MinebeaMitsumi At a Glance

What is MinebeaMitsumi?
The world’s only “INTEGRATION” manufacturer of precision components with the core of Eight Spears

MinebeaMitsumi is an INTEGRATION manufacturer of precision components which produces various machines and electronic components, including motors, sensors, and semiconductors, mainly by using its core technologies that represent ultra-precision machining techniques. Specifically, it produces 1-cell lithium-ion battery protection ICs as well as miniature and small-sized ball bearings to make machines rotate smoothly, for which it has the largest market share in the world (according to the Company’s research). Our ultra-precision machining technologies are used for products and machines in a wide range of fields, including home electrical appliances such as air-conditioners, vacuum cleaners, hair-dryers, and game consoles; information equipment such as smartphones and PCs; car, aviation and space products; and medical devices, to support every person’s life in an invisible way.

Eight Spears
We have positioned products that can display the strengths of the Company, such as ultra-precision machining technologies and mass production technologies, and cannot be easily lost as the “Eight Spears” of our core businesses.

INTEGRATION
INTEGRATION means “combining” rather than “simple gathering” of the Company’s proprietary technologies to evolve the “Eight Spears” of our core businesses and to create new products in various fields through the INTEGRATION of our advanced technology.

MinebeaMitsumi’s core technologies
Ten core technologies, including ultra-precision machining technologies, create value beyond conventional wisdom

We create cutting-edge solutions by integrating production technology centered on ultra-precision machining technology, and a variety of underlying technologies such as sensors and optics.

Ultra-precision machining technology
Advanced machined components need cutting, grinding, and polishing with high precision in sub-microns. Our ultra-precision machining technologies accumulated over many years realize micro-machining for various types of components. Those techniques are utilized for a variety of MinebeaMitsumi products, including motors and lighting devices, not only machined components.

Mass production technology
We will realize stable supply of precision components of high precision and quality by balancing ultra-precision machining technology and mass production technology. We have introduced large-scale automatic assembly lines for products capable of being mass-produced. At our mother factories mainly in Karuizawa, Hamamatsu, Fujisawa, and Yonago, we develop and produce scale automatic assembly lines for products capable of being mass-produced. At our mother factories, we introduce large-scale automatic assembly lines for major products, which are introduced in Group factories as lines of factories.

Vertically-integrated manufacturing system
We have established a “vertically-integrated manufacturing system” in which processes from development to assembly are integrated, and organically connected our mother factories with mass-production bases throughout the world to prepare a system of supplying products in global markets.

MinebeaMitsumi’s growth axes
Third growth axis derived from developing products that contribute to resolving social issues, which is in addition to organic growth and M&As

In addition to organic growth and M&As in the markets we serve today, which have been our growth drivers thus far, “developing products and supplying components for resolving social issues” will be our axis to continue to accelerate corporate growth.

1 Organic growth
- Market disposable income per capita will rise in line with the growth in global GDP
- The sale of high-end functional products
- A rise in the share of parts for high-end functional products

2 New trend
Development of products for resolving social issues listed below
- Energy
  - Bearings with 3 times the expected life of today’s products to create extreme reduction of electricity consumption
  - Developing a new car engine
- Environment
  - Smart city solutions
  - To centralize control of street lights, luminance, etc., through wireless communication
- M&A
  - Integration of synergistic companies, with a focus on MinebeaMitsumi’s Eight Spear products that make up the core business

3 Traditional trends
Developing products and supplying components for resolving social issues
- Synergistic and close alliances with the Eight Spears

Value created by MinebeaMitsumi products
Meet “high voltage, high current, high frequency, and high speed” needed in the world

Having identified the realms of “EVs, renewable energy, AI, and extended reality (XR)” as prominent domains of growth in the global market, we believe that technologies essential in these growth domains consist of the key elements: “high voltage, high current, high frequency, and high speed,” which we refer to as the “four highs.” Meanwhile, we take pride in the “Eight Spears” of our core businesses, which entail products essential to such technologies.
History of MinebeaMitsumi

Organic growth x M&A growth

The company was established in Itabashi-ku, Tokyo in July 1951 as Japan’s first specialized manufacturer of miniature ball bearings. After the war, engineers from the former Manchuria-Airplane Manufacturing Company returned from Manchuria and established the company with dreams and passion for the development of the aircraft industry.

In over 70 years since then, we have expanded into the field of electronic devices, and since our founding, through management integration with 55 companies (as of August 31, 2023), have grown into an INTEGRATION manufacturer of precision components with a unique business portfolio that is unmatched in the world, ranging from ball bearings to motors, sensors, access products, and semiconductors.

We continue to grow through both organic growth and M&As, and also by product development contributing to the resolution of social issues, to create new value that supports manufacturing and people’s lives around the world.

From 1951 Founding period
Unchanging ideas since the founding period
Ultra-precision machining technology and mass production
We have pursued high quality and low costs since our establishment in order to strengthen our miniature ball bearing products. In 1964, the company introduced the latest machinery and equipment to the Karuizawa Plant to strengthen our miniature ball bearing products. In 1964, the Company introduced a series of cutting-edge machines to the Karuizawa Plant, to become the mother plant of all the MinebeaMitsumi Group’s plants worldwide.

From 1970 Diversification
Expanding our business domain through overseas expansion and diversification
Based on a sense of crisis that bearings might disappear in the future, we started the diversification of products, expanding our business domain and vertically-integrated system, we have strongly overcome risk and challenges, thereby restoring our profitability by reorganizing the company and eliminating frictions and other financial crises, and achieving our growth and development.

From 1990 Return to manufacturing
Streamlining management by promoting selection and concentration of businesses
In the 1990s, as the negative effects of diversification began to mount, we sought to restore our profitability by reorganizing businesses that were not closely related to manufacturing and concentrating management resources on our core businesses of bearings, motors, sensors, and semiconductors.

From 2000 Becoming an INTEGRATION manufacturer of precision components
Pursuing synergies to solidify our strength as a company
As we entered the 2000s, the technological changes in the world became even more drastic, and so it came to be the norm. We further expanded our production bases in Cambodia and Slovakia, and accelerated our M&A activities. Since Chairman Kanuma took office as CEO in 2009, the Company has conducted 24 M&A. In 2017, the Company conducted a business integration with MITSUI ELECTRIC and changed the company name to MinebeaMitsumi Inc.

In the 2020s, the world was hit by a variety of disasters, including the Lehman bankruptcy, U.S.-China trade frictions and other financial crises, the Great East Japan Earthquake, the flooding in Thailand, and the spread of COVID-19. Nonetheless, with the strength of our diversified business portfolio and risk diversification system, we have strongly overcome adversity and continue to grow as an INTEGRATION manufacturer of precision components.
Value Creation Story of MinebeaMitsumi

Chapter II

Access Solutions

While diversifying risk, we are able to leverage our strengths in a diverse range of business, production, and talents, core, we are able to leverage our strengths in a diverse range of business, production, and talents while diversifying risk.

Business

The Company set a new record high in net sales and operating income for the fiscal year ended March 2023 thanks to its diversified business portfolio.

MinebeaMitsumi Today

With ultra-precision machining technology at the core, we are able to leverage our strengths in a diverse range of business, production, and talents while diversifying risk.

Precision Technologies

Net sales

¥194.7billion

Net sales composition

15.1%

Net sales

¥197.3billion

Net sales composition

15.3%

Motor, Lighting & Sensing

Net sales

¥1.2922 trillion

Net sales composition

101.5%

(As of August 1, 2023)

(As of June 30, 2023)

Semiconductors & Electronics

Net sales

¥530.5billion

Net sales composition

41.2%

Net sales

¥366.3billion

Net sales composition

28.4%

Production

We created a global production framework and reduced exchange, disaster, and geopolitical risks.

People

The Company serves as a global enterprise that carries out its business, production, and talents while diversifying risk.

MinebeaMitsumi boasts a 60% share of the global market for miniature and small-sized ball bearings with an outer diameter of 22 mm or less. Furthermore, by applying the ultra-precision machining technology and mass production technology we have cultivated through our bearing business to a variety of fields, we have created products with the No. 1 share* in the global market, as well as the world's smallest and thinnest products. Our global No. 1-share products account for approximately 50% of our net sales. In addition, wide-ranging applications including automobiles, aircraft, smartphones, medical devices, and infrastructure, as well as a complementary system of global production bases in Japan, the U.S., Europe, and Asia provide us with an excellent risk diversification system and a wide range of talent to create synergies. The diversity of our business, production, and people is the source of our strength.

MinebeaMitsumi Today

With ultra-precision machining technology at the core, we are able to leverage our strengths in a diverse range of business, production, and talents while diversifying risk.

Access Solutions

While diversifying risk, we are able to leverage our strengths in a diverse range of business, production, and talents.
Value Creation Story of MinebeaMitsumi

Sustainable growth based on three strengths and non-financial capital

MinebeaMitsumi's three strengths are “Reinforcing Core Businesses,” “Diversified Niches,” and “Generating Synergies through INTEGRATION.” By combining these three strengths and creating synergies, we have created economic value as well as environmental and social value, and have accumulated financial and non-financial capital.

By leveraging these synergies and further refining our three strengths, we will contribute to resolving social issues and aim to achieve sustainability as a company as well as sustainability for the earth and society.

Value Creation Model of MinebeaMitsumi

INPUT

- Manufactured capital
  - Vertically-integrated manufacturing
  - Global operation
  - Accumulated manufacturing knowhow

- Human capital
  - Global talents
  - Skilled workers/engineers
  - Diversity of talents

- Intellectual capital
  - Ultra-precision machining technology
  - Comprehensive manufacturing, engineering, development, and sales capability
  - M&A capability/PMI

OUTPUT

Developing products and supplying components that contribute to resolving social issues

Value

Corporate activities themselves contribute to resolving social issues and developing a sustainable society

- Accelerate growth in core businesses that are vital for resolving social issues
- Further deepening core technologies to meet the world's demand for “high voltage, high current, high frequency, and high speed”

Business value / Economic impact

- Environmentally friendly products that support manufacturing around the world
- Achieve and maintain the world’s No.1 market share and the world’s smallest and thinnest technology
- High operating margin
- Ability to generate cash backed by high earning power
- Return on equity (ROE)
- Return on invested capital (ROIC)

Social value / Social impact

- Contribution to the global environment through our products
- Social trust through provision of high-quality products and fair trade
- Mass production with minimum environmental impact
- Contribution to technological innovation through cutting-edge technology
- Diversity in talents
- Employment and employee training in emerging countries

Fundamental philosophy

Corporate philosophy

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.
MinebeaMitsumi's sustainable growth is achieved through the three strengths we have cultivated since our foundation. These strengths have been supported and strengthened by our respective competitive advantages. By further combining these, we produce “differences” that cannot be found at other companies, and achieve sustainable growth.

**Strengthen business** by utilizing our ultra-high quality, highly competitive pricing capability, and unrivaled supply capability

**Achieve both high profitability and high growth** by securing a high market share in niche fields and further diversifying

**Generate synergies** through the INTEGRATION of our ten core technologies with our core business

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### Organic growth pursued with core and sub-core strategies

Our business can be divided into core businesses, sub-core businesses, and non-core businesses. The definitions of core business and sub-core business are as shown below. We have already withdrawn from non-core businesses not applicable as core businesses or sub-core businesses, and at present do not have any business applicable as non-core.

**Definition of core business**

- Serve niche fields in massive markets
- Capable of drawing on the strengths of the Company (same as core businesses)
- Not readily displaced even as a result of technological innovation
- Have synergy between products

**Definition of sub-core business**

- Serve niche fields in massive markets (same as core businesses)
- Potentially displaced due to technological innovation
- Have synergy between products (same as core businesses)

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### Value Creation Story of MinebeaMitsumi

- Generate new value and achieve sustainable growth
- Provide products that are vital for resolving social issues in a wide range of fields

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### INTEGRATION of Eight Spears (automotive example)

- INTEGRATION Systems for tactile feedback
- HMI: Human Machine Interface
- LATM: Limited Angle Torque Motor
- HVAC LIN: Heating, Ventilation, and Air Conditioning

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### Net sales

- Fiscal year ended March 2023: ¥2.5 trillion
- Fiscal year ending March 2029 (Target): ¥4.7 trillion
Achieving Long-term Management Goals

The road to an eco-friendly and prosperous society

Contribute to resolving social issues and the realization of a sustainable society through MinebeaMitsumi’s corporate activities themselves

Management strategy

- Diversification of core businesses and synergies through INTEGRATION
- Differentiation through INTEGRATION
- Organic growth and M&As, as well as developing products and supplying components that resolve social issues will accelerate corporate growth
- Promote the QCDESS strategy

Material issues (Materiality)

Priority Topic 1
Contributing to solutions to environmental issues

Priority Topic 2
Creating the high quality precision products that support society

Priority Topic 3
Maximizing the power of employees

Talent strategies

1. Developing and acquiring leaders
2. Developing and acquiring engineers
3. Maximizing the power of the organization through the INTEGRATION of talents

Sustainability as a company

Our approach to sustainability

Environmental targets

- Volume of avoided CO2 emission by products
  Fiscal year ending March 2031: Approx. 4.0 million tons
- Percentage of net sales of Green Products
  Fiscal year ending March 2031: 90% or more
- Greenhouse gas emissions
  Fiscal year ending March 2031: Total amount -30%

Developing and acquiring talents that we seek

- Leaders who look at the big picture, and who strengthen and evolve business through ingenuity, leadership execution skills
- Engineers who boldly confront the challenge of resolving social issues through the deepening and INTEGRATION of technologies
**Risks and Opportunities**

### Megatrends

**Manufacturing**
- Suspension of production and reduction in capacity utilization of the Group’s production sites due to natural disaster, etc.
- Suspension of production and reduction in capacity utilization of the Group production sites due to social confusion, including supply chain instability, including geopolitical risks
- Increase in production cost due to rising raw material prices

**Quality control**
- Incurrence of significant expenses and loss of public confidence resulting from various accident or product recall caused by a defective product

**Technological innovations**
- Loss of markets and competitiveness due to obsolescence of existing technologies and products as well as failure in market creation from R&D, etc.
- Disputes concerning intellectual property (infringement proceedings, pooling of the market with counterfeited product)
- New business opportunities brought about by new technologies and new models

**Environment**
- Loss due to the occurrence of environmental pollution
- Mounting demand for resource- and energy-saving, low-carbon products

**Society**
- Challenges in securing talents due to decreasing size of labor force
- Challenges with respect to succession and importing knowhow
- Loss of existing business and damage to reputation due to human rights violations
- Enhancing corporate value through management practices that emphasize human rights
- Corporate growth as a result of improving the working environment for employees
- Emergence of new social issues

**Goverance**
- Information leaks, computer virus infections, cyber attacks
- Loss of existing business and damage to reputation due to non-compliance
- Impairment owing to the occurrence of contingent liabilities, etc., a downturn in earnings greater than expected, and mismanagement in M&A

**Finance**
- An unexpected drop in earnings or a deterioration in cash flow owing to a rapid fluctuations in foreign exchange and the financial market

### Risks and Opportunities

<table>
<thead>
<tr>
<th>Risks</th>
<th>Opportunities</th>
<th>Probability of occurrence</th>
<th>Degree of urgency</th>
<th>Degree of impact</th>
<th>Strategies/measures</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk 1</td>
<td>Opportunity 1</td>
<td>Moderate</td>
<td>Within 3 years</td>
<td>Large</td>
<td>Formulating BCPs and implementing training drills at major business sites in Japan and overseas with a focus on situations subject to substantial water risks</td>
<td><em>Monetary capital</em></td>
</tr>
<tr>
<td>Risk 2</td>
<td>Opportunity 2</td>
<td>Moderate</td>
<td>Within 3 years</td>
<td>Large</td>
<td>Effective product mix and global production system for changing external environment</td>
<td><em>Monetary capital</em></td>
</tr>
<tr>
<td>Risk 3</td>
<td>Opportunity 3</td>
<td>Moderate</td>
<td>Within 3 years</td>
<td>Large</td>
<td>Regulatory performance and economic risk assessments</td>
<td><em>Monetary capital</em></td>
</tr>
<tr>
<td>Risk 4</td>
<td>Opportunity 4</td>
<td>Moderate</td>
<td>Within 3 years</td>
<td>Large</td>
<td>Promoting sales (purchase from several suppliers)</td>
<td><em>Monetary capital</em></td>
</tr>
<tr>
<td>Risk 5</td>
<td>Opportunity 5</td>
<td>Moderate</td>
<td>Within 1 year</td>
<td>Large</td>
<td>More stringent monitoring of supply-demand balance</td>
<td><em>Monetary capital</em></td>
</tr>
<tr>
<td>Risk 6</td>
<td>Opportunity 6</td>
<td>Moderate</td>
<td>Within 1 year</td>
<td>Large</td>
<td>Product price optimization</td>
<td><em>Monetary capital</em></td>
</tr>
<tr>
<td>Risk 7</td>
<td>Opportunity 7</td>
<td>Low</td>
<td>Indefinite</td>
<td>Large</td>
<td>Strengthening and diversifying the core businesses Eight Spears”</td>
<td><em>Monetary capital</em></td>
</tr>
<tr>
<td>Risk 8</td>
<td>Opportunity 8</td>
<td>Low</td>
<td>Indefinite</td>
<td>Moderate</td>
<td>Differentiation by high-quality, high-value-added products</td>
<td><em>Monetary capital</em></td>
</tr>
<tr>
<td>Risk 9</td>
<td>Opportunity 9</td>
<td>High</td>
<td>Within 3 years</td>
<td>Moderate</td>
<td>Actively acquiring intellectual property rights to newly-developed products</td>
<td><em>Monetary capital</em></td>
</tr>
<tr>
<td>Risk 10</td>
<td>Opportunity 10</td>
<td>High</td>
<td>Within 3 years</td>
<td>Large</td>
<td>Transfer of the Tokyo Headquarters to the Tokyo X Tech Garden</td>
<td><em>Monetary capital</em></td>
</tr>
</tbody>
</table>

The Group formulates strategies and measures depending on degree of urgency by: recognizing the business environment and anticipating its developments; analyzing impacts of individual events on the Group’s business and performance; and further analyzing probabilities of occurrence and degrees of impact of risks and opportunities. The table below provides an overview of the Group’s risk and opportunity assessment.
In 2019, the Company identified material issues focused on fulfillment of corporate social responsibility (CSR). Due to changes in the external environment, including heightened interest in environmental issues in recent years, we revised the material issues from the standpoint of CSR as a company, "minimizing the environmental impact of business activities." As a manufacturer of precision products that supports society, we are "working towards providing a stable supply of reliable products with low energy consumption that are widely available" to be a company that contributes to the sustainable development of the global environment and of humanity.

"We are taking a two-pronged approach consisting of sustainability as a company and sustainability for the earth and society."

**System for promoting sustainability**

**Head of Sustainability Management Division: Katsuhiko Yoshida, Director, President COO & CFO**

**Internal Control Promotion Office**

**Compliance Promotion Office**

**CSR Promotion Office**

**Trade Compliance Control Office**

**Security Trade Control Office**

**Group Environment Management Office**

**Security Promotion Office**

**Priority topics/Material issues (Materiality)**

In 2019, the Company identified material issues focused on fulfillment of corporate social responsibility (CSR). Due to changes in the external environment, including heightened interest in environmental issues in recent years, we revised the material issues from the standpoint of CSR as an important "management issues" for implementing strategies from a company-wide perspective.

**Priority Topic 1**

- Contributing to solutions to environmental issues
- Creation of the high quality precision products that support society

**Priority Topic 2**

- Strengthening the mass and stable supply system for ultra-precision components
- Creating the high quality precision products that support society

**Priority Topic 3**

- Maximizing the power of employees

The source of this value creation is our human resource management effort. Aiming to "maximize the power of employees," we seek to "enhance training by our human resources departments and promote diversity on a global scale" while working to "create a positive and rewarding work environment" for employees and promote "employee health and safety."
### Financial & Non-financial Highlights

**Financial highlights**

- **Net sales, operating income and operating margin**
  - Billions of yen:
    - 2023: 1,292.2
    - 2022: 1,214.1
    - 2021: 1,051.3
    - 2020: 998.4
  - Operating margin:
    - 2023: 18.8%
    - 2022: 19.2%
    - 2021: 19.1%
    - 2020: 18.7%
- **EPS and dividends**
  - EPS (¥):
    - 2023: 28.0
    - 2022: 26.2
    - 2021: 20.3
    - 2020: 18.0
  - Dividends per share:
    - 2023: ¥40.0
- **CAPEX, depreciation and amortization**
  - Billions of yen:
    - 2023: 143.80
    - 2022: 113.11
    - 2021: 94.95
    - 2020: 81.20
  - Depreciation and amortization:
    - 2023: 37.9
    - 2022: 34.95
    - 2021: 30.32
    - 2020: 27.34
  - Dividends per share (after tax):
    - 2023: ¥187.62
- **Net interest-bearing debt and free cash flows**
  - Billions of yen:
    - 2023: 143.80
    - 2022: 113.11
    - 2021: 94.95
    - 2020: 81.20
  - Free cash flow:
    - 2023: ¥41.5
    - 2022: ¥41.5
    - 2021: ¥31.86
    - 2020: ¥20.3

**Non-financial highlights**

- **Percentage of net sales of Green Products**
  - Fiscal year ended March 2023: 89.6%
  - Net sales: ¥1,007.2 billion
- **CO₂ equivalent greenhouse gas emissions**
  - (Tons/million yen): 0.842
  - Per basic unit: 0.685 tons/million yen (2021: 0.680 tons/million yen)
  - Per basic unit net sales: ¥884,522,000 (2021: ¥864,167,000)

Environmental conservation costs are calculated as the total of investment and expense on the basis of the “Environmental Accounting Guidelines 2005”, published by Japan’s Ministry of the Environment. We incurred 7.4 billion yen in environmental conservation costs, including investment and expense combined, in the fiscal year ended March 2023.

Since greenhouse gases are considered to be a cause of climate change, we examine total emissions and emissions per productivity. In the fiscal year ended March 2023, our greenhouse gas emissions decreased 4.6% in total volume and decreased 17.0% per unit sales, in comparison with the previous fiscal year.

**Environmental conservation costs**

- **Proportion of female employees (employees, managers, and new hires)**
  - As of June 30, 2023:
    - Female: 62.0% (Male: 38.0%)
    - Female: 18.8% (Male: 81.2%)
    - Female: 73.8% (Male: 26.2%)

We have fostered workplace environments where our diverse group of employees are able to maximize their talents and are empowered to create new values and competitiveness. Female accounted for 62.0% of our employees and 18.8% of our managers as of June 30, 2023. (Aggregate total worldwide)

**Average of working years by gender**

- Domestic:
  - Female: 16.9 (Male: 17.8)
  - Overseas:
  - Female: 15.0 (Male: 13.2)
  - Group:
  - Female: 15.1 (Male: 13.2)

The average years of service for female employees of the overall Group is high, and there are no substantial differences between genders. To support this, we are taking steps to enhance our workplace where possible to support working families.

**Percentage of male employees taking childcare leave**

- In the fiscal year ended March 2023, the percentage of male employees taking childcare leave was 41.0%. (Aggregate total on a non-consolidated basis)