

MinebeaMitsumi Group  
**Integrated Report 2020**

Fiscal year ended March 2020



**MinebeaMitsumi**  
Passion to Create Value through Difference

Environmental Consideration in Printing



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**MINEBEA MITSUMI Inc.**

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September 2020

Corporate Philosophy

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

**MinebeaMitsumi**  
Passion to Create Value through Difference

## Introduction

# MinebeaMitsumi's resilience has overcome numerous adversities

MinebeaMitsumi engages in business practices extending across product development, human resources development, and production based on its spirit of sustainability in terms of perpetuating the enterprise.

We have been achieving growth while overcoming numerous adversities in order to bring about sustainable management. These efforts have been underpinned by our corporate philosophy, "To contribute to society by 'Producing better products, with faster speed, in larger numbers, at lower cost and by smarter means'" and "The Five Principles" basic management policy for ensuring achievement of the corporate philosophy (refer to page 4).

Up to this point MinebeaMitsumi has been taking advantage of opportunities to tap strengths that give rise to growth, without having succumbed to adversities such as the 2008 Global Financial Crisis, Thailand floods, or the Great East Japan Earthquake.

As for the Thailand floods, we managed to overcome the crisis through efforts that enlisted our top management in spearheading on-site efforts as flood waters approached our core factories and rallied a miraculous level of teamwork that involved building a "miracle embankment" put in place by local employees who worked day and night piling up sandbags to protect the factories.

We have been taking an approach whereby top management and local employees join forces in painstakingly taking action to address crises, rather than fleeing impending threats. That approach has taken hold among our 100,000 employees worldwide.

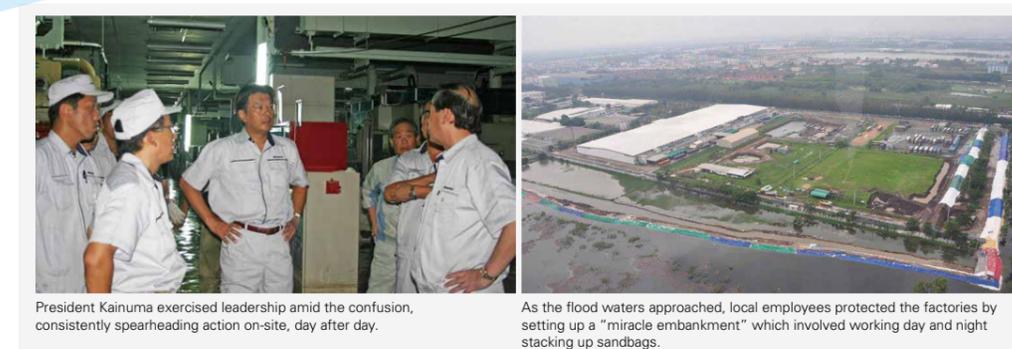
Resilience stands for flexible strength that enables us to recover despite external challenges outside our control. MinebeaMitsumi has achieved further growth by drawing on its experience of addressing adversity.

Fiscal year ending March 2029

Aiming at net sales of  
**¥2.5 trillion** and  
operating income of  
**¥250 billion**

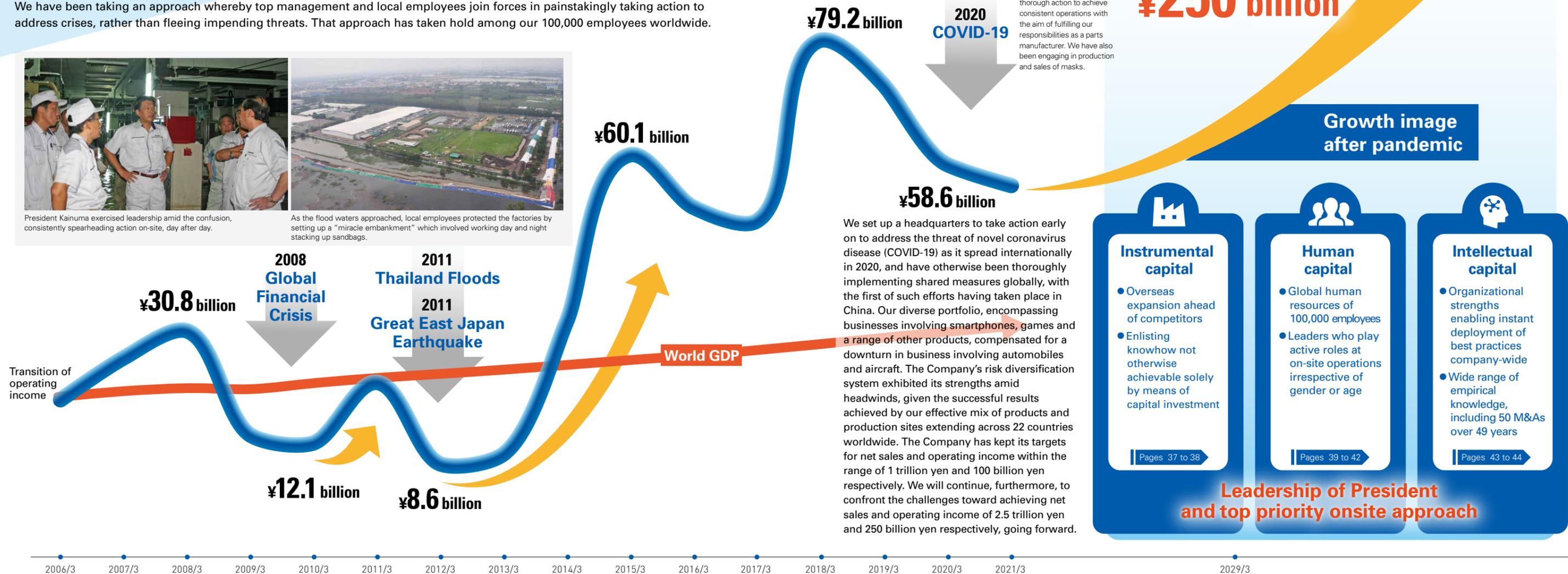


We have been taking thorough action to achieve consistent operations with the aim of fulfilling our responsibilities as a parts manufacturer. We have also been engaging in production and sales of masks.



President Kainuma exercised leadership amid the confusion, consistently spearheading action on-site, day after day.

As the flood waters approached, local employees protected the factories by setting up a "miracle embankment" which involved working day and night stacking up sandbags.



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Representative Director, CEO & COO  
Yoshihisa Kainuma

**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

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.**

## 1. History of MinebeaMitsumi

**Organic growth**  
(Ultra-precision machining technology)



**Growth through M&A**



The corporate profile can be viewed from here.

**Founded**  
in July **1951**

Nippon Miniature Bearing Co., Ltd., Japan's first specialized manufacturer of miniature ball bearings, is incorporated in Azusawa, Itabashi-ku, Tokyo.

### Organic growth

1963  
Plant is relocated from Kawaguchi, Saitama, and operations begin at **the Karuizawa Plant, to become the mother plant of all the MinebeaMitsumi Group's plants worldwide**, in Miyota-machi, Nagano



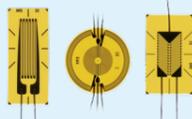
Karuizawa Plant (Japan)



Miniature ball bearings

### M&As

1971  
Production overseas is commenced for the first time in the U.S.



Strain gauges

1974  
**The Company embarks on the electronic devices and components area (measuring components: the present Sensing Device BU)**



Small-sized ball bearings

1980  
**The Company commences the production of small-sized ball bearings**

1985  
The U.S. ball bearing manufacturer is acquired  
**Supply to the U.S. market is expanded**



Aircraft components

1988  
The U.K. rod-end bearing manufacturer is acquired  
**Supply to Europe market is expanded**



FDDs and MODs

1986  
Hamamatsu Plant is established  
**Development in the electronic devices and components area is expanded**



Ayutthaya Plant (Thailand)

1980  
Ayutthaya Plant is established  
**The Company advances for the first time into Thailand, the Group's largest facility**



Chai Chee Plant (Singapore)

1972  
**Our first own overseas plant is constructed** in Singapore

1984  
Bang Pa-in Plant is established as **the second facility in Thailand**

1988  
Lop Buri Plant is established in Thailand  
**Production in the electronic devices and components area is expanded**



Lop Buri Plant (Thailand)

1994  
**Minebea Electronics & Hi-Tech Components (Shanghai) Ltd. (our first plant in China) is established**, which produces bearings and fan motors from parts in a vertically-integrated manner



Shanghai Plant (China)

2010  
Suzhou Plant is established to **expand production of LED backlights**



Suzhou Plant (China)



Backlights

2010  
Our plant is established in Cambodia, and commences production the next year  
**For risk diversification, expansion of production and reduction of costs**



Resonant devices

2018  
Kosice Plant in Slovakia commences production  
**Supply to Europe market is expanded**



AGA (Active Grill Shutter) Actuators

30

2017  
The Company conducts a business integration with MITSUMI ELECTRIC CO., LTD. through share exchange  
**Accelerated growth of each business as an "Electro Mechanics Solutions™" Provider that integrates control technology with machine and electronic technology**



Head office of MITSUMI ELECTRIC CO., LTD.



1-cell Lithium-ion Battery Protection IC

2009  
Production of micro actuator is commenced  
**Number of production facilities of motors is increased**



Micro actuators

2010  
Production of brushless motors is commenced  
**Product lineup of motors is expanded**



DC motors

2015  
Major manufacturer of measuring components in Germany is acquired  
**Production and supply in Europe and India are expanded**



Sensing devices



Hiroshima Plant of U-Shin Ltd.



Climate control panel

2020  
New building is completed at the Akita Business Division  
**Automotive devices business development is reinforced**



Akita Business Division of MITSUMI ELECTRIC CO., LTD.

2019  
German precision molded parts manufacturer is acquired  
**Capacity for swift production in Europe and Asia is expanded**



Mast Kunststoffe GmbH & Co.KG

2020  
The Company conducts a business integration with ABLIC Inc. through acquisition of its shares  
**The Company's presence in the analog semiconductor market is strengthened**



Takatsuka Unit of ABLIC Inc.

**As of August 2020**  
**Total of 50 M&As!**  
**We aim to keep achieving growth by actively pursuing M&A opportunities**

#### Number of M&As



2. MinebeaMitsumi Current

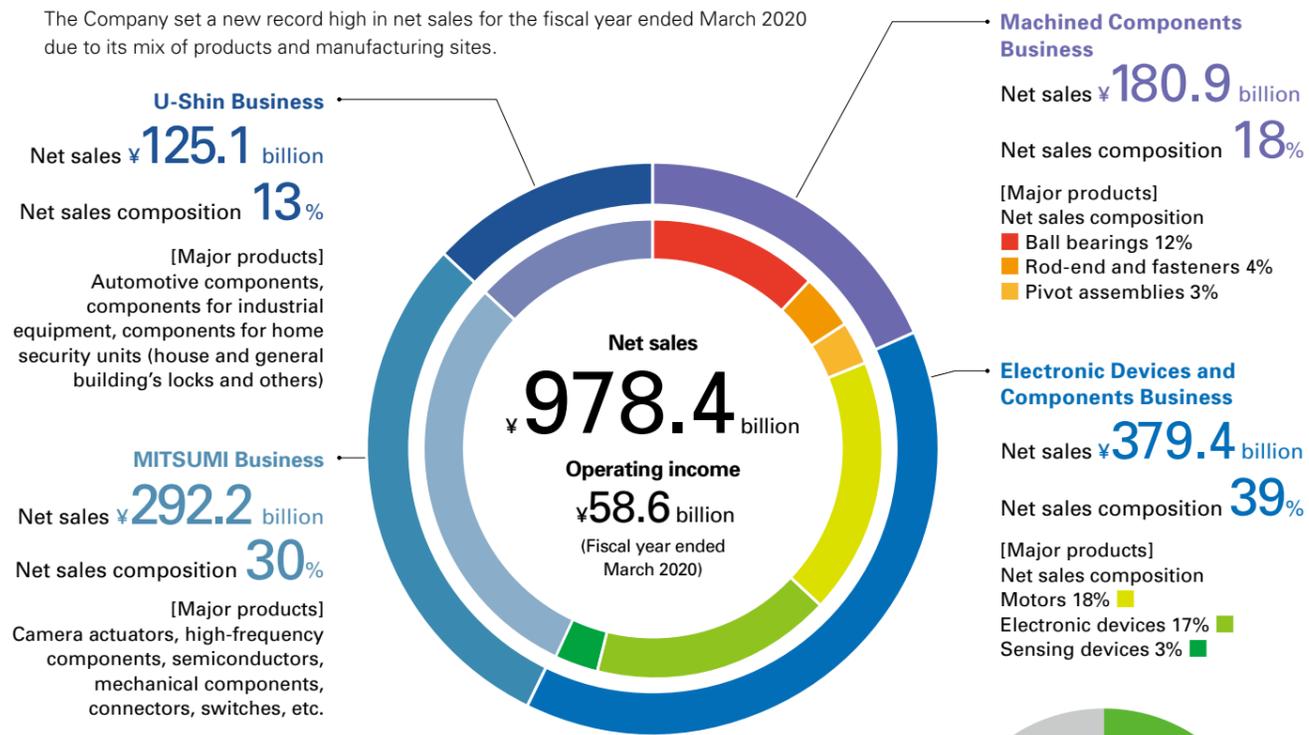
Toward becoming a one-of-a-kind INTEGRATION manufacturer of precision components by maintaining a diverse portfolio

MinebeaMitsumi pursues synergies through INTEGRATION while maintaining an outstanding risk diversification structure drawing on both an effective product mix encompassing everything from automobiles and aircraft to smartphones, medical devices and infrastructure; and also on a complementary framework brought about by expanding global production sites extending throughout Japan, Americas, Europe and Asia.

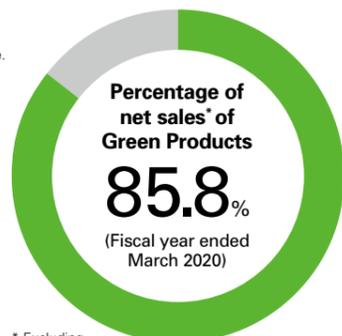
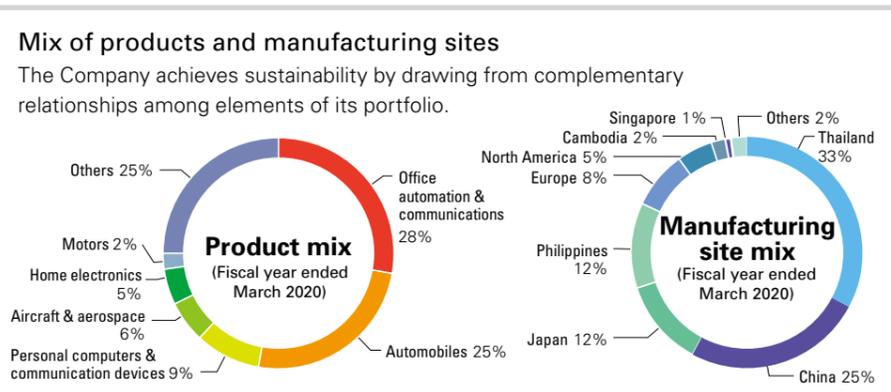
We will continue to achieve further growth, while consistently securing profits even as we encounter adverse circumstances.

Net sales by business

The Company set a new record high in net sales for the fiscal year ended March 2020 due to its mix of products and manufacturing sites.



\*Net sales of 0.8 billion yen for Other business is omitted here.

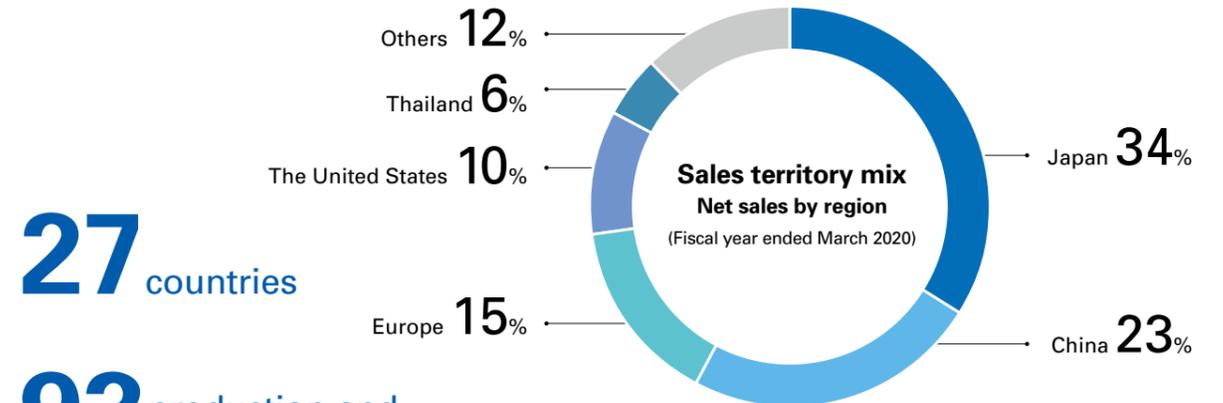


\* Excluding products that cannot be designed in-house.

Green Products Page 47

Creating high-quality products in the global market

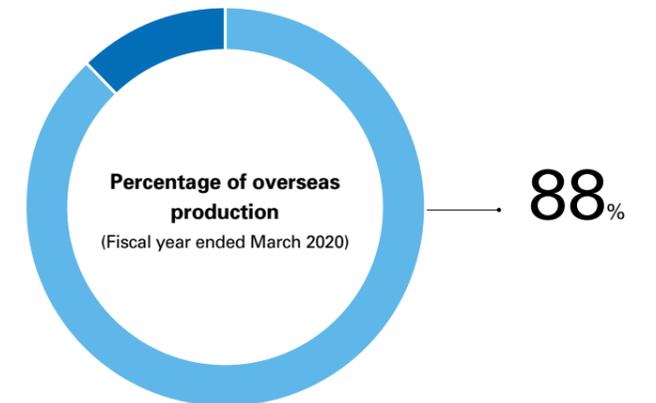
We created a global system for production and sales, responded to local production and local consumption, and reduced exchange, disaster and geopolitical risks.



27 countries

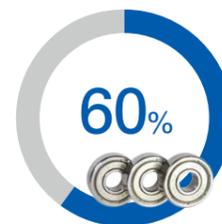
93 production and development sites

91 sales offices  
(As of August 1, 2020)

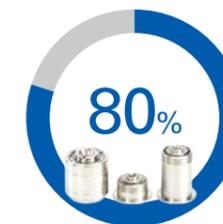


The World's No. 1 share

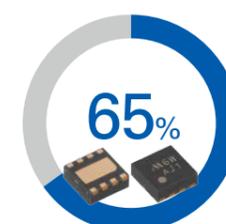
Miniature & small-sized ball bearings



Pivot assemblies for hard disk drive (HDD)



1-cell Lithium-ion Battery Protection IC



The World's smallest

Miniature ball bearings



The world's smallest class stepping motors



The world's smallest class tactile switches



Light guide plates for LED backlights for LCDs



The World's thinnest

### 3. Value Creation Model of MinebeaMitsumi

## Sustainable growth based on three strengths and non-financial capital



MinebeaMitsumi's three strengths are "Reinforcing Core Businesses," "Diversified Niches," and "Generating Synergies through the INTEGRATION\*."

By refining these three strengths and generating synergies, we have created environmental and social value at the same time as economic value, thereby accumulating both financial and non-financial capital.

Using all such capital, we will further hone our three strengths to realize 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.



We create environmental value, for example through the supply of environmentally considerate products such as ball bearings that reduce friction and increase energy efficiency. We also create social value through means such as raising awareness of agricultural workers in emerging countries and encouraging their participation in the latest technology fields. In this way, we achieve business activities that harmonize the resolution of social issues with the creation of economic value. Through these activities, we aim to realize the SDGs promoted by the United Nations.

4. MinebeaMitsumi's Strengths

Centered on our ten core technologies, we will continue to pursue organic growth through the generation of synergies through **INTEGRATION** and our core/sub-core strategy.

We will combine and utilize ten **core technologies** refined by MinebeaMitsumi, such as ultra-precision machining technology and mass production technology, to evolve each of the **Eight Spear products** and create new business opportunities through the **INTEGRATION** and **recombination** of the evolved products. Furthermore, in addition to the **Eight Spears** core businesses, we are also developing "sub-core businesses" using our core technologies. We will maximize earnings from our sub-core businesses functioning as cash cows, as well as further enhance technologies. We plan to invest the created earnings to further enhance and grow our core businesses.

Three strengths which create difference expanding the realm of possibility



Ten core technologies



Core businesses (Eight Spears)

Definition of core business

- (1) Serve niche fields in massive markets
- (2) Capable of drawing on our ultra-high quality and ultra-precision machining technologies
- (3) **Not readily displaced even as a result of technological innovation**

The foundation of growth for analog semiconductors is complete due to integration with ABLIC. Ranking rose from 8th to 4th in the Eight Spears.

Sub-core businesses

Definition of sub-core business

- (1) Serve niche fields in massive markets (same as the core business)
- (2) Capable of drawing on our ultra-high quality and ultra-precision machining technologies (same as the core business)
- (3) **Potentially displaced due to technological innovation**

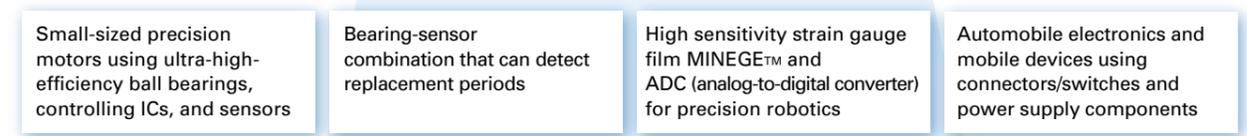
In the sub-core businesses, we are minimizing risk through initiatives that include keeping fixed costs to a minimum and taking accelerated depreciation method on investment, given potential for future displacement of such business.



(The diagram above conceptually portrays the Company's business operations as an SPA\* floor plan. \* A specialty store retailer of private label apparel, or SPA, employs a business model that entails selling related items of apparel using a vertically-integrated approach extending from planning to manufacturing and sales.)

Generating synergies through the INTEGRATION

Example of generating synergies through the INTEGRATION



Creating value in various businesses



5. Toward Sustainable Growth

**We will persist with business operations under any and all circumstances firmly underpinned by our management foundation and risk management.**

Underpinned by the instrumental, human, and intellectual capital it has amassed, the Company has been taking steps to establish robust management foundations that are not susceptible to risk, by accordingly strengthening its core businesses, diversifying operations, and promoting global production.

The Company has also been creating new value through INTEGRATION of such elements.

Meanwhile, going forward, we will seek solutions to social issues centered on **material issues** from the perspective of environmental, social, and governance aspects of business on the basis of our corporate philosophy. We will furthermore aim to achieve sustainable growth by providing beneficial value to our customers around the world, having set long-term quantitative targets seeking net sales of 2.5 trillion yen and operating income of 250 billion yen.

**Mega trends Environmental and social issues (Business opportunities)**

**E: Environment**

- Global warming
- Biodiversity
- Energy crisis
- Resource depletion
- Natural disasters

**S: Social**

- Enhancement of information security
- Development of AI and IoT society
- Growth of the global population
- Food crisis
- Declining birthrate and aging population in developed countries
- Widening disparity
- Pandemic (spread of infections)

**Material issues (Materiality)**

Creating environments where all employees can demonstrate their maximum capabilities

- 1 Ensuring employee safety and health **S**
  - 2 Creating positive and rewarding work environments **S**
  - 3 Human resources development worldwide **S**
  - 4 Diversity promotion worldwide **S**
- Creating new value that contributes to the development of society
- 5 Creating environmentally friendly products **E**
  - 6 Contributing to dialogue with and the development of local communities **S**
  - 7 Creating solutions to social issues **S**
- Ensuring stable supplies of the precision products that support society
- 8 Providing safe and reliable products **S**
  - 9 Practicing responsible procurement **S**
  - 10 Reinforcing risk management **G**

Material issues Page 46

**Management foundation and risk management**

Instilling the corporate philosophy

Group governance

Succession planning, etc. Business and other risks Pages 61 to 62

**Value Creation Model**



**Non-financial capital to build up strength**

**Instrumental capital**

- Vertically-integrated manufacturing
- Global operation
- Accumulated manufacturing knowhow

Instrumental capital Pages 37 to 38

**Human capital**

- Global human resources
- Women's empowerment
- Skilled workers/engineers

Human capital Pages 39 to 42

**Intellectual capital**

- Ultra-precision machining technology
- Comprehensive manufacturing, engineering, development, and sales capability
- M&A capability/PMI

Intellectual capital Pages 43 to 44

**Basic strategies for next 10 years**

**Becoming the world's precision components**

1. Change to new Eight Spears
  2. Launch new products
- + Digitalization

Human resources development (including training successors)

**mightiest INTEGRATION manufacturer of with our new Eight Spears**

3. Cultivate new markets
4. Pursue active M&As

+ shareholder return maintaining financial discipline

**Vision for MinebeaMitsumi through the fiscal year ending March 2029**

**Quantitative targets**

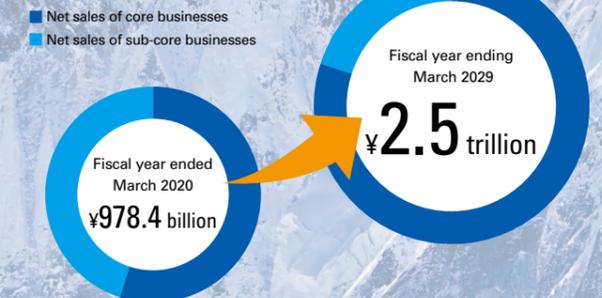


**Non-financial targets**



**Business portfolio**

**We will shift to core businesses, and manage both the decreasing of volatility of performance and improvement of risk management.**



# Chapter II Financial Strategy and Capital Policy



## Message from Chief of Tokyo Head Office, CFO

**There are no changes to our basic financial policy of portfolio reform and carrying out highly effective M&As. We will pursue growth through an appropriate and agile financial strategy that envisions even the worst-case scenario.**

**Katsuhiko Yoshida**  
Director, Senior Managing Executive Officer

## Crisis response

The COVID-19 pandemic is having a broad effect on the economy and corporate activities. The Group is also being affected by declined net sales due to changes in the external environment and reduced factory operations caused by travel restrictions in different countries. Amid these conditions, in addition to restricting capital investment this fiscal year, we created ten-year fixed terms for 100 billion yen in borrowings through last year, and we see no large, immediate refinancing demand. As of March 31, 2020, long-term interest-bearing debt (excluding current portion of long-term loans

payable) accounted for 57% of bonds and borrowings.

Furthermore, although the financial authorities in each country are currently actively supplying funds to the financial markets, and we recognize that there is a limited possibility this will have a significant impact on our cash flow and financial stability, 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. We will monitor the market accordingly.

## Operating results for the fiscal year ended March 2020 and outlook for the fiscal year ending March 2021

The global economy faced a large decline in the current fiscal year, caused by the overseas economic slowdown from U.S.-China trade friction from the previous fiscal year and a slowdown in automobile sales in Japan and overseas, as well as a large decline in exports and capital investment in the fourth quarter due to the spread of COVID-19. 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 finished at a record high of 978.4 billion yen (up 10.6% year on year). However, in addition to the global economic slowdown, yen appreciation and the business integration with U-Shin led operating income to decline by 18.6% YoY to 58.6 billion yen and profit for the

year attributable to owners of the parent to decline by 23.6% YoY to 46.0 billion yen.

Regarding our results forecasts for the next fiscal year, information is limited due to the uncertainty surrounding COVID-19. Our policy is to provide ranges in our results forecasts that envision the worst-case economic scenario. Our plan is for net sales of 900 billion yen to 1 trillion yen (down 8% YoY to up 2% YoY) and operating income of 50 to 60 billion yen (down 15% YoY to up 2% YoY). In addition to the new consolidation effects of ABLIC, with which we conducted a business integration on April 30, 2020, we expect a large recovery in demand for "in-home products" such as smartphones and video games. However, we expect the market slowdown to affect automobile and civilian aircraft demand.

## Highlights of Financial Strategy and Capital Policy

EPS growth rate  
CAGR of  
**15%** or more

ROE of  
**15%**  
or more

CAPEX  
**50%**  
or less of EBITDA

Shareholder returns  
**50%**  
of FCF

## Impact of COVID-19 on performance

Impact on net sales was approximately 30 billion yen for the fiscal year ended March 2020. Impact on operating income was a decline of 9.0 billion yen. This was mainly due to 2.6 billion yen from operational losses/control measure expenses and 6.4 billion yen due to declined sales.

Since entering the fiscal year ending March 2021, we have been responding to the fast changes in the business environment in the with-corona era. As of the end of May 2020, all our factories are operating. By region, the Chinese factories have already realized 100% utilization. European factories also began operations at the start of May. While gradual, production activities are recovering.

### Impact on production (as of early May)

- Europe (8%)**
  - Medical/aircraft: At reduced utilization.
  - Automobile: Operations have partially started since April. Full utilization in late May. (France, Italy, Germany, Spain, Slovakia, Hungary, Russia, etc.)
- North America (5%)**
  - In operation as usual.
- Asia (74%)**
  - China: In operation as usual since April.
  - Thailand: In operation as usual.
  - Cambodia: In operation as usual.
  - Philippines: Continued operations at reduced utilization in Luzon but operations remained normal in Cebu.
  - Malaysia: In operation as usual.

Note: Figures in parentheses are the production ratios in FY3/2020.

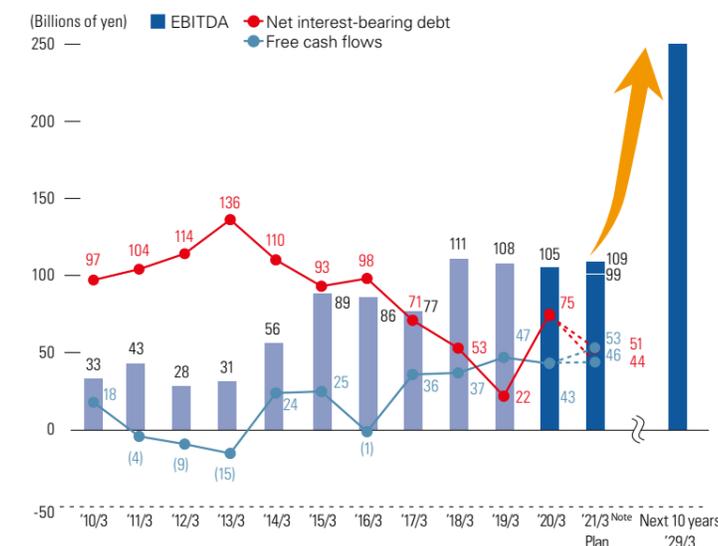
## Financial strategy going forward

Under our vision for the fiscal year ending March 2029, we have set targets for net sales and operating income of 2.5 trillion yen and 250 billion yen, respectively. While the effects of COVID-19 are unclear, we will strengthen our core businesses in ultra-precision technologies and ultra-high quality in the Eight Spears and solidify our position as the world's mightiest INTEGRATION manufacturer of precision components. Meanwhile, we are considering options for flexibly allocating cash generated by these numerous highly-profitable No. 1 products to initiatives that involve carrying out M&As and enhancing shareholder returns with top priority placed on achieving organic growth, premised on the notion of maintaining financial discipline.

### Basic approach

Having made "strengthening our financial position" a key management policy, the MinebeaMitsumi Group has taken various steps that include efficiently engaging in capital investment, managing assets, and reducing interest-bearing debt. We will promote an appropriate and agile financial strategy which entails reforming our portfolio in a manner that puts more weight on highly profitable core businesses while also carrying out highly effective M&As.

### Results and plans: EBITDA/net interest-bearing debt/free cash flows



Note: It is difficult to calculate it rationally due to the impact of the global spread of COVID-19 and the lockdown of each country, therefore our business forecasts are based on a range of upper and lower limits for both sales and profits.

\* Figures are subject to change upon implementation of large-scale M&As.

\* Figures for periods up through the fiscal year ended March 2018 are based on JGAAP, and figures from the fiscal year ended March 2019 onward are based on IFRS.

Cash allocation

Investment for growth

Generated operating cash flows are to be preferentially allocated to R&D and capital expenditure to act as a driver of organic growth. Moreover, we are also considering options of carrying out effective M&As enlisting 50% of our free cash flows and borrowings, premised on the notion of maintaining financial discipline such that the net debt equity ratio falls within the 0.2 times range. We made

capital investment of 50.1 billion yen and had R&D expenses of 28.9 billion yen (3.0% of net sales) in the fiscal year ended March 2020. In addition, we are planning capital investment of 43.0 billion yen and R&D expenses of 30.0 billion yen (3.0% of net sales) in the fiscal year ending March 2021.

Allocating capital backed by ability to generate cash

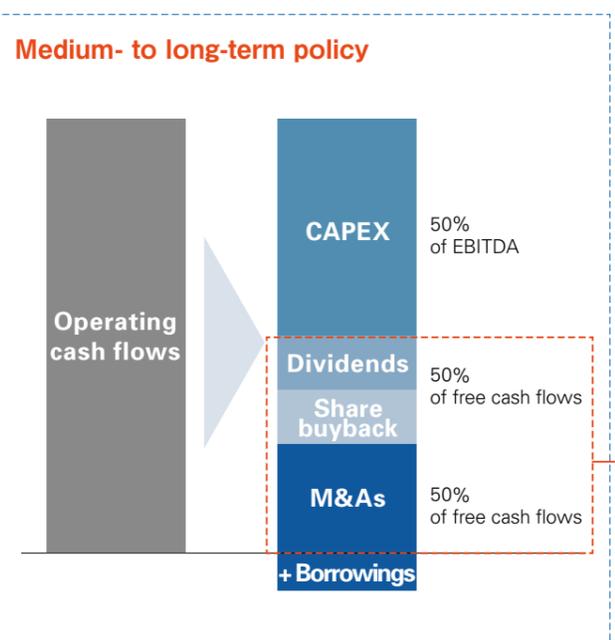
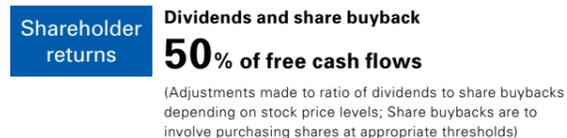
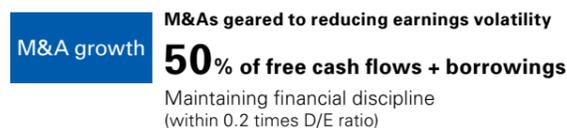
Operating cash flows

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



Free cash flows

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



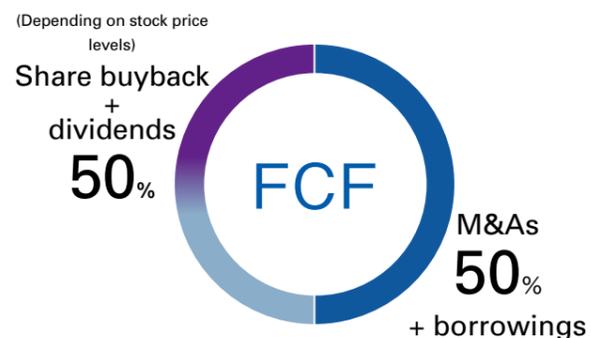
Shareholder returns

Regarding the annual dividend, in principle, MinebeaMitsumi will take a flexible approach to paying out dividends, aiming for a dividend payout ratio of around 20% on a consolidated basis, underpinned by our policy of enhancing returns to our shareholders.

We have decided to pay out 28 yen in dividends per share for the fiscal year ended March 2020, the same amount as the previous fiscal year, after considering factors such as our current financial standing and continuity of dividends. We paid these dividends quickly without waiting for the approval at the General Meeting of Shareholders. In addition to our 10.6 billion yen buyback of shares executed in November 2018, we also executed a 15 billion yen buyback of shares from December 2019 to February 2020.

Going forward, while maintaining continuous, stable profit distribution, MinebeaMitsumi gives top priority to improving the efficiency of shareholders' equity and distributing more profit to shareholders, and while considering our financial standing and stock market trends, we plan to promote an appropriate and agile financial strategy.

Usage of free cash flows



Financial base

It is our belief that securing a stable financial foundation is of the utmost importance when it comes to ensuring that we continuously provide returns to our shareholders. We have very favorable credit ratings received from two credit rating agencies, having been assigned an "A" rating from Rating and Investment Information, Inc. (R&I; in October 2017 increased from an "A-" rating) and an "A+" rating from Japan Credit Rating Agency, Ltd. (JCR; unchanged since December 2015).

Although our equity ratio attributable to owners of the parent is subject to change in the short-term as a result of M&As, we aim to achieve a stable financial foundation by accordingly maintaining an equity ratio of at least 50% over the medium to long term.

Rating and Investment Information, Inc. (R&I)

A

Japan Credit Rating Agency, Ltd. (JCR)

A+

Initiatives for increasing corporate value

We maintain ROE and ROIC levels exceeding the upper limit of 8% of the expected capital cost, and heighten corporate value while increasing capital efficiency. We expect the uncertain business environment created by COVID-19 to continue in the short term. However, we have defined our main KPIs as achieving EPS CAGR (annual average growth rate) of at least 15% and ROE of at least 15% by strengthening the core business of ultra-precision and ultra-high quality and by expanding sales of our top high-profit products.

From the fiscal year ended March 2010, we strengthened the portfolio while making appropriate decisions on development, M&As, and business withdrawals. As a result, both ROE and ROIC have significantly improved with both levels exceeding the capital cost of 8%.

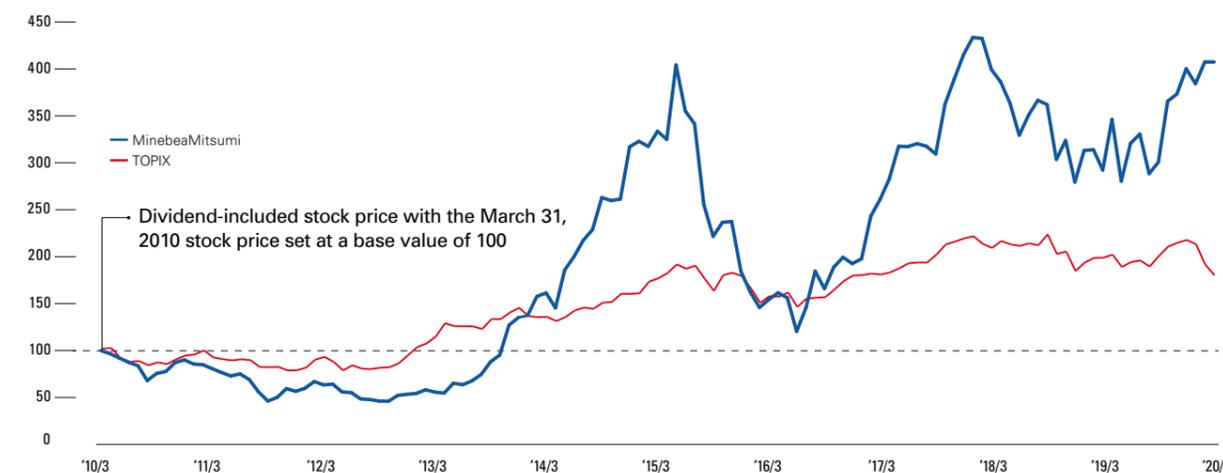
Going forward, we will continue to improve our corporate value by implementing risk management to achieve sustainable ROE and ROIC that exceed expected capital costs and by reducing capital costs, while also tackling ESG issues.

TSR

Over the past ten years, the Company's total shareholders return ("TSR"), which considers dividends and stock price changes, has produced an earnings ratio that exceeds the TOPIX by reforming our portfolio and carrying out highly

effective M&As. To continue to realize a TSR that exceeds our capital cost, we will implement a highly effective financial strategy and work to enhance shareholder value.

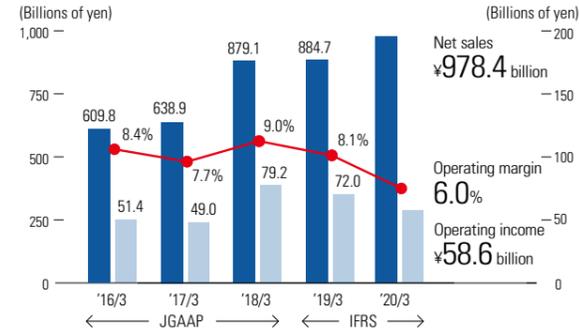
Ten-year dividend-included stock price



# Financial and Non-financial Highlights

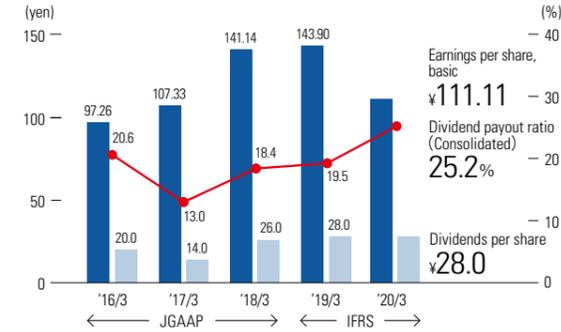
## Financial highlights

### Net sales, operating income and operating margin



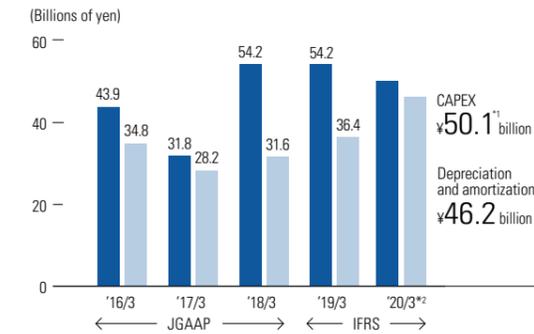
In order to realize a further increase in profitability, we have been concentrating on cutting costs, creating high-value-added products, developing new technologies, and enhancing our marketing approach, and as a result reached historic highs in net sales.

### EPS and dividends



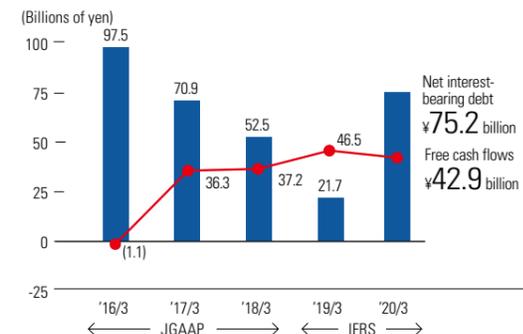
Dividends for the fiscal year ended March 2020 were 28 yen, the same amount as the previous fiscal year, as a result of efforts to provide shareholder returns at levels that better reflect business performance.

### CAPEX, depreciation and amortization



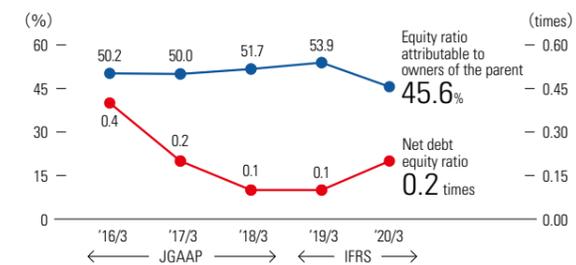
CAPEX was incurred mainly due to investment undertaken to strengthen operations in the Electronic Devices and Components business.  
 \*1 CAPEX does not include the increase in leased assets at the IFRS 16 application start date.  
 \*2 FY3/20 includes 4.6 billion yen of CAPEX and 4.6 billion yen of depreciation and amortization for U-Shin Ltd.

### Net interest-bearing debt and free cash flows



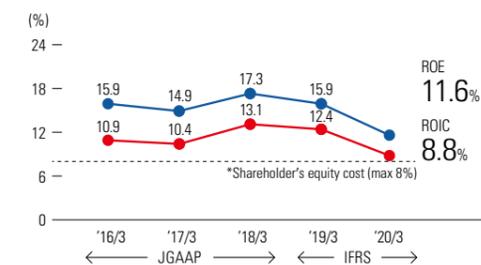
Net interest-bearing debt increased due to the business integration of U-Shin Ltd. upon having made it a subsidiary, while persistently generating high levels of free cash flows.

### Equity ratio attributable to owners of the parent and net debt equity ratio



In association with the business integration of U-Shin Ltd., the equity ratio attributable to owners of the parent decreased 8.3 percentage points YoY and the net debt equity ratio stood at 0.2 times.

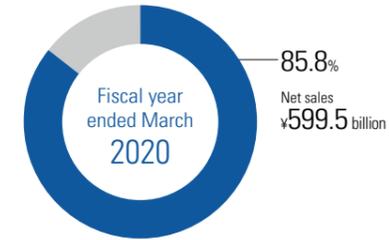
### ROE and ROIC



Both ROE and ROIC have been maintained at high levels. ROIC has stayed above our shareholder's equity cost (max 8%), and we have been raising our corporate value while increasing capital efficiency.

## Non-financial highlights

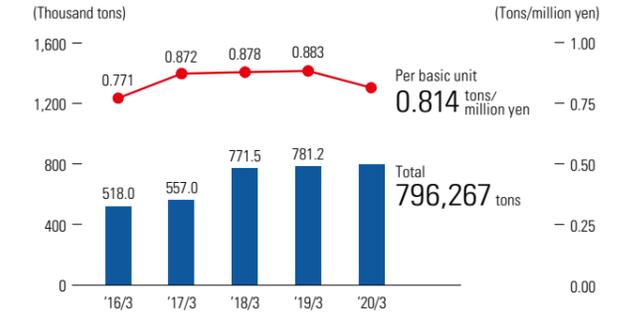
### Percentage of net sales of Green Products



The net sales of Green Products in the fiscal year ended March 2020 amounted to 599.5 billion yen, which was 85.8% of the total net sales (excluding products that cannot be designed in-house).

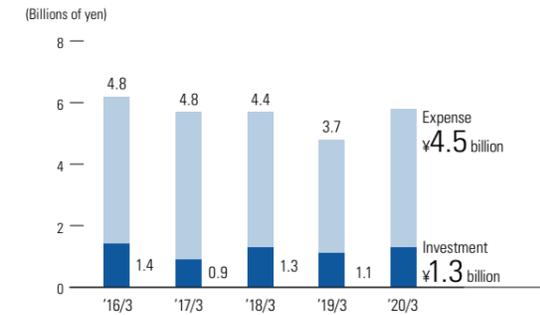
Green Products Page 47

### CO2 emissions



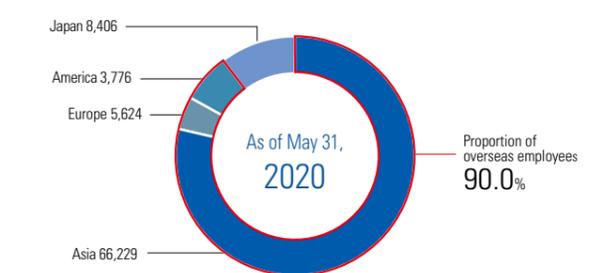
We address the matter of CO2 emissions related to climate change both in terms of total volume and per basic unit of output. In the fiscal year ended March 2020, our CO2 emissions increased 1.9% in total volume and decreased 7.8% per basic unit of output, in comparison with the previous fiscal year.

### Environmental conservation costs



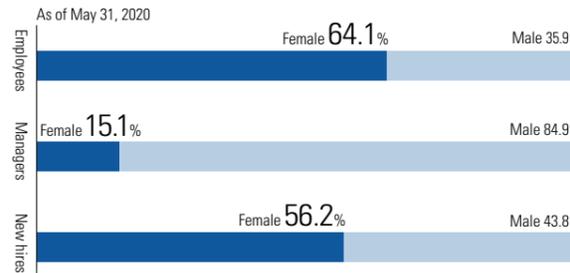
Environmental conservation costs are calculated as the total of investment and expense on the basis of the "Environmental Accounting Guidelines 2005" published by Japan's Ministry of the Environment. We incurred 5.8 billion yen in environmental conservation costs which encompassed investment and expense combined in the fiscal year ended March 2020.

### Number of employees by region



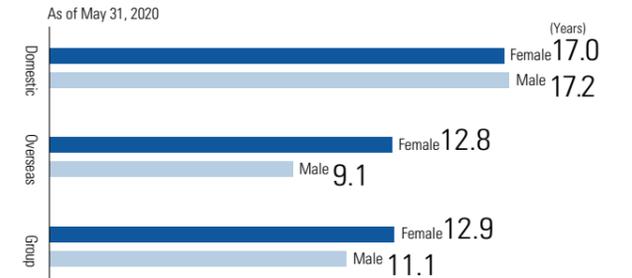
The Group's proportion of employees based overseas is high at 90.0% given that some 70% of its net sales are generated outside of Japan and roughly 90% of its production takes place abroad.

### Proportion of female employees (employees, managers, and new hires)



We have been creating workplace environments where our diverse group of employees is able to maximize their talents. This involves promoting the empowerment of our female employees with the aims of creating new values and competitiveness. Female accounted for 64.1% of our employees and 15.1% of our managers as of March 31, 2020.

### Average of working years by gender

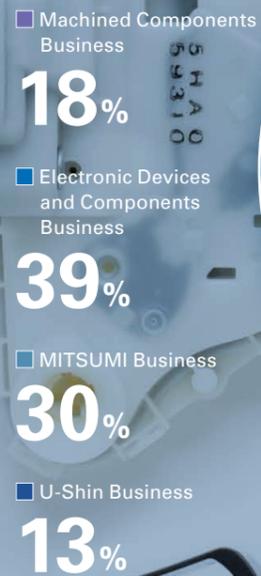


The average years of service for female employees of the overall Group is high, and there are no substantial gender differences in that regard. As such, we are taking steps to develop workplace environments where it is possible for employees to continue working after having taken childcare leave.

# Chapter III Initiatives for Value Creation

## Strategies by Business

### Net sales composition



Fiscal year ended March 2020

Net sales  
**¥ 978.4 billion**  
Operating income  
**¥ 58.6 billion**

### 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**



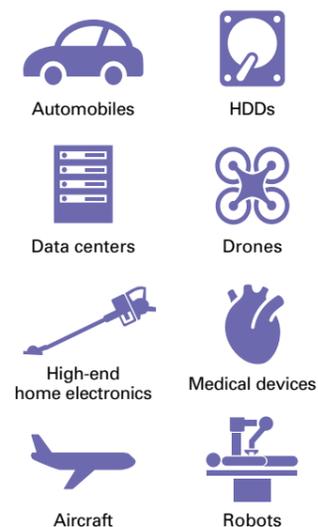
**Satoshi Mizuma**  
Managing Executive Officer,  
Chief of Machined Component Manufacturing Headquarters

## 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

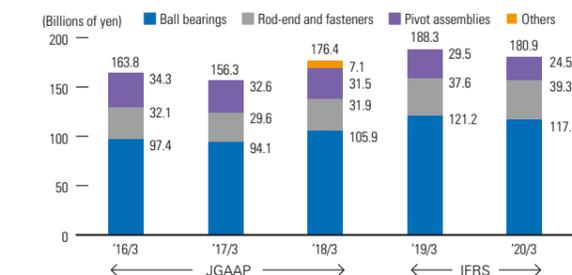
### Sales and income decreased due to the macroeconomic slowdown

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.

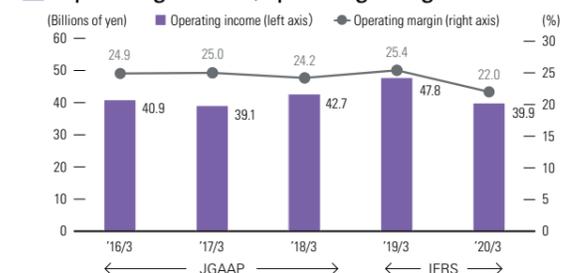
Despite the impact of reduced production in B737MAX, rod-end and fasteners sales increased owing to favorable orders in other aircraft and other products. Meanwhile, pivot assembly sales were down both in volume and amount due to shrinking of the HDD market.

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.



# 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

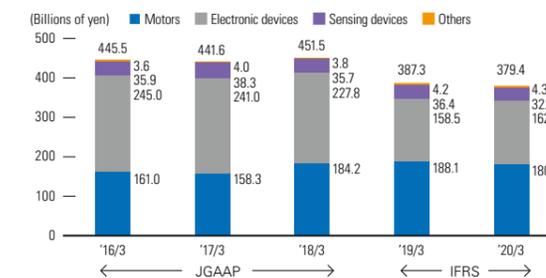
### Secured increased earnings with a diversified product portfolio

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.

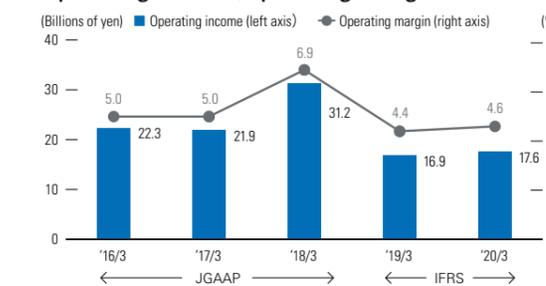
Sales of electronic devices rose due to strong sales of models using our LED backlights. Sales of sensing devices were down due to general decline in demand.

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%		

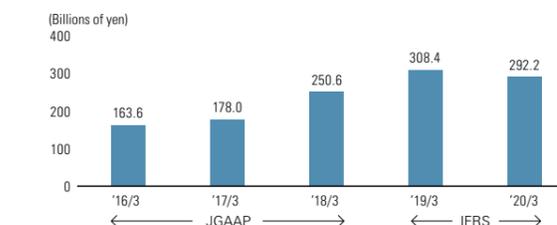
## Overview of the fiscal year

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

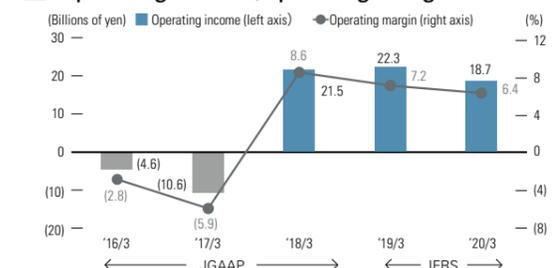
Camera actuators have enjoyed a large increase in sales with trends in smartphones with multiple cameras and higher functionality. Amid the global economic slowdown, analog semiconductors trended strongly and enjoyed increased sales. Meanwhile, sales of mechanical components decreased due to a change 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

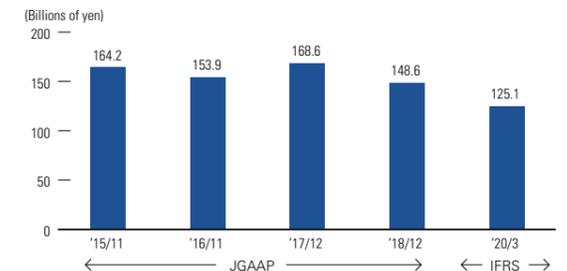
## Overview of the fiscal year

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

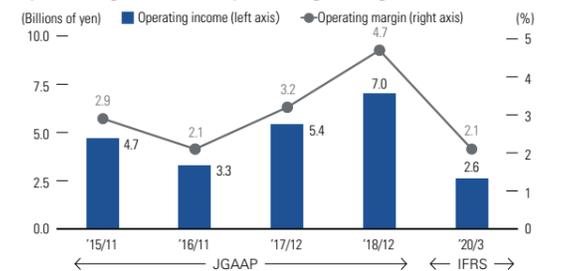
Production showed a significant slowdown because of restrictions imposed on operations mainly in Europe, in the fourth quarter, due to the COVID-19 pandemic, on top of the slump in the automobile market in China, Europe, and elsewhere.

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.



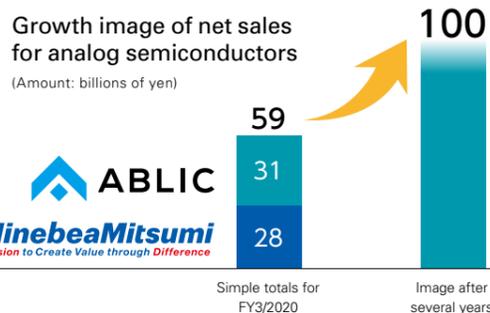
## Background details of business integration

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



The corporate profile can be viewed from here.



## 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)

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



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

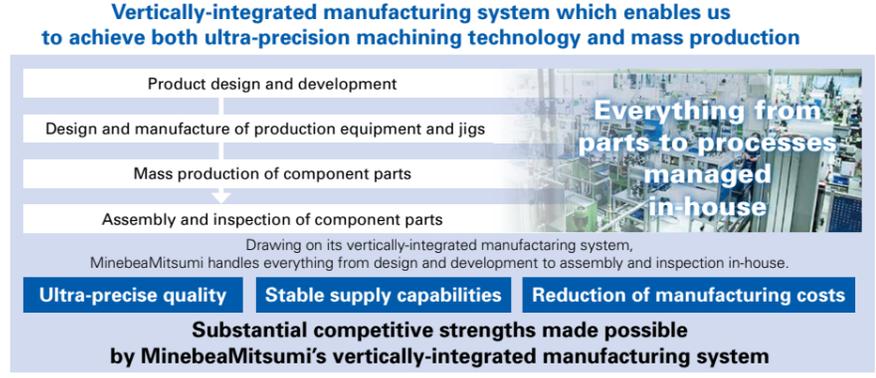
Strengths of Instrumental Capital

"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.



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

Initiatives carried out since 2011

Furthermore becoming a rewarding place to work



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.

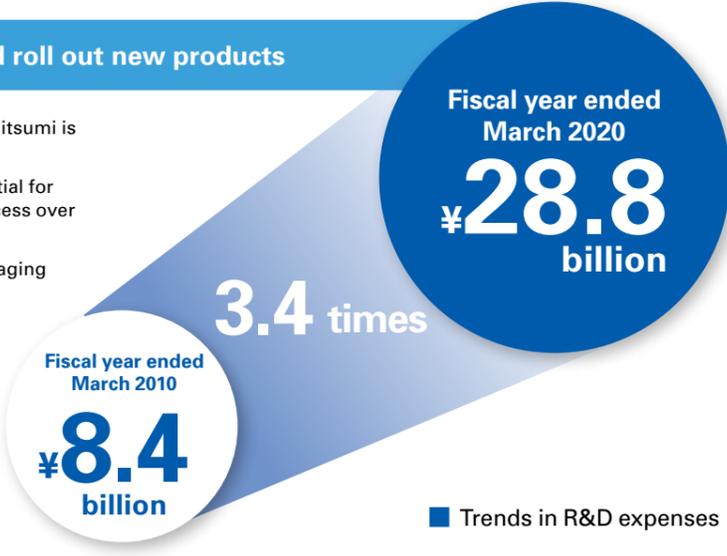
Strategies of Intellectual Capital

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

Strategy 1 Upgrade core technologies and roll out new products

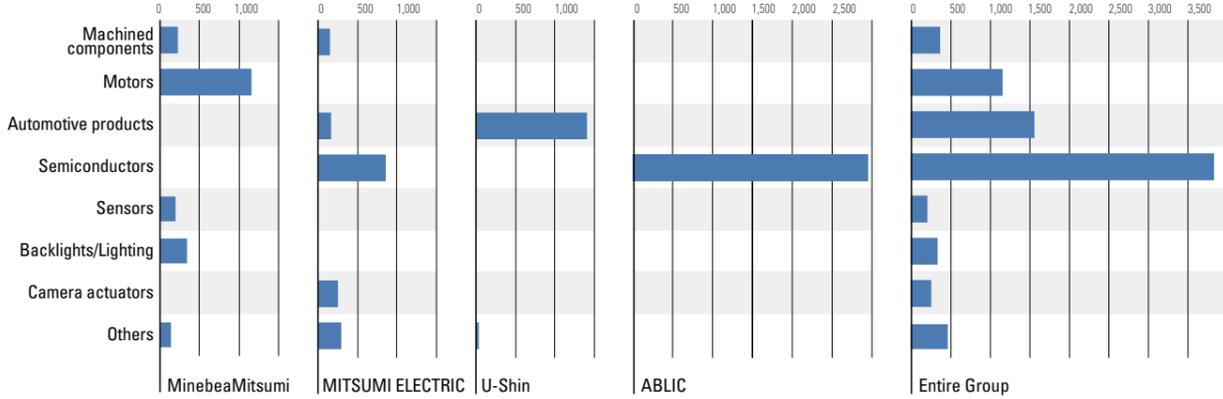
Under its policy for technology development, MinebeaMitsumi is engaging in key strategies that involve:

- 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.

## MinebeaMitsumi's Sustainability

### Our approach to sustainability

We believe that diversification serves as the essence of sustainability, premised on the notion that sustainability acts as the starting point of business management. The Company builds and refines multifaceted and decentralized frameworks across areas that include manufacturing sites, markets, technological development, in addition to products, in a manner whereby such frameworks act as a source of the Company's competitiveness.

Our policy is to boldly invest our business resources in a manner that reinforces our efforts relating to the environment, society and corporate governance, encompassing execution of such business activities.

### Philosophical profile: Instilling the corporate philosophy

The MinebeaMitsumi Group believes that the mission of a company is to contribute to the sustainable development of the global environment and of humanity, not only through strict adherence to laws and regulations, but also through fair and proper business management in accordance with business ethics. To achieve this mission, we have established our company credo "The Five Principles" which is our basic management policy based on our corporate philosophy, "to contribute to society by 'Producing better products, with faster speed, in larger numbers, at lower cost and by smarter means,'" and on the basis of this credo, we have formulated the "MinebeaMitsumi Group Basic CSR Policy" and the "MinebeaMitsumi Group's CSR Implementation Principles" to guide our CSR activities.

### 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: Our Company Credo "The Five Principles"

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

### MinebeaMitsumi Group Basic CSR Policy

As a manufacturer of precision products supporting society, the MinebeaMitsumi Group is "working toward stable supply and making reliable products with low energy consumption widely available," to contribute to the sustainable development of the global environment and of humanity.

### Approach to sustainability and framework for its promotion

The Sustainability Management Division was established in April 2019 for the purposes of contributing to the development of a sustainable society and separating auditing functions from executive functions to reinforce governance within the MinebeaMitsumi Group.



### The MinebeaMitsumi Group's CSR Implementation Principles

#### 1. "The Five Principles" and Our "Code of Conduct"

In promoting CSR activities, the MinebeaMitsumi Group will appropriately manage the organization in accordance with "The Five Principles," and adhere to its "Code of Conduct."

#### 2. Creation of Social Value through Products

As a manufacturer of precision products supporting society, the MinebeaMitsumi Group is actively developing "reliable products which reduce energy consumption," and making them widely available.

#### 3. Continuous Improvement and Raising of Awareness

We will put forth goals to be achieved, based on understanding the MinebeaMitsumi Group's social responsibilities and the key problems that need to be addressed, and continue to improve our CSR activities through implementation and continual review.

We will also strive to raise awareness of CSR among all employees through CSR activities.

#### 4. Dialogue with Stakeholders

Constructive dialogue with stakeholders (employees, customers, shareholders, local communities, global society, suppliers, and the environment) allows us to meet expectations and respond to requests, and we will improve transparency and accountability in our corporate activities.



### Initiatives for material issues (Materiality)

We have set goals to be achieved with respect to material issues identified in 2019, with the aims of fulfilling our social responsibilities as a global enterprise and improving sustainability of our operations. Going forward, we will continue to promote initiatives in a manner that involves implementing the cyclical plan-do-check-act (PDCA) management approach.

#### Priority Topic 1

#### Creating environments where all employees can demonstrate their maximum capabilities

Material issues	Reasons why it was determined to be significant	Targets for the fiscal year	Medium-term targets	Main SDGs that it contributes to
1 Ensuring employee safety and health	Ensure the safety and raises the productivity of employees, the Group's most important management resource	Reduce workplace injuries: 0 incidents of workplace injuries Encourage employees to undergo health checkups: 100% compliance	• 0 incidents of workplace injuries • Employee health maintenance	3
2 Creating positive and rewarding work environments	Raise the motivation, satisfaction, and productivity of employees, the Group's most important management resource	Examine and introduce systems for achieving diverse styles of work Reduce extended working hours: Achieve 5% reduction in average amount of overtime worked per employee	• Achieve diverse styles of work that enable employees to work enthusiastically	8
3 Human resources development worldwide	Achieve growth of employees, the Group's most important management resource Secure human resources as a global enterprise	Strengthen training to nurture next generation of executive leaders Develop locally-based leaders overseas	Strengthen human resources development to actively promote expansion and development of business operations worldwide leveraging benefits of the integration serving as the MinebeaMitsumi Group	8
4 Diversity promotion worldwide	Secure employees, the Group's most important management resource Promote respect for human rights and INTEGRATION among employees	Continuously promote empowerment of our female employees Achieve statutory rate of employment with respect to hiring people with disabilities and retain such employees: More than 2.2% employment of people with disabilities	• Develop an environment that empowers employees irrespective of their nationality, cultural background, origins, etc. • Increase the proportion of female managers (aim to achieve double the number in 2021 relative to 2016)	5 10

#### Priority Topic 2

#### Creating new value that contributes to the development of society

Material issues	Reasons why it was determined to be significant	Targets for the fiscal year	Medium-term targets	Main SDGs that it contributes to
5 Creating environmentally friendly products	Contribute to solutions to increasingly severe environmental issues Respond to increasing calls from customers to enhance environmental performance	Green Products to account for 81% of net sales	Increase the proportion of net sales attributable to Green Products (at least 90% in the fiscal year ending March 2029)	7
6 Contributing to dialogue with and the development of local communities	Gain trust at business sites around the world Maintain business continuity through regional development	Develop and reinforce the Group's sustainability management framework in line with the business integration Set goals for each relevant division in relation to material issues Continue to promote dialogue with communities at our domestic and overseas locations Engage in public relations through the media in a manner that enables our stakeholders to gain a deeper understanding of the Company's business operations Continue to actively disclose information regarding business plan progress and measures Continue to actively communicate with domestic and overseas investors	• Promote CSR management based on material issues relating to sustainability through an understanding of stakeholder expectations and requests • Continue initiatives that instill the notion of sustainability at our domestic and overseas locations Contribute to improving corporate value over the medium to long term and furthermore gain the understanding and trust of our stakeholders by promoting information disclosure and communications	1 4 6
7 Creating solutions to social issues	Respond to increasing calls from customers to solve social problems Raise productivity through technological advances	Incorporate a social issue perspective into processes for evaluating technology development	Develop key components and technologies in fields that include labor savings and automation in factories	8 9 10

#### Priority Topic 3

#### Ensuring stable supplies of the precision products that support society

Material issues	Reasons why it was determined to be significant	Targets for the fiscal year	Medium-term targets	Main SDGs that it contributes to
8 Providing safe and reliable products	As a manufacturer of parts used in all types of products, ensure improvement and reliability of product performance	Create mechanisms tailored to improving skills of employees Introduce and develop unified bar code labels for MITSUMI products Improve packing for marine shipping containers to improve loading efficiency and quality	Build and standardize a unified quality management system to support expansion and development of business operations worldwide Improve loading efficiency by introducing unified bar code labels across the Minebea Group	9
9 Practicing responsible procurement	Ensure the continuity of the entire supply chain Reduce reputation risks	Confirm status of efforts to promote CSR achieved by MITSUMI ELECTRIC's suppliers in Malaysia, Thailand, and the Philippines by using the "CSR Procurement Self-assessment Checklist"	Confirm U-Shin's status of CSR procurement, confirm status of efforts to promote CSR achieved by its suppliers based on the "CSR Procurement Guidelines," and promote initiatives in that regard	12
10 Reinforcing risk management	Avert crises and minimize loss incurred at times of crisis by pre-identifying risks facing the enterprise	Implement compliance training as part of rank-based training: 100% enrollment Implement e-learning drawing on awareness survey findings: Enrollment of more than 90% Reinforce training on power harassment Strengthen the framework for gathering information on compliance worldwide Reinforce training on trade compliance Upgrade BCP relating to epidemics at the Shanghai Plant in China, and extend it to the Group's major locations Acquire certification under the ISO 22301 international standard for business continuity management systems at the Ayutthaya Plant and Ban Wa Plant in Thailand Confirm and coordinate with the risk management framework of ABLC	Build and reinforce the global compliance framework in a manner that supports expansion and development of business operations worldwide Sufficiently reinforce trade compliance as a global enterprise Develop BCP at locations of the MinebeaMitsumi Group upon its expansion due to the business integration	13

# Initiatives for the Environment



The MinebeaMitsumi Group has established an environmental management system based on the “MinebeaMitsumi Group Environmental Policy,” and all Group companies are striving to contribute to the protection of the earth’s environment and the realization of sustainable society.

The environmental policy can be viewed from here.



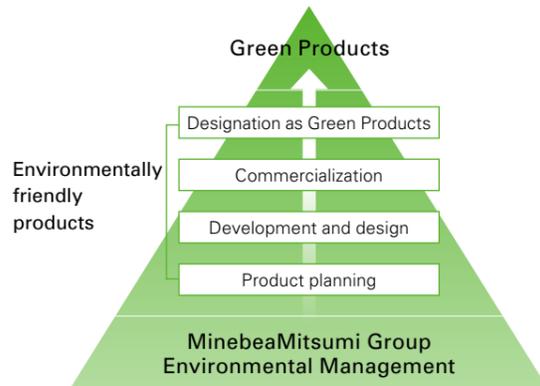
## Creating environmentally friendly products

### Conclusion of the second year of the “MinebeaMitsumi Green Products Certification Program”

Almost all our products are environmentally friendly products which are originally small sized and allow precise downsizing, and contribute to saving energy and space.

In the “MinebeaMitsumi Green Products Certification Program,” which selects products that are particularly environmentally friendly and certifies them as MinebeaMitsumi Green Products, percentage of net sales of Green Products increased by 6.4% to 85.8% in comparison with the fiscal year ended March 2019 after careful selection of target products in the fiscal year ended March 2020. We plan to create products that contribute to energy conservation and global environmental improvement through our corporate activities, and to increase the ratio of Green Products to over 90% of our sales in the fiscal year ending March 2029.

### Green Products certification system



### Criteria for determining Green Products

In designing	In manufacturing	In shipment	In using
<ul style="list-style-type: none"> <li>Selection of materials with consideration for the environment</li> <li>Selection of energy-efficient parts</li> <li>Use of recycled and reused materials</li> <li>Consideration for disposal of products</li> <li>Confirmation of non-use of prohibited substance</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of electric power consumption</li> <li>Reduction of raw materials and secondary materials</li> <li>Reduction of waste</li> <li>Reduction of chemical substances</li> <li>Reduction of water usage</li> </ul>	<ul style="list-style-type: none"> <li>Use of packaging materials with consideration for the environment</li> <li>Reuse of packaging materials</li> <li>Reduction of CO<sub>2</sub> in logistics</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of electric power consumption</li> <li>Smaller products</li> <li>Lighter products</li> <li>Longer product life</li> </ul>

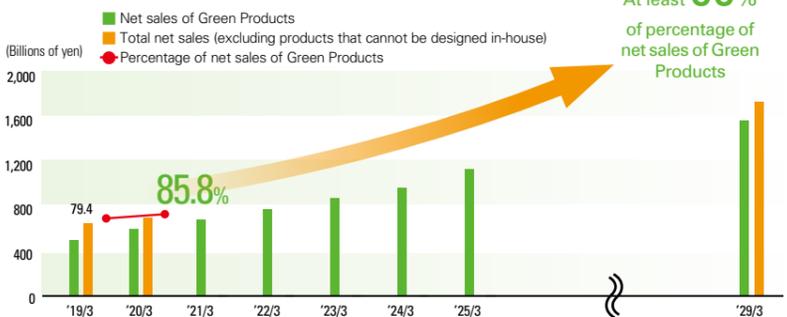
Certified Green Products  
(Below is a partial listing of our certified Green Products.)



The details on Smart City Solutions can be viewed from here.



### Green Products sales targets



### Highlights of environmental initiatives

<p>Target of Green Products Fiscal year ending March 2029</p> <p>At least <b>90%</b> of percentage of net sales</p>	<p>CDP Scores</p> <p>Awarded “B” in Climate Change 2019 and “A-” in Water 2019</p>	<p>August 2020</p> <p>Declaration on support for the TCFD recommendations</p>
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### Initiatives for reducing environmental burden

#### Operation of Plant Wastewater Zero System (Thailand and China)

The Group operates plants which use large amounts of water in the processing of manufactured products and take measures to reduce discharges of wastewater. Our plants purify used water to reduce the impurities to below standards required by environmental laws and regulations of each country and locality, before releasing the water into the environment. Despite these measures, we cannot guarantee that the released water has zero impact on the surrounding environment. At our plants in Thailand and China, which use large amounts of water, we have adopted the Plant Wastewater Zero System to reduce the wastewater to be released, its impact on the environment to as close to zero as possible, and amount of water purchased from external suppliers.



Rainwater basin and rainwater recycling equipment at the Bang Pa-in Plant in Thailand

### Waste plastic reduction program (Thailand)

#### No Plastic Bags Project

The MinebeaMitsumi Group has been actively taking steps to reduce waste plastic amid concerns in recent years over the issue of marine plastics.

Since February 2019, our Thai Plant operations have been carrying out the No Plastic Bags Project whereby days are specified during which the facility will not use plastic bags. As a result, we have reduced our consumption of plastics by 5,447.29 kilograms (3,704,154 plastic bags) over the months February to December, 2019. Furthermore, we have discontinued use of the plastic bags since January 2020.

Moreover, the coffee shop inside the facility has started using paper cups without lids, thereby ending its use of plastic lids and plastic straws.



### Declaration on support for the TCFD recommendations

In August 2020, the Company declared its support for the TCFD (Task Force on Climate-related Financial Disclosures) recommendations, and going forward, will disclose and send information in accordance with the TCFD recommendations as well as strengthen initiatives to contribute to the realization of a sustainable society.



Governance	Strategy				
<p><b>Established the following systems related to climate change issues in its corporate governance</b></p> <ul style="list-style-type: none"> <li>The Risk Management Committee and the Environmental Management Committee, which are responsible for responding to climate change, function as an organization directly under CEO.</li> <li>Matters decided by the Risk Management Committee and the Environmental Management Committee are periodically reported to the Board of Directors, and its Chairperson, CEO has the responsibility of monitoring and supervising risks and opportunities related to climate change as well.</li> </ul>	<p><b>Include climate change issues into strategy formulation processes</b></p> <p>Taking risks and opportunities related to climate change into consideration for the resilience and growth strategy for MinebeaMitsumi.</p> <table border="1"> <tr> <th>&lt;Risks&gt;</th> <th>&lt;Opportunities&gt;</th> </tr> <tr> <td> <p><b>Response to physical risks:</b> Promotion of BCP for intensifying disasters</p> <p><b>Response to transition risks:</b> Energy efficiency that provides for the strengthening of regulations as well as a carbon pricing system, and reduction of CO<sub>2</sub> through the introduction of renewable energy</p> </td> <td> <p><b>Response to opportunities due to market changes, etc. due to climate change:</b> MinebeaMitsumi will promote strategy related to products laid out in “Next Ten Years of MinebeaMitsumi,” the growth strategy looking over the next ten years</p> </td> </tr> </table>	<Risks>	<Opportunities>	<p><b>Response to physical risks:</b> Promotion of BCP for intensifying disasters</p> <p><b>Response to transition risks:</b> Energy efficiency that provides for the strengthening of regulations as well as a carbon pricing system, and reduction of CO<sub>2</sub> through the introduction of renewable energy</p>	<p><b>Response to opportunities due to market changes, etc. due to climate change:</b> MinebeaMitsumi will promote strategy related to products laid out in “Next Ten Years of MinebeaMitsumi,” the growth strategy looking over the next ten years</p>
<Risks>	<Opportunities>				
<p><b>Response to physical risks:</b> Promotion of BCP for intensifying disasters</p> <p><b>Response to transition risks:</b> Energy efficiency that provides for the strengthening of regulations as well as a carbon pricing system, and reduction of CO<sub>2</sub> through the introduction of renewable energy</p>	<p><b>Response to opportunities due to market changes, etc. due to climate change:</b> MinebeaMitsumi will promote strategy related to products laid out in “Next Ten Years of MinebeaMitsumi,” the growth strategy looking over the next ten years</p>				
Risk Management	<Scenario analysis>				
<p><b>Integrate climate related issues into company-wide risk management processes</b></p> <ul style="list-style-type: none"> <li>Climate change issues are integrated into the various risk elements in company-wide risk management processes.</li> </ul> <p><b>Overview of Risk Management Process</b></p> <pre> graph LR     A[Examination of risks and opportunities from a value chain perspective] --&gt; B[Material issue analysis, which includes the possibility of occurrence and the severity of the financial impact]     B --&gt; C[Periodic reporting of the formulation and results of response plans to the Board of Directors]         </pre>	<p>In order to study what kind of impact climate change will have on MinebeaMitsumi’s business, the Company is currently performing scenario analysis using the time-related perspectives of 2030 and 2050 with the scenario of 4 °c of global warming and the scenario of being sufficiently under 2°c of global warming, and the Company will increase the effectiveness of its strategy.</p>				
Indicators and Objectives	<Indicators and objectives related to climate change>				
<p><b>[Indicators and objectives related to climate change]</b></p> <ul style="list-style-type: none"> <li>Formulation of objectives for 2030 and 2050 with regard to scope 1 and 2 is being considered (objectives are considered keeping SBT achievement levels in mind in light of trends for the transition to a carbon-free society).</li> <li>Formulation of objectives for the introduction of renewable energy is being considered.</li> </ul>					



The details on environmental data can be viewed from here.

# Initiatives for the Society



## Highlights of social initiatives

Creating positive and rewarding work environments

Reinforcement of quality control systems

Response to COVID-19

The MinebeaMitsumi Group believes that the mission of a company is to contribute to the sustainable development of the global environment and of humanity, not only through strict adherence to laws and regulations, but also through fair and proper business management in accordance with business ethics and works continuously on social issues.

### Ensuring employee safety and health

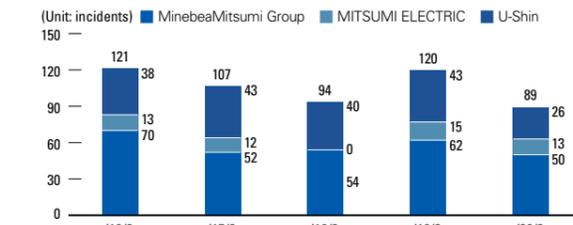
Given that the Group has regarded employees as its most valuable resource since its founding, we accordingly state that we are to "be a company where our employees are proud to work" as the first of "The Five Principles" of our company credo which is our basic management policy.

We encourage employees to undergo health checkups and take steps to reduce workplace injuries underpinned by our target of zero such incidents—with the aim of ensuring that each of our employees can work safely and in good health, and fully exercise his or her abilities.

The details on our relationship with employees can be viewed from here.



### Workplace injuries and other accidents in the MinebeaMitsumi Group



\*1 The results for FY3/16 and FY3/17 are the combined results for the Minebea Group and MITSUMI ELECTRIC from before the business integration.  
\*2 MITSUMI ELECTRIC only refers to production sites in Japan

### Creating positive and rewarding work environments

We have made it possible for our employees to enlist various styles of work thereby enabling them to work enthusiastically, with the aims of increasing the motivation, satisfaction, and

productivity of our employees. Accordingly to such ends, we have been reducing extended working hours while also evaluating and introducing programs that give rise to diverse styles of work.

### MITSUMI ELECTRIC's Yamagata Business Division certified as an excellent (Diamond) company under the "Yamagata Childcare and Nursing Care Support Lively Company" program

The Yamagata Business Division of MITSUMI ELECTRIC CO., LTD. has been certified as an excellent (Diamond) company under the "Yamagata Childcare and Nursing Care Support Lively Company" program implemented by Yamagata Prefecture. The excellent (Diamond) company certification constitutes the top ranking granted to companies working on more than four of the five certification criteria.

Under the program, Yamagata Prefecture registers and certifies companies that meet certain criteria in terms of undertaking initiatives in areas such as working to promote women's empowerment and furnishing support for balancing work and family life. Companies that have gained the certification receive support that includes grants and public relations initiatives enlisting various types of public relations media.

The details on other CSR initiatives can be viewed from here.



### Providing safe and reliable products

We strive to improve performance of our products and ensure their reliability serving as a manufacturer of parts used in all types of products. To such ends, we have been building and standardizing a unified quality management system, while also taking steps to enhance loading efficiency and quality by introducing unified bar code labels across the Group and improving packing for marine shipping containers.

The details on our relationship with customers can be viewed from here.



### Practicing responsible procurement

We confirm the status of initiatives undertaken by our suppliers to promote CSR pursuant to the "MinebeaMitsumi Group CSR Procurement Guidelines," with the aims of ensuring continuity of the entire supply chain and reducing reputation risk.

The details on our relationship with suppliers can be viewed from here.



### Response to COVID-19

Amid facing a worldwide crisis, we will continue to fulfill our responsibilities as a parts manufacturer to supply products for all business activities, including production and sales, as well as work to prevent the spread of the disease outside the Group and to ensure the safety of our employees.

#### Actions taken by MinebeaMitsumi

From January 29, 2020  
Established an ad hoc committee headed by Representative Director, CEO & COO Yoshihisa Kainuma

Sessions of the ad hoc committee held three times a week; sharing of specific details, and stringent implementation of measures in China  
→ Our efforts have been profiled in the media which portrayed our plants as model factories in Shanghai and Zhuhai Cities.

Best practices from China carried out in a consistent manner worldwide  
→ We safeguard the health of our employees, but furthermore carry out our responsibility to furnish products in a manner that results in consistent supply of components used in medical products and other such items.

Launched production of masks in-house on April 1  
Donated items to more than 150 medical institutions worldwide, including N95 masks that had been stored for use in the event of an epidemic, volcanic eruption or other such natural disaster  
→ Contributed to relieving shortages of medical supplies



April 30, 2020  
Business integration with ABLIC  
→ Integration successfully achieved ahead of schedule despite adversities

May 8, 2020  
Announcement of financial results  
→ Posted record-high net sales, and released a range of profit and loss forecasts

June 26, 2020  
Launched sales of masks on Amazon.co.jp  
→ We have been manufacturing the masks in a domestic clean-room environment enlisting our knowhow in ultra-precision machining technology. Received a 99% filter trapping efficiency rating performance evaluation in a Viral Filtration Efficiency (VFE) test performed by Nelson Laboratories, LLC!

Further details can be viewed from here.



Note: Masks do not completely safeguard against the possibility of infection and viral infiltration.  
\* 99% of VFE, PFE, BFE. Tested by Nelson Laboratories, LLC.

June 29, 2020  
Joined "IP Open Access Declaration Against COVID-19"



July 17, 2020  
Introduced recruitment program offering tuition support

#### Newsworthy developments

January 2020  
COVID-19 begins to spread

February 2020  
Epidemic hits its peak in China

March to April 2020  
Infection spreads to other countries worldwide  
Global shortage of medical supplies

May 2020  
COVID-19 hits the economy  
Companies are increasingly postponing earnings announcements

June 2020  
Cumulative total number of people infected by COVID-19 worldwide tops 10 million



Outside Director  
Atsuko Matsumura

Outside Director  
Kohshi Murakami

Outside Director  
Yuko Haga

Outside Directors in Roundtable Discussion

# Sustainable Management at MinebeaMitsumi Looking Back, Looking Forward

We took the opportunity to discuss MinebeaMitsumi's sustainable management and corporate governance with existing Outside Directors Kohshi Murakami and Atsuko Matsumura, and newly appointed Outside Director Yuko Haga.

— As an Outside Director, what are your views on the growth of the Company up to this point, and on the leadership of the President?

**Murakami:** I believe that the driving forces behind the threefold increase in net sales and the fivefold increase in operating income over the past ten years are the superb management skills of the President, his powerful leadership, and the fact that the corporate philosophy, "to contribute to society by 'Producing better products, with faster speed, in larger numbers, at lower cost and by smarter means'" has been instilled in all employees. With a short-termist approach to management the focus is put only on profitable businesses, and the unprofitable areas tend to get squeezed out—but that is not the case with this company, which has built a portfolio of businesses with an eye on the long term, and which I think is linked to the way it maintained its performance despite the recent coronavirus crisis.

**Matsumura:** My feeling is that the President has supported the sustainable growth of the Company through the strength of his belief in various difficult times, and the speed with which he reacts to situations. The President conveys his vision to all employees through a regular publication called "Navigation," which explains the current situation of the Company and gives a sense of reassurance and motivation to employees. In addition, at meetings held twice a year for nearly a week (Top Meeting and business plan review meeting), the thoughts of the President are conveyed to the heads of each department, and in this way the organization of this large group is unified. Moreover, the President proposes a variety of initiatives based on his own unique ideas. For example, he is promoting plans for teambuilding from the perspective of utilizing human resources. Employees react to the President's enthusiasm, for example by coming up with effective ideas of their own, and I think this interaction between the President and staff is one of the strengths of the Company.

**Haga:** My research themes are M&A and management strategy, so I have seen a variety of cases over the years. My understanding is that there are almost no companies that

have managed to implement such a number of mergers and acquisitions while also continuing to grow organically. I was impressed by the President's responses to questions put to him at my first meeting of the Board of Directors in June. Rather than simply responding to the questions related to the issue at hand, he gave a solid explanation of his positions from a future-oriented perspective. It gave me a sense of the abilities that have allowed him to drive growth while conducting M&A over a span of many years, and of the strength of the leadership that supports it.

— As someone who has repeatedly succeeded as an M&A expert, the President often uses phrases like "on-site strength" and "discernment." How do you feel about this?

**Matsumura:** With regard to the growth of the Company through M&A, I would point to two factors. The first is that we prepare meticulously for integration, and we consider synergies very carefully. The second is the way that the President communicates with all the employees in the newly integrated company directly after the integration has taken place. In addition to discussing the post-integration positioning of the new business within the organization of the Company, these communications include details on the utilization of human resources after integration, which is conducted in a spirit of equality. We believe that this ability to communicate inspires the employees of the other company, and helps enhance synergistic effects.

**Haga:** I think the reason for the President's success in so many M&A transactions is that he forms a clear idea of the objective of the acquisition beforehand, as well as having a well-defined vision for after the purchase has been completed. I imagine that he is careful to use negotiation and due diligence to ascertain whether those objectives can be achieved or not. What is important in M&A-driven growth is not whether the company succeeds in coming to an agreement and acquiring another, but to what degree the combining of the acquired management resources with the company's own resources results in the expected synergies being achieved. From the perspective of

portfolio management, another important factor is the ability to make appropriate decisions with regard to businesses for which there is no rationale for continuing to hold, even if the operations are profitable. At the PMI stage, I would expect the extent to which the synergy effects originally envisaged are achieved to be verified by setting KPIs that are checked at regular intervals.

**Murakami:** As both of you have pointed out, PMI is also important. In addition, the President places great importance on personal relationships and trust relationships on the side being acquired. Many times we have heard comments such as "If we're going to be acquired anyway, we'd like to be acquired by Minebea." Even after the acquisition, he takes good care of the acquired company, and I think it's fair to say that the ability to cultivate these trust relationships is also a factor in our success. In addition, the President's background is the relative approach taken by lawyers and attorneys, and rather than listening to just one side, he also pays attention to the opinions of outside officers, and acknowledges their arguments. Previously we Outside Directors have seen a number of projects that we thought were problematic, and that were canceled as a result of discussions; or project decisions that, after questioning by Directors, were postponed by the President until the next time to allow time for consideration. Nevertheless, if after such discussions we encounter a project that we think should go forward, even if it entails assuming a certain amount of risk, as Outside Directors, we have taken the approach of providing encouragement to the President as board members. It is because the President has properly responded to this encouragement that the Company has grown into what it is today, in my opinion.

— Our next topic is the Board of Directors. We would like to hear your views on what areas could be enhanced and on how it could evolve going forward, including themes such as sustainability.

**Matsumura:** I see discussions by the Board of Directors to promote sustainability as being an important part of improving corporate value when pursuing challenging targets. The Company has identified material issues (Materiality) in relation to the promotion of sustainability and set priority topics by category, such as creating workplaces that maximize the abilities of employees, contributing in various ways to society, and ensuring stable supplies of precision products that support society. In

relation to these topics, which have not previously been fully discussed at meetings of the Board of Directors due to time constraints, I think we need an opportunity to discuss specific initiatives to address them and the methods by which we develop them. As an example, I would point to our unique and highly efficient global system for human resources development, which includes the full utilization of female talent. With regard to the use of female talent, I myself traveled to factories in Karuizawa, Hamamatsu and Fujisawa at the beginning of the year to speak with female employees. I was able to confirm that various opportunities are provided to women looking to advance their career, and that various routes to managerial roles are open to them. I hope that the existence of such role models will lead to more extensive use of women's abilities within the Company going forward. On the other hand, I also feel it is important to discuss the Company's support structure for achieving a balance between work and child rearing, caring for family members, etc.

**Haga:** At the Board meetings there is a trade-off between the number of items on the agenda and the amount of time for discussion, so I think achieving a balance there is important. I also feel that one valuable function of the Board of Directors is not just to say whether it is "for" or "against" a project, but to discuss the logic leading up to those decisions, and the thinking behind them. Using the example of material issues mentioned by Ms. Matsumura, I think that information can be provided right from the investigative stage, such as by holding interviews to ask Outside Directors which viewpoint we should take into account, then based on that, we can work to deepen discussions at meetings of the Board of Directors. I would also like the Company to consider how to create time for discussions by streamlining the number of agenda items.

— What about mutual communication with Internal Directors, and the sharing of information with Outside Directors?

**Matsumura:** Partly because one of our goals is to deepen discussions at the Board of Directors, new opportunities for Outside Directors to have regular face-to-face meetings with the President have been established. In cases where we get information directly from the President, we will be sure to use it effectively. In addition, liaison councils between the Audit & Supervisory Board Members and Outside Directors have also become more energized, and the amount of information offered at such meetings has increased. I feel that the cooperation between Audit & Supervisory Board Members and Outside Directors is becoming stronger. This can be seen in the way that points made during discussion at meetings of the Board of Directors which need to be followed up are deliberated in more depth at the liaison councils immediately following the Board meetings.

**Haga:** This is partly an aspiration for the future, but Outside Directors want to fully understand in advance the agenda items presented at meetings of the Board of Directors, so at the very least it would be good to be able to secure time for that. With regard to providing explanations beforehand, I think it should be possible to go through the Secretariat to ask for explanations

Our strategy of building a portfolio of businesses with an eye on the long term bore fruit during the coronavirus crisis





My highest priority is to maintain my objectivity from an independent viewpoint

directly from the department that is tabling the agenda item. Beginning this fiscal year, there has been one additional independent Outside Director, so that independent Outside Directors account for one third of the Board of Directors. This has resulted in a further strengthening of the governance structure. This will probably require some consideration of the number of people working in the Secretariat that supports the Board of Directors, and of the structure of the Secretariat.

**Murakami:** Rather than being constrained by previous practice, we should exchange opinions throughout the Company regarding what is needed for more substantial discussions at the Board of Directors, while moving forward with mutual cooperation between Outside Directors.

— Finally, the Nomination and Compensation Committee that was set up as an advisory body to the Board of Directors is now in its second year. How do you view its prospects going forward?

**Murakami:** The Company's voluntary Nomination and Compensation Committee will utilize the freedom it was designed to have. As mentioned by Ms. Haga just now, its structure strengthens the involvement of independent outside officers, and its members include one Outside Audit & Supervisory Board Member. As a Committee, it is involved in the decision-making process for nominating and compensating Directors and I believe that its opinions have carried considerable weight in compensation-related matters. There is room for debate on whether the compensation of Directors should include an indicator representing corporate value over the medium to long term, or whether greater weight should be given to the contribution of recent performance, but I think this is an area where trial and error will continue to be required going forward. I believe that deliberating matters at the Nomination and Compensation Committee has led to greater objectivity, transparency and fairness, and it seems to me that Directors are also convinced that this is the case.

**Matsumura:** Under the leadership of Mr. Murakami, who chairs the Nomination and Compensation Committee, we have dealt with a considerable volume of compensation-related matters over the nine meetings of the Committee that have been held since it was established. Moreover, this time we introduced a new share granting trust system. The compensation system for Directors consists of a mechanism whereby shares of the Company are granted in accordance with the degree of achievement towards the Company's performance, and the level of individual contribution. The Committee has conducted discussions from a variety of viewpoints, and we expect to see results from incentives aimed at improving the performance of officers, and further increasing their contribution to the Company. In terms of nominations, we conducted interviews with candidates in relation to the most important personnel matters, and we were also given opportunities to receive appropriate training in relation to succession plans. Through training such as this, I came to feel the necessity of recognizing the various possibilities in relation to succession plans. In addition, I feel it is important to implement

appropriate monitoring of the optimal planning for the Company. **Haga:** I consider that my experience in giving advice related to management is the reason why I was asked to be newly appointed as an Outside Director. The composition of the current Board of Directors is such that when viewed in terms of a skills matrix, there are outside officers from a really wide range of fields, and this suggests that monitoring and the provision of advice can be implemented from a variety of angles and perspectives.

As a member of the Nomination and Compensation Committee, I think it is important to consider our objective to be not the nomination itself, but rather the proper management of the succession plan. This is a point that is often misunderstood by the outside world, but the Nomination and Compensation Committee does not create the succession plan. Instead it periodically monitors whether the actions taken by the personnel and human resources development departments are following appropriate processes and methods. Interviews with the candidate are a way of confirming their reasonableness, and I believe that this should be the role taken by the Nomination Committee with regard to succession planning. What is difficult in the case of the Company is not that it is an organization that has grown to be large through a single business, but that due to the integration of businesses we have many companies all working together. Rather than only having a plan for nurturing new graduates, I believe we must consider how to provide equal opportunities to those people who have joined us through integrations, and if we are still unable to acquire the human resources we need, we must look at hiring from outside the Company.

**Murakami:** I agree. With regard to the nomination of officers, we have begun interviews and so on with the Executive Officer class that provides the candidates. And in addition to nominating candidates for officers, we must also consider how to set up an appropriately functioning compensation system of incentives for officers.

**Haga:** This performance-linked stock compensation system is just the sort of thing that aligns interests with those of shareholders, and I feel it is the kind of system that will be well received even from the perspective of investors. How much of an incentive this provides to Directors is something that we must verify going forward. With regard to the weightings assigned to the evaluation of individual contributions and the evaluation of the Company's results respectively, I think it should also be possible to change this proportion somewhat, depending on the role of the officer and their experience. Compensation for officers will vary according to their position. Depending on the role taken by the officer, I think we must consider what percentage of total compensation is fixed, and what percentage is performance-linked.

**Murakami:** When we talk about incentives for Directors, we do not mean the next one to two years. The issue is more about taking into account medium- to long-term factors. We have introduced a performance-linked stock compensation system, but we must continue to focus on this to ascertain whether the overall compensation structure provides appropriate incentives to Directors.

— Thank you.

It is important for the Nomination Committee to implement proper management of the succession plan



List of Officers (As of August 2020)

Directors



Attendance at the Board of Directors Meeting  
100% (12/12)

Representative Director, CEO & COO  
**Yoshihisa Kainuma**

- Apr. 1983 Member of Daini Tokyo Bar Association
- Dec. 1988 Director, General Manager of Legal Department of the Company
- Sep. 1989 Member of New York State Bar Association
- Dec. 1992 Managing Director and Deputy General Manager of Operations Headquarters
- Dec. 1994 Senior Managing Director, General Manager of European and American Regional Sales Headquarters, Deputy General Manager of Operations Headquarters
- Jun. 2003 Director, Senior Managing Executive Officer
- Apr. 2009 Representative Director, President and Chief Executive Officer
- Jan. 2017 Director, Chairman of the Board of Directors, MITSUMI ELECTRIC CO., LTD.
- Jun. 2017 Representative Director, CEO & COO (Present)
- Aug. 2019 Representative Director, Chairman of the Board of Directors, U-Shin Ltd. (Present)
- Apr. 2020 Representative Director, Chairman, ABLIC Inc. (Present)

**Reason for appointment**  
Mr. Yoshihisa Kainuma has been in command of management of the entire Group since 2009, expanding the Group's operations and steadily implementing and achieving an improvement in corporate value. He was appointed since the Company considered that his management skills would contribute to a further sustainable growth of the Group.



Attendance at the Board of Directors Meeting  
100% (12/12)

Representative Director, Vice Chairman  
**Shigeru Moribe**

- Mar. 1980 Joined MITSUMI ELECTRIC CO., LTD.
- May 1990 General Manager of Development Headquarters, MITSUMI ELECTRIC CO., LTD.
- Apr. 1991 Director, Head of Singapore branch, MITSUMI ELECTRIC CO., LTD.
- Apr. 1994 Managing Director, MITSUMI ELECTRIC CO., LTD.
- Oct. 1999 Senior Managing Director, General Manager of Sales Headquarters, MITSUMI ELECTRIC CO., LTD.
- Apr. 2002 Representative Director, President, MITSUMI ELECTRIC CO., LTD.
- Jan. 2017 Adviser of the Company
- Apr. 2017 Director, Chairman of the Board of Directors, MITSUMI ELECTRIC CO., LTD. (Present)
- Jun. 2017 Representative Director, Vice Chairman (Present)

**Reason for appointment**  
Mr. Shigeru Moribe served as Representative Director, President of MITSUMI ELECTRIC CO., LTD. for many years until the business integration between the Company and the said company in 2017, and he has a wealth of experience and keen insight as a corporate manager. He was appointed since he properly oversees the management of the Group as Representative Director, Vice Chairman.



Attendance at the Board of Directors Meeting  
100% (12/12)

Director, Vice President Executive Officer  
**Ryoza Iwaya**

- Apr. 1981 Joined the Company
- Dec. 1989 Head of Tokyo Sales Division at Tokyo Branch
- Jun. 2009 Executive Officer, Head of Lighting Device Business Unit at Electronic Device & Component Business Headquarters
- Jun. 2013 Managing Executive Officer
- Apr. 2015 Deputy Chief of Electronic Device & Component Manufacturing Headquarters, Officer in charge of Electronic Device Division at Electronic Device & Component Manufacturing Headquarters, Head of Lighting Device Business Unit
- Jun. 2015 Director (Present), Senior Managing Executive Officer
- Jan. 2017 Chief of MITSUMI Business Headquarters (Present)
- Apr. 2017 Representative Director, President and Chief Executive Officer, MITSUMI ELECTRIC CO., LTD. (Present)
- Jun. 2017 Chief of Electronic Device & Component Manufacturing Headquarters (Present)
- Aug. 2019 Director, U-Shin Ltd. (Present)
- Oct. 2019 Vice President Executive Officer, Officer in charge of Electronic Device & Component related Business (Present)
- Apr. 2020 Director, ABLIC Inc. (Present)

**Reason for appointment**  
Mr. Ryoza Iwaya has held important positions in the Sales Division, the electronic devices & components manufacturing business, etc. for many years, and he has a wealth of experience and keen insight. He was appointed since he, as Director, Officer in charge of Electronic Device & Component related Business, supervises Electronic Device & Component Manufacturing Headquarters, MITSUMI Business Headquarters, and U-Shin Business Headquarters and properly fulfills his role at present.



Attendance at the Board of Directors Meeting  
100% (12/12)

Director, Senior Managing Executive Officer  
**Tetsuya Tsuruta**

- Apr. 1981 Joined the Company
- Oct. 2005 Head of Mechanical Assembly Business Unit
- Jun. 2007 Executive Officer
- Jun. 2015 Managing Executive Officer
- Jan. 2016 Deputy Chief of Machined Component Manufacturing Headquarters
- Jun. 2016 Director, Senior Managing Executive Officer (Present)
- Sep. 2017 Chief of Machined Component Manufacturing Headquarters, Officer in charge of Production Support Division
- May 2018 Deputy Chief of Sales Headquarters (Present)

**Reason for appointment**  
Mr. Tetsuya Tsuruta has held important positions in the Sales Division and the machined components manufacturing business for many years, and he has a wealth of experience and keen insight. He was appointed since he mainly oversees sales of machined components as Director, Deputy Chief of Sales Headquarters and properly fulfills his role.



Attendance at the Board of Directors Meeting  
100% (12/12)

Director, Senior Managing Executive Officer  
**Shigeru None**

- Apr. 1982 Joined the Company
- Sep. 1999 Manager of Osaka Branch
- Jun. 2007 Executive Officer
- Apr. 2011 Deputy Officer in charge of Sales Division
- Jun. 2012 Managing Executive Officer
- Jun. 2015 Director (Present)
- Jun. 2016 Senior Managing Executive Officer (Present)
- Jun. 2017 Officer in charge of Sales Division
- May 2018 Chief of Sales Headquarters (Present)

**Reason for appointment**  
Mr. Shigeru None has held important positions in the Sales Division for many years, and he has a wealth of experience and keen insight. He was appointed since he mainly oversees sales of electronic devices and components as Director, Chief of Sales Headquarters and properly fulfills his role.



Attendance at the Board of Directors Meeting  
100% (12/12)

Director, Senior Managing Executive Officer  
**Michiya Kagami**

- Jan. 1989 Joined the Company
- Jul. 2005 Head of Electronics Development Division at Engineering Headquarters
- Jun. 2009 Deputy Chief of Electronic Device & Component Business Headquarters
- Jun. 2011 Executive Officer
- Mar. 2013 Head of Engineering Development Department of Electronic Device Division at Electronic Device & Component Manufacturing Headquarters
- Jun. 2015 Managing Executive Officer
- Aug. 2015 Deputy Chief of Electronic Device & Component Manufacturing Headquarters, Officer in charge of Engineering Development Division at Electronic Device & Component Manufacturing Headquarters
- Jun. 2017 Director, Chief of Engineering Headquarters (Present), Officer in charge of Engineering Development Division at Electronic Device & Component Manufacturing Headquarters (Present)
- May 2018 Senior Managing Executive Officer (Present)

**Reason for appointment**  
Mr. Michiya Kagami has held important positions in the development branches of the electronic devices & components business for many years, and he has a wealth of experience and keen insight in research and development. He was appointed since he properly fulfills his role as Director and Chief of Engineering Headquarters.

## Directors



Director, Senior Managing Executive Officer  
**Katsuhiko Yoshida**  
(Assumed the office on June 26, 2020)

- Apr. 1984 Joined the Company
- Dec. 2010 General Manager of Cambodia Business Promotion Office of Corporate Planning Department of Operation and Planning Division
- Dec. 2013 Head of Operation Department at Electronic Device & Component Manufacturing Headquarters, General Manager of Vertical Integration Improvement Office, General Manager of Business Support Office
- Jun. 2014 Executive Officer
- Jun. 2016 Deputy Chief of Business Administration Headquarters, General Manager of Business Administration Department (Present)
- Jun. 2017 Managing Executive Officer
- Jun. 2018 Deputy Chief of Tokyo Head Office, Deputy Officer in charge of Business Administration and Accounting & Corporate Finance Division
- Apr. 2019 Officer in charge of Business Administration and Corporate Planning Division, Deputy Officer in charge of Accounting & Corporate Finance Division, Deputy Officer in charge of Sustainability Management Division
- Oct. 2019 Senior Managing Executive Officer
- Apr. 2020 Director, ABLIC Inc. (Present)
- Jun. 2020 Director, Chief of Tokyo Head Office, Officer in charge of Sustainability Management Division (Present)
- Jun. 2020 Director, Vice President and Chief Executive Officer, MITSUMI ELECTRIC CO., LTD. (Present)
- Jun. 2020 Director, U-Shin Ltd. (Present)

### Reason for appointment

Mr. Katsuhiko Yoshida has held important positions in the business administration division, the corporate planning division, the procurement division, etc. for many years, and he has a wealth of experience and keen insight. He was appointed since he is well-versed in general administrative tasks and properly fulfills his role as Deputy Chief of Tokyo Head Office.



Attendance at the Board of Directors Meeting  
**100% (12/12)**  
Director, Managing Executive Officer  
**Hiroshi Aso**

- Mar. 1981 Joined Kyushu MITSUMI CO., LTD.
- Oct. 2007 Head of Power Supply Business Unit, MITSUMI ELECTRIC CO., LTD.
- Jun. 2010 Director, General Manager of Semiconductor Business Headquarters, MITSUMI ELECTRIC CO., LTD.
- Apr. 2016 Director, Managing Executive Officer (Present), General Manager of Development Headquarters and Semiconductor Business Headquarters, Officer in charge of Automotive Devices Business Unit, MITSUMI ELECTRIC CO., LTD.
- Jan. 2017 Deputy Chief of MITSUMI Business Headquarters, Officer in charge of Engineering Development Division (Present), Officer in charge of Semiconductor Business Division, Officer in charge of Automotive Devices Business Division of the Company
- Jun. 2017 Director, Managing Executive Officer, Deputy Chief of Engineering Headquarters (Present)
- Sep. 2018 Officer in charge of IoT Business Development Department of Business Development Division (Present)
- Apr. 2020 Officer in charge of Semiconductor Division at MITSUMI Business Headquarters (Present)
- Apr. 2020 Director, ABLIC Inc. (Present)

### Reason for appointment

Mr. Hiroshi Aso held important positions in the development division, the power supply business, the semiconductor business, etc. of MITSUMI ELECTRIC CO., LTD. until the business integration between the Company and the said company in 2017, and he has a wealth of experience and keen insight. He was appointed since he properly fulfills his role as Director, Deputy Chief of Engineering Headquarters, Deputy Chief of MITSUMI Business Headquarters.

## Independent Outside Directors



Attendance at the Board of Directors Meeting  
**100% (12/12)**  
Outside Director  
**Kohshi Murakami**

- Apr. 1967 Assistant Judge, Tokyo District Court
- Apr. 1999 Presiding Justice of the Division (Acting Chief Justice, Specialized Economic and Financial Affairs Department), Tokyo High Court
- Apr. 2005 Professor, Graduate School of Law, Kyoto University
- Jun. 2005 Joined TMI Associates as Advisor Attorney (Present)
- Nov. 2005 Outside Corporate Auditor of SANEI-INTERNATIONAL CO., LTD.
- Apr. 2008 Visiting Professor, Yokohama National University
- May 2008 Member of the Independent Committee of the Company
- Jun. 2008 Outside Director of the Company (Present)
- Apr. 2010 Professor, Juris Doctor Program, Daito Bunka University

### Reason for appointment

Mr. Kohshi Murakami has a wealth of experience and keen insight as a former Presiding Justice of the Division of the Tokyo High Court and as an attorney-at-law. He was appointed so that he would provide guidance to ensure the sound management of the Company and promote compliance.



Attendance at the Board of Directors Meeting  
**100% (12/12)**  
Outside Director  
**Atsuko Matsumura**

- Apr. 1978 Joined Japan Center for Economic Research
- Apr. 1981 Visiting research fellow, Economic Research Institute, Economic Planning Agency (currently Economic and Social Research Institute)
- Apr. 1987 Part-time Lecturer, Jissen Women's Junior College
- Apr. 1988 Full-time Lecturer, OTSUMA WOMEN'S UNIVERSITY
- Apr. 1991 Full-time Lecturer, Faculty of Economics, Tokyo International University
- Apr. 1999 Associate Professor, Faculty of Economics, Tokyo International University
- Apr. 2006 Professor, Faculty of Economics, Tokyo International University (Present)
- Apr. 2010 Part-time Lecturer, Department of Social and Family Economy, Faculty of Human Sciences and Design, Japan Women's University (Present)
- Apr. 2015 Part-time Lecturer, Department of Politics, Faculty of Law, Keio University (Present)
- Jun. 2016 Outside Director, RENESAS EASTON Co., Ltd. (currently Glosel Co., Ltd.) (Present)
- Jun. 2018 Outside Director of the Company (Present)

### Reason for appointment

Ms. Atsuko Matsumura has expertise in international economics as well as broad knowledge and experience. She was appointed so that her abundant knowledge and experience would be reflected in the management of the Company.



Outside Director  
**Yuko Haga**  
(Assumed the office on June 26, 2020)

- Apr. 1989 Senior Consultant, Tokyo Office, Price Waterhouse Consultants
- Apr. 1991 Representative, Haga Management Consulting Office (Present)
- Apr. 2008 Executive Officer, Sompō Japan Healthcare Services Inc.
- Feb. 2010 Director, Social Welfare Corporation Fujikenikukai (Present)
- Apr. 2010 Visiting Professor, Department of Policy Management, Faculty of Policy Management, Shobi University
- Apr. 2017 Associate Professor, Graduate School of Management, NUCB Business School
- Jun. 2017 Board Member, Non-Profit Organization Japan Abilities Association (Present)
- Mar. 2019 Outside Director of the Board, Kyowa Hakko Kirin Co., Ltd. (currently Kyowa Kirin Co., Ltd.) (Present)
- Apr. 2020 Professor, Graduate School of Management, NUCB Business School (Present)
- Jun. 2020 Outside Director of the Company (Present)

### Reason for appointment

Ms. Yuko Haga has expertise in corporate strategy as well as broad knowledge and experience accumulated as a management consultant. She was appointed so that her abundant knowledge and experience would be reflected in the management of the Company.



Attendance at the Board of Directors Meeting  
**100% (12/12)**  
Outside Director  
**Takashi Matsuoka**

- Apr. 2003 General Manager of Planning Division, KEIAISHA Co., Ltd.
- Jun. 2003 Director, KEIAISHA Co., Ltd.
- Jun. 2004 Managing Director, KEIAISHA Co., Ltd.
- Jun. 2005 Outside Director of the Company (Present)
- Jun. 2007 Senior Managing Director, KEIAISHA Co., Ltd.
- Jun. 2011 Director and Senior Managing Executive Officer, KEIAISHA Co., Ltd.
- Jun. 2014 Director, Vice President Executive Officer, KEIAISHA Co., Ltd. (Present)

### Reason for appointment

Mr. Takashi Matsuoka has been in charge of the Planning Division, etc. of KEIAISHA Co., Ltd. for many years, and he has broad insight and experience in business operation. He was appointed so that his abundant knowledge and experience would be reflected in the management of the Company.

## Audit & Supervisory Board Member



Attendance at the Board of Directors Meeting  
**100% (12/12)**  
Attendance at the Audit & Supervisory Board Meeting  
**100% (14/14)**  
Standing Audit & Supervisory Board Member  
**Naoyuki Kimura**

- Apr. 1983 Joined the Company
- May 2008 Deputy General Manager of Personnel & General Affairs Department at Karuizawa Plant, Personnel & General Affairs Division
- Sep. 2011 General Manager of Personnel & General Affairs Department at Operation and Planning Division
- Jul. 2012 General Manager of Personnel Department and General Affairs Department at Personnel & General Affairs Division
- Jun. 2019 Audit & Supervisory Board Member of the Company (Present)

### Reason for appointment

Mr. Naoyuki Kimura has a wide range of business experience, including in personnel, labor affairs and overall general affairs, from serving at Personnel & General Affairs Division for many years. He was appointed so that his abundant experience and accumulated knowledge would be reflected in audits of the Company.

## Independent Outside Audit & Supervisory Board Members



Attendance at the Board of Directors Meeting  
**100% (10/10)**  
Attendance at the Audit & Supervisory Board Meeting  
**100% (10/10)**  
Standing Outside Audit & Supervisory Board Member  
**Koichi Yoshino**

- Apr. 1985 Joined Marubeni Corporation
- Apr. 2000 General Manager of Consumer Products Division, Marubeni (Shanghai) Co., Ltd.
- Apr. 2002 General Manager of Textile Materials Division, Marubeni Textile (Hong Kong) Co. Ltd.
- Apr. 2007 Vice President, Marubeni Textile (Shanghai) Co., Ltd.
- Apr. 2010 Assistant to President, SUPER TOOL CO., LTD. (Temporary transferred)
- Oct. 2010 President, Super Tool (Shanghai) Co., Ltd. (Temporary transferred)
- Apr. 2015 Chief Examiner of Audit Department, Marubeni Corporation
- Jul. 2018 Joined Kyoto Robotics Corporation
- Acting CFO and General Manager of Internal Audit Office, Kyoto Robotics Corporation
- Jun. 2019 Outside Audit & Supervisory Board Member of the Company (Present)

### Reason for appointment

Mr. Koichi Yoshino has a wealth of overseas experience and practical management experience at a general trading company and in the manufacturing industry, as well as a qualification as a Certified Internal Auditor and considerable knowledge of finance and accounting. He was appointed so that his abundant experience and broad knowledge would be reflected in audits of the Company.

## Independent Outside Audit & Supervisory Board Members



Attendance at the Board of Directors Meeting  
**100% (12/12)**  
Attendance at the Audit & Supervisory Board Meeting  
**100% (14/14)**  
Outside Audit & Supervisory Board Member  
**Shinichiro Shibasaki**

- Apr. 1989 Registered as attorney-at-law, Joined Inami and Ota
- Apr. 1993 Inami and Ota changed its name to Inami, Ota and Shibasaki (Partner)
- Oct. 2010 Member of Dispute Resolution Committee of The General Insurance Association of Japan (Present)
- May 2011 Inami, Ota and Shibasaki changed its name to Law Office Juricom (Partner) (Present)
- Apr. 2012 Part-time Professor, Tokai University School of Medicine
- Jun. 2014 Outside Audit & Supervisory Board Member of the Company (Present), Independent Committee Member of the Company
- Apr. 2015 Visiting Professor, Tokai University School of Medicine (Present)

### Reason for appointment

Mr. Shinichiro Shibasaki is well-versed in corporate legal affairs as an attorney-at-law. He was appointed so that his abundant experience and keen insight would be reflected in audits of the Company.



Attendance at the Board of Directors Meeting  
**100% (10/10)**  
Attendance at the Audit & Supervisory Board Meeting  
**100% (10/10)**  
Outside Audit & Supervisory Board Member  
**Makoto Hoshino**

- Apr. 1980 Joined Kantoshinetsu Regional Taxation Bureau
- Jul. 2006 Chief Examiner, Large Enterprise Examination and Criminal Investigation Department, Kantoshinetsu Regional Taxation Bureau
- Jul. 2007 Special Officer, Management and Co-ordination Department, Kantoshinetsu Regional Taxation Bureau
- Jul. 2009 District Director, Fukagawa Tax Office
- Jul. 2010 Senior Internal Inspector, Kantoshinetsu Regional Taxation Bureau, Commissioner's Secretariat of the National Tax Agency
- Jul. 2012 District Director, Ota Tax Office
- Jul. 2013 Director, Planning Division, Management and Co-ordination Department, Kantoshinetsu Regional Taxation Bureau
- Jul. 2014 Chief Internal Inspector, Kantoshinetsu Regional Taxation Bureau, Commissioner's Secretariat of the National Tax Agency
- Jul. 2016 Chief Internal Inspector, Osaka Regional Taxation Bureau, Commissioner's Secretariat of the National Tax Agency
- Jul. 2017 Deputy Commissioner, Large Enterprise Examination and Criminal Investigation Department, Kantoshinetsu Regional Taxation Bureau
- Jul. 2018 Retired from Kantoshinetsu Regional Taxation Bureau
- Aug. 2018 Registered as a certified tax accountant
- Director, Makoto Hoshino Certified Tax Accountant Office (Present)
- Jun. 2019 Outside Audit & Supervisory Board Member of the Company (Present)

### Reason for appointment

Mr. Makoto Hoshino has considerable knowledge of finance and accounting as well as abundant experience with tax services. He was appointed so that his abundant experience and keen insight would be reflected in audits of the Company.

## Skills Matrix of Independent Outside Officers

	Independent Outside Directors				Independent Outside Audit & Supervisory Board Members		
	Director Mr. Murakami	Director Ms. Matsumura	Director Ms. Haga	Director Mr. Matsuoka	Audit & Supervisory Board Member Mr. Yoshino	Audit & Supervisory Board Member Mr. Shibasaki	Audit & Supervisory Board Member Mr. Hoshino
Corporate management			●	●	●		
Global		●	●		●		
Legal affairs	●					●	
Finance and accounting					●		●
Tax services	●						●

# Corporate Governance

We are continuing to enhance and reinforce the corporate governance, which will be the basis of sustainable growth.

## Basic approach to corporate governance

MinebeaMitsumi has adopted our company credo “The Five Principles” as our basic management policy. “The Five Principles” are; “be a company where our employees are proud to work”; “earn and preserve the trust of our valued customers”; “respond to our shareholders’ expectations”; “work in harmony with the local community”; and “promote

and contribute to global society.” Consistent with this company credo, MinebeaMitsumi will aim to increase corporate value as well as fulfill its social responsibilities to its various stakeholders, including shareholders, business partners, local communities, international society and employees.

## History of corporate governance

(years)	~2000	2003	2005	2007	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	.....	2030
Emerging crises					Global Financial Crisis			Great East Japan Earthquake								U.S.-China Trade Friction		COVID-19 Pandemic
Symbolic M&A (no. of Group companies)					(39)			Thailand Floods			(69)		Integration with MITSUMI ELECTRIC (89)	Integration with U-Shin (118)		Integration with ABLIC (123)		
President	From 1999 President Yamamoto		From 2005 President Yamagishi		From 2009 President Kainuma													
Chairperson for the Board of Directors/CEO					President and Chief Executive Officer begins serving concurrently as Chairperson													
Board of Directors	2002 25 Directors	2003 Number of Directors reduced (25 → 10) due to introduction of Executive Officer System			10	9	10						12	11		12		
Compensation System for Directors					Abolition of the executive retirement benefits system		Introduced stock options			Introduced incentive compensation			Introduced performance-linked stock compensation system					
Outside Directors	2											3		4				
Outside Audit & Supervisory Board Members	2											3						
Advisory committee															Established the Nomination and Compensation Committee			
Group Governance	Established “Minebea Group Basic Rules for Risk Management”														Established “MinebeaMitsumi Group Basic Rules for Risk Management” (abolished “Minebea Group Basic Rules for Risk Management”)			
	Established “Code of Conduct”		Established “Compliance Guidelines”		Established “Compliance Management Rules”													
											Established “Rules of contact with competitors”							
													Established “Rules for Management of Group Companies”					
															Established “Anti-Corruption/Anti-Bribery Rules”		Established “Global Rules for IP”	
Takeover Defense Measures	Introduced		(updated)		(updated)		(updated)		(updated)		(not updated)							

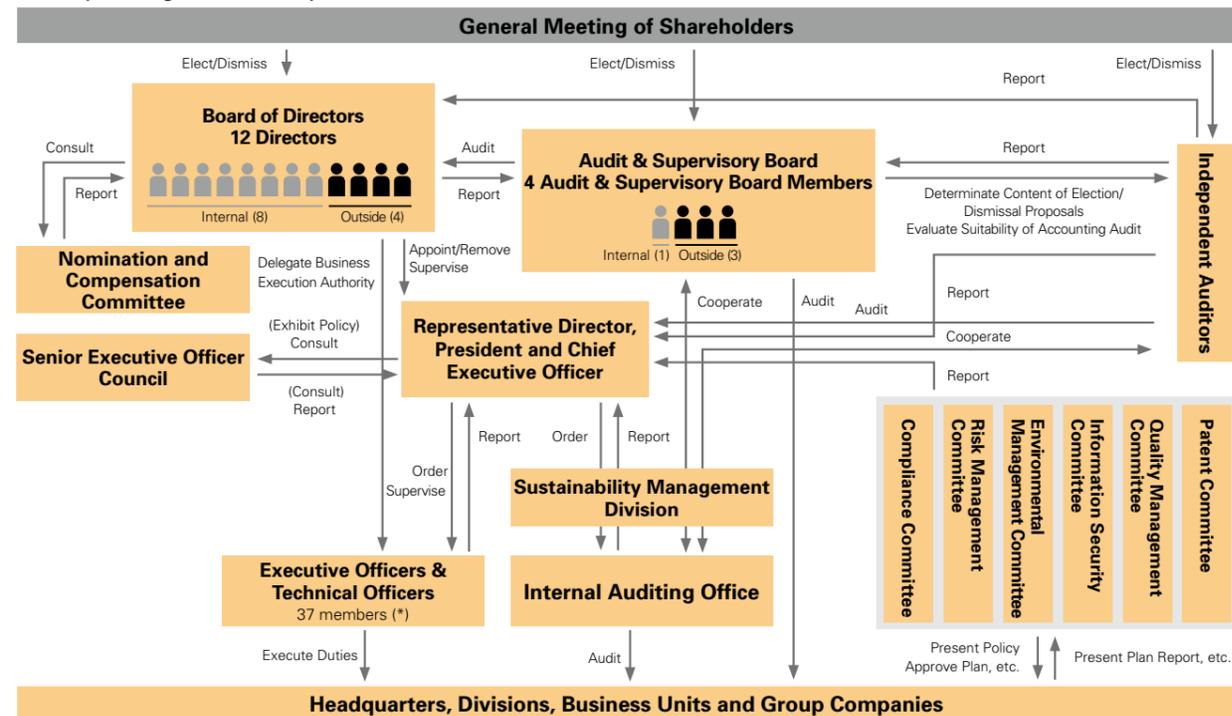
## Highlights of corporate governance

Introduced performance-linked stock compensation system for Directors

Number of female Outside Directors Increased by **One** (Two out of 12)

Takeover Defense Measures were not updated

## Corporate governance system



(\*) Excluding seven Executive Officers who concurrently hold a post of Director of the Company

## Status of the Board of Directors

In accordance with the basic policy of respecting diversity on the Board of Directors, the Company shall appoint Directors to provide the knowledge, experience, ability and internationalism required, irrespective of nationality, race or sex. As a rule, ordinary meetings of the Board of Directors shall take place once a month and extraordinary meetings shall be held as

appropriate, with 12 Directors (including four Outside Directors) enabling prompt and highly strategic decision-making, in addition to oversight of management.

In the fiscal year ended March 31, 2020, multiple M&A projects were screened and in December 2019 the acquisition of ABLIC Inc. was decided.

## Evaluation of the effectiveness of the Board of Directors

In order for the Board of Directors to effectively discharge its duties, an evaluation of the effectiveness of the Board of Directors was conducted to check whether the Board of Directors as a whole was functioning appropriately, to verify the composition of the members, the agenda items discussed, and the status of the operation of the Board of Directors, and to identify issues and acknowledge problems and strengths.

In March every year, written self-evaluation questionnaires are distributed to all Directors and Audit & Supervisory Board Members with the aim not only of looking back at progress made on points for improvement raised in the previous fiscal year, but also of unearthing key themes to be addressed over the following fiscal year. The results and analysis of the questionnaire were reported at the May 2020 Board of Directors meeting. After an exchange of opinions among Directors and Audit & Supervisory Board Members, the assessment of the Board,

based on the grades given in the questionnaire and the content of the comments, was that the effectiveness of the Board of Directors has generally been secured.

### [Points for improvement this fiscal year]

It was decided that in order to further deepen deliberations at meetings of the Board of Directors, regular discussions will be held on themes such as “corporate strategy,” “initiatives to promote sustainability” and “human resources development.” The background to this decision is that in addition to performance and capital efficiency (ROE, etc.), human resources development and the further promotion of sustainability will become an important part of preparations for achieving long-term targets of 2.5 trillion yen in net sales and 250 billion yen in operating income, and it was recognized that these are issues that must be addressed by the Board of Directors.

Nomination and Compensation Committee

**<Composition of members>** (as of August 2020)  
Chairperson: Kohshi Murakami (Independent Outside Director)  
Members:  
Yoshihisa Kainuma (Representative Director, CEO & COO)  
Atsuko Matsumura (Independent Outside Director)  
Yuko Haga (Independent Outside Director)  
Shinichiro Shibasaki (Independent Outside Audit & Supervisory Board Member)

**<Activities of the committee>**  
The Company held meetings of the committee six times during the period from April 2019 to March 2020. The committee deliberated and reported to the Board of Directors on the following matters.  
(1) Proposal of candidates for Director to be submitted at General Meeting of Shareholders  
(2) Proposed bonuses for Directors based on the consolidated results and stock price levels, and proposed revision of basic compensation  
In June 2020 the introduction of a stock-based compensation system was considered.

Processes for determining the compensation of Directors and Audit & Supervisory Board Members

**(i) Compensation for Directors**  
The compensation for Directors is determined by a resolution of the Board of Directors after deliberation by the Nomination and Compensation Committee, by the following compensation composition and calculation methods and within the maximum amount authorized by the General Meeting of Shareholders.

**<Basic compensation>**  
Basic compensation comprises job responsibility compensation according to the Directors' individual positions and performance compensation revised each fiscal year in consideration of individual performance, the performance of the Company and other factors, and is determined in a reasonable amount.

**<Performance-linked monetary compensation>**  
Bonuses for Directors are structured to reflect the Company's performance, job responsibilities, and performance, and the amount of bonuses to be paid is determined based on the bonus calculation table, which is based on consolidated results, primarily on the profit for the year, and stock price of the Company. The reason for selection of these indicators is to include in the Directors' evaluations corporate value represented by stock prices, while emphasizing the final result of each fiscal year in the form of profit for the year.

The amount of incentive compensation to be paid is determined based on the degree of achievement of the Midterm Business Plan aimed at 1 trillion yen in net sales and 100 billion yen in operating income, and market capitalization of the Company, at the end of the fiscal year. The reason for the selection of these indicators is to enhance the incentive to increase the Company's performance and corporate value by achieving the Midterm Business Plan. Targets for the fiscal year ended March 2020 were 900 billion yen in consolidated net sales, 80 billion yen in consolidated operating income, and market capitalization of 1 trillion yen, whereas results were consolidated net sales of 978.4

billion yen, consolidated operating income of 58.6 billion yen, and market capitalization at the end of the fiscal year of 689.3 billion yen. Having taken various circumstances into account, incentive compensation disbursed in relation to achieving the consolidated net sales target of 900 billion yen for the current fiscal year will be returned.

**<Performance-linked stock compensation>**  
At the 74th Ordinary General Meeting of Shareholders held on June 26, 2020, approval was obtained for the introduction of a new stock-based compensation system for Directors of the Company (excluding Outside Directors).

Under this system, the Company pays cash through a trust to acquire the Company's shares. The Company's Directors are granted a number of the Company's shares equivalent to points conferred to them according to the level of contribution to business performance, etc. The goals of adopting the system are to help improve corporate earnings over the medium and long term and to enhance an awareness of contributions to corporate value gains by more clearly linking the Company's Director's compensation to corporate earnings and share value of the Company. This will expose the Company's Directors to the same benefits and risks associated with share price fluctuations as shareholders. In principle, the Company's shares would be granted upon retirement of Directors.

**(ii) Compensation for Audit & Supervisory Board Members**  
Compensation for Audit & Supervisory Board Members consists solely of the basic compensation, which is paid in a fixed amount on a monthly basis, and is determined through discussions by the Audit & Supervisory Board Members, within the maximum amount of compensation, as authorized by the General Meeting of Shareholders.

Actual compensation for Directors and Audit & Supervisory Board Members (fiscal year ended March 2020)

Categories	Number of payees	Amount of compensation (millions of yen)			
		Basic compensation	Performance-linked monetary compensation	Performance-linked stock compensation	Total
Directors (Outside Directors)	11 (3)	309 (33)	319 (Not applicable)	- (Not applicable)	629 (33)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	7 (5)	50 (34)	Not applicable (Not applicable)	Not applicable (Not applicable)	50 (34)
Total	18	359	319	-	679

The above table includes amounts paid to Mr. Kazunari Shimizu, Mr. Kazuyoshi Tokimaru, and Mr. Hisayoshi Rikuna, who retired from the position as Audit & Supervisory Board Member at the conclusion of the 73rd Ordinary General Meeting of Shareholders held on June 27, 2019.

Initiatives for Group governance

Under its Basic Policy for the Formulation of an Internal Control System, the Company has been developing various regulations applicable across the Group (Group regulations). We need to further reinforce our corporate governance through efforts that include overhauling various rules amid a scenario where the number of companies in the Group has increased more than threefold relative to the number in 2012, upon having integrated the businesses of

MITSUMI ELECTRIC, U-Shin, and ABLIC over the years 2017 to 2020. Established in 2019 with the aim of enhancing initiatives pertaining to governance of the entire Group, the Sustainability Management Division will furthermore overhaul Group regulations going forward, while otherwise enhancing risk management and compliance frameworks of the entire Group, and also seeking to improve effectiveness of our governance.

Compliance

**<Basic approach>**  
To continue to act appropriately as a corporate citizen, the Company has established the "MinebeaMitsumi Group Code of Conduct" and "MinebeaMitsumi Group Officer and Employee Compliance Guidelines," and on the basis of these policies, we strive to achieve fair, appropriate and highly transparent management.

**<Compliance promotion structure>**  
The President and Chief Executive Officer of the MinebeaMitsumi Group has ultimate responsibility for compliance. He is supported directly by the Compliance Committee. Meeting twice a year, the committee ensures implementation of the Code of Conduct and makes decisions on emergency response measures in the event of significant violations of the code. The Compliance Promotion Office acts as the administrative body for the Compliance Committee, creating various policies for the promotion of compliance.

Additionally, we appoint compliance officers at each site in order to enhance the group management. To reinforce the structure throughout the Group, in the fiscal year ending March 2021 we appointed a compliance officer as well as staff and sub-staff in charge of compliance at ABLIC Inc., which joined the Group as a result of business integration.

Compliance framework



The details on initiatives for compliance promotion can be viewed from here.

Risk management

**<Basic approach>**  
Because our response to risk could profoundly affect the MinebeaMitsumi Group's business fundamentals, we believe that risk management is vital to the management of the company. We established the "MinebeaMitsumi Group Basic Rules for Risk Management" which define preventive measures we should have in place, our response in crisis situations, and the type of system the group should put in place.

**<Risk management system>**  
The President and Chief Executive Officer of the MinebeaMitsumi Group has final responsibility for risk management, with major decisions regarding risk management being made by the Risk Management Committee. As a precautionary measure, MinebeaMitsumi attempts to predict and classify tangible risks in advance, and remains vigilant against such risks. In the unlikely event that an incident occurs, a management headquarters and local countermeasures office will be established according to the severity category of the circumstances as defined in the "MinebeaMitsumi Group Basic Rules for Risk Management" to respond rapidly and effectively to the situation. Further, MinebeaMitsumi has established a system under which, depending on the nature of the risk, a supervisory division can be appointed to handle a situation to draft and implement risk prevention measures.

**<BCP initiatives>**  
In the event of a major disaster, infectious diseases such as influenza, act of terrorism or other emergency, we believe that our social responsibility includes confirming the safety of our employees and their families with top priority, as well as ensuring that, as a parts manufacturer of products with world-leading market shares, we can continually supply our customers and minimize the impact to our business. For that reason, we have formulated business continuity plans (BCP) for major business sites in and outside Japan and are implementing training drills, etc.

In terms of specific activities, BCP encompass the creation of emergency response manuals, earthquake strengthening of facilities, storage of food and drinking water, establishment of an internal fire brigade, disaster drills, and safety confirmation drills, among other measures. BCP drills are conducted at the Karuizawa Plant three times annually in anticipation of an earthquake or other emergency.

In addressing the prevailing threat of COVID-19, the MinebeaMitsumi Group has set up a headquarters to take swift action. We have accordingly managed to keep damage to a minimum by thoroughly implementing shared measures globally, with the first of such efforts having taken place in China. Going forward, we will draw on our measures to contend with the pandemic as an opportunity to upgrade BCP pertaining to infectious disease at our Shanghai Plant in China, and will extend such plans to the Group's major locations.

**Business and other risks**

The Group defines risks as uncertain events that could affect the execution of its operations, or its business activities, either directly or indirectly, and describes the content and response to major risks that could have an impact on the Group's operating results and financial position from the perspective of external environment and internal environment.

The following future major risks are those recognized by the Group as of March 31, 2020.

**External environment**

**(1) Risk related to natural and other disasters**

Even in normal times, the Group headquarters and various locations work closely together to respond to risks by strengthening their disaster prevention training, which assumes the occurrence of a natural disaster or similar, and their crisis management system.

**(2) Latent risk related to operations overseas**

Our Group's manufacturing activities are conducted primarily in Thailand, China, Philippines and Cambodia. While we have been operating in these countries for quite some time, overseas operations are always subject to the following risks (any of which could have a negative impact on our operating results and financial position):

- (a) Unexpected changes to laws or regulations
- (b) Difficulty in attracting and securing qualified human resources
- (c) Acts of terrorism or war, or other occurrences that could disrupt social order.

For this reason, we have arranged for crisis management manuals to be provided in overseas locations in order to deal with potential risks associated with expanding overseas, and are strengthening preparations to deal with unforeseen situations.

In addition, we are working closely with the relevant authorities in the countries and regions in which the Company operates, and are striving to ensure the safety of the Company and its employees by taking prompt action based on accurate information collected in the event of an incident.

Moreover, by expanding mass production factories overseas and building a global research and development structure, we have established a risk diversification system in which product mixes that are effective in combating changes in the external environment and global production sites mutually complement each other, resulting in profits being supported.

**(3) Risk associated with exchange rate fluctuation**

Since a significant portion of our consolidated net sales (66.1%) and production (87.7%) occur outside Japan, our business is vulnerable to risks associated with fluctuations in foreign currency exchange rates. For that reason, we use hedging, primarily using currency exchange contracts, to mitigate the risk of sharp movements in exchange rates.

**(4) Risk of sudden changes in the market environment and low-price competition**

The principal markets for our Group products, including those for PCs and peripheral devices, information and telecommunications equipment, household electrical appliances, automobiles, and aircraft components, are subject to extraordinary levels of competition both in Japan and overseas, and there is the risk of significant fluctuations in demand.

In order to prepare for sudden contractions in demand, and competition with low-priced products manufactured overseas, the Group operates in accordance with the management strategies of "Reinforcing Core Businesses," "Diversified Niches (the Eight Spears)," and "Generating Synergies through the INTEGRATION" to reduce as much as possible the risk of concentration on individual customers. With regard to credit, in addition to strengthening our debtor management, such as by negotiating debt protection activities with counterparties for which there are concerns, and focusing on creating one-of-a-kind high value-added products that are resistant to price competition in order to mitigate the risk of market environments and low-price competition.

**(5) Risk related to supply chain**

In order to build healthy partnerships with its suppliers, the Group has established "Basic Procurement Policies," and accepts new suppliers only after it has confirmed that they accept the Group's views on procurement, such as by being able to maintain continuous transactions, by complying with requirements and standards in relation to chemical substances used in the Group's products, and by endorsing the "MinebeaMitsumi Group CSR Procurement Guidelines."

We also work to diversify the procurement sources of raw materials necessary for production over multiple suppliers so as to enhance the stability of the supply chain, and take various measures to deal with risk, such as reducing costs by improving productivity.

**(6) Risk related to accrued post-retirement benefit and pension costs**

If the fair value of pension assets declines due to a low rate of return on a pension fund, or if the discount rate falls, or if the rate of salary increase changes, or if other assumptions used in the actuarial calculations change, there is a risk that this could result in increases in the retirement benefit obligation and a deterioration in the funded status, leading in turn to a rise in pension costs. For that reason, the Group maintains multiple defined benefit pension plans, and seeks to mitigate risk by concentrating management in specific assets.

**(7) Legal risk**

The Group has developed its operational activities over a wide range both in Japan and overseas, and there is a risk that material legal action or lawsuits could be brought against it at some point in the future. We envisage legal risks associated with a variety of statutes, such as the Antimonopoly Act, the Product Liability Act, or the Intellectual Property Laws. In the event that a material legal action is brought against the Group, the response is managed entirely by the Legal Department, in conjunction with legal advisers.

**Internal environment**

**(1) Risk related to compliance**

The Group conducts its business activities while being subject to laws and regulations in each country of the world, and in the event that these laws and regulations, etc. are infringed, or if there is behavior, etc. that violates social requirements, there is a risk that legal punishment, legal action, or social sanctions could be taken against the Group, leading in turn to a loss of trust among customers. The Group has established the "MinebeaMitsumi Group Code of Conduct," which covers labor, health and safety, environmental conservation, and ethical management, and it has additionally formulated the "MinebeaMitsumi Group Officer and Employee Compliance Guidelines," which is a specific standard that must be followed by all officers and employees. In order to instill these concepts, a Compliance Committee has also been established to exert cross-sectional control of compliance initiatives across the Group, and it is this Committee that plays the central role in educating officers and employees.

**(2) Quality risk**

Our products are used across a wide range of industries, especially for applications including advanced products that could affect human health and safety such as automobiles, aircraft, medical devices, etc. For these reasons, high levels of quality assurance are required in addition to an acceptance of social responsibility, and there are risks associated with quality defects. The Group seeks to instill the corporate philosophy based on the "MinebeaMitsumi Group Quality Policy," and is working to establish quality assurance structures and to ensure that quality can be guaranteed. In addition to activities to improve quality undertaken at production sites by the Quality Assurance Headquarters, the Group practices risk management by taking out various types of insurance to cover damage in preparation for unforeseen situations.

**(8) Risk related to environmental laws and regulations**

Our business is vulnerable to risks associated with various environmental laws and regulations that are in effect in the regions where we operate. For this reason, the Group has established an environmental management structure (Environmental Management Committee) under the "MinebeaMitsumi Group Environmental Policy," as well as appointing a Manager of Environmental Management, and it promotes rigorous activities to prevent environmental pollution even in normal times and mitigate risk.

**(9) Risk related to M&As and alliances**

The Group considers M&A and alliances to be one of its most important policies and promotes such opportunities, but changes in the market environment, etc., as well as the occurrence of mismatches with the strategy of the other party in alliances, may lead to the non-materialization of the effects that were originally expected. In order to respond to such risks, the Group emphasizes the blending of human resources and organizations during M&A, and in alliances places great importance on mutual use of know-how to generate synergies.

**(3) Risk related to information security**

Since we obtain large amounts of important information, including personal information through the course of our business operations, we are vulnerable to risks associated with information security. For this reason, the Group established the Information Security Committee with the aim of verifying that the information security system is operating appropriately. In addition, we strictly enforce tests to check levels of understanding as part of information security education, and we implement countermeasures to avoid risk by working to prevent information leaks resulting from the loss or theft of equipment, or carelessness.

**(4) Risk related to R&D**

The Group introduces a continuous flow of new products to the market, and in order to make a contribution to achieving net sales and profit targets, it conducts research and development activities that include basic research, key technology development, product development and production process development. It is uncertain whether research and development efforts will bear fruit, but in order to obtain results within the projected range, the Group efficiently and effectively manages the progress and costs of R&D projects in accordance with the "Research and Development Management Manual" and other documents.

# Major Financial and Non-financial Data over 11 Years

		FY3/2010	FY3/2011	FY3/2012	FY3/2013	FY3/2014	FY3/2015	FY3/2016	FY3/2017* <sup>1</sup>	FY3/2018	FY3/2018	FY3/2019* <sup>3</sup>	FY3/2020* <sup>4</sup>	
<b>Profit and Loss</b>		<b>JGAAP</b>										<b>IFRS</b>		
Net sales	Millions of yen	228,446	269,139	251,358	282,409	371,543	500,676	609,814	638,926	879,139	881,413	884,723	978,445	
Operating income	Millions of yen	12,059	22,163	8,599	10,169	32,199	60,101	51,438	49,015	79,162	68,902	72,033	58,647	
Operating margin	%	5.3	8.2	3.4	3.6	8.7	12.0	8.4	7.7	9.0	7.8	8.1	6.0	
Profit before income taxes	Millions of yen	9,261	18,656	5,551	4,882	26,811	51,773	46,963	48,473	71,230	66,855	71,321	58,089	
Profit before income taxes ratio	%	4.1	6.9	2.2	1.7	7.2	10.3	7.7	7.6	8.1	7.6	8.1	5.9	
Profit for the year attributable to owners of the parent	Millions of yen	6,662	12,465	5,922	1,804	20,878	39,887	36,386	41,146	59,382	50,326	60,142	45,975	
Profit for the year attributable to owners of the parent ratio	%	2.9	4.6	2.4	0.6	5.6	8.0	6.0	6.4	6.8	5.7	6.8	4.7	
<b>Per Share</b>														
Earnings per share, basic	Yen	17.20	32.61	15.63	4.83	55.94	106.73	97.26	107.33	141.14	119.61	143.90	111.11	
Earnings per share, diluted	Yen	–	–	15.54	4.65	53.14	101.32	92.35	105.64	137.80	117.02	140.75	108.68	
Dividends per share	Yen	7.00	7.00	7.00	7.00	8.00	12.00	20.00	14.00	26.00	26.00	28.00	28.00	
Equity attributable to owners of the parent per share (BPS)	Yen	279.87	282.03	288.74	351.65	422.62	604.83	616.43	759.15	872.66	849.15	962.83	965.64	
<b>Performance Indicators</b>														
ROE (Profit to equity attributable to owners of the parent ratio)	%	6.3	11.6	5.5	1.5	14.4	20.8	15.9	14.9	17.3	14.8	15.9	11.6	
ROA (Profit before income taxes to total assets ratio)	%	2.4	4.4	2.0	0.5	5.6	9.2	7.7	7.5	8.8	9.9	9.9	7.2	
ROIC	%	3.7	6.4	2.6	2.1	7.9	11.8	10.9	10.4	13.1	10.7	12.4	8.8	
Interest-bearing debt	Millions of yen	123,399	133,212	142,543	170,411	148,498	138,461	137,109	164,010	157,414	156,471	162,042	221,712	
Net interest-bearing debt	Millions of yen	96,892	103,622	114,213	136,229	109,883	93,134	97,515	70,885	52,520	51,505	21,673	75,175	
Net debt equity ratio	Times	0.9	0.9	1.0	1.0	0.7	0.4	0.4	0.2	0.1	0.1	0.1	0.2	
Equity ratio attributable to owners of the parent	%	38.5	37.1	35.7	36.2	41.4	46.1	50.2	50.0	51.7	50.6	53.9	45.6	
Cash flows from operating activities	Millions of yen	30,408	24,439	20,233	22,990	49,173	59,864	43,582	83,125	96,606	92,201	100,722	86,486	
Cash flows from investing activities	Millions of yen	(12,733)	(28,631)	(29,018)	(37,813)	(24,957)	(35,326)	(44,642)	(46,800)	(59,453)	(54,853)	(54,190)	(43,540)	
Cash flows from financing activities	Millions of yen	(20,118)	7,984	4,761	17,409	(25,233)	(19,627)	(4,200)	(17,339)	(27,026)	(27,026)	(13,334)	(28,758)	
Free cash flows	Millions of yen	17,675	(4,192)	(8,785)	(14,823)	24,216	24,538	(1,060)	36,325	37,153	37,348	46,532	42,946	
<b>Investments, etc.</b>														
Depreciation and amortization	Millions of yen	21,140	20,805	19,588	20,800	23,740	28,775	34,787	28,164	31,596	30,491	36,398	46,245	
CAPEX* <sup>2</sup>	Millions of yen	11,081	27,335	27,306	43,687	20,679	37,557	43,878	31,847	54,171	50,789	54,199	50,144	
Research and development expenses	Millions of yen	8,410	7,895	7,490	7,743	8,561	8,972	9,680	12,347	24,381	24,381	25,453	28,886	
Ratio of R&D expenses to net sales	%	3.7	2.9	3.0	2.7	2.3	1.8	1.6	1.9	2.8	2.8	2.9	3.0	
<b>Non-financial Data</b>														
CO <sub>2</sub> emissions	Tons	423,099	508,081	505,012	484,288	510,766	543,254	518,013	556,972	771,458	771,458	781,163	796,267	
Environmental accounting	Billions of yen	3.8	3.6	3.9	4.1	4.9	5.2	6.2	5.7	5.7	5.7	4.8	5.8	
Investment	Billions of yen	0.9	0.3	0.5	0.7	0.8	0.8	1.4	0.9	1.3	1.3	1.1	1.3	
Expense	Billions of yen	2.9	3.3	3.4	3.4	4.1	4.4	4.8	4.8	4.4	4.4	3.7	4.5	
Use of water	Thousand m <sup>3</sup>	2,301	4,032	3,992	3,986	4,089	4,630	4,525	4,883	7,694	7,694	7,542	8,113	
Number of employees	Persons	49,091	53,827	51,406	53,327	54,768	63,967	62,480	78,957	78,351	78,351	77,957	82,617	

\*1 MITSUMI ELECTRIC CO., LTD. was included in the scope of consolidation on January 27, 2017.

\*2 Investment into intangible assets and new finance leases, in addition to investment into tangible fixed assets, are included in accordance with the change in lease accounting treatment in the fiscal year ended March 2009.

\*3 From the fiscal year ended March 2019, we have adopted IFRS, and account titles are shown in accordance with IFRS.

\*4 U-Shin Ltd. was included in the scope of consolidation on April 10, 2019.

# Consolidated Financial Statements

## Consolidated Statements of Financial Position

As of March 31, 2020 and 2019

(Amount: millions of yen)

Assets	2019	2020
<b>Current assets</b>		
Cash and cash equivalents	122,432	130,746
Trade and other receivables	151,349	182,890
Inventories	141,385	169,803
Other financial assets	21,045	18,057
Other current assets	9,343	14,375
<b>Total current assets</b>	<b>445,554</b>	<b>515,871</b>
<b>Non-current assets</b>		
Property, plant, and equipment	244,388	275,064
Goodwill	8,284	18,626
Intangible assets	9,375	13,798
Other financial assets	14,635	18,896
Deferred tax assets	16,650	18,008
Other non-current assets	3,241	4,218
<b>Total non-current assets</b>	<b>296,573</b>	<b>348,610</b>
<b>Total assets</b>	<b>742,127</b>	<b>864,481</b>

(Amount: millions of yen)

Liabilities	2019	2020
<b>Current liabilities</b>		
Trade and other payables	109,344	143,964
Bonds and borrowings	86,642	95,268
Other financial liabilities	1,983	6,984
Income taxes payable	5,448	2,905
Provisions	200	4,353
Other current liabilities	31,848	42,209
<b>Total current liabilities</b>	<b>235,465</b>	<b>295,683</b>
<b>Non-current liabilities</b>		
Bonds and borrowings	75,400	126,444
Other financial liabilities	5,138	13,639
Net defined benefit liabilities	14,577	22,482
Provisions	1,196	579
Deferred tax liabilities	1,754	1,702
Other non-current liabilities	1,337	1,676
<b>Total non-current liabilities</b>	<b>99,402</b>	<b>166,522</b>
<b>Total liabilities</b>	<b>334,867</b>	<b>462,205</b>
<b>Equity</b>		
Common stock	68,259	68,259
Capital surplus	137,464	134,707
Treasury stock	(19,448)	(34,455)
Retained earnings	202,172	234,667
Other components of equity	11,256	(8,806)
<b>Total equity attributable to owners of the parent</b>	<b>399,703</b>	<b>394,372</b>
Non-controlling interests	7,557	7,904
<b>Total equity</b>	<b>407,260</b>	<b>402,276</b>
<b>Total liabilities and equity</b>	<b>742,127</b>	<b>864,481</b>

# Consolidated Financial Statements

## Consolidated Statements of Income

Fiscal years ended March 31, 2020 and 2019

(Amount: millions of yen)

	2019	2020
<b>Net sales</b>	884,723	978,445
<b>Cost of sales</b>	718,125	811,859
<b>Gross profit</b>	166,598	166,586
Selling, general and administrative expenses	94,468	107,647
Other income	2,171	3,969
Other expenses	2,268	4,261
<b>Operating income</b>	72,033	58,647
Finance income	1,482	1,822
Finance expenses	2,194	2,380
<b>Profit before income taxes</b>	71,321	58,089
Income taxes	10,619	11,166
<b>Profit for the year</b>	60,702	46,923
<b>Profit (loss) for the year attributable to:</b>		
Owners of the parent	60,142	45,975
Non-controlling interests	560	948
<b>Profit for the year</b>	60,702	46,923
<b>Earnings per share (EPS)</b>		
Basic (Yen)	143.90	111.11
Diluted (Yen)	140.75	108.68

## Consolidated Statements of Cash Flows

Fiscal years ended March 31, 2020 and 2019

(Amount: millions of yen)

	2019	2020
<b>Cash flows from operating activities:</b>		
Profit before income taxes	71,321	58,089
Depreciation and amortization	36,398	46,245
Share-based payment expenses	(407)	—
Interest income and dividends income	(1,298)	(1,681)
Interest expenses	1,089	1,484
Loss (gain) on sale and disposal of property, plant and equipment	(421)	(988)
Decrease (increase) in trade and other receivables	10,353	(3,968)
Decrease (increase) in inventories	10,611	(16,612)
Increase (decrease) in trade and other payables	(5,786)	8,731
Other	(5,948)	8,502
Subtotal	115,912	99,802
Interest received	1,090	1,297
Dividends received	207	368
Interest paid	(1,540)	(1,389)
Income taxes paid	(14,947)	(13,592)
Net cash flows provided by operating activities	100,722	86,486
<b>Cash flows from investing activities:</b>		
Decrease (increase) in time deposits	(2,190)	1,262
Purchase of property, plant and equipment	(52,268)	(47,295)
Proceeds from sales of property, plant and equipment	1,587	5,938
Purchase of intangible assets	(1,122)	(1,072)
Purchase of securities	(1,866)	(1,764)
Proceeds from sale and redemption of securities	1,685	1,740
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	—	47
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(1,822)
Other	(16)	(574)
Net cash flows used in investing activities	(54,190)	(43,540)
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term borrowings	21,637	(9,829)
Proceeds from long-term borrowings	4,100	50,850
Repayments of long-term borrowings	(20,301)	(32,176)
Repayments of bonds	—	(100)
Acquisition of non-controlling interests	(103)	(7,693)
Proceeds from disposal of treasury stock	3,472	—
Purchase of treasury stock	(10,700)	(15,059)
Dividends paid	(11,329)	(11,624)
Dividends paid to non-controlling interests	(34)	(22)
Repayments of lease liabilities	(76)	(3,105)
Other	0	—
Net cash flows used in financing activities	(13,334)	(28,758)
Effect of exchange rate changes on cash and cash equivalents	457	(5,874)
Increase (decrease) in cash and cash equivalents	33,655	8,314
Cash and cash equivalents at beginning of year	88,777	122,432
Cash and cash equivalents at end of year	122,432	130,746

# Corporate Data

## Corporate Information (As of August 2020)

### Tokyo Headquarters

3-9-6, Mita, Minato-ku, Tokyo 108-8330, Japan  
Tel: 81-3-6758-6711  
Fax: 81-3-6758-6700  
<https://www.minebeamitsumi.com/english/>

### Registered Head Office

4106-73, Oaza Miyota, Miyota-machi, Kitasaku-gun, Nagano 389-0293, Japan  
Tel: 81-267-32-2200  
Fax: 81-267-31-1350

### Established

July 16, 1951

### Independent Auditors

KPMG AZSA LLC

## Overview of Shares (As of March 31, 2020)

### Common Stock

Authorized: 1,000,000,000 shares  
Issued: 427,080,606 shares  
Capital: ¥68,258 million  
Shares per unit: 100

### Common Stock Listings

Listed on the first section of the Tokyo and Nagoya Stock Exchanges

### American Depositary Receipts

Ratio (ADR : ORD): 1 : 2  
Exchange: Over-the-Counter (OTC)  
Symbol: MNBEY  
CUSIP: 602725301  
Depository: The Bank of New York Mellon  
240 Greenwich Street  
New York, NY 10286, U.S.A.  
Tel: 1-201-680-6825  
U.S. toll-free:  
888-269-2377 (888-BNY-ADRS)  
URL: <https://www.adrbnymellon.com/>

### Agent to Manage Shareholders' Registry

Sumitomo Mitsui Trust Bank, Limited  
Tel: 0120-782-031  
(toll-free, available only in Japan)  
URL: <https://www.smtb.jp/personal/agency/>

## Overview of Shareholders

### Classification by Ownership of Shares

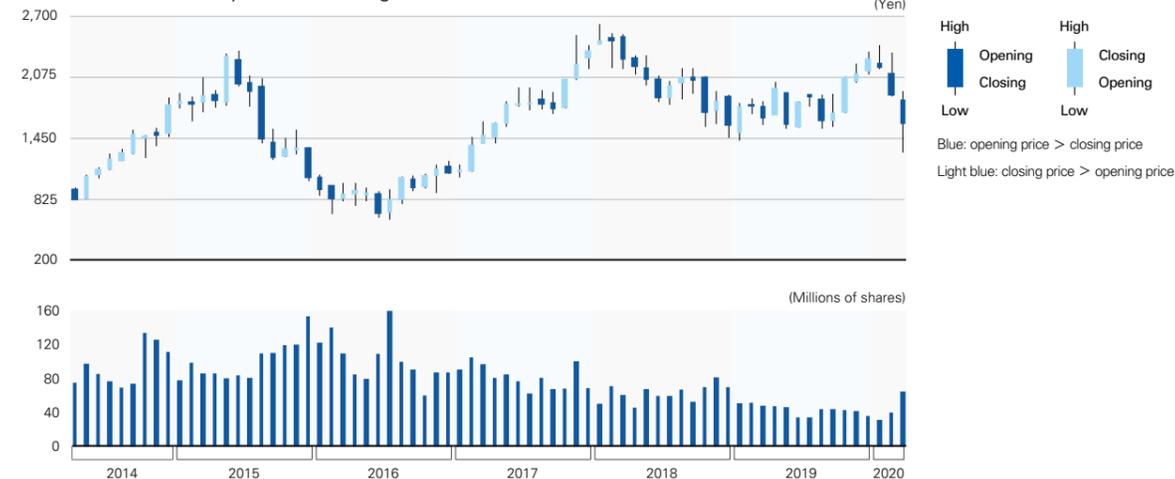
	Number of shareholders	Percentage of shareholders (%)	Number of shares held (Hundreds of shares)	Percentage of shares outstanding (%)
Japanese financial institutions	105	0.3	1,841,536	43.1
Overseas institutions	644	2.2	1,567,998	36.7
Other Japanese corporations	309	1.1	315,075	7.4
Individuals and others	23,155	78.8	540,748	12.7
Subtotal	24,213	82.4	4,265,357	99.9
Others	5,180	17.6	5,449	0.1
Total	29,393	100.0	4,270,806	100.0

### Top Ten Major Shareholders

	Number of shares (Thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	40,933	10.02
Japan Trustee Services Bank, Ltd. (Trust account)	22,852	5.60
SSBTC CLIENT OMNIBUS ACCOUNT	16,937	4.15
Takahashi Industrial and Economic Research Foundation	15,447	3.78
Sumitomo Mitsui Trust Bank, Limited	15,413	3.77
Japan Trustee Services Bank, Ltd. (Trust account 4)	13,919	3.41
Sumitomo Mitsui Banking Corporation	10,223	2.50
MUFG Bank, Ltd.	10,181	2.49
KEIAISHA Co., Ltd.	10,100	2.47
STATE STREET BANK CLIENT OMNIBUS OM04	8,728	2.14

Notes: 1. The Company holds 18,676,128 shares of treasury stock, and is excluded from the major shareholders list above.  
2. Shareholding ratio is calculated exclusive of treasury stock.  
3. The number of shares and shareholding ratio are rounded down to the nearest unit of presentation.  
4. Japan Trustee Services Bank, Ltd. changed its trade name to Custody Bank of Japan, Ltd. on July 27, 2020.

## Stock Prices on the Tokyo Stock Exchange



## Status of MinebeaMitsumi as a constituent of certain indexes (As of August 2020)

### MSCI Japan Empowering Women Index (WIN)

This index is built from companies selected for their superior gender diversity within their sector, based on gender diversity scores calculated by MSCI.

**2020 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)**

MinebeaMitsumi has been selected as one of the constituents of the "MSCI Japan Empowering Women Index (WIN)," which is composed of companies that are promoting the advancement of women.

\*The inclusion of MinebeaMitsumi in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of MinebeaMitsumi by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

## Summary of information available on the MinebeaMitsumi Group website

On the MinebeaMitsumi Group website we make available on an ongoing basis more detailed information and reports on the most recent activity, that could not be included in these printed materials. A variety of other corporate information is also available, which we recommend you view at your leisure.

**Corporate information website** — <https://www.minebeamitsumi.com/english/>

**Information for investors** — <https://www.minebeamitsumi.com/english/corp/investors/>

**Sustainability information** — <https://www.minebeamitsumi.com/english/corp/environment/>

**Corporate governance information** — <https://www.minebeamitsumi.com/english/corp/investors/management/governance/>

## For further information, please contact us listed below.

### Product purchasing and catalog requests:

**Sales Headquarters**  
Tel: 81-3-6758-6746  
Fax: 81-3-6758-6760

### CSR information:

**CSR Promotion Office**  
Tel: 81-3-6758-6724  
Fax: 81-3-6758-6700

### Employment opportunities:

**Human Resources Development Dep.**  
Tel: 81-3-6758-6712  
Fax: 81-3-6758-6700

### IR information:

**Corporate Communications/  
Investor Relations Office (Investor Relations)**  
Tel: 81-3-6758-6720  
Fax: 81-3-6758-6710

### Other inquiries:

**Corporate Communications/  
Investor Relations Office (Corporate Communications)**  
Tel: 81-3-6758-6703  
Fax: 81-3-6758-6718

## Editorial Policy

This report is designed to create new opportunities for dialogue with our shareholders, investors, and other stakeholders by communicating the Company's efforts to expand its corporate value. Additional financial information and reports on CSR activities not included in this report can be found on the Company's website.  
MinebeaMitsumi website <https://www.minebeamitsumi.com/english/>

**Scope of report** — MinebeaMitsumi and 118 group companies  
**Period covered by this report** — Fiscal year ended March 2020 (April 1, 2019–March 31, 2020)  
However, this includes some activities before this period and from fiscal year ending March 2021.

**Publishing information** — Published September 2020 (next edition planned for September 2021)

**Referenced guidelines** — The International Integrated Reporting Council (IIRC), "International Integrated Reporting Framework"  
Ministry of Economy, Trade and Industry, "Guidance for Collaborative Value Creation"  
Japanese Standards Association, "ISO 26000:2010 (Guidance on social responsibility)"  
Global Reporting Initiative (GRI), "Sustainability Reporting Standards"  
Ministry of the Environment, "Environmental Reporting Guidelines" (2018 edition)  
**Supported initiatives** — United Nations Global Compact

## Disclaimer Regarding Future Projections

In this report, all statements that are not historical facts are future projections made based on certain assumptions and our management's judgement drawn from currently available information. Accordingly, when evaluating our performance or value as a going concern, these projections should not be relied on entirely. Please note that actual performance may vary significantly from any particular projection, owing to various factors, including: (i) changes in economic indicators surrounding us, or in demand trends; (ii) fluctuation of foreign exchange rates or interest rates; and (iii) our ability to continue R&D, manufacturing and marketing in a timely manner in the electronics business sector, where technological innovations are rapid and new products are launched continuously. Please note, however, this is not a complete list of the factors affecting actual performance.

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Note: "Electro Mechanics Solutions" is a registered trademark in Japan of MinebeaMitsumi Inc. Its registration No. is 5322479.

"Bed Sensor System" is a registered trademark in Japan of MinebeaMitsumi Inc. Its registration No. is 6152256.

"MINEGE" is a registered trademark in Japan of MinebeaMitsumi Inc. Its registration No. is 6069512.