

(TRANSLATION ONLY)

Securities code: 6592

March 9, 2021

To Those Shareholders with Voting Rights

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

NOTICE OF THE 80TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are informing you of the 80th Ordinary General Meeting of Shareholders (the “Meeting”) of MABUCHI MOTOR CO., LTD. (the “Company”) to be held as follows:

In order to prevent the spread of the new coronavirus, we urge our shareholders to refrain from attending the general meeting of shareholders at the venue and exercise your voting rights in writing or via electronic means (such as by using the Internet). Please read the attached REFERENCE DOCUMENTS FOR THE 80TH ORDINARY GENERAL MEETING OF SHAREHOLDERS and exercise your voting rights before 5 p.m. on Monday, March 29, 2021.

- 1. Date:** 10 a.m., Tuesday, March 30, 2021
- 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 80th Fiscal Term (from January 1, 2020 to December 31, 2020), 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 80th Fiscal Term (from January 1, 2020 to December 31, 2020)

Matters to be resolved:

- Proposal 1:** Proposed Appropriation of Retained Earnings for the 80th Fiscal Term
- Proposal 2:** Election of Nine (9) Directors (Excluding Directors who are Audit and Supervisory Committee Members)
- Proposal 3:** Election of Four (4) Directors who are Audit and Supervisory Committee Members
- Proposal 4:** Partial Revisions to the Implementation Period of the Performance-Based Stock Compensation Plan for Directors (Excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)

***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 80TH ORDINARY GENERAL MEETING OF SHAREHOLDERS” with you.**

***Of the documents that we are required to provide in this “NOTICE OF THE 80TH 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 80TH 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 80TH 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/>).**

***Notice concerning the new coronavirus**

- We ask our shareholders who will attend the Meeting at the venue to wear a mask and disinfect your hands with alcohol.**
- Please note that Mabuchi’s officers and staff members attending the Meeting will wear a mask.**
- Please be aware in advance that we will take your temperature near the reception desk and may ask those who have a fever or appear to be in poor health to refrain from entering the venue.**
- Any changes that may occur to the above procedures for the Meeting in accordance with future developments will be posted on the Company’s website (<https://www.mabuchi-motor.co.jp/>).**

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 80TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Proposal 1: Proposed Appropriation of Retained Earnings for the 80th 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 2020, 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: 4,504,090,636 yen
- (3) Effective date of the distribution of retained earnings
March 31, 2021

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 80th 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, Chief Officer of Subsidiaries, Chief Administrative Officer, Senior General Manager of Human Resources and General Affairs Headquarters and Senior General Manager of Purchasing Headquarters	Reappointment
4	Shinichi TANIGUCHI	Director, Managing Executive Officer, Chief Technology Officer and Senior General Manager of Manufacturing Headquarters	Reappointment
5	Tadahito IYODA	Director, Executive Officer and Senior General Manager of Corporate Planning Headquarters	Reappointment
6	Takashi KAWAMURA	Assistant to the COO	New appointment
7	Naoki MITARAI	Outside Director	Reappointment Candidate for outside director Candidate for independent director (To be notified to the Tokyo Stock Exchange)
8	Kazuhiko TSUTSUMI	Outside Director	Reappointment Candidate for outside director Candidate for independent director (To be notified to the Tokyo Stock Exchange)
9	Jody L. ONO	Outside Director	Reappointment Candidate for outside director Candidate for independent director (To be notified 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 , 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, Senior General Manager - Administration Headquarters, MABUCHI MOTOR CO., LTD.</p> <p>March 2011 Director, Executive Officer, 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 and President, CEO, MABUCHI MOTOR CO., LTD. (Current position)</p>		21,590
<p>Reasons for being nominated for the position of director:</p> <p>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 played an important role in the growth of the entire Group as chief executive through his strong leadership toward the formulation and achievement of the Group's management policies and business strategies.</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.	41,020
		January 1985	Production Engineering Section, MABUCHI MOTOR TAIWAN 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, General Manager - Quality Assurance Department, MABUCHI MOTOR CO., LTD.	
		March 2013	Director, Executive Officer, General Manager - Quality Assurance Department, MABUCHI MOTOR CO., LTD.	
		March 2016	Director, Executive Officer, Senior General Manager - Quality Assurance Headquarters, MABUCHI MOTOR CO., LTD.	
		March 2017	Representative Director, Managing Executive Officer, Chief Quality and Environmental Officer, Senior General Manager, Quality Assurance Headquarters, MABUCHI MOTOR CO., LTD.	
		March 2018	Representative Director, Managing Executive Officer, Chief Quality and Environmental Officer, 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)	
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 important matters in the Group, as well as the supervision of business execution. He has gained abundant experience and sophisticated knowledge through supervising the formulation and implementation of plans concerning overall quality and environment assurance toward the achievement of the Group's management policies and business strategies, as well as being concurrently in charge of internal controls. He has also strongly promoted the business execution of the Group's overall management as COO since March 2019.				

No.	Name (Date of birth)	Brief personal history, position, assignment and significant positions concurrently held		Number of the Company's shares held
3	Hirotaro KATAYAMA (January 23, 1969) Reappointment	April 1991	Joined MABUCHI MOTOR CO., LTD.	13,020
		April 1997	Manager, Quality Assurance Section, MABUCHI INDUSTRY CO., LTD.	
		April 2005	Manager - Business Administration Department, Power Unit Motor Division, MABUCHI MOTOR CO., LTD.	
		March 2007	President, MABUCHI MOTOR (JIANGSU) CO., LTD.	
		February 2014	Deputy Senior General Manager - Operations Control Headquarters, MABUCHI MOTOR CO., LTD.	
		July 2014	Senior General Manager - Operations Control Headquarters, MABUCHI MOTOR CO., LTD.	
		March 2015	Director, Executive Officer and Senior General Manager - Operations Control Headquarters, MABUCHI MOTOR CO., LTD.	
		March 2017	Director, Managing Executive Officer and Chief Business Operation Officer, MABUCHI MOTOR CO., LTD.	
		March 2019	Director, Managing Executive Officer, Assistant to the President and Chief Officer of Subsidiaries, MABUCHI MOTOR CO., LTD.	
		July 2020	Director, Managing Executive Officer, Assistant to the President, Chief Officer of Subsidiaries and Senior General Manager - Human Resources and General Affairs Headquarters, MABUCHI MOTOR CO., LTD.	
	November 2020	Director, Managing Executive Officer, Assistant to the President, Chief Officer of Subsidiaries, Senior General Manager - Human Resources and General Affairs Headquarters, Senior General Manager - Purchasing Headquarters, MABUCHI MOTOR CO., LTD. (Current position)		
Reasons for being nominated for the position of director: Hirotaro 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 making decisions 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 of the Group's affiliates and overall management. He has broad, abundant business experience gained through his involvement in quality assurance, overseas subsidiary management, production, and business operations within the Group.				

No.	Name (Date of birth)	Brief personal history, position, assignment and significant positions concurrently held		Number of the Company's shares held
4	Shinichi TANIGUCHI (February 16, 1965) Reappointment	April 1987 March 2013 December 2013 January 2018 March 2018 July 2018 March 2019 March 2020	Joined MABUCHI MOTOR CO., LTD. General Manager - Product 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, Deputy Senior General Manager - Product Development Headquarters, MABUCHI MOTOR CO., LTD. Executive Officer, Senior General Manager, Manufacturing Headquarters, MABUCHI MOTOR CO., LTD. Director, Executive Officer, Chief Technology Officer, Senior General Manager - Manufacturing Headquarters, MABUCHI MOTOR CO., LTD. Director, Managing Executive Officer, Chief Technology Officer, Senior General Manager - Manufacturing Headquarters, MABUCHI MOTOR CO., LTD. (Current position)	10,982
	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 making decisions 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 formulation and implementation of technology strategy and research and development.			
5	Tadahito IYODA (November 22, 1968) Reappointment	April 1999 April 2004 January 2010 March 2013 March 2015 March 2018 March 2020 July 2020	Joined MABUCHI MOTOR CO., LTD. Manager - President Office, MABUCHI INDUSTRY CO., LTD. General Manager, Corporate Planning Department, MABUCHI MOTOR CO., LTD. Executive Officer, Senior General Manager - Administration Headquarters, MABUCHI MOTOR CO., LTD. Director, Executive Officer, Senior General Manager - Administration Headquarters, MABUCHI MOTOR CO., LTD. Director, Group Executive Officer, Chief Regional Officer in the Americas, MABUCHI MOTOR CO., LTD. Director, Executive Officer, General Manager - Corporate Planning Department, MABUCHI MOTOR CO., LTD. Director, Executive Officer, Senior General Manager - Corporate Planning Headquarters, MABUCHI MOTOR CO., LTD. (Current position)	10,440
	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 making decisions on important matters in the Group, as well as the supervision of business execution based on his abundant experience and sophisticated knowledge gained through managing an overseas subsidiary, in addition to his experience as a manager of the corporate planning and administration divisions of the head office.			

No.	Name (Date of birth)	Brief personal history, position, assignment and significant positions concurrently held		Number of the Company's shares held
6	Takashi KAWAMURA (May 20, 1967)	April 1990 October 2004	Joined FUJIFILM Corporation Seconded to Fuji Photo Film U.S.A. Inc. (U.S. sales subsidiary of FUJIFILM Corporation) as Assistant to the President	3,000
	New appointment	July 2018 August 2019 June 2020 June 2020 October 2020	Manager, Corporate Planning Group, Corporate Planning Division, FUJIFILM Holdings Corporation and Senior Manager, Business Strategy Group, Corporate Planning Headquarters, FUJIFILM Corporation Executive Officer, Fuji Xerox Co., Ltd. Joined MABUCHI MOTOR CO., LTD. Assistant to Chief Business Officer, MABUCHI MOTOR CO., LTD. Assistant to the COO, MABUCHI MOTOR CO., LTD. (Current position)	
Reasons for being nominated for the position of director: Takashi KAWAMURA has been newly nominated 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 making decisions on important matters in the Group, as well as the supervision of business execution based on his involvement in assisting with the business management of a U.S. subsidiary of a business corporation and formulating management strategies for the corporate planning division of its head office prior to joining the Company. Since joining the Company in June 2020, he has been involved in formulating and implementing plans concerning overall business, as well as assisting the COO.				
7	Naoki MITARAI (October 30, 1952)	April 1976 July 2000	Joined HITACHI, LTD. General Manager, Employee Relations Department, HITACHI, LTD.	2,700
	Reappointment (Candidate for outside director) (Candidate for independent director) (To be notified to the Tokyo Stock Exchange)	April 2004 April 2005 April 2010 April 2011 April 2014 April 2015 April 2016 March 2017 November 2019	Deputy General Manager, Information & Telecommunication Systems Group, Government & Public Corporation Information Systems Sales Management Division, HITACHI, LTD. General Manager, Group Company Office, Hitachi Group – Corporate Strategy, Hitachi Group Headquarters, HITACHI, LTD. Senior General Manager - Human Resources Management Headquarters and General Affairs Headquarters, HITACHI, LTD. Vice President, Senior General Manager - Human Resources Management Headquarters and General Affairs Headquarters, HITACHI, LTD. Senior Vice President and Executive Officer, CHRO (Chief Human Resources Officer), Risk Management Manager and CRO (Chief Risk Management Officer), Hitachi High-Technologies Corporation Representative Executive Officer and Executive Vice President, Hitachi High-Technologies Corporation Executive Adviser - Hitachi High-Technologies Corporation Outside Director, MABUCHI MOTOR CO., LTD. (Current position) Visiting Professor - University of Tsukuba (Current position)	
Reasons for being nominated for the position of outside director: Naoki MITARAI has been renominated as a candidate for the position of outside director because we continue to expect that the supervisory function over the Company's overall management will be reinforced as he provides us with useful, appropriate advice and recommendations regarding overall management, and contributes to the reinforcement of personnel strategies for our global business development. He has abundant experience and considerable insight concerning corporate governance in addition to being a person of integrity based on his long-term experience of corporate management as an executive officer of Hitachi, Ltd., and its group companies.				

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)	April 1982	Joined MITSUBISHI ELECTRIC CO., LTD.	1,000
	Reappointment	October 2006	Vice-Director, Mitsubishi Electric Research Laboratories	
		April 2008	Director, Mitsubishi Electric Research Laboratories	
		April 2010	Executive Officer, Managing Director, Development Division, MITSUBISHI ELECTRIC CO., LTD.	
	(Candidate for outside director)	April 2014	Adviser, MITSUBISHI ELECTRIC CO., LTD.	
		April 2014	Visiting Professor, Kanazawa Institute of Technology (Current position)	
	(Candidate for independent director) (To be notified to the Tokyo Stock Exchange)	April 2018	Project Technical Adviser, MITSUBISHI ELECTRIC CO., LTD. (Current position)	
		January 2019	Vice Chairmen, International Electrotechnical Commission (Current position)	
March 2019 Outside Director, MABUCHI MOTOR CO., LTD. (Current position)				
Reasons for being nominated for the position of outside director: Kazuhiko TSUTSUMI has been renominated as a candidate for the position of outside director because we continue to expect that the supervisory function over the Company's overall management will be reinforced as he provides us with appropriate supervision and advice regarding overall management and contributes to the reinforcement of the Company's technology strategies. He has abundant experience and considerable insight concerning corporate governance, in addition to being a person of integrity 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.				
9	Jody L. ONO (November 7, 1966)	June 2005	Executive Officer, Stockholm Institute of Transition Economics (SITE), Stockholm School of Economics, Stockholm, Sweden	—
	Reappointment	January 2020	Assistant Director, Mosbacher Institute, Bush School of Government, Texas A&M University	
		January 2013	Instructor, Corps of Cadets Center for Leadership Excellence, Texas A&M University	
	(Candidate for outside director)	April 2015	Lecturer Graduate School of International Corporate Strategy (ICS), Hitotsubashi University Business School	
	(Candidate for independent director) (To be notified to the Tokyo Stock Exchange)	November 2017	Adjunct Associate Professor, School of International Corporate Strategy (ICS), Hitotsubashi University Business School	
		March 2019	Outside Director, MABUCHI MOTOR CO., LTD. (Current position)	
Reasons for being nominated for the position of outside 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 especially from a diversity perspective, based on her engagement in education and personnel development concerning management strategies through university education and others 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, Kazuhiko TSUTSUMI and Jody L. ONO are currently outside directors of the Company. Regarding their terms of office as outside directors, Naoki MITARAI's term will have reached four years, and Kazuhiko TSUTSUMI's and Jody L. ONO's terms will have reached two years at the conclusion of the 80th 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 agreements 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.”
6. The Company has entered into directors and officers liability insurance, with all directors as the insured. The insurance compensates for any damages that may arise due to directors, the insured, bearing responsibility for the execution of their duties or facing complaints related to inquiries into said responsibility. If the candidates become directors, they will become the insured parties of said insurance and the insurance policy is planned to be renewed with the same details during their terms of office.

Proposal 3: Election of Four (4) Directors who are Audit and Supervisory Committee Members

The terms of office of all four (4) directors who are audit and supervisory committee members will expire at the conclusion of the 80th Ordinary General Meeting of Shareholders.

Shareholders are therefore requested to elect four (4) directors who are audit and supervisory committee members.

The consent of the Audit and Supervisory Committee has been obtained regarding this proposal.

The candidates for the position of directors who are audit and supervisory committee members are as follows:

No.	Name	Position and assignment in the Company and significant positions concurrently held	
1	Kazuyuki Someya	Director (Full-time Audit and Supervisory Committee Member)	Reappointment
2	Takashi ASAI	Outside Director (Audit and Supervisory Committee Member) Attorney, Partner of DAI-ICHI FUYO LAW OFFICE	Reappointment Candidate for outside director Candidate for independent director (To be notified to the Tokyo Stock Exchange)
3	Kyoko UEMURA	External Director, SoftBank Corp. External Auditor, MS&AD Insurance Group Holdings, Inc. Attorney, Partner of Miyama, Koganemaru & Associates	New appointment Candidate for outside director Candidate for independent director (To be notified to the Tokyo Stock Exchange)
4	Yoko TOYOSHI	Outside Audit & Supervisory Board Member, KOKUYO Co., Ltd. Outside Director (Audit and Supervisory Committee Member), ALPS ALPINE CO., LTD. Representative, Certified Public Accountant Yoko Toyoshi Office	New appointment Candidate for outside director Candidate for independent director (To be notified 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	Kazuyuki SOMEYA (December 1, 1963) Reappointment	April 1986 October 2005 January 2010 March 2013 March 2016 March 2019	Joined MABUCHI MOTOR CO., LTD. General Manager, Accounting and Finance Department, Administration Headquarters, MABUCHI MOTOR CO., LTD. General Manager, Administrative Department, Administration Headquarters, MABUCHI MOTOR CO., LTD. President, MABUCHI INDUSTRY CO., LTD. Full-time Audit & Supervisory Board Member, MABUCHI MOTOR CO., LTD. Director (Full-time Audit and Supervisory Committee Member), MABUCHI MOTOR CO., LTD. (Current position)	7,200
	Reasons for being nominated for the position of director who is audit and supervisory committee member: Kazuyuki Someya has been renominated as a candidate for the position of director who is an audit and supervisory committee member because we have judged that he has the ability to play a significant role in the supervision of business execution as an audit and supervisory committee member based on his abundant experience and history of achievements in the Company's administration and at a Chinese subsidiary, as well as experience and insight gained as the Company's full-time audit & supervisory board member and full-time director who is an audit and supervisory committee member.			
2	Takashi ASAI (March 17, 1961) Reappointment (Candidate for outside director) (Candidate for independent director) (To be notified to the Tokyo Stock Exchange)	April 1990 April 1990 April 1998 June 2002 March 2005 April 2009 April 2014 March 2016 March 2019 (Significant Positions Concurrently Held) Partner, DAI-ICHI FUYO LAW OFFICE	Registered as an attorney Joined DAI-ICHI FUYO LAW OFFICE (Current position) Partner, DAI ICHI FUYO LAW OFFICE (Current position) Part-time lecturer, Faculty of Law, Keio University Part-time lecturer, KEIO UNIVERSITY LAW SCHOOL Professor, KEIO UNIVERSITY LAW SCHOOL Part-time lecturer, KEIO UNIVERSITY LAW SCHOOL (Current position) Outside Audit & Supervisory Board Member, MABUCHI MOTOR CO., LTD. Outside Director (Audit and Supervisory Committee Member), MABUCHI MOTOR CO., LTD. (Current position)	2,000
	Reasons for being nominated for the position of outside director who is audit and supervisory committee member: Takashi ASAI has been renominated as a candidate for the position of outside director who is an audit and supervisory committee member because we have judged that he has the ability to play a significant role in the supervision of business execution as an audit and supervisory committee member based on his abundant experience as an attorney and high levels of expertise in labor laws and personnel labor affairs, with considerable insight into governing corporate management, in addition to being a person of integrity. We anticipate, for the aforementioned reasons, that he will execute his duties appropriately as an outside director, despite having no previous experience in corporate management.			

No.	Name (Date of birth)	Brief personal history, position, assignment and significant positions concurrently held		Number of the Company's shares held
3	Kyoko UEMURA (July 22, 1961) New appointment (Candidate for outside director) (Candidate for independent director) (To be notified to the Tokyo Stock Exchange)	April 1994 April 2004 April 2005 April 2008 April 2008 June 2017 June 2018 October 2018 (Significant Positions Concurrently Held) External Auditor, MS&AD Insurance Group Holdings, Inc. External Director, SoftBank Corp. Partner, Miyama, Koganemaru & Associates	Assistant Judge, Osaka District Court Judge, Numazu Branch, Shizuoka Family Court Judge, Yokohama District Court Registered as an attorney Attorney, LM Law Offices External Auditor, MS&AD Insurance Group Holdings, Inc. (Current position) External Director, SoftBank Corp. (Current position) Attorney, Miyama, Koganemaru & Associates (Current position)	—
	Reasons for being nominated for the position of outside director who is audit and supervisory committee member: Kyoko UEMURA has been newly nominated as a candidate for the position of outside director who is an audit and supervisory committee member because we have judged that she has the ability to play a significant role in the supervision of business execution as an audit and supervisory committee member and further strengthen corporate governance through her advice on the Company's overall business management, based on her high levels of expertise and experience in corporate legal affairs as an attorney. We anticipate, for the aforementioned reasons, that she will execute her duties appropriately as an outside director, despite having no previous experience in corporate management other than as an outside officer.			
	4	Yoko TOYOSHI (May 20, 1958) New appointment (Candidate for outside director) (Candidate for independent director) (To be notified to the Tokyo Stock Exchange)	April 1981 October 1989 December 1990 July 2008 July 2013 July 2016 June 2018 March 2020 (Significant Positions Concurrently Held) Outside Director (Audit and Supervisory Committee Member), ALPS ALPINE CO., LTD. Outside Audit & Supervisory Board Member, KOKUYO Co., Ltd. Representative, Certified Public Accountant Yoko Toyoshi Office	Joined the Bank of Fukuoka, Ltd Joined Asahi Shinwa & Co. (currently KPMG AZSA LLC) Joined Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC) Partner, Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC) Appointed as Chief Certified Public Accountant Audit Inspector, Certified Public Accountants and Auditing Oversight Board, Financial Services Agency Joined Deloitte Touche Tohmatsu LLC Outside Director (Audit and Supervisory Committee Member), Alps Electric Co., Ltd. (currently ALPS ALPINE CO., LTD.) (Current position) Outside Audit & Supervisory Board Member, KOKUYO Co., Ltd. (Current position)
Reasons for being nominated for the position of outside director who is audit and supervisory committee member: Yoko Toyoshi has been newly nominated as a candidate for the position of outside director who is an audit and supervisory committee member because we have judged that she has the ability to play a significant role in the supervision of business execution as an audit and supervisory committee member based on her many years of experience in accounting auditing at an accounting firm and high levels of expertise gained as a certified public accountant, as well as by leveraging her abundant experience as an outside officer at another company. We anticipate, for the aforementioned reasons, that she will execute her duties appropriately as an outside director, despite having no previous experience in corporate management other than as an outside officer.				

(Notes)

1. No special relationship exists between the Company and the candidates.
2. Takashi ASAI, Kyoko UEMURA and Yoko Toyoshi are candidates for the position of outside

director.

3. Takashi ASAI is currently an outside director of the Company. His term of office as an outside director will have reached two years at the conclusion of the 80th Ordinary General Meeting of Shareholders.
4. There is a trading relationship, such as sale of products, etc., between the Company and ALPS ALPINE CO., LTD., where Yoko Toyoshi serves as an outside director (Audit and Supervisory Committee member). However, as the trading amount for the most recent consolidated fiscal year is minor, at less than 1% of the consolidated net sales of each company, the Company has judged that the relationship will have no impact on her independence.
5. As per Article 427, Paragraph 1, of the Companies Act and the Company's Articles of Incorporation, the Company entered into an agreement with Takashi ASAI to limit his liabilities for damages as provided in Article 423, Paragraph 1, of the Companies Act. If his election is approved, the Company intends to extend said agreement with him. If Kyoko UEMURA and Yoko Toyoshi are elected as outside directors, the Company also intends to enter into similar agreements to limit their liabilities for damages. The limit of liabilities under the agreements shall be the amount set forth by any relevant laws or regulations.
6. The Company registered Takashi ASAI as an "independent officer," as stipulated by the Tokyo Stock Exchange. If he is elected, the Company intends to continue to designate him as an "independent officer." In addition, as Kyoko UEMURA and Yoko Toyoshi satisfy the requirements of "independent officers," as stipulated by the Tokyo Stock Exchange, the Company intends to register them as "independent officers" at the Exchange if their elections as outside directors are approved.
7. The Company has entered into directors and officers liability insurance, with all directors as the insured. The insurance compensates for any damages that may arise due to directors, the insured, bearing responsibility for the execution of their duties or facing complaints related to inquiries into said responsibility. If the candidates become directors, they will become the insured parties of said insurance and the insurance policy is planned to be renewed with the same details during their terms of office.

Proposal 4: Partial Revisions to the Implementation Period of the Performance-Based Stock Compensation Plan for Directors (Excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)

The Company introduced a performance-based stock compensation plan (the “Plan”) targeting the Company’s directors (excluding directors who are audit and supervisory committee members, outside directors, and non-residents of Japan; the same shall apply in this proposal), at the 75th Ordinary General Meeting of Shareholders held on March 30, 2016, and partially revised it upon shareholders’ approval at the 78th Ordinary General Meeting of Shareholders held on March 28, 2019.

Following the review of the medium-term management plan for the fiscal year ended December 31, 2019, to the fiscal year ending December 31, 2021 (the “Initial Medium-term Management Plan”), the three fiscal years that were subject to the Plan (from the fiscal year ended December 31, 2019, to the fiscal year ending December 31, 2021) will be changed to the three fiscal years based on the new medium-term management plan (the “New Medium-term Management Plan”) (from the fiscal year ending December 31, 2021, to the fiscal year ending December 31, 2023) (the “Change”). The Company proposes that the shareholders approve this proposal. The number of directors subject to the Plan will be six (6) after the change.

1. Reasons for the proposal and considering the change to the Plan appropriate

The Company announced its Initial Medium-term Management Plan in February 2019 and implemented the Plan as compensation linked to the Initial Medium-term Management Plan. However, the Company terminated the Initial Medium-term Management Plan at the end of the fiscal year ended December 31, 2020, and formulated the New Medium-term Management Plan in February 2021 due to the contraction of the global economy owing to the impact of new coronavirus, which led to drastic changes in the management environment that formed the basis of the Initial Medium-term Management Plan. The Company is confident that the change of the Plan following these developments is appropriate.

2. Amounts and types of remuneration in the Plan

(1) Overview of the Plan

The Plan allows for the delivery and payment (the “Delivery, etc.” or “delivered, etc.”) of the Company’s shares acquired through the BIP Trust and money equivalent to the amount obtained by converting the Company’s shares into cash (collectively, the “Company Shares, etc.”) to directors who are incumbent during the target period (set forth in (2) below), based on their positions and attainment level of performance targets during the trust term. Under the Plan, money to be contributed by the Company for directors’ remuneration (as described in (2) below) is the source of trust money to acquire the Company’s shares through a trust. The Delivery, etc., of the Company Shares, etc., to directors will take place at a designated time after the target period (set forth in (2) below).

(2) Maximum amount of trust money contributed by the Company

The Plan will be continued over the target period of three consecutive fiscal years (the “Target Period” the three fiscal years from the fiscal year ending December 31, 2021 to the fiscal year ending December 31, 2023).

The Company will provide up to 600 million yen in trust money for the Target Period as remuneration for directors through the establishment of a trust (the “Trust”). The term of the Trust shall cover three years of the Target Period (including the extension of the trust term below; the same shall apply hereinafter), during which directors who satisfy beneficiary requirements shall become beneficiaries.

The Trust shall follow the instructions of the trust administrator to acquire the Company’s shares from the Company (disposal of treasury stock) or the stock market using the trust money as a resource, award points to directors (refer to (3) below) during the trust term, and carry out the Delivery, etc. of Company Shares, etc. after the Target Period based on the number of points accrued by directors over the three fiscal years. However, no new contributions or additional acquisition of the Company’s shares by a trust is planned as this change to the Plan will utilize remaining shares held by the Trust.

The Company will also manage the performance-based stock compensation targeting executive

officers in the Trust in an integrated manner, and separately contribute trust money to the Trust to acquire the Company's shares that will be used for the Delivery, etc., to executive officers. Under the Trust, the Company will manage the Company's shares that are subject to the Delivery, etc., as remuneration for executive officers, in addition to managing the Company's shares to be delivered, etc. to the aforementioned directors.

Furthermore, the Trust may be extended upon the expiry of the initial trust term if any provisions of the trust agreement are modified or additional contributions are made. Under such circumstances, the trust term of the Trust will be extended for three years, and the Company will make additional contributions up to a maximum of 600 million yen in trust money as remuneration for directors for each extension of the trust term and continue to award points to directors during any extension of the trust term. The Company will also separately make additional cash contributions as remuneration for executive officers during any extension of the trust term.

However, in the case of such additional contributions, should any of the Company's shares or trust money (the "Remaining Shares, etc.") that are subject to the Delivery, etc., to directors remain within the Trust at the end of the initial trust term, the combined amount of the Remaining Shares, etc., and trust money to be additionally contributed shall be within the scope of 600 million yen.

(3) Calculation method and upper limit of the number of Company Shares, etc., to be delivered, etc. to directors

The number of the Company Shares, etc., to be delivered to directors through the Trust will be determined based on the points that are awarded in response to the attainment level of performance targets and other factors in accordance with the predetermined calculation formulae.

Fixed Points based on the position of the director, calculated using the following calculation formula for points, and Performance-Based Points based on the attainment level of performance targets for each fiscal year will be awarded to incumbent directors at specific times during the trust term. The Performance-Based Points accumulated over three years will be converted to Medium-Term Plan Points by being multiplied by a performance-based coefficient, based on the attainment level of targets of the final fiscal year of the Target Period.

The Delivery, etc. of Company Shares, etc. will be carried out based on the accumulated Fixed Points and the Medium-Term Plan Points at specific times after the final fiscal year of the Target Period.

As for the points accumulated in the fiscal years ended December 31, 2019 and December 31, 2020 prior to the Change, the Delivery, etc. of Company Shares, etc. to directors shall be carried out based on the Fixed Points, which are determined by the positions of the directors and the Performance-Based Points, which are based on the level of attainment of the performance targets for each fiscal year and personal evaluations, at specified times during the fiscal year ending December 31, 2021.

(Fixed Points)

Stock compensation base amount specified according to the position / Closing price of the first business day of the fiscal year when the trust term starts^{*1}

(Performance-Based Points)

Amount specified according to the position and the attainment level of performance targets for each fiscal year / Closing price of the first business day of the fiscal year when the trust term starts^{*1}

(Medium-Term Plan Points)

Performance-Based Points accumulated over three years × Performance-based coefficient^{*2}

^{*1} The closing price on the Tokyo Stock Exchange on the first business day of the fiscal year when the trust term starts.

^{*2} The performance-based coefficient is determined within a range of 0–120% based on the attainment level of performance targets (e.g. for operating income) of the final fiscal year of the Target Period.

One point shall be one common stock of the Company.

However, during the trust term, if there is an event, such as a stock split and a reverse stock split of the Company's shares, in which it is considered to be appropriate to adjust the number of points,

the adjustments of the number of the Company's shares per point will be made in accordance with the relevant ratio of the stock split, reverse stock split, etc.

The upper limit of the total number of points that directors can be awarded during each Target Period shall be 150,000 points.

The upper limit of the total number of the Company's shares to be delivered to directors under the Trust shall be the number of shares equivalent to the upper limit of the number of points per Target Period (150,000 shares if one share is awarded for one point). The upper limit of the Company's shares to be delivered is set with reference to such factors as the most recent stock price and takes into account the maximum amount of trust money in (2) above.

(4) Method for and timing of the Delivery, etc., of the Company Shares, etc., to directors
Directors who satisfy the beneficiary requirements shall receive the Delivery, etc., of the Company Shares, etc., based on the amount calculated using the calculation methods described in (3) above, at specified times after the final fiscal year of the Target Period. In accordance with the provisions of the trust agreement, said directors shall receive 50% of the Company's shares corresponding to accumulated points (the number of shares less than one unit will be round down), whereas such directors shall receive money equivalent to the amount obtained by converting the remaining number of Company's shares into cash within the Trust.

Directors who meet the beneficiary requirements but retire from office during the Target Period (excluding cases of voluntary retirement) shall receive the Delivery, etc., of the Company Shares, etc., from the Trust based on the Fixed Points they have accrued by the time of retirement. In cases when directors who meet the beneficiary requirements die during their terms in office, money obtainable by converting the Company's shares into cash, the amount of which will be determined according to the Fixed Points they have accrued by the time of their death, shall be granted from the Trust to the heirs of those directors. Directors who become non-residents of Japan during the Target Period shall receive from the Trust money obtainable by converting the Company's shares into cash, the amount of which will be determined according to the Fixed Points they have accrued by the time their Japanese residency expires.

Directors shall continue to hold Company's shares acquired through the Plan until one year has passed after his or her retirement.

(5) Voting rights related to the Company's shares in the Trust

To ensure management neutrality, no voting rights related to the Company's shares held by the Trust shall be exercised during the trust term.

(6) Other matters regarding the Plan

Other matters regarding the Plan will be determined by the Board of Directors each time the Trust is established, any provision of the trust agreement is modified, or an additional contribution of trust money to the Trust is made.

Reference: Constitution of the Board of Directors after the 80th Ordinary General Meeting of Shareholders

The constitution of the Board of Directors and expertise of the Board members, if Proposals 2 and 3 are approved in their original forms at the 80th Ordinary General Meeting of Shareholders, are as follows.

Name	Corporate management experience*	Global experience	Corporate planning, corporate strategy	Internal control, governance	Legal affairs, risk management	Finance, accounting	HR labor management, HR development	Business, sales	Technology, quality	Procurement, production
Hiroo OKOSHI	○*	○	○	○	○	○	○	○		○
Masato ITOKAWA	○	○		○	○			○	○	○
Hiroto KATAYAMA	○*	○		○	○	○	○	○	○	○
Shinichi TANIGUCHI	○*	○						○	○	○
Tadahito IYODA	○*	○	○	○	○	○	○	○		○
Takashi KAWAMURA	○	○	○			○		○		
Naoki MITARAI	○		○	○	○		○	○		
Kazuhiko TSUTSUMI	○	○						○	○	○
Jody L. ONO		○	○				○			
Kazuyuki SOMEYA	○*	○		○	○	○				
Takashi ASAI				○	○	○	○			
Kyoko UEMURA				○	○	○				
Yoko TOYOSHI				○	○	○				

(Note) An asterisk (*) indicates those who have served as president of the Company or a Group company.

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 80th Ordinary General Meeting of Shareholders pursuant to the Companies Act.

BUSINESS REPORT (From January 1, 2020 to December 31, 2020)

1. Current Conditions of the Mabuchi Group

(1) Business Development and Results

During the fiscal year ended December 31, 2020 (fiscal 2020), the global economy recorded negative growth by a wide margin from the stagnation of economic activity caused by the spread of the new coronavirus. Although the U.S. economy began to rebound backed by a recovery in retail consumption from the second half, large negative growth was recorded for the full year. Europe saw a renewed spread of infections, prompting lockdowns and other measures in large cities across the region and resulting in a sharp drop in consumption that led to a large economic downturn. In Japan, a weak pace of recovery in retail consumption resulted in large negative economic growth for the full year. In economies of emerging market countries, the region as a whole saw a major slowdown despite China's leading recovery and maintenance of growth.

With regard to markets related to the Mabuchi Group's products, the automotive products market showed a trend of recovery in China, but markets in other regions slowed significantly. The consumer and industrial products market saw negative growth, on a slowdown in markets globally combined with continued contraction in markets for certain applications.

Against this backdrop, the 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 have been successful in proactively introducing and implementing a variety of measures to increase sales and market share, develop new markets, and make further advances in product quality and efficiency that will lead to future business growth. These measures include significant progress in our efforts to obtain approval from a third major North American automaker as a customer for power window lifter motors, obtaining a foothold for increased sales of small automotive motors by drastically reducing delivery cycles for brushless motors for air purification equipment for vehicles to be used to transport new coronavirus patients, winning new orders and increasing sales of brushless motors for autonomous robots being used to prevent the spread of the new coronavirus, and making progress toward local production for local consumption at the global level with a contribution to consolidated results from Mexico Mabuchi and the commencement of mass production at Poland Mabuchi.

Nevertheless, given the global economic slowdown, consolidated net sales for fiscal 2020 were 116,432 million yen (an 11.7% decrease year on year). Motor sales, which account for the majority of net sales, were 116,411 million yen (an 11.7% decrease year on year).

Although operating income was boosted by improvements in sales prices and the product mix, the negative effect from reduced sales volumes and higher costs resulted in operating income of 12,900 million yen (a 26.5% decrease year on year).

With an increase in foreign exchange losses, ordinary income was 12,675 million yen (a 39.2% decrease year on year). Profit before income taxes was 13,901 million yen (a 31.1% decrease year on year), despite a gain on sales of investment securities, and profit attributable to owners of parent was 8,987 million yen (a 36.9% 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 84,718 million yen (a 13.5% decrease year on year). Although the resumption of production at automakers from the second half led to a recovery in sales at the priority business of medium-sized automotive motors, which includes motors for power window lifters, motors for power seats, and motors for electric parking brakes, as well as for small automotive motors including door lock actuators, motors for door mirrors, and air conditioning damper actuators, the effects of the spread of the new coronavirus led to weak performances on a full-year basis.

2) Consumer and Industrial Products Market

Net sales declined to 31,692 million yen (a 6.3% decrease year on year). Although sales were strong in the midrange and high-end toothbrush segments, overall sales of personal care products declined from the effect of the new coronavirus and curtailed orders in certain applications reflecting our policy of emphasizing profitability.

<Consolidated sales of motors by application>

Market segment	The 80th fiscal term (the year ended December 31, 2020)	YoY (%)	Segment sales as a percentage of net sales (%)
	Amount (Millions of yen)		
Automotive Products	84,718	-13.5	72.8
Consumer and Industrial Products	31,692	-6.3	27.2
Total	116,411	-11.7	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 2020 amounted to 7,736 million yen, which includes 542 million yen for the construction of facilities for MABUCHI MOTOR DANANG LTD.; 237 million yen for R&D facilities and equipment; 331 million yen for information technology; and 6,624 million yen for other facilities and equipment to upgrade product lines and reinforce overall productivity.

(3) Issues to be Addressed

Although large-scale fiscal stimulus measures by countries around the world are expected to bring about a recovery in the global economy, with concerns including the delay of the rollout of new coronavirus vaccines, the outlook for fiscal 2021 is uncertain. In developed countries, an economic recovery to pre-pandemic levels is forecast for the United States on additional economic measures. In Europe, a slower pace of recovery is expected given restrictions on economic activity in response to another increase in the number of new infected people. The Japanese economy is seen recovering on the effect of additional economic measures. In economies of emerging market countries, China's recovery is expected to continue, and although weak and strong degree of economic recovery are expected in other countries, an overall rebound is forecast.

With regard to markets related to the Mabuchi Group's products, we are forecasting solid results for the automotive products market, with a recovery in global automotive production volumes despite concerns of production adjustments due to shortages of semiconductors. In the consumer and industrial products market, we are forecasting recoveries in the North American and Japanese markets, but expect a slowdown at the global level from declines in other markets.

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

1) Expansion of Market Share in the Power Window Lifter Motor Business

Three Japanese automakers are already using Mabuchi's motors for power window lifters, and in 2021 we have won orders from two additional Japanese automakers. We aim to increase orders from these fourth and fifth Japanese automakers. At the same time, we are carrying out sales activities at the three Japanese automakers that had already been using our products to increase our market share by having them change from competitors' products and using our products in new models. Two of the three North American automakers have already been using our products, and in January 2021 we won approval from the third company. We are now working to acquire business from this third North American automaker. We will continue to work to increase sales

by integrating the operations of America Mabuchi, our sales base, and Mexico Mabuchi, our production base, with the aim of having all three North American automakers expand the number of models equipped with our products. We will also continue to build on the foothold we have established with European automakers to expand the models equipped with our products. In terms of the market for power window lifter motors, we are developing competitive new products, and as we see this having a major effect on business growth going forward, we will put even more effort into our development and sales activities with the aim of further increasing our market share.

2) Expansion of Medium-sized and Small Automotive Motor Sales and New Applications

In the area of medium-sized automotive motors, which includes motors for power seats, motors for electric parking brakes, and motors for door closers, we are developing and winning orders for standardized motors that can be used for multiple applications based on our standardization strategy, and going forward we will work both to increase our shares at existing customers and develop new customers. Recently, the trend in the automobile market toward electric vehicles has been accelerating. At Mabuchi, we are emphasizing the development of new products like motors for cooling valves that can also be used in electric vehicles, and will respond flexibly to changes in the market environment. We are also leveraging the strength of our lineup of both brush motors and brushless motors to meet new requests from customers quickly and expand our sales of medium-sized automotive motors.

The automotive industry is currently facing a period of once-in-100-year transformation and this will have an effect on the market for automotive-use motors, leading to significant changes in our customers' strategies. Against this backdrop, in the area of small automotive motors, we are seeing an increase in inquiries from customers that previously procured motors for actuator units that include motors. We are making a full-scale effort to address the shift to unit products, and in response to this customer need, we are increasing the value we provide and strengthening our development of products that conform to changes in the market environment.

3) Sales Expansion of New Applications in the Consumer and Industrial Products Segment

Significant growth is forecast for the consumer and industrial products segment going forward in the robotics and mobility markets, and the use of Mabuchi's products in these markets is increasing. As we expand our product lineups for these markets and develop new customers, sales are showing solid growth. As with customers for small automotive motors, we are receiving an increasing number of inquiries units that include motors. By responding to these needs, we are providing new added value. We have also begun full-scale shipments of a new product for high-end electric toothbrushes that have gone on sale globally, and by increasing our sales of high value-added products, we aim to return our consumer and industrial products business to a path of growth.

4) Implementation of a Global Base Strategy

Against a backdrop of strong demand for local production for local consumption in the Americas, Mexico Mabuchi is contributing as a driver of business growth. In Europe, Poland Mabuchi commenced mass production in the fourth quarter of 2020, and is moving forward by working with the sales base Europe Mabuchi. Through this cooperation, we are working to grow the business by providing solutions that are more closely aligned to the needs of customers in the European market.

5) Implementation of New Work Styles and Human Resource Strategy

At Mabuchi Motors, we consider our employees to be our most important management resource. Through the work style reforms we have introduced to date, we have been able to transition to new ways of working without incurring any major problems despite the new coronavirus pandemic. We introduced remote work at an early stage, and have made progress in addressing issues that arose during and prior to fiscal 2020, and are making work styles even more flexible by not tying employees down to places and times. We also continue to reform career development systems to allow employees to use their abilities to their fullest, and are expanding the scope of application for the job descriptions and job grades we introduced in 2020, strengthening measures to promote diversity including active participation by women, and expanding and strengthening employee training.

(4) Financial Highlights

(Millions of Yen)

	77th fiscal term (FY2017)	78th fiscal term (FY2018)	79th fiscal term (FY2019)	80th fiscal term (FY2020)
Net sales	146,925	143,116	131,807	116,432
Ordinary income	25,841	24,804	20,854	12,675
Profit attributable to owners of parent	20,303	22,925	14,234	8,987
Profit per share (Yen)	299.74	341.19	214.00	135.64
ROE (%)	8.6	9.4	5.8	3.7
Total assets	269,318	267,050	268,244	262,559
Net assets	242,179	244,454	245,172	239,103
Shareholders' equity ratio (%)	89.9	91.5	91.4	91.0
Net assets per share (Yen)	3,579.98	3,640.08	3,690.86	3,623.63
Cash dividends per share (Yen)	120	135	135	135
Dividend payout ratio (%)	40.0	39.6	63.1	99.5
Dividend on equity ratio (%)	3.4	3.7	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 80th 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 80th 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 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 77th fiscal term.
- 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 and 80th 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.
- 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 77th, 78th, 79th and 80th 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.
- Beginning in the 79th fiscal term, the Company has applied the Partial Amendments to Accounting Standard for Tax Effect Accounting. The indicators for 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, 2020)

The Mabuchi Group, consisting of the Company and its 22 subsidiaries (of which 21 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, 2020)

- (1) Total Number of Shares Authorized: 200,000,000
- (2) Total Number of Shares Issued: 68,562,462
(Including 2,325,835 shares of treasury stock)
- (3) Number of Shareholders: 19,845
(Decreased by 1,950 from the end of the previous term)
- (4) Major Shareholders (Top 10)

Shareholders	Number of shares held (shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,367,600	8.1
Takaichi Mabuchi	5,000,800	7.5
Custody Bank of Japan, Ltd. (Trust Account)	4,193,400	6.3
Mabuchi International Scholarship Foundation, Public Interest Incorporated Foundation	3,000,000	4.5
Premiere Corporation	2,068,600	3.1
Tamotsu Mabuchi	2,050,414	3.1
Takashi Mabuchi	2,010,600	3.0
Misaki Engagement Master Fund	1,956,300	3.0
Ray Corporation Co., Ltd.	1,746,000	2.6
MUFG Bank, Ltd.	1,010,890	1.5

(Notes)

1. The number of shares of treasury stock (2,325,835 shares) is excluded from “Percentage of shares held.” The percentages are rounded to one decimal place.
2. 75,100 shares held by the Mabuchi Motor Employee Ownership Association Trust and 202,449 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 202,449 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 13, 2020

- Class and total number of shares purchased: 517,400 shares of common stock of the Company
- Total amount of purchase cost: ¥1,924,071,000
- Purchase period: from August 1, 2020 to September 30, 2020

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 May 28, 2020, and completed the disposal of 16,350 shares of treasury stock for six directors (excluding outside directors) and seven

executive officers as of June 26, 2020.

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 75,100 shares.

3. Matters Concerning the Subscription Rights to Shares

Subscription Rights to Shares Held by the Company's Directors as of December 31, 2020.

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, 2020)

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	Hiroto KATAYAMA	Managing Executive Officer, Assistant to the President, Chief Officer of Subsidiaries, Senior General Manager of Human Resources and General Affairs Headquarters and Senior General Manager of Purchasing Headquarters
Director	Shinichi TANIGUCHI	Managing Executive Officer, Chief Technology Officer and Senior General Manager of Manufacturing Headquarters
Director	Tadahito IYODA	Executive Officer and Senior General Manager of Corporate Planning Headquarters
Director	Eiji Uenishi	Executive Officer, In charge of Product Development, In charge of Customer Solutions and Senior General Manager of Automotive Product Business Unit 1
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)

1. 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.
2. 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.

3. 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.
4. Director (Audit and Supervisory Committee Member) Yukie Toge is a certified public accountant and has professional knowledge of finance and accounting.
5. 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.
6. 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
Isao Ichikawa	Managing Executive Officer, In charge of Business Operations and Senior General Manager of Consumer and Industrial Product Business Unit
Takayuki Kokon	Executive Officer, Senior General Manager of Business Platform Innovation Headquarters, Deputy Senior General Manager of Corporate Planning Headquarters and General Manager of Corporate Communication Department, In charge of Issue Management
Tsuyoshi Nakamura	Executive Officer, In charge of Customer Relations
Toru Shibasaki	Executive Officer and Deputy Senior General Manager of Manufacturing Headquarters
Tomofumi Imamura	Executive Officer and Senior General Manager of Automotive Product Business Unit 2
Takumi Tomita	Executive Officer, In charge of Accounting and Finance
Quan Da Yong	Group Managing Executive Officer and Chief Regional Officer in China
Shu Zheng	Group Executive Officer, Deputy Chief Regional Officer in China and President of MABUCHI MOTOR (DONGGUAN) CO., LTD.
Hoang Son	Group Executive Officer, Chairman and President of MABUCHI MOTOR VIETNAM LTD. and Chairman of MABUCHI MOTOR DANANG LTD.

(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]	9 [3]	400 [28]
Directors (Audit and Supervisory Committee Members) [of whom, Outside Directors]	4 [3]	48 [28]

(Notes)

1. The amount of remuneration paid above includes the estimated amount of 87 million yen in the Company's shares, etc. calculated based on the points to be granted to six (6) directors (excluding outside directors and audit and supervisory committee members) under the performance-based stock compensation plan during the fiscal year under review.
2. The amount of remuneration paid above includes 35 million yen in restricted stock granted to

- six (6) directors (excluding outside directors and audit and supervisory committee members) as remuneration for granting restricted stock.
3. The amount of remuneration for directors (excluding audit and supervisory committee members) includes 106 million yen in accrued bonuses due to directors, which was recorded during the fiscal year under review.
- 2) Policy for Decision Making on Remuneration, etc.
- The Company positions executive remuneration as an incentive that makes possible the securing of highly capable management personnel who can contribute to the achievement of the Company's Management Principle and enhances the motivation of officers to contribute to the continuous growth of the Company and medium- to long-term improvement of corporate value. Remuneration is determined based on the following policies:

[Basic Policy]

1. Remuneration Level
 - The remuneration level is determined so as to secure a diverse range of personnel who possess the necessary experience and skills to achieve business growth on a global scale.
 - To ensure the appropriateness of the remuneration level, the Company determines an appropriate level with taking account into the Company's business performance, the economic environment and industry trends, as well as by using remuneration survey data by an external survey organization as reference.
2. Remuneration Structure
 - Executive remuneration consists of a fixed, basic remuneration and a performance-based remuneration, which reflects the Company's performance and the assessment of the individual.
 - Performance-based remuneration takes into account the reflection of the individual's contribution to the Company's short-term business performance and medium- to long-term increase in corporate value.
 - A portion of the remuneration will be stock compensation so as to further share value with shareholders and to enhance the incentive to increase corporate value from a medium- to long-term perspective.
 - Remuneration for outside directors and directors who are audit and supervisory committee members consists of a basic remuneration only from the perspective of their roles and independence.
3. Remuneration Governance
 - The policy for decision-making on executive remuneration and the amount of remuneration are determined at an annual meeting of the Remuneration Committee, of which the majority of members are outside directors, so as to ensure objectiveness and transparency.
 - The assessment of individuals reflected in performance-based remuneration is determined by the Nominating Committee, of which the majority of members are outside directors

[Overview of the Remuneration System]

An overview of the remuneration system for directors (excluding outside directors and directors who are audit and supervisory committee members) is as follows:

1. Breakdown of Remuneration

Name of remuneration	Monthly remuneration	Bonus	Trust-type stock compensation	Restricted stock compensation
Characteristics of remuneration	Basic remuneration	Short-term incentive	Medium-term incentive	Long-term incentive
Cash/stock	Monetary compensation		Stock compensation	
Link to performance	Not linked	Linked	Linked	Not linked
Basic percentage mix	50%	30%	20%	
Maximum amount of total remuneration	550 million yen per year		600 million yen per three fiscal years (no more than 150,000 shares)	60 million yen per year (no more than 50,000 shares)

(Notes)

1. The basic percentage mix of remuneration represents the basic ratio of the design of the system and fluctuates depending on the performance of the Company or for other reasons.
2. The maximum amount of total monetary remuneration includes the base remuneration of outside directors (excluding directors who are audit and supervisory committee members).

2. Performance-Based Remuneration

1) Bonus

-As a short-term incentive remuneration, bonuses use consolidated profit as the assessment indicator for the purpose of enhancing directors' motivation to contribute to improved business performance each fiscal year. The remuneration amount is calculated within a range of 0 to 200 depending on the amount of consolidated profit, and is determined by reflecting the assessment of the individual.

2) Trust-Type Stock Compensation

-As a medium-term incentive remuneration, this compensation is linked to the attainment of indicators mentioned in the medium-term plan, which is established every three fiscal years, and has been introduced to enhance directors' motivation to contribute to increased corporate value by achieving the goals of the medium-term plan. The remuneration amount is calculated within a range of 0 to 240 depending on the attainment of assessment indicators, and is determined by reflecting the assessment of the individual.

$$\text{Medium-term plan indicators} = \text{Net sales} + \text{Operating income ratio} + \text{ROIC} + \text{Sustainability indicators}$$

3. Payment Restrictions of Stock Compensation

-Payment of stock compensation will be restricted by resolution of the Board of Directors if the recipient has been removed from the post of director or resigned during their term of office (excluding cases where the Board of Directors has deemed to be due course), based on the deliberation and report of the Remuneration Committee.

4. Approach to Ownership of Company Shares

-Company shares granted through stock compensation are to be held throughout the recipients' term of office in principle. The Company seeks to share value with shareholders and enhance directors' motivation to increase medium- to long-term corporate value by encouraging ownership of Company shares of more than a certain amount, based on the Guidelines to Ownership of Company Shares, set forth separately.

(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 all 25 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	Attended all 25 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	Attended all 25 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	Attended all 25 meetings of the Board of Directors held during the fiscal year under review. 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 12 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	Attended all 25 meetings of the Board of Directors held during the fiscal year under review. 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 12 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	Attended all 25 meetings of the Board of Directors 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. She also attended all 12 meetings of the Audit and Supervisory Committee held during the fiscal year under review. Based on her professional viewpoint, she provided insightful comments such as when offering opinions on the audit results.

(Note) In addition to the number of meetings of the Board of Directors stated above, there were 2 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, 2020)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)	262,559	(Liabilities)	23,456
Current assets	173,394	Current liabilities	18,193
Cash and bank deposits	110,018	Trade notes and accounts payable	6,486
Trade notes and accounts receivable	24,729	Accrued income taxes	1,934
Short-term investments	1,500	Accrued bonuses due to employees	233
Merchandises and finished goods	22,249	Accrued bonuses due to directors	176
Work in process	989	Other current liabilities	9,361
Raw materials and supplies	9,280	Long-term liabilities	5,262
Other current assets	4,789	Long-term loans payable	380
Allowance for doubtful accounts	(163)	Accrued benefits for stock payment	241
Fixed assets	89,164	Liability for retirement benefits	2,051
Property, plant and equipment	77,014	Asset retirement obligations	27
Buildings and structures	20,860	Deferred tax liabilities-non-current	2,203
Machinery, equipment and vehicles	31,515	Other long-term liabilities-non-current	357
Tools, furniture and fixture	4,031	(Net assets)	239,103
Land	6,589	Shareholders' equity	246,499
Construction in progress	14,016	Common stock	20,704
Intangible assets	1,065	Additional paid-in capital	20,419
Investments and other assets	11,085	Retained earnings	216,929
Investment securities	9,254	Treasury stock	(11,555)
Deferred tax assets-non-current	578	Accumulated other comprehensive income	(7,487)
Other investments and other assets	1,658	Net unrealized holding gains on securities	1,985
Allowance for doubtful accounts	(405)	Foreign currency translation adjustments	(8,928)
		Retirement benefits liability adjustments	(545)
		Subscription rights to shares	91
Total assets	262,559	Total liabilities and net assets	262,559

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

Consolidated Statement of Income
(For the year ended December 31, 2020)

(Millions of yen)

Item	Amount	
Net sales		116,432
Cost of sales		81,576
Gross profit		34,856
Selling, general and administrative expenses		21,955
Operating income		12,900
Non-operating income		
Interest income	695	
Dividend income	244	
Gain on sale of raw material scrap	1,128	
Other	577	2,645
Non-operating expenses		
Stock-related expenses	138	
Foreign exchange losses	1,371	
Non-deductible consumption tax	28	
Soil cleanup expenses	429	
Other	902	2,870
Ordinary income		12,675
Extraordinary income		
Gain on disposal of fixed assets	9	
Gain on sales of investment securities	2,382	
Gain on reversal of share acquisition rights	7	2,400
Extraordinary loss		
Loss on disposal of fixed assets	322	
Extraordinary retirement expenses	151	
Loss from closure of a manufacturing subsidiary	449	
Loss related to infectious disease	251	1,175
Profit before income taxes		13,901
Income taxes		
Current	4,964	
Deferred	(50)	4,913
Profit		8,987
Profit attributable to owners of parent		8,987

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

Consolidated Statement of Changes in Net Assets

(For the year ended December 31, 2020)

(Millions of yen)

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

(Millions of yen)

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

(Notes)

- The dividends were paid as appropriations of retained earnings based on a resolution at the 79th ordinary general meeting of shareholders held on March 27, 2020.
- Amounts less than one million yen have been omitted.

<Reference>

Consolidated Statement of Comprehensive Income

(For the year ended December 31, 2020)

(Millions of yen)

Item	Amount
Profit	8,987
Other comprehensive income	
Net unrealized holding gains (losses) on securities	(1,470)
Deferred gains or losses on hedges	2
Foreign currency translation adjustments	(3,150)
Retirement benefits liability adjustments	167
Total other comprehensive income	(4,452)
Comprehensive income	4,535
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	4,535
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, 2020)

(Millions of yen)

Item	Amount
Cash flows from operating activities	
Profit before income taxes	13,901
Depreciation and amortization	8,939
Increase (Decrease) in liability for retirement benefits	154
Interest and dividends income	(939)
Foreign exchange losses (gains)	3,217
Loss (Gain) on sales of investment securities	(2,382)
Loss (Gain) on disposal of fixed assets	313
Decrease (Increase) in trade notes and accounts receivable	(2,714)
Decrease (Increase) in inventories	728
Increase (Decrease) in trade notes and accounts payable	379
Gain on reversal of share acquisition rights	(7)
Other, net	1,075
Sub total	22,664
Interest and dividends received	970
Income taxes paid	(4,893)
Net cash provided by operating activities	18,741
Cash flows from investing activities	
Increase of time deposits	(314)
Proceeds from sales of short-term investments	800
Purchase of fixed assets	(7,736)
Proceeds from sales of fixed assets	48
Purchase of investment securities	(500)
Proceeds from sales of investment securities	2,757
Other, net	(358)
Net cash used in investing activities	(5,304)
Cash flows from financing activities	
Repayment of long-term loans payable	(254)
Cash dividends paid	(9,011)
Purchase of treasury stock	(1,927)
Proceeds from sales of treasury stock	240
Net cash used in financing activities	(10,952)
Effect of exchange rate changes on cash and cash equivalents	(3,156)
Net increase (decrease) in cash and cash equivalents	(672)
Cash and cash equivalents at beginning of period	110,863
Cash and cash equivalents at end of period	110,190

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

Non-Consolidated Balance Sheet

(As of December 31, 2020)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)	170,438	(Liabilities)	12,880
Current assets	76,877	Current liabilities	10,871
Cash and bank deposits	39,767	Accounts payable	7,323
Trade notes receivable	184	Accounts payable-other	1,164
Accounts receivable	29,764	Accrued expenses	494
Short-term investments	1,500	Accrued income taxes	1,148
Merchandises and finished goods	1,696	Accrued bonuses due to employees	233
Work in process	29	Accrued bonuses due to directors	158
Raw materials and supplies	1,074	Other current liabilities	348
Other current assets	2,859	Long-term liabilities	2,008
Fixed assets	93,561	Long-term loans payable	380
Property, plant and equipment	14,585	Accrued benefits for stock payment	241
Buildings	7,229	Allowance for retirement benefits for employees	881
Structures	519	Asset retirement obligations	27
Machinery and equipment	296	Deferred tax liabilities-non-current	344
Vehicles	2	Other long-term liabilities-non-current	133
Tools, furniture and fixture	485	(Net assets)	157,558
Land	5,991	Shareholders' equity	155,480
Construction in progress	60	Common stock	20,704
Intangible assets	572	Additional paid-in capital	20,419
Software	472	Legal capital surplus	20,419
Software in progress	95	Retained earnings	125,911
Other intangible assets	4	Legal retained earnings	3,819
Investments and other assets	78,402	Other legal retained earnings	122,092
Investment securities	9,184	Reserve for the reduction of fixed assets	88
Stocks of subsidiaries and affiliates	16,096	General reserve	170,119
Investments in capital of subsidiaries and affiliates	44,177	Retained earnings carried forward	(48,116)
Long-term loans receivable from subsidiaries and affiliates	8,797	Treasury stock	(11,555)
Other investments and other assets	180	Revaluation/translation adjustments	1,985
Allowance for doubtful accounts	(33)	Net unrealized holding gains on securities	1,985
		Subscription rights to shares	91
Total assets	170,438	Total liabilities and net assets	170,438

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

Non-Consolidated Statement of Income

(For the year ended December 31, 2020)

(Millions of yen)

Item	Amount	
Net sales		79,623
Cost of sales		60,472
Gross profit		19,150
Selling, general and administrative expenses		14,981
Operating income		4,169
Non-operating income		
Interest income	246	
Interest on short-term investments	2	
Dividend income	9,705	
Foreign exchange gains	51	
Other	198	10,203
Non-operating expenses		
Stock-related expenses	138	
Other	43	182
Ordinary income		14,190
Extraordinary income		
Gain on sales of investment securities	2,382	
Gain on reversal of share acquisition rights	7	2,390
Extraordinary loss		
Loss on disposal of fixed assets	3	3
Profit before income taxes		16,577
Income taxes		
Current	2,344	
Deferred	(89)	2,255
Profit		14,322

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

Non-Consolidated Statement of Changes in Net Assets

(For the year ended December 31, 2020)

(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	120	170,119	(53,438)	120,621
Changes of items during the period				
Cash dividend (Note: 1)	—	—	(4,538)	(4,538)
Cash dividend (Interim dividends)	—	—	(4,472)	(4,472)
Profit	—	—	14,322	14,322
Purchase of treasury stock	—	—	—	—
Disposal of treasury stock	—	—	(21)	(21)
Reversal of reserve for the reduction of fixed assets	(31)	—	31	—
Net changes of items other than shareholders' equity	—	—	—	—
Total changes of items during the period	(31)	—	5,321	5,290
Ending balance	88	170,119	(48,116)	125,911

(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	(10,014)	151,731	3,456	(2)	3,454	124	155,309
Changes of items during the period							
Cash dividend (Note: 1)	—	(4,538)	—	—	—	—	(4,538)
Cash dividend (Interim dividends)	—	(4,472)	—	—	—	—	(4,472)
Profit	—	14,322	—	—	—	—	14,322
Purchase of treasury stock	(1,941)	(1,941)	—	—	—	—	(1,941)
Disposal of treasury stock	400	379	—	—	—	—	379
Reversal of reserve for the reduction of fixed assets	—	—	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	(1,470)	2	(1,468)	(32)	(1,501)
Total changes of items during the period	(1,540)	3,749	(1,470)	2	(1,468)	(32)	2,248
Ending balance	(11,555)	155,480	1,985	—	1,985	91	157,558

(Notes)

1. The dividends were paid as appropriations of retained earnings based on a resolution at the 79th ordinary general meeting of shareholders held on March 27, 2020.
2. Amounts less than one million yen have been omitted.