

Interview with Outside Directors

We interviewed the chairperson of the Nominating Committee and Remuneration Committee and outside directors who were appointed in 2023.



Outside member of the Board
Member of the Nominating Committee
Member of the Remuneration Committee

Akira OKADA

Outside member of the Board
Chairperson of the Nominating Committee
Chairperson of the Remuneration Committee

Naoki MITARAI

Outside member of the Board
Audit & Supervisory Committee Member

Yasuko FUKUYAMA

—The Management Plan 2030 has been announced. How do you evaluate this plan as outside directors? What were the focuses of discussion that was made by the Board of Directors in developing this plan?

Director MITARAI Among the characteristics of the Management Plan 2030, the first point is that we have clarified the thinking about the direction of our businesses. We have clarified a policy of expanding the solutions for movement, including control and units, while keeping motors at the core, under the new



Naoki MITARAI

He began to serve as an outside director of the Company in 2017. Involved in corporate management at Hitachi, Ltd. and its group companies, he has particularly extensive knowledge and experience in the fields of human resources and labor relations.

business concept: e-MOTO. At the Board of Directors, we have been discussing a wide range of agenda on how to realize this concept, for more than one year. They include the allocation and development of human resources, technology trends, and M&A.

The next point is that the management plan covers a long span of time up to 2030. We could have opted to formulate a three-year mid-term plan as before. However, we reached this conclusion with a view that, to change the Company's structure significantly, we need to take action dynamically from a long-term perspective.

The third point is that we quantified not only financial targets but also sustainability targets as the Mabuchi Motor Value Point, defining it as an important factor for increasing corporate value. While we have already been working as a company that contributes to society, going forward we will work to achieve the sustainability targets that have been defined more clearly. Great efforts and various reforms are needed to achieve both financial and unfinanced targets. I would ask employees to work with a determination to achieve them by all means.

The fourth point is that the direction of cash allocation is offered. It is very difficult to judge how to make effective use of cash. It varies according to the environment surrounding the Company, and there is more than one right answer. The direction we showed this time is a result of discussions we had in light of the environment surrounding the company, including its growth,

preparations for risks, and shareholder returns. I think it is a well-balanced policy.

I have described key points of the Management Plan 2030 and my view. I would like to participate in discussions proactively as an outside director to help achieve this plan.

Director FUKUYAMA The business strategy is broader than before in terms of products and fields. We need to exercise our imagination to find how to leverage the patterns of success based on the standardization strategy, at which the Company has been strong, in the 3 M fields. I am feeling a strong determination to advance this initiative in a company-wide manner and evolve the business portfolio. I think that the considerations of the M&A strategy were broadened and accelerated significantly over the past year.

Director OKADA Management Plan 2030 is a far-sighted plan, and is not a mere extension of the past. While the Company has a history of 70 years, we recognized that it is time to change its structure, including the top management and all executives. I think that the plan was created with this sense of urgency. There was an argument that the period should be long enough to dynamically change the structure of the Company. This has resulted in the plan, with a period of seven years, being longer than ever.

At present, motors for automotive products account for more than 75% of total sales. While the automotive market is expected to remain stable, it is unknown what changes will take place. For example, we have faced geopolitical problems and the COVID-19 pandemic as an environmental change taking place at a speed that might occur once in a century. This experience has resulted in a sense of crisis, which has led us to believe that structural change is imperative for achieving long-term growth and continuing to pay dividends to shareholders consistently over the medium to long term. I think that the Management Plan 2030 shows how to adapt to the changing world, such as increasing our contribution to realizing a decarbonized society, in providing movement mainly through motors. To make this a reality, the Company will be proactive going forward in using M&A and partnerships with external parties -- I think we could deliver this new message both internally and externally.

We have also hammered out a clear capital policy of strengthening strategic investments for the future, such as R&D and capital investments, and returning profits to our shareholders, who support the Company, while retaining cash to address the risks that surround it. Not only top management but all employees have expressed their commitment to achieving this policy that we have announced, aiming to produce results. I think it is good.

—One year has passed since you were appointed as outside directors. What do you think are the company's strengths,

features, and issues? What are your expectations for company going forward?

Director FUKUYAMA I understand that the company is characterized by the very high level of its technologies and quality, as well as by a corporate culture of earnestness and faithfulness and management systems that enable its technologies and quality. I myself inspected four bases in China in 2023 and witnessed that the spirit of Japanese manufacturing had been instilled there. In addition, a visit to Technical Research Institute and an internal technology exhibition have led me to feel that employees are involved in manufacturing with pride and enthusiasm. I think this has resulted in a good atmosphere and led to positive results. I would ask that the Management Plan 2030 be achieved by building up these achievements.



Akira OKADA

He began to serve as an outside director of the Company in 2023. Involved in corporate management at All Nippon Airways Co., Ltd. and its group companies, he has particularly extensive knowledge and experience related to corporate governance.

Director OKADA Throughout its history of 70 years, the Company has been dedicated only to motors, providing movement, developing safe, highly efficient motors, and offering them at reasonable prices. This competitiveness was not achieved overnight but it is very clear that it was cultivated through a long process of trial and error, which began with our predecessors, under a standardization strategy and global strategy. In 2023, I visited and inspected facilities in Vietnam. I felt that the strength of people working on site, who pursue quality and cost inexhaustibility and who work hard to achieve quantitative targets, have been established by staff in Vietnam throughout their history. The Company also has factories in Mexico and Poland. Launching factories can be supported with capabilities that were cultivated at factories in China and Vietnam, although issues differ due to differences in national character. I think this is one of the Company's strengths.

I think that the Company has entered a phase where it should step up its efforts to increase added value by leveraging existing

Interview with Outside Directors

strengths and features and to further reinforce the Five-Region Management Structure, so as to take on challenges in the 3 M fields and other new areas. I think that the issue is how to integrate the expertise and skills of Headquarters employees and those of staff members in each country in developing human resources, so as to achieve these goals. Human resources are also a key point in enhancing M&A and partnerships with outside parties in the future. I also feel that the Company should further foster employees' willingness to take on challenges at the same time as developing human resources.

—You have many years of experience in the field of human resources. How do you evaluate the company's human resource development?

Director MITARAI Regarding human resource development, I think that the Company attaches importance to employee training and the top management also have very high awareness. On the other hand, what I feel in interviewing employees directly is that they are a little more docile than their predecessors. I believe that the challenge for the future lies in how to develop a culture of willingness to take on challenges.

—The president Mr. TAKAHASHI took up the role of representative director and president in March 2024. What discussion did the Nominating Committee have?

Director MITARAI Every year, the Nominating Committee considers the best management system and governance system and discusses what human resources to promote, in light of the future that is foreseeable at the time. A major point this time was the leadership that we required when we have to change the company structurally. Mr. Takahashi is a person of action, who is capable of implementing various measures by involving people while gaining the trust among the people around him. Under the Management Plan 2030, we have set a challenging target of increasing net sales to 300.0 billion yen. To achieve this target, it is imperative that each one employee thinks and acts on their own. We nominated Mr. Takahashi from the viewpoint of the leadership that will be needed by Mabuchi Motor going forward, hoping that he will create a culture of willingness to take on challenges by motivating employees skillfully.

Director OKADA Mr. TAKAHASHI served as a leader at a factory of a base in China with approx. 4,000 workers. While on-site workers did not have problem consciousness yet in those days, he raised various issues and implemented reforms together with them. I believe that he will demonstrate leadership in tasks, including the development of the production system that will be needed in the future, in the phase where

the Company should change structurally and significantly in various aspects toward 2030. I hope that Mr. Takahashi will create a new image of a Mabuchi Motor president by leveraging his ability to attract and involve people around him.

—How do you evaluate the Company's internal control in global management as an Audit & Supervisory Committee member?



Yasuko FUKUYAMA

She began to serve as an outside director and an Audit & Supervisory Committee member of the Company in 2023. She has extensive knowledge and experience as a lawyer working in Japan and overseas.

Director FUKUYAMA The Company has many overseas bases, and basic ideas including the Management Principle, Management Markers, Management Guidelines, and Our Missions have penetrated even into the work sites of each base. Each employee understands the history of Mabuchi Motor and works with pride in our high quality and our brand. I therefore believe that the environment is in place for internal control. I also think that communication between the Headquarters in Japan and overseas subsidiaries is very close. I think that these and other points allow us to evaluate the current internal control of the Mabuchi Group as highly mature, on the global scale as well. I think that there are two future tasks, for which initiatives have already begun to be taken. One is to further improve the accuracy of risk assessment and prior consideration of measures to address risks, so as to further improve the ability to respond to uncertainty in society and the world. The other is to pass down the current internal control, which is effective, to the next generation. I also think that what will be important going forward are not only transfer to the next generation as a measure taken in the vertical direction but also control taken in the horizontal direction -- that is, control of risks in new fields and areas that are different from those in existing fields -- because the number of Group companies is expected to increase over the long term as a result of M&A. As the corporate group changes, the effective means of its internal control will also change. I therefore expect that the Company will maintain and strengthen its highly effective, global internal control while accepting changes.