

FIRST QUARTER BRIEF REPORT OF FINANCIAL RESULTS [IFRS] (Consolidated)
(Year ending March 31, 2023)

August 5, 2022

Registered

Company Name: MINEBEA MITSUMI Inc. Common Stock Listings: Tokyo
Code No: 6479 URL: <https://www.minebeamitsumi.com/>

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Expected date of payment for dividends: —

Preparation of supplementary explanation material for quarterly financial results : Yes

Holding of presentation meeting for quarterly financial results : Yes (For Analyst)

(Amounts less than one million yen have been rounded.)

1. Business Performance (April 1, 2022 through June 30, 2022)

(1) Consolidated Results of Operations (Year-to-date) (%: Changes from corresponding period of previous fiscal year)

	Net sales (millions of yen)	% Change	Operating income (millions of yen)	% Change	Profit before income taxes (millions of yen)	% Change
Three months ended Jun. 30, 2022	251,040	1.1	14,255	(27.4)	14,274	(27.2)
Three months ended Jun. 30, 2021	248,305	32.5	19,628	475.7	19,603	490.6

	Profit for the period (millions of yen)	% Change	Profit for the period attributable to owners of the parent (millions of yen)	% Change	Comprehensive income for the period (millions of yen)	% Change
Three months ended Jun. 30, 2022	10,742	(26.6)	10,734	(26.8)	35,746	207.5
Three months ended Jun. 30, 2021	14,642	548.2	14,659	561.6	11,625	22.5

	Earnings per share, basic (yen)	Earnings per share, diluted (yen)
Three months ended Jun. 30, 2022	26.43	26.02
Three months ended Jun. 30, 2021	36.11	35.30

(2) Consolidated Financial Position

	Total assets (millions of yen)	Total equity (millions of yen)	Total equity attributable to owners of the parent (millions of yen)	Equity ratio attributable to owners of the parent (%)
As of Jun. 30, 2022	1,204,888	569,931	567,001	47.1
As of Mar. 31, 2022	1,104,192	541,435	538,610	48.8

2. Dividends

	Annual dividends				
	End of first quarter (yen)	End of second quarter (yen)	End of third quarter (yen)	Year-end (yen)	For the year (yen)
Year ended Mar. 31, 2022	—	18.00	—	18.00	36.00
Year ending Mar. 31, 2023	—				
Year ending Mar. 31, 2023 (Forecast)		—	—	—	—

(Notes) Changes from the latest dividend forecast: No

Regarding the annual dividends for the fiscal year ending March 31, 2023, we will determine the dividend payout of around 20% on a consolidated basis.

3. Prospect for Consolidated Forecast for the Fiscal Year (April 1, 2022 through March 31, 2023)

(%: Changes from corresponding period of previous fiscal year)

	Net sales (millions of yen)	% Change	Operating income (millions of yen)	% Change
Six months ending Sep. 30, 2022	568,000	7.1	41,000	(8.1)
Year ending Mar. 31, 2023	1,200,000	6.7	102,000	10.7

	Profit for the period attributable to owners of the parent (millions of yen)	% Change	Earnings per share, basic (yen)
Six months ending Sep. 30, 2022	30,000	(14.4)	73.86
Year ending Mar. 31, 2023	76,000	10.2	187.11

(Notes) Changes from the latest consolidated results forecast: No

* Notes

- (1) Changes in significant subsidiaries during the period (Changes in certain subsidiaries resulting in change in the scope of consolidation): None
- (2) Changes in accounting policies, or changes in accounting estimates
 1. Changes in accounting policies required by IFRS: None
 2. Changes in accounting policies other than 1: None
 3. Changes in accounting estimates: None
- (3) Number of shares outstanding (Common stock)
 1. Number of shares outstanding at the end of each period (Including treasury stock)
 - As of June 30, 2022: 427,080,606 shares
 - As of March 31, 2022: 427,080,606 shares
 2. Number of treasury shares at the end of each period
 - As of June 30, 2022: 20,905,301 shares
 - As of March 31, 2022: 20,934,199 shares
 3. Average number of shares (Quarterly cumulative period)
 - Three months ended June 30, 2022: 406,155,916 shares
 - Three months ended June 30, 2021: 405,965,109 shares

* These quarterly financial results are not subject to quarterly review procedures by a certified public accountant or an audit corporation.

* Explanation for appropriate use of financial forecasts and other special remarks

(Caution Concerning Forward-Looking Statements)

The aforementioned forecasts are based on the information available as of the date when this information is disclosed as well as on the assumptions as of the disclosing date of this information related to unpredictable parameters that will most likely affect our future business performance. As such, this is not intended for the Company to give assurance that the said forecast number would be achieved. In other words, our actual performances are likely to differ greatly from these estimates depending on a variety of factors that will take shape from now on. As for the assumptions used for these forecasts and other related items, please refer to (“1. Qualitative information related to the financial results for the quarter,” “(3) Explanation of Consolidated Forecast and Other Forecasts”) on page 5 of the documents attached hereunder. (Investor Briefing Materials for Analysts)

Investor briefing materials will be made available via our corporate website (<https://www.minebeamitsumi.com/>) on Friday, August 5, 2022.

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1. Qualitative information related to the financial results for the quarter

(1) Explanation of Operating Results

During the three months ended June 30, 2022, the Japanese economy showed signs of a moderate recovery owing to the easing of COVID-19 related restrictions on movement. However, the recovery was limited due to soaring raw materials prices and an increase in the cost of living arising from rapid depreciation of the yen. In the United States, normalization of economic activity progressed with the easing of logistical supply constraints, but policy interest rates were raised aggressively to curb inflation, so the future remains uncertain. In Europe, the cost of living has increased sharply due to a reduced supply of natural resources from Russia in conjunction with aggression against Ukraine, so the economy has retracted. In China, economic activity was stagnant due to tight restrictions on movement to stop the spread of COVID-19, but internal demand is gradually recovering as restrictions on economic activity are eased. In Southeast Asia, the return of economic activity following the pandemic ensured economic recovery was on track.

Working against this backdrop, the MinebeaMitsumi Group concentrated on cutting costs, creating high-value-added products, developing new technologies, and enhancing its marketing approach to boost profitability further.

As a result, net sales were up 2,735 million yen (1.1%) year on year to 251,040 million yen. Operating income was down 5,373 million yen (-27.4%) year on year to 14,255 million yen, profit before income taxes was down 5,329 million yen (-27.2%) to 14,274 million yen, and profit for the period attributable to owners of the parent was down 3,925 million yen (-26.8%) to 10,734 million yen.

Performance by segment was as follows:

As a result of the change in the corporate organization, some classification in "Other" and "Adjustments" have changed from the first quarter of the fiscal year.

The segment information disclosed for the first quarter of the previous year has been prepared based on the classification of reporting segments after the corporate organization change.

The main products in our Machined components segment include our anchor product line, ball bearings, in addition to mechanical components such as rod-end bearings used primarily in aircraft and hard disk drive (HDD) pivot assemblies, etc. as well as fasteners for aircraft. Sales of ball bearings and rod-end bearings were up owing to increased aircraft-related demand, but sales of pivot assemblies were down due to decreased demand for HDDs.

As a result, net sales were up 2,290 million yen (5.2%) year on year to 46,380 million yen, while operating income was down 720 million yen (-6.6%) to 10,198 million yen.

The core products of our Electronic devices and components segment include electronic devices (devices such as LED backlights for LCDs, sensing devices (measuring components), etc.), HDD spindle motors, stepping motors, DC motors, air movers, and special devices. Net sales were down, primarily due a decreased demand for LED backlights.

As a result, net sales were down 8,989 million yen (-9.9%) year on year to 81,446 million yen, and operating income was down 7,689 million yen (-97.5%) to 197 million yen.

The main products in the MITSUMI business segment are semiconductor devices, optical devices, mechanical components, power supply components and smart product. Semiconductor devices and optical devices for camera actuators performed well, resulting in an increase in net sales.

As a result, net sales were up 10,061 million yen (13.1%) year on year to 86,814 million yen, and operating income was up 4,039 million yen (79.4%) to 9,124million yen.

The main products of U-Shin business segment are automotive components, such as key sets, door latches, door handles, etc. as well as industrial equipment components. Net sales of automotive components were down due to decreased demand caused by a decrease in automobile production arising from the semiconductor shortage.

As a result, net sales were down 831 million yen (-2.3%) year on year to 36,038 million yen, and operating income was down 259 million yen for an operating loss of 342 million yen.

Machines produced in-house are the main products in our Other business segment. Net sales were up 204 million yen (129.2%) year on year to 362 million yen, and the operating loss was 364 million yen, an improvement of 171 million yen.

In addition to the figures noted above, 4,558 million yen in corporate expenses, etc. not belonging to any particular segment is indicated as adjustments. The total amount of adjustments was 3,643 million yen for the same period of the previous fiscal year.

(2) Explanation of Financial Position

1. Basic approach to financial strategy and capitalization

Our Group sees "strengthening our financial position" as a top priority and is taking various steps, such as efficient controlling of capital investments, asset management, and reducing interest-bearing debt. We will reform our portfolio to increase the weight of our highly profitable core businesses and engage in highly effective M&A, promoting an appropriate and flexible financial strategy.

2. Assets, liabilities and equity

Total assets at the end of the first quarter were 1,204,888 million yen, up 100,696 million yen from the end of the previous fiscal year. The main reason for this was an increase in inventories and property, plant and equipment.

Total liabilities at the end of the first quarter were 634,957 million yen, up 72,200 million yen from the end of the previous fiscal year. The main reason for this was an increase in bonds and borrowings.

Equity came to 569,931 million yen, bringing the equity ratio attributable to owners of the parent down 1.7 percentage points from the end of the previous fiscal year to 47.1%.

3. Cash flows

Cash and cash equivalents at the end of the first quarter were 141,175 million yen, down 22,413 million yen from the end of the previous fiscal year.

Cash flows from various business activities during the first three months and relevant factors were as follows:

Net cash used in operating activities came to 7,314 million yen (compared to 12,317 million yen provided by operating activities in the same period of the previous year). This was primarily due to profit before income taxes, and increases and decreases in trade and other receivables, in inventories and in trade and other payables, etc. Net cash used in investing activities came to 77,961 million yen (compared to 10,731 million yen in the same period of the previous year). This was primarily due to purchase of property, plant and equipment, etc., including the purchase of the new headquarters building. Net cash provided by financing activities came to 55,669 million yen (compared to 7,847 million yen used in financing activities in the same period of the previous year). This was primarily due to increases and decreases in short-term borrowings.

(3) Explanation of Consolidated Forecast and Other Forecasts

The full-year consolidated business forecast for the fiscal year ending March 31, 2023 remains unchanged from the announcement with the brief report of financial results provided on May 11, 2022.

	<u>Six months ending Sep. 30, 2022</u>	<u>Year ending Mar. 31, 2023</u>
Net sales	568,000million yen (7.1%)	1,200,000million yen (6.7%)
Operating income	41,000million yen (-8.1%)	102,000million yen (10.7%)
Profit for the year attributable to owners of the parent	30,000million yen (-14.4%)	76,000million yen (10.2%)
(): Changes from corresponding period of previous fiscal year		

(4) Basic Policy for Profit Sharing and Dividend for the Current Fiscal Year

Sharing profits with our shareholders is first priority at MinebeaMitsumi. That is why our basic dividend policy gives priority to enhancing equity efficiency and improving returns to our shareholders. Dividends, while reflecting performance, are determined in light of the overall business environment and with an eye to maintaining a stable and continuous distribution of profits.

Based on the basic policy above, in the previous fiscal year, we provided an interim dividend of 18 yen and a year-end dividend of 18 yen, bringing the annual dividend to 36 yen per share.

The interim and year-end dividends for the fiscal year under review will be decided at a later date aiming for a consolidated dividends payout ratio of around 20%.

2. Condensed Quarterly Consolidated Financial Statements and Major Notes
 (1) Condensed Quarterly Consolidated Statements of Financial Position

	As of March 31, 2022	(Amount: millions of yen) As of June 30, 2022
Assets		
Current assets		
Cash and cash equivalents	163,588	141,175
Trade and other receivables	240,822	220,074
Inventories	219,308	264,408
Other financial assets	23,320	19,623
Other current assets	19,084	32,020
Total current assets	666,122	677,300
Non-current assets		
Property, plant and equipment	336,385	423,648
Goodwill	42,865	43,347
Intangible assets	17,790	17,698
Other financial assets	21,627	20,820
Deferred tax assets	12,844	15,482
Other non-current assets	6,559	6,593
Total non-current assets	438,070	527,588
Total assets	1,104,192	1,204,888

(Continued)

(Amount: millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	170,854	173,523
Bonds and borrowings	164,866	233,258
Other financial liabilities	14,342	22,596
Income taxes payable	11,129	7,329
Provisions	2,648	2,143
Other current liabilities	51,318	46,074
Total current liabilities	415,157	484,923
Non-current liabilities		
Bonds and borrowings	105,845	104,454
Other financial liabilities	14,395	17,212
Net defined benefit liabilities	21,100	21,906
Provisions	1,892	1,736
Deferred tax liabilities	1,605	1,705
Other non-current liabilities	2,763	3,021
Total non-current liabilities	147,600	150,034
Total liabilities	562,757	634,957
Equity		
Common stock	68,259	68,259
Capital surplus	140,102	140,109
Treasury stock	(43,964)	(43,911)
Retained earnings	320,755	324,182
Other components of equity	53,458	78,362
Total equity attributable to owners of the Company	538,610	567,001
Non-controlling interests	2,825	2,930
Total equity	541,435	569,931
Total liabilities and equity	1,104,192	1,204,888

(2) Condensed Quarterly Consolidated Statements of Income
and Condensed Quarterly Consolidated Statements of Comprehensive Income
(Condensed Quarterly Consolidated Statements of Income)

	Three months ended June 30,2021	(Amount: millions of yen) Three months ended June 30,2022
Net sales	248,305	251,040
Cost of sales	198,966	202,581
Gross profit	49,339	48,459
Selling, general and administrative expenses	30,135	32,739
Other income	1,165	1,061
Other expenses	741	2,526
Operating income	19,628	14,255
Finance income	512	463
Finance expenses	537	444
Profit before income taxes	19,603	14,274
Income taxes	4,961	3,532
Profit for the year	<u>14,642</u>	<u>10,742</u>
Profit for the year attributable to:		
Owners of the Company	14,659	10,734
Non-controlling interests	(17)	8
Profit for the year	<u>14,642</u>	<u>10,742</u>
Earnings per share (EPS)		
Basic (Yen)	36.11	26.43
Diluted (Yen)	35.30	26.02

(Condensed Quarterly Consolidated Statements of Comprehensive Income)

	Three months ended June 30, 2021	(Amount: millions of yen) Three months ended June 30, 2022
Profit for the year	14,642	10,742
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss, net of tax:		
Net changes in revaluation of equity instruments measured at fair value through other comprehensive income	751	68
Sub-total	751	68
Components of other comprehensive income that will be reclassified to profit or loss, net of tax:		
Foreign exchange differences on translation of foreign operations	(2,259)	32,190
Cash flow hedges	(1,509)	(7,254)
Sub-total	(3,768)	24,936
Other comprehensive income, net of tax	(3,017)	25,004
Comprehensive income for the year	11,625	35,746
Comprehensive income attributable to:		
Owners of the Company	11,644	35,641
Non-controlling interests	(19)	105
Comprehensive income for the year	11,625	35,746

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

(Amount: millions of yen)

	Equity attributable to owners of the Company					
	Common stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity	
					Foreign currency translation	Cash flow hedge
Balance as of April 1, 2021	68,259	139,456	(39,166)	265,417	14,541	(676)
Profit for the period	—	—	—	14,659	—	—
Other comprehensive income	—	—	—	—	(2,257)	(1,509)
Comprehensive income for the period	—	—	—	14,659	(2,257)	(1,509)
Purchase of treasury stock	—	(11)	(2,085)	—	—	—
Disposal of treasury stock	—	1	0	—	—	—
Dividends	—	—	—	(8,947)	—	—
Transfer to retained earnings	—	—	—	505	—	—
Total transactions with owners	—	(10)	(2,085)	(8,442)	—	—
Balance as of June 30, 2021	68,259	139,446	(41,251)	271,634	12,284	(2,185)

	Equity attributable to owners of the Company					
	Other components of equity			Total	Non-controlling interests	Total equity
	Net changes in revaluation of equity instruments measured at fair value through other comprehensive income		Subtotal			
Balance as of April 1, 2021		3,310	17,175	451,141	2,857	453,998
Profit for the period		—	—	14,659	(17)	14,642
Other comprehensive income		751	(3,015)	(3,015)	(2)	(3,017)
Comprehensive income for the period		751	(3,015)	11,644	(19)	11,625
Purchase of treasury stock		—	—	(2,096)	—	(2,096)
Disposal of treasury stock		—	—	1	—	1
Dividends		—	—	(8,947)	—	(8,947)
Transfer to retained earnings		(505)	(505)	—	—	—
Total transactions with owners		(505)	(505)	(11,042)	—	(11,042)
Balance as of June 30, 2021		3,556	13,655	451,743	2,838	454,581

(Amount: millions of yen)

	Equity attributable to owners of the Company					
	Common stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity	
					Foreign currency translation	Cash flow hedge
Balance as of April 1, 2022	68,259	140,102	(43,964)	320,755	50,353	(568)
Profit for the period	—	—	—	10,734	—	—
Other comprehensive income	—	—	—	—	32,093	(7,254)
Comprehensive income for the period	—	—	—	10,734	32,093	(7,254)
Conversion of convertible bonds with warrants	—	7	53	—	—	—
Purchase of treasury stock	—	—	(0)	—	—	—
Disposal of treasury stock	—	0	0	—	—	—
Dividends	—	—	—	(7,310)	—	—
Transfer to retained earnings	—	—	—	3	—	—
Total transactions with owners	—	7	53	(7,307)	—	—
Balance as June 30, 2022	68,259	140,109	(43,911)	324,182	82,446	(7,822)

	Equity attributable to owners of the Company					
	Other components of equity			Total	Non- controlling interests	Total equity
	Net changes in revaluation of equity instruments measured at fair value through other comprehensive income	Subtotal				
Balance as of April 1, 2022	3,673	53,458	538,610	2,825	541,435	
Profit for the period	—	—	10,734	8	10,742	
Other comprehensive income	68	24,907	24,907	97	25,004	
Comprehensive income for the period	68	24,907	35,641	105	35,746	
Conversion of convertible bonds with warrants	—	—	60	—	60	
Purchase of treasury stock	—	—	(0)	—	(0)	
Disposal of treasury stock	—	—	0	—	0	
Dividends	—	—	(7,310)	—	(7,310)	
Transfer to retained earnings	(3)	(3)	—	—	—	
Total transactions with owners	(3)	(3)	(7,250)	—	(7,250)	
Balance as of June 30, 2022	3,738	78,362	567,001	2,930	569,931	

(4) Condensed Quarterly Consolidated Statements of Cash Flows

	Three months ended June 30, 2021	(Amount: millions of yen) Three months ended June 30, 2022
Cash flows from operating activities:		
Profit before income taxes	19,603	14,274
Depreciation and amortization	10,692	11,875
Interest income and dividends income	(373)	(369)
Interest expenses	384	440
Net loss (gain) on sale and disposal of property, plant and equipment	(70)	4
Decrease (increase) in trade and other receivables	2,558	31,558
Decrease (increase) in inventories	(24,222)	(33,877)
Increase (decrease) in trade and other payables	9,359	(9,894)
Other	(5,287)	(13,604)
Sub-total	12,644	407
Interest received	229	283
Dividends received	160	112
Interest paid	(373)	(450)
Income taxes paid	(343)	(7,666)
Net cash flows provided by operating activities	12,317	(7,314)
Cash flows from investing activities:		
Net decrease (increase) in time deposits	(338)	4,203
Purchase of property, plant and equipment	(11,952)	(82,392)
Proceeds from sale of property, plant and equipment	324	370
Purchase of intangible assets	(395)	(302)
Purchase of securities	(147)	(291)
Proceeds from sale and redemption of securities	1,816	280
Other	(39)	171
Net cash flows used in investing activities	(10,731)	(77,961)

(Continued)

	Three months ended June 30, 2021	(Amount: millions of yen) Three months ended June 30, 2022
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	5,048	65,543
Repayments of long-term borrowings	(666)	(616)
Proceeds from disposal of treasury stock	1	0
Purchase of treasury stock	(2,096)	(0)
Dividends paid	(8,947)	(7,310)
Repayments of lease liabilities	(1,187)	(1,948)
Net cash flows provided by (used in) financing activities	(7,847)	55,669
Effect of exchange rate changes on cash and cash equivalents	64	7,193
Net increase (decrease) in cash and cash equivalents	(6,197)	(22,413)
Cash and cash equivalents at beginning of year	165,479	163,588
Cash and cash equivalents at end of year	159,282	141,175

(5) Notes on Condensed Quarterly Consolidated Financial Statements
 (Notes on Going Concern Assumptions)
 Not applicable.

(Segment Information)

Information related to sales and income (loss) by reportable segments
 (Three months ended June 30, 2021)

(Amount: millions of yen)

	Reportable segment				Other *1	Adjustments *2	Consolidated
	Machined components	Electronic devices and components	MITSUMI business	U-Shin business			
Net sales							
Net sales to customers	44,090	90,435	76,753	36,869	158	—	248,305
Net sales to other segment	1,868	2,552	7,598	25	489	(12,532)	—
Total	45,958	92,987	84,351	36,894	647	(12,532)	248,305
Segment profit (loss)	10,918	7,886	5,085	(83)	(535)	(3,643)	19,628
Finance income	—	—	—	—	—	—	512
Finance expenses	—	—	—	—	—	—	537
Profit before income taxes	—	—	—	—	—	—	19,603

(Three months ended June 30, 2022)

(Amount: millions of yen)

	Reportable segment				Other *1	Adjustments *2	Consolidated
	Machined components	Electronic devices and components	MITSUMI business	U-Shin business			
Net sales							
Net sales to customers	46,380	81,446	86,814	36,038	362	—	251,040
Net sales to other segment	1,513	1,722	5,212	116	891	(9,454)	—
Total	47,893	83,168	92,026	36,154	1,253	(9,454)	251,040
Segment profit (loss)	10,198	197	9,124	(342)	(364)	(4,558)	14,255
Finance income	—	—	—	—	—	—	463
Finance expenses	—	—	—	—	—	—	444
Profit before income taxes	—	—	—	—	—	—	14,274

(Notes) *1. The classification of "Other" refers to business units not included in the reportable segments.

Their products are mainly machines made in-house.

*2. The amount of the adjustment is as follows.

Adjustments to segment profit (loss) are corporate expenses such as general and administrative expenses in addition to research and development expenses that do not belong to the reportable segments.

*3. The changes of reportable segments are as follows.

As a result of the change in the corporate organization, some classification in "Other" and "Adjustments" have changed from the first quarter of the fiscal year.

The segment information disclosed for the first three months of the previous year has been prepared based on the classification of reporting segments after the corporate organization change.