

CONSOLIDATED FINANCIAL RESULTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019 (J-GAAP)

February 13, 2020

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: Takayuki Kokon (Executive Officer and Senior General Manager of Administration Headquarters and Business Platform Innovation Headquarters)

Scheduled date of the Ordinary General Meeting of Shareholders: March 27, 2020

Scheduled date of start of dividends payments: March 30, 2020

Scheduled date of the filing of securities report: March 30, 2020

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 Operating Results

	Year ended Dec. 2018	Year ended Dec. 2019	Year on Year
	<i>(Millions of yen)</i>		<i>(Percentage change)</i>
(1) Consolidated Operating Results:			
Net sales	143,116	131,807	-7.9%
Operating income	21,243	17,544	-17.4%
Ordinary income	24,804	20,854	-15.9%
Profit attributable to owners of parent	22,925	14,234	-37.9%
Profit per share (Yen)	341.19	214.00	
Fully diluted profit per share (Yen)	341.05	213.91	
Return on equity	9.4%	5.8%	
Ordinary income to total assets	9.2%	7.8%	
Operating income to net sales	14.8%	13.3%	

Note: Comprehensive income

Year ended Dec. 31, 2019: ¥13,187million (-0.4%)

Year ended Dec. 31, 2018: ¥13,238 million (-42.4%)

Reference: Equity in earnings (losses) of affiliates

Year ended Dec. 31, 2019: ¥— million

Year ended Dec. 31, 2018: ¥— million

	As of Dec. 31, 2018	As of Dec. 31, 2019
	<i>(Millions of yen)</i>	
(2) Consolidated Financial Position:		
Total assets	267,050	268,244
Net assets	244,454	245,172
Shareholders' equity ratio	91.5%	91.4%
Net assets per share (Yen)	3,640.08	3,690.86

Note: Shareholders' equity

As of Dec. 31, 2019: ¥245,048 million

As of Dec. 31, 2018: ¥244,330 million

Note: The "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) have been applied from the beginning of the consolidated fiscal year under review and have also been applied retroactively to the financial position (consolidated) of the fiscal year ended December 31, 2018.

	Year ended Dec. 2018	Year ended Dec. 2019
	<i>(Millions of yen)</i>	
(3) Consolidated Cash Flows:		
Net cash provided by operating activities	20,979	25,830
Net cash used in investing activities	(12,735)	(15,246)
Net cash used in financing activities	(11,069)	(12,132)
Cash and cash equivalents at end of period	113,560	110,863

2. Dividends

Record Date	Dividends (Yen)					Total dividends (Millions of yen)	Dividend payout ratio (Consolidated)	Dividends on equity (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Full year			
Fiscal 2018	—	55.00	—	80.00	135.00	9,077	39.6%	3.7%
Fiscal 2019	—	67.00	—	68.00	135.00	8,991	63.1%	3.7%
Fiscal 2020 (Forecast)	—	67.00	—	68.00	135.00		67.9%	

Note: Breakdown of 2nd quarter-end dividend for fiscal 2018: Special dividend: ¥40.00

Breakdown of year-end dividend for fiscal 2018: Special dividend: ¥65.00

Breakdown of 2nd quarter-end dividend for fiscal 2019: Special dividend: ¥52.00

Breakdown of year-end dividend for fiscal 2019: Special dividend: ¥53.00

Breakdown of 2nd quarter-end dividend for fiscal 2020 (forecast): Special dividend: ¥52.00

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

3. Consolidated Results Forecasts for the Fiscal Year (From January 1 to December 31, 2020)

	Six months	Full year
	(Millions of yen)	
Net sales	64,000	132,000
Operating income	8,300	17,100
Ordinary income	9,100	18,700
Profit attributable to owners of parent	6,300	13,200
Profit per share (Yen)	94.89	198.82

Note: We have been still evaluating the impact of new type pneumonia and have not reflected it in the consolidated results forecasts for the fiscal year noted above.

* 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 end of period (including treasury stock):	Dec. 31, 2019	68,562,462	Dec. 31, 2018	68,562,462
2) Number of shares of treasury stock at end of period:	Dec. 31, 2019	2,169,271	Dec. 31, 2018	1,440,240
3) Average number of shares during the period:	Jan.— Dec. 2019	66,517,552	Jan.— Dec. 2018	67,191,599

Note: The number of shares of treasury stock as of December 31, 2019 included the shares held by Mabuchi Motor Employee Ownership Association Trust and BIP (139,100 shares and 203,226 shares, respectively, at the end of the period), and the number of shares of treasury stock as of December 31, 2018 included the shares held by BIP (116,386 shares 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 2019

Business Development and Results

During the fiscal year ended December 31, 2019 (fiscal 2019), the trend of a slowdown in the global economy became stronger, amid concerns regarding trade and the economic environment. The U.S. economy saw increased consumer spending against a backdrop of continued improvement in the environment for hiring, and continued to show solid growth. The pace of growth in the European economy remained sluggish on stagnant manufacturing in Germany, despite signs of exports for the region as a whole bottoming out. In Japan, the economy was showing gradual growth on increased capital investment and growth in consumer spending from an improving hiring environment. Growth in emerging market economies slowed overall, with a decelerating pace of growth being seen in China.

With regard to markets related to the Mabuchi Group's products, the automotive products market contracted on weakness primarily in Europe and China despite a solid North American market. The consumer and industrial products market saw a continued contraction in markets for some applications.

Against this backdrop, the Mabuchi Group has been working to address the issues of "Acceleration of growth in the power window lifter motor business," "Expansion of medium-sized and small automotive motor sales and new applications," "Development of new applications in the consumer and industrial products sector," "Pursuing laborsaving and next-generation manufacturing innovation," and "Implementation of a global base strategy." Specifically, we proactively introduced and implemented various measures to increase sales and market share, develop new markets, and further improve efficiency and product quality, and achieved successes that will lead to future business growth. This included making significant progress in our efforts to obtain approval from a third major North American automaker, using our high market share in small automotive motors and our experience in brushless motors to achieve a higher rate of order acceptance by participating in customers' product development from the initial stages, gaining large-scale orders in both growth markets including light electric vehicles and in existing markets, being on track to achieve the targets of the Phase 3 Laborsaving Plan (FY2017-FY2019), and pursuing local production for local consumption at the global level and addressing changes in the trade and economic environment.

Nevertheless, given the global economic slowdown, consolidated net sales for fiscal 2019 were 131,807 million yen (a 7.9% decrease from the previous year), while motor sales, which constitute the majority of net sales, were 131,799 million yen (a 7.9% decrease year on year).

Although operating income was boosted by improvements in sales prices and the product mix and movements in market prices for commodities including copper and steel materials, the yen's appreciation, lower sales volume, and higher costs resulted in operating income of 17,544 million yen (a 17.4% decrease year on year).

Ordinary income was 20,854 million yen (a 15.9% decrease year on year), reflecting a decrease in foreign exchange gains, and profit before income taxes declined 31.2% year on year, to 20,179 million yen, in the absence of the one-time gain on sales of fixed assets related to real estate sales at the Company's wholly owned subsidiary Mabuchi Industry Co., Ltd. (Hong Kong Mabuchi) recorded in the previous year. Profit attributable to owners of parent was 14,234 million yen (a 37.9% decrease year on year).

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

1) Automotive Products Market

Net sales declined to 97,959 million yen (a 6.0% decrease year on year). The priority business of medium-sized automotive motors saw a decline in sales of motors for power window lifters, from the effect of sluggish automotive production volume in China despite increased sales of high-torque standard products to major North American automakers. Sales of motors for power seats declined on a weaker product mix, discontinued production of equipped models, and weak markets. Sales of motors for electric parking brakes rose on increases in the number of equipped models and a higher rate of installation. Although we maintained our market shares for small automotive motors including actuators for door locks, door mirrors and air conditioning dampers, a global market slowdown resulted in weak sales.

2) Consumer and Industrial Products Market

Net sales were 33,840 million yen (a 12.9% decrease year on year). Sales of motors for personal care products declined despite solid sales in the midrange and high-end toothbrush segments, as orders were curtailed in some applications based on our policy of emphasizing profitability. The markets for motors for inkjet printers and for car CD players continued to contract.

2. Overview of the Financial Position for Fiscal 2019

Assets, Liabilities and Net Assets

Total assets as of December 31, 2019, were 268,244 million yen, a 1,194 million yen increase from December 31, 2018. Major changes included a 6,478 million yen increase in property, plant and equipment associated with capital investment including for the establishment of a new production base, a 1,772 million yen increase in investment securities, a 2,697 million yen decrease in cash and bank deposits, a 1,996 million yen decrease in trade notes and accounts receivable, and a 1,828 million yen decrease in inventories.

Total liabilities stood at 23,071 million yen, for a 476 million yen increase from the previous fiscal year-end. Major changes included a 1,322 million yen increase in deferred tax liabilities-non-current and a 1,102 million yen decrease in other current liabilities.

Total net assets increased 718 million yen from the end of the previous fiscal year, to 245,172 million yen. Retained earnings increased 4,380 million yen, net unrealized holding gains or losses on securities increased 1,436 million yen, foreign currency translation adjustments decreased 2,703 million yen, and treasury stock, which is deducted from net assets, increased 2,614 million yen.

3. Outlook for Fiscal 2020

In addition to geopolitical tensions and concerns regarding the economic environment, we expect the global economy to record slower growth in fiscal 2020 from increased uncertainty on concerns related to public health stemming from the new coronavirus. In developed countries, although we see the U.S. economy remaining solid led by growth in domestic demand, we expect the pace of growth to slow on concerns regarding the direction of trade policies. We expect low growth in Europe as well, with concerns surrounding Brexit negotiations and a slowdown forecast for the German economy. In Japan, we see gradual growth continuing, supported by economic measures introduced to alleviate the effect of the consumption tax increase. Although we are forecasting gradual growth for emerging market economies as a whole, we see the rate of growth slowing further on increased uncertainty regarding the Chinese economy.

With regard to markets related to the Mabuchi Group's products, we continue to forecast a decline from the previous year in the automotive products market on slight decreases in North America and Europe and a slowdown in China. For the consumer and industrial products market, we see growth slowing on an anticipated slowdown in the Chinese market.

Against this backdrop, we are planning for growth in the automotive products market on growth in the North American power window lifter motor business and increased sales of actuators for door locks and door mirrors from higher rates of installation, and are forecasting a 0.1% increase in fiscal 2020 net sales, to 132,000 million yen. For operating income, although we see sales volume increasing and improvements in sales prices and the product mix, we are forecasting a 2.5% decline, to 17,100 million yen, from factors including the yen's appreciation, higher market prices for commodities including copper and steel materials, and increased costs associated with the startup of a new production base in Europe. We anticipate ordinary income of 18,700 million yen (a 10.3% decrease) and profit attributable to owners of parent of 13,200 million yen (a 7.3% decrease), without the consideration of foreign exchange gains or losses.

Our forecasts for the full-year business results for fiscal 2020 are as follows:

Consolidated results forecasts (compared with the previous period)

Net sales	132,000 million yen	(0.1% increase)
Operating income	17,100 million yen	(2.5% decrease)
Ordinary income	18,700 million yen	(10.3% decrease)
Profit attributable to owners of parent	13,200 million yen	(7.3% decrease)

The above forecasts assume an exchange rate of US\$1 = ¥105. 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, rare earths, and other raw materials

The effect of the new coronavirus is currently being assessed, and is not reflected in our outlook for fiscal 2020 business results.

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 Balance Sheets and Primary Notes

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES AS OF DECEMBER 31, 2018 and DECEMBER 31, 2019

	(Millions of yen)	
ASSETS	December 31, 2018	December 31, 2019
Current assets		
Cash and bank deposits	113,066	110,369
Trade notes and accounts receivable	23,909	21,913
Short-term investments	2,500	2,301
Merchandise and finished goods	25,014	24,353
Work in process	998	954
Raw materials and supplies	9,696	8,572
Other current assets	4,823	5,101
Allowance for doubtful accounts	(104)	(53)
Total current assets	179,902	173,510
Fixed assets		
Property, plant and equipment		
Buildings and structures	48,936	50,580
Accumulated depreciation	(27,275)	(28,443)
Buildings and structures, net	21,661	22,137
Machinery, equipment and vehicles	59,856	64,220
Accumulated depreciation	(29,744)	(33,269)
Machinery, equipment and vehicles, net	30,111	30,951
Tools, furniture and fixture	18,278	19,403
Accumulated depreciation	(13,758)	(14,916)
Tools, furniture and fixture, net	4,519	4,487
Land	6,633	6,640
Construction in progress	11,099	16,288
Total property, plant and equipment	74,025	80,504
Intangible assets	1,109	1,144
Investments and other assets		
Investment securities	9,208	10,980
Long-term loans receivable	453	—
Deferred tax assets-non-current	825	704
Other investments and other assets	1,558	1,433
Allowance for doubtful accounts	(33)	(33)
Total investments and other assets	12,012	13,084
Total fixed assets	87,147	94,733
Total assets	267,050	268,244

(Millions of yen)

LIABILITIES AND NET ASSETS	December 31, 2018	December 31, 2019
Liabilities		
Current liabilities		
Trade notes and accounts payable	6,376	6,003
Accrued income taxes	1,812	1,966
Accrued bonuses due to employees	265	249
Accrued bonuses due to directors	161	172
Other current liabilities	9,832	8,730
Total current liabilities	18,448	17,121
Long-term liabilities		
Long-term loans payable	—	635
Accrued benefits for stock payment	117	142
Liability for retirement benefits	2,259	2,139
Asset retirement obligations	17	17
Deferred tax liabilities-non-current	1,393	2,716
Other long-term liabilities-non-current	359	299
Total long-term liabilities	4,147	5,950
Total liabilities	22,595	23,071
Net assets		
Shareholders' equity		
Common stock	20,704	20,704
Additional paid-in capital	20,419	20,419
Retained earnings	212,594	216,974
Treasury stock	(7,400)	(10,014)
Total shareholders' equity	246,318	248,084
Accumulated other comprehensive income		
Net unrealized holding gains or losses on securities	2,020	3,456
Deferred gains or losses on hedges	(37)	(2)
Foreign currency translation adjustments	(3,074)	(5,777)
Retirement benefits liability adjustments	(897)	(712)
Total accumulated other comprehensive income	(1,988)	(3,035)
Subscription rights to shares	124	124
Total net assets	244,454	245,172
Total liabilities and net assets	267,050	268,244

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES FOR THE YEARS ENDED DECEMBER 31, 2018 and 2019

(Consolidated Statements of Income)

	(Millions of yen)	
	2018	2019
Net sales	143,116	131,807
Cost of sales	98,788	90,776
Gross profit	44,327	41,031
Selling, general and administrative expenses	23,084	23,486
Operating income	21,243	17,544
Non-operating income		
Interest income	614	830
Dividend income	274	291
Foreign exchange gains	1,474	990
Gain on sales of raw material scrap	1,520	1,378
Other	393	452
Total non-operating income	4,277	3,943
Non-operating expenses		
Stock-related expenses	68	150
Non-deductible consumption tax	49	49
Soil cleanup expenses	292	—
Other	304	434
Total non-operating expenses	715	634
Ordinary income	24,804	20,854
Extraordinary income		
Gain on disposal of fixed assets	6,027	25
Gain on sales of golf memberships	2	1
Total extraordinary income	6,030	27
Extraordinary loss		
Loss on disposal of fixed assets	1,237	612
Extraordinary retirement expenses	274	90
Total extraordinary loss	1,511	702
Profit before income taxes	29,323	20,179
Income taxes		
Current	6,433	5,091
Deferred	(35)	853
Total income taxes	6,398	5,944
Profit	22,925	14,234
Profit attributable to owners of parent	22,925	14,234

(Consolidated Statements of Comprehensive Income)

	(Millions of yen)	
	2018	2019
Profit	22,925	14,234
Other comprehensive income		
Net unrealized holding gains or losses on securities	(2,526)	1,436
Deferred gains or losses on hedges	50	35
Foreign currency translation adjustments	(7,517)	(2,703)
Retirement benefits liability adjustments	306	184
Total other comprehensive income	(9,686)	(1,047)
Comprehensive income	13,238	13,187
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,238	13,187
Comprehensive income attributable to non-controlling interests	—	—

Consolidated Statements of Changes in Net Assets

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

Fiscal year ended December 31, 2018 (January 1—December 31, 2018)

	Millions of yen				
	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	20,704	20,419	200,713	(7,486)	234,351
Changes of items during the period					
Cash dividend	—	—	(4,474)	—	(4,474)
Cash dividend (interim dividends)	—	—	(3,698)	—	(3,698)
Profit attributable to owners of parent	—	—	22,925	—	22,925
Purchase of treasury stock	—	—	—	(3,002)	(3,002)
Disposal of treasury stock	—	0	—	215	216
Cancellation of treasury stock	—	(0)	(2,871)	2,872	—
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the period	—	—	11,881	86	11,967
Ending balance	20,704	20,419	212,594	(7,400)	246,318

	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	4,546	(87)	4,443	(1,203)	7,698	130	242,179
Changes of items during the period							
Cash dividend	—	—	—	—	—	—	(4,474)
Cash dividend (interim dividends)	—	—	—	—	—	—	(3,698)
Profit attributable to owners of parent	—	—	—	—	—	—	22,925
Purchase of treasury stock	—	—	—	—	—	—	(3,002)
Disposal of treasury stock	—	—	—	—	—	—	216
Cancellation of treasury stock	—	—	—	—	—	—	—
Net changes of items other than shareholders' equity	(2,526)	50	(7,517)	306	(9,686)	(5)	(9,692)
Total changes of items during the period	(2,526)	50	(7,517)	306	(9,686)	(5)	2,274
Ending balance	2,020	(37)	(3,074)	(897)	(1,988)	124	244,454

Fiscal year ended December 31, 2019 (January 1—December 31, 2019)

	Millions of yen				
	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	20,704	20,419	212,594	(7,400)	246,318
Changes of items during the period					
Cash dividend	—	—	(5,379)	—	(5,379)
Cash dividend (interim dividends)	—	—	(4,453)	—	(4,453)
Profit attributable to owners of parent	—	—	14,234	—	14,234
Purchase of treasury stock	—	—	—	(4,082)	(4,082)
Disposal of treasury stock	—	—	(137)	1,468	1,330
Cancellation of treasury stock	—	—	—	—	—
Increase in retained earnings due to the merger with non-consolidated subsidiary	—	—	116	—	116
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the period	—	—	4,380	(2,614)	1,765
Ending balance	20,704	20,419	216,974	(10,014)	248,084

	Millions of yen						
	Accumulated other comprehensive income					Subscripti on 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	2,020	(37)	(3,074)	(897)	(1,988)	124	244,454
Changes of items during the period							
Cash dividend	—	—	—	—	—	—	(5,379)
Cash dividend (interim dividends)	—	—	—	—	—	—	(4,453)
Profit attributable to owners of parent	—	—	—	—	—	—	14,234
Purchase of treasury stock	—	—	—	—	—	—	(4,082)
Disposal of treasury stock	—	—	—	—	—	—	1,330
Cancellation of treasury stock	—	—	—	—	—	—	—
Increase in retained earnings due to the merger with non-consolidated subsidiary	—	—	—	—	—	—	116
Net changes of items other than shareholders' equity	1,436	35	(2,703)	184	(1,047)	—	(1,047)
Total changes of items during the period	1,436	35	(2,703)	184	(1,047)	—	718
Ending balance	3,456	(2)	(5,777)	(712)	(3,035)	124	245,172

Consolidated Statements of Cash Flows

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES FOR THE YEARS ENDED DECEMBER 31, 2018 and 2019

	(Millions of yen)	
	2018	2019
Cash flows from operating activities		
Profit before income taxes	29,323	20,179
Depreciation and amortization	7,994	8,581
Increase (Decrease) in liability for retirement benefits	127	70
Interest and dividends income	(889)	(1,121)
Foreign exchange losses (gains)	(134)	22
Loss (Gain) on disposal of fixed assets	(4,790)	586
Decrease (Increase) in trade notes and accounts receivable	2,004	1,586
Decrease (Increase) in inventories	(4,710)	1,033
Increase (Decrease) in trade notes and accounts payable	(207)	(1,013)
Other, net	(1,410)	(240)
Sub total	27,307	29,684
Interest and dividends received	857	1,152
Income taxes paid	(7,185)	(5,006)
Net cash provided by operating activities	20,979	25,830
Cash flows from investing activities		
Increase of time deposits	—	(1,635)
Proceeds from withdrawal of time deposits	—	1,635
Purchase of short-term investments	(2,000)	—
Proceeds from sales of short-term investments	2,000	1,000
Purchase of fixed assets	(16,524)	(15,391)
Proceeds from sales of fixed assets	6,033	81
Purchase of investment securities	(1,162)	(802)
Other, net	(1,082)	(133)
Net cash used in investing activities	(12,735)	(15,246)
Cash flows from financing activities		
Repayment of short-term loans payable	(56)	—
Proceeds from long-term loans payable	—	635
Cash dividends paid	(8,170)	(9,830)
Purchase of treasury stock	(3,004)	(4,083)
Proceeds from sales of treasury stock	162	1,147
Net cash used in financing activities	(11,069)	(12,132)
Effect of exchange rate changes on cash and cash equivalents	(2,571)	(1,149)
Net increase (decrease) in cash and cash equivalents	(5,396)	(2,697)
Cash and cash equivalents at beginning of period	118,956	113,560
Cash and cash equivalents at end of period	113,560	110,863

Notes to Consolidated Financial Statements

Notes Regarding Going-concern Assumptions

None

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 net sales are based on prevailing market prices.

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

Fiscal years ended December 31, 2018 (January 1, 2018–December 31, 2018) and 2019 (January 1, 2019–December 31, 2019)

(Millions of yen)

			2018	2019
Net sales	Japan	External customers	13,032	14,091
		Intersegment	87,898	79,477
		Total	100,931	93,568
	Asia	External customers	75,581	64,427
		Intersegment	78,262	71,242
		Total	153,844	135,669
	North and Latin America	External customers	20,505	23,013
		Intersegment	420	1,573
		Total	20,925	24,586
	Europe	External customers	33,996	30,274
		Intersegment	79	82
		Total	34,075	30,356
	Eliminations		(166,661)	(152,374)
	Consolidated		143,116	131,807
Segment income (loss) (Notes 1 (1) and 2)	Japan		7,062	6,370
	Asia		13,529	10,058
	North and Latin America		(1,085)	(266)
	Europe		1,325	828
	Eliminations		410	553
	Consolidated		21,243	17,544
Segment assets (Note 1 (2))	Japan		111,909	115,529
	Asia		166,481	167,088
	North and Latin America		25,030	30,615
	Europe		21,726	21,599
	Eliminations		(58,099)	(66,588)
	Consolidated		267,050	268,244
Other items				
Depreciation and amortization (Note 1 (3))	Japan		1,151	1,204
	Asia		6,535	6,698
	North and Latin America		628	856
	Europe		7	146
	Eliminations		(329)	(324)
	Consolidated		7,994	8,581
Increase in property, plant and equipment, and intangible assets (Note 1 (4))	Japan		129	829
	Asia		9,626	12,337
	North and Latin America		3,410	4,669
	Europe		1,966	542
	Eliminations		(584)	(874)
	Consolidated		14,548	17,504

Notes: 1. (1) The segment income (loss) eliminations of ¥410 million in fiscal 2018 and ¥553 million in fiscal 2019 represent intersegment transaction eliminations and other adjustments.

(2) The segment assets eliminations include: corporate assets of ¥(114,398) million in fiscal 2018 and ¥(122,124) million in fiscal 2019, not allocated to each segment; intersegment debt and credit eliminations of ¥56,298 million in fiscal 2018 and ¥55,536 million in fiscal 2019. 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 eliminations of ¥(329) million in fiscal 2018 and ¥(324) million in fiscal 2019 represent intersegment transaction eliminations.
- (4) Increase in property, plant and equipment, and intangible assets eliminations of ¥(584) million in fiscal 2018 and ¥(874) million in fiscal 2019 represent intersegment transaction eliminations.

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

Reference Information

1. Geographical Segment Information

Fiscal years ended December 31, 2018 (January 1, 2018–December 31, 2018) and 2019 (January 1, 2019–December 31, 2019)

		(Millions of yen)	
		2018	2019
Net sales	Japan	13,597	14,428
	Asia	75,022	64,090
	North and Latin America	20,499	23,013
	Europe	33,996	30,274
	Total	143,116	131,807
Property, plant and equipment	Japan	16,438	15,357
	Asia	45,102	48,665
	North and Latin America	9,263	12,872
	Europe	3,221	3,608
	Total	74,025	80,504

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