

Business Results

Third Quarter of Fiscal Year
Ending March 31, 2023

MinebeaMitsumi Inc.

February 3, 2023

My name is Yoshida.

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

Summary of Consolidated Business Results for 3Q

Net sales hit a quarterly record high

(Millions of yen)	FY3/22	FY3/23		Change	
	3Q	2Q	3Q	YoY	QoQ
Net sales	304,348	330,021	371,424	+22.0%	+12.5%
Operating income	25,832	26,394	26,432	+2.3%	+0.1%
Profit before taxes	25,122	28,184	20,463	-18.5%	-27.4%
Profit for the period attributable to owners of the parent	18,395	20,060	13,148	-28.5%	-34.5%
Earnings per share, basic (yen)	45.42	48.62	31.87	-29.8%	-34.5%

Foreign Exchange Rates	FY3/22 3Q	FY3/23 2Q	FY3/23 3Q
US\$	¥112.47	¥135.32	¥144.25
Euro	¥130.44	¥139.28	¥143.93
Thai Baht	¥3.39	¥3.79	¥3.89
Chinese RMB	¥17.52	¥20.05	¥20.22

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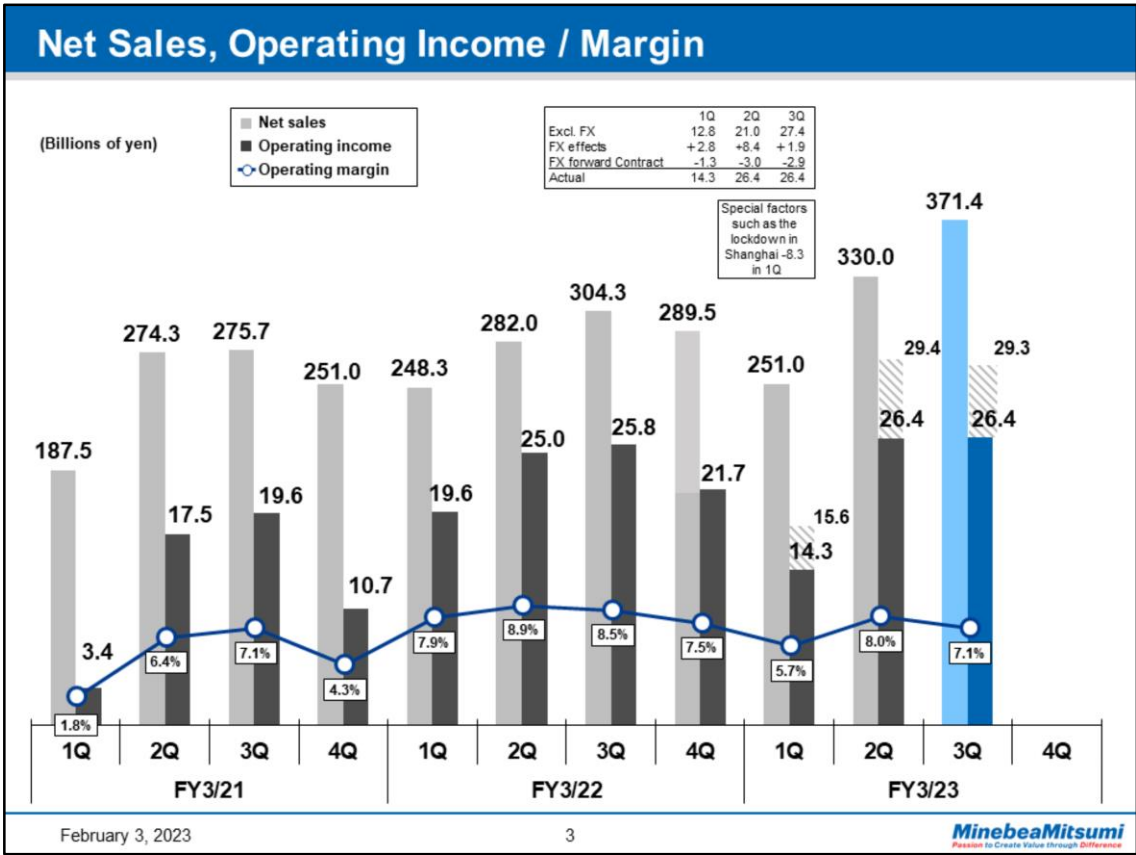
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Pursuing to Create Value through Difference

Consolidated net sales for the third quarter of the fiscal year ending March 31, 2023, was up 22.0% year on year and up 12.5% quarter on quarter to total 371,424 million yen.

Operating income up 2.3% year on year and up 0.1% quarter on quarter to total 26,432million yen. Profit for the period attributable to owners of the parent down 28.5% year on year and down 34.5% quarter on quarter to total 13,148 million yen.

Net sales hit a quarterly record high.

We estimate that foreign currency translations have a quarter on quarter impact was plus 15.3 billion yen in net sales and plus 3.5 billion yen in operating income. Year-on-year impact of plus 57.2 billion yen in net sales and plus 7.7 billion yen in operating income.



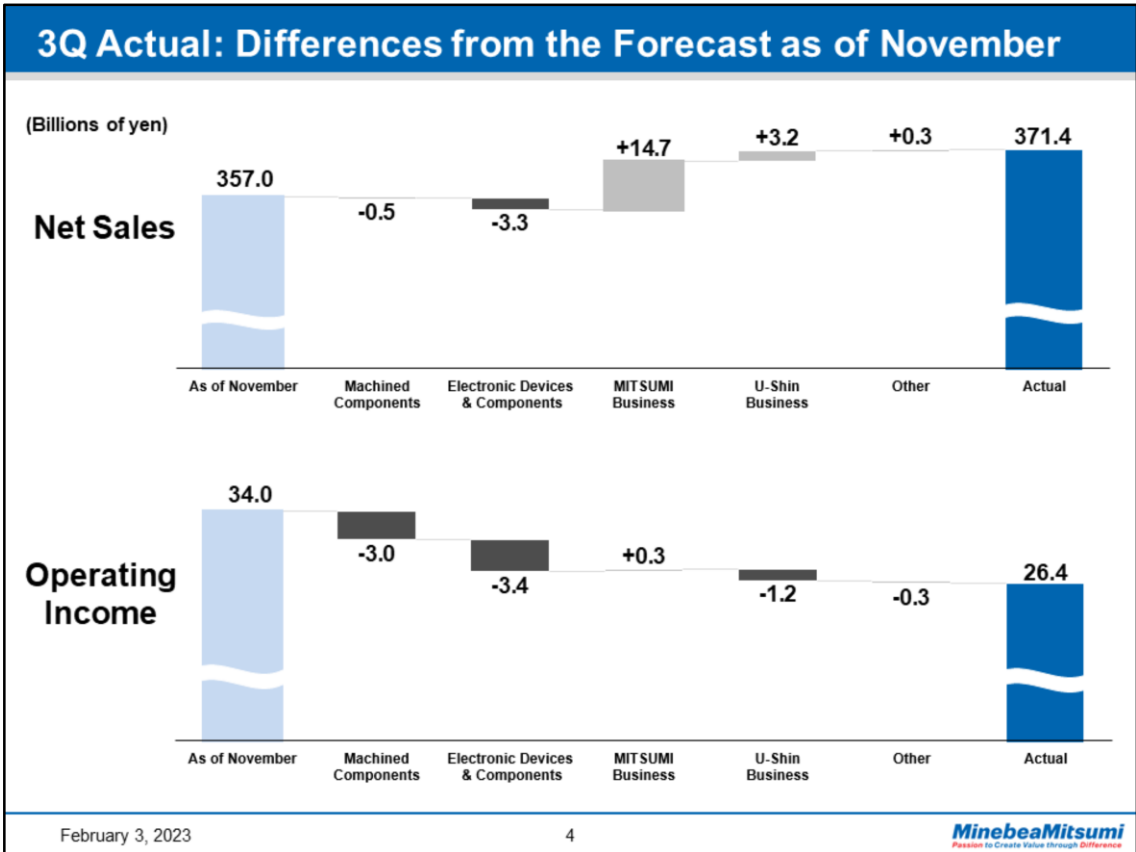
This is for quarterly trend in net sales, operating income and operating margin.

The operating margin for the third quarter was 7.1%, down 1.4 percentage point year on year and down 0.9 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.

Please see our estimate on foreign exchange effects shown in the box along with estimates for the first and second quarters.

In contrast to our initial forecast, the operating income figure for the third quarter includes a foreign exchange gain of 1.9 billion yen and a 2.9-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 29.3 billion yen.



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

Net sales for the machined components business were generally on track with the forecast thanks to soaring sales in the aircraft market although bearing sales were lower than expected.

The electronic devices and components business experienced lower-than-expected sales due mainly to the slowdown in HDD motor sales.

The MITSUMI business enjoyed higher-than-projected sales, mainly for mechanical components.

U-Shin sales were higher than projected, mainly for automobile applications.

Operating income for the machined components business was lower than expected due to a slight decline in profitability resulting from production adjustments for bearings.

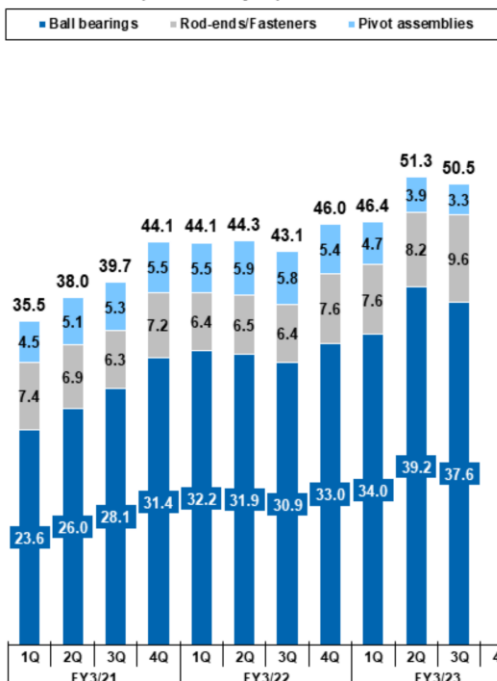
The electronic devices and components business saw operating income fall slightly below our forecast due to a drop in sales.

Operating income for the MITSUMI business was almost on a par with our forecast.

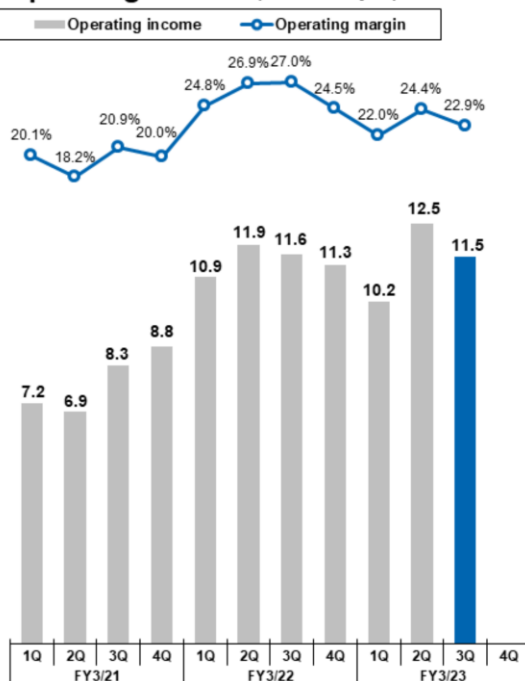
U-Shin's operating income was marginally lower than our forecast.

Machined Components

Net sales (Billions of yen)



Operating income (Billions of yen)



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Precision to Create Value through Difference

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.

Third quarter net sales decreased 1.6% quarter on quarter to total 50.5 billion yen. Sales of ball bearings decreased 4.1% quarter on quarter to total 37.6 billion yen. The monthly external shipment volume was down 10.4% quarter on quarter for an average of 225 million units. This is due to a slowdown in the markets, mainly the data center market.

Sales of rod-ends and fasteners, totaling 9.6 billion yen, were up 16.5% over the previous quarter. Sales increased due to a recovery in aircraft production.

Sales of pivot assemblies decreased 14.3% quarter on quarter to total 3.3 billion yen.

Operating income for the quarter totaled 11.5 billion yen, and the operating margin was 22.9%. On a quarter-on-quarter basis, operating income decreased 7.8% while the operating margin dropped 1.5 percentage points.

Looking at the results by product, we see that operating income for ball bearings and pivot assemblies decreased quarter on quarter while operating income for rod-ends and fasteners was up compared with last quarter.

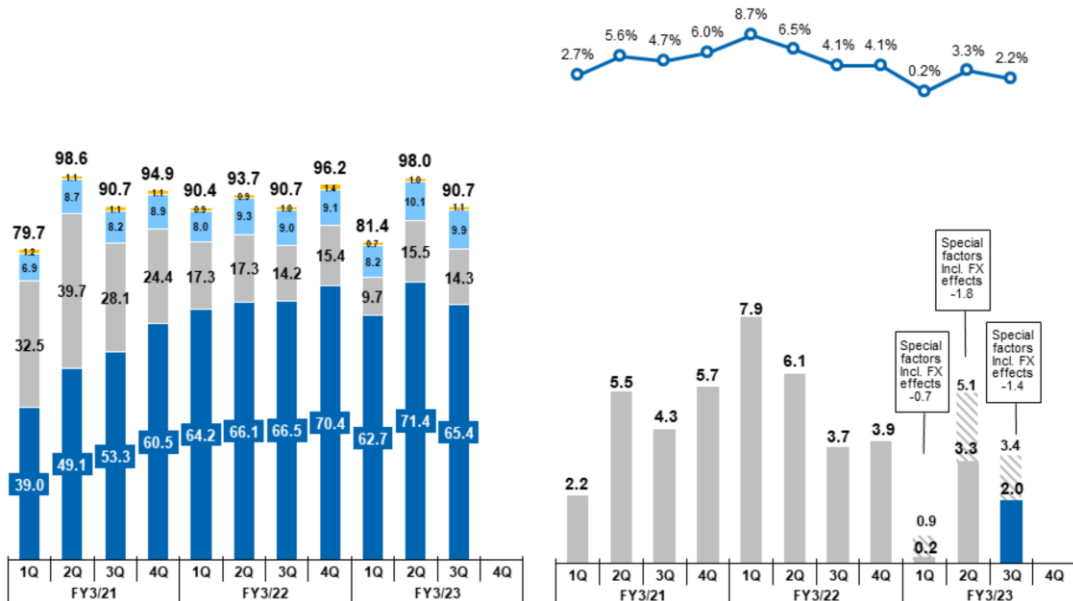
Electronic Devices & Components

Net sales (Billions of yen)

■ Motors ■ Electronic devices ■ Sensing devices ■ Other

Operating income (Billions of yen)

■ Operating income ○ Operating margin



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Passion to Create Value through Difference

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

Net sales decreased 7.5% quarter on quarter to total 90.7 billion yen.

Looking at the results by product, we see that sales of motors decreased 8.3% quarter on quarter to reach 65.4 billion yen. This is mainly due to declining demand for HDD motors.

Sales of electronic devices were down 7.8% from the previous quarter to total 14.3 billion yen. This is due to declined sales of LED backlight models used by our key customers.

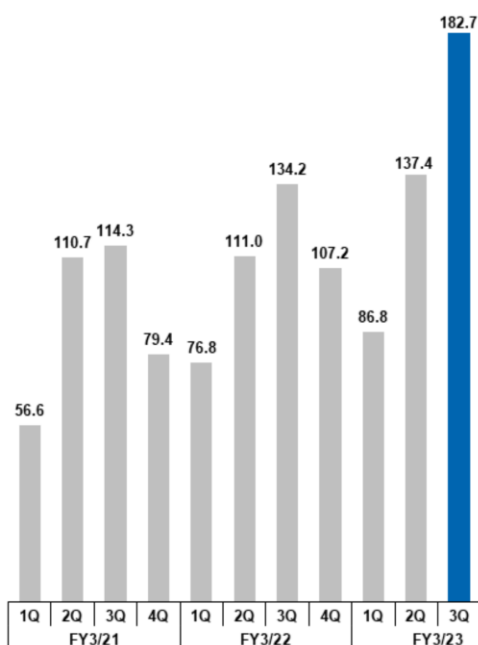
Sales of sensing device, totaling 9.9 billion yen, were down 2.4% from the previous quarter.

Operating income came to 2.0 billion yen, and the operating margin was 2.2%. On a quarter-on-quarter basis, operating income decreased 37.8% while the operating margin dropped 1.1 percentage points.

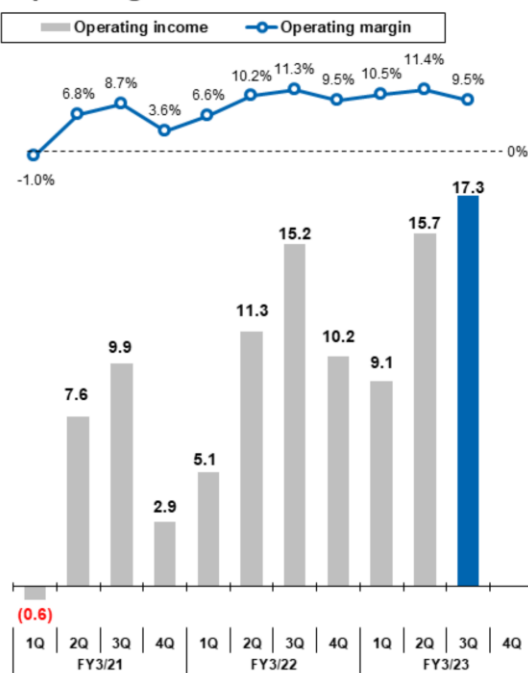
The results include a loss of 1.4 billion yen due to the special factor of foreign exchange effects noted earlier.

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 Minebea Connect (formerly SUMIKO TEC) in the scope of consolidation since November 1, 2022.

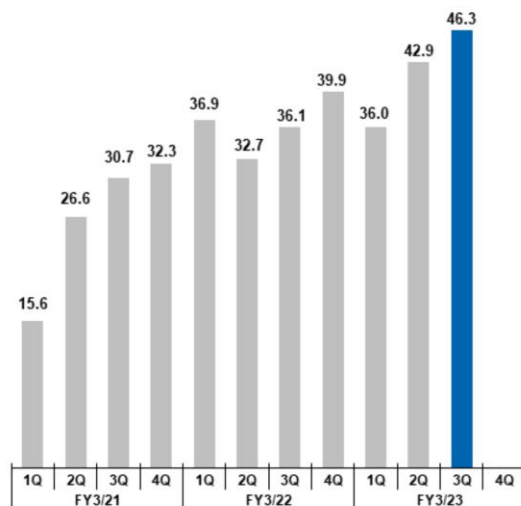
Net sales increased 33.0% quarter on quarter to total 182.7 billion yen. The factors behind this uptick include increased sales of optical devices and mechanical components associated with seasonal demand.

Operating income totaled 17.3 billion yen while the operating margin was 9.5%. Operating income increased 10.7% and the operating margin rose 1.9 percentage points quarter on quarter.

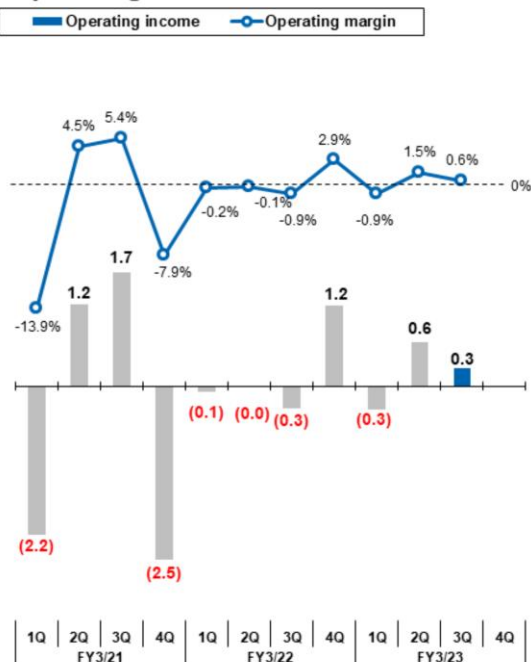
These figures reflect 1.7 billion yen of negative goodwill for Minebea Connect (formerly SUMIKO TEC). If this negative goodwill was not accounted for, operating income would be on a par with the previous quarter at 15.6 billion yen, and the operating margin would be 8.6%, a decrease of 2.8 percentage points quarter on quarter. This is mainly due to changes in the product mix.

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 7.9% quarter on quarter to total 46.3 billion yen.

This increase is due to a gradual recovery in automobile production although the situation varies by region and customer.

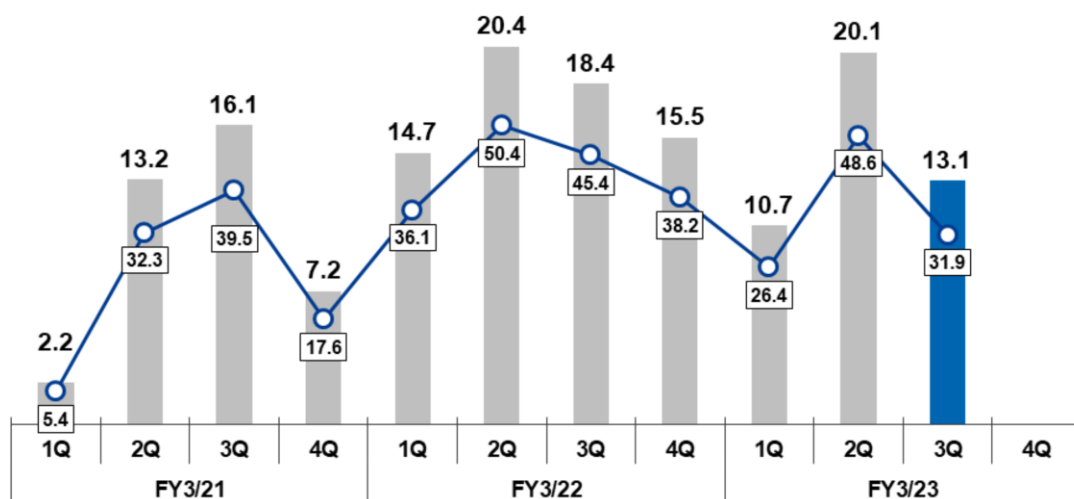
While our operating income totaled 0.3 billion yen, and the operating margin was 0.6%.

Operating income fell 59.7% quarter on quarter while operating margin dropped 0.9 percentage points for the same period.

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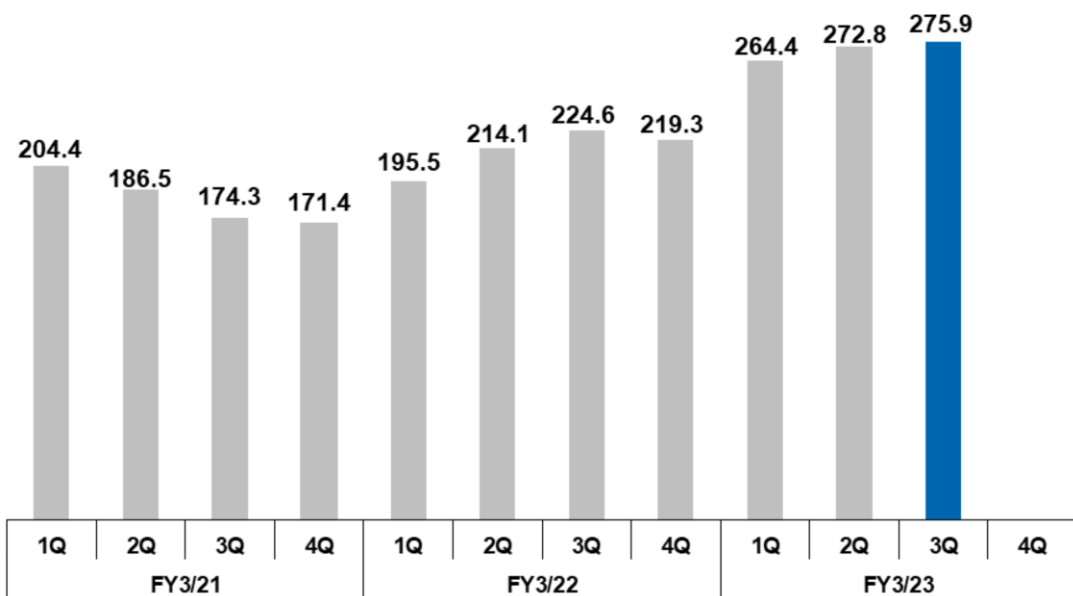
The bar graph here shows trends in profit attributable to owners of the parent while the line graph chart changes in the profit for the period per share.

The profit for the period was 13.1 billion yen.

Earnings per share was 31.9 yen.

Inventory

(Billions of yen)



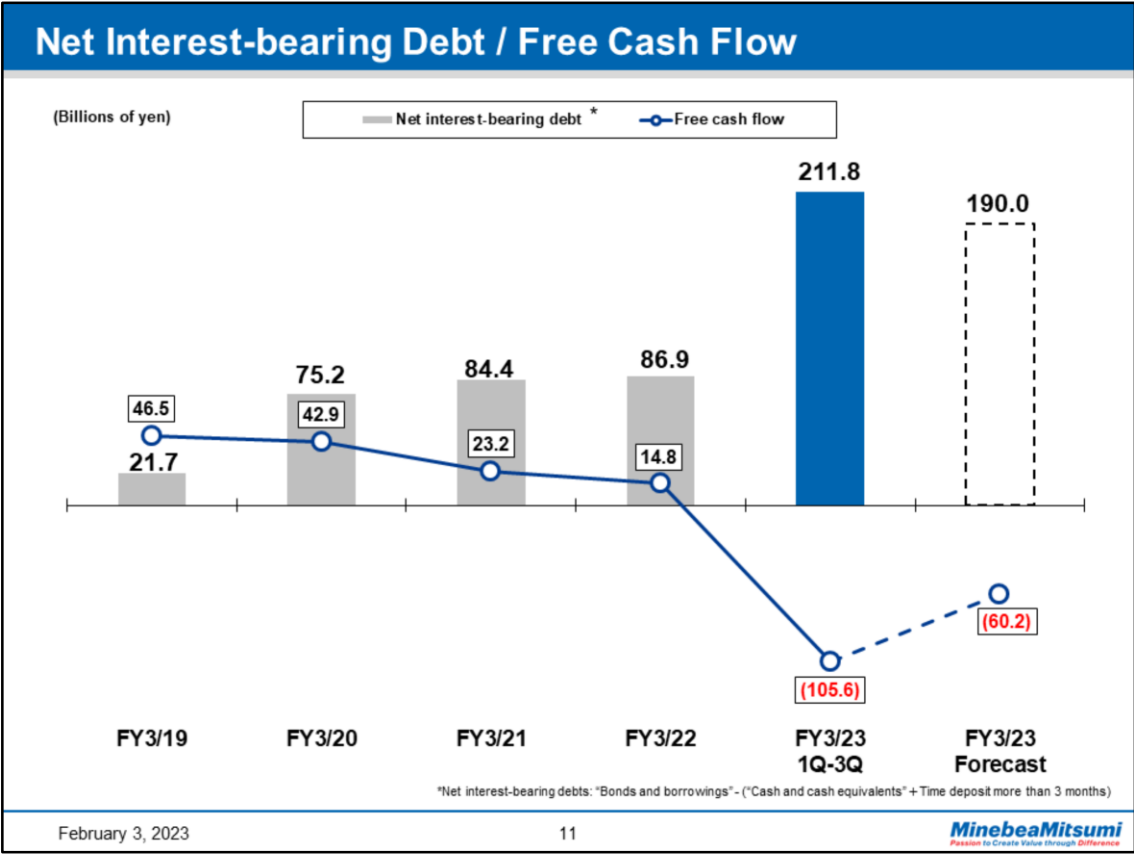
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Next we have the quarterly inventory trend.

At the end of the third quarter, inventory totaled 275.9 billion yen, which is 3.1 billion yen more than what it was three months ago.



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 third quarter, net interest-bearing debt, totaling 211.8 billion yen, was up 124.9 billion yen from what it was at the end of the previous fiscal year.

Forecast for Fiscal Year Ending March 31, 2023

**Full-year forecast revised
Net sales, OP, etc. all to hit record highs**

(Millions of yen)	FY3/22	FY3/23			
	Full Year	1st Half	2nd Half	Full Year	YoY
Net sales	1,124,140	581,061	718,939	1,300,000	+15.6%
Operating income	92,136	40,649	59,351	100,000	+8.5%
Profit before taxes	90,788	42,458	52,542	95,000	+4.6%
Profit for the period attributable to owners of the parent	68,935	30,794	40,206	71,000	+3.0%
Earnings per share, basic (yen)	170.08	75.22	97.54	172.76	+1.6%

Foreign Exchange Rates	FY3/22 Full Year	FY3/23 4Q Assumptions
US\$	¥111.55	¥125.00
Euro	¥130.47	¥135.00
Thai Baht	¥3.44	¥3.85
Chinese RMB	¥17.35	¥19.00

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We revised our full-year forecast for the fiscal year ending March 31, 2023.

The sales figure has been revised upward from 1,250 billion yen to 1,300 billion yen.

The operating income figure has been revised downward from 115 billion yen to 100 billion yen.

The operating income forecast accounts for one-time gains, such as negative goodwill associated with an M&A, as well as structural reform expenses.

Net sales, operating income, and profit for the period attributable to the owners of the parent are all expected to reach record highs.

The exchange rate is assumed to be 125 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	718,939	1,300,000	+15.6%
Machined components	177,470	97,688	97,312	195,000	+9.9%
Electronic devices and components	371,023	179,405	184,595	364,000	-1.9%
MITSUMI business	429,116	224,164	318,836	543,000	+26.5%
U-Shin business	145,577	78,946	116,054	195,000	+33.9%
Other	954	858	2,142	3,000	x3.1
Operating income	92,136	40,649	59,351	100,000	+8.5%
Machined components	45,717	22,726	21,274	44,000	-3.8%
Electronic devices and components	21,561	3,463	3,537	7,000	-67.5%
MITSUMI business	41,846	24,793	25,207	50,000	+19.5%
U-Shin business	732	301	3,699	4,000	x5.5
Other	-1,429	-692	-308	-1,000	-
Adjustment	-16,291	-9,942	5,942	-4,000	-

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Precision to Create Value through Difference

This slide shows the forecast by business segment.

Sales and profits of Minebea AccessSolutions (formerly Honda Lock), which became our consolidated subsidiary on January 27, are included the U-Shin business segment for the second fiscal half.

This is all for my presentation.

Today's Points (1)

Overall

- **3Q operating income fell short of our target** due to declining sales resulting from the slowdown in the market, especially the data center related market, as well as sharp exchange rate fluctuations.
- In light of the above, operating capacity will be curtailed in 4Q, but full-year operating profit will **finally reach 100 billion yen**.
- Reduce fixed costs, accelerate synergies in connectors and access products, and set the stage for **growth in the coming year**.

Machined components

- Profitability for ball bearings fell slightly due to production cutbacks.
- Aircraft components sales are finally entering a full-fledged recovery phase.

Electronic devices and components/ MITSUMI

- The motor business was affected by production adjustments in the HDD market, but sales of other motors generally remained firm. HDD bottomed out in December and customer inventory adjustment is over.
- MITSUMI is on track **to achieve record profits**, including before the business integration.
- The profitability of analog semiconductors remained high despite a minor slowdown.

U-Shin

- Add on revenues from the integration of Honda Lock.
- Continued shift to high-value-added products.

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Hello, I'm Yoshihisa Kainuma.

First off, I'd like to go over the highlights of today's presentation.

During the third quarter, our performance was on track in October and November but suddenly lost momentum in December. Our profit drivers, including bearings, HDD motors, backlights, semiconductors, game-related products, and OIS, slowed down across the board, albeit to varying degrees.

Companies like ours that supply products to various industries should be able to make up for a loss in one or two businesses with its other operations, but our aircraft business alone couldn't really pick up the slack for all the others.

On the upside, we have been informed that our customers have completed their inventory adjustments for HDD-related products, so their sales, which hit bottom in December, should bounce back in January through March. Once HDD inventories in the supply chain are eliminated, sales should recover in the next fiscal year.

We've had some ups and downs this fiscal year. In December, the exchange rates fluctuated significantly, which had a negative impact on our business, as parts purchased when the yen was weak had to be sold when the yen was strong. In addition to that, while we expect a loss of about 9 billion yen from forward exchange contracts this fiscal year, this dent in our bottom line will be covered by a gain of 13 billion yen from the sale of the Tokyo Headquarters.

In light of these circumstances, we revised our full-year earnings forecast and will actively work on structural reforms this fiscal year with an eye to boosting our bottom line next fiscal year.

Revised full-year forecasts

Achieve operating profit of 100 billion yen including one-off gains despite restructuring to further strengthen our business structure

- Upside of negative goodwill associated with the recent M&A
- Downside of lower sales and the impact of a sharply deteriorating foreign exchange rates environment

(Millions of yen)

	FY3/22 Full Year	FY3/23			
		1Q - 3Q	4Q	Full Year	YoY
Net sales	1,124,140	952,485	347,515	1,300,000	+15.6%
Operating income	92,136	67,081	32,919	100,000	+8.5%
Profit for the period attributable to owners of the parent	68,935	43,942	27,058	71,000	+3.0%
Earnings per share, basic (yen)	170.08	107.06	65.70	172.76	+1.6%

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Although we will not be able to generate 100 billion yen in profit purely from our operating activities this fiscal year, we should be able to achieve our major goal of 100 billion yen in operating income as gains make up for losses.

We believe that we laid the foundation for a revenue and business structure that will allow us to easily exceed 100 billion yen in operating income next fiscal year without the aid of any special factors.

Business profits will increase

Improvements in external environment

Semiconductor shortage: All affected markets will recover
COVID-19: Back to normal due to "living with COVID-19"
Aircraft related: Will fully recover



Bearings

End of inventory adjustment and recovery of automobile industry and data center related businesses



Aircraft related

Operating income returning to pre-pandemic level by the second half



Motors

End of customer production adjustments, and continued strong growth of automotive products



Analog semiconductors

Shiga Plant's contribution to earnings in addition to continued strong performance



OIS

Continued strong performance, all efforts focused on improving yields



Access products

In addition to profitability improvement at U-Shin, Minebea AccessSolutions (formerly Honda Lock) will contribute to profits

Uncertain conditions

Slowdown in macro economy: Sluggish demand
Interest rate/currency fluctuations: Deterioration of operating environment
Increasing inflation: Rising raw material costs and expenses

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These are our profit drivers for the next fiscal year.

Once the external environment improves, machined components such as bearings and aircraft components will generate approximately 50 to 55 billion yen, motors will generate 20 billion yen if the HDD market recovers, and semiconductors will definitely generate 25 billion yen. When you combine that with OIS and access products from Minebea AccessSolutions (formerly Honda Lock), our operating income should go well beyond 100 billion yen, even after deducting headquarters expenses.

The current external environment is not a serious threat. It's not that our market is disappearing because of technological changes. What we're seeing is more of a cyclical slowdown. This fiscal year, to deal with the semiconductor shortage, most smartphone manufactures have allocated a limited amount of semiconductors to their high-value-added models. This made the supply-demand balance for low-priced models quite tight. Once the semiconductor shortage is resolved, latent demand should take off.

Innovative precision enhancements improve rotational performance

Contribution to solving social issues



Expected benefits

- ↑ Improved motor efficiency through reduced torque
- ↑ Improved quietness and product life
- ↓ Reduction of CO₂ emissions

Possible uses

- Air conditioners
- Data centers Fan motors
- Home appliance motors, etc.

Within this FY,
Mass production is
scheduled to start

In the second half of
the next FY, 35 mil.
units/month

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Mass production of the previously announced super bearing has started. The customers we sent samples to have given our super bearings high marks since they reduce rotational torque by 40% and significantly improve motor efficiency.

Following the launch of mass production in March 2023, we plan to begin selling super bearings with an eye to bringing production up to about 15 million units a month for fan motors and 10 million units a month for air conditioners by the second half of fiscal 2023.

We have filed for a patent and believe their performance and benefits will set us apart from the pack while further boosting our bearing revenues.

Since data centers are currently required to cope with heat generation, the enhanced motor efficiency is expected to offer a great benefit that can directly lead to CO₂ reduction. We plan to set the selling price a little higher.

Synergies between Minebea AccessSolutions (formerly Honda Lock) and U-Shin

Product synergies

(Promoting cross-selling)

	U-Shin	MAS
Door latches	○	×
Spindle drive unit	○	×
Heater controls	○	×
Overhead controls	○	×
Door mirrors	×	○
Wheel sensors	×	○
Kick sensors	×	○

*MAS = Minebea AccessSolutions

Minebea AccessSolutions

X
u-shin

Location synergies (1)

(Production capacity and absorption of expansion)

	U-Shin	MAS
China (Zhongshan)	○ ←	×
Thailand	○ ←	×
Mexico	×	○ →
Brazil	×	○ →

Location synergies (2)

(Acquisition of new bases)

	U-Shin	MAS
Europe	○	×
America	×	○
Vietnam	×	○
Indonesia	×	○

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It took longer than initially anticipated, but we finally got antitrust clearance, and Minebea AccessSolutions (MAS, formerly Honda Lock) joined our group on January 27. This slide summarizes how we are going to generate synergies between U-Shin and MAS, how they will grow, and how we'll cultivate that growth.

First off, let's look at product synergies. U-Shin makes door latches, spindle drive units, heater controls, and overhead controls, but MAS doesn't. MAS makes door mirrors, wheel sensors, and kick sensors, but U-Shin doesn't.

While we already have customers who have agreed to buy our kick sensors, figuring out how to cross-sell these products is what will make all the difference.

As for production capacity synergies, both companies have locations in the four areas shown on the slide, so you can see they complement each other.

In China (Zhongshan), for example, MAS needed a new plant, due to lack of space and aging equipment, in order to accommodate increased production, but it can now use the space within U-Shin's plant. U-Shin will be able to use the space in MAS facilities in Mexico and Brazil.

When trying to cross-sell products, we sometimes hear concerns from existing customers about our production capacity, but that's not a problem for us since we can utilize available space at our other locations without thinking twice about it.

As a manufacturer of access products, we are uniquely positioned to supply the same quality products to any region of the world, from Europe and the United States to Vietnam and Indonesia, in response to customer demand.

We expect to see the supply of semiconductors revive in the second half of the next fiscal year, and we will do our best to make these synergies happen by then.

In the motorcycle market, which we have not entered so far, we will be able to generate very large profits by bringing the MinebeaMitsumi brand to motorcycle manufacturers around the globe, in addition to Honda, which has the largest market share in the world.

The recovery in automobile production, the outcome of U-Shin's structural reforms, and the acceleration of synergies between U-Shin and MAS should enable us to easily hit the 20-billion-yen operating income mark.

Resolution of share buyback (February 3, 2023)

- Number of shares: Up to 4.5 million shares
(equal to 1.09% of total issued shares excluding treasury shares)
- Amount: **Up to 10.0 billion yen**
- Period: From February 6, 2023 to June 23, 2023
- Purpose: In order to improve return on shareholders and improve capital efficiency and to implement agile capital policy according to the business environment.

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We have resolved to start buying back shares on February 6, with an eye to spending up to 10 billion yen on repurchasing up to 4.5 million shares in total. This move is also our way of sending a message to the market in response to the slump in share prices.

Issuance of Green Bonds

MinebeaMitsumi’s first Green Bonds to be used for financing or refinancing projects that meet the eligibility criteria of our Green Bond Framework (production and R&D of ball bearings; procurement of decarbonized power sources).

Name	Minebea Mitsumi 10th Unsecured Bonds (with an inter-bond pari passu clause) (Minebea Mitsumi Green Bond)
Maturity	5 years
Issue Amount	JPY 25 billion
Coupon Rate	0.42% (Annual)
Issue Date	November 25, 2022

MinebeaMitsumi gets A- and A on CDP
Climate Change and Water Security Questionnaires

The UK based non-profit organization, CDP, gave MinebeaMitsumi A- and A ratings on its Climate Change 2022 and Water Security 2022 questionnaires that determine how well companies manage climate change and water risks.



Please take a look at this page on your own.

That is all from me. Thank you for your attention.



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.

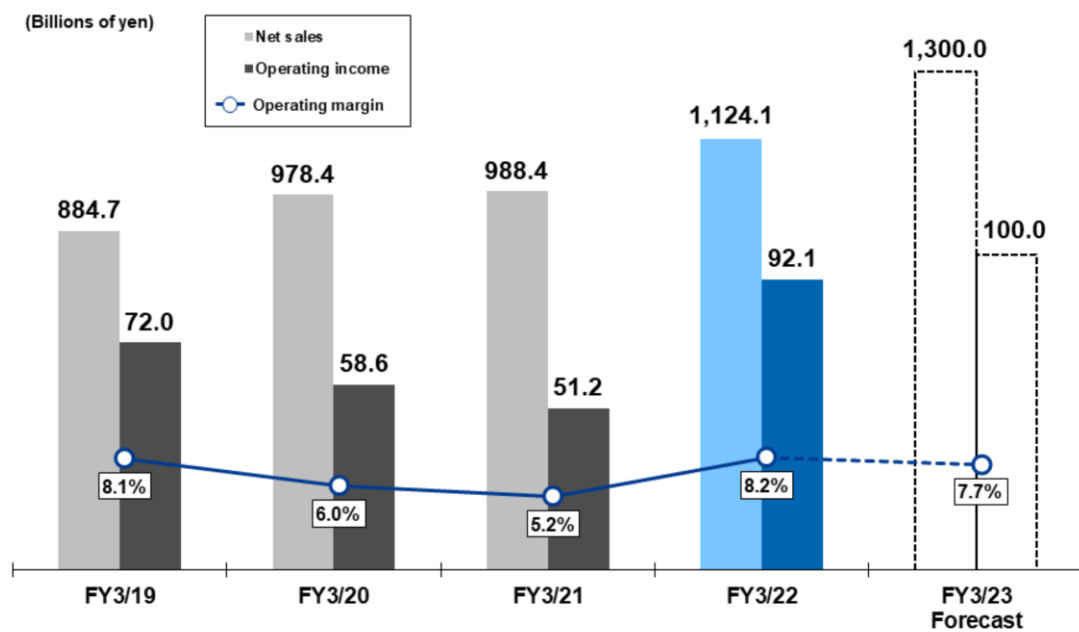
Factors affecting our actual performance include but are not limited to: (i) changes in economic conditions or demand trends related to MinebeaMitsumi's business operations; (ii) fluctuation of foreign exchange rates or interest rates; and (iii) our ability to continue R&D, manufacturing and marketing 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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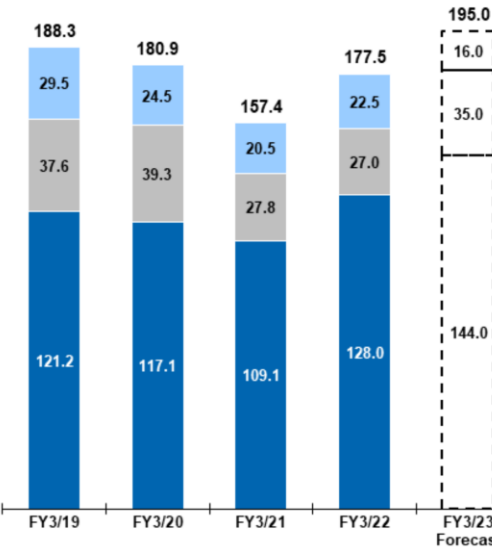
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Machined Components

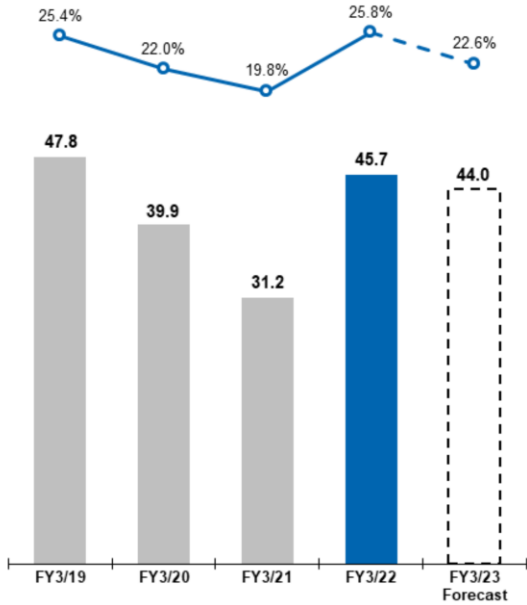
Net sales (Billions of yen)

■ Ball bearings ■ Rod-ends/Fasteners ■ Pivot assemblies



Operating income (Billions of yen)

■ Operating income ● Operating margin



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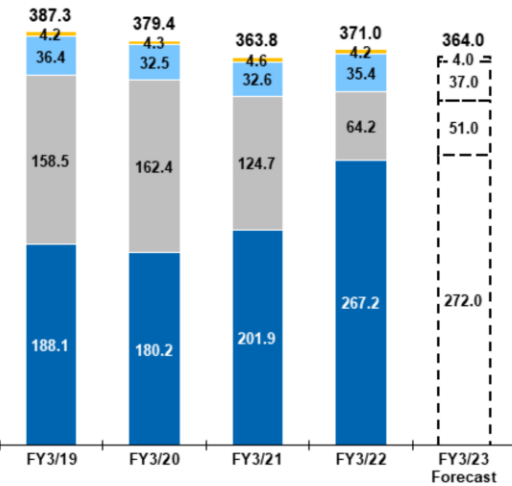
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Electronic Devices & Components

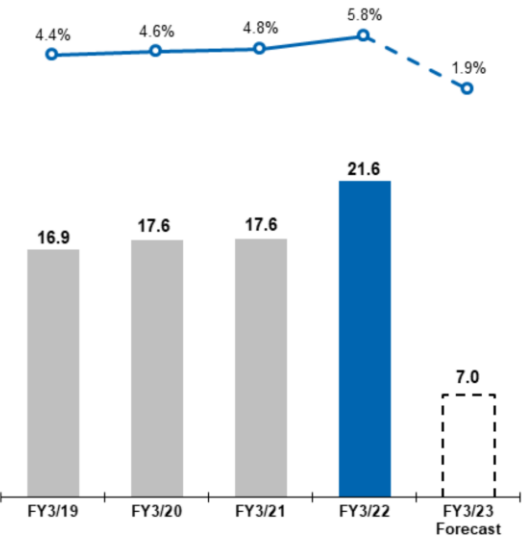
Net sales (Billions of yen)

■ Motors ■ Electronic devices ■ Sensing devices ■ Other



Operating income (Billions of yen)

■ Operating income ● Operating margin



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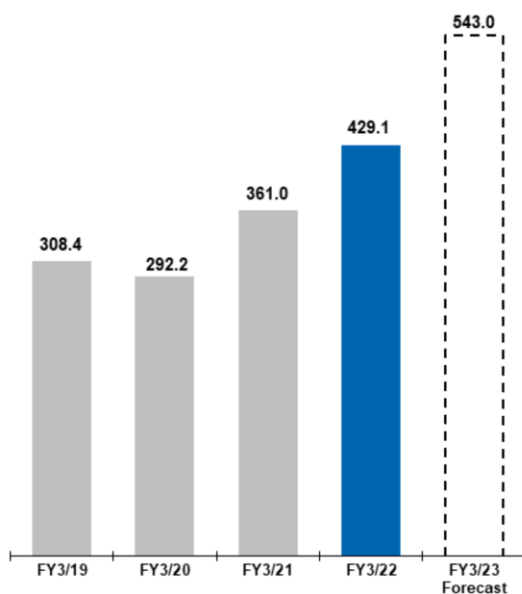
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MinebeaMitsumi

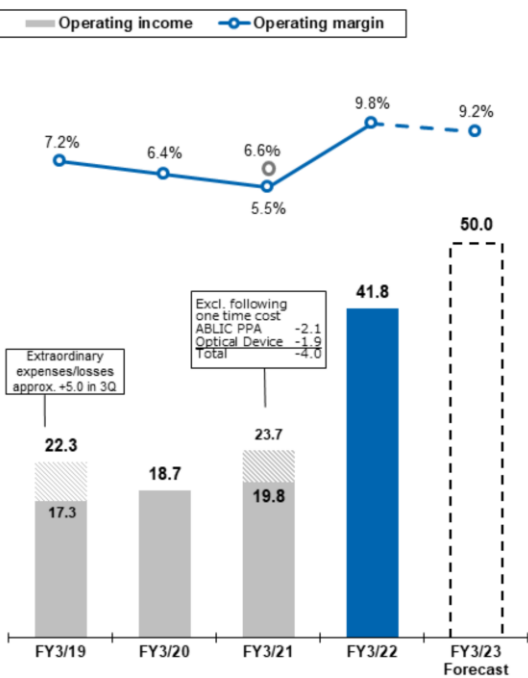
Passion to Create Value through Difference

MITSUMI Business

Net sales (Billions of yen)



Operating income (Billions of yen)

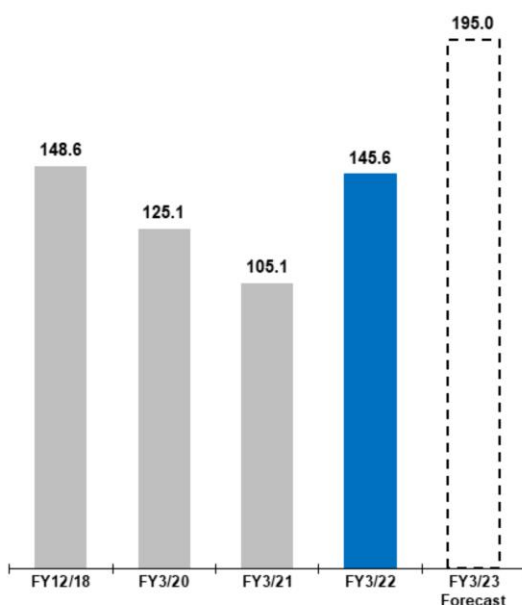


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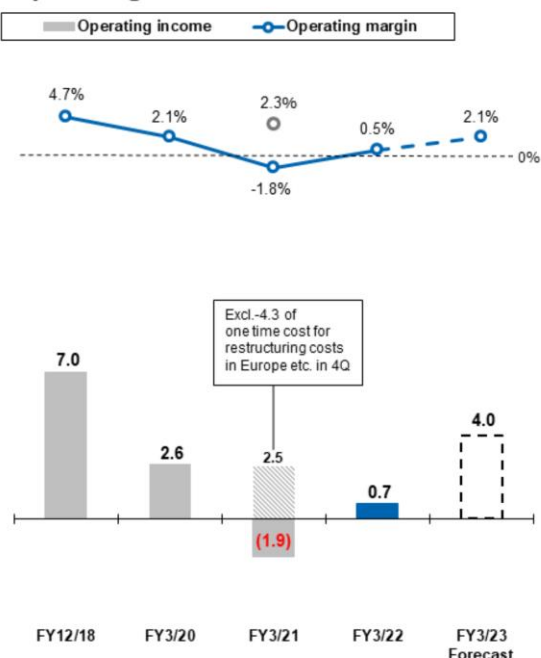
26

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 Passion to Create Value through Difference

Net sales (Billions of yen)



Operating income (Billions of yen)



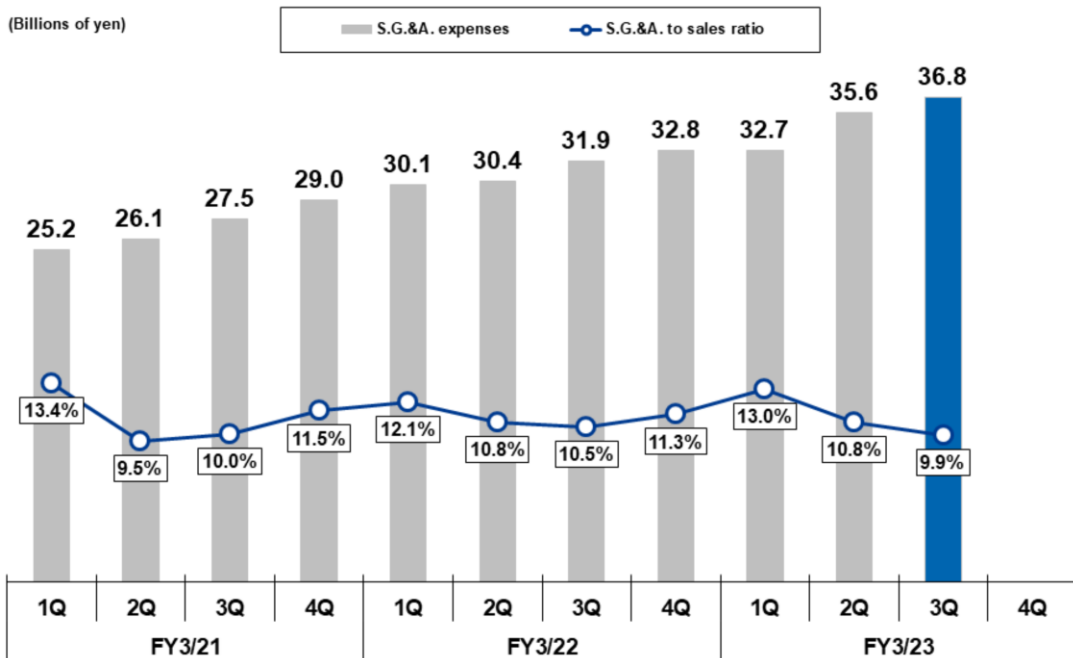
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S.G.&A. Expense / Ratio

(Billions of yen)



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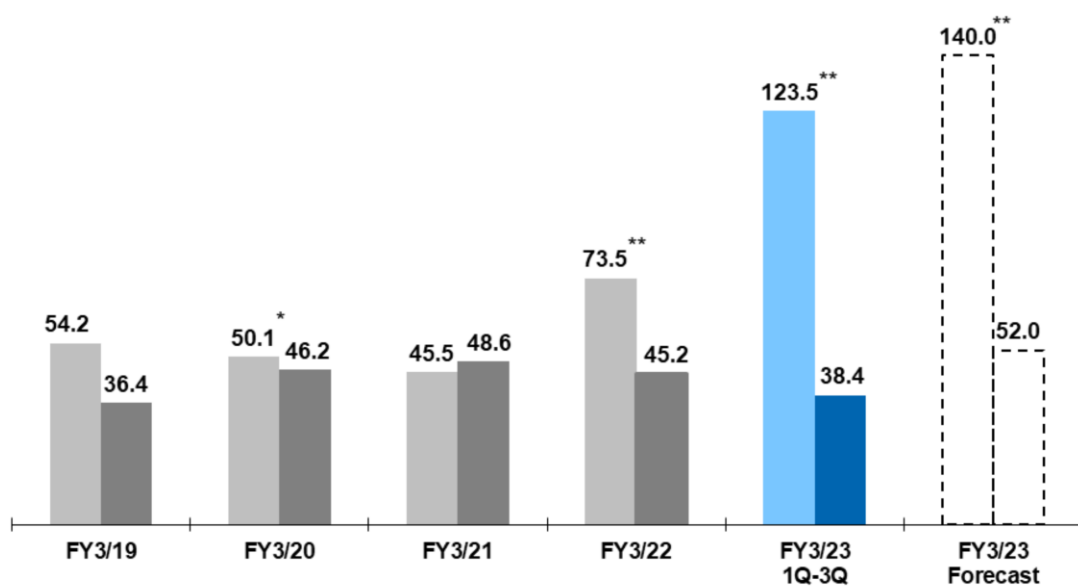
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Capital Expenditure / D&A Expense

(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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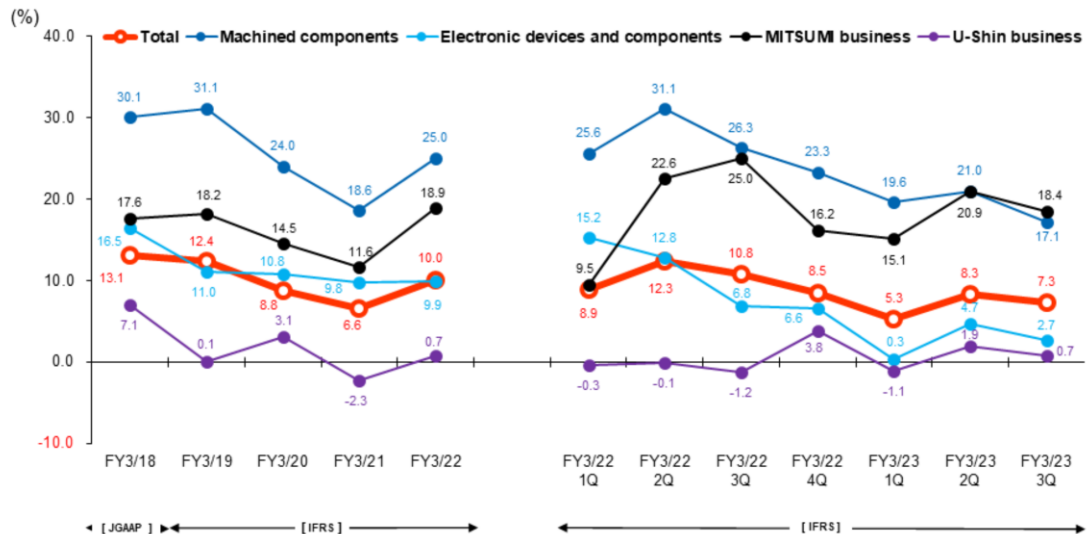
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ROIC (Return On Invested Capital)

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

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

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



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