

CONSOLIDATED FINANCIAL RESULTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021 (J-GAAP)

February 14, 2022

Name of listed company: MABUCHI MOTOR CO., LTD.

Stock exchange listing: Tokyo

Securities code: 6592 (URL: <https://www.mabuchi-motor.com/>)

Representative: Hiroo Okoshi (Representative Director and President, CEO)

Contact: Takumi Tomita (Executive Officer in charge of Accounting and Finance)

Scheduled date of the Ordinary General Meeting of Shareholders: March 30, 2022

Scheduled date of start of dividends payments: March 31, 2022

Scheduled date of the filing of securities report: March 31, 2022

Preparation of the consolidated financial results presentation materials (Yes/No): **Yes**

Holding of the consolidated financial results briefing meeting (Yes/No): **Yes**

(Amounts less than one million yen have been omitted.)

1. Consolidated Results for the Fiscal Year Ended December 31, 2021

(From January 1, 2021 to December 31, 2021)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the fiscal year ended December 31, 2021	134,595	15.6	13,800	7.0	19,570	54.4	14,251	58.6
December 31, 2020	116,432	(11.7)	12,900	(26.5)	12,675	(39.2)	8,987	(36.9)

Note: Comprehensive income

Fiscal year ended December 31, 2021: ¥31,536 million [595.3%] Fiscal year ended December 31, 2020: ¥4,535 million [(65.6)%]

	Profit per share	Fully diluted profit per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
For the fiscal year ended December 31, 2021	216.75	216.68	5.7	7.1	10.3
December 31, 2020	135.64	135.59	3.7	4.8	11.1

Reference: Equity in earnings (losses) of affiliates

Fiscal year ended December 31, 2021: ¥— million

Fiscal year ended December 31, 2020: ¥— million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2021	285,704	259,909	90.9	3,975.34
December 31, 2020	262,559	239,103	91.0	3,623.63

Reference: Shareholders' equity

As of December 31, 2021: ¥259,817 million As of December 31, 2020: ¥239,011 million

(3) Consolidated Cash Flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
For the fiscal year ended December 31, 2021	8,743	(12,970)	(11,285)	103,539
December 31, 2020	18,741	(5,304)	(10,952)	110,190

2. Dividends

	Dividends per share					Total dividends	Dividend payout ratio (Consolidated)	Dividends on equity (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal 2020	—	67.00	—	68.00	135.00	8,976	99.5	3.7
Fiscal 2021	—	57.00	—	58.00	115.00	7,565	53.1	3.0
Fiscal 2022 (forecast)	—	67.00	—	68.00	135.00		71.7	

Note: Breakdown of 2nd quarter-end dividend for fiscal 2020: Special dividend: ¥52.00

Breakdown of year-end dividend for fiscal 2020: Special dividend: ¥53.00

Breakdown of 2nd quarter-end dividend for fiscal 2021: Special dividend: ¥42.00

Breakdown of year-end dividend for fiscal 2021: Special dividend: ¥43.00

Breakdown of 2nd quarter-end dividend for fiscal 2022 (forecast): Special dividend: ¥52.00

Breakdown of year-end dividend for fiscal 2022 (forecast): Special dividend: ¥53.00

3. Consolidated Results Forecasts for the Fiscal Year (From January 1 to December 31, 2022)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months	71,000	2.5	6,600	(23.7)	7,500	(36.2)	5,100	(40.0)	78.03
Full year	148,000	10.0	15,500	12.3	17,300	(11.6)	12,300	(13.7)	188.20

Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries that accompanied changes in the scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates, restatements:

1) Changes in accounting policies resulting from revision of accounting standards, etc.: None

2) Changes in accounting policies due to reasons other than those stated in 1): None

3) Changes in accounting estimates: None

4) Restatements: None

(3) Number of shares issued (common stock)

(Unit: share)

1) Number of shares issued at the end of the period (including treasury stock)	Dec. 31, 2021	67,843,062	Dec. 31, 2020	68,562,462
2) Number of shares of treasury stock at the end of the period	Dec. 31, 2021	2,485,728	Dec. 31, 2020	2,603,384
3) Average number of shares during the period	Jan.–Dec. 2021	65,752,346	Jan.–Dec. 2020	66,261,656

Note: The number of shares of treasury stock as of December 31, 2021 included the shares held by Mabuchi Motor Employee Ownership Association Trust and BIP (13,300 shares and 154,425 shares, respectively, at the end of the period), and the number of shares of treasury stock as of December 31, 2020 included the shares held by Mabuchi Motor Employee Ownership Association Trust and BIP (75,100 shares and 202,449 shares, respectively, at the end of the period).

* The review procedure by a Certified Public Accountant or an auditing firm does not apply these Consolidated Financial Results.

* Explanation related to appropriate use of results forecasts and other items warranting special mention

The above forecasts are based on the information available as of the date of the release of this document. As a result, a variety of factors in the future may cause actual results to differ from these forecasts.

Analysis of Operating Results and Financial Position

(1) Overview of the Operating Results for Fiscal 2021

Business Development and Results

During the fiscal year ended December 31, 2021 (fiscal 2021), the global economy continued its gradual recovery on large fiscal outlays by various countries and progress in the rollout of COVID-19 vaccinations. Some stagnation in economic activity was seen, however, from the effects of higher resource prices and logistics costs, shortfalls in supplies of semiconductors, and a resurgence of new coronavirus infections in Southeast Asia. The U.S. economy remained solid, with retail consumption being supported by the vaccine rollout and a buildup of household savings, and despite limitations on corporate activity from a prolonged shortage of parts and materials. In Europe, economies continued to recover as lockdowns in major urban areas and other measures to prevent the spread of new coronavirus infections were eased, leading to a return to normal economic activity. The pace of recovery in the Japanese economy was sluggish, as a resurgence of new coronavirus infections brought economic activity to a standstill. Emerging market economies were solid overall, with growth in the Chinese economy from factors including an increase in exports and a weakened impact from electrical power shortages, and despite the effect of stagnation in economic activity from a resurgence of new coronavirus infections in Southeast Asia.

With regard to markets related to the Mabuchi Group's products, the automotive products market showed large growth for the full year, with recoveries continuing in all markets despite the effect of production adjustments during the second half as a result of a global shortfall in supplies of semiconductors. The consumer and industrial products market grew significantly on continued market demand in all regions.

Against this backdrop, the Group has been working to address the issues of "Expansion of market share in the power window lifter motor business," "Expansion of medium-sized and small automotive motor sales and new applications," "Sales expansion of new applications in the consumer and industrial products segment," "Implementation of a global base strategy," and "Implementation of new work styles and human resource strategy." We have been successful in proactively introducing and implementing a variety of measures to increase sales and market share, develop new markets, and make further advances in product quality and efficiency that will lead to future business growth. Specific achievements include obtaining approval from a third major North American automaker as a customer for power window lifter motors, winning orders from major Japanese automakers for motors for power seats, developing new products and applications for existing products in new markets that are being activated by the shift to electric vehicles, winning orders for our expanded lineup of brushless motors for mobility and collaborative robots and full-scale entry into the medical-use motor segment through Mabuchi Motor Electromag SA, and making progress toward local production for local consumption at the global level with the commencement of mass production and sales of small automotive motors at Mexico Mabuchi and power window lifter motors at Poland Mabuchi.

As a result, consolidated net sales for fiscal 2021 were 134,595 million yen (a 15.6% increase year on year), and motor sales, which account for the majority of net sales, were 134,544 million yen (a 15.6% increase year on year).

Although operating income was negatively affected by higher prices for commodities, increased sales volume combined with improvements in sales prices and the product mix resulted in operating income of 13,800 million yen (a 7.0% increase year on year).

With an improvement in foreign exchange gains or losses, ordinary income was 19,570 million yen (a 54.4% increase year on year). Profit before income taxes was 20,102 million yen (a 44.6% increase year on year), and profit attributable to owners of parent was 14,251 million yen (a 58.6% increase year on year).

The next section describes market trends and sales conditions categorized into separate markets for motors.

1) Automotive Products Market

Net sales rose to 98,246 million yen (a 16.0% increase year on year). Although both medium-sized automotive motors, which includes motors for power window lifters, motors for power seats, and motors for electric parking brakes, and small automotive motors including door lock actuators, motors for door mirrors, and air conditioning damper actuators were affected by production adjustments from the global shortage of semiconductor supplies and logistics disruptions for the second half, a recovery in automotive demand led to solid growth in sales.

2) Consumer and Industrial Products Market

Net sales rose to 36,297 million yen (a 14.5% increase year on year). Motors for health and medical devices saw solid sales in the midrange and high-end toothbrush segments. Sales of motors for home appliances, power tools and housing equipment, and office equipment increased against a backdrop of demand related to working from home and people staying at home instead of going out.

(2) Overview of the Financial Position for Fiscal 2021

Assets, Liabilities and Net Assets

Total assets as of December 31, 2021, were 285,704 million yen, a 23,145 million yen increase from the end of the previous fiscal year. Major changes included increases of 18,400 million yen in inventories, 6,746 million yen in property, plant and equipment, 4,431 million yen in intangible assets, and a 6,017 million yen decrease in cash and bank deposits.

Total liabilities increased 2,338 million yen from the end of the previous fiscal year, to 25,794 million yen. Major changes included a 1,099 million yen increase in accrued income taxes, a 955 million yen increase in trade notes and accounts payable, and an 829 million yen increase in other current liabilities.

Total net assets increased 20,806 million yen from the end of the previous fiscal year, to 259,909 million yen. This included a 17,214 million yen increase in foreign currency translation adjustments and a 2,843 million yen increase in retained earnings.

(3) Outlook for Fiscal 2022

With concerns of stronger limits on movement being reintroduced in the face of a resurgence of new coronavirus infections, sharply higher resource prices and logistics costs, and shortages in supplies of semiconductors and other components, the outlook for the global economy in fiscal 2022 remains uncertain. Continued growth is forecast for the U.S. economy against a backdrop of solid retail consumption, despite a resurgence of new coronavirus infections and inflation concerns. The pace of economic growth in Europe is seen slowing because of the resurgence of new coronavirus infections and soaring energy prices. In Japan, the pace of recovery is seen being only gradual from the effect of the resurgence of new coronavirus infections. In emerging market countries, while exports are expected to remain strong in China due to external demand, an overall gradual pace of growth is anticipated from the resurgence of new coronavirus infections in other emerging countries.

With regard to markets related to the Mabuchi Group's products, we see an uncertain direction for the automotive products market, with expected strength from a recovery in global automotive demand, but also supply shortfalls for semiconductors and other parts and logistics disruptions. In the consumer and industrial products market, we expect demand to grow in all markets, and are forecasting an overall recovery.

As a result, we are forecasting a 10.0% increase in fiscal 2022 net sales, to 148,000 million yen.

In terms of profit, we are forecasting a 12.3% increase in operating income, to 15,500 million yen, on increased sales volume and improvements in sales prices and the product mix, and despite continued high prices of copper, steel materials, and other commodities and increased research and development costs. Our plan does not include foreign exchange gains or losses, and we are therefore forecasting an 11.6% decrease in ordinary income, to 17,300 million yen, and a 13.7% decrease in profit attributable to owners of parent, to 12,300 million yen.

Our forecasts for the full-year business results for fiscal 2022 are as follows:

Consolidated results forecasts (compared with the previous period)

Net sales	148,000 million yen	(10.0% increase)
Operating income	15,500 million yen	(12.3% increase)
Ordinary income	17,300 million yen	(11.6% decrease)
Profit attributable to owners of parent	12,300 million yen	(13.7% decrease)

The above forecasts assume an exchange rate of US\$1 = ¥110. No allowances have been made for foreign exchange gains or losses.

Note: The above forecasts were made based on information that is available at the present moment. Actual results may differ from expectations owing to various future factors, the main ones of which are as follows:

- Fluctuations in foreign exchange rates
- Changes in economic conditions and demand trends in our business areas
- Rapid technological innovations, such as new technologies or new products

- Fluctuations in market prices of copper, steel materials, rare earths, and other raw materials

Note, however, that the factors that could affect our results are not limited to the above.

Basic Policy on the Selection of Accounting Standards

The Mabuchi Group will continue to use Japanese accounting standards for the time being.

With regard to future application of International Financial Reporting Standards (IFRS), the Group will respond appropriately from a viewpoint of increasing corporate value, taking into account circumstances in Japan and abroad.

Consolidated Financial Statements and Primary Notes
(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of December 31, 2020	As of December 31, 2021
Assets		
Current assets		
Cash and bank deposits	110,018	104,001
Trade notes and accounts receivable	24,729	24,009
Short-term investments	1,500	1,500
Merchandise and finished goods	22,249	35,035
Work in process	989	1,118
Raw materials and supplies	9,280	14,766
Other current assets	4,789	5,281
Allowance for doubtful accounts	(163)	(134)
Total current assets	173,394	185,577
Fixed assets		
Property, plant and equipment		
Buildings and structures	50,328	54,365
Accumulated depreciation	(29,467)	(32,277)
Buildings and structures, net	20,860	22,088
Machinery, equipment and vehicles	68,430	83,698
Accumulated depreciation	(36,914)	(47,249)
Machinery, equipment and vehicles, net	31,515	36,449
Tools, furniture and fixture	19,976	22,497
Accumulated depreciation	(15,944)	(18,569)
Tools, furniture and fixture, net	4,031	3,927
Land	6,589	6,626
Construction in progress	14,016	14,667
Total property, plant and equipment	77,014	83,760
Intangible assets		
Goodwill	—	2,708
Other intangible assets	—	2,788
Total intangible assets	1,065	5,497
Investments and other assets		
Investment securities	9,254	8,730
Deferred tax assets-non-current	578	780
Other investments and other assets	1,658	1,390
Allowance for doubtful accounts	(405)	(31)
Total investments and other assets	11,085	10,869
Total fixed assets	89,164	100,126
Total assets	262,559	285,704

(Millions of yen)

	As of December 31, 2020	As of December 31, 2021
Liabilities		
Current liabilities		
Trade notes and accounts payable	6,486	7,442
Accrued income taxes	1,934	3,034
Accrued bonuses due to employees	233	226
Accrued bonuses due to directors	176	241
Other current liabilities	9,361	10,190
Total current liabilities	18,193	21,136
Long-term liabilities		
Long-term loans payable	380	122
Accrued benefits for stock payment	241	65
Liability for retirement benefits	2,051	2,109
Asset retirement obligations	27	32
Deferred tax liabilities-non-current	2,203	1,923
Other long-term liabilities-non-current	357	405
Total long-term liabilities	5,262	4,658
Total liabilities	23,456	25,794
Net assets		
Shareholders' equity		
Common stock	20,704	20,704
Additional paid-in capital	20,419	20,419
Retained earnings	216,929	219,773
Treasury stock	(11,555)	(10,877)
Total shareholders' equity	246,499	250,020
Accumulated other comprehensive income		
Net unrealized holding gains or losses on securities	1,985	1,900
Deferred gains or losses on hedges	—	(3)
Foreign currency translation adjustments	(8,928)	8,286
Retirement benefits liability adjustments	(545)	(386)
Total accumulated other comprehensive income	(7,487)	9,797
Subscription rights to shares	91	91
Total net assets	239,103	259,909
Total liabilities and net assets	262,559	285,704

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)

	(Millions of yen)	
	Fiscal Year Ended December 31, 2020 (January 1, 2020 to December 31, 2020)	Fiscal Year Ended December 31, 2021 (January 1, 2021 to December 31, 2021)
Net sales	116,432	134,595
Cost of sales	81,576	98,180
Gross profit	34,856	36,415
Selling, general and administrative expenses	21,955	22,615
Operating income	12,900	13,800
Non-operating income		
Interest income	695	533
Dividend income	244	299
Foreign exchange gains	—	2,880
Gain on sales of raw material scrap	1,128	2,068
Other	577	558
Total non-operating income	2,645	6,340
Non-operating expenses		
Stock-related expenses	138	142
Foreign exchange losses	1,371	—
Soil cleanup expenses	429	48
Depreciation	135	172
Other	794	206
Total non-operating expenses	2,870	570
Ordinary income	12,675	19,570
Extraordinary income		
Gain on disposal of fixed assets	9	4
Gain on sales of investment securities	2,382	974
Gain on reversal of share acquisition rights	7	—
Gain on reversal of foreign currency translation adjustments resulting from liquidation of foreign subsidiary	—	282
Total extraordinary income	2,400	1,261
Extraordinary loss		
Loss on disposal of fixed assets	322	164
Extraordinary retirement expenses	151	130
Loss from closure of a manufacturing subsidiary	449	—
Loss related to infectious disease	251	433
Loss on sales of golf memberships	—	1
Total extraordinary loss	1,175	729
Profit before income taxes	13,901	20,102
Income taxes		
Current	4,964	6,287
Deferred	(50)	(437)
Total income taxes	4,913	5,850
Profit	8,987	14,251
Profit attributable to owners of parent	8,987	14,251

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal Year Ended December 31, 2020 (January 1, 2020 to December 31, 2020)	Fiscal Year Ended December 31, 2021 (January 1, 2021 to December 31, 2021)
Profit	8,987	14,251
Other comprehensive income		
Net unrealized holding gains or losses on securities	(1,470)	(85)
Deferred gains or losses on hedges	2	(3)
Foreign currency translation adjustments	(3,150)	17,214
Retirement benefits liability adjustments	167	158
Total other comprehensive income	(4,452)	17,285
Comprehensive income	4,535	31,536
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,535	31,536
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Net Assets
Fiscal year ended December 31, 2020 (January 1—December 31, 2020)

	Millions of yen				
	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	20,704	20,419	216,974	(10,014)	248,084
Changes of items during the period					
Cash dividend	—	—	(4,538)	—	(4,538)
Cash dividend (interim dividends)	—	—	(4,472)	—	(4,472)
Profit attributable to owners of parent	—	—	8,987	—	8,987
Purchase of treasury stock	—	—	—	(1,941)	(1,941)
Disposal of treasury stock	—	—	(21)	400	379
Cancellation of treasury stock	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the period	—	—	(44)	(1,540)	(1,585)
Ending balance	20,704	20,419	216,929	(11,555)	246,499

	Millions of yen						
	Accumulated other comprehensive income					Subscription rights to shares	Total net assets
	Net unrealized holding gains or losses on securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income		
Beginning balance	3,456	(2)	(5,777)	(712)	(3,035)	124	245,172
Changes of items during the period							
Cash dividend	—	—	—	—	—	—	(4,538)
Cash dividend (interim dividends)	—	—	—	—	—	—	(4,472)
Profit attributable to owners of parent	—	—	—	—	—	—	8,987
Purchase of treasury stock	—	—	—	—	—	—	(1,941)
Disposal of treasury stock	—	—	—	—	—	—	379
Cancellation of treasury stock	—	—	—	—	—	—	—
Net changes of items other than shareholders' equity	(1,470)	2	(3,150)	167	(4,452)	(32)	(4,484)
Total changes of items during the period	(1,470)	2	(3,150)	167	(4,452)	(32)	(6,069)
Ending balance	1,985	—	(8,928)	(545)	(7,487)	91	239,103

Fiscal year ended December 31, 2021 (January 1—December 31, 2021)

	Millions of yen				
	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	20,704	20,419	216,929	(11,555)	246,499
Changes of items during the period					
Cash dividend	—	—	(4,504)	—	(4,504)
Cash dividend (interim dividends)	—	—	(3,764)	—	(3,764)
Profit attributable to owners of parent	—	—	14,251	—	14,251
Purchase of treasury stock	—	—	—	(3,013)	(3,013)
Disposal of treasury stock	—	4	—	547	551
Cancellation of treasury stock	—	(4)	(3,139)	3,143	—
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the period	—	—	2,843	677	3,521
Ending balance	20,704	20,419	219,773	(10,877)	250,020

	Millions of yen						
	Accumulated other comprehensive income					Subscription rights to shares	Total net assets
	Net unrealized holding gains or losses on securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income		
Beginning balance	1,985	—	(8,928)	(545)	(7,487)	91	239,103
Changes of items during the period							
Cash dividend	—	—	—	—	—	—	(4,504)
Cash dividend (interim dividends)	—	—	—	—	—	—	(3,764)
Profit attributable to owners of parent	—	—	—	—	—	—	14,251
Purchase of treasury stock	—	—	—	—	—	—	(3,013)
Disposal of treasury stock	—	—	—	—	—	—	551
Cancellation of treasury stock	—	—	—	—	—	—	—
Net changes of items other than shareholders' equity	(85)	(3)	17,214	158	17,285	—	17,285
Total changes of items during the period	(85)	(3)	17,214	158	17,285	—	20,806
Ending balance	1,900	(3)	8,286	(386)	9,797	91	259,909

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year Ended December 31, 2020 (January 1, 2020 to December 31, 2020)	Fiscal Year Ended December 31, 2021 (January 1, 2021 to December 31, 2021)
Cash flows from operating activities		
Profit before income taxes	13,901	20,102
Depreciation and amortization	8,939	9,974
Increase (Decrease) in liability for retirement benefits	154	159
Interest and dividends income	(939)	(833)
Foreign exchange losses (gains)	3,217	(3,604)
Loss (Gain) on sales of investment securities	(2,382)	(974)
Loss (Gain) on disposal of fixed assets	313	160
Gain on reversal of foreign currency translation adjustments resulting from liquidation of foreign subsidiary	—	(282)
Decrease (Increase) in trade notes and accounts receivable	(2,714)	2,641
Decrease (Increase) in inventories	728	(14,109)
Increase (Decrease) in trade notes and accounts payable	379	750
Gain on reversal of share acquisition rights	(7)	—
Loss (gain) on sale of golf club membership	—	1
Other, net	1,075	(472)
Sub total	22,664	13,512
Interest and dividends received	970	797
Income taxes paid	(4,893)	(5,566)
Net cash provided by operating activities	18,741	8,743
Cash flows from investing activities		
Increase of time deposits	(314)	(735)
Proceeds from withdrawal of time deposits	—	171
Proceeds from sales of short-term investments	800	—
Purchase of fixed assets	(7,736)	(9,622)
Proceeds from sales of fixed assets	48	16
Purchase of investment securities	(500)	(2)
Proceeds from sales of investment securities	2,757	1,142
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(4,080)
Other, net	(358)	139
Net cash used in investing activities	(5,304)	(12,970)
Cash flows from financing activities		
Repayment of long-term loans payable	(254)	(257)
Cash dividends paid	(9,011)	(8,269)
Purchase of treasury stock	(1,927)	(3,008)
Proceeds from sales of treasury stock	240	251
Net cash used in financing activities	(10,952)	(11,285)
Effect of exchange rate changes on cash and cash equivalents	(3,156)	8,859
Net increase (decrease) in cash and cash equivalents	(672)	(6,651)
Cash and cash equivalents at beginning of period	110,863	110,190
Cash and cash equivalents at end of period	110,190	103,539

(5) Notes to Consolidated Financial Statements
(Notes Regarding Going-Concern Assumptions)

None

(Segment Information, etc.)

[Segment Information]

1. Overview of Reporting Segments

The reporting segments of the Company and its consolidated subsidiaries are regularly reviewed by the Board of Directors, etc., using the segregated financial information available within each segment of the Company and its consolidated subsidiaries to determine the allocation of management resources and evaluate business results.

The Company and its consolidated subsidiaries specialize in small motors manufacturing and sales as a single line of business. The Company is in charge of the business activities in Japan. Meanwhile, subsidiaries located overseas are in charge of operations in Asia, North and Latin America, Europe, etc. Subsidiaries located overseas are independent management units and propose comprehensive product strategies while pursuing business expansion.

Since the Company and its consolidated subsidiaries are composed of regional segments based on a manufacturing and selling system, the Company and its consolidated subsidiaries have designated that “Japan,” “Asia,” “North and Latin America” and “Europe” as their reporting segments.

2. Methods for Calculating Net Sales, Income or Loss, Assets, Liabilities and Other Items by Reporting Segment

Intersegment sales and transfers are based on prevailing market prices.

3. Information Concerning Net Sales, Income or Loss, Assets, Liabilities and Other Items by Reporting Segment

Fiscal year ended December 31, 2020 (January 1, 2020–December 31, 2020)

	Reporting Segment					Adjustment (Note 1)	Total reported in consolidated financial statements (Note 2)
	Japan	Asia	North and Latin America	Europe	Total		
Net sales							
Sales to external customers	11,525	58,941	19,954	26,011	116,432	—	116,432
Intersegment sales and transfers	68,097	60,925	1,866	80	130,970	(130,970)	—
Total	79,623	119,867	21,821	26,091	247,403	(130,970)	116,432
Segment income (loss)	4,205	7,244	1,069	(248)	12,270	630	12,900
Segment assets	122,575	163,732	31,221	25,459	342,988	(80,429)	262,559
Other items							
Depreciation and amortization	1,104	7,209	724	177	9,215	(276)	8,939
Amortization of goodwill	—	—	—	—	—	—	—
Increase in property, plant and equipment, and intangible assets	553	4,609	1,840	2,039	9,043	(480)	8,562

Notes: 1. (1) The segment income (loss) adjustment represents intersegment transaction eliminations.

(2) The segment assets adjustment includes: intersegment debt and credit eliminations of ¥(130,141) million; corporate assets of ¥49,712 million, not allocated to each segment. Corporate assets primarily include the parent company's surplus funds for investment (e.g., cash and bank deposits and short-term investments) and long-term investment funds (e.g., investment securities).

(3) The depreciation and amortization adjustment represent intersegment transaction eliminations.

(4) Increase in property, plant and equipment, and intangible assets adjustment represents intersegment transaction eliminations.

2. Segment income (loss) is adjusted for operating income reported in the consolidated statements of income.

Fiscal year ended December 31, 2021 (January 1, 2021–December 31, 2021)

(Millions of yen)

	Reporting Segment					Adjustment (Note 1)	Total reported in consolidated financial statements (Note 2)
	Japan	Asia	North and Latin America	Europe	Total		
Net sales							
Sales to external customers	12,855	68,770	24,327	28,641	134,595	—	134,595
Intersegment sales and transfers	83,257	74,489	3,187	84	161,019	(161,019)	—
Total	96,113	143,259	27,515	28,726	295,614	(161,019)	134,595
Segment income (loss)	5,539	9,597	617	(872)	14,881	(1,081)	13,800
Segment assets	135,643	178,896	34,889	31,713	381,142	(95,438)	285,704
Other items							
Depreciation and amortization	997	8,106	746	414	10,265	(291)	9,974
Amortization of goodwill	—	—	—	50	50	—	50
Increase in property, plant and equipment, and intangible assets	771	8,166	563	5,611	15,113	(644)	14,468

Notes: 1. (1) The segment income (loss) adjustment represents intersegment transaction eliminations.

(2) The segment assets adjustment includes: intersegment debt and credit eliminations of ¥(140,893) million; corporate assets of ¥45,454 million, not allocated to each segment. Corporate assets primarily include the parent company's surplus funds for investment (e.g., cash and bank deposits and short-term investments) and long-term investment funds (e.g., investment securities).

(3) The depreciation and amortization adjustment represent intersegment transaction eliminations.

(4) Increase in property, plant and equipment, and intangible assets adjustment represents intersegment transaction eliminations.

2. Segment income (loss) is adjusted for operating income reported in the consolidated statements of income.

[Reference Information]
Fiscal year ended December 31, 2020 (January 1, 2020–December 31, 2020)
1. Geographical Segment Information
(1) Net sales

(Millions of yen)

Japan	Asia	North and Latin America	Europe	Total
11,820	58,646	19,954	26,011	116,432

Note: Net sales are classified by country and region based on customer location.

(2) Property, plant and equipment

(Millions of yen)

Japan	Asia	North and Latin America	Europe	Total
14,767	44,190	12,816	5,239	77,014

Fiscal year ended December 31, 2021 (January 1, 2021–December 31, 2021)**1. Geographical Segment Information****(1) Net sales****(Millions of yen)**

Japan	Asia	North and Latin America	Europe	Total
12,934	68,691	24,327	28,641	134,595

Note: Net sales are classified by country and region based on customer location.

(2) Property, plant and equipment**(Millions of yen)**

Japan	Asia	North and Latin America	Europe	Total
14,362	49,575	13,635	6,186	83,760

(Items related to corporate merger, etc.)

1. Overview of the corporate merger

(1) Name and business of acquired company

Company name: Electromag SA (the “Electromag”)

Business: Manufacturing and sales of motors for medical equipment

(2) Primary reasons for the merger

The Company has the Management Principle of Contributing to international society and continuously increasing our contribution. To realize this principle, the Company has developed the Long-Term Management Policy and the Mid-Term Management Plan (2021-2023). This plan is aiming to accelerate the Company’s growth, by providing solutions for the issues which society and customers are facing. Expanding the business for wellness and healthcare applications and developing new brushless motor products are parts of the Company’s priority efforts to achieve such a plan.

Electromag is a brushless motor manufacturer based in Switzerland that specializes in key applications such as ventilators for hospital care, home care, including CPAP*, and handpieces for dental care. Electromag’s cutting-edge solutions and technology enable it to develop brushless motors with unique characteristics such as ultra-quiet, low vibration, high speed, perfectly suited for medical device application. Electromag is a world-leading manufacturer of motors for healthcare applications with an outstanding market share in hospital care ventilation motors.

By leveraging Electromag’s technologies and expertise in healthcare applications, the Company will accelerate its priority initiatives and furthermore realize the vision and the Management Principle.

* Stands for Continuous Positive Airway Pressure: A device that prevents sleep apnea by pumping pressurized air through the nasal cavity to expand the respiratory tract

(3) Date of merger

July 6, 2021 (Deemed date of acquisition: September 30, 2021)

(4) Legal form of merger

Acquisition of shares

(5) Company name after merger

Mabuchi Motor Electromag SA

(6) Percentage of voting rights acquired

100%

(7) Primary basis for decision to acquire company

The Company acquired the shares in exchange for cash.

2. Period covered for results of acquired company included in Consolidated Financial Statements

October 1 to December 31, 2021

3. Acquisition cost and types of compensation paid for the acquired company

Compensation	Cash	5,004 million yen
Acquisition cost		5,004 million yen

4. Details of conditional compensation stipulated in merger agreement and accounting policy going forward

(1) Details of conditional compensation

Additional compensation will be paid corresponding to degree of achievement in Electromag’s business results following the merger.

(2) Policy for accounting treatment going forward

In the event the payment of additional compensation occurs, the acquisition cost will be revised to reflect that amount as having been paid at the time of the acquisition, with the amount of goodwill and amounts of goodwill amortization revised accordingly.

5. Details and amounts of major acquisition-related costs

Remuneration and fee, etc. for advisory 136 million yen

6. Amount, cause, and amortization method and period for goodwill arising from acquisition

(1) Amount of goodwill

2,632 million yen

At the end of the third quarter, the amount of goodwill was tentatively calculated because the allocation of the acquisition cost had not been completed, but the amount has been determined as of the fiscal year-end.

(2) Cause of goodwill

Goodwill will arise primarily from the future excess earnings strength anticipated from business development going forward.

(3) Amortization method and period

Straight-line method over 13 years

7. Amounts and primary breakdown of assets and liabilities assumed as of merger date

Current assets	1,263 million yen
Fixed assets	1,566 million yen
Total assets	2,829 million yen

Current liabilities	246 million yen
Long-term liabilities	229 million yen
Total liabilities	475 million yen

8. Amounts allocated to intangible assets other than goodwill, breakdown by major type of asset, and weighted average amortization period overall and by primary asset type

Breakdown by primary asset type	Amount	Amortization period
Customer-related intangible assets	1,092 million yen	7 years
Technology-related intangible assets	403 million yen	7 years

9. Estimated amounts and calculation method for effects on Consolidated Statements of Income for the fiscal year ended December 31, 2021, assuming the merger had been completed on January 1, 2021

This information is omitted due to immateriality of the amounts.