
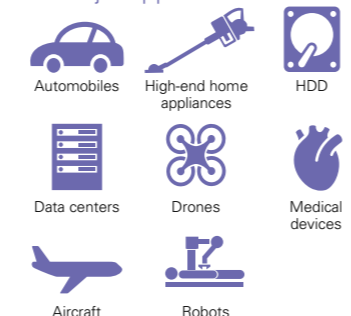
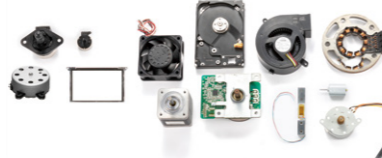







Strategies by Business

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

We have built a unique position as an “INTEGRATION manufacturer of precision components” with a multi-faceted business portfolio unlike any other in the world and contribute to risk diversification.

We are dynamically developing markets in each business segment, and each has different business opportunities, risks, and measures to deal with them. We will explain our business strategies, including a business overview, on the next and subsequent pages.

Machined Components	<p><b>Results for fiscal year ended March 2021</b></p> <p>Net sales ¥157.4 billion</p> <p>Operating income ¥31.2 billion</p> <p><b>Highlights</b></p> <p>Total sales volume and production volume of ball bearings reached record highs in a single month</p>	<p><b>Major products</b></p>  <p><b>Main products</b></p> <p>Ball bearings, rod-end bearings, spherical bearings, fasteners, pivot assemblies</p>	<p><b>Major applications</b></p> 	<p><b>Opportunities</b></p> <ul style="list-style-type: none"><li>● Increase in demand for high quality bearings in general, which contribute to energy efficiency and downsizing of end products.</li><li>● Increase in bearing usage per vehicle due to electrification and the shift to EVs.</li><li>● Increase in demand for bearings for cooling systems, including those for data centers.</li><li>● Shift to new aircraft equipped with energy-saving and high-efficiency engines by airline companies.</li></ul>	<p><b>Risks</b></p> <ul style="list-style-type: none"><li>● Increased attractiveness for competitors to enter the miniature and small-sized ball bearing market.</li><li>● Medium to long-term downward trend in sales volume of pivot assemblies due to shrinking HDD market.</li><li>● Decline in production rate of new aircraft due to sluggish global passenger demand.</li></ul>	<p><b>Responding to opportunities and risks</b></p> <ul style="list-style-type: none"><li>● Strengthen competitiveness by promptly implementing capacity expansion for ball bearings.</li><li>● Increase market share by leveraging our strength in bearings for aircraft.</li><li>● Establish a new pillar of machined components through aggressive M&amp;As.</li><li>● Further improve the precision of our products and provide new value to our customers.</li></ul>
Electronic Devices and Components	<p><b>Results for fiscal year ended March 2021</b></p> <p>Net sales ¥363.8 billion</p> <p>Operating income ¥17.6 billion</p> <p><b>Highlights</b></p> <p>Established a foundation for stable growth centered on motors</p>	<p><b>Major products</b></p>  <p><b>Main products</b></p> <p>HDD spindle motors, stepping motors, fan motors, DC motors, LED backlights, resonant devices, sensing devices</p>	<p><b>Major applications</b></p> 	<p><b>Opportunities</b></p> <ul style="list-style-type: none"><li>● Increase in demand for small and precise motors that contribute to energy saving and noise reduction.</li><li>● Expansion in opportunities to enter new motor fields due to the shift to EVs.</li><li>● Increase in demand for actuators, cooling fans, etc. due to expansion of industrial machinery, FA and robot markets.</li><li>● Formation of new markets such as resonant devices.</li></ul>	<p><b>Risks</b></p> <ul style="list-style-type: none"><li>● Rise of low-cost competitors in China.</li><li>● Impact on profit structure due to soaring prices of raw materials and components.</li><li>● New technologies are replacing existing technologies at a faster pace than expected. (HDD market, smartphone market)</li></ul>	<p><b>Responding to opportunities and risks</b></p> <ul style="list-style-type: none"><li>● In growth markets, expand sales in response to increased demand in focused fields.</li><li>● In mature markets, strengthen competitiveness by reducing costs, including design changes and material cost reductions.</li><li>● Capture business opportunities by developing products ahead of competitors, taking advantage of our strengths through INTEGRATION.</li></ul>
MITSUMI Business	<p><b>Results for fiscal year ended March 2021</b></p> <p>Net sales ¥361.0 billion</p> <p>Operating income ¥19.8 billion</p> <p><b>Highlights</b></p> <p>Established analog semiconductors as a solid source of earnings through significant profit growth</p>	<p><b>Major products</b></p>  <p><b>Main products</b></p> <p>Precision components, optical devices, power supplies, mechanical components, automotive products, analog semiconductors</p>	<p><b>Major applications</b></p> 	<p><b>Opportunities</b></p> <ul style="list-style-type: none"><li>● Expanding needs for even lower power consumption, smaller size, and higher precision in key fields such as automotive, communications, and medical.</li><li>● Expanding opportunities to utilize wireless communication technology and sensor ICs in response to increasing demand for contactless products.</li><li>● Improving connectivity in automobiles, housing equipment, infrastructure, etc., based on AI/big data.</li></ul>	<p><b>Risks</b></p> <ul style="list-style-type: none"><li>● Rise of new technologies and applications to replace existing technologies.</li><li>● Rise of low-cost competitors in China.</li><li>● Tighter regulations on high-tech industries due to U.S.-China trade friction.</li><li>● Large-scale M&amp;As and oligopolies due to semiconductor industry restructuring.</li></ul>	<p><b>Responding to opportunities and risks</b></p> <ul style="list-style-type: none"><li>● Focus on developing new products and cultivating new customers by leveraging our technological capabilities.</li><li>● Determine capital investment plans in line with business growth phases.</li><li>● Strengthen competitiveness by expanding analog semiconductor capacity and creating synergies with internal resources.</li></ul>
U-Shin Business	<p><b>Results for fiscal year ended March 2021</b></p> <p>Net sales ¥105.1 billion</p> <p>Operating loss ¥1.9 billion</p> <p><b>Highlights</b></p> <p>Initiated structural reform and focusing resources on growth areas</p>	<p><b>Major products</b></p>  <p><b>Main products</b></p> <p>Automotive parts (door latches, door handles, etc.), industrial machinery components, components for home security units (house and general buildings' locks and others)</p>	<p><b>Major applications</b></p> 	<p><b>Opportunities</b></p> <ul style="list-style-type: none"><li>● Shift to high value-added products as door-opening systems in automobiles become more electric and functional.</li><li>● Increase in the digital key market due to the shift to connected cars.</li><li>● Increase in the number of elemental parts per vehicle due to higher value-added door handles, latches, and CSDs*.</li><li>● Increase in the CSD installation rate.</li></ul> <p>* Compact Spindle Drive</p>	<p><b>Risks</b></p> <ul style="list-style-type: none"><li>● Intensified competition and its impact on pricing strategies.</li><li>● Production adjustment by automobile manufacturers due to economic trends and difficulty in procuring parts.</li><li>● Possibility that automobile manufacturers will prefer existing products due to factors such as safety and commonality of parts and functions.</li></ul>	<p><b>Responding to opportunities and risks</b></p> <ul style="list-style-type: none"><li>● Implement structural reforms to shift from low-priced products to high value-added products.</li><li>● Accelerate the development of high-end products for luxury car manufacturers by increasing the presence of our technologies.</li><li>● Develop a common engine through our unique modularization/actuatorization.</li></ul>