

Business Results

First Quarter of Fiscal Year
Ending March 31, 2023

MinebeaMitsumi Inc.

August 5, 2022

1. Financial Results
2. Business Update & Management Strategy

Financial Results

Katsuhiko Yoshida
Director, Senior Managing Executive Officer

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My name is Yoshida.

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

Summary of Consolidated Business Results for 1Q

**Net sales hit 1Q record high
Operating income exceeded initial forecasts,
despite impact of the lockdown**

(Millions of yen)	FY3/22		FY3/23	Change	
	1Q	4Q	1Q	YoY	QoQ
Net sales	248,305	289,532	251,040	+1.1%	-13.3%
Operating income	19,628	21,671	14,255	-27.4%	-34.2%
Profit before taxes	19,603	21,347	14,274	-27.2%	-33.1%
Profit for the period attributable to owners of the parent	14,659	15,488	10,734	-26.8%	-30.7%
Earnings per share, basic (yen)	36.11	38.20	26.43	-26.8%	-30.8%

Foreign Exchange Rates	FY3/22 1Q	FY3/22 4Q	FY3/23 1Q
US\$	¥108.99	¥114.65	¥124.44
Euro	¥130.84	¥129.77	¥134.45
Thai Baht	¥3.50	¥3.46	¥3.68
Chinese RMB	¥16.80	¥18.03	¥19.13

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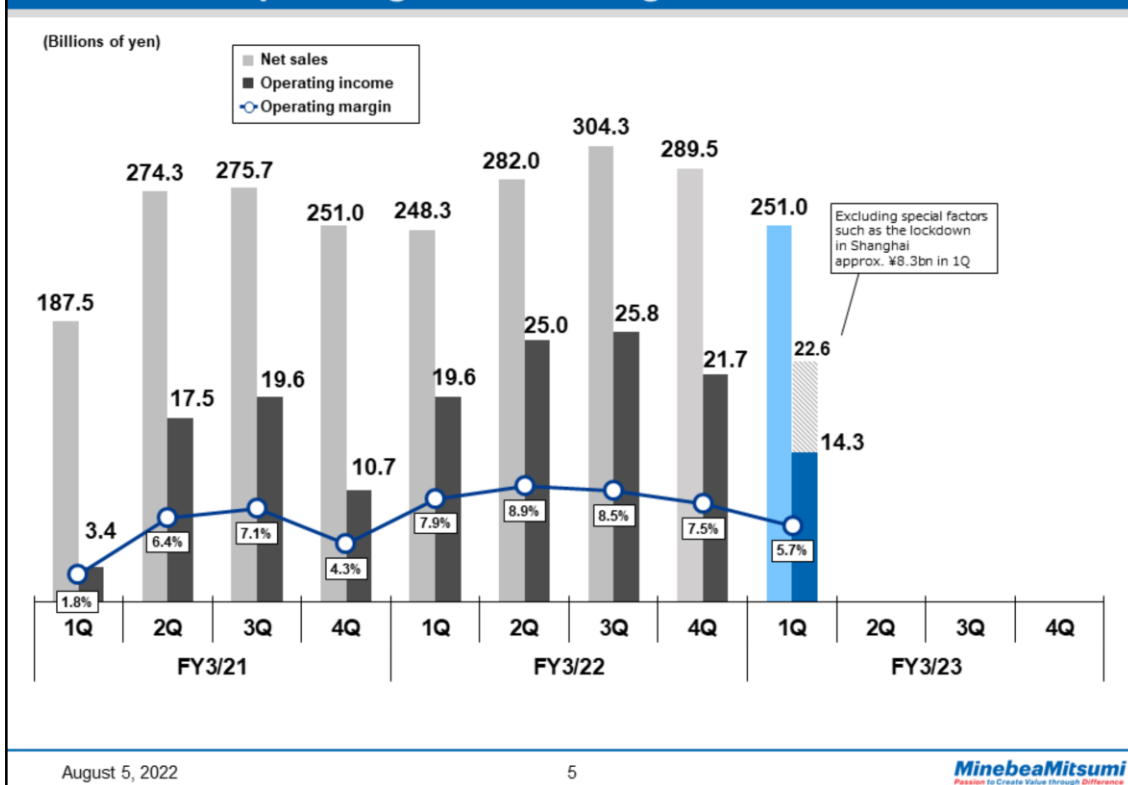
Consolidated net sales for the first quarter of the fiscal year ending March 31, 2023, was up 1.1% year on year and down 13.3% quarter on quarter to total 251,040 million yen.

Operating income down 27.4% and down 34.2% quarter on quarter to total 14,255 million yen. Profit for the period attributable to owners of the parent down 26.8% year on year and down 30.7% quarter on quarter to total 10,734 million yen.

Net Sales hit 1Q record high. In addition, operating income exceeded the initial forecast despite the impact of the lockdown.

We estimate that foreign currency translations have a year-on-year impact of plus 21.2 billion yen in net sales and plus 4.7 billion yen in operating income. Quarter on quarter impact was plus 14.2 billion yen in net sales and plus 2.4 billion yen in operating income.

Net Sales, Operating Income/ Margin



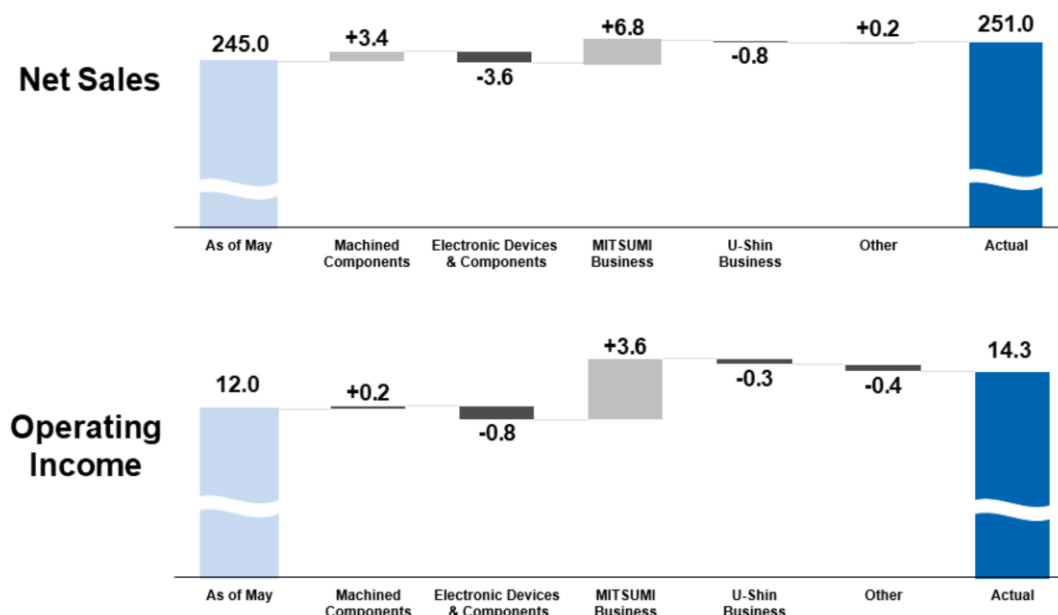
This is for quarterly trend in net sales, operating income and operating margin.

The operating margin for the fourth quarter was 5.7%, down 2.2 percentage point year on year and down 1.8 percentage points quarter on quarter.

If the loss of approximately 8.3 billion yen due to special factors such as the lockdown in Shanghai were excluded, the operating margin would be 9.0%, up 1.5 percentage points quarter on quarter.

1Q Actual: Differences from the Forecast as of May

(Billions of yen)



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

Net sales of the machined components were higher than projected mainly thanks to steady sales of ball bearings for data centers despite the impact of the lockdown in Shanghai.

Net sales of the electronic devices and components were lower than projected due to the impact of the lockdown in Shanghai, a lagging recovery in automotive motor sales caused by the semiconductor shortage, and a slowdown in smartphone backlight sales.

The MITSUMI business enjoyed higher-than-projected sales overall, mainly for mechanical components, semiconductors, and optical devices.

The U-Shin business experienced slightly lower-than-expected sales due to a slow recovery in automobile production.

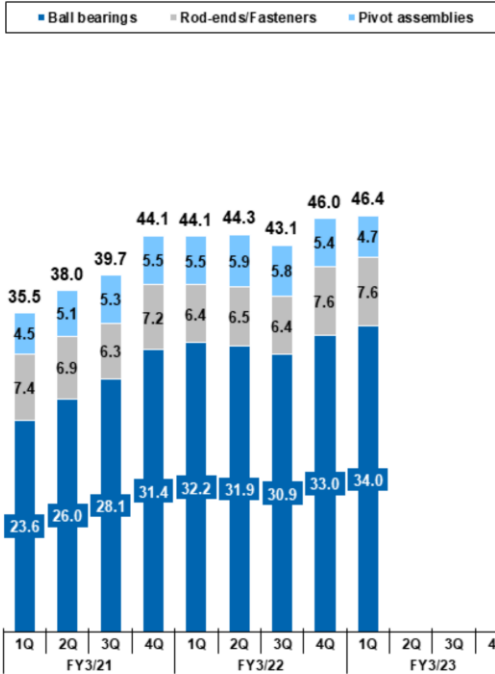
Operating income for the machined components was almost on a par with our forecast but was lower than projected for the electronic devices and components primarily due to the impact of the lockdown in Shanghai.

The MITSUMI business enjoyed higher-than-expected operating income thanks to increased sales of mechanical components and further improvement in the profitability of semiconductors.

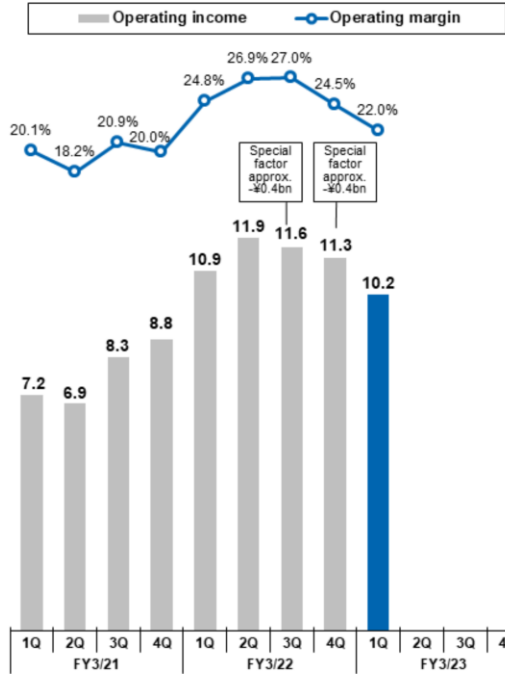
In the U-Shin business, quarterly operating income was almost on a par with our forecast although sales to the automobile industry started showing signs of recovery in June.

Machined Components

Net sales (Billions of yen)



Operating income (Billions of yen)



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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.

First quarter net sales increased 0.8% quarter on quarter to total 46.4 billion yen. Sales of ball bearings increased 3.2% quarter on quarter to total 34.0 billion yen. The monthly external shipment volume was down 3.9% quarter on quarter for an average of 222 million units. Net sales remained strong as sales began to rebound mainly in the automobile market although they were affected by the shortage of semiconductors and the lockdown in China. Sales of rod-ends and fasteners, totaling 7.6 billion yen, were up 0.1% over the previous quarter. Sales of pivot assemblies decreased 12.9% quarter on quarter to total 4.7 billion yen.

Operating income for the quarter totaled 10.2 billion yen, and the operating margin was 22.0%. On a quarter-on-quarter basis, operating income decreased 9.6% while the operating margin dropped 2.5 percentage points.

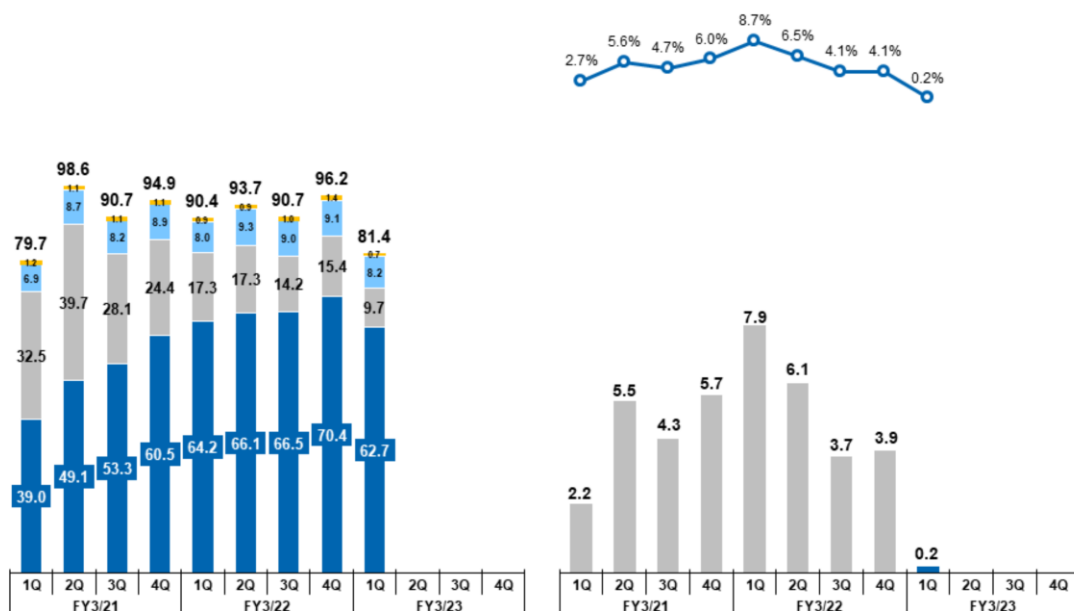
Electronic Devices & Components

Net sales (Billions of yen)

■ Motors ■ Electronic devices ■ Sensing devices ■ Other

Operating income (Billions of yen)

■ Operating income ○ Operating margin



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

Net sales decreased 15.4% quarter on quarter to total 81.4 billion yen.

Looking at the results by product, we see that sales of motors decreased 10.9% quarter on quarter to reach 62.7 billion yen. This is mainly due to the impact of the lockdown in Shanghai.

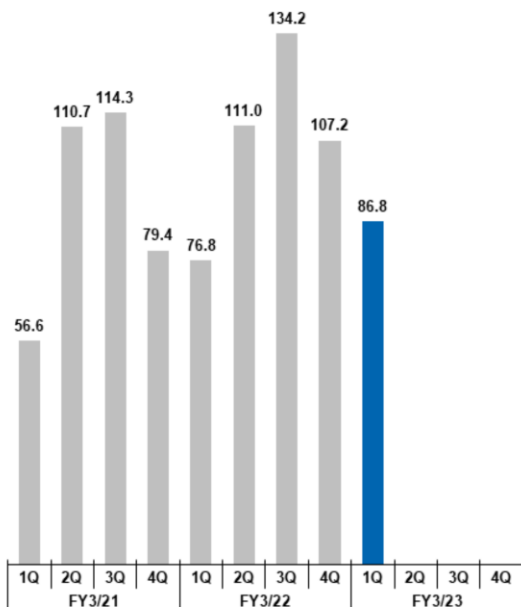
Sales of electronic devices were down 36.6% from the previous quarter to total 9.7 billion yen. This is due to declined sales of LED backlight models used by our key customers.

Sales of sensing device, totaling 8.2 billion yen, were down 10.0% from the previous quarter.

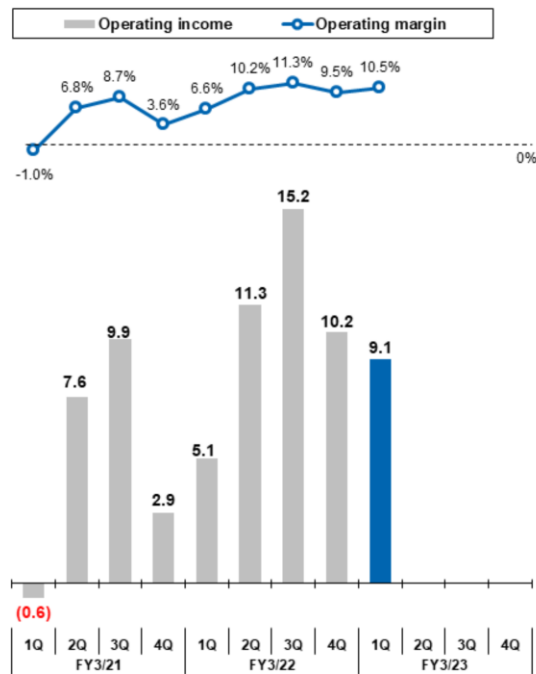
Operating income came to 0.2 billion yen, and the operating margin was 0.2%. On a quarter-on-quarter basis, operating income decreased by 95.0% while the operating margin decreased 3.9 percentage points.

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.

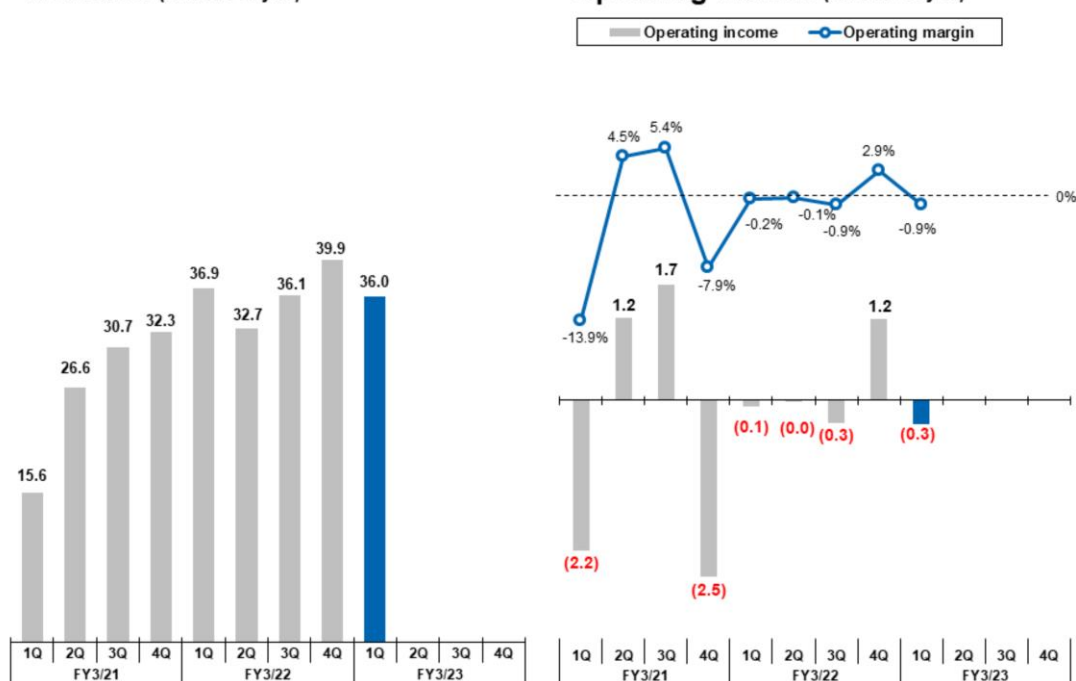
Net sales decreased 19.0% quarter on quarter to total 86.8 billion yen. This is primarily due to the seasonal drop in demand for optical devices and mechanical components.

Operating income totaled 9.1 billion yen while the operating margin was 10.5%. Operating income decreased 10.6% and the operating margin rose 1.0 percentage points quarter on quarter. This is due to a profit loss resulting from the aforementioned seasonal decrease in demand that brought sales down.

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.

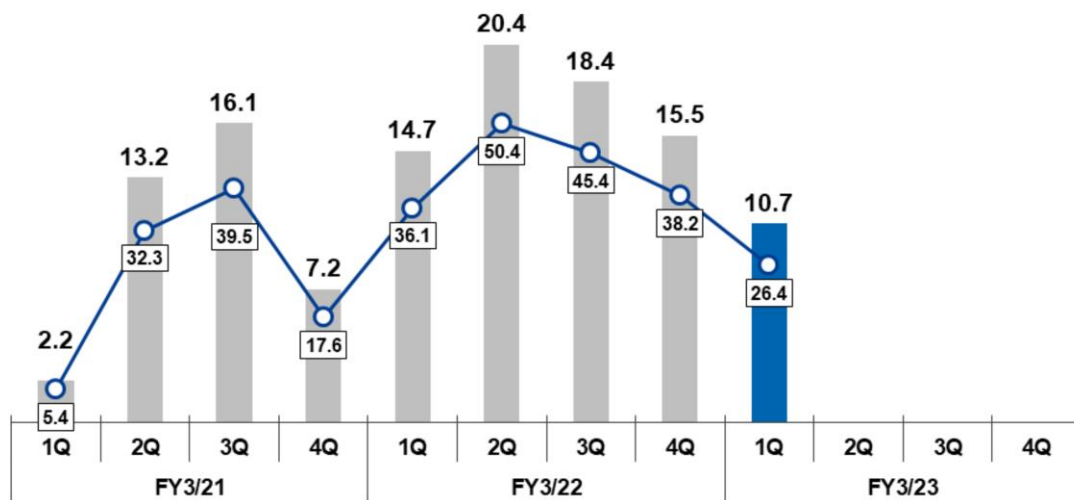
Net sales decreased 9.6% quarter on quarter to total 36.0 billion yen. This is mainly due to the lagging recovery in automobile production caused by the lockdown in Shanghai.

While our operating loss totaled 0.3 billion yen, and the operating margin was -0.9%.

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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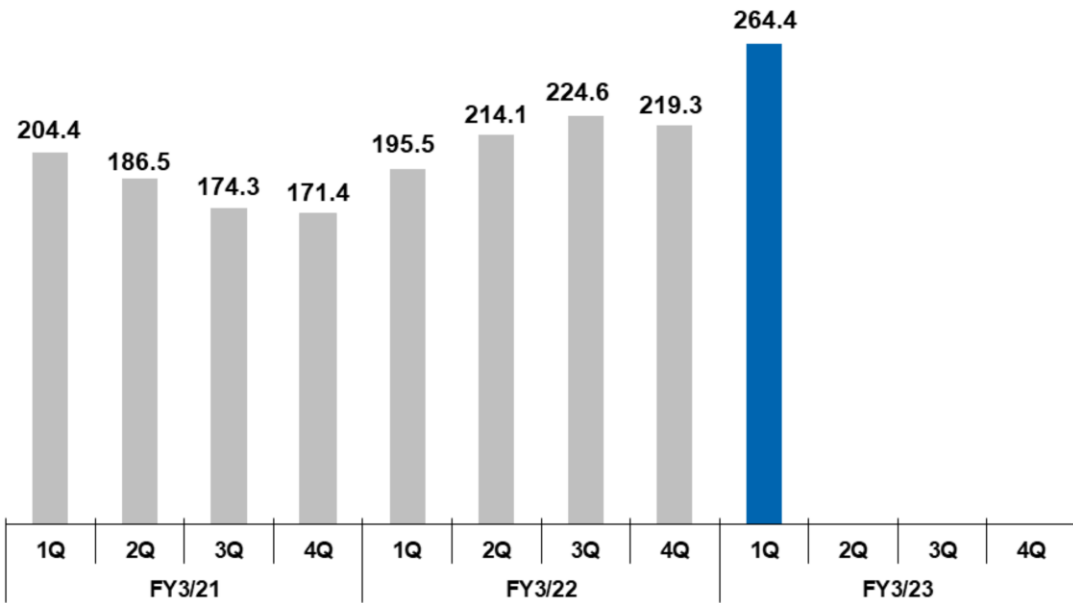
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The bar graph here shows trends in profit attributable to owners of the parent while the line graph chart changes in the profit for the period per share.
 The profit for the period was 10.7 billion yen.
 Earnings per share was 26.4 yen.

Inventory

(Billions of yen)



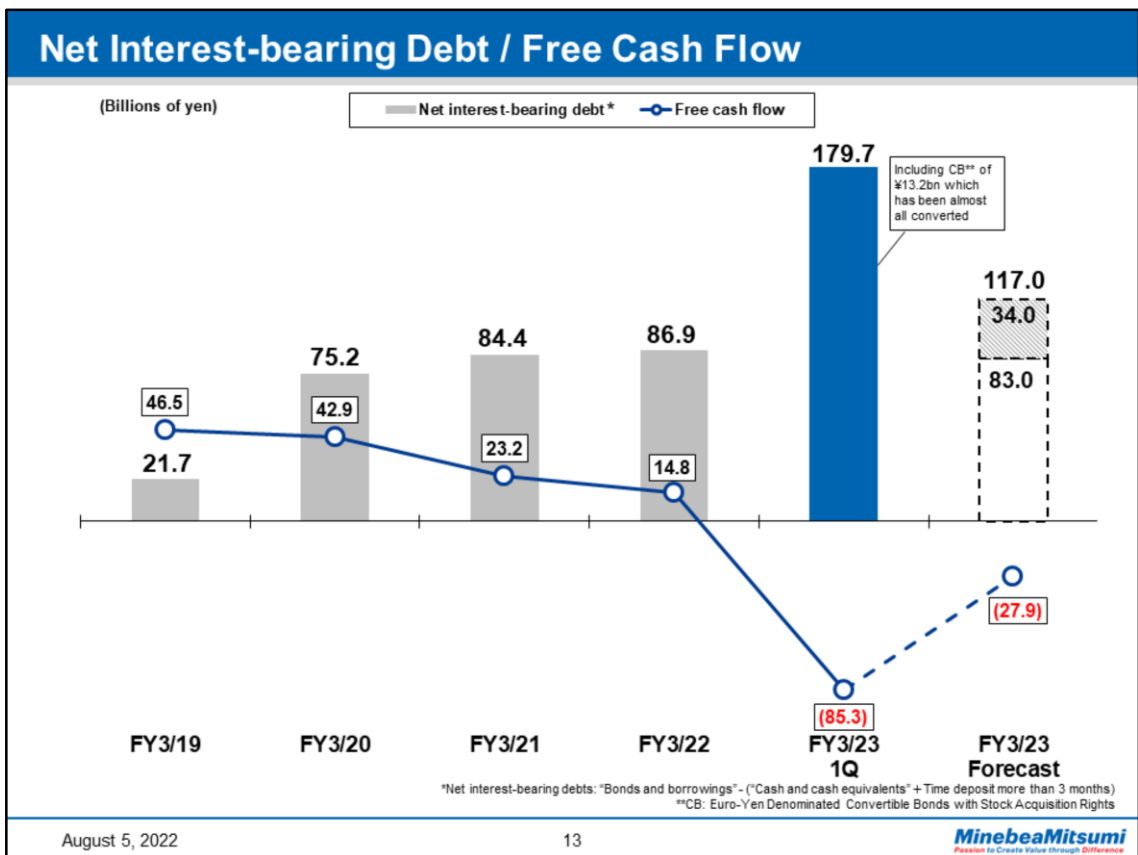
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Next we have the quarterly inventory trend.

At the end of the first quarter, inventory totaled 264.4 billion yen, which is 45.1 billion yen more than what it was three months ago. This is primarily due to foreign exchange effects as well as the fact that we strategically built up our inventory to secure enough stock to keep pace with growing sales of optical devices and other products that we currently expect.



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 first quarter, net interest-bearing debt, totaling 179.7 billion yen, was up 92.8 billion yen from what it was at the end of the previous fiscal year. This is mainly due to the expenditure for the purchase of the new headquarters building as well as the increase in inventories.

Of this amount, 13.2 billion yen of CB (Euro-Yen Denominated Convertible Bonds with Stock Acquisition Rights) has been almost all converted by due date of redemption of August 3.

At the end of the fiscal year ending March 2023, the net interest-bearing debt forecast is expected to increase from the end of the previous fiscal year. However, excluding the expenditures for M&A announced recently, the net interest-bearing debt forecast is expected to be at the same level as the end of the previous fiscal year.

Forecast for Fiscal Year Ending March 31, 2023

**There are various up and down factors,
but no need to change the initial plan**

(Millions of yen)	FY3/22	FY3/23			
	Full Year	1st Half	2nd Half	Full Year	YoY
Net sales	1,124,140	568,000	632,000	1,200,000	+6.7%
Operating income	92,136	41,000	61,000	102,000	+10.7%
Profit before taxes	90,788	40,500	60,500	101,000	+11.2%
Profit for the period attributable to owners of the parent	68,935	30,000	46,000	76,000	+10.2%
Earnings per share, basic (yen)	170.08	73.86	113.25	187.11	+10.0%

Foreign Exchange Rates	FY3/22 Full Year	FY3/23 2Q-4Q Assumptions
US\$	¥111.55	¥115.00
Euro	¥130.47	¥125.00
Thai Baht	¥3.44	¥3.48
Chinese RMB	¥17.35	¥18.50

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Although first quarter results exceeded our initial estimates, we made no revision to the full-year forecast for the fiscal year ending March 31, 2023, taking a cautious view of inflation and other changes in the macroeconomic environment.

The exchange rate is assumed to be 115 yen to the U.S. dollar.

Forecast for Business Segment

(Millions of yen)	FY3/22 Full Year	FY3/23			YoY
		1st Half	2nd Half	Full Year	
Net sales	1,124,140	568,000	632,000	1,200,000	+6.7%
Machined components	177,470	96,000	99,000	195,000	+9.9%
Electronic devices and components	371,023	184,500	210,500	395,000	+6.5%
MTSUM business	429,116	207,000	240,000	447,000	+4.2%
U-Shin business	145,577	80,000	82,000	162,000	+11.3%
Other	954	500	500	1,000	+4.8%
Operating income	92,136	41,000	61,000	102,000	+10.7%
Machined components	45,717	23,500	27,500	51,000	+11.6%
Electronic devices and components	21,561	4,500	15,500	20,000	-7.2%
MTSUM business	41,846	22,000	25,000	47,000	+12.3%
U-Shin business	732	500	3,000	3,500	x4.8
Other	-1,429	-400	-600	-1,000	-
Adjustment	-16,291	-9,100	-9,400	-18,500	-

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This slide shows the forecast by business segment.
This is all for my presentation.

Yoshihisa Kainuma

Representative Director, CEO & COO



Hello, I'm Yoshihisa Kainuma.

I will give a brief overview of our business update and explain our management strategy.

Overall

- **Achieved 1Q targets** despite the impact of Shanghai lockdown over a period of two months.
- **Took a cautious view of changes in the macroeconomic environment** such as inflation.
- New third growth strategy following organic growth and M&A. (explained later)
- Overview of M&A and our further growth strategies. (explained later)

Machined components

- Leveraged global production bases for ball bearings to absorb the impact of the Shanghai lockdown. Profits are now normalized. **Boosting production capacity as planned.**
- Aircraft components sales are as initially projected (expected to recover in 2H).

Electronic devices and components/ MITSUMI

- **Steadily working** to pass on to customers rising business costs for motors.
- Profits are expected to bounce back together with increased production, mainly of new products for automotive.
- **Optical devices, mechanical components, and analog semiconductors exceeded plan partly offsetting the impact of lockdowns in other businesses.** Fully prepared to ramp up production to meet rising demand.
- Analog semiconductors **remained strong.**

U-Shin

- Business was affected by customers' production cutbacks in April and May but turned around in June.
- European division also achieved almost break even in June.

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Operating income for the first quarter reached 14.3 billion yen, which was about 2 billion yen more than the initial forecast of 12 billion yen. We had expected that the Shanghai lockdown would significantly affect our financial performance. The two-month-long lockdown (April and May) was longer than we had expected and is estimated to have taken a toll of around 8 billion yen. If there had been no lockdown, our operating income would have been about 22 billion yen, so considering that, the results aren't all that bad.

Although we have bearing and fan motor factories in the Shanghai area, we were able to manufacture bearings at our other locations to supply our customers and quickly get production back on track, which helped improve profits. We also saw the aircraft industry bounce back in the first quarter, so our machined components business didn't suffer that much of a decrease of profits. On the other hand, I'm sorry to say that we were unable to cover the shortfalls in fan motor production with our other locations, such as the Cambodia plant. The two-month lockdown hit us really hard, with only 20–30% of our employees being able to report to work. Despite it all, we were able to generate operating income that was higher than initially expected 12 billion yen.

As I mentioned during the investor meeting in May, our M&A activity had increased after the transition to the "With Corona" strategy, and the three deals went ahead at once, as we just announced. I'll talk about them in more detail later on. There were some deals we didn't get to make because of travel restrictions, but at least we were able to announce those three deals.

Adhere to the initial plan (with possibility of transitory profits)

- The sale process of the Tokyo Headquarters in Mita is progressing well.
→ Possible gain on sale of property (not included)
- PPAs for M&As carried out this time will be conducted after closing.
→ Potential upside associated with negative goodwill (not included)

To be announced once it becomes clear.

(Millions of yen)

	FY3/22 Full Year	FY3/23			YoY
		1st Half	2nd Half	Full Year	
Net sales	1,124,140	568,000	632,000	1,200,000	+6.7%
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We have been seeing signs of recovery, with operating income for June exceeding 8 billion yen. In addition to that, since monthly sales are expected to exceed 100 billion yen during July to September, we decided to keep our operating income forecast for this fiscal year at 102 billion yen.

As noted on this slide, the sale of the Tokyo Headquarters building in Mita is in the final stages, and we may record a gain on it. There may also be a temporary gain as a result of the PPA following the closing of the M&A deals. I added this page to underscore that we are not really able to buy back shares due to these circumstances.

3 spears + 1



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Now I'll give you an update on the "three spears plus one" strategy under our Eight Spears strategy ("plus one" refers to a sub-core business).

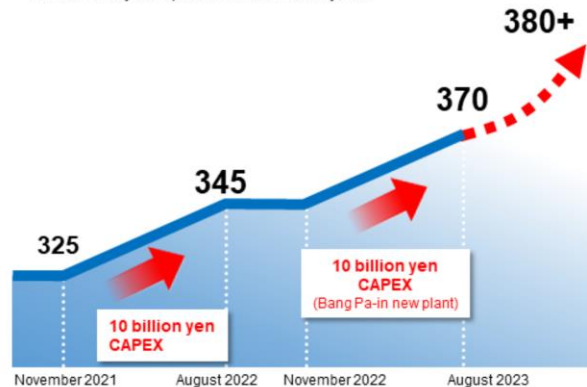
Strong performance maintained regardless of macroeconomic trends Despite a two-month shutdown at the Shanghai plant, initial plan is expected to be achieved

Keywords

- 1 Strong sales**
Increase usage per one car + increase market share, also for data centers.
- 2 Increased production**
Continue full capacity utilization. Further investment in mid-term.
- 3 Ensure healthy inventories**
To reduce air shipments and air cost, aim to build-up strategic inventory.

Miniature/small-sized ball bearing production capacity (million units/month)

Actual production volume will vary depending on number of days of operation in each country, etc.



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First of all, our ball bearing business is in very good shape. I have been told that sales of bearings for automotive applications grew about 14% last year and should increase by over 19% this year. Although the growth in automobile production is slowing, the number of bearings used per vehicle is increasing, and we believe that our market share is quickly rising. I think this is a stamp of approval from the automotive industry for our ability to always supply outstanding products.

While some have expressed concern about the slowdown in the data center market, the bottom line is that our bearings sales figures have not declined one bit. According to statistics on investments in property, plant and equipment in China this year, investments in real estate have indeed declined, but data communications investments are reported to have grown by about 20% in the first half of the current fiscal year. There is really nothing to worry about since we will be selling large quantities of fan motors and bearings as investments in data centers grow in China and elsewhere.

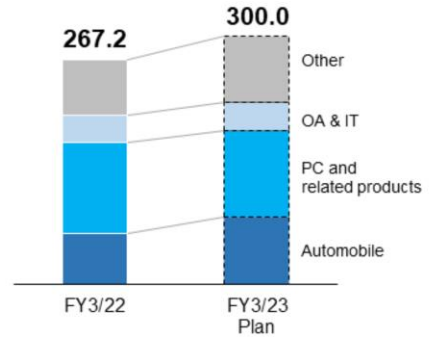
We've also seen a recovery in the aircraft industry, especially for Airbus. While we expect to see some ups and downs this year, we believe the machined components business will remain strong and generate more than 50 billion yen in operating income. We've already made investments to increase production capacity for ball bearings by 5 million units, taking us from 365 million units to 370 million units. I believe that we can achieve an operating income of 60 billion yen, which is one of our goals for machined components, in a year or two.

Sales expected to reach initial plan despite lockdown

Keywords

- 1 Sales recovery**
 Sales recovered in June and increase from August onwards. The effects of the price revision will be seen from now on.
- 2 Strong spindle for near-line**
 Negotiations with customers conducted successfully.
- 3 Continued growth for automotive**
 Increased market share in addition to increased usage per one car.

Motor Sales by Application (Billions of yen)



Examples of major motor products for autos/EVs

EV unique function	Environment	Safety	Comfortability
Resolver for traction motor Cooling fan for EV rechargeable battery	Active grill actuator Actuator for valves	DC motor for EPB LIN Bus Type Headlamp actuator	Stepping motor for HVAC Seat ventilation

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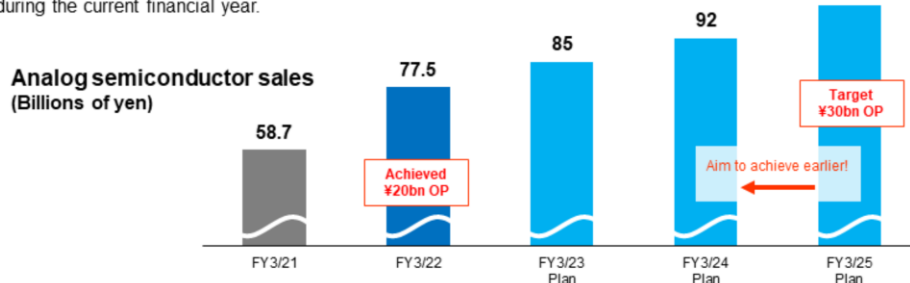
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Next, let's take a look at motors. As I mentioned earlier, our fan motor factory in Shanghai had a really tough time during the two-month lockdown, during which only 20% of employees were able to report to work. However, we expect the overall motor business to bounce back during June to September. We have finally started implementing the price revisions, which we had been asking our customers to agree to for some time, so profitability should improve as well. On top of that, sales of automotive motors have been quite upbeat. Sales to the office automation sector have unfortunately lost steam due to the semiconductor issue. Spindle motor sales are also falling off, but despite the drop in volume, the decline in earnings is not that great since profits come largely from near-line storage applications, mainly helium-filled models. We are almost certain that operating income for motors will hit 25 billion yen in a few years.

There are some up and down factors, but on track overall

Keywords

- 1 1Q plan achieved**
 Achieved initial plan despite Shanghai lockdown and semi-conductor shortage.
- 2 The annual operating profit plan is also expected to be achieved**
 Slowdown in PC/smartphones, etc., but covered by strong IGBT, automotive and medical applications.
- 3 Start-up of Shiga plant is on track**
 Production of battery protection ICs and IGBTs expected to start during the current financial year.



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Analog semiconductors are currently doing really well. While it's true that the business volume for cell phones has been shrinking recently, our operations aren't geared primarily to cell phones. We are still seeing a lot of interest in our IGBTs. On top of that, sales of products for automotive and medical applications are strong. Since we produce them in Japan, our target for this fiscal year is well within reach if exchange rates remain at the current level.

Once the Shiga plant goes on line, net sales of 100 billion yen and operating income of 30 billion yen, with a 30% operating margin, will be well within our grasp. I've heard rumblings about increasingly heated competition in the market, including with Chinese companies, but everything is going fine right now. On top of that, we have a lot of exciting new developments in the works. The Mitsumi semiconductor business' addition of ABLIC, the Shiga plant we took over from Omron, plus 60 new semiconductor engineers specializing in motors, has significantly boosted our semiconductor division's technological edge.

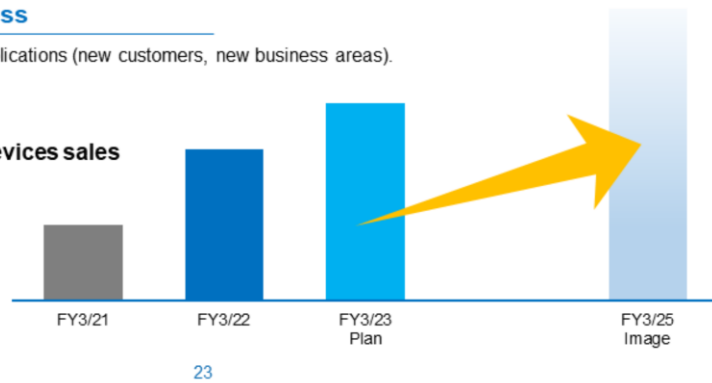
If operating income for motors reaches 25 billion yen and operating income for semiconductors 30 billion yen, analog semiconductors could become the second largest spear after bearings and switch places with motors in the Eight Spears' rankings.

Exceeding initial forecast

Keywords

- 1 Loading rate increase**
Significant growth in TAM of the key product, accompanied by a significant increase in sales.
- 2 Everything's ready**
Production prepared for the coming demand season - no problems.
- 3 Start new business**
Expansion into new applications (new customers, new business areas).

Image of optical devices sales



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I'm quite sure that we can expect our "plus one" business, optical devices, to be a profit engine with growing sales and new applications. Looking at operating income for three of our spears plus one, we can expect to generate over 130 billion yen in the near future, with 60 billion yen from machined components, 25 billion yen from motors, 30 billion yen from semiconductors, and the rest from smartphone-related products. For years, we relied on a single line of products, i.e., the ball bearings where it all started, for our earnings. The Eight Spears strategy has finally made it possible to generate steady profits.

Growth strategy

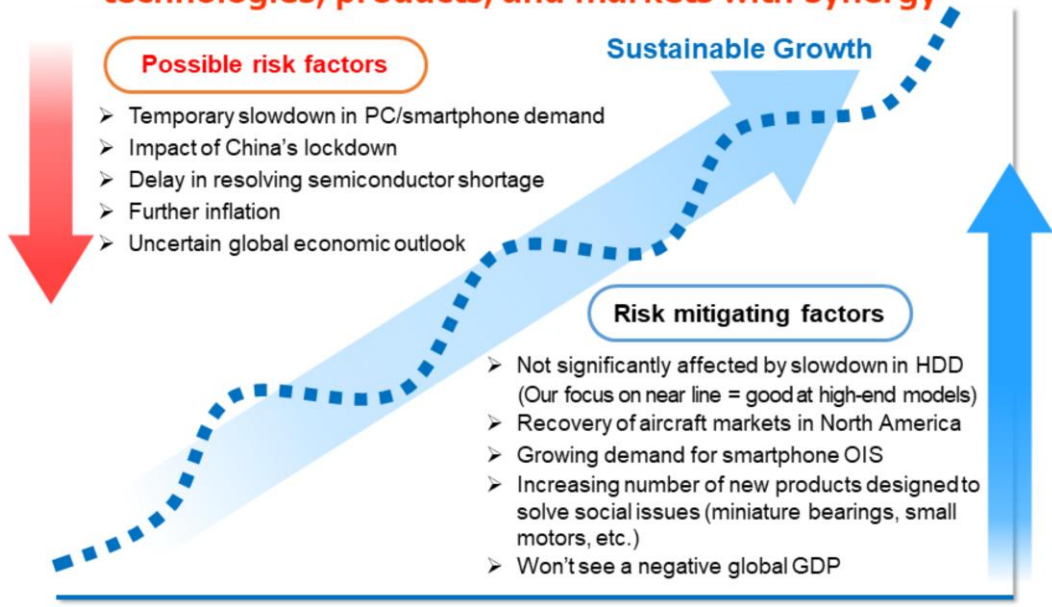


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Now let's look at the growth strategy from new perspective. It should give you some insight about the M&A deals we just announced.

Mitigate risk via INTEGRATION of various technologies, products, and markets with synergy



INTEGRATION means "combining" rather than "simple gathering." The Company will evolve its "core products" by combining and utilizing its proprietary technologies and will create new products in various fields through the INTEGRATION of the evolved products.









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When someone asks me what management is all about, I say it's about perpetuating it. I believe that the essence of business management is sustaining a company. Looking back over the past few years, you can see that we were able to make our highest profits ever while working against a widely varied backdrop that included growing demand for PCs from people staying home as well as sluggish aircraft and automobile markets. Sure, the demand from people staying home will likely subside, but on the other hand, the aircraft industry has been recovering. Our Eight Spears products have been increasingly adopted for cars employing new technologies. I have been continually emphasizing that resiliency can't be built on a single business line, and I think we've started to prove that point.

Because of the VUCA era...



- 1 Bearings 
- 2 Motors 
- 3 Analog semiconductors 
- 4 Access products 
- 5 Sensors 
- 6 Connectors/switches 
- 7 Power supply components 
- 8 Wireless/communications/software 

What is the definition of "Spear" ?

- 1. Products that are sold in a niche market within a big market
- 2. Products that can't be easily replaced via simple technological innovation
- 3. Products that can leverage our strengths
- 4. Products that can generate synergy with other "Spear" products

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Operating in the era of VUCA (Volatility, Uncertainty, Complexity and Ambiguity), an age of uncertainty that has forced industries across the globe onto a harrowing rollercoaster ride, we are continually trying to minimize risk. I'd even say, in that vein, our Eight Spears strategy, which seemingly focuses on a wide variety of products, is actually a selection and concentration strategy.

1 Organic Growth

- As global GDP grows, disposable income per person in the market rises.
- Sales of high-end functional products will increase the necessity for high-end components

2 M&A

- Integrate companies with synergies, mainly in the eight spears products

New

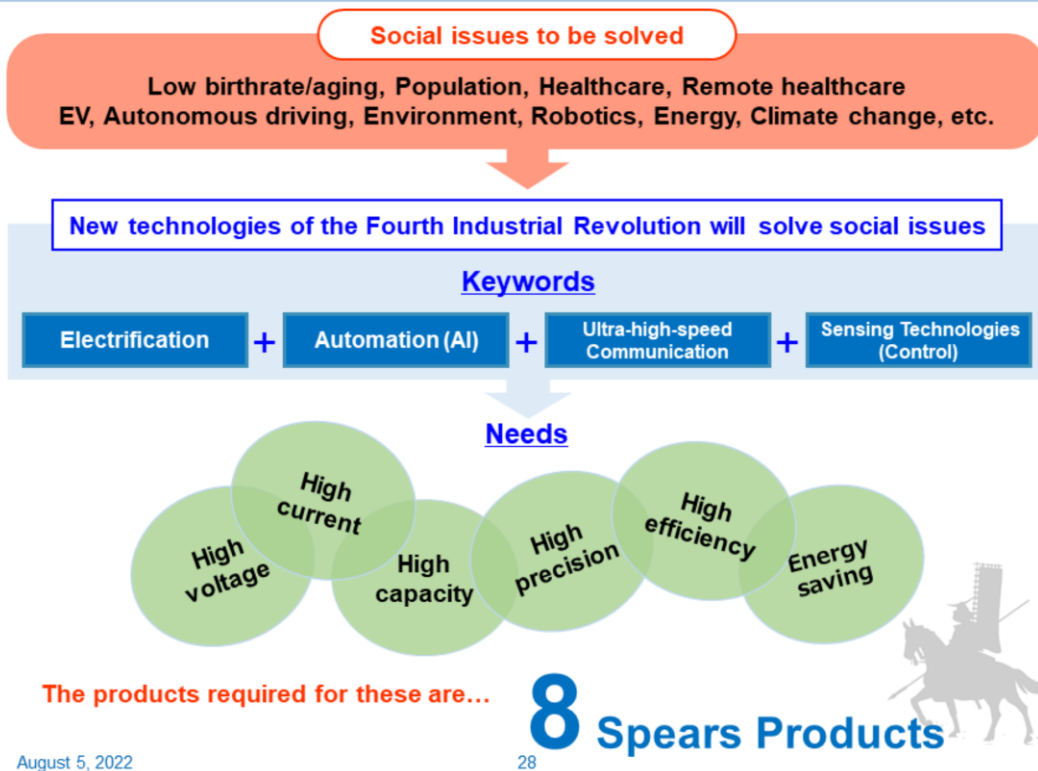
3 Development of Products and Supply of Parts that Solve Social Issues

- Close and inseparable relationship with the Eight Spears

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I've talked about these first two topics of organic growth and M&As in the past. As GDP grows, people's income and their disposable income increase. That generates a demand for better products. Better products in turn require better parts. That's why our sales have grown. Our ball bearing business has continued to grow over the last seven decades. Including the latest, we've made 23 M&A deals since I became president. Our sales increase have grown from 500 billion yen to 650 billion yen. Today I'll talk about the third topic, the "Development of Products and Supply of Parts that Solve Social Issues." This will be our number one growth engine and is closely related to our latest M&A deals.



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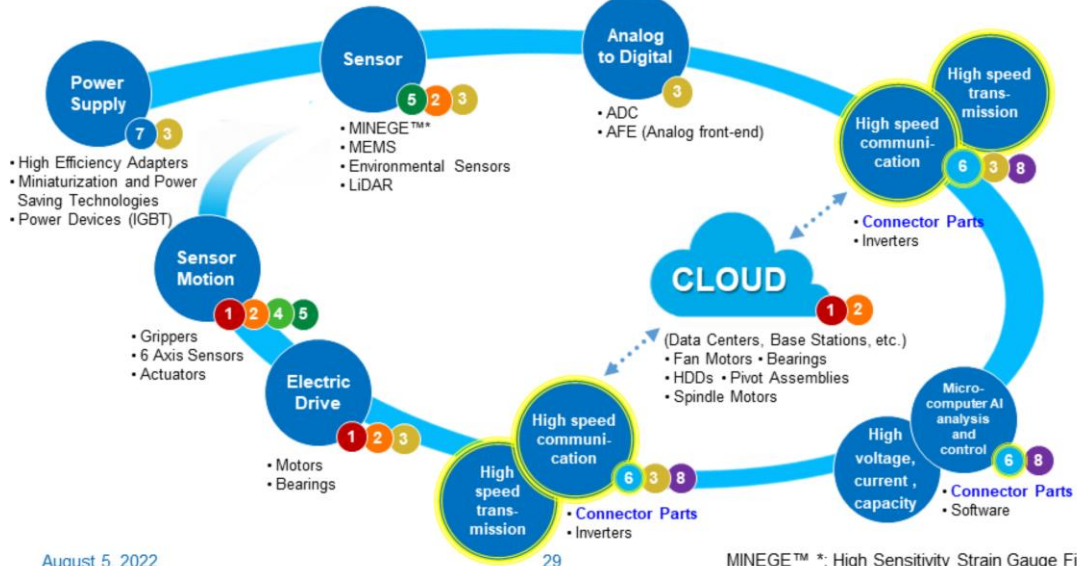
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Social issues include, as shown here, low birthrates and aging populations, population problems, healthcare problems, and many others. After carefully thinking about how we can solve these social issues, I realized that the answer lies in technology. Following the mechanization by hydraulic and steam engines at the end of the 18th century, the invention of electric power in the early 20th century, and automation in the 1970s came the recent Fourth Industrial Revolution, that includes IoT, big data, AI, and the super-smart society. Looking at these developments from a technological perspective, I believe the solutions to society's problems can all be boiled down to four technologies: electrification, automation, ultra-high-speed communication, and sensing. However, these technologies will be accompanied by various hurdles and requirements that have never existed before, such as the need for high voltage, high current, and high capacity products. Things at home will be totally different from what we are used to now. For example, the electricity voltage in a typical household is now 100 volts, but you will need 400 volts to charge an electric car.

Cultivate and INTEGRATE 8 Spears technologies to solve social issues



Autonomous driving and telemedicine as an example.



Let's look at telemedicine as an example. When a surgeon in Tokyo remotely operates on a patient in Osaka using a robot, obviously he needs electricity and a power supply. When the surgeon in Tokyo moves his fingers, his movements are detected by sensors, the analog information is digitized, and the information is delivered to the AI/microcomputer via ultra-high-speed communication. The information is then sent to Osaka via ultra-high-speed communication and high-speed transmission, where a robotic gripper equipped with motors that serves as the surgeon's fingers constantly senses and feeds back information as the surgery progresses.

As shown on this slide, our Eight Spears products are closely related to every step of this process. In other words, social issues cannot be solved without high-end, lightweight, thin, compact, and ultra-precision parts. The same goes for autonomous driving as well, where a vehicle is running while its sensors are monitoring the environment.

These products and services that solve social issues will have huge markets. I'm looking forward to seeing MinebeaMitsumi products being used in these products and services, INTEGRATED with one another, and creating sales synergy.

New M&A deals



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Two of the latest three M&A deals are for the connector business. I previously mentioned that we would focus on strengthening and developing our Eight Spears in the areas where we have a competitive advantage and can leverage our INTEGRATION strategy. I see connectors as a core business that will play an important role in the Fourth Industrial Revolution and one of the spears I have been hoping to strengthen.

1. Outline of HONDA TSUSHIN KOGYO CO.,LTD.



Name	HONDA TSUSHIN KOGYO CO.,LTD.			
Address	Osaki MT Building, 5-9-11, Kitashinagawa, Shinagawa-ku, Tokyo, Japan			
Title and Name of Representative	Kinji Kashio, President and Representative Director			
Description of Business	Manufacture and sale of electronic components (connectors), system design, and software development			
Capital	1,501,750,000 yen			
Date of Establishment	June 14, 1947 (founded in 1932)			
Major Shareholder & Shareholding Ratio	Panasonic Holdings Corporation 21.67%			
Operating Results, Financial Positions for the Last 3 Years (million yen)		FY3/20	FY3/21	FY3/22
	Net Sales	14,923	14,857	18,451
	Operating Income	237	▲74	875
	Net Assets	11,314	11,004	11,697
	Total Assets	14,726	14,505	16,261

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First off is HONDA TSUSHIN KOGYO, which is a listed company, but its overseas operations are small. Panasonic owned a 20-percent stake in the company but positioned it as a non-core business. HONDA TSUSHIN KOGYO was aiming to harness its ultra-high, high-capacity connectors with an eye to growing but lacked factories and was facing financial difficulties.

We are hoping to operate the connector business together if our takeover bid is accepted. Please see our website and other sources for more information.

2. Outline of SUMIKO TEC CO., LTD.



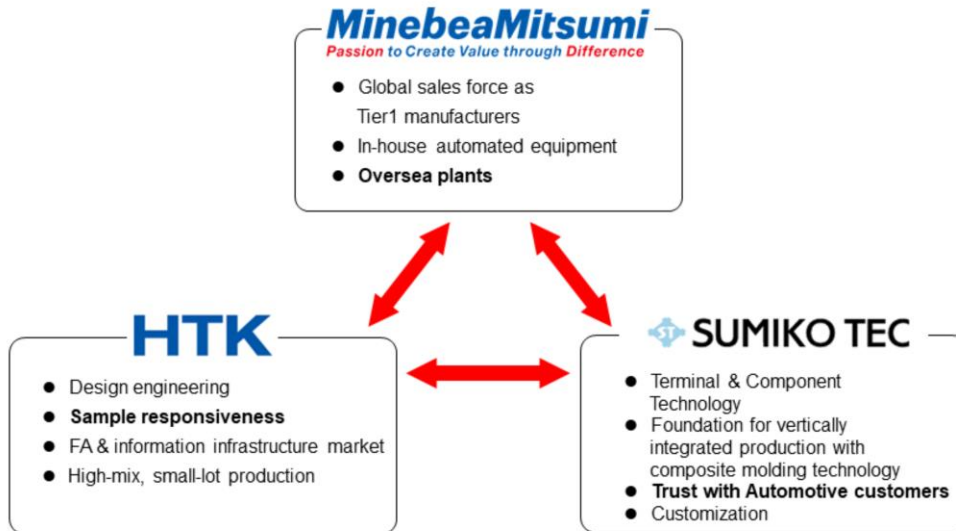
Name	SUMIKO TEC CO., LTD.
Address	4F, Prime Shin-Yokohama Building, 2-3-19, Shin-Yokohama, Kohoku-ku, Yokohama-shi, Kanagawa, Japan
Title and Name of Representative	Yoshiyuki Ebihara, President & Representative Director
Description of Business	Manufacture and sales of Various Terminals, Connectors and related components for electronic and electrical equipment.
Capital	490 million yen
Date of Establishment	March 1, 1990
Major Shareholder & Shareholding Ratio	Sumitomo Metal Mining Co., Ltd. 100%
Major Business Items	<ol style="list-style-type: none"> 1. Crimping Terminals, Connectors and other various Terminals. 2. Connector function installed in mechanical parts and related stamping parts and molded parts. 3. Crimping machine, Applicator and it's parts, jigs and tools.

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Another company is SUMIKO TEC. Its parent company, Sumitomo Metal Mining, owns copper mines, and its main business is copper smelting, so I assume that it has positioned SUMIKO TEC as a non-core company. While SUMIKO TEC has no factories outside Japan, I've got a feeling that they can do a better job than we can with their connector manufacturing technology that's light years ahead of ours. While it has the capability to make samples in Japan with short lead times according to customers' requirements, I believe its business model entails outsourcing mass production.

Achieving synergy in technology, production, and sales to global niche top connector manufacturers



Note: MinebeaMitsumi Group resolved at its Board of Directors meeting on July 29, 2022 to commence a TOB of HONDA TSUSHIN KOGYO's stock to make it a wholly owned subsidiary and to conclude the share transfer agreement to acquire all shares of SUMIKO TEC. This document contains synergies and other future projections that are expected if both transactions are consummated as planned, but both transactions will be considered and implemented as independent transactions. The same applies hereinafter.

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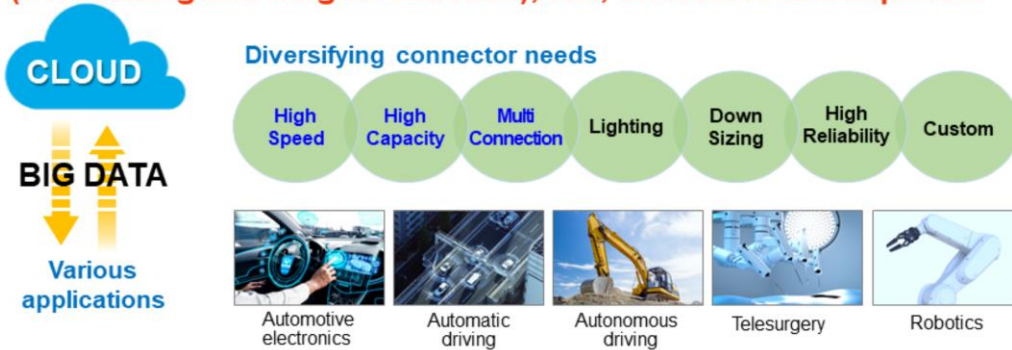
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This diagram shows how MinebeaMitsumi can work together with these two companies.

As you are aware, we have major operations overseas. We also have about a third of our Cambodian plant's third building available and an edge in low-cost mass production know-how in Thailand. As we move into the era of ultra-high-speed communications, many special connectors will be required to accommodate various shapes and signals. MITSUMI's connectors have always been more mass-produced products such as Type-C™ and FAKRA, and we've been working in a market where it is difficult to keep our head above water in what's practically a red ocean. We believe these mergers could pave the way to success in connectors in the same way bearings and analog semiconductors made us a "global niche top company."

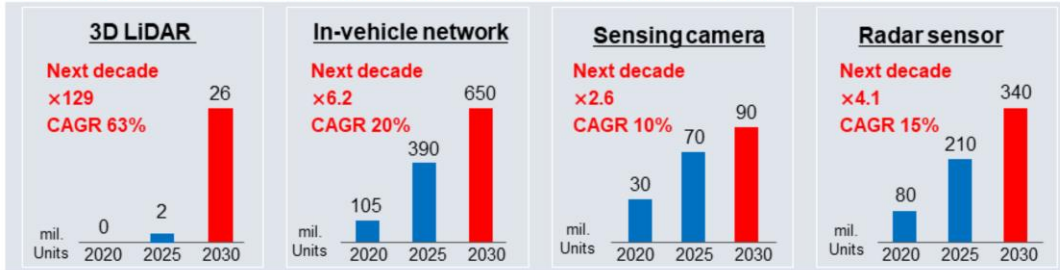
Japanese companies today must look out for Japan by passing on their home-grown technology to future generations. Many smaller companies are competing with one another in both the analog semiconductor industry and the connector industry. My main goal is to lay a foundation for building a bigger presence in Japan's parts industry and forming more alliances. I believe that the two companies that we made M&A offers to are on board with that plan.

As high-speed transmission advances, needs for signals, shapes (downsizing and weight reduction), etc., diversifies and expands.



As examples, connectors and their growth potential with expanding needs in automatic driving

Based on our research

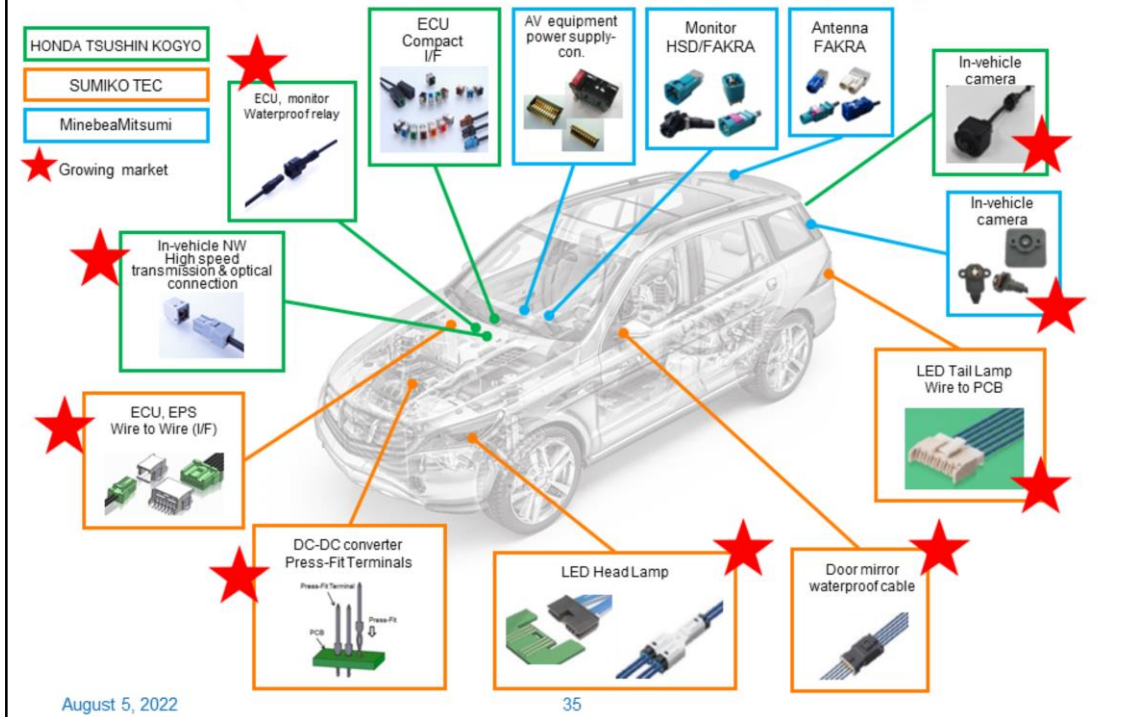


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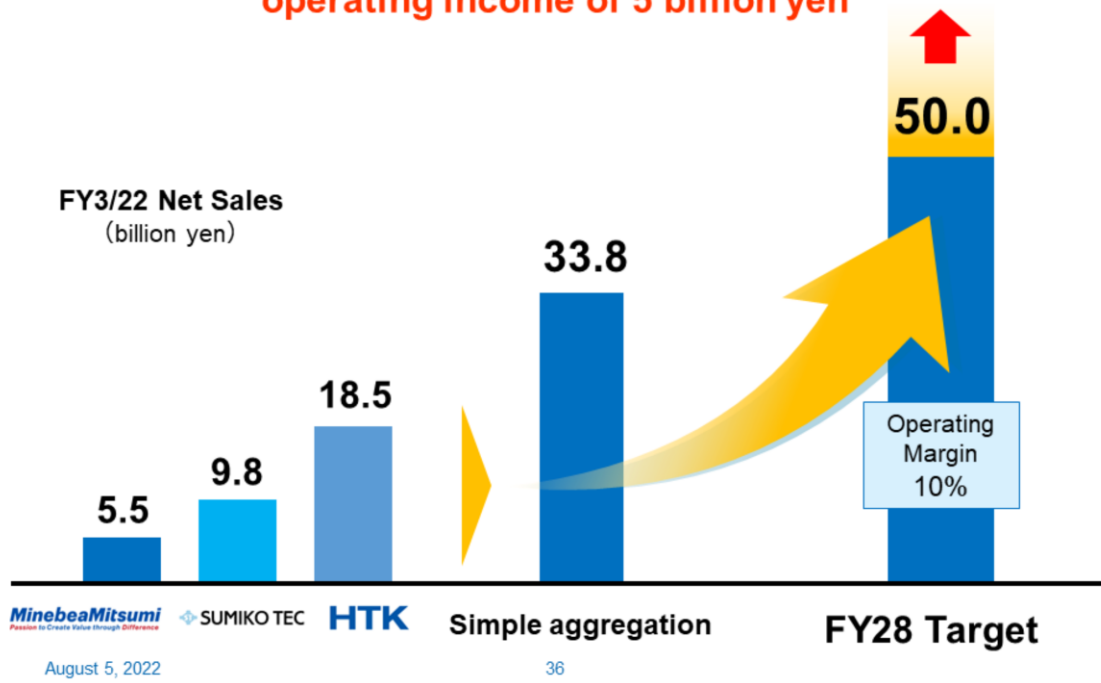
In the Fourth Industrial Revolution, various devices will be made smarter and used for telemedicine, autonomous driving, and more. Here are just a few examples. Data will be transmitted via high-speed, high-capacity links. That will require connections tailored to various applications, create diverse needs, such as signal types, downsizing, and weight reduction, and increase data volumes. As you can see in these CAGRs, 3D LiDAR, in-vehicle networks, and sensing cameras are areas that have tremendous growth potential. We will quickly respond to market growth that will be brought about by dramatic changes in these applications.

Various product lineups to meet diversifying and expanding needs



As shown in this picture, there is no overlap in product lines, so we can expect synergy. The latest M&A deals will greatly expand the product lineup for our connector business. This as well as our ongoing efforts to boost our competitive edge in quality and price should increase our market presence.

Aiming for sales of 50 billion yen and operating income of 5 billion yen



We set an initial target of 50 billion yen in net sales by FY 2028. When we simply add up current sales figures, the total comes to 33.8 billion yen, and that's in the midst of a pandemic. We should be able to reach our target even earlier once automobile production recovers. This slide is included just so you can visualize our current target.

3. Outline Honda Lock Mfg. Co., Ltd.



Name	Honda Lock Mfg. Co., Ltd.				
Address	3700, Shimonaka, Sadowara-cho, Miyazaki-City, Miyazaki, Japan				
Title and Name of Representative	Noboru Takahashi, President & Representative Director				
Description of Business	Manufacture and sale of key locks, outer door handles and mirrors mainly				
Capital	2.15 billion yen				
Date of Establishment	April 5, 1962				
Major Shareholder & Shareholding Ratio	Honda Motor Co., Ltd. 100%				
Operating Results for the Last 4 Years (million yen)		FY3/19	FY3/20	FY3/21	FY3/22
	Net Sales	121,915	114,732	95,804	93,538
	Operating Income	6,706	5,651	1,846	2,126
	Profit Before Income Taxes	6,972	6,286	1,954	2,876
	Profit for the Year Attributable to Owners of the Parent	2,681	3,346	20	834

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Finally, let's look at Honda Lock.

Honda Motor is seriously pursuing the realization of a flying car, where our products like rot-ends should come into play. Likewise we can also expect various business opportunities in the EV Honda Motor is developing with Sony. I think this is our ticket to being a Tier1 supplier for major Japanese OEMs.

U-Shin has the advantage of dealing with Mazda and Suzuki, and now we have Honda Motor. We also do business with Nissan, to which we have long been a Tier1 supplier, in the antenna business, which I'll touch on later. I'm very grateful that we became partners and got the opportunity to open the door to selling products that meet the needs of the times.

Establish Tier1 position and expand customer base

Products

Strengthen synergies in the access products business

- Mainly key locks, outer door handles and mirrors.
- **Product areas overlap with U-Shin** except for mirrors.

Sales

Expand Tier1 biz due to different customer bases

- Full-scale entry into the Honda supply chain.
- **Domestic access products and automotive products to become three pillars.**

Locations

Strengthening global responsiveness by complementing each other's regions of presence

- Manufacturing and R&D bases located **in the Americas (strengthening entry into the US car market).**
- Establish **global development and supply system.**

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Another point I would like to emphasize is that U-Shin has locations in Europe, Japan, China, Brazil, etc. while Honda Lock operates factories in the U.S. with engineers working there, so we now have the capability to supply products all around the world. The U.S. still makes a huge number of cars, which will shift to new types of automobiles like EVs, so there are big business opportunities to be had. Gaining business locations there is a big plus for us.

Greatly increase Tier1 business opportunity

Automotive Product (Antenna) Business

Receive Nissan Global Innovation Award

High-precision GNSS Antenna

Realize autonomous driving by high-precision positioning within a meter.
 Solve social issues such as low birthrate and longevity and labor shortage.



(OEM for Leading Automaker)
 Large order of antenna business

Increase market share among customer's group company
 by entering Chinese market



For built-in



For roof mounting

Resolver

Resolver for traction motor



※ Electronic Devices
 and Comp. Segment

Cooling fan for rechargeable battery

Cooling fan for EV rechargeable battery



※ Electronic Devices
 and Comp. Segment

Other Tier1 Business

1. CPD (Charge Port Door)
2. Detection system of infant left in vehicles

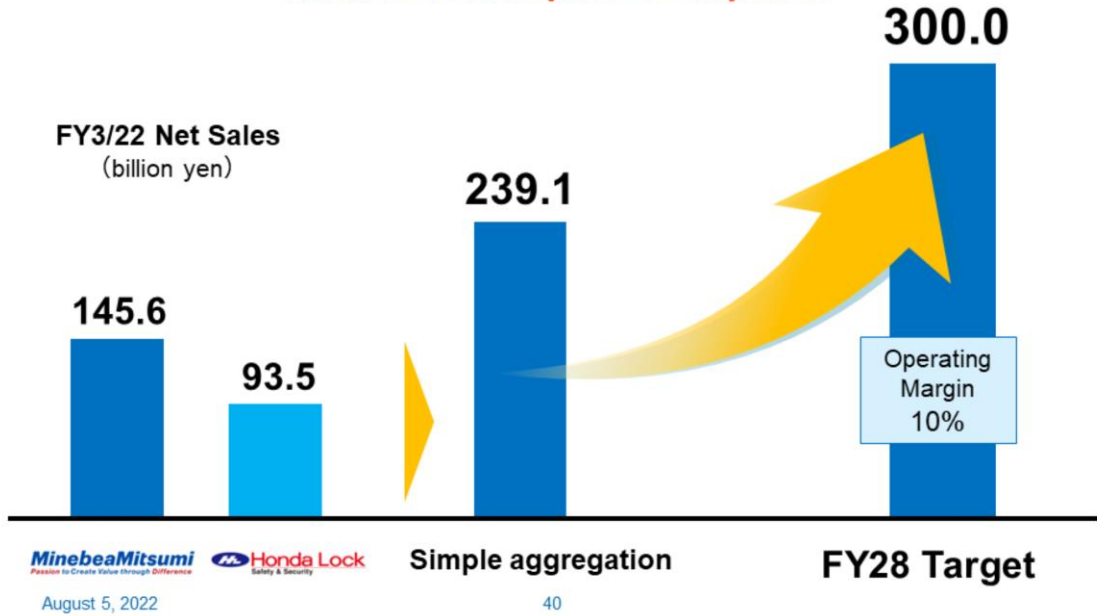
Utilize Tier1 position and expand business by integration

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We'll expand the Tier1 business. While we currently supply a number of products to Tier1 manufacturers, we also supply products as a Tier1 manufacturer (i.e., supplying products directly to automobile OEMs). These include U-Shin products, Honda Lock products once the M&A deal is finalized, and antennas, etc. The antenna we announced on August 4 received the Nissan Global Innovation Award for sub-meter accuracy. We also received a large order for our shark-fin antennas from an OEM for a leading automaker. We can expect to sell these products to Honda Motor, along with other products such as resolvers, cooling fans for rechargeable batteries, and charge port doors for EVs.

**Aiming for sales of 300 billion yen and
operating margin of 10%
Become a firm part of 8 spears**



Our targets for access products are an operating margin of 10% and net sales of 300 billion yen. If we simply added the two companies' figures, current sales would total 239.1 billion yen. Considering that these are pandemic figures and that automobile production hasn't fully bounced back yet, 300 billion yen doesn't seem like a very high bar. Although the slide says it's a target for FY 2028, we should be able to achieve it much sooner than that.

Name of New Tokyo Base and Shareholders Return, etc



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Finally, I'd like to give you some updates.

MinebeaMitsumi Tokyo X Tech Garden

Location	1-9-3 Higashi Shimbashi, Minato-ku, Tokyo, Japan
Site area	5,518.54m ²
Total floor area	53,078.82m ²
Acquisition amount	73.2 billion yen
Date of the conclusion the sale and purchase agreement	December 24, 2021
Date of property transfer	April 15, 2022
Move in	In March 2023 (plan)



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We have named our new building MinebeaMitsumi Tokyo X Tech Garden. Cross-tech (i.e., X tech) refers to things that connect existing products with IoT and AI. The name of the new building implies that it will serve as a monument for our vision to INTEGRATE not only technologies but also people as we hire more engineers for the future of people and technology. From now on, we will call it X Tech, instead of the Tokyo Headquarters building.

99.9% converted into shares, allocated by treasury stock

(Reference)

Euro-Yen Denominated Convertible Bonds with Stock Acquisition Rights

Exercise due date	July 20, 2022
Maturity date	August 3, 2022
Conversion price	2,068 yen
Amount of issue	20.0 billion yen
Total conversion claims	19.98 billion yen
Redemption amount at maturity	0.02 billion yen
Shares issued upon conversion	9,661,000 shares
Balance as of June 30, 2022	13.2 billion yen

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99.9% of the convertible bonds issued by MITSUMI ELECTRIC before the merger were converted by the due date and treasury stock were allocated. The balance of net interest-bearing debt I showed you earlier is the figure as of the end of June, and I would like to point out that 13.2 billion yen coming from the convertible bonds is no longer outstanding as of today (they have been either converted or redeemed).

Shareholder return policy unchanged

Share buyback

It will be implemented as appropriate to improve shareholder returns and equity efficiency and to promote an appropriate and dynamic financial strategy that reflects our financial standing and other factors.

Dividends

We determine the annual dividend with a target consolidated payout ratio of around 20% in principle. Also, we will maintain a sustainable and stable dividend in total consideration of business environment.

There are no changes to our shareholder return policy.



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.

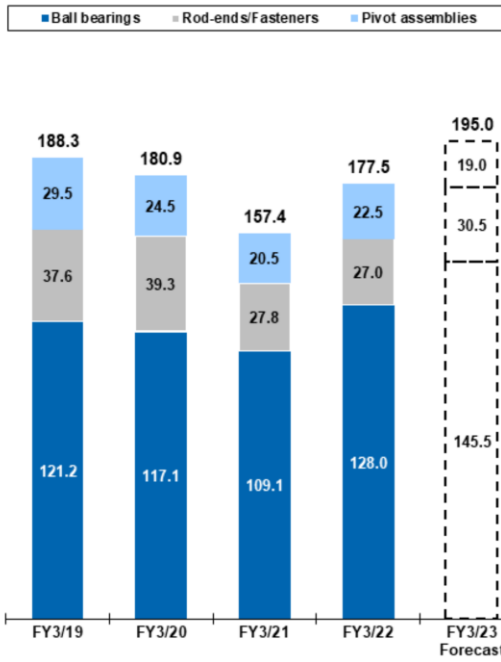
Factors affecting our actual performance include but are not limited to: (i) changes in economic conditions or demand trends related to MinebeaMitsumi's business operations; (ii) fluctuation of foreign exchange rates or interest rates; and (iii) our ability to continue R&D, manufacturing and marketing in a timely manner in the electronics business sector, where technological innovations are rapid and new products are launched continuously.

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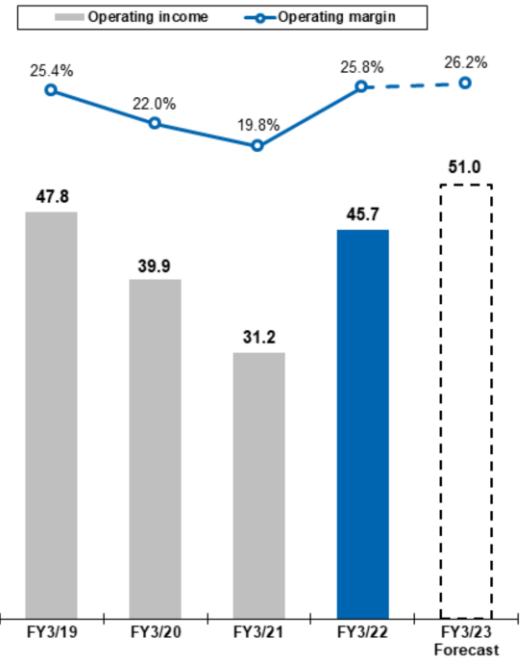
Reference

Machined Components

Net sales (Billions of yen)



Operating income (Billions of yen)



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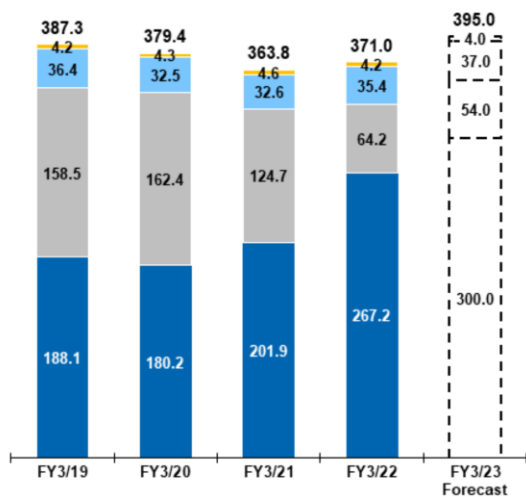
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MinebeaMitsumi
Passion to Create Value through Difference

Electronic Devices & Components

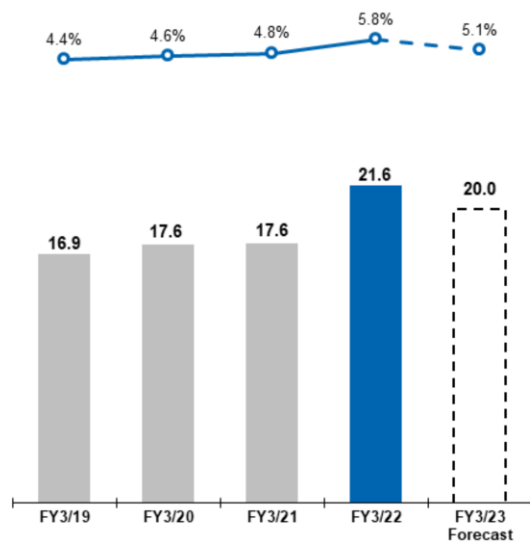
Net sales (Billions of yen)

■ Motors ■ Electronic devices ■ Sensing devices ■ Other



Operating income (Billions of yen)

■ Operating income ● Operating margin



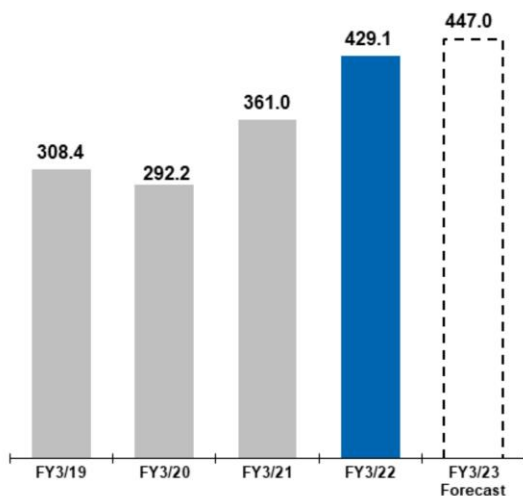
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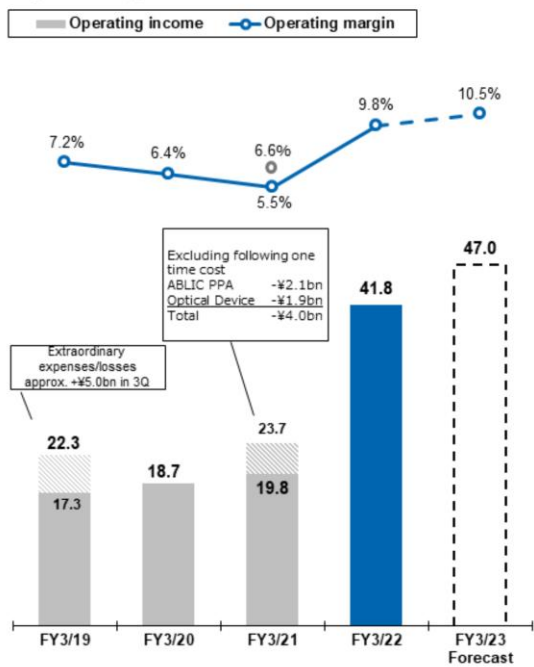
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MITSUMI Business

Net sales (Billions of yen)



Operating income (Billions of yen)



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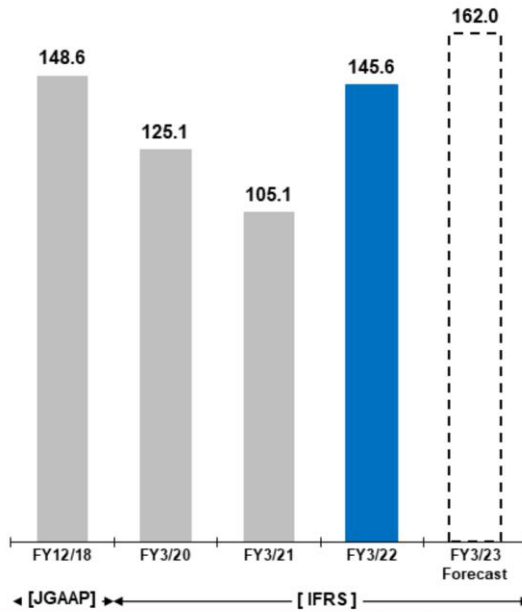
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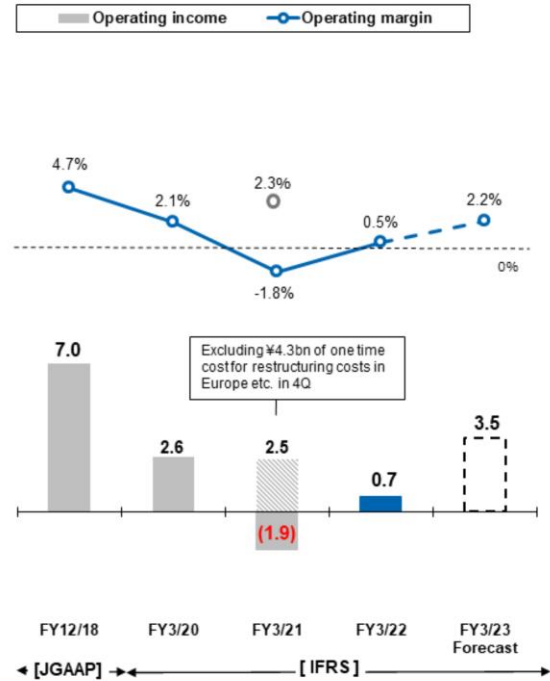
U-Shin Business

As a result of change of the fiscal year end, both net sales and operating income of FY12/18 are pre-merger results. FY3/20 does not include Jan.-Mar. 2019 results. JGAAP until FY12/18

Net sales (Billions of yen)



Operating income (Billions of yen)



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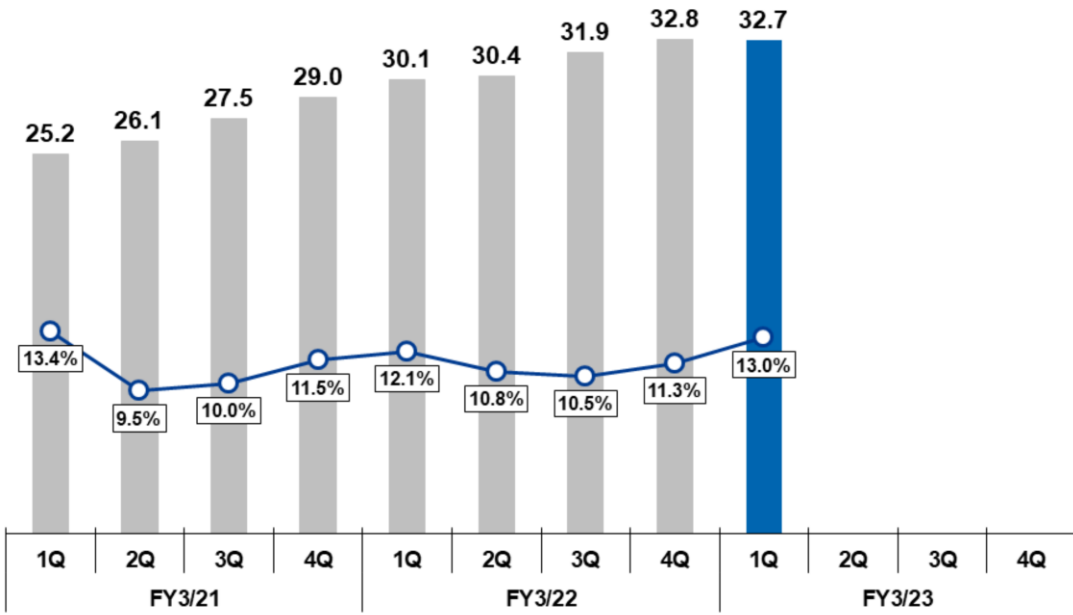
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S.G.&A. Expense / Ratio

(Billions of yen)

■ S.G.&A. expenses

● S.G.&A. to sales ratio



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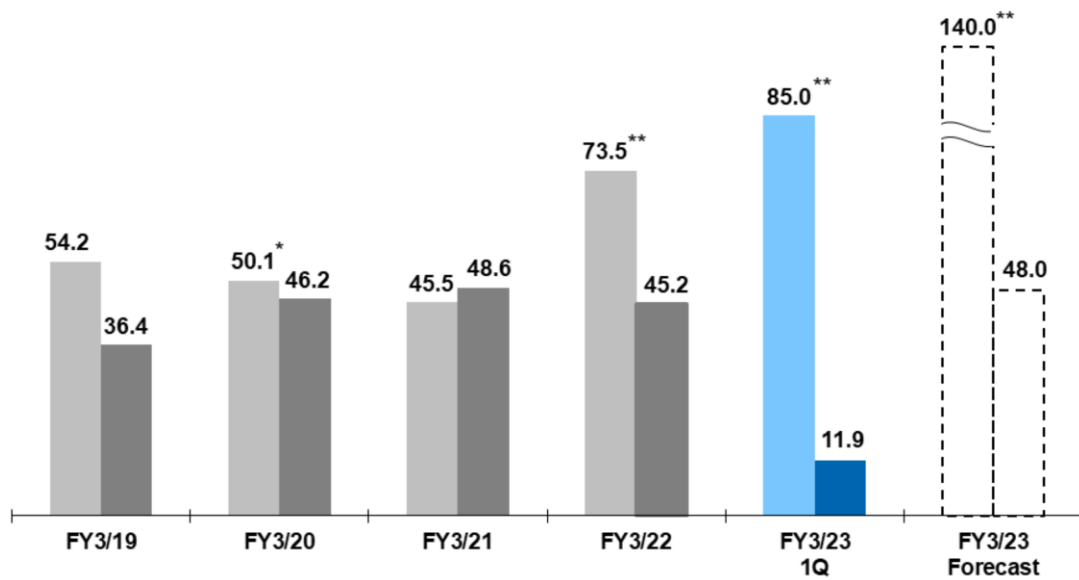
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Capital Expenditure / D&A Expense

(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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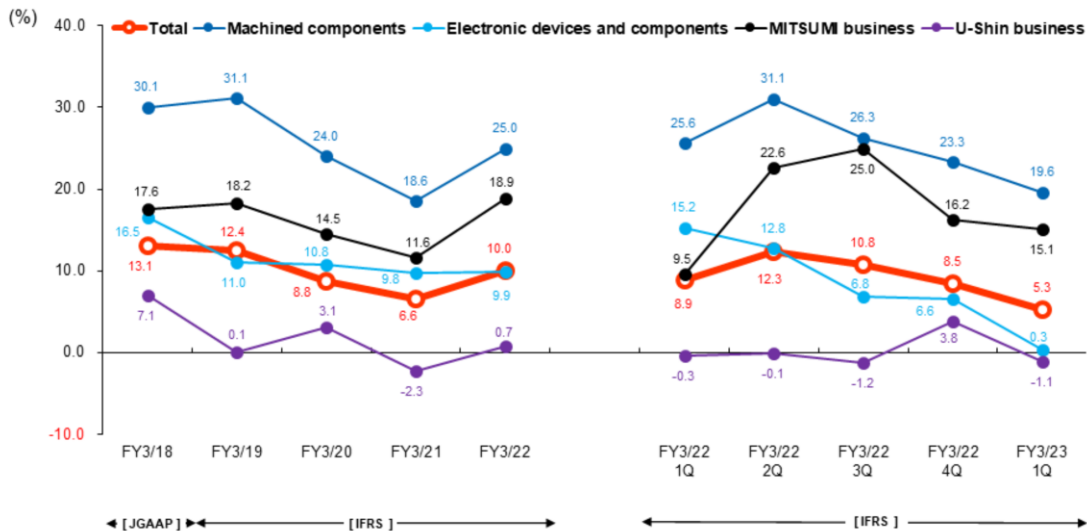
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ROIC (Return On Invested Capital)

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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