The following is an English translation of the Notice of the 73rd Ordinary General Meeting of Shareholders of MinebeaMitsumi Inc., to be held on June 27, 2019.
The Company provides this translation for your reference and convenience only and without any guarantee as to its accuracy or otherwise.

Securities Code 6479

June 4, 2019

To the Shareholders

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

MINEBEA MITSUMI Inc.
Yoshihisa Kainuma
Representative Director

Notice of the 73rd Ordinary General Meeting of Shareholders

The 73rd Ordinary General Meeting of Shareholders of MinebeaMitsumi Inc. (the "Company") (hereinafter the "Meeting") will be held as indicated below. You are hereby cordially invited to attend the Meeting.

If you are unable to attend the Meeting, you may exercise your voting rights as a shareholder in writing (by mail) or via the Internet. In that event, please examine the contents of the reference documents attached herein and vote in accordance with the guidance on voting by 5:30 p.m., Wednesday, June 26, 2019.

Particulars of the Meeting

1. Date and Time:
10:00 a.m., Thursday, June 27, 2019 (reception starts at 9:00 a.m.)

2. Place:
Convention Hall Asama
Karuizawa Prince Hotel West
Karuizawa, Karuizawa-machi, Kitasaku-gun, Nagano Prefecture

3. Purpose:

To report on:

1) The Business Report and the Consolidated Financial Statements for the 73rd fiscal year (April 1, 2018 to March 31, 2019), and the Audit Report on the Consolidated Financial Statements by the Independent Auditors and the Audit & Supervisory Board
2) The Non-Consolidated Financial Statements for the 73rd fiscal year (April 1, 2018 to March 31, 2019)

To vote on:

First Proposal:
Appropriation of Surplus

Second Proposal:
Partial Amendments to the Articles of Incorporation

Third Proposal:
Election of Eleven (11) Directors

Fourth Proposal:
Election of Three (3) Audit & Supervisory Board Members

4. Guidance on Exercising Voting Rights, etc.:

Please refer to “Guidance on Exercising Voting Rights” on pages 3 to 4.

Information on Disclosure on the Internet

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

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

(Translation)

Guidance on Exercising Voting Rights

Voting rights at the General Meeting of Shareholders are an important right of shareholders.
Please examine the contents of the reference documents attached herein, and exercise your voting rights.
You may exercise your voting rights using one of the following three methods:

Exercise of your voting rights by attending the Ordinary General Meeting of Shareholders	**Exercise of your voting rights in writing (by sending the voting card by mail)**	**Exercising Voting Rights via the Internet**
When attending the Meeting on the day, please submit the enclosed voting card to the reception desk.	Please indicate your vote for or against each proposal on the enclosed voting card and post it to the Company.	Please vote for or against each proposal in accordance with the guidance on the next page.
Date and time of the General Meeting of Shareholders	Exercise due date	Exercise due date
10:00 a.m., Thursday, June 27, 2019	To be received no later than 5:30 p.m. on Wednesday, June 26, 2019	To be input no later than 5:30 p.m. on Wednesday, June 26, 2019

(Translation)

Guidance on Exercising Voting Rights via the Internet, etc.

How to scan QR Code "Smart voting"

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

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

"Smart voting" can only be used once to exercise your voting rights.

In the event that you wish to modify the details of your vote after exercising your voting rights, please access the PC version of the website, enter the voting code printed on the voting card (back) together with your password, log in, and exercise your voting rights once again.

* If the QR Code is read a second time, you will be transferred to the PC version of the website.

How to enter the voting code and password

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

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

If you have questions about the operation of your PC, smartphone or mobile phone regarding the exercise of voting rights via the Internet, please contact the following:

Stock Transfer Agency Website Support help desk, Sumitomo Mitsui Trust Bank, Limited.
Phone: 0120-652-031
(9:00 a.m. to 9:00 p.m., toll free (only within Japan))

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

(Translation)

Reference Documents for the General Meeting of Shareholders

First Proposal:
Appropriation of Surplus

Comprehensively taking into account the business environment and maintaining a continuous, stable profit distribution, the Company will set the basic policy under which it gives top priority to improving the efficiency of shareholders' equity and distributing more profit to shareholders, thereby returning its profits to shareholders commensurate with its business performance.
In accordance with this policy, the year-end dividends for the 73rd business period shall be as follows:

Matters concerning year-end dividend:

(1) **Type of dividend**
Cash

(2) **Matters concerning the allocation of dividend and total amount**
Dividend per common share of the Company would be 14 yen.
In this case, total dividends are 5,811,842,022 yen.
Since the interim dividend in the amount of 14 yen per share has been distributed in December 2018, the annual dividend for the 73rd business period would be 28 yen per share, which is 2 yen higher compared with the previous fiscal year.

(3) **Effective date for surplus dividend**
June 28, 2019

Second Proposal:

Partial Amendments to the Articles of Incorporation

1. Reason for the Proposal

   The proposal is to make partial amendments to the purpose stipulated in Article 2 of the existing Articles of Incorporation in response to the Company's merger with U-Shin Ltd., which mainly develops, manufactures and sells components for automotive, industrial machinery and housing equipment, on April 10, 2019, and the expansion of the Company's lighting-related business.

2. Details of the Amendments

   Details of the Amendments are as follows.

(Underlined parts are amended.)

Existing Articles of Incorporation	Proposed Amendments
Chapter I General Provisions	Chapter I General Provisions
(Purpose) Article 2. The purpose of the Company shall be to engage in the following businesses:	(Purpose) Article 2. The purpose of the Company shall be to engage in the following businesses:
1. Manufacture and sale as well as export/import of the following items:	1. Manufacture and sale as well as export/import of the following items:
(1) and (9) (Articles Omitted)	(1) and (9) (Not Amended)
(10) Home electronics, electrical machinery and apparatuses, industrial machinery and equipment, communications equipment, and related machinery and equipment, as well as devices for rolling stock and peripheral equipment, as well as scientific and chemical equipment and apparatuses;	(10) Home electronics, electrical machinery and apparatuses, industrial machinery and equipment, housing equipment, communications equipment, lighting equipment, and related machinery and equipment, as well as devices for rolling stock and peripheral equipment, as well as scientific and chemical equipment and apparatuses;
(11) Automobile wheels and other important components;	(11) Automobile components;
(12) to (14) (Articles Omitted)	(12) to (14) (Not Amended)
2. to 9. (Articles Omitted)	2. to 9. (Not Amended)

(Translation)

Third Proposal:
Election of Eleven (11) Directors

The terms of office of all eleven (11) Directors will expire at the conclusion of this General Meeting of Shareholders.
Accordingly, it is hereby proposed that eleven (11) Directors including three (3) Outside Directors be elected.

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

No.		Name	Current position at the Company	Status of attendance at the Board of Directors Meeting
1	Reelection	Yoshihisa Kainuma	Representative Director, Chairman & President (CEO & COO)	100% (15/15)
2	Reelection	Shigeru Moribe	Representative Director, Vice Chairman	100% (15/15)
3	Reelection	Ryozo Iwaya	Director, Senior Managing Executive Officer	100% (15/15)
4	Reelection	Tetsuya Tsuruta	Director, Senior Managing Executive Officer	93.3% (14/15)
5	Reelection	Shigeru None	Director, Senior Managing Executive Officer	100% (15/15)
6	Reelection	Shuji Uehara	Director, Senior Managing Executive Officer	100% (15/15)
7	Reelection	Michiya Kagami	Director, Senior Managing Executive Officer	100% (15/15)
8	Reelection	Hiroshi Aso	Director, Managing Executive Officer	100% (15/15)
9	Reelection Outside Independent	Kohshi Murakami	Outside Director	100% (15/15)
10	Reelection Outside Independent	Atsuko Matsumura	Outside Director	84.6% (11/13)
11	Reelection Outside Independent	Takashi Matsuoka	Outside Director	100% (15/15)

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

(Translation)

<table>
<tr><th>No.</th><th>Name
(Date of Birth)</th><th>Career Summary, Position and Responsibilities at the Company, and significant concurrent positions outside the Company</th><th>Number of shares of the Company held</th></tr>
<tr><td>1</td><td>
Yoshihisa Kainuma
(February 6, 1956)
(Reelection)</td><td>Apr. 1983 Member of Daini Tokyo Bar Association
Dec. 1988 Director, General Manager of Legal Department of the Company
Sep. 1989 Member of New York State Bar Association
Dec. 1992 Managing Director and Deputy General Manager of Operations Headquarters
Dec. 1994 Senior Managing Director, General Manager of European and American Regional Sales Headquarters, Deputy General Manager of Operations Headquarters
Jun. 2003 Director, Senior Managing Executive Officer
Apr. 2009 Representative Director, President and Chief Executive Officer
Jan. 2017 Director, Chairman of the Board of Directors, MITSUMI ELECTRIC CO., LTD.
Jun. 2017 Representative Director, Chairman & President (CEO & COO) (Present)</td><td>73,500</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Director)
Mr. Yoshihisa Kainuma has been in command of management of the entire Group as Representative Director since 2009, with a track record of tackling business challenges from a medium- to long-term perspective, expanding the Group’s operations, and steadily implementing and achieving an improvement in corporate value under his strong leadership. We continuously propose him as a candidate for Director, considering that his management skills backed by such abundant experience and achievements will contribute to a further sustainable growth of the Group.</td></tr>
<tr><td>2</td><td>
Shigeru Moribe
(October 27, 1956)
(Reelection)</td><td>Mar. 1980 Joined MITSUMI ELECTRIC CO., LTD.
May 1990 General Manager of Development Headquarters, MITSUMI ELECTRIC CO., LTD.
Apr. 1991 Director, Head of Singapore branch, MITSUMI ELECTRIC CO., LTD.
Apr. 1994 Managing Director, MITSUMI ELECTRIC CO., LTD.
Oct. 1999 Senior Managing Director, General Manager of Sales Headquarters, MITSUMI ELECTRIC CO., LTD.
Apr. 2002 Representative Director, President, MITSUMI ELECTRIC CO., LTD.
Jan. 2017 Adviser of the Company
Apr. 2017 Director, Chairman of the Board of Directors, MITSUMI ELECTRIC CO., LTD. (Present)
Jun. 2017 Representative Director, Vice Chairman (Present)</td><td>188,387</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Director)
Mr. Shigeru Moribe served as Representative Director, President of MITSUMI ELECTRIC CO., LTD. for many years until the business integration between the Company and the said company in 2017, and he has a wealth of experience and keen insight as a corporate manager. We continuously propose him as a candidate for Director since he properly oversees the management of the Group as Representative Director, Vice Chairman at present.</td></tr>
</table>

(Translation)

<table>
<tr><th>No.</th><th>Name
(Date of Birth)</th><th colspan="3">Career Summary, Position and Responsibilities at the Company, and significant concurrent positions outside the Company</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="9">3</td><td rowspan="9">
Ryozo Iwaya
(April 24, 1958)
(Reelection)</td><td>Apr.</td><td>1981</td><td>Joined the Company</td><td rowspan="9">3,600</td></tr>
<tr><td>Dec.</td><td>1989</td><td>Head of Tokyo Sales Division at Tokyo Branch</td></tr>
<tr><td>Jun.</td><td>2009</td><td>Executive Officer, Head of Lighting Device Business Unit at Electronic Device & Component Business Headquarters</td></tr>
<tr><td>Jun.</td><td>2013</td><td>Managing Executive Officer</td></tr>
<tr><td>Apr.</td><td>2015</td><td>Deputy Chief of Electronic Device & Component Manufacturing Headquarters, Officer in charge of Electronic Device Division at Electronic Device & Component Manufacturing Headquarters, Head of Lighting Device Business Unit</td></tr>
<tr><td>Jun.</td><td>2015</td><td>Director, Senior Managing Executive Officer (Present)</td></tr>
<tr><td>Jan.</td><td>2017</td><td>Chief of Mitsumi Business Headquarters (Present), Representative Director, Vice President and Chief Executive Officer, MITSUMI ELECTRIC CO., LTD.</td></tr>
<tr><td>Apr.</td><td>2017</td><td>Representative Director, President and Chief Executive Officer, MITSUMI ELECTRIC CO., LTD. (Present)</td></tr>
<tr><td>Jun.</td><td>2017</td><td>Chief of Electronic Device & Component Manufacturing Headquarters (Present)</td></tr>
<tr><td colspan="6">(Reason for nomination as candidate for Director)
Mr. Ryozo Iwaya has held important positions in the Sales Division, the electronic devices & components manufacturing business, etc. for many years, and he has a wealth of experience and keen insight. We continuously propose him as a candidate for Director since he, as Director, Chief of Electronic Device & Component Manufacturing Headquarters, and Chief of MITSUMI Business Headquarters, strategically leads these two businesses and properly fulfills his role at present.</td></tr>
<tr><td rowspan="8">4</td><td rowspan="8">
Tetsuya Tsuruta
(September 4, 1955)
(Reelection)</td><td>Apr.</td><td>1981</td><td>Joined the Company</td><td rowspan="8">10,100</td></tr>
<tr><td>Oct.</td><td>2005</td><td>Head of Mechanical Assembly Business Unit</td></tr>
<tr><td>Jun.</td><td>2007</td><td>Executive Officer</td></tr>
<tr><td>Jun.</td><td>2015</td><td>Managing Executive Officer</td></tr>
<tr><td>Jan.</td><td>2016</td><td>Deputy Chief of Machined Component Manufacturing Headquarters, Head of Rod End/Fastener Business Unit at Machined Component Manufacturing Headquarters</td></tr>
<tr><td>Jun.</td><td>2016</td><td>Director, Senior Managing Executive Officer (Present), Chief of Machined Component Manufacturing Headquarters, Officer in charge of Spindle Motor Division at Electronic Device & Component Manufacturing Headquarters, Officer in charge of Production Support Division</td></tr>
<tr><td>Sep.</td><td>2017</td><td>Chief of Machined Component Manufacturing Headquarters, Officer in charge of Production Support Division</td></tr>
<tr><td>May</td><td>2018</td><td>Deputy Chief of Sales Headquarters (Present)</td></tr>
<tr><td colspan="6">(Reason for nomination as candidate for Director)
Mr. Tetsuya Tsuruta has held important positions in the Sales Division and the machined components manufacturing business for many years, and he has a wealth of experience and keen insight. We continuously propose him as a candidate for Director since he mainly oversees sales of machined components as Director, Deputy Chief of Sales Headquarters and properly fulfills his role at present.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of Birth)</th><th>Career Summary, Position and Responsibilities at the Company, and significant concurrent positions outside the Company</th><th>Number of shares of the Company held</th></tr>
<tr><td>5</td><td>
Shigeru None
(August 23, 1959)
(Reelection)</td><td>Apr. 1982 Joined the Company
Sep. 1999 Manager of Osaka Branch
Jun. 2007 Executive Officer
Apr. 2011 Deputy Officer in charge of Sales Division
Jun. 2012 Managing Executive Officer
Jun. 2015 Director (Present)
Jun. 2016 Senior Managing Executive Officer (Present)
Jun. 2017 Officer in charge of Sales Division
May 2018 Chief of Sales Headquarters (Present)</td><td>10,000</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Director)
Mr. Shigeru None has held important positions in the Sales Division for many years, and he has a wealth of experience and keen insight. We continuously propose him as a candidate for Director since he mainly oversees sales of electronic devices and components as Director, Chief of Sales Headquarters and properly fulfills his role at present.</td></tr>
<tr><td>6</td><td>
Shuji Uehara
(January 15, 1955)
(Reelection)</td><td>Apr. 1977 Joined the Company
Sep. 2001 General Manager of Business Administration Department
Jun. 2007 Executive Officer
Jun. 2011 General Manager of Regional Affairs for South East Asia
Jun. 2012 Managing Executive Officer
Jan. 2013 Chief of HDD Motor Manufacturing Headquarters
Apr. 2015 Deputy Chief of Electronic Device & Component Manufacturing Headquarters
Jun. 2016 Senior Managing Executive Officer (Present), Chief of Business Administration Headquarters
Jan. 2017 Officer in charge of Business Management Division at MITSUMI Business Headquarters (Present), Director, Vice President and Chief Executive Officer, MITSUMI ELECTRIC CO., LTD. (Present)
Jun. 2017 Director (Present)
May 2018 Chief of Tokyo Head Office (Present), Chief of Business Administration Headquarters and Accounting & Corporate Finance Headquarters
Apr. 2019 Officer in charge of Accounting & Corporate Finance Division, Officer in charge of Sustainability Management Division (Present)</td><td>13,000</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Director)
Mr. Shuji Uehara has held important positions in the Business Administration Department, the electronic devices and components manufacturing business, etc. for many years, and he has a wealth of experience and keen insight. We continuously propose him as a candidate for Director since he is well-versed in general administrative tasks and properly fulfills his role as Director, Chief of Tokyo Head Office at present.</td></tr>
</table>

(Translation)

<table>
<tr><th>No.</th><th>Name
(Date of Birth)</th><th>Career Summary, Position and Responsibilities at the Company, and significant concurrent positions outside the Company</th><th>Number of shares of the Company held</th></tr>
<tr><td>7</td><td>
Michiya Kagami
(September 11, 1957)
(Reelection)</td><td>Jan. 1989 Joined the Company
Jul. 2005 Head of Electronics Development Division at Engineering Headquarters
Jun. 2009 Deputy Chief of Electronic Device & Component Business Headquarters
Jun. 2011 Executive Officer
Mar. 2013 Head of Engineering Development Department of Electronic Device Division at Electronic Device & Component Manufacturing Headquarters
Jun. 2015 Managing Executive Officer
Aug. 2015 Deputy Chief of Electronic Device & Component Manufacturing Headquarters, Officer in charge of Engineering Development Division at Electronic Device & Component Manufacturing Headquarters
Jun. 2017 Director, Chief of Engineering Headquarters (Present), Officer in charge of Engineering Development Division at Electronic Device & Component Manufacturing Headquarters (Present)
May 2018 Senior Managing Executive Officer (Present)</td><td>10,400</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Director)
Mr. Michiya Kagami has held important positions in the development branches of the electronic devices & components business for many years, and he has a wealth of experience and keen insight in research and development. We continuously propose him as a candidate for Director since he properly fulfills his role as Director and Chief of Engineering Headquarters at present.</td></tr>
<tr><td>8</td><td>
Hiroshi Aso
(April 3, 1957)
(Reelection)</td><td>Mar. 1981 Joined Kyushu MITSUMI CO., LTD.
Oct. 2007 Head of Power Supply Business Unit, MITSUMI ELECTRIC CO., LTD.
Jun. 2010 Director, General Manager of Semiconductor Business Headquarters, MITSUMI ELECTRIC CO., LTD.
Apr. 2016 Director, Managing Executive Officer (Present), General Manager of Development Headquarters and Semiconductor Business Headquarters, Officer in charge of Automotive Devices Business Unit, MITSUMI ELECTRIC CO., LTD.
Jan. 2017 Adviser, Deputy Chief of Mitsumi Business Headquarters (Present), Officer in charge of Engineering Development Division (Present), Officer in charge of Semiconductor Business Division, Officer in charge of Automotive Devices Business Division of the Company
Jun. 2017 Director, Managing Executive Officer
Deputy Chief of Engineering Headquarters (Present)
Sep. 2018 Officer in charge of IoT Business Development Department (Present)</td><td>7,867</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Director)
Mr. Hiroshi Aso held important positions in the development division, the power supply business, the semiconductor business, etc. of MITSUMI ELECTRIC CO., LTD. until the business integration between the Company and the said company in 2017, and he has a wealth of experience and keen insight. We continuously propose him as a candidate for Director since he properly fulfills his role as Director, Deputy Chief of Engineering Headquarters, Deputy Chief of MITSUMI Business Headquarters at present.</td></tr>
</table>

(Translation)

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

No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
11	 Takashi Matsuoka (January 17, 1964) (Reelection) (Outside) (Independent)	Apr. 2003 General Manager of Planning Division, KEIAISHA Co., Ltd. Jun. 2003 Director, KEIAISHA Co., Ltd. Jun. 2004 Managing Director, KEIAISHA Co., Ltd. Jun. 2005 Outside Director of the Company (Present) Jun. 2007 Senior Managing Director, KEIAISHA Co., Ltd. Jun. 2011 Director and Senior Managing Executive Officer, KEIAISHA Co., Ltd. Jun. 2014 Director, Vice President Executive Officer, KEIAISHA Co., Ltd. (Present)	93,765

(Reason for nomination as candidate for Outside Director)
Mr. Takashi Matsuoka has been in charge of the Planning Division, etc. of KEIAISHA Co., Ltd. for many years, and he has broad insight and experience in business operation. We continuously propose him as Outside Director so that his abundant knowledge and experience will be reflected in the management of the Company.
The Company has conducted constant commercial transactions with KEIAISHA Co., Ltd. where Mr. Takashi Matsuoka serves as Director and Vice President Executive Officer, including purchase of machinery and equipment, components and grease and other materials from the said company. However, because the value of transactions with the said company is insignificant in terms of transaction size of the Company, we have concluded that there is no possibility that these transactions affect decision-making of the Company.

Notes:

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

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

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

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

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

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

(i) Mr. Kohshi Murakami would have been in office for 11 years at the conclusion of the Meeting since he assumed the post of Outside Director.

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

(iii) Mr. Takashi Matsuoka would have been in office for 14 years at the conclusion of the Meeting since he assumed the post of Outside Director.

(2) Concerning limited liability agreements with Outside Director

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

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

Fourth Proposal:
Election of Three (3) Audit & Supervisory Board Members

The terms of office of three (3) Audit & Supervisory Board Members Mr. Kazunari Shimizu, Mr. Kazuyoshi Tokimaru, and Mr. Hisayoshi Rikuna will expire at the conclusion of this General Meeting of Shareholders. Accordingly, it is hereby proposed that three (3) Audit & Supervisory Board Members be elected.

The candidates for Audit & Supervisory Board Member of the Company are as follows, and we have already obtained approval from the Audit & Supervisory Board with respect to this proposal.

<table>
<tr><th>No.</th><th>Name
(Date of Birth),
etc.</th><th>Career Summary, Position at the Company, and
significant concurrent positions outside the Company</th><th>Number of shares of the Company held</th></tr>
<tr><td>1</td><td>
Naoyuki Kimura
(July 16, 1960)
(New election)</td><td>Apr. 1983 Joined the Company
May 2008 Deputy General Manager of Personnel & General Affairs Department at Karuizawa Plant, Personnel & General Affairs Division
Sep. 2011 General Manager of Personnel & General Affairs Department at Operation and Planning Division
July 2012 General Manager of Personnel Department and General Affairs Department at Personnel & General Affairs Division (Present)</td><td>3,000</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Audit & Supervisory Board Member)
Mr. Naoyuki Kimura has a wide range of business experience, including in personnel, labor affairs and overall general affairs, from serving at Personnel & General Affairs Division for many years. We newly propose him as Audit & Supervisory Board Member so that his abundant experience and accumulated knowledge will be reflected in audits of the Company. Mr. Naoyuki Kimura is expected to be appointed Standing Audit & Supervisory Board Member at the meeting of the Audit & Supervisory Board to be held after the conclusion of this General Meeting of Shareholders.</td></tr>
<tr><td>2</td><td>
Koichi Yoshino
(December 19, 1962)
(New election)
(Outside)
(Independent)</td><td>Apr. 1985 Joined Marubeni Corporation
Apr. 2000 General Manager of Consumer Products Division, Marubeni (Shanghai) Co., Ltd.
Apr. 2002 General Manager of Textile Materials Division, Marubeni Textile (Hong Kong) Co. Ltd.
Apr. 2007 Vice President, Marubeni Textile (Shanghai) Co., Ltd.
Apr. 2010 Assistant to President, SUPER TOOL CO., LTD. (Temporary transferred)
Oct. 2010 President, Super Tool (Shanghai) Co., Ltd. (Temporary transferred)
Apr. 2015 Chief Examiner of Audit Department, Marubeni Corporation
Jul. 2018 Joined Kyoto Robotics Corporation
Acting CFO and General Manager of Internal Audit Office, Kyoto Robotics Corporation (Present)
Jun. 2019 Resigned from Kyoto Robotics Corporation (Scheduled)</td><td>1,000</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Outside Audit & Supervisory Board Member)
Mr. Koichi Yoshino has a wealth of overseas experience and practical management experience at a general trading company and in the manufacturing industry, as well as a qualification as a Certified Internal Auditor and considerable knowledge of finance and accounting. We newly propose him as Outside Audit & Supervisory Board Member so that his abundant experience and broad knowledge will be reflected in audits of the Company. Mr. Koichi Yoshino is expected to be appointed Standing Audit & Supervisory Board Member at the meeting of the Audit & Supervisory Board to be held after the conclusion of this General Meeting of Shareholders.</td></tr>
</table>

No.	Name (Date of Birth), etc.	Career Summary, Position at the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
3	 Makoto Hoshino (April 13, 1957) (New election) (Outside) (Independent)	Apr. 1980 Joined Kantoshinetsu Regional Taxation Bureau Jul. 2006 Chief Examiner, Large Enterprise Examination and Criminal Investigation Department, Kantoshinetsu Regional Taxation Bureau Jul. 2007 Special Officer, Management and Co-ordination Department, Kantoshinetsu Regional Taxation Bureau Jul. 2009 District Director, Fukagawa Tax Office Jul. 2010 Senior Internal Inspector, Kantoshinetsu Regional Taxation Bureau, Commissioner’s Secretariat of the National Tax Agency Jul. 2012 District Director, Ota Tax Office Jul. 2013 Director, Planning Division, Management and Co-ordination Department, Kantoshinetsu Regional Taxation Bureau Jul. 2014 Chief Internal Inspector, Kantoshinetsu Regional Taxation Bureau, Commissioner’s Secretariat of the National Tax Agency Jul. 2016 Chief Internal Inspector, Osaka Regional Taxation Bureau, Commissioner’s Secretariat of the National Tax Agency Jul. 2017 Deputy Commissioner, Large Enterprise Examination and Criminal Investigation Department, Kantoshinetsu Regional Taxation Bureau Jul. 2018 Retired from Kantoshinetsu Regional Taxation Bureau Aug. 2018 Registered as a certified tax accountant Director, Makoto Hoshino Certified Tax Accountant Office (Present)	–
(Reason for nomination as candidate for Outside Audit & Supervisory Board Member) Although Mr. Makoto Hoshino has never been involved in corporate management, he has a wealth of experience of tax operations for many years since joining the National Tax Agency, as well as considerable knowledge of finance and accounting. We newly propose him as Outside Audit & Supervisory Board Member so that his abundant experience and keen insight will be reflected in audits of the Company.			

Notes:

1. Mr. Koichi Yoshino and Mr. Makoto Hoshino, candidates for Outside Audit & Supervisory Board Member, do not have any special interest in the Company.

2. Mr. Koichi Yoshino and Mr. Makoto Hoshino, candidates for Outside Audit & Supervisory Board Member, satisfy the requirements for independent officers stipulated by the Tokyo Stock Exchange, Inc. If this proposal is approved as drafted, the Company plans to notify the Tokyo Stock Exchange that Mr. Koichi Yoshino and Mr. Makoto Hoshino are independent officers of the Company.

3. The Company concluded agreements with Audit & Supervisory Board Members for limiting their liabilities under Paragraph 1, Article 423 of the Companies Act so that the Audit & Supervisory Board Members may fully perform their roles as expected.
The amount subject to the limitation of liabilities of damages shall be the minimum liability amount set forth by laws and regulations. If this proposal is approved as drafted, the Company will conclude the said liability limitation agreement with Mr. Naoyuki Kimura, Mr. Koichi Yoshino, and Mr. Makoto Hoshino.

(Reference) Composition of the Audit & Supervisory Board after the election

	Name	Position at the Company	Attendance at the Meeting of the Board of Directors	Attendance at the Audit & Supervisory Board
New election	Naoyuki Kimura	Standing Audit & Supervisory Board Member	—	—
New election Outside Independent	Koichi Yoshino	Standing Outside Audit & Supervisory Board Member	—	—
Not up for election Outside Independent	Shinichiro Shibasaki	Outside Audit & Supervisory Board Member	100% (15/15)	100% (13/13)
New election Outside Independent	Makoto Hoshino	Outside Audit & Supervisory Board Member	—	—

New election	New Audit & Supervisory Board Member
Outside	Outside Audit & Supervisory Board Member
Independent	Independent officer as defined by Tokyo Stock Exchange, Inc.

(Attached Documents)

Business Report

(April 1, 2018 to March 31, 2019)

1. Status of the MinebeaMitsumi Group

(1) Operating performance of the fiscal year

(i) Operating performance

The MinebeaMitsumi Group has adopted International Financial Reporting Standards (hereinafter referred to as “IFRS”) from the fiscal year under review. Accordingly, for the purposes of comparative analysis, financial results for the previous fiscal year have been adjusted in line with the IFRS.

During the fiscal year under review (April 1, 2018 to March 31, 2019), the Japanese economy showed a gradual recovery in the first half, reflecting solid consumer spending and corporate earnings. However, in the second half, there was increasing uncertainty over the future due to a decline in business confidence arising from trade friction between the United States and China and a decrease in exports due to deceleration of the global economy. The U.S. economy was strong against a backdrop of improving employment conditions despite being impacted by the worsening trade dispute between the United States and China. The European economy declined due to a suspension of corporate activities based on concern over confusion arising from Brexit. In Asia, the Chinese economy slowed, primarily due to decreased exports arising from intensifying trade friction with the United States and a drop in domestic capital investments.
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 3,309 million yen (0.4%) year on year to 884,723 million yen, the highest since our founding. Operating income was up 3,131 million yen (4.5%) year on year to 72,033 million yen, profit before income taxes was up 4,466 million yen (6.7%) to 71,321 million yen, and profit for the year attributable to owners of the parent was up 9,816 million yen (19.5%) to 60,142 million yen.

The three main businesses of the MinebeaMitsumi Group as of March 31, 2019, are the Machined Components Business, the Electronic Devices and Components Business, and the MITSUMI Business. The business results of each segment, including the Other Businesses, are as follows.

Machined Components Business

The main products in our Machined components segment include our anchor product line, ball bearings, in addition to mechanical components such as rod-end bearings used primarily in aircraft and hard disk drive (HDD) pivot assemblies, etc. as well as fasteners for aircraft. External sales of ball bearings increased to 2,347 million units, the highest ever, as demand soared for energy-efficient models and safety devices in the automobile market and for fan motors. Rod-end bearing sales increased owing to favorable orders in the small and medium aircraft market. Meanwhile, pivot assembly sales were down both in volume and amount despite our solid market share due to shrinking of the HDD market.
As a result, net sales were up 11,897 million yen (6.7%) year on year to 188,324 million yen, and operating income was up 6,743 million yen (16.4%) to 47,750 million yen.

Electronic Devices and Components Business

The core products of our Electronic devices and components segment include electronic devices (devices such as LED backlights for LCDs, sensing devices (measuring components), etc.), HDD spindle motors, stepping motors, DC motors, air movers (fan motors), precision motors, and special devices. Sales of stepping motors and other motors were up owing to strong performance primarily in the automobile market. LED backlights for LCDs sales were down due to the slowdown of smartphone demand.
As a result, net sales were down 64,586 million yen (-14.3%) year on year to 387,293 million yen, and operating income was down 7,174 million yen (-29.8%) to 16,922 million yen.

MITSUMI Business

The main products in the MITSUMI business segment are semiconductor devices, optical devices, mechanical parts, high frequency components and power supply components. Almost all products performed well,

including camera actuators, mechanical parts for game consoles, switches, products for smartphones such as protection IC, antennas, communication modules and connectors.
As a result, net sales were up 56,008 million yen (22.2%) year on year to 308,423 million yen, and operating income was up 2,213 million yen (11.0%) to 22,282 million yen.

Other Businesses
Machines produced in-house are the main products in our Other business segment. Net sales were down 9 million yen (-1.3%) year on year to 683 million yen, but the operating loss fell 421 million yen to 386 million yen.

In addition to the figures noted above, 14,535 million yen in corporate expenses, etc. not belonging to any particular segment is indicated as adjustments. Adjustments in the previous fiscal year came to 15,463 million yen.

(ii) Capital expenditures
During the fiscal year under review, capital expenditures were 7,899 million yen for the Machined components business, 26,219 million yen for the Electronic devices and components business, 12,354 million yen for the MITSUMI business, 48 million yen for the Other businesses, and 7,679 million yen for the whole company (common), totaling 54,199 million yen. The main capital expenditures for the Machined components business were equipment for bearings related facilities in Thailand and Shanghai. The main capital expenditures for the Electronic devices and components business were equipment for backlights, etc. related facilities in Thailand. The main capital expenditures for the MITSUMI business were equipment for optical devices related facilities, etc. in the Philippines.
Capital expenditures included 1,094 million yen for intangible assets and an increase of 89 million yen in assets through new finance lease agreements.

(iii) Financing
Own funds and borrowings were applied to capital expenditures and operating funds during the fiscal year under review.
At the end of the fiscal year under review, borrowings including bonds stood at 162,042 million yen.

(iv) Business transfer, absorption-type demerger, incorporation-type demerger
There are no important matters to be reported.

(v) Acceptance of other companies' businesses
There are no important matters to be reported.

(vi) Succession to rights and obligations pertaining to business of other judicial persons or entities due to absorption-type merger or demerger
There are no important matters to be reported.

(vii) Acquisition or disposition of shares, other equity or subscription rights to shares, etc. of other companies
As a result of a tender offer for shares of common stock in U-Shin Ltd., which mainly develops, manufactures and sells components for automotive, industrial machinery and housing equipment, from February 15 to April 10, 2019, the Company acquired 76.2% of the voting rights of U-Shin Ltd., making it a subsidiary, effective April 10, 2019.

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

	Fiscal 2016 (4/15–3/16)	Fiscal 2017 (4/16–3/17)	Fiscal 2018 (4/17–3/18)		Fiscal 2019 (4/18–3/19)
	Japanese GAAP	Japanese GAAP	Japanese GAAP	IFRS	IFRS
Net sales (millions of yen)	609,814	638,926	879,139	881,413	884,723
Operating income (millions of yen)	51,438	49,015	79,162	68,902	72,033
Income attributable to owners of the parent / Profit for the period attributable to owners of the parent (millions of yen)	36,386	41,146	59,382	50,326	60,142
Net income per share / Earnings per share, basic (yen)	97.26	107.33	141.14	119.61	143.90
Total assets (millions of yen)	459,427	643,312	707,844	703,558	742,127
Net assets / Total equity (millions of yen)	237,973	326,218	373,253	363,221	407,260

Notes:

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

(3) Significant parent company and subsidiaries

(i) Parent company

Not applicable.

(ii) Significant subsidiaries

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

Notes:

1. *Figures in parentheses for the voting rights ratio in the above table show the ratio of indirect ownership.*
2. *The number of consolidated subsidiaries of the Company as of March 31, 2019 is 94, including 10 significant subsidiaries shown in the above table.*
3. *The Company acquired 76.2% of the voting rights of U-Shin Ltd., which mainly develops, manufactures and sells components for automotive, industrial machinery and housing equipment, on April 10, 2019, making it a consolidated subsidiary.*

(4) Tasks to be accomplished

The MinebeaMitsumi Group has upheld a basic management philosophy based on the following three principles.

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

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

Based on these company credos, the basic management policy of the MinebeaMitsumi Group is to fulfill its social responsibility and to maximize the corporate value for its various stakeholders, such as shareholders, business partners, local communities, global society and employees. Aiming at concentrating its management resources on the fields where it has the collective and comprehensive strengths of the corporate group, the MinebeaMitsumi Group has worked proactively on "the development of high-value-added products" and "the advancement of the quality of the products." In addition, we strive to reinforce our corporate management centering on "the strengthening of our financial standing" as well as to implement "the company management having a high-degree of transparency" in a comprehensive manner both internally and externally.

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

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

(iii) Approach manufacturing with an attitude of sincerity

To share our attitude to manufacturing, how we think about manufacturing, and how we pursue best practices for implementing manufacturing across the MinebeaMitsumi Group is of the utmost importance. The MinebeaMitsumi Group will continue to pursue the thoroughgoing "sincere attitude to manufacturing" that has hitherto, in response to the needs of society, provided better products, more quickly, more inexpensively, in more quantity, and more astutely than before.

In line with the basic management philosophy described above, the MinebeaMitsumi Group will conduct a thorough review of productivity, aiming to significantly boost the profitability of existing products. We will work to develop new products for a new generation and expand the EMS (Electro Mechanics Solutions) business by blending machined components technology and electronic device and component technology of the MinebeaMitsumi Group, in addition to the in-vehicle technology held by U-Shin Ltd., with which the Company conducted a business integration on April 10, 2019. Also, by leveraging our integrated strength in manufacturing, sales, engineering and development, we will bolster our ability to meet customer requests and provide flexibility in pricing. Furthermore, while taking regional risk into consideration, we will roll out large-scale overseas mass production facilities and global research and development structures, using M&A and alliances to actively boost profitability and increase corporate value, with the aim of achieving 1 trillion yen in net sales or 100 billion yen in operating income at an early stage, while targeting 2.5 trillion yen in net sales or 250 billion yen in operating income in the next ten years.

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

i) Reinforcing core businesses

By further reinforcing the ultra-precision machining technology, vertically integrated manufacturing system and the global network that are the source of the underlying strengths of all its products, the MinebeaMitsumi Group will work to capture an overwhelming majority of the market share with its core businesses, including bearings and motors, and boost the profitability.

ii) Diversified niches (the new “Eight Spear products”)

By taking the lead over its competitors in the bearing industry by specializing in the niche field of miniature bearings with an external diameter of less than 22 mm, the Company has built a high market share and profitability. In addition, through a process of selecting businesses on which to concentrate from the viewpoints of market size and permanence, the “Seven Spear products” (bearings, motors, sensors, connectors/switches, power sources, wireless/communications/software and analog semiconductors) have become core products in our business. Going forward, by practicing diversification management, centered around the new “Eight Spear products” including access products such as door handles and door latches owned by U-Shin Ltd., we will work to achieve sustainable growth.

iii) Generating synergies through the INTEGRATION

The Company blends and utilizes U-Shin Ltd.’s mechanism design and system design technologies with the Company’s core technologies including those of ultra-precision machining, mass production, sensors (load, pressure etc.), optical, MEMS, high-frequency, electronic circuits and semiconductor design for the further evolution of the new “Eight Spear products.” By combining the products of this evolution, we will generate synergies in such fields as medicine and nursing care, information and communications, robotics, automotive, industrial, infrastructure and home security equipment to deliver new value to customers.

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

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

(5) Major offices and plants (As of March 31, 2019)

(i) The Company’s major offices and plants

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

(ii) Major subsidiaries’ offices and plants

Indicated in (3) Significant parent company and subsidiaries, (ii) Significant subsidiaries.

(6) **Employees** (As of March 31, 2019)

(i) Employees of the MinebeaMitsumi Group

Classification	Number of employees	Increase (decrease) from the end of the previous year
Machined components business	18,083	(754)
Electronic devices and components business	39,914	526
MITSUMI business	19,015	(256)
Other businesses	255	61
Whole company (common)	690	29
Total	77,957	(394)

Notes:

1. *The number of employees is the number that is at work.*
2. *The "Whole company (common)" refers to employees in the administration department, etc. but not under any business segment.*

(ii) Employees of the Company

Number of employees	Increase (decrease) from the end of the previous year	Average age	Average of working years
4,014	147	44.2	17.3

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

(7) **Major lenders** (As of March 31, 2019)

Lenders	Outstanding borrowing (millions of yen)
Sumitomo Mitsui Trust Bank, Limited	46,380
Sumitomo Mitsui Banking Corporation	42,497
MUFG Bank, Ltd.	41,964

Note: Outstanding borrowing from MUFG Bank, Ltd. includes 15,000 million yen for corporate bonds.

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

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

Based on the policy, the Company plans to pay a year-end dividend of 14 yen per share. Since the interim dividend in the amount of 14 yen has been distributed in December 2018, the annual dividend for the fiscal year under review would be 28 yen per share, which is 2 yen higher compared with the previous fiscal year (total annual dividends: 11,711,898,086 yen).
Furthermore, during the fiscal year under review, the Company acquired 6.3 million of its own shares (total purchase amount: 10,631,779,271 yen) based on the resolution of the Board of Directors.

2. Shares of the Company

(1) Overview of shares (As of March 31, 2019)

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

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

(iii) Number of shareholders: 38,459 persons

(iv) Major shareholders:

Name of shareholders	Number of shares (thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	37,795	9.10
Japan Trustee Services Bank, Ltd. (Trust account)	20,552	4.95
SSBTC CLIENT OMNIBUS ACCOUNT	17,084	4.12
Takahashi Industrial and Economic Research Foundation	15,447	3.72
Sumitomo Mitsui Trust Bank, Limited	15,413	3.71
Japan Trustee Services Bank, Ltd. (Trust account 4)	13,924	3.35
THE CHASE MANHATTAN BANK 385036	10,391	2.50
Sumitomo Mitsui Banking Corporation	10,223	2.46
MUFG Bank, Ltd.	10,181	2.45
KEIAISHA Co., Ltd.	10,100	2.43

Notes:

1. *The Company holds 11,949,033 shares of treasury stock, and is excluded from the major shareholders list above.*
2. *Shareholding ratio is calculated exclusive of treasury stock.*
3. *The numbers of shares and shareholding ratios are rounded down to the nearest unit of presentation.*

(2) Other important matters concerning shares

At a Board of Directors meeting held on May 8, 2019, the Company decided to repurchase its own shares up to a maximum of 7.5 million shares or 15.0 billion yen, in order to improve shareholder returns and capital efficiency and to implement agile capital policy according to the business environment.

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

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

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

Notes:

1. *The number of shares to be issued upon exercise of subscription rights to shares is 100 shares as per one subscription right to share.*
2. *The issue prices represent the sum total of the fair value of subscription rights to shares as of the allotment date and the payment amount at the time of exercise of subscription rights to shares (1 yen per share).*

Any person who receives an allotment of subscription rights to shares (hereinafter, a "holder of subscription rights to shares") may offset debts for payment for the subscription rights to shares with compensations receivable due to them in lieu of direct payment.

3. *Shares delivered to holders of subscription rights to shares when they exercise subscription rights to shares are exclusively shares of treasury stock, hence no new shares will be issued in the context of this transaction. If any shares of treasury stock are delivered, no capitalization will be made.*
4. *(i) During the exercise period, any director who is a holder of subscription rights to shares may exercise all of his or her subscription rights to shares at one time within a 10-day period following the date of termination of his or her directorship (when the 10th day following the date of termination falls on holiday, the period up to the following business day).*
   (ii) When any holder of subscription rights to shares passes away, his or her heirs may exercise all the subscription rights to shares, only in a single transaction, within the six-month period following the date of death.
   (iii) Other terms and conditions for the exercise of subscription rights to shares are as specified in the "Subscription rights to shares Agreement" entered into by and between the Company and the holders of subscription rights to shares.
5. *Subscription rights to shares have not been allotted to Outside Directors and Audit & Supervisory Board Members.*

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

Not applicable.

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

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

Total issuance	20,000 million yen
Price per bond	10 million yen (one type)
Issue date	January 27, 2017
Redemption and term of the bond	The bonds shall be redeemed at the full par value of 10 million yen per 10 million yen amount on August 3, 2022.
Details of the subscription rights to shares	
Total number of subscription rights to shares attached to the bond	2,000
Class and number of shares to be issued upon exercise of subscription rights to shares	Common stock of the Company The number of common stock of the Company is the number obtained by dividing the face value of the total issuance of the Bonds in respect to exercise requests by the conversion price provided below. However, fractions less than one share that arise due to such exercise are rounded down and amounts thereof will not be adjusted in cash.
Conversion price for subscription rights to shares	2,068 yen
Exercise period for subscription rights to shares	From January 27, 2017 to July 20, 2022

3. Corporate Officers

(1) Directors and Audit & Supervisory Board Members (As of March 31, 2019)

Title	Name	Responsibilities in the Company and significant concurrent positions outside the Company
Representative Director, Chairman & President (CEO & COO)	Yoshihisa Kainuma	Member of the Nomination and Compensation Committee
Representative Director, Vice Chairman	Shigeru Moribe	Director, Chairman of the Board of Directors of MITSUMI ELECTRIC CO., LTD.
Director, Senior Managing Executive Officer	Ryozo Iwaya	Chief of Electronic Device & Component Manufacturing Headquarters, Chief of Mitsumi Business Headquarters, Representative Director, President and Chief Executive Officer of MITSUMI ELECTRIC CO., LTD.
Director, Senior Managing Executive Officer	Tetsuya Tsuruta	Deputy Chief of Sales Headquarters
Director, Senior Managing Executive Officer	Shigeru None	Chief of Sales Headquarters
Director, Senior Managing Executive Officer	Shuji Uehara	Chief of Tokyo Head Office, Officer in charge of Business Administration and Accounting & Corporate Finance Division Officer in charge of Business Management Division at MITSUMI Business Headquarters Director, Vice President Executive Officer of MITSUMI ELECTRIC CO., LTD.
Director, Senior Managing Executive Officer	Michiya Kagami	Chief of Engineering Headquarters Officer in charge of Engineering Development Division at Electronic Device & Component Manufacturing Headquarters
Director, Managing Executive Officer	Hiroshi Aso	Deputy Chief of Engineering Headquarters Deputy Chief of MITSUMI Business Headquarters Officer in charge of Engineering Development Division Officer in charge of Semiconductor Business Division at MITSUMI Business Headquarters Officer in charge of IoT Business Development Department Director, Managing Executive Officer of MITSUMI ELECTRIC CO., LTD.
Outside Director	Kohshi Murakami	Chairman of the Nomination and Compensation Committee Special Counsel, TMI Associates
Outside Director	Atsuko Matsumura	Member of the Nomination and Compensation Committee Professor, Faculty of Economics, Tokyo International University Outside Director, RENESAS EASTON Co., Ltd.
Outside Director	Takashi Matsuoka	Director, Vice President Executive Officer, KEIAISHA Co., Ltd.
Standing Audit & Supervisory Board Member	Kazunari Shimizu	
Standing Outside Audit & Supervisory Board Member	Kazuyoshi Tokimaru	
Outside Audit & Supervisory Board Member	Hisayoshi Rikuna	Representative, Hisayoshi Rikuna Tax Accountant Office
Outside Audit & Supervisory Board Member	Shinichiro Shibasaki	Member of the Nomination and Compensation Committee Partner, Law Office Juricom

Notes:

1. *The Company has filed a notification with the Tokyo Stock Exchange, Inc. to the effect that Outside Directors Mr. Kohshi Murakami, Ms. Atsuko Matsumura, and Mr. Takashi Matsuoka, and Outside Audit & Supervisory Board Members Mr. Kazuyoshi Tokimaru, Mr. Hisayoshi Rikuna and Mr. Shinichiro Shibasaki are independent officers pursuant to the provisions prescribed by the exchange.*

2. *The Company and each Outside Director and each Audit & Supervisory Board Member have entered into agreement to limit liabilities of damages under Paragraph 1, Article 423 of Companies Act pursuant to the provisions of Paragraph 1, Article 427 of the same Act. The amount subject to the limitation of liabilities of damages shall be the amount set forth by the laws and regulations.*
3. *Standing Outside Audit & Supervisory Board Member Mr. Kazuyoshi Tokimaru has been for many years engaged in financial affairs in a commercial bank and has considerable knowledge of finance and accounting.*
4. *Outside Audit & Supervisory Board Member Mr. Hisayoshi Rikuna is familiar with tax services as a certified public tax accountant and has considerable knowledge of finance and accounting.*
5. *At the conclusion of the 72nd Ordinary General Meeting of Shareholders held on June 28, 2018, the terms of office of Directors, Mr. Tamio Uchibori and Mr. Hiromi Yoda expired, and therefore they retired from the position.*
6. *Outside Director Ms. Atsuko Matsumura was newly elected and assumed the office at the 72nd Ordinary General Meeting of Shareholders held on June 28, 2018.*
7. *Directors' assignments have changed during the fiscal year under review as follows:*

<As of September 26, 2018>

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

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

<As of April 1, 2019>

Name	Before change	After change
Shuji Uehara	Chief of Tokyo Head Office, Officer in charge of Business Administration Department and Accounting & Corporate Finance Division Officer in charge of Business Management Division at MITSUMI Business Headquarters	Chief of Tokyo Head Office, Officer in charge of Accounting & Corporate Finance Division Officer in charge of Sustainability Management Division Officer in charge of Business Management Division at MITSUMI Business Headquarters

<As of May 8, 2019>

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

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

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

a. Remuneration to Directors

In order to enhance the transparency and objectivity of processes for determining the remuneration of Directors, the Company has established a Nomination and Compensation Committee, which has an independent Outside Director as Chairman, and independent Outside Directors comprising at least half of its members. The remuneration to Directors is determined by a resolution of the Board of Directors after deliberation by the Nomination and Compensation Committee, based on the following compensation composition and calculation methods and within the maximum amount authorized by the General Meeting of Shareholders.

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

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

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

b. Remuneration to Audit & Supervisory Board Members

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

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

Categories	Number of payees	Amount of remuneration, etc. (thousands of yen)			
		Basic remuneration	Performance-linked remuneration	Stock options	Total
Directors (Outside Directors)	13 (3)	330,115 (26,619)	370,000 (Not applicable)	– (Not applicable)	700,115 (26,619)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	4 (3)	52,494 (35,771)	Not applicable (Not applicable)	Not applicable (Not applicable)	52,494 (35,771)
Total	17	382,609	370,000	–	752,609

Notes:

1. *The above table includes amounts paid to Mr. Tamio Uchibori and Mr. Hiromi Yoda, who retired from the position as Director at the conclusion of the 72nd Ordinary General Meeting of Shareholders held on June 28, 2018.*
2. *The remuneration for Directors excludes the salary to be paid for service as employee for Directors who concurrently hold a post of officer or employee of the Company.*
3. *The Company resolved that the maximum annual remuneration for Directors shall be not more than 1.5 billion yen (this amount includes maximum annual remuneration of 50 million yen for Outside Directors) at the 71st Ordinary General Meeting of Shareholders held on June 29, 2017. Furthermore, the Company resolved at the 66th Ordinary General Meeting of Shareholders held on June 28, 2012 that the Company may grant stock-based compensation stock options of up to 30 million yen per annum, within the limits of the above remuneration amount, to Internal Directors of the Company.*
4. *During the fiscal year under review, 370 million yen in accrued bonuses for directors was posted for performance-linked remuneration for Directors. No incentives remuneration was posted as business performance targets for the fiscal year under review were not achieved.*
5. *The Company resolved that the maximum annual remuneration for Audit & Supervisory Board Members shall be not more than 100 million yen at the 61st Ordinary General Meeting of Shareholders held on June 28, 2007.*
6. *The amount of remuneration, etc. is shown with fractions of 1 thousand yen rounded off.*

(3) Matters relating to outside officers

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

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

(ii) Main activities during the fiscal year under review

Name	Main activities
Outside Director Kohshi Murakami	He attended all 15 meetings of the Board of Directors that were held during the fiscal year under review, and provided necessary counsel appropriately, mainly from his expert viewpoint as an attorney-at-law, for deliberation of agenda items and other topics at such meetings.
Outside Director Atsuko Matsumura	She attended 11 of the 13 meetings of the Board of Directors since she took office as Outside Director on June 28, 2018, and provided necessary counsel appropriately, mainly from her expert viewpoint as an international economist, for deliberation of agenda items and other topics at such meetings.
Outside Director Takashi Matsuoka	He attended all 15 meetings of the Board of Directors that were held during the fiscal year under review, and provided necessary counsel appropriately, mainly from his expert viewpoint as a corporate manager, for deliberation of agenda items and other topics at such meetings.
Standing Outside Audit & Supervisory Board Member Kazuyoshi Tokimaru	He attended all 15 meetings of the Board of Directors and all 13 meetings of the Audit & Supervisory Board that were held during the fiscal year under review, and provided necessary counsel appropriately as a Standing Outside Audit & Supervisory Board Member for deliberation of agenda items and other topics at such meetings.
Outside Audit & Supervisory Board Member Hisayoshi Rikuna	He attended all 15 meetings of the Board of Directors and all 13 meetings of the Audit & Supervisory Board that were held during the fiscal year under review, and provided necessary counsel appropriately, mainly from his expert viewpoint as a certified public tax accountant, for deliberation of agenda items and other topics at such meetings.
Outside Audit & Supervisory Board Member Shinichiro Shibasaki	He attended all 15 meetings of the Board of Directors and all 13 meetings of the Audit & Supervisory Board that were held during the fiscal year under review, and provided necessary counsel appropriately, mainly from his expert viewpoint as an attorney-at-law, for deliberation of agenda items and other topics at such meetings.

4. Matters relating to Independent Auditors

(1) Name: KPMG AZSA LLC

(2) Amount of remuneration, etc.

	Amount paid
Amount of remuneration, etc. of Independent Auditors for the fiscal year under review	131 million yen
Total amount of money and other property benefit to be paid from the Company and its subsidiaries to Independent Auditors	161 million yen

Notes:

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

(3) Non-auditing services

Consideration was paid for research related to conversion to IFRS.

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

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

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

(5) Audit of consolidated subsidiaries

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

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

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

I. System to Ensure the Proper Business

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

j. Matters related to litigations

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

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

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

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

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

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

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

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

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

(1) Compliance system

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

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

(2) Information storage and management system

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

(3) Risk management structure

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

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

(4) System for an efficient execution of duties

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

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

(5) Management of group companies

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

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

(6) Audit system matters

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

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

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

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

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

6. Basic Policy relating to Control of the Company

(1) Contents of Basic Policy

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

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

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

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

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

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

(2) Special measures for realization of Basic Policy

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

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

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

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

The Company updated the "countermeasures to large-scale acquisition of Minebea shares (takeover defense measures)," of which the update is resolved at the 68th Ordinary General Meeting of Shareholders held on June 27, 2014, based on resolutions of the Board of Directors meeting held on May 31, 2017 and the Company's 71st Ordinary General Meeting of Shareholders held on June 29, 2017, with the content partially revised (takeover defense measures after the revision are hereinafter referred to as "the Plan").
Outline of the "Measures to prevent control over decisions on the Company's financial and business policies by persons deemed as inappropriate under the Basic Policy" are described below.
The details of the Plan are also posted on our website below.
https://www.minebeamitsumi.com/corp/investors/management/governance/internal_framework/

1) Purpose of the Plan

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

2) Outline of the Plan

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

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

The party intending to make the Acquisition (the "Acquirer") shall follow the procedures prescribed in the Plan, and the Acquirer must not effect the Acquisition until and unless the Company's Board of Directors resolves not to implement the gratis allotment of subscription rights to shares in accordance with the Plan.
The Company will require any Acquirer to submit to the Company, before commencement or implementation of the Acquisition, a legally binding letter of intent that contains an undertaking that the Acquirer will comply with the procedures established under the Plan and the Acquisition Statement including predetermined information necessary for examination of details of the Acquisition.
The Independent Committee may request that the Company's Board of Directors present an opinion on the Acquirer's Acquisition terms and an alternative proposal (if any), and any other information that the Independent Committee considers necessary.
Then, the Independent Committee will conduct its consideration of the Acquisition terms and may directly or indirectly discuss and negotiate with the Acquirer. If the Independent Committee determines that the Acquisition by the Acquirer is not in compliance with the procedures of the Plan, or that it threatens to cause obvious harm to the corporate value of the MinebeaMitsumi Group and, in turn, the common interests of its shareholders, and it is reasonable to implement the gratis allotment of subscription rights to shares, and it falls under one of the triggering events set in the Plan, the Independent Committee will recommend the implementation of the gratis allotment of subscription rights to shares with clauses prescribing that exercise of the rights by the Acquirer is, in principle, not allowed and that the Company may acquire subscription rights to shares from holders other than the Acquirer in exchange for shares of the Company, to the

Company’s Board of Directors. If the Independent Committee recommends implementation of the gratis allotment of Share Options, the Company’s Board of Directors will, if it is practically possible, convene a meeting of shareholders (includes cases where advisory resolutions are made for matter, hereinafter, the “Shareholders Meeting”) to confirm the intent of the Company’s shareholders relating to whether or not that gratis allotment should be implemented. On the other hand, if the Independent Committee considers that an Acquisition by an Acquirer does not fall under any of the triggering events set in the Plan, it will not recommend the implementation of the gratis allotment of subscription rights to shares, to the Company’s Board of Directors.

The Company’s Board of Directors, in exercising their role as an organization under the Companies Act, will pass a resolution relating to the implementation or non-implementation of a gratis allotment of subscription rights to shares respecting to the maximum extent any recommendation of the Independent Committee. However, if a Shareholders Meeting is to be held the Company’s Board of Directors shall make a necessary resolution as appropriate in accordance with the resolution of that Shareholders Meeting.

If a gratis allotment of subscription rights to shares were to take place in accordance with the Plan and all shareholders other than the Acquirer received one share per stock acquisition right in the Company as a result of those shareholders exercising or the Company acquiring those subscription rights to shares, the ratio of voting rights in the Company held by the Acquirer may be diluted by up to 50%.

The effective period of the Plan will be the period until the conclusion of the ordinary general meeting of shareholders relating to the last fiscal year ending within three years after the conclusion of the 71st Ordinary General Meeting of Shareholders held on June 29, 2017.

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

The Company has implemented such measures for enhancing the corporate value as establishing efforts that enhance its corporate value including the mid-term business plan and such policies as strengthening its practices as specific measures to continually and persistently enhance the MinebeaMitsumi Group’s corporate value and, in turn, the common interests of the Company’s shareholders. These measures will be completely in harmony with the Company’s Basic Policy.

The Plan is a mechanism to maintain the corporate value of the MinebeaMitsumi Group and in turn, the common interests of its shareholders when an acquisition is proposed. Therefore, the Plan is in compliance with the Basic Policy.

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

Consolidated Statements of Financial Position (IFRS)

(As of March 31, 2019)

(Unit: millions of yen)

Assets	
Item	**Amount**
Current assets	
Cash and cash equivalents	122,432
Trade and other receivables	151,349
Inventories	141,385
Other financial assets	21,045
Other current assets	9,343
Total current assets	**445,554**
Non-current assets	
Property, plant, and equipment	244,388
Goodwill	8,284
Intangible assets	9,375
Other financial assets	14,635
Deferred tax assets	16,650
Other non-current assets	3,241
Total non-current assets	**296,573**
Total assets	**742,127**

Note: Amounts less than 1 million yen are omitted.

(Unit: millions of yen)

Liabilities and equity	
Item	**Amount**
Liabilities	
Current liabilities	
Trade and other payables	109,344
Bonds and borrowings	86,642
Other financial liabilities	1,983
Income taxes payable	5,448
Provisions	200
Other current liabilities	31,848
Total current liabilities	**235,465**
Non-current liabilities	
Bonds and borrowings	75,400
Other financial liabilities	5,138
Net defined benefit liabilities	14,577
Provisions	1,196
Deferred tax liabilities	1,754
Other non-current liabilities	1,337
Total non-current liabilities	**99,402**
Total liabilities	**334,867**
Equity	
Common stock	**68,259**
Capital surplus	**137,464**
Treasury stock	**(19,448)**
Retained earnings	**202,172**
Other components of equity	**11,256**
Total equity attributable to owners of the parent	**399,703**
Non-controlling interests	**7,557**
Total equity	**407,260**
Total liabilities and equity	**742,127**

Note: Amounts less than 1 million yen are omitted.

Consolidated Statements of Income

(From April 1, 2018 to March 31, 2019)

(Unit: millions of yen)

Item	Amount
Net sales	**884,723**
Cost of sales	**718,125**
Gross profit	**166,598**
Selling, general and administrative expenses	**94,468**
Other income	**2,171**
Other expenses	**2,268**
Operating income	**72,033**
Finance income	**1,482**
Finance expenses	**2,194**
Profit before income taxes	**71,321**
Income taxes	**10,619**
Profit for the year	**60,702**
Profit (loss) for the year attributable to:	
Owners of the parent	60,142
Non-controlling interests	560
Profit for the year	60,702

Note: Amounts less than 1 million yen are omitted.

Consolidated Statements of Changes in Equity

(From April 1, 2018 to March 31, 2019)

(Unit: millions of yen)

	Equity attributable to owners of the parent					
					Other components of equity	
	Common stock	Capital surplus	Treasury stock	Retained earnings	Foreign exchange differences on translation of foreign operations	Cash flow hedges
Balance as of April 1, 2018	68,259	134,615	(9,496)	154,778	4,280	99
Profit (loss) for the year				60,142		
Other comprehensive Income					4,107	(175)
Comprehensive income for the year	–	–	–	60,142	4,107	(175)
Purchase of treasury stock		(64)	(10,636)			
Disposal of treasury stock		2,801	671			
Dividends				(11,329)		
Transactions with non-controlling interests		125				
Share-based payment transactions		(13)	13			
Transfer to retained earnings				(1,419)		
Total transactions with owners	–	2,849	(9,952)	(12,748)	–	–
Balance as of March 31, 2019	68,259	137,464	(19,448)	202,172	8,387	(76)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity					
	Net changes in revaluation of equity instruments measured at fair value through other comprehensive income	Remeasurement of defined benefit plans	Subtotal	Total		
Balance as of April 1, 2018	3,556	–	7,935	356,091	7,130	363,221
Profit (loss) for the year				60,142	560	60,702
Other comprehensive Income	(611)	(1,419)	1,902	1,902	129	2,031
Comprehensive income for the year	(611)	(1,419)	1,902	62,044	689	62,733
Purchase of treasury stock				(10,700)		(10,700)
Disposal of treasury stock				3,472		3,472
Dividends				(11,329)	(34)	(11,363)
Transactions with non-controlling interests				125	(228)	(103)
Share-based payment transactions				0		0
Transfer to retained earnings		1,419	1,419	–		–
Total transactions with owners	–	1,419	1,419	(18,432)	(262)	(18,694)
Balance as of March 31, 2019	2,945	–	11,256	399,703	7,557	407,260

Note: Amounts less than 1 million yen are omitted.

Notes to Consolidated Financial Statements

Basis of Presenting Consolidated Financial Statements

1. Standards for the preparation of consolidated financial statements

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

2. Consolidated subsidiaries

Number of consolidated companies: 94 companies

The names of principal consolidated subsidiaries:

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

3. Application of the equity method

Affiliated companies under the equity method

Number of affiliated companies under the equity method: 0 companies

4. Changes in scope of consolidation

Increase in consolidated subsidiary through establishment of company (1 company)

MinebeaMitsumi Technical Service (Suzhou) Ltd. Chinese company

5. Fiscal years, etc. of consolidated subsidiaries

Of the consolidated subsidiaries, the settlement date of MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD., MINEBEA (CAMBODIA) Co., Ltd. and 27 other companies is December 31, and preliminary financial statements prepared as of the consolidated closing date are used.

6. Accounting policies

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

(1) Basis of consolidation

(i) Subsidiaries

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

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

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

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

(ii) Associates

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

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

(2) Business combinations

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

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

(3) Segment information

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

(4) Foreign currency translation

(i) Translation of foreign currency transactions

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

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

(ii) Translation of a foreign operation

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

(5) Financial instruments

(i) Initial recognition and derecognition

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

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

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

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

(ii) Classification and measurement ― Financial assets

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

i. Financial assets measured at amortized cost

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

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

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

ii. Financial assets measured at FVOCI

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

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

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

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

- Equity instruments

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

- Liability instruments

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

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

iii. Financial assets measured at FVPL

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

(iii) Classification and measurement — Financial liabilities

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

i. Financial liabilities measured at amortized cost

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

ii. Financial liabilities measured at FVPL

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

(iv) Compound financial instruments

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

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

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

(v) Impairment of financial assets

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

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

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

Measurement of expected credit loss reflects the following criteria:

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

(vi) Offsetting financial assets and financial liabilities

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

(vii) Derivatives and hedge accounting

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

i. Derivatives meeting criteria for hedge accounting

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

Fair value hedge

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

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

Cash flow hedge

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

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

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

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

ii. Derivatives not meeting criteria for hedge accounting

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

(6) Cash and cash equivalents

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

(7) Inventories

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

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

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

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

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

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

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

(9) Goodwill and intangible assets

(i) Goodwill

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

(ii) Intangible assets (excluding leased assets)

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

- Software 2 to 10 years
- Patents 3 to 10 years
- Trademarks 7 to 10 years

(10) Leases

The determination of whether an arrangement is a lease or contains a lease is made at the inception of the lease based on the economic substance of the transaction regardless of the form of the lease arrangements.

(i) Lessee

Leases where substantially all risks and rewards incidental to ownership are transferred to the Group (the lessee) are classified as finance leases. Leased assets are initially recognized at fair value or, if lower, at the present value of the minimum lease payments. The liability is recognized at the same amount. Finance lease assets are amortized over their expected useful lives. The useful life of the asset is generally the lease term. Financial costs are allocated to each period of the lease term so as to produce a constant interest rate on the remaining balance of the liability.

Leases where substantially all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the lease term.

(ii) Lessor

The Group leases out property, plant and equipment as a lessor.

Net investment in a finance lease transaction is recognized as lease receivables and presented in other financial assets. Lease payments received are categorized into amounts equivalent to the principal and interest on lease receivables. Furthermore, when the primary objective of a finance lease is to sell a product and the finance lease is carried out according to the sales policy, the fair value of leased property or, if lower, the present value of the minimum lease payments is recognized as revenues, and the purchase price of the leased asset is recognized as cost of sales.

Lease revenue from operating leases is recognized using the straight-line method over the lease term.

(11) Impairment of assets

Goodwill is tested for impairment annually and is not amortized. An impairment test is also carried out when events or changes in circumstances indicate that impairment may be present. Impairment tests are performed on other assets when events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognized if the impairment test shows that the carrying amount exceeds the recoverable amount of the asset. The recoverable amount refers to the higher of the fair value of the cash-generating unit less cost of disposal and its value in use. For impairment testing, assets are grouped together into the smallest group of identifiable assets (cash-generating units) that generates cash inflows that are largely independent of the cash flows of other assets or asset groups. For impairment losses recognized with respect to non-financial assets other than goodwill in previous periods, the Group considers reversing them on the last day of each reporting period.

(12) Employee benefits

(i) Short-term employee benefits

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

(ii) Defined contribution plans

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

(iii) Defined benefit plans

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

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

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

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

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

(iv) Other long-term employee benefits

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

(v) Termination benefits

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

(13) Provisions

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

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

(14) Revenue recognition

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

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

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

(i) Sale of goods

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

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

(ii) Rendering of services

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

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

(15) Income taxes

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

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

When there is a possibility that uncertainty may arise with respect to the Group's tax position, the Group recognizes the impact of the tax position in the consolidated financial statements based on its assessment of various factors, including interpretation of tax law and past experience.
Deferred tax is recognized with respect to temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes, loss carried forward, and tax credits carried forward.
Deferred tax assets and liabilities are not recorded for the following temporary differences:

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

Excluding the temporary differences above, deferred tax liabilities are, in principle, recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable income will arise considering the timing of reversal of taxable temporary differences, tax planning, and other such factors.
Deferred tax assets and liabilities are measured using the statutory effective tax rate expected to be applied in the period that the assets or liabilities are settled based on the tax rate and tax law enacted or substantially enacted at the last day of the period.
Deferred tax assets and liabilities are offset only when a legally enforceable right of offset exists for the related accrued income tax receivable and income tax payable and the deferred tax assets and liabilities arose in the same tax jurisdiction and relate to the same taxable entity.

(16) Capital

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

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

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

(17) Share-based compensation

(i) Equity-settled share-based payment transactions
The grant-date fair value of equity-settled share-based payment awards is recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met. As such, the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(ii) Cash-settled share-based payment transactions
The fair value is recognized for cash-settled share-based payment awards. The fair value is measured at initial recognition, on each reporting date, and on the settlement date. Changes are recognized in profit or loss for the period.

(18) Earnings per share
Basic earnings per share is calculated by dividing the net profit or loss attributable to owners of the parent by the adjusted weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume

conversion of all dilutive potential ordinary shares. With regard to convertible bonds with warrants, consideration is given to the increase in profit attributable to owners of the parent arising from a decrease in interest cost associated with an increase in the number of ordinary shares and a decrease in convertible bonds with warrants on redemption.

(19) Others

Accounting method of consumption taxes

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

Adoption of consolidated tax accounting system

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

7. Change in accounting policy

The Group has applied IFRS 15 “Revenue from Contracts with Customers” (issued in May 2014) and “Clarifications to IFRS 15” (issued in April 2016) (collectively, “IFRS 15”) since this fiscal year.
In applying IFRS 15, we have adopted the method of recognizing the cumulative effect of the adoption of this standard at the commencement date of adoption. Accordingly, no restatements have been made for the previous fiscal year. The effect of this adoption on the Group’s performance and financial position is immaterial.
For details, please see “(14) Revenue recognition” under “6. Accounting policies.”

8. Additional information

Trust-type Employee Shareholding Incentive Plan

The Company has introduced the “Trust-type Employee Shareholding Incentive Plan” (the “Plan”), in order to provide the Group’s employees with incentives to increase the corporate value of the Company, and to promote the benefit and welfare of the employees of the Group and others. The Plan is an incentive plan, in which all employees of the Group who are members of the “MinebeaMitsumi Employee Stock Holding Partnership” (“Stock Holding Partnership”) (a Group employee who is a member of the Stock Holding Partnership is hereinafter referred to as an “Employee”) may participate. Based on the Plan, as of May 10, 2012, the Company entered into the MinebeaMitsumi Employee Stock Holding Partnership Exclusive Trust Agreement (the “Trust Agreement”) with the bank in which the Company is Truster and the Bank is Trustee. As per the Plan and the Trust Agreement, the “MinebeaMitsumi Employee Stock Holding Partnership Exclusive Trust Account” (the “Trust”), which had been established for the purpose of securing the Company shares for the Stock Holding Partnership to effect purchases, has borrowed money from banks (the Company guarantees the Trust’s borrowings) for a considerable number of Company shares that were expected to be acquired by the Stock Holding Partnership by the end of May 2017, and acquired Company shares in a number equal to such borrowings from the market at the time the Plan was introduced. Subsequently, the Trust is to continuously transfer the Company shares to the Stock Holding Partnership in accordance with certain plans (conditions and methods) and terminate, e.g. if all of the Company shares belonging to the trust assets of the Trust are transferred. If any capital gains, such as gains on sale of the Company shares, accumulate within the Trust by the time of its termination, and if any money remains within the Trust after repaying all the debts such as borrowings to be borne by the Trust, then such money is to be distributed as residual assets to those Employees that fulfill the requirements for eligible beneficiaries.
A trust administrator or an agent of the beneficiaries gives instructions to the trustee of the Trust with regard to preserving and exercising the rights (including the exercise of voting rights) relating to the Company shares held as the trust assets in the Trust, while the trustee of the Trust will preserve and exercise their rights in accordance with such instructions. A trust administrator or an agent of the beneficiaries of the Trust shall follow the guidelines relating to the exercise of the voting rights stipulated in the Trust Agreement, in case of executing instructions to the trustee of the Trust regarding the exercise of voting rights.
Based on the determination by the Stock Holding Partnership as of January 25, 2017 to approve the extension of the end date of the trust period, the Company has resolved, at its board of directors’ meeting held on February 24, 2017, to enter into the amendment agreement with the trustee of the Trust which has been established under the Plan (i.e., The Nomura Trust and Banking Co., Ltd.) and the trust administrators who represent the employees’ interests to extend the end date of the trust period from May 9, 2017 to December 27, 2018, and to appoint an attorney-at-law as an additional trust administrator.
The Trust for the Plan expired on December 27, 2018 and the Trust terminated on January 15, 2019.

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

Assets pledged as collateral and collateralized obligations

(1) Assets pledged as collateral
    Property, plant, and equipment 545 million yen

(2) Collateralized obligations
    Bonds and borrowings 358 million yen

10. Notes to consolidated statements of changes in equity

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

Class of shares	Shares at beginning of current FY (shares)	Increased shares in current FY (shares)	Decreased shares in current FY (shares)	Shares at end of current FY (shares)
Issued shares				
Common Stock (Notes)	427,080,606	–	–	427,080,606
Total	427,080,606	–	–	427,080,606
Treasury Stock				
Common Stock (Notes)	7,732,295	6,301,995	2,085,257	11,949,033
Total	7,732,295	6,301,995	2,085,257	11,949,033

Notes:

1. The increase of 6,301,995 in the number of treasury stock of common stock reflects the acquisition of 6,300,000 shares of treasury stock in accordance with a resolution of the Board of Directors, and an increase in 1,995 shares resulting from the purchase of fractional shares.

2. The decrease of 2,085,257 shares in the number of treasury stock of common stock reflects the decrease of 2,077,000 shares from the disposal of treasury stock by the Employee Stock Holding Partnership Exclusive Trust Account, the decrease of 8,000 shares from exercise of stock options and the decrease of 257 shares from the additional purchase of fractional shares.

3. The number of treasury stock of common stock includes our shares owned by the Employee Stock Holding Partnership Exclusive Trust Account (2,077,000 shares at the beginning of current fiscal year). The trust period expired on December 27, 2018 and the trust terminated on January 15, 2019.

(2) Matters relating to dividends from surplus

(i) Amount of dividends paid

Matters on dividends by the resolution of the 72nd Ordinary General Meeting of Shareholders held on June 28, 2018

Total amount of dividends: 5,452 million yen
Dividend per share: 13.00 yen
Record date: March 31, 2018
Effective date: June 29, 2018

Matters on dividends by the resolution of the Meeting of the Board of Directors held on November 7, 2018

Total amount of dividends: 5,877 million yen
Dividend per share: 14.00 yen
Record date: September 30, 2018
Effective date: December 3, 2018

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

The following proposal will be submitted to the 73rd Ordinary General Meeting of Shareholders to be held on June 27, 2019.

Total amount of dividends: 5,811 million yen
Source of dividends Retained earnings
Dividend per share: 14.00 yen
Record date: March 31, 2019
Effective date: June 28, 2019

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

Filing company (parent company)

	Series I subscription rights to shares	Series II subscription rights to shares	Series III subscription rights to shares
Class of shares underlying subscription rights to shares	Shares of common stock	Shares of common stock	Shares of common stock
Number of shares underlying subscription rights to shares	10,000 shares	10,000 shares	6,000 shares
Outstanding balances of subscription rights to shares	2 million yen	3 million yen	7 million yen

11. Notes relating to financial instruments

(1) Matters relating to financial instruments

(i) Policy on handling of financial instruments

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

(ii) Contents of financial instruments and associated risks

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

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

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

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

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

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

(iii) Risk management system relating to financial instruments

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

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

(b) Management of liquidity risk

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

(c) Management of foreign currency risk

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

(d) Management of interest rate risk

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

(iv) Supplementary explanation on matters relating to the fair value of financial instruments, etc.

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

(2) Matters relating to the fair value of financial instruments, etc.

Amount on the consolidated statements of financial position as of March 31, 2019 and fair value are as follows.

	Carrying amount (millions of yen)	Fair value (millions of yen)
Current portion of long-term debt	4,551	4,557
Bonds	14,752	15,303
Convertible bond-type bonds with subscription rights to shares	19,827	19,918
Long-term debt	40,821	41,383

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

Computation method for fair value

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

12. Notes to per share information

(1)	Equity attributable to owners of the parent per share	962.83 yen
(2)	Earnings per share, basic	143.90 yen

13. Notes to retirement allowances

Certain domestic subsidiaries revised their retirement allowance plans on October 1, 2018, and changed from the plan formerly adopted by subsidiaries to the plan adopted by the Company. The Company's retirement allowance plan consists of a parallel defined benefit pension and defined contribution pension, whereas the former retirement allowance plans of the relevant subsidiaries were defined benefit pension plans, and thus some of the subsidiaries' defined benefit pensions was transferred to defined contribution pensions under the Company's plan, and the remainder was transferred to defined benefit pensions under the Company's plan.

In line with this change in plans, the relevant subsidiaries incurred past service costs and gain or loss on settlement of 6,728 million yen (gain). As a result of this change, cost of sales and selling, general and administrative expenses decreased by 4,421 million yen and 2,306 million yen, respectively, and operating income increased by 6,728 million yen.

14. Notes to subsequent events

Business Combination through Acquisition of U-Shin Ltd.

On April 10, 2019, the Company acquired 76.2% of the voting rights of U-Shin Ltd. ("U-Shin") and made it a subsidiary.

The Company considers the automotive related business to be a significantly growing domain. Specially, its main products such as ball bearings, LED backlights for LCDs and motors are increasingly used in automobiles. In the automotive industry, although there are trends that the demand in the U.S. and Japanese markets is decreasing, and the growth of the Chinese market is slowing, the demand in the emerging markets continues to expand and the global market continues to expand. In addition, because the automobile industry faces a momentous turning point represented by so-called CASE (Connected, Autonomous, Shared & Services, Electric) in which technical innovations promote changes in the market, the automotive manufacturers and automotive components manufacturers have the challenge to respond to that market innovation and technical innovation as soon as possible. Due to such business environmental change, the Group considers that there is a significant change in the roles played by the automotive manufacturers and automotive components manufacturers in the future. The group has supplied various products to many automotive components manufacturers as well as automotive manufacturers. In response to the changes described above, however, the Group is required to further strengthen a role in directly offering products and technologies that meet demands from the automotive manufacturers, which are its end customers. The Company considered it would make it possible to seek to make the Company's products ones with high added value by utilizing the high level of automobile quality management knowhow of U-Shin, which is a leader in automotive components for its track record of functionality and safety based on international standards, as well as to enable further expansion of the Company's product lineup by utilizing the customer base of U-Shin as a Tier 1 manufacturer (Tier 1 manufacturer means an automotive components manufacturer which directly supplies components to automotive manufacturers). Further, we reached the conclusion that integrating the management of the Company and U-Shin and appropriately assigning new roles within the corporate group would be the best measure in order to generate synergies to the maximum extent and in order to contribute to sustained improvement of the corporate value of both companies particularly in the automotive related business. We expect that due to the transaction it will specifically be able to expect the following synergy effects.

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

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

	Amount
Fair value of consideration paid	24,846 million yen

Fair value of assets acquired and liabilities assumed, and the amount of non-controlling interests and goodwill are currently being calculated.

Non-Consolidated Balance Sheet (Japanese GAAP)

(As of March 31, 2019)

(Unit: millions of yen)

Assets	
Item	**Amount**
Current assets	**166,786**
Cash and deposits	54,344
Notes receivable	4,315
Accounts receivable	84,053
Purchased goods	4,116
Finished goods	1,135
Work in process	7,008
Raw materials	1,807
Supplies	152
Goods in transit	1,425
Advance payments - trade	82
Prepaid expenses	844
Short-term loans receivable from affiliates	5,090
Accounts receivable - other	1,338
Advances paid	97
Other	975
Fixed assets	**341,282**
Tangible fixed assets	**43,209**
Buildings	16,616
Structures	842
Machinery and equipment	6,317
Vehicles	13
Tools, furniture and fixtures	2,797
Land	14,835
Leased assets	34
Construction in progress	1,753
Intangible assets	**3,478**
Goodwill	234
Patents	96
Design rights	25
Leasehold rights	35
Software	3,056
Other	30
Investments and other assets	**294,593**
Investment securities	5,015
Investment securities in affiliates	230,698
Investments in capital	0
Investments in capital in affiliates	52,654
Long-term loans receivable from affiliates	171
Long-term prepaid expenses	115
Deferred tax assets	5,598
Other	537
Allowance for doubtful receivables	(196)
Deferred asset	**247**
Bond issuance expenses	247
Total assets	**508,316**

Note: Amounts less than 1 million yen are omitted.

(Unit: millions of yen)

Liabilities	
Item	**Amount**
Current liabilities	**170,625**
Accounts payable	80,345
Short-term debt	65,500
Current portion of long-term debt	4,350
Lease obligations	11
Accounts payable - other	10,664
Accrued expenses	1,706
Accrued income taxes	2,310
Deposits received	451
Deferred income	1
Accrued bonuses	4,587
Accrued bonuses for directors	370
Provision for after-care of products	58
Other	267
Long-term liabilities	**78,254**
Bonds	15,000
Convertible bond-type bonds with subscription rights to shares	20,311
Long-term debt	40,500
Lease obligations	25
Provision for retirement benefits	1,194
Provision for retirement benefits for executive officers	187
Provision for environmental remediation expenses	854
Other	180
Total liabilities	**248,879**
Net assets	
Shareholders' equity	**258,547**
Common stock	**68,258**
Capital surplus	**147,728**
Additional paid-in capital	126,800
Other	20,927
Retained earnings	**62,007**
Legal reserve	2,085
Other	59,922
Reserve for reduction entry	2,188
General reserve	6,500
Retained earnings carried forward	51,234
Treasury stock	**(19,448)**
Valuation, translation adjustments and others	**876**
Difference on revaluation of available-for-sale securities	**876**
Deferred gains or losses on hedges	**0**
Subscription rights to shares	**13**
Total net assets	**259,436**
Total liabilities and net assets	**508,316**

Note: Amounts less than 1 million yen are omitted.

Non-Consolidated Statement of Income

(From April 1, 2018 to March 31, 2019)

(Unit: millions of yen)

Item	Amount	
Net sales		**576,304**
Cost of sales		**533,529**
Gross profit		**42,774**
Selling, general and administrative expenses		**36,931**
Operating income		**5,842**
Non-operating income		
Interest income	220	
Dividends income	25,108	
Rent income of fixed assets	65	
Dividends from insurance	221	
Other	88	**25,703**
Non-operating expenses		
Interest expenses	506	
Interest on bonds	(41)	
Foreign exchange losses	88	
Provision of allowance for doubtful accounts	7	
Commission for purchase of treasury stock	92	
Other	202	**855**
Ordinary income		**30,691**
Extraordinary gain		
Gain on sales of fixed assets	11	**11**
Extraordinary loss		
Loss on sales of fixed assets	0	
Loss on disposal of fixed assets	47	
Provision for environmental remediation expenses	1,010	**1,057**
Income before income taxes		**29,645**
Current income taxes (including enterprise tax)	4,129	
Deferred income taxes	(2,235)	**1,893**
Net income		**27,751**

Note: Amounts less than 1 million yen are omitted.

Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2018 to March 31, 2019)

(Unit: millions of yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
						Other			
	Common stock	Additional paid-in capital	Other	Total capital surplus	Legal reserve	Reserve for reduction entry	General reserve	Retained earnings carried forward	Total retained earnings
Balance at beginning of current fiscal year	68,258	126,800	18,134	144,934	2,085	2,188	6,500	34,811	45,585
Changes									
Cash dividend from retained earnings								(11,328)	(11,328)
Net income								27,751	27,751
Purchase of treasury stock									
Disposal of treasury stock			2,801	2,801					
Exercise of subscription rights to share			(7)	(7)					
Changes (net) in non-shareholders' equity items									
Total changes	–	–	2,793	2,793	–	–	–	16,422	16,422
Balance at end of current fiscal year	68,258	126,800	20,927	147,728	2,085	2,188	6,500	51,234	62,007

	Shareholders' equity		Valuation, translation adjustments and others			Subscription rights to shares	Total net assets
	Treasury stock	Total shareholders' equity	Difference on revaluation of available-for-sale securities	Deferred gains or losses on hedges	Total valuation, translation, adjustments and others		
Balance at beginning of current fiscal year	(9,496)	249,282	1,364	3	1,368	18	250,668
Changes							
Cash dividend from retained earnings		(11,328)					(11,328)
Net income		27,751					27,751
Purchase of treasury stock	(10,635)	(10,635)					(10,635)
Disposal of treasury stock	670	3,472					3,472
Exercise of subscription rights to share	12	5				(5)	0
Changes (net) in non-shareholders' equity items			(487)	(3)	(491)		(491)
Total changes	(9,951)	9,264	(487)	(3)	(491)	(5)	8,767
Balance at end of current fiscal year	(19,448)	258,547	876	0	876	13	259,436

Note: Amounts less than 1 million yen are omitted.

Notes to Non-Consolidated Financial Statements

Significant Accounting Policies

(1) Standards and method of valuation of assets

Marketable securities

Investments securities in subsidiaries:

Stated at cost determined by the moving average method.

Other marketable securities:

·Securities with market value

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

·Securities without market value

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

Derivatives

Market value method

Inventories

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

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

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

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

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

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

(2) Depreciation

Tangible fixed assets (excluding leased assets):

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

Their major useful lives are as follows:

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

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

Intangible assets (excluding leased assets):

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

The goodwill is equally amortized for 10 years.

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

Leased assets:

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

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

Long-term prepaid expenses:

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

(3) Translation of foreign currency assets and liabilities

Translation of foreign currency assets and liabilities are translated into yen at the exchange rate on the balance sheet date. The resulting exchange differences are accounted for as an exchange gain or loss.

(4) Allowances

Allowance for doubtful receivables:

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

Accrued bonuses:

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

Accrued bonuses for directors:

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

Provision for retirement benefits:

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

(i) Method of attributing expected retirement benefits to periods

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

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

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

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

Provision for retirement benefits for executive officers:

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

Provision for after-care of products:

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

Provision for environmental remediation expenses:

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

(5) Accounting method of hedge transactions

(i) Method of hedge accounting

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

(ii) Hedging vehicles and hedged items

(Hedging vehicles)

Forward exchange contracts

Interest rate swaps

(Hedged items)

Anticipated transactions in foreign currencies

Interest rates on borrowings

(iii) Hedge policy

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

(iv) Method of assessing hedge effectiveness

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

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

(6) Others

(i) Amortization of deferred asset

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

(ii) Accounting method for retirement benefits

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

(iii) Accounting method of consumption taxes

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

(7) Change of presentation

(Changes accompanying the application of "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.")

The Group has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No. 28, February 16, 2018; hereinafter the "Partial Amendments to Accounting Standard for Tax Effect Accounting") from the beginning of the fiscal year under review, and has therefore changed the method of presentation of deferred tax assets and deferred tax liabilities to the categories of "Investments and other assets" and "Long-term liabilities," respectively, and has also made changes to the Notes to Tax-Effect Accounting.

In addition, the Company has added the content in (Note 8) of the explanatory notes for the "Accounting Standard for Tax Effect Accounting, etc." to the Notes to Tax-Effect Accounting, as set forth in Paragraph 4 of the Partial Amendments to Accounting Standard for Tax Effect Accounting.

(8) Additional information

(Transactions of delivering the Company's stock to employees etc. through trusts)

(i) Outline of the transactions

The Company has introduced the "Trust-type Employee Shareholding Incentive Plan" (the "Plan"), in order to provide the Group's employees with incentives to increase the enterprise value of the Company, and to promote the benefit and welfare of the employees of the Group and others. The Plan is an incentive plan, in which all employees of the Group who are members of the "MinebeaMitsumi Employee Stock Holding Partnership" ("Stock Holding Partnership") (a Group employee who is a member of the Stock Holding Partnership is hereinafter referred to as an "Employee") may participate. Based on the Plan, as of May 10, 2012, Minebea entered into the Employee Stock Holding Partnership Exclusive Trust Agreement (the "Trust Agreement") with the bank in which the Company is Truster and the Bank is Trustee. As per the Plan and the Trust Agreement, the "MinebeaMitsumi Employee Stock Holding Partnership Exclusive Trust Account" (the "Trust"), which had been established for the purpose of securing the Company shares for the Stock Holding Partnership to effect purchases, has borrowed money from banks (the Company guarantees the Trust's borrowings) for a considerable number of Company shares that were expected to be acquired by the Stock Holding Partnership by the end of May 2017, and acquired Company shares in a number equal to such borrowings from the market at the time the Plan was introduced in May 2012. Subsequently, the Trust is to continuously transfer the Company shares to the Stock Holding Partnership in accordance with certain plans (conditions and methods) and terminate, e.g. if all of the Company shares belonging to the trust assets of the Trust are transferred. If any capital gains, such as gains on sale of the Company shares, accumulate within the Trust by the time of its termination, and if any money remains within the Trust after repaying all the debts such as borrowings to be borne by the Trust, then such money is to be distributed as residual assets to those Employees that fulfill the requirements for eligible beneficiaries.

A trust administrator or an agent of the beneficiaries gives instructions to the trustee of the Trust with regard to preserving and exercising the rights (including the exercise of voting rights) relating to the Company shares held as the trust assets in the Trust, while eligible beneficiaries of the Trust will preserve and exercise their rights in accordance with such instructions. A trust administrator or an agent of the beneficiaries of the Trust shall follow the guidelines relating to the exercise of the voting rights stipulated in the Trust Agreement, in case of executing instructions regarding the exercise of voting rights on behalf of beneficiaries.

Based on the determination by the Stock Holding Partnership as of January 25, 2017 to approve the extension of the end date of the trust period, the Company has resolved, at its board of directors' meeting held on February 24, 2017, to enter into the amendment agreement with the trustee of the Trust which has been established under the Plan (i.e., The Nomura Trust and Banking Co., Ltd.) and the trust administrators who represent the employees' interests to extend the end date of the trust period from

May 9, 2017 to December 27, 2018, and to appoint an attorney-at-law as an additional trust administrator.
The Trust for the Plan expired on December 27, 2018 and the Trust terminated on January 15, 2019.

(ii) Since the said trust agreement was concluded before the first applicable fiscal year of the adoption of the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ PITF No. 30 dated as of December 25, 2013 and revised as of March 26, 2015), the transaction has been accounted for with the accounting method that had been adopted.
Furthermore, in line with the termination of the Trust, the Company plans to distribute the money remaining in the Trust to Employees that fulfill the requirements for eligible beneficiaries, as residual assets. The amount of these residual assets is 5,780 million yen, of which 3,124 million yen is recorded as cost of sales, and 2,656 million yen is recorded as selling, general and administrative expenses.

(iii) The items relating to the Company shares owned by the Trust

1. Book value of the Company shares owned by the Trust
   As of March 31, 2018: 670 million yen
   As of March 31, 2019: – million yen
2. The Company shares owned by the Trust are accounted for as treasury stock.
3. Number of the Company shares owned by the Trust at the end of each fiscal year and the average number of shares owned by the Trust
   Number of the Company shares owned by the Trust at the end of each fiscal year
   As of March 31, 2018: 2,077,000 shares
   As of March 31, 2019: – shares
   Average number of shares owned by the Trust
   As of March 31, 2018: 2,376,545 shares
   As of March 31, 2019: 1,696,995 shares
4. The number of the Company shares mentioned in part 3. was included in the treasury stock to be deducted in terms of calculating relevant per share indicators.

(Adoption of consolidated tax accounting system)
The Company and some of its domestic consolidated subsidiaries have adopted the consolidated taxation system, with MINEBEA MITSUMI Inc. as the consolidated taxable parent company.

Notes to Non-Consolidated Balance Sheet

(1) Accumulated depreciation of tangible fixed assets: 60,424 million yen

(2) Contingent liabilities
Guarantee liabilities
The Company has provided the following companies with guarantees for their bank borrowings, etc.

Guarantee	Amount (millions of yen)
NMB-Minebea Thai Ltd.	6,279
Minebea Intec GmbH	4,216
MINEBEA (CAMBODIA) Co., Ltd.	3,773
NMB-Minebea GmbH	3,107
Other 2 companies	246
Total	17,623

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

Short-term receivables (excluding short-term loan receivables from affiliates)	53,057 million yen
Short-term payables	57,424

Notes to Non-Consolidated Statement of Income

(1) Transaction with subsidiaries and affiliates:

Sales:	297,956 million yen
Purchase:	351,208
Amount of other operational transactions:	12,330
Amount of non-operating transactions:	25,348

Notes to Non-Consolidated Statement of Changes in Net Assets

Class and number of treasury shares

Class of shares	Shares at beginning of current FY (shares)	Increased shares in current FY (shares)	Decreased shares in current FY (shares)	Shares at end of current FY (shares)
Common stock (Notes)	7,732,295	6,301,995	2,085,257	11,949,033

Notes:

1. *The increase of 6,301,995 shares in the number of treasury shares of common stock reflects the increase of 6,300,000 shares from acquisition of treasury stock by the resolution of the Meeting of the Board of Directors and the increase of 1,995 shares from the purchase of fractional shares.*
2. *The decrease of 2,085,257 shares in the number of treasury shares of common stock reflects the decrease of 2,077,000 shares from the disposal of treasury stock by the Employee Stock Holding Partnership Exclusive Trust Account, the decrease of 8,000 shares from exercise of stock options and the decrease of 257 shares from the Additional Purchase of fractional shares.*
3. *The number of treasury shares of common stock includes our shares owned by the Employee Stock Holding Partnership Exclusive Trust Account (2,077,000 shares at the beginning of the current fiscal year). The trust period expired on December 27, 2018 and the trust terminated on January 15, 2019.*

Notes to Tax-Effect Accounting

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

(Deferred tax assets)

Loss on valuation of investment securities in affiliates	5,370	million yen
Amount distributed to Trust-type Employee Shareholding Incentive Plan	1,769	
Excess of allowed limit chargeable to accrued bonuses	1,500	
Excess of allowed limit chargeable to the depreciation	816	
Loss carried forward for tax purposes	520	
Loss on valuation of investment securities	517	
Provision for retirement benefits	364	
Intangible assets for tax purpose	362	
Accrued expenses	292	
Accrued social security premiums	249	
Accrued enterprise taxes	237	
Foreign tax credit carried forward	180	
Loss on valuation of inventories	85	
Impairment loss	75	
Retirement benefits to directors	29	
Others	571	
Sub-total of deferred tax assets	12,943	
Valuation allowance for loss carried forward for tax purposes	-	
Valuation allowance for total deductible temporary differences, etc.	(6,279)	
Sub-total of valuation allowance	(6,279)	
Total deferred tax assets	6,663	
(Deferred tax liabilities)		
Reserve for reduction entry	990	
Difference on revaluation of investment securities	74	
Deferred gains or losses on hedges	0	
Total deferred tax liabilities	1,065	
Net deferred tax assets	5,598	

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

Domestic legal effective tax rate	30.6%
(Adjustments)	
Items not tax deductible, such as entertainment expenses	0.5
Items not taxable, such as dividends income	(25.9)
Inhabitant tax levied per capita	0.1
Valuation allowance	(0.0)
Withholding income taxes	4.0
Tax credits for R&D expenses, etc.	(1.5)
Others	(1.4)
Ratio of income tax burden after the application of tax effect accounting	6.4

Notes to Fixed Assets Used through Lease Contracts

(1) Finance lease transactions (lessee)

Finance lease transactions that do not transfer ownership

(i) Contents of leased assets

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

(ii) Depreciation method of leased assets

Indicated in (2) Depreciation, Significant Accounting Policies.

(2) Operating lease transactions

Outstanding future lease payments for noncancellable operating leases

Due within 1 year	937	million yen
Due after 1 year	2,542	
Total	3,479	

Notes to Transactions with Relevant Parties

(1) Subsidiaries etc.

Name of company, etc.	Voting rights or ownership (%)	Contents of relation		Contents of transaction	Transaction amount (millions of yen)	Account title	Year-end balance (millions of yen)
		Concurrently serving etc.	Business relations				
NMB-Minebea GmbH	100.0	Concurrently serving 1	NMB-Minebea GmbH sells the Company's products and products purchased mainly in German.	Sales of the Company's products and products purchased	35,395	Accounts receivable	5,777
NMB-Minebea Thai Ltd.	100.0	Concurrently serving 2	NMB-Minebea Thai Ltd. manufactures machined components, electronic devices and others, and the Company purchases them for resale.	Purchase of machined components, electronic devices and others	158,166	Accounts payable	28,492
				Sales of the Company's products and products purchased	24,231	Accounts receivable	7,494
				–	–	Debt guarantee	6,279
MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD.	100.0	Concurrently serving 1	MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD. manufactures machined components, electronic devices and others, and the Company purchases them for resale.	Purchase of machined components, electronic devices and others	38,892	Accounts payable	5,697
MINEBEA (HONG KONG) LIMITED	100.0	Concurrently serving 2	MINEBEA (HONG KONG) LIMITED sells the Company's products and products purchased mainly in China.	Sales of the Company's products and products purchased	131,677	Accounts receivable	20,625
MITSUMI ELECTRIC CO., LTD.	100.0	Concurrently serving 4	MITSUMI ELECTRIC CO., LTD. manufactures MITSUMI products, and the Company purchases them for resale. Loans from the Company.	Purchase of MITSUMI products	97,916	Accounts payable	11,080
				Fund loan	141,700	Short-term loans receivable	5,000
				Recovery of funds	166,400	–	–
				Interest income	188	–	–

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

(2) Directors and main individual shareholder

Attribution	Name of company, etc.	Voting rights (own or owned)	Contents of relation		Contents of transaction	Transaction amount (millions of yen)	Account title	Year-end balance (millions of yen)
			Concurrently serving etc.	Business relations				
Companies which the Company's directors and nearly related person have over 50% of voting rights	KEIAISHA Co., Ltd.	(Owned) Direct 2.43%	Concurrently serving 1	The Company purchases machinery and equipment, components, grease and other materials etc.	Purchase of machinery and equipment, components, grease and other materials etc.	3,585	Accounts payable *2	974
					Tools, furniture and fixtures lease transactions and rent etc.	566	Leased assets	24
							Lease obligations *2	26
							Accounts payable - other, current liabilities and others *2	114
					Land rent, etc.	5	Accounts receivable - others *2	3
					Non-operating income	17		

Notes: Terms and decision policy of the transaction
1. *Transaction amounts, etc. are negotiated and decided in consideration of market prices.*

**2. The transaction amounts do not include the consumption taxes and the year- end balance amounts include them.*

Notes to Per Share Information

(1) Net assets per share 624.92 yen
(2) Net income per share 66.40 yen

Notes to the Retirement Allowance Accounting

(1) Retirement allowance plan adopted by the Company

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

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

(2) Defined benefit plan

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

	(millions of yen)
Opening balance of retirement benefit obligations	22,745
Service costs	1,068
Interest costs	124
Actuarial gains or losses incurred during the year	944
Payment of retirement benefits	(579)
Closing balance of retirement benefit obligations	24,302

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

	(millions of yen)
Opening balance of pension assets	21,828
Expected returns on pension assets	436
Actuarial gains or losses incurred during the year	(651)
Contributions by the employer	944
Payment of retirement benefits	(577)
Closing balance of pension assets	21,980

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

	(millions of yen)
Retirement benefit obligations of funded plans	24,298
Pension assets	(21,980)
	2,318
Retirement benefit obligations of unfunded plans	4
Unfunded retirement benefit obligations	2,322
Unrecognized actuarial gains or losses	(1,128)
Net amount of liabilities and assets recorded in the balance sheet	1,194
Provision for retirement benefits	1,194
Net amount of liabilities and assets recorded in the balance sheet	1,194

(iv) Amounts of retirement benefit costs and its components

	(millions of yen)
Service costs	1,068
Interest costs	124
Expected returns on pension assets	(436)
Amortization of actuarial difference treated as expense	(227)
Retirement benefit costs of defined benefit plans	529

(v) Matters concerning pension assets

(a) Major breakdown of pension assets

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

Bonds	31%
Stocks	26
Insurance assets (general account)	15
Insurance products	12
Others	16
Total	100

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

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

Discount rate	0.4%
Long-term expected rate of return	2.0%
Method of periodic allocation of expected retirement benefit amounts	Benefit formula basis

(3) Defined contribution plans
The amount of the Company's required contributions to defined contribution plans is 184 million yen.

Notes to Subsequent Events

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

Audit Report on the Consolidated Financial Statements

AUDIT REPORT OF THE INDEPENDENT AUDITORS

May 7, 2019

To: The Board of Directors
MinebeaMitsumi Inc.

KPMG AZSA LLC

Junichi Obi (seal)
Designated Limited Liability Partner
Certified Public Accountant

Noriaki Nomura (seal)
Designated Limited Liability Partner
Certified Public Accountant

Takuju Kamiyama (seal)
Designated Limited Liability Partner
Certified Public Accountant

We have audited the Consolidated Financial Statements, including the Consolidated Statements of Financial Position, the Consolidated Statements of Income, the Consolidated Statements of Changes in Equity and Notes to Consolidated Financial Statements of MinebeaMitsumi Inc. for the fiscal year from April 1, 2018 to March 31, 2019, pursuant to Paragraph 4, Article 444, of the Companies Act.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements, in accordance with the provisions of the second sentence of Paragraph 1, Article 120 of the Regulation on Corporate Accounting, which permit preparation omitting certain disclosures required under International Financial Reporting Standards. This includes the development, implementation, and maintenance of internal control deemed necessary by management for the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility
Our responsibility is to express an opinion on the consolidated financial statements based on our audits as independent auditors. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessment, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Emphasis of Matter

As described in the notes to subsequent events, the Company acquired 76.2% of the voting rights of U-Shin Ltd. and made it a subsidiary on April 10, 2019.
This event does not affect our opinion.

Interests in the Company
Neither our firm nor any of the partners in charge has any interest in the Company as required to be disclosed herein under the provisions of the Certified Public Accountants Act.

Audit Report on the Non-Consolidated Financial Statements

AUDIT REPORT OF THE INDEPENDENT AUDITORS

May 7, 2019

To: The Board of Directors
MinebeaMitsumi Inc.

KPMG AZSA LLC

Junichi Obi (seal)
Designated Limited Liability Partner
Certified Public Accountant

Noriaki Nomura (seal)
Designated Limited Liability Partner
Certified Public Accountant

Takuju Kamiyama (seal)
Designated Limited Liability Partner
Certified Public Accountant

We have audited the Non-Consolidated Financial Statements, including the Non-Consolidated Balance Sheet, the Non-Consolidated Statement of Income, the Non-Consolidated Statement of Changes in Net Assets, Notes to Non-Consolidated Financial Statements and their supplementary statements of MinebeaMitsumi Inc. for the 73rd fiscal year from April 1, 2018 to March 31, 2019, pursuant to Item 1, Paragraph 2, Article 436, of the Companies Act.

Management's responsibility for the Financial Statements, etc.
Management is responsible for the preparation and fair presentation of these financial statements and their supplementary statements in accordance with generally accepted accounting principles in Japan. This includes the development, implementation, and maintenance of internal control deemed necessary by management for the preparation and fair presentation of financial statements and their supplementary statements that are free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility
Our responsibility is to express an opinion on the financial statements and their supplementary statements based on our audits as independent auditors. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and their supplementary statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and their supplementary statements. The procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the financial statements and their supplementary statements, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessment, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and their supplementary statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and their supplementary statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit opinion
In our opinion, the financial statements and their supplementary statements referred to above, presents fairly, in all material respects, the financial position and the results of operations of MinebeaMitsumi Inc. as of the date and for the period for which the financial statements and their supplementary statements were prepared in accordance with generally accepted accounting principles in Japan.

Emphasis of Matter

As described in the notes to subsequent events, the Company acquired 76.2% of the voting rights of U-Shin Ltd. and made it a subsidiary on April 10, 2019.
This event does not affect our opinion.

Interests in the Company

Neither our firm nor any of the partners in charge has any interest in the Company as required to be disclosed herein under the provisions of the Certified Public Accountants Act.

Report of the Audit & Supervisory Board

AUDIT REPORT

As the results of deliberation, the Audit & Supervisory Board prepared this Audit Report in accordance with reports presented by each Audit & Supervisory Board Member with respect to the performance of duties by the Directors during the 73rd fiscal year from April 1, 2018 to March 31, 2019, and report the results as follows:

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

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

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

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

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

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

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

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

2. Results of Audit

(1) Audit Results of Business Reports, etc.

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

(2) Audit Results of Financial Statements and Supplementary Statements

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

(3) Audit Results of Consolidated Financial Statements

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

May 8, 2019

Audit & Supervisory Board of MinebeaMitsumi Inc.

Kazunari Shimizu (seal)
Standing Audit & Supervisory Board Member

Kazuyoshi Tokimaru (seal)
Standing Outside Audit & Supervisory Board Member

Hisayoshi Rikuna (seal)
Outside Audit & Supervisory Board Member

Shinichiro Shibasaki (seal)
Outside Audit & Supervisory Board Member