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

**Major products**
- Ball bearings, rod-end bearings, spherical bearings, fasteners, pivot assemblies

**Highlights**
- Total sales volume and production volume of ball bearings reached record highs in a single month

**Opportunities**
- Increase in demand for high-quality bearings in general, which contribute to energy efficiency and downsizing of end products
- Increase in bearing usage per vehicle due to electrification and the shift to EVs
- Increase in demand for bearings for cooling systems, including those for data centers
- Shift to new aircraft equipped with energy-saving and high-efficiency engines by airline companies

**Risks**
- Increased attractiveness for competitors to enter the miniature and small-sized ball bearing market
- Medium to long-term downward trend in sales volume of pivot assemblies due to shrinking HDD market
- Decline in production rate of new aircraft due to sluggish global passenger demand

**Responding to opportunities and risks**
- Strengthen competitiveness by promptly implementing capacity expansion for ball bearings
- Increase market share by leveraging our strength in bearings for aircraft
- Establish a new pillar of machined components through aggressive M&As
- Further improve the precision of our products and provide new value to our customers

### Electronic Devices and Components

**Major products**
- HDD spindle motors, stepping motors, fan motors, DC motors, LED backlights, resistor devices, sensing devices

**Highlights**
- Established a foundation for stable growth centered on motors

**Opportunities**
- Increase in demand for small and precise motors that contribute to energy-saving and noise reduction
- Expansion in opportunities to enter new motor fields due to the shift to EVs
- Increase in demand for actuators, cooling fans, etc. due to expansion of industrial machinery, FA and robot markets
- Formation of new markets such as resonant devices

**Risks**
- Rise of low-cost competitors in China
- Impact on profit structure due to soaring prices of new materials and components
- New technologies are replacing existing technologies at a faster pace than expected

**Responding to opportunities and risks**
- In growth markets, expand sales in response to increased demand in focused fields
- In mature markets, strengthen competitiveness by reducing costs, including design changes and material cost reductions
- Capture business opportunities by developing products ahead of competitors, taking advantage of our strengths through INTEGRATION

### MITSUMI Business

**Major products**
- Precision components, optical devices, power supplies, mechanical components, automotive products, analog semiconductors

**Highlights**
- Established analog semiconductors as a solid source of earnings through significant profit growth

**Opportunities**
- Expanding needs for even lower power consumption, smaller size, and higher precision in key fields such as automotive, communications, and medical
- Expanding opportunities to utilize wireless communication technology and sensor ICs in response to increasing demand for contactless products
- Improving connectivity in automobiles, housing equipment, infrastructure, etc., based on AI/5G data

**Risks**
- Rise of new technologies and applications to replace existing technologies
- Rise of low-cost competitors in China

**Responding to opportunities and risks**
- Focus on developing new products and cultivating new customers by leveraging our technological capabilities
- Determine capital investment plans in line with business growth phases
- Strengthen competitiveness by expanding analog semiconductor capacity and creating synergies with internal resources

### U-the Business

**Major products**
- Automotive parts (door latches, door handles, etc.), industrial machinery components, components for home security units (house and general buildings’ locks and others)

**Highlights**
- Reformed structural reform and focusing resources on growth areas

**Opportunities**
- Shift to high value-added products as door-opening systems in automobiles become more electric and functional
- Increase in the digital key market due to the shift to connected cars
- Increase in the number of elemental parts per vehicle due to higher value-added door handles, latches, and CSSDs*
- Contact SPRIDE Echo
- Increase in the CSD installation rate

**Risks**
- Intensified competition and its impact on pricing strategies
- Production adjustment by automobile manufacturers due to economic trends and difficulty in procuring parts
- Possibility that automobile manufacturers will prefer existing products due to factors such as safety and commonality of parts and functions

**Responding to opportunities and risks**
- Implement structural reforms to shift from low-priced products to high-valued-added products
- Accelerate the development of high-end products for luxury car manufacturers by increasing the presence of our technologies
- Develop a common engine through our unique modularization/autotransferation

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* Contact SPRIDE Echo: Contact SPRIDE Echo

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Chapter III Activities for Value Creation
Machined Components

Aim to achieve strong growth on the back of increasing structural demand, particularly for ultra-high quality products and overwhelming competitive edge

Overview of the fiscal year ended March 2021

Sales of miniature & small-sized ball bearings, our mainstay product, increased due to steady demand in data centers. Rod-end bearing sales decreased due to decreased aircraft-related demand. Pivot assembly sales were down due to shrinking of the HDD market.

As a result, net sales were 157.4 billion yen, operating income was 31.2 billion yen, and operating margin was 19.8%.

Demand for ball bearings has been increasing strongly in a wide range of applications, especially for automobiles and data centers. Business for aircraft applications, including rod-end and fasteners, is assumed to remain at the same level as the previous fiscal year at the beginning of the fiscal year. Demand for pivot assemblies is expected to decline due to the contraction of the HDD market.

Midterm Business Plan

Ball bearing growth bounces back from aircraft slump

Main points

1. Sales of ball bearings
   - Production capacity to match external sales volume, especially for automobiles and data centers

2. Production of ball bearings
   - Establish a system to produce 345 million units per month

3. Rod-end and fasteners
   - Strengthen our structure in anticipation of a significant recovery in demand after COVID-19

4. Establish a mass production system for ultra-high performance bearings with greatly improved accuracy

Overview of the fiscal year ended March 2021

External sales volume of ball bearings

Approx. 210 million units/month

In internal sales (55 million units/month)

Production volume of ball bearings

Approx. 260 million units/month

Basic strategies for next 10 years

Our basic strategy for the Machined Components is to maintain stable and sustainable growth in our core business since the establishment of the Company, and to maximize the growth areas by expanding the portfolio. To such ends, we have been increasingly forting the business of miniature and small-sized ball bearings which already boast overwhelming competitive advantages in the market, while taking steps to further strengthen the earnings base by actively pursuing M&A, aiming to acquire new technologies and expand the business portfolio.

Core competencies

Through the fundamental strength of the Company’s DNA, including ultra-precision machining, vertical integration, global development, and mass production, we are securing a dominant market share and high-level QCD*. By pursuing overseas development early and strengthening our in-house manufacturing and maintenance capabilities for components and facilities, we have succeeded in balancing ultra-high quality and low costs. The accumulation of knowhow over many years forms a barrier to entry that cannot be measured in terms of capital investment, making entry practically impossible for competing manufacturers.

* Abbreviation for quality, cost, and delivery

“Becoming the one-of-a-kind through INTEGRATION capabilities” strategy

We are developing products with a relatively large outer diameter of up to 100 mm as new initiative in the ball bearing business. The main target is for the main motors of new energy vehicles (NEVs), which require technologies for high-speed rotation, electric corrosion resistance, durability, and power saving. In addition to the core technologies that we have established for miniature and small-sized bearings, we can utilize the technological capabilities of our group companies. Specifically, Europe’s myonic has a strong track record in ultra-high speed rotation applications, and CEROBEAR has a strong track record in developing products using ceramics. NHBB in the U.S. develops products using heat-resistant steel and other special materials, and also produces large bearings.

In this way, we will combine the technologies of the entire group to open up new fields.

Creating solutions to social issues

In the age of carbon neutrality, we believe that it is very important for set manufacturers to reduce CO₂ emissions through their products. For this reason, it will be necessary to procure eco-friendly parts.

With this future trend in mind, we have launched a new product strategy for miniature and small-sized bearings, in which we are working to improve quality to an overwhelming level. By using our bearings, it will be possible to reduce CO₂ emissions even more drastically than before. As a result, we will be able to further strengthen our earnings base by adding the element of green to quality, which is one of the sources of our competitiveness: quality, supply capacity, and price.

We will continue our efforts to manufacture products with the aim of reducing our environmental impact.
Electronic Devices and Components

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

Overview of the fiscal year ended March 2021

Although sales of motors decreased significantly in the first quarter compared to the same period of the previous year, sales increased significantly for the full year due to a clear recovery in orders from the second quarter. Net sales of LED backlights were down due to decreased demand associated with a decrease in the number of smartphone models using them. As a result, net sales were 363.8 billion yen, operating income was 17.6 billion yen, and operating margin was 4.8%.

Outlook for the fiscal year ending March 2022

In motors, we expect accelerated growth and significant increase in sales and profit. Sales and profits of electronic devices are expected to decrease due to a decline in the number of models adopting LED backlights. Although sales of sensing devices are expected to remain almost the same, profit is expected to increase due to improved profitability. Please note that we have transferred some of our business segments from the fiscal year ending March 2022.

Midterm Business Plan

Accelerating growth with motors as a pillar of earnings

Main points

<table>
<thead>
<tr>
<th>1</th>
<th>Motors</th>
<th>Move to the next stage of growth in all product areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>LED backlights</td>
<td>Continue product mix in automotive and smartphones</td>
</tr>
<tr>
<td>3</td>
<td>Sensing devices</td>
<td>Expand sales for automotive and industrial applications (molding machines, etc.)</td>
</tr>
</tbody>
</table>

"Becoming the one-of-a-kind through INTEGRATION capabilities" strategy

INTEGRATION in motors is the process of adding value by combining functional parts. Specifically, there is modularization by integrating motors with reduction gears and encoders, and utilization by integrating motors with control devices. By integrating motors, it will be possible to shift the motor business model from a stand-alone model to a proposal-based model with higher added value. For example, by combining high-efficiency, high-precision bearings with highly heat-resistant magnets, we can create in-vehicle motors that can withstand high heat of 150°C. We will accelerate the development of information and communication, robotics, and automotive products to expand our portfolio and increase added value while leveraging the strengths we have cultivated in office automation equipment and PC peripherals.

Creating solutions to social issues

As part of our efforts to become carbon neutral, we plan to contribute to reducing the environmental impact of our customers by supplying small and precise motors that take advantage of INTEGRATION. For example, power consumption and CO₂ emissions from data centers are becoming a social issue as the ICT society is being realized. In response to these issues, we supply cooling fans that combine the highest quality bearings, motors, and analog semiconductors to reduce the environmental impact in terms of long life, high weather resistance, power saving, and quiet operation. Going forward, we will continue to fulfill our supply responsibilities as a component manufacturer, and at the same time, contribute to solving social issues such as reducing the impact on climate change.
**MITSUMI Business**

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

**Overview of the fiscal year ended March 2021**

Sales of mechanical components increased due to an increase in demand caused by global restrictions on going out. Analog semiconductors enjoyed increased sales due to new consolidation of ABLIC and orders received performing well. As a result, net sales were 361.0 billion yen, operating income was 19.8 billion yen, and operating margin was 5.5%. Operating income effectively increased significantly, compared with the previous fiscal year, considering the temporary expense of approximately 4.0 billion yen in optical devices and analog semiconductors combined.

**Midterm Business Plan**

**Establishing a profit structure not dependent on games**

<table>
<thead>
<tr>
<th>Main points</th>
<th>Optical devices</th>
<th>Analog semiconductors</th>
<th>Mechanical components</th>
<th>Connectors/switches/power supply</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Further enhancing presence in the industry</td>
<td>Accelerating growth through synergies and organically</td>
<td>Utilizing INTEGRATION to develop new OEM business</td>
<td>Focus for NEXT semiconductors</td>
</tr>
</tbody>
</table>

**Operating income/operating margin**

<table>
<thead>
<tr>
<th>(Billions of yen)</th>
<th>2021/3</th>
<th>2022/3</th>
<th>2023/3</th>
<th>2024/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>292.2</td>
<td>361.0</td>
<td>360.0</td>
<td>410.0</td>
</tr>
<tr>
<td>Operating income</td>
<td>6.4</td>
<td>18.7</td>
<td>19.8</td>
<td>28.0</td>
</tr>
<tr>
<td>Operating margin</td>
<td>2.2%</td>
<td>5.2%</td>
<td>5.5%</td>
<td>7.0%</td>
</tr>
</tbody>
</table>

**Net sales composition**

- Mechanical components 36%
- Analog semiconductors 12%
- Optical devices 12%
- Mechanical components - 7%
- Connectors/switches/power supply - 4%

**Core competencies**

The source of our competitiveness is the technological development capabilities we possess that is required for ultra-precision processing typified by sensors, optics, MEMS (microelectromechanical systems), high-frequency technology, electric circuit technology and semiconductor design technology. Furthermore, by fusing MinebeaMitsumi’s DNA, our core technologies including ultra-precision machining and vertical integration, through the business integration, we are creating an all-in-one system to respond to our customers’ detailed needs from development through to mass production. Half of the new Eight Spear products belong to the MITSUMI business and are the driving force in the creation of the Group’s overall INTEGRATION.

**Basic strategies for next 10 years**

MinebeaMitsumi is well aware that the key challenge to secure the absolute permanence of the MITSUMI business is to facilitate robust growth in 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 activities on companies thought to be able to effectively utilize these businesses.

**Creating solutions to social issues**

As climate change progresses globally, increasing emphasis is being placed on the analysis and visualization of factors of natural disasters based on a variety of environmental data, and also the prediction of events and impacts that may occur. Since the founding of its predecessor, MITSUMI ELECTRIC, the MITSUMI business strength has been its sensor technology in addition to technological development in connectivity, including high-frequency technology and wireless communication technology, providing substantial business opportunities aimed at the creation of environmental monitoring systems.

For example, the Company’s MEMS technology can be utilized to measure temperature, humidity, air pressure, air flow, rainfall and ultraviolet rays simply, with a single compact device. Furthermore, ABLIC’s batteryless technology and the MEMS business recently acquired from OMRON Corporation will combine to further expand areas where the technology can be deployed.

In this way, we will strive to enhance environmental quality by actively engaging in the resolution of a variety of social issues.
Overview of the fiscal year ended March 2021

Sales of automotive components were down substantially due to deceleration of the automotive market mainly in the first quarter. This is due to a considerable decline in production resulting from the impact of restrictions on operations centered in Europe stemming from the spread of COVID-19. Sales continued to improve from the second quarter on due to a recovery in the market.

As a result, net sales were 105.1 billion yen, operating loss was 1.9 billion yen, and operating loss ratio was 1.8%.

Considereing that the operating loss occurred due to the temporary expense of approximately 4.3 billion yen related to structural reform, operating income was effectively the same level as the previous fiscal year.

Outlook for the fiscal year ending March 2022

Sales and income are expected to improve due to a recovery in the automotive market. With regard to the structural reforms in Europe, we plan to reduce personnel by March 31, 2022.

Net sales composition

Net sales

<table>
<thead>
<tr>
<th>(Billions of yen)</th>
<th>'20/3</th>
<th>'21/3</th>
<th>'22/3 Plan</th>
<th>'23/3 Plan</th>
<th>'24/3 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>125.1</td>
<td>105.1</td>
<td>144.0</td>
<td>153.0</td>
<td>168.0</td>
</tr>
<tr>
<td>ROIC</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost cutting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

U-Shin Business

Work to achieve a quick turnaround in the European business, maximize synergies, and boost the competitiveness mainly in the automotive devices business

Midterm Business Plan

Improving performance by focusing on growth areas

Main points

1. Structural reform (1)
   A reduction of 300 personnel in Europe will contribute to profit from next fiscal year

2. Structural reform (2)
   Departure from low-priced products

3. Acceleration of shift to high value-added products
   (1) CSD (2) Flush handle (3) e-Latch

4. Results of INTEGRATION strategy beginning to emerge

Core competencies

Our core competency is our all-in-one know-how from development and design through production for systems in a range of automotive fields—from mechanical structures to electronic technology and software. At the Hiroshima main plant, in addition to an all-in-one system including product development, prototyping, mass production, market rollout, and quality assurance, we protect from leaking valuable know-how through the in-house manufacturing of core components centered on molds.

Creating solutions to social issues

We believe we can contribute to the creation of welfare vehicles and vehicles more accessible to people requiring care and the elderly through the spread of digital keys using smartphones.

e-Access independently developed by the Company is a technology linking a system encompassing key authentication to unlocking and opening doors with a smartphone. This enables the vehicle to automatically open and close powered doors according to the position of the smartphone. For example, when a person approaches a vehicle door with a smartphone, the door opens automatically, and it closes automatically when moving away from the vehicle. Furthermore, the door lock is automatically opened by lightly gripping the outer handle, and the door can be closed by automatically locking it completely when it is half open. In this way, by leveraging the characteristics of automation and electrification for hands-free control of opening and closing doors, it is possible to provide greater convenience to users.

Moving forward, we will continue to contribute to society through the provision of secure and safer products utilizing our technologies.

Basic strategies for next 10 years

Our basic strategies in the U-Shin business 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. To achieve this, we aim to improve quality, raise productivity, and strengthen its managerial control framework, in addition to improving profitability in the early stages by enlisting the Group’s global human resources and manufacturing expertise going forward, while establishing competitive products through INTEGRATION of technologies.

"Becoming the one-of-a-kind through INTEGRATION capabilities" strategy

Integrating the product development capabilities of MinebeaMitsumi will enable significant contributions to developing open/close mechanisms of automobiles. One example is CSD* for power liftgates, which are becoming more widely installed in vehicles year by year. MinebeaMitsumi products are used for the motors and bearings at the heart of CSD, and the Company steadily produces high quality products through concentrated production of motors, harness ASSY and gearboxes as a unit. In addition, we will create differences with other companies by developing a common engine through our unique modularization/actuatorization, with the aim of increasing sales with a view to obtaining new customers based on MinebeaMitsumi’s efficient production system.

* Compact Spindle Drive

CEO’s Message/CGO’s Message

MinebeaMitsumi products are used for the motors and electronic technology and software. At the Hiroshima main plant, in addition to an all-in-one system including product development, prototyping, mass production, market rollout, and quality assurance, we protect from leaking valuable know-how through the in-house manufacturing of core components centered on molds.

Managing Executive Officer
Chief of U-Shin Business Headquarters
Hiroshi Yoshikawa

Midterm Business Plan

Overview of the fiscal year ended March 2021

Midterm Business Plan

Improving performance by focusing on growth areas

Main points

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Managing Executive Officer
Chief of U-Shin Business Headquarters
Hiroshi Yoshikawa
Chapter III  Activities for Value Creation – Promotion of AI and DX

We will utilize DX for the realization of our corporate philosophy, and dramatically improve our ability to execute business

The MinebeaMitsumi Group will utilize DX as an effective means to realize its corporate philosophy, with the target of increasing productivity to the highest level in the industry in all business units within the Group.

For those reasons, the Group is promoting AI and DX as a measure to enhance management capital.

Overview of activities

Step 1 Reform for growth and development
- Burning passion for growth
- Providing values, fast

Step 2 Effective use of data
- Creation of IT according to changes in society and technology
- "Visualizing data" in real-time, and providing it
- Support for speed management based on the latest conditions and analysis of the facts

Step 3 Digital integration
- Integration of handwritten information, silos, and fragmented data
- Transformation of data into valuable resources

Step 4 Utilization of DX as an effective method

The AI & DX Promotion Division launched by me alone in August 2020 has grown to a division with 15 people in one year.

By fully utilizing DX as an effective method, we will contribute to the development and growth of the Group with the goals of realizing the Group’s corporate philosophy and increasing productivity to the highest level in the industry in all business units.

Over approximately nine months since the division was launched, we have introduced a cloud-based business communication tool, launched an e-Learning platform service, the MinebeaMitsumi Academy, promoted sharing of knowledge among employees, and significantly contributed to digital acceptance. Furthermore, while promoting zero trust security measures*, we plan to accelerate linkages of internal data accesses and analysis results to actions, and formulate new business models assuming the sharing and effective utilization of data within the Group, and the avoidance of overlapping work.

Comment from CDXO (Chief Digital Transformation Officer)

We will create a new business model while promoting zero trust security measures

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Our awareness of issues aimed at the promotion of DX and the status of solutions/responses are as follows.

<table>
<thead>
<tr>
<th>Issue</th>
<th>Status of solution/response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees’ acceptance of digital technology</td>
<td>Increasing employees’ acceptance of digital technology</td>
</tr>
<tr>
<td>System efficiency</td>
<td>Pursuing system efficiency</td>
</tr>
<tr>
<td>Security issues</td>
<td>Security measures</td>
</tr>
</tbody>
</table>

Employees’ acceptance of digital technology
- Employees’ acceptance of digital technology and digital literacy is improving through the introduction of a business communication tool, etc.
- The momentum and speed of reform is increasing through the development of digital human resources
- A system that can focus on clarifying objectives has been established by working with each workplace

System efficiency
- Emphasis on the efficiency of actions of data access, analysis, and analysis results
- Creating a new business model assuming the utilization of data
- Consideration to provide available value by promoting DI (data integration) that leads to DX

Security measures
- Establishment of an operating environment aimed at utilization of the cloud
- Early implementation of zero trust security measures
- Taking a variety of measures by assuming that no communication can be trusted

DX that provides values to customers and stakeholders

Creating new business models leading to the resolution of social issues

We will closely work with the DX ambassadors assigned by the Group’s business headquarters and business divisions. We aim to utilize the latest technologies such as IoT, AI, and 5G to create new business models such as subscription models for precision components which requires a high level of technological capability.
The strength of the manufactured capital that is the source of MinebeaMitsumi’s competitiveness is a vertically-integrated manufacturing system which enables us to achieve both ultra-precision machining technology and mass production. Furthermore, by expanding our global production framework and sharing the accumulated manufacturing know-how throughout the entire Group, we swiftly provide products with ultra-high precision and high quality, supporting manufacturing worldwide.

### Strengths of Manufactured Capital

**Introduction/CEO’s Message/CGO’s Message**

**Chapter I**

**Financial Strategy and Capital Policy**

**Chapter II**

**Value Creation Story of MinebeaMitsumi**

**Chapter III**

**Activities for Value Creation**

**Chapter IV**

**Initiatives to Support Value Creation**

**Initiatives for the Environment**

**Corporate governance and risk management**

**Strategy 1**

**Reduction of environmental footprint of manufacturing**

MinebeaMitsumi will further focus on reducing the environmental footprint of manufacturing, and fulfill its supply responsibilities as a components manufacturer by thoroughly implementing risk management. Furthermore, we aim to further improve our speedy and overwhelming supply capability by further strengthening the vertically-integrated manufacturing system through the automation of equipment and in-house manufacturing of components.

**Strategy 2**

**Strengthening of risk management**

MinebeaMitsumi has endeavored to expand the risk management structure at a global scale, considering our social responsibility to fulfill our responsibility to supply customers as a components manufacturer of products with world-leading market shares.

**Strategy 3**

**Improving swift and overwhelming capability to supply products**

The speed of changes in technological innovation is accelerating and diversifying more than in the past, and as a components manufacturer, we are required to flexibly deliver products more quickly and in large quantities to the market and customers who are manufacturers of finished goods.

Even with its manufacturing capabilities by specializing in very small and miniature-sized bearings, and has engaged in improving productivity at a high level by increasing performance, quality, and yield to their limits. Such manufacturing know-how has been shared throughout the entire Group not only for bearings, but also motors and electronic devices, leading to differentiation of our products. A specialized team has also been formed to support manufacturing, and synergies have been quickly demonstrated in business integration as well.

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Even within bearings, MinebeaMitsumi has refined its manufacturing capabilities by specializing in very small and miniature-sized bearings, and has engaged in improving productivity at a high level by increasing performance, quality, and yield to their limits. Such manufacturing know-how has been shared throughout the entire Group not only for bearings, but also motors and electronic devices, leading to differentiation of our products. A specialized team has also been formed to support manufacturing, and synergies have been quickly demonstrated in business integration as well.
Chapter III Activities for Value Creation – Strengthening of Non-financial Capital

**Strengths of Human Capital**

**Global talents driving global strategy**

The Group has 83,563 global employees as of June 30, 2021. This amounts to 1.6 times our workforce relative to that of May 31, 2011 as a result of M&As and business expansion. We conduct business in 95 production and development sites and 91 sales offices in 27 countries worldwide, and overseas employees account for 89.7% of the Group’s total employees.

**Diversity of talents as a source of innovation**

Diversity of talents is one strength of the organization for the MinebeaMitsumi Group that has expanded its organization through the global expansion of business. The MinebeaMitsumi Group has expanded business while accepting and evolving diverse products, technologies, talents, and cultures by actively conducting M&As and expanding overseas since the Company was founded.

In particular, we have accelerated organizational reform in recent years by actively recruiting key talents, including management from outside in order to obtain new knowledge, technology, and experience. The Group empowers many female employees given that women account for 63.7% of its overall workforce, while more than 17.4% of its managers are women as of June 30, 2021.

**Skilled workers/engineers solidifying the foundation of our business, and diverse groups of talents on a global level will expand the breadth and depth of our business**

Human capital of the MinebeaMitsumi Group includes the comprehensive knowledge, skills, and experience that employees have developed alongside the growth of the Company since its foundation. Strength of our human capital is the global talents driving the Company’s global strategy, the groups of personnel with diverse knowledge, skills, and experience, and the skilled workers and engineers who pass down and evolve a variety of the Company’s knowhow.

**Proportion of overseas employees**

- May 31, 2011: 54,037 persons
- June 30, 2021: 83,563 persons

**Proportion of female employees**

- June 30, 2021: 63.7%

**Proportion of female managers**

- June 30, 2021: 17.4%

* As of June 30, 2021

**Strategies of Human Capital**

**Accelerating the realization of corporate strategy by further enhancing strengths and establishing an environment enabling maximum performance**

Since 2020, we have been rebuilding the talent management system for the purpose of maximizing the performance of organizations and individuals by aligning the reason for existence and direction of MinebeaMitsumi with the direction of individual employees.

We will comprehensively revise the process from hiring employees to also include development, evaluation, and treatment, with an enhanced focus on clarifying the expanded roles, and results therewith, thus creating a workplace in which each individual employee can feel excited by the challenges presented at work. We are aiming to create a consistent talent management system that appropriately evaluates results and behavior, linking to talent development and career development through dialogue. Rebuilding the talent management system will provide the foundation for further strengthening human capital and promoting the establishment of positive and rewarding work environments.

**Strategy 1 Engage in talent development and organizational reinforcement worldwide**

We will provide support to enable each employee to carve out their future as a strong “individual” and work with the view that they have the responsibility to work with colleagues as a team to create a future not only for the Company but also on a global scale.

In particular, we will further strengthen talent development on a global scale and the skills of skilled workers and engineers, which are our strengths. Although some initiatives were slowed due to the impact of COVID-19 over the past year, while monitoring the conditions, we will accelerate the provision of overseas posting experience in global sites, and development of global talents such as managerial talents in Japan and overseas, the next generation of leaders, and specialized talents.

Moreover, we will take steps to globally expand team-building initiatives that have been conducted as an organization since last year, and work to strengthen the organization to be more dynamic through teamwork.

**Strategy 2 Promotion of diversity & inclusion (D&I)**

Diversity of talents is a source of the Company’s technological innovation and INTEGRATION.

We will also evolve diversity, which is one of our strengths, and promote inclusion involving the acceptance and mutual recognition of the diversity of human resources to create new value.

In particular, we have accelerated organizational reform in recent years by actively recruiting key talents, including managerial talents from outside, in order to reinforce new knowledge, technology, and experience. Going forward, we will not only promote the empowerment of women as we have done in the past, but also create venues for interaction between “differences” such as nationality, background, age, and values, connecting the new value arising from this to further innovation.

**Strategy 3 Initiatives to promote safety and health enabling employees to work with peace of mind**

Creating an environment where employees can work with peace of mind is a basic premise for employees demonstrating their maximum capabilities. Following the basic policy of maintaining a healthy and safe workplace set forth in the MinebeaMitsumi Group Officer and Employee Compliance Guidelines, we will engage in the creation of a safe and healthy workplace environment. In addition to strengthening systems and promoting education for the prevention of workplace accidents with the aim of zero incidents of workplace injuries, we will thoroughly implement health management and mental healthcare.

**Strategy 4 Creating positive and rewarding work environments promoting D&I**

Following the basic policy of promoting work-life balance set forth in the MinebeaMitsumi Group Officer and Employee Compliance Guidelines, we will further ensure appropriate labor management, and promote efforts to prevent long working hours and increase the use of paid leave. In particular, we will further enhance support for work styles that meet the diversifying needs of individuals.

Details on initiatives related to talents can be viewed here.
Chapter III  Activities for Value Creation – Strengthening of Non-financial Capital

Human Capital

Philosophy

Continuing to make progress with our corporate philosophy

The expressions used in our corporate philosophy were revised to solidify the basis for our strategies with a view to our 100th anniversary.

To contribute to realization of a sustainable, eco-friendly and prosperous society by providing better products, at a faster speed, in larger numbers, at a lower cost and by smarter means.

The MinebeaMitsumi Group used its 70th anniversary as an opportunity to revise the expressions used in the corporate philosophy with a view to the future of the Company. The Company has established QCDESS™ as the new cornerstone of its strategy to solidify its foundations for the 100th anniversary.

Becoming carbon neutral is humankind’s mission, and is also a very important topic for the Company. Based on the direction of such strategies, “Eco,” represented by the E in QCDESS, was reflected in the corporate philosophy.

The corporate philosophy is the reason for existence (purpose) of the Company. In order to achieve sustained growth of the Company, we believe it is important for the corporate philosophy to clearly express our purpose, the reason for our existence, based on the future direction of the Company, and that all employees work as one to work toward the same goals by sharing values pivoting around the corporate philosophy.

To this end, we have provided opportunities for each person to discuss what the corporate philosophy means to them in their own words through dialogue between superiors and subordinates in team meetings, and created opportunities for members to engage in activities centered on the corporate philosophy through team building activities.

Going forward, we expect them to consider how to reflect the corporate philosophy into their own work and their team’s strategy centered on the corporate philosophy with the addition of new concepts, exchange opinions within their teams and create innovative ideas that transcend existing frameworks.

Diversity accelerates sustainable growth

Interview with Cathie Anderson

Cathie Anderson leads sales in North America, Europe and Asia as Director of Sales of New Hampshire Ball Bearings, Inc. (NHBB) and Head of Global Sales for the Aerospace and Machine Products Division of MinebeaMitsumi. Since joining MinebeaMitsumi’s subsidiary NMB Technologies Corporation in 1998, she has expanded business while fully utilizing the diversity that is a strength of the MinebeaMitsumi Group, while broadening her own career.

Utilizing diversity for effective communication

One important point in a teamwork structure with the global team, which is comprised of multi-lingual members from diverse cultures, is to listen closely to team members and speak as slowly as possible while confirming that they understand. This is particularly true when communicating with team members whose native language is not English. By doing this, various opinions emerge, discussion deepens, and wonderful ideas can be produced.

This also creates opportunities to learn about cultural concepts from each country as much as possible. It is important to bear an inquisitive mind to learn and accept the food, customs, greetings, and even seating order for meetings of these various countries. Thankfully, the global team members happily create opportunities for me to learn various ideas while I happily create opportunities to teach North American culture to the team members. When I once participated in a meeting in Japan, a team member arranged lodging for me at a traditional hot spring. Since then, I have become a big fan of hot springs.

The importance of work-life balance

I love my work, but the greatest joy of my life is my family. Prioritizing family is also a basic policy of my team. I have utilized the company systems that support a comfortable working environment, including those for maternity and child raising. I have taken efforts to effectively balance work and private life while learning the meaning of work-life balance from the management of the MinebeaMitsumi Group. I believe that this is an important concept that is shared across each country.

Initiatives to personalize the corporate philosophy

The Group has engaged in using the corporate philosophy as a starting point for initiatives to “personalize” the corporate philosophy by ensuring that employees not only “know” the corporate philosophy, but also understand its history and meaning.

We provide an environment for gaining a deeper understanding of the corporate philosophy, and conduct workshops to let employees think about how the corporate philosophy aligns with the work of individuals.

E-learning programs are used to provide an opportunity to correctly understand the history and meaning of the corporate philosophy, and think about how it is related to one’s work. We then provide employees with opportunities to reflect on the corporate philosophy while actually working in their respective workplaces.

Sessions for considering the corporate philosophy are also conducted in group training for junior employees in their twenties and thirties, providing a place to exchange opinions on what should be prioritized in day-to-day work to implement the corporate philosophy in their respective operations. After training, the ideas are shared in their workplaces, evolving further and permeating throughout the organization.

I collect information on competitors, consider what the “e” is in “XeXa” within the corporate philosophy, and utilize that in the development and marketing of products.

I set monthly and annual goals according to the corporate philosophy, and share them with the team.

I review goals by considering the degree of contribution to the corporate philosophy.

Corporate philosophy

I love my work, but the greatest joy of my life is my family. Prioritizing family is also a basic policy of my team. I have utilized the company systems that support a comfortable working environment, including those for maternity and child raising. I have taken efforts to effectively balance work and private life while learning the meaning of work-life balance from the management of the MinebeaMitsumi Group. I believe that this is an important concept that is shared across each country.

Launch of a project to promote the empowerment of women

In Japan, a project to promote the empowerment of women spanning four domestic group companies was launched as a specific activity for increasing diversity in the form of “INTEGRATION of people.” The project is aimed at further empowering women based on the three themes of “fostering corporate culture,” “actively recruiting women,” and “creating positive and rewarding work environments,” while creating an organizational culture and workplace environment enabling all employees to fulfill their individual potential. In April 2021, MinebeaMitsumi received “Eruboshi (Level 3)” certification by the Japanese Ministry of Health, Labour and Welfare as a superior company that promotes Women’s participation and advancement.

Corporate philosophy

I love my work, but the greatest joy of my life is my family. Prioritizing family is also a basic policy of my team. I have utilized the company systems that support a comfortable working environment, including those for maternity and child raising. I have taken efforts to effectively balance work and private life while learning the meaning of work-life balance from the management of the MinebeaMitsumi Group. I believe that this is an important concept that is shared across each country.

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Mitsubushi is taking efforts for INTEGRATION combining the strengths of manufacturing, technology, development, and sales centered on ultra-precision machining technology to maximize synergies. Furthermore, using M&A as a driver for speedy growth, we are producing synergies early on through PMI (Post Merger Integration). We are continuously generating new values by leveraging the strength of our intellectual capital.

Mitsubishi has invested in AMAs as a driver for speedy growth. We are producing synergies early on through PMI (Post Merger Integration), combining the strengths of manufacturing, technology, development, and sales centered on ultra-precision machining technology to maximize synergies. In order to support speedy growth of our core businesses, we will strengthen basic technology and key technology that improve the added value of products and increase competitiveness. We will also generate synergies through INTEGRATION and focus on developing new products that meet the demands of the next generation.

**Strategies of Intellectual Capital**

Create new value by combining our ultra-precision machining technologies with our core technologies to add values to products and promote development of new products.

**Strength 1: Ultra-precision machining technology**

- MinebeaMitsubishi has devoted nearly seven decades to in-house development of ultra-precision machining technology and achieved monthly production volume of 345 million units.
- The Company has completed development of its cutting-edge machining technology in-house, which encompasses everything that makes it possible to freely control the processing measurements of orders on the nanometer level and consistently maintain quality of machine precision, from cutting tools for machining, specialty tools, and production equipment, to the environment.
- As a components manufacturer, the Company has furthermore established an unparalleled manufacturing framework geared to meeting market and customer needs by undertaking in-house development of applied raw materials and leveraging basic development of new raw materials required for future products. We draw on our experience in ultra-precision machining technologies developed thus far and our performance data, and apply it laterally in-house in the form of robust big data to our machined components and other products. We will continue to polish our ultra-precision machining technology and expand the effect of CO2 emission reduction/energy consumption reduction and company products provided to customers through INTEGRATION.

**Strength 2: Capabilities for INTEGRATION of manufacturing, technology, development, and sales**

- By closely intertwining manufacturing, technology, development, and sales, it is possible for MinebeaMitsubishi to tap into new markets and achieve speedy new product development that meets the needs of customers and society in these changing times.
- The difference that transcends conventional wisdom through the INTEGRATION of wide-ranging core technologies and core businesses that are unlike anything seen across the globe will continue to produce new value.

**Strength 3: Maintain and improve M&A capability/PMI**

- MinebeaMitsubishi has been strengthening and reviewing its business portfolio through 51 total M&As as of August 2021, in particular accelerating such efforts with 20 M&As since April 2009.
- The Company has been focusing on PMI to boost the motivation of members joined the Group to the same level as current members and generate synergies early on. Pages 51 and 52 present an interview with President Ishii of ABLIC, which joined the MinebeaMitsubishi Group in 2020.

In order to support speedy growth of our core businesses, we will strengthen basic technology and key technology that improve the added value of products and increase competitiveness. We will also generate synergies through INTEGRATION and focus on developing new products that meet the demands of the next generation.

**Strategy 1: Upgrade core technologies and roll out new products**

Under its policy for technology development, MinebeaMitsubishi is engaging in key strategies that involve:

- Expanding key technology (core technology) required for new product development that can be victorious in the market in the medium- to long-term, and
- Promoting launch of new products by effectively leveraging Group synergies.

Based on these goals, MinebeaMitsubishi takes on the following important strategies. We are also focused on strengthening capabilities for environment-friendly products and new product development.

1. Expand the motor business
2. Bring about a paradigm shift with respect to the optical technology development product
3. Expand the sensor business
4. Enter the robotics market
5. Connectivity with sights set on IoT
6. Improve added value of machined components
7. Collaborate with U-Shin
8. Collaborate with ABLIC

**Strategy 2: Shape portfolio of intellectual property that supports business growth**

The MinebeaMitsubishi Group maintains ownership of over 9,000 patents. In terms of intellectual property, the portfolio is shaped with MinebeaMitsubishi, MITSUMI ELECTRIC, U-Shin, and ABLIC complementing one another. We plan to continue to focus on acquiring intellectual property that supports the growth of the Group business.
Chapter III  Activities for Value Creation – Interview with President of ABLIC

Meaning of business integration with MinebeaMitsumi

Creating a Win-Win relationship by aiming for the global top together

— What was your impression during the preparations for the integration? I felt strongly that not only was the M&A division of MinebeaMitsumi very professional, they were also speedy, passionate, and hospitable. We were able to achieve meaningful communication by holding many subcommittee meetings ahead of the integration and MinebeaMitsumi employees treating ABLIC employees with honesty and kindness.

We were able to absorb one another’s strong points and proceed with preparations in a very smooth and tight-knit manner. During this year, I believe this integration has progressed naturally.

— It appears everything has gone according to plan this year. What are your thoughts now that the business integration is complete?

After the integration, my mind has changed to multilaterally consider not only the growth of ABLIC, but also how we can contribute as a group company of MinebeaMitsumi. ABLIC advocates performance and becoming a change agent and influencer. I realized that MinebeaMitsumi also shares these values. Even a new business entry will be recognized if they are able to produce strong results. This is a quite fair system and one that is shared by our company. MinebeaMitsumi has built a firm presence as a collection of group companies. The group management respects each of these group companies and allows each of the brands they produce to shine.

As there is currently a strong demand for products and services to help solve global issues, I believe that we are able to contribute more to solving social issues as one part of MinebeaMitsumi than we would on our own. For example, I am glad that the CLEAN-Boost® technology of ABLIC that contributes to reducing environmental burden is now expected to be used in various fields, such as Smart Cities and IoT, thanks to the sales network of MinebeaMitsumi that spans the globe.

— What are ABLIC’s strengths?

Our greatest strength is not only the employees who make up ABLIC but also our solid unity centered around our brand. We are proud to be a change agent that is able to quickly learn from the merits of others and rapidly evolve. I believe that one of ABLIC’s strengths is the pride we take in feverishly pursuing improvements and humbly incorporating them in our ways. In terms of core elements, ABLIC’s semiconductor products were born from the development process for quartz watches and expanded from there. Our products had to be installed in the narrow space of a watch and operate for long hours with limited batteries. As such, product development based on our company vision of “Small, Smart, Simple” took root and we have remained loyal to that. We also have the strength of integrated development, manufacturing, and sales, which is rare for a semiconductor company.

— What are your thoughts on future developments? Through this business integration, we have successfully complemented one another strategically as alongside MITSUMI we have taken on the analog semiconductor business, one of the Eight Spears strategies. This business integration also has a restructuring element to strengthen Japan’s analog semiconductor industry. Since analog semiconductors require specialty technology and teamwork, I believe it will become an area where the strengths of the Japanese people can be utilized. I also believe that, by integrating with our former competitor MITSUMI, we want from fearing that massive overseas competitors would leave us behind to feeling that this was a terrific opportunity to utilize our delicate and specialized technology, which our overseas competitors struggle with, to expand globally through multi-model and small-lot production.

In order to make the most of this opportunity, we will focus on strengthening INTEGRATION between development, manufacturing, and sales to further strengthen our global competitiveness and profitability as ABLIC and contribute to the Group. We intend to deliver new products in quick succession that lead the changes of the world and properly produce results.

— Lastly, please give a message to all the readers. ABLIC will continue to aim to be a global role model as a specialized analog semiconductor manufacturer. Please support us in the future as a member of the MinebeaMitsumi Group.

Do ABLIC!

— Thank you.

MinebeaMitsumi is the best partner as we aim for sustainable growth

Representative Director, President and CEO of ABLIC Inc.
Nobumasa Ishii

Transforming the analog semiconductor industry into an industry that symbolizes Japan

Chapter III  Activities for Value Creation – Interview with President of ABLIC

Meaning of business integration with MinebeaMitsumi

Creating a Win-Win relationship by aiming for the global top together

— Roughly one year has passed since the business integration. Could you please explain how you came to choose MinebeaMitsumi as your partner in this? In recent years, supply and demand in analog semiconductor business has been tight across the globe. Governments are now focusing on strengthening the semiconductor industry as a part of national policy. IoT, automotive, AI, and all related technologies require analog semiconductors, creating an ongoing surplus of demand. Under these circumstances, pre-integration ABLIC struggled to expand our business scale due to a lack of resources such as equipment, engineers, and sites, as well as risks in the BCP. In order to achieve sustainable growth, we needed a partnership with someone who would complement our capabilities well. Based on our desires to find a path for survival in the global markets and pass down the specialized technologies for analog semiconductors, MinebeaMitsumi emerged as a suitable partner. MinebeaMitsumi possesses the capital and creditworthiness desirable for ABLIC, a Japanese manufacturer. Besides that, I was able to receive a commitment from President Kennuma when we first met during the screening stage of the M&A that our company would be able to maintain our legal personality, brand, and management policy. We placed prime importance on the above three factors, and thus this commitment was critical to our decision. I placed a lot of importance on whether we could converse from the same perspective without a discrepancy and then reach the same heights together. It was very important that he reassured me on this greatest concern of ABLIC from the start of our talks. Normally as talks progress, aspects that bring about uncomfortable tensions arise, however at no point in our talks did this ever happen. I believe this is because both of our companies had the same culture of setting high goals. That is, his lofty goal of being the greatest INTEGRATION manufacturer of precision components in the world and our lofty goal of being a global role model for specialized analog semiconductor manufacturers linked together perfectly.

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