



MinebeaMitsumi Group  
**Integrated Report 2021**



# Realize "Beyond Zero" through integration of ultra-precision technologies

## Reducing our own CO<sub>2</sub> emissions and

# supporting global CO<sub>2</sub> reduction

## To Beyond Zero

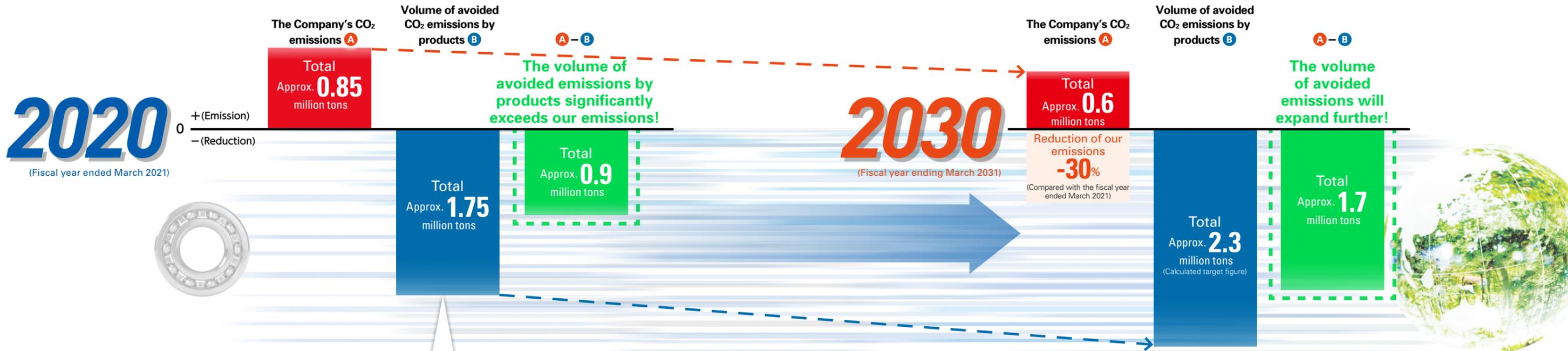
New strategy toward 2051, the 100th anniversary



We have launched "QCDESS," which stands for QCDS (Quality, Cost, Delivery, Service), Eco/Efficiency & Speed, as our new management strategy. This is to accelerate our response to reducing the environmental burden through our business activities—as initiatives to address climate change have become an urgent challenge globally. It will also lay a solid foundation for MinebeaMitsumi's 100th year in 2051.



The Company contributes to the reduction of global CO<sub>2</sub> emission volume by working to reduce its own CO<sub>2</sub> emissions as well as by reducing the CO<sub>2</sub> emission volume of customers around the world who use our components. The Company has defined these initiatives as "Beyond Zero," and will contribute to realizing a sustainable global environment toward the years 2030 and 2050, by further increasing the volume of avoided emissions.



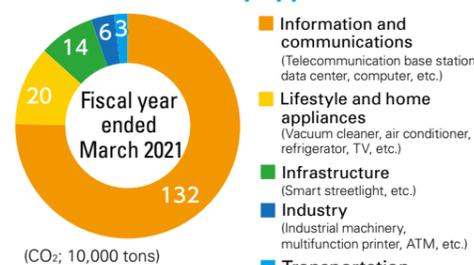
### MinebeaMitsumi Green Products

Since MinebeaMitsumi's ultra-precision products contribute to space and energy saving by reducing friction and resistance, our products and businesses, by nature, contribute to global environmental improvement. Since 2019, we have been certifying products that are particularly environmentally friendly as "MinebeaMitsumi Green Products."

We will further expand the volume of avoided CO<sub>2</sub> emissions of customers by improving the ultra-precision technology of each product, such as bearings, to the limit, and demonstrating synergy by combining our core businesses and core technologies.



### Volume of avoided CO<sub>2</sub> emissions and breakdown by application



The "volume of avoided CO<sub>2</sub> emissions" is calculated in accordance with "Japan Electronics and Information Technology Industries Association (JEITA) guidelines," but is not applicable for calculation in Scope 1, 2 and 3 of the "GHG Protocol" (because the Company is a BtoB component manufacturer). However, the Company has calculated and visualized this as its original KPI based on the belief that it will contribute to the reduction of CO<sub>2</sub> emissions in customers' products through their use of the Company's high quality products.

Disclosure of figures related to Scope 1, 2 and 3 based on the GHG Protocol, and details of the volume of avoided CO<sub>2</sub> emissions by products [Pages 53 to 56](#)

**Calculation formula**

$$C_d = \Delta W_r \times L \times H_{op} \times Coef_e \times S$$

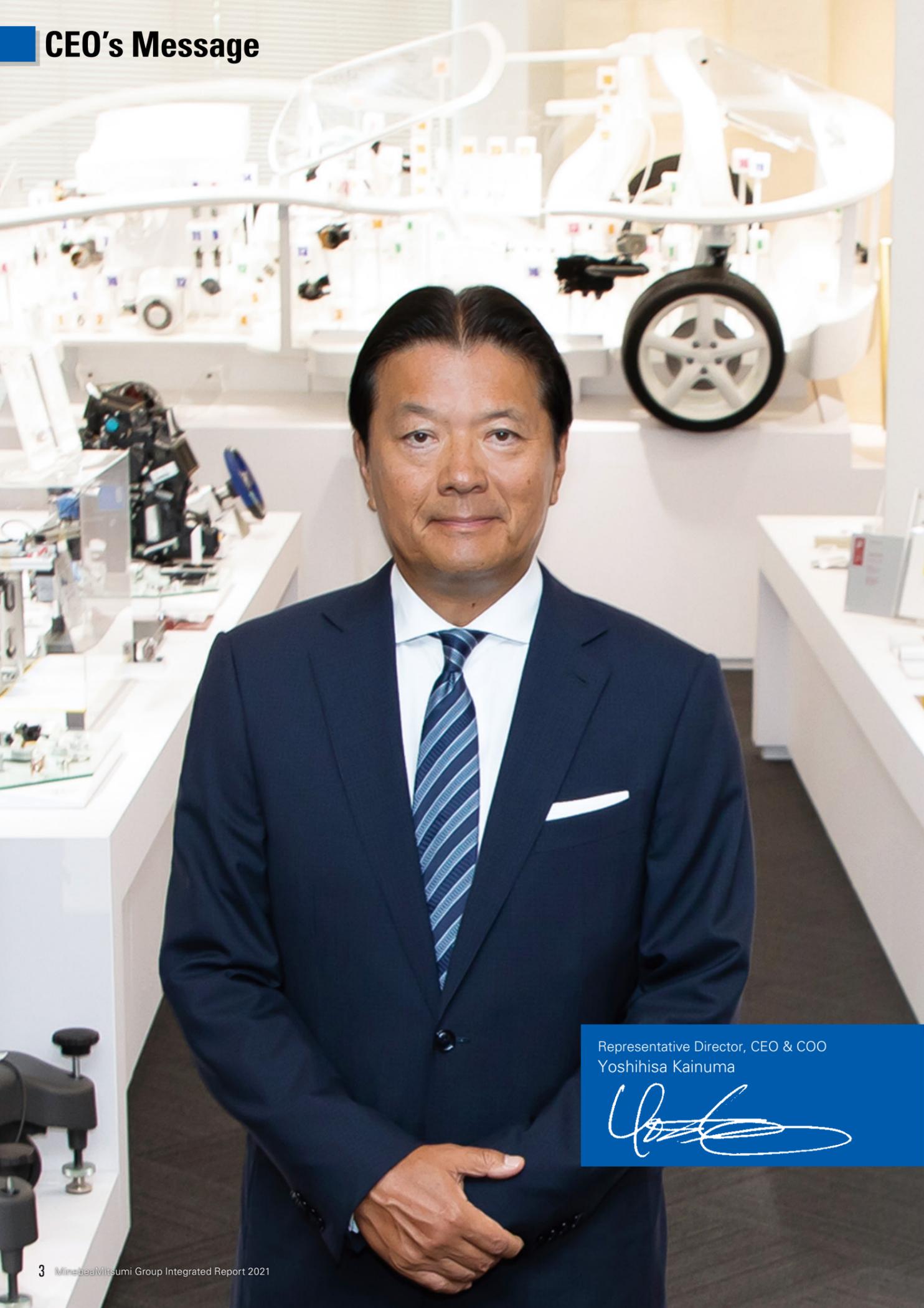
*C<sub>d</sub>*: Volume of emissions directly avoided (kg-CO<sub>2</sub>)    *ΔW<sub>r</sub>*: Reduction of electric power consumption in a rated condition (kW)    *L*: Load factor during actual state of operation compared with rated usage conditions    *H<sub>op</sub>*: Hours of operation (h)    *Coef<sub>e</sub>*: Coefficient for CO<sub>2</sub> emissions from power consumption (0.5001 kg-CO<sub>2</sub>/kWh \*average emission coefficient in Japan)    *S*: Sales volume

We increased the volume of avoided CO<sub>2</sub> emissions by enhancing the energy saving efficiency of our products and expanding sales volume!

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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.

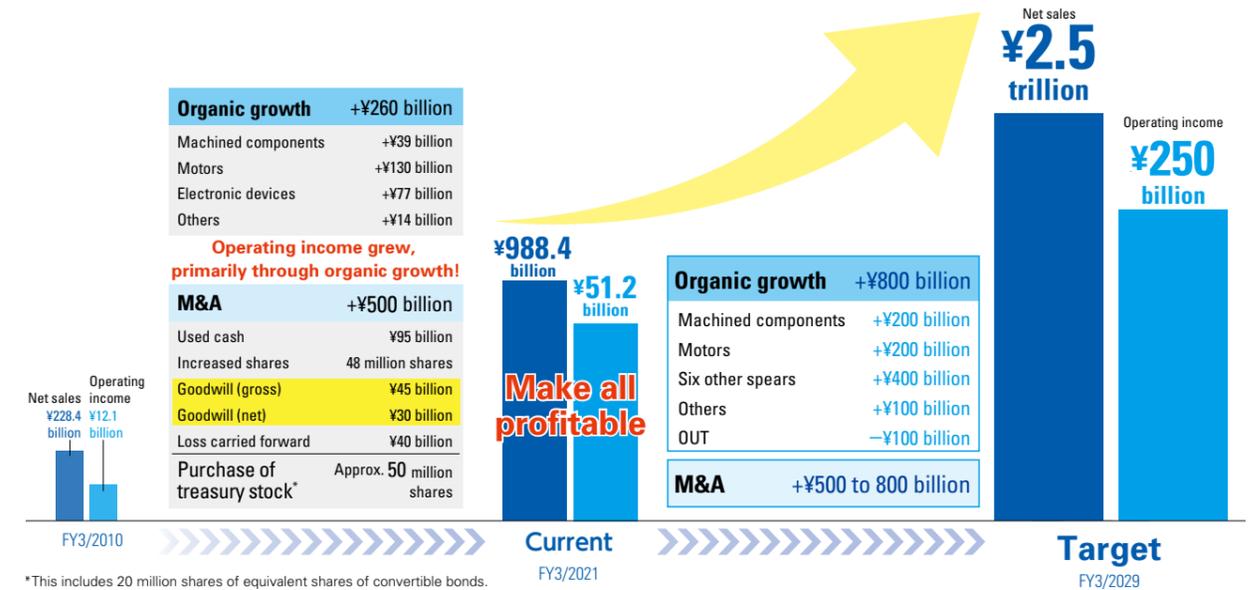
The figures on the facing page show that the Company's net sales increased to approximately 1 trillion yen, from the 220-230 billion yen range twelve years earlier when I assumed the position of CEO. In terms of organic growth, over the 12 years since my assuming office, there has been a twofold increase 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.



CGO  
Masahito Fukami

**Green transformation (GX) involves integrating environmental perspectives into management and accordingly contributing to realization of a sustainable society through our corporate activities**

## Corporate sustainability and sustainability of humanity

The Company has established the Carbon Neutral Steering Committee whose membership consists of Senior Executive Officers and others, underpinned by the recognition that green transformation (GX) is a material issue for the Group as a components manufacturer, with its sights set on realization of carbon neutrality in 2050. The Chief Green Officer (CGO) serves as committee chairman for the Carbon Neutral Steering Committee.

Reflecting the sentiment of CEO Kainuma who said that "sustainability is the essence of management," our corporate activities contribute toward heightening sustainability of society, which in turn increases corporate sustainability including that of the Company itself.

The world is already calling for the achievement of carbon neutrality as required for sustainable development of humanity. As a corporate entity, addressing such demands stands as a social responsibility and furthermore serves as a material issue in terms of our business continuity.

We have recently established the QCDESS™ (quality, cost, delivery, ecology/efficiency, service, speed) as a management strategy of the Company, with the addition of "ecology/efficiency." Accordingly, the Company's new management strategy entails contributing to humanity by achieving greater efficiencies with respect to both ecology and economy, without setting one off against the other.

## The global environment and my involvement in this issue at Japan's Ministry of the Environment, universities and other such entities

I have been involved with environmental issues as a civil servant and a university faculty member for about 35 years since joining Japan's Environment Agency back in 1985. Global environmental issues, particularly those involving climate change, have come to attract public attention since back when I first joined the agency. Meanwhile, I had long harbored a sense of frustration regarding slow progress being made in addressing such issues.

The Ministry of the Environment hailed the establishment of the 2015 Paris Agreement, while I myself was involved in the parliamentary approval process serving as Deputy Director-General of Ministry's Secretariat, Ministry of the Environment. Nevertheless, the agreement coincided with a change of ruling administration in the United States culminating in stagnation of climate change policy over the next four years. After that, climate change policy has once again been encountering rapid progress since 2020. Meanwhile in the public sphere, it has been private enterprise and individual citizens, rather than bureaucrats, who are underpinning that progress. I am more than

thrilled that I was able to engage in work geared to achieving carbon neutrality from the standpoint of a private enterprise at that time.

Whereas some may wonder how it is that I came to work for a private enterprise after lengthy service with the Ministry of the Environment, I have had opportunities to extensively consider matters of the environment and the economy due to experiences I have had involving secondments to the former Economic Research Institute of the Economic Planning Agency as well as the Tohoku Bureau of Economy, Trade and Industry of the Ministry of Economy, Trade and Industry.

Also, having been mainly in charge of nuclear regulation and radioactive countermeasures subsequent to the Fukushima nuclear accident during five of my last 12 years in civil service, I came to realize the difficulties incumbent in regaining people's trust in the wake of a major failing.

During the other seven years of that time, I taught students at Hokkaido University Public Policy School and the School of Public Policy, Tohoku University, and

also conducted workshop activities on the theme of the Sustainable Development Goals (SDGs), which placed consideration on the environment, energy, regional economies and other such matters from a broad perspective of public

policy.

I have accordingly been drawing on such experiences in taking on my role of CGO.

## MinebeaMitsumi's challenges in achieving carbon neutrality

From my standpoint as CGO, I feel that the first challenge we face in terms of our environmental initiatives is how to reduce the greenhouse gas (GHG) emissions generated by our business activities. Given that electricity consumption accounts for approximately 90% of our greenhouse gas emissions (refer to page 53), we have the potential to significantly reduce our emission volume by changing our approach to procuring power or otherwise by installing renewable energy power generation facilities in our factories.

On the other hand, the Company encounters challenges given that most of its factories are located overseas and given that it absolutely must not downgrade the precision or reliability of its products as a manufacturer of precision components. However, while taking into account the requests by those who purchase our products and by our

investors to reduce our own greenhouse gas emissions and achieve carbon neutrality if possible, we will fully consider options to such ends in-house.

The Company has also been implementing a high-efficiency LED street light improvement project enlisting a wireless network in Cambodia, serving as a Joint Crediting Mechanism (JCM) project promoted by the Government of Japan. Further promoting such projects for generating carbon credits will enable us to make use of schemes for offsetting our greenhouse gas emissions drawing on carbon credits. Since schemes using such credits serve as a key method for achieving carbon neutrality, the Government of Japan has apparently been considering options for enhancing the systems of credits going forward. Likewise, we will consider possibilities in this regard taking into account policy developments.

## Contributing to realization of a sustainable society with environmental performance achieved through INTEGRATION

It is also important to keep in mind that the Company's products help in the formation of carbon neutrality and a sustainable society, which means they contribute to achieving the Sustainable Development Goals (SDGs). For instance, our products contribute to reduced use of resources given that many of them including our ultra-high precision miniature ball bearings feature outstanding energy-saving performance, in addition to possessing properties that include small size, light weight, and durability. It is also important that we properly quantify such environmental performance of our products and engage in public relations. As part of such initiatives, we furnished estimated volumes of avoided CO<sub>2</sub> emissions in this Integrated Report (refer to page 55). We hope that you find this information helpful.

We seek to provide products equipped with outstanding environmental performance worldwide and to achieve emission reductions far exceeding our own greenhouse gas emissions. These are initiatives that we have defined as "Beyond Zero." In order to take these initiatives further, we aspire for the Company to make the notion of contributing to carbon neutrality and a sustainable society one of its key focuses with respect to product development going forward. This approach will serve as a pathway for increasing the Company's own sustainability.

The government released draft versions of its Basic Energy Plan and its Plan for Global Warming Countermeasures in July, citing the need for major transformation not only when it comes to energy supply, but also across various industrial activities and people's

lives looking toward 2030. Given that these constitute a step toward achieving carbon neutrality in 2050, we will set our sights on such major trends and accordingly make one of our key missions the notion of enlisting our INTEGRATION capabilities in developing and providing energy-saving and resource-efficient precision components necessary to realize a sustainable society.

For instance, the Plan for Global Warming Countermeasures draft version recommends installation of the high-efficiency LED street lights introduced previously, and furthermore combining such lighting with renewable energy supply systems can help achieve carbon neutrality with respect to street lighting. Such systems would serve as appealing options for municipalities that have made "Zero-carbon City Declaration" and it may be possible to devise a sensor for installation in street lights that municipalities can use in systems for prevention of disasters in the event of torrential rainfall, operating via wireless networks. These systems could also contribute to adaptation to global warming amid prevailing concerns of damage frequently caused by torrential rainfall.

Our product mix gives rise to substantial business opportunities that could involve providing precision components for applications such as IoT products, electric vehicles, and drones, and also sets us on a clear path in terms of contributing to a sustainable society. Whereas my abilities alone are far from sufficient in these domains, I am counting on the all-out efforts of the Company's exceptional teams of technicians going forward.



**Message from Chief of Tokyo Head Office, CFO**  
**We will seek to further increase our corporate value through a persisting focus on growth, profitability and safety**

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

## Aiming to serve as “the world’s mightiest INTEGRATION manufacturer of precision components” with net sales of 2.5 trillion yen and operating income of 250 billion yen

We celebrated two turning points this year, the 70th anniversary of MinebeaMitsumi and the 60th anniversary of its having become a publicly listed company. Although we have overcome many adversities during that time, it is essential that we maintain and strengthen our financial position, enabling us to swiftly engage in M&As and capital expenditure in order to maintain resilience to overcome adversity going forward.

As the person in charge of such matters, I will strive for shareholder returns that are satisfactory to our investors while at the same time ensuring various forms of financial discipline

established internally, appropriately managing profitability, cash flow, investment efficiency and other such matters, and achieving optimal cash allocation. In order to ensure these outcomes, I will strive to increase corporate value clearly setting financial strategy and capital policy, and furthermore maintaining focus on achieving EPS growth and maximizing capital efficiency.

Through these efforts, we aim to serve as “the world’s mightiest INTEGRATION manufacturer of precision components” also from a financial perspective.

## Operating results for the fiscal year ended March 2021 and outlook for the fiscal year ending March 2022

With respect to the market environment in which the Company operates, exports and consumption declined substantially due to the spread of COVID-19, but the worst appears to be behind us as exports to the U.S. and China have rebounded. Nevertheless, the future of the market environment remains uncertain. 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 for the fiscal year ended March 2021 finished at a record high of 988.4 billion yen (up 1.0% year on year) since its establishment. However, in addition to the global economic slowdown, yen appreciation, expenses incurred in relation to the integration of ABLIC, and other temporary expenses incurred led operating income to decline by 12.8% year on year to 51.2 billion yen and profit

for the year attributable to owners of the parent to decline by 15.7% year on year to 38.8 billion yen.

We have positioned the fiscal year ending March 2022, as a year during which we will achieve new record highs in terms of profits while also laying the foundations for our 100 billion yen operating income target. Regarding our operating results forecasts, we project net sales of 1 trillion yen and operating income of 80 billion yen (as of May 2021). We will seek further gains in profitability of our Three Spears + 1 (bearings/motors/analog semiconductors/OIS\*) mainstay businesses, thereby serving as a driver of the Company’s sustainable and strong growth. Meanwhile, one of the factors underpinning profit gains this fiscal year has been the absence of costs related to COVID-19 and other temporary expenses that had been incurred in the previous fiscal year.

\* Optical image stabilization (OIS) components for smartphone cameras

## Key indicators toward achieving net sales of 2.5 trillion yen and operating income of 250 billion yen



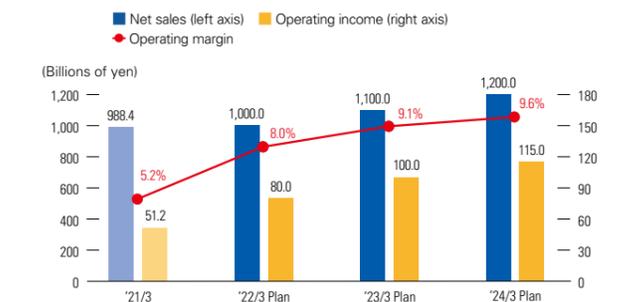
## Midterm Business Plan

We anticipate significant increases in sales and profit over the medium- to long-term, particularly in the Three Spears of our core businesses (bearings/motors/analog semiconductors) and OIS. Stable growth of these businesses has been helping to further increase profitability of the entire Group while reducing earnings volatility.

Our targets for the fiscal year ending March 2024, the final fiscal year of the Midterm Business Plan, consist of net sales of 1.2 trillion yen and operating income of 115 billion yen, such that operating income is projected to increase twofold over three years.

### Midterm Business Plan: Quantitative targets

**Operating income set to increase twofold over three years with profits driven by our core businesses**



## Financial strategy and capital policy

### Financial strategy

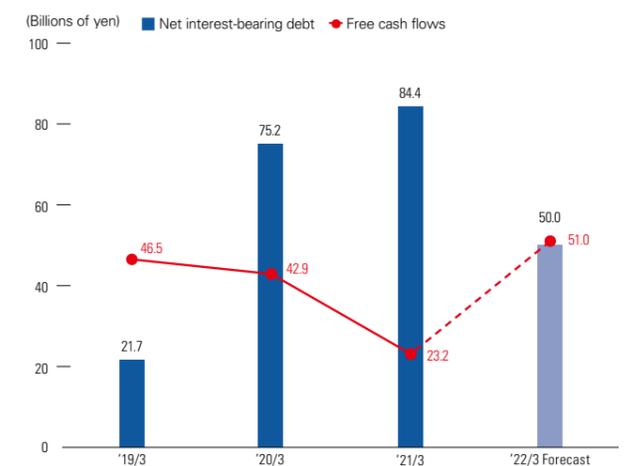
Having made “strengthening our financial position” a basic policy, the MinebeaMitsumi Group has taken various steps that include efficiently engaging in capital investment, managing assets, and reducing interest-bearing debt. We have conducted an appropriate and agile financial strategy which entails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

In the fiscal years ended March 2019 and March 2020, net interest-bearing debt briefly increased due to M&As involving U-Shin and ABLIC, respectively. From the fiscal year ending March 2022 onward, we expect that our ability to generate cash will exceed levels prior to those of the COVID-19 pandemic due to recovery of Company-wide profitability and effective post-merger integration (PMI). This is likely to culminate in further strengthening of our financial base.

Setting our sights ahead on the post-pandemic landscape after the threat of COVID-19 has passed, we will furthermore focus on arranging M&As on a global scale and tapping new business opportunities, taking advantage of our substantial ability to generate cash. We will temper the Eight Spears, thereby increasing growth and profitability, maximizing cash

flow, and further strengthening our financial position, while also flexibly allocating cash for the purposes of carrying out highly effective M&As to gain additional spears and enhancing shareholder returns.

### Net interest-bearing debt / Free cash flows



→ To be continued to the next page

Financial strategy and capital policy (continued from the previous page)

Cash allocation

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 to carry 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.

Under this policy, capital expenditure was 45.5 billion yen in the fiscal year ended March 2021, and R&D expenses were 32.2 billion yen (3.3% of net sales). During the fiscal year ending March 2022, our plans call for capital expenditure of 65.0 billion yen for investment that includes construction of a multipurpose plant in Thailand, and R&D expenses of 32.0 billion yen (3.2% of net sales).

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.

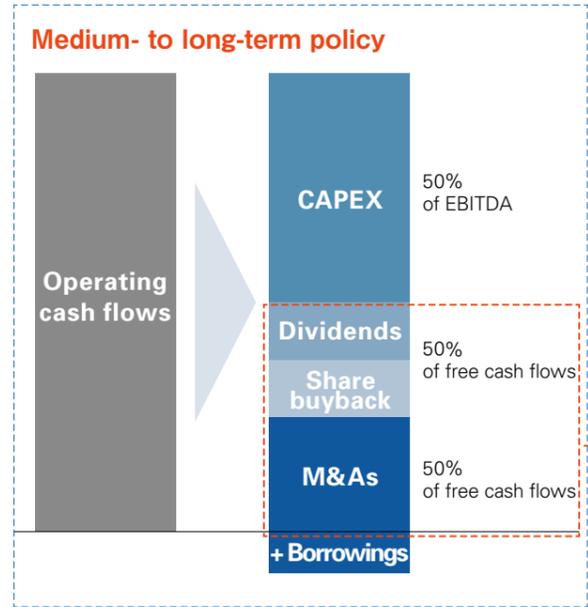
Organic growth: R&D expenses → 3% of net sales; CAPEX → 50% of EBITDA

Free cash flows

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

M&A growth: M&As geared to reducing earnings volatility; 50% of free cash flows + borrowings; Maintaining financial discipline (within 0.2 times D/E ratio)

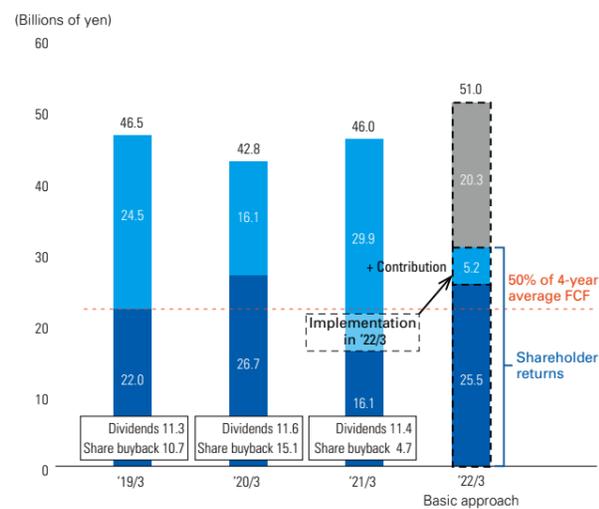
Shareholder returns: Dividends and share buyback; 50% of free cash flows; (Adjustments made to ratio of dividends to share buybacks depending on stock price levels; Share buybacks are to involve purchasing shares at appropriate thresholds)



Shareholder returns

Regarding the annual dividend, MinebeaMitsumi aims to continue to pay out stable dividends, aiming for a dividend payout ratio of around 20% on a consolidated basis, in principle, underpinned by its policy of enhancing returns to its shareholders. For the fiscal year ended March 2021, we opted to furnish shareholder returns in the form of a commemorative dividend marking our 70th anniversary. Annual dividends per share amounted to 36 yen (an increase of 8 yen compared with the previous fiscal year), which included a commemorative dividend of 8 yen per share. With respect to shareholder returns for the fiscal year ending March 2022, we will maintain continuous and stable profit distribution encompassing dividends and share buybacks, under the assumption of 51.0 billion yen in free cash flows (excluding M&A). Meanwhile, we will give 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.

Free cash flows (excluding M&A) and shareholder returns



Financial base

It is our belief that securing a stable financial foundation is of the utmost importance to ensure we continuously provide returns to our shareholders. We have received very favorable credit ratings from two credit rating agencies, as follows. Although our equity ratio attributable to owners of the

parent may vary in the short term depending on status of M&A implementation, 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

The MinebeaMitsumi Group works to improve capital efficiency by appropriately implementing financial strategy, which involves identifying capital cost for each business upon having established minimum hurdle rates for investment decisions. We have defined our main KPIs as maintaining EPS CAGR (annual average growth rate) of at least 15% and ROE of at least 15%. Moreover, in backing its efforts to achieve net sales of 2.5 trillion yen and operating income of 250 billion yen, the Company appropriately makes decisions on R&D, M&As, and business withdrawal by checking whether or not profitability exceeds its capital cost target and furthermore verifying current status and outlook of individual businesses, based on benchmarks enlisting return on invested capital (ROIC).

of the business portfolio and optimizing invested capital on a Company-wide basis. During the fiscal year ended March 2021, ROIC decreased briefly in the first quarter due to the COVID-19 pandemic, but then headed toward improvement in the second quarter due to our efforts that involved enhancing profitability of the business portfolio and optimizing invested capital on a Company-wide basis.

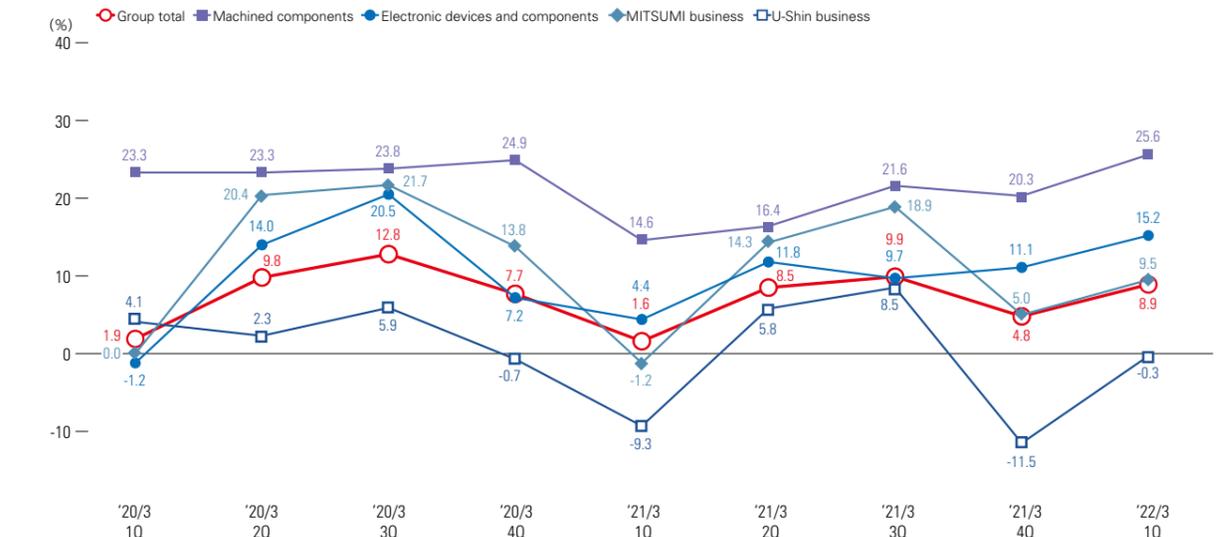
Our approach to increasing profitability of individual businesses has involved improving profit margins and reducing invested capital enlisting a reverse ROIC tree approach, while simultaneously enhancing profitability

Going forward, we will seek to draw up business strategies and engage in business operations in alignment with initiatives for achieving sustainable growth and increasing corporate value over the medium to long term in line with the Corporate Governance Code. In our efforts to increase corporate value, we will endeavor to persistently achieve ROE and ROIC results that exceed hurdle rates, engage in risk management practices for reducing capital cost, and implement financial strategy which helps to enhance the competitive strengths of our products.

ROIC

$$ROIC \text{ of MinebeaMitsumi} = \frac{NOPAT \text{ (operating income} + \text{extraordinary income/losses)} \times (1 - \text{tax rate})}{\text{Invested capital (notes and accounts receivable, trade} + \text{inventories} + \text{non-current assets} - \text{notes and accounts payable, trade)}}$$

Calculated using manageable business assets (trade receivables/payables, inventories, non-current assets) by segment



## 1. History of MinebeaMitsumi

Organic growth  
X  
M&A growth

The Company was established in Itabashi-ku, Tokyo in July 1951 as Japan's first specialized manufacturer of miniature ball bearings. After the war, engineers from the former Manchuria Airplane Manufacturing Company returned from Manchuria and established the company with dreams and passion for the development of the aircraft industry.

In the 70 years since then, we have expanded into the field of electronic devices, and through management integration with MITSUMI ELECTRIC, U-Shin, and ABLIC, have grown into an INTEGRATION manufacturer of precision components with a unique business portfolio that is unmatched in the world, ranging from ball bearings to motors, sensors, access products, and semiconductors.

We will continue to grow through both organic growth and M&As to create new value that supports manufacturing and people's lives around the world.

### From 1951 Founding period



#### Unchanging ideas since the founding period Ultra-precision machining technology and mass production

We have pursued high quality and low costs since our establishment in order to strengthen our miniature ball bearing products. In 1964, the Company introduced the latest machinery and equipment to the Karuizawa Plant and received guidance from overseas engineers, which dramatically improved the level of technology. As exports to overseas markets increased and sales grew, the Company introduced a series of cutting-edge machines to the Karuizawa Plant, increasing its competitiveness through ultra-precision machining technology and mass production technology.

### Organic growth

Founded in 1951, Nippon Miniature Bearing Co., Ltd., Japan's first specialized manufacturer of miniature ball bearings, is incorporated in Azusawa, Itabashi-ku, Tokyo



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



### From 1970 Diversification



The U.S. Reed Instrument Corp. (Currently NHBB Chatsworth Plant)

#### Expanding our business domain through overseas expansion and diversification

Based on a sense of crisis that bearings might disappear in the future, we started the motor business in 1973, and in the 1980s, we expanded into the semiconductor and electronic components business.

In 1971, we acquired the U.S. Reed Instrument Corp. and began production overseas. We also started overseas production at our own plants in Singapore in 1972 and in Thailand in 1980. In addition to actively conducting domestic and overseas M&As to acquire engineers and increase production capacity, the Company also acquired non-manufacturing companies such as cosmetics and kimono door-to-door sales companies and pig-farming-related companies to expand the scale of its business.

### From 1990 Return to manufacturing



Shanghai Plant (China)

#### Streamlining management by promoting selection and concentration of businesses

In the 1990s, as the negative effects of diversification began to mount, we sought to restore our profitability by reorganizing businesses that were not closely related to manufacturing and concentrating management resources on our core businesses of bearings and electronic devices. We started integrated production of ball bearings in Shanghai, China. Production of high-precision components for HDDs started in earnest, as we further refined our ultra-precision machining technology and vertically-integrated manufacturing system.

### M&As

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

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

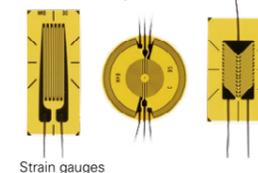


1988  
The U.K. rod-end bearing manufacturer is acquired  
Supply to Europe market is expanded



Rose Bearings Ltd. (The U.K., currently NMB-Minebea UK Lincoln Plant)

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



Strain gauges



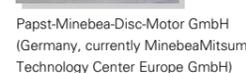
New Hampshire Ball Bearings, Inc. (the U.S., currently NHBB Peterborough Plant)

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



Aircraft components

1990  
The Company established a company to develop HDD spindle motors in Germany



Papst-Minebea-Disc-Motor GmbH (Germany, currently MinebeaMitsumi Technology Center Europe GmbH)

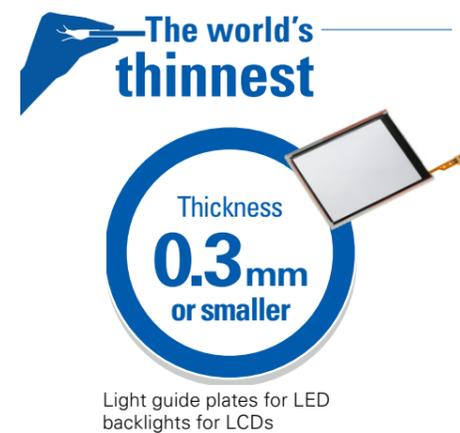
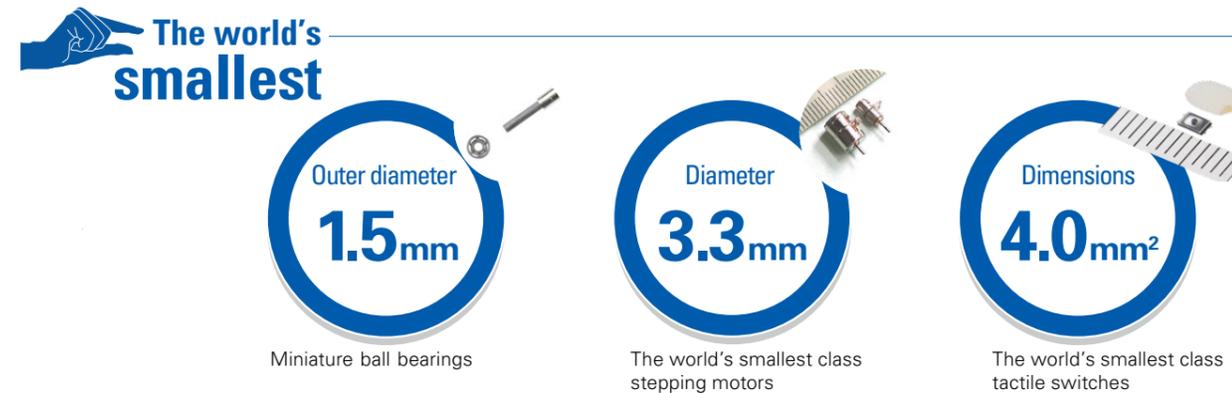
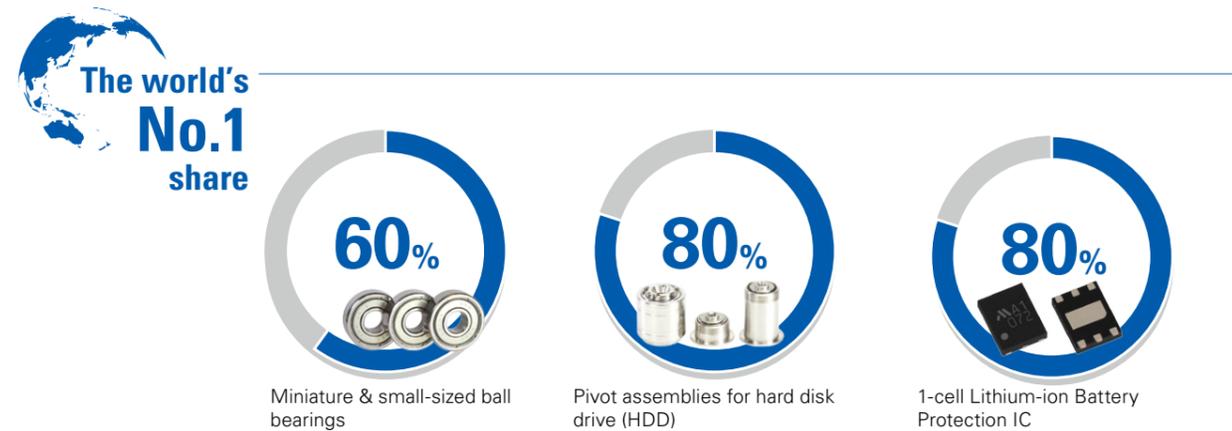


The corporate profile can be viewed from here.



## 2. MinebeaMitsumi Today

With ultra-precision machining technology at the core, we are able to **leverage our strengths** in a diverse range of business, production, and human resources without being vulnerable to risk

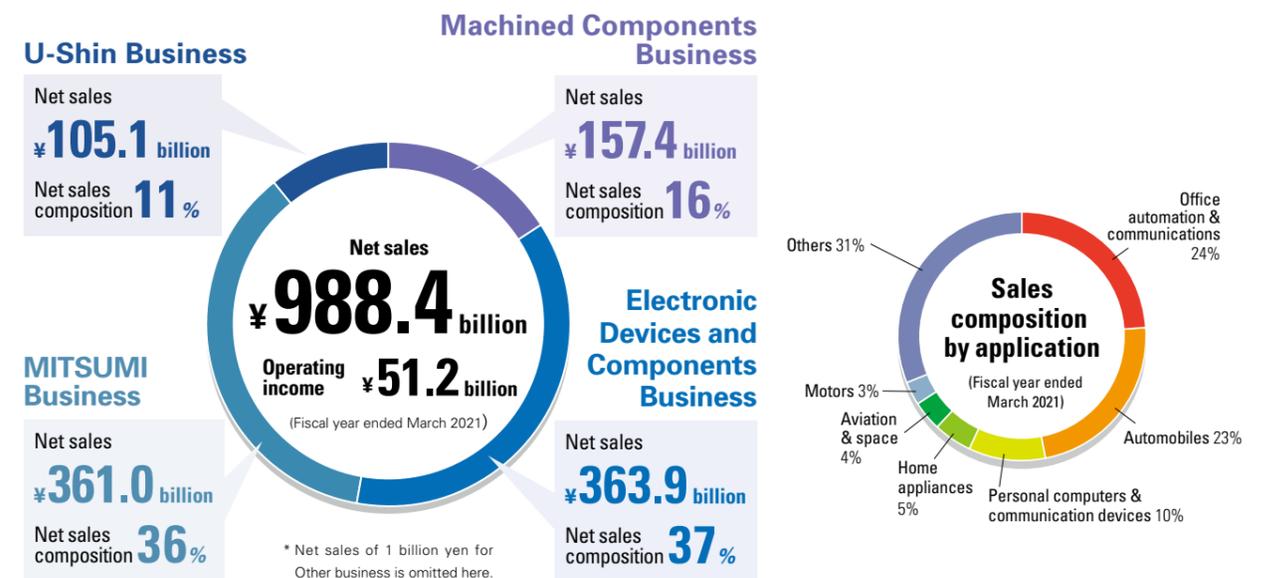


MinebeaMitsumi boasts a 60% share of the global market for miniature and small-sized ball bearings with an outer diameter of 22 mm or less. Furthermore, we have applied the **ultra-precision machining technology** and mass production technology we have cultivated through our bearing business to a variety of fields, and have created the world's smallest and thinnest products with the No. 1 share in the global market. In addition, we have an effective product mix that includes automobiles, aircraft, smartphones, medical equipment and infrastructure, and a complementary system of global production bases in Japan, the U.S., Europe and Asia, which provide us with an excellent risk diversification system and a wide range of human resources to create synergies. **The diversity of our business, production, and people is the source of our strength.**



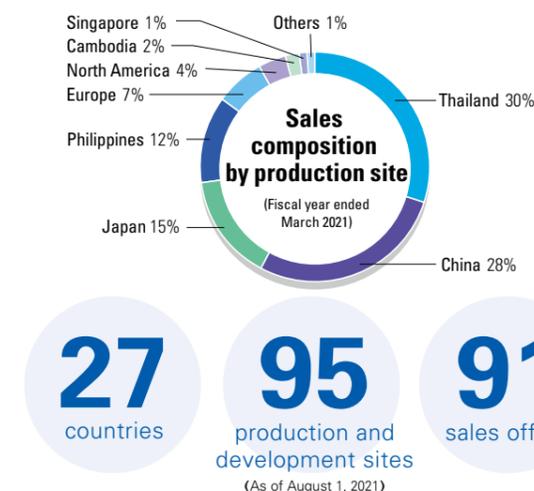
### Business

The Company set a new record high in net sales for the fiscal year ended March 2021 thanks to its diversified business portfolio.



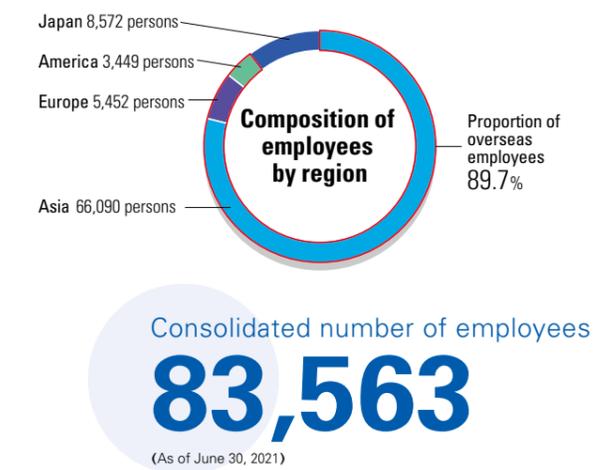
### Production

We created a global system for production and reduced exchange, disaster and geopolitical risks.



### People

The Company serves as a global enterprise that carries out and employs 90% of its diversified workforce abroad.



### 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 INTEGRATION".

By combining these three strengths and creating synergies, we have created economic value as well as environmental and social value, and have accumulated financial and non-financial capital.

We will achieve sustainable growth by leveraging these synergies and further refining our three strengths.

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

**Sustainable growth of MinebeaMitsumi Group**

Toward Sustainable Growth Pages 25 to 26

### Non-financial capital to build up strength

Manufactured capital	Human capital	Intellectual capital
<ul style="list-style-type: none"> <li>Vertically-integrated manufacturing</li> <li>Global operation</li> <li>Accumulated manufacturing knowhow</li> </ul>	<ul style="list-style-type: none"> <li>Global human resources</li> <li>Diversity of human resources</li> <li>Skilled workers/engineers</li> </ul>	<ul style="list-style-type: none"> <li>Ultra-precision machining technology</li> <li>Comprehensive manufacturing, engineering, development, and sales capability</li> <li>M&amp;A capability/PMI</li> </ul>

Manufactured Capital Pages 43 to 44 | Human Capital Pages 45 to 48 | Intellectual Capital Pages 49 to 50

### Fundamental philosophy

- Corporate philosophy**  
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**  
Transparent management based on our company credo "The Five Principles"
- Corporate slogan**  
Passion to Create Value through Difference

### Economic value created

- Environmentally friendly products that support manufacturing around the world
- Achieve and maintain the world's No.1 market share and the world's smallest and thinnest technology
- High operating margin
- Ability to generate cash backed by high earning power
- Return on equity (ROE)
- Return on invested capital (ROIC)

### Environmental and social value created

- Contribution to the global environment through our products
- Social trust through provision of high quality products and fair trade
- Mass production with minimum environmental footprint
- Contribution to technological innovation through cutting-edge technology
- Diversity in human resources
- Employment and employee training in emerging countries

- Support for global environmental improvement and achievement of SDGs through corporate activities and products themselves
- Pursue business activities that harmonize the creation of environmental and social value with the creation of economic value

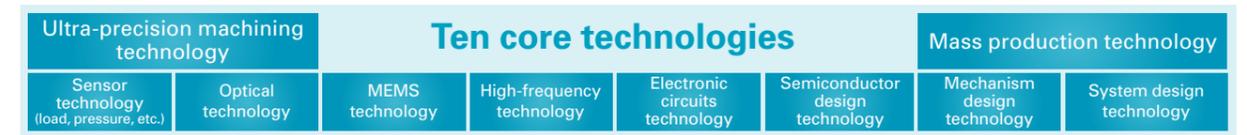
### 4. MinebeaMitsumi's Strengths

Centered on our ten core technologies, we will generate synergies through INTEGRATION

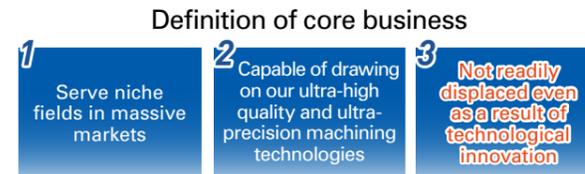
We will pursue organic growth through our core/sub-core strategy

By integrating and utilizing the ten core technologies that MinebeaMitsumi has honed, including ultra-precision machining technology and mass production technology, we will not only evolve each of the Eight Spear products in our core business, but also create new business opportunities through the INTEGRATION of evolved products. We are also developing sub-core businesses that utilize our core technologies. We will further enhance technologies and maximize earnings from our sub-core businesses functioning as cash cows. We plan to invest the created earnings to further enhance and grow our core businesses.

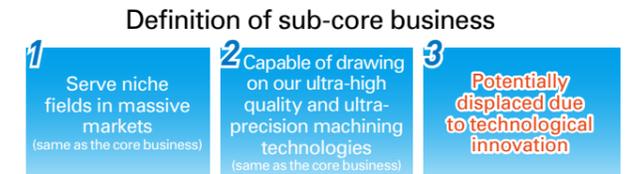
### Three strengths which create "difference"—expanding the realm of possibility



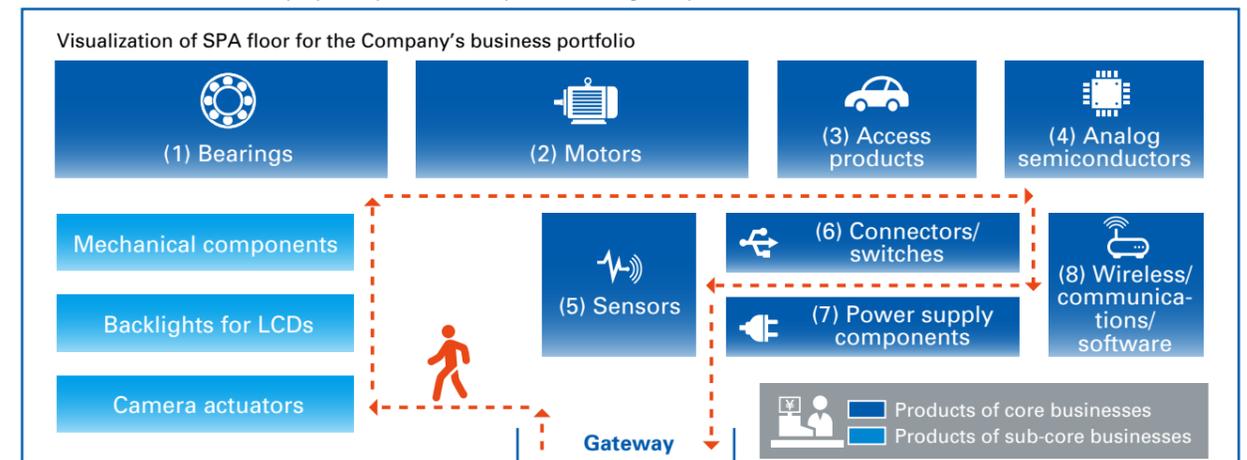
### Core businesses (Eight Spears)



### Sub-core businesses

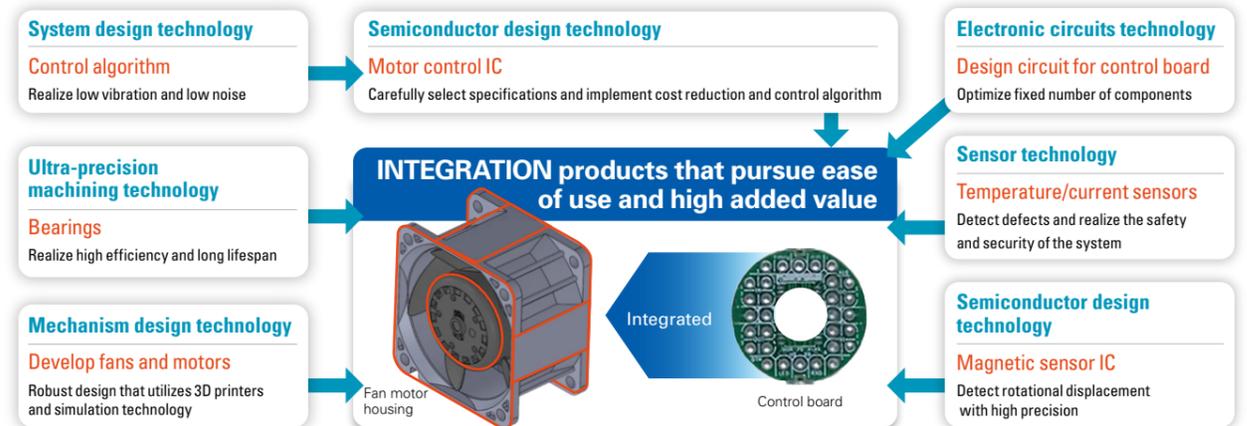


Create a product lineup that is centered on core businesses and fulfills customers needs  
 — Make MinebeaMitsumi's proprietary coordination possible through cooperation—



\*SPA stands for Specialty store retailer of private label apparel, meaning a business model which entails selling related items of apparel using a vertically-integrated approach extending from planning to manufacturing and sales.

### Example of synergies: Motor control



Realize motor control with ultra-high precision through promotion of "INTEGRATION" activities

### Creating value in various areas



## 5. Toward Sustainable Growth

# The road to an eco-friendly and prosperous society

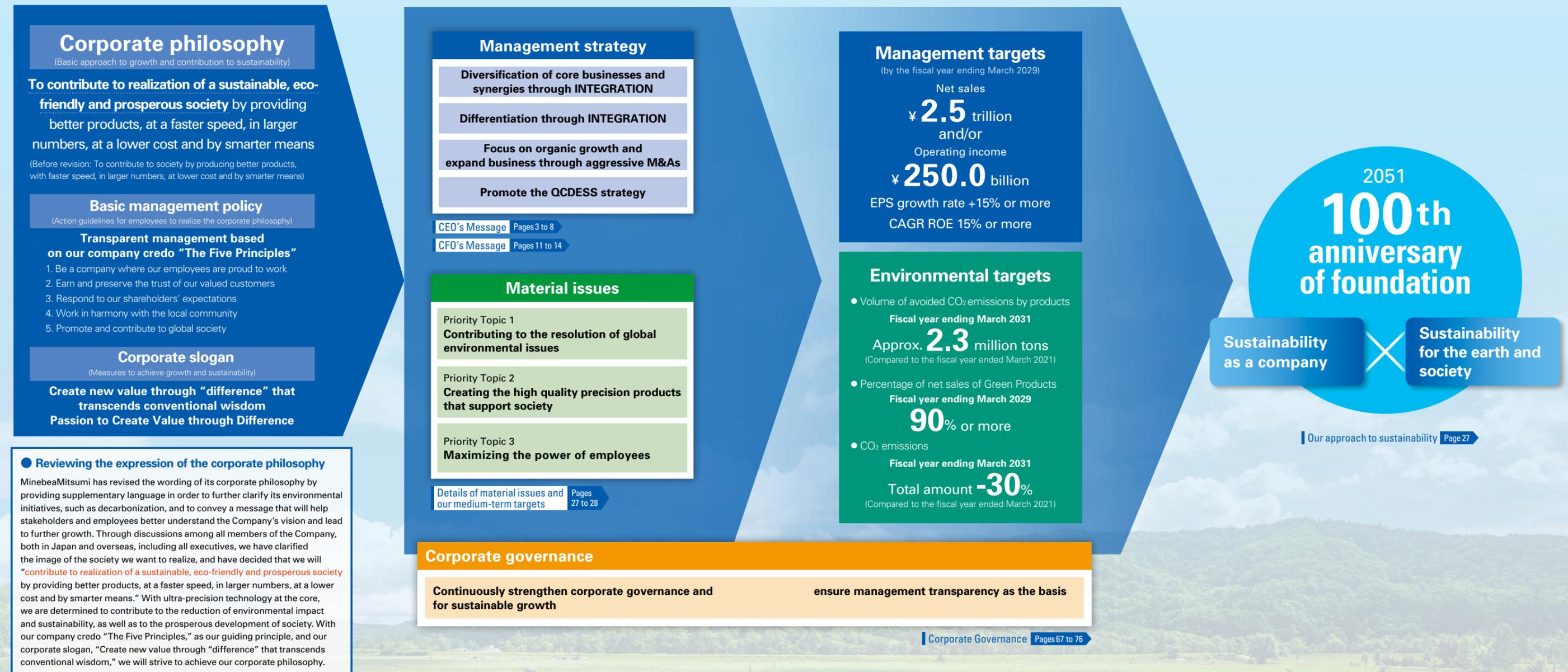
Based on the belief that “sustainability” is the essence of management, MinebeaMitsumi has reviewed the expression of its corporate philosophy with the aim of achieving both further growth for the Company and sustainable development for the earth and society in the future. In terms of management strategies, we have newly adopted the QCDESS™ strategy, which emphasizes “eco and efficiency,” as a solid foundation for MinebeaMitsumi’s 100th anniversary.

Furthermore, in order to respond quickly to changes in society such as GX (green transformation) and DX (digital transformation), we have established new committees such as the Carbon Neutral Steering Committee and the Global Information Security Steering Committee.

## Corporate activities themselves contribute to realization of a sustainable society

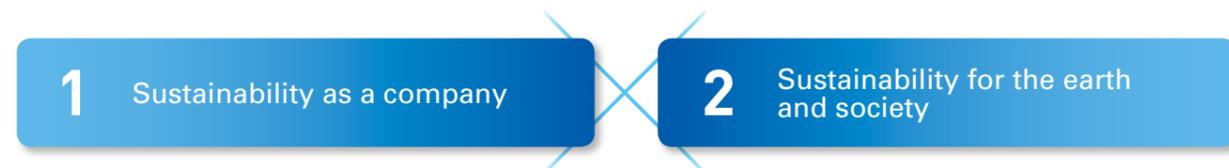
In light of changes in the external environment, such as decarbonization, we have also reexamined “material issues (Materiality)” as an important management issue. We will clarify the volume of avoided CO<sub>2</sub> emissions by our products and our own CO<sub>2</sub> emission reduction target as “contributing to the resolution of global environmental issues.” In addition, we will focus on establishment of a mass-production and stable supply system and a safe and secure management system, promotion of procurement in consideration of environmental and human rights issues, and coexistence with local communities for “creating the high quality precision products that support society.”

Furthermore, for “maximizing the power of employees,” we will promote bottom-up activities such as human resource development and the promotion of diversity. Through these measures, we will achieve our management, environmental, and other goals, and through our corporate activities, we will endeavor to develop a sustainable society.



# Sustainability at MinebeaMitsumi

## Our approach to sustainability



We are taking a two-pronged approach consisting of ① sustainability as a company and ② sustainability for the earth and society

### ① Sustainability as a company

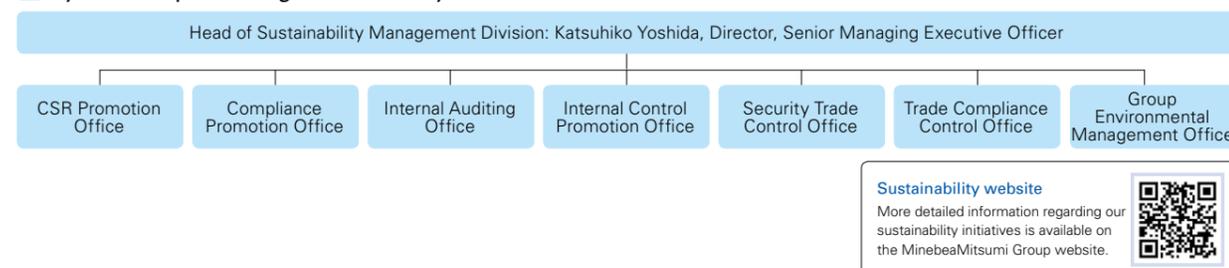
We believe that diversity of things that can be combined organically is the essence of sustainability, premised on the notion that sustainability acts as the starting point of business management. (See page 24 for an illustration of the SPA model within our business portfolio.) The Company builds and refines multifaceted and decentralized frameworks across areas that include manufacturing sites, markets, and 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 in order to facilitate sustainable growth.

### ② Sustainability for the earth and society

At the same time, as a manufacturer of precision products supporting society, we are "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.

### System for promoting sustainability



## Priority topics/Material issues (Materiality)

In 2019, the Company identified material issues focused on fulfillment of corporate social responsibility (CSR).

Due to changes in the external environment, including heightened interest in environmental issues, we revised the material issues that had been put together from the standpoint of CSR as "management issues" for implementing strategies from a company-wide perspective.



- "Contributing to solutions to environmental issues" refers to "reduction of global CO<sub>2</sub> emissions through environmentally friendly products" leveraging INTEGRATION and the ultra-precision machining technology that is our biggest strength. We are working on this together with "minimizing the environmental impact of business activities."
- "To create the high quality precision products that support society," thereby contributing to the environment, we work on "strengthening the system for mass and stable supply of ultra-precision components" and "practicing responsible procurement" while also promoting "coexistence with local communities" at manufacturing and other business sites, including job creation and collaboration with local residents.
- The source of this value creation is our human resources. Aiming to "maximize the potential of our employees," we seek to "train human resources and promote diversity on a global scale" while working to "create positive and rewarding work environments" for employees and promote "employee health and safety."

### Initiatives for material issues

Priority Topic 1	Contributing to solutions to environmental issues	
Material issues	Primary medium-term targets (aiming for around fiscal 2025)	Main SDGs that it contributes to
① Reduction of global CO <sub>2</sub> emissions through environmentally friendly products	<ul style="list-style-type: none"> <li>Volume of avoided CO<sub>2</sub> emissions by products: Approx. 2.3 million tons (fiscal year ending March 2031)*</li> <li>Percentage of net sales attributable to Green Products: 90% or more (fiscal year ending March 2029)</li> </ul>	  
② Minimizing the environmental impact of business activities	<ul style="list-style-type: none"> <li>10% reduction of CO<sub>2</sub> emissions per unit sales compared to the fiscal year ended March 2020 (fiscal year ending March 2026)</li> <li>30% reduction of total CO<sub>2</sub> emissions compared to the fiscal year ended March 2021 (fiscal year ending March 2031)</li> </ul>	
Priority Topic 2	Creating the high quality precision products that support society	
Material issues	Primary medium-term targets (aiming for around fiscal 2025)	Main SDGs that it contributes to
③ Strengthening the system for mass and stable supply of ultra-precision components	<ul style="list-style-type: none"> <li>Development of mass production system for ultra-high-performance bearings and other products through substantial improvement in precision</li> <li>Strengthen product safety management system capable of supporting products in new fields through business expansion</li> </ul>	   
④ Practicing responsible procurement	<ul style="list-style-type: none"> <li>Enhancement of CSR procurement guidelines considering environmental and human rights issues (introduction of RBA standards in guidelines and implementation of self-audits based on them)</li> </ul>	
⑤ Coexistence with local communities	<ul style="list-style-type: none"> <li>Ongoing communication with local communities</li> </ul>	
Priority Topic 3	Maximizing the power of employees	
Material issues	Primary medium-term targets (aiming for around fiscal 2025)	Main SDGs that it contributes to
⑥ Global human resources development	<ul style="list-style-type: none"> <li>Strengthen human resources development to actively promote expansion and development of business operations worldwide by leveraging benefits of the integration synergy of the MinebeaMitsumi Group</li> </ul>	 
⑦ Global promotion of diversity	<ul style="list-style-type: none"> <li>Percentage of women among new graduate hires: 20% or more</li> </ul>	 
⑧ Creating positive and rewarding work environments	<ul style="list-style-type: none"> <li>Achieve diverse styles of work that enable employees to work enthusiastically</li> </ul>	
⑨ Employee health and safety	<ul style="list-style-type: none"> <li>0 incidents of serious workplace injuries (fatal accidents)</li> <li>100% compliance with regular health checkups</li> </ul>	

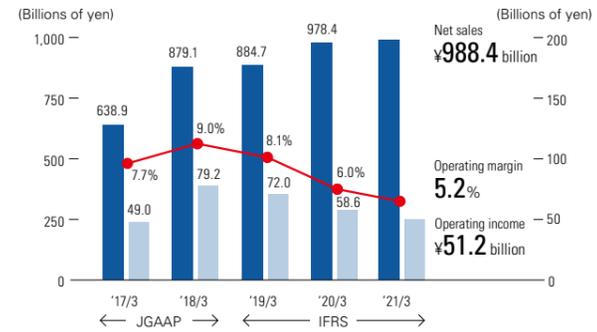
\* Details of the volume of avoided CO<sub>2</sub> emissions by products [Pages 55 to 56](#)

Results vs. targets, short-term targets, and all medium-term targets can be viewed from here.

# Financial & Non-financial Highlights

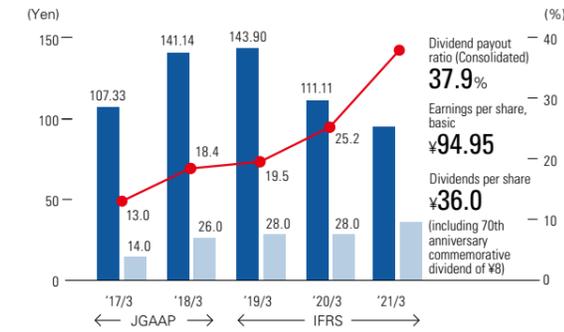
## Financial highlights

### Net sales, operating income and operating margin



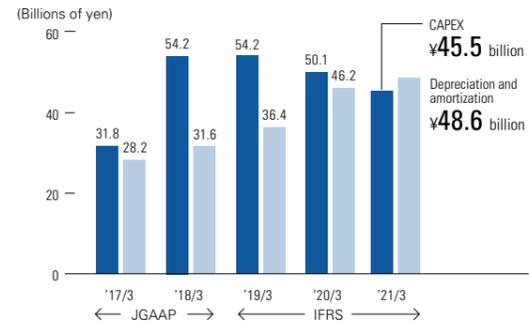
In order to realize a further increase in profitability, we have been concentrating on cutting costs, creating high-value-added products, developing new technologies, and enhancing our marketing promotion, and as a result reached record highs in net sales.

### EPS and dividends



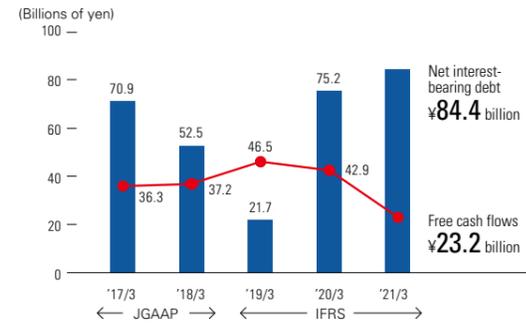
An 8-yrn commemorative dividend for the 70th anniversary was added to the year-end dividend, bringing it to 22 yen. This was done to express our gratitude to our shareholders and bring shareholder returns to a level that better reflects business performance. The dividend for the fiscal year ended March 2021 came to 36 yen.

### CAPEX, depreciation and amortization



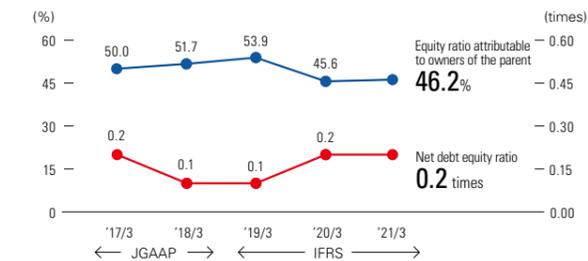
CAPEX was incurred mainly due to investment undertaken to strengthen operations in the Electronic Devices and Components business.

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



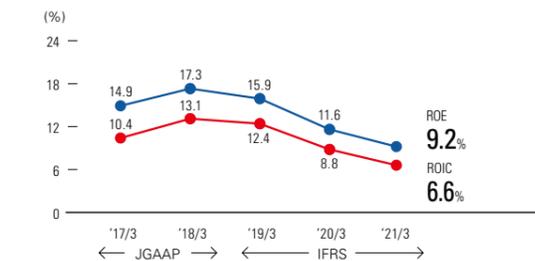
Net interest-bearing debts increased as a result of the business integration with ABLIC and the purchase of additional shares of consolidated subsidiary C&A TOOL ENGINEERING, INC.

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



The equity ratio attributable to owners of the parent improved year on year, while the net debt equity ratio remained at the same level. We maintain financial discipline.

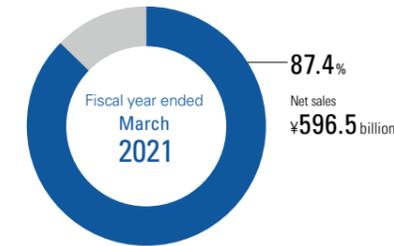
### ROE and ROIC



ROE and ROIC decreased due primarily to the impact of the sudden drop in orders in the first quarter associated with COVID-19 and one-time expenses in the fourth quarter (including U-Shin structural reform expenses in Europe).

## Non-financial highlights

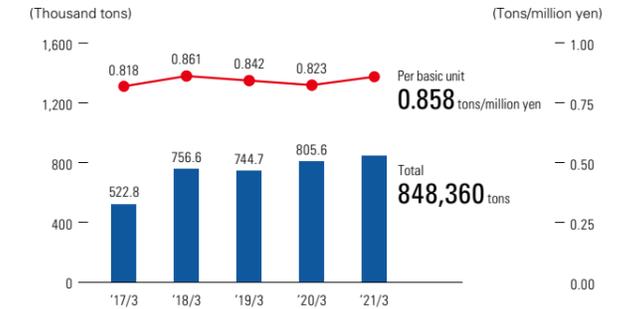
### Percentage of net sales of Green Products



The net sales of Green Products in the fiscal year ended March 2021 amounted to 596.5 billion yen, which was 87.4% of the total net sales (excluding products that cannot be designed in-house).

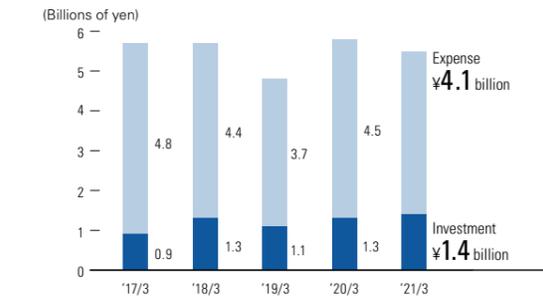
[Green Products](#) [Page 54](#)

### CO<sub>2</sub> emissions



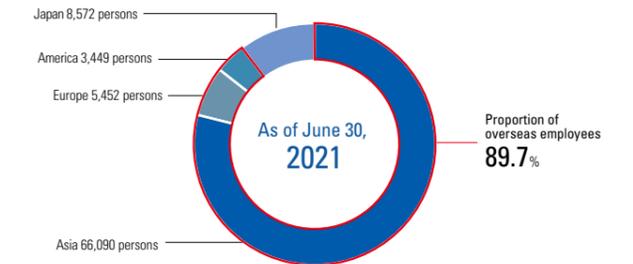
We address the matter of CO<sub>2</sub> emissions related to global warming in terms of total volume and per basic unit of output. In the fiscal year ended March 2021, our CO<sub>2</sub> emissions increased 5.3% in total volume and 4.3% per basic unit of output, in comparison with the previous fiscal year.

### Environmental conservation costs



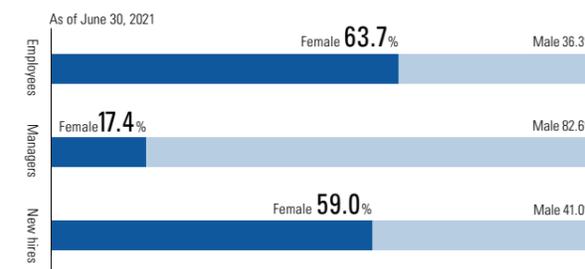
Environmental conservation costs are calculated as the total of investment and expense on the basis of the "Environmental Accounting Guidelines 2005" published by Japan's Ministry of the Environment. We incurred 5.5 billion yen in environmental conservation costs which encompassed investment and expense combined in the fiscal year ended March 2021.

### Number of employees by region



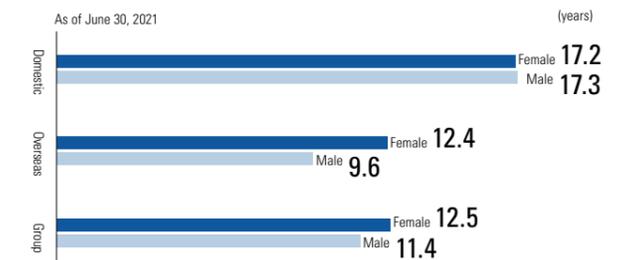
The Group's proportion of employees based overseas is high at 89.7% given that some 70% of its net sales are generated outside of Japan and roughly 90% of its production takes place abroad.

### 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 63.7% of our employees and 17.4% of our managers as of March 31, 2021.

### 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.

## Strategies by Business

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.

We have built 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.

We are dynamically developing markets in each business segment, and each has different business opportunities, risks, and measures to deal with them. We will explain our business strategies, including a business overview, on the next and subsequent pages.

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Machined Components</p>	<p><b>Results for fiscal year ended March 2021</b></p> <p>Net sales <b>¥157.4 billion</b></p> <p>Operating income <b>¥31.2 billion</b></p> <p><b>Highlights</b> Total sales volume and production volume of ball bearings reached record highs in a single month</p>	<p><b>Major products</b></p>  <p><b>Main products</b> Ball bearings, rod-end bearings, spherical bearings, fasteners, pivot assemblies</p>	<p><b>Major applications</b></p> 	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>● Increase in demand for high quality bearings in general, which contribute to energy efficiency and downsizing of end products.</li> <li>● Increase in bearing usage per vehicle due to electrification and the shift to EVs.</li> <li>● Increase in demand for bearings for cooling systems, including those for data centers.</li> <li>● Shift to new aircraft equipped with energy-saving and high-efficiency engines by airline companies.</li> </ul>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>● Increased attractiveness for competitors to enter the miniature and small-sized ball bearing market.</li> <li>● Medium to long-term downward trend in sales volume of pivot assemblies due to shrinking HDD market.</li> <li>● Decline in production rate of new aircraft due to sluggish global passenger demand.</li> </ul>	<p><b>Responding to opportunities and risks</b></p> <ul style="list-style-type: none"> <li>● Strengthen competitiveness by promptly implementing capacity expansion for ball bearings.</li> <li>● Increase market share by leveraging our strength in bearings for aircraft.</li> <li>● Establish a new pillar of machined components through aggressive M&amp;As.</li> <li>● Further improve the precision of our products and provide new value to our customers.</li> </ul>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Electronic Devices and Components</p>	<p><b>Results for fiscal year ended March 2021</b></p> <p>Net sales <b>¥363.8 billion</b></p> <p>Operating income <b>¥17.6 billion</b></p> <p><b>Highlights</b> Established a foundation for stable growth centered on motors</p>	<p><b>Major products</b></p>  <p><b>Main products</b> HDD spindle motors, stepping motors, fan motors, DC motors, LED backlights, resonant devices, sensing devices</p>	<p><b>Major applications</b></p> 	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>● Increase in demand for small and precise motors that contribute to energy saving and noise reduction.</li> <li>● Expansion in opportunities to enter new motor fields due to the shift to EVs.</li> <li>● Increase in demand for actuators, cooling fans, etc. due to expansion of industrial machinery, FA and robot markets.</li> <li>● Formation of new markets such as resonant devices.</li> </ul>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>● Rise of low-cost competitors in China.</li> <li>● Impact on profit structure due to soaring prices of raw materials and components.</li> <li>● New technologies are replacing existing technologies at a faster pace than expected. (HDD market, smartphone market)</li> </ul>	<p><b>Responding to opportunities and risks</b></p> <ul style="list-style-type: none"> <li>● In growth markets, expand sales in response to increased demand in focused fields.</li> <li>● In mature markets, strengthen competitiveness by reducing costs, including design changes and material cost reductions.</li> <li>● Capture business opportunities by developing products ahead of competitors, taking advantage of our strengths through INTEGRATION.</li> </ul>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">MITSUMI Business</p>	<p><b>Results for fiscal year ended March 2021</b></p> <p>Net sales <b>¥361.0 billion</b></p> <p>Operating income <b>¥19.8 billion</b></p> <p><b>Highlights</b> Established analog semiconductors as a solid source of earnings through significant profit growth</p>	<p><b>Major products</b></p>  <p><b>Main products</b> Precision components, optical devices, power supplies, mechanical components, automotive products, analog semiconductors</p>	<p><b>Major applications</b></p> 	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>● Expanding needs for even lower power consumption, smaller size, and higher precision in key fields such as automotive, communications, and medical.</li> <li>● Expanding opportunities to utilize wireless communication technology and sensor ICs in response to increasing demand for contactless products.</li> <li>● Improving connectivity in automobiles, housing equipment, infrastructure, etc., based on AI/big data.</li> </ul>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>● Rise of new technologies and applications to replace existing technologies.</li> <li>● Rise of low-cost competitors in China.</li> <li>● Tighter regulations on high-tech industries due to U.S.-China trade friction.</li> <li>● Large-scale M&amp;As and oligopolies due to semiconductor industry restructuring.</li> </ul>	<p><b>Responding to opportunities and risks</b></p> <ul style="list-style-type: none"> <li>● Focus on developing new products and cultivating new customers by leveraging our technological capabilities.</li> <li>● Determine capital investment plans in line with business growth phases.</li> <li>● Strengthen competitiveness by expanding analog semiconductor capacity and creating synergies with internal resources.</li> </ul>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">U-Shin Business</p>	<p><b>Results for fiscal year ended March 2021</b></p> <p>Net sales <b>¥105.1 billion</b></p> <p>Operating loss <b>¥1.9 billion</b></p> <p><b>Highlights</b> Initiated structural reform and focusing resources on growth areas</p>	<p><b>Major products</b></p>  <p><b>Main products</b> Automotive parts (door latches, door handles, etc.), industrial machinery components, components for home security units (house and general buildings' locks and others)</p>	<p><b>Major applications</b></p> 	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>● Shift to high value-added products as door-opening systems in automobiles become more electric and functional.</li> <li>● Increase in the digital key market due to the shift to connected cars.</li> <li>● Increase in the number of elemental parts per vehicle due to higher value-added door handles, latches, and CSDs*.</li> <li>● Increase in the CSD installation rate.</li> </ul> <p>* Compact Spindle Drive</p>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>● Intensified competition and its impact on pricing strategies.</li> <li>● Production adjustment by automobile manufacturers due to economic trends and difficulty in procuring parts.</li> <li>● Possibility that automobile manufacturers will prefer existing products due to factors such as safety and commonality of parts and functions.</li> </ul>	<p><b>Responding to opportunities and risks</b></p> <ul style="list-style-type: none"> <li>● Implement structural reforms to shift from low-priced products to high value-added products.</li> <li>● Accelerate the development of high-end products for luxury car manufacturers by increasing the presence of our technologies.</li> <li>● Develop a common engine through our unique modularization/actuatorization.</li> </ul>

# Machined Components

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



Managing Executive Officer  
Chief of Machined Component  
Business Headquarters  
**Satoshi Mizuma**

## Overview of the fiscal year ended March 2021

Sales of miniature & small-sized ball bearings, our mainstay product, increased due to steady demand in data centers. Rod-end bearing sales decreased due to decreased aircraft-related demand. Pivot assembly sales were down due to shrinking of the HDD market.

As a result, net sales were 157.4 billion yen, operating income was 31.2 billion yen, and operating margin was 19.8%.

## Outlook for the fiscal year ending March 2022

Demand for ball bearings has been increasing strongly in a wide range of applications, especially for automobiles and data centers.

Business for aircraft applications, including rod-end and fasteners, is assumed to remain at the same level as the previous fiscal year at the beginning of the fiscal year. Demand for pivot assemblies is expected to decline due to the contraction of the HDD market.

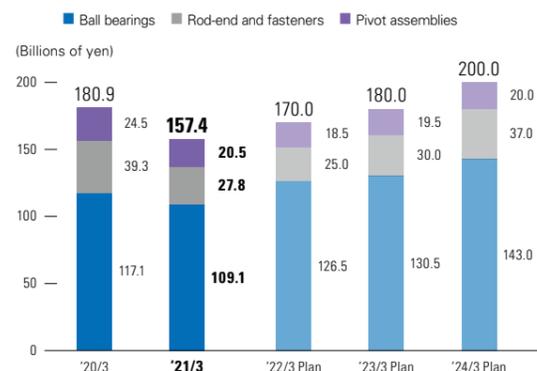
## Midterm Business Plan

### Ball bearing growth bounces back from aircraft slump

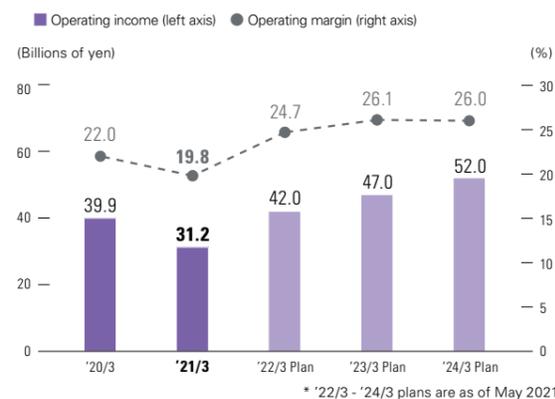
#### Main points

- 1 Sales of ball bearings  
**Production capacity to match external sales volume, especially for automobiles and data centers**
- 2 Production of ball bearings  
**Establish a system to produce 345 million units per month**
- 3 Rod-end and fasteners  
**Strengthen our structure in anticipation of a significant recovery in demand after COVID-19**
- 4 **Establish a mass production system for ultra-high performance bearings with greatly improved accuracy**

### Net sales



### Operating income/operating margin



## Overview of the fiscal year ended March 2021

## Highlights of the Machined Components



## Basic strategies for next 10 years

Our basic strategy for the Machined Components is to maintain stable and sustainable growth in our core business since the establishment of the Company, and to maximize the growth areas by expanding the 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 pursuing 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.

\* Abbreviation for quality, cost, and delivery.

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

We are developing products with a relatively large outer diameter of up to 100 mm as new initiative in the ball bearing business. The main target is for the main motors of new energy vehicles (NEVs), which require technologies for high-speed rotation, electric corrosion resistance, durability, and power saving. In addition to the core technologies that we have established for miniature and small-sized bearings, we can utilize the technological capabilities of our group companies.

Specifically, Europe's myonic has a strong track record in ultra-high speed rotation applications, and CEROBEAR has a strong track record in developing

products using ceramics. NHBB in the U.S. develops products using heat-resistant steel and other special materials, and also produces large bearings.

In this way, we will combine the technologies of the entire group to open up new fields.

**MinebeaMitsumi** Japan/Asia

- The world's No. 1 share in miniature and small-sized bearings
- Low-cost, mass production technology
- Element development technology (Materials, tribology)

**myonic** Europe

- Development and production for medical- and aerospace-related applications
- Strong for applications handling high speed rotation

**NHBB** America

- Development and production of special bearings for aviation and medical applications
- Small to large diameters

**CEROBEAR** Europe

- Ceramic material technology (aircraft, F1, industrial machinery)
- Custom made development and production (up to large sizes)

**Technology INTEGRATION**

## Creating solutions to social issues

In the age of carbon neutrality, we believe that it is very important for set manufacturers to reduce CO<sub>2</sub> emissions through their products. For this reason, it will be necessary to procure eco-friendly parts.

With this future trend in mind, we have launched a new product strategy for miniature and small-sized bearings, in which we are working to improve quality to an overwhelming

level. By using our bearings, it will be possible to reduce CO<sub>2</sub> emissions even more drastically than before. As a result, we will be able to further strengthen our earnings base by adding the element of green to quality, which is one of the sources of our competitiveness: quality, supply capacity, and price.

We will continue our efforts to manufacture products with the aim of reducing our environmental impact.

# Electronic Devices and Components

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



Director, Vice President Executive Officer  
Chief of Electronic Device & Component  
Business Headquarters  
**Ryozyo Iwaya**

## Overview of the fiscal year ended March 2021

Although sales of motors decreased significantly in the first quarter compared to the same period of the previous year, sales increased significantly for the full year due to a clear recovery in orders from the second quarter. Net sales of LED backlights were down due to decreased demand associated with a decrease in the number of smartphone models using them.

As a result, net sales were 363.8 billion yen, operating income was 17.6 billion yen, and operating margin was 4.8%.

## Outlook for the fiscal year ending March 2022

In motors, we expect accelerated growth and significant increase in sales and profit. Sales and profits of electronic devices are expected to decrease due to a decline in the number of models adopting LED backlights. Although sales of sensing devices are expected to remain almost the same, profit is expected to increase due to improved profitability.

Please note that we have transferred some of our business segments from the fiscal year ending March 2022.

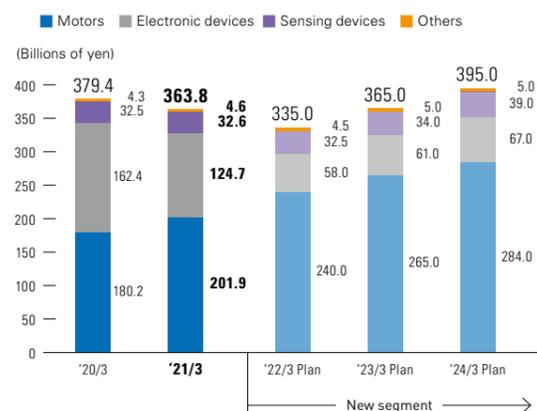
## Midterm Business Plan

### Accelerating growth with motors as a pillar of earnings

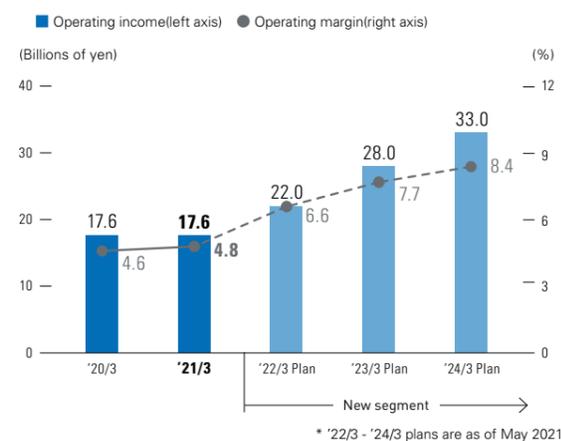
#### Main points

- 1** Motors  
**Move to the next stage of growth in all product areas**
- 2** LED backlights  
**Continue product mix in automotive and smartphones**
- 3** Sensing devices  
**Expand sales for automotive and industrial applications (molding machines, etc.)**

## Net sales



## Operating income/operating margin



## Overview of the fiscal year ended March 2021

### Highlights of the Electronic Devices and Components



## Basic strategies for next 10 years

In the Electronic Devices and Components, 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 the sub-core businesses, where technological changes are rapid and profit opportunities are large, the key issues are to implement thorough measures to reduce fixed costs and to properly 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.

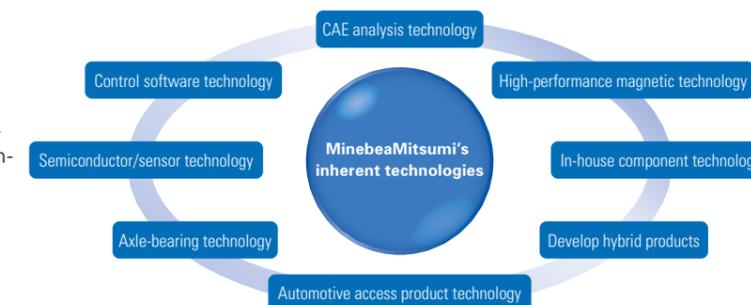
## Core competencies

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.

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

INTEGRATION in motors is the process of adding value by combining functional parts. Specifically, there is modularization by integrating motors with reduction gears and encoders, and unitization by integrating motors with control devices. By integrating motors, it will be possible to shift the motor business model from a stand-alone model to a proposal-based model with higher added value. For example, by combining high-efficiency, high-precision bearings with highly heat-resistant magnets, we can create in-vehicle motors that can withstand high heat of 150°C. We will accelerate the development of information and communication, robotics, and automotive

products to expand our portfolio and increase added value while leveraging the strengths we have cultivated in office automation equipment and PC peripherals.



## Creating solutions to social issues

As part of our efforts to become carbon neutral, we plan to contribute to reducing the environmental impact of our customers by supplying small and precise motors that take advantage of INTEGRATION. For example, power consumption and CO<sub>2</sub> emissions from data centers are becoming a social issue as the ICT society is being realized. In response to these issues, we supply cooling fans that combine the highest quality bearings, motors, and analog semiconductors to reduce the environmental impact in terms of long life, high weather resistance, power saving, and quiet operation.

Going forward, we will continue to fulfill our supply

responsibilities as a component manufacturer, and at the same time, contribute to solving social issues such as reducing the impact on climate change.



Fan motors

# 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



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

## Overview of the fiscal year ended March 2021

Sales of mechanical components increased due to an increase in demand caused by global restrictions on going out. Analog semiconductors enjoyed increased sales due to new consolidation of ABLIC and orders received performing well. As a result, net sales were 361.0 billion yen, operating income was 19.8 billion yen, and operating margin was 5.5%. Operating income effectively increased significantly, compared with the previous fiscal year, considering the temporary expense of approximately 4.0 billion yen in optical devices and analog semiconductors combined.

## Outlook for the fiscal year ending March 2022

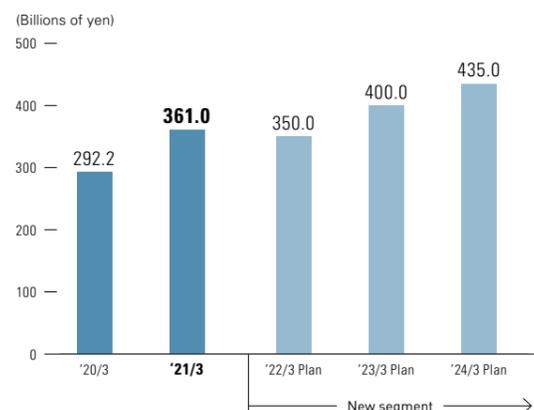
Sales and income are expected to increase in optical devices due to an increase in models with new added value among major customers. Analog semiconductors are expected to continue to perform well.

## Midterm Business Plan

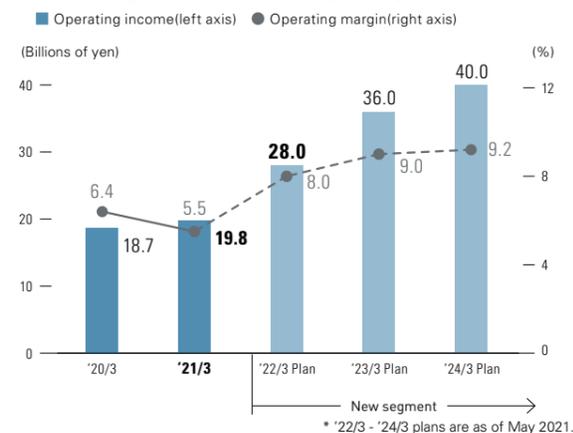
### Establishing a profit structure not dependent on games

Main points	
1	Optical devices <b>Further enhancing presence in the industry</b>
2	Analog semiconductors <b>Accelerating growth through synergies and organically</b>
3	Mechanical components <b>Utilizing INTEGRATION to develop new OEM business</b>
4	Connectors/switches/power supply <b>Focus for NEXT semiconductors</b>

### Net sales



### Operating income/operating margin



## Overview of the fiscal year ended March 2021

## Highlights of the MITSUMI business

Net sales composition

# 36%

ROIC

# 12%

Mechanical components

## Sales and income increased

Analog semiconductors

## Significant income increase

(Excluding temporary expenses)

## Basic strategies for next 10 years

MinebeaMitsumi is well aware that the key challenge to secure the absolute permanence of the MITSUMI business is to facilitate robust growth in 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 activities on companies thought to be able to effectively utilize these businesses.

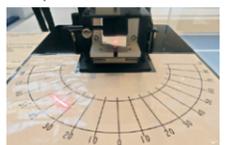
## Core competencies

The source of our competitiveness is the technological development capabilities we possess that is required for ultra-precision processing typified by sensors, optics, MEMS (microelectromechanical systems) high-frequency technology, electric circuit 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.

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

We are focused on developing a new product aimed at LiDAR, which is thought to be indispensable for advanced autonomous driving technology for automobiles. It controls LiDAR mirrors with high speed and high precision using a rotary motion actuator that spins in both directions created in the Company's own magnetic circuit design called LATM\*. Miniature and small-sized ball bearings are one of the key technologies utilized in this. In contrast to normal bearings

that only rotate in one direction, LATM bearings have very stringent requirements because they oscillate (bidirectionally), but this was made possible through the experience with bearings we have accumulated over many years. Moving forward, we will continue to create and propose new added value integrated with our core technologies.



\* Limited Angle Torque Motor

## Creating solutions to social issues

As climate change progresses globally, increasing emphasis is being placed on the analysis and visualization of factors of natural disasters based on a variety of environmental data, and also the prediction of events and impacts that may occur. Since the founding of its predecessor, MITSUMI ELECTRIC, the MITSUMI business strength has been its sensor technology in addition to technological development in connectivity, including high-frequency technology and wireless communication technology, providing substantial business opportunities aimed at the creation of environmental monitoring systems.

For example, the Company's MEMS technology can be utilized to measure temperature, humidity, air pressure, air flow, rainfall and ultraviolet rays simply, with a single compact device. Furthermore, ABLIC's batteryless

technology and the MEMS business recently acquired from OMRON Corporation will combine to further expand areas where the technology can be deployed.

In this way, we will strive to enhance environmental quality by actively engaging in the resolution of a variety of social issues.

Eight measurable environmental figures

Wind speed (wind direction)

Precipitation

Temperature

Humidity

Atmospheric pressure

Light intensity

UV

Acceleration

Examples of data measurable using the Company's integrated environmental sensors

# 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



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

## Overview of the fiscal year ended March 2021

Sales of automotive components were down substantially due to deceleration of the automotive market mainly in the first quarter. This is due to a considerable decline in production resulting from the impact of restrictions on operations centered in Europe stemming from the spread of COVID-19. Sales continued to improve from the second quarter on due to a recovery in the market.

As a result, net sales were 105.1 billion yen, operating loss was 1.9 billion yen, and operating loss ratio was 1.8%. Considering that the operating loss occurred due to the temporary expense of approximately 4.3 billion yen related to structural reform, operating income was effectively the same level as the previous fiscal year.

## Outlook for the fiscal year ending March 2022

Sales and income are expected to improve due to a recovery in the automotive market. With regard to the structural reforms in Europe, we plan to reduce personnel by March 31, 2022.

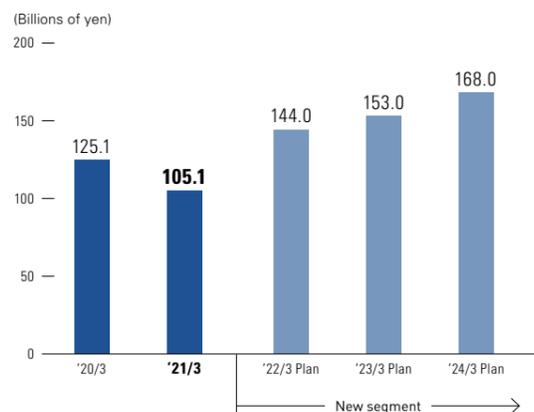
## Midterm Business Plan

### Improving performance by focusing on growth areas

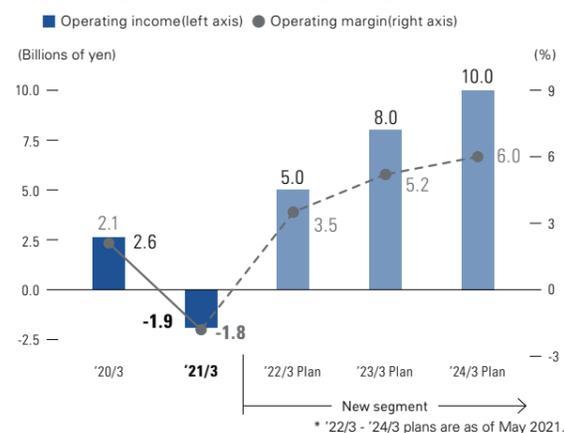
#### Main points

- 1 Structural reform (1)  
**A reduction of 300 personnel in Europe will contribute to profit from next fiscal year**
- 2 Structural reform (2)  
**Departure from low-priced products**
- 3 Acceleration of shift to high value-added products  
**(1) CSD (2) Flush handle (3) e-Latch**
- 4 **Results of INTEGRATION strategy beginning to emerge**

### Net sales



### Operating income/operating margin



\* '22/3 - '24/3 plans are as of May 2021.

## Overview of the fiscal year ended March 2021

## Highlights of the U-Shin business

Net sales composition

**11%**

ROIC

**-2%**

**Cost cutting**

through higher rate of in-house manufacturing

**New products**

that combine technologies of Group companies

## Basic strategies for next 10 years

Our basic strategies in the U-Shin business are to achieve a turnaround in the European business and to generate synergies, and then we will focus attention on automotive business while expanding housing equipment. To achieve this, we aim to improve quality, raise productivity, and strengthen its managerial control framework, in addition to improving profitability in the early stages by enlisting the Group's global human resources and manufacturing expertise going forward, while establishing competitive products through INTEGRATION of technologies.

## Core competencies

Our core competency is our all-in-one know-how from development and design through production for systems 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 rollout, and quality assurance, we protect from leaking valuable know-how through the in-house manufacturing of core components centered on molds.

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

Integrating the product development capabilities of MinebeaMitsumi will enable significant contributions to developing open/close mechanisms of automobiles. One example is CSD\* for power liftgates, which are becoming more widely installed in vehicles year by year. MinebeaMitsumi products are used for the motors and bearings at the heart of CSD, and the Company steadfastly produces high quality products through concentrated production of motors, harness ASSY and gearboxes as a unit. In addition, we will create differences with other companies by developing a common engine through our unique modularization/actuatorization, with the aim of

increasing sales with a view to obtaining new customers based on MinebeaMitsumi's efficient production system.

\* Compact Spindle Drive



## Creating solutions to social issues

We believe we can contribute to the creation of welfare vehicles and vehicles more accessible to people requiring care and the elderly through the spread of digital keys using smartphones.

e-Access independently developed by the Company is a technology linking a system encompassing key authentication to unlocking and opening doors with a smartphone. This enables the vehicle to automatically open and close powered doors according to the position of the smartphone. For example, when a person approaches a vehicle door with a smartphone, the door opens automatically, and it closes automatically

when moving away from the vehicle. Furthermore, the door lock is automatically opened by lightly gripping the outer handle, and the door can be closed by automatically locking it completely when it is half open. In this way, by leveraging the characteristics of automation and electrification for hands-free control of opening and closing doors, it is possible to provide greater convenience to users.

Moving forward, we will continue to contribute to society through the provision of secure and safer products utilizing our technologies.

**We will utilize DX for the realization of our corporate philosophy, and dramatically improve our ability to execute business**

The MinebeaMitsumi Group will utilize DX as an effective means to realize its corporate philosophy, with the target of increasing productivity to the highest level in the industry in all business units within the Group. For those reasons, the Group is promoting AI and DX as a measure to enhance management capital.

Overview of activities

**Step4 Utilization of DX as an effective method**

**Step3 Digital integration**  
 • Integration of handwritten information, silos, and fragmented data  
 • Transformation of data into valuable resources

**Step2 Effective use of data**  
 • Creation of IT according to changes in society and technology  
 • “Visualizing data” in real time, and providing it  
 • Support for speedy management based on the latest conditions and analysis of the facts

**Step1 Reform for growth and development**  
 • Burning passion for growth  
 • Providing values, fast

**The role of DX is operational reform.**  
 We will create a personnel management system for utilizing personnel information in management and unify personnel information. We will also improve operational efficiency and establish linkages with manufacturing data through the introduction of cloud-based sales force automation (SFA) and customer relationship management (CRM) platforms. Through these initiatives, we will use DX to realize a consistent workflow from manufacturing to sales.

**Our awareness of issues aimed at the promotion of DX and the status of solutions/ responses are as follows.**

Issue	Status of solution/response	
Employees' acceptance of digital technology	Increasing employees' acceptance of digital technology	• Employees' acceptance of digital technology and digital literacy is improving through the introduction of a business communication tool, etc
		• The momentum and speed of reform is increasing through the development of digital human resources
		• A system that can focus on clarifying objectives has been established by working with each workplace
System efficiency	Pursuing system efficiency	• Emphasis on the efficiency of actions of data access, analysis, and analysis results
		• Creating a new business model assuming the utilization of data
		• Consideration to provide available value by promoting DI (data integration) that leads to DX
Security issues	Security measures	• Establishment of an operating environment aimed at utilization of the cloud
		• Early implementation of zero trust security measures (Taking a variety of measures by assuming that no communication can be trusted)

**Comment from CDXO (Chief Digital Transformation Officer)**

**We will create a new business model while promoting zero trust security measures**

The AI & DX Promotion Division launched by me alone in August 2020 has grown to a division with 15 people in one year.

By fully utilizing DX as an effective method, we will contribute to the development and growth of the Group with the goals of realizing the Group's corporate philosophy and increasing productivity to the highest level in the industry in all business units.

Over approximately nine months since the division was launched, we have introduced a cloud-based business communication tool, launched an e-Learning platform service, the MinebeaMitsumi Academy, promoted sharing of knowledge among employees, and significantly contributed to digital acceptance. Furthermore, while promoting zero trust security measures\*, we plan to accelerate linkages of internal data accesses and analysis results to actions, and formulate new business models assuming the sharing and effective utilization of data within the Group, and the avoidance of overlapping work.



CDXO  
**Togo Sanai**

\* Zero trust is a security approach that takes measures by assuming that nothing can be trusted. It has evolved from the conventional security measures of trusting the “inside” and not trusting the “outside” to something stricter.

**DX that provides values to customers and stakeholders**

**Creating new business models leading to the resolution of social issues**

We will closely work with the DX ambassadors assigned by the Group's business headquarters and business divisions. We aim to utilize the latest technologies such as IoT, AI, and 5G to create new business models such as subscription models for precision components which requires a high level of technological capability.

Strengths of  
Manufactured  
Capital

Sharing knowhow obtained through vertically-integrated manufacturing and global production with the entire world

The strength of the manufactured capital that is the source of MinebeaMitsumi's competitiveness is a vertically-integrated manufacturing system which enables us to achieve both ultra-precision machining technology and mass production. Furthermore, by expanding the global production framework and sharing the accumulated manufacturing know-how throughout the entire Group, we swiftly provide products with ultra-high precision and high quality, supporting manufacturing worldwide.

Strength 1 Strengths and benefits of vertically-integrated manufacturing system

Many ultra-precision components such as bearings require machining precision at a micron (1/1,000,000) or nano (1/1,000,000,000) level, and need to be mass produced in volumes numbering in the hundreds of millions.

MinebeaMitsumi has established a "vertically-integrated manufacturing system" for managing everything from design and development to assembly and inspection in-house, reducing manufacturing costs and providing products with high precision and speed.

Vertically-integrated manufacturing system which enables us to achieve both ultra-precision machining technology and mass production



Strength 2 Benefits of a global production framework

The Company is also focusing manufactured capital on "diversity," which is one of its strengths. Among the 95 production sites spanning 22 countries, the mother plant in Japan closely works with mass production sites in Southeast Asia such as Thailand, the Philippines, China, and Cambodia, as well as Europe and the United States, to swiftly and flexibly respond to diverse market needs.

Furthermore, we have sites in multiple countries for most businesses such as bearings, motors, and sensors, and by having multiple sites within the same country, we are able to diversify risk. At all of our locations in every country, we provide guidance premised on the notion of "identical technologies and administration," and develop frameworks that facilitate the manufacturing of products underpinned by the notion of "uniform quality" regardless of the country of production. This does not simply diversify risk, but enables us to truly avoid risk while supplying products embodying

standards demanded by our customers, even during instances when we might encounter production stoppages in certain geographic areas.

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

Example: manufacturing site mix involving the Ball Bearing Business Unit



Strength 3 Accumulated manufacturing know-how

Even within bearings, MinebeaMitsumi has refined its manufacturing capabilities by specializing in very small and miniature-sized bearings, and has engaged in improving productivity at a high level by increasing performance, quality, and yield to their limits. Such manufacturing knowhow

has been shared throughout the entire Group not only for bearings, but also motors and electronic devices, leading to differentiation of our products. A specialized team has also been formed to support manufacturing, and synergies have been quickly demonstrated in business integration as well.

Strategies of  
Manufactured  
Capital

Thoroughly implementing measures to reduce environmental footprint and address risk, and further improvement of overwhelming supply capability

MinebeaMitsumi will further focus on reducing the environmental footprint of manufacturing, and fulfill its supply responsibilities as a components manufacturer by thoroughly implementing risk management. Furthermore, we aim to further improve our speedy and overwhelming supply capability by further strengthening the vertically-integrated manufacturing system through the automation of equipment and in-house manufacturing of components.

Strategy 1 Reduction of environmental footprint of manufacturing

MinebeaMitsumi has been engaged in environmental initiatives such as the Plant Wastewater Zero System in the Thailand and Shanghai Plants, which are mass production sites, based on the Company's corporate philosophy and company credo. In future, we will place increased focus on reducing our environmental footprint as global attention is

drawn to climate change and decarbonization, starting with the introduction of solar power generation systems in two major plants in Thailand that are mass production sites.

Initiatives for the Environment Page 53

Strategy 2 Strengthening of risk management

MinebeaMitsumi has endeavored to expand the risk management structure at a global scale, considering our social responsibility to fulfill our responsibility to supply customers as a components manufacturer of products with world-leading market shares.

Even when faced with the spread of COVID-19, we quickly established a response headquarters headed by the CEO, globally sharing our best practices in addressing COVID-19 along with our information on logistics, procurement, and sales, to limit the impact to a minimum.

Furthermore, we have utilized our network of distributed

production sites to continue plant operation and shipments to customers, such as covering production in Thailand, Cambodia and the Philippines when the disease spread in China, and then China covering the production of multiple sites when the disease spread globally.

Moving forward, top management and employees will work as one to face crises, and we will continue to do our best to strengthen risk management that is unwavering in the face of adversity.

Corporate governance and risk management Page 74

Strategy 3 Improving swift and overwhelming capability to supply products

The speed of changes in technological innovation is accelerating and diversifying more than in the past, and as a components manufacturer, we are required to flexibly deliver products more quickly and in large quantities to the market and customers who are manufacturers of finished goods.

The Company will share manufacturing know-how on parts and production equipment that has been refined through vertically-integrated manufacturing across a wide range of business to increase productivity to its limit. The in-house manufacturing of parts and production equipment reduces cost, improves productivity, and enables speedy and flexible responses to sudden model changes, making our products more competitive. In future, we will work to further increase

the percentage of in-house manufacturing of parts and equipment, promote automation utilizing our production equipment, and establish optimal production monitoring systems.

Furthermore, we are strengthening production capacity with an eye to the future, by constantly seizing the initiative through investment and M&As such as investing in the construction of a multipurpose plant in the Bang Pa-in Plant in Thailand, and acquiring analog semiconductor and MEMS plants of OMRON Corporation.

We will further refine our speedy and overwhelming supply capability by taking a variety of steps to increase productivity and expand production capacity.

Strengths of  
Human  
Capital

**Skilled workers/engineers solidify the foundation of our business, and diverse groups of talents on a global level will expand the breadth and depth of our business**

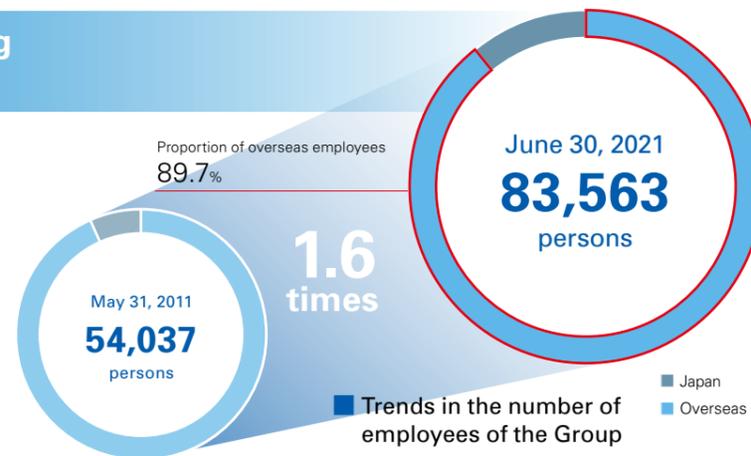
Human capital of the MinebeaMitsumi Group includes the comprehensive knowledge, skills, and experience that employees have developed alongside the growth of the Company since its foundation.

Strength of our human capital is the global talents driving the Company's global strategy, the groups of personnel with diverse knowledge, skills, and experience, and the skilled workers and engineers who pass down and evolve a variety of the Company's knowhow.

Strength 1  
**Global talents driving global strategy**

The Group has 83,563 global employees as of June 30, 2021.

This amounts to 1.6 times our workforce relative to that of May 31, 2011 as a result of M&As and business expansion. We conduct business in 95 production and development sites and 91 sales offices in 27 countries worldwide, and overseas employees account for 89.7% of the Group's total employees.



Strength 2  
**Diversity of talents as a source of innovation**

Diversity of talents is one strength of the organization for the MinebeaMitsumi Group that has expanded its organization through the global expansion of business. The MinebeaMitsumi Group has expanded business while accepting and evolving diverse products, technologies, talents, and cultures by actively conducting M&As and expanding overseas since the Company was founded.

In particular, we have accelerated organizational reform in recent years by actively recruiting key talents, including management from outside in order to obtain new knowledge, technology, and experience.

The Group empowers many female employees given that women account for 63.7% of its overall workforce, while more than 17.4% of its managers are women as of June 30, 2021.

Proportion of female employees

**63.7%**

Proportion of female managers

**17.4%**

\* As of June 30, 2021

Strength 3  
**Skilled workers/engineers continuing to pass down and evolve knowhow**

Premised on the notion that human development is an integral aspect of manufacturing, the MinebeaMitsumi Group takes steps to pass down manufacturing know-how based on a conceptual approach that involves developing employees into human assets. For example, 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 the productivity of the assembly divisions. Meanwhile, the Group continues to strive to pass down its know-how by developing

skilled workers and engineers 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 is focusing on team building in a manner that involves developing teams whereby inherited manufacturing knowhow is shared and evolved within such teams to produce results, rather than remaining the sole domain of certain individuals.

Strategies of  
Human  
Capital

**Accelerating the realization of corporate strategy by further enhancing strengths and establishing an environment enabling maximum performance**

Since 2020, we have been rebuilding the talent management system for the purpose of maximizing the performance of organizations and individuals by aligning the reason for existence and direction of MinebeaMitsumi with the direction of individual employees.

We will comprehensively revise the process from hiring employees to also include development, evaluation, and treatment, with an enhanced focus on clarifying the expanded roles, and results therewith, thus creating a workplace in which each individual employee can feel excited by the challenges presented at work. We are aiming to create a consistent talent management system that appropriately evaluates results and behavior, linking to talent development and career development through dialogue. Rebuilding the talent management system will provide the foundation for further strengthening human capital and promoting the establishment of positive and rewarding work environments.

Strategy 1  
**Engage in talent development and organizational reinforcement worldwide**

Material Issue  
**6**

We will provide support to enable each employee to carve out their future as a strong "individual" and work with the view that they have the responsibility to work with colleagues as a team to create a future not only for the Company but also on a global scale.

In particular, we will further strengthen talent development on a global scale and the skills of skilled workers and engineers, which are our strengths. Although some initiatives were slowed due to the impact of COVID-19 over the past

year, while monitoring the conditions, we will accelerate the provision of overseas posting experience in global sites, and development of global talents such as managerial talents in Japan and overseas, the next generation of leaders, and specialized talents.

Moreover, we will take steps to globally expand team-building initiatives that have been conducted as an organization since last year, and work to strengthen the organization to be more dynamic through teamwork.

Strategy 2  
**Promotion of diversity & inclusion (D&I)**

Material Issue  
**7**

Diversity of talents is a source of the Company's technological innovation and INTEGRATION.

We will also evolve diversity, which is one of our strengths, and promote inclusion involving the acceptance and mutual recognition of the diversity of human resources to create new value.

In particular, we have accelerated organizational reform

in recent years by actively recruiting key talents, including managerial talents from outside, in order to reinforce new knowledge, technology, and experience. Going forward, we will not only promote the empowerment of women as we have done in the past, but also create venues for interaction between "differences" such as nationality, background, age, and values, connecting the new value arising from this to further innovation.

Strategy 3  
**Initiatives to promote safety and health enabling employees to work with peace of mind**

Material Issue  
**9**

Creating an environment where employees can work with peace of mind is a basic premise for employees demonstrating their maximum capabilities. Following the basic policy of maintaining a healthy and safe workplace set forth in the MinebeaMitsumi Group Officer and Employee Compliance Guidelines, we

will engage in the creation of a safe and healthy workplace environment. In addition to strengthening systems and promoting education for the prevention of workplace accidents with the aim of zero incidents of workplace injuries, we will thoroughly implement health management and mental healthcare.

Strategy 4  
**Creating positive and rewarding work environments promoting D&I**

Material Issue  
**8**

Following the basic policy of promoting work-life balance set forth in the MinebeaMitsumi Group Officer and Employee Compliance Guidelines, we will further ensure appropriate labor management, and promote efforts to prevent long working hours and increase the use of paid leave. In particular, we

will further enhance support for work styles that meet the diversifying needs of individuals.

Details on initiatives related to talents can be viewed from here.



# Philosophy

## Continuing to make progress with our corporate philosophy

The expressions used in our corporate philosophy were revised to solidify the basis for our strategies with a view to our 100th anniversary

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 MinebeaMitsumi Group used its 70th anniversary as an opportunity to revise the expressions used in the corporate philosophy with a view to the future of the Company.

The Company has established QCDESS™ as the new cornerstone of its strategy to solidify its foundations for the 100th anniversary.

Becoming carbon neutral is humankind’s mission, and is also a very important topic for the Company. Based on the direction of such strategies, “Eco” represented by the E in QCDESS was reflected in the corporate philosophy.

The corporate philosophy is the **reason for existence (purpose)** of the Company.

In order to achieve sustained growth of the Company, we believe it is important for the corporate philosophy to clearly

express our purpose, the reason for our existence, based on the future direction of the Company, and that all employees work as one to work toward the same goals by sharing values pivoting around the corporate philosophy.

To this end, we have provided opportunities for each person to discuss what the corporate philosophy means to them in their own words through dialogue between superiors and subordinates or team meetings, and created opportunities for members to engage in activities centered on the corporate philosophy through team building activities.

Going forward, we expect them to consider how to reflect the corporate philosophy into their own work and their team’s strategy centered on the corporate philosophy with the addition of new concepts, exchange opinions within their teams and create innovative ideas that transcend existing frameworks.

Corporate philosophy Page 25

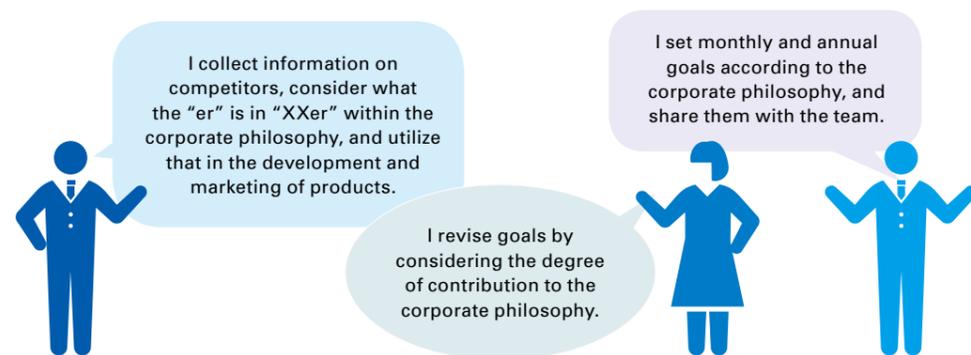
## Initiatives to personalize the corporate philosophy

The Group has engaged in using the corporate philosophy as a starting point for **initiatives to “personalize” the corporate philosophy** by ensuring that employees not only “know” the corporate philosophy, but also understand its history and meaning.

We provide an environment for gaining a deeper understanding of the corporate philosophy, and conduct workshops to let employees think about how the corporate philosophy aligns with the work of individuals.

E-learning programs are used to provide an opportunity to correctly understand the history and meaning of the corporate philosophy, and think about how it is related to one’s work. We then provide employees with opportunities to reflect on the corporate philosophy while actually working in their respective workplaces.

Sessions for considering the corporate philosophy are also conducted in group training for junior employees in their twenties and thirties, providing a place to exchange opinions on what should be prioritized in day-to-day work to implement the corporate philosophy in their respective operations. After training, the ideas are shared in their workplaces, evolving further and permeating throughout the organization.



# Diversity & Inclusion

## Diversity accelerates sustainable growth

### Interview with Cathie Anderson



Cathie Anderson leads sales in North America, Europe and Asia as Director of Sales of New Hampshire Ball Bearings, Inc. (NHBB) and Head of Global Sales for the Aerospace and Machine Products Division of MinebeaMitsumi. Since joining MinebeaMitsumi’s subsidiary NMB Technologies Corporation in 1998, she has expanded business while fully utilizing the diversity that is a strength of the MinebeaMitsumi Group, while broadening her own career.

### Being a woman

It is an industry without many women in managerial positions, it was common for me to be the only woman in meetings within the company and with customers. However, I have met many talented female managers in North America, Europe and Asia through my work at the MinebeaMitsumi Group, and I have been surprised and also feel proud of the progressive approach of the Group. Working in a performance-based culture makes it possible to advance one’s own career regardless of gender.

### How to produce results in an environment filled with diversity

The global team has a mixture of various cultures, and in order to work as one toward achieving strategic goals, we have created the principles of the 3Cs culture (the three Cs represent Communicate, Cooperate and Communicate), which are shared throughout the global team. We have expanded business by fully utilizing information in CRM tools for centrally managing information related to sales and operating systems for effectively supporting customers where the key account manager is the single contact for the customer. This was made possible due to the advanced and organized communication system based on the 3Cs culture.



### Utilizing diversity for effective communication

One important point in a teamwork structure with the global team, which is comprised of multi-lingual members from diverse cultures, is to listen closely to team members and speak as slowly as possible while confirming that they understand. This is particularly true when communicating with team members whose native language is not English. By doing this, various opinions emerge, discussion deepens, and wonderful ideas can be produced.

This also creates opportunities to learn about cultural concepts from each country as much as possible.

It is important to bear an inquisitive mind to learn and accept the food, customs, greetings, and even seating order for meetings of these various countries. Thankfully, the global team members happily create opportunities for me to learn various ideas while I happily create opportunities to teach North American culture to the team members. When I once participated in a meeting in Japan, a team member arranged lodging for me at a traditional hot spring. Since then, I have become a big fan of hot springs.

### The importance of work-life balance

I love my work, but the greatest joy of my life is my family. Prioritizing family is also a basic policy of my team.

I have utilized the company systems that support a comfortable working environment, including those for maternity and child raising. I have taken efforts to effectively balance work and private life while learning the meaning of work-life balance from the management of the MinebeaMitsumi Group. I believe that this is an important concept that is shared across each country.

### Launch of a project to promote the empowerment of women

In Japan, a project to promote the empowerment of women spanning four domestic group companies was launched as a specific activity for increasing diversity in the form of “INTEGRATION of people.” The project is aimed at further empowering women based on the three themes of “fostering corporate culture,” “actively recruiting women,” and “creating positive and rewarding work environments,” while creating an organizational culture and workplace

environment enabling all employees to fulfill their individual potential. In April 2021, MinebeaMitsumi received “Eruboshi (Level 3)” certification by the Japanese Minister of Health, Labour and Welfare as a superior company that promotes Women’s participation and advancement.



**Strengths of Intellectual Capital**

**Generate new value by INTEGRATION formed by internal alliances and M&As centered on ultra-precision machining technology**

MinebeaMitsumi is taking efforts for INTEGRATION combining the strengths of manufacturing, technology, development, and sales centered on ultra-precision machining technology to maximize synergies. Furthermore, using M&A as a driver for speedy growth, we are producing synergies early on through PMI (Post Merger Integration). We are continuously generating new values by leveraging the strength of our intellectual capital.

**Strength 1 Ultra-precision machining technology**



MinebeaMitsumi has devoted nearly seven decades to in-house development of ultra-precision machining technology and achieved monthly production volume of 345 million units. The Company has completed development of its cutting-edge machining technology in-house, which encompasses everything that makes it possible to freely control the processing measurements of orders on the nanometer level and consistently maintain quality of machine precision, from cutting tools for machining, specialty tools, and production equipment, to the environment.

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.

We will continue to polish our ultra-precision machining technology and expand the effect of CO2 emission reduction/energy consumption reduction and company products provided to customers through INTEGRATION.

As a components manufacturer, the Company has furthermore established an unparalleled manufacturing

**Strength 2 Capabilities for INTEGRATION of manufacturing, technology, development, and sales**

By closely intertwining manufacturing, technology, development, and sales, it is possible for MinebeaMitsumi to tap into new markets and achieve speedy new product development that meets the needs of customers and society in these changing times.

The difference that transcends conventional wisdom through the INTEGRATION of wide-ranging core technologies and core businesses that are unlike anything seen across the globe will continue to produce new value.



**Create new value through "difference" that transcends conventional wisdom**



U-Shin Showa SADIOT LOCK  
Integrate U-Shin Group's lock technology with the IoT technology of MinebeaMitsumi to develop and sell smart locks! Taking on the challenge of a BtoC business.



**Strength 3 Maintain and improve M&A capability/PMI**

MinebeaMitsumi has been strengthening and reviewing its business portfolio through 51 total M&As as of August 2021, in particular accelerating such efforts with 20 M&As since April 2009.

The Company has been focusing on PMI to boost the

motivation of members joined the Group to the same level as current members and generate synergies early on. Pages 51 and 52 present an interview with President Ishiai of ABLIC, which joined the MinebeaMitsumi Group in 2020.

**Strategies of Intellectual Capital**

**Create new value by combining our ultra-precision machining technologies with our core technologies to add values to products and promote development of new products**

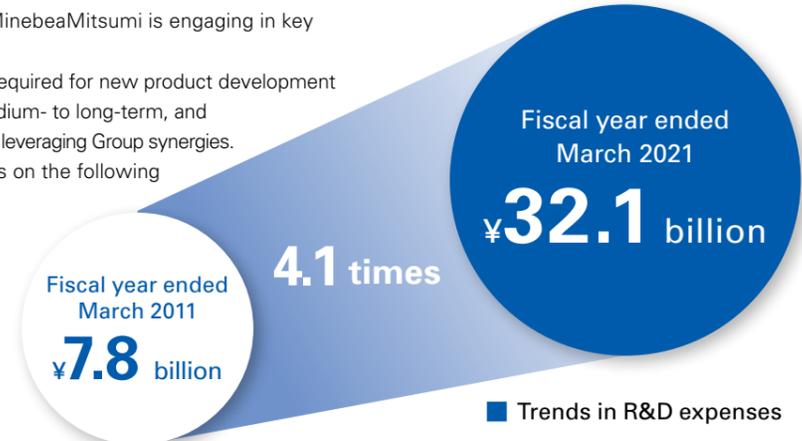
In order to support speedy growth of our core businesses, we will strengthen basic technology and key technology that improve the added value of products and increase competitiveness. We will also generate synergies through INTEGRATION and focus on developing new products that meet the demands of the next generation.

**Strategy 1 Upgrade core technologies and roll out new products**

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

- Expanding key technology (core technology) required for new product development that can be victorious in the market in the medium- to long-term, and
  - Promoting launch of new products by effectively leveraging Group synergies.
- Based on these goals, MinebeaMitsumi takes on the following important strategies. We are also focused on strengthening capabilities for environment-friendly products and new product development.

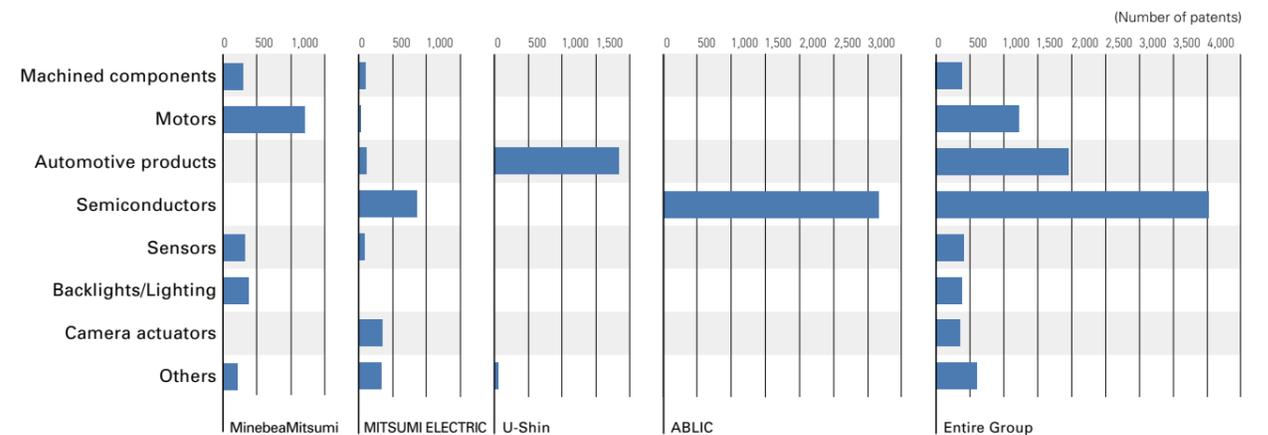
1. Expand the motor business
2. Bring about a paradigm shift with respect to the optical technology development product
3. Expand the sensor business
4. Enter the robotics market
5. Connectivity with sights set on IoT
6. Improve added value of machined components
7. Collaborate with U-Shin
8. Collaborate with ABLIC



Contributes to energy reduction by adjusting LED streetlamps by wireless controls. Various data, including temperature, humidity, brightness, and rainfall, can be acquired by adding an environmental sensor. This data is being utilized by national and local governments in and outside Japan.

**Strategy 2 Shape portfolio of intellectual property that supports business growth**

The MinebeaMitsumi Group maintains ownership of over 9,000 patents. In terms of intellectual property, the portfolio is shaped with MinebeaMitsumi, MITSUMI ELECTRIC, U-Shin, and ABLIC complementing one another. We plan to continue to focus on acquiring intellectual property that supports the growth of the Group business.



## Meaning of business integration with MinebeaMitsumi



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

## Creating a Win-Win relationship by aiming for the global top together

— Roughly one year has passed since the business integration. Could you please explain how you came to choose MinebeaMitsumi as your partner in this?

In recent years, supply and demand in analog semiconductor business has been tight across the globe. Governments are now focusing on strengthening the semiconductor industry as a part of national policy. IoT, automotive, AI, and all related technologies require analog semiconductors, creating an ongoing surplus of demand. Under these circumstances, pre-integration ABLIC struggled to expand our business scale due to a lack of resources such as equipment, engineers, and sites, as well as risks in the BCP. In order to achieve sustainable growth, we needed a partnership with someone who would complement our capabilities well. Based on our desires to find a path for survival in the global markets and pass down the

specialized technologies for analog semiconductors, MinebeaMitsumi emerged as a suitable partner.

MinebeaMitsumi possesses the capital and creditworthiness desirable for ABLIC, a Japanese manufacturer. Besides that, I was able to receive a commitment from President Kainuma when we first met during the screening stage of the M&A that our company would be able to maintain our legal personality, brand, and management policy. We placed prime importance on the above three factors, and thus this commitment was critical to our decision. I placed a lot of importance on whether we could converse from the same perspective without a discrepancy and then reach the same heights together. It was very important that he reassured me on this greatest concern of ABLIC from the start of our talks.

Normally as talks progress, aspects that bring about uncomfortable tensions arise, however at no point in our talks did this ever happen. I believe this is because both of our companies had the same culture of setting high goals. That is, his lofty goal of being the greatest INTEGRATION manufacturer of precision components in the world and our lofty goal of being a global role model for specialized analog semiconductor manufacturers linked together perfectly.

**MinebeaMitsumi is the  
best partner as we aim  
for sustainable growth**

— What was your impression during the preparations for the integration?

I felt strongly that not only was the M&A division of MinebeaMitsumi very professional, they were also speedy, passionate, and hospitable. We were able to achieve meaningful communication by holding many subcommittee meetings ahead of the integration and MinebeaMitsumi employees treating ABLIC employees with honesty and kindness.

We were able to absorb one another's strong points and proceed with preparations in a very smooth and tight-knit manner. During this year, I believe this integration has progressed naturally.

— It appears everything has gone according to plan this year. What are your thoughts now that the business integration is complete?

After the integration, my mind has changed to multilaterally consider not only the growth of ABLIC, but also how we can contribute as a group company of MinebeaMitsumi. ABLIC advocates performance and becoming a change agent and influencer. I realized that MinebeaMitsumi also shares these values. Even a new business entry will be recognized if they are able to produce strong results. This is a quite fair system and one that is shared by our company. MinebeaMitsumi has built a firm presence as a collection of group companies. The group management respects each of these group companies and allows each of the brands they produce to shine.

As there is currently a strong demand for products and services to help solve global issues, I believe that we are able to contribute more to solving social issues as one part of MinebeaMitsumi than we would on our own. For example, I am glad that the CLEAN-Boost® technology of ABLIC that contributes to reducing environmental burden is now expected to be used in various fields, such as Smart Cities and IoT, thanks to the sales network of MinebeaMitsumi that spans the globe.

— What are ABLIC's strengths?

Our greatest strength is not only the employees who make up ABLIC but also our solid unity centered around our brand. We are proud to be a change agent that is able to quickly learn from the merits of others and rapidly evolve. I believe that one of ABLIC's strengths is the pride we take in feverishly pursuing improvements and humbly incorporating them in our ways.

In terms of core elements, ABLIC's semiconductor products were born from the development process for quartz watches and expanded from there. Our products had to be installed in the narrow space of a watch and

## Transforming the analog semiconductor industry into an industry that symbolizes Japan

operate for long hours with limited batteries. As such, product development based on our company vision of "Small, Smart, Simple" took root and we have remained loyal to that. We also have the strength of integrated development, manufacturing, and sales, which is rare for a semiconductor company.

— What are your thoughts on future developments?

Through this business integration, we have successfully complemented one another strategically as alongside MITSUMI we have taken on the analog semiconductor business, one of the Eight Spears strategies. This business integration also has a restructuring element to strengthen Japan's analog semiconductor industry. Since analog semiconductors require specialty technology and teamwork, I believe it will become an area where the strengths of the Japanese people can be utilized. I also believe that, by integrating with our former competitor MITSUMI, we went from fearing that massive overseas competitors would leave us behind to feeling that this was a terrific opportunity to utilize our delicate and specialized technology, which our overseas competitors struggle with, to expand globally through multi-model and small-lot production.

In order to make the most of this opportunity, we will focus on strengthening INTEGRATION between development, manufacturing, and sales to further strengthen our global competitiveness and profitability as ABLIC and contribute to the Group. We intend to deliver new products in quick succession that lead the changes of the world and properly produce results.

— Lastly, please give a message to all the readers.

ABLIC will continue to aim to be a global role model as a specialized analog semiconductor manufacturer. Please support us in the future as a member of the MinebeaMitsumi Group.

Do ABLIC!

— Thank you.

## 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 resources and the realization of a sustainable society.

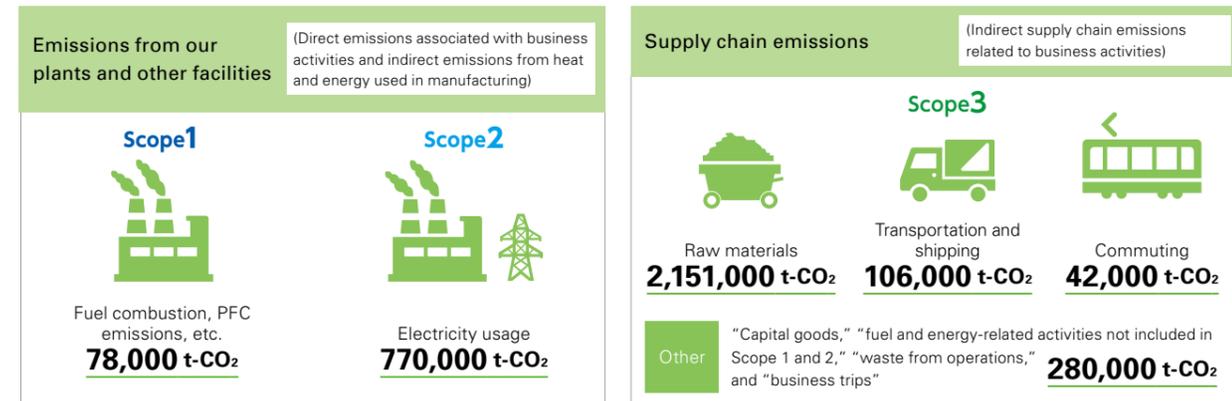


Material Issue  
**2**

### CO<sub>2</sub> equivalent greenhouse gas emissions

We consider "energy saving activities" and the "introduction of renewable energy" as two pillars to address the increasingly dire issue of climate change. We are working to reduce CO<sub>2</sub> emissions not only at plants in Japan but also at our affiliates, with locations across the globe.

#### Our supply chain emissions (Scope 1, 2, and 3)



\* Out of the 15 categories in Scope 3, we use the seven categories above in our calculations.

The detailed environmental data can be viewed from here.

### Initiatives to reduce greenhouse gas (GHG) emissions

#### Scope 1 and 2

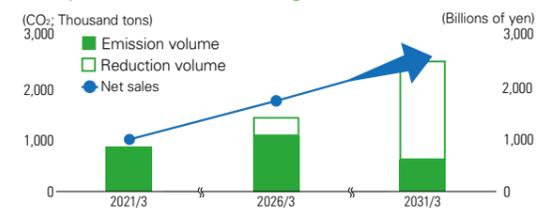
- **Medium-term target:** Reduce by 10% per unit sales by the fiscal year ending March 2026 compared to the fiscal year ended March 2020
- **Long-term target:** Reduce by 30% (SBT) by the fiscal year ending March 2031 compared to the fiscal year ended March 2021

The MinebeaMitsumi Group has a long-term management target of achieving net sales of 2.5 trillion yen in the fiscal year ending March 2029. While working toward this target, we will also work to substantially reduce GHG emissions from now until 2030. To bring this about, we have already installed megawatt-level solar power generation equipment at two overseas plants and have reduced annual emissions by 4,000 tons-CO<sub>2</sub>. Going forward, we will introduce further carbon-free energy sources and conduct energy-saving activities and investments while monitoring the cost of GHG reduction.

#### Scope 3

We are working to reduce CO<sub>2</sub> emissions in our distribution operations by switching from air to railway transport for shipping products in Japan and overseas and thinking out loading methods when shipping by sea to improve the loading rate.

#### Scope 1 and 2 emission targets



Solar power generation at Bang Pa-in Plant



Solar power generation at Lop Buri Plant

### Highlights of environmental initiatives

Target for reducing greenhouse gas emissions  
Fiscal year ending March 2031  
**30% reduction**  
(Compared to the fiscal year ended March 2021)

Target Target volume of avoided CO<sub>2</sub> emissions by product  
Fiscal year ending March 2031  
**Approx. 30% increase**  
(Compared to the fiscal year ended March 2021)

**CDP Scores**  
Awarded "A-" in Climate Change 2020 and "A-" in Water Security 2020

Material Issue  
**1**

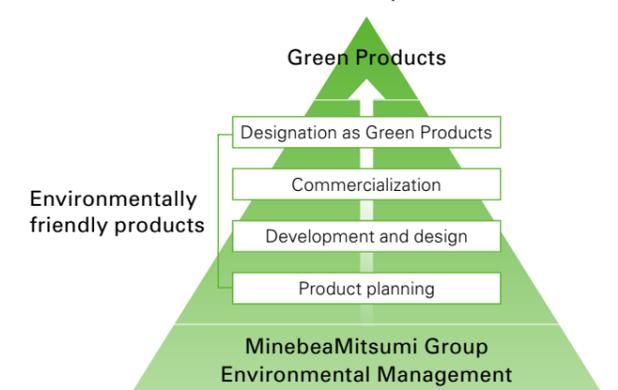
### Green Products

Almost all MinebeaMitsumi products are environmentally friendly, small-sized precision products that allow downsizing, contributing to saving energy and space.

In 2019, we introduced the "MinebeaMitsumi Green Products Certification Program" which selects products that are particularly environmentally friendly and certifies them as MinebeaMitsumi Green Products. The Green Products logo depicts a lush green MinebeaMitsumi tree symbolizing our commitment to engaging in activities to conserve the global environment.

The big, lush green tree made of MinebeaMitsumi products symbolizes our expectations for further growth as a result of introducing the MinebeaMitsumi Green Products Certification Program and delivering a wide range of environmentally friendly products.

#### Green Products certification system



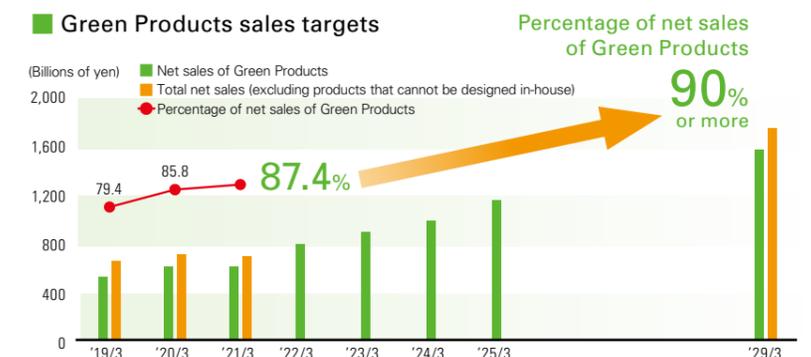
#### Criteria for designation as Green Products

In designing	In manufacturing	In shipment	In using
<ul style="list-style-type: none"> <li>• Selection of environmentally friendly materials</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 and indirect 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>



MinebeaMitsumi plans to create even more 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 by the fiscal year ending March 2029.

#### Green Products sales targets



Material Issue

1

Initiative to calculate volume of avoided CO<sub>2</sub> emissions by product

As a part of our green transformation (GX) activities, we began quantifying the amount of CO<sub>2</sub> emission reduction contribution by our products this fiscal year.

We will continue to engage in technological development and expand "Beyond Zero," which refers to "the volume of avoided CO<sub>2</sub> emissions by our products that exceeds our own emissions."

Calculation method and results

The contribution was calculated in accordance with Japan Electronics and Information Technology Industries Association (JEITA) guidelines.

"Effect of CO<sub>2</sub> emission reduction at the time of use of products" indicates the amount of power consumption reduction when comparing the power consumption of the evaluated product with the power consumption of the same product equipped with previous generation parts.

Definition of the volume of avoided CO<sub>2</sub> emissions

$$Cd = \Delta W_r \times L \times Hop \times Coef_e \times S$$

*Cd*: Volume of emissions directly avoided (kg-CO<sub>2</sub>)     $\Delta W_r$ : Reduction of electric power consumption in a rated condition (kW)  
*L*: Load factor during actual state of operation compared with rated usage conditions    *Hop*: Hours of operation (h)  
*Coef<sub>e</sub>*: Coefficient for CO<sub>2</sub> emissions from power consumption (0.5001 kg-CO<sub>2</sub>/kWh \*average emission coefficient in Japan)    *S*: Sales volume  
 \* We sell parts used in final products, so "product" refers to the final product.

Actual volume of avoided CO<sub>2</sub> emissions and target



Information and communications	Lifestyle and home appliances	Smart city infrastructure	Industry	Transportation
1,322	205	135	64	33
Telecommunication base stations Data centers Personal computers Smartphones and tablets	Refrigerator Washing machine Cooking appliances (IH cooktop, microwave, rice cooker) Vacuum cleaner Air conditioner Fan Air purifier/humidifier/dehumidifier Warm-water cleansing toilet seat Television Set-top box DVD/Blu-ray player Digital camera/action camera	Solar power generation Wind power generation Battery module Smart meter/valve Smart locks Ticket gate Smart lighting Smart streetlight Parking Security camera Elevator/escalator EV charging station	Industrial machinery Industrial measuring equipment ATM POS Vending machine 3D printer Multifunction printer Railroad crossing gate	Automobiles EV E-bike

(1,000 t-CO<sub>2</sub>)

**Our products are incorporated in various final products, contributing to the realization of a sustainable society**

Fan motor bearings

Volume of avoided CO<sub>2</sub> emissions

Approx. **1,293,000 t-CO<sub>2</sub>**



Bearings support rotating shafts and are the most important part of rotary components such as motors.

We specialize in miniature ball bearings, which are used widely in IT-related electronic devices and components for cooling.

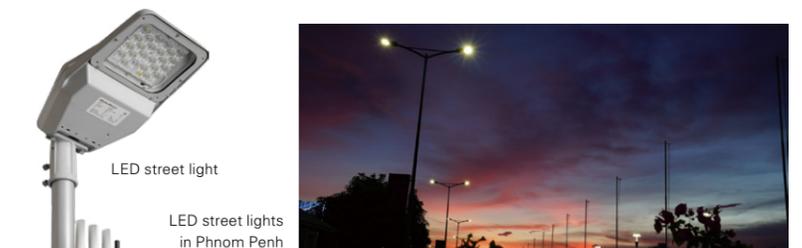
Technical strengths

Bearings fall into the category of precision technology and support precision and extended life of motors. In addition, leveraging tribology technology, they reduce friction, improving the energy efficiency of fan motors, in other words, contributing greatly to the reduction of CO<sub>2</sub> emissions.

Smart LED street lights

Volume of avoided CO<sub>2</sub> emissions

Approx. **135,000 t-CO<sub>2</sub>**



Street lights ensure visibility so that roads can be driven safely and smoothly. The brightness and uniformity are regulated. Our LED street lights conform to these regulations and offer the industry's highest level of energy efficiency, contributing greatly to conservation of energy.

Technical strengths

Proprietary light distribution technology cultivated in development of backlights for smartphones is used to create high efficiency optical lenses. In addition, a wireless network allows the lights to be adjusted remotely according to time of day and traffic volume for further energy savings.

AC adapters, chargers, and built-in power supplies

Volume of avoided CO<sub>2</sub> emissions

Approx. **28,000 t-CO<sub>2</sub>**



AC adapters and chargers are converters that supply the required voltage, current, and power to devices from power sources such as commercial power and batteries. We manufacture a wide variety of these products.

MinebeaMitsumi's products offer a high degree of energy savings, a major element of performance of these products.

Technical strengths

Our products use power controller ICs developed through in-house collaboration. While working on differentiation, including high efficiency and low standby power, we are also working to reduce resource consumption through miniaturization.

Material Issue  
**2**

**Initiative for TCFD recommendations**

We recognize the importance of disclosing climate-related financial information and endorsed the recommendations of the Task Force on Climate-related Financial Information Disclosures (TCFD) in 2020. As such, we disclose information on mitigating the risks and seizing the opportunities brought about by climate change.



**Governance**

The Carbon Neutral Steering Committee, which is responsible for addressing climate change, the Environmental Management Committee, and the Risk Management Committee are organizations that answer directly to the President and Chief Executive Officer.

The Environmental Management Committee and the Risk Management Committee regularly report to the Board of Directors on climate change risks, opportunities, and the status of corresponding action.

**Senior Executive Officer Council**

The Senior Executive Officer Council supervises management's approach to risk owners related to climate change and governance and challenges it as necessary. It is also responsible for checking the program for effectively identifying, assessing, managing, and supervising risks and opportunities related to climate change.



**Risk management**

The Risk Management Committee manages the risks surrounding the business at the corporate level in accordance with the Rules for Risk Management. When conducting company-wide risk assessments, greater emphasis will be placed on climate change issues as part of the risks.

Recognizing that the issue of climate change requires a more specialized risk assessment, the Environmental Management Committee takes the lead in carefully considering climate change issues and conducting risk assessments.



**Indicators and objectives**

- We established a long-term environmental target of "reducing CO<sub>2</sub> emissions by 30% (SBT) compared to the fiscal year ended March 2021 by the fiscal year ending March 2031."
- We will contribute to the realization of a sustainable society by taking up the challenge of becoming "carbon neutral by 2050" through "decarbonization of energy" and "promotion of energy conservation."

**Strategy**

As a result of identifying climate change-related risks and opportunities and assessing their financial impact, we found that the risks with the biggest impact on the Company include physical ones such as "suspension of operations or supply chain interruptions caused by disasters arising from rising temperatures" and "increased costs arising from emissions regulations such as carbon taxes and emissions

trading schemes."

On the other hand, we clarified that our business opportunities include "increased demand for products offering higher energy efficiency" and the "creation of new technologies and markets by combining renewable energy with new technologies and IoT."

Item	Impact on business	Assessment	Response to risks/opportunities
<b>Intensification of abnormal weather</b> (Supply chain interruptions and suspension of our own operations)	Repair costs and decreased sales resulting from river flooding, storm surges, typhoons, and other weather events at our workplaces in Thailand, Cambodia, China, and the Philippines will have a serious impact.	Significant negative impact	<b>Risks:</b> We will develop and implement a BCP and establish a disaster-resistant production system. We will respond within the organization so that action can be taken quickly in the event of a disaster and investigate the status of suppliers' responses as well.
<b>Introduction of carbon taxes and emissions trading, carbon emissions targets in each country, and government policies</b> (Increase in costs associated with addressing government policies)	Costs related to energy and GHG emissions will increase in conjunction with the introduction of carbon taxes, GHG emissions trading, green electric power purchasing, etc.		<b>Risks:</b> We will take measures to avoid being subjected to regulations by reducing our CO <sub>2</sub> emissions through the promotion of energy-saving investments and reducing our Scope 2 emissions through a higher ratio of renewable energy.
<b>Advances in technology associated with transition to carbon-free society</b>	If demand for energy-saving products increases and we are unable to keep up with technological innovation, our products will become obsolete. The cost of technological development and R&D to respond to this situation will be significant.		<b>Risks:</b> We will promote advanced technological development and R&D to meet decarbonization demand and will actively make calculated investments so as not to fall behind our competitors. <b>Opportunities:</b> Because demand for highly efficient products that contribute to lowering energy costs will grow substantially, we will aim to expand the market based on our energy-saving technology.
<b>Changes in product and service needs</b>	With the growing popularity of electric vehicles, it is expected that many new electric vehicle manufacturers will emerge. There is a possibility that the sales volume of bearings, motors, etc., which are important components of electric vehicles, will expand substantially as a result.	Significant positive impact	<b>Opportunities:</b> We will aim to expand our sales by incorporating our energy-saving technology into our business plan as a growth strategy and promoting technological development in pursuit of added value for our products.
<b>Achieving resilience by responding to risks</b>	It is expected that catastrophic disasters such as past floods in Thailand will increase in frequency. We believe that developing a BCP will improve our appeal to customers (controlling spending).		<b>Opportunities:</b> We will develop and implement a BCP, enhance communication so that our customers will recognize us as a reliable supplier, and disclose information on our system.
<b>Entry into new markets</b>	With the spread of clean energy, there is a possibility that the sales volume of bearings, etc., which are important components of high efficiency equipment (such as drones and robots), will expand substantially as a result.		<b>Opportunities:</b> We will aim to expand our sales by incorporating our energy-saving technology into our business plan as a growth strategy and promoting technological development in pursuit of added value for our products.

**Addressing physical risks**

We will respond quickly within our organization in the event of a disaster and investigate the status of suppliers' responses as well.

**Realizing opportunities**

Because demand for highly energy efficient products will grow significantly, we will work on advancing development leveraging our strength of INTEGRATION.

# Initiatives for Society



To ensure management sustainability, the MinebeaMitsumi Group is working on the material issues (Materiality) of “strengthening the system for mass and stable supply of ultra-precision components,” “practicing responsible procurement,” and “coexisting with local communities.” Here we provide information on “reinforcement of quality control systems,” which supports our efforts of “strengthening the system for mass and stable supply of ultra-precision components” and the material issues of “practicing responsible procurement” and “coexisting with local communities” as our initiatives for society.

## Material Issue 3

### Reinforcement of quality control systems

#### Quality management framework

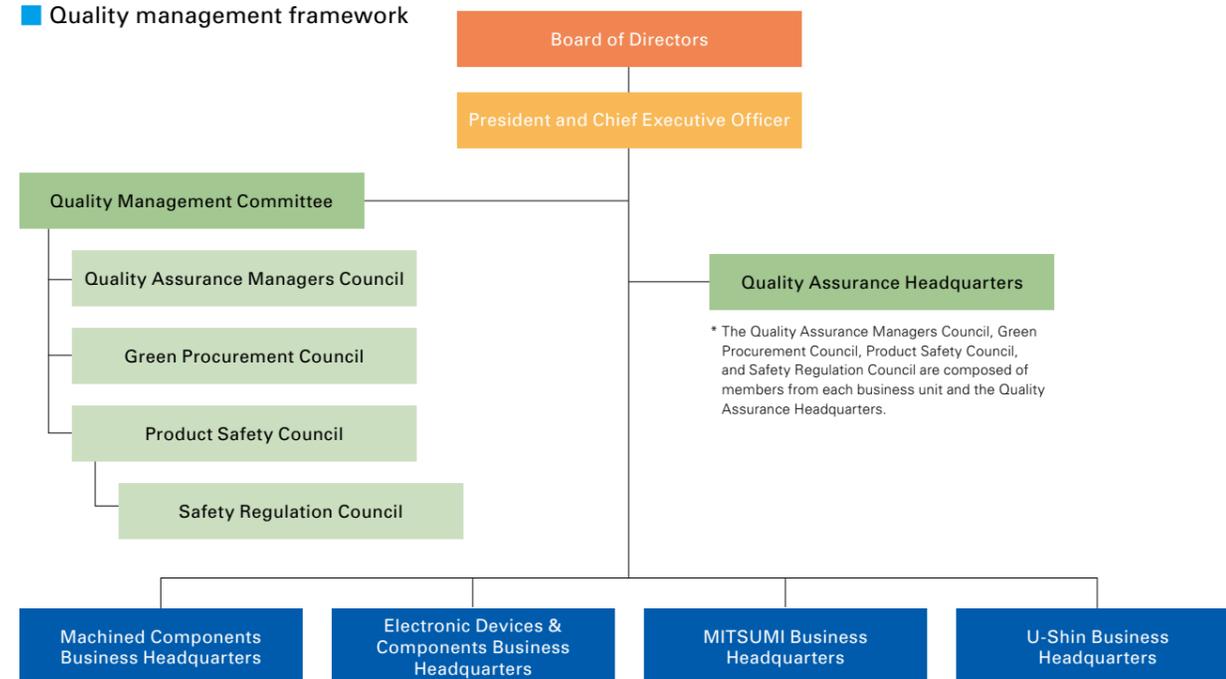
The Group has created “Group Quality Management Rules” covering the entire Group as part of our measures to ensure the safety of its products & services and to prevent accidents. We have also prepared “Group Product Safety Management Manual,” “Group Hazardous Substance Management Manual,” “Significant Quality Issue Handling Manual,” “Group Conflict Material Management Manual,” and “Supplier Quality Assurance Agreement (Standard Version)” to go with the Group Quality Management Rules and share them across the Group.

Final responsibility for the quality management framework lies with the President and Chief Executive Officer, and the “Quality Management Committee” has been established as an advisory body. As a subordinate organization, the “Quality

Assurance Managers Council,” comprised of managers responsible for quality in each business unit, holds meetings where managers regularly share information on specific quality issues and work to implement internal measures to ensure similar problems do not reoccur. In addition, the “Safety Regulation Council” ensures compliance with the Electrical Appliance and Material Safety Act (in Japan) and shares information on safety regulations in each region of the world to strengthen the Group’s response.

Going forward, as we shift from simple parts to more complex ones that are closer to final products or even final products themselves, which will see higher demand, we will establish a “Product Safety Council,” which will select members from each business unit, share information, and hold workshops.

#### Quality management framework



\* The Quality Assurance Managers Council, Green Procurement Council, Product Safety Council, and Safety Regulation Council are composed of members from each business unit and the Quality Assurance Headquarters.

### Highlights of social initiatives

Reinforcement of quality control systems

Practicing responsible procurement

Coexistence with local communities

#### Risk management

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.

#### Cooperating with suppliers

In order to meet the quality requirements of our customers throughout the supply chain, the Group has concluded basic transaction contracts and quality assurance agreements with our suppliers. We also provide them with our “Supplier Quality Assurance Manual,” which summarizes the Group’s standard requirements for the broad field of quality, and ask for their understanding and cooperation.

#### Promoting quality management system certification

The Group has obtained certification of the necessary quality management systems (QMS) at each business unit. We are also gradually working on obtaining certification in relation to the standards required for new products. In addition, the Quality Assurance Headquarters holds training for internal auditing personnel to provide ongoing education and maintain and improve the system.

#### Promoting visualization to improve quality of logistics

The Group is promoting visualization of logistics to improve the quality. We organize and analyze delivery date information, distribution and inventory information, and loading and unloading information to optimize storage bases and distribution methods.

#### Material issue target

In the fiscal year ending March 2022, we will create mechanisms tailored to improving the skills of our employees. We will also work to strengthen our product safety management system so that it is capable of supporting products in new fields through business expansion to be achieved around March 2026.

#### Promoting quality control examination certification

Based on our belief that improving the quality evaluation and management skills and improvement skills of each of our employees will lead to improvement of the quality of the Group’s products, the MinebeaMitsumi Group has been promoting the quality control examination (QC certification) since September 2008. This examination is organized by the Japanese Standards Association and the Union of Japanese Scientists and Engineers and is recognized by the Japanese Society for Quality Control. In addition to paying the examination fee, we ensure that all employees can get training materials and study using a shared database for improving quality management knowledge and hold pre-examination workshops twice a year.

Many employees were certified in the fiscal year ended March 2021 as well, bringing the group-wide total to 986 employees.

#### Standardizing name plate labels and converting to bar code labels

To prevent mistaken product shipments and improve the efficiency of checks, the Group began standardizing name plate labels and converting to bar code labels in the fiscal year ended March 2014 and completed the work for all former Minebea products. We are currently doing the same for MITSUMI ELECTRIC products.

#### Disclosing information on products

Most of the products supplied by the Group are parts that are built into the final products that are used by consumers. For that reason, we provide safety information based on customer request. In addition, when it comes to managing the chemical substances contained in our products, we communicate this information to requesting customers based on what we have obtained from our suppliers.

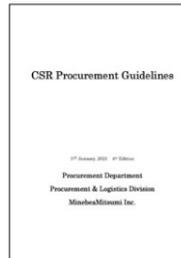
Material Issue

4

Practicing responsible procurement

CSR procurement

Considering the global scope of our business activities, we believe it is important to promote CSR throughout our supply chain. In March 2012, we took steps to establish a framework for CSR procurement with the formulation of the "MinebeaMitsumi Group CSR Procurement Guidelines," which is based on the "MinebeaMitsumi Group Code of Conduct." The basic transaction contracts we sign with our suppliers require observance of these guidelines and make violations cause for termination.



In the fiscal year ended March 2021, we sent it to 96 of the main suppliers to the four MITSUMI ELECTRIC plants in Thailand, Malaysia, and the Philippines. The response rate was 100%.

Questions on the checklist are divided into the five categories of "general promotion of CSR," "labor," "health and safety," "environmental conservation," and "ethical management" to assess risks in the supply chain. We have been meticulously verifying progress made with respect to CSR initiatives, which has involved providing feedback to our suppliers based on the survey results and otherwise communicating individually with suppliers who have encountered issues regarding some of these initiatives.

In order to avoid human rights violations in business relationships, we require a written pledge from our suppliers that they are not aware of any violations of procurement guidelines either by themselves or within their supply chains. We also have audits conducted by third-party agencies as necessary when human rights violations are suspected.

We also conduct internal education on CSR procurement for our procurement and logistics divisions, and in the fiscal year ended March 2021, 231 out of the 250 relevant employees at domestic group companies participated.

In addition, to ascertain the status of CSR promotion by our suppliers, we prepared the "MinebeaMitsumi Group CSR Procurement Self-assessment Checklist" and have asked our suppliers to complete it.

Promoting "responsible mineral procurement"

In August 2012, the U.S. Securities and Exchange Commission adopted a disclosure rule mandated by "U.S. financial reform legislation" requiring companies to disclose the use of conflict minerals. We responded by formulating a "MinebeaMitsumi Group Policy on Conflict Minerals" in October 2012, in which we summarized the Group's approach regarding "conflict minerals" from the Democratic Republic of the Congo and its neighboring countries.

We also added addressing "conflict minerals" to the

"MinebeaMitsumi Group CSR Procurement Guidelines." Later, we revised it in light of the social movement for "responsible mineral procurement" of recent years. We have asked our suppliers to promote initiatives to ensure that no tantalum, tin, tungsten, gold, cobalt, or other minerals that are related to conflicts or CSR risk are used as part of our efforts to ensure responsible mineral procurement.

In addition, we will continue to respond to requests from customers using our database.

assessment Checklist." In addition, we will introduce the RBA standard to our "CSR Procurement Guidelines" by the fiscal year ending March 2026 and carry out a self-audit accordingly to improve the CSR Procurement Guidelines, taking into account environmental and human rights issues.

Material issue target

In the fiscal year ending March 2022, we will confirm the status of CSR procurement at U-Shin, which was added to the Group in 2019, notify suppliers based on the "CSR Procurement Guidelines," and check the status of CSR promotion among Japanese suppliers using the "CSR Procurement Self-

Human Rights Policy

As a guideline for further promoting human rights initiatives throughout the Group and fulfilling our responsibilities, we recently established a human rights policy comprised of the items to the right. We support the Universal Declaration of Human Rights, the United Nations Global Compact, and other human rights principles.

MinebeaMitsumi Group Human Rights Policy

- 1 Respect for basic human rights
- 2 Compliance with applicable laws
- 3 Respect for international human rights agreements
- 4 Prohibition of child labor and restrictions on employment of young laborers
- 5 Prohibition of forced labor
- 6 Prohibition of discrimination
- 7 Prohibition of harassment
- 8 Respect for freedom of association and the right to collective bargaining
- 9 Human rights due diligence
- 10 Education
- 11 Requests for suppliers to provide support and cooperation
- 12 Information disclosure
- 13 Scope

Material Issue

5

Coexistence with local communities

Here, we provide information on our latest activities and external recognition. For past activities, see "ESG Initiatives" on our website.

The ESG Initiatives can be viewed from here.



Support for single parents

Due to the hardships many single parents have experienced due to COVID-19, MinebeaMitsumi made a donation to a certified NPO, Single Mothers Forum, to help support single-parent households with high school children. In July, we donated 50 million yen, and we plan to donate an additional amount of up to 100 million yen.



May Day Awards 2021 - Plaque of Commendation (Gold)

NMB Singapore was conferred the National Trade Union Congress (NTUC) May Day Awards 2021, Plaque of Commendation (Gold) for its many initiatives to support workers welfare, work prospects, and good labor-management relations.

This award exemplifies the strong labor-management relations that we have and reaffirms our commitment to improving workers' wages, welfare, training, and work prospects. These improvements are especially meaningful in light of business disruption amidst COVID-19 and NMB Singapore is glad for the support shown by Metal Industries Workers' Union (MIWU) during these challenging circumstances.



Cambodia Plant receives the "ASEAN-OSHNET Excellence Award"

Cambodia Plant was awarded the "ASEAN-OSHNET Excellence Awards" by the "ASEAN Occupational Safety and Health Network (ASEAN-OSHNET)." The "ASEAN-OSHNET Award" recognizes companies with good occupational safety and health systems and performance in each ASEAN country. Among them, the "Excellence Awards" is given to one company with the best occupational health and safety management system in each country, and we are the first Japanese company to receive the award in Cambodia.

The award started in 2016 and 2020 marked its third time. Though the award ceremony had been postponed for one year due to COVID-19, it was held online in July 2021.



Material issue target

We will look into safe and effective methods of communication for the new normal during and after the COVID-19 pandemic and continue to communicate with the local communities.

Response to COVID-19

The MinebeaMitsumi Group manufactures bearings, motors, sensors, power supplies, semiconductors, and connectors used in various medical equipment, including ventilators and artificial heart-lung machines. On January 29, 2020, we established a response headquarters under the CEO and shared information on best practices learned at our plant in China with our facilities around the world to ensure employee safety. Up to now, we have fulfilled our supply responsibility and have not had to suspend operations for internal reasons.

We donated 220,000 N95 masks that we had for disasters and other medical items, including goggles, face guards, clean suits, hoods, disposable gloves, and gauze to 150 agencies in 16 countries. We also launched production

of our own masks in April 2020 and began selling them in June 2020. As of July 2021, we have produced 50 million masks and sold 8 million. We also worked on making vaccines available at our workplaces and provided vaccinations to approximately 13,000 employees and their families and others at our Tokyo Head Office, Karuizawa Plant, Fujisawa Plant, Hamamatsu Plant, Hiroshima Plant, Chitose Plant, and other facilities around the globe.



# Initiatives for Material Issues (Materiality) at MinebeaMitsumi



At the latest review of the Company's material issues (see pages 27 to 28 of this document), a roundtable discussion was held between Outside Directors, namely Atsuko Matsumura, Yuko Haga and newly appointed Hirofumi Katase, who shared their thoughts on the Company's initiatives as Outside Directors, and with Director Katsuhiko Yoshida, Head of Sustainability Management Division, with whom the Outside Directors exchanged opinions.



■ First, let's hear from newly appointed Outside Director Hirofumi Katase. Tell us about your background and what you hope to accomplish as an Outside Director at MinebeaMitsumi.

**Katase:** I worked in government for 35 years, primarily at the Ministry of International Trade and Industry and the Ministry of Economy, Trade and Industry. What I felt during that time was that with Japan's economy growing stagnant, many Japanese companies lacked sufficient energy for growth. In the midst of this, one company that demonstrated a very clear commitment to actively creating new added value and achieving growth was MinebeaMitsumi.

I recognized it as a company full of energy attempting to create synergy between organic growth and M&A. Up to now, I

have been involved in many measures in the fields of energy, environment, technology, trade, and aerospace. Leveraging this experience, I intend to provide advice for identifying material issues related to the Company's growth and how to address those in management policies. When I feel that the Company's initiatives do not line up with general trends, I will voice my opinion. I hope to contribute to the significant growth of the Company as a model for the Japanese companies of the future, both by actively providing encouragement and by putting on the brakes if necessary.

■ In this review of material issues, "contributing to solutions to environmental issues" and environmental issues were touched on heavily. Can you tell us about specific initiatives?

**Yoshida:** We announced a new slogan this year called QCDESS™ and, at the core of this, we are putting into practice management that aims for eco-friendliness and efficiency. By combining our ultra-precision technologies, which are our strength, with other core technologies, we will promote initiatives for "contributing to solutions to environmental issues."

—Mr. Katase, what role do you expect the Company to play in addressing the environmental issues identified?

**Katase:** For a time, it looked as though the global trend toward addressing global environmental issues had lost steam. I no longer believe this is the case, and the Company's technologies and products are benefiting from the overall trend toward carbon neutrality. For example, one of the important elements of working toward carbon neutrality is electrification of society. Key to making that happen will be bearings and motors for moving things by electricity along with sensors and analog semiconductors to control them. The Company possesses strengths in each of these areas, and by combining them, it will have a very strong competitive advantage, including in terms of environmental performance. It is universally recognized that the key to solving global environmental issues is innovation. Indeed, I believe that the Company will continue to come up with one innovation after another and quickly introduce new technologies to the world, which will contribute to solving global environmental issues.

On the other hand, just as a "green growth strategy" is being promoted around the world at the national level, as a company, it is essential that this contribution to the environment by products and technologies is tied into product value and that it embodies a vision for growth. To bring that about, I believe it is important to engage in efforts corresponding to the characteristics of the Company's business fields and products. For example, this might entail creating a new business model or an environment in which the environmental performance and benefits of the products can be presented in an easy-to-understand manner while taking advantage of standardization and other programs and then tying this into product value.

—Ms. Matsumura, are there any challenges when it comes to "contributing to solutions to environmental issues"?

**Matsumura:** Many countries, including Japan, have declared that they will become carbon neutral by 2050 amid the global movement to achieve carbon neutrality and the goal of keeping the global temperature from rising as set forth in the Paris Agreement. The Japanese government has set an ambitious medium-term goal for fiscal 2030.

Under these circumstances, decarbonization efforts are accelerating within corporate activities. I think it will be extremely important to clarify the details of the Company's activities to make an ongoing contribution to global environmental conservation and "visualize the efforts" to thoroughly disclose the information. There are two main aspects to the Company's efforts. The first is improving the production ratio of the Company's environmentally friendly products or so-called Green Products. To achieve that, I believe that it is important to present the CO<sub>2</sub> emission reduction effect in an easy-to-understand format and draw even more attention to its usefulness to get customers to adopt Green Products. The second is reducing CO<sub>2</sub> emissions associated with the Company's business activities. The Company has set a goal of reducing total CO<sub>2</sub> emissions by 30% compared to the fiscal year ended March 2021 by the fiscal year ending March 2031. Going forward, it will be necessary to further clarify the path for achieving that goal. I think it's important to quickly and thoroughly look into the feasibility and cost-effectiveness of various means to achieve it. The Company has already introduced a large-scale solar power generation

system at two major plants in Thailand and expects to reduce CO<sub>2</sub> emissions by around 4,000 tons per year. I expect to see progress on renewable energy at other facilities as well.

It's becoming increasingly important to clearly incorporate reduction of greenhouse gas emissions into corporate management goals. Last August, the Company announced its endorsement of the TCFD recommendations and is drawing attention to its steady progress on efforts to address global warming. Social demand related to SBT, science-based emissions reduction targets, and RE100, a collaborative, global initiative of influential businesses committed to 100% renewable electricity, will likely grow in the future. As an Outside Director, I hope to continue monitoring this.

**Yoshida:** Our products make a significant contribution to reducing the CO<sub>2</sub> emissions of our customers' final products. In addition, we will strive to further contribute to the realization of carbon neutrality by working to reduce CO<sub>2</sub> emissions associated with our own business activities.

■ What are your thoughts on "creating the high quality precision products that support society" from the standpoint of your business portfolio strategy?

**Yoshida:** Up to now, we have been enhancing our business portfolio to address changes in society. One of our missions is to contribute to society by improving the performance of our products and establishing a robust supply system. We believe it's important to build and maintain a decentralized production network while ensuring economic rationality so that we can fulfill our supply responsibilities even in the event of a contingency.

**Haga:** The Company's business portfolio is the source of its sustainable growth. I believe the core businesses, which are called the "Eight Spears," will be able to maintain their competitive advantage for a long time because they provide ultra-precision and ultra-high quality.

The first scenario for achieving further sustainable growth is strengthening those eight core businesses. Of course, as Mr. Katase mentioned, that will entail both organic growth and M&A, but I think the key to the portfolio strategy will be determining the priority of the eight core businesses. For example, last year, the Company determined that the analog semiconductor market would grow even further in the future, so it raised the priority of investments designed to increase the Company's competitive advantage and executed those investments last year and this year.

The second scenario for sustainable growth is creating new customer value by combining these eight businesses. The Company refers to this as "INTEGRATION initiatives." Because the basic technologies of each of the eight businesses are fairly closely related and yet diversified, it makes it easy to generate synergy between them. In addition, the wide range of customer industries has also facilitated the Company's steady and sustainable growth. I believe that



Outside Director  
**Atsuko Matsumura**

Roundtable Discussion between Outside Directors and Head of Sustainability Management Division



Outside Director  
Yuko Haga

this business synergy will allow the Company to capture new customer needs, which will, in turn, lead to the environmental

contribution and maximization of product value that Mr. Katase mentioned.

—What are the key points for you as an Outside Director when judging investments?

Haga: The priorities of the investments discussed by the Board of Directors are clear based on the business and customer portfolios. My impression is that they are carefully reviewed by the executive side of the management. When there are big investments, we are given explanations in advance and receive all the information we need to be able to judge them. If there are any questions, opportunities are provided not only to me but to the other Outside Directors as well to go over the details.

When making judgment calls about investments as an Outside Director, I check things such as compatibility with the medium- to long-term strategy, the contribution to sustainable growth and corporate value and the process thereof, and whether or not the business plan envisions post-investment synergy. Risk is always involved in any investment, so if you put the brakes on just because there are risks or step on the gas because there are no risks, you could miss a rare investment opportunity. If the risks are understood and proper risk mitigation measures are in place, I can approve of the investment. However, if I feel the risks have not been sufficiently verified, I will voice my opinion. I believe the other Outside Directors have made similar statements from the same standpoint.

—What about the review of the business portfolio for achieving sustainable growth?

Haga: In terms of timing, if there are significant changes in the external factors, the necessity of realigning the business portfolio will increase. As of right now, I don't see any problems with the focus on the core businesses in Eight Spears. However, there is a risk of sticking with these Eight Spears in perpetuity. Even if the assumption is that the business portfolio will remain unchanged for the time being, I think it's necessary to continually monitor the external environment for signs of change.

—Mr. Katase, what are your thoughts on how the businesses are prioritized?

Katase: As Ms. Haga mentioned, I believe everything is based on enhancing the respective strengths of the Eight Spears. The Company is seeking to achieve sustainable growth of the Eight Spears through a combination of organic growth and M&A. I feel that the Company's strength lies in its know-how of making one plus one equal more than two by successfully integrating new ideas and technologies and outstanding human resources from outside throughout the whole company through M&A. The corporate culture of sharing clear goals and working on them together under the leadership of the CEO serves as the foundation for that. I believe that if the Company is able to keep that up, it will continue to grow as a very unique

company. Japanese companies will inevitably continue to be reorganized and integrated, but I think one of the Company's biggest strengths is that it is able to enhance its business portfolio while successfully integrating management resources obtained through M&A.

—What things need to be addressed when it comes to "creating the high quality precision products that support society"?

Katase: Currently, the automotive industry and other industries that use semiconductors are being heavily impacted by the semiconductor shortage. In addition, the importance of risk management, including within the supply chain, is now universally recognized based on the concept of international "supply chain resiliency,"\* and both governments and private companies have launched initiatives in that regard. As customer requirements for stable supply become increasingly strict, it is very important for management to continually look into whether the Company's response is sufficient and whether a satisfactory system is in place, and to take action as appropriate.

\* Supply chain resiliency: Addressing risks in the supply chain (minimizing the impact of adverse events and ensuring robustness for improving business continuity)

Yoshida: I think it's important that the Company's executives properly recognize the strategy and direction and work on specific initiatives. For example, when expanding our business domain, we will promote expansion into neighboring domains where we can utilize our strengths or domains in which we can generate synergy. In addition, to promote "INTEGRATION," it is important to engage in efforts that go beyond the business unit level, so it is essential that we build a system to make it possible through improving the capabilities of upper management and promoting exchanges between organizations.

Under the strong leadership of the CEO, we will promote the strategy and maximize product value that were mentioned earlier through efficient management by means of a matrix organizational structure that integrates both vertical and horizontal workflows.

■ What are your thoughts on the material issue of "maximizing the power of employees"?

Yoshida: Enhancement of human capital is essential if we are to properly respond to the two material issues we have discussed. For example, when it comes to positions that require a wide range of advanced expertise in things such as AI and DX, we recruit external human resources in addition to internal promotions. We set up operations in the United States and Singapore in 1972 and later expanded into Southeast Asia, so we have a high percentage of overseas employees. Because of our global operations, we have taken up diversity as a management issue. Going forward, we will further enhance these efforts in response to the growing importance of strengthening human resources, while taking into account our management policies and customer needs.

—Ms. Matsumura, what are your thoughts on the sense of unity in global business development?

Matsumura: I believe that sharing a common awareness based on the corporate philosophy is important when it comes to uniting all employees to improve corporate value in global business development. At each of the locations in

Southeast Asia that I visited, I got a strong sense that the Company's corporate philosophy and company credo had been instilled in each of the local staff, leading to higher motivation among overseas employees.

I also feel that the shared sense of pride for the Company helps foster a sense of unity within the Group. At the same time, I feel that having Japanese employees trained to be global resources playing active roles at each location around the world is another strength of the Company. The Company's global human resources are regarded as ones that are passionate and curious, capable of independent thought, familiar with the basics of manufacturing, possess a global perspective, and act based on a spirit of challenge. By providing employees with opportunities to work around the world after receiving thorough training, I feel that the Company is gradually developing global human resources that are highly capable. I am also very happy to see that the number of women playing an active role is increasing overseas.

Up to now, I have been involved in international economics research, so I look at the Group's management from a global perspective. In my visits to Southeast Asia, my impression was that INTEGRATION was going very well between the Japanese expatriates and the local staff. I will continue to provide advice on matters such as global human resources development.

—What sense do you have of progress on diversity and inclusion efforts?

Matsumura: A project was launched last September to promote women's advancement, and in December, the Company held an online seminar on diversity. The purpose of the seminar was to foster awareness and a culture of promoting the active participation of women. In my lecture, I focused on the benefits brought about by diversity or, in other words, the positive effects of activating INTEGRATION capabilities of human resources and measures to realize activation of INTEGRATION capabilities. There were various reactions from both male and female employees, and I got a strong sense of progress. Project activities are moving forward favorably, and I believe one of the effects is the Company receiving the highest level of "Eruboshi" certification. Obtaining this certification will not only increase the social reputation of the Company but will also make for a selling point to stakeholders. I believe it will also have a very positive effect on hiring activities.

Nevertheless, obtaining the highest level of "Eruboshi" certification is only a check point along the way to further improvement. For example, the percentage of women in management positions at the Company in Japan is lower than the industry average. First, I think it is important to make an effort to increase the percentage of women hired and to expand the opportunities for women to play active roles, including by enhancing the training system for women. Through the activities that have been carried out up to this point, I feel that there are many female employees at the Company who have a strong desire to contribute to its growth.

At the same time, there are a certain number of female employees who are struggling to balance their work with child rearing. A network has been put in place to allow

employees facing these same difficulties to share opinions amongst themselves, and it is functioning effectively. I think it's also important to create an efficient system that will allow employees to continue to take advantage of networks such as this.

In addition to promoting women's advancement, I think it is vital that the Company aim to create workplaces that are comfortable for all employees so that all employees, regardless of gender, nationality, or other personal characteristics, can reach their maximum potential. I believe that improving diversity will also have a positive effect on business ideas and establishment of corporate strategies. As such, it is necessary to work on solving various problems faced by employees in each position, and the challenge will be coming up with a detailed response for creating a better working environment.

—Ms. Haga, what things do you think need to be addressed when it comes to "maximizing the power of employees"?

Haga: One of the distinctive characteristics of the Company is that it employs around 100,000 people, 90% of which are overseas employees. This size is a strength, but at the same time, when a company gets this big, some things can get overlooked by its headquarters, creating concern over compliance risks. I feel that it is necessary to conduct a survey on motivation at each workplace so that headquarters can properly track what's going on at the work sites. There are cases where risks become manifest when motivation drops, so compliance-related risks can be avoided by regularly checking for changes in motivation at each workplace. This will also confirm whether or not employees are reaching their maximum potential at each workplace.

I also think the Company needs to prepare an environment conducive to the younger generation being able to reach their potential and look into ways to reflect it in the business. It will also be important to utilize ideas from the younger generation in the innovation that Mr. Katase talked about.

Yoshida: We've launched a project for conducting a comprehensive review of the personnel system, and the CEO is participating.

By creating opportunities for everyone to play an active role, regardless of age, gender, or nationality and reviewing things such as medium- to long-term training and screening, we will establish an environment in which employees can reach their full potential. We will then tie this into sustainable growth.

—MinebeaMitsumi's Outside Directors leverage their specialized knowledge and high-level experience as they closely monitor efforts to address material issues, comparing them against outside values and global trends. In addition, by actively providing advice for management and supervising the execution of duties, they support solutions for the Company's material issues and work on ensuring sustainable growth and improving corporate value over the medium to long term.



Director,  
Senior Managing  
Executive Officer  
Katsuhiko  
Yoshida

# Corporate Governance

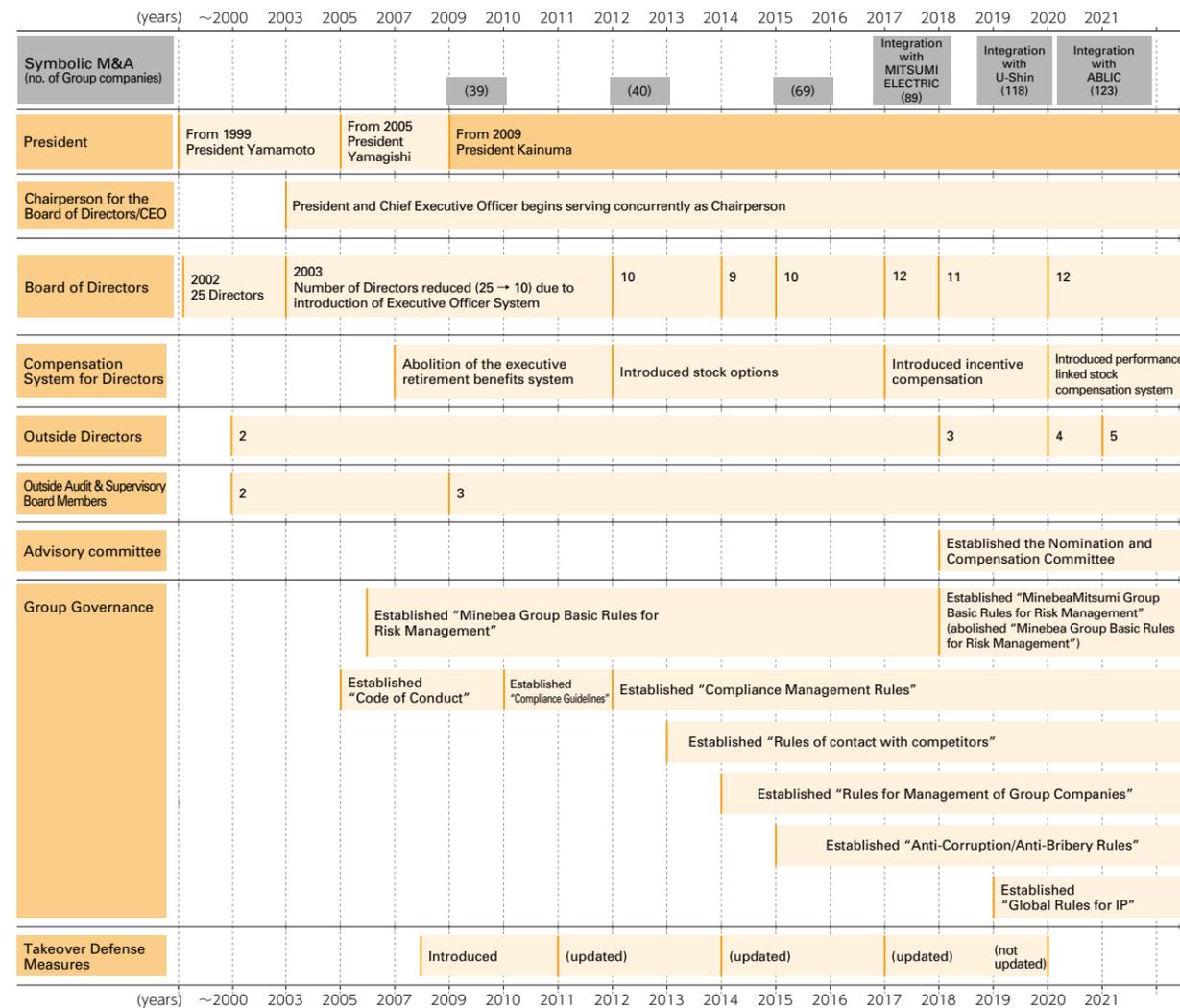
We are continuing to enhance and reinforce the corporate governance, which will be the basis of sustainable growth

## 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. In order to achieve this, MinebeaMitsumi is taking efforts to enhance our corporate governance system by maintaining transparency and objectivity of management as well as building management and supervisory function and business executing function.

## History of corporate governance



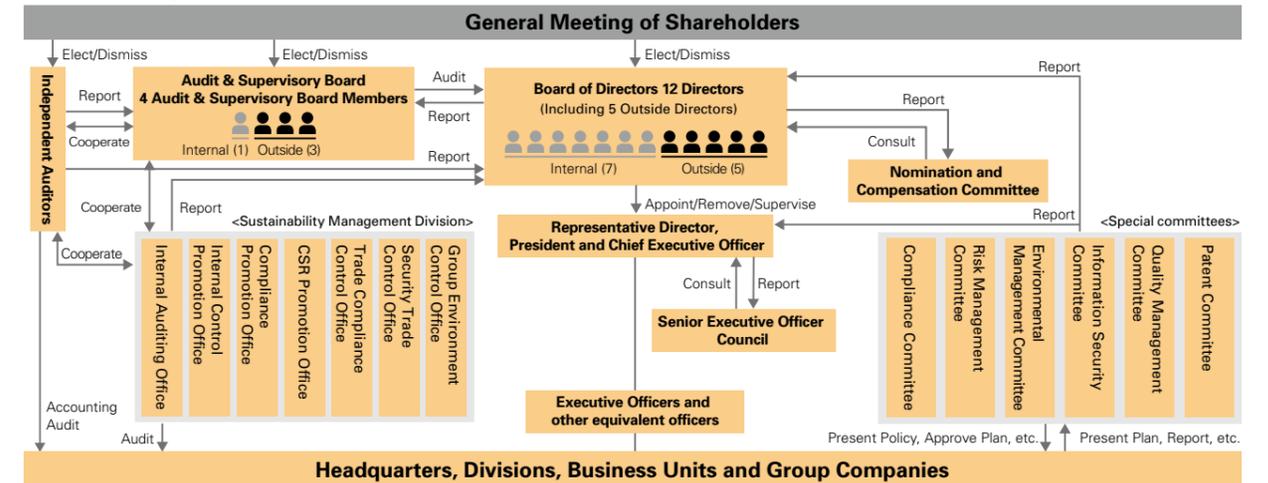
## Highlights of corporate governance

**Publish skills matrix of all Directors and Audit & Supervisory Board Members**

**Increase percentage of Outside Directors**  
(+1; 5 out of 12 Directors)

**Third party evaluation on the Board of Directors**

## Corporate governance system



## Status of the Board of Directors

In order to place importance on the diversity of the Board of Directors and realize improved sustainable corporate value, the Nomination and Compensation Committee will recommend candidates who possess the required knowledge, experience, skill set, and international competence to the Board of Directors. The candidates will be approved by the Board of Directors and then submitted to the General Meeting of Shareholders for final approval. In order to boost the transparency and objectivity of

management, supervise business execution, and make highly strategic decisions, five of the 12 Directors are independent Outside Directors. Furthermore, the Company makes significant transfer of the authority from Directors to Executive Officers and other equivalent officers by introducing an Executive Officer System to facilitate a clear distinction between supervisory functions and executing functions of management, and to speed up the business execution.

## 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 is an important tool to check whether the Board of Directors as a whole is 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 to improve effectiveness. In fiscal 2020, a third party conducted a questionnaire for evaluating the effectiveness of the Board of Directors. Regarding the analysis and evaluation by a third party,

an opinion was received, which stated, "Due to the results of the questionnaire, we do not have any significant concerns regarding the effectiveness of the Board of Directors of the Company." As a result of a free discussion that took place between Directors and Audit & Supervisory Board Members at the Board of Directors meeting in June 2021 based on this, the Board of Directors evaluated as "The Board of Directors in fiscal 2020 functioned appropriately overall," and discussed initiatives in the current fiscal year for ensuring the effectiveness of the Board of Directors.

### Initiatives carried out this fiscal year

The Company decided to regularly hold discussions in the Board of Directors meetings to more proactively discuss "initiatives to promote sustainability" and further deepen initiatives for sustainability issues, primarily the green transformation (GX) in the Company.

Message from Chairman of the Nomination and Compensation Committee (Kohshi Murakami, Outside Director)



Outside Director  
Kohshi Murakami

The Nomination and Compensation Committee of the Company was established in December 2018 as a voluntary advisory body that complements the function of the Board of Directors. In order to strengthen its management supervisory functions, this committee has an independent Outside Director as Chairman, and independent Outside Directors comprising at least half of its members. Being independent from the Board of Directors, this committee strives to maintain objectivity and accountability to stakeholders on matters related to the nomination and remuneration to Directors. As the Corporate Governance Code was revised in June 2021, the committee is taking further efforts to enhance corporate governance. I will continue to serve as Chairman of the Nomination and Compensation Committee, recognizing that the committee is the main foundational support of the governance of the Company.

Status of main activities of Nomination and Compensation Committee (fiscal year ended March 2021)

In terms of nomination of Directors, the committee considered proposals for candidates for Director (new election and reappointments). Following interviews with the candidates for Director, the committee deliberated their eligibility as Directors of the Company and recommended their conclusions to the Board of Directors. The committee also considered the succession plan for CEO, etc. and started discussion on the ideal successor, the means of selecting candidates for successor, and their development plan.

It is extremely important to identify the ideal successor for CEO who is capable of driving the growth of the Company. Therefore, it has been decided to continue discussing this

matter within the committee.

In terms of remuneration to Directors, the committee conducted interviews with Directors, deliberated the appropriateness of remuneration to individual Directors, and recommended their conclusions to the Board of Directors. To motivate Directors toward ESG initiatives, the committee recommended to and received approval from the Board of Directors to newly add ESG initiatives as part of the qualitative evaluation of individual Directors. The committee also discussed the policy for determining remuneration to individual Directors in line with the revised Companies Act, as well as the level of remuneration to Directors.

Skills matrix of Directors and Audit & Supervisory Board Members

Name	Position	Expertise and background especially expected										
		Corporate management	M&A	Global	Manufacturing	Sales	Technological development	Environment and social	Legal affairs	Finance and accounting	Tax affairs	Government agencies
Yoshihisa Kainuma	Representative Director, Chairman & President (CEO & COO)	○	○	○	○	○				○		○
Shigeru Moribe	Representative Director, Vice Chairman	○		○		○						
Ryozo Iwaya	Director, Vice President Executive Officer	○		○	○	○						
Shigeru None	Director, Senior Managing Executive Officer	○		○		○						
Michiya Kagami	Director, Senior Managing Executive Officer	○		○			○					
Katsuhiko Yoshida	Director, Senior Managing Executive Officer	○	○	○						○		
Hiroshi Aso	Director, Managing Executive Officer	○			○		○					
Kohshi Murakami	Outside Director								○		○	
Atsuko Matsumura	Outside Director			○					○			
Yuko Haga	Outside Director	○	○	○								
Hirofumi Katase	Outside Director	○		○					○			○
Takashi Matsuoka	Outside Director	○							○			
Naoyuki Kimura	Standing Audit & Supervisory Board Member			○								
Koichi Yoshino	Standing Outside Audit & Supervisory Board Member	○	○	○						○		
Shinichiro Shibasaki	Outside Audit & Supervisory Board Member								○			
Makoto Hoshino	Outside Audit & Supervisory Board Member									○	○	

The skills matrix is used not only for considering officer candidates, but also maintaining a skill balance in the overall Board of Directors.

Remuneration to Directors and Audit & Supervisory Board Members

In order to enhance the transparency and objectivity of processes for determining the remuneration of Directors, the Company has established the voluntary Nomination and Compensation Committee, which has an independent Outside Director as Chairman, and independent Outside Directors comprising at least half of its members. The remuneration to individual Directors is determined by a resolution of the Board of Directors after deliberation and recommendation thereto by the Nomination and

Compensation Committee, based on the following remuneration composition and calculation methods and within the maximum amount authorized by the General Meeting of Shareholders. The objectivity and transparency of the process of determining remuneration is maintained by the Nomination and Compensation Committee deliberating remuneration to individual Directors and recommending this to the Board of Directors.

<Basic remuneration>

Basic remuneration comprises job responsibility remuneration according to the Directors' individual positions and performance remuneration revised each fiscal year in consideration of individual performance, the performance of the Company and other factors, and is determined in a reasonable amount. As for remuneration of Outside Directors, the basic remuneration is determined by taking into consideration expected roles played by each Outside Director, etc.

<Performance-linked monetary compensation>

**Bonuses for Directors** are implemented to motivate Directors to increase corporate value, represented by stock prices, while emphasizing the final result of each fiscal year in the form of profit for the year.

Results indicators: Consolidated results (mainly the profit for the year), stock price levels, etc.

Results: Consolidated profit for the year of 38.7 billion yen, consolidated net sales growth rate of +1%, consolidated operating income of 51.1 billion yen, the Company's stock price performance of +14% compared to the Nikkei stock average.

Calculation method: Payment amount is calculated based on the bonus calculation table separately established depending on results. Furthermore, the bonus calculation table reflects the results, responsibilities, and outcomes based on the positions of each Internal Director.

<Performance-linked stock compensation (non-monetary compensation)>

**The stock compensation system** is introduced to enhance an awareness among the Company's Directors of contributing to improving corporate earnings over the medium and long term and growing corporate value by having them share with shareholders the same benefits and risks associated with share price fluctuations. The Company pays cash through a trust to acquire the Company's shares, and points are conferred to the Company's Directors according to the level of contribution to business performance, etc.

Performance indicator: Consolidated profit for the year

Results: Consolidated profit for the year of 38.7 billion yen

Calculation method: Calculated by combining quantitative and qualitative evaluation based on the point calculation table established in "Share Grant Regulations." The state of ESG initiatives have been partially incorporated into qualitative evaluations in order to increase sustainable corporate value. The number of points to be conferred in accordance with each Director's level of contribution to business performance, etc. is determined. They will be granted the number of the Company's shares equivalent to their total points at the time of their retirement.

Points conferred: Points conferred to eight Internal Directors as compensation in the fiscal year ended March 2021 totaled 8,192 points (equivalent to 8,192 of the Company's shares).

**Incentive remuneration** is introduced to motivate Directors to increase the Company's performance and corporate value by achieving the Midterm Business Plan.

Results indicators: Consolidated net sales, consolidated operating income, and market capitalization of the Company

Results: Consolidated net sales of 988.4 billion yen, consolidated operating income of 51.1 billion yen, market capitalization at the end of the fiscal year of 1,208.2 billion yen.

Calculation method: Payment amount is calculated based on the incentive remuneration calculation table separately established depending on results. Furthermore, the calculation table reflects the results, responsibilities, and outcomes based on the positions of Internal Directors.

Note that this incentive remuneration came to an end with the remuneration linked to the results of fiscal year ended March 2021.

Actual remuneration to Directors and Audit & Supervisory Board Members (fiscal year ended March 2021)

Categories	Number of payees	Amount of remuneration (millions of yen)			
		Basic remuneration	Performance-linked monetary compensation	Performance-linked stock compensation	Total
Directors (Outside Directors)	13 (4)	314 (42)	388 (Not applicable)	16 (Not applicable)	719 (42)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	4 (3)	48 (33)	Not applicable (Not applicable)	Not applicable (Not applicable)	48 (33)
Total	17	363	388	16	768

The above table includes amounts paid to Mr. Shuji Uehara, who retired from the position as Director at the conclusion of the 74th Ordinary General Meeting of Shareholders held on June 26, 2020.

List of Officers (As of August 2021)

Directors



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

Representative Director,  
Chairman & President (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, Chairman & President (CEO & COO) (Present)
- Dec. 2018 Member of the Nomination and Compensation Committee (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  
**Ryozo 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
- Jun. 2015 Director (Present), Senior Managing Executive Officer
- Jan. 2017 Chief of MITSUMI Business Headquarters of the Company (Present), Representative Director, Vice President and Chief Executive Officer, MITSUMI ELECTRIC CO., LTD.
- Apr. 2017 Representative Director, President and Chief Executive Officer, MITSUMI ELECTRIC CO., LTD. (Present)
- Jun. 2017 Chief of Electronic Device & Component Manufacturing Headquarters
- 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)
- Apr. 2021 Chief of Electronic Device & Component Business Headquarters (Present)

Reason for appointment

Mr. Ryozo 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 Business Headquarters, MITSUMI Business Headquarters, and U-Shin Business 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 oversees the entire sales division 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)
- May 2018 Senior Managing Executive Officer (Present)
- Apr. 2021 Head of Engineering Development Division at Electronic Device & Component Business Headquarters (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.



Attendance at the Board of Directors Meeting  
**100% (10/10)**

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

- Apr. 1984 Joined the Company
- 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
- 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 (Present)
- Apr. 2020 Director, ABLIC Inc. (Present)
- Jun. 2020 Director, Chief of Tokyo Head Office (Present), Officer in charge of Sustainability Management Division
- Director, Vice President Executive Officer, MITSUMI ELECTRIC CO., LTD. (Present)
- Director, U-Shin Ltd. (Present)
- Apr. 2021 Head of Business Administration and Corporate Planning Division, Head of Sustainability Management Division (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 oversees the entire administration division, including corporate planning and investor relations, as Director, Chief of Tokyo Head Office and properly fulfills his role.

Directors



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)
- Apr. 2020 Officer in charge of Semiconductor Division of the Company, Director, ABLIC Inc. (Present)
- Aug. 2020 Chief of INTEGRATION Promotion Headquarters of the Company (Present)
- Apr. 2021 Head of Semiconductor Division (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, Head of Semiconductor Division, and Chief of INTEGRATION Promotion Headquarters.

Independent Outside Directors



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
- Jun. 2016 Outside Director, RENESAS EASTON Co., Ltd. (currently Glosel Co., Ltd.) (Present)
- Jun. 2018 Outside Director of the Company (Present)
- Dec. 2018 Member of the Nomination and Compensation Committee (Present)

Reason for appointment

Ms. Atsuko Matsumura has expertise in international economics as well as broad knowledge and experience. She was appointed to provide supervision and advice that utilizes her knowledge and experience.

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
- Jun. 2008 Outside Director of the Company (Present)
- Apr. 2010 Professor, Juris Doctor Program, Daito Bunka University
- Dec. 2018 Chairman of the Nomination and Compensation Committee (Present)

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 to provide supervision and advice that utilizes his insight and experience.



Attendance at the Board of Directors Meeting  
**100% (10/10)**

Outside Director  
**Yuko Haga**

- 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)
- Member of the Nomination and Compensation Committee (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 to provide supervision and advice that utilizes her knowledge and experience.



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

Outside Director  
**Hirofumi Katase**  
(Assumed the office on June 29, 2021)

- Apr. 1982 Joined Ministry of International Trade and Industry
- Oct. 2000 Director, Economic Policy Unit, Minister's Secretariat, Ministry of International Trade and Industry
- Jul. 2002 Director, Petroleum and Natural Gas Division, Agency for Natural Resources and Energy
- Jul. 2006 Director, Aerospace and Defense Industry Division, Manufacturing Industries Bureau, Ministry of Economy, Trade and Industry
- Aug. 2008 Director for International Industry Research, Minister's Secretariat, Trade Policy Bureau, Ministry of Economy, Trade and Industry
- Jul. 2009 Deputy Director-General for Trade and Economic Cooperation Bureau and International Exhibitions, Minister's Secretariat, Ministry of Economy, Trade and Industry
- Jul. 2010 Deputy Director-General, Secretariat of the Space Development Strategy Headquarters, Councillor, Cabinet Secretariat
- Jul. 2012 Deputy Director-General for International Trade Policy, Minister's Secretariat, Ministry of Economy, Trade and Industry
- Jun. 2013 Director-General, Industrial Science and Technology Policy and Environment Bureau, Ministry of Economy, Trade and Industry
- Jul. 2015 Director-General, Trade Policy Bureau, Ministry of Economy, Trade and Industry
- Jun. 2016 Vice-Minister for International Affairs
- Jul. 2017 Special Advisor to the Ministry of Economy, Trade and Industry
- Dec. 2017 Executive Vice Chairman & Director, I-Pulse Inc. (Present)
- Jun. 2021 Outside Director of the Company (Present)

Reason for appointment

Mr. Hirofumi Katase has expertise in economy, industry, technological development, international trading, energy, environment, space development, etc. as well as broad knowledge and experience nurtured through holding important posts in the government agencies. He was appointed to provide supervision and advice that utilizes his knowledge and experience.



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 to provide supervision and advice that utilizes his insight and experience.

**Audit & Supervisory Board Member**



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

Attendance at the Audit & Supervisory Board Meeting  
**100%(16/16)**

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 (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 is appointed so that his abundant experience and accumulated knowledge will 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%(16/16)**

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)  
Apr. 2015 Visiting Professor, Tokai University School of Medicine (Present)  
Dec. 2018 Member of the Nomination and Compensation Committee of the Company (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.

**Independent Outside Audit & Supervisory Board Members**



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

Attendance at the Audit & Supervisory Board Meeting  
**100%(16/16)**

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.



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

Attendance at the Audit & Supervisory Board Meeting  
**100%(16/16)**

Outside Audit & Supervisory Board Member  
**Makoto Hoshino**

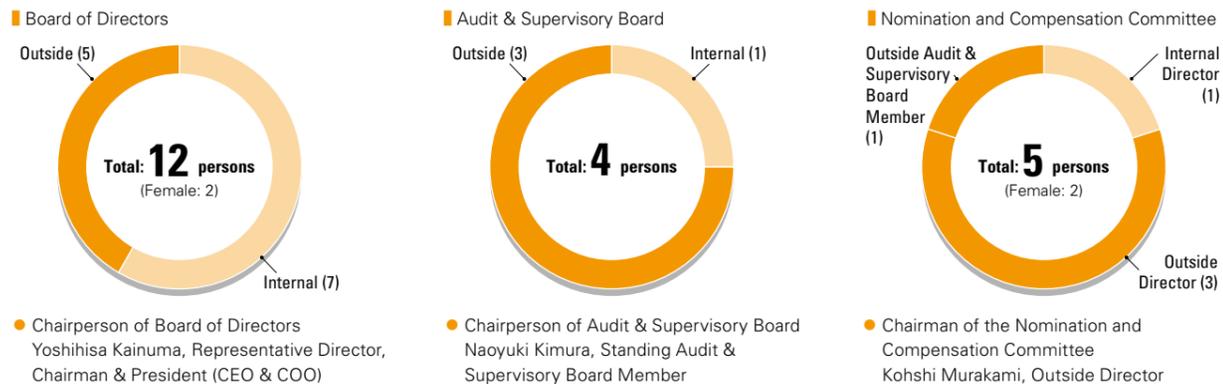
Apr. 1980 Joined Kantoshinetsu Regional Taxation Bureau  
Jul. 2006 Chief Examiner, Large Enterprise Examination and Criminal Investigation Department, Kantoshinetsu Regional Taxation Bureau  
Jul. 2007 Special Officer, Management and Co-ordination Department, Kantoshinetsu Regional Taxation Bureau  
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, Representative of 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.

**Overview of organizational bodies (As of June 29, 2021)**

**Organization form: Company with Audit & Supervisory Board**  
(established the voluntary Nomination and Compensation Committee)



**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 Group 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, the administrative body for the Compliance Committee, implements 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 ended 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 are prepared for various risks based on 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 Rules 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 and 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 components 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 Thailand, which has the MinebeaMitsumi Group's core plants, we acquired the international standard ISO22301 for our business continuity management system (BCMS) at the Bang Pa-in Plant, Lop Buri Plant, Rojana Plant and Navanakorn Plant, followed by the Ayutthaya Plant and Ban Wa Plant in April 2021. We are working on activities that further promote business continuity.

In addressing the 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. We are striving to reduce risk by permeating BCP pertaining to infectious disease into production bases that are expanding globally as best practice and strengthening measures.

## 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, 2021.

### External environment

#### 1 Risk related to natural and other disasters

Damages or reduced operations at the operational bases of our Group or its suppliers arising from natural disasters such as typhoons, earthquakes, and floods, fires and other accidents, or the spread of new infectious diseases could impact our operating results and financial position.

In response, the Group tracks risks using the results of hazard maps, risk surveys, etc. related to natural disasters at each base, and implements countermeasures, stockpiling, disaster prevention drills, and other preparations during normal times. Additionally, the headquarters (Risk Management Committee) and each base work closely together to further strengthen the crisis management system.

#### 2 Latent risk related to operations overseas

Our Group has 93 manufacturing facilities and 90 sales facilities in 27 countries, including regions where there are risks of unexpected changes to laws or regulations, large-scale labor disputes, acts of terrorism, war, or other occurrences that could disrupt social order. In response, we have established crisis management manuals for our overseas bases and are working to enhance our preparation for unexpected situations. At the same time, we coordinate closely with the relevant authorities in each country and region and work to ensure the safety of the companies and employees in the event of an emergency. In addition, we are working on gaining recognition as a community-based company not only from the relevant authorities but also from local residents by actively engaging in social contribution activities in each area.

Furthermore, through the development of overseas plants for mass production and our global R&D structure, we have established a risk diversification system that supports revenues via a product mix that is effective against changes in the external environment and global production bases that complement each other.

#### 3 Risk associated with exchange rate fluctuation

Sudden, unpredictable fluctuations in the currencies may impact our operating results and financial position because a significant portion of our consolidated net sales and production occur outside Japan. For that reason, we use hedging, under certain rules, 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.

A sudden decline in demand or price competition with low-priced products manufactured overseas can affect our operating results and financial position. As such, the Group operates in accordance with the management strategies of "Reinforcing Core Businesses,"

"Diversified Niches (the Eight Spears)," and "Generating Synergies through 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 disputes over intellectual property and flooding of the market with counterfeit products

There is a risk that a third party may bring a lawsuit against us in relation to our products for infringement of intellectual property rights. In addition, were counterfeits of our products to be distributed, it could impact our sales and harm our brand or credibility.

In order to reduce the risk of lawsuits related to infringement of intellectual property rights, we research the intellectual property rights of other companies during the development and design stage and address intellectual property rights that could present a problem. Furthermore, we have registered our trademarks with customs and have established a system for monitoring counterfeit products. We also actively acquire intellectual property rights for our newly developed products. The Patent Committee manages and implements the above actions as appropriate.

#### 7 Legal risk

As we engage in a wide range of business activities in Japan and overseas, serious disputes and lawsuits could potentially arise between our Group and its customers, consumers, suppliers, competitors, governments, and others in relation to contract violations, illegal activities, or other matters. We have established Guidelines for Consultations with the Legal Department in order to prevent serious disputes and lawsuits. Important management matters and contracts requiring legal review must be brought to the Legal Division in Japan and overseas beforehand. In addition, in the event of a serious dispute or lawsuit, the Legal Division and legal advisors will play a central role in coordinating with the related internal departments to resolve the dispute/lawsuit appropriately and in a timely manner.

#### 8 Risk related to environmental laws and regulations

Our business is subject to various environmental laws and regulations that are in effect in the regions where we operate. Although we pay due attention to ensuring compliance with all such laws and regulations, we could be subject to losses in the event that an incident involving environmental contamination were to occur or in the event that the possibility of such an incident were to arise.

For this reason, the Group has established an environmental management structure (Environmental Management Committee) under the "MinebeaMitsumi Group Environmental Policy," and appointed a Manager of Environmental Management. The Committee engages in rigorous risk mitigation and other activities designed to proactively prevent environmental pollution.

### Internal environment

#### 1 Risk related to compliance

We engage in a wide range of businesses all around the world and are subject to the laws and regulations that are in effect in each region. As such, there is a possibility of future legal violations, and in addition, changes in laws and regulations, including the interpretation or enforcement thereof, may make compliance more complex and could even incur higher costs related to compliance.

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. To ensure thorough compliance with these, we have established a Compliance Committee and have built a system for verifying that the Group's legal compliance structure is properly managed. On the practical side, the department in charge, as stipulated within the MinebeaMitsumi Group Officer and Employee Compliance Guidelines, is in charge of complying with laws and regulations in operations and the Internal Auditing Office conducts audits. Meanwhile, on the internal control side of things, the Internal Control Promotion Office has primary responsibility for ensuring the reliability of financial reporting. These organizations work to increase the effectiveness of legal compliance throughout the entire Group.

#### 2 Quality risk

Our products are used in applications that require a high degree of precision in the general market and many industrial fields, including products that could affect human health and safety such as automobiles, aircraft, and medical devices. We recognize the social responsibility we bear and have a system in place to ensure our products are of the highest quality. At the same time, we have a mission (expectations) to provide customers with environments, health, peace of mind, and safety by selecting primary materials, parts, and secondary materials and engaging in design and development that takes the application into careful consideration. If any of our products were found to be defective and resulted in a serious accident in the market, the suspension of our customers' manufacturing operations, or a product recall, we could incur significant expenses or lose public confidence, both of which could result in a material adverse effect on our operating results and financial status.

We have implemented the countermeasures below, fully recognizing our social responsibility based on the MinebeaMitsumi Group Quality Policy.

- Thorough action on lessons learned from quality problems (prevention of occurrence and recurrence)
- Investigation and verification in design stage and strengthening of management structure within supply chain

#### 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. However, if the acquired company or alliance partner's business suffers a greater-than-anticipated decline in profitability or deterioration of its financial position due to changes in the business environment, this could impact our operating results and financial position.

- Thorough communication of and compliance with various laws and regulations and customer requirements
- Sharing of information and deployment of measures through company-wide meetings, on-site audits, etc.

#### 3 Risk related to information security

Through the course of our business operations, we obtain large amounts of important information, including personal information. While we maintain information security policies that prevent the undesired disclosure as well as unintended use of information, a security breach could occur due to unforeseen circumstances. Addressing such an incident could incur huge losses and expose us to the risk of losing public confidence.

For this reason, we have put in place a system for verifying that our information security system is operating properly, which includes establishing an Information Security Policy and an Information Security Committee. We also implement information security education and administer tests to ensure comprehension, working to prevent information leaks resulting from loss or theft of devices, carelessness, etc.

In addition to the above, we address problems with security vulnerabilities in the network devices, computers, servers, etc. used in our operations by updating to the latest versions that have been confirmed to be stable. This is done as a measure to prevent suspension of operations and information leaks due to computer viruses, malware, unauthorized access and other cyberattacks or system intrusions. We have also installed anti-virus and anti-malware software and introduced 24/7 information security system that utilizes AI to ensure proper operations.

#### 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. However, in the event that we were unable to bring our R&D efforts to fruition or a competitor were to create a superior product to ours, this could prevent us from achieving future sales and revenue targets, thereby impacting our operating results and financial position.

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

		FY3/2011	FY3/2012	FY3/2013	FY3/2014	FY3/2015	FY3/2016	FY3/2017 <sup>*1</sup>	FY3/2018	FY3/2018	FY3/2019 <sup>*2</sup>	FY3/2020 <sup>*3</sup>	FY3/2021 <sup>*4</sup>
<b>Profit and Loss</b>		JGAAP								IFRS			
Net sales	Millions of yen	269,139	251,358	282,409	371,543	500,676	609,814	638,926	879,139	881,413	884,723	978,445	988,424
Operating income	Millions of yen	22,163	8,599	10,169	32,199	60,101	51,438	49,015	79,162	68,902	72,033	58,647	51,166
Operating margin	%	8.2	3.4	3.6	8.7	12.0	8.4	7.7	9.0	7.8	8.1	6.0	5.2
Profit before income taxes	Millions of yen	18,656	5,551	4,882	26,811	51,773	46,963	48,473	71,230	66,855	71,321	58,089	49,527
Profit before income taxes ratio	%	6.9	2.2	1.7	7.2	10.3	7.7	7.6	8.1	7.6	8.1	5.9	5.0
Profit for the year attributable to owners of the parent	Millions of yen	12,465	5,922	1,804	20,878	39,887	36,386	41,146	59,382	50,326	60,142	45,975	38,759
Profit for the year attributable to owners of the parent ratio	%	4.6	2.4	0.6	5.6	8.0	6.0	6.4	6.8	5.7	6.8	4.7	3.9
<b>Per Share</b>													
Earnings per share, basic	Yen	32.61	15.63	4.83	55.94	106.73	97.26	107.33	141.14	119.61	143.90	111.11	94.95
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	92.87
Dividends per share	Yen	7.00	7.00	7.00	8.00	12.00	20.00	14.00	26.00	26.00	28.00	28.00	36.00
Equity attributable to owners of the parent per share (BPS)	Yen	282.03	288.74	351.65	422.62	604.83	616.43	759.15	872.66	849.15	962.83	965.64	1,109.38
<b>Performance Indicators</b>													
ROE (Profit to equity attributable to owners of the parent ratio)	%	11.6	5.5	1.5	14.4	20.8	15.9	14.9	17.3	14.8	15.9	11.6	9.2
ROA (Profit before income taxes to total assets ratio)	%	4.4	2.0	0.5	5.6	9.2	7.7	7.5	8.8	9.9	9.9	7.2	5.4
ROIC	%	6.4	2.6	2.1	7.9	11.8	10.9	10.4	13.1	10.7	12.4	8.8	6.6
Interest-bearing debt	Millions of yen	133,212	142,543	170,411	148,498	138,461	137,109	164,010	157,414	156,471	162,042	221,712	268,621
Net interest-bearing debt	Millions of yen	103,622	114,213	136,229	109,883	93,134	97,515	70,885	52,520	51,505	21,673	75,175	84,368
Net debt equity ratio	Times	0.9	1.0	1.0	0.7	0.4	0.4	0.2	0.1	0.1	0.1	0.2	0.2
Equity ratio attributable to owners of the parent	%	37.1	35.7	36.2	41.4	46.1	50.2	50.0	51.7	50.6	53.9	45.6	46.2
Cash flows from operating activities	Millions of yen	24,439	20,233	22,990	49,173	59,864	43,582	83,125	96,606	92,201	100,722	86,486	93,763
Cash flows from investing activities	Millions of yen	(28,631)	(29,018)	(37,813)	(24,957)	(35,326)	(44,642)	(46,800)	(59,453)	(54,853)	(54,190)	(43,540)	(70,581)
Cash flows from financing activities	Millions of yen	7,984	4,761	17,409	(25,233)	(19,627)	(4,200)	(17,339)	(27,026)	(27,026)	(13,334)	(28,758)	9,257
Free cash flows	Millions of yen	(4,192)	(8,785)	(14,823)	24,216	24,538	(1,060)	36,325	37,153	37,348	46,532	42,946	23,182
<b>Investments, etc.</b>													
Depreciation and amortization	Millions of yen	20,805	19,588	20,800	23,740	28,775	34,787	28,164	31,596	30,491	36,398	46,245	48,628
CAPEX	Millions of yen	27,335	27,306	43,687	20,679	37,557	43,878	31,847	54,171	50,789	54,199	50,144	45,522
Research and development expenses	Millions of yen	7,895	7,490	7,743	8,561	8,972	9,680	12,347	24,381	24,381	25,453	28,886	32,154
Ratio of R&D expenses to net sales	%	2.9	3.0	2.7	2.3	1.8	1.6	1.9	2.8	2.8	2.9	3.0	3.3
<b>Non-financial Data</b>													
CO <sub>2</sub> emissions	Tons	508,081	505,012	484,288	510,766	543,254	518,013	522,812	756,589	756,589	744,731	805,611	848,360
Environmental accounting	Billions of yen	3.6	3.9	4.1	4.9	5.2	6.2	5.7	5.7	5.7	4.8	5.8	5.5
Investment	Billions of yen	0.3	0.5	0.7	0.8	0.8	1.4	0.9	1.3	1.3	1.1	1.3	1.4
Expense	Billions of yen	3.3	3.4	3.4	4.1	4.4	4.8	4.8	4.4	4.4	3.7	4.5	4.1
Use of water	Thousand m <sup>3</sup>	4,032	3,992	3,986	4,089	4,630	4,525	4,883	7,694	7,694	7,542	8,113	7,820
Number of employees	Persons	53,827	51,406	53,327	54,768	63,967	62,480	78,957	78,351	78,351	77,957	82,617	83,011

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

\*2 From the fiscal year ended March 2019, we have adopted IFRS, and account titles are shown in accordance with IFRS.

\*3 U-Shin was included in the scope of consolidation on April 10, 2019.

\*4 ABLIC was included in the scope of consolidation on April 30, 2020.

# Consolidated Financial Statements

## Consolidated Statements of Financial Position

As of March 31, 2021 and 2020

(Millions of yen)

Assets	2020	2021
<b>Current assets</b>		
Cash and cash equivalents	130,746	165,479
Trade and other receivables	182,890	203,614
Inventories	169,803	171,368
Other financial assets	18,057	19,970
Other current assets	14,375	14,844
<b>Total current assets</b>	<b>515,871</b>	<b>575,275</b>
<b>Non-current assets</b>		
Property, plant, and equipment	275,064	293,079
Goodwill	18,626	41,439
Intangible assets	13,798	18,666
Other financial assets	18,896	23,506
Deferred tax assets	18,008	16,892
Other non-current assets	4,218	7,914
<b>Total non-current assets</b>	<b>348,610</b>	<b>401,496</b>
<b>Total assets</b>	<b>864,481</b>	<b>976,771</b>

(Millions of yen)

Liabilities	2020	2021
<b>Current liabilities</b>		
Trade and other payables	143,964	142,673
Bonds and borrowings	95,268	137,141
Other financial liabilities	6,984	8,798
Income taxes payable	2,905	6,689
Provisions	4,353	4,445
Other current liabilities	42,209	46,026
<b>Total current liabilities</b>	<b>295,683</b>	<b>345,772</b>
<b>Non-current liabilities</b>		
Bonds and borrowings	126,444	131,480
Other financial liabilities	13,639	14,408
Net defined benefit liabilities	22,482	23,122
Provisions	579	4,518
Deferred tax liabilities	1,702	1,603
Other non-current liabilities	1,676	1,870
<b>Total non-current liabilities</b>	<b>166,522</b>	<b>177,001</b>
<b>Total liabilities</b>	<b>462,205</b>	<b>522,773</b>
<b>Equity</b>		
Common stock	68,259	68,259
Capital surplus	134,707	139,456
Treasury stock	(34,455)	(39,166)
Retained earnings	234,667	265,417
Other components of equity	(8,806)	17,175
<b>Total equity attributable to owners of the parent</b>	<b>394,372</b>	<b>451,141</b>
Non-controlling interests	7,904	2,857
<b>Total equity</b>	<b>402,276</b>	<b>453,998</b>
<b>Total liabilities and equity</b>	<b>864,481</b>	<b>976,771</b>

## Consolidated Financial Statements

### Consolidated Statements of Income

Fiscal years ended March 31, 2021 and 2020

(Millions of yen)

	2020	2021
<b>Net sales</b>	978,445	988,424
<b>Cost of sales</b>	811,859	820,832
<b>Gross profit</b>	166,586	167,592
Selling, general and administrative expenses	107,647	107,785
Other income	3,969	5,689
Other expenses	4,261	14,330
<b>Operating income</b>	58,647	51,166
Finance income	1,822	1,482
Finance expenses	2,380	3,121
<b>Profit before income taxes</b>	58,089	49,527
Income taxes	11,166	10,740
<b>Profit for the year</b>	46,923	38,787
<b>Profit (loss) for the year attributable to:</b>		
Owners of the parent	45,975	38,759
Non-controlling interests	948	28
<b>Profit for the year</b>	46,923	38,787
<b>Earnings per share (EPS)</b>		
Basic (Yen)	111.11	94.95
Diluted (Yen)	108.68	92.87

## Consolidated Statements of Cash Flows

Fiscal years ended March 31, 2021 and 2020

(Millions of yen)

	2020	2021
<b>Cash flows from operating activities:</b>		
Profit before income taxes	58,089	49,527
Depreciation and amortization	46,245	48,628
Interest income and dividends income	(1,681)	(1,225)
Interest expenses	1,484	1,614
Loss (gain) on sale and disposal of property, plant and equipment	(988)	(102)
Decrease (increase) in trade and other receivables	(3,968)	(11,877)
Decrease (increase) in inventories	(16,612)	13,121
Increase (decrease) in trade and other payables	8,731	(10,993)
Other	8,502	14,469
Subtotal	99,802	103,162
Interest received	1,297	888
Dividends received	368	345
Interest paid	(1,389)	(1,544)
Income taxes paid	(13,592)	(9,088)
Net cash flows provided by operating activities	86,486	93,763
<b>Cash flows from investing activities:</b>		
Decrease (increase) in time deposits	1,262	(1,287)
Purchase of property, plant and equipment	(47,295)	(44,195)
Proceeds from sales of property, plant and equipment	5,938	1,373
Purchase of intangible assets	(1,072)	(1,308)
Purchase of securities	(1,764)	(1,581)
Proceeds from sale and redemption of securities	1,740	1,412
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)	(24,160)
Other	(574)	(835)
Net cash flows used in investing activities	(43,540)	(70,581)
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term borrowings	(9,829)	40,297
Proceeds from long-term borrowings	50,850	—
Repayments of long-term borrowings	(32,176)	(5,340)
Repayments of bonds	(100)	—
Acquisition of non-controlling interests	(7,693)	(5,377)
Proceeds from disposal of treasury stock	—	240
Purchase of treasury stock	(15,059)	(4,941)
Dividends paid	(11,624)	(11,435)
Dividends paid to non-controlling interests	(22)	(43)
Repayments of lease liabilities	(3,105)	(4,144)
Net cash flows used in financing activities	(28,758)	9,257
Effect of exchange rate changes on cash and cash equivalents	(5,874)	2,294
Increase (decrease) in cash and cash equivalents	8,314	34,733
Cash and cash equivalents at beginning of year	122,432	130,746
Cash and cash equivalents at end of year	130,746	165,479

# Corporate Data

## Corporate Information (As of August 2021)

### Tokyo Head Office

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, 2021)

### Common Stock

Authorized: 1,000,000,000 shares  
Issued: 427,080,606 shares  
Capital: ¥68,259 million  
Shares per unit: 100

### Common Stock Listings

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

Regarding the Nagoya Stock Exchange (first section), the Company submitted a request for delisting on May 10, 2021, and was delisted on June 25, 2021.

### 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 shares outstanding (%)	Number of shares held (Hundreds of shares)	Percentage of shares outstanding (%)
Japanese financial institutions	96	0.4	1,874,344	43.9
Overseas institutions	657	2.7	1,566,743	36.7
Other Japanese corporations	283	1.2	313,889	7.3
Individuals and others	18,231	75.2	510,954	12.0
Subtotal	19,267	79.5	4,265,930	99.9
Others	4,973	20.5	207,572	0.1
Total	24,240	100.0	4,266,137	100.0

### Top Ten Major Shareholders

	Number of shares (Thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	45,682	11.23
Custody Bank of Japan, Ltd. (Trust account)	23,011	5.66
Takahashi Industrial and Economic Research Foundation	15,447	3.80
Sumitomo Mitsui Trust Bank, Limited	15,413	3.79
Custody Bank of Japan, Ltd. (Trust account 4)	13,954	3.43
SSBTC CLIENT OMNIBUS ACCOUNT	10,873	2.67
Sumitomo Mitsui Banking Corporation	10,223	2.51
MUFG Bank, Ltd.	10,181	2.50
KEIAISHA Co., Ltd.	10,100	2.48
STATE STREET BANK CLIENT OMNIBUS OM04	9,065	2.23

Notes: 1. The Company holds 20,295,503 shares of treasury stock, and is excluded from the major shareholders list above.  
2. Shareholding ratio is calculated exclusive of treasury stock. The number of shares and shareholding ratio are rounded down to the nearest unit of presentation.

### Stock Prices on the Tokyo Stock Exchange



## Status of MinebeaMitsumi as a constituent of certain indexes (As of August 2021)

### 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. 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.

**2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)**

\* 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.

## 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/csr/>

**Corporate governance information** — <https://www.minebeamitsumi.com/english/corp/company/aboutus/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 122 group companies  
**Period covered by this report** — Fiscal year ended March 2021 (April 1, 2020–March 31, 2021). However, this includes some activities before this period and from fiscal year ending March 2022.

**Publishing information** — Published September 2021 (next edition planned for September 2022)

### 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)  
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: "OCDESS" is a pending trademark in Japan of MinebeaMitsumi Inc. "Electro Mechanics Solutions" is a registered trademark in Japan of MinebeaMitsumi Inc. Its registration No. is 5322479.