

Risks and Opportunities

Megatrends

Emergence of geopolitical conflict (Trade friction and Ukraine Issue)

Global climate change and shift to a carbon-free society

Acceleration and diversification of technological innovation

Digital shifts & cybersecurity

Society in the post-COVID era

Demographic change (Shrinking labor force & super-aged society)

Mounting international demands concerning human rights and human rights legislation

	Impact on the Company (▲: Risks ○: Opportunities)	Probability of occurrence	Degree of urgency*
Manufacturing	▲ Suspension of production and reduction in capacity utilization of the Group's production sites due to natural disaster, etc. ▲ Suspension of production and reduction in capacity utilization of the Group production sites due to social confusion, including geopolitical risks	Moderate	Within 3 years
	▲ Suspension of production and reduction in capacity utilization of supplier production sites due to natural disaster, etc. ▲ Supply chain instability, including geopolitical risks	Moderate	Within 3 years
	▲ Increase in production cost due to rising raw material prices	High	Within 1 year
Quality control	▲ Incurrence of significant expenses and loss of public confidence resulting from serious accident or product recall caused by a defective product	Low	Indefinite
Technological innovations	▲ Loss of markets and competitiveness due to obsolescence of existing technologies and products as well as failure in result creation from R&D, etc.	Moderate	Within 5 years
	▲ Rise of low-cost competitors in emerging countries	Moderate	Within 5 years
	▲ Disputes concerning intellectual property (infringement proceedings, flooding of the market with counterfeit products)	Low	Indefinite
	○ New business opportunities brought about by new technologies and new models	High	Within 3 years
	○ Active use of AI and DX	High	Within 1 year
Environment	▲ Actions toward reducing greenhouse gas (GHG) emissions	High	Within 1 year
	▲ Escalation of environmental protection costs	High	Within 3 years
	▲ Loss due to the occurrence of environmental pollution	Low	Indefinite
	○ Mounting demand for resource- and energy-saving, low-carbon products	High	Within 1 year
Society	▲ Challenges in securing talents due to decreasing size of labor force	High	Within 5 years
	▲ Challenges with respect to successorship and imparting knowhow	Moderate	Within 5 years
	▲ Loss of existing business and damage to reputation due to human rights violations	Low	Within 3 years
	○ Enhancing corporate value through management practices that emphasize human rights	Moderate	Within 3 years
	○ Corporate growth as a result of improving the working environment for employees	Moderate	Within 3 years
	○ Emergence of new social issues	High	Within 1 year
Governance	▲ Information leaks, computer virus infections, cyber attacks	Moderate	Indefinite
	▲ Loss of existing business and damage to reputation due to non-compliance	Low	Indefinite
Finance	▲ Impairment owing to the occurrence of contingent liabilities, etc., a downturn in earnings greater than expected, and minus synergy in M&As	Moderate	Within 3 years
	▲ An unexpected drop in earnings or a deterioration in cash flow owing to a rapid fluctuation in foreign exchange and the financial market	Moderate	Within 1 year

The Group formulates strategies and measures depending on degree of urgency by: recognizing the business environment and anticipating its developments; 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.

Degree of impact	Strategies/measures	Reference
Large	● Formulating BCPs and implementing training drills at major business sites in Japan and overseas with a focus on locations subject to substantial water risks ● Keeping a risk management manual ● Global production framework	Manufactured capital Pages 49 to 50 Initiatives for the Environment Pages 57 to 62 BCP Page 80
	● Effective product mix and global production system for changing external environment ● Regularly performing political and economic risk assessments ● Promoting multi-sources (purchase from several suppliers)	Manufactured capital Pages 49 to 50 Security Trade Control Page 80
Moderate	● More stringent monitoring of supply-demand balance ● Logistics optimization	CFO's Message Pages 11 to 16 Strategies by Business Pages 35 to 44
Large	● 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
	● Strengthening and diversifying the core businesses "Eight Spears" ● Managing research effectively and efficiently in conformity with the R&D management rules	MinebeaMitsumi's Strengths Pages 25 to 26 Intellectual capital Pages 51 to 52
Moderate	● Reducing costs and strengthening competitiveness	Strategies by Business Pages 35 to 44 Manufactured capital Pages 49 to 50
Moderate	● Thoroughly researching into other companies' intellectual property rights during development and design ● Border control measures by registering trademarks with customs	Intellectual capital Pages 51 to 52
Large	● 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	MinebeaMitsumi's Strengths Pages 25 to 26 Strategies by Business Pages 35 to 44 Manufactured capital Pages 49 to 50 Intellectual capital Pages 51 to 52
	● Promoting DX in-house	Promotion of AI & DX Pages 55 to 56
Moderate	● Performing scenario analysis of climate change-related risks and opportunities, formulating and executing action plans ● Expanding "MMI Beyond Zero" ● Installing solar power generation systems for in-house use and procuring renewable energy	Value Creation Story Pages 27 to 28 Strategies by Business Pages 35 to 44 Initiatives for the Environment Pages 57 to 62
Moderate	● Automating manufacturing processes and reducing production time ● Reorganizing and streamlining production sites	
Moderate	● Promoting strict activities to prevent environmental pollution under the Environmental Management Committee	
Large	● Promoting MinebeaMitsumi Green Products	
	● Securing diverse talents through active recruitment ● Recruiting talents through M&As ● Transfer of the Tokyo Headquarters to the Tokyo X Tech Garden	CEO's Message Pages 3 to 8 Human capital Pages 45 to 48
Moderate	● 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	
Large	● Furthering the adherence to responsible procurement ● Periodic monitoring of supply chain ● Compliance with the Human Rights Policy and thorough education regarding respect for human rights ● Ensuring stable operation of whistle-blowing system	Practicing responsible procurement Page 64 Policies and initiatives related to human rights Page 65 Internal reporting system Page 78
	● Enhancing the personnel system and measures geared towards employee work-life balance	Human capital Pages 45 to 48
Moderate	● Development of products to cope with and contribute to solving new social issues through a diverse portfolio of technologies and products	Strategies by Business Pages 35 to 44
Large	● Building and operating a global security monitoring and crisis response system ● Penetrating a sense of information security into employees through training and drills	Risk management Pages 79 to 80
	● Enhancement of corporate governance ● Strengthening compliance and risk management framework	Corporate Governance Pages 71 to 80
Large	● Creating synergy through INTEGRATION of talents and organizations ● Promoting PMI by establishing an integration preparation committee	CEO's Message Pages 3 to 8 CFO's Message Pages 11 to 16 Intellectual capital Pages 51 to 52
	● Risk hedge through foreign exchange forward contracts ● Promoting local production for local consumption	Post-Merger Integration Interview Pages 53 to 54

*The "degree of urgency" is a measure of when an individual event is expected to occur, based on a time horizon of within five years from the present. The degree of urgency of events for which specific timing is difficult to specify due to their nature is indicated as indefinite.