

Semiconductors & Electronics (SE)

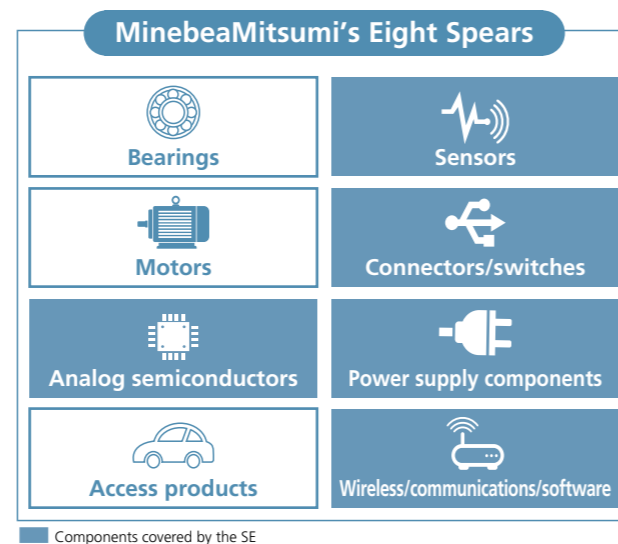
Develop new products for future growth areas by taking an INTEGRATION approach using Eight Spear products to create business opportunities for the entire group

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Core competencies

The source of SE's competitiveness is our technological development capability in fields that require ultra-precision processing, such as sensors, optics, MEMS (microelectromechanical systems) high-frequency technology, electric circuit technology and semiconductor design technology. Furthermore, through the management integration of MITSUMI, ABLIC, Honda Tsushin Kogyo, and Minebea Connect (formerly SUMIKO TEC), MinebeaMitsumi's core technologies and DNA, such as ultra-precision machining and vertical integration, have been combined, allowing us to handle everything from development to mass production. We have established a system that allows us to respond to the detailed needs of our customers all at once. Five of the Eight Spear products, including analog semiconductors, belong to the SE segment, making the business the driving force behind INTEGRATION for the entire group.



Opportunities

- Expanding needs for even lower power consumption, smaller size, and higher precision in key fields such as automotive, communications, and medical.
- Expanding demand for analog semiconductors, connectors, power supply components, and other components that support high voltage, high current applications.
- Use of AI/Big Data will increase connectivity in automobiles, housing equipment, infrastructure, and other business sectors.

Risks

- Rise of new technologies and applications to replace existing technologies.
- Rise of low-cost competitors in China.
- Tighter regulations on high-tech industries due to U.S.-China trade friction.
- Large-scale M&As and lack of competition due to semiconductor industry restructuring.

Responding to opportunities and risks

- Focus on developing new products and cultivating new customers by leveraging our technological capabilities.
- Align capital investment plans with business growth phases.
- Strengthen competitiveness by expanding analog semiconductor capacity and creating synergies with internal resources.

Overview of the fiscal year ended March 2023

Sales increased due to strong orders for optical devices. The connector business was also strengthened with the addition of Honda Tsushin Kogyo and Minebea Connect. Net sales were 530.5 billion yen, operating income was 42.7 billion yen, and operating margin was 8.1%.

* Operating income excluding special factors of 47.8 billion yen, operating margin of 9.0%

Outlook for the fiscal year ending March 2024

Despite optical devices and semiconductors continuing to perform well, overall sales and profits are likely to decrease slightly because lower sales and profits are anticipated in mechanical components due to the product cycle.

Midterm Business Plan

Drive growth by semiconductors and actuators

Main points	
1	Optical devices Steady growth due to increase in installation rate of the Company's products
2	Analog semiconductors Market recovery and contribution of Shiga Plant Hasten growth in niche markets centered on power semiconductors
3	Mechanical components Utilizing INTEGRATION to develop new OEM business
4	Connectors Growth underpinned by integration effect

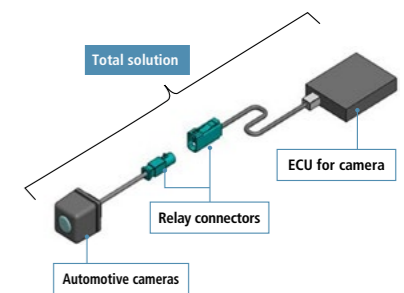
Strategy for "Becoming the one-of-a-kind supplier through INTEGRATION"

In 2023, MinebeaMitsumi integrated its business with Honda Tsushin Kogyo and Minebea Connect. Through this business integration, we will realize technology, production, and sales synergies, strengthen our connector business as one of the Eight Spears, and become a global niche top manufacturer. As devices become smarter, telemedicine and autonomous driving become widespread, and ultra-high-speed communications and high-speed transmissions progress, connections tailored to a variety of new applications will become necessary. In addition, we expect an increase in diversity and volume of product applications, as types of signals increase and devices become smaller and lighter. For example, in the field of autonomous driving we are able to provide complete solutions extending from cameras to electronic control units (ECUs), connectors, cables, and harnesses. This entails attaching Minebea Connect's relay connectors equipped with waterproof technology to Honda Tsushin Kogyo's automotive

Basic strategies for next 10 years

MinebeaMitsumi sees that the key challenge for the long-term viability of the SE segment is to ensure robust growth in the five areas of Eight Spear product groups as the future core businesses. To this end, our basic strategy is to use the cash generated by our sub-core businesses as growth capital to strengthen our Eight Spear products. This will be achieved through (1) organic growth, (2) development of new products, and (3) pursuing M&A of companies that can effectively utilize our products.

cameras, its specialty, and integrating MinebeaMitsumi's general-purpose products into the ECU. Our products are able to support high-speed transmission of video signals with no delay or degradation from the "viewing" and "sensing" camera to the analysis ECU. Using the integration of the three companies as a springboard, we will continue to create high value-added products like this in an effort to improve profitability.



Developing products and supplying components for solving social issues

In analog semiconductors, which are a major growth driver for our company, we have clarified not only the "INTEGRATION" products of MITSUMI and ABLIC, but also the responsibilities and roles of each. MITSUMI will strengthen its mass production business and power semiconductors (IGBT, SiC, and others.). ABLIC will focus on high-mix, small-lot manufactured products as growth drivers, such as highly integrated analog front end (AFE) products. Additionally, we will strengthen our semiconductor design capability by business integration with SSC in 2023.

These products not only raise our revenue, but also directly contribute to solving social issues.

IGBTs, a type of power semiconductors, are used in EVs and industrial machinery. We aim to develop high-performance IGBTs that approach the performance limits of silicon in anticipation of

the EV era. By utilizing our Shiga Plant and business development specializing in chip sales, we will achieve low loss, high speed, and high breakdown resistance, contributing to energy conservation in powered devices. Furthermore, by adding SiC, which has higher breakdown voltage than IGBT, to our lineup, we will further contribute to energy savings and carbon neutrality.

