Chapter I Financial Strategy and Capital Policy

CFO's Message

We will steadily implement initiatives that should be carried out to maximize MinebeaMitsumi's corporate value

We will clearly set financial strategy and capital policy, and aim to achieve business growth and maximize capital efficiency

Director, Senior Managing Executive Officer
Katsuhiko Yoshida

The world is currently being exposed to various changes in the macro environment. In order for stable growth to continue within this, it is essential that we maintain and strengthen our resilience, which can overcome this. We will reduce risks for the Company by INTEGRATION of business with diverse technologies, products and markets that have synergy. Moreover, to make rapid M&A and capital investment for this possible, it is essential to maintain and strengthen our financial position.

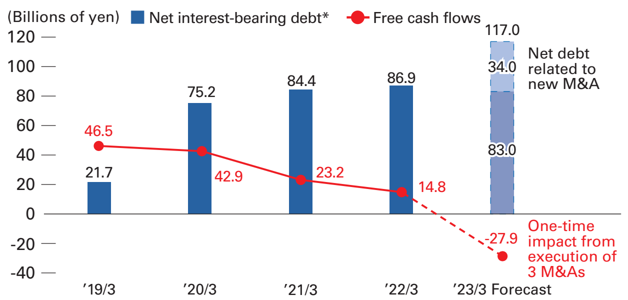
As the person in charge of such matters, I will steadily implement the financial strategy and capital policy. Specifically, I will strengthen the financial base by appropriately managing cash allocation, and implement returns to shareholders that can satisfy all investors. Furthermore, in considering our medium- to long-term portfolio, I will aim to realize maximized investment efficiency and the optimized allocation of management resources, and maximize corporate value by controlling the cost of capital, such as ROIC.

Financial strategy and capital policy

Financial strategy

Having made "strengthening our financial position" a basic policy, the MinebeaMitsumi Group has taken various steps that include efficiently engaging in capital investment, managing assets, and reducing interest-bearing debt. We have conducted an appropriate and agile financial strategy which entails reforming our portfolio in a manner that puts more weight on highly profitable core businesses while also carrying out highly effective M&As. In the fiscal year ended March 2022, we faced various headwinds, including semiconductor shortages, soaring raw material prices, and COVID-19. Nevertheless, we recorded high profits for our distributed business portfolio, centered on the Three Spears of our core businesses +1 (bearings, motors, analog semiconductors, and optical devices). However, due to disruptions in the supply chain, etc. free cash flow decreased as the addition of temporary inventory, primarily raw materials, was carried out. Net interest-bearing debt as of March 31, 2023 is expected to increase year on year. This is mainly because we are expecting expenditures associated with the acquisition of MinebeaMitsumi Tokyo X Tech Garden and expenditures due to the three M&As that were announced in July and August 2022. The distributed business portfolio's exceptional ability to generate cash through increasing profitability for the entire group of companies provided the funds to carry out the recently announced M&A expenditures, etc. After excluding that outlay, we expect a level of profit similar to that of the end of the previous fiscal year. A further rise in M&A activities can be expected as we transition to coexistence with COVID-19. By taking advantage of such opportunities, we are achieving both organic growth and growth driven by the global M&A carried out by leveraging our superior ability to generate cash. In addition, we will focus on capturing new business opportunities, such as the development of products that solve social issues. First and foremost, we will increase growth and profitability, maximize cash flow, and further strengthening our financial position. On top of that, we will also flexibly allocate cash for the purposes of carrying out highly effective M&As. Through such measures, we will strengthen the "Eight Spears" of our core businesses and enhance shareholder returns.

Net interest-bearing debt / Free cash flows



* Net interest-bearing debt: "Bonds and borrowings - ("cash and cash equivalents" + time deposits over 3 months)" in the consolidated statements of financial position.

Key indicators toward achieving net sales of 2.5 trillion yen and operating income of 250 billion yen

EPS growth rate	ROE	Rating: Rating and Investment Information, Inc. (R&I)	Rating: Japan Credit Rating Agency, Ltd. (JCR)
15% or more CAGR	15% or more	A	A+

Cash allocation

Generated operating cash flows are to be preferentially allocated to R&D and capital expenditure to act as a driver of organic growth. Moreover, we are proactively considering options to carry out effective M&As enlisting 50% of our free cash flows and borrowings, premised on the notion of maintaining financial discipline such that the net debt equity ratio falls within the 0.2 times range. Under this policy, capital expenditure was 73.5 billion yen in the fiscal year ended March 2022, and R&D expenses were 37.1 billion yen (3.3% of net sales). With regard to our forecasts for the fiscal year ending March 2023, we expect capital expenditure of 140 billion yen, including investments to increase production capacity at the ball bearing business in Thailand, and expenditures related to the acquisition of MinebeaMitsumi Tokyo X Tech Garden, and R&D expenses of 38 billion yen (3.2% of net sales).

Allocating capital backed by ability to generate cash

Operating cash flows

We will allocate capital with the aim of achieving organic growth, backed by our ability to generate cash accompanying profit growth.

Organic growth
- R&D expenses ➡ **3**% of net sales
- CAPEX ➡ **50**% of EBITDA

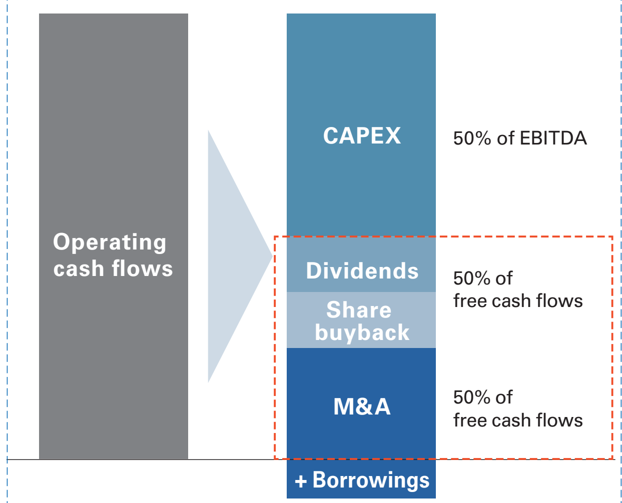
Free cash flows

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

M&A growth
M&As geared to reducing earnings volatility
50% of free cash flows + borrowings
Maintaining financial discipline
(within 0.2 times D/E ratio)

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

Medium- to long-term policy



Shareholder returns

Regarding the annual dividend, having taken a comprehensive view of the business environment, MinebeaMitsumi aims to continue to pay out stable dividends, targeting a dividend payout ratio of around 20% on a consolidated basis, in principle, underpinned by its policy of enhancing returns to its shareholders.

In the fiscal year ended March 2022, annual dividends per share amounted to 36 yen, an increase of 8 yen over the 28 yen, excluding the 70th anniversary commemorative dividend of 8 yen per share, of the previous fiscal year. In terms of returns to shareholders in the fiscal year ending March 2023, if operating income meets target, we will aim for something in the vicinity of 40 yen per share.

Going forward, while maintaining continuous, stable profit distribution, including both dividends and share buybacks, we will give top priority to improving the efficiency of shareholders' equity and distributing more profit to shareholders. While considering our financial standing and stock market trends, we plan to promote appropriate and agile shareholder returns up to a target level of 50% of free cash flows over the medium to long term.

Financial base

It is our belief that securing a stable financial foundation is of the utmost importance to ensure we continuously provide returns to our shareholders. We have very favorable credit ratings received from two credit rating agencies, having been assigned an "A" rating from Rating and Investment Information, Inc. (R&I) and an "A+" rating from 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 foundation by accordingly maintaining an equity ratio of at least 50% over the medium to long term.

Management for value creation

The MinebeaMitsumi Group works to improve capital efficiency by appropriately implementing financial strategy, which involves identifying capital cost for each business after establishing a hurdle rate of 8% for investment decisions, 2% higher than the estimated cost of capital of 6%. In backing its efforts to achieve net sales of 2.5 trillion yen and operating income of 250 billion yen, the Company appropriately makes decisions on R&D, M&As, and business withdrawal by checking whether or not profitability exceeds its capital cost target and furthermore verifying current status and outlook of individual businesses, based on benchmarks enlisting not only return on equity (ROE) but also return on invested capital (ROIC), which is used as an indicator of profitability for each business.

Our approach to increasing profitability of individual businesses has involved improving profit margins and reducing invested capital enlisting a reverse ROIC tree approach, while simultaneously enhancing profitability of the business portfolio and optimizing invested capital on a Company-wide basis. In the fiscal year ended March 2022, we achieved ROIC of 10.0%, a significant improvement of 3.4% points over the previous fiscal year. This was partly the result of minimizing increases in invested capital through efficient investment. It was also due to our focus on enhancing profitability in our distributed business portfolio, centered on the Three Spears of our core businesses +1 (bearings, motors, analog semiconductors, and optical devices).

Going forward, we will seek to draw up business strategies and engage in business operations in alignment with initiatives for achieving sustainable growth and increasing corporate value over the medium to long term in line with the Corporate Governance Code. In our efforts to increase corporate value, we will endeavor to persistently achieve ROE and ROIC results that exceed hurdle rates, engage in risk management practices for reducing capital cost, and implement financial strategy which helps to enhance the competitive strengths of our products.

ROIC

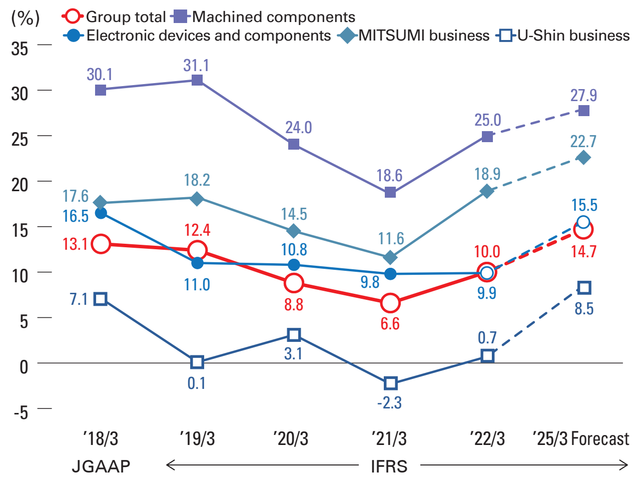
ROIC of MinebeaMitsumi

II

NOPAT
(operating income + extraordinary income/losses) × (1 - tax rate)

Invested capital
(notes and accounts receivable, trade + inventories + non-current assets - notes and accounts payable, trade)

Calculated using manageable business assets
(trade receivables/payables, inventories, non-current assets) by segment



Control items		KPI	Responsible department
ROIC / Net operating income after tax	Sales	•Expansion of sales volume •Increase in average selling price •Expansion into new products and new markets	**Sales Headquarters** Sales expansion, price negotiations, etc.
	Cost of sales	•Reductions in materials cost ratio/labor cost ratio •Reduction of overtime hours •Raising the productivity per employee •Checking operating/non-operating facilities	**Business Units (Plants)** Improvement by team-building initiatives
	S.G.&A. expenses	•Thorough reduction of fixed costs •Use of preferential tariffs • Increase in labor's share	**Head Office Division**
		•Developing new products and new markets •Research and experimental activities aimed at sustainable value creation	**Engineering Headquarters**
	Income taxes	•Tax planning •Absorption of losses carried forward, market price adjustments	**Accounting Department Business Administration Department**
ROIC / Invested capital	Notes and accounts receivable, trade	•Shortening days sales outstanding •Use of schemes to increase liquidity of receivables, etc.	**Sales Headquarters Corporate Finance Department**
	Notes and accounts payable, trade	•Extending days payable outstanding •Use of vendor financing schemes, etc.	**Procurement and Logistics Division/ Corporate Finance Department** Requests for cooperation from suppliers
	Inventories	•Shortening DIO •Shortening distribution lead time •Reduction of unsaleable inventory •Securing strategic inventory	**Business Units / Procurement and Logistics Division** Thorough reductions in inventory
	Fixed assets	•Careful selection of CAPEX •Scrutiny of investment results • Effective use of facilities	**Business Units (Plants)** Enhanced investment results

P/L control items

Business portfolio strategy

Focusing on net sales by business segment, growth and ROIC, we view the current state and the potential of the Company's business portfolio as follows. With regard to invested capital, we seek to optimize management resources. To do this we plan to implement capital expenditures efficiently while utilizing of grants and other funds. We also will focus on controlling inventory and other assets on a business segment basis in order to maintain working capital within an appropriate range.

Machined Components Business

Primarily in the core business of bearings, we expect increases in personnel due to the automotive trend toward electric vehicles and additional functionality, and the expansion and growth of the data center market. Due to the recovery in post-COVID-19 passenger demand and initiatives by airline companies to reduce CO_2, we expect aviation-related demand to show high growth in the future as a result of rising demand for energy-efficient new aircraft. Through consistent improvements in productivity and active capital investment, the Company will continue to match to customer demand the supply of ultra-high quality products it has cultivated until now, aiming to grow the business while maintaining its current high market share and profitability.

Electronic Devices and Components

The growth driver for electronic devices is transitioning from backlights, which is the sub-core business that drove the Company's profits thus far, to motors, which is a core business. An increase in the number of motors installed per unit is expected due to the electrification of automobiles. Accordingly, we expect to further expand sales and increase profitability by focusing on the development of products in niche fields, such as environment, safety and comfort functions. Furthermore, we expect that this will advance the expansion of sales of sensing devices for automotive and industrial applications (molding machines, etc.), and contribute to profits of resonant devices, which are creating new markets.

MITSUMI Business

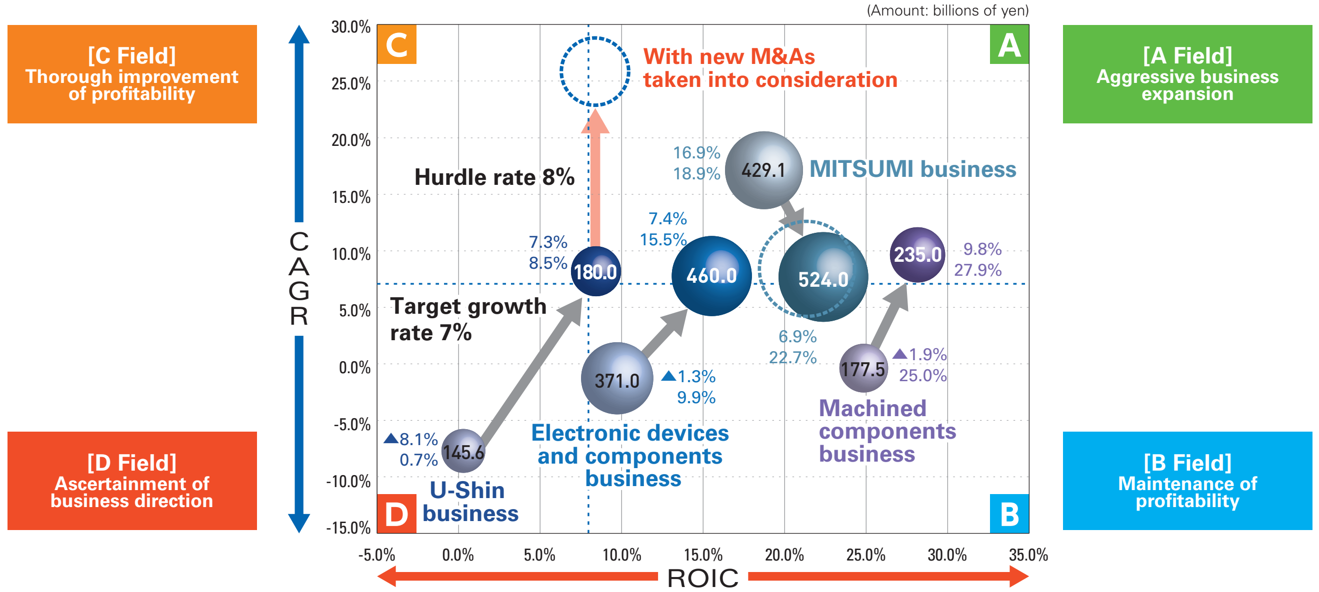
In addition to the sub-core business of mechanical components for games, going forward we expect the sub-core business of optical devices and the core business of analog semiconductors to be the dual drivers of growth. In optical devices, we aim to grow net sales and achieve high levels of profit. To do this, we will raise installation rates for our products and promote the transition to next-generation technologies. Key to such efforts will be our swift and reliable development of products in accordance with customer development roadmaps and our building of systems for mass-production. In analog semiconductors, by bringing online the Shiga plant that we acquired in July 2021 to expand supply capacity, as well as by combining the synergies generated by expanded sales of MEMS with organic growth, we aim to reach 100 billion yen in net sales for the fiscal year ending March 2025. In the other core businesses of connectors, switches, and power supply components, by generating internal synergies and actively exploring M&A, we aim to create NEXT semiconductors.

U-Shin Business

ROIC by business fell short of the only hurdle rate of 8% due to the impact of the deceleration of the automotive market during the COVID-19 pandemic. Nevertheless, the structural reforms initiated in Europe business during the fiscal year ended March 2021 have progressed satisfactorily, and we expect to steadily improve profitability as we raise production in line with the recovery in automobile production. In addition, by accelerating the shift towards high value-added products such as CSD, Flush handle, and e-Latch, we will further bolster margins.

Portfolio by segment

*The size of the bubble represents net sales
(Amount: billions of yen)



Result for fiscal year ended March 2022 (light color bubble)
Plan for fiscal year ending March 2025 (deep color bubble)
Forecast for fiscal year ending March 2025
(with 3 new M&As taken into consideration: dashed line)
Figures Upper row: CAGR
Lower row: ROIC
Bubble: Net sales

Notes: 1. The light bubbles represent the annual average growth rate for the three years until the fiscal year ended March 2022, and net sales and ROIC for the fiscal year ended March 2022.
2. The dark bubbles represent the annual average growth rate for the three years until the fiscal year ending March 2025, and net sales and ROIC for the fiscal year ending March 2025.
3. The target growth rate of 7% is the annual average growth rate necessary to achieve organic growth of 800 billion yen to net sales of 2.5 trillion yen.

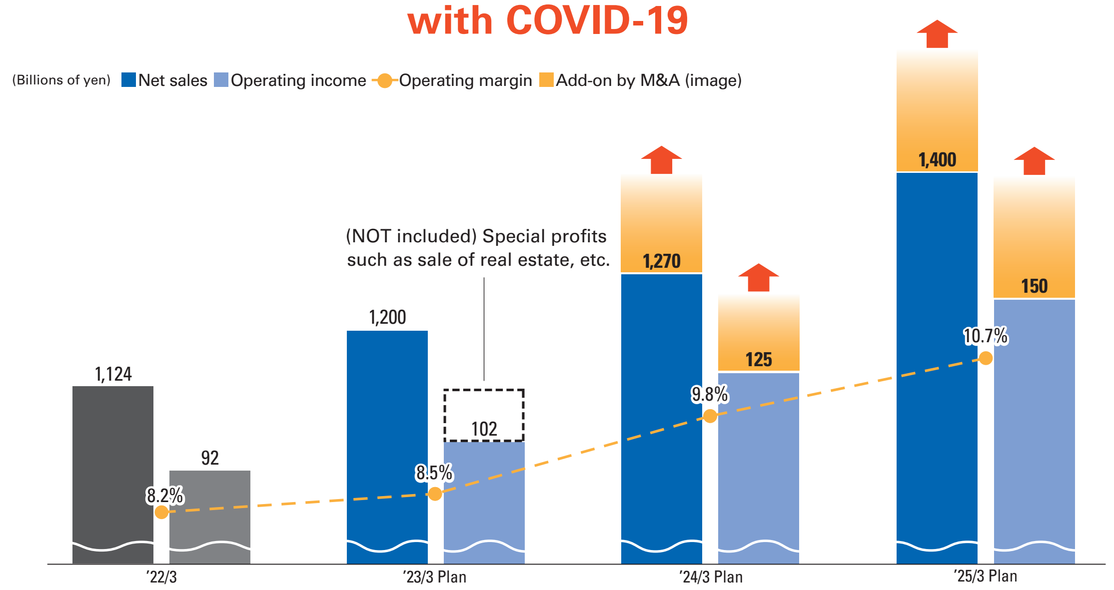
Midterm Business Plan

We anticipate significant increases in sales and profit over the medium to long term, particularly in the Three Spears of our core businesses (bearings, motors and analog semiconductors) and optical devices. The stable growth of these various businesses has been helping to further increase profitability for the entire Group while reducing earnings volatility.

In addition to organic growth and M&A growth, we have identified developing products and supplying components for the resolution of social issues as our new axis for growth. In the Midterm Business Plan, our targets for the fiscal year ending March 2025, are set at net sales of 1.4 trillion yen and operating income of 150 billion yen.

As for M&As, previously suspended accounts are finally regaining momentum amid relaxation of COVID-19 restrictions worldwide. We were able to announce three M&As during July and August 2022.

M&A activity to increase as we transition to coexistence with COVID-19



Strategies by Business

Machined Components Business Pages 37 to 38
Electronic Devices and Components Business Pages 39 to 40
MITSUMI Business Pages 41 to 42
U-Shin Business Pages 43 to 44

FAQ 1: What is your view on results for the fiscal year ending March 2023?

Various uncertainties, such as issues in Ukraine and the lockdown in Shanghai, have been mixed together recently. After taking into consideration various elements, the full-year results forecast includes net sales of 1.2 trillion yen and operating income of 102 billion yen. We also see one major topic this year as being price revisions. Currently we are seeing increases in a variety of business costs, not just materials but also logistics. At MinebeaMitsumi as well, we have been implementing thorough cost reductions in all businesses. I think that a key issue in addition to this will be to what extent we succeed in passing on cost increases to our product prices. In preparation for achieving this, we are hoping to move forward with the adoption of a transparent pricing system based on surcharges, under which customers bear the burden when costs go up, and we return the benefits to customers when prices go down.

What we call the Three Spears + 1, which are bearings (including aircraft bearings), motors, analog semiconductors, and optical devices, will be the drivers of performance again this fiscal year. Under the expectation that the lockdown in Shanghai and semiconductor shortages will gradually improve, we expect significant positive factors for U-Shin compared with the previous fiscal year. The important message is that "this fiscal year we will definitely exceed 100 billion yen." We expect an exchange rate of 115 yen, but if the recent depreciation of the yen continues, we believe that this may exceed the forecast for the current fiscal year, primarily for analog semiconductors. Moreover, the area delineated by the dotted line above operating income of 102 billion yen for this fiscal year indicates the additional contribution from selling the Tokyo Headquarters building and other factors.

Obtains highest evaluation under the Green Bond Framework

To achieve the environmental targets while taking on the challenge of carbon neutrality and promoting MMI Beyond Zero the Company is preparing to issue green bonds for to provide proceeds for various environmental-related improvements. These include not only power-saving high quality bearings, ultra-high performance bearings, and related R&D expenses, but also investments in R&D and production for ball bearings used in the main motors of electric vehicles. The Company will also use these proceeds to procure its own decarbonized power sources. The Green Bond Framework set up by the Company for the issuance has been assigned by JCR a "g1 (F)" for greenness evaluation (use of proceeds) and "m1 (F)" for management, operation and transparency evaluation and thus satisfies the criteria in relation to items required in the "Green Bond Principles" and the "Green Bond Guidelines." As a result, the overall evaluation received was the highest possible of Green1 (F).

Management Strategy to Solidify the Foundation
for our 100th Anniversary (2051)

Quality **C**ost **D**elivery **E**co/efficiency **S**ervice **S**peed ®

Contribute to global GHG emission reductions through two pillars

1. Challenge to carbon neutrality | 2. Expand MMI Beyond Zero

Establishment of Green Bond Framework to raise funds to further promote initiatives to realize a sustainable global environment

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 at dizzying speed on a day-to-day basis. In order to respond to such changes quickly and appropriately, we must strengthen our "defensive" approach to risk management in addition to taking an "aggressive" approach to maximizing profit.

The President and Chief Executive Officer of MinebeaMitsumi is the chief risk management officer and makes important decision regarding risk management at the Risk Management Committee. It is also the role of the committee to assume specific risks and action plans for such risks and conduct continuous monitoring of the situation. As the CFO, I am focused on recognizing and forecasting our business environment, analyzing the impact of individual event on our business and performance, examining the likelihood of occurrence and the severity of risks and opportunities, and formulating strategies and measures. I also execute those strategies and measures in a concrete and steady manner.

Risks and opportunities Pages 29 to 30

For the MinebeaMitsumi Group in the current fiscal year, I believe that BCP, and particularly initiatives for mitigating water risk, is an urgent issue. Recently, I performed calculations for those of our sites that have a high level of water risk, such as flooding and drought. For these sites, we will continue to develop and strengthen disaster prevention manuals and BCPs.

Risk management example 1 BCP Page 80

In addition, in order to respond promptly to the strengthening of economic sanctions and export control regulation in various countries, and to take a more strategic approach to expanding the business, we have drawn up new internal regulations regarding economic security, and established a system for management of economic security risk.

Risk management example 3 Security trade management Page 80

FAQ 2: What was the impact from purchasing the new Tokyo Headquarters building?

The increase in operating income expected as a result of focusing on raising profits in our distributed business portfolio, centered on the Three Spears of our core businesses +1 (bearings, motors, analog semiconductors and optical devices), is projected to lead to a significant increase in operating cash flows this fiscal year. Investing cash flows, including expenditures arising from the purchase of the new Tokyo Headquarters building we named "MinebeaMitsumi Tokyo X Tech Garden," will increase considerably this fiscal year. However, due to our superior ability to generate cash we expect to maintain positive free cash flows when excluding the three M&As announced through July-August 2022. We expect the Tokyo X Tech Garden to turn out to be a very cost-effective move, as we assume that it will facilitate the ongoing creation of new products essential to resolving social issues by securing excellent talents and pursuing synergies between businesses, centered on the Eight Spears.