

Chapter III Initiatives for Value Creation – Strategies by Business

MITSUMI Business

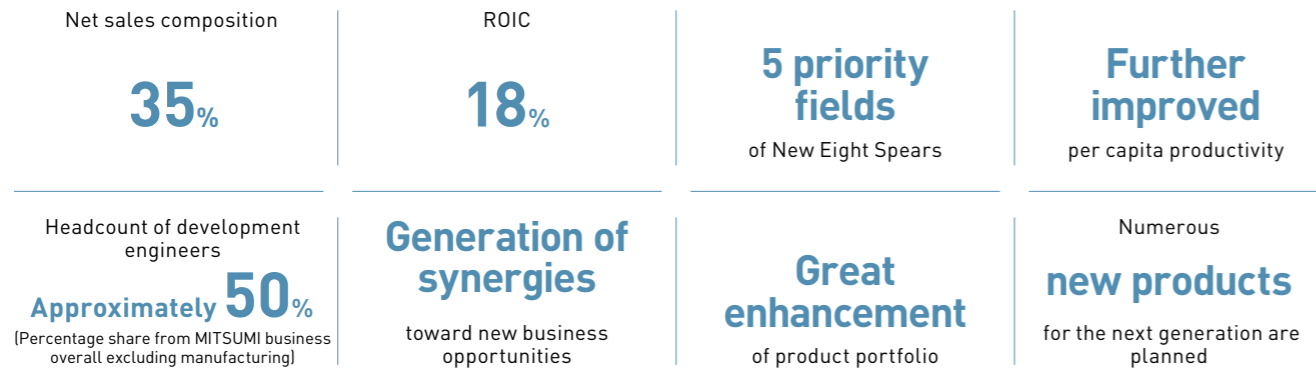
Develop new products for future growth fields by taking an INTEGRATION approach of Eight Spears products and create business opportunities for the entire group

Major products
Precision components Optical devices
Power supply components Mechanical components
Automotive products Semiconductors



Overview of the fiscal year ended March 2019

Highlights of the MITSUMI business



Overview of the fiscal year

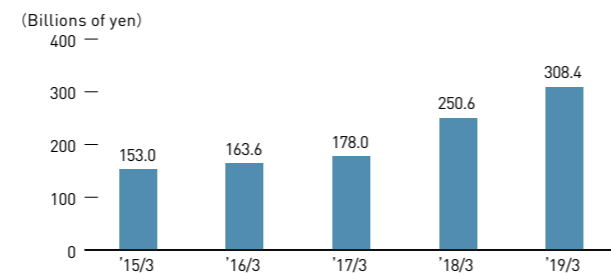
Results on par with the previous fiscal year

Firm performance was achieved across nearly all product lines; camera actuators, mechanical components including game consoles, switches, products for smartphones such as protection ICs, antennas, communication modules, connectors, etc.

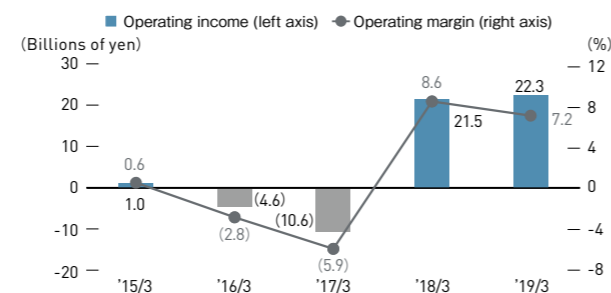
As a result, net sales were 308.4 billion yen (up 22.2% YoY), operating income was 22.3 billion yen (up 11.0% YoY), and operating margin was 7.2%. Despite the impact of the Hokkaido Earthquake, particularly for semiconductors, substantial profitability improved due to improved productivity and focus on growth areas.

Net sales would have decreased by 6% year on year if it had not been for an increase in sales arising as a result of the revised contracts with customers. Moreover, operating income includes a positive total of transient factors amounting to approximately 4.0 billion yen overall in the fiscal year, including one-off gains due to personnel system reforms including extension of the mandatory retirement age, against one-off expenses partially due to operating losses due to the Hokkaido Earthquake and expenses related to the disposal of some inventories.

Net sales



Operating income/operating margin



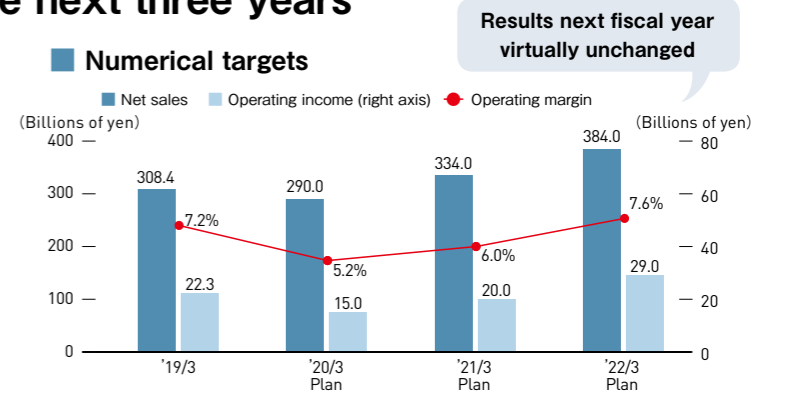
* Figures for periods up through the fiscal year ended March 2018 are based on JGAAP, and figures for the fiscal year ended March 2019 are based on IFRS.

Midterm Business Plan (FY3/2020 - FY3/2022)

Key points

Launch new products and make INTEGRATION of new Eight Spear products a reality in the next three years

- Optical devices**
Increase added value through innovation
- Mechanical components**
High-value added OEM using our original technology
- Automotive components**
Synergies with U-Shin
- Connectors/switches**
Focus on niche areas
- Analog semiconductors**
Focus on high value-added products



Prospects of the new Eight Spears strategy

Sensors, connectors/switches, power supply components, wireless/communications/software, analog semiconductors

Contributed to stabilizing profitability of MITSUMI business

Five of the Eight Spears belong to the MITSUMI business, and are in areas of business that will grow substantially going forward.

For instance, as for analog semiconductors regarded as a gateway to IoT technologies, those for edge devices are playing an increasingly important role in accelerating conversion from analog to digital. Accordingly, the need for analog-to-digital converters (ADC) is expected to increase, which seemingly suggests that analog semiconductors will help bring about more widespread adoption of fifth-generation wireless technology (5G). Furthermore, a wider range of business opportunities is resulting from efforts to join motor drivers with the Electronic Devices and Components segment's motor business, which is giving rise to hopes that we will be able to increase our added value and enhance our cost competitiveness.

Creating solutions that resolve social challenges

The INTEGRATION of Eight Spear products to generate business opportunities for the entire Group

MinebeaMitsumi is well aware that the key challenge of the MITSUMI business from the perspective of absolute permanence of business is to facilitate robust growth of the five areas encompassing the new Eight Spear product groups as the future core businesses. As such, the basic strategy of the MITSUMI business involves strengthening the new Eight Spear products using cash generated from sub-core businesses as a growth resource. This will be achieved through (1) organic growth, (2) development of the new products encompassing these businesses, and (3) performing M&A of companies thought to be able to effectively utilize these businesses. With respect to the new Eight Spear products, it is crucial that we create new business opportunities by enhancing our competitive strengths in the individual Spears and making progress through

Initiatives of each area

- Sensors** — Centering on strain gauge and MEMS sensor technology
 - Explore possibilities of temperature/environment sensors
 - Expand business for key IoT components employing strain gauges
- Connectors/switches** — Key words are ultra-precision/water-proof
 - Increase market share for water-proof tactile switches
 - Significantly expand portfolio centered around automotive high-speed transmission products
- Power supply components** — Gaining a commanding position in the IoT era with high reliability/high functionality
 - New markets: Develop micro converters for the electricity and power storage markets
 - Existing markets: Expand sales by pursuing smaller products and products that support higher frequencies in the areas of lighting, telecommunications, household electrical appliance, and other markets
- Wireless/communications/software** — Expand sales in the market, particularly in automotive products and respond to IoT
 - Quickly develop next-generation communication antennas for connected cars and promote sales/receive orders (TCU antennas, etc.)
 - Utilize India/Slovakia plants
- Analog semiconductors** — Analog semiconductors - the gateway to IoT
 - Expand sales of high value-added products targeting the industrial/housing equipment market
 - Increase share in the car infotainment market
 - Focus on high value-added products (ADC + IGBT)

the INTEGRATION of respective synergies.

Moreover, we expect to leverage very substantial synergies in the dual fronts of top line and costs, in conjunction with the U-Shin business which was subject to business integration in April 2019. Access products of the U-Shin business for automobiles and housing equipment require sophisticated connectivity technologies and dedicated devices closely associated with IoT technologies. This will make it possible for us to draw on our resources including the MITSUMI business segment's overriding strengths particularly involving high-frequency technology and wireless communications technology.

As such, we will engage in these sorts of innovative business initiatives that contribute to the IoT community, by leveraging synergies arising from intra-Group INTEGRATION.