



MEMBERSHIP

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2024 <under Japanese GAAP>

July 31, 2024

Company Name : MARUBUN CORPORATION
 Listing : Tokyo Stock Exchange
 Securities Code : 7537
 URL : <https://www.marubun.co.jp/en/>
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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, 2024 (April 1,2024 - June 30,2024)

(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, 2024	50,788	(15.9)	2,648	(15.4)	572	-	429	-
June 30, 2023	60,414	30.9	3,131	54.6	(97)	-	(330)	-

(Note)

Comprehensive income	Three Months ended June 30, 2024	1,230 Millions of Yen	[285.8%]
	Three Months ended June 30, 2023	318 Millions of Yen	[(40.9)%]

	Earnings per Share -Basic-		Earnings Per Share -Diluted-	
	Yen		Yen	
For the Three Months ended				
June 30, 2024	16.43		-	
June 30, 2023	(12.65)		-	

(2) Financial Position

	Total Assets	Total Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of June 30, 2024	180,831	56,943	28.2
As of March 31, 2024	174,120	56,433	29.1

(Reference)

Tangible net worth	As of June 30, 2024	50,918 Millions of Yen
	As of March 31, 2024	50,696 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, 2024	-	25.00	-	27.00	52.00
Year ended March 31, 2025	-				
Year ending March 31, 2025 (Forecast)		25.00	-	27.00	52.00

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2025

	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, 2024	99,000	(20.0)	2,800	(61.9)	1,050	(49.5)	545	(52.1)	20.84
Year ending March 31, 2025	212,000	(10.4)	8,600	(33.8)	5,000	(11.2)	3,000	(11.8)	114.72

1. Summary of operating results for the fiscal year under review

During the first three months of the consolidated fiscal year under review (April 1, 2024 to June 30, 2024), the Japanese economy achieved a moderate recovery with a pickup in capital investment and movements toward better corporate earnings and an improved employment and wage environment. On the other hand, price rises, persistently high interest rates, especially in the United States, concerns about the future outlook of the Chinese economy, growing tensions in the Middle East and other issues continued to create uncertainty about the future.

In the electronics sector in which the Marubun Group (the “Group”) operates, individual semiconductor manufacturers continued to invest in generative AI-related areas, and a recovery in demand was seen in other areas peripheral to generative AI, including conventional servers, network and data centers. Meanwhile, inventory adjustments continued in the industrial equipment market due to restrained capital investment in general-purpose products.

In this situation, consolidated net sales of the Group for the first three months of the fiscal year under review fell 15.9% year on year, to 50,788 million yen, reflecting declining demand for semiconductors for devices peripheral to personal computers in the Electronic Devices Business and sluggish sales of laser equipment and medical equipment in the Electronic Systems Business. On the profit side, operating income decreased 15.4% year on year, to 2,648 million yen, attributable to the decrease in sales. Meanwhile, the foreign exchange loss contracted from 2,348 million yen a year ago, to 1,076 million yen, resulting in ordinary income of 572 million yen (compared to an ordinary loss of 97 million yen, a year ago) and profit attributable to owners of parent of 429 million yen (compared to a loss attributable to owners of parent of 330 million yen.)

Operating results by business segment are as follows:

(Electronic Devices Business)

	Three months ended June 30, 2023	Three months ended June 30, 2024	Change	Change (%)
	Millions of Yen	Millions of Yen	Millions of Yen	%
Net Sales	49,383	40,618	(8,764)	(17.7)
Operating Income	3,002	2,666	(335)	(11.2)

In the Electronics Devices Business, net sales decreased 17.7% year on year, to 40,618 million yen, as a result of the significant decline in demand for devices peripheral to personal computers and a decrease in semiconductors for automobiles and consumer equipment. Operating income decreased 11.2% year on year, to 2,666 million yen, due to the decrease in net sales.

(Electronic Systems Business)

	Three months ended June 30, 2023	Three months ended June 30, 2024	Change	Change (%)
	Millions of Yen	Millions of Yen	Millions of Yen	%
Net Sales	10,700	9,781	(919)	(8.6)
Operating Income	253	117	(135)	(53.4)

In the Electronic Systems Business, net sales declined 8.6% year on year, to 9,781 million yen. This was a result of a fall in demand for optical components in the laser equipment field and stagnant sales of medical equipment, which was only partly offset by significant growth in sales in the space and defense field on the back of the expanding space-related markets. Operating income was down 53.4%

year on year, to 117 million yen, due to the decline in sales and a rise in selling, general and administrative expenses.

(Electronic Solutions Business)

	Three months ended June 30, 2023	Three months ended June 30, 2024	Change	Change (%)
	Millions of Yen	Millions of Yen	Millions of Yen	%
Net Sales	330	389	58	17.8
Operating Loss	(122)	(134)	(11)	—

In the Electronic Solutions business, net sales rose 17.8% year on year, to 389 million yen, attributable to solid demand for time synchronization systems for communication infrastructure in the ICT field. Operating loss of 134 million yen was posted (compared to a operating loss of 122 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 first quarter of the consolidated fiscal year under review stood at 169,076 million yen, an increase of 6,458 million yen from the end of the previous consolidated fiscal year. This was mainly attributable to an increase of 14,721 million yen in accounts receivable - other, which more than offset decreases in merchandise and finished goods of 3,384 million yen, notes and accounts receivable - trade of 2,904 million yen and cash and deposits of 2,734 million yen. Non-current assets amounted to 11,756 million yen, an increase of 252 million yen from the end of the previous fiscal year. This was primarily due to a 197 million yen increase in investment securities.

As a result, total assets increased by 6,710 million yen from the end of the previous fiscal year to 180,831 million yen.

(Liabilities)

Current liabilities at the end of the first quarter of the consolidated fiscal year under review came to 122,873 million yen, an increase of 6,204 million yen from the end of the previous fiscal year. This was attributable largely to an increase of 12,497 million yen in accounts payable - other, which more than offset a decrease of 6,118 million yen in notes and accounts payable - trade. Non-current liabilities amounted to 1,014 million yen, a decrease of 3 million yen from the end of the previous fiscal year.

As a result, total liabilities increased by 6,201 million yen from the end of the previous fiscal year, to 123,888 million yen.

(Net assets)

Net assets totaled 56,943 million yen at the end of the first quarter of the consolidated fiscal year under review, an increase of 509 million yen from the end of the previous consolidated fiscal year. This mainly reflected increases of 429 million yen in foreign currency translation adjustment and 287 million yen in non-controlling interests, which more than offset a decrease of 276 million yen in retained earnings.

As a result, the equity ratio stood at 28.2% (compared to 29.1% at the end of the previous fiscal year).

3. Explanation of forward-looking statements, including consolidated financial forecasts

There has been no revision to the consolidated financial forecasts for the fiscal year ending March 31, 2025, which were announced on May 10, 2024.

Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	23,823	21,089
Notes and accounts receivable - trade	45,432	42,528
Electronically recorded monetary claims - operating	5,422	5,331
Merchandise and finished goods	51,316	47,932
Work in process	135	278
Accounts receivable - other	34,847	49,568
Other	1,677	2,369
Allowance for doubtful accounts	(38)	(23)
Total current assets	162,616	169,074
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,676	3,509
Accumulated depreciation	(2,538)	(2,219)
Buildings and structures, net	1,137	1,290
Machinery, equipment and vehicles	8	7
Accumulated depreciation	(8)	(7)
Machinery, equipment and vehicles, net	0	0
Tools, furniture and fixtures	2,269	2,167
Accumulated depreciation	(1,819)	(1,716)
Tools, furniture and fixtures, net	450	450
Land	1,411	1,276
Leased assets	34	34
Accumulated depreciation	(23)	(25)
Leased assets, net	10	8
Right of use assets	255	272
Accumulated depreciation	(137)	(165)
Right of use assets, net	117	106
Construction in progress	165	34
Total property, plant and equipment	3,293	3,167
Intangible assets	1,356	1,449
Investments and other assets		
Investment securities	3,299	3,497
Deferred tax assets	191	209
Retirement benefit asset	677	694
Other	2,900	2,952
Allowance for doubtful accounts	(214)	(213)
Total investments and other assets	6,854	7,139
Total non-current assets	11,504	11,756
Total assets	174,120	180,831

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,243	22,124
Short-term borrowings	59,507	59,763
Current portion of long-term borrowings	5,000	5,000
Lease liabilities	95	103
Accounts payable - other	19,027	31,524
Income taxes payable	853	387
Provision for bonuses	1,040	566
Other	2,900	3,404
Total current liabilities	116,669	122,873
Non-current liabilities		
Lease liabilities	112	88
Deferred tax liabilities	273	307
Retirement benefit liability	327	311
Provision for retirement benefits for directors (and other officers)	116	119
Asset retirement obligations	109	109
Other	77	77
Total non-current liabilities	1,018	1,014
Total liabilities	117,687	123,888
Net assets		
Shareholders' equity		
Share capital	6,214	6,214
Capital surplus	6,363	6,363
Retained earnings	35,567	35,291
Treasury shares	(1,611)	(1,611)
Total shareholders' equity	46,534	46,257
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,476	1,554
Deferred gains or losses on hedges	128	198
Foreign currency translation adjustment	2,237	2,667
Remeasurements of defined benefit plans	319	239
Total accumulated other comprehensive income	4,162	4,661
Non-controlling interests	5,736	6,024
Total net assets	56,433	56,943
Total liabilities and net assets	174,120	180,831

(2) Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	60,414	50,788
Cost of sales	53,314	44,080
Gross profit	7,100	6,707
Selling, general and administrative expenses	3,969	4,059
Operating profit	3,131	2,648
Non-operating income		
Interest income	16	38
Dividend income	29	33
Share of profit of entities accounted for using equity method	77	—
Miscellaneous income	25	22
Total non-operating income	149	93
Non-operating expenses		
Interest expenses	863	921
Loss on sale of trade receivables	156	127
Foreign exchange losses	2,348	1,076
Share of loss of entities accounted for using equity method	—	39
Miscellaneous losses	10	3
Total non-operating expenses	3,378	2,169
Ordinary profit (loss)	(97)	572
Extraordinary income		
Gain on sale of non-current assets	—	6
Gain on sales of real estate for investment	—	178
Total extraordinary income	—	185
Extraordinary losses		
Loss on sale and retirement of non-current assets	0	3
Total extraordinary losses	0	3
Profit (loss) before income taxes	(97)	754
Income taxes	70	323
Profit (loss)	(168)	431
Profit attributable to non-controlling interests	162	1
Profit (loss) attributable to owners of parent	(330)	429

Consolidated statements of comprehensive income

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit (loss)	(168)	431
Other comprehensive income		
Valuation difference on available-for-sale securities	232	78
Deferred gains or losses on hedges	129	72
Foreign currency translation adjustment	108	729
Remeasurements of defined benefit plans, net of tax	14	(80)
Share of other comprehensive income of entities accounted for using equity method	2	(1)
Total other comprehensive income	487	799
Comprehensive income	318	1,230
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	111	928
Comprehensive income attributable to non-controlling interests	207	301

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	(97)	754
Depreciation	159	88
Increase (decrease) in allowance for doubtful accounts	102	(16)
Increase (decrease) in provision for bonuses	(449)	(478)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	0	2
Increase (decrease) in retirement benefit liability	6	(25)
Decrease (increase) in retirement benefit asset	4	(122)
Interest and dividend income	(45)	(71)
Interest expenses	863	921
Foreign exchange losses (gains)	4,429	3,289
Share of loss (profit) of entities accounted for using equity method	(77)	39
Loss (gain) on sale and retirement of non-current assets	0	(3)
Loss (gain) on sales of real estate for investment	—	(178)
Decrease (increase) in trade receivables	(2,439)	3,483
Decrease (increase) in inventories	180	3,420
Increase (decrease) in trade payables	(5,515)	(6,477)
Decrease (increase) in accounts receivable - other	195	(14,711)
Increase (decrease) in accounts payable - other	615	12,498
Other, net	890	(164)
Subtotal	(1,175)	2,250
Interest and dividends received	46	75
Interest paid	(772)	(920)
Income taxes paid	(987)	(749)
Net cash provided by (used in) operating activities	(2,888)	655
Cash flows from investing activities		
Payments into time deposits	(131)	(124)
Proceeds from withdrawal of time deposits	85	139
Purchase of property, plant and equipment	(179)	(137)
Proceeds from sale of property, plant and equipment	—	142
Purchase of intangible assets	(125)	(77)
Proceeds from sale of investment property	—	178
Purchase of investment securities	(6)	(84)
Other, net	(54)	(13)
Net cash provided by (used in) investing activities	(412)	23
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	206	(3,235)
Repayments of long-term borrowings	(12)	—
Dividends paid	(1,489)	(684)
Dividends paid to non-controlling interests	(9)	(14)
Other, net	(20)	(21)
Net cash provided by (used in) financing activities	(1,325)	(3,955)
Effect of exchange rate change on cash and cash equivalents	436	520
Net increase (decrease) in cash and cash equivalents	(4,190)	(2,756)
Cash and cash equivalents at beginning of period	20,658	23,026
Cash and cash equivalents at end of period	16,468	20,270

Consolidated Segment Information

Previous 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

Current consolidated fiscal year (from April 1, 2024 to June 30, 2024)

(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	40,618	9,781	389	50,788	-	50,788
Transactions with other segments	9	400	0	410	(410)	-
Net sales	40,627	10,181	390	51,199	(410)	50,788
Operation profit (loss)	2,666	117	(134)	2,649	(1)	2,648