(Translation)

The following is an English translation of the Notice of the 78th Ordinary General Meeting of Shareholders of MinebeaMitsumi Inc., to be held on June 27, 2024.
The Company provides this translation for your reference and convenience only and without any guarantee as to its accuracy or otherwise.

Securities Code 6479
May 31, 2024
(Date of commencing the measures for electronic provision: May 29, 2024)

To the Shareholders

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

MINEBEA MITSUMI Inc.
Yoshihisa Kainuma
Representative Director, Chairman CEO

Notice of the 78th Ordinary General Meeting of Shareholders

The 78th Ordinary General Meeting of Shareholders of MinebeaMitsumi Inc. (the "Company") (hereinafter the "Meeting") will be held as indicated below.

In convening this Meeting, the Company takes measures for electronic provision of information contained in reference documents for general meetings of shareholders ("Electronically Provided Information"). The Electronically Provided Information is posted on each of the following websites. Please access any of these websites to see the Electronically Provided Information.

The Company's website:
https://www.minebeamitsumi.com/corp/investors/disclosure/ (In Japanese)
(Please access the above website and click "General Meetings of Shareholders" to see the Electronically Provided Information.)

The website for the Company's reference documents for general meetings of shareholders:
https://d.sokai.jp/6479/teiji/ (In Japanese)

The Tokyo Stock Exchange's website (Search for a listed company):
https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show (In Japanese)
(Please access the above website of the Tokyo Stock Exchange, enter "MinebeaMitsumi" in "Issue name (company name)" or the Company's Securities Code "6479" in "Code," click "Basic information," then click "Documents for public inspection/PR information," and click "Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting" in the section "Filed information available for public inspection" to see the Electronically Provided Information.)

If you do not attend the Meeting in person, as you can exercise voting rights via the Internet, etc. or in writing (by mail), please examine the contents of the reference documents described in the Electronically Provided Information and vote by 5:30 p.m., Wednesday, June 26, 2024.

(Translation)

Particulars of the Meeting

1. Date and Time:

10:00 a.m., Thursday, June 27, 2024 (reception starts at 9:00 a.m.)

2. Place:

Convention Hall Asama
Karuizawa Prince Hotel West
1016-87, Oaza Karuizawa, Karuizawa-machi, Kitasaku-gun, Nagano Prefecture

3. Purpose:

To report on:

1) The Business Report and the Consolidated Financial Statements for the 78th fiscal year (April 1, 2023 to March 31, 2024), 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 78th fiscal year (April 1,2023 to March 31, 2024)

To vote on:

First Proposal:
Appropriation of Surplus

Second Proposal:
Partial Amendments to the Articles of Incorporation

Third Proposal:
Election of Twelve (12) Directors

Fourth Proposal:
Partial Amendments and continuation of performance-linked stock compensation system for directors

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Information on the Meeting

- The Company will also send a document that describes the Electronically Provided Information to shareholders who have made a request for document delivery, provided that the following matters are excluded from the document pursuant to laws and regulations and the provision of Article 14 of the Company's Articles of Incorporation and that the document therefore only constitutes a part of the documents audited by Audit & Supervisory Board Members and Independent Auditors when preparing their Audit Reports:
  - "Matters Regarding Share Acquisition Rights," "Matters Regarding Establishment of a System to Ensure the Appropriateness of Business Activities," and "Basic Policy Regarding Control of the Company" of the Business Report
  - "Consolidated Statement of Changes in Equity" and "Notes to Consolidated Financial Statements" of the Consolidated Financial Statements
  - "Non-consolidated Statement of Changes in Net Assets" and "Notes to Non-consolidated Financial Statements" of the Non-consolidated Financial Statements
- If any revisions are made to the Electronically Provided Information, the Company will post notice to that effect and both the information before and after making those revisions on each of the websites on which the Electronically Provided Information.
- No gifts will be provided to shareholders attending the Meeting.

(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 described in the Electronically Provided Information and exercise voting rights. There are three ways to vote.

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, etc.**
If you attend the Meeting in person, please vote by submitting the enclosed voting card to the reception desk at the venue.	Please indicate your vote for or against each proposal on the enclosed voting card and post it to the Company. If there is no indication on the voting card as to whether you are for or against a proposal, you will be considered to have voted for the proposal.	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, 2024	To be received no later than 5:30 p.m. on Wednesday, June 26, 2024	To be input no later than 5:30 p.m. on Wednesday, June 26, 2024

(Translation)

Guidance on Exercising Voting Rights via the Internet, etc.

How to scan QR Code "Smart voting"	How to enter the voting code and password
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.	Voting Rights Exercise Site: https://www.web54.net 1. Please access the Voting Rights Exercise Site and click "次へすすむ (Next)." 2. Enter the voting code printed on voting card (back) and click "ログイン (Log in)." 3. Enter the password printed on the voting card (back). Enter "Initial password" Set a new password that you will actually use. Click "Register" 4. Then follow the guidance on the screen and vote for or against each proposal.

"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.

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 78th business period shall be 20 yen per share of an ordinary dividend.

Matters concerning year-end dividend:

(1) **Type of dividend**
Cash

(2) **Matters concerning the allocation of dividend and total amount**
20 yen per common share of the Company
Total dividends are 8,089,964,700 yen.

(3) **Effective date for surplus dividend**
June 28, 2024

Since the interim dividend in the amount of 20 yen per share has been distributed, the annual dividend for the 78th business period would be 40 yen per share, the same as the actual dividend for the previous year.

(Translation)

Second Proposal:
Partial Amendments to the Articles of Incorporation

1. Reason for the Proposal
   The Group aims to achieve carbon neutrality in 2050 and has decided to participate in the solar power generation business at respective group companies in Thailand and Cambodia, NMB-Minebea Thai Ltd. and MINEBEA (CAMBODIA), to transform the electricity used at both factories into renewable energy. Accordingly, the proposal is to add a new objective item to Article 2 (Purpose) of the existing Articles of Incorporation to clarify the Company's attitude for commercializing renewable energy.

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) and (14) (Articles Omitted) 2. Manufacture, sales, marketing, repair, and export-import of medical devices; 3. Consulting business for various instruments, contracting of electrical work, as well as design supervision; 4. Heat treatment and surface treatment processing; 5. Sheet metal and press processing; 6. Buying and selling, leasing, brokerage, and management of real estate; 7. Money lending business; (Newly established) 8. Any other businesses incidental to the foregoing; and 9. Investments in securities.	1. Manufacture and sale as well as export/import of the following items: (1) and (14) (Articles Omitted) 2. Manufacture, sales, marketing, repair, and export-import of medical devices; 3. Consulting business for various instruments, contracting of electrical work, as well as design supervision; 4. Heat treatment and surface treatment processing; 5. Sheet metal and press processing; 6. Buying and selling, leasing, brokerage, and management of real estate; 7. Money lending business; 8. Businesses utilizing renewable energy, including solar power generation, and businesses that supply and sell electricity; 9. Any other businesses incidental to the foregoing; and 10. Investments in securities.

(Translation)

Third Proposal:
Election of Twelve (12) Directors

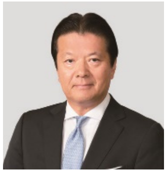
The terms of office of all twelve (12) Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, it is hereby proposed that twelve (12) Directors be elected.

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	Position at the Company	Status of attendance at the Board of Directors Meeting
1	Reelection	Yoshihisa Kainuma	Representative Director, Chairman CEO	100% (12/12)
2	Reelection	Shigeru Moribe	Representative Director, Vice Chairman	100% (12/12)
3	Reelection	Katsuhiko Yoshida	Director, President COO & CFO	100% (12/12)
4	Reelection	Ryozo Iwaya	Director, Vice President Executive Officer	100% (12/12)
5	Reelection	Shigeru None	Director, Senior Managing Executive Officer	100% (12/12)
6	Reelection	Satoshi Mizuma	Director, Senior Managing Executive Officer	100% (10/10)
7	Reelection	Katsutoshi Suzuki	Director, Managing Executive Officer	100% (10/10)
8	Reelection	Takashi Matsuoka	Director (Non-Executive)	100% (12/12)
9	Reelection Outside Independent	Yuko Miyazaki	Outside Director	100% (12/12)
10	Reelection Outside Independent	Atsuko Matsumura	Outside Director	100% (12/12)
11	Reelection Outside Independent	Yuko Haga	Outside Director	100% (12/12)
12	Reelection Outside Independent	Hirofumi Katase	Outside Director	100% (12/12)

Reelection	Candidate for Director to be reelected
Outside	Candidate for Outside Director
Independent	Candidate for independent officer

(Translation)

<table>
<tr><th>No.</th><th>Name (Date of Birth)
<Attendance at the Board of Directors Meeting></th><th>Career Summary, Position and Responsibilities at the Company, and significant concurrent positions outside the Company</th><th>Number of shares of the Company held</th></tr>
<tr><td>1</td><td>
Yoshihisa Kainuma
(February 6, 1956)
(Reelection)
<100% (12/12)></td><td>Apr. 1983 Member of Daini Tokyo Bar Association
Dec. 1988 Director, General Manager of Legal Department of the Company
Sep. 1989 Member of New York State Bar Association
Dec. 1992 Managing Director and Deputy General Manager of Operations Headquarters
Dec. 1994 Senior Managing Director, General Manager of European and American Regional Sales Headquarters, Deputy General Manager of Operations Headquarters
Jun. 2003 Director, Senior Managing Executive Officer
Apr. 2009 Representative Director, President and Chief Executive Officer
Jun. 2017 Representative Director, Chairman & President (CEO & COO)
Dec. 2018 Member of the Nomination and Compensation Committee (Present)
Apr. 2023 Representative Director, Chairman CEO (Present)</td><td>76,100</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Director)
Mr. Yoshihisa Kainuma has been in command of management of the entire Group as Representative Director since 2009, with a track record of tackling business challenges from a medium- to long-term perspective, expanding the Group’s operations, and steadily implementing and achieving an improvement in corporate value under his strong leadership. Currently, he serves as Representative Director, and we continuously propose him as a candidate for Director, considering that he will exercise his management skills backed by such abundant experience and his achievement, and contribute to a further sustainable growth of the Group.</td></tr>
<tr><td>2</td><td>
Shigeru Moribe
(October 27, 1956)
(Reelection)
<100% (12/12)></td><td>Mar. 1980 Joined MITSUMI ELECTRIC CO., LTD.
May 1990 General Manager of Development Headquarters, MITSUMI ELECTRIC CO., LTD.
Apr. 1991 Director, Head of Singapore branch, MITSUMI ELECTRIC CO., LTD.
Apr. 1994 Managing Director, MITSUMI ELECTRIC CO., LTD.
Oct. 1999 Senior Managing Director, General Manager of Sales Headquarters, MITSUMI ELECTRIC CO., LTD.
Apr. 2002 Representative Director, President, MITSUMI ELECTRIC CO., LTD.
Jan. 2017 Adviser of the Company
Apr. 2017 Director, Chairman of the Board of Directors, MITSUMI ELECTRIC CO., LTD. (Present)
Jun. 2017 Representative Director, Vice Chairman (Present)</td><td>188,687</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Director)
Mr. Shigeru Moribe served as Representative Director, President of MITSUMI ELECTRIC CO., LTD. for many years until the business integration between the Company and the said company in 2017, and he has a wealth of experience and keen insight as a corporate manager. We continuously propose him as a candidate for Director since he properly oversees the management of the Group as Representative Director, Vice Chairman at present.</td></tr>
</table>

(Translation)

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<tr><td>3</td><td>
Katsuhiko Yoshida
(January 15, 1962)
(Reelection)
<100% (12/12)></td><td>Apr. 1984 Joined the Company
Dec. 2013 Head of Operation Department at Electronic Device & Component Manufacturing Headquarters, General Manager of Vertical Integration Improvement Office, General Manager of Business Support Office
Jun. 2014 Executive Officer
Jun. 2016 Deputy Chief of Business Administration Headquarters, General Manager of Business Administration Department
Jun. 2017 Managing Executive Officer
Apr. 2019 Officer in charge of Business Administration and Corporate Planning Division, Deputy Officer in charge of Accounting & Corporate Finance Division, Deputy Officer in charge of Sustainability Management Division
Oct. 2019 Senior Managing Executive Officer
Apr. 2020 Director, ABLIC Inc. (Present)
Jun. 2020 Director, Chief of Tokyo Head Office (Present), Officer in charge of Sustainability Management Division
Director, U-Shin Ltd. (Present), Director, Vice President Executive Officer, MITSUMI ELECTRIC CO., LTD.
Apr. 2021 Head of Business Administration and Corporate Planning Division, Head of Sustainability Management Division (Present)
Jan. 2023 Director, Minebea AccessSolutions Inc. (Present)
Apr. 2023 Director, President COO & CFO (Present)</td><td>7,400</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Director)
Mr. Katsuhiko Yoshida has held important positions in the business administration division, the corporate planning division, the procurement division, etc. for many years, and he has a wealth of experience and keen insight. We continuously propose him as a candidate for Director since he engages in overall management of the Company, including corporate planning, administration, accounting, and finance, and properly fulfills his role as Director, President COO & CFO at present.</td></tr>
<tr><td>4</td><td>
Ryozo Iwaya
(April 24, 1958)
(Reelection)
<100% (12/12)></td><td>Apr. 1981 Joined the Company
Dec. 1989 Head of Tokyo Sales Division at Tokyo Branch
Jun. 2009 Executive Officer, Head of Lighting Device Business Unit at Electronic Device & Component Business Headquarters
Jun. 2013 Managing Executive Officer
Jun. 2015 Director (Present), Senior Managing Executive Officer
Jan. 2017 Chief of MITSUMI Business Headquarters, Representative Director, Vice President and Chief Executive Officer, MITSUMI ELECTRIC CO., LTD.
Apr. 2017 Representative Director, President and Chief Executive Officer, MITSUMI ELECTRIC CO., LTD.
Jun. 2017 Chief of Electronic Device & Component Manufacturing Headquarters
Aug. 2019 Director, U-Shin Ltd. (Present)
Oct. 2019 Vice President Executive Officer (Present), Officer in charge of Electronic Device & Component related Business of the Company
Apr. 2021 Chief of Electronic Device & Component Business Headquarters
Jan. 2023 Chief of U-Shin Business Headquarters (currently Access Solutions Headquarters) (Present)
Director, Minebea AccessSolutions Inc. (Present)</td><td>5,300</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Director)
Mr. Ryozo Iwaya has held important positions in the Sales Division, the electronic devices & components manufacturing business, etc. for many years, and he has a wealth of experience and keen insight. We continuously propose him as a candidate for Director since he, as Director and Chief of Access Solutions Headquarters, supervises U-Shin Business Div. and Access Solutions Business Div. and properly fulfills his role at present.</td></tr>
</table>

(Translation)

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<tr><th>No.</th><th>Name (Date of Birth)
<Attendance at the Board of Directors Meeting></th><th>Career Summary, Position and Responsibilities at the Company, and significant concurrent positions outside the Company</th><th>Number of shares of the Company held</th></tr>
<tr><td>5</td><td>
Shigeru None
(August 23, 1959)
(Reelection)
<100% (12/12)></td><td>Apr. 1982 Joined the Company
Sep. 1999 Manager of Osaka Branch
Jun. 2007 Executive Officer
Apr. 2011 Deputy Officer in charge of Sales Division
Jun. 2012 Managing Executive Officer
Jun. 2015 Director (Present)
Jun. 2016 Senior Managing Executive Officer (Present)
Jun. 2017 Officer in charge of Sales Division
May 2018 Chief of Sales Headquarters (Present)</td><td>12,600</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Director)
Mr. Shigeru None has held important positions in the Sales Division for many years, and he has a wealth of experience and keen insight. We continuously propose him as a candidate for Director since he mainly oversees the entire sales division as Director, Chief of Sales Headquarters and properly fulfills his role at present.</td></tr>
<tr><td>6</td><td>
Satoshi Mizuma
(May 27, 1963)
(Reelection)
<100% (10/10)></td><td>Apr. 1986 Joined the Company
Apr. 2011 General Manager of Quality Control Department, Ball Bearing Business Unit
Apr. 2015 Deputy Head of Ball Bearing Business Unit
Jun. 2016 Executive Officer
Oct. 2017 Executive Officer, Head of Ball Bearing Business Unit
May 2018 Managing Executive Officer, Chief of Machined Component Manufacturing Headquarters
Apr. 2021 Chief of Machined Component Business Headquarters (currently Precision Technologies Headquarters) (Present)
Jun. 2022 Senior Managing Executive Officer (Present)
Jun. 2023 Director (Present)</td><td>6,169</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Director)
Mr. Satoshi Mizuma has held important positions in the ball bearing business for many years, and he has a wealth of experience and keen insight. We propose to reappoint him as a candidate for Director since he properly fulfills his role as Chief of Precision Technologies Headquarters at present.</td></tr>
</table>

(Translation)

No.	Name (Date of Birth) <Attendance at the Board of Directors Meeting>	Career Summary, Position and Responsibilities at the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
7	 Katsutoshi Suzuki (April 5, 1962) (Reelection) <100% (10/10)>	May 1986 Joined the Company Apr. 2015 Deputy Officer in charge of Engineering Development Division, Electronic Device & Component Manufacturing Headquarters May 2018 Technical Officer Apr. 2020 Deputy Officer in charge of Engineering Development Division, Deputy Officer in charge of Motor Division, Officer in charge of Motor Engineering May 2021 Technical Officer Oct. 2022 Chief of Engineering Headquarters, Chief of INTEGRATION Promotion Headquarters, Head of Electronic Device & Component Engineering Development Division at Engineering Headquarters, Head of Engineering Development Division at Electronic Device & Component Business Headquarters, Deputy Head of Motor Division Mar. 2023 Chief of Engineering Headquarters, Head of Electronic Device & Component Engineering Development Division at Engineering Headquarters, Head of Engineering Development Division at Electronic Device & Component Business Headquarters (currently Motor, Lighting & Sensing Headquarters), Deputy Head of Motor Division (Present) Jun. 2023 Director, Managing Executive Officer (Present)	5,096
(Reason for nomination as candidate for Director) Mr. Katsutoshi Suzuki has held important positions in engineering development divisions primarily in the area of motors for many years, and he has a wealth of experience and keen insight. We propose to reappoint him as a candidate for Director since he supervises the engineering development division of the Group and properly fulfills his role as Chief of Engineering Headquarters at present.			
8	 Takashi Matsuoka (January 17, 1964) (Reelection) <100% (12/12)>	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 Director) Mr. Takashi Matsuoka has been served as Director at KEIAISHA Co., Ltd. (hereinafter, KEIAISHA) for many years. KEIAISHA has been a shareholder of the Company and supported since the start of our business, and an important stakeholder which responsively continues to engage in our business. He has been in charge of Planning Division, etc., and deeply understands the Company based on a long-term vision. We consider proposing him to be appointed as Director to contribute to sustainably enhancing corporate value from the perspective of the Board's diversity. Since we have been receiving supervision and advice from him from the third-party's viewpoint, we continuously propose him as a candidate for Director as we expect him to provide further supervision and advice.			

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<tr><th>No.</th><th>Name (Date of Birth)
<Attendance at the Board of Directors Meeting></th><th>Career Summary, Position and Responsibilities at the Company, and significant concurrent positions outside the Company</th><th>Number of shares of the Company held</th></tr>
<tr><td>9</td><td>
Yuko Miyazaki
(July 9, 1951)
(Reelection)
(Outside)
(Independent)
<100% (12/12)></td><td>Apr. 1979 Registered as attorney-at-law, member of Dai-Ichi Tokyo Bar Association
Joined Nagashima & Ohno (currently Nagashima Ohno & Tsunematsu)
Aug. 1984 Legal Counsel, Legal Department, The World Bank
Jan. 1988 Partner, Nagashima & Ohno (currently Nagashima Ohno & Tsunematsu)
Jun. 2012 Outside Director, Seven Bank, Ltd.
Jun. 2015 Outside Audit & Supervisory Board Member, Oji Holdings Corporation
Jan. 2018 Justice, The Supreme Court of Japan
Jul. 2021 Re-registered as attorney-at-law, member of Dai-Ichi Tokyo Bar Association
Sep. 2021 Special Advisor, Nagashima Ohno & Tsunematsu (Present)
Jan. 2022 International Judge, Singapore International Commercial Court (Present)
Jun. 2022 Outside Director of the Company (Present)
Member of the Nomination and Compensation Committee (Present)</td><td>–</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Outside Director and expected roles)
Although Ms. Yuko Miyazaki has never been involved in corporate management, she has expertise in corporate legal affairs and tax affairs as well as a wealth of experience and keen insight as an attorney-at-law and a justice of The Supreme Court of Japan. She has been fulfilling her duties appropriately as Outside Director since June 2022. We continuously propose her as a candidate for Outside Director since we expect her to provide supervision and advice, etc. in her role based on such insight and experience.</td></tr>
<tr><td>10</td><td>
Atsuko Matsumura
(December 7, 1955)
(Reelection)
(Outside)
(Independent)
<100% (12/12)></td><td>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
Apr. 2014 Visiting Professor, Faculty of Economics, Keio University
Apr. 2015 Part-time Lecturer, Department of Politics, Faculty of Law, Keio University
Jun. 2016 Outside Director, RENESAS EASTON Co., Ltd. (currently Glosel Co., Ltd.) (Present)
Jun. 2018 Outside Director of the Company (Present)
Dec. 2018 Member of the Nomination and Compensation Committee (Present)
Mar. 2023 Member of the Working Group on Oil Market Trend Study, Advisory Committee for Natural Resources and Energy, the Ministry of Economy, Trade and Industry</td><td>600</td></tr>
<tr><td colspan="4">(Reason for nomination as candidate for Outside Director and expected roles)
Although Ms. Atsuko Matsumura has never been involved in corporate management, she has expertise in international economics as well as broad knowledge and experience accumulated as a university professor. She has been fulfilling her duties appropriately as Outside Director since June 2018. We continuously propose her as a candidate for Outside Director since we expect her to provide supervision and advice, etc. in her role based on such insight and experience.</td></tr>
</table>

No.	Name (Date of Birth) <Attendance at the Board of Directors Meeting>	Career Summary, Position and Responsibilities at the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
11	 Yuko Haga (December 8, 1955) (Reelection) (Outside) (Independent) <100% (12/12)>	Apr. 1989 Senior Consultant, Tokyo Office, Price Waterhouse Consultants Apr. 1991 Representative, Haga Management Consulting Office (Present) Apr. 2008 Executive Officer, Sompo Japan Healthcare Services Inc. (currently Sompo Health Support Inc.) Feb. 2010 Director, Social Welfare Corporation Fujikenikukai (Present) Apr. 2010 Visiting Professor, Department of Policy Management, Faculty of Policy Management, Shobi University Apr. 2017 Associate Professor, Graduate School of Management, NUCB Business School Mar. 2019 Outside Director of the Board, Kyowa Hakko Kirin Co., Ltd. (currently Kyowa Kirin Co., Ltd.) (Present) Apr. 2020 Professor, Graduate School of Management, NUCB Business School (Present) Jun. 2020 Outside Director of the Company (Present) Member of the Nomination and Compensation Committee (Present)	1,400
(Reason for nomination as candidate for Outside Director and expected roles) Ms. Yuko Haga has expertise in corporate strategy as well as broad knowledge and experience accumulated as a management consultant. She has been fulfilling her duties appropriately as Outside Director since June 2020. We continuously propose her as a candidate for Outside Director since we expect her to provide supervision and advice, etc. in her role based on such insight and experience.			
12	 Hirofumi Katase (June 15, 1959) (Reelection) (Outside) (Independent) <100% (12/12)>	Apr. 1982 Joined Ministry of International Trade and Industry Oct. 2000 Director, Economic Policy Unit, Minister's Secretariat, Ministry of International Trade and Industry Jul. 2002 Director, Petroleum and Natural Gas Division, Agency for Natural Resources and Energy Jul. 2006 Director, Aerospace and Defense Industry Division, Manufacturing Industries Bureau, Ministry of Economy, Trade and Industry Aug. 2008 Director for International Industry Research, Minister's Secretariat, Trade Policy Bureau, Ministry of Economy, Trade and Industry Jul. 2009 Deputy Director-General for Trade and Economic Cooperation Bureau and International Exhibitions, Minister's Secretariat, Ministry of Economy, Trade and Industry Jul. 2010 Deputy Director-General, Secretariat of the Space Development Strategy Headquarters, Councillor, Cabinet Secretariat Jul. 2012 Deputy Director-General for International Trade Policy, Minister's Secretariat, Ministry of Economy, Trade and Industry Jun. 2013 Director-General, Industrial Science and Technology Policy and Environment Bureau, Ministry of Economy, Trade and Industry Jul. 2015 Director-General, Trade Policy Bureau, Ministry of Economy, Trade and Industry Jun. 2016 Vice-Minister for International Affairs Jul. 2017 Special Advisor to the Ministry of Economy, Trade and Industry Dec. 2017 Executive Vice Chairman & Director, I-Pulse Inc. (Present) President and Chief Executive Officer, I-Pulse Japan Inc. (Present) Jun. 2021 Outside Director of the Company (Present) Jun. 2022 Member of the Nomination and Compensation Committee (Present)	1,800
(Reason for nomination as candidate for Outside Director and expected roles) Mr. Hirofumi Katase has expertise in economy, industry, technological development, international trading, energy, environment, space development, etc. as well as broad knowledge and experience nurtured through holding important posts in the government agencies. He has been fulfilling his duties appropriately as Outside Director since June 2021. We continuously propose him as a candidate for Outside Director since we expect him to provide supervision and advice, etc. in his role based on such insight and experience.			

Notes:

1. *Special relationship between respective candidates and the Company is as follows:*
   (i) *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.*
   (ii) *There are no conflicts of interest existing between other candidates and the Company.*
2. *Ms. Yuko Miyazaki, Ms. Atsuko Matsumura, Ms. Yuko Haga, and Mr. Hirofumi Katase are candidates for Outside Directors stipulated in Item 7, Article 2, paragraph (3) of the Regulation for Enforcement of the Companies Act.*
3. *The number of years since the candidates for outside directors assumed the office:*
   (i) *Ms. Yuko Miyazaki would have been in office for two years at the conclusion of the Meeting since she assumed the*

post of Outside Director.

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

(iii) Ms. Yuko Haga would have been in office for four years at the conclusion of the Meeting since she assumed the post of Outside Director.

(iv) Mr. Hirofumi Katase would have been in office for three years at the conclusion of the Meeting since he assumed the post of Outside Director.

4. *The Company concluded agreements with Directors (excluding Executive Directors) for limiting their liabilities under Article 423, paragraph (1) 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 Ms. Yuko Miyazaki, Ms. Atsuko Matsumura, Ms. Yuko Haga, Mr. Hirofumi Katase and Mr. Takashi Matsuoka.*
5. *The Company has entered into a directors and officers liability insurance ("D&O insurance") policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company, thereby covering losses and costs incurred by the Company's Directors, Audit & Supervisory Board Members and/or certain others in cases where they are liable for damages arising from their performance of duties (unless a coverage exclusion in the insurance policy is applied). The full amount of the insurance premiums for D&O insurance is borne by the Company. If this proposal is approved as drafted, all of the reelected Director, will be insured persons in the D&O insurance policy. The Company plans to renew the D&O insurance policy with the same details during the term of office of Directors and Audit & Supervisory Board Members.*
6. *Ms. Yuko Miyazaki, Ms. Atsuko Matsumura, Ms. Yuko Haga, and Mr. Hirofumi Katase, 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 Ms. Yuko Miyazaki, Ms. Atsuko Matsumura, Ms. Yuko Haga, and Mr. Hirofumi Katase as independent officers.*
7. *Candidate for Outside Director, Ms. Yuko Haga's registered name under the family registration system is Yuko Hayashi.*

(Translation)

[Reference] Skills Matrix of Directors and Audit & Supervisory Board Members

The following indicates the composition, expected expertise, and the background (skills matrix) of Directors and Audit & Supervisory Board Members if the Third Proposals is approved as drafted in this Meeting.

The list does not represent every single item of knowledge and experience possessed by each candidate.

	Name	Position	Independ-ent	Expertise and background especially expected									
				Corporate manage-ment	M&A	Global affairs	Technology development	Manufac-turing	Sales	Environ-ment and society,	Personnel and human resources development	Legal affairs	Finance, accounting, and tax affairs
Directors	Yoshihisa Kainuma	Representative Director, Chairman CEO		○	○	○		○	○	○	○	○	○
	Shigeru Moribe	Representative Director, Vice Chairman		○		○			○				
	Katsuhiko Yoshida	Director, President COO & CFO		○	○	○				○	○		○
	Ryozo Iwaya	Director, Vice President Executive Officer		○		○		○	○				
	Shigeru None	Director, Senior Managing Executive Officer		○		○			○				
	Satoshi Mizuma	Director, Senior Managing Executive Officer		○		○	○	○					
	Katsutoshi Suzuki	Director, Managing Executive Officer		○		○	○	○					
	Takashi Matsuoka	Director (Non-Executive)		○						○			
	Yuko Miyazaki	Outside Director	◆			○						○	○
	Atsuko Matsumura	Outside Director	◆			○				○	○		
	Yuko Haga	Outside Director	◆	○	○	○					○		
	Hirofumi Katase	Outside Director	◆	○		○				○			
Audit & Supervisory Board Members	Masahiro Tsukagoshi	Standing Audit & Supervisory Board Member		○		○				○	○		○
	Hiroshi Yamamoto	Standing Outside Audit & Supervisory Board Member	◆		○	○							○
	Shinichiro Shibasaki	Outside Audit & Supervisory Board Member	◆									○	
	Makoto Hoshino	Outside Audit & Supervisory Board Member	◆										○

(Translation)

■ Skill items required for the Board of Directors

Skill item	Reasons for the selection of skill items required
Corporate management	The Group needs Directors with abundant management experience and achievements in corporate management as well as experience, knowledge, and skills for formulating a sustainable growth strategy, in order to constantly produce products contributing to social business solutions and sustainably increase corporate value amid a drastic change in the business environment surrounding the Group.
M&A	The Group needs Directors with experience, knowledge, and skills for finding possible M&A targets from the point of strengthening the “Eight Spears” strategy, determining fair prices based on financial discipline in order to maximize integration effectiveness flexibly and speedily by careful PMI (Post Merger Integration), respecting each corporate culture, etc., since we aim for well-balanced organic and M&A growth.
Global affairs	The Group needs Directors with experience, knowledge, and skills for making management decisions considering market and customer trends as well as country risks, including geopolitical risks, since our main customers operate manufacturing and sales globally, and their bases are located overseas.
Technology development, Manufacturing, Sales	The Group needs Directors with experience, knowledge, and skills for manufacturing and developing high quality and precision components in order to materialize and promote the Group’s management philosophy, “contribute to realizing a sustainable, earth-friendly, and prosperous society by producing better products, in faster speed, in larger numbers, in lower cost and by smarter means.”
Environment and society	The Group needs Directors with experience, knowledge, and skills for promoting solutions of environmental and human rights problems, and social issues in order to realize enhancing corporate value by contributing to realizing a sustainable society through our businesses.
Personnel and human resources development	The Group needs Directors with experience, knowledge, and skills for producing innovations continuously with accelerating synergy between various “wisdom” and “human,” which have been accumulated through our active overseas deployment and M&A since our foundation, in order to promote human resources strategy aiming at sustainable enhancement of corporate value.
Legal affairs	The Group needs Directors with experience, knowledge, and skills concerning for ensuring thorough compliance with laws and ethical standards, which is fundamental to our business operations to expand our businesses globally.
Finance accounting and tax affairs	The Group needs Directors with experience, knowledge, and skills concerning developing financial strategies to realize promoting growth investment, including M&A, and enhancing shareholder return.

(Translation)

Fourth Proposal:
Partial Amendments and Continuation of Performance-Linked Stock Compensation System for Directors

1. Reasons for the proposal and that the remuneration system is appropriate
   Remuneration for the Company's Directors (limited to Executive Directors. The same applies below.) consists of "basic remuneration," "performance-linked officer bonuses" and "performance-linked stock compensation." Among these, "performance-linked stock compensation" pays cash through a trust to acquire the Company's shares. The compensation system (the "System") is where through the Trust, the Company's Directors would be granted a number of the Company's shares equivalent to points conferred to them. This was approved at the 74th Ordinary General Meeting of Shareholders held on June 26, 2020, and was currently in effect until now.
   The goals of adopting the System are to help improve corporate earnings over the medium and long term and to enhance an awareness of contributions to corporate value gains by more clearly linking the Company's Director's compensation to corporate earnings and exposing the Company's Directors to the same benefits and risks associated with share price fluctuations as shareholders. The proposal aims to further enhance the willingness and sense of realization of Directors' contributions to the enhancement of corporate value.
   This agenda item proposes to change the details of the System as described below. Namely, in addition to changing the type and method of determining the number of points the Company grants to each Director (Standard for granting points) under the System, the maximum amount of money to be contributed by the Company to the trust to fund the acquisition of the Company's shares and the maximum number of points to be granted to Directors will be changed. Among the changes, specifically, for the type and method of determining the number of points the Company grants to each Director (Standard for granting points) under the System, until now, the Company grants only points on the standard for granting points of each Director's degree of contribution to the performance, etc. (A) points for which the degree of achievement of the quantitative evaluation indicators linked to consolidated management indicators are the standard for granting points ("A. Standards Revised"); and (B) points for which the medium- to long-term transition of quantitative evaluation indicators are the standard for granting points ("B. Standards Newly Established"). Furthermore, the Company requests that the determination of the details of the System be left to the Board of Directors, within the scope described in 2. below.
   The compensation limit under the System remains the same as before; the existing maximum amount of remuneration (basic remuneration, performance-linked remuneration, and stock-based compensation stock options) approved at the 71st Ordinary General Meeting of Shareholders held on June 29, 2017 and at the 75th Ordinary General Meeting of Shareholders held on June 29, 2021 (1,500 million yen per year, of which 70 million yen per year for Outside Directors; director remuneration does not include employee salaries.). is a separate limit, and compensation under the System after changes under this proposal will be paid to incumbent Directors for the three consecutive fiscal years from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2027 ("the Period") (However, as described in 2. (2) from the next page, the Period may be extended.).
   Although the purpose of changing the System is as stated above, and the overview of the policy on determining remuneration to individual Directors of the Company (the "Policy"), is as stated in Business Report 3. Corporate Officers (2) Remuneration to Directors and Audit & Supervisory Board Members (i), subject to approval of this proposal, the details are planned to be changed as stated below in [Reference]. The details of this proposal were consulted with the Nomination and Compensation Committee, and the Company's Board of Directors has determined it necessary and reasonable in order to pay compensation, etc. in accordance with the Policy after the changes.
   Furthermore, if the third proposal "Election of Twelve (12) Directors" is approved and passed as proposed, seven (7) Directors will be eligible for the System.

2. Amount and content of remuneration in the System
   The amount and details, etc. under the System after the changes in this proposal are as stated below.

(1) Outline of the System
   As stated above, the Company will establish this System by paying cash through a trust (Already established. Hereinafter, "the Trust".) to acquire the Company's shares. Through the Trust, the Company's Directors would be granted a number of the Company's shares equivalent to points (*1) conferred to them.
   In principle, the Company's shares would be granted upon retirement of Directors.

<table>
<tr><th colspan="2"></th><th>Before the changes</th><th colspan="2">After the changes</th></tr>
<tr><td>1)</td><td>Persons eligible for the System</td><td>The Company’s Directors (excluding Outside Directors)</td><td colspan="2">The Company’s Director (limited to Executive Directors) (*2)</td></tr>
<tr><td>2)</td><td>Period</td><td>From the fiscal year ended March 31, 2021 to the fiscal year ended March 31, 2023 (*3) (*4)</td><td colspan="2">From the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2027 (*3)</td></tr>
<tr><td>3)</td><td>Maximum amount of money to be contributed by the Company as funds for acquiring the Company’s shares for delivery to Directors in 1) during the Period in 2)</td><td>Total amount of 300 million yen (In the event of extending the Period, an amount not exceeding that calculated by multiplying the number of fiscal years during the extended Period by 100 million yen, during the extended Period)</td><td colspan="2">Total amount of 960 million yen (In the event of extending the Period, an amount not exceeding that calculated by multiplying the number of fiscal years during the extended Period by 320 million yen, during the extended Period)</td></tr>
<tr><td>4)</td><td>Method of acquiring the Company’s shares</td><td>Method in which shares of the Company are acquired either through the disposal of treasury stock of the Company or through the stock market (including off-floor trades)</td><td colspan="2"><No change></td></tr>
<tr><td>5)</td><td>Maximum total number of points to be granted to Directors eligible for the System in 1)</td><td>100,000 points per fiscal year</td><td colspan="2">160,000 points per fiscal year</td></tr>
<tr><td rowspan="2">6)</td><td rowspan="2">Standard for granting points</td><td>Points granted according to the level of contribution to business performance, etc.</td><td>A. Standards Revised</td><td>Points are granted according to the degree of achievement of the quantitative evaluation indicators linked to consolidated management indicators (*5) in a single year</td></tr>
<tr><td><Newly established></td><td>B. Standards Newly Established (*2)</td><td>Points are granted according to the medium- to long-term transition of quantitative evaluation indicators (*6)</td></tr>
<tr><td>7)</td><td>Timing of the delivery of the Company’s shares to Directors in 1)</td><td>Upon retirement, in principle</td><td colspan="2"><No change></td></tr>
</table>

(*1) One point will equal one share of the Company. If, however, it is deemed reasonable to adjust the number of the Company’s shares for delivery, such as for a share split or share consolidation, the number of the Company’s shares per point shall be adjusted according to such share split or share consolidation, etc.

(*2) Chairman and the Representative Director, Vice Chairman will not be granted “B. a number of points corresponding to the Standards for New Establishment” and will be separately issued monetary compensation based on standards equivalent to “B. a number of points corresponding to the Standards for New Establishment” within the monetary compensation limits approved at the General Meeting of Shareholders. For details, please see “[Reference] Policy on determining remuneration to individual Directors of the policy to determine details of individual compensation, etc. for the Company’s Directors <Medium- to long-term performance-linked compensation (stock / cash)>” as stated below.

(*3) By resolution of the Board of Directors, extensions can be made for a specified period of up to five fiscal years.
(*4) By resolution of the Board of Directors, an extension was already made for one fiscal year (the fiscal year ended March 31, 2024).
(*5) The Company's Board of Directors shall determine the specific evaluation indicator. For the time being, however, the Company plans to set "consolidated profit for the year," "ROE," and "GHG reduction ratio." (Details are provided on page 23.)
(*6) The Company's Board of Directors shall determine the specific evaluation indicator. For the time being, however, the Company plans to set "EPS growth rate (the latest 3-year average)." (Details are provided on page 22.)

(2) Maximum contribution by the Company

The Company will extend the trust term of the established Trust from the end of July 2024 to the end of July 2027 in addition to, during the Period, in order to fund the acquisition of the Company's shares necessary for the grant of compensation under the System after the change, the Company will make an additional trust in the amount of money up to a total of 960 million yen (*7) as compensation for Directors in office during the Period. The Trust would use the Company's entrusted funds (*8) to acquire the Company's shares through the disposal of treasury stock of the Company or through the stock market (including off-floor trades).

Based on a resolution of the Board of Directors, the Company can extend the Period up to five fiscal years and accordingly extend the Trust term to continue the System (*9). In such a case, the Company will, to secure funds needed to acquire the Company's shares for delivery to each Director under the System, additionally contribute to the Trust during the extended Period an amount not exceeding that calculated by multiplying the number of fiscal years during the extended Period by 320 million yen, and will continue to grant points and the Company's shares as described in (3) below.

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

(*7) The money that the Company actually additionally entrusts to the Trust will be the sum of the aforementioned funds for acquiring the Company's shares and the estimated required expenses, including trust fees and trust administrator fees.
(*8) This includes the money additionally entrusted by the Company as stated in (*7) above as well as the money remaining in the Trust prior to the additional trust.
(*9) This includes substantially extending the trust term by transferring the trust assets of the Trust to a trust with the same purpose of the Trust established by the Company. The same applies below.

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

(i) Method of granting points to the Company's Directors

The Company will, pursuant to the Share Grant Regulations that the Company's Board of Directors has determined, grant each Director of the Company "A. a number of points corresponding to the Standards Revised" and "B. a number of points corresponding to the Standards for New Establishment" on the grant date set out under the Share Grant Regulations during the trust term. In addition, the Company's Board of Directors shall determine the specific evaluation indicators for both "A. Standards Revised" and "B. Standards Newly Established." For the time being, however, the Company plans to set "A. Standards Revised" as "consolidated profit for the year," "ROE," and "GHG reduction ratio," while "B. Standards Newly Established" as "EPS growth rate (the 3-year average)."

The total number of points granted each fiscal year to Directors will not exceed 160,000. Even if the proposal is approved as proposed, after the conclusion of this Ordinary General Meeting of Shareholders, points may be granted within the limits of the resolution of the System at the 74th Ordinary General Meeting of Shareholders held on June 26, 2020, based on the System before the changes of this proposal as payment for the execution of duties for the fiscal year ended March 31, 2024.

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

Directors will, pursuant to the procedure in (iii) below, receive the Company's shares corresponding to the number of points granted in (i) above. However, in the event that a Director retires for personal reasons, etc., all or part of the points granted up to that point shall be forfeited, and the Company's shares corresponding to the forfeited points shall not be delivered to the Director.

One point will equal one share of the Company. If, however, it is deemed reasonable to adjust the number of the Company's shares for delivery, such as for a share split or share consolidation, the number of the Company's shares per point shall be adjusted according to such share split or share consolidation, etc.

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

The Trust will deliver the Company's shares to a Director under (ii) above upon retirement in principle, in accordance with a prescribed beneficiary determination procedure. However, a certain proportion of the Company's shares can be converted into cash through sale within the Trust for the Company to make deductions at source to fund such tax payments as withholding income tax, with payments to Directors being cash in lieu of the Company's shares. Payments can also be made in cash to Directors in lieu of the Company's shares if shares in Trust are converted to cash, notably upon settlement of shares held in Trust owing to acceptance of a tender offer.

(4) Exercise of voting rights

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

(5) Treatment of dividends

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

[Reference] Policy on determining remuneration to individual Directors
If the fourth proposal is approved as proposed, the policy on determining remuneration to individual Directors will be as follows.

1. Determination of the policy on determining remuneration to individual 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 policy on determining remuneration to individual Directors was deliberated in the Nomination and Compensation Committee, and the Board of Directors determined it after giving careful considerations to recommendations from the committee.

   With regard to determining remuneration to individual Directors, the Board of Directors has determined the policy on determination to be in line as the Nomination and Compensation Committee is conducting a comprehensive review including consistency between the proposal and policy on determination.

2. Overview of the policy on determining remuneration to individual Directors

   The remuneration to individual Directors is determined by a resolution of the Board of Directors after consulting the Nomination and Compensation Committee, within the maximum amount authorized by the General Meeting of Shareholders.

   <Basic Principle to the Officer Compensation System>

   The Company will establish and operate the Officer Compensation System based on the following concepts.

   I. A balanced system that realizes a high incentive effect that draws out the full potential of individual Directors and a sustainable increase in corporate value from a medium- to long-term perspective
   II. Aim for a level of compensation that is competitive in attracting talented domestic and overseas personnel and can be attractive to the Company's employees in their pursuit to be part of future management team
   III. An appropriate framework that ensures transparency, fairness, and rationality in the fulfillment of accountability to shareholders, investors, and other stakeholders

   <Policy on determining compensation composition and composition ratio>

   Compensation for Directors is composed as follows.

<table>
<tr><th colspan="2">Composition</th><th>Name</th></tr>
<tr><td>Non-performance-linked</td><td rowspan="3">Cash</td><td>Basic compensation</td></tr>
<tr><td rowspan="4">Performance-linked (*1)</td><td>Short-term performance-linked compensation (bonuses)</td></tr>
<tr><td rowspan="2">Medium- to long-term performance-linked compensation (stock/cash)</td></tr>
<tr><td rowspan="2">Stock</td></tr>
<tr><td>Performance-linked stock compensation</td></tr>
</table>

   Although the ratio of non-performance-linked compensation and performance-linked compensation and the ratio of cash and stock are not determined because of fluctuations due to the degree in achieving corporate earnings each fiscal year, the standards of non-performance-linked compensation : performance-linked compensation = 1 : 2 or more, and stock to be 10% or more of the total amount of compensation, are according to the policy designed to be highly linked to corporate earnings.

   <Basic compensation>

   Basic compensation is composed of responsibility compensation (fixed position) according to the "Directors' Compensation Regulations," and performance compensation (individual performance evaluations), revised each fiscal year taking into consideration each Director's track record, performance, and various other factors, and the amount paid is determined by a resolution of the Board of Directors after consulting the Nomination and Compensation Committee.

<Short-term performance-linked monetary compensation (bonuses)>

As short-term performance-linked monetary compensation (bonuses) focuses on profit, the final result of each fiscal year, and corporate value expressed in the stock price is included in Director evaluations, consolidated corporate earnings centered on consolidated profit for the year and stock price levels, including the Company's market capitalization, are used as evaluation indicators, with the incentives to improve corporate earnings and increase in corporate value by achieving the management plan. The amount paid is calculated based on the bonus calculation table according to the "Directors' Compensation Regulations," and with adjustments made within a certain ratio based on individual performance evaluations, is determined by a resolution of the Board of Directors after consulting the Nomination and Compensation Committee.

Evaluation indicator
Consolidated profit for the year
Growth of the consolidated net sales
Company's stock price performance compared to the Nikkei stock average
Market capitalization at fiscal year-end
Consolidated operating income margin (8%-10%)

<Medium- to long-term performance-linked compensation (stock/cash)> *Newly established

Medium- to long-term performance-linked compensation (stock/cash) will be added as a driving force for the realization of 2.5 trillion yen in net sales and 250 billion yen in operating income, the targets to be achieved in the fiscal year ending March 31, 2029. The number of shares (points) or amount paid are calculated based on the points calculation table or the Medium- to long-term performance-linked compensation calculation table using the items in the table below as indicators. Details are stipulated in the "Share Grant Regulations" and "Directors' Compensation Regulations," which are determined in the Board of Directors meeting.

Evaluation indicator	Aim, etc.
Achievement of EPS growth rate of 15% (the latest 3-year average)	By using the achievement of an EPS growth rate of 15% or above, which is a management indicator, as an evaluation indicator based on the latest 3-year average, the Company will strengthen its motivation from a medium- to long-term perspective to continuously generate consolidated profit for the year, which is a source of growth. The Company will grant cash or shares according to the level of achievement of the indicator, ranging from 15% to 20%.

Medium- to long-term performance-linked compensation shall be paid in stock or cash. However, Directors who do not hold a number of the Company's shares at a level required by the Company's "Stock Ownership Guidelines for Directors"(*2) shall in principle be paid in stock.

<Performance-linked stock compensation>

Performance-linked stock compensation is a number of the Company's shares equivalent to the number of points the Company grants to Directors upon retirement according to the achievement of each evaluation indicator toward achieving the target for consolidated profit for the year, achieving ROE, a management indicator, and realizing SBT targets (*3). The purpose is to further clarify the link between Directors' compensation and the Company's business performance and stock value and to raise awareness among Directors of the need to contribute to improving the Company's performance and enhancing its corporate value over the medium- to long- term by sharing with shareholders the benefits and risks associated with stock price fluctuations. The number of shares (points) to be paid is calculated based on the points calculation table using the items in the table below as indicators. Details are stipulated in the "Share Grant Regulations," which is determined in the Board of Directors meeting.

Evaluation indicator	Aim, etc.
Consolidated profit for the year	The most important management indicators as the source for growth investments
Achievement of ROE 15%	The current system is centered on consolidated profit for the year and this aims to supplement the medium- to long-term perspective.
Achievement of GHG (scope 1-2) -5% YoY	A specific numerical target to be set in order to realize SBT targets (*3), which is the Company's external commitment.

(*1) For non-executive Directors (including Outside Directors), basic compensation (non-performance-linked) is set, and performance-linked compensation is not set, taking into account expected roles, etc. of each Director.

(*2) Stock Ownership Guidelines for Directors
https://www.minebeamitsumi.com/corp/investors/management/governance/

(*3) As a target of Science Based Targets (SBT) under the Paris Agreement, the Company has announced a reduction of Greenhouse Gas (GHG) (scope1-2) by 42% compared to the fiscal year ended March 31, 2023, and the achievement of this target needs to realize a reduction of 5% or more compared to the previous year.

(Translation)

Business Report

(April 1, 2023 to March 31, 2024)

1. Status of the MinebeaMitsumi Group

(1) Operating performance of the fiscal year

During the consolidated fiscal year, the Japanese economy showed a moderate recovery with a resumption of capital investment demand, as well as improvements in employment and income environment. On the other hand, rising interest rates restrained the demand. The U.S. economy continued steady movement due to firm consumer spending and growth in demand for capital and housing investment. In Europe, the consumer spending showed a sign of recovery due to the easing trend of price hike pressure though the domestic and external demands were stagnant due to monetary restraint and the stagnation of the Chinese economy. In China, economy continued to slow due to a prolonged real estate slump despite increases of fixed asset investment in private sectors and infrastructure, etc. In Southeast Asia, the economy progressed steadily due to recovery trend of export along with steady domestic demand.

Working against this backdrop, the MinebeaMitsumi Group (the “Group”) has focused 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 109,924 million yen (8.5%) year on year to 1,402,127 million yen. Operating income was down 23,994 million yen (-24.6%) year on year to 73,536 million yen, profit before income taxes was down 16,583 million yen (-18.0%) year on year to 75,545 million yen, and profit for the year attributable to owners of the parent was down 19,117 million yen (-26.1%) year on year to 54,035 million yen.

The above includes the profit and loss of HONDA TSUSHIN KOGYO CO., LTD. acquired on September 16, 2022 and Minebea AccessSolutions Inc. (former Honda Lock Mfg. Co., Ltd.) acquired on January 27, 2023.

The provisional accounting treatment for the business combination has been finalized for the fiscal year, and reflected the content of provisional accounting treatment finalization for the previous consolidated financial statements.

Performance by segment is as follows:

The previous names of “Machined Components segment”, “Electronic Devices and Components segment”, “MITSUMI Business segment” and “U-Shin Business segment” have been changed to “Precision Technologies segment”, “Motor, Lighting & Sensing segment”, “Semiconductor & Electronics segment”, and “Access Solutions segment” respectively from the fiscal year. This change in the name of reportable segments has no impact on segment information.

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

Precision Technologies Business

The main products in our Group’s Precision Technologies segment include our Group’s anchor product line, ball bearings, in addition to mechanical components such as rod-end bearings used primarily in aircraft and hard disk drive (HDD) pivot assemblies, etc. as well as fasteners for aircraft. Sales of ball bearings, our Group’s mainstay product, net sales and operating income decreased due to a stagnant demand for data centers, while net sales of rod-end bearings increased due to an increase demand for aircraft-related products.

As a result, net sales were up 14,106 million yen (7.1%) year on year to 211,406 million yen, while operating income was down 4,916 million yen (-11.4%) year on year to 38,035 million yen.

Motor, Lighting & Sensing Business

The main products of our Group’s Motor, Lighting & Sensing segment include electronic devices (devices such as LED backlights for LCDs, sensing devices (measuring components), etc.), HDD spindle motors, stepping motors, DC motors, air movers, and special devices. Net sales increased mainly due to an increase in demand for automotive motors.

As a result, net sales were up 3,113 million yen (0.8%) year on year to 369,388 million yen, and operating income was up 10,945 million yen year on year to 11,867 million yen.

Semiconductor & Electronics Business

The main products in the Semiconductor & Electronics business segment are semiconductor devices, optical devices, mechanical components, power supply components, and smart products. Sales of mechanical components and optical devices for camera actuators declined, and both net sales and operating income decreased.

As a result, net sales were down 35,362 million yen (-6.7%) year on year to 494,717 million yen, and operating income also decreased by 6,194 million yen (-14.9%) year on year to 35,450 million yen.

Access Solutions Businesses

The main products of the Access Solutions business segment are key sets, door latches, door handles, and other automotive components as well as industrial equipment components. In addition to the business integration of Minebea AccessSolutions Inc., net sales were up owing to recovered demand resulting from a recovery in automobile production, however, operating income was down due to negative goodwill arising from the business combination with Minebea AccessSolutions Inc. in the previous fiscal year.

As a result, net sales were up 127,409 million yen (65.4%) year on year to 322,108 million yen, and operating income was down 8,760 million yen (-45.2%) year on year to 10,601 million yen.

Notes:

1. Software design, development, and machines produced in-house are the main products in our Other business segment. Net sales were up 658 million yen (17.1%) year on year to 4,508 million yen, and operating income was down 680 million yen for an operating loss of 728 million yen.
2. In addition to the figures noted above, 21,689 million yen in corporate expenses, etc. not belonging to any particular segment is indicated as adjustments. Adjustments in the previous fiscal year came to 7,300 million yen.

(2) Capital expenditures, financing, and major lenders

(i) Capital expenditures

During the fiscal year under review, capital expenditures were 10,214 million yen for the Precision Technologies business, 18,818 million yen for the Motor, Lighting & Sensing business, 31,401 million yen for the Semiconductor & Electronics business, 11,248 million yen for the Access Solutions business, 150 million yen for the Other businesses, and 11,739 million yen for the whole company (common), totaling 83,570 million yen. The main capital expenditures for the Precision Technologies business were equipment to increase production of ball bearing, etc. in Thailand. The main capital expenditures for the Motor, Lighting & Sensing business were equipment for motor-related facilities, etc. in Thailand and Cambodia. The main capital expenditures for the Semiconductor & Electronics business were optical devices related facilities, etc. in the Philippines and semiconductor related facilities, etc. in Japan. The main capital expenditures for the Access Solutions business were equipment for automotive related facilities in Europe and China.

Capital expenditures included 2,146 million yen for intangible assets and an increase of 3,356 million yen in right-of-use assets in line with new lease agreements under the application of IFRS 16 “Leases.”

(ii) Financing

Own funds, corporate bonds 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 362,383 million yen.

(iii) Major lenders (As of March 31, 2024)

Lenders	Outstanding borrowing (millions of yen)
Syndicate loans	112,500
Sumitomo Mitsui Banking Corporation	68,949
Sumitomo Mitsui Trust Bank, Limited	67,442
MUFG Bank, Ltd.	64,697

Notes:

1. *Outstanding borrowing from MUFG Bank, Ltd. includes 15,000 million yen for corporate bonds.*
2. *The syndicate loans consist of as follows:*
   - *borrowings of 20,000 million yen organized by Sumitomo Mitsui Trust Bank, Limited (the main source: 17,500 million yen from Sumitomo Mitsui Trust Bank, Limited)*
   - *borrowings of 42,500 million yen organized by Sumitomo Mitsui Trust Bank, Limited (the sources: 17,857 million yen from Sumitomo Mitsui Trust Bank, Limited, 12,857 million yen from Sumitomo Mitsui Banking Corporation, and 11,786 million yen from MUFG Bank, Ltd.)*
   - *borrowings of 50,000 million yen organized by MUFG Bank, Ltd*

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

Not applicable.

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

	Fiscal 2021 (4/20–3/21)	Fiscal 2022 (4/21–3/22)	Fiscal 2023 (4/22–3/23)	Fiscal 2024 (4/23–3/24)
	IFRS	IFRS	IFRS	IFRS
Net sales (millions of yen)	988,424	1,124,140	1,292,203	1,402,127
Operating income (millions of yen)	51,166	92,136	97,530	73,536
Profit for the year attributable to owners of the parent (millions of yen)	38,759	68,935	73,152	54,035
Earnings per share, basic (yen)	94.95	170.08	178.23	133.05
Total assets (millions of yen)	976,771	1,104,192	1,299,828	1,416,122
Total equity (millions of yen)	453,998	541,435	639,118	715,724

Notes:

1. *Basic earnings per share is calculated on the basis of the average number of issued shares during the relevant fiscal year excluding treasury stock.*
2. *Amounts less than 1 million yen are rounded up or down to the nearest million.*

(Translation)

(5) Significant parent company and subsidiaries

(i) Parent company

Not applicable.

(ii) Significant subsidiaries

Name	Location	Common stock	Voting rights ratio	Main business lines
MITSUMI ELECTRIC CO., LTD.	Japan	JPY 20,000 million	100.0%	Manufacture and sales of electrical appliances and communication devices
U-Shin Ltd.	Japan	JPY 15,206 million	100.0%	Manufacture and sales of components for automotive, and industrial machinery equipment
ABLIC Inc.	Japan	JPY 9,250 million	100.0%	Manufacture and sales of semiconductor products
Minebea AccessSolutions Inc.	Japan	JPY 2,150 million	100.0%	Manufacture and sales of automotive components, and keyless home entry systems
NMB-Minebea Thai Ltd.	Thailand	BAHT 15,305,363 thousand	100.0%	Manufacture and sales of precision technology, and motor, lighting & sensing products
NMB Technologies Corporation	U.S.A.	USD 0.38 thousand	100.0% (100.0%)	Manufacture and sales of precision technology, motor, lighting & sensing, and semiconductor & electronics 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%	Manufacture and sales of precision technology, motor, lighting & sensing, and semiconductor & electronics products
MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD.	China	USD 239,060 thousand	100.0%	Manufacture and sales of precision technology, and motor, lighting & sensing products
MINEBEA (HONG KONG) LIMITED	Hong Kong	HKD 100,000 thousand	100.0%	Manufacture and sales of precision technology, motor, lighting & sensing, and semiconductor & electronics products
NMB SINGAPORE LIMITED	Singapore	SGD 38,000 thousand	100.0%	Manufacture and sales of precision technology, and motor, lighting & sensing products
MINEBEA (CAMBODIA) Co., Ltd.	Cambodia	USD 120,050 thousand	100.0%	Manufacture and sales of precision technology, and motor, lighting & sensing products
CEBU MITSUMI, INC.	Philippines	PHP 8,307,987 thousand	100.0% (100.0%)	Manufacture of connectors, optical device products, and semiconductor products

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, 2024 is 145, including 13 significant subsidiaries shown in the above table.*

(6) Tasks to be accomplished

1) Corporate Philosophy and basic management policies

In order for the Group to more strongly promote both our growth and our efforts to achieve sustainable growth of the global environment and society, the MinebeaMitsumi Group has established the following three basic management policies, based on the Corporate Philosophy, which aims to "contribute to realizing a sustainable, earth-friendly, and prosperous society by producing better products, in faster speed, in larger numbers, in lower cost and by smarter means."

(i) Transparent management based on our company credo "The Five Principles"
1) Be a company where our employees are proud to work
2) Earn and preserve the trust of our valued customers
3) Respond to our shareholders' expectations
4) Work in harmony with the local community
5) Promote and contribute to global society

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

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

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

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

(iii) Sincere attitude to manufacturing

The most important thing for the Group is pursuing and sharing the best practice of attitude to manufacturing, the way of thinking and doing. We pursue our "sincere attitude" which we have ensured thoroughly.

2) Basic strategy

Based on the above basic management policies, which are specific policies for the corporate growth and continuity, the Group believes that the core of the management is sustainability and strives to maximize profits and manage risks in pursuit of continuous growth and sustainability; therefore, the Group will move ahead with building a diversified business portfolio around its "Eight Spears" strategy and will reinforce the risk distribution system, in lieu of "selection and concentration" strategy.

To be specific, we will work to develop new products for a new generation and expand the Electro Mechanics Solutions (EMS) business by blending the machined components technology and electronic device and component technology of the MinebeaMitsumi Group with the in-vehicle technology held by U-Shin Ltd. and Minebea AccessSolutions and the semiconductor technology held by MITSUMI ELECTRIC CO., LTD. and ABLIC Inc. Also, by leveraging our integrated strength in manufacturing, sales, engineering and development, we will bolster our ability to meet customer requests and provide flexibility in pricing.

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

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

i) Reinforcing core businesses

By further reinforcing the ultra-precision machining technology, vertically integrated manufacturing system and the global network that are the source of the underlying strengths of all its products, the MinebeaMitsumi Group will work to capture an overwhelming majority of the market share with its core businesses, including bearings and motors, and boost the profitability. In addition, the Group will thereby strive to contribute to solving societal issues and promoting society's sustainable development.

ii) Diversified niches (the "Eight Spear products")

By taking the lead over its competitors in the bearing industry by specializing in the niche field of miniature bearings with an external diameter of 22 mm or less, the Company has built a high market share and profitability. In addition, through the process of business diversification from the viewpoints of market sizes and permanence, the Company has evolved the "Eight Spear products" (bearings, motors, analog semiconductors, access products, sensors, connectors/switches, power sources and wireless/communications/software) which are core products in its business. The Company will continue its efforts to win high market share in specialized areas (niches) and sustain its growth.

iii) Generating synergies through the INTEGRATION

The Company blends its core technologies, namely, ultra-precision machining, mass production, sensors (load, pressure, etc.), optical, MEMS, high-frequency, electronic circuits, and semiconductor design, mechanism design and system design technologies, for the further evolution of the "Eight Spear products." By combining the evolved products, we will generate synergies in such fields as automotive, aircraft, robotics, nursing care and medicine, industrial, information and communications, infrastructure and home security equipment to deliver new value to customers.

iv) Human resources strategy to realize management strategy

To further develop our businesses, we should sustainably attract talents from all generations, increase employees who will strongly commit to profit contribution, improving productivity and quality, reinforce and develop our businesses. To achieve those strategies, we powerfully promote various initiatives necessary for workforce transformation (management transformation for building strong organization by self-propelled employees, fostering a new corporate culture and personnel system reform which promote challenges stimulated by passions and "INTEGRATION" activities, strategic development of core human resources for group management) based on enhancing activities by employee engagement.

v) Intellectual capital strategy to realize management strategy

To support rapid growth of our businesses, we will reinforce our core technologies including "ultra-precision machining techniques" as well as promote development of new technology and products for solving social issues by power of "INTEGRATION of manufacturing, technology, development, and sales." In addition, we will form a portfolio of intellectual property to support the business effectively, and each company will mutually complement more than 8,500 patents owned by the Group. Furthermore, applying PMI[*1] know-how to M&A, which we have accumulated to date, we will achieve synergy effects at an early stage.

vi) Implementing the QCDESS strategy

In addition, the MinebeaMitsumi Group intends to boldly pour resources into strengthening its environmental, social, and governance (ESG) initiatives, with a view to realizing a decarbonized society, as well as achieving the Sustainable Development Goals (SDGs) so that it can grow sustainably.

As the world faces the urgent issue of tackling climate change, the Group has made "QCDESS," which combines QCDS (Quality, Cost, Delivery, and Service), the source of competitiveness, with Environment, Efficiency, and Speed, as the core of our new management strategy to lay the foundation for our 100th anniversary in 2051.

vii) Initiative for environment

Almost all our products, including ball bearings, motors, and sensors, are environmentally friendly products that are precise and save energy and space. We are implementing our "MMI BEYOND ZERO" initiative, which is an effort to reduce our CO_2 emissions as well as cut energy consumption of our customers who use our products and other related customers, and contributes to reducing CO_2 emissions globally.

We submitted a commitment letter to obtain SBT[*2] certification in 2023, and reviewed greenhouse gas emission reduction targets for the certification. To achieve the target, we introduced solar generation power facility in Thailand, Cambodia, Philippines, and etc., and promoted procurement of renewable energy through PPA[*3] in Philippines and Europe. We will also continue to strive to achieve carbon neutrality and make further efforts to solve environmental problems.

viii) Creating high-quality precision components that support society

We will work to strengthen the mass and stable supply system for ultra-precision components and practice responsible procurement, while also endeavoring to coexist with local communities where we operate, particularly where we manufacture products, by creating jobs, collaborating with local residents, and through other efforts.

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

*1 PMI (Post Merger Integration)
*2 SBT (Science Based Targets)
*3 PPA (Power Purchase Agreement)
*4 GHG (Greenhouse Gas)

(7) Major offices (As of March 31, 2024)

(i) The Company's major offices

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

(ii) Major subsidiaries' offices
Indicated in "(5) Significant parent company and subsidiaries, (ii) Significant subsidiaries."

(8) Employees (As of March 31, 2024)

(i) Employees of the MinebeaMitsumi Group

Classification	Number of employees	Increase (decrease) from the end of the previous year
Precision technologies business	16,487	(358)
Motor, lighting & sensing business	32,085	(2,686)
Semiconductor & electronics business	19,572	(477)
Access solutions business	14,152	(486)
Other businesses	553	(3)
Whole company (common)	1,037	144
Total	83,886	(3,866)

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
4,713	93	45.4	16.5

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

(9) Policy on deciding cash dividend, etc. from surplus
The Company recognizes shareholder return as the important management issue. Comprehensively taking into account the business environment and maintaining a continuous, stable profit distribution, the Company will set the basic policy under which it gives top priority to improving the efficiency of shareholders' equity and distributing more profit to shareholders, thereby returning its profits to shareholders commensurate with its business performance. Moreover, the Company will conduct repurchases of its treasury stock as necessary to improve return to shareholders and capital efficiency, and to implement agile capital policy according to the business environment.
Based on the above basic policy, the year-end dividend for this fiscal year shall be 20 yen per share. Since the interim dividend in the amount of 20 yen per share has been distributed, the annual dividend for this fiscal year would be 40 yen per share (total annual dividends: 16,217,334,220 yen).
In addition to the above, during the fiscal year under review, the Company acquired 4,000,000 shares of treasury stock (total purchase amount: 9,643,584,633 yen) based on the resolution of the Board of Directors.

(10) Other important matters concerning status of the Group

The Company completed an investment of 10 billion yen in total to TB Investment Limited Partnership as a limited partner on September 21, 2023. TB Investment Limited Partnership was formed under the leadership of Japan Industrial Partners, Inc. in order to acquire the shares of Toshiba Corporation through a tender offer through investment vehicles, to have Toshiba delisted, and to increase the corporate value of Toshiba and its group companies.
The Company completed the acquisition of 100% voting right from Hitachi Power Semiconductor Device, Ltd. by transfer of shares as well as the acquisition of overseas sales business concerning the power device business of the Hitachi group on May 2, 2024. Hitachi Power Devices has changed the name to Minebea Power Semiconductor Device Inc. on the same day.

(Translation)

2. Shares of the Company

(1) Overview of shares (As of March 31, 2024)

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

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

(iii) Number of shareholders: 26,540 persons

(iv) Major shareholders (top 10):

Name of shareholders	Number of shares (thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	68,079	16.83
Custody Bank of Japan, Ltd. (Trust account)	30,012	7.41
Takahashi Industrial and Economic Research Foundation	15,447	3.81
Sumitomo Mitsui Trust Bank, Limited	15,413	3.81
BNYM AS AGT/CLTS NON TREATY JASDEC	10,712	2.64
Sumitomo Mitsui Banking Corporation	10,223	2.52
MUFG Bank, Ltd.	10,181	2.51
KEIAISHA Co., Ltd.	10,100	2.49
SSBTC CLIENT OMNIBUS ACCOUNT	8,604	2.12
STATE STREET BANK CLIENT OMNIBUS OM04	6,929	1.71

Notes:
1. *The Company holds 22,582,371 shares of treasury stock, and is excluded from the major shareholders list above.*
2. *The number of shares owned by the trust account, which was opened for the Board Benefit Trust is not included in the above number of treasury stock because they are not owned by the Company. The number of shares owned by the given trust account is 111,898 shares.*
3. *Shareholding ratio is calculated exclusive of treasury stock. The numbers of shares and shareholding ratios are rounded down to the nearest unit of presentation.*

(v) Shares granted to the Company's officers as consideration for their performance of duties during the fiscal year under review

Category of Directors	Class and number of shares	Number of eligible Directors
Directors (excluding Outside Directors)	6,142 shares of common stock of the Company	1

(2) Other important matters concerning shares

Not applicable.

(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.

Not applicable.

(Translation)

3. Corporate Officers

(1) Directors and Audit & Supervisory Board Members (As of March 31, 2024)

Title	Name	Responsibilities in the Company and significant concurrent positions outside the Company
Representative Director, Chairman CEO	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 COO & CFO	Katsuhiko Yoshida	Chief of Tokyo Head Office, Head of Business Administration and Corporate Planning Division, Head of Sustainability Management Division Director, U-Shin Ltd. Director, ABLIC Inc. Director, Minebea AccessSolutions Inc.
Director, Vice President Executive Officer	Ryozo Iwaya	Chief of Access Solutions Headquarters Director, U-Shin Ltd. Director, Minebea AccessSolutions Inc.
Director, Senior Managing Executive Officer	Shigeru None	Chief of Sales Headquarters
Director, Senior Managing Executive Officer	Satoshi Mizuma	Chief of Precision Technologies Headquarters
Director, Managing Executive Officer	Katsutoshi Suzuki	Chief of Engineering Headquarters
Outside Director	Yuko Miyazaki	Chairman of the Nomination and Compensation Committee Special Advisor, Nagashima Ohno & Tsunematsu International Judge, Singapore International Commercial Court
Outside Director	Atsuko Matsumura	Member of the Nomination and Compensation Committee Professor, Faculty of Economics, Tokyo International University Outside Director, Glosel Co., Ltd.
Outside Director	Yuko Haga	Member of the Nomination and Compensation Committee Representative, Haga Management Consulting Office Professor, Graduate School of Management, NUCB Business School Outside Director, Kyowa Kirin Co., Ltd.
Outside Director	Hirofumi Katase	Member of the Nomination and Compensation Committee Executive Vice Chairman & Director, I-Pulse Inc. President & Chief Executive Officer, I-Pulse Japan
Outside Director	Takashi Matsuoka	Director, Vice President Executive Officer, KEIAISHA Co., Ltd.
Standing Audit & Supervisory Board Member	Masahiro Tsukagoshi	
Standing Outside Audit & Supervisory Board Member	Hiroshi Yamamoto	
Outside Audit & Supervisory Board Member	Shinichiro Shibasaki	Member of the Nomination and Compensation Committee Partner, Law Office Juricom
Outside Audit & Supervisory Board Member	Makoto Hoshino	Director, Makoto Hoshino Certified Tax Accountant Office

Notes:

1. *The Company has filed a notification with the Tokyo Stock Exchange, Inc. to the effect that Outside Directors Ms. Yuko Miyazaki, Ms. Atsuko Matsumura, Ms. Yuko Haga, Mr. Hirofumi Katase, and Mr. Takashi Matsuoka, and Outside Audit & Supervisory Board Members Mr. Hiroshi Yamamoto, Mr. Shinichiro Shibasaki, and Mr. Makoto Hoshino are independent officers pursuant to the provisions prescribed by the exchange.*
2. *The Company and each Outside Director and each Audit & Supervisory Board Member have entered into an agreement to limit liabilities of damages under Article 423, paragraph (1) of the Companies Act pursuant to the provisions of Article 427, paragraph (1) 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. *The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The policy will supplement compensation payment for damages that is borne by the Company's Directors and Audit & Supervisory Board Members in cases where a claim for damages is brought by shareholders or third parties. The full amount of the insurance premiums for all the insured persons is borne by the Company. To ensure the proper performance of duties of officers, etc., the policy contains an exclusion clause that excludes coverage for the insured's liability for damages resulting from intentional and criminal acts, etc.*
4. *Outside Audit & Supervisory Board Members Mr. Hiroshi Yamamoto and Mr. Makoto Hoshino have considerable knowledge of finance and accounting as follows.*
   (i) Standing Outside Audit & Supervisory Board Member Mr. Hiroshi Yamamoto has a wealth of experience in global business company, etc.
   (ii) Outside Audit & Supervisory Board Member Mr. Makoto Hoshino has experience of tax administration over many years and is well acquainted with tax affairs as a Certified Tax Accountant.
5. *Outside Director Ms. Yuko Haga's registered name under the family registration system is Yuko Hayashi.*

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

(i) Policy on determining remuneration to individual Directors

(a) Determination of the policy

The policy on determining remuneration to individual Directors was deliberated in the Nomination and Compensation Committee, and the Board of Directors determined it after giving careful considerations to recommendations from the committee.

(b) Overview of the policy

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 individual Directors is determined by a resolution of the Board of Directors after deliberation by the Nomination and Compensation Committee, based on the following remuneration composition and calculation methods and within the maximum amount authorized by the General Meeting of Shareholders.

Remuneration to Directors consists of performance-linked bonuses for Directors, as well as performance-linked stock compensation and basic remuneration, which is paid in a fixed amount on a monthly basis.

Basic remuneration is determined according to each Director's duties, performance, the performance of the Company, and other factors. Policies concerning performance-linked bonuses for Directors and performance-linked stock compensation are described in "(ii) Matters related to performance-linked compensation" below.

As for remuneration of Outside Directors, a fixed monthly amount is set as the basic remuneration, taking into consideration expected roles played by each Outside Director, etc. However, Outside Directors are not subject to the performance-linked bonuses for Directors and performance-linked stock compensation.

(ii) Matters related to performance-linked compensation

(a) Performance indicators and the reason for selection thereof

Performance indicators for the performance-linked bonuses for Directors are the consolidated results (mainly the profit for the year), the stock price levels, etc., including the market capitalization of the Company. The reason for selection of these indicators is to enhance the incentive to improve performance and corporate value through the achievement of the medium-term business plan by including in the Directors' evaluations corporate value represented in the stock prices, while emphasizing profit for the year as the final result of each fiscal year. Under the performance-linked stock compensation system, the Company delivers to Directors upon their retirement its shares the number corresponding to the number of points granted by the Company to each Director, in accordance with its consolidated profit for the year and the individual's level of contribution. The purpose is to further clarify the link between Directors' compensation and the Company's business performance and stock value, and to raise awareness among Directors of the need to contribute to improving the Company's performance and enhancing its corporate value over the medium- to long- term by sharing with shareholders the benefits and risks associated with stock price fluctuations. The evaluation of individual contribution levels includes assessment of efforts related to non-financial indicators such as ESG (Environment, Social, and Corporate Governance).

(b) Method of calculation of the monetary amount and number of shares for performance-linked compensation

The performance-linked bonuses for Directors are calculated based on the bonus calculation table, which is based on the consolidated results (mainly the profit for the year), stock price levels, etc., including the Company's market capitalization. Details of handling are stipulated in the "Directors' Compensation Regulations," which is deliberated by the Nomination and Compensation Committee and determined in the Board of Directors meeting.

The number of shares (points) to be granted as performance-linked stock compensation is calculated based on the points calculation table, which adds the individual's level of contribution (including evaluations of initiatives related to ESG and other non-financial indicators) to the achievement level of the consolidated profit for the year. Details of handling are stipulated in the "Share Grant Regulations," which is deliberated by the Nomination and Compensation Committee and determined in the Board of Directors meeting.

(c) Results concerning performance indicators
Performance indicators for Directors' bonuses are the consolidated results (mainly the profit for the year), stock price levels, etc. The consolidated profit for the year was 55.2 billion yen, the growth of the consolidated net sales was +8.5%, consolidated operating income margin was 5.2%, Company's stock price performance was -0.17% compared to the Nikkei stock average, and market capitalization at fiscal year-end was 1,260.3 billion yen. The payment was duly made according to the calculation method in the above (b).
The performance indicator for the stock compensation is the consolidated profit for the year, and the result was 55.2 billion yen. Points to be granted were calculated according to the calculation method in the above (b), while taking into consideration each Director's contribution to the business performance, etc.

(iii) Stock compensation (non-monetary compensation)
Details of the Company's performance-linked stock compensation system are as described in the "(ii) Matters related to performance-linked compensation," and the number of the Company's shares equivalent to the number of points granted each June is delivered upon retirement of Directors.

(iv) Policy on determining the ratio of each type of compensation, etc.
Compensation, etc. for Directors is designed to be highly performance-linked as an incentive to achieve performance targets. The ratio of basic compensation to performance-linked compensation varies depending on the degree of the Company's business achievement of each fiscal year, but the compensation system aims for a ratio of basic compensation to performance-linked compensation of at least 1:2 as an incentive to enhance performance. In addition, by aiming for performance-linked stock compensation to account for at least 10% of its total compensation, the Company seeks to align the interests of our shareholders with those of Directors, and motivates them to continuously improve performance.

(v) The provision of the Articles of Incorporation or resolutions at the General Meeting of Shareholders concerning remuneration to Directors and Audit & Supervisory Board Members
The maximum amount of remuneration to Directors and Audit & Supervisory Board Members was approved as follows.

Payee	Approved date	Remuneration type	Approved contents	Number of applicable persons at the time of approval
Directors	71st Ordinary General Meeting of Shareholders on June 29, 2017	Basic remuneration Performance-linked bonuses for Directors	Up to 1.5 billion yen per year	12 Directors
Outside Directors	75th Ordinary General Meeting of Shareholders on June 29, 2021	Basic remuneration	Up to 70 million yen per year within the above remuneration amount for Directors	5 Outside Directors
Directors (Excluding Outside Directors)	66th Ordinary General Meeting of Shareholders on June 28, 2012	Stock options	Up to 30 million yen per year within the above remuneration amount for Directors	8 Directors
Directors (Excluding Outside Directors)	74th Ordinary General Meeting of Shareholders on June 26, 2020	Performance-linked stock compensation	Up to 100,000 points per fiscal year separate from the above remuneration amount for Directors	8 Directors
Audit & Supervisory Board Members	61st Ordinary General Meeting of Shareholders on June 28, 2007	Basic remuneration	Up to 100 million yen per year	5 Audit & Supervisory Board Members

(vi) Reason that the Board of Directors considered remuneration to individual Directors conforms to the policy on determining remuneration
The original proposal of remuneration to individual Directors was comprehensively reviewed by the Nomination and Compensation Committee for its consistency with the policy and other matters, and the Board of Directors respected its recommendations. Therefore, the Company considers the remuneration complies with the above policy under (i).

(vii) 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 bonuses for Directors	Performance-linked stock compensation	Total
Directors (Outside Directors)	13 (5)	340,509 (59,809)	373,412 (Not applicable)	35,000 (Not applicable)	748,921 (59,809)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	6 (4)	51,285 (34,765)	Not applicable (Not applicable)	Not applicable (Not applicable)	51,285 (34,765)
Total	19	391,795	373,412	35,000	800,207

Notes:

1. *The above table includes amounts paid to Mr. Michiya Kagami, who retired from the position as Director, Mr. Naoyuki Kimura and Mr. Koichi Yoshino who retired from the position as Audit & Supervisory Board Members at the conclusion of the 77th Ordinary General Meeting of Shareholders held on June 29, 2023.*
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. *During the fiscal year under review, 373,412 thousand yen in accrued bonuses for directors was posted for performance-linked bonuses for Directors. Also, 35,000 thousand yen in accrued bonuses for directors was posted in this fiscal year for performance-linked stock compensation for Directors.*
4. *The amount of remuneration, etc. is shown with fractions of 1 thousand yen rounded down.*

(*) *If the fourth proposal is approved as drafted at the 78th Ordinary General Meeting of Shareholders, the content of (i)~(iv) and (vi) are as stated in the "[Reference] Policy on determining remuneration to individual Directors" on page 21.*

(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.

No relationships of special interest exist between the organizations for which the other outside officers work and the Company.

(ii) Main activities during the fiscal year under review

(a) Outside Directors

Name	Main activities and an overview of the duties related to the roles expected to be fulfilled
Outside Director Yuko Miyazaki	She attended all 12 Board of Directors meetings held in this fiscal year and posed questions and presented opinions concerning business execution of the Company's Group as a whole from her expert viewpoint as an attorney-at-law and also based on her experience as outside officer of other enterprises over many years. Her remarks and action provoked substantial and appropriate supervision of the Board of Directors. Also, she played a proactive role in all seven Nomination and Compensation Committee meetings held in this fiscal year serving as the chairperson, and ran the committee in a fair and transparent manner, and lead the formulation of recommendations to the Board of Directors. Furthermore, as a Compliance Committee member, she attended the Committee meeting held in this fiscal year (held twice) and supervised discussions.
Outside Director Atsuko Matsumura	She attended all 12 Board of Directors meetings held in this fiscal year. She posed questions and presented opinions concerning business execution of the Company's Group as a whole from her expert viewpoint as an international economist and her experience as outside officer of other enterprises. Her remarks and action provoked substantial and appropriate supervision of the Board of Directors. Also, she played a proactive role in all seven Nomination and Compensation Committee meetings held in this fiscal year as a member, and presented her opinions and proposals based on her discernment in diversity issues, global viewpoint, and experience as outside officer of other enterprises.
Outside Director Yuko Haga	She attended all 12 Board of Directors meetings held in this fiscal year. She posed questions and presented opinions concerning business execution of the Company's Group as a whole from her expert viewpoint as a management consultant and her experience as outside officer of other enterprises. Her remarks and action provoked substantial and appropriate supervision of the Board of Directors. Also, she played a proactive role in all seven Nomination and Compensation Committee meetings held in this fiscal year as a member, and presented her opinions and proposals based on her discernment in corporate governance and experience as outside officer of other enterprises.
Outside Director Hirofumi Katase	He attended all 12 Board of Directors meetings held in this fiscal year. He posed questions and presented opinions concerning business execution of the Company's Group as a whole from his expert viewpoint as a corporate manager and also based on his experience in key government positions over many years. His remarks and action provoked substantial and appropriate supervision of the Board of Directors. Also, he played a proactive role in all seven Nomination and Compensation Committee meetings held in this fiscal year serving as a member, and presented his opinions and proposals based on his experience as a corporate executive and his discernment in corporate governance.
Outside Director Takashi Matsuoka	He attended all 12 Board of Directors meetings held in this fiscal year. He posed questions and presented opinions concerning business execution of the Company's Group as a whole from his expert viewpoint as a business executive and also based on his experience as Outside Director of the Company over many years. His remarks and action provoked substantial and appropriate supervision of the Board of Directors.

(b) Outside Audit & Supervisory Board Members

Name	Main activities
Standing Outside Audit & Supervisory Board Member Hiroshi Yamamoto	He attended all 10 Board of Directors meetings and all 10 Audit & Supervisory Board meetings held after he assumed the post as Outside Audit & Supervisory Board Member on June 29, 2023 in this fiscal year. As a Standing Audit & Supervisory Board Member, he supervised performance of duties by the Directors while posing questions and presenting opinions from a wider perspective concerning business execution of the Company's Group as a whole based on his abundant experience in a global company and broad knowledge obtained in the audit division of the Company.
Outside Audit & Supervisory Board Member Shinichiro Shibasaki	He attended all 12 Board of Directors meetings and all 15 Audit & Supervisory Board meetings held in this fiscal year. He supervised performance of duties by the Directors while posing questions and presenting opinions concerning business execution of the Company's Group as a whole from his expert viewpoint as an attorney-at-law. Also, he played a proactive role in all seven Nomination and Compensation Committee meetings held in this fiscal year, and presented his opinions and proposals based on his experience as an attorney-at-law with thorough understanding in the Companies Act.
Outside Audit & Supervisory Board Member Makoto Hoshino	He attended all 12 Board of Directors meetings and all 15 Audit & Supervisory Board meetings held in this fiscal year. He supervised performance of duties by the Directors while posing questions and presenting opinions concerning business execution of the Company's Group as a whole from his expert viewpoint as a Certified Tax Accountant.

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	166 million yen
Total amount of money and other property benefit to be paid from the Company and its subsidiaries to Independent Auditors	305 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 Act, 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

With regard to services other than those services provided for in Article 2, paragraph (1) of the Certified Public Accountants Act of Japan, the Company entrusts Independent Auditors with primarily financial due diligence and tax due diligence and pays consideration for it.

(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 Article 340, paragraph (1) 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 the execution of duties by Directors, Executive Officers, etc., and employees conforms 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, etc. 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 the execution of duties by Directors and Executive Officers, etc. (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, Chairman CEO, 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, etc. is 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, etc. 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 the report of Directors, Executive Officers, etc. and employees 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 Group 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, etc.
      i. Agreements executed by Directors or Executive Officers, etc.
      j. Matters related to litigations
   (ii) Executive Officers, etc. 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, etc. and important employees, as well as hold informal meetings regularly with Representative Director, Chairman CEO 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 on compliance for new employees, junior employees, experienced employees who newly joined the Company, and newly appointed assistant managers and managers. The Company also provided officers with e-learning programs on compliance. 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.

For example, in Thailand, where our largest group of plants is located, the Ayutthaya Plant and the Ban Wa Plant acquired ISO 22301 certification, the international standard for business continuity management systems, for floods, fires, etc., in April 2021, following the Bang Pa-in Plant, the Lop Buri Plant, the Rojana Plant, and the Navanakorn Plant. In this way, the Company intends to expand and enhance its BCP.

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

(4) System for an efficient execution of duties

Based on the "Board of Directors' Rules" and other regulations, necessary resolutions are made at the Board of Directors meetings. The Company made significant transfer of the authority to Executive Officers by an Executive Officer System to ensure efficient execution of duties.

With the Company's goals as the company credo, the Board of Directors formulates medium-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, 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 Representative Director, Chairman CEO.

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, etc. and review important written decisions while visiting domestic and overseas group companies for audits and interviewing directors and other persons concerned of group companies. Interviews were performed remotely when appropriate using a web-meeting system to conduct audits efficiently.

In addition, Audit & Supervisory Board Members periodically have a meeting with the Internal Auditing Office, hear an annual audit plan and its objectives, etc., discuss the key points in audit in advance, and receive a report about all internal audit results. They also hold regular meetings with the Independent Auditor to confirm the audit system and an audit plan, receive an explanation on implementation of an audit, etc., exchange opinions, as well as participate in audits by the Independent Auditor, including those performed remotely, as appropriate.

Furthermore, Audit & Supervisory Board Members periodically interview Representative Director, Chiarman CEO and set a liaison council with Outside Directors 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.

(Translation)

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 over medium to long term through "INTEGRATION." At the same time, the Group needs to globally roll out large-scale overseas mass production facilities and the vertically integrated production system using the advanced ultra-precision machining technology—the source of MinebeaMitsumi Group's corporate values—and to thoroughly refine and reinforce the "Eight Spears" core business.

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 deter 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 upholds the Corporate Philosophy, which aims to "contribute to the society by producing better products, in faster speed, in larger numbers, in lower cost and by smarter means." Under this philosophy, the Group will aim to fulfill its social responsibility and to maximize the corporate value for its various stakeholders, such as shareholders, business partners, local communities, global society and employees.

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. In addition, we will work to develop new products for a new generation and expand the Electro Mechanics Solutions (EMS) business by blending the machined components technology and electronic device and component technology with the in-vehicle technology held by U-Shin Ltd. and Minebea AccessSolutions and the semiconductor technology held by MITSUMI ELECTRIC CO., LTD. and ABLIC Inc. We will also 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 2.5 trillion yen or operating income of 250 billion yen in the fiscal year ending March 31, 2029.

(3) Measures to prevent control over decisions on the Company's financial and business policies by persons deemed as inappropriate under the Basic Policy (after "countermeasures to large-scale acquisition of Minebea shares" (takeover defense measures) was resolved to be expired at the conclusion of the 74th Ordinary General Meeting of Shareholders on June 26, 2020)

The Company will take timely, appropriate measures against large-scale purchases of the shares in the Company within the scope permitted by the Financial Instruments and Exchange Act, the Companies Act, and other related laws. We will request the purchaser to provide the necessary and sufficient information for shareholders to appropriately determine whether the large-scale purchase is acceptable, and will disclose opinions of the Board of Directors of the Company, securing the necessary time and information for shareholders to investigate the matter.

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

The Company has implemented various measures, such as the medium-term business plan and other initiatives for enhancing corporate value, and worked to reinforce the corporate governance in order to continually and persistently enhance the MinebeaMitsumi Group's corporate value and, in turn, the common interests of the Company's shareholders. Such efforts are completely in harmony with the Company's Basic Policy and not aimed at sustaining positions of officers of the Company.

(Translation)

Consolidated Statements of Financial Position (IFRS)

(As of March 31, 2024)

(Unit: millions of yen)

Assets	
Item	**Amount**
Current assets	
Cash and cash equivalents	146,664
Trade and other receivables	308,420
Inventories	294,921
Other financial assets	9,706
Other current assets	32,595
Total current assets	**792,306**
Non-current assets	
Property, plant, and equipment	497,870
Goodwill	47,722
Intangible assets	19,042
Other financial assets	34,116
Deferred tax assets	17,952
Other non-current assets	7,114
Total non-current assets	**623,816**
Total assets	**1,416,122**

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

(Unit: millions of yen)

Liabilities and equity	
Item	**Amount**
Liabilities	
Current liabilities	
Trade and other payables	196,542
Bonds and borrowings	147,238
Other financial liabilities	12,840
Income taxes payable	7,981
Provisions	3,959
Other current liabilities	65,324
Total current liabilities	**433,884**
Non-current liabilities	
Bonds and borrowings	215,145
Other financial liabilities	16,391
Net defined benefit liabilities	24,784
Provisions	850
Deferred tax liabilities	3,310
Other non-current liabilities	6,034
Total non-current liabilities	**266,514**
Total liabilities	**700,398**
Equity	
Common stock	**68,259**
Capital surplus	**141,135**
Treasury stock	**(51,860)**
Retained earnings	**415,318**
Other components of equity	**131,287**
Total equity attributable to owners of the parent	**704,139**
Non-controlling interests	**11,585**
Total equity	**715,724**
Total liabilities and equity	**1,416,122**

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

(Translation)

Consolidated Statements of Income

(From April 1, 2023 to March 31, 2024)

(Unit: millions of yen)

Item	Amount
Net sales	**1,402,127**
Cost of sales	**1,170,774**
Gross profit	**231,353**
Selling, general and administrative expenses	**162,377**
Other income	**6,371**
Other expenses	**1,811**
Operating income	**73,536**
Finance income	**6,471**
Finance expenses	**4,462**
Profit before income taxes	**75,545**
Income taxes	**20,299**
Profit for the year	**55,246**
Profit (loss) for the year attributable to:	
Owners of the parent	54,035
Non-controlling interests	1,211
Profit for the year	55,246

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

(Translation)

Consolidated Statements of Changes in Equity

(From April 1, 2023 to March 31, 2024)

(Unit: millions of yen)

	Equity attributable to owners of the parent					
					Other components of equity	
	Common stock	Capital surplus	Treasury stock	Retained earnings	Foreign currency translation	Cash flow hedge
Balance as of April 1, 2023	68,259	141,165	(42,226)	378,805	75,318	3,176
Profit (loss) for the year				54,035		
Other comprehensive Income					51,171	(4,658)
Comprehensive income for the year	–	–	–	54,035	51,171	(4,658)
Purchase of treasury stock		(30)	(9,646)			
Disposal of treasury stock		0	12			
Dividends				(16,293)		
Transfer to retained earnings				(1,229)		
Total transactions with owners	–	(30)	(9,634)	(17,522)	–	–
Balance as of March 31, 2024	68,259	141,135	(51,860)	415,318	126,489	(1,482)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Total		
	Net changes in revaluation of equity instruments measured at fair value through other comprehensive income	Remeasurement of defined benefit plans	Subtotal			
Balance as of April 1, 2023	4,628	–	83,122	629,125	9,993	639,118
Profit (loss) for the year			–	54,035	1,211	55,246
Other comprehensive Income	1,652	(1,229)	46,936	46,936	743	47,679
Comprehensive income for the year	1,652	(1,229)	46,936	100,971	1,954	102,925
Purchase of treasury stock			–	(9,676)		(9,676)
Disposal of treasury stock			–	12		12
Dividends			–	(16,293)	(362)	(16,655)
Transfer to retained earnings		1,229	1,229	–		–
Total transactions with owners	–	1,229	1,229	(25,957)	(362)	(26,319)
Balance as of March 31, 2024	6,280	–	131,287	704,139	11,585	715,724

Notes: 1. Amounts less than 1 million yen are rounded to the nearest million yen.
2. The provisional accounting treatment for the business combination has been finalized for the fiscal year, and the balance on April 1, 2023 was revised.

(Translation)

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 Article 120, paragraph (1) 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: 145 companies

The names of principal consolidated subsidiaries:

NMB-Minebea Thai Ltd.
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.
CEBU MITSUMI, INC.
MITSUMI ELECTRIC CO., LTD.
U-Shin Ltd.
ABLIC Inc.
Minebea AccessSolutions Inc.

3. Application of the equity method

Affiliated companies under the equity method

Number of affiliated companies under the equity method: 0 company

4. Changes in scope of consolidation

(1) Increase in consolidated subsidiaries through business integration (2 companies)

Samurai Semiconductor Corporation (SSC)
RO-RA Aviation Systems GmbH

(2) Decrease due to liquidation (1 company)

MITSUMI (SHANGHAI) ELECTRIC CO., LTD.

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 45 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 consideration for acquisition is measured as the total fair value of the assets transferred in exchange for control of the acquiree, the liabilities incurred, and the equity instruments issued by the Company and its consolidated subsidiaries as of the acquisition date. When the total fair value of the consideration for acquisition and the amount of non-controlling interests in the acquiree as well as the acquirer's previously held equity interest in the acquiree if the business combination is a step acquisition 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.

Additional acquisitions of non-controlling interests after the acquisition of control are accounted for as equity transactions and goodwill is not recognized for those transactions.

(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 right-of-use 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 (for which the declining-balance method is adopted), 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

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

- Software 2 to 10 years
- Patents 3 to 10 years
- Trademarks 7 to 10 years
- Customer-related assets 9 to 14 years
- Technology-related assets 5 to 20 years

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

(10) Leases

(i) Lessee

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

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

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

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

(ii) Lessor

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

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

(11) Impairment of assets

The Group carries out an impairment test annually and when events or changes in circumstances indicate that impairment may be present, and does not amortize goodwill and intangible assets for which the useful life is not determined. For other assets, an impairment test is carried out when events or changes in circumstances indicate that impairment may be present.

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. In addition, for idle assets, which are not expected to be used in the future, individual assets are used as the cash-generating unit.

An impairment loss is recognized for the amount of the difference if the impairment test shows that the recoverable amount is less than the carrying amount of the cash-generating unit or cash-generating unit group. The recoverable amount refers to the value in use or the fair value after deducting costs of disposal of the cash-generating unit, etc. whichever is higher.

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 on the consolidated financial statements and the amounts used for taxation purposes, loss carried forward, and tax credits carried forward. Deferred tax assets and liabilities are not recorded for the following temporary differences:

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

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

(16) Capital

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

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

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

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

7. Change in Accounting Policy

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

IFRS		Outline of establishment and amendment
IAS 12	Income taxes	Clarification of the accounting treatment of deferred taxes for assets and liabilities generated from a single transaction
IAS 12	Income taxes	Amendment of requesting a corporate exposure for income taxes generated from the established or effectively established tax system in order to introduce the second pillar model rule released by Organisation for Economic Co-operation and Development (OECD)

The impact of the adoption of the aforementioned standards on the condensed quarterly consolidated financial statements is immaterial.

8. Notes to accounting estimates

Preparing the consolidated financial statements requires determinations, estimates and assumptions by the management that affect the reported amounts of assets and liabilities on the settlement date and the reported income and costs during the reporting period. Such determinations and estimates, and assumptions that serve the basis of them, are continually reviewed taking any rationally possible factors into consideration, including past experience and possible future occurrences that may pose financial impacts on the Group. The actual results may differ from such estimates.
Items for which there is significant risk that would require significant revisions owing to uncertainty in these assumptions and estimates are as follows.

(1) Measurement of the fair value of unlisted stocks
The Group determines fair values of stocks that are not exchanged in active markets by using valuation techniques. The Group deploys the approach to select various valuation methods, and sets the assumption based on the market condition mainly on each reporting date. The asset balance of unlisted stocks at the end

of the fiscal year under review was 4,381 million yen. See “11. Notes relating to financial instruments” for details of valuation techniques.

(2) Impairment test of assets

The Group carries out an impairment test when events or changes in circumstances indicate that impairment may be present, for property, plant, and equipment and intangible assets which can be finalized durable years. Balances of property, plant and equipment, and intangible assets at the end of this fiscal year were 497,870 million yen, 19,042 million yen, respectively. The recoverable amount for each cash-generating unit or cash-generating unit group is the fair value or the value in use that involves the use of assumption, whichever is higher. With regard to the calculation of the value in use, the Group deploys the specific estimates and assumption for durable year, future cash flow, discount before taxes, and long-term growth rate. With regard to the calculation of the value in use, the Group deploys the cash flow forecast based on the business plan three or five years into the future approved by the management. Cash flow beyond the term of the business plan approved by the management is estimated by the anticipated growth rate. The anticipated growth rate is calculated based on the long-term economic growth rate and inflation rate, and kept consistent with forecasts specific to industries where each cash-generating unit, etc. conducts business operations.

These estimates and assumptions are based on all information and evidence that are available to the management. However, such assumptions may be influenced by uncertain changes in the future economic climate, and may greatly impact the consolidated financial statements in the following fiscal year onwards.

The Group carries out an impairment test annually and when events or changes in circumstances indicate that impairment may be present, and does not amortize goodwill and intangible assets for which the useful life is not determined. Balances of goodwill at the end of this fiscal year were 47,722 million yen. The recoverable amount for each cash-generating unit, etc., is calculated mainly based on the value in use. With regard to the calculation of the value in use, specific estimates and assumptions are used for the future cash flow, the pretax discount rate, and long-term growth rate. For estimates of the future cash flow, the cash flow forecast and long-term growth rate, based on the business plan, are used, as is the case with assets other than goodwill and intangible assets for which the useful life is not determined.

The estimates of value in use for U-Shin Ltd. are based on a three-year business plan. Such estimates include key assumptions of future sales volumes and a pre-tax discount rate of 15.1%. In this fiscal year, the U-Shin business saw a steady recovery for U.S., due to a recovery of automobile production by improvement of semiconductor supply, however forecasting is difficult and the outlook is unclear due to energy price hike as well as slow down of Chinese economy, and uncertainty of consumer spending. Under these circumstances, some business sites in the U-Shin businesses expect to improve their operating income (loss) due to future increases in sales volume, but such sales volume estimates are subject to a high degree of uncertainty. In addition, estimating the discount rate used to measure the value in use requires a high level of valuation expertise in the selection of calculation methods and input data. Thus, revisions to its business plans and discount rates on the impact of future changes in uncertain economic conditions may have a material impact on the consolidated financial statements in the following fiscal year onwards.

(3) Measurement of retirement benefit liabilities

The Group has various retirement benefit plans including the defined benefit plan. The balance of retirement benefit liabilities at the end of this fiscal year was 24,784 million yen. The present value of defined benefit liabilities of these plans and associated service costs are calculated based on actuarial assumptions. The actuarial assumptions include estimated variables such as the discount rate, pay rise rate, inflation rate, etc. The Group has obtained advice from external pension actuaries on appropriateness of actuarial assumptions including these variables. These actuarial assumptions are determined based on all information and evidence that are available to the management. However, such assumptions may be influenced by uncertain changes the future economic climate, and revisions and promulgation of related laws and regulations. The resulting review of assumptions may greatly impact the consolidated financial statements in the following fiscal year onwards.

(4) Accounting method for provisions and contingencies

The Group recognizes various provisions in the consolidated statements of financial position. The balance of provisions at the end of this fiscal year was 4,809 million yen. These provisions are recognized based on the best estimates of payments to liabilities, which take into consideration risks and uncertainty related to the liabilities on the reporting date. The payment to liabilities is calculated by comprehensively taking into consideration any possible events that may occur in the future.

The main example would be in the Group’s access solutions business. The Group may conclude an agreement with an automobile manufacturer to pay a certain percentage or certain amount of the costs incurred in the event of some service campaigns or a recall issued by the automobile manufacturer. Therefore, the Group recognizes the provision for after-care of products for such costs. The estimates may be influenced by unexpected events and changes in circumstances, and may greatly impact the consolidated financial statements in the following fiscal year onwards.

With regard to contingencies, items which may impact seriously on businesses in the future are disclosed based on all available evidence as of the reporting date as well as probability of their occurrences and associated financial impacts.

Others
The Group also carries out specific estimates and assumptions important to understand the consolidated financial statements of the Group, although the level of uncertainty of those are lower than that of the above estimates and assumptions. These estimates are related to the net realizable value of inventories and the useful lives of specific items in the property, plant and equipment.

9. Notes to consolidated statements of financial position, etc.
Contingent liabilities
Although there are possibilities that the Group may bear part of costs incurred by faults in automotive parts that the Group supplied to customers, the provision is not recorded because estimating the amount rationally is currently difficult.

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 stock

Class of shares	Shares at beginning of current FY (shares)	Increased shares in current FY (shares)	Decreased shares in current FY (shares)	Shares at end of current FY (shares)
Issued shares				
Common stock	427,080,606	–	–	427,080,606
Total	427,080,606	–	–	427,080,606
Treasury stock				
Common stock (Note)	18,699,377	4,001,176	6,284	22,694,269
Total	18,699,377	4,001,176	6,284	22,694,269

Notes:
1. *The increase of 4,001,176 shares in the number of treasury stock of common stock reflects the increase of 4,000,000 shares from acquisition of treasury stock in accordance with a resolution of the Board of Directors and the increase of 1,176 shares from the purchase of fractional shares.*
2. *The decrease of 6,284 shares in the number of treasury stock of common stock reflects the decrease of 6,202 shares from stock issuance in connection with the Board Benefit Trust, and the decrease of 82 shares from the additional purchase of fractional shares.*
3. *The number of treasury stock of common stock includes our shares owned by the trust account for the Board Benefit Trust (111,898 shares at the end of this fiscal year) approved in the 74th Ordinary General Meeting of Shareholders held on June 26, 2020.*

(2) Matters relating to dividends from surplus
(i) Amount of dividends paid
Matters on dividends by the resolution of the 77th Ordinary General Meeting of Shareholders held on June 29, 2023
Total amount of dividends: 8,168 million yen
Dividend per share: 20.00 yen
Record date: March 31, 2023
Effective date: June 30, 2023

Note: Total amount of dividends does not include 2 million yen of dividends to the trust account for the Board Benefit Trust. This is because the Company recognizes the shares of the Company owned by the trust account for the Board Benefit Trust as its treasury stock.

Matters on dividends by the resolution of the Meeting of the Board of Directors held on November 2, 2023
Total amount of dividends: 8,125 million yen
Dividend per share: 20.00 yen
Record date: September 30, 2023
Effective date: November 29, 2023

Note: Total amount of dividends does not include 2 million yen of dividends to the trust account for the Board Benefit Trust. This is because the Company recognizes the shares of the Company owned by the trust account for the Board Benefit Trust as its treasury stock.

(ii) Dividends with a record date that falls within the current fiscal year but an effective date in the following fiscal year
The following proposal will be submitted to the 78th Ordinary General Meeting of Shareholders to be held on June 27, 2024.
Total amount of dividends: 8,088 million yen
Source of dividends: Retained earnings
Dividend per share: 20.00 yen
Record date: March 31, 2024
Effective date: June 28, 2024

Note: Total amount of dividends does not include 2 million yen of dividends to the trust account for the Board Benefit Trust. This is because the Company recognizes the shares of the Company owned by the trust account for the Board Benefit Trust as its treasury stock.

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

Filing company (parent company)

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

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 receivable are mainly loans to business partners.

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

Bank loans, corporate bonds and lease liabilities 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).

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 and interest rate swaps executed for the purpose of hedging interest rate fluctuation risk associated with bank loans. 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.”

(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.
For financial instruments measured at fair value, the fair value measurements are classified from Level 1 to Level 3, based on the observability and materiality of the inputs used in the measurements.

Level 1: quoted prices in active markets for identical assets or liabilities (unadjusted)
Level 2: fair value calculated based on prices other than quoted market prices included within Level 1 that are observable for assets or liabilities, either directly or indirectly
Level 3: fair value calculated based on valuation techniques that include unobservable inputs for assets or liabilities

When multiple inputs are used to measure fair value, the fair value level is determined based on the lowest level of input that is significant to the entire measurement of fair value.

(i) Fair value of financial instruments
Amount on the consolidated statements of financial position as of March 31, 2024 and fair value are as follows.

	Carrying amount (millions of yen)	Fair value (millions of yen)
Current portion of long-term debt	7,385	7,467
Bonds	39,832	39,767
Long-term debt	175,313	173,610

(Note) The fair values of bonds and long-term debt are classified as Level 2.

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.

(ii) 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.

(iii) Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value is as follows.

(Unit: millions of yen)

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
Bonds	7,392	–	–	7,392
Derivative assets	–	57	–	57
Investments in capital	–	–	10,004	10,004
Other	–	1,520	–	1,520
Equity instruments at fair value through other comprehensive income				
Stocks	10,885	–	4,381	15,266
Total	18,277	1,577	14,385	34,239
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivative liabilities	–	4,993	–	4,993
Total	–	4,993	–	4,993

Transfers between levels of the fair value hierarchy are recognized on the date the event or change in circumstances giving rise to the transfer occurs. No material transfers between Fair Value Level 1 and Level 2 were made.

The fair value of bonds for which an active market exists is based on quoted market prices, and they are therefore classified as Level 1. Those calculated based on prices provided by correspondent financial institutions, etc., are classified as Level 2.

The fair values of derivative assets and derivative liabilities are measured at amounts determined based on prices and other inputs provided by correspondent financial institutions, and they are therefore classified as Level 2.

The fair value of stocks for which an active market exists is based on quoted market prices, and they are therefore classified as Level 1. For stocks for which active market doesn’t exist, the inputs are unobservable, in which case the fair value is measured primarily using the comparable company analysis method, and they are classified as Level 3.

Investments in capital is an investment into unlisted investment partnerships, the fair value of the investments in capital uses an acquisition cost as an approximate value of the fair value, and is classified as Level 3.

(Translation)

12. Notes to revenue recognition
(1) Matters relating to financial instruments
Relationship between decomposed revenue and segment revenue
Sales by major product and related segment information are as follows.
All revenues are based on contracts with customers.

(Unit: millions of yen)

	Reportable Segments				Other Businesses (Note) 1	Total
	Precision Technologies	Motor, Lighting & Sensing	Semiconductor & Electronics	Access Solutions		
Ball bearings	148,751	–	–	–	–	148,751
Rod end bearings・Fasteners	45,171	–	–	–	–	45,171
Pivot assemblies	17,484	–	–	–	–	17,484
Motors	–	280,183	–	–	–	280,183
Electronic devices	–	49,287	–	–	–	49,287
Sensing devices	–	35,740	–	–	–	35,740
Semiconductor & Electronics products (Note) 3	–	–	494,717	–	–	494,717
Access Solutions products (Note) 4	–	–	–	322,108	–	322,108
Other	–	4,178	–	–	4,508	8,686
Total	211,406	369,388	494,717	322,108	4,508	1,402,127

Notes:
1. *The "Other businesses" category covers business segments not included in the reportable segments, and its main products are design and development of software, and in-house manufactured machines.*
2. *Net amounts after deducting intercompany transactions among group companies are shown.*
3. *MITSUMI products include semiconductor devices, optical devices, mechanical components, power supply components, and smart products.*
4. *Access Solutions products include automotive parts and parts for industrial equipment.*
5. *The previous names of "Machined Components segment", "Electronic Devices and Components segment", "MITSUMI Business segment" and "U-Shin Business segment" have been changed to "Precision Technologies segment", "Motor, Lighting & Sensing segment", "Semiconductor & Electronics segment", and "Access Solutions segment" respectively from the fiscal year. This change in the name of reportable segments has no impact on segment information.*

(2) Significant determination
As described in "6. Accounting policies," "(14) Revenue recognition."

(3) Outstanding contracts
A breakdown of outstanding contracts in the Group is as follows.

(Unit: millions of yen)

	April 1, 2023	March 31, 2024
Accounts receivable arising from contracts with customers Notes and accounts receivable – trade	279,667	293,644

(4) Transaction price allocated to remaining performance obligations
The Group has no material individual transactions with expected contract durations exceeding one year. There are no amounts of consideration arising from contracts with customers that are not included in the transaction prices and are material to revenue recognition.

13. Notes to per share information
(1) Equity attributable to owners of the parent per share 1,741.25 yen
(2) Earnings per share, basic 133.05 yen

14. Notes to business combinations
(The provisional accounting treatment finalization for the business combination for the previous fiscal year)
(1) HONDA TSUSHIN KOGYO CO., LTD.
The Company acquired 86.1% of the voting rights of HONDA TSUSHIN KOGYO CO., LTD. (hereinafter "HONDA TSUSHIN KOGYO") as of September 16, 2022 to make the company its subsidiary. In addition, the Company acquired 100.0% of the voting rights of HONDA TSUSHIN KOGYO as of December 22, 2022 when the reverse share split became effective.
The Company has defined its businesses that handle core products essential to various equipment and are expected to never disappear as core businesses.
In those core businesses, there are niche segments in which the Group has a high market share, earns substantial revenues, and are able to demonstrate its competitive advantages. The Company has designated

them as future priority areas and specifically named bearings, motors, access products, analog semiconductors, sensors, connectors/switches, power sources, and wireless/communications/software the “Eight Spear” segments.
HONDA TSUSHIN KOGYO holds technology and knowhow regarding some connector products that fall into the Eight Spear segments but were not included in the product lineup of the Company’s connector business, such as connectors for FA equipment and communications infrastructure equipment. Therefore, synergies are expected to be generated from between the Company’s and HONDA TSUSHIN KOGYO’s connector businesses in terms of development and engineering, production, sales, and other areas. In addition, synergies are expected in such forms as performance improvement and cost reduction for HONDA TSUSHIN KOGYO’s connector products to be achieved by applying the Company’s components and mold manufacturing technology, as well as new applications to be developed by using HONDA TSUSHIN KOGYO’s products in the products assembled by the Company. Accordingly, the Company concluded that the acquisition of HONDA TSUSHIN KOGYO should be an optimal measure that would contribute to sustained enhancement of the two companies’ corporate value, particularly in the connector business. Specifically, the Company expects this deal to generate the following synergies:
(i) advancing efficient business expansion by leveraging the two companies’ complementary development roadmaps
(ii) enhancing the competitiveness of HONDA TSUSHIN KOGYO’s products by utilizing the Company’s overall manufacturing capabilities and production technology
(iii) developing sales channels and markets by utilizing the Company’s customer base and operations
(iv) reducing materials cost and increasing price competitiveness
(v) utilizing HONDA TSUSHIN KOGYO’s production and outsourcing management approach in the production of the Company’s products

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

(millions of yen)

	Amount
Fair value of consideration paid (cash)	14,011
Fair value of assets acquired and liabilities assumed	
Cash and cash equivalents	5,681
Other current assets	8,509
Property, plant, and equipment	3,782
Intangible assets	1,848
Other non-current assets	467
Current liabilities	(5,512)
Non-current liabilities	(1,814)
Fair value of assets acquired and liabilities assumed (net)	12,961
Attributable to non-controlling interests	1,803
Goodwill	2,853

Fair value of assets acquired and liabilities assumed attributable to non-controlling interests is measured based on the percentage of non-controlling interests.
Goodwill acquired mainly pertains to excess earning expected as a result of HONDA TSUSHIN KOGYO CO., LTD.’s product technology and sales capabilities. Goodwill does not include any amount expected to be deductible for tax purposes.
During the fiscal year under review, provisional accounting treatment for business combination was finalized, and revised retroactively after the review by provisional accounting treatment. As a result, the consolidated income statement for the previous fiscal year, operating income and income before income taxes decreased 312 million yen, respectively, and net income decreased 216 million yen.

(2) Honda Lock Mfg. Co., Ltd.
The Company acquired 100.0% of the voting rights of Honda Lock Mfg. Co., Ltd. (hereinafter “Honda Lock”) as of January 27, 2023 to make the company its subsidiary. In addition, Honda Lock was renamed as Minebea AccessSolutions Inc.

The Company has defined its businesses in which the Company can demonstrate its strengths, such as ultra-precision processing technology and mass production technology, and that handle products expected to not easily disappear as its core businesses or “Eight Spear” segments. The Company has made it its basic strategy to combine these businesses through INTEGRATION(*1) and thereby provide new value to customers. Access

products for automotives (key sets, latches, door handles, keyless entry systems, open/close systems for the rear gate, etc.) and for industry (electrical components such as switches, controllers, shift levers, etc.) and for houses (door locks, electronic keys, card keys, etc.) are one of the Company's core "Eight Spear" business segments, and the Company has designated these products as a major growth area. In particular, the business of the access products related to automotives is currently at a once-in-a-century turning point exemplified by CASE(*2). The Company is seeking to further expand the business by enhancing its role of offering products and technologies that satisfy the needs of automotive manufacturers, its end customers, through efforts to develop products related to next-generation getting-on/off systems and offer INTEGRATION products to respond to increased use of electronic components and electrification.
Honda Lock, one of the core subsidiaries of Honda Motor Co., Ltd., handles a large number of products related to automotive keys and locks, featuring safety & security as a key concept.
Since the Company's business integration with U-Shin Ltd. in 2019, the Company's access products business has been making significant contributions to the evolution of open/lock systems and smart locks for automotives by combining U-Shin's technological prowess and the Company's product development capabilities through INTEGRATION.
The Company expects this deal to generate various synergies because the Group as a whole can build collaborative relations in varieties of areas as Honda Motor's supplier, while Honda Lock and U-Shin, which share affinity in many product areas, can complement each other well. Specifically, the Company expects that these two companies will be able to develop and manufacture higher-performance, more functional products through INTEGRATION of technology and to further solidify their position as a Tier-1 supplier by enhancing sales opportunity through INTEGRATION of the customer base and mutual use of sales channels while also complementing each other from where each has operations and strengthening their service to the customer globally. In addition, it is not only between Honda Lock and U-Shin that synergies are expected. Mutual use of sales channels and broad INTEGRATION of products, technology and the customer base between Honda Lock and the Group are expected to generate synergies in areas beyond access products.
Therefore, this stock acquisition will lead to strengthening the business of access products, one of the Eight Spear segments and consolidating the Company's position as an automotive component manufacturer and a Tier-1 supplier.

(*1) INTEGRATION means "combining," rather than "putting together," and evolving its "core products" by combining and utilizing its proprietary technologies while also creating new products in various areas through INTEGRATION of those evolved products.
(*2) CASE stands for Connected, Autonomous/Automated, Shared, and Electrified.

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

(millions of yen)

	Amount
Fair value of consideration paid (cash)	11,182
Fair value of assets acquired and liabilities assumed	
Cash and cash equivalents	14,057
Other current assets	38,586
Property, plant, and equipment	25,890
Intangible assets	250
Other non-current assets	7,189
Current liabilities	(36,215)
Non-current liabilities	(8,806)
Fair value of assets acquired and liabilities assumed (net)	40,951
Attributable to non-controlling interests	6,907
Goodwill	22,862

Fair value of assets acquired and liabilities assumed attributable to non-controlling interests is measured based on the percentage of non-controlling interests.
Negative goodwill accrued since the fair value of net asset was higher than the fair value consideration paid.
During the fiscal year under review, provisional accounting treatment for business combination was finalized, and revised retroactively after the review by provisional accounting treatment. As a result, the consolidated income statement for the previous fiscal year, operating income and income before income taxes decreased 2,941 million yen, respectively, and net income decreased 2,881 million yen.

15. Notes to subsequent events

(Business combination and business transfer from acquisition of Hitachi Power Semiconductor Device, Ltd.)
The Company completed the acquisition of 100% voting right from Hitachi Power Semiconductor Device, Ltd. by transfer of shares as well as the acquisition of overseas sales business concerning the power device business of the Hitachi group on May 2, 2024. Hitachi Power Devices has changed the name to Minebea Power Semiconductor Device Inc. on the same day.

Minebea Power Semiconductor Device is a semiconductor manufacturer that provides power semiconductor products, which are key devices in the electrification and motorization of industries and social infrastructure. It has established a solid position in a high-growth end market with its highly competitive product portfolio by producing numerous cost-competitive products that achieve both miniaturization and high performance based on its advanced basic technology assets and module fabrication technology. In particular, Minebea Power Semiconductor Device has superior technologies and products backed by its strong technological development capabilities in power semiconductors such as high-voltage SiC, high-voltage IGBT[*1], SG (side gate)-IGBT for EV, high-voltage IC, and diodes for alternators.

As mentioned above, although the Company has been planning and promoting the expansion of its IGBT business, it only involved expansion of the chip business and the Company lacked module fabrication technology in the portfolio. Once the Acquisition of Shares and the Acquisition of Business are completed, the Company will acquire back-end process technologies and production capacity for packaging and module fabrication. This will allow the Company to deploy a vertically integrated business for power semiconductors covering development through to production harmonizing the Company’s existing traditional chip manufacturing capabilities. Furthermore, through the integration of technology teams and the INTEGRATION[*2] between the unique technologies of Minebea Power Semiconductor Device, including SG-IGBT, and the Company’s chip manufacturing technology, the Company hopes to unleash the synergy between the power device business and its existing internal operations, such as achieving a performance close to SiC with Si power devices and developing the SiC power device business by leveraging the high-voltage SiC technology held by Minebea Power Semiconductor Device’s SiC engineer group, and strive to become a leader in the power semiconductor market with a competitive edge. As for the INTEGRATION activities in new product development, some of our plans are to propose new motor solutions by utilizing the know-how of high-voltage motor control for our DC motor products, to launch high-voltage power supply products by incorporating advanced high-efficiency devices into our power supplies, and to enhance medical device products by integrating special process technology and design technology and combining them with ABLIC products to create new added value. The Company has been contracted by Minebea Power Semiconductor

Device as their front-end fab, and SG-IGBT is already in prototyping at its Shiga plant. As such, the Company believes that it will be able to incorporate added value from the first day of vertical integration.

*1 Insulated Gate Bipolar Transistor, a type of power semiconductor device
*2 INTEGRATION means “combining” rather than “simple gathering.” The Company will evolve its “core products” by combining and utilizing its proprietary technologies and will create new products in various fields through the INTEGRATION of the evolved products.

The fair value of consideration is 40,971 million yen as of the date of acquisition. The fair value of consideration to be paid will be finalized based on the conditions of the share transfer agreement, including financial figures, etc., and may differ from the above amounts. Fair value of assets acquired and liabilities assumed, and the amount of non-controlling interests and goodwill are currently in the process of being calculated.

(Translation)

Non-Consolidated Balance Sheet (Japanese GAAP)

(As of March 31, 2024)

(Unit: millions of yen)

Assets	
Item	**Amount**
Current assets	**255,078**
Cash and deposits	8,638
Notes receivable	4,696
Accounts receivable	143,500
Purchased goods	6,695
Finished goods	2,566
Work in process	6,704
Raw materials	2,969
Supplies	100
Goods in transit	3,187
Prepaid expenses	2,203
Short-term loans receivable from affiliates	60,498
Accounts receivable - other	11,488
Advances paid	265
Other	1,668
Allowance for doubtful receivables	(104)
Fixed assets	**526,367**
Tangible fixed assets	**113,462**
Buildings	31,045
Structures	786
Machinery and equipment	4,878
Vehicles	12
Tools, furniture and fixtures	4,331
Land	72,110
Leased assets	62
Construction in progress	233
Intangible assets	**2,804**
Patents	10
Design rights	9
Software	2,765
Other	19
Investments and other assets	**410,099**
Investment securities	8,695
Investment securities in affiliates	333,810
Investments in capital	10,003
Investments in capital in affiliates	56,889
Long-term prepaid expenses	334
Deferred tax assets	115
Other	269
Allowance for doubtful receivables	(18)
Deferred asset	**168**
Bond issuance expenses	168
Total assets	**781,614**

Note: Amounts less than 1 million yen are omitted.

(Translation)

(Unit: millions of yen)

Liabilities and equity	
Item	**Amount**
Liabilities	
Current liabilities	**307,254**
Note payable	425
Accounts payable	123,048
Short-term debt	105,200
Short-term debt payable to affiliates	46,376
Current portion of long-term debt	5,500
Lease obligations	17
Accounts payable - other	17,093
Accrued expenses	2,189
Accrued income taxes	7
Deposits received	492
Deferred income	4
Accrued bonuses	5,767
Accrued bonuses for directors	518
Provision for after-care of products	29
Other	583
Long-term liabilities	**217,956**
Bonds	40,000
Long-term debt	175,000
Lease obligations	52
Provision for retirement benefits	2,351
Provision for retirement benefits for executive officers	253
Other	299
Total liabilities	**525,211**
Net assets	
Shareholders' equity	**252,674**
Common stock	**68,258**
Capital surplus	**150,075**
Additional paid-in capital	126,800
Other	23,274
Retained earnings	**86,200**
Legal reserve	2,085
Other	84,115
Reserve for reduction entry	9,031
General reserve	6,500
Retained earnings carried forward	68,584
Treasury stock	**(51,860)**
Valuation, translation adjustments and others	**3,715**
Difference on revaluation of available-for-sale securities	**3,774**
Deferred gains or losses on hedges	**(59)**
Subscription rights to shares	**13**
Total net assets	**256,402**
Total liabilities and net assets	**781,614**

Note: Amounts less than 1 million yen are omitted.

(Translation)

Non-Consolidated Statement of Income

(From April 1, 2023 to March 31, 2024)

(Unit: millions of yen)

Item	Amount	
Net sales		**794,423**
Cost of sales		**751,691**
Gross profit		**42,732**
Selling, general and administrative expenses		**48,882**
Operating loss		**(6,149)**
Non-operating income		
Interest income	766	
Dividends income	13,347	
Rent income of fixed assets	374	
Dividends from insurance	155	
Other	104	**14,748**
Non-operating expenses		
Interest expenses	1,566	
Interest on bonds	158	
Foreign exchange losses	290	
Commission for purchase of treasury stock	43	
Other	365	**2,423**
Ordinary income		**6,175**
Extraordinary gain		
Gain on sales of fixed assets	6	**6**
Extraordinary loss		
Loss on sale of non-current assets	0	
Loss on disposal of fixed assets	36	**37**
Income before income taxes		**6,145**
Current income taxes (including enterprise tax)	(423)	
Deferred income taxes	(180)	**(604)**
Net income		**6,749**

Note: Amounts less than 1 million yen are omitted.

(Translation)

Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2023 to March 31, 2024)

(Unit: millions of yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
						Other			
	Common stock	Additional paid-in capital	Other	Total capital surplus	Legal reserve	Reserve for reduction entry	General reserve	Retained earnings carried forward	Total retained earnings
Balance as of April 1, 2023	68,258	126,800	23,274	150,075	2,085	9,031	6,500	78,127	95,743
Changes									
Cash dividend from retained earnings				–				(16,293)	(16,293)
Net income				–				6,749	6,749
Purchase of treasury stock				–					–
Disposal of treasury stock			0	0					–
Changes (net) in non-shareholders' equity items				–					–
Total changes	–	–	0	0	–	–	–	(9,543)	(9,543)
Balance as of March 31, 2024	68,258	126,800	23,274	150,075	2,085	9,031	6,500	68,584	86,200

	Shareholders' equity		Valuation, translation adjustments and others				
	Treasury stock	Total shareholders' equity	Difference on revaluation of available-for-sale securities	Deferred gains or losses on hedges	Total valuation, translation, adjustments and others	Subscription rights to shares	Total net assets
Balance as of April 1, 2023	(42,225)	271,851	1,705	(24)	1,680	13	273,545
Changes							
Cash dividend from retained earnings		(16,293)			–		(16,293)
Net income		6,749			–		6,749
Purchase of treasury stock	(9,646)	(9,646)			–		(9,646)
Disposal of treasury stock	12	12			–		12
Changes (net) in non-shareholders' equity items		–	2,069	(34)	2,034		2,034
Total changes	(9,634)	(19,177)	2,069	(34)	2,034	–	(17,142)
Balance as of March 31, 2024	(51,860)	252,674	3,774	(59)	3,715	13	256,402

Note: Amounts less than 1 million yen are omitted.

(Translation)

Notes to Non-Consolidated Financial Statements

Significant Accounting Policies

(1) Standards and method of valuation of assets

Marketable securities

Investments securities in affiliates:

Stated at cost determined by the moving average method.

Other marketable securities:

Securities other than stocks, etc., without market prices

Market value method (The revaluation differences are accounted for based on the direct net assets method and the sales costs are calculated by the moving average method.)

Stocks, etc., without market prices

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

Derivatives

Market value method

Inventories

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

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

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

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

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

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

(2) Depreciation

Tangible fixed assets (excluding leased assets):

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

Their major useful lives are as follows:

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

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

Intangible assets (excluding leased assets):

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

The goodwill is equally amortized for 10 years.

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

Leased assets:

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

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

Long-term prepaid expenses:

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

(3) Translation of foreign currency assets and liabilities

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

(4) Allowances

Allowance for doubtful receivables:

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

Accrued bonuses:

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

Accrued bonuses for directors:

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

Provision for retirement benefits:

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

(i) Method of attributing expected retirement benefits to periods

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

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

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

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

Provision for retirement benefits for executive officers:

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

Provision for after-care of products:

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

(5) Accounting method of hedge transactions

(i) Method of hedge accounting

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

(ii) Hedging instruments and hedged items

(Hedging instruments)

Forward exchange contracts

Interest rate swaps

(Hedged items)

Anticipated transactions in foreign currencies

Interest rates on borrowings

(iii) Hedge policy

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

(iv) Method of assessing hedge effectiveness

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

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

(6) Basis for recording revenues and expenses

Information that provides a basis for understanding revenue arising from contracts with customers is the same as that described in “Notes to Consolidated Financial Statements,” “6. Accounting policies,” “(14) Revenue recognition.”

(7) 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.

Notes to Accounting Estimates

(1) Valuation of affiliates’ shares and investments in capital
For affiliates’ shares and investments in capital, their acquisition costs are recorded in the balance sheet, but appropriate reduction is made and the valuation differences are counted in the loss for the year under review if the actual value decreases significantly due to a deterioration of the financial position of the given company unless the possibility of its recovery can be proven with ample evidence.
Among affiliates’ shares, the actual value of U-Shin Ltd. is calculated to reflect its excess earnings potential, and estimates and assumptions for the excess earnings potential are determined based on all information and evidence that are available to the management. However, such assumptions may be influenced by uncertain changes in the future economic climate, and may greatly impact the non-consolidated financial statements in the following fiscal year onwards.
Among affiliates’ shares, the balance of investments in U-Shin Ltd. at the end of this fiscal year was 33,238 million yen.

(2) Impairment test of assets
Balances of tangible fixed assets and intangible assets at the end of this fiscal year were 113,462 million yen and 2,804 million yen, respectively. Descriptions of the estimates are the same as the descriptions under “Notes to Consolidated Financial Statements,” “8. Notes to accounting estimates,” “(2) Impairment test of assets” in the consolidated financial statements.

(3) Measurement of retirement benefit liabilities
The balance of provision for retirement benefits at the end of this fiscal year was 2,351 million yen. Descriptions of the estimates are the same as the descriptions under “Notes to Consolidated Financial Statements,” “8. Notes to accounting estimates,” “(3) Measurement of retirement benefit liabilities” in the consolidated financial statements.

(4) Accounting method for provisions and contingencies
The balance of provisions excluding the provision for retirement benefits at the end of this fiscal year was 6,692 million yen. Descriptions of the estimates are the same as the descriptions under “Notes to Consolidated Financial Statements,” “8. Notes to accounting estimates,” “(4) Accounting method for provisions and contingencies” in the consolidated financial statements.

(5) Others
Descriptions are the same as the descriptions under “Notes to Consolidated Financial Statements,” “8. Notes to accounting estimates,” “Others” in the consolidated financial statements.

Notes to Non-Consolidated Balance Sheet

(1) Accumulated depreciation of tangible fixed assets: 68,117 million yen

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

Guarantee	Amount (millions of yen)
NMB-Minebea-GmbH	17,079
MINEBEA (CAMBODIA) Co., Ltd.	11,961
NMB-Minebea Thai Ltd.	1,126
Minebea Intec GmbH	371
NMB SINGAPORE LIMITED	191
Total	30,729

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

Short-term receivables (excluding short-term loans receivables from affiliates) 78,791 million yen

Short-term payables (excluding short-term loans payable to affiliates) 125,247

Notes to Non-Consolidated Statement of Income

Transaction with affiliates:

Sales:	368,732 million yen
Purchase:	647,907
Amount of other operational transactions:	10,903
Amount of non-operating transactions:	14,427

Notes to Non-Consolidated Statement of Changes in Net Assets

Class and number of treasury stock

Class of shares	Shares at beginning of current FY (shares)	Increased shares in current FY (shares)	Decreased shares in current FY (shares)	Shares at end of current FY (shares)
Common stock (Note)	18,699,377	4,001,176	6,284	22,694,269

Notes:

1. *The increase of 4,001,176 shares in the number of treasury stock of common stock reflects the increase of 4,000,000 shares from acquisition of treasury stock in accordance with a resolution of the Board of Directors and the increase of 1,176 shares from the purchase of fractional shares.*
2. *The decrease of 6,284 shares in the number of treasury stock of common stock reflects the decrease of 6,202 shares from stock issuance in connection with the Board Benefit Trust, and the decrease of 82 shares from the additional purchase of fractional shares.*
3. *The number of treasury stock of common stock includes our shares owned by the trust account for the Board Benefit Trust (111,898 shares at the end of this fiscal year) approved in the 74th Ordinary General Meeting of Shareholders held on June 26, 2020.*

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	5,619 million yen
Excess of allowed limit chargeable to accrued bonuses	1,765
Excess of allowed limit chargeable to the depreciation	455
Provision for retirement benefits	719
Loss on valuation of investment securities	517
Foreign tax credit carried forward	185
Deferred losses on hedges	26
Accrued enterprise taxes	103
Accrued social security premiums	266
Loss on valuation of inventories	104
Retirement benefits to directors	29
Tax loss carried forward	587
Others	1,429
Sub-total of deferred tax assets	11,810
Valuation allowance for tax loss carried forward	–
Valuation allowance for total deductible temporary differences, etc.	(6,428)
Sub-total of valuation allowance	(6,428)
Total deferred tax assets	5,382
(Deferred tax liabilities)	
Reserve for reduction entry	3,985
Difference on revaluation of available-for-sale securities	1,281
Total deferred tax liabilities	5,267
Net deferred tax assets	115

(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	3.2
Items not taxable, such as dividends income	(62.3)
Inhabitant tax levied per capita	0.8
Valuation allowance	(0.7)
Withholding income taxes	14.2
Tax credits for R&D expenses, etc.	(12.1)
Income taxes for prior periods	15.4
Others	1.2
Ratio of income tax burden after the application of tax effect accounting	(9.8)

(3) Accounting of income taxes and local corporation taxes or accounting of tax-effect accounting for them
The Company has adopted the group tax sharing system since this fiscal year. The Company has also accounted for income taxes and local corporation taxes or accounted for and disclosed tax-effect accounting for them in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42, August 12, 2021).

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	880	million yen
Due after 1 year	44	
Total	925	

(Translation)

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				
MITSUMI ELECTRIC CO., LTD.	100.0	Concurrently serving 1	MITSUMI ELECTRIC CO., LTD. manufactures semiconductor & electronics products, and the Company purchases them for resale. Borrowings from the Company.	Purchase of semiconductor & electronics products	141,064	Accounts payable	21,097
				Debt	157,293	Short-term debt payable to affiliates	21,469
				Repayment of debt	149,640		
				Interest expenses	65	–	–
U-Shin Ltd.	100.0	Concurrently serving 2	Loans from the Company.	Fund loan	289,110	Short-term loans receivable from affiliates	54,047
				Collection of funds	276,970		
				Interest income	598	–	–
ABLIC Inc.	100.0	Concurrently serving 1	Borrowings from the Company.	Debt	6,085	Short-term debt payable to affiliates	20,141
				Interest expenses	85	–	–
NMB Technologies Corporation	100.0	Concurrently serving 1	NMB Technologies Corporation sells the Company's products and products purchased mainly in the U.S.	Sales of the Company's products and products purchased	40,809	Accounts receivable	11,722
NMB-Minebea GmbH	100.0	Concurrently serving 1	NMB-Minebea GmbH sells the Company's products and products purchased mainly in Germany.	Sales of the Company's products and products purchased	45,009	Accounts receivable	8,773
				–	–	Debt guarantee	17,079
MinebeaMitsumi Technology Center Europe GmbH	100.0	Concurrently serving 0	MinebeaMitsumi Technology Center Europe GmbH designs and develops motors, etc.	Repayment of development costs	5,443	Accounts payable - other	603
NMB-Minebea Thai Ltd.	100.0	Concurrently serving 2	NMB-Minebea Thai Ltd. manufactures precision technologies products, motor, lighting & sensing products, and the Company purchases them for resale.	Purchase of precision technologies products, motor, lighting & sensing products	153,553	Accounts payable	27,152
				Dividends income	8,063	–	–
MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD.	100.0	Concurrently serving 1	Receipt of dividends.	Dividends income	2,023	–	–
Minebea (Cambodia) Co., Ltd.	100.0	Concurrently serving 1	Guarantee of obligation.	–	–	Debt guarantee	11,961
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	168,458	Accounts receivable	27,610
				Dividends income	2,950	–	–
CEBU MITSUMI, INC.	100.0	Concurrently serving 0	CEBU MITSUMI, INC. manufactures semiconductor & electronics products, and the Company purchases them for resale.	Purchase of semiconductor & electronics products	213,412	Accounts payable	38,610

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 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				
Companies which the Company's directors and nearly related person have over 50% of voting rights	KEIAISHA Co., Ltd.	(Owned) Direct 2.49%	Concurrently serving 1	The Company purchases machinery and equipment, components, grease and other materials.	Purchase of machinery and equipment, components, grease and other materials	2,481	Accounts payable *2	599
					Tools, furniture and fixtures and other lease transactions, rent, etc.	828	Leased assets	20
							Lease obligations *2	22
							Accounts payable - other, current liabilities and others *2	87
					Land rent, etc.	13	Accounts receivable - other *2	41
					Other non-operating income	19		

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

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

Notes to revenue recognition

(Information that provides a basis for understanding revenue arising from contracts with customers)

This information is omitted since the same information is presented in "Notes to Consolidated Financial Statements," "12. Notes to revenue recognition."

Notes to Per Share Information

(1) Net assets per share	634.02 yen
(2) Net income per share	16.62 yen

(Translation)

Notes to the Retirement Allowance Accounting

(1) Retirement allowance plan adopted by the Company
The Company has adopted funded and unfunded defined benefit pension plans and defined contribution pension plans to provide against retirement payments to employees.
Under the defined benefit corporate pension plan (funded plan), lump-sum money or pension benefit is paid based on salaries and service periods.

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

	(millions of yen)
Opening balance of retirement benefit obligations	28,670
Service costs	1,218
Interest costs	386
Actuarial gains or losses incurred during the year	316
Payment of retirement benefits	(1,380)
Closing balance of retirement benefit obligations	29,212

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

	(millions of yen)
Opening balance of pension assets	27,010
Expected returns on pension assets	540
Actuarial gains or losses incurred during the year	2,508
Contributions by the employer	1,304
Payment of retirement benefits	(1,377)
Closing balance of pension assets	29,986

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

	(millions of yen)
Retirement benefit obligations of funded plans	29,208
Pension assets	(29,986)
	(777)
Retirement benefit obligations of unfunded plans	3
Unfunded retirement benefit obligations	(774)
Unrecognized actuarial gains or losses	3,428
Unrecognized past service costs	(302)
Net amount of liabilities and assets recorded in the balance sheet	2,351
Provision for retirement benefits	2,351
Net amount of liabilities and assets recorded in the balance sheet	2,351

(iv) Amounts of retirement benefit expenses and its components

	(millions of yen)
Service costs	1,218
Interest costs	386
Expected returns on pension assets	(540)
Amortization of past service cost	60
Amortization of actuarial gains and losses	63
Retirement benefit expenses of defined benefit plans	1,188

(v) Matters concerning pension assets
(a) Major breakdown of pension assets
The ratio of each major category to total pension assets is as follows.

Bonds	34%
Stocks	39
Insurance assets (general account)	13
Insurance products	4
Others	10
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	1.4%
Long-term expected rate of return	2.0%
Method of attributing expected retirement benefits to periods	Benefit formula basis

(3) Defined contribution plans

The amount of the Company’s required contributions to defined contribution plans is 212 million yen.

Notes to Subsequent Events

The same as that described in “Notes to Consolidated Financial Statements,” “15. Notes to subsequent events.”

(Translation)

Audit Report on the Consolidated Financial Statements

Independent Auditor's Report

May 10, 2024

To the Board of Directors of MINEBEA MITSUMI Inc.:

KPMG AZSA LLC
Tokyo Office, Japan

Masashi Ohki
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yukihiko Ishiguro
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yuhi Suzuki
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the Consolidated Financial Statements, which comprise the Consolidated Statements of Financial Position, the Consolidated Statements of Income, the Consolidated Statements of Changes in Equity and the Notes to Consolidated Financial Statements of MINEBEA MITSUMI Inc. ("the Company") and its subsidiaries (collectively referred to as "the Group"), as at March 31, 2024 and for the year from April 1, 2023 to March 31, 2024 in accordance with Article 444-4 of the Companies Act.

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

Basis for Opinion

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

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the provisions of the second sentence of Paragraph 1, Article 120 of the Regulation on Corporate Accounting, which permit preparation omitting certain disclosures required under International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with the provisions of the second sentence of Paragraph 1, Article 120 of the Regulation on Corporate Accounting, which permit preparation omitting certain disclosures required under International Financial Reporting Standards.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required

to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with the provisions of the second sentence of Paragraph 1, Article 120 of the Regulation on Corporate Accounting, which permit preparation omitting certain disclosures required under International Financial Reporting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures taken to eliminate obstacles or safeguards applied to reduce obstacles to an acceptable level.

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

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

Notes to the Reader of Independent Auditor's Report:

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

(Translation)

Audit Report on the Non-Consolidated Financial Statements

Independent Auditor's Report

May 10, 2024

To the Board of Directors of MINEBEA MITSUMI Inc.:

KPMG AZSA LLC
Tokyo Office, Japan

Masashi Ohki
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yukihiko Ishiguro
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yuhi Suzuki
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the Non-Consolidated Financial Statements, which comprise the Non-Consolidated Balance Sheet, the Non-Consolidated Statement of Income, the Non-Consolidated Statement of Changes in Net Assets and the Notes to Non-Consolidated Financial Statements, and the accompanying supplementary schedules ("the financial statements and the accompanying supplementary schedules") of MINEBEAMITSUMI Inc. ("the Company") as at March 31, 2024 and for the 78th fiscal year from April 1, 2023 to March 31, 2024 in accordance with Article 436-2-1 of the Companies Act.

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

Basis for Opinion

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

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and the Accompanying Supplementary Schedules

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

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

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

Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

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

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

- Identify and assess the risks of material misstatement of the financial statements and the accompanying supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the accompanying supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the accompanying supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the accompanying supplementary schedules, including the disclosures, and whether the financial statements and the accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures taken to eliminate obstacles or safeguards applied to reduce obstacles to an acceptable level.

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

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

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

(Translation)

Audit Report of the Audit & Supervisory Board

AUDIT REPORT

As the results of deliberation, the Audit & Supervisory Board prepared this Audit Report in accordance with reports presented by each Audit & Supervisory Board Member with respect to the performance of duties by the Directors during the 78th fiscal year from April 1, 2023 to March 31, 2024, 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 the Internal Auditing Office, other employees, etc., endeavored to collect information and establish a system necessary for auditing services, and conducted audit by the following method:

1) We received reports from Executive 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 while we attended meetings of the Board of Directors and other important meetings and held interviews with all Directors, including the Representative Directors. For subsidiaries, we communicated and exchanged information with their Directors, Audit & Supervisory Board Members, and others and received their business reports as necessary.

2) We received reports from Directors, Executive 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. We received a notice from the Independent Auditors purporting to the formulation of a "System to ensure proper performance of its duties" (provided in each item of Article 131 of the Regulation on Corporation Accounting) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council), among others, and requested explanations as needed.

Through the above methods, we reviewed the business report and the supplementary statements, Consolidated Financial Statements (Consolidated Statements of Financial Position, Consolidated Statements of Income, Consolidated Statements of Changes in Equity and Notes to Consolidated Financial Statements, which have been prepared omitting certain disclosures required under International Financial Reporting Standards, in accordance with the provisions of the second sentence of Article 120, paragraph (1) of the Regulation on Corporation Accounting) and Non-Consolidated Financial Statements (Non-Consolidated Balance Sheet, Non-Consolidated Statement of Income, Non-Consolidated Statement of Changes in Net Assets and Notes to Non-Consolidated Financial Statements) and the supplementary statements for the fiscal year ended March 31, 2024.

2. Results of Audit

(1) Audit Results of business report, etc.

1) We certify that the business report and their detailed statements fairly present the situation of the Company in accordance with laws and regulations and the Articles of Incorporation.

2) We found no wrongful act or material fact in violation of laws and regulations or the Articles of Incorporation with respect to the performance of duties by the Directors.

3) We certify that the resolutions of the Board of Directors with respect to the internal control system are proper and correct. In addition, we found no matter to be pointed out about the description in the business report and performance of duties by the Directors with respect to the internal control system.

4) We found no matter to be pointed out about the basic policy, which is described in the business report, regarding the quality and nature of persons who control decisions on the Company’s financial and business policies.
We certify that each measure stipulated in Item 3 (b), Article 118 of the Regulation for Enforcement of the Companies Act, which is described in the business report, are consistent with such basic policy, would not interfere with the shareholders’ common interests and are introduced not for maintaining the positions of the Company’s officers.

(2) Audit Results of Consolidated Financial Statements
We certify that the auditing method of KPMG AZSA LLC and the results of its audit are proper and correct.

(3) Audit Results of Non-Consolidated Financial Statements and the Supplementary Statements
We certify that the auditing method of KPMG AZSA LLC and the results of its audit are proper and correct.

May 10, 2024

Audit & Supervisory Board of MinebeaMitsumi Inc.

Masahiro Tsukagoshi (seal)
Standing Audit & Supervisory Board Member

Hiroshi Yamamoto (seal)
Standing Outside Audit & Supervisory Board Member

Shinichiro Shibasaki (seal)
Outside Audit & Supervisory Board Member

Makoto Hoshino (seal)
Outside Audit & Supervisory Board Member