

**Q&A (Summary)**  
**Investor Meeting Presentation for FY 3/2022**  
**MinebeaMitsumi Inc.**

Date & Time: Wednesday, May 11, 2022 16:30-JST

Speaker: Mr. Yoshihisa Kainuma, Representative Director, CEO & COO  
Mr. Katsuhiko Yoshida, Director, Senior Managing Executive Officer  
Mr. Masahito Fukami, Chief Green Officer

\* There may be difference between this summary and simultaneous English interpretation.

Q: Regarding your price pass-on measures, how much have raw materials and logistics costs increased over the previous year, and through which products and to what extent do you intend to pass on the rise in costs?

Further, are these pass-on measures going to be a standalone measure, or are you also looking at ways to change your trade practices?

A: We cannot make a single, sweeping statement as we sell various products, but if we look at motors, for example, soaring raw materials costs have had a huge impact.

Here we are examining a so-called surcharge system. After thoroughly communicating to the customer the areas where costs have risen, we will raise our prices by that much. Conversely, if costs were to fall, then we would lower our prices. This is the sort of arrangement we are looking at.

Q: With rising costs having such a huge impact on motors, it appears as though other competing companies are starting to fully reflect these rises in their prices. Are you also considering the same approach?

A: Yes. We believe that raising prices is essential to the sound growth of the industry.

Although I cannot speak for other companies, when looking at the auto industry, some companies have increased prices by 10,000 dollars, while some say that the price of Japanese cars should be increased, too. We believe this trend is inevitable.

Q: In your financial forecast, what is the reason for the difference in profit level in the first and second half of the fiscal year?

Is it down to seasonal factors, or have you counted in impacts such as the lockdown in China?  
Please also provide a description of each segment.

A: Seasonally, both sales and profit tend to be higher in the latter half of the fiscal year. In addition, mainly due to the lockdown in China, customers' supply chains have been disrupted and the

impacts remain uncertain. If things return to normal, we believe customers' production volume will increase, and so we have also considered that business will be pushed back somewhat. The bottleneck in our customers' production has been the semiconductor shortage, but we think that the lockdown has boosted stock. As such, when our customers do decide to increase production, the bottleneck may have been resolved to a certain degree, and there is the potential for production to make a huge recovery. This is why we have come to such a forecast.

Q: In the 4th quarter of the previous fiscal year you recorded 21.6 billion yen in operating income, whereas in the first half of this fiscal year you forecast 41.0 billion yen. Does this mean you expect the 1st quarter of this year to begin with a decrease in profit?

A: Yes.

Q: Regarding M&As, while you have seen success in the MITSUMI business, recovery in the U-Shin business has been delayed. In light of this, what is your approach for the next M&A?

A: In the U-Shin business, we don't think that anyone expected there to be such a shortage of semiconductors and for there to be such a slump in car production. If orders had come in regularly, we would no doubt have seen a significant profit increase. In fact, results at companies only involved in the car industry have worsened substantially. The U-Shin business is facing the same issues, and so we think the present situation is unavoidable.

If car production recovers, the U-Shin business will invariably turn a profit. Although we have set a conservative forecast for operating income at 4 billion yen, when looking at our real capabilities, we can expect a higher figure. Further, for us, the U-Shin business is just one of many, and not a so-called lifeline. This is the advantage of having a diverse product mix.

Regarding M&As, for a while now our aim has been to reinforce our eight spears and create a structure so that we do not rely on our sub-core businesses. Please understand that we cannot talk about specific M&As.

Q: Operating income in the MITSUMI business for the year ended March 31, 2022, increased 22 billion yen year on year. Please give us a breakdown for analog semiconductors, optical devices, mechanical components, and so on. Also, this year you only forecast a slight increase in profit. Please tell us how you think each segment will change.

A: The increase in profit last year was driven mainly by optical devices and analog semiconductors. The contribution of optical devices was more substantial. Mechanical components saw a drop in profit.

This fiscal year, we hope to capture opportunities in optical devices and thus anticipate an increase in both sales and profit. In analog semiconductors, we also expect an increase in sales and profit thanks to an improved operating margin, including the effects of foreign exchange

rates. We have made a conservative forecast for mechanical components, and anticipate a drop in both sales and profit.

Q: Regarding results in the MITSUMI business, you have planned for a significant increase in the year ending March 31, 2025. What products do you anticipate will grow? Please also tell us about any progress with new product development. Further, what do you think is lacking as you seek to further reinforce and expand the analog semiconductor business?

A: Firstly, we are ahead of schedule regarding our net sales targets for analog semiconductors, and so we believe the business will make a significant contribution. Further, we have also created a growth road map for optical devices, and so we believe these two will be at the core of our growth. We also anticipate growth in connectors and switches, for example, so we don't think the figures are too surprising.

For net sales of analog semiconductors to exceed 100 billion yen, we will need to expand our plants. By renovating part of the Shiga plant and enhancing production capacity, we believe 100 billion yen is possible. However, in order to exceed it, we must make space by outsourcing the assembly-processes for MEMS, which we supply to OMRON. We must seek the approval of them, however, and so we will move forward while keeping a close eye on the situation. Alternatively, it might be necessary to purchase a new plant.

Q: Please tell us the production volume and internal and external sales volume for ball bearings between January and March 2022.

A: External sales of ball bearings from January to March stood at 229, 213, and 251 million units, respectively. Internal sales were 60, 61, and 59 million units, while production was 320, 272, and 334 million units.

Q: We understand that in the medium term, you will greatly increase your production capacity for analog semiconductors in the MITSUMI business. Please tell us about your product mix and production increase plans after this enhancement.

A: Although we cannot provide the details, we are currently negotiating a major EV-related business. Elsewhere, we also plan to increase production of battery-related products.

Q: Do you think that the EV market will continue to grow?

A: Yes, we do.

Q: Have you put together this fiscal year's plan based on the idea that you can offset rising business costs with price pass-on measures? Alternatively, have you taken a conservative view on price pass-on measures in line with the potential risk?

A: Although we cannot provide the details, we have already begun negotiating with our customers regarding these price pass-on measures, and have counted these into our plan.

Q: Have you incorporated them into the plan so as to have almost no impact on your results?

A: We must use careful judgement as there will also be impact from exchange rates, but the most important thing will be to show the rise in raw materials and logistics costs to our customers, and adjust prices after obtaining their understanding.

Q: With the supply chain disruption in China, has there been a difference in impact depending on the application or component?

Further, the current rise in logistics costs in China is expected to be temporary, but have you included this in your surcharge system?

A: Firstly, our understanding is that the supply chain issue in China is not affecting one specific industry, but that it is impacting everything. In the Shanghai area, there are not enough components for cars or other products, and everything is slowing down. We cannot be unharmed even though we manufacture various different products as the lockdown is affecting every industry. China is the base for mass production and also key to component production. As such, there has been no real difference in the impact. We feel it is an overall slowdown.

Regarding logistics costs, the aim is to include them into our surcharge system after showing the increase to our customers.

Q: For OIS, we estimate a 30% increase in sales to amount to approximately 40 billion yen. In comparison, the increase of 3 billion yen in profit shown on slide 26 appears somewhat low. Is this the level of marginal profit?

A: Please understand that the figures we announced are those we anticipate.