

Risks and Opportunities

The Group formulates strategies and measures by: recognizing the business environment and anticipating its developments; and analyzing impacts of individual events on the Group's business and performance; and further analyzing probabilities of occurrence and degrees of impact of risks and opportunities. The table below provides an overview of the Group's risk and opportunity assessment.

| Megatrends | | Impact on the Company (▲ : Risks ○ : Opportunities) | Probability of occurrence | Degree of impact | Strategies/measures | Reference |
|---|---------------------------|--|------------------------------|---------------------|---|--|
| <div>Emergence of geopolitical conflict (Trade friction and Ukraine Issue)</div> <div>Global climate change and shift to a carbon-free society</div> <div>Acceleration and diversification of technological innovation</div> <div>Digital shifts & cybersecurity</div> <div>Society in the post-COVID era</div> <div>Demographic change (Shrinking labor force & super-aged society)</div> <div>Mounting international demands concerning human rights and human rights legislation</div> | Manufacturing | ▲ Suspension of production and reduction in capacity utilization of the Group's production sites due to natural disaster, etc. | Moderate | Large | <ul style="list-style-type: none"> Formulating BCPs and implementing training drills at major business sites in Japan and overseas with a focus on locations subject to substantial water risks Global production framework | BCP Page 80 Initiatives for the Environment Pages 57 to 62 Manufactured capital Pages 45 to 46 |
| | | ▲ Suspension of production and reduction in capacity utilization of supplier production sites due to natural disaster, etc. ▲ Supply chain instability due to geopolitical conflict | Moderate | Large | <ul style="list-style-type: none"> Effective product mix and global production system for changing external environment Regularly performing political and economic risk assessments | Security Trade Control Page 80 Manufactured capital Pages 45 to 46 |
| | | ▲ Increase in production cost due to rising raw material prices | High | Moderate | <ul style="list-style-type: none"> More stringent monitoring of supply-demand balance Price increase Product price optimization | CFO's Message FAQ 1 Page 15 |
| | Quality control | ▲ Incurrence of significant expenses and loss of public confidence resulting from serious accident or product recall caused by a defective product | Low | Large | <ul style="list-style-type: none"> Rigorously implementing the MinebeaMitsumi Group Quality Policy Investigation and verification in design stage and strengthening of management structure within supply chain | Reinforcement of quality control systems Page 63 |
| | | ▲ Loss of markets and competitiveness due to obsolescence of existing technologies and products ▲ Rise of low-cost competitors in emerging countries | Moderate | Moderate | <ul style="list-style-type: none"> Strengthening and diversifying the Core Businesses "Eight Spears" Continuous development of an intellectual property portfolio | MinebeaMitsumi's Strengths Pages 23 to 24 Intellectual Capital Pages 51 to 52 |
| | Technological innovations | ○ New business opportunities brought about by new technologies and new models | High | Moderate | <ul style="list-style-type: none"> Reducing costs and strengthening competitiveness Differentiation by high-quality, high value-added products Gaining new business through INTEGRATION, M&As, and alliances Continuously strengthening the vertically-integrated manufacturing system through automation of equipment and in-house manufacturing of components Promoting open innovation through industry-government-academia partnership | Strategies by Business Pages 35 to 44 MinebeaMitsumi's New Growth Axis Pages 25 to 26 MinebeaMitsumi's Strengths Pages 23 to 24 Manufactured capital Pages 45 to 46 |
| | | ○ Active use of AI and DX | High | Moderate | <ul style="list-style-type: none"> Promoting DX in-house Building a new sales platform | Promotion of AI & DX Pages 55 to 56 |
| | Environment | ▲ Actions toward reducing greenhouse gas (GHG) emissions | High | Moderate | <ul style="list-style-type: none"> Performing scenario analysis of climate change-related risks and opportunities, formulating and executing action plans Expanding "MMI Beyond Zero" Implementing environmental measures through establishment of the Carbon Neutral Steering Committee Strengthening the QCDESS® framework | Initiatives for the Environment Pages 57 to 62 |
| | | ▲ Escalation of environmental protection costs | High | Moderate | <ul style="list-style-type: none"> Automating manufacturing processes and reducing production time Reorganizing and streamlining production sites Installing high-efficiency, energy-saving equipment | |
| | | ○ Mounting demand for resource- and energy-saving, low-carbon products | High | Moderate | <ul style="list-style-type: none"> Promoting MinebeaMitsumi Green Products Installing private solar power generation systems and procuring renewable energy | |
| | Society | ▲ Challenges in securing talents due to decreasing size of labor force | High | Moderate | <ul style="list-style-type: none"> Securing diverse talents through active recruitment Recruiting talents through M&As Establishing our corporate brand through various advertisements Implementing measures for employee health maintenance and improvement to augment productivity and increase employee retention | Message from Officer in Charge of Human Resources Development Pages 9 to 10 Human Capital Pages 47 to 50 |
| | | ▲ Challenges with respect to successorship and imparting knowhow | High | Moderate | <ul style="list-style-type: none"> Conducting next generation candidate selections and development programs and specific in-house training Team building activities to facilitate sharing of knowhow such that expertise does not remain the sole domain of certain individuals | Outside Directors and Human Resources Development Representatives in Roundtable Discussion Pages 67 to 70 |
| | | ▲ Loss of existing business and damage to reputation due to human rights violations | Low | Large | <ul style="list-style-type: none"> Furthering the adherence to responsible procurement Compliance with the Human Rights Policy and thorough education regarding respect for human rights | Practicing responsible procurement Page 64 Policy and initiatives related to human rights Pages 65 to 66 Internal reporting system Page 78 |
| | | ○ Enhancing corporate value through management practices that emphasize human rights | Moderate | Moderate | <ul style="list-style-type: none"> Compliance with the Human Rights Policy and thorough education regarding respect for human rights Periodic monitoring of supply chain Ensuring stable operation of whistle-blowing system | Message from Officer in Charge of Human Resources Development Pages 9 to 10 Human Capital Pages 47 to 50 Outside Directors and Human Resources Development Representatives in Roundtable Discussion Pages 67 to 70 |
| | | ○ Corporate growth as a result of improving the working environment for employees | Moderate | Moderate | <ul style="list-style-type: none"> Enhancing the personnel system and measures geared towards employee work-life balance Promoting efforts to prevent long working hours and increase the use of paid annual leave Promotion of diversity & inclusion Project to promote the empowerment of women | |
| | | ○ Emergence of new social issues related to products for medical devices | High | Moderate | <ul style="list-style-type: none"> Development of products that address technological evolution, automation, and non-contact through a diverse portfolio of technologies and products portfolio | |
| | Governance | ▲ Information leaks, computer virus infections, cyber attacks | Moderate | Large | <ul style="list-style-type: none"> Building and operating an appropriate information security system | Risk management Pages 79 to 80 |
| | | ▲ Loss of existing business and damage to reputation due to non-compliance | Low | Large | <ul style="list-style-type: none"> Enhancement of corporate governance Strengthening compliance and risk management framework Ensuring stable operation of whistle-blowing system | Corporate Governance Pages 71 to 80 |