

(TRANSLATION ONLY)

Securities code: 6592

March 6, 2020

**To Those Shareholders with Voting Rights**

Hiroo Okoshi  
Representative Director and President  
MABUCHI MOTOR CO., LTD.  
430 Matsuhidai, Matsudo City, Chiba, Japan

**NOTICE OF THE 79TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

We are informing you of the 79th Ordinary General Meeting of Shareholders (the “Meeting”) of MABUCHI MOTOR CO., LTD. (the “Company”) to be held as follows:

If you are unable to attend the Meeting, you may exercise your voting rights in writing or via electronic means (e.g., the Internet). Please read the attached REFERENCE DOCUMENTS FOR THE 79TH ORDINARY GENERAL MEETING OF SHAREHOLDERS and exercise your voting rights before 5 p.m. on Thursday, March 26, 2020.

- 1. Date:** 10 a.m., Friday, March 27, 2020
- 2. Place:** Large Conference Hall at Head Office  
MABUCHI MOTOR CO., LTD.  
430 Matsuhidai, Matsudo City, Chiba

**3. Agenda:**

**Matters to be reported:**

1. The Business Report and the Consolidated Financial Statements for the 79th Fiscal Term (from January 1, 2019 to December 31, 2019), as well as the Audit Reports of the Independent Certified Public Accountants and the Audit and Supervisory Committee for the Consolidated Financial Statements
2. The Financial Statements for the 79th Fiscal Term (from January 1, 2019 to December 31, 2019)

**Matters to be resolved:**

- Proposal 1:** Proposed Appropriation of Retained Earnings for the 79th Fiscal Term
- Proposal 2:** Election of Nine (9) Directors (Excluding Directors who are Audit and Supervisory Committee Members)

**\*For those attending, please present the enclosed Exercise Voting Rights Form at the reception desk on arrival at the Meeting. In addition, please bring this “NOTICE OF THE 79TH ORDINARY GENERAL MEETING OF SHAREHOLDERS” with you.**

**\*Of the documents that we are required to provide in this “NOTICE OF THE 79TH ORDINARY GENERAL MEETING OF SHAREHOLDERS,” the Notes to the Consolidated Financial Statements and Notes to the Non-consolidated Financial Statements (Japanese version only) are not included, as they have been posted on the Company’s website (<https://www.mabuchi-motor.co.jp/>) pursuant the provisions of the relevant laws and regulations and Article 15 of the Company’s Articles of Incorporation. The Consolidated Financial Statements and the Financial Statements audited by the Independent Certified Public Accountants and the Audit and Supervisory Committee include what is stated in the attachment to this “NOTICE OF THE 79TH ORDINARY GENERAL MEETING OF SHAREHOLDERS”, as well as the Notes to the Consolidated Financial Statements and Notes to the Non-consolidated Financial Statements that are posted on the Company’s website.**

**\*Should any amendments occur in the REFERENCE DOCUMENTS FOR THE 79TH ORDINARY GENERAL MEETING OF SHAREHOLDERS, the Business Report, the Financial Statements and/or the Consolidated Financial Statements, such changes will be posted on the Company’s website (<https://www.mabuchi-motor.co.jp/>).**

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**\*Notice concerning the new coronavirus**

**As the new coronavirus infection is spreading, we urge shareholders who will attend the Meeting to check the situation of the infection and your health condition at the time of the Meeting and take due care to prevent infection such as by wearing a surgical mask. We also ask for your cooperation at the venue of the Meeting as we may take measures to prevent infection.**

**Note: This document is a translation of an excerpt of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.**

## **REFERENCE DOCUMENTS FOR THE 79TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

### **Proposal 1: Proposed Appropriation of Retained Earnings for the 79th Fiscal Term**

Our basic policy on the appropriation of retained earnings is to retain necessary earnings for sound business activities, to maintain healthy financial strength and to ensure adequate dividends to our shareholders based on performance for the year. Based on this policy, the Company makes it a principle to consistently distribute an annual ordinary dividend of 30 yen per share as payment of a long-term stable dividend, plus an additional special dividend equal to 30% (paid out on a per share basis) of the consolidated profit, depending on the performance of the Company.

We plan to pay an annual dividend of 135 yen per share, an amount determined in consideration of calculations based on the above standards and the business environment (consisting of a 30 yen ordinary dividend and a 105 yen special dividend). Because we paid an interim dividend of 67 yen (consisting of a 15 yen ordinary dividend and a 52 yen special dividend) per share in September 2019, we propose the year-end dividend for the year as follows:

Matters related to the year-end dividend

- (1) Type of distributable properties  
Money
- (2) Matters related to the disbursement of distributable properties and the aggregate amount  
68 yen per common share of the Company  
(An ordinary dividend of 15 yen and a special dividend of 53 yen)  
Aggregate dividend amount: 4,538,015,156 yen
- (3) Effective date of the distribution of retained earnings  
March 30, 2020

The remaining surplus will be used for measures aimed at further strengthening our existing businesses and investing in areas of future growth, with a view to further increasing corporate value.

**Proposal 2:** Election of Nine (9) Directors (Excluding Directors who are Audit and Supervisory Committee Members)

The term of office of all nine (9) directors (excluding directors who are audit and supervisory committee members; the same shall apply in this proposal) will expire at the conclusion of the 79th Ordinary General Meeting of Shareholders.

Shareholders are therefore requested to elect nine (9) directors.

The candidates for the position of director are as follows:

No.	Name	Position and assignment in the Company	
1	Hiroo Okoshi	Representative Director and President, CEO	Reappointment
2	Masato Itokawa	Representative Director, COO, Senior Managing Executive Officer, in charge of Internal Controls and Chief Quality and Environmental Officer	Reappointment
3	Hirotarō Katayama	Director, Managing Executive Officer, Assistant to the President and Chief Officer of Subsidiaries	Reappointment
4	Shinichi Taniguchi	Director, Executive Officer, Chief Technology Officer and Senior General Manager of Manufacturing Headquarters	Reappointment
5	Tadahito Iyoda	Director, Group Executive Officer and Chief Regional Officer in the Americas	Reappointment
6	Eiji Uenishi	Director, Executive Officer, Deputy Chief Business Officer and Senior General Manager of Product Development	Reappointment
7	Naoki Mitarai	Outside Director	Reappointment Candidate for outside director Candidate for notification as an independent director to the Tokyo Stock Exchange
8	Kazuhiko Tsutsumi	Outside Director	Reappointment Candidate for outside director Candidate for notification as an independent director to the Tokyo Stock Exchange
9	Jody L. Ono	Outside Director	Reappointment Candidate for outside director Candidate for notification as an independent director to the Tokyo Stock Exchange

No.	Name (Date of birth)	Brief personal history, position, assignment and significant positions concurrently held	Number of the Company's shares held
1	Hiroo Okoshi (July 9, 1961)  Reappointment	<p>April 1984      Joined MABUCHI MOTOR CO., LTD.</p> <p>June 1990      Manager, Procurement Section, MABUCHI INDUSTRY CO., LTD.</p> <p>August 1996    Manager -President Office, MABUCHI INDUSTRY CO., LTD.</p> <p>May 2002        Director and General Manager, General Affairs Department, Human Resources Department, MABUCHI INDUSTRY CO., LTD.</p> <p>October 2002    Manager, Corporate Planning Department, MABUCHI MOTOR CO., LTD.</p> <p>March 2003     Deputy Senior General Manager, Business Platform Innovation Headquarters, MABUCHI MOTOR CO., LTD.</p> <p>January 2004    General Manager, Corporate Planning Department, MABUCHI MOTOR CO., LTD.</p> <p>November 2009   Executive Officer and Senior General Manager, Administration Headquarters, MABUCHI MOTOR CO., LTD.</p> <p>March 2011     Director, Executive Officer and Senior General Manager, Administration Headquarters, MABUCHI MOTOR CO., LTD.</p> <p>March 2013     Representative Director and President, MABUCHI MOTOR CO., LTD.</p> <p>March 2019     Representative Director, President CEO, MABUCHI MOTOR CO., LTD. (Current position)</p>	18,390
<p>Reasons for being nominated for the position of director: Hiroo Okoshi has been renominated as a candidate for the position of director because we have judged that we can rely on his ability to play a significant role in decision making on important matters in the Group, as well as the supervision of business execution towards the steady growth of the Group as a whole, on top of the medium- to long-term enhancement of corporate value. Since he assumed the office of Representative Director and President in March 2013, he has significantly contributed to the business expansion and the enhancement of corporate value as CEO of the Group through his strong leadership based on his abundant experience and history of achievements.</p>			

No.	Name (Date of birth)	Brief personal history, position, assignment and significant positions concurrently held	Number of the Company's shares held
2	Masato Itokawa (January 29, 1960)  Reappointment	April 1984 Joined MABUCHI MOTOR CO., LTD.	39,360
		January 1985 Production Engineering Section, MABUCHI MOTOR TAIWAN LTD.	
		September 1991 Process Design Section, Production Engineering Department, Research and Development Headquarters, MABUCHI MOTOR CO., LTD.	
		March 2002 Manager, Manufacturing Technology Section, Production Engineering Office, Technology Department, MABUCHI MOTOR CO., LTD.	
		March 2005 General Manager, Quality Assurance Department, MABUCHI MOTOR CO., LTD.	
		November 2009 Executive Officer and General Manager, Quality Assurance Department, MABUCHI MOTOR CO., LTD.	
		March 2013 Director, Executive Officer and General Manager, Quality Assurance Department, MABUCHI MOTOR CO., LTD.	
		March 2016 Director, Executive Officer and Senior General Manager, Quality Assurance Headquarters, MABUCHI MOTOR CO., LTD.	
		March 2017 Representative Director, Managing Executive Officer, Chief Quality Officer and Senior General Manager, Quality Assurance Headquarters, MABUCHI MOTOR CO., LTD.	
		March 2018 Representative Director, Managing Executive Officer, Chief Quality Officer and Senior General Manager, Quality Assurance Headquarters, in charge of Internal Controls, MABUCHI MOTOR CO., LTD.	
March 2019 Representative Director COO, Senior Managing Executive Officer, in charge of Internal Controls and Chief Quality and Environmental Officer, MABUCHI MOTOR CO., LTD. (Current position)			
<p>Reasons for being nominated for the position of director: Masato Itokawa has been renominated as a candidate for the position of director because we have judged that we can rely on his ability to play a significant role in decision making on the important matters in the Group, as well as the supervision of business execution. He has abundant experience and sophisticated knowledge gained through supervising the formulation and implementation of plans concerning overall quality and environment assurance of the Group, as well as being concurrently in charge of internal controls. He has also led the business management of the Group as COO since March 2019.</p>			

No.	Name (Date of birth)	Brief personal history, position, assignment and significant positions concurrently held	Number of the Company's shares held	
3	Hiroto Katayama (January 23, 1969)  Reappointment	April 1991 April 2005  March 2007 February 2014  July 2014  March 2015  March 2017  March 2019	Joined MABUCHI MOTOR CO., LTD. Manager, Business Administration Department, Power Unit Motor Division, MABUCHI MOTOR CO., LTD. President, MABUCHI MOTOR (JIANGSU) CO., LTD. Deputy Senior General Manager, Operations Control Headquarters, MABUCHI MOTOR CO., LTD. Senior General Manager, Operations Control Headquarters, MABUCHI MOTOR CO., LTD. Director, Executive Officer and Senior General Manager, Operations Control Headquarters, MABUCHI MOTOR CO., LTD. Director, Managing Executive Officer and Chief Business Operation Officer, MABUCHI MOTOR CO., LTD. Director, Managing Executive Officer, Assistant to the President and Chief Officer of Subsidiaries, MABUCHI MOTOR CO., LTD. (Current position)	10,760
		<p>Reasons for being nominated for the position of director: Hiroto Katayama has been renominated as a candidate for the position of director because we have judged that we can rely on his ability to play a significant role in decision making on important matters in the Group, as well as the supervision of business execution based on his abundant experience and sophisticated knowledge gained through assisting the president on the overall operations of the Group, as well as supervising all affiliates.</p>		
4	Shinichi Taniguchi (February 16, 1965)  Reappointment	April 1987 April 2005  March 2013  December 2013 January 2018  March 2018  July 2018  March 2019	Joined MABUCHI MOTOR CO., LTD. Assistant General Manager, Business Administration Department, Power Unit Motor Division, MABUCHI MOTOR CO., LTD. General Manager, Research and Development Department 2, Research and Development Headquarters, MABUCHI MOTOR CO., LTD. President, MABUCHI MOTOR (JIANGSU) CO., LTD. Deputy Senior General Manager, Product Development Headquarters, MABUCHI MOTOR CO., LTD. Executive Officer and Deputy Senior General Manager, Product Development Headquarters, MABUCHI MOTOR CO., LTD. Executive Officer and Senior General Manager, Manufacturing Headquarters, MABUCHI MOTOR CO., LTD. Director, Executive Officer, Chief Technology Officer and Senior General Manager of Manufacturing Headquarters, MABUCHI MOTOR CO., LTD. (Current position)	8,822
		<p>Reasons for being nominated for the position of director: Shinichi Taniguchi has been renominated as a candidate for the position of director because we have judged that we can rely on his ability to play a significant role in decision making on important matters in the Group, as well as the supervision of business execution based on his abundant experience and sophisticated knowledge gained through being responsible for the policies for technology strategy and research and development.</p>		

No.	Name (Date of birth)	Brief personal history, position, assignment and significant positions concurrently held		Number of the Company's shares held
5	Tadahito Iyoda (November 22, 1968)  Reappointment	April 1999	Joined MABUCHI MOTOR CO., LTD.	8,590
		April 2004	Manager -President Office, MABUCHI INDUSTRY CO., LTD.	
June 2007	Manager, Global Business Strategy Planning Group, Corporate Planning Department, MABUCHI MOTOR CO., LTD.			
November 2009	Assistant General Manager, Corporate Planning Department, MABUCHI MOTOR CO., LTD.			
January 2010	General Manager, Corporate Planning Department, MABUCHI MOTOR CO., LTD.			
March 2013	Executive Officer and Senior General Manager, Administration Headquarters, MABUCHI MOTOR CO., LTD.			
March 2015	Director, Executive Officer and Senior General Manager, Administration Headquarters, MABUCHI MOTOR CO., LTD.			
March 2018	Director, Group Executive Officer and Chief Regional Officer in the Americas, MABUCHI MOTOR CO., LTD. (Current position)			
Reasons for being nominated for the position of director: Tadahito Iyoda has been renominated as a candidate for the position of director because we have judged that we can rely on his ability to play a significant role in decision making on important matters in the Group, as well as the supervision of business execution based on his abundant experience and sophisticated knowledge gained through supervising the Corporate Planning Department and Administration Headquarters of the headquarters and overseas subsidiaries, and in subsequently serving as Chief Regional Officer in the Americas since March 2018.				
6	Eiji Uenishi (March 15, 1960)  Reappointment	March 2004	Joined MABUCHI MOTOR CO., LTD.	7,504
		October 2004	Manager, Research and Development Group 3, Research and Development Department, Research and Development Headquarters, MABUCHI MOTOR CO., LTD.	
July 2007	General Manager, Research and Development Department 2, Research and Development Headquarters, MABUCHI MOTOR CO., LTD.			
March 2013	Deputy Senior General Manager, Research and Development Headquarters, MABUCHI MOTOR CO., LTD.			
March 2015	Executive Officer and Deputy Senior General Manager, Research and Development Headquarters, MABUCHI MOTOR CO., LTD.			
March 2017	Director, Executive Officer and Senior General Manager, Product Development Headquarters, MABUCHI MOTOR CO., LTD.			
March 2019	Director, Executive Officer, Deputy Chief Business Officer and Senior General Manager of Product Development, MABUCHI MOTOR CO., LTD. (Current position)			
Reasons for being nominated for the position of director: Eiji Uenishi has been renominated as a candidate for the position of director because we have judged that we can rely on his ability to play a significant role in decision making on important matters in the Group, as well as the supervision of business execution based on his abundant experience and sophisticated knowledge gained through his service as Senior General Manager of Product Development in developing new products and improving existing products.				



No.	Name (Date of birth)	Brief personal history, position, assignment and significant positions concurrently held	Number of the Company's shares held
7	Naoki Mitarai (October 30, 1952)  Reappointment  (Candidate for outside director)  (Candidate for notification as an independent director to the Tokyo Stock Exchange)	<p>April 1976      Joined Hitachi, Ltd.</p> <p>July 2000      General Manager, Employee Relations Department, Hitachi, Ltd.</p> <p>April 2004      Deputy General Manager, Government &amp; Public Corporation Information Systems Sales Management Division, Information &amp; Telecommunication Systems Group, Hitachi, Ltd.</p> <p>April 2005      General Manager, Group Company Office, Hitachi Group – Corporate Strategy, Hitachi Group Headquarters, Hitachi, Ltd.</p> <p>January 2006    General Manager, Group Company Office, Hitachi Group Headquarters, Hitachi, Ltd.</p> <p>April 2010      General Manager, Corporate Administration Division, Human Capital Group, Hitachi, Ltd.</p> <p>April 2011      Vice President and Executive Officer, General Manager, Human Capital Group and General Manager, Corporate Administration Division, Human Capital Group, Hitachi, Ltd.</p> <p>April 2014      Senior Vice President and Executive Officer, Chief Human Resources Officer (CHRO) and Chief Risk Management Officer (CRO), Hitachi High-Technologies Corporation</p> <p>April 2015      Representative Executive Officer, Executive Vice President and Executive Officer, Hitachi High-Technologies Corporation</p> <p>April 2016      Executive Adviser, Hitachi High-Technologies Corporation</p> <p>March 2017      Outside Director, MABUCHI MOTOR CO., LTD. (Current position)</p> <p>November 2019   Visiting Professor, University of Tsukuba (Current position)</p>	1,700
<p>Reasons for being nominated for the position of director:</p> <p>Naoki Mitarai has been renominated as a candidate for the position of outside director because we have judged that he is able to provide us with useful and appropriate advice and recommendations regarding overall management based on his long-term experience of corporate management as an executive officer in Hitachi, Ltd. and its group companies, with his abundant experience and considerable insight concerning corporate governance in addition to being a person of integrity. Thus, we may expect that the supervisory function over the Company's management in general will be reinforced.</p>			

No.	Name (Date of birth)	Brief personal history, position, assignment and significant positions concurrently held		Number of the Company's shares held
8	Kazuhiko Tsutsumi (October 24, 1952)  Reappointment  (Candidate for outside director)  (Candidate for notification as an independent director to the Tokyo Stock Exchange)	April 1982 October 2006 April 2008 April 2010  April 2014 April 2014  April 2018  January 2019 March 2019	Joined Mitsubishi Electric Corporation Vice-Director, Mitsubishi Electric Research Laboratories Director, Mitsubishi Electric Research Laboratories Executive Officer, Managing Director, Development Division, Mitsubishi Electric Corporation Adviser, Mitsubishi Electric Corporation Visiting Professor, Kanazawa Institute of Technology (Current position) Corporate Adviser, Mitsubishi Electric Corporation (Current position) Vice Chairmen, International Electrotechnical Commission (Current position) Outside Director, MABUCHI MOTOR CO., LTD. (Current position)	—
	Reasons for being nominated for the position of director: Kazuhiko Tsutsumi has been renominated as a candidate for the position of outside director because we have judged that he is able to provide us with appropriate supervision and advice regarding overall management based on his long-term involvement in the development division of Mitsubishi Electric Corporation leveraging his expertise as a Doctor of Engineering, and his experience of corporate management as the company's executive officer, with his abundant experience and considerable insight concerning corporate governance, in addition to being a person of integrity.			
9	Jody L. Ono (November 7, 1966)  Reappointment  (Candidate for outside director)  (Candidate for notification as an independent director to the Tokyo Stock Exchange)	June 2005  January 2013  April 2015  November 2017  March 2019	Chief Operating Officer, Stockholm Institute of Transition Economics (SITE), Stockholm School of Economics, Stockholm, Sweden Instructor, Center for Leadership Excellence, Texas A&M University Adjunct Assistant Professor, School of International Corporate Strategy (ICS), Hitotsubashi University Business School Adjunct Associate Professor, School of International Corporate Strategy (ICS), Hitotsubashi University Business School (Current position) Outside Director, MABUCHI MOTOR CO., LTD. (Current position)	—
	Reasons for being nominated for the position of director: Jody L. Ono has been renominated as a candidate for the position of outside director because we have judged that she is able to provide us with appropriate supervision and advice regarding overall management, based on her engagement in university education and the encouragement she provides to developing professionals in Japan and abroad, with her abundant international experience, expertise and considerable insight concerning personnel development, in addition to being a person of integrity. Although she has not been directly involved in corporate management, we have appointed her as a candidate because we have judged that she is able to appropriately execute her duties as an outside director due to the aforementioned reasons.			

(Notes)

1. No special relationship exists between the Company and the candidates.
2. Naoki Mitarai, Kazuhiko Tsutsumi and Jody L. Ono are candidates for the position of outside director.
3. Naoki Mitarai is currently an outside director of the Company, and his term of office will have reached three years at the conclusion of the 79th Ordinary General Meeting of Shareholders. The terms as outside directors of office of Kazuhiko Tsutsumi and Jody L. Ono will have reached one year at the conclusion of the 79th Ordinary General Meeting of Shareholders.
4. As per Article 427, Paragraph 1, of the Companies Act, the Company entered into agreements with Naoki Mitarai, Kazuhiko Tsutsumi and Jody L. Ono to limit their liabilities for damages as provided in Article 423, Paragraph 1, of the Companies Act. The limit of liabilities under the agreement shall be the amount set forth in Article 425, Paragraph 1, of the Companies Act. If their renominations are approved, the Company intends to extend said agreements with them.

5. The Company registered Naoki Mitarai, Kazuhiko Tsutsumi and Jody L. Ono as “independent officers,” as stipulated by the Tokyo Stock Exchange. If they are renominated, the Company intends to continue to designate them as “independent officers.”

### <Reference> Independence Criteria for Outside Officers

The Company prescribes criteria for the independence of outside officers, and outside officers that fall under any of the following shall be deemed as not being sufficiently independent from the Company:

- (1) Current or former employees or officers of the Company or its subsidiaries (collectively, the “**Mabuchi Group**”);
- (2) Business executives for whom a Major Business Partner is the Mabuchi Group, or business executives who are Major Business Partners of the Mabuchi Group (“**Major Business Partners**” means customers or suppliers of Mabuchi Group products, etc., accounting for, in either case, more than 2% of consolidated net sales for a given fiscal year);
- (3) Consultants, accounting professionals, or legal professionals who receive a Significant Sum of money or other assets, other than executive remuneration, from the Mabuchi Group, including persons who belong to a business organization if the person who receives the assets is an organization, such as a corporation or partnership (a “**Significant Sum**” means the annual total of 10 million yen or more of monetary or asset benefits other than executive remuneration);
- (4) A certified public accountant who belongs to an auditing firm that serves as the accounting auditor of the Mabuchi Group or an auditing firm’s employee, partner, member of staff, or worker;
- (5) A major shareholder who owns 10% or more of the voting rights in the Company;
- (6) A person who receives a large donation or loan, etc., amounting to 10 million yen or more, annually from the Mabuchi Group (including a person who belongs to a business organization if the person who receives the donation or loan is an organization, such as a corporation or partnership);
- (7) Business executives with which the Company has a reciprocal employment relationship as each other’s outside officers;
- (8) Persons who fall under any of (2) to (7) above in the past 3 years;
- (9) The close relative of a person if that person falling under (1) to (8) is a Person in an Important Position, including a spouse, a relative within the second degree of kinship, or a relative of a Person in an Important Position’s household (a “**Person in an Important Position**” means a director other than an outside director, an executive officer, an associate director, or a general manager or higher ranking manager).

**\*Opinion of the Audit and Supervisory Committee**

As a result of examining the election and remuneration of directors who are not audit and supervisory committee members, Audit and Supervisory Committee has concluded that there are no matters to be stated at the 79th Ordinary General Meeting of Shareholders pursuant to the Companies Act.

## **BUSINESS REPORT (From January 1, 2019 to December 31, 2019)**

### **1. Current Conditions of the Mabuchi Group**

#### **(1) 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.

### <Consolidated sales of motors by application>

Market segment	The 79th fiscal term (the year ended December 31, 2019)	YoY (%)	Segment sales as a percentage of net sales (%)
	Amount (Millions of yen)		
Automotive Products	97,959	-6.0	74.3
Consumer and Industrial Products	33,840	-12.9	25.7
Total	131,799	-7.9	100.0

(Notes)

1. The Mabuchi Group's businesses have been developed within a single business field related to small motors. Given this single business structure, an explanation by segment is omitted.
2. As the Mabuchi Group has sales of several types of motor parts and production equipment in addition to its mainstay motor sales, the amount for consolidated net sales differs from the amount for consolidated sales of motors.
3. Amounts less than a million yen have been truncated.
4. The figures above do not include consumption tax, etc.

## (2) Capital Investments

Capital investments for fiscal 2019 amounted to 17,915 million yen, which includes 4,135 million yen for the construction of facilities for MABUCHI MOTOR MEXICO S.A. DE C.V.; 264 million yen for R&D facilities and equipment; 401 million yen for information technology; and 13,113 million yen for other facilities and equipment to upgrade product lines and reinforce overall productivity.

## (3) Issues to be Addressed

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.

Under these business conditions, the Mabuchi Group will tackle the following issues:

### 1) Acceleration of Growth in the Power Window Lifter Motor Business

At the power window lifter motor business, Mabuchi Motor China has been established as a regional headquarters (management company) to respond promptly to the drastic changes being seen in the Chinese market, and the business has been working to address changes in the environment quickly, expand its marketing function, and strengthen its sales structure.

Specifically, this has included accelerating the switch to new, standard motors for power window

lifters, where we have a large market share in China, to meet customers' higher level of requirements. The business has won a new large-scale contract and is working to increase its market share further. In Europe, as in China, the competitive environment is changing significantly, and we are strengthening the R&D function at European sales bases to be able to respond more quickly, particularly in technological aspects. These efforts have led to inquiries from potential new customers who are currently using our competitors' products. Orders under a contract won from a high-end European automaker in fiscal 2018 are also showing steady growth in the models equipped with our products. In the United States, we are aiming to win orders from a third North American automaker, continue to strengthen our unified sales structure for the Americas and develop new products.

- 2) **Expansion of Medium-sized and Small Automotive Motor Sales and New Applications**  
Medium-sized automotive motors for applications, including power seats and electric parking brakes, are an area for which continued market expansion can be expected going forward in light of today's emphasis on automobile safety, comfort, and economy, and a variety of new applications are emerging. The Mabuchi Group will continue to develop new products for new applications. We will work toward sales growth through increased sales of highly competitive application-specific standard products to new customers. For small automotive motors, we will maintain and enhance our superiority in existing applications where Mabuchi has overwhelming strength, while also proactively developing and increasing sales of competitive new products in response to new inquiries including for new applications, based on the Company's strengths and factors, including a product's marketability and profitability.
- 3) **Development of New Applications in the Consumer and Industrial Products Sector**  
In the consumer and industrial products sector, in addition to business activities based on existing small brush motors, we are stepping up development and pursuing increased sales of brushless motors to cultivate new applications and create new demand. With regard to brushless motors for light electric vehicles, we have a steady pace of shipments to customers for both new applications and existing applications. We continue to receive many customer inquiries regarding brushless motors for light electric vehicles, and are working to develop new additional applications in addition to light electric vehicles and strengthen our sales activities to win orders for a greater variety of applications. We continue to strengthen our sales of motors for personal care products by developing motors for new high-end products being launched by customers. The consumer and industrial products sector has a short cycle from development to sales, and we are seeking to develop motors simultaneously with customers' product development. We will strive to meet customers' expectations by building further on the technologies we have developed to date.
- 4) **Pursuing laborsaving and Next-generation Manufacturing Innovation**  
Under both the Phase 1 (fiscal 2011 to fiscal 2013) and Phase 2 (fiscal 2014 to fiscal 2016) Laborsaving Plans to achieve laborsaving exceeding 30% during the three-year period, we achieved laborsaving exceeding 30% as planned and production process innovation progressed significantly. Under the Phase 3 Laborsaving Plan, which covered the three years from fiscal 2017 to fiscal 2019, we also achieved our challenging target of 30% laborsaving compared with fiscal 2016. In addition to laborsaving, these activities have led to a major strengthening of our equipment development capabilities. We are further refining our Next-generation Manufacturing Innovation that achieves both high product quality and productivity using our expertise in automation and efficiency enhancement acquired through the combination of laborsaving and activities including the development of innovative core production lines. The two main specific activities we are pursuing are to minimize the cost of manufacturing and to establish an international specialization system for manufacturing technologies, and we are steadily pursuing these initiatives along with human resource development and organization-building.
- 5) **Implementation of a global base strategy**  
To respond to changes in the manufacturing environment and address customers' increasing needs for motor production located close to their own factories, Mexico Mabuchi was established in Mexico in August 2014 as our first production base in the Americas, and Poland Mabuchi was established in Poland in January 2017 as our first production base in Europe. Our implementation of a global base strategy, including the establishment of these production bases, is contributing to

our ability to respond to the drastic changes in external environment seen in recent years. In China, the establishment of a regional headquarters is strengthening our ability to address local needs. Initiatives in the Americas include increasing our production line capacity and raising productivity at Mexico Mabuchi. In particular, we have achieved stable supplies to counter the effects of the respective country's trade policies through cooperation between America Mabuchi and Mexico Mabuchi. In Europe, Poland Mabuchi is working to commence mass production and raise productivity, to be able to provide a high level of customer service based on local production for local consumption.

#### (4) Financial Highlights

(Millions of Yen)

	76th fiscal term (FY2016)	77th fiscal term (FY2017)	78th fiscal term (FY2018)	79th fiscal term (FY2019)
Net sales	140,699	146,925	143,116	131,807
Ordinary income	26,135	25,841	24,804	20,854
Profit attributable to owners of parent	20,598	20,303	22,925	14,234
Profit per share (Yen)	300.70	299.74	341.19	214.00
ROE (%)	8.8	8.6	9.4	5.8
Total assets	258,387	269,318	267,050	268,244
Net assets	232,917	242,179	244,454	245,172
Shareholders' equity ratio (%)	90.1	89.9	91.5	91.4
Net assets per share (Yen)	3,405.14	3,579.98	3,640.08	3,690.86
Cash dividends per share (Yen)	120	120	135	135
Dividend payout ratio (%)	39.9	40.0	39.6	63.1
Dividend on equity ratio (%)	3.5	3.4	3.7	3.7

#### (Notes)

- Profit per share is calculated using the average number of outstanding shares during the period. Net assets per share are calculated based on the total number of shares outstanding at the end of the period.
- Amounts less than one million yen for net sales, ordinary income, profit attributable to owners of parent, total assets, and net assets are omitted. Amounts of profit per share and net assets per share are rounded to two decimal places.
- Percentages for ROE, shareholders' equity ratio, dividend payout ratio and dividend on equity ratio are rounded to one decimal place.
- Cash dividends per share, dividend payout ratio and dividend on equity ratio for the 79th fiscal term are projected figures calculated on the assumption that the resolution will be passed on the proposal for appropriation of retained earnings at the 79th Ordinary General Meeting of Shareholders.
- As the Company's shares held by the ESOP Trust Utilizing Employee Shareholding Association are treated as treasury stock, the relevant number of shares is excluded from the average number of outstanding shares during the period in the calculation of profit per share and the dividend payout ratio for the 76th, 77th and 78th fiscal terms. Moreover, the relevant number of shares is excluded from the total number of shares outstanding at the end of the period in the calculation of net assets per share and the dividend on equity ratio for the 76th and 77th fiscal terms.
- As the Company's shares held by the Mabuchi Motor Employee Ownership Association Trust are treated as treasury stock, the relevant number of shares is excluded from the average number of outstanding shares during the period in the calculation of profit per share and the dividend payout ratio for the 79th fiscal term. Moreover, the relevant number of shares is excluded from the total number of shares outstanding at the end of the period in the calculation of net assets per share and the dividend on equity ratio.
- As the Company's shares held by the Executive Compensation BIP Trust are treated as treasury stock, the relevant number of shares is excluded from the average number of outstanding shares during the period in the calculation of profit per share and the dividend payout ratio for the 76th, 77th, 78th and 79th fiscal terms. Moreover, the relevant number of shares is excluded from the total number of shares outstanding at the end of the period in the calculation of net assets per share and the dividend on equity ratio.



8. Beginning in the 79th fiscal term, the Company has applied the Partial Amendments to Accounting Standard for Tax Effect Accounting. The indicators up to the 77th fiscal term have been calculated using financial statement figures that are not retroactively applied, while the indicators for the 78th fiscal term have been calculated using financial statement figures after retroactive application of the amendments.

(5) Major Business Conducted by the Mabuchi Group (As of December 31, 2019)

The Mabuchi Group, consisting of the Company and its 23 subsidiaries (of which 22 are consolidated subsidiaries), engages in the manufacture and sales of small motors used for automotive products, consumer and industrial products, etc.

## 2. Matters Relating to Stocks (As of December 31, 2019)

- (1) Total Number of Shares Authorized: 200,000,000
- (2) Total Number of Shares Issued: 68,562,462  
(Including 1,826,945 shares of treasury stock)
- (3) Number of Shareholders: 21,795  
(Decreased by 2,506 from the end of the previous term)
- (4) Major Shareholders (Top 10)

Shareholders	Number of shares held (shares)	Percentage of shares held (%)
Takaichi Mabuchi	5,000,800	7.5
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,460,000	5.2
Mabuchi International Scholarship Foundation, Public Interest Incorporated Foundation	3,000,000	4.5
Japan Trustee Services Bank, Ltd. (Trust Account)	2,659,500	4.0
Premiere Corporation	2,068,600	3.1
Tamotsu Mabuchi	2,050,414	3.1
Takashi Mabuchi	2,010,600	3.0
Ray Corporation Co., Ltd.	1,746,000	2.6
Misaki Engagement Master Fund	1,202,500	1.8
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,120,400	1.7

(Notes)

1. The number of shares of treasury stock (1,826,945 shares) is excluded from “Percentage of shares held.” The percentages are rounded to one decimal place.
2. 139,100 shares held by the Mabuchi Motor Employee Ownership Association Trust and 203,226 shares held by the Executive Compensation BIP Trust are included in the calculation of “Percentage of shares held.”

### (5) Other Significant Matters Relating to Stocks

#### 1) Introduction of the Performance-based Stock Compensation Plan

At the 75th Ordinary General Meeting of Shareholders held on March 30, 2016, the Company resolved the introduction of a compensation system for the Company’s directors and executive officers (performance-based stock compensation plan), which is closely linked to medium-term business performance, with the purpose of enhancing the motivation of directors and executive officers to contribute to improved business performance and increased corporate value over the medium term. Based on the resolution, the Company has adopted a trust called the Executive Compensation BIP (Board Incentive Plan) Trust.

The number of shares held in the trust account of the Executive Compensation BIP Trust as of the fiscal year-end was 203,226 shares.

#### 2) Purchase of Treasury Stock

Treasury stock purchased in accordance with a resolution at a meeting of the Board of Directors held on February 14, 2019

- Class and total number of shares purchased: 777,500 shares of common stock of the Company
- Total amount of purchase cost: ¥2,999,646,500
- Purchase period: from February 18, 2019 to March 19, 2019

#### 3) Restricted Stock Compensation Plan

The Company has introduced a restricted stock compensation plan in accordance with the resolution of the 77th Ordinary General Meeting of Shareholders of the Company held on March 29, 2018. Following the introduction, the Company decided on the disposal of treasury stock as stock compensation at a meeting of the Board of Directors held on April 12, 2019, and completed the disposal of 14,330 shares of treasury stock for five directors (excluding outside directors) and eight

executive officers as of May 8, 2019.

4) Trust-type Employee Stock Ownership Incentive Plan

The Company has introduced a trust-type employee stock ownership incentive plan to promote the constant development of the Company by providing incentives for employees in order to enhance the Company's corporate value over the medium to long term, further improving welfare programs and boosting employees' work awareness through capital participation as shareholders.

The number of shares held in the trust account as of the fiscal year-end was 139,100 shares.

### 3. Matters Concerning the Subscription Rights to Shares

Subscription Rights to Shares Held by the Company's Directors as of December 31, 2019.

Designation	Date of resolution for issuance	Number of subscription rights to shares	Number of persons granted subscription rights to shares	Type and number of shares underlying subscription rights to shares	Subscription amount required in exchange for subscription rights to shares	Value of property invested in exercising subscription rights to shares	Period for exercising subscription rights to shares
1st Subscription Rights to Shares	March 28, 2013	199 units	Two (2) directors of the Company (excluding audit and supervisory committee members and outside directors)	3,980 shares of the Company's common stock (20 shares per subscription right)	Not required	One (1) yen per share	From May 21, 2013 to May 20, 2033
2nd Subscription Rights to Shares	March 28, 2014	133 units	Two (2) directors of the Company (excluding audit and supervisory committee members and outside directors)	2,660 shares of the Company's common stock (20 shares per subscription right)	Not required	One (1) yen per share	From April 22, 2014 to April 21, 2034
3rd Subscription Rights to Shares	March 27, 2015	297 units	Four (4) directors of the Company (excluding audit and supervisory committee members and outside directors)	2,970 shares of the Company's common stock (10 shares per subscription right)	Not required	One (1) yen per share	From April 21, 2015 to April 20, 2035
4th Subscription Rights to Shares	March 30, 2016	523 units	Five (5) directors of the Company (excluding audit and supervisory committee members and outside directors)	5,230 shares of the Company's common stock (10 shares per subscription right)	Not required	One (1) yen per share	From April 21, 2016 to April 20, 2036
5th Subscription Rights to Shares	March 30, 2017	546 units	Five (5) directors of the Company (excluding audit and supervisory committee members and outside directors)	5,460 shares of the Company's common stock (10 shares per subscription right)	Not required	One (1) yen per share	From April 21, 2017 to April 20, 2037

(Notes)

1. Conditions for the exercise of the subscription rights to shares are as follows:

- 1) A person who is allotted the subscription rights to shares (hereafter "Subscription Right Holder") shall be allowed to exercise the subscription rights to shares, solely in a lump sum,

only within a period of not later than ten (10) days following the next day after the date when he or she forfeits the director's position of the Company.

- 2) In the event a Subscription Right Holder passes away, his or her heir may exercise the subscription rights to shares, provided, however, that any person who has inherited the subscription rights to shares from the heir of an allotted person is not allowed to exercise the subscription rights to shares.
2. In keeping with the stock split that the Company conducted on January 1, 2015, in which each share of the Company's common stock was split into two shares, the "type and number of shares underlying subscription rights to shares" for the 1st and 2nd Subscription Rights to Shares have been adjusted.
3. Of the above, the subscription rights to shares granted to one (1) director include those that were granted before the director assumed the position of director.

## 4. Directors of the Company

### (1) Directors

(As of December 31, 2019)

Position	Name	Duty and Significant Positions Concurrently Held
Representative Director and President	Hiroo Okoshi	CEO
Representative Director	Masato Itokawa	COO, Senior Managing Executive Officer, in charge of Internal Controls and Chief Quality and Environmental Officer
Director	Hirotarō Katayama	Managing Executive Officer, Assistant to the President and Chief Officer of Subsidiaries
Director	Tadahito Iyoda	Group Executive Officer and Chief Regional Officer in the Americas
Director	Eiji Uenishi	Executive Officer, Deputy Chief Business Officer, Senior General Manager of Product Development and Senior General Manager of Automotive Product Business Unit 1
Director	Shinichi Taniguchi	Executive Officer, Chief Technology Officer and Senior General Manager of Manufacturing Headquarters
Outside Director	Naoki Mitarai	
Outside Director	Kazuhiko Tsutsumi	
Outside Director	Jody L. Ono	
Director (Full-time Audit and Supervisory Committee Member)	Kazuyuki Someya	
Outside Director (Audit and Supervisory Committee Member)	Toru Masuda	Attorney, Representative of Masuda Toru Law Office
Outside Director (Audit and Supervisory Committee Member)	Takashi Asai	Attorney, Partner of DAI-ICHI FUYO LAW OFFICE
Outside Director (Audit and Supervisory Committee Member)	Yukie Toge	Director of Yukie Toge Certified Public Accountant Office Representative Director of Felice Consulting Ltd. Outside Audit & Supervisory Board Member of Seven Bank, Ltd.

(Notes)

- On March 28, 2019, the Company changed to a company with audit and supervisory committee in accordance with the resolution of the 78th Ordinary General Meeting of Shareholders held on the same date. Due to this change, Kazuyuki Someya, Toru Masuda and Takashi Asai retired as Audit & Supervisory Board Members and were newly appointed Directors who are Audit and Supervisory Committee Members as of the same date.
- Directors Naoki Mitarai, Kazuhiko Tsutsumi and Jody L. Ono and Directors (who are Audit and Supervisory Committee Members) Toru Masuda, Takashi Asai and Yukie Toge are outside directors. The Company has designated them as “independent officers” as stipulated by the Tokyo Stock Exchange and registered them there.
- The Company has elected Kazuyuki Someya as a Full-time Audit and Supervisory Committee Member to enhance the audit and supervisory functions as well as information gathering of the Audit and Supervisory Committee and to seek cooperation with internal audit departments.

4. Director (Full-time Audit and Supervisory Committee Member) Kazuyuki Someya has engaged in the administration of the Company for many years. He has also served in overall management as the President of a Chinese subsidiary of the Company and has significant knowledge of finance and accounting.
5. Director (Audit and Supervisory Committee Member) Yukie Toge is a certified public accountant and has professional knowledge of finance and accounting.
6. Directors (Audit and Supervisory Committee Members) Toru Masuda and Takashi Asai are attorneys. They are familiar with corporate legal affairs and have significant knowledge of finance and accounting.
7. Directors Tadashi Takahashi and Ichiro Hashimoto and Audit & Supervisory Board Member Nobutaka Motohashi retired due to the expiration of their terms of office at the conclusion of the 78th Ordinary General Meeting of Shareholders held on March 28, 2019.
8. The Company reinforces business execution and supervision functions by entrusting directors with strategic decision making and supervision and giving executive officers the authority of and responsibility for ordinary business execution. The Company also adopts the executive officer system to reinforce corporate governance.

Executive officers who are not concurrently directors are as follows:

Name	Areas of responsibility
Tadashi Takahashi	Managing Executive Officer and in charge of Production Base Issue Management
Kentaro Shirai	Managing Executive Officer, Chief Business Officer and Senior General Manager of Purchasing Headquarters
Isao Ichikawa	Managing Executive Officer, Deputy Chief Business Officer, Senior General Manager of Sales & Marketing and Senior General Manager of Consumer and Industrial Product Business Unit
Tsuyoshi Nakamura	Executive Officer, in charge of Customer Relations and Senior General Manager of Automotive Product Business Unit 2
Toichi Koyata	Executive Officer and Report to CEO, in charge of Issue Management
Toru Shibasaki	Executive Officer and Deputy Senior General Manager of Manufacturing Headquarters
Takayuki Kokon	Executive Officer, Senior General Manager of Administration Headquarters and Senior General Manager of Business Platform Innovation Headquarters
Tomofumi Imamura	Executive Officer and Senior General Manager of Corporate Planning Headquarters
Quan Da Yong	Group Executive Officer and Chief Regional Officers in China

## (2) Remuneration Paid to Directors and Audit & Supervisory Board Members

### 1) Remuneration Paid

Category	Number of persons remunerated	Total amount of remuneration paid (Millions of yen)
Directors (excluding Audit and Supervisory Committee Members) [of whom, Outside Directors]	11 [4]	382 [26]
Directors (Audit and Supervisory Committee Members) [of whom, Outside Directors]	4 [3]	36 [21]
Audit & Supervisory Board Members [of whom, Outside Audit & Supervisory Board Members]	4 [3]	11 [6]

(Notes)

1. The amount of remuneration paid above includes the estimated amount of 84 million yen in the Company's shares, etc. calculated based on the points to be granted to seven (7) directors (excluding outside directors) under the performance-based stock compensation plan during the fiscal year under review.
2. The amount of remuneration paid above includes 29 million yen in restricted stock granted to five (5) directors (excluding outside directors) as remuneration for granting restricted stock.
3. The amount of remuneration for directors (excluding audit and supervisory committee members) includes 108 million yen in accrued bonuses due to directors, which was recorded during the fiscal year under review.
4. The amount of remuneration for directors (excluding audit and supervisory committee members) does not include their salaries for their service as the Company's employees, which is 5 million yen (paid to two [2] directors/employees).
5. The amount of remuneration for directors (excluding audit and supervisory committee members) includes the amount of remuneration paid to two (2) directors (of whom one [1] was an outside director) and the amount of remuneration for audit & supervisory board members include four (4) audit & supervisory board members (of whom three [3] were outside audit & supervisory board members) who retired at the conclusion of the 78th Ordinary General Meeting of Shareholders held on March 28, 2019. The Company transitioned from a company with audit & supervisory board to a company with audit and supervisory committee on March 28, 2019.

2) Policy for Decision Making on Remuneration, etc.

Following the transition to a company with audit and supervisory committee at the 78th Ordinary General Meeting of Shareholders held on March 28, 2019, the Company has set different amounts of remuneration for directors (excluding directors who are audit and supervisory committee members) and directors who are audit and supervisory committee members, and has stipulated the following policy for decision making on remuneration:

(1) Monetary compensation

The remuneration of directors (excluding directors who are audit and supervisory committee members) consists of fixed payments and variable payments. The ceiling amount of remuneration is 550 million yen per year (excluding salaries for service as the Company's employees). Remuneration of directors who are audit and supervisory committee members (the ceiling amount of total remuneration) is a fixed yearly remuneration amount of no more than 108 million yen. A fixed amount of remuneration for each director (excluding directors who are audit and supervisory committee members) was determined, taking into account each director's position, assignment, other companies' standards and changes in the management environment, etc. The variable amounts are determined by each individual's business performance assessed using certain evaluation indices. With regard to remuneration for outside directors, because they are independent of business execution, fixed remuneration that is not affected by business results is paid to each outside director.

(2) Stock compensation

The Company has introduced a trust-type, performance-based stock compensation plan as a medium-term incentive for directors (excluding directors who are audit and supervisory committee members, outside directors and non-residents of Japan) with the aim of enhancing their motivation to contribute to improving business performance and increasing corporate value over the medium term. The ceiling amount is 600 million yen or 150,000 points (one point = one common stock) over three fiscal years. The Company has also introduced a restricted stock compensation plan to provide incentives for seeking the continuous improvement of the Company's corporate value and further share value with its shareholders. The total amount of monetary compensation to be paid for granting restricted stock compensation shall be no more than 60 million yen or 50,000 shares per year.

(3) Matters Concerning Outside Officers

- 1) Representative Positions at Different Companies Concurrently Assumed by the Company's Officers and the Relation between those Companies and MABUCHI MOTOR CO., LTD.
  - i) Director (Audit and Supervisory Committee Member) Toru Masuda also serves as representative of Masuda Toru Law Office. There has been no trading or other special



relationship between Masuda Toru Law Office and the Company.

- ii) Director (Audit and Supervisory Committee Member) Takashi Asai also serves as a partner of DAI-ICHI FUYO LAW OFFICE. There has been no trading or other special relationship between DAI-ICHI FUYO LAW OFFICE and the Company.
- iii) Director (Audit and Supervisory Committee Member) Yukie Toge also serves as Director of Yukie Toge Certified Public Accountant Office, Representative Director of Felice Consulting Ltd., and Outside Audit & Supervisory Board Member of Seven Bank, Ltd. There has been no trading or other special relationship between Yukie Toge Certified Public Accountant Office, Felice Consulting Ltd. or Seven Bank and the Company.

2) Major Activities during the Fiscal Year under Review

	Activities
Director Naoki Mitarai	Attended 25 of the 28 meetings of the Board of Directors held during the fiscal year under review. Based on his ample experience and deep insight as a company executive over the years and from a position independent of the Company's management, he provided advice and made propositions to ensure the legality, adequacy and fairness of decision making and business execution.
Director Kazuhiko Tsutsumi	Since his appointment in March 2019, attended 19 of the 20 meetings of the Board of Directors held during the fiscal year under review. Based on his ample experience and deep insight on technology development as a Doctor of Engineering and from a position independent of the Company's management, he provided advice and made propositions to ensure the legality, adequacy and fairness of decision making and business execution.
Director Jody L. Ono	Since her appointment in March 2019, attended all 20 meetings of the Board of Directors held during the fiscal year under review. Based on her ample international experience in the university education field and deep insight on human resources development, etc. and from a position independent of the Company's management, she provided advice and made propositions to ensure the legality, adequacy and fairness of decision making and business execution.
Director (Audit and Supervisory Committee Member) Toru Masuda	Of the 28 meetings of the Board of Directors held during the fiscal year under review, attended 8 meetings as an Audit & Supervisory Board Member and 19 meetings as an Audit and Supervisory Committee Member. Based on his ample experience and professional viewpoints on corporate legal affairs as an attorney and from a position independent of the Company's management, he provided advice and made propositions to ensure the legality, adequacy and fairness of decision making and business execution. He also attended all 3 meetings of the Audit & Supervisory Board and all 8 meetings of the Audit and Supervisory Committee held during the fiscal year under review. Based on his professional viewpoint, he provided insightful comments such as when offering opinions on the audit results.
Director (Audit and Supervisory Committee Member) Takashi Asai	Of the 28 meetings of the Board of Directors held during the fiscal year under review, attended all 8 meetings as an Audit & Supervisory Board Member and all 20 meetings as an Audit and Supervisory Committee Member. Based on his ample experience and professional viewpoints on corporate legal affairs as an attorney and from a position independent of the Company's management, he provided advice and made propositions to ensure the legality, adequacy and fairness of decision making and business execution. He also attended all 3 meetings of the Audit & Supervisory Board and all 8 meetings of the Audit and Supervisory Committee held during the fiscal year under review. Based on his professional viewpoint, he provided insightful comments such as when offering opinions on the audit results.
Director (Audit and Supervisory Committee Member) Yukie Toge	Since her appointment in March 2019, attended all 20 meetings of the Board of Directors and all 8 meetings of the Audit and Supervisory Committee held during the fiscal year under review. Based on her ample experience and professional viewpoints as a certified public accountant and a consultant in the field of accounting and system, and from a position independent of the Company's management, she provided advice and made propositions to ensure the legality, adequacy and fairness of decision making and business execution.

(Note) In addition to the number of meetings of the Board of Directors stated above, there were 3 resolutions in writing that are considered as resolutions of the Board of Directors, pursuant to Article 370 of the Companies Act and Article 25 of the Company's Articles of Incorporation.

3) Outline of Limited Liability Agreements

As per Article 427, Paragraph 1, of the Companies Act and the Company's Articles of Incorporation, the Company entered into an agreement with outside directors to limit their liabilities for damages as provided in Article 423, Paragraph 1, of the Companies Act. The limit of liabilities under the agreement shall be the amount set forth in the relevant laws and regulations.

## Consolidated Balance Sheet

(As of December 31, 2019)

(Millions of yen)

Item	Amount	Item	Amount
<b>(Assets)</b>	<b>268,244</b>	<b>(Liabilities)</b>	<b>23,071</b>
<b>Current assets</b>	<b>173,510</b>	<b>Current liabilities</b>	<b>17,121</b>
Cash and bank deposits	110,369	Trade notes and accounts payable	6,003
Trade notes and accounts receivable	21,913	Accrued income taxes	1,966
Short-term investments	2,301	Accrued bonuses due to employees	249
Merchandises and finished goods	24,353	Accrued bonuses due to directors	172
Work in process	954	Other current liabilities	8,730
Raw materials and supplies	8,572	<b>Long-term liabilities</b>	<b>5,950</b>
Other current assets	5,101	Long-term loans payable	635
Allowance for doubtful accounts	(53)	Accrued benefits for stock payment	142
<b>Fixed assets</b>	<b>94,733</b>	Liability for retirement benefits	2,139
<b>Property, plant and equipment</b>	<b>80,504</b>	Asset retirement obligations	17
Buildings and structures	22,137	Deferred tax liabilities-non-current	2,716
Machinery, equipment and vehicles	30,951	Other long-term liabilities-non-current	299
Tools, furniture and fixture	4,487	<b>(Net assets)</b>	<b>245,172</b>
Land	6,640	<b>Shareholders' equity</b>	<b>248,084</b>
Construction in progress	16,288	<b>Common stock</b>	<b>20,704</b>
<b>Intangible assets</b>	<b>1,144</b>	<b>Additional paid-in capital</b>	<b>20,419</b>
<b>Investments and other assets</b>	<b>13,084</b>	<b>Retained earnings</b>	<b>216,974</b>
Investment securities	10,980	<b>Treasury stock</b>	<b>(10,014)</b>
Deferred tax assets-non-current	704	<b>Accumulated other comprehensive income</b>	<b>(3,035)</b>
Other investments and other assets	1,433	<b>Net unrealized holding gains on securities</b>	<b>3,456</b>
Allowance for doubtful accounts	(33)	<b>Deferred gains or losses on hedges</b>	<b>(2)</b>
		<b>Foreign currency translation adjustments</b>	<b>(5,777)</b>
		<b>Retirement benefits liability adjustments</b>	<b>(712)</b>
		<b>Subscription rights to shares</b>	<b>124</b>
<b>Total assets</b>	<b>268,244</b>	<b>Total liabilities and net assets</b>	<b>268,244</b>

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

**Consolidated Statement of Income**  
(For the year ended December 31, 2019)

(Millions of yen)

Item	Amount	
<b>Net sales</b>		<b>131,807</b>
<b>Cost of sales</b>		<b>90,776</b>
<b>Gross profit</b>		<b>41,031</b>
<b>Selling, general and administrative expenses</b>		<b>23,486</b>
<b>Operating income</b>		<b>17,544</b>
<b>Non-operating income</b>		
Interest income	830	
Dividend income	291	
Foreign exchange gains	990	
Gain on sale of raw material scrap	1,378	
Other	452	3,943
<b>Non-operating expenses</b>		
Stock-related expenses	150	
Non-deductible consumption tax	49	
Other	434	634
<b>Ordinary income</b>		<b>20,854</b>
<b>Extraordinary income</b>		
Gain on disposal of fixed assets	25	
Gain on sales of golf memberships	1	27
<b>Extraordinary loss</b>		
Loss on disposal of fixed assets	612	
Extraordinary retirement expenses	90	702
<b>Profit before income taxes</b>		<b>20,179</b>
<b>Income taxes</b>		
Current	5,091	
Deferred	853	5,944
<b>Profit</b>		<b>14,234</b>
<b>Profit attributable to owners of parent</b>		<b>14,234</b>

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

## Consolidated Statement of Changes in Net Assets

(For the year ended 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 (Note: 1)	—	—	(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
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					Subscription rights to shares	Total net assets
	Net unrealized holding gains 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 (Note: 1)	—	—	—	—	—	—	(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
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

(Notes)

1. The dividends were paid as appropriations of retained earnings based on a resolution at the 78th ordinary general meeting of shareholders held on March 28, 2019.
2. Amounts less than one million yen have been omitted.

<Reference>

### Consolidated Statement of Comprehensive Income

(For the year ended December 31, 2019)

(Millions of yen)

Item	Amount
<b>Profit</b>	<b>14,234</b>
<b>Other comprehensive income</b>	
Net unrealized holding gains (losses) on securities	1,436
Deferred gains or losses on hedges	35
Foreign currency translation adjustments	(2,703)
Retirement benefits liability adjustments	184
Total other comprehensive income	(1,047)
<b>Comprehensive income</b>	<b>13,187</b>
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	13,187
Comprehensive income attributable to non-controlling interests	—

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

<Reference>

### Consolidated Statement of Cash Flows

(For the year ended December 31, 2019)

(Millions of yen)

Item	Amount
<b>Cash flows from operating activities</b>	
Profit before income taxes	20,179
Depreciation and amortization	8,581
Increase (Decrease) in liability for retirement benefits	70
Interest and dividends income	(1,121)
Foreign exchange losses (gains)	22
Loss (Gain) on disposal of fixed assets	586
Decrease (Increase) in trade notes and accounts receivable	1,586
Decrease (Increase) in inventories	1,033
Increase (Decrease) in trade notes and accounts payable	(1,013)
Other, net	(240)
Sub total	29,684
Interest and dividends received	1,152
Income taxes paid	(5,006)
<b>Net cash provided by operating activities</b>	<b>25,830</b>
<b>Cash flows from investing activities</b>	
Increase of time deposits	(1,635)
Proceeds from withdrawal of time deposits	1,635
Proceeds from sales of short-term investments	1,000
Purchase of fixed assets	(15,391)
Proceeds from sales of fixed assets	81
Purchase of investment securities	(802)
Other, net	(133)
<b>Net cash used in investing activities</b>	<b>(15,246)</b>
<b>Cash flows from financing activities</b>	
Proceeds from long-term loans payable	635
Cash dividends paid	(9,830)
Purchase of treasury stock	(4,083)
Proceeds from sales of treasury stock	1,147
<b>Net cash used in financing activities</b>	<b>(12,132)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(1,149)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,697)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>113,560</b>
<b>Cash and cash equivalents at end of period</b>	<b>110,863</b>

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



## Non-Consolidated Balance Sheet

(As of December 31, 2019)

(Millions of yen)

Item	Amount	Item	Amount
<b>(Assets)</b>	<b>168,537</b>	<b>(Liabilities)</b>	<b>13,227</b>
<b>Current assets</b>	<b>78,489</b>	<b>Current liabilities</b>	<b>10,653</b>
Cash and bank deposits	44,094	Accounts payable	7,009
Trade notes receivable	165	Accounts payable-other	1,559
Accounts receivable	28,085	Accrued expenses	555
Short-term investments	2,301	Accrued income taxes	739
Merchandises and finished goods	2,010	Accrued bonuses due to employees	249
Work in process	13	Accrued bonuses due to directors	166
Raw materials and supplies	1,011	Other current liabilities	373
Other current assets	806	<b>Long-term liabilities</b>	<b>2,574</b>
<b>Fixed assets</b>	<b>90,048</b>	Long-term loans payable	635
<b>Property, plant and equipment</b>	<b>15,107</b>	Accrued benefits for stock payment	142
Buildings	7,514	Allowance for retirement benefits for employees	816
Structures	586	Asset retirement obligations	17
Machinery and equipment	425	Deferred tax liabilities-non-current	813
Vehicles	4	Other long-term liabilities-non-current	149
Tools, furniture and fixture	528	<b>(Net assets)</b>	<b>155,309</b>
Land	5,991	<b>Shareholders' equity</b>	<b>151,731</b>
Construction in progress	55	<b>Common stock</b>	<b>20,704</b>
<b>Intangible assets</b>	<b>594</b>	<b>Additional paid-in capital</b>	<b>20,419</b>
Software	310	Legal capital surplus	20,419
Software in progress	278	<b>Retained earnings</b>	<b>120,621</b>
Other intangible assets	5	Legal retained earnings	3,819
<b>Investments and other assets</b>	<b>74,346</b>	Other legal retained earnings	116,802
Investment securities	10,910	Reserve for the reduction of fixed assets	120
Stocks of subsidiaries and affiliates	16,096	General reserve	170,119
Investments in capital of subsidiaries and affiliates	39,094	Retained earnings carried forward	(53,438)
Long-term loans receivable from subsidiaries and affiliates	8,142	<b>Treasury stock</b>	<b>(10,014)</b>
Other investments and other assets	136	<b>Revaluation/translation adjustments</b>	<b>3,454</b>
Allowance for doubtful accounts	(33)	Net unrealized holding gains on securities	3,456
		Deferred gains or losses on hedges	(2)
		<b>Subscription rights to shares</b>	<b>124</b>
<b>Total assets</b>	<b>168,537</b>	<b>Total liabilities and net assets</b>	<b>168,537</b>

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

## Non-Consolidated Statement of Income

(For the year ended December 31, 2019)

(Millions of yen)

Item	Amount	
<b>Net sales</b>		<b>93,568</b>
<b>Cost of sales</b>		<b>70,805</b>
<b>Gross profit</b>		<b>22,762</b>
<b>Selling, general and administrative expenses</b>		<b>16,444</b>
<b>Operating income</b>		<b>6,317</b>
<b>Non-operating income</b>		
Interest income	184	
Interest on short-term investments	2	
Dividend income	6,600	
Foreign exchange gains	460	
Other	165	7,413
<b>Non-operating expenses</b>		
Stock-related expenses	150	
Other	20	170
<b>Ordinary income</b>		<b>13,561</b>
<b>Extraordinary income</b>		
Gain on disposal of fixed assets	2	2
<b>Extraordinary loss</b>		
Loss on disposal of fixed assets	7	7
<b>Profit before income taxes</b>		<b>13,555</b>
<b>Income taxes</b>		
Current	1,872	
Deferred	308	2,180
<b>Profit</b>		<b>11,375</b>

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

### Non-Consolidated Statement of Changes in Net Assets

(For the year ended December 31, 2019)

(Millions of yen)

	Shareholders' equity			
	Common stock	Additional paid-in capital		Retained earnings
		Legal capital surplus	Total additional paid-in capital	Legal retained earnings
Beginning balance	20,704	20,419	20,419	3,819
Changes of items during the period				
Cash dividend (Note: 1)	—	—	—	—
Cash dividend (Interim dividends)	—	—	—	—
Profit	—	—	—	—
Purchase of treasury stock	—	—	—	—
Disposal of treasury stock	—	—	—	—
Reversal of reserve for the reduction of fixed assets	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—
Total changes of items during the period	—	—	—	—
Ending balance	20,704	20,419	20,419	3,819

(Millions of yen)

	Shareholders' equity			
	Retained earnings			
	Other legal retained earnings			Total retained earnings
	Reserve for the reduction of fixed assets	General reserve	Retained earnings carried forward	
Beginning balance	124	170,119	(54,846)	119,216
Changes of items during the period				
Cash dividend (Note: 1)	—	—	(5,379)	(5,379)
Cash dividend (Interim dividends)	—	—	(4,453)	(4,453)
Profit	—	—	11,375	11,375
Purchase of treasury stock	—	—	—	—
Disposal of treasury stock	—	—	(137)	(137)
Reversal of reserve for the reduction of fixed assets	(4)	—	4	—
Net changes of items other than shareholders' equity	—	—	—	—
Total changes of items during the period	(4)	—	1,408	1,404
Ending balance	120	170,119	(53,438)	120,621

(Millions of yen)

	Shareholders' equity		Revaluation/translation adjustments			Subscription rights to shares	Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities	Deferred gains or losses on hedges	Total revaluation/translation adjustments		
Beginning balance	(7,400)	152,941	2,020	(37)	1,983	124	155,048
Changes of items during the period							
Cash dividend (Note: 1)	—	(5,379)	—	—	—	—	(5,379)
Cash dividend (Interim dividends)	—	(4,453)	—	—	—	—	(4,453)
Profit	—	11,375	—	—	—	—	11,375
Purchase of treasury stock	(4,082)	(4,082)	—	—	—	—	(4,082)
Disposal of treasury stock	1,468	1,330	—	—	—	—	1,330
Reversal of reserve for the reduction of fixed assets	—	—	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	1,436	35	1,471	—	1,471
Total changes of items during the period	(2,614)	(1,209)	1,436	35	1,471	—	261
Ending balance	(10,014)	151,731	3,456	(2)	3,454	124	155,309

(Notes)

1. The dividends were paid as appropriations of retained earnings based on a resolution at the 78th ordinary general meeting of shareholders held on March 28, 2019.
2. Amounts less than one million yen have been omitted.