

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2021
<under Japanese GAAP>

January 31, 2022

Company Name : MARUBUN CORPORATION
 Listing : Tokyo Stock Exchange
 Securities Code : 7537
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Preparation of supplementary material : Yes
 Holding of investor meeting : No

1. Consolidated Financial Results for the Nine Months Ended December 31, 2021 (April 1,2021 - December 31,2021)

(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 Nine Months ended								
December 31, 2021	120,873	—	4,008	—	3,246	—	1,726	—
December 31, 2020	216,312	2.3	(537)	—	304	35.4	(2,046)	—

Note : Comprehensive income
 Nine Months ended December 31, 2021 2,281 Millions of Yen [-%]
 Nine Months ended December 31, 2020 (2,441) Millions of Yen [-%]

	Earnings per Share -Basic-		Earnings Per Share -Diluted-	
	Yen		Yen	
For the Nine Months ended				
December 31, 2021	66.08		—	
December 31, 2020	(78.30)		—	

(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 December 31, 2021	142,459	46,893	29.4
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	—	10.00	—		
Year ending March 31, 2022 (Forecast)				20.00	30.00

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	%
Year ending March 31, 2022	163,000	—	5,000	—	4,500	—	2,900	—

	Earnings per Share -Basic-
	Yen
Year ending March 31, 2022	110.96

(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 nine months of the consolidated fiscal year under review (April 1, 2021 to December 31, 2021), the Japanese economy showed signs of a recovery because the number of people infected with COVID-19 remained at relatively low levels due to the progress in vaccinations, among other factors. In particular, following the lifting of a state of emergency at the end of September, the country's economic activities started to pick up, reflecting an increase in consumer spending. Nevertheless, the future of the economy continued to be uncertain due to the resurgence of infections attributable to a new variant (Omicron variant).

In the electronics industry, in which the Marubun Group (the "Group") operates its business, the market continued to grow, aided by strong demand attributable primarily to vehicle electrification and digital transformation(DX)-related investments, offsetting the continuing supply shortage of semiconductors and electronic components and the plateauing of teleworking and stay-at-home demand. Moreover, demand for semiconductors and electronic component manufacturing devices grew sharply, reflecting efforts to bolster production capacity.

In this situation, the consolidated net sales of the Group during the first nine months of the fiscal year under review came to 120,873 million yen, reflecting a rise in demand for electronic components, industrial equipment and laser equipment. On the profit side, operating income was 4,008 million yen, with ordinary income of 3,246 million yen and profit attributable to owners of parent of 1,726 million yen. This reflected a boost in yen-based gross profit due to the depreciation of the yen caused by changes in the exchange rate and stronger sales of products with relatively high profit margins, as well as a decrease in selling, general and administrative expenses.

The Group has applied Accounting Standards for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29 issued on March 31, 2020) since the beginning of the first quarter of the consolidated fiscal year under review and net sales of the third quarter of the consolidated fiscal year under review decreased by 104,266 million yen compared to net sales calculated by the conventional 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, sales of semiconductors for industrial equipment, electronic components for consumer equipment and software products remained strong given the expansion of commercial rights of existing suppliers and the growth of products from new suppliers, offsetting a decrease in sales of semiconductors for communication equipment with the plateauing of stay-at-home demand. As a result, net sales came to 87,616 million yen. Segment profit was 2,636 million yen due to an improved gross profit ratio and decreased selling, general and administrative expenses.

(Electronic Systems business)

In the Electronic Systems business, sales of electronic device assembly and inspection machines were strong in the industrial equipment field in line with the recovery in corporate capital investment. Semiconductor lasers to be incorporated into industrial equipment showed a strong performance in the laser device field. In the medical equipment field, demand for inspection equipment such as diagnostic imaging equipment and endoscopes increased. In addition, demand for highly reliable components for man-made satellites and rockets rose in the aerospace field. As a result, net sales and segment profit amounted to 33,257 million yen and 1,374 million yen, respectively.

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

(Assets)

Current assets at the end of the third quarter of the consolidated fiscal year under review stood at 131,266 million yen, an increase of 16,462 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 13,087 million yen, a decrease in merchandise and finished goods of 5,071 million yen, and an increase in accounts receivable of 35,048 million yen. Non-current assets amounted to 11,192 million yen, decreasing 1,010 million yen from the end of the previous consolidated fiscal year. This change chiefly reflected decreases of 366 million yen in buildings and structures, 329 million yen in tools, furniture and fixtures, and 184 million yen in land.

As a result, total assets increased by 15,452 million yen from the end of the previous fiscal year to 142,459 million yen.

(Liabilities)

Current liabilities at the end of the third quarter of the consolidated fiscal year under review came to 89,745 million yen, an increase of 13,580 million yen from the end of the previous fiscal year. This was largely due to an increase of 13,282 million yen in accounts payable - other. Non-current liabilities amounted to 5,819 million yen, an increase of 18 million yen from the end of the previous fiscal year. This was primarily due to an increase of 49 million yen in retirement benefit liability, despite a decrease of 37 million yen in long-term borrowings.

As a result, total liabilities increased by 13,599 million yen from the end of the previous fiscal year, to 95,565 million yen.

(Net assets)

Net assets totaled 46,893 million yen at the end of the third quarter of the consolidated fiscal year under review, an increase of 1,853 million yen from the end of the previous consolidated fiscal year. This was a result, in large part, of increases of 1,667 million yen in retained earnings and 486 million yen in foreign currency translation adjustment.

As a result, the equity ratio stood at 29.4% (compared to 31.5% at the end of the previous fiscal year).

3. Future outlook

Consolidated financial forecasts for the fiscal year ending March 31, 2022 remain unchanged from those announced in the "Notice of Differences Between Forecast and Actual Results for the First Half of the Fiscal Year Ending March 2022 and Revision of Full-Year Financial Results Forecast" dated October 29, 2021.

Consolidated Financial Statements
(1) Consolidated Balance Sheet

(Millions of Yen)

As of March 31, 2021 As of December 31, 2021

Assets		
Current assets		
Cash and deposits	26,874	23,331
Notes and accounts receivable - trade	46,723	33,636
Electronically recorded monetary claims - operating	4,334	6,884
Merchandise and finished goods	34,174	29,102
Work in process	34	90
Accounts receivable - other	596	35,645
Other	2,077	2,588
Allowance for doubtful accounts	(11)	(11)
Total current assets	114,804	131,266
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,095	3,681
Accumulated depreciation	(2,433)	(2,385)
Buildings and structures, net	1,662	1,296
Machinery, equipment and vehicles	10	10
Accumulated depreciation	(10)	(10)
Machinery, equipment and vehicles, net	0	0
Tools, furniture and fixtures	2,595	2,198
Accumulated depreciation	(1,719)	(1,651)
Tools, furniture and fixtures, net	876	547
Land	1,596	1,411
Leased assets	83	44
Accumulated depreciation	(65)	(30)
Leased assets, net	17	14
Right of use assets	154	146
Accumulated depreciation	(85)	(91)
Right of use assets, net	69	54
Construction in progress	—	0
Total property, plant and equipment	4,221	3,325
Intangible assets	925	955
Investments and other assets		
Investment securities	2,518	2,507
Deferred tax assets	1,136	1,268
Other	3,857	3,213
Allowance for doubtful accounts	(457)	(78)
Total investments and other assets	7,055	6,912
Total non-current assets	12,202	11,192
Total assets	127,006	142,459

(1) Consolidated Balance Sheet

(Millions of Yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	30,298	17,759
Short-term borrowings	42,194	54,033
Current portion of long-term borrowings	50	50
Lease obligations	67	68
Accounts payable - other	1,349	14,631
Income taxes payable	61	934
Provision for bonuses	631	486
Other	1,512	1,781
Total current liabilities	76,165	89,745
Non-current liabilities		
Long-term borrowings	5,075	5,037
Lease obligations	87	95
Retirement benefit liability	261	310
Provision for retirement benefits for directors (and other officers)	95	105
Asset retirement obligations	180	166
Other	101	104
Total non-current liabilities	5,801	5,819
Total liabilities	81,966	95,565
Net assets		
Shareholders' equity		
Share capital	6,214	6,214
Capital surplus	6,353	6,353
Retained earnings	27,854	29,521
Treasury shares	(1,631)	(1,631)
Total shareholders' equity	38,791	40,458
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	831	810
Deferred gains or losses on hedges	36	23
Foreign currency translation adjustment	(29)	457
Remeasurements of defined benefit plans	385	96
Total accumulated other comprehensive income	1,224	1,387
Non-controlling interests	5,024	5,047
Total net assets	45,040	46,893
Total liabilities and net assets	127,006	142,459

(2) Consolidated Statements of Income

(Millions of Yen)

	Nine Months ended December 31, 2020	Nine Months ended December 31, 2021
Net sales	216,312	120,873
Cost of sales	205,526	106,580
Gross profit	10,785	14,293
Selling, general and administrative expenses	11,323	10,285
Operating profit (loss)	(537)	4,008
Non-operating income		
Interest income	11	3
Dividend income	45	49
Share of profit of entities accounted for using equity method	—	34
Foreign exchange gains	1,316	—
Miscellaneous income	77	70
Total non-operating income	1,450	158
Non-operating expenses		
Interest expenses	309	260
Sales discounts	100	8
Foreign exchange losses	—	533
Loss on sale of trade receivables	42	19
Share of loss of entities accounted for using equity method	16	—
Miscellaneous losses	139	98
Total non-operating expenses	608	919
Ordinary profit	304	3,246
Extraordinary income		
Gain on sale of non-current assets	—	116
Gain on sales of real estate for investment	31	—
Total extraordinary income	31	116
Extraordinary losses		
Loss on sale and retirement of non-current assets	6	5
Impairment losses	5	299
Loss on valuation of investment securities	1,350	—
Extra retirement payments	1,236	—
Other	2	—
Total extraordinary losses	2,600	305
Profit (loss) before income taxes	(2,264)	3,058
Income taxes	(168)	1,186
Profit (loss)	(2,096)	1,871
Profit (loss) attributable to non-controlling interests	(49)	144
Profit (loss) attributable to owners of parent	(2,046)	1,726

Consolidated statements of comprehensive income

(Millions of Yen)

	Nine Months ended December 31, 2020	Nine Months ended December 31, 2021
Profit (loss)	(2,096)	1,871
Other comprehensive income		
Valuation difference on available-for-sale securities	356	(20)
Deferred gains or losses on hedges	(8)	(13)
Foreign currency translation adjustment	(672)	746
Remeasurements of defined benefit plans, net of tax	82	(289)
Share of other comprehensive income of entities accounted for using equity method	(103)	(12)
Total other comprehensive income	(344)	410
Comprehensive income	(2,441)	2,281
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,127)	1,890
Comprehensive income attributable to non-controlling interests	(313)	391

(3) Consolidated Statements of Cash Flows

(Millions of Yen)

	Nine Months ended December 31, 2020	Nine Months ended December 31, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	(2,264)	3,058
Depreciation	566	545
Impairment losses	5	299
Increase (decrease) in allowance for doubtful accounts	15	(379)
Increase (decrease) in provision for bonuses	(328)	(147)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(4)	9
Increase (decrease) in retirement benefit liability	(46)	(368)
Decrease (increase) in retirement benefit asset	—	(93)
Interest and dividend income	(57)	(52)
Interest expenses	309	260
Foreign exchange losses (gains)	(1,535)	1,859
Share of loss (profit) of entities accounted for using equity method	16	(34)
Loss (gain) on sale and retirement of non-current assets	6	(110)
Loss (gain) on valuation of investment securities	1,350	—
Loss (gain) on sales of real estate for investment	(31)	—
Extra retirement payments	1,236	—
Decrease (increase) in trade receivables	2,804	11,014
Decrease (increase) in inventories	10,169	(3,407)
Increase (decrease) in trade payables	3,003	(12,927)
Decrease (increase) in accounts receivable - other	(34)	(26,065)
Increase (decrease) in accounts payable - other	16	13,478
Other, net	49	210
Subtotal	15,247	(12,851)
Interest and dividends received	57	595
Interest paid	(310)	(257)
Income taxes paid	(296)	(472)
Income taxes refund	191	103
Extra retirement payments	(110)	(8)
Net cash provided by (used in) operating activities	14,778	(12,891)
Cash flows from investing activities		
Payments into time deposits	(214)	(852)
Proceeds from withdrawal of time deposits	338	901
Purchase of property, plant and equipment	(364)	(298)
Proceeds from sale of property, plant and equipment	—	508
Purchase of intangible assets	(118)	(260)
Purchase of investment securities	(19)	(20)
Other, net	73	21
Net cash provided by (used in) investing activities	(304)	(1)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(5,407)	9,850
Repayments of long-term borrowings	(37)	(37)
Dividends paid	(730)	(468)
Dividends paid to non-controlling interests	(469)	(368)
Other, net	(75)	(57)
Net cash provided by (used in) financing activities	(6,720)	8,918
Effect of exchange rate change on cash and cash equivalents	(690)	410
Net increase (decrease) in cash and cash equivalents	7,063	(3,564)
Cash and cash equivalents at beginning of period	20,473	26,274
Cash and cash equivalents at end of period	27,537	22,709

Consolidated Segment Information

Business Segments

Nine Months ended December 31, 2020

(Millions of Yen)

	Reportable segments			Reconciling items	Per quarterly consolidated
	Electronic Devices business	Electronic Systems business	Reportable segments		
Sales					
Revenues from external customers	187,628	28,683	216,312	—	216,312
Transactions with other segments	1	460	462	(462)	—
Net sales	187,629	29,144	216,774	(462)	216,312
Operating profit (loss)	(1,067)	535	(532)	(5)	(537)

Nine Months ended December 31, 2021

(Millions of Yen)

	Reportable segments			Reconciling items	Per quarterly consolidated
	Electronic Devices business	Electronic Systems business	Reportable segments		
Sales					
Revenues from external customers	87,616	33,257	120,873	—	120,873
Transactions with other segments	16	746	762	(762)	—
Net sales	87,633	34,003	121,636	(762)	120,873
Operating profit	2,636	1,374	4,011	(2)	4,008

(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 3rd quarter of the current fiscal year decreased by 103,314 million yen and 609 million yen, respectively, and net sales in the Electronic Systems business decreased by 951 million yen.