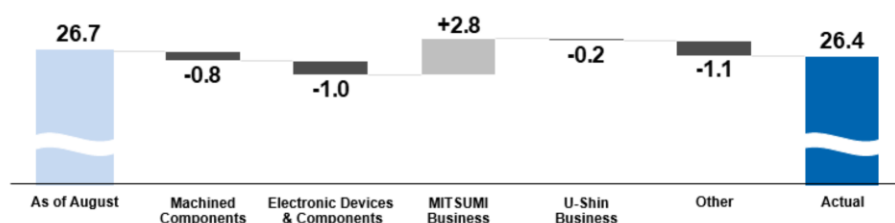
2Q Actual: Differences from the Forecast as of August

(Billions of yen)

Net Sales



Operating Income



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Here shows the difference between the forecast as of August and actual results for net sales and operating income by business segment for the second quarter.

Net sales of the machined components were higher than projected mainly thanks to aircraft business.

The electronic devices and components fell below the forecast mainly due to a slowdown in HDD motor sales.

The MITSUMI business enjoyed higher-than-projected sales mainly for optical devices and mechanical components.

The U-Shin business experienced slightly lower-than-expected sales.

Operating income for the machined components was almost on a par with the forecast.

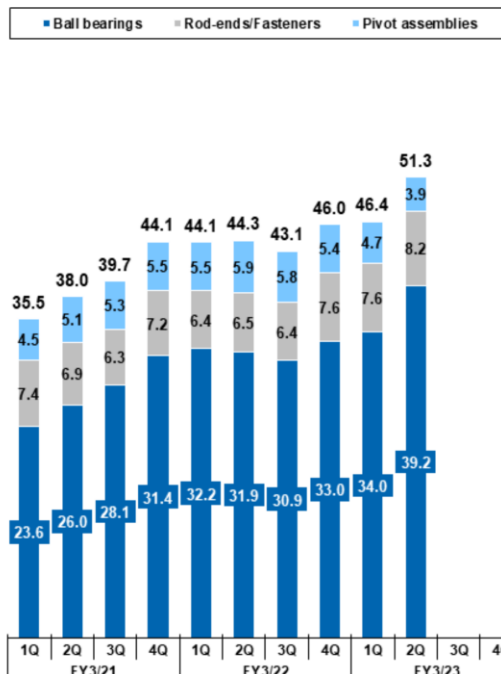
The electronic devices and components business experienced lower-than-expected operating income due to decline in sales as mentioned above.

The MITSUMI business saw higher-than-expected operating income thanks to an increase in sales.

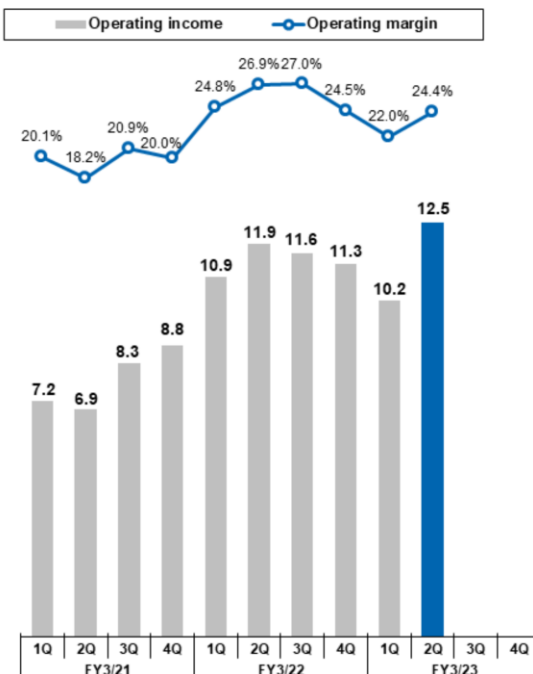
The U-Shin business was almost on a par with the forecast.

Machined Components

Net sales (Billions of yen)



Operating income (Billions of yen)



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Now let's take a look at the results by segment, starting with the machined components business segment. On the left is a graph indicating quarterly net sales trends and on the right is a graph with a bar chart quarterly operating income trends along with a line chart for operating margins.

Second quarter net sales increased 10.6% quarter on quarter to total 51.3 billion yen. Sales of ball bearings increased 15.2% quarter on quarter to total 39.2 billion yen. The monthly external shipment volume was up 13.1% quarter on quarter for an average of 251 million units. The monthly external shipment volume hit record high due to robust sales for automotive and data center.

Sales of rod-ends and fasteners, totaling 8.2 billion yen, were up 7.4% over the previous quarter. In the aircraft business, there were signs of sales recovery, especially in the European market.

Sales of pivot assemblies decreased 17.4% quarter on quarter to total 3.9 billion yen. The sales of Machined components hit record high.

Operating income for the quarter totaled 12.5 billion yen, and the operating margin was 24.4%. On a quarter-on-quarter basis, operating income increased 22.8% while the operating margin improved 2.4 percentage points.

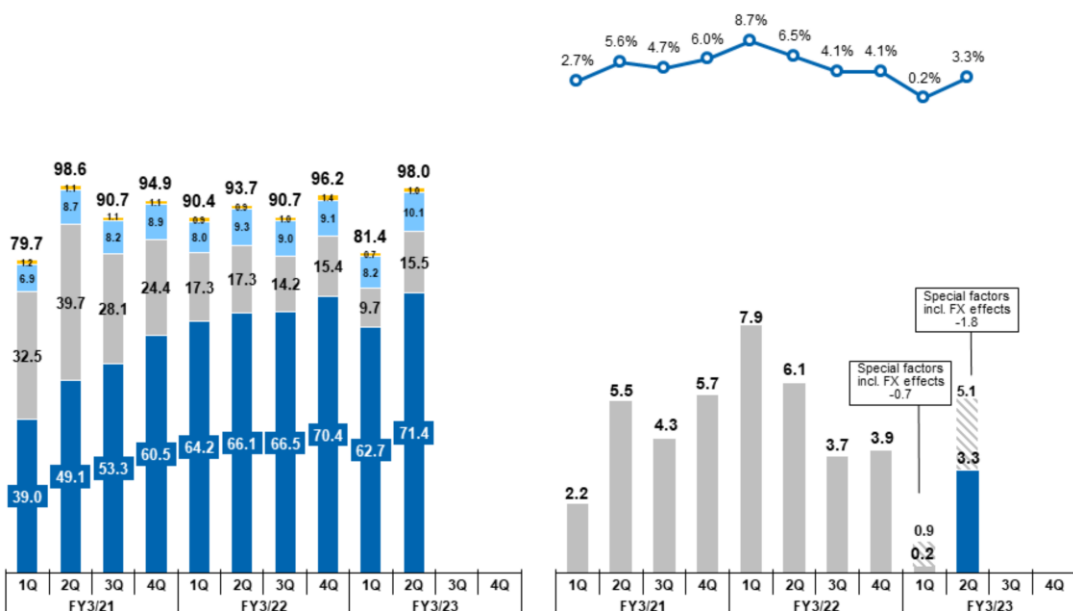
Electronic Devices & Components

Net sales (Billions of yen)

■ Motors ■ Electronic devices ■ Sensing devices ■ Other

Operating income (Billions of yen)

■ Operating income — Operating margin



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Now let's look at the electronic devices & components segment.

Net sales increased 20.3% quarter on quarter to total 98.0 billion yen.

Looking at the results by product, we see that sales of motors decreased 13.8% quarter on quarter to reach 71.4 billion yen. Overall performance remained firm despite a slowdown in sales in the HDD market.

Sales of electronic devices were up 59.1% from the previous quarter to total 15.5 billion yen. This is due to sales increase of LED backlight.

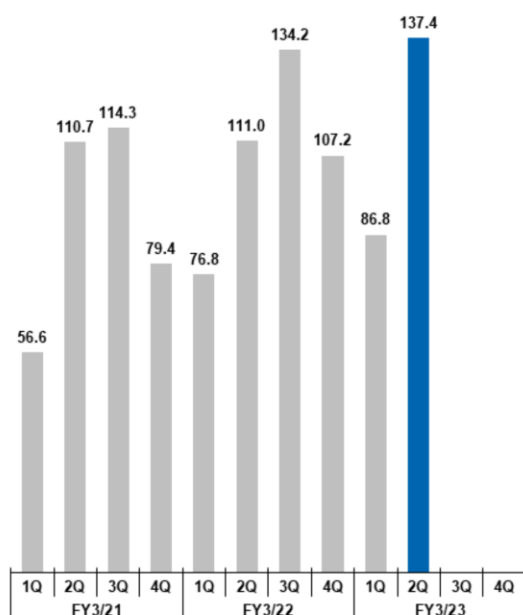
Sales of sensing device, totaling 10.1 billion yen, were up 22.9% from the previous quarter.

Operating income came to 3.3 billion yen, and the operating margin was 3.3%. On a quarter-on-quarter basis, operating income increased 16.6 times while the operating margin increased 3.1 percentage points.

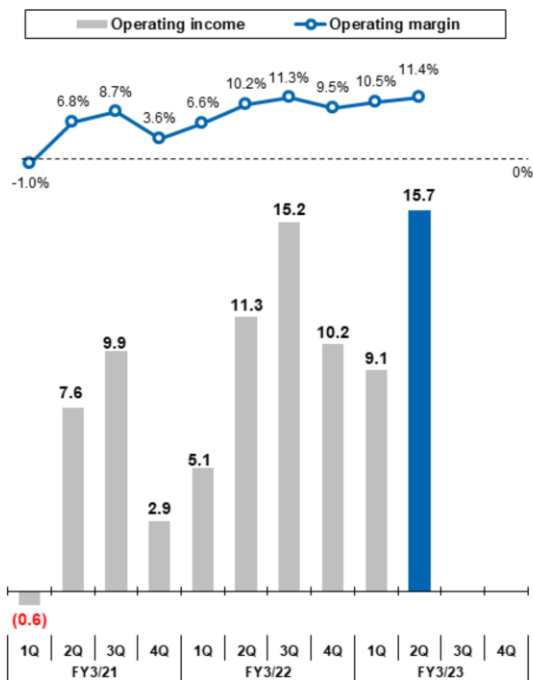
The results include a loss of 1.8 billion yen due to the special factor of foreign exchange effects noted earlier.

MITSUMI Business

Net sales (Billions of yen)



Operating income (Billions of yen)



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Let's look at the performance for the MITSUMI business segment.

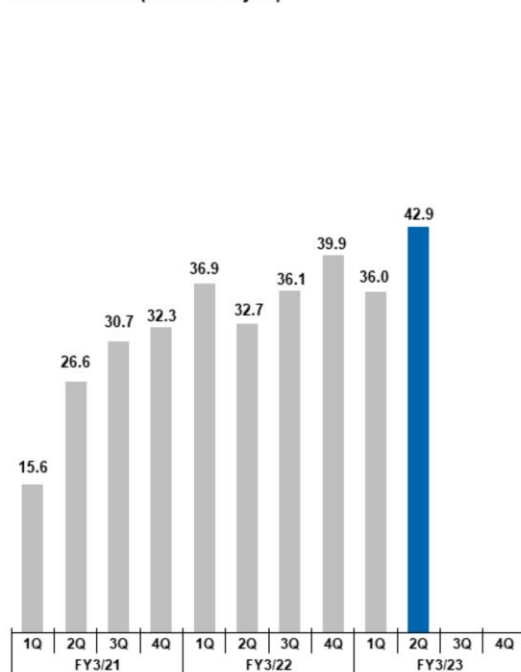
Please note that we have included HONDA TSUSHIN KOGYO CO., LTD. in the scope of consolidation since September 16, 2022.

Net sales increased 58.2% quarter on quarter to total 137.4 billion yen. As seasonal demand picked up so did sales of optical devices and mechanical components, while sales of semiconductors also remained upbeat.

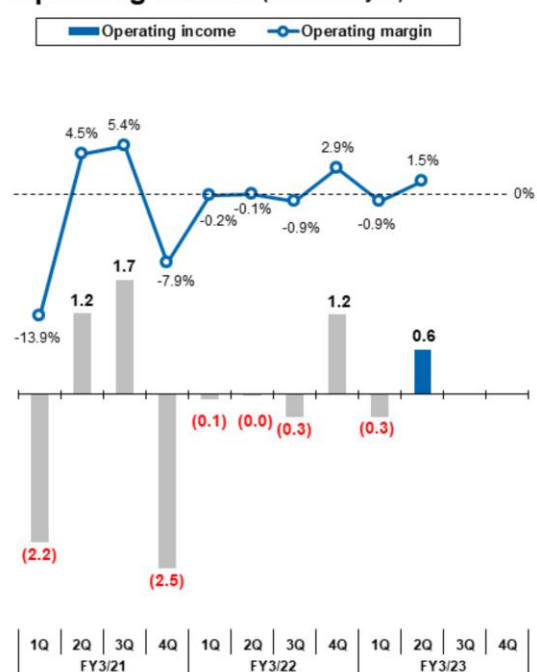
Operating income totaled 15.7 billion yen while the operating margin was 11.4%. Operating income increased 71.7% and the operating margin rose 0.9 percentage points quarter on quarter. This is mainly due to an increase in sales with seasonality.

U-Shin Business

Net sales (Billions of yen)



Operating income (Billions of yen)



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Finally, let's look at the U-Shin business segment.

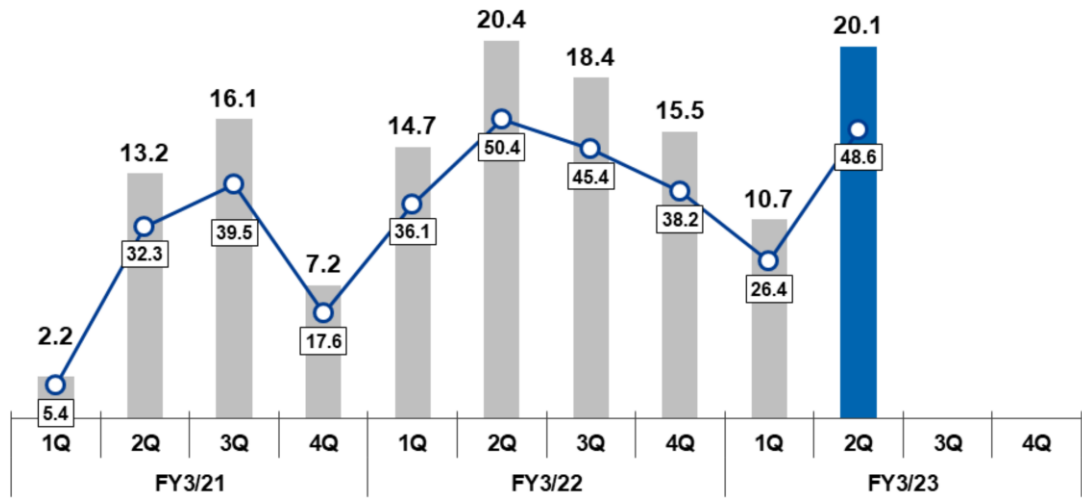
Net sales increased 19.1% quarter on quarter to total 42.9 billion yen. This is due to the recovery of production by car manufacturer, although the situation varied from region to region and customer to customer.

While our operating income totaled 0.6 billion yen, and the operating margin was 1.5%.

Profit Attributable to Owners of the Parent / EPS

(Billions of yen)

■ Profit for the period attributable to owners of the parent
● Earnings per share, basic (yen)



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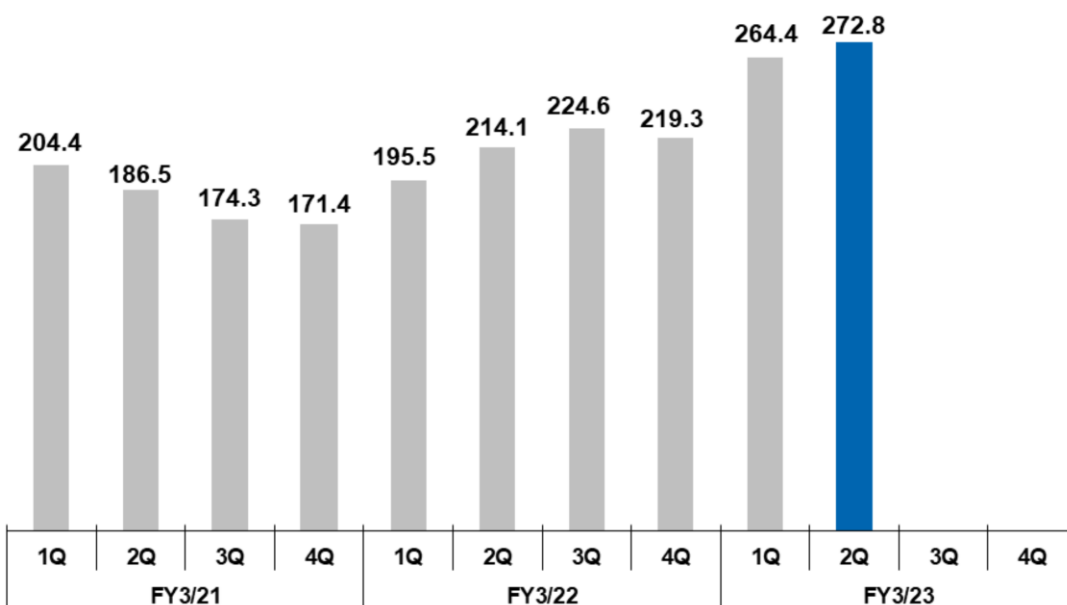
The bar graph here shows trends in profit attributable to owners of the parent while the line graph chart changes in the profit for the period per share.

The profit for the period was 20.1 billion yen.

Earnings per share was 48.6 yen.

Inventory

(Billions of yen)



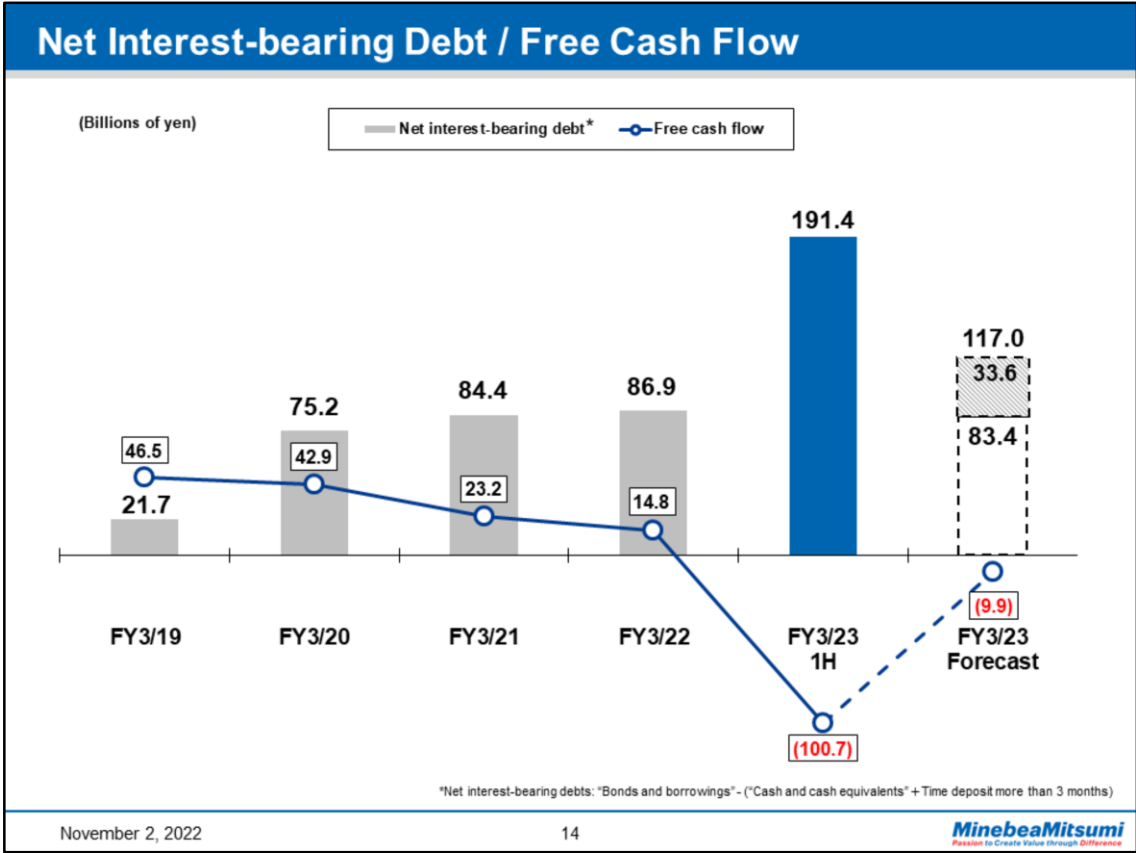
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Next we have the quarterly inventory trend.

At the end of the second quarter, inventory totaled 272.8 billion yen, which is 8.4 billion yen more than what it was three months ago. This is mainly due to the strategic buildup of inventories needed to meet the currently expected increase in sales as well as foreign currency effects.



This graph contains a bar chart showing trends in net interest-bearing debt, which is total interest-bearing debt minus cash and cash equivalents, and a line chart indicating free cash flows.

At the end of the second quarter, net interest-bearing debt, totaling 191.4 billion yen, was up 104.5 billion yen from what it was at the end of the previous fiscal year. This is mainly due to the expenditure for the purchase of the new Tokyo headquarters building as well as the increase in inventories.

At the end of the fiscal year ending March 2023, the net interest-bearing debt forecast is expected to increase from the end of the previous fiscal year. However, excluding the expenditures for M&A announced recently, the net interest-bearing debt forecast is expected to be at the same level as the end of the previous fiscal year.

Forecast for Fiscal Year Ending March 31, 2023

Full-year forecast revised upward

(Millions of yen)	FY3/22	FY3/23			
	Full Year	1st Half	2nd Half	Full Year	YoY
Net sales	1,124,140	581,061	668,939	1,250,000	+11.2%
Operating income	92,136	40,649	74,351	115,000	+24.8%
Profit before taxes	90,788	42,458	71,542	114,000	+25.6%
Profit for the period attributable to owners of the parent	68,935	30,794	54,206	85,000	+23.3%
Earnings per share, basic (yen)	170.08	75.22	131.61	206.83	+21.6%

Foreign Exchange Rates	FY3/22 Full Year	FY3/23 2H Assumptions
US\$	¥111.55	¥140.00
Euro	¥130.47	¥140.00
Thai Baht	¥3.44	¥3.90
Chinese RMB	¥17.35	¥20.00

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Precision to Create Value through Difference

We made upward the full-year forecast for the fiscal year ending March 31, 2023, which was announced in August.

Net sales and operating income are forecasted to be 1,250 billion yen and 115 billion yen respectively.

We made an upward revision to our overall net sales forecast. The revision includes increases for the MITSUMI, machined components, and U-Shin businesses with a decrease for the electronic devices and components business.

The operating income forecast was revised upward after adding a gain of 13.0 billion yen from the sale of the headquarters building.

We did not make any changes to the forecast of operating income except for the aforementioned gain on the sale since the outlook remains highly uncertain due to the global economic slowdown and other factors, although our revised foreign exchange assumptions are expected to affect our financial results.

The exchange rate is assumed to be 140 yen to the U.S. dollar.

Forecast for Business Segment

(Millions of yen)	FY3/22 Full Year	FY3/23			
		1st Half	2nd Half	Full Year	YoY
Net sales	1,124,140	581,061	668,939	1,250,000	+11.2%
Machined components	177,470	97,688	102,312	200,000	+12.7%
Electronic devices and components	371,023	179,405	190,595	370,000	-0.3%
MITSUMI business	429,116	224,164	285,836	510,000	+18.8%
U-Shin business	145,577	78,946	88,054	167,000	+14.7%
Other	954	858	2,142	3,000	x3.1
Operating income	92,136	40,649	74,351	115,000	+24.8%
Machined components	45,717	22,726	28,274	51,000	+11.6%
Electronic devices and components	21,561	3,463	11,537	15,000	-30.4%
MITSUMI business	41,846	24,793	27,207	52,000	+24.3%
U-Shin business	732	301	3,199	3,500	x4.8
Other	-1,429	-692	-308	-1,000	-
Adjustment	-16,291	-9,942	4,442	-5,500	-

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This slide shows the forecast by business segment.

A gain on the sale of Tokyo Headquarters is included in adjustment for the second half.

This is all for my presentation.

Business Update & Management Strategy

November 2, 2022

Yoshihisa Kainuma

Representative Director, CEO & COO



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Hello, I'm Yoshihisa Kainuma.

I will give a brief overview of our business update and explain our management strategy.

Steadily preparing for further growth

**Bearings**

Ball Bearing Production Capacity of 345 million units has been established

**Aircraft components**

Posted ¥1bn in operating income for September

**Motors**

Maintained operating margin despite rising material cost

**Analog semiconductors**

Performance remained strong

**OIS**

Production, orders, and shares on par with projection

**M&A**

Create synergy through INTEGRATION*

*"INTEGRATION" means "combining" rather than "simple gathering." The Company will evolve its "core products" by combining and utilizing its proprietary technologies and will create new products in various fields through the INTEGRATION of the evolved products.

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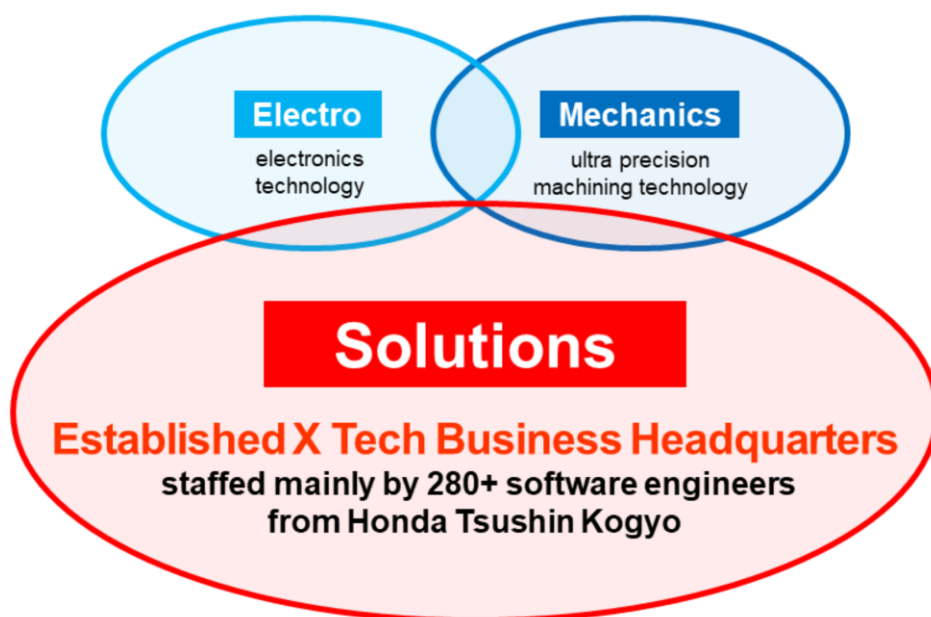
Looking back, at the beginning of the year, when we forecasted earnings at the end of April, we expected the impact of the lockdown in Shanghai to last until around mid-May, but it actually lasted until the end of May. However, thanks in part to the significant assist provided by the exchange rate, we were able to mostly achieve our plan for the first half.

In regard to ball bearings, sales remained strong to data centers. Even though the increase in the automobile production volume was below expectation, sales to the automobile industry remained strong, mainly due to a steady increase in the quantity used per vehicle, as I have been pointing out. In fact, the external shipment volume to the automobile industry hit a record high in September. However, the most recent situation since October has been that adjustments are being made by our customers, including in the data center and automobile industries, so although it continues to grow, I would like to note that it may not grow as much this year as the initial forecast.

Nevertheless, as is always the case, we have a portfolio where when one business decelerates, another makes up for it. The depreciation of the yen was another factor, but the aircraft components business played that role for the first time in a while. In September, we recorded profit of 1.0 billion yen. Simply annualizing this amount gives 12.0 billion yen, so it is safe to say that in terms of profit, we have fully returned to pre-COVID levels.

I will talk about each of the other businesses later, but here I would like to touch on the impact of the exchange rate. In the second quarter, where we should have had operating income of 29.4 billion yen, we ended up recording operating income of 26.4 billion yen due to currency hedging. I do not consider this a loss, however. Being responsible for business performance, I decided that we should hedge our currency exposure based on the past bitter experience of failing to achieve our plans so many times as a result of sharp fluctuations in exchange rates. Some might say that we lost 3.0 billion yen, but although operating income decreased by that amount, I do not see it as a loss. On the other hand, because we have adopted IFRS, we are able to record the gain on the sale of the Tokyo Headquarters building under operating income. There may be various ups and downs along the way, but ultimately, I hope to achieve the targets.

Foundation for “Electro Mechanics Solutions™” completed



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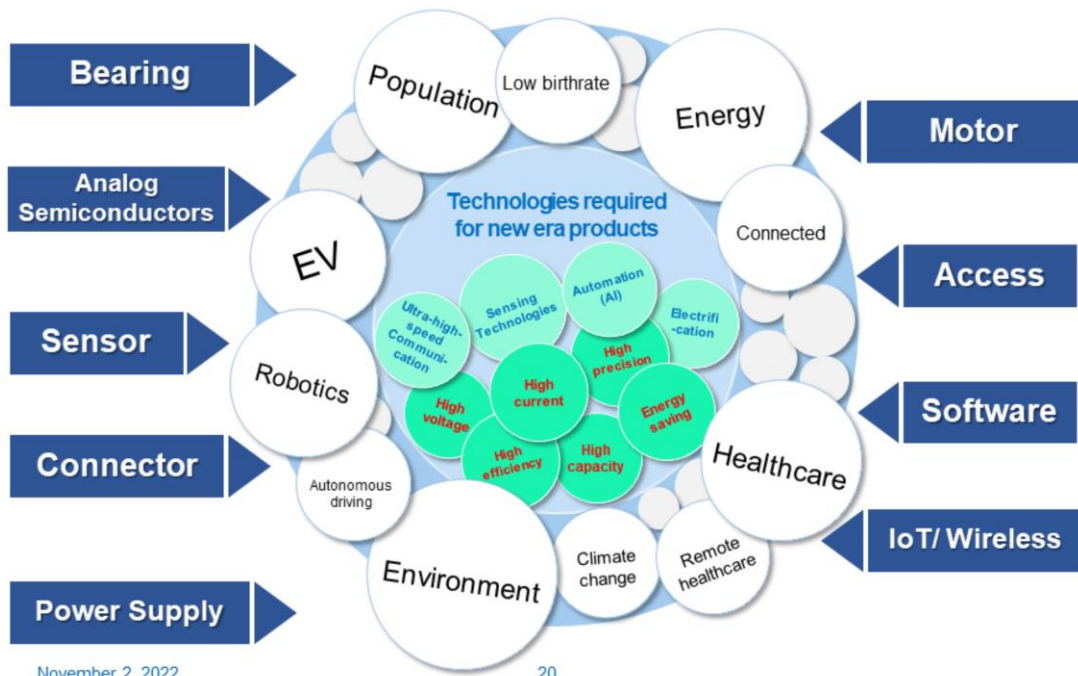
Here, I would like to talk about the happiest news for me personally.

I have not talked about it much to date, but HONDA TSUSHIN KOGYO, which we integrated, had a subsidiary called HTK Engineering. That company had 280 software engineers that provided service to major appliance manufacturers and others. Since becoming CEO, I have been saying that the direction we are heading in is that of “Electro Mechanics Solutions”. With the integration of this company, I feel that for the first time in the past 14 years, the foundation is now neatly in place.

In the future, in-vehicle and other components will require software-based control for fail-safes and multifunction support, so I believe that only companies like this that are capable of working with software, including parts manufacturers, will be able to survive in 2025 and beyond, and I think we have acted in time.

We recently created an organization called the X Tech Division. This division will engage in activities that will allow our company, which has been involved in many elemental technologies to date, to develop new products in a cross-divisional manner. We changed the name of HTK Engineering to ‘Minebea Software Solutions’ and have created backup and support structures for software centered on this division. I am confident that this has allowed us to create a firm foundation for true organic growth in the future.

Accelerate product development with a focus on 8 Spears



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This diagram has been presented in several different forms.

I have been saying that we will take a two-pronged approach of growth in line with global GDP growth and growth through M&A. However, as you can see, there is a third driver, namely growth through products that solve social issues.

The various parts and technologies you see here will create synergy that will drive growth. I believe we have put together a business portfolio that will enable us to supply parts and components that meet the needs of the times.

Key Points of FY3/23 Forecast

Finally to achieve ¥100bn in operating income, a new record high!

Key points for 2H

- 3 Spears (bearings, motors, and analog semiconductors) + OIS continue to drive overall performance up
- Bearings remain strong, production will be in full swing
- Motors continue to grow in 2H despite HDD motor production cutback
- Aim to maintain analog semiconductors profitability
- OIS sales to major customer remain firm
- Reflect ¥13bn gain from sale of Tokyo headquarters building in operating income

(Millions of yen)

	FY3/22 Full Year	FY3/23			
		1st Half	2nd Half	Full Year	YoY
Net sales	1,124,140	581,061	668,939	1,250,000	+11.2%
Operating income	92,136	40,649	74,351	115,000	+24.8%
Profit for the period attributable to owners of the parent	68,935	30,794	54,206	85,000	+23.3%
Earnings per share, basic (yen)	170.08	75.22	131.61	206.83	+21.6%

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The performance forecast for this year has been revised upward in light of the 13.0 billion yen gain on the sale of the Tokyo Headquarters building.

We were able to surpass our target for net sales of 1 trillion yen, and I hope to also surpass the target operating income of 100.0 billion yen this year, even excluding this gain on sale, with the tailwind provided by the weakening yen.

There have been many ups and downs to the initial assumptions. Aircraft components are recovering, and despite some remaining bottlenecks, automobile production is slowly increasing as supply chain disruptions are addressed. Sales of game consoles appear to be strong, and if the semiconductor shortage eases, I expect there will be an increase in backlight products for low-cost smartphones.

I also expect U-Shin to recover in the fourth quarter. U-Shin has been working on Project Horizon, which is a project to eliminate operating losses in the European business. As part of the project, the number of personnel will be reduced by 300, the plant in Spain will be closed, manufacturing in France will be scaled down, and production will be relocated to low-cost countries as much as possible, and U-Shin is making good progress towards this goal. We are also looking into measures such as scaling back or eliminating manufacturing operations in Germany. Furthermore, we would like to integrate Honda Lock by the end of December or next January at the latest. As for antitrust laws, I believe we will somehow be able to achieve compliance in each country by the end of this month.

At this time, the forecast for operating income at U-Shin in the fourth quarter is around 2 billion yen, but if Honda Lock is added, it will bring in about an additional 2 billion yen, so even if automobile production does not completely bounce back, the access products of U-Shin and Honda Lock combined will most likely allow us to surpass operating income of 4 billion yen in the fourth quarter.

In addition, the most recent forecast calls for around 1.7 billion yen in negative goodwill associated with the former SUMIKO TEC, which we acquired on November 1 and renamed Minebea Connect, but this has not yet been included in the performance forecast.

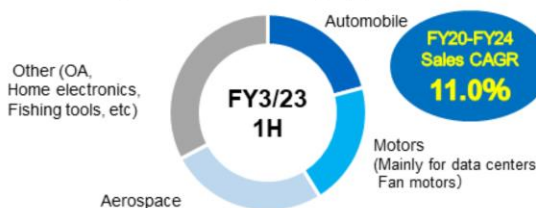
Similarly, we expect a certain amount of negative goodwill in relation to Honda Lock, so I believe that operating income under IFRS, which will include this, will reach a fairly high level.

Unparalleled competitiveness takes operating income to exceed ¥50bn

1 Ball bearings

- Strong sales of products for automobile and data center applications despite the impact of macroeconomic slowdown for some applications
- Production still in full swing for strategic inventory buildup and more
- Continue to improve the precision of bearings to cut power consumption and extend product life

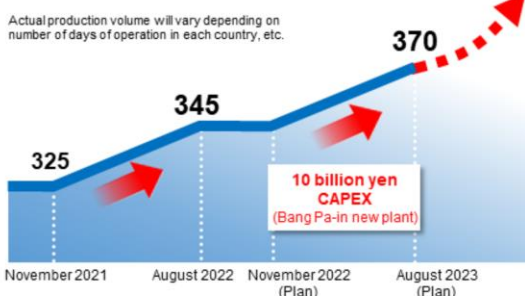
Ball Bearing and Rod-end Sales by Application



2 Aircraft components

- Aircraft demand and production as well as orders received and order backlogs at MinebeaMitsumi continue their return to pre-COVID-19 levels
- Improve production by shifting from push to pull system to eliminate delivery delays
- Expand into new areas that help cut CO₂ emissions to achieve growth outpacing market recovery

Miniature/Small-sized Ball Bearing Production Capacity (millions of units/month)



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I will explain the situation in each segment.

First, in regard to bearings, CAGR has increased quite a bit since the Shanghai lockdown, coming to 11%, but as I explained, there has been a slight lull in the third quarter. This may be in part a reaction to companies holding safety inventory in response to supply chain and semiconductor shortage issues.

However, as I always say, miniature and small-diameter bearings will most definitely continue to grow in the future, so I am not the slightest bit worried.

In the aircraft components business, single-aisle aircraft production has currently recovered, driven by Airbus. It looks like it will take a little more time for American aircraft, but the aircraft-related business has grown and is now making up for others. In addition, sales of products for medical devices had slowed due to COVID-19, but they have since grown beyond that, so in the month of September alone, we were actually able to record 1.0 billion yen in operating income.

Moreover, while being impacted by COVID-19, we switched from push-type to pull-type production, so we are now able to maintain zero delivery delays as production has ramped up. I think this is a very good development.

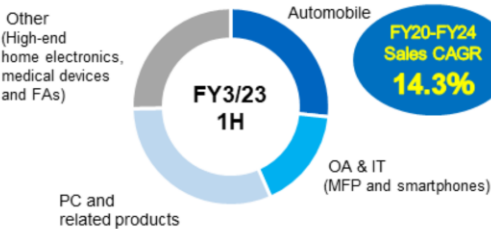
In the machined components segment, I believe we can reach full-year operating income of 50.0 billion yen thanks in part to the tailwind provided by the exchange rate.

Steady growth especially in motors

Motors

- Price adjustments and improved productivity partially offset the impact of slowdown in the HDD market as well as the Shanghai lockdown/semiconductor shortage
- Series of new mass produced automobile product launches, including those for EVs, will drive sales and profits up

Motor Sales by Application



Examples of major motor products for autos/EVs



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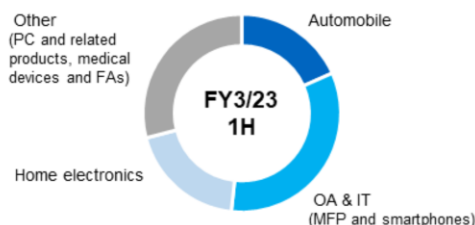
The CAGR for motors is 14%, but some significant adjustments have been made to hard disk drive production. This will likely bottom out in the fourth quarter. We are not especially concerned because digitalization itself has not come to a stop but will be progressing even further. I firmly believe that high-end hard disk drives will recover. In terms of profit and loss, profits from motors manufactured in Thailand have not grown, but I would like to note that this was due to foreign exchange hedging, which had an impact on the total amount of profits, so there is actually nothing wrong with the business.

MITSUMI business are shining!

1 Analog semiconductors

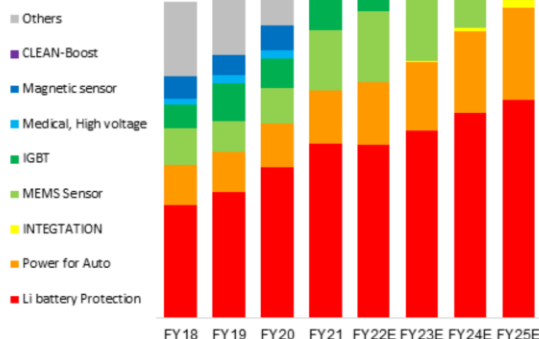
- Sales for this fiscal year expected to reach ¥85bn
- Production remains at full capacity with strong sales of IGBTs as well as automobile and medical products despite slowdown in PCs/smartphones, etc.
- MMI Semiconductor (former Omron Yasu) starts shipping IGBTs, will contribute to bottom line next fiscal year
- Accelerate new product development and growth via INTEGRATION

Analog Semiconductors Sales by Application



Analog Semiconductors Sales (Billions of yen)

FY20-FY24
Sales CAGR
14.8%



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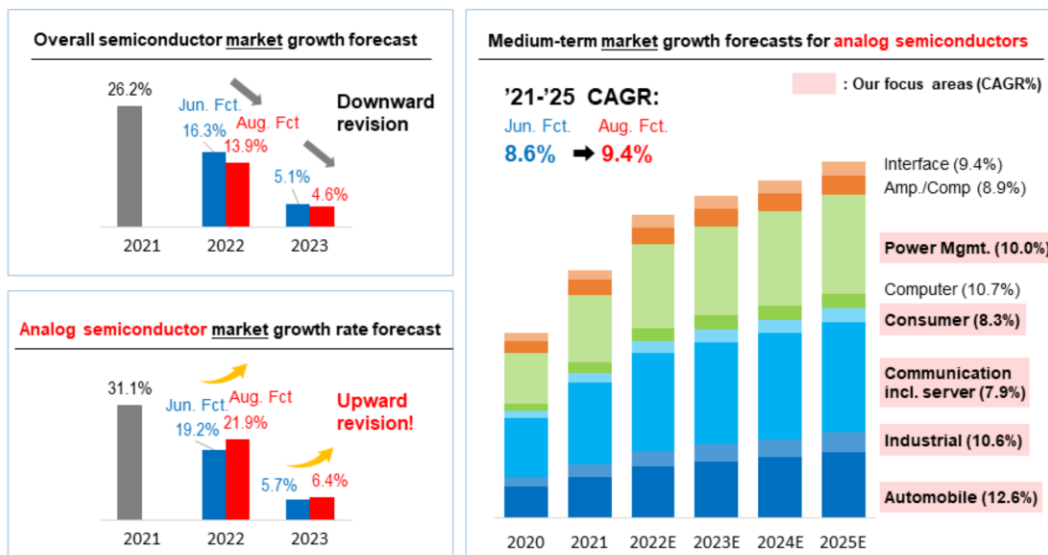
The MITSUMI business has truly begun to shine. Including HONDA TSUSHIN KOGYO, net sales will reach 570.0 billion yen this year, and operating income will exceed 50.0 billion yen.

This means that it has the potential to surpass machined components this year. For a company that was recording operating losses of around 5 billion yen when we integrated it in 2017 to post operating income of 50 billion yen in just five years sounds like something out of a dream. I believe the employees truly worked hard to get to this point.

All three of MITSUMI's pillars—analogue semiconductors, OIS, and games—are performing well. Going forward, I hope to put effort into connectors and grow them into a fourth pillar.

Analog semiconductor market continues to grow over medium to long term

Market demand forecast for analog semiconductors revised upward despite downward for overall semiconductors



*source: WSTS

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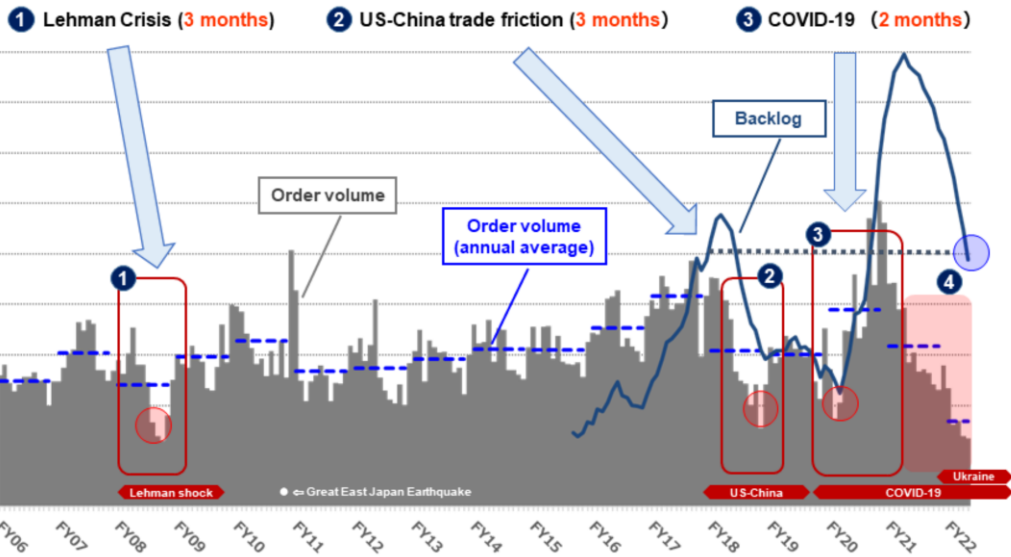
Now I will talk about the analog semiconductor business, which has been the subject of concern from many of our investors and analysts. As you can see on the next slide, orders have indeed dropped, but there is a sufficient backlog, so when the exchange rate is taken into consideration, it is safe to say that we have enough orders.

As shown by the bar graph on the left, the market growth forecast for semiconductors, in general, has been revised downward, but that for analog semiconductors has been revised upward. I believe that there is still significant latent demand for analog semiconductors. I also think that, out of our Eight Spears, analog semiconductors will be second only to bearings. We are currently looking into further measures for expansion. Be on the lookout for an announcement by the fourth quarter.

[Reference] Analog Semi. Order Volume Trend

Past performance indicates it may soon bounce back from the bottom?

Keep eye on historical data and market trends so we are ready to get in on the ground floor



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This slide is provided for your reference, and as you can see, analog semiconductors are characterized by very short valleys. Up until now, there have been dips arising from the 2008 financial crisis and trade friction between the United States and China, but orders have bounced back each time in just two or three months. I believe we are close to coming out of the most recent valley, and with the market growth forecast shown on the previous slide, the business should be just fine.

Accelerate synergy creation through INTEGRATION in connectors business

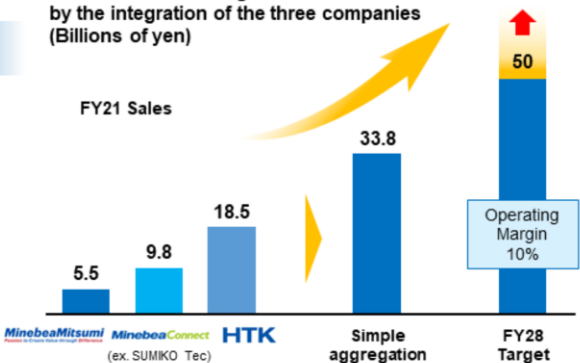
2 Optical devices / Mechanical comp.

- Optical device production, orders, and shares on par with projection. Expand customer base and move into new business fields
- Completion of new factory for future production increases
- Game business will remain steady for the foreseeable future and hit initial targets

Naga Factory (the Philippines)



Connector business growth forecast
by the integration of the three companies
(Billions of yen)



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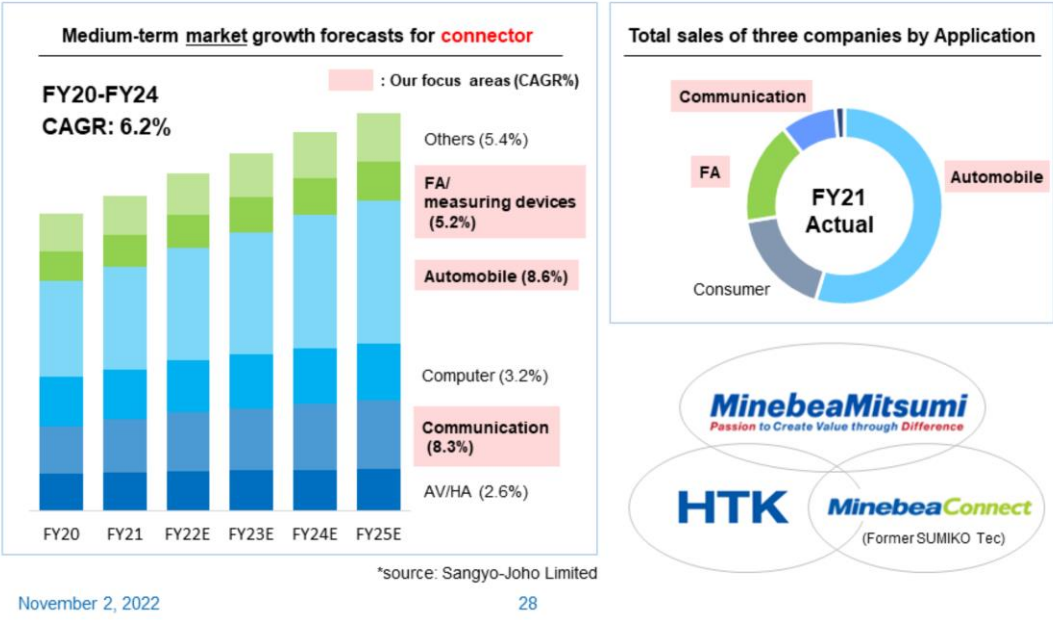
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Optical devices are performing well, as usual. We expect low-cost models to increase as well as soon as the semiconductor shortage is resolved.

As for connectors, morale is high at HONDA TSUSHIN KOGYO, Minebea Connect (formerly SUMIKO TEC), and MinebeaMitsumi, so I believe we can expect major advances.

Connectors to focus on automobile and communication to grow strongly

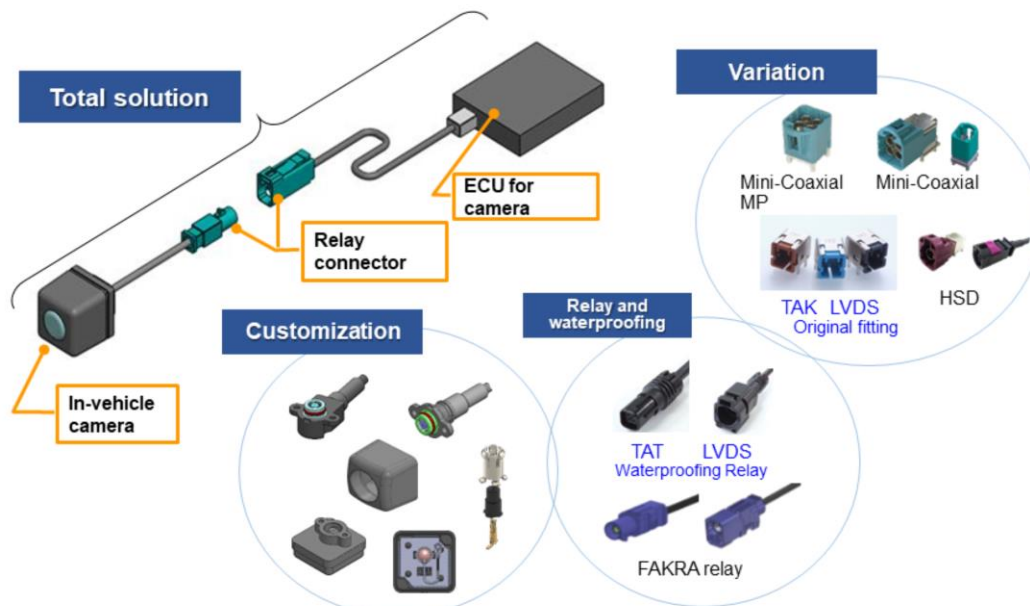
Aiming to increase sales in the automobile, communications and factory automation sectors.



With the market CAGR being 6.2%, we will create synergy between the quick sample activities of HONDA TSUSHIN KOGYO and Minebea Connect and MinebeaMitsumi which has sales reps all over the world and a low-cost production system while targeting automobiles, industrial machinery, and communication for the time being.

Provide total solution by Integration of three companies

(Example: in-vehicle camera) Connectors, cables and harnesses from the camera to the ECU



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This is one example of the synergy. In-vehicle cameras are a specialty of HONDA TSUSHIN KOGYO. Minebea Connect has waterproof technology, which is considered very difficult when it comes to relay connectors, while on the ECU side, MinebeaMitsumi specializes in connectors for general-purpose products.

Coming together, we can provide various things at the same time to offer comprehensive solutions that include everything from cameras to ECUs, connectors, cables, and harnesses.

These three companies will be able to support high-speed operation, which requires the transmission of signals without delay or degradation from the viewing and sensing of the camera to the ECU that analyzes it. I hope to see them become a distinguished connector manufacturer that generates high profit margins.

Overcoming headwinds, full recovery is imminent

1 Automobile

- Get back on track as automobile production picks up steam
- Automobile production is expected to remain high for a while despite concern for macroeconomic slowdown
- Continue shift to high value-added products
→ Flush handle, E-Latch, CSD

2 Structural reform in Europe

- Completed withdrawal from low-priced product market and personnel reduction, further improving profitability and reducing fixed costs
- EU business generates profit in October despite rising business costs and situation in Ukraine

Next growth drivers with INTEGRATION and added value

➤ Flush handle:

When a person with a remote control key approaches the car, the handles automatically comes out from the door surface. Contributes to improving design and aerodynamic performance.



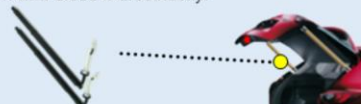
➤ E-Latch

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



➤ CSD (Compact spindle drive)

Mounted on both ends of the hatchback door of the vehicle to open and close it electrically.



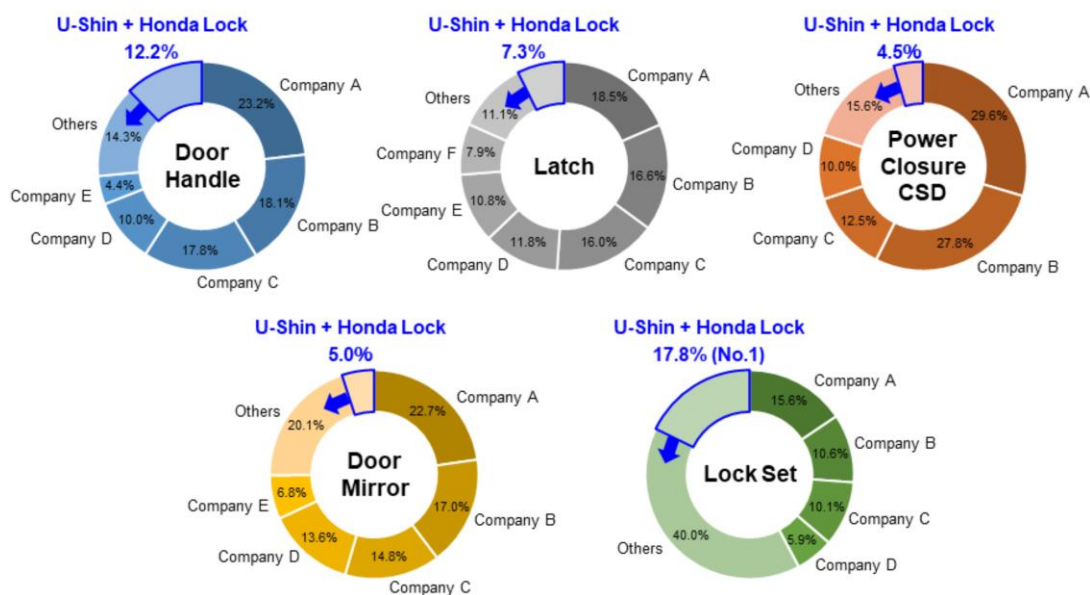
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In September, U-Shin was able to bring in operating income of 660 million yen. I am very pleased with this. There is still an issue with the supply of semiconductors for automobiles, but with a certain level of recovery in production and a weaker yen, it will bring in around this level of income. As I mentioned earlier, when combined with Honda Lock, I believe fourth quarter operating income will exceed 4.0 billion yen.

In this way, when something happens in one business, another makes up for it. We'd like you to know that MinebeaMitsumi has such strength and resilience to risk.

Aiming for sales of 300 billion yen and OPM of 10%



*Estimated by MinebeaMitsumi, CY2020
Company A, B, C...are different by products

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As for access products, we will aim to become the number one company by leveraging synergy in each field. We are already number one when it comes to key sets (locks), and we will take advantage of our strength of being able to manufacture in low-cost countries as electrification takes place with other products. Connectors, antennas, and analog semiconductors will be used more even in door handles in the future. Overall morale is very high as we aim to become a company that can steadily provide these types of products, solidifying our position as number one.

Key businesses that will see higher operating income next fiscal year



Bearings

Increase monthly production capacity by 25 million units



Aircraft components

Operating income will fully return to pre-pandemic level



Motors

Continue to launch new mass produced automobile products



Analog semiconductors

Take further steps to triple IGBT production at Shiga plant*
*MMI semiconductor



OIS

Staying strong



Game-related products

Expected to remain steady

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It is still early, but I will discuss our picture for the next fiscal year.

We do not know what the economic situation or the exchange rate will be like in the next fiscal year, but digitalization will take place in the automotive industry as well, so there should be no shrinking in the data center industry. Accordingly, we will be further increasing our bearing production capacity. In the aircraft components, I believe American aircraft manufacturer will bounce back in the next fiscal year, and we will steadily launch new mass-produced automobile motors. We have said that analog semiconductors will be 3x IGBTs, and we hope to present a new measure by the end of this fiscal year. OIS continues to perform well, and games are strong, too. Next fiscal year, we will not have what JGAAP refers to as extraordinary income, but we will work on ensuring so-called organic growth.

Progress as expected to realize integration synergies

Honda Tsushin Kogyo

- Became a consolidated subsidiary as of September 16, 2022
- Squeeze-out by the end of the year
- Sales and operating income are recorded in the MITSUMI business segment

Former SUMIKO TEC

- Became a consolidated subsidiary as of November 1, 2022
- The new company name is **Minebea Connect Inc.**
- Sales and operating income will be recorded in the MITSUMI business segment

Honda Lock

- Integration to take place during FY2022
- Sales and operating income will be recorded in the U-Shin business segment

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Have a look at this page.

To Issue Green Bonds

Management Strategy to Solidify the Foundation for the Company's 100th Anniversary (2051)



Contribute to global CO2 emission reductions through two pillars

(1) Challenge to carbon neutrality

(2) Expand "MMI Beyond Zero"

Establishment of Green Bond Framework to raise funds to further promote initiatives to realize a sustainable global environment

Outline of the Green Bond

Name	MinebeaMitsumi 10th Unsecured Bonds (with an inter-bond pari passu clause) (MinebeaMitsumi Green Bond)
Maturity	5 years
Issue Amount	To be decided
Timing of Issuance	In or after November 2022 (scheduled)
Overall Evaluation	Green 1(F) / Japan Credit Rating Agency, Ltd.

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We will raise funds through green bonds.

The funds will be used for investing in equipment for super bearings and solar power generation equipment, which is currently a focus of our efforts. I believe that it will be difficult to address the rapid increase in energy costs without installing some solar power generation equipment. I hope to take measures such as installing solar power generation equipment on land in the Philippines where plants cannot be constructed.

Interim dividend increased by 2 yen year-on-year

Dividends for FY3/23

Interim dividend	TBD	→	20 yen/share
Year-end dividend (Forecast)	TBD	→	TBD

Regarding the year-end dividends for the fiscal year ending March 31, 2023, we will finalize in light of our performance for this fiscal year.
No change in medium-to-long-term cash allocation policy.

(Reference) Dividends for FY3/22

Annual 36 yen/share (18 yen for interim, 18 yen for year-end)

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We will increase the dividend. The target annual dividend for this year is 40 yen. However, we do not know what the second half will look like, so for now, the interim dividend will be increased 2 yen, and we will then aim to increase the full-year dividend by 4 yen.

Integrated Report 2022 published

Outlining MinebeaMitsumi’s growth strategy with a new focus on developing products and supplying parts that will solve social issues, in addition to organic growth and M&As.
This year’s report features more about our human resource strategies as well as opportunities and risks.

See on our website →



MSCI gives MinebeaMitsumi an ‘A’ ESG rating

We were given an ‘A’ rating for our ESG activities and enhanced disclosure.
We moved up 3 notches in 5 years and will make further efforts to improve our corporate value.



Please take a look at the Integrated Report as well.



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.

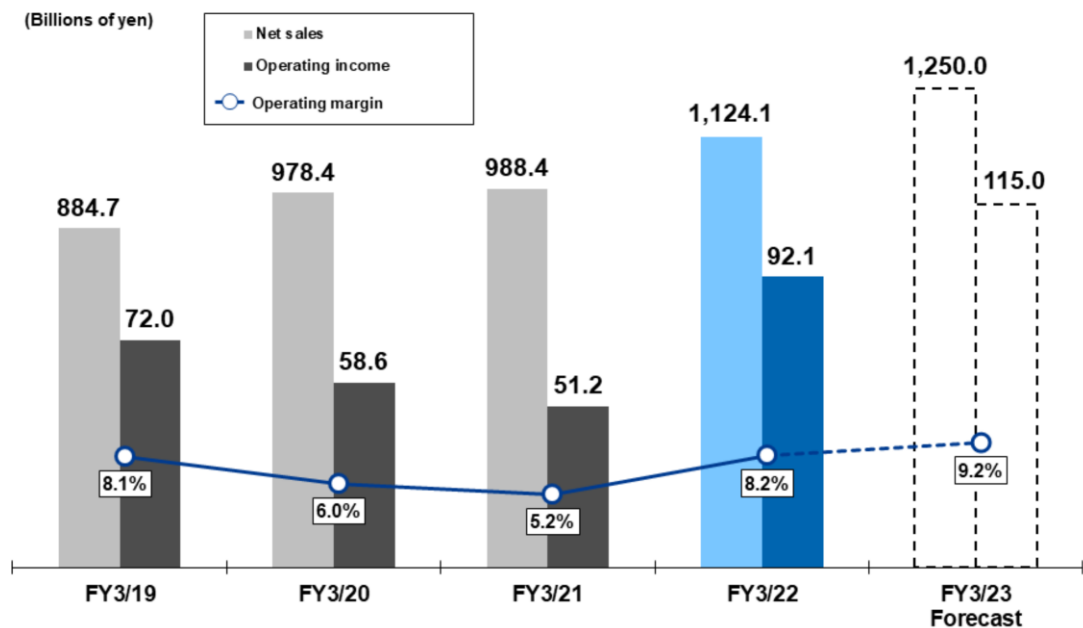
Factors affecting our actual performance include but are not limited to: (i) changes in economic conditions or demand trends related to MinebeaMitsumi's business operations; (ii) fluctuation of foreign exchange rates or interest rates; and (iii) our ability to continue R&D, manufacturing and marketing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

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Reference

Net Sales, Operating Income/ Margin

(Billions of yen)



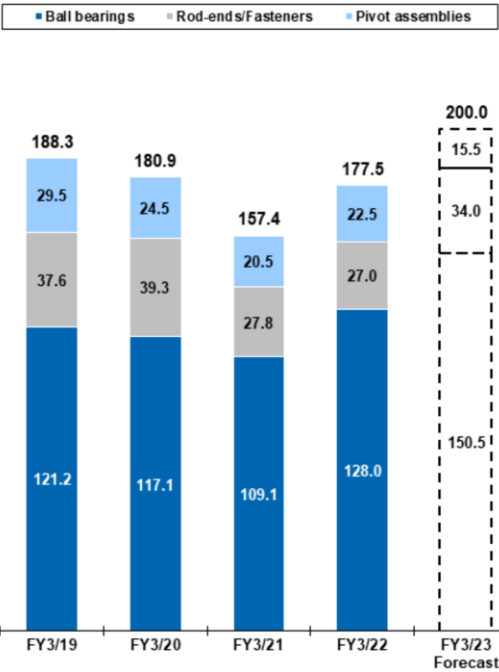
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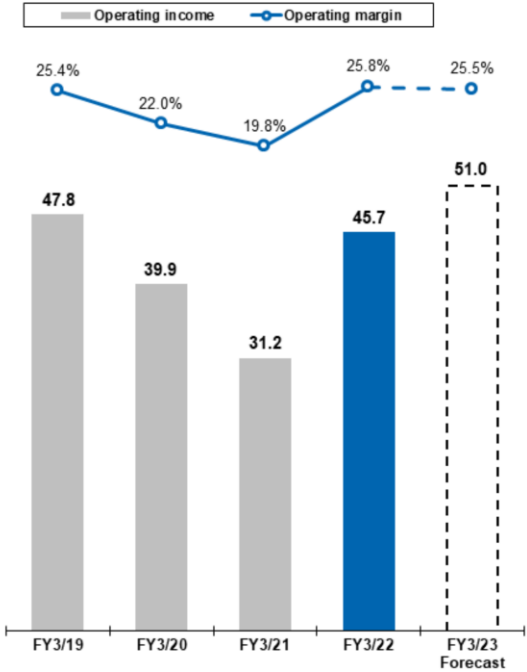
MinebeaMitsumi
Passion to Create Value through Difference

Machined Components

Net sales (Billions of yen)



Operating income (Billions of yen)



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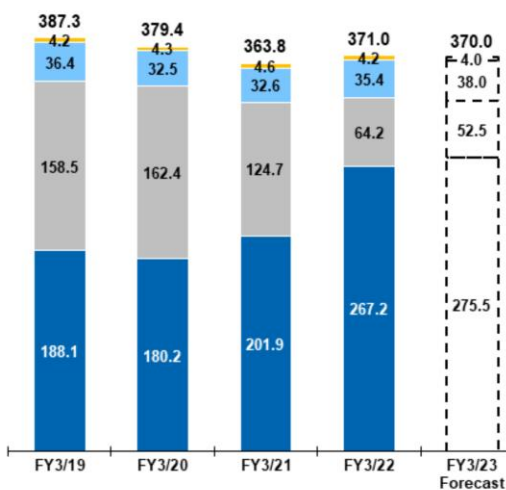
MinebeaMitsumi

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Electronic Devices & Components

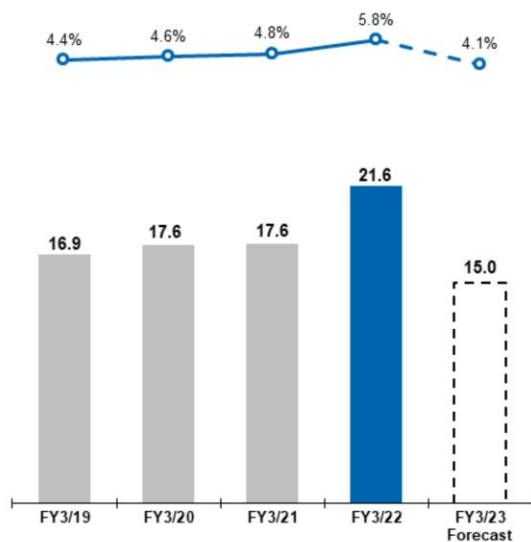
Net sales (Billions of yen)

■ Motors ■ Electronic devices ■ Sensing devices ■ Other



Operating income (Billions of yen)

■ Operating income ■ Operating margin



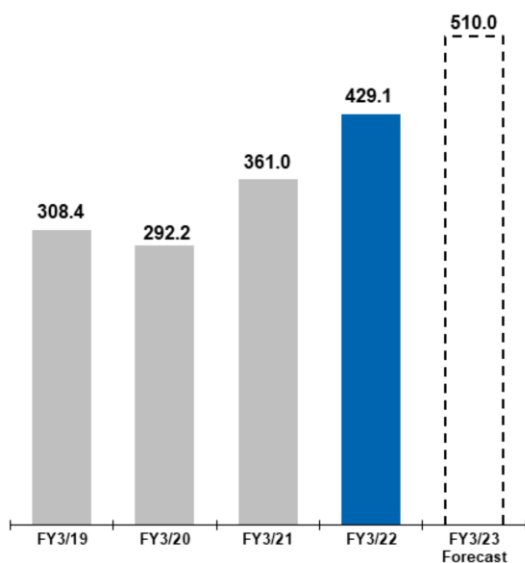
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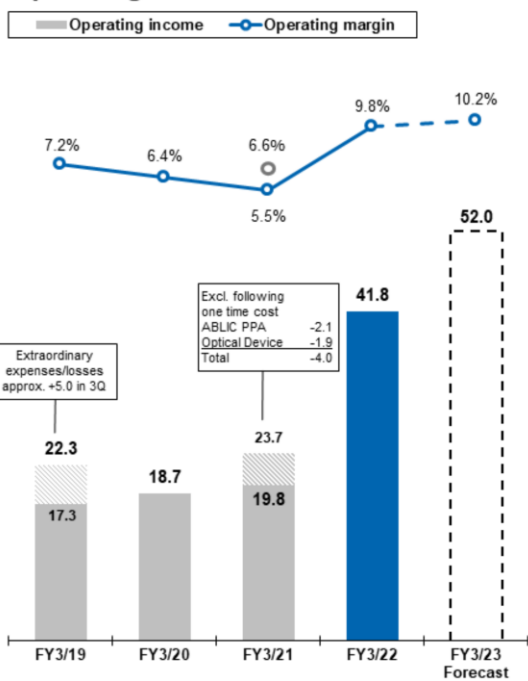
MinebeaMitsumi
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MITSUMI Business

Net sales (Billions of yen)



Operating income (Billions of yen)

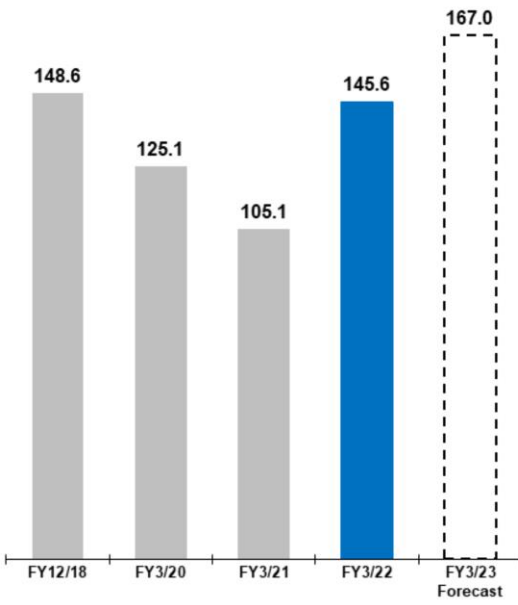


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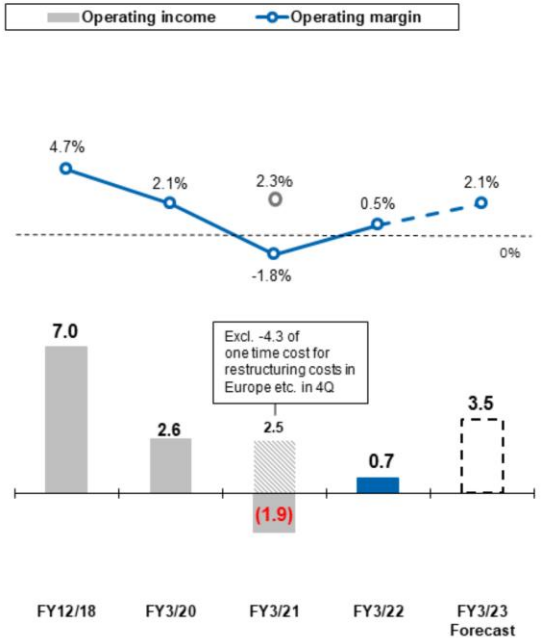
42

MinebeaMitsumi
 Passion to Create Value through Difference

Net sales (Billions of yen)



Operating income (Billions of yen)



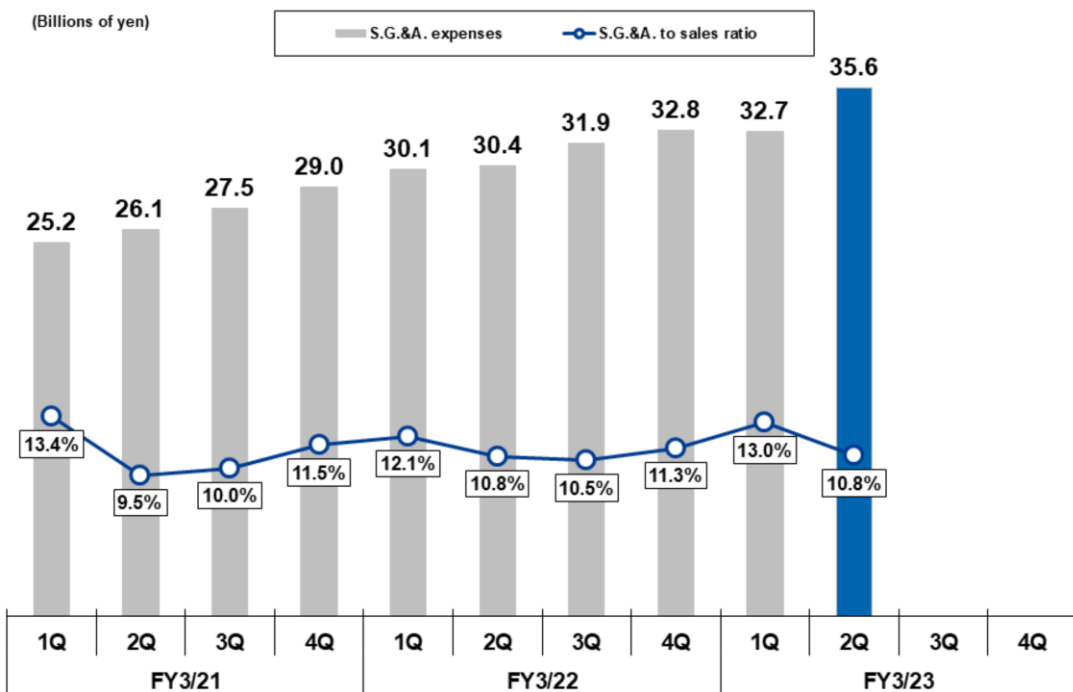
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S.G.&A. Expense / Ratio

(Billions of yen)



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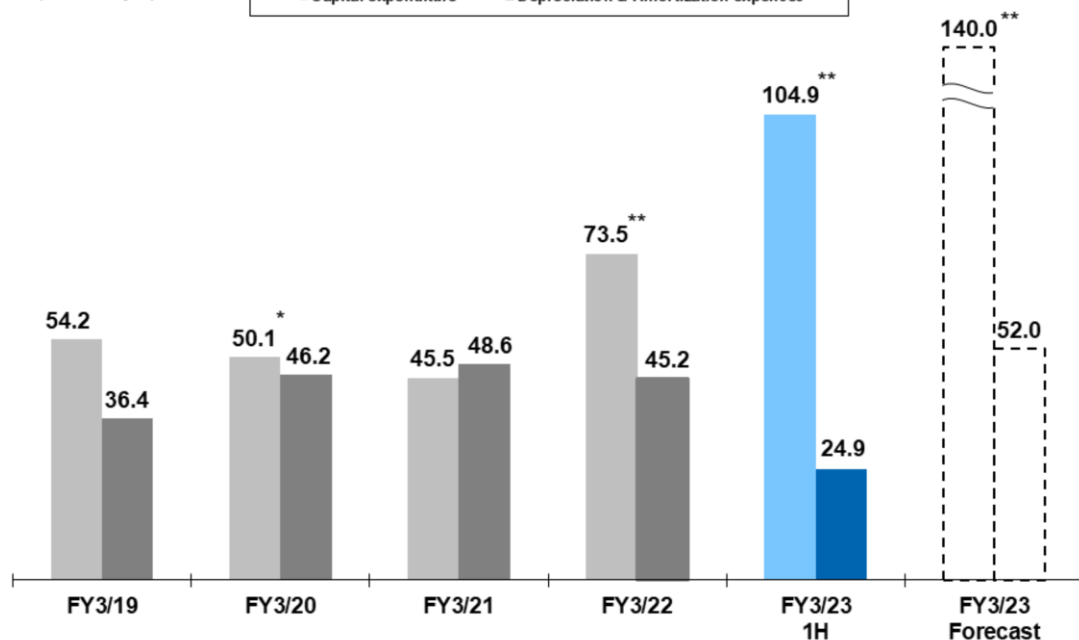
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Capital Expenditure / D&A Expense

(Billions of yen)

■ Capital expenditure

■ Depreciation & Amortization expenses



* Capital expenditures of FY3/20 do not include the increase of asset from lease contracts at the IFRS16 application start date

** Capital expenditures of FY3/22 & FY3/23 include new HQ building acquisition expenses

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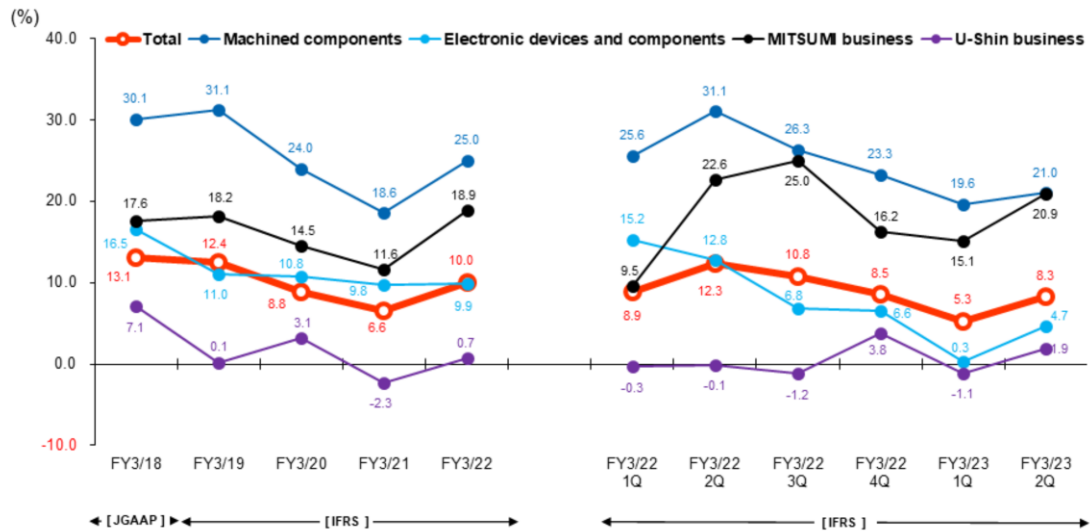
ROIC (Return On Invested Capital)

ROIC for U-Shin business are pre-merger result and based on JGAAP, and are not included in the Total until FY3/19. JGAAP until FY3/18

MinebeaMitsumi
ROIC

$$= \frac{\text{NOPAT (Operating income + extraordinary profit/loss) x (1-tax rate)}}{\text{Invested capital (Notes receivable/accounts receivable + inventories + non-current assets - notes payable/accounts payable)}}$$

Calculated using business assets (trade receivable/payable, inventories, non-current assets) by segment



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