

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2019
(Based on Japanese GAAP)**

April 26, 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
 Inquiries: Tamaki Nozoki TEL 0561-51-0839
 Scheduled date of ordinary general meeting of shareholders: June 25, 2019
 Scheduled date to file Securities Report: June 26, 2019
 Scheduled date to commence dividend payments: June 26, 2019
 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, 2019 (from April 1, 2018 to March 31, 2019)

(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, 2019	41,193	7.0	9,556	4.2	9,924	11.9	6,770	22.1
Year ended March 31, 2018	38,513	19.7	9,174	85.2	8,866	78.1	5,544	94.5

	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, 2019	547.87	–	13.0	16.1	23.2
Year ended March 31, 2018	448.44	–	12.0	16.2	23.8

(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, 2019	64,627	54,954	85.0	4,452.25
As of March 31, 2018	58,514	49,029	83.8	3,966.05

(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, 2019	6,967	(5,691)	(694)	22,448
Year ended March 31, 2018	7,544	(2,851)	(668)	21,799

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, 2018	–	22.00	–	22.00	44.00	544	9.8	1.2
Year ended March 31, 2019	–	24.00	–	24.00	48.00	592	8.8	1.1
Year ending March 31, 2020 (Forecast)	–	26.00	–	26.00	52.00		12.1	

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
Six months ending September 30, 2019	18,000	(7.5)	3,450	(21.9)	3,450	(27.4)	2,350	(27.3)	190.39
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 year ended March 31, 2019

(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, 2019	12,372,000 shares	As of March 31, 2018	12,372,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2019	28,920 shares	As of March 31, 2018	9,702 shares
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Average number of shares during the period

Year ended March 31, 2019	12,356,998 shares	Year ended March 31, 2018	12,363,727 shares
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Consolidated financial statements
Consolidated balance sheets

	(Thousands of yen)	
	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	21,994,568	22,627,403
Notes and accounts receivable - trade	9,790,135	10,266,096
Electronically recorded monetary claims - operating	1,047,980	1,476,219
Merchandise and finished goods	2,220,883	3,161,672
Work in process	1,817,145	2,337,293
Raw materials and supplies	3,630,476	4,277,629
Other	1,171,284	1,430,685
Allowance for doubtful accounts	(1,670)	(1,920)
Total current assets	41,670,803	45,575,080
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,159,776	12,583,053
Accumulated depreciation	(6,133,121)	(6,512,559)
Buildings and structures, net	5,026,654	6,070,494
Machinery, equipment and vehicles	19,595,623	20,957,313
Accumulated depreciation	(15,542,570)	(16,322,648)
Machinery, equipment and vehicles, net	4,053,052	4,634,664
Land	3,943,218	4,003,430
Construction in progress	389,265	813,830
Other	4,163,793	4,615,622
Accumulated depreciation	(3,483,672)	(3,790,482)
Other, net	680,121	825,140
Total property, plant and equipment	14,092,312	16,347,560
Intangible assets		
Goodwill	-	249,423
Other	274,885	283,871
Total intangible assets	274,885	533,294
Investments and other assets		
Investment securities	404,300	340,439
Deferred tax assets	582,986	644,164
Real estate for investment	1,002,008	997,257
Buildings and structures	681,619	695,399
Accumulated depreciation	(378,919)	(396,012)
Buildings and structures, net	302,699	299,386
Land	688,832	688,832
Other	42,204	42,067
Accumulated depreciation	(31,728)	(33,029)
Other, net	10,476	9,037
Other	500,715	201,241
Allowance for doubtful accounts	(13,337)	(11,516)
Total investments and other assets	2,476,673	2,171,586
Total non-current assets	16,843,870	19,052,442
Total assets	58,514,674	64,627,522

	(Thousands of yen)	
	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,428,784	2,827,288
Electronically recorded obligations - operating	1,456,612	1,704,169
Income taxes payable	2,061,684	1,590,551
Provision for bonuses	542,637	627,985
Provision for bonuses for directors (and other officers)	63,000	63,000
Provision for environmental measures	3,436	-
Other	2,079,222	2,047,119
Total current liabilities	<u>8,635,378</u>	<u>8,860,114</u>
Non-current liabilities		
Deferred tax liabilities	449,309	452,364
Retirement benefit liability	82,126	-
Other	318,304	360,543
Total non-current liabilities	<u>849,740</u>	<u>812,907</u>
Total liabilities	<u>9,485,118</u>	<u>9,673,021</u>
Net assets		
Shareholders' equity		
Capital stock	8,646,720	8,646,720
Capital surplus	11,996,407	11,994,350
Retained earnings	29,048,238	35,249,658
Treasury shares	(77,131)	(188,864)
Total shareholders' equity	<u>49,614,235</u>	<u>55,701,864</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	166,404	117,622
Foreign currency translation adjustment	(751,083)	(864,986)
Total accumulated other comprehensive income	<u>(584,678)</u>	<u>(747,363)</u>
Total net assets	<u>49,029,556</u>	<u>54,954,500</u>
Total liabilities and net assets	<u>58,514,674</u>	<u>64,627,522</u>

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

	(Thousands of yen)	
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	38,513,051	41,193,338
Cost of sales	21,928,997	23,264,386
Gross profit	16,584,054	17,928,952
Selling, general and administrative expenses	7,410,006	8,372,881
Operating profit	9,174,047	9,556,071
Non-operating income		
Interest income	31,913	35,322
Rent income	74,663	79,282
Foreign exchange gains	–	219,615
Other	71,535	97,381
Total non-operating income	178,112	431,602
Non-operating expenses		
Interest expenses	7	–
Foreign exchange losses	381,723	–
Rent expenses on real estate for investments	48,668	48,361
Other	55,198	14,927
Total non-operating expenses	485,599	63,289
Ordinary profit	8,866,561	9,924,383
Extraordinary income		
Gain on sales of non-current assets	8,183	4,042
Gain on sales of investment securities	–	3,469
Gain on bargain purchase	8,199	–
Total extraordinary income	16,383	7,511
Extraordinary losses		
Loss on sales and retirement of non-current assets	275,905	6,374
Loss on liquidation of business	100,493	–
Retirement benefit expenses	35,555	51,447
Other	14,356	–
Total extraordinary losses	426,310	57,821
Profit before income taxes	8,456,634	9,874,073
Income taxes - current	2,765,956	3,139,919
Income taxes - deferred	146,186	(35,928)
Total income taxes	2,912,142	3,103,991
Profit	5,544,491	6,770,081
Profit attributable to owners of parent	5,544,491	6,770,081

Consolidated statements of comprehensive income

	(Thousands of yen)	
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	5,544,491	6,770,081
Other comprehensive income		
Valuation difference on available-for-sale securities	45,225	(48,782)
Foreign currency translation adjustment	629,410	(113,902)
Total other comprehensive income	674,635	(162,684)
Comprehensive income	6,219,127	6,607,396
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,219,127	6,607,396

Consolidated statements of changes in equity

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

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,646,720	11,996,407	29,048,238	(77,131)	49,614,235
Changes of items 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 of items other than shareholders' equity					
Total changes of items during period	–	(2,057)	6,201,420	(111,733)	6,087,629
Balance at end of current 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 current period	166,404	(751,083)	(584,678)	49,029,556
Changes of items 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 of items other than shareholders' equity	(48,782)	(113,902)	(162,684)	(162,684)
Total changes of items during period	(48,782)	(113,902)	(162,684)	5,924,944
Balance at end of current period	117,622	(864,986)	(747,363)	54,954,500

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	8,456,634	9,874,073
Loss on liquidation of business	100,493	–
Depreciation	1,846,113	2,059,593
Amortization of goodwill	20,740	17,815
Gain on bargain purchase	(8,199)	–
Increase (decrease) in retirement benefit liability	(35,543)	(53,456)
Increase (decrease) in allowance for doubtful accounts	(43,130)	(1,571)
Increase (decrease) in provision for environmental measures	(10,090)	(3,436)
Loss (gain) on sales of investment securities	–	(3,469)
Loss (gain) on sales and retirement of non-current assets	267,721	2,332
Interest and dividend income	(38,138)	(71,583)
Foreign exchange losses (gains)	120,094	(97,148)
Decrease (increase) in notes and accounts receivable - trade	(1,214,351)	(333,772)
Decrease (increase) in inventories	(609,592)	(1,455,567)
Increase (decrease) in notes and accounts payable - trade	267,349	706,459
Other, net	220,713	(128,574)
Subtotal	9,340,815	10,511,694
Interest and dividend income received	38,138	71,576
Interest expenses paid	(7)	–
Income taxes paid	(1,834,517)	(3,615,982)
Net cash provided by (used in) operating activities	7,544,428	6,967,287
Cash flows from investing activities		
Net decrease (increase) in time deposits	(5,216)	13,794
Purchase of property, plant and equipment	(2,671,422)	(4,320,988)
Proceeds from sales of property, plant and equipment	13,753	18,459
Purchase of investment securities	(4,175)	(10,152)
Proceeds from sales of investment securities	–	9,473
Purchase of intangible assets	(31,443)	(58,791)
Purchase of shares of subsidiaries	(24,759)	–
Payments for acquisition of businesses	(130,272)	(1,603,834)
Other, net	1,969	260,967
Net cash provided by (used in) investing activities	(2,851,565)	(5,691,072)
Cash flows from financing activities		
Repayments of long-term loans payable	(22,800)	–
Purchase of treasury shares	(126,068)	(125,731)
Cash dividends paid	(519,215)	(568,661)
Net cash provided by (used in) financing activities	(668,084)	(694,392)
Effect of exchange rate change on cash and cash equivalents	(59,338)	67,098
Net increase (decrease) in cash and cash equivalents	3,965,439	648,921
Cash and cash equivalents at beginning of period	17,834,008	21,799,447
Cash and cash equivalents at end of period	21,799,447	22,448,368