

# CONSOLIDATED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2020 (J-GAAP)

April 28, 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: Takumi Tomita (Executive Officer and Senior General Manager of Accounting and Finance Headquarters)

Scheduled date of the filing of quarterly report: May 15, 2020

Scheduled date of start of dividends payments: —

Preparation of 1Q results presentation materials (Yes/No): **Yes**

Holding of 1Q results briefing meeting (Yes/No): **No**

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

## 1. Consolidated Operating Results

	3M ended Mar. 2019	3M ended Mar. 2020	Year on Year
	(Millions of yen)		(Percentage change)
(1) Consolidated Operating Results:			
Net sales	33,002	28,981	-12.2%
Operating income	4,450	3,078	-30.8%
Ordinary income	4,795	1,300	-72.9%
Profit attributable to owners of parent	3,578	920	-74.3%
Profit per share (Yen)	53.46	13.87	
Fully diluted profit per share (Yen)	53.44	13.86	

Note: Comprehensive income

Three month ended Mar. 31, 2020: ¥5,910 million (—%) Three month ended Mar. 31, 2019: ¥5,717 million (—%)

	As of Dec. 31, 2019	As of Mar. 31, 2020
	(Millions of yen)	
(2) Consolidated Financial Position:		
Total assets	268,244	254,923
Net assets	245,172	234,754
Shareholders' equity ratio	91.4%	92.0%

Note: Shareholders' equity

As of Mar. 31, 2020: ¥234,634 million

As of Dec. 31, 2019: ¥245,048 million

## 2. Dividends

	Dividends (Yen)				
Record Date	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Full year
Fiscal 2019	—	67.00	—	68.00	135.00
Fiscal 2020	—				
Fiscal 2020 (Forecast)		67.00	—	68.00	135.00

Note: Amendments to dividend forecast that has been disclosed recently: None

Please refer to "1. Qualitative Information (3) Forward-Looking Statements Including Consolidated Results Forecast" on page 3 for basic policy on profit distribution and dividend forecast for the current fiscal year.

Note: 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	—	—
Operating income	—	—
Ordinary income	—	—
Profit attributable to owners of parent	—	—
Profit per share (Yen)	—	—

Note: Amendments to results forecasts that have been disclosed recently: Yes

It is extremely difficult to calculate an accurate and rational results forecast because there are many uncertainties that may affect business performance. Therefore, the consolidated results forecasts for the fiscal year ended December 31, 2020 is undecided. We will disclose consolidated results forecasts as soon as it becomes possible to calculate them accurately and rationally.

#### \* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries that accompanied changes in the scope of consolidation): None
- (2) Application of accounting procedures specific to preparation of quarterly consolidated financial statements: Yes
- (3) 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
- (4) Number of shares issued (common stock)

	(Unit: share)			
1) Number of shares issued at end of period (including treasury stock):	Mar. 31, 2020	68,562,462	Dec. 31, 2019	68,562,462
2) Number of shares of treasury stock at end of period:	Mar. 31, 2020	2,161,717	Dec. 31, 2019	2,169,271
3) Average number of shares during the period:	Jan.–Mar. 2020	66,395,987	Jan.–Mar. 2019	66,930,326

Note: The number of shares of treasury stock as of March 31, 2020 included the shares held by Mabuchi Motor Employee Ownership Association Trust and BIP (130,300 shares and 203,226 shares, respectively, at the end of the period), and 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).

\* The quarterly 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

It is extremely difficult to calculate an accurate and rational results forecast because there are many uncertainties that may affect business performance. Therefore, the consolidated results forecasts for the fiscal year ended December 31, 2020 is undecided. We will disclose consolidated results forecasts as soon as it becomes possible to calculate them accurately and rationally.

## **1. Qualitative Information**

### **(1) Operating Results**

During the three months ended March 31, 2020 (January 1–March 31, 2020), the global economy recorded large negative growth, primarily from a stagnation of economic activity due to the global spread of the new coronavirus. The virus's spread to all regions, including the United States, Europe, and Japan, as well as to China and other emerging market countries, had an enormous effect on the real economies in those countries.

With regard to markets related to the Mabuchi Group's products, both the automotive products market and the consumer and industrial products market saw declines at the global level.

Against this backdrop, Mabuchi's motor sales declined 12.2% year on year in terms of volume, and 12.2% in terms of value. Relative to the initial plan for the first quarter, sales volume was 11.1% short of the plan, while sales value was 8.5% below the plan. As a result, consolidated net sales for the first quarter were 28,981 million yen (a 12.2% decrease year on year), and motor sales, which account for the majority of consolidated net sales, were 28,980 million yen (a 12.2% decrease year on year).

Although operating income was boosted by improvements in both sales prices and the product mix, the yen's appreciation compared with the year-earlier period and the decline in sales volume resulted in operating income of 3,078 million yen (a 30.8% decrease year on year). With the decline in operating income and a year-on-year increase in foreign exchange losses, ordinary income was 1,300 million yen (a 72.9% decrease year on year). Profit before income taxes was 2,138 million yen (a 53.6% decrease year on year), and profit attributable to owners of parent was 920 million yen (a 74.3% 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 22,003 million yen (a 10.3% decrease year on year). The priority business of medium-sized automotive motors, which includes motors for power window lifters, motors for power seats, and motors for electric parking brakes, as well as small automotive motors including door lock actuators, motors for door mirrors, and air conditioning damper actuators, both were weak on the global market slowdown.

#### **(2) Consumer and Industrial Products Market**

Net sales were 6,977 million yen (a 17.7% decrease year on year). Sales were weak for all applications, including for personal care products and for power tools, on large declines in sales of those products.

### **(2) Financial Position**

Total assets as of March 31, 2020, were 254,923 million yen, a 13,321 million yen decrease from December 31, 2019. Major changes from the end of the previous fiscal year included a 3,491 million yen decrease in investment securities, a 3,473 million yen decrease in cash and bank deposits, a 1,766 million yen decrease in construction in progress, and a 1,569 million yen decrease in trade notes and accounts receivable.

Total liabilities decreased 2,903 million yen from the end of the previous fiscal year, to 20,168 million yen. Major changes from the end of the previous fiscal year included a 1,980 million yen decrease in other current liabilities, a 553 million yen decrease in accrued income taxes, and a 537 million yen increase in accrued bonuses due to employees.

Total net assets decreased 10,417 million yen from the end of the previous fiscal year, to 234,754 million yen. This included a 4,169 million yen decrease in foreign currency translation adjustments, a 3,617 million yen decrease in retained earnings, and a 2,730 million yen decrease in net unrealized holding gains or losses on securities.

### **(3) Forward-Looking Statements Including Consolidated Results Forecast**

The global economy is expected to undergo a major contraction in all regions from a significant stagnation of economic activity due to the global spread of the new coronavirus. At this time, there are almost no regions where the timing of infections being brought under control can be forecast. It is also extremely difficult to estimate the extent of the slowdown in economic activity or how much time will be required for a recovery.

With regard to markets related to the Mabuchi Group's products, we are forecasting large declines for both the automotive products market and the consumer and industrial products market on continued weakness in markets around the world. It is also extremely difficult at this time to estimate the degree to which markets will contract and how much time they will need to recover.

Based on this situation it is extremely difficult to calculate an accurate and rational results forecast because there are many uncertainties that may affect business performance. Therefore, the consolidated results forecasts for the fiscal year ended December 31, 2020 is undecided. For the interim and full-year dividend forecasts, as a special measure in light of the uncertain operating environment, we are leaving our full-year dividend forecast of 135 yen per share unchanged.

The impact of this virus infection on the Group's business performance is currently being estimated. We will disclose consolidated results forecasts as soon as the status of group companies in each country is confirmed and it becomes possible to calculate them accurately and rationally. In the event of extremely large changes in results

forecasts, the dividend forecast will be reevaluated as appropriate, and the result promptly announced.

## **Consolidated Balance Sheets and Primary Notes**

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES AS OF DECEMBER 31, 2019 and MARCH 31, 2020

	(Millions of yen)	
<b>ASSETS</b>	<b>December 31, 2019</b>	<b>March 31, 2020</b>
<b>Current assets</b>		
Cash and bank deposits	110,369	106,895
Trade notes and accounts receivable	21,913	20,343
Short-term investments	2,301	2,300
Merchandise and finished goods	24,353	22,838
Work in process	954	1,195
Raw materials and supplies	8,572	8,950
Other current assets	5,101	4,980
Allowance for doubtful accounts	(53)	(57)
<b>Total current assets</b>	<b>173,510</b>	<b>167,447</b>
<b>Fixed assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	50,580	49,383
Accumulated depreciation	(28,443)	(28,409)
Buildings and structures, net	22,137	20,974
Machinery, equipment and vehicles	64,220	63,919
Accumulated depreciation	(33,269)	(33,570)
Machinery, equipment and vehicles, net	30,951	30,348
Tools, furniture and fixture	19,403	19,538
Accumulated depreciation	(14,916)	(14,949)
Tools, furniture and fixture, net	4,487	4,588
Land	6,640	6,534
Construction in progress	16,288	14,521
Total property, plant and equipment	80,504	76,968
<b>Intangible assets</b>	<b>1,144</b>	<b>1,093</b>
<b>Investments and other assets</b>		
Investment securities	10,980	7,489
Deferred tax assets-non-current	704	606
Other investments and other assets	1,433	1,351
Allowance for doubtful accounts	(33)	(33)
Total investments and other assets	13,084	9,413
<b>Total fixed assets</b>	<b>94,733</b>	<b>87,475</b>
<b>Total assets</b>	<b>268,244</b>	<b>254,923</b>

(Millions of yen)

<b>LIABILITIES AND NET ASSETS</b>	<b>December 31, 2019</b>	<b>March 31, 2020</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade notes and accounts payable	6,003	5,574
Accrued income taxes	1,966	1,412
Accrued bonuses due to employees	249	786
Accrued bonuses due to directors	172	45
Other current liabilities	8,730	6,749
<b>Total current liabilities</b>	<b>17,121</b>	<b>14,568</b>
<b>Long-term liabilities</b>		
Long-term loans payable	635	635
Accrued benefits for stock payment	142	168
Liability for retirement benefits	2,139	2,119
Asset retirement obligations	17	17
Deferred tax liabilities-non-current	2,716	2,375
Other long-term liabilities-non-current	299	284
<b>Total long-term liabilities</b>	<b>5,950</b>	<b>5,599</b>
<b>Total liabilities</b>	<b>23,071</b>	<b>20,168</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	20,704	20,704
Additional paid-in capital	20,419	20,419
Retained earnings	216,974	213,357
Treasury stock	(10,014)	(9,980)
<b>Total shareholders' equity</b>	<b>248,084</b>	<b>244,501</b>
<b>Accumulated other comprehensive income</b>		
Net unrealized holding gains or losses on securities	3,456	725
Deferred gains or losses on hedges	(2)	35
Foreign currency translation adjustments	(5,777)	(9,946)
Retirement benefits liability adjustments	(712)	(681)
<b>Total accumulated other comprehensive income</b>	<b>(3,035)</b>	<b>(9,867)</b>
<b>Subscription rights to shares</b>	<b>124</b>	<b>120</b>
<b>Total net assets</b>	<b>245,172</b>	<b>234,754</b>
<b>Total liabilities and net assets</b>	<b>268,244</b>	<b>254,923</b>

## **Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**

MABUCHI MOTOR CO., LTD. & CONSOLIDATED SUBSIDIARIES FOR THE THREE MONTHS ENDED MARCH 31, 2019 and 2020

### **(Consolidated Statements of Income)**

	(Millions of yen)	
	2019	2020
<b>Net sales</b>	33,002	28,981
<b>Cost of sales</b>	22,860	20,288
<b>Gross profit</b>	10,141	8,692
<b>Selling, general and administrative expenses</b>	5,691	5,614
<b>Operating income</b>	4,450	3,078
<b>Non-operating income</b>		
Interest income	179	234
Dividend income	25	38
Gain on sales of raw material scrap	310	231
Other	71	185
<b>Total non-operating income</b>	586	689
<b>Non-operating expenses</b>		
Stock-related expenses	11	9
Foreign exchange losses	127	2,281
Non-deductible consumption tax	9	8
Other	92	167
<b>Total non-operating expenses</b>	241	2,468
<b>Ordinary income</b>	4,795	1,300
<b>Extraordinary income</b>		
Gain on disposal of fixed assets	1	0
Gain on sales of investment securities		845
Gain on reversal of share acquisition rights	—	3
<b>Total extraordinary income</b>	1	849
<b>Extraordinary loss</b>		
Loss on disposal of fixed assets	131	8
Extraordinary retirement expenses	58	3
<b>Total extraordinary loss</b>	190	11
<b>Profit before income taxes</b>	4,607	2,138
<b>Income taxes</b>	1,029	1,217
<b>Profit</b>	3,578	920
<b>Profit attributable to owners of parent</b>	3,578	920

### **(Consolidated Statements of Comprehensive Income)**

	(Millions of yen)	
	2019	2020
<b>Profit</b>	3,578	920
<b>Other comprehensive income</b>		
Net unrealized holding gains or losses on securities	599	(2,730)
Deferred gains or losses on hedges	(23)	37
Foreign currency translation adjustments	1,538	(4,169)
Retirement benefits liability adjustments	25	30
<b>Total other comprehensive income</b>	2,139	(6,831)
<b>Comprehensive income</b>	5,717	(5,910)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,717	(5,910)
Comprehensive income attributable to non-controlling interests	—	—

## **Notes to Consolidated Financial Statements**

### **Notes Regarding Going-concern Assumptions**

None

### **Notes on Significant Changes in Shareholders' Equity**

None

### **Changes in Significant Subsidiaries During the Quarter**

None

### **Application of Accounting Procedures Specific to Preparation of Quarterly Consolidated Financial Statements**

#### **Calculation of tax expense**

The Company calculates tax expense by rationally estimating its effective tax rate after application of deferred-tax accounting to profit before income taxes for the fiscal year that includes the first quarter under review and multiplying quarterly profit before income taxes by estimated effective tax rate.



## Segment Information

[Segment Information]

Three months ended March 31, 2019 (January 1, 2019 – March 31, 2019) and 2020 (January 1, 2020 – March 31, 2020)

### 1. Information concerning net sales and income by reporting segment

			(Millions of yen)	
			2019	2020
Net sales	Japan	External customers	3,414	3,274
		Intersegment	20,723	18,503
		Total	24,137	21,778
	Asia	External customers	15,490	11,983
		Intersegment	18,541	16,780
		Total	34,032	28,764
	North and Latin America	External customers	5,712	6,063
		Intersegment	228	534
		Total	5,941	6,597
	Europe	External customers	8,384	7,660
		Intersegment	21	19
		Total	8,405	7,679
	Eliminations Note 1		(39,514)	(35,838)
	Consolidated Note 2		33,002	28,981
Segment income (loss)	Japan		1,628	942
	Asia		2,263	1,326
	North and Latin America		(145)	206
	Europe		241	205
	Eliminations Note 1		462	2,680
	Consolidated Note 2		4,450	3,078

Notes: 1. The segment income (loss) eliminations of ¥462 million in the three months ended March 31, 2019 and ¥397 million in the three months ended March 31, 2020 represent intersegment transaction eliminations and other adjustments.

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

### 2. Information concerning impairment loss on fixed assets and goodwill by reporting segment

Not applicable

### Significant Subsequent Events

Not applicable