MinebeaMitsumi
Passion to Create Value through Difference

BRIEF REPORT OF FINANCIAL RESULTS〔IFRS〕(Consolidated)

(Year ended March 31, 2021)

May 7, 2021

Registered
Company Name: MINEBEA MITSUMI Inc. Common Stock Listings: Tokyo and Nagoya
Code No: 6479 URL https://www.minebeamitsumi.com/
Representative: Yoshihisa Kainuma Representative Director, CEO & COO
Contact: Mitsunobu Yamamoto General Manager of Accounting Department
Date planned to hold ordinary general meeting of shareholders: June 29, 2021
Expected date of payment for dividends: June 30, 2021
Date planned to file report of securities: June 29, 2021 Phone: (03) 6758-6711
Preparation of supplementary explanation material for financial results : Yes
Holding of presentation meeting for financial results : Yes (For Analyst)

(Amounts less than one million yen have been rounded.)

1. Business Performance (April 1, 2020 through March 31, 2021)

(1) Consolidated Results of Operations (%: Changes from previous fiscal year)

	Net sales (millions of yen)	% Change	Operating income (millions of yen)	% Change	Profit before income taxes (millions of yen)	% Change
Year ended March 31, 2021	988,424	1.0	51,166	(12.8)	49,527	(14.7)
Year ended March 31, 2020	978,445	10.6	58,647	(18.6)	58,089	(18.6)

	Profit for the year (millions of yen)	% Change	Profit for the year attributable to owners of the parent (millions of yen)	% Change	Comprehensive income for the year (millions of yen)	% Change
Year ended March 31, 2021	38,787	(17.3)	38,759	(15.7)	68,308	177.8
Year ended March 31, 2020	46,923	(22.7)	45,975	(23.6)	24,593	(60.8)

	Earnings per share, basic (yen)	Earnings per share, diluted (yen)	Profit to equity attributable to owners of the parent ratio (%)	Profit before income taxes to total assets ratio (%)	Operating income to net sales ratio (%)
Year ended March 31, 2021	94.95	92.87	9.2	5.4	5.2
Year ended March 31, 2020	111.11	108.68	11.6	7.2	6.0

(Reference) Share of profit (loss) of investments accounted for using the equity method:
Year ended March 31, 2021: — million yen
Year ended March 31, 2020: — million yen

(2) Consolidated Financial Position

	Total assets (millions of yen)	Total equity (millions of yen)	Total equity attributable to owners of the parent (millions of yen)	Equity ratio attributable to owners of the parent (%)	Equity attributable to owners of the parent per share (yen)
As of March 31, 2021	976,771	453,998	451,141	46.2	1,109.38
As of March 31, 2020	864,481	402,276	394,372	45.6	965.64

(3) Consolidated Cash Flows

	Cash flows from operating activities (millions of yen)	Cash flows from investing activities (millions of yen)	Cash flows from financing activities (millions of yen)	Year end balance of cash and cash equivalents (millions of yen)
Year ended March 31, 2021	93,763	(70,581)	9,257	165,479
Year ended March 31, 2020	86,486	(43,540)	(28,758)	130,746

2. Dividends

	Dividends per share					Total dividends (for the year) (millions of yen)	Dividends payout ratio (Consolidated)	Dividends on equity (total) (Consolidated)
	End of first quarter (yen)	End of second quarter (yen)	End of third quarter (yen)	Year-end (yen)	For the year (yen)			
Year ended March 31, 2020	—	14.00	—	14.00	28.00	11,529	25.2	2.9
Year ended March 31, 2021	—	14.00	—	22.00	36.00	14,669	37.9	3.5
Year ending March 31, 2022 (Forecast)	—	—	—	—	—		—	

(Notes) Detail of year-end dividend as of March 31, 2021
Ordinary dividend of 14 yen per share Commemorative dividend of 8 yen per share
Regarding the annual dividends for the fiscal year ending March 31, 2022, we will determine the dividend payout of around 20% on a consolidated basis.

3. Prospect for the Next Fiscal Year (April 1, 2021 through March 31, 2022)

(%: Changes from corresponding period of previous fiscal year)

	Net sales (millions of yen)	% Change	Operating income (millions of yen)	% Change
Six months ending September 30, 2021	487,000	5.5	38,000	65.8
Year ending March 31, 2022	1,000,000	1.2	80,000	56.4

	Profit for the period attributable to owners of the parent (millions of yen)	% Change	Earnings per share, basic (yen)
Six months ending September 30, 2021	30,500	81.4	75.00
Year ending March 31, 2022	64,000	65.1	157.38

*Notes

(1) Changes in significant subsidiaries during the year (Changes in certain subsidiaries resulting in change in the scope of consolidation): Yes
Anew: 1 company ABLIC Inc.

(2) Changes in accounting policies, or changes in accounting estimates
① Changes in accounting policies required by IFRS: None
② Changes in accounting policy other than 1: None
③ Changes in accounting estimates: None

(3) Number of shares outstanding (Common stock)
① Number of shares outstanding at the end of year (Including treasury stock)
As of March 31, 2021: 427,080,606 shares
As of March 31, 2020: 427,080,606 shares
② Number of treasury shares at the end of year
As of March 31, 2021: 20,418,303 shares
As of March 31, 2020: 18,676,128 shares
③ Average number of shares
As of March 31, 2021: 408,220,767 shares
As of March 31, 2020: 413,788,647 shares

*Brief Report of Financial Results is not subject to an audit by a certified public accountant or an audit corporation.

* Explanation for appropriate use of financial forecasts and other special remarks

(Caution Concerning Forward-Looking Statements)

The aforementioned forecasts are based on the information available as of the date when this information is disclosed as well as on the assumptions as of the disclosing date of this information related to unpredictable parameters that will most likely affect our future business performance. As such, this is not intended for the Company to give assurance that the said forecast number would be achieved. In other words, our actual performances are likely to differ greatly from these estimates depending on a variety of factors that will take shape from now on. As for the assumptions used for these forecasts and other related items, please refer to ("1. Analysis of Operating Performance and Financial Position," "(1) Analysis of Operating Performance") on page 4 of the documents attached hereunder.

(Investor Briefing Materials for Analysts)

Investor briefing materials will be made available via our corporate website (https://www.minebeamitsumi.com/) on Friday, May 7, 2021.

Index

1. Analysis of Operating Performance and Financial Position 4
(1) Analysis of Operating Performance 4
(2) Analysis of Financial Position 5
(3) Basic Policy for Profit Sharing and Dividends for the Current and the Next Fiscal Years 5
(4) Risk Management 6

2. Condition of Group of Enterprises 10

3. Basic Rationale for Selection of Accounting Standards 11

4. Consolidated Financial Statements and Major Notes 12
(1) Consolidated Statements of Financial Position 12
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income 14
(Consolidated Statements of Income) 14
(Consolidated Statements of Comprehensive Income) 15
(3) Consolidated Statements of Changes in Equity 16
(4) Consolidated Statements of Cash Flows 18
(5) Notes on Consolidated Financial Statements 19
(Notes on Going Concern Assumptions) 19
(Notes on Consolidated Financial Statements) 19

1. Analysis of Operating Performance and Financial Position

(1) Analysis of Operating Performance

① Overview of the year

During the consolidated fiscal year, the future of the Japanese economy remained uncertain. Although exports and consumption declined substantially due to the spread of COVID-19, the worst appears to be behind us as exports to the U.S. and China have rebounded. The U.S. economy slowed down due to COVID-19, but economic activity has since been recovering, including increased production in a wide range of industries. The European economy remains stagnant. Although the manufacturing industry is slowly recovering, lockdowns have been extended in conjunction with additional waves of COVID-19. In the Chinese economy, domestic demand recovered. For instance, automobile sales in China were back to a level prior to the spread of COVID-19, and exports also remained robust, particularly to the U.S. In Southeast Asia, the future remains uncertain due to the impact of restrictions on economic activities to curb infections 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 9,979 million yen (1.0%) year on year to 988,424 million yen, the highest since our founding. Operating income was down 7,481 million yen (-12.8%) year on year to 51,166 million yen, profit before income taxes was down 8,562 million yen (-14.7%) to 49,527 million yen, and profit for the year attributable to owners of the parent was down 7,216 million yen (-15.7%) to 38,759 million yen.

ABLIC Inc. was made a subsidiary on April 30, 2020. The company has been included in the scope of consolidation in conjunction with the business integration. This includes the company's profits and losses from the date of the business integration on.

Performance by segment is as follows:

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 up owing to solid demand from fan motors. Rod-end bearing sales decreased due to decreased aircraft-related demand. Pivot assembly sales were down due to shrinking of the HDD market.

As a result, net sales were down 23,474 million yen (-13.0%) year on year to 157,411 million yen, and operating income was down 8,656 million yen (-21.7%) to 31,218 million yen.

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. Net sales of LED backlights for LCDs were down due to decreased demand associated with a decrease in the number of smartphone models using them.

As a result, net sales were down 15,575 million yen (-4.1%) year on year to 363,847 million yen, and operating income was up 82 million yen (0.5%) to 17,634 million yen.

The main products in the MITSUMI business segment are semiconductor devices, optical devices, mechanical components, high frequency components and power supply components. Semiconductor devices performed well as did mechanical components such as game consoles, resulting in an increase in net sales.

Profit and loss of ABLIC Inc. are included in the MITSUMI business segment in conjunction with its acquisition.

As a result, net sales were up 68,761 million yen (23.5%) year on year to 361,004 million yen, and operating income was up 1,105 million yen (5.9%) to 19,761 million yen.

The main products in the U-Shin business segment are key sets, door latches, door handles, and other automotive components as well as industrial components and housing equipment components (such as building and house locks). Sales of automotive components were down substantially due to deceleration of the automotive market.

As a result, net sales were down 20,012 million yen (-16.0%) year on year to 105,133 million yen, and the operating profit or loss was down 4,448 million yen to the loss of 1,850 million yen.

Machines produced in-house are the main products in our Other business segment. Net sales were up 279 million yen (37.1%) year on year to 1,029 million yen, but the operating loss grew 407 million yen to 1,909 million yen.

In addition to the figures noted above, 13,688 million yen in corporate expenses, etc. not belonging to any particular segment is indicated as adjustments. Adjustments in the previous fiscal year came to 18,531 million yen.

② Outlook for the next fiscal year

The global economy is plagued by uncertainty, including trade policies in each country, exchange rate trends, geopolitical risks, and questions about when COVID-19 will end. Amid these circumstances, we have put together the full-year consolidated business forecast below based on currently available information.

(Amount: millions of yen)

Net sales	1,000,000
Operating income	80,000
Profit for the year attributable to owners of the parent	64,000

(2) Analysis of Financial Position

① Basic approach to financial strategy and capitalization

Our Group sees "strengthening our financial position" as a top priority and is taking various steps, such as efficient controlling of capital investments, asset management, and reducing interest-bearing debt. We will reform our portfolio to increase the weight of our highly profitable core businesses and engage in highly effective M&A, promoting an appropriate and flexible financial strategy.

Growth investments

The cash flow generated will first be applied to R&D and capital investment as funding for organic growth. We will also look into effective M&A using 50% of free cash flow and borrowings while maintaining fiscal discipline keeping the debt-to-equity ratio at 0.2.

Shareholder return

We take a flexible approach to dividends, aiming for a consolidated payout ratio of around 20% for our full-year dividend based on our policy of enhancing shareholder return. We will promote an appropriate and dynamic financial strategy that reflects our financial standing, stock market trends, and other factors, our top priority being to enhance equity efficiency and improve shareholder return while maintaining a stable and continuous distribution of profits.

Financial base

Ensuring a stable financial base is of paramount importance so that we can provide continuous distribution of profits to shareholders. As far as our rating goes, we have earned high marks from both Rating and Investment Information, Inc. (R&I) and the Japan Credit Rating Agency (JCR), receiving ratings of A and A+, respectively. Our equity ratio attributable to owners of the parent fluctuates in the short term with M&A, but in the medium to long term, we keep it above 50% in the aim of maintaining a solid financial base.

The Group is also working to lengthen fund procurement, and as of March 31, 2021, long-term interest-bearing debt (excluding current portion of long-term loans payable) accounted for 49% of bonds and borrowings

② Assets, Liabilities, and Net Assets

Total assets at the end of the fiscal year under review were 976,771 million yen, up 112,290 million yen from the end of the previous fiscal year. The main reason for this uptick was an increase in cash and cash equivalents, trade and other receivables, goodwill, and property, plant and equipment.

Total liabilities were up 60,568 million yen year on year to 522,773 million yen. The main reason for this was an increase in bonds and borrowings.

Equity came to 453,998 million yen, bringing the equity ratio attributable to owners of the parent up 0.6 percentage points from the end of the previous fiscal year to 46.2%.

③ Condition of cash flows

The balance of cash and cash equivalents at the end of the fiscal year under review was up 34,733 million yen year on year to 165,479 million yen.

Cash flows from various business activities during the fiscal year under review and other relevant factors are as follows:

Net cash provided by operating activities amounted 93,763 million yen (an inflow of 86,486 million yen in the previous fiscal year). This was primarily due to profit before income taxes, depreciation and amortization, increases and decreases in inventories, and in trade and other payables. Net cash used for investing activities amounted 70,581 million yen (an outflow of 43,540 million yen in the previous fiscal year). This was primarily due to purchase of property, plant and equipment and purchase of investments in subsidiaries resulting in change in scope of consolidation, etc. Net cash flows provided by financing activities amounted 9,257 million yen (an outflow of 28,758 million yen in the previous fiscal year). This was primarily due to increases and decreases in short-term borrowings.

(3) Basic Policy for Profit Sharing and Dividends for the Fiscal Year and the Following Fiscal Year

Sharing profits with our shareholders is first priority at MinebeaMitsumi. That is why our basic dividend policy gives priority to enhancing equity efficiency and improving returns to our shareholders. Dividends, while reflecting performance, have been determined in light of the overall business environment and with an eye to maintaining a stable and continuous distribution of profits.

The Company will celebrate its 70th anniversary this year. In order to express our gratitude to our shareholders, we intend to make a proposal at the coming 75th Ordinary General Meeting of Shareholders in June to pay a 22-yen-per-share year-end dividend for the fiscal year, including the ordinary dividend of 14 yen per share and the

70th anniversary commemorative dividend of 8 yen per share.

As the Company has already paid an interim dividend of 14 yen per share, the annual dividends will be 36 yen per share, increasing by 8 yen per share from the previous fiscal year.

Regarding the annual dividends for the following fiscal year, we will determine the dividend payout of around 20% on a consolidated basis.

(4) Risk Management

Our Group has established a Risk Management Committee to manage the risks involved in operations, defining risk as uncertain events that may directly or indirectly impact operations or business activities. The Risk Management Committee anticipates and categorizes specific risks, operates an emergency system by which information is transmitted promptly and appropriately in the event of an emergency, and reports to the Board of Directors on matters of risk management.

Our Group recognizes a variety of risks and uncertainties, both internal and external, that have the potential to affect its operating results and/or financial position. The main risks and the actions we have taken to address them are provided here. The main future risks and responses to them mentioned in this document are those recognized by our Group as of the end of the current fiscal year. Not all risks are covered here. There may be some risks that are unforeseeable at this time.

(External environment)

① Risk related to natural and other disasters

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

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

Impact of COVID-19

In January 2020, we launched a task force headed by the CEO&COO. We hold internal committee meetings that include members from global locations and roll out best practices quickly within the Group to thoroughly address the prevention of viral spread.

Main measures

- Regular meetings of COVID-19 Countermeasure
- Preparation of thorough COVID-19 response manual (manuals related to those infected, close contacts, voluntary isolation, PCR tests, return to workplace, etc.)
- Preparation of thorough measures to address prevention of viral spread at plants, workplaces, and offices (wearing masks, installing disinfectant stations, installing body temperature measuring devices, ventilation, installing partitions, limiting number of people in conference rooms, limiting number of seats in cafeteria and prohibiting whispering, enforcing hand washing, etc.)
- Centralized management of use, inventory, etc. of personal protective equipment (for preventing viral spread)
- Distribution of masks manufactured in-house to employees for on-site work and thorough management of mask inventory
- Staggered working hours, work from home, voluntary refraining from domestic and overseas business trips, voluntary refraining from nonessential and nonurgent meetings, etc.
- Close coordination with national and local governments

(Impact on operating results)

The spread of COVID-19 has had a broad impact on economic and corporate activities. The Group has also been impacted by the decrease in sales resulting from changes in the external environment and reduced plant operations resulting from restrictions on movement in each country. In the fiscal year ended March 31, 2021, the impact on operating income was approximately 7,600 million yen due to infection prevention measures costs in each country and operating losses at factories. If the COVID-19 situation becomes prolonged, it could further impact the Group's operating results.

(Impact on financial position)

Although the financial authorities in each country are actively supplying funds to the financial markets currently, and we recognize that there is a limited possibility that this will have a significant impact on our cash flow and financial stability, in the event of a major turmoil in the financial markets, there may be an increase in funding costs and an impact on new fund procurement. It is difficult to predict the impact of COVID-19, so in the short term, we will hold off on new investment activities and work on steady fund procurement.

(Impact on production activities)

In the event that the virus spreads and restrictions on business activities and actions are tightened by government order, such restrictions may have a significant impact on our production and sales activities, including suspension

of plant operations.

(Impact on supply chain)

In regard to procurement, the timing at which operations resumed at Group production bases in China, Malaysia, the Philippines, and other countries where the government ordered a suspension of operations and at suppliers differed, but there were no substantial issues with deliveries. A reduced number of ships and flights and longer lead times caused confusion with distribution, but plant operations and customer shipments have continued without issue. There could still be an impact depending on how the virus spreads going forward, so the Group is working on reviewing the supply chain from the standpoint of business continuity planning (BCP), including review of procurement areas, multi-sourcing, further in-house production of key parts, and review of distribution routes.

② Latent risk related to operations overseas

Our Group has 93 manufacturing facilities and 90 sales facilities in 27 countries, including regions where there are risks of unexpected changes to laws or regulations, large-scale labor disputes, acts of terrorism, war, or other occurrences that could disrupt social order.

In response, we have established crisis management manuals for our overseas bases and are working to enhance our preparation for unexpected situations. At the same time, we coordinate closely with the relevant authorities in each country and region and work to ensure the safety of the companies and employees in the event of an emergency. In addition, we are working on gaining recognition as a community-based company not only from the relevant authorities but also from local residents by actively engaging in social contribution activities in each area.

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

③ Risk associated with exchange rate fluctuation

Sudden, unpredictable fluctuations in the currencies may impact our operating results and financial position because a significant portion of our consolidated net sales and production occur outside Japan. For this reason, we have entered into currency exchange contracts based on pre-established rules to hedge against the risk of sudden currency exchange rates in the future.

④ Risk associated with sudden changes in market environment and low-priced competition

The principal markets for our Group products, including those for PCs and peripheral equipment, information and telecommunications equipment, household electrical appliances, automobiles, and aircraft parts, are intensely competitive both in and outside of the country and are subject to significant fluctuations in demand. A sudden decline in demand or price competition from low-priced products made overseas could impact our operating results and financial position.

For this reason, we have established a management strategy of reinforcing core businesses, diversified niches (Eight Spears), and generating synergy through the integration. Under this strategy, we strengthen credit management by such means as avoiding the risk of relying too much on individual customers as much as possible and negotiating maintenance activities with suppliers that have questionable credit. At the same time, we address the risk of changes in the market environment and low-price competition by focusing on creating one-of-a-kind, high value-added products that do not get caught up in price competition.

⑤ Risk related to increased raw materials and logistics costs

Our Group procures various raw materials from suppliers and outsources the storage and transportation of products to logistics providers. Damages, pandemics, bankruptcies, capacity reductions, strikes, accidents, illegal activities, and other such occurrences at suppliers or logistics providers may disrupt our supply and have a significant impact on the Group's production and sales activities.

We have established rules for procurement and logistics divisions as a countermeasure for this risk, and we are working to secure a stable supply chain and reduce risk by diversifying and consolidating suppliers and logistics providers as appropriate. In addition, in order to build healthy partnerships with our suppliers, we have established a Basic Procurement Policies. We start new business relationships after confirming that the supplier agrees with our thinking on material procurement and is capable of maintaining ongoing trade, observing our procedures and standards related to chemical substances contained in our products, and consenting to the MinebeaMitsumi Group CSR Procurement Guidelines.

⑥ Risk related to disputes over intellectual property and flooding of the market with counterfeit products (knock-offs)

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

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

appropriate.

⑦ Legal risk

As we engage in a wide range of business activities in Japan and overseas, serious disputes and lawsuits could potentially arise between our Group and its customers, consumers, suppliers, competitors, governments, and others in relation to contract violations, illegal activities, or other matters.

We have established Guideline for Consultations with the Legal Department in order to prevent serious disputes and lawsuits. Important management matters and contracts requiring legal review must be brought to the Legal Division in Japan and overseas beforehand. In addition, in the event of a serious dispute or lawsuit, the Legal Division and legal advisors will play a central role in coordinating with the related internal departments to resolve the dispute/lawsuit appropriately and in a timely manner. However, there is a risk that lawsuits or other actions with the potential to affect our operating results and/or financial position may be brought against us in the future.

⑧ Risk related to environmental laws and regulations

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

For this reason, we have established an environmental management system (Environment Management Committee) under the MinebeaMitsumi Group Environmental Policy and assigned environmental managers to promote strict activities to prevent environmental pollution during normal times and address such risk.

⑨ Risk related to M&As and alliances

Our Group has positioned M&As and alliances as one of its most important measures and is promoting them accordingly. However, there is a risk that they may not generate the initially anticipated effect due to changes in the market environment or strategies that are in conflict with those of alliance partners. In order to address such risks, our Group places priority on harmonization of human resources and organizations in M&As and mutual utilization of knowledge in alliances to create synergy. However, if the acquired company or alliance partner's business suffers a greater-than-anticipated decline in profitability or deterioration of its financial position due to changes in the business environment, this could impact our operating results and financial position.

(Internal environment)

① Risk related to compliance

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

Our Group has established the MinebeaMitsumi Group Code of Conduct for labor, safety and health, environmental protection, and ethical management along with the MinebeaMitsumi Group Officer and Employee Compliance Guidelines, which provide specific standards for all officers and employees to observe. To ensure thorough compliance with these, we have established a Compliance Committee and have built a system for verifying that the Group's legal compliance structure is properly managed. On the practical side, the department in charge stipulated within the MinebeaMitsumi Group Officer and Employee Compliance Guidelines is in charge of complying with laws and regulations in operations and the Internal Auditing Office conducts audits. Meanwhile, on the internal control side of things, the Internal Control Promotion Office has primary responsibility for ensuring the reliability of financial reporting. These organizations work to increase the effectiveness of legal compliance throughout the entire Group.

② Risk related to quality problems

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

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

・Thorough action on lessons learned from quality problems (prevention of occurrence and recurrence)
・Investigation and verification in design stage and strengthening of management structure within supply chain
・Thorough communication of and compliance with various laws and regulations and customer requirements
・Sharing of information and deployment of measures through company-wide meetings, on-site audits, etc.

③ Risk related to information security

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

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

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

④ Risk related to research and development

Our Group conducts research and development activities that include basic research, development of elemental technology, product development, and production process development so that it can continuously bring new products to market and contribute to the achievement of future sales and revenue targets. However, in the event that we were unable to bring our R&D efforts to fruition or a competitor were to create a superior product to ours, this could prevent us from achieving future sales and revenue targets, thereby impacting our operating results and financial position.

There are no guarantees that our R&D efforts will come to fruition. This must be considered, so we engage in effective and efficient management of R&D project progress and costs according to Research and Development Management Manual.

2. Condition of Group of Enterprises

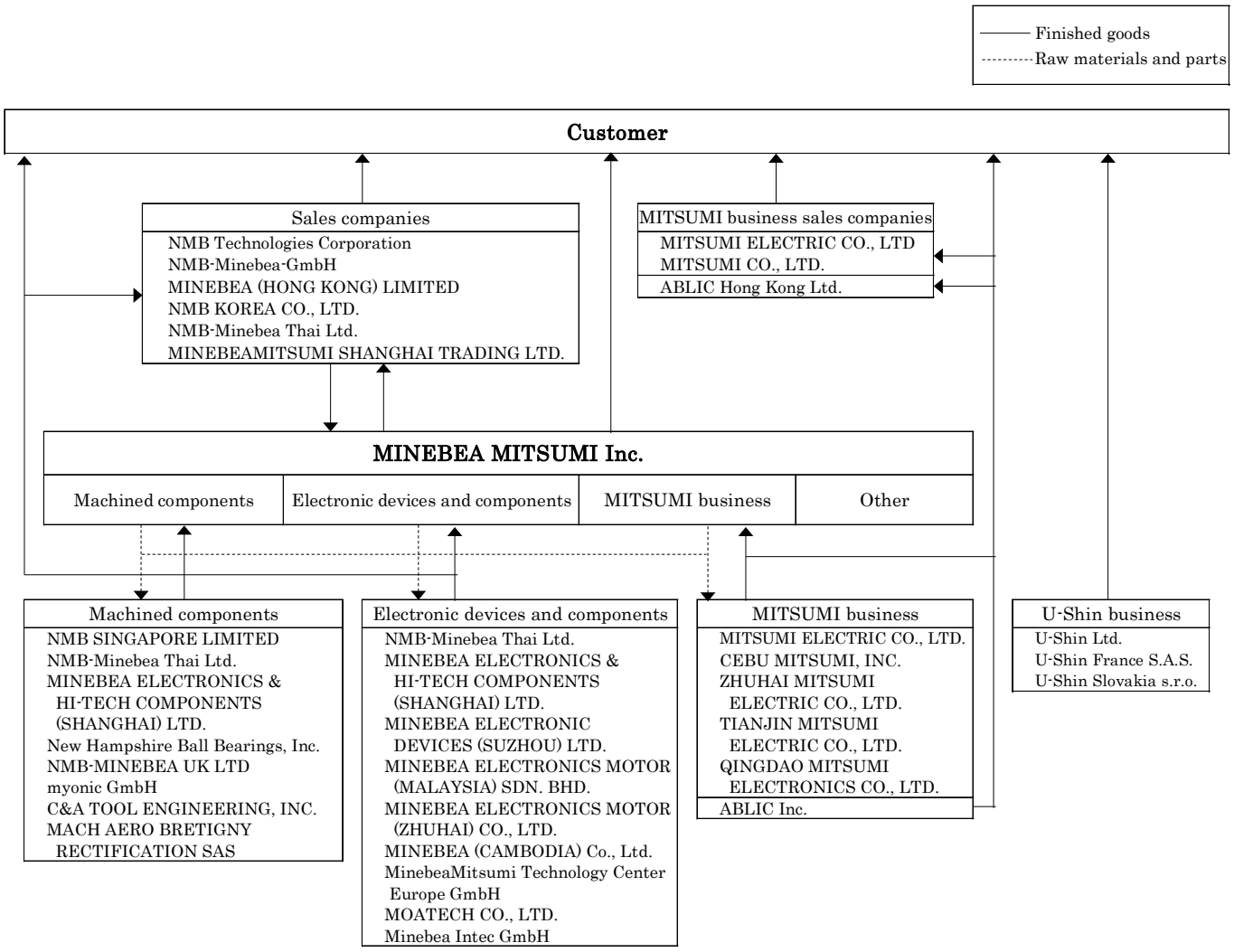
The MinebeaMitsumi Group consists of MINEBEA MITSUMI Inc. (the Company) and 122 subsidiaries. The MinebeaMitsumi Group produces and sells machined components, electronic devices and components and MITSUMI Business, and products of the U-Shin Business.

The Company along with its domestic consolidated subsidiaries as well as its consolidated subsidiaries in Asia such as China, Thailand, Philippines, Malaysia, Cambodia, South Korea and Singapore, the U.S. and Europe are responsible for production. The Company and its domestic consolidated subsidiaries markets its products directly to customers in Japan, while overseas marketing is handled through its subsidiaries and branches in Asia such as China, Thailand and South Korea, the U.S. and Europe.

Manufacturing and sales companies within each segment

Segments	Main products	Manufacturing companies	Sales companies
Machined components	Bearings Rod-end bearings and fasteners Mechanical components	MINEBEA MITSUMI Inc. NMB SINGAPORE LIMITED NMB-Minebea Thai Ltd. MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD. New Hampshire Ball Bearings, Inc. NMB-MINEBEA UK LTD myonic GmbH C&A TOOL ENGINEERING, INC. MACH AERO BRETIGNY RECTIFICATION SAS	MINEBEA MITSUMI Inc. NMB Technologies Corporation NMB-Minebea-GmbH MINEBEA (HONG KONG) LIMITED NMB KOREA CO., LTD. NMB-Minebea Thai Ltd. MINEBEAMITSUMI SHANGHAI TRADING LTD.
Electronic devices and components	Electronic devices Motors Sensing devices	MINEBEA MITSUMI Inc. NMB-Minebea Thai Ltd. MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD. MINEBEA ELECTRONIC DEVICES (SUZHOU) LTD. MINEBEA ELECTRONICS MOTOR (MALAYSIA) SDN.BHD. MINEBEA ELECTRONICS MOTOR (ZHUHAI) CO., LTD. MINEBEA (CAMBODIA) Co., Ltd. MinebeaMitsumi Technology Center Europe GmbH MOATECH CO., LTD. Minebea Intec GmbH	
MITSUMI business	Semiconductor devices Optical devices Mechanical parts	MITSUMI ELECTRIC CO., LTD. CEBU MITSUMI, INC. ZHUHAI MITSUMI ELECTRIC CO., LTD. TIANJIN MITSUMI ELECTRIC CO., LTD. QINGDAO MITSUMI ELECTRONICS CO., LTD. ABLIC Inc.	MINEBEA MITSUMI Inc. MITSUMI ELECTRIC CO., LTD. MITSUMI CO., LTD. ABLIC Hong Kong Ltd.
U-Shin business	Automotive components Industrial machinery components Housing equipment components	U-Shin Ltd. U-Shin France S.A.S. U-Shin Slovakia s.r.o.	U-Shin Ltd. U-Shin France S.A.S. U-Shin Slovakia s.r.o

Operational flowchart



3.Basic Rationale for Selection of Accounting Standards

The Group has adopted International Financial Reporting Standard (IFRS) for the purpose of enhancing comparability with the financial information in the capital market and unification of accounting treatment across the Group.

4. Consolidated Financial Statements and Major Notes

(1) Consolidated Statements of Financial Position

(Amount: millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and cash equivalents	130,746	165,479
Trade and other receivables	182,890	203,614
Inventories	169,803	171,368
Other financial assets	18,057	19,970
Other current assets	14,375	14,844
Total current assets	515,871	575,275
Non-current assets		
Property, plant, and equipment	275,064	293,079
Goodwill	18,626	41,439
Intangible assets	13,798	18,666
Other financial assets	18,896	23,506
Deferred tax assets	18,008	16,892
Other non-current assets	4,218	7,914
Total non-current assets	348,610	401,496
Total assets	864,481	976,771

(Amount: millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	143,964	142,673
Bonds and borrowings	95,268	137,141
Other financial liabilities	6,984	8,798
Income taxes payable	2,905	6,689
Provisions	4,353	4,445
Other current liabilities	42,209	46,026
Total current liabilities	295,683	345,772
Non-current liabilities		
Bonds and borrowings	126,444	131,480
Other financial liabilities	13,639	14,408
Net defined benefit liabilities	22,482	23,122
Provisions	579	4,518
Deferred tax liabilities	1,702	1,603
Other non-current liabilities	1,676	1,870
Total non-current liabilities	166,522	177,001
Total liabilities	462,205	522,773
Equity		
Common stock	68,259	68,259
Capital surplus	134,707	139,456
Treasury stock	(34,455)	(39,166)
Retained earnings	234,667	265,417
Other components of equity	(8,806)	17,175
Total equity attributable to owners of the parent	394,372	451,141
Non-controlling interests	7,904	2,857
Total equity	402,276	453,998
Total liabilities and equity	864,481	976,771

(2) Consolidated Statements of Income
and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(Amount: millions of yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Net sales	978,445	988,424
Cost of sales	811,859	820,832
Gross profit	166,586	167,592
Selling, general and administrative expenses	107,647	107,785
Other income	3,969	5,689
Other expenses	4,261	14,330
Operating income	58,647	51,166
Finance income	1,822	1,482
Finance expenses	2,380	3,121
Profit before income taxes	58,089	49,527
Income taxes	11,166	10,740
Profit for the year	46,923	38,787
Profit (loss) for the year attributable to:		
Owners of the parent	45,975	38,759
Non-controlling interests	948	28
Profit for the year	46,923	38,787
Earnings per share (EPS)		
Basic (Yen)	111.11	94.95
Diluted (Yen)	108.68	92.87

(Consolidated Statements of Comprehensive Income)

(Amount: millions of yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Profit for the year	46,923	38,787
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss, net of tax:		
Net changes in revaluation of equity instruments measured at fair value through other comprehensive income	(1,860)	2,170
Remeasurement of defined benefit plans	(1,933)	3,558
Sub-total	(3,793)	5,728
Components of other comprehensive income that will be reclassified to profit or loss, net of tax:		
Foreign exchange differences on translation of foreign operations	(17,606)	23,462
Cash flow hedges	(931)	331
Sub-total	(18,537)	23,793
Other comprehensive income, net of tax	(22,330)	29,521
Comprehensive income for the year	24,593	68,308
Comprehensive income (loss) attributable to:		
Owners of the parent	24,057	68,166
Non-controlling interests	536	142
Comprehensive income for the year	24,593	68,308

(3) Consolidated Statements of Changes in Equity

(Amount: 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)
Profit (loss) for the year				38,759		
Other comprehensive Income					23,348	331
Comprehensive income for the year	—	—	—	38,759	23,348	331
Purchase of treasury stock		(1)	(4,940)			
Disposal of treasury stock		11	229			
Dividends				(11,435)		
Transactions with non-controlling interests		4,739				
Transfer to retained earnings				3,426		
Total transactions with owners	—	4,749	(4,711)	(8,009)	—	—
Balance as of March 31, 2021	68,259	139,456	(39,166)	265,417	14,541	(676)

(Amount: millions of yen)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Total		
	Net changes in revaluation of equity instruments measured at fair value through other comprehensive income	Remeasurement of defined benefit plans	Subtotal			
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
Profit (loss) for the year			—	38,759	28	38,787
Other comprehensive Income	2,170	3,558	29,407	29,407	114	29,521
Comprehensive income for the year	2,170	3,558	29,407	68,166	142	68,308
Purchase of treasury stock			—	(4,941)	—	(4,941)
Disposal of treasury stock			—	240	—	240
Dividends			—	(11,435)	(43)	(11,478)
Transactions with non-controlling interests			—	4,739	(5,146)	(407)
Transfer to retained earnings	132	(3,558)	(3,426)	—	—	—
Total transactions with owners	132	(3,558)	(3,426)	(11,397)	(5,189)	(16,586)
Balance as of March 31, 2021	3,310	—	17,175	451,141	2,857	453,998

(4) Consolidated Statements of Cash Flows

(Amount: millions of yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Cash flows from operating activities:		
Profit before income taxes	58,089	49,527
Depreciation and amortization	46,245	48,628
Interest income and dividends income	(1,681)	(1,225)
Interest expenses	1,484	1,614
Loss (gain) on sale and disposal of property, plant and equipment	(988)	(102)
Decrease (increase) in trade and other receivables	(3,968)	(11,877)
Decrease (increase) in inventories	(16,612)	13,121
Increase (decrease) in trade and other payables	8,731	(10,993)
Other	8,502	14,469
Subtotal	99,802	103,162
Interest received	1,297	888
Dividends received	368	345
Interest paid	(1,389)	(1,544)
Income taxes paid	(13,592)	(9,088)
Net cash flows provided by operating activities	86,486	93,763
Cash flows from investing activities:		
Decrease (increase) in time deposits	1,262	(1,287)
Purchase of property, plant and equipment	(47,295)	(44,195)
Proceeds from sales of property, plant and equipment	5,938	1,373
Purchase of intangible assets	(1,072)	(1,308)
Purchase of securities	(1,764)	(1,581)
Proceeds from sale and redemption of securities	1,740	1,412
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	47	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(1,822)	(24,160)
Other	(574)	(835)
Net cash flows used in investing activities	(43,540)	(70,581)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(9,829)	40,297
Proceeds from long-term borrowings	50,850	—
Repayments of long-term borrowings	(32,176)	(5,340)
Repayments of bonds	(100)	—
Acquisition of non-controlling interests	(7,693)	(5,377)
Proceeds from disposal of treasury stock	—	240
Purchase of treasury stock	(15,059)	(4,941)
Dividends paid	(11,624)	(11,435)
Dividends paid to non-controlling interests	(22)	(43)
Repayments of lease liabilities	(3,105)	(4,144)
Net cash flows used in financing activities	(28,758)	9,257
Effect of exchange rate changes on cash and cash equivalents	(5,874)	2,294
Increase (decrease) in cash and cash equivalents	8,314	34,733
Cash and cash equivalents at beginning of year	122,432	130,746
Cash and cash equivalents at end of year	130,746	165,479

(5) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Notes on Consolidated Financial Statements)

(Segment Information)

(1) Summary of reportable segments

Our group's reportable segments are segments which separate financial information is available and subject to periodical reviews and in order for the Company's Board of Directors to determine the distribution of management resources and evaluate performance.

The Company established business divisions by product in key business centers, therein Machined Component Manufacturing Headquarters supervises the production of machined components, while Electronic Device and Component Manufacturing Headquarters oversees the manufacture of small-sized motors, electronic devices and components, and optical products, etc., Mitsumi Business Headquarters is responsible for the production of semiconductor devices, optical devices, mechanical components, etc., and U-Shin business Headquarters is responsible for the production of automotive components, industrial equipment components and housing equipment components and formulates comprehensive business strategies to be implemented for both domestic and foreign operations. Therefore, we have four reportable segments consisting of "Machined components", "Electronic devices and components", "MITSUMI business" and "U-Shin business". There are no reportable segments that aggregate business segments.

Our core products in the "Machined components" are mechanical parts, such as ball bearings, rod-end bearings, pivot assemblies of HDDs, fastener for aircraft, etc. The "Electronic devices and components" includes 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. The staple products of "MITSUMI business" include semiconductor devices, optical devices, mechanical parts, high frequency components, power supply components, etc. Profit and loss of ABLIC Inc. are included in the MITSUMI business segment in conjunction with its acquisition. The main products of "U-Shin business" are key sets, door latches, door handles, and other automotive components as well as industrial equipment components and housing equipment component

(2) Reportable segments information

Reportable segment earnings are operating income-based figures.

Net sales to other segment are calculated based on invoice prices－the comprehensive judgment made after having considered factors including market prices and manufacturing costs.

(Year ended March 31, 2020) (Amount: millions of yen)

	Reportable segment				Other *1	Adjustments *2	Consolidated
	Machined components	Electronic devices and components	MITSUMI business	U-Shin business			
Net sales							
Net sales to customers	180,885	379,422	292,243	125,145	750	—	978,445
Net sales to other segment	5,467	5,459	1,772	—	2,937	(15,635)	—
Total	186,352	384,881	294,015	125,145	3,687	(15,635)	978,445
Segment profit (loss)	39,874	17,552	18,656	2,598	(1,502)	(18,531)	58,647
Finance income	—	—	—	—	—	—	1,822
Finance expenses	—	—	—	—	—	—	2,380
Profit before income taxes	—	—	—	—	—	—	58,089
(Other income and expenses)							
Depreciation	10,157	16,289	8,840	4,474	100	6,385	46,245
Impairment loss	—	—	—	—	—	—	—
Segment assets	143,505	196,590	138,906	88,012	1,962	295,506	864,481
(Other assets)							
Capital expenditures	12,811	21,130	12,169	4,662	121	8,392	59,285

(Year ended March 31, 2021) (Amount: millions of yen)

	Reportable segment				Other *1	Adjustments *2	Consolidated
	Machined components	Electronic devices and components	MITSUMI business	U-Shin business			
Net sales							
Net sales to customers	157,411	363,847	361,004	105,133	1,029	—	988,424
Net sales to other segment	5,243	5,995	2,219	—	1,516	(14,973)	—
Total	162,654	369,842	363,223	105,133	2,545	(14,973)	988,424
Segment profit (loss)	31,218	17,634	19,761	(1,850)	(1,909)	(13,688)	51,166
Finance income	—	—	—	—	—	—	1,482
Finance expenses	—	—	—	—	—	—	3,121
Profit before income taxes	—	—	—	—	—	—	49,527
(Other income and expenses)							
Depreciation	9,682	16,933	11,282	4,311	93	6,327	48,628
Impairment loss	—	—	—	—	—	—	—
Segment assets	137,245	207,880	193,927	91,122	2,140	344,457	976,771
(Other assets)							
Capital expenditures	4,652	20,377	10,625	2,569	45	7,254	45,522

(Notes) *1. The classification of "Other" refers to business units not included in the reportable segments. Their products are mainly machines made in-house.

*2. The amount of the adjustment is as follows.

① Adjustments to segment income (loss) include corporate expenses such as selling, general & administrative expenses in addition to research and development costs that do not belong to the reportable segments (-18,531 million yen last fiscal year, -13,688 million this fiscal year). Retirement benefit expenses of 2,790 million yen is included as a result of the revision of the Labor Protection Act in Thailand last fiscal year.

② Adjustments to segment assets include assets of cash and cash equivalents, tangible fixed assets and deferred tax assets, etc. related to administrative divisions that do not belong to the reportable segments (295,506 million yen last fiscal year, 344,457 million yen this fiscal year).

③ The major part of the adjustments in depreciation is depreciation of equipment related to the administrative division, which does not belong to the reportable segments.

④ The major part of the adjustments related to capital expenditures is capital investments in equipment related to the administrative division, which does not belong to the reportable segments.

(Per Share Data)

(1) Basic and diluted earnings per share

	Year ended March 31, 2020	Year ended March 31, 2021
Earnings per share, basic (yen)	111.11	94.95
Earnings per share, diluted (yen)	108.68	92.87

(2) Basis of calculation for basic and diluted earnings per share

	Year ended March 31, 2020	Year ended March 31, 2021
Profit for the year used for the calculation of basic and diluted earnings per share		
Profit for the year attributable to owners of the parent (millions of yen)	45,975	38,759
Amount not available for common shares of the parent (millions of yen)	—	—
Profit for the year used for the calculation of basic earnings per share (millions of yen)	45,975	38,759
Adjustments		
Interest expense, net of tax (millions of yen)	51	51
Profit for the year used for the calculation of diluted earnings per share (millions of yen)	46,026	38,810
Average number of common share used for the calculation of basic and diluted earnings per share		
Average number of common shares used for the calculation of basic earnings per share (shares)	413,788,647	408,220,767
Effect of dilutive potential common shares due to convertible bonds with warrants (shares)	9,671,179	9,671,179
Effect of dilutive potential common shares due to warrants (shares)	25,987	25,987
Average number of common shares used for the calculation of diluted earnings per share (shares)	423,485,813	417,917,933

(Subsequent Events)

Not applicable.