

Business Results

Second Quarter of Fiscal Year
Ending March 31, 2023

MinebeaMitsumi Inc.

November 2, 2022

1. Financial Results

2. Business Update & Management Strategy

Financial Results

Katsuhiko Yoshida

Director, Senior Managing Executive Officer

Summary of Consolidated Business Results for 2Q

Net sales hit a quarterly record high
Operating income hit a 2Q record high

(Millions of yen)	FY3/22	FY3/23		Change	
	2Q	1Q	2Q	YoY	QoQ
Net sales	281,955	251,040	330,021	+17.0%	+31.5%
Operating income	25,005	14,255	26,394	+5.6%	+85.2%
Profit before taxes	24,716	14,274	28,184	+14.0%	+97.4%
Profit for the period attributable to owners of the parent	20,393	10,734	20,060	-1.6%	+86.9%
Earnings per share, basic (yen)	50.36	26.43	48.62	-3.5%	+84.0%

Foreign Exchange Rates	FY3/22 2Q	FY3/23 1Q	FY3/23 2Q
US\$	¥110.10	¥124.44	¥135.32
Euro	¥130.82	¥134.45	¥139.28
Thai Baht	¥3.40	¥3.68	¥3.79
Chinese RMB	¥17.05	¥19.13	¥20.05

Summary of Consolidated Business Results for 1H

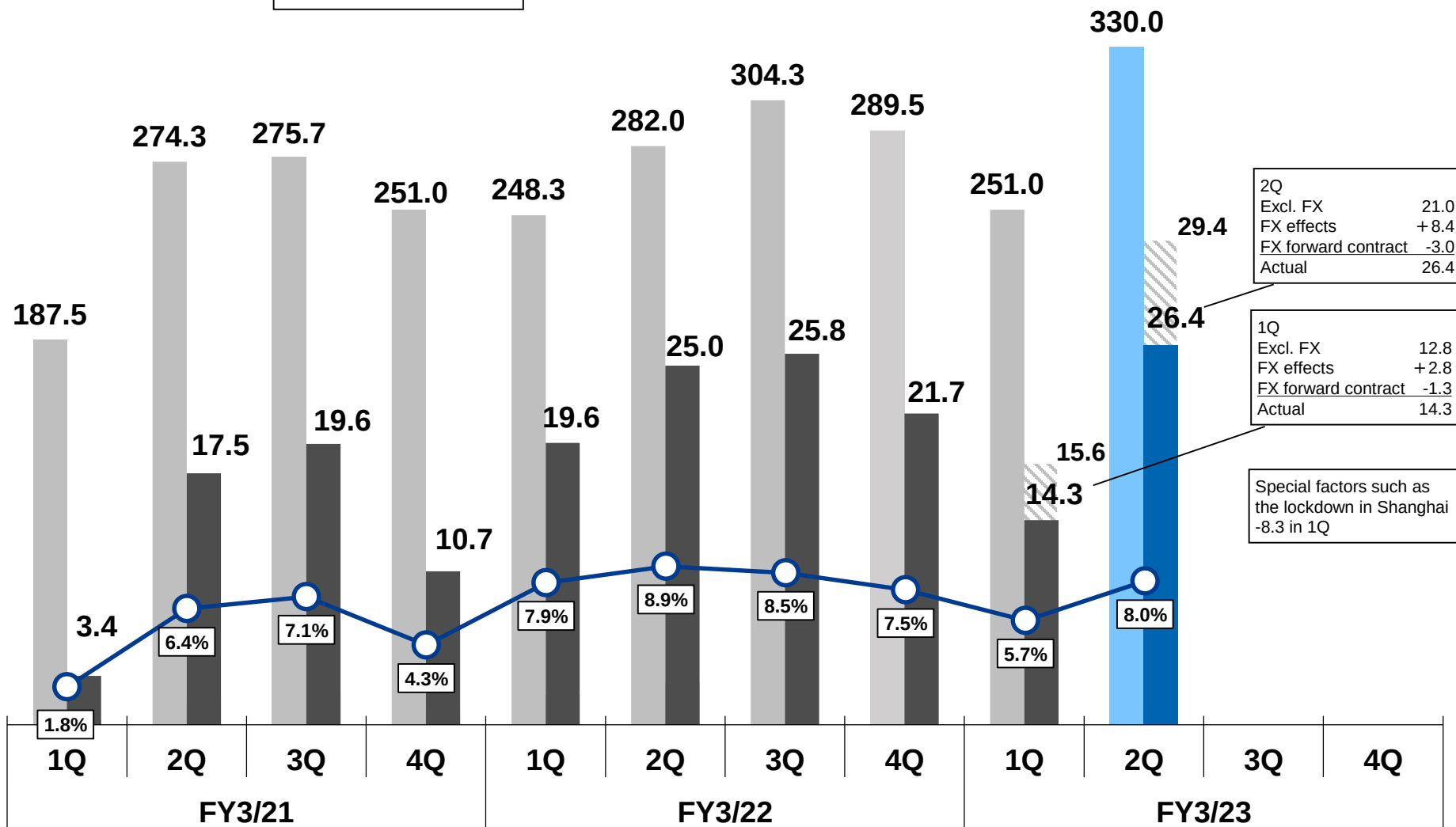
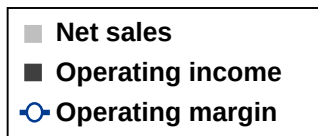
Net sales hit a 1H record high

(Millions of yen)	FY3/22	FY3/23	Change YoY	FY3/23 1H	
	1H	1H		August Forecast	vs. Forecast
Net sales	530,260	581,061	+9.6%	568,000	+2.3%
Operating income	44,633	40,649	-8.9%	41,000	-0.9%
Profit before taxes	44,319	42,458	-4.2%	40,500	+4.8%
Profit for the period attributable to owners of the parent	35,052	30,794	-12.1%	30,000	+2.6%
Earnings per share, basic (yen)	86.45	75.22	-13.0%	73.86	+1.8%

Foreign Exchange Rates	FY3/22 1H	FY3/23 1H
US\$	¥109.55	¥129.88
Euro	¥130.83	¥136.87
Thai Baht	¥3.45	¥3.74
Chinese RMB	¥16.93	¥19.59

Net Sales, Operating Income/ Margin

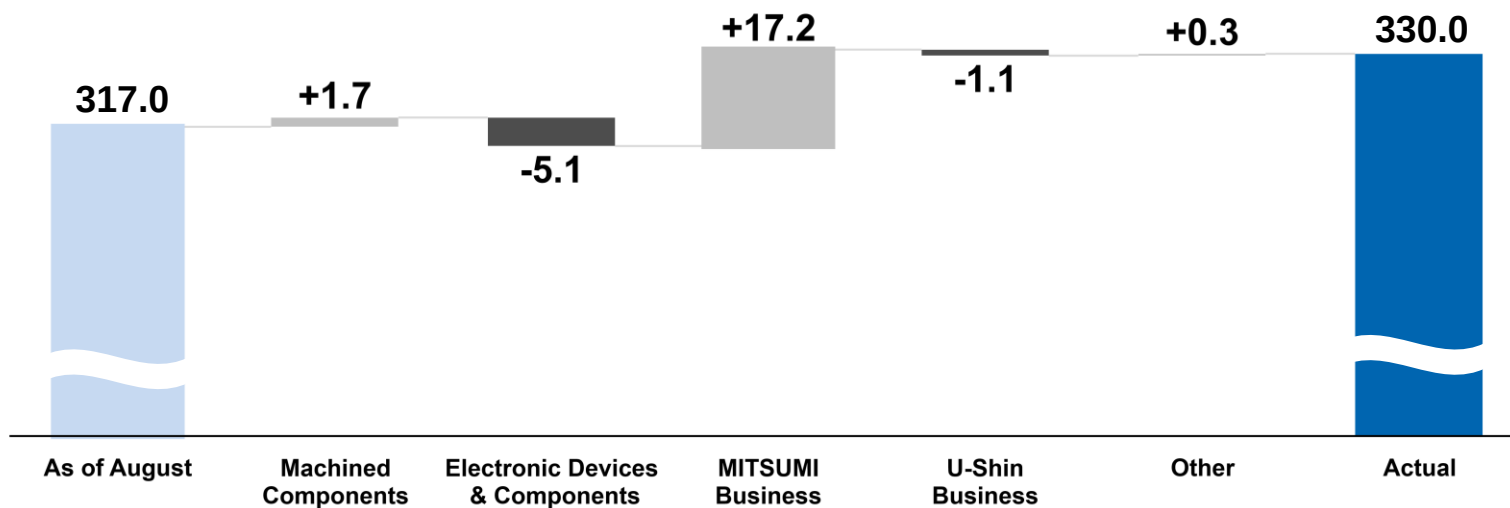
(Billions of yen)



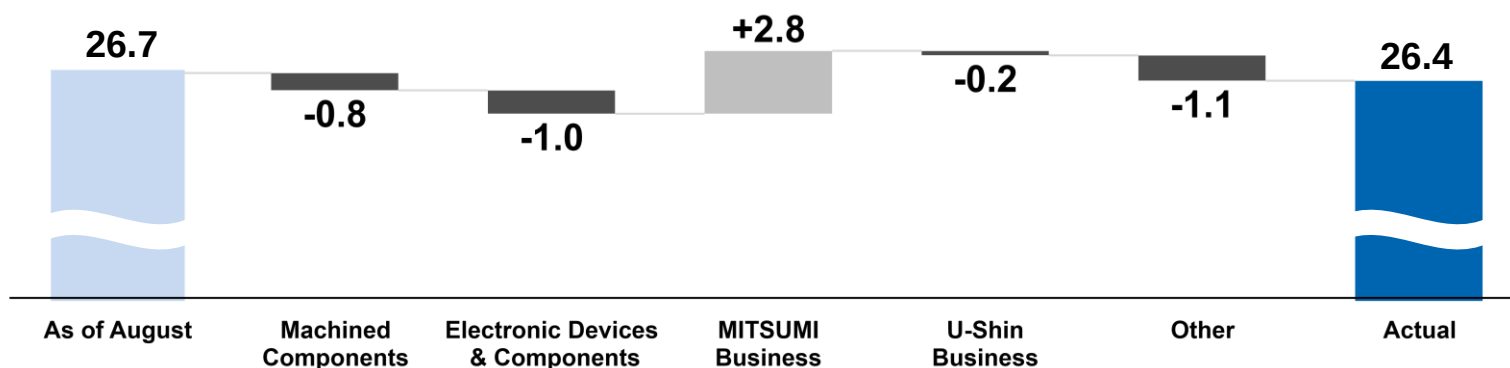
2Q Actual: Differences from the Forecast as of August

(Billions of yen)

Net Sales

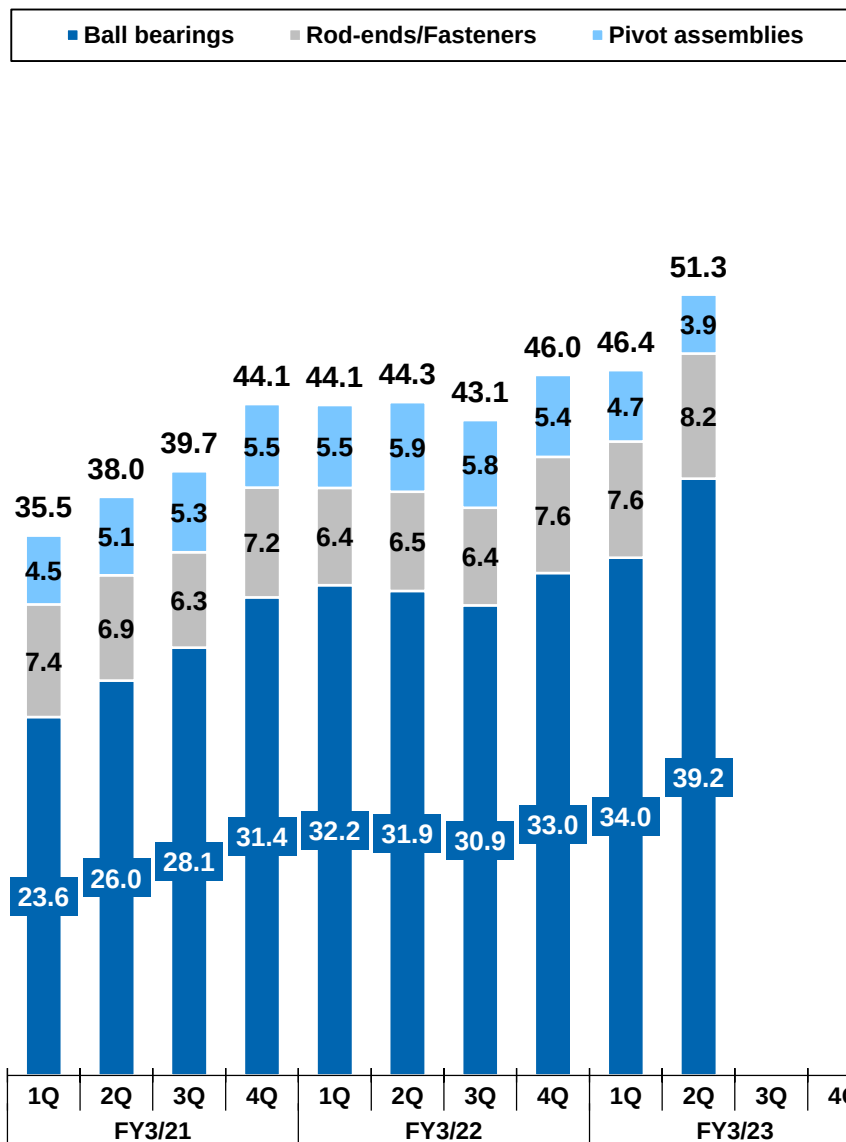


Operating Income

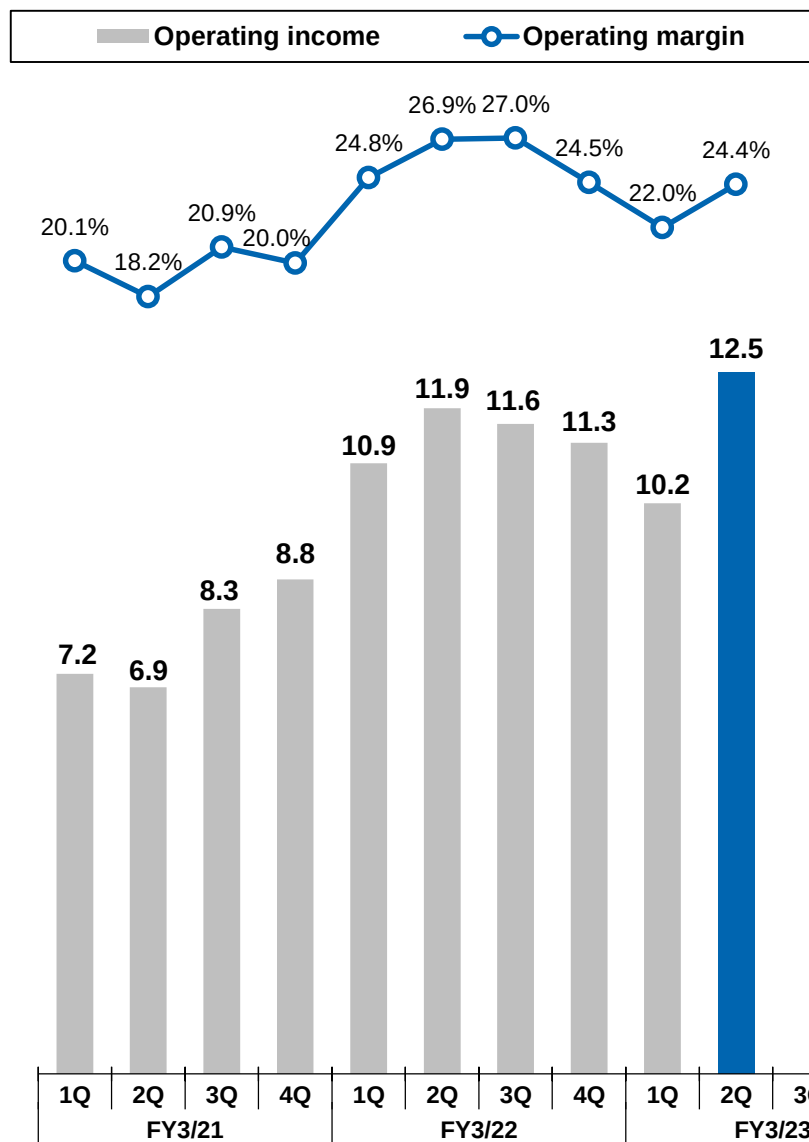


Machined Components

Net sales (Billions of yen)

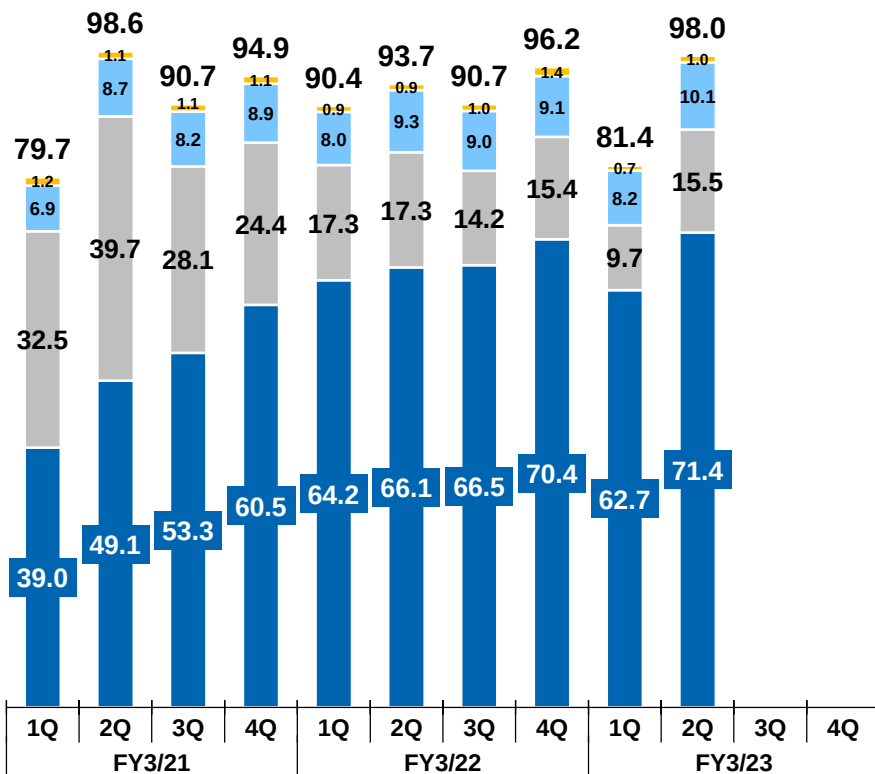
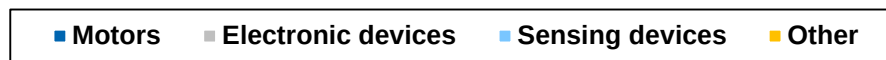


Operating income (Billions of yen)

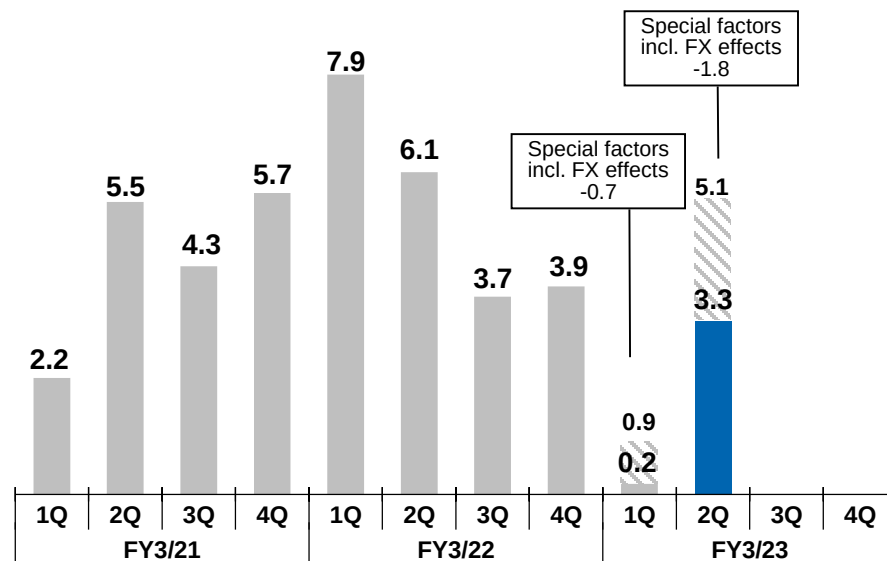
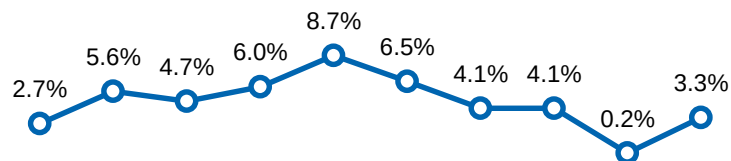
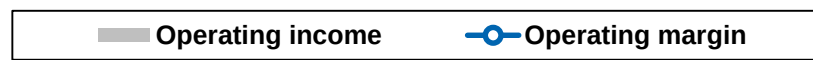


Electronic Devices & Components

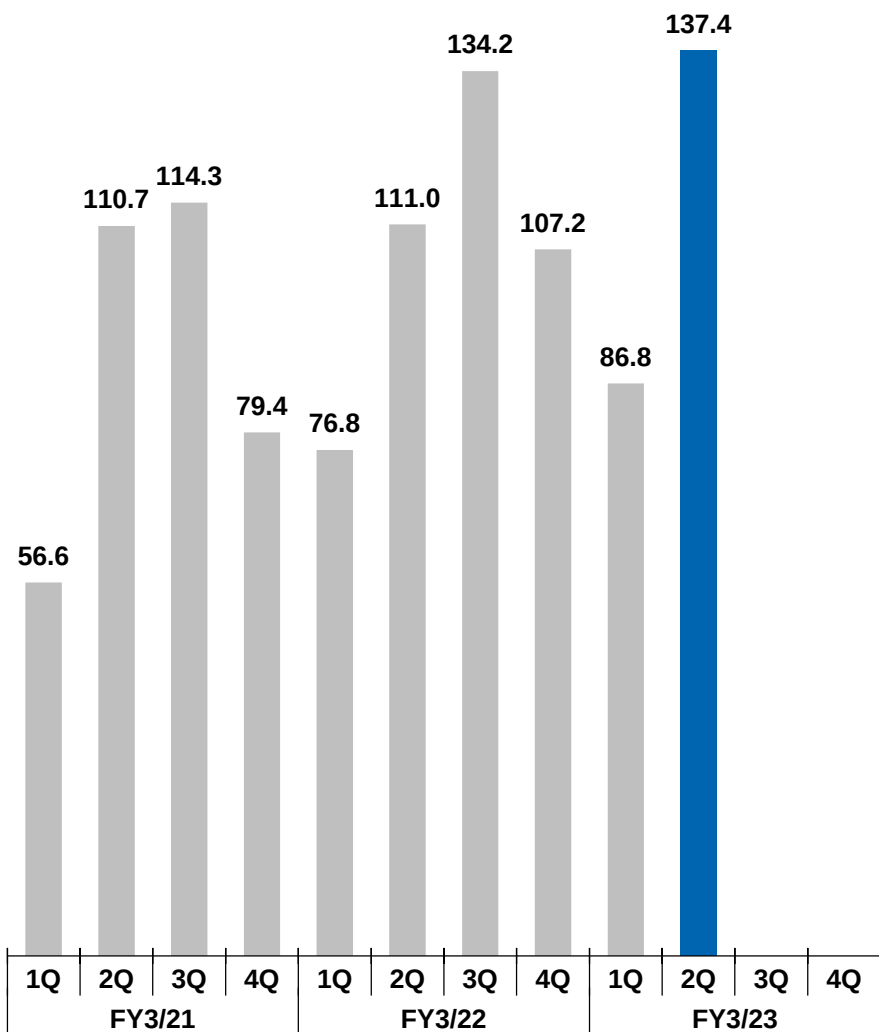
Net sales (Billions of yen)



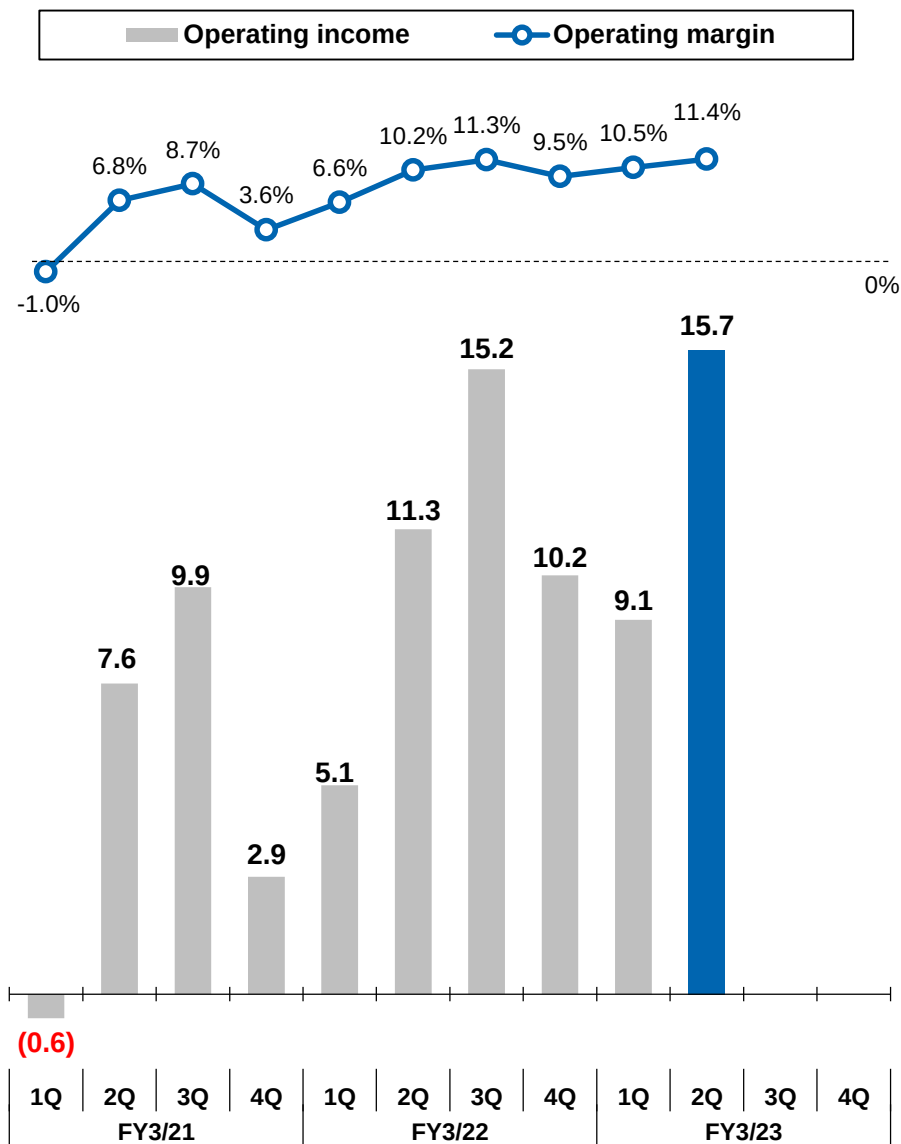
Operating income (Billions of yen)



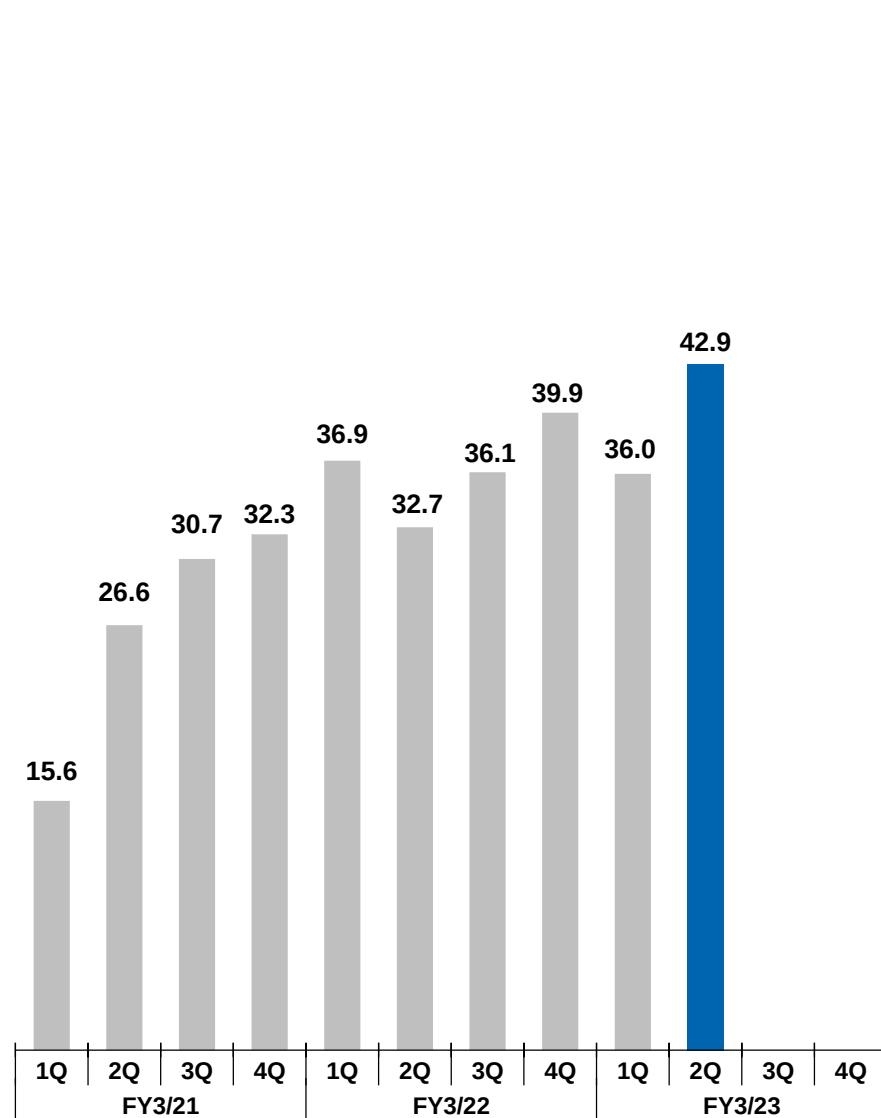
Net sales (Billions of yen)



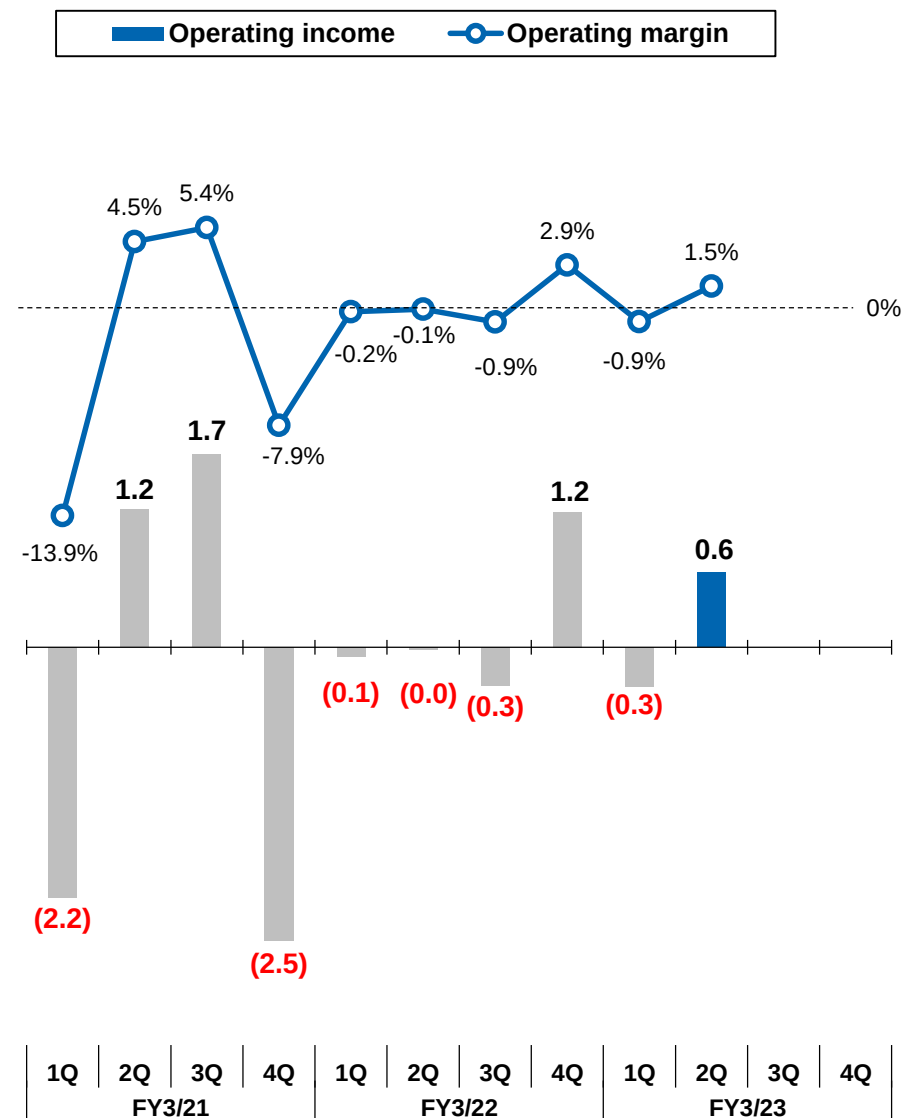
Operating income (Billions of yen)



Net sales (Billions of yen)



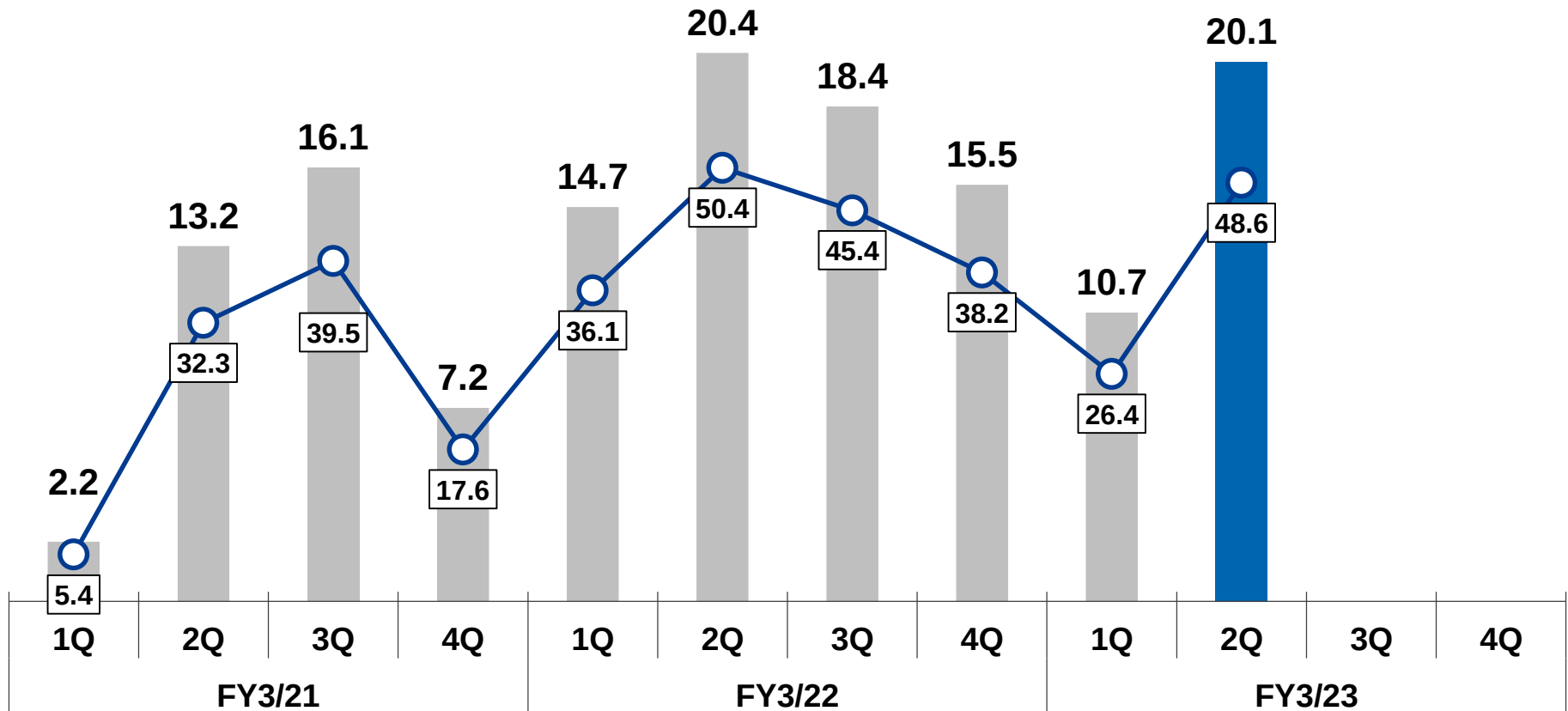
Operating income (Billions of yen)



Profit Attributable to Owners of the Parent / EPS

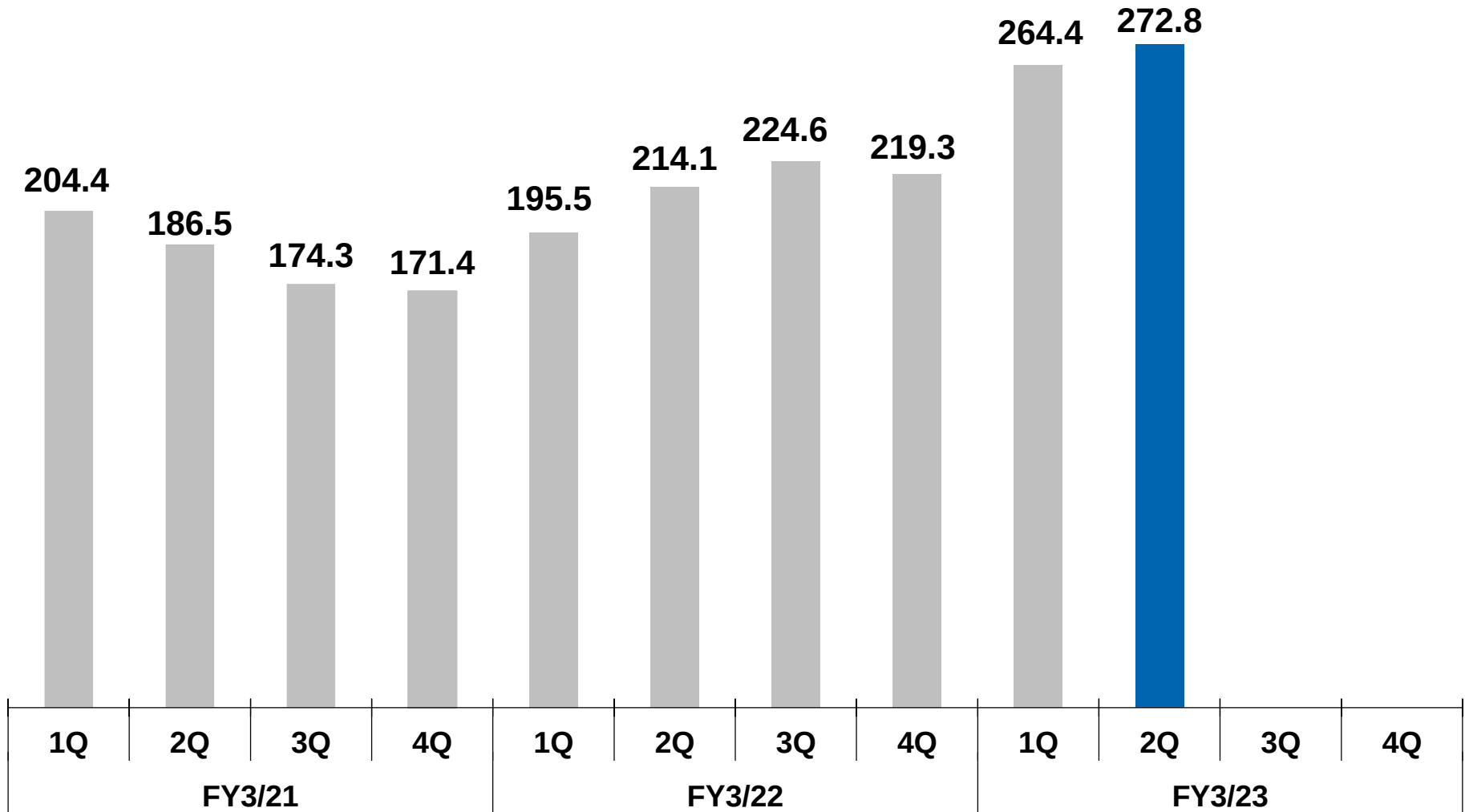
(Billions of yen)

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



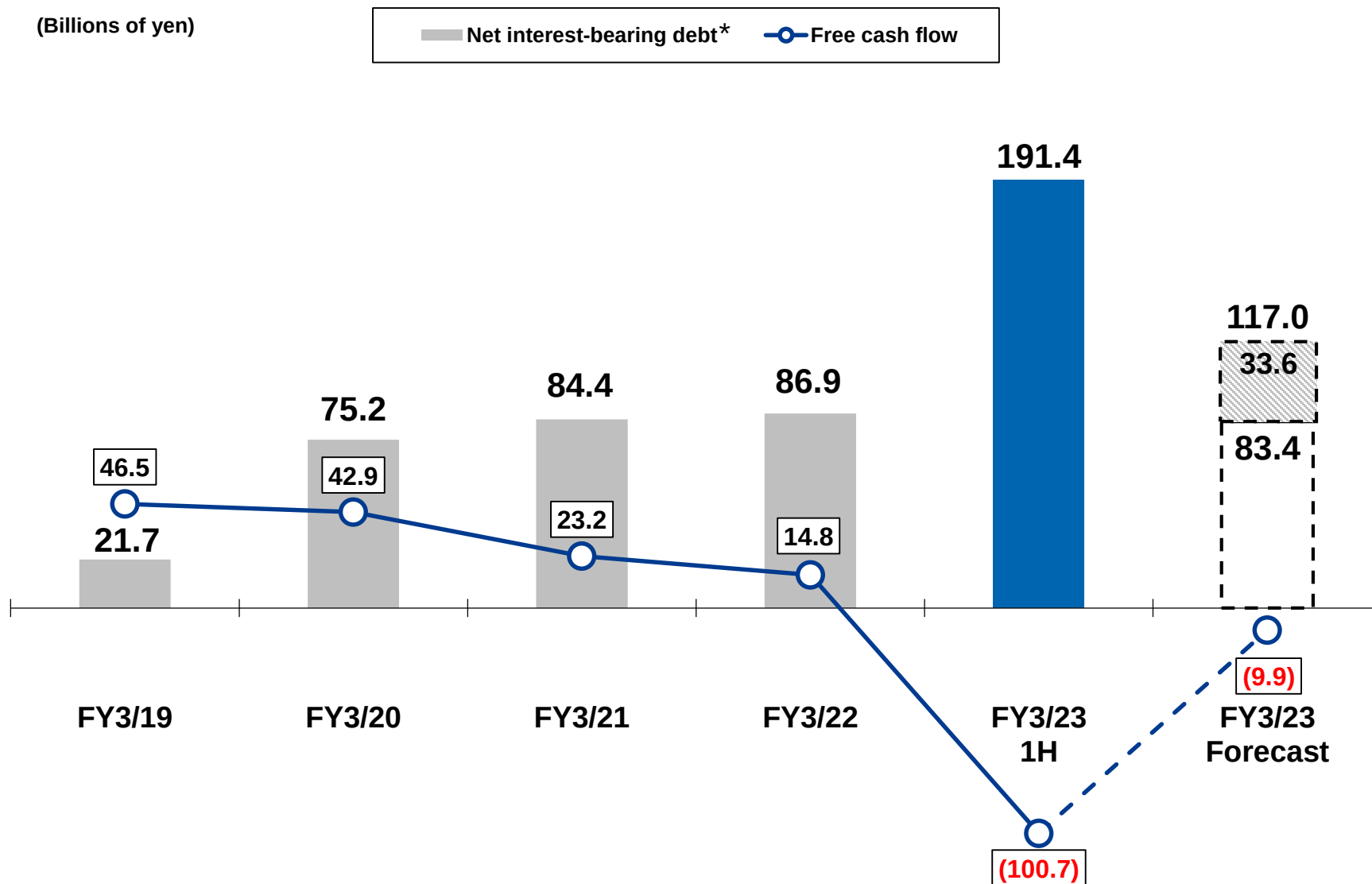
Inventory

(Billions of yen)



Net Interest-bearing Debt / Free Cash Flow

(Billions of yen)



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

Forecast for Fiscal Year Ending March 31, 2023

Full-year forecast revised upward

(Millions of yen)	FY3/22	FY3/23			
	Full Year	1st Half	2nd Half	Full Year	YoY
Net sales	1,124,140	581,061	668,939	1,250,000	+11.2%
Operating income	92,136	40,649	74,351	115,000	+24.8%
Profit before taxes	90,788	42,458	71,542	114,000	+25.6%
Profit for the period attributable to owners of the parent	68,935	30,794	54,206	85,000	+23.3%
Earnings per share, basic (yen)	170.08	75.22	131.61	206.83	+21.6%

Foreign Exchange Rates	FY3/22 Full Year	FY3/23 2H Assumptions
US\$	¥111.55	¥140.00
Euro	¥130.47	¥140.00
Thai Baht	¥3.44	¥3.90
Chinese RMB	¥17.35	¥20.00

Forecast for Business Segment

(Millions of yen)	FY3/22 Full Year	FY3/23			
		1st Half	2nd Half	Full Year	YoY
Net sales	1,124,140	581,061	668,939	1,250,000	+11.2%
Machined components	177,470	97,688	102,312	200,000	+12.7%
Electronic devices and components	371,023	179,405	190,595	370,000	-0.3%
MITSUMI business	429,116	224,164	285,836	510,000	+18.8%
U-Shin business	145,577	78,946	88,054	167,000	+14.7%
Other	954	858	2,142	3,000	x3.1
Operating income	92,136	40,649	74,351	115,000	+24.8%
Machined components	45,717	22,726	28,274	51,000	+11.6%
Electronic devices and components	21,561	3,463	11,537	15,000	-30.4%
MITSUMI business	41,846	24,793	27,207	52,000	+24.3%
U-Shin business	732	301	3,199	3,500	x4.8
Other	-1,429	-692	-308	-1,000	-
Adjustment	-16,291	-9,942	4,442	-5,500	-

Business Update & Management Strategy

November 2, 2022

Yoshihisa Kainuma

Representative Director, CEO & COO



Steadily preparing for further growth



Bearings

Ball Bearing Production Capacity of 345 million units has been established



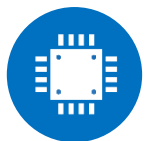
Aircraft components

Posted ¥1bn in operating income for September



Motors

Maintained operating margin despite rising material cost



Analog semiconductors

Performance remained strong



OIS

Production, orders, and shares on par with projection

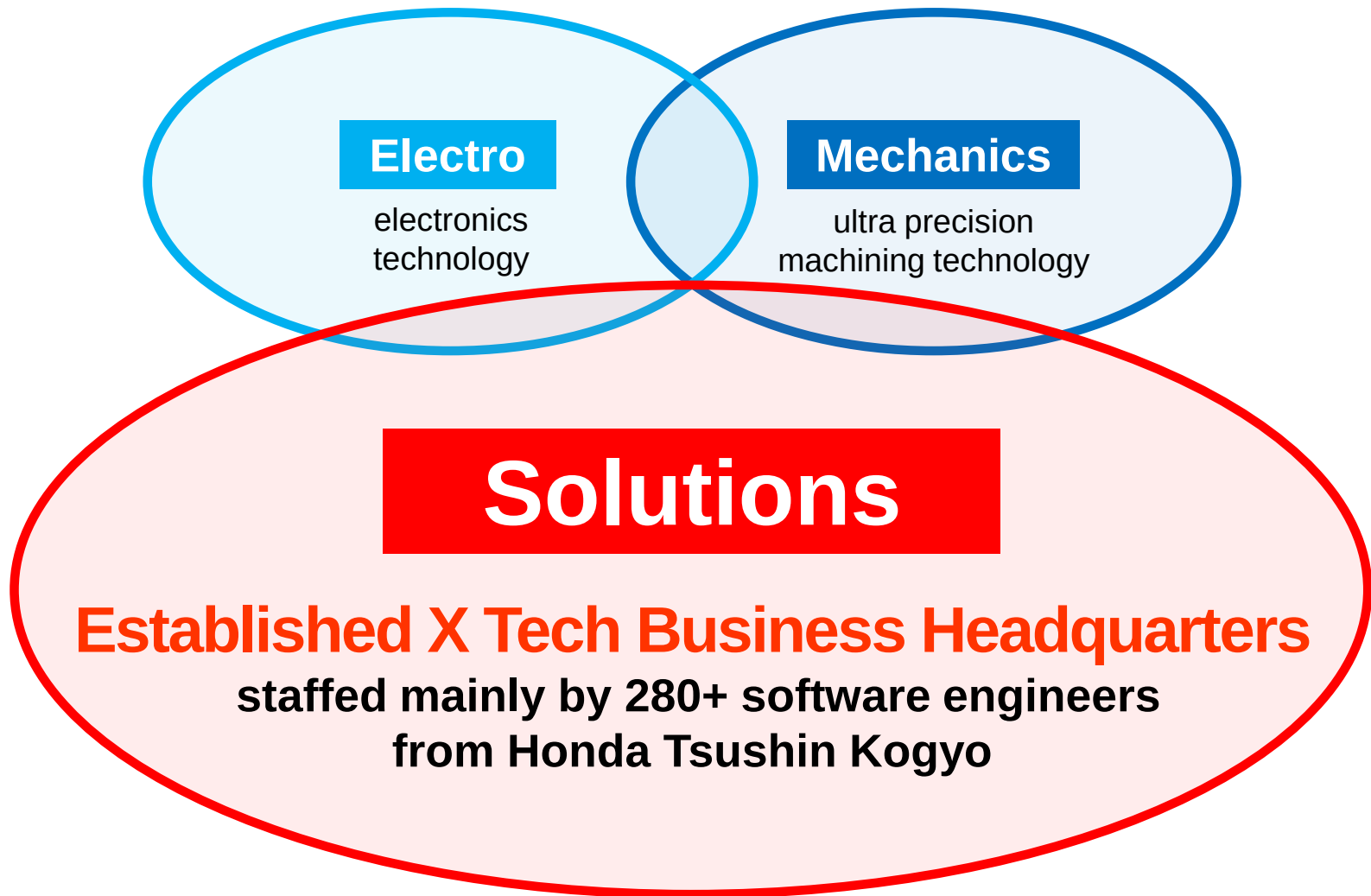


M&A

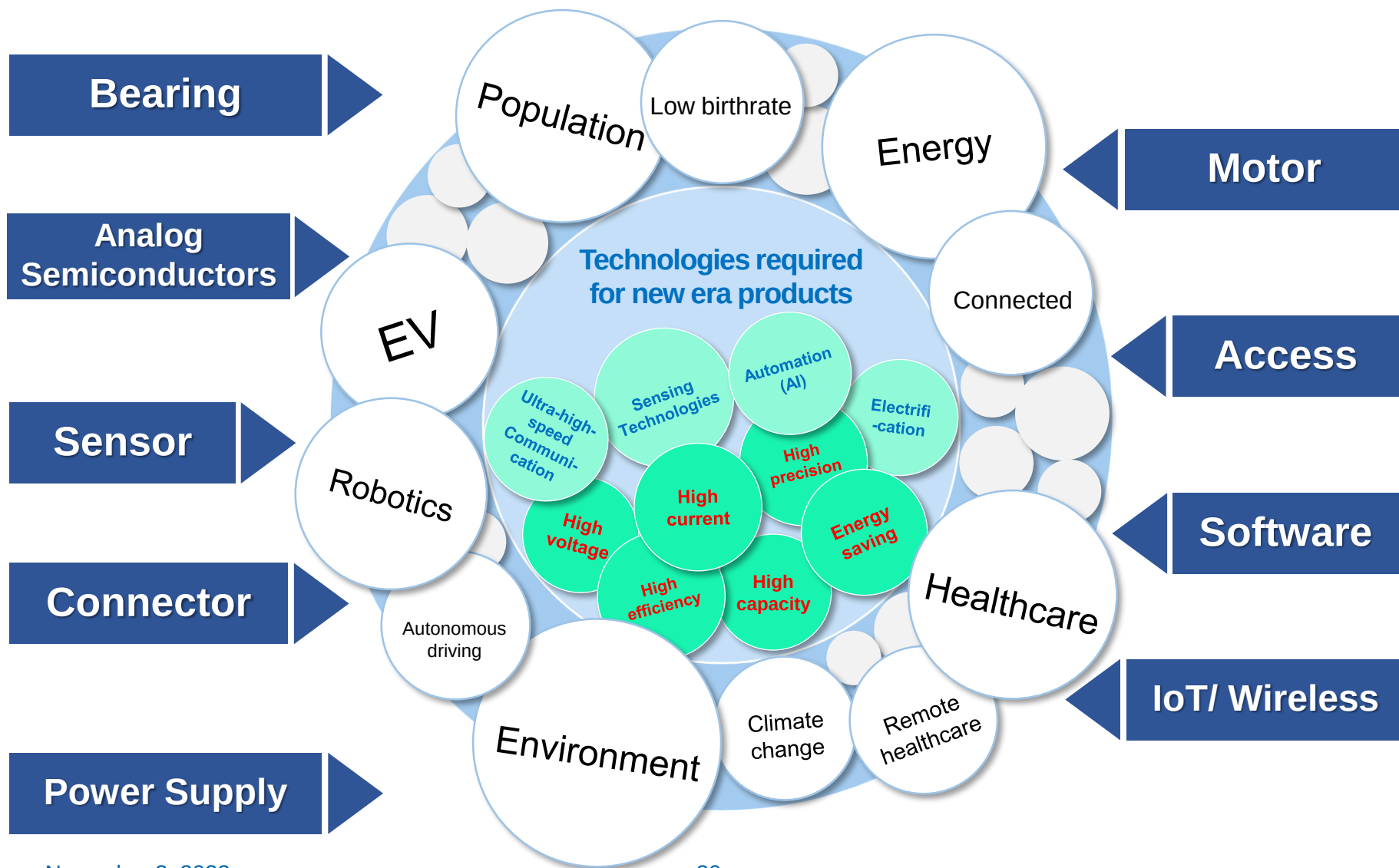
Create synergy through INTEGRATION*

*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.

Foundation for “Electro Mechanics Solutions™” completed



Accelerate product development with a focus on 8 Spears



Finally to achieve ¥100bn in operating income, a new record high!

Key points for 2H

- 3 Spears (bearings, motors, and analog semiconductors) + OIS continue to drive overall performance up
- Bearings remain strong, production will be in full swing
- Motors continue to grow in 2H despite HDD motor production cutback
- Aim to maintain analog semiconductors profitability
- OIS sales to major customer remain firm
- Reflect ¥13bn gain from sale of Tokyo headquarters building in operating income

(Millions of yen)

	FY3/22 Full Year	FY3/23			
		1st Half	2nd Half	Full Year	YoY
Net sales	1,124,140	581,061	668,939	1,250,000	+11.2%
Operating income	92,136	40,649	74,351	115,000	+24.8%
Profit for the period attributable to owners of the parent	68,935	30,794	54,206	85,000	+23.3%
Earnings per share, basic (yen)	170.08	75.22	131.61	206.83	+21.6%

Unparalleled competitiveness takes operating income to exceed ¥50bn

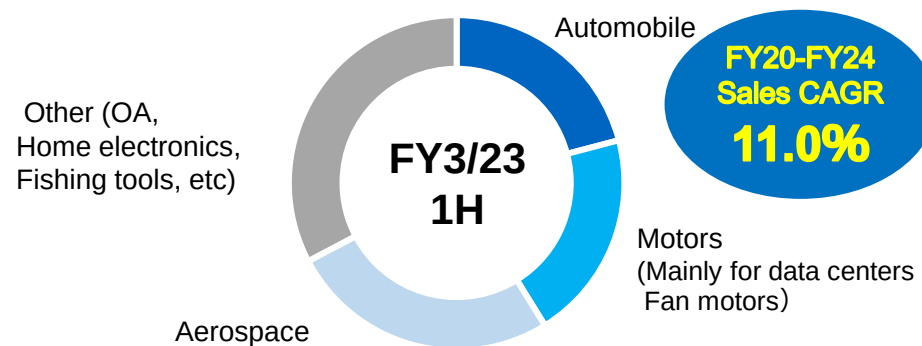
1 Ball bearings

- Strong sales of products for automobile and data center applications despite the impact of macroeconomic slowdown for some applications
- Production still in full swing for strategic inventory buildup and more
- Continue to improve the precision of bearings to cut power consumption and extend product life

2 Aircraft components

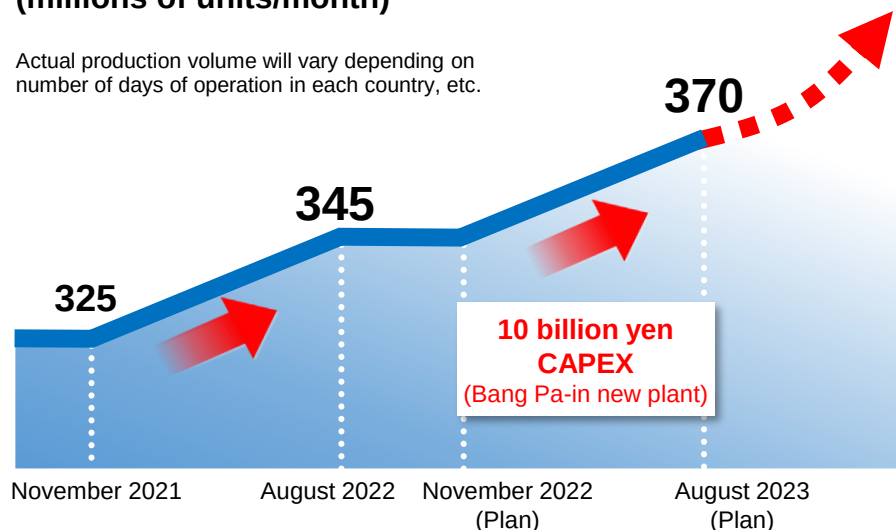
- Aircraft demand and production as well as orders received and order backlogs at MinebeaMitsumi continue their return to pre-COVID-19 levels
- Improve production by shifting from push to pull system to eliminate delivery delays
- Expand into new areas that help cut CO₂ emissions to achieve growth outpacing market recovery

Ball Bearing and Rod-end Sales by Application



Miniature/Small-sized Ball Bearing Production Capacity (millions of units/month)

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

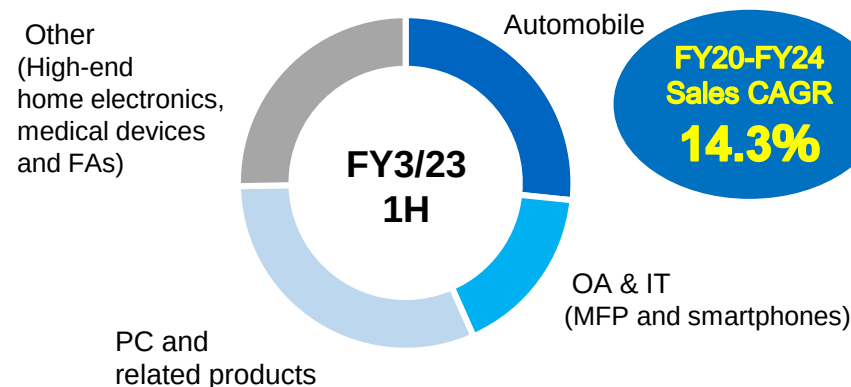


Steady growth especially in motors

Motors

- Price adjustments and improved productivity partially offset the impact of slowdown in the HDD market as well as the Shanghai lockdown/semiconductor shortage
- Series of new mass produced automobile product launches, including those for EVs, will drive sales and profits up

Motor Sales by Application



Examples of major motor products for autos/EVs

For automobile applications (including EVs)

Environment



Active grill actuator



Actuator for valves

Safety



DC motor for EPB



LIN Bus Type Headlamp actuator

Comfortability



Stepping motor for HVAC



Seat ventilation

For EVs

EV unique function



Resolver for traction motor



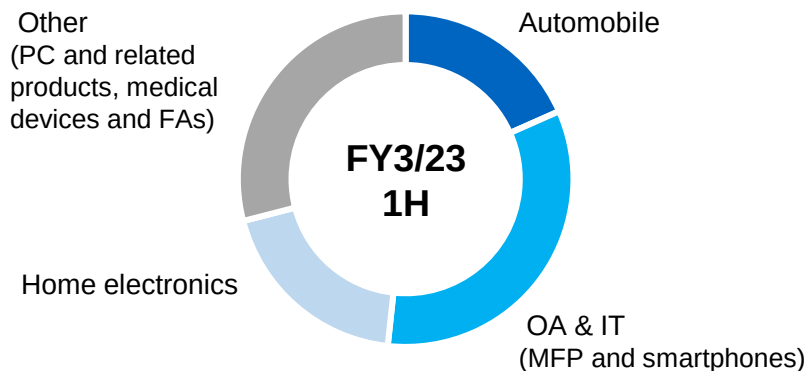
Cooling fan for EV rechargeable battery

MITSUMI business are shining!

1 Analog semiconductors

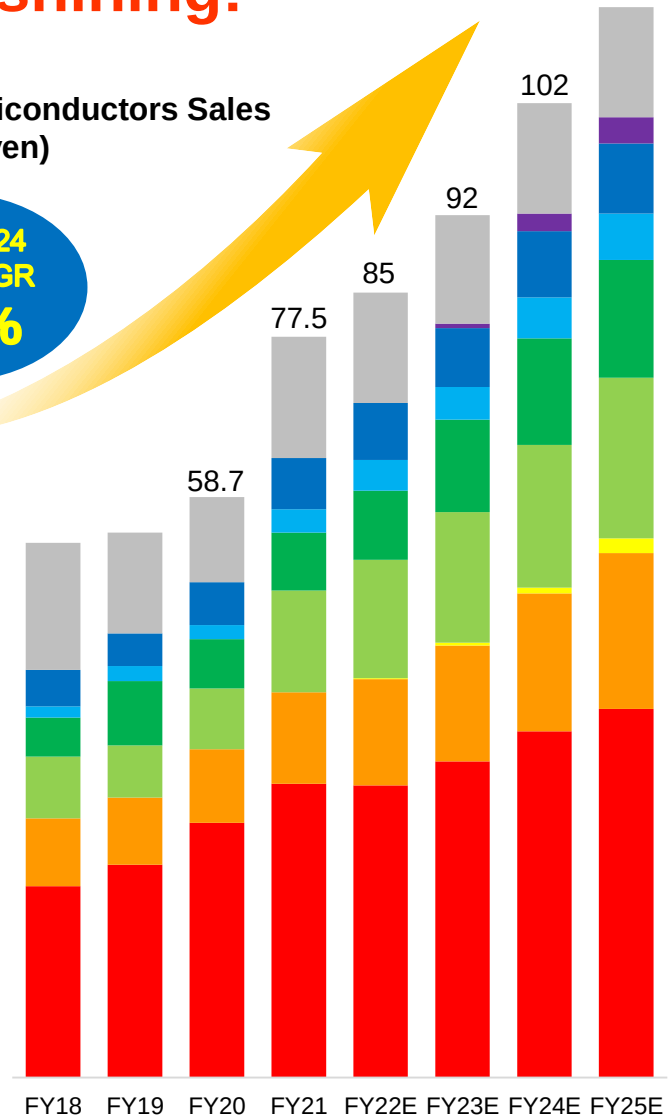
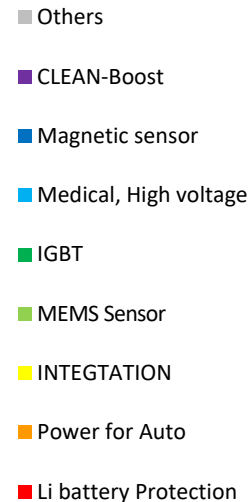
- Sales for this fiscal year expected to reach ¥85bn
- Production remains at full capacity with strong sales of IGBTs as well as automobile and medical products despite slowdown in PCs/smartphones, etc.
- MMI Semiconductor (former Omron Yasu) starts shipping IGBTs, will contribute to bottom line next fiscal year
- Accelerate new product development and growth via INTEGRATION

Analog Semiconductors Sales by Application



Analog Semiconductors Sales (Billions of yen)

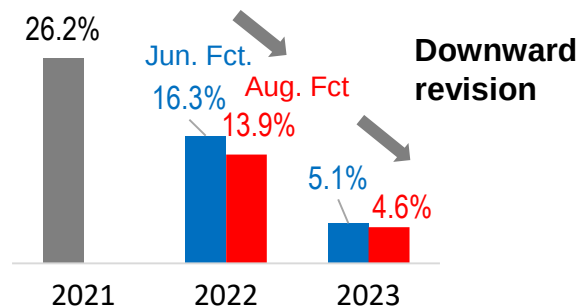
**FY20-FY24
Sales CAGR
14.8%**



Analog semiconductor market continues to grow over medium to long term

Market demand forecast for analog semiconductors revised upward despite downward for overall semiconductors

Overall semiconductor market growth forecast



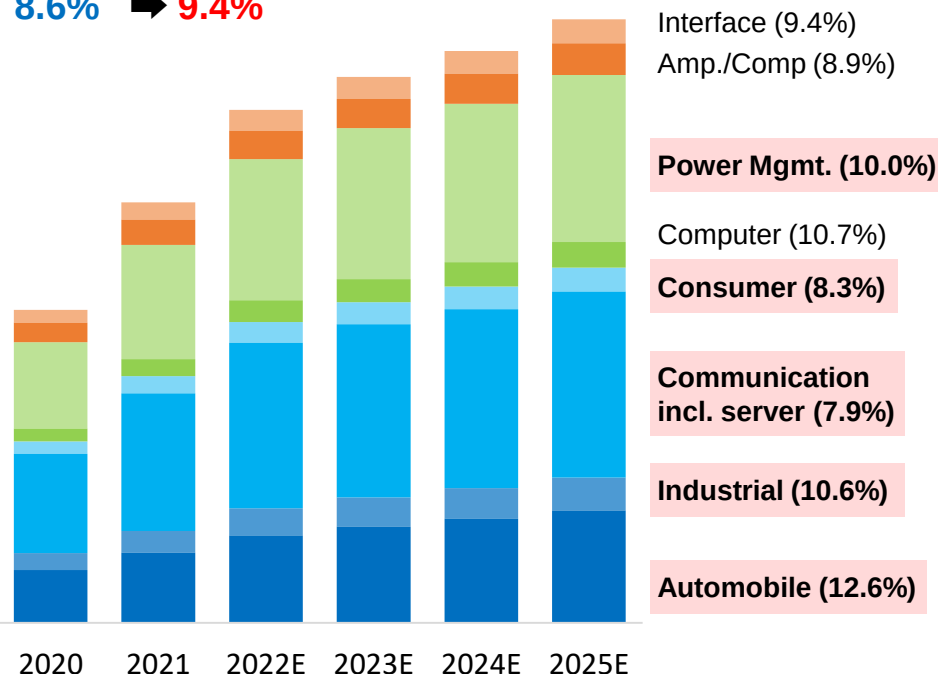
Medium-term market growth forecasts for **analog semiconductors**

'21-'25 CAGR:

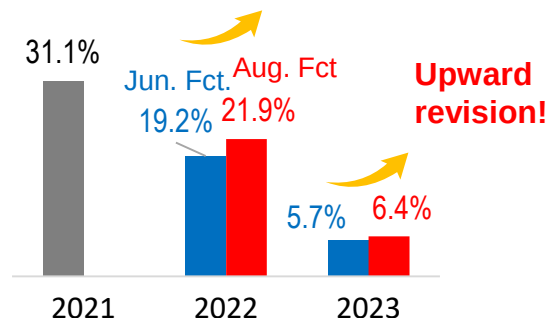
Jun. Fct. Aug. Fct.

8.6% → 9.4%

Our focus areas (CAGR%)



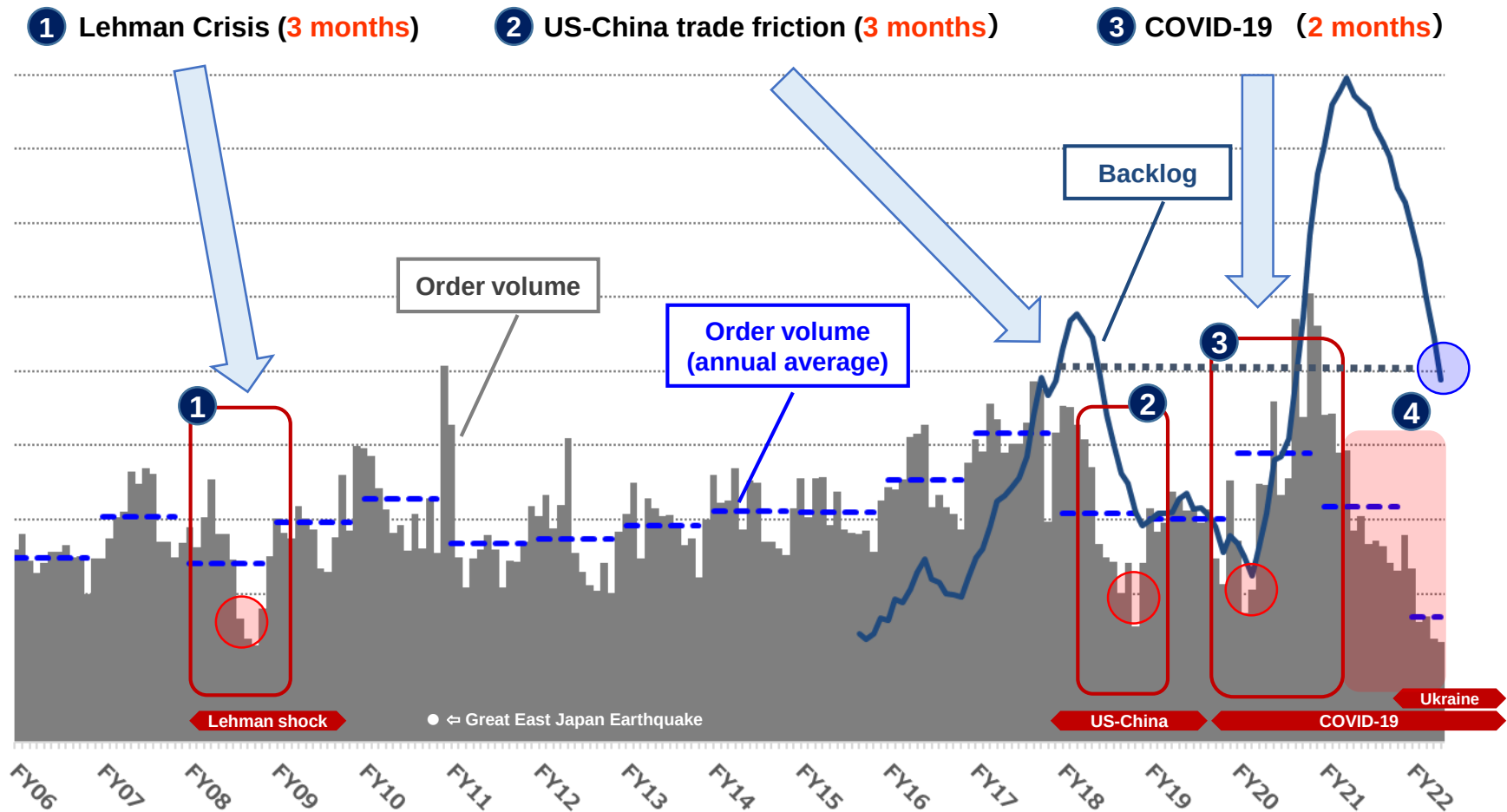
Analog semiconductor market growth rate forecast



*source: WSTS

Past performance indicates it may soon bounce back from the bottom?

Keep eye on historical data and market trends so we are ready to get in on the ground floor



Accelerate synergy creation through INTEGRATION in connectors business

2 Optical devices / Mechanical comp.

- Optical device production, orders, and shares on par with projection. Expand customer base and move into new business fields
- Completion of new factory for future production increases
- Game business will remain steady for the foreseeable future and hit initial targets

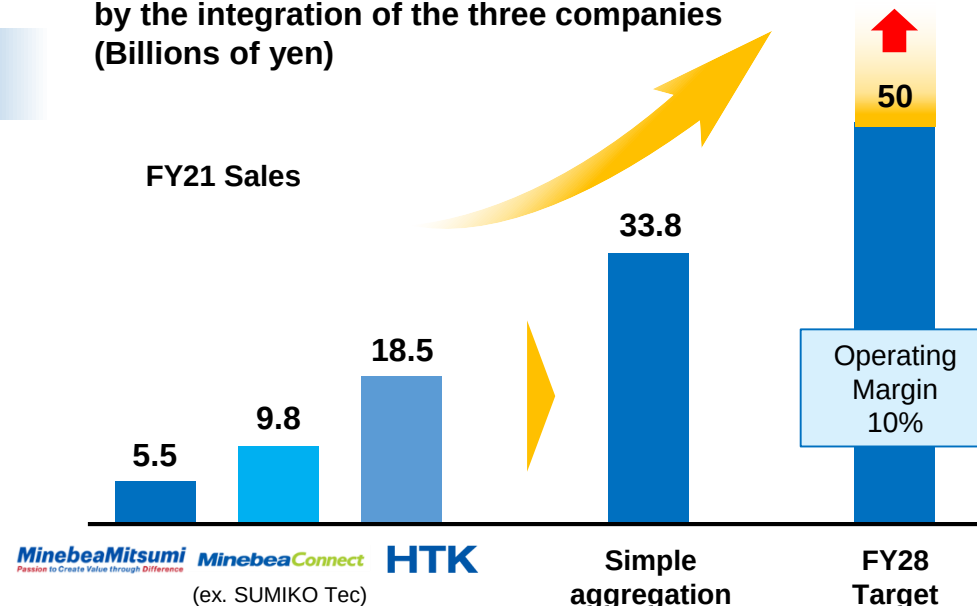
Naga Factory (the Philippines)



3 Connectors

- Beef up as one of the 8 Spears through merger of 3 companies
- Implement “Global Niche Top” strategy
- Aim for growth and higher profitability by leveraging vertically integrated production overseas and global sales channels

Connector business growth forecast by the integration of the three companies (Billions of yen)



Connectors to focus on automobile and communication to grow strongly

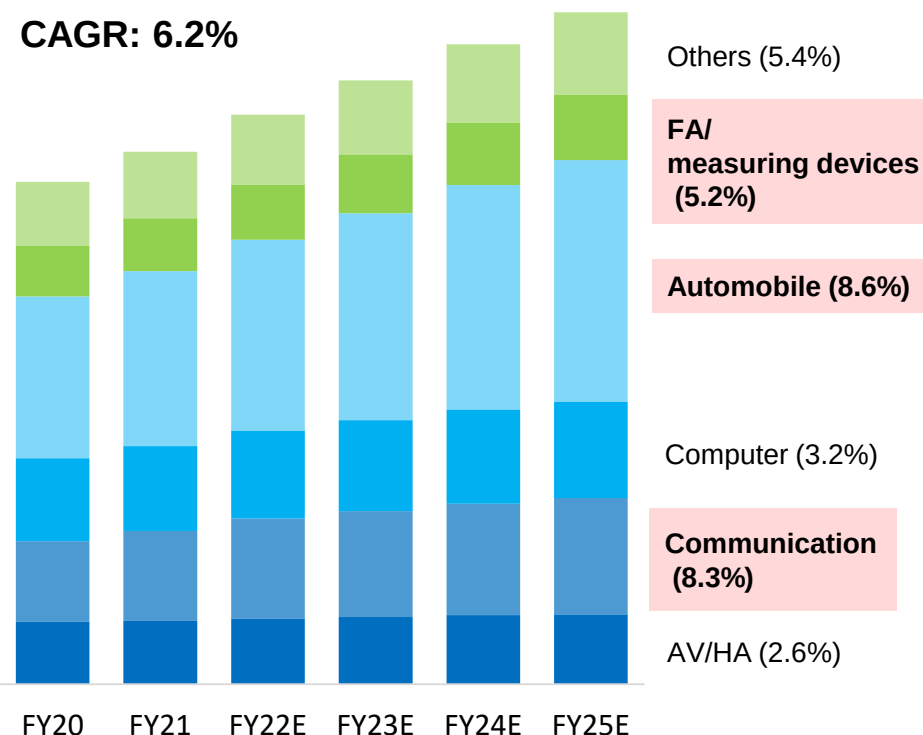
Aiming to increase sales in the automobile, communications and factory automation sectors.

Medium-term market growth forecasts for **connector**

FY20-FY24

CAGR: 6.2%

□ : Our focus areas (CAGR%)



Total sales of three companies by Application

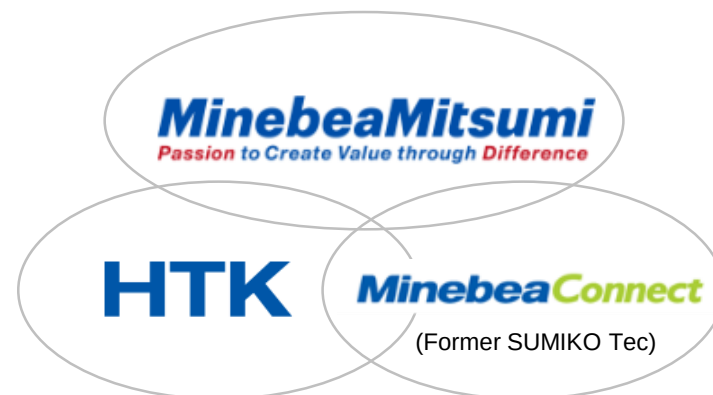
Communication

FA

Automobile

FY21 Actual

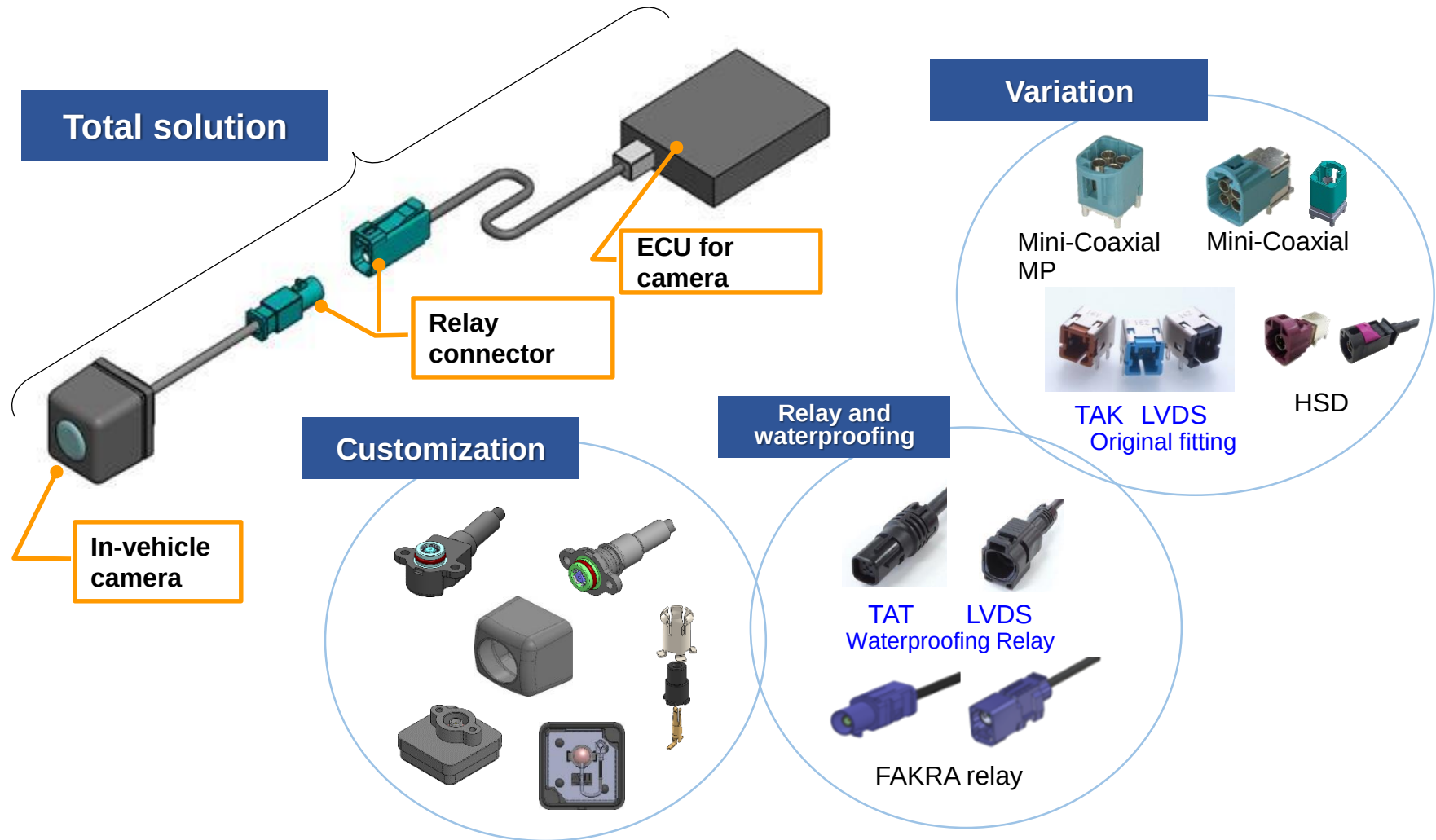
Consumer



*source: Sangyo-Joho Limited

Provide total solution by Integration of three companies

(Example: in-vehicle camera) Connectors, cables and harnesses from the camera to the ECU



Overcoming headwinds, full recovery is imminent

1 Automobile

- Get back on track as automobile production picks up steam
- Automobile production is expected to remain high for a while despite concern for macroeconomic slowdown
- Continue shift to high value-added products
→ Flush handle, E-Latch, CSD

2 Structural reform in Europe

- Completed withdrawal from low-priced product market and personnel reduction, further improving profitability and reducing fixed costs
- EU business generates profit in October despite rising business costs and situation in Ukraine

Next growth drivers with INTEGRATION and added value

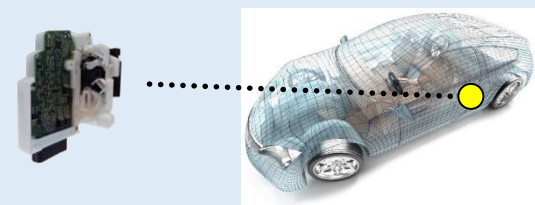
➤ Flush handle:

When a person with a remote control key approaches the car, the handles automatically comes out from the door surface. Contributes to improving design and aerodynamic performance.



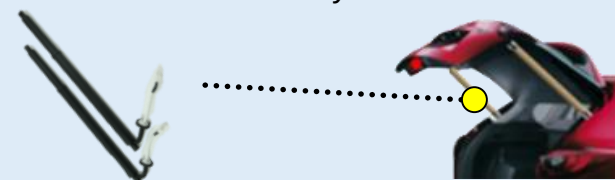
➤ E-Latch

An electrically unlocked latch (a device that locks and unlocks the door) that is smaller and lighter.

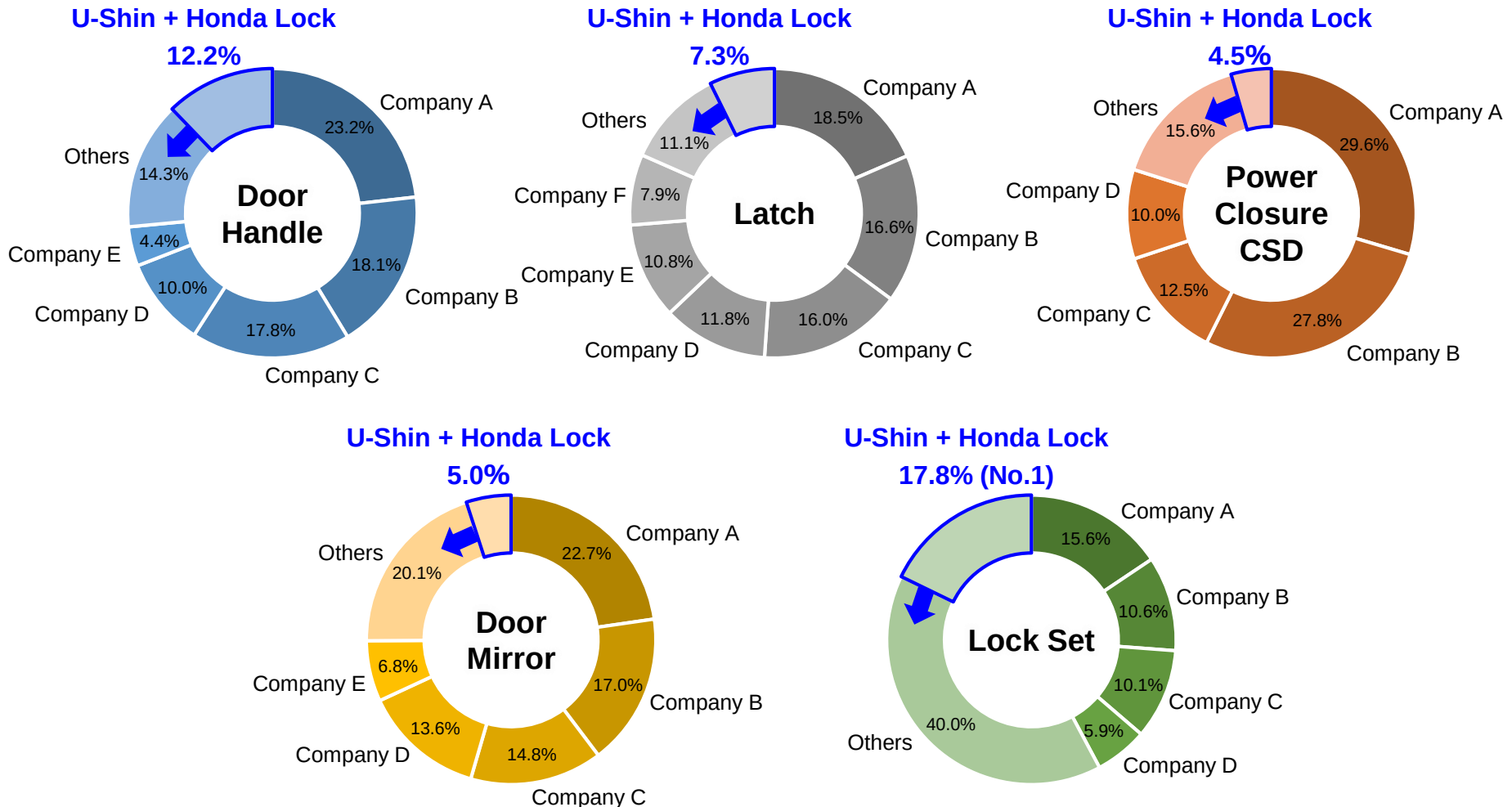


➤ CSD (Compact spindle drive)

Mounted on both ends of the hatchback door of the vehicle to open and close it electrically.



Aiming for sales of 300 billion yen and OPM of 10%



*Estimated by MinebeaMitsumi, CY2020
Company A, B, C...are different by products

Key businesses that will see higher operating income next fiscal year



Bearings

Increase monthly production capacity by 25 million units



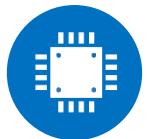
Aircraft components

Operating income will fully return to pre-pandemic level



Motors

Continue to launch new mass produced automobile products



Analog semiconductors

Take further steps to triple IGBT production at Shiga plant*

*MMI semiconductor



OIS

Staying strong



Game-related products

Expected to remain steady

Progress as expected to realize integration synergies

Honda Tsushin Kogyo

- Became a consolidated subsidiary as of September 16, 2022
- Squeeze-out by the end of the year
- Sales and operating income are recorded in the MITSUMI business segment

Former SUMIKO TEC

- Became a consolidated subsidiary as of November 1, 2022
- The new company name is **Minebea Connect Inc.**
- Sales and operating income will be recorded in the MITSUMI business segment

Honda Lock

- Integration to take place during FY2022
- Sales and operating income will be recorded in the U-Shin business segment

Management Strategy to Solidify the Foundation for the Company's 100th Anniversary (2051)



Contribute to global CO₂ emission reductions through two pillars

(1) Challenge to carbon neutrality

(2) Expand “MMI Beyond Zero”

Establishment of Green Bond Framework to raise funds to further promote initiatives to realize a sustainable global environment

Outline of the Green Bond

Name	MinebeaMitsumi 10th Unsecured Bonds (with an inter-bond pari passu clause) (MinebeaMitsumi Green Bond)
Maturity	5 years
Issue Amount	To be decided
Timing of Issuance	In or after November 2022 (scheduled)
Overall Evaluation	Green 1(F) / Japan Credit Rating Agency, Ltd.

Interim dividend increased by 2 yen year-on-year

Dividends for FY3/23

Interim
dividend

TBD



20 yen/share

Year-end
dividend
(Forecast)

TBD



TBD

Regarding the year-end dividends for the fiscal year ending March 31, 2023,
we will finalize in light of our performance for this fiscal year.
No change in medium-to-long-term cash allocation policy.

(Reference) Dividends for FY3/22

Annual 36 yen/share (18 yen for interim, 18 yen for year-end)

Integrated Report 2022 published

Outlining MinebeaMitsumi's growth strategy with a new focus on developing products and supplying parts that will solve social issues, in addition to organic growth and M&As.

This year's report features more about our human resource strategies as well as opportunities and risks.

See on our website →

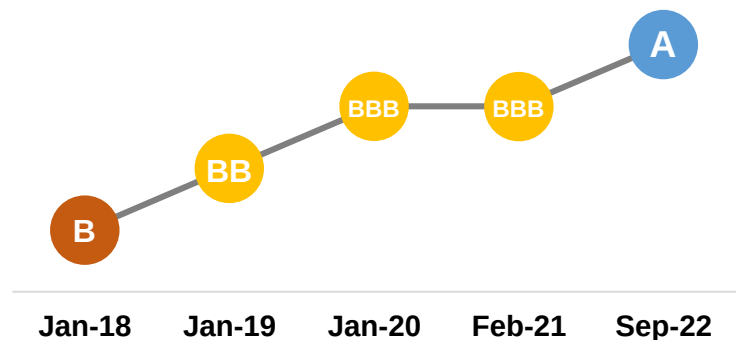


MSCI gives MinebeaMitsumi an 'A' ESG rating

We were given an 'A' rating for our ESG activities and enhanced disclosure.

We moved up 3 notches in 5 years and will make further efforts to improve our corporate value.

Rating history





Any statements in this presentation which are not historical are future projections based on certain assumptions and executive judgments drawn from currently available information.

Please note that actual performance may vary significantly from any particular projection due to various factors.

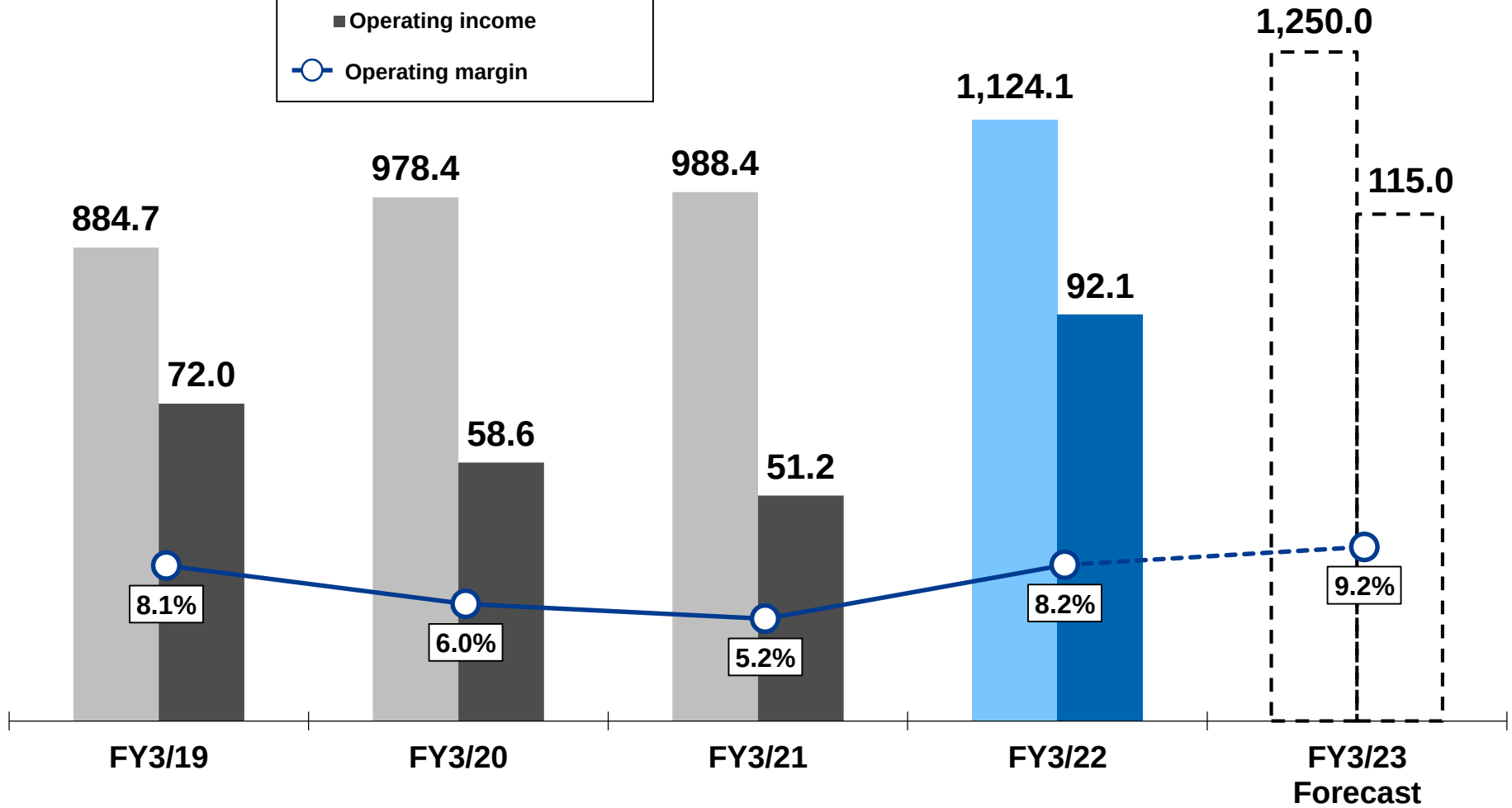
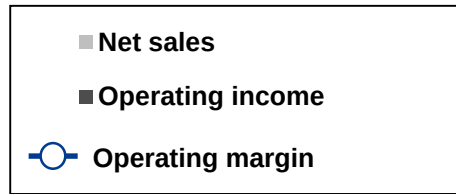
Factors affecting our actual performance include but are not limited to: (i) changes in economic conditions or demand trends related to MinebeaMitsumi's business operations; (ii) fluctuation of foreign exchange rates or interest rates; and (iii) our ability to continue R&D, manufacturing and marketing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

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Reference

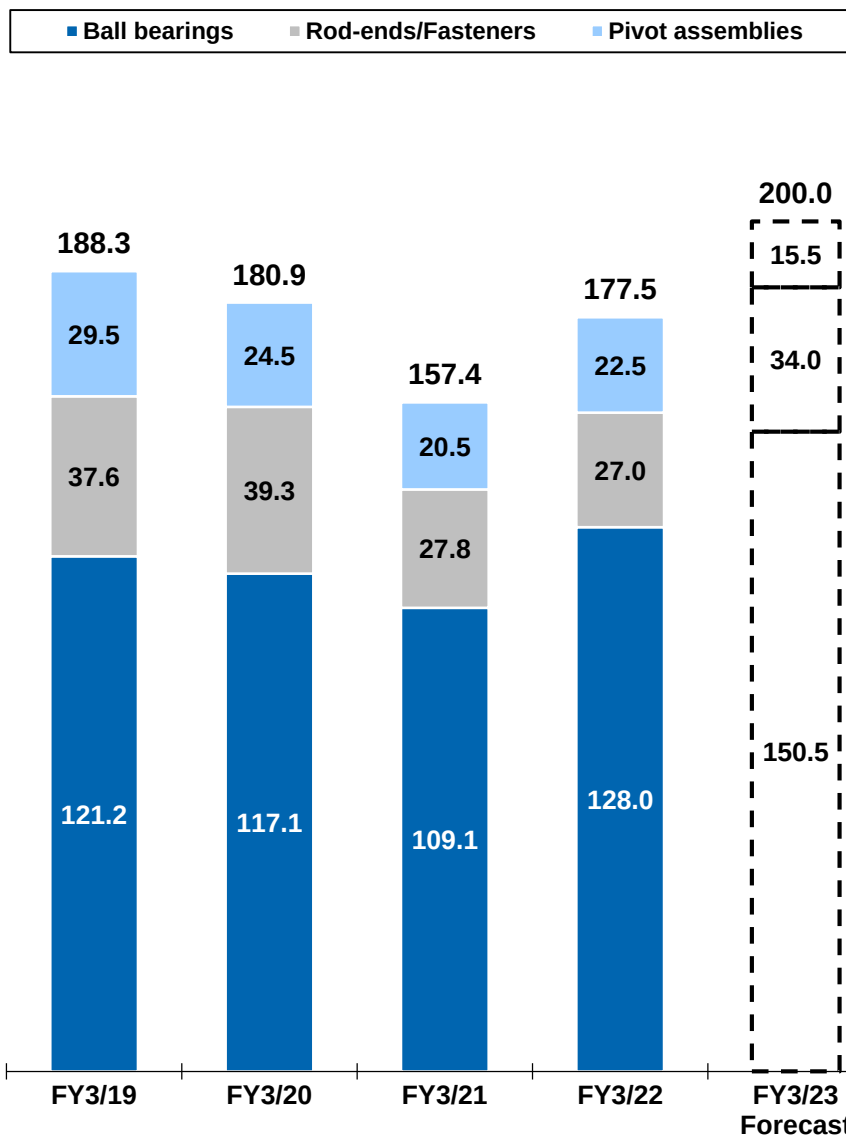
Net Sales, Operating Income/ Margin

(Billions of yen)

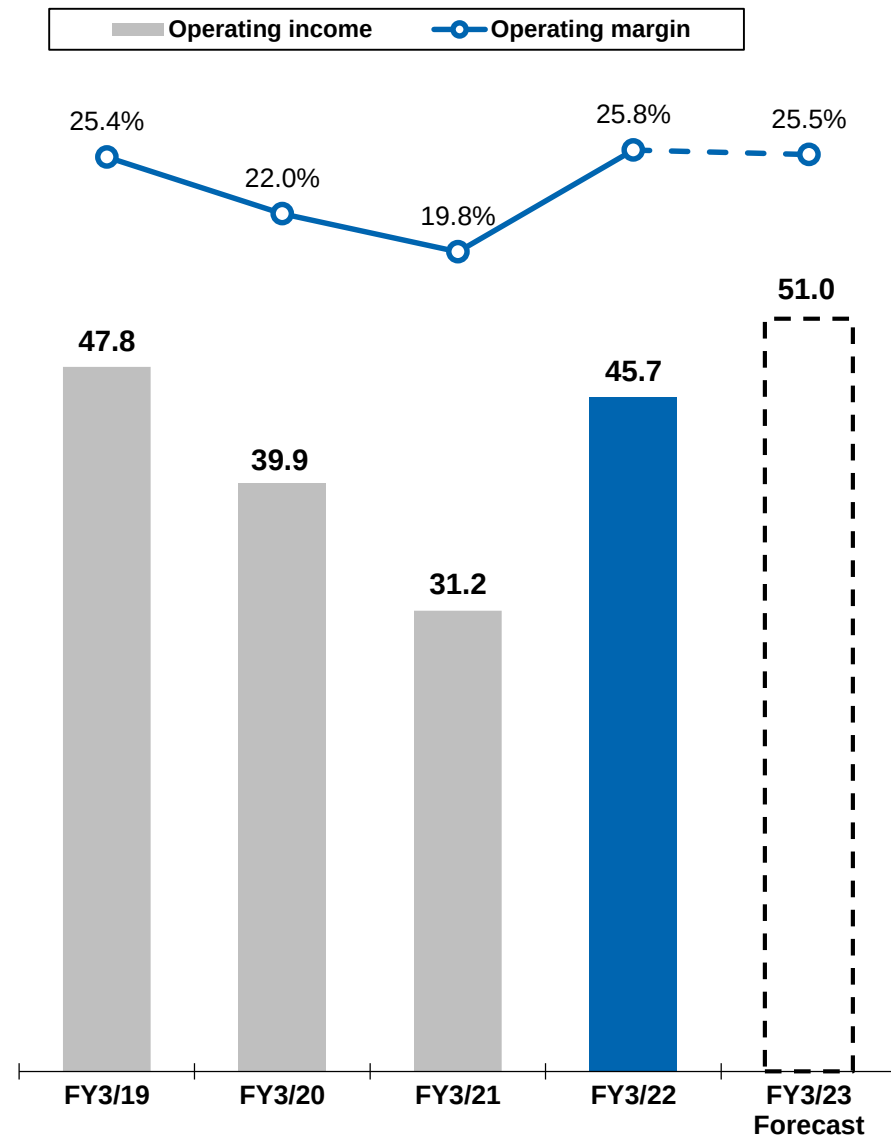


Machined Components

Net sales (Billions of yen)

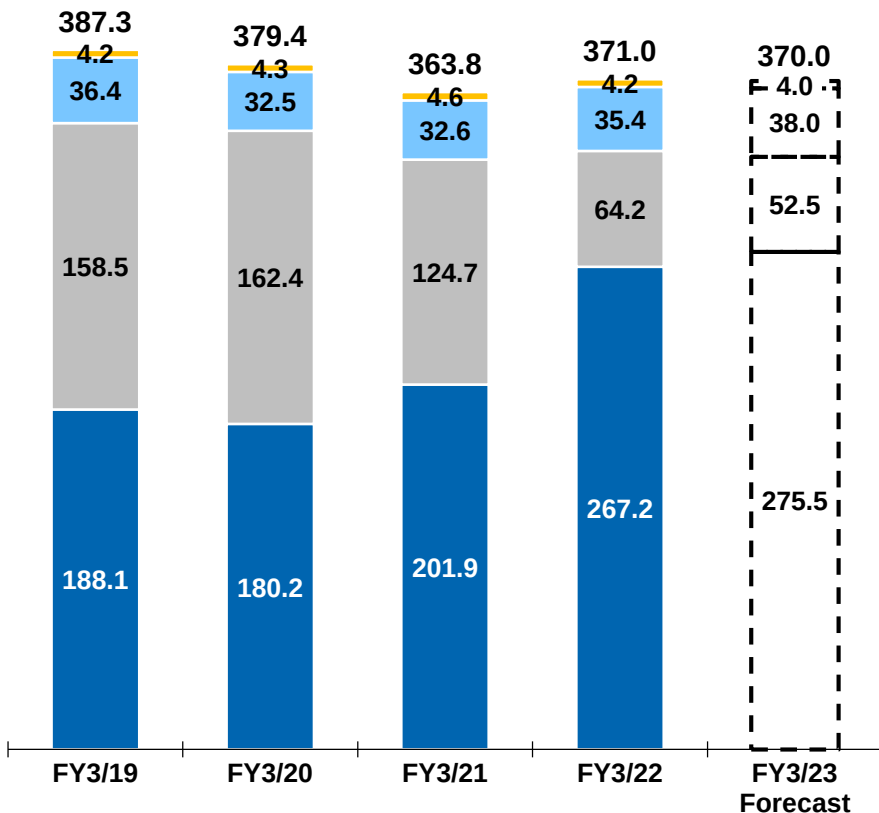
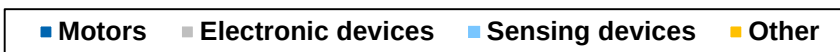


Operating income (Billions of yen)

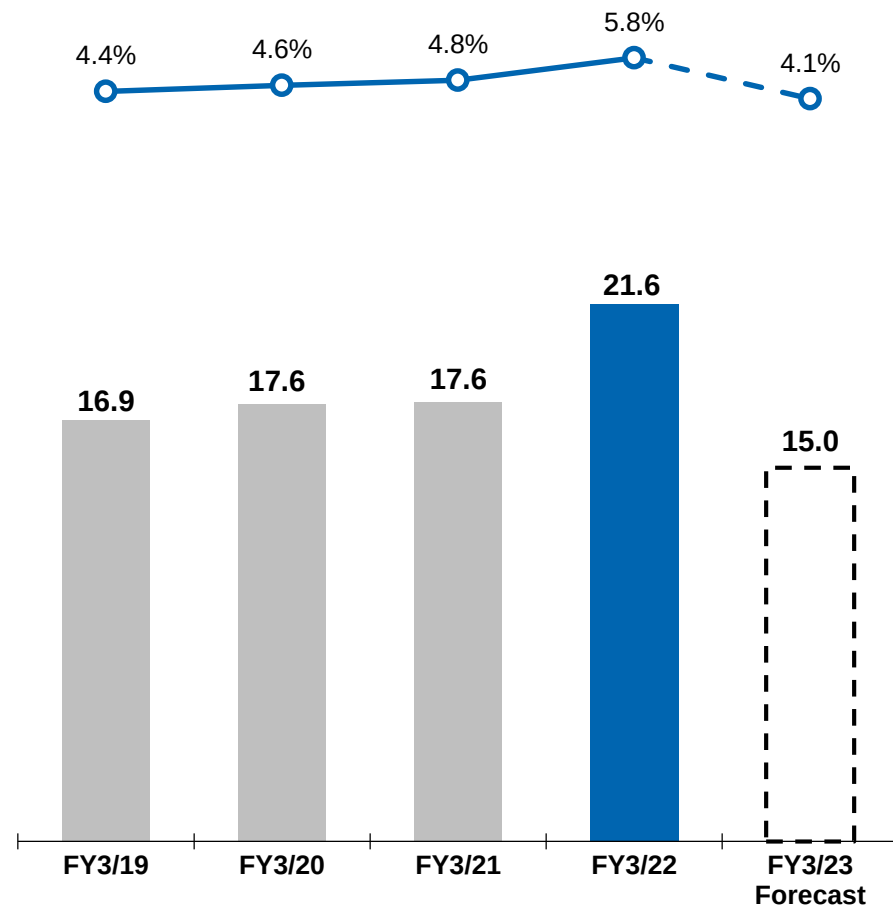
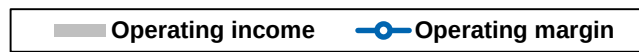


Electronic Devices & Components

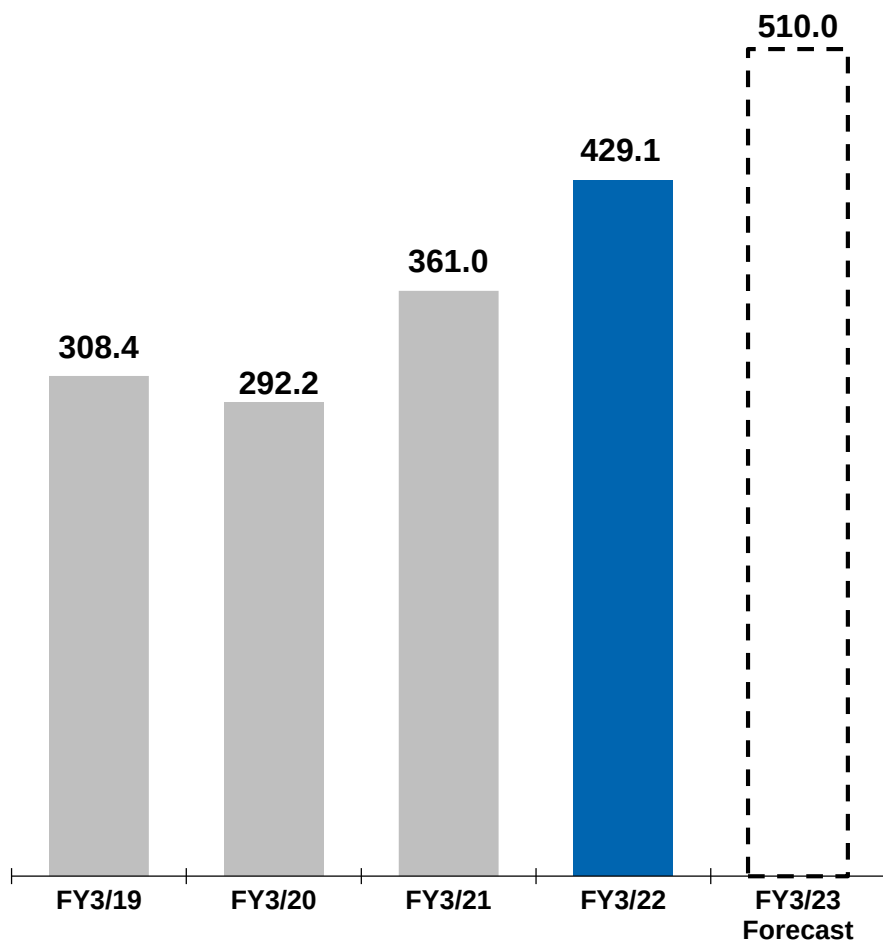
Net sales (Billions of yen)



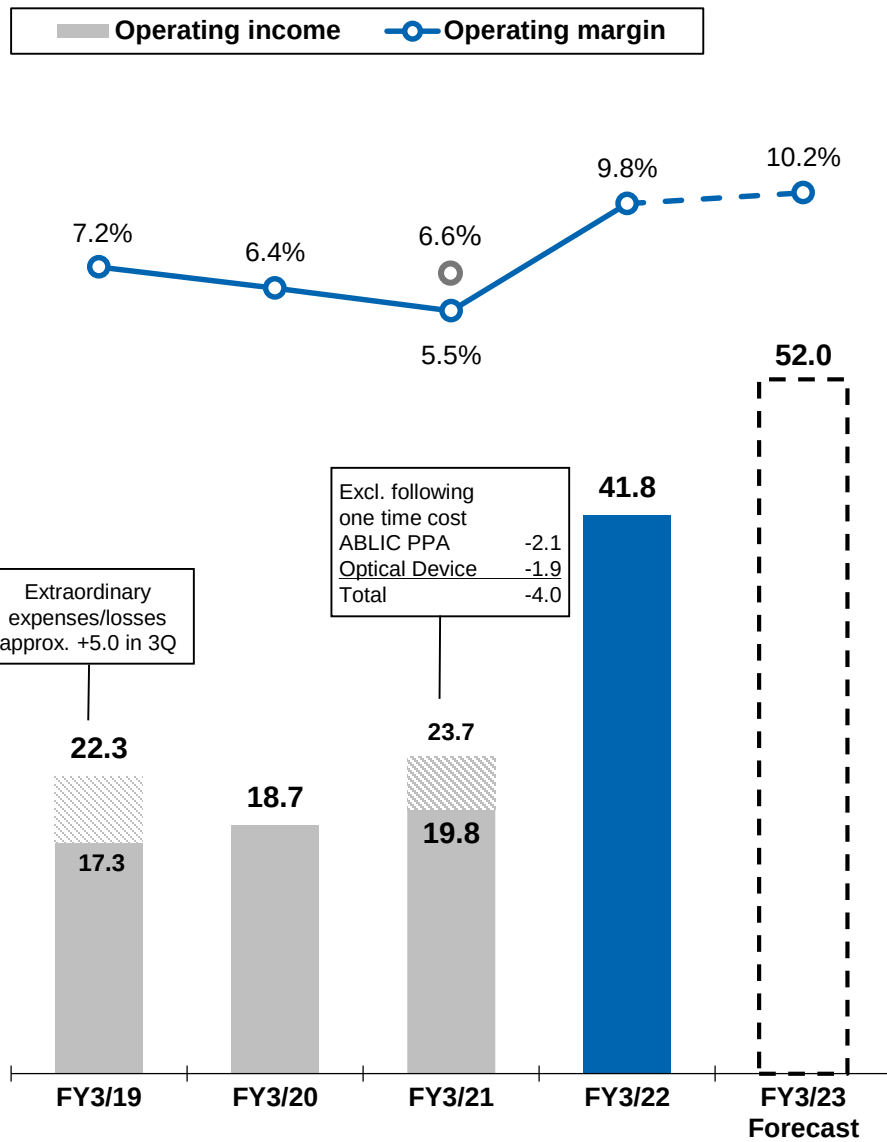
Operating income (Billions of yen)



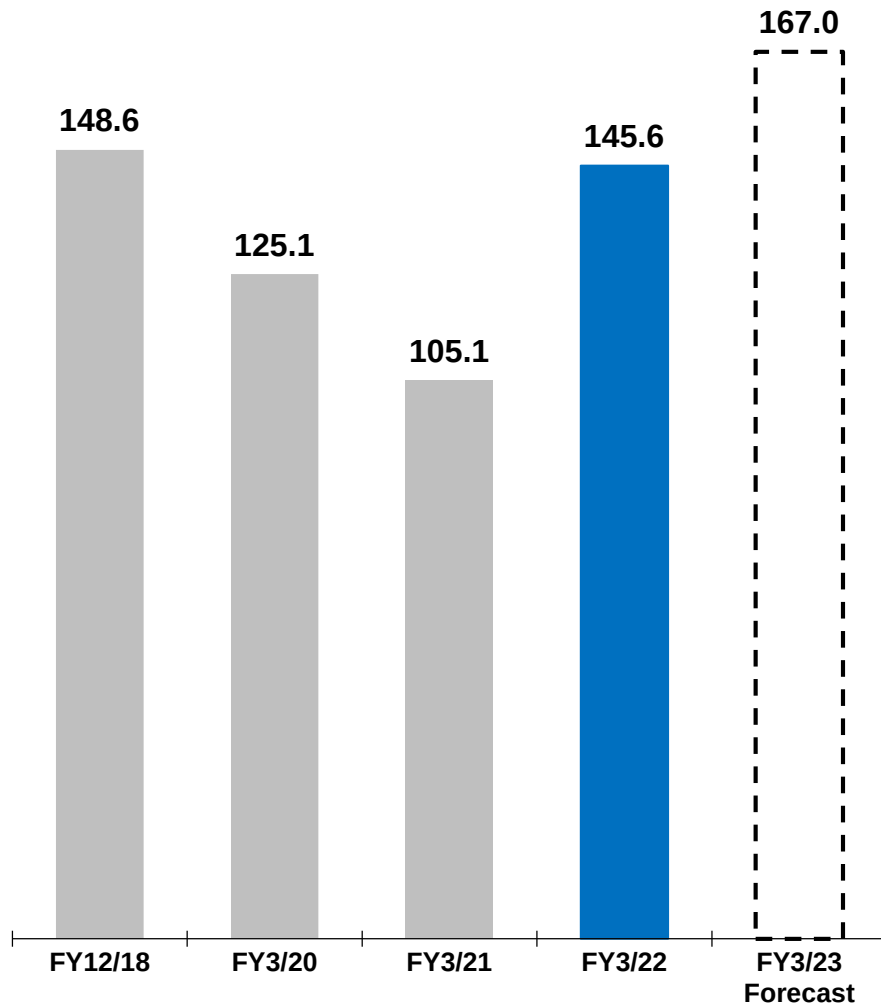
Net sales (Billions of yen)



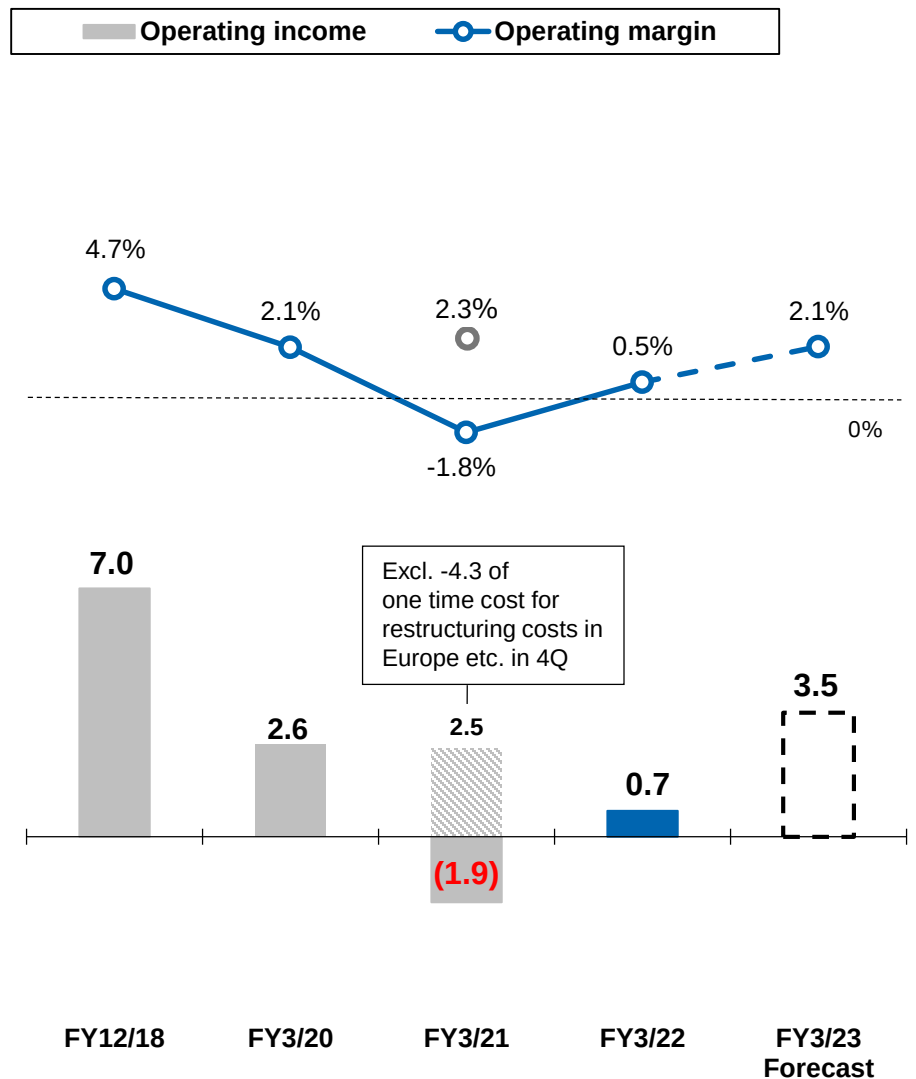
Operating income (Billions of yen)



Net sales (Billions of yen)



Operating income (Billions of yen)

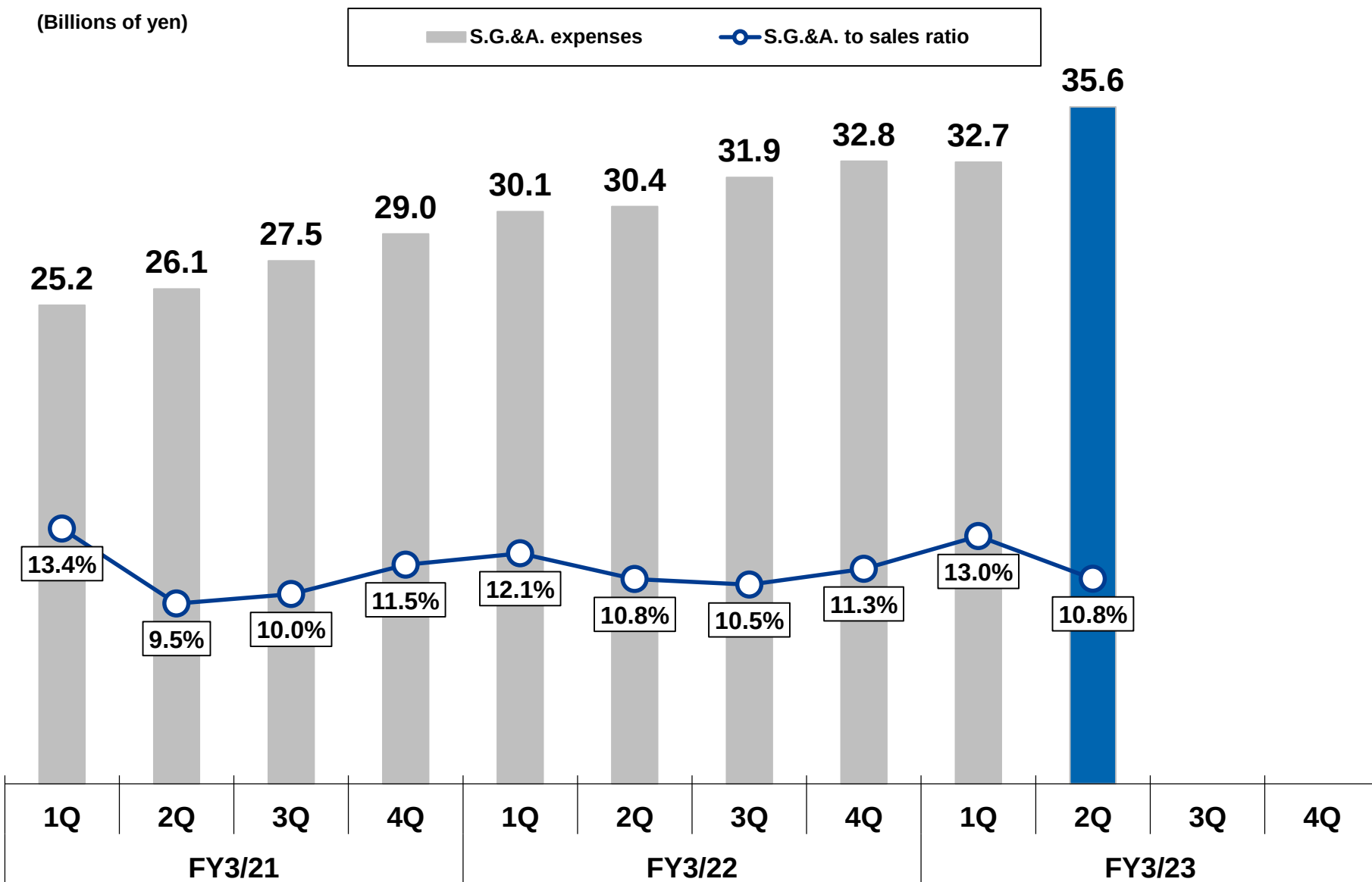


◀ [JGAAP] ▶ [IFRS]

◀ [JGAAP] ▶ [IFRS]

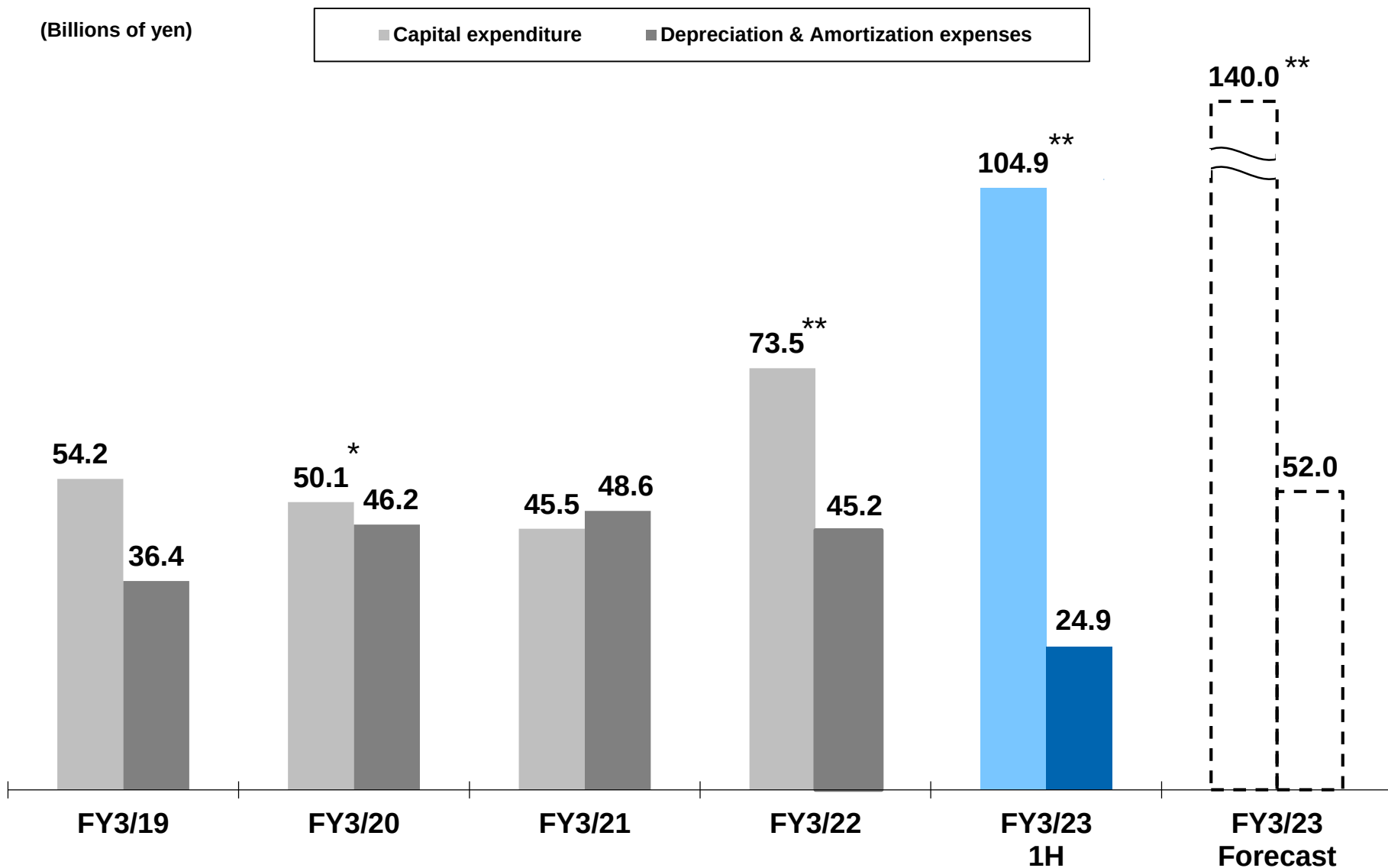
S.G.&A. Expense / Ratio

(Billions of yen)



Capital Expenditure / D&A Expense

(Billions of yen)



* Capital expenditures of FY3/20 do not include the increase of asset from lease contracts at the IFRS16 application start date

** Capital expenditures of FY3/22 & FY3/23 include new HQ building acquisition expenses

ROIC (Return On Invested Capital)

ROIC for 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

**MinebeaMitsumi
ROIC**

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

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

(%)

