

CONSOLIDATED FINANCIAL RESULTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023 (J-GAAP)

February 14, 2024

Stock exchange listing: Tokyo

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

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

Representative: Shinichi Taniguchi (Representative Director and President, COO)

Contact: Keiichi Hagita (Executive Officer, Chief Financial Officer)

Scheduled date of the Ordinary General Meeting of Shareholders: March 28, 2024

Scheduled date of start of dividends payments: March 29, 2024

Scheduled date of the filing of securities report: March 29, 2024

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, 2023

(From January 1, 2023 to December 31, 2023)

(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, 2023	178,663	14.0	15,544	43.6	25,790	20.1	18,212	27.4
December 31, 2022	156,706	16.4	10,824	(21.6)	21,473	9.7	14,295	0.3

Note: Comprehensive income

Fiscal year ended December 31, 2023: ¥35,072 million [12.2%] Fiscal year ended December 31, 2022: ¥31,248 million [(0.9)%]

	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, 2023	141.19	141.16	6.2	8.0	8.7
December 31, 2022	110.39	110.37	5.3	7.2	6.9

Reference: Equity in earnings (losses) of affiliates

Fiscal year ended December 31, 2023: ¥— million Fiscal year ended December 31, 2022: ¥— million

Note: The Company conducted a stock split on January 1, 2024, in which each share of the Company's common stock was split into two shares. Profit per share and fully diluted profit per share under consolidated operating results have been calculated based on the number of shares issued after the stock split (excluding treasury stock).

(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, 2023	335,330	303,763	90.6	2,371.01
December 31, 2022	307,786	280,175	91.0	2,166.88

Reference: Shareholders' equity

As of December 31, 2023: ¥303,700 million As of December 31, 2022: ¥280,105 million

Note: The Company conducted a stock split on January 1, 2024, in which each share of the Company's common stock was split into two shares. Net assets per share under consolidated financial position has been calculated based on the number of shares issued after the stock split (excluding treasury stock).

(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, 2023	31,741	(15,608)	(11,849)	112,301
December 31, 2022	10,206	(10,468)	(10,088)	101,255

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 2022	—	67.00	—	68.00	135.00	8,764	61.1	3.2
Fiscal 2023	—	67.00	—	83.00	150.00	9,722	53.1	3.3
Fiscal 2024 (forecast)	—	38.00	—	38.00	76.00		69.1	

Notes: 1. The Company conducted a stock split on January 1, 2024, in which each share of the Company's common stock was split into two shares. Dividends for fiscal 2022 and 2023 are the dividend amounts before the stock split. Please refer to "(5) Basic Policy on Profit Sharing, and Dividend Payments for the Current and Next Periods" in the attached materials for the Company's basic policy for the distribution of profit and dividend forecast for fiscal 2024.

2. Breakdown of dividends

Fiscal 2022 special dividend	2nd quarter-end: ¥52.00	Year-end: ¥53.00
Fiscal 2023 special dividend	2nd quarter-end: ¥52.00	Year-end: ¥53.00
Fiscal 2023 commemorative dividend	2nd quarter-end: ¥—	Year-end: ¥15.00

3. Consolidated Results Forecasts for the Fiscal Year (From January 1 to December 31, 2024)

(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	94,600	16.0	9,000	116.7	9,800	(22.1)	6,700	(33.8)	52.39
Full year	188,000	5.2	18,800	20.9	20,300	(21.3)	14,000	(23.1)	109.93

Note: The Company conducted a stock split on January 1, 2024, in which each share of the Company's common stock was split into two shares. The impact of the stock split has been taken into consideration for calculating profit per share under the consolidated results forecasts for the fiscal year ending December 2024.

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.: Yes
- 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)

1) Number of shares issued at the end of the period (including treasury stock)

Dec. 31, 2023	132,820,524	Dec. 31, 2022	134,152,724
Dec. 31, 2023	4,731,412	Dec. 31, 2022	4,885,776
Jan.–Dec. 2023	128,997,618	Jan.–Dec. 2022	129,499,290

2) Number of shares of treasury stock at the end of the period

3) Average number of shares during the period

Notes: 1. The number of shares of treasury stock as of December 31, 2023 included the shares held by Mabuchi Motor Employee Ownership Association Trust, BIP and ESOP Trust (419,600 shares, 304,620 shares and 226,992 shares, respectively, at the end of the period), and the number of shares of treasury stock as of December 31, 2022 included the shares held by Mabuchi Motor Employee Ownership Association Trust and BIP (540,200 shares and 306,790 shares, respectively, at the end of the period).

2. The Company conducted a stock split on January 1, 2024, in which each share of the Company's common stock was split into two shares. The number of shares issued (common stock) was calculated as if the stock split had taken place at the beginning of the fiscal year ended December 31, 2022.

* 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 2023

Business Development and Results

During the fiscal year ended December 31, 2023 (fiscal 2023), the global economy moved toward a normal economic activity on the easing of measures to prevent the spread of COVID-19, but high resource prices and weak retail consumption reflecting increases in prices meant that the pace of growth slowed. The U.S economy saw a gradual recovery on lower inflation combined with solid retail consumption against a backdrop of stable environments for hiring and incomes. European economies saw economic activity stagnate as inflation caused by high resource prices and interest rate increases in various countries depressed retail consumption. Although Japan saw some effect from inflation, the easing of COVID-19 prevention measures led to a gradual recovery as economic activity returned to normal. Emerging market economies saw only a gradual overall recovery, with China experiencing a weak recovery in retail consumption from the lifting of zero-COVID policies and other adverse factors including a downturn in the real estate market.

With regard to markets related to the Mabuchi Group's products, the automotive products market saw a recovery in automobile production as shortages in supplies of semiconductors and other components eased, but at the same time there was an effect from weak retail consumption associated with inflation in various countries. The life and industrial products market slowed overall, from factors including weak retail consumption in the face of inflation and a pause in demand for certain applications with fewer people staying at home.

Against this backdrop, the Group has been working to address the issues including "Initiatives in the '3M areas' to evolve business portfolio," "Expanding sales of motors for automotive products and life and industrial products," "Global risk management via the Mabuchi global management system," and "Sustainability initiatives." Sales and market share grew on specific achievements including winning orders for motors for power window lifters from the third of Detroit's Big 3 automakers and commencing sales to a fifth Japanese automaker, commencing sales of motors for power seats to a major Japanese automaker, progressing toward mass production of motor units for valve actuators in electric vehicles and winning new orders from a major Korean automaker, winning orders for new applications related to automobile doors, including cinching and flush door handles, winning new orders for motors for e-bikes, motorized carts for the elderly, agricultural equipment, and merchandise display robots, commencing sales of Mabuchi Electromag's high-value-added motors for gardening tools, and moving forward with technological exchange and joint development with the recently acquired Group company Mabuchi Oken. With this growth, along with the development of new markets and the proactive introduction and implementation of various measures for even higher levels of quality and efficiency, we were able to achieve successes that will lead to future business growth.

As a result, consolidated net sales for fiscal 2023 were 178,663 million yen (a 14.0% increase year on year), and motor sales, which account for the majority of net sales, were 178,622 million yen (a 14.0% increase year on year).

Although operating income was negatively affected by factors including higher costs, this was more than offset by the positive effects of a weaker yen year on year and improvements in sales prices and the product mix, resulting in operating income of 15,544 million yen (a 43.6% increase year on year).

Ordinary income was 25,790 million yen (a 20.1% increase year on year), reflecting the increase in operating income as well as factors including a decrease in foreign exchange gains and an increase in interest income, while profit before income taxes was 26,028 million yen (a 25.4% increase year on year) and profit attributable to owners of parent was 18,212 million yen (a 27.4% 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 140,022 million yen (a 19.6% increase year on year). In medium-sized automotive motors, sales of motors for power window lifters rose on factors including a recovery in automobile production as supply constraints for semiconductors and other components eased. This was also the case for motors for power seats, which also benefitted from the commencement of sales to a major Japanese automaker, and for motors for electric parking brakes, which also benefitted from an increase in the number of models in which they were installed. Sales of small automotive motors rose as well, with sales of motors for door mirrors, door lock actuators, air conditioning damper actuators, and headlight level adjusters benefiting from the recovery in automobile production.

2) Life and Industrial Products Market

Net sales declined to 38,600 million yen (a 2.6% decrease year on year). Sales of motors for health and medical devices rose on the addition of Mabuchi Oken to the scope of consolidation from the second quarter, but the negative effect of inflation on retail consumption and a contraction in orders for certain applications reflecting a policy of emphasizing profitability led to lower sales of motors for home appliances, power tools, housing equipment, and office equipment.

(2) Overview of the Financial Position for Fiscal 2023

Assets, Liabilities and Net Assets

Total assets as of December 31, 2023, were 335,330 million yen, a 27,544 million yen increase from the end of the previous fiscal year. Major changes included increases of 14,992 million yen in cash and bank deposits, 9,688 million yen in property, plant and equipment, and 4,950 million yen in trade notes and accounts receivable.

Total liabilities increased 3,955 million yen from the end of the previous fiscal year, to 31,566 million yen. Major changes included an increase of 1,598 million yen in accrued income taxes.

Total net assets increased 23,588 million yen from the end of the previous fiscal year, to 303,763 million yen. This included increases of 15,656 million yen in foreign currency translation adjustments and 6,511 million yen in retained earnings.

(3) Outlook for Fiscal 2024

With regard to the outlook in fiscal 2024, despite signs of easing inflation in various countries, there are concerns of a slowdown in the global economy from continued high interest rates combined with factors including a decrease in cross-border trade and investment against a backdrop of an unclear international situation stemming from heightened geopolitical risk. Although a slowdown in consumption is forecast for the U.S. economy in the first half of the year, the economy is expected to avoid a recession and a gradual rebound is expected. A gradual recovery is forecast for the European economy as well, as retail consumption rebounds on receding inflationary pressure and from economic support measures in various countries. Japan is expected to see a gradual recovery as well, with receding inflationary pressure and an improvement in the income environment leading to a pickup in retail consumption. In emerging market economies, a weak pace of growth is forecast for China given the real estate market situation and the weakness of the rebound in retail consumption, while global inflation and other factors are seen slowing the pace of growth for emerging market economies overall.

With regard to markets related to the Mabuchi Group's products, the recovery in automobile production is seen continuing but with factors including weak demand as a result of high inflation and interest rate hikes to combat inflation in various countries, the recovery in the automotive products market is seen lacking strength and the outlook remains unclear. In the life and industrial products market, although we are forecasting solid demand overall against a backdrop of continued stable demand for motors for health and medical devices, with the slowdown in retail consumption we anticipate weaker demand for motors for home appliances, power tools, housing equipment, and personal care products.

As a result, we are forecasting a 5.2% increase in fiscal 2024 net sales, to 188,000 million yen.

In terms of profit, despite a negative impact from factors including increased investment in research and development for future growth, with positive factors including improvements in sales prices and the product mix, we are projecting a 20.9% increase in operating income, to 18,800 million yen. Our plan does not include foreign exchange gains or losses, and we are therefore forecasting a 21.3% decrease in ordinary income, to 20,300 million yen, and a 23.1% decrease in profit attributable to owners of parent, to 14,000 million yen.

Our forecasts for the full-year business results for fiscal 2024 are as follows:

Consolidated results forecasts (compared with the previous period)

Net sales	188,000 million yen	(5.2% increase)
Operating income	18,800 million yen	(20.9% increase)
Ordinary income	20,300 million yen	(21.3% decrease)
Profit attributable to owners of parent	14,000 million yen	(23.1% decrease)

The above forecasts assume an exchange rate of US\$1 = ¥145. 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.

5. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and bank deposits	101,612	116,604
Trade notes and accounts receivable	28,944	33,895
Short-term investments	1,500	—
Merchandise and finished goods	40,628	38,919
Work in process	1,270	1,426
Raw materials and supplies	19,494	20,104
Other current assets	7,304	5,750
Allowance for doubtful accounts	(201)	(91)
Total current assets	200,554	216,610
Fixed assets		
Property, plant and equipment		
Buildings and structures	57,540	61,648
Accumulated depreciation	(34,938)	(38,260)
Buildings and structures, net	22,601	23,388
Machinery, equipment and vehicles	97,714	114,397
Accumulated depreciation	(56,319)	(67,589)
Machinery, equipment and vehicles, net	41,394	46,807
Tools, furniture and fixture	24,439	27,967
Accumulated depreciation	(20,595)	(23,967)
Tools, furniture and fixture, net	3,843	3,999
Land	6,726	7,129
Construction in progress	15,819	18,749
Total property, plant and equipment	90,386	100,074
Intangible assets		
Goodwill	2,853	3,055
Other intangible assets	2,624	2,521
Total intangible assets	5,477	5,576
Investments and other assets		
Investment securities	9,064	10,588
Deferred tax assets-non-current	707	724
Other investments and other assets	1,627	1,788
Allowance for doubtful accounts	(31)	(31)
Total investments and other assets	11,367	13,069
Total fixed assets	107,231	118,720
Total assets	307,786	335,330

(Millions of yen)

	As of December 31, 2022	As of December 31, 2023
Liabilities		
Current liabilities		
Trade notes and accounts payable	7,989	8,865
Accrued income taxes	1,359	2,958
Accrued bonuses due to employees	198	236
Accrued bonuses due to directors	214	244
Other current liabilities	11,680	12,577
Total current liabilities	21,442	24,882
Long-term liabilities		
Long-term loans payable	1,112	830
Accrued benefits for stock payment	110	213
Liability for retirement benefits	1,449	1,304
Asset retirement obligations	28	39
Deferred tax liabilities-non-current	3,070	3,830
Other long-term liabilities-non-current	397	465
Total long-term liabilities	6,169	6,684
Total liabilities	27,611	31,566
Net assets		
Shareholders' equity		
Common stock	20,704	20,704
Additional paid-in capital	20,419	20,419
Retained earnings	222,620	229,132
Treasury stock	(10,389)	(10,165)
Total shareholders' equity	253,355	260,091
Accumulated other comprehensive income		
Net unrealized holding gains or losses on securities	2,205	3,313
Foreign currency translation adjustments	24,318	39,974
Retirement benefits liability adjustments	225	321
Total accumulated other comprehensive income	26,749	43,609
Subscription rights to shares	69	62
Total net assets	280,175	303,763
Total liabilities and net assets	307,786	335,330

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

(Millions of yen)

	Fiscal Year Ended December 31, 2022 (January 1, 2022 to December 31, 2022)	Fiscal Year Ended December 31, 2023 (January 1, 2023 to December 31, 2023)
Net sales	156,706	178,663
Cost of sales	119,243	134,518
Gross profit	37,462	44,144
Selling, general and administrative expenses	26,638	28,599
Operating income	10,824	15,544
Non-operating income		
Interest income	957	2,279
Dividend income	315	307
Foreign exchange gains	7,255	5,392
Gain on sales of raw material scrap	2,167	2,156
Other	713	874
Total non-operating income	11,409	11,009
Non-operating expenses		
Stock-related expenses	161	174
Depreciation	192	182
Other	406	406
Total non-operating expenses	760	763
Ordinary income	21,473	25,790
Extraordinary income		
Gain on disposal of fixed assets	10	7
Gain on sale of investment securities	—	208
Gain on sales of golf memberships	3	—
Gain on bargain purchase	—	659
Gain on revision of retirement benefit plan	—	113
Total extraordinary income	13	988
Extraordinary loss		
Loss on disposal of fixed assets	486	583
Extraordinary retirement expenses	235	167
Loss on sales of golf memberships	0	—
Total extraordinary loss	721	750
Profit before income taxes	20,764	26,028
Income taxes		
Current	5,476	7,621
Deferred	991	194
Total income taxes	6,468	7,815
Profit	14,295	18,212
Profit attributable to owners of parent	14,295	18,212

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal Year Ended December 31, 2022 (January 1, 2022 to December 31, 2022)	Fiscal Year Ended December 31, 2023 (January 1, 2023 to December 31, 2023)
Profit	14,295	18,212
Other comprehensive income		
Net unrealized holding gains or losses on securities	305	1,107
Deferred gains or losses on hedges	3	—
Foreign currency translation adjustments	16,031	15,656
Retirement benefits liability adjustments	612	95
Total other comprehensive income	16,952	16,859
Comprehensive income	31,248	35,072
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	31,248	35,072
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Net Assets
Fiscal year ended December 31, 2022 (January 1—December 31, 2022)

	Millions of yen				
	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	20,704	20,419	219,773	(10,877)	250,020
Cumulative effects of changes in accounting policies	—	—	6	—	6
Restated balance	20,704	20,419	219,779	(10,877)	250,026
Changes of items during the period					
Cash dividend	—	—	(3,800)	—	(3,800)
Cash dividend (interim dividends)	—	—	(4,340)	—	(4,340)
Profit attributable to owners of parent	—	—	14,295	—	14,295
Purchase of treasury stock	—	—	—	(4,124)	(4,124)
Disposal of treasury stock	—	—	(50)	1,350	1,299
Cancellation of treasury stock	—	—	(3,263)	3,263	—
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the period	—	—	2,841	488	3,329
Ending balance	20,704	20,419	222,620	(10,389)	253,355

	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	1,900	(3)	8,286	(386)	9,797	91	259,909
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	6
Restated balance	1,900	(3)	8,286	(386)	9,797	91	259,915
Changes of items during the period							
Cash dividend	—	—	—	—	—	—	(3,800)
Cash dividend (interim dividends)	—	—	—	—	—	—	(4,340)
Profit attributable to owners of parent	—	—	—	—	—	—	14,295
Purchase of treasury stock	—	—	—	—	—	—	(4,124)
Disposal of treasury stock	—	—	—	—	—	—	1,299
Cancellation of treasury stock	—	—	—	—	—	—	—
Net changes of items other than shareholders' equity	305	3	16,031	612	16,952	(22)	16,930
Total changes of items during the period	305	3	16,031	612	16,952	(22)	20,259
Ending balance	2,205	—	24,318	225	26,749	69	280,175

Fiscal year ended December 31, 2023 (January 1—December 31, 2023)

	Millions of yen				
	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	20,704	20,419	222,620	(10,389)	253,355
Cumulative effects of changes in accounting policies	—	—	—	—	—
Restated balance	20,704	20,419	222,620	(10,389)	253,355
Changes of items during the period					
Cash dividend	—	—	(4,423)	—	(4,423)
Cash dividend (interim dividends)	—	—	(4,367)	—	(4,367)
Profit attributable to owners of parent	—	—	18,212	—	18,212
Purchase of treasury stock	—	—	—	(3,469)	(3,469)
Disposal of treasury stock	—	—	(32)	815	783
Cancellation of treasury stock	—	—	(2,877)	2,877	—
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the period	—	—	6,511	223	6,735
Ending balance	20,704	20,419	229,132	(10,165)	260,091

	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	2,205	—	24,318	225	26,749	69	280,175
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—
Restated balance	2,205	—	24,318	225	26,749	69	280,175
Changes of items during the period							
Cash dividend	—	—	—	—	—	—	(4,423)
Cash dividend (interim dividends)	—	—	—	—	—	—	(4,367)
Profit attributable to owners of parent	—	—	—	—	—	—	18,212
Purchase of treasury stock	—	—	—	—	—	—	(3,469)
Disposal of treasury stock	—	—	—	—	—	—	783
Cancellation of treasury stock	—	—	—	—	—	—	—
Net changes of items other than shareholders' equity	1,107	—	15,656	95	16,859	(6)	16,853
Total changes of items during the period	1,107	—	15,656	95	16,859	(6)	23,588
Ending balance	3,313	—	39,974	321	43,609	62	303,763

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year Ended December 31, 2022 (January 1, 2022 to December 31, 2022)	Fiscal Year Ended December 31, 2023 (January 1, 2023 to December 31, 2023)
Cash flows from operating activities		
Profit before income taxes	20,764	26,028
Depreciation and amortization	11,890	12,832
Increase (Decrease) in liability for retirement benefits	98	(55)
Interest and dividends income	(1,273)	(2,586)
Foreign exchange losses (gains)	(5,537)	(6,196)
Loss (Gain) on sales of investment securities	—	(208)
Loss (Gain) on disposal of fixed assets	475	575
Gain on bargain purchase	—	(659)
Gain on revision of retirement benefit plan	—	(113)
Decrease (Increase) in trade notes and accounts receivable	(2,918)	(2,227)
Decrease (Increase) in inventories	(5,250)	6,219
Increase (Decrease) in trade notes and accounts payable	(188)	379
Loss (gain) on sale of golf club membership	(2)	—
Other, net	(2,083)	1,230
Sub total	15,975	35,219
Interest and dividends received	1,215	2,493
Interest paid	—	(28)
Income taxes paid	(6,984)	(5,942)
Net cash provided by operating activities	10,206	31,741
Cash flows from investing activities		
Increase of time deposits	(0)	(2,956)
Proceeds from withdrawal of time deposits	198	576
Purchase of short-term investments	(1,000)	—
Proceeds from maturity of short-term investments	1,000	1,500
Purchase of fixed assets	(10,473)	(13,006)
Proceeds from sales of fixed assets	12	23
Purchase of investment securities	(4)	(0)
Proceeds from sales of investment securities	—	279
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(2,035)
Other, net	(201)	10
Net cash used in investing activities	(10,468)	(15,608)
Cash flows from financing activities		
Repayments of short-term borrowings	—	(10)
Proceeds from long-term loans payable	1,124	—
Repayment of long-term loans payable	(134)	(296)
Cash dividends paid	(8,139)	(8,793)
Purchase of treasury stock	(4,125)	(3,460)
Proceeds from sales of treasury stock	1,187	711
Net cash used in financing activities	(10,088)	(11,849)
Effect of exchange rate changes on cash and cash equivalents	8,066	6,762
Net increase (decrease) in cash and cash equivalents	(2,283)	11,045
Cash and cash equivalents at beginning of period	103,539	101,255
Cash and cash equivalents at end of period	101,255	112,301

**(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 (Loss), Assets, Liabilities and Other Items by Reporting Segment

Accounting treatment for business reporting segments is as per the “Important Items Forming Basis for Preparation of Consolidated Financial Statements.”

Intersegment sales and transfers are based on prevailing market prices.

3. Information Concerning Net Sales, Income (Loss), Assets and Other Items and Revenue Breakdown by Reporting Segment
Fiscal year ended December 31, 2022 (January 1, 2022–December 31, 2022)

(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							
Automotive products market	12,493	50,778	26,836	26,949	117,056	—	117,056
Life and industrial products market	1,461	26,035	2,358	9,782	39,639	—	39,639
Others	7	3	—	—	10	—	10
Revenue from contracts with customers	13,962	76,817	29,194	36,731	156,706	—	156,706
Other revenue	—	—	—	—	—	—	—
Sales to external customers	13,962	76,817	29,194	36,731	156,706	—	156,706
Intersegment sales and transfers	86,098	82,381	4,468	100	173,049	(173,049)	—
Total	100,060	159,199	33,663	36,832	329,755	(173,049)	156,706
Segment income (loss)	128	9,986	(210)	(177)	9,726	1,097	10,824
Segment assets	144,189	194,254	39,600	38,559	416,602	(108,816)	307,786
Other items							
Depreciation and amortization	1,045	9,358	954	868	12,227	(336)	11,890
Amortization of goodwill	—	—	—	232	232	—	232
Increase in property, plant and equipment, and intangible assets	770	7,194	263	2,083	10,312	(664)	9,648

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

(2) The segment assets adjustment includes: intersegment debt and credit eliminations of ¥(148,590) million; corporate assets of ¥39,773 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, 2023 (January 1, 2023–December 31, 2023)

(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							
Automotive products market	15,737	58,486	32,825	32,972	140,022	—	140,022
Life and industrial products market	2,122	24,635	1,986	9,855	38,600	—	38,600
Others	9	27	—	4	40	—	40
Revenue from contracts with customers	17,868	83,149	34,812	42,832	178,663	—	178,663
Other revenue	—	—	—	—	—	—	—
Sales to external customers	17,868	83,149	34,812	42,832	178,663	—	178,663
Intersegment sales and transfers	89,443	85,371	5,657	123	180,596	(180,596)	—
Total	107,312	168,521	40,470	42,955	359,259	(180,596)	178,663
Segment income (loss)	2,850	11,731	1,968	(406)	16,143	(599)	15,544
Segment assets	159,468	207,704	48,373	48,641	464,186	(128,856)	335,330
Other items							
Depreciation and amortization	1,196	9,495	1,247	1,248	13,187	(355)	12,832
Amortization of goodwill	—	—	—	264	264	—	264
Increase in property, plant and equipment, and intangible assets	1,906	8,553	1,492	2,741	14,694	(1,155)	13,539

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

(2) The segment assets adjustment includes: intersegment debt and credit eliminations of ¥(160,930) million; corporate assets of ¥32,074 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, 2022 (January 1, 2022–December 31, 2022)****1. Geographical Segment Information****(1) Net sales**

(Millions of yen)

Japan	Asia	North and Latin America	Europe	Total
13,972	76,811	29,192	36,728	156,706

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
14,236	52,413	15,750	7,985	90,386

Fiscal year ended December 31, 2023 (January 1, 2023–December 31, 2023)**1. Geographical Segment Information****(1) Net sales**

(Millions of yen)

Japan	Asia	North and Latin America	Europe	Total
17,868	83,149	34,812	42,832	178,663

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
15,381	54,746	19,175	10,771	100,074

[Information Related to Gain on Bargain Purchase by Reporting Segment]**Fiscal year ended December 31, 2022 (January 1, 2022–December 31, 2022)**

None

Fiscal year ended December 31, 2023 (January 1, 2023–December 31, 2023)

During the first quarter of the fiscal year under review, the Company acquired all shares of Oken Seiko Co., Ltd. (the current MABUCHI MOTOR OKEN CO., LTD.), and included it in the scope of consolidation, creating a gain on bargain purchase in the amount of 613 million yen in the “Japan” segment and 46 million yen in the “Asia” segment.

The amount of the gain on bargain purchase was tentatively calculated as the allocation of the acquisition cost had not been completed as of the end of the third quarter of the fiscal year under review, but those amounts were settled as of the fiscal year-end. The amounts are unchanged from those resulting from the provisional accounting treatment. Furthermore, because the gain on bargain purchase is recorded as extraordinary income, this amount is not included in the segment income shown above.

(Significant Subsequent Events)**(Stock Split)**

Based on a resolution approved by the Board of Directors on August 10, 2023, the Company carried out a stock split effective January 1, 2024.

1. Purpose of Stock Split

The purpose of the stock split is to create an environment conducive to investment and expand its investor base by lowering the price per investment unit of the Company’s stock.

2. Outline of Stock Split

(1) Method of stock split

We conducted a 2-for-1 stock split with the record date of December 31, 2023 (The day was practically December 29, 2023.) whereby each share of common stock held by shareholders listed on the final registered and/or beneficial shareholders' lists of the same day was split into two shares.

(2) Increase in shares from stock split

Total shares issued prior to stock split:	66,410,262 shares
Increase in shares due to stock split:	66,410,262 shares
Total shares issued following stock split:	132,820,524 shares
Total number of authorized shares following stock split:	400,000,000 shares

3. Schedule

Record date of public notice:	December 15, 2023
Record date:	December 31, 2023
Effective date:	January 1, 2024

4. Effect on per-share information

The effect on per-share information is shown in each relevant section.

(Setting of Upper Limit for Purchase of Treasury Stock and Cancellation of Treasury Stock)

The Company has resolved at a meeting of the Board of Directors held on February 14, 2024, to purchase treasury stock pursuant to the provisions of Article 156 of the Companies Act, applied by replacing terms pursuant to the provisions of Article 165, paragraph 3 of said Act, and resolved to cancel treasury stock pursuant to the provisions of Article 178 of the Companies Act.

1. Reasons for the Purchase and Cancellation of Treasury Stock

The Company will purchase and cancel treasury stock in order to implement a flexible capital policy to respond to changes in the business environment and to improve shareholder returns and capital efficiency.

2. Details of Matters Pertaining to the Purchase of Treasury Stock

(1) Class of shares to be purchased

Common stock of the Company

(2) Total number of shares to be purchased

2,000,000 shares (maximum)

(1.6% of the total number of shares issued [excluding treasury stock])

(3) Total amount of purchase cost

¥3.0 billion (maximum)

(4) Purchase period

February 16, 2024 to June 21, 2024

(5) Purchase method

Purchase in the open market through discretionary trading

3. Details of Matters Pertaining to the Cancellation of Treasury Stock

(1) Class of shares to be cancelled

Common stock of the Company

(2) Number of shares to be cancelled

All shares of treasury stock purchased as stated in item 2 above

(3) Scheduled date of cancellation

To be determined