Translation

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

May 8, 2018

Company name: MARUWA UNYU KIKAN CO.,LTD.
Stock exchange listing: Tokyo
Stock code: 9090 URL http://www.momotaro.co.jp/
Representative: President Masaru Wasami
Inquiries: Director and Managing Executive Officer Kazumi Kawada TEL 048-991-1000
Scheduled date of ordinary general meeting of shareholders: June 28, 2018
Scheduled date to file Securities Report: June 28, 2018
Scheduled date to commence dividend payments: June 29, 2018
Preparation of supplementary material on financial results: Yes
Holding of financial results meeting: Yes (for institutional investors and analysts)

(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 | 74,359 | 10.7 | 4,506 | 2.4 | 4,752 | 3.1 | 3,044 | (1.1) |
| Year ended March 31, 2017 | 67,179 | 11.3 | 4,401 | 13.4 | 4,610 | 18.6 | 3,080 | 19.5 |

| | 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, 2018 | 95.15 | 94.67 | 15.8 | 12.5 | 6.1 |
| Year ended March 31, 2017 | 96.16 | 95.70 | 18.2 | 13.1 | 6.6 |

(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 | 39,593 | 20,617 | 52.1 | 643.83 |
| As of March 31, 2017 | 36,697 | 17,935 | 48.9 | 560.57 |

(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 | 3,567 | (5,240) | (1,442) | 4,577 |
| Year ended March 31, 2017 | 4,507 | (1,370) | (2,476) | 7,692 |

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 | – | 31.75 | – | 31.75 | 63.50 | 1,018 | 33.0 | 6.0 |
| Year ended March 31, 2018 | – | 31.75 | – | 15.88 | – | 1,019 | 33.4 | 5.3 |
| Year ending March 31, 2019 (Forecast) | – | 18.20 | – | 18.20 | 36.40 | | 30.1 | |

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 | 40,610 | 13.3 | 2,390 | 31.6 | 2,490 | 28.5 | 1,790 | 34.0 | 55.90 |
| Full year | 84,790 | 14.0 | 5,630 | 24.9 | 5,800 | 22.0 | 3,870 | 27.1 | 120.85 |

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 | 32,113,080 shares | As of March 31, 2017 | 32,085,880 shares |

Number of treasury shares at the end of the period

| | | | |
|---|---|---|---|
| As of March 31, 2018 | 90,534 shares | As of March 31, 2017 | 90,492 shares |

Average number of shares during the period

| | | | |
|---|---|---|---|
| Year ended March 31, 2018 | 32,002,807 shares | Year ended March 31, 2017 | 32,031,595 shares |

# 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 | 7,701,966 | 4,582,429 |
| Notes and accounts receivable - trade | 7,265,807 | 9,343,803 |
| Supplies | 32,058 | 28,787 |
| Deferred tax assets | 245,660 | 246,472 |
| Accounts receivable - other | 83,583 | 2,263,996 |
| Other | 502,609 | 554,030 |
| Allowance for doubtful accounts | (1,310) | (3,388) |
| Total current assets | 15,830,375 | 17,016,131 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 15,517,988 | 15,676,782 |
| Accumulated depreciation | (8,679,891) | (9,139,469) |
| Buildings and structures, net | 6,838,096 | 6,537,313 |
| Machinery, equipment and vehicles | 4,037,114 | 3,602,086 |
| Accumulated depreciation | (3,093,020) | (2,737,991) |
| Machinery, equipment and vehicles, net | 944,093 | 864,094 |
| Land | 5,509,227 | 6,917,694 |
| Leased assets | 2,294,557 | 1,635,826 |
| Accumulated depreciation | (1,412,203) | (1,060,441) |
| Leased assets, net | 882,353 | 575,385 |
| Construction in progress | 1,474,916 | 1,423,462 |
| Other | 828,250 | 834,285 |
| Accumulated depreciation | (523,016) | (509,104) |
| Other, net | 305,233 | 325,181 |
| Total property, plant and equipment | 15,953,922 | 16,643,130 |
| Intangible assets | | |
| Goodwill | – | 230,392 |
| Leased assets | 136,059 | 65,232 |
| Other | 517,028 | 661,515 |
| Total intangible assets | 653,087 | 957,140 |
| Investments and other assets | | |
| Investment securities | 2,342,187 | 3,397,393 |
| Long-term loans receivable | 165,548 | 200,349 |
| Net defined benefit asset | 91,881 | 26,272 |
| Deferred tax assets | 121,517 | 114,371 |
| Other | 1,596,682 | 1,290,968 |
| Allowance for doubtful accounts | (57,868) | (52,511) |
| Total investments and other assets | 4,259,949 | 4,976,844 |
| Total non-current assets | 20,866,958 | 22,577,115 |
| Total assets | 36,697,334 | 39,593,246 |

(Thousands of yen)

| | As of March 31, 2017 | As of March 31, 2018 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 4,672,603 | 5,380,350 |
| Short-term loans payable | – | 400,000 |
| Current portion of long-term loans payable | 1,942,683 | 1,687,736 |
| Lease obligations | 427,540 | 307,774 |
| Accounts payable - other | 3,598,105 | 3,175,292 |
| Income taxes payable | 674,648 | 914,422 |
| Provision for bonuses | 360,732 | 324,774 |
| Provision for loss on litigation | 12,362 | 1,752 |
| Other | 803,319 | 732,713 |
| Total current liabilities | 12,491,994 | 12,924,816 |
| Non-current liabilities | | |
| Long-term loans payable | 3,120,600 | 3,012,388 |
| Lease obligations | 686,030 | 396,345 |
| Deferred tax liabilities | 439,769 | 715,976 |
| Net defined benefit liability | 595,958 | 609,775 |
| Asset retirement obligations | 397,362 | 403,095 |
| Other | 1,029,827 | 913,626 |
| Total non-current liabilities | 6,269,547 | 6,051,206 |
| Total liabilities | 18,761,542 | 18,976,023 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 2,650,296 | 2,653,980 |
| Capital surplus | 2,164,718 | 2,168,402 |
| Retained earnings | 12,965,368 | 14,991,531 |
| Treasury shares | (103,383) | (103,478) |
| Total shareholders' equity | 17,677,000 | 19,710,436 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 331,662 | 1,056,622 |
| Remeasurements of defined benefit plans | (72,871) | (149,835) |
| Total accumulated other comprehensive income | 258,791 | 906,787 |
| Total net assets | 17,935,792 | 20,617,223 |
| Total liabilities and net assets | 36,697,334 | 39,593,246 |

## 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 | 67,179,242 | 74,359,861 |
| Cost of sales | 59,632,656 | 66,596,428 |
| Gross profit | 7,546,585 | 7,763,432 |
| Selling, general and administrative expenses | | |
| Directors' compensations | 335,241 | 338,602 |
| A salary allowance | 1,103,063 | 1,134,210 |
| Provision for bonuses | 43,031 | 38,837 |
| Retirement benefit expenses | 25,675 | 24,284 |
| Provision of allowance for doubtful accounts | 2,164 | 2,852 |
| Other | 1,636,320 | 1,718,104 |
| Total selling, general and administrative expenses | 3,145,498 | 3,256,890 |
| Operating profit | 4,401,087 | 4,506,542 |
| Non-operating income | | |
| Interest income | 1,713 | 2,400 |
| Dividend income | 63,517 | 48,521 |
| Fiduciary obligation fee | 13,125 | 78,750 |
| Gain on sales of non-current assets | 61,931 | 36,997 |
| Other | 160,871 | 133,746 |
| Total non-operating income | 301,158 | 300,415 |
| Non-operating expenses | | |
| Interest expenses | 51,408 | 31,359 |
| Provision for loss on litigation | 350 | 1,402 |
| Loss on retirement of non-current assets | 7,798 | 8,414 |
| Other | 32,040 | 13,415 |
| Total non-operating expenses | 91,596 | 54,591 |
| Ordinary profit | 4,610,648 | 4,752,366 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 23,504 | – |
| Gain on sales of investment securities | 26,956 | – |
| Total extraordinary income | 50,460 | – |
| Extraordinary losses | | |
| Loss on valuation of right of using facilities | 2,380 | – |
| Total extraordinary losses | 2,380 | – |
| Profit before income taxes | 4,658,728 | 4,752,366 |
| Income taxes - current | 1,462,161 | 1,692,629 |
| Income taxes - deferred | 116,289 | 14,743 |
| Total income taxes | 1,578,450 | 1,707,372 |
| Profit | 3,080,277 | 3,044,993 |
| Profit attributable to non-controlling interests | – | – |
| Profit attributable to owners of parent | 3,080,277 | 3,044,993 |

## Consolidated statements of comprehensive income

(Thousands of yen)

| | Fiscal year ended March 31, 2017 | Fiscal year ended March 31, 2018 |
|---|---|---|
| Profit | 3,080,277 | 3,044,993 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 57,624 | 724,959 |
| Remeasurements of defined benefit plans, net of tax | 55,166 | (76,963) |
| Total other comprehensive income | 112,791 | 647,995 |
| Comprehensive income | 3,193,069 | 3,692,989 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 3,193,069 | 3,692,989 |
| Comprehensive income attributable to non-controlling interests | – | – |

## 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 | 2,649,133 | 2,163,555 | 10,903,619 | – | 15,716,308 |
| Changes of items during period | | | | | |
| Issuance of new shares - exercise of share acquisition rights | 1,163 | 1,163 | | | 2,326 |
| Dividends of surplus | | | (1,018,528) | | (1,018,528) |
| Profit attributable to owners of parent | | | 3,080,277 | | 3,080,277 |
| Purchase of treasury shares | | | | (103,383) | (103,383) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | 1,163 | 1,163 | 2,061,749 | (103,383) | 1,960,692 |
| Balance at end of current period | 2,650,296 | 2,164,718 | 12,965,368 | (103,383) | 17,677,000 |

| | Accumulated other comprehensive income | | | Total net assets |
|---|---|---|---|---|
| | Valuation difference on available-for-sale securities | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | |
| Balance at beginning of current period | 274,038 | (128,038) | 146,000 | 15,862,308 |
| Changes of items during period | | | | |
| Issuance of new shares - exercise of share acquisition rights | | | | 2,326 |
| Dividends of surplus | | | | (1,018,528) |
| Profit attributable to owners of parent | | | | 3,080,277 |
| Purchase of treasury shares | | | | (103,383) |
| Net changes of items other than shareholders' equity | 57,624 | 55,166 | 112,791 | 112,791 |
| Total changes of items during period | 57,624 | 55,166 | 112,791 | 2,073,483 |
| Balance at end of current period | 331,662 | (72,871) | 258,791 | 17,935,792 |

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 | 2,650,296 | 2,164,718 | 12,965,368 | (103,383) | 17,677,000 |
| Changes of items during period | | | | | |
| Issuance of new shares - exercise of share acquisition rights | 3,683 | 3,683 | | | 7,367 |
| Dividends of surplus | | | (1,018,831) | | (1,018,831) |
| Profit attributable to owners of parent | | | 3,044,993 | | 3,044,993 |
| Purchase of treasury shares | | | | (94) | (94) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | 3,683 | 3,683 | 2,026,162 | (94) | 2,033,435 |
| Balance at end of current period | 2,653,980 | 2,168,402 | 14,991,531 | (103,478) | 19,710,436 |

| | Accumulated other comprehensive income | | | Total net assets |
|---|---|---|---|---|
| | Valuation difference on available-for-sale securities | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | |
| Balance at beginning of current period | 331,662 | (72,871) | 258,791 | 17,935,792 |
| Changes of items during period | | | | |
| Issuance of new shares - exercise of share acquisition rights | | | | 7,367 |
| Dividends of surplus | | | | (1,018,831) |
| Profit attributable to owners of parent | | | | 3,044,993 |
| Purchase of treasury shares | | | | (94) |
| Net changes of items other than shareholders' equity | 724,959 | (76,963) | 647,995 | 647,995 |
| Total changes of items during period | 724,959 | (76,963) | 647,995 | 2,681,431 |
| Balance at end of current period | 1,056,622 | (149,835) | 906,787 | 20,617,223 |

## 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 | 4,658,728 | 4,752,366 |
| Depreciation | 1,107,306 | 1,285,267 |
| Increase (decrease) in allowance for doubtful accounts | (14,526) | (3,279) |
| Increase (decrease) in provision for bonuses | (282,398) | (35,958) |
| Increase (decrease) in provision for directors' bonuses | (2,100) | – |
| Increase (decrease) in allowance for other | (1,300) | (10,610) |
| Increase (decrease) in net defined benefit liability | (4,022) | (44,267) |
| Interest and dividend income | (65,230) | (50,921) |
| Interest expenses | 51,408 | 31,359 |
| Loss (gain) on sales and retirement of property, plant and equipment | (77,583) | (28,442) |
| Loss (gain) on sales of investment securities | (26,956) | (85) |
| Loss on valuation of right of using facilities | 2,380 | – |
| Decrease (increase) in notes and accounts receivable - trade | (565,890) | (2,069,474) |
| Increase (decrease) in notes and accounts payable - trade | 232,293 | 707,747 |
| Increase (decrease) in accounts payable - other | 1,253,395 | 530,392 |
| Increase (decrease) in accrued consumption taxes | 8,939 | 205,612 |
| Other, net | (244,844) | (268,680) |
| Subtotal | 6,029,600 | 5,001,024 |
| Interest and dividend income received | 64,131 | 50,226 |
| Interest expenses paid | (50,221) | (30,480) |
| Income taxes paid | (1,536,443) | (1,452,855) |
| Net cash provided by (used in) operating activities | 4,507,067 | 3,567,915 |
| Cash flows from investing activities | | |
| Payments into time deposits | (12,000) | – |
| Proceeds from withdrawal of time deposits | 436,246 | 4,856 |
| Purchase of property, plant and equipment | (590,294) | (4,554,417) |
| Proceeds from sales of property, plant and equipment | 89,283 | 65,505 |
| Purchase of intangible assets | (39,166) | (300,828) |
| Purchase of investment securities | (1,028,689) | (21,748) |
| Proceeds from sales of investment securities | 50,744 | 305 |
| Payments of loans receivable | (89,418) | (113,210) |
| Collection of loans receivable | 58,680 | 61,235 |
| Repayments of guarantee deposits received | (7,838) | (208,610) |
| Proceeds from guarantee deposits received | 7,024 | 154,559 |
| Payments for lease and guarantee deposits | (229,337) | (119,566) |
| Payments for transfer of business | – | (235,038) |
| Other, net | (15,352) | 26,879 |
| Net cash provided by (used in) investing activities | (1,370,117) | (5,240,076) |

(Thousands of yen)

| | Fiscal year ended March 31, 2017 | Fiscal year ended March 31, 2018 |
|---|---|---|
| Cash flows from financing activities | | |
| Increase in short-term loans payable | – | 2,600,000 |
| Decrease in short-term loans payable | – | (2,200,000) |
| Repayments of lease obligations | (588,948) | (425,433) |
| Payments for accounts payable-other | (44,679) | (42,405) |
| Proceeds from long-term loans payable | 3,200,000 | 1,900,000 |
| Repayments of long-term loans payable | (3,923,209) | (2,263,159) |
| Cash dividends paid | (1,018,357) | (1,018,795) |
| Purchase of treasury shares | (103,383) | (94) |
| Proceeds from exercise of share options | 2,326 | 7,367 |
| Net cash provided by (used in) financing activities | (2,476,251) | (1,442,520) |
| Net increase (decrease) in cash and cash equivalents | 660,698 | (3,114,681) |
| Cash and cash equivalents at beginning of period | 7,031,400 | 7,692,099 |
| Cash and cash equivalents at end of period | 7,692,099 | 4,577,417 |