

Translation

MARUBUN CORPORATION

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Preparation of supplementary material : Yes
 Holding of investor meeting : No

July 31, 2019

**Summary of Consolidated Financial Results for the Three Months Ended June 30, 2019
 <under Japanese GAAP>**

1. Consolidated Financial Results for the Three Months Ended June 30, 2019 (April 1, 2019 - June 30, 2019)

(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, 2019	59,182	(16.9)	(298)	-	301	-	(58)	-
June 30, 2018	71,211	1.1	1,214	86.5	(73)	-	(70)	-

	Earnings per Share -Basic-	Earnings Per Share -Diluted-
	Yen	Yen
For the Three months ended		
June 30, 2019	(2.24)	-
June 30, 2018	(2.71)	-

(2) Financial Position

	Total Assets	Total Net Assets	Equity Ratio
	Millions of Yen	Millions of Yen	%
As of June 30, 2019	129,624	49,124	33.0
As of March 31, 2019	128,163	49,726	33.9

2. Dividends

	Dividend Per Share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	-	10.00	-	20.00	30.00
Year ending March 31, 2020	-				
Year ending March 31, 2020 (Forecast)		10.00	-	20.00	30.00

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2020

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Six months ending September 30, 2019	140,000	(15.9)	650	(74.8)	250	(59.5)	(185)	(238.3)
Year ending March 31, 2020	291,500	(10.8)	4,000	(20.8)	3,150	4.3	1,750	6.9

	Earnings per Share -Basic-
	Yen
Six months ending September 30, 2019	(7.08)
Year ending March 31, 2020	66.96

Note: These Financial Forecasts are based on management's assumptions and beliefs in light of the information currently available to it and therefore you should not place undue reliance on them. Marubun Corporation cautions you that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements.

Consolidated Financial Statements
(1) Consolidated Balance Sheet

(Millions of Yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	16,348	23,420
Notes and accounts receivable - trade	45,622	41,862
Electronically recorded monetary claims - operating	7,243	6,826
Merchandise and finished goods	43,020	42,256
Work in process	199	283
Other	1,567	1,116
Allowance for doubtful accounts	(16)	(13)
Total current assets	<u>113,985</u>	<u>115,752</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,646	3,623
Accumulated depreciation	(2,333)	(2,337)
Buildings and structures, net	<u>1,312</u>	<u>1,285</u>
Machinery, equipment and vehicles	10	10
Accumulated depreciation	(10)	(10)
Machinery, equipment and vehicles, net	<u>0</u>	<u>0</u>
Tools, furniture and fixtures	2,105	2,121
Accumulated depreciation	(1,475)	(1,489)
Tools, furniture and fixtures, net	<u>629</u>	<u>631</u>
Land	1,618	1,618
Leased assets	104	101
Accumulated depreciation	(70)	(67)
Leased assets, net	<u>34</u>	<u>34</u>
Right of use assets	—	118
Accumulated depreciation	—	(18)
Right of use assets, net	<u>—</u>	<u>99</u>
Construction in progress	38	111
Total property, plant and equipment	<u>3,634</u>	<u>3,781</u>
Intangible assets		
Goodwill	224	—
Other	1,309	1,252
Total intangible assets	<u>1,533</u>	<u>1,252</u>
Investments and other assets		
Investment securities	4,421	4,288
Deferred tax assets	884	889
Other	4,141	4,101
Allowance for doubtful accounts	(438)	(440)
Total investments and other assets	<u>9,009</u>	<u>8,838</u>
Total non-current assets	<u>14,177</u>	<u>13,872</u>
Total assets	<u>128,163</u>	<u>129,624</u>

(Millions of Yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	25,443	28,164
Short-term borrowings	38,934	38,475
Current portion of long-term borrowings	7,550	7,550
Lease obligations	28	31
Income taxes payable	272	—
Provision for bonuses	1,038	529
Asset retirement obligations	23	4
Other	2,332	2,918
Total current liabilities	75,623	77,673
Non-current liabilities		
Long-term borrowings	1,175	1,162
Lease obligations	38	131
Retirement benefit liability	1,201	1,136
Provision for retirement benefits for directors (and other officers)	97	93
Asset retirement obligations	163	164
Other	137	137
Total non-current liabilities	2,813	2,826
Total liabilities	78,436	80,500
Net assets		
Shareholders' equity		
Share capital	6,214	6,214
Capital surplus	6,353	6,353
Retained earnings	31,516	30,934
Treasury shares	(1,631)	(1,631)
Total shareholders' equity	42,453	41,872
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	577	495
Deferred gains or losses on hedges	4	(16)
Foreign currency translation adjustment	487	486
Remeasurements of defined benefit plans	(11)	(8)
Total accumulated other comprehensive income	1,056	955
Non-controlling interests	6,216	6,296
Total net assets	49,726	49,124
Total liabilities and net assets	128,163	129,624

(2) Consolidated Statements of Income

(Millions of Yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Net sales	71,211	59,182
Cost of sales	65,682	55,371
Gross profit	5,529	3,810
Selling, general and administrative expenses	4,314	4,109
Operating profit (loss)	1,214	(298)
Non-operating income		
Interest income	9	5
Dividend income	21	22
Foreign exchange gains	—	900
Share of profit of entities accounted for using equity method	88	16
Miscellaneous income	32	41
Total non-operating income	152	986
Non-operating expenses		
Interest expenses	235	311
Foreign exchange losses	1,146	—
Sales discounts	22	27
Loss on sales of trade receivables	30	33
Miscellaneous loss	6	14
Total non-operating expenses	1,440	386
Ordinary profit (loss)	(73)	301
Extraordinary income		
Gain on sales of non-current assets	0	—
Gain on reversal of reserve for loss on dissolution of employee's pension fund	3	—
Total extraordinary income	3	—
Extraordinary losses		
Loss on sales and retirement of non-current assets	0	1
Impairment loss	—	200
Total extraordinary losses	0	202
Profit (loss) before income taxes	(70)	99
Income taxes	(44)	91
Profit (loss)	(26)	8
Profit attributable to non-controlling interests	44	66
Loss attributable to owners of parent	(70)	(58)

Consolidated statements of comprehensive income

(Millions of Yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit (loss)	(26)	8
Other comprehensive income		
Valuation difference on available-for-sale securities	(15)	(81)
Deferred gains or losses on hedges	53	(21)
Foreign currency translation adjustment	(723)	85
Remeasurements of defined benefit plans, net of tax	(15)	2
Share of other comprehensive income of entities accounted for using equity method	0	(41)
Total other comprehensive income	(700)	(56)
Comprehensive income	(727)	(48)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(490)	(159)
Comprehensive income attributable to non-controlling interests	(237)	111

(3) Consolidated Statements of Cash Flows

(Millions of Yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Cash flows from operating activities		
Profit (loss) before income taxes	(70)	99
Depreciation	99	157
Impairment loss	—	200
Amortization of goodwill	28	28
Increase (decrease) in allowance for doubtful accounts	2	(1)
Increase (decrease) in provision for bonuses	(502)	(509)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	3	(3)
Increase (decrease) in retirement benefit liability	(57)	(60)
Interest and dividend income	(31)	(28)
Interest expenses	235	311
Foreign exchange losses (gains)	1,262	(891)
Share of loss (profit) of entities accounted for using equity method	(88)	(16)
Loss (gain) on sales and retirement of non-current assets	0	1
Decrease (increase) in trade receivables	(2)	4,192
Decrease (increase) in inventories	1,175	680
Increase (decrease) in trade payables	(2,969)	2,710
Other, net	1,234	761
Subtotal	319	7,634
Interest and dividends received	96	53
Interest paid	(226)	(307)
Income taxes paid	(379)	(256)
Income taxes refund	1	17
Net cash provided by (used in) operating activities	(189)	7,141
Cash flows from investing activities		
Payments into time deposits	(56)	(120)
Proceeds from withdrawal of time deposits	82	35
Purchase of securities	(8)	—
Purchase of property, plant and equipment	(65)	(87)
Purchase of intangible assets	(211)	(12)
Purchase of investment securities	(5)	(6)
Payments for asset retirement obligations	—	(7)
Other, net	2	54
Net cash provided by (used in) investing activities	(262)	(143)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	4,235	488
Repayments of long-term borrowings	(28)	(12)
Dividends paid	(503)	(502)
Other, net	(4)	(22)
Net cash provided by (used in) financing activities	3,699	(48)
Effect of exchange rate change on cash and cash equivalents	(3)	37
Net increase (decrease) in cash and cash equivalents	3,243	6,986
Cash and cash equivalents at beginning of period	13,715	16,044
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(384)	—
Cash and cash equivalents at end of period	16,574	23,031

Consolidated Segment Information

Business Segments

Three Months Ended June 30, 2018

(Millions of Yen)

	Business segments reported			Adjustment	Consolidated Statements of Income
	Electronic Devices	Electronic Systems	Total		
Net Sales					
(1) Outside Customers	60,920	10,291	71,211	-	71,211
(2) Inter-segment	-	194	194	(194)	-
Total Sales	60,920	10,485	71,406	(194)	71,211
Segment Income(loss)	1,128	88	1,216	(2)	1,214

Three Months Ended June 30, 2019

(Millions of Yen)

	Business segments reported			Adjustment	Consolidated Statements of Income
	Electronic Devices	Electronic Systems	Total		
Net Sales					
(1) Outside Customers	49,906	9,275	59,182	-	59,182
(2) Inter-segment	0	2	2	(2)	-
Total Sales	49,906	9,278	59,184	(2)	59,182
Segment Income(loss)	(256)	(40)	(296)	(2)	(298)