

BRIEF REPORT OF FINANCIAL RESULTS [IFRS] (Consolidated)
(Year ended March 31, 2023)

May 11, 2023

Registered

Company Name: MINEBEA MITSUMI Inc. Common Stock Listings: Tokyo
Code No: 6479 URL <https://www.minebeamitsumi.com/>
Representative: Yoshihisa Kainuma Representative Director, Chairman CEO
Contact: Jun Yutani General Manager of Accounting Department
Date planned to hold ordinary general meeting of shareholders: June 29, 2023
Expected date of payment for dividends: June 30, 2023
Date planned to file report of securities: June 29, 2023
Preparation of supplementary explanation material for financial results : Yes
Holding of presentation meeting for financial results : Yes (For Analyst)

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

1. Business Performance (April 1, 2022 through March 31, 2023)

(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, 2023	1,292,203	15.0	101,522	10.2	96,120	5.9
Year ended March 31, 2022	1,124,140	13.7	92,136	80.1	90,788	83.3

	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, 2023	77,182	12.0	77,010	11.7	107,444	(0.4)
Year ended March 31, 2022	68,926	77.7	68,935	77.9	107,918	58.0

	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, 2023	187.62	186.74	13.1	8.0	7.9
Year ended March 31, 2022	170.08	166.61	13.9	8.7	8.2

(Reference) Share of profit (loss) of investments accounted for using the equity method:

Year ended March 31, 2023: — million yen
Year ended March 31, 2022: — 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, 2023	1,303,967	643,309	632,856	48.5	1,549.67
As of March 31, 2022	1,104,192	541,435	538,610	48.8	1,326.15

(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, 2023	44,093	(106,275)	37,875	144,671
Year ended March 31, 2022	78,417	(63,605)	(25,547)	163,588

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, 2022	—	18.00	—	18.00	36.00	14,604	21.2	3.0
Year ended March 31, 2023	—	20.00	—	20.00	40.00	16,424	21.3	2.8
Year ending March 31, 2024 (Forecast)	—	—	—	—	—		—	

(Notes) Regarding the annual dividends for the fiscal year ending March 31, 2024, we will determine the dividend payout of around 20% on a consolidated basis.

3. Prospect for the Next Fiscal Year (April 1, 2023 through March 31, 2024)

(%: 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, 2023	663,000	14.1	28,000	(31.1)
Year ending March 31, 2024	1,450,000	12.2	95,000	(6.4)

	Profit for the period attributable to owners of the parent (millions of yen)	% Change	Earnings per share, basic (yen)
Six months ending September 30, 2023	20,000	(35.1)	48.97
Year ending March 31, 2024	70,000	(9.1)	171.41

*Notes

(1) Changes in significant subsidiaries during the year (Changes in certain subsidiaries resulting in change in the scope of consolidation): None

(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 I: 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, 2023: 427,080,606 shares

As of March 31, 2022: 427,080,606 shares

② Number of treasury shares at the end of year

As of March 31, 2023: 18,699,377 shares

As of March 31, 2022: 20,934,199 shares

③ Average number of shares

As of March 31, 2023: 410,445,103 shares

As of March 31, 2022: 405,317,126 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 Thursday, May 11, 2023.

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1. Analysis of Operating Performance and Financial Position

(1) Analysis of Operating Performance

① Overview of the year

During the consolidated fiscal year, the Japanese economy showed signs of a moderate recovery with a resumption of consumer spending owing to the easing of COVID-19 related restrictions on movement. The U.S. economy continued to raise interest rates to curb inflation while employment and individual income were increasing, and as a result the economic upswing was limited. In Europe, resource prices remain high due to a reduced supply of natural resources from Russia in conjunction with its aggression against Ukraine, so the future remains uncertain. The future of the Chinese economy remains uncertain since the economy was sluggish mainly in the real estate market while the normalization of economic activity progressed with the easing of restrictions on movement based on the government's zero-COVID policy. In Southeast Asia, the return of economic activity following the easing of COVID-19 related restrictions on movement ensured economic recovery was on track.

Working against this backdrop, the MinebeaMitsumi Group (our "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 168,063 million yen (15.0%) year on year to 1,292,203 million yen. Operating income was up 9,386 million yen (10.2%) year on year to 101,522 million yen, profit before income taxes was up 5,332 million yen (5.9%) year on year to 96,120 million yen, and profit for the year attributable to owners of the parent was up 8,075 million yen (11.7%) year on year to 77,010 million yen. In each of these three areas we achieved record highs.

HONDA TSUSHIN KOGYO CO., LTD. was made a subsidiary on September 16, 2022 and Minebea AccessSolutions Inc. was made a subsidiary on January 27, 2023 (at the same time, renamed Honda Lock Mfg. Co., Ltd.). Those companies have been included in the scope of consolidation. In addition to the companies' profits and losses from the date of the business integration on, the above includes 25,728 million yen of negative goodwill arising from the business combination with Minebea AccessSolutions Inc.

Performance by segment is as follows:

As a result of the reorganization of the Company from the current consolidated fiscal year, some categories were changed in "Others" and "Adjustments." Segment information for the previous fiscal year is disclosed based on the classification after the corporate reorganization.

The main products in our Group's Machined components segment include our Group's 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, our Group's mainstay product, increased due to an increase in demand for automotive parts in line with a recovery in automobile production. Sales of rod-end bearings increased due to a recovery in demand for aircraft-related products. Meanwhile, net sales of pivot assemblies decreased due to a decrease in demand.

As a result, net sales were up 19,830 million yen (11.2%) year on year to 197,300 million yen, while operating income was down 2,766 million yen (-6.1%) year on year to 42,951 million yen.

The core products of our Group's 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 were down, primarily due to a decline in models using LED backlights and a decline in demand for HDD spindle motors.

As a result, net sales were down 4,748 million yen (-1.3%) year on year to 366,275 million yen, and operating income was down 20,639 million yen (-95.7%) year on year to 922 million yen.

The main products in the MITSUMI business segment are semiconductor devices, optical devices, mechanical components, power supply components, and smart products. Optical devices for camera actuators performed well, resulting in an increase in net sales. Profit and loss of HONDA TSUSHIN KOGYO CO., LTD. are included in the MITSUMI business segment in conjunction with its acquisition.

As a result, net sales were up 101,348 million yen (23.6%) year on year to 530,464 million yen, and operating income also increased by 894 million yen (2.1%) year on year to 42,740 million yen.

The main products of the U-Shin business segment are key sets, door latches, door handles, and other automotive components as well as industrial equipment components. Net sales of automotive components were up owing to increased demand resulting from an increase in automobile production. In conjunction with the acquisition of Minebea AccessSolutions Inc., the earnings and gain on bargain purchase of the company are included in the U-Shin business.

As a result, net sales were up 49,122 million yen (33.7%) year on year to 194,699 million yen, and operating income was 22,302 million yen, an improvement of 21,570 million yen.

Machines produced in-house are the main products in our Group's Other business segment. Net sales were up 2,511 million yen (263.0%) year on year to 3,465 million yen, and operating loss was 1,290 million yen, an improvement of 49 million yen year on year.

In addition to the figures noted above, 6,103 million yen in corporate expenses, etc. not belonging to any particular segment is indicated as adjustments. This adjustment includes 13,016 million yen of gain on sale of fixed assets associated with the sale of the former Tokyo head office building. Adjustments in the previous fiscal year came to 16,381 million yen.

② Outlook for the next fiscal year

Our Group has put together the full-year consolidated business forecast below based on currently available information.

(Amount: millions of yen)	
Net sales	1,450,000
Operating income	95,000
Profit for the year attributable to owners of the parent	70,000

(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. Our Group will reform its portfolio to increase the weight of its 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. Our Group 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

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

Financial base

Ensuring a stable financial base is of paramount importance so that our Group can provide continuous distribution of profits to shareholders. As far as our rating goes, our Group has 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 Group's equity ratio attributable to owners of the parent fluctuates in the short term with M&A, but in the medium to long term, our Group keeps it above 50% in the aim of maintaining a solid financial base.

Our Group is also working to lengthen fund procurement, and as of March 31, 2023, long-term interest-bearing debt (excluding current portion of long-term loans payable) accounted for 48% of bonds and borrowings.

② Assets, Liabilities, and Net Assets

Total assets at the end of the fiscal year under review were 1,303,967 million yen, up 199,775 million yen from the end of the previous fiscal year. This was primarily due to increases in property, plant and equipment, trade and other receivables and inventories.

Total liabilities were up 97,901 million yen year on year to 660,658 million yen. The main reason for this was an increase in bonds, and borrowings.

Equity came to 643,309 million yen, bringing the equity ratio attributable to owners of the parent down 0.3 percentage points from the end of the previous fiscal year to 48.5%.

③ Condition of cash flows

The balance of cash and cash equivalents at the end of the fiscal year under review was down 18,917 million yen year on year to 144,671 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 to 44,093 million yen (an inflow of 78,417 million yen in the previous fiscal year). This was primarily due to income before income taxes, depreciation and amortization, etc. Net cash used for investing activities amounted to 106,275 million yen (an outflow of 63,605 million yen in the previous fiscal year). This was primarily due to purchase of property, plant and equipment, etc. Net cash provided by financing activities amounted to 37,875 million yen (an outflow of 25,547 million yen in the previous fiscal year). This was primarily due to proceeds from long-term loans payable and proceeds from issuance of bonds, etc.

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

Sharing profits with our Group's shareholders is first priority for MinebeaMitsumi (the "Company"). That is why its basic dividend policy gives priority to enhancing equity efficiency and improving returns to our shareholders. Dividends, while reflecting performance, are determined in light of the overall business environment and with an eye to maintaining a stable and continuous distribution of profits.

Based on the above basic policy, the Company plans to submit a proposal to the 77th Ordinary General Meeting of Shareholders, which is scheduled to be held in June of this year, for a year-end dividend of 20 yen per share for the current consolidated fiscal year, an increase of 2 yen from the previous fiscal year's record of 18 yen. As the Company has already paid an interim dividend of 20 yen per share, the annual dividends will be 40 yen per share.

Regarding the annual dividends for the following fiscal year, the Company 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 its 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 our Group has 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, floods, fires and other accidents, or the spread of new infectious diseases could impact our Group's operating results and financial position.

In response, our Group tracks risks using the results of hazard maps, risk surveys, etc. about 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, our Group set up a COVID-19 task force headed by the president. Led by this task force, our Group has quickly implemented best practices for preventing the spread of infection throughout our Group, and minimized the impact COVID-19 has had on its businesses.

(Impact on management results)

In the fiscal year ended March 31, 2023, the impact on operating income was approximately 3.4 billion yen due to infection prevention measures costs in each country and operating losses at factories. If the spread of the COVID-19 situation becomes prolonged, it could further impact the Group's operating results.

(Impact on financial position)

At the present time, COVID-19 is believed to be heading toward a convergence worldwide, and financial authorities in many countries are shifting their policies toward monetary tightening. However, Japan's monetary authority's policy remains that of monetary easing, our Group recognizes that there is a limited possibility that it will have a significant impact on its funding position and financial stability. However, in the event of a major turmoil in the financial markets, there may be an increase in funding costs and an impact on a new fund procurement. It is difficult to predict the impact of COVID-19, so in the short term, our Group will hold off new investment activities and work on steady fund procurement.

(Impact on production activities)

If the infection spreads again and restrictions on business activities and actions are strengthened at the request of the government of each country, it might have a significant impact on our Group's production and sales activities, such as shutdown of the plant.

(Impact on supply chain)

From the perspective of the business continuity plan (BCP), our Group has begun reviewing the supply chain, such as the location of suppliers, procuring from multiple suppliers (multi-sourcing), further internalizing core components, and reviewing logistics routes, etc.

② Latent risk related to operations overseas

Our Group has 126 manufacturing facilities and 105 sales facilities in 28 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, our Group has established crisis management manuals for our overseas bases and are working to enhance our preparation for unexpected situations. At the same time, our Group coordinates closely with the relevant authority in each country and region and work to ensure the safety of the companies and employees in the event of an emergency. In addition, our Group is 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.

With a diverse business portfolio and global production bases that complement each other, our Group has established a risk diversification system that can maintain revenue even during environmental changes.

③ Risk associated with exchange rate fluctuation

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

For this reason, our Group has established a management strategy of reinforcing core businesses, diversified niches (Eight Spears), and generating synergy through the integration. Under this strategy, our Group strengthens 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, our Group addresses 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, etc. at suppliers or logistics providers may disrupt our Group's supply and have a significant impact on our Group's production and sales activities.

Our Group has established rules for procurement and logistics divisions as a countermeasure for this risk, and it is 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, our Group has established a Basic Procurement Policies. Our Group starts a new business relationship after confirming that the supplier agrees with our Group's thinking on material procurement and is capable of maintaining ongoing trade, observing our Group's procedures and standards related to chemical substances contained in our Group's 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 our Group in relation to its products for infringement of intellectual property rights. In addition, were counterfeits of our Group's products to be distributed, it could impact our Group's sales and harm its brand or credibility.

In order to reduce the risk of lawsuits related to infringement of intellectual property rights, our Group researches the intellectual property rights of other companies during the development and design stage and addresses intellectual property rights that could present a problem. Furthermore, our Group has registered our Group's trademarks with customs and has established a system for monitoring counterfeit products. It also actively acquires intellectual property rights for its newly developed products. The Patent Committee manages and implements the above actions as appropriate.

⑦ Legal risk

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

Our Group has 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, lawsuits etc. may affect our Group's operating results and financial position.

⑧ Risk related to environmental laws and regulations

Our Group's business is subject to various environmental laws and regulations that are in effect in the regions where our Group operates. Although our Group pays due attention to ensuring compliance with all such laws and regulations, our Group 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, our Group has 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.

Further, policies aimed at achieving a decarbonized society could cause production costs to increase and in turn the need to change raw materials.

As such, while carefully monitoring policy movements, our Group will seek to respond to climate change-related risks and opportunities through support for the TCFD, etc., and take the lead in shifting to a business model ideally suited to a decarbonized society.

⑨ Risk related to M&As and alliances

Our Group has positioned M&A 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&A 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 Group's operating results and financial position.

(Internal environment)

① Risk related to compliance

Our Group engages in a wide range of businesses all around the world and is 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 as well as the interpretation by authorities, 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, and the MinebeaMitsumi Group Officer and Employee Compliance Guidelines which provide specific standards for all officers and employees to observe. To ensure thorough compliance with them, our Group has established a Compliance Committee to build a system for verifying that our 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, 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. In addition, our Group is working to reduce compliance risks by establishing an internal reporting system.

② Risk related to quality problems

Our Group's 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, medical devices, etc.). Our Group recognizes that social responsibility our Group bears and have a system in place to ensure our Group's products are of the highest quality. At the same time, our Group has 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 Group's products were found to be defective and resulted in a serious accident in the market, the suspension of our customers' manufacturing operations, a product recall, etc., our Group could incur significant expenses or lose public confidence, both of which could result in a material adverse effect on its operating results and financial status.

Our Group has implemented the countermeasures below, fully recognizing its 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 familiarization and compliance with various laws and regulations and customer requirements
- Information sharing and deployment of measures through company-wide meetings, on-site audits, etc.

③ Risk related to information security

Through the course of our Group's business operations, our Group obtains large amounts of important information, including personal information. While our Group maintains 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 our Group to the risk of losing public confidence.

To reinforce the Group's information security system, our Group has therefore established the Security Promotion Office, an organization dedicated to implementing cyber security measures.

The Company's Chief Information Security Officer is a director of the Security Promotion Office, and is tasked with improving security measures, formulating and promoting strengthening measures, responding to cyber incidents, and in-house security education. Further, our Group has put in place a system for verifying that its information security system is operating properly, which includes formulating an Information Security Policy and establishing an Information Security Committee. Our Group also implements 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, our Group addresses 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. Our Group has 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 our Group were unable to bring our R&D efforts to fruition, or a competitor were to create a superior product to its products, or if technological advances and market demands changed due to the transition to a carbon-free society, this could prevent our Group from achieving future sales and revenue targets, thereby impacting its operating results and financial position.

There are no guarantees that our Group's R&D efforts will come to fruition. This must be considered, so our Group engages in effective and efficient management of R&D project progress and costs in accordance with Research and Development Management Manual.

2. Condition of Group of Enterprises

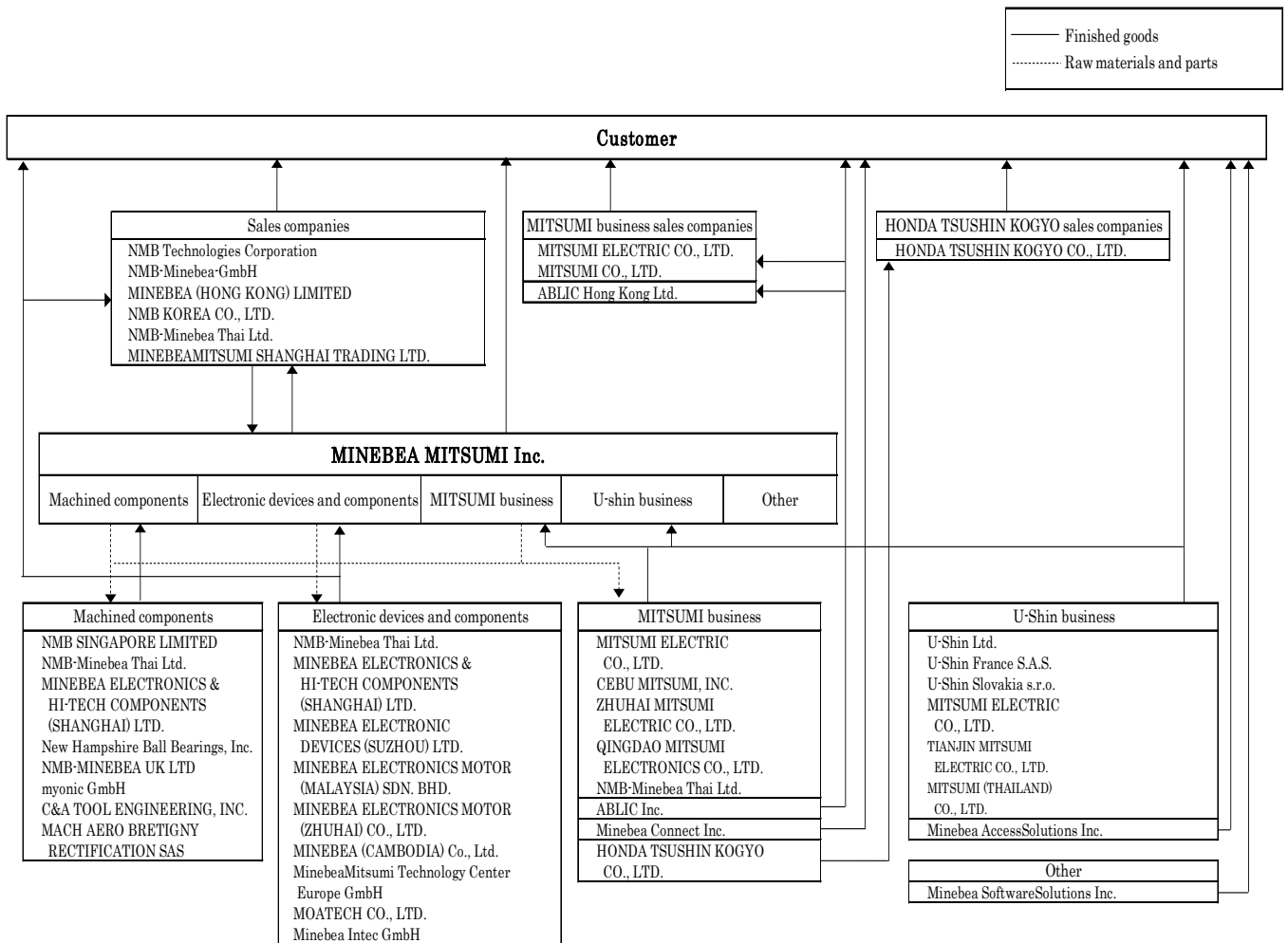
Our Group consists of the Company and 144 subsidiaries. Our Group produces and sells machined components, electronic devices and components and MITSUMI Business, and products of the U-Shin Business.

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 (ZHUHAD) 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	MINEBEA MITSUMI Inc. MITSUMI ELECTRIC CO., LTD. CEBU MITSUMI, INC. ZHUHAI MITSUMI ELECTRIC CO., LTD. QINGDAO MITSUMI ELECTRONICS CO., LTD. NMB-Minebea Thai Ltd. ABLIC Inc. Minebea Connect Inc. HONDA TSUSHIN KOGYO CO., LTD.	MINEBEA MITSUMI Inc. MITSUMI ELECTRIC CO., LTD. MITSUMI CO., LTD. ABLIC Hong Kong Ltd. HONDA TSUSHIN KOGYO CO., LTD.
U-Shin business	Automotive components Industrial machinery components	U-Shin Ltd. U-Shin France S.A.S. U-Shin Slovakia s.r.o. MITSUMI ELECTRIC CO., LTD. TIANJIN MITSUMI ELECTRIC CO., LTD. MITSUMI (THAILAND) CO., LTD. Minebea AccessSolutions Inc.	MINEBEA MITSUMI Inc. U-Shin Ltd. U-Shin France S.A.S. U-Shin Slovakia s.r.o MITSUMI ELECTRIC CO., LTD. MITSUMI (THAILAND) CO., LTD.
Other	Software design, development, system operation	Minebea SoftwareSolutions Inc.	Minebea SoftwareSolutions Inc.

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

	As of March 31, 2022	(Amount: millions of yen) As of March 31, 2023
Assets		
Current assets		
Cash and cash equivalents	163,588	144,671
Trade and other receivables	240,822	287,374
Inventories	219,308	263,071
Other financial assets	23,320	10,948
Other current assets	19,084	26,628
Total current assets	666,122	732,692
Non-current assets		
Property, plant and equipment	336,385	455,750
Goodwill	42,865	47,478
Intangible assets	17,790	18,131
Other financial assets	21,627	24,481
Deferred tax assets	12,844	15,867
Other non-current assets	6,559	9,568
Total non-current assets	438,070	571,275
Total assets	1,104,192	1,303,967

(Continued)

(Amount: millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	170,854	172,011
Bonds and borrowings	164,866	183,044
Other financial liabilities	14,342	10,405
Income taxes payable	11,129	7,483
Provisions	2,648	3,944
Other current liabilities	51,318	62,475
Total current liabilities	415,157	439,362
Non-current liabilities		
Bonds and borrowings	105,845	171,287
Other financial liabilities	14,395	17,040
Net defined benefit liabilities	21,100	24,132
Provisions	1,892	1,574
Deferred tax liabilities	1,605	3,405
Other non-current liabilities	2,763	3,858
Total non-current liabilities	147,600	221,296
Total liabilities	562,757	660,658
Equity		
Common stock	68,259	68,259
Capital surplus	140,102	141,004
Treasury stock	(43,964)	(42,226)
Retained earnings	320,755	382,663
Other components of equity	53,458	83,156
Total equity attributable to owners of the Company	538,610	632,856
Non-controlling interests	2,825	10,453
Total equity	541,435	643,309
Total liabilities and equity	1,104,192	1,303,967

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

	Year ended March 31, 2022	(Amount: millions of yen) Year ended March 31, 2023
Net sales	1,124,140	1,292,203
Cost of sales	908,556	1,071,359
Gross profit	215,584	220,844
Selling, general and administrative expenses	125,276	144,347
Other income	4,497	44,371
Other expenses	2,669	19,346
Operating income	92,136	101,522
Finance income	1,497	2,058
Finance expenses	2,845	7,460
Profit before income taxes	90,788	96,120
Income taxes	21,862	18,938
Profit for the year	68,926	77,182
Profit for the year attributable to:		
Owners of the Company	68,935	77,010
Non-controlling interests	(9)	172
Profit for the year	68,926	77,182
Earnings per share (EPS)		
Basic (Yen)	170.08	187.62
Diluted (Yen)	166.61	186.74

(Consolidated Statements of Comprehensive Income)

	Year ended March 31, 2022	(Amount: millions of yen) Year ended March 31, 2023
Profit for the year	68,926	77,182
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	1,520	1,644
Remeasurement of defined benefit plans	1,482	(230)
Sub-total	3,002	1,414
Components of other comprehensive income that will be reclassified to profit or loss, net of tax:		
Foreign exchange differences on translation of foreign operations	35,882	25,104
Cash flow hedges	108	3,744
Sub-total	35,990	28,848
Other comprehensive income, net of tax	38,992	30,262
Comprehensive income for the year	107,918	107,444
Comprehensive income attributable to:		
Owners of the Company	107,857	107,167
Non-controlling interests	61	277
Comprehensive income for the year	107,918	107,444

(3) Consolidated Statements of Changes in Equity

(Amount: millions of yen)

	Equity attributable to owners of the Company				Other components of equity	
	Common stock	Capital surplus	Treasury stock	Retained earnings	Foreign currency translation	Cash flow hedge
Balance as of April 1, 2021	68,259	139,456	(39,166)	265,417	14,541	(676)
Profit for the period	—	—	—	68,935	—	—
Other comprehensive income	—	—	—	—	35,812	108
Comprehensive income for the period	—	—	—	68,935	35,812	108
Conversion of convertible bonds with warrants	—	777	5,933	—	—	—
Purchase of treasury stock	—	(42)	(10,733)	—	—	—
Disposal of treasury stock	—	1	2	—	—	—
Dividends	—	—	—	(16,236)	—	—
Change in scope of consolidation	—	(90)	—	—	—	—
Transfer to retained earnings	—	—	—	2,639	—	—
Total transactions with owners	—	646	(4,798)	(13,597)	—	—
Balance as of March 31, 2022	68,259	140,102	(43,964)	320,755	50,353	(568)
Profit for the period	—	—	—	77,010	—	—
Other comprehensive income	—	—	—	—	24,999	3,744
Comprehensive income for the period	—	—	—	77,010	24,999	3,744
Conversion of convertible bonds with warrants	—	1,535	11,735	—	—	—
Purchase of treasury stock	—	(14)	(10,004)	—	—	—
Disposal of treasury stock	—	0	7	—	—	—
Dividends	—	—	—	(15,561)	—	—
Transactions with non-controlling interests	—	(619)	—	—	—	—
Change in scope of consolidation	—	—	—	—	—	—
Transfer to retained earnings	—	—	—	459	—	—
Total transactions with owners	—	902	1,738	(15,102)	—	—
Balance as of March 31, 2023	68,259	141,004	(42,226)	382,663	75,352	3,176

(Continued)

(Amount: millions of yen)

	Equity attributable to owners of the Company					
	Other components of equity			Total	Non-controlling interests	Total equity
	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, 2021	3,310	—	17,175	451,141	2,857	453,998
Profit for the period	—	—	—	68,935	(9)	68,926
Other comprehensive income	1,520	1,482	38,922	38,922	70	38,992
Comprehensive income for the period	1,520	1,482	38,922	107,857	61	107,918
Conversion of convertible bonds with warrants	—	—	—	6,710	—	6,710
Purchase of treasury stock	—	—	—	(10,775)	—	(10,775)
Disposal of treasury stock	—	—	—	3	—	3
Dividends	—	—	—	(16,236)	—	(16,236)
Change in scope of consolidation	—	—	—	(90)	(93)	(183)
Transfer to retained earnings	(1,157)	(1,482)	(2,639)	—	—	—
Total transactions with owners	(1,157)	(1,482)	(2,639)	(20,388)	(93)	(20,481)
Balance as of March 31, 2022	3,673	—	53,458	538,610	2,825	541,435
Profit for the period	—	—	—	77,010	172	77,182
Other comprehensive income	1,644	(230)	30,157	30,157	105	30,262
Comprehensive income for the period	1,644	(230)	30,157	107,167	277	107,444
Conversion of convertible bonds with warrants	—	—	—	13,270	—	13,270
Purchase of treasury stock	—	—	—	(10,018)	—	(10,018)
Disposal of treasury stock	—	—	—	7	—	7
Dividends	—	—	—	(15,561)	—	(15,561)
Transactions with non-controlling interests	—	—	—	(619)	(1,655)	(2,274)
Change in scope of consolidation	—	—	—	—	9,006	9,006
Transfer to retained earnings	(689)	230	(459)	—	—	—
Total transactions with owners	(689)	230	(459)	(12,921)	7,351	(5,570)
Balance as of March 31, 2023	4,628	—	83,156	632,856	10,453	643,309

(4) Consolidated Statements of Cash Flows

	Year ended March 31, 2022	(Amount: millions of yen) Year ended March 31, 2023
Cash flows from operating activities:		
Profit before income taxes	90,788	96,120
Depreciation and amortization	45,231	53,133
Impairment losses	—	11,066
Gain on bargain purchase	—	(27,403)
Interest income and dividends income	(1,294)	(1,947)
Interest expenses	1,521	2,743
Net loss (gain) on sale and disposal of property, plant and equipment	(381)	(12,366)
Decrease (increase) in trade and other receivables	(24,237)	(7,705)
Decrease (increase) in inventories	(35,839)	(11,273)
Increase (decrease) in trade and other payables	20,955	(23,887)
Other	(5,447)	(11,919)
Sub-total	91,297	66,562
Interest received	870	1,644
Dividends received	371	351
Interest paid	(1,479)	(2,525)
Income taxes paid	(12,642)	(21,939)
Net cash flows provided by operating activities	78,417	44,093
Cash flows from investing activities:		
Net decrease (increase) in time deposits	610	12,627
Purchase of property, plant and equipment	(68,476)	(134,449)
Proceeds from sale of property, plant and equipment	874	26,305
Purchase of intangible assets	(1,632)	(2,268)
Purchase of securities	(735)	(1,103)
Proceeds from sale and redemption of securities	5,416	2,349
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	502	—
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	364	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(10,213)
Other	(528)	477
Net cash flows used in investing activities	(63,605)	(106,275)

(Continued)

	Year ended March 31, 2022	(Amount: millions of yen) Year ended March 31, 2023
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	9,200	5,843
Proceeds from long-term borrowings	500	50,503
Repayments of long-term borrowings	(2,964)	(8,975)
Proceeds from issuance of bonds	—	25,000
Acquisition of non-controlling interests	—	(2,274)
Proceeds from disposal of treasury stock	3	3
Purchase of treasury stock	(10,775)	(10,018)
Dividends paid	(16,236)	(15,561)
Payments of lease liabilities	(5,275)	(6,646)
Net cash flows provided by (used in) financing activities	(25,547)	37,875
Effect of exchange rate changes on cash and cash equivalents	8,844	5,390
Net increase (decrease) in cash and cash equivalents	(1,891)	(18,917)
Cash and cash equivalents at beginning of year	165,479	163,588
Cash and cash equivalents at end of year	163,588	144,671

- (5) Notes on Consolidated Financial Statements
(Notes on Going Concern Assumptions)
Not applicable.

(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 Business Headquarters supervises the production of machined components, while Electronic Device and Component Business 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 and industrial equipment components and formulates comprehensive business strategies to be implemented for both domestic and foreign operations. Therefore, our Group 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 Group's core products in the "Machined components" are mechanical parts, such as ball bearings, rod-end bearings, pivot assemblies of HDDs, etc. as well as fasteners for aircraft. 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, power supply components, smart product, etc. Following the acquisition of HONDA TSUSHIN KOGYO CO., LTD., the Company's products are included in the MITSUMI business. The main products of "U-Shin business" are automotive components, such as key sets, door latches, door handles, etc. as well as industrial equipment components. In conjunction with the acquisition of Minebea AccessSolutions Inc., the U-shin business includes the Company's products.

As a result of the change in the corporate organization, some classification in "Other" and "Adjustments" have changed from the current consolidated fiscal year. The segment information for the previous consolidated fiscal year and the current consolidated fiscal year have been prepared based on the classification of reporting segments after the corporate organization change.

(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, 2022)

(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 sale to customers	177,470	371,023	429,116	145,577	954	—	1,124,140
Net sale to other segment	6,881	7,771	25,027	220	3,678	(43,577)	—
Total	184,351	378,794	454,143	145,797	4,632	(43,577)	1,124,140
Segment profit (loss)	45,717	21,561	41,846	732	(1,339)	(16,381)	92,136
Finance income	—	—	—	—	—	—	1,497
Finance expenses	—	—	—	—	—	—	2,845
Profit before income taxes	—	—	—	—	—	—	90,788
(Other income and expenses)							
Depreciation	7,265	14,561	12,238	4,397	100	6,670	45,231
Gain on bargain purchase	—	—	—	—	—	—	—
Impairment losses	—	—	—	—	—	—	—
Segment assets	160,227	230,128	238,704	113,355	2,745	359,033	1,104,192
(Other assets)							
Capital expenditures	16,124	17,000	20,504	4,417	68	15,391	73,504

(Year ended March 31, 2023)

(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 sale to customers	197,300	366,275	530,464	194,699	3,465	—	1,292,203
Net sale to other segment	6,750	8,329	22,777	649	4,421	(42,926)	—
Total	204,050	374,604	553,241	195,348	7,886	(42,926)	1,292,203
Segment profit (loss)	42,951	922	42,740	22,302	(1,290)	(6,103)	101,522
Finance income	—	—	—	—	—	—	2,058
Finance expenses	—	—	—	—	—	—	7,460
Profit before income taxes	—	—	—	—	—	—	96,120
(Other income and expenses)							
Depreciation	8,651	15,737	15,008	5,710	137	7,890	53,133
Gain on bargain purchase	—	—	1,675	25,728	—	—	27,403
Impairment losses	113	5,212	2,496	3,245	—	—	11,066
Segment assets	190,153	230,562	284,581	188,004	3,628	407,039	1,303,967
(Other assets)							
Capital expenditures	17,021	17,026	28,335	4,755	30	79,873	147,040

(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 (-16,381 million yen last fiscal year, -6,103 million this 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 (359,033 million yen last fiscal year, 407,039 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 (primarily acquisition of MinebeaMitsumi Tokyo X Tech Garden and associated facilities) 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, 2022	Year ended March 31, 2023
Earnings per share, basic (yen)	170.08	187.62
Earnings per share, diluted (yen)	166.61	186.74

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

	Year ended March 31, 2022	Year ended March 31, 2023
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)	68,935	77,010
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)	68,935	77,010
Adjustments		
Interest expense, net of tax (millions of yen)	18	—
Profit for the year used for the calculation of diluted earnings per share (millions of yen)	68,953	77,010
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)	405,317,126	410,445,103
Effect of dilutive potential common shares due to convertible bonds with warrants (shares)	8,522,546	1,922,405
Effect of dilutive potential common shares due to warrants (shares)	25,992	25,989
Average number of common shares used for the calculation of diluted earnings per share (shares)	413,865,664	412,393,497

(Subsequent Events)

Not applicable.