MinebeaMitsumi
Passion to Create Value through Difference

BRIEF REPORT OF FINANCIAL RESULTS〔IFRS〕 (Consolidated)

(Year ended March 31, 2022)

May 11, 2022

Registered
Company Name: MINEBEA MITSUMI Inc. Common Stock Listings: Tokyo
Code No: 6479 URL https://www.minebeamitsumi.com/
Representative: Yoshihisa Kainuma Representative Director, CEO & COO
Contact: Mitsunobu Yamamoto General Manager of Accounting Department
Date planned to hold ordinary general meeting of shareholders: June 29, 2022
Expected date of payment for dividends: June 30, 2022
Date planned to file report of securities: June 29, 2022 Phone: (03) 6758-6711
Preparation of supplementary explanation material for financial results : Yes
Holding of presentation meeting for financial results : Yes (For Analyst)

(Amounts less than one million yen have been rounded.)

1. Business Performance (April 1, 2021 through March 31, 2022)

(1) Consolidated Results of Operations (%: Changes from previous fiscal year)

	Net sales (millions of yen)	% Change	Operating income (millions of yen)	% Change	Profit before income taxes (millions of yen)	% Change
Year ended March 31, 2022	1,124,140	13.7	92,136	80.1	90,788	83.3
Year ended March 31, 2021	988,424	1.0	51,166	(12.8)	49,527	(14.7)

	Profit for the year (millions of yen)	% Change	Profit for the year attributable to owners of the parent (millions of yen)	% Change	Comprehensive income for the year (millions of yen)	% Change
Year ended March 31, 2022	68,926	77.7	68,935	77.9	107,918	58.0
Year ended March 31, 2021	38,787	(17.3)	38,759	(15.7)	68,308	177.8

	Earnings per share, basic (yen)	Earnings per share, diluted (yen)	Profit to equity attributable to owners of the parent ratio (%)	Profit before income taxes to total assets ratio (%)	Operating income to net sales ratio (%)
Year ended March 31, 2022	170.08	166.61	13.9	8.7	8.2
Year ended March 31, 2021	94.95	92.87	9.2	5.4	5.2

(Reference) Share of profit (loss) of investments accounted for using the equity method:
Year ended March 31, 2022: — million yen
Year ended March 31, 2021: — million yen

(2) Consolidated Financial Position

	Total assets (millions of yen)	Total equity (millions of yen)	Total equity attributable to owners of the parent (millions of yen)	Equity ratio attributable to owners of the parent (%)	Equity attributable to owners of the parent per share (yen)
As of March 31, 2022	1,104,192	541,435	538,610	48.8	1,326.15
As of March 31, 2021	976,771	453,998	451,141	46.2	1,109.38

(3) Consolidated Cash Flows

	Cash flows from operating activities (millions of yen)	Cash flows from investing activities (millions of yen)	Cash flows from financing activities (millions of yen)	Year end balance of cash and cash equivalents (millions of yen)
Year ended March 31, 2022	78,417	(63,605)	(25,547)	163,588
Year ended March 31, 2021	93,763	(70,581)	9,257	165,479

2. Dividends

	Dividends per share					Total dividends (for the year) (millions of yen)	Dividends payout ratio (Consolidated)	Dividends on equity (total) (Consolidated)
	End of first quarter (yen)	End of second quarter (yen)	End of third quarter (yen)	Year-end (yen)	For the year (yen)			
Year ended March 31, 2021	—	14.00	—	22.00	36.00	14,669	37.9	3.5
Year ended March 31, 2022	—	18.00	—	18.00	36.00	14,604	21.2	3.0
Year ending March 31, 2023 (Forecast)	—	—	—	—	—		—	

(Notes) Detail of year-end dividend as of March 31, 2021

Ordinary dividend of 14 yen per share　Commemorative dividend of 8 yen per share

Regarding the annual dividends for the fiscal year ending March 31, 2023, we will determine the dividend payout of around 20% on a consolidated basis.

3. Prospect for the Next Fiscal Year (April 1, 2022 through March 31, 2023)

(%: Changes from corresponding period of previous fiscal year)

	Net sales (millions of yen)	% Change	Operating income (millions of yen)	% Change
Six months ending September 30, 2022	568,000	7.1	41,000	(8.1)
Year ending March 31, 2023	1,200,000	6.7	102,000	10.7

	Profit for the period attributable to owners of the parent (millions of yen)	% Change	Earnings per share, basic (yen)
Six months ending September 30, 2022	30,000	(14.4)	73.86
Year ending March 31, 2023	76,000	10.2	187.12

*Notes

(1) Changes in significant subsidiaries during the year (Changes in certain subsidiaries resulting in change in the scope of consolidation): None

(2) Changes in accounting policies, or changes in accounting estimates

① Changes in accounting policies required by IFRS: None

② Changes in accounting policy other than 1: None

③ Changes in accounting estimates: Yes

(Notes) For details, please refer to (“4. Consolidated Financial Statements and Major Notes,” “(5) Notes on Consolidated Financial Statements (Change in Accounting Estimate)”) on page 20 of the documents attached hereunder.

(3) Number of shares outstanding (Common stock)

① Number of shares outstanding at the end of year (Including treasury stock)

As of March 31, 2022: 427,080,606 shares

As of March 31, 2021: 427,080,606 shares

② Number of treasury shares at the end of year

As of March 31, 2022: 20,934,199 shares

As of March 31, 2021: 20,418,303 shares

③ Average number of shares

As of March 31, 2022: 405,317,126 shares

As of March 31, 2021: 408,220,767 shares

*Brief Report of Financial Results is not subject to an audit by a certified public accountant or an audit corporation.

* Explanation for appropriate use of financial forecasts and other special remarks

(Caution Concerning Forward-Looking Statements)

The aforementioned forecasts are based on the information available as of the date when this information is disclosed as well as on the assumptions as of the disclosing date of this information related to unpredictable parameters that will most likely affect our future business performance. As such, this is not intended for the Company to give assurance that the said forecast number would be achieved. In other words, our actual performances are likely to differ greatly from these estimates depending on a variety of factors that will take shape from now on. As for the assumptions used for these forecasts and other related items, please refer to (“1. Analysis of Operating Performance and Financial Position,” “(1) Analysis of Operating Performance”) on page 4 of the documents attached hereunder.

(Investor Briefing Materials for Analysts)

Investor briefing materials will be made available via our corporate website (https://www.minebeamitsumi.com/) on Wednesday, May 11, 2022.

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1. Analysis of Operating Performance and Financial Position

(1) Analysis of Operating Performance

① Overview of the year

During the consolidated fiscal year, the Japanese economy saw a gradual return of normal economic activity as the effects of the COVID-19 pandemic steadily eased, and overall economic recovery continued. In the U.S. economy, although employment issues and restrictions on the supply of raw materials put downward pressure on the economy, overall, the economy showed signs of modest recovery. Elsewhere, although the European economy showed signs of recovery following the relaxation of restrictions brought on by the pandemic, aggression against Ukraine at the end of February has caused an uncertain future. In the Chinese economy, although severe COVID-induced restrictions in certain regions negatively impacted individual consumption and industrial production, overall, the economy continued on an upward trend. In Southeast Asia, the return of economic activity following the pandemic ensured economic recovery was on track.

Working against this backdrop, the MinebeaMitsumi Group concentrated on cutting costs, creating high-value-added products, developing new technologies, and enhancing its marketing approach to boost profitability further.

As a result, net sales were up 135,716 million yen (13.7%) year on year to 1,124,140 million yen, and for the first time since our founding we exceeded 1 trillion yen in net sales. Operating income was up 40,970 million yen (80.1%) year on year to 92,136 million yen, profit before income taxes was up 41,261 million yen (83.3%) year on year to 90,788 million yen, and profit for the year attributable to owners of the parent was up 30,176 million yen (77.9%) year on year to 68,935 million yen. In each of these three areas we achieved record highs.

Performance by segment is as follows:

The main products in our Machined components segment include our anchor product line, ball bearings, in addition to mechanical components such as rod-end bearings used primarily in aircraft and hard disk drive (HDD) pivot assemblies, etc. as well as fasteners for aircraft. Sales of ball bearings were up owing to favorable demand for use in fan motors associated with solid server demand at data centers. Rod-end bearing sales decreased due to decreased aircraft-related demand.

As a result, net sales were up 20,059 million yen (12.7%) year on year to 177,470 million yen, while operating income also increased by 14,494 million yen (46.4 %) year on year to 45,717 million yen.

The core products of our Electronic devices and components segment include electronic devices (devices such as LED backlights for LCDs, sensing devices (measuring components), etc.), HDD spindle motors, stepping motors, DC motors, air movers, and special devices. Net sales were up, owing primarily to strong performance of motors for HDD and increased demand for automotive motors.

As a result, net sales were up 25,428 million yen (7.4%) year on year to 371,023 million yen, and operating income was up 3,876 million yen (21.9%) year on year to 21,561 million yen.

The main products in the MITSUMI business segment are semiconductor devices, optical devices, mechanical components, power supply components and smart product. Semiconductor devices and optical devices for camera actuators performed well, resulting in an increase in net sales.

As a result, net sales were up 76,839 million yen (21.8%) year on year to 429,116 million yen, while operating income also increased by 21,388 million yen (104.5%) year on year to 41,846 million yen.

The main products of U-Shin business segment are automotive components, such as key sets, door latches, door handles, etc. as well as industrial equipment components. Net sales were up owing to a recovery in demand for automotive components associated with a recovery in the automotive production and favorable demand for industrial equipment components used in agricultural and construction machinery.

As a result, net sales were up 13,465 million yen (10.2%) year on year to 145,577 million yen, and operating income was 732 million yen, an improvement of 3,326 million yen.

Machines produced in-house are the main products in our Other business segment. Net sales were down 75 million yen (-7.2%) year on year to 954 million yen, while operating loss was 1,429 million yen , an improvement of 479 million yen year on year.

In addition to the figures noted above, 16,291 million yen in corporate expenses, etc. not belonging to any particular segment is indicated as adjustments. Adjustments in the previous fiscal year came to 13,698 million yen.

② Outlook for the next fiscal year

The global economy is plagued by uncertainty, including trade policies in each country, exchange rate trends, geopolitical risks, and questions about when COVID-19 will end. Amid these circumstances, we have put together the full-year consolidated business forecast below based on currently available information.

(Amount: millions of yen)

Net sales	1,200,000
Operating income	102,000
Profit for the year attributable to owners of the parent	76,000

(2) Analysis of Financial Position

① Basic approach to financial strategy and capitalization

Our Group sees "strengthening our financial position" as a top priority and is taking various steps, such as efficient controlling of capital investments, asset management, and reducing interest-bearing debt. We will reform our portfolio to increase the weight of our highly profitable core businesses and engage in highly effective M&A, promoting an appropriate and flexible financial strategy.

Growth investments

The cash flow generated will first be applied to R&D and capital investment as funding for organic growth. We will also look into effective M&A using 50% of free cash flow and borrowings while maintaining fiscal discipline keeping the debt-to-equity ratio at 0.2.

Shareholder return

We take a flexible approach to dividends, aiming for a consolidated payout ratio of around 20% for our full-year dividend based on our policy of enhancing shareholder return. We will promote an appropriate and dynamic financial strategy that reflects our financial standing, stock market trends, and other factors, our top priority being to enhance equity efficiency and improve shareholder return while maintaining a stable and continuous distribution of profits.

Financial base

Ensuring a stable financial base is of paramount importance so that we can provide continuous distribution of profits to shareholders. As far as our rating goes, we have earned high marks from both Rating and Investment Information, Inc. (R&I) and the Japan Credit Rating Agency (JCR), receiving ratings of A and A+, respectively. Our equity ratio attributable to owners of the parent fluctuates in the short term with M&A, but in the medium to long term, we keep it above 50% in the aim of maintaining a solid financial base.

The Group is also working to lengthen fund procurement, and as of March 31, 2022, long-term interest-bearing debt (excluding current portion of long-term loans payable) accounted for 39% of bonds and borrowings

② Assets, Liabilities, and Net Assets

Total assets at the end of the fiscal year under review were 1,104,192 million yen, up 127,421 million yen from the end of the previous fiscal year. The main reason for this was an increase in trade and other receivables, inventories, and property, plant and equipment.

Total liabilities were up 39,984 million yen year on year to 562,757 million yen. The main reason for this was an increase in trade and other payables.

Equity came to 541,435 million yen, bringing the equity ratio attributable to owners of the parent up 2.6 percentage points from the end of the previous fiscal year to 48.8%.

③ Condition of cash flows

The balance of cash and cash equivalents at the end of the fiscal year under review was down 1,891 million yen year on year to 163,588 million yen.

Cash flows from various business activities during the fiscal year under review and other relevant factors are as follows:

Net cash provided by operating activities amounted to 78,417 million yen (an inflow of 93,763 million yen in the previous fiscal year). This was primarily due to profit before income taxes, and increases and decreases in trade and other receivables, in inventories and in trade and other payables, etc. Net cash used for investing activities amounted to 63,605 million yen (an outflow of 70,581 million yen in the previous fiscal year). This was primarily due to purchase of property, plant and equipment, etc. Net cash flows used for financing activities amounted to 25,547 million yen (an inflow of 9,257 million yen in the previous fiscal year). This was primarily due to increases and decreases in short-term borrowings.

(3) Basic Policy for Profit Sharing and Dividends for the Fiscal Year and the Following Fiscal Year

Sharing profits with our shareholders is first priority at MinebeaMitsumi. That is why our basic dividend policy gives priority to enhancing equity efficiency and improving returns to our shareholders. Dividends, while reflecting performance, have been determined in light of the overall business environment and with an eye to maintaining a stable and continuous distribution of profits.

Based on the basic policy above, we intend to make a proposal at the coming 76th Ordinary General Meeting of Shareholders in June to pay a 18-yen-per-share year-end dividend for the fiscal year, an increase of 4 yen from the previous fiscal year's results of 14 yen per share, excluding commemorative dividend of 8 yen per share. As the

Company has already paid an interim dividend of 18 yen per share, the annual dividends will be 36 yen per share.
Regarding the annual dividends for the following fiscal year, we will determine the dividend payout of around 20% on a consolidated basis.

(4) Risk Management

Our Group has established a Risk Management Committee to manage the risks involved in operations, defining risk as uncertain events that may directly or indirectly impact operations or business activities. The Risk Management Committee anticipates and categorizes specific risks, operates an emergency system by which information is transmitted promptly and appropriately in the event of an emergency, and reports to the Board of Directors on matters of risk management.

Our Group recognizes a variety of risks and uncertainties, both internal and external, that have the potential to affect its operating results and/or financial position. The main risks and the actions we have taken to address them are provided here. The main future risks and responses to them mentioned in this document are those recognized by our Group as of the end of the current fiscal year. Not all risks are covered here. There may be some risks that are unforeseeable at this time.

(External environment)

① Risk related to natural and other disasters

Damages or reduced operations at the operational bases of our Group or its suppliers arising from natural disasters such as typhoons, earthquakes, and floods, fires and other accidents, or the spread of new infectious diseases could impact our operating results and financial position.

In response, the Group tracks risks using the results of hazard maps, risk surveys, etc. related to natural disasters at each base, and implements countermeasures, stockpiling, disaster prevention drills, and other preparations during normal times. Additionally, the headquarters (Risk Management Committee) and each base work closely together to further strengthen the crisis management system.

Impact of COVID-19

In January 2021, we set up a COVID-19 task force headed by the president. Led by this task force, we have quickly implemented best practices for preventing the spread of infection throughout the Group, and minimized the impact COVID-19 has had on our businesses. In the year ending March 31, 2022, we offered a workplace vaccination program at the main operational bases of our Group, and helped to reduce infection risk among employees, their families, and other individuals.

(Impact on management results)

In the fiscal year ended March 31, 2022, the impact on operating income was approximately 3.2 billion yen due to infection prevention measures costs in each country and operating losses at factories. If the COVID-19 situation becomes prolonged, it could further impact the Group's operating results.

(Impact on financial position)

While there has been some movement from the proactive financial policies implemented by financial authorities in each country to counter the pandemic, currently, we recognize that there is a limited possibility that this will have a significant impact on our cash flow and financial stability. However, in the event of a major turmoil in the financial markets, there may be an increase in funding costs and an impact on new fund procurement. It is difficult to predict the impact of COVID-19, so in the short term, we will hold off on new investment activities and work on steady fund procurement.

(Impact on production activities)

In the event that the virus spreads and restrictions on business activities and actions are tightened by government order, such restrictions may have a significant impact on our production and sales activities, including suspension of plant operations.

(Impact on supply chain)

In regard to procurement, the timing at which operations resumed at Group production bases in China, Malaysia, Philippines, and other countries where the government ordered a suspension of operations and at suppliers differed. While there are currently no major issues with the procurement of raw materials, etc., depending on how the virus spreads, there could still be impacts from soaring prices and supply difficulties. In distribution, major impacts were felt from travel restrictions in each country, while a reduced number of ships and flights and longer lead times negatively impacted Group plant operations and customer shipments.

The Group is continuing to reexamine the supply chain from the standpoint of business continuity planning (BCP), including review of procurement areas, multi-sourcing, further in-house production of key parts, and review of distribution routes.

② Latent risk related to operations overseas

Our Group has 96 manufacturing facilities and 87 sales facilities in 27 countries, including regions where there are risks of unexpected changes to laws or regulations, large-scale labor disputes, acts of terrorism, war, or other occurrences that could disrupt social order.

In response, we have established crisis management manuals for our overseas bases and are working to enhance our preparation for unexpected situations. At the same time, we coordinate closely with the relevant authorities in each country and region and work to ensure the safety of the companies and employees in the event of an emergency. In addition, we are working on gaining recognition as a community-based company not only from the relevant authorities but also from local residents by actively engaging in social contribution activities in each area.

With a diverse business portfolio and global production bases that complement each other, we have established a risk diversification system that can maintain revenue even during environmental changes.

Russia's aggression against Ukraine

Regarding impacts from Russia's aggression against Ukraine, supervisors in each country are providing daily analyses and reports on sales and credit collection conditions, purchasing and payment conditions, distribution conditions, economic and financial conditions, and various others. We also have a system in place through which upper management can, based on these analyses and reports, immediately determine and implement a response when required.

The Group owns business sites in Russia and sales companies in Europe that sell to Russia and Ukraine. However, these businesses only account for approximately 0.3% of the Group's consolidated net sales, and so there are no major impacts on Group results.

The aggression has led to future concerns over soaring raw material prices, lower gas supplies, global supply chain issues, and more, and so we will continue to carefully watch over changes in the state of affairs.

③ Risk associated with exchange rate fluctuation

Sudden, unpredictable fluctuations in the currencies may impact our operating results and financial position because a significant portion of our consolidated net sales and production occur outside Japan. For this reason, we have entered into currency exchange contracts based on pre-established rules to hedge against the risk of sudden currency exchange rates in the future.

④ Risk associated with sudden changes in market environment and low-priced competition

The principal markets for our Group products, including those for PCs and peripheral equipment, information and telecommunications equipment, household electrical appliances, automobiles, and aircraft parts, are intensely competitive both in and outside of the country and are subject to significant fluctuations in demand. A sudden decline in demand or price competition from low-priced products made overseas could impact our operating results and financial position.

For this reason, we have established a management strategy of reinforcing core businesses, diversified niches (Eight Spears), and generating synergy through the integration. Under this strategy, we strengthen credit management by such means as avoiding the risk of relying too much on individual customers as much as possible and negotiating maintenance activities with suppliers that have questionable credit. At the same time, we address the risk of changes in the market environment and low-price competition by focusing on creating one-of-a-kind, high value-added products that do not get caught up in price competition.

⑤ Risk related to increased raw materials and logistics costs

Our Group procures various raw materials from suppliers and outsources the storage and transportation of products to logistics providers. Damages, pandemics, bankruptcies, capacity reductions, strikes, accidents, illegal activities, regional or international conflict and other such occurrences at suppliers or logistics providers may disrupt our supply and have a significant impact on the Group's production and sales activities. In particular, from a medium- to long-term perspective, Russia's aggression against Ukraine is expected to cause instability in the supply of energy and raw materials and in turn supply chain issues.

We have established rules for procurement and logistics divisions as a countermeasure for this risk, and we are working to secure a stable supply chain and reduce risk by diversifying and consolidating suppliers and logistics providers as appropriate. In addition, in order to build healthy partnerships with our suppliers, we have established a Basic Procurement Policies. We start new business relationships after confirming that the supplier agrees with our thinking on material procurement and is capable of maintaining ongoing trade, observing our procedures and standards related to chemical substances contained in our products, and consenting to the MinebeaMitsumi Group CSR Procurement Guidelines.

⑥ Risk related to disputes over intellectual property and flooding of the market with counterfeit products (knock-offs)

There is a risk that a third party may bring a lawsuit against us in relation to our products for infringement of intellectual property rights. In addition, were counterfeits of our products to be distributed, it could impact our sales and harm our brand or credibility.

In order to reduce the risk of lawsuits related to infringement of intellectual property rights, we research the intellectual property rights of other companies during the development and design stage and address intellectual property rights that could present a problem. Furthermore, we have registered our trademarks with customs and have established a system for monitoring counterfeit products. We also actively acquire intellectual property rights for our newly developed products. The Patent Committee manages and implements the above actions as appropriate.

⑦ Legal risk

As we engage in a wide range of business activities in Japan and overseas, serious disputes and lawsuits could potentially arise between our Group and its customers, consumers, suppliers, competitors, governments, and others in relation to contract violations, illegal activities, or other matters.

We have established Guideline for Consultations with the Legal Department in order to prevent serious disputes and lawsuits. Important management matters and contracts requiring legal review must be brought to the Legal Division in Japan and overseas beforehand. In addition, in the event of a serious dispute or lawsuit, the Legal Division and legal advisors will play a central role in coordinating with the related internal departments to resolve the dispute/lawsuit appropriately and in a timely manner. However, there is a risk that lawsuits or other actions with the potential to affect our operating results and/or financial position may be brought against us in the future.

⑧ Risk related to environmental laws and regulations

Our business is subject to various environmental laws and regulations that are in effect in the regions where we operate. Although we pay due attention to ensuring compliance with all such laws and regulations, we could be subject to losses in the event that an incident involving environmental contamination were to occur or in the event that the possibility of such an incident were to arise.

For this reason, we have established an environmental management system (Environment Management Committee) under the MinebeaMitsumi Group Environmental Policy and assigned environmental managers to promote strict activities to prevent environmental pollution during normal times and address such risk.

Further, policies aimed at achieving a decarbonized society could cause production costs to increase and in turn the need to change raw materials.

As such, while carefully monitoring policy movements, we will seek to respond to climate change-related risks and opportunities through support for the TCFD, etc., and take the lead in shifting to a business model ideally suited to a decarbonized society.

⑨ Risk related to M&As and alliances

Our Group has positioned M&As and alliances as one of its most important measures and is promoting them accordingly. However, there is a risk that they may not generate the initially anticipated effect due to changes in the market environment or strategies that are in conflict with those of alliance partners. In order to address such risks, our Group places priority on harmonization of human resources and organizations in M&As and mutual utilization of knowledge in alliances to create synergy. However, if the acquired company or alliance partner’s business suffers a greater-than-anticipated decline in profitability or deterioration of its financial position due to changes in the business environment, this could impact our operating results and financial position.

(Internal environment)

① Risk related to compliance

We engage in a wide range of businesses all around the world and are subject to the laws and regulations that are in effect in each region. As such, there is a possibility of future legal violations, and in addition, changes in laws and regulations, including the interpretation or enforcement thereof, may make compliance more complex and could even incur higher costs related to compliance.

Our Group has established the MinebeaMitsumi Group Code of Conduct for labor, safety and health, environmental protection, and ethical management along with the MinebeaMitsumi Group Officer and Employee Compliance Guidelines, which provide specific standards for all officers and employees to observe. To ensure thorough compliance with these, we have established a Compliance Committee and have built a system for verifying that the Group’s legal compliance structure is properly managed. On the practical side, the department in charge stipulated within the MinebeaMitsumi Group Officer and Employee Compliance Guidelines is in charge of complying with laws and regulations in operations and the Internal Auditing Office conducts audits. Meanwhile, on the internal control side of things, the Internal Control Promotion Office has primary responsibility for ensuring the reliability of financial reporting. These organizations work to increase the effectiveness of legal compliance throughout the entire Group. Further, in setting up an internal reporting system, we are working to reduce compliance-related risks.

② Risk related to quality problems

Our products are used in applications that require a high degree of precision in the general market and many industrial fields (including products that could affect human health and safety such as automobiles, aircraft, and medical devices). We recognize that social responsibility we bear and have a system in place to ensure our products are of the highest quality. At the same time, we have a mission (expectations) to provide customers with environments, health, peace of mind, and safety by selecting primary materials, parts, and secondary materials and engaging in design and development that takes the application into careful consideration. If any of our products were found to be defective and resulted in a serious accident in the market, the suspension of our customers' manufacturing operations, or a product recall, we could incur significant expenses or lose public confidence, both of which could result in a material adverse effect on our operating results and financial status.

We have implemented the countermeasures below, fully recognizing our social responsibility based on the MinebeaMitsumi Group Quality Policy.

- Thorough action on lessons learned from quality problems (prevention of occurrence and recurrence)
- Investigation and verification in design stage and strengthening of management structure within supply chain
- Thorough communication of and compliance with various laws and regulations and customer requirements
- Sharing of information and deployment of measures through company-wide meetings, on-site audits, etc.

③ Risk related to information security

Through the course of our business operations, we obtain large amounts of important information, including personal information. While we maintain information security policies that prevent the undesired disclosure as well as unintended use of information, a security breach could occur due to unforeseen circumstances. Addressing such an incident could incur huge losses and expose us to the risk of losing public confidence.

To reinforce the Group’s information security system, we have therefore established the Security Promotion Office, an organization dedicated to implementing cyber security measures.

The Company’s Chief Information Security Officer is director of the Security Promotion Office, and is tasked with improving security measures, formulating and promoting strengthening measures, responding to cyber incidents, and in-house security education. Further, we have put in place a system for verifying that our information security system is operating properly, which includes formulating an Information Security Policy and establishing an Information Security Committee. We also implement information security education and administer tests to ensure comprehension, working to prevent information leaks resulting from loss or theft of devices, carelessness, etc.

In addition to the above, we address problems with security vulnerabilities in the network devices, computers, servers, etc. used in our operations by updating to the latest versions that have been confirmed to be stable. This is done as a measure to prevent suspension of operations and information leaks due to computer viruses, malware, unauthorized access and other cyber attacks or system intrusions. We have also installed anti-virus and anti-malware software and introduced 24 hours a day, every day information security system that utilizes AI to ensure proper operations.

④ Risk related to research and development

Our Group conducts research and development activities that include basic research, development of elemental technology, product development, and production process development so that it can continuously bring new products to market and contribute to the achievement of future sales and revenue targets. However, in the event that we were unable to bring our R&D efforts to fruition or a competitor were to create a superior product to ours, this could prevent us from achieving future sales and revenue targets, thereby impacting our operating results and financial position.

There are no guarantees that our R&D efforts will come to fruition. This must be considered, so we engage in effective and efficient management of R&D project progress and costs according to Research and Development Management Manual.

2. Condition of Group of Enterprises

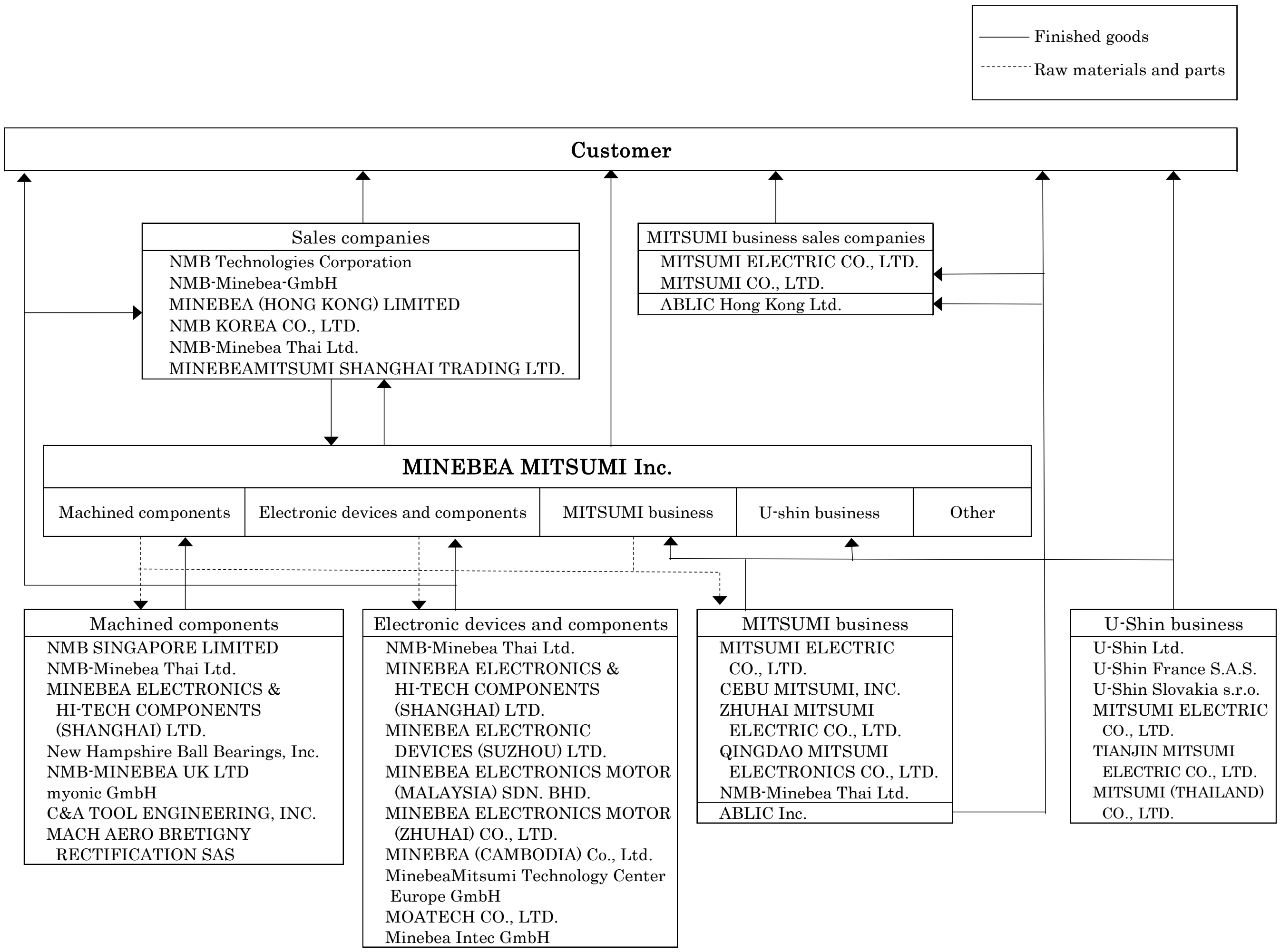
The MinebeaMitsumi Group consists of MINEBEA MITSUMI Inc. (the Company) and 120 subsidiaries. The MinebeaMitsumi Group produces and sells machined components, electronic devices and components and MITSUMI Business, and products of the U-Shin Business.

The Company along with its domestic consolidated subsidiaries as well as its consolidated subsidiaries in Asia such as China, Thailand, Philippines, Malaysia, Cambodia, South Korea and Singapore, the U.S. and Europe are responsible for production. The Company and its domestic consolidated subsidiaries markets its products directly to customers in Japan, while overseas marketing is handled through its subsidiaries and branches in Asia such as China, Thailand and South Korea, the U.S. and Europe.

Manufacturing and sales companies within each segment

Segments	Main products	Manufacturing companies	Sales companies
Machined components	Bearings Rod-end bearings and fasteners Mechanical components	MINEBEA MITSUMI Inc. NMB SINGAPORE LIMITED NMB-Minebea Thai Ltd. MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD. New Hampshire Ball Bearings, Inc. NMB-MINEBEA UK LTD myonic GmbH C&A TOOL ENGINEERING, INC. MACH AERO BRETIGNY RECTIFICATION SAS	MINEBEA MITSUMI Inc. NMB Technologies Corporation NMB-Minebea-GmbH MINEBEA (HONG KONG) LIMITED NMB KOREA CO., LTD. NMB-Minebea Thai Ltd. MINEBEAMITSUMI SHANGHAI TRADING LTD.
Electronic devices and components	Electronic devices Motors Sensing devices	MINEBEA MITSUMI Inc. NMB-Minebea Thai Ltd. MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD. MINEBEA ELECTRONIC DEVICES (SUZHOU) LTD. MINEBEA ELECTRONICS MOTOR (MALAYSIA) SDN.BHD. MINEBEA ELECTRONICS MOTOR (ZHUHAI) CO., LTD. MINEBEA (CAMBODIA) Co., Ltd. MinebeaMitsumi Technology Center Europe GmbH MOATECH CO., LTD. Minebea Intec GmbH	
MITSUMI business	Semiconductor devices Optical devices Mechanical parts	MINEBEA MITSUMI Inc. MITSUMI ELECTRIC CO., LTD. CEBU MITSUMI, INC. ZHUHAI MITSUMI ELECTRIC CO., LTD. QINGDAO MITSUMI ELECTRONICS CO., LTD. NMB-Minebea Thai Ltd. ABLIC Inc.	MINEBEA MITSUMI Inc. MITSUMI ELECTRIC CO., LTD. MITSUMI CO., LTD. ABLIC Hong Kong Ltd.
U-Shin business	Automotive components Industrial machinery components	U-Shin Ltd. U-Shin France S.A.S. U-Shin Slovakia s.r.o. MITSUMI ELECTRIC CO., LTD. TIANJIN MITSUMI ELECTRIC CO., LTD. MITSUMI (THAILAND) CO., LTD.	MINEBEA MITSUMI Inc. U-Shin Ltd. U-Shin France S.A.S. U-Shin Slovakia s.r.o MITSUMI ELECTRIC CO., LTD. MITSUMI (THAILAND) CO., LTD.

Operational flowchart



3.Basic Rationale for Selection of Accounting Standards

The Group has adopted International Financial Reporting Standard (IFRS) for the purpose of enhancing comparability with the financial information in the capital market and unification of accounting treatment across the Group.

4. Consolidated Financial Statements and Major Notes

(1) Consolidated Statements of Financial Position

(Amount: millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and cash equivalents	165,479	163,588
Trade and other receivables	203,614	240,822
Inventories	171,368	219,308
Other financial assets	19,970	23,320
Other current assets	14,844	19,084
Total current assets	575,275	666,122
Non-current assets		
Property, plant and equipment	293,079	336,385
Goodwill	41,439	42,865
Intangible assets	18,666	17,790
Other financial assets	23,506	21,627
Deferred tax assets	16,892	12,844
Other non-current assets	7,914	6,559
Total non-current assets	401,496	438,070
Total assets	976,771	1,104,192

(Continued)

(Amount: millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	142,673	170,854
Bonds and borrowings	137,141	164,866
Other financial liabilities	8,798	14,342
Income taxes payable	6,689	11,129
Provisions	4,445	2,648
Other current liabilities	46,026	51,318
Total current liabilities	345,772	415,157
Non-current liabilities		
Bonds and borrowings	131,480	105,845
Other financial liabilities	14,408	14,395
Net defined benefit liabilities	23,122	21,100
Provisions	4,518	1,892
Deferred tax liabilities	1,603	1,605
Other non-current liabilities	1,870	2,763
Total non-current liabilities	177,001	147,600
Total liabilities	522,773	562,757
Equity		
Common stock	68,259	68,259
Capital surplus	139,456	140,102
Treasury stock	(39,166)	(43,964)
Retained earnings	265,417	320,755
Other components of equity	17,175	53,458
Total equity attributable to owners of the Company	451,141	538,610
Non-controlling interests	2,857	2,825
Total equity	453,998	541,435
Total liabilities and equity	976,771	1,104,192

(2) Consolidated Statements of Income
and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(Amount: millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Net sales	988,424	1,124,140
Cost of sales	820,832	908,556
Gross profit	167,592	215,584
Selling, general and administrative expenses	107,785	125,276
Other income	5,689	4,497
Other expenses	14,330	2,669
Operating income	51,166	92,136
Finance income	1,482	1,497
Finance expenses	3,121	2,845
Profit before income taxes	49,527	90,788
Income taxes	10,740	21,862
Profit for the year	38,787	68,926
Profit for the year attributable to:		
Owners of the Company	38,759	68,935
Non-controlling interests	28	(9)
Profit for the year	38,787	68,926
Earnings per share (EPS)		
Basic (Yen)	94.95	170.08
Diluted (Yen)	92.87	166.61

(Consolidated Statements of Comprehensive Income)

(Amount: millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Profit for the year	38,787	68,926
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss, net of tax:		
Net changes in revaluation of equity instruments measured at fair value through other comprehensive income	2,170	1,520
Remeasurement of defined benefit plans	3,558	1,482
Sub-total	5,728	3,002
Components of other comprehensive income that will be reclassified to profit or loss, net of tax:		
Foreign exchange differences on translation of foreign operations	23,462	35,882
Cash flow hedges	331	108
Sub-total	23,793	35,990
Other comprehensive income, net of tax	29,521	38,992
Comprehensive income for the year	68,308	107,918
Comprehensive income attributable to:		
Owners of the Company	68,166	107,857
Non-controlling interests	142	61
Comprehensive income for the year	68,308	107,918

(3) Consolidated Statements of Changes in Equity

(Amount: millions of yen)

	Equity attributable to owners of the Company					
					Other components of equity	
	Common stock	Capital surplus	Treasury stock	Retained earnings	Foreign currency translation	Cash flow hedge
Balance as of April 1, 2020	68,259	134,707	(34,455)	234,667	(8,807)	(1,007)
Profit for the period	—	—	—	38,759	—	—
Other comprehensive income	—	—	—	—	23,348	331
Comprehensive income for the period	—	—	—	38,759	23,348	331
Purchase of treasury stock	—	(1)	(4,940)	—	—	—
Disposal of treasury stock	—	11	229	—	—	—
Dividends	—	—	—	(11,435)	—	—
Transactions with non-controlling interests	—	4,739	—	—	—	—
Transfer to retained earnings	—	—	—	3,426	—	—
Total transactions with owners	—	4,749	(4,711)	(8,009)	—	—
Balance as of March 31, 2021	68,259	139,456	(39,166)	265,417	14,541	(676)
Profit for the period	—	—	—	68,935	—	—
Other comprehensive income	—	—	—	—	35,812	108
Comprehensive income for the period	—	—	—	68,935	35,812	108
Conversion of convertible bonds with warrants	—	777	5,933	—	—	—
Purchase of treasury stock	—	(42)	(10,733)	—	—	—
Disposal of treasury stock	—	1	2	—	—	—
Dividends	—	—	—	(16,236)	—	—
Change in scope of consolidation	—	(90)	—	—	—	—
Transfer to retained earnings	—	—	—	2,639	—	—
Total transactions with owners	—	646	(4,798)	(13,597)	—	—
Balance as of March 31, 2022	68,259	140,102	(43,964)	320,755	50,353	(568)

(Continued)

(Amount: millions of yen)

	Equity attributable to owners of the Company					
	Other components of equity					
	Net changes in revaluation of equity instruments measured at fair value through other comprehensive income	Remeasurement of defined benefit plans	Subtotal	Total	Non-controlling interests	Total equity
Balance as of April 1, 2020	1,008	—	(8,806)	394,372	7,904	402,276
Profit for the period	—	—	—	38,759	28	38,787
Other comprehensive income	2,170	3,558	29,407	29,407	114	29,521
Comprehensive income for the period	2,170	3,558	29,407	68,166	142	68,308
Purchase of treasury stock	—	—	—	(4,941)	—	(4,941)
Disposal of treasury stock	—	—	—	240	—	240
Dividends	—	—	—	(11,435)	(43)	(11,478)
Transactions with non-controlling interests	—	—	—	4,739	(5,146)	(407)
Transfer to retained earnings	132	(3,558)	(3,426)	—	—	—
Total transactions with owners	132	(3,558)	(3,426)	(11,397)	(5,189)	(16,586)
Balance as of March 31, 2021	3,310	—	17,175	451,141	2,857	453,998
Profit for the period	—	—	—	68,935	(9)	68,926
Other comprehensive income	1,520	1,482	38,922	38,922	70	38,992
Comprehensive income for the period	1,520	1,482	38,922	107,857	61	107,918
Conversion of convertible bonds with warrants	—	—	—	6,710	—	6,710
Purchase of treasury stock	—	—	—	(10,775)	—	(10,775)
Disposal of treasury stock	—	—	—	3	—	3
Dividends	—	—	—	(16,236)	—	(16,236)
Change in scope of consolidation	—	—	—	(90)	(93)	(183)
Transfer to retained earnings	(1,157)	(1,482)	(2,639)	—	—	—
Total transactions with owners	(1,157)	(1,482)	(2,639)	(20,388)	(93)	(20,481)
Balance as of March 31, 2022	3,673	—	53,458	538,610	2,825	541,435

(4) Consolidated Statements of Cash Flows

(Amount: millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Cash flows from operating activities:		
Profit before income taxes	49,527	90,788
Depreciation and amortization	48,628	45,231
Interest income and dividends income	(1,225)	(1,294)
Interest expenses	1,614	1,521
Net loss (gain) on sale and disposal of property, plant and equipment	(102)	(381)
Decrease (increase) in trade and other receivables	(11,877)	(24,237)
Decrease (increase) in inventories	13,121	(35,839)
Increase (decrease) in trade and other payables	(10,993)	20,955
Other	14,469	(5,447)
Sub-total	103,162	91,297
Interest received	888	870
Dividends received	345	371
Interest paid	(1,544)	(1,479)
Income taxes paid	(9,088)	(12,642)
Net cash flows provided by operating activities	93,763	78,417
Cash flows from investing activities:		
Net decrease (increase) in time deposits	(1,287)	610
Purchase of property, plant and equipment	(44,195)	(68,476)
Proceeds from sale of property, plant and equipment	1,373	874
Purchase of intangible assets	(1,308)	(1,632)
Purchase of securities	(1,581)	(735)
Proceeds from sale and redemption of securities	1,412	5,416
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	—	502
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	—	364
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(24,160)	—
Other	(835)	(528)
Net cash flows used in investing activities	(70,581)	(63,605)

(Continued)

(Amount: millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	40,297	9,200
Proceeds from long-term borrowings	—	500
Repayments of long-term borrowings	(5,340)	(2,964)
Acquisition of non-controlling interests	(5,377)	—
Proceeds from disposal of treasury stock	240	3
Purchase of treasury stock	(4,941)	(10,775)
Dividends paid	(11,435)	(16,236)
Dividends paid to non-controlling interests	(43)	—
Payments of lease liabilities	(4,144)	(5,275)
Net cash flows provided by (used in) financing activities	9,257	(25,547)
Effect of exchange rate changes on cash and cash equivalents	2,294	8,844
Net increase (decrease) in cash and cash equivalents	34,733	(1,891)
Cash and cash equivalents at beginning of year	130,746	165,479
Cash and cash equivalents at end of year	165,479	163,588

(5) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Change in Accounting Estimate)

(Change of useful lives of property, plant and equipment)

The Group comprehensively reviewed the useful lives of its manufacturing facilities, triggered by the progress of the unification with the business integrated through the business combinations implemented in recent years throughout the Group, the progress made in ascertaining the actual long-term use of existing equipment with a view to future capital investment, and changes in product life cycle conditions in some businesses.

As a result, the useful lives of machinery and equipment in some businesses have been changed in the future since this fiscal year.

Because of this change, operating income and profit before income taxes for this fiscal year have each increased by 6,596 million yen compared to the previous method.

Please refer to "(Segment Information)" for the impact on segment profit (loss).

(Segment Information)

(1) Summary of reportable segments

Our group's reportable segments are segments which separate financial information is available and subject to periodical reviews and in order for the Company's Board of Directors to determine the distribution of management resources and evaluate performance.

The Company established business divisions by product in key business centers, therein Machined Component Business Headquarters supervises the production of machined components, while Electronic Device and Component Business Headquarters oversees the manufacture of small-sized motors, electronic devices and components, and optical products, etc., Mitsumi Business Headquarters is responsible for the production of semiconductor devices, optical devices, mechanical components, etc., and U-Shin Business Headquarters is responsible for the production of automotive components and industrial equipment components and formulates comprehensive business strategies to be implemented for both domestic and foreign operations. Therefore, we have four reportable segments consisting of "Machined components", "Electronic devices and components", "MITSUMI business" and "U-Shin business". There are no reportable segments that aggregate business segments.

Our core products in the "Machined components" are mechanical parts, such as ball bearings, rod-end bearings, pivot assemblies of HDDs, etc. as well as fasteners for aircraft. The "Electronic devices and components" includes electronic devices (devices such as LED backlights for LCDs, sensing devices (measuring components), etc.), HDD spindle motors, stepping motors, DC motors, air movers and special devices. The staple products of "MITSUMI business" include semiconductor devices, optical devices, mechanical parts, power supply components, smart product, etc. The main products of "U-Shin business" are automotive components, such as key sets, door latches, door handles, etc. as well as industrial equipment components.

From this fiscal year, the Company changed its corporate organization to transfer the smart product included in the Electronic devices and components business to the MITSUMI business, the automotive devices included in the MITSUMI business to the U-Shin business, and the home security units included in the U-Shin business to the MITSUMI business. Accordingly, segment information has been updated.

The segment information disclosed for the previous year has been prepared based on the classification of segments after the corporate organization change.

(2) Reportable segments information

Reportable segment earnings are operating income-based figures.

Net sales to other segment are calculated based on invoice prices－the comprehensive judgment made after having considered factors including market prices and manufacturing costs.

(Year ended March 31, 2021) (Amount: millions of yen)

	Reportable segment				Other *1	Adjustments *2	Consolidated
	Machined components	Electronic devices and components	MITSUMI business	U-Shin business			
Net sales							
Net sale to customers	157,411	345,595	352,277	132,112	1,029	—	988,424
Net sale to other segment	5,243	5,080	26,645	6	1,516	(38,490)	—
Total	162,654	350,675	378,922	132,118	2,545	(38,490)	988,424
Segment profit (loss)	31,223	17,685	20,458	(2,594)	(1,908)	(13,698)	51,166
Finance income	—	—	—	—	—	—	1,482
Finance expenses	—	—	—	—	—	—	3,121
Profit before income taxes	—	—	—	—	—	—	49,527
(Other income and expenses)							
Depreciation	9,682	15,219	12,794	4,513	93	6,327	48,628
Impairment loss	—	—	—	—	—	—	—
Segment assets	137,245	195,307	199,103	98,501	2,140	344,475	976,771
(Other assets)							
Capital expenditures	4,652	18,131	12,738	2,702	45	7,254	45,522

(Year ended March 31, 2022) (Amount: millions of yen)

	Reportable segment				Other *1	Adjustments *2	Consolidated
	Machined components	Electronic devices and components	MITSUMI business	U-Shin business			
Net sales							
Net sale to customers	177,470	371,023	429,116	145,577	954	—	1,124,140
Net sale to other segment	6,881	7,771	25,027	220	3,678	(43,577)	—
Total	184,351	378,794	454,143	145,797	4,632	(43,577)	1,124,140
Segment profit (loss)	45,717	21,561	41,846	732	(1,429)	(16,291)	92,136
Finance income	—	—	—	—	—	—	1,497
Finance expenses	—	—	—	—	—	—	2,845
Profit before income taxes	—	—	—	—	—	—	90,788
(Other income and expenses)							
Depreciation	7,265	14,561	12,238	4,397	100	6,670	45,231
Impairment loss	—	—	—	—	—	—	—
Segment assets	160,227	230,128	238,704	113,355	2,745	359,033	1,104,192
(Other assets)							
Capital expenditures	16,124	17,000	20,504	4,417	68	15,391	73,504

(Notes) *1. The classification of "Other" refers to business units not included in the reportable segments. Their products are mainly machines made in-house.

*2. The amount of the adjustment is as follows.

① Adjustments to segment income (loss) include corporate expenses such as selling, general & administrative expenses in addition to research and development costs that do not belong to the reportable segments (-13,698 million yen last fiscal year, -16,291 million this fiscal year).

② Adjustments to segment assets include assets of cash and cash equivalents, tangible fixed assets and deferred tax assets, etc. related to administrative divisions that do not belong to the reportable segments (344,475 million yen last fiscal year, 359,033 million yen this fiscal year).

③ The major part of the adjustments in depreciation is depreciation of equipment related to the administrative division, which does not belong to the reportable segments.

④ The major part of the adjustments related to capital expenditures is capital investments in equipment related to the administrative division, which does not belong to the reportable segments.

*3. The changes of reportable segments are as follows.

From this fiscal year, the Company changed its corporate organization to transfer the smart product included in the Electronic devices and components business to the MITSUMI business, the automotive device included in the MITSUMI business to the U-Shin business, and the home security units included in the U-Shin business to the MITSUMI business. Accordingly, segment information has been updated.

The segment information disclosed for the previous year has been prepared based on the classification of segments after the corporate organization change.

*4. As described on "(Change of useful lives of property, plant and equipment)", useful lives of machinery and equipment have been changed since this fiscal year.

Because of this, segment profit (loss) for this fiscal year has increased by 2,038 million yen in the Machined components, 1,176 million yen in the Electronic devices and components, and 3,382 million yen in the MITSUMI business compared to the previous method.

(Per Share Data)

(1) Basic and diluted earnings per share

	Year ended March 31, 2021	Year ended March 31, 2022
Earnings per share, basic (yen)	94.95	170.08
Earnings per share, diluted (yen)	92.87	166.61

(2) Basis of calculation for basic and diluted earnings per share

	Year ended March 31, 2021	Year ended March 31, 2022
Profit for the year used for the calculation of basic and diluted earnings per share		
Profit for the year attributable to owners of the parent (millions of yen)	38,759	68,935
Amount not available for common shares of the parent (millions of yen)	—	—
Profit for the year used for the calculation of basic earnings per share (millions of yen)	38,759	68,935
Adjustments		
Interest expense, net of tax (millions of yen)	51	18
Profit for the year used for the calculation of diluted earnings per share (millions of yen)	38,810	68,953
Average number of common share used for the calculation of basic and diluted earnings per share		
Average number of common shares used for the calculation of basic earnings per share (shares)	408,220,767	405,317,126
Effect of dilutive potential common shares due to convertible bonds with warrants (shares)	9,671,179	8,522,546
Effect of dilutive potential common shares due to warrants (shares)	25,987	25,992
Average number of common shares used for the calculation of diluted earnings per share (shares)	417,917,933	413,865,664

(Subsequent Events)

Not applicable.