

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended March 31, 2018  
(Based on Japanese GAAP)**

April 27, 2018

Company name: MARUWA CO., LTD.  
 Stock exchange listing: Tokyo, Nagoya  
 Stock code: 5344 URL <http://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 of ordinary general meeting of shareholders: June 26, 2018  
 Scheduled date to file Securities Report: June 27, 2018  
 Scheduled date to commence dividend payments: June 27, 2018  
 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, 2018 (from April 1, 2017 to March 31, 2018)

(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, 2018	38,513	19.7	9,174	85.2	8,866	78.1	5,544	94.5
Year ended March 31, 2017	32,187	5.3	4,953	29.9	4,978	34.5	2,850	24.6

	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, 2018	448.44	–	12.0	16.2	23.8
Year ended March 31, 2017	230.76	230.75	6.7	10.0	15.4

(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, 2018	58,560	49,029	83.7	3,966.05
As of March 31, 2017	50,593	43,317	85.6	3,506.79

(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, 2018	7,544	(2,851)	(668)	21,799
Year ended March 31, 2017	5,348	(1,247)	(706)	17,834

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, 2017	–	20.00	–	20.00	40.00	494	17.3	1.1
Year ended March 31, 2018	–	22.00	–	22.00	44.00	519	9.8	1.2
Year ending March 31, 2019 (Forecast)	–	24.00	–	24.00	48.00		9.1	

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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, 2018	18,100	3.7	4,050	3.9	4,050	1.8	2,700	2.2	218.40
Full year	40,300	4.6	9,800	6.8	9,850	11.1	6,550	18.1	529.83

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2018

(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, 2018	12,372,000 shares	As of March 31, 2017	12,372,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2018	9,702 shares	As of March 31, 2017	19,629 shares
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Average number of shares during the period

Year ended March 31, 2018	12,363,727 shares	Year ended March 31, 2017	12,351,647 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	18,027,046	21,994,568
Notes and accounts receivable - trade	8,736,607	9,790,135
Electronically recorded monetary claims - operating	503,710	1,047,980
Merchandise and finished goods	2,222,216	2,220,883
Work in process	1,400,373	1,817,145
Raw materials and supplies	3,249,129	3,630,476
Deferred tax assets	321,655	472,760
Other	755,238	1,171,284
Allowance for doubtful accounts	(2,850)	(1,670)
Total current assets	35,213,127	42,143,564
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,073,489	11,159,776
Accumulated depreciation	(5,731,785)	(6,133,121)
Buildings and structures, net	4,341,703	5,026,654
Machinery, equipment and vehicles	18,213,958	19,595,623
Accumulated depreciation	(14,338,009)	(15,542,570)
Machinery, equipment and vehicles, net	3,875,948	4,053,052
Land	3,668,726	3,943,218
Construction in progress	679,005	389,265
Other	3,590,735	4,163,793
Accumulated depreciation	(3,029,884)	(3,483,672)
Other, net	560,851	680,121
Total property, plant and equipment	13,126,235	14,092,312
Intangible assets		
Goodwill	20,740	–
Other	278,983	274,885
Total intangible assets	299,723	274,885
Investments and other assets		
Investment securities	309,384	404,300
Deferred tax assets	177,882	156,172
Real estate for investment	1,020,701	1,002,008
Buildings and structures	680,969	681,619
Accumulated depreciation	(361,237)	(378,919)
Buildings and structures, net	319,731	302,699
Land	688,832	688,832
Other	42,204	42,204
Accumulated depreciation	(30,066)	(31,728)
Other, net	12,137	10,476
Other	502,390	500,715
Allowance for doubtful accounts	(55,585)	(13,337)
Total investments and other assets	1,954,773	2,049,858
Total non-current assets	15,380,733	16,417,056
Total assets	50,593,860	58,560,621

(Thousands of yen)

	As of March 31, 2017	As of March 31, 2018
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	3,503,852	2,428,784
Electronically recorded obligations - operating	–	1,456,612
Current portion of long-term loans payable	22,800	–
Income taxes payable	1,024,872	2,061,684
Provision for bonuses	458,385	542,637
Provision for directors' bonuses	27,500	63,000
Provision for environmental measures	–	3,436
Other	1,726,211	2,079,232
<b>Total current liabilities</b>	<b>6,763,623</b>	<b>8,635,387</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	187,311	495,245
Provision for environmental measures	13,526	–
Net defined benefit liability	–	82,126
Other	312,136	318,304
<b>Total non-current liabilities</b>	<b>512,973</b>	<b>895,676</b>
<b>Total liabilities</b>	<b>7,276,596</b>	<b>9,531,064</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	8,646,720	8,646,720
Capital surplus	11,948,946	11,996,407
Retained earnings	24,022,962	29,048,238
Treasury shares	(42,051)	(77,131)
<b>Total shareholders' equity</b>	<b>44,576,578</b>	<b>49,614,235</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	121,179	166,404
Foreign currency translation adjustment	(1,380,493)	(751,083)
<b>Total accumulated other comprehensive income</b>	<b>(1,259,314)</b>	<b>(584,678)</b>
<b>Total net assets</b>	<b>43,317,263</b>	<b>49,029,556</b>
<b>Total liabilities and net assets</b>	<b>50,593,860</b>	<b>58,560,621</b>

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

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	32,187,205	38,513,051
Cost of sales	20,296,949	21,928,997
Gross profit	11,890,255	16,584,054
Selling, general and administrative expenses	6,937,026	7,410,006
Operating profit	4,953,229	9,174,047
Non-operating income		
Interest income	38,077	31,913
Rent income	85,349	74,663
Other	95,244	71,535
Total non-operating income	218,672	178,112
Non-operating expenses		
Interest expenses	1,311	7
Foreign exchange losses	95,101	381,723
Rent expenses on real estate for investments	51,679	48,668
Other	45,736	55,198
Total non-operating expenses	193,829	485,599
Ordinary profit	4,978,072	8,866,561
Extraordinary income		
Gain on sales of non-current assets	723	8,183
Gain on sales of investment securities	554	–
Subsidy income	6,032	–
Gain on bargain purchase	–	8,199
Total extraordinary income	7,309	16,383
Extraordinary losses		
Loss on sales and retirement of non-current assets	100,946	275,905
Loss on liquidation of business	230,021	100,493
Impairment loss	341,765	–
Other	10,892	49,912
Total extraordinary losses	683,626	426,310
Profit before income taxes	4,301,756	8,456,634
Income taxes - current	1,452,514	2,765,956
Income taxes - deferred	(1,077)	146,186
Total income taxes	1,451,436	2,912,142
Profit	2,850,320	5,544,491
Profit attributable to owners of parent	2,850,320	5,544,491

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	2,850,320	5,544,491
Other comprehensive income		
Valuation difference on available-for-sale securities	68,122	45,225
Foreign currency translation adjustment	(825,323)	629,410
Total other comprehensive income	(757,201)	674,635
Comprehensive income	2,093,118	6,219,127
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,093,118	6,219,127

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2017

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,646,720	11,946,793	21,654,339	(47,071)	42,200,780
Changes of items during period					
Dividends of surplus			(481,696)		(481,696)
Profit attributable to owners of parent			2,850,320		2,850,320
Purchase of treasury shares				(326)	(326)
Disposal of treasury shares		2,153		5,346	7,500
Net changes of items other than shareholders' equity					
Total changes of items during period	-	2,153	2,368,623	5,020	2,375,797
Balance at end of current period	8,646,720	11,948,946	24,022,962	(42,051)	44,576,578

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	53,056	(555,169)	(502,112)	1,775	41,700,442
Changes of items during period					
Dividends of surplus					(481,696)
Profit attributable to owners of parent					2,850,320
Purchase of treasury shares					(326)
Disposal of treasury shares					7,500
Net changes of items other than shareholders' equity	68,122	(825,323)	(757,201)	(1,775)	(758,976)
Total changes of items during period	68,122	(825,323)	(757,201)	(1,775)	1,616,820
Balance at end of current period	121,179	(1,380,493)	(1,259,314)	-	43,317,263

Fiscal year ended March 31, 2018

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,646,720	11,948,946	24,022,962	(42,051)	44,576,578
Changes of items during period					
Dividends of surplus			(519,215)		(519,215)
Profit attributable to owners of parent			5,544,491		5,544,491
Purchase of treasury shares				(126,068)	(126,068)
Disposal of treasury shares		47,461		90,988	138,450
Net changes of items other than shareholders' equity					
Total changes of items during period	-	47,461	5,025,275	(35,079)	5,037,657
Balance at end of current period	8,646,720	11,996,407	29,048,238	(77,131)	49,614,235

	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 current period	121,179	(1,380,493)	(1,259,314)	43,317,263
Changes of items during period				
Dividends of surplus				(519,215)
Profit attributable to owners of parent				5,544,491
Purchase of treasury shares				(126,068)
Disposal of treasury shares				138,450
Net changes of items other than shareholders' equity	45,225	629,410	674,635	674,635
Total changes of items during period	45,225	629,410	674,635	5,712,292
Balance at end of current period	166,404	(751,083)	(584,678)	49,029,556



## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	4,301,756	8,456,634
Loss on liquidation of business	230,021	100,493
Impairment loss	341,765	–
Depreciation	1,822,468	1,846,113
Amortization of goodwill	115,164	20,740
Gain on bargain purchase	–	(8,199)
Increase (decrease) in net defined benefit liability	–	(35,543)
Increase (decrease) in allowance for doubtful accounts	53,447	(43,130)
Increase (decrease) in provision for environmental measures	–	(10,090)
Loss (gain) on sales of investment securities	(554)	–
Loss (gain) on sales and retirement of non-current assets	100,223	267,721
Interest and dividend income	(42,172)	(38,138)
Foreign exchange losses (gains)	189,229	120,094
Decrease (increase) in notes and accounts receivable - trade	(804,838)	(1,214,351)
Decrease (increase) in inventories	(58,932)	(609,592)
Increase (decrease) in notes and accounts payable - trade	145,566	267,349
Other, net	(62,636)	220,713
Subtotal	6,330,509	9,340,815
Interest and dividend income received	44,079	38,138
Interest expenses paid	(863)	(7)
Income taxes paid	(1,024,751)	(1,834,517)
Net cash provided by (used in) operating activities	5,348,974	7,544,428
Cash flows from investing activities		
Net decrease (increase) in time deposits	635,350	(5,216)
Purchase of property, plant and equipment	(1,969,003)	(2,671,422)
Proceeds from sales of property, plant and equipment	12,400	13,753
Purchase of investment securities	(3,790)	(4,175)
Proceeds from sales of investment securities	1,210	–
Purchase of intangible assets	(39,469)	(31,443)
Proceeds from sales of intangible assets	120,000	–
Purchase of shares of subsidiaries	(2,536)	(24,759)
Payments for transfer of business	–	(130,272)
Other, net	(1,858)	1,969
Net cash provided by (used in) investing activities	(1,247,697)	(2,851,565)
Cash flows from financing activities		
Repayments of long-term loans payable	(230,593)	(22,800)
Purchase of treasury shares	(326)	(126,068)
Proceeds from sales of treasury shares	5,725	–
Cash dividends paid	(481,696)	(519,215)
Net cash provided by (used in) financing activities	(706,890)	(668,084)
Effect of exchange rate change on cash and cash equivalents	(100,948)	(59,338)
Net increase (decrease) in cash and cash equivalents	3,293,437	3,965,439
Cash and cash equivalents at beginning of period	14,540,570	17,834,008
Cash and cash equivalents at end of period	17,834,008	21,799,447