

**Summary of Consolidated Financial Results for the Three Months Ended June 30, 2022**  
**<under Japanese GAAP>**

July 29, 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 Three Months Ended June 30, 2022 (April 1, 2022 - June 30, 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 Three months ended								
June 30, 2022	46,156	23.6	2,024	88.1	(252)	-	(350)	-
June 30, 2021	37,347	-	1,076	-	1,005	-	557	-

(Note)

Comprehensive income

Three months ended June 30, 2022	539 Millions of Yen	[(55.8)%]
Three months ended June 30, 2021	1,220 Millions of Yen	[-%]

	Earnings per Share -Basic-	Earnings Per Share -Diluted-
	Yen	Yen
For the Three months ended		
June 30, 2022	(13.42)	-
June 30, 2021	21.32	-

**(2) Financial Position**

	Total Assets	Total Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of June 30, 2022	152,183	47,582	27.8
As of March 31, 2022	148,179	47,574	28.8

(Reference)

Tangible net worth

As of June 30, 2022	42,316 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	-				
Year ending March 31, 2023 (Forecast)	-	20.00	-	25.00	45.00

**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
Six months ending September 30, 2022	91,000	12.9	1,600	(37.9)	1,300	(38.2)	750	(40.3)	28.70
Year ending March 31, 2023	195,000	16.2	5,100	(14.9)	4,500	9.6	2,900	19.0	110.96

## 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, 2022), the Japanese economy showed signs of a recovery in consumer spending and capital investment amid ongoing normalization of socio-economic activities, which was mainly attributable to the mitigation of restrictions on activities associated with the prolonged impacts of the COVID-19 pandemic. On the other hand, impacts of the protracted Ukraine crisis and suppressed economic activities in China, rises in raw material prices, fluctuations in financial and capital markets, etc. have meant that the future outlook remains uncertain.

In the electronics industry, in which the Marubun Group (the “Group”) operates, the industrial equipment market was favorable, supported by progress in factory automation and digitalization, which partly offset prolonged supply shortages of semiconductors on a global scale and the impacts of surges in energy and resource prices. Data center markets also continued to expand, boosted by heightened needs for data analysis and use in various industries.

In this situation, the consolidated net sales of the Group during the first quarter of the fiscal year under review increased 23.6% year on year, to 46,156 million yen, reflecting the increase in demand for industrial equipment. On the profit side, operating profit increased 88.1% year on year, to 2,024 million yen, attributable to strong sales and higher gross profit in the Electronic Devices Business on a yen conversion basis against the backdrop of the yen’s weakness. Looking at non-operating profit/loss, foreign exchange losses of 2,091 million yen were recorded, reflecting settlement losses associated with the repayment of foreign currency denominated borrowings during the first quarter of the fiscal year under review on the back of the yen’s weakening, a trend that has accelerated since the fourth quarter of the previous fiscal year, and valuation losses resulting from the revaluation of foreign currency-denominated borrowings at the end of the first quarter. Consequently, the Group posted an ordinary loss of 252 million yen (compared to ordinary profit of 1,005 million yen in the same period of the previous fiscal year) and a loss attributable to owners of parent of 350 million yen (compared to profit attributable to owners of parent of 557 million yen a year ago).

Operating results by business segment are as follows:

Starting from the first quarter of the consolidated fiscal year under review, the Company 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 three-month period a year before reclassified into revised segments.

(Electronic Devices Business)

In the Electronic Devices Business, semiconductors for consumer equipment grew strongly, and sales of semiconductors for industrial equipment and electronic components were brisk, driven by increased demand for factory automation equipment. Sales of semiconductors for data centers and PC peripheral equipment also increased. As a result, net sales rose 28.7% year on year, to 35,409 million yen. Segment profit increased 120.6% year on year, to 2,012 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.

(Electronic Systems Business)

In the Electronic Systems Business, diode lasers to be incorporated into industrial equipment were robust in the laser device field. Demand for diagnostic imaging equipment increased in the medical equipment field, and sales in aerospace fields grew. As a result, net sales increased 8.8% year on year, to 10,425 million yen. On the other hand, segment profit declined 32.3%, to 131 million yen, mainly due to a decline in the gross profit ratio and an increase in selling, general and administrative expenses.

(Electronic Solutions Business)

In the Electronic Solutions Business, net sales increased 22.8% year on year, to 320 million yen, attributable to an increase in demand for optical transmission modules in the communications infrastructure fields. However, on the segment profit/loss side, a loss of 117 million yen was posted (compared to a segment loss of 28 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 quarter of the consolidated fiscal year under review stood at 141,483 million yen, an increase of 3,878 million yen from the end of the previous consolidated fiscal year. This result was mainly attributable to increases in merchandise and finished goods of 7,079 million yen and electronically recorded monetary claims of 1,702 million yen, which more than offset decreases of 4,494 million yen in cash and deposits and 875 million yen in notes and accounts receivable. Non-current assets amounted to 10,700 million yen, an increase of 125 million yen from the end of the previous fiscal year. This result was mainly attributable to an increase of 67 million yen in deferred tax assets. As a result, total assets increased by 4,003 million yen from the end of the previous fiscal year to 152,183 million yen.

(Liabilities)

Current liabilities at the end of the first quarter of the consolidated fiscal year under review came to 98,799 million yen, an increase of 4,052 million yen from the end of the previous fiscal year. This was largely due to an increase of 16,833 million yen in short-term borrowings, offsetting a decrease of 13,139 million yen in accounts payable - other. Non-current liabilities amounted to 5,802 million yen, a decrease of 56 million yen from the end of the previous fiscal year. This result was mainly attributable to decreases of 28 million yen and 12 million yen in asset retirement obligations and long-term borrowings, respectively. As a result, total liabilities increased by 3,996 million yen from the end of the previous fiscal year, to 104,601 million yen.

(Net assets)

Net assets totaled 47,582 million yen at the end of the first quarter of the consolidated fiscal year under review, an increase of 7 million yen from the end of the previous consolidated fiscal year. This mainly reflected increases of 473 million yen in foreign currency translation adjustment and 402 million yen in non-controlling interest, respectively, and a decrease of 873 million yen in retained earnings. As a result, the equity ratio stood at 27.8% (compared to 28.8% 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, 2023, which were announced on May 13, 2022.

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	25,245	20,750
Notes and accounts receivable - trade	37,996	37,121
Electronically recorded monetary claims - operating	6,219	7,922
Merchandise and finished goods	30,313	37,393
Work in process	118	65
Accounts receivable - other	35,087	34,630
Other	2,636	3,605
Allowance for doubtful accounts	(12)	(6)
Total current assets	137,604	141,483
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,651	3,658
Accumulated depreciation	(2,396)	(2,431)
Buildings and structures, net	1,255	1,226
Machinery, equipment and vehicles	10	10
Accumulated depreciation	(10)	(10)
Machinery, equipment and vehicles, net	0	0
Tools, furniture and fixtures	2,106	2,122
Accumulated depreciation	(1,663)	(1,700)
Tools, furniture and fixtures, net	443	422
Land	1,411	1,411
Leased assets	38	38
Accumulated depreciation	(15)	(16)
Leased assets, net	23	21
Right of use assets	170	178
Accumulated depreciation	(104)	(119)
Right of use assets, net	66	58
Construction in progress	1	0
Total property, plant and equipment	3,201	3,141
Intangible assets	1,039	1,006
Investments and other assets		
Investment securities	2,222	2,216
Deferred tax assets	1,039	1,107
Retirement benefit asset	235	251
Other	2,915	3,056
Allowance for doubtful accounts	(78)	(78)
Total investments and other assets	6,334	6,552
Total non-current assets	10,575	10,700
<b>Total assets</b>	<b>148,179</b>	<b>152,183</b>

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	21,121	20,824
Short-term borrowings	48,672	65,506
Current portion of long-term borrowings	50	50
Lease liabilities	76	64
Accounts payable - other	21,855	8,715
Income taxes payable	617	—
Provision for bonuses	974	537
Asset retirement obligations	—	30
Other	1,377	3,069
Total current liabilities	94,746	98,799
Non-current liabilities		
Long-term borrowings	5,025	5,012
Lease liabilities	103	107
Retirement benefit liability	331	323
Provision for retirement benefits for directors (and other officers)	108	96
Asset retirement obligations	126	98
Other	163	163
Total non-current liabilities	5,858	5,802
Total liabilities	100,604	104,601
Net assets		
Shareholders' equity		
Share capital	6,214	6,214
Capital surplus	6,353	6,353
Retained earnings	30,231	29,358
Treasury shares	(1,631)	(1,631)
Total shareholders' equity	41,168	40,295
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	761	754
Deferred gains or losses on hedges	39	73
Foreign currency translation adjustment	651	1,125
Remeasurements of defined benefit plans	89	67
Total accumulated other comprehensive income	1,542	2,021
Non-controlling interests	4,863	5,265
Total net assets	47,574	47,582
Total liabilities and net assets	148,179	152,183

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	37,347	46,156
Cost of sales	33,013	40,439
Gross profit	4,334	5,716
Selling, general and administrative expenses	3,258	3,691
Operating profit	1,076	2,024
Non-operating income		
Interest income	0	0
Dividend income	21	24
Share of profit of entities accounted for using equity method	6	—
Miscellaneous income	22	28
Total non-operating income	50	54
Non-operating expenses		
Interest expenses	78	182
Sales discounts	7	0
Loss on sale of trade receivables	7	25
Foreign exchange losses	1	2,091
Share of loss of entities accounted for using equity method	—	6
Miscellaneous losses	25	25
Total non-operating expenses	121	2,331
Ordinary profit (loss)	1,005	(252)
Extraordinary income		
Gain on sale of non-current assets	22	1
Total extraordinary income	22	1
Extraordinary losses		
Loss on sale and retirement of non-current assets	1	0
Total extraordinary losses	1	0
Profit (loss) before income taxes	1,026	(251)
Income taxes	405	(20)
Profit (loss)	621	(230)
Profit attributable to non-controlling interests	63	119
Profit (loss) attributable to owners of parent	557	(350)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit (loss)	621	(230)
Other comprehensive income		
Valuation difference on available-for-sale securities	(19)	(7)
Deferred gains or losses on hedges	(8)	34
Foreign currency translation adjustment	747	738
Remeasurements of defined benefit plans, net of tax	(96)	(22)
Share of other comprehensive income of entities accounted for using equity method	(24)	27
Total other comprehensive income	599	770
Comprehensive income	1,220	539
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	882	128
Comprehensive income attributable to non-controlling interests	337	411



(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	1,026	(251)
Depreciation	180	180
Increase (decrease) in allowance for doubtful accounts	(377)	(6)
Increase (decrease) in provision for bonuses	(292)	(440)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	2	(11)
Increase (decrease) in retirement benefit liability	(91)	(6)
Decrease (increase) in retirement benefit asset	(70)	(48)
Interest and dividend income	(22)	(25)
Interest expenses	78	182
Foreign exchange losses (gains)	(20)	5,957
Share of loss (profit) of entities accounted for using equity method	(6)	6
Loss (gain) on sale and retirement of non-current assets	(20)	(0)
Decrease (increase) in trade receivables	14,122	(402)
Decrease (increase) in inventories	475	(6,837)
Increase (decrease) in trade payables	(13,980)	(683)
Decrease (increase) in accounts receivable - other	(19,553)	459
Increase (decrease) in accounts payable - other	15,139	(13,098)
Other, net	850	701
Subtotal	(2,560)	(14,325)
Interest and dividends received	22	25
Interest paid	(77)	(173)
Income taxes paid	(236)	(604)
Income taxes refund	24	1
Net cash provided by (used in) operating activities	(2,828)	(15,076)
<b>Cash flows from investing activities</b>		
Payments into time deposits	(305)	(81)
Proceeds from withdrawal of time deposits	310	53
Purchase of property, plant and equipment	(267)	(19)
Proceeds from sale of property, plant and equipment	295	-
Purchase of intangible assets	(10)	(113)
Purchase of investment securities	(5)	(5)
Other, net	5	1
Net cash provided by (used in) investing activities	21	(164)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	3,277	10,590
Repayments of long-term borrowings	(12)	(12)
Dividends paid	(199)	(499)
Dividends paid to non-controlling interests	(14)	(9)
Other, net	(20)	(19)
Net cash provided by (used in) financing activities	3,030	10,049
Effect of exchange rate change on cash and cash equivalents	381	642
Net increase (decrease) in cash and cash equivalents	605	(4,549)
Cash and cash equivalents at beginning of period	26,274	24,693
Cash and cash equivalents at end of period	26,879	20,144