

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2021
(Based on Japanese GAAP)**

April 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: Executive Officer Kouichi Goto TEL 0561-51-0841
 Scheduled date of ordinary general meeting of shareholders: June 25, 2021
 Scheduled date to file Securities Report: June 28, 2021
 Scheduled date to commence dividend payments: June 28, 2021
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(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, 2021	41,438	0.5	10,248	9.7	10,330	8.5	6,935	17.7
Year ended March 31, 2020	41,231	0.1	9,345	(2.2)	9,520	(4.1)	5,893	(12.9)

	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, 2021	562.30	—	11.0	13.9	24.7
Year ended March 31, 2020	477.88	—	10.3	14.1	22.7

(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, 2021	78,059	66,344	85.0	5,378.23
As of March 31, 2020	70,681	59,453	84.1	4,821.14

(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, 2021	10,713	(5,376)	(801)	33,888
Year ended March 31, 2020	10,719	(5,272)	1,420	29,114

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, 2020	—	26.00	—	26.00	52.00	641	10.9	1.1
Year ended March 31, 2021	—	28.00	—	36.00	64.00	789	11.4	1.3
Year ending March 31, 2022 (Forecast)	—	30.00	—	38.00	68.00		11.2	

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
Six months ending September 30, 2021	20,000	2.4	5,000	6.7	5,000	7.7	3,500	10.9	283.72
Full year	42,000	1.4	11,000	7.3	11,000	6.5	7,500	8.1	607.99

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2021

(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, 2021	12,372,000 shares	As of March 31, 2020	12,372,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2021	36,327 shares	As of March 31, 2020	40,163 shares
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Average number of shares during the period

Year ended March 31, 2021	12,333,994 shares	Year ended March 31, 2020	12,333,398 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	29,334,349	34,088,967
Notes and accounts receivable - trade	9,542,199	9,834,869
Electronically recorded monetary claims - operating	1,295,434	1,267,548
Merchandise and finished goods	2,061,801	1,641,861
Work in process	2,393,622	2,277,590
Raw materials and supplies	2,756,758	2,463,698
Other	1,757,311	2,148,598
Allowance for doubtful accounts	(8,180)	(8,565)
Total current assets	49,133,297	53,714,567
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,650,214	17,012,631
Accumulated depreciation	(6,505,584)	(6,967,852)
Buildings and structures, net	6,144,629	10,044,778
Machinery, equipment and vehicles	20,998,043	22,354,975
Accumulated depreciation	(16,567,320)	(17,149,994)
Machinery, equipment and vehicles, net	4,430,722	5,204,980
Land	4,421,234	4,544,075
Construction in progress	3,445,592	1,889,619
Other	3,499,670	3,887,023
Accumulated depreciation	(2,898,143)	(3,238,099)
Other, net	601,527	648,924
Total property, plant and equipment	19,043,706	22,332,378
Intangible assets		
Goodwill	195,975	–
Other	254,672	260,512
Total intangible assets	450,648	260,512
Investments and other assets		
Investment securities	239,134	248,510
Deferred tax assets	707,858	440,423
Investment property, net	980,003	963,836
Other	130,222	104,396
Allowance for doubtful accounts	(3,240)	(4,677)
Total investments and other assets	2,053,978	1,752,489
Total non-current assets	21,548,333	24,345,380
Total assets	70,681,631	78,059,947

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,898,714	2,404,868
Electronically recorded obligations - operating	1,619,355	1,931,969
Short-term borrowings	900,000	100,000
Current portion of long-term borrowings	–	266,688
Income taxes payable	827,864	1,986,715
Provision for bonuses	608,949	699,556
Provision for bonuses for directors (and other officers)	63,000	49,500
Other	3,382,929	2,172,822
Total current liabilities	9,300,813	9,612,119
Non-current liabilities		
Long-term borrowings	1,200,000	1,599,968
Deferred tax liabilities	351,419	160,873
Other	375,829	342,809
Total non-current liabilities	1,927,248	2,103,651
Total liabilities	11,228,062	11,715,771
Net assets		
Shareholders' equity		
Share capital	8,646,720	8,646,720
Capital surplus	11,992,492	12,005,832
Retained earnings	40,526,723	46,796,211
Treasury shares	(239,524)	(217,648)
Total shareholders' equity	60,926,411	67,231,114
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	70,521	119,673
Foreign currency translation adjustment	(1,543,364)	(1,006,611)
Total accumulated other comprehensive income	(1,472,842)	(886,937)
Total net assets	59,453,569	66,344,176
Total liabilities and net assets	70,681,631	78,059,947

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

	(Thousands of yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	41,231,431	41,438,018
Cost of sales	23,685,411	23,074,815
Gross profit	17,546,020	18,363,202
Selling, general and administrative expenses	8,200,209	8,114,991
Operating profit	9,345,810	10,248,211
Non-operating income		
Interest income	65,785	51,944
Rental income	94,361	88,098
Foreign exchange gains	45,346	–
Other	34,405	57,585
Total non-operating income	239,899	197,628
Non-operating expenses		
Interest expenses	305	6,954
Foreign exchange losses	–	50,765
Rent expenses on real estate for investments	49,924	46,930
Bad debt expenses	6,636	–
Other	8,576	11,160
Total non-operating expenses	65,443	115,810
Ordinary profit	9,520,266	10,330,028
Extraordinary income		
Gain on sale of non-current assets	29,529	2,383
Gain on sale of investment securities	11,986	65,414
Gain on liquidation of subsidiaries	–	11,887
Settlement received	100,000	–
Total extraordinary income	141,515	79,685
Extraordinary losses		
Loss on sale and retirement of non-current assets	77,797	258,622
Impairment losses	–	169,251
Loss on valuation of investment securities	27,510	–
Loss related to infectious disease	61,025	68,805
Loss on liquidation of business	773,648	–
Other	25,436	28,737
Total extraordinary losses	965,418	525,416
Profit before income taxes	8,696,363	9,884,297
Income taxes - current	2,928,470	2,905,073
Income taxes - deferred	(126,034)	43,762
Total income taxes	2,802,435	2,948,836
Profit	5,893,928	6,935,461
Profit attributable to owners of parent	5,893,928	6,935,461

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	5,893,928	6,935,461
Other comprehensive income		
Valuation difference on available-for-sale securities	(47,101)	49,152
Foreign currency translation adjustment	(678,378)	536,752
Total other comprehensive income	(725,479)	585,905
Comprehensive income	5,168,449	7,521,366
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,168,449	7,521,366

Consolidated statements of changes in equity

Fiscal year ended March 31, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,646,720	11,994,350	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

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,646,720	11,992,492	40,526,723	(239,524)	60,926,411
Changes during period					
Dividends of surplus			(665,974)		(665,974)
Profit attributable to owners of parent			6,935,461		6,935,461
Purchase of treasury shares				(2,600)	(2,600)
Disposal of treasury shares		13,339		24,476	37,816
Net changes in items other than shareholders' equity					
Total changes during period	-	13,339	6,269,487	21,875	6,304,702
Balance at end of period	8,646,720	12,005,832	46,796,211	(217,648)	67,231,114

	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	70,521	(1,543,364)	(1,472,842)	59,453,569
Changes during period				
Dividends of surplus				(665,974)
Profit attributable to owners of parent				6,935,461
Purchase of treasury shares				(2,600)
Disposal of treasury shares				37,816
Net changes in items other than shareholders' equity	49,152	536,752	585,905	585,905
Total changes during period	49,152	536,752	585,905	6,890,607
Balance at end of period	119,673	(1,006,611)	(886,937)	66,344,176

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	8,696,363	9,884,297
Loss on liquidation of business	773,648	—
Impairment losses	—	169,251
Depreciation	2,319,896	2,169,165
Amortization of goodwill	53,447	26,723
Increase (decrease) in allowance for doubtful accounts	(2,015)	1,822
Loss (gain) on liquidation of subsidiaries	—	(11,887)
Loss (gain) on sale of investment securities	(11,986)	(65,414)
Loss (gain) on valuation of investment securities	27,510	—
Loss (gain) on sale and retirement of non-current assets	48,268	256,238
Interest and dividend income	(71,699)	(56,960)
Interest expenses	305	6,954
Foreign exchange losses (gains)	(7,174)	(655)
Decrease (increase) in trade receivables	762,701	(168,693)
Decrease (increase) in inventories	2,084,047	872,189
Increase (decrease) in trade payables	(1,016,862)	664,553
Other, net	716,742	(1,307,844)
Subtotal	14,373,193	12,439,742
Interest and dividends received	71,695	56,962
Interest paid	(305)	(7,044)
Income taxes refund (paid)	(3,725,511)	(1,776,035)
Net cash provided by (used in) operating activities	10,719,072	10,713,625
Cash flows from investing activities		
Net decrease (increase) in time deposits	(40,710)	32,896
Purchase of property, plant and equipment	(5,408,367)	(5,536,867)
Proceeds from sale of property, plant and equipment	156,643	4,676
Purchase of intangible assets	(32,104)	(40,732)
Purchase of investment securities	(4,043)	(3,321)
Proceeds from sale of investment securities	32,504	109,450
Proceeds from liquidation of subsidiaries	—	34,582
Other, net	23,591	22,827
Net cash provided by (used in) investing activities	(5,272,485)	(5,376,488)
Cash flows from financing activities		
Proceeds from short-term borrowings	900,000	100,000
Repayments of short-term borrowings	—	(900,000)
Proceeds from long-term borrowings	1,200,000	800,000
Repayments of long-term borrowings	—	(133,344)
Purchase of treasury shares	(62,577)	(2,600)
Dividends paid	(616,862)	(665,974)
Net cash provided by (used in) financing activities	1,420,559	(801,918)
Effect of exchange rate change on cash and cash equivalents	(200,924)	238,514
Net increase (decrease) in cash and cash equivalents	6,666,221	4,773,732
Cash and cash equivalents at beginning of period	22,448,368	29,114,590
Cash and cash equivalents at end of period	29,114,590	33,888,322