February 14, 2024

Name of company: MABUCHI MOTOR CO., LTD.
Representative: Shinichi TANIGUCHI, Representative Director and President, COO
(Securities code : 6592)
Contact: Hiroaki WATANABE, Executive Officer, Head of Corporate Planning Headquarters
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Announcement of the Opinion of the Board of Directors on the Shareholder Proposal

Mabuchi Motor Co., Ltd. (the “Company”), has received a document (the “Shareholder Proposal Document”) from one of its shareholders to the effect that a shareholder proposal (the “Shareholder Proposal”) would be submitted to the 83rd Annual Shareholders’ Meeting (the “Shareholders’ Meeting”) to be held on March 28, 2024. The Company hereby announces that it resolved to oppose the Shareholder Proposal at its Board of Directors meeting held today, as described below.

1. Proposing Shareholder
   NORTHERN TRUST CO. (AVFC) RE NVI01
   (Representative: Nippon Value Investors KK)

2. Details of the Shareholder Proposal
   (1) Agenda
   Purchase of Treasury Stock

   (2) Outline and Reasons for the Shareholder Proposal
   Fully described in the Appendix, titled “Details of the Shareholder Proposal.”
   The Appendix titled “Details of the Shareholder Proposal” is the translation of the relevant parts of the Shareholder Proposal Document submitted by the Proposing Shareholder. The original text of the Shareholder Proposal was provided in Japanese.

3. Opinion of the Board of Directors on the Shareholder Proposal
   (1) Opinion of the Company’s Board of Directors
   The Board of Directors opposes the Shareholder Proposal

   (2) Reason for the Opposition

We announced our Management Plan 2030 in the "Financial Results Briefing Presentation Materials" dated as of the date of this release in Japan. In this plan, we have set out our vision for 2030 and established quantitative guidelines for each financial (Sales/Operating Profit Margin/ROIC) and Unfinanced (Sustainability Goals) indicator. In addition, we have decided to convert the degree of achievement for each of these indicators into points and add them up as Mabuchi Motor Value Points (hereinafter referred to as "MVP"), which will be used as an indicator to measure our corporate value. We believe that continuously increasing our MVP as a means to achieve our Management Plan 2030 will lead to an increase in our corporate value.

In addition, our company is committed to the e-MOTO concept as part of our 2030 business plan to achieve our

goals. The e-MOTO concept is a new business concept aimed at growing the company by providing a diverse range of "movement" solutions desired by both society and our customers, with the motor being at its core. Based on this concept, we will strive to expand our business in three areas: Mobility, Machinery, Medical, as well as in the automotive electrical equipment sector.
* e-MOTO: Combining the English word "electric, "and the Latin word "moto," which is the origin of the word motor and means "to give movement," we define the value we provide as "movement."

Under Management Plan 2030, we will promote sales expansion through these high value-added products, and work to increase operating income by further improving productivity and continuing cost reduction efforts. We aim to improve ROIC through efficient use of assets, improve ROE (Return on Equity), and maximize returns through business growth.

In addition, under Management Plan 2030, as a measure to improve capital efficiency, we will proactively allocate operating cash flows generated by business activities to further grow investments and strengthen shareholder returns. We anticipate that strengthening shareholder returns will lead to a decrease in our cash levels and equity ratio, while improving capital efficiency.

We aim to maximize returns through business growth by evolving our business portfolio from 2024 to 2026. We will be investing a total of 25 billion yen in strategic investments such as M&A and creating new alliances to accelerate business growth. Additionally, we will proactively shift resources to growth areas and efficiency accelerate development while considering the overall balance based on depreciation costs. All while maintaining disciplined capital expenditures and research and development investments totaling 45 billion yen.

Turning to shareholder returns, we will implement the following measures.

First, regarding our dividend policy, we will use internal reserves to cover the costs for research and development and capital investment necessary for the Company's growth and development. We will therefore actively return profits to shareholders in accordance with our business performance while maintaining financial soundness. Based on this basic policy, until now, the annual dividend is a long-term stable ordinary dividend of 30 yen per share and consolidated a special dividend of 30% per share. Except in times of significant decline in business performance due to a sudden deterioration of the business environment, we have been able to pay stable and appropriate dividends in line with our profits. Additionally, for the fiscal year ending December 2023, a 70th anniversary commemorative dividend of 15 yen will be added to the year-end dividend, resulting in a record-high annual dividend of 150 yen (calculated as an ordinary dividend of 30-yen, special dividend of 105-yen, commemorative dividend of 15 yen).

Going forward for the fiscal year 2024, while maintaining the existing basic policy, we will change the dividend calculation criteria to be based on the Return on Equity (ROE). Specifically, we will aim for a target ROE of 3.0% to 4.0%, taking into consideration factors such as cash flow and the business environment, and we will make dividend decisions accordingly. This transition aims to achieve long-term stable dividends and further strengthen shareholder returns.

Next, regarding share buybacks, our company has recognized the effectiveness of share buybacks for improving shareholder returns and implementing a flexible capital policy in response to changes in the business environment. We have been continuously and flexibly implementing share buybacks as a means of capital policy and profit distribution to our shareholders, all while considering surplus funds, cash flows, and factors such as PBR (Price-to-Book Ratio). In particular, for the most recent nine years from 2015 to 2023, we have returned approximately 2 billion to 5 billion yen annually to shareholders through the acquisition of Treasury Stock.

Furthermore, under Management Plan 2030, it is our direction to conduct shareholder returns on the scale of 50 billion yen, including dividends and share buybacks, over a period of three years from 2024 to 2026, using operating cash flows generated through business activities.

Regarding the acquisition of Treasury Stock, Article 7 of the Company's Articles of Incorporation stipulates that Treasury Stock may be acquired through procedures like market transactions by resolution of the Board of Directors. We would like the flexibility to discuss the matter at the Board of Directors meeting and implement it at the appropriate time.

As mentioned above, under Management Plan 2030, our company will continue to pursue sound business growth while implementing these shareholders return measures, thus steadily improving capital efficiency.

In contrast, this Shareholder Proposal calls for a short-term, excessive acquisition of Treasury Stock of 22 billion yen within one year from the conclusion of this Shareholders' Meeting. It does not take into account responses to future changes in the business environment or the need for continued business investment. We believe it is not appropriate to hastily commit to share buybacks in line with this shareholder Proposal and spend a significant amount of funds on immediate implementation of share buybacks based upon a short-term perspective. This could potentially lead to situations that may harm the interests of our shareholders.

By working to achieve long-term business growth and improve capital efficiency in accordance with the contents of Management Plan 2030, we aim to continue and expand our long-term management policy of contributing to the happiness of all stakeholders. The content of this Shareholder Proposal is significantly different from Company's policy.

For the reasons stated above, the Company's Board of Directors opposes the Shareholder Proposal.

End of Document

<Appendix 1>Details of the Shareholder Proposal

* The following text is the translation of the relevant parts of the Shareholder Proposal Document submitted by the proposing shareholder. The original text of the Shareholder Proposal is in Japanese.

Purchase of Treasury Stock

1. Details of Proposal

Pursuant to the provisions of Article 156, Paragraph 1 of the Companies Act, within one year from the conclusion of this Shareholders' Meeting, a total of 9,405,700 shares of the Company's common stock and a total acquisition price of up to 22,000,000,000 yen will be purchased through the delivery of money. (However, if the total acquisition price permitted under the Companies Act ("distributable amount" as defined in Article 461 of the Companies Act) is less than the said amount, the upper limit of the acquisition price permitted under the Companies Act).

2. Reason for Proposal

- This proposal is intended to make adjustments to optimize the excess capital that has been accumulated over the years.
- Our equity ratio is at an extremely high level of 91.1% as of the end of September 2023. At the same time, the Company held over 114.5 billion yen in cash and deposits, equivalent to approximately 44% of its shareholders' equity of 258.6 billion yen. Due to the dilutive effect of holding excessive cash and deposits, the Company's return on equity is expected to remain below 6% for five consecutive years, including fiscal 2023.
- The amount of Treasury Stock acquisition proposed in this proposal of 22 billion yen is equivalent to approximately 10% of Company's retained earnings as of the end of September 2023. Although the decline in the equity ratio due to the acquisition of 22 billion yen of Treasury Stock is limited, it is essential for Company to take a steady step towards optimizing its excess equity capital as soon as possible.