

Commitment from the CEO

Looking Back on FY2016

On January 27, 2017, Minebea Co., Ltd. and MITSUMI ELECTRIC CO., LTD. conducted a business integration of the two companies, with Minebea Co., Ltd. allocating its shares to MITSUMI ELECTRIC CO., LTD. shareholders at a ratio of 1:0.59 and MITSUMI ELECTRIC CO., LTD. becoming its fully-owned subsidiary. We changed our company name to MinebeaMitsumi Inc. and embarked on a new start.

During FY2016, we focused efforts on extensive cost-cutting, development of high value-added products and new technology, and marketing activities in order to realize further enhancement of profitability. As a result, for FY2016, we posted consolidated net sales of 638,926 million yen, an increase of 4.8% over the previous year. Our consolidated operating income declined 4.7% to 49,015 million yen, while our net income increased 13.1% to 41,146 million yen. We thereby recorded our highest ever consolidated net sales and net income.

The MinebeaMitsumi Group now offers a wide product portfolio combining Mitsumi Electric's specialized range of input, conversion, and control devices and Minebea's range of output devices. We will fully exercise these strengths in order to achieve even more rapid business expansion. The key to this is the development of new devices for the Internet of Things (IoT). Until now, the Internet has connected people to other people and to information, however now we are in an age when it is used to connect devices to each other. Through business integration, we are able to consolidate diverse core technologies to accelerate development of new, essential devices for the era of IoT in the fields of automobiles, health care, and infrastructure.

Meanwhile, we are also aware of the increasing requirement for corporate social responsibility. In order to strengthen our CSR globally, it is imperative to have the cooperation of all of our stakeholders. We will pursue the spirit of the Five Principles, our company credo, as a Group, and further enhance our corporate value.

Regarding our supply chain overall, we conducted a survey of CSR procurement practices in Singapore and Malaysia, following similar surveys in Japan,



Yoshihisa Kainuma
Representative Director
CEO and COO
MinebeaMitsumi Inc.

A handwritten signature in black ink, appearing to be 'Y. Kainuma', written over a white background.

Thailand, and China while strengthening our systems for promoting CSR collaboratively with suppliers. Furthermore, it is important for us to contribute to the local community wherever our bases are located, both in Japan and overseas. We conducted hands-on work experience programs at each of our offices and production sites for the next generation who will be responsible for manufacturing, and we continue to provide support for local facilities and events.

New Challenges Utilizing our Combined Strengths

As a manufacturer of precision products supporting society, the MinebeaMitsumi Group is working in accordance with its Basic CSR Policy "to contribute to the sustainable development of the global environment and of humanity." Following business integration, we have worked to contribute to the development of society by making it our priority to propose and provide products and new solutions that leverage the

respective strengths of Minebea and Mitsumi Electric.

For example, in automotive devices, we are promoting development of products combining advanced sensor technology, such as is used in strain gauges, with the optical technology such as that used for LED backlights. Meanwhile, we have concluded joint business development agreement with Ricoh Co., Ltd. and plan to soon commercialize bed sensors. We hope to make this the platform for the healthcare business of the MinebeaMitsumi Group.

In addition, we will expand sales in the United States of our LED lighting equipment "SALIOT" (Smart Adjustable Light for the Internet Of Things), which combines optical technologies we developed in the manufacture of LED backlights with circuits, motors, and wireless communication technologies. Also, we will continue to work to develop a world-class smart city project in Phnom Penh, Cambodia, by the end of this fiscal year.

Previously, we announced our medium- to long-term goal of achieving either consolidated net sales of 1 trillion yen or consolidated operating income of 100 billion yen by the end of FY2020. Now, with the launch of our new Group following business integration, we have defined our "Seven Spears" to clarify the specific business portfolios we focus on, and have worked to ensure awareness of the strategy among all employees. These seven business fields each have a large market scale, and we have selected niche fields where we can carve out a strong presence as well as fields and

regions where long-lasting demand is forecast. We do not intend to aim for short-term revenue and profit, but instead have indicated our Group's intention to strive for expansion of a portfolio of new products from a medium- to long-term perspective.

Offering New Value with "Passion to Create Value through Difference"

Nothing is more important for us than to have an attitude, concept, and strategy towards manufacturing that is shared across all Group companies. There is no change to the commitment which the MinebeaMitsumi Group has hitherto enforced of "manufacturing with sincerity," our philosophy of manufacturing higher quality products at a lower price, faster, in greater quantities, and smarter.

Moving forward, society will continue to demand new value in manufacturing. We have created a new corporate logo which incorporates our slogan: Passion to Create Value through Difference. We will strive to create new value through "difference" that surpasses common practice, with a shared determination to exercise our unique strengths.

This report explains the MinebeaMitsumi Group's business activities and CSR activities. We encourage all readers of this report to provide us with their honest feedback. The valuable opinions and requests which we receive from our readers will help us improve our business activities going forward.

MinebeaMitsumi's "Seven Spears" Strategy

We position bearings, motors, sensors, connectors/switches, power supplies, wireless/telecommunications/software, and analog semiconductors as the "seven spears" of the core business, into which we will actively invest the management resources of people, objects, and money.

- 1 Bearings**
Create ball bearing production capacity of 285 million ball units/month
- 2 Motors**
Focus further on automobiles, where the focus is turning to electric cars
- 3 Sensors**
Expand business for key IoT components mainly in temperature/environment sensors
- 4 Connectors/Switches**
Focus on high-speed transmission such as automobiles and USB Type-C
- 5 Power Supplies**
Focus on products less than 70 W
- 6 Wireless/TeleCommunications/Software**
Grow automobile applications and respond to IoT
- 7 Analog semi-conductors**
Focus on high added-value products
Accelerate R&D of next-generation products