

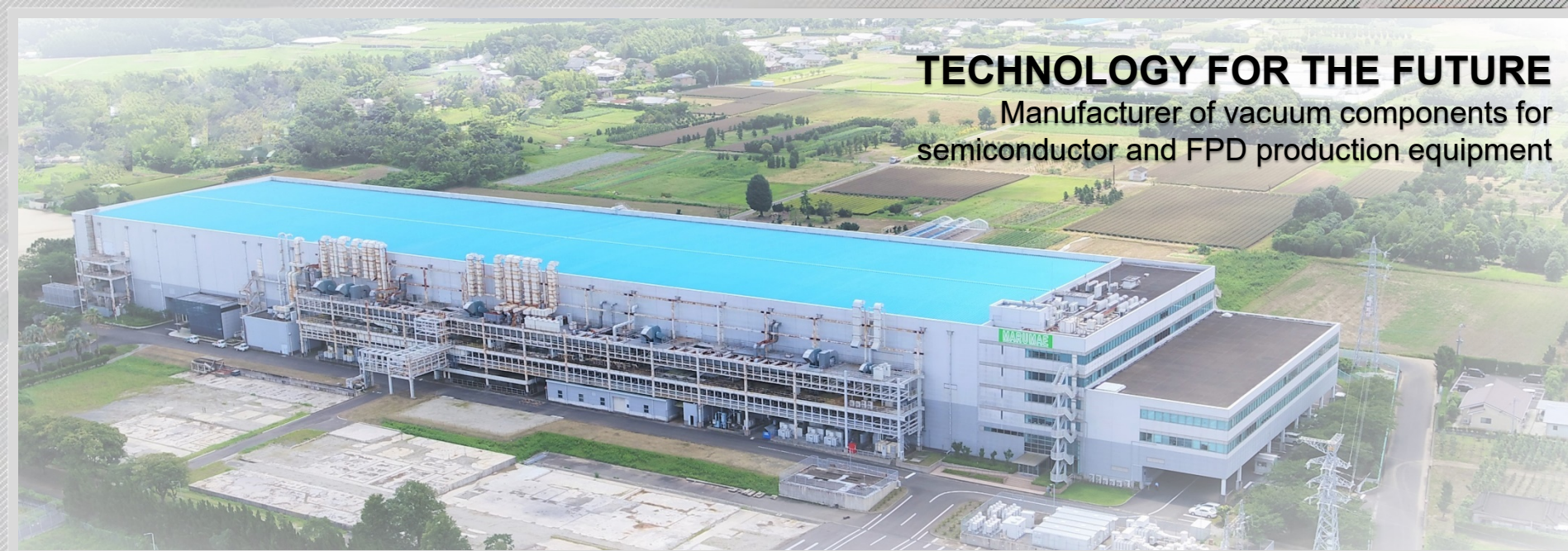
Tokyo Stock Exchange (TSE): 6264

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MARUMAE CO., LTD. FY2021 Financial Results Summary

October 8, 2021

TECHNOLOGY FOR THE FUTURE
Manufacturer of vacuum components for
semiconductor and FPD production equipment



1. Overview of Financial Results

P/L Analysis

P/L	FY2020		FY2021		
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	YoY change ratio (%)
Orders received	4,346	—	6,241	—	43.6
Balance of the orders received	791	—	1,804	—	128.1
Net sales	4,388	100.0	5,369	100.0	22.4
Cost of sales	3,008	68.5	3,552	66.2	18.1
Gross profit	1,380	31.5	1,817	33.8	31.7
Selling and administrative expenses	483	11.0	610	11.4	26.0
Operating profit	896	20.4	1,207	22.5	34.7
Ordinary profit	834	19.0	1,200	22.4	43.9
Extraordinary loss (income)	142	3.3	22	0.4	(84.4)
Profit	690	15.7	902	16.8	30.7
EPS (yen)	53.34	—	70.51	—	32.2

Point

1. Status of orders received

- Semiconductor sector: 4,850 million yen (43.1% YoY increase)
- FPD sector: 1,160 million yen (24.3% YoY increase)
- Other sectors: 229 million yen (923.4% YoY increase)

2. Net sales

- 22.4% YoY increase

*The details for each sector are listed on the next page.

3. Cost of sales and gross profit

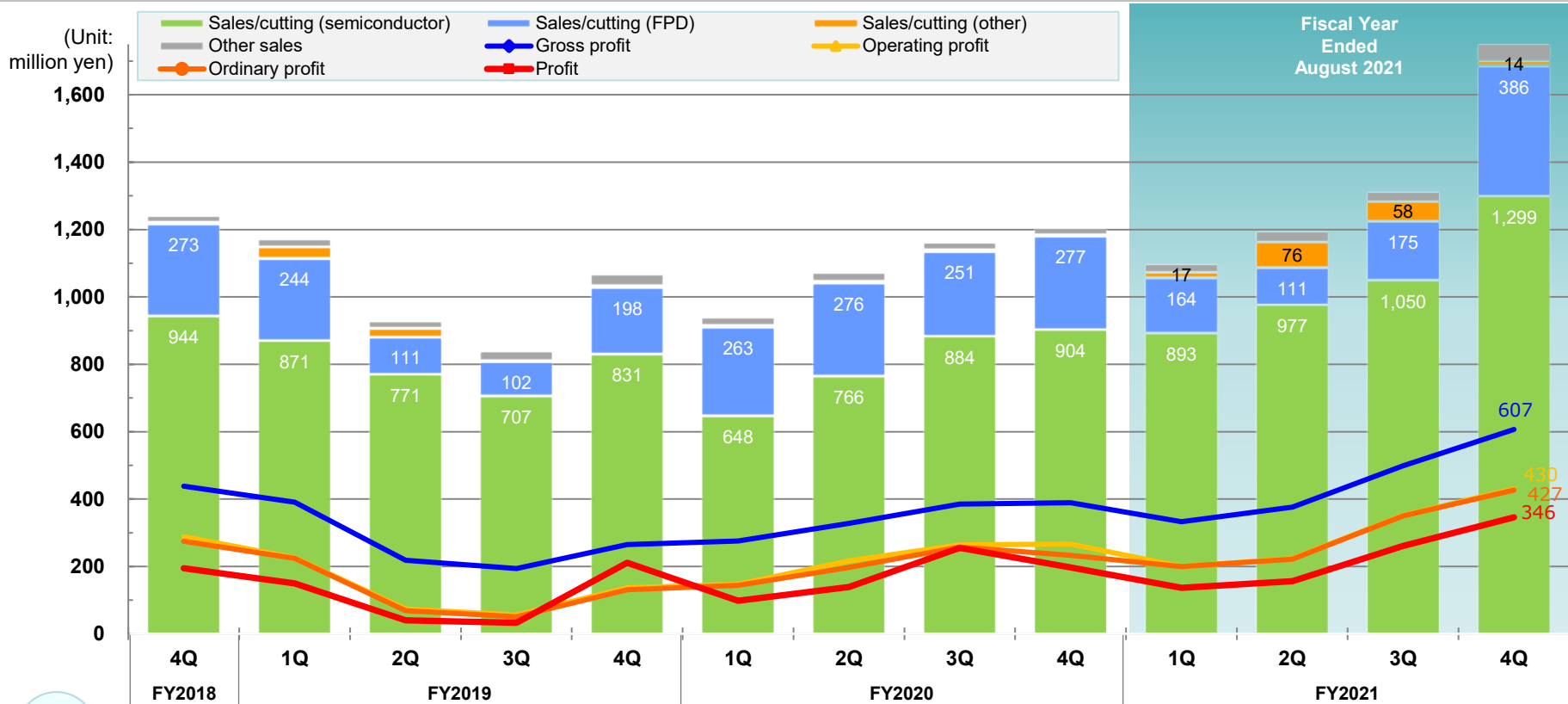
- Material cost: 192 million yen increase (29.4% YoY increase)
- Outsourcing expenses: 153 million yen increase (29.9% YoY increase)
- Labor costs: 178 million yen increase (19.4% YoY increase)
- Depreciation: 67 million yen increase (13.2% YoY increase)

4. Selling and administrative expenses

- Personnel expenses: 64 million yen increase
- Research and development expenses: 33 million yen increase

1. Overview of Financial Results

Trends in Quarterly Business Results



Point

1. Record sales for semiconductors, and sales recovery in FPD

- Semiconductor sector: 4,221 million yen (31.8% YoY increase)
 - Favorable semiconductor market environment and a new record high in this quarter
- FPD sector: 838 million yen (21.5% YoY decrease)
 - Sales recovery due to improved market and EBW*-related sales

■ Other sectors: 168 million yen (693.3% YoY increase)

- Focusing on semiconductor and FPD sectors and tending to curb orders in the other sectors while utilizing outsourcing

2. Improved profits in line with increased sales

- Profit: 902 million yen (30.7% YoY increase)

*EBW: Electron beam welding

*The graph shows quarterly figures, but the numbers in the comments for each point are those for the fiscal year under review.

1. Overview of Financial Results

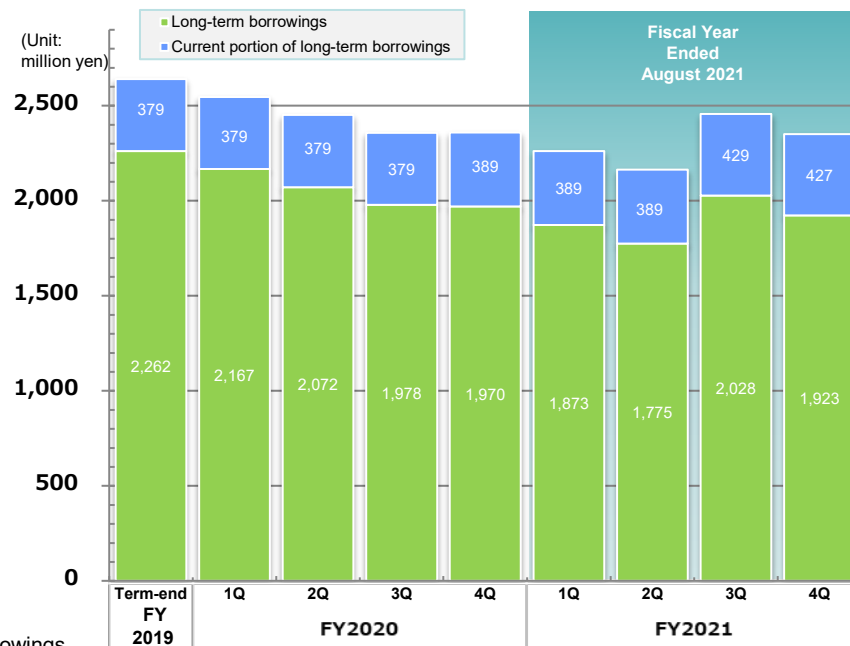
B/S Analysis

B/S (Unit: million yen)	Fiscal year ended Aug 2020	Fiscal year ended Aug 2021
Current assets	4,369	4,813
Cash & deposits	2,540	2,505
Trade receivables (Notes receivable - trade, accounts receivable - trade, and electronically recorded monetary claims - operating)	1,376	1,685
Inventories	438	597
Non-current assets	4,524	4,929
Buildings & land	2,359	2,358
Machinery & equipment	1,775	2,273
Current liabilities	1,183	1,452
Interest-bearing liabilities (short-term)*	389	427
Non-current liabilities	2,004	1,963
Long-term borrowings	1,970	1,923
Total liabilities	3,188	3,415
Total net assets	5,706	6,327
Total assets	8,894	9,742

*Interest-bearing liabilities (short-term): Short-term borrowings + Current portion of long-term borrowings

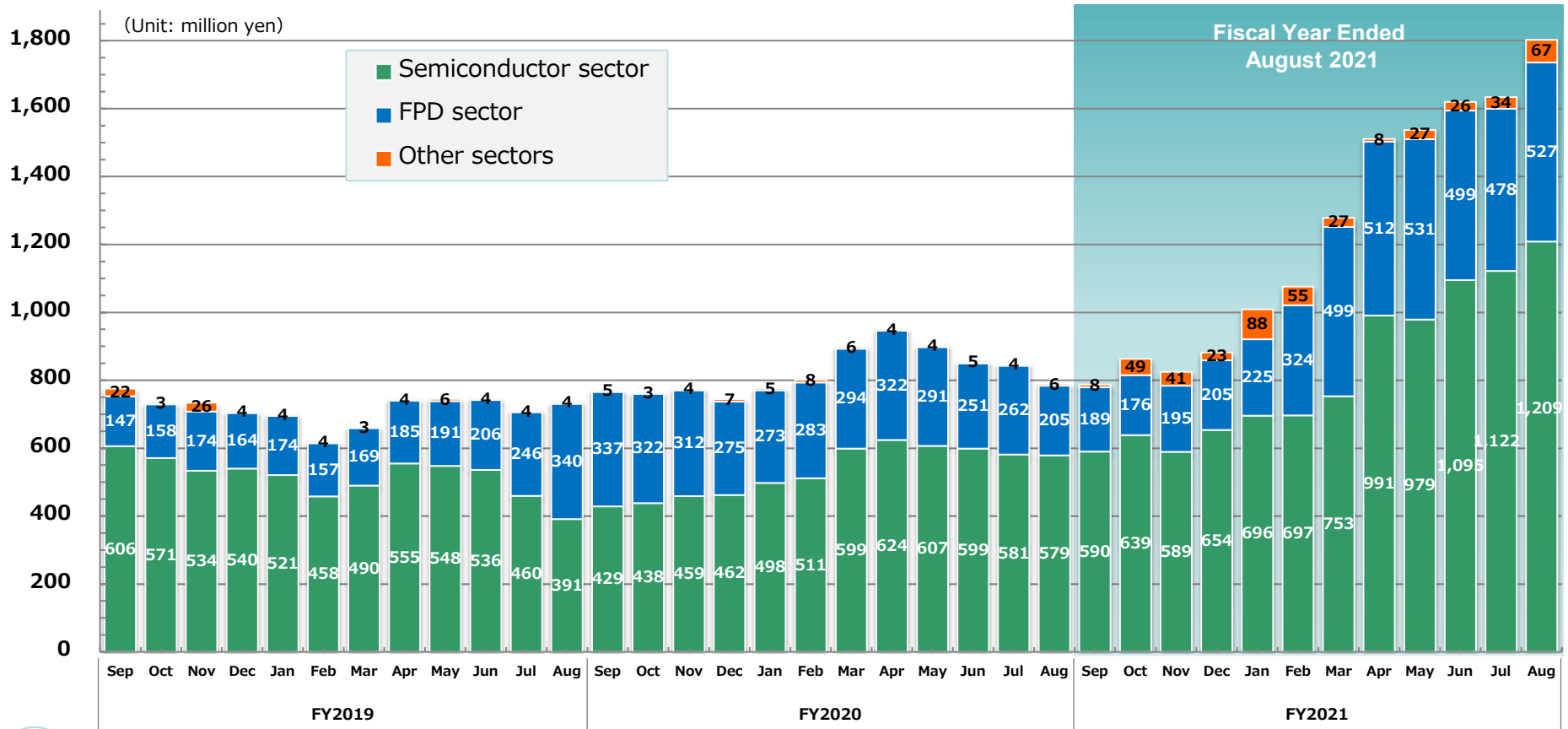
Point

- Assets: 9,742 million yen (increased by 848 million yen from the end of the previous fiscal year)**
 - Machinery and equipment: 498 million yen increase
 - Trade receivables: 309 million yen increase
- Liabilities: 3,415 million yen (increased by 227 million yen from the end of the previous fiscal year)**
 - Accounts payable - other: 185 million yen increase
 - Accounts payable - trade: 133 million yen increase
- Net assets: 6,327 million yen (increased by 621 million yen from the end of the previous fiscal year)**
 - Dividends paid: 281 million yen
 - Retained earnings: 621 million yen increase
 - Equity ratio: 64.2% → 64.9%



2. Business Environment

Trends in the Monthly Balance of Orders Received



- Point**
- Semiconductor sector: In addition to a market that was strong overall, there were increased orders from a new customer.
 - FPD sector: There was a recovery trend in orders for G10.5 LCDs as well as for G6 OLED (organic LEDs). Market-share gains also contributed to the recovery.
 - Other sectors: There were orders related to our automated equipment and recovery in orders for solar cell production equipment parts.

*The Company's orders have varying lead times. When there are many orders with a long lead time, the order backlog tends to be high compared to sales, and the reverse is true when there are many orders with a short lead time.

2. Business Environment

Future Environment and Policies by Sales Sector

Semiconductor

- ◆ Continuing increased logic investment amid overall favorable situations
- ◆ Increase in mass-production orders from new customers along with expanded logic investment
- ◆ Responding to an expanding market and bigger market share with aggressive capital investment

FPD

- ◆ The market environment is recovering, and the G6 OLED market continues to grow
- ◆ Restarting G10.5 LCD investment, and G8 OLED is on the move but no orders yet
- ◆ Current production capacity is tight due to market recovery, so utilizing partner companies

Others

- ◆ Increasing inquiries for solar cells
- ◆ Multiple orders expected, but no production capacity so utilizing outsourcing

3. Forecast of the Financial Results for FY2022

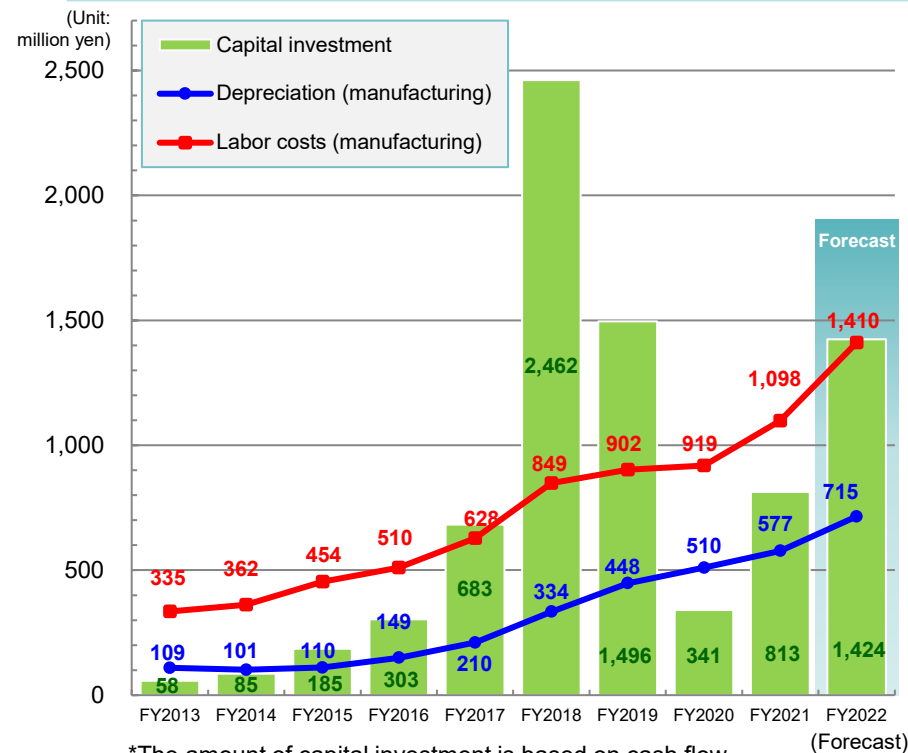
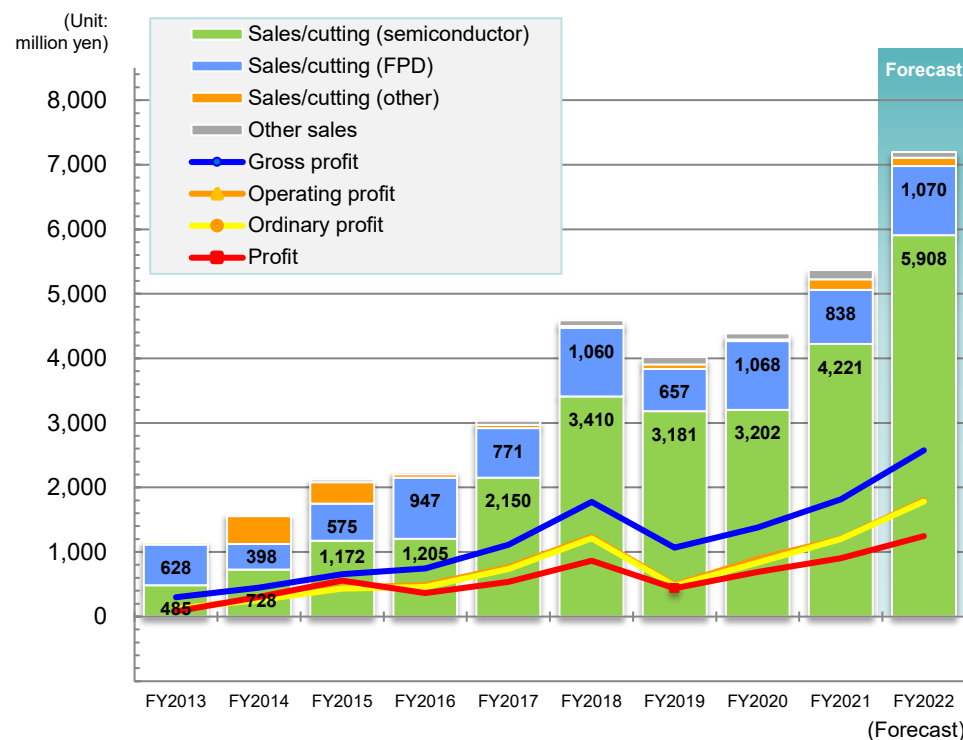
Forecast for the Next Period (Profit/Loss, Capital Investment, and Fixed Cost)

Financial Forecast for FY2022	Net Sales (million yen)	Operating profit (million yen)	Ordinary profit (million yen)	Profit (million yen)	Earnings per share (yen)
Q2 (Cumulative)	3,540	900	890	623	48.68
Full year	7,200	1,800	1,780	1,245	97.30

Preparing for a lower profit margin compared to the medium-term business plan due to higher depreciation from aggressive capital investment

Point

- ✓ Both sales and profits expected to reach record highs
- ✓ Aggressive investment and hiring to expand market share (policy to increase hiring and raise labor share)
- ✓ Focusing on achieving production capacity of monthly output of 700 million yen (550 million yen for semiconductor sector and 150 million yen for FPD sector)



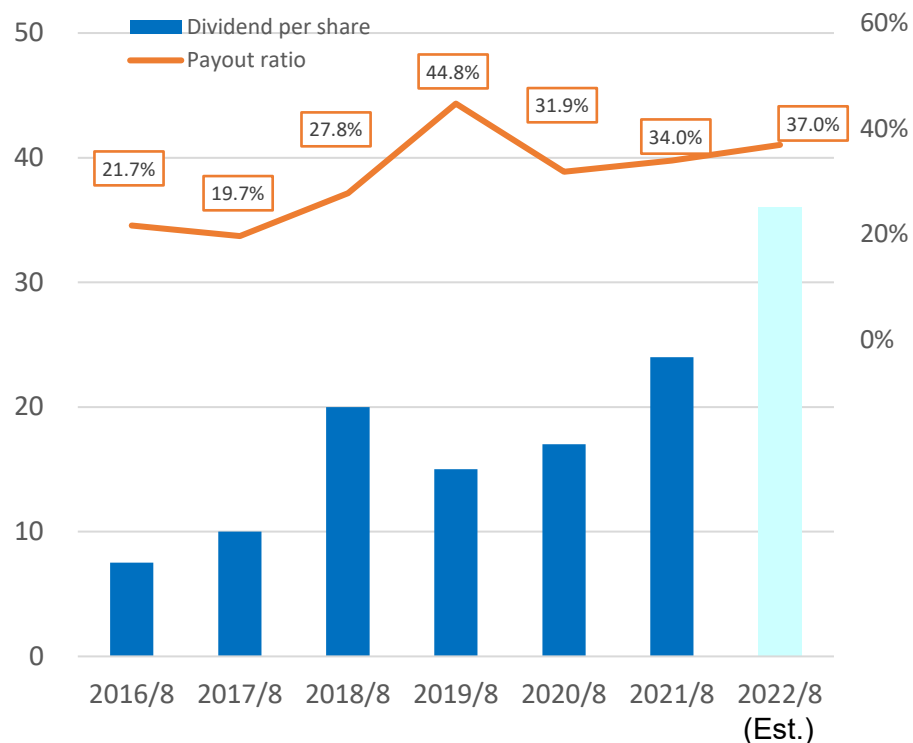
*The amount of capital investment is based on cash flow.

3. Forecast of the Financial Results for FY2022

Shareholder Returns

Dividend Results and Forecasts

Dividend per share and payout ratio



Dividend Policy

- ✓ Dividend payout ratio of 30% or above planned in medium-term business plan
- ✓ Minimum annual dividend per share of 10 yen, considering stable dividends

Shareholder Benefits

- ✓ QUO card gift with a value equivalent to 1,000 yen for shareholders who hold at least one share unit of the Company continuously for at least six months.

Current Dividends

- ✓ 18 yen per share for the first half of FY2022 and 18 yen per share for the end term, 36 yen per share in total
- ✓ Continuing capital investment and planning a high-level return to shareholders at the same time, improving capital efficiency into account

4. Medium-term Business Plan "Innovation 2022"

Status of the Numerical Targets Planning Period until the End of Aug 2022

Medium-term Business Plan	
Innovation 2022	
Numerical Targets	Total Sales 7.0B yen Operating Profit 2.0B yen *
ROIC	Asset-based ROIC 18% Liability-based ROIC 14%
Payout Ratio	Payout ratio target 30% or above Minimum annual dividend per share 10 yen
ESG	Promotion of Sustainable Management Medium-to-long term efforts regarding key issues

* These figures are the target values in our medium-term business plan. The financial forecast for the current period is as shown on slide 7.

4. Medium-term Business Plan "Innovation 2022"

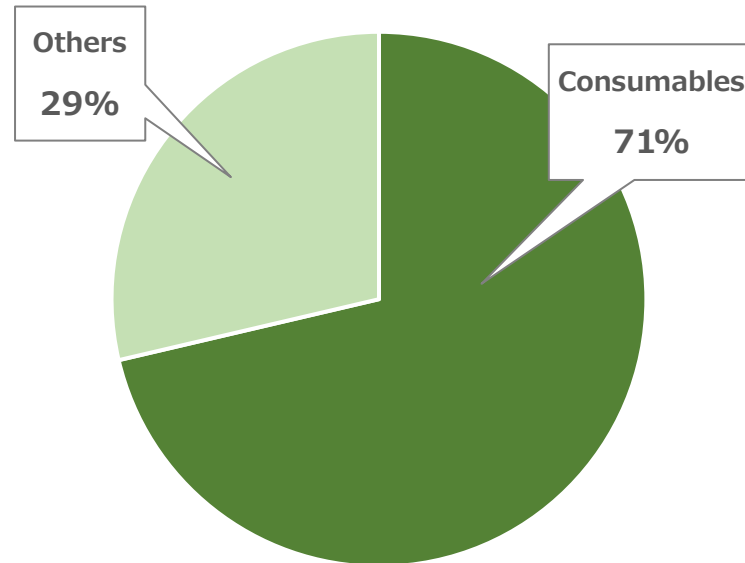
The Strategy for the Medium-term Business Plan

Sales	Semiconductor	<ul style="list-style-type: none"> ✓ Market environment forecast 36% in 2021 and 11% in 2022 YoY ✓ Strategy Market share expansion ✓ Concrete plan Maintaining market share of existing customers by expanding production capacity. Expanding market share in the industry with new customers <p>*Only market-linked increase in orders from existing customers, putting pressure on capacity expansion</p>
	FPD	<ul style="list-style-type: none"> ✓ Market environment forecast Recovery expected to start from the middle of 2021 and remain strong in 2022 ✓ Strategy Curbing in-house capital investment, but keeping expanded market share ✓ Concrete plan Increasing orders for vacuum chambers that require electron beam welding <p>Dealing with the prospect of continued tight production capacity by slightly enhancing capacity and expanding partner companies</p>
Costs	Cost of products manufactured	<p>Costs are expected to rise due to extra investment and increased recruiting. The aim is not only to achieve the initial sales target of 7 billion yen in the medium-term plan, but to enhance production capacity and market share further amid the revitalized market.</p> <p>Expecting slightly squeezed profit margins but continuing aggressive investment, prioritizing market share expansion.</p> <p>Postponing achievement of ROIC target in order to prioritize market share expansion</p>
	Selling, general and administrative expenses	<ul style="list-style-type: none"> Increase in personnel expenses related to improved governance and workstyle reforms Continuing R&D to acquire new technologies and new customers Increase in R&D expenses to about 100 million yen to meet development requests from new customers

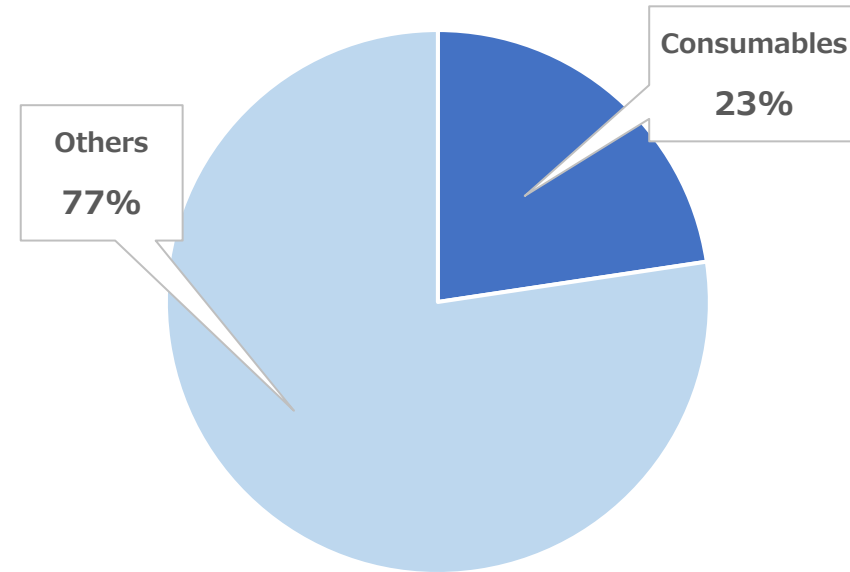
4. Medium-term Business Plan "Innovation 2022"

Strategy – Expansion of Orders for Consumables –

FY2021
Sales in the Semiconductor Sector



FY2021
Sales in the FPD Sector



Demand for Consumables

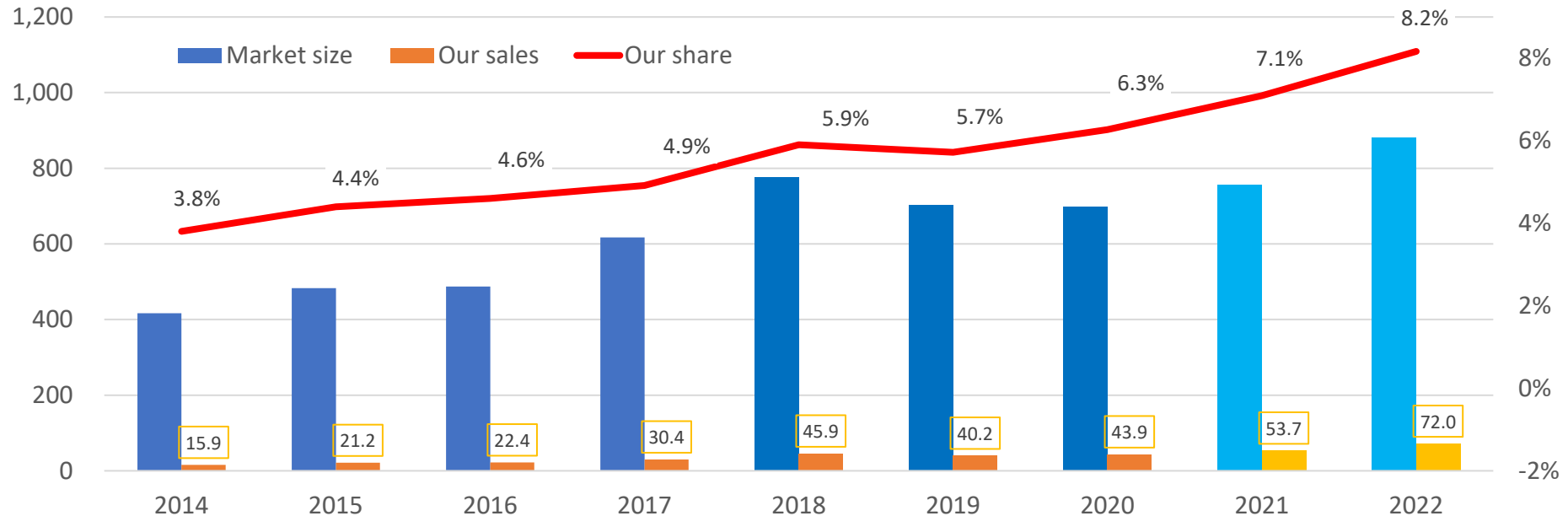
- ✓ We are focusing on taking orders for consumables, especially those among vacuum components that are exposed to plasma.
- ✓ Unlike significantly fluctuating demand for new equipment, demand for consumables will help to stabilize our business as device manufacturers' businesses grow.
- ✓ Our definition of consumables includes components installed or attached to new equipment, so it doesn't only cover worn-out consumables. (Half of the demand for consumables in the semiconductor sector is expected to come from actual wear and tear.)
- ✓ Sales have changed significantly over the past three years, but the ratio of consumables in the semiconductor sector has remained quite steady.

4. Medium-term Business Plan "Innovation 2022"

Target Market and Share Trends

(Unit: hundred million yen)

Market Size and Our Market Share *Light blue and yellow: our forecast



Growth Potential

- ✓ The market size data above reflects the sales data we have compiled for a reference group of 30 companies (including us) we have identified that make vacuum components similar to the ones we supply. Obtained from a research institution, the sales data for each calendar year is based on figures at the end of each fiscal year for each company.
- ✓ The data for 2021 does not reflect the current fiscal year results of 16 of the 30 companies, but does include an estimate based on similar companies and fiscal years.
- ✓ We have continued to expand our market share in the industry. Some of the factors are that we have been able to acquire orders for new products by taking advantage of our high level of prototyping capabilities, and that we respond to rapidly changing demand growth by flexibly investing in equipment and increasing the number of employees.

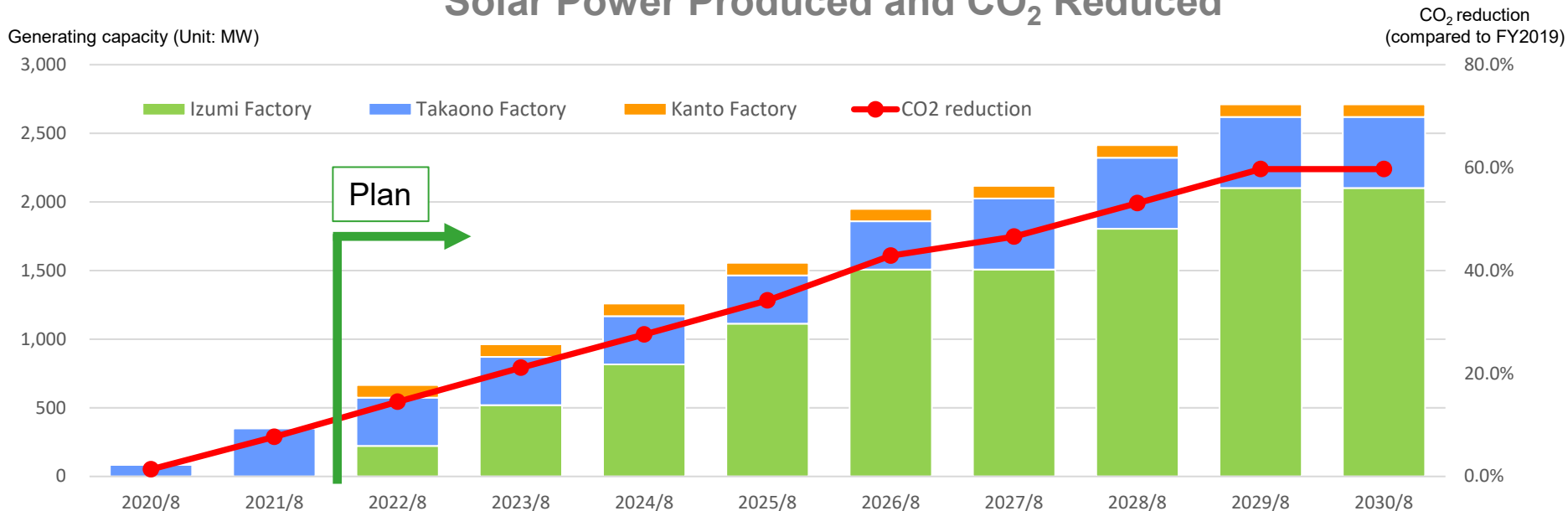
5. ESG Management

Consideration for the Global Environment

ESG

Promoting CO₂ Reduction by Utilizing Renewable Energy

Solar Power Produced and CO₂ Reduced



Plan : A total investment of 400 million yen in photovoltaic panels through FY2030 (50% or more reduction in CO₂ emissions)
 Photovoltaic capacity: 1.87 MW (estimated annual solar power output: 2,640 MW/h)
 Storage battery capacity: 0.60 MW

Progress: A total investment of 40 million yen until FY2021 (7.7% reduction in CO₂ emissions)

* FY2030 CO₂ reduction goal: 1,085 tons or more

* FY2019 power usage: 5,124 MW/h (equivalent to 2,169 tons of CO₂)

Solar panels ordered for FY2022

5. ESG Management

Addressing Climate Change

ESG

Roadmap to Carbon Neutrality

Our climate change initiatives to realize a carbon-free society

2025

2030

2022 onward
- Scenario analysis

Nov–Dec 2021
- Supporting the recommendations from TCFD
(Endorsement and step-by-step enhancing disclosure)

2021



Sep 2021
- Establishing an ESG committee
- Compiling ESG action plans, under review
Oct 2021
- Disclosing ESG data on our website

Our GHG Emission Reduction Targets
- GHG emission intensity (per marginal profit)
50% reduction (Scope 1, 2)
- Reference year: FY2019

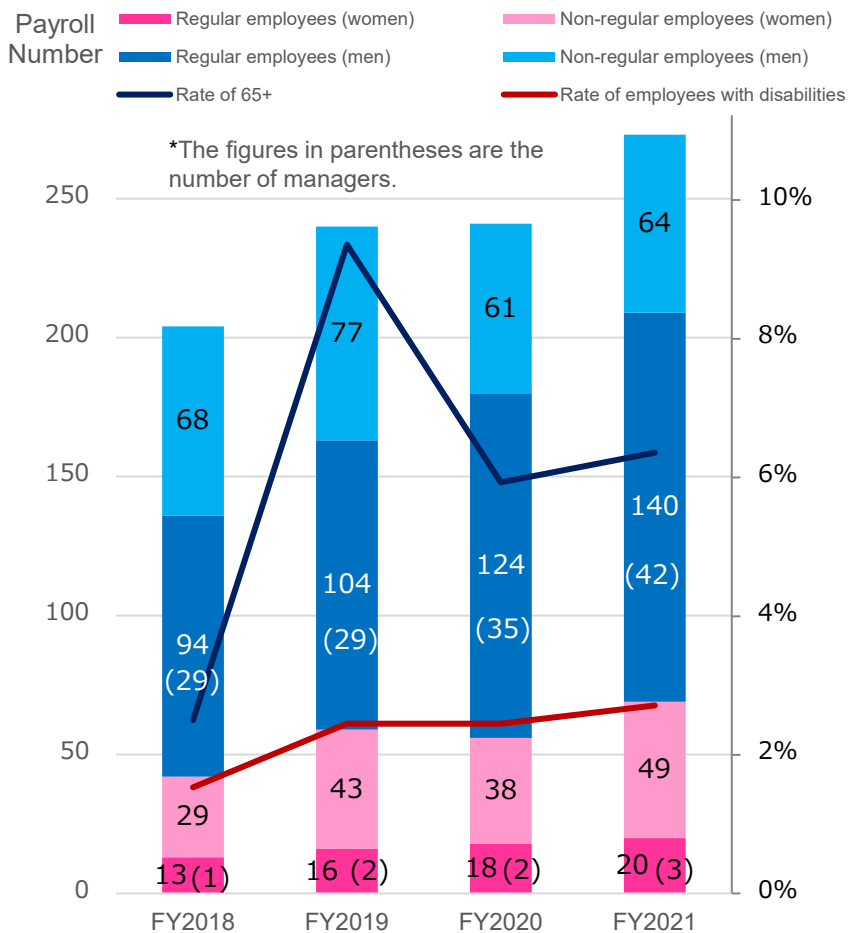
- ✓ Promoting company-wide initiatives through establishing an ESG committee
- ✓ Taking action to combat climate change in line with ESG plans
- ✓ Enhancing the disclosure of non-financial information, including ESG data

5. ESG Management

Human Resources-related Data

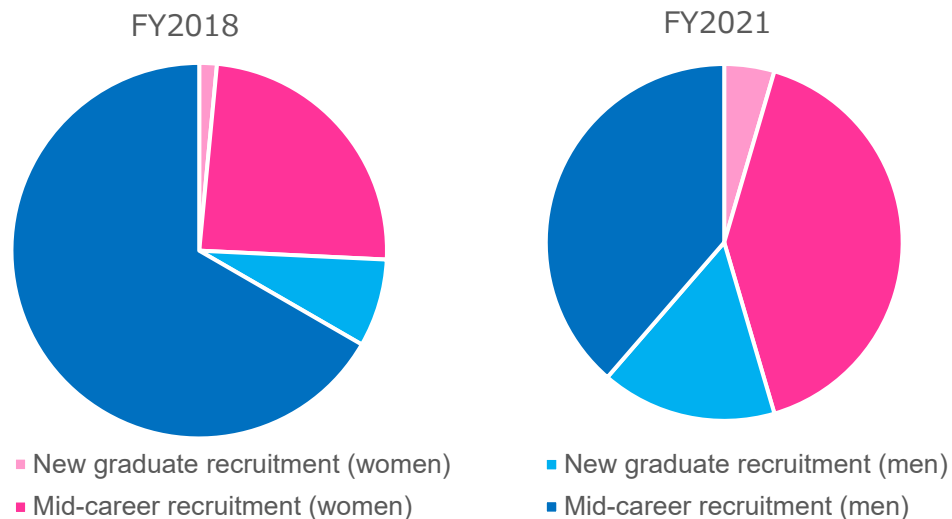


Hiring and Promoting Women Human Resources Policy



Female adoption rate

25.8% ➔ 45.5%



Initiatives

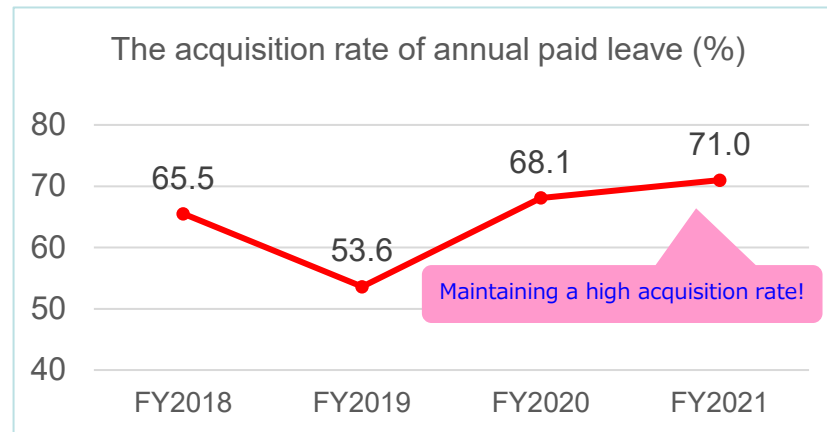
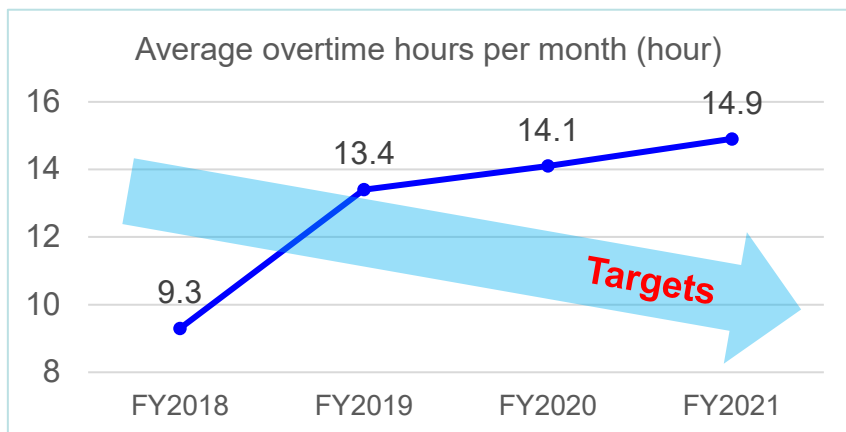
- ✓ Actively hiring more women, resulting in an increased ratio
- ✓ Continuing to educate female management candidates
- ✓ Utilizing re-employment system for employees aged 65 and over
- ✓ Actively utilizing people with disabilities (with rehabilitation equipment, etc.)

5. ESG Management

Human Resources-related Data



Our Challenges and Measures for Human Resources and the Working Environment



	FY2018	FY2019	FY2020	FY2021
Number of childcare leave acquirers	1	3	4	1
Number of nursing leave acquirers	0	0	0	0
Number of occupational accidents	1	5	6	3
Of which, the number of cases which resulted in lost worktime	0	1	1	0

- ✓ Despite efforts to streamline operations, average overtime hours per month tend to increase due to the impact of expanding orders (our target is to reduce overtime by improving productivity)
- ✓ We will continue to review and improve our measures, such as improving productivity, promoting the use of paid leave and increasing the number of holidays.
- ✓ We will also aim to create a workplace where employees can feel a sense of fulfilment and satisfaction, and can choose and realize various ways of living at each stage of their lives.
- ✓ Occupational accidents resulting in lost worktime over the past four years included cuts and scrapes (one case) and falls (one case).

5. ESG Management

Governance Data

ESG

Initiatives for the Composition of the Board and Others

Nine directors
Of which none were women
Of which 4 were outside directors

Nine directors
Of which **1 is a woman**
Of which 4 are outside directors

By 2022

Achieved

- Appointment of a female executive
- Rise in the number of outside directors



FY2018



FY2021

By 2025

- Achieving majority outside directors
- Increasing the number of people with management experience
- Diversifying the board

- ✓ Strengthening the supervisory board of directors by increasing the ratio of outside directors
- ✓ Utilizing diversity in ESG management
- ✓ Adapting profit-based compensation such as short-term profits linked to executive compensation
- ✓ Fostering a long-term perspective among executives through stock-based compensation

		FY2018	FY2019	FY2020	FY2021
Number of directors (ratio of females)	(%)	9 (-)	10 (-)	7 (-)	9 (11.1)
Number of outside directors (ratio of outside directors)	(%)	4 (44.4)	4 (40.0)	3 (42.9)	4 (44.4)
Number of board meetings held		23	25	23	20

We are promoting sustainable management to
contribute to society with our technology.

Notes

The information listed in this material and the contents that have been orally explained and have not been realized yet are outlooks based on certain assumptions, and they include uncertain elements such as evaluation by the Marumae management.

This material was prepared for shareholders and investors to understand the current status and management policy of Marumae, and does not provide readers with the basis to make any investment decision, such as the purchase and sales of the shares of the Company. The Company bears no responsibility for any investment decision.

Although the Company took care in preparing the listed information including numerical figures, this material contains many numerical figures that have not been audited. Therefore, the Company does not assure their accuracy. Moreover, the Company does not bear any responsibility for the information listed and any errors contained for any reason.

For inquiries regarding this material, please contact the following:

Person in charge of IR, General Affairs Section, Administration Division, Marumae Co., Ltd.

E-mail: inquiry_en@marumae.com

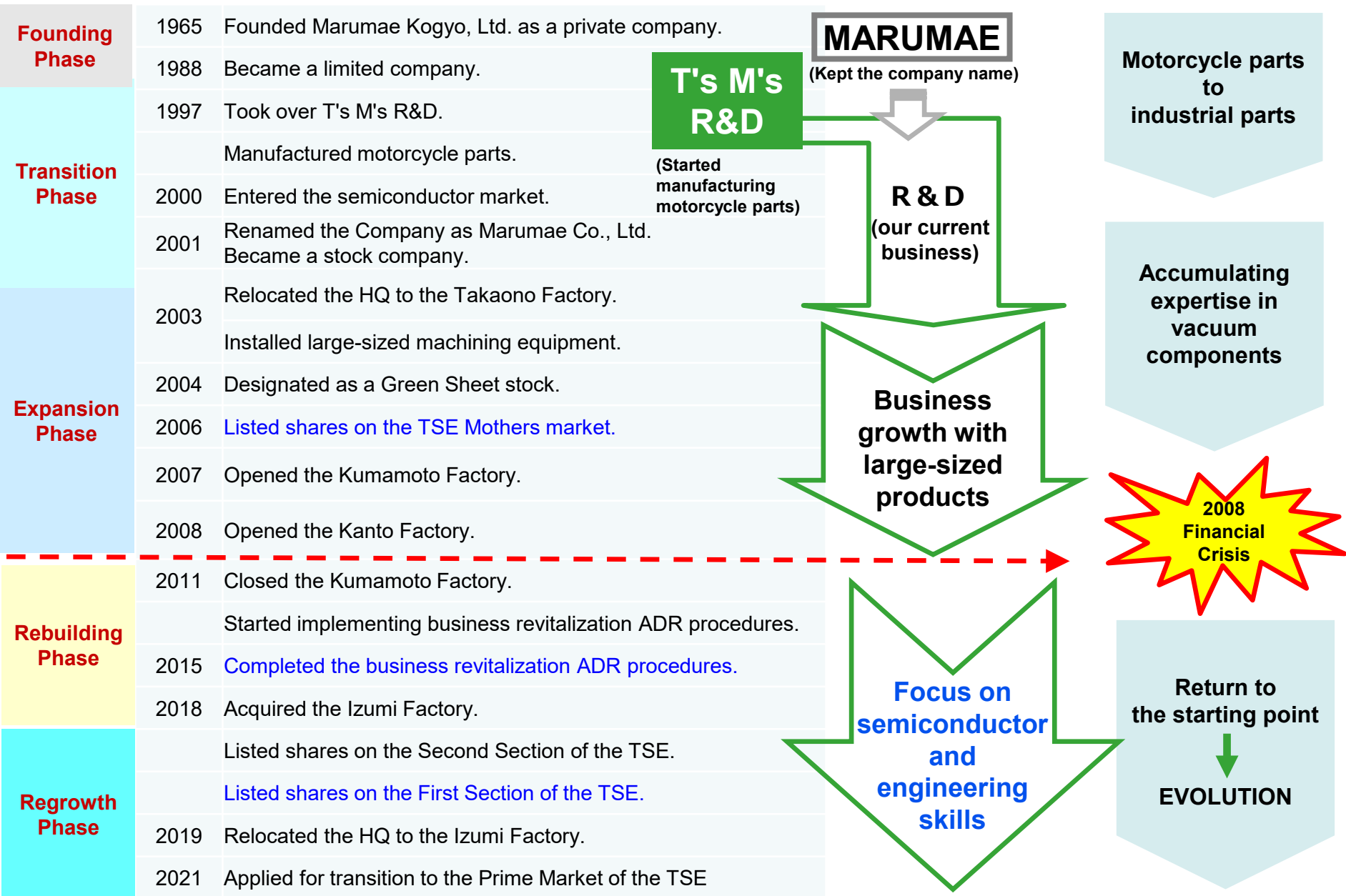
Company Profile

Reference (Our History)

We originally started from motorcycle racing.

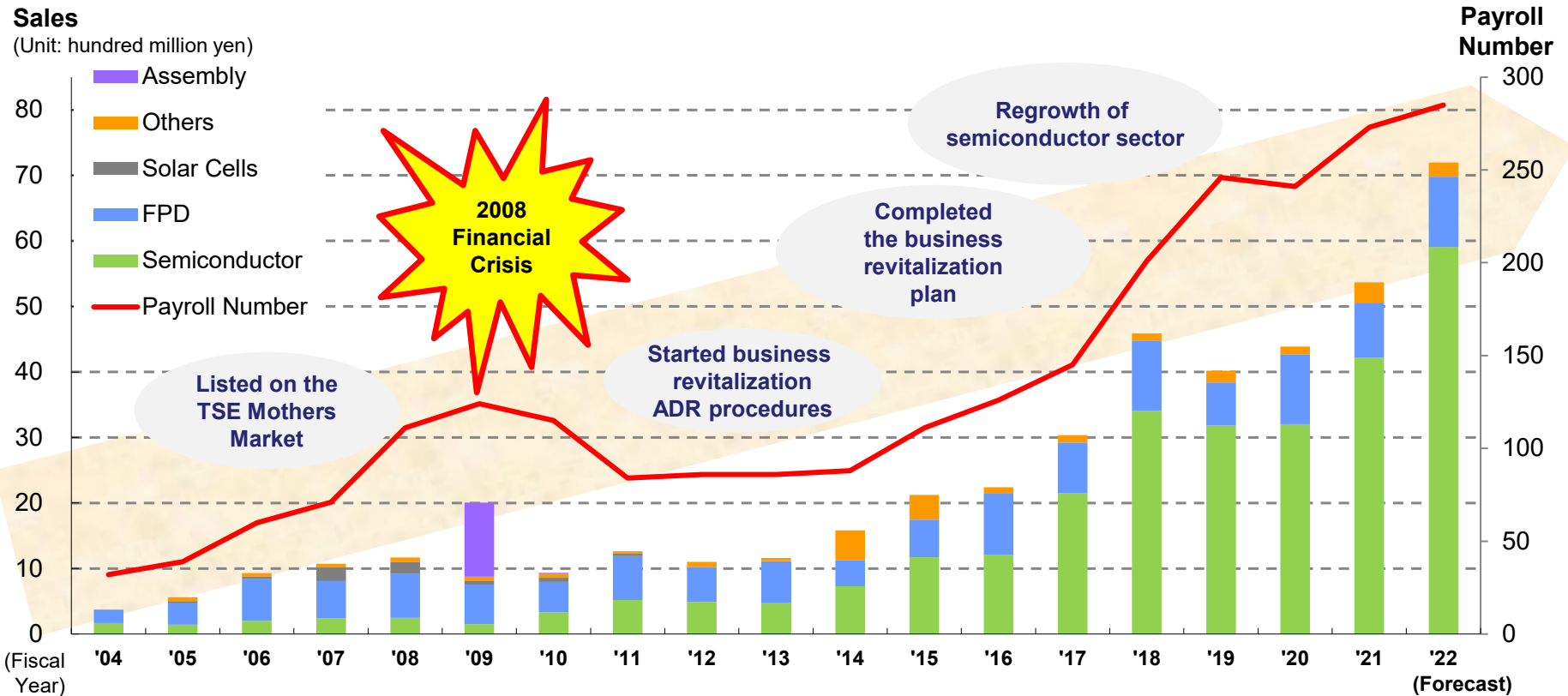


Reference (Our History & Business Transition)



Reference (Our History & Business Transition)

Business Growth & Growth Drivers



Expansion

Develop engineering skills

- Large-sized equipment
- Expansion of production capacity
- Assembly business

FPD
Solar Cell

Restructuring

- Organizing large-sized equipment
- Redistributing production capacity
- Strengthening vacuum components

Regrowth

Strengthen semiconductor sector
Re-expansion of capital investment

Reference (Business Overview)

Our products support the core of semiconductor and LCD production equipment worldwide

Main processes of our customers that use our products

- Etching
- CVD
- Coater/developer
- Sputtering
- Single wafer cleaning
- Ashing
- Wafer bonding
- Ion implantation
- Annealing

Our main products

- Vacuum chambers
- Shower heads
- Exhaust plates
- Electrostatic chucks
- Heaters
- Upper electrodes
- Targets
- Parts for transfer systems
- Various vacuum components

* This photo is a sample image

Reference (Company Overview)

Company name	Marumae Co., Ltd.	Total number of issued shares	13,053,000 shares	
Established	October 1988	Share unit number	100 shares	
Capital	1,241,150,000 yen (as of August 31, 2021)	Total number of shareholders	9,684	
Executives	<ul style="list-style-type: none"> Toshikazu Maeda, President and Representative Director Kota Kaizaki, Director Hiroto Ando, Director Akiko Kadota, Outside Director Yoshitsugu Kojima, Director (Audit and Supervisory Committee Member) Keiji Hokanishi, Director (Audit and Supervisory Committee Member) Satoshi Momokino, Outside Director (Audit and Supervisory Committee Member) Takaaki Yamamoto, Outside Director (Audit and Supervisory Committee Member) Hirotsugu Miyakawa, Outside Director (Audit and Supervisory Committee Member) 	Major shareholders (Common shares)	<ul style="list-style-type: none"> Toshikazu Maeda 4,819,000 shares Misako Maeda 504,000 shares The Master Trust Bank of Japan, Ltd. (trust account) 417,700 shares Tadao Kawamoto 219,500 shares STATE STREET BANK AND TRUST COMPANY 505019 209,400 shares SMBC Nikko Securities Inc. 185,100 shares Yoshiko Maeda 180,000 shares Custody Bank of Japan, Ltd. (trust account) 172,300 shares Koei Igarashi 168,000 shares Marumae Kyoekai 136,400 shares 	
			Number of employees	273 (including 113 temporary workers) and 40 dispatched workers (as of August 31, 2021)
Locations	<ul style="list-style-type: none"> Izumi Factory (Headquarters): 2141 Onohara, Izumi, Kagoshima 899-0216, Japan Takaono Factory: 3816-41 Okubo, Takaono, Izumi, Kagoshima 899-0401, Japan Kanto Factory: 2-17-15 Hizaori, Asaka, Saitama 351-0014, Japan 		Management philosophy	<ul style="list-style-type: none"> Seek technological perfection Respect competition and cooperation Contribute to society as a company that focuses on technology <p>We focus on parts machining, which is the foundation of the <i>monozukuri</i> (manufacturing) that supports our economy.</p> <p>To become a company that can support comprehensive manufacturers in various areas, we aim to be a leading parts machining company with advanced technology and supply capabilities.</p>
	Business description			<ul style="list-style-type: none"> Design, manufacture and machining of precision machinery and equipment Design and manufacture of precision machine components Design, manufacturing and sales of industrial and medical equipment Development and sales of software Plate working Plumbing Transportation Real estate leasing