



Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 <under Japanese GAAP>

January 31, 2024

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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, 2023 (April 1, 2023 - December 31, 2023)

(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, 2023	179,514	10.0	10,187	16.9	5,221	(18.1)	3,305	(16.6)
December 31, 2022	163,236	35.0	8,711	117.3	6,377	96.4	3,961	129.4

(Note)
 Comprehensive income
 Nine Months ended December 31, 2023 5,597 Millions of Yen [(18.8)%]
 Nine Months ended December 31, 2022 6,894 Millions of Yen [202.1%]

	Earnings per Share -Basic-	Earnings Per Share -Diluted-
	Yen	Yen
For the Nine Months ended		
December 31, 2023	126.42	-
December 31, 2022	151.57	-

(2) Financial Position

	Total Assets	Total Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of December 31, 2023	166,104	56,480	30.2
As of March 31, 2023	175,998	53,084	27.1

(Reference)
 Tangible net worth
 As of December 31, 2023 50,115 Millions of Yen
 As of March 31, 2023 47,747 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, 2023	-	20.00	-	60.00	80.00
Year ended March 31, 2024	-	25.00	-		
Year ending March 31, 2024 (Forecast)				25.00	50.00

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2024

	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, 2024	240,000	6.1	12,500	13.7	5,000	(36.8)	3,000	(42.3)	114.75

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, 2023 to December 31, 2023), social economic activity normalized with the downgrading of COVID-19 to Category 5 in severity classification, improvement was seen in areas such as consumer spending and production, and the Japanese economy achieved a moderate recovery. On the other hand, the future outlook remained uncertain, mainly reflecting the protracted Ukraine crisis and growing tension in the Middle East, in addition to rising commodity prices and the sharp fluctuation of exchange rates, and the effects of global monetary tightening, especially in the United States and euro area. In the electronics sector, in which the Marubun Group (the "Group") operates, with semiconductor and electronics supply chains returning to normal operations, sales of generative AI-related products for which the market continues to expand and sales to the IT services sector were brisk, while sales of products for smartphone and PC applications reflected the advancement of inventory adjustment.

Meanwhile, demand for products for industrial equipment applications continued to stagnate amid signs of moves to rein in capital investment.

In this situation, consolidated net sales of the Group during the first nine months of the fiscal year under review increased 10.0% year on year, to 179,514 million yen, reflecting the increase in demand for semiconductor for consumer equipment and automobiles. On the profit side, operating income increased 16.9% year on year, to 10,187 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 in exchange markets under review. However, foreign exchange losses of 1,855 million yen were posted under non-operating profit/loss.

These losses reflect foreign exchange losses of 3,361 million yen recorded in the first six months of the fiscal year under review due to the yen's weakening in the first half, partially offset by foreign exchange gains of 1,506 million yen recorded in the third quarter, 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 subsequently turned in favor of the yen. Interest expenses also increased 1,680 million yen year on year due to the rise in the US dollar interest rate. As a result, ordinary income decreased 18.1% year on year, to 5,221 million yen, and profit attributable to owners of parent was down 16.6% year on year, to 3,305 million yen.

Operating results by business segment are as follows:

(Electronic Devices Business)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Change	Change (%)
	Millions of Yen	Millions of Yen	Millions of Yen	%
Net Sales	125,611	143,253	17,642	14.0%
Operating Income	7,439	9,180	1,741	23.4%

In the Electronics Devices business, net sales grew 14.0% year on year, to 143,253 million yen as a result of a strong performance of semiconductors for automobiles and those for consumer equipment on the back of a spike in demand, offsetting decline in semiconductors for industrial equipment and PC and computer peripherals. Operating income increased 23.4% year on year, to 9,180 million yen, attributable to an increase in sales and higher gross profit in yen terms against the backdrop of the continuing depreciation of the yen.

(Electronic Systems Business)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Change	Change (%)
	Millions of Yen	Millions of Yen	Millions of Yen	%
Net Sales	36,111	34,824	(1,286)	(3.6)
Operating Income	1,438	1,222	(216)	(15.0)

In the Electronic Systems Business, sales declined 3.6% year on year, to 34,824 million yen, reflecting weak demand for optical components in the laser equipment field and decreased sales of electronic equipment in the space and defense electronics field, despite increased sales of industrial embedded computers in the industrial equipment field. Operating income decreased 15.0% year on year, to 1,222 million yen, due to an increase in selling, general and administrative expenses.

(Electronic Solutions Business)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Change	Change (%)
	Millions of Yen	Millions of Yen	Millions of Yen	%
Net Sales	1,514	1,436	(78)	(5.2)
Operating Loss	(163)	(212)	(49)	—

In the Electronic Solutions business, net sales declined 5.2% year on year, to 1,436 million yen, with decreased sales of optical communication products for communication infrastructure in the ICT-related fields, offsetting strong sales of radar measurement components. Operating loss of 212 million yen was posted (compared to a operating loss of 163 million yen a year ago) due to 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 third quarter of the fiscal year under review stood at 155,179 million yen, a decrease of 10,963 million yen from the end of the previous fiscal year. This result was mainly attributable to decreases in notes and accounts receivable - trade of 5,602 million yen and accounts receivable-other of 5,595 million yen, which more than offset an increase of 3,268 million yen in cash and deposits. Non-current assets amounted to 10,925 million yen, an increase of 1,070 million yen from the end of the previous fiscal year. This was primarily due to a 409 million yen increase in investment securities.

As a result, total assets decreased by 9,893 million yen from the end of the previous fiscal year, to 166,104 million yen.

(Liabilities)

Current liabilities at the end of the third quarter of the fiscal year under review came to 103,839 million yen, a fall of 13,249 million yen from the end of the previous fiscal year. This was largely due to a decrease of 7,691 million yen in short-term borrowings and a decrease of 4,559 million yen in notes and accounts payable - trade. Non-current liabilities amounted to 5,784 million yen, a decrease of 39 million yen from the end of the previous fiscal year.

As a result, total liabilities decreased by 13,289 million yen from the end of the previous fiscal year, to 109,624 million yen.

(Net assets)

Net assets totaled 56,480 million yen at the end of the third quarter of the consolidated fiscal year

under review, an increase of 3,395 million yen from the end of the previous consolidated fiscal year. This was a result, in large part, of increases of 1,083 million yen in retained earnings, 1,027 million yen in non-controlling interests, and 876 million yen in foreign currency translation adjustment.

As a result, the equity ratio stood at 30.2% (compared to 27.1% 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, 2024, which were announced on October 31, 2023. The forecast of financial results is based on information available to the Group at the time of the publication of this document and certain assumptions that the Group considers to be reasonable, and may differ from the actual results due to various factors. The Group will immediately disclose revisions to the consolidated earnings forecasts if such revisions become necessary in light of future business trends, and other factors.

Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	21,253	24,522
Notes and accounts receivable - trade	51,426	45,823
Electronically recorded monetary claims - operating	7,989	6,161
Merchandise and finished goods	54,558	53,090
Work in process	79	233
Accounts receivable - other	28,914	23,318
Other	1,940	2,040
Allowance for doubtful accounts	△17	△10
Total current assets	166,143	155,179
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,651	3,691
Accumulated depreciation	△2,464	△2,538
Buildings and structures, net	1,186	1,153
Machinery, equipment and vehicles	9	9
Accumulated depreciation	△9	△9
Machinery, equipment and vehicles, net	0	0
Tools, furniture and fixtures	2,253	2,319
Accumulated depreciation	△1,770	△1,847
Tools, furniture and fixtures, net	483	472
Land	1,411	1,411
Leased assets	34	34
Accumulated depreciation	△17	△22
Leased assets, net	16	11
Right of use assets	206	239
Accumulated depreciation	△105	△133
Right of use assets, net	100	105
Construction in progress	4	91
Total property, plant and equipment	3,203	3,246
Intangible assets	898	1,283
Investments and other assets		
Investment securities	2,317	2,727
Deferred tax assets	505	264
Retirement benefit asset	232	276
Other	2,807	3,343
Allowance for doubtful accounts	△109	△215
Total investments and other assets	5,753	6,396
Total non-current assets	9,855	10,925
Total assets	175,998	166,104

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,005	23,446
Short-term borrowings	69,423	61,732
Current portion of long-term borrowings	25	—
Lease liabilities	72	92
Accounts payable - other	14,738	14,389
Income taxes payable	1,114	777
Provision for bonuses	1,020	585
Other	2,688	2,816
Total current liabilities	117,089	103,839
Non-current liabilities		
Long-term borrowings	5,000	5,000
Lease liabilities	122	89
Retirement benefit liability	365	375
Provision for retirement benefits for directors (and other officers)	107	113
Asset retirement obligations	113	114
Other	116	91
Total non-current liabilities	5,824	5,784
Total liabilities	122,913	109,624
Net assets		
Shareholders' equity		
Share capital	6,214	6,214
Capital surplus	6,353	6,363
Retained earnings	34,388	35,471
Treasury shares	△1,631	△1,611
Total shareholders' equity	45,325	46,438
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	821	1,086
Deferred gains or losses on hedges	△26	42
Foreign currency translation adjustment	1,684	2,561
Remeasurements of defined benefit plans	△56	△12
Total accumulated other comprehensive income	2,422	3,677
Non-controlling interests	5,336	6,364
Total net assets	53,084	56,480
Total liabilities and net assets	175,998	166,104

(2) Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	163,236	179,514
Cost of sales	142,942	157,343
Gross profit	20,294	22,170
Selling, general and administrative expenses	11,583	11,983
Operating profit	8,711	10,187
Non-operating income		
Interest income	12	95
Dividend income	57	68
Share of profit of entities accounted for using equity method	143	156
Miscellaneous income	78	61
Total non-operating income	291	382
Non-operating expenses		
Interest expenses	1,319	2,999
Loss on sale of trade receivables	284	473
Foreign exchange losses	975	1,855
Miscellaneous losses	46	19
Total non-operating expenses	2,625	5,348
Ordinary profit	6,377	5,221
Extraordinary income		
Gain on sale of non-current assets	1	0
Total extraordinary income	1	0
Extraordinary losses		
Loss on sale and retirement of non-current assets	5	1
Other	0	—
Total extraordinary losses	5	1
Profit before income taxes	6,373	5,221
Income taxes	1,962	1,477
Profit	4,411	3,744
Profit attributable to non-controlling interests	450	438
Profit attributable to owners of parent	3,961	3,305

Consolidated statements of comprehensive income

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	4,411	3,744
Other comprehensive income		
Valuation difference on available-for-sale securities	△15	264
Deferred gains or losses on hedges	△89	69
Foreign currency translation adjustment	2,632	1,477
Remeasurements of defined benefit plans, net of tax	△67	44
Share of other comprehensive income of entities accounted for using equity method	22	△2
Total other comprehensive income	2,483	1,853
Comprehensive income	6,894	5,597
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,409	4,559
Comprehensive income attributable to non-controlling interests	1,485	1,037

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	6,373	5,221
Depreciation	525	397
Increase (decrease) in allowance for doubtful accounts	△7	98
Increase (decrease) in provision for bonuses	△445	△442
Increase (decrease) in provision for retirement benefits for directors (and other officers)	△8	6
Increase (decrease) in retirement benefit liability	4	24
Decrease (increase) in retirement benefit asset	△147	5
Interest and dividend income	△70	△164
Interest expenses	1,319	2,999
Foreign exchange losses (gains)	4,523	3,761
Share of loss (profit) of entities accounted for using equity method	△143	△156
Loss (gain) on sale and retirement of non-current assets	3	0
Decrease (increase) in trade receivables	△14,860	8,597
Decrease (increase) in inventories	△17,819	1,742
Increase (decrease) in trade payables	△1,718	△5,616
Decrease (increase) in accounts receivable - other	1,822	5,598
Increase (decrease) in accounts payable - other	3,310	△139
Other, net	873	△55
Subtotal	△16,464	21,879
Interest and dividends received	69	158
Interest paid	△1,197	△3,053
Income taxes paid	△1,073	△1,707
Income taxes refund	12	10
Net cash provided by (used in) operating activities	△18,653	17,287
Cash flows from investing activities		
Payments into time deposits	△312	△506
Proceeds from withdrawal of time deposits	311	347
Purchase of property, plant and equipment	△84	△368
Proceeds from sale of property, plant and equipment	2	1
Purchase of intangible assets	△137	△614
Purchase of investment securities	△23	△25
Payments for asset retirement obligations	△31	—
Other, net	15	△55
Net cash provided by (used in) investing activities	△261	△1,223
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	9,653	△11,619
Repayments of long-term borrowings	△37	△25
Dividends paid	△1,040	△2,216
Dividends paid to non-controlling interests	△9	△9
Other, net	△60	△55
Net cash provided by (used in) financing activities	8,504	△13,926
Effect of exchange rate change on cash and cash equivalents	1,490	908
Net increase (decrease) in cash and cash equivalents	△8,919	3,046
Cash and cash equivalents at beginning of period	24,693	20,658
Cash and cash equivalents at end of period	15,773	23,705

Consolidated Segment Information

Previous consolidated fiscal year (from April 1, 2022 to December 31, 2022)

(Millions of Yen)

	Reportable segments				Reconciling items	Per quarterly consolidated financial statements
	Electronic Devices business	Electronic Systems business	Electronic Solutions business	Total		
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)	163,326
Operation profit (loss)	7,439	1,438	(163)	8,715	(3)	8,711

Current consolidated fiscal year (from April 1, 2023 to December 31, 2023)

(Millions of Yen)

	Reportable segments				Reconciling items	Per quarterly consolidated financial statements
	Electronic Devices business	Electronic Systems business	Electronic Solutions business	Total		
Sales						
Revenues from external customers	143,253	34,824	1,436	179,514	-	179,514
Transactions with other segments	44	282	13	340	(340)	-
Net sales	143,298	35,107	1,450	179,855	(340)	179,514
Operation profit (loss)	9,180	1,222	(212)	10,191	(4)	10,187