



May 10, 2023

Company Name: MITSUBA Corporation

Legal Representative: Katsuyoshi Kitada, Representative Director, President

Code: 7280, Tokyo Stock Exchange Prime Market

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Notice Concerning the Medium-Term Management Plan

MITSUBA Corporation formulated a “Medium-Term Management Plan,” a five-year plan covering the period from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2028 (hereinafter referred to as the “Plan”) and announced the details when presenting the financial results for the fiscal year ending March 31, 2023 with “Notice Regarding Formulation of Medium-Term Management Plan,” a timely disclosure document dated March 15, 2023, and the company hereby provides notice of further details of the Plan with the attached materials.

mitsuba Corporation
Explanatory Materials for the
Medium-Term Management Plan
(FY2023 – FY2027)
(Securities code: 7280)

Wednesday, May 10

1. Background to formulation of the Medium-Term Management Plan
2. Outline of the Medium-Term Management Plan
3. Priority measures
 - (1) Responding to the evolution of mobility
 - (2) The strengthening of our management foundations
 - (3) Making our financial structure sounder
4. Mitsubishi Vision 2030
5. Appendix



Acceleration of the shift to EVs



Changes in the external environment

■ Changes in customers

- Response to the transformation of the automotive industry based on CASE
- Contraction of demand for ICE auto parts
- Changes in the added value of merchandise

■ Increase in production fluctuations

- Supply chain disruption
- Cost inflation
- Carbon neutrality

The evolution of existing business and the creation of new business by grasping mega trends as business opportunities

Accumulation of measures for the “strengthening of our management foundations” that respond to changes in external environment

Formulation of the Medium-Term Management Plan towards becoming a sustainable growth company

1 Responding to the evolution of mobility

- Shift of management resources based on the selection and concentration of business
 - Strengthening of sales of products with technological advantages, centered on motorcycles
 - Creation of new products compatible with electrification
- Realization of strategic business alliances
- Development of new markets among OEMs in China and India

2 The strengthening of our management foundations

- Optimization of global quality costs
- Enhancement of PSI (production, sales and inventory) management
- Base reorganization through structural reform
- Enhancement of sustainability
 - Further promotion of carbon neutrality
 - Strengthening of human resource reskilling and expansion of human resource investment
 - Enhancement of dialogue with stakeholders and information disclosure

Discipline
Sustainable growth company
Growth

3 Making our financial structure sounder

“Making our financial structure sounder” through “product competitiveness” and “the strengthening of our management foundations”



Mitsuba Vision 2030

Targets: Numerical values

Last fiscal year of the Medium-Term Management Plan (FY27)	Net sales: 330 billion yen or more
	Operating margin: 6% or more
Cumulative total over 5 years (FY23 to 27)	Inventory turnover period in days: 50 days or less
	FCF: 75.5 billion yen or more
	Capital expenditure: 70 billion yen

Targets: Financial indicators

Last fiscal year of the Medium-Term Management Plan (FY27)	ROE: 10% or more
	ROA: 4% or more
	Capital ratio: 30% or more
	Net debt to equity ratio: 0.5 times

Previous Medium-Term Management Plan FY20-22

Constitutional improvement (Returning to profit)

- Domestic structural reform
- Personnel reduction
- Suppression of capital investment
- Price improvement
- ⋮

- Prolongation of COVID-19
- Shortage of supply of semiconductors
- Soaring costs of raw materials
- Supply chain disruption
- ⋮

New Medium-Term Management Plan FY23-27 (5 years)

Thorough structural reform and preparation for the new MITSUBA

FY23-24

Prioritization of the greater soundness of our financial structure

FY25-27

Shifting of resources to a growth portfolio

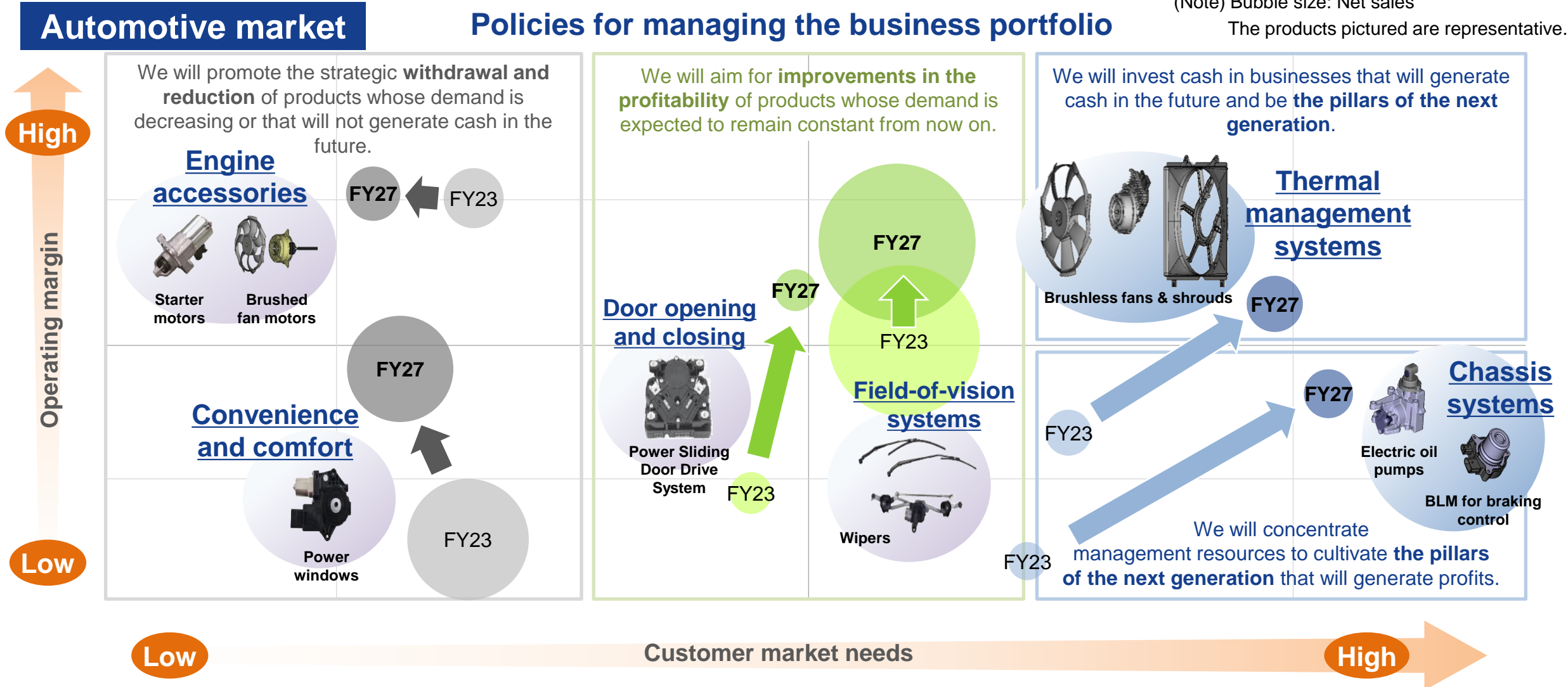


Provision of high value-added products corresponding to the evolution of mobility

3. Priority measures - Responding to the evolution of mobility

- We will use fewer management resources to make profits on products for which demand is expected to decline or remain constant while investing the cash earned in products for which growth is anticipated.

(Note) Bubble size: Net sales
The products pictured are representative.



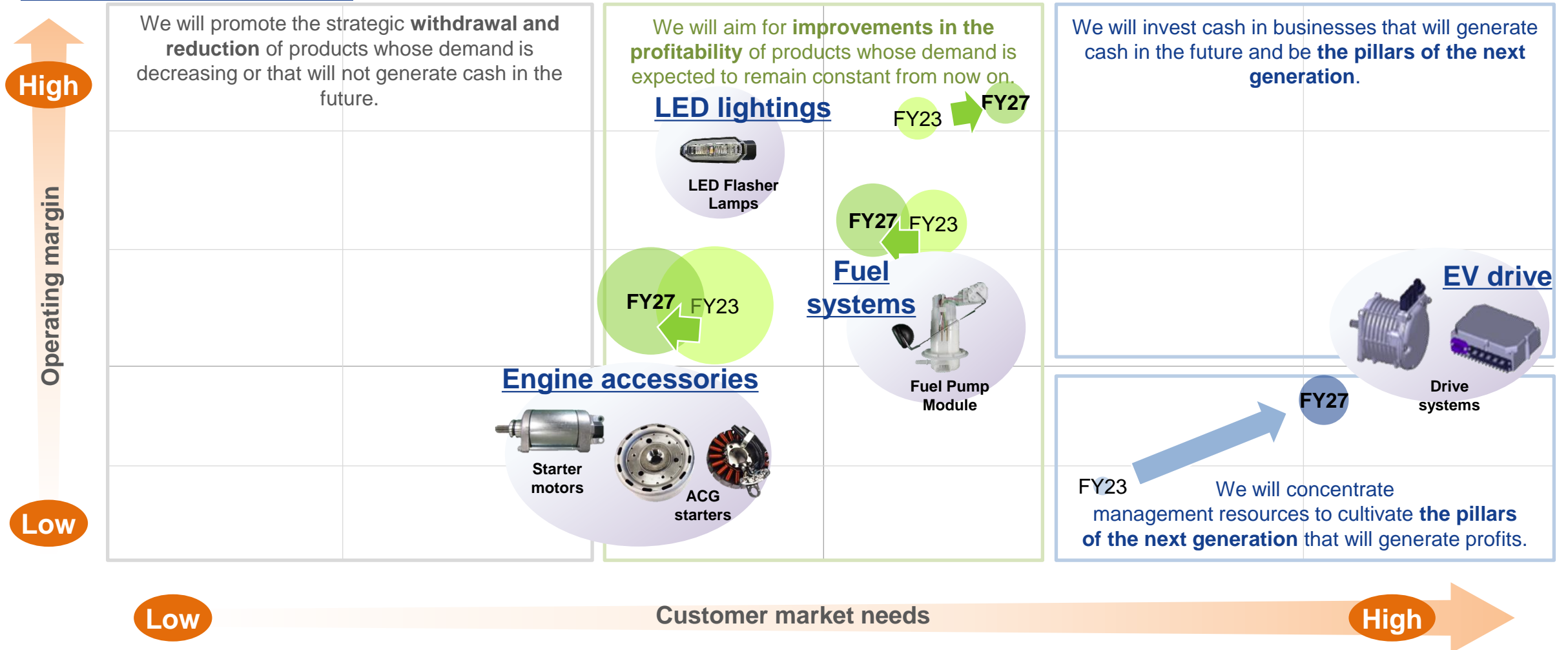
3. Priority measures - Responding to the evolution of mobility

- We will continue to accept orders for products whose demand is expected to remain constant while making concentrated investments using the cash earned in next generation products that will generate future profits.

(Note) Bubble size: Net sales
The products pictured are representative.

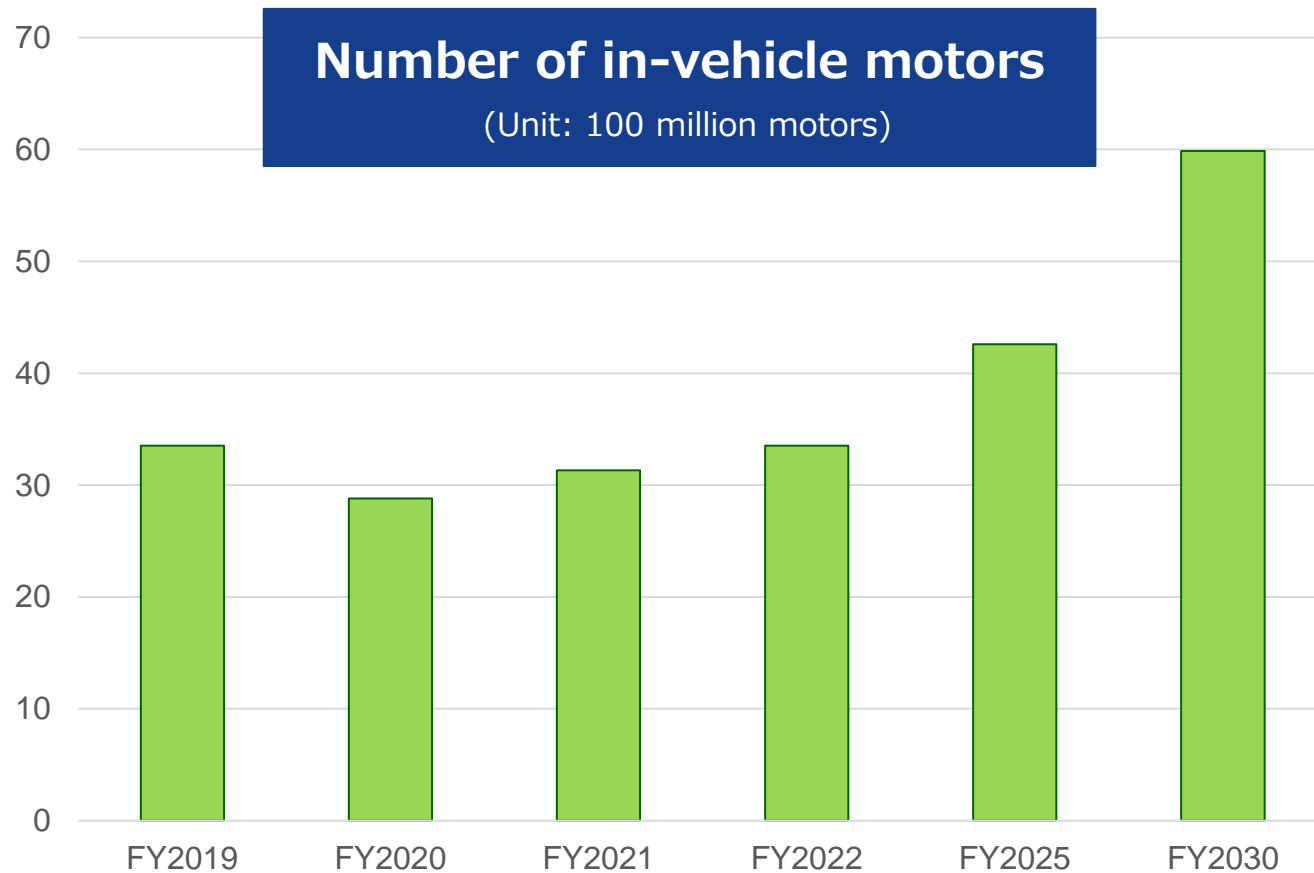
Motorcycle market

Policies for managing the business portfolio



3. Priority measures - Responding to the evolution of mobility

- It is expected that in-vehicle motors will tend to grow from now on and reach around 6 billion motors in 2030 (about double compared to FY2022).
- The company, a motor manufacturer, views this as a good opportunity and will take on the challenge of expanding business.



Source: Yano Research Institute Ltd.
"Automotive Motors Market 2022"

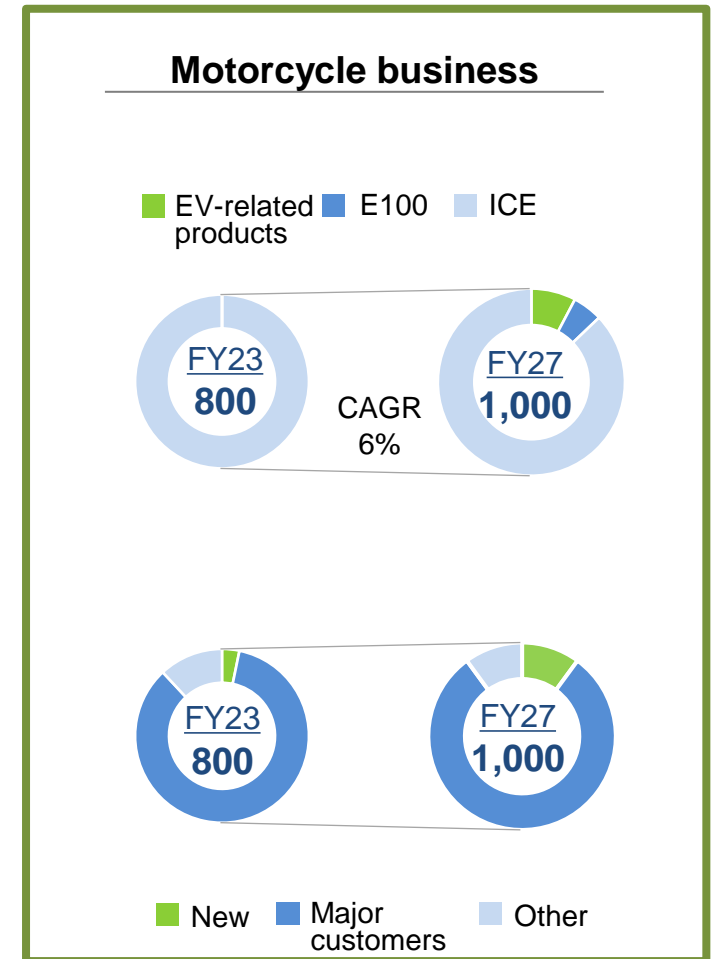
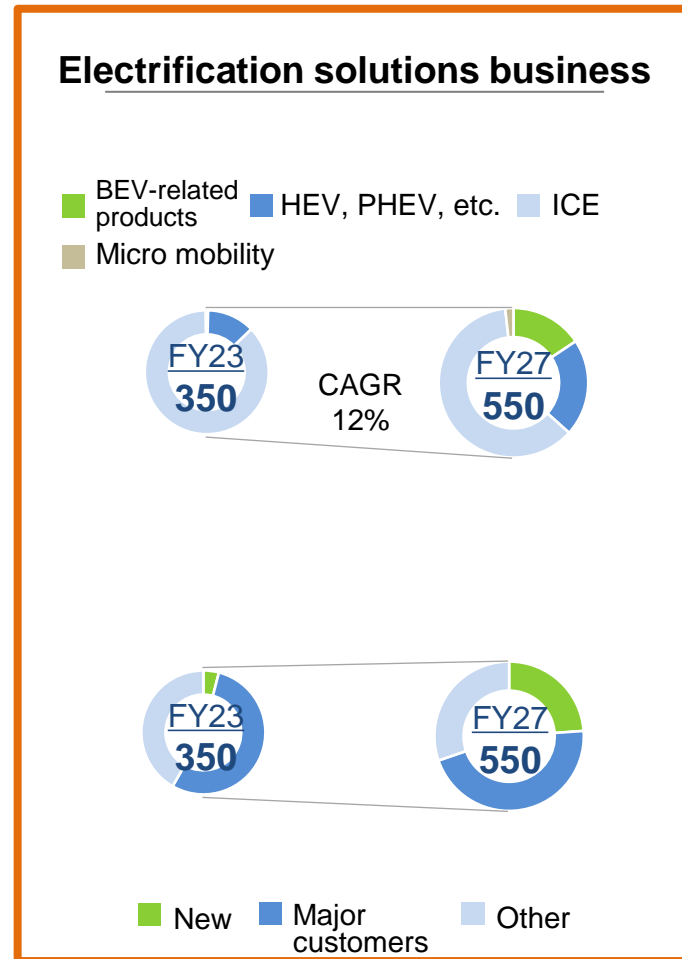
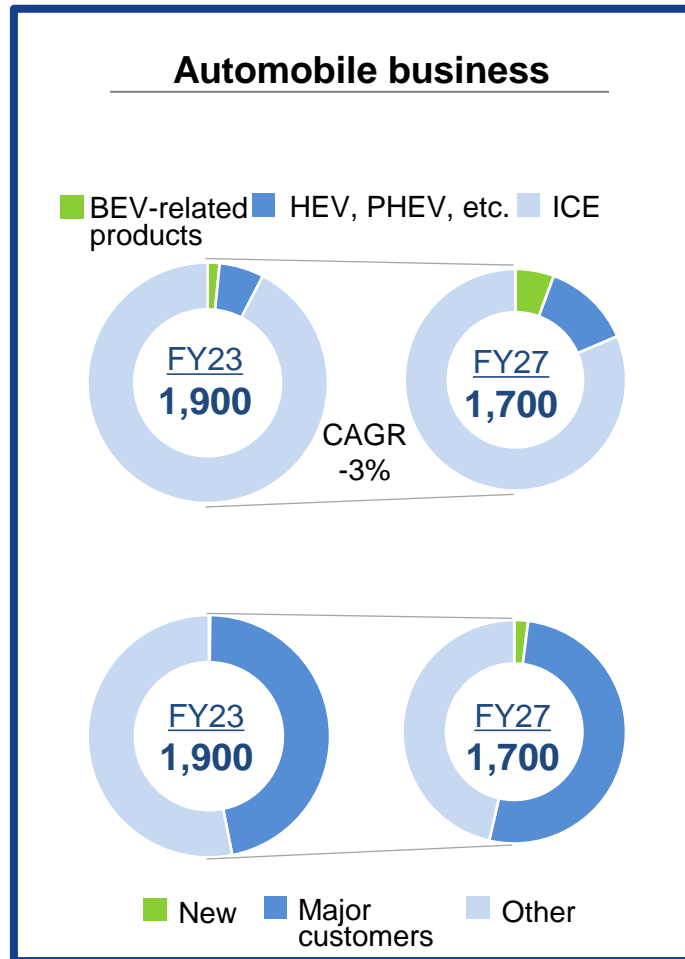
3. Priority measures - Responding to the evolution of mobility

- We will withdraw unprofitable products and promote the shift of management resources to products and customers whose growth and earnings are expected.
- Particularly for products for electric vehicles, we will push ahead with acquisition of new customers in China and India, as well as working on business alliances that leverage our technological strength in motor technologies.

Net sales
(100 million yen)

Business portfolio

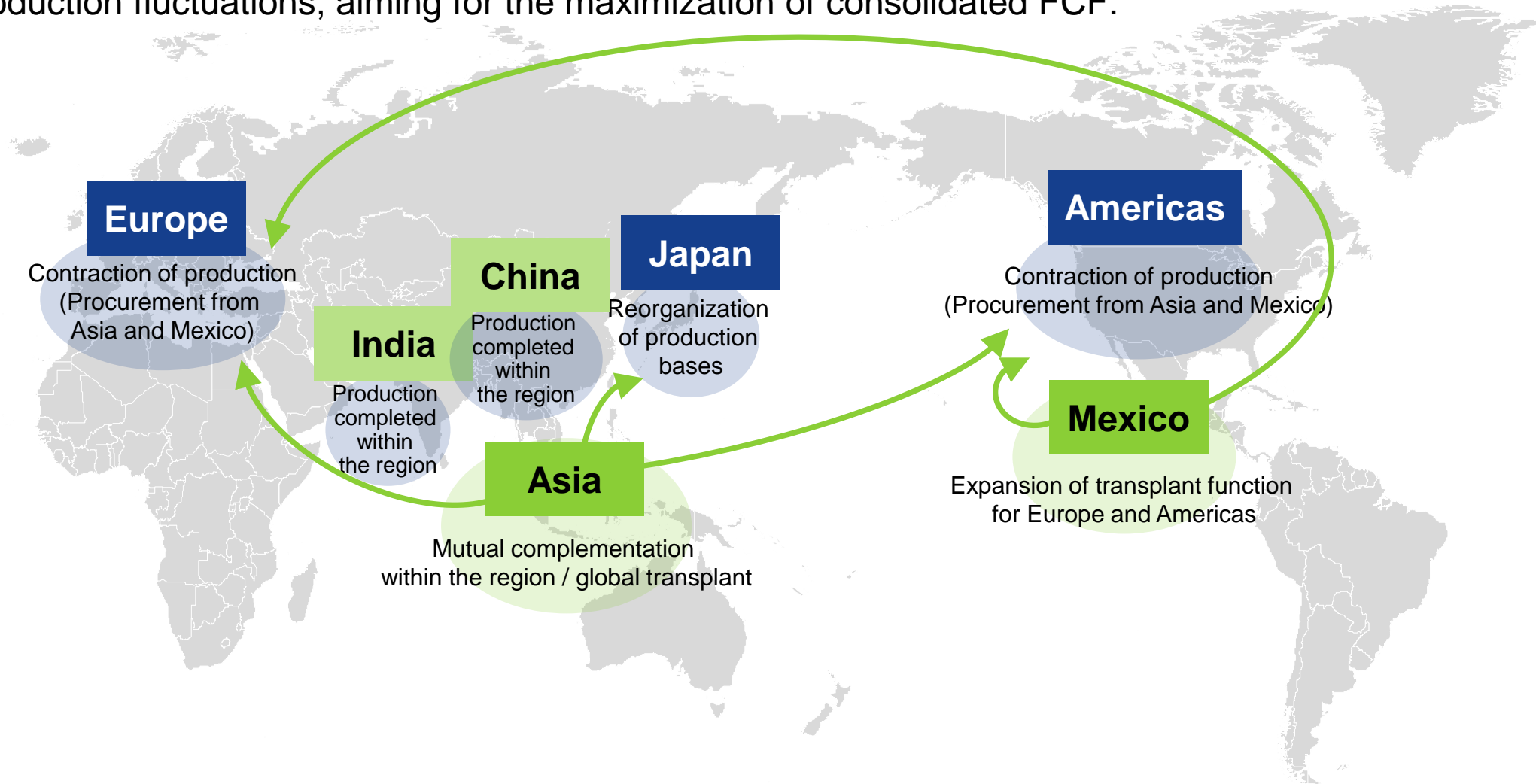
Customer portfolio



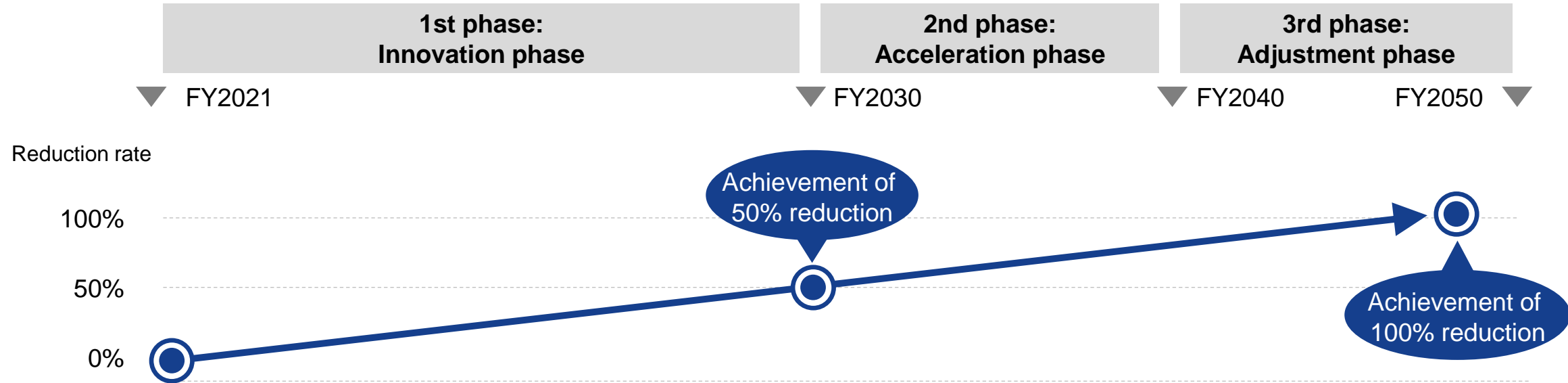
* BEV: Battery EV, E100: 100% ethanol-fueled car

3. Priority measures - The strengthening of our management foundations (base reorganization through structural reform)

- We will promote further base reorganization, which has continued since the previous Medium-Term Management Plan, to reduce fixed costs and strengthen the ability to respond to production fluctuations, aiming for the maximization of consolidated FCF.



3. Priority measures - The strengthening of our management foundations (further promotion of carbon neutrality)

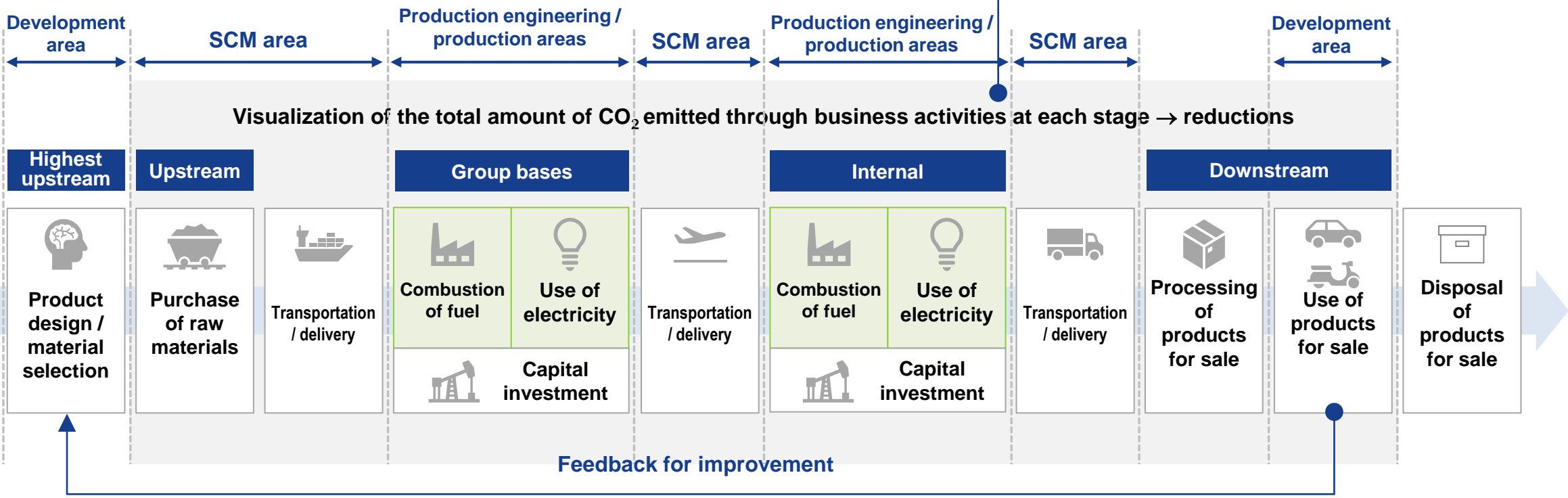
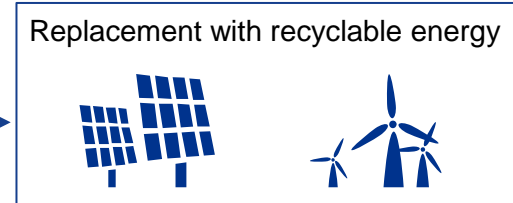


Development function policies	Replacement with low carbon materials/ easily recyclable designs / development of recyclable material technologies / expansion of products compatible with electrification
Production engineering function policy	Development of energy-saving technologies for production facilities
Production function policies	Energy-saving measures for factory infrastructure, streamlining of supply chains On-site wisdom (productivity improvements, reduction of defects), improvement of recyclable energy efficiency
Environment function policies	Analysis and evaluation of climate change risks and opportunities, disclosure of CN information
	Evolution of power coefficient

3. Priority measures - The strengthening of our management foundations (further promotion of carbon neutrality)

- Development area: The creation of new value-added products compatible with electrification
The evolution of existing products for CN (fuel efficiency improvement, high electricity cost, light weight)
- Production engineering area: Energy saving in processes and facilities, promotion of resource saving
- Production area: The Group's Scope 1 & 2 CO₂ emissions: -6% compared to FY2018
Formulation of policy for the introduction of recyclable energy
- SCM area: Visualization of CO₂ emissions in supply chains
- Environment area: Development of CN initiatives, information disclosure

Energy that could not be reduced at the time of manufacture

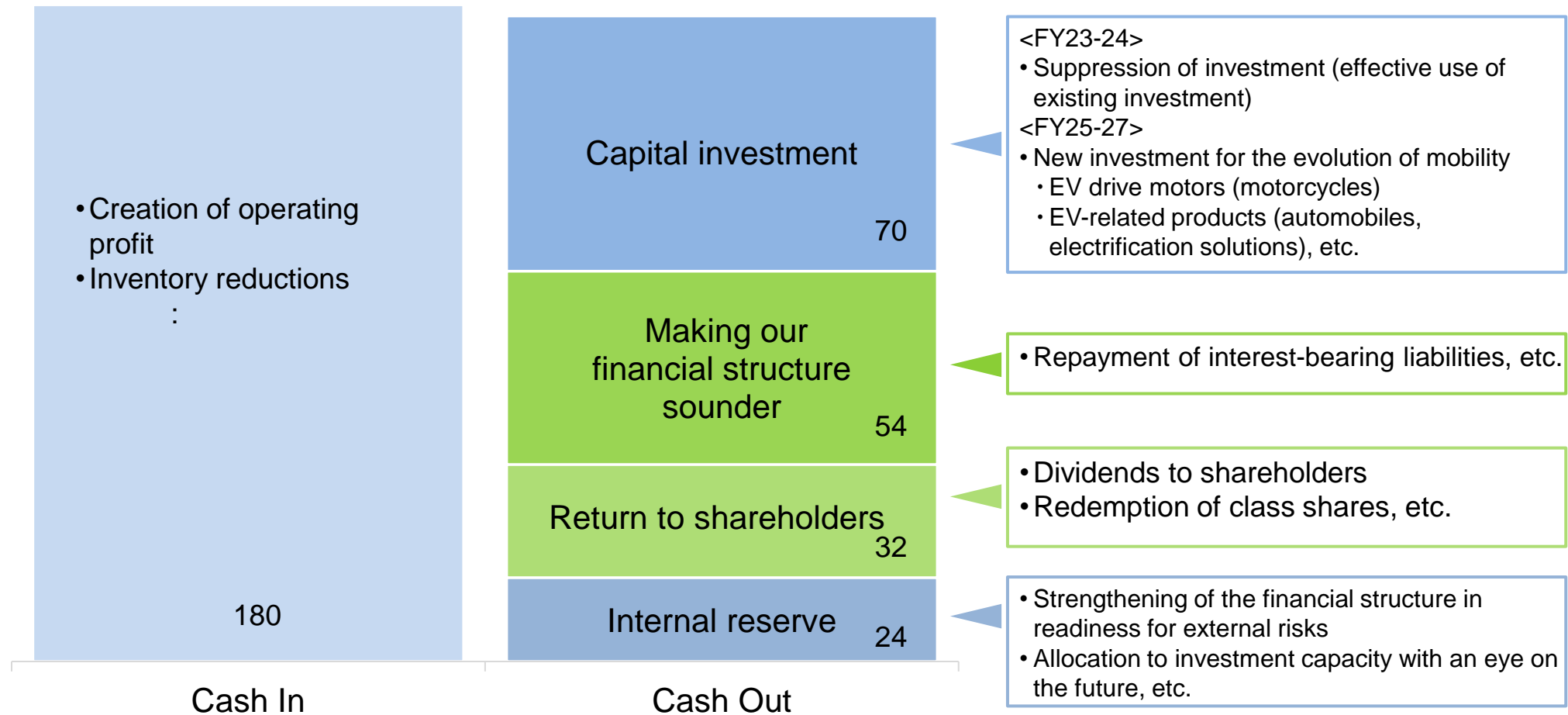


3. Priority measures - Making our financial structure sounder

- Under the Medium-Term Management Plan, cash in is planned at 180 billion yen through operating profit earned and inventory reductions.
We will use cash in as financial resources to finance future investment, repay interest-bearing liabilities and redeem class shares.

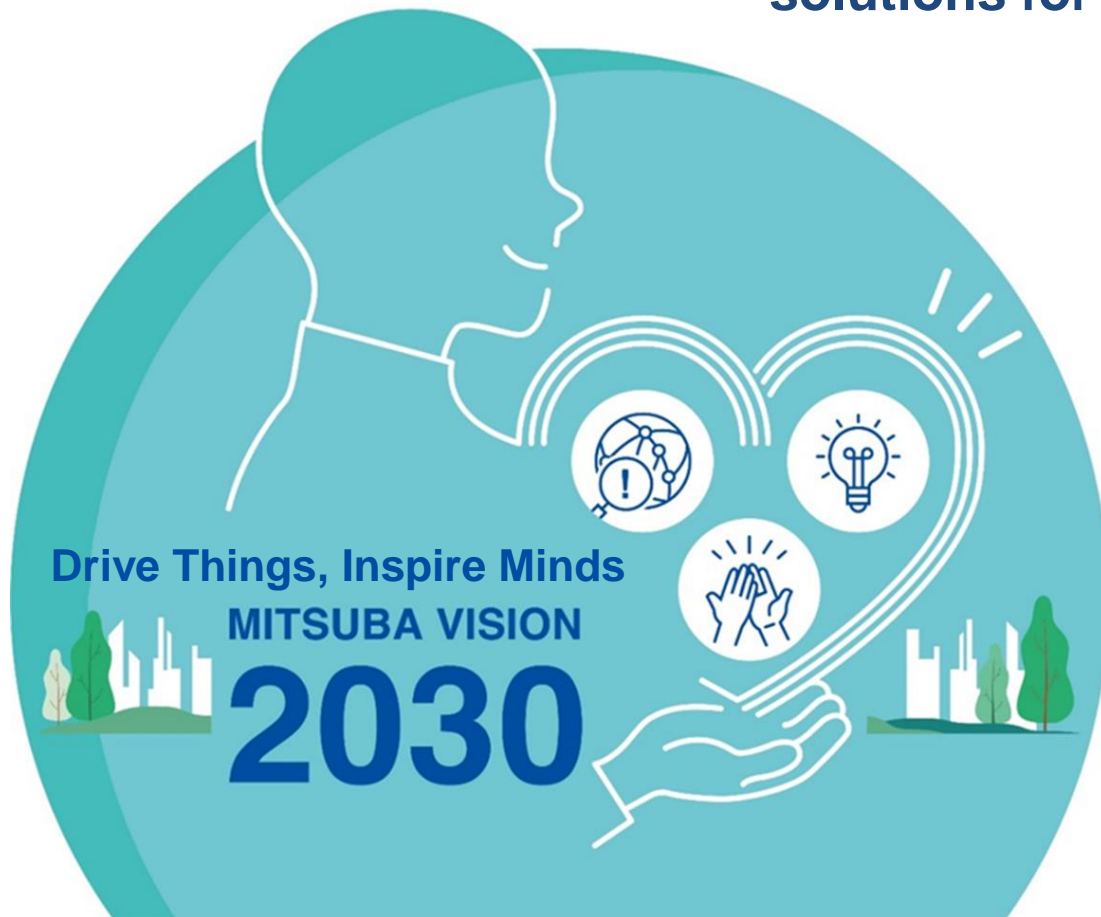
Cash allocation (cumulative total for 5 years: FY23-27)

(JPY B)



Drive Things, Inspire Minds

We will aim to become a corporate group that contributes to the realization of decarbonized society and grows together through optimal solutions for electrification.



We will meet the expectations of mobility society through global niche adaptability.

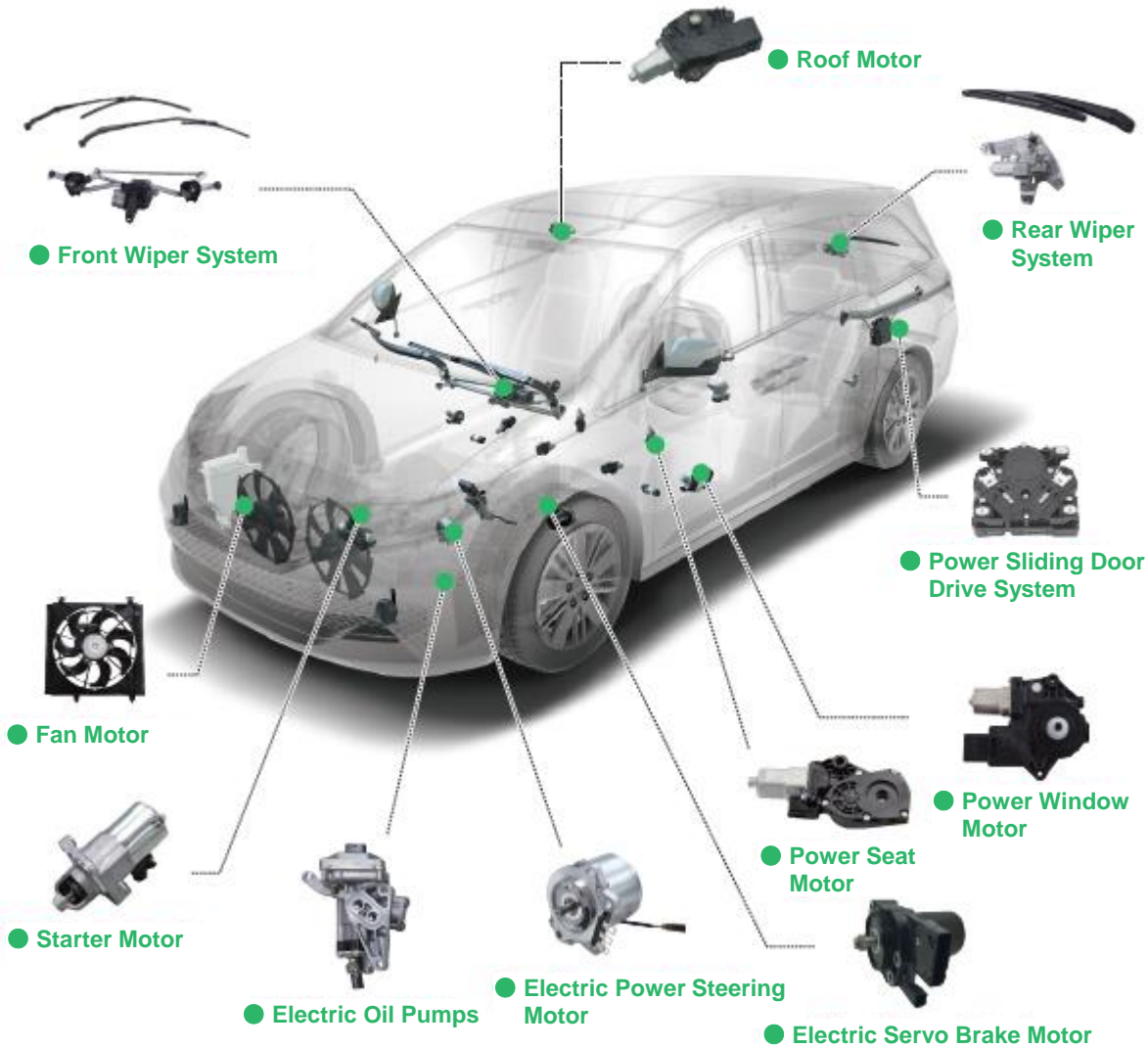


We will create markets with technologies for mobility and open innovation.

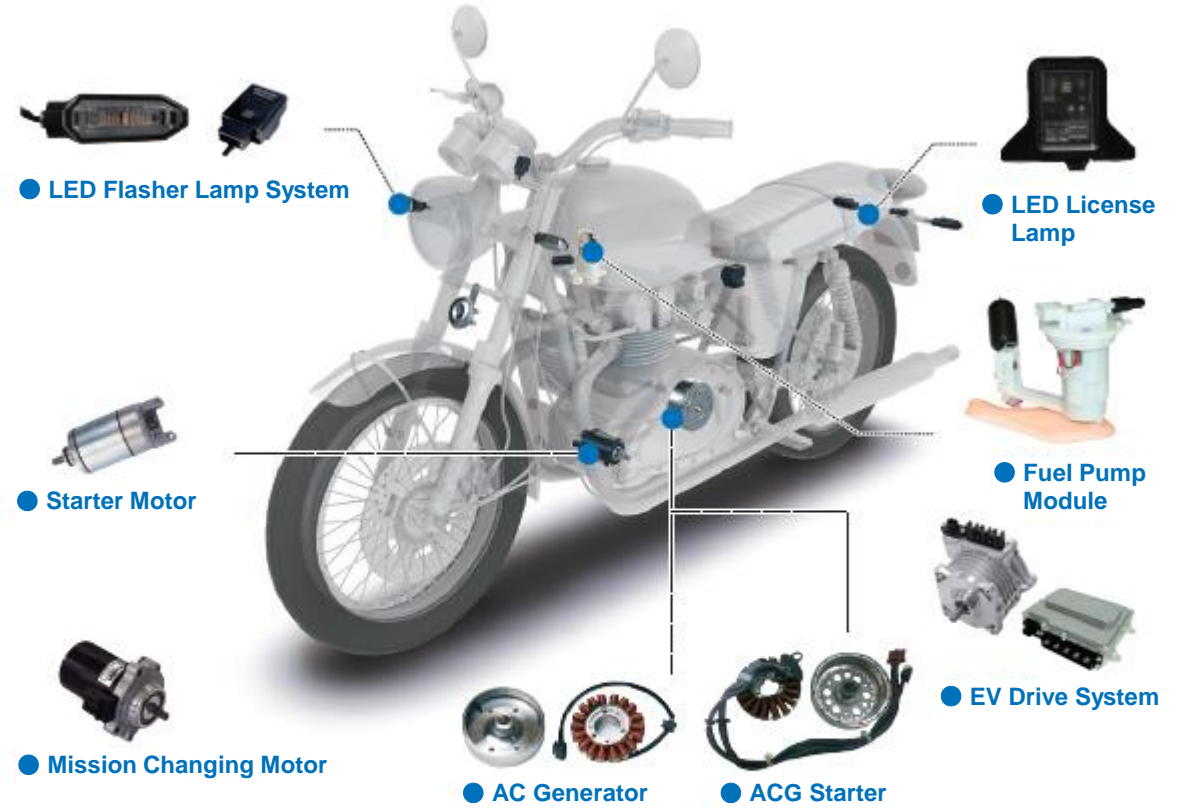


We will share the delight of “challenge, collaboration and creation” with our global partners.

Automotive Products



Motorcycle Products



Micro Mobility Products



Disclaimer

This document contains forward-looking statements regarding the Mitsuba Group's forecasts, targets, etc.

These statements are based on information and forecasts that were available at the time this document was prepared and judgments made by Mitsuba based on assumptions made at the time this document was prepared.

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