

Internal Control Report

1. Framework of Internal Control Over Financial Reporting

The management of MINEBEA MITSUMI Inc. is responsible for the design and operation of the internal control over financial reporting (“ICOFR”) that is performed by MINEBEA MITSUMI Inc. and its consolidated subsidiaries. Therefore, management designs and operates ICOFR in accordance with the internal control framework described in the report “On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)” issued by the Business Accounting Council.

Internal control aims at achieving the objectives to a reasonable extent with each components of internal controls connecting organically and functioning as a whole. Therefore, ICOFR may not be able to prevent or detect misstatements contained in financial reporting.

2. Assessment Scope, Timing and Procedures

Basis of Presenting Internal Control Report

The report on ICOFR of the consolidated financial statements of MINEBEA MITSUMI Inc. (“Internal Control Report”) is prepared on the basis of generally accepted assessment standards of internal control over financial reporting in Japan (“Assessment Standards”) and is compiled from the Internal Control Report prepared by MINEBEA MITSUMI Inc. as required by the Financial Instruments and Exchange Act of Japan (“Act”).

The Assessment Standards require management to assess the ICOFR, which consists of the internal control over the consolidated/parent-only financial statements included in the Annual Securities Report filed under the Act and the internal control over disclosure information and others included in the Annual Securities Report that materially affects the reliability of the financial statements.

The scope of management’s assessment of ICOFR in this annual report is different from the scope required by the Assessment Standards. Management assessment of ICOFR for this annual report covers the ICOFR with respect to the accompanying consolidated financial statements only. In addition, as explained in Note 1 to the consolidated financial statements, the accompanying consolidated financial statements are reclassified and additional information are provided from the consolidated financial statements prepared for the purpose of the Act. The process of making reclassifications and the addition of certain information is for the convenience of readers outside Japan. Management voluntarily includes the process in its assessment of ICOFR, even though it is outside the scope of the Assessment Standards.

Scope of Assessment

The reference date for the assessment of ICOFR was March 31, 2017, the end of the current fiscal year, and the assessment of the MINEBEA MITSUMI Inc. and its consolidated subsidiaries was carried out based on the Assessment Standards.

In evaluating internal controls, management assessed internal controls that had a material impact on overall consolidated financial reporting (entity level internal controls) and, based on such results, management identified business processes to be included within the scope of the assessment. In order to assess the effectiveness of the process-level internal control described above, the details of the processes subject to assessment were initially analyzed. Key controls that were considered to have significantly influence to the reliability of financial reporting were then identified and the design and operation statuses of those key controls were assessed accordingly.

For the scope of assessment for ICOFR, assessment was carried out on entity-level internal control which had a significant effect on the consolidated financial reporting of MINEBEA MITSUMI Inc. and its consolidated subsidiaries. This assessment was carried out at all of our business locations excluding consolidated subsidiaries which were determined quantitatively and qualitatively insignificant.

For the scope of assessment for process-level internal control, business locations were selected as significant business locations in descending order of net external sales of previous fiscal year until their aggregated amount reached two-thirds of consolidated net sales. Then, processes which affected sales, accounts receivables and inventories, which are the accounts closely associated with the company’s business objectives, were assessed for these business locations.

In addition, by considering the impact to the consolidated financial reporting, other significant processes were also included in the assessment.

3. Results of Assessment

Management concluded that as of March 31, 2017, ICOFR of MINEBEA MITSUMI Inc. was effective.

4. Supplementary Information

Not applicable.

5. Other

Not applicable.



Yoshihisa Kainuma
Representative Director, CEO and COO
July 6, 2017