

## Manufactured capital

The strength of MinebeaMitsumi's manufactured capital, which is the source of its competitiveness, is its vertically integrated production system that combines ultra-precision machining technology and mass production. We are expanding our global production infrastructure and sharing our accumulated manufacturing knowhow throughout the entire Group. We have formed a dedicated team to support manufacturing, strengthening manufacturing capabilities across the Group, and contributing to the promotion of synergies.

Strengths of manufactured capital

- Vertically-integrated manufacturing
- Global operation
- Accumulated manufacturing knowhow

### Strengths of manufactured capital

#### Strength 1 Vertically-integrated manufacturing system

Many ultra-precision components, such as bearings, require processing precision to be at a micron (one millionth) or nano (one billionth) level, and are produced in volumes numbering in the hundreds of millions.

MinebeaMitsumi has established a vertically-integrated manufacturing system for managing everything from design and development to assembly and in-house inspection, reducing manufacturing costs and providing products with high precision and speed.

Our vertically-integrated manufacturing system enables us to achieve both ultra-precision machining technology and mass production



#### Strength 2 Global production system with 125 sites in 23 countries

The Company's strength in diverse products is also a strength in our manufactured capital. Among the 125 production and R&D sites spanning 23 countries, the mother plants in Japan closely work with mass production sites in Southeast Asia, such as its plants in Thailand, the Philippines, China, and Cambodia, as well as Europe and the United States, to swiftly and flexibly respond to diverse market needs.

We have strengthened our risk mitigation system by establishing sites in multiple countries for most of our business operations, including for bearings, motors, sensors, connectors, and access products. We also operate multiple locations within some countries. At every location, we promote "identical technologies and management," and develop systems that drive manufacturing of products with uniform quality, even if manufactured in different locations. This does not simply diversify risk, but enables us to truly avoid risk, supplying products meeting the standards demanded by our customers even when we might encounter production interruption in some regions.

We are also implementing risk diversification by promoting "manufacturing the same model at multiple factories" with an eye toward local production for local consumption.



#### Strength 3 Sharing of manufacturing knowhow and specialized team to support manufacturing

MinebeaMitsumi has honed its manufacturing capabilities by specializing in very small and miniature-sized bearings, and maintains productivity at a high level by pursuing performance, quality, and yields to the utmost. This manufacturing knowhow has been shared throughout the entire Group not only for

bearings, but also motors and electronic devices, leading to differentiation of our products. A specialized team has also been formed to support manufacturing and synergies have been quickly demonstrated with this business integration.

## Basic policy for manufactured capital strategy to achieve management strategy

The Manufacturing Headquarters aims to share best practices, create vision for automated manufacturing, and pass on its "Monozukuri (Manufacturing) DNA" to the next generation. To achieve these goals, we are implementing a number of initiatives, including further improving supply capacity through team building, strengthening risk management, and reducing environmental impact.

Aim of Manufactured capital

Building an unrivaled supply system, strengthening risk management, and reducing environmental impact

### Current issues

Developing and acquiring human capital at manufacturing sites

Increased geopolitical and other risks

Environmental issues

### Measures

#### Strategy 1 Further improvement of our speedy and unrivaled supply capability through team building

The speed of technological innovation is accelerating and diversifying more than ever, and as a components manufacturer, we need to deliver our products to the market and to customers more quickly, in larger quantities, with greater flexibility.

Our path to superior supply capacity is through improved productivity. We share manufacturing knowhow for in-house components and production equipment, refined through vertically-integrated manufacturing across a wide range of businesses, generating synergies and increasing productivity.

Our manufacturing of parts and production equipment reduces cost, improves productivity, and enables fast and flexible response to sudden model changes, making our products more competitive. We will continue to increase the percentage of the parts and equipment we manufacture in-house, promote automation of our production equipment, and

optimize our production monitoring systems.

We are increasing our production capacity through efficient capital investment and M&A, ensuring that we maintain our position ahead of the trend and ahead of our competitors. In our mainstay ball bearing business, in addition to productivity improvements, we have established a supply base with a monthly production capacity of 370 million units in anticipation of future market growth.

We will continue to develop our supply capabilities by taking a variety of steps to increase productivity and expand production capacity through team building initiatives and the use of the Tokyo X Tech Garden, including sharing the manufacturing knowhow and best practices.

Team building Page 47

#### Strategy 2 Strengthening of risk management

As a components manufacturer with products that have the world's top market share, MinebeaMitsumi believes that fulfilling our responsibility to supply to our customers is our social responsibility, and we have worked to expand our risk management system on a global scale.

The Company's efforts to diversify business and manufacturing risk have proven effective not only with respect to the COVID-19 pandemic but also in terms of supply chain disruptions associated

with rising raw material prices and semiconductor shortages. These efforts have enabled us to minimize impacts on our operations and shipments to customers.

Our top management and employees will continue to work together to confront crises and do our best to strengthen our risk management, unwavering in the face of adversity.

Risks and Opportunities Pages 29 to 30

Risk management Pages 79 to 80

#### Strategy 3 Focus on reduction of environmental impact of manufacturing

MinebeaMitsumi has long been committed to environmentally friendly initiatives in accordance with its corporate philosophy and motto, including the operation of a Plant Wastewater Zero discharge system in the mass production facilities at its Thailand and Shanghai Plants. Our efforts to respond to the global focus on climate change and decarbonization started with the installation of solar power

generation systems at our main plants in Thailand and Philippines, and we are increasing efforts to reduce our environmental footprint, through PPAs (power purchase agreements) in the Philippines and Europe and in-house power generation in Thailand and Cambodia.

Initiatives for the Environment Pages 57 to 62