

**Translation**

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**Summary of Consolidated Financial Results  
for the Six Months Ended September 30, 2019  
(Based on Japanese GAAP)**

October 30, 2019

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  
 Director, General Manager of Administrative Division Tamaki Nozoki  
 Inquiries: TEL 0561-51-0839  
 Scheduled date to file Quarterly Securities Report: November 8, 2019  
 Scheduled date to commence dividend payments: December 6, 2019  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(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, 2019	20,340	4.6	4,148	(6.1)	4,176	(12.1)	2,868	(11.3)
Six months ended September 30, 2018	19,454	11.5	4,419	13.4	4,750	19.4	3,233	22.4

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2019	232.51	—
Six months ended September 30, 2018	261.53	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	65,457	56,930	87.0
As of March 31, 2019	64,627	54,954	85.0

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	—	24.00	—	24.00	48.00
Year ending March 31, 2020	—	26.00			
Year ending March 31, 2020 (Forecast)			—	26.00	52.00

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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	38,000	(7.8)	7,800	(18.4)	7,800	(21.4)	5,300	(21.7)	429.39

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2019  
(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: No
- 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, 2019	12,372,000 shares	As of March 31, 2019	12,372,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2019	40,113 shares	As of March 31, 2019	28,920 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, 2019	12,334,929 shares	Six months ended September 30, 2018	12,362,177 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

	(Thousands of yen)	
	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	22,627,403	25,940,228
Notes and accounts receivable - trade	10,266,096	8,896,200
Electronically recorded monetary claims - operating	1,476,219	1,115,121
Merchandise and finished goods	3,161,672	2,725,516
Work in process	2,337,293	2,561,188
Raw materials and supplies	4,277,629	3,374,192
Other	1,430,685	802,584
Allowance for doubtful accounts	(1,920)	(4,088)
Total current assets	45,575,080	45,410,945
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,583,053	12,722,174
Accumulated depreciation	(6,512,559)	(6,618,467)
Buildings and structures, net	6,070,494	6,103,707
Machinery, equipment and vehicles	20,957,313	21,629,041
Accumulated depreciation	(16,322,648)	(16,516,333)
Machinery, equipment and vehicles, net	4,634,664	5,112,707
Land	4,003,430	4,034,929
Construction in progress	813,830	1,313,784
Other	4,615,622	4,618,397
Accumulated depreciation	(3,790,482)	(3,841,324)
Other, net	825,140	777,073
Total property, plant and equipment	16,347,560	17,342,202
Intangible assets		
Goodwill	249,423	222,699
Other	283,871	278,462
Total intangible assets	533,294	501,162
Investments and other assets	2,171,586	2,203,180
Total non-current assets	19,052,442	20,046,545
Total assets	64,627,522	65,457,491

	(Thousands of yen)	
	As of March 31, 2019	As of September 30, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	2,827,288	2,503,992
Electronically recorded obligations - operating	1,704,169	1,069,637
Income taxes payable	1,590,551	1,448,368
Provision for bonuses	627,985	643,641
Provision for bonuses for directors (and other officers)	63,000	7,000
Other	2,047,119	2,072,281
Total current liabilities	<u>8,860,114</u>	<u>7,744,920</u>
Non-current liabilities		
Deferred tax liabilities	452,364	408,906
Other	360,543	372,730
Total non-current liabilities	<u>812,907</u>	<u>781,636</u>
Total liabilities	<u>9,673,021</u>	<u>8,526,557</u>
<b>Net assets</b>		
Shareholders' equity		
Share capital	8,646,720	8,646,720
Capital surplus	11,994,350	11,992,492
Retained earnings	35,249,658	37,821,474
Treasury shares	(188,864)	(239,092)
Total shareholders' equity	<u>55,701,864</u>	<u>58,221,595</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	117,622	132,045
Foreign currency translation adjustment	(864,986)	(1,422,706)
Total accumulated other comprehensive income	<u>(747,363)</u>	<u>(1,290,661)</u>
Total net assets	<u>54,954,500</u>	<u>56,930,933</u>
<b>Total liabilities and net assets</b>	<u>64,627,522</u>	<u>65,457,491</u>

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

**Consolidated statements of income (cumulative)**

	(Thousands of yen)	
	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	19,454,451	20,340,966
Cost of sales	11,047,244	12,124,683
Gross profit	8,407,206	8,216,282
Selling, general and administrative expenses	3,987,551	4,067,286
Operating profit	4,419,655	4,148,996
Non-operating income		
Interest income	13,184	28,652
Rental income	38,518	47,906
Foreign exchange gains	257,184	–
Other	56,322	20,453
Total non-operating income	365,209	97,011
Non-operating expenses		
Foreign exchange losses	–	31,667
Rent expenses on real estate for investments	27,451	26,879
Other	6,965	11,018
Total non-operating expenses	34,417	69,565
Ordinary profit	4,750,446	4,176,442
Extraordinary income		
Gain on sales of non-current assets	2,947	1,059
Gain on sales of investment securities	3,469	–
Total extraordinary income	6,416	1,059
Extraordinary losses		
Loss on sales and retirement of non-current assets	1,577	28,485
Loss on valuation of investment securities	–	27,510
Retirement benefit expenses	11,437	–
Total extraordinary losses	13,014	55,995
Profit before income taxes	4,743,848	4,121,506
Income taxes - current	1,437,390	1,367,200
Income taxes - deferred	73,329	(113,743)
Total income taxes	1,510,719	1,253,457
Profit	3,233,129	2,868,049
Profit attributable to owners of parent	3,233,129	2,868,049

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	3,233,129	2,868,049
Other comprehensive income		
Valuation difference on available-for-sale securities	(16,303)	14,422
Foreign currency translation adjustment	(16,291)	(557,720)
Total other comprehensive income	(32,595)	(543,297)
Comprehensive income	3,200,534	2,324,752
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,200,534	2,324,752

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	4,743,848	4,121,506
Depreciation	949,949	1,140,487
Amortization of goodwill	–	26,723
Increase (decrease) in allowance for doubtful accounts	(624)	1,114
Increase (decrease) in provision for environmental measures	(3,436)	–
Loss (gain) on sales of investment securities	(3,469)	–
Loss (gain) on valuation of investment securities	–	27,510
Loss (gain) on sales and retirement of non-current assets	(1,370)	27,425
Increase (decrease) in retirement benefit liability	(40,142)	–
Interest and dividend income	(46,660)	(31,607)
Foreign exchange losses (gains)	(84,723)	(5,929)
Decrease (increase) in trade receivables	578,790	1,620,188
Decrease (increase) in inventories	(820,210)	1,010,896
Increase (decrease) in trade payables	(158,961)	(823,121)
Other, net	395,665	207,952
Subtotal	5,508,654	7,323,147
Interest and dividends received	46,654	31,608
Income taxes paid	(2,063,456)	(1,429,303)
Net cash provided by (used in) operating activities	3,491,852	5,925,452
Cash flows from investing activities		
Net decrease (increase) in time deposits	13,832	(1,585)
Purchase of property, plant and equipment	(1,391,537)	(2,081,015)
Proceeds from sales of property, plant and equipment	6,007	1,038
Purchase of investment securities	(8,148)	(2,034)
Proceeds from sales of investment securities	9,469	–
Purchase of intangible assets	(30,390)	(29,023)
Other, net	258,057	7,435
Net cash provided by (used in) investing activities	(1,142,709)	(2,105,184)
Cash flows from financing activities		
Purchase of treasury shares	(1,506)	(62,145)
Dividends paid	(271,970)	(296,233)
Net cash provided by (used in) financing activities	(273,477)	(358,379)
Effect of exchange rate change on cash and cash equivalents	84,519	(145,095)
Net increase (decrease) in cash and cash equivalents	2,160,185	3,316,793
Cash and cash equivalents at beginning of period	21,799,447	22,448,629
Cash and cash equivalents at end of period	23,959,633	25,765,423