

Note: The original disclosure in Japanese was released on April 7, 2022 at 16:30 (GMT +9).



April 7, 2022

Name of company: MABUCHI MOTOR CO., LTD.
Representative: Shinichi Taniguchi,
Representative Director and President, COO
(Securities code: 6592)
Contact: Hiroaki Watanabe,
Executive Officer, Senior General Manager -
Corporate Planning Headquarters
(Tel: +81-47-710-1107)

Notice Regarding Disposal of Treasury Stock as Stock Compensation

Mabuchi Motor Co., Ltd. (hereinafter, the “Company”) hereby announces that it resolved to implement a disposal of treasury stock as stock compensation (the “Disposal of Treasury Stock”) at a meeting of its Board of Directors held on April 7, 2022, as outlined below.

1. Overview of Disposal

(1) Date of Payment	April 28, 2022
(2) Class and Number of Shares to Be Disposed	20,070 shares of the Company’s common stock
(3) Disposal Price	3,770 yen per share
(4) Total Disposal Price	75,663,900 yen
(5) Allottees	Directors: 6 persons, 13,550 shares Executive Officers: 7 persons, 6,520 shares * Excluding those who reside outside Japan and Directors who are Audit & Supervisory Committee members and Outside Directors
(6) Other	With regard to the Disposal of Treasury Stock, the Company has submitted a written notice of securities in accordance with the Financial Instruments and Exchange Act.

2. Purpose and Reason for Disposal

The Company resolved, at a meeting of its Board of Directors held on February 23, 2018, to introduce a restricted stock compensation plan (“the Plan”) as a new remuneration plan for Directors (excluding Outside Directors) and Executive Officers of the Company for the purpose of providing them with an incentive to undertake initiatives for sustainable medium- and long-term enhancement of the Company’s corporate value and shareholders’ value and further promote value-sharing with shareholders. Moreover, at the 78th ordinary general meeting of shareholders held on March 28, 2019, it was approved (i) that, based on the Plan, monetary compensation claims for granting shares with restriction on transfer shall be provided to Directors (excluding Directors who are Audit & Supervisory Committee members and Outside Directors. The same shall apply hereunder) of the Company as property contributed in kind with an upper limit of ¥60 million per year, outside the framework of the existing monetary compensation, (ii) that the transfer restriction period shall be the period from the

Note: The original disclosure in Japanese was released on April 7, 2022 at 16:30 (GMT +9).

allotment date of restricted shares to the date on which the relevant person who is eligible for the Plan resigns or retires as Director of the Company or from another position which the Board of Directors has determined, (iii)-1 that the eligible person has continuously held the position of Director of the Company or another position which the Board of Directors has determined during the period of services rendered by the eligible person as determined by the Board of Directors and (iii)-2 that if the eligible person resigns or retires as Director of the Company or from another position which the Board of Directors has determined prior to the expiry of said period of services rendered, the Company shall lift the transfer restriction given a suitable reason as determined by the Board of Directors. An outline of the Plan is shown below.

<Outline of the Plan>

Under the Plan, Directors and Executive Officers of the Company shall contribute all monetary compensation receivables provided by the Company as properties contributed in kind and shall receive the Company's common stock that shall be issued or disposed of.

The total number of shares of common stock which the Company shall issue to or dispose of for Directors under the Plan shall not exceed 50,000 shares per year. The amount to be paid in per one share of stock shall be determined by the Board of Directors, based on the closing price of the common stock of the Company quoted at Tokyo Stock Exchange on the business day immediately preceding the date of resolution of the Board of Directors (if no trade is executed on such day, then the closing price on the immediately preceding trading day). The determined amount shall be in the range that would not be particularly beneficial to the Directors or Executive Officers who shall be allotted such shares.

Moreover, for the issuance or disposition of the Company's common stock under the Plan, a share allotment agreement with restriction on transfer shall be executed between the Company and each Director or Executive Officer who shall receive share allotment, and the following terms shall be included in such agreement.

- (i) For a predetermined period of time, shares of the common stock of the Company allotted in accordance with the share allotment agreement with restriction on transfer may not be transferred, be subject to the creation of security interest or otherwise be disposed of; and
- (ii) If a certain event occurs, the Company shall acquire said common stock without contribution.

Furthermore, on this occasion, the Company resolved, at a meeting of the Board of Directors held on April 7, 2022, to grant monetary compensation receivables in a total amount of 75,663,900 yen and consequently dispose of 20,070 shares of common stock ("the Allotted Shares") to 13 Directors and Executive Officers of the Company ("the Eligible Officers"), in consideration of the purpose of the Plan, the extent of each Eligible Officer's job responsibility and various other factors.

The transfer restriction period for shares with restriction on transfer shall be the period from the allotment date of restricted shares to the date on which the relevant Eligible Officer resigns or retires as Director of the Company or from another position which the Board of Directors has determined. This is in line with the purpose of introducing the Plan which is to maintain value-sharing with shareholders over the medium and long term.

Note: The original disclosure in Japanese was released on April 7, 2022 at 16:30 (GMT +9).

<Outline of Share Allotment Agreement with Restriction on Transfer>

For the Disposal of Treasury Stock, a share allotment agreement with restriction on transfer shall be executed between the Company and each Eligible Officer as outlined below.

(1) Transfer Restriction Period

For the period from April 28, 2022 (date of payment) until the date on which the relevant Eligible Officer resigns as both Director and Executive Officer of the Company, the Eligible Officer may not transfer, create security interest over or otherwise dispose of the Allotted Shares.

(2) Conditions for Lifting Transfer Restriction

On the condition that the relevant Eligible Officer continuously serves as Director or Executive Officer of the Company from April 28, 2022 (date of payment) to the date on which the Company holds the first ordinary general meeting of shareholders following the above date (“the Period of Services Rendered”), the Company shall lift the transfer restriction regarding all the Allotted Shares held by the Eligible Officer at the time of expiry of the transfer restriction period; provided, however, that, if the Eligible Officer resigns from the position as both Director and Executive Officer of the Company during the Period of Services Rendered due to death, expiry of term of office or other reasons deemed legitimate by the Board of Directors of the Company, the Company shall lift, at the time of such resignation, the transfer restriction regarding all the Allotted shares held by the Eligible Officer.

(3) Acquisition by the Company without Contribution

The Company shall, by rights, acquire the Allotted Shares, for which transfer restriction has not been lifted as of the expiry of the transfer restriction period, without contribution.

(4) Management of Shares

During the transfer restriction period, the Allotted Shares shall be managed in dedicated accounts opened by the Eligible Officers with Daiwa Securities Co., Ltd. in order to prevent transfer, creation of security interest over or other disposal of the Allotted Shares during the transfer restriction period.

(5) Treatment upon Reorganization, etc.

In the event that a proposal for a merger agreement in which the Company would be the merged company, or a share exchange agreement or share transfer plan in which the Company would become a wholly owned subsidiary of another company, or other matters concerning reorganization, etc., has been approved at a general meeting of shareholders of the Company (or by the Company’s Board of Directors if approval for said reorganization, etc., at the general meeting of shareholders is not required) during the transfer restriction period, the relevant transfer restriction on all of the Allotted Shares held at that time will be lifted, based on the resolution of the Board of Directors, as of the immediately preceding business day of the effective date of the reorganization, etc.

3. Basis of Calculation and Specific Details of Payment Amount

The Disposal of Treasury Stock shall be implemented by using monetary compensation receivables provided to allottees based on the Plan, as property contributed in kind. To eliminate any arbitrariness in the disposal price, the closing price for common stock of the Company on April 6, 2022 (the business day immediately preceding the date of resolution by the Board of Directors) on Tokyo Stock Exchange of 3,770 yen is used as the disposal price. In cases where there are no special circumstances indicating that the latest share price of the Company may not be relied on, this price is deemed to be rational as it appropriately reflects the Company’s corporate value and not to be particularly favorable to Eligible Officers because it is the share price on the market on the day immediately preceding the date of resolution by the Board of Directors.

End of Document