

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 <under Japanese GAAP>

May 10, 2024

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 Listing : Tokyo Stock Exchange
 Securities Code : 7537
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Preparation of supplementary material : Yes
 Holding of investor meeting : Yes

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 - March 31, 2024)

(1) Consolidated Operating Results

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended March 31, 2024	236,490	4.6	12,984	18.1	5,627	(28.8)	3,401	(34.6)
Year ended March 31, 2023	226,171	34.8	10,997	83.5	7,909	92.6	5,201	113.4

(Note)

Comprehensive income

Year ended March 31, 2024	5,991 Millions of Yen	[△17.5%]
Year ended March 31, 2023	7,259 Millions of Yen	[115.9%]

	Earnings per Share -Basic-	Earnings Per Share -Diluted-	Ratio of Net Income to Shareholders' Equity	Ratio of Ordinary Income to Total Assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2024	130.07	-	6.9	3.2	5.5
Year ended March 31, 2023	199.04	-	11.5	4.9	4.9

(Reference)

Share of profit of entities accounted for using equity method

Year ended March 31, 2024	233 Millions of Yen
Year ended March 31, 2023	258 Millions of Yen

(2) Financial Position

	Total Assets	Total Net Assets	Equity Ratio	Net Assets per Share
	Millions of Yen	Millions of Yen	%	Yen
Year ended March 31, 2024	174,120	56,433	29.1	1,938.07
Year ended March 31, 2023	175,998	53,084	27.1	1,826.99

(Reference)

Tangible net worth

Year ended March 31, 2024	50,696 Millions of Yen
Year ended March 31, 2023	47,747 Millions of Yen

(3) Cash Flows

	Net Cash flow from Operating Activities	Net Cash flow from Investing Activities	Net Cash flow from Financing Activities	Cash and Cash Equivalents at End of Fiscal Year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Year ended March 31, 2024	22,694	(1,424)	(22,050)	23,026
Year ended March 31, 2023	(18,891)	(326)	14,071	20,658

2. Dividends

	Dividend Per Share					Total dividends (annual)	Dividends Payout ratio (Consolidated)	Dividends on Net Assets (Consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
Year ended March 31, 2023	-	20.00	-	60.00	80.00	2,090	40.2	4.6
Year ended March 31, 2024	-	25.00	-	27.00	52.00	1,360	40.0	2.8
Year ending March 31, 2025 (Forecast)	-	25.00	-	27.00	52.00		45.3	

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Earnings per Share -Basic-
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Six months ending September 30, 2024	99,000	(20.0)	2,800	(61.9)	1,050	(49.5)	545	(52.1)	20.84
Year ending March 31, 2025	212,000	(10.4)	8,600	(33.8)	5,000	(11.2)	3,000	(11.8)	114.72

1. Summary of operating results for the fiscal year under review

During the consolidated fiscal year under review (April 1, 2023 to March 31, 2024), social and economic activity normalized as COVID-19 was reclassified as a category 5 infectious disease. Capital investment, corporate earnings, employment and wages appeared to improve so the Japanese economy achieved a moderate recovery. On the other hand, the future outlook remained uncertain, mainly reflecting the rising commodity prices, the sharp fluctuations of exchange rates, the effects of global monetary tightening, worrying prospects in the Chinese economy, the growing tension in the Middle East and other issues.

In the electronics sector in which the Marubun Group (the “Group”) operates, the semiconductor and electronics components supply chains were returning to normal operations and sales of AI servers were strong. Individual semiconductor manufacturers proactively invested in matters related to generative AI to drive market growth. In addition, automobile production turned around. There were other optimistic signs, such as sales of smartphones and conventional servers beginning to increase. Meanwhile, inventory adjustments continued in the industrial equipment market due to restraint on capital investment.

In this situation, consolidated net sales of the Group for the fiscal year under review increased 4.6% year on year to 236,490 million yen, reflecting the expansion of sales of semiconductors for consumer equipment and automobiles in the Electronic Devices Business and the growth of sales of medical equipment in the Electronic Systems Business. On the profit side, operating income increased 18.1% year on year, to 12,984 million yen, reflecting increased sales and a boost in yen-based gross profit against the backdrop of the yen's weakness in exchange markets under review. However, regarding non-operating income or expenses, the Group posted a foreign exchange loss of 3,438 million yen due to the downward trend of the yen throughout the fiscal year. Interest expenses also increased due to the rise in the US dollar interest rate. As a result, ordinary income decreased 28.8% year on year, to 5,267 million yen, and profit attributable to owners of parent was down 34.6% year on year, to 3,401 million yen.

Operating results by business segment are as follows:

(Electronic Devices Business)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change	Change (%)
	Millions of Yen	Millions of Yen	Millions of Yen	%
Net Sales	168,872	179,011	10,139	6.0%
Operating Income	8,521	10,150	1,989	23.3%

In the Electronics Devices Business, net sales increased 6.0% year on year to 179,011 million yen, a result of the huge growth in demand for semiconductors for consumer equipment and the expansion of demand for semiconductors for automobiles. This was partly offset by a decline in sales of semiconductors for industrial equipment and communication equipment. Operating income increased 23.3% year on year, to 10,510 million yen, attributable to an increase in sales and higher gross profit in yen terms against the backdrop of the continuing depreciation of the yen.

(Electronic Systems Business)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change	Change (%)
	Millions of Yen	Millions of Yen	Millions of Yen	%
Net Sales	54,494	54,941	447	0.8
Operating Income	2,438	2,507	69	2.8

In the Electronic Systems Business, net sales climbed 0.8% year on year to 54,941 million yen. This was a result of buoyant sales of diagnostic imaging equipment and radiation therapy equipment in the

medical equipment field, despite poor sales of electronic component inspection equipment in the industrial equipment field due to corporations controlling capital investment. Operating income was up 2.8% year on year to 2,507 million yen, following sales expansion of high-profitability products.

(Electronic Solutions Business)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2024	Change	Change (%)
	Millions of Yen	Millions of Yen	Millions of Yen	%
Net Sales	2,805	2,536	(268)	(9.6)
Operating Loss	42	(28)	(71)	—

In the Electronic Solutions business, net sales declined 9.6% year on year to 2,536 million yen, with sales of optical communication products for communication infrastructure decreasing while in ICT-related fields there was bullish demand for time synchronization systems. Operating loss of 28 million yen was posted (compared to operating income of 42 million yen a year ago) due to an increase in selling, general and administrative expenses.

2. Summary of consolidated financial conditions for the fiscal year under review

(Assets)

Current assets at the end of the consolidated fiscal year under review stood at 162,616 million yen, down 3,526 million yen from the end of the previous fiscal year. This was mainly attributable to decreases in notes and accounts receivable - trade of 5,993 million yen and in merchandise and finished goods of 3,242 million yen, which more than offset an increase of 5,932 million yen in accounts receivable - other. Non-current assets amounted to 11,504 million yen, an increase of 1,649 million yen from the end of the previous fiscal year. This was largely a result of investment securities increasing 981 million yen and retirement benefit assets increasing 444 million yen.

As a result, total assets decreased by 1,877 million yen from the end of the previous fiscal year, to 174,120 million yen.

(Liabilities)

Current liabilities at the end of the consolidated fiscal year under review totaled 116,669 million yen, down 419 million yen from the end of the previous fiscal year. This was largely due to a 9,916 million yen decrease in short-term borrowings which was partly offset by a 4,975 million yen increase in the current portion of long-term borrowings and a 4,288 million yen increase in accounts payable - other. Non-current liabilities amounted to 1,018 million yen, decreasing 4,806 million yen from the end of the previous consolidated fiscal year. This change was primarily attributable to a decrease of 5,000 million yen in long-term borrowings.

As a result, total liabilities decreased by 5,226 million yen from the end of the previous fiscal year, to 117,687 million yen.

(Net assets)

Net assets totaled 56,433 million yen, up 3,348 million yen from the end of the previous fiscal year. This was largely a result of a 1,179 million yen increase in retained earnings, a 654 million yen increase in valuation difference on available-for-sale securities, and a 553 million yen increase in foreign currency translation adjustment.

Consequently, the equity ratio as at the end of the period stood at 29.1%, up 2.0 points from the 27.1% recorded at the end of the previous fiscal year.

3. Future outlook

In the fiscal year ending March 31, 2025, the economy is expected to rally moderately with an

improvement in consumer sentiment and the employment situation, following pay increases and the growth in demand generated by inbound tourists. Nonetheless, the outlook will remain uncertain, amid the effects of global monetary tightening, the worrying prospects of the Chinese economy and the prolongation of the turmoil in Ukraine and in the Middle East.

In the electronics sector in which the Group operates, AI-related technologies and semiconductors for automobiles will continue to grow and the market is likely to keep expanding in the medium- and long-term future, mainly due to increased investments in digitalization and green efforts in the industry, infrastructure and other markets. On the other hand, inventory adjustments are continuing, and it is anticipated that it will be some time before a recovery.

In this business environment, the Group expects to see its financial results grow in the space and defense field and in the laser equipment field in the Electronic Systems Business and in AI robot-related businesses in the Electronic Solutions Business. Meanwhile, financial results in the Electronic Devices Business are likely to decline, given a reactionary fall from the massive growth of sales in semiconductors for consumer equipment in the previous fiscal year as well as inventory adjustments and intensifying competition throughout the market.

In light of the foregoing, the Group expects to achieve net sales of 212,000 million yen, down 10.4% year on year, for the fiscal year ending March 31, 2025. The Group expects operating income to decrease 33.8% year on year, to 8,600 million yen, ordinary income to decrease 11.2% year on year, to 5,000 million yen, and profit attributable to owners of parent to decrease 11.8% year on year, to 3,000 million yen.

The forecast of financial results is based on information available to the Group at the time of the publication of this document and certain assumptions that the Group considers to be reasonable, and may differ from the actual results due to various factors. The Group will immediately disclose revisions to the consolidated earnings forecasts if such revisions become necessary in light of future business trends, and other factors.

Consolidated Financial Statements
(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	21,253	23,823
Notes and accounts receivable - trade	51,426	45,432
Electronically recorded monetary claims - operating	7,989	5,422
Merchandise and finished goods	54,558	51,316
Work in process	79	135
Accounts receivable - other	28,914	34,847
Other	1,940	1,677
Allowance for doubtful accounts	(17)	(38)
Total current assets	166,143	162,616
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,651	3,676
Accumulated depreciation	(2,464)	(2,538)
Buildings and structures, net	1,186	1,137
Machinery, equipment and vehicles	9	8
Accumulated depreciation	(9)	(8)
Machinery, equipment and vehicles, net	0	0
Tools, furniture and fixtures	2,253	2,269
Accumulated depreciation	(1,770)	(1,819)
Tools, furniture and fixtures, net	483	450
Land	1,411	1,411
Leased assets	34	34
Accumulated depreciation	(17)	(23)
Leased assets, net	16	10
Right of use assets	206	255
Accumulated depreciation	(105)	(137)
Right of use assets, net	100	117
Construction in progress	4	165
Total property, plant and equipment	3,203	3,293
Intangible assets	898	1,356
Investments and other assets		
Investment securities	2,317	3,299
Deferred tax assets	505	191
Retirement benefit asset	232	677
Other	2,807	2,900
Allowance for doubtful accounts	(109)	(214)
Total investments and other assets	5,753	6,854
Total non-current assets	9,855	11,504
Total assets	175,998	174,120

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,005	28,243
Short-term borrowings	69,423	59,507
Current portion of long-term borrowings	25	5,000
Lease liabilities	72	95
Accounts payable - other	14,738	19,027
Income taxes payable	1,114	853
Provision for bonuses	1,020	1,040
Other	2,688	2,900
Total current liabilities	117,089	116,669
Non-current liabilities		
Long-term borrowings	5,000	—
Lease liabilities	122	112
Retirement benefit liability	365	327
Provision for retirement benefits for directors (and	107	116
Asset retirement obligations	113	109
Other	116	351
Total non-current liabilities	5,824	1,018
Total liabilities	122,913	117,687
Net assets		
Shareholders' equity		
Share capital	6,214	6,214
Capital surplus	6,353	6,363
Retained earnings	34,388	35,567
Treasury shares	(1,631)	(1,611)
Total shareholders' equity	45,325	46,534
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	821	1,476
Deferred gains or losses on hedges	(26)	128
Foreign currency translation adjustment	1,684	2,237
Remeasurements of defined benefit plans	(56)	319
Total accumulated other comprehensive income	2,422	4,162
Non-controlling interests	5,336	5,736
Total net assets	53,084	56,433
Total liabilities and net assets	175,998	174,120

(2) Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended 31-Mar-23	Fiscal year ended 31-Mar-24
Net sales	226,171	236,490
Cost of sales	198,907	206,883
Gross profit	27,264	29,607
Selling, general and administrative expenses	16,267	16,623
Operating profit	10,997	12,984
Non-operating income		
Interest income	42	164
Dividend income	62	74
Share of profit of entities accounted for using equity method	258	233
Rental income from non-current assets	16	17
Rental income from investment property	22	21
Miscellaneous income	51	39
Total non-operating income	454	551
Non-operating expenses		
Interest expenses	2,026	3,851
Loss on sale of trade receivables	417	595
Foreign exchange losses	1,043	3,438
Miscellaneous losses	54	23
Total non-operating expenses	3,542	7,908
Ordinary profit	7,909	5,627
Extraordinary income		
Gain on sale of non-current assets	1	1
Gain on sale of investment securities	0	0
Total extraordinary income	1	1
Extraordinary losses		
Loss on sale and retirement of non-current assets	5	6
Loss on valuation of investment securities	21	—
Other	0	—
Total extraordinary losses	26	6
Profit before income taxes	7,884	5,622
Income taxes - current	1,654	1,683
Income taxes - deferred	523	55
Total income taxes	2,177	1,738
Profit	5,706	3,883
Profit attributable to non-controlling interests	505	482
Profit attributable to owners of parent	5,201	3,401

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended 31-Mar-23	Fiscal year ended 31-Mar-24
Profit	5,706	3,883
Other comprehensive income		
Valuation difference on available-for-sale securities	60	654
Deferred gains or losses on hedges	(66)	155
Foreign currency translation adjustment	1,677	924
Remeasurements of defined benefit plans, net of tax	(146)	376
Share of other comprehensive income of entities accounted for using equity method	27	(2)
Total other comprehensive income	1,552	2,107
Comprehensive income	7,259	5,991
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,082	5,140
Comprehensive income attributable to non-controlling interests	1,176	851

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended 31-Mar-23	Fiscal year ended 31-Mar-24
Cash flows from operating activities		
Profit before income taxes	7,884	5,622
Depreciation	693	508
Increase (decrease) in allowance for doubtful accounts	35	125
Increase (decrease) in provision for bonuses	37	16
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(1)	9
Increase (decrease) in retirement benefit liability	8	28
Decrease (increase) in retirement benefit asset	(194)	45
Interest and dividend income	(105)	(239)
Interest expenses	2,026	3,851
Foreign exchange losses (gains)	4,584	6,678
Share of loss (profit) of entities accounted for using equity method	(258)	(233)
Loss (gain) on sale and retirement of non-current assets	3	4
Loss (gain) on sale of investment securities	0	0
Loss (gain) on valuation of investment securities	21	—
Decrease (increase) in trade receivables	(14,189)	9,223
Decrease (increase) in inventories	(23,771)	3,411
Increase (decrease) in trade payables	5,912	(340)
Decrease (increase) in accounts receivable - other	6,173	(5,931)
Increase (decrease) in accounts payable - other	(7,290)	4,504
Other, net	1,776	564
Subtotal	(16,652)	27,848
Interest and dividends received	102	234
Dividends received from entities accounted for using equity method	658	423
Interest paid	(1,915)	(3,884)
Income taxes paid	(1,185)	(1,937)
Income taxes refund	11	10
Net cash provided by (used in) operating activities	(18,981)	22,694
Cash flows from investing activities		
Payments into time deposits	(610)	(845)
Proceeds from withdrawal of time deposits	588	679
Purchase of property, plant and equipment	(100)	(461)
Proceeds from sale of property, plant and equipment	2	1
Purchase of intangible assets	(167)	(718)
Purchase of investment securities	(28)	(29)
Payments for asset retirement obligations	(31)	—
Other, net	20	(49)
Net cash provided by (used in) investing activities	(326)	(1,424)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	15,950	(17,266)
Repayments of long-term borrowings	(50)	(25)
Dividends paid	(1,043)	(2,221)
Dividends paid to non-controlling interests	(704)	(450)
Other, net	(81)	(86)
Net cash provided by (used in) financing activities	14,071	(20,050)
Effect of exchange rate change on cash and cash equivalents	1,202	1,148
Net increase (decrease) in cash and cash equivalents	(4,034)	2,367
Cash and cash equivalents at beginning of period	24,693	20,658
Cash and cash equivalents at end of period	20,658	23,026

Consolidated Segment Information

Previous consolidated fiscal year (from April 1, 2022 to March 31, 2023)

(Millions of Yen)

	Reportable segments				Reconciling items	Per quarterly consolidated financial statements
	Electronic Devices business	Electronic Systems business	Electronic Solutions business	Total		
Sales						
Revenues from external customers	168,872	54,494	2,805	226,171	-	226,171
Transactions with other segments	88	1,057	2	1,148	(1,148)	-
Net sales	168,960	55,551	2,808	227,320	(1,148)	226,171
Operation profit (loss)	8,521	2,438	1,912	11,002	(5)	10,997

Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)

(Millions of Yen)

	Reportable segments				Reconciling items	Per quarterly consolidated financial statements
	Electronic Devices business	Electronic Systems business	Electronic Solutions business	Total		
Sales						
Revenues from external customers	179,011	54,941	2,536	236,490	-	236,490
Transactions with other segments	52	452	52	557	(557)	-
Net sales	179,064	55,394	2,589	237,048	(557)	236,490
Operation profit (loss)	10,510	2,507	(28)	12,989	(5)	12,984