



Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2022
<under Japanese GAAP>

January 31, 2023

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 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, 2022 (April 1,2022 - December 31,2022)

(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, 2022	163,236	35.0	8,711	117.3	6,377	96.4	3,961	129.4
December 31, 2021	120,873	-	4,008	-	3,246	-	1,726	-

(Note)
 Comprehensive income
 Nine Months ended December 31, 2022 6,894 Millions of Yen [202.1%]
 Nine Months ended December 31, 2021 2,281 Millions of Yen [-%]

	Earnings per Share -Basic-		Earnings Per Share -Diluted-	
	Yen	Yen	Yen	Yen
For the Nine Months ended				
December 31, 2022	151.57	-	-	-
December 31, 2021	66.08	-	-	-

(2) Financial Position

	Total Assets	Total Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of December 31, 2022	173,310	53,414	27.2
As of March 31, 2022	148,179	47,574	28.8

(Reference)
 Tangible net worth
 As of December 31, 2022 47,074 Millions of Yen
 As of March 31, 2022 42,711 Millions of Yen

2. Dividends

	Dividend Per Share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	-	10.00	-	20.00	30.00
Year ended March 31, 2023	-	20.00			
Year ending March 31, 2023 (Forecast)				47.00	67.00

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2023

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Earnings per Share -Basic-
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Year ending March 31, 2023	220,000	31.1	10,000	66.8	7,000	70.5	4,350	78.5	166.44

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, 2022 to December 31, 2022), the Japanese economy showed signs of a recovery in consumer spending, capital investment, and employment amid ongoing normalization of economic activities, which was mainly attributable to the mitigation of restrictions on activities, despite the lingering impacts of the COVID-19 pandemic. On the other hand, the future outlook remained uncertain, mainly reflecting the impacts of the protracted Ukraine crisis, the global inflation and interest rate rises, and sharp foreign exchange rate fluctuations.

The electronics sector, in which the Marubun Group (the "Group") operates, the industrial equipment market grew against the backdrop of an increase in capital investment, mainly reflecting the enhancement of semiconductor equipment and digital transformation (DX). The consumer equipment market also remained strong, supported by a recovery in consumer spending. However, the PC market and communication equipment market were stagnant due to the impacts of the plateauing of stay-at-home demand and inventory adjustment. Regarding semiconductors, while tight supply of semiconductors for industrial equipment and vehicles continued, inventory adjustment of some components occurred in a rebound from the continuing inventory accumulation.

In this situation, consolidated net sales of the Group during the first nine months of the fiscal year under review increased 35.0% year on year, to 163,236 million yen, reflecting the increase in demand for medical equipment and laser equipment, in addition to the growth of semiconductors and electronic components for consumer equipment and industrial equipment. On the profit side, operating income increased 117.3% year on year, to 8,711 million yen, reflecting increased sales and a boost in yen-based gross profit in the Electronic Devices Business against the backdrop of the yen's weakness from the beginning of the fiscal year under review. Looking at non-operating profit and loss, while foreign exchange losses of 3,491 million yen were recorded in the first six months of the fiscal year under review due to the yen's weakening in the first half, the Group posted foreign exchange gains of 2,516 million yen in the nine-month period under review, reflecting the occurrence of evaluation gains at the end of the period under review associated with the revaluation of foreign currency-denominated borrowings, which resulted because the exchange rate turned in favor of the yen during the third quarter. This resulted in foreign exchange losses of 975 million yen for the nine months ended December 31, 2022. As a result, ordinary income decreased 96.4% year on year, to 6,377 million yen, and profit attributable to owners of parent increased 129.4% year on year, to 3,961 million yen.

Operating results by business segment are as follows:

Starting from the first quarter of the consolidated fiscal year, the Group changed the classification of reporting segments. With respect to comparisons with results for the same period of the previous year, comparisons and analyses were made based on figures for the nine-month period a year before reclassified into revised segments.

(Electronic Devices Business)

In the Electronic Devices Business, semiconductors and electronic components for industrial equipment and consumer equipment grew significantly, partly reflecting acquisition of new commercial rights. In addition, demand for semiconductors for data centers and vehicles also increased. As a result, net sales increased 43.5% year on year, to 125,611 million yen. Segment profit increased 168.0% year on year, to 7,439 million yen, attributable to an increase in sales and higher gross profit on a yen conversion basis against the backdrop of the depreciation of the yen that had continued since the beginning of the fiscal year.

(Electronic Systems Business)

In the Electronic Systems Business, large-size diagnostic imaging equipment and polymerase chain reaction (PCR) test-related products grew in the medical equipment field. In addition, LED light sources and semiconductor lasers remained strong in the laser equipment field while sales of electronic equipment increased in the field of space and defense electronics. Consequently, net sales stood at 36,111 million yen, an increase of 12.2% from the same period of the previous year. Segment profit increased 24.1% year on year, to 1,438 million yen, due to an increase in sales.

(Electronic Solutions Business)

In the Electronic Solutions Business, net sales increased 30.8% year on year, to 1,514 million yen, attributable to an increase in demand for network testing solutions for vehicles and network simulation tools for the communications infrastructure. However, on the segment profit/loss side, a loss of 163 million yen was posted (compared to a segment income of 76 million yen in the same period of the previous fiscal year) as a result of a decline in the gross profit ratio and an increase in selling, general and administrative expenses.

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

(Assets)

Current assets at the end of the first nine months of the consolidated fiscal year under review stood at 162,170 million yen, an increase of 24,565 million yen from the end of the previous consolidated fiscal year. This result was mainly attributable to increases in merchandise and finished goods of 18,397 million yen and notes and accounts receivable - trade of 12,631 million yen, which more than offset a decrease of 8,826 million yen in cash and deposits. Non-current assets amounted to 11,140 million yen, an increase of 565 million yen from the end of the previous fiscal year.

As a result, total assets increased by 25,130 million yen from the end of the previous fiscal year to 173,310 million yen.

(Liabilities)

Current liabilities at the end of the first nine months of the consolidated fiscal year under review came to 114,039 million yen, an increase of 19,293 million yen from the end of the previous fiscal year. This is largely due to an increase of 14,407 million yen in short-term borrowings and 3,245 million yen in accounts payable - other. Non-current liabilities amounted to 5,856 million yen, a decrease of 2 million yen from the end of the previous fiscal year.

As a result, total liabilities increased by 19,291 million yen from the end of the previous fiscal year, to 119,895 million yen.

(Net assets)

Net assets totaled 53,414 million yen at the end of the first nine months of the consolidated fiscal year under review, an increase of 5,839 million yen from the end of the previous consolidated fiscal year. This mainly reflected increases of 2,915 million yen in retained earnings, 1,618 million yen in foreign currency translation adjustment, and 1,476 million yen in non-controlling interest.

As a result, the equity ratio stood at 27.2% (compared to 28.8% at the end of the previous fiscal year).

3. Future outlook

In light of recent trends in business performance, the Group made the revisions to the forecast of consolidated financial results for the fiscal year ending March 31, 2023 that it initially announced on October 28, 2022. Net sales for the fiscal year ending March 31, 2023 are forecast to increase 31.1% year on year, to 220,000 million yen while operating income for the fiscal year is expected to rise 66.8% year on year, to 10,000 million yen. Ordinary income for the fiscal year of 7,000 million yen (up 70.5% year on year) and profit attributable to owners of parent of 4,350 million yen (up 78.5% year on year) are forecast, in light of foreign exchange losses and gains during the first nine months of the consolidated fiscal year under review.

For details about the revisions, please refer to the “Notice of Revisions of Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 and Dividend Forecast” disclosed today.

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	25,245	16,418
Notes and accounts receivable - trade	37,996	50,628
Electronically recorded monetary claims - operating	6,219	10,225
Merchandise and finished goods	30,313	48,711
Work in process	118	283
Accounts receivable - other	35,087	33,267
Other	2,636	2,640
Allowance for doubtful accounts	(12)	(4)
Total current assets	137,604	162,170
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,651	3,660
Accumulated depreciation	(2,396)	(2,449)
Buildings and structures, net	1,255	1,210
Machinery, equipment and vehicles	10	9
Accumulated depreciation	(10)	(9)
Machinery, equipment and vehicles, net	0	0
Tools, furniture and fixtures	2,106	2,127
Accumulated depreciation	(1,663)	(1,756)
Tools, furniture and fixtures, net	443	371
Land	1,411	1,411
Leased assets	38	34
Accumulated depreciation	(15)	(15)
Leased assets, net	23	18
Right of use assets	170	228
Accumulated depreciation	(104)	(116)
Right of use assets, net	66	112
Construction in progress	1	0
Total property, plant and equipment	3,201	3,125
Intangible assets	1,039	860
Investments and other assets		
Investment securities	2,222	2,221
Deferred tax assets	1,039	1,184
Retirement benefit asset	235	283
Other	2,915	3,543
Allowance for doubtful accounts	(78)	(78)
Total investments and other assets	6,334	7,154
Total non-current assets	10,575	11,140
Total assets	148,179	173,310

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,121	20,981
Short-term borrowings	48,672	63,080
Current portion of long-term borrowings	50	37
Lease liabilities	76	74
Accounts payable - other	21,855	25,100
Income taxes payable	617	1,596
Provision for bonuses	974	541
Other	1,377	2,627
Total current liabilities	94,746	114,039
Non-current liabilities		
Long-term borrowings	5,025	5,000
Lease liabilities	103	137
Retirement benefit liability	331	329
Provision for retirement benefits of directors (and other officers)	108	104
Asset retirement obligations	126	112
Other	163	172
Total non-current liabilities	5,858	5,856
Total liabilities	100,604	119,895
Net assets		
Shareholders' equity		
Share capital	6,214	6,214
Capital surplus	6,353	6,353
Retained earnings	30,231	33,147
Treasury shares	(1,631)	(1,631)
Total shareholders' equity	41,168	44,084
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	761	746
Deferred gains or losses on hedges	39	(48)
Foreign currency translation adjustment	651	2,270
Remeasurements of defined benefit plans	89	22
Total accumulated other comprehensive income	1,542	2,990
Non-controlling interests	4,863	6,339
Total net assets	47,574	53,414
Total liabilities and net assets	148,179	173,310

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	120,873	163,236
Cost of sales	106,580	142,942
Gross profit	14,293	20,294
Selling, general and administrative expenses	10,285	11,583
Operating profit	4,008	8,711
Non-operating income		
Interest income	3	12
Dividend income	49	57
Share of profit of entities accounted for using equity method	34	143
Miscellaneous income	70	78
Total non-operating income	158	291
Non-operating expenses		
Interest expenses	260	1,319
Sales discounts	8	0
Loss on sale of trade receivables	19	284
Foreign exchange losses	533	975
Miscellaneous losses	98	46
Total non-operating expenses	919	2,625
Ordinary profit	3,246	6,377
Extraordinary income		
Gain on sale of non-current assets	116	1
Total extraordinary income	116	1
Extraordinary losses		
Loss on sale and retirement of non-current assets	5	5
Impairment losses	299	—
Other	—	0
Total extraordinary losses	305	5
Profit before income taxes	3,058	6,373
Income taxes	1,186	1,962
Profit	1,871	4,411
Profit attributable to non-controlling interests	144	450
Profit attributable to owners of parent	1,726	3,961

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	1,871	4,411
Other comprehensive income		
Valuation difference on available-for-sale securities	(20)	(15)
Deferred gains or losses on hedges	(13)	(89)
Foreign currency translation adjustment	746	2,632
Remeasurements of defined benefit plans, net of tax	(289)	(67)
Share of other comprehensive income of entities accounted for using equity method	(12)	22
Total other comprehensive income	410	2,483
Comprehensive income	2,281	6,894
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,890	5,409
Comprehensive income attributable to non-controlling interests	391	1,485

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	3,058	6,373
Depreciation	545	525
Impairment losses	299	—
Increase (decrease) in allowance for doubtful accounts	(379)	(7)
Increase (decrease) in provision for bonuses	(147)	(445)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	9	(8)
Increase (decrease) in retirement benefit liability	(368)	4
Decrease (increase) in retirement benefit asset	(93)	(147)
Interest and dividend income	(52)	(70)
Interest expenses	260	1,319
Foreign exchange losses (gains)	1,859	4,523
Share of loss (profit) of entities accounted for using equity method	(34)	(143)
Loss (gain) on sale and retirement of non-current assets	(110)	3
Decrease (increase) in trade receivables	11,014	(14,860)
Decrease (increase) in inventories	(3,407)	(17,819)
Increase (decrease) in trade payables	(12,927)	(1,718)
Decrease (increase) in accounts receivable - other	(26,065)	1,822
Increase (decrease) in accounts payable - other	13,478	3,310
Other, net	210	873
Subtotal	(12,851)	(16,464)
Interest and dividends received	595	69
Interest paid	(257)	(1,197)
Income taxes paid	(472)	(1,073)
Income taxes refund	103	12
Extra retirement payments	(8)	—
Net cash provided by (used in) operating activities	(12,891)	(18,653)
Cash flows from investing activities		
Payments into time deposits	(852)	(312)
Proceeds from withdrawal of time deposits	901	311
Purchase of property, plant and equipment	(298)	(84)
Proceeds from sale of property, plant and equipment	508	2
Purchase of intangible assets	(260)	(137)
Purchase of investment securities	(20)	(23)
Payments for asset retirement obligations	—	(31)
Other, net	21	15
Net cash provided by (used in) investing activities	(1)	(261)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	9,850	9,653
Repayments of long-term borrowings	(37)	(37)
Dividends paid	(468)	(1,040)
Dividends paid to non-controlling interests	(368)	(9)

Other, net	(57)	(60)
Net cash provided by (used in) financing activities	8,918	8,504
Effect of exchange rate change on cash and cash equivalents	410	1,490
Net increase (decrease) in cash and cash equivalents	(3,564)	(8,919)
Cash and cash equivalents at beginning of period	26,274	24,693
Cash and cash equivalents at end of period	22,709	15,773

Consolidated Segment Information

Business Segments

Nine Months ended December 31, 2021

(Millions of Yen)

	Reportable segments				Reconciling items	Per quarterly consolidated financial statements
	Electronic Devices business	Electronic Systems business	Electronic Solutions business	Reportable segments		
Sales						
Revenues from external customers	87,542	32,173	1,157	120,873	-	120,873
Transactions with other segments	16	746	-	762	(762)	-
Net sales	87,558	32,920	1,157	121,636	(762)	120,873
Operating profit (loss)	2,775	1,159	76	4,011	(2)	4,008

Nine Months ended December 31, 2022

(Millions of Yen)

	Reportable segments				Reconciling items	Per quarterly consolidated financial statements
	Electronic Devices business	Electronic Systems business	Electronic Solutions business	Reportable segments		
Sales						
Revenues from external customers	125,611	36,111	1,514	163,236	-	163,236
Transactions with other segments	56	818	1	876	(876)	-
Net sales	125,667	36,930	1,515	164,113	(876)	163,236
Operating profit (loss)	7,439	1,438	(163)	8,715	(3)	8,711