

Representative Director, CEO & COO  
Yoshihisa Kainuma

## We aim to serve as a manufacturer of ultra-precision components offering better products that contribute to a carbon-free society

Sights set on contributing to an eco-friendly and prosperous society that offers sustainable growth looking toward our 100th year

It is with gratitude that in July 2021 we celebrated the 70th anniversary of MinebeaMitsumi and the 60th anniversary of its public listing. We wish to express our sincere appreciation for your support in making this possible.

The Company was established in July 1951 in Itabashi-ku, Tokyo, as Japan's first manufacturer specializing in miniature ball bearings. Over its 70-year history, the Company expanded into the field of electronic devices and components, and carried out business integration with MITSUMI ELECTRIC, U-Shin, and ABLIC. We have since grown to become an "INTEGRATED" precision components manufacturer with a unique business portfolio, unlike any other in the world, encompassing everything from ball bearings to motors, sensors, access products, and semiconductors.

Since my appointment as CEO, I have strived to maximize profits and manage risk while pursuing continuous growth, thus enhancing sustainability and embracing the belief that "sustainability is the essence of management." Based on that belief, I strengthened our risk diversification system, which is multifaceted and includes many areas like business management, human resources, and production, rather than using a strategy of "selection and concentration." Even amid the COVID-19 pandemic, the Company's net sales for the fiscal year were just shy of 1 trillion yen. Net sales have increased by 4.3 times the level noted 12 years ago when I assumed the position of CEO. Market capitalization has risen to top 1 trillion yen, which is a record high since the Company went public. I am proud to declare that quantitative data indicates we have been adhering to the correct strategy, making straightforward progress towards; (1) maximizing shareholder value and (2) laying a solid foundation for MinebeaMitsumi's 100th year, which was our mission when I assumed the position of CEO back in 2009.

Now more than ever before, companies are being called on to confront environmental and social issues, to bring about a carbon-free society and achieve the Sustainable Development Goals (SDGs). Given that humankind faces the inevitable mission of taking on such challenges, it is also important how we contribute as a components manufacturer. As such, we will more precisely seek to balance our initiatives for both Company growth and sustainable growth of the global environment and society, with our sights set on the year 2051, MinebeaMitsumi's 100th year. To such ends, we have once again revised the wording of our corporate philosophy. We have provided supplementary language to better facilitate understanding of our aims. Our corporate philosophy now reads: "To contribute to realization of a sustainable, eco-friendly and prosperous society by providing better products, at a faster speed, in larger numbers, at a lower cost and by smarter means."

The Company has set long-term targets of achieving net sales of 2.5 trillion yen and operating income of 250 billion yen in the fiscal year ending March 2029. We have thus far been taking steps to manufacture better products more efficiently by rigorously enlisting quality improvement activities. With the aim of achieving a carbon-free society, the "good products" we aspire to produce will be in the form of ultra-precision components which substantially help to reduce the energy consumption of our customers' products. The Company excels at developing such products and differentiating our products in the market based on our experience in handling light, thin, short and compact precision components. I am confident we will contribute to society, more than ever before, as we achieve growth together.

### Corporate philosophy

#### Corporate philosophy (Basic approach to growth and contribution to sustainability)

To contribute to realization of a sustainable, eco-friendly and prosperous society by providing better products, at a faster speed, in larger numbers, at a lower cost and by smarter means

#### Basic management policy (Action guidelines for employees to realize the corporate philosophy)

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

#### Company slogan (Measures to achieve growth and sustainability)

Passion to Create Value through Difference – Create new value through "difference" that transcends conventional wisdom

\* INTEGRATION means "combining" rather than "simple gathering" of the Company's proprietary technologies to evolve the "Eight Spears" of our core businesses and to create new products in various fields through the INTEGRATION of our advanced technology. [Details of corporate philosophy Page 25](#)



**With nearly all of our products being environmentally friendly, we contribute to improvement of the global environment through corporate activities**

**Freshly laying a solid foundation for our 100th year**

**“QCDESS™” – Setting Eco/Efficiency at the center of management strategy**

As a manufacturer of ultra-precision components, efforts for green transformation (GX) pose an urgent challenge amid calls for reduction of CO<sub>2</sub> emissions throughout the entire supply chain. As a result, components and products which do not help to reduce CO<sub>2</sub> emission volume are likely to be weeded out from the market.

In response, we have announced that our management strategy will be centered on developing, manufacturing and selling products that are environmentally friendly and efficient, in addition to quality, cost, delivery date and service. This has entailed freshly laying a solid foundation for our 100th year—enlisting “QCDESS,” thereby adding “Eco/Efficiency and Speed” to “QCDS” (Quality, Cost, Delivery, Service), which serves as a source of competitiveness in the manufacturing industry.

When it comes to the Company’s founding business of bearings, which play a role in reducing friction and resistance with respect to mechanical rotation, our strength has always been that of helping our customers achieve smaller, more efficient, and longer-life products through ultra-precision technology. In addition to bearings, nearly all of the Company’s products, including motors, sensors and analog semiconductors, are environmentally friendly solutions which contribute to energy and space saving. In 2019, we began to certify particularly environmentally friendly products as “MinebeaMitsumi Green Products,” aiming to increase the proportion of environmentally friendly products to 90% or more, on a net sales basis, by the fiscal year ending March 2029. Going forward, amid mounting social demand for ultra-high quality and greater energy savings, the Company’s opportunities for contribution and growth are likely to increase.

In order to further demonstrate our commitment to such a carbon-free society, we have appointed Mr. Masahito Fukami, an environmental expert in the government for many years, to the position of Chief Green Officer (CGO) effective August 1, 2021, and reorganized the Group Environment Management Office into the Sustainability Management Division. Through these measures, we aim to strengthen the system for promoting environmental measures and QCDESS initiatives.

Moreover, with the aim of achieving a carbon-free society in 2050, in addition to reducing the volume of *the Company’s own* CO<sub>2</sub> emissions, we will provide robust support to customers to reduce the volume of *their* CO<sub>2</sub> emissions, through our products.

We have set a long-term environmental target of reducing the Company’s total emission volume by 30% in the fiscal year ending March 2031 (relative to the fiscal year ended March 2021) by installing solar power generation and otherwise using renewable energy and by further promoting energy savings in-house.

Additionally, by improving our ultra-precision technologies and seeking product INTEGRATION, we will increase the extent of our contribution to reducing energy consumption among customers who use our products. For instance, when it comes to motors, which contain bearings, the more

precise and smooth the bearings, the more it is theoretically possible to reduce power consumption. Although the Company’s bearings have been manufactured using ultra-precision and fine machining technologies to achieve 0.02-micron tolerance, we are proceeding with efforts to achieve a further threefold improvement with respect to such precision, doing our utmost to help our customers further reduce energy consumption by using our products. Meanwhile, motor rotation relies not only on bearings, but also on semiconductors that operate motor drivers. Furthermore, from motors to motor connectors and power supplies, by “INTEGRATION” in combining the Company’s products, we will leverage synergies for energy savings to achieve maximum benefit.

Going forward, energy-saving specifications are likely to serve an increasingly key role in consumer decisions to purchase products. Adding to the trends in automobiles and home electronics, even in aviation, there is a trend toward adopting biomass fuels and switching to high-efficiency small-engine aircrafts. Our customers in every field of business are likely to encounter consumer demands for quantitative environmental information regarding their products. As demonstrated in this Integrated Report, the Company has made visible the volume of avoided CO<sub>2</sub> emissions by our products.

Whereas the volume of avoided CO<sub>2</sub> emissions currently amounts to approximately 1.75 million tons, we aim to increase it to approximately 2.3 million tons by the fiscal year ending March 2031. We will contribute to CO<sub>2</sub> reduction worldwide and strive to more swiftly take focused actions in order to readily address demands of consumers and final product manufacturers.

[CGO's Message](#) [Pages 9 to 10](#) | [Initiatives for the Environment](#) [Pages 53 to 58](#)

**Sustainability is the essence of management We will achieve sustainable growth through diversification and INTEGRATION in our core businesses**

**Freshly laying a solid foundation for our 100th year**

**Tempering the “Eight Spears” and gaining additional spears**

Both throughout MinebeaMitsumi’s 70-year history and during the 12 years since I became CEO, dramatic changes have occurred to products and technologies aligned with demands of specific eras. Meanwhile, the Company has encountered various risks with respect to economic and natural calamities in addition to the COVID-19 pandemic. The Company has repeatedly overcome such difficulties and continued to achieve growth. We believe this can be attributed to our straightforward progress made in promoting the strategy of diversifying our core businesses and INTEGRATION involving such businesses.

With our sights furthermore set on our 100th year, going forward, we must not falter no matter what, and continue achieving sustainable growth. To such ends, we will further strengthen our core businesses such as bearings and motors that are part of what we call our “Eight Spears,” while adding ninth and tenth spears (businesses), leveraging INTEGRATION and M&As.

With respect to tempering the Eight Spears, on June 30, 2021, we announced the Company’s acquisition of an 8-inch analog semiconductor fabrication plant (Fab\*) and its MEMS\*\* business from OMRON Corporation. Adding to the Company’s existing Chitose and Takatsuka front-end process facilities, the acquisition of a highly efficient, in-house, 8-inch semiconductor front-end process will enable vertically-integrated manufacturing—enhancing the Company’s competitive strengths in production capacity, product development and costs. Moreover, the plant offers MEMS sensor design technology and peripheral technology in terms of production facilities and human resources. As such, we consider this acquisition to be a very significant step in the Company’s growth strategy, in that it will help strengthen our sensor business, in addition to the analog semiconductor business, among the Eight Spears.

\* “Fab” refers to a factory that manufactures semiconductor devices. \*\* Micro Electro Mechanical Systems

On August 1, 2021, we established new development bases for analog semiconductors and mixed-signal semiconductors in Gifu and Gunma prefectures. We have also been fortifying our design and development of motor driver ICs, which are indispensable for motor control. Analog semiconductors as well as bearings are necessary to achieve motor control. Not only do such semiconductors increase value we provide to our customers, they also make it possible to boost energy savings. In addition, they enhance performance of the Company's motors as a result of enlisting the INTEGRATION strategy in using such motor driver ICs to control small, precision motors which we manufacture.

At the time of the business integration with MITSUMI ELECTRIC, analog semiconductors were regarded as one of the lesser spears among the Eight Spears. However, the business integration with ABLIC successfully resulted in a threefold increase in net sales in only four years. It is no longer merely a dream to achieve net sales of 100 billion yen earlier and 200 billion yen within a decade, which would give the Company a leading position among Japanese analog semiconductor manufacturers.

By strengthening analog semiconductor operations, we solidified three very substantial pillars, namely bearings, motors and analog semiconductors. Accordingly, we have established a profit structure that is not heavily dependent on backlights, which had been cited as an issue of concern in the past. Among the sub-core businesses, we have been achieving robust growth in actuators for optical image stabilization (OIS) and game-related products. We will actively tap into our sub-core businesses in a manner that strikes a balance with our core businesses. Moreover, we will focus on creating and adding the ninth and tenth spears (businesses) through INTEGRATION and M&As.

Core businesses/Sub-core businesses Page 24

Toward early achievement of net sales and operating income of 2.5 trillion yen and 250 billion yen, respectively

## Continuing to focus on M&A going forward

The Company has set challenging targets for net sales and operating income of 2.5 trillion yen and 250 billion yen, respectively, in the fiscal year ending March 2029, rather than waiting for another decade and our 80th year in 2031.

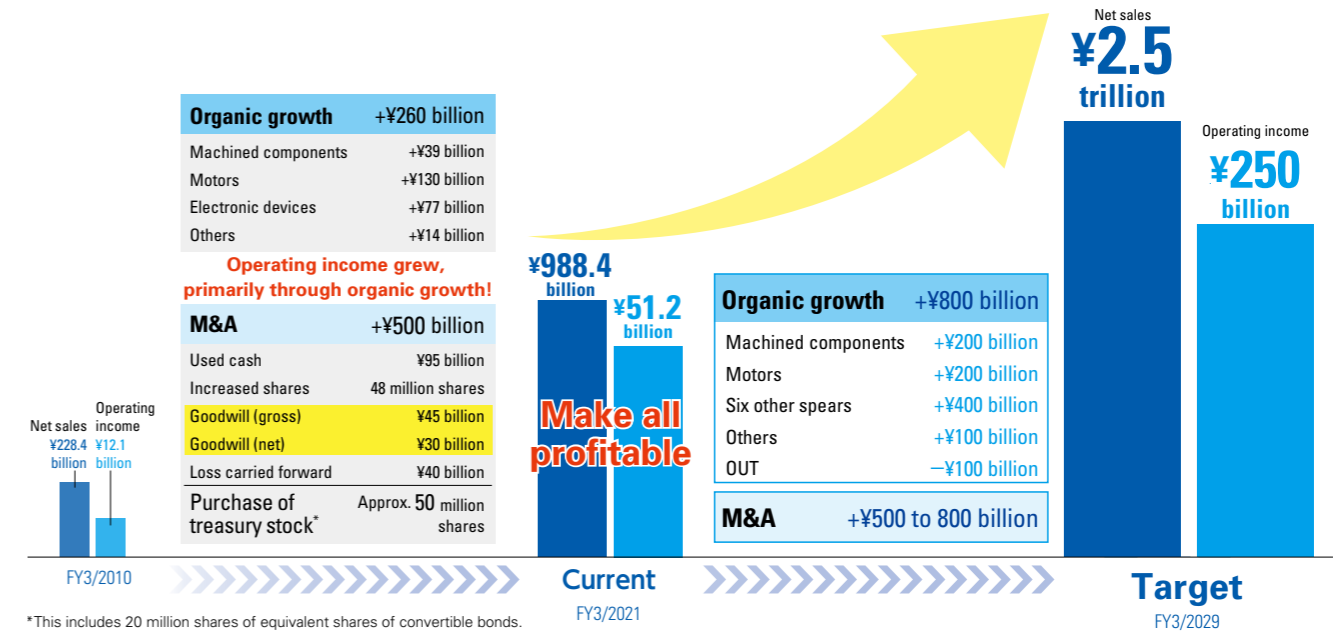
The figures on the facing page show that the Company's net sales increased to approximately 1 trillion yen, from the 220-230 billion yen range twelve years earlier when I assumed the position of CEO. In terms of organic growth, over the 12 years since my assuming office, there has been a twofold increase attributable to internal factors such as growth in bearings and our motors becoming profitable, and further expansion can be expected. In addition, approximately 500 billion yen of the growth is attributable to M&As. There is a possibility that the Company's net sales could reach 1.5 trillion yen early on assuming that it successfully carries out M&A deals on a similar scale to before. With this, the notion of achieving 2.5 trillion yen in net sales is not merely a dream. We consider it to be an attainable goal. Going forward, we will continue to actively take on challenges of arranging M&As which give rise to synergies with our core businesses as a means of attaining early achievement of substantial targets. In addition, a distinctive feature of M&A deals arranged by the Company is their low acquisition prices.

For instance, whereas the Company recognized approximately 15 billion yen in goodwill of MITSUMI ELECTRIC, net goodwill amounted to only 0.3 billion yen. We will continue to seek swift growth as we identify deals which will generate maximum results at appropriate acquisition prices.

## Promoting digital transformation (DX) to accelerate change

We are encountering a mounting importance of artificial intelligence and big data, with society changing at an ever-faster pace amidst increasing use of IoT and smart technologies. Given that scenario, the notion of us achieving net sales of 2.5 trillion yen partially hinges on necessary reforms involving digital transformation (DX). We will accelerate our efforts to improve our business execution capabilities by making use of the latest IT tools in all aspects from product development to manufacturing, sales, procurement, logistics and administrative divisions.

Promotion of AI and DX Pages 41 to 42



**New values generated by the "passion" of 100 thousand employees with diverse backgrounds**  
**Becoming "a company that society cannot do without" in our 100th year and beyond**

OMRON's Yasu Plant marks a total of 51 M&A deals for the Company and the 20th since I became CEO, with other such deals having included MITSUMI ELECTRIC, U-Shin and ABLIC. I am convinced that the success of such business integration is attributable to our post-merger integration (PMI) initiatives, particularly our emphasis on people-to-people integration. Whereas the Company's strength lies in diversification of its businesses and production, as noted earlier, it also brings together professionals with diverse backgrounds in human resources.

When it comes to employee promotion, we maintain a Group-wide policy of providing opportunities for career success to our best talent, no matter which Group company an employee hails from, in the "spirit of equality." The Company's practice of putting "employees" first, as set forth in "The Five Principles" company credo, has been a driving force fueling its growth. In order to reach our challenging targets, I and other members of top management assume leadership with a sense of passion. In sharing this passion, we focus our efforts on stimulating in-house communication, fostering next-generation management on a global scale, and implementing team-building initiatives extending from management to the factory floor.

Going forward, toward the Company's 100th year and beyond, we continually strive to be "a company that society cannot do without." To such ends, we will enlist our workforce of approximately one hundred thousand employees, representing diverse backgrounds from 27 countries, and encourage them to continue manufacturing with the unwavering passion they have shown from the time of the Company's foundation. We also will combine cutting-edge technologies centered on ultra-precision machining technology and mass production technology, and strive to create new value which facilitates worldwide manufacturing and supports people's lives.

We sincerely appreciate your continued support going forward.