

## Translation

# MARUBUN CORPORATION

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Preparation of supplementary material : Yes

Holding of investor meeting : No



July 30, 2021

## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2021 <under Japanese GAAP>

### 1. Consolidated Financial Results for the Three Months Ended June 30, 2021 (April 1, 2021 - June 30, 2021)

#### (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, 2021	37,347	-	1,076	-	1,005	-	557	-
June 30, 2020	62,238	5.2	(603)	-	(369)	-	(310)	-

Note : Comprehensive income Three months ended June 30, 2021 1,220 Millions of Yen [-%]  
Three months ended June 30, 2020 (623) Millions of Yen [-%]

	Earnings per Share -Basic-		Earnings Per Share -Diluted-	
	Yen		Yen	
For the Three months ended				
June 30, 2021	21.32		-	
June 30, 2020	(11.89)		-	

(Note)

MARUBUN Corporation (the Company) has been applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current fiscal year and the figures for the first quarter of the fiscal year ending March 31, 2022 are after the application of the said accounting standard, etc., the percentage change from the same quarter of the previous fiscal year is not stated.

#### (2) Financial Position

	Total Assets	Total Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of June 30, 2021	133,674	46,450	30.7
As of March 31, 2021	127,006	45,040	31.5

(Note)

As the Company have been applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the first quarter of the current fiscal year, and the figures for the first quarter of the fiscal year ending March 31, 2022 are after the application of these standards.

### 2. Dividends

	Dividend Per Share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2021	-	8.00	-	8.00	16.00
Year ending March 31, 2022	-				
Year ending March 31, 2022 (Forecast)		10.00	-	20.00	30.00

## Translation

### 3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2022

	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, 2021	70,000	-	600	-	460	-	230	-
Year ending March 31, 2022	153,000	-	3,200	-	3,000	-	1,900	-

	Earnings per Share -Basic-	
	Yen	
Six months ending September 30, 2021	8.80	
Year ending March 31, 2022	72.70	

(Note)

As the Company apply the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ending March 31, 2022, the consolidated financial forecast above is the amount after applying the said accounting standard, and the percentage change from the previous year and the same quarter of the previous year is not stated.

## **1. Summary of operating results for the fiscal year under review**

During the first quarter of the consolidated fiscal year under review (April 1 to June 30, 2021), the Japanese economy showed signs of a recovery in corporate production activities and capital investment, although consumer spending and employment remained sluggish, affected by the redeclaration of a state of emergency due to the spreading COVID-19. In Europe, the United States, and China, economic activities were resumed in stages, so that in response to such recovery of the world economy, exports continued to increase.

In the electronics industry, in which the Marubun Group (the "Group") operates its business, corporate initiatives for digital transformation were accelerated to promote remote work and advance digitization, and consequently, demand for PCs, communication equipment, and other electronics remained strong. In addition, in the fields such as automobiles, industrial equipment, and semiconductor manufacturing, corporate capital investment began to recover. On the other hand, in the semiconductor market, supply shortages of components became severe due to robust demand for those used in 5G communication equipment, PCs, and consumer equipment.

In this situation, responding to the recovery of the electronics market, the consolidated net sales of the Group during the first quarter of the fiscal year under review reached 37,347 million yen. Meanwhile, operating income was 1,076 million yen, with ordinary income of 1,005 million yen and profit attributable to owners of parent of 557 million yen, reflecting strong sales of products with relatively high profit margins, sales of products in the quarter under review that were purchased in the previous term when the yen was strong, boosting gross profit on a yen conversion basis, and decreased selling, general and administrative expenses. The Group has applied Accounting Standards for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) since the beginning of the first quarter of the consolidated fiscal year under review, and net sales of the first quarter of the consolidated fiscal year under review decreased by 31,281 million yen compared to net sales calculated by the previous method. For the details, please see "(4) Notes on Quarterly Consolidated Financial Statements."

Operating results by business segment are as follows:

(Electronic Devices business)

In the Electronic Devices business, net sales were 27,525 million yen, supported by strong sales of semiconductors for PC peripherals equipment, communication equipment, and consumer equipment, driven by increasing telework and stay-home demand, while the expansion of new commercial rights also contributed. Segment profit was 872 million yen due to an improved gross profit ratio and decreased selling, general and administrative expenses.

(Electronic Systems business)

In the Electronic Systems business, demand for electronic device assembly and inspection machines increased in association with an increase in capital investments for industrial equipment. Meanwhile, diode lasers to be incorporated into industrial equipment also sold well. In addition, medical equipment, space and defense electronics, and information communication equipment performed steadily. Consequently, net sales amounted to 9,822 million yen with segment profit of 205 million yen.

## **2. Summary of consolidated financial conditions for the fiscal year under review**

(Assets)

Current assets at the end of the first quarter of the consolidated fiscal year under review stood at 121,999 million yen, an increase of 7,195 million yen from the end of the previous consolidated fiscal year. This result was mainly attributable to a decrease in notes and accounts receivable - trade of 14,982 million yen, a decrease in merchandise and finished goods of 8,962 million yen, and an increase in accounts receivable of 28,537 million yen. Non-current assets amounted to 11,675 million yen, decreasing 527 million yen from the end of the previous consolidated fiscal year. This change chiefly reflected decreases of 287 million yen in deferred tax assets and 265 million yen in tools, furniture and fixtures.

As a result, total assets increased by 6,667 million yen from the end of the previous fiscal year to 133,674 million yen.

#### (Liabilities)

Current liabilities at the end of the first quarter of the consolidated fiscal year under review came to 81,378 million yen, an increase of 5,213 million yen from the end of the previous fiscal year. This was attributable largely to a decrease of 13,666 million yen in notes and accounts payable - trade, and increases of 14,879 million yen in accounts payable and 3,272 million yen in short-term borrowings. Non-current liabilities amounted to 5,845 million yen, an increase of 44 million yen from the end of the previous fiscal year. This was primarily a result of an increase of 47 million yen in retirement benefit liability.

As a result, total liabilities increased by 5,257 million yen from the end of the previous fiscal year, to 87,224 million yen.

#### (Net assets)

Net assets totaled 46,450 million yen at the end of the first quarter of the consolidated fiscal year under review, an increase of 1,410 million yen from the end of the previous consolidated fiscal year. This was a result, in large part, of increases of 758 million yen in retained earnings and 449 million yen in foreign currency translation adjustment.

As a result, the equity ratio stood at 30.7% (compared to 31.5% at the end of the previous fiscal year).

### **3. Future outlook**

There has been no revision to the consolidated financial forecasts for the fiscal year ending March 31, 2022, which were announced on May 14, 2021.

### **4. Notes on quarterly consolidated financial statements**

#### (Change in accounting policy)

#### (Application of Accounting Standards for Revenue Recognition)

The Group has applied Accounting Standards for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from the beginning of the first quarter of the consolidated fiscal year under review.

Accordingly, the Group now recognizes as revenue the amount receivable in exchange for a good or a service at the time when the promised good or the service is transferred to a customer. With this change, in terms of transactions where the Group plays a role of agency in the provision of a good or a service to a customer, the Group has changed its conventional method where the full amount received from a customer was recognized as revenue and recorded as sales to the method where the net amount is shown, calculated by deducting the amount payable to the supplier from the amount received from the customer.

With regard to the application of the Accounting Standards for Revenue Recognition, the Group has complied with the transitional measures stipulated in the proviso of Paragraph 84 of the Accounting Standards for Revenue Recognition, so that the cumulative impact of the newly applied accounting policy on the terms preceding the beginning of the first quarter of the consolidated fiscal year under review was adjusted by adding to or subtracting from retained earnings at the beginning of the first quarter of the consolidated fiscal year under review when the new account policy is newly applied. However, the Group has applied the method stipulated in Paragraph 86 of the Accounting Standards for Revenue Recognition, in terms of contracts almost all of whose revenue was recognized in compliance with the conventional method before the beginning of the first quarter of the consolidated fiscal year under review, the Group has not retroactively applied the new accounting policy. In addition, applying the method stipulated in (1), Paragraph 86 of the Accounting Standards for Revenue Recognition, in terms of the contract revisions made before the beginning of the first quarter of the consolidated fiscal year under review, accounting was based on contract conditions reflecting all the contract revisions, and the cumulative impact was adjusted by adding to or subtracting from retained earnings at the beginning of the first quarter of the consolidated fiscal year under review.

As a result, for the first quarter of the consolidated fiscal year under review, net sales decreased by 31,281 million yen, cost of sales decreased by 31,124 million yen, operating income decreased by 157 million yen, and ordinary income and profit before income taxes decrease by 238 million yen. The beginning balance of retained earnings increased by 410 million yen.

**Consolidated Financial Statements**  
**(1) Consolidated Balance Sheet**

(Millions of Yen)

	As of March 31, 2021	As of June 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	26,874	27,525
Notes and accounts receivable - trade	46,723	31,741
Electronically recorded monetary claims - operating	4,334	5,575
Merchandise and finished goods	34,174	25,211
Work in process	34	62
Accounts receivable - other	596	29,134
Other	2,077	2,761
Allowance for doubtful accounts	(11)	(12)
Total current assets	114,804	121,999
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,095	4,010
Accumulated depreciation	(2,433)	(2,440)
Buildings and structures, net	1,662	1,569
Machinery, equipment and vehicles	10	10
Accumulated depreciation	(10)	(10)
Machinery, equipment and vehicles, net	0	0
Tools, furniture and fixtures	2,595	2,270
Accumulated depreciation	(1,719)	(1,659)
Tools, furniture and fixtures, net	876	611
Land	1,596	1,596
Leased assets	83	46
Accumulated depreciation	(65)	(32)
Leased assets, net	17	13
Right of use assets	154	164
Accumulated depreciation	(85)	(88)
Right of use assets, net	69	76
Construction in progress	—	1
Total property, plant and equipment	4,221	3,868
Intangible assets	925	842
Investments and other assets		
Investment securities	2,518	2,495
Deferred tax assets	1,136	849
Other	3,857	3,699
Allowance for doubtful accounts	(457)	(79)
Total investments and other assets	7,055	6,964
Total non-current assets	12,202	11,675
Total assets	127,006	133,674

**(1) Consolidated Balance Sheet**

(Millions of Yen)

	As of March 31, 2021	As of June 30, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	30,298	16,632
Short-term borrowings	42,194	45,467
Current portion of long-term borrowings	50	50
Lease obligations	67	78
Accounts payable - other	1,349	16,228
Income taxes payable	61	—
Provision for bonuses	631	340
Other	1,512	2,581
<b>Total current liabilities</b>	<b>76,165</b>	<b>81,378</b>
<b>Non-current liabilities</b>		
Long-term borrowings	5,075	5,062
Lease obligations	87	108
Retirement benefit liability	261	308
Provision for retirement benefits for directors (and other officers)	95	98
Asset retirement obligations	180	165
Other	101	101
<b>Total non-current liabilities</b>	<b>5,801</b>	<b>5,845</b>
<b>Total liabilities</b>	<b>81,966</b>	<b>87,224</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	6,214	6,214
Capital surplus	6,353	6,353
Retained earnings	27,854	28,612
Treasury shares	(1,631)	(1,631)
<b>Total shareholders' equity</b>	<b>38,791</b>	<b>39,549</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	831	811
Deferred gains or losses on hedges	36	28
Foreign currency translation adjustment	(29)	420
Remeasurements of defined benefit plans	385	289
<b>Total accumulated other comprehensive income</b>	<b>1,224</b>	<b>1,549</b>
<b>Non-controlling interests</b>	<b>5,024</b>	<b>5,350</b>
<b>Total net assets</b>	<b>45,040</b>	<b>46,450</b>
<b>Total liabilities and net assets</b>	<b>127,006</b>	<b>133,674</b>

**(2) Consolidated Statements of Income**

(Millions of Yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net sales	62,238	37,347
Cost of sales	59,106	33,013
Gross profit	3,131	4,334
Selling, general and administrative expenses	3,735	3,258
Operating profit (loss)	(603)	1,076
Non-operating income		
Interest income	5	0
Dividend income	21	21
Foreign exchange gains	355	—
Share of profit of entities accounted for using equity method	57	6
Miscellaneous income	17	22
Total non-operating income	458	50
Non-operating expenses		
Interest expenses	137	78
Sales discounts	32	7
Foreign exchange losses	—	1
Loss on sale of trade receivables	15	7
Miscellaneous losses	39	25
Total non-operating expenses	224	121
Ordinary profit (loss)	(369)	1,005
Extraordinary income		
Gain on sale of non-current assets	—	22
Total extraordinary income	—	22
Extraordinary losses		
Loss on sale and retirement of non-current assets	0	1
Impairment losses	5	—
Extra retirement payments	99	—
Other	7	—
Total extraordinary losses	112	1
Profit (loss) before income taxes	(481)	1,026
Income taxes	(102)	405
Profit (loss)	(379)	621
Profit (loss) attributable to non-controlling interests	(68)	63
Profit (loss) attributable to owners of parent	(310)	557

**Consolidated statements of comprehensive income**

(Millions of Yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit (loss)	(379)	621
Other comprehensive income		
Valuation difference on available-for-sale securities	81	(19)
Deferred gains or losses on hedges	4	(8)
Foreign currency translation adjustment	(331)	747
Remeasurements of defined benefit plans, net of tax	27	(96)
Share of other comprehensive income of entities accounted for using equity method	(26)	(24)
Total other comprehensive income	(244)	599
Comprehensive income	(623)	1,220
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(401)	882
Comprehensive income attributable to non-controlling interests	(221)	337



**(3) Consolidated Statements of Cash Flows**

(Millions of Yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	(481)	1,026
Depreciation	189	180
Impairment losses	5	—
Increase (decrease) in allowance for doubtful accounts	(0)	(377)
Increase (decrease) in provision for bonuses	(309)	(292)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(10)	2
Increase (decrease) in retirement benefit liability	(27)	(91)
Interest and dividend income	(27)	(22)
Interest expenses	137	78
Foreign exchange losses (gains)	(348)	(20)
Share of loss (profit) of entities accounted for using equity method	(57)	(6)
Loss (gain) on sale and retirement of non-current assets	0	(20)
Extra retirement payments	99	—
Decrease (increase) in trade receivables	6,810	14,122
Decrease (increase) in inventories	2,317	475
Increase (decrease) in trade payables	(2,116)	(13,980)
Decrease (increase) in accounts receivable - other	(957)	(19,553)
Increase (decrease) in accounts payable - other	(127)	15,139
Other, net	140	780
Subtotal	5,236	(2,560)
Interest and dividends received	28	22
Interest paid	(140)	(77)
Income taxes paid	(123)	(236)
Income taxes refund	8	24
Extra retirement payments	(99)	—
Net cash provided by (used in) operating activities	4,910	(2,828)
Cash flows from investing activities		
Payments into time deposits	(73)	(305)
Proceeds from withdrawal of time deposits	157	310
Purchase of property, plant and equipment	(197)	(267)
Proceeds from sale of property, plant and equipment	—	295
Purchase of intangible assets	(64)	(10)
Purchase of investment securities	(5)	(5)
Other, net	6	5
Net cash provided by (used in) investing activities	(177)	21
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,927)	3,277
Repayments of long-term borrowings	(12)	(12)
Dividends paid	(500)	(199)
Dividends paid to non-controlling interests	—	(14)
Other, net	(26)	(20)
Net cash provided by (used in) financing activities	(3,466)	3,030
Effect of exchange rate change on cash and cash equivalents	(365)	381
Net increase (decrease) in cash and cash equivalents	900	605
Cash and cash equivalents at beginning of period	20,473	26,274
Cash and cash equivalents at end of period	21,374	26,879

## Consolidated Segment Information

### Business Segments

#### Three Months Ended June 30, 2020

	Reportable segments			Reconciling items	Per quarterly consolidated financial statements
	Electronic Devices business	Electronic Systems business	Reportable segments		
Sales					
Revenues from external customers	54,191	8,046	62,238	—	62,238
Transactions with other segments	1	209	210	(210)	—
Net sales	54,192	8,256	62,448	(210)	62,238
Operating loss	(439)	(162)	(601)	(1)	(603)

#### Three Months Ended June 30, 2021

	Reportable segments			Reconciling items	Per quarterly consolidated financial statements
	Electronic Devices business	Electronic Systems business	Reportable segments		
Sales					
Revenues from external customers	27,525	9,822	37,347	—	37,347
Transactions with other segments	10	176	187	(187)	—
Net sales	27,535	9,999	37,535	(187)	37,347
Operating loss	872	205	1,077	(1)	1,076

(Note) Matters related to changes in reportable segments, etc.

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current fiscal year and changed the accounting method for revenue recognition, so the measurement method for profit or loss in the business segment has been changed as well.

As a result of this change, compared with the previous method, net sales and segment income in the Electronic Devices business for the first quarter of the current fiscal year decreased by 31,060 million yen and 157 million yen, respectively, and net sales in the Electronic Systems business decreased by 221 million yen.