



Summary of Consolidated Financial Results for the Three Months Ended June 30, 2023
<under Japanese GAAP>

July 31, 2023

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, 2023 (April 1, 2023 - June 30, 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 Three Months ended June 30, 2023	60,414	30.9	3,131	54.6	(97)	-	(330)	-
June 30, 2022	46,156	23.6	2,024	88.1	(252)	-	(350)	-

(Note)

Comprehensive income Three Months ended June 30, 2023 318 Millions of Yen [(40.9)%]
 Three Months ended June 30, 2022 539 Millions of Yen [(55.8)%]

	Earnings per Share -Basic-	Earnings Per Share -Diluted-
	Yen	Yen
For the Three Months ended June 30, 2023	(12.65)	-
June 30, 2022	(13.42)	-

(2) Financial Position

	Total Assets	Total Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of June 30, 2023	175,675	51,825	26.4
As of March 31, 2023	175,998	53,084	27.1

(Reference)

Tangible net worth As of June 30, 2023 46,291 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	-				
Year ending March 31, 2024 (Forecast)		25.00	-	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
Six Months ending September 30, 2023	113,500	12.4	3,400	(35.5)	1,300	14.5	645	37.4	24.68
Year ending March 31, 2024	236,000	4.3	8,750	(20.4)	4,500	(36.8)	3,000	(42.3)	114.79

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, 2023), the employment and income environment in Japan improved and consumer spending and capital investment rebounded as economic activity normalized with the downgrading of COVID-19 to Category 5 in severity classification and the removal of movement restrictions. However, the outlook for the Japanese economy remained uncertain, mainly reflecting the prolonged inflation, the effects of sharp foreign exchange rate changes, and concern over downside risks due to global monetary tightening.

In the electronics sector, in which the Marubun Group (the “Group”) operates, demand for servers increased with the development of generative AI and increasing amounts of data handled, although PC shipments declined. Demand for products for vehicles recovered, mainly reflecting a shift to EVs and electrification of cars. In the semiconductor market, polarization continued in terms of the product supply-demand balance. While the shortage of supply of automotive semiconductors was being eliminated, demand for semiconductors for PCs and smartphones remained sluggish. Adjustments of inventories of multi-purpose semiconductors were moderate.

In this situation, consolidated net sales of the Group during the first quarter of the fiscal year under review increased 30.9% year on year, to 60,414 million yen, reflecting the increase in demand for semiconductor and electronic components for consumer equipment, industrial equipment and automobiles. On the profit side, operating profit increased 54.6% year on year, to 3,131 million yen, attributable to the increase in sales. Because of the depreciation of the yen that continued from the beginning of the fiscal year, foreign exchange losses of 2,348 million yen were posted in non-operating expenses, reflecting settlement losses during the first quarter due to the repayment of borrowings in foreign currency and a loss on valuation of borrowings in foreign currency at the end of the first quarter. In addition, interest expenses increased 681 million yen year on year due to the higher US dollar interest rate. Consequently, an ordinary loss of 97 million yen was posted (compared to an ordinary loss of 252 million yen in the prior year). The loss attributable to owners of parent stood at 330 million yen (compared to a loss attributable to owners of parent of 350 million yen in the prior year).

Operating results by business segment are as follows:

(Electronic Devices Business)

In the Electronic Devices Business, demand for semiconductors for consumer equipment grew significantly. Semiconductors for automobiles, particularly new products, increased. Semiconductor and electronic components for industrial equipment, particularly factory automation equipment, were firm. As a result, net sales increased 39.5% year on year, to 49,383 million yen. Segment profit increased 49.2% year on year, to 3,002 million yen, due to an increase in sales.

(Electronic Systems Business)

In the Electronic Systems Business, sales declined in the field of space and defense electronics. In the laser equipment field, demand for optical sensors and diode lasers increased. In the industrial equipment field, demand for industrial embedded computers and devices for analyzing and mounting electronic components increased. Consequently, net sales stood at 10,700 million yen, an increase of 2.6% from the same period of the previous year. Segment profit increased 92.8% year on year, to 253 million yen, due to an increase in sales and an improvement in the gross profit ratio..

(Electronic Solutions Business)

In the Electronic Solutions business, demand for communications modules and millimeter wave radar products was firm. Net sales rose 3.1% year on year, to 330 million yen. A segment loss of 122 million yen was posted (compared to a segment loss of 117 million yen in the same

period of the previous fiscal year) due to an increase in selling, general and administrative expenses caused primarily by active marketing.

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

(Assets)

Current assets at the end of the first quarter of the fiscal year under review stood at 165,470 million yen, a decrease of 672 million yen from the end of the previous fiscal year. This result was mainly attributable to decreases in cash and deposits of 4,141 million yen and in notes and accounts receivable - trade of 2,891 million yen, which more than offset increases in electronically recorded monetary claims - operating of 5,390 million yen and in Other in current assets. Non-current assets amounted to 10,205 million yen, an increase of 350 million yen from the end of the previous fiscal year. This was primarily due to a 344 million yen increase in investment securities.

As a result, total assets decreased by 322 million yen from the end of the previous fiscal year, to 175,675 million yen.

(Liabilities)

Current liabilities at the end of the first quarter of the consolidated fiscal year under review came to 118,039 million yen, an increase of 950 million yen from the end of the previous fiscal year. This was attributable largely to an increase of 5,096 million yen in short-term borrowings and an increase in Other in current liabilities, more than offsetting decreases of 5,449 million yen in notes and accounts payable - trade and 988 million yen in income taxes payable. Non-current liabilities amounted to 5,810 million yen, a decrease of 14 million yen from the end of the previous fiscal year.

As a result, total liabilities increased by 936 million yen from the end of the previous fiscal year, to 123,850 million yen.

(Net assets)

Net assets totaled 51,825 million yen at the end of the first quarter of the consolidated fiscal year under review, a decrease of 1,258 million yen from the end of the previous consolidated fiscal year. This was largely a result of a decrease of 1,898 million yen in retained earnings, partially offset by increases of 232 million yen in valuation difference on available-for-sale securities and 197 million yen in non-controlling interests.

As a result, the equity ratio stood at 26.4% (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 May 12, 2023.

Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	21,253	17,111
Notes and accounts receivable - trade	51,426	48,534
Electronically recorded monetary claims - operating	7,989	13,379
Merchandise and finished goods	54,558	54,300
Work in process	79	175
Accounts receivable - other	28,914	28,718
Other	1,940	3,262
Allowance for doubtful accounts	△17	△12
Total current assets	166,143	165,470
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,651	3,666
Accumulated depreciation	△2,464	△2,488
Buildings and structures, net	1,186	1,178
Machinery, equipment and vehicles	9	9
Accumulated depreciation	△9	△9
Machinery, equipment and vehicles, net	0	0
Tools, furniture and fixtures	2,253	2,281
Accumulated depreciation	△1,770	△1,805
Tools, furniture and fixtures, net	483	475
Land	1,411	1,411
Leased assets	34	34
Accumulated depreciation	△17	△19
Leased assets, net	16	15
Right of use assets	206	226
Accumulated depreciation	△105	△109
Right of use assets, net	100	116
Construction in progress	4	11
Total property, plant and equipment	3,203	3,208
Intangible assets	898	864
Investments and other assets		
Investment securities	2,317	2,662
Deferred tax assets	505	368
Retirement benefit asset	232	244
Other	2,807	3,074
Allowance for doubtful accounts	△109	△216
Total investments and other assets	5,753	6,133
Total non-current assets	9,855	10,205
Total assets	175,998	175,675

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,005	22,556
Short-term borrowings	69,423	74,520
Current portion of long-term borrowings	25	12
Lease liabilities	72	80
Accounts payable - other	14,738	15,238
Income taxes payable	1,114	125
Provision for bonuses	1,020	569
Other	2,688	4,936
Total current liabilities	117,089	118,039
Non-current liabilities		
Long-term borrowings	5,000	5,000
Lease liabilities	122	123
Retirement benefit liability	365	367
Provision for retirement benefits for directors (and other officers)	107	108
Asset retirement obligations	113	113
Other	116	97
Total non-current liabilities	5,824	5,810
Total liabilities	122,913	123,850
Net assets		
Shareholders' equity		
Share capital	6,214	6,214
Capital surplus	6,353	6,353
Retained earnings	34,388	32,489
Treasury shares	△1,631	△1,631
Total shareholders' equity	45,325	43,426
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	821	1,054
Deferred gains or losses on hedges	△26	99
Foreign currency translation adjustment	1,684	1,752
Remeasurements of defined benefit plans	△56	△42
Total accumulated other comprehensive income	2,422	2,864
Non-controlling interests	5,336	5,534
Total net assets	53,084	51,825
Total liabilities and net assets	175,998	175,675

(2) Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	46,156	60,414
Cost of sales	40,439	53,314
Gross profit	5,716	7,100
Selling, general and administrative expenses	3,691	3,969
Operating profit	2,024	3,131
Non-operating income		
Interest income	0	16
Dividend income	24	29
Share of profit of entities accounted for using equity method	—	77
Miscellaneous income	28	25
Total non-operating income	54	149
Non-operating expenses		
Interest expenses	182	863
Loss on sale of trade receivables	25	156
Foreign exchange losses	2,091	2,348
Share of loss of entities accounted for using equity method	6	—
Miscellaneous losses	25	10
Total non-operating expenses	2,331	3,378
Ordinary loss	△252	△97
Extraordinary income		
Gain on sale of non-current assets	1	—
Total extraordinary income	1	—
Extraordinary losses		
Loss on sale and retirement of non-current assets	0	0
Total extraordinary losses	0	0
Loss before income taxes	△251	△97
Income taxes	△20	70
Loss	△230	△168
Profit attributable to non-controlling interests	119	162
Loss attributable to owners of parent	△350	△330

Consolidated statements of comprehensive income

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Loss	△230	△168
Other comprehensive income		
Valuation difference on available-for-sale securities	△7	232
Deferred gains or losses on hedges	34	129
Foreign currency translation adjustment	738	108
Remeasurements of defined benefit plans, net of tax	△22	14
Share of other comprehensive income of entities accounted for using equity method	27	2
Total other comprehensive income	770	487
Comprehensive income	539	318
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	128	111
Comprehensive income attributable to non-controlling interests	411	207

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Cash flows from operating activities		
Loss before income taxes	△251	△97
Depreciation	180	159
Increase (decrease) in allowance for doubtful accounts	△6	102
Increase (decrease) in provision for bonuses	△440	△449
Increase (decrease) in provision for retirement benefits for directors (and other officers)	△11	0
Increase (decrease) in retirement benefit liability	△6	6
Decrease (increase) in retirement benefit asset	△48	4
Interest and dividend income	△25	△45
Interest expenses	182	863
Foreign exchange losses (gains)	5,957	4,429
Share of loss (profit) of entities accounted for using equity method	6	△77
Loss (gain) on sale and retirement of non-current assets	△0	0
Decrease (increase) in trade receivables	△402	△2,439
Decrease (increase) in inventories	△6,837	180
Increase (decrease) in trade payables	△683	△5,515
Decrease (increase) in accounts receivable - other	459	195
Increase (decrease) in accounts payable - other	△13,098	615
Other, net	701	890
Subtotal	△14,325	△1,175
Interest and dividends received	25	46
Interest paid	△173	△772
Income taxes paid	△604	△987
Income taxes refund	1	-
Net cash provided by (used in) operating activities	△15,076	△2,888
Cash flows from investing activities		
Payments into time deposits	△81	△131
Proceeds from withdrawal of time deposits	53	85
Purchase of property, plant and equipment	△19	△179
Purchase of intangible assets	△113	△125
Purchase of investment securities	△5	△6
Other, net	1	△54
Net cash provided by (used in) investing activities	△164	△412
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	10,590	206
Repayments of long-term borrowings	△12	△12
Dividends paid	△499	△1,489
Dividends paid to non-controlling interests	△9	△9
Other, net	△19	△20
Net cash provided by (used in) financing activities	10,049	△1,325
Effect of exchange rate change on cash and cash equivalents	642	436
Net increase (decrease) in cash and cash equivalents	△4,549	△4,190
Cash and cash equivalents at beginning of period	24,693	20,658
Cash and cash equivalents at end of period	20,144	16,468

Consolidated Segment Information

Previous consolidated fiscal year (from April 1, 2022 to June 30, 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	35,409	10,425	320	46,156	-	46,156
Transactions with other segments	3	159	-	163	(163)	-
Net sales	35,413	10,585	320	46,319	(163)	46,156
Operation profit (loss)	2,012	131	(117)	2,026	(1)	2,024

Current consolidated fiscal year (from April 1, 2023 to June 30, 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	49,383	10,700	330	60,414	-	60,414
Transactions with other segments	50	16	11	78	(78)	-
Net sales	49,433	10,717	342	60,492	(78)	60,414
Operation profit (loss)	3,002	253	(122)	3,132	(1)	3,131