

Business Results

Second Quarter of Fiscal Year
Ending March 31, 2021

MinebeaMitsumi Inc.

November 6, 2020

1. Financial Results

2. Business Update & Management Strategy

Financial Results

Katsuhiko Yoshida

Director, Senior Managing Executive Officer

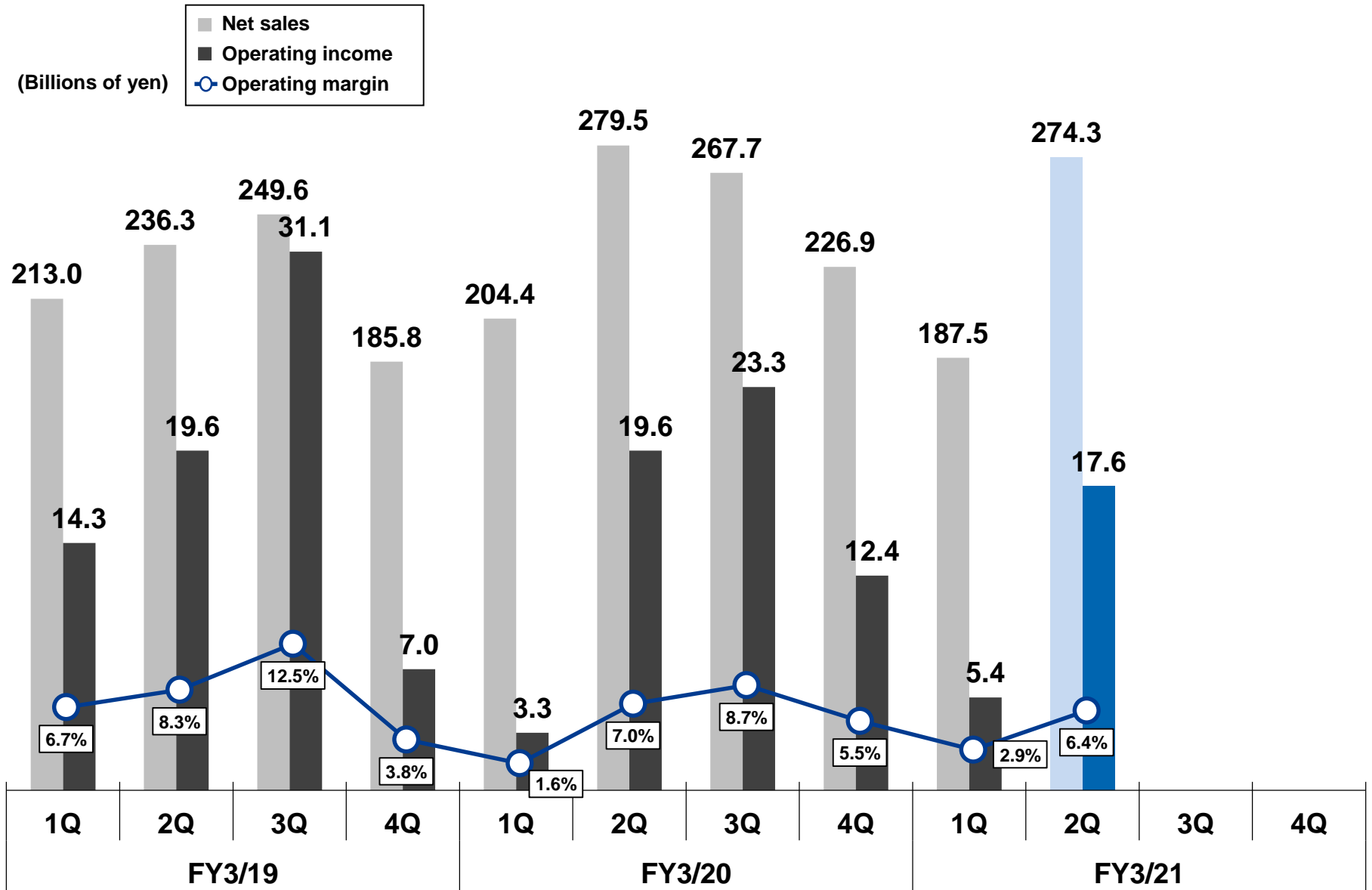
Summary of Consolidated Business Results for 2Q

1H operating income was about the same YoY

(Millions of yen)	FY3/20	FY3/21		Change	
	2Q	1Q	2Q	YoY	QoQ
Net sales	279,473	187,463	274,267	-1.9%	+46.3%
Operating income	19,623	5,364	17,557	-10.5%	X3.3
Profit before taxes	19,632	5,274	16,975	-13.5%	X3.2
Profit for the period attributable to owners of the parent	14,142	3,573	13,239	-6.4%	X3.7
Earnings per share, basic (yen)	34.07	8.75	32.42	-4.9%	X3.7

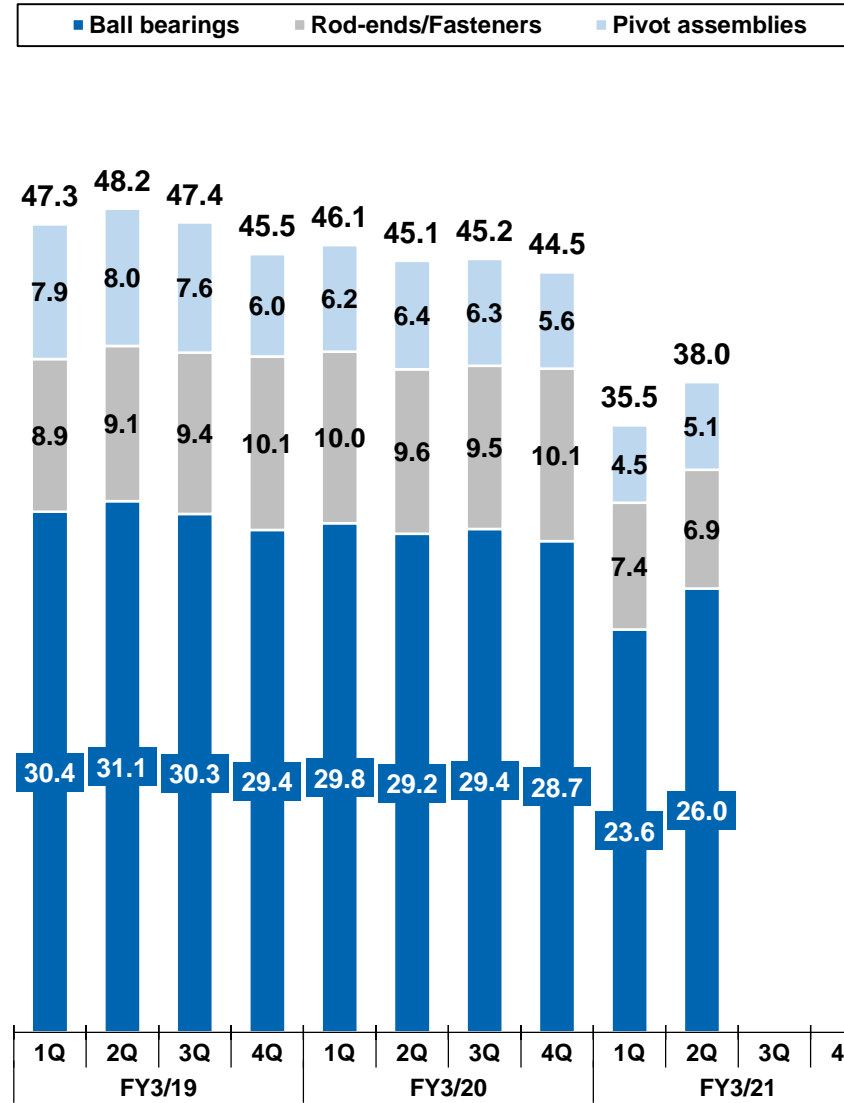
Foreign Exchange Rates	FY3/20 2Q	FY3/21 1Q	FY3/21 2Q
US\$	¥107.63	¥107.74	¥105.90
Euro	¥120.44	¥118.23	¥123.56
Thai Baht	¥3.50	¥3.34	¥3.41
Chinese RMB	¥15.44	¥15.12	¥15.16

Net Sales, Operating Income/margin

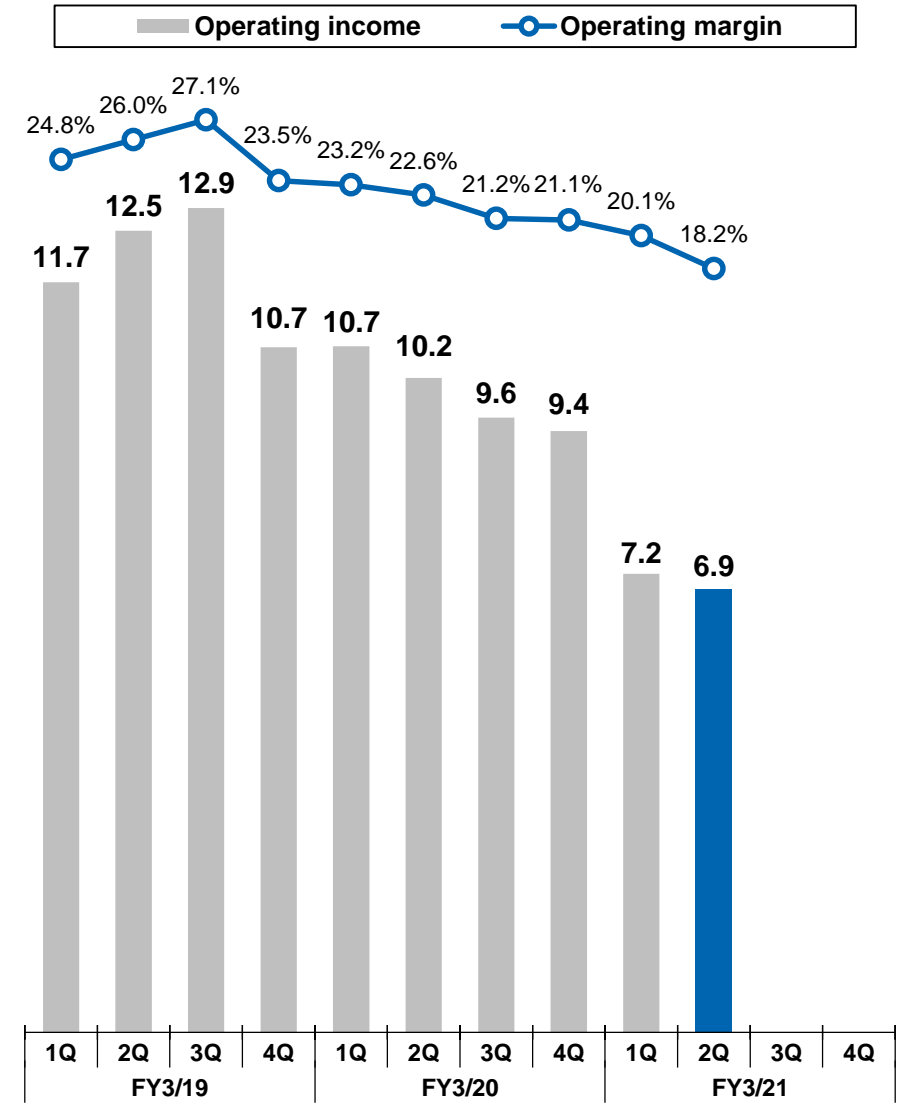


Machined Components

Net sales (Billions of yen)

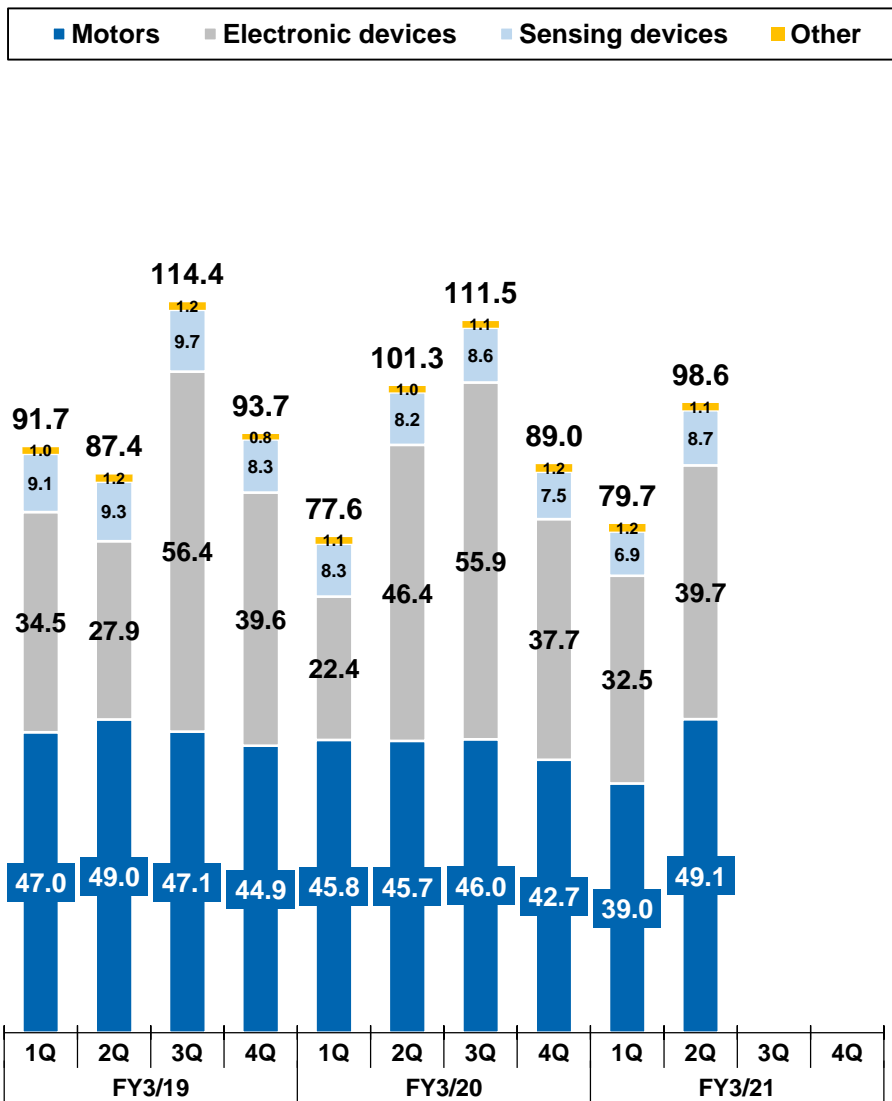


Operating income (Billions of yen)

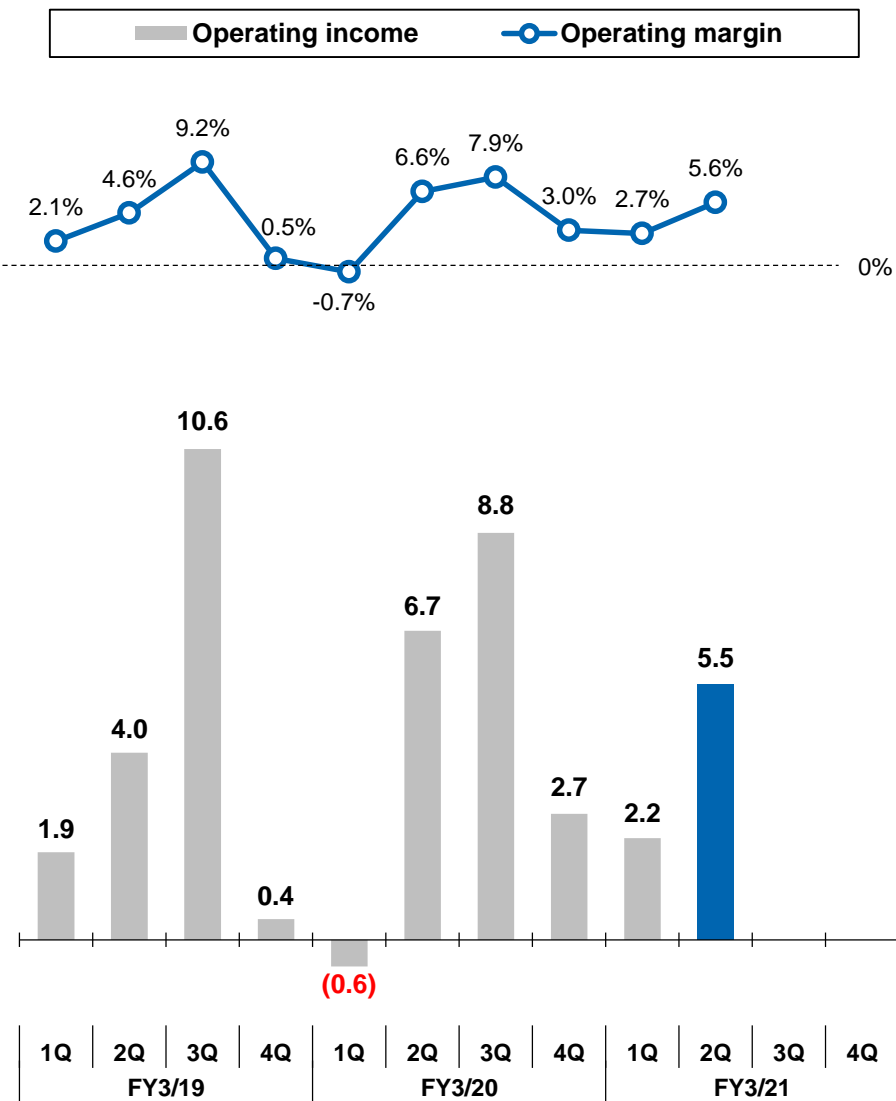


Electronic Devices & Components

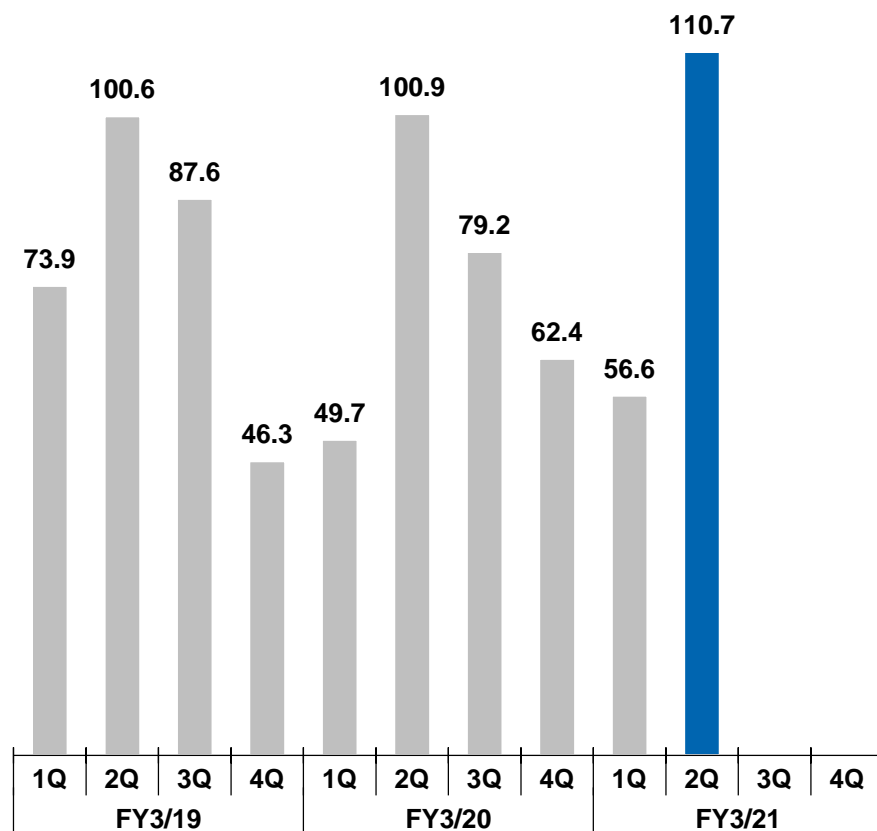
Net sales (Billions of yen)



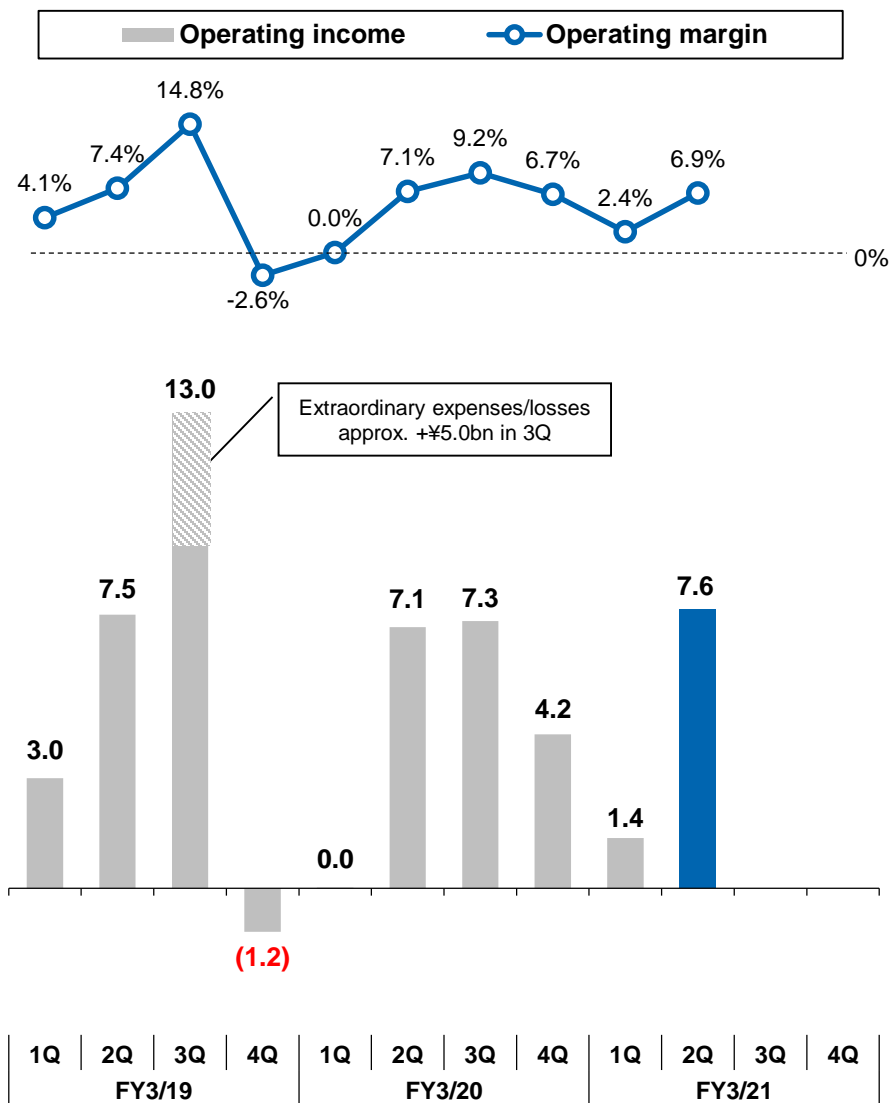
Operating income (Billions of yen)



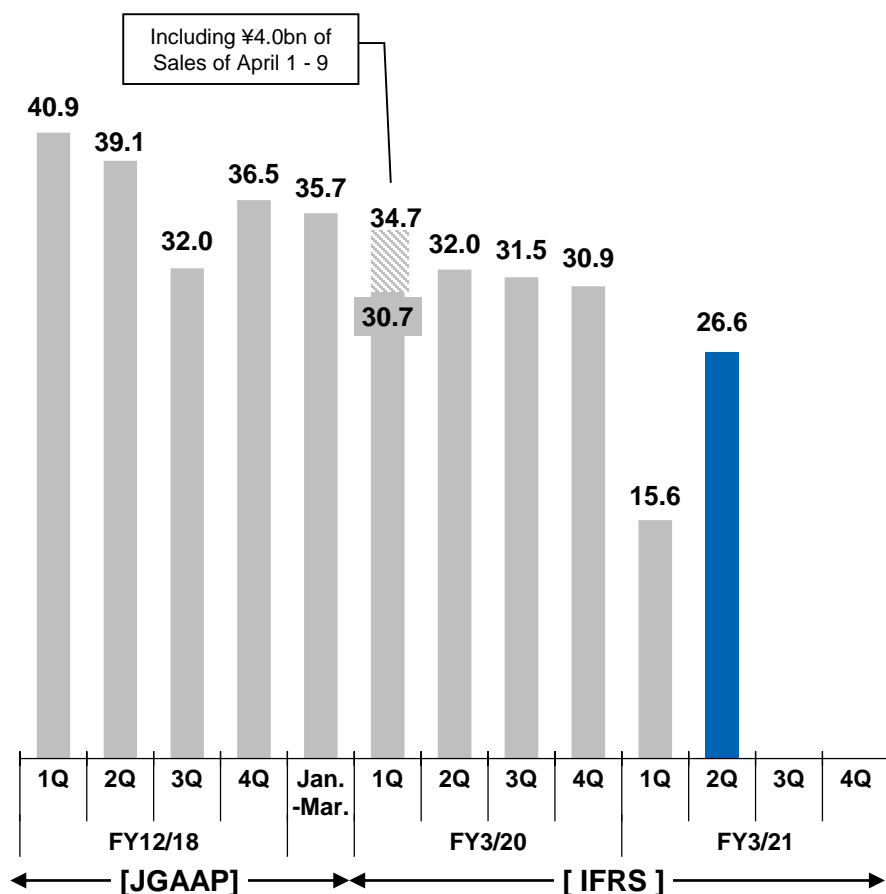
Net sales (Billions of yen)



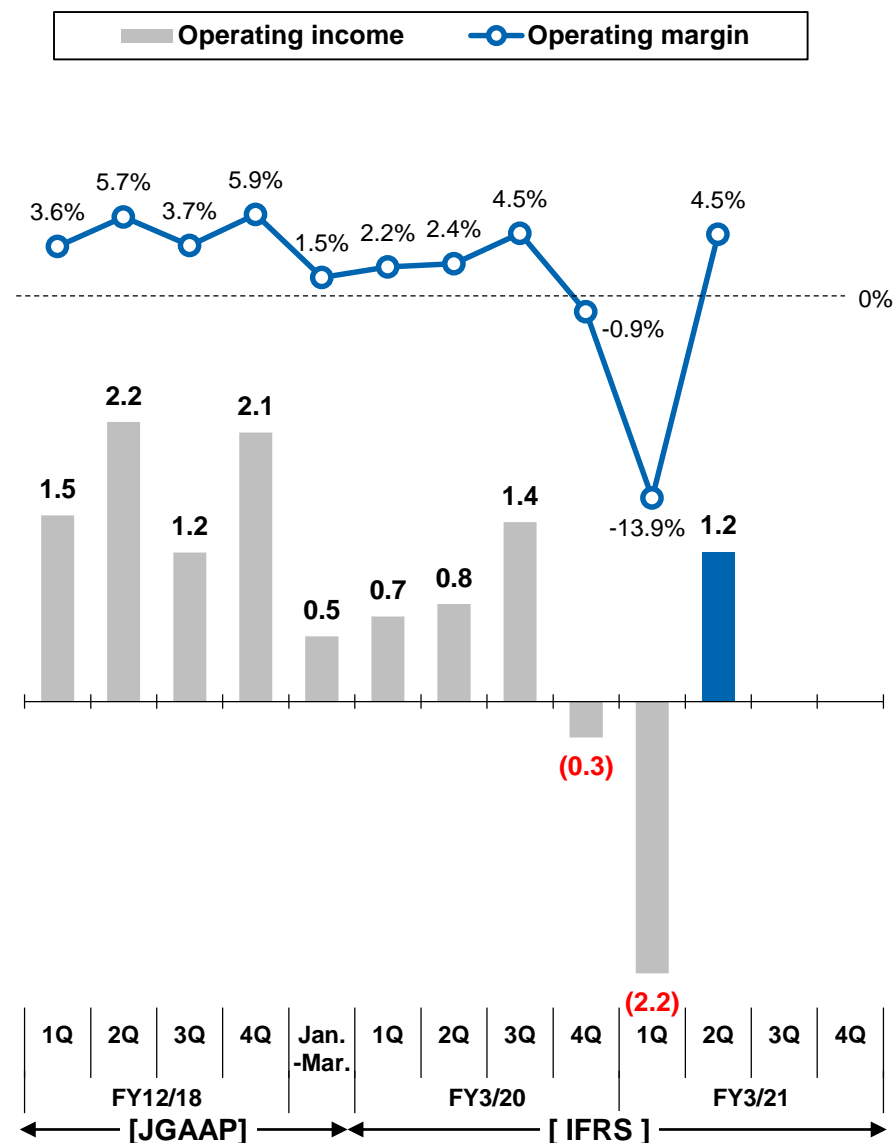
Operating income (Billions of yen)



Net sales (Billions of yen)

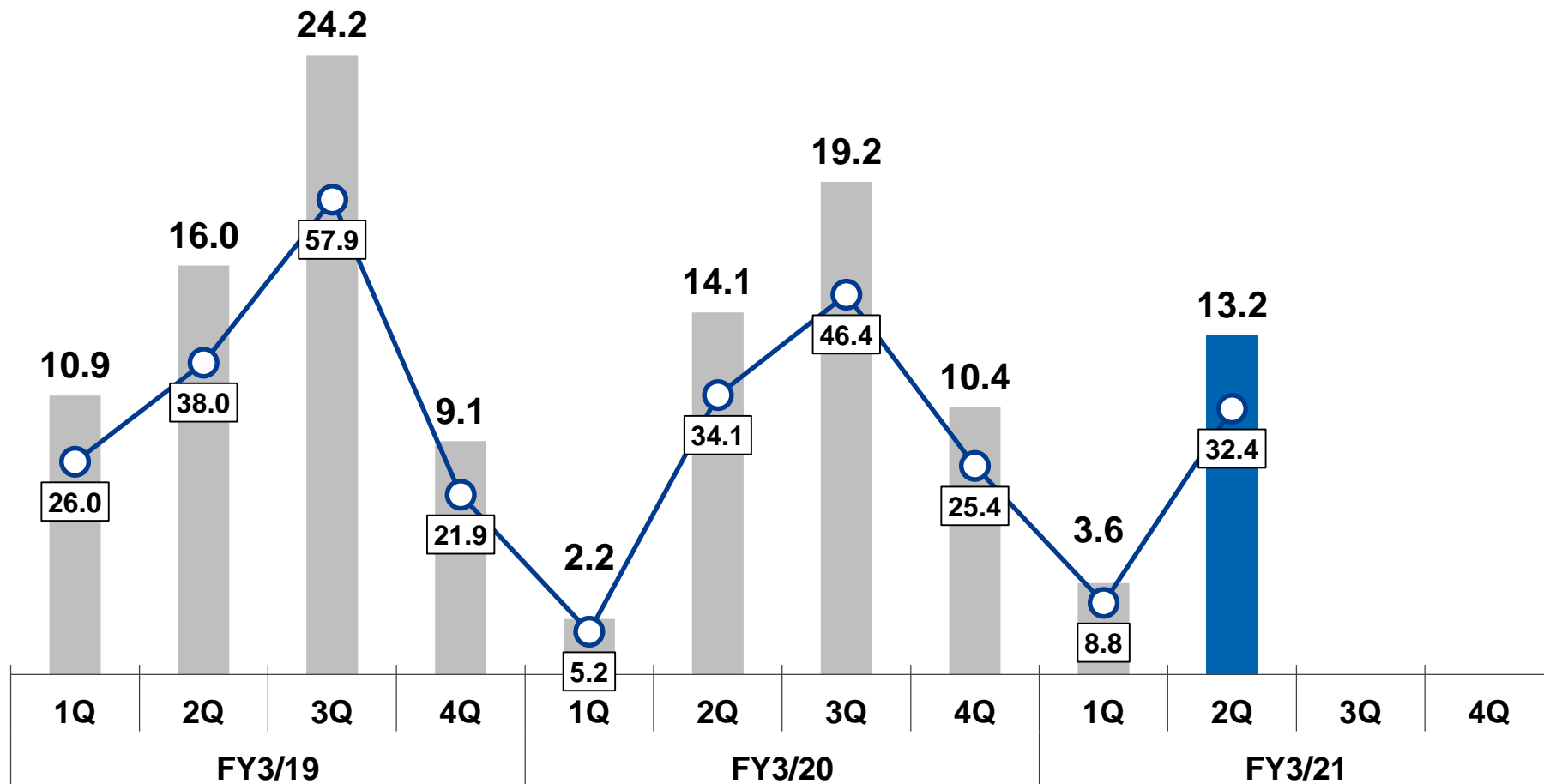
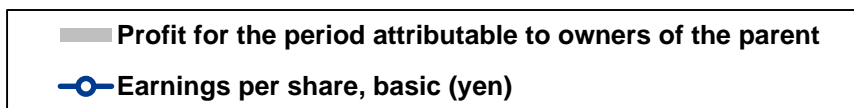


Operating income (Billions of yen)



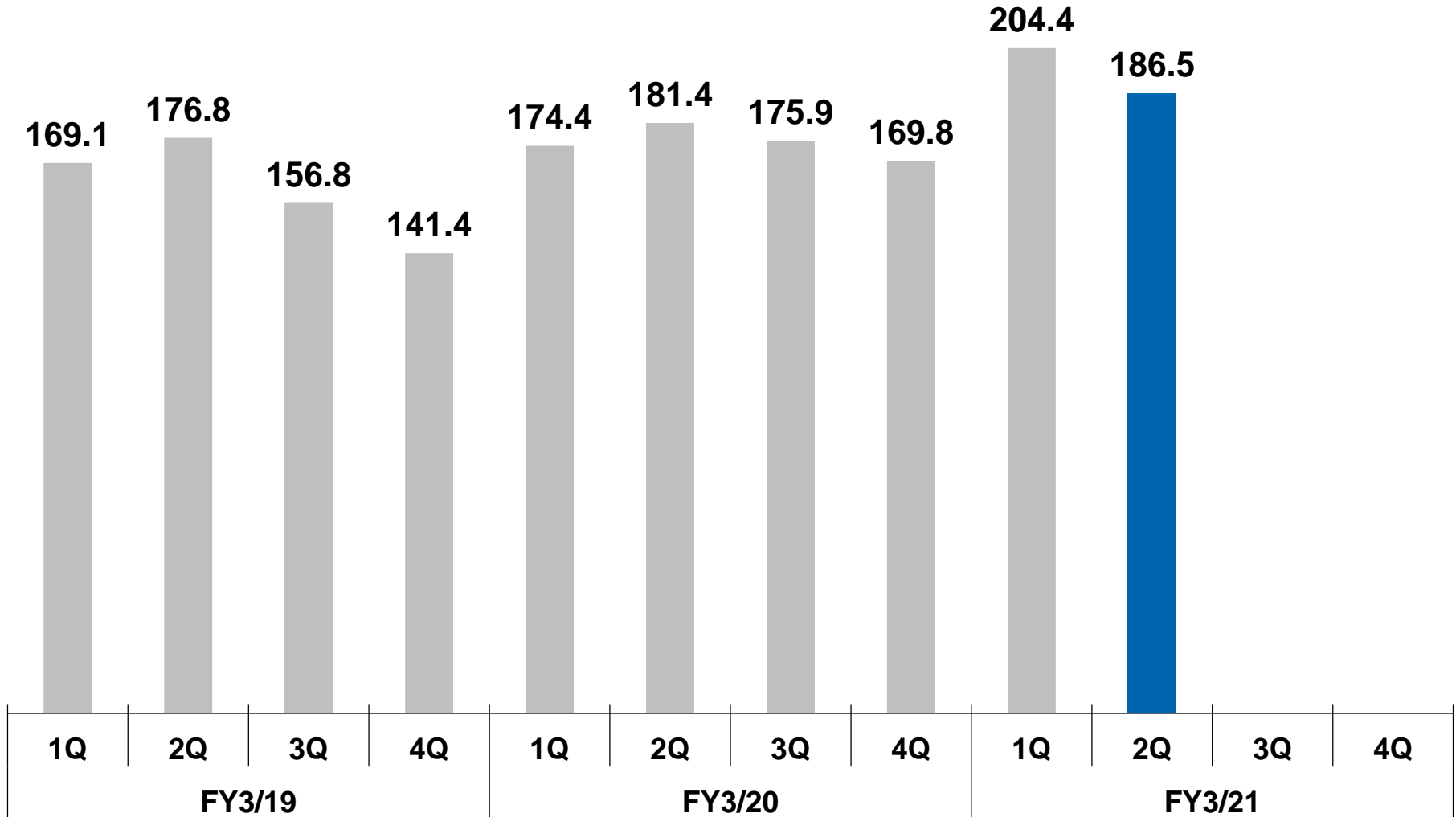
Profit attributable to owners of the parent / EPS

(Billions of yen)



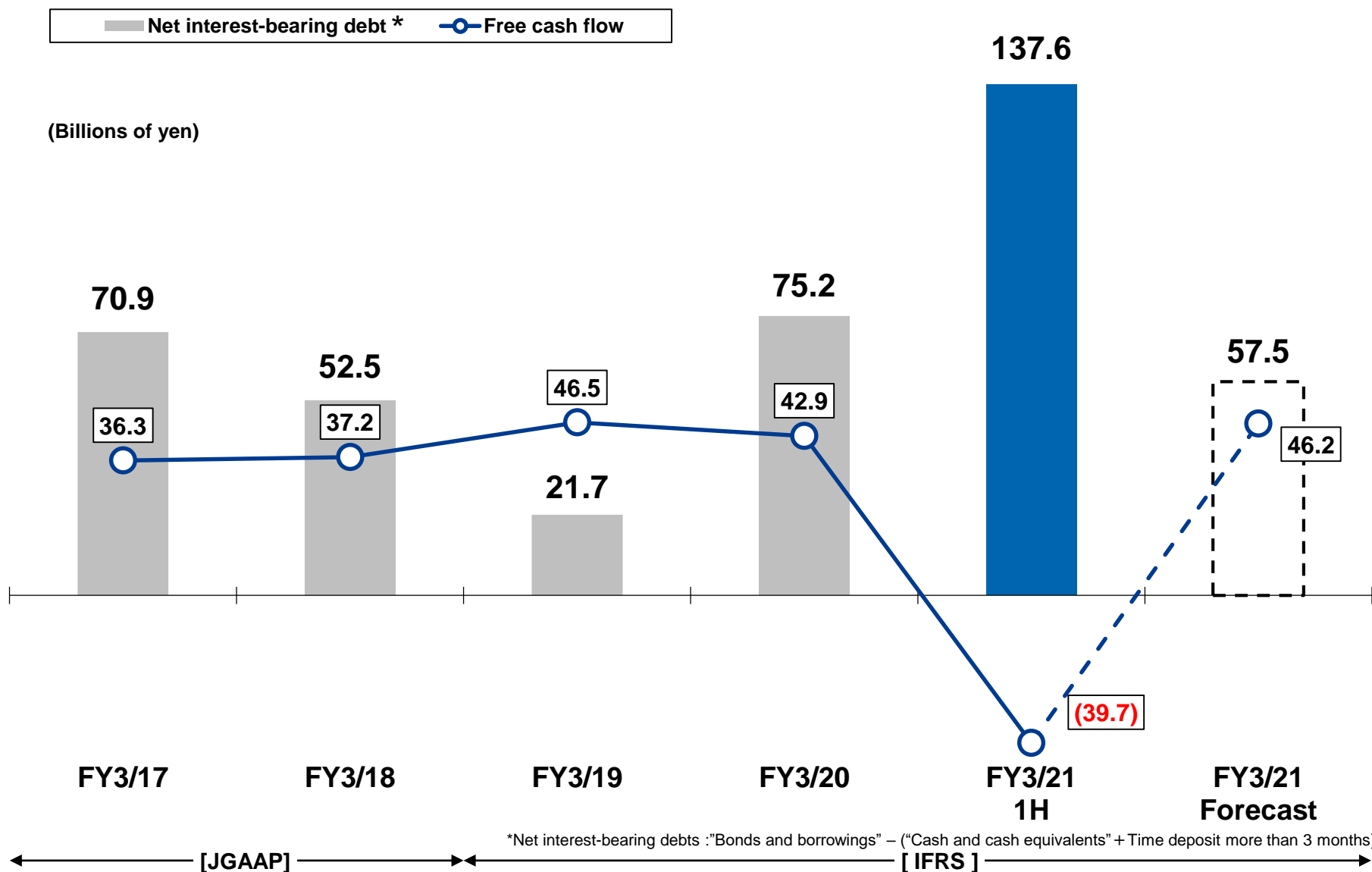
Inventory

(Billions of yen)



Net interest-bearing debt / Free cash flow

*JGAAP until FY3/18



Forecast for Fiscal Year Ending March 31, 2021

Operating income will be ¥50bn.

(Millions of yen)	FY3/20	FY3/21			
	Full Year	1st Half	2nd Half	Full Year	YoY
Net sales	978,445	461,730	478,270	940,000	-3.9%
Operating income	58,647	22,921	27,079	50,000	-14.7%
Profit before taxes	58,089	22,249	26,751	49,000	-15.6%
Profit for the period attributable to owners of the parent	45,975	16,812	22,188	39,000	-15.2%
Earnings per share, basic (yen)	111.11	41.16	54.33	95.49	-14.1%

Foreign Exchange Rates	FY3/20 Full Year	FY3/21 2nd Half Assumptions
US\$	¥109.12	¥105.00
Euro	¥121.27	¥125.00
Thai Baht	¥3.52	¥3.35
Chinese RMB	¥15.68	¥15.50

Forecast for Business Segment

(Millions of yen)	FY3/20	FY3/21			
	Full Year	1st Half	2nd Half	Full Year	YoY
Net sales	978,445	461,730	478,270	940,000	-3.9%
Machined components	180,885	73,548	78,452	152,000	-16.0%
Electronic devices and components	379,422	178,274	168,726	347,000	-8.5%
Mitsumi business	292,243	167,346	174,654	342,000	+17.0%
U-Shin business	125,145	42,153	55,847	98,000	-21.7%
Other	750	409	591	1,000	+33.3%
Operating income	58,647	22,921	27,079	50,000	-14.7%
Machined components	39,874	14,064	15,936	30,000	-24.8%
Electronic devices and components	17,552	7,681	7,319	15,000	-14.5%
Mitsumi business	18,656	8,984	12,016	21,000	+12.6%
U-Shin business	2,598	-974	1,974	1,000	-61.5%
Other	-1,502	-831	-1,169	-2,000	+33.2%
Adjustment	-18,531	-6,003	-8,997	-15,000	-19.1%

Business Update & Management Strategy

November 6, 2020

Yoshihisa Kainuma

Representative Director, CEO & COO



Cut costs to significantly increase revenues in the next FY

Key points for H2

- Cost cuts, labor-saving, and productivity improvement/raising operation rate across all business segments.
- Machined components: Strategically adjust bearing production to optimize inventory in the first half of H2 reduce inventory amount. Prepare to jump-start operations at the beginning of next fiscal year, with increasing production from Q4.
- Electronic devices and components: To become the center of the eight-spear strategy.
- Mitsumi: Improve product mix via new products release etc.
- U-Shin: Continue to lower break-even point by improving financial health.

(Millions of yen)	FY3/20 Full Year	FY3/21 Plan			
		1st Half	2nd Half	Full Year	YoY
Net sales	978,445	461,730	478,270	940,000	-3.9%
Operating income	58,647	22,921	27,079	50,000	-14.7%
Profit for the period attributable to owners of the parent	45,975	16,812	22,188	39,000	-15.2%
Earnings per share, basic (yen)	111.11	41.16	54.33	95.49	-14.1%

Difference from the initial assumption (upper end)

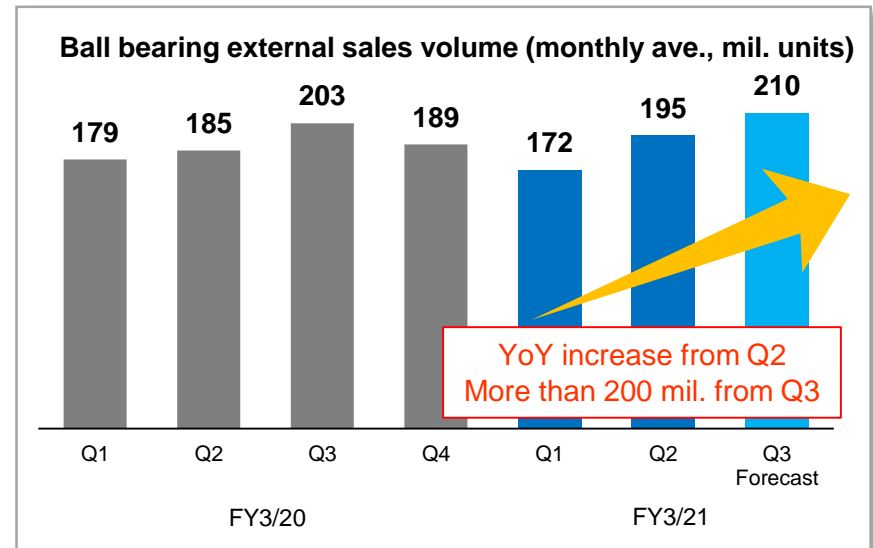
<contents of ¥10bn>

Major negative factors	Assumption (upper end)	Present situation
① Aircraft Market	Slow recovery from the bottom	▶ Remain sluggish for this fiscal year
② US-China trade conflict (Smartphone)	Maintain the status quo at that time	▶ Announcement of 5G sanctions

Focus on strategically optimizing inventory this fiscal year to prepare for next fiscal year

1 Ball bearing

- 1 ▶ In H2, the external sales volume is expected to recover to **more than 200 mil. units in all months.**
- 2 ▶ **Optimize inventory** rather than increasing production this fiscal year → Aim full swing production from the beginning of next fiscal year.
- 3 ▶ Automotive industry is recovering faster than expected. EV/high functionality are strong drivers.



2 Aircraft components

- 1 ▶ Leverage precision machining and other technologies to expand into the medical field.
- 2 ▶ Constitutional improvement from push- to pull-type production aiming to significantly improve competitiveness after COVID-19.
- 3 ▶ Prepare for future recovery of aircraft demand via effective use of resources.



Artificial organs for implants

Solidified the foundation for stable growth of the entire business primarily in motors

1 Motor

- ▶ The results of cost cuts and product mix improvements have been realized.
- ▶ Overall sales slowed down in Q1 but quickly picked up in Q2 mainly for automotive applications.
- ▶ Launch of new game-related products went smoothly.
- ▶ Plan to release a diverse range of new products.

2 LED backlight

- ▶ H1 results were higher than initially projected.
- ▶ Expect stable business for the time being.

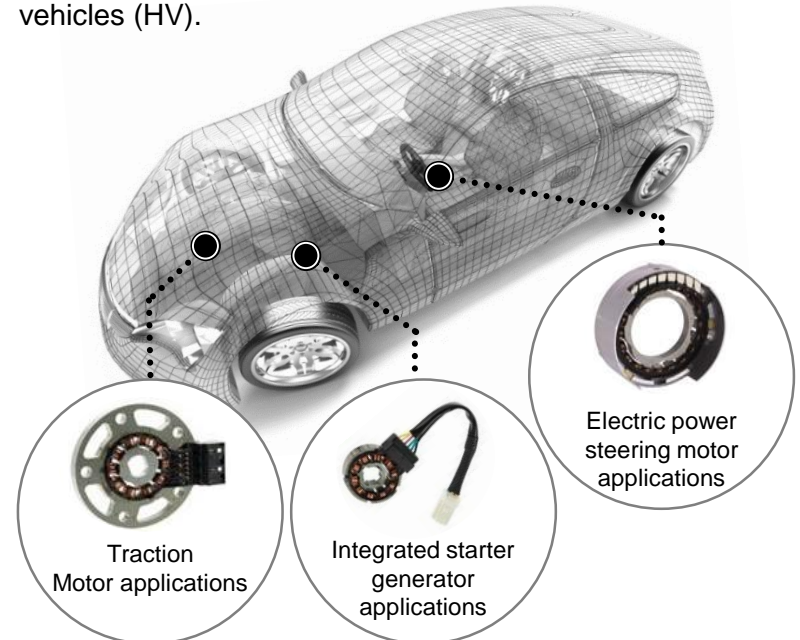
3 Sensing device

- ▶ Steadily drove profits up after sales hit bottom in Q1.

Example of EV motor

Resolver (rotation angle sensor)

An angle sensor that is indispensable for accurately controlling the rotation of a traction motor, and is a key component that greatly affects the power consumption rate and driving performance of electric vehicles (EV) and hybrid vehicles (HV).



Analog semiconductors became a solid source of revenue Accelerate creation of synergies through the "INTEGRATION" of eight spears

1 Analog semiconductors

- ▶ Demand from people staying home, and recovery of automotive industry, synergy creation across the company.
- ▶ Ensure generating ¥10bn in operating income next fiscal year.

2 Optical devices

- ▶ Sales to major customers exceeded initial projection. New models were launched without a hitch.
- ▶ Offset declining sales to Huawei by expanding customer base and optimizing resources.
- ▶ Leading the industry through innovation.

3 Enhance eight spears

- ▶ Enhance automation and cost cut in connectors and power supply components.
- ▶ Launch of new products (high added value in niche with "INTEGRATION")

High value Added connector



Take cost reduction measures while preparing to expand sales of next-generation products via "INTEGRATION"

1 Automotive

- 1 ▶ Implement measures to lower break-even point.

Fixed costs

- Reduce capital expenditures

Marginal profit ratio

- Significantly reduce scrap
- Joint material purchasing
- Price adjustment measures

- 2 ▶ Improve financial health and promote structural reform.

- ① Flush handles
- ② CSD
- ③ E-Latch (E-Access)

▶ Stop low-priced products and shift to "INTEGRATION" products

2 Home security units

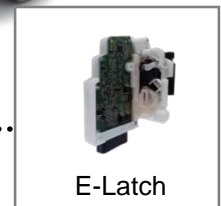
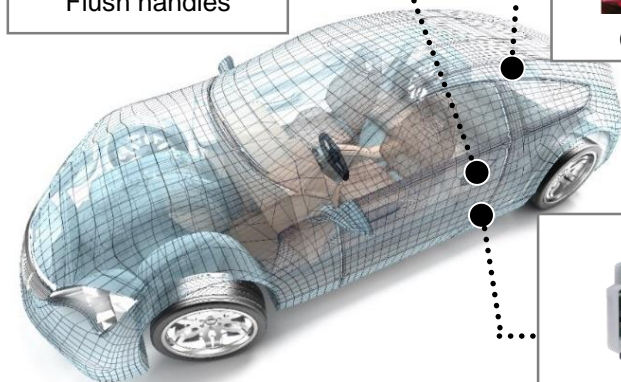
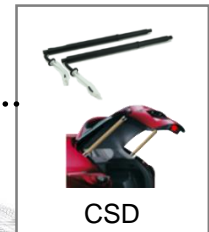
- ▶ Launch smart locks in the market.

Next growth drivers

Flush handles: When a person with a remote control key approaches the car, the handles automatically comes out from the door surface. Contributes to improving design and aerodynamic performance.

E-Latch: An electrically unlocked back door latch (a device that locks and unlocks the door) that is smaller and lighter.

CSD: Mounted on both ends of the hatchback door of the vehicle to open and close it electrically.



1

Cost Cuts for next fiscal year

2

Improve U-Shin's financial health and promote structural reform

3

Reinforce semiconductor, power supply, connector

4

Automotive business enhancement including EV

5

Sales expansion by new products from next FY

6

Active recruitment of external human resources

Automotive

Connectivity

Infotainment

Safety

Environment

Comfort



Automobiles

FA

Robotics Infrastructure



Data Centers



IoT devices



Robots



Drones



Smartphones



High-end
home electronics



Wearable
devices



Home
security units

Consumer and others

Large-scale
SOP* in '22



Resolver
for traction motor

Large-scale
SOP* in '21



Cooling fan for
rechargeable battery

World Smallest
SOP* in '21

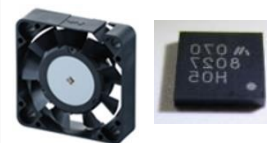
INTE-GRATION



Small 6-axis force sensor

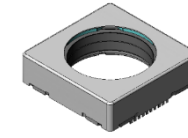
Fan and control
IC for server

INTE-GRATION



For server

High power, high
accuracy, low current
consumption



Ultrasonic motor
OIS actuator

For eye
massager



Resonant device

LiDAR
ADAS level 3+

INTE-GRATION



Actuator for
laser scanner

For EPB



DC motor

ABLIC
Inquiries increase



Batteryless leak sensor

Large-scale
SOP* in '21

INTE-GRATION



Wavy Nozzle

Motor, battery IC
for fan jacket

INTE-GRATION



Fan jacket

Super fast
Space saving



Dust/waterproof USB
Type-C connector

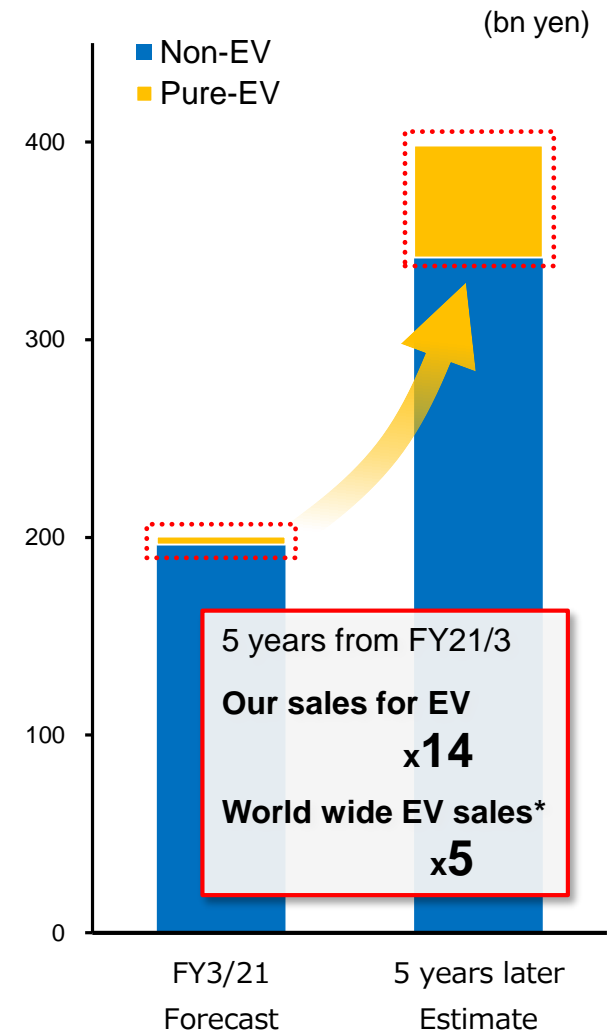
EV will drive the business significantly

- ▶ Automotive sales will **double** in **5 years**
- ▶ Of these, **14 times** for **EVs** (5 times for EV market) *Chart 1
Other than EV will also grow significantly due to higher functionality
- ▶ Create synergy through “**INTEGRATION**” of eight spears *Chart 2

Chart 2. Synergy through “Integration” of eight spears

Basic functions required for auto in the future	Bearings	Motors	Access Products	Analog Semiconductors	Sensors	Connectors/ Switches	Wireless/ communications/ software
EV unique function	●	●		●		●	
Connectivity/ Infotainment		●	●	●		●	●
Safety	●	●	●	●	●	●	●
Environment	●	●		●	●		
Comfort	●	●	●	●			●

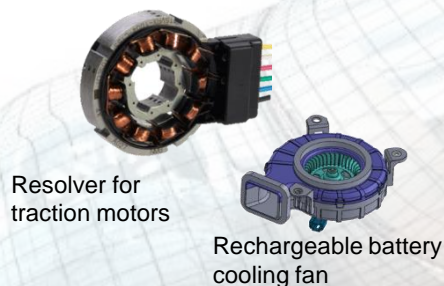
Chart 1. Automotive sales



EV unique function

- Resolver
- Rechargeable battery cooling fan
- Water pump motor
- Expansion valve
- Water cooling valve
- Coolant valve
- Motor drive inverter
- DC/DC converter
- EV charger

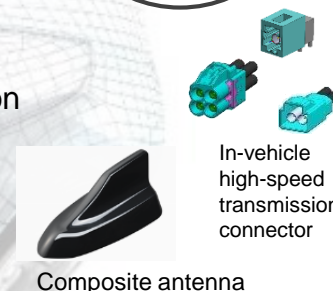
Sales Composition **25%**
↑ **14 times**



Connectivity & Infotainment

- In-vehicle acoustic exciter
- Seat vibration exciter
- CID/HVAC Touch panel tactile
- Smart cockpit
- Cooling fan
- In-vehicle high-speed transmission connector (head unit, monitor, telematics control, camera)
- Composite antenna
- EV charge amount display ECU

Sales composition **5%**
↑ **20 times**



Safety

- LiDAR
- Headlight actuator
- Door/Charge port lock
- Steering vibration, steering lock
- Cooling fan
- SBW (Steering By Wire)
- EPB (Electronic Parking Brake)
- Ultrasonic sensor
- E-Latch

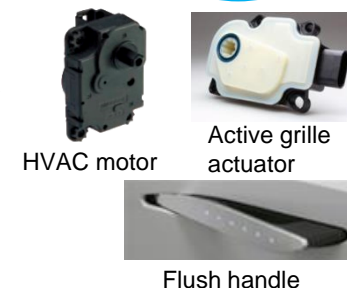
Sales Composition **35%**
↑ **50 times**



Environment/Comfort

- Active grille actuator
- Seat ventilation
- HVAC motor
- Power tail gate
- Head rest, lumbar support
- Power slide door, door closer
- Flush handle
- CSD
- E-Access

Sales composition **35%**
↑ **7 times**



Active contribution to SDGs through “INTEGRATION”



Delivery of 15,000 road lights in Cambodia

- Installation of LED road lights by wireless control
 - ▶ Phnom Penh, Siem Reap, etc.
- Dimming management and centralized monitoring service
- 50,000 road lights worldwide in the near future

Approx. 90% power reduction compared to mercury road lights

(Cumulative)

Social demonstration test of wireless power supply with Kyoto University

- Comprehensive verification of operations of the infrastructure monitoring system
- Highly sensitive, ultra-low power consumption type strain gauge, the MINEGE™ is used for the sensor

Economical and efficient maintenance of social infrastructure

(Press release on October 9, 2020)

Demonstration experiment to improve the accuracy of weather forecasts with Japan Weather Association

- Analyzing the sensor information of smart lighting in real time
- Utilization of environmental sensor as an IoT small weather sensor

Improve the accuracy of weather and solar radiation forecasting for energy optimization

(Press release on October 29, 2020)

Demonstration Experiment in Osaka using LED Streetlights with Sensors

- Collectively monitoring functions related to urban life
 - ▶ Various sensors (environmental, parking, etc.)
 - ▶ Surveillance cameras, etc.
- Monitor the environmental conditions around the road, traffic volume, flood water on the road, etc.

Enhance convenience and improve safety for urban life, and optimize energy

(Press release on August 31, 2020)

Install one of the largest scale of solar panels in Thailand on the rooftop of factories to reduce environmental impact, CO₂, and costs

Bang Pa-in Plant



Lop Buri Plant



Total installation area

30,000m²

Power generation capacity

5 megawatt

Contribution to the SDGs

Contributing to the promotion of renewable energy and the realization of a sustainable society.



Dividends for FY3/21

Interim
dividend

TBD



14 yen/share

Year-end
dividend
(Forecast)

TBD



TBD

Regarding the year-end dividends for the fiscal year ending March 31, 2021,
we will finalize in light of our performance for this fiscal year.

No change in medium-to-long-term cash allocation policy.
(50% of free cash flows will be allocated to shareholder returns)

(Reference) Dividends for FY3/20

Annual 28 yen/share (14 yen for interim, 14 yen for year-end)



Any statements in this presentation which are not historical are future projections based on certain assumptions and executive judgments drawn from currently available information.

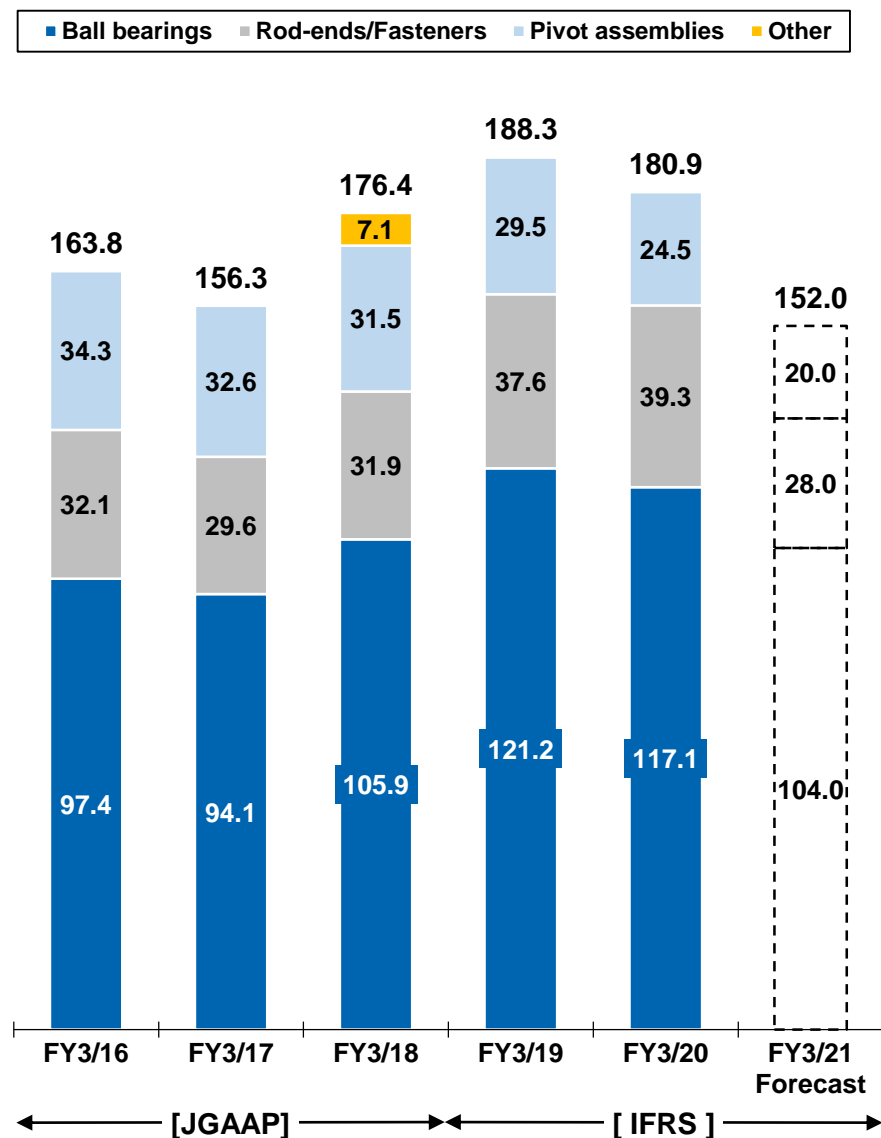
Please note that actual performance may vary significantly from any particular projection due to various factors.

Factors affecting our actual performance include but are not limited to: (i) changes in economic conditions or demand trends related to MinebeaMitsumi's business operations; (ii) fluctuation of foreign exchange rates or interest rates; and (iii) our ability to continue R&D, manufacturing and marketing in a timely manner in the electronics business sector, where technological innovations are rapid and new products are launched continuously.

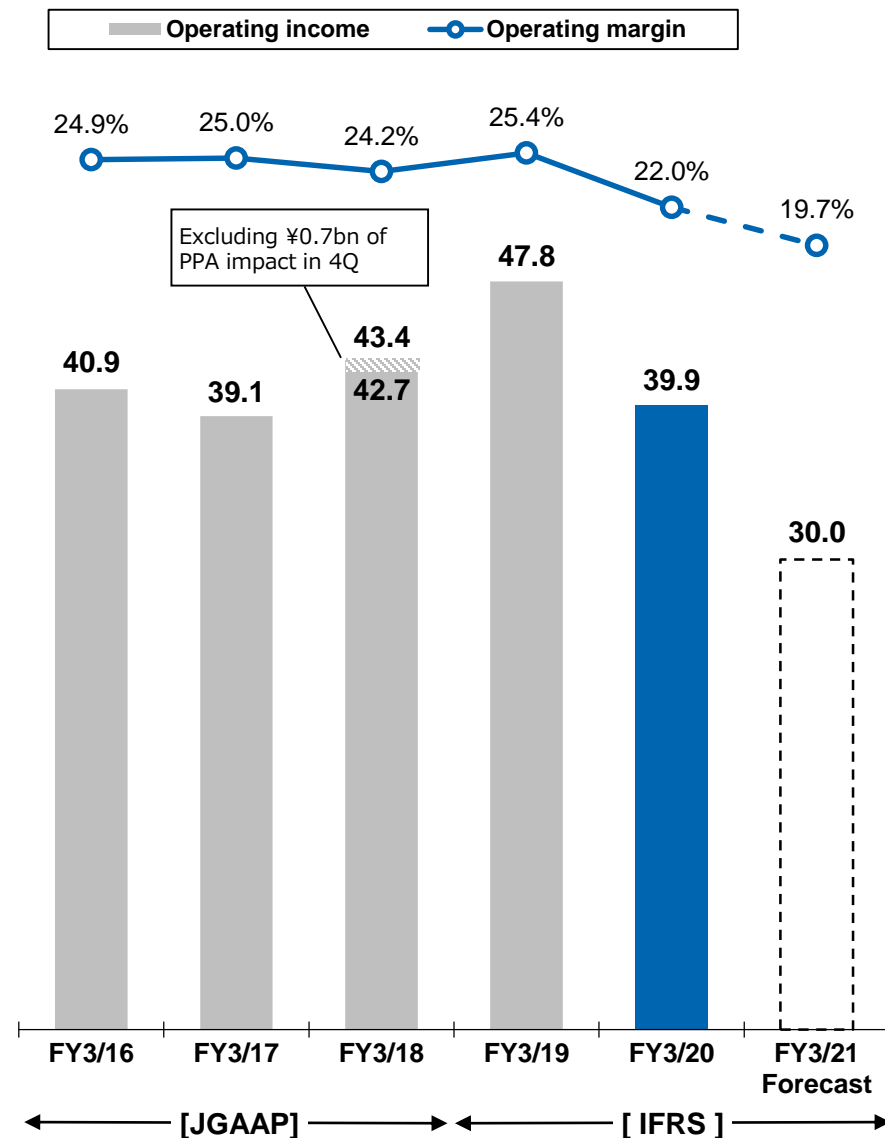
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Reference

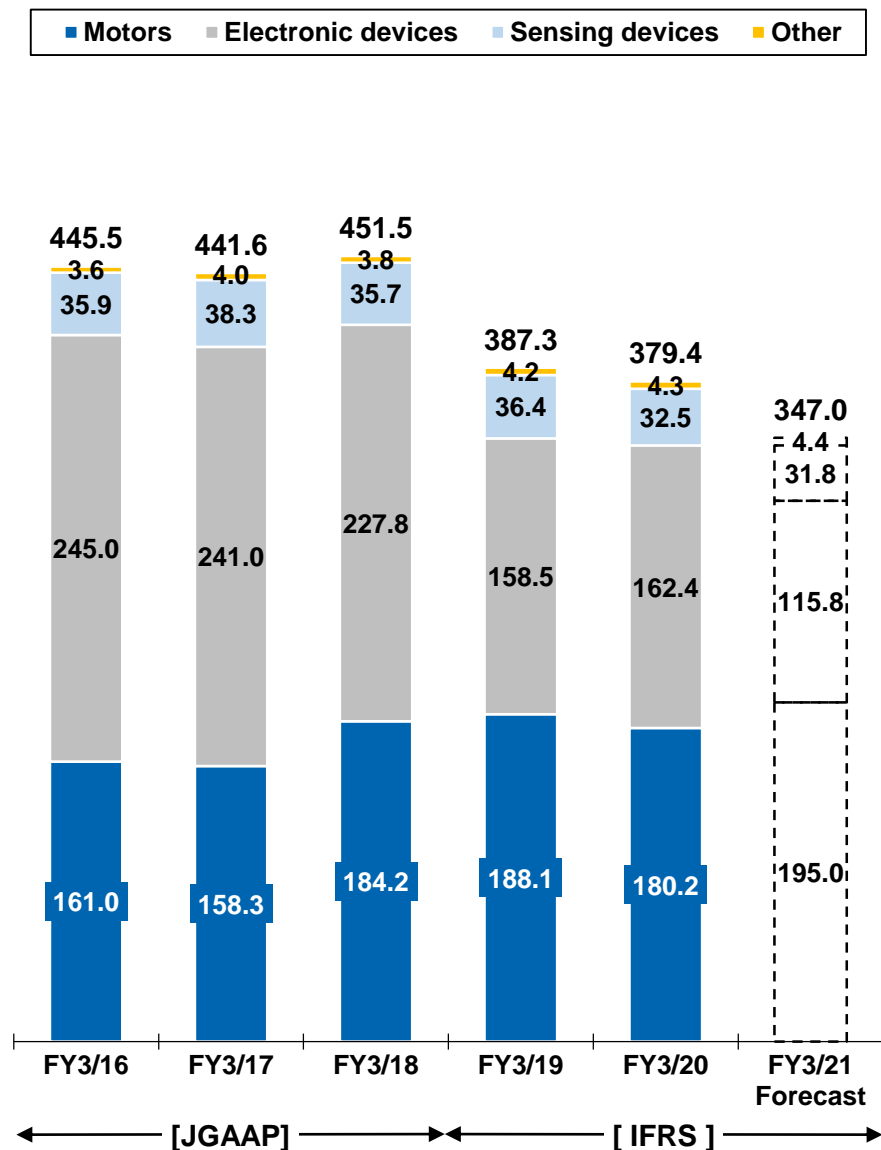
Net sales (Billions of yen)



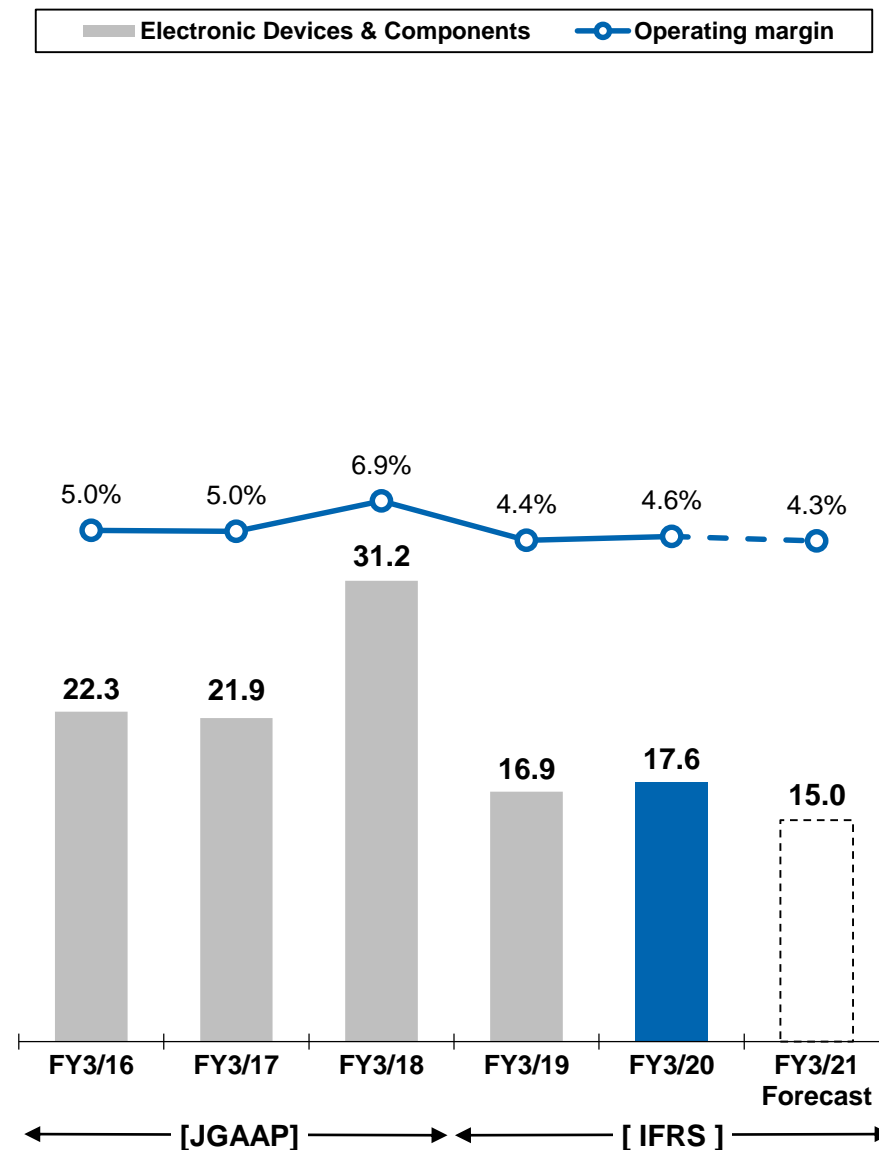
Operating income (Billions of yen)



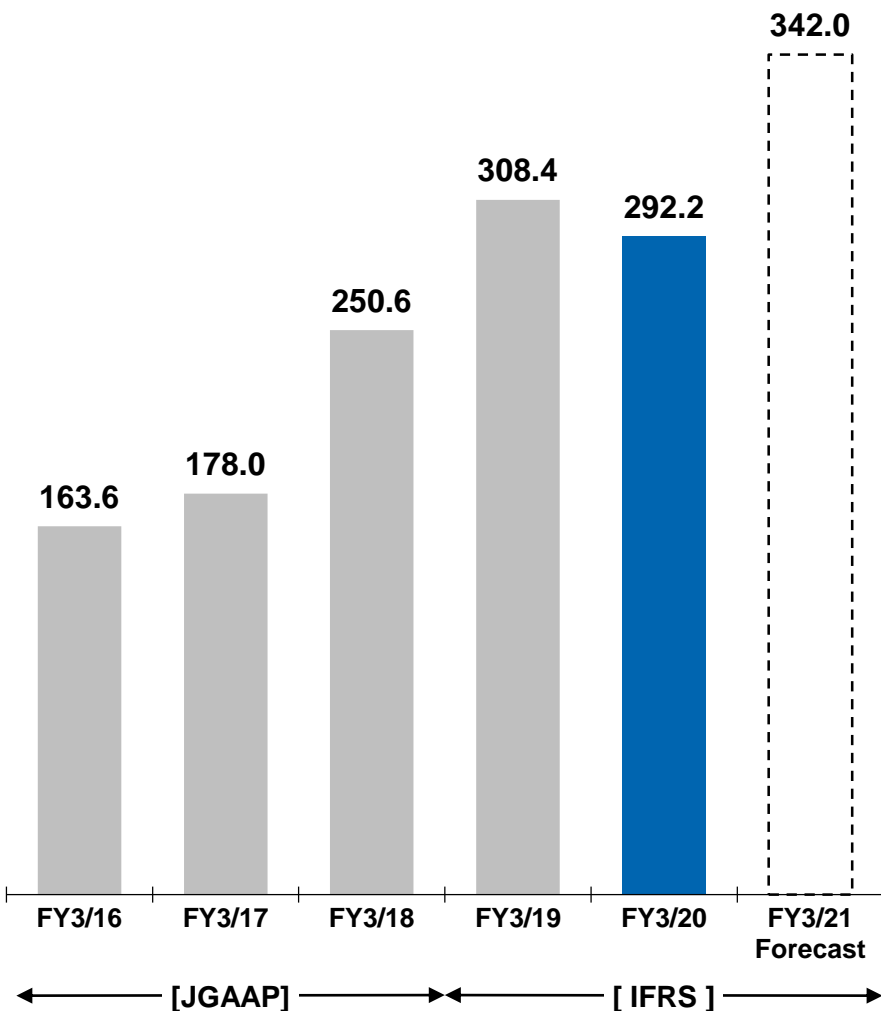
Net sales (Billions of yen)



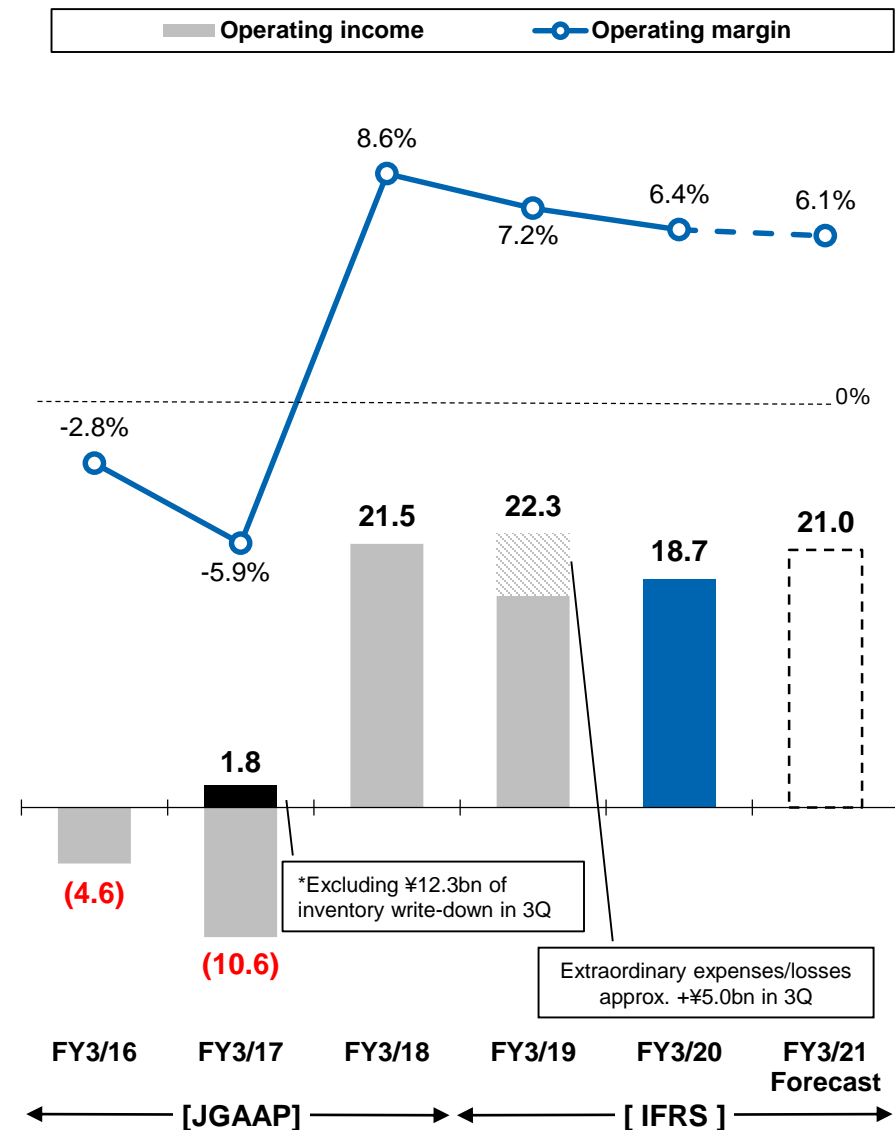
Operating income (Billions of yen)



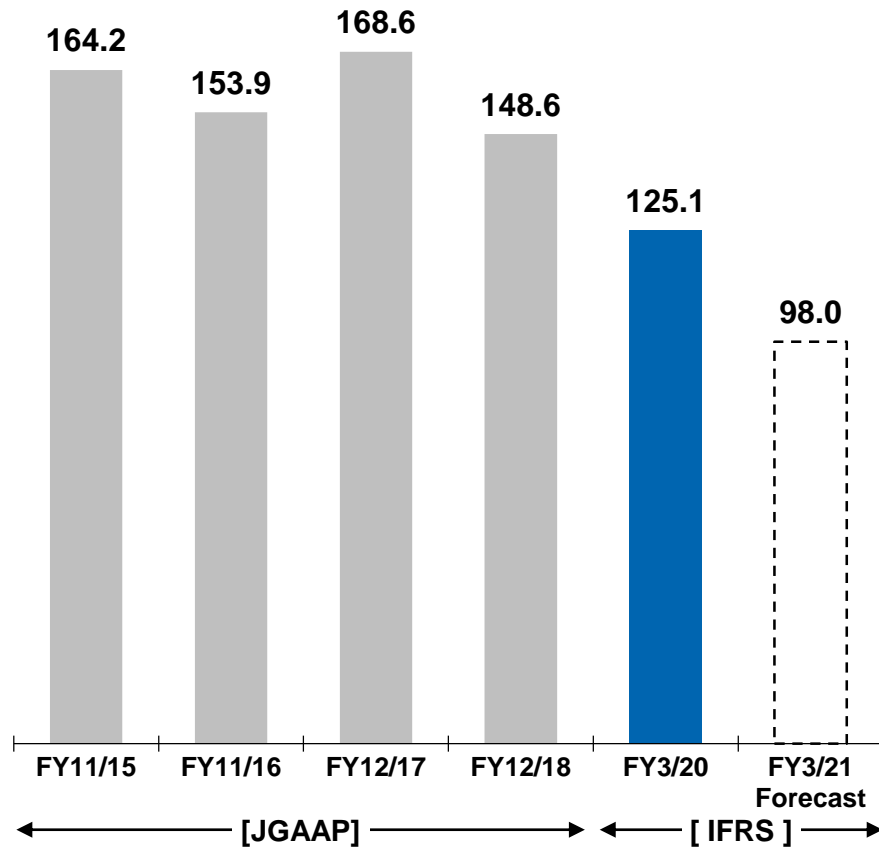
Net sales (Billions of yen)



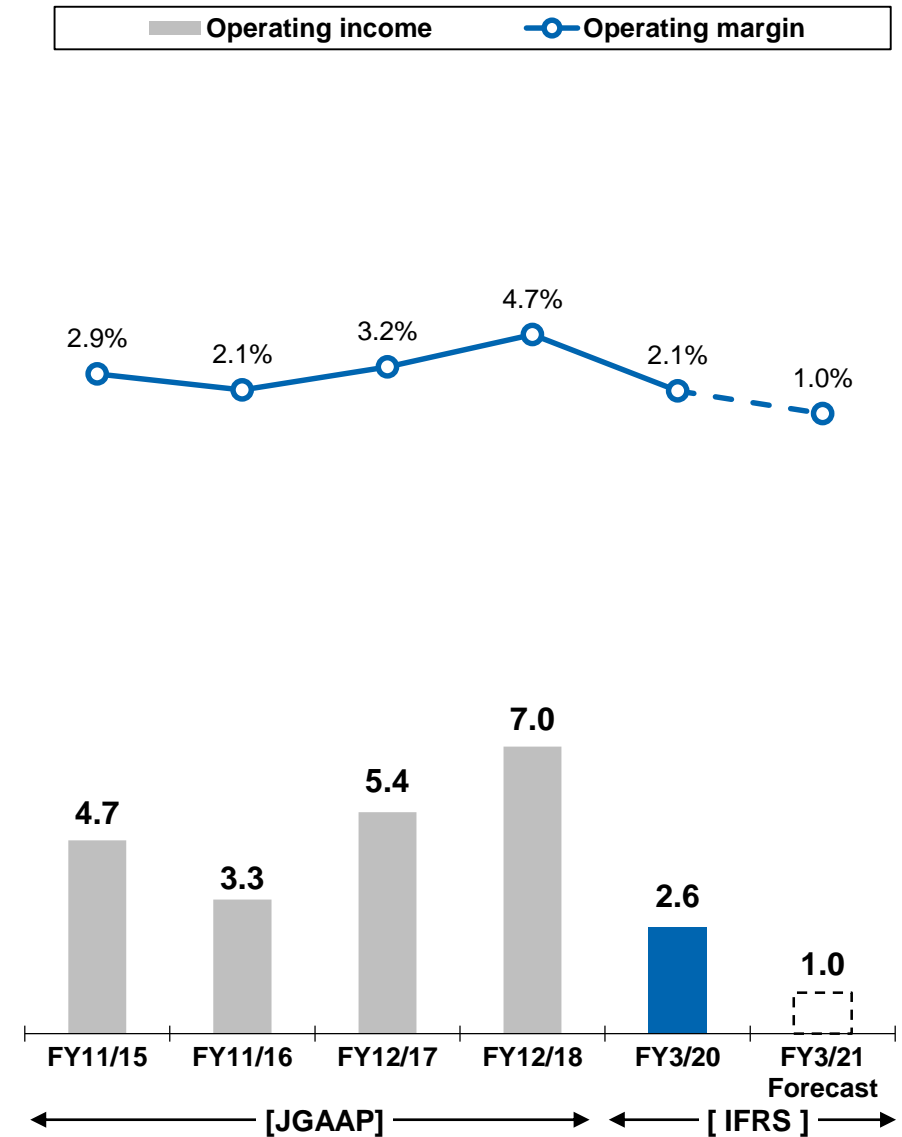
Operating income (Billions of yen)



Net sales (Billions of yen)

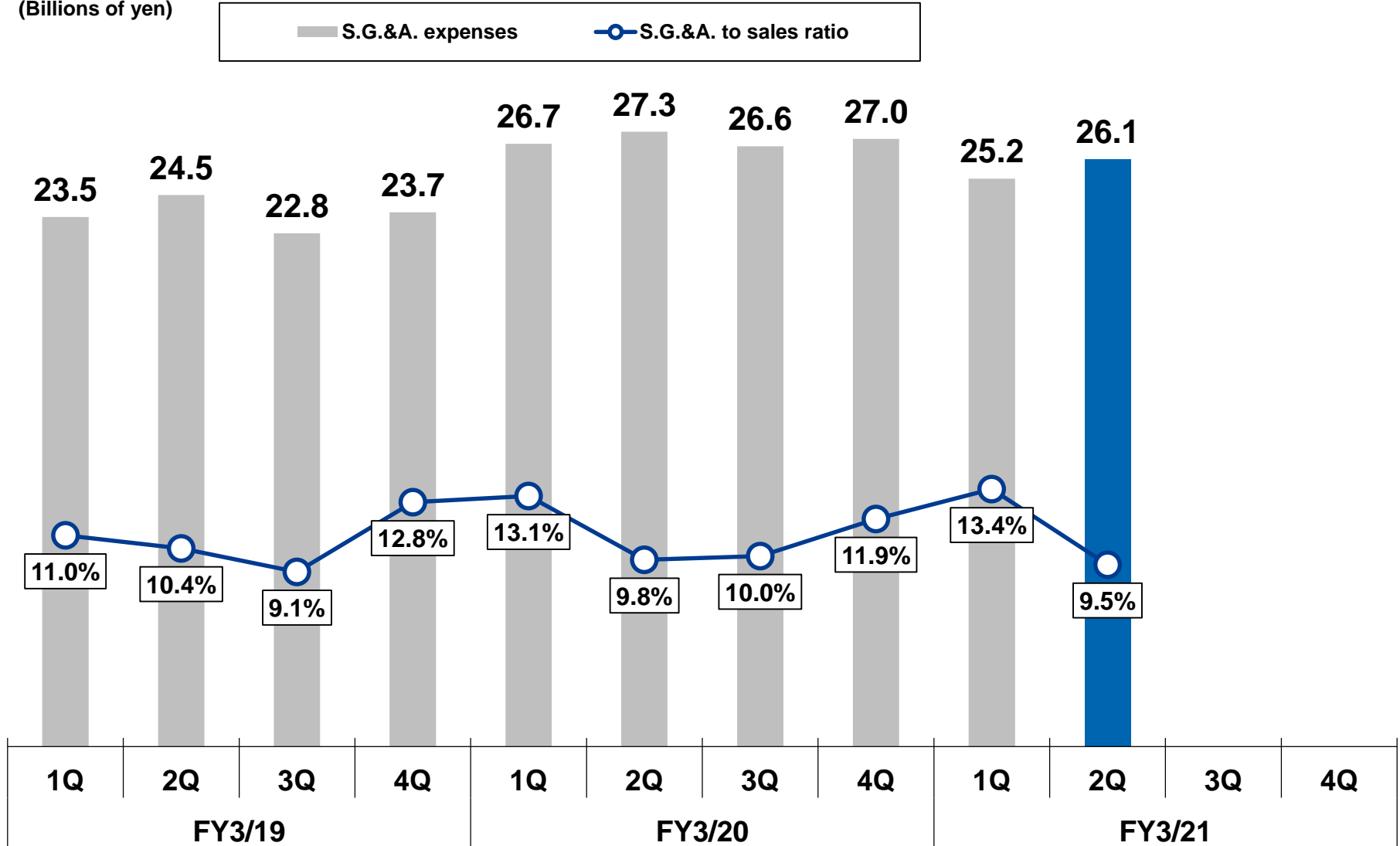


Operating income (Billions of yen)



S.G.&A. expense / ratio

(Billions of yen)

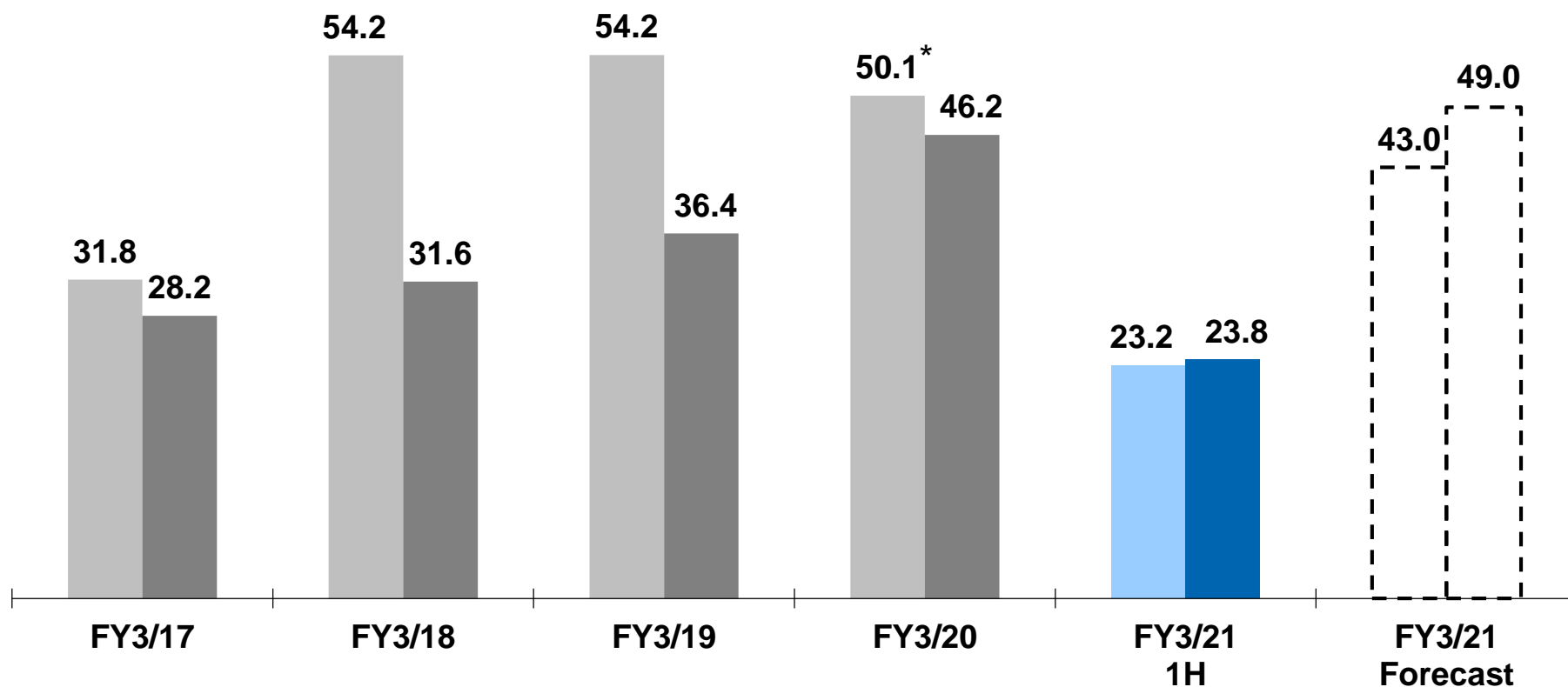


Capital Expenditure / D&A Expense

*JGAAP until FY3/18

(Billions of yen)

■ Capital expenditure ■ Depreciation & Amortization expenses



* Capital expenditures of FY3/20 do not include the increase of asset from lease contracts at the IFRS16 application start date

← [JGAAP] → [IFRS] →

ROIC (Return On Invested Capital)

ROIC for U-Shin business are pre-merger result and based on CY / JGAAP, and are not included in the Total. JGAAP until FY3/18

$$\text{MinebeaMitsumi ROIC} = \frac{\text{NOPAT (Operating income + extraordinary profit/loss) x (1-tax rate)}}{\text{Invested capital (Notes receivable/accounts receivable + inventories + non-current assets - notes payable/accounts payable)}}$$

Calculated using business assets (trade receivable/payable, inventories, non-current assets) by segment

