

Harnessing our passion as the world's only "INTEGRATION" manufacturer of precision components, we shift to a high-margin business model



Representative Director, Chairman CEO
Yoshihisa Kainuma

After 15 years of revenue growth, our focus is shifting from the scale of the business to sustainable, profitable growth.

It has been 15 years since I was appointed CEO of MinebeaMitsumi. In the fiscal year that ended March 2024, we achieved record-high consolidated results for the 11th consecutive fiscal year, with net sales of 1,402.1 billion yen and operating income of 73.5 billion yen. Contrast that with net sales of 256.2 billion yen and operating income of 13.4 billion yen in the fiscal year ended March 2009. Over the last 15 years, our net sales and operating income have grown more than fivefold.

As an executive, I believe that the essence of management is sustainability, and I have pursued continuous growth and sustainability because of it. Over those 15 years, my focus has been specifically on the Company's scale with the idea that expanding the scale would lead to greater profits, which, in turn, would improve earnings per share. Meanwhile, based on the concept of "INTEGRATION," we have been aiming to create new value by capitalizing on all of the Group's resources.

I believe we have successfully established a foundation for growth as the world's only "INTEGRATION" manufacturer of precision components centered around the "Eight Spears" of our core businesses. Through 27 M&As, we have enhanced our approach to diversifying risk and do not rely on a single business or market.

Additionally, growing the scale of our Company is necessary due to the importance of securing talented professionals to allow MinebeaMitsumi to achieve sustainable growth amid Japan's progressively declining birthrate and aging population. Due to various initiatives such as the expansion of our enterprise through organic growth and M&As, and by relocating our operations for Tokyo X Tech Garden (Shiodome) in March 2023, I am confident we have positioned ourselves to attract talent that will serve as the driving force for future growth.

The Company has set long-term targets of achieving net sales of 2.5 trillion yen and operating income of 250 billion yen in the fiscal year ending March 2029. We plan to achieve net sales of 1.5 trillion yen for the fiscal year ending March 2025 and consider the 2.5 trillion yen target within reach.

On the other hand, I believe that our most critical management issue is that of enhancing earnings power and profit margins amid a situation where operating income for the fiscal year ended March 2024 was 73.5 billion yen and our operating margin on a pro-forma basis amounted to a low 5.2% (operating margin calculated on sales including purchased and supplied parts as the denominator). Given that the Company's prevailing valuation relative to its peers remains low, I wish to ensure that our stakeholders appreciate the Company's value and further increase our market capitalization, representing our corporate value. To accomplish this, we must demonstrate our ability to consistently achieve a 10% operating margin, a benchmark in the electronic components industry, while also adhering to our net sales target of 2.5 trillion yen. As CEO, I will articulate our vision and strategy while aggressively moving forward with the implementation of various measures, working in conjunction with President Katsuhiko Yoshida, who serves as COO & CFO.

Now is the time to harness the combined strengths of our 100,000 global employees, leveraging their diverse backgrounds to accelerate growth by creating synergies through INTEGRATION.

Corporate philosophy

Corporate philosophy (Basic approach to growth and contribution to sustainability)

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.

Basic management policy (Action guidelines for employees to realize the corporate philosophy)

Transparent management based on our company credo "The Five Principles"

The Five Principles

- | | |
|---|--|
| (1) Be a company where our employees are proud to work | (4) Work in harmony with the local community |
| (2) Earn and preserve the trust of our valued customers | (5) Promote and contribute to global society |
| (3) Respond to our shareholders' expectations | |

Corporate slogan (Measures to achieve growth and sustainability)

Passion to Create Value through Difference

– Create new value through "difference" that transcends conventional wisdom

Path to achieving operating margin of 10% by the fiscal year ending March 2029

In order to achieve operating income of 250 billion yen, which equates to an operating margin of 10%, by the fiscal year ending March 2029, we are aggressively implementing various earnings improvement measures. Through management meetings and other forums, we are calling on our members company-wide to embrace our 103 billion yen operating income plan for the fiscal year ending March 2025 as a milestone, and continue to take on greater and greater challenges.

Through the use of automation in production, we generated manpower savings of 6,000 employees in the fiscal year ended March 2024, and we expect to save the equivalent of an additional 5,000 employees in the fiscal year ending March 2025. Going forward, we will continue our rigorous cost-cutting and productivity improvement measures and continue to improve product quality at the same time as a manufacturer of ultra-precision components.

On the sales front, we have been pursuing revenue and sales volume increases and are also working to satisfy customers by providing added value, quality, and services at a competitive price through the use of DX.

As the machinery and electronic components industry is facing the need for high voltage, high current, high frequency, and high speed, the Company has been fortifying its competitiveness using its distinctive approach to manufacturing through the "Eight Spears" of its core businesses and leveraging its ultra-precision machining technology, as well as its mass production and other respective underlying technologies.

In addition to bearings that have long served as the Company's profit driver, we have established additional high-margin earnings pillars, namely analog semiconductors and motors, and have captured a substantial share of these global niche markets. Furthermore, Access Solutions (AS) generated operating income of 10.6 billion yen in the fiscal year ended March 2024 after having long endured low profitability. This indicates that our efforts to restructure the organization in Europe and integrate the business are finally achieving positive results. Now that we have decided to launch our innovative new products enlisting INTEGRATION of the Eight Spears, to be described later in this report, I feel the time has come to seek greater understanding from our investors as to why we embarked on the Access Solutions Business.

While smartphone LED backlights were once the Company's largest source of earnings, they now contribute only minimally to the bottom line due to technological innovations in organic light emitting displays. However, we have succeeded in opening up the market for tablet devices and automotive applications and expect substantially higher profits going forward. As this illustrates, I believe we have developed the resiliency we need to raise our bottom line, even when encountering temporary effects of external business factors, as a result of strengthening our core businesses* and establishing a framework that minimizes the effects of volatility through our sub-core businesses*.

Under our Midterm Business Plan extending from the fiscal year ending March 2025 through

- Sales [Pages 47 to 48](#)
- DX [Pages 67 to 68](#)
- Quality [Pages 77 to 78](#)

Core businesses, Sub-core businesses [Page 23](#)

the fiscal year ending March 2027, we will seek growth outpacing that of worldwide automotive production, primarily when it comes to bearings and motors, through content growth (increase in automotive products), amid a scenario where the Company is expecting market trends of progressive premiumization and electrification, countered by a sense of uncertainty, particularly in the automotive industry. Meanwhile, the highly profitable data center and healthcare markets are beginning to show signs of recovery. Despite some remaining supply chain issues in the aircraft sector, we anticipate robust growth amid increasing passenger demand and opportunities associated with environmental improvement efforts. The semiconductor business is currently undergoing recovery, and with the business integration of Minebea Power Semiconductor Device with the Group on May 2, 2024 and the synergies with MITSUMI and ABLIC, we expect sales growth, and we are targeting this to be the second pillar of earnings after bearings. Since many of our businesses are related to equipment industry and we possess high marginal profit ratio, we are poised to regain substantial profitability once production and sales volumes return to previous levels.

With signs of recovery in respective markets beginning to emerge, the fiscal year ending March 2025 will serve as a make-or-break year in terms of our ability to achieve the target of increasing operating margin as outlined in our Midterm Business Plan and long-term plans.

Proposing new value to the world through MinebeaMitsumi's distinctive manufacturing and INTEGRATION

Further improving the Company's corporate value hinges on our ability to create synergies derived from INTEGRATION of our people, technologies, and businesses. We have finally managed to produce substantial results in our INTEGRATION initiatives, which we had previously not been able to demonstrate to our external stakeholders. One example of this is the Company's new product, the "wing handles," which is among the door handles that are the mainstay products of Access Solutions. Until now, the technology to detect and process the force exerted on the handle by a person's fingers had not been commercialized. However, by combining our proprietary technologies, which include handles, motors and sensors, we have now successfully realized an innovative yet simple product model that allows for greater flexibility in automotive design and enables people to open and close car doors simply by touching the handle. BMW has decided to use this new product.

Developing and supplying such complex products typically involves purchasing components from various companies, involving long lead-times. However, given the Company's ability to integrate mechanical and electronic technologies, we can provide our customers with high-value-added products based on new concepts that defy conventional thinking. We take pride in our ability to meet customer expectations and supply significant product volumes worldwide, based on our rapid system of mass production that leverages the Company's manufacturing strengths.

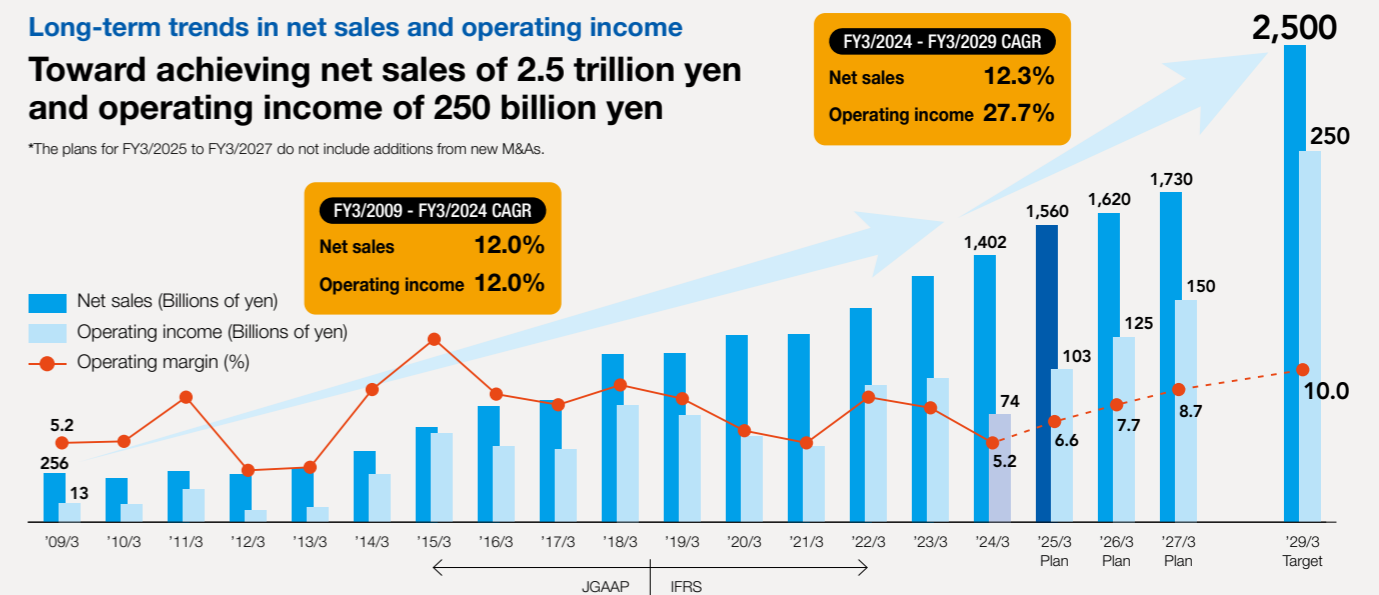
Going forward, we will continue to produce high-value-added products to address social issues and create new value through INTEGRATION, the Company's distinctive approach to manufacturing.

Introducing Our INTEGRATED Products [Pages 65 to 66](#)



Long-term trends in net sales and operating income Toward achieving net sales of 2.5 trillion yen and operating income of 250 billion yen

*The plans for FY3/2025 to FY3/2027 do not include additions from new M&As.



Targeting high-margin enterprises also in M&As

We have also been reassessing our strategy for M&As, one of our key management strategies that has served as a driving force for the Company's growth. This entails focusing on profitability while aligning with our established principles: 1. M&As that can strengthen our existing businesses and/or provide INTEGRATION, 2. M&As that are priced appropriately. We have successfully integrated business by acquiring appropriately priced unprofitable companies with the potential for generating synergies with the Eight Spears of our core businesses and turning those enterprises around financially with a focus on financial discipline. This approach of prioritizing scale expansion has sometimes led to temporary downturns in profitability as we work toward business integration. Going forward, we will prioritize profitability when arranging M&As without excessively fixating on financial discipline.

System for diversifying risk to minimize effects of changes in the market environment

In seeking to achieve our long-term targets for the fiscal year ending March 2029, if we were to mention a risk, we may encounter unforeseen risks associated with the global economy and geopolitics. Over the past 15 years alone, we have faced various threats, including global economic volatility triggered by the Lehman bankruptcy, natural disasters, infectious diseases, and political conflicts. To counter that, we have been mitigating risk across all aspects of our business, including human resources and production activities through diversification. For instance, our earnings were buoyed by stay-at-home demand and business related to data centers while the aircraft market encountered a slowdown during the COVID-19 pandemic. Conversely, sales to the aircraft-related market have helped to make up for the current slowdown in the data center market. These are examples of how the strength of our business lies in how our portfolio strikes a balance among multiple businesses and multiple markets. Additionally, our global network spanning Southeast Asia, China, Europe and the United States enables us to take a flexible approach in addressing customer requirements such as those involving manufacturing sites and production volumes. For instance, we are able to offset effects of trade friction between the United States and China by generating customer interest in Southeast Asia and other regions. In the machinery and electronic components industry, we need to respond flexibly and rapidly to customer order volumes and changes. Therefore, we have established a production system for swiftly and consistently meeting customer needs with a focus on maintaining redundancies.

Initiatives for carbon neutrality

The Company earnestly engages in efforts to achieve carbon neutrality by seeking to fulfill its social responsibility to attain both sustainability as a company and sustainability of the earth and society, as is set forth in its corporate philosophy. Particularly in recent years, we have been focusing on adopting renewable energy in Japan and abroad, notably at the Company's core plants in Thailand, the Philippines, and Cambodia. We work closely with local governments to reach a mutually beneficial outcome. We have initiated a 154 MW solar power generation business in Thailand involving investment of 17 billion yen, and a 50 MW solar power generation business in Cambodia's Pursat Province involving investment of 6 billion yen. In Cambodia, we project 100% renewable energy use with respect to electricity consumption both of our existing Cambodian plants and upon future expansion of plants. At our Ordinary General Meeting of Shareholders held in June 2024, we resolved to add a provision on renewable energy commercialization to our Articles of Incorporation to further strengthen efforts toward achieving carbon neutrality. We will continue to meet the environmental requirements of our customers and local communities while also reducing costs by achieving self-sufficiency of electric power.

Bring out the passion of each individual and achieve the INTEGRATION of the energy of 100,000 people

Ultimately, it is our people who are at the root of our efforts to achieve our long-term targets for the fiscal year ending March 2029 and who support our growth leading up to MinebeaMitsumi's 100th anniversary. Furthermore, it is the INTEGRATION of our people that allows for INTEGRATION of the businesses and technologies that are at the core of the Company's expansion.

As a contributor to the "Topics for Tomorrow" editorial column featured in the evening edition of Nihon Keizai Shimbun between the months of January through June 2024, I wrote a message to new employees urging them to "serve as a cog with a motor." As the term "cog" may hold negative connotations, it would be better to rephrase it to "motor with gears," given that energy driving a motor is derived from the unique passion of each and every individual. The point is that when employees embrace lofty goals and aspirations, or, in other words, express their passion, this comes to serve as

M&A [Pages 19 to 20](#)

Environment [Pages 69 to 76](#)

Human Capital [Pages 49 to 54](#)



the energy that drives the gears, which in turn propels the company and organization forward.

It is my mission to create a workplace environment that allows the next generation of talent responsible for the Company's future growth to demonstrate their capabilities with passion and enthusiasm. While the Company's personnel education to date has prioritized on-the-job training, we are formulating a more systematic and efficient talent strategy and employee development policy for the future.

During the fiscal year ended March 2024, we administered an employee engagement survey at our major domestic companies to gauge employee attitudes. The survey pinpointed the need for the transformation and upgrade of our talent development measures aimed at our next generation of leadership. We are addressing this, in part, by initiating training programs. Since 2023, we have worked on establishing a structure for developing employees who will assume future management of the Group and setting up a three-tiered pool of talent consisting of Chief of Headquarters candidates, head of Business Unit candidates, and young professionals with high potential. Through the training programs, we have been seeking to ensure that the Company's DNA and passion are passed on to the next generation by having myself and other members of top management speak with these employees in the three tiers of training sessions.

We have also adopted the Samurai Project as a new initiative. Under the guidance of retailer NITORI, the Company has set up a project team within the Human Resources Development Department consisting of managers equipped with extensive experience at overseas plants from the respective domains of manufacturing, technology, and sales. The Company has accordingly developed a framework where these members who are familiar with the on-site situation can offer advice after listening to concerns of managers and young employees at overseas plants and other such locations.

In addition to identifying and developing the next generation of leaders through such initiatives, we have also been moving forward with initiatives that include updating our approach to performance evaluations under our HR systems to create workplace environments that empower employees to passionately take on new challenges. The Company's human resources management policy is firmly rooted in a "spirit of equality," which I believe culminates in opportunities for talented individuals to excel regardless of nationality or previous employment, thereby motivating employees with diverse backgrounds.

We will achieve further growth as an "INTEGRATION" manufacturer of precision components and improve manufacturing and people's lives around the world. We will ensure that the next generation inherits our manufacturing DNA amassed throughout our 70-year history. We will promote INTEGRATION initiatives by unleashing and sharing the passion inherent in each and every employee. We sincerely appreciate your continued support.



Director, President
COO & CFO

Katsuhiko Yoshida

Accelerating growth with next-generation management by addressing fundamental workplace concerns

Reflecting on my first year as COO

It has been one year since I was appointed to serve as Director, President, COO & CFO on April 2, 2023. The Company's management structure reflects our Corporate philosophy, management policy, and executive strategies. Under the new structure, effective April 2023, we transitioned to a framework where management strategies primarily fall under the CEO, and the COO accepts executive responsibilities. However, our intention from the outset has been to blur the lines of authority rather than establish defined boundaries. I am pleased to say we managed to get off to a smooth start under this new system, and I feel that the system functioned well throughout the year.

Chairman Kainuma's transition from CEO & COO to CEO has enabled him to more effectively spend his time on key strategies related to the running of the Company, M&A, governance, talent development and environmental issues, which has allowed the way the Company operates to evolve. Meanwhile, I divided my time between supporting the CEO in my capacity as CFO, as I did before, and conducting executive operations as COO based on my financial knowledge and extensive business insight. In addition, depending on the management issue, Chairman Kainuma has been able to respond fluidly by taking charge of certain executive area functions. Accordingly, I think we have successfully taken steps toward achieving an organic organizational structure where not only the CEO and COO & CFO but also the entire executive team proactively addresses issues under the leadership of the CEO.

Focusing on execution with a detailed understanding of our operations

In carrying out my duties as COO, I have been thinking about how to execute the management strategies developed by the CEO. This has involved clearly understanding the overall picture various projects, and then drilling down to identify any problems, and, ultimately, resolving those issues. I believe such repeated effort results in improvement and soundness of the Company overall.

As COO, it has always been a priority for me to be on-site myself. Because of that, I have been paying visits to clients overseas and the Company's manufacturing sites both in Japan and abroad, striving to gain a deeper understanding of our operations.

Business portfolio and executive strategies

We will execute business strategies with a greater focus on profitability centered on the "Eight Spears" of the Company's core businesses. Every one of the "Eight Spears" of our core businesses has the potential to create interrelated synergies. For instance, we intend to boost profitability in power supply components through INTEGRATION which includes entering the market for value-added high-voltage power supplies through our business integration with Minebea Power Semiconductor Device. In the semiconductor division, we are increasing the profitability of Minebea Power Semiconductor Device. This entails leveraging expertise within the Group in pricing improvement strategy at which the highly profitable ABLIC excels, and also involves establishing a vertical production system of power semiconductor utilizing the Shiga Plant. In some business areas such as connectors, however, we have yet to adequately demonstrate our capacity to leverage synergies through INTEGRATION to the outside world.

In this case, we will further strengthen alliances among our businesses to achieve greater profitability and growth potential.

Creating value through linkages and synergies among different types of capital

I believe the Company's value creation is undoubtedly derived from how its human capital, manufactured capital, and intellectual capital, all originating from its corporate philosophy, are closely linked to its financial capital. As a manufacturing company, we have been accelerating the integration of our various underlying technologies centered around ultra-precision manufacturing technologies through the Company's distinctive M&A strategy. The key to realizing it is our highly diverse pool of talented professionals who embrace the Company's spirit of craftsmanship. We aim to further strengthen our talent development and reform our HR systems to enable such professionals to promote INTEGRATION and take on new challenges. We will also promote opportunities for fusing the combined knowledge of such professionals by utilizing Tokyo X Tech Garden.

Developing the next generation

Since becoming COO, I have increased my focus on imparting my expertise regarding the MinebeaMitsumi management approach to pass the managerial baton on to the younger generation. The Company has established the Chairman's Office, the COO & CFO Office, and the Vice President's Office, and prospective candidates are allowed the opportunity to experience the various management situations that might occur in those offices. In the COO & CFO Office, which I oversee, participants hone their skills while amassing comprehensive knowledge and experience required of top management. They gain experience by rotating through various roles, including being on the front line of a business, M&A, HR development,

and other non-financial functions. Additionally, we have started practical training, which has involved setting up a three-tiered pool of core talent for Chief of Headquarters, an important post for the Group, Head of Business Unit, a key role for the Company's growth, and young professionals with high potential.

The Company seeks management professionals equipped with a wide range of skills. Because the Company engages in an extensive range of business operations at its manufacturing and sales locations worldwide, it is unlikely that a manager would be able to spearhead business growth if he or she lacks an understanding of operations beyond that of the bearing business, for instance. Therefore we assign talented employees to challenging roles that facilitate growth, including appointing them to serve as Head of a Business Unit from a young age. While this type of training for our next generation of management has just begun, we will step up such efforts to sustainably increase the Company's corporate value and achieve growth.

Aiming for operating income of 250 billion yen

Our target of achieving operating income of 103 billion yen in the fiscal year ending March 2025 is an absolute priority as we persist in taking on challenges toward achieving our operating income target of 250 billion yen by the fiscal year ending March 2029. In the fiscal year ended March 2024, the business situation differed from expectations, given substantial changes in the external environment. However, we have adapted our strategies based on these changes and will continue to execute accordingly. As we make steady progress in laying the groundwork in each of our businesses toward achieving the 250 billion yen target, I believe it is crucial to be unwavering in our implementation of subsequent measures. We appreciate the continued support of our stakeholders as we all look forward to our Company's future growth.

We will implement financial strategy and capital policy to maximize MinebeaMitsumi's corporate value and shareholder value

We will take a hands-on approach in each of our businesses embracing a commitment to greater profitability

Director, President
COO & CFO

Katsuhiko Yoshida



We have set a target of 2.5 trillion yen in net sales and 250 billion yen in operating income for the fiscal year ending March 2029, and all group companies are working to attain those targets. To demonstrate to our stakeholders that achieving 250 billion yen in operating profit is feasible when we reach 2.5 trillion yen in net sales, we will continue to expand growth and improve profitability through the execution of each business strategy as in the past, and we will place even greater emphasis on achieving our operating margin target of a minimum of 10%.

In executing this, I believe that I can make full use of my accumulated experience in hands-on involvement in business operations, including management, overseas assignments, and numerous business integrations since I joined the Company. Our efforts to increase profitability hinge on linking the qualitative information obtained on-site with quantitative information. For example, by instantly capturing indicators such as product inventory counts at a site with declining

utilization rates, you are then able to understand the issue and derive a solution. I intend to harness information from front-line operations and implement detailed measures to enhance profitability.

To enhance corporate value over the medium to long term, we will set various financial disciplines in our financial strategy and capital policy, thoroughly strengthen our financial position, and greatly improve our ability to generate cash. In addition, we will strengthen our financial position by appropriately managing the cash generated through the establishment of a cash allocation policy, while simultaneously providing returns to shareholders that satisfy investors. Furthermore, in considering our medium- to long-term portfolio, we will consider ROIC and other costs of capital, and will identify appropriate businesses in which to invest, dependent on their profitability. We will maximize investment efficiency and optimize management resource allocation to increase corporate and shareholder value.

Financial strategy and capital policy

Capital efficiency and EPS growth rate

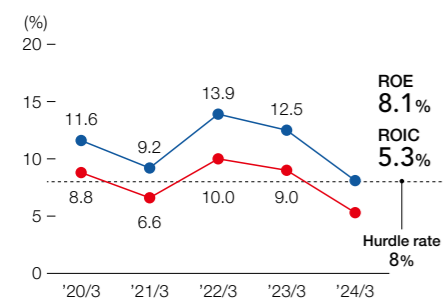
Concerning profitability, we have set ROE of 15% or more and EPS growth rate of 15% or more (10-year CAGR) as our target KPIs. Having made "strengthening our financial position" a basic policy, the MinebeaMitsumi Group has taken various steps, including engaging in efficient capital investment, asset management, and reducing interest-bearing debt.

The Company's ROE for the fiscal year ended March 2024 was 8.1%, which represents a decrease from the previous year. Going forward, we will seek to get ROE back on track toward the 15% threshold. ROIC was 5.3%, temporarily below the hurdle rate of 8%, and we will implement measures to

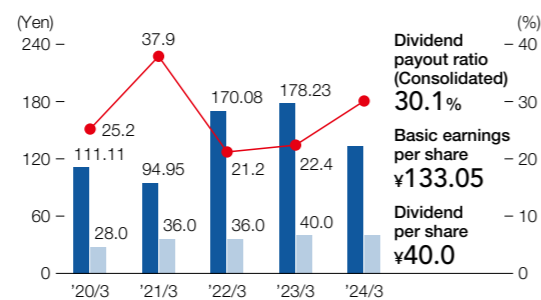
improve this as well. EPS for the fiscal year ended March 2024 was 133.05 yen. In the fiscal year ending March 2029, we are poised to achieve the operating income of 250 billion yen and an EPS growth rate CAGR of 15% or more.

At the same time, in addition to growth through global M&A by leveraging organic growth and high cash-generating capacity, we will focus on capturing new business opportunities, such as the development of products that contribute to resolving social issues. In so doing, we will increase profitability and improve growth, maximize our ability to generate cash, and further strengthen our financial position.

• ROE and ROIC



• EPS and dividends



ROE

15% or more

EPS growth rate

15% or more

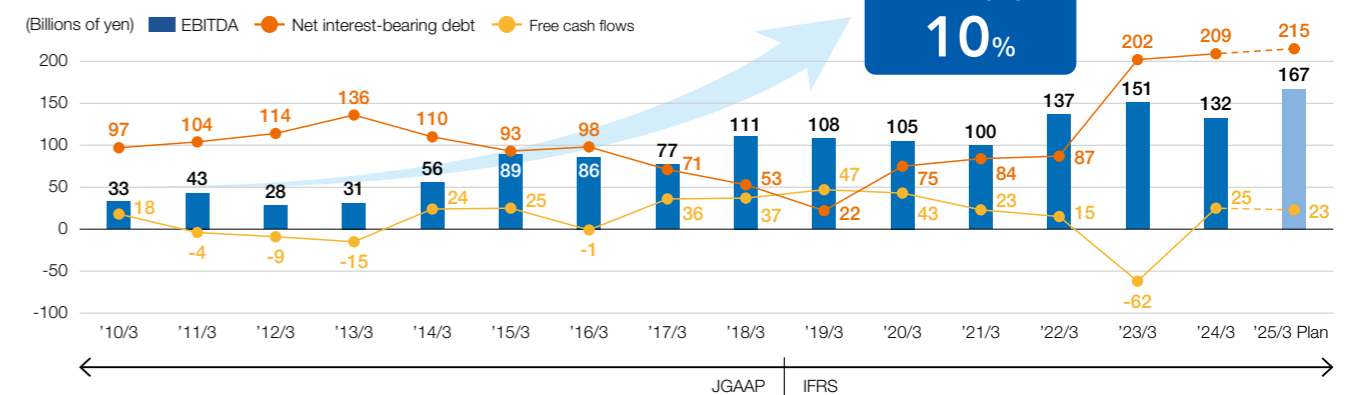
CAGR

Cash-generating ability

In the fiscal year ended March 2024, the Company achieved net sales of 1,402.1 billion yen and operating income of 73.5 billion yen. We attained a new record high in net sales, but operating income was lower than that of the previous fiscal year. Nevertheless, we anticipate a record-high EBITDA result of 167.0 billion yen in the fiscal year ending March 2025 due to ongoing capital expenditures undertaken based on prudent

assessment of recoverability. We project that net interest-bearing debt will amount to 215.0 billion yen in the fiscal year ending March 2025. The Company's ability to generate cash has steadily improved, allowing us to expand our business while maintaining net interest-bearing debt at appropriate levels.

• Trends in EBITDA/net interest-bearing debt/free cash flows



Cash allocation and stability of the financial base

Cash allocation

50% of generated operating cash flows are to be allocated to capital expenditure to drive organic growth.

Of the remaining 50%, while half will be allocated to appropriate and flexible shareholder returns, we are proactively considering options to carry out effective M&As using the other half, together with borrowings, premised on the notion of maintaining financial discipline such that the net debt-to-equity ratio falls within the 0.2 times range.

Capital expenditures and shareholder returns

Based on this medium- to long-term policy, capital expenditure for the fiscal year ended March 2024 amounted to 83.6 billion yen, mainly for renewal investment. During the fiscal year ending March 2025, our plans call for capital expenditure of 80 billion yen, primarily for investments in semiconductor-related facilities.

After a comprehensive review of the business environment, MinebeaMitsumi aims to continue paying out stable dividends, targeting a dividend payout ratio of around 20% on a consolidated basis, in principle, to strengthen shareholder returns.

• Allocating capital backed by the ability to generate cash

Operating cash flows

We will allocate capital to achieve organic growth, backed by our ability to generate cash accompanying profit growth.

Organic growth CAPEX → **50%** of operating cash flows

Free cash flows

We will flexibly allocate capital, having secured the resources necessary to achieve organic growth.

M&A growth **50% + Borrowings**
M&As geared to reducing earnings volatility of free cash flows

Shareholder returns **Dividends and share buyback of 50%**
Maintaining financial discipline (within 0.2 times net D/E ratio)

Dividends and share buyback of 50%
(Adjustments made to the ratio of dividends to share buybacks depending on stock price levels; Share buybacks are to involve purchasing shares at appropriate thresholds)

In the fiscal year ended March 2024, annual dividends per share amounted to 40 yen, unchanged from the 40 yen dividend per share of the previous fiscal year. From the fiscal year ending March 2025 onward, we will be flexible in our review options for increasing dividends in line with profit growth.

As for shareholder returns, the Company will provide dividends and carry out share buybacks under a similar policy.

Security of the financial base

We believe that accelerating the pace of business expansion while simultaneously ensuring the stability of our financial base is of the utmost importance. We have received very favorable (A+) credit ratings from two credit rating agencies - Rating and Investment Information, Inc. (R&I) and Japan Credit Rating Agency, Ltd. (JCR).

Although our equity ratio may vary in the short term depending on status of M&A implementation, we aim to achieve a stable financial base by maintaining an equity ratio of at least 50% over the medium to long term.

Rating

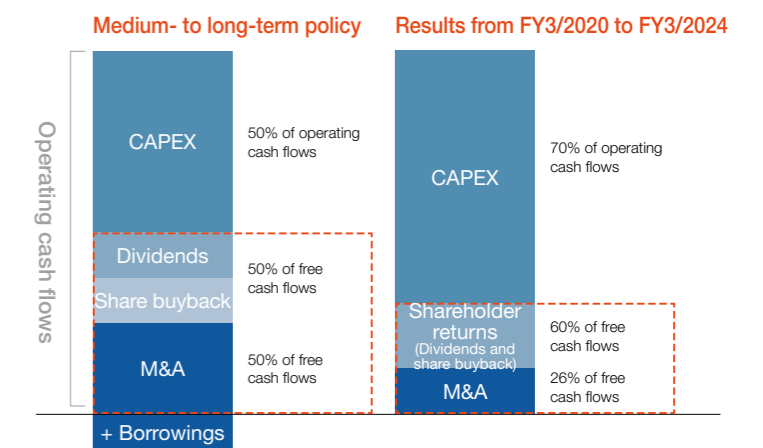
Rating and Investment Information, Inc. (R&I)

A+

Japan Credit Rating Agency, Ltd. (JCR)

A+

Over the past five years, steady execution of capital allocation with similar allocation to that in the medium- to long-term policy



Current business environment

In the fiscal year ended March 2024, we were compelled to make downward revisions twice due to discrepancies between the Company's estimates and actual external factors. Based on the presumption that improving the bottom line is essential in such situations, we achieved a certain level of success toward such objectives and have set the stage for the next fiscal period.

In the fiscal year ending March 2025, the Company resolutely seeks to achieve targets that include net sales of 1.56 trillion yen, operating income of 103 billion yen, and operating margin of 6.6%. In Precision Technologies (PT), progress is being made in optimizing levels of high value-added products in the inventories of customers in the ball

bearing business, which has increased the likelihood of growth accompanying further market recovery. In the aircraft market, we have been taking steps to resolve supply chain issues involving rod ends and fasteners for aircraft. In Motor, Lighting & Sensing (MLS), we will benefit from the recovery in the market for HDD motors, while also aiming to bring about further content growth in highly profitable automotive motors. In Semiconductors & Electronics (SE), we aim to expand the scale of our business further while focusing on profitability in the analog semiconductor business, which has undergone business integration. In Access Solutions (AS), we seek to increase profitability through early market entry with our INTEGRATED products and value-added products.

Midterm Business Plan for further growth

In May 2024, the Company released its new Midterm Business Plan, which serves as a concrete roadmap for achieving further growth in pursuit of its long-term targets for the fiscal year ending March 2029. In the Midterm Business Plan, we set our targets at net sales of 1.62 trillion yen and operating income of 125 billion yen for the fiscal year ending March 2026, and at net sales of 1.73 trillion yen and operating income of 150 billion yen for the fiscal year ending March 2027.

We are largely on track to achieve the 2.5 trillion yen net sales target for the fiscal year ending March 2029, with organic growth poised to reach approximately 2 trillion yen. It will be possible for us to achieve net sales of 2.5 trillion yen if

we conclude one M&A that is similar in size to that arranged with MITSUMI ELECTRIC, which was subject to business integration in 2017.

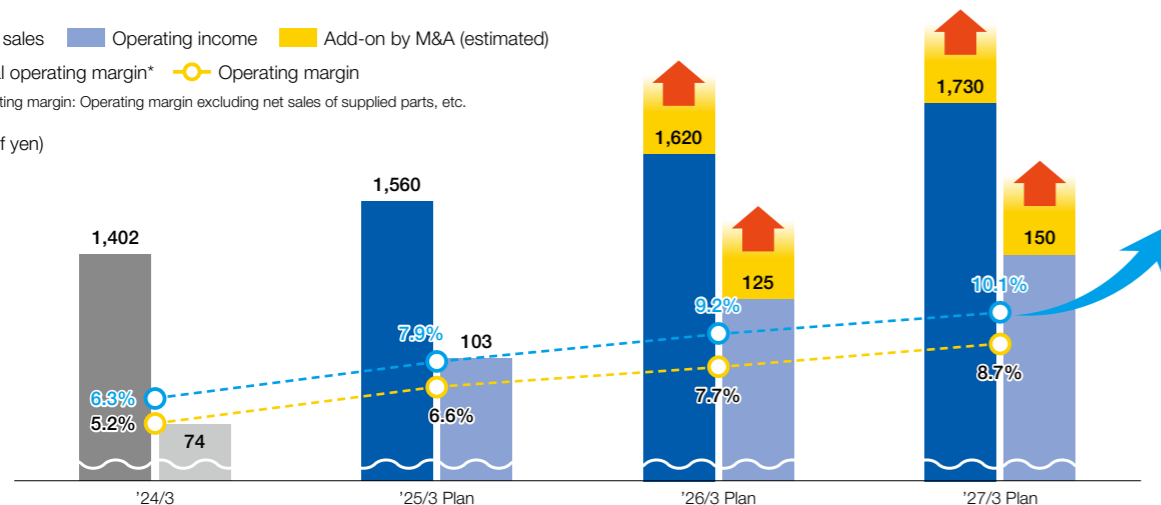
To achieve operating income of 250 billion yen, we will focus on expanding sales of high-margin products. We will engage in initiatives focused on high-margin products such as analog semiconductors, in addition to bearings and motors. Through the business integration of Minebea Power Semiconductor Device, analog semiconductors now constitute the second-ranking product in the Company's Eight Spear strategy, up from the third-ranking product previously.

Review of the Midterm Business Plan based on the current market outlook

■ Net sales ■ Operating income ■ Add-on by M&A (estimated)
○ Real operating margin* ○ Operating margin

*Real operating margin: Operating margin excluding net sales of supplied parts, etc.

(Billions of yen)



Initiatives for improving profitability

The Company's efforts to improve profitability include cost reduction and lowering the materials cost ratio and the factory overhead ratio. We are also focusing on transforming fixed costs into variable costs, thereby increasing profitability through greater flexibility in cost management.

Furthermore, although we have carried out numerous M&As, including large-scale M&As over the last several years, the Company's S.G.&A. expense ratio has remained in the 11% range, which reveals plenty of room for improvement. Labor costs account for approximately half of our S.G.&A. expenses,

followed by logistics costs and outsourcing expenses. Given that, we regard this as one of our key management issues and we are moving forward with a 2% S.G.&A. expense ratio reduction target, which is to be achieved, in part, by increasing white collar productivity and improving transport efficiency.

I am well aware that more than anything else the prospect of increasing profitability hinges on the efforts of each and every one of our Group employees. Because of this, I communicate with our employees daily to reinforce initiatives aimed at improving and increasing our profit margins.

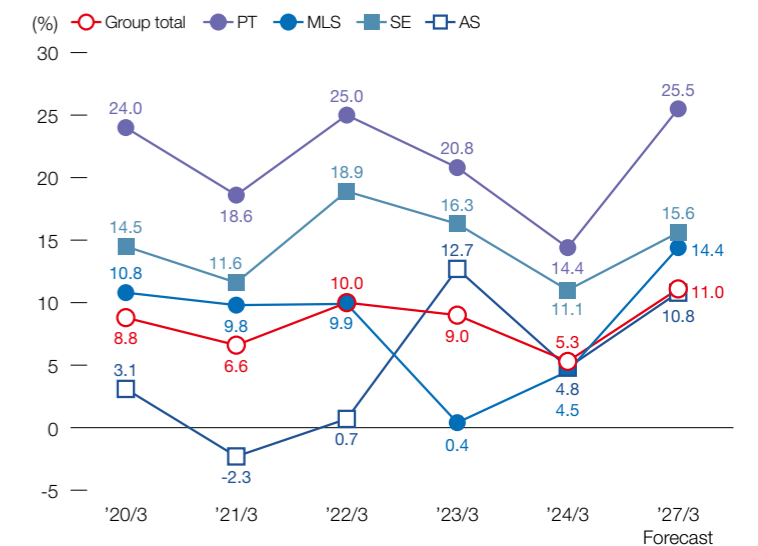
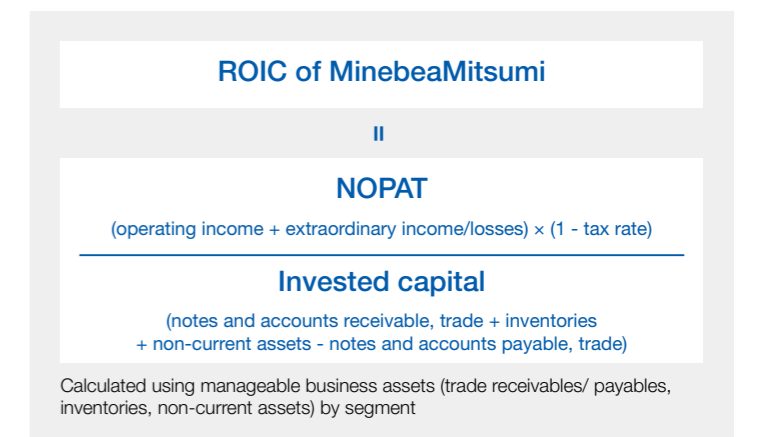
Management for value creation

The MinebeaMitsumi Group has established a hurdle rate of 8% for investment decisions, 2% higher than the estimated cost of capital of 6%. We are working to improve capital efficiency by understanding the cost of capital for each business and implementing appropriate financial strategies. In support of efforts to achieve net sales of 2.5 trillion yen and operating income of 250 billion yen, the Company benchmarks return on equity (ROE) and return on invested capital (ROIC), which are used as indicators of profitability for each business. The Company conducts R&D, M&As, and business withdrawal by checking whether or not the target profitability exceeds its capital cost and verifying the current status and outlook of individual businesses.

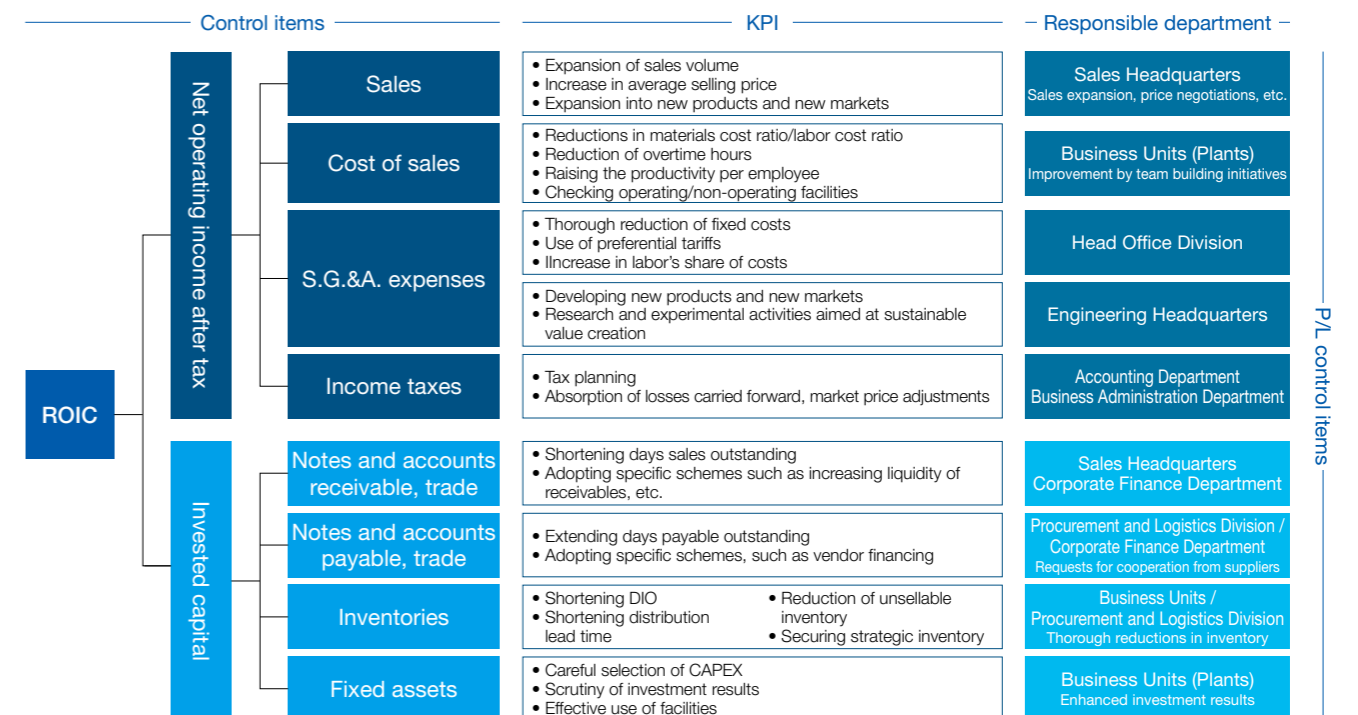
Our approach to increasing profitability of individual businesses has involved improving profit margins and reducing invested capital using a reverse ROIC tree approach. By enhancing profitability of each business portfolio, we strive to optimize invested capital on a Company-wide basis. Despite focusing on improving profitability under this policy, ROIC for the fiscal year ended March 2024 decreased relative to the previous fiscal year to 5.3%, partly due to a decrease in operating income.

We will continue to create business strategies and operate our businesses in alignment with initiatives for achieving sustainable growth and increasing corporate value over the medium to long term. In our efforts to increase corporate value, we will engage in risk management practices for reducing capital cost and implement financial strategy which helps enhance our products' competitive strengths. Moreover, to ensure an optimum business portfolio, we hold management meetings twice per year to discuss business continuity of those businesses that fall short of the hurdle rate.

• ROIC



*As for the plan for the fiscal year ending March 2025 and later, the figures as of May 2024 are used.



Business portfolio strategy

Focusing on growth of net sales and ROIC by business segment, we view the current state and the potential of the Company's business portfolio as indicated below: With regard to invested capital, we seek to optimize management resources in the fields of A to D, which are defined in the figure

below. We plan to use capital expenditures efficiently while utilizing grants and other funds to do this. We will also focus on controlling inventories and other assets on a business segment basis to maintain working capital within an appropriate range.

Precision Technologies (PT)

In Precision Technologies (PT), we expect an increase in net sales due to various factors, including recovery of the data center market, shift to electrified vehicle types and high functionality in the automobile market, growth for medical and other applications, including high value-added products, and recovery in the aircraft market. We expect to recover bearing production and sales volumes through continual productivity improvement and other initiatives to increase production capacity. We aim to improve PT's profit margin and position it as a core business of the Company.

Motor, Lighting & Sensing (MLS)

In Motor, Lighting & Sensing (MLS), we are aiming for top-line growth with motors as our growth driver, and we expect further growth for automotive products that are high-end global niche products with high profitability, and improvement in the product mix due to recovery in the HDD market. In electronic devices, we expect the backlight business for smartphone applications, a sub-core business, to wind down. Still, we are targeting expanded revenue for other applications, mainly automotive use. In motors, we aim to achieve an operating margin of 10% or higher for the fiscal year ending March 2027 and are working on improving profitability overall to establish motors as a growth driver.

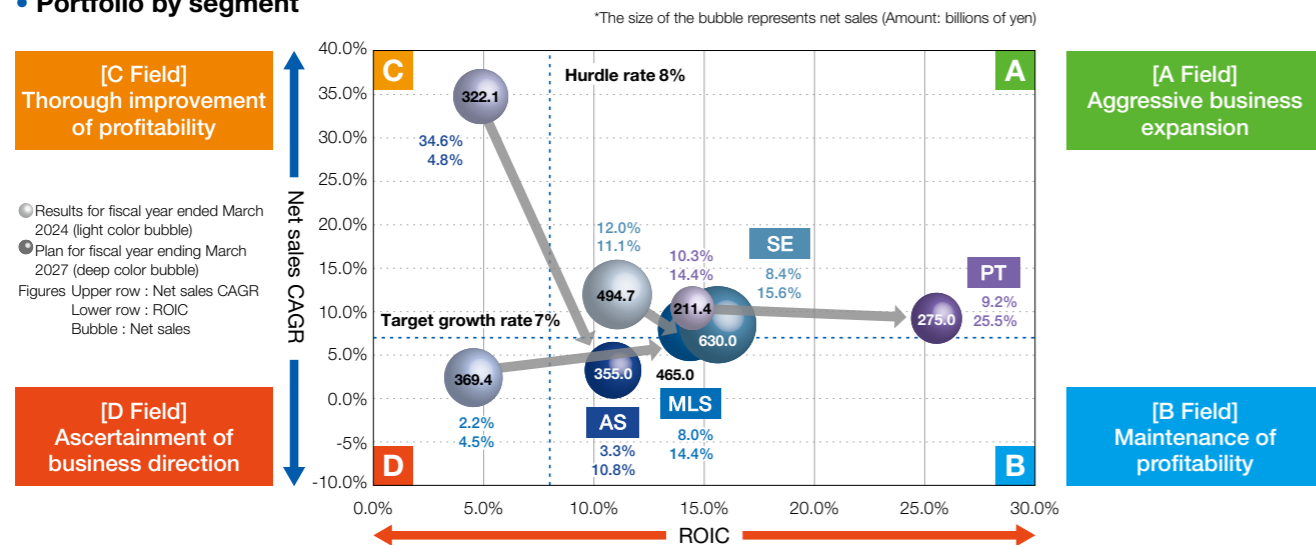
Semiconductors & Electronics (SE)

In Semiconductors & Electronics (SE), we will promote PMI activities with Minebea Power Semiconductor Device, which has undergone business integration, in the analog semiconductors business, a core business, and strive to achieve further growth. We are repositioning analog semiconductors as the second spear in our Eight Spear strategy, following bearings, and aim for an operating margin of 30% by the fiscal year ending March 2029. We aim to improve profitability for our sub-core businesses, optical devices and mechanical components, while utilizing our high production capacity.

Access Solutions (AS)

In Access Solutions (AS), we will aim for an operating margin of 10% by introducing new INTEGRATED products and high value-added products into the market. Through structural reforms and other measures, we have achieved a turnaround in European and American businesses that we integrated through M&A, thereby improving profitability. We will continue this momentum into the future. Moreover, the contribution to profits from automotive devices is progressing steadily. We will use the various solutions we currently possess.

Portfolio by segment



Notes: 1. The light bubbles represent the annual average growth rate for the three years until the fiscal year ended March 2024, and net sales and ROIC for the fiscal year ended March 2024.
 2. The dark bubbles represent the annual average growth rate for the three years until the fiscal year ending March 2027, and net sales and ROIC for the fiscal year ending March 2027.
 3. The target growth rate of 7% is the annual average growth rate necessary to achieve organic growth for net sales of 2.5 trillion yen for the fiscal year ending March 2029.
 4. As for the plan for the fiscal year ending March 2025 and later, the figures as of May 2024 are used.

Strategies by Business

- Precision Technologies [Pages 39 to 40](#)
- Motor, Lighting & Sensing [Pages 41 to 42](#)
- Semiconductors & Electronics [Pages 43 to 44](#)
- Access Solutions [Pages 45 to 46](#)

Risk management

Due to such factors as the shift towards a decarbonized society and heightened geopolitical risk, the business environment in which the Company operates is changing rapidly on a day-to-day basis. To respond to such changes quickly and appropriately, we must strengthen our defensive approach to risk management and take an aggressive approach to maximizing profit.

The Representative Director, Chairman CEO of MinebeaMitsumi is responsible for risk management and works with the Risk Management Committee to make important decisions. It is also the committee's role to assume specific risks and action plans for such risks and conduct continuous monitoring of the situation. As the CFO, I focus on recognizing and forecasting our business environment, analyzing the impact of individual events on our business and performance, examining the likelihood of occurrence, urgency and impact of risks and opportunities, and formulating strategies and measures. I also execute those strategies and measures in a concrete and steady manner.

One of the most urgent issues facing the MinebeaMitsumi Group concerns business continuity planning (BCP). We are focused on developing and strengthening disaster prevention

manuals and BCP's for sites we have identified with substantial water related risks, including flood or drought.

Another area of risk involves cyber-security. We are addressing the significant information security challenge by establishing and strengthening systems meant to deter and prevent cyberattacks. Specific measures in this regard have included establishing an automated monitoring and anomaly detection network for PCs and servers used daily across the entire Company, including its overseas production sites, and the implementation of an incident response system that promptly addresses any reported anomalies or threats. Moreover, the Group has a specialized team for handling threat analysis, enabling us to mount a rapid response that fully encompasses threat detection, analysis, and countermeasures.

Concerning economic security, we have implemented internal regulations to respond promptly to the strengthening of economic sanctions and export control regulations in various countries and to take a more strategic approach to expanding the business while managing risks related to transactions subject to economic security concerns.

Risks and Opportunities [Pages 31 to 32](#) Risk management [Pages 91 to 92](#)

Environmental management

In November 2022, the Company issued its first series of green bonds to fund the production of high-quality bearings that contribute to more significant power savings and groundbreaking precision, research and development, and procurement of decarbonized power sources. The Company will achieve its environmental targets by taking on the carbon

neutrality challenge and promoting MMI Beyond Zero. In recent years, we have been focusing on adopting renewable energy in Japan and abroad particularly at the Company's core plants overseas, and we will continue to further promote initiatives to realize a sustainable global environment.

Initiatives for the Environment [Pages 69 to 76](#)

Engagement with stakeholders

I work closely with the IR division, holding numerous meetings with investors and shareholders to explain our proactive business and financial strategies aimed at achieving further Company growth. The CEO and I, as the COO & CFO, take an agile approach to discussing the feedback we receive with the administration and business divisions, fostering a culture where such feedback is actively applied to our management strategy. For instance, we received questions regarding the results of our M&A strategy, which constitutes one of our key growth strategies, and how the strategy has increased our corporate value. In response to this, we disclosed our track record in our presentation materials released during our earnings briefing for the fiscal year ended March 2024.

In addition, we believe that strengthening investments in non-financial capital, such as human capital, manufactured capital, and intellectual capital, and integrating them with financial capital, will enhance both corporate and shareholder

value. We have been conversing with investors about our management strategy including non-financial capital, and in July 2024, we held a small meeting between institutional investors and Outside Directors. In particular, the Outside Directors conveyed to investors that discussions about human capital in the Board of Directors meetings, which had been somewhat lacking before, are increasing.

Moreover, we hold annual meetings with our investors and shareholders regarding the information contained in our Integrated Report, thereby enabling us to receive candid feedback that helps us make management improvements. We will continue to realize improvements in corporate and shareholder value through open exchange of views with our stakeholders. Going forward, we hope our investors and shareholders will continue looking forward to MinebeaMitsumi's unwavering focus on its substantial potential for growth and profitability.

M&A [Pages 19 to 20](#) Dialogue between institutional investors and Outside Directors [Page 89](#)

M&A

In addition to organic growth, MinebeaMitsumi is aggressively pursuing M&A as a key growth driver. In addition, we have been working to create new value with integrated companies, with our strength in Post Merger Integration (PMI), which accelerates the "INTEGRATION" of people. On this page, you will find our fundamental approach to M&A, a PMI case study of our semiconductor business unit, and a dialogue between the people in charge of the Semiconductor business division and Minebea Power Semiconductor Devices (MPSD), which will be integrated into MinebeaMitsumi group in 2024.

Positioning of M&A in Growth Strategy

The Company aims to achieve net sales of 2.5 trillion yen and Operating Income of 250 billion yen in the fiscal year ending March 31, 2029. In our M&A strategy, we will continue to maximize profits and manage risk through a diversified business portfolio. We will continue to adhere to our goals

of 2.5 trillion yen in net sales and 250 billion yen in operating income while focusing on M&A deals with higher Operating Income and investment efficiency to ensure sustainable growth and even higher profitability to maximize corporate value.

M&A Principles

As a general principle, we focus on projects that strengthen our existing core "Eight spears" business and which we expect to generate synergies. Another important principle is to ensure that the price is appropriate. We enhance investment efficiency by ensuring that acquisitions are made at an appropriate price, fully considering each deal's profitability and synergistic effects. In selecting target companies, we choose businesses that share common values with our Company, are strategically important to our Eight spears strategy, and will further strengthen our earnings base.

make maximum use of our PMI know-how accumulated from our many years of experience to realize a swift, careful, and effective post-acquisition integration process using only internal resources based on "INTEGRATION" between people, rather than relying on external consulting. Another important feature is that we promote M&A from a global perspective, both domestically and internationally, to strengthen our international competitiveness. In addition, we pursue growth while maintaining a sound financial position with an emphasis on maintaining our credit rating by securing M&A resources by following strict financial discipline and a cash allocation policy that supports sustainable growth.

Our M&A promotion system has several characteristics. First, we emphasize post-merger integration (PMI), and we

M&A Track Record

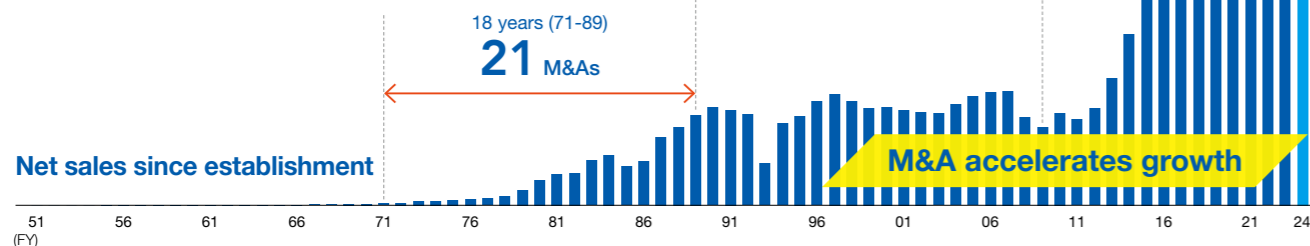
We have completed 58 M&A transactions to date, most notably 27 in the last 15 years. Of these, 26 have been integrated, with a cumulative enterprise value of 306 billion yen, total sales of 610 billion yen (25 excluding MPSD), and total Operating Income of 49 billion yen (based on the fiscal year ending March 31, 2024). These achievements have

contributed significantly to our value creation and our M&A strategy is highly regarded by many investors as one of our most significant growth strategies.

We will continue to promote M&A to accelerate our growth, stabilize our operating base and achieve higher profitability to maximize corporate value and increase shareholder value.

M&A (58 deals in 72 years)

- Minebea Power Semiconductor Devices (formerly Hitachi Power Semiconductor Device) (2024)
 - Minebea AccessSolutions (formerly Honda Lock) (2023)
 - Minebea Connect (formerly SUMIKO TEC) (2022)
 - HONDA TSUSHIN KOGYO (2022)
 - ABLIC (2020)
 - U-Shin (2019)
 - C&A, Mach Aero (2017)
 - MITSUMI ELECTRIC (2017)
 - Minebea Intec (formerly Sartorius Mechatronics T&H) (2015)
 - CEROBEAR (2013)
- and so on



Why did you choose to integrate with MinebeaMitsumi?

Suzuki: In considering the future of Hitachi Power Semiconductor Devices (HPSD), the main reason was that we could imagine concrete synergies to be created with MinebeaMitsumi as our partner for the business integration. Before the business integration, HPSD continued to record record sales, but the semiconductor business model based on mass production was not a core competence of the Hitachi Group, and the company had a history of expanding its business in cooperation with external partners. One of the most prominent of these was MinebeaMitsumi's Chitose Plant. I also heard that MinebeaMitsumi values the corporate culture and human resources of the companies it acquires, so I felt most comfortable envisioning the employees playing an active role after the acquisition.

Yano: The Chitose Works, our main plant for power semiconductors, has a long history of operation as a Hitachi Group semiconductor plant, and there was a mutual affinity in the plant specifications. We have been a front-end Fab for HPSD for some time. I trust Mr. Suzuki, and we have had a close relationship on the manufacturing floor as if we were family members. I also felt that the complicated manufacturing process transfer work to achieve vertical integration would go smoothly if I worked with President Suzuki.

MinebeaMitsumi's unique applications such as motors and ABLIC products.

Future Outlook and Synergies

Yano: When MITSUMI ELECTRIC merged with MinebeaMitsumi in 2017, analog semiconductor sales were around 25 billion yen. For the fiscal year ending March 31, 2029, the division has set targets of 200 billion yen in sales and an operating margin of 30%. We are now positioned as the second growth driver after bearings among our eight core businesses. We are confident in our ability to achieve this goal. Until now, we have mainly sold chips, but the business integration has enabled us to sell high-unit-price products by promoting vertical integration from chips to modules. In addition, HPSD's expertise in high-voltage technology has enabled the company to enter infrastructure areas such as railroads and wind power generation. We have relied on overseas OSAT* until now, but in the future, we will be able to utilize our in-house production technology and capacity, which I believe will have a significant impact. There is a sense of never-ending synergy between the two companies.

Suzuki: I think we have achieved an ideal "get the best of everything" in both the manufacturing and sales processes. The module, one of the fruits of vertical integration, is a result of unique technology and know-how, and I think it would be quite challenging to imitate us even with recent simulation technology. I believe that in the past two months, we have been able to integrate technologies and expertise that would take years to acquire if we were a newcomer to the market. In addition, side-gate IGBTs, which are 25% smaller, more efficient, and less expensive than conventional IGBTs, are currently being tested at the Shiga Plant and are scheduled to be launched in the next fiscal year (ending March 2026). In the application of next-generation silicon carbide (SiC), which has a proven track record in the railroad industry, we have also established a leading system for research and development. Furthermore, we aim to create new added value by "INTEGRATION" of high-voltage ICs with MinebeaMitsumi's products for motors, power supplies, and medical applications. We are also working to improve profitability by learning from other business units' pricing strategies and cost reduction knowledge. We hope to bring INTEGRATED products to market in the future by leveraging our strengths as a global niche leader that other companies simply cannot match.

Impressions after PMI and integration

Suzuki: The preparatory committee was set up six months before the business integration, and I was surprised at how quickly things proceeded when I saw the schedule presented to us. Once we got started, the members of MinebeaMitsumi seamlessly took over the business. I am impressed that operations generally returned to normal within two months after the business integration. I know there are cases where business integration does not go well even if it takes a year, but MinebeaMitsumi's staff is extremely experienced.

Yano: I also experienced this when MITSUMI ELECTRIC was integrated in 2017, and MinebeaMitsumi has the advantage of having a manual for M&A practices. Mr. Suzuki and his team moved into the X Tech Garden in June, and we can now communicate more closely. We are working together to enthusiastically expand our power semiconductor business by promoting INTEGRATION activities of power devices with

*Company specializing in back-end processing and testing of semiconductors