

# Chapter III Initiatives for Value Creation

## Strategies by Business



\* The ratios were calculated exclusive of other adjustments.

Adding to our other three segments – the Machined Components, the Electronic Devices and Components, and the MITSUMI business segments – we newly introduced the U-Shin business segment in April 2019.

We originally embarked on business as a manufacturer specializing in ball bearings, but later applied our capabilities in ultra-precision technologies developed through machining operations to our Electronic Devices and Components business.

As a result, our Electronic Devices and Components business now outperforms our Machined Components business in terms of percentage of net sales.

### Machined Components Business

**Income up 16.4% YoY**

Annual external sales of ball bearings recorded the highest ever. Sales and income increased due to dual factors of organic growth and M&As.

**SWOT analysis**

**Strengths**  
 Ultra-precision machining technology  
 High-quality and mass production technologies  
 Product supply speed  
 High market share in niches

**Weaknesses**  
 Relatively low profitability for some products

**Opportunities**  
 Innovation of products  
 More sophisticated and advanced products  
 Demand for greater energy efficiency

**Threats**  
 Substitution with new technology (Certain products including those for HDDs)  
 Shift to low-priced products

**Future growth strategy**

- Response to increasing demand
- Improvements in productivity
- Enhancement of aerospace area and entry into new area
- Development of new technologies
- Expansion of portfolio

### Electronic Devices and Components Business

**Income down 29.8% YoY**

Sales and income decreased largely due to a slowdown in China demand particularly for household electrical appliances and office automation.

**SWOT analysis**

**Strengths**  
 High-quality and mass production technologies  
 Product supply speed  
 High market share in niches  
 Extensive product lineup

**Weaknesses**  
 Low profitability for some products  
 Insufficient sales channels for new products

**Opportunities**  
 Innovation of products  
 More sophisticated and advanced products  
 Demand for greater energy efficiency

**Threats**  
 Substitution with new technology  
 Intensifying competitive environments  
 Rising raw materials and parts prices

**Future growth strategy**

- Core business centered on motors and sensing devices
- Expansion of automotive product lineup
- INTEGRATION with former MITSUMI ELECTRIC's technologies
- Development of new technologies

### MITSUMI Business

**Income up 11.0% YoY**

Sales and income increased despite substantial production adjustments for certain products in the second half of the fiscal year.

**SWOT analysis**

**Strengths**  
 R&D capability/proposal-based sales capability  
 Capability for handling mass production  
 Product supply speed  
 Connectivity (IoT) related technologies

**Weaknesses**  
 Low profitability for some products  
 Susceptibility to demand trends  
 Product portfolio

**Opportunities**  
 Demand for greater energy efficiency  
 Increased demand for connectivity related products  
 Emergence of revolutionary products  
 Increasing digitalization of components

**Threats**  
 Substitution with new technology  
 Intensifying competitive environments  
 Change in trend of major customers

**Future growth strategy**

- Creation of new products utilizing development capabilities
- Expansion of automotive product lineup
- Further improvements in productivity
- Development of business focused on sales of modules rather than sales of single units

### U-Shin Business

#### Business integration in April 2019

**SWOT analysis**

**Strengths**  
 Transaction results of doing business with leading OEMs worldwide/ Global manufacturing sites / Shift to in-house production of parts and development of new products

**Weaknesses**  
 Dispersing strengths and relationships in Europe/ Insufficient investment due to poor financial performance

**Opportunities**  
 Substantial growth opportunities through the business integration/ Shift to electric lock systems / Increasing business involving shift to smart house technologies

**Threats**  
 Intensifying offensives mounted by competitors  
 Stagnation of global automotive shipment

**Future growth strategy**

- Improvements in productivity
- Higher yield
- Implementation of clear location strategy
- Establishing competitive products



# Machined Components Business

Strong growth is continuing on the back of increasing structural demand, particularly for ultra-high quality products and overwhelming competitive edge

Major products  
Ball bearings Rod-end bearings Spherical bearings  
Roller bearings Fasteners Bushings Pivot assemblies  
Mechanical assemblies Aerospace fasteners



## Overview of the fiscal year ended March 2019

### Highlights of the Machined Components business

<p>Net sales and operating income</p> <p><b>Record highs</b></p>	<p>Operating margin</p> <p><b>25%</b></p>	<p>ROIC</p> <p><b>30%</b></p>	<p>External sales volume of ball bearings</p> <p><b>200 million units or more/month achieved</b> (+ internal sales 70 million units/month)</p>
<p>Production volume of ball bearings</p> <p><b>300 million units/month achieved</b></p>	<p>Many products boast</p> <p><b>overwhelmingly high</b> market shares</p>	<p><b>Currently expanding</b> the product portfolio</p>	<p><b>Technological innovation</b> as a driver of growth, involving shift to electric vehicles, etc.</p>

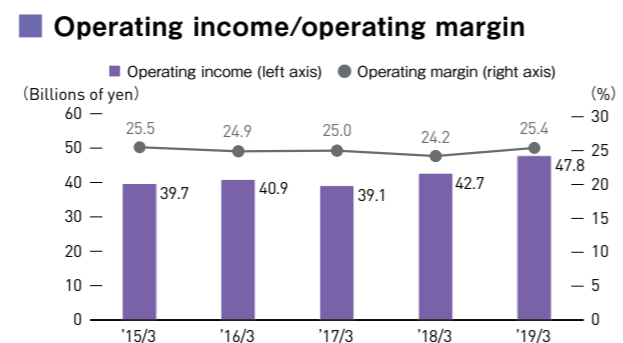
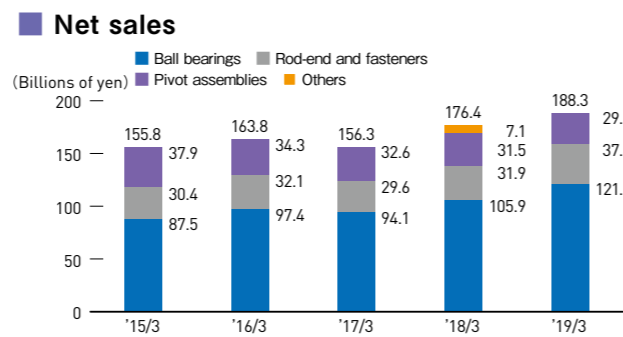
## Overview of the fiscal year

### Record highs with respect to both net sales and operating income

Sales of ball bearings, MinebeaMitsumi's main products, increased amid a scenario of annual external sales volume having achieved a record high of 2,347 million units due to an increase in the quantity used per vehicle accompanying growing needs with respect to enhanced functionality involving energy efficiency, safety and comfort in automobiles, despite the market-slowing effect of U.S.-China trade friction in the second half of the fiscal year.

Rod-end and fastener sales increased due to strong performance in the small and medium-sized aircraft market. Meanwhile, pivot assembly sales were down both in volume and amount due to the diminishing size of the HDD market, despite the Company having maintained a solid market share of more than 80%.

As a result, net sales and operating income for the period finished at record highs of 188.3 billion yen (up 6.7% YoY) and 47.8 billion yen (up 16.4% YoY), respectively, and operating margin was 25.4%.



\* 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.

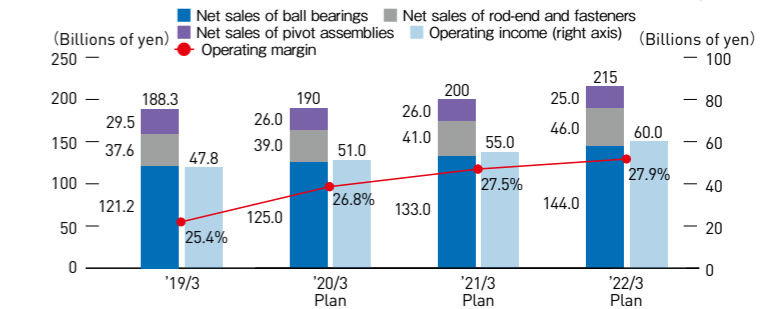
## Midterm Business Plan (FY3/2020 - FY3/2022)

### Key points

Demand for ultra-high quality products to keep fueling "healthy" growth

- Ball bearings external sales**  
Structural demand increase for automobiles
- Ball bearings internal sales**  
Ball bearings for motors making up for slowing HDD demand
- Ball bearings production**  
Optimized product mix and production system to drive profit up
- Rod-end and fasteners**  
Aircraft business is doing well

### Numerical targets



Business involving applications for automobiles and aircraft is poised to drive growth for the next fiscal year

## Prospects of the new Eight Spears strategy

### Bearings

#### Ball bearings: continuing profit growth

Demand for bearings is being driven mainly on two fronts: by automotive applications amid a structural increase in volume due to trends of vehicle electrification and a shift to electric vehicles, and by applications entailing cooling fans for data centers amid the likelihood of growing demand involving IoT technologies. The Company's ultra-high quality, ultra-precision bearings are being used in both areas of business which have been shifting to increasingly high performance in terms of energy savings and safety.

Going forward, we will further strengthen our earnings base, leveraging our overwhelming competitive advantages in the market, particularly in terms of our quality and product supply capabilities, while also taking steps to reduce costs.

#### Aircraft components: becoming a driver of growth amid a robust business environment

In the aircraft market, which is anticipated to consistently grow over the long term, our sales per aircraft have been trending higher due to a scenario where we have captured greater market share by leveraging our price competitiveness, and are also generating higher sales of high-value-added mechanical parts. Moreover, we expect to achieve sales growth exceeding that of the market due to efforts that involve creating technological synergies with C&A and Mach Aero, acquired last year, and expanding business in Asia.

Going forward, we will continue to develop a stronger industry presence by drawing on our ability to provide ultra-high quality and enhancing our global production framework.



#### Pivot assemblies: cash cows and maximizing profit

We will maximize our profits going forward given that we maintain a high share of the market for high-end products and have completed our capital investment.

## Creating solutions that resolve social challenges

### Consistent growth and portfolio expansion to continue substantially driving results

A basic strategy of the Machined Components business, which has been the Company's core business since its founding, is to maintain consistent and permanent growth while maximizing growth areas by expanding the business portfolio. To such ends, we have been increasingly fortifying the business of miniature and small-sized ball bearings which already boasts overwhelming competitive advantages in the market, while taking steps to further strengthen the earnings base by actively arranging M&As with aims that include acquiring new technologies and expanding the business portfolio.

Going forward, we will further develop the Machined Components business, while aiming to create multifaceted synergies globally.

### The ball bearing business over the next 10 years

Persistently robust growth due to increasing structural demand for ultra-high quality products and our overwhelming competitive edge

Key words are:

- Automobiles**  
Shift to increasingly high functionality and shift to electric vehicles
- Data centers**  
5G, ADAS (Advanced Driver-Assistance Systems) and IoT
- High-end household electrical appliances**  
Low noise and energy savings
- Labor savings and automation**  
Medical robots and drones

## Chapter III Initiatives for Value Creation – Strategies by Business

# Electronic Devices and Components Business

Develop new business areas by expanding portfolio and achieve consistent growth over the long-term

### Major products

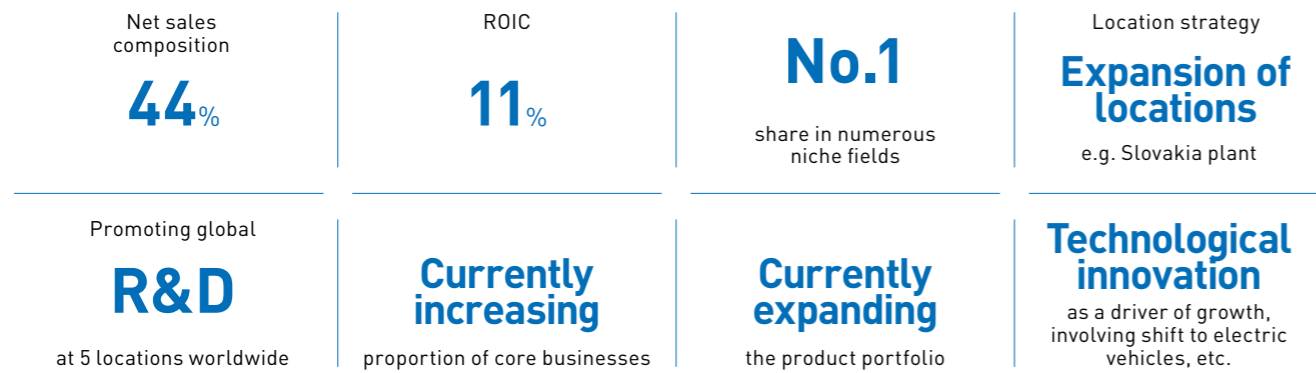
Electronics devices (LED backlights for LCDs, sensing devices, etc.) HDD spindle motors Stepping motors DC motors Air movers (fan motors) Precision motors Special components



**Ryoza Iwaya**  
Director, Senior Managing Executive Officer, Chief of Electronic Device & Component Manufacturing Headquarters

## Overview of the fiscal year ended March 2019

### Highlights of the Electronic Devices and Components business



## Overview of the fiscal year

Sales and income decreased due to slowing Chinese demand and a changing product mix

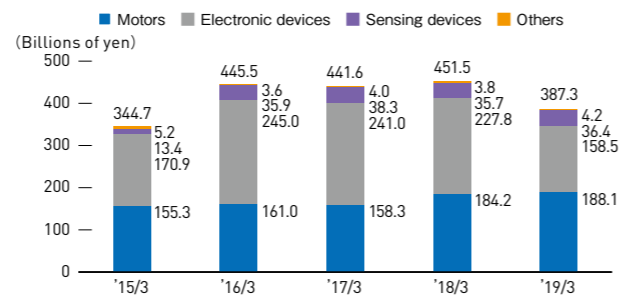
Sales of stepping motors and other motors increased amid firm results particularly from products for automobiles, despite Chinese demand slowed steeply mainly for household electrical appliances and office automation equipment.

Meanwhile, sales of electronic devices decreased due to lower sales volume of end-products for LCD models of major customers, in addition to a downturn in net sales associated with fewer parts supplied for a fee.

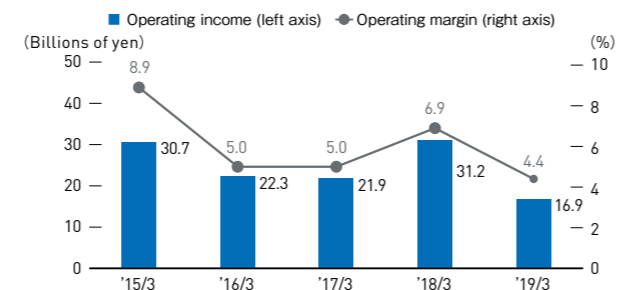
Sales of sensing devices were firm, especially for automotive applications.

As a result, net sales were 387.3 billion yen (down 14.3% YoY), operating income was 16.9 billion yen (down 29.8% YoY), and operating margin was 4.4%. On a product basis, operating income from motors were almost on par with the previous year. Operating income from electronic devices decreased significantly, while operating income from sensing devices increased.

### Net sales



### Operating income/operating margin



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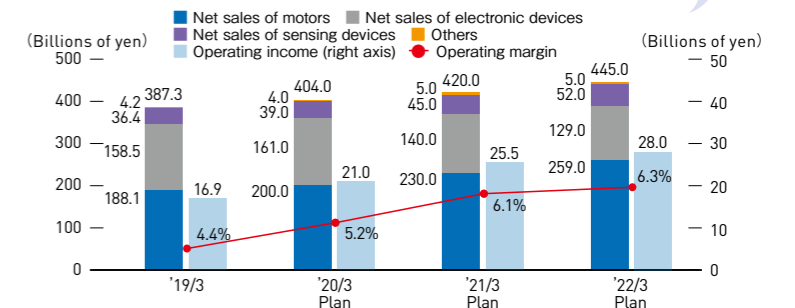
## Midterm Business Plan (FY3/2020 - FY3/2022)

### Key points

Profits stabilizing due to a higher proportion of core businesses

- Motors for automobiles**  
Electrification and "CASE" for automobiles
- Brushless DC motors**  
Increasing high-end products to keep growth going strong
- Launching new products**  
Rolling out various new products and expanding sales
- Resonant devices**  
Initiating mass production of new products
- LED backlights**  
Conservative forecasts

### Numerical targets



Next fiscal year we will restore financial performance by expanding sales of high value-added products

## Prospects of the new Eight Spears strategy

### Motors

#### Establishing a robust earnings base

In the massive market for motors, MinebeaMitsumi has been honing its competitive strengths by specializing in the niche areas of "miniaturization" and "precision". Having achieved substantial growth also in terms of profitability, the business has become established as a robust platform which already acts as the second pillar of the Company's operations.

We provide our major products, comprising stepping motors, DC motors, air movers, and HDD spindle motors, across a wide range of markets for automotive, office automation, household electrical appliance, and medical applications. Accordingly, our product portfolio is resilient to changes in the external environment. For instance, we have been able to make up for slowdown in sales to a specific market by shifting to other markets.

### Sensors

#### Expanding the business centering on strain gauges and MEMS sensors

Of all the Eight Spear product lines, only the sensor products wield strengths of the respective Minebea and MITSUMI businesses. As such, we anticipate positive results from various business opportunities in areas that include wearables and robotics, in addition to mobile, automobile and other existing applications. We will accordingly work toward expanding this business given its important role in IoT technologies, centering on two types of sensors, each with differing approaches, namely, strain gauges boasting outstanding sensitivity, stability and fatigue life; and micro-electro-mechanical systems (MEMS) technologies applying semiconductor manufacturing technologies.

## Creating solutions that resolve social challenges

### Firmly positioning the core businesses

In the Electronic Devices and Components business, our basic strategy is to maximize profit by reinvesting cash generated from the sub-core businesses in strengthening the platform of our core businesses of motors and sensors. With the aim of achieving consistent growth over the long term, we will expand our portfolio and develop new areas of business through the INTEGRATION with other Eight Spear products.

In part of these efforts, we will expand our business operations by transferring battery protection modules of the MITSUMI business to the Electronic Device Division from the fiscal year ending March 2020, and through the INTEGRATION of such products and business expertise regarding mobile devices, such that has been accumulated by the Electronic Devices and Components business thus far. In so doing, we will lay the groundwork for future growth by pursuing inter-segment synergies.

### The motor business over the next 10 years

More business opportunities created as a result of energy-saving & labor-saving technologies and digitalization

Key words are:

- Automobiles**
  - Increase in use of actuators to improve comfort in self-driving cars
  - Stricter environmental regulations → shift to xEVs → growing demand for cooling fans
- High-end household electrical appliances**  
Further noise reduction and energy savings
- Medical and robotics**  
Electrification against a backdrop of telemedicine and automated factories
- MINEGE®**  
Use in a wide range of applications leveraging synergies with the MITSUMI business



# Chapter III Initiatives for Value Creation – Strategies by Business

## MITSUMI Business

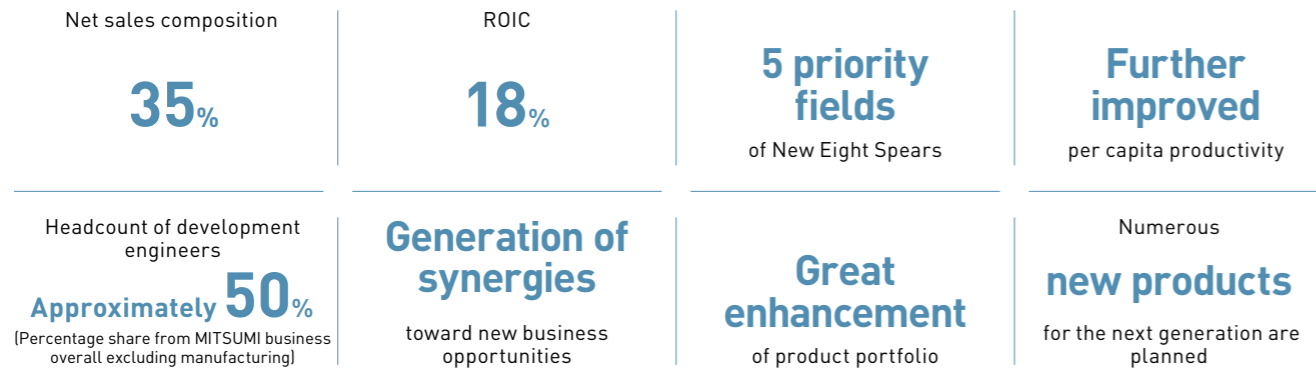
Develop new products for future growth fields by taking an INTEGRATION approach of Eight Spears products and create business opportunities for the entire group

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

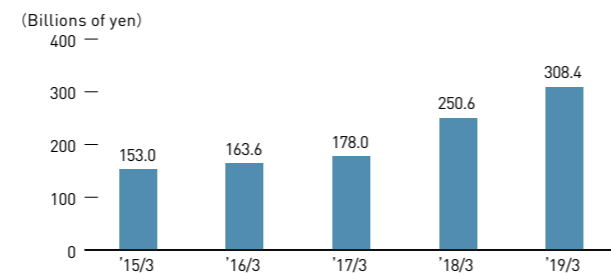
#### Results on par with the previous fiscal year

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.

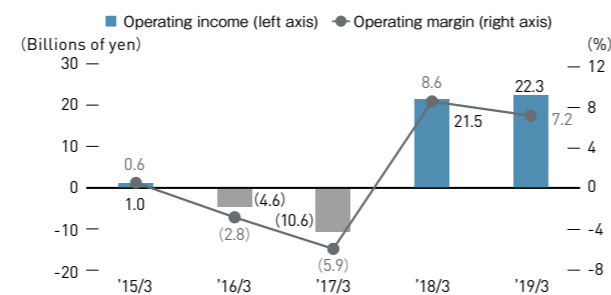
As a result, net sales were 308.4 billion yen (up 22.2% YoY), operating income was 22.3 billion yen (up 11.0% YoY), and operating margin was 7.2%. Despite the impact of the Hokkaido Earthquake, particularly for semiconductors, substantial profitability improved due to improved productivity and focus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



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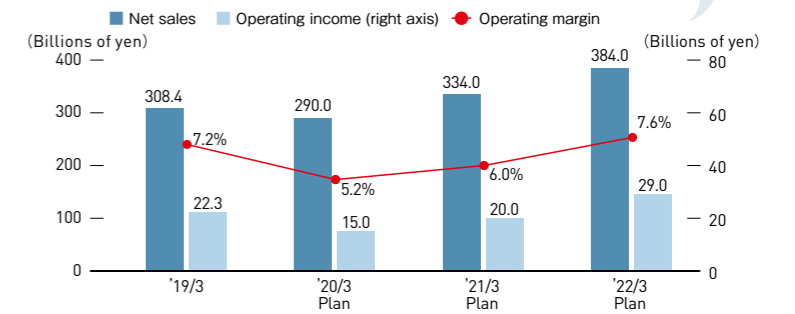
### Midterm Business Plan (FY3/2020 - FY3/2022)

#### 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

#### Numerical targets



Results next fiscal year virtually unchanged

### 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.

# 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)



### Synergies of business integration



### 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.

**MinebeaMitsumi**  
Passion to Create Value through Difference

- 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

**u-shin European business**  
 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

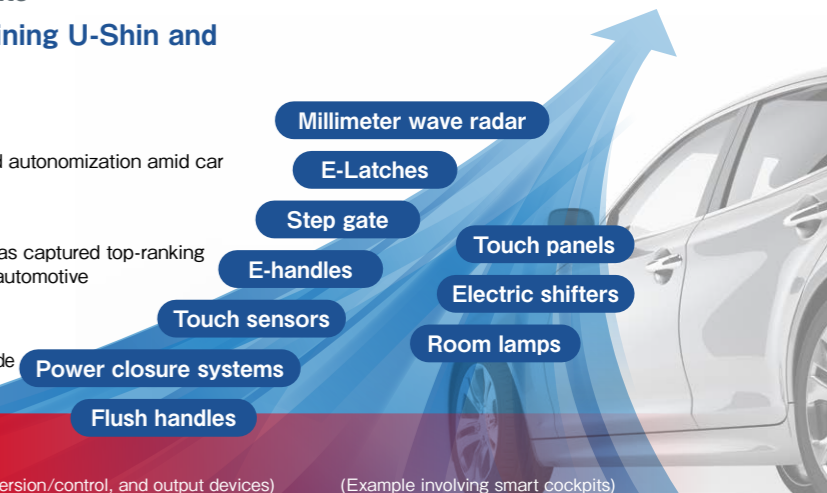
Engaging in development, production and sales worldwide, U-Shin has captured top-ranking market share globally by leveraging its strengths as an independent automotive component manufacturer

- 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

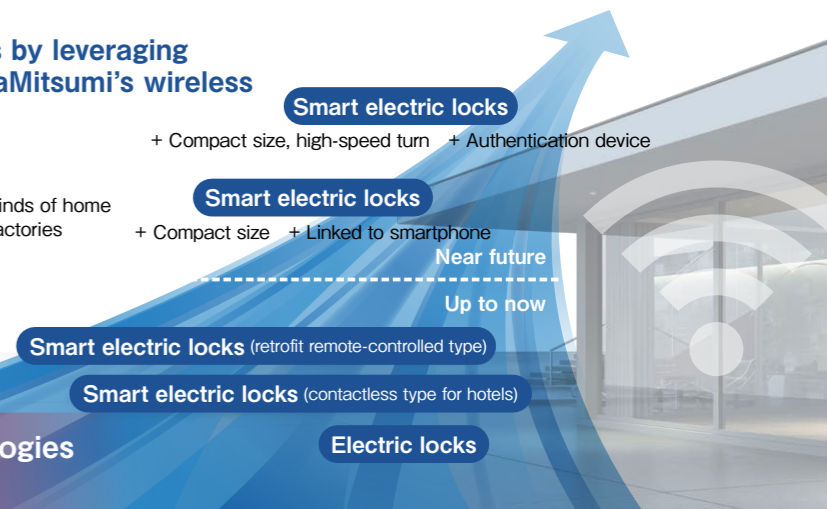
##### Strengths of U-Shin's Home Security Unit business

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)

- Smart electric locks + Compact size, high-speed turn + Authentication device
- Smart electric locks + Compact size + Linked to smartphone
- Smart electric locks (retrofit remote-controlled type)
- Smart electric locks (contactless type for hotels)
- Electric locks





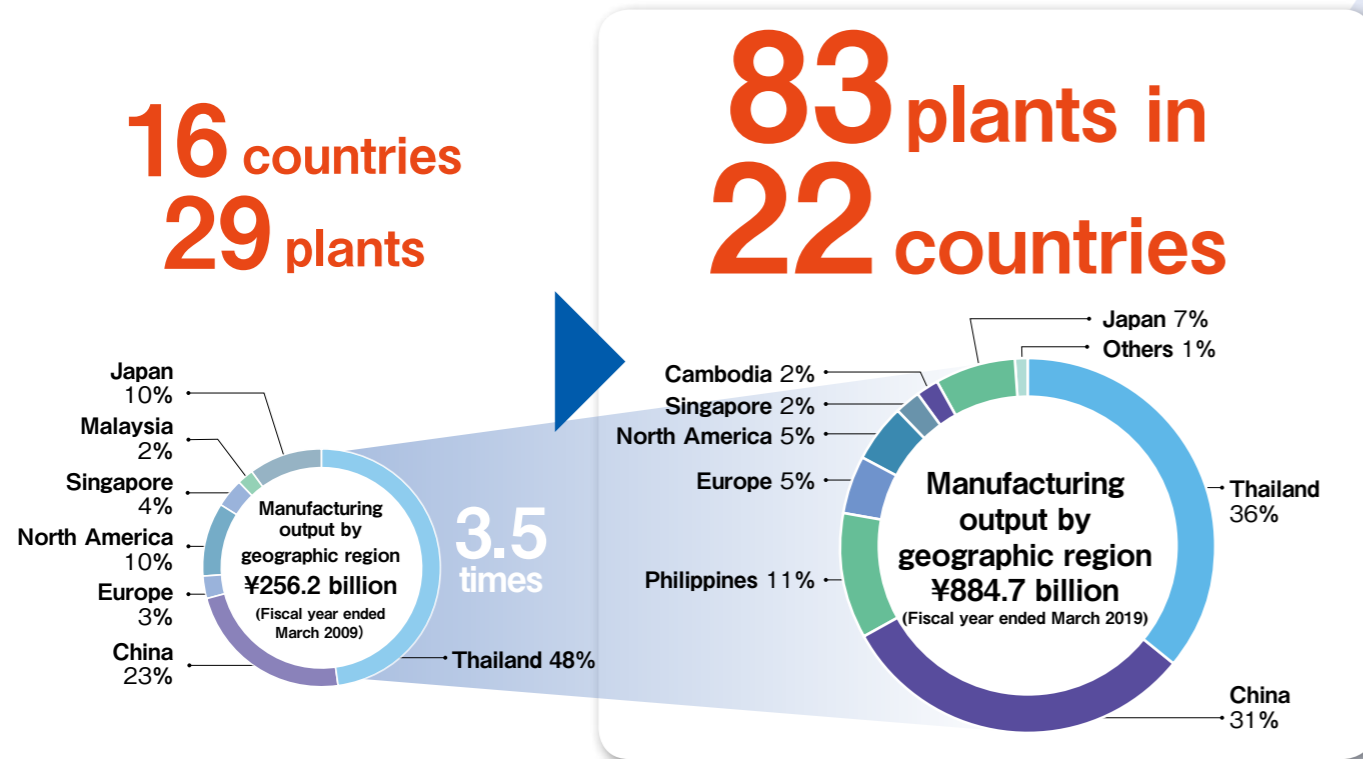
# Chapter III Initiatives for Value Creation

## — Strengthening of Non-financial Capital

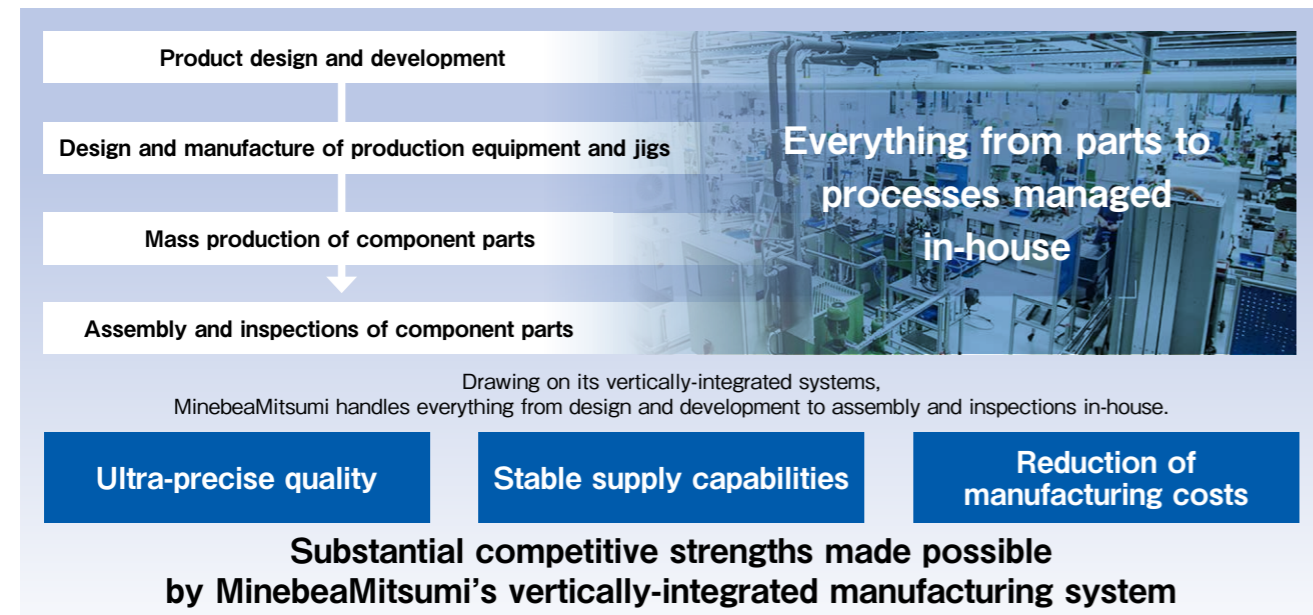
### Instrumental Capital

The MinebeaMitsumi Group optimizes production worldwide by striking a balance between **ultra-precision machining technology and mass production**, drawing on its vertically-integrated manufacturing system.

We also establish manufacturing bases around the world with the aims of shortening distances to our customers, securing the necessary workforce, and **reducing risks including currency exchange, disasters and geopolitical developments**.



Vertically-integrated manufacturing system which enables us to achieve both ultra-precision machining technology and mass production



### Global network



**Swift and unrivalled supply capability**

<p><b>Japan</b> — <b>20 plants</b></p> <p>Karuzawa Plant (Registered head office) Serving as the mother plant since our founding</p> <p>MITSUMI Chitose Plant Production of semiconductors</p> <p>U-Shin Hiroshima Plant U-Shin's mother plant</p>	<p><b>China, Korea</b> — <b>15 plants</b></p> <p>Shanghai Plant Our largest manufacturing plant in China</p> <p>MITSUMI Qingdao Plant Production of switches</p> <p>U-Shin Wuxi Plant Production of automotive components (started operation in 2018)</p>
<p><b>South Asia, Southeast Asia</b> — <b>11 plants</b></p> <p>Chai Chee Plant (Singapore) Our first manufacturing plant in Southeast Asia</p> <p>Malaysia Plant Production of brush DC motors</p> <p>Cebu Plant (Philippines) Our largest manufacturing plant in the Philippines</p>	<p><b>Thailand, Cambodia</b> — <b>10 plants</b></p> <p>Bang Pa-in Plant (Thailand) Our largest manufacturing plant in Thailand</p> <p>Lop Buri Plant (Thailand) Our main manufacturing plant for electronic devices and components</p> <p>Cambodia Plant The Group's largest and strategically important manufacturing plant</p>
<p><b>Europe</b> — <b>18 plants</b></p> <p>Lincoln Plant (UK) Production of aircraft bearings</p> <p>myonic Germany Plant Production of special bearings in Germany</p> <p>Kosice Plant (Slovakia) Production of automotive motors</p>	<p><b>North and South America</b> — <b>9 plants</b></p> <p>Chatsworth Plant (U.S.) Our first manufacturing plant overseas</p> <p>Peterborough Plant (U.S.) Production of aircraft bearings</p> <p>Mitsumi Automotive (Mexico) Production of automotive motors</p>



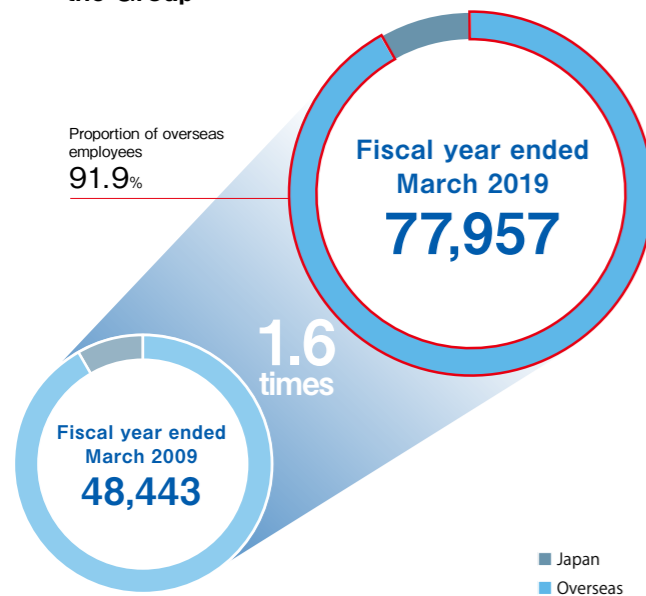
# Chapter III Initiatives for Value Creation

## — Strengthening of Non-financial Capital

### Human Capital

As an organization that conducts global business activities, the MinebeaMitsumi Group believes it is important to strengthen human resource capabilities through **workforce diversity**. We strive to create work environments in which a diverse group of employees can maximize their talents, regardless of gender, age, nationality, or disabilities.

#### Trends in the number of employees of the Group



#### Human resources development Materiality 3

Only about 8% of the Group employees are Japanese. As a global company, it is one of the most important management issues of the Group that global human resources grow and play active roles.

In addition to recruiting diverse human resources, the Group conducts various training programs designed to develop globally qualified human resources.

##### Main initiatives

- Provide many employees with opportunities to work overseas
- Dispatch employees to business schools in the U.S. (training to nurture next-generation leaders)
- Organize leadership training for overseas manager-level employees
- Overseas national staff training in Japan (improving business skills, learning Japanese, building networks)

#### Diversity/Empowering women Materiality 4

The Company has locations in 27 countries around the world, generating 60% of net sales and over 90% of production from overseas. In addition, M&As across the globe are adding new employees to the Group.

- Proportion of overseas employees: 91.9%
- Proportion of female employees: 65.3%
- Proportion of female managers: 19.2%



The Company's starting point is the passion and commitment to "Manufacturing with Sincerity", which are its identity. We keep our sense of unity of the Group by instilling our identity in companies integrated through M&As.

#### Future initiatives

In anticipation of further business expansion in the future, we plan to create an environment where human resources can be discovered and which allows them to be play active roles regardless of their nationality or culture. In particular, with the aim of achieving net sales of 2.5 trillion yen and operating income of 250 billion yen over the next ten years, "human resources development worldwide and diversity promotion worldwide" are set as materialities, and we will further accelerate the creation of an environment allowing all employees to fully demonstrate their capabilities.

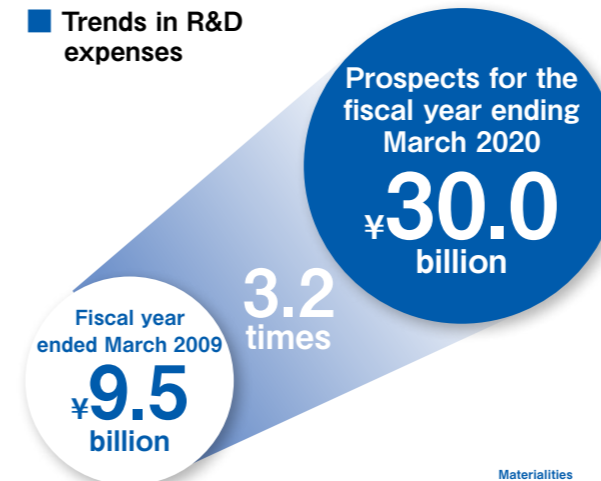
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Toward the 100th anniversary of MinebeaMitsumi, the Human Resources Development Dep. will play a central role in developing more global human resources development and, with that aim, will cooperate with locations around the world.

## Intellectual Capital

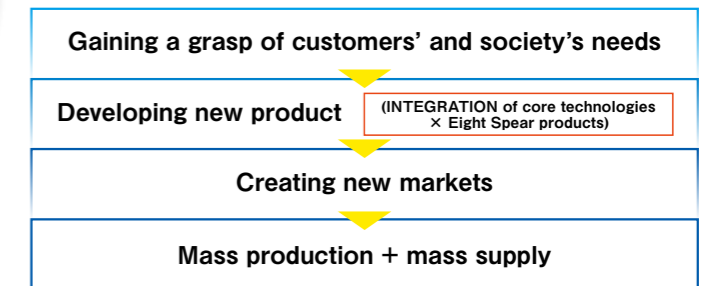
MinebeaMitsumi has been enhancing its manufacturing capital and human capital while strengthening and reviewing its business portfolio through 48 M&As in 48 years. For further sustainable growth, we will work to **develop new markets** by **developing new products** that meet the needs of customers and society.

#### Trends in R&D expenses



#### Product development through the INTEGRATION of our core technologies with our Eight Spear products

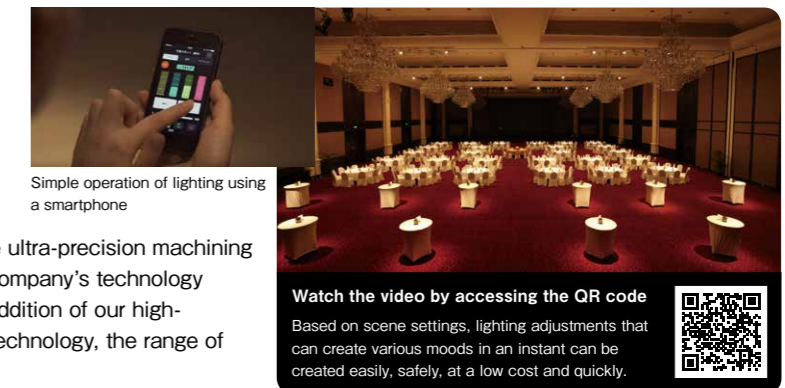
In addition to expanding R&D investment, we will also develop new markets by utilizing the comprehensive manufacturing, engineering, development and sales capabilities.



Create new value through "difference" that transcends conventional wisdom

#### Examples of new product development Materialities 5 7

##### Smart LED lighting



SALIOT is a smart LED lighting that uses the ultra-precision machining technology and the optical technology, the Company's technology strengths, to skillfully control light. With the addition of our high-frequency (wireless) technology and sensor technology, the range of use has been significantly expanded.

#### Synergies of Eight Spear products and core technologies as seen in SALIOT Products used in Eight Spears

