



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

October 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 : Yes

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1,2023 - September 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 Six Months ended September 30, 2023	123,729	22.5	7,342	39.4	2,080	83.2	1,137	142.3
September 30, 2022	101,022	25.4	5,267	104.6	1,135	(46.0)	469	(62.6)

(Note)
 Comprehensive income Six Months ended September 30, 2023 3,088 Millions of Yen [12.7%]
 Six Months ended September 30, 2022 2,740 Millions of Yen [50.8%]

	Earnings per Share -Basic-		Earnings Per Share -Diluted-	
	Yen	Yen	Yen	Yen
For the Six Months ended September 30, 2023	43.51	-	-	-
September 30, 2022	17.97	-	-	-

(2) Financial Position

	Total Assets	Total Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of September 30, 2023	203,651	54,625	23.8
As of March 31, 2023	175,998	53,084	27.1

(Reference)
 Tangible net worth As of September 30, 2023 48,528 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
Year ended March 31, 2023	Yen -	Yen 20.00	Yen -	Yen 60.00	Yen 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 six months of the consolidated fiscal year under review (April 1 to September 30, 2023), signs of an improvement in the economy spread primarily in consumer spending and capital investment as social economic activity normalized with the downgrading of COVID-19 to Category 5 in severity classification. As a consequence, the Japanese economy achieved a moderate recovery. Nonetheless, the outlook for the Japanese economy remained uncertain, mainly reflecting prolonged global inflation, the risk of an economic downturn due to monetary tightening, the effects of sharp foreign exchange rate changes and heightened geopolitical risk.

In the electronics sector, in which the Marubun Group (the “Group”) operates, a slackening supply-demand balance of semiconductor and electronic components led to a normalization of supply chains and a recovery in products for automobiles. Meanwhile, demand decreased for smartphones and personal computers and remained sluggish for data centers, while the industrial equipment market entered an adjustment phase due to a cautious attitude toward capital expenditures, mainly reflecting concerns about a slowdown in economic activities.

In this situation, consolidated net sales of the Group during the six months of the fiscal year under review increased 22.5% year on year, to 123,729 million yen, reflecting the increase in demand for semiconductor and electronic components for consumer equipment and automobiles. On the profit side, operating income increased 39.4% year on year, to 7,342 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. Because of the depreciation of the yen that continued from the beginning of the fiscal year, foreign exchange losses of 3,361 million yen were posted in non-operating expenses, reflecting settlement losses during the first six months due to the repayment of borrowings in foreign currency and a loss on valuation of borrowings in foreign currency at the end of the second quarter. In addition, interest expenses increased 1,255 million yen year on year due to the higher US dollar interest rate. As a result, ordinary income increased 83.2% year on year, to 2,080 million yen, and profit attributable to owners of parent increased 142.3% year on year, to 1,137 million yen.

Operating results by business segment are as follows:

(Electronic Devices Business)

In the Electronic Devices Business, demand for semiconductors for consumer equipment grew significantly. In addition, demand for semiconductors for automobiles and industrial equipment was solid, resulting in an increase in net sales of 30.2% year on year, to 99,352 million yen. Segment profit increased 41.9% year on year, to 6,595 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)

In the Electronic Systems Business, sales declined 1.5% year on year, to 23,538 million yen, due to decreased sales of large-size diagnostic imaging equipment in the medical equipment field, which was partly offset by an increase in industrial embedded computers and analytical devices in the industrial equipment field. Segment profit increased 15.6% year on year, to 920 million yen, due to an improvement in the gross profit ratio.

(Electronic Solutions Business)

In the Electronic Solutions business, demand for time synchronization solutions remained solid in ICT-related fields, resulting in an increase in net sales of 4.9% year on year, to 838 million yen. A segment loss of 169 million yen was posted (compared to a segment loss of 173 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 six months of the consolidated fiscal year under review stood at 193,183 million yen, an increase of 27,040 million yen from the end of the previous fiscal year. This result was mainly attributable to increases in accounts receivable - trade of 22,923 million yen, electronically recorded monetary claims – operating of 2,213 million yen and in notes and accounts receivable - trade of 2,019 million yen. Non-current assets amounted to 10,468 million yen, an increase of 612 million yen from the end of the previous fiscal year. This was primarily due to a 435 million yen increase in investment securities.

As a result, total assets increased by 27,653 million yen from the end of the previous fiscal year, to 203,651 million yen.

(Liabilities)

Current liabilities at the end of the six months of the consolidated fiscal year under review came to 143,233 million yen, an increase of 26,144 million yen from the end of the previous fiscal year. This was largely due to an increase of 15,968 million yen in accounts payable - other and 11,870 million yen in short-term borrowings, more than offsetting a decrease of 1,750 million yen in notes and accounts payable - trade. Non-current liabilities amounted to 5,793 million yen, a decrease of 31 million yen from the end of the previous fiscal year.

As a result, total liabilities increased by 26,113 million yen from the end of the previous fiscal year, to 149,026 million yen.

(Net assets)

Net assets totaled 54,625 million yen at the end of the six months of the consolidated fiscal year under review, an increase of 1,540 million yen from the end of the previous consolidated fiscal year. This mainly reflected increases of 760 million yen in non-controlling interest and 689 million yen in foreign currency translation adjustment.

As a result, the equity ratio stood at 23.8% (compared to 27.1% at the end of the previous fiscal year).

3. Future outlook

The Company has revised its consolidated financial forecasts for the fiscal year ending March 31, 2024, which were announced on May 12, 2023.

For the fiscal year under review, the Group expects net sales of 240,000 million yen (up 6.1% year on year), attributable to higher-than-projected buoyant sales in the first six months in the Electronic Devices Business. Operating income is expected to increase 13.7% year on year, to 12,500 million yen, given an increase in sales and higher gross profit in yen terms against the backdrop of the depreciation of the yen. In contrast, due to the posting of an exchange loss in the first six months associated with the depreciation of the yen and the forecast of an increase in interest expense reflecting rising interest rates in US dollar terms, the Group expects ordinary income to decline 36.8% year on year, to 5,000 million yen, and profit attributable to owners of parent of 3,000 million yen (down 42.3%).

For details about the revisions, see Notice of Differences Between Forecast and Actual Results for the First Half of the Fiscal Year Ending March 2024 and Revision of Full Year Financial Results Forecast released separately today.

Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	21,253	21,091
Notes and accounts receivable - trade	51,426	53,445
Electronically recorded monetary claims - operating	7,989	10,202
Merchandise and finished goods	54,558	54,179
Work in process	79	264
Accounts receivable - other	28,914	51,837
Other	1,940	2,179
Allowance for doubtful accounts	△17	△16
Total current assets	166,143	193,183
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,651	3,689
Accumulated depreciation	△2,464	△2,512
Buildings and structures, net	1,186	1,177
Machinery, equipment and vehicles	9	9
Accumulated depreciation	△9	△9
Machinery, equipment and vehicles, net	0	0
Tools, furniture and fixtures	2,253	2,292
Accumulated depreciation	△1,770	△1,824
Tools, furniture and fixtures, net	483	467
Land	1,411	1,411
Leased assets	34	34
Accumulated depreciation	△17	△20
Leased assets, net	16	13
Right of use assets	206	229
Accumulated depreciation	△105	△120
Right of use assets, net	100	109
Construction in progress	4	61
Total property, plant and equipment	3,203	3,240
Intangible assets	898	906
Investments and other assets		
Investment securities	2,317	2,752
Deferred tax assets	505	219
Retirement benefit asset	232	260
Other	2,807	3,304
Allowance for doubtful accounts	△109	△216
Total investments and other assets	5,753	6,320
Total non-current assets	9,855	10,468
Total assets	175,998	203,651

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,005	26,255
Short-term borrowings	69,423	81,294
Current portion of long-term borrowings	25	—
Lease liabilities	72	85
Accounts payable - other	14,738	30,707
Income taxes payable	1,114	585
Provision for bonuses	1,020	1,047
Other	2,688	3,258
Total current liabilities	117,089	143,233
Non-current liabilities		
Long-term borrowings	5,000	5,000
Lease liabilities	122	106
Retirement benefit liability	365	366
Provision for retirement benefits for directors (and other officers)	107	110
Asset retirement obligations	113	113
Other	116	95
Total non-current liabilities	5,824	5,793
Total liabilities	122,913	149,026
Net assets		
Shareholders' equity		
Share capital	6,214	6,214
Capital surplus	6,353	6,363
Retained earnings	34,388	33,957
Treasury shares	△1,631	△1,611
Total shareholders' equity	45,325	44,924
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	821	1,111
Deferred gains or losses on hedges	△26	145
Foreign currency translation adjustment	1,684	2,374
Remeasurements of defined benefit plans	△56	△27
Total accumulated other comprehensive income	2,422	3,603
Non-controlling interests	5,336	6,097
Total net assets	53,084	54,625
Total liabilities and net assets	175,998	203,651

(2) Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	101,022	123,729
Cost of sales	88,313	108,475
Gross profit	12,708	15,254
Selling, general and administrative expenses	7,440	7,911
Operating profit	5,267	7,342
Non-operating income		
Interest income	5	62
Dividend income	32	37
Share of profit of entities accounted for using equity method	60	173
Miscellaneous income	64	43
Total non-operating income	162	317
Non-operating expenses		
Interest expenses	638	1,893
Loss on sale of trade receivables	126	312
Foreign exchange losses	3,491	3,361
Miscellaneous losses	38	12
Total non-operating expenses	4,294	5,580
Ordinary profit	1,135	2,080
Extraordinary income		
Gain on sale of non-current assets	1	1
Total extraordinary income	1	1
Extraordinary losses		
Loss on sale and retirement of non-current assets	2	1
Other	0	—
Total extraordinary losses	2	1
Profit before income taxes	1,134	2,079
Income taxes	375	633
Profit	759	1,446
Profit attributable to non-controlling interests	289	308
Profit attributable to owners of parent	469	1,137

Consolidated statements of comprehensive income

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	759	1,446
Other comprehensive income		
Valuation difference on available-for-sale securities	△118	289
Deferred gains or losses on hedges	68	175
Foreign currency translation adjustment	2,051	1,150
Remeasurements of defined benefit plans, net of tax	△44	29
Share of other comprehensive income of entities accounted for using equity method	24	△2
Total other comprehensive income	1,980	1,642
Comprehensive income	2,740	3,088
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,654	2,318
Comprehensive income attributable to non-controlling interests	1,085	769

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,134	2,079
Depreciation	361	288
Increase (decrease) in allowance for doubtful accounts	△10	106
Increase (decrease) in provision for bonuses	△0	21
Increase (decrease) in provision for retirement benefits for directors (and other officers)	△7	3
Increase (decrease) in retirement benefit liability	0	10
Decrease (increase) in retirement benefit asset	△98	4
Interest and dividend income	△38	△100
Interest expenses	638	1,893
Foreign exchange losses (gains)	9,073	6,434
Share of loss (profit) of entities accounted for using equity method	△60	△173
Loss (gain) on sale and retirement of non-current assets	1	0
Decrease (increase) in trade receivables	△6,488	△3,320
Decrease (increase) in inventories	△13,362	495
Increase (decrease) in trade payables	1,463	△2,561
Decrease (increase) in accounts receivable - other	2,492	△22,920
Increase (decrease) in accounts payable - other	△7,569	16,156
Other, net	72	509
Subtotal	△12,397	△1,071
Interest and dividends received	37	93
Interest paid	△535	△1,946
Income taxes paid	△645	△1,084
Income taxes refund	11	13
Net cash provided by (used in) operating activities	△13,529	△3,995
Cash flows from investing activities		
Payments into time deposits	△224	△351
Proceeds from withdrawal of time deposits	166	232
Purchase of property, plant and equipment	△41	△274
Proceeds from sale of property, plant and equipment	2	-
Purchase of intangible assets	△117	△208
Purchase of investment securities	△13	△14
Payments for asset retirement obligations	△25	-
Other, net	△18	△49
Net cash provided by (used in) investing activities	△271	△667
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	7,266	4,715
Repayments of long-term borrowings	△25	△25
Dividends paid	△520	△1,565
Dividends paid to non-controlling interests	△9	△9
Other, net	△40	△36
Net cash provided by (used in) financing activities	6,669	3,078
Effect of exchange rate change on cash and cash equivalents	1,386	1,248
Net increase (decrease) in cash and cash equivalents	△5,744	△335
Cash and cash equivalents at beginning of period	24,693	20,658
Cash and cash equivalents at end of period	18,949	20,322

Consolidated Segment Information

Previous consolidated fiscal year (from April 1, 2022 to September 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	76,320	23,902	799	101,022	-	101,022
Transactions with other segments	48	444	0	493	(493)	-
Net sales	76,368	24,347	799	101,515	(493)	101,022
Operation profit (loss)	4,649	796	(173)	5,271	(3)	5,267

Current consolidated fiscal year (from April 1, 2023 to September 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	99,352	23,538	838	123,729	-	123,729
Transactions with other segments	49	84	13	147	(147)	-
Net sales	99,401	23,622	851	123,876	(147)	123,729
Operation profit (loss)	6,595	920	(169)	7,345	(2)	7,342