

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 (Based on Japanese GAAP)

October 27, 2021

Company name: MARUWA CO., LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 5344 URL <https://www.maruwa-g.com/>
 Representative: President and Representative Director Sei Kanbe
 Inquiries: Planning Office Manager Yukiko Morishita TEL 0561-51-0841
 Scheduled date to file Quarterly Securities Report: November 12, 2021
 Scheduled date to commence dividend payments: December 3, 2021
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2021	24,722	26.6	7,926	69.2	8,118	74.8	5,567	76.5
Six months ended September 30, 2020	19,533	(4.0)	4,685	12.9	4,644	11.2	3,154	10.0

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	451.30		-	
Six months ended September 30, 2020	255.80		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2021	84,629	71,537	84.5
As of March 31, 2021	78,059	66,344	85.0

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2021	-	28.00	-	36.00	64.00
Year ending March 31, 2022	-	34.00	-	-	-
Year ending March 31, 2022 (Forecast)	-	-	-	36.00	70.00

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	50,200	21.1	15,900	55.1	15,900	53.9	10,500	51.4	851.06

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2021
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2021	12,372,000 shares	As of March 31, 2021	12,372,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2021	34,270 shares	As of March 31, 2021	36,327 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2021	12,337,130 shares	Six months ended September 30, 2020	12,332,859 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	34,088	37,699
Notes and accounts receivable - trade	9,834	11,955
Electronically recorded monetary claims - operating	1,267	1,252
Merchandise and finished goods	1,641	1,699
Work in process	2,277	2,512
Raw materials and supplies	2,463	3,181
Other	2,148	1,303
Allowance for doubtful accounts	(8)	(8)
Total current assets	53,714	59,596
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,012	17,478
Accumulated depreciation	(6,967)	(7,265)
Buildings and structures, net	10,044	10,212
Machinery, equipment and vehicles	22,354	23,718
Accumulated depreciation	(17,149)	(18,134)
Machinery, equipment and vehicles, net	5,204	5,583
Land	4,544	4,546
Construction in progress	1,889	1,741
Other	3,887	4,067
Accumulated depreciation	(3,238)	(3,394)
Other, net	648	673
Total property, plant and equipment	22,332	22,757
Intangible assets		
Other	260	275
Total intangible assets	260	275
Investments and other assets	1,752	2,000
Total non-current assets	24,345	25,033
Total assets	78,059	84,629

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,404	3,282
Electronically recorded obligations - operating	1,931	1,747
Short-term borrowings	100	100
Current portion of long-term borrowings	266	266
Income taxes payable	1,986	2,557
Provision for bonuses	699	782
Provision for bonuses for directors (and other officers)	49	5
Other	2,172	2,388
Total current liabilities	9,612	11,130
Non-current liabilities		
Long-term borrowings	1,599	1,466
Deferred tax liabilities	160	158
Other	342	336
Total non-current liabilities	2,103	1,961
Total liabilities	11,715	13,091
Net assets		
Shareholders' equity		
Share capital	8,646	8,646
Capital surplus	12,005	12,017
Retained earnings	46,796	51,911
Treasury shares	(217)	(205)
Total shareholders' equity	67,231	72,370
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	119	139
Foreign currency translation adjustment	(1,006)	(972)
Total accumulated other comprehensive income	(886)	(832)
Total net assets	66,344	71,537
Total liabilities and net assets	78,059	84,629

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	19,533	24,722
Cost of sales	10,942	12,331
Gross profit	8,590	12,391
Selling, general and administrative expenses	3,905	4,464
Operating profit	4,685	7,926
Non-operating income		
Interest income	26	31
Rental income	44	49
Foreign exchange gains	–	112
Other	33	37
Total non-operating income	105	231
Non-operating expenses		
Interest expenses	1	4
Foreign exchange losses	101	–
Rent expenses on real estate for investments	22	22
Other	21	12
Total non-operating expenses	147	39
Ordinary profit	4,644	8,118
Extraordinary income		
Gain on sale of non-current assets	1	0
Gain on liquidation of subsidiaries	11	–
Subsidy income	–	89
Total extraordinary income	13	90
Extraordinary losses		
Loss on sale and retirement of non-current assets	20	3
Loss on tax purpose reduction entry of non-current assets	–	75
Loss related to infectious disease	67	41
Total extraordinary losses	88	119
Profit before income taxes	4,568	8,088
Income taxes - current	1,269	2,576
Income taxes - deferred	144	(55)
Total income taxes	1,414	2,520
Profit	3,154	5,567
Profit attributable to owners of parent	3,154	5,567

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	3,154	5,567
Other comprehensive income		
Valuation difference on available-for-sale securities	60	20
Foreign currency translation adjustment	100	33
Total other comprehensive income	160	54
Comprehensive income	3,315	5,621
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,315	5,621

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	4,568	8,088
Depreciation	1,003	1,235
Amortization of goodwill	26	–
Increase (decrease) in allowance for doubtful accounts	4	(4)
Loss (gain) on liquidation of subsidiaries	(11)	–
Loss (gain) on sale and retirement of non-current assets	19	3
Loss on tax purpose reduction entry of non-current assets	–	75
Interest and dividend income	(29)	(33)
Interest expenses	1	4
Subsidy income	–	(89)
Foreign exchange losses (gains)	0	(1)
Decrease (increase) in trade receivables	1,093	(2,101)
Decrease (increase) in inventories	444	(1,007)
Increase (decrease) in trade payables	204	356
Other, net	(497)	849
Subtotal	6,828	7,374
Interest and dividends received	29	33
Interest paid	(1)	(4)
Income taxes refund (paid)	(536)	(1,904)
Net cash provided by (used in) operating activities	6,319	5,498
Cash flows from investing activities		
Net decrease (increase) in time deposits	–	2
Purchase of property, plant and equipment	(3,401)	(1,221)
Proceeds from sale of property, plant and equipment	3	0
Purchase of investment securities	(1)	(151)
Proceeds from liquidation of subsidiaries	34	–
Purchase of intangible assets	(8)	(36)
Subsidies received	–	89
Other, net	(18)	(23)
Net cash provided by (used in) investing activities	(3,391)	(1,340)
Cash flows from financing activities		
Proceeds from long-term borrowings	800	–
Repayments of long-term borrowings	–	(133)
Purchase of treasury shares	(1)	(0)
Dividends paid	(320)	(444)
Net cash provided by (used in) financing activities	478	(577)
Effect of exchange rate change on cash and cash equivalents	48	25
Net increase (decrease) in cash and cash equivalents	3,454	3,605
Cash and cash equivalents at beginning of period	29,114	33,888
Cash and cash equivalents at end of period	32,568	37,493