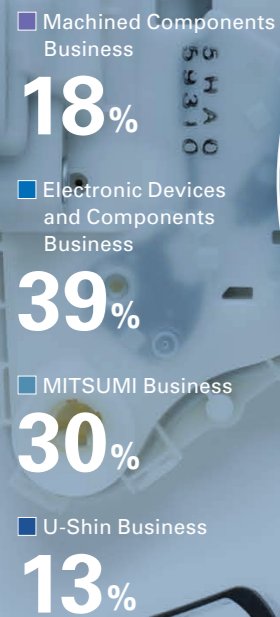


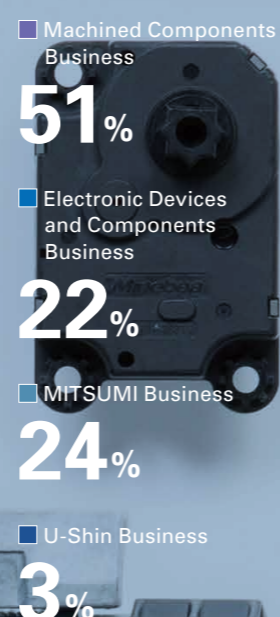
# Chapter III Initiatives for Value Creation

## Strategies by Business

### Net sales composition



### Operating income composition\*



\* The ratios were calculated exclusive of other adjustments.

Adding to our other three segments – the Machined Components, the Electronic Devices and Components, and the MITSUMI business segments – we newly introduced the U-Shin business segment in April 2019.

We originally embarked on business as a manufacturer specializing in ball bearings, but later applied core technologies, such as ultra-precision technologies developed through machining operations, to our Electronic Devices and Components business.

We will build a unique position as an "INTEGRATION manufacturer of precision components" with a multi-faceted business portfolio unlike any other in the world and contribute to risk diversification.

### Machined Components Business

Income down  
**16.5% YoY**

Sales and income decreased due to the macroeconomic slowdown

#### SWOT analysis

##### Strengths

- Ultra-precision machining technology
- High-quality and mass production technologies
- Product supply speed
- High market share in niches

##### Weaknesses

- Relatively low profitability for some products
- Handling low-priced products (non-high-end products)

##### Opportunities

- Innovation of products
- More sophisticated and advanced products
- Demand for greater energy efficiency

##### Threats

- Substitution with new technology (Certain products including those for HDDs)
- Shift to low-priced products

#### Future growth strategy

- Response to increasing demand
- Improvements in productivity
- Development of new technologies
- Expansion of portfolio

### MITSUMI Business

Income down  
**16.3% YoY**

Secured the same level of income in real terms as the previous fiscal year

#### SWOT analysis

##### Strengths

- R&D capability/proposal-based sales capability
- Capability for handling mass production
- Product supply speed
- Connectivity (IoT) related technologies

##### Weaknesses

- Low profitability for some products
- Susceptibility to demand trends
- Product portfolio

##### Opportunities

- Demand for greater energy efficiency
- Increased demand for connectivity related products
- Emergence of revolutionary products
- Increasing digitalization of components

##### Threats

- Substitution with new technology
- Intensifying competitive environments
- Change in trend of major customers

#### Future growth strategy

- Focus on developing new products
- Expansion of automotive products
- Generation of synergies with ABLIC in the field of analog semiconductors
- Development of business focused on sales of modules rather than sales of single units

### Electronic Devices and Components Business

Income up  
**3.7% YoY**

Secured increased earnings with a diversified product portfolio

#### SWOT analysis

##### Strengths

- High-quality and mass production technologies
- Product supply speed
- High market share in niches
- Extensive product lineup

##### Weaknesses

- Low profitability for some products
- Insufficient sales channels for new products

##### Opportunities

- Innovation of products
- More sophisticated and advanced products
- Demand for greater energy efficiency

##### Threats

- Substitution with new technology
- Intensifying competitive environments
- Rising raw materials and parts prices

#### Future growth strategy

- Core business centered on motors and sensing devices
- Expansion of automotive product lineup
- INTEGRATION with former MITSUMI ELECTRIC's technologies
- Development of new technologies

### U-Shin Business

Income down  
**62.9% YoY**

Sales and income decreased due to the slowdown in the automobile market

#### SWOT analysis

##### Strengths

- Transaction results of doing business with leading OEMs worldwide/Global manufacturing sites/Shift to in-house production of parts and development of new products

##### Weaknesses

- Dispensing strengths and relationships in Europe/Insufficient investment due to poor financial performance/Limited customer segment

##### Opportunities

- Substantial growth opportunities through the business integration/Shift to electric lock systems/Increasing business involving shift to smart house technologies

##### Threats

- Intensifying offensives mounted by competitors
- Stagnation of global automotive shipment

#### Future growth strategy

- Improvements in productivity
- Higher yield
- Implementation of clear location strategy
- Establishing competitive products

# Machined Components Business

**Aim to achieve strong growth on the back of increasing structural demand, particularly for ultra-high quality products and overwhelming competitive edge**



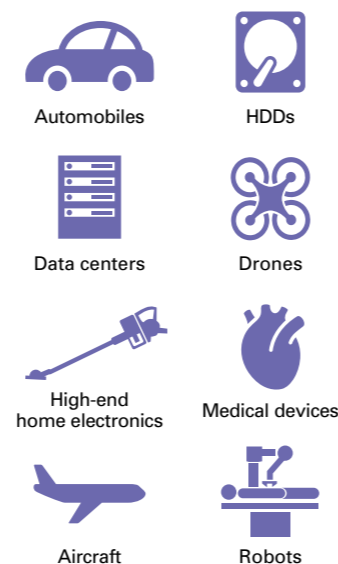
**Satoshi Mizuma**  
Managing Executive Officer,  
Chief of Machined Component Manufacturing Headquarters

## Major products



Ball bearings Rod-end bearings Spherical bearings Roller bearings Fasteners  
Bushings Pivot assemblies Mechanical assemblies Aerospace fasteners

## Major applications



## Basic strategies

A basic strategy of the Machined Components business, which has been the Company's core business since its founding, is to maintain consistent and permanent growth while maximizing growth areas by expanding the business portfolio. To such ends, we have been increasingly fortifying the business of miniature and small-sized ball bearings which already boast overwhelming competitive advantages in the market, while taking steps to further strengthen the earnings base by actively arranging M&As aiming to acquire new technologies and expand the business portfolio.

## Core competencies

Through the fundamental strength of the Company's DNA, including ultra-precision machining, vertical integration, global development, and mass production, we are securing a dominant market share and high-level QCD\*. By pursuing overseas development early and strengthening our in-house manufacturing and maintenance capabilities for components and facilities, we have succeeded in balancing ultra-high quality and low costs. The accumulation of knowhow over many years forms a barrier to entry that cannot be measured in terms of capital investment, making entry practically impossible for competing manufacturers.

\* "QCD" is an abbreviation for Quality, Cost and Delivery.

## Overview of the fiscal year ended March 2020

### Highlights of the Machined Components business

Net sales composition	ROIC	External sales volume of ball bearings	Production volume of ball bearings
18%	24%	Approx. 190 million units/month (+ internal sales 65 million units/month)	Approx. 260 million units/month

## Overview of the fiscal year

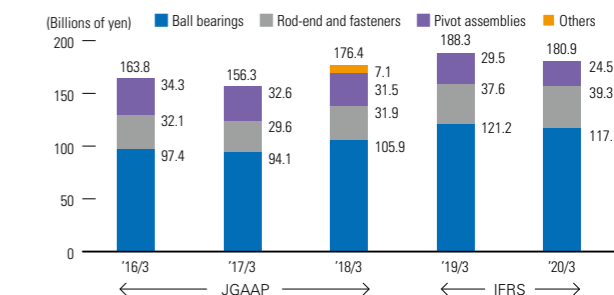
### Sales and income decreased due to the macroeconomic slowdown

Sales to data centers of ball bearings, one of our mainstay products, decreased on a full-year basis, but from the third quarter, we saw a clear trend of recovery. On the other hand, sales for automobile applications gradually slowed in the latter half of the fourth quarter although sales were up year on year for the fiscal year.

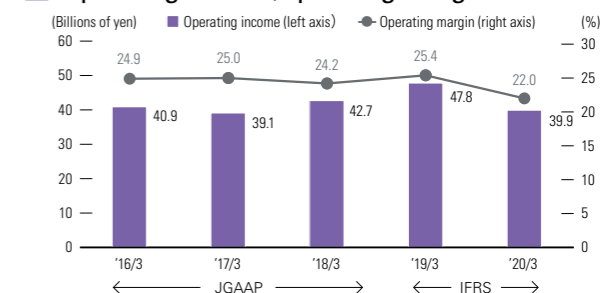
Despite the impact of reduced production in B737MAX, rod-end and fasteners sales increased owing to favorable orders in other aircraft and other products. Meanwhile, pivot assembly sales were down both in volume and amount due to shrinking of the HDD market.

As a result, net sales were 180.9 billion yen (down 4.0% YoY), operating income was 39.9 billion yen (down 16.5% YoY), and operating margin was 22.0%.

### Net sales



### Operating income/operating margin



## "Becoming the one-of-a-kind through INTEGRATION capabilities" Strategy

### Creating value that only one company in the world can

The Company is the only ball bearing manufacturer that also produces sensors. The Company is the only rod-end bearing manufacturer that also produces connectors. With our vertically-integrated manufacturing system, one of the Company's core competencies, and our "vertically comprehensive capabilities," we can create value like no other company in the world by strengthening our "horizontally

comprehensive capabilities." This is what we call INTEGRATION.

For example, we are working to realize "malfunction detection" through the development of sensor-equipped ball bearings. Furthermore, by combining the wireless technologies of our Electronic Devices and Components business and the MITSUMI business with our battery-less power generation technologies, we aim to produce benefits including labor savings, environmental burden reductions, and energy efficiency improvements.

## Creating solutions to social issues

### The higher the quality of the product, the higher the market share: developing together with an energy-saving society

The most important function of bearings is to reduce energy consumption by allowing things to rotate more easily. Furthermore, bearings should also reduce or silence noise during rotation. For ball bearings, the higher the precision and

specifications required, the higher the Company's market share gets—for applications, such as luxury vehicles, cooling fans for data centers, drones, high-end home electronics, and pivot assemblies for hard disks.

Amid rising global environmental awareness, the Company is working to protect the environment while growing our business.

Material issue

7

# Electronic Devices and Components Business

Develop new business areas by expanding our portfolio and achieve consistent growth over the long term



**Ryozo Iwaya**  
Director, Vice President Executive Officer,  
Chief of Electronic Device & Component Manufacturing Headquarters

## Major products



Electronics devices (LED backlights, sensing devices, resonant devices, etc.)  
HDD spindle motors Stepping motors DC motors Air movers (fan motors)  
Precision motors Special components

## Major applications



## Basic strategies

In the Electronic Devices and Components business, our basic strategy is to maximize profit by reinvesting cash generated from the sub-core businesses to core businesses and strengthening the platform of our core businesses of motors and sensors. In our sub-core businesses with rapid technological changes and large earnings opportunities, important issues include policies to thoroughly reduce fixed costs and accurately assess business risks. With the aim of achieving consistent growth over the long term, we will expand our portfolio and develop new areas of business through the INTEGRATION with other Eight Spear products.

## Core competencies

In addition to the Company's DNA, including ultra-precision machining, vertical integration, global development, and mass production, we will fuse core technologies in the electronics field including sensors, optics, and magnetics. We are expanding our products into a broad market including automobiles which require stringent quality characteristics and smartphones which require vertical launches—balancing quality and quantity in a short period. A dynamic location system which responds to customer demands through manufacturing automation & semi-automation and employee education & training, is another source of our competitiveness.

## Overview of the fiscal year ended March 2020

### Highlights of the Electronic Devices and Components business

Net sales composition

39%

ROIC

11%

**No.1** share  
in numerous niche fields

**Currently expanding**  
the product portfolio

## Overview of the fiscal year

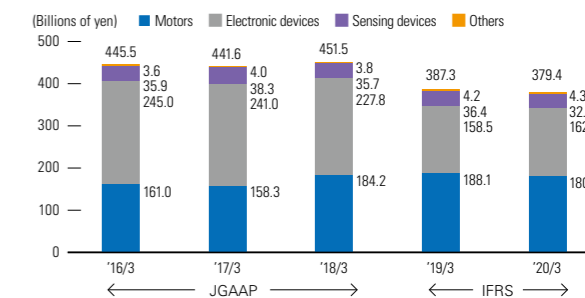
### Secured increased earnings with a diversified product portfolio

Overall, the business was affected by reduced demand for various products that began with U.S.-China trade friction and the spread of COVID-19. Sales of stepping motors and other motors declined due to decreased demand associated with sluggishness in the automobile market.

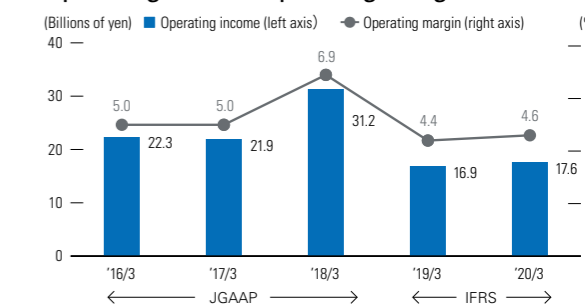
Sales of electronic devices rose due to strong sales of models using our LED backlights. Sales of sensing devices were down due to general decline in demand.

As a result, net sales were 379.4 billion yen (down 4.6% YoY), operating income was 17.6 billion yen (up 3.0% YoY), and operating margin was 4.6%.

### Net sales



### Operating income/operating margin



## "Becoming the one-of-a-kind through INTEGRATION capabilities" Strategy

### Resonant devices: driving next-generation electronics using magnetic force

Resonant devices are previously unimagined devices that use magnetic force to generate vibration. Previous vibrating motors used weights attached to the tip of the motor to generate vibration, requiring time to begin revolving. Because resonant devices use a coil and magnet to produce a resonant phenomenon, they provide good energy efficiency and

superior startup. Because they can successfully mimic the feel of the real thing, resonant devices can produce a range of vibratory effects including AR/VR functions in video game consoles and wearable devices. Furthermore, we will work to advance the coming IoT social innovation by fusing resonant devices with the Company's ultra-sensitive sensors and analog semiconductors and sublimating them in our INTEGRATION activities to produce new added value.

## Creating solutions to social issues

### Fulfilling our supply responsibilities to the medical field and resolving social issues

MinebeaMitsumi provides the Company's products for a range of devices in the medical field and maintains a thorough supply system to respond to increasing needs, carrying out top-priority operations. Specifically, we provided the product group from our Electronic Devices and Components business. This included various motors and sensors, bearings, semiconductors, connectors and power supplies for medical

breathing devices such as ventilators and cardiopulmonary bypass devices. It also included solutions for circulatory medical equipment such as artificial dialysis devices and blood purifying devices, and blood testing instruments.

Going forward, we will continue to fulfill our supply responsibility as a parts manufacturer while contributing to the resolution of social issues—including COVID-19, decreasing birthrate and aging population, and labor shortages on the medical frontlines.

# MITSUMI Business

Develop new products for future growth fields by taking an **INTEGRATION** approach of Eight Spear products and create business opportunities for the entire group



**Ryozo Iwaya**  
Director, Vice President Executive Officer,  
Chief of MITSUMI Business Headquarters

## Major products



Precision components (connectors/switches/coils) Optical devices (camera actuators)  
Power supply components Mechanical components Automotive products (high-frequency components) Semiconductors (analog semiconductors)

## Major applications



## Basic strategies

MinebeaMitsumi is well aware that the key challenge to secure the absolute permanence of the MITSUMI business is to facilitate robust growth of the five areas encompassing the new Eight Spear product groups as the future core businesses. As such, the basic strategy of the MITSUMI business involves strengthening the new Eight Spear products using cash generated from sub-core businesses as a growth resource. This will be achieved through (1) organic growth, (2) development of the new products encompassing these businesses, and (3) performing M&A of companies thought to be able to effectively utilize these businesses.

## Core competencies

The source of our competitiveness is our technological development capability in fields requiring microfabrication—represented by sensors, optics, micro-electro-mechanical systems (MEMS), high-frequency technology, electronic circuits technology, and semiconductor design technology. Furthermore, by fusing MinebeaMitsumi’s DNA, our core technologies including ultra-precision machining and vertical integration, through the business integration, we are creating an all-in-one system to respond to our customers’ detailed needs from development through to mass production. Half of the new Eight Spear products belong to the MITSUMI business and are the driving force in the creation of the Group’s overall INTEGRATION.

## Overview of the fiscal year ended March 2020

### Highlights of the MITSUMI business

Net sales composition	ROIC	Optical devices Sales and income increased	Analog semiconductors Significantly strengthened by organic growth and M&As
30%	15%		

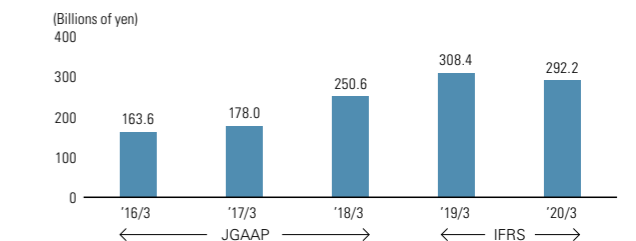
## Overview of the fiscal year

Secured the same level of income in real terms as the previous fiscal year

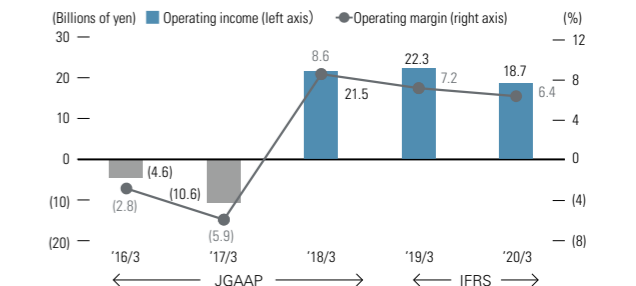
Camera actuators have enjoyed a large increase in sales with trends in smartphones with multiple cameras and higher functionality. Amid the global economic slowdown, analog semiconductors trended strongly and enjoyed increased sales. Meanwhile, sales of mechanical components decreased due to a change in the product mix of some OEM products. Sales of precision components, power supplies, and automotive products declined slightly compared with the previous fiscal year.

As a result, net sales were 292.2 billion yen (down 2.0% YoY), operating income was 18.7 billion yen (down 15.8% YoY), and operating margin was 6.4%. Taking into account positive special factors amounting to approximately 4 billion yen in the previous fiscal year, operating income was almost on par with the previous year.

### Net sales



### Operating income/operating margin



## “Becoming the one-of-a-kind through INTEGRATION capabilities” Strategy

Analog semiconductors are growing as an earnings pillar by both organic growth and M&As

We expect to leverage very substantial synergies in the dual fronts of top line and costs, in conjunction with ABLIC, which was subject to business integration in April 2020. Analog semiconductors of ABLIC for automobiles, medical devices and industrial machinery are applied to sophisticated

connectivity technologies and dedicated devices closely associated with IoT technologies. Going forward, through the INTEGRATION of the unique products of ABLIC including medical device IC, battery-less sensors, and magnetic sensors with the Company’s technological platform of motors, sensors, and wireless communications, we will work to create revolutionary new products to contribute to the IoT society.

## Creating solutions to social issues

Challenging ourselves to create revolutionary new products to contribute to the IoT society

Since the founding of its predecessor, MITSUMI ELECTRIC, the MITSUMI business strength has been its technological development in connectivity, including high-frequency technology and wireless communication technology. That technology resides at the center of the source of our competitiveness created by the INTEGRATION of the MinebeaMitsumi Group. These technologies are now used in a range of products including automobiles, consumer electronics, and Smart White Goods. Going forward, we will contribute to the acceleration of an advanced information, smart society through IoT, big data, and AI.

Furthermore, as stated to the right, the MITSUMI business will cover six of the new Eight Spears and seven of the ten core technologies, and is a field poised for large growth in the future.

MinebeaMitsumi’s new Eight Spears	Ten core technologies
Bearings	Ultra-precision machining technology
Motors	Mass production technology
Access products	Sensor technology (load, pressure, etc.)
Analog semiconductors	Optical technology
Sensors	MEMS technology
Connectors/switches	High-frequency technology
Power supply components	Electronic circuits technology
Wireless/communications/software	Semiconductor design technology
	Mechanism design technology
	System design technology

Components covered by the MITSUMI business

Material issue  
**7**

# U-Shin Business

Work to achieve a quick turnaround in the European business, maximize synergies, and boost the competitiveness mainly in the automotive devices business



**Hiroshi Yoshikawa**  
Managing Executive Officer,  
Chief of U-Shin Business Headquarters

## Major products



Automotive components Components for industrial equipment  
Components for home security units (house and general buildings' locks and others)

## Major applications



## Basic strategies

The basic strategy for the U-Shin business is to achieve a turnaround in the European business and to generate synergies—and, with the automotive devices business at the center, to pursue business expansion for home security units. To do so, in addition to improving quality, boosting productivity, and strengthening our managerial control framework, we will work to promptly improve earnings. We will achieve this by injecting global personnel and manufacturing knowhow throughout the Group and to establishing competitive products through the INTEGRATION of our technologies.

## Core competencies

Our core competency is our all-in-one knowhow from development and design through production for system in a range of automotive fields—from mechanical structures to electronic technology and software. At the Hiroshima mother plant, in addition to an all-in-one system including product development, prototyping, mass production, market introduction, and quality assurance, we prevent the leaking of knowhow through the in-house manufacturing of core components centered on molds.

## Overview of the fiscal year ended March 2020

### Highlights of the U-Shin business

Net sales composition

13%

ROIC

3%

Cost cutting

through higher rate of in-house manufacturing

New products

that combine technologies of both companies

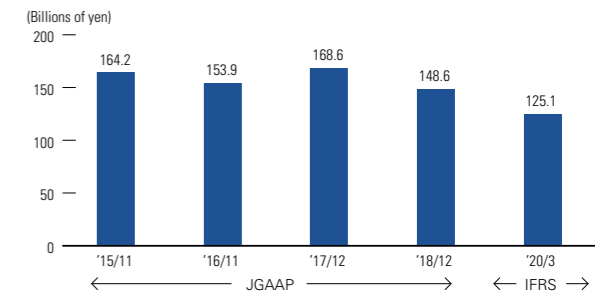
## Overview of the fiscal year

### Sales and income decreased due to the slowdown in the automobile market

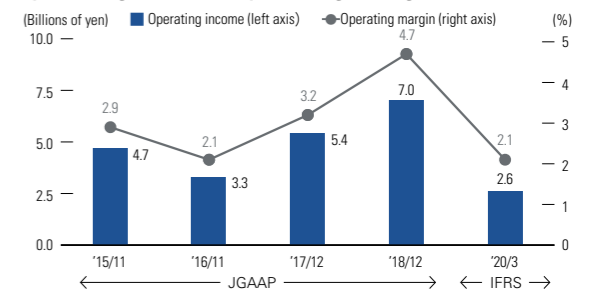
Production showed a significant slowdown because of restrictions imposed on operations mainly in Europe, in the fourth quarter, due to the COVID-19 pandemic, on top of the slump in the automobile market in China, Europe, and elsewhere.

As a result, net sales were 125.1 billion yen and operating income was 2.6 billion yen. Temporary expenses totaling about 1 billion yen incurred in relation to the integration of U-Shin operations and the launch of new products were accounted for in operating income.

### Net sales



### Operating income/operating margin



\* As a result of change of the fiscal year end, FY12/2017 consists of 13 months. Both net sales and operating income until FY12/2018 are pre-merger results and use JGAAP. FY3/2020 uses IFRS and does not include Jan-March 2019 figures.

## “Becoming the one-of-a-kind through INTEGRATION capabilities” Strategy

### Our INTEGRATION capabilities are featured in our latest flush handles

As the trend focused on styling continues in the automotive industry, demand for flush handles is rising. Flush handles are door handles that do not protrude from the vehicle body that are stored within the door outside of normal operations. The grip is extended electrically when the door is opened

and stored electrically when driving or when away from the vehicle. Flush handles provide a completely different value, in terms of style and function, from traditional handles. They include many key technologies of the Group such as motors, actuators, sensors, and antennas, and we expect sales growth through these technological synergies.

## Creating solutions to social issues

### Contributing to the evolution of automobiles through a balance of miniaturization and weight reduction with safety and comfort

To realize reduced CO<sub>2</sub> emissions, reduced energy consumption, and comfortable driving functions, demands for lighter components to reduce vehicle weight are increasing daily. As such, U-Shin is working toward thorough component miniaturization and weight reduction. In mechanical production, through miniaturization to increase structural precision, reducing component numbers, changing metal components to resin,

using magnesium die cast, and using high-tensile steel plates, we succeeded in miniaturizing and reducing the weight of high strength components.

As a result, we succeeded in making side door latches lighter by 8% on the front and 6% on the rear and reducing the number of components on the liftgate latch from 51 to 39, realizing a 15% weight reduction. We simultaneously realized cost reductions.

While contributing to increased automobile safety and comfort through these activities, we will also work to produce components aimed at reducing the vehicle's environmental burden.

# ABLIC

We will face the challenge of a globally expanding market through the strength of Japan's unique manufacturing and masterful technology!

Aim to promptly achieve 100 billion yen in analog semiconductor sales through the synergies generated by the INTEGRATION with the Eight Spear products

**Nobumasa Ishiai**  
Representative Director,  
President and CEO of ABLIC Inc.



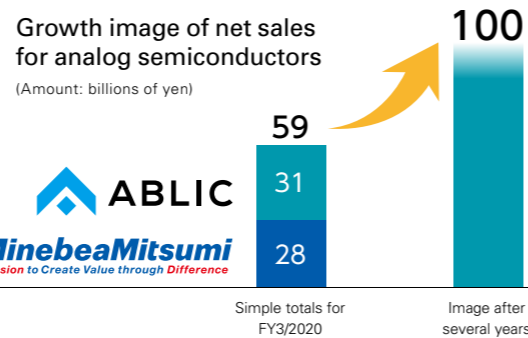
## Background details of business integration

With a focus on "ultra-small, power-saving, and easy-to-use" in its analog semiconductors, ABLIC is strong in the consumer electronics, automobile, medical, and industrial fields. The organization excels in solidarity, speed, and energy, and is a development-driven company that constantly challenges itself to pursue cutting-edge industrial innovation.

Through the recent business integration of ABLIC with MinebeaMitsumi, we expect strong synergies in all fields including sales, production, and technological development. Using ABLIC's abundant transaction track record and knowledge within a range of industries in INTEGRATION—including overall Group product development and proposals to end customers—we are working to expand our business opportunities to achieve 100 billion yen in net sales in the analog semiconductor business.

## Effects of business integration

- Sales**
  - Strengthening mainstay products and expanding the global customer base
- Production**
  - Building a production system that allows stable supply with high technology and cost competitiveness
  - Establishing rock-solid BCP responsiveness
- Technological development**
  - Strengthening new product development capabilities through technological synergies between integrated electronic components and analog semiconductors



## Origin of the company name



Company name in Japanese: エイブリック株式会社  
Company name in English: ABLIC Inc.  
Company name in Chinese: 艾普凌科有限公司

On January 5, 2018, the new company name ABLIC Inc. was born.

ABLIC is a coined word combining ABLE (possible) and IC (abbreviation of "integrated circuit"), expressing that semiconductor technology enables possibilities. The company name was decided by a vote by all employees.

The company logo consists of an upwards arrow, representing growth, combined with a diamond (◆), representing integrated circuits, which together form an "A," the first letter of the company name. This, as a whole, expresses its corporate vision of striving to help society grow through semiconductor technology.

## History

- 1881** Established K. Hattori (currently Seiko Holdings Corporation)
- 1937** Established Daini Seikosha Co., Ltd. (currently Seiko Instruments Inc.)
- 1968** Began CMOS IC R&D.
- 1979** Started manufacturing analog quartz ICs
- 2015** SII semiconductor business spin-off Established SII Semiconductor Corporation
- 2016** SII Semiconductor Corporation commenced operations
- 2018** Change Name to "ABLIC Inc."
- 2020** Business integration with MinebeaMitsumi Group

## Highlights of ABLIC

Net sales Approximately <b>¥30.0</b> billion	Operating margin <b>10%</b> or more	DNA Serious manufacturing and a penchant for quality	Solutions that resolve social challenges <b>CLEAN-Boost®</b>
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## Strength (selling points)

- <Core competencies>**
  - SMALL (ultra-small)
  - SMART (power-saving)
  - SIMPLE (easy-to-use)
- <Initiatives for SDGs>**
  - CLEAN-Boost® technology that uses discarded energy
- <Solid support for global customers>**
  - One global team (solidarity and speed)
  - Vertical integration (three-pronged system of development, manufacturing, and sales)
- <Commitment to quality>**
  - Received awards (top-quality supplier) for ten consecutive years from major automotive clients

High-level operating margin and competitiveness

## Product portfolio

ABLIC's Three Spears newly added to MITSUMI semiconductor's Five Spears (focus development fields)

1 Lithium-ion battery protection ICs					2 Automotive ICs			
Smart Phone	TWS	xEV	ESS	Power Tool	ECU Functional Safety	Camera Module Battery	TCU Power Supply	
3 Vertical integration					6 Medical/high voltage			
Fan Motor	Stepping Motor	High Sensitivity Strain Gauge MINEGE™			Ultrasonic Diagnostic Equipment	Sonar Fish Finder	Non-destructive Inspection	Solenoid Valve
4 MEMS Sensor/Custom					7 Magnetic Sensor			
Smart Factory	Smart White Goods	Medical			Fan Motor BLDC Motor	Encoder Number of Rotations Angle Detection	Battery Long Lasting Equipment (ex. TWS)	Current Sensor
5 IGBT					8 CLEAN-Boost®			
xEV	Renewable Energy	Inverter			Vehicle Products (Various Sensors)	Power Core	Open Innovation	

1 and 2 are the fields on which both MITSUMI and ABLIC focus, while 3 - 5 and 6 - 8 are the fields on which MITSUMI and ABLIC focus, respectively. By mutually complementing and integrating these fields, we will generate synergies and pursue powerful growth.

## Creating solutions to social issues

### CLEAN-Boost® technology

This is the ABLIC's unique technology, which is optimal for energy harvesting etc., that allows wireless signaling by storing and boosting small amounts of energy that could not previously be used as power.

The Power storage and voltage boost circuit technology, the core of CLEAN-Boost® technology, has been developed through joint research with Ritsumeikan University.

### <Example> "Battery-less water leak detection sensor" – INTEGRATION with the infrastructure business

CLEAN-Boost®-compliant product that wirelessly sends water leaking signals using self-generating power with leaked water. This product has been created through joint development with TAISEI CORPORATION.

As no power supply is required, no large-scale construction nor battery replacement is necessary. The device can be easily retrofitted, even to places difficult to access for maintenance. By installing this sensor, water leaks can be detected from the initial stages, allowing a response before trouble occurs or damage spreads. The device realizes significant cost and time reductions and makes a significant contribution to reducing the environmental burden.



Image of "battery-less water leak detection sensor" installed on a pipe

In 2019, ABLIC received Best Paper Award at IEEE\* – CLEAN-Boost® technology recognized around the world for its potential for semi-permanent power supply –  
\* IEEE ("I" triple "E"): Headquartered in the U.S., IEEE is the world's largest expert organization contributing valuable technological information to human society

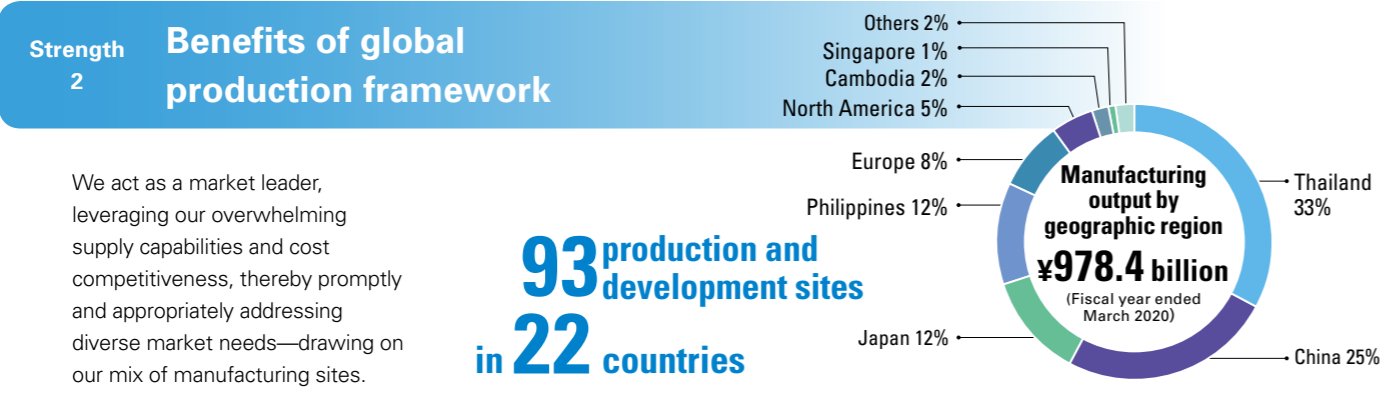
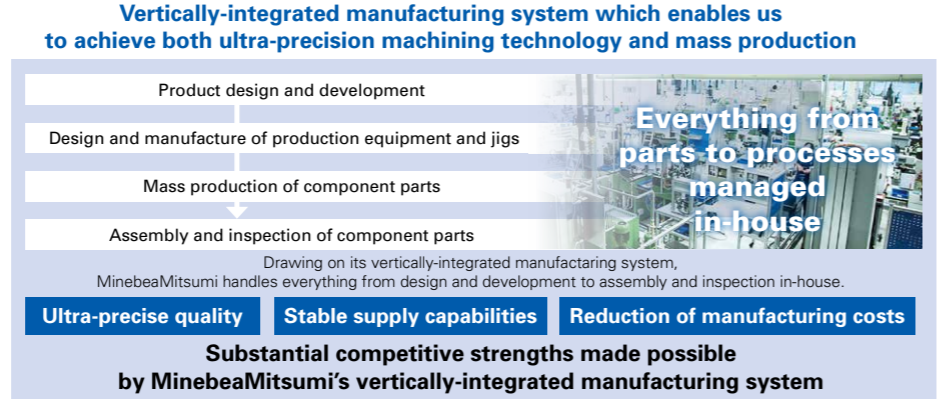
Strengths of Instrumental Capital

"Vertically-integrated manufacturing system" and "global production framework"

**Strength 1** Strengths and benefits of vertically-integrated manufacturing system

The Company's proprietary technologies enable it to handle everything from design and development to assembly and inspection in-house

We are able to efficiently produce high value-added products, enlisting vertically-integrated seamless production, involving in-house production of everything from component parts to machine tools.



**Strength 3** Accumulated manufacturing knowhow

Thoroughly adhering to manufacturing processes, employing consistent standards at all of our locations worldwide

<p><b>Japan</b> ——— <b>25 plants</b></p>	<p><b>China, Korea</b> ——— <b>16 plants</b></p>	<p><b>South Asia, Southeast Asia</b> ——— <b>12 plants</b></p>
<p><b>Thailand, Cambodia</b> - <b>10 plants</b></p>	<p><b>Europe</b> ——— <b>20 plants</b></p>	<p><b>North and South America</b> ——— <b>10 plants</b></p>

Strategies of Instrumental Capital

Strike a balance between "ultra-precision machining technology" and "mass production technology"

**Strategy 1** Provide safe and reliable products

**Quality management framework**

The Group has created "Group Quality Management Rules" covering the entire Group as part of our measures to ensure the safety of its products & services and to prevent accidents. The chief officer of the quality management framework is the President and Chief Executive Officer, who is supported by the "Quality Management Committee."

As a subordinate organization, the "Quality Assurance Managers Council," comprised of managers responsible for quality in each business unit, was established. At these meetings, managers regularly share information on specific quality issues and work to implement internal measures to ensure similar problems do not reoccur.

**Risk assessment**

The Group takes steps to mitigate the risk involving end-products in which the Group's parts are commonly used and which could have a serious impact on society in the event of a problem. Accordingly, headquarters and the respective business units perform collaborative risk assessments to such ends.

**Customer satisfaction surveys**

Within the Group, individual business units conduct their own customer satisfaction surveys. The survey results are provided to the departments of each business unit. If customers should evaluate any criterion below a specific satisfaction level, we assess and implement improvements across all departments.

**Strategy 2** Maintain and improve capability to supply products swiftly

The Group maintains and improves its capacity to supply products swiftly by developing systems for facilitating communication among its sales divisions and manufacturing divisions. Key to this is the sharing of information on customer order backlogs, forecasts of future demand, backlogs of orders from sales divisions to manufacturing divisions, data on sales results and production plans.

Units of the organization arrange production with manufacturing divisions while monitoring customer developments and the status of inventories in the sales divisions of respective countries. Meanwhile, the Group addresses customer demands by coordinating efforts across the organization in other countries, and by seeking flexible inventory solutions and prioritizing production arrangements when encountering urgent situations. Such data and operational status is invariably shared not only

within sales divisions but also with manufacturing divisions and logistics divisions. Meanwhile, manufacturing divisions manage inventories of customers' requirements by ensuring appropriate availability of such items.

The Group also prepares itself for surges in future market demand by drawing on its marketing data.

**Strategy 3** Ensure succession of manufacturing knowhow

**Conceptual approach to instilling manufacturing knowhow**

Premised on the notion that **human development is an integral aspect of manufacturing**, the Group takes steps to instill manufacturing knowhow based on a conceptual approach that involves **developing employees into human assets**. In the Group's parts machining operations, the pursuit of precision not only improves product performance and increases added value, but also facilitates higher yields and improves productivity of the assembly divisions. Meanwhile, the Group strives to pass down its manufacturing knowhow by developing **human talent capable of deriving ingenuity from knowledge**, equipped with a sense of balance among technologies to help achieve such outcomes, international sensibilities, and specialization. Moreover, the Group aims to engage in team building in a manner that involves developing teams whereby inherited manufacturing knowhow is shared within such teams, rather than remaining the sole domain of certain individuals.

**Measures to address risk: Manufacturing site mix**

Whereas the Company's 93 production and development sites in 22 different countries enable it to diversify risk, its efforts extend beyond that of simply situating production in disparate locations.

At all of our locations in every country, we provide guidance premised on the notion of "identical technologies and administration," and develop frameworks which facilitate manufacturing of products underpinned by the notion of "uniform quality" regardless of the country of production. This enables us to truly avoid risk while supplying products embodying standards demanded by our customers, even during instances when we might encounter production stoppages in certain geographic areas.

We also diversify risk in a manner that involves "manufacturing across multiple factories of similar types," with our sights set on the notion of local production for local consumption.

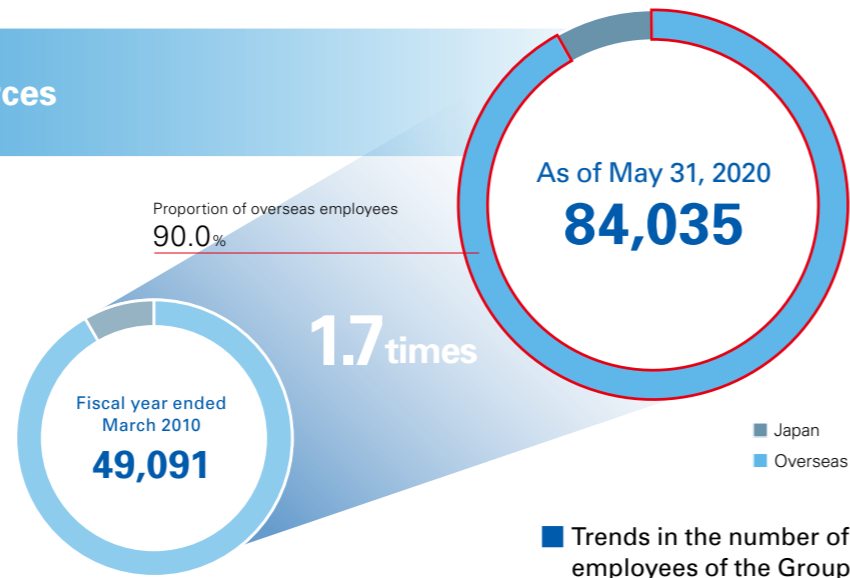


Strengths of Human Capital

The individuality of each and every employee acts as a catalyst of our success worldwide

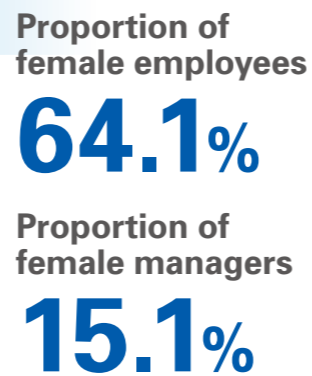
Strength 1 Global human resources

As of May 31, 2020, the Group has 84,035 employees, which amounts to 1.7 times our workforce relative to that of the fiscal year ended March 2010 as a result of business expansion, including M&As. With its overseas employees accounting for some 90.0% of that workforce, the Group's diverse range of workers each leverage their own unique abilities across its 27 sites of production, manufacturing and sales worldwide, and give rise to various synergies working in teams.



Strength 2 Women's empowerment

The Company serves as a global enterprise that carries out 87% of its production overseas and employs 90% of its workforce abroad. Meanwhile, the Group empowers many female employees given that women account for 64% of its overall workforce, while more than 15% of its managers are women. With respect to the Company's record of promoting women to management positions, MinebeaMitsumi Inc. has a total of three female officers, consisting of two Outside Directors and one Executive Officer. As for the Company's overseas affiliates, one female Group Executive Officer is employed in Thailand and another in China. Under the Group Executive Officer system, they were selected from among employees who are local nationals and they take part in management meetings held at the head office.



Strength 3 Skilled workers/engineers

The Company is taking steps to pass down manufacturing knowhow through human resources development as noted under the section on instrumental capital. We are accordingly enhancing the level of our technological capabilities through systematic engineering education and the Company's proprietary technical certification programs. We are also reinforcing mechanisms for fully educating operators and other members of the workforce on-site based on documented

Work Instructions (WI), with the aim of achieving a zero ratio of defective products. Moreover, the Company has been focusing its efforts on developing and gaining talent capable of promoting innovation by building business models and developing mechanisms in new fields of technology, which has accordingly been yielding innovative products that include SALIOT, Smart City Solutions, and the Bed Sensor System.

Strategies of Human Capital

Achieve ideals of the corporate philosophy acting as an unwavering presence

Strategy 1 Engage in human resources development and organizational reinforcement worldwide Material issue 3

In order to achieve the targets for the fiscal year ending March 2029, the Company will redouble its efforts to develop human resources capable of achieving operational excellence on a global scale. We will generate synergies that extend beyond conventional boundaries by leveraging the diversity of the Group's talent and promoting human resource exchanges worldwide through various units of the organization, employment positions, and professional duties.

- Main initiatives**
- Provide many employees with opportunities to work overseas
  - Dispatch employees to business schools in the U.S. (training to nurture next-generation leaders)
  - Organize leadership training for overseas manager-level employees
  - Overseas national staff training in Japan (improving business skills, learning Japanese, building networks)



Strategy 2 Promote the empowerment of women Material issue 4

On a non-consolidated basis, women remain 15% of MinebeaMitsumi Inc.'s overall workforce and 1.8% of its management. To achieve its aims of attaining further growth and becoming a corporation whose history spans an entire century, the Company believes it must create working environments that fully empower each and every one of its employees irrespective of their gender. Accordingly, we are carrying out training for our female employees, actively recruiting women, and developing programs to facilitate positive and rewarding work environments.

Strategy 3 Redouble efforts to develop and gain engineers and highly-skilled technical experts

The Company is generating an increasing proportion of business involving big data, artificial intelligence (AI), Internet of Things (IoT) and robotics, along with increasingly mounting needs for engineers and highly-skilled technical experts capable of building and managing technologies that enlist cutting-edge technologies. Amid that environment, the Company will redouble its efforts to develop and gain engineers and highly-skilled technical experts in such fields. To such ends, we will further upgrade opportunities involving engineering education encompassing cutting-edge technologies, while also taking steps to develop mechanisms and a corporate culture that will help us attract top-notch talent.

Generating new value by leveraging teams

The Group has been taking steps to strengthen its team-building initiatives. We have achieved numerous accomplishments in various activities at individual business sites and units of the organization. As an example, we have been striving to ensure that micro-bearing assembly skills are passed down through the generations, as profiled on the next page of this report, and have been engaging in ongoing efforts for connecting teams with the aim of pushing the limits of our technological capabilities. As an example of our efforts to promote productivity gains and cost reductions through bottom-up activities, we have been striving to motivate team members in terms of equipping them with a strong desire to achieve our managerial objectives. As an example of our efforts to address challenges of developing rewarding workplace environments, our aim of improving person to person engagement among our current and potential future employees has acted as a driving force for initiatives enlisting the entire organization. These initiatives are examples of how our efforts are ultimately helping to realize the ideals of the Company's corporate philosophy, "to contribute to society by 'Producing better products, with faster speed, in larger numbers, at lower cost and by smarter means,'" through co-creation in terms of collectively creating new value while engaging in dialogue with people harboring a variety of viewpoints. The Group aims to achieve the ideals of its corporate philosophy while consistently evolving as an organization by further promoting such team-building initiatives.



# Team-building initiatives for

Developing global human resources

## Developing human resources through team-building

Mechanical Assembly Business Unit, Thailand

In September 2019, the Thai Plant's Mechanical Assembly Business Unit embarked on team-building initiatives for members of all of its divisions including production operators. The purpose of the initiatives has been to take a bottom-up approach in forming teams which create ideas derived from solutions generated by each and every participant. These efforts have contributed to the Group's achievement of its managerial objectives, particularly in terms of improving productivity, improving quality, reducing scrap, cutting cost, and improving workplace environments.

Production operators have been achieving improved results by taking part in morning assemblies and other such forums, where they intently listen to issues encountered by other teams.



Senior Manager  
Takumi Niwa

Since the initiatives started, I have gained more opportunities to engage in dialogue with those in factory operations. I get the feeling that everyone is developing a greater sense of autonomy.



Fumika Kubo

**STEP 1**  
**Start of team-building initiatives**  
Details on team-building significance, objectives and process shared with all division members

**STEP 2**  
**Teams seek solutions that address issues**  
Enlisting on-site interviews, team members discuss among themselves measures that would streamline an entire process

**STEP 3**  
**Reinforcement of team strengths**  
A deeper level of mutual understanding and greater cohesion achieved by engaging in initiatives working with team members

**Concrete results achieved**  
Productivity for the fiscal year ended March 2020 was **21 percentage points higher** than that achieved in the fiscal year ended March 2018!

Promoting the empowerment of women


## Succession of skills and spurring their evolution: Technology for assembling the world's smallest ball bearings

Bearing Products Division, Machined Component Manufacturing Headquarters, Japan

Our ultra-micro ball bearings featuring an outer diameter of 1.5 millimeters and a thickness of 0.65 millimeters became commercially available in 2009 and are the culmination of painstaking efforts and hard work enlisting the entire Machined Component Manufacturing Headquarters. Initiated in 2008 to test the limits of our technological capabilities, the project enlisted the involvement of three generations of female technical experts in the assembly process. This was

the final stage of the project that engaged the teamwork of the entire business unit in efforts apart from design, parts production, assembly and other aspects of normal manufacturing operations. We will forge connections with other advanced skills in our ongoing efforts to spur the evolution of our technology for putting together the smallest of bearing assemblies, which extends over three generations.

**Succession of skills**



First generation (2008 to 2015)  
Manager,  
Productivity Improvement  
Promotion Section  
Ikuko Koyama

I encountered various difficulties which I was able to overcome thanks to teamwork, particularly in terms of efforts of the many people involved in the project and mutual support.



Second generation (2015 to 2018)  
Group Leader,  
Productivity Improvement  
Promotion Section  
Junko Tsuchiya

I am grateful for having worked in an environment of reciprocal trust. I gained support from machine shops that manufacture parts and from other relevant units of the organization, and was blessed to work with a helpful mentor and a junior employee who could be trusted to carry things forward.



Third generation (from 2018)  
Assembly Section,  
Manufacturing Department  
Ayaka Kodaira

I was able to positively engage in tasks largely thanks to an organizational culture conducive to work whereby those around me listened to my suggestions and opinions, and accompanied me in carrying out my duties.

# co-creation of new value

Retaining and securing skilled workers and engineers

## Taking on challenges to ensure a rewarding company environment

myonic GmbH, Germany

Having become a member of the MinebeaMitsumi Group in 2009, myonic GmbH ("myonic") is a German company with a history of manufacturing precision miniature ball bearings spanning 80 years.

With the aim of increasing its retention rate when it comes to skilled workers and engineers, myonic initiated a project to make the company a rewarding place to work in 2011. It has furthermore been promoting a strategy of employer branding which involves making the enterprise more appealing as a workplace and engaging in initiatives entailing communication directed toward not only its employees but also individuals such as potential employees, family members of employees,

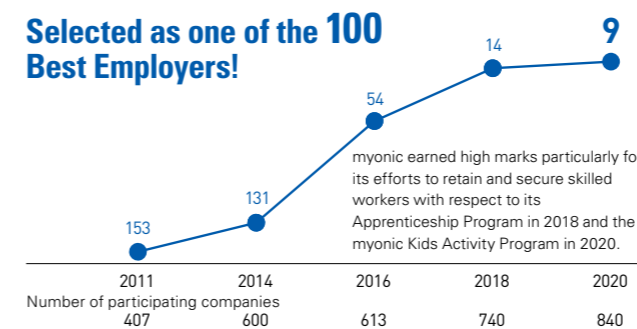


and customers. myonic has been taking part in the "Germany's Best Employers" competition held by Great Place to Work® (GPTW), an international institute that administers awareness surveys. It went from a ranking of 153rd in 2011 to landing among the top ten for its first time ever with a ninth-place ranking in 2020 as a result of having implemented policy planning that drew on findings of survey analysis.

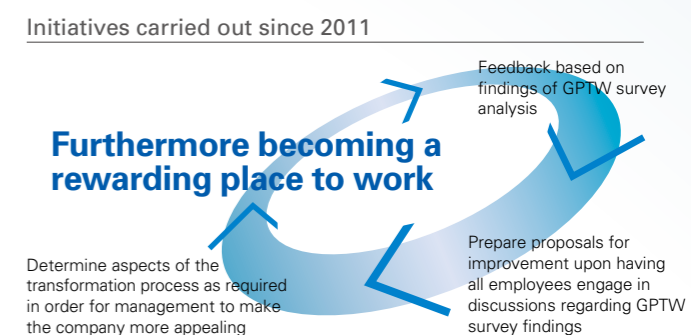
Five key practices that help make our workplaces more appealing

- We enhance our approach to open communications among management, senior management, employees, and employee representatives
- We promote an open-door culture whereby everyone is able to freely communicate with management
- We thoroughly engage in communication policy that combines top-down and bottom-up approaches
- We fortify support for policies that show appreciation for employees as individuals, and team initiatives in that regard
- We reinforce employees' trust in management and MinebeaMitsumi

Rankings achieved in Germany's Best Employers competitions\*



Initiatives to achieve improvement with respect to serving as a Best Employer



Outcomes attributable to GPTW initiatives

- Employees developed a greater sense of ownership and loyalty with respect to myonic
- A greater number of job candidates have been accepting job offers given that myonic has come to be recognized as a socially distinguished entity worthy of trust

Employee retention rate (2020)  
**99.1%**  
(Up 13.4 percentage points relative to 2011)

Job offer acceptance rate in 2019  
Up approx. **25** percentage points  
(Relative to 2011)



From left to right: Julia Mischke (Corporate Communications), Mr. Böck (CEO) and Sonja Westerhof (Human Resources Director)

Strengths of Intellectual Capital

We extend ultra-precision machining technology to a wide range of products

Strength 1 Ultra-precision machining technology

In 2018, MinebeaMitsumi achieved monthly production volume of ball bearings, its founding product, exceeding 300 million units as a result of having devoted nearly seven decades to in-house development of ultra-precision machining technology necessary to achieve the ultra-precision required for miniature-sized bearings and mass production. Ultra-precision machining technologies, distinctive to the Company, must enable universal control with respect to setting machining dimensions on the order of nanometers (one nanometer equates to one-billionth of a meter). The Company has completed development of its cutting-edge machining technology in-house, encompassing everything that

makes it possible to consistently maintain quality at nanometer machining precision, from cutting tools for machining, grinding oil, and equipment, to the production environment. As a parts manufacturer, the Company has furthermore established an unparalleled manufacturing framework geared to meeting market and customer needs by undertaking in-house development of applied raw materials and engaging in basic development of new raw materials required for future products. We draw on our experience in ultra-precision machining technologies developed thus far and our performance data, and apply it laterally in-house in the form of robust big data to our machined components and other products.



Strength 2 Comprehensive manufacturing, engineering, development and sales capability

Product development through the INTEGRATION of our core technologies with our Eight Spear products

In addition to expanding R&D investment, we will also develop new markets by utilizing the comprehensive manufacturing, engineering, development and sales capabilities. Having established MinebeaMitsumi Technical Service (Suzhou) Ltd. (China) in December 2018 and MinebeaMitsumi Technology Center Europe GmbH in September 2019, we have been strengthening our framework for swift development in our respective geographical regions.



Create new value through "difference" that transcends conventional wisdom

Strength 3 Maintenance and improvement of M&A capability/PMI

MinebeaMitsumi has been strengthening and reviewing its business portfolio through 50 M&As in 49 years. MITSUMI ELECTRIC, with which we conducted a business integration in 2017, have managed to upgrade their operations in terms of speed, technological capabilities, and products themselves as a result of having gained access to our financial muscle, rigorous commitment to craftsmanship and manufacturing strengths. For instance, with respect to simulations of magnetic circuits

**World in which magnetic force develops**  
**GALILEO X** Broadcasted on June 28, 2020  
 This TV program introduces synergies of the MinebeaMitsumi business integration with respect to the theme of magnetic force.

for developing cutting-edge technologies, they have been able to leverage synergies brought about by combining simulation technologies of the former Minebea and those of MITSUMI ELECTRIC. In April 2020, MinebeaMitsumi undertook integration of ABLIC, whose mainstay product is Hall effect components for magnetic detection. As a result, we will strive to further increase our competitiveness having added magnetic sensing technology to MinebeaMitsumi's lineup of magnetic products.

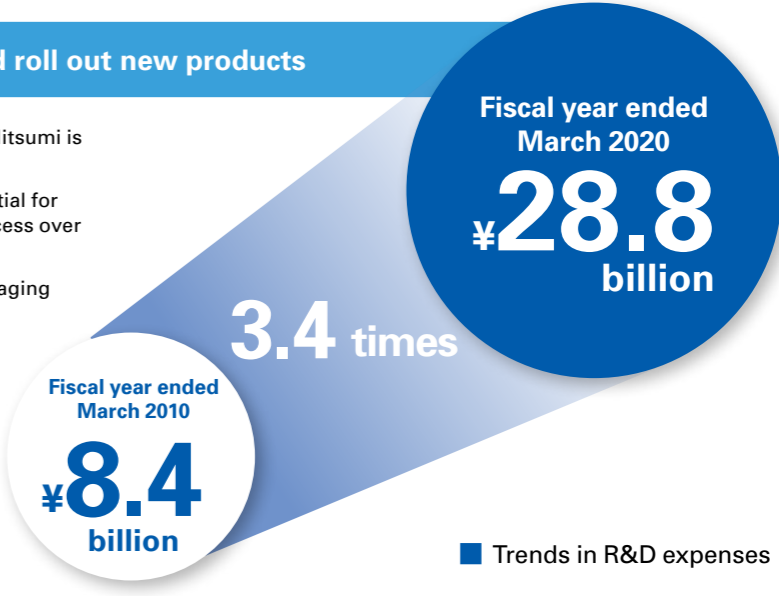
Strategies of Intellectual Capital

Create new value by combining our ultra-precision machining technologies with our core technologies

Strategy 1 Upgrade core technologies and roll out new products

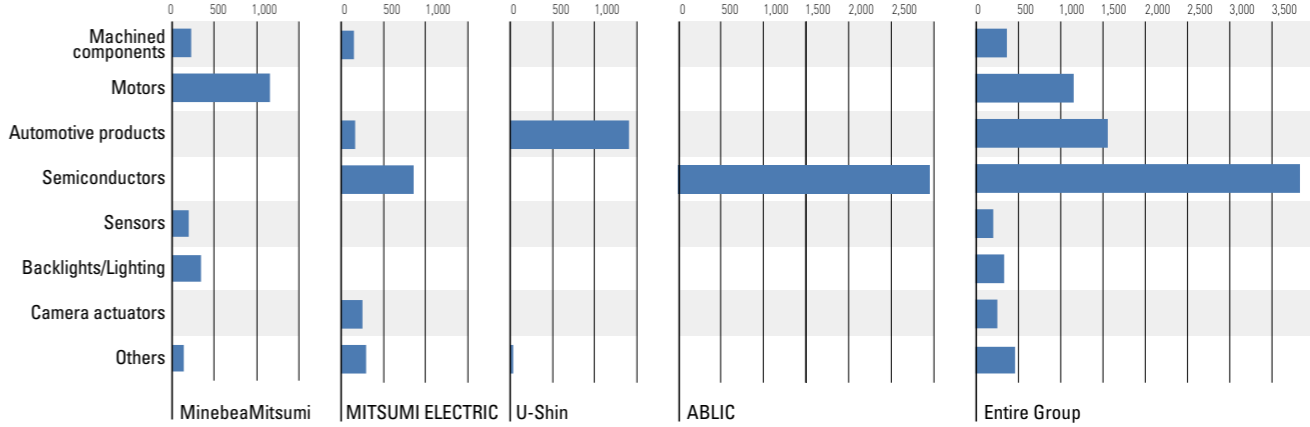
Under its policy for technology development, MinebeaMitsumi is engaging in key strategies that involve:

- Upgrading key technologies (core technologies) essential for developing new products that will achieve market success over the medium to long term, and
  - Promoting launch of new products by effectively leveraging Group synergies.
1. Expand the motor business
  2. Bring about a paradigm shift with respect to the optical technology development product line
  3. Expand the sensor business
  4. Enter the robotics market
  5. Connectivity with sights set on IoT
  6. Increase added value of machined components
  7. Collaborate with U-Shin
  8. Collaborate with ABLIC



Strategy 2 Effectively promote our portfolio in intellectual property management

The MinebeaMitsumi Group maintains ownership of some 8,000 different patents in its portfolio as illustrated below. We have effectively assembled a portfolio that covers the Group's businesses drawing on complementary offerings of MinebeaMitsumi, MITSUMI ELECTRIC, U-Shin, and ABLIC.



**Joined "IP Open Access Declaration Against COVID-19"**

Based on this declaration, MinebeaMitsumi will neither seek compensation nor assert any intellectual property rights, including patents, utility models, designs or copy rights against any activities whose sole purpose is stopping the epidemic, until the World Health Organization (WHO) declares that COVID-19 outbreak no longer constitutes a Public Health Emergency of International Concern.