



Mabuchi Motor Integrated Report 2021

Fiscal year ended
December 2021



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In editing the Mabuchi Motor Integrated Report 2021

The Mabuchi Group contributes to the development of a sustainable society by working to address social issues through its business and corporate activities. In this report, we explain our approach and actions towards fulfilling our responsibilities as a corporate steward of society, which are shaped in a collaborative dialogue with our stakeholders. We refer herein to the value co-creation guidance provided by the Ministry of Economy, Trade and Industry.

Covered Period

The figures in this report are as of the end of December 2021 unless otherwise stated.

Cautionary Note on Forecasts

Statements concerning the business forecast recorded in these slides are based on information available at the time of preparation. Actual results may differ from the forecast due to various factors.

Factors that may affect the operating results include, but are not limited to:

- Fluctuations in exchange rates
- Changes in economic conditions, demand trends, and other factors surrounding our businesses
- Rapid technical innovations such as new technologies and new products
- Change in Environmental Regulations
- Fluctuations in market prices of copper, steel, rare earths, and other materials





Mabuchi Motor has been contributing to solving the world's problems and technological innovations by deepening its technologies as a manufacturer specializing in small DC motors under the management principle of "Contributing to International Society and Continuously Increasing Our Contribution." In order to realize our Long-Term Management Policy and accelerate our growth toward 2030, we have decided to shift to a new management structure in which the next generation will play a central role.

We will continue to contribute to the preservation of the global environment and the happiness of all people by providing small, lightweight, and highly efficient motors at reasonable prices and delivering safe and environmentally friendly power.

We look forward to your continued guidance and encouragement.

Representative Director,
Chairman & CEO

Hiroyuki Okoshi

Representative Director,
President & COO

S. Taniguchi



Mabuchi Motor contributes to the protection of the global environment and to people's happiness by offering compact, lightweight and high-efficiency motors at reasonable prices.

Our motors help provide safe and eco-friendly motive power all around the world.

Management Principle

"Contributing to International Society and Continuously Increasing Our Contribution."

"Management principle" of Mabuchi Motor encompasses the following beliefs:

1. Elevate our level of contribution to society and to persevere, as a prominent entity the world cannot do without.
2. All members of the Mabuchi Group shall participate in acts of philanthropy through their work.
3. Achieve growth as an individual, and a richness of the heart that is derived not solely through material wealth, but through the experience of caring for fellow human beings, Mother Nature, and all elements that sustain our lives.

Our management principle" is not only a guide for running our corporation but a gene to be carried down to subsequent generations of the Mabuchi enterprise.

Management Markers

1. By offering superior products that are reasonably priced, we contribute to the well-being, comfort, and convenience of people all around the world.
2. By fostering career opportunities and technological development, we address social and economic disparities around the world.
3. By placing highest value on our people, we empower and encourage them to realize their potential and contribute to society.
4. Through our corporate activities we protect our planet's ecosystem and the health of its inhabitants.

Management Guidelines

1. Develop products that offer flexibility of application and optimize production conditions.
2. Improve product development based on thorough value analysis and standardization of parts and materials.
3. Realize cost reduction by using advanced processing technologies and by minimizing waste.
4. Pioneer new markets and secure sufficient market share in alignment with the company's values and strategy.
5. Cultivate the talent of our people by continuously matching the right person with the right opportunity.
6. Conduct business in a way that has the smallest possible environmental impact and that abides strictly by health and safety standards.
7. Enhance the company's sustainability through management policies and strategies that take a long-term view.

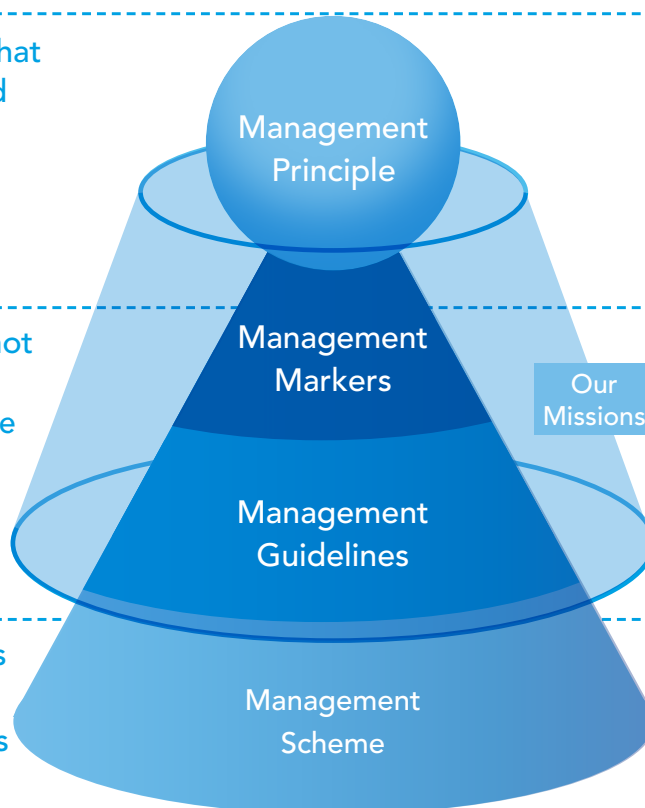


Mabuchi's Management Vision

Permanent vision that remains unchanged

Vision that would not be changed over a short period of time

Vision that changes according to the current of the times



Management Markers

A statement of how the "contribution" stated in the management principle is to be understood and embodied, and a statement of the major mission to be fulfilled through business activities.

Management Guidelines

A guideline for corporate activities that will serve as a starting point for creating value that contributes to society and achieving sound growth.

Our Missions

A set of values to be shared in order to "achieve further growth" by overcoming various difficulties and conflicts that arise in the course of performing one's duties.

Management Scheme

We are pursuing our business activities with the concept of "continuously demonstrating Mabuchi's unique characteristics, which cannot be easily imitated, by mobilizing our organizational strength based on selection and concentration.

Diversifying Applications while Specializing in Small DC Motors

Sources of our High Profitability as Seen in the History of our Founding and Business Development

A Pioneer in Small DC Motors

The story of Mabuchi Motor begins in 1946, well before the company's founding. In that year Kenichi Mabuchi, later to become the company's first president, created a motor for use in teaching science to school children in Takamatsu, Japan. In 1947, he succeeded in developing the world's first high-performance horseshoe-shaped magnetic motor. In those days, the magnetic field in a DC motor conventionally was created using an electromagnetic coil. But Kenichi was an out-of-the-box thinker, and came up with the idea of using a permanent magnet that would allow for smaller motors and lower power consumption. He proceeded to make this idea a reality. Working with his younger brother Takaichi who would later become the company's second president, Kenichi produced and sold high-performance horseshoe-shaped magnet motors for use in models. This motor was able to rotate continuously for one to two hours using only one battery, which was astounding at the time.

While building the foundation of the small DC motor business on these products for models, the Mabuchi brothers began to enter the toy parts market, which was larger than the model market. Back then toys were powered mainly by either springs or friction, power sources that dwindle quickly. Therefore, Kenichi and Takaichi developed a motor for toys. In 1953, they approached Nomura Toy, a toy wholesaler in Tokyo, to sell their new motor to the company. When Nomura Toy showed a motorized toy sample to a toy buyer from

the United States, the buyer's eyes widened in surprise. This was the origin of Mabuchi Motor sales to Nomura Toy. Production and sales surged, and Kenichi and Takaichi moved their business to Tokyo, the hub of Japan's toy industry. They rented the second floor of Nomura Toy's warehouse and set up a factory there. Then on January 18, 1954, they established Tokyo Science Industrial Co., Ltd. – the date we regard as the founding date of Mabuchi Motor.



The high-performance horseshoe-shaped magnetic motor

Thoughts Put into Our Motors

Mabuchi Motor started from a dream of a boy who loved models. Kenichi Mabuchi, the first president who loved manufacturing since he was a child, created model airplanes and ships and devised various ways to move them. When he was in sixth grade, he used gasoline as fuel to move a model of a steamship with alcohol lamps faster, which ignited and caused severe burns. At that time, he thought he wanted to create a safe power for children in the world. This experience led to the later development of our motors.

In 1946, Kenichi created a motor for school teaching materials with the idea that "science education must be flourishing for the future development of Japan." That is the school motor. In this way, our educational support has been handed down from before our founding.



Small, High-performance, Affordable Motors

In the earlier days of the company, motors produced by Mabuchi Motor were used mostly in toy cars made for export. The toy cars were too expensive for ordinary Japanese people to buy at that time: they cost 1,500 to 2,000 yen each at a time when the monthly salary of new junior high school graduates was 2,000 yen. The company decided to create a small, powerful, low-cost motor that could make toy cars affordable for children in Japan. Doing so was required reducing the cost of the motor from 120 yen to 20 yen, which was the cost of a spring (the existing power source for toy cars sold domestically). To get that cost reduction, we had to design the motor in a whole new way and use low-cost components. An expensive material named alnico (an alloy of aluminum, nickel, cobalt, and iron) normally was used for the



The F-type motor,
which uses a ferrite magnet

magnet, the primary component of the motor. Mabuchi's engineers therefore worked to develop a motor using a low-cost ferrite magnet that a Japanese manufacturer had begun to produce. Using the new ferrite magnet, the company created the F-type motor, whose performance matched that of an alnico magnet motor - at half the weight and a cost below 20 yen. Production of the F-type motor began in 1958. It was an innovation that synced perfectly with the plastic model fad at the time - and "Mabuchi" became a household name.

Technological Innovation and Diversification of Applications

In 1960, we focused our attention on the trend in tape recorders toward more compact, lighter weight, and cordless designs and began to develop a motor for tape recorders. For this application, we needed to achieve silent, smooth rotation while reducing current consumption to 10% of its existing level, and extending service life 50 to 100 times. We did so through a threefold innovation that improved shaft precision, used a new oil-less bearing, and refined the motor technologies, including to enable contact between a commutator and brush - all of which reduced production costs. As a result, we succeeded in developing the FM-250 series of motors, which later gained an overwhelmingly large share of the tape recorder motor market. This is one example of our innovation pattern. Mabuchi Motor has re-

alized diversification of expanded applications for our small DC motors through innovating in technologies and increasing the affordability of end-products.

We have specialized in small DC motors and have worked to diversify the market for their applications because we believe it is essential to concentrate our business resources on small DC motors in order to create products that outperform our competitors, even though we are a modest company scale. We have achieved business growth by specializing in small DC motors, diversifying their application markets, and developing our business activities with the aim of selling them not only in Japan but also to markets and customers around the world.

Origin Story: Our Management Principle

Takaichi Mabuchi resolved to articulate a basic philosophy for the company that would express "why Mabuchi Motor exists, and what we sweat over and work for." From its beginnings as a small factory, Mabuchi Motor had grown into a medium-sized company with more than 1,000 employees.

Takaichi believed that, for the Company to keep growing and developing, it needed a strong management team, and to this end, we have formulated a management philosophy that our employees can truly identify with. He looked back at the path the brothers had taken. They had dedicated themselves to developing a lowcost motor for toys, and achieved production at a low price, equivalent to that of a spring. The

dream of many children to play with electric toys came true. He also felt a sense of purpose in life, realizing that through his business he was contributing to the lives of people around the world and to the economic and social prosperity of the world. This idea became the core of our management principle that Takaichi Mabuchi formulated for Mabuchi Motor: "Contributing to International Society and Continuously Increasing Our Contribution." This principle has been our constitution, guiding Mabuchi Group companies around the world, transcending limitations of time and location.

Selling to Customers around the World

Overseas Share of Motor Sales Amount 90% (2021)

Since its very beginnings, Mabuchi Motor has proven its expertise in securing sales in new markets and applications. The primary export destination of toys, which were the major application of motors in our early days, was the United States. In 1956, two years after our foundation, Kenichi Mabuchi visited the United States. He stayed for 45 days, visiting customers to gain firsthand knowledge of the U.S. market. One of the customers he visited was a major toy manufacturer, the world leader in the industry at the time. Five years after Kenichi's visit, Mabuchi Motor received a bulk order for 20 million motors per lot from that toy company. In the same year, orders came in for motors for toothbrushes and tape recorders from another U.S. company, one of the largest electric appliance manufacturers in the world.

As a result of these proactive sales activities to markets and customers around the world, the overseas sales ratio of motors has reached 90%.

With the establishment of bases at Mexico in the Americas in 2014 and at Poland in Europe in 2017, Mabuchi has established the Five-Region Management Structure. We will continue to practice our management principle "Contributing to International Society and Continuously Increasing Our Contribution." by promoting "Mabuchi Global Management" which is based on the strength of "diversity" that takes advantage of the connections among human resources and diverse values among our bases, as well as our "Five-Region Management Structure".

Standardization Strategy Ensures Stable Supply of Motors with High Quality and Reasonable Price

In 1969, as the scale of motor production and sales grew rapidly, we experienced a significant production shortage of parts and our assembly capacity proved insufficient. In the toy industry of the time, that products were custom-made was taken for granted, and Mabuchi Motor was producing a wide variety of motors whose specifications differed slightly depending on the customer. The production failure hit during the summer, which was the peak production period ahead of the Christmas holiday shopping season. In addition, we received a number of our customer complaints.

To rectify this situation – and just as importantly, to avoid its recurrence – Mabuchi Motor made the decision to standardize its products. There were internal objections to this decision, as some believed that standardized motors would not be sold well. The standardization of motors enables planned production based on inventory sales, which in turn reduces production costs and maintains and improves quality through stable operations. We believed that this would lead to the provision of value to our customers, who were facing fierce competition and are committed to rationalization.

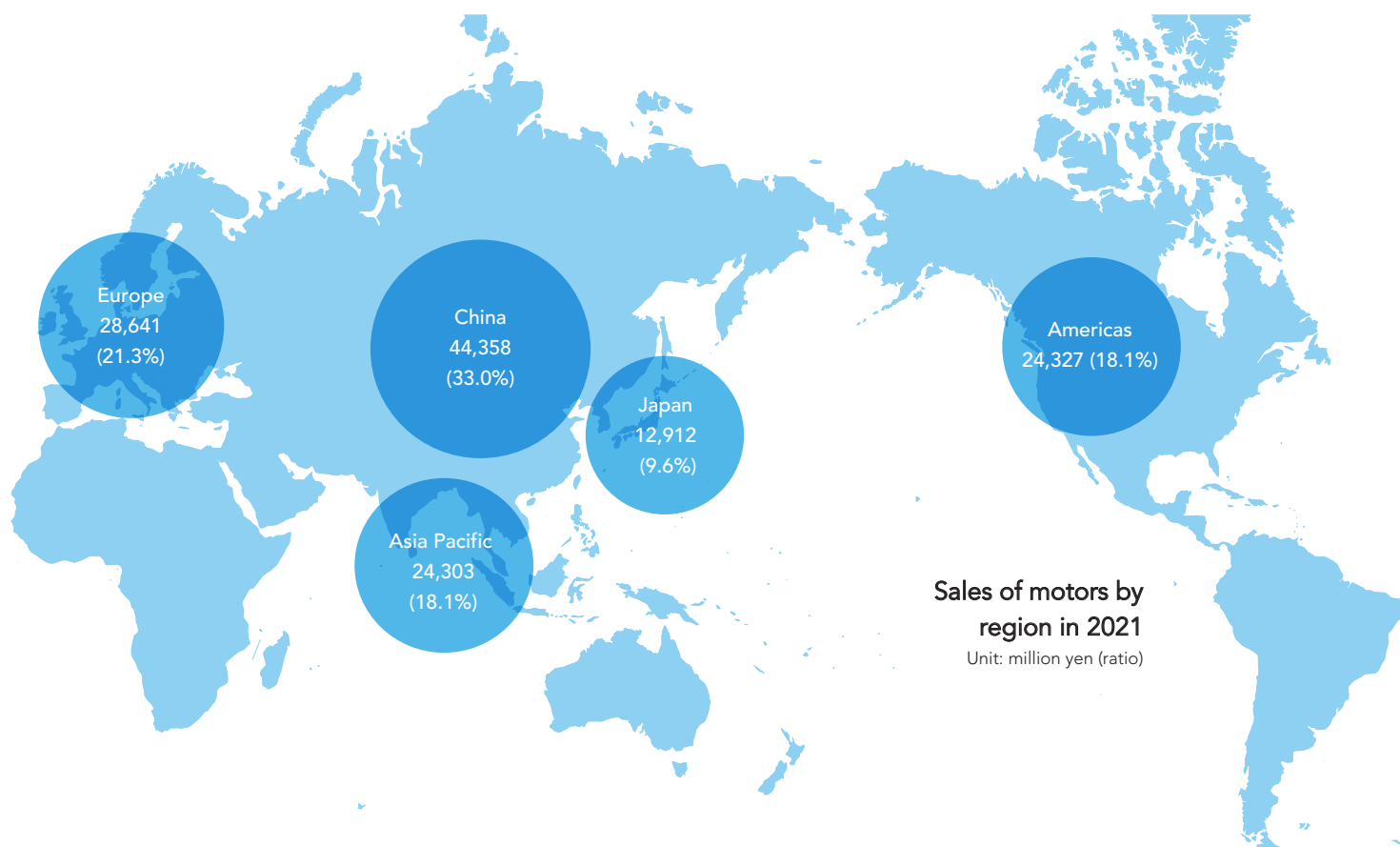
To make our new strategy a reality, Mabuchi Motor set out to propose our product standardization to our customers. The largest toy manufacturer in the U.S. was the first to agree. As a global industry leader, the company was keenly aware of the tough competitive environment and recognized that standardization offered a smart and reasonable way forward. After that first agreement, our standardization project clicked into gear.

Our increased capacity to supply high-quality motors at affordable prices enabled us to broaden the range of applications for small DC motors. More diverse applications led to increased mass production of standardized products and then to cost reductions, in a virtuous cycle.

Standardization, the starting point for that virtuous cycle, wasn't at all the standard thinking in the industry in Japan at the time. This uniqueness has enabled Mabuchi Motor to create, sustain, and enhance its competitive advantage and to achieve high profitability.

Our ability to achieve high quality and low cost at the same time by producing and selling large volumes of motors with narrowed specifications through product standardization is further enhanced by our global production system. Today, we have solidified our position as a leading company, supplying the world with approximately 1.3 billion small DC motors annually.





Right Level of Profit as a Result of Contribution to Society

Under our Management Principle, profit is not the company's ultimate objective. However, we attach great importance to profit. We believe that profit is a company's reward for contributing to society or to customers, as well as an indicator of the level of its contribution. Profit is also a source of energy for powering more and increasing social contributions. We believe that a company can remain in a virtuous cycle of increasing social contribution, which increases its profits, which then through more and better activities again increases its social contribution, and so on. And we believe that such a company will gain the support of people and communities local and global. It will find that its purpose has become timeless.

A company can contribute to society only when it provides unique value by creating products or services that are different from those offered by others. A company that only provides what others already do can compete only through price - which means that it cannot make a profit if costs remain unchanged. With this in mind, at Mabuchi Motor we always aim for the "right" level of profit as a result of our contribution to society and customers. An appropriate level of profit is necessary for keeping our business stable over



time. When our profit exceeds appropriate levels, we return a share of our profit to customers to strengthen our relationship with them and to reinforce our competitiveness. We do not pursue any sales expansion which will not generate profit. Our objective is always sustainable growth accompanied by the right level of profit.

History of Application Market Expansion and Worldwide Network

History of Application Market Expansion

Motors that Revolutionized the Toy Industry

In the Japanese toy market, price was considered more important than quality. But the development of electric toys progressed rapidly with the acquisition of motors as revolutionary power sources. Ultimately, our motors became synonymous with luxury toys, and the volume of exports to overseas also soared. In this way, our motors greatly revolutionized the toy industry in Japan and, by extension, toy production and the lives of children around the world.



Submarine motor

Entry into the Field of Motors for Practical Applications

To break away from our dependence on toy applications, we turned our attention to tape recorders, the production volume of which was beginning to surge at the time. We succeeded in developing motors that came to be regarded highly in terms of both performance and price. By expanding into the field of motors for practical applications, we became able to cater to more advanced product development needs, production systems and quality assurance standards than ever before.



Motor for tape recorder

Dominating the Market for Motors for Audio and Video Equipment

In 1975, we released the Electronic Governor Motor equipped with device called an electronic governor, which keeps the rotation speed of the motor constant. It was recognized highly in terms of both performance and price, and the Mabuchi name gained recognition in the audio and video equipment market.



Electronic governor motor



History of Base Development

- Japan
- Americas
- China & Asia Pacific
- Europe

- 1946
Kagawa, Takamatsu
Kenichi MABUCHI developed motors for educational materials

- 1954
Established Tokyo Science and Industry Co., Ltd. (Mabuchi Motor founded)



- 1964
Hong Kong Mabuchi

- 1965
Established Matsudo Factory (current Headquarters) in Matsudo, Chiba



- 1969
Taiwan Mabuchi

- 1971
Changed the corporate name to Mabuchi Motor Co., Ltd. and relocated Headquarters functions to Matsudo, Chiba

- 1977
America Mabuchi (Sales office)



- 1979
Kaohsiung Mabuchi

- 1986
Established a factory in Guangdong



- 1987
Dalian Mabuchi

- 1989
Singapore Mabuchi (Sales office)

Global Expansion from an Early Stage

In 1964, when we celebrated our 10th anniversary, Mabuchi Motor established the first overseas production base in Hong Kong. At that time, there was a preferential tariff system in which exports of Hong Kong-made products to Europe were made duty-free if they passed through the United Kingdom, and Hong Kong was growing rapidly as a global toy production area. In addition to motors for toys, orders for motors for practical applications were steadily expanding. In 1977, we established a sales base in the United States to bolster our overseas sales system.

Focused Production System in China

Since 1978, the Chinese government had been advocating a policy of reform and opening-up, and had begun efforts to achieve economic growth by actively introducing capital and technology from foreign companies to China. In 1986, we started contract-based processing and production in Guangdong Province, China. In 1987 we established Dalian Mabuchi, the first wholly owned subsidiary of a Japanese company in mainland China. Since then, we have established several production bases in China and established a robust supply system for the global market leveraging the high degree of cost competitiveness of concentrated production that is facilitated by production in China.

Progress in Diversification of Applications

In 1981, Audio and Video Equipment accounted for 34% of sales, followed by Home Appliances and Power Tools at 29%, and Toys and Models at 27% as the diversification of applications dramatically progressed. We entered the field of applications for automotive products with motors for door mirrors in 1975 and door lock actuators in 1981. Today we maintain over 80% and 70% of the worldwide market share of motors for door mirrors and door lock actuators respectively.



Motor for door mirror

Full-scale Entry into the Field of Power Window Lifters

Since our first-generation power window lifter was launched in 1989, we have continued to develop and market newer generation models that are increasingly compact and lightweight, achieving full-scale entry into the power window lifter field. In recognition of our technological capabilities to make our motors smaller, lighter and more efficient together with reasonable prices resulting from our standardization strategy, in 2005 sales of our motors for automotive products realized significant growth.



Motor for power window lifter

Evolving to a Next-generation Standardization Strategy

In addition to conventional sales of motors alone, we will develop and market unit-type products with peripheral parts such as reducers and fans attached, and pursue a next-generation standardization strategy to provide the value that customers truly seek by proposing a wide range of solutions.

We will also focus on the three areas of mobility, machinery and medical, and make full-scale efforts for brushless motors to achieve more rapid growth in the Life & Industrial Products field.



Motor for light electronic vehicle

1990

- 1992 Established the Technical Center (current Technical Research Institute)



- 1993 Europe Mabuchi (Sales office)

- 1993 Jiansu Mabuchi

- 1994 Wafangdian Mabuchi

- 1994 Dongguan Mabuchi

- 1996 Vietnam Mabuchi

2000

- 2002 Established a sales company in Shanghai

- 2005 Korea Mabuchi (Sales office)

- 2005 Danang Mabuchi



- 2008 Mabuchi Motor China Shenzhen Branch (Sales office)



2010

- 2010 Daojiao Mabuchi

- 2011 Jiangxi Mabuchi

- 2014 Mexico Mabuchi



- 2017 Poland Mabuchi



- 2018 Thai Mabuchi (Sales office)

- 2018 Jiangmen Mabuchi

2020

- 2019 Mabuchi Motor China (Management company)

- 2019 Mabuchi Motor China Dongguan Branch

- 2021 Mabuchi Electromag

Expansion into Asia

In the 1990s we increased our production capacity in coastal areas of China and expanded into outskirts of Ho Chi Minh in Vietnam. In the 2000s, we established production bases in inland Jiangxi Province, China and Danang, Vietnam to avoid the risks associated with our production bases being concentrated in coastal regions of China.

Establishing the Five-Region Management Structure and Shifting to the Mabuchi Global Management System

In 2014 we established Mexico Mabuchi in the Americas, and in 2017 we established Poland Mabuchi in Europe. We have established a Five-Region Management Structure that improves the autonomy and independence of overseas bases and achieves local production for local consumption. In addition to this Five-Region Management Structure, we also engage in business activities leveraging the advantages of the Mabuchi Global management system which utilizes robust connections and diverse values between our bases.

Our Business

By specializing in small DC motors, Mabuchi Motor have refined the relevant technologies, which has enabled us to excel at developing products that are compact, lightweight and highly efficient. We started out in the field of models and toys. Beginning in the 1960s, we developed motors for various practical uses, expanding our markets by leveraging the high performance and overwhelming cost competitiveness of our motors. Because we hold large market shares in a variety of motor applications, Mabuchi Motor has a great supply responsibility.

Small motors that support safe and comfortable driving

Automotive Products

98.2 billion yen

In the field of Automotive Products, the global market share of our products for door mirrors exceeds 80%, and that of our products for door lock actuators exceeds 70%. It is no exaggeration to say that almost all automobiles in the world are equipped with small DC motors supplied by Mabuchi Motor for some purpose. Going forward, the number of small motors installed in automobiles will continue to increase with the shift toward electric vehicles. We will continue to contribute to the improvement of automobile safety and comfort by providing high-performance small motors that are responsible for control and drive functions for various automotive products.

73%

Power window lifter
23.4 billion yen

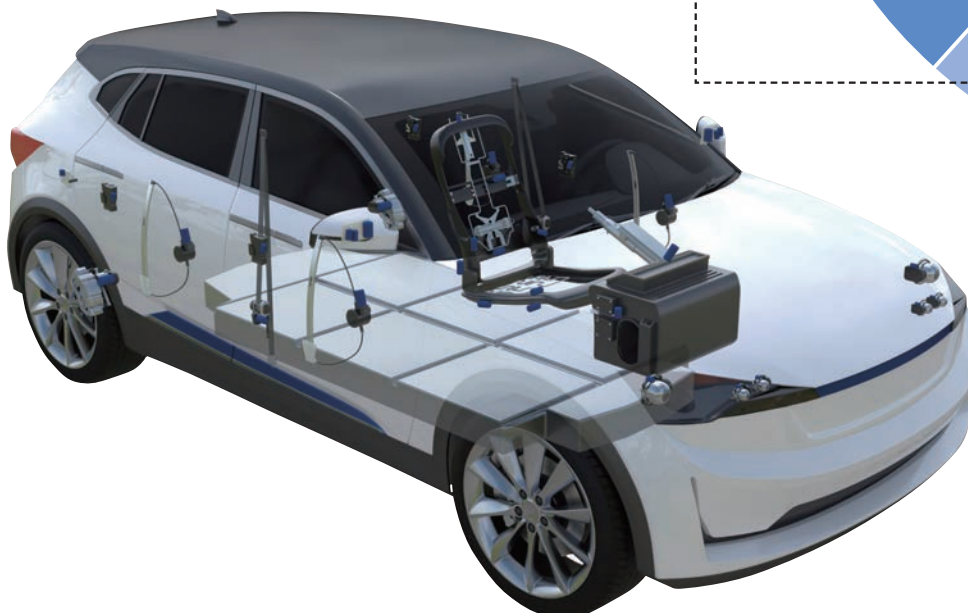
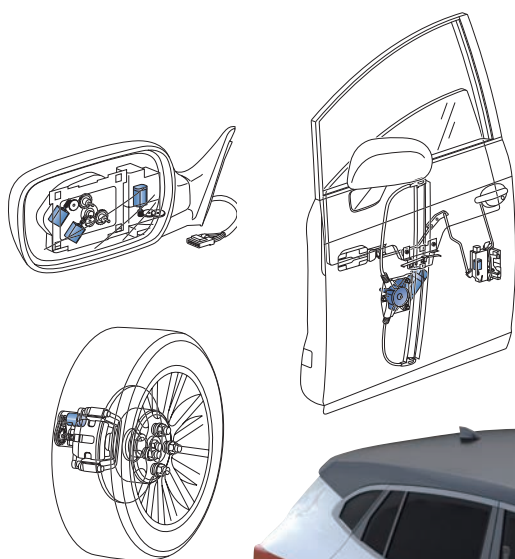
EPB
10.0 billion yen

Power seat
8.3 billion yen

Others
(Medium-sized motors)
9.6 billion yen

Door mirror
17.3 billion yen

20
Net Sales b
134.

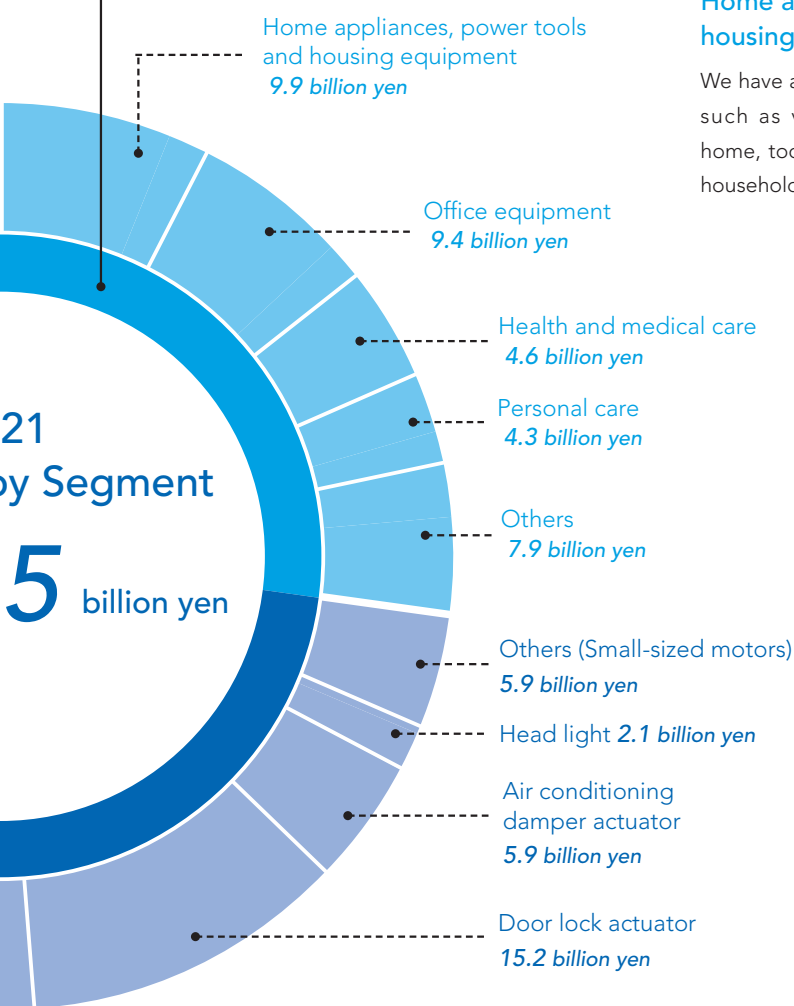


*EPB: electric parking brakes

27% 36.2 billion yen

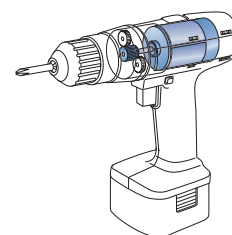
Small motors that support better daily life Life & Industrial Products

In the Life & Industrial Products field, our products for inkjet printers, electric shavers, toothbrushes, hairdryers, and others command large market shares. Motors supplied by Mabuchi Motor support the lives of people around the world by driving the products that are essential to their daily lives.



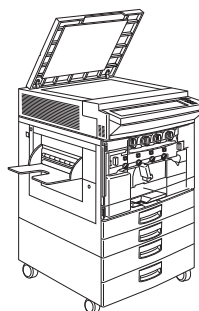
Home appliances, power tools and housing equipment

We have a lineup of motors for home appliances such as vacuum cleaners used around the home, tools such as drills and screwdrivers, and household fittings such as electric locks.



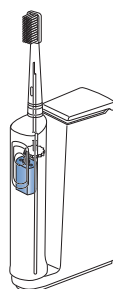
Office equipment

Our motors are installed in inkjet printers used at home and multifunction printers.



Health and medical care

We focus on products that contribute to human health, including high added-value toothbrush motors. In July 2021, we began full-scale efforts for the development of medical equipment applications based on the product lineup and customer base of Mabuchi Electromag, which delivers motors for ventilators and dental treatment equipment, integrated into the Mabuchi Group through an M&A transaction.



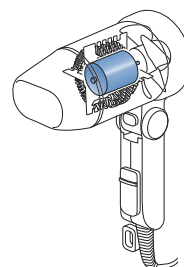
Light electric vehicles (AGV/AMR), collaborative robots

We focus on brushless motors for small-scale passenger mobility applications and light electric vehicles such as AGVs and AMRs, which are used at production sites and logistics facilities. We have developed a lineup of hollow-structured brushless motors for collaborative robots and other products, and will continue to contribute to the resolution of social issues such as labor shortage by contributing to the growth of markets where future growth is expected.



Personal care

Our motors are also installed in grooming products such as hairdryers and electric shavers.



* AGV: Automatic guided vehicle, AMR: autonomous mobile robot

Value Creation Process

Mabuchi Motor contributes to the safe and comfortable lives of all people by providing safe and environmentally friendly power at reasonable prices through our refined small DC motor technology.

Challenges facing global society

Facing global society

- Global Warming
- Environmental and Energy Issues
- Low birthrate and aging society
- High incidence of traffic accidents
- Poverty and economic disparity



Facing consumers

- Pursuit of safety and comfort in daily life
- Realization of diverse values and lifestyles
- Reduction of electric power and energy consumption

Input

Human capital

- Total employees, Mabuchi Group: 20,894
- Employees at Headquarters with past or present posts at bases outside Japan: 349
- Non-Japanese managers leading bases outside Japan: 13
- Non-Japanese group executive officers: 3

Manufacturing capital

- Overseas production ratio: 100 %
- Production bases: 14

Intellectual capital

- R&D bases: 4
- R&D employees: 482
- Industrial property rights held: 742
- New applications for industrial property rights: 70

Financial capital

- Total capital: 259.9 billion yen
- Capital adequacy ratio: 90.9 %

Social capital

- Corporate customers: 1,425
- Parts and material suppliers: 397
- Shareholders: 24,177

Natural capital

- Electricity usage: 217 million kWh
- CO₂ emissions (Scope1 + Scope2): 119,454 t-CO₂
- Water usage: 774 thousand m³

Management Principle

"Contributing to international society by continuously increasing our contribution"

Solving social issues through our small DC motor technology

Long-term Management Policy

Mabuchi Motor increases the happiness of all our stakeholders

Envisioning: Mabuchi Motor in the next 10 years

Mid-Term Management Plan (2021-2023)

Mid-Term Management Plan: Performance Guidance

Net Sales: Average annual growth rate 8 % to 10% Operating income ratio: 15 % or higher
ROIC: 12% or higher

Next-generation
Standardization Strategy

Mabuchi Global
Management Strategy

Management base that allows
employees to thrive and play an active role

* EPB: Electric Parking Brake

Sustainable enhancement of our corporate value

Facing our customers

- Reduction of environmental impact
- Compact, lightweight, highly efficient, and quiet
- High quality
- Stable procurement
- Cost reduction

Contributing to solving social issues

Outcome

Contribute to solving issues faced by the international community through our business activities and sustainably increase corporate value



Contribution to the International Community

- Safe, comfortable and prosperous society
- Reduction of energy consumption and environmental impact
- Reduce and eliminate poverty and economic disparity
- Solving consumer issues through our customers' products



Contribution to Customers

- Compact, lightweight, highly efficient, and quietness for your products
- Freedom from quality problems
- Reduce the cost of customers' products



Creation of economic value

- Gain economic added value as a result of contributions to society and customers, and redistribute to stakeholders

Output

Annual Sales

134.5 billion yen

Operating income

13.8 billion yen

Operating income ratio

10.3%

Automotive Products

Sales volume

936 million pieces

Main applications

- Power window lifters
- EPB
- Power seats
- Valve actuators
- Door lock actuators
- Door mirrors
- Air conditioner dumper actuators
- Head light, etc.

Life and Industry Equipment

Sales volume

410 million pieces

Main applications

- Home appliances, power tools and housing equipment
- Health and medical care
- Office equipment
- Industrial equipment, etc.

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ution."

ctors

olders.

% or higher

lobal
System

e role

through reinvestment of the added value we create

Sustainability Initiatives and Key Issues

Initiatives towards Sustainability

Applying our Management Principle towards the SDGs and Working with Society

Mabuchi Motor's Management Principle, "Contributing to international society and continuously increasing our contribution," expresses our desire to increase our contribution to society and continue to be an indispensable company for the world. We aim for all employees to "participate in social contribution through their work as a member of the company" and "achieve personal growth by caring not only for people but also for nature, the environment, and all other things, and by attaining fullness of mind that is not limited to material wealth alone."

In addition, we regard the SDGs (Sustainable Development Goals) as goals that enable us to grow economically while taking care of people. To achieve these goals, we will continue our proactive environmental and social initiatives for each of them.

Sustainability Policy

- To realize our Management Principle of "Contributing to International Society and Continuously Increasing Our Contribution", we will follow our Management Markers and achieve sustainable enhancement of corporate value through resolution of the issues facing society
- We will pursue the full range of possibilities of small DC motors to help resolve issues confronting global society.
 - Through all of our business activities, we will show respect not only for people but also for nature, the environment and all other things and fulfil our social responsibilities.
 - To realize stable growth in the long term, we will maintain proper governance, quickly identifying risks and taking steps to eliminate or minimize these.
 - We will build strong and lasting relationships of trust with all our stakeholders and contribute to our stakeholders in a sustainable manner.

Sustainability Committee

The Sustainability Committee determines material issues, or the social issues that we shall be committed to solving. It also clarifies our sustainability goals and monitors progress towards achieving these. The Board of Directors supervises company initiatives for promoting sustainability, through direct reports from and oversight of the Committee and any relevant organizational unit. The Committee is chaired by the company president, and composed of executive officers and senior general managers of business units and Headquarters.

Since its establishment in July 2020, the Committee has set specific key issues and targets for solving social issues in accordance with our management markers, expressed endorsement of the TCFD as a climate change-related initiative, and discussed specific measures to address these issues.









































































Setting and addressing key sustainability issues

- | | |
|---------------|--|
| August 2020 | Set key sustainability issues by identifying the linkage between our business activities and social issues as well as SDGs goals and targets from the perspective of our four management guidelines. |
| February 2021 | Plan responses to key sustainability issues and establish "Mid-term Sustainability Targets" with KPIs for each key issue. |
| February 2022 | Disclosure of progress on each of the key sustainability issues defined in the Mid-term Sustainability Targets. |

Key sustainability issues

~ Solving social issues in accordance with our management guidelines ~

| | Our Impact Goals (Materiality) | Highly relevant to SDGs targets | Relevant to SDGs targets |
|--|--|--|---|
| Solutions through products | Promote the manufacture of vehicles equipped with safe driving and traffic accident prevention functions in partnership with customers |    | |
| | Promote the manufacture of fuel-efficient and environmentally-efficient automobiles in partnership with customers |     |    |
| | Increase availability of reasonably priced health equipment and medical devices through partnerships with customers |   | |
| Solutions through global production activities | Create gainful and enduring economic activity in the countries and regions we enter |     |      |
| | Foster sustainable operations and competitiveness of bases in the region through technology transfer |    |      |
| Solutions through investing in human capital | Cultivate management talent at our bases in Japan and around the world |    |     |
| | Develop R&D talent at our bases in Japan and around the world |    | |
| | Increase gender diversity at our bases in Japan and around the world |  |    |
| | Foster interest in science and manufacturing among children and youth |  |     |
| Solutions through corporate activities | Reduce resources used and wasted by downsizing and standardizing motors |  |      |
| | Reduce the environmental impact of corporate activities |    |      |
| | Ensure the health and safety of employees through development of facilities and enhancement of operating systems |  |  |
| | Strengthen governance in decision-making and ensure compliance |  |      |

KPIs and progress for each of our Mid-Term Sustainability Targets can be viewed in detail here. https://www.mabuchi-motor.com/csr/esg/pdf/2022Targets_e.pdf

Message from our CEO



Representative Director,
Chairman & CEO

Hiroshi Okoshi

**We will aim for further growth with
"the Mabuchi way of constantly providing new and
advanced technology, quality, and service."**

Initiatives to Continuously Increase Corporate Value Based on Our Management Principle

We have positioned our Management Principle "Contributing to International Society and Continuously Increasing Our Contribution" as a fundamental concept in conducting our corporate management activities, and are working to implement it in practice on a daily basis. This Management Principle includes the strong determination to continue increasing our ability to contribute to society and remain a company that is essential for society, with all employees working in the Mabuchi Group around the world participating in social contribution through their work as members of the company, and achieving growth as individuals by attaining a richness of the heart that is derived not solely through material wealth, but through the experience of caring for fellow human beings, nature, the environment, and all elements that sustain our lives.

At present, companies around the world are facing a variety of difficult challenges, including those posed by COVID-19 pandemic and increasing geopolitical risks. Under these conditions, I feel a renewed sense that there are always

issues to address, and that there is no end to our efforts to resolve them. In every era, though, our goal is to practice our Management Principle, and this will remain unchanged. Under our Long-Term Management Policy—which has been established as a management policy that embodies the Management Principle over a span of about 10 years—we will continue to contribute to all stakeholders' happiness and aim to increase it, as a corporate citizen of the world. Long before the widespread popularization of terms such as sustainability and the SDGs, we have contributed to people's safe and comfortable lives through our business activities of providing small DC motors with the aim of contributing to solving the problems of the international community and continuing to be a company that is indispensable for the world. Our motors have high energy conversion efficiency and output per unit weight, and can contribute to weight reduction and energy saving for all manner of devices. We will continue to contribute to the realization of a decarbonized society, which is a key material issue common

to all human beings living on the planet Earth. In order to realize the happiness of all stakeholders, we have identified Material Sustainability Issues and corresponding Mid-Term Sustainability Targets, and are accelerating our efforts to resolve them. Going forward, all employees will continue to implement our Management Principle of contributing

to international society and continuously increasing our contribution. We will also enhance our E (environmental), S (social) and G (governance) initiatives and contribute to the resolution of social issues such as climate change to achieve sustainable enhancement of corporate value.

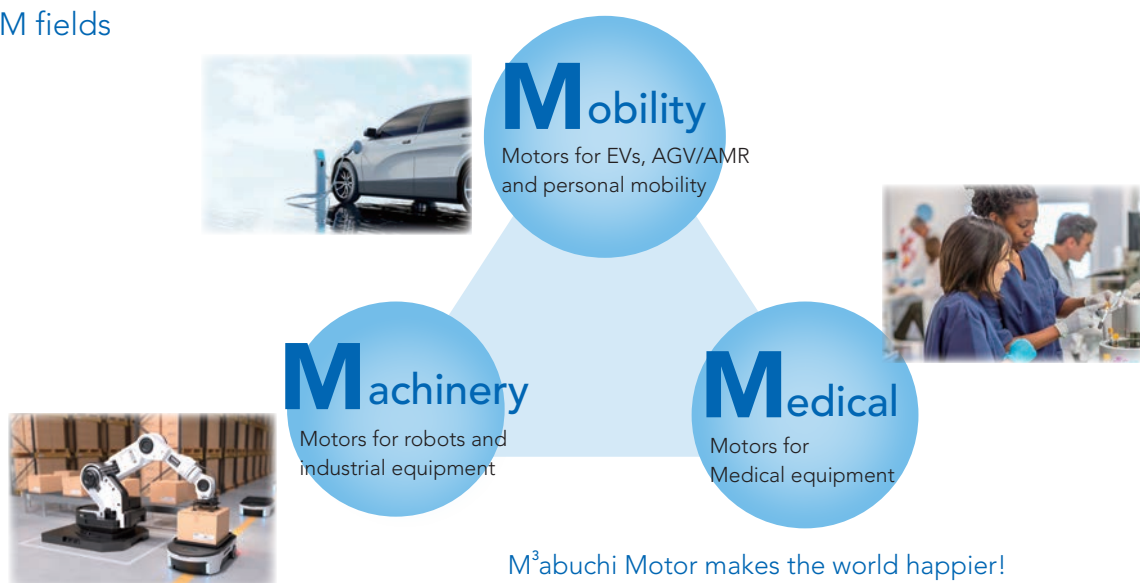
Standardization Strategy and Business Portfolio Evolution

It is no exaggeration to say that our progress to date has been achieved by thoroughly considering the true value that customers demand of us as a manufacturer specializing in small DC motors, and implementing a standardization strategy that enables us to provide high-quality motors that deliver that value at reasonable prices. We have contributed to the improvement of convenience, comfort, and safety in people's lives by delivering compact, lightweight, and high-efficiency motors in a wide range of fields—ranging from toys to home appliances, power tools, residential facilities, office equipment, health and medical equipment—with an overwhelmingly high level of quality through standardization. Since I became president in 2013, I have worked to develop the medium-sized electrical equipment (motors for automotive products) segment into a key pillar of our business, and the sales ratio for motors for automotive products has risen to at least 70%. In order to achieve long-term stable management, I believe that we must ensure that the Automotive Products segment continues to grow at full speed, increase sales ratios by achieving faster growth in the Life and Industrial Products field, and reorganize

them into a business portfolio that will allow us to achieve stable management even under rapidly changing business conditions. Our vision for around 2030 is to have a sales ratio of 60% for Automotive Products and around 40% for Life and Industrial Products.

In order to achieve growth and business portfolio reorganization, we have defined three business fields that we will focus on Mobility, Machinery and Medical as Mabuchi's 3 M fields. In these fields, we will be implementing the Next-Generation Standardization Strategy, which is an evolution of our existing standardization strategy of delivering a stable supply of compact, lightweight, and high-efficiency motors at reasonable prices. The Next-Generation Standardization Strategy aims to establish a de facto standard in the market by providing the true value that customers seek by proposing solutions, and by responding efficiently to diverse needs through units that combine motor and peripheral component options depending on the application of use. We are confident that the range of fields in which we can make a contribution will continue to expand as we face the true value demanded by our customers and consequently

Mabuchi Motor focuses on
3 M fields



M³abuchi Motor makes the world happier!

~ Focus on 3M application fields (mobility, machinery, medical) and provide compact, lightweight and highly efficient motors.

* AGV: Automated Guided Vehicle, AMR: Autonomous Mobile Robot

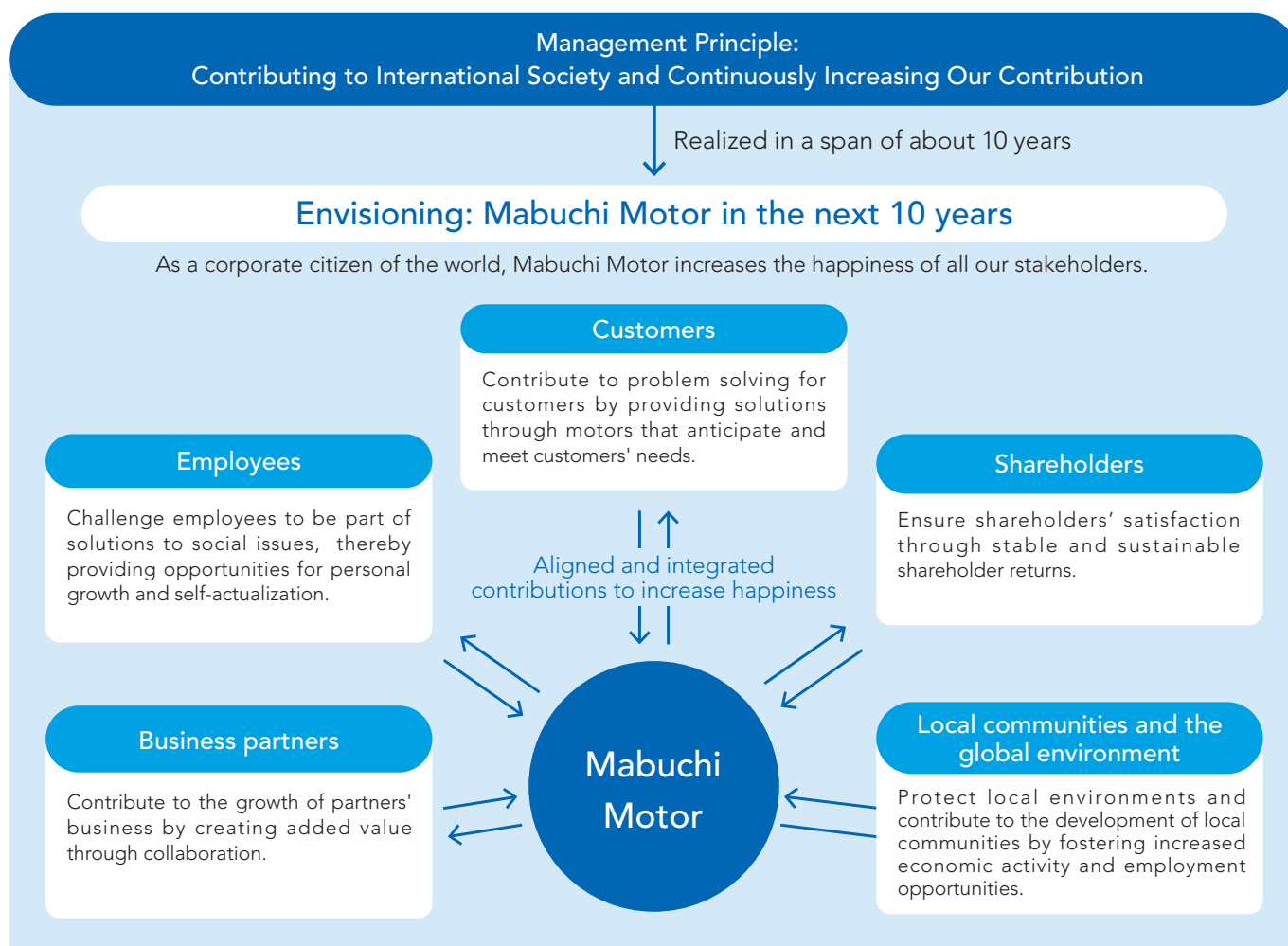
Message from our CEO

society and provide optimal products. By concentrating our management resources in business fields that are expected to grow in the future, and where we can make use of our strengths, we will continue to demonstrate Mabuchi's unique value by continuing to provide new advanced technologies, quality, and services.

In order to strengthen initiatives in these 3 M fields and accelerate growth, we believe that it is necessary to push ahead with the transition to a new management structure in which the next generation plays a central role in management. Following the General Meeting of Shareholders and a resolution by the Board of Directors on March 30, 2022, I passed on the role of president to President Taniguchi and became Representative Director, Chairman & CEO. President Taniguchi has expertise in product development and production technology. He also has a global perspective and insight in the manufacturing field, based on his more than ten years' experience working overseas. I think that he is the ideal person to lead our management going forward, with the ability to make correct decisions promptly, as demanded by the rapidly changing business environment. In my position as Representative Director, Chairman & CEO, I will continue to play a role in making important management decisions by identifying

medium to long-term management issues and determining the direction for the Group.

At present, the manufacturing industry is facing a major turning point with the movement toward decarbonization and technological innovation. This turning point poses both new business opportunities and risks. In order to minimize damage in the event of risks that affect business results, we have established management structures to take prompt action to foresee and avoid risks, and a robust global management structure that enables swift and appropriate responses. Needless to say, risk management initiatives are essential, but it is also important to firmly grasp the business opportunities that arise in relation to such risks. Since its founding, Mabuchi Motor has continued to grow while overcoming many difficulties. I am confident that we will be able to think about opportunities we can obtain, steadily grasp the footholds for growth and create new innovations and new added value, even under such chaotic business conditions. Going forward, we will continue to achieve further growth by taking optimal measures to maximize the potential of Mabuchi Motor—together with President Taniguchi—based on our robust technology, production, sales and management base.



Long-Term Stable Management and Capital Policy

At Mabuchi Motor, the basis of our capital policy approach is that companies are public institutions and must last in order to fulfill their duty of contributing to society. We believe that it is necessary to set aside funds required for a firm management base supporting our business activities, in order to realize our Management Principle of contributing to international society and continuously increasing our contribution. In particular, we believe that protecting the lifestyles and happiness of our employees and their families is essential for the sound and sustainable growth of a company under any business environment. At the same time, we do not intend to accumulate excessive cash, and we will continue to manage capital in a balanced manner for all stakeholders by gaining appropriate profits as a result of our contributions, creating cash flows, investing in R&D and making capital investments for medium to long-term growth; while at the same time making shareholder returns, including payment of dividends to shareholders, in a long-term and stable manner.

Mabuchi Motor has been operating at a positive income for 68 years since the time of its founding, and has never posted operating losses. In order to continue to conduct business operations that can stably secure high profit margins in the long term with an awareness of capital efficiency, we have also incorporated ROIC

as an indicator for further growth. We believe that all Group employees should consider the return on invested capital as a matter of personal interest, and we are working toward this under the heading of group-wide participation in ROIC management. In 2021, the first year of ROIC management, we laid the foundation for our efforts in improving ROIC by conducting in-house training on the Mabuchi version of all-inclusive ROIC management, and setting KPIs and developed targets linked to an ROIC improvement tree. 2022 will be the year to implement concrete initiatives that contribute to ROIC improvement in earnest, based on each of the KPIs of our ROIC improvement tree. We will share best practices and operate a PDCA cycle for the Mabuchi Group overall, to make greater achievements and optimize resources. We will engage in activities to increase investment efficiency and create a virtuous cycle in which excess profits are generated and actively invested in growth areas.

We will continue working together with our management team and all employees to achieve sustainable growth, with the desire to continue to be a company that the world cannot do without.

Going forward, I would like to ask for your continued support.



Next-generation Standardization Strategy

At Mabuchi Motor, we position our standardization strategy as the most important measure for embodying our Management Principle.

Next-generation Standardization Strategy

Motor Standardization

A lineup of standard products offering broad versatility for multiple applications

Unit options

Multiple combinations of unit options to meet diverse needs

Propose solutions to create value for customers and to establish new de facto standards

Why do we need a standardization strategy?

It is possible to customize products to create the products requested by customers. However, these motors will be expensive, so we believe that they are not truly what our customers, who are exposed to tough competition, want. In response to this issue, we decided to consolidate the needs of our customers and create the “highest common divisor” type standard motors. The functions, sizes and prices of motors requested by our customers are as diverse as the customers themselves. When we ascertain the true needs of our customers, in many cases, standardized motors can support their needs. By narrowing down our range of models, it has become possible for us to achieve mass production and production leveling, in turn enabling us to greatly reduce costs and dramatically reduce motor prices. Cost cutting has sustained and increased price competitiveness in the market and has been effective in expanding applications by driving the constant evolution of motor performance. By increasing the number of customers purchasing standardized products in this way, we could achieve economies of scale. This has created a virtuous circle that enables us to further reduce costs, resulting in a sustainable competitive advantage.

The benefits of standardization are not only price-related advantages. As a result of standardizing products, it has now become possible to standardize production equipment and processes that produce products. To manufacture high-quality products, it is essential to give thorough work instructions at manufacturing sites. By standardizing equipment and processes, we are able to efficiently educate and train employees involved in manufacturing, quickly assign them, and ensure high quality. This system—which enables the production of products of consistent quality through standardization—has played a major role in the development of our overseas production bases. In addition, by standardizing management operations, it has become possible to engage in planned production under the control of Headquarters, minimizing the effects of seasonal and economic fluctuations in each industry and facilitating high-volume stable supply to the market. In recent years, we have been able to minimize the impact of various crises such as disruptions to logistics activities caused by COVID-19 pandemic and soaring material costs, on the basis of inventory sales of standard products.

Capabilities needed to actualize

1. Technological capabilities

To gain customers’ understanding to encourage them to adopt standardized motors instead of customized ones, we need to create smaller, lighter, more reasonably priced motors with higher performance characteristics, which requires a high level of technological capability. We develop motors based on the idea of increasing product versatility by enhancing motor functionality to the greatest possible extent. We support all of the applications with which we are currently involved with around 100

2. Ability to propose solutions

In our solution proposals, we take the customer’s perspective and aim to make proposals by predicting potential needs that customers themselves have not yet realized exist. In order to enhance the added value of our customers’ products, we will make proposals not only in pursuit of higher performance motors but also in consideration of the value provided to customers’ products and industries, and ultimately to society. In addition to predicting

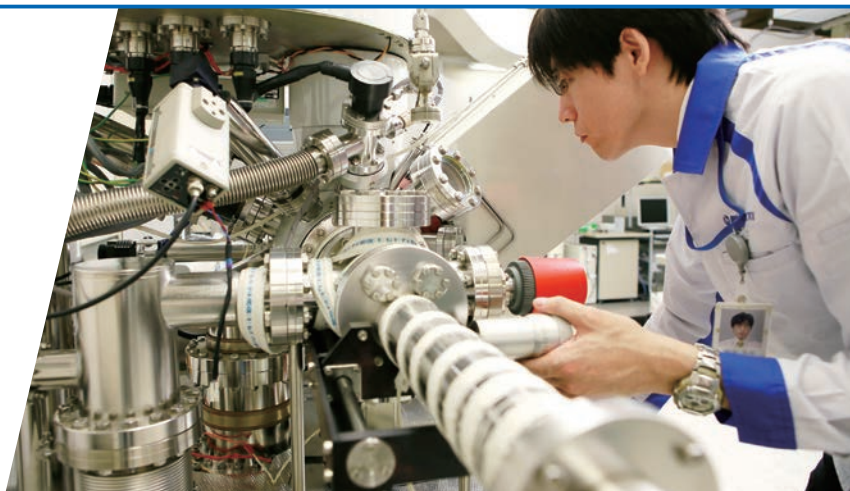
3. Ability to provide units

In the past, under our policy of not entering business areas handled by customers, we have focused on dealing in motors alone. But in recent years, there have been an increasing number of cases in which customers have requested us to provide the peripheral parts around the motor, from an efficiency standpoint, and we have provided units in response. We believe that we can also provide added value by incorporating Mabuchi’s unique standardization concept even as we shift toward the provision of units according to customer requests. For example, while there are cases where customers procure wheels, reducers, and other components of light electric vehicles separately and assemble them on their own, some customers desire to focus their efforts on the development of software and hardware other than the power train. In

* AGV: Automated Guided Vehicle, AMR: Autonomous Mobile Robot

the Next-generation Standardization Strategy

basic models. We impose tough restrictions at the time of product development to prevent our engineers from designing products using dedicated parts without careful consideration. We encourage them to develop products with price and performance characteristics that meet the needs of customers using standard parts. In this way, the standardization that we aim to achieve is underpinned by high-level technological capabilities.



potential needs arising from our longstanding relationships and trust with our customers, we will energize communication with people who are starting to play an active role in the field of new businesses and build relationships of trust with them. Thus, we will quickly detect changes in the market and products and address identified issues by applying our motor-related technological capabilities and knowledge, thereby creating new value.



response to the needs of these customers, we have been working on units for use in light electric vehicles and the development of various options optimized for our motors for these vehicles, including motion controllers, reducers, wheels and brakes. We combine the options needed by our customers and provide them as units. This has enabled our expansion into diverse applications, including AGV, AMR and personal mobility. If it is requested by the customer in this way then it does not constitute an infringement upon customer territory, and we can continue to maintain a win-win relationship. We aim to standardize not only standalone motors but also units, and will continue to enhance our superiority in terms of quality, delivery time, and cost.



Mabuchi Global Management System

At Mabuchi Motor, we have always maintained an optimal global management system by continuously updating our global production infrastructure in response to the economic development of countries and regions and to changes in our own business portfolio.

Mabuchi Global Management System

Global five-pole structure

Increased self-management of individual bases

Diversity

Enhanced interaction among bases to build strength from diversity

Achieve a stable global supply of high quality products at reasonable prices based on solid but agile production and sales structures

What is the Mabuchi Global Management System?

The advantage of our global management system lies in diversity, which enables us to utilize the connections between human resources and diverse values between bases, and the Five-Region Management Structure that increases the autonomy and independence of each base and drives local production for local consumption. We will build a robust development, production, and sales system that leverages the strengths of each base, and achieve a stable supply of high-quality products at reasonable prices around the world.

Capabilities needed to actualize the Mabuchi Global Management System

1. Five-Region Management Structure improves the Group's overall collective strength

We have been building a Five-Region Management Structure that improves the autonomy and independence of overseas bases and promotes local production for local consumption. The idea behind this concept is that all bases, including headquarters, make effective use of their strengths to enhance the

Mabuchi Group's overall collective strength. The establishment of production bases in Mexico in 2014 and Poland in 2017 has enabled R&D, production, and sales activities in markets around the world, and in closer proximity to customers.

2. Strong connections between bases and utilization of diverse human resources

The Mabuchi Group's bases are connected by strong connections. Throughout the Group, we actively share good improvement cases and exchange opinions. This information is utilized for mutual understanding at the Group level and for quick and appropriate decision-making by management. To strengthen these peer-level connections between bases, we are promoting mutual understanding and cooperation at the Group level through the development of a job-type personnel system that serves as a basis for driving human resources exchanges between headquarters and other bases, encouraging secondment and business trips, and establishing various information-sharing and meeting bodies across multiple bases. We are also seeking

to understand and share company policies and values through policy development measures to strengthen vertical connections within each base, and education and communication measures that transcend employee class levels.

Another distinctive feature of Mabuchi Motor is the high percentage of its workforce that are non-Japanese. Of the Mabuchi Group's 21 production bases, 13 bases have non-Japanese human resources serving as their presidents (or general managers), and these personnel have become 61.9% of the group's presidents or general managers. In addition, three people, two Chinese people and one Vietnamese person, serve as executive officers of the Mabuchi Group (as of March 31, 2022).

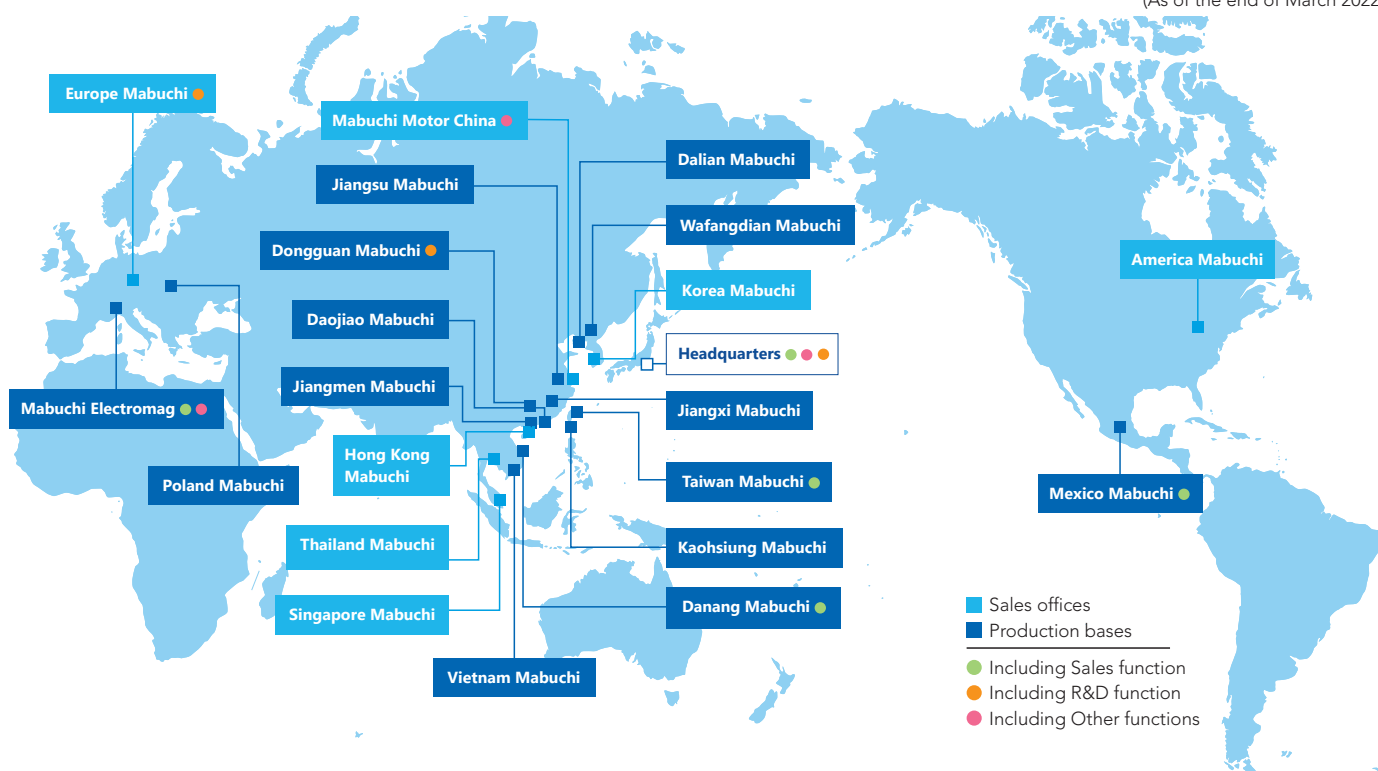
Prompt, appropriate response to the restrictions on operations in Vietnam

A good example of the strengths of this Mabuchi Global Management System is our response to the drastic reduction in production in Vietnam.

Our production bases in Vietnam were forced to limit their operations for more than two months beginning in July 2021 due to government measures to control COVID-19 pandemic. In response, we were able to secure supply for customers by smoothly transitioning to a backup production system at other bases, which was enabled by quick, appropriate responses through our localized management system and robust connections between bases. In terms of the QCD system that indicates product competitiveness, Mabuchi's quality (Q) and cost (C) attributes have been evaluated highly. This was an opportunity for customers to realize that the delivery (D) aspect is also relief in case of Mabuchi.

Promote Optimization of Development, Production, and Sales Worldwide

(As of the end of March 2022)



Mabuchi Global Management System explained by the Group Managing Executive Officer



Group Managing
Executive Officer,
Chief Regional Officer in China

QUAN Da Yong

I serve as the president of Mabuchi Motor China, which manages the business planning, marketing, sales, production management, purchase, distribution, and quality assurance operations of the entire China business. Further, the company also comprehensively controls personnel affairs, general affairs, financial affairs and information system planning. The company plays a central role in the chain of command and support operations to enable bases in China to quickly achieve their goals in a highly efficient and integrated manner.

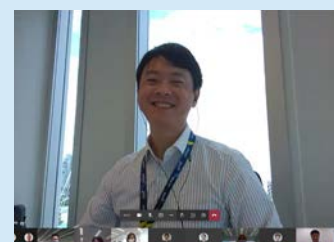
Mabuchi Motor has all functions, including development, production and sales functions, are conducted in China. In addition, the managers of all the bases are Chinese nationals. Compared with other Japanese companies, Mabuchi Motor's management and operations have a greater degree of localization. We quickly identify market and customer needs in each area and engage in sales activities that are linked to development and production. In early 2020, when COVID-19 began to spread, we promptly established an infection control system and quickly resumed the operation of our plants in all areas. This caused the media to report on our plants as model plants. While concerns about restrictions on plant operations, logistics disruption, and other impacts of COVID-19 will remain, we will respond flexibly and promptly to all of them leveraging the high level of autonomy and independence that each base has and the strong cooperation between bases, which are strengths of the Mabuchi Global Management System.

Sharing values across bases

When we were successively establishing new bases in the early 1990s, the management of distant bases was an important issue. We launched the Ni-Hao Project to understand the current situations at these overseas bases and to review and strengthen management mechanisms. A range of aspects of management structures and systems were standardized, including training, personnel affairs, salaries, and organizations. The Group has been able to take advantage of this in the management of the Group, which is unified under common policies and values.

At present, the Ni-Hao Open Meeting, whose goal is enabling employees from headquarters and from overseas bases to interact and share information about situations with each other, is held five or six times every year, enabling close communication beyond the boundaries between bases.

* Ni-Hao: New Integrated Headquarters And Overseas Operation. "Ni hao" is also a Chinese greeting.



Ni-Hao open meeting

The Management Base that Supports Our Strengths

Human Capital

Mabuchi's human resources strategy

Amid market changes and intensifying competition, our people are vital to the development and continuity of long-term stable and sound management. Globalization, the evolution of AI, and COVID-19 pandemic have transformed work styles. We are shifting to a global standard, performance-oriented employment system that determines compensation based on an employee's role, duties, and performance rather than age or length of service.

As stated in our Management Markers, our people are our most valuable management resource. As such, it is important that we empower them to reach their potential and that their achievements are properly evaluated based on the results they achieve. We believe that it is only by looking beyond the process to the outcomes achieved that we will build confidence and growth. Our new performance-oriented employment system is being introduced more widely with the aim of enhancing the skills and quality of work required to produce human resources that can contribute to society.



Diversity and inclusion

We aim to cultivate a diverse company workforce that has a global mindset, blind to nationality, age, gender, and so forth, harnessing the unique capabilities of each employee to generate new value. Since our first overseas expansion in 1964, our long history of doing business globally has meant that our approach to employment has always been flexible, fair, and equitable. In recent years, we have intensified our focus on creating an organization staffed by employees who share a global mindset, allowing us to generate new value by leveraging diverse values and characteristics. We will continue to foster a truly global professional environment, where Mabuchi Group employees can further their careers without being constrained by geographic boundaries.

HR system for fair and equitable evaluation

Our company's global HR system is built on the basic concept of a "work-based" system of evaluation that compensates employees according to role and performance rather than length of service or age. To achieve this end, we have introduced a personnel system that emphasizes the ultimate outcome and contribution — achievements — as a member of a team, evaluating employees impartially and fairly and offering opportunities to those who have career aspirations.

Specifically, the system clarifies roles and responsibilities in the job description, with compensation being determined within a fixed job grade range according to the level of responsibility. Initially introduced in 2020 for managerial positions, which enabled us to identify areas for improvement, it is planned to extend it first to Headquarters employees and then to employees at overseas bases.

We have also put in place a number of other systems to properly identify the contributions of each individual employee across the company's many different job roles. These systems are more than just management tools, serving to underpin talent development.

● Multidimensional evaluation criteria

This system is designed in such a way that evaluation criteria are transparent and evaluations are confirmed by several people. Employees self-assess and evaluate their performance, after which they are interviewed individually by management twice a year. Multidimensional (360°) evaluation by a supervisor, colleague, subordinate, etc. ensures a fair outcome.

● Self-assessment and evaluation

Employees self-assess and evaluate their performance annually to ascertain their understanding of their duties.

● Multi-track career development options

A system is in place that allows employees to change jobs or direction, opening up multiple career paths.

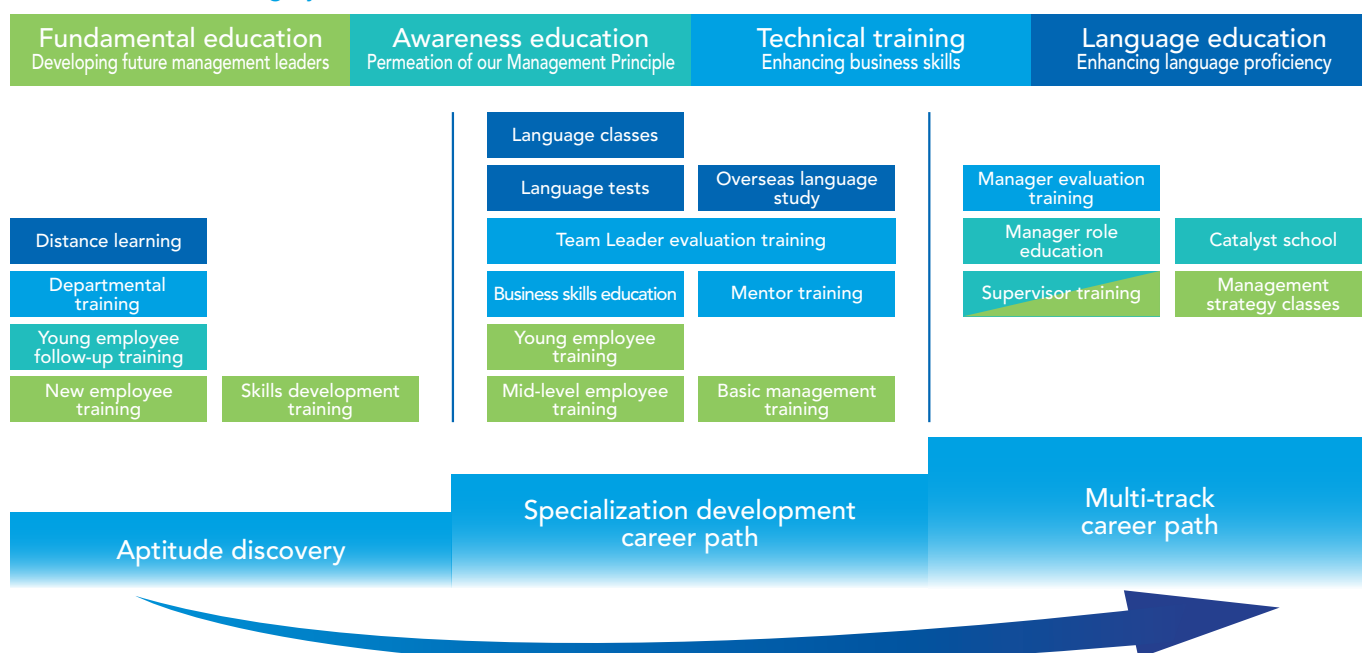
● Transparent compensation systems

The compensation system replaces the seniority-based compensation system with a performance-based system that emphasizes the performance and productivity of each employee and enables employees to understand and evaluate their own performance.

Mabuchi's people development: Continuously matching the right person with the right opportunity

Our HR development policy “places the highest value on our people, empowering and encouraging them to realize their potential and contribute to society.” We aim to nurture working professionals and internationally minded people who are able to contribute beyond the company to help address challenges faced by global society more widely. This is because the very reason we exist is to contribute to the improvement and development of global society through our corporate activities.

Education and Training System



People development to support global management

The Mabuchi Global management system leverages the robust connections between our bases and our diverse human resources. As such, it is necessary to have an education system that functions to enhance mutual understanding of the operations of other departments and bases.

At present, we are remodeling our education system with the establishment of the Mabuchi Learning Institute (MLI), which aims to develop an extensive and deep knowledge base across the Mabuchi Group worldwide by allowing employees anywhere in the world to attend classes, including online classes. In addition, we are extending our trainee system to provide more hands-on overseas learning opportunities for young recruits. Our trainee system now offers employees an overseas placement of six months to one year, allowing them to gain first-hand experience of our operations outside Japan. We also have a system in place that allows employees of overseas bases to be seconded to Headquarters. We will continue to focus our efforts on optimizing the deployment of talent to Headquarters and other bases, fostering the dynamic exchange of ideas and developing human resources.

Developing English-speaking talent

Employees who have obtained a TOEIC score of 730 or higher are considered to have adequate professional communication English proficiency (below, “English-speaking talent”) and we have been working to develop those skills. Thanks to the efforts of a great many employees, the percentage of English-speaking talent has increased steadily each year, rising from 13% at the end of 2016 to 28% at the end of 2021, and projected to surpass 30% by the end of 2022. As a global company, we will continue to invest in the development of English-speaking talent to enable them to function effectively at the forefront of the international arena.

| Fiscal year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---------------------------------------|------|------|------|------|------|------|
| Number of English-speaking talent | 115 | 134 | 192 | 238 | 250 | 273 |
| Percentage of English-speaking talent | 13% | 14% | 20% | 24% | 26% | 28% |

The Management Base that Supports Our Strengths

Human Capital

Employee Round-table Discussion



Based on the concept of “placing the highest value on our people, empowering and encouraging them to realize their potential and contribute to society,” expressed in one of our Management Markers, we are committed to fostering a workplace environment in which every employee can attain self-actualization and personal growth, and experience a sense of job satisfaction.

We interviewed four employees about our workplace environment, work style, and people development.

Q1. We have established systems to facilitate flexible work, including a new flextime system and the development of telework driven by COVID-19 pandemic. What do these systems mean for you in terms of the work style they offer?

Takuya K I have three young children so have to balance work with childcare and household responsibilities. The increase in telework has meant I have spent less time commuting, which has enabled me to use my time more constructively than before. Because of the protracted COVID-19 pandemic, some companies have been trying to raise their attendance rates, while our company has instead been promoting work styles such as telework and the flextime system. As a Manager, I’m attempting to strike the best balance between telework and being in the office, ensuring that when I do come in, I communicate with my subordinates.

Ayuko A I have a 2.5-hour round trip commute to work, so being able to telework is a real boon. It means I have more time to spend with my children as well as time for my hobbies. And the new flextime system with no core time work hours has been hugely effective in terms of increasing work efficiency and offering a more flexible work style. I used to have to take a full day

off simply to attend parent-teacher meetings, but now I can leave my desk for a couple of hours and then return to work. I’m able to better manage my time so that I work more efficiently and have a more balanced work style.



Takuya K
Production Engineering
Dept.



Ayuko A
Product Development
Dept.

Work style reform at Mabuchi

We aim to increase productivity across the board by expanding the range of work style options available to our employees, enabling each and every employee to work in a way that best suits their own particular style.

On top of measures such as making meetings more efficient, standardizing reporting procedures, and digitizing materials, since 2019 we have offered all employees the option of telework. During COVID-19 pandemic, we have been attempting to limit the spread of infection by further enhancing IT tools and developing a work structure under the policy of keeping attendance rates at 30% or less. We will continue to work in accordance with the diversification of work styles.

Kazuya I
Product Development
Dept.



Q2. Please describe the benefits of Mabuchi's work environment that allows employees to combine childcare and work, and how you would like to see this evolve in the future.

Kazuya I Last year, I took childcare leave. During my leave, my colleagues covered for me, ensuring a seamless transition back to work after my three-week leave. An increasing number of employees, including men, are being supported by the company to take childcare leave. I get the impression that many people have grown accustomed to covering for those who take an extended leave of absence.

Ayuko A The first time I took childcare leave was 17 years ago. In those days, many women gave up work to raise children, but everyone at Mabuchi was very supportive and when my childcare leave ended, I was able to return to work.

Kazuya I I believe our company is a great place to work for people with different lifestyles, as the personnel system accommodates various life stages and supervisors and co-workers are supportive.

Family-friendly measures

We are promoting the creation of a workplace environment where employees feel happy and fulfilled in their jobs. At the same time, we accommodate employees' family and community commitments to make it easier for many of them to keep working at different stages of their lives, whether they are raising children, in their middle years, or in their later years, allowing them to extend their years in the workforce. Going forward, we will continue to implement measures to accommodate increasingly diverse lifestyles, develop a rewarding workplace environment, and establish a system that allows each employee to enjoy a work-life balance.

- Childcare leave (3 years) / Nursing leave (1 year)
- Support for professional development during nursing leave and childcare leave
- Spouse leave for childbirth
- Low-interest loans for fertility treatment
- Short working hours and exemption from overtime work for childcare and nursing leave
- Flextime System (without core time) and Discretionary Labor System introduced
- Promoting telework

Q3. A trainee system and a system to incentivize employees to participate in seminars and acquire qualifications are among the human resource education programs available. Please tell us about Mabuchi's people development initiatives.

Haya S It had always been my ambition to work at an overseas sales base ever since joining the company. From January to June 2020, I had practical experience at America Mabuchi under the trainee system. Even as a trainee, I managed customer accounts and actively engaged in sales activities, which allowed me to gain first-hand experience across areas that would not have been possible had I remained in Japan, such as sales flow, detailed operational processes, and shipment. When I returned to Japan, I was able to apply the perspective of an overseas sales base acquired during my time overseas to better comprehend the complexities of other sales bases, which is also proving valuable in my current role.



Haya S
Sales Dept.

Kazuya I Since 2021, employees have been permitted to take outside online educational courses, which has been hugely beneficial. I'm making the most of this opportunity by enrolling in courses that interest me as well as those that I'm required to take, and repeating courses that I enjoyed.

Creating a Group-wide learning culture

We offer a variety of educational programs that combine to create a Group-wide learning culture. We place a high value on language skills in order for our employees to function effectively in the global arena.

- Practice exchange of employees at overseas bases
- Providing opportunities for TOEIC/CASEC exams, holding TOEIC preparation courses, providing opportunities to participate in short-term study abroad system, overseas trainee system, online English conversation system
- Holding various public lectures to support employees' independent learning
- Supporting professional development
- Qualification acquisition incentive system
- Establishment of a multipurpose self-study room
- Lending of books for employees

The Management Base that Supports Our Strengths

Manufactured Capital

Standardization of Manufacturing

We have pushed ahead with standardization in terms of manufacturing, and possess technologies and know-how that can be consistently implemented from die design to motor production. This is very positive in terms of delivering the value our customers demand and taking cost leadership. We receive a wide range of requests from customers, and deliver motors to meet this diversifying range of requests by driving the standardization of parts, production technology and equipment, incorporating technology and wisdom that enables us to meet the needs of multiple customers from the product design stage. The Mabuchi Group as a whole has a strong desire to improve, drawing out the power of each base, and applying lessons learned from good examples of improvement throughout the Group to further advance standardization of manufacturing, which is an advantage of our manufacturing capital.

Value Created by Labor-saving Equipment and Future Initiatives

As a step toward next-generation manufacturing, we have pushed ahead with labor saving and automation, implementing space saving and creating production lines that continue to operate even when unmanned. When labor-saving equipment is introduced, the jobs of employees working at assembly sites change from assembly to the operation and maintenance of equipment, which has higher added value. This allows us to raise their salaries accordingly. We believe that these efforts enable us to reduce production costs, provide higher level jobs to employees, and build win-win relationships with governments and local people desiring higher salaries.

In the introduction of labor-saving equipment, the idea of standardization is also utilized in equipment design, and basic automated production lines that had been created by automating human movements one by one and connecting those processes together are being rebuilt with consideration for the overall optimality of processes on a zero basis, achieving flexible production response and space saving. By reducing the space required for production and increasing the production output of factories overall, we can lower costs, achieve high efficiency, and secure profits more easily. Future issues to be tackled include automating our inspection processes, which still depend heavily on human eyes and ears. R&D and rollout toward resolving these issues are progressing. In the future, we will utilize IT technology to further automate and improve efficiency, and achieve an ultra-high level of production efficiency.

Use of IT in Global Technical Areas

As a foundation to support the Mabuchi Global management system under the Long-Term Management Policy, we are strategically utilizing IT to improve our competitiveness and productivity, and working to speed up business management and improve quality.

In November 2020, we launched a shared platform system that centrally manages the design and production processes of all domestic and overseas bases in order to improve the competitiveness of our manufacturing activities. This is the foundation for managing information which was previously scattered across multiple systems on a single system, achieving both high quality and operational efficiency. We aim to improve the competitiveness of our products by consolidating various technical information generated throughout the product lifecycle, from project generation to product development and mass production, and by connecting the engineering chains.

We are also developing production facilities within the Group, and have launched a streamlined information infrastructure using 3D data across bases. As a result, we have eliminated the problem of design process and data management in the latest manpower-saving facilities being tacitly managed by each base and designer. and have established a system to continue to achieve optimal design quality and efficiency throughout the Group.



Intellectual Capital

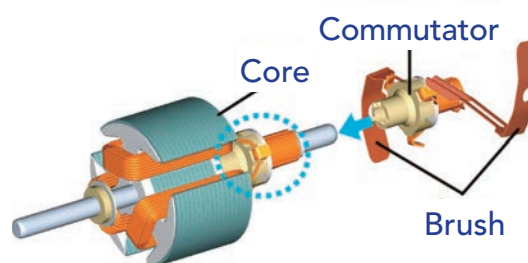
Mabuchi's Proprietary Core Technologies

Mabuchi Motor has core technologies with many advantages, including magnetic circuit technologies, brush / commutator contact technologies and brushless motor control circuit technologies. In particular, there are many ingenious ideas in magnetic circuit technologies. The problem of how to control the flow of magnetic force and switch it using copper wires, iron cores, and magnets is a simple one, but the deeper we dig the more discoveries we will make. Tackling this issue head-on has enabled us to accumulate various knowledge.

Even with the same magnet, we can create different motors by using different characteristics in terms of alignment, angles and circuit control, etc. This is a common technique not only for motors with brushes but also for brushless motors. For the contact between the brush and the commutator, we apply technologies that suppress the amount of sparks generated at the time of switching as much as possible and prevent parts from wearing out. This helps to increase durability, lower electrical noise, and create motors with longer service life.

Brushless motors do not have physical contacts, as is the case with brush-type motors, and control circuits are therefore required. We can still maximize product value for our customers by not only providing optimal control for each motor, but also enabling detailed control according to the application of use. When electric vehicles (EVs) become more mainstream in the future, the voltage applied to motors may increase, from 12V to 48V. We can meet this challenge through the accumulation of core technologies such as these.

Gear design technology is another of our strengths. We are able to maintain the same level of durability even if metal gears are replaced with other materials such as plastic, and achieve lighter weight, lower cost, quieter operation and higher efficiency.



Efforts to Enhance Intellectual Capital

Our motors integrate all of the wide-ranging technical capabilities we have developed over the course of many years, from basic research to product development and improvement, product design, development testing, and the development of production and motor application technologies. Our motors themselves are a mass of know-how and our intellectual capital. To enhance this, we are consciously conducting technical exchanges with external parties in order to follow the rate of acceleration of technological progress in society, in addition to the core technologies cultivated through our own wisdom and ingenuity. We sometimes receive proposals from materials and equipment suppliers, etc., and there are some cases where research is being carried out in joint efforts between industry and academia.

Until now, experience accumulated through trial and error was what counted the most. But as the level of IT has progressed, it has become easier to perform simulations. This has greatly increased the speed of research and development. In addition, by collaborating with external partners, we can accelerate the pace of technical problem solving. With regard to internalized manufacturing and selection of outsourcing partners, we aim to achieve efficiency by balancing concentration and selection from the viewpoints of technical value and competitive advantage.

Global R&D Activities

We engage in research and development activities not only at our Headquarters in Japan, but also at our overseas facilities, such as those in China and Europe. As a result of these activities, we are securing a competitive advantage by actively acquiring and protecting intellectual property rights from a comprehensive perspective, and linking this to increases in sales and new applications for our products.

As of the end of 2021, the total number of industrial property rights owned by Mabuchi Motor is 742 (143 instances in Japan, 599 instances overseas), while the number of new applications is 70, including Japan and overseas.

Mid-Term Management Plan: Vision to realize in 2023

Management Principle

Contributing to international society and continuously increasing our contribution

Long-Term Management Policy

As a corporate citizen of the world, continuing to contribute to and increase the happiness of all our stakeholders

Our long-term management policy is an explicit expression of what we will accomplish, and what value we shall offer to our stakeholders. It envisions what we shall become within the next 10 years, in alignment with our management principle.

To realize our vision

- As a specialized manufacturer of motors, we will cultivate our technologies to further enhance the functionality of our brush motors and, based on technological innovation, create new products that contribute to solving problems and technological innovation in the world and expand the applications of our products.
- We will work together with our suppliers to enhance the added value of our products and achieve sound growth together.
- We will achieve and maintain a balance between quality and cost at a high level through a thorough commitment to standardization and the promotion of next-generation manufacturing activities.

Mid-Term Management Plan 2021-2023

Providing solutions to issues which society and customers are facing

Breakdown plan for the first three years of the long-term management policy, which was formulated assuming a span of about 10 years.

Vision to realize in 2023

Provide solutions to problems facing society and customers, while accelerating the growth of our business through the success of our customers' business.

Pursuit of technology

Small, light, highly efficient

+

Standardization

- Balance between quality and cost
- Ability to provide stable and prompt supply

+

Areas of focus

- Ability to provide units
- Ability to propose solutions

Mid-Term Management Plan Results Guidance (2021 to 2023)

Net sales

Under the long-term management policy we aim to achieve an average annual growth rate of 8% to 10%.
(Net sales in FY2020 were 116.4 billion yen)

Operating profit ratio

Aim to achieve an operating profit ratio of 15% or more, reflecting our contribution to customers and society.
(11.1% in FY2020)

ROIC

Introduce ROIC-oriented management and raise return on invested capital. Aim to achieve an ROIC of 12% or more, (6.4% in FY2020)

* Assumed exchange rate: USD = JPY 105 ROIC = (Operating profit × (1 - Effective tax rate)) / (Accounts receivable-trade + Inventories + Non-Current assets (excluding Investment securities) - Accounts payable-trade)

Priorities

Meeting the performance targets set in the Mid-Term Management Plan

| | |
|--|---|
| Medium-sized automotive products (PW) | <ul style="list-style-type: none"> • Our ambition is to further expand sales to automobile manufacturers in Japan, the U.S., Europe and China, and to gain orders from EV manufacturers. |
| Medium-sized automotive products (other than PW) | <ul style="list-style-type: none"> • While expanding sales, we will gain the world's largest market shares for PS and door closer, and keep our top position for EPB. • We are developing new products with higher added value and expanding orders. |
| Small automotive products | <ul style="list-style-type: none"> • We are ramping up activity in automotive brushless motors and the unit business. • We are expanding business by cutting costs in existing business and pursuing local production for local consumption. |
| Life and industrial products | <ul style="list-style-type: none"> • Develop brushless motors for life and industry products (in particular, for small light electric vehicles and collaborative robots) and increase orders. • Expand uses in wellness and healthcare. • Expand units, including gear units and fan units. |
| Management base | <p>Five-Region Management Structure: Expand business in Europe and North America, using production bases in Mexico and Poland.</p> <p>Group-wide participation in ROIC-oriented management: All employees in the Group contribute to improving ROIC (return on invested capital).</p> <p>Expanding units: Create groups of external partners with whom to cooperate to innovate in units.</p> <p>Ability to propose solutions: Build a team that engages with customers to create proposals that exceed customers' expectations.</p> <p>Change in work style: Strengthen talent and skills within the organization, applying global standards and embracing diversity.</p> |

*PW: Power Window Lifters; PS: Power Seats; EPB: Electric Parking Brakes

1. Review of 2021

—Please give us your review of the Group's results for 2021—the first year of the Mid-Term Management Plan

Sales grew by 15.6% from 2020, exceeding the average annual growth rate of 8% -10% indicated in the Mid-Term Management Plan: Performance Guidance, backed by a recovery in the Automotive Products market, and remote work / telecommuting and other stay-home demand in the Life & Industrial Products market.

At the same time, our operating margin was around five points lower than the target of 15%, at 10.3%. The business environment was extremely challenging due to the rise in costs and sluggish growth in utilization rate, owing to factors such as soaring raw material prices, disruptions to logistics and prolonged increases in logistics costs, none of which were anticipated at the time the plan was formulated, and adjustments to production plans by automobile manufacturers, owing to semiconductor supply shortages in the Automotive Products market and the impact of lockdowns in each region as a result of a resurgence in the spread of COVID-19. The soaring increases in raw material prices and logistics costs occurring on a global scale are expected to continue for a certain period of time, and it is very difficult to absorb them only by reducing costs through our own self-help efforts. We are proceeding with price revisions with the understanding of each of our customers.

At the same time, we are developing a deliberate inventory policy in order to respond to the trust of our customers and fulfill our responsibilities to supply. ROIC for 2021 is 6.1%, which is far from the 12% or greater indicated by the guidance; this inventory policy is one of the factors that is temporarily pushing down ROIC. In 2021, lockdowns due to a resurgence of COVID-19 infections forced us to significantly scale back operations at our two production bases in Vietnam from July to September. However, we were able to respond and fulfill our supply responsibilities to our customers through inventory based on our standardization strategies and alternative production operations at other sites. Since our products are standard products, there is no risk that



Representative Director & COO

S. Taniguchi

inventory will remain even if the inventory level rises temporarily. Under the current uncertain business conditions we intend to retain sufficient inventory, with ensuring stable supply as our top priority.

Despite these challenging business conditions, we were able to achieve numerous results that will lead to the growth of our business in the future. By 2023, we will steadily expand sales in our existing businesses while at the same time working to grow to expand new applications, which will be the pillars of our new business operations in the future.

Initiatives in 2021

| Action Item | Initiatives in 2021 |
|--|---|
| Medium-Sized Automotive Motors (PW) | <ul style="list-style-type: none"> • Gain certification from the third of the three companies in Detroit. • Received orders from the fourth and fifth Japanese companies. • Commenced mass production and sales of PW motors for high-end European automobiles at our plant in Poland. |
| Medium-Sized Automotive Motors (other than PW) | <ul style="list-style-type: none"> • Received orders for PS motors from a large Japanese customer. • Advanced the development of SVS brushless fan motors. |
| Small Automotive Motors | <ul style="list-style-type: none"> • Expanded services to customers with new and existing products in new applications and markets such as EVs. • Commenced mass manufacturing and sales of small automotive motors, in addition to manufacturing PW motors, at our plant in Mexico. |
| Consumer and Industrial Motors | <ul style="list-style-type: none"> • Broadened the lineup of brushless motors for light electric vehicles and attained brisk sales. Received orders for motors for different forms of light electric vehicles including AGV/AMR, mobility and stairway elevators. • Gained orders for hollow brushless motors for collaborative robots. • Acquired Switzerland-based Electromag SA, clearing a path of entry to the market for motors for medical equipment. • Launched sales of the Mabuchi Pro Series on our e-commerce site. |

PW: Power Window Lifters, PS: Power Seats, SVS: Seat Ventilation System
AGV: Automated Guided Vehicle, AMR: Autonomous Mobile Robot

2. Initiatives for Automotive Products Applications

—Please tell us about your medium to long-term outlook and initiatives for Automotive Products applications.

With regard to Automotive Products applications, Mabuchi enjoys a high level of recognition in the industry, and has received requests from customers regarding new applications or technical issues. In order to ensure future growth in Automotive Products applications, it is important for us to provide solutions that exceed customer expectations for each customer project.

Currently, the automotive industry is undergoing a period of transformation the like of which is seen only once every 100 years. Regarding the shift toward EVs, global trends towards the development of EVs have accelerated with not only European, American and Chinese but also Japanese automobile manufacturers launching full-scale efforts. We will not miss the opportunities created by this change, and want to ensure that it will lead to growth.

—What is the impact on Mabuchi Motor’s existing business operations as the shift toward EVs progresses?

Firstly, motors for many existing applications in the field of Automotive Products—such as power window lifters—will still be used even if vehicles are replaced by EVs. But in order to extend cruising range with limited battery capacity, the motors installed in vehicles will need to have lower power consumption, and be made smaller and lighter than ever before. Since the development and production of compact, lightweight, and highly efficient motors is a key added value that we have focused on, and has been highly appraised by our customers, we will continue to appeal to customers with this as one advantage of our products in these applications, and work to expand sales.

For power window lifters in particular, the development of a new generation of products incorporating the very latest technologies with the aim of creating the world’s smallest and

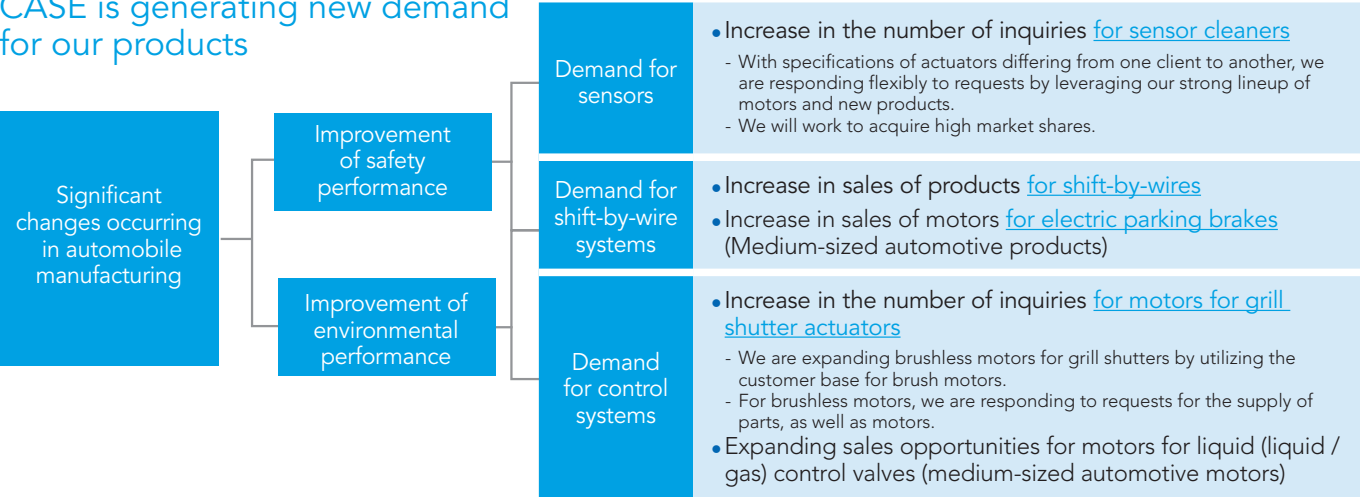
lightest motors is progressing smoothly. We are committed to helping customers recognize the value of our products and establishing a de facto standard for power window lifter applications.

—What kind of growth opportunities accompany progress in the field of EVs?

We have found that progress toward the adoption of EVs creates various new applications for our products. In particular, it is important to control the temperature of EV batteries in order to limit battery deterioration, enable rapid charging, and enable rapid discharge which is needed to improve the acceleration and torque performance of the vehicle. The process of controlling the temperature of the battery so that it fits within a certain range according to conditions in the surrounding environment and driving conditions of the vehicle is called “thermal management.” Thermal management systems include valve actuators for rerouting battery cooling water and pumps for circulation, to make more effective use of heat. To finely control battery temperature to a high level of precision, the number of pieces of equipment controlled by motors is expected to increase, such as in adjusting the flow of cooling water. We have received numerous inquiries for such applications, and are engaged in development efforts together with our customers.

Also, since EVs cannot use the waste heat of an engine for heating purposes, it is necessary to install separate heating functionality (i.e., heaters) that differs from the mechanisms used in gasoline-powered vehicles. Heaters are very important for the comfort of passengers, especially in low temperature regions. Since heaters consume a lot of battery power and affect cruising range, there will be a need to reuse heat generated in batteries and vehicle powertrains, and we recognize that there will be an increase in such applications.

CASE is generating new demand for our products



* EPB: Electric Parking Brakes

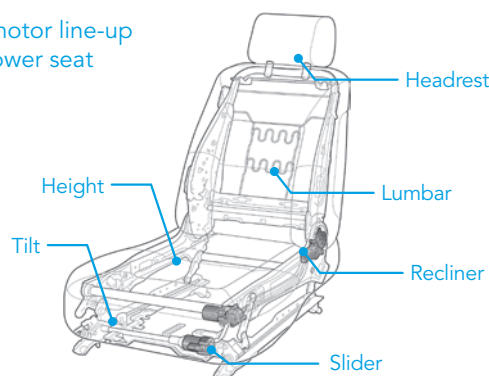
—What is your awareness of the emerging growth opportunities from ADAS and autonomous driving trends?

In recent years, Advanced Driver Assistance Systems (ADAS) have contributed to improvements in vehicle safety. Research and development for practical applications of autonomous driving are also underway, and it is expected to greatly improve convenience.

ADAS and autonomous driving systems must be equipped with many sensors such as radars and cameras that monitor the vehicle's surroundings. But in order for the system to operate normally, a mechanism for removing snow, frost, mud or other dirt that becomes attached to the sensor is required. Currently, various methods such as cleaning and wiping are being considered. When methods that involve spraying liquids and gases or physically wiping these components are adopted, it is where motors will come in, and our business opportunities will expand.

We recognize that autonomous driving is still some way from being put into practical use, but when it is cars will become something akin to moving living rooms, and the way in which their occupants—including the driver—spend time in the car will change significantly, such as relaxing and watching movies. To create a more relaxed state for the vehicle occupants, the number of motors installed per seat is expected to increase. To ensure the safety of occupants in the event of an accident or emergency, functions such as rapidly returning the seat position from a relaxed state and increasing the restraining power of the seat belt will be required. These applications will require high-performance motors that can handle high torques and number of revolution. In these fields that demand high performance, we will leverage our technological capabilities as a dedicated motor manufacturer to expand sales.

Our motor line-up for power seat



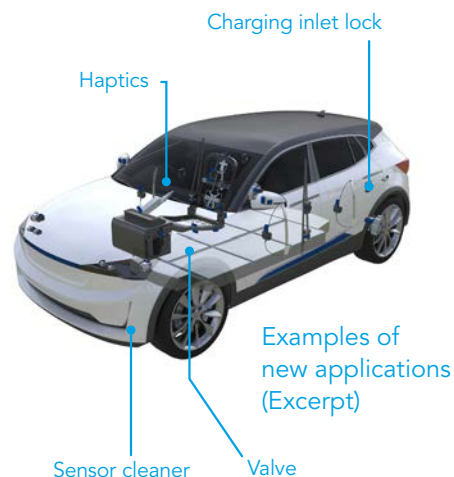
—How will customer needs and the supply chain change with trends in the shift toward EVs, ADAS, and autonomous driving, and how will this impact Mabuchi Motor?

Since automobile manufacturers will need to respond to the demand for EVs, ADAS, and autonomous driving, the differentiating factors in the industry will shift from hardware to control and other software. The areas that our customers—the automotive electrical component manufacturers—are focusing on are also changing. In the past, our sales have been focused only on motors, but recently there have been an increasing number of requests for the supply of units embedded with motors and other components. We will develop an optional lineup of standard motors and units for each application of use, identify and incorporate unit supply needs and link this to further growth.

In addition, since EVs have fewer parts and present fewer obstacles to market entry than vehicles with internal combustion engines, market entry by competitors from other business types and emerging manufacturers is increasing, causing the structure of the automobile industry to change. In developing our business, we have built relationships with many customers in the Automotive Products industry. We will therefore continue

Opportunities for Automotive Products applications

| | |
|-------------------------|--|
| EV shift | <ul style="list-style-type: none"> • In EV application, it is vital to increase the driving range per recharge • With compact, lightweight and high efficiency features, our motors are used for cooling water valves and other components in electric vehicles <p>The trend towards EV is an opportunity for our products, which excel in small size, lightweight, efficiency and quietness</p> |
| Autonomous Driving/ADAS | <ul style="list-style-type: none"> • We're receiving more and more inquiries for motors for sensor cleaners, haptics and other applications essential to autonomous driving. We aim to establish a de facto standard in markets for different applications • With autonomous driving coming online, we are seeing more inquiries for new applications to enhance passenger comfort <p>We aim to expand adoption by proposing solutions using our standard products, of which we have extensive experience in mass production</p> |



3. Life & Industrial Products Applications

—Please explain the name of the “Life & Industrial Products” application segment.

We have changed the name of the application segment originally referred to as “Consumer & Industrial Products” to “Life & Industrial Products.” “Life” represents applications relating to personal lifestyles such as home appliances, health and medical care, while “Industry” represents applications relating to business and industry. It represents our commitment to growth in the 3M fields defined as future growth fields: Mobility (EV, AGV/AMR and personal mobility), Machinery (robotics and industrial equipment), and Medical (medical equipment).

—Please tell us about your initiatives relating to brushless motors, which are key to the growth of Life & Industrial Products applications.

Firstly, we recognize raising awareness of our brushless motors in the industry as a challenge. While the level of recognition for Mabuchi Motor in the automotive industry is high and customers consult us when facing technical challenges, there is not yet sufficient recognition in industries such as robotics and industrial equipment of the fact that we can provide high-quality brushless motors at reasonable prices. The adoption of our IS Series brushless motors for Light Electric Vehicle applications is increasing, and we are enhancing our activities to expand our fan base by gaining recognition from a wider range of customers. As one such initiative, in March 2022, we opened our own website for online sales that enables customers to make purchases easily, starting from a single product. We hope using our brushless motors will develop into opportunities for customers to engage in joint development and business with us.

To increase our sales of brushless motors, it is also necessary to create a state in which customers can choose products according to their needs, so we will be expanding and enhancing our lineup of motors and options.

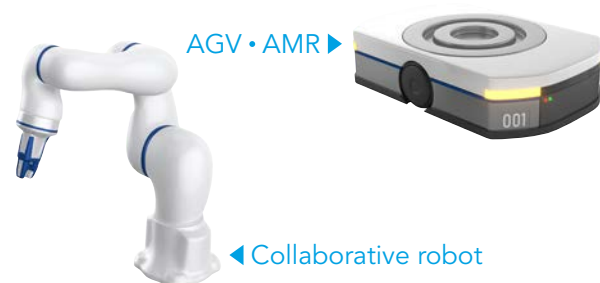
—What kind of growth do you envision in applications for robotics and industrial equipment?

In robotics, we aim to expand sales in collaborative robotics applications that contribute to resolving labor shortages by focusing on areas where the features of our motors—such as compact size, light weight, high efficiency and high precision—can be utilized. This market is expected to grow rapidly in the future, and the brushless motors used in the joints of collaborative robots were launched in April 2022.

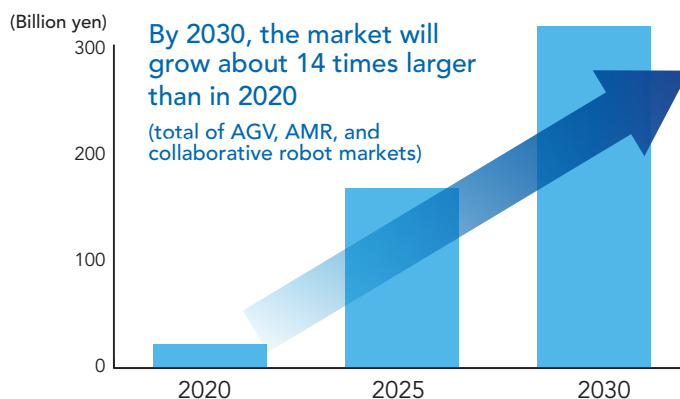
With regard to industrial equipment, from the perspective of sustainability, there is an urgent need to reduce CO₂ emissions

in the production processes for various products, including industrial and food products. There is a growing trend of valuing not only price and performance but also CO₂ emissions when companies and general consumers purchase products and services. This trend is increasing in Europe ahead of other parts of the world, and companies are being urged to respond. In the industrial equipment industries which supply production equipment, there is now a rapidly spreading movement to switch from pneumatic and hydraulic systems to electric systems with higher energy conversion efficiencies. Since we have a lineup of brushless motors with high energy conversion efficiencies, we see significant business opportunities in this area.

Because we develop and manufacture production equipment internally, we also expect that our in-house Production Engineering Department will be able to develop products that truly please customers, by communicating their needs as a spokesperson and engaging in effective collaborative efforts. We will further energize cooperation between the Product Development Department and the Production Engineering Department going forward, and would like to understand the needs of our customers, propose optimal solutions, and establish a stable position in the industry.



AGV/AMR and Cooperative Robot Market Forecast



* AGV: Automated Guided Vehicle, AMR: Autonomous Mobile Robot

—Please tell us about your growth strategy for Medical Equipment applications, following the acquisition of Electromag SA, a Swiss motor design company, last year.

Mabuchi Motor Electromag SA (Mabuchi Electromag), which joined the Group in July 2021, will play an important role in Medical Equipment applications. Mabuchi Electromag has the knowledge, customer recognition and certification required in the Medical Equipment industry, in addition to its very high-level technical capabilities in relation to brushless and coreless motors for use in Medical Equipment. As Mabuchi Electromag is particularly well-known in Europe, a key point will be how to leverage its sales channels to expand sales of existing Mabuchi Motor products.





We also have high expectations in terms of product development, and in addition to our current flagship products, such as motors for artificial respirator applications, development of products for new applications in the medical field is advancing.

Mabuchi Electromag motors are intended for Medical Equipment applications, but their excellent and distinctive performance has gained them recognition, which has also led to existing Mabuchi Motor customers adopting them for completely different applications. We will create synergies with Mabuchi Electromag in all aspects of development, production and sales, leading to the growth of not only Medical Equipment applications but also Life & Industrial Products applications as a whole.


Outline of Mabuchi Electromag



Mabuchi Electromag, based in Switzerland, specializes in applications such as ventilators and handpieces for dental treatment, and has the technology to develop and manufacture high-performance brushless motors suitable for medical equipment applications, such as quiet operation, low vibration, and high-speed rotation.

Major Products and Key Applications

| | Ventilation | | Dental |
|------------------|---|---|---|
| | Hospital Care | Home use | Dental Care Hand Tools |
| Major Products |  |  |  |
| Key Applications |  Critical Care & Sub-Acute Invasive or Non-Invasive |  CPAP, APAP and BiPAP |  Handpieces |





Opportunities for Life & Industrial Products applications

| | |
|---------------------------------|---|
| Light Electric Vehicles | <ul style="list-style-type: none"> Broaden the lineup of motors, to increase adoption to a wide variety of light electric vehicles, including AGV/AMR, autonomous mobile robots, personal mobility and stairway elevators |
| Robots and industrial equipment | <ul style="list-style-type: none"> Start mass production and sales of four models of brushless motors with a hollow structure for collaborative robot application to gain increasing orders Enter the market for industrial equipment applications based on a proven track record in collaborative robot applications |
| Health and medical care | <ul style="list-style-type: none"> Expand sales of motors for high-end toothbrushes Implement sales promotion activities worldwide based on the track record of Mabuchi Electromag |
| Units | <ul style="list-style-type: none"> Offer solutions with units to drive- and control-related applications Build on orders gained for a standard fan unit for air-conditioning suits |

4. Challenges and Initiatives to Ensure Growth

—In the Mid-Term Management Plan, you have focused on shifting toward the supply of units. Please tell us about the content and initiatives relating to this.

In the past we had delivered motors on a standalone basis in most cases, but the number of cases in which customers request delivery of units that include motors and their peripheral components is increasing. By working on units, it is becoming possible to share not only information on motors, but also regarding the specifications required for the unit. We will listen to the needs of multiple customers and organize our values based on parts that cannot be compromised and those which can be removed or scrapped, identify the minimum common items required for each application, and advance the standardization of units. In addition to common use of materials and equipment and standardization of process management, we believe that it will be possible to provide high-quality and reasonably-priced unit products by standardizing the motors installed in units. While there are challenges to be overcome in the standardization of units, which is a new initiative for us, I think that the more we overcome these challenges, the more technological differentiation will progress, and the advantages of our standardization efforts will come into play.

—What are the challenges in next-generation standardization, which expands the concept of standardization as far as shifting to supply of units?

Until now, we have excelled at the high-volume and stable production of high-quality products for the applications that we have sold in the past. As the absolute number per project will decrease, such as with collaborative robots, I think it is necessary to make products that are competitive, and which fit in with changes in the scale of numbers. I think that customers and industries will also change, so I think it is necessary to consider the future state of manufacturing with a mindful focus on cooperation with external parties, so that we can respond to changes.

—What do you consider to be the challenges to ensure growth in each area? Please tell us about your efforts to address these challenges.

Medium to long-term average annual sales growth of 8% -10% assumes the expansion of new applications. To expand new applications and win de facto standards in each industry, it is important to keep an uncompromising stance with regard to differentiation and added value. Particularly, in areas of future growth where recognition of Mabuchi is relatively low, it is not enough to simply provide products that meet customer requirements. It is essential for us to have the ability to propose solutions that offer added value that meets the true needs that customers themselves have not yet realized, so that customers can feel that they will be happy to buy our products. In order to understand customer issues, explore potential needs and link this quickly to product development, we have created a specialized team with integration between sales representatives and product development personnel in the fields of medical care, robotics and industrial equipment. By providing products that offer greater value than customers expect, we would like to increase the unit price and profit margin of our products in the medium to long term.

—What is your policy on resource allocation for future growth?

I believe that we need to invest properly to create differentiated technologies. Recent business conditions have been challenging due to factors such as the impact of COVID-19 pandemic, stagnation of the automobile market due to the shortage of semiconductors and other parts, and soaring raw material and logistics costs. At the same time, new technologies that will lead to future differentiation and added value will not be created overnight, and will require us to continue steady research and development efforts. In order to achieve medium to long-term growth, we would like to make upfront technological investments while balancing with short-term performance. The theme is component research, and it may lead to new and unprecedented ideas

regarding the structure of motors. In this way, we would like us to strengthen our R&D efforts from a long-term perspective.

Control technology is important when it comes to brushless motors, which are one of the key elements supporting growth in the 3 M fields. While we already possess advanced control technologies, we will need to further increase resources to enhance added value. As an initiative to enhance our control technology resources, we are not only recruiting human resources with expertise in the field of control technologies itself, but also cultivating human resources with knowledge and experience in peripheral fields. I will bolster our resources and improve our ability to respond in a short period of time, while also considering strengthening our cooperation with external parties.

Additionally, in order to create technologies and highly innovative products that deliver high added value, it is essential not only to enhance our resources but also to have flexible creativity from employees. By tackling challenges with flexible ideas at the discretion of each employee, we want to create a vibrant organization that enables them to achieve self-actualization and realize their potential. By doing so, we would like to create a positive cycle in which further new technologies and products will be created.

—Lastly, please give a message to our stakeholders.

I have been engaged in production technology, product development, and production base management duties. Based on the foundation of the robust business base built by our predecessors—including businesses developed based on standardization, the five-region management structure, IT infrastructure and various systems and mechanisms—I would like to drive Mabuchi Motor's growth by making full use of my own practical experience developed so far, and building new pillars for our business.

The management team and all Mabuchi Group employees will work together to achieve sustainable growth. We ask for your continued support in the future.



Financial Stability : Our Approach

In the short period of the past decade, the world has faced several emergencies, such as the sudden change in the environment surrounding companies due to the spread of COVID-19 that began in 2020. Furthermore, in recent years, it has become essential to address social issues such as the environmental impact of climate change and the protection of human rights, including in the supply chain.

Mabuchi Motor has always believed that companies are public institutions and must endure to fulfill their duty of contribution to society. Our Long-Term Management Policy is "to continue and expand our contribution to the happiness of all our stakeholders as a global citizen." To realize this policy, we have secured the necessary funds and built a solid management foundation. The premise of this policy is as follows.

Concept of securing funds

1. The business environment changes drastically

The company should survive even under drastic changes in the environment.

2. The company should have the funds necessary for its survival.

The Company should have the necessary funds (necessary funds) to survive and seize growth opportunities even under risk.

Necessary Funds

As the size of the business grows, the required funds will increase accordingly, and we always reasonably consider and calculate the amount of such funds as necessary.

Contingency measures for growth

- Capital investment: Reserves to ensure continuity in capital and R&D investment
- M&A: Reserves to finance M&A activities that are necessary for investing in growth opportunities

Contingency measures for large-scale risk

- Operating funds: Working capital to prepare for the realization of a large, systemic risk
- Job security: Reserves to secure our ability to retain employees
- Dividends: Reserves to secure our ability to continue paying dividends based on a hybrid dividend policy, even if a risk event occurs

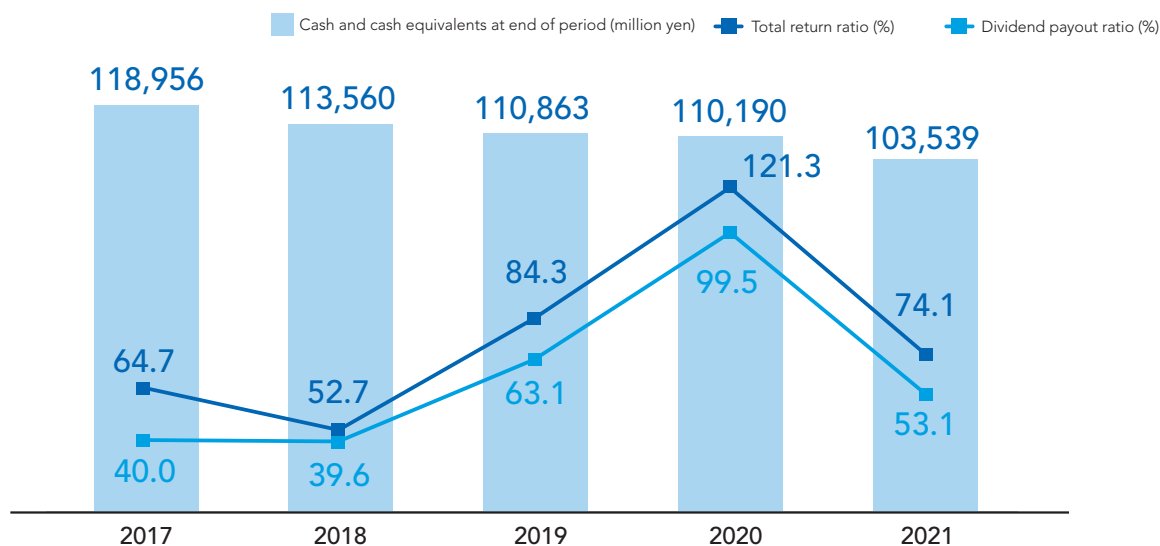
Contingency measures to address rapid market changes

- Risk of commodity price hikes: Reserves to secure our ability to procure market-sensitive commodities for the medium to long term by means of futures trading or other activities
- Foreign exchange risk: Reserves to maintain stability in the face of severe foreign exchange disruptions

Claim-related contingency measures

- Claims handling: funds for claims, especially in the Automotive Appliances

Dividend payout ratio, total return ratio, cash and cash equivalents at end of period



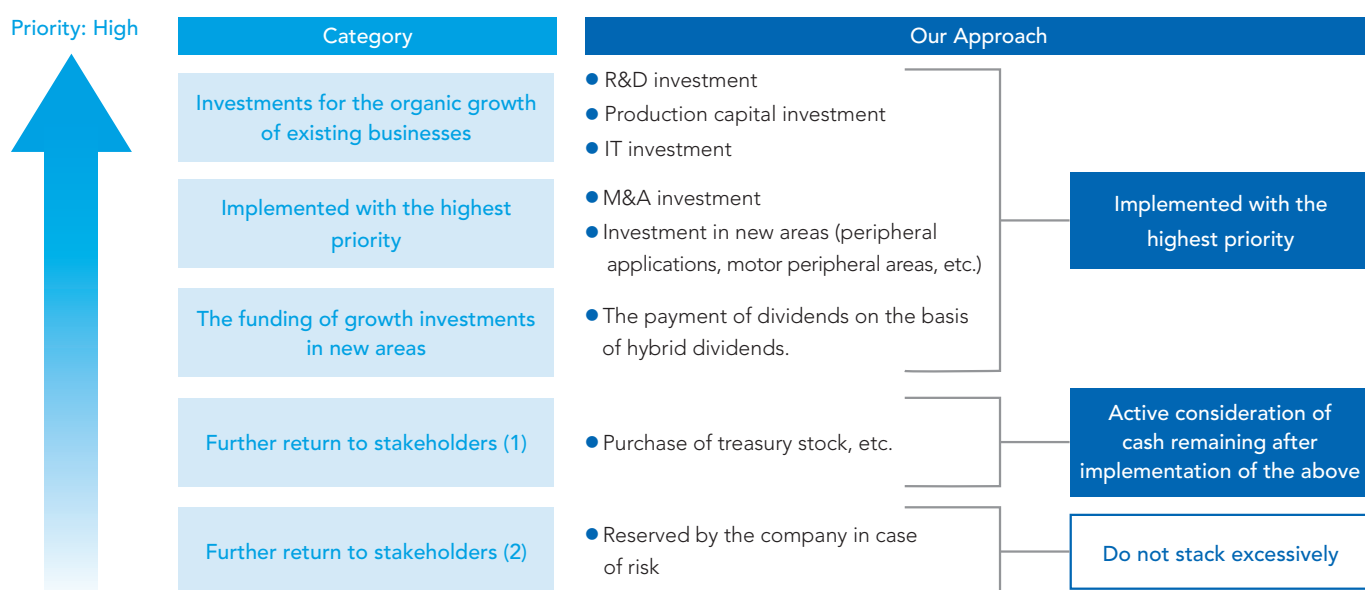
Our Approach to Cash Allocation in the Mid-Term Management Plan

Our fundamental thinking on cash allocation is unchanged under the Mid-Term Management Plan. Cash newly acquired from business activities under the Mid-Term Management Plan will be used based on the order of the following priorities: The first priority will be investments for the organic growth of existing businesses and the funding of growth investments in new areas (including M&A investments). The

next priority will be funds for the payment of dividends on the basis of hybrid dividends.

For cash remaining after the above spending, we will consider the portion exceeding necessary funds as calculated independently as a possible augmentation of return to stakeholders (purchase of treasury stock, etc.) that avoids excessive accumulation.

Allocation of new cash obtained from the business during the period of the Mid-term Management Plan



Investment for Growth

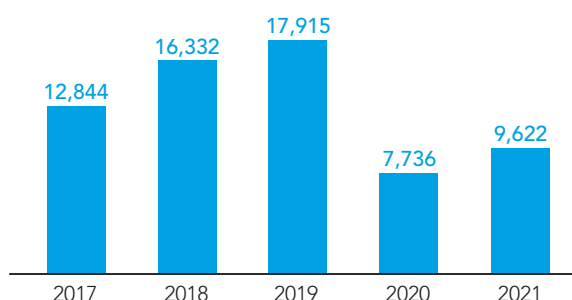
Mabuchi Motor is actively engaged in R&D and capital investment for future growth in order to put into practice its Management Principle of "Contributing to international society and continuously increasing our contribution."

In recent years, as part of the development of a Five-Region Management Structure, we acquired land and buildings for Mexico Mabuchi, and Poland Mabuchi, and invested in production facilities in order to build production

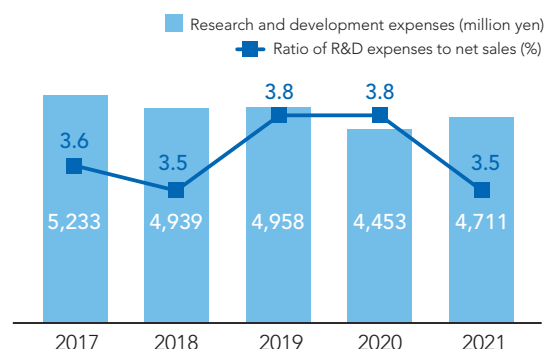
and supply systems in the Americas and Europe. Our investment for the expansion of production and supply systems has peaked out. We will continue to invest in production facilities for new products, increased production, and labor saving while focusing on ROIC. We will also invest in R&D for future growth and in IT to strengthen our management base.

Capital Expenditures

Unit: million yen



R&D Expenses and R&D Expenses to Net Sales Ratio



Financial and Capital Management

Group-wide participation in ROIC management

The purpose of ROIC management is to make all group employees more keenly aware of the importance of securing appropriate profits, the importance of continuously increasing sales and profits as a result of their contributions, and the importance of using invested capital efficiently. Through this, we aim to accelerate the management resource rotation cycle, whereby we actively invest management resources

in growth areas, and then reinvest the appropriate profits obtained by utilizing the invested resources to improve the value we provide to customers in further growth areas. We will accelerate company-wide growth by evaluating the return on investment of businesses and focusing management resources on businesses with high return on investment.

Improving Investment Efficiency: Group-wide participation in ROIC Management Approach

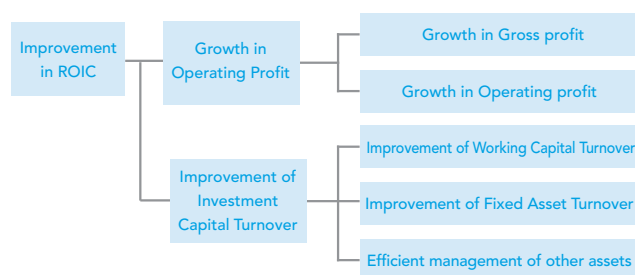
2021 Activity Results

1. Group Employee Training

- Distribution of the President's Message
- Educational activities through periodical publications
- Educational tools and materials
- Induction training for management level
- Induction training for managers at the Headquarters, employees, and managers at each site

2. KPI setting

- Mabuchi's version of the ROIC improvement tree was developed (excerpts below).



- Set KPIs that lead to ROIC improvement at each business unit, functional headquarters, and site according to their respective tasks.

Initiatives for 2022

- Set internal targets and promote activities based on each KPI of the ROIC improvement tree set in 2021.
- All members of the Mabuchi Group participate to share best practices, expand results and optimize resources through a PDCA cycle.
- Aim for a virtuous cycle of generating excess profit and actively reinvesting in growth areas.

Initiatives for Operating Income Growth

Short time to effect

1. Stabilization of procurement prices for parts and materials

- **Steel materials** Establish long-term relationships with suppliers and procure steel materials at stable and planned prices.
- **Copper and precious metals** Stabilize procurement prices by utilizing various procurement methods.

2. Appropriate pricing

- Promote pricing optimization in light of ongoing global material and logistics cost hikes.

Medium- and Long-term Initiatives

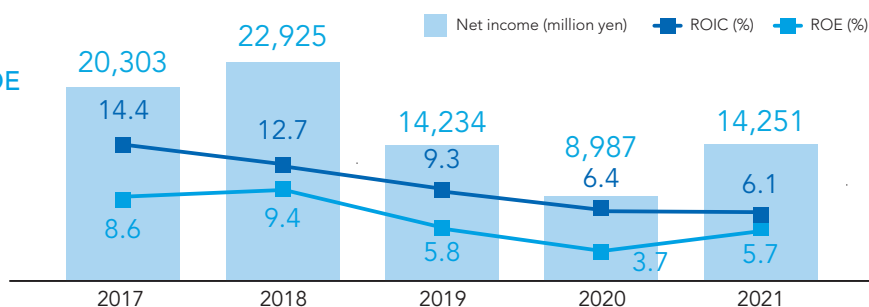
3. Expand sales of high value-added products

- **Automotive Product** Develop motors and units that incorporate solutions to improve the safety and environmental performance of EVs and other vehicles by leveraging advanced motor technologies honed over many years.
- **Life and Industrial Product** Focus on high value-added fields such as light electric vehicles, robots, industrial equipment, and medical equipment

4. High efficiency of production

- Next-generation manufacturing enables fully automated and highly efficient production.
- Mixed-flow production lines that can produce multiple motors on the same line improve equipment utilization rates.

Net Income Attributable to Owners of the Parent, ROIC and ROE



Toward ROIC Improvement



Executive Officer,
In Charge of Accounting
and Finance

Takumi TOMITA

We have set a ROIC target of 12% for our Mid-Term Management Plan guidance. Business conditions have changed significantly since the target was set. In addition to soaring raw material prices and logistics costs, production adjustments by automobile manufacturers have occurred due to shortages in the supply of semiconductors and other products. ROIC in 2021 was 6.1%, which is far from the target, and the hurdle to achieving it is high, but we are working to achieve it. Since operating income contributes greatly to the improvement of ROIC, it is first necessary for us to firmly secure our operating income.

In order to do so, it is first necessary to increase our net sales and improve our gross margin. Although sales of motors for Automotive Products applications have not been able to recover to pre-COVID levels due to the impact on the market environment, we aim to increase net sales by increasing our market share of medium-sized electric motors such as those for power window lifters. In the Life & Industrial Products segment, too, we will expand net sales through the sales expansion of new products such as light electric vehicles and collaborative robots. In response to the decline in profitability due to soaring raw material prices and logistics costs, we are working to revise our prices while gaining the understanding of our customers. We aim to secure operating income by increasing net sales and improving profitability.

We have several products with a high market share and have major supply responsibilities to the market. In the third quarter of fiscal 2021, city lockdowns in response to the impact and spread of COVID-19 occurred at our production locations, forcing us to significantly reduce production. The disruption to logistics activities has also not yet subsided. In order to respond to the trust of our customers and fulfill our responsibilities to supply reliably, we are operating at a high inventory level with determination, although it may be a factor in temporarily suppressing ROIC. Under the current uncertain business conditions, we intend to continue this mode of operation, but will review it in a timely manner, taking into account the recovery status of the supply chain and other factors. In the medium to long term, we will reorganize our product portfolio to focus on high added-value products such as those for new applications, and seek to improve ROIC by increasing the productivity of each base.

Shareholder Returns

We will undertake to realize appropriate return of profits to shareholders based on the concepts of necessary funds, with ongoing consideration of changes in the business and market environments and through agile and balanced capital policies that include the purchase of treasury stock.

Dividend Policy

Our basic policy is to actively return profits to shareholders in accordance with business performance while maintaining financial soundness, and to pay dividends twice a year, an interim dividend and a year-end dividend, by using retained earnings to fund research and development and capital investment necessary for the growth and development of the company. The Company's basic policy is to actively return profits to shareholders in proportion to business performance while maintaining financial soundness.

Based on this basic policy, except in the event of a significant downturn in business performance due to a sudden deterioration in the business environment, we will continue to pay a long-term stable dividend of 30 yen per share as a regular dividend, and will pay a special dividend of 30% of consolidated net income per share as a result of our business performance. The "hybrid dividend standard," in which a special dividend of 30% of consolidated net income per share as a result of business results is also paid, is adopted as the principle formula for calculating the dividend amount. The annual dividend for 2019 and 2020 was maintained at 135 yen per share, regardless of consolidated net income, as a time-limited measure, taking into account the uncertainty of the business environment in the short term.

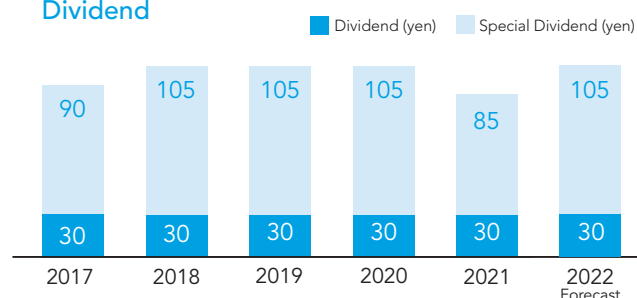
For the 2021 dividend, taking into account the expected recovery of business performance in the medium term and other factors, the Company has decided to discontinue the time-limited measures and take transitional measures to return to the basic policy, adding half of the difference from the 2020 dividend amount to the calculated annual dividend amount based on the basic policy. For 2022, we plan to pay a dividend of 135 yen per share (ordinary dividend of 30 yen and special dividend of 105 yen), the same amount as in the past, as a temporary measure, in anticipation of future performance improvement, although the unstable business environment continues beyond our expectations and performance recovery is slower than expected.

Standard of Hybrid Dividend

| Dividend (year) | Special dividend (year) |
|-----------------|--|
| 30 yen | 30% of consolidated net income per share |

*In the case of dividends based on this calculation formula, the dividend payout ratio will be 30% or more.

Dividend



Initiatives towards Climate Change

Support for the TCFD

In March 2021, Mabuchi announced its support for the recommendations of the “Task Force on Climate-related Financial Disclosure (TCFD)”. We also participated in the “TCFD Consortium”. Based on the TCFD recommendations, we will analyze the risks and opportunities that climate poses to our business, and by proactively disclosing information, we will build strong and long-term relationships of trust with all of our stakeholders, including shareholders, investors, customers, business partners, and employees, and contribute to the realization of the sustainable society.

Governance

Mabuchi recognizes climate change and other environmental issues as one of our key management challenges. Basic policies on climate change issues and the environment as a whole are among the matters of major importance discussed and resolved by the Board of Directors. The Sustainability Committee, chaired by the President, promotes activities to address climate change and reduce environmental impact more broadly, clarifying the issues and goals and monitoring the impact of the activities on those goals. The Sustainability Committee comprises representatives from each relevant business unit and meets at least twice a year (five meetings took place in 2021) to investigate and discuss company-wide sustainability issues, including risk identification, assessment, and response. A system is in place to ensure that the oversight provided and decisions made by the Board of Directors are appropriately integrated throughout the company by reporting the results of the Committee’s deliberations to the Risk Management Committee and the Board of Directors.

Strategy

In order to identify risks and opportunities presented by climate change, we hypothesized a future world scenario by drawing on scenarios published by international organizations covering the entire value chain of our Group, across development, procurement, production, and supply of products and services, and examined the impact on the Group at two points in time: 2030 and 2050.

In terms of the financial impact on business based on the scenarios established, we examined mathematical models to calculate the impact on items that could be calculated, estimating the impact on income and expenditures in 2030 and 2050 for each item. In addition, the magnitude of the impact at a future point in time was considered by evaluating qualitatively the risks and opportunities that are difficult to assess quantitatively.

| 1.5°C scenario | 4°C scenario |
|--|---|
| A scenario in which the global average temperature rise is limited to around 1.5°C by transitioning to a low-carbon global economy with the goal of achieving carbon neutrality by 2050. The rise in temperature is limited by developing low-carbon technologies to curb greenhouse gas emissions and enforcing strict laws and regulations, and taxation systems, to achieve carbon neutrality. Although the increasing frequency and scale of extreme weather events and other physical risks will be contained under this scenario, transition risks will increase with the change in social structure in the move toward decarbonization. | A scenario in which the earth's average temperature rises by 4°C or more by the end of this century compared to the earth's average temperature around the time of the Industrial Revolution, with initiatives to combat climate change remaining at their current level. While the direct physical risks posed by ever more extreme weather events such as windstorms, floods, and rising sea levels will increase, the impact of transition risks will be smaller, since this future world scenario does not envisage increased pressure on markets in the form of legal restrictions and taxation. |
| Reference: Intergovernmental Panel on Climate Change (IPCC) RCP8.5 / RCP2.6 International Energy Agency (IEA) STEPS/SDS/NZE2050 | |

Under the 1.5°C scenario, although costs are expected to increase due to carbon pricing and higher energy prices, the automotive industry in particular and other industries more widely are expected to take more active steps toward carbon neutrality. Demand for electrification will grow, notably with the expansion of demand for EVs and other next-generation vehicles, and we expect this growth to benefit the demand for the motors offered by our company. Under the 4°C scenario, the risk of greatest concern is increased losses due to direct damage from meteorological disasters and associated stoppages. These analyses will provide the basis for specific measures that each business will consider and formulate to prepare for all possibilities in an uncertain future world.

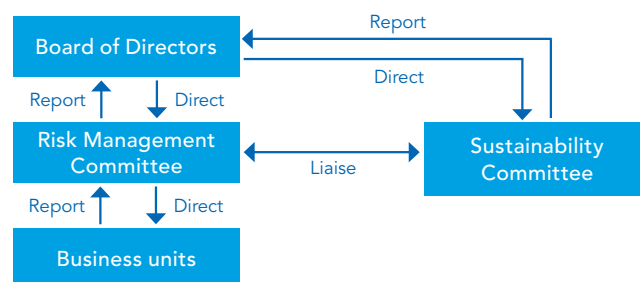
Going forward, we will conduct periodic analyses in light of various trends to review our evaluations and enhance both the quality and quantity of information disclosure. Please refer to P.43-P.48 for specific details of measures already in progress.

| Scenario | Risks and opportunities | Possible factors | Possible events | Financial impact assessment | | Measures being implemented / measures to be considered |
|----------------|-------------------------|--|--|-----------------------------|--------|---|
| | | | | 2030 | 2050 | |
| 1.5°C scenario | Opportunities | Advancement of energy-saving and low-carbon technologies | <ul style="list-style-type: none"> Increased order opportunities due to the transformation of demand for EVs and other motor vehicles Increased demand for motors due to the electrification of various industrial machinery | Large | Large | <ul style="list-style-type: none"> Promote energy efficient production processes Create more compact and light weight motors Environmentally friendly product design |
| | Risks | Impact on raw material prices | <ul style="list-style-type: none"> Impact on purchase costs due to raw material price increases or decreases caused by the addition of a carbon price to the product purchase price or changes in the supply-demand balance | Large | Large | <ul style="list-style-type: none"> Promote green procurement Promote resources recycling |
| | Risks | Carbon pricing | <ul style="list-style-type: none"> Increased costs due to new systems and regulations, such as the introduction of a carbon tax and emissions trading | Medium | Small | <ul style="list-style-type: none"> Set and promote CO₂ emission reduction targets Use renewable energy |
| 4°C scenario | Risks | Impact on raw material prices | <ul style="list-style-type: none"> Increased value of damage and losses following damage to facilities and fixtures and shutdown of operations as a result of meteorological disasters Fragmented supply chain and its impact on business continuity | Medium | Large | <ul style="list-style-type: none"> Formulate and strengthen BCP Conduct emergency response drills |
| | Risks | Increasingly severe abnormal weather events | <ul style="list-style-type: none"> Instability in raw material procurement due to acute and chronic impact of climate change | Small | Medium | <ul style="list-style-type: none"> Consider and implement alternative and distributed procurement Promote appropriate inventory control and risk management |
| | Risks | Rise in average temperatures | <ul style="list-style-type: none"> Increased operating costs, including higher air conditioning costs due to higher average temperatures | Small | Medium | <ul style="list-style-type: none"> Promote energy conservation Establish an environmental education system |

Risk management

Climate change risks and other risks that have a major impact on management are identified and evaluated by the Risk Management Committee within the Group-wide risk management and assessment process. The Risk Management Committee assesses the severity of the risk according to two broad categories, based on the Group's internal definitions shown in the table below: issues faced by management in executing strategies in a diverse business environment (strategic risk); and potential risks occurring in business operations (business operation risk). A business unit in charge is assigned for each risk identified and assessed through these processes, and the business unit in charge formulates and manages countermeasures and action plans. Each business unit in charge reports the management implementation status and results to the Risk Management Committee, which then reassesses and corrects the risks.

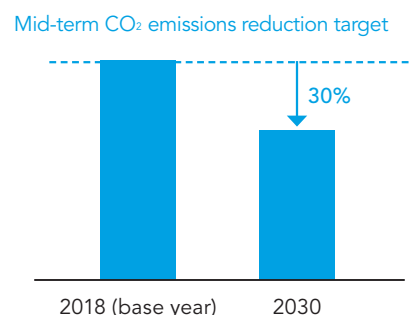
| Risk severity assessment metrics | | |
|----------------------------------|-----------------------|-----------------------------------|
| [level 1] | Minor impact | Less than 1 million yen |
| [level 2] | Somewhat minor impact | 1 million yen to 10 million yen |
| [level 3] | Moderate impact | 10 million yen to 100 million yen |
| [level 4] | Significant impact | 100 million yen to 1 billion yen |
| [level 5] | Major impact | 1 billion yen or more |



Metrics and targets

We have set a mid-term goal of reducing CO₂ emissions by 30% compared to 2018 levels by 2030. Issues pertaining to climate change need urgent society-wide initiatives. We have been promoting initiatives to reduce CO₂ emissions, including the use of renewable energy sources and energy conservation measures at production facilities. These include the installation of solar power generation systems at our overseas bases and the introduction of systems that recover and reuse waste heat. We will accelerate these initiatives to achieve our mid-term goal.

Please refer to the ESG data (P.67-P.68) for statistics on our level of CO₂ emissions.



Initiatives towards Environment

Contributing to the environment through our products

Mabuchi Motor's Sustainability Policy states that "We will pursue the full range of possibilities of small DC motors to help resolve issues confronting global society through motors". By making motors smaller, lighter, and more efficient, we are contributing to resource and energy conservation in society as a whole.

Excellent energy conversion efficiency of motors

In general, small DC motors are characterized by their excellent conversion efficiency of energy, electrical power. As a specialized motor manufacturer, we have further enhanced this feature by devising materials and magnetic circuits. While the energy conversion efficiency of general internal combustion engines is said to be around 30% to 40%, we have a lineup of motors with conversion efficiency exceeding 90%. This leads to energy savings in our customers' products and contributes significantly to improving environmental performance.

- Small DC motors with excellent energy conversion efficiency contribute to reduction of CO₂ emissions
- Lineup includes motors that achieve efficiencies in excess of 90%.
(Energy conversion efficiency of a typical internal combustion engine: about 30%-40%)



Contributing to energy savings in customer products

Motors that contribute to resource and energy conservation in all types of equipment

We believe that our mission as a specialized motor manufacturer is to help make people's lives more convenient, comfortable, and safe, and we have thoroughly pursued the possibilities of motors and refined their value.

1. Compact, Lightweight, and Highly Efficient

- Reduction of motor material usage
- Contributes to improved fuel efficiency of vehicles equipped with the system
- Highly efficient motors contribute to energy savings in all types of equipment.

Research and development focusing on
"small size, lightweight, high efficiency, and quietness"

2. Quietness

- In a quiet EV without an engine, our motors with quietness contribute to comfort.

Improvement in fuel efficiency

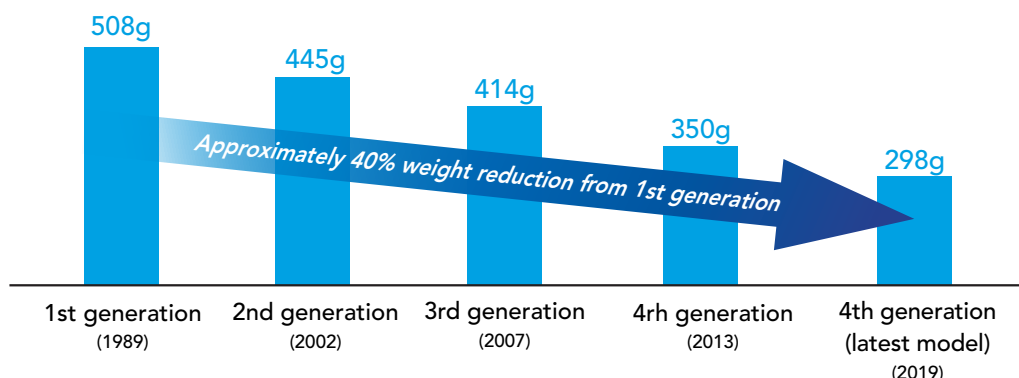
Saving resources

Saving energy

R&D specializing in small size and lightweight

Compared to the first generation products that entered power window lifter applications, the latest fourth generation models are approximately 40% lighter. Our compact and lightweight power window motors are contributing to the improvement of environmental performance of automobiles around the world through collaboration with our customers. In a world where EVs are becoming more and more common, our products contribute to power savings and longer cruising range.

Motors for Power Window Lifters Progress in Small Size and Lightweight



Creating Environmentally Friendly Products

Initiatives in Production Processes

Mabuchi Motor has accumulated production technologies that only a specialized motor manufacturer can provide. We will utilize such knowledge to realize highly efficient and high-quality production processes, and at the same time, promote sustainable product manufacturing that contributes to reducing environmental impact.

Specific examples of improvements in environmentally friendly production process

The cleaning solution used in the cleaning process for motor parts was changed from alkaline detergent to in-house alkaline electrolyzed water. The alkaline detergent used in the past contained surfactants and chemical synthetics, but this has been replaced with alkaline electrolyzed water, which is safer and mainly composed of water. Furthermore, the introduction of filtration equipment and recycling of the cleaning solution has greatly reduced the amount of final effluent, and the effluent itself can be purified to a safe level that does not contain nitrogen or phosphorus. In addition, improvements in production facilities and inspection processes have made it possible to eliminate the need for cleaning of some motor parts. By eliminating the need for washing, we plan to reduce the environmental impact of washing approximately 3 million units in 2022.

Introduction of Internal Carbon Pricing (ICP) system

The ICP system is a mechanism that encourages companies to address climate change by setting an internal carbon price and converting CO₂ emissions into costs, thereby creating an economic incentive to reduce emissions. In the future, when planning investments in facilities that emit CO₂ we will apply the internal carbon price we set and convert it into a hypothetical cost, which will be considered and operated as one of the factors in selecting facilities and making investment decisions.

Mabuchi Motor's ICP System

- In-house carbon price: 8,000 yen/t-CO₂*

*Internal exchange rates are used for conversion at overseas bases.

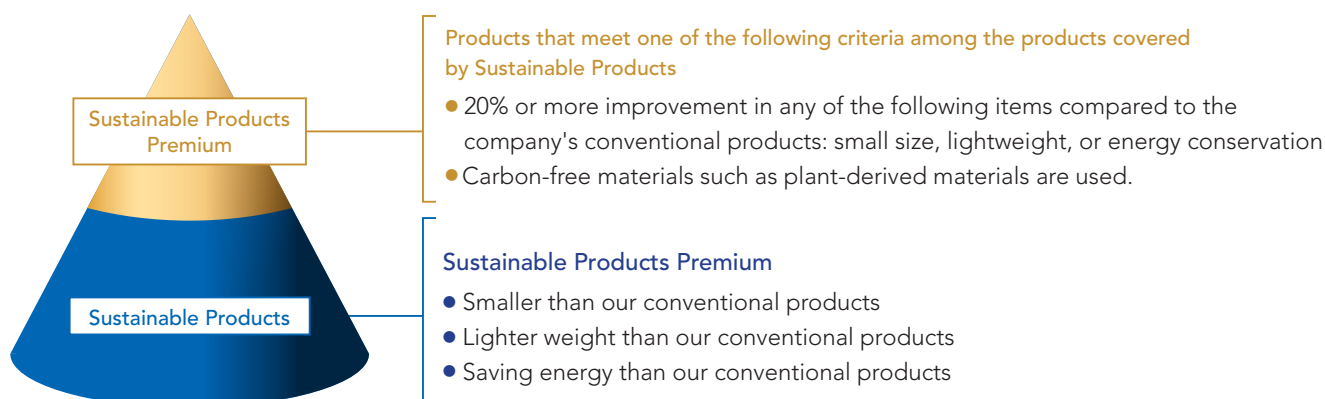
We will review the price as appropriate in consideration of price fluctuations of emission credits, etc.

- Scope of the program: Investments in facilities that emit CO₂
- Application method: CO₂ emissions are converted into costs by applying an internal carbon price, and considered as one of the factors in selecting equipment and making investment decisions.

Creation of environmentally friendly products

Mabuchi Motor contributes to reducing the environmental impact of society as a whole by standardizing small, lightweight, and highly efficient motors and achieving lean production and sales, thereby making our customers' products smaller, lighter, and more energy-efficient. In June 2022, we introduced a system to certify our products with outstanding environmental contributions as "Sustainable Products" and "Sustainable Products Premium".

By promoting the development and sale of environmentally friendly products, we will contribute to reducing the environmental impact of society as a whole. The direction of the environmental performance to be aimed for is set from the product planning stage, and the environmental performance is verified at each stage of development, design, and commercialization.



Initiatives towards Environment

Activities to Reduce Environmental Impact

Set mid-term CO₂ emission reduction targets for 2030

Mabuchi Motor has set a mid-term goal of "reducing CO₂ emissions by 30% from the 2018 level by 2030. Climate change is an urgent issue that must be addressed by society as a whole. We have been promoting efforts to reduce CO₂ emissions through the use of renewable energy sources and power-saving measures for production facilities, such as the installation of solar power generation systems at our overseas bases and the adoption of systems that recover and reuse waste heat. We will accelerate these efforts to achieve our mid-term goals.

Solar power generation at production bases

In March 2022, we installed a solar power generation system in Danang Mabuchi, located in Vietnam. We have previously installed them in Dongguan Mabuchi and Daojiao Mabuchi in China, but this is the first installation in Vietnam.

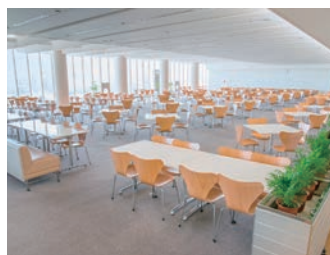


Solar power generation system installed in Danang Mabuchi

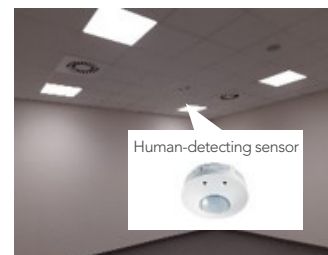
Continuous energy conservation efforts

We are continuing company-wide efforts to conserve energy by switching to LED lighting at the Headquarters and overseas production bases; such as automatically turning off lights, thoroughly controlling air conditioner temperature settings, and limiting the use of hot water during the summer. The status of power conservation is managed by the General Affairs Dept. and other departments, and is posted on the company intranet and in the plant to raise awareness of power conservation.

In order to continuously promote energy conservation, we will systematically implement initiatives such as the introduction of equipment that takes into account the amount of energy consumed.



Conversion of lighting fixtures to LED (Headquarters)



Automatically turn off lights (Poland Mabuchi)

Waste Reduction Initiatives

We have set a goal of achieving a 95% waste recycling rate, aiming to realize a recycling society that recovers and reuses waste as a resource and reduces the amount of waste sent to landfills. In addition to reducing the amount of waste, recycling waste as a resource is an important and indispensable part of realizing a recycling society. The Mabuchi Group will continue to promote initiatives to reduce and reuse (recycle) waste.

- Waste Reduction Indicators and Initiatives for 2021 -

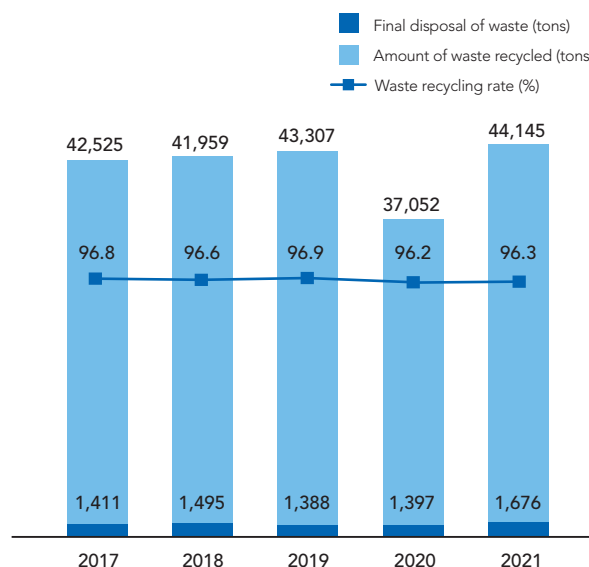
Target:

Waste recycling rate 95.0%

Achievements:

- Waste recycling rate of 96.3% in 2021
- Conducted company-wide education on waste separation and reduction
- Conducted "Analytical Survey on Landfill Waste" for overseas bases.

Waste emissions




Mabuchi Group Environmental Activities

We have set a goal of reducing its environmental impact and has been promoting activities across the company centering on awareness-raising as "Mabuchi Group Environmental Activities". The "Environmentally Friendly Motto / Poster Work Contest" is one such educational activity. More than 1,000 entries were collected from all of the Mabuchi Group's bases, and through awards for outstanding entries and the sharing of award-winning works on the intranet, the program has contributed to raising the environmental awareness of all Mabuchi Group employees.

In recent years, as our efforts to reduce environmental impact have accelerated, the purpose of the Mabuchi Group's environmental activities has evolved from awareness-raising activities to actual action promotion. After screening by the Environmental Management Committee at the Headquarters office, we present awards for outstanding activities. In 2021, we contributed to the reduction of environmental impact by implementing a total of nearly 100 initiatives at our Headquarters and overseas sites, including reducing CO₂ emissions, reducing the use of packaging materials for transportation, OA paper, water resources, etc., and improving the recycling rate. We will continue to expand our contribution to the global environment through Mabuchi Group environmental activities by promoting the proposal and implementation of measures to reduce environmental impact at each Mabuchi Group site.

Enlightenment Activities

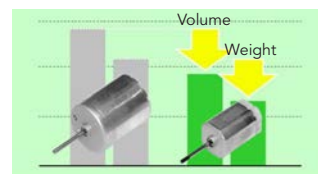


From Enlightenment

 to Actual Action

Environmental Protection Activities



Afforestation



Development of energy-saving motors



Reduction of packaging material usage

Works of "Environmentally Friendly Motto / Poster Work Contest"

Example activities of Dongguan Mabuchi

At Dongguan Mabuchi, a Production base located in Guangdong Province, China, as a measure to realize the 2021 activity theme of "Reduction of CO₂ Emissions," we have integrated and optimized production processes and stopped operation of air conditioning and ventilation facilities that are no longer needed, by greatly saving space required for production. This measure has resulted in significant savings in electricity consumption and a reduction of approximately 348 tons of CO₂ emissions per year.



Reduced power consumption by saving space on production lines

Biodiversity Initiatives

Environmental symbiosis in the community

A "bio-garden" has been established in the front yard of the Headquarters site based on the concept of environmental symbiosis in the community, and is designed to restore the natural environment of Matsudo City, where the Headquarters is located, to the Matsuhidai Industrial Park.

Considering the impact of non-native species on the local ecosystem, the Bio-garden aims to restore the original ecosystem by exterminating non-native species of Japanese knotweed and planting wildflowers that have traditionally grown around Matsudo City.



Participation in the Biodiversity Chiba Corporate Network and planting of Himekomatsu

In December 2021, we joined the "Biodiversity Chiba Corporate Network" as part of our commitment to biodiversity. The Biodiversity Chiba Corporate Network is an initiative that aims to contribute to the mainstreaming of biodiversity through corporate efforts related to biodiversity in collaboration with Chiba Prefecture, educational institutions, and other supporting members.

We have set up a display corner (Satellite for Biodiversity) in our Headquarters to further educate our employees and visitors about biodiversity. In addition, we planted seedlings of Himekomatsu (Japanese white pine trees), an endangered species in Chiba Prefecture, in the bio-garden at our Headquarters in support of the "Himekomatsu Lineage Conservation Supporter" initiative, which aims to protect biodiversity and endangered species in Chiba Prefecture.



Planting of Himekomatsu

Initiatives towards Society

Respect for Human Rights

We advocate "respect for human rights" in the "Mabuchi Motor Ethical Standard", respect the basic human rights of individuals and diverse values, individuality, privacy, and regarding race, religion, gender, nationality, physical disability, age, etc. We will not engage in discriminatory behavior, violent behavior, sexual harassment, power harassment, bullying, or other acts that ignore personality.

In addition, child employment and forced labor are not permitted. These include respecting the basic human rights not only of Mabuchi Group employees but also of workers around the world, and not being complicit in human rights abuses such as forced labor and child labor.

Sustainable Procurement Activities

CSR Procurement Guidelines Established

Mabuchi Motor has adopted "Contributing to international society and continuously increasing our contribution" as its Management Principle, and promotes CSR by helping to solve social issues through the practice of its Management Principle. In February 2022, we established the "Mabuchi Motor CSR Procurement Guidelines" to promote CSR not only within our Group but also throughout our supply chain.

Promoting Responsible Mineral Procurement

Mabuchi motor has committed to responsible procurement activities to avoid procurement of parts and materials containing conflict minerals (tin, tantalum, tungsten, gold), cobalt, mica, and other minerals produced in a wrongful manner that cause or contribute to serious human rights abuses, environmental destruction, corruption, or conflict in conflict and high risk areas. We are committed to responsible procurement activities to avoid procurement of parts and materials containing minerals such as cobalt and mica.

We will continue to work closely with our suppliers and further improve the transparency of our supply chain to ensure that we continue to procure minerals that do not benefit groups that violate human rights from a humanitarian perspective.

Promoting Green Procurement

We ask our suppliers to implement green procurement activities and submit documents guaranteeing that their raw materials and parts do not contain environmentally banned substances, along with an environmental activity survey sheet. We also actively conduct environmental audits to check the use and storage of environmentally hazardous substances by our suppliers. In addition, all materials used by the Mabuchi Group are regularly analyzed and surveyed to ensure that they do not contain environmentally banned substances.

Compliance with various laws and regulations

We are taking measures to add regulated substances, change prohibited ranks, etc., according to the European RoHS Directive, the European ELV Directive, restricted substances and SVHC (substances of very high concern) of the European REACH Regulation, Class I Specified Chemical Substances under the Japanese Chemical Substances Control Law*, GADSL (voluntary standards of the automobile industry), other regulations, customer requests, Mabuchi Group voluntary standards, etc., in order to meet the needs of the future. We are responding to such requests with an eye to the future.

Thanks to our daily communication with suppliers and our proactive efforts in auditing the use and storage of environmentally hazardous substances, we have not experienced a single environmental accident since the enforcement of the European RoHS Directive in 2006. We will continue to promote green procurement activities together with our customers and suppliers.

* 1 Chemical Substances Control Law: Law concerning examination of chemical substances and regulation of manufacturing, etc.

Communication with Suppliers Purchasing Policy Briefing Session Held

In November 2021, we held our first "Purchasing Policy Explanatory Meeting. Sixty-eight suppliers gathered on the web conference system for the purpose of calling for cooperation in all aspects of parts purchasing based on our long-term management policy and med-term management plan.

At the briefing, we communicated our basic purchasing policy and called for cooperation in sharing purchasing and production systems, BCP measures, and CSR risk responses.



Purchasing Policy Briefing

Health & Safety

Mabuchi Motor has stated in its Management Markers that "we will conduct corporate activities without sacrificing the global environment and people's health," and we are actively working to create a workplace where each and every employee, including those at our overseas locations, can work in good health and with peace of mind, respecting their fundamental rights as employees. In October 2021, we made the "Mabuchi Motor Health and Productivity Management Declaration". In March 2022, in recognition of these efforts, the company continued to be certified as one of the "Excellent Health and Productivity Management Corporations (Large Corporation Category)" selected by the Ministry of Economy, Trade and Industry (METI) and the Japan Health Council. We will continue to actively promote the maintenance and improvement of employee health and promote efforts to create a comfortable work environment in which health and safety are maintained.



Mabuchi Motor Health and Productivity Management Declaration

Mabuchi Motor Co., Ltd. has stated in its Management Markers "Through our corporate activities we protect our planet's ecosystem and the health of its inhabitants." In practice, this means being ever watchful to avoid activities that cause pollution and associated health hazards. It also means managing effectively to ensure that our employees enjoy good health. Promoting health and wellbeing is an important part of supporting each and every one of our employees in reaching their full potential personally and professionally. For this reason, we provide a safe, comfortable, and health-oriented workplace.

Key KPIs for Health and Productivity Management

| | unit | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|------|------|------|------|------|------|
| Health checkup rate | % | 95.9 | 95.8 | 96.9 | 97.6 | 100 |
| Stress Check Inspection Rate | % | 96.5 | 97.7 | 97.0 | 92.5 | 98.9 |
| Smoking rate | % | 18.6 | 17.6 | 15.7 | 13.7 | 13.8 |
| Percentage of annual paid leave taken | % | 63.9 | 71.7 | 77.5 | 73.1 | 77.0 |
| Average number of annual paid leave days taken | day | 12.8 | 14.3 | 15.5 | 14.6 | 15.4 |
| Average monthly overtime hours | hour | 25.5 | 25.6 | 18.5 | 12.5 | 10.3 |
| Percentage of employees taking leave for childbirth by spouse | % | 89.3 | 87.5 | 100 | 88.5 | 91.7 |

Educational Support Activities

In order to put into practice our Management Principle "Contributing to international society and continuously increasing our contribution," Mabuchi Motor contributes to the development of society at large through support activities for local and international communities. Among them, we have set "fostering children who will lead the next generation with an interest in science and manufacturing" as one of our key sustainability issues, and are focusing on activities that can convey the joy of "science" and "manufacturing" to the students and children who will lead the future, and help them grow.

Sponsorship of robot contests

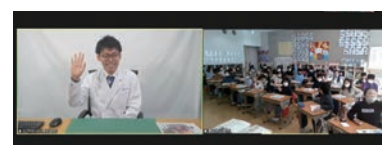
We have sponsored "the National Technical College Robot Contest" and "the ABU Robot Contest" since 2002, and "the College Robot Contest since 2004" and continued to provide motors and support for them. We want to contribute to the development of science and technology and to the training of young engineers who will lead the future. The total number of motors provided in support of Robocon has exceeded 28,000.



Summer classes for kids

Every year, we hold a "Summer Holiday Motor Craft Workshop for Parents and Children" for 4th to 6th graders in the area where our Headquarters is located (Matsudo City), allowing many children to experience the fun of manufacturing. In 2021, the event was held in an online format, with participants watching a video posted on the website and trying their hand at making crafts, and more than 300 pairs of people participated, more than in previous years.

In addition, we are continuing to convey the joy of science and manufacturing to children through activities such as online classes for elementary schools in Matsudo City.



Corporate Governance Initiatives

We believe that our significance lies in the realization of our Management Principle "Contributing to International Society and Continuously Increasing Our Contribution" through the small DC motor business. We have set our purpose of establishing an appropriate corporate governance system to continuously contribute to the interests of its stakeholders through the resolution of social issues, the creation of appropriate profits, and the enhancement of corporate value, and we are working to enhance our corporate governance.

In 2019, with the aim of enhancing the auditing and supervisory functions of the Board of Directors and speeding up decision making by delegating some of the Board of Directors' executive decision-making authority to the directors, we transitioned from having an Audit & Supervisory Board to an Audit & Supervisory Committee. In 2021, the chairpersons of our Nominating Committee, Remuneration Committee, and Audit & Supervisory Committee were replaced with outside directors. We also enhanced the transparency and objectivity of the decision-making process for each committee by making the majority of Nominating Committee and Remuneration Committee members outside directors.

We will continue working to build a better corporate governance system.

History of Enhancing Corporate Governance

| Fiscal Year | Initiatives |
|-------------|---|
| ●— 2021 | <div>Board of Directors / Committee</div> <p>Increased number of female directors to three Replaced chairpersons of the Nominating Committee, Remuneration Committee and Audit & Supervisory Committee with outside directors Changed membership structure of the Nominating Committee and Remuneration Committee making the majority of members outside directors</p> <div>Remuneration</div> <p>Introduced sustainability indicators into the formula for calculating executive remuneration</p> |
| ●— 2020 | <div>Board of Directors / Committee</div> <p>Established the Sustainability Committee Appointed one woman as Executive Officer for the first time</p> |
| ●— 2019 | <div>Institutional design / System</div> <p>Shifted to a company with Audit & Supervisory Committee</p> <div>Board of Directors / Committee</div> <p>Appointed one non-Japanese and one women to the Board of Directors</p> |
| ●— 2016 | <div>Institutional design / System</div> <p>Established the Nominating Committee and the Remuneration Committee as an advisory body to the Board of Directors</p> <div>Board of Directors / Committee</div> <p>Began evaluating and disclosing information on the effectiveness of the Board of Directors</p> <div>Policy</div> <p>Established and disclosed corporate governance policies and reports on corporate governance</p> <div>Remuneration</div> <p>Introduced trust-type stock compensation linked to the mid-term management plan as medium-term incentive compensation for directors</p> |
| ●— 2015 | <div>Board of Directors / Committee</div> <p>Increased number of outside directors to two</p> |
| ●— 2013 | <div>Board of Directors / Committee</div> <p>Appointed an outside director</p> <div>Remuneration</div> <p>Introduced stock-based compensation-type stock options as an incentive for long-term business management results of directors, as part of the review of the director compensation system</p> |
| ●— 2011 | <div>Institutional design / System</div> <p>Appointed one non-Japanese as an Executive Officer for the first time</p> |
| ●— 2009 | <div>Institutional design / System</div> <p>Implemented Executive Officer System</p> |
| ●— 2005 | <div>Policy</div> <p>Mabuchi Motor Code of Ethics established</p> |
| ●— 2001 | <div>Policy</div> <p>Announcement of the Management Vision systematically showing the type of corporate group that the Mabuchi Group aims to be</p> |
| ●— 1993 | <div>Board of Directors / Committee</div> <p>Appointed one non-Japanese to the Board of Directors for the first time</p> |
| ●— 1971 | <div>Policy</div> <p>Further sublimated the "The Purpose and Significance of the Company's Work" and established Management Principle as "Contributing to international society and continuously increasing our contribution"</p> |
| ●— 1964 | <div>Policy</div> <p>Established "The Purpose and Significance of the Company's Work," which later became our Management Principle.</p> |

Mabuchi Motor has adopted the institutional structure of a Company with Audit & Supervisory Committee, as provided for under the Companies Act. To clarify the decision-making and supervisory functions and executive functions of management we have also introduced an executive officer system, and established a system in which the Board of Directors and each of its member directors are responsible for decision-making and supervisory functions, while executive officers are responsible for execution of business.



Members of Each Organization (number of attendances/ number of meetings, attendance rate)

*3 The numbers and percentage are not shown for members appointed at the March 2022 the Board of Directors.

Independence Criteria for Outside Directors

The Company prescribes criteria for the independence of outside directors. To be considered sufficiently independent from Mabuchi Motor outside directors must not be:

1. Current or former employees or officers of the Company or its subsidiaries (collectively, the “Mabuchi Group”);
2. Business executives for whom a Major Business Partner is the Mabuchi Group, or business executives who are Major Business Partners of the Mabuchi Group (“Major Business Partners” means customers or suppliers of Mabuchi Group products, etc., accounting for, in either case, more than 2% of consolidated net sales for a given fiscal year);
3. Consultants, accounting professionals, or legal professionals who receive a Significant Sum of money or other assets, other than executive remuneration, from the Mabuchi Group (a “Significant Sum” means the annual total of 10 million yen or more of monetary or asset benefits other than executive remuneration);
4. A certified public accountant who belongs to an auditing firm that serves as the accounting auditor of the Mabuchi Group or an auditing firm’s employee, partner, member of staff, or worker;
5. A major shareholder who owns 10% or more of the voting rights in the Company;
6. A person who receives a large donation or loan, etc., amounting to 10 million yen or more, annually from the Mabuchi Group (including a person who belongs to a business organization if the person who receives the donation or loan is an organization, such as a corporation or partnership);
7. Business executives with which the Company has a reciprocal employment relationship as each other’s outside officers;
8. Persons who fall under any of (2) to (7) above in the past 3 years;
9. The close relative of a person if that person falling under (1) to (8) is a Person in an Important Position, including a spouse, a relative within the second degree of kinship, or a relative of a Person in an Important Position’s household (a “Person in an Important Position” means a director other than an outside director, an executive officer, an associate director, or a general manager of higher ranked manager).

Training of Directors

We provide our directors with opportunities to receive training that is necessary for the fulfillment of their roles and duties.

Our measures to deepen outside directors’ understanding of our business and other issues include providing them the information and explanations necessary from the relevant departments. We also give them opportunities to visit our bases outside Japan (including remote tours).

Outside Directors

Mabuchi Motor appoints outside members to its Board of Directors who are professionals from diverse backgrounds and fields, including law, academia, finance and accounting, and (other companies in) the private sector. We select people who bring different perspectives to our company. From them, we expect and value insights that are both high-level and experience-based.

| Name | Audit & Supervisory Committee Member | Independent Director | Field | Professional Profile |
|-------------------|--------------------------------------|----------------------|------------------------|---|
| Naoki MITARAI | - | ● | Private sector | Served for many years in corporate management as an executive officer of HITACHI, Ltd. and its group companies. Offers a wealth of experience and insight into global management systems and practices, corporate governance, and human resource management. |
| Kazuhiko TSUTSUMI | - | ● | Private sector | Contributes technical field expertise as a doctor of engineering, as well as deep experience from product development, management, and corporate governance at MITSUBISHI ELECTRIC Corporation, where he served as an executive managing director for many years. |
| Jody L. ONO | - | ● | Academia | From an international career in management and teaching in university-level education in Japan and other countries, offers deep expertise in people development, post-graduate business education, and leadership development. |
| Takashi ASAI | ● | ● | Law | As a practicing lawyer, offers authoritative expertise and experience related to laws, regulations, and legal and regulatory systems, as well as corporate governance. |
| Kyoko UEMURA | ● | ● | Law | As a lawyer, offers a high level of expertise and experience in corporate legal affairs, and possesses the depth of insight and personal character necessary to contribute substantively to corporate governance. |
| Yoko TOYOSHI | ● | ● | Accounting and Finance | Brings many years of accounting auditing experience at accounting firms, advanced expertise cultivated as a certified public accountant, and extensive experience as an outside officer at other companies. |

Evaluating the Effectiveness of the Board of Directors

We have analyzed and assessed the effectiveness of our Board of Directors with the goal of enhancing corporate governance and our corporate value. The following is an outline of the results of the analysis and evaluation of the effectiveness of the Board of Directors, disclosed in March 2022.

| | |
|---|--|
| Evaluation method | As our evaluation method, we conducted an anonymous questionnaire survey of directors (including those who are also members of the Audit & Supervisory Committee) regarding the effectiveness of the Board of Directors, aggregated the survey responses and held discussions with directors, including independent outside officers at Board of Directors' meetings, and summarized our analysis and evaluation of the effectiveness of the Board of Directors. |
| Overview of analysis and evaluation results | As a result of the questionnaire, it was confirmed that the effectiveness of the Board of Directors as a whole is ensured, given that the Board has established a system for appropriate management decision making and supervision of business execution; and that discussions and opinions are actively exchanged among directors (including outside directors and those who are also members of the Audit & Supervisory Committee). It was also confirmed that the Board has worked to revitalize discussions on medium to long-term issues, based on previous evaluations of the Board and its effectiveness, and that sufficient discussions were being held on these issues. |
| Future issues to be addressed | In terms of issues that should be addressed in order to further enhance the effectiveness of the Board of Directors, it was recognized that achieving more effective meeting management is an issue, and that the Board must seek to enhance the provision of information to its members and enhance coordination with overseas bases in order to deepen the level of discussions held at Board meetings. |
| Major past issues and responses | One issue raised in the 2020 evaluation of the effectiveness of the Board of Directors was to take measures to further enhance expertise in the field of IT. In 2021, we created a new position called Executive Officer in Charge of Information Technology to accelerate our efforts in the field of IT. By effectively utilizing a common platform system that centrally manages the design and production processes at all domestic and overseas bases, we aim to improve the competitiveness of our products by consolidating various technical information generated throughout the product lifecycle. |

Audit & Supervisory Committee

The Audit & Supervisory Committee is composed of four members, including three outside directors. Outside Director Takashi Asai serves as chairperson of the committee. The three outside directors and Audit & Supervisory Committee members are attorneys at law and certified public accountants, each of whom possesses advanced expertise, abundant experience and high-level insight, enabling the committee to carry out well-balanced auditing and supervisory activities. In order to ensure the effectiveness of audits performed by the Audit & Supervisory Committee, we have selected Mr. Kazuyuki Someya as a full-time committee member, based on the belief that it is necessary to improve auditing and supervisory conditions, smoothly collect internal information such as by attending important internal meetings, cooperate closely with the internal auditing departments, and monitor the internal control system on a day-to-day basis.

Ms. Yoko TOYOSHI—an outside director and Audit & Supervisory Committee member—is qualified as a certified public accountant, while Mr. Kazuyuki SOMEYA—a director and full-time Audit & Supervisory Committee member—has many years of experience in Mabuchi Motor's business management and has considerable finance and accounting knowledge.

Audit & Supervisory Committee Activities

The Audit & Supervisory Committee attends important meetings including those of the Board of Directors, views important approval documents, investigates the state of operations and assets of the head office and major subsidiaries. It also coordinates with the Internal Audit Department (our internal auditing department), other internal control departments and accounting auditors, etc., to conduct audits and prepare audit reports on the legality and adequacy of directors' execution of duties, as well as the appropriateness of auditing methods and results of audits performed by accounting auditors, in accordance with formulated audit policies, audit plans and division of duties, etc.

The Audit & Supervisory Committee also examines the appointment and remuneration of directors who are not Audit & Supervisory Committee members, including confirmation of discussions by the Nominating and Remuneration committees. The opinions of the committee are finalized and presented at the General Meeting of Shareholders.

The Audit & Supervisory Committee meets once a month and on an

extraordinary basis as needed. In the fiscal year ended December 31, 2021, the committee met 11 times. The committee examined the state of the execution of duties by directors, etc., the state of development and operation of the internal control system, and the state of compliance, risk management, and other matters. The committee also exchanges opinions with management and accounting auditors and expresses necessary opinions from professional, objective, and multifaceted standpoints.

A full-time Audit & Supervisory Committee member works to enhance the Group's auditing activities by attending important meetings such as Group Compliance Officers' Meetings, requesting reports from executive divisions as necessary, auditing the state of the execution of duties by directors, etc., by means such as on-site inspections and interviews of directors and key employees of subsidiaries using video conferencing systems, and reporting the results of such audits to the Audit & Supervisory Committee.

Nominating Committee and Remuneration Committee

In order to ensure the transparency and objectivity of the deliberation process in the appointment of officers, and the remuneration system, the Company has voluntarily established a Nominating Committee and a Remuneration Committee, as advisory bodies to the Board of Directors. Both committees are chaired by outside director Mr. Naoki MITARAI.

The Nominating Committee deliberates regarding the appointment and dismissal of directors, executive officers and associate directors, while the Remuneration Committee deliberates regarding remuneration for directors (who are not Audit & Supervisory Committee members), executive officers and associate directors; with both committees reporting the results of their respective deliberations to the Board of Directors. In this way, we are working to make the decision-making process for nomination and remuneration for directors and other officers more transparent and enhance the corporate governance system.

Nominating Committee and Remuneration Committee Activities

In the fiscal year ended December 31, 2021, the Nominating Committee and Remuneration Committee met five times each. The Nominating Committee deliberated on the selection of directors, executive officers and associate directors, including next-generation personnel, and also deliberates on performance evaluations of each director, executive officer and associate director, and reflects the results in performance-linked remuneration. The Remuneration Committee deliberated on important matters such as the formulation of policies and revisions to the system for

the remuneration of directors, executive officers and associate directors, and submitted a report to the Board of Directors on a partial review of the remuneration system.

In both committees, active discussions are taking place among the committee members, including outside directors, and we recognize that transparency and objectivity of their deliberation processes have been ensured.

Succession Planning

The Nominating Committee deliberates regularly on the development of successor candidates, referring to our Management Principle, vision, strategy, and other foundational considerations. Potential successors to top leadership positions are assessed on both performance and learning trajectories. The Nominating Committee reports on the development of candidates to the Board of Directors as appropriate, enabling the Board of Directors to supervise progress.

Policy on Determining Remuneration: Organizing Principle

The Company's Board of Directors, at its meeting held in March 2021, adopted a policy for determining the details of compensation for individual directors. The policy was reported to the Board of Directors after a thorough discussion by the Remuneration Committee. The Board of Directors has also confirmed that the method of determining the content of remuneration, etc. and the content of remuneration, etc. determined for each individual director for the current fiscal year are consistent with such determination policy and that the report from the Remuneration Committee has been respected, and has determined that the policy is in line with such determination policy.

Basic Policy

(1) Level of Remuneration

- We will set remuneration levels that will enable us to secure diverse human resources with the experience and skills necessary to realize global business growth.
- In order to ensure the appropriateness of remuneration levels, we will refer to the remuneration survey data of external research organizations and determine appropriate levels of remuneration with consideration for the Company's business performance, economic environment and industry trends, etc.

(2) Structure of Remuneration

- Executive remuneration shall consist of base remuneration, which is a fixed remuneration, and performance-linked remuneration, which reflects company performance and individual evaluations.
- Performance-linked remuneration shall be structured in consideration of the short-term reflection on the Company's business performance and the medium- to long-term enhancement of corporate value.
- In order to enhance value sharing with shareholders and to increase incentives to increase corporate value from a medium- to long-term perspective, a portion of remuneration will be stock-based remuneration.
- Remuneration for outside directors and directors who are Audit & Supervisory Committee members shall consist only of base remuneration, from the viewpoint of their roles and ensuring their independence.

(3) Governance of Remuneration

- In deciding the policy for determining remuneration for officers and amounts of remuneration, we place importance on ensuring objectivity and transparency, and hold an annual Remuneration Committee meeting with at least half of all committee members consisting of outside directors to determine their details.
- Individual evaluations reflected in performance-linked remuneration are decided by a Nominating Committee meeting with at least half of all committee members consisting of outside directors.

Overview: Remuneration System

(1) Breakdown of Remuneration

| Type of Reward | Monthly Remuneration | Bonus | Trust-type Stock Remuneration | Restricted Stock Remuneration |
|--------------------------------------|----------------------------------|---------------------------|--|--|
| Features | Base remuneration | Short-term incentives | Medium-term incentives | Long-term incentives |
| Cash/Shares | Monetary remuneration | | Stock-based remuneration | |
| Link to Performance | Non-performance-based | Performance-based | Performance-based | Non-performance-based |
| Payment Schedule | Paid monthly | Paid once a year in March | In principle, Once every 3 years, paid in the next year after the end of Mid-Term Plan | Paid once a year and transfer restriction lifted upon retirement |
| Basic Composition Ratio | 50% | 30% | 20% | |
| Maximum Amount of Total Remuneration | Annual amount of 550 million yen | | Over 3 business years, 600 million yen (up to 150,000 shares) | Annual amount of 60 million yen (up to 50,000 shares) |

(Notes)

1. The basic composition ratio of remuneration indicates the basic ratio in the system design, and the ratio shown on the left fluctuates depending on the state of the Company's business performance and other factors.
2. The total limit of monetary remuneration includes the base remuneration for outside directors (excluding directors who are Audit & Supervisory Committee members).

(2) Performance-based Remuneration

1. Bonus

As a form of short-term incentive remuneration, we have adopted consolidated net income as an evaluation index, with the aim of raising awareness of contributing to the improvement of business performance in each fiscal year. The amount of remuneration is calculated in the range of 0–200% of the fluctuation range, according to the amount of consolidated net income, and the final determination is made reflecting the results of individual evaluations.

2. Trust-type stock remuneration

As a form of medium-term incentive remuneration, we have introduced trust-type stock remuneration with the aim of raising awareness of the enhancement of corporate value by achieving the requirements of the medium-term plan, by linking it with the state of achievement of the indicators set forth in the mid-term plan set every three fiscal years. The amount of remuneration is calculated within the range of 0-240% of the fluctuation range, according to the state of achievement of the evaluation indicators, and the final determination is made reflecting the results of individual evaluations.



(3) Non-monetary compensation

Regarding stock-based compensation, in addition to the trust-type stock compensation described above, the Company has introduced restricted stock compensation with the aim of enhancing incentives to improve corporate value from a long-term perspective. Restricted transferable shares calculated based on the stock price on a predetermined date are allocated in accordance with the amount of restricted transferable share remuneration determined for each position. The transfer restriction is lifted at the time of retirement.

(4) Restrictions on the payment of stock-based remuneration

In the event of dismissal or resignation of a director during the term of office (except in cases deemed justifiable by the Board of Directors), the Remuneration Committee's deliberations and reports shall be taken into account, and the payment of stock-based compensation shall be restricted by resolution of the Board of Directors.

(5) Approach to holding Company shares

In principle, the Company's shares granted through stock-based compensation shall continue to be held for the duration of the director's term of office. By encouraging employees to hold more than a certain amount of the Company's shares through the separately established "Guidelines for Shareholding of the Company's Shares" we are also working to share value with shareholders and raise awareness of the medium to long-term enhancement of corporate value.

Remuneration Paid

| Category | Number of persons remunerated | Remuneration Paid | Total amount of remuneration | | | |
|---|-------------------------------|-------------------------------------|-------------------------------------|------------------------|-------------------------------|-------------------------------|
| | | | Base remuneration | Performance-based | | Non-performance-based |
| | | | | Bonus | Trust-type Stock Remuneration | Restricted Stock Remuneration |
| Directors (excluding Audit & Supervisory Committee members) (Outside Directors) | 10 (3) | 415 million yen (28 million yen) | 199 million yen (28 million yen) | 147 million yen (-) | 33 million yen (-) | 35 million yen (-) |
| Directors (Audit & Supervisory Committee members) (Outside Directors) | 6 (5) | 49 million yen (28 million yen) | 49 million yen (28 million yen) | - (-) | - (-) | - (-) |
| Total (Outside Directors) | 16 (8) | 464 million yen (57 million yen) | 248 million yen (57 million yen) | 147 million yen (-) | 33 million yen (-) | 35 million yen (-) |

*The above includes directors who retired at the conclusion of the 80th Ordinary General Meeting of Shareholders held on March 30, 2021.

Basic Policy

Mabuchi Motor believes that it is our corporate responsibility to meet external and internal issues and the needs and expectations of all stakeholders as much as possible in any social environment. We will analyze each event carefully, not only as a risk but also as an opportunity, decide how to respond to it, and proceed with our corporate activities with solid preparations in advance.

We have established a Risk Management Committee, whose members include the head of each department and the head of each subsidiary, to enable cross-organizational activities in the recognition and evaluation of risks in daily business activities, response to risks, and communication of information, as well as to prepare for the emergence of risks and establish a communication and response system in the event of an emergency with a view to the business activities of the entire Group. The Internal Audit Department periodically audits the status of risk management and reports the results to the Board of Directors and the Audit Committee. The Board of Directors reviews the contents of such reports and takes necessary measures to continuously improve the risk management system.



The Risk Management Committee: Purview and Approach

The following categories and identifications were used to categorize and identify the activities: "Ensuring Human Life (Safety)," "Compliance," "Information Security," and "Production/Supply Outage." Each of these departments will be designated as a leader, and management and related employees will work together to continuously implement risk countermeasure activities for the entire Mabuchi Group.

Business Risks

| Main matters | Main correspondence |
|---|--|
| Changes in economic situation | Improved market responsiveness by constantly forecasting the latest market trends and optimizing capital investment, personnel, inventory, etc. |
| Exchange rate fluctuations | Use of foreign exchange forward contracts after measuring the foreign exchange effect and considering the hedging effect and hedging cost. |
| Development of new products and technologies | Established an organizational structure related to research and development activities with the aim of further expanding competitive advantage. In addition, to realize quick decision-making, speedy response to changes in market needs, improvement in ability to develop new models by application market, and globalization of customer support and customer satisfaction activities, we will strengthen and develop business activities integrated with the sales division. |
| Price competition | Cost control from the product design or development stage by wisdom and technology such as standardization and labor saving, improvement of production technology, systematic cost reduction by globalization of parts procurement, and maintenance and improvement of the average unit price by continuous development of high value-added products. |
| International economic transactions and potential risks of overseas expansion | Timely and appropriate responses, including the establishment of the Five-Region Management Structure to collect and respond to information on environmental regulations, product safety and quality regulations, and import/export regulations in countries related to our business, in addition to economic, political, and social conditions in the countries where we do business. |
| Product Quality | We have acquired the international standard ISO9001 for each business base, strive to continuously improve the management system, and comply with the quality system established by the Headquarters. When a defect occurs, we investigate the root cause, and then implement and thoroughly implement measures to prevent recurrence and prevent the problem from occurring again. |
| Intellectual property protection | Secure competitive advantage by acquiring and protecting intellectual property rights in an overarching and proactive manner in order to expand product sales and new applications. Implementing measures to raise employee awareness of risks such as outflow and infringement of rights, such as employee education. |
| Acquisition and development of human resources | In addition to systematic recruitment of new graduates, we carry out regular recruitment based on needs. We will also enhance employee motivation and promote employee retention and development by expanding the education system to support skill development, assigning diverse employees to positions where they can fully demonstrate their abilities, and developing a system to foster specialists in each department at an early stage, as well as a work-life balance support system. |
| Procurement of raw materials, etc. | Various raw materials, parts, etc. are procured from multiple suppliers to maintain a stable supply, and CSR procurement is also taken into consideration. Promote measures to stabilize prices of certain materials through appropriate futures contracts, etc., and limit the impact on production costs. |
| Natural disasters, accidents, and infectious disease outbreaks | Formulate a basic business continuity plan (BCP) and implement measures to prevent the manifestation of risks such as disasters and accidents at the Headquarters and business sites, or to mitigate damages including insurance coverage. In response to infectious diseases such as COVID-19, in countries and regions where we do business, we follow the guidance of local governments and local authorities, and promote infection prevention measures such as encouraging employees to work at home and staggered working hours, and utilizing online meetings. |
| Environmentally friendly | The Environmental Management Committee and the Environmental Managers Conference are held to promote measures for sharing environmental information, environmental conservation activities, and environmental management throughout the Group. In the mid-term sustainability targets, we recognize that reducing the environmental burden is an important issue and set specific targets. |
| Global climate change | We set a mid-term goal of "reducing CO ₂ emissions by 30% from 2018 levels by 2030. Accelerate efforts to reduce CO ₂ emissions by installing photovoltaic power generation systems, adopting systems that recover and reuse waste heat, and reducing power consumption at production facilities, which we have been promoting. We also view climate change not only as a risk but also as an opportunity, and promote solutions to social issues related to climate change through our business activities. Continuously assess the impact of climate change and disclose information about it, in line with the TCFD, which we announced our endorsement of in March 2021. |

Promoting Compliance

Mabuchi Motor is guided in all aspects of its business by its chief Management Principle of "Contributing to international society and continuously increasing our contribution." This means conducting business activities in mindful compliance with laws and regulations in the countries and regions where we operate, and in a manner demonstrating good corporate citizenship. The Mabuchi Motor Ethical Standard sets out specific rules for how we engage with society – specifically, requirements and standards of behavior that all of our people are to meet without fail. The Ethical Standard is a booklet kept by all executives and employees, providing clear guidance that both maintains and improves compliance and ethical stewardship within and across our company.

Compliance education activities at our production bases around the world include study sessions and training programs focusing on laws, regulations, and social ethics. A director responsible for compliance at each Mabuchi Group base supervises the compliance activities of that base, with oversight provided by the director responsible for internal control at the main office in Japan. The base director takes the lead in strengthening internal control and promoting continuous, autonomous compliance locally.

To address and improve any inadequacies related to compliance in the Mabuchi Group, the Internal Audit Department conducts both regular and non-scheduled audits at all Group bases. These are designed to verify adherence to compliance-related rules and procedures and to identify any ethical violations. Results are reported directly to top management.



Mabuchi Motor Ethical Standard

Ethical Standard whistleblower system

An "Ethical Standard whistleblower system" has been established to communicate information and provide consultation on compliance issues, which is managed by the Internal Audit Department and ensures anonymity. In order to strengthen our system for preventing problems from occurring or expanding, we have expanded the scope of the "Ethical Standard whistleblower system" to include not only our employees but also some of our business partners. In addition, we comply with the Whistleblower Protection Act and send out a top message promising that we will not cause any disadvantages to those who consult with us. In June 2022, in accordance with the revision of the Whistleblower Protection Act, the Company introduced a whistleblower reception service provided by an external organization to establish a whistleblower contact point independent of management and to strengthen the protection of consultants.

Information Security

Mabuchi Motor considers in earnest the effects of our actions on our stakeholders. The Group recognizes that it is our social obligation as a business to manage responsibly the information resources we possess and to take appropriate information security measures to prevent leakage, alteration, destruction, or theft of information. Along with ensuring that all of our employees, executives included, deepen their understanding of the necessity and responsibility of information security, the Group maintains a specific policy guaranteeing information security.

Preservation and management of information assets

The Risk Management Committee oversees the security systems and structures that allow for continuous application, evaluation, and improvement. We take utmost care in handling and managing information. It organizes and prioritizes the information it holds and takes protective and security measures accordingly.

Privacy Policy

The Mabuchi Group recognizes its important obligation to handle and protect, with greatest care, information that can be used to identify individuals. We do so following our comprehensive Privacy Policy.

Disclosure Policy

Mabuchi Motor commits to disclose information to shareholders and investors in a fair and timely manner, in order to ensure a proper assessment and to increase trust in the company's corporate value. We provide useful supplemental information so as to promote understanding of our diverse business activities.

Disclosure standards

Mabuchi Motor discloses information in accordance with the applicable laws and regulations, such as the Companies Act, the Financial Instruments and Exchange Law including the "Fair Disclosure Rules," and on the rules of the Tokyo Stock Exchange. We will also disclose information that does not fall under laws and regulations in a fair, prompt, and accurate manner when we deem such information useful for shareholders and investors to understand our company. We also provide reliable financial reporting and do not misuse undisclosed material facts about the company.

Roundtable Discussion by Outside Directors



Outside Director
Member of Nominating Committee
Member of Remuneration Committee

Jody L. ONO

Outside Director
Chairman of Nominating Committee
Chairman of Remuneration Committee

Naoki MITARAI

Outside Director
Member of Nominating Committee
Member of Remuneration Committee

Kazuhiko TSUTSUMI

Mabuchi Motor aims to enhance our corporate value continuously through sound and transparent corporate governance. We spoke with three Outside Directors who chair and serve as members of the Nominating Committee and Remuneration Committee, which are voluntary advisory bodies to the Board of Directors.

Transition to a New Management Structure and Nominating Committee

—In 2022, Mabuchi Motor has replaced its president for the first time in nine years. What role did the Nominating Committee play in nominating the new president?

Mitarai Mabuchi Motor's Nominating Committee is a voluntary advisory committee with outside directors accounting for the majority of its members. I myself serve as chairman of the committee, and one of those outside

directors. My understanding is that the Nominating Committee is a manifestation of the company's basic corporate governance policy of emphasizing not only internal logic but also outside perspectives, and we have actually been able to have substantial discussions. With regard to the process leading up to the president's nomination, previous president Okoshi's tenure had continued for a prolonged period, and the issue of who would be the next president began to be raised from a few years ago. The Nominating Committee listed several candidates, interviewed each of them, and confirmed various aspects including how they carry out their daily work duties. We also constantly checked their situation of how they are viewed by everyone

around the candidates through a 360-degree assessment. We expanded the range of our investigations, with constant discussions between the three of us outside directors. We also held frequent meetings with the internal directors, and eventually reported to the Board of Directors, recommending Mr. Taniguchi as the final candidate. I think that we have sufficiently fulfilled our role as far as the Nominating Committee is concerned.

Tsutsumi We see succession of leadership as one of the most serious issues to management, and we have constantly considered who would be best, so that we can produce a candidate for a successor at any time. Being from the same technical field as Mr. Taniguchi, I have many opportunities to talk with him. Sometimes I have had to communicate some harsh realities, but I feel that he took it on board properly. Mr. Taniguchi himself has expressed his opinions and communicated his policies to his subordinates and other members, and I feel that his attitude is wonderful. I think that we successfully reported as a good candidate.

Ono As a member of the Nominating Committee, I had frequent opportunities to interview and communicate individually with members of the current senior management team, and also with prospective members of the next generation team. In my interactions with him, Mr. Taniguchi has always presented points of business and technical processes clearly and comprehensively. He has a talent for grasping what is essential for decisionmaking in technical matters. As an Outside Director coming from a non-techni-



Naoki MITARAI

Involved in corporate management as an executive officer of Hitachi, Ltd. and its group companies. He has particularly extensive knowledge and experience in the fields of human resources and labor relations.

cal field, I appreciate him as a person who understands the need for varied points of view and a broad perspective in board discussions.

Mabuchi Motor's Succession Plan and Human Resources Development

—Please tell us about your evaluation of Mabuchi Motor's succession plan and human resources development efforts.

Tsutsumi In terms of human resources development, in 2020, we established a new specialized organizational unit called the Mabuchi Learning Institute (MLI), and have established educational programs at each level. With regard to the succession, Mr. Okoshi's "Chairman's educational program" (*formerly the President's educational program) has clarified the company's vision and strategy and is instilling it into leadership candidates. Through our individual interviews with participating candidates, I felt that the content was fully understood. It is important that both wheels of this development system—human resources development for general personnel and training programs for successors—continue to turn properly going forward. I think it is important to change the contents of the educational program in response to changes in society and the business environment, so I hope that participating employees will give proactive feedback to the company and link this on to the next generation.

Ono I have had the role of lecturer in some of the company's educational programs. These were excellent opportunities for me to interact closely with employees and in particular, next generation senior management. Although the company values, and makes possible, continued education for its employees, I believe that we should work steadily to keep expanding not only learning offerings per se, but also a culture of learning that includes follow-on processing and application of learning from these offerings. Innovation comes from lively dialogue - debate and discussion of ideas originating both from within the company, and from outside it.

Roundtable Discussion by Outside Directors

Diversity at Mabuchi Motor

—In addition to developing human resources, we have established a personnel system that enables employees from various backgrounds to play active roles within the company.

Ono It's true that Mabuchi Motor is a rather traditional Japanese manufacturer – but I have come to appreciate its ability to blend tradition with change effectively. The company is accelerating its capacity to respond both thoughtfully and quickly to changes in the employment environment, in sync with social change. Over the past few years, the company has established a system to improve the workplace experiences of all its employees, enhancing the telework system, adopting a hot-desking (free address) system, introducing flex-time without core time, and building more and more flexible leave systems for maternity leave and childcare leave. I would like to keep the conversations between the company and its employees lively and productive, so that these systems will provide a source of happiness and job satisfaction for our employees. Moreover, for employees at all levels, building connection and influence with colleagues enhances both individual initiative and company dynamism.

Mitarai As with work style reform, I think the company is very advanced to have introduced a job grade system from managers, clarify job descriptions, and establish a base on which non-Japanese employees at overseas bases can also play an active role at Headquarters.

Ono Going forward, I believe the challenge will lie in consistently creating not only a more socially reflective HR system, but also one that is more inclusive, more responsive to changing lifestyles and family priorities. In other words, it is important for society that we move intentionally in a process of achieving greater diversity of all kinds, while realizing inclusion of all kinds. When that happens, we can truly help everyone develop to their fullest potential, providing job opportunities and career paths that foster enthusiasm, high motivation and great performance.

Mabuchi Global Management

—Please tell us about your evaluation of Mabuchi Global Management, which is one of our distinctive features.

Mitarai The first thing that surprised me upon becoming an outside director for Mabuchi Motor was that all the ex-

ecutives are experts who understand specific areas in great detail, and that discussions proceed as a matter of course. In addition, the propagation of information is tremendously fast. Information arrives instantly, including details of what is happening at business locations, including not only factories, but also surrounding areas.

Even when we are discussing issues at a specific business location, all the executives can understand immediately. Because of this, I think that there are many occasions where we are able to take measures promptly because risks can be identified quickly and everyone is facing in the same direction, allowing us to hedge risks. In a sense, I think that the company has built a model for success in global management.

Another good point of Mabuchi Global Management is that things are considered from a local perspective. I think it is wonderful, because there is a strong desire to value the local employees and their families and make them happy.



Kazuhiko TSUTSUMI

Involved in corporate management as an executive officer at Mitsubishi Electric Corporation. He has a wealth of knowledge and experience in technology development, gained through his many years of involvement with the R&D division as a Doctor of Engineering.

Tsutsumi The current management team has experience in managing production bases in China and setting up bases in Vietnam, so I think that we are able to make speedy decisions while understanding each local situation. On the other hand, the next generation have limited opportunities and experiences, so I think there are challenges in how to pass on such perspectives and ideas in the future.

Mitarai Another feature of Mabuchi Global Management is that it achieves good cooperation and collaboration between bases. For example, at the launch of the plant in Mexico, local employees from other bases in China and Vietnam were dispatched and played an active role in setting up the plant. I think that we are able to realize this current state by combination of various conditions, such as everyone's deep understanding of the motor business, and the fact that officers are able to share their experiences at various business locations. Going forward, I would like the management team to think about how Mabuchi Global Management should be in the midst of ever-changing societal conditions around the world. I believe that the current management team is fully aware of that point.

Growth Areas and Expectations for Mabuchi Motor

—We are expanding our areas of contribution to society and seeking to grow by making use of the strengths we have developed so far.

Tsutsumi In order to continue with an 8%-10% average annual growth rate for sales until 2030 as outlined in the long-term management policy, it is necessary to expand new applications, and proposing solutions is key to acquiring business for new applications. I would like to see sales and R&D working together properly and responding with a sense of urgency. I hope that Mabuchi Motor can make the necessary upfront investments in both sales and R&D, respond to unit standardization while ensuring quality, and grow while taking advantage of its strengths. I expect President Taniguchi, who has a technical background, to lead the initiative in that sense.

Mitarai With the trend toward carbon neutrality, there is an opportunity that the range of areas in which motors are used will expand to light electric vehicles and various other applications. How will Mabuchi Motor respond to those new areas, and how will it tackle the difficult parts with its own technologies, while combining external help? I expect President Taniguchi to take the lead in this area well.

Ono Companies that incorporate sustainability into their business strategies show a precious capacity for forward thinking. Mabuchi Motor has both a desire and track record of contributing to the international community, which

has been passed down continuously since its foundation. In our time, making a global contribution means taking on the sustainability challenge. In response to emerging social needs and changes, the company has designated three growth areas—mobility, machinery and medical as future focus areas. As you know, the senior management team has changed too. A time of deep change presents tremendous opportunities. To embrace a changing society and to develop our products to support resulting new business areas, we as Outside Directors expect management to foster a healthy dynamism among employees, promoting active ideation around talent needs and potential new job roles, accordingly. I would like each employee to feel that we're entering a new phase, to take an active and personal interest, and to pursue fruitful workplace collaborations that help keep us all moving forward.



Jody L. ONO

Engaged in management and delivery of business education and human resources development, chiefly through university graduate (MBA) level and corporate education programs. In particular, she has a wealth of knowledge and international experience in the fields of leadership development and sustainability.

Directors and Executive Officers

(As of March 30, 2022)



Skill Matrix for Directors

| Name | Corporate Management Experience* | Global Experience | Corporate Planning / Strategy | Internal Control / Governance | Legal Affairs / Risk Management | Finance / Accounting | HR Labor Management / HR Development | Business / Sales | Technology / Quality | Purchasing / Production |
|--------------------|--|----------------------|-------------------------------------|-------------------------------------|---------------------------------------|-------------------------|---|---------------------|-------------------------|----------------------------|
| Hiroo OKOSHI | ○* | ○ | ○ | ○ | ○ | ○ | ○ | ○ | | ○ |
| Shinichi TANIGUCHI | ○* | ○ | | ○ | | | | ○ | ○ | ○ |
| Hirotaro KATAYAMA | ○* | ○ | | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| Tadahito IYODA | ○* | ○ | ○ | ○ | ○ | ○ | ○ | ○ | | ○ |
| Kazuaki MIYAJIMA | | ○ | | | | | | | ○ | ○ |
| Toru TAKAHASHI | ○* | ○ | | | | | | ○ | | ○ |
| Naoki MITARAI | ○ | | ○ | ○ | ○ | | ○ | ○ | | |
| Kazuhiko TSUTSUMI | ○ | ○ | | | | | | | ○ | ○ |
| Jody L. ONO | | ○ | ○ | | | | ○ | | | |
| Kazuyuki SOMEYA | ○* | ○ | | ○ | ○ | ○ | | | | |
| Takashi ASAI | | | | ○ | ○ | ○ | ○ | | | |
| Kyoko UEMURA | | | | ○ | ○ | ○ | | | | |
| Yoko TOYOSHI | | | | ○ | ○ | ○ | | | | |

(Note) The asterisk (*) indicates that the person has an experience as President of the Company or its Group company.

Directors



**Representative Director,
Chairman & CEO**
Hiroo OKOSHI

1984 Joined MABUCHI MOTOR CO., LTD.
1990 Manager - Procurement Section, MABUCHI INDUSTRY CO., LTD.
1996 General Manager - President Office, MABUCHI INDUSTRY CO., LTD.
2002 Director, General Manager - General Affairs Department, Human Resources Department, MABUCHI INDUSTRY CO., LTD.
2002 General Manager - Corporate Planning Department
2003 Deputy Senior General Manager - Business Platform Innovation Headquarters
2004 General Manager - Corporate Planning Department
2009 Executive Officer, Senior General Manager - Administration Headquarters
2011 Director, Executive Officer, Senior General Manager - Administration Headquarters
2013 Representative Director, President
2019 Representative Director, President & CEO
2022 Representative Director, Chairman & CEO (Current Position)



**Representative Director,
President & COO,
President and Executive
Officer,
In Charge of Internal
Controls**

Shinichi TANIGUCHI

1987 Joined MABUCHI MOTOR CO., LTD.
1987 MABUCHI TAIWAN CO., LTD.
1997 Manager - Production Engineering Department, MABUCHI MOTOR VIETNAM LTD.
2005 Assistant General Manager - Power Unit Motor Division
2005 General Manager - Product Development Department 2, Research and Development Headquarters
2013 President - MABUCHI MOTOR (JIANGSU) CO., LTD.
2018 Deputy Senior General Manager - Product Development Headquarters
2018 Executive Officer, Deputy Senior General Manager - Product Development Headquarters
2018 Executive Officer, Senior General Manager, Manufacturing Headquarters
2019 Director, Executive Officer, Chief Technology Officer, Senior General Manager - Manufacturing Headquarters
2020 Director, Managing Executive Officer, Chief Technology Officer, Senior General Manager - Manufacturing Headquarters
2021 Director, Managing Executive Officer, Chief Technology Officer
2022 Representative Director, President & COO, President and Executive Officer, In Charge of Internal Controls (Current Position)



**Director, Senior Managing
Executive Officer,
Chief Officer of Subsidiaries,
Senior General Manager -
Life and Industrial Product
Business Unit**

Hirotaro KATAYAMA

1991 Joined MABUCHI MOTOR CO., LTD.
1994 MABUCHI INDUSTRY CO., LTD.
1997 Manager - Quality Assurance Section, MABUCHI INDUSTRY CO., LTD.
2006 MABUCHI MOYOR (JIANGSU) CO., LTD.
2007 President - MABUCHI MOTOR (JIANGSU) CO., LTD.
2014 Deputy Senior General Manager - Operations Control Headquarters
2014 Senior General Manager - Operations Control Headquarters
2015 Director, Executive Officer, Senior General Manager - Operations Control Headquarters
2017 Director, Managing Executive Officer, Chief Business Operation Officer
2019 Director, Managing Executive Officer, Assistant to the President, Chief Officer of Subsidiaries
2020 Director, Managing Executive Officer, Assistant to the President, Chief Officer of Subsidiaries, Chief Administrative Officer, Senior General Manager - Human Resources and General Affairs Headquarters
2020 Director, Managing Executive Officer, Assistant to the President, Chief Officer of Subsidiaries, Chief Administrative Officer, Senior General Manager - Human Resources and General Affairs Headquarters, Senior General Manager - Purchasing Headquarters
2021 Director, Managing Executive Officer, Assistant to the President, Chief Officer of Subsidiaries, Chief Administrative Officer, In Charge of Purchasing, Senior General Manager - Human Resources and General Affairs Headquarters
2022 Director, Managing Executive Officer, Assistant to the President, Chief Officer of Subsidiaries, Chief Administrative Officer, In Charge of Purchasing
2022 Director, Senior Managing Executive Officer, Chief Officer of Subsidiaries, Senior general Manager - Life and Industrial Product Business Unit (Current Position)



**Director,
Managing Executive
Officer,
Chief Administrative
Officer,
In Charge of Corporate
Strategy**
Tadahito IYODA

1999 Joined MABUCHI MOTOR CO., LTD.
2004 General Manager - President Office, MABUCHI INDUSTRY CO., LTD.
2010 General Manager - Corporate Planning Department
2013 Executive Officer, Senior General Manager - Administration Headquarters
2015 Director, Executive Officer, Senior General Manager - Administration Headquarters
2018 Director, Group Executive Officer, Chief Regional Officer in the Americas, Chairman and President - MABUCHI MOTOR MEXICO SA DE CV
2020 Director, Executive Officer, General Manager - Corporate Planning Department
2020 Director, Executive Officer, Senior General Manager - Corporate Planning Headquarters
2021 Director, Executive Officer, Senior General Manager - Corporate Planning Headquarters, General Manager - Corporate Communication Department
2022 Director, Managing Executive Officer, Chief Administrative Officer, In Charge of Corporate Strategy (Current Position)



**Director,
Executive Officer,
Chief Technology
Officer**
Kazuaki MIYAJIMA

1991 Joined MABUCHI MOTOR CO., LTD.
1992 MABUCHI INDUSTRY CO., LTD.
1998 Assistant General Manager - Production Engineering Department, MABUCHI INDUSTRY CO., LTD.
2012 General Manager - Production Engineering Department, Research and Development Headquarters
2017 Deputy Senior General Manager - Manufacturing Headquarters
2018 Associate Director, Manufacturing Headquarters
2022 Director, Executive Officer, Chief Technology Officer (Current Position)



**Director,
Executive Officer,
Senior General Manager -
Purchasing and Operations
Control Headquarters**
Tooru TAKAHASHI

1988 Joined MABUCHI MOTOR CO., LTD.
1993 MABUCHI MOTOR DALIAN CO., LTD.
2012 President - MABUCHI MOTOR DONGGUAN DAOJIAO CO., LTD.
2015 President - MABUCHI MOTOR DALIAN CO., LTD.
2018 General Manager - Operations Control Department, Manufacturing Headquarters
2021 Senior General Manager - Purchasing and Operations Control Headquarters
2022 Director, Executive Officer, Senior General Manager - Purchasing and Operations Control Headquarters (Current Position)

Outside Directors



Outside Director
Naoki MITARAI

1976 Joined HITACHI, LTD.
2000 General Manager - Employee Relations Department, HITACHI, LTD.
2004 Deputy General Manager - Information & Telecommunication Systems Group, Government & Public Corporation Information System Sales Management Division, HITACHI, LTD.
2005 General Manager, Group Company Office, Hitachi Group - Corporate Strategy, Hitachi Group Headquarters, HITACHI, LTD.
2006 General Manager, Group Company Office, Hitachi Group Headquarters, HITACHI, LTD.
2010 Senior General Manager - Human Resources Management Headquarters and General Affairs Headquarters, HITACHI, LTD.
2011 Vice President, Senior General Manager - Human Resources Management Headquarters and General Affairs Headquarters, HITACHI, LTD.
2014 Senior Vice President and Executive Officer, CHRO (Chief Human Resources Officer), Risk Management Manager and CRO (Chief Risk Management Officer), Hitachi High Technologies Corporation
2015 Representative Executive Officer and Executive Vice President, Hitachi High Technologies Corporation
2016 Executive Adviser - Hitachi High Technologies Corporation
2017 Outside Director, MABUCHI MOTOR CO., LTD. (Current Position)
2019 Visiting Professor - University of Tsukuba (Current Position)



Outside Director
Kazuhiko TSUTSUMI

1982 Joined MITSUBISHI ELECTRIC CO., LTD.
2006 Vice-Director, Advanced Technology R&D Center, MITSUBISHI ELECTRIC CO., LTD.
2008 Director, Advanced Technology R&D Center
2010 Executive Officer, Head of R&D, MITSUBISHI ELECTRIC CO., LTD.
2014 Adviser, MITSUBISHI ELECTRIC CO., LTD.
2014 Visiting Professor, Kanazawa Institute of Technology (Current Position)
2018 Senior Advisor, MITSUBISHI ELECTRIC CO., LTD. (Current Position)
2019 Vice-President, International Electrotechnical Commission (IEC) (Current Position)
2019 Outside Director, MABUCHI MOTOR CO., LTD. (Current Position)



Outside Director
Jody L. ONO

2005 Executive Officer, SITE, Stockholm School of Economics
2013 Instructor, Corps of Cadets Center for Leadership Excellence, Texas A&M University
2015 Lecturer, Graduate School of International Corporate Strategy (Hitotsubashi ICS), Hitotsubashi University Business School
2017 Adj. Associate Professor, School of International Corporate Strategy (Hitotsubashi ICS), Hitotsubashi University Business School
2019 Outside Director, MABUCHI MOTOR CO., LTD. (Current Position)
2021 Specially Appointed Professor, Hitotsubashi University Business School, School of International Corporate Strategy (Hitotsubashi ICS) (Current Position)

Directors and Executive Officers

Director, Full-time Audit & Supervisory Committee Member



Director,
Full-time Audit &
Supervisory Committee
Member

Kazuyuki SOMEYA

- 1986 Joined MABUCHI MOTOR CO., LTD.
- 2005 General Manager - Accounting Department Administration Headquarters
- 2010 General Manager - Accounting and Finance Department Administration Headquarters
- 2013 President - MABUCHI INDUSTRY CO., LTD.
- 2016 Full-Time Audit & Supervisory Board Member
- 2019 Director, Full-time Audit & Supervisory Committee Member (Current Position)

Outside Directors, Audit & Supervisory Committee Members



Outside Director,
Audit & Supervisory
Committee Member

Takashi ASAI

- 1990 Registered as an attorney
- 1990 Joined Daiichifuyo Law Office (Current Position)
- 1998 Partner, Daiichifuyo Law Office (Current Position)
- 2002 Part-Time Lecturer, Faculty of Law, Keio University
- 2005 Part-Time Lecturer, Legal Affairs Research Course (Law School) of Keio University Graduate School
- 2009 Professor, Legal Affairs Research Course (Law School) of Keio University Graduate School
- 2014 Part-Time Lecturer, Keio University Graduate School (Current Position)
- 2016 Outside Audit & Supervisory Board Member, MABUCHI MOTOR CO., LTD.
- 2019 Outside Director, Audit & Supervisory Committee Member, MABUCHI MOTOR CO., LTD. (Current Position)



Outside Director,
Audit & Supervisory
Committee Member

Kyoko UEMURA

- 1994 Assistant Judge, Osaka District Court
- 2004 Judge, Numazu Branch, Shizuoka Family Court
- 2005 Judge, Yokohama District Court
- 2008 Registered as an attorney
- 2008 Attorney, LM Law Offices
- 2017 External Auditor, MS&AD Insurance Group Holdings, Inc. (Current Position)
- 2018 External Director, SoftBank Corp. (Current Position)
- 2018 Partner Attorney, Miyama, Koganemaru & Associates (Current Position)
- 2021 Outside Director, Audit & Supervisory Committee Member, MABUCHI MOTOR CO., LTD. (Current Position)



Outside Director,
Audit & Supervisory
Committee Member

Yoko TOYOSHI

- 1981 Joined the Bank of Fukuoka, Ltd
- 1989 Joined Asahi Shinwa & Co. (currently KPMG AZSA LLC)
- 1990 Joined Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC)
- 2008 Partner, Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC)
- 2013 Appointed as Chief Certified Public Accountant Audit Inspector, Certified Public Accountants and Auditing Oversight Board, Financial Services Agency
- 2016 Joined Deloitte Touche Tohmatsu LLC
- 2018 Outside Director (Audit and Supervisory Committee Member), Alps Electric Co., Ltd. (currently ALPS ALPINE CO., LTD.) (Current Position)
- 2020 Outside Audit & Supervisory Board Member, KOKUYO Co., Ltd. (Current Position)
- 2021 Outside Director, Audit & Supervisory Committee Member, MABUCHI MOTOR CO., LTD. (Current Position)

Executive Officers and Responsibilities (excluding those serving as directors)



Managing Executive
Officer,
In Charge of Product
Development,
Senior General Manager -
Automotive Product
Business Unit 1

Eiji UENISHI

- 2004 Joined MABUCHI MOTOR CO., LTD.
- 2007 General Manager - Product Development Department 2, Technology Headquarters
- 2013 Deputy Senior General Manager - Technology Headquarters
- 2015 Executive Officer, Deputy Senior General Manager - Technology Headquarters
- 2017 Director, Executive Officer, Senior General Manager - Product Development Headquarters
- 2019 Director, Executive Officer, Assistant Chief Business Officer, Jurisdiction of Product Development
- 2020 Director, Executive Officer, In Charge of Product Development, In Charge of Customer Solutions, Senior General Manager - Automotive Product Business Unit 1
- 2021 Managing Executive Officer, In Charge of Product Development, Senior General Manager - Automotive Product Business Unit 1
- 2022 Managing Executive Officer, In Charge of Product Development, Senior General Manager - Automotive Product Business Unit 1 (Current Position)



Managing Executive
Officer,
In Charge of Sales,
Senior General Manager -
Automotive Product
Business Unit 2

Tsuyoshi NAKAMURA

- 1988 Joined MABUCHI MOTOR CO., LTD.
- 1992 Manager - Sales Section 2, MABUCHI INDUSTRY CO., LTD.
- 2005 General Manager - Power Unit Motor Division
- 2006 General Manager - Sales Department 3, Sales and Marketing Headquarters
- 2007 President - MABUCHI MOTOR (EUROPE) GmbH
- 2011 General Manager - China Market Development Promotion Department, Sales and Marketing Headquarters
- 2012 General Manager - Sales Department 3, Sales and Marketing Headquarters
- 2013 Executive Officer, Deputy Senior General Manager - Sales and Marketing Headquarters
- 2015 Executive Officer, Senior General Manager - Sales and Marketing Headquarters
- 2017 Managing Executive Officer, Assistant Chief Business Officer
- 2018 Managing Executive Officer, Assistant Chief Business Officer, Senior General Manager - Medium Automotive Product Business Unit 2
- 2019 Managing Executive Officer, Senior General Manager - Automotive Product Business Unit 2
- 2019 Executive Officer, In Charge of Customer Relations, Senior General Manager - Automotive Product Business Unit 2
- 2020 Executive Officer, In Charge of Customer Relations
- 2021 Managing Executive Officer, In Charge of Sales, Senior General Manager - Consumer and Industrial Product Business Unit, Chief Regional Officer in Europe
- 2021 Managing Executive Officer, In Charge of Sales, Senior General Manager - Automotive Product Business Unit 2, Chief Regional Officer in Europe
- 2022 Managing Executive Officer, In Charge of Sales, Senior General Manager - Automotive Product Business Unit 2 (Current Position)



Executive Officer,
Senior General Manager -
Manufacturing
Headquarters

Toru SHIBASAKI

- 1991 Joined MABUCHI MOTOR CO., LTD.
- 1994 MABUCHI INDUSTRY CO., LTD.
- 2003 Manager - Assembly Group, MABUCHI MOTOR VIETNAM LTD.
- 2006 General Manager - Production Department, MABUCHI MOTOR VIETNAM LTD.
- 2009 Factory Manager - MABUCHI MOTOR VIETNAM LTD.
- 2013 President - MABUCHI MOTOR DANANG LTD.
- 2016 Vice Chairman - MABUCHI MOTOR VIETNAM LTD., Vice Chairman & President - MABUCHI MOTOR DANANG LTD.
- 2018 Executive Officer, Deputy Senior General Manager - Manufacturing Headquarters
- 2021 Executive Officer, Senior General Manager - Manufacturing Headquarters (Current Position)

Executive Officers and Responsibilities (excluding those serving as directors)



Executive Officer,
Deputy Chief Administrative
Officer, Senior General
Manager -
Human Resources and
General Affairs Headquarters
Katsumi KOBAYASHI

1984 Joined MABUCHI MOTOR CO., LTD.
2010 General Manager - Technical Center, Administration
Headquarters
2012 General Manager - General Affairs Department,
Administration Headquarters
2019 President - MABUCHI MOTOR TAIWAN LTD.
2022 Senior General Manager - Human Resources and General
Affairs Headquarters
2022 Executive Officer, Deputy Chief Administrative Officer, Senior
General Manager - Human Resources and General Affairs
Headquarters (Current Position)



Executive Officer,
In Charge of Accounting
and Finance
Takumi TOMITA

2019 Joined MABUCHI MOTOR CO., LTD.
2019 Deputy Senior General Manager - Administration
Headquarters
2020 Executive Officer, Deputy Senior General Manager -
Accounting and Finance Headquarters, General Manager
- Corporate Communication Department
2020 Executive Officer, In Charge of Accounting and Finance
(Current Position)



Executive Officer,
Senior General Manager -
IT Promotion Headquarters,
Senior General Manager
- Business Platform
Innovation Headquarters
Satoshi SUZUKI

1986 Joined MABUCHI MOTOR CO., LTD.
2007 General Manager - Product Development Department 1,
Technology Headquarters
2011 Vice President - Mabuchi Motors (Dongguan) Co., Ltd.
2017 General Manager - Engineering Management Department
2018 General Manager - Engineering Management Department,
Product Development Headquarters
2019 General Manager - Engineering Management Department
2020 Associate Director, General Manager - Engineering
Management Department
2021 Executive Officer, In Charge of Information Technology,
Senior General Manager - Business Platform Innovation
Headquarters, General Manager - Engineering Management
Department
2022 Executive Officer, In Charge of Information Technology,
Senior General Manager - Business Platform Innovation
Headquarters
2022 Executive Officer, Senior General Manager - IT Promotion
Headquarters, Senior General Manager - Business Platform
Innovation Headquarters (Current Position)

Executive Officers and Responsibilities (excluding those serving as directors)



Executive Officer,
Senior General Manager -
Corporate Planning
Headquarters
Hiroaki WATANABE

1999 Joined MABUCHI MOTOR CO., LTD.
2008 MABUCHI MOTOR AMERICA CORP.
2015 General Manager - Sales Department 3, Sales and Marketing
Headquarters
2017 Senior General Manager - Medium Automotive Product
Business Unit 2
2018 President - MABUCHI MOTOR AMERICA CORP.
2021 Deputy Senior General Manager - Purchasing and
Operations Control Headquarters
2022 Executive Officer, Senior General Manager - Corporate
Planning Headquarters (Current Position)



Group Managing
Executive Officer,
Chief Regional Officer in
China
QUAN Da Yong

1990 Joined MABUCHI MOTOR SHENZHEN LTD.
2004 General Manager - President Office, MABUCHI MOTOR
(DONGGUAN) CO., LTD.
2005 General Manager - President Office, General Manager -
China Human Resources, MABUCHI MOTOR (DONGGUAN)
CO., LTD.
2008 Vice President - MABUCHI MOTOR (DONGGUAN) CO., LTD.
2011 Deputy General Manager - China Business, Vice Chairman
- MABUCHI MOTOR (DONGGUAN) CO., LTD.
2017 Group Executive Officer, Chief Regional Officer in China
2018 Group Executive Officer, Chief Regional Officer in China,
Chairman & President - MABUCHI MOTOR (SHANGHAI)
MANAGEMENT CO., LTD.
2019 Group Executive Officer, Chief Regional Officer in China,
Chairman & President - MABUCHI MOTOR (SHANGHAI)
MANAGEMENT CO., LTD. (Current Position)
2020 Group Managing Executive Officer, Chief Regional Officer in
China, Chairman & President - MABUCHI MOTOR
(SHANGHAI) MANAGEMENT CO., LTD. (Current Position)



Group Executive Officer,
Chief Regional Officer in
Europe
Tomofumi IMAMURA

2008 Joined MABUCHI MOTOR CO., LTD.
2010 Vice President - MABUCHI MOTOR VIETNAM LTD.
2012 President - MABUCHI MOTOR VIETNAM LTD.
2016 General Manager - Corporate Planning Department
2018 Executive Officer, Senior General Manager - Corporate
Planning Headquarters
2020 Executive Officer, Senior General Manager - Automotive
Product Business Unit 2
2021 Executive Officer, Report to COO
2021 Group Executive Officer, Chairman - MABUCHI MOTOR
Electromag SA (Current Position)
2022 Group Executive Officer, Chief Regional Officer in Europe
(Current Position)

Group Executive Officers



Group Executive
Officer, Deputy Chief
Regional Officer in
China
Shu Zheng

1988 Joined MABUCHI MOTOR SHENZHEN LTD.
1999 Manager - Product Production, Guangdong No. 1 Factory,
MABUCHI INDUSTRY CO., LTD.
2000 Manager - Planning and Coordination Office, Guangdong
No. 1 Factory, MABUCHI INDUSTRY CO., LTD.
2002 Factory Manager - Guangdong No. 1 Factory, MABUCHI
INDUSTRY CO., LTD.
2008 Vice President - Guangdong No. 1 Factory, MABUCHI
INDUSTRY CO., LTD.
2009 President - MABUCHI MOTOR (YINGTAN) CO., LTD.
2014 President - MABUCHI MOTOR (JIANGXI) CO., LTD.
2017 President - MABUCHI MOTOR (DONGGUAN) CO., LTD.
2019 Deputy Chief Regional Officer in China, President -
MABUCHI MOTOR (DONGGUAN) CO., LTD.
2020 Group Executive Officer, Deputy Chief Regional Officer in
China, President - MABUCHI MOTOR (DONGGUAN) CO.,
LTD. (Current Position)



Group Executive Officer,
Chairman & President -
MABUCHI MOTOR
VIETNAM LTD., Chairman
- MABUCHI MOTOR
DANANG LTD.
Hoang SON

1988 Joined MABUCHI MOTOR VIETNAM LTD.
2009 General Manager - Product Production Department,
MABUCHI MOTOR VIETNAM LTD.
2010 Assistant Factory Manager - MABUCHI MOTOR VIETNAM
LTD.
2012 Factory Manager - MABUCHI MOTOR VIETNAM LTD.
2013 Vice President - MABUCHI MOTOR DANANG LTD.
2015 Vice President - MABUCHI MOTOR VIETNAM LTD.
2015 President - MABUCHI MOTOR VIETNAM LTD.
2020 Group Executive Officer, Chairman & President - MABUCHI
MOTOR VIETNAM LTD., Chairman - MABUCHI MOTOR
DANANG LTD. (Current Position)



Group Executive
Officer, President -
MABUCHI MOTOR
MEXICO S.A. DE C.V.
Makoto KIMURA

1993 Joined MABUCHI MOTOR CO., LTD.
1997 MABUCHI MOTOR DALIAN CO., LTD.
2009 Assistant Factory Manager - Guangdong No. 3 Factory,
MABUCHI INDUSTRY CO., LTD.
2010 Assistant Factory Manager - Dongguan Branch, MABUCHI
MOTOR (DONGGUAN) CO., LTD.
2013 Assistant Factory Manager - MABUCHI MOTOR (JIANGXI)
CO., LTD.
2014 Vice President - MABUCHI MOTOR (JIANGXI) CO., LTD.
2017 President - MABUCHI MOTOR (JIANGXI) CO., LTD.
2020 President - MABUCHI MOTOR MEXICO S.A. DE C.V.
2022 Group Executive Officer, President - MABUCHI MOTOR
MEXICO S.A. DE C.V. (Current Position)

Financial Data, 10-year Period

| | 2012 | 2013 | 2014 | 2015 |
|--|--------|---------|---------|---------|
| Operating Results Highlights (Unit: Million Yen) | | | | |
| Net Sales | 85,254 | 108,401 | 122,544 | 143,143 |
| Gross Profit | 21,039 | 26,854 | 35,614 | 43,470 |
| Operating Income | 5,052 | 9,335 | 16,875 | 22,961 |
| Ordinary Income | 10,510 | 16,672 | 23,929 | 27,113 |
| Profit Attributable to Owners of Parent | 6,385 | 10,519 | 18,090 | 18,546 |
| Profit Income per Share (Yen) | 91.12 | 150.10 | 258.02 | 266.98 |

| | | | | |
|------------------------------------|-------|-------|--------|--------|
| Exchange Rate (Unit: Yen) | | | | |
| US dollar (Average for the period) | 79.82 | 97.65 | 105.85 | 121.05 |

| | | | | |
|--------------------------------|------|------|------|------|
| Financial Indicators (Unit: %) | | | | |
| Gross Profit Ratio | 24.7 | 24.8 | 29.1 | 30.4 |
| Operating Income Ratio | 5.9 | 8.6 | 13.8 | 16.0 |
| Ordinary Income Ratio | 12.3 | 15.4 | 19.5 | 18.9 |
| ROIC | 5.3 | 7.7 | 12.7 | 14.4 |
| ROE | 3.6 | 5.4 | 8.2 | 8.0 |
| ROA | 5.6 | 7.9 | 9.9 | 10.6 |
| Equity Ratio | 92.2 | 91.9 | 91.0 | 91.0 |

* ROIC:= (Operating profit × (1 - Effective tax rate)) / (Accounts receivable-trade + Inventories + Non-Current assets (excluding Investment securities) - Accounts payable-trade)

| | | | | |
|---|----------|----------|----------|----------|
| Consolidated Financial Position As of December 31, 2021 (Unit: Million Yen) | | | | |
| Total Assets | 196,702 | 227,253 | 256,368 | 256,196 |
| Net Assets | 181,372 | 208,791 | 233,312 | 233,245 |
| Net Assets per Share (Yen) | 2,588.38 | 2,978.02 | 3,325.99 | 3,363.01 |

| | | | | |
|--------------------------------------|--------|--------|---------|---------|
| Cash Flows (Unit: Million Yen) | | | | |
| Cash Flows from Operating Activities | 9,091 | 11,750 | 18,118 | 20,115 |
| Cash Flows from Investing Activities | 8,230 | 4,264 | -11,977 | -1,178 |
| Free Cash Flows | 17,321 | 16,014 | 6,141 | 18,937 |
| Cash Flows from Financing Activities | -3,509 | -3,031 | -6,014 | -13,312 |

| | | | | |
|---|-------|-------|-------|--------|
| Capital Expenditures, Depreciation and Amortization, R&D Expenses (Unit: Million Yen) | | | | |
| Capital Expenditures | 6,825 | 5,755 | 9,597 | 16,187 |
| Depreciation and Amortization | 3,410 | 4,301 | 4,771 | 6,386 |
| R&D Expenses | 3,794 | 3,763 | 4,503 | 5,164 |

| | | | | |
|---------------------------------|------|------|------|------|
| Shareholder Returns | | | | |
| Annual Dividend per Share (Yen) | 50 | 70 | 107 | 110 |
| Dividend Payout Ratio (%) | 54.9 | 46.6 | 41.5 | 41.2 |

* As of January 1, 2015, the Company conducted a stock split at a ratio of 2 shares per common share. The figures for 2012-2014 are the amounts after considering the stock split so that each period can be easily compared.

| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|----------|----------|----------|----------|----------|----------|
| 140,699 | 146,925 | 143,116 | 131,807 | 116,432 | 134,595 |
| 46,188 | 47,305 | 44,327 | 41,031 | 34,856 | 36,415 |
| 24,225 | 24,066 | 21,243 | 17,544 | 12,900 | 13,800 |
| 26,135 | 25,841 | 24,804 | 20,854 | 12,675 | 19,570 |
| 20,598 | 20,303 | 22,925 | 14,234 | 8,987 | 14,251 |
| 300.70 | 299.74 | 341.19 | 214.00 | 135.64 | 216.75 |
| 108.84 | 112.19 | 110.43 | 109.05 | 106.82 | 109.80 |
| 32.8 | 32.2 | 31.0 | 31.1 | 29.9 | 27.1 |
| 17.2 | 16.4 | 14.8 | 13.3 | 11.1 | 10.3 |
| 18.6 | 17.6 | 17.3 | 15.8 | 10.9 | 14.5 |
| 17.0 | 14.4 | 12.7 | 9.3 | 6.4 | 6.1 |
| 8.8 | 8.6 | 9.4 | 5.8 | 3.7 | 5.7 |
| 10.2 | 9.8 | 9.2 | 7.8 | 4.8 | 7.1 |
| 90.1 | 89.9 | 91.1 | 91.4 | 91.0 | 90.9 |
| 258,387 | 269,318 | 268,246 | 268,244 | 262,559 | 285,704 |
| 232,917 | 242,179 | 244,454 | 245,172 | 239,103 | 259,909 |
| 3,405.14 | 3,579.98 | 3,640.08 | 3,690.86 | 3,623.63 | 3,975.34 |
| 27,958 | 22,585 | 20,979 | 25,830 | 18,741 | 8,743 |
| -3,440 | -14,027 | -12,735 | -15,246 | -5,304 | -12,970 |
| 24,518 | 8,558 | 8,244 | 10,584 | 13,437 | -4,226 |
| -11,860 | -13,844 | -11,069 | -12,132 | -10,952 | -11,285 |
| 11,236 | 12,844 | 16,332 | 17,915 | 7,736 | 9,622 |
| 6,016 | 7,143 | 7,652 | 8,264 | 8,648 | 9,666 |
| 5,024 | 5,233 | 4,939 | 4,958 | 4,453 | 4,711 |
| 120 | 120 | 135 | 135 | 135 | 115 |
| 39.9 | 40.0 | 39.6 | 63.1 | 99.5 | 53.1 |

Environment

| Category | | | Scope | Unit | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|-------------------------------|---|-------|-------------------------|---------|---------|---------|---------|-----------|
| Improving the efficiency of energy use | Total energy input | Electricity | Group | million kWh | 206 | 213 | 203 | 187 | 217 |
| | | Town gas | Group | ton | 745 | 697 | 617 | 727 | 933 |
| | | Liquefied petroleum gas (LPG) | Group | ton | 78 | 73 | 71 | 63 | 67 |
| | | Gasoline | Group | kl | 320 | 301 | 273 | 223 | 201 |
| | | Diesel Fuel | Group | kl | 183 | 180 | 166 | 169 | 183 |
| | | Coal | Group | ton | 0 | 0 | 0 | 0 | 0 |
| | | Sustainable energy (Photovoltaics capacity) | Group | million kWh | — | 0.58 | 0.68 | 1.42 | 1.50 |
| Resource conservation (water) | Water input volume | Total usage volume | Group | thousand m ³ | 808 | 846 | 727 | 751 | 774 |
| | | Water supply usage volume | Group | thousand m ³ | 795 | 834 | 786 | 719 | 742 |
| | | Underground water usage volume | Group | thousand m ³ | 14 | 13 | 42 | 33 | 32 |
| | | Rain water usage volume | Group | thousand m ³ | 4 | 4 | 4 | 3 | 3 |
| Reduction of greenhouse gas emissions | Greenhouse gas emissions | Scope1 * | Group | t-CO ₂ | 3,427 | 3,231 | 2,911 | 3,069 | 3,610 |
| | | Scope2 * | Group | t-CO ₂ | 117,138 | 117,127 | 104,550 | 101,741 | 115,844 |
| | | Scope1 + Scope2 * | Group | t-CO ₂ | 120,566 | 120,359 | 107,461 | 104,811 | 119,454 |
| | | Scope3 | Group | t-CO ₂ | — | — | — | 985,781 | 1,320,660 |
| Reduction of waste | Total discharged waste volume | | Group | ton | 43,936 | 43,454 | 43,307 | 37,052 | 45,821 |
| | Final waste disposal volume | | Group | ton | 1,411 | 1,495 | 1,388 | 1,397 | 1,676 |
| | Waste recycling volume | | Group | ton | 42,525 | 41,959 | 41,918 | 35,653 | 44,145 |
| | Waste recycling rate | | Group | % | 96.8 | 96.6 | 96.9 | 96.2 | 96.3 |

*Emissions have been reviewed based on the GHG Protocol standards.

Governance

| Category | | | Scope | Unit | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|--|---------------------------------|-------|-------------|-----------------|-----------------|------|------|------|
| Highly transparent corporate operations | Directors | Total | HQ | persons | 8 | 8 | 13 | 13 | 13 |
| | | Outside directors | HQ | persons | 2 | 2 | 6 | 6 | 6 |
| | | Female directors | HQ | persons | 0 | 0 | 2 | 2 | 3 |
| | | Foreign national directors | HQ | persons | 0 | 0 | 1 | 1 | 1 |
| | Number of board of directors meetings | | HQ | times | 25 | 30 | 31 | 25 | 25 |
| | Attendance rate of outside directors | | HQ | % | 100 | 93 | 89 | 100 | 98 |
| | Age of youngest director | Internal | HQ | age | 48 | 49 | 50 | 51 | 52 |
| | Age of oldest director | Internal | HQ | age | 57 | 58 | 59 | 60 | 61 |
| | Average age of directors | Internal | HQ | age | 54 | 54 | 55 | 56 | 56 |
| | Audit committee members | Total | HQ | persons | 4 [*] | 4 [*] | 4 | 4 | 4 |
| | | Outside audit committee members | HQ | persons | 3 [*] | 3 [*] | 3 | 3 | 3 |
| | Executive officers | | HQ | persons | 10 | 15 | 14 | 14 | 17 |
| | Directors' remuneration | | HQ | million yen | 377 | 391 | 382 | 400 | 415 |
| | Audit committee members' remuneration | | HQ | million yen | 43 [*] | 44 [*] | 47 | 48 | 49 |
| | Political contributions, lobbying, and other expenditures | | HQ | yen | 0 | 0 | 0 | 0 | 0 |
| Compliance with domestic/ international regulations and ethics | Administrative penalties from fair trade commission and other relevant authorities | | Group | incidents | 0 | 0 | 0 | 0 | 0 |
| | Criminal penalties related to compliance | | Group | incidents | 0 | 0 | 0 | 0 | 0 |
| | Suspension of operations/business due to legal violations | | Group | incidents | 0 | 0 | 0 | 0 | 0 |
| | Price fixing prosecution cases | | Group | incidents | 0 | 0 | 0 | 0 | 0 |
| | Bribery prosecution cases | | Group | incidents | 0 | 0 | 0 | 0 | 0 |

* For corporate auditors before the transition to a company with an Audit & Supervisory Committee

Social

| Category | | | Scope | Unit | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|----------------|------------------|-------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| An environment in which everyone can participate | Number of employees | Total (female) | HQ | persons | 806 (118) | 824 (129) | 849 (139) | 851 (139) | 836 (130) |
| | | | Group | persons | 23,936 (19,376) | 23,476 (18,336) | 22,061 (16,960) | 21,477 (16,516) | 20,894 (15,680) |
| | Number of new graduates hired | Total | HQ | persons | 26 | 30 | 32 | 26 | 8 |
| | | Female | HQ | persons | 3 | 4 | 9 | 8 | 0 |
| | Number of new hires | Total | HQ | persons | 58 | 72 | 66 | 41 | 36 |
| | | Female | HQ | persons | 8 | 12 | 15 | 9 | 4 |
| | Percentage of women among new employees | | HQ | % | 13.8 | 16.7 | 22.7 | 22.0 | 11. |
| | Number of Mid-career hires | Total | Group | persons | 31 | 45 | 37 | 14 | 28 |
| | | Female | HQ | persons | 5 | 11 | 7 | 1 | 4 |
| | Number of employees leaving company | | HQ | persons | 17 | 27 | 32 | 28 | 27 |
| | Number of women with managerial roles | | Group | persons | 2 | 4 | 7 | 4 | 3 |
| | | | HQ | | 42 | 56 | 64 | 61 | 66 |
| | Percentage of women with managerial roles | | HQ | % | 2.1 | 4.2 | 6.4 | 4.4 | 3.6 |
| | | | Group | | 10.6 | 13.6 | 14.1 | 13.3 | 14.0 |
| | Number of women in positions equivalent to general managers | | Group | persons | 4 | 7 | 11 | 10 | 11 |
| | Number of examinee for TOEIC | | HQ | persons | 808 | 844 | 871 | 451 | 759 |
| | Number of employees who obtained TOEIC score of 730 or higher | | HQ | persons | 134 | 192 | 238 | 250 | 273 |
| | Number of subjects for the qualification incentive system | | HQ | persons | 21 | 32 | 27 | 50 | 77 |
| | Number of employees with disabilities | | HQ | persons | 16 | 17 | 19 | 14 | 12 |
| | Percentage of employees with disabilities | | HQ | % | 2.4 | 2.3 | 2.8 | 2.1 | 1.9 |
| | Number of foreign national employees | | HQ | persons | 12 | 20 | 26 | 20 | 24 |
| | Average age | | HQ | ages | 43.7 | 43.5 | 43.6 | 43.3 | 43.8 |
| Average number of years employed | Total | HQ | years | 18.7 | 18.0 | 17.8 | 17.7 | 18.3 | |
| | Male | | | 18.6 | 18.1 | 18.0 | 18.1 | 18.4 | |
| | Female | | | 18.9 | 17.9 | 16.8 | 17.1 | 17.4 | |
| No. of presidents of local nationalities in foreign affiliate companies (ratio) | | Group | persons (%) | 7 (38.9) | 8 (40.0) | 10 (50.0) | 11 (55.0) | 13 (61.9) | |
| Safe and healthy work environment | Average monthly working hour | | HQ | hours | 173.7 | 174.0 | 166.9 | 159.7 | 157.5 |
| | Average monthly overtime hours | | HQ | hours | 25.5 | 25.6 | 18.5 | 12.5 | 10.3 |
| | Yearly use of paid leave days | Granted | HQ | days | 20 | 20 | 20 | 20 | 20 |
| | | Used | HQ | days | 12.8 | 14.3 | 15.5 | 14.6 | 15.4 |
| | | Usage Rate | HQ | % | 63.9 | 71.7 | 77.5 | 73.1 | 77.0 |
| | Number of maternity leave recipients | | HQ | persons | 0 | 2 | 3 | 5 | 6 |
| | Number of childcare leave recipients (ratio) | Male | HQ | persons (%) | 0 (—) | 0 (0.0) | 0 (0.0) | 4 (16.7) | 4 (17.4) |
| | | Female | HQ | persons (%) | 0 (—) | 2 (100) | 3 (100) | 5 (100) | 7 (100) |
| | Returnees ratio to work after childcare leave | | HQ | % | — | — | 100 | 100 | 100 |
| | Number of recipients of leave for childbirth by spouse | | HQ | persons | 25 | 21 | 22 | 26 | 24 |
| | Number of nursing care leave recipients | | HQ | persons | 0 | 1 | 0 | 2 | 0 |
| | Number of teleworking (ratio) | | HQ | persons (%) | — | 35(4.9) | 129(15.2) | 927 (96.1) | 715 (85.1) |
| | Number of employees using the reduced work hours system | | HQ | persons | 3 | 3 | 2 | 2 | 2 |
| | Employees receiving periodical medical checkup | | HQ | % | 95.9 | 95.8 | 95.8 | 97.6 | 100.0 |
| | Employees participating in mental health surveys | | HQ | % | 96.7 | 97.7 | 97.0 | 92.5 | 98.9 |
| Frequency of occupational injuries | | HQ | frequency factor | 0.60 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Development/ protection of local societies | Expenditure on social contribution activities | Total | HQ | million yen | 31.0 | 31.0 | 30.5 | 26.1 | 25.5 |

Corporate Outline

Trade Name MABUCHI MOTOR CO.,LTD.

Stock Code 6592

Established January 18,1954

Field of Operations Manufacture and sales of small electric motors

Capital 20,704 million yen

Number of Employees Headquarters: 836
Mabuchi Group: 20,894

Headquarters

430 Matsuhidai, Matsudo City, Chiba

270-2280, Japan

Tel: 81-47-710-1111

Technical Research Institute

280 Ryufukuji, Inzai City, Chiba

270-2393, Japan

Information Resources

As a matter of policy, Mabuchi Motor discloses information in a fair, timely and clear manner. Please visit our website for the latest information about our company and its activities.

● Investor Relations

<https://www.mabuchi-motor.co.jp/investor/>

● Sustainability Information

<https://www.mabuchi-motor.co.jp/csr/>



Stock Information

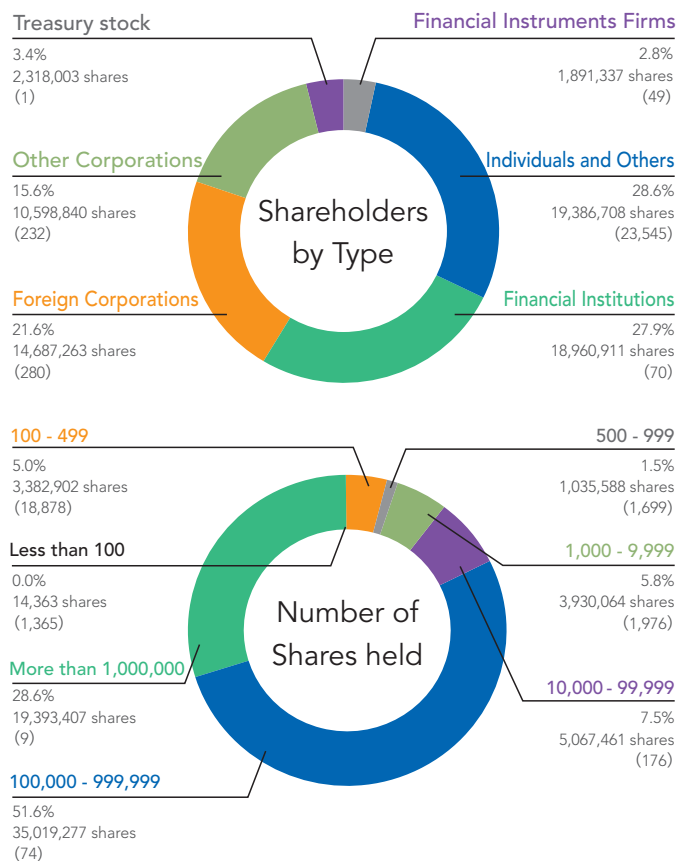
| | |
|-----------------------------------|---------------------|
| Total number of shares authorized | 200,000,000 shares |
| Number of shares issued | 67,843,062 shares |
| Number of shareholders | 24,177 shareholders |

Major Shareholders (Top 10)

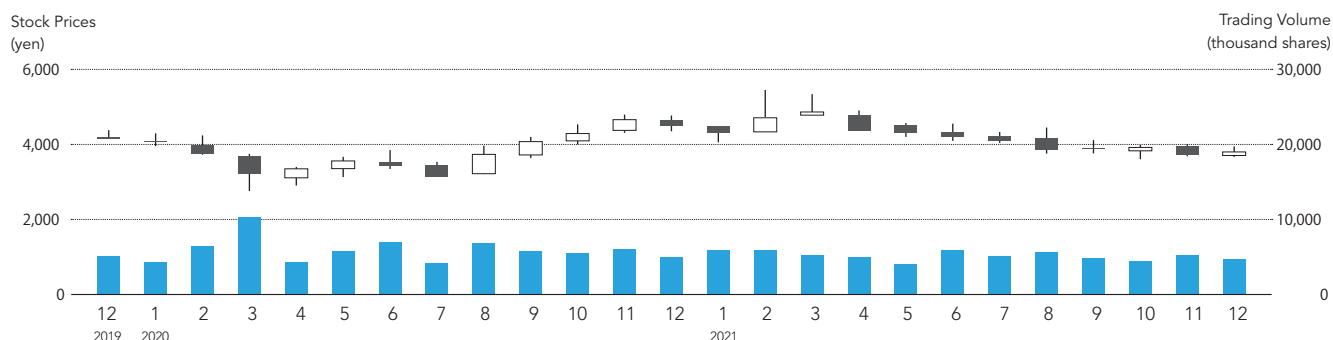
| Major Shareholders | Number of Shares Held | Ratio of Shareholders |
|--|-----------------------|-----------------------|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 8,315,400 | 12.7% |
| Takaichi MABUCHI | 5,000,800 | 7.6% |
| Custody Bank of Japan, Ltd. (Trust Account) | 3,779,600 | 5.8% |
| Mabuchi International Scholarship Foundation | 3,000,000 | 4.6% |
| Premier Corporation | 2,068,600 | 3.2% |
| Tamotsu MABUCHI | 2,030,414 | 3.1% |
| Takashi MABUCHI | 2,010,600 | 3.1% |
| Ray Corporation Co., Ltd. | 1,746,000 | 2.7% |
| MISAKI ENGAGEMENT MASTER FUND | 1,429,300 | 2.2% |
| MUFG Bank, Ltd. | 1,010,890 | 1.5% |

- *1. Ratio of shareholders is excluding the number of treasury stocks.
 2. The shareholder ratio is calculated including the number of the Company's shares (13,300 shares and 154,425 shares) held by the Mabuchi Motor Employee Stock Ownership Association Trust and the Executive Compensation BIP Trust.

Breakdown of Shareholders by Type & Number of Shares Held



Changes in Stock Prices and Trading Volume





Mabuchi Group supports the Sustainable Development Goals (SDGs).

Cover: Our unit motors for light electric vehicles and collaborative robots

We offer even higher added value by incorporating our unique standardization concept in unitization.