The following is an English translation of the Notice of the 74th Ordinary General Meeting of Shareholders of MinebeaMitsumi Inc., to be held on June 26, 2020.
The Company provides this translation for your reference and convenience only and without any guarantee as to its accuracy or otherwise.

Securities Code 6479

June 2, 2020

To the Shareholders

4106-73, Oaza Miyota, Miyota-machi,
Kitasaku-gun, Nagano Prefecture

MINEBEA MITSUMI Inc.
Yoshihisa Kainuma
Representative Director

Notice of the 74th Ordinary General Meeting of Shareholders

We express our sincere sympathy to those affected by the novel coronavirus disease (COVID-19) and those related to them, as well as to those who have faced severe circumstances by the spread of the disease, and hope for a speedy recovery.

The 74th Ordinary General Meeting of Shareholders of MinebeaMitsumi Inc. (the "Company") (hereinafter the "Meeting") will be held as indicated below.

After careful consideration under concern about the spread of COVID-19, the Company has decided to hold this General Meeting of Shareholders while taking appropriate measures to counter the spread of infection.
To maximally prioritize providing shareholders' health and safety, the Company strongly advises that shareholders do their utmost to exercise voting rights in advance in writing (by mail) or via the Internet for this General Meeting of Shareholders, and refrain from attending on the day of the General Meeting of Shareholders regardless of the status of your health as an individual, in order to prevent the spread of infection.
In that event, please examine the contents of the reference documents attached herein and vote in accordance with the guidance on voting by 5:30 p.m., Thursday, June 25, 2020.
Shareholders considering to attend this General Meeting of Shareholders in person are requested to check the situation regarding the spread of infections on the date of the meeting and carefully take note of your own health condition. Please maximally take measures to protect yourself from infection, such as wearing a face mask, when you attend.

If future developments such as a situation of the spread of COVID-19 up to the date of the meeting necessitate a major change in the way the General Meeting of Shareholders will be run, shareholders will be informed via the corporate website (https://www.minebeamitsumi.com/).

(Translation)

Particulars of the Meeting

1. Date and Time:

10:00 a.m., Friday, June 26, 2020 (reception starts at 9:00 a.m.)

2. Place:

Convention Hall Asama
Karuizawa Prince Hotel West
Karuizawa, Karuizawa-machi, Kitasaku-gun, Nagano Prefecture

- To prevent the spread of COVID-19, we will take temperature of shareholders near the reception of the venue. Those who are found to have symptoms such as fevers and coughs, and those who appear to be unwell may be refused entry and be asked to leave.
- Note that shareholders will be seated at a sufficient distance from each other at the venue, and we will have significantly fewer chairs than normal. As a result, it is possible that not everyone who comes to the meeting will be able to enter the venue.

3. Purpose:

To report on:

1) The Business Report and the Consolidated Financial Statements for the 74th fiscal year (April 1, 2019 to March 31, 2020), and the Audit Report on the Consolidated Financial Statements by the Independent Auditors and the Audit & Supervisory Board
2) The Non-Consolidated Financial Statements for the 74th fiscal year (April 1, 2019 to March 31, 2020)

To vote on:

First Proposal:

Election of Twelve (12) Directors

Second Proposal:

Determination of Amount and Content of Performance-Linked Stock Compensation, etc. for Directors

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Information on Disclosure on the Internet

1. This notice of the Meeting is also posted on our website.
2. For any revisions to the contents of the reference documents for the Meeting, the business report or the consolidated and non-consolidated financial statements prior to the day before the Meeting, we will notify you of the revisions either by mail or via our website.

MinebeaMitsumi website: (https://www.minebeamitsumi.com/)

(Translation)

Guidance on Exercising Voting Rights

Voting rights at the General Meeting of Shareholders are an important right of shareholders.
The Company strongly requests that shareholders exercise their voting rights in advance in writing (by mail) or via the Internet to the best of their ability and refrain from attending on the day of the General Meeting of Shareholders.

Exercise of your voting rights by attending the Ordinary General Meeting of Shareholders	**Exercise of your voting rights in writing (by sending the voting card by mail)**	**Exercising Voting Rights via the Internet**
Please refrain from attendance this year, if at all possible. Upon attendance, you need to bring the enclosed voting card.	Please indicate your vote for or against each proposal on the enclosed voting card and post it to the Company.	Please vote for or against each proposal in accordance with the guidance on the next page.
Date and time of the General Meeting of Shareholders	Exercise due date	Exercise due date
10:00 a.m., Friday, June 26, 2020	To be received no later than 5:30 p.m. on Thursday, June 25, 2020	To be input no later than 5:30 p.m. on Thursday, June 25, 2020

(Translation)

Guidance on Exercising Voting Rights via the Internet

How to scan QR Code "Smart voting"	How to enter the voting code and password

How to scan QR Code "Smart voting"

You can log in to the voting rights exercise site without entering your code and password.

1. Scan the QR Code printed on the right side of voting card (front).
   * QR Code is a registered trademark of DENSO WAVE INCORPORATED.
2. Then follow the guidance on the screen and vote for or against each proposal.

> "Smart voting" can only be used once to exercise your voting rights.
>
> In the event that you wish to modify the details of your vote after exercising your voting rights, please access the PC version of the website, enter the voting code printed on the voting card (back) together with your password, log in, and exercise your voting rights once again.
>
> * If the QR Code is read a second time, you will be transferred to the PC version of the website.

How to enter the voting code and password

Voting Rights Exercise Site:
https://www.web54.net

1. Please access the Voting Rights Exercise Site and click "次へすすむ (Next)."
2. Enter the voting code printed on voting card (back) and click "ログイン (Log in)."
3. Enter the password printed on the voting card (back).
   Enter "Initial password"
   Set a new password that you will actually use.
   Click "Register"
4. Then follow the guidance on the screen and vote for or against each proposal.

If you have questions about the operation of your PC, smartphone or mobile phone regarding the exercise of voting rights via the Internet, please contact the following:	Stock Transfer Agency Website Support help desk, Sumitomo Mitsui Trust Bank, Limited. Phone: 0120-652-031 (9:00 a.m. to 9:00 p.m., toll free (only within Japan))

To exercise voting rights, institutional investors can use the Internet voting rights exercise platform for institutional investors operated by ICJ, Inc.

(Translation)

Reference Documents for the General Meeting of Shareholders

First Proposal:
Election of Twelve (12) Directors

The terms of office of all eleven (11) Directors will expire at the conclusion of this General Meeting of Shareholders.
Accordingly, it is hereby proposed that twelve (12) Directors including four (4) Outside Directors be elected.

The candidates for Director of the Company are as follows. This proposal has been determined after consulting the Nomination and Compensation Committee, which has an independent Outside Director as Chairman and independent Outside Directors comprising at least half of its members, and considering the committee's report.

No.		Name	Current position at the Company	Status of attendance at the Board of Directors Meeting
1	Reelection	Yoshihisa Kainuma	Representative Director, Chairman & President (CEO & COO)	100% (12/12)
2	Reelection	Shigeru Moribe	Representative Director, Vice Chairman	100% (12/12)
3	Reelection	Ryozo Iwaya	Director, Vice President Executive Officer	100% (12/12)
4	Reelection	Tetsuya Tsuruta	Director, Senior Managing Executive Officer	100% (12/12)
5	Reelection	Shigeru None	Director, Senior Managing Executive Officer	100% (12/12)
6	Reelection	Michiya Kagami	Director, Senior Managing Executive Officer	100% (12/12)
7	New election	Katsuhiko Yoshida	Senior Managing Executive Officer	–
8	Reelection	Hiroshi Aso	Director, Managing Executive Officer	100% (12/12)
9	Reelection Outside Independent	Kohshi Murakami	Outside Director	100% (12/12)
10	Reelection Outside Independent	Atsuko Matsumura	Outside Director	100% (12/12)
11	New election Outside Independent	Yuko Haga	–	–
12	Reelection Outside Independent	Takashi Matsuoka	Outside Director	100% (12/12)

New election	Candidate for Director to be newly elected
Reelection	Candidate for Director to be reelected
Outside	Candidate for Outside Director
Independent	Independent officer as defined by Tokyo Stock Exchange, Inc.

(Translation)

<table>
<tr><th>No.</th><th>Name
(Date of Birth)
<Attendance at the Board of Directors Meeting></th><th>Career Summary, Position and Responsibilities at the Company, and significant concurrent positions outside the Company</th><th>Number of shares of the Company held</th></tr>
<tr><td>1</td><td>
Yoshihisa Kainuma
(February 6, 1956)
(Reelection)

<100% (12/12)></td><td>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)
Aug. 2019 Representative Director, Chairman of the Board of Directors, U-Shin Ltd. (Present)</td><td>74,100</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Director)
Mr. Yoshihisa Kainuma has been in command of management of the entire Group as Representative Director since 2009, with a track record of tackling business challenges from a medium- to long-term perspective, expanding the Group’s operations, and steadily implementing and achieving an improvement in corporate value under his strong leadership. We continuously propose him as a candidate for Director, considering that his management skills backed by such abundant experience and achievements will contribute to a further sustainable growth of the Group.</td></tr>
<tr><td>2</td><td>
Shigeru Moribe
(October 27, 1956)
(Reelection)

<100% (12/12)></td><td>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)</td><td>188,387</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Director)
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. We continuously propose him as a candidate for Director since he properly oversees the management of the Group as Representative Director, Vice Chairman at present.</td></tr>
</table>

(Translation)

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<tr><td>3</td><td>
Ryozo Iwaya
(April 24, 1958)
(Reelection)

<100% (12/12)></td><td>Apr. 1981 Joined the Company
Dec. 1989 Head of Tokyo Sales Division at Tokyo Branch
Jun. 2009 Executive Officer, Head of Lighting Device Business Unit at Electronic Device & Component Business Headquarters
Jun. 2013 Managing Executive Officer
Apr. 2015 Deputy Chief of Electronic Device & Component Manufacturing Headquarters, Officer in charge of Electronic Device Division at Electronic Device & Component Manufacturing Headquarters, Head of Lighting Device Business Unit
Jun. 2015 Director (Present), Senior Managing Executive Officer
Jan. 2017 Chief of MITSUMI Business Headquarters (Present), 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 (Present)
Aug. 2019 Director, U-Shin Ltd. (Present)
Oct. 2019 Vice President Executive Officer, Officer in charge of Electronic Device & Component related Business (Present)</td><td>3,600</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Director)
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. We continuously propose him as a candidate for Director since he, as Director, Officer in charge of Electronic Device & Component related Business supervises Electronic Device & Component Manufacturing Headquarters, MITSUMI Business Headquarters, and U-Shin Business Headquarters and properly fulfills his role at present.</td></tr>
<tr><td>4</td><td>
Tetsuya Tsuruta
(September 4, 1955)
(Reelection)

<100% (12/12)></td><td>Apr. 1981 Joined the Company
Oct. 2005 Head of Mechanical Assembly Business Unit
Jun. 2007 Executive Officer
Jun. 2015 Managing Executive Officer
Jan. 2016 Deputy Chief of Machined Component Manufacturing Headquarters, Head of Rod End/Fastener Business Unit at Machined Component Manufacturing Headquarters
Jun. 2016 Director, Senior Managing Executive Officer (Present), Chief of Machined Component Manufacturing Headquarters, Officer in charge of Spindle Motor Division at Electronic Device & Component Manufacturing Headquarters, Officer in charge of Production Support Division
Sep. 2017 Chief of Machined Component Manufacturing Headquarters, Officer in charge of Production Support Division
May 2018 Deputy Chief of Sales Headquarters (Present)</td><td>10,800</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Director)
Mr. Tetsuya Tsuruta has held important positions in the Sales Division and the machined components manufacturing business for many years, and he has a wealth of experience and keen insight. We continuously propose him as a candidate for Director since he mainly oversees sales of machined components as Director, Deputy Chief of Sales Headquarters and properly fulfills his role at present.</td></tr>
</table>

(Translation)

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<Attendance at the Board of Directors Meeting></th><th>Career Summary, Position and Responsibilities at the Company, and significant concurrent positions outside the Company</th><th>Number of shares of the Company held</th></tr>
<tr><td>5</td><td>
Shigeru None
(August 23, 1959)
(Reelection)

<100% (12/12)></td><td>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)</td><td>10,600</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Director)
Mr. Shigeru None has held important positions in the Sales Division for many years, and he has a wealth of experience and keen insight. We continuously propose him as a candidate for Director since he mainly oversees sales of electronic devices and components as Director, Chief of Sales Headquarters and properly fulfills his role at present.</td></tr>
<tr><td>6</td><td>
Michiya Kagami
(September 11, 1957)
(Reelection)

<100% (12/12)></td><td>Jan. 1989 Joined the Company
Jul. 2005 Head of Electronics Development Division at Engineering Headquarters
Jun. 2009 Deputy Chief of Electronic Device & Component Business Headquarters
Jun. 2011 Executive Officer
Mar. 2013 Head of Engineering Development Department of Electronic Device Division at Electronic Device & Component Manufacturing Headquarters
Jun. 2015 Managing Executive Officer
Aug. 2015 Deputy Chief of Electronic Device & Component Manufacturing Headquarters, Officer in charge of Engineering Development Division at Electronic Device & Component Manufacturing Headquarters
Jun. 2017 Director, Chief of Engineering Headquarters (Present), Officer in charge of Engineering Development Division at Electronic Device & Component Manufacturing Headquarters (Present)
May 2018 Senior Managing Executive Officer (Present)</td><td>10,900</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Director)
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. We continuously propose him as a candidate for Director since he properly fulfills his role as Director and Chief of Engineering Headquarters at present.</td></tr>
</table>

(Translation)

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<tr><td>7</td><td>
Katsuhiko Yoshida
(January 15, 1962)
(New election)

< – ></td><td>Apr. 1984 Joined the Company
Dec. 2010 General Manager of Cambodia Business Promotion Office of Corporate Planning Department of Operation and Planning Division
Dec. 2013 Head of Operation Department at Electronic Device & Component Manufacturing Headquarters, General Manager of Vertical Integration Improvement Office, General Manager of Business Support Office
Jun. 2014 Executive Officer
Jun. 2016 Deputy Chief of Business Administration Headquarters, General Manager of Business Administration Department (Present)
Jun. 2017 Managing Executive Officer
Jun. 2018 Deputy Chief of Tokyo Head Office (Present), Deputy Officer in charge of Business Administration and Accounting & Corporate Finance Division
Apr. 2019 Officer in charge of Business Administration and Corporate Planning Division, Deputy Officer in charge of Accounting & Corporate Finance Division, Deputy Officer in charge of Sustainability Management Division (Present)
Oct. 2019 Senior Managing Executive Officer (Present)</td><td>5,400</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Director)
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. We newly propose him as a candidate for Director since he is well-versed in general administrative tasks and properly fulfills his role as Deputy Chief of Tokyo Head Office at present.</td></tr>
<tr><td>8</td><td>
Hiroshi Aso
(April 3, 1957)
(Reelection)

<100% (12/12)></td><td>Mar. 1981 Joined Kyushu MITSUMI CO., LTD.
Oct. 2007 Head of Power Supply Business Unit, MITSUMI ELECTRIC CO., LTD.
Jun. 2010 Director, General Manager of Semiconductor Business Headquarters, MITSUMI ELECTRIC CO., LTD.
Apr. 2016 Director, Managing Executive Officer (Present), General Manager of Development Headquarters and Semiconductor Business Headquarters, Officer in charge of Automotive Devices Business Unit, MITSUMI ELECTRIC CO., LTD.
Jan. 2017 Deputy Chief of MITSUMI Business Headquarters, Officer in charge of Engineering Development Division (Present), Officer in charge of Semiconductor Business Division, Officer in charge of Automotive Devices Business Division of the Company
Jun. 2017 Director, Managing Executive Officer
Deputy Chief of Engineering Headquarters (Present)
Sep. 2018 Officer in charge of IoT Business Development Department of Business Development Division (Present)
Apr. 2020 Officer in charge of Semiconductor Division at MITSUMI Business Headquarters (Present)</td><td>8,467</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Director)
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. We continuously propose him as a candidate for Director since he properly fulfills his role as Director, Deputy Chief of Engineering Headquarters, Deputy Chief of MITSUMI Business Headquarters at present.</td></tr>
</table>

(Translation)

No.	Name (Date of Birth) <Attendance at the Board of Directors Meeting>	Career Summary, Position and Responsibilities at the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
9	 Kohshi Murakami (February 8, 1940) (Reelection) (Outside) (Independent) <100% (12/12)>	Apr. 1967 Assistant Judge, Tokyo District Court Apr. 1999 Presiding Justice of the Division (Acting Chief Justice, Specialized Economic and Financial Affairs Department), Tokyo High Court Apr. 2005 Professor, Graduate School of Law, Kyoto University Jun. 2005 Joined TMI Associates as Advisor Attorney (Present) Nov. 2005 Outside Corporate Auditor of SANEI-INTERNATIONAL CO., LTD. Apr. 2008 Visiting Professor, Yokohama National University May 2008 Member of the Independent Committee of the Company (Present) Jun. 2008 Outside Director of the Company (Present) Apr. 2010 Professor, Juris Doctor Program, Daito Bunka University	10,000
(Reason for nomination as candidate for Outside Director) Although Mr. Kohshi Murakami has never been involved in corporate management, he 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 will provide guidance to ensure the sound management of the Company and promote compliance, therefore, we continuously propose him as Outside Director.			
10	 Atsuko Matsumura (December 7, 1955) (Reelection) (Outside) (Independent) <100% (12/12)>	Apr. 1978 Joined Japan Center for Economic Research Apr. 1981 Visiting research fellow, Economic Research Institute, Economic Planning Agency (currently Economic and Social Research Institute) Apr. 1987 Part-time Lecturer, Jissen Women's Junior College Apr. 1988 Full-time Lecturer, OTSUMA WOMEN'S UNIVERSITY Apr. 1991 Full-time Lecturer, Faculty of Economics, Tokyo International University Apr. 1999 Associate Professor, Faculty of Economics, Tokyo International University Apr. 2006 Professor, Faculty of Economics, Tokyo International University (Present) Apr. 2010 Part-time Lecturer, Department of Social and Family Economy, Faculty of Human Sciences and Design, Japan Women's University (Present) Apr. 2015 Part-time Lecturer, Department of Politics, Faculty of Law, Keio University (Present) Jun. 2016 Outside Director, RENESAS EASTON Co., Ltd. (currently Glosel Co., Ltd.) (Present) Jun. 2018 Outside Director of the Company (Present)	100
(Reason for nomination as candidate for Outside Director) Although Ms. Atsuko Matsumura has never been involved in corporate management, she has expertise in international economics as well as broad knowledge and experience accumulated as a university professor. We continuously propose her as Outside Director so that her abundant knowledge and experience will be reflected in the management of the Company.			

(Translation)

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<tr><td>11</td><td>
Yuko Haga
(December 8, 1955)
(New election)
(Outside)
(Independent)

< – ></td><td>Apr. 1989 Senior Consultant, Tokyo Office, Price Waterhouse Consultants
Apr. 1991 Representative, Haga Management Consulting Office (Present)
Apr. 2008 Executive Officer, Sompo 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)</td><td>–</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Outside Director)
Ms. Yuko Haga has expertise in corporate strategy as well as broad knowledge and experience accumulated as a management consultant. We propose her as Outside Director so that her abundant knowledge and experience will be reflected in the management of the Company.</td></tr>
<tr><td>12</td><td>
Takashi Matsuoka
(January 17, 1964)
(Reelection)
(Outside)
(Independent)

<100% (12/12)></td><td>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)</td><td>93,765</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Outside Director)
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. We continuously propose him as Outside Director so that his abundant knowledge and experience will be reflected in the management of the Company.
The Company has conducted constant commercial transactions with KEIAISHA Co., Ltd. where Mr. Takashi Matsuoka serves as Director and Vice President Executive Officer, including purchase of machinery and equipment, components and grease and other materials from the said company. However, because the value of transactions with the said company is insignificant in terms of transaction size of the Company, we have concluded that there is no possibility that these transactions affect decision-making of the Company.</td></tr>
</table>

Notes:

1. Special relationship between respective candidates and the Company is as follows:

(1) Mr. Takashi Matsuoka concurrently holds a post as Director and Vice President Executive Officer of KEIAISHA Co., Ltd. The Company purchases machinery and equipment, components and grease and other materials from KEIAISHA Co., Ltd.

(2) There are no conflicts of interest existing between other candidates and the Company.

2. Mr. Kohshi Murakami, Ms. Atsuko Matsumura, Ms. Yuko Haga, and Mr. Takashi Matsuoka, candidates for Outside Directors, meet the requirements for independent officers stipulated by the Tokyo Stock Exchange, Inc. If this proposal is approved as drafted, the Company will continue to notify Mr. Kohshi Murakami, Ms. Atsuko Matsumura, and Mr. Takashi Matsuoka as independent officers, and newly notify Ms. Yuko Haga as an independent officer.

3. Special notes regarding candidates for outside directors are as follows:

(1) The number of years since the candidates for outside directors assumed the office:

(i) Mr. Kohshi Murakami would have been in office for 12 years at the conclusion of the Meeting since he assumed the post of Outside Director.

(ii) Ms. Atsuko Matsumura would have been in office for two years at the conclusion of the Meeting since she assumed the post of Outside Director.

(iii) Mr. Takashi Matsuoka would have been in office for 15 years at the conclusion of the Meeting since he assumed the post of Outside Director.

(2) Concerning limited liability agreements with Outside Director

The Company concluded agreements with Outside Directors for limiting their liabilities under Paragraph (1), Article 423 of the Companies Act so that the Outside Directors may fully perform their roles as expected.

The amount subject to the limitation of liabilities of damages shall be the minimum liability amount set forth by laws and regulations. If this proposal is approved as drafted, the Company will continue the said liability limitation agreement with Mr. Kohshi Murakami, Ms. Atsuko Matsumura, and Mr. Takashi Matsuoka, and plans to conclude the said liability limitation agreement with Ms. Yuko Haga.

Second Proposal:
Determination of Amount and Content of Performance-Linked Stock Compensation, etc. for Directors

1. Reasons for the proposal and reasons for which such remuneration system is appropriate
Remuneration for the Company's Directors consists of "basic remuneration," "performance-linked remuneration," and "stock-based compensation stock options." This agenda item proposes to introduce a new performance-linked stock compensation system (the "System") for the Company's Directors (excluding Outside Directors; hereinafter the same). Furthermore, the Company requests that the determination of the details of the System be left to the Board of Directors, within the scope described in 2. below.
The goals of adopting the System are to help improve corporate earnings over the medium and long term and to enhance an awareness of contributions to corporate value gains by more clearly linking the Company's Director's remuneration to corporate earnings. This will expose the Company's Directors to the same benefits and risks associated with share price fluctuations as shareholders. Therefore, the Company believes that the System is appropriate.
Under this proposal, new performance-linked stock compensation will be paid to incumbent Directors for the three consecutive fiscal years from the fiscal year ending March 31, 2021 to the fiscal year ending March 31, 2023 ("the Period"), separately from the existing maximum amount of remuneration (basic remuneration, performance-linked remuneration, and stock-based compensation stock options) approved at the 71st Ordinary General Meeting of Shareholders held on June 29, 2017 (1,500 million yen per year, of which 50 million yen per year for Outside Directors; director remuneration does not include employee salaries).
In addition, subject to the approval and passing of this proposal, the Company will no longer newly grant compensation stock options based on the previous stock-based compensation stock options system to Directors of the Company.
Furthermore, if the First Proposal "Election of Twelve (12) Directors" is approved and passed as proposed, eight (8) Directors will be eligible for the System.

2. Amount and content of remuneration in the System
(1) Outline of the System
The Company will establish this System by paying cash through a trust (the "Trust") to acquire the Company's shares. Through the Trust, the Company's Directors would be granted a number of the Company's shares equivalent to points conferred to them.
In principle, the Company's shares would be granted upon retirement of Directors.

1)	Persons eligible for the System	The Company's Directors (excluding Outside Directors)
2)	Period	From the fiscal year ending March 31, 2021 to the fiscal year ending March 31, 2023
3)	Maximum amount of money to be contributed by the Company as funds for acquiring the Company's shares for delivery to Directors in 1) during the Period in 2)	Total amount of 300 million yen
4)	Method of acquiring the Company's shares	Method in which shares of the Company are acquired either through the disposal of treasury stock of the Company or through the stock market (including off-floor trades)
5)	Maximum total number of points to be granted to Directors in 1)	100,000 points per fiscal year
6)	Standard for granting points	Points granted according to the level of contribution to business performance, etc.
7)	Timing of the delivery of the Company's shares to Directors in 1)	Upon retirement, in principle

(2) Maximum contribution by the Company

The initial Trust term of the Trust shall be approximately three years, and, the Company will contribute no more than a total amount of 300 million yen in remuneration for the Company's Directors serving during the Period in order to fund purchases of the Company's shares for delivery to the Company's Directors under the System, thereby establishing the Trust, whose beneficiary Directors would meet certain requirements. The Trust would use the Company's entrusted funds to acquire the Company's shares through the disposal of treasury stock of the Company or through the stock market (including off-floor trades).

Note: The money that the Company actually entrusts to the Trust will be the sum of the aforementioned funds for acquiring the Company's shares and the estimated required expenses, including Trust and Trust administrator fees.

Based on a resolution of the Board of Directors, the Company can extend the Period up to five fiscal years and accordingly extend the Trust term to continue the System (including through transferring Trust assets to another trust established by the Company for the same purpose as the Trust, thereby effectively extending the Trust Period; hereinafter the same). In such a case, the Company will, to secure funds needed to acquire the Company's shares for delivery to Directors under the System, additionally contribute to the Trust during the extended Period an amount not exceeding that calculated by multiplying the number of fiscal years during the extended Period by 100 million yen, and will continue to grant points and the Company's shares as described in (3) below.

If the Period is not extended as described above, thus discontinuing the System, and a Director of the Company granted points remains in service at the expiry of the Trust term, that term may extend until the delivery of the Company's shares is completed upon that Director's retirement.

(3) Method for calculating the number of the Company's shares delivered to Directors, and the maximum amount thereof

(i) Method of granting points to Directors

The Company will, pursuant to the Share Grant Regulations that the Company's Board of Directors has determined, grant each Director of the Company a number of points corresponding to the level of contribution to the business performance, etc. on the grant date set out under the Share Grant Regulations during the Trust term.

The total number of points granted each fiscal year to Directors will not exceed 100,000.

(ii) Delivery of the Company's shares corresponding to points granted

Directors will, pursuant to the procedure in (iii) below, receive the Company's shares corresponding to the number of points granted in (i) above.

One point will equal one share of the Company. If, however, it is deemed reasonable to adjust the number of the Company's shares for delivery, such as for a share split or share consolidation, such an adjustment will reflect share splits, reverse share splits, or other factors.

(iii) Delivery of the Company's shares to Directors

The Trust will deliver the Company's shares to a Director under (ii) above upon retirement in accordance with a prescribed beneficiary determination procedure.

However, a certain proportion of the Company's shares can be converted into cash through sale within the Trust for the Company to make deductions at source to fund such tax payments as withholding income tax, with payments to Directors being cash in lieu of the Company's shares. Payments can also be made in cash to Directors in lieu of the Company's shares if shares in Trust are converted to cash, notably upon settlement of shares held in Trust owing to acceptance of a tender offer.

(4) Exercise of voting rights

Voting rights for the Company’s shares in Trust will not be exercised altogether, and will be subject to the instructions of the trust administrator who is independent from the Company and the Company’s officers. The goal of this policy will be to ensure neutrality regarding the Company’s management in exercising voting rights in the Company’s shares held in Trust.

(5) Treatment of dividends

The Trust will receive dividends on the Company’s shares, appropriating them to cover such payments as the costs of acquiring the shares and the trust fees for the trustee of the Trust, etc.

(Attached Documents)

Business Report

(April 1, 2019 to March 31, 2020)

1. Status of the MinebeaMitsumi Group

(1) Operating performance of the fiscal year

During the fiscal year under review (April 1, 2019 to March 31, 2020), the Japanese economy fell into decline. From the beginning of the fiscal year, overseas economies decelerated, and automobile sales fell both in Japan and abroad, while exports and capital investment decreased sharply in response to the spread of the novel coronavirus disease (COVID-19) from the fourth quarter. In the United States, the economy had been going strong with the stock market recording record highs in response to progress on trade negotiations with China, but the outlook is now highly uncertain due to the subsequent spread of COVID-19. Meanwhile, in Europe, exports dropped in response to Brexit and the spread of COVID-19, and the economy slowed. In Asia, there were signs of bottoming out due to the support of economic policy in China and progress on trade negotiations between the United States and China, but economic activity ended up shrinking dramatically in response to the spread of COVID-19.

Working against this backdrop, the MinebeaMitsumi Group concentrated on cutting costs, creating high-value-added products, developing new technologies, and enhancing its marketing approach to boost profitability further.

As a result, net sales were up 93,722 million yen (10.6%) year on year to 978,445 million yen, the highest since our founding. Operating income was down 13,386 million yen (-18.6%) year on year to 58,647 million yen, profit before income taxes was down 13,232 million yen (-18.6%) to 58,089 million yen, and profit for the year attributable to owners of the parent was down 14,167 million yen (-23.6%) to 45,975 million yen.

U-Shin Ltd. was made a subsidiary through a tender offer on April 10, 2019. The company has been included in the scope of consolidation as of the date of the business integration. This includes the company's profits and losses from the date of the business integration on.

The four main businesses of the MinebeaMitsumi Group as of March 31, 2020, are the Machined Components Business, the Electronic Devices and Components Business, the MITSUMI Business, and the U-Shin Business. The business results of each segment are as follows.

Machined Components Business

The main products in our Machined components segment include our anchor product line, ball bearings, in addition to mechanical components such as rod-end bearings used primarily in aircraft and hard disk drive (HDD) pivot assemblies, etc. as well as fasteners for aircraft. Sales of ball bearings were down both in volume and amount due to decreased demand from fan motors despite solid demand in the automobile and air conditioner market. Rod-end bearing sales increased owing to favorable orders in other aircraft and other products, despite the impact of reduced production in B737MAX. Pivot assembly sales were down both in volume and amount due to shrinking of the HDD market.

As a result, net sales were down 7,439 million yen (-4.0%) year on year to 180,885 million yen, and operating income was down 7,876 million yen (-16.5%) to 39,874 million yen.

Electronic Devices and Components Business

The core products of our Electronic devices and components segment include electronic devices (devices such as LED backlights for LCDs, sensing devices (measuring components), etc.), HDD spindle motors, stepping motors, DC motors, air movers, and special devices. Demand for our LED backlights for LCDs that offer a technological advantage in thin devices remained strong. Sales of stepping motors and other motors were down due to decreased demand associated with sluggishness in the automobile market.

As a result, net sales were down 18,175 million yen (-4.6%) year on year to 379,422 million yen, and operating income was up 510 million yen (3.0%) to 17,552 million yen.

MITSUMI Business

The main products in the MITSUMI business segment are semiconductor devices, optical devices, mechanical components, high frequency components and power supply components. Although camera actuators performed well, sales were down due to the decrease in game consoles and other mechanical components.

As a result, net sales were down 5,876 million yen (-2.0%) year on year to 292,243 million yen, and operating income was down 3,505 million yen (-15.8%) to 18,656 million yen.

U-Shin Businesses

The main products in the U-Shin business segment are key sets, door latches, door handles, and other automotive components as well as industrial machinery components and housing equipment components (such as building and house locks). Operations related to automotive components were reduced due to the impact of deceleration in the automotive market in China and Europe and the spread of COVID-19, etc.
As a result, net sales were 125,145 million yen, and operating income was 2,598 million yen.

Notes:

1. Machines produced in-house are the main products in our Other businesses segment other than the above. Net sales were up 67 million yen (9.7%) year on year to 750 million yen, but the operating loss grew 1,117 million yen to 1,502 million yen.
2. In addition to the figures noted above, 18,531 million yen is recorded as adjustments on corporate expenses, etc. not belonging to any particular segment. Adjustments in the previous fiscal year came to 14,535 million yen.

(2) Capital expenditures, financing, and major lenders

(i) Capital expenditures

During the fiscal year under review, capital expenditures were 11,263 million yen for the Machined components business, 16,499 million yen for the Electronic devices and components business, 11,692 million yen for the MITSUMI business, 4,662 million yen for the U-Shin business, 121 million yen for the Other businesses, and 5,906 million yen for the whole company (common), totaling 50,143 million yen. The main capital expenditures for the Machined components business were equipment for bearings related facilities in Thailand and product processing related facilities for the aircraft and medical fields in the U.S. The main capital expenditures for the Electronic devices and components business were equipment for backlights related facilities, etc. in Thailand. The main capital expenditures for the MITSUMI business were equipment for optical devices related facilities in the Philippines and semiconductor related facilities, etc. in Japan. The main capital expenditures for the U-Shin business were equipment for automotive related facilities in Europe and China.
Capital expenditures included 1,312 million yen for intangible assets and an increase of 1,042 million yen in right-of-use assets in line with new lease agreements under the application of IFRS 16 "Leases."

(ii) Financing

Own funds and borrowings were applied to capital expenditures and operating funds during the fiscal year under review.
At the end of the fiscal year under review, borrowings including bonds stood at 221,712 million yen.

(iii) Major lenders (As of March 31, 2020)

Lenders	Outstanding borrowing (millions of yen)
Sumitomo Mitsui Banking Corporation	55,240
MUFG Bank, Ltd.	51,235
Sumitomo Mitsui Trust Bank, Limited	42,665
Syndicate loans	20,179

Notes:

1. *Outstanding borrowing from MUFG Bank, Ltd. includes 15,000 million yen for corporate bonds.*
2. *The syndicate loans refer to the total amount of 2 syndicate loans which are organized by 1 from Sumitomo Mitsui Trust Bank, Limited. and 1 from MUFG Bank, Ltd. Of these, the main source of funds was a 17,500 million yen syndicated loan organized by Sumitomo Mitsui Trust Bank, Limited.*

(3) Acquisition or disposition of shares, other equity or subscription rights to shares, etc. of other companies

The Company acquired 76.2% of the voting rights of U-Shin Ltd., making it a subsidiary on April 10, 2019. In addition, on August 7, 2019, a consolidation of shares was conducted in regard to the common shares of

U-Shin Ltd., at a ratio of 8,279,748 shares to 1 share. As a result, the Company acquired 100% of its voting rights.

(4) Financial position and profit/loss in recent 3 years

	Fiscal 2017 (4/16–3/17)	Fiscal 2018 (4/17–3/18)		Fiscal 2019 (4/18–3/19)	Fiscal 2020 (4/19–3/20)
	Japanese GAAP	Japanese GAAP	IFRS	IFRS	IFRS
Net sales (millions of yen)	638,926	879,139	881,413	884,723	978,445
Operating income (millions of yen)	49,015	79,162	68,902	72,033	58,647
Income attributable to owners of the parent / Profit for the year attributable to owners of the parent (millions of yen)	41,146	59,382	50,326	60,142	45,975
Net income per share / Earnings per share, basic (yen)	107.33	141.14	119.61	143.90	111.11
Total assets (millions of yen)	643,312	707,844	703,558	742,127	864,481
Net assets / Total equity (millions of yen)	326,218	373,253	363,221	407,260	402,276

Notes:

1. *The Company has adopted International Financial Reporting Standards (IFRS) from the 73rd fiscal year (Fiscal 2019) for the preparation of its consolidated financial statements.*
2. *Net income per share under Japanese GAAP and earnings per share under IFRS are calculated on the basis of the average number of issued shares during the relevant fiscal year excluding treasury stock.*
3. *Amounts less than 1 million yen are rounded up or down to the nearest million yen under IFRS, and rounded down under Japanese GAAP.*

(5) Significant parent company and subsidiaries

(i) Parent company
Not applicable.

(ii) Significant subsidiaries

Name	Location	Common stock	Voting rights ratio	Main business lines
MITSUMI ELECTRIC CO., LTD.	Japan	JPY 20,000 million	100.0%	Manufacture and sales of electrical appliances and communication devices
U-Shin Ltd.	Japan	JPY 15,206 million	100.0%	Manufacture and sales of components for automotive, industrial machinery and housing equipment
NMB-Minebea Thai Ltd.	Thailand	BAHT 15,305,363 thousand	100.0%	Manufacture and sales of machined components and electronic devices
NMB (USA) Inc.	U.S.A.	USD 24,645 thousand	100.0%	Holding company
NMB Technologies Corporation	U.S.A.	USD 0.38 thousand	100.0% (100.0%)	Sales of machined components, electronic devices, and MITSUMI products
New Hampshire Ball Bearings, Inc.	U.S.A.	USD 10 thousand	100.0% (100.0%)	Manufacture and sales of bearings
NMB-Minebea-GmbH	Germany	EUR 11,274 thousand	100.0%	Sales of machined components, electronic devices, and MITSUMI products
MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD.	China	USD 239,060 thousand	100.0%	Manufacture and sales of machined components and electronic devices
MINEBEA (HONG KONG) LIMITED	Hong Kong	HKD 100,000 thousand	100.0%	Sales of machined components, electronic devices, and MITSUMI products
NMB SINGAPORE LIMITED	Singapore	SGD 38,000 thousand	100.0%	Manufacture of bearings and sales of machined components and electronic devices
MINEBEA (CAMBODIA) Co., Ltd.	Cambodia	USD 120,050 thousand	100.0%	Manufacture and sales of machined components and electronic devices

Notes:

1. *Figures in parentheses for the voting rights ratio in the above table show the ratio of indirect ownership.*
2. *Effective August 7, 2019, a consolidation of shares was conducted in regard to the common shares of U-Shin Ltd., at a ratio of 8,279,748 shares to 1 share. As a result, the Company acquired 100.0% of the voting rights of U-Shin Ltd.*
3. *The number of consolidated subsidiaries of the Company as of March 31, 2020 is 118, including 11 significant subsidiaries shown in the above table.*
4. *The Company acquired 100.0% of the voting rights of ABLIC Inc., which mainly manufactures and sells analog semiconductor products, on April 30, 2020, making it a consolidated subsidiary.*

(6) Tasks to be accomplished

1) Corporate Philosophy and basic management policy

Under the Corporate Philosophy, which aims to contribute to society by "producing better products, in faster speed, in larger numbers, in lower cost and by smarter means," the MinebeaMitsumi Group has established a basic management policy based on the following three principles.

(i) Transparent management based on our company credo "The Five Principles"

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

Based on these company credos, the MinebeaMitsumi Group will aim to fulfill its social responsibility and to maximize the corporate value for its various stakeholders, such as shareholders, business partners, local communities, global society and employees.

Aiming at concentrating its management resources on the fields where it has the collective and comprehensive strengths of the corporate group, the MinebeaMitsumi Group has worked proactively on "the development of high-value-added products" and "the advancement of the quality of the products." In addition, we strive to reinforce our corporate management centering on "the strengthening of our financial standing" as well as to implement "the company management having a high-degree of transparency" in a comprehensive manner both internally and externally.

(ii) Create new value through "difference" that transcends conventional wisdom

It will be necessary for the manufacturing of the future to deliver new value propositions to society. In 2017, the Company established the slogan "Passion to Create Value through Difference," and going forward we will continue to create new value through "difference" that transcends conventional wisdom, demonstrating strengths that cannot be found in other companies.

(iii) Approach manufacturing with an attitude of sincerity

To share our attitude to manufacturing, how we think about manufacturing, and how we pursue best practices for implementing manufacturing across the MinebeaMitsumi Group is of the utmost importance. The MinebeaMitsumi Group will continue to pursue the thoroughgoing "sincere attitude to manufacturing."

2) Basic strategy

In line with the basic management philosophy described above, the MinebeaMitsumi Group will conduct a thorough review of productivity, aiming to significantly boost the profitability of existing products. To be specific, we will work to develop new products for a new generation and expand the EMS (Electro Mechanics Solutions) business by blending the machined components technology and electronic device and component technology of the MinebeaMitsumi Group with the in-vehicle technology held by U-Shin Ltd. and the semiconductor technology held by ABLIC Inc., which was integrated effective April 30, 2020. Also, by leveraging our integrated strength in manufacturing, sales, engineering and development, we will bolster our ability to meet customer requests and provide flexibility in pricing.

Furthermore, while taking regional risk into consideration, we will roll out large-scale overseas mass production facilities and global research and development structures, using M&A and alliances to actively boost profitability and increase corporate value, with the aim of achieving 2.5 trillion yen in net sales or 250 billion yen in operating income in the fiscal year ending March 31, 2029.

In order to move forward with the above and achieve sustainable growth for the MinebeaMitsumi Group, we will, by fusing "financial capital" with the "non-financial capital" types of intellectual capital, human capital, manufacturing capital and other capital, create new value through the INTEGRATION rather than simply gathering these separate elements, in addition to reinforcing our core businesses and promoting diversification. An outline of the business strategies follows.

i) Reinforcing core businesses

By further reinforcing the ultra-precision machining technology, vertically integrated manufacturing system and the global network that are the source of the underlying strengths of all its products, the MinebeaMitsumi

Group will work to capture an overwhelming majority of the market share with its core businesses, including bearings and motors, and boost the profitability.

ii) Diversified niches (the “Eight Spear products”)
By taking the lead over its competitors in the bearing industry by specializing in the niche field of miniature bearings with an external diameter of 22 mm or less, the Company has built a high market share and profitability. In addition, through a process of selecting businesses on which to concentrate from the viewpoints of market size and permanence, the Company have evolved the “Eight Spear products” (bearings, motors, access products such as door handles and door latches, analog semiconductors, sensors, connectors/switches, power sources and wireless/communications/software), core products in our business. Through the business integration with ABLIC Inc., we will generate various types of synergies such as R&D, manufacturing and making reciprocal use of sales channels, quickly realize the expansion of the scale of the semiconductor business and the improvement of our position in the analog semiconductor market, and continue acquiring high market shares in specialized areas (niches), as we work to achieve sustainable growth.

iii) Generating synergies through the INTEGRATION
The Company blends U-Shin Ltd.’s mechanism design and system design technologies with the Company’s core technologies including those of ultra-precision machining, mass production, sensors (load, pressure etc.), optical, MEMS, high-frequency, electronic circuits and semiconductor design. Furthermore, with the acquisition of ABLIC Inc., we will further evolve the “Eight Spear products” through synergies between our five fields for focused MITSUMI semiconductor development (lithium-ion battery protection ICs, automotive ICs, vertical integration, MEMS sensor and custom, and IGBT) and shared fields with ABLIC, namely lithium-ion battery protection ICs and automotive ICs, and the addition and utilization of new development fields, namely medical and high voltage, magnetic sensors, and clean boost. By combining the products of this evolution, we will generate synergies in such fields as medicine and nursing care, information and communications, robotics, automotive, industrial, infrastructure and home security equipment to deliver new value to customers.

In addition, in terms of initiatives to support sustainable growth, the MinebeaMitsumi Group will place a high priority on ESG management that takes into account environmental, social and governance. Specifically, by sending out into society a variety of products that contribute to lower consumption of energy, we will promote a reduced burden on the environment and environmental conservation activities, with the goal of becoming a company that society cannot do without. At the same time, we will observe laws and regulations faithfully, practice fair and appropriate business management in compliance with business ethics, and, by performing a variety of initiatives to maintain good relationships with stakeholders, use our business to contribute to the environment and to society.

We look forward to the continued support and guidance of our shareholders.

(7) Major offices (As of March 31, 2020)

(i) The Company’s major offices

Head Office	Miyota-machi, Kitasaku-gun, Nagano Prefecture	Tokyo Head Office	Minato-ku, Tokyo
Plants	Karuizawa Plant (Miyota-machi, Kitasaku-gun, Nagano Prefecture) Hamamatsu Plant (Fukuroi-shi, Shizuoka Prefecture) Fujisawa Plant (Fujisawa-shi, Kanagawa Prefecture) Yonago Plant (Yonago-shi, Tottori Prefecture) Matsuida Plant (Annaka-shi, Gunma Prefecture)	Sales Offices	Tokyo Office (Minato-ku, Tokyo) Nagoya Office (Nagoya-shi, Aichi Prefecture) Osaka Office (Osaka-shi, Osaka Prefecture)

(ii) Major subsidiaries’ offices
Indicated in “(5) Significant parent company and subsidiaries, (ii) Significant subsidiaries.”

(8) Employees (As of March 31, 2020)

(i) Employees of the MinebeaMitsumi Group

Classification	Number of employees	Increase (decrease) from the end of the previous year
Machined components business	17,531	(552)
Electronic devices and components business	37,559	(2,355)
MITSUMI business	20,353	1,338
U-Shin business	6,191	6,191
Other businesses	303	48
Whole company (common)	680	(10)
Total	82,617	4,660

Notes:
1. *The number of employees is the number that is at work.*
2. *The "Whole company (common)" refers to employees in the administration department, etc. but not under any business segment.*
3. *Please note that "U-Shin business" has been recognized as a new reportable segment from the fiscal year under review. The main reason for the increase in the number of employees was that U-Shin Ltd. and its consolidated subsidiaries were consolidated.*

(ii) Employees of the Company

Number of employees	Increase (decrease) from the end of the previous year	Average age	Average of working years
4,278	264	44.4	16.3

Note: The number of employees is the number that is at work.

(9) Policy on deciding cash dividend, etc. from surplus

Comprehensively taking into account the business environment and maintaining a continuous, stable profit distribution, the Company will set the basic policy under which it gives top priority to improving the efficiency of shareholders' equity and distributing more profit to shareholders, thereby returning its profits to shareholders commensurate with its business performance. Moreover, the Company will conduct repurchases of its treasury stock as necessary to improve return to shareholders and capital efficiency, and to implement agile capital policy according to the business environment.

In addition, it is stated in the Company's Articles of Incorporation that the distribution of surplus, etc. may be implemented by resolution of the Board of Directors in accordance with Article 459, paragraph (1) of the Companies Act. Based on the provision of the Company's Articles of Incorporation and the basic policy, the year-end dividend for the fiscal year under review was resolved to be 14 yen per share at the Board of Directors meeting held on May 15, 2020, in order to ensure the prompt payment of dividends to shareholders. Since the interim dividend in the amount of 14 yen has been distributed, the annual dividend for the fiscal year under review will be 28 yen per share, the same amount as the previous fiscal year (total annual dividends: 11,529,496,370 yen).

In addition to the above, during the fiscal year under review, the Company acquired 6,723,800 shares of treasury stock (total purchase amount: 14,999,832,980 yen) based on the resolution of the Board of Directors.

(10) Other important matters relating to current status of the MinebeaMitsumi Group (response to COVID-19)

In response to the spread of COVID-19, the Group has implemented countermeasures across all plants and employees, from China to the rest of the world, having established a Countermeasures Headquarters with the President (CEO & COO) as its Chief, and held global conferences concerning countermeasures to COVID-19. As the disease spreads around the world, the Group has begun limited operations or is adjusting production at certain plants (as of May 15, 2020), in accordance with the requests of national and local governments in affected regions, etc. and conditions at our customers, but all other sites around the world are operating normally. In the medical field, the Group supplies bearings, various motors, sensors, power supplies, semiconductors, connectors, and other components for various types of medical devices, including ventilators and cardiopulmonary bypass devices. We will maintain a resilient and stable supply system and place the top priority on supplying our parts to meet growing demand in this area.

In addition, from April 2020, the Group began in-house production of masks for our approximately 100,000 employees and their families to ensure the safety of our operations in all bases, and donated 220,000 N95 masks

and other items for medical use, which we had been storing for use in the event of a disaster, to medical institutions, government institutions, etc., for medical workers standing at the forefront of the treatment of COVID-19.
We will continue our efforts to make proactive contributions to society as well as fulfill our responsibilities as a parts manufacturer to supply products for all business activities, including production and sales, by working to prevent the spread of the disease outside the Group and to ensure the safety of our employees.

2. Shares of the Company

(1) Overview of shares (As of March 31, 2020)

(i) Total number of shares authorized: 1,000,000,000 shares

(ii) Number of shares issued: 427,080,606 shares

(iii) Number of shareholders: 29,393 persons

(iv) Major shareholders:

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

Notes:
1. *The Company holds 18,676,128 shares of treasury stock, and is excluded from the major shareholders list above.*
2. *Shareholding ratio is calculated exclusive of treasury stock.*
3. *The numbers of shares and shareholding ratios are rounded down to the nearest unit of presentation.*

(2) Matters relating to subscription rights to shares, etc.

(i) Subscription rights to shares held by the Company's officers which were granted as consideration for their performance of duties at the end of the fiscal year under review

Name (Date of issuance)	Resolution date of issuance	Number of subscription rights to shares	Class and number of shares underlying the exercise of subscription rights to shares	Issue price per one subscription right to share	Exercise value per one subscription right to share	Exercise period for subscription rights to shares	Number of subscription rights to shares held by directors (Number of holders)
Series I subscription rights to shares of Minebea Co., Ltd. issued in 2012 (July 17, 2012)	June 28, 2012	470	47,000 shares of common stock	25,200 yen	100 yen	From July 18, 2012 to July 16, 2042	100 (1)
Series II subscription rights to shares of Minebea Co., Ltd. issued in 2013 (July 16, 2013)	June 27, 2013	420	42,000 shares of common stock	36,700 yen	100 yen	From July 17, 2013 to July 15, 2043	100 (1)
Series III subscription rights to shares of Minebea Co., Ltd. issued in 2014 (July 18, 2014)	June 27, 2014	252	25,200 shares of common stock	117,400 yen	100 yen	From July 19, 2014 to July 17, 2044	60 (1)

Notes:
1. *The number of shares to be issued upon exercise of subscription rights to shares is 100 shares as per one subscription right to share.*
2. *The issue prices represent the sum total of the fair value of subscription rights to shares as of the allotment date and the payment amount at the time of exercise of subscription rights to shares (1 yen per share).*
   Any person who receives an allotment of subscription rights to shares (hereinafter, a "holder of subscription rights to shares") may offset debts for payment for the subscription rights to shares with compensations receivable due to them in lieu of direct payment.
3. *Shares delivered to holders of subscription rights to shares when they exercise subscription rights to shares are exclusively shares of treasury stock, hence no new shares will be issued in the context of this transaction. If any shares of treasury stock are delivered, no capitalization will be made.*

4. *(i) During the exercise period, any director who is a holder of subscription rights to shares may exercise all of his or her subscription rights to shares at one time within a 10-day period following the date of termination of his or her directorship (when the 10th day following the date of termination falls on holiday, the period up to the following business day).*
   (ii) When any holder of subscription rights to shares passes away, his or her heirs may exercise all the subscription rights to shares, only in a single transaction, within the six-month period following the date of death.
   (iii) Other terms and conditions for the exercise of subscription rights to shares are as specified in the "Subscription rights to shares Agreement" entered into by and between the Company and the holders of subscription rights to shares.
5. *Subscription rights to shares have not been allotted to Outside Directors and Audit & Supervisory Board Members.*

(ii) Subscription rights to shares granted to employees, etc. as consideration for their performance of duties during the fiscal year under review

Not applicable.

(iii) Other important matters concerning subscription rights to shares, etc.

There follows a summary of the subscription rights to shares attached to the "Euro-Yen Denominated Convertible Bonds with Stock Acquisition Rights due 2022 issued by MinebeaMitsumi Inc." that was inherited by the Company as a result of the business integration with MITSUMI ELECTRIC CO., LTD. on January 27, 2017.

Total issuance	20,000 million yen
Price per bond	10 million yen (one type)
Issue date	January 27, 2017
Redemption and term of the bond	The bonds shall be redeemed at the full par value of 10 million yen per 10 million yen amount on August 3, 2022.

Details of the subscription rights to shares

Total number of subscription rights to shares attached to the bond	2,000
Class and number of shares to be issued upon exercise of subscription rights to shares	Common stock of the Company The number of common stock of the Company is the number obtained by dividing the face value of the total issuance of the Bonds in respect to exercise requests by the conversion price provided below. However, fractions less than one share that arise due to such exercise are rounded down and amounts thereof will not be adjusted in cash.
Conversion price for subscription rights to shares	2,068 yen
Exercise period for subscription rights to shares	From January 27, 2017 to July 20, 2022

3. Corporate Officers

(1) Directors and Audit & Supervisory Board Members (As of March 31, 2020)

Title	Name	Responsibilities in the Company and significant concurrent positions outside the Company
Representative Director, Chairman & President (CEO & COO)	Yoshihisa Kainuma	Member of the Nomination and Compensation Committee Representative Director, Chairman of the Board of Directors, U-Shin Ltd.
Representative Director, Vice Chairman	Shigeru Moribe	Director, Chairman of the Board of Directors of MITSUMI ELECTRIC CO., LTD.
Director, Vice President Executive Officer	Ryozo Iwaya	Officer in charge of Electronic Device & Component related Business, Chief of Electronic Device & Component Manufacturing Headquarters, Chief of MITSUMI Business Headquarters, Representative Director, President and Chief Executive Officer of MITSUMI ELECTRIC CO., LTD. Director, U-Shin Ltd.
Director, Senior Managing Executive Officer	Tetsuya Tsuruta	Deputy Chief of Sales Headquarters
Director, Senior Managing Executive Officer	Shigeru None	Chief of Sales Headquarters
Director, Senior Managing Executive Officer	Shuji Uehara	Chief of Tokyo Head Office, Officer in charge of Accounting & Corporate Finance Division, Officer in charge of Sustainability Management Division Officer in charge of Business Management Division at MITSUMI Business Headquarters Director, Vice President Executive Officer of MITSUMI ELECTRIC CO., LTD. Director, U-Shin Ltd.
Director, Senior Managing Executive Officer	Michiya Kagami	Chief of Engineering Headquarters Officer in charge of Engineering Development Division at Electronic Device & Component Manufacturing Headquarters
Director, Managing Executive Officer	Hiroshi Aso	Deputy Chief of Engineering Headquarters Deputy Chief of MITSUMI Business Headquarters Officer in charge of Engineering Development Division Officer in charge of IoT Business Development Department of Business Development Division Director, Managing Executive Officer of MITSUMI ELECTRIC CO., LTD.
Outside Director	Kohshi Murakami	Chairman of the Nomination and Compensation Committee Advisor Attorney, TMI Associates
Outside Director	Atsuko Matsumura	Member of the Nomination and Compensation Committee Professor, Faculty of Economics, Tokyo International University Outside Director, Glosel Co., Ltd.
Outside Director	Takashi Matsuoka	Director, Vice President Executive Officer, KEIAISHA Co., Ltd.
Standing Audit & Supervisory Board Member	Naoyuki Kimura	
Standing Outside Audit & Supervisory Board Member	Koichi Yoshino	
Outside Audit & Supervisory Board Member	Shinichiro Shibasaki	Member of the Nomination and Compensation Committee Partner, Law Office Juricom
Outside Audit & Supervisory Board Member	Makoto Hoshino	Director, Makoto Hoshino Certified Tax Accountant Office

Notes:

1. *The Company has filed a notification with the Tokyo Stock Exchange, Inc. to the effect that Outside Directors Mr. Kohshi Murakami, Ms. Atsuko Matsumura, and Mr. Takashi Matsuoka, and Outside Audit & Supervisory Board Members Mr.*

Koichi Yoshino, Mr. Shinichiro Shibasaki, and Mr. Makoto Hoshino are independent officers pursuant to the provisions prescribed by the exchange.

2. *The Company and each Outside Director and each Audit & Supervisory Board Member have entered into agreement to limit liabilities of damages under Paragraph (1), Article 423 of Companies Act pursuant to the provisions of Paragraph (1), Article 427 of the same Act. The amount subject to the limitation of liabilities of damages shall be the amount set forth by the laws and regulations.*
3. *Standing Outside Audit & Supervisory Board Member Mr. Koichi Yoshino has a wealth of practical management experience at a general trading company, etc. and also has considerable knowledge of finance and accounting.*
4. *Outside Audit & Supervisory Board Member Mr. Makoto Hoshino is familiar with tax services as a certified public tax accountant and has considerable knowledge of finance and accounting.*
5. *Directors' positions and assignments have changed during the fiscal year under review as follows:*

<As of October 9, 2019>

Name	Before change	After change
Ryozo Iwaya	Senior Managing Executive Officer Chief of Electronic Device & Component Manufacturing Headquarters Chief of MITSUMI Business Headquarters	Vice President Executive Officer Officer in charge of Electronic Device & Component related Business Chief of Electronic Device & Component Manufacturing Headquarters Chief of MITSUMI Business Headquarters

6. *Directors' assignments will change after the end of the fiscal year under review as follows:*

<As of April 30, 2020>

Name	Before change	After change
Hiroshi Aso	Deputy Chief of Engineering Headquarters Deputy Chief of MITSUMI Business Headquarters Officer in charge of Engineering Development Division Officer in charge of IoT Business Development Department	Deputy Chief of Engineering Headquarters Deputy Chief of MITSUMI Business Headquarters Officer in charge of Engineering Development Division Officer in charge of IoT Business Development Department of Business Development Division Officer in charge of Semiconductor Division at MITSUMI Business Headquarters

(2) Remuneration to Directors and Audit & Supervisory Board Members

(i) Policy on deciding the amount of remuneration and the calculation method thereof

a. Remuneration to Directors

In order to enhance the transparency and objectivity of processes for determining the remuneration of Directors, the Company has established a 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 Directors is determined by a resolution of the Board of Directors after deliberation 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.

Remuneration to Directors consists of performance-linked bonuses for Directors and incentives remuneration (hereinafter, collectively referred to as "performance-linked remuneration"), as well as stock options and basic remuneration, which is paid in a fixed amount on a monthly basis.

Basic remuneration is determined according to each Director's duties, performance, the performance of the Company, and other factors. Bonuses for Directors are structured to reflect the Company's performance, job responsibilities, and performance, and the amount of bonuses is determined based on the bonus calculation table, which is based on consolidated results and stock price levels. The amount of incentives remuneration is determined based on the degree of achievement of the Medium-term Business Plan aimed at 1 trillion yen in net sales and 100 billion yen in operating income, at the end of the fiscal year.

Furthermore, only Internal Directors are eligible for the payment of performance-linked remuneration and stock options.

b. Remuneration to Audit & Supervisory Board Members

Remuneration to Audit & Supervisory Board Members consists solely of the basic remuneration, which is paid in a fixed amount on a monthly basis, and is determined by discussions of the Audit & Supervisory Board, within the maximum amount of remuneration, as authorized by the General Meeting of Shareholders.

(ii) Total amount paid as remuneration to Directors and Audit & Supervisory Board Members

Categories	Number of payees	Amount of remuneration, etc. (thousands of yen)			
		Basic remuneration	Performance-linked remuneration	Stock options	Total
Directors (Outside Directors)	11 (3)	309,414 (32,610)	319,850 (Not applicable)	– (Not applicable)	629,264 (32,610)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	7 (5)	50,185 (34,274)	Not applicable (Not applicable)	Not applicable (Not applicable)	50,185 (34,274)
Total	18	359,599	319,850	–	679,449

Notes:

1. *The above table includes amounts paid to Mr. Kazunari Shimizu, Mr. Kazuyoshi Tokimaru and Mr. Hisayoshi Rikuna, who retired from the position as Audit & Supervisory Board Member at the conclusion of the 73rd Ordinary General Meeting of Shareholders held on June 27, 2019.*
2. *The remuneration for Directors excludes the salary to be paid for service as employee for Directors who concurrently hold a post of officer or employee of the Company.*
3. *The Company resolved that the maximum annual remuneration for Directors shall be not more than 1.5 billion yen (this amount includes maximum annual remuneration of 50 million yen for Outside Directors) at the 71st Ordinary General Meeting of Shareholders held on June 29, 2017. Furthermore, the Company resolved at the 66th Ordinary General Meeting of Shareholders held on June 28, 2012 that the Company may grant stock-based compensation stock options of up to 30 million yen per annum, within the limits of the above remuneration amount, to Internal Directors of the Company.*
4. *During the fiscal year under review, 319,850 thousand yen in accrued bonuses for directors was posted for performance-linked remuneration for Directors. Furthermore, incentives remuneration for achieving consolidated net sales of 900.0 billion yen was returned in the fiscal year ended March 2020, in consideration of various circumstances.*
5. *The Company resolved that the maximum annual remuneration for Audit & Supervisory Board Members shall be not more than 100 million yen at the 61st Ordinary General Meeting of Shareholders held on June 28, 2007.*
6. *The amount of remuneration, etc. is shown with fractions of 1 thousand yen rounded down.*

(3) Matters relating to outside officers

(i) Significant concurrent positions outside the Company and relation between the Company and such other corporations

Outside Director Mr. Takashi Matsuoka holds a post of Vice President Executive Officer of KEIAISHA Co., Ltd concurrently. The Company purchases machinery and equipment, components and grease and other materials from KEIAISHA Co., Ltd.

(ii) Main activities during the fiscal year under review

Name	Main activities
Outside Director Kohshi Murakami	He attended all 12 meetings of the Board of Directors that were held during the fiscal year under review, and provided necessary counsel appropriately, mainly from his expert viewpoint as an attorney-at-law, for deliberation of agenda items and other topics at such meetings.
Outside Director Atsuko Matsumura	She attended all 12 meetings of the Board of Directors that were held during the fiscal year under review, and provided necessary counsel appropriately, mainly from her expert viewpoint as an international economist, for deliberation of agenda items and other topics at such meetings.
Outside Director Takashi Matsuoka	He attended all 12 meetings of the Board of Directors that were held during the fiscal year under review, and provided necessary counsel appropriately, mainly from his expert viewpoint as a corporate manager, for deliberation of agenda items and other topics at such meetings.
Standing Outside Audit & Supervisory Board Member Koichi Yoshino	He attended all 10 meetings of the Board of Directors and all 10 meetings of the Audit & Supervisory Board since he took office as Standing Outside Audit & Supervisory Board Member on June 27, 2019, and provided necessary counsel appropriately as a Standing Outside Audit & Supervisory Board Member for deliberation of agenda items and other topics at such meetings.
Outside Audit & Supervisory Board Member Shinichiro Shibasaki	He attended all 12 meetings of the Board of Directors and all 14 meetings of the Audit & Supervisory Board that were held during the fiscal year under review, and provided necessary counsel appropriately, mainly from his expert viewpoint as an attorney-at-law, for deliberation of agenda items and other topics at such meetings.
Outside Audit & Supervisory Board Member Makoto Hoshino	He attended all 10 meetings of the Board of Directors and all 10 meetings of the Audit & Supervisory Board since he took office as Outside Audit & Supervisory Board Member on June 27, 2019, and provided necessary counsel appropriately, mainly from his expert viewpoint as a certified public tax accountant, for deliberation of agenda items and other topics at such meetings.

4. Matters relating to Independent Auditors

(1) Name: KPMG AZSA LLC

(2) Amount of remuneration, etc.

	Amount paid
Amount of remuneration, etc. of Independent Auditors for the fiscal year under review	125 million yen
Total amount of money and other property benefit to be paid from the Company and its subsidiaries to Independent Auditors	201 million yen

Notes:

1. *In the audit agreement by and between the Company and the Independent Auditors, the Company does not keep accounts by each category of the amount of audit fee, etc. for auditing services under the Companies Act and under the Financial Instruments and Exchange Law, furthermore, the amount of auditing services cannot be distinguished between the two categories practically. Therefore, the Company states the total amount thereof in the amount of remuneration, etc. of Independent Auditors for the fiscal year under review.*
2. *The Audit & Supervisory Board decided to agree on the amount of remuneration, etc. of Independent Auditors after making necessary examination of whether the content of Independent Auditors' audit plan, performance of duties and a basis for calculation of estimated remuneration, etc. are appropriate.*

(3) Non-auditing services

Consideration was paid for its financial due diligence and tax due diligence.

(4) Policy regarding determination of removal or refusal of reappointment of Independent Auditors

The Audit & Supervisory Board shall make the agenda regarding removal or refusal of reappointment of Independent Auditors purpose of the General Meeting of Shareholders if the Audit & Supervisory Board believes that it is necessary due to causes including the Independent Auditors' difficulty in performing their duties.

When an Independent Auditor is deemed to fall under the items set forth in items of Paragraph (1), Article 340 of the Companies Act, the Audit & Supervisory Board removes the Independent Auditor based on the consent of all Audit & Supervisory Board Members. In this case, the Audit & Supervisory Board Member appointed by the Audit & Supervisory Board will report the removal of Independent Auditors and its reasons at the first General Meeting of Shareholders after the removal thereof.

(5) Audit of consolidated subsidiaries

Some consolidated subsidiaries of the Company have been audited by of certified public accountants or auditing firms (including those who have equivalent qualifications in foreign countries) other than the Company's Independent Auditor, and the material ones are NMB-Minebea Thai Ltd., NMB (USA) Inc., NMB Technologies Corporation, New Hampshire Ball Bearings, Inc., NMB-Minebea-GmbH, MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD., MINEBEA (HONG KONG) LIMITED, NMB SINGAPORE LIMITED, MINEBEA (CAMBODIA) Co., Ltd.

5. System to Ensure the Proper Business and Status of Its Operation

Based on the Companies Act, the Company enacted its Basic Policy for the Formulation of an Internal Control System by a resolution of the Meeting of the Board of Directors in an effort to ensure the sound management of the Company. A summary of this resolution and status of operation is provided below.

I. System to Ensure the Proper Business

(1) Structure to assure that Directors', Executive Officers' & Technical Officers' and employees' execution of duties conform to laws and regulations and Articles of Incorporation (Compliance system)

1) The MinebeaMitsumi Group has set up a management structure regarding compliance and established the MinebeaMitsumi Group Code of Conduct (hereafter the "Code of Conduct"), the MinebeaMitsumi Group Officer and Employee Compliance Guidelines (hereafter the "Compliance Guidelines") and Compliance Management Rules (hereafter the "Rules") in order to have group company Directors, Executive Officers & Technical Officers and Employees follow laws and regulations, the Company's Articles of Incorporation and the Company Credo.
2) These Code of Conduct and Compliance Guidelines have set the specific guidelines and standards that have to be observed for labor, safety and health, environment protection, and ethical management. In order to enforce this, the Compliance Committee was established to control the MinebeaMitsumi Group's compliance efforts in a cross-sectional manner, as well as educating officers and staff members. In the Rules, the basic policy, such as a basic policy of the compliance in our group, organization, and management rules are defined, and the various measures regarding maintenance of organization and compliance are implemented appropriately.
3) The MinebeaMitsumi Group will have nothing to do with anti-social forces and organizations that threaten social order or safety. It will not acquiesce to unreasonable demands, and it will work uncompromisingly in cooperation with external authorized institutions such as police and lawyers. Moreover, it is also written in the Code of Conduct and the Compliance Guidelines.
4) Activities of the Compliance Committee are reported to the Board of Directors regularly, or whenever necessary.
5) Outside directors in the Board of Directors will be appointed in order to have the check-and-balance system that assures the legality of the Directors' execution of duties.

(2) Storage and management of information related to execution of duties by Directors and Executive Officers & Technical Officers (Information Storage and Management System)

1) The MinebeaMitsumi Group has established the MinebeaMitsumi Group Document Management Rules for maintaining documents (including electronic records) and other relevant materials.
2) If the documents should be kept for a certain period of time or at a certain location, the preservation period and location must follow these rules except in cases where there are specific provisions in any law. The documents are stored by a method as it can be viewed within 2 days, if there is an inspection request from a Director or Audit & Supervisory Board Member.

(3) Rules for risk of loss management and other structures (Risk Management Structure)

1) The MinebeaMitsumi Group established "MinebeaMitsumi Group Basic Rules for Risk Management" that systematically sets up risk management. The Chief Officer of the risk management of the MinebeaMitsumi Group shall be the Representative Director, President and Chief Executive Officer, and the Risk Management Committee is under his direct control.
2) Based on these Rules, the individual risks will be monitored continuously by each responsive organization, and we also assume and classify specific risks in advance, and develop a quick, adequate communication and emergency structure in case of an emergency.
3) The Risk Management Committee will regularly review above structure, verify specific items and report the status of risk management including such verification results to the Board of Directors regularly, or whenever necessary.

(4) Structure to assures that the execution of duties by the Directors and Executive Officers & Technical Officers are efficiently performed (system for an Efficient Execution of Duties)

1) The MinebeaMitsumi Group makes rapid and highly strategic management judgments by limiting the number of Directors to 12 or less. At the same time, the Company makes significant transfer of the authority for business execution from Directors to Executive Officers by introducing an Executive Officer System to

facilitate a clear distinction between management and supervisory functions and business executing functions and speed up the business execution.

2) The MinebeaMitsumi Group sets group-wide goals that are shared by Directors, Executive Officers & Technical Officers and employees and spreads those goals across the group. In addition, to achieve the goals, chiefs of headquarters and officers in charge of divisions and chiefs of business units determine specific objectives to be implemented by each headquarters, division or business unit and efficient methods of achieving the objectives. Their performance results are converted into verifiable data via an IT system and are regularly reviewed by the Board of Directors after being analyzed by each relevant headquarters, division and business unit. Leveraging the inherent strength of this process, enables us to sweep away obstacles to efficiency, bring everyone closer to achieving their goals, and lay a solid foundation upon which we can build a more efficient organization.

(5) Structures to ensure that the operations of the Company's and its subsidiaries are adequate (Management of Group Companies)

1) MinebeaMitsumi's headquarters, divisions and business units take all necessary steps to provide effective guidance on group company business operations.
2) Our common commitment to legal and ethical standards is reflected in the "MinebeaMitsumi Group Code of Conduct" and the "Compliance Guidelines."
3) "Rules for Management of Group Companies" that are common to our group are established in order to, establish the management standards and management procedures for its group companies located domestically in Japan and overseas as well, and to facilitate business development of the corporate group consisting of the Company and the group companies, strengthen its corporate governance structure and enhance its corporate value.
4) In order to increase the effects of the internal control system audits for group companies currently done by the Audit & Supervisory Board Members, we maintain a cooperative posture toward the Audit & Supervisory Board Members.
5) We set numerical goals for each group company, review them regularly, and provide relevant organizations with feedback after performing a thorough performance review.
6) The Internal Auditing Office regularly audits the group companies.

(6) Structures to ensure that the Audits by the Audit & Supervisory Board Members are effective (Audit System matters)

1) **Issues concerning when an Audit & Supervisory Board Member requests for an employee to assist him/her and issues concerning such employee's independence from Directors**
   (i) When such employee is required, he/she is properly set, and we assist the audit.
   (ii) When an employee in charge of work to assist duties of an Audit & Supervisory Board Member receives directions on the work from the Audit & Supervisory Board Member, a system that allows such employee to concentrate on following commands and orders is established.
   (iii) The audit support by such employee is done under the Audit & Supervisory Board Member's directions and orders.
   (iv) The Audit & Supervisory Board's opinion is respected on the personnel changes and personnel evaluation regarding such employee.

2) **Structure of Directors', Executive Officers' & Technical Officers' and employees' report to the Audit & Supervisory Board Member, and other reporting structure to the Audit & Supervisory Board Member**
   (i) The Directors report the following to the Audit & Supervisory Board
      a. Matters discussed at the Senior Executive Officers Council
      b. Matters that might cause the Company a significant loss
      c. Monthly business conditions that is important
      d. Important matters regarding internal audit status and risk management
      e. Significant violations of law or Articles of Incorporation
      f. Status of calls to the compliance hotline and its contents
      g. Other important matters related to compliance
      h. Matters related to request for approval decided by Directors or Executive Officers & Technical Officers
      i. Agreements executed by Directors or Executive Officers & Technical Officers

j. Matters related to litigations

(ii) Executive Officers & Technical Officers directly report b. or e. in the previous paragraph (i) hereof to the Audit & Supervisory Board. Also, if the employee discovers a significant fact related to b. and e. in the previous paragraph (i) hereof, he/she may directly report it to the Audit & Supervisory Board.

(iii) Group companies' Directors, Audit & Supervisory Board Members or employees who execute business operations or any person who receives a report from them may report a matter concerning b. or e. of (i) above directly to the Audit & Supervisory Board.

(iv) Executives and employees of the Company and group companies shall not to be treated disadvantageously by reason of their reporting on each item listed above.

3) **Other matters in order to ensure the efficiency of the Audit & Supervisory Board Member's audit**

(i) The Audit & Supervisory Board Member has an opportunity to interview Directors, Executive Officers & Technical Officers and important employees, as well as hold informal meetings regularly with Representative Director, President and Chief Executive Officer and the Independent Auditor respectively.

(ii) The Internal Auditing Office carries out the internal audit items requested by the Audit & Supervisory Board Members based on discussions with the Audit & Supervisory Board and reports those results to the Audit & Supervisory Board.

(iii) As a general rule, costs arising from execution of duties by Audit & Supervisory Board Members are expensed based on the annual budget planned by the Audit & Supervisory Board. When an Audit & Supervisory Board Member asks for advance payment of costs, etc. required for execution of his or her duties by necessity, the costs or obligations are processed promptly.

Based on the policies above, the Company is promoting in unison the establishment of the Internal Control System.

II. Overview of Operation of the System to Ensure the Proper Business

(1) Compliance system

The Company holds meetings of the Compliance Committee that one independent Outside Director attends, considers various measures regarding compliance, and reports these measures to the Board of Directors. In addition, the compliance consultation center for which the internal responsible department and an external outsourced company act as a contact point has been set up, and the provided information shall also be notified to Audit & Supervisory Board Members.

In the fiscal year under review, the Company implemented training and education programs such as seminars on compliance for officers and those for new employees, junior employees, experienced employees who newly joined the Company, and newly appointed Assistant Managers and Managers. The Company also provided management positions with training programs for preventing power harassment. The Company continues its efforts to increase awareness about compliance, including the "Employee Compliance Awareness Survey" to measure the extent of awareness of compliance and e-learnings.

(2) Information storage and management system

Based on the "MinebeaMitsumi Group Document Management Rules," the Company has appropriately stored significant minutes of meetings, various written decisions, financial statements and other documents.

(3) Risk management structure

The Risk Management Committee develops the risk management structure in the MinebeaMitsumi Group and promotes the development of business continuity plans (BCP) that provide for remediation activities in case any risk occurs at major production sites.

In the fiscal year under review, with the aim for further enhancement and strengthening of the Group's risk management structure, the Company established risk management structures at business sites in coordination with persons responsible for or in charge of risk management who were placed in each region and business site of the MinebeaMitsumi Group in addition to the Risk Management Committee, and carried out various initiatives related to risk management. In addition, the results of examinations were reported to the Board of Directors. In order to prepare for risks that are diversified further in line with the expansion of the Group, the Company will examine and understand risks for each business site and strive to effectively promote preventive and control activities tailored to characteristics of each business site.

(4) System for an efficient execution of duties

Based on the "Board of Directors' Rules" and other regulations, necessary resolutions are made at the Board of Directors meetings. The Company made significant transfer of the authority to Executive Officers by an Executive Officer System to ensure efficient execution of duties. With the Company's goals as the company credo, the Board of Directors formulates mid-term and annual business plans and gives direction strategically. When plans are considered, constructive discussions are made at a business plan review meeting that all Directors, Audit & Supervisory Board Members, Executive Officers & Technical Officers, chiefs of business units, etc. attend, a Top Meeting held around the end of the first half where achievement of the plans is confirmed and deliberations are conducted for the future and other meetings. Based on the results of these discussions, the Company makes decisions on business execution through deliberations at the Board of Directors after discussions at the Senior Executive Officers Council, which is an advisory body for President and Chief Executive Officer.

The progress of plans is reported at the Board of Directors on a quarterly basis and monitored.

(5) Management of group companies

Based on the "Rules for Management of Group Companies," group companies are managed and operated while each headquarters, division and business unit of the Company provide effective guidance on group company business operations.

The status of operations is confirmed through audits by Audit & Supervisory Board Members and internal audits. A periodic audit is made for particularly important business sites.

(6) Audit system matters

Audit & Supervisory Board Members attend the Board of Directors' meetings and other important meetings, interview the Company's Directors and Executive Officers & Technical Officers and review important written decisions while visiting domestic and overseas group companies for audits and interviewing directors and other persons concerned of group companies.

Audit & Supervisory Board Members periodically have a meeting with the Internal Auditing Office, hear an annual audit plan and its objectives, etc. and receive a report about all internal audit results. In implementing audits, Audit & Supervisory Board Members have prior discussions on auditing points and other matters, and join and observe internal audits where necessary.

Audit & Supervisory Board Members periodically interview President and Chief Executive Officer, and also hold a regular meeting with the Independent Auditor to confirm the audit system and an audit plan, receive an explanation on implementation of an audit, etc. and exchange opinions. Furthermore, a liaison council with Outside Directors has been set up to periodically exchange views.

An employee to assist Audit & Supervisory Board Members on a full-time basis has been assigned to the Audit & Supervisory Board Members Office. Directions and orders to and personnel evaluations of such employee are given by Audit & Supervisory Board Members.

An annual budget is appropriated by the Audit & Supervisory Board, and relevant costs are expensed based on the annual budget.

6. Basic Policy relating to Control of the Company

(1) Contents of Basic Policy

The Company believes that the persons who control decisions on the Company's financial and business policies need to be persons who fully understand the details of the Company's financial and business affairs and the source of the MinebeaMitsumi Group's corporate value and who will make it possible to continually and persistently ensure and enhance the MinebeaMitsumi Group's corporate value and, in turn, the common interests of its shareholders.

The Company believes that ultimately its shareholders as a whole must make the decision on any proposed acquisition that would involve a transfer of corporate control of the Company. Also, the Company would not reject a large-scale acquisition of the shares in the Company if it would contribute to the corporate value of the MinebeaMitsumi Group and, in turn, the common interests of its shareholders.

Nonetheless, there are some forms of corporate acquisition that benefit neither the corporate value of the target company nor the common interests of its shareholders including without limitation, those with a purpose that would obviously harm the corporate value of the target company and the common interests of its shareholders, those with the potential to substantially coerce shareholders into selling their shares, those that do not provide sufficient time or information for the target company's board of directors and shareholders to consider the details of the large-scale acquisition or for the target company's board of directors to make an alternative proposal and those that require the target company to discuss or negotiate with the acquirer in order to procure more favorable terms for shareholders than those presented by the acquirer.

In order for the MinebeaMitsumi Group to ensure and enhance the corporate value and, in turn, the common interests of its shareholders, it is necessary for the MinebeaMitsumi Group to efficiently and continuously develop new products, cultivate new markets and revolutionize production technology in the mid- to long-term globally based on the MinebeaMitsumi Group's original vertically integrated manufacturing system, and to drive to be a company that leads the competition through manufacturing and technological excellence based on advanced ultra-precision machining technology and mass production techniques for mechatronic products that are the source of the MinebeaMitsumi Group's corporate value.

Unless the acquirer in a proposed large-scale acquisition of the shares in the Company understands the source of the corporate value and the characteristics that are indispensable to enhance the corporate value of the MinebeaMitsumi Group, as well as the details of the financial and business affairs of the Company, and will ensure and realize these elements over the medium-to-long-term, the corporate value of the MinebeaMitsumi Group and the common interests of its shareholders would be harmed.

Therefore, the Company believes that persons who would make a large-scale acquisition of the shares in the Company in a manner that does not contribute to the corporate value of the MinebeaMitsumi Group or the common interests of its shareholders would be inappropriate to become persons who control decisions on the Company's financial and business policies. The Company believes that it is necessary to ensure the corporate value of the MinebeaMitsumi Group and, in turn, the common interests of its shareholders by taking the necessary and reasonable countermeasures for the purpose of deterring acquisitions that are detrimental to the corporate value of the MinebeaMitsumi Group and, in turn, the common interests of its shareholders.

(2) Special measures for realization of Basic Policy

The MinebeaMitsumi Group's business objective is to fulfill its social responsibilities to the various stakeholders, such as shareholders, business partners, local communities, the international society and employees, and maximize its corporate value.

Based on the above mentioned basic managerial policy, we will thoroughly review productivity to boost the profitability of our existing lines. We will also expand our EMS (Electro Mechanics Solutions) business which is driven by MITSUMI ELECTRIC CO., LTD. and our group's combined technological strengths in electronic devices and components as well as machined components. We will leverage the combined wealth of experience we have gained in manufacturing, sales, engineering and development to provide flexible prices and meet the needs of our customers.

We will actively work on improving our profitability and increasing corporate value via M&As and alliances. At the same time, we will focus on establishing large-scale overseas mass production facilities as well as global R&D capabilities in light of regional risk assessment findings, while aiming to achieve either net sales of 1 trillion yen or operating income of 100 billion yen at an early stage. In order to achieve these goals, the Company will endeavor to bolster organizations that make decisions regarding corporate management and carry out business, and promote the establishment, development and expansion of the internal control system in order to strengthen its corporate governance.

(3) Measures to prevent control over decisions on the Company's financial and business policies by persons deemed as inappropriate under the Basic Policy

The Company updated the "countermeasures to large-scale acquisition of Minebea shares (takeover defense measures)," of which the update is resolved at the 68th Ordinary General Meeting of Shareholders held on June 27, 2014, based on resolutions of the Board of Directors meeting held on May 31, 2017 and the Company's 71st Ordinary General Meeting of Shareholders held on June 29, 2017, with the content partially revised (takeover defense measures after the revision are hereinafter referred to as "the Plan").

Outline of the "Measures to prevent control over decisions on the Company's financial and business policies by persons deemed as inappropriate under the Basic Policy" are described below.

The details of the Plan are also posted on our website below.

https://www.minebeamitsumi.com/corp/investors/management/governance/internal_framework/

1) Purpose of the Plan

As set out in the Basic Policy, the Company's Board of Directors believes that persons who would propose a large-scale acquisition in a manner that does not contribute to the corporate value of the MinebeaMitsumi Group or the common interests of its shareholders would be inappropriate as persons who control decisions on the Company's financial and business policies. The purpose of the Plan is to prevent decisions on the Company's financial and business policies from being controlled by persons deemed inappropriate, to deter large-scale acquisitions that are detrimental to the corporate value of the MinebeaMitsumi Group and, in turn, the common interests of its shareholders, and on the occasion that the Company receives a large-scale acquisition proposal regarding the shares in the Company from an acquirer, to enable the Company's Board of Directors to present an alternative proposal to the shareholders or ensure necessary time and information for the shareholders to decide whether or not to accept the large-scale acquisition proposal, and to enable the Board of Directors to negotiate for the benefit of the shareholders.

2) Outline of the Plan

The Plan will be applied in cases where any purchase or other acquisition of share certificates, etc. of the Company that falls under (i) or (ii) below or any similar action (including a proposal for such action) (except for such action as the Company's Board of Directors separately determines not to be subject to the Plan; the "Acquisition") takes place.

(i) A purchase or other acquisition that would result in the holding ratio of share certificates, etc. of a holder totaling at least 20% of the share certificates, etc. issued by the Company; or

(ii) A tender offer that would result in the party conducting the tender offer's ownership ratio of share certificates, etc. and the ownership ratio of share certificates, etc. of a person having a special relationship totaling at least 20% of the share certificates, etc. issued by the Company.

The party intending to make the Acquisition (the "Acquirer") shall follow the procedures prescribed in the Plan, and the Acquirer must not effect the Acquisition until and unless the Company's Board of Directors resolves not to implement the gratis allotment of subscription rights to shares in accordance with the Plan.

The Company will require any Acquirer to submit to the Company, before commencement or implementation of the Acquisition, a legally binding letter of intent that contains an undertaking that the Acquirer will comply with the procedures established under the Plan and the Acquisition Statement including predetermined information necessary for examination of details of the Acquisition.

The Independent Committee may request that the Company's Board of Directors present an opinion on the Acquirer's Acquisition terms and an alternative proposal (if any), and any other information that the Independent Committee considers necessary.

Then, the Independent Committee will conduct its consideration of the Acquisition terms and may directly or indirectly discuss and negotiate with the Acquirer. If the Independent Committee determines that the Acquisition by the Acquirer is not in compliance with the procedures of the Plan, or that it threatens to cause obvious harm to the corporate value of the MinebeaMitsumi Group and, in turn, the common interests of its shareholders, and it is reasonable to implement the gratis allotment of subscription rights to shares, and it falls under one of the triggering events set in the Plan, the Independent Committee will recommend the implementation of the gratis allotment of subscription rights to shares with clauses prescribing that exercise of the rights by the Acquirer is, in principle, not allowed and that the Company may acquire subscription rights to shares from holders other than the Acquirer in exchange for shares of the Company, to the

Company’s Board of Directors. If the Independent Committee recommends implementation of the gratis allotment of Share Options, the Company’s Board of Directors will, if it is practically possible, convene a meeting of shareholders (includes cases where advisory resolutions are made for matter, hereinafter, the “Shareholders Meeting”) to confirm the intent of the Company’s shareholders relating to whether or not that gratis allotment should be implemented. On the other hand, if the Independent Committee considers that an Acquisition by an Acquirer does not fall under any of the triggering events set in the Plan, it will not recommend the implementation of the gratis allotment of subscription rights to shares, to the Company’s Board of Directors.
The Company’s Board of Directors, in exercising their role as an organization under the Companies Act, will pass a resolution relating to the implementation or non-implementation of a gratis allotment of subscription rights to shares respecting to the maximum extent any recommendation of the Independent Committee. However, if a Shareholders Meeting is to be held the Company’s Board of Directors shall make a necessary resolution as appropriate in accordance with the resolution of that Shareholders Meeting.
If a gratis allotment of subscription rights to shares were to take place in accordance with the Plan and all shareholders other than the Acquirer received one share per stock acquisition right in the Company as a result of those shareholders exercising or the Company acquiring those subscription rights to shares, the ratio of voting rights in the Company held by the Acquirer may be diluted by up to 50%.
The effective period of the Plan will be the period until the conclusion of the ordinary general meeting of shareholders relating to the last fiscal year ending within three years after the conclusion of the 71st Ordinary General Meeting of Shareholders held on June 29, 2017.

(4) Decisions and reasoning by the Company’s Board of Directors regarding above measures

The Company has implemented such measures for enhancing the corporate value as establishing efforts that enhance its corporate value including the mid-term business plan and such policies as strengthening its practices as specific measures to continually and persistently enhance the MinebeaMitsumi Group’s corporate value and, in turn, the common interests of the Company’s shareholders. These measures will be completely in harmony with the Company’s Basic Policy.
The Plan is a mechanism to maintain the corporate value of the MinebeaMitsumi Group and in turn, the common interests of its shareholders when an acquisition is proposed. Therefore, the Plan is in compliance with the Basic Policy.
The Plan satisfies all of the three principles set out in the Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders’ Common Interests released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005, namely, the principles of: 1) Ensuring and enhancing the corporate value and shareholders’ common interests; 2) Prior disclosure and respect for shareholder intent; and 3) Ensuring necessity and reasonableness. The Plan is placing high value on the intent of shareholders because it was approved at the 71st Ordinary General Meeting of Shareholders, it is with the Effective Period of approximately three years, if the Ordinary General Meeting of Shareholders or Board of Directors of the Company resolves to abolish the Plan, the Plan will be abolished at that time and basically, upon invocation of the Plan, we decided to seek a shareholders’ intention confirmation meeting. In addition, the plan has a mechanism to enhance the objectivity and fairness because substantive decisions on triggering of, amendment to or other operation of the Plan will be made by the Independent Committee, which is solely composed of Outside Directors or other outsiders who are independent from the Company, and the Independent Committee may obtain the advice of independent third parties (financial advisors, certified public accountants, lawyers, tax accountants, consultants and other experts) at the cost of the Company. Therefore, these measures comply with the Basic Policy and are consistent with the common interests of the Company’s shareholders, and are not implemented for the purpose of maintaining the positions of the directors and the Audit & Supervisory Board Members of the Company.

Consolidated Statements of Financial Position (IFRS)

(As of March 31, 2020)

(Unit: millions of yen)

Assets	
Item	**Amount**
Current assets	
Cash and cash equivalents	130,746
Trade and other receivables	182,890
Inventories	169,803
Other financial assets	18,057
Other current assets	14,375
Total current assets	**515,871**
Non-current assets	
Property, plant, and equipment	275,064
Goodwill	18,626
Intangible assets	13,798
Other financial assets	18,896
Deferred tax assets	18,008
Other non-current assets	4,218
Total non-current assets	**348,610**
Total assets	**864,481**

Note: Amounts less than 1 million yen are rounded to the nearest million yen.

(Unit: millions of yen)

Liabilities and equity	
Item	**Amount**
Liabilities	
Current liabilities	
Trade and other payables	143,964
Bonds and borrowings	95,268
Other financial liabilities	6,984
Income taxes payable	2,905
Provisions	4,353
Other current liabilities	42,209
Total current liabilities	**295,683**
Non-current liabilities	
Bonds and borrowings	126,444
Other financial liabilities	13,639
Net defined benefit liabilities	22,482
Provisions	579
Deferred tax liabilities	1,702
Other non-current liabilities	1,676
Total non-current liabilities	**166,522**
Total liabilities	**462,205**
Equity	
Common stock	**68,259**
Capital surplus	**134,707**
Treasury stock	**(34,455)**
Retained earnings	**234,667**
Other components of equity	**(8,806)**
Total equity attributable to owners of the parent	**394,372**
Non-controlling interests	**7,904**
Total equity	**402,276**
Total liabilities and equity	**864,481**

Note: Amounts less than 1 million yen are rounded to the nearest million yen.

Consolidated Statements of Income

(From April 1, 2019 to March 31, 2020)

(Unit: millions of yen)

Item	Amount
Net sales	**978,445**
Cost of sales	**811,859**
Gross profit	**166,586**
Selling, general and administrative expenses	**107,647**
Other income	**3,969**
Other expenses	**4,261**
Operating income	**58,647**
Finance income	**1,822**
Finance expenses	**2,380**
Profit before income taxes	**58,089**
Income taxes	**11,166**
Profit for the year	**46,923**
Profit (loss) for the year attributable to:	
Owners of the parent	45,975
Non-controlling interests	948
Profit for the year	46,923

Note: Amounts less than 1 million yen are rounded to the nearest million yen.

Consolidated Statements of Changes in Equity

(From April 1, 2019 to March 31, 2020)

(Unit: millions of yen)

	Equity attributable to owners of the parent					
					Other components of equity	
	Common stock	Capital surplus	Treasury stock	Retained earnings	Foreign exchange differences on translation of foreign operations	Cash flow hedges
Balance as of April 1, 2019	68,259	137,464	(19,448)	202,172	8,387	(76)
Profit (loss) for the year				45,975		
Other comprehensive Income					(17,194)	(931)
Comprehensive income for the year	–	–	–	45,975	(17,194)	(931)
Purchase of treasury stock		(52)	(15,007)			
Dividends				(11,624)		
Increase of consolidated subsidiaries						
Transactions with non-controlling interests		(2,705)				
Transfer to retained earnings				(1,856)		
Total transactions with owners	–	(2,757)	(15,007)	(13,480)	–	–
Balance as of March 31, 2020	68,259	134,707	(34,455)	234,667	(8,807)	(1,007)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity					
	Net changes in revaluation of equity instruments measured at fair value through other comprehensive income	Remeasurement of defined benefit plans	Subtotal	Total		
Balance as of April 1, 2019	2,945	–	11,256	399,703	7,557	407,260
Profit (loss) for the year		–	–	45,975	948	46,923
Other comprehensive Income	(1,860)	(1,933)	(21,918)	(21,918)	(412)	(22,330)
Comprehensive income for the year	(1,860)	(1,933)	(21,918)	24,057	536	24,593
Purchase of treasury stock		–	–	(15,059)		(15,059)
Dividends		–	–	(11,624)	(22)	(11,646)
Increase of consolidated subsidiaries		–	–	–	4,904	4,904
Transactions with non-controlling interests		–	–	(2,705)	(5,071)	(7,776)
Transfer to retained earnings	(77)	1,933	1,856	–		–
Total transactions with owners	(77)	1,933	1,856	(29,388)	(189)	(29,577)
Balance as of March 31, 2020	1,008	–	(8,806)	394,372	7,904	402,276

Note: Amounts less than 1 million yen are rounded to the nearest million yen.

Notes to Consolidated Financial Statements

Basis of Presenting Consolidated Financial Statements

1. Standards for the preparation of consolidated financial statements

MinebeaMitsumi Inc. (the "Company") and its subsidiaries (collectively, the "Group") prepare consolidated financial statements by adopting International Financial Reporting Standards ("IFRS") based on Paragraph (1), Article 120 of the Regulation on Corporate Accounting. In accordance with the provisions of the second sentence of the same Paragraph, certain descriptions and notes required under IFRS are omitted.

2. Consolidated subsidiaries

Number of consolidated companies: 118 companies

The names of principal consolidated subsidiaries:

NMB-Minebea Thai Ltd.
NMB (USA) Inc.
NMB Technologies Corporation
New Hampshire Ball Bearings, Inc.
NMB-Minebea-GmbH
MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD.
MINEBEA (HONG KONG) LIMITED
NMB SINGAPORE LIMITED
MINEBEA (CAMBODIA) Co., Ltd.
MITSUMI ELECTRIC CO., LTD.
U-Shin Ltd.

3. Application of the equity method

Affiliated companies under the equity method

Number of affiliated companies under the equity method: 0 company

4. Changes in scope of consolidation

(1) Increase in consolidated subsidiaries through business integration (28 companies)

U-Shin Ltd.
U-Shin France S.A.S.
U-Shin Slovakia s.r.o.
and other 25 companies

(2) Increase in consolidated subsidiaries through acquisition of stocks (2 companies)

Mast Kunststoffe GmbH & Co. KG
Mast Verwaltungsgesellschaft mbH

(3) Decrease due to company liquidation (4 companies)

TAIPEI MITSUMI CO., LTD.
PARADOX ENGINEERING SDN BHD
SYLLOGISM SYSTEMS SRL
NMB-Minebea Slovakia s.r.o.

(4) Decreased due to merger (2 companies)

MITSUMI ELECTRONICS (SINGAPORE) PTE. LTD.
Mast Kunststoffe GmbH & Co. KG

5. Fiscal years, etc. of consolidated subsidiaries

Of the consolidated subsidiaries, the settlement date of MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD., MINEBEA (CAMBODIA) Co., Ltd. and 33 other companies is December 31, and preliminary financial statements prepared as of the consolidated closing date are used.

6. Accounting policies

Unless otherwise specified, the significant accounting policies applied by the Group to these consolidated financial statements apply to all periods referenced in the consolidated financial statements.

(1) Basis of consolidation

(i) Subsidiaries

Subsidiary refers to an entity controlled by the Group. The Group determines that it controls an entity when it is exposed to, or has rights to, variable returns arising from its involvement in the entity and also has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the scope of consolidation from the date that the Group acquires control, or the acquisition date, to the day that control is lost.

In the event that the accounting policies applied by a subsidiary differ from those applied by the Company, the financial statements of said subsidiary are adjusted as necessary. Additionally, debts and credits between consolidated companies, transactions between consolidated companies, and unrealized gains or losses arising from transactions within the Group are eliminated when preparing consolidated financial statements.

Non-controlling interests in subsidiaries are identified separately from the Company's equity therein. Non-controlling interest consists of the initial amount of equity on the date of business combination and changes in non-controlling interest since the date of business combination. Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration is recognized directly in equity as equity attributable to owners of parent.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary and any related non-controlling interests or other components of equity. Gains or losses arising from loss of control are recognized as profit or loss.

(ii) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. When the Group holds between 20% and 50% of another entity's voting rights, it is presumed to have significant influence over that entity.

Associates are accounted for using the equity method from the day that significant influence is acquired by the Company to the day that it is lost. Investments in associates include goodwill recognized when acquired.

(2) Business combinations

The Group accounts for business combinations using the acquisition method on the day that control is acquired. The historical cost is measured as the total fair value of the assets transferred in exchange for control of the acquiree, the liabilities incurred, all non-controlling interests in the acquiree, and the equity instruments issued by the Company as of the acquisition date. When the consideration exceeds the fair value of the identifiable assets and liabilities, it is recorded as goodwill on the consolidated statement of financial position. Conversely, if it is less than same, it is immediately recognized as profit or loss on the consolidated statement of income. Any acquisition-related costs are recognized as profit or loss.

Contingent consideration is classified as either capital or financial liability, and the amount that is classified as financial liability is remeasured later at fair value through profit or loss. If the business combination is a step acquisition, the acquisition-date carrying amount of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Profit or loss arising from this remeasurement is recognized as profit or loss.

(3) Segment information

A business segment is a component of business activities from which it earns revenues and incurs expenses, including transactions with other business segments. The business results of all business segments are subject to regular review by the Board of Directors of the Company in order to determine allocation of management resources to each segment and evaluate performance, and separate financial information is available for each.

(4) Foreign currency translation

(i) Translation of foreign currency transactions

Foreign currency transactions are translated into the functional currency of each group entity at the exchange rate or approximate exchange rate as of the transaction date.

Foreign currency monetary assets and liabilities are translated into the functional currency at the exchange rate as of the reporting date. Foreign exchange differences, except translation differences arising from cash flow hedges and net changes in revaluation of equity instruments measured through other comprehensive income, are recognized as profit or loss.

(ii) Translation of a foreign operation

Translation of assets and liabilities of foreign operations in functional currencies other than the Japanese yen are translated into yen at the exchange rate as of the reporting date. Revenues and expenses are translated using the exchange rates as of the dates of the transactions, and unless the exchange rate fluctuates significantly, the average rate for the period is used. Translation differences arising from translation of the financial statements of foreign operations are recognized in other comprehensive income except when allocated to non-controlling interests. When control or significant influence is lost, the cumulative total of translation differences related to the foreign operation is recognized in profit or loss as partial gain or loss relating to disposition.

(5) Financial instruments

(i) Initial recognition and derecognition

The Group recognizes financial assets and financial liabilities on the consolidated statements of financial position only when it becomes a party to the contractual provisions of the financial instrument.

The Group derecognizes a financial asset when the rights to receive cash flows from the asset expire, or it transfers the rights to receive the cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset. Any interest in such derecognized financial assets that is retained by the Group is recognized as a separate asset or liability. The Group derecognizes a financial liability when its contractual obligations are discharged or canceled, or expire. Trade receivables and other financial assets are written off when the Group considers that there are no realistic prospects of recovery of the balance. This is recognized when the Group has lost all reasonable means of recovering the receivable subject to impairment.

Purchases or sales of financial assets are recognized or derecognized using transaction date or settlement date accounting. The Group applies the following methods according to classification of the financial asset:

- Settlement date accounting for financial assets measured at amortized cost
- Transaction date accounting for financial assets measured at fair value through other comprehensive income (“FVOCI”)
- Transaction date accounting for financial assets measured at fair value through profit or loss (“FVPL”)

(ii) Classification and measurement ― Financial assets

The Group classifies financial assets into the following categories: at amortized cost, FVOCI, and FVPL.

i. Financial assets measured at amortized cost

A financial asset is classified as at amortized cost if it meets the following two criteria:

- The financial asset is held within a business model with the objective of holding financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method. The criteria for impairment in (v) below are also applied.

ii. Financial assets measured at FVOCI

A financial asset is classified as FVOCI if it meets the following two criteria:

- The financial asset is held for a business model that is achieved by both collecting contractual cash flows and selling
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Additionally, on initial recognition, the Group may choose to recognize changes in fair value in other comprehensive income for equity instruments measured at FVPL (irrevocable).

These assets measured at FVOCI are measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, the measurements below are used.

- Equity instruments

  Subsequent to initial recognition, these are measured at fair value without deducting costs of disposal. Except for dividend income, the related gains and losses (including the related foreign exchange portion) are recognized in other comprehensive income. The amount recognized in other comprehensive income is not transferred to profit or loss later.

・Liability instruments

Subsequent to initial recognition, these are measured at fair value without deducting from sales or deducting costs of disposal. Subsequent measurement includes the following criteria:

- Expected credit loss is recognized in profit or loss.
- Exchange difference is calculated on an amortized cost basis and recognized in profit or loss.
- Interest is calculated using the effective interest method and recognized in profit or loss.
- Other gains and losses associated with fair value are recognized in other comprehensive income.
- If an asset is derecognized, the past total gains or losses recognized in other comprehensive income are transferred from other comprehensive income to profit or loss.

iii. Financial assets measured at FVPL

Financial assets not classified as financial assets measured at amortized cost or FVOCI are classified as financial assets measured at FVPL. Additionally, assets may be irrevocably designated as measured at FVPL on initial recognition. Transaction costs directly attributable to purchase of the financial asset are recognized as profit or loss as incurred. Subsequent to initial recognition, they are measured at fair value, and any gains or losses are recognized in profit or loss.

(iii) Classification and measurement ― Financial liabilities

Financial liabilities are classified as subsequently measured at amortized cost or at FVPL. These classifications are determined on initial recognition.

i. Financial liabilities measured at amortized cost

These financial liabilities are initially recognized at the amount less any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

ii. Financial liabilities measured at FVPL

These financial liabilities include liabilities held with the objective of selling and liabilities designated on initial recognition as measured at FVPL and are initially recognized at fair value. Subsequent to initial recognition, these liabilities are measured at fair value and changes therein, including any interest expense, are recognized in profit or loss.

(iv) Compound financial instruments

The components of compound financial instruments issued by the Group (e.g. convertible bonds) are individually classified as financial liabilities or equity according to contractual arrangements and the respective definitions of financial liabilities and equity instruments.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity component. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. Interest related to the financial liability is recognized in profit or loss. When converted into shares, financial liabilities are transferred to equity and are not recognized in profit or loss. The equity component of a compound financial instrument is not remeasured.

(v) Impairment of financial assets

The Group recognizes a loss allowance based on expected credit loss for debt instruments and lease receivables at amortized cost or FVOCI. An expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights. The credit loss is the difference between contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The Group assesses expected credit losses at each reporting date to determine whether the credit risk has increased significantly since initial recognition. In its assessment, the group compares the risk of a default occurring through the expected life as at the reporting date with the risk of a default occurring as at the date of initial recognition. The Group considers all related information available that is reasonable and supportable on individual financial instruments, including historical information, to determine whether the credit risk has increased significantly since initial recognition.

For those financial assets for which credit risk has not increased significantly since initial recognition, a loss allowance at an amount equal to the 12-month expected credit loss is recognized. For those financial assets for which credit risk has increased significantly since initial recognition, a loss allowance at an amount equal to the lifetime expected credit loss is recognized. Regardless of the above, for those accounts receivable and lease receivables that do not include significant financial components, a loss allowance based on lifetime expected credit loss is recognized.

Measurement of expected credit loss reflects the following criteria:

・ It reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
・ Time value of money
・ Reasonable and supportable information available at the reporting date without undue cost or effort about past events, current conditions, and future economic conditions

(vi) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends to either settle them on a net basis or to realize the asset and settle the liability simultaneously.

(vii) Derivatives and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Derivatives are initially recognized at fair value on the date the contract is entered into. Subsequent to initial recognition, derivatives are remeasured at fair value on each reporting date. Subsequent to initial recognition, the method of recognizing changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

i. Derivatives meeting criteria for hedge accounting

The Group designates derivatives as either of the following and documents the risk management objective and strategies for undertaking hedge transactions. The Group also conducts assessments, both at hedge inception and on an ongoing basis throughout each reporting period, of whether the hedging instrument, hedged items, nature of the hedge risks, and hedge relationship meet the criteria for hedge effectiveness. Changes in fair value after initial recognition are accounted for as described below.

Fair value hedge

(A hedge of the exposure to changes in fair value of a recognized asset or liability or unrecognized firm commitment that is attributable to a particular risk and could affect profit or loss)

Changes in the fair value of hedged items and hedging instruments are recognized in profit or loss.

Cash flow hedge

(A hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all or a component of a recognized asset or liability or a highly probable forecast transaction, and could affect profit or loss)

Changes in fair value associated with hedging instruments are recognized as cash flow hedge reserve in other components of equity. The balance of the cash flow hedge reserve is transferred from other comprehensive income to profit or loss in the same item as the hedged item in the period when the cash flow of the hedged item affects profit or loss. If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability or a hedged forecast transaction associated with a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the amount that has been accumulated in the cash flow hedge reserve is removed and included directly in the initial cost or other carrying amount of the asset or liability. The ineffective portion of the hedge is recognized in profit or loss.

For both fair value hedges and cash flow hedges, if the hedging instrument expires or is sold, terminated or exercised, or the hedge designation no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively.

The hedging relationship is rebalanced if the relationship still has an unchanged risk management objective but no longer meets the hedge effectiveness requirements regarding the hedge ratio. Rebalancing is a change made so that the hedge ratio reflects the anticipated changes in the relationship between the hedge item and hedging instrument and is affected by adjusting the weighting of either the hedged item or the hedging instrument.

ii. Derivatives not meeting criteria for hedge accounting

Subsequent to initial recognition, changes in the fair value of derivative instruments that do not meet the criteria for hedge accounting are immediately recognized as profit or loss.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with short-term investments that are readily convertible to cash and that are subject to an insignificant risk of changes in value, such as short-term deposits that have a maturity of three months or less.

(7) Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories includes direct material costs, direct labor costs, and overhead based on normal production capacity and is mainly calculated using the moving average method. However, certain products and works in process are calculated using specific identification of cost. Trade discounts, rebates, and other similar items are deducted when calculating costs of purchase.

(8) Property, plant and equipment (excluding leased assets)

Subsequent to initial recognition, the cost model is applied to property, plant and equipment, and items are carried at their cost less any accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment includes borrowing costs and expenditures that are directly attributable to the acquisition as well as the present value of the estimated cost of dismantling and removing the item that meets the capitalization criteria.

Subsequent expenditure is added to the carrying amount of the asset only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the amount can be measured reliably. When it becomes necessary to replace parts on certain items of property, plant and equipment of high importance, the Group records the asset and depreciates it according to its useful life. All other repair and maintenance expenses are accounted for as expenses when incurred.

The Group classifies items of property, plant and equipment into the asset categories below and depreciates them according to the listed useful life. Depreciation begins when the asset is available for use. Excluding some machinery used to manufacture LED backlights for LCDs products, the main method of depreciation used is the straight-line method.

・ Buildings and structures	5 to 50 years
・ Machinery and vehicles	2 to 15 years
・ Tools and equipment	2 to 20 years

On disposal of an item of property, plant and equipment or when future economic benefits are no longer expected from its use, it is derecognized. Gains or losses arising from derecognition are included in profit or loss when the asset is derecognized. Gains or losses are calculated as the difference between the asset’s net disposal proceeds and its carrying amount. Depreciation methods, estimated useful lives, and residual values are reviewed at each reporting date, and if there are any changes, they are applied prospectively as changes in accounting estimates.

(9) Goodwill and intangible assets

(i) Goodwill

Goodwill is presented as cost less any accumulated impairment losses and is not amortized. An impairment test is carried out annually or more frequently where an indication of impairment exists. Impairment of goodwill is recognized in profit or loss, and no subsequent reversals are carried out.

(ii) Intangible assets (excluding leased assets)

Subsequent to initial recognition, the cost model is applied to intangible assets, and items are carried at their cost less any accumulated amortization and any accumulated impairment losses. Intangible assets with finite useful lives are amortized using the straight-line method based on their estimated useful life. Amortization begins when the asset is available for use. Amortization methods, estimated useful lives, and residual values are reviewed at each reporting date, and if there are any changes, they are applied prospectively as changes in accounting estimates. The useful lives of intangible assets with finite useful lives are as follows:

・ Software	2 to 10 years
・ Patents	3 to 10 years
・ Trademarks	7 to 10 years
・ Customer-related assets	14 years
・ Technology-related assets	10 years

Intangible assets whose useful lives cannot be confirmed are not amortized. Instead, the Group carries out impairment tests annually or more frequently where an indication of impairment exists.

(10) Leases

The Group has applied IFRS 16 from this fiscal year.

(i) Lessee

Lease liabilities in a lease transaction are measured on the commencement date of the lease at the present value of remaining lease payments, discounted by the lessee's incremental borrowing rate. Initial measurement of right-of-use assets is performed by adjusting the initial measurement of the lease liability on the commencement date by initial direct costs, etc., and by adding costs associated with the obligation to restore the asset to its original condition, as required by the lease agreement. Right-of-use assets are depreciated systematically over the lease term. The Group determines the lease term as the non-cancelable period of a lease, together with the periods covered by an option to extend a lease if it is reasonably certain that the lessee will exercise that option, and the periods covered by an option to terminate a lease if it is reasonably certain that the lessee will not exercise that option.

Lease payments are allocated between finance costs and the repayable portion of the remaining balance of the lease liability, so as to produce a constant periodic rate of interest on the remaining balance of the lease liability. Finance costs are classified and shown on the consolidated statements of income as a depreciation charge for the right-of-use asset.

With regard to whether an agreement is, or contains, a lease, even if the agreement does not have the legal form of lease, the Group arrives at a judgment based on the substance of the agreement.

Moreover, for leases in which the lease term ends within 12 months, or leases for which the underlying asset is of low value, lease payments for the lease in question are recognized as expenses on either a straight-line basis or some other systematic basis over the lease term.

(ii) Lessor

Leases are classified as either operating leases or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and economic rewards associated with ownership of the underlying asset, and as an operating lease if it does not transfer substantially all the risks and economic rewards associated with ownership of the underlying asset. The assessment of whether a lease is a finance lease or an operating lease is dependent not on the form of the agreement, but on the substance of the transaction.

Furthermore, when classifying a sublease, the intermediate lessor performs the classification with reference to the right-of-use asset arising from the head lease.

(11) Impairment of assets

Goodwill and intangible assets for which the useful life is not determined is tested for impairment annually and is not amortized. An impairment test is also carried out when events or changes in circumstances indicate that impairment may be present. Impairment tests are performed on other assets when events or changes in circumstances indicate the carrying amount may not be recoverable.

An impairment loss is recognized if the impairment test shows that the carrying amount exceeds the recoverable amount of the asset.

The recoverable amount refers to the higher of the fair value of the cash-generating unit less cost of disposal and its value in use.

For impairment testing, assets are grouped together into the smallest group of identifiable assets (cash-generating units) that generates cash inflows that are largely independent of the cash flows of other assets or asset groups. For impairment losses recognized with respect to non-financial assets other than goodwill in previous periods, the Group considers reversing them on the last day of each reporting period.

(12) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Defined benefit plans

The Group's liabilities or assets associated with defined benefit plans are calculated by deducting the fair value of any plan assets from the present value of the defined benefit obligations.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. The discount rate is determined based on the market yield of the high-quality bonds issued by the Company at the last day of the reporting period corresponding to the estimated maturity of the retirement benefit obligation.

Net interest on defined benefit obligations is calculated by applying the discount rate to the net amount of defined benefit obligations. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of defined benefit plans are recognized as other components of equity in the period in which they arise and immediately transferred from other components of equity to retained earnings.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs, eliminating the legal or constructive obligation.

(iv) Other long-term employee benefits

The Group's net obligation with respect to long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

(v) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(13) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is likely that an outflow of economic resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the present value by discounting the expected future cash flows at a pre-tax rate that reflects the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for environmental remediation expenses is recognized when the land of a business site is contaminated, etc. A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. A provision for warranties is recognized when a defective product is sold and discovered and an outflow of economic resources is likely to compensate the customer.

(14) Revenue recognition

The Group recognizes revenue under the following five-step approach for contracts with customers, excluding interest and dividend income, etc. under IFRS 9 “Financial Instruments.”

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Based on the approach above, the Group recognizes and measures revenue as set forth below.

(i) Sale of goods

Revenue is an increase in equity during the current period from an increase in economic benefits during the course of normal business activities and is measured at the amount of consideration the Group has earned the right to receive based on the transaction price allocated to the obligations that have already been fulfilled. Revenue is measured net of returns, trade discounts, volume rebates, and taxes on sales.

Revenue is recognized when the obligations are fulfilled by transferring control of the goods to the customer based on the arrangements with the customer. The timing of the transfer of control of goods varies depending on the individual terms of the sales agreement. In most cases, it is transferred when the goods are delivered to the customer’s warehouse. However, in some cases, it is transferred when the customer’s acceptance inspection is completed or when the goods are loaded at the port.

(ii) Rendering of services

The Group mainly provides maintenance services for sensing devices to customers. Maintenance services include inspection, process optimization, and improvement proposals. For maintenance services contracts, because obligations are fulfilled primarily over time, the contract amounts with customers are recognized as revenue over the relevant service period on a straight-line basis.

The amount of the promised consideration does not include important financial components. Consideration is generally paid within two months of fulfillment of obligations.

(15) Income taxes

Income tax expenses comprises current and deferred tax. It is recognized in profit or loss except for items recognized directly in equity or other comprehensive income.

Current tax is the estimated income taxes payable or income taxes receivable on the taxable income or loss for the year adjusted by the income taxes payable and income taxes receivable of previous years. It is measured using tax rates enacted or substantially enacted at the reporting date in the jurisdiction where the taxable income was generated by the Group and is recognized at the amount expected to be paid to (or received from) the taxation authority. Accrued income tax receivable and income tax payable are offset only if certain criteria are met.

When there is a possibility that uncertainty may arise with respect to the Group’s tax position, the Group recognizes the impact of the tax position in the consolidated financial statements based on its assessment of various factors, including interpretation of tax law and past experience.

Deferred tax is recognized with respect to temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes, loss carried forward, and tax credits carried forward. Deferred tax assets and liabilities are not recorded for the following temporary differences:

・Temporary differences arising on the initial recognition of goodwill
・Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
・Taxable temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future
・Deductible temporary differences related to investments in subsidiaries and associates that the Group probably will not reverse in the foreseeable future

Excluding the temporary differences above, deferred tax liabilities are, in principle, recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable income will arise considering the timing of reversal of taxable temporary differences, tax planning, and other such factors.

Deferred tax assets and liabilities are measured using the statutory effective tax rate expected to be applied in the period that the assets or liabilities are settled based on the tax rate and tax law enacted or substantially enacted at the last day of the period.
Deferred tax assets and liabilities are offset only when a legally enforceable right of offset exists for the related accrued income tax receivable and income tax payable and the deferred tax assets and liabilities arose in the same tax jurisdiction and relate to the same taxable entity.

(16) Capital

(i) Common stock and capital surplus

Ordinary shares issued by the Group are classified as equity, and the issue price is recorded in common stock and capital surplus. Cost directly related to issuance of ordinary shares are deducted from equity.

(ii) Treasury stock

When the Group repurchases ordinary shares, the amount of consideration paid is recognized as a deduction from equity. Repurchased shares are classified as treasury stocks. When treasury stocks are sold or reissued subsequently, the amount received is recognized as an increase in equity. The difference between the carrying amount and the amount received is recognized as capital surplus.

(iii) Dividends

The amount available for dividends is calculated based on the Companies Act of Japan. A liability is recognized for dividends that were properly approved before the last day of the fiscal year that were not yet distributed as of the end of the fiscal year.

(17) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to owners of the parent by the adjusted weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. With regard to convertible bonds with warrants, consideration is given to the increase in profit attributable to owners of the parent arising from a decrease in interest cost associated with an increase in the number of ordinary shares and a decrease in convertible bonds with warrants on redemption.

(18) Others

Accounting method of consumption taxes

Consumption tax and other related taxes are excluded from revenue and purchases of the Company.

Adoption of consolidated taxation system

The Company, some of its domestic consolidated subsidiaries, and some consolidated overseas subsidiaries in the same region have adopted the consolidated taxation system.

7. Change in accounting policy

The Group has applied the following standard from this fiscal year.

IFRS		Outline of establishment and amendment
IFRS 16	Leases	Amendment of accounting for leases

This standard abolishes the classification into finance leases and operating leases that was prescribed in the previous standards for leases, IAS 17 Leases, and requires the lessee to recognize right-of-use assets and lease liabilities on the commencement date of all leases. However, the standard also provides for exemptions to the recognition of short-term leases and leases of low-value assets, and the Group has elected to apply these exemption provisions.
When applying the standard, the Group has chosen an approach, approved as a transitional measure, whereby the cumulative impact of the application is recognized at the date of application. In addition, for the application of the standard, the Group applies a practical expedient where the Group is not required to reassess whether an agreement existing on the date of application contains a lease, and that permitted for leases that were previously classified as operating leases.
The difference between non-cancelable operating lease agreements (discounted at incremental borrowing rate) disclosed under IAS 17 at the end of the previous fiscal year and the lease liabilities recognized in the consolidated

statements of financial position on the date of application is principally calculated by deducting minimum lease payments, such as short-term leases, from lease liabilities under operating leases agreement, such as buildings, whose lease term exceeds the non-cancelable period.
As a result of applying the standard, property, plant and equipment, other financial liabilities (current) and other financial liabilities (non-current) on the date of application increased by 9,142 million yen, 2,890 million yen and 9,510 million yen, respectively.

As for the details, please refer to "(10) Leases" in "6. Accounting policies."

8. Notes to consolidated statements of financial position, etc.

Assets pledged as collateral and collateralized obligations

(1) Assets pledged as collateral
Property, plant, and equipment 528 million yen

(2) Collateralized obligations
Bonds and borrowings 179 million yen

9. Notes to consolidated statements of changes in equity

(1) Matters relating to class and total number of issued shares and class and total number of treasury stock

Class of shares	Shares at beginning of current FY (shares)	Increased shares in current FY (shares)	Decreased shares in current FY (shares)	Shares at end of current FY (shares)
Issued shares				
Common stock (Note)	427,080,606	–	–	427,080,606
Total	427,080,606	–	–	427,080,606
Treasury stock				
Common stock (Note)	11,949,033	6,727,095	–	18,676,128
Total	11,949,033	6,727,095	–	18,676,128

Note: The increase of 6,727,095 shares in the number of treasury stock of common stock reflects the increase of 6,723,800 shares from acquisition of treasury stock in accordance with a resolution of the Board of Directors and the increase of 3,295 shares from the purchase of fractional shares.

(2) Matters relating to dividends from surplus

(i) Amount of dividends paid

Matters on dividends by the resolution of the 73rd Ordinary General Meeting of Shareholders held on June 27, 2019

Total amount of dividends:	5,812 million yen
Dividend per share:	14.00 yen
Record date:	March 31, 2019
Effective date:	June 28, 2019

Matters on dividends by the resolution of the Meeting of the Board of Directors held on November 7, 2019

Total amount of dividends:	5,812 million yen
Dividend per share:	14.00 yen
Record date:	September 30, 2019
Effective date:	December 4, 2019

(ii) Dividends with a record date that falls within the current fiscal year but an effective date in the following fiscal year

The Company passed a resolution as follows at the Meeting of the Board of Directors held on May 15, 2020.

Total amount of dividends:	5,718 million yen
Source of dividends:	Retained earnings
Dividend per share:	14.00 yen
Record date:	March 31, 2020
Effective date:	June 3, 2020

(3) Matters related to subscription rights to shares at the end of the current fiscal year

Filing company (parent company)

	Series I subscription rights to shares	Series II subscription rights to shares	Series III subscription rights to shares

Class of shares underlying subscription rights to shares	Common stock	Common stock	Common stock
Number of shares underlying subscription rights to shares	10,000 shares	10,000 shares	6,000 shares
Outstanding balance of subscription rights to shares	2 million yen	3 million yen	7 million yen

10. Notes relating to financial instruments

(1) Matters relating to financial instruments

(i) Policy on handling of financial instruments

The Group procures necessary funds (primarily through bank loans and issuance of corporate bonds) in light of its capital expenditure plan. Temporary surplus funds are invested mainly in highly liquid financial assets while short-term operating funds are procured through bank loans. The Company, by policy, utilizes derivatives to evade risks described hereafter and not for the purpose of speculative transactions.

(ii) Contents of financial instruments and associated risks

Notes and accounts receivable, which are operating receivables, are exposed to the credit risk of customers. Although foreign currency-based receivables that arise in conducting business in overseas are exposed to FX rate fluctuation risk, the Company, as a general rule, hedges the risk with the use of exchange forward contracts with the exception of any receivable item within the outstanding balance of accounts payable, which are operating payables, in the same foreign currency.

Equity instruments are stocks of companies with which the Company holds business relationships, and are exposed to market price fluctuation risk. Long-term loans receivable are mainly loans to business partners.

As for notes and accounts payable, which are operating payables, most of the items are due for payment within 6 months. Though some of them are foreign currency-based and are exposed to FX rate fluctuation risk, the Company hedges the risk with the use of exchange forward contracts with the exception of any payable item within the outstanding balance of accounts receivable, which are operating receivable, in the same foreign currency.

Bank loans, corporate bonds and lease obligations relating to finance lease transactions are executed for the purpose of procuring funds primarily for capital expenditures. While these obligations, in part, are exposed to interest rate fluctuation risk, the Company hedges the risk with the use of derivative transactions (interest rate swaps).

The convertible bond-type bonds with subscription rights to shares were inherited as a consequence of the business integration with MITSUMI ELECTRIC CO., LTD., and carry a redemption date of August 3, 2022.

Derivative transactions are exchange forward contracts executed for the purpose of hedging FX rate fluctuation risk associated with foreign currency-based operating receivables and payables, interest rate swaps executed for the purpose of hedging interest rate fluctuation risk associated with bank loans, and copper price swaps to hedge price fluctuation risks for sale and purchase contracts of raw materials. With respect to hedging instruments and hedged items, hedge policy and method of assessing hedge effectiveness; please refer to "(5) Financial instruments" in "6. Accounting policies" under Basis of Presenting Consolidated Financial Statements previously described.

(iii) Risk management system relating to financial instruments

(a) Management of credit risk (risk associated with breach of contract, etc. by customer)

Credit risk is the risk that counterparties of financial assets held will default on contractual obligations, and the Group will incur a financial loss. The Group's system is to control due dates and outstanding balance by customer, while also periodically monitoring the credit status of its major customers, in accordance with its credit management regulations. As of the end of the fiscal year, there were no specific customers with outstanding accounts receivable exceeding 10% of the Group's outstanding accounts receivable. In regard to financial assets other than accounts receivable, credit risk is not concentrated in terms of credit rating. In addition, the Group conducts derivatives transactions only with financial institutions, etc. with a high level of creditworthiness, and these transactions' effect on credit risk is thus limited. Furthermore, the Group is not exposed to any credit risk excessively concentrated in a specific counterparty or group to which a specific counterparty belongs. The carrying amount of the allowance for doubtful receivables for financial assets presented on consolidated financial statements is the Group's maximum exposure to the credit risk of financial assets.

(b) Management of liquidity risk

Liquidity risk is the risk that the Group will be unable to make payments to fulfill its obligations to repay financial liabilities whose due date has arrived on the payment dates of those liabilities. The Group manages liquidity risk by preparing appropriate funds for repayment, while also securing lines of credit that may be used as needed from financial institutions, and monitoring cash flow plans and results on an ongoing basis. The Group manages liquidity risk by having the responsible department timely develop and update the funding plan based on reports from each of the departments and by maintaining short-term liquidity. Consolidated subsidiaries also exercise similar management.

(c) Management of foreign currency risk
The Group operates its businesses internationally, and is therefore exposed to foreign currency risk on operating receivables and payables. In order to manage foreign currency risk, the Group monitors fluctuations in exchange rates on an ongoing basis, and uses forward exchange contracts to reduce currency risk.

(d) Management of interest rate risk
The Group is exposed to various forms of interest rate risk in its business activities, and fluctuations in interest rates have a particularly significant effect on borrowing costs. The Group uses interest rate swaps to reduce interest rate risk.

(iv) Supplementary explanation on matters relating to the fair value of financial instruments, etc.
The fair value of financial instruments includes, in addition to the value based on market value, a value rationally computed in the absence of market value. The computation of such a value incorporates fluctuation factors, and as different preconditions, etc. are adopted, the value may be subject to fluctuation.

(2) Matters relating to the fair value of financial instruments, etc.
Amount on the consolidated statements of financial position as of March 31, 2020 and fair value are as follows.

	Carrying amount (millions of yen)	Fair value (millions of yen)
Current portion of long-term debt	3,171	3,177
Bonds	14,784	15,193
Convertible bond-type bonds with subscription rights to shares	19,900	19,951
Long-term debt	91,759	93,160

Furthermore, financial assets and financial liabilities other than bonds and borrowings are omitted as their carrying amounts are approximately equal to fair value. In addition, financial instruments measured at fair value on an ongoing basis are omitted as their carrying amounts are equal to fair value.

Computation method for fair value
The fair value of bonds and borrowings is calculated based on their present value obtained by discounting future cash flows using the expected interest rate if a similar contract was newly executed. Furthermore, the carrying amount is used for the fair value of borrowings with variable interest rates, as the interest rate is adjusted on a short-term basis and the carrying amount is approximately equal to the fair value.

11. Notes to per share information
(1) Equity attributable to owners of the parent per share 965.64 yen
(2) Earnings per share, basic 111.11 yen

12. Notes to retirement allowances
Retirement benefit expenses of 2,790 million yen were recorded as a result of the amendment to the Labor Protection Act in Thailand in May 2019 this fiscal year.

13. Notes to business combinations
(1) U-Shin Ltd.
On April 10, 2019, the Company acquired 76.2% of the voting rights of U-Shin Ltd. (“U-Shin”) and made it a subsidiary. In addition, the Company acquired 100.0% of the voting rights on August 7, 2019, when the consolidation of shares became effective.
The Company considers the automotive related business to be a significantly growing domain. Specially, its main products such as ball bearings, LED backlights for LCDs and motors are increasingly used in automobiles. In the automotive industry, although there are trends that the demand in the U.S. and Japanese markets is decreasing, and the growth of the Chinese market is slowing, the demand in the emerging markets continues to expand and the global market continues to expand. In addition, because the automobile industry faces a momentous turning point represented by so-called CASE (Connected, Autonomous, Shared & Services, Electric) in which technical

innovations promote changes in the market, the automotive manufacturers and automotive components manufacturers have the challenge to respond to that market innovation and technical innovation as soon as possible. Due to such business environmental change, the Group considers that there is a significant change in the roles played by the automotive manufacturers and automotive components manufacturers in the future. The Group has supplied various products to many automotive components manufacturers as well as automotive manufacturers. In response to the changes described above, however, the Group is required to further strengthen a role in directly offering products and technologies that meet demands from the automotive manufacturers, which are its end customers. The Company considered it would make it possible to seek to make the Company's products ones with high added value by utilizing the high level of automobile quality management knowhow of U-Shin, which is a leader in automotive components for its track record of functionality and safety based on international standards, as well as to enable further expansion of the Company's product lineup by utilizing the customer base of U-Shin as a Tier 1 manufacturer (Tier 1 manufacturer means an automotive components manufacturer which directly supplies components to automotive manufacturers). Further, we reached the conclusion that integrating the management of the Company and U-Shin and appropriately assigning new roles within the corporate group would be the best measure in order to generate synergies to the maximum extent and in order to contribute to sustained improvement of the corporate value of both companies particularly in the automotive related business. We expect that due to the transaction it will specifically be able to expect the following synergy effects.

(i) Strengthening of automotive related business of the Company
(ii) Strengthening of the automotive related business of U-Shin
(iii) Creation of new solutions in the IoE related business of the Company and U-Shin
(iv) Realization of cross-selling and "Time to market" between the Company and U-Shin

Fair value of consideration paid, fair value of assets acquired and liabilities assumed, and the amount of non-controlling interests as of the date of acquisition is as follows:

(millions of yen)

	Amount
Fair value of consideration paid (cash)	24,846
Fair value of Assets acquired and liabilities assumed	
Cash and cash equivalents	24,893
Other current assets	52,639
Property, plant, and equipment	29,964
Intangible assets	5,548
Other non-current assets	9,713
Current liabilities	(81,400)
Non-current liabilities	(20,786)
Fair value of Assets acquired and liabilities assumed (net)	20,571
Non-controlling interests	4,904
Goodwill	9,179

Non-controlling interests are measured at the ratio of equity interest held by non-controlling shareholders against the net fair value of assets acquired and liabilities assumed.
The full amount of acquisition-related costs of 597 million yen pertaining to this business combination has been recorded under "selling, general and administrative expenses" in the consolidated statements of income.
Goodwill acquired mainly pertains to excess earnings potential expected as a result of U-Shin's production technology and sales capabilities.
Goodwill does not include any amount expected to be deductible for tax purposes.

Cash flows related to the acquisition are as follows:

(millions of yen)

	Amount
Cash and cash equivalents used in the acquisition	(24,846)
Cash and cash equivalents held by the acquired company at the time of acquisition	24,893
Proceeds from acquisition of subsidiary's shares	47

The Group's consolidated statements of income include 125,145 million yen and 719 million yen in net sales and profit for the year, respectively, from U-Shin on or after the date of the acquisition. In addition, assuming that this business combination had been conducted at the beginning of the fiscal year, it has been calculated that the amount of net sales and profit for the year attributable to the Group in the fiscal year under review (on a pro forma basis) would be 129,097 million yen and 609 million yen, respectively. This pro forma information has not received audit certification.

(2) Mast Kunststoffe GmbH (Company name was changed from Mast Verwaltungsgesellschaft mbH on January 17, 2020.)
MinebeaMitsumi Technology Center Europe GmbH (company name was changed from Precision Motors Deutsche Minebea GmbH on September 26, 2019), a subsidiary of the Company in Europe, acquired 100.0% of the voting rights of Mast Kunststoffe GmbH & Co. KG ("Mast KG") and Mast Verwaltungsgesellschaft mbH ("Mast mbH"), making them subsidiaries on September 26, 2019 (European Time).
Mast KG is a German company which designs and analyses precision mold parts (gears, gearboxes, etc.), designs and manufactures molds, and manufactures and sells parts. Mast mbH is a management-service trust company in Germany.
The Group's strength lies in the vertically integrated production, from mold manufacturing to the processing and assembly of parts. In Asia, in particular, we have realized the operation of mass production at large-scale plants. In April 2019, we further expanded our business in the European Region as a result of the business integration with U-Shin Ltd.
Through this acquisition, we will strengthen our vertically integrated production system for precision mold components in the European region, from mold designing to processing and mass production, thereby realizing speedy local responses and productivity improvement. By combining Mast KG and the Company's molds and molding technologies, the Company will realize synergies for the whole group not only in Europe but also other regions including Asia, our mass production base, to further improve quality and productivity.
Mast KG was taken over by Mast Kunststoffe GmbH on January 17, 2020.

Fair value of consideration paid, assets acquired, and liabilities assumed as of the date of acquisition are as follows:

(millions of yen)

	Amount
Fair value of consideration paid (cash)	1,965
Assets acquired and liabilities assumed	
Cash and cash equivalents	143
Other current assets	542
Property, plant, and equipment	171
Intangible assets	3
Other non-current assets	0
Current liabilities	(294)
Non-current liabilities	–
Assets acquired and liabilities assumed (net)	565
Goodwill (provisional amount)	1,400

The evaluation of the identifiable assets and liabilities and the calculation of their fair value associated with the acquisition on the effective date of the business combination have not been determined as of the fiscal year end and the allocation of the costs has not been completed. Therefore, the Company calculated them provisionally based on the information made available at this time.
The full amount of acquisition-related costs of 76 million yen pertaining to this business combination has been recorded under "selling, general and administrative expenses" in the consolidated statements of income.
Furthermore, amounts may be revised up to one year from the acquisition of control, as additional information comes to light.

Cash flows related to the acquisition are as follows:

(millions of yen)

	Amount
Cash and cash equivalents used in the acquisition	(1,965)
Cash and cash equivalents held by the acquired company at the time of acquisition	143

Payments for acquisition of subsidiary's shares	(1,822)

The impact on consolidated financial statements of profit information after the date of acquisition in this business combination and the impact of profit information assuming that the business combination had been conducted at the beginning of the fiscal year is immaterial in either case, and therefore this information is not disclosed.

14. Notes to subsequent events

Business combination through acquisition of ABLIC Inc.

On April 30, 2020, the Company acquired 100% of the voting rights of ABLIC Inc. ("ABLIC") and made ABLIC a subsidiary of the Company.

The Company's basic strategy is to identify the products as its core business called the "Eight Spears" in which the Company can demonstrate its strength, such as super-precision processing technologies and mass production technologies, and which would not be easily eliminated from the market, and to provide the customers with new values by combining and integrating such products. Because analog semiconductors, one of the "Eight Spears," are important input-output components of IoT technologies, which is a business area that the Company is focusing on, the Company intends to further expand its analog semiconductor business by enhancing its product portfolio and entering new application markets.

ABLIC is a semiconductor manufacturer based on watch-related technologies with a large number of unique products that utilize low-current consumption, low-voltage operation and ultra-small packaging technologies, mainly analog ICs, such as voltage regulators / voltage detectors and lithium-ion battery protection ICs for consumer products, automotive EEPROM[*1], and ultrasound imaging ICs for medical devices. In addition, in the growing markets such as those for automotive devices, medical devices, and IoT/wearable devices[*2], ABLIC has realized a continuous design-win[*3].

ABLIC and the Company have respective product portfolios which can be complemented each other, and the acquisition of shares will enable us to achieve multiple synergistic effects. In respect of research and development, the acquisition of shares will enable the Company to develop and manufacture products with even higher performance and quality by integrating both companies' advanced technologies. In addition, when it comes to manufacturing, the Company will be able to improve quality and productivity and strengthen both companies' BCP[*4] responsiveness through joint production activities at the wafer process and assembly and testing process plants of both companies and by sharing industrial technologies and know-how seamlessly between the companies. Furthermore, the Company expects to generate synergies that are not limited to the semiconductor field, such as the mutual use of the sales channels of the Group and ABLIC, and the application by ABLIC of the knowledge possessed by other divisions of the Company to the development of new products. Through the acquisition of shares, the Company will strengthen its efforts to expand the sales of high value-added products targeting medical devices as well as products targeting the industrial/housing device market and enhance the expansion of its market share in the car infotainment[*5] market.

Furthermore, the Company published its "Targets for the Next Decade" in May 2019, with target sales of 2.5 trillion yen and target operating profit of 250 billion yen for its Group, and has been making company-wide efforts towards such targets. Specifically, for the semiconductor business, the present targets are sales of 100 billion yen and operating margin of 10%. Through the acquisition of shares, the Company has built a solid foundation for achieving these targets. The Company will contribute to the re-growth of the Japanese semiconductor industry by promptly expanding the scale of its semiconductor business and enhancing its position in the analog semiconductor market.

*1. "EEPROM" is a type of non-volatile memory whose recorded content is not deleted even after the power supply is disconnected and can be rewritten electronically.
*2. "Wearable devices" mean electronic devices that can be worn when in use.
*3. "Design-win" refers to cases where it has been determined that the company's own product will be adopted in a customer's new product.
*4. "BCP" is an abbreviation of Business Continuity Plan and means a plan to prevent the interruption of business activities in the event of natural disasters or other events, or to restore business operations at an early stage in case of such an interruption.
*5. "Car infotainment" means in-vehicle information and entertainment systems.

Fair value of the consideration paid as of the date of acquisition is as follows:

	Amount
Fair value of consideration paid	33,889 million yen

The fair value of consideration to be paid will be finalized based on the conditions of the share transfer agreement, including financial figures, etc., and may differ from the above amounts. Fair value of assets acquired and liabilities assumed, and the amount of non-controlling interests and goodwill are currently in the process of being calculated.

Non-Consolidated Balance Sheet (Japanese GAAP)

(As of March 31, 2020)

(Unit: millions of yen)

Assets	
Item	**Amount**
Current assets	**168,116**
Cash and deposits	20,193
Notes receivable	4,081
Accounts receivable	95,662
Purchased goods	4,294
Finished goods	1,425
Work in process	6,402
Raw materials	1,889
Supplies	139
Goods in transit	1,211
Advance payments - trade	3
Prepaid expenses	1,000
Short-term loans receivable from affiliates	27,693
Accounts receivable - other	2,247
Advances paid	255
Other	1,615
Fixed assets	**370,099**
Tangible fixed assets	**42,816**
Buildings	16,933
Structures	833
Machinery and equipment	6,154
Vehicles	16
Tools, furniture and fixtures	2,812
Land	14,835
Leased assets	36
Construction in progress	1,194
Intangible assets	**3,093**
Goodwill	169
Patents	76
Design rights	21
Software	2,795
Other	30
Investments and other assets	**324,189**
Investment securities	4,151
Investment securities in affiliates	263,436
Investments in capital	0
Investments in capital in affiliates	52,654
Long-term loans receivable from affiliates	173
Long-term prepaid expenses	253
Deferred tax assets	3,145
Other	567
Allowance for doubtful receivables	(193)
Deferred asset	**215**
Bond issuance expenses	215
Total assets	**538,431**

Note: Amounts less than 1 million yen are omitted.

(Unit: millions of yen)

Liabilities	
Item	**Amount**
Current liabilities	**163,550**
Accounts payable	94,740
Short-term debt	56,273
Lease obligations	10
Accounts payable - other	4,245
Accrued expenses	2,118
Accrued income taxes	11
Deposits received	424
Deferred income	0
Accrued bonuses	5,178
Accrued bonuses for directors	319
Provision for after-care of products	32
Other	193
Long-term liabilities	**128,197**
Bonds	15,000
Convertible bond-type bonds with subscription rights to shares	20,217
Long-term debt	91,000
Lease obligations	27
Provision for retirement benefits	1,435
Provision for retirement benefits for executive officers	166
Provision for environmental remediation expenses	167
Other	182
Total liabilities	**291,747**
Net assets	
Shareholders' equity	**246,583**
Common stock	**68,258**
Capital surplus	**147,728**
Additional paid-in capital	126,800
Other	20,927
Retained earnings	**65,051**
Legal reserve	2,085
Other	62,966
Reserve for reduction entry	2,188
General reserve	6,500
Retained earnings carried forward	54,277
Treasury stock	**(34,454)**
Valuation, translation adjustments and others	**86**
Difference on revaluation of available-for-sale securities	**87**
Deferred gains or losses on hedges	**(0)**
Subscription rights to shares	**13**
Total net assets	**246,683**
Total liabilities and net assets	**538,431**

Note: Amounts less than 1 million yen are omitted.

Non-Consolidated Statement of Income

(From April 1, 2019 to March 31, 2020)

(Unit: millions of yen)

Item	Amount	
Net sales		**571,385**
Cost of sales		**525,351**
Gross profit		**46,033**
Selling, general and administrative expenses		**35,716**
Operating income		**10,317**
Non-operating income		
Interest income	142	
Dividends income	9,360	
Rent income of fixed assets	45	
Dividends from insurance	183	
Other	58	**9,790**
Non-operating expenses		
Interest expenses	556	
Interest on bonds	(41)	
Foreign exchange losses	265	
Commission for purchase of treasury stock	74	
Other	323	**1,179**
Ordinary income		**18,927**
Extraordinary gain		
Gain on sales of fixed assets	75	**75**
Extraordinary loss		
Loss on sales of fixed assets	0	
Loss on disposal of fixed assets	180	
Loss on valuation of investment securities in affiliates	499	**680**
Income before income taxes		**18,322**
Current income taxes (including enterprise tax)	1,127	
Deferred income taxes	2,528	**3,655**
Net income		**14,666**

Note: Amounts less than 1 million yen are omitted.

Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2019 to March 31, 2020)

(Unit: millions of yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
						Other			
	Common stock	Additional paid-in capital	Other	Total capital surplus	Legal reserve	Reserve for reduction entry	General reserve	Retained earnings carried forward	Total retained earnings
Balance as of April 1, 2019	68,258	126,800	20,927	147,728	2,085	2,188	6,500	51,234	62,007
Changes				–					–
Cash dividend from retained earnings				–				(11,623)	(11,623)
Net income				–				14,666	14,666
Purchase of treasury stock				–					–
Disposal of treasury stock				–					–
Exercise of subscription rights to shares				–					–
Changes (net) in non-shareholders' equity items				–					–
Total changes	–	–	–	–	–	–	–	3,043	3,043
Balance as of March 31, 2002	68,258	126,800	20,927	147,728	2,085	2,188	6,500	54,277	65,051

	Shareholders' equity		Valuation, translation adjustments and others				
	Treasury stock	Total shareholders' equity	Difference on revaluation of available-for-sale securities	Deferred gains or losses on hedges	Total valuation, translation, adjustments and others	Subscription rights to shares	Total net assets
Balance as of April 1, 2019	(19,448)	258,547	876	0	876	13	259,436
Changes		–			–		–
Cash dividend from retained earnings		(11,623)			–		(11,623)
Net income		14,666			–		14,666
Purchase of treasury stock	(15,006)	(15,006)			–		(15,006)
Disposal of treasury stock		–			–		–
Exercise of subscription rights to shares		–			–		–
Changes (net) in non-shareholders' equity items		–	(788)	(0)	(789)		(789)
Total changes	(15,006)	(11,963)	(788)	(0)	(789)	–	(12,753)
Balance as of March 31, 2020	(34,454)	246,583	87	0	86	13	246,683

Note: Amounts less than 1 million yen are omitted.

Notes to Non-Consolidated Financial Statements

Significant Accounting Policies

(1) Standards and method of valuation of assets

Marketable securities

Investments securities in subsidiaries:

Stated at cost determined by the moving average method.

Other marketable securities:

·Securities with market value

Market value method based on market prices and other conditions at the end of the term. (The revaluation differences are accounted for based on the direct net assets method and the sales costs are calculated by the moving average method.)

·Securities without market value

Non listed marketable securities are stated at cost determined by the moving average method.

Derivatives

Market value method

Inventories

Purchased goods: Stated at cost determined by the moving average method (the balance sheet amounts of the inventories are calculated at the lowered book values reflecting potential decline in profitability).

Finished goods: Stated at cost determined by the moving average method (the balance sheet amounts of the inventories are calculated at the lowered book values reflecting potential decline in profitability).

Work in process: Stated at cost determined by the moving average method for bearings, fasteners, and motors (the balance sheet amounts of the inventories are calculated at the lowered book values reflecting potential decline in profitability).

Stated at cost determined respectively for sensing devices (measuring components), special motors and special devices (the balance sheet amounts of the inventories are calculated at the lowered book values reflecting potential decline in profitability).

Raw materials: Stated at cost determined by the moving average method (the balance sheet amounts of the inventories are calculated at the lowered book values reflecting potential decline in profitability).

Supplies: Stated at cost determined by the moving average method (the balance sheet amounts of the inventories are calculated at the lowered book values reflecting potential decline in profitability).

(2) Depreciation

Tangible fixed assets (excluding leased assets):

Depreciation of tangible fixed assets is made on the straight-line method.

Their major useful lives are as follows:

Buildings and structures	5 to 50 years
Machinery and equipment	2 to 15 years
Tools, furniture and fixtures	2 to 20 years

They also collectively show equal charges for small depreciable assets (whose acquisition values are not less than 100,000 yen and less than 200,000 yen) over the 3 years each fiscal year.

Intangible assets (excluding leased assets):

Depreciation of intangible fixed assets is made on the straight-line method.

The goodwill is equally amortized for 10 years.

The depreciation method of software (for internal use) is computed on the straight-line method based on our expected useful period (5 to 10 years).

Leased assets:

Lease assets related to finance lease transactions that do not transfer ownership

The Company adopts the straight-line method of making lease periods depreciable lives and salvage values zero.

Long-term prepaid expenses:

Depreciation of long-term prepaid expenses is made on the straight-line method.

(3) Translation of foreign currency assets and liabilities

Foreign currency monetary receivables and payables are translated into yen at the exchange rate on the balance sheet date. The resulting exchange differences are accounted for as an exchange gain or loss.

(4) Allowances

Allowance for doubtful receivables:

We post in the amount required for the estimated uncollectible receivables based on actual losses of trade receivables and on collectability of specific receivables with loss possibilities.

Accrued bonuses:

To make preparations for the payment of bonuses to employees, accrued bonuses are shown based on the estimated amount of payment.

Accrued bonuses for directors:

To make preparations for the payment of bonuses to directors, allowance for bonuses to directors is shown based on the amount of payment estimated in the fiscal year under review.

Provision for retirement benefits:

To provide for payment of employee retirement benefits, the Company reported a provision for retirement benefits or prepaid pension costs, based on estimated retirement benefit debts and pension assets at the end of the current term.

(i) Method of attributing expected retirement benefits to periods

We calculate retirement benefit obligations by attributing projected benefit obligations to periods up to the end of the current fiscal year on a benefit formula basis.

(ii) Method of recognizing actuarial gains and losses and past service costs in profit or loss

Unrecognized past service costs are amortized using the straight-line method over a period of 10 years as cost.

Over the 5 years from the following term after the differences accrue, the Company will charge differences in mathematical calculation to expenses in accordance with the straight-line method.

Provision for retirement benefits for executive officers:

To provide for payment of retirement allowance to executive officers, we post retirement allowances to be required for payment at the end of the current fiscal year in accordance with regulations.

Provision for after-care of products:

We post reasonably projected amounts to be incurred in the future as expenses for after-care of products.

Provision for environmental remediation expenses:

We post reasonably projected amounts to be incurred in the future as environment-related expenses.

(5) Accounting method of hedge transactions

(i) Method of hedge accounting

The Company adopts the deferred hedge method. The Company also adopts the special method to account for the interest rate swaps, which meet the requirements of special accounting.

(ii) Hedging instruments and hedged items

(Hedging instruments)

Forward exchange contracts

Interest rate swaps

(Hedged items)

Anticipated transactions in foreign currencies

Interest rates on borrowings

(iii) Hedge policy

Under the guidance of its Corporate Finance Department, the Company makes forward exchange contracts to hedge risks in foreign exchange fluctuations arising from export and import transactions. The Company also makes interest rate swaps to hedge fluctuation risks in interest rates on borrowings.

(iv) Method of assessing hedge effectiveness

Regarding forward exchange contracts, in principle, the Company allocates them to anticipated transactions in foreign currencies with same maturities and same amounts in foreign currency at closing of forward exchange contracts in accordance with the risk management policy. This completely ensures correlations reflecting subsequent exchange rate fluctuations. The Company assesses hedge effectiveness based upon such correlations.

Also, regarding interest rate swaps, the Company assesses hedge effectiveness based upon the fulfillment of the accounting requirements for special treatment.

(6) Others

(i) Amortization of deferred asset

Deferred asset is equally amortized over the term of bonds issued (10 years).

(ii) Accounting method for retirement benefits

The accounting method for the outstanding balances of unrecognized actuarial gains and losses and unrecognized past service costs is different from the accounting method for these balances in the consolidated financial statements.

(iii) Accounting method of consumption taxes

Consumption tax and other related taxes are excluded from revenue and purchases of the Company.

(iv) Adoption of consolidated taxation system

The Company and some of its domestic consolidated subsidiaries have adopted the consolidated taxation system, with the Company as the consolidated taxable parent company.

(v) Application of tax effect accounting in relation to transition from consolidated taxation system to group tax sharing system

In regard to the transition to the group tax sharing system created in the Act for Partial Amendment of the Income Tax Act, etc. (Act No. 8 of 2020) and accounting items for which the single-entity taxation system was revised in line with the transition to the group tax sharing system, the amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the laws on taxation prior to amendment, and the provisions of Paragraph (44) of the Implementation Guidance on Tax Effect Accounting (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) have not been applied, in accordance with the treatment provided for in Paragraph (3) of the Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (ASBJ PITF No. 39, March 31, 2020). The Company and some of its domestic consolidated subsidiaries have adopted the consolidated taxation system, with MINEBEA MITSUMI Inc. as the consolidated taxable parent company.

Notes to Non-Consolidated Balance Sheet

(1) Accumulated depreciation of tangible fixed assets: 62,550 million yen

(2) Contingent liabilities

Guarantee liabilities

The Company has provided the following companies with guarantees for their bank borrowings, etc.

Guarantee	Amount (millions of yen)
NMB-Minebea-GmbH	13,796
NMB-Minebea Thai Ltd.	6,148
MINEBEA (CAMBODIA) Co., Ltd.	4,679
Minebea Intec GmbH	3,183
2 other companies	197
Total	28,005

(3) Monetary receivables from and monetary payables to affiliates:

Short-term receivables (excluding short-term loans receivables from affiliates)	63,143 million yen
Short-term payables	63,324

Notes to Non-Consolidated Statement of Income

(1) Transaction with affiliates:

Sales:	320,052 million yen
Purchase:	340,892
Amount of other operational transactions:	10,553
Amount of non-operating transactions:	9,451

Notes to Non-Consolidated Statement of Changes in Net Assets

Class and number of treasury stock

Class of shares	Shares at beginning of current FY (shares)	Increased shares in current FY (shares)	Decreased shares in current FY (shares)	Shares at end of current FY (shares)
Common stock (Note)	11,949,033	6,727,095	–	18,676,128

Note: The increase of 6,727,095 shares in the number of treasury stock of common stock reflects the increase of 6,723,800 shares from acquisition of treasury stock in accordance with a resolution of the Board of Directors and the increase of 3,295 shares from the purchase of fractional shares.

Notes to Tax-Effect Accounting

(1) Major reasons for the accrual of deferred tax assets and deferred tax liabilities:

(Deferred tax assets)

Loss on valuation of investment securities in affiliates	5,523	million yen
Excess of allowed limit chargeable to accrued bonuses	1,585	
Excess of allowed limit chargeable to the depreciation	650	
Loss on valuation of investment securities	517	
Loss carried forward for tax purposes	477	
Provision for retirement benefits	438	
Foreign tax credit carried forward	390	
Accrued social security premiums	256	
Intangible assets for tax purpose	231	
Loss on valuation of inventories	88	
Accrued enterprise taxes	57	
Impairment loss	57	
Retirement benefits to directors	29	
Deferred losses on hedges	0	
Others	500	
Sub-total of deferred tax assets	10,804	
Valuation allowance for tax loss carried forward	–	
Valuation allowance for total deductible temporary differences, etc.	(6,668)	
Sub-total of valuation allowance	(6,668)	
Total deferred tax assets	4,136	
(Deferred tax liabilities)		
Reserve for reduction entry	990	
Total deferred tax liabilities	990	
Net deferred tax assets	3,145	

(2) Major reasons for significant difference between the legal effective tax rate and the ratio of income tax burden after the application of tax effect accounting

Domestic legal effective tax rate	30.6%
(Adjustments)	
Items not tax deductible, such as entertainment expenses	1.0
Items not taxable, such as dividends income	(14.7)
Inhabitant tax levied per capita	0.2
Valuation allowance	2.1
Withholding income taxes	2.6
Tax credits for R&D expenses, etc.	(1.2)
Others	(0.6)
Ratio of income tax burden after the application of tax effect accounting	20.0

Notes to Fixed Assets Used through Lease Contracts

(1) Finance lease transactions (lessee)

Finance lease transactions that do not transfer ownership

(i) Contents of leased assets

Tangible fixed assets: Mainly computer terminals (tools, furniture and fixtures).

(ii) Depreciation method of leased assets

Indicated in (2) Depreciation, Significant Accounting Policies.

(2) Operating lease transactions

Outstanding future lease payments for noncancellable operating leases

Due within 1 year	559	million yen
Due after 1 year	1,429	
Total	1,989	

Notes to Transactions with Relevant Parties

(1) Subsidiaries etc.

Name of company, etc.	Voting rights or ownership (%)	Contents of relation		Contents of transaction	Transaction amount (millions of yen)	Account title	Year-end balance (millions of yen)
		Concurrently serving etc.	Business relations				
NMB-Minebea Thai Ltd.	100.0	Concurrently serving 2	NMB-Minebea Thai Ltd. manufactures machined components, electronic devices and others, and the Company purchases them for resale.	Purchase of machined components, electronic devices and others	154,270	Accounts payable	29,567
				Sales of the Company's products and products purchased	30,269	Accounts receivable	11,773
				–	–	Debt guarantee	6,279
MINEBEA (HONG KONG) LIMITED	100.0	Concurrently serving 2	MINEBEA (HONG KONG) LIMITED sells the Company's products and products purchased mainly in China.	Sales of the Company's products and products purchased	139,549	Accounts receivable	24,678
MITSUMI ELECTRIC CO., LTD.	100.0	Concurrently serving 4	MITSUMI ELECTRIC CO., LTD. manufactures MITSUMI products, and the Company purchases them for resale.	Purchase of MITSUMI products	105,414	Accounts payable	20,783
U-Shin Ltd.	100.0	Concurrently serving 3	Loans from the Company.	Fund loan	58,773	Short-term loans receivable	27,573
				Collection of funds	31,200	–	–
				Interest income	89	–	–

Notes: Terms and decision policy of the transaction
1. *Transaction amounts, etc. are negotiated and decided in consideration of market prices, etc.*
2. *Lending rate on loans is reasonably determined taking into account the market interest rate.*

(2) Directors and main individual shareholder

Attribution	Name of company, etc.	Voting rights (own or owned)	Contents of relation		Contents of transaction	Transaction amount (millions of yen)	Account title	Year-end balance (millions of yen)
			Concurrently serving etc.	Business relations				
Companies which the Company's directors and nearly related person have over 50% of voting rights	KEIAISHA Co., Ltd.	(Owned) Direct 2.47%	Concurrently serving 1	The Company purchases machinery and equipment, components, grease and other materials.	Purchase of machinery and equipment, components, grease and other materials.	3,570	Accounts payable *2	1,119
					Tools, furniture and fixtures and other lease transactions, rent etc.	659	Leased assets	24
							Lease obligations *2	26
							Accounts payable - other, current liabilities and others *2	122
					Land rent, etc.	3	Accounts receivable - others *2	2
					Other non-operating income	20		

Notes: Terms and decision policy of the transaction
1. *Transaction amounts, etc. are negotiated and decided in consideration of market prices.*
*2. *The transaction amounts do not include the consumption taxes while the year- end balance includes them.*

Notes to Per Share Information

(1) Net assets per share 603.99 yen
(2) Net income per share 35.45 yen

Notes to the Retirement Allowance Accounting

(1) Retirement allowance plan adopted by the Company

The Company has adopted funded and unfunded defined benefit pension plans and defined contribution pension plans to provide against retirement payments to employees.

Under the defined benefit corporate pension plan (funded plan), lump-sum money or pension benefit is paid based on salaries and service periods.

(2) Defined benefit plan

(i) Reconciliation between the opening balance and the closing balance of retirement benefit obligations

	(millions of yen)
Opening balance of retirement benefit obligations	24,302
Service costs	1,232
Interest costs	121
Actuarial gains or losses incurred during the year	2,534
Payment of retirement benefits	(477)
Past service costs incurred during the year	605
Closing balance of retirement benefit obligations	28,318

(ii) Reconciliation between the opening balance and the closing balance of pension assets

	(millions of yen)
Opening balance of pension assets	21,980
Expected returns on pension assets	439
Actuarial gains or losses incurred during the year	1,045
Contributions by the employer	1,065
Payment of retirement benefits	(477)
Closing balance of pension assets	24,053

(iii) Reconciliation of the closing balances of retirement benefit obligations and pension assets, and provision for retirement benefits and prepaid pension costs recorded in the balance sheet

	(millions of yen)
Retirement benefit obligations of funded plans	28,314
Pension assets	(24,053)
	4,260
Retirement benefit obligations of unfunded plans	4
Unfunded retirement benefit obligations	4,265
Unrecognized actuarial gains or losses	2,285
Unrecognized past service costs	544
Net amount of liabilities and assets recorded in the balance sheet	1,435
Provision for retirement benefits	1,435
Net amount of liabilities and assets recorded in the balance sheet	1,435

(iv) Amounts of retirement benefit expenses and its components

	(millions of yen)
Service costs	1,232
Interest costs	121
Expected returns on pension assets	(439)
Amortization of past service cost	60
Amortization of actuarial gains and losses	332
Retirement benefit expenses of defined benefit plans	1,306

(v) Matters concerning pension assets

(a) Major breakdown of pension assets

The ratio of each major category to total pension assets is as follows.

Bonds	34%
Stocks	24
Insurance assets (general account)	16
Insurance products	13
Others	13
Total	100

(b) Method of setting the long-term expected rate of return

To determine the long-term expected rate of return on pension assets, the Company takes into account current and expected allocation of pension assets, and current and expected long-term return rate of various types of assets constituting pension assets.

(vi) Matters concerning actuarial assumption

Major actuarial assumption at the end of the fiscal year under review (weighted average)

Discount rate	0.5%
Long-term expected rate of return	2.0%
Method of attributing expected retirement benefits to periods	Benefit formula basis

(3) Defined contribution plans

The amount of the Company's required contributions to defined contribution plans is 201 million yen.

Notes to Subsequent Events

These notes are omitted because the relevant information is described in Notes to Consolidated Financial Statements (14. Notes to subsequent events) in the consolidated financial statements.

Audit Report on the Consolidated Financial Statements

Independent Auditor's Report

May 15, 2020

The Board of Directors of MINEBEA MITSUMI Inc.:

KPMG AZSA LLC
Tokyo Office, Japan

Junichi Obi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Noriaki Nomura (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takuju Kamiyama (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the Consolidated Financial Statements, which comprise the Consolidated Statements of Financial Position, the Consolidated Statements of Income, the Consolidated Statements of Changes in Equity and the Notes to Consolidated Financial Statements of MINEBEA MITSUMI Inc. ("the Company") and its subsidiaries (collectively referred to as "the Group"), as at March 31, 2020 and for the year from April 1, 2019 to March 31, 2020 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with the provisions of the second sentence of Paragraph 1, Article 120 of the Regulation on Corporate Accounting, which permit preparation omitting certain disclosures required under International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Corporate auditors and the board of corporate auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the provisions of the second sentence of Paragraph 1, Article 120 of the

Regulation on Corporate Accounting, which permit preparation omitting certain disclosures required under International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with the provisions of the second sentence of Paragraph 1, Article 120 of the Regulation on Corporate Accounting, which permit preparation omitting certain disclosures required under International Financial Reporting Standards and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with the provisions of the second sentence of Paragraph 1, Article 120 of the Regulation on Corporate Accounting, which permit preparation omitting certain disclosures required under International Financial Reporting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act for the conveniences of the reader.

Audit Report on the Non-Consolidated Financial Statements

Independent Auditor's Report

May 15, 2020

To the Board of Directors of MINEBEA MITSUMI Inc.:

KPMG AZSA LLC
Tokyo Office, Japan

Junichi Obi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Noriaki Nomura (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takuju Kamiyama (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the Non-Consolidated Financial Statements, which comprise the Non-Consolidated Balance Sheet, the Non-Consolidated Statement of Income, the Non-Consolidated Statement of Changes in Net Assets and the Notes to Non-Consolidated Financial Statements, and the supplementary schedules of MINEBEAMITSUMI Inc. ("the Company") as at March 31, 2020 and for the 74th fiscal year from April 1, 2019 to March 31, 2020 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and Others* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors

for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and Others

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that

achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor’s Report:
This is an English translation of the Independent Auditor’s Report as required by the Companies Act of Japan for the conveniences of the reader.

Audit Report of the Audit & Supervisory Board

AUDIT REPORT

As the results of deliberation, the Audit & Supervisory Board prepared this Audit Report in accordance with reports presented by each Audit & Supervisory Board Member with respect to the performance of duties by the Directors during the 74th fiscal year from April 1, 2019 to March 31, 2020, and report the results as follows:

1. Method and Content of Audit Conducted by Audit & Supervisory Board Members and Audit & Supervisory Board

(1) The Audit & Supervisory Board established the audit policy and audit plan, etc., received reports from each Audit & Supervisory Board Member on the implementation of audit and its results, received reports from Directors, etc. and the Independent Auditors on the performance of their duties and asked them details when necessary.

(2) Each Audit & Supervisory Board Member conformed to the auditing standards prescribed by the Audit & Supervisory Board, complies with the audit policy and audit plan, etc., maintains communication with Directors, including Outside Directors, Executive Officers and Technical Officers, the Internal Auditing Office, other employees, etc., endeavored to collect information and establish a system necessary for auditing services, and conducted audit by the following method:

1) We received reports from Directors, Executive Officers and Technical Officers, employees, etc. on the performance of their duties, asked them details when necessary, reviewed important written decisions, and investigated business and financial conditions at the head office as well as at the main business offices of the Company while we attended meetings of the Board of Directors and other important meetings and held interviews with all Directors, including the Representative Directors. For subsidiaries, we communicated and exchanged information with their Directors, Audit & Supervisory Board Members, and others from the subsidiaries, and visited these subsidiaries, including overseas, to receive reports on their business when necessary.

2) We received reports from Directors, Executive Officers and Technical Officers, employees, etc., sought explanations as necessary and expressed opinions on the resolutions of the Board of Directors and the status of the system developed under such resolutions with regard to the establishment and management of the system stipulated in Paragraphs 1 and 3, Article 100 of the Regulation for Enforcement of the Companies Act (Internal Control System) necessary to ensure the conformity of the performance of duties described in the business report by Directors with laws and regulations and the Articles of Incorporation and also to ensure the appropriateness of business in the corporate group that consists of a joint stock company and its subsidiaries.

3) The Basic Policy of Item 3 (a), Article 118 of the Regulation for Enforcement of the Companies Act and each approach of Item 3 (b), Article 118 of the same described in the business report were reviewed.

4) We monitored and verified that the Independent Auditors have maintained their independence and conducted appropriate audits. Also, we received reports from the Independent Auditors regarding the execution of their duties and requested explanations as needed. We received a notice from the Independent Auditors purporting to the formulation of a “System to ensure proper performance of its duties” (provided in each item of Article 131 of the Regulation on Corporation Accounting) in accordance with the “Quality Control Standards for Audits” (Business Accounting Council, October 28, 2005), among others, and requested explanations as needed.

Through the above methods, we reviewed the business report and the supplementary statements, Consolidated Financial Statements (Consolidated Statements of Financial Position, Consolidated Statements of Income, Consolidated Statements of Changes in Equity and Notes to Consolidated Financial Statements, which have been prepared omitting certain disclosures required under International Financial Reporting Standards, in accordance with the provisions of the second sentence of Paragraph 1, Article 120 of the Regulation on Corporation Accounting) and Non-Consolidated Financial Statements (Non-Consolidated Balance Sheet, Non-Consolidated Statement of Income, Non-Consolidated Statement of Changes in Net Assets and Notes to Non-Consolidated Financial Statements) and the supplementary statements for the fiscal year ended March 31, 2020.

2. Results of Audit

(1) Audit Results of business report, etc.

1) We certify that the business report and their detailed statements fairly present the situation of the Company in accordance with laws and regulations and the Articles of Incorporation.
2) We found no wrongful act or material fact in violation of laws and regulations or the Articles of Incorporation with respect to the performance of duties by the Directors.
3) We certify that the resolutions of the Board of Directors with respect to the internal control system are proper and correct. In addition, we found no matter to be pointed out about the description in the business report and performance of duties by the Directors with respect to the internal control system.
4) We found no matter to be pointed out about the basic policy, which is described in the business report, regarding the quality and nature of persons who control decisions on the Company's financial and business policies. We certify that each measure stipulated in Item 3 (b), Article 118 of the Regulation for Enforcement of the Companies Act, which is described in the business report, are consistent with such basic policy, would not interfere with the shareholders' common interests and are introduced not for maintaining the positions of the Company's officers.

(2) Audit Results of Consolidated Financial Statements

We certify that the auditing method of KPMG AZSA LLC and the results of its audit are proper and correct.

(3) Audit Results of Non-Consolidated Financial Statements and the Supplementary Statements

We certify that the auditing method of KPMG AZSA LLC and the results of its audit are proper and correct.

May 15, 2020

Audit & Supervisory Board of MinebeaMitsumi Inc.

Naoyuki Kimura (seal)
Standing Audit & Supervisory Board Member

Koichi Yoshino (seal)
Standing Outside Audit & Supervisory Board Member

Shinichiro Shibasaki (seal)
Outside Audit & Supervisory Board Member

Makoto Hoshino (seal)
Outside Audit & Supervisory Board Member