



Representative Director, CEO & COO
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Sustainability is the essence of management. Our approach to management essentially involves leveraging our diverse range of businesses, people and business locations with respect to building a company that achieves ongoing growth regardless of risks.

Taking action against COVID-19

We fulfill our supply responsibilities as a parts manufacturer, while protecting our employees, drawing on lessons learned in the past.

We encountered numerous challenges during the fiscal year ended March 2020. This included U.S.-China trade friction, typhoons striking various localities, volcanic eruptions in the Philippines, and the spread of COVID-19. Worldwide proliferation of COVID-19 has had a particularly severe impact on various industries, and MinebeaMitsumi has been no exception. Looking back, we set up a response headquarters on January 29, merely a week after the city of Wuhan in China went into lockdown on January 23. Upon establishment of the headquarters, I have continued to give detailed guidance serving as leader of the headquarters through meetings lasting about two hours, held three times a week. As many as 650 people were able to attend the meetings, particularly because they were accessible online. The experience we are gaining will help us address future adversities, given the fact that we have established a framework for directly communicating management's thoughts and instructions, in a manner not encumbered by physical restrictions.

As such, the Company has attracted positive attention for its efforts that involve taking thorough action to prevent the spread of infection, having taken the initiative even before the scourge of COVID-19 surfaced. For instance, the media has portrayed the Company as operating model factories in the cities of Shanghai and Zhuhai. As a company that supplies bearings, various motors, sensors, power supplies, semiconductors, connectors and other such components for various medical devices such as ventilators and cardiopulmonary bypass devices, we have been fulfilling our supply responsibilities as a parts manufacturer by maintaining a comprehensive supply system in addressing growing medical needs amid this crisis.

We have been able to make quick decisions in this regard largely because our experience in dealing with major floods that struck

Thailand in 2011 is deeply etched in our memories. Whereas I led efforts on-site each and every day during the flooding, it got to the point where we finally had no choice but to retreat from the Nava Nakorn Plant. Nevertheless, local employees insisted on staying behind to defend the factory. I will never forget what I witnessed during my daily stints of monitoring the scene from a helicopter above. Employees who had voluntarily remained in the flooded Nava Nakorn Plant to remove water from the facility would stop what they were doing, lean out of the windows on the second floor and wave at me from below. Moreover, despite having to contend with flooding at their homes and other such crises, some 3,000 employees would come to work every day and stack sandbags to safeguard our main factory. Whereas the flooding struck two of our plants in Thailand, several of our main factories were protected thanks to that dedication of our employees.

The Company states that it strives to "be a company where our employees are proud to work" as the first of "The Five Principles" of the company credo which serves as the basic management policy. In fact, up until the flooding incident, I had wondered why it was that employees should be given top priority, and not the shareholders. Having witnessed the employees on-site during the flooding, however, I came to truly realize that employees are the ones who sustain the company. Whereas employees give their utmost, management must also act accordingly. The Company ultimately gains protection from efforts that involve building relationships of trust and safeguarding employees. The lessons we learned and our beliefs that took shape during the floods, as well as our track record and confidence we have gained in our continuous growth while overcoming numerous adversities, are being thoroughly put to good use in our measures against COVID-19.

Corporate philosophy

Corporate Philosophy

To contribute to society by "Producing better products, with faster speed, in larger numbers, at lower cost and by smarter means."

Basic management policy

Transparent management based on our company credo "The Five Principles"

- (i) Be a company where our employees are proud to work
- (ii) Earn and preserve the trust of our valued customers
- (iii) Respond to our shareholders' expectations
- (iv) Work in harmony with the local community
- (v) Promote and contribute to global society

Corporate strategy

Create new value through "difference" that transcends conventional wisdom

We are enhancing our corporate character by returning to and instilling our corporate philosophy geared to further honing our strengths.



Operating results for the fiscal year ended March 2020

We view this unprecedented crisis as an opportunity for growth, underpinned by the Company's corporate philosophy.

Since having been appointed to the position of CEO, I have remained firmly aware of the premise that we should build a diversified business portfolio and take steps to strengthen our risk diversification system, rather than enlisting an approach that involves "selection and concentration." This is in order to make our belief that "sustainability is the essence of management" a reality.

Having built a framework whereby we "manufacture a diverse range of products in various locations (product mix/manufacturing site mix)" based on this premise, I am proud to declare that our financial results for the fiscal year ended March 2020 reflect the Company's strengths in that regard. The Company's market for finished products is widely distributed across areas that include automobiles, aircraft, video games, smartphones, medicine, and smart cities. Although we have been encountering a slowdown with respect to products for the automotive and aircraft markets, we are building complementary relationships among elements of our portfolio by addressing mounting demand for smartphones, video games and other products for general consumers. As COVID-19 took hold in China, we were able to shift production to Thailand, Cambodia and the Philippines. That enabled us to continue manufacturing without shutting down production lines, thereby avoiding situations that would otherwise have caused inconvenience to our customers. As of early May, our production is gradually recovering now that all of our plants in Japan, elsewhere in Asia, North America and Europe are in operation.

We generated net sales of 978.4 billion yen, which was a new record high—albeit slightly short of the 1 trillion yen mark—and operating income of 58.6 billion yen. We have achieved a greater presence by building a unique position as an "INTEGRATION* manufacturer of precision components" wielding a wide range of product lines and technological capabilities unlike any other company in the world. Moreover, whereas the Company had previously been plagued by the perception that it was subject to volatility, I believe we have shown our ability to take a resilient and robust approach to addressing risks, cultivated over the past decade.

Institutional investors and other outsiders have been wondering whether or not we are enduring challenges posed by the COVID-19 pandemic, and furthermore ask how MinebeaMitsumi might

transform itself through this ordeal. The pandemic serves as a tribulation shared by all of humanity. I mean that in the sense that conventional value systems do not apply amid the ongoing fight against the risk of infectious transmission prevailing until an effective vaccine is finally developed. From the perspective of a corporate manager, however, I must ask myself "what should we learn from this crisis and how should MinebeaMitsumi consequently evolve?" As such, I aim to strengthen the Company without halting its growth in a manner whereby four to five years from now I will be able to look back and say that our present success derives from our experience in contending with the COVID-19 crisis.

The COVID-19 pandemic has presented opportunities in terms of giving rise to remote work arrangements and other work-style transformations. Meanwhile, the basis for all of the Company's growth lies in its on-site operations leveraging the approach to business whereby our roughly 100,000 employees, located in 27 countries worldwide, diligently engage in efforts to accumulate profits through manufacturing—rather than an approach that would otherwise entail achieving substantial earnings generated by a select few individuals. We will continue to place focus on on-site manufacturing and face-to-face communications, while effectively separating in-person and remote work.

The driving force underpinning the Company's growth thus far is reflected in our corporate philosophy. The Company's corporate philosophy is "to contribute to society by 'Producing better products, with faster speed, in larger numbers, at lower cost and by smarter means,'" relative to our competitors from the perspective of sustainability. Premised on principles of capitalism, our philosophy embodies the notion that we operate amid an ecosystem whereby we ought to fully and effectively leverage limited resources in a manner that culminates in greater well-being of industry and society. Moreover, our philosophy is one which involves providing the Company's products to the world in a manner that entails contributing to an improved quality of life for the international community and helping to bring about development of a civilized society: a philosophy that is truly important as the source from which corporate value is generated. We will instill the corporate philosophy with the aim of enhancing our corporate character and achieving sustainable growth.

* INTEGRATION means "combining" rather than "simple gathering" of the Company's proprietary technologies to evolve the "Eight Spears" and to create new products in various fields through the INTEGRATION of our advanced technology.

Effects of business integration

We hope to leverage synergies with the analog semiconductor business undertaken by newly acquired company ABLIC.

With ABLIC having become part of the MinebeaMitsumi Group on April 30, 2020, I would like to draw attention to the medium- to long-term growth potential of the analog semiconductor business in which ABLIC engages. ABLIC boasts a domestic market share of approximately 70% with respect to analog semiconductors, which are used for digital data processing of analog data such as sound waves and pressure measurements, particularly in the field of applications requiring data retention for automotive devices. Analog semiconductors have advantages when it comes to medical applications and magnetic sensors, as well as applications that require fine-tuning in design and manufacturing processes compared to digital semiconductors. As such, the business of analog semiconductors is one that draws on strengths prevalent among the Japanese population. As with bearings, the Company's mainstay business, semiconductors constitute an industry staple. The business of semiconductors furthermore aligns with the Company's core business strategy of targeting the top of the niche, given that semiconductors will definitely remain in use, yet are difficult to counterfeit. The Company's business integration with ABLIC has enabled us to generate 59 billion yen in net sales of analog semiconductors, and has made us the third-ranking player domestically in the analog semiconductor market—excluding specialty semiconductors for power systems. We anticipate growth culminating in business operations that generate net sales of more than 100 billion yen within ten years, as a result of efforts to enhance the quality of our INTEGRATION initiatives while deepening and expanding our range of sales activities.

One outcome of the business integration with MITSUMI ELECTRIC is that of optical image stabilization (OIS) components for smartphone cameras. Carrying out the business integration

enabled us to increase net sales to our target of 100 billion yen, from around 20 billion yen previously, by leveraging MITSUMI ELECTRIC's development capabilities in conjunction with Minebea's manufacturing technologies. Meanwhile, we have positioned OIS as a "sub-core business" (refer to page 16) given the prospect of relentless changes in technologies and demand, and despite the potential for generating profits. However, we deem that our business integration with ABLIC has enabled us to further strengthen our management foundations—given that the integration has fortified our analog semiconductor operations and has culminated in there being a new "core business" in the MITSUMI business segment.

The U-Shin business has been encountering very challenging circumstances given that it mainly involves automotive products. As such, for the fiscal year ending March 2021, we anticipate net sales in the first six months amounting to half those of the same period in the previous fiscal year, and net sales in the second six months on par with those of the same period in the previous fiscal year. However, we are able to make sufficient adjustments and implement controls in terms of profits given that the company is not subject to a substantial depreciation burden. As such, we will improve productivity and cut fixed costs on the one hand, while robustly forging ahead with INTEGRATION initiatives that will involve infusing MinebeaMitsumi's technologies such as motors and wireless devices for lock mechanisms, which are a strength of the U-Shin business. In so doing, we aim to become a dominant player in the realm of keyless entry (accessories that make it possible to lock and unlock doors using a smartphone or remote control), combining electrification and a shift to wireless technology not only with respect to automobiles, but also when it comes to housing equipment.

Medium- to long-term vision

We will reinforce our Eight Spears and promote INTEGRATION initiatives, while also striving to achieve net sales of 2.5 trillion yen and operating income of 250 billion yen through M&As.

Prevailing uncertainties aside, the notion of achieving net sales of 1 trillion yen and operating income of 100 billion yen no longer seems out of reach. Moreover, our long-term targets for the fiscal year ending March 2029 remain unchanged in terms of achieving net sales of 2.5 trillion yen and operating income of 250 billion yen. With respect to our profitability target, we aim to achieve an operating margin of 10%, which we have set at that level so as to readily communicate the objective to our employees.

The Company has continued to grow by both organic growth and M&As. Over the past decade we also increased monthly production of bearings, our founding business, from 200 million units to 300 million units.

Our basic strategy for achieving our long-term targets is threefold: (i) strengthening and extending the Eight Spears which encompass bearings (refer to page 16), (ii) driving INTEGRATION initiatives, and (iii) promoting M&As. Through the business integration with ABLIC, we will reinforce our analog semiconductor business, which constitutes the fourth spear of the Company's strategy.

Moreover, our INTEGRATION initiatives entail both horizontal synergies and vertical synergies, of which the former will entail increasing our industry coverage by diversifying businesses, and of which the latter will entail developing products. For instance, the Company's manufacturing of its direct-current brushless

motors calls for high-quality bearings plus motor drivers that enable precise rotation. Whereas MITSUMI ELECTRIC deals with the motor drivers, ABLIC handles the Hall effect components required for improving precision of motor driver positioning control. We are able to provide greater added value with respect to our products by heightening quality as a result of leveraging vertical synergies—particularly involving motors, bearings, motor drivers and Hall effect components—streamlining production, and offering combinations unavailable from our competitors.

Moreover, our CLEAN-Boost® products make it possible for sensors to operate in the absence of a battery by generating boosts of electricity in battery-less environments. For instance, when working with its Smart City Solutions, the Company acquires data that is useful in terms of people's lifestyles by enlisting the combination of various sensors such as temperature-humidity sensors, rain gauges, and flood gauges on streetlights. Amid mounting interest in recent years in Japan with respect to gaining access to information on floods and other disasters, CLEAN-Boost gives rise to future possibilities to transmit small amounts of data captured by such sensors, in the absence of a battery, using electricity generated by CLEAN-Boost technology. Such data can then be sent in real time to administrative departments of local authorities from on-site operations. As such, we will be able to spur the evolution of CLEAN-Boost into products that furthermore contribute to addressing social issues.

When it comes to M&As, our objective is not that of business integration. As conveyed by our "Passion to Create Value through Difference" corporate slogan, we will focus our efforts on INTEGRATION initiatives that give rise to new products and value in a manner organically linked to the Company's technologies and products. In so doing, I will spearhead such initiatives while employees will work together in discussing and taking action geared to passionately achieving challenging targets.

We are steadily amassing knowhow and accomplishments that embody the Company's INTEGRATION approach and also typify the Company's entry into new key markets. This includes our smart product trio as well, which enlist combinations of our existing businesses, namely Smart City Solutions as well

Initiatives for ESG

Reinforcing our "proactive" approach to governance through positive dialogue

I assume that the details I have provided up to this point have enabled everyone to gain an understanding of factors that bring about sustainability of the Company's management and business operations. That said, in order for our business to achieve sustainability over the long term going forward, we will actively engage in efforts that address environmental, social, and corporate governance (ESG) concerns.

In terms of the environment, when it comes to the Company's ultra-precision components, we have been developing smaller, thinner and lighter products that waste less energy, and also creating many Green Products that help

as Bed Sensor System (combining strain sensors and data loggers) and smart LED lighting SALIOT (combining optical technology, motors, sensors, and power supplies). In the realm of infrastructure and smartphones, timelines for producing results vary depending on the industry, particularly when it comes to changes and vast differences in the sense of urgency leading up to order acceptance. Meanwhile, there are different ways to go about the objective of achieving the best possible business results during my tenure. That said, as a result of ongoing diligent efforts, we have been nurturing technologies and businesses that will blossom in the next generation; while in marketing we are managing to develop sales channels and accumulate knowhow in relation to a greater number of industries. I believe this will culminate in steady growth and sustainability with respect to the corporation.

When it comes to new M&As, our focus on leveraging synergies with the Eight Spears remains unchanged. In addition, we are actively considering new fields of business such as those involving medical & healthcare, infrastructure, and housing equipment. Going forward, COVID-19 may result in increasing numbers of companies encountering financial difficulties, yet possessing outstanding technologies. We would certainly welcome opportunities involving such entities should there be potential for mutual growth by integrating the entity with MinebeaMitsumi. When it comes to M&As, nothing is more important than achieving relationships of trust between both parties. We will actively continue to visit factories and on-site operations of M&A candidates, as we seek to develop more robust core businesses—while placing value on our intuition at such sites, real-life communication, and trusting relationships.

Although the COVID-19 pandemic has certainly stifled our growth, I believe we have sufficient capacity to achieve recovery through efforts that include M&A opportunities. In so doing, we will need to overcome the scourge of the pandemic and approach it as an opportunity for growth. The Company's long-term target of achieving net sales of 2.5 trillion yen is by no means unrealistic. We have hit even more challenging targets over the past decade, and I am confident that we will be able to do so again looking out over the decade to come.

prevent global warming and otherwise save energy. As an example, we performed trial runs of IoT streetlights under our Smart City Solutions, described previously, in Tokyo's Sugunami Ward beginning in the autumn of 2019, subsequent to such testing in Cambodia previously. The Company furnished the sensors and wireless technology for such IoT streetlights, which helped to significantly reduce power consumption. The Group Environment Management Department has been spearheading efforts with respect to increasing the proportion of Green Products by establishing a framework in the previous fiscal year for releasing such information (refer to page 47).

Having declared its support of the Task Force on Climate-related Financial Disclosures (TCFD) in August 2020, the Company will establish a framework for exercising even greater commitment. This will be done by taking steps that involve both alleviating and adapting to climate change, and helping to prevent global warming by disclosing information and other such means.

In terms of our involvement with society, we offered medical institutions around the world donations of approximately 220,000 medical-grade masks (N95) which we had been storing at sites worldwide as a countermeasure to address risks with respect to natural disasters and epidemics. On April 1, we embarked on in-house production of masks to ensure the safety of our employees and prevent the spread of infection to those outside the Company. On June 26, we launched external sales of the masks in the hope that we might provide a measure of help in addressing the shortage of masks available to the public. Considering the significance of the Company, our employees have been actively involved in donating and manufacturing such masks, underpinned by the company credo encouraging them to "work in harmony with the local community," as cited in "The Five Principles" of the Company.

Towards the future

Overcoming this crisis and furthermore becoming a company that remains essential to society

It is very difficult to predict what sorts of changes are likely to transpire across many industries from this point forward. Nevertheless, we have solidified the pillars underpinning the Company as a result of having continually engaged in various initiatives centered on the notions of strengthening our core businesses, promoting INTEGRATION initiatives, and implementing M&A strategy. We will keep working to develop a more robust and sustainable enterprise, one that does not easily waver no matter what risks it encounters.

As a company offering a varied portfolio encompassing everything from bearings, motors and sensors to semiconductors, like no other, it may seem that we are a sort of "components emporium." That said, given that we manufacture complementary and related items, in retail terms we are more akin to an SPA (specialty store retailer of private label apparel), such that employs a business model which entails selling related items of apparel using a vertically-integrated

As for the MinebeaMitsumi Group's corporate governance, I have repeatedly explained my belief that it is important to strengthen the decision-making performance and supervising function of the Board of Directors through examination and discussion from diverse perspectives, in order to prevent corporate governance from becoming a formality. During the fiscal year ending March 2021, we will further strengthen functions of the Board of Directors by appointing corporate strategy specialist Yuko Haga to serve as an independent Outside Director. We have also decided to introduce a new performance-linked stock compensation system that encourages our Directors to fulfill their responsibilities for executing business by providing them with greater motivation and stronger incentive with respect to achieving the long-term targets.

Spurring the evolution of corporate governance is a never-ending task for corporate management. I hope to further reinforce our "proactive" approach to corporate governance through positive dialogue with institutional investors and other stakeholders, particularly given the rapidly changing nature of the business environment.

approach extending from planning to manufacturing and sales. In other words, we are more of a "components SPA." Whereas the notion of "diversity" attracts attention with respect to enterprise growth, our strength lies in the way we fortify the corporate physique by drawing on the Company's diversity across the board, with respect to its products, its factories and its people. The Company draws support from its employees who have various technological and cultural backgrounds internationally. Having overcome various crises thus far, I sense that all 100,000 of our employees have been gradually instilled with an approach whereby they seize on a passion for growth and unwaveringly join forces in taking on threats across the organization—from its top executives to the factory floor. With such employees driving INTEGRATION initiatives on a global scale, I hope to see MinebeaMitsumi serve as a company that remains an essential entity: one to which people turn, knowing they trust it to act on their behalf.

We have achieved diversity across the board with respect to our products, our factories, and our people. Our INTEGRATION approach creates new value and makes a difference, and accordingly helps strengthen the company.