

Dialog of Outside Directors and Institutional Investors

Summary of Q&A

We recently held our first dialog (online) of outside directors and institutional investors. A summary of the Q&A is provided below.

Note: Some parts have been added and modified for clarity.

[Date]

Wednesday, March 17, 2021

[Attendees from MinebeaMitsumi Inc. (hereinafter “the Company”)]

Katsuhiko Yoshida, Director, Senior Managing Executive Officer

Kohshi Murakami, Outside Director

Yuko Haga, Outside Director

[Comments by Investors Following Dialog]

- I felt that Ms. Haga’s answer on M&A is the same kind of perspective as investors.
- The story of how Mr. Murakami’s experience in the legal profession is actually being utilized was fresh information.
- I was able to see that your outside directors perform their functions while maintaining independence.

[Comments by Outside Directors Following Dialog]

- It was a tremendous learning experience that helped me understand the expectations and perspectives of the market and investors. I hope these dialogs will be continued. (Murakami)
- I think the role of outside directors varies from company to company, but I believe dialog like this will improve governance. (Haga)

[Summary of Q&A]

Q. [Can you tell us what led to your appointment as outside director, your relationship with the Company before your appointment, and your impression of the Company before and after your appointment?](#)

A. Murakami: I was appointed as outside director to promote compliance at the Company, taking advantage of my 40 years or so of experience as a judge. Prior to my appointment, I had no knowledge of or involvement with the Company. Currently, I

continue to work on supervising management with a sense of fairness and tension while maintaining proper distance based on my experience as a judge.

- A. Haga: An interview that I did on governance in the newsletter of the Japan Association of Corporate Directors (I was the interviewer) caught the eye of the Company, and they appointed me to serve in a supervisory and advisory role, leveraging my experience as a management consultant. Before my appointment, I had come across the Company while researching the topic of M&A for my master's and doctoral theses, but I had no direct involvement with it. Since my appointment, I have sensed the strong desire of Company President Kainuma to achieve the goal of continued growth.

Q. [There are a wide range of products and production facilities. Do you ever have direct conversations with job site managers or employees and give them advice?](#)

- A. Murakami: The hands-on approach stood out to me on a plant tour. One plant manager visits the floor twice a day, once in the morning, and once in the afternoon. He said that he uses his five senses, and if something is off, he is able to discover it based on the movement of employees, their voices, the sound of the machines, the smell, and other things. He said top management that just sits at a desk in the office are unfit for the job.

When visiting a plant overseas, I warned them about behavior of relations with public servants from the standpoint of compliance.

- A. Haga: I was appointed in June 2020 during the COVID-19 pandemic, so I have not toured any job sites, but I have twice participated in the semi-annual Top Management Meeting (a large-scale meeting held over several consecutive days in which executive-level employees from each country, including outside directors, participate to discuss and review business plans and management policies. Due to COVID-19, this year's meetings were held online with about 50 locations around the world. For some items on the agenda, business improvement reports were provided with the participation of production line employees from the plants.), and I have seen all businesses of the Group via online meetings. I look forward to the opportunity to visit plants after the COVID-19 pandemic subsides.

Information on risks that arise at each location is regularly shared in liaison meetings with corporate auditors.

Q. [Do you provide advice, and are you involved in decision-making related to M&As and subsequent PMI?](#)

- A. Murakami: I am always aware of my status as a board member, so I provide advice

and am involved based on the philosophy that my role is not simply a supervisory one to put the brakes on management but also one of providing support for implementation from the standpoint of risk taking. In regard to M&A, I places priority on verifying the following four points at the meetings of the board of directors:

1. Are capable human resources being developed to serve in the operations of the company to be acquired?
 2. Has the Company accumulated know-how related to M&A up to now, and is that know-how being put to use?
 3. When acquiring a company that has a parent company, are there any issues related to it becoming a standalone company? In other words, after the support of the parent company is removed, will additional action be required to address functions that were dependent on the parent company?
 4. How much synergy will there be with the existing businesses of the Company?
- A. Haga: I will place importance on the following in my involvement with future M&As of the Company:
1. Is the M&A consistent with medium to long-term planning and the Company's strategic objectives? Can a logical explanation be provided on how the project will contribute to achievement of the Medium-Term Management Plan?
 2. Have both financial and business due diligence been carried out, and can synergy be expected after the acquisition?
 3. How is the upper limit set when price negotiation is left up to the Company president to a certain extent?
 4. What will the impact be on the Company's financial standing (balance sheet/statement of profit and loss)?
 5. Conversely, are there any risks of not going through with the acquisition?

Q. In the efforts over the past year or two, in what areas have you seen changes at the Company?

- A. Murakami: I feel that the most recent M&A is particularly promising in terms of future growth. Also, I see eliminating takeover defense measures as not only a sign of the Company's confidence in future growth but also as one of the Company's initiatives for growth.
- A. Haga: I felt two things participating in the Top Management Meetings. The first was that within the Group, the companies that were integrated with the former Minebea have naturally incorporated each other's strengths and positive qualities. This was a good example of M&A synergy outside of the numbers.

The second was that the Company is active in a wide range of industries with a diverse product lineup, so it has the ingredients necessary for growth. Also, the Company is oriented toward INTEGRATION* of technologies within the Group and using them together to expand the business.

*INTEGRATION means “combining” rather than “simple gathering” of the Company’s proprietary technologies to evolve the “Eight Spears” and to create new products in various fields through the INTEGRATION of our advanced technology

Q. [When deciding on a product portfolio, how are outside directors involved?](#)

- A. Murakami: I feel that the possibilities of synergy, including in the area of technology, are endless, so I always participate actively in those discussions.
- A. Haga: I feel that active discussions on synergy are possible precisely because the Company’s management carefully studies and observes overall trends in technology, demand, and other variables.
- A. Yoshida: At the Top Management Meetings, strategies for the portfolio and not just performance are considered. In addition, discussions on the portfolio are held at meetings of the board of directors as well, and outside directors perform the role of supervision there, too.

Q. [What specifically do you recognize as the role expected of you as an outside director?](#)

- A. Murakami: I recognize the importance of playing a role in promoting necessary risk taking when I feel like management is being overly conservative.

Q. [Do you recognize any issues with the current governance structure, including the succession plan and the officer compensation system?](#)

- A. Murakami: I think that selecting a future president to succeed the current one is an issue for the long term. Additionally, with respect to appropriate compensation levels, careful discussion is taking place at the Nomination and Compensation Committee, which I myself chair.

Q. [How are you preparing and reviewing the outlook on capital efficiency in M&As?](#)

- A. Murakami: Valuation in particular is carefully discussed by putting together scenarios subjected to various stressors.

Q. [What are your thoughts on the Company’s efforts to address the problem of climate change and other ESG issues?](#)

- A. Murakami: I recognize the problem of climate change as an unavoidable issue when it comes to sustainable development of a company, and I hope to continue providing supervision while engaging in sufficient discussion.
- A. Haga: My impression is that the Company is not only thoroughly addressing the governance but also the environmental and social aspects, but I believe that the environmental and social targets, efforts, and progress need to be thoroughly disclosed.

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