

Developing and Empowering People to Achieve Growth in the 3 M Fields



Representative Director, Chairman & CEO

Hiroo OKOSHI

Management Principle and Sustainability at Mabuchi Motor

At Mabuchi Motor, we have been helping people enjoy safe, comfortable lives and operating as a company by delivering safe power through small, lightweight motors under our Management Principle: Contributing to International Society and Continuously Increasing Our Contribution. Requests from customers and social issues to address have been changing with the times. Today, including the SDGs, there are a large number of social issues to address in the medium to long term. Among social issues, addressing the impact of climate change is an urgent task, and initiatives to reduce the burden on the environment with electrification are accelerating globally. Featuring high energy conversion efficiency, compact dimensions, and light weight, our motors can contribute to resource and energy conservation in society as a whole. In addition, automation is advancing in diverse fields in response to the demand for non-contact services, which has grown due to the labor shortage and COVID-19 pandemic. As a result, the number of areas to which we can contribute with our motors has been expanding.

Under the Long-Term Management Policy we adopted towards 2030, we aim to contribute to and increase the happiness of all our stakeholders, and we have set and are working on Mid-Term Management Plan and Mid-term Sustainability Targets. In society with diversifying needs, we have defined the 3 M fields -- that is, mobility, which includes EVs, AGVs, and AMRs, machinery such as robots and industrial equipment, and medical for medical equipment -- as growth areas where we can increase our contribution. In these areas, we are working to deliver safe and environmentally friendly power, which is possible because we have been accumulating knowledge as a manufacturer specializing in motors.

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

Standardization Strategy and Changes in Business Portfolio

We have been growing as a leader in small DC motors by evolving a standardization strategy, under which we manufacture and sell standard motors with a narrow range of specifications in large quantities, thus ensuring a stable supply of high-quality products at reasonable prices and expanding their applications to a broader field. There was a time when sales of motors for audio and video equipment constituted about 50% of our total sales. At present, however, motors for automotive products account for more than 70%. Our business portfolio has thus changed markedly. This is because we anticipated changes in society and worked on developing motors for automotive products and cultivated customers as a preemptive strategy at a time when sales of motors for audio and video equipment were at a peak. This has brought us to where we are now. We have also been evolving our standardization strategy, expanding from the provision of the same motors for multiple applications to the delivery of standard motors for automotive products for specific

applications. This expansion of new applications and businesses that reflect the changing needs of customers and society is essential for us to achieve sustainable development as a company that contributes to society, while protecting the employment of our employees and the livelihoods of their families, and continuing to secure profit as a reward for our social contribution and returning that profit to our stakeholders. Transformation for the future cannot be accomplished overnight. At present, we are in a period of transitioning to a new business portfolio. Looking at the business environment, the slowdown in the market for automotive products, our main business, together with rising costs are negatively affecting our business performance in the short run. However, with a strong determination to take a long-term perspective and continue existing as a company needed by society, we will invest the profit we earn from our existing businesses in the 3 M fields and pursue our new future vision, capitalizing on the ability to respond to changes that we have cultivated.

Our Approach to Human Capital and the Mabuchi Global Management System

People are the most important factor in our history, and will remain so in the future. Our Management Markers, which describe how to materialize our Management Principle, "Contributing to international society and continuously increasing our contribution," stipulate that "By placing highest value on our people, we empower and encourage them to realize their potential and contribute to society." We thus believe that our employees' work done by demonstrating the capability and thoughts of each is the most important driving force for continuing to contribute to international society through business activities. Having begun to expand overseas as early as 1964, we are developing a workforce that can play active roles globally, including employees of our overseas bases, and we recruit and promote employees regardless of their age, gender, and nationality. We also aim to be an organization that can improve productivity and create new

value by increasing employees' work style options and helping them work in diverse styles. The Mabuchi global management system, which improves the autonomy and independence of our bases by taking advantage of the diverse values of employees and increases the Mabuchi Group's overall collective strength through interactions between bases, constitute a unique strength together with the standardization strategy. Our structure enables employees from different bases, who are connected with each other through their deep understanding of the Management Principle, to support one another with the standardization of not only products but also manufacturing under the standardization strategy. This structure forms the foundation for our risk management that enables us to respond to the uncertain, rapidly changing business environment of today.

Management Base and Long-Term Stable Management

The Mabuchi global management system is embodied by each one of our employees, who have diverse backgrounds and values. The idea that employment should be protected in any business environment has been preserved as a mission of the management and has led to the setting aside of funds needed as a firm management base, from the viewpoint of risk management and for achieving growth in the future. The necessary funds are managed internally in a disciplined manner. We do not accumulate excessive cash but make investments for future growth, while at the same time delivering stable shareholder returns over the long term. We will continue with this policy. We will continue to consider measures for improving capital efficiency while disclosing information and maintaining a dialogue so that our shareholders and investors will understand the idea

that we have been valuing. As for investments for future growth, our policy is to be proactive in implementing M&A aimed mainly at improving our ability to propose solutions in growth areas, in addition to capital investment and R&D investment for new products. In March 2023, we made Oken Seiko (now known as Mabuchi Oken), a manufacturer of small pumps, our subsidiary. We will make group-wide efforts to create a virtuous cycle in which investment efficiency is increased and excess profits as rewards for contribution are generated and actively reinvested in growth areas, so that we can remain a corporate entity that is essential for customers, business partners, employees, society, and shareholders. We appreciate your continued support.