

Translation

MARUBUN CORPORATION

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Securities Code : 7537 TSE, 1st section URL <https://www.marubun.co.jp>

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Preparation of supplementary material : Yes

Holding of investor meeting : No



July 31, 2020

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2020 <under Japanese GAAP>

1. Consolidated Financial Results for the Three Months Ended June 30, 2020 (April 1, 2020 - June 30, 2020)

(1) Consolidated Operating Results

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For the Three months ended June 30, 2020	62,238	5.2	(603)	-	(369)	-	(310)	-
June 30, 2019	59,182	(16.9)	(298)	-	301	-	(58)	-

	Earnings per Share -Basic-	Earnings Per Share -Diluted-
	Yen	Yen
For the Nine months ended June 30, 2020	(11.89)	-
June 30, 2019	(2.24)	-

(2) Financial Position

	Total Assets	Total Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of June 30, 2020	125,104	47,055	33.1
As of March 31, 2020	131,451	48,204	32.2

2. Dividends

	Dividend Per Share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2020	-	10.00	-	20.00	30.00
Year ending March 31, 2021	-				
Year ending March 31, 2021 (Forecast)		8.00	-	8.00	16.00

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2021

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Six months ending September 30, 2020	136,500	(1.6)	70	-	115	(64.4)	35	-
Year ending March 31, 2021	260,000	(9.6)	2,300	(2.9)	2,000	(0.3)	1,235	-

	Earnings per Share -Basic-
	Yen
Six months ending September 30, 2020	1.34
Year ending March 31, 2021	47.25

(Note)

These Financial Forecasts are based on management's assumptions and beliefs in light of the information currently available to it and therefore you should not place undue reliance on them. Marubun Corporation cautions you that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements.

Consolidated Financial Statements
(1) Consolidated Balance Sheet

(Millions of Yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	20,790	21,608
Notes and accounts receivable - trade	50,062	42,974
Electronically recorded monetary claims - operating	5,314	5,545
Merchandise and finished goods	40,678	38,241
Work in process	54	164
Other	1,732	3,553
Allowance for doubtful accounts	(14)	(10)
Total current assets	118,617	112,078
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,734	3,710
Accumulated depreciation	(2,381)	(2,395)
Buildings and structures, net	1,353	1,314
Machinery, equipment and vehicles	10	10
Accumulated depreciation	(10)	(10)
Machinery, equipment and vehicles, net	0	0
Tools, furniture and fixtures	2,510	2,608
Accumulated depreciation	(1,600)	(1,640)
Tools, furniture and fixtures, net	910	968
Land	1,596	1,596
Leased assets	105	108
Accumulated depreciation	(78)	(82)
Leased assets, net	26	26
Right of use assets	183	229
Accumulated depreciation	(60)	(98)
Right of use assets, net	123	130
Construction in progress	85	9
Total property, plant and equipment	4,094	4,045
Intangible assets	1,146	1,122
Investments and other assets		
Investment securities	3,102	3,230
Deferred tax assets	858	960
Other	4,071	4,111
Allowance for doubtful accounts	(440)	(443)
Total investments and other assets	7,592	7,858
Total non-current assets	12,833	13,026
Total assets	131,451	125,104

(Millions of Yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	25,410	23,287
Short-term borrowings	47,344	43,978
Current portion of long-term borrowings	1,050	1,050
Lease obligations	93	108
Provision for bonuses	703	393
Other	1,937	2,609
Total current liabilities	76,537	71,427
Non-current liabilities		
Long-term borrowings	5,125	5,112
Lease obligations	79	122
Retirement benefit liability	1,089	1,022
Provision for retirement benefits for directors (and other officers)	98	88
Asset retirement obligations	182	182
Other	134	92
Total non-current liabilities	6,708	6,621
Total liabilities	83,246	78,048
Net assets		
Shareholders' equity		
Share capital	6,214	6,214
Capital surplus	6,353	6,353
Retained earnings	30,656	29,822
Treasury shares	(1,631)	1,631
Total shareholders' equity	41,593	40,760
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	339	421
Deferred gains or losses on hedges	(2)	1
Foreign currency translation adjustment	465	260
Remeasurements of defined benefit plans	(109)	82
Total accumulated other comprehensive income	692	601
Non-controlling interests	5,918	5,694
Total net assets	48,204	47,055
Total liabilities and net assets	131,451	125,104

(2) Consolidated Statements of Income

(Millions of Yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales	59,182	62,238
Cost of sales	55,371	59,106
Gross profit	3,810	3,131
Selling, general and administrative expenses	4,109	3,735
Operating loss	(298)	(603)
Non-operating income		
Interest income	5	5
Dividend income	22	21
Foreign exchange gains	900	355
Share of profit of entities accounted for using equity method	16	57
Miscellaneous income	41	17
Total non-operating income	986	458
Non-operating expenses		
Interest expenses	311	137
Sales discounts	27	32
Loss on sales of trade receivables	33	15
Miscellaneous loss	14	39
Total non-operating expenses	386	224
Ordinary profit (loss)	301	(369)
Extraordinary losses		
Loss on sales and retirement of non-current assets	1	0
Impairment loss	200	5
Extra retirement payments	—	99
Other	—	7
Total extraordinary losses	202	112
Profit (loss) before income taxes	99	(481)
Income taxes	91	(102)
Profit (loss)	8	(379)
Profit (loss) attributable to non-controlling interests	66	(68)
Loss attributable to owners of parent	(58)	(310)

Consolidated statements of comprehensive income

(Millions of Yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit (loss)	8	(379)
Other comprehensive income		
Valuation difference on available-for-sale securities	(81)	81
Deferred gains or losses on hedges	(21)	4
Foreign currency translation adjustment	85	(331)
Remeasurements of defined benefit plans, net of tax	2	27
Share of other comprehensive income of entities accounted for using equity method	(41)	(26)
Total other comprehensive income	(56)	(244)
Comprehensive income	(48)	(623)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(159)	(401)
Comprehensive income attributable to non-controlling interests	111	(221)

(3) Consolidated Statements of Cash Flows

(Millions of Yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Cash flows from operating activities		
Profit (loss) before income taxes	99	(481)
Depreciation	157	189
Impairment loss	200	5
Amortization of goodwill	28	—
Increase (decrease) in allowance for doubtful accounts	(1)	0
Increase (decrease) in provision for bonuses	(509)	(309)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(3)	(10)
Increase (decrease) in retirement benefit liability	(60)	(27)
Interest and dividend income	(28)	(27)
Interest expenses	311	137
Foreign exchange losses (gains)	(891)	(348)
Share of loss (profit) of entities accounted for using equity method	(16)	(57)
Loss (gain) on sales and retirement of non-current assets	1	0
Extra retirement payments	—	99
Decrease (increase) in trade receivables	4,192	6,810
Decrease (increase) in inventories	680	2,317
Increase (decrease) in trade payables	2,710	(2,116)
Other, net	761	(943)
Subtotal	7,634	5,236
Interest and dividends received	53	28
Interest paid	(307)	(140)
Income taxes paid	(256)	(123)
Income taxes refund	17	8
Extra retirement payments	—	(99)
Net cash provided by (used in) operating activities	7,141	4,910
Cash flows from investing activities		
Payments into time deposits	(120)	(73)
Proceeds from withdrawal of time deposits	35	157
Purchase of property, plant and equipment	(87)	(197)
Purchase of intangible assets	(12)	(64)
Purchase of investment securities	(6)	(5)
Payments for asset retirement obligations	(7)	—
Other, net	54	6
Net cash provided by (used in) investing activities	(143)	(177)

(Millions of Yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	488	(2,927)
Repayments of long-term borrowings	(12)	(12)
Dividends paid	(502)	(500)
Other, net	(22)	(26)
Net cash provided by (used in) financing activities	(48)	(3,466)
Effect of exchange rate change on cash and cash equivalents	37	(365)
Net increase (decrease) in cash and cash equivalents	6,986	900
Cash and cash equivalents at beginning of period	16,044	20,473
Cash and cash equivalents at end of period	23,031	21,374

Consolidated Segment Information

Business Segments

Three Months Ended June 30, 2019

(Millions of Yen)

	Business segments reported			Adjustment	Consolidated Statements of Income
	Electronic Devices	Electronic Systems	Total		
Net Sales					
(1) Outside Customers	49,906	9,275	59,182	-	59,182
(2) Inter-segment	0	2	2	(2)	-
Total Sales	49,906	9,278	59,184	(2)	59,182
Segment Income(loss)	(256)	(40)	(296)	(2)	(298)

Three Months Ended June 30, 2020

(Millions of Yen)

	Business segments reported			Adjustment	Consolidated Statements of Income
	Electronic Devices	Electronic Systems	Total		
Net Sales					
(1) Outside Customers	54,191	8,046	62,238	—	62,238
(2) Inter-segment	1	209	210	(210)	—
Total Sales	54,192	8,256	62,448	(210)	62,238
Segment Income(loss)	(439)	(162)	(601)	(1)	(603)