

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



October 30, 2020

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2020 (April 1, 2020 - September 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 Six months ended September 30, 2020	137,268	(1.0)	(579)	-	18	(94.3)	(64)	-
September 30, 2019	138,703	(16.7)	(71)	-	323	(47.6)	(110)	-

	Earnings per Share -Basic-	Earnings Per Share -Diluted-
	Yen	Yen
For the Six months ended September 30, 2020	(2.48)	-
September 30, 2019	4.23	-

(2) Financial Position

	Total Assets	Total Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of September 30, 2020	126,175	46,867	33.0
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	-	8.00			
Year ending March 31, 2021 (Forecast)			-	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	%
Year ending March 31, 2021	270,000	(6.1)	1,250	(45.7)	1,550	(22.5)	900	-

	Earnings per Share -Basic-
	Yen
Year ending March 31, 2021	34.44

(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 September 30, 2020
Assets		
Current assets		
Cash and deposits	20,790	24,623
Notes and accounts receivable - trade	50,062	45,831
Electronically recorded monetary claims - operating	5,314	4,816
Merchandise and finished goods	40,678	35,450
Work in process	54	62
Other	1,732	2,584
Allowance for doubtful accounts	(14)	(18)
Total current assets	118,617	113,350
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,734	3,689
Accumulated depreciation	(2,381)	(2,397)
Buildings and structures, net	1,353	1,291
Machinery, equipment and vehicles	10	10
Accumulated depreciation	(10)	(10)
Machinery, equipment and vehicles, net	0	0
Tools, furniture and fixtures	2,510	2,633
Accumulated depreciation	(1,600)	(1,690)
Tools, furniture and fixtures, net	910	943
Land	1,596	1,596
Leased assets	105	108
Accumulated depreciation	(78)	(85)
Leased assets, net	26	23
Right of use assets	183	165
Accumulated depreciation	(60)	(72)
Right of use assets, net	123	92
Construction in progress	85	65
Total property, plant and equipment	4,094	4,012
Intangible assets	1,146	1,079
Investments and other assets		
Investment securities	3,102	3,284
Deferred tax assets	858	829
Other	4,071	4,060
Allowance for doubtful accounts	(440)	(443)
Total investments and other assets	7,592	7,731
Total non-current assets	12,833	12,824
Total assets	131,451	126,175

(1) Consolidated Balance Sheet

(Millions of Yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	25,410	24,934
Short-term borrowings	47,344	44,008
Current portion of long-term borrowings	1,050	1,050
Lease obligations	93	81
Income taxes payable	—	44
Provision for bonuses	703	729
Other	1,937	1,925
Total current liabilities	76,537	72,773
Non-current liabilities		
Long-term borrowings	5,125	5,100
Lease obligations	79	103
Retirement benefit liability	1,089	963
Provision for retirement benefits for directors (and other officers)	98	90
Asset retirement obligations	182	183
Other	134	92
Total non-current liabilities	6,708	6,534
Total liabilities	83,246	79,307
Net assets		
Shareholders' equity		
Share capital	6,214	6,214
Capital surplus	6,353	6,353
Retained earnings	30,656	30,132
Treasury shares	(1,631)	(1,631)
Total shareholders' equity	41,593	41,069
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	339	452
Deferred gains or losses on hedges	(2)	(6)
Foreign currency translation adjustment	465	183
Remeasurements of defined benefit plans	(109)	(54)
Total accumulated other comprehensive income	692	574
Non-controlling interests	5,918	5,223
Total net assets	48,204	46,867
Total liabilities and net assets	131,451	126,175

(2) Consolidated Statements of Income

(Millions of Yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	138,703	137,268
Cost of sales	130,717	130,362
Gross profit	7,985	6,905
Selling, general and administrative expenses	8,057	7,484
Operating loss	(71)	(579)
Non-operating income		
Interest income	17	10
Dividend income	28	26
Share of profit of entities accounted for using equity	49	37
Foreign exchange gains	987	867
Miscellaneous income	64	51
Total non-operating income	1,146	993
Non-operating expenses		
Interest expenses	578	223
Sales discounts	64	69
Loss on sales of trade receivables	87	29
Miscellaneous loss	19	72
Total non-operating expenses	751	395
Ordinary profit	323	18
Extraordinary income		
Gain on sales of non-current assets	3	—
Other	0	—
Total extraordinary income	4	—
Extraordinary losses		
Loss on sales and retirement of non-current assets	7	6
Impairment loss	215	5
Loss on valuation of investment securities	6	—
Extra retirement payments	7	102
Other	0	2
Total extraordinary losses	237	116
Profit (loss) before income taxes	90	(98)
Income taxes	111	39
Loss	(21)	(137)
Profit (loss) attributable to non-controlling interests	88	(72)
Loss attributable to owners of parent	(110)	(64)

Consolidated statements of comprehensive income

(Millions of Yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Loss	(21)	(137)
Other comprehensive income		
Valuation difference on available-for-sale securities	(91)	112
Deferred gains or losses on hedges	(14)	(3)
Foreign currency translation adjustment	(314)	(410)
Remeasurements of defined benefit plans, net of tax	5	54
Share of other comprehensive income of entities accounted for using equity method	(39)	(23)
Total other comprehensive income	(454)	(270)
Comprehensive income	(476)	(407)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(457)	(182)
Comprehensive income attributable to non-controlling	(18)	(225)

(3) Consolidated Statements of Cash Flows

(Millions of Yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit (loss) before income taxes	90	(98)
Depreciation	332	375
Impairment loss	215	5
Amortization of goodwill	28	—
Increase (decrease) in allowance for doubtful accounts	(2)	9
Increase (decrease) in provision for bonuses	(51)	27
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(8)	(7)
Increase (decrease) in retirement benefit liability	(121)	(46)
Interest and dividend income	(45)	(36)
Interest expenses	578	223
Foreign exchange losses (gains)	(847)	(836)
Share of loss (profit) of entities accounted for using equity method	(49)	(37)
Loss (gain) on sales and retirement of non-current assets	3	6
Loss (gain) on valuation of investment securities	6	—
Extra retirement payments	—	102
Decrease (increase) in trade receivables	3,315	4,615
Decrease (increase) in inventories	9,388	5,185
Increase (decrease) in trade payables	1,494	(438)
Other, net	(841)	(820)
Subtotal	13,487	8,228
Interest and dividends received	69	37
Interest paid	(575)	(226)
Income taxes paid	(359)	(140)
Income taxes refund	42	191
Extra retirement payments	—	(102)
Net cash provided by (used in) operating activities	12,664	7,987
Cash flows from investing activities		
Payments into time deposits	(317)	(189)
Proceeds from withdrawal of time deposits	211	302
Purchase of property, plant and equipment	(289)	(274)
Purchase of intangible assets	(39)	(100)
Purchase of investment securities	(13)	(12)
Payments for asset retirement obligations	(12)	—
Other, net	92	12
Net cash provided by (used in) investing activities	(369)	(261)

(3) Consolidated Statements of Cash Flows

(Millions of Yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,687)	(2,268)
Repayments of long-term borrowings	(25)	(25)
Dividends paid	(522)	(521)
Dividends paid to non-controlling interests	(30)	(469)
Other, net	(48)	(56)
Net cash provided by (used in) financing activities	(4,314)	(3,342)
Effect of exchange rate change on cash and cash equivalents	(37)	(440)
Net increase (decrease) in cash and cash equivalents	7,942	3,942
Cash and cash equivalents at beginning of period	16,044	20,473
Cash and cash equivalents at end of period	23,987	24,416

Consolidated Segment Information

Business Segments

Six Months Ended September 30, 2019

(Millions of Yen)

	Business segments reported			Adjustment	Consolidated Statements of Income
	Electronic Devices	Electronic Systems	Total		
Net Sales					
(1) Outside Customers	117,020	21,682	138,703	—	138,703
(2) Inter-segment	0	132	133	(133)	—
Total Sales	117,020	21,815	138,836	(133)	138,703
Segment Income(loss)	(403)	355	(67)	(4)	(71)

Six Months Ended September 30, 2020

(Millions of Yen)

	Business segments reported			Adjustment	Consolidated Statements of Income
	Electronic Devices	Electronic Systems	Total		
Net Sales					
(1) Outside Customers	118,982	18,285	137,268	—	137,268
(2) Inter-segment	1	339	340	(340)	—
Total Sales	118,983	18,625	137,608	(340)	137,268
Segment Income(loss)	(715)	139	(575)	(3)	(579)