

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2020
(Based on Japanese GAAP)**

April 28, 2020

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
 Inquiries: Tamaki Nozoki TEL 0561-51-0839
 Scheduled date of ordinary general meeting of shareholders: June 25, 2020
 Scheduled date to file Securities Report: June 26, 2020
 Scheduled date to commence dividend payments: June 26, 2020
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(1) Consolidated operating results

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	%
Year ended March 31, 2020	41,231	0.1	9,345	(2.2)	9,520	(4.1)	5,893	(12.9)
Year ended March 31, 2019	41,193	7.0	9,556	4.2	9,924	11.9	6,770	22.1

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2020	477.88	–	10.3	14.1	22.7
Year ended March 31, 2019	547.87	–	13.0	16.1	23.2

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	70,681	59,453	84.1	4,821.14
As of March 31, 2019	64,627	54,954	85.0	4,452.25

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2020	10,719	(5,272)	1,420	29,114
Year ended March 31, 2019	6,967	(5,691)	(694)	22,448

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2019	–	24.00	–	24.00	48.00	592	8.8	1.1
Year ended March 31, 2020	–	26.00	–	26.00	52.00	641	10.9	1.1
Year ending March 31, 2021 (Forecast)	–	28.00	–	28.00	56.00		12.7	

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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
Six months ending September 30, 2020	16,500	(18.9)	3,400	(18.1)	3,400	(18.6)	2,300	(19.8)	186.50
Full year	36,500	(11.5)	7,900	(15.5)	7,900	(17.0)	5,450	(7.5)	441.94

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2020

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2020	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 March 31, 2020	40,163 shares	As of March 31, 2019	28,920 shares
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Average number of shares during the period

Year ended March 31, 2020	12,333,398 shares	Year ended March 31, 2019	12,356,998 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	22,627,403	29,334,349
Notes and accounts receivable - trade	10,266,096	9,542,199
Electronically recorded monetary claims - operating	1,476,219	1,295,434
Merchandise and finished goods	3,161,672	2,061,801
Work in process	2,337,293	2,393,622
Raw materials and supplies	4,277,629	2,756,758
Other	1,430,685	1,757,311
Allowance for doubtful accounts	(1,920)	(8,180)
Total current assets	45,575,080	49,133,297
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,583,053	12,650,214
Accumulated depreciation	(6,512,559)	(6,505,584)
Buildings and structures, net	6,070,494	6,144,629
Machinery, equipment and vehicles	20,957,313	20,998,043
Accumulated depreciation	(16,322,648)	(16,567,320)
Machinery, equipment and vehicles, net	4,634,664	4,430,722
Land	4,003,430	4,421,234
Construction in progress	813,830	3,445,592
Other	4,615,622	3,499,670
Accumulated depreciation	(3,790,482)	(2,898,143)
Other, net	825,140	601,527
Total property, plant and equipment	16,347,560	19,043,706
Intangible assets		
Goodwill	249,423	195,975
Other	283,871	254,672
Total intangible assets	533,294	450,648
Investments and other assets		
Investment securities	340,439	239,134
Deferred tax assets	644,164	707,858
Investment property	997,257	980,003
Buildings and structures	695,399	695,399
Accumulated depreciation	(396,012)	(412,064)
Buildings and structures, net	299,386	283,334
Land	688,832	688,832
Other	42,067	42,067
Accumulated depreciation	(33,029)	(34,231)
Other, net	9,037	7,835
Other	201,241	130,222
Allowance for doubtful accounts	(11,516)	(3,240)
Total investments and other assets	2,171,586	2,053,978
Total non-current assets	19,052,442	21,548,333
Total assets	64,627,522	70,681,631

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,827,288	1,898,714
Electronically recorded obligations - operating	1,704,169	1,619,355
Short-term borrowings	–	900,000
Income taxes payable	1,590,551	827,864
Provision for bonuses	627,985	608,949
Provision for bonuses for directors (and other officers)	63,000	63,000
Other	2,047,119	3,382,929
Total current liabilities	8,860,114	9,300,813
Non-current liabilities		
Long-term borrowings	–	1,200,000
Deferred tax liabilities	452,364	351,419
Other	360,543	375,829
Total non-current liabilities	812,907	1,927,248
Total liabilities	9,673,021	11,228,062
Net assets		
Shareholders' equity		
Share capital	8,646,720	8,646,720
Capital surplus	11,994,350	11,992,492
Retained earnings	35,249,658	40,526,723
Treasury shares	(188,864)	(239,524)
Total shareholders' equity	55,701,864	60,926,411
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	117,622	70,521
Foreign currency translation adjustment	(864,986)	(1,543,364)
Total accumulated other comprehensive income	(747,363)	(1,472,842)
Total net assets	54,954,500	59,453,569
Total liabilities and net assets	64,627,522	70,681,631

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

	(Thousands of yen)	
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	41,193,338	41,231,431
Cost of sales	23,264,386	23,685,411
Gross profit	17,928,952	17,546,020
Selling, general and administrative expenses	8,372,881	8,200,209
Operating profit	9,556,071	9,345,810
Non-operating income		
Interest income	35,322	65,785
Rental income	79,282	94,361
Foreign exchange gains	219,615	45,346
Other	97,381	34,405
Total non-operating income	431,602	239,899
Non-operating expenses		
Interest expenses	–	305
Rent expenses on real estate for investments	48,361	49,924
Bad debts expenses	–	6,636
Other	14,927	8,576
Total non-operating expenses	63,289	65,443
Ordinary profit	9,924,383	9,520,266
Extraordinary income		
Gain on sales of non-current assets	4,042	29,529
Gain on sales of investment securities	3,469	11,986
Settlement received	–	100,000
Total extraordinary income	7,511	141,515
Extraordinary losses		
Loss on sales and retirement of non-current assets	6,374	77,797
Loss on valuation of investment securities	–	27,510
Loss on liquidation of business	–	773,648
Retirement benefit expenses	51,447	–
Other	–	86,461
Total extraordinary losses	57,821	965,418
Profit before income taxes	9,874,073	8,696,363
Income taxes - current	3,139,919	2,928,470
Income taxes - deferred	(35,928)	(126,034)
Total income taxes	3,103,991	2,802,435
Profit	6,770,081	5,893,928
Profit attributable to owners of parent	6,770,081	5,893,928

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	6,770,081	5,893,928
Other comprehensive income		
Valuation difference on available-for-sale securities	(48,782)	(47,101)
Foreign currency translation adjustment	(113,902)	(678,378)
Total other comprehensive income	(162,684)	(725,479)
Comprehensive income	6,607,396	5,168,449
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,607,396	5,168,449

Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,646,720	11,996,407	29,048,238	(77,131)	49,614,235
Changes during period					
Dividends of surplus			(568,661)		(568,661)
Profit attributable to owners of parent			6,770,081		6,770,081
Purchase of treasury shares				(125,731)	(125,731)
Disposal of treasury shares		(2,057)		13,997	11,940
Net changes in items other than shareholders' equity					
Total changes during period	-	(2,057)	6,201,420	(111,733)	6,087,629
Balance at end of period	8,646,720	11,994,350	35,249,658	(188,864)	55,701,864

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	166,404	(751,083)	(584,678)	49,029,556
Changes during period				
Dividends of surplus				(568,661)
Profit attributable to owners of parent				6,770,081
Purchase of treasury shares				(125,731)
Disposal of treasury shares				11,940
Net changes in items other than shareholders' equity	(48,782)	(113,902)	(162,684)	(162,684)
Total changes during period	(48,782)	(113,902)	(162,684)	5,924,944
Balance at end of period	117,622	(864,986)	(747,363)	54,954,500

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,646,720	11,994,350	35,249,658	(188,864)	55,701,864
Changes during period					
Dividends of surplus			(616,862)		(616,862)
Profit attributable to owners of parent			5,893,928		5,893,928
Purchase of treasury shares				(62,577)	(62,577)
Disposal of treasury shares		(1,857)		11,917	10,060
Net changes in items other than shareholders' equity					
Total changes during period	-	(1,857)	5,277,065	(50,660)	5,224,547
Balance at end of period	8,646,720	11,992,492	40,526,723	(239,524)	60,926,411

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	117,622	(864,986)	(747,363)	54,954,500
Changes during period				
Dividends of surplus				(616,862)
Profit attributable to owners of parent				5,893,928
Purchase of treasury shares				(62,577)
Disposal of treasury shares				10,060
Net changes in items other than shareholders' equity	(47,101)	(678,378)	(725,479)	(725,479)
Total changes during period	(47,101)	(678,378)	(725,479)	4,499,068
Balance at end of period	70,521	(1,543,364)	(1,472,842)	59,453,569

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	9,874,073	8,696,363
Loss on liquidation of business	–	773,648
Depreciation	2,059,593	2,319,896
Amortization of goodwill	17,815	53,447
Increase (decrease) in retirement benefit liability	(53,456)	–
Increase (decrease) in allowance for doubtful accounts	(1,571)	(2,015)
Increase (decrease) in provision for environmental measures	(3,436)	–
Loss (gain) on sales of investment securities	(3,469)	(11,986)
Loss (gain) on valuation of investment securities	–	27,510
Loss (gain) on sales and retirement of non-current assets	2,332	48,268
Interest and dividend income	(71,583)	(71,699)
Interest expenses	–	305
Foreign exchange losses (gains)	(97,148)	(7,174)
Decrease (increase) in trade receivables	(333,772)	762,701
Decrease (increase) in inventories	(1,455,567)	2,084,047
Increase (decrease) in trade payables	706,459	(1,016,862)
Other, net	(128,574)	716,742
Subtotal	10,511,694	14,373,193
Interest and dividends received	71,576	71,695
Interest paid	–	(305)
Income taxes paid	(3,615,982)	(3,725,511)
Net cash provided by (used in) operating activities	6,967,287	10,719,072
Cash flows from investing activities		
Net decrease (increase) in time deposits	13,794	(40,710)
Purchase of property, plant and equipment	(4,320,988)	(5,408,367)
Proceeds from sales of property, plant and equipment	18,459	156,643
Purchase of investment securities	(10,152)	(4,043)
Proceeds from sales of investment securities	9,473	32,504
Purchase of intangible assets	(58,791)	(32,104)
Payments for acquisition of businesses	(1,603,834)	–
Other, net	260,967	23,591
Net cash provided by (used in) investing activities	(5,691,072)	(5,272,485)
Cash flows from financing activities		
Proceeds from short-term borrowings	–	900,000
Proceeds from long-term borrowings	–	1,200,000
Purchase of treasury shares	(125,731)	(62,577)
Dividends paid	(568,661)	(616,862)
Net cash provided by (used in) financing activities	(694,392)	1,420,559
Effect of exchange rate change on cash and cash equivalents	67,098	(200,924)
Net increase (decrease) in cash and cash equivalents	648,921	6,666,221
Cash and cash equivalents at beginning of period	21,799,447	22,448,368
Cash and cash equivalents at end of period	22,448,368	29,114,590