Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2019 (Based on Japanese GAAP)

October 31, 2019

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 to file Quarterly Securities Report: November 7, 2019
Scheduled date to commence dividend payments: December 6, 2019
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(1) Consolidated operating results (cumulative) 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	%
Six months ended September 30, 2019	47,561	16.4	3,430	30.7	3,539	27.5	2,440	25.7
Six months ended September 30, 2018	40,870	14.0	2,623	44.5	2,775	43.3	1,941	45.3

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2019	38.07	37.93
Six months ended September 30, 2018	30.30	30.17

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	47,828	25,152	52.6
As of March 31, 2019	45,545	23,033	50.6

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	–	18.20	–	18.20	36.40
Year ending March 31, 2020	–	21.90			
Year ending March 31, 2020 (Forecast)			–	10.95	–

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
Full year	100,000	16.8	7,170	23.3	7,300	20.7	4,670	19.7	72.84

4. Notes

(1) Changes in significant subsidiaries during the six months ended September 30, 2019 (changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes

(3) 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

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2019	64,306,160 shares	As of March 31, 2019	64,276,160 shares

Number of treasury shares at the end of the period

As of September 30, 2019	181,312 shares	As of March 31, 2019	181,208 shares

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2019	64,102,571 shares	Six months ended September 30, 2018	64,069,048 shares

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	8,436,518	8,511,572
Notes and accounts receivable - trade	10,339,124	10,051,603
Supplies	34,311	36,803
Other	746,056	1,010,802
Allowance for doubtful accounts	(5,052)	(4,716)
Total current assets	19,550,958	19,606,066
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,499,393	8,413,337
Machinery, equipment and vehicles, net	2,568,760	2,815,147
Land	6,917,694	6,917,694
Other, net	2,201,435	1,926,815
Total property, plant and equipment	19,187,283	20,072,994
Intangible assets	1,516,691	1,476,783
Investments and other assets		
Other	5,327,993	6,719,592
Allowance for doubtful accounts	(37,529)	(47,190)
Total investments and other assets	5,290,463	6,672,402
Total non-current assets	25,994,438	28,222,180
Total assets	45,545,397	47,828,246
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,224,275	6,224,657
Short-term borrowings	200,000	1,700,000
Current portion of long-term borrowings	2,217,144	2,258,644
Income taxes payable	1,317,131	1,182,949
Provision for bonuses	457,538	485,506
Provision for loss on litigation	2,000	2,000
Other	5,187,054	4,024,376
Total current liabilities	15,605,144	15,878,133
Non-current liabilities		
Long-term borrowings	4,004,212	3,742,368
Retirement benefit liability	677,977	697,490
Asset retirement obligations	493,541	585,237
Other	1,730,952	1,772,551
Total non-current liabilities	6,906,683	6,797,647
Total liabilities	22,511,828	22,675,781

(Thousands of yen)

	As of March 31, 2019	As of September 30, 2019
Net assets		
Shareholders' equity		
Share capital	2,657,368	2,659,400
Capital surplus	2,171,790	2,173,822
Retained earnings	17,798,513	19,653,734
Treasury shares	(103,747)	(103,977)
Total shareholders' equity	22,523,924	24,382,980
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	687,236	929,216
Remeasurements of defined benefit plans	(177,591)	(159,731)
Total accumulated other comprehensive income	509,644	769,484
Total net assets	23,033,569	25,152,465
Total liabilities and net assets	45,545,397	47,828,246

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	40,870,352	47,561,792
Cost of sales	36,347,766	41,841,776
Gross profit	4,522,586	5,720,016
Selling, general and administrative expenses	1,898,595	2,289,997
Operating profit	2,623,990	3,430,018
Non-operating income		
Interest income	1,514	1,583
Dividend income	25,363	30,562
Insurance claim income	5,412	42,026
Gain on sales of investment securities	–	574
Outsourcing service income	39,375	–
Other	96,610	54,941
Total non-operating income	168,275	129,689
Non-operating expenses		
Interest expenses	10,267	10,319
Loss on cancellation of leases	80	8,899
Loss on retirement of non-current assets	1,960	0
Litigation expenses	3,944	–
Other	95	755
Total non-operating expenses	16,347	19,974
Ordinary profit	2,775,918	3,539,733
Profit before income taxes	2,775,918	3,539,733
Income taxes	834,818	1,099,604
Profit	1,941,099	2,440,129
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	1,941,099	2,440,129

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	1,941,099	2,440,129
Other comprehensive income		
Valuation difference on available-for-sale securities	118,092	241,980
Remeasurements of defined benefit plans, net of tax	14,319	17,859
Total other comprehensive income	132,412	259,839
Comprehensive income	2,073,512	2,699,969
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,073,512	2,699,969
Comprehensive income attributable to non-controlling interests	–	–

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	2,775,918	3,539,733
Depreciation	513,579	709,298
Amortization of goodwill	14,636	14,636
Increase (decrease) in allowance for doubtful accounts	(1,157)	9,324
Increase (decrease) in provision for bonuses	77,658	27,967
Increase (decrease) in allowance for other	(1,752)	–
Increase (decrease) in retirement benefit liability	31,232	29,288
Interest and dividend income	(26,877)	(32,146)
Interest expenses	10,267	10,319
Loss (gain) on sales and retirement of property, plant and equipment	(22,072)	(8,174)
Loss (gain) on sales of investment securities	–	(574)
Decrease (increase) in trade receivables	(211,039)	287,257
Increase (decrease) in trade payables	130,241	382
Increase (decrease) in accounts payable - other	115,465	(430,641)
Other, net	(341,978)	(318,731)
Subtotal	3,064,121	3,837,940
Interest and dividends received	26,573	32,045
Interest paid	(10,348)	(8,800)
Income taxes paid	(836,453)	(1,233,755)
Net cash provided by (used in) operating activities	2,243,893	2,627,429
Cash flows from investing activities		
Purchase of property, plant and equipment	(722,229)	(1,711,344)
Proceeds from sales of property, plant and equipment	2,040,655	11,718
Purchase of intangible assets	(90,438)	(142,851)
Purchase of investment securities	(511,469)	(1,010,221)
Proceeds from sales of investment securities	–	1,146
Loan advances	(106,900)	(107,496)
Collection of loans receivable	28,305	38,277
Payments of leasehold and guarantee deposits	(145,529)	(192,368)
Other, net	(59,088)	19,313
Net cash provided by (used in) investing activities	433,305	(3,093,825)

(Thousands of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from financing activities		
Proceeds from short-term borrowings	1,100,000	1,600,000
Repayments of short-term borrowings	(300,000)	(100,000)
Repayments of lease obligations	(162,800)	(141,100)
Payments for accounts payable-other	(25,259)	(15,939)
Proceeds from long-term borrowings	2,500,000	1,000,000
Repayments of long-term borrowings	(976,046)	(1,220,344)
Dividends paid	(510,101)	(585,002)
Purchase of treasury shares	(137)	(229)
Proceeds from exercise of employee share options	4,932	4,065
Net cash provided by (used in) financing activities	1,630,587	541,449
Net increase (decrease) in cash and cash equivalents	4,307,786	75,054
Cash and cash equivalents at beginning of period	4,577,417	8,431,506
Cash and cash equivalents at end of period	8,885,204	8,506,560