

Business Results

Second Quarter of Fiscal Year
Ending March 31, 2024

MinebeaMitsumi Inc.

November 2, 2023

1. Financial Results
2. Business Update & Management Strategy

Financial Results

Katsuhiko Yoshida
Director, President COO & CFO

Summary of Consolidated Business Results for 2Q

Net sales hit a quarterly record high

(Millions of yen)	FY3/23	FY3/24		Change	
	2Q	1Q	2Q	YoY	QoQ
Net sales	330,021	292,370	379,747	+15.1%	+29.9%
Operating income	26,331	6,052	21,110	-19.8%	x3.5
Profit before taxes	28,121	7,811	22,390	-20.4%	x2.9
Profit for the period attributable to owners of the parent	20,022	3,642	15,958	-20.3%	x4.4
Earnings per share, basic (yen)	48.53	8.92	39.17	-19.3%	x4.4

Foreign Exchange Rates	FY3/23 2Q	FY3/24 1Q	FY3/24 2Q
US\$	¥135.32	¥134.92	¥142.47
Euro	¥139.28	¥146.23	¥155.71
Thai Baht	¥3.79	¥3.93	¥4.09
Chinese RMB	¥20.05	¥19.46	¥19.76

Summary of Consolidated Business Results for 1H

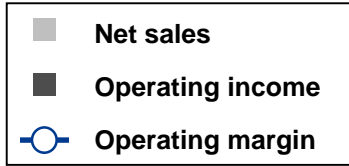
Net sales hit a 1H record high

(Millions of yen)	FY3/23 1H	FY3/24 1H	Change YoY	FY3/24 1H	
				August Forecast	vs. Forecast
Net sales	581,061	672,117	+15.7%	663,000	+1.4%
Operating income	40,586	27,162	-33.1%	28,000	-3.0%
Profit before taxes	42,395	30,201	-28.8%	26,500	+14.0%
Profit for the period attributable to owners of the parent	30,756	19,600	-36.3%	20,000	-2.0%
Earnings per share, basic (yen)	75.13	48.06	-36.0%	48.97	-1.9%

Foreign Exchange Rates	FY3/23 1H	FY3/24 1H
US\$	¥129.88	¥138.70
Euro	¥136.87	¥150.97
Thai Baht	¥3.74	¥4.01
Chinese RMB	¥19.59	¥19.61

Net Sales, Operating Income/ Margin

(Billions of yen)

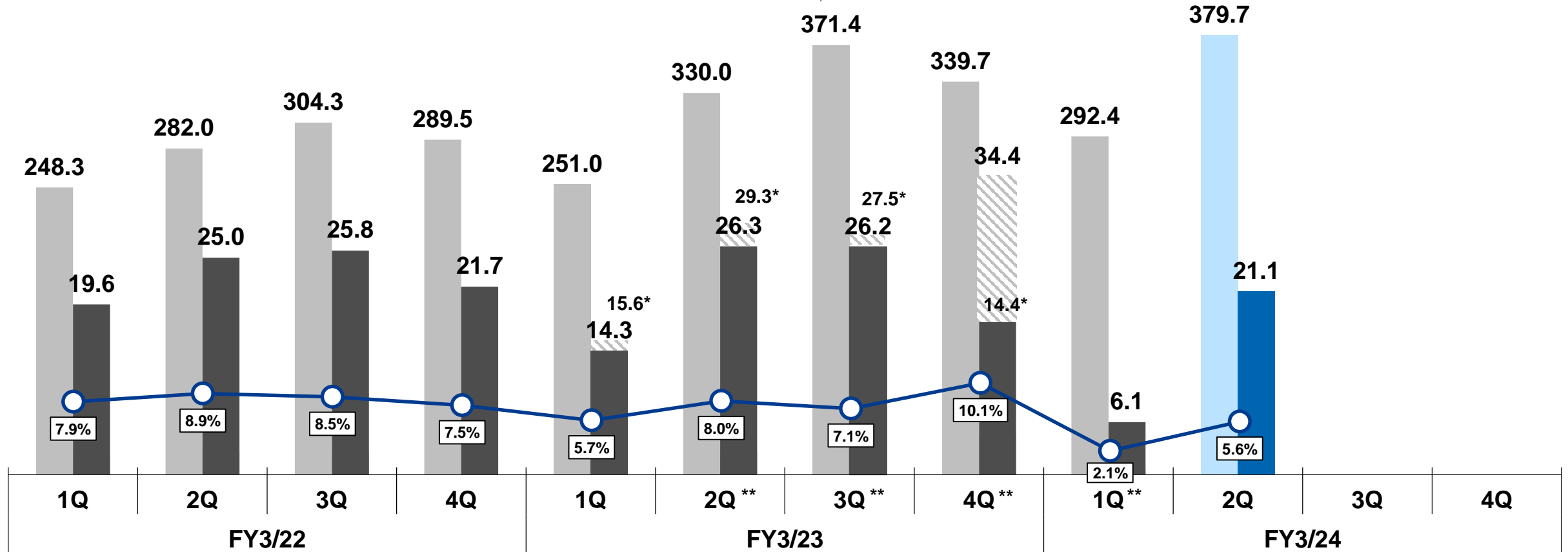


FY3/23 Special factors

	1Q	2Q	3Q	4Q	Full Year
FX forward contract	-1.3	-3.0	-2.9	-1.5	-8.7
Others	-	-	1.7	21.5	23.2
Total	-1.3	-3.0	-1.3	20.0	14.5

*Excl. special factors

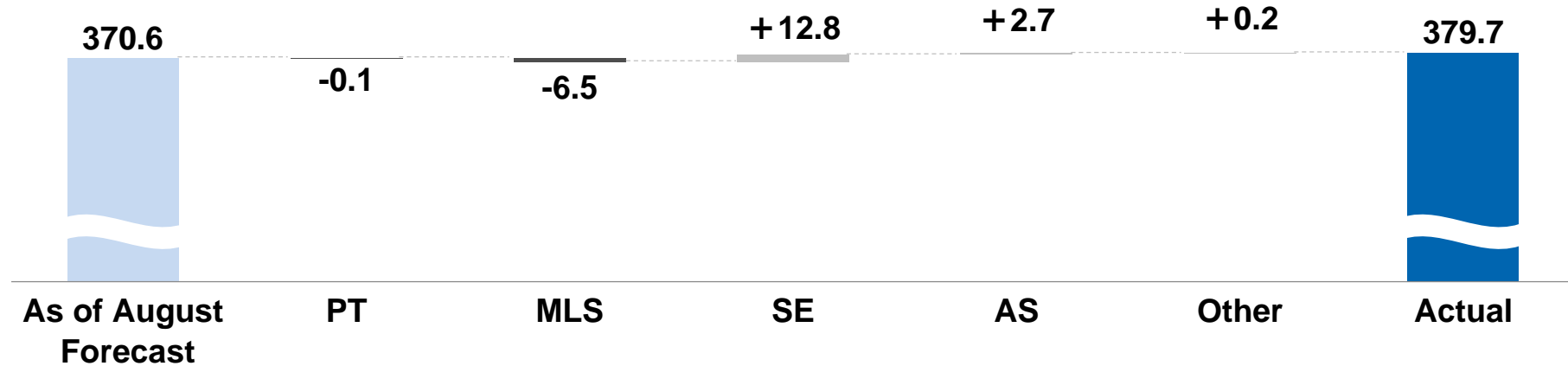
**Figures for FY3/2023 2Q, 3Q, 4Q, and FY3/2024 1Q have been revised -63 million yen, -183 million yen, -66 million yen, and -27 million yen, respectively, in accordance with finalization of PPA for HONDA TSUSHIN KOGYO CO., LTD.



2Q Actual: Differences from the Forecast as of August

(Billions of yen)

Net Sales



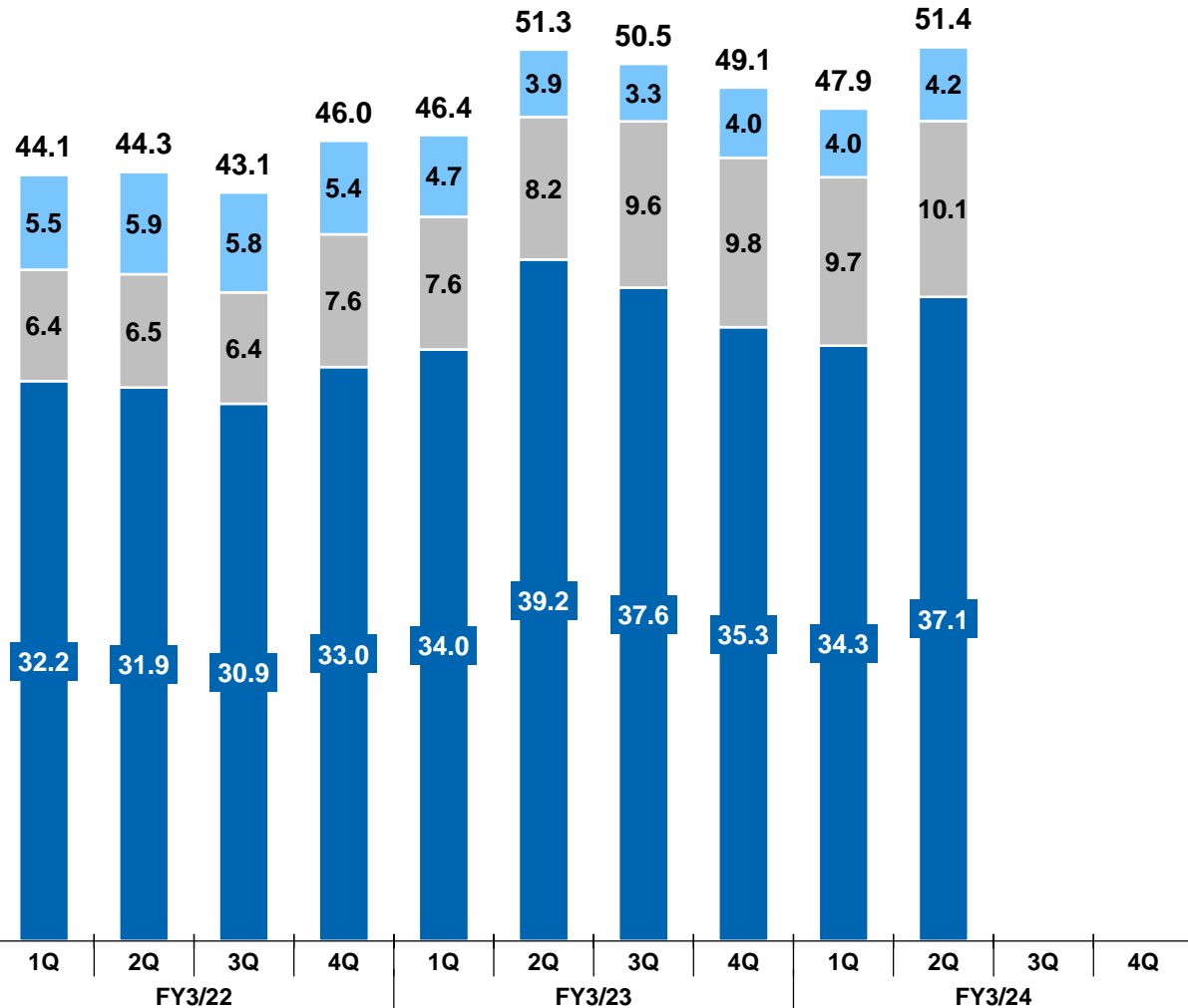
Operating Income



Precision Technologies (PT)

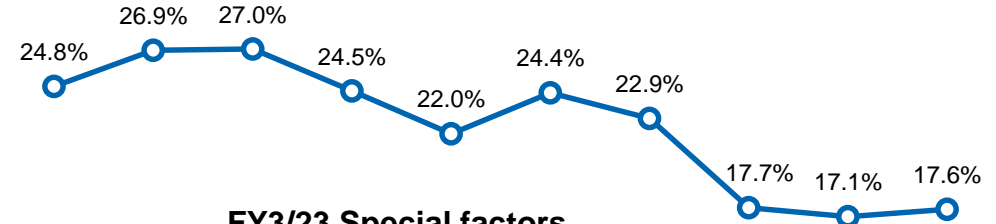
Net sales (Billions of Yen)

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



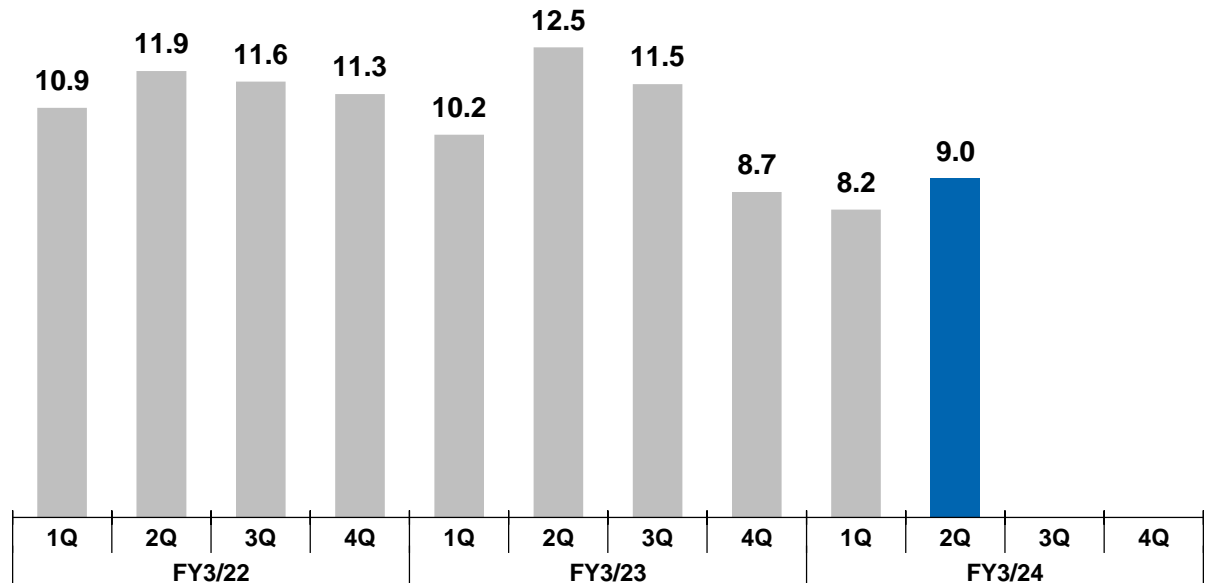
Operating income (Billions of yen)

■ Operating income ● Operating margin



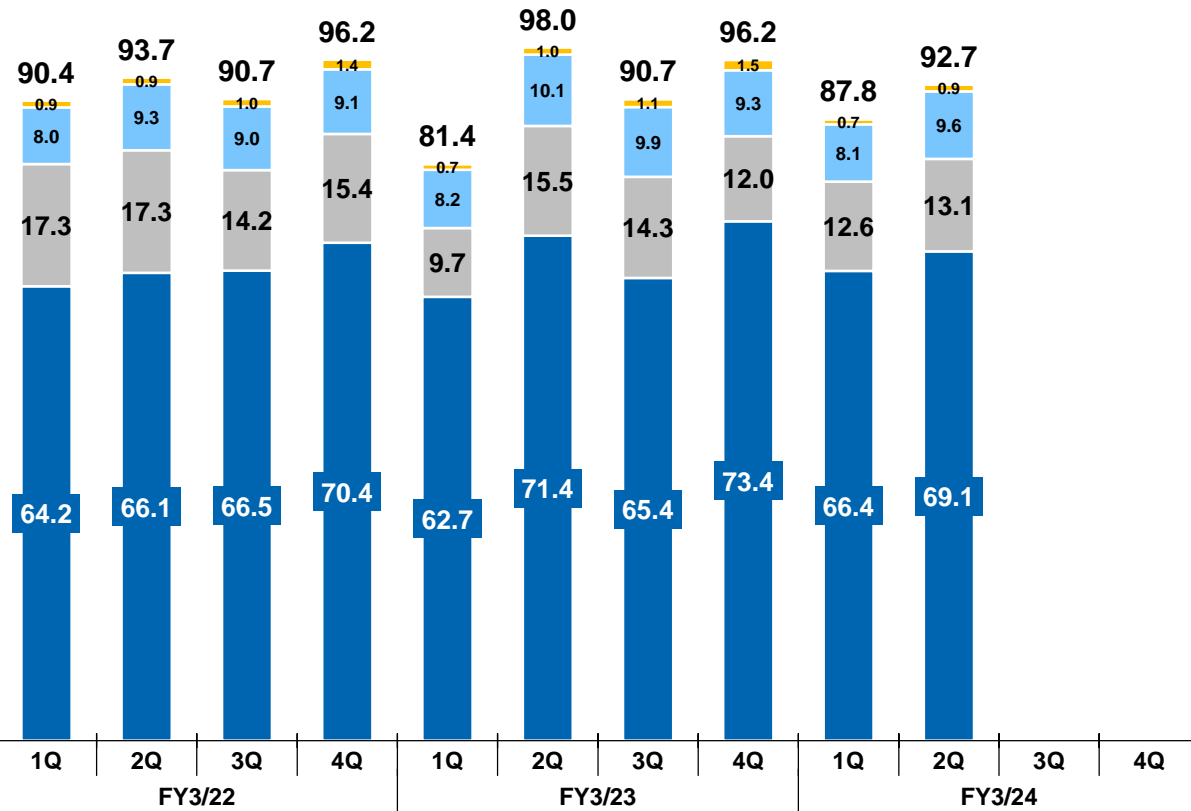
FY3/23 Special factors

	1Q	2Q	3Q	4Q	Full Year
FX forward contract	-0.2	-0.3	-0.4	-0.2	-1.1
Others	-	-	-	-1.4	-1.4
Total	-0.2	-0.3	-0.4	-1.5	-2.4

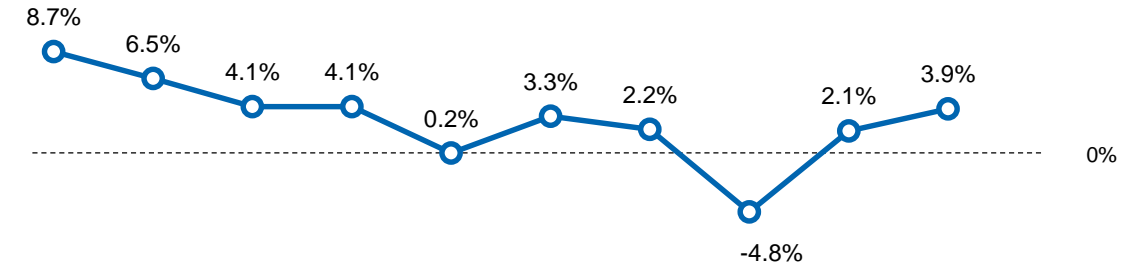


Motor, Lighting & Sensing (MLS)

Net sales (Billions of Yen)

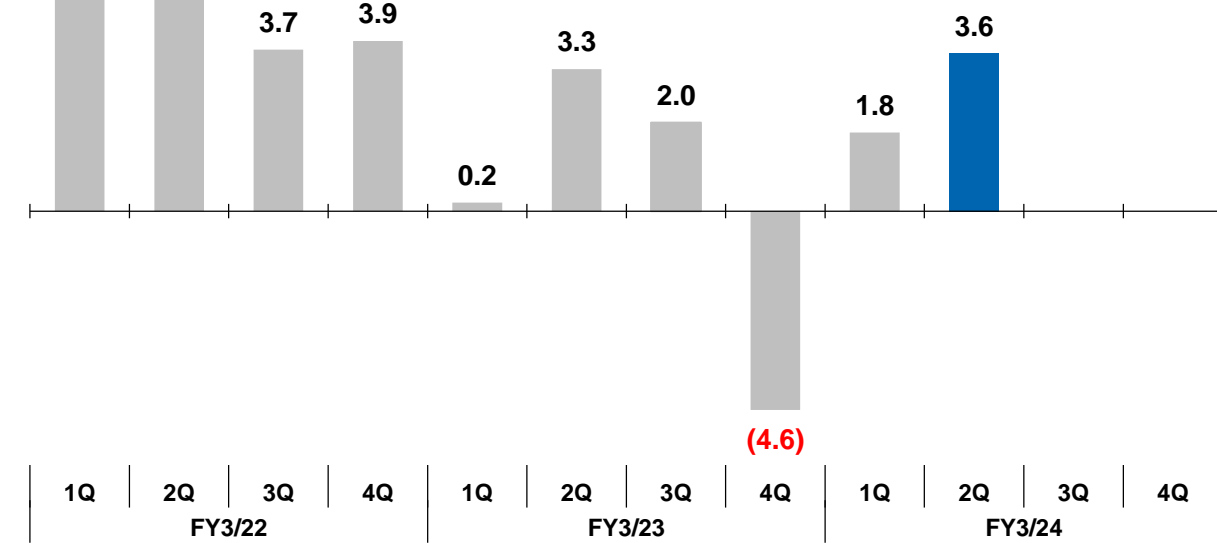


Operating income (Billions of yen)



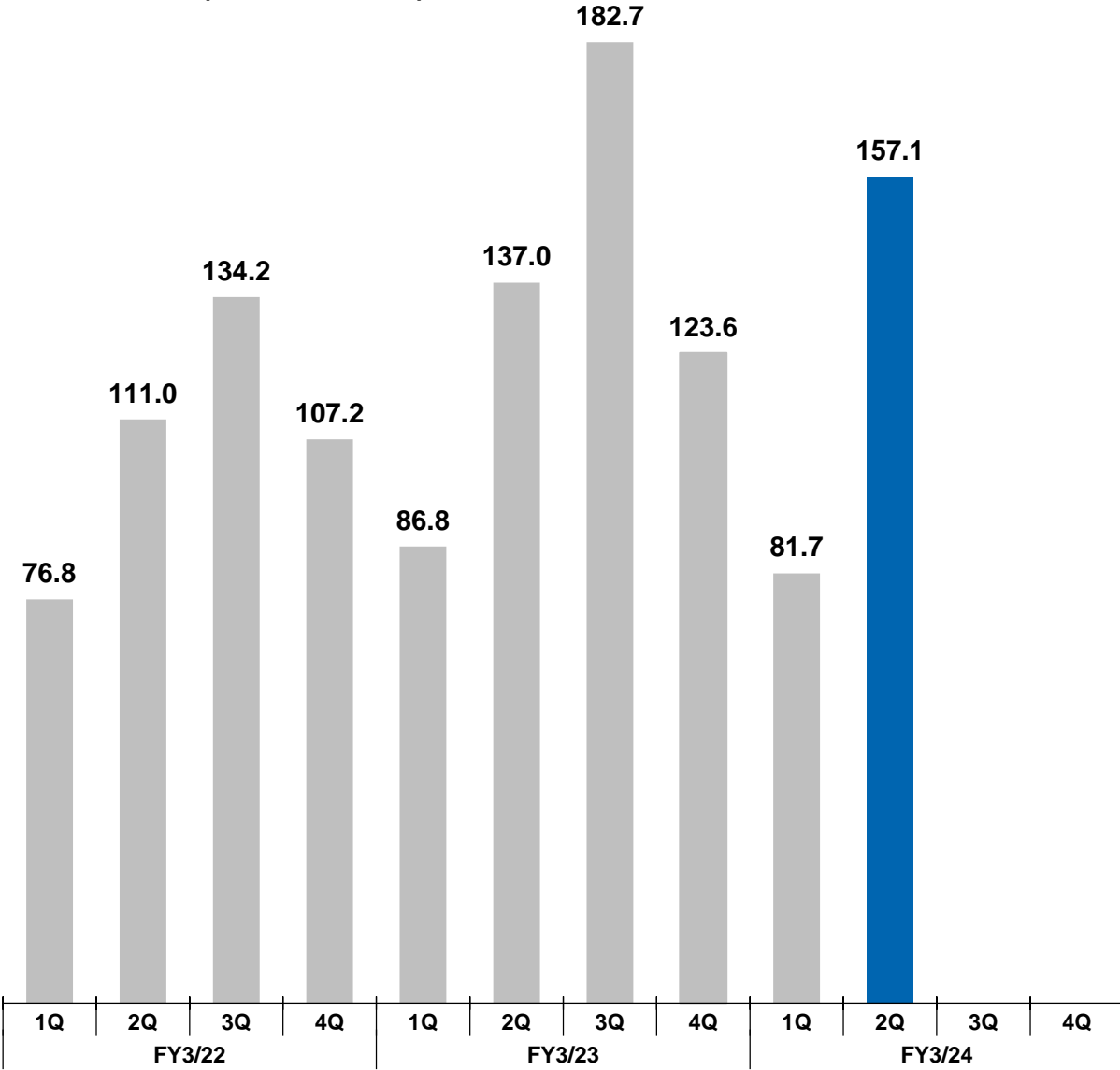
FY2023 Special factors

	1Q	2Q	3Q	4Q	Full Year
FX forward contract	-0.7	-1.8	-1.4	-0.6	-4.6
Others	-	-	-	-6.3	-6.3
Total	-0.7	-1.8	-1.4	-6.9	-10.9

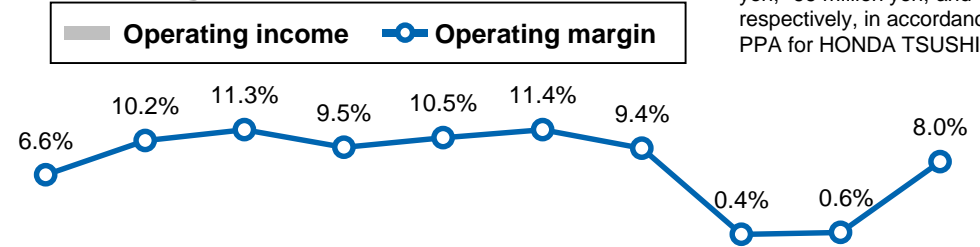


Semiconductors & Electronics (SE)

Net sales (Billions of Yen)



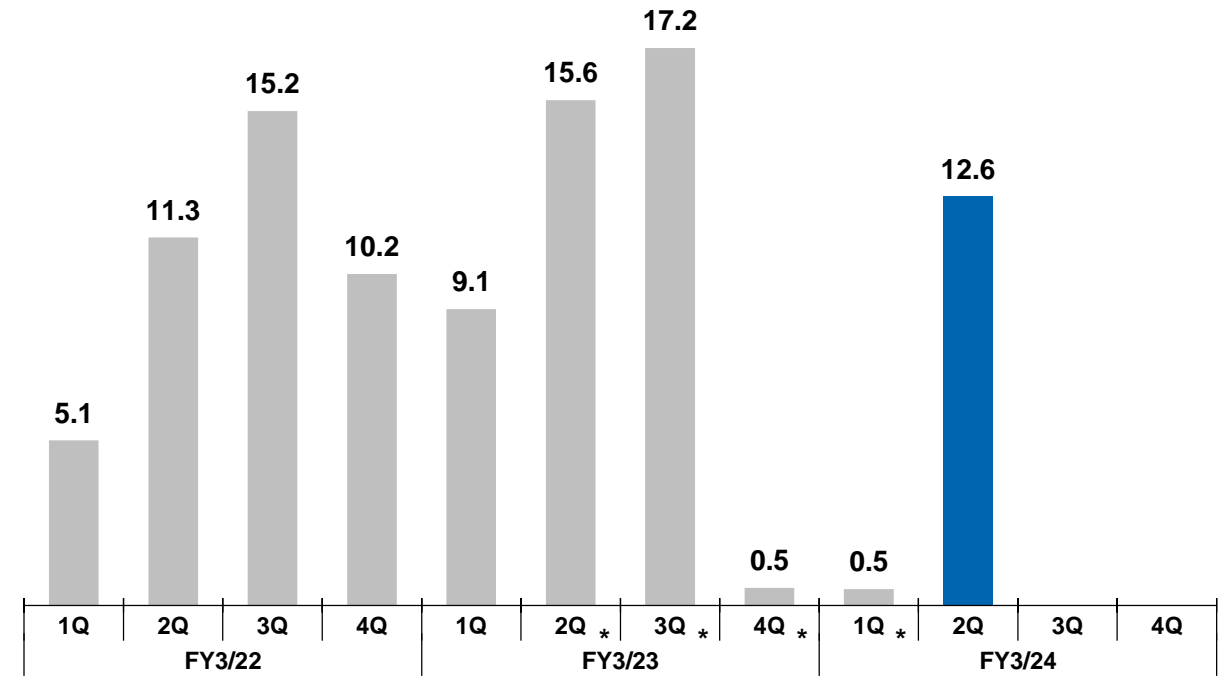
Operating income (Billions of yen)



*Figures for FY3/2023 2Q, 3Q, 4Q, and FY3/2024 1Q have been revised -63 million yen, -183 million yen, -66 million yen, and -27 million yen, respectively, in accordance with finalization of PPA for HONDA TSUSHIN KOGYO CO., LTD.

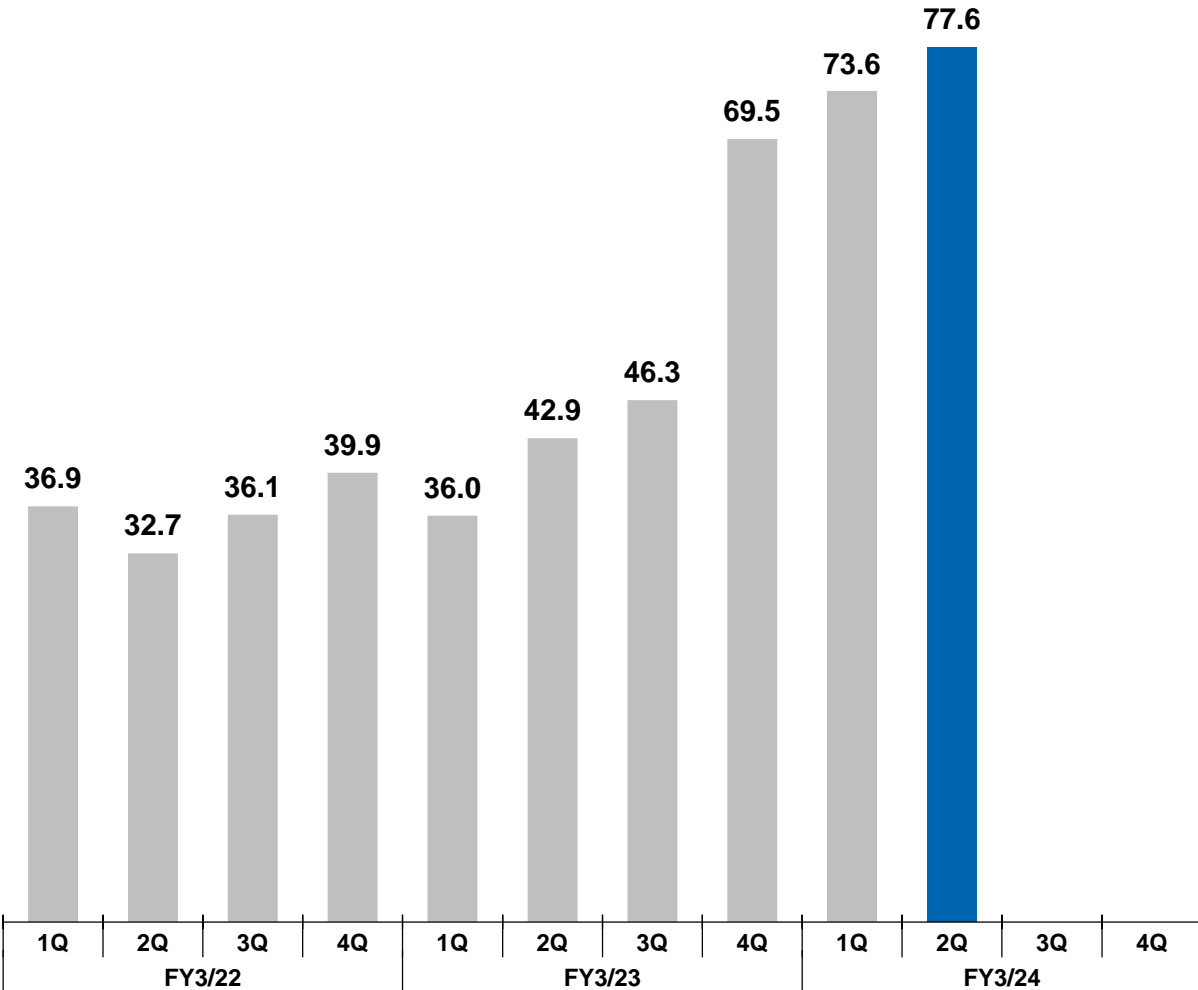
FY3/23 Special factors

	1Q	2Q	3Q	4Q	Full Year
FX forward contract	-0.4	-0.8	-1.2	-0.7	-3.1
Others	-	-	1.7	-3.7	-2.0
Total	-0.4	-0.8	0.5	-4.4	-5.1

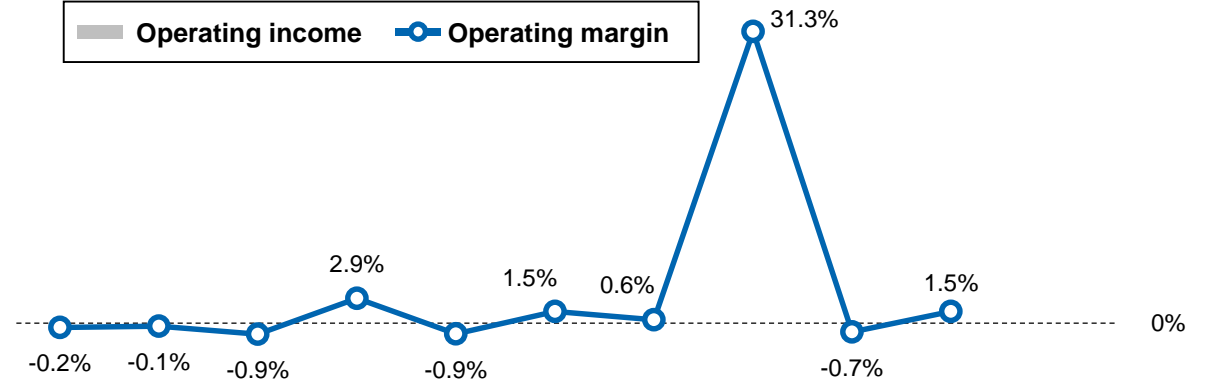


Access Solutions (AS)

Net sales (Billions of Yen)

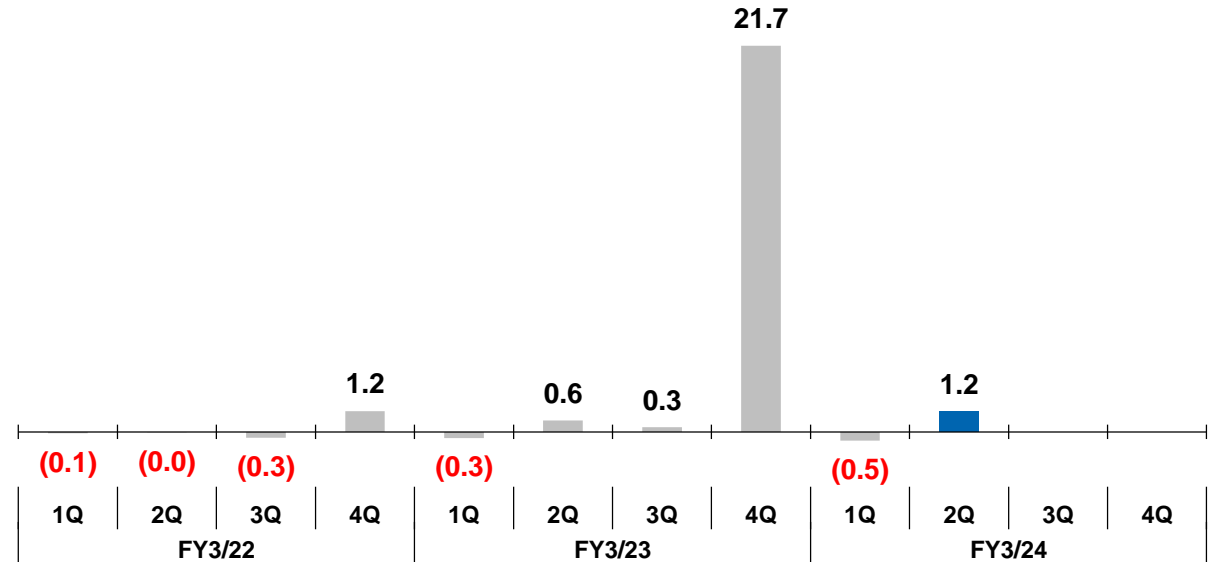


Operating income (Billions of yen)



FY3/23 Special factors

	1Q	2Q	3Q	4Q	Full Year
FX forward contract	-	-	-	-	-
Others	-	-	-	20.2	20.2
Total	-	-	-	20.2	20.2



Profit Attributable to Owners of the Parent / EPS

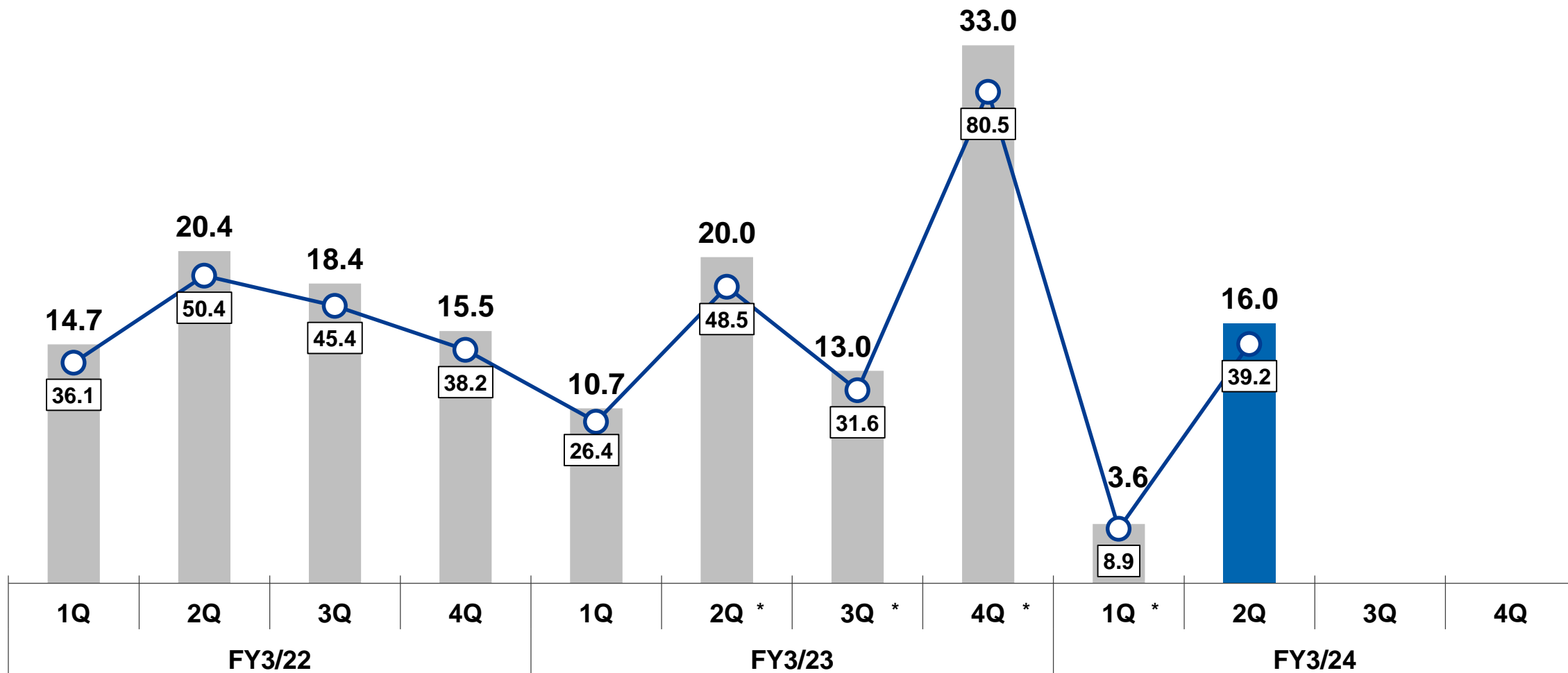
(Billions of yen)

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

*In accordance with finalization of PPA for HONDA TSUSHIN KOGYO CO., LTD., figures are revised as follows:

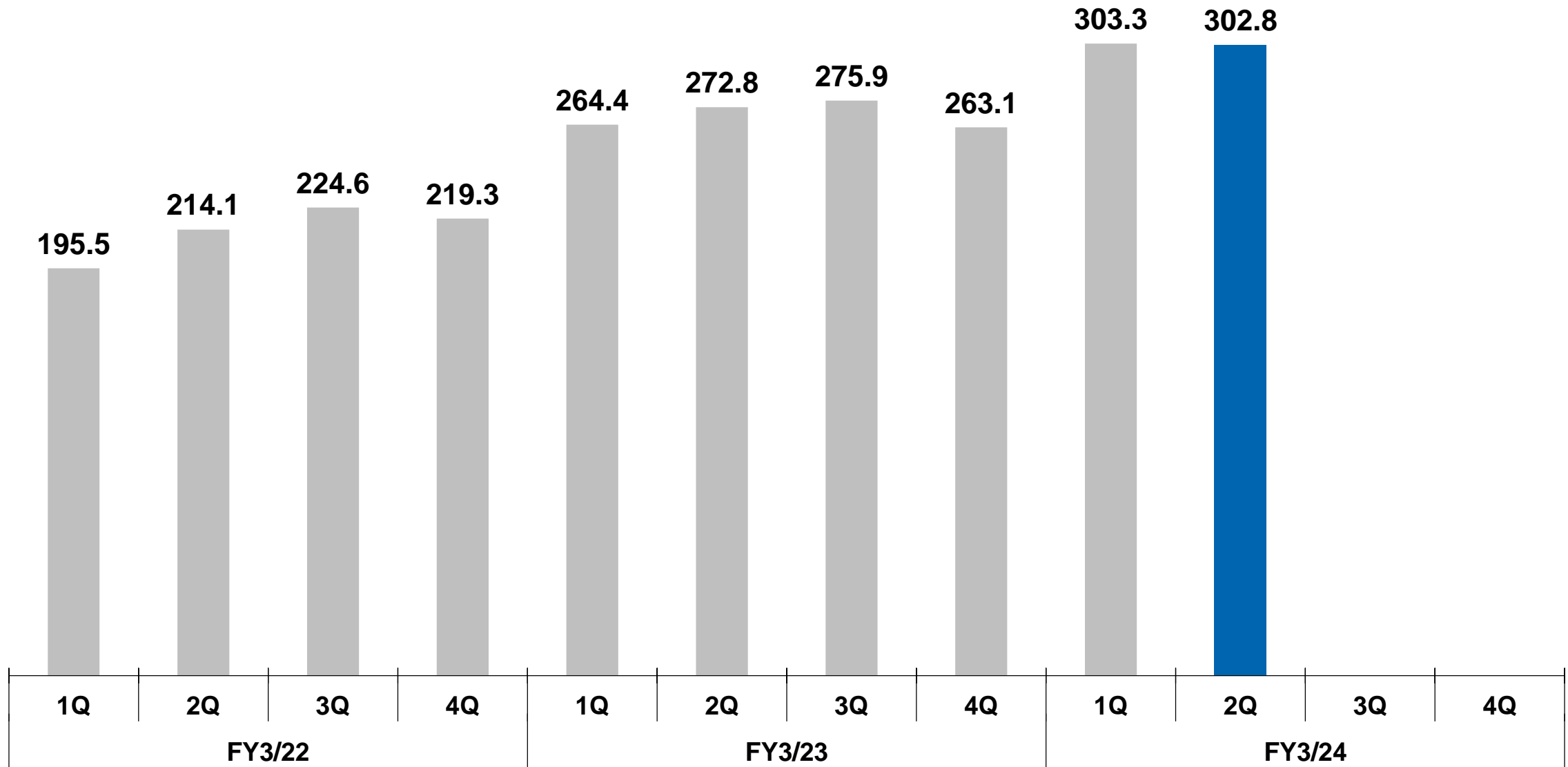
① Profit for the period attributable to owners of the parent: FY3/23 2Q -38 million yen, 3Q -110 million yen, 4Q -44 million yen, FY3/24 1Q -19 million yen

② Earnings per share, basic: FY3/23 2Q -0.09 yen, 3Q -0.26 yen, 4Q -0.11 yen, FY3/24 1Q -0.05 yen



Inventory

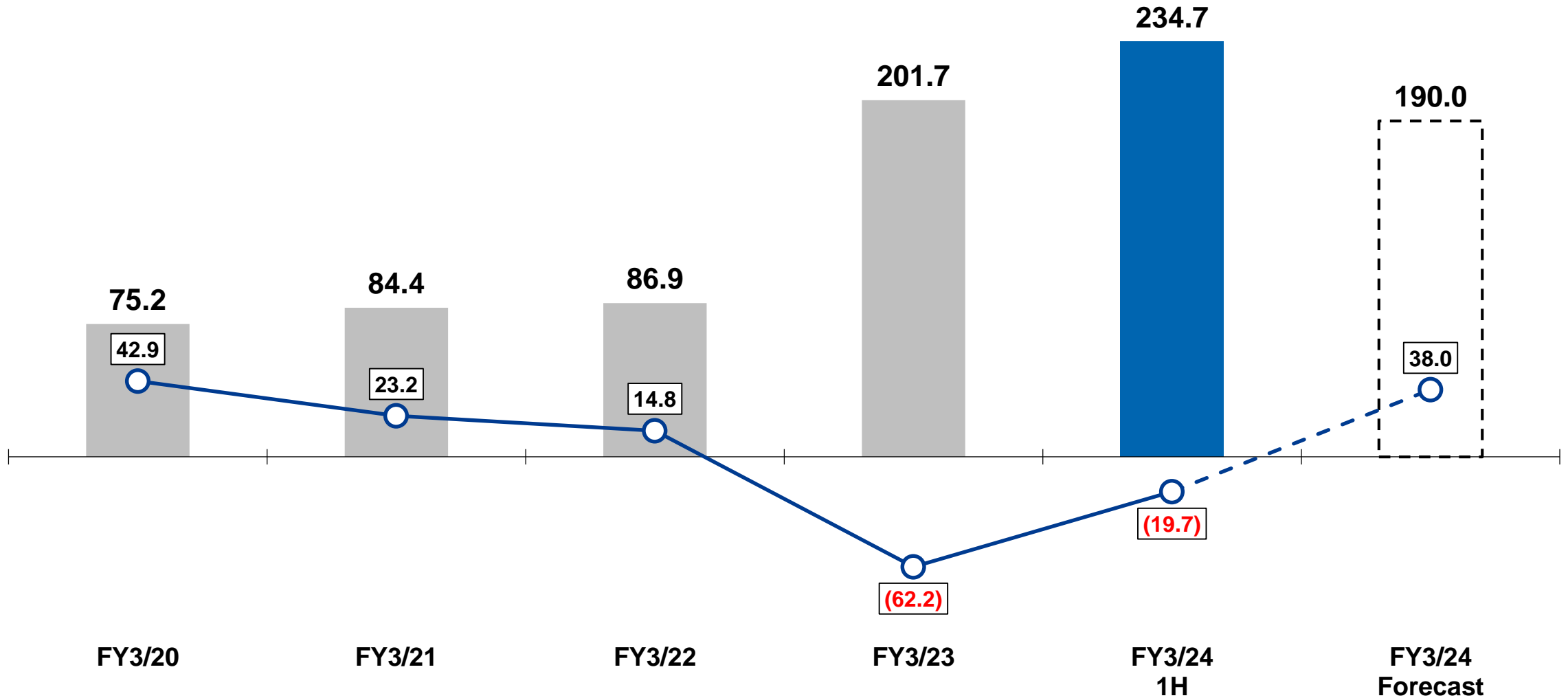
(Billions of yen)



Net Interest-bearing Debt / Free Cash Flow

(Billions of yen)

■ Net interest-bearing debt * ○ Free cash flow



*Net interest-bearing debts: "Bonds and borrowings" - ("Cash and cash equivalents" + Time deposit more than 3 months)

Full-year forecast revised

(Millions of yen)	FY3/23	FY3/24			
	Full Year	1st Half	2nd Half	Full Year	YoY
Net sales	1,292,203	672,117	727,883	1,400,000	+8.3%
Operating income	101,210	27,162	49,838	77,000	-23.9%
Profit before taxes	95,808	30,201	47,799	78,000	-18.6%
Profit for the period attributable to owners of the parent	76,818	19,600	38,400	58,000	-24.5%
Earnings per share, basic (yen)	187.16	48.06	94.42	142.48	-23.9%

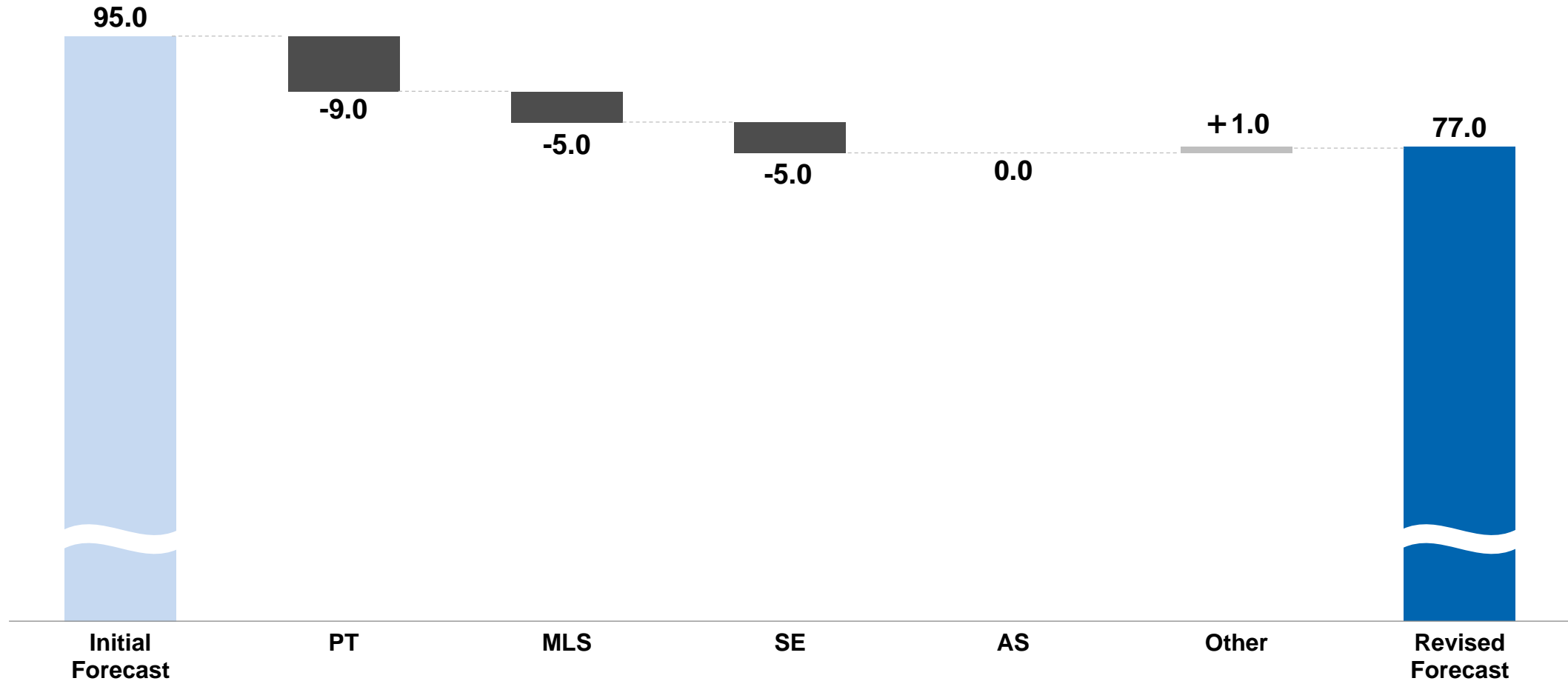
Foreign Exchange Rates	FY3/23 Full Year	FY3/24 2H Assumptions
US\$	¥134.19	¥140.00
Euro	¥139.90	¥155.00
Thai Baht	¥3.82	¥4.05
Chinese RMB	¥19.68	¥19.50

Forecast for Business Segment

(Millions of yen)	FY3/23	FY3/24			
	Full Year	1st Half	2nd Half	Full Year	YoY
Net sales	1,292,203	672,117	727,883	1,400,000	+8.3%
Precision Technologies (PT)	197,300	99,361	105,639	205,000	+3.9%
Motor, Lighting & Sensing (MLS)	366,275	180,469	189,531	370,000	+1.0%
Semiconductors & Electronics (SE)	530,079	238,803	261,197	500,000	-5.7%
Access Solutions (AS)	194,699	151,217	168,783	320,000	+64.4%
Other	3,850	2,267	2,733	5,000	+29.9%
Operating income	101,210	27,162	49,838	77,000	-23.9%
Precision Technologies (PT)	42,951	17,250	22,750	40,000	-6.9%
Motor, Lighting & Sensing (MLS)	922	5,445	6,555	12,000	x13.0
Semiconductors & Electronics (SE)	42,383	13,094	23,906	37,000	-12.7%
Access Solutions (AS)	22,302	660	9,340	10,000	-55.2%
Other	-48	-194	-806	-1,000	-
Adjustment	-7,300	-9,093	-11,907	-21,000	-

Full-year Operating Income: Differences from the Initial Forecast

(Billions of yen)



Management Policy & Business Strategy

November 2, 2023

Yoshihisa Kainuma

Representative Director, Chairman CEO



Overall

- Sales and operating income in 1H of the year were almost in line with forecasts.
- The forecast for FY2024 has been revised downwards, mainly due to a slow recovery in the data center and other markets. However, there are signs that the overall market is bottoming out.
- Access Solutions achieved profitability in 1H. Operating income of 10 billion yen is expected for the full year.
- Recovery of source of revenue and diversification of product markets to create new profit sources
Medium- to long-term business expansion plans remain unchanged.

Precision Technologies (PT)

- Further recovery in the automotive and aircraft sectors, but waiting for data centers recovery.
- New machining businesses are expanding.
- Non-HDD applications of Pivot Assemblies are growing.

Motor, Lighting & Sensing (MLS)

- In motors, performance differs uneven for each application, but the automotive motor business continues to expand due to market recovery and content growth.
- Backlight secures earnings in the in-vehicle and tablet businesses.

Semiconductors & Electronics (SE)

- Analogue semiconductors have been recovering moderately.
- Acquired Hitachi Power Semiconductor Device to strengthen the power semi-conductor business, toward early realization of 200 billion yen in sales.
- 2Q production of optical devices is strong. Expect continued expansion.

Access Solutions (AS)

- Expected to achieve operating profit of 10 billion yen this year as a result of PMI activities and improved profitability through structural reforms. Growth will be further accelerated by the INTEGRATION.

Full-year operating profit forecast is 77 billion yen.
Affected by market slowdown in the short term, but steady growth in the medium to long term

Key Points	PT	Data center recovery continues to be delayed, but focus on further productivity improvements.
	MLS	Struggling mainly with non-vehicle motors, but business in the automotive sector is recovering.
	SE	Optical devices suffered a slowdown in 1Q, but steady from 2Q onwards. Semiconductors recover moderately.
	AS	Achievement of profitability in Europe and full-year operating income of 10 billion yen expected.

(Millions of yen)	FY3/23	FY3/24			
	Full Year	1st Half	2nd Half	Full Year	YoY
Net sales	1,292,203	672,117	727,883	1,400,000	+8.3%
Operating income	101,210	27,162	49,838	77,000	-23.9%
Profit for the period <small>attributable to owners of the parent</small>	76,818	19,600	38,400	58,000	-24.5%
Earnings per share, basic (yen)	187.16	48.06	94.42	142.48	-23.9%

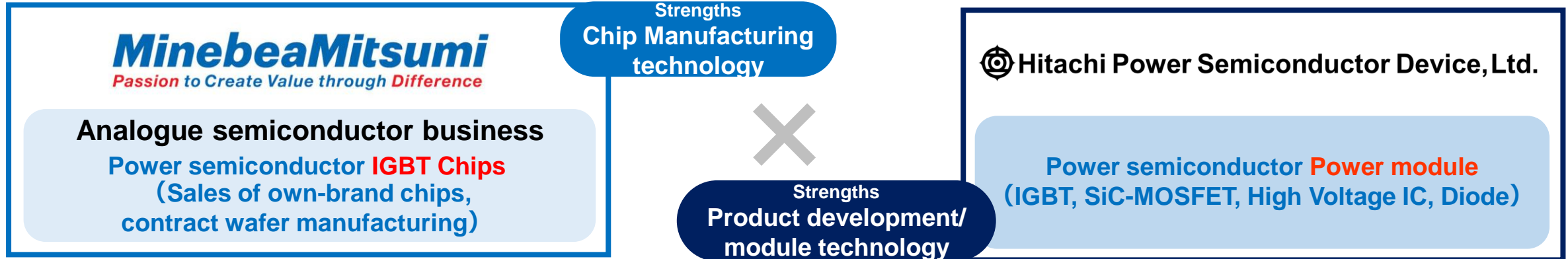
Outline of Hitachi Power Semiconductor Device, LTD.

Hitachi Power Semiconductor Device, Ltd.

Name	Hitachi Power Semiconductor Device, LTD.
Address	5-2-2, Omikacho, Hitachi-shi, Ibaraki
Title and Name of Representative	Masahiko Suzuki, President
Description of Business	Design, production and sale of semi-conductor components. Design, production and sale of semi-conductor application equipment and components.
Capital	450,000,000 yen
Date of Establishment	October 1, 2013
Major Shareholder & Shareholding Ratio	Hitachi, Ltd. 100%

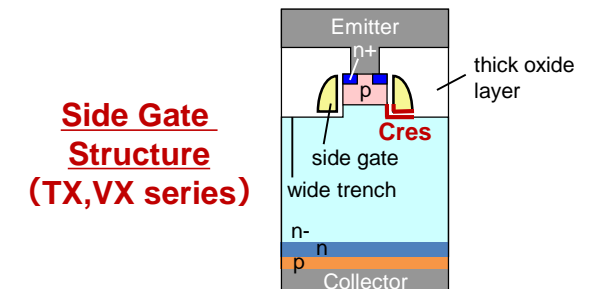
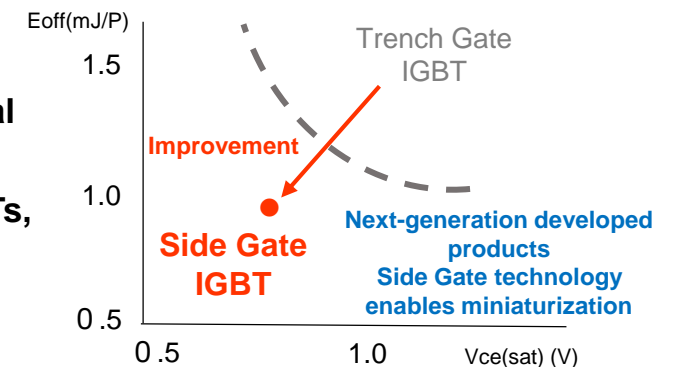
Expansion of the Power Semiconductor Business through the Acquisition of Hitachi Power Semiconductor Device Business (1)

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



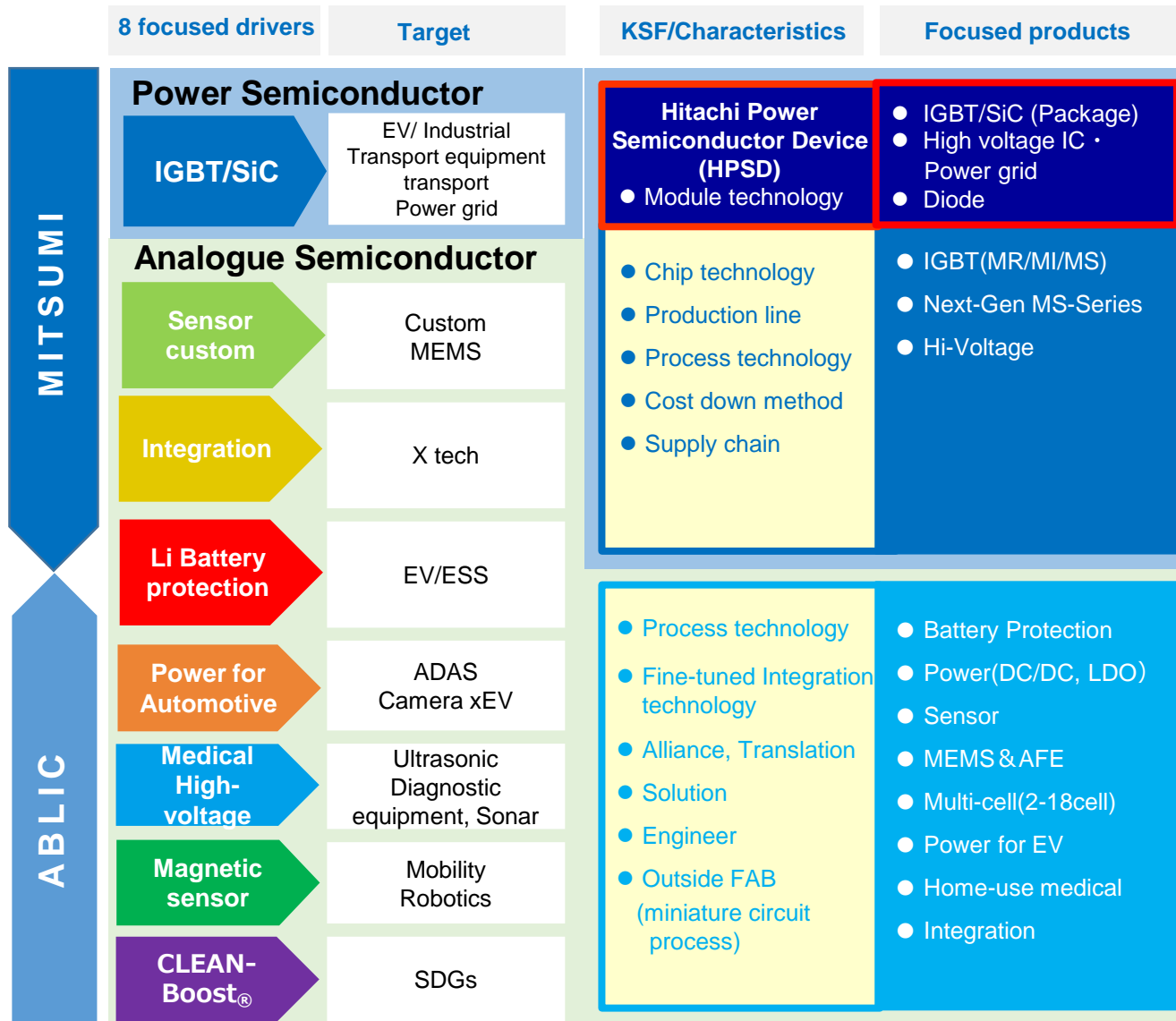
Synergies of business integration

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

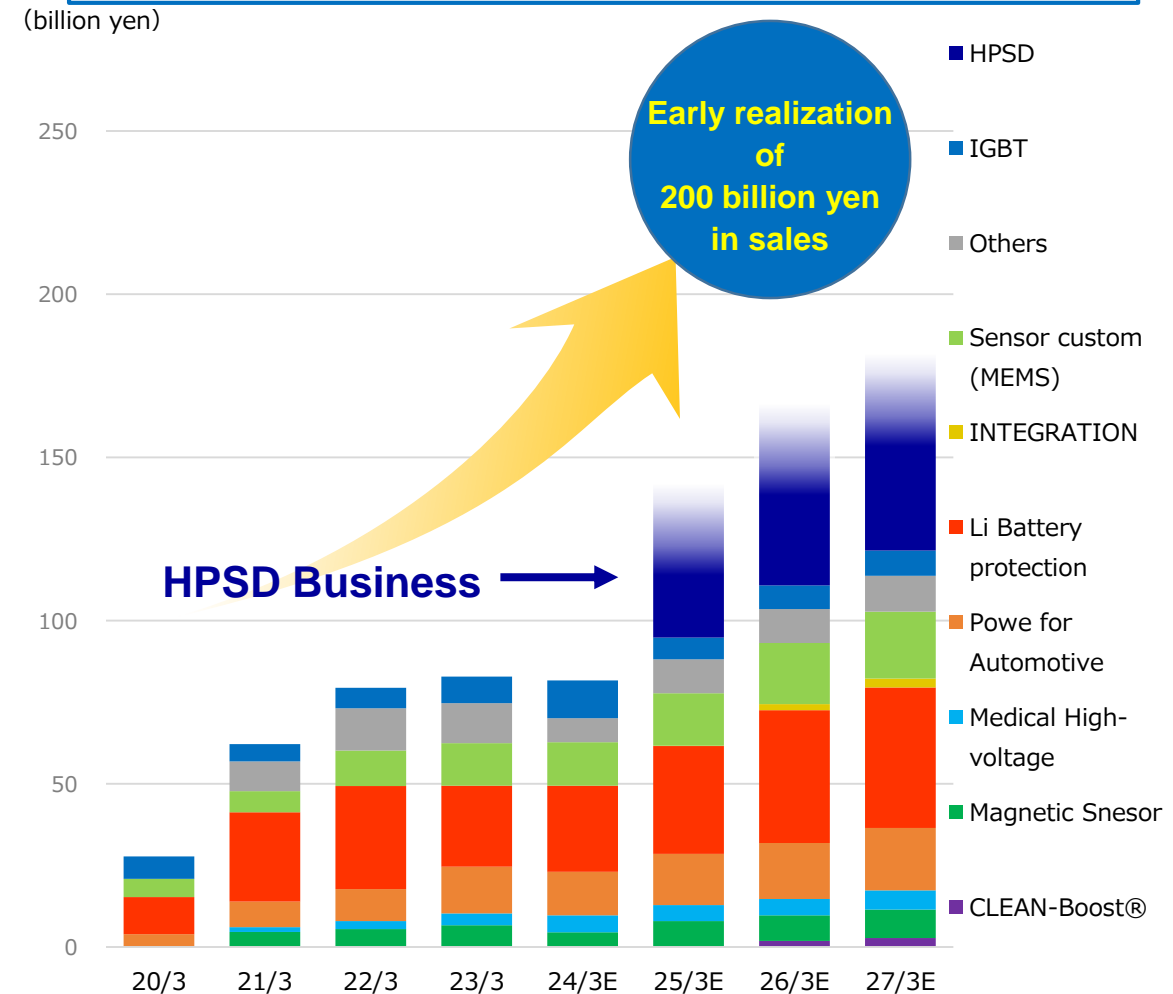


Expansion of the Power Semiconductor Business through the Acquisition of Hitachi Power Semiconductor Device Business (2)

Further expansion through synergies with the global niche top



Semiconductor division sales plan image
(Assumed figures after acquisition of HPSD)



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

Key Points

- 1 PMI, structural reforms bear fruit

- 2 Full utilization of Tier 1 position
Significant growth in enquiries and orders in line with the recovery in vehicle production

- 3 Developing new products that contribute to solving social problems

Developing product :

'Child Presence Detection System' Using UWB Technology

Using UWB (ultra-wideband wireless) solutions that combine object detection and high-precision ranging capabilities. Detects slight body movements caused by infant breathing and warns of being left behind.

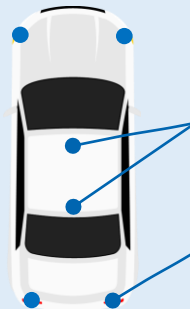


UWB Radar
(Child Presence Detection System)

UWB Communications
(Digital KeySystem)

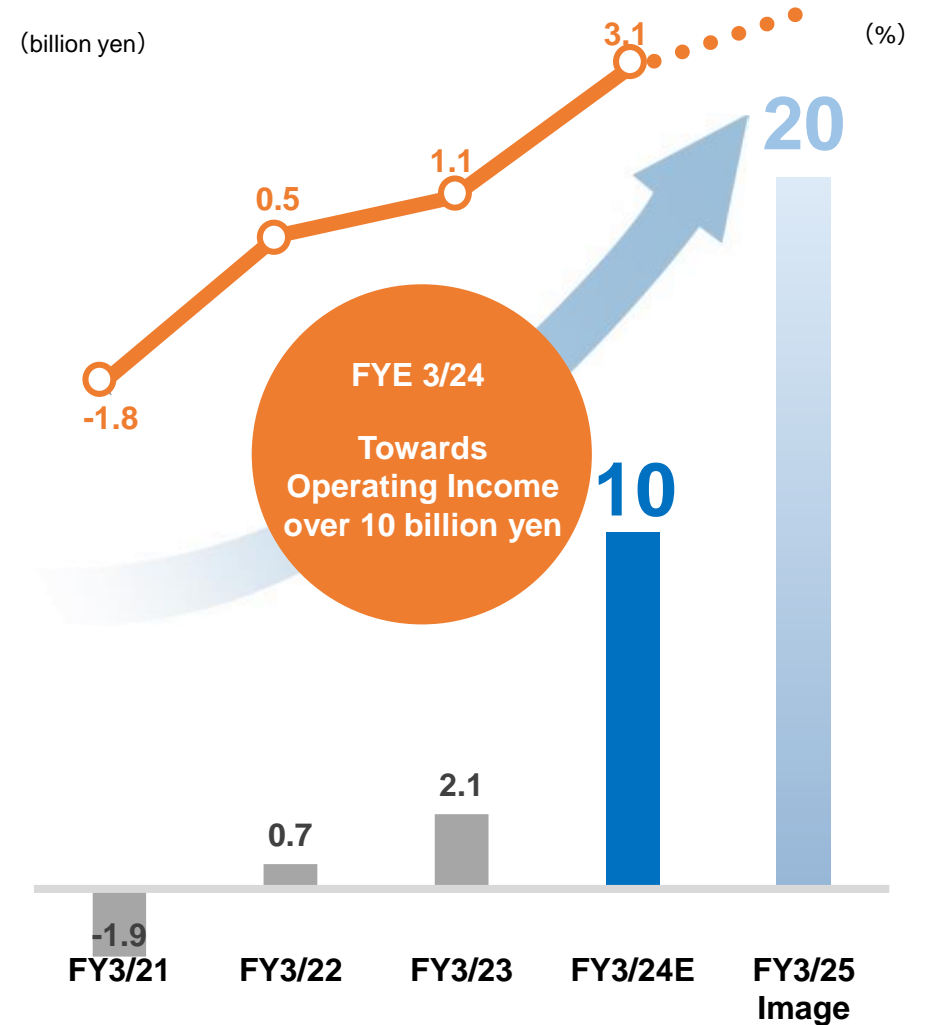


Access Solutions
(E-Latch, Power actuator, Handle etc.)



Shared anchor for digital key of child presence detection

Dedicated anchor for digital key



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

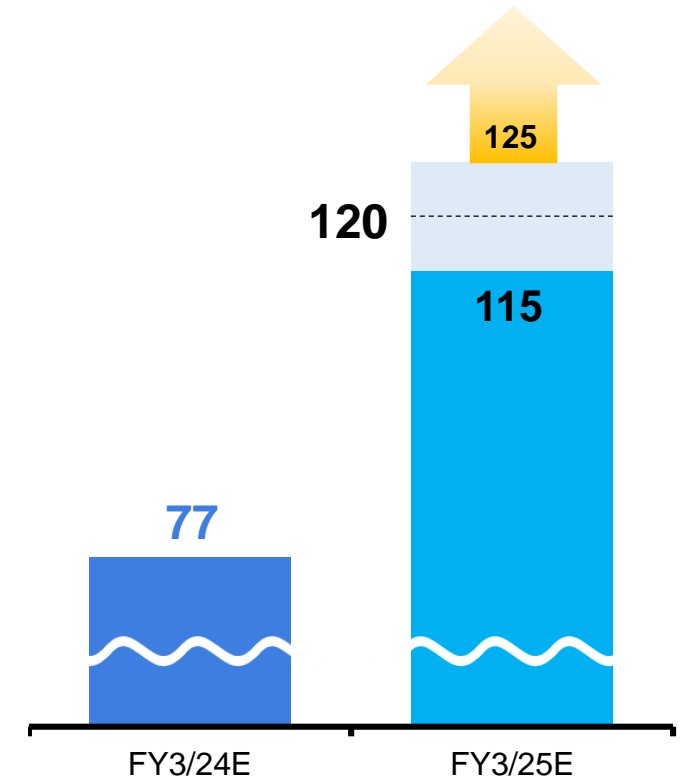
Comparing FYE3/24 Operating Income

Image at the time of market recovery

Bearings (Including aircraft products)	Recovery of the data center market and others	+ 13~17 billion yen
Motors	Recovery of spindles and non-vehicle motors and others	+ 9~11 billion yen
Access Solutions	Full recovery of the car market & PMI effect	+ 9~11 billion yen
Semiconductors	Market recovery, Shiga plant returned to profitability, Hitachi Power Semiconductor Device, and others.	+ 7~9 billion yen
Total		+ 38~48 billion yen

**Further upside factors in addition to above
Automotive motors, automotive backlighting**

Image of Operating Income
(billion yen)



Data generating volume

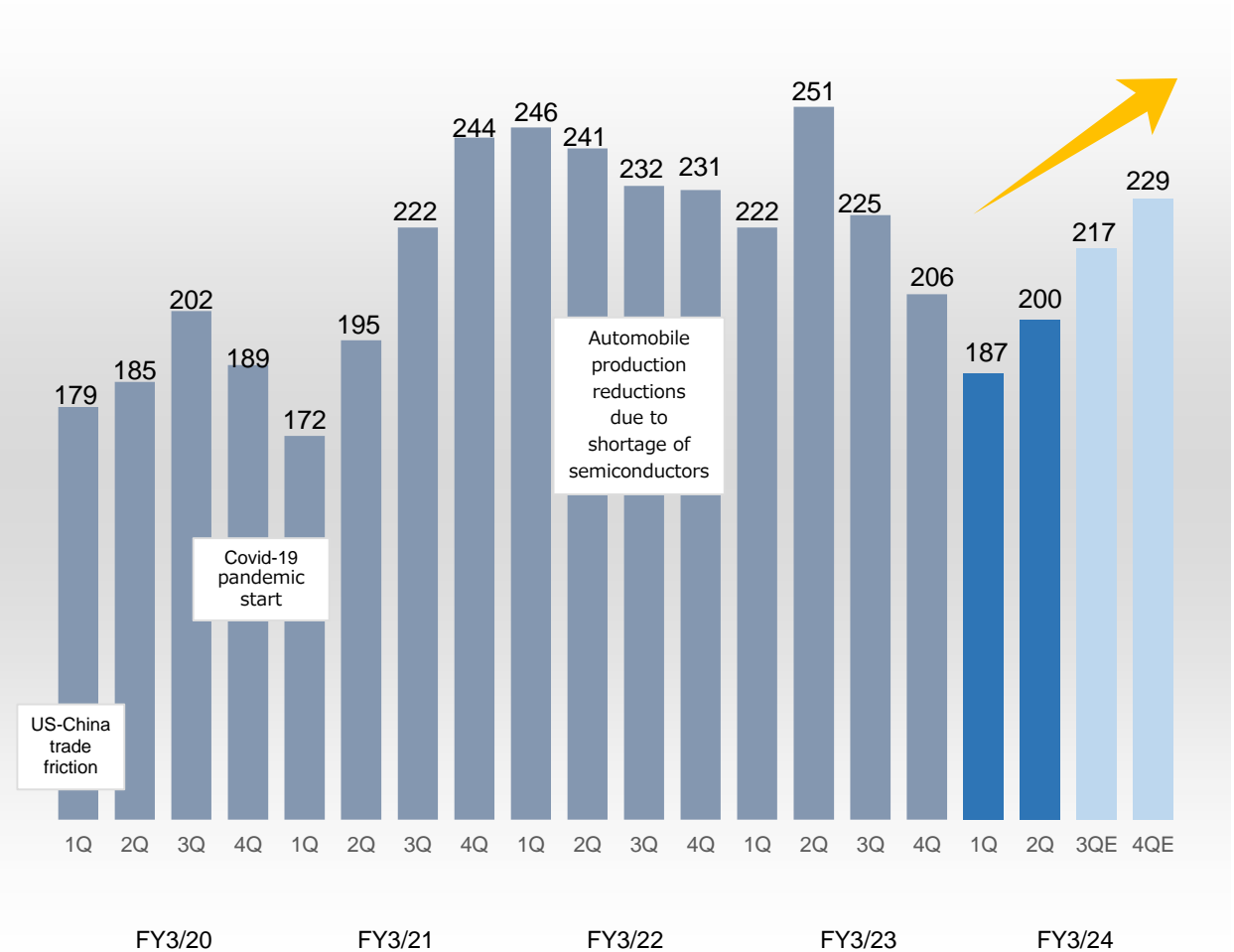
- Bottoming out of the data center market is coming soon.
- Data generation volumes are steadily expanding. (CY22-CY27 over CAGR20%)

Ball bearings, Pivot assemblies, Spindle motors

- Data center market shows signs of bottoming out. External ball bearing sales volume bottomed out at 187 million units in 1Q and recovered to 200 million units in 2Q.
- **Although there are cycles in the longer term, the top and bottom ranges are trending upwards.**
- Pivot assemblies and spindle motors also expected to recover.

External sales of Ball Bearings

(Million units / month)



Promoting carbon neutral initiatives

Cebu plant (large scale power consumption base)

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

1 Solar power generation system

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

* Source: MinebeaMitsumi, October 19, 2023

2 Power purchase agreement (PPA)

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

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



Integrated Report 2023 published

The main theme is the growth strategy, with an emphasis on the new management structure and succession for the next generation, as well as human capital.

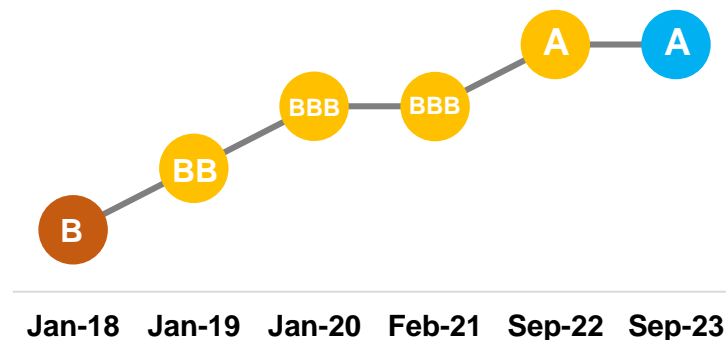
See on our website →



MSCI gives MinebeaMitsumi an 'A' ESG rating

The company maintained its A rating through ongoing efforts to promote and disclose ESG activities. We will continue to make improvements to further enhance our corporate value.



Rating history



Dividends

Interim dividend maintained at previous year's level

Dividends for FY3/24

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

Regarding the year-end dividends for the fiscal year ending March 31, 2024, 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 28.1%, total return ratio including share buybacks 44.7% No change in medium-to-long-term cash allocation policy.

(Reference) Dividends for FY3/23 Annual 40 yen/share (20 yen for interim, 20 yen for year-end)

Share buyback

As announced on October 30, 2023, share buyback has been completed in the period August 7, 2023 to October 27, 2023 (execution date basis)

Number of shares:	4,000,000 shares
Amount:	9,643,584,633 yen



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.

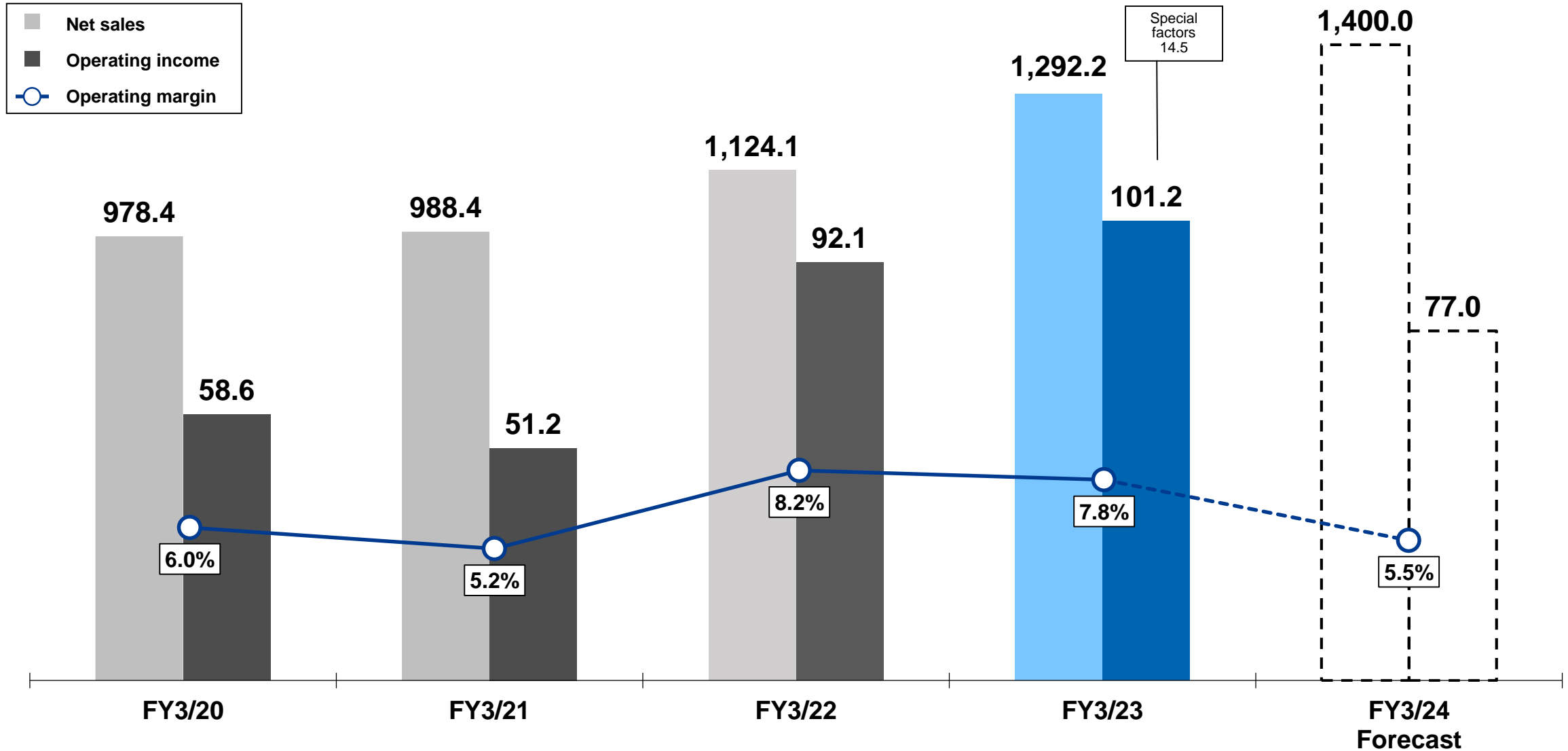
Factors affecting our actual performance include but are not limited to: (i) changes in economic conditions or demand trends related to MinebeaMitsumi's business operations; (ii) fluctuation of foreign exchange rates or interest rates; and (iii) our ability to continue R&D, manufacturing and marketing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

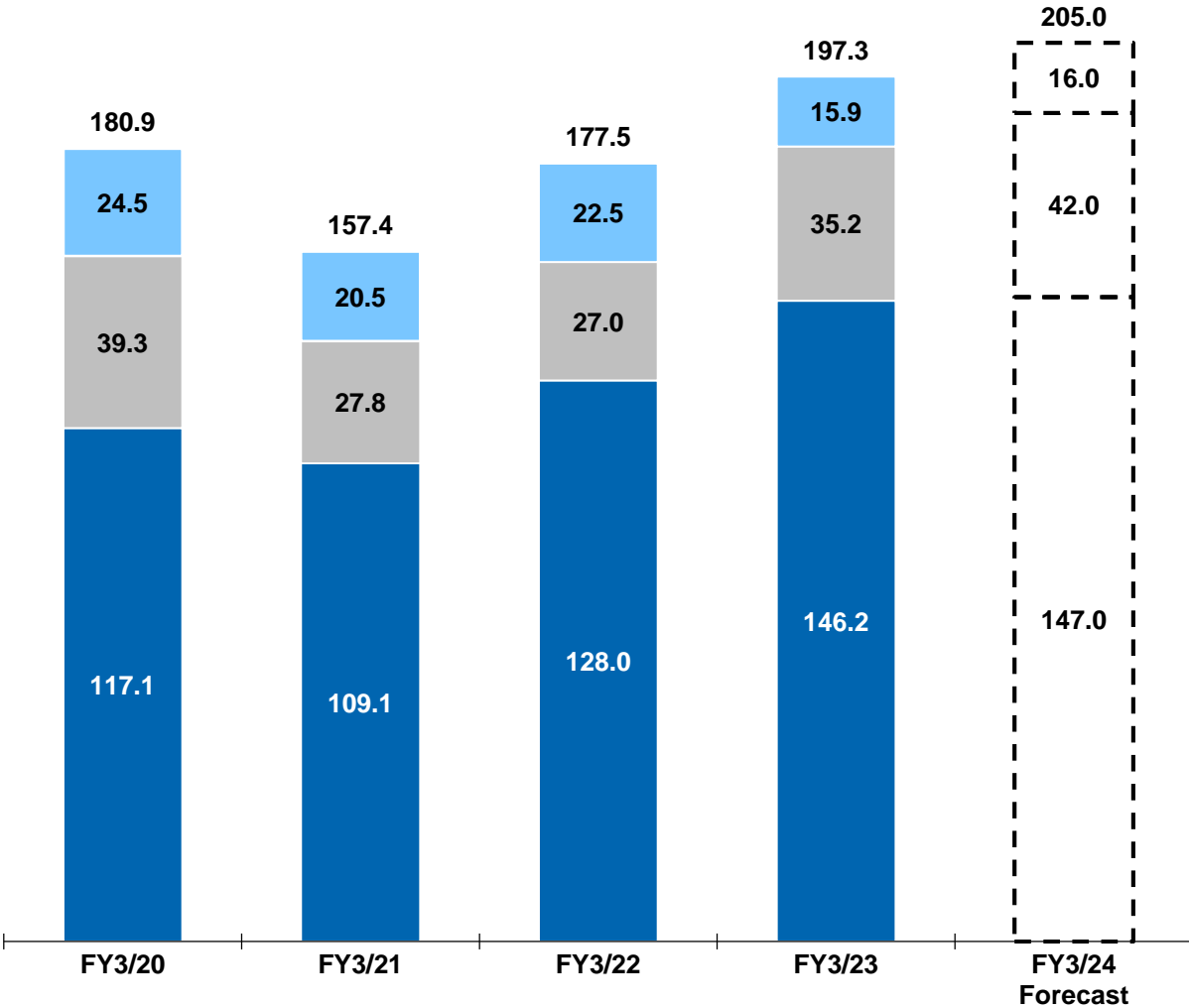
Net Sales, Operating Income / Margin

(Billions of yen)

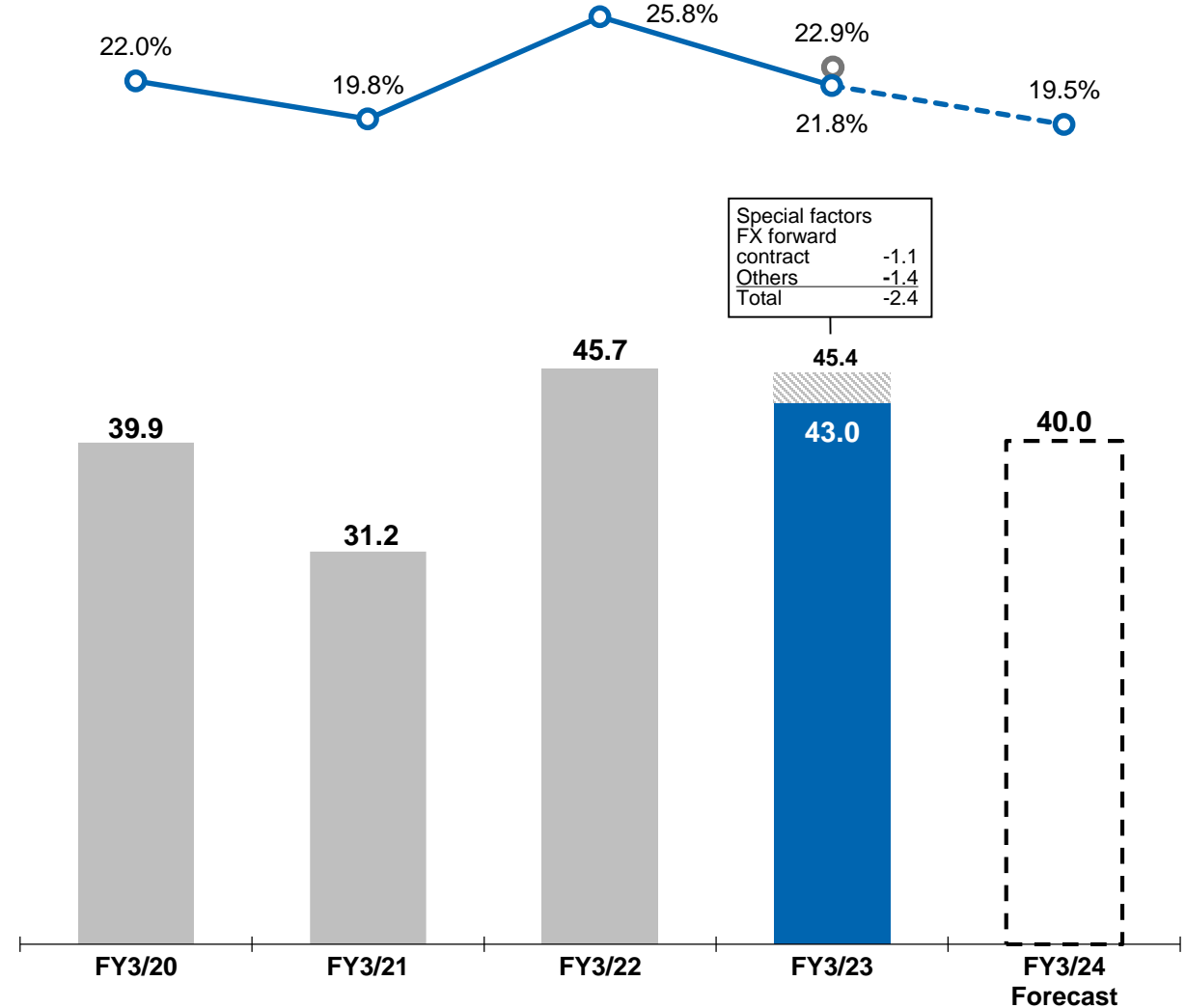


Precision Technologies (PT)

Net sales (Billions of Yen)

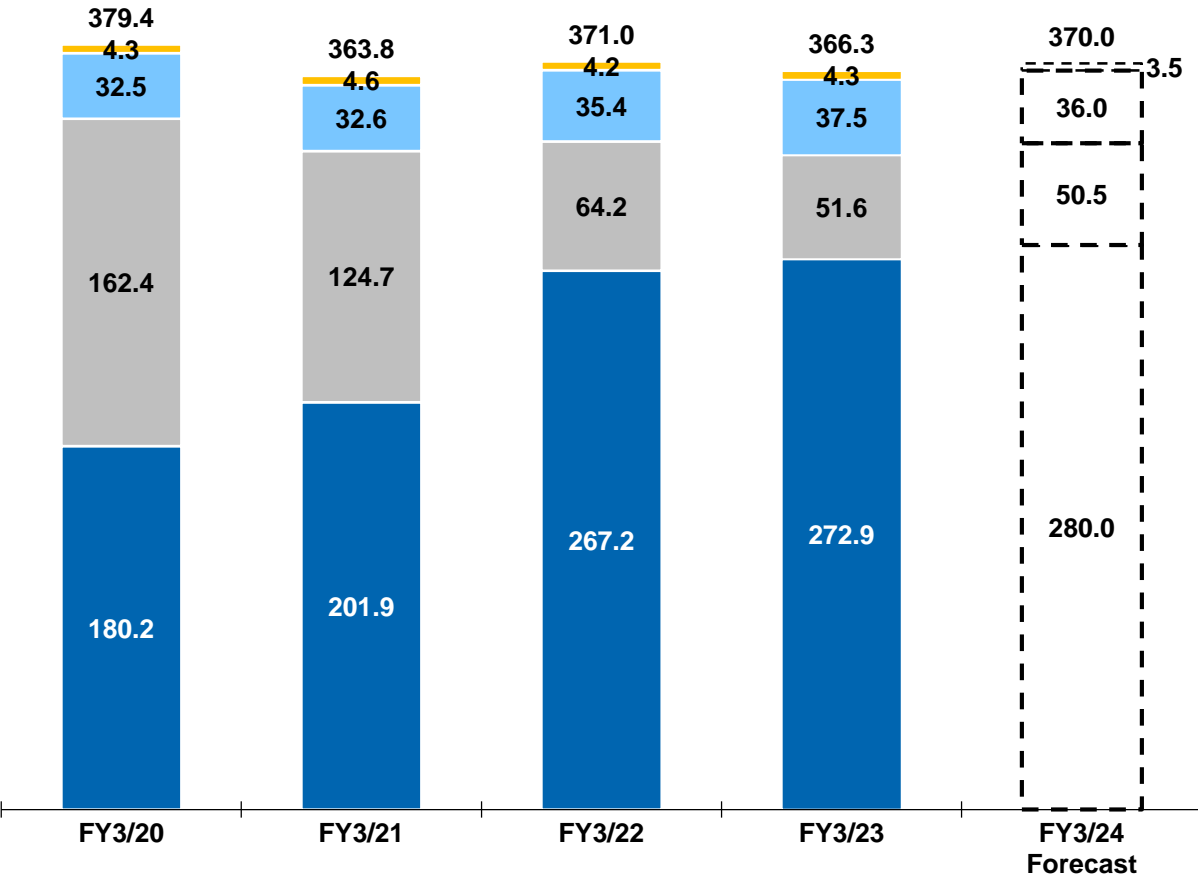


Operating income (Billions of yen)

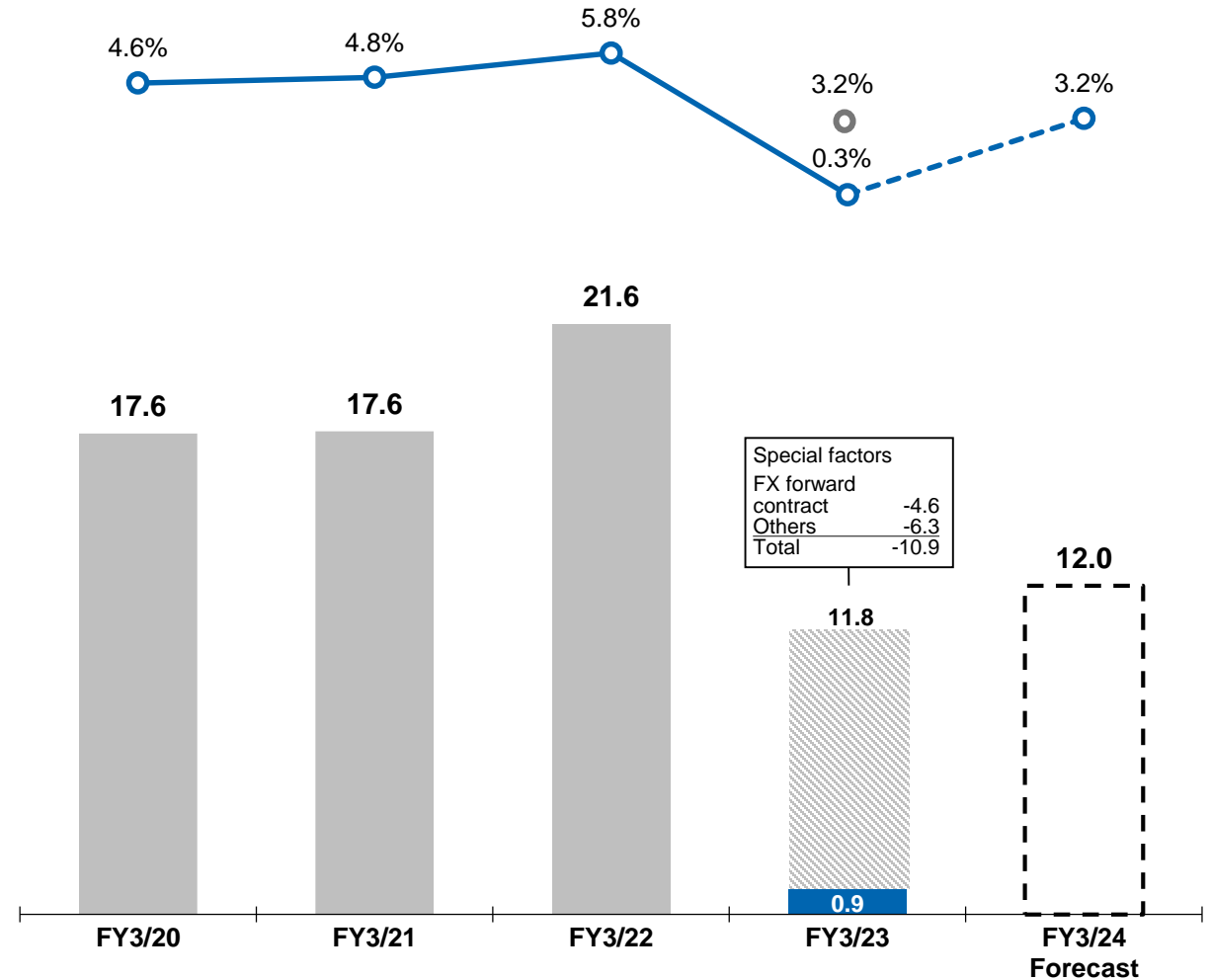


Motor, Lighting & Sensing (MLS)

Net sales (Billions of Yen)

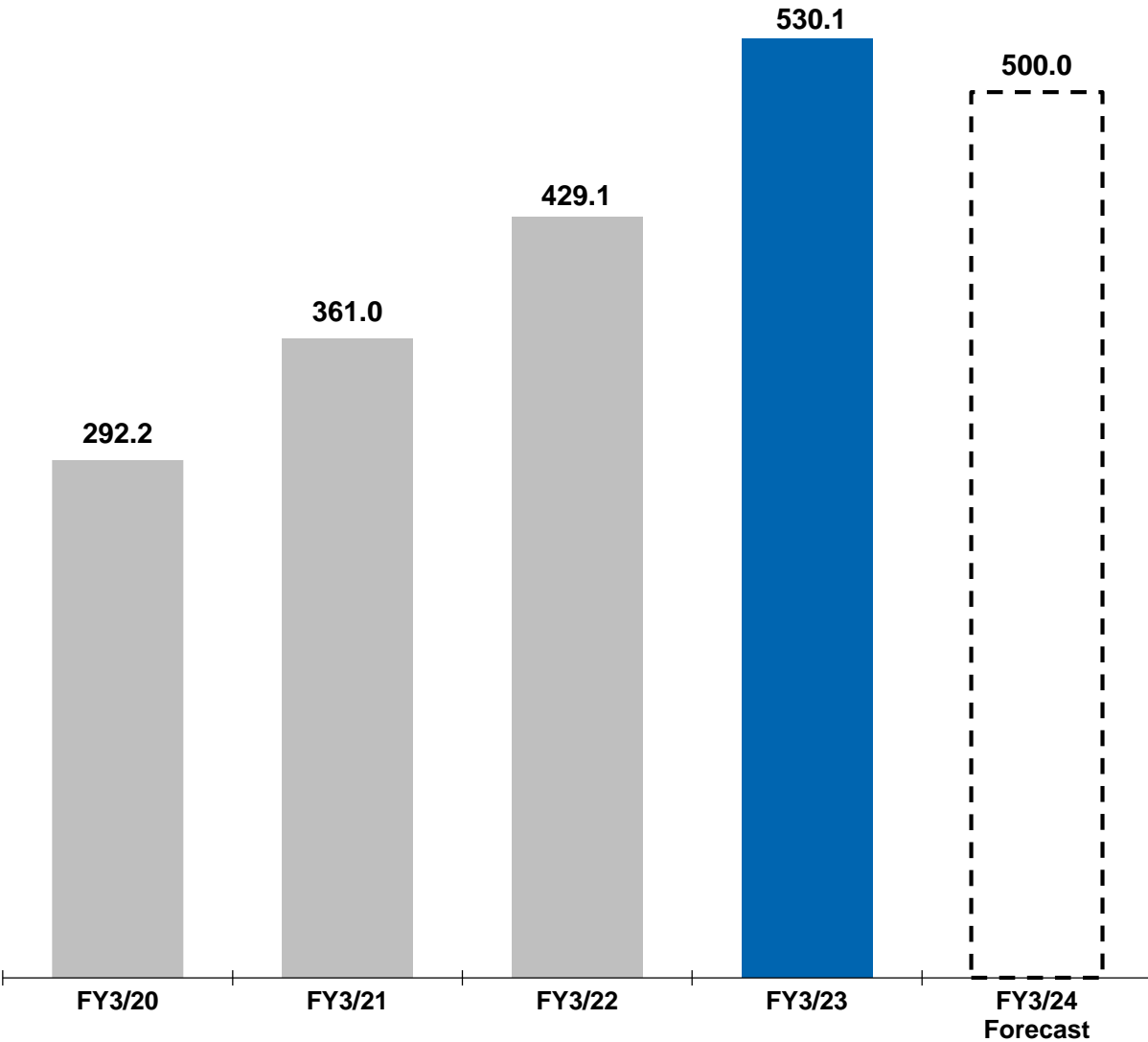


Operating income (Billions of yen)

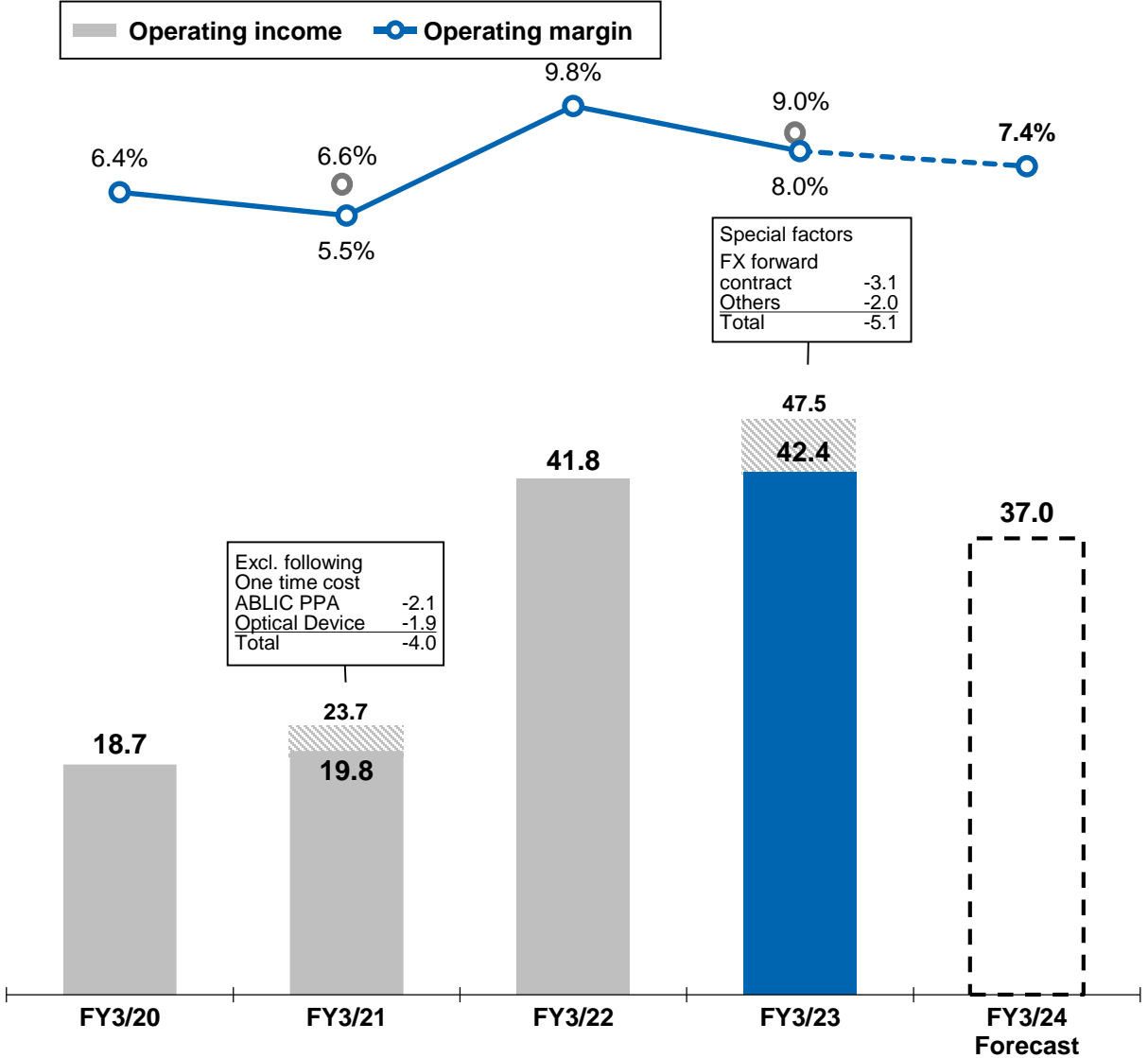


Semiconductors & Electronics (SE)

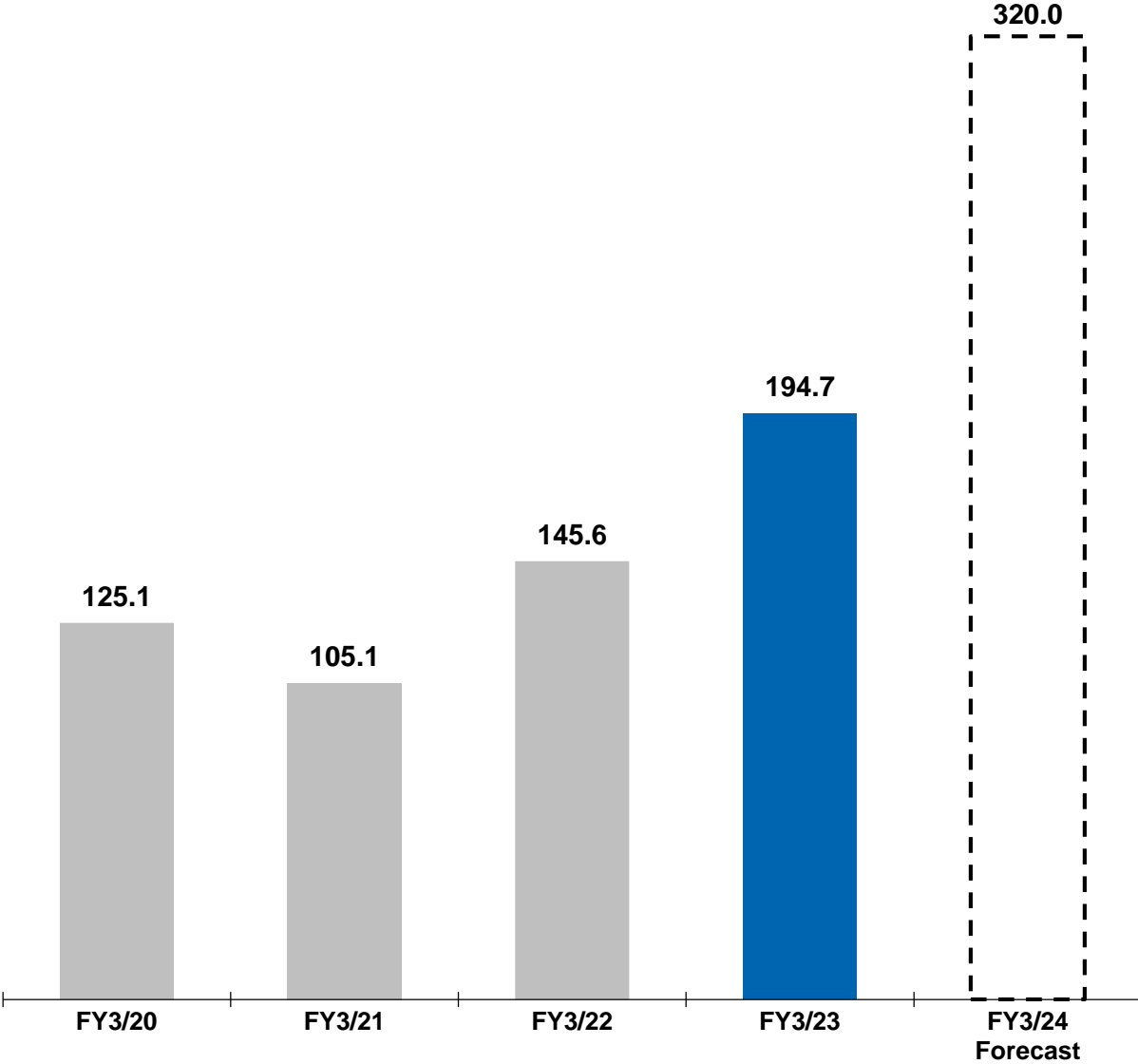
Net sales (Billions of Yen)



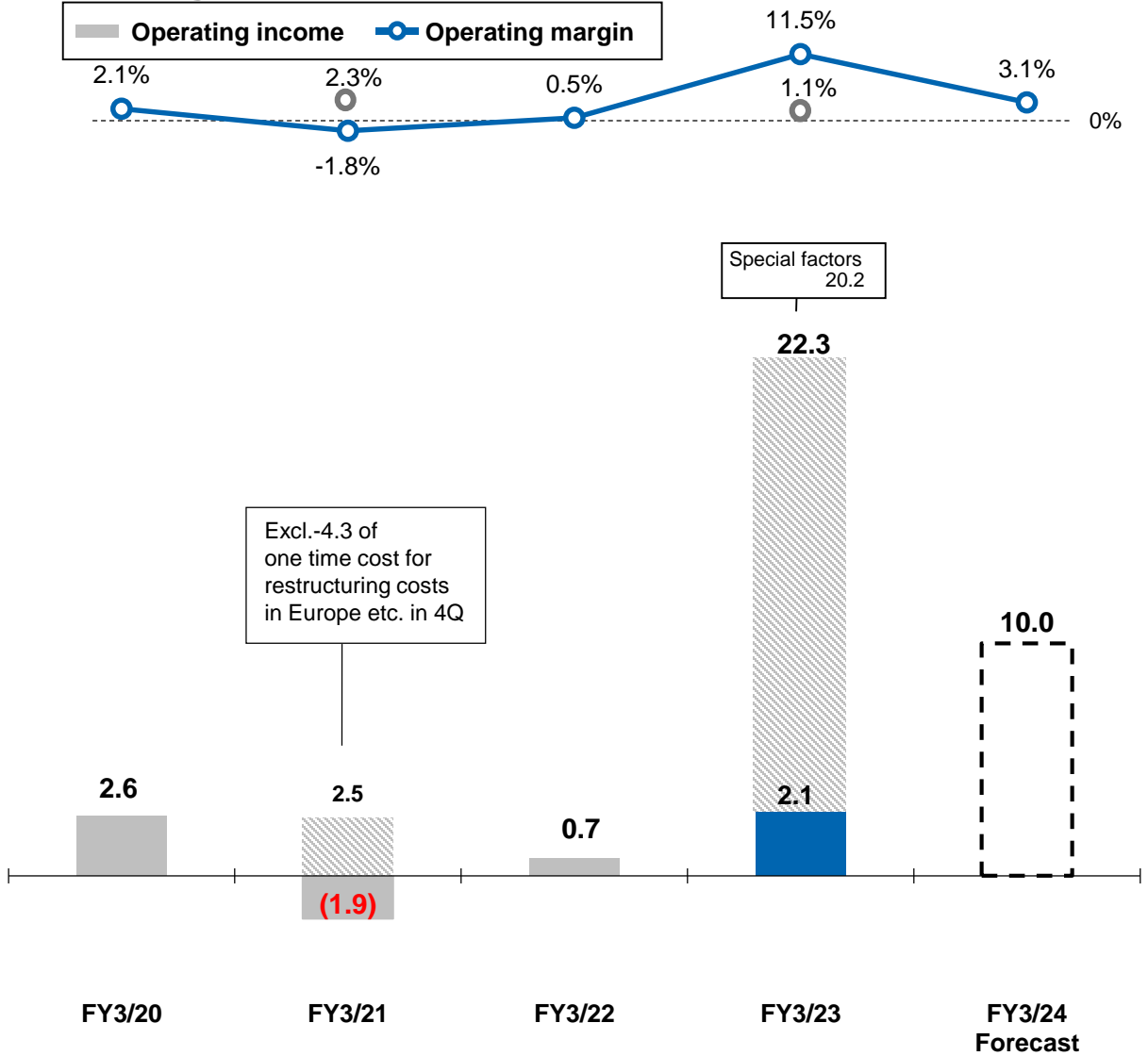
Operating income (Billions of yen)



Net sales (Billions of Yen)



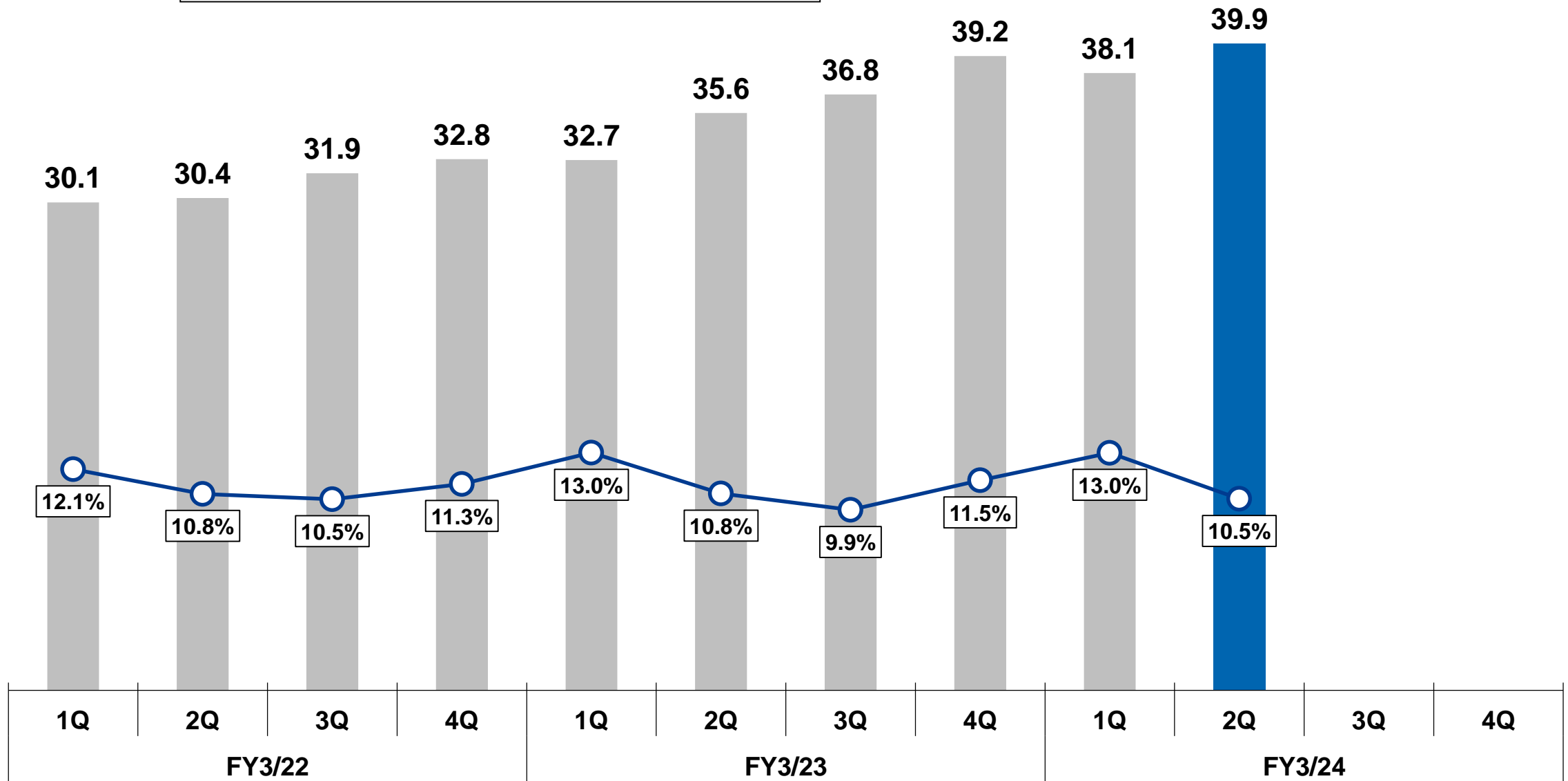
Operating income (Billions of yen)



S.G.&A. Expense / Ratio

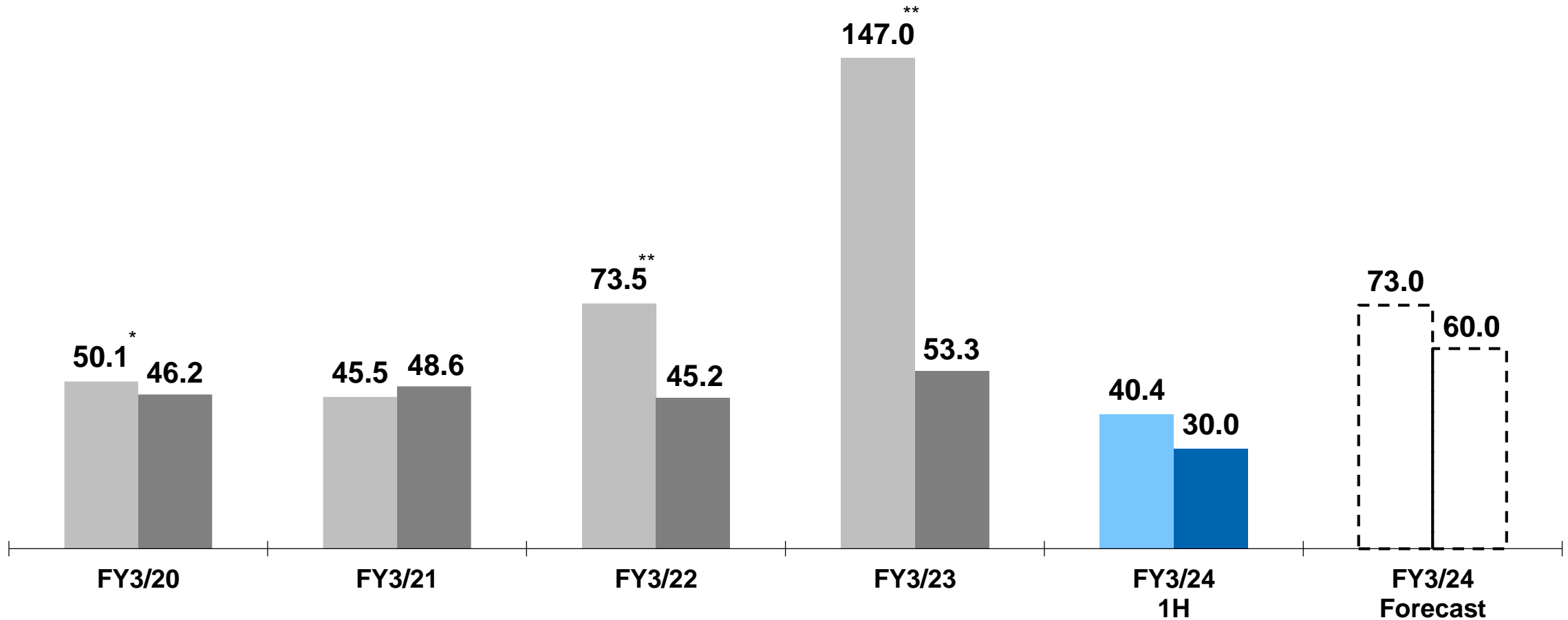
(Billions of yen)

■ S.G.&A. expenses ○ S.G.&A. to sales ratio



Capital Expenditure / D&A Expense

(Billions of yen)



* 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

ROIC (Return On Invested Capital)

ROIC for Access Solutions (AS) business are pre-merger result and based on JGAAP, and are not included in the Total until FY3/19.

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

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

