

Chapter III Initiatives for Value Creation — Strategies by Business

U-Shin Business

Our first priorities are to achieve a turnaround in the European business and to generate synergies, and then we will focus attention on automotive business while expanding housing equipment

Major products
Automotive components
Components for industrial equipment
Components for home security units (house and other building's locks and others)



Kanae Okabe
Senior Managing Executive Officer, and Representative Director, President and CEO of U-Shin Ltd.

Synergies of business integration

Access products newly added as the eighth spear	Enhancing presence in the automotive industry	Leveraging business sites and personnel among abundant management resources worldwide	Competitive strengths through vertical integration
New products that combine technologies of both companies	Cross-selling involving extensive product lines and expansion of sales channels	Improved productivity and quality	Cost cutting through higher rate of in-house manufacturing

Background details of business integration

MinebeaMitsumi carried out the business integration with U-Shin upon having determined that the Company would be able to tap substantial opportunities for business expansion in the automotive components market. To this end, we will draw on the wealth of experience and knowledge U-Shin has gained in doing business with automotive manufacturers, and furthermore leverage U-Shin's optimized business model as a Tier 1 manufacturer*, particularly with respect to the MinebeaMitsumi Group's efforts that involve developing products and proposing solutions to automotive manufacturers, our end customers.

The new arrangements are likely to yield substantial synergies and generate growth particularly in business areas that are significantly related to automotive components and components for home security units.

By making the most of the synergies arising from the integration, the U-Shin business aims to achieve operating income amounting to 10 billion yen within three years.

* An automotive components manufacturer which directly supplies components to automotive manufacturers

Synergies



Major initiatives under the Midterm Business Plan (FY3/2020 - FY3/2022)

Achieving a quick turnaround and maximizing synergies

Accelerating rebuilding of the European business

We are taking steps to heighten financial performance of U-Shin's European business, which faces urgent challenges with respect to improving quality, raising productivity, and strengthening its managerial control framework. As such, we aim to improve profitability in the early stages while establishing competitive products through INTEGRATION of technologies, by enlisting the Group's global human resources and manufacturing expertise going forward.



- 1. Manufacturing**
 - Provide high-precision and high-functionality components
 - Increase proportion of in-house manufacturing
 - Extend automation
- 2. Managerial function**
 - Furnish support for human resources
- 3. Sales function**
 - Cross-selling

Enlisting expertise → Boost the sales ↑ Improve productivity ↑

Heightening competitive strengths of automotive components

We aim to heighten our competitive strengths of automotive components by improving their quality, while also substantially lowering costs and reducing procurement risk. To such ends, we will shift to internal means of procuring items such as

motors and electronic circuits, which have been procured externally thus far, while also enlisting our expertise in the realms of technologies for component and mold machining, and automated production technologies.

10-year vision

Example synergies (1) Automotive components

Heighten added value of E-Access* by combining U-Shin and MinebeaMitsumi technologies

* A solution for safer and more comfortable access to your car

Mega trends

Progress is being made with respect to automotive electrification and autonomization amid car technology innovations underpinned by ADAS and 5G

Strengths of U-Shin's Automotive business

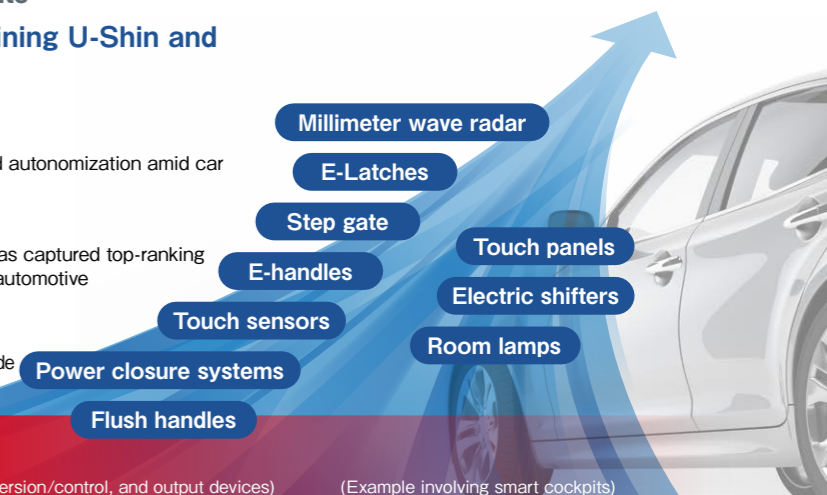
Engaging in development, production and sales worldwide, U-Shin has captured top-ranking market share globally by leveraging its strengths as an independent automotive component manufacturer

- Extensive product lineup
- Sites handling production, sales and development in 15 countries worldwide
- Transactions with leading OEMs

+ Synergies with MinebeaMitsumi technologies

(All kinds of input, conversion/control, and output devices)

(Example involving smart cockpits)



Example synergies (2) Smart homes

Hastening evolution of smart home concepts by leveraging technological synergies centered on MinebeaMitsumi's wireless and software technologies

Mega trends

Artificial intelligence and big data are enhancing connectivity of all kinds of home security units, as well as labor-saving and automated operations in factories particularly with respect to Industry 4.0 solutions

Strengths of U-Shin's Home Security Unit business

U-Shin develops and produces sophisticated security lock devices, applying mechatronics technologies, which it has acquired in its Automotive business

+ Synergies with MinebeaMitsumi technologies

(Motors, sensors, wireless/software and various other edge devices)

