

Electronic Devices and Components

Develop new business areas by expanding our portfolio and achieve consistent growth over the long term

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Core competencies

In addition to the Company's DNA of ultra-precision machining, vertical integration, global development, and mass production, we are in the ongoing process of fusing core technologies in the electronics field including sensors, optics, and magnetics. We are expanding our products into broad markets, including automobiles which require stringent quality characteristics and smartphones which require vertical launches—balancing quality and quantity rapidly on a go forward basis. A dynamic location system which responds to customer demands through manufacturing automation & semi-automation and employee education & training, also enhances our competitiveness.



Hamamatsu Plant

Opportunities

- Increase in demand for small and precise motors that contribute to energy saving and noise reduction.
- Expansion in opportunities to enter new motor fields due to the shift to EVs.
- Increase in demand for actuators, cooling fans, etc. due to expansion of industrial machinery, FA and robot markets.
- Formation of new markets such as resonant devices.

Risks

- Rise of low-cost competitors in China.
- Impact on profit structure due to soaring prices of raw materials and components.
- New technologies are replacing existing technologies at a faster pace than expected. (HDD market, smartphone market)

Responding to opportunities and risks

- Correction of selling prices in response to soaring prices of raw materials and components.
- In growth markets, expand sales in response to increased demand in focused fields.
- In mature markets, strengthen competitiveness by reducing costs, including design changes and material cost reductions.
- Capture business opportunities by developing products ahead of competitors, taking advantage of our strengths through INTEGRATION.

Overview of the fiscal year ended March 2022

Although impacted by soaring raw material prices, motors have seen a significant growth in sales for the full year through increased sales of spindle motors for HDD and the expanded use of motors for applications in automobiles. Net sales of LED backlights were down due to decreased demand associated with a decrease in the number of smartphone models using them. As a result, net sales were 371.0 billion yen, operating income was 21.6 billion yen, and operating margin was 5.8%.

Outlook for the fiscal year ending March 2023

For motors, we expect accelerated growth and significant increases in sales and profit due to the recovery of the automobile market and further expanded uses. Sales and profits of electronic devices are expected to decrease due to a decline in the number of models adopting LED backlights. Although sales of sensing devices are expected to remain virtually the same, profit is expected to increase due to improved profitability endeavors.

Midterm Business Plan

Accelerating growth with motors as a pillar for earnings

Main points

- 1** Motors
Top-line growth in automotive motors to further increase profitability
- 2** Electronic devices
Contribution to profits by resonant devices
- 3** Sensing devices
Expand sales for automotive and industrial applications (molding machines, etc.)

Basic strategies for next 10 years

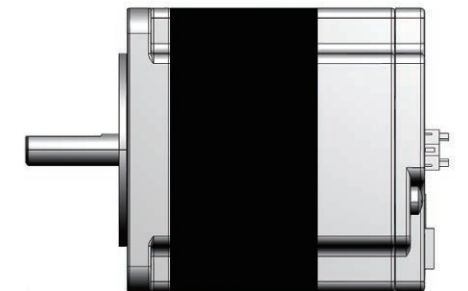
In the Electronic Devices and Components, our basic strategy is to maximize profit by reinvesting cash generated from the sub-core businesses to core businesses, thus strengthening the platform of our core businesses of motors and sensors. In the sub-core businesses, where technological changes are rapid and profit opportunities are large, it is important to implement thorough measures to reduce fixed costs and to properly assess business risks. With the aim of achieving consistent growth over the long term, we will expand our portfolio and develop new areas of business through the INTEGRATION process using other Eight Spear products.

Strategy for “Becoming the one-of-a-kind supplier through INTEGRATION capabilities”

The stepping motors manufactured and sold in the motor business rotate at a fixed angle in response to electrical signals. Stepping motors are used in various products such as automobiles and high-end home appliances. We are currently developing an electromechanical integrated motor. This combines an ultra-precision HB stepping motor from the Electronic Devices and Components business with a motor driver IC from the MITSUMI business. We envision this product's wide range of applications, including in textile machinery and medical pumps, for which smaller products and low power consumption are required. Our electromechanical integrated motor has realized smaller products through integration with the motor and control board. In addition, it is equipped with vector control using a magnetic sensor, resulting in the realization of closed loop control*. This allows for the motor to operate more efficiently, and the power consumption of the overall machine can be reduced.

In this manner, we will contribute to higher efficiency and lower power consumption through the INTEGRATION of our technologies and the improvement of product characteristics.

*A type of positioning control method



Electromechanical integrated motor (Image)

New

Developing products and supplying components for solving social issues

Products for medical devices require extremely high quality. In addition, in recent years it has becoming more and more important to respond to emerging social issues. Examples of such issues include the “evolution of technology,” such as remote control and cloud, “automation” due to the shortage of medical personnel, and “contactless” due to the global COVID-19 pandemic. The Company is working to develop products which will contribute to these social issues through diverse technologies and product portfolios, spearheaded by the ten core technologies and the Eight Spear products.

For example, for mild obstructive sleep apnea (OSA) symptoms, our resonant devices can provide faint, quiet vibration that does not disturb sleep. The product could be installed in easy-to-use, wearable products without covering

the mouth and nose and it may be possible to alleviate the deterioration in sleep quality and the lack of sleep encountered by people suffering with Obstructive Sleep Apnea (“OSA”).

In this manner, we will work on the development of products through the INTEGRATION of our various technologies and product lines, which will contribute to solving social issues.



Resonant device (Image)