

Tokyo Stock Exchange (TSE): 6264

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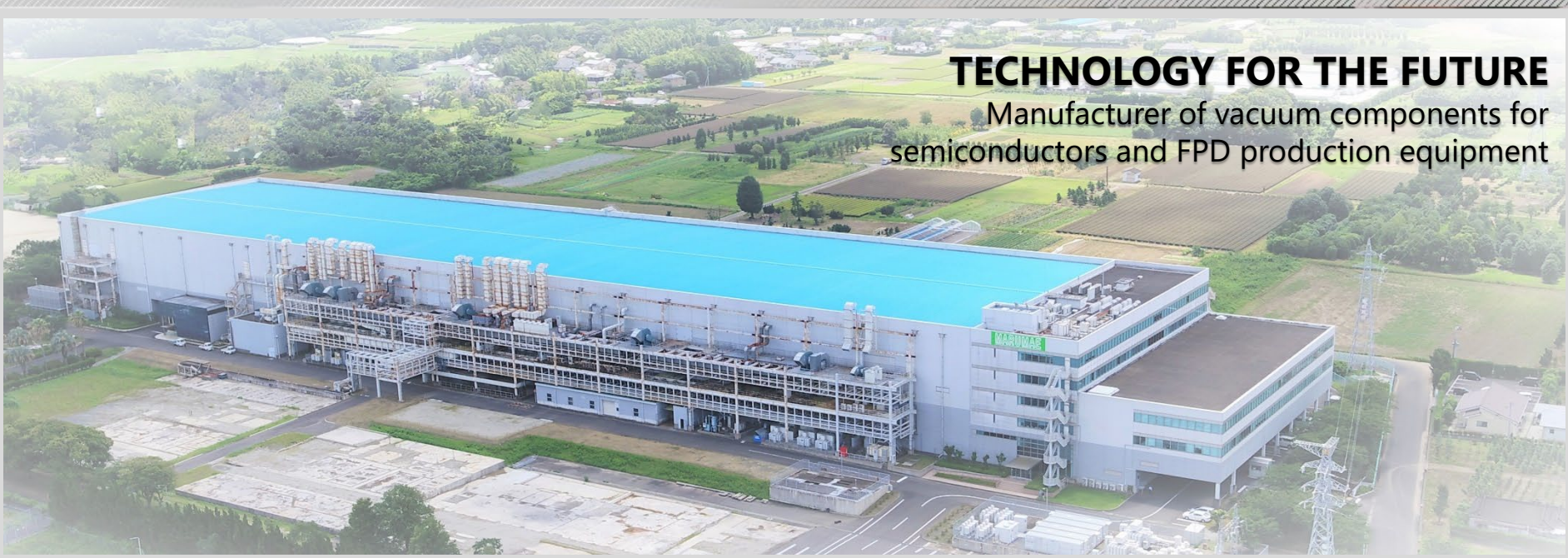
# MARUMAE CO., LTD.

## Q1 FY2023 Financial Results Summary

December 28, 2022

**TECHNOLOGY FOR THE FUTURE**

Manufacturer of vacuum components for  
semiconductors and FPD production equipment



# 1. Overview of Financial Results

## P/L Analysis

P/L	First Quarter of the Fiscal Year Ended August 31, 2022		First Quarter of the Fiscal Year Ending August 31, 2023		
	Amount (millions of yen)	Ratio (%)	Amount (millions of yen)	Ratio (%)	YoY change ratio (%)
Orders received*	2,496	—	1,815	—	(27.3)
Order backlogs*	2,411	—	1,987	—	(17.6)
Net sales	1,938	100.0	2,487	100.0	28.3
Cost of sales	1,150	59.3	1,585	63.7	37.9
Gross profit	788	40.7	902	36.3	14.5
Selling and administrative expenses	193	10.0	233	9.4	20.7
Operating profit	595	30.7	668	26.9	12.4
Ordinary profit	592	30.6	663	26.7	11.8
Extraordinary loss (income)	0	0.0	(2)	—	—
Profit	422	21.8	467	18.8	10.7
EPS (yen)	32.98	—	37.00	—	12.2

### Point

#### 1. Status of orders received\*

- Semiconductor sector: 1,307 million yen (30.2% YoY decrease)
- FPD sector: 136 million yen (77.9% YoY decrease)
- Other sectors: 371 million yen (Same period of the previous year: 3 million yen)

#### 2. Net sales

- 28.3% YoY increase (Details by sector on the next page)

#### 3. Cost of sales

- Material cost: 33-million-yen decrease (10.0% YoY decrease)
- Outsourcing expenses: 18-million-yen increase (5.7% YoY increase)
- Labor costs: 79-million-yen increase (23.0% YoY increase)
- Depreciation: 66-million-yen increase (44.7% YoY increase)

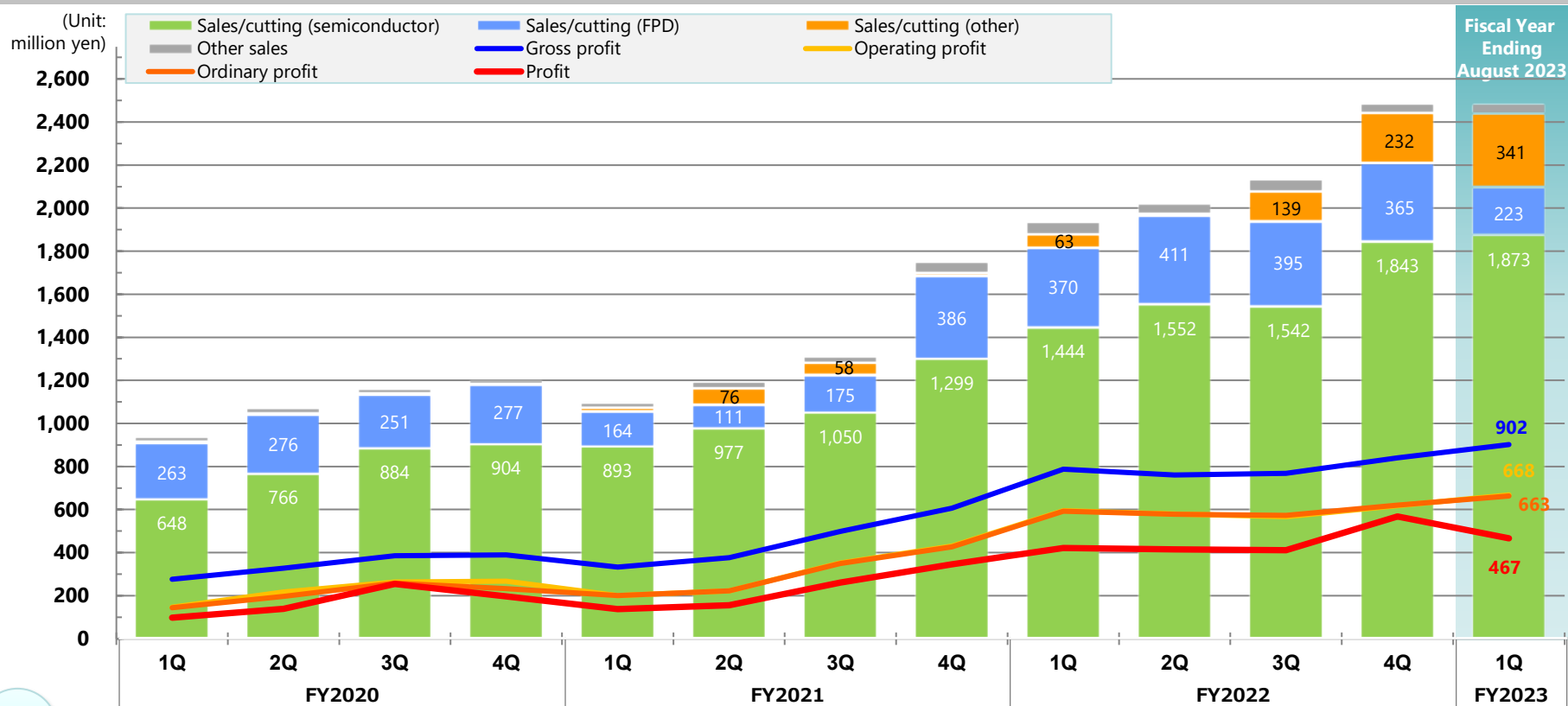
#### 4. Selling and administrative expenses

- Personnel expenses: 18-million-yen increase
- Commission expenses: 5-million-yen increase

\*Orders received and order backlogs include materials supplied for a fee.

# 1. Overview of Financial Results

## Trends in Quarterly Business Results



### Point

#### 1. Strong sales for semiconductors with sales for solar cell equipment also contributing

- Semiconductor sector: 1,873 million yen (29.7% YoY increase)
  - Record highs continued thanks to order backlog work.
- FPD sector: 223 million yen (39.6% YoY decrease)
  - Sales dropped due to the stagnant market.

- Other sectors: 341 million yen (441.6% YoY increase)

- Shipment inspections of solar cell production equipment parts were in full swing.

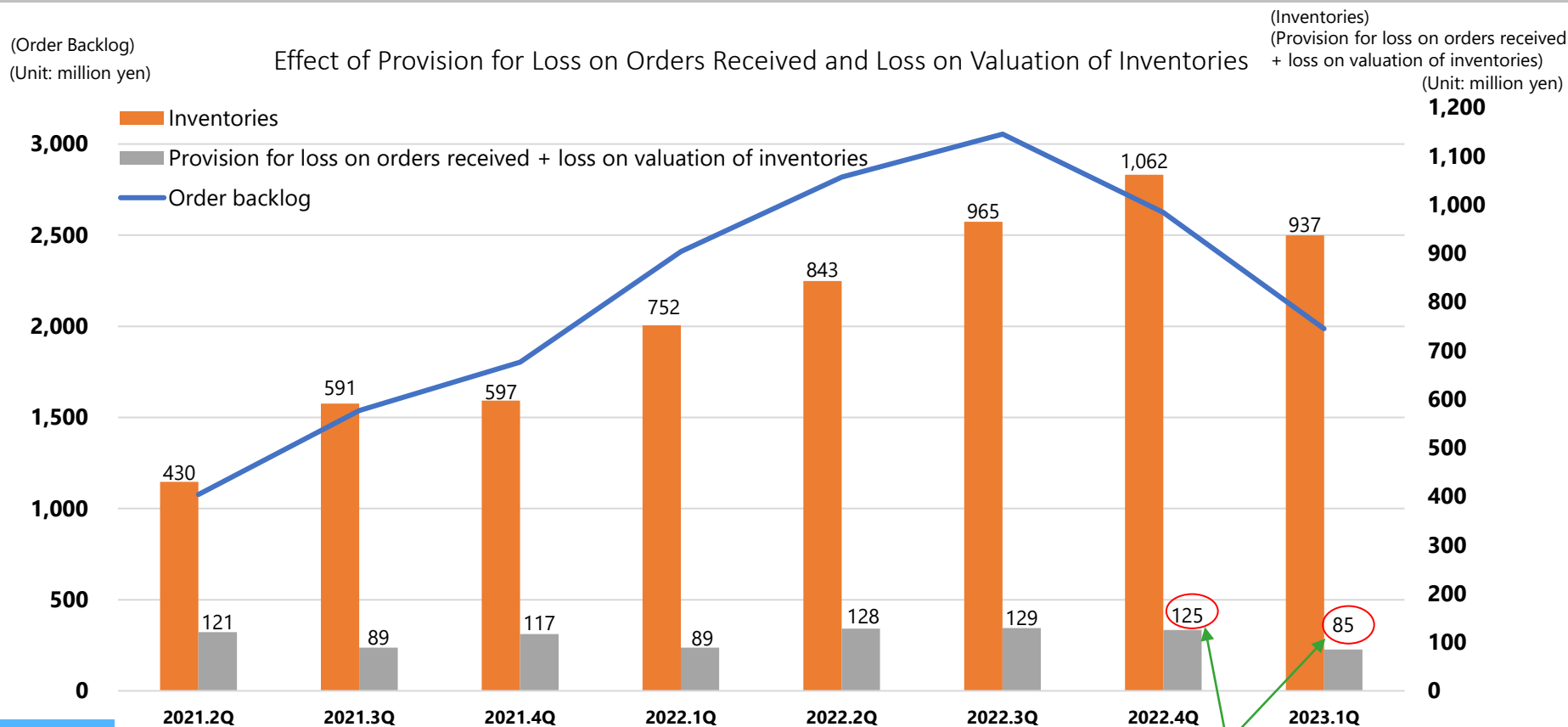
#### 2. Gross profits increased due to lower manufacturing costs.

- Cost reduction due to a decrease in total of provision for loss on orders received and loss on valuation of inventories
- Profit: 467 million yen (10.7% YoY increase)

\*This 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

## Change in Provision for Loss on Orders Received and Loss on Valuation of Inventories, etc.



### Point

This 39 million yen difference is a factor in the improvement of P/L.

- ✓ In the first quarter, the 39-million-yen improvement in profit/loss is attributed to the provision for loss on orders received and loss on valuation of inventories.
- ✓ The provision for loss on orders received and loss on valuation of inventories are calculated by extracting the expected losses from the uninspected order backlog based on past results and estimates of additional costs to be incurred for each product. Since orders that are expected to incur losses are aggregated, there is a high likelihood that losses will rise as order backlogs increase. This provision is also likely to rise as the hourly unit cost increases with the lower factory utilization rate.

\* "Value estimates for work in process and the provision for loss on orders received" as related to the provision for loss on orders received and loss on valuation of inventories were selected as "Key Audit Matters (KAM)" in the previous period.

# 1. Overview of Financial Results

## B/S Analysis

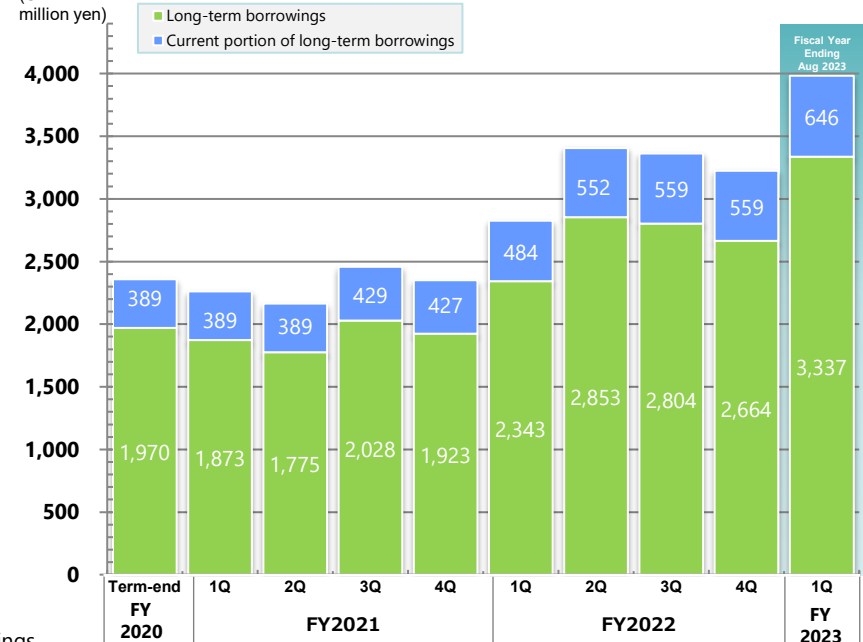
<b>B/S</b>	Fiscal year ended Aug 2022 End of Fiscal Year	Fiscal year ending Aug 2023 End of Q1
	(Unit: million yen)	
Current assets	6,591	6,450
Cash & deposits	3,011	2,714
Trade receivables (Notes receivable – trade, accounts receivable – trade, and electronically recorded monetary claims – operating)	2,493	2,765
Inventories	1,062	937
Non-current assets	5,961	6,455
Buildings & land	2,517	2,529
Machinery & equipment	2,971	3,375
Current liabilities	2,504	2,052
Interest-bearing liabilities (short-term)*	559	646
Non-current liabilities	2,749	3,416
Long-term borrowings	2,664	3,337
Total liabilities	5,253	5,468
Total net assets	7,299	7,438
Total assets	12,552	12,906

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

### Point

- Assets: 12,906 million yen (353-million-yen increase from the end of the previous fiscal year)**
  - Property, plant and equipment: 529-million-yen increase
  - Trade receivables: 272-million-yen increase
- Liabilities: 5,468 million yen (214-million-yen increase from the end of the previous fiscal year)**
  - Long-term borrowings: 673-million-yen increase
  - Income taxes payable: 350-million-yen decrease
- Net assets: 7,438 million yen (138-million-yen increase from the end of the previous fiscal year)**
  - Dividends paid: 328 million yen
  - Profit recorded: 467 million yen
  - Equity ratio: 58.1% → 57.6%

(Unit: million yen)



## 2. Business Environment

### Future Environment and Policies by Sales Sector

#### Semiconductor

- ◆ Robust performance in Q1 FY2023, but a market slowdown is expected in Q2–3.
- ◆ Despite the stagnant equipment market, its effect on the Company is likely to be less than initially expected.
- ◆ Strategic focus on increasing consumables and orders from new customers with the aim of expanding orders.

#### FPD

- ◆ OLED is planned for Generation 6 and Generation 8, while Generation 10.5 LCD sales will remain slow until the second half of 2023.
- ◆ Overall market tends to be stagnant.
- ◆ Aiming to expand market share by acquiring orders of new varieties despite the sluggish market.

#### Others

- ◆ Strong market for solar cell production equipment. Orders have started to come in.
- ◆ Energize sales activities by leveraging excess capacity in the FPD sector.
- ◆ Improve in-house production ratio while continuing some outsourcing.

# 3. Financial Forecast for FY2023

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

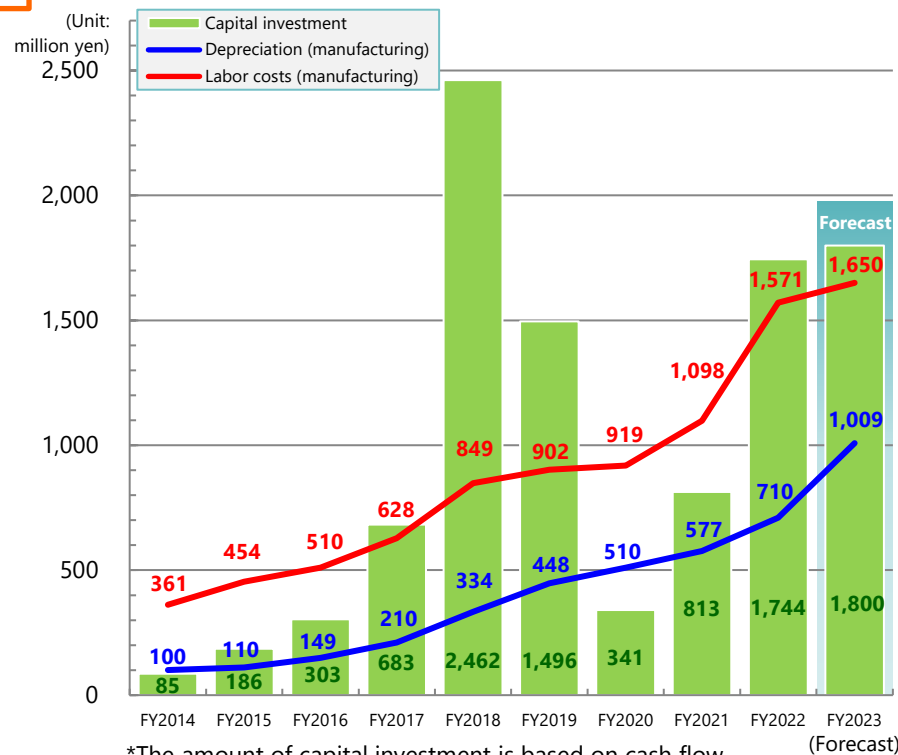
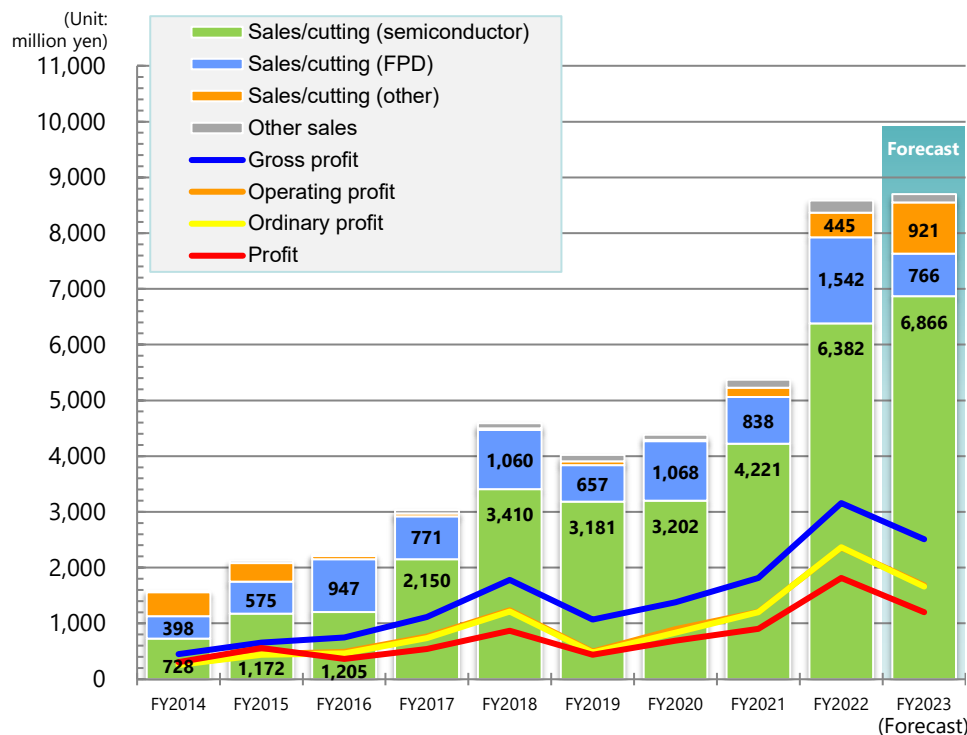
Financial forecast for FY2023	Net sales (millions of yen)	Operating profit (millions of yen)	Ordinary profit (millions of yen)	Profit (millions of yen)	Earnings per share (yen)
Q2 (Cumulative)	4,180	780	770	556	44.03

Full year 8,700 1,680 1,660 1,200 95.03

Although business is better than initially expected, the outlook will remain cautious until the economic environment is confirmed in Q2 and beyond.

### Point

- ✓ Temporary decrease in profit margin due to increases in production investments and market stagnation.
- ✓ New equipment sales slowing, but sales have remained mostly steady for consumables.
- ✓ Flexible investment to increase production in accordance with the environment.
- ✓ Sustaining better performance than initially expected.



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

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Our goal as a company is for our technology to make a social contribution through sustainable management.



# Notes

Information that refers to future events, including the information listed in this material and content that has been orally explained, is an outlook based on certain assumptions, which include variable elements such as evaluations by Marumae's management.

This material has been prepared for shareholders and investors for them to grasp the current status and management policies of Marumae and does not provide readers with a basis for making any investment decision such as the purchase or sale of Company shares. The Company bears no responsibility for any investment decision.

Although the Company has taken care in preparing the listed information, including the 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 nor for any errors contained herein for any reason.

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# Company Profile

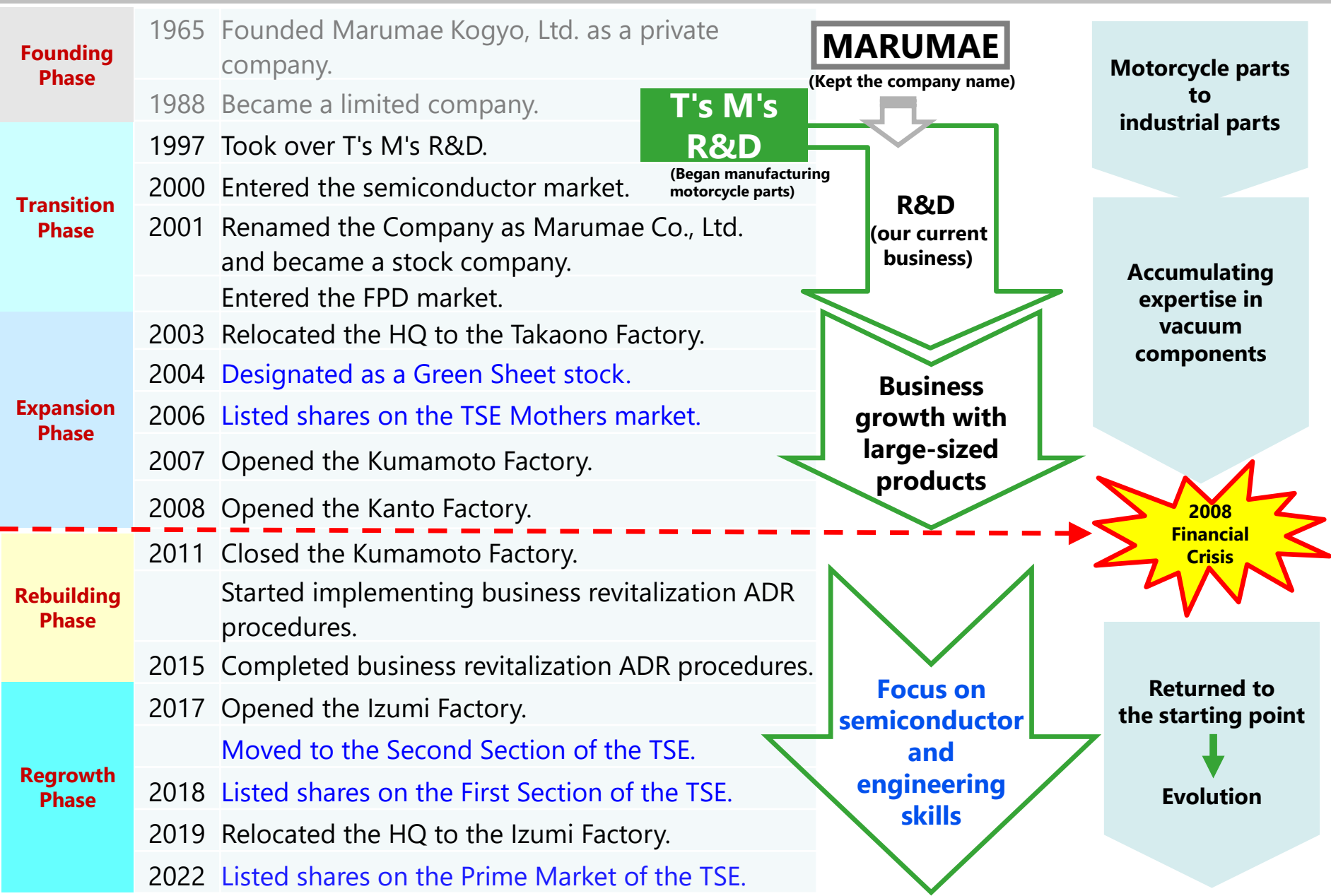
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# Reference (Our History)

We got our start in motorcycle racing.

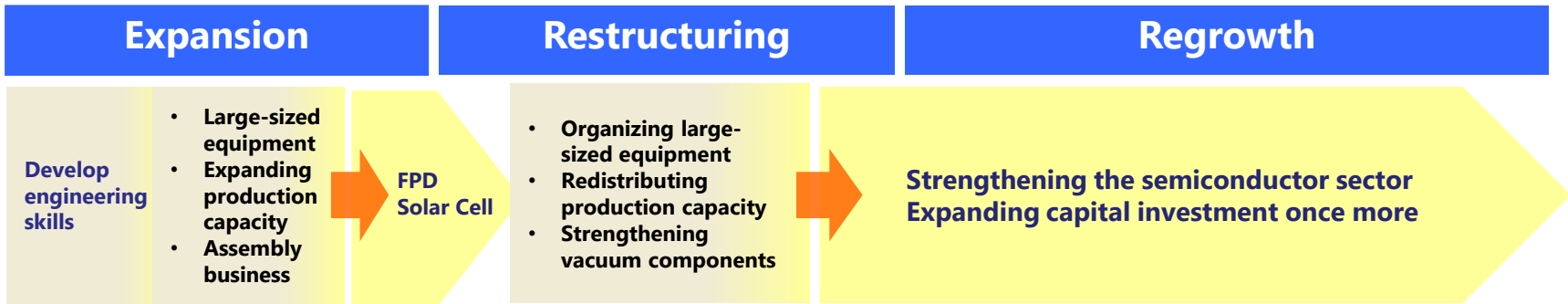
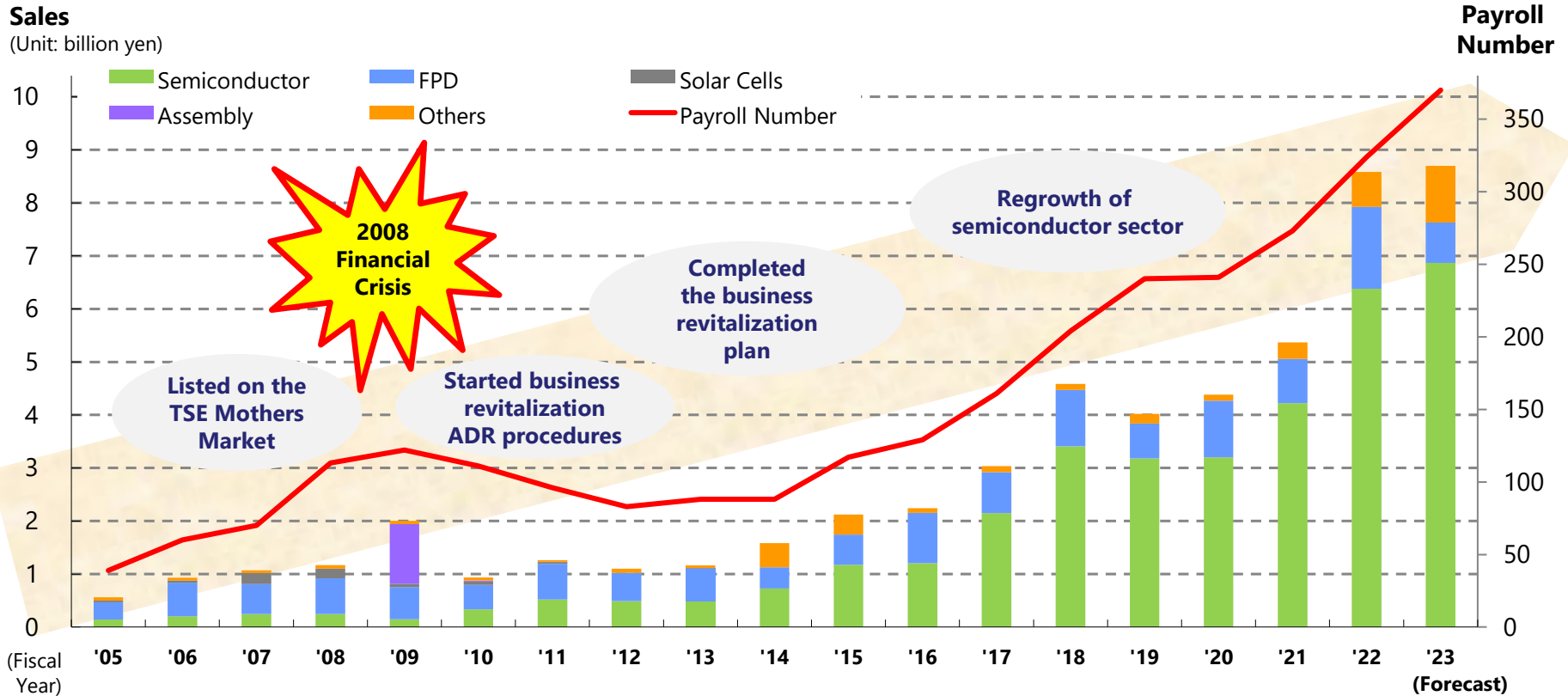


# Reference (Our History & Business Transition)



# Reference (Our History & Business Transition)

## Business Growth & Growth Drivers



# Reference (Business Overview)

## Major Processes and Products

**Our products provide core support for semiconductor and FPD production equipment.**

### Main processes of customers who use our products:

(Semiconductors)

Etching  
CVD  
Coating/developing  
Cleaning

(FPD)

Etching  
CVD  
Coating/developing  
Sputtering  
Cleaning  
Ion implantation

### Our main products:

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

\* Image is for reference only.

# Reference (Company Overview)

<b>Company name</b>	Marumae Co., Ltd.	<b>Total number of issued shares</b>	13,053,000 shares
<b>Established</b>	October 1988	<b>Share unit number</b>	100 shares
<b>Capital</b>	1,241,150,000 yen (as of November 30, 2022)	<b>Total number of shareholders</b>	12,777
<b>Executives</b>	<ul style="list-style-type: none"> <li>Toshikazu Maeda, President and Representative Director</li> <li>Kota Kaizaki, Director</li> <li>Hiroto Ando, Director</li> <li>Akiko Kadota, Outside Director</li> <li>Kumiko Seko, Outside Director</li> <li>Keiji Hokanishi, Director (Audit and Supervisory Committee Member)</li> <li>Satoshi Momokino, Outside Director (Audit and Supervisory Committee Member)</li> <li>Takaaki Yamamoto, Outside Director (Audit and Supervisory Committee Member)</li> <li>Hirotsugu Miyakawa, Outside Director (Audit and Supervisory Committee Member)</li> </ul>	<b>Major shareholders (Common shares)</b>	<ul style="list-style-type: none"> <li>Toshikazu Maeda 4,822,015 shares</li> <li>The Master Trust Bank of Japan, Ltd. (trust account) 772,500 shares</li> <li>Misako Maeda 504,000 shares</li> <li>Tadao Kawamoto 212,900 shares</li> <li>Yoshiko Maeda 180,000 shares</li> <li>Koei Igarashi 168,000 shares</li> <li>Marumae Kyoeikai 124,700 shares</li> <li>STATE STREET BANK AND TRUST COMPANY 505019 120,200 shares</li> <li>STATE STREET BANK AND TRUST COMPANY FOR STATE STREET BANK INTERNATIONAL GMBH, LUXEMBOURG BRANCH ON BEHALF OF ITS CLIENTS: CLIENT OMNI OM25 98,215 shares</li> <li>Nomura Securities Co., Ltd. 78,500 shares</li> </ul>
<b>Number of employees</b>	336 (including 159 temporary workers) and 58 dispatched workers (as of November 30, 2022)	(Note) There are 426,051 treasury shares (as of August 31, 2022).	
<b>Locations</b>	<ul style="list-style-type: none"> <li>Izumi Factory (Headquarters): 2141 Onohara, Izumi, Kagoshima 899-0216, Japan</li> <li>Takaono Factory: 3816-41 Okubo, Takaono, Izumi, Kagoshima 899-0401, Japan</li> <li>Kanto Factory: 2-17-15 Hizaori, Asaka, Saitama 351-0014, Japan</li> </ul>	<b>Management philosophy</b>	<ul style="list-style-type: none"> <li>Seek technological perfection</li> <li>Respect competition and cooperation</li> <li>Contribute to society as a company that focuses on technology</li> </ul> <p>We focus on parts machining, which is the foundation of the <i>monozukuri</i> (manufacturing) that supports our economy. 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>
<b>Business description</b>	<ul style="list-style-type: none"> <li>Design, manufacture, and machining of precision machinery and equipment</li> <li>Design and manufacture of precision machine components</li> <li>Design, manufacture, and sale of industrial and medical equipment</li> <li>Development and sale of software</li> <li>Plate working</li> <li>Plumbing</li> <li>Transportation</li> <li>Real estate leasing</li> </ul>		