



November 14, 2022

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## **Notice Regarding Implementation of Trust-Type Employee Stock Ownership Incentive Plan**

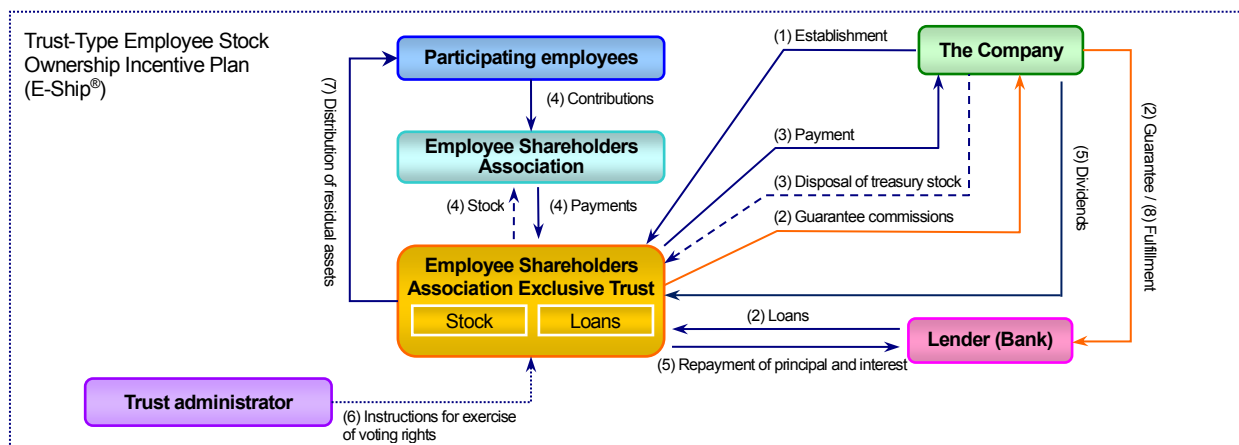
The Board of Directors of Mabuchi Motor Co., Ltd. (hereinafter, “the Company”) resolved on this date that the Company would implement an E-Ship® Trust-Type Employee Stock Ownership Incentive Plan (hereinafter, “the Incentive Plan”). The purpose of this plan is to provide our employees with incentives to improve corporate value over the medium to long term, as well as the opportunity to participate in capital as a shareholder. It is hoped that this will lead to the development of the company. Details are provided below.

### **1. The Incentive Plan Overview**

The Incentive Plan is available to all employees who belong to the Mabuchi Motor Employee Shareholders Association (hereinafter, “the Employee Shareholders Association”). Under the Incentive Plan, the Company will establish a trust—the Mabuchi Motor Employee Shareholders Association Exclusive Trust (hereinafter, “the Employee Shareholders Association Exclusive Trust”)—through a trust bank. The Employee Shareholders Association Exclusive Trust will estimate the number of shares that the Employee Shareholders Association is likely to acquire over the next four years four months and will purchase this amount in advance using bank loans. Subsequently, the Employee Shareholders Association Exclusive Trust will continuously sell Company shares to the Employee Shareholders Association and, if an amount equivalent to net gains on Company shares has accumulated in the Employee Shareholders Association Exclusive Trust when the trust period comes to an end, such money will be distributed as residual assets to members of the Employee Shareholders Association who meet the beneficiary eligibility criteria. Please note that the Company will guarantee loans taken out to purchase Company shares and will repay any outstanding portion of the loans if, due to a drop in the market price of Company shares, an amount equivalent to the loss on sale of shares has accumulated in the Employee Shareholders Association Exclusive Trust when the trust period comes to an end.

Parallel to the implementation of the Incentive Plan, the Company decided to undertake a one-time disposition of 273,100 shares of treasury stock (value equivalent to about ¥1,124 million) from the 2,292,351 shares currently held as of June 30, 2022 to the Employee Shareholders Association. For details, please refer to the “Announcement on Disposal of Treasury Stock by Third-party Allotment” released on November 14, 2022.

## 2. Incentive Plan Framework



- (1) The Company will establish the Employee Shareholders Association Exclusive Trust as a third-party trust of which members of the Employee Shareholders Association who have fulfilled the beneficiary eligibility criteria are the beneficiaries.
- (2) The Employee Shareholders Association Exclusive Trust will turn to banks to obtain the funds necessary for purchasing Company shares. The Company will guarantee the borrowed amount. The Company will receive guarantee commissions from the Employee Shareholders Association Exclusive Trust as compensation for taking on the guarantee obligation.
- (3) The number of Company shares purchased by the Employee Shareholders Association Exclusive Trust will be equivalent to the number that the Employee Shareholders Association is expected to purchase during the trust period.
- (4) Throughout the trust period, the Employee Shareholders Association Exclusive Trust will continuously sell the Company shares that it acquires in accordance with (3) above to the Employee Shareholders Association at market price in line with an established plan of conditions and methods.
- (5) The Employee Shareholders Association Exclusive Trust will use the proceeds from the sale of Company shares to the Employee Shareholders Association as well as dividends on the Company shares it holds to repay loan interest and principal.
- (6) The voting rights associated with the Company shares held by the Employee Shareholders Association Exclusive Trust will be exercised according to instructions from the trust administrator, who has been selected to act on behalf of the beneficiaries.
- (7) Any residual assets held in the Employee Shareholders Association Exclusive Trust when the trust period ends will be converted to cash and distributed to individuals who meet the beneficiary eligibility criteria.
- (8) Any loans outstanding when the trust period ends will be repaid by the Company based on the promise to fulfill loan guarantee obligations as described in (2) above.

## 3. Outline of Employee Shareholders Association Exclusive Trust

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|-----------------------------|---|
| (1) Name:                   | Mabuchi Motor Employee Shareholders Association Exclusive Trust   |
| (2) Trustor:                | The Company   |
| (3) Trustee:                | The Nomura Trust and Banking Co., Ltd.  |
| (4) Beneficiaries:          | Employees who meet the beneficiary eligibility criteria (which will exist following certain procedures after the occurrence of the reason for the establishment of the beneficiary right) |
| (5) Date of trust contract: | November 14, 2022   |
| (6) Trust period:           | From November 14, 2022 to March 1, 2027   |

- (7) Purpose of trust: Stable and continuous supply of shares to the Employee Shareholder Association and distribution of trust assets to those employees who meet the beneficiary eligibility criteria
- (8) Beneficiary eligibility requirements: To be eligible, a beneficiary must be alive on the date when the procedures for confirming eligibility commence (such as the date on which the trust period ended, when all trust assets were converted to cash or all the Company stocks held as trust assets were sold to the Employee Shareholders Association), and be a member of this Employee Shareholders Association (or a former member who had to withdraw their membership due to mandatory retirement, job transfer or promotion to an executive position on or after the trust contract was signed and up until the date when the procedures for confirming beneficiary eligibility commence).

(Reference)

E-Ship® is a registered trademark of Nomura Securities Co., Ltd.

E-Ship® (an abbreviation of Employee Shareholding Incentive Plan) is an incentive plan for employees modeled on employee stock ownership plans that are widely used in the United States. It was jointly developed by Nomura Securities Co., Ltd. and The Nomura Trust and Banking Co., Ltd. for use as an employee stock ownership plan.

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