

Tokyo Stock Exchange (TSE): 6264

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MARUMAE CO., LTD.

Summary of Q2 FY2022 Financial Results

March 30, 2022

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



1. Overview of Financial Results

P/L Analysis

P/L	Second Quarter of the Fiscal Year Ended August 31, 2021		Second Quarter of the Fiscal Year Ending August 31, 2022		
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	YoY change ratio (%)
Orders received*	2,526	—	4,893	—	93.7
Balance of the orders received*	1,077	—	2,819	—	161.8
Net sales*	2,299	100.0	3,962	100.0	72.3
Cost of sales*	1,588	69.1	2,413	60.9	51.9
Gross profit	710	30.9	1,548	39.1	118.0
Selling and administrative expenses	286	12.5	373	9.4	30.5
Operating profit	424	18.4	1,175	29.7	177.1
Ordinary profit	422	18.4	1,171	29.6	177.2
Extraordinary loss (income)	0	0.0	(0)	0.0	(804.1)
Profit	294	12.8	837	21.1	184.3
EPS (yen)	23.01	—	65.40	—	

Point

1. Status of orders received*

- Semiconductor sector: 3,731 million yen (87.7% YoY increase)
- FPD sector: 1,014 million yen (157.0% YoY increase)
- Other sectors: 147 million yen (2.6% YoY increase)

2. Net sales*

- 72.3% YoY increase

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

3. Cost of sales*

- Material costs*: 341 million yen increase (109.2% YoY increase)
- Outsourcing expenses: 357 million yen increase (131.2% YoY increase)
- Labor costs: 226 million yen increase (45.4% YoY increase)
- Depreciation: 43 million yen increase (15.8% YoY increase)

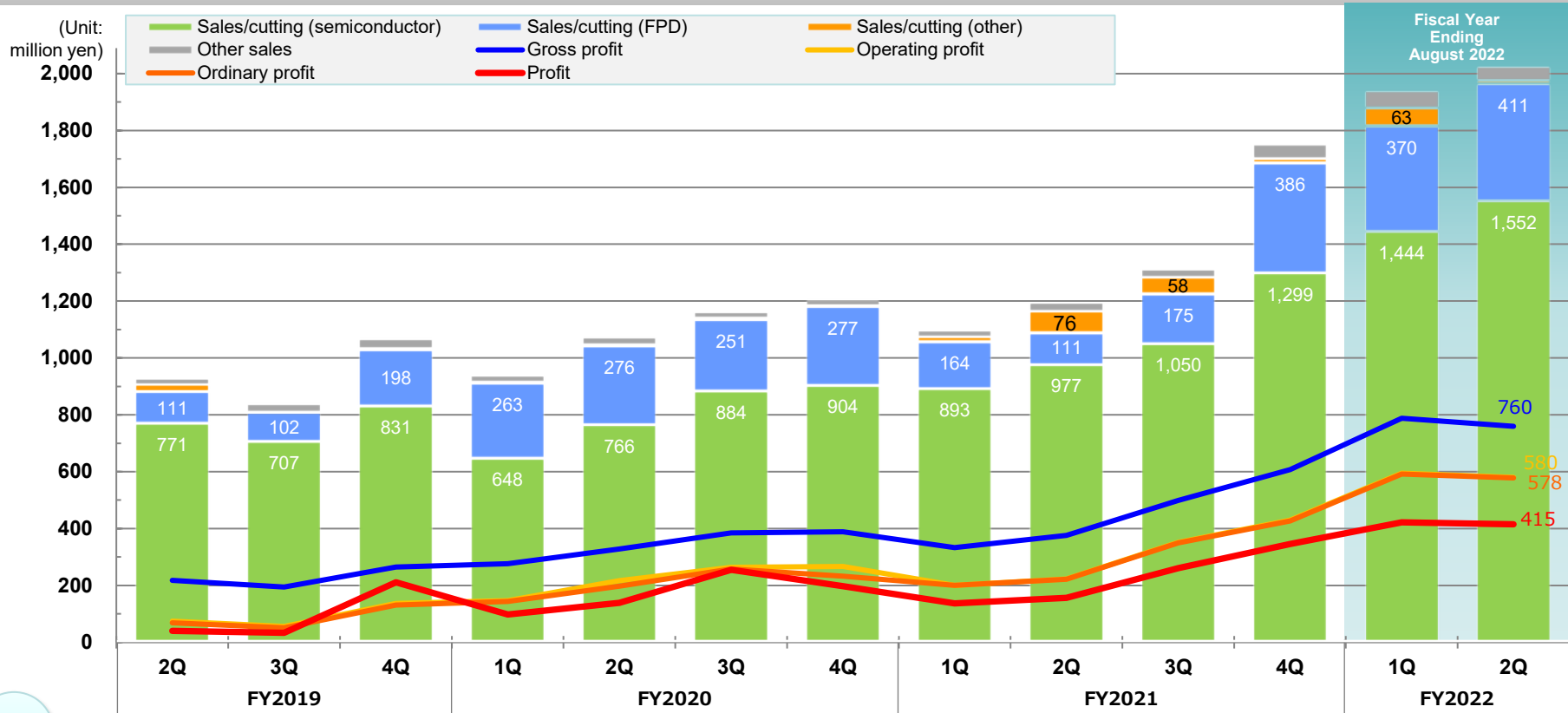
4. Selling and administrative expenses

- Research and development expenses: 50 million yen increase
- Personnel expenses: 28 million yen increase

*Orders received and balance of the orders received for the second quarter of the fiscal year ending August 31, 2022, include materials supplied at cost. The percentage change from the same period of the previous fiscal year in net sales, cost of sales, and material costs for the said second quarter are calculated based on the actual results for the same quarter of the previous fiscal year before the application of the "Accounting Standard for Revenue Recognition," which are calculated in the same manner on the following pages.

1. Overview of Financial Results

Trends in Quarterly Business Results



Point

1. Record sales for semiconductors, and favorable FPD sales

- Semiconductor sector: 2,996 million yen (60.2% YoY increase)
 - Favorable semiconductor market environment and a new record high in this quarter
- FPD sector: 781 million yen (183.4% YoY increase)
 - New record high in this quarter due to improved market and higher market share

■ Other sectors: 73 million yen (22.6% YoY decrease)

- Increase in orders received for solar cell production equipment components

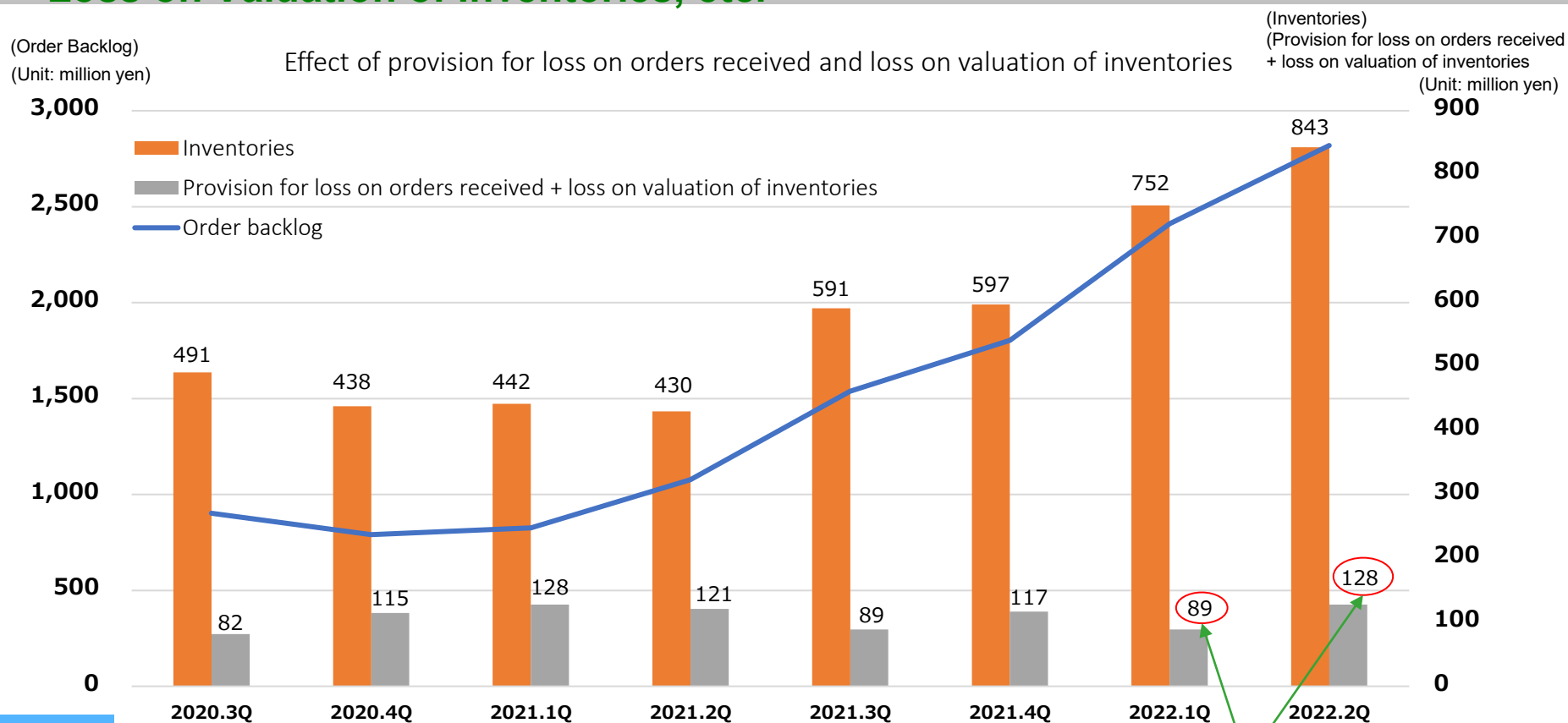
2. Improved profits in line with increased sales

- Slight decrease in profit/loss due to an increase in provision for loss on orders received, etc. in the second quarter.
- Profit: 837 million yen (184.3% 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

The difference of 39 million yen is an aggravating factor in P/L

- ✓ In the second quarter, there was a 39-million-yen deterioration in profit/loss due to provision for loss on orders received and loss on valuation of inventories.
- ✓ 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 a lower factory utilization rate.

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

1. Overview of Financial Results

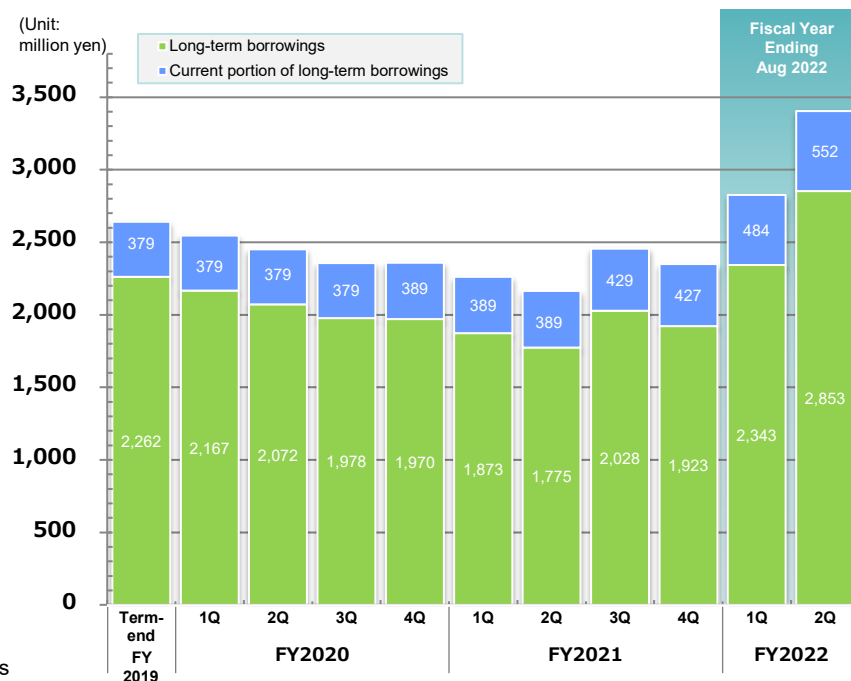
B/S Analysis

B/S	Fiscal year ended Aug 2021 End of Fiscal Year	Fiscal year ending Aug 2022 End of Q2
	(Unit: million yen)	
Current assets	4,813	6,354
Cash & deposits	2,505	3,030
Trade receivables (Notes receivable - trade, accounts receivable - trade, and electronically recorded monetary claims - operating)	1,685	2,451
Inventories	597	843
Non-current assets	4,929	5,473
Buildings & land	2,358	2,396
Machinery & equipment	2,273	2,680
Current liabilities	1,452	1,913
Interest-bearing liabilities (short-term)*	427	552
Non-current liabilities	1,963	2,912
Long-term borrowings	1,923	2,853
Total liabilities	3,415	4,826
Total net assets	6,327	7,001
Total assets	9,742	11,827

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

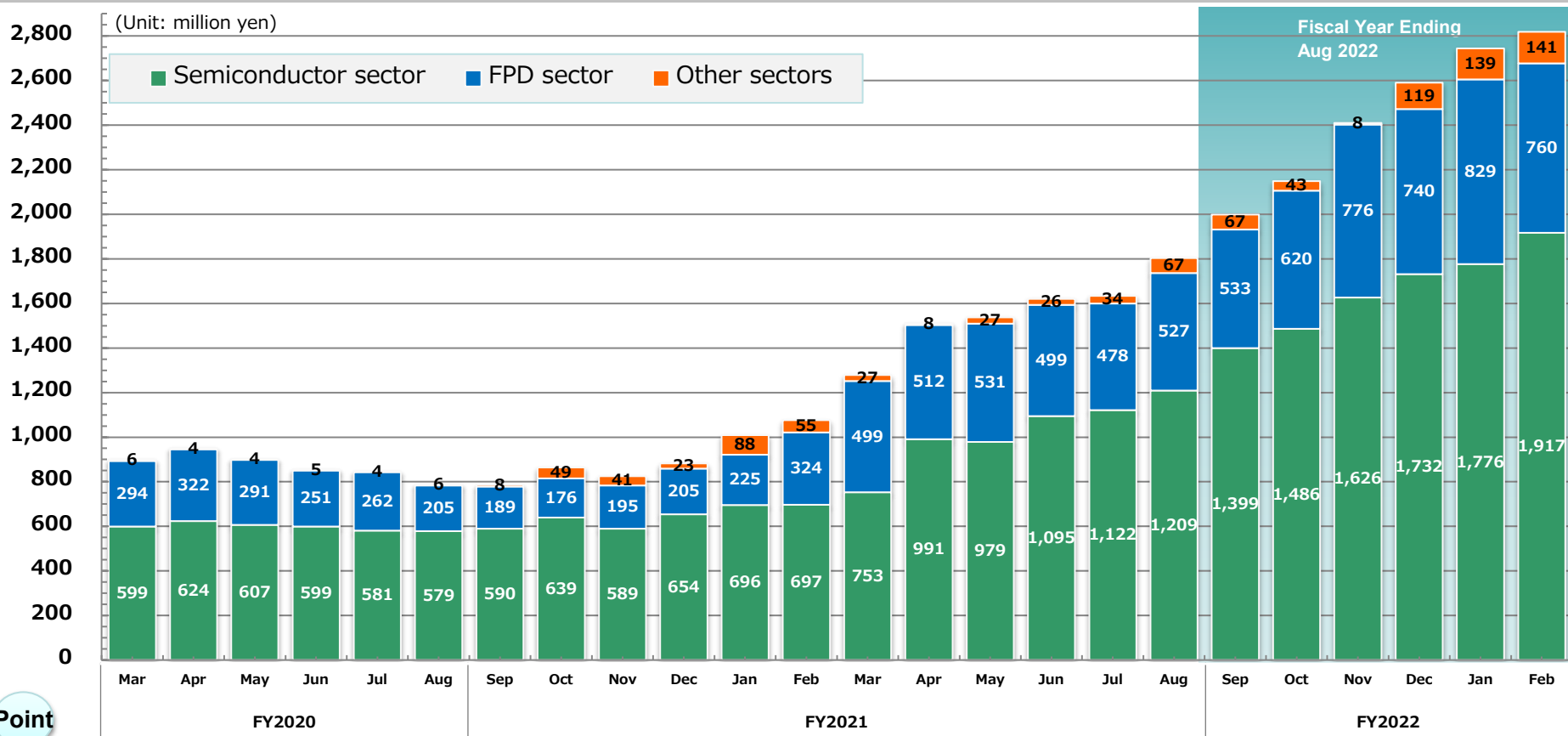
Point

- Assets: 11,827 million yen (2,084 million yen increase from the end of the previous fiscal year)**
 - Trade receivables: 766 million yen increase
 - Cash and deposits: 525 million yen increase
- Liabilities: 4,826 million yen (1,410 million yen increase from the end of the previous fiscal year)**
 - Long-term borrowings: 930 million yen increase (Financing in place for capital expenditures)
 - Income taxes payable: 170 million yen increase
- Net assets: 7,001 million yen (674 million yen increase from the end of the previous fiscal year)**
 - Retained earnings: 658 million yen increase
 - Equity ratio: 64.9% → 59.2%



2. Business Environment

Trends in the Monthly Balance of Orders Received



Point

- Semiconductor sector: Favorable market conditions led to increased orders from both existing and new customers. Production expanded, but orders continued to exceed capacity.
- FPD sector: Started receiving orders for prototypes of G8 OLED (Organic LEDs), as well as G6 OLED (Organic LEDs). Market share expansion contributed to orders received.
- Other sectors: Increased orders for solar cell production equipment.

*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, and the reverse is true when there are many orders with a short lead time.
 *Effective from the fiscal year ending August 31, 2022, the Company has applied the "Accounting Standard for Revenue Recognition," and the order backlog as of the end of the current month includes 8 million yen of materials supplied at cost.

2. Business Environment

Future Environment and Policies by Sales Sector

Semiconductor

- ◆ Orders continue to be strong despite material shortages at client-manufacturers
- ◆ Trend to increase memory investment, especially increased demand to invest in expanding capacity for etching processes
- ◆ Capacity shortage eliminated, and continued capital investment and recruiting

FPD

- ◆ G6 OLED is doing well while LCD stagnates. Orders for G8 prototypes expand.
- ◆ Small and medium-sized panels are diversified since there are 5 sizes from G4
- ◆ Current production capacity is tight due to market share expansion, so responding with capital investment

Others

- ◆ Increasing orders for solar cell production equipment components
- ◆ Multiple orders expected, but production capacity is tight
- ◆ Partial outsourcing and additional capital investment to handle orders

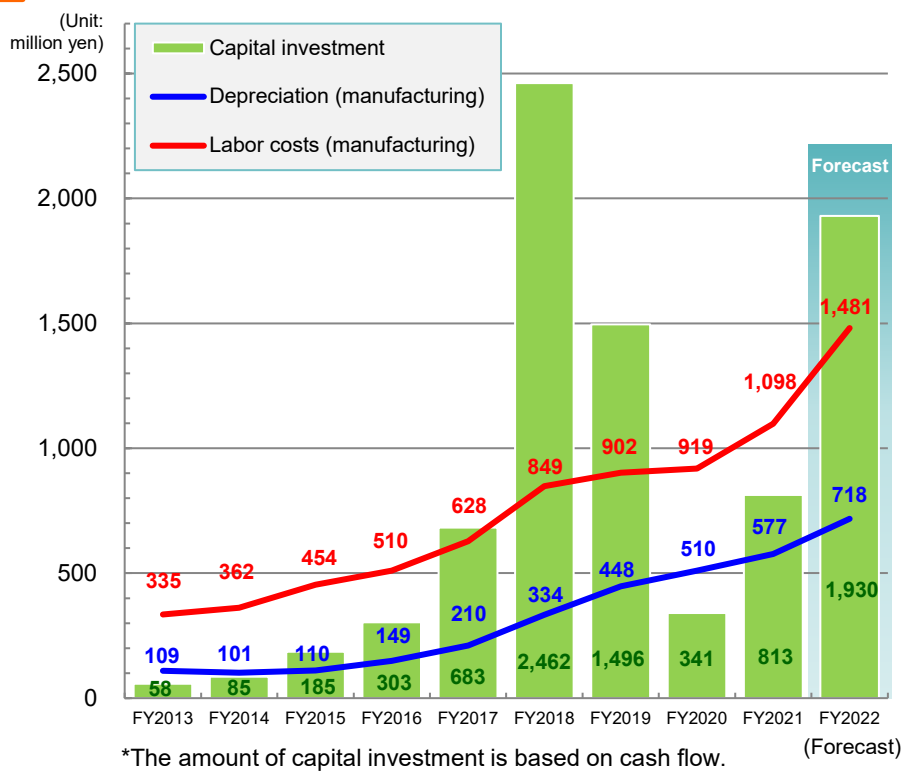
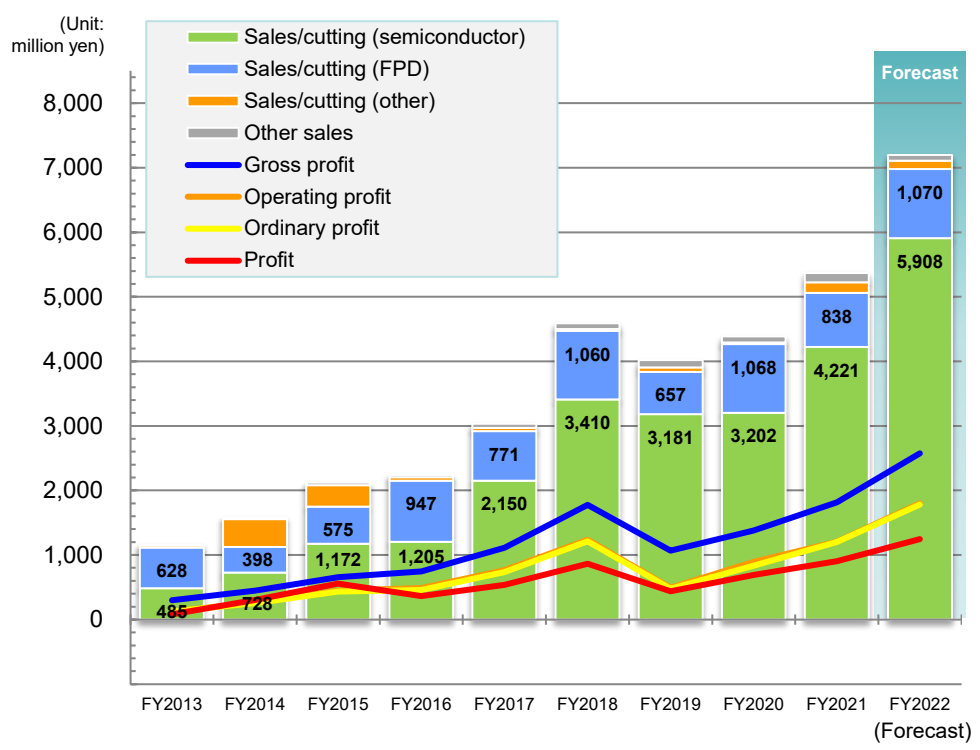
3. Financial Results Forecast for FY2022

Forecast for the Current 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)
Full year	7,200	1,800	1,780	1,245	97.30

Revised upward for the first half, but the full-year forecast remains unchanged at this time due to a number of uncertainties.

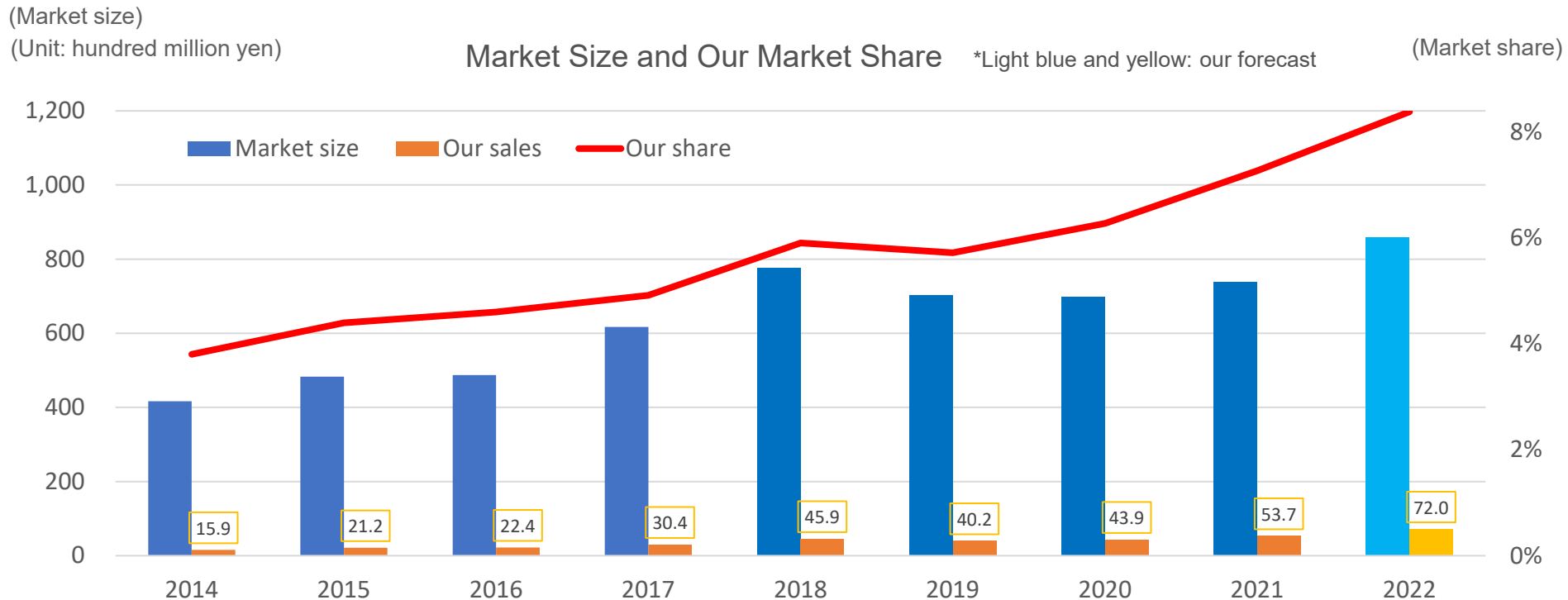
- Point**
- ✓ Both sales and profits expected to reach record highs
 - ✓ Aggressive investment and hiring to expand market share (policy to increase hiring and raise labor share)
 - ✓ Increasing capital investment to reach production capacity at a monthly output of 900 million yen (720 million yen for semiconductor sector and 180 million yen for FPD sector) (target period is the end of 2022)



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

4. Medium-term Business Plan "Innovation 2022"

Target Market and Share Trends



Growth Potential

- ✓ The market to which we belong reached its most recent high in 2018, when both semiconductors and FPDs were strong. After that, the whole market is expected to reach record high since the semiconductor field has grown significantly, although the FPD field continues to decline.
- ✓ We continue to expand our market share by increasing production capacity despite fierce competition with other companies in the same industry.

- 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 for semiconductor and FPD production equipment 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.
- A portion of the 2021 data (5 companies late in updating information) and the 2022 data include our forecasts based on the month of the fiscal year and the details of orders received by each company.

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 information listed in this material and content that has been orally explained, are outlooks 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 understand the current status and management policies of Marumae, and does not provide readers with a basis to make 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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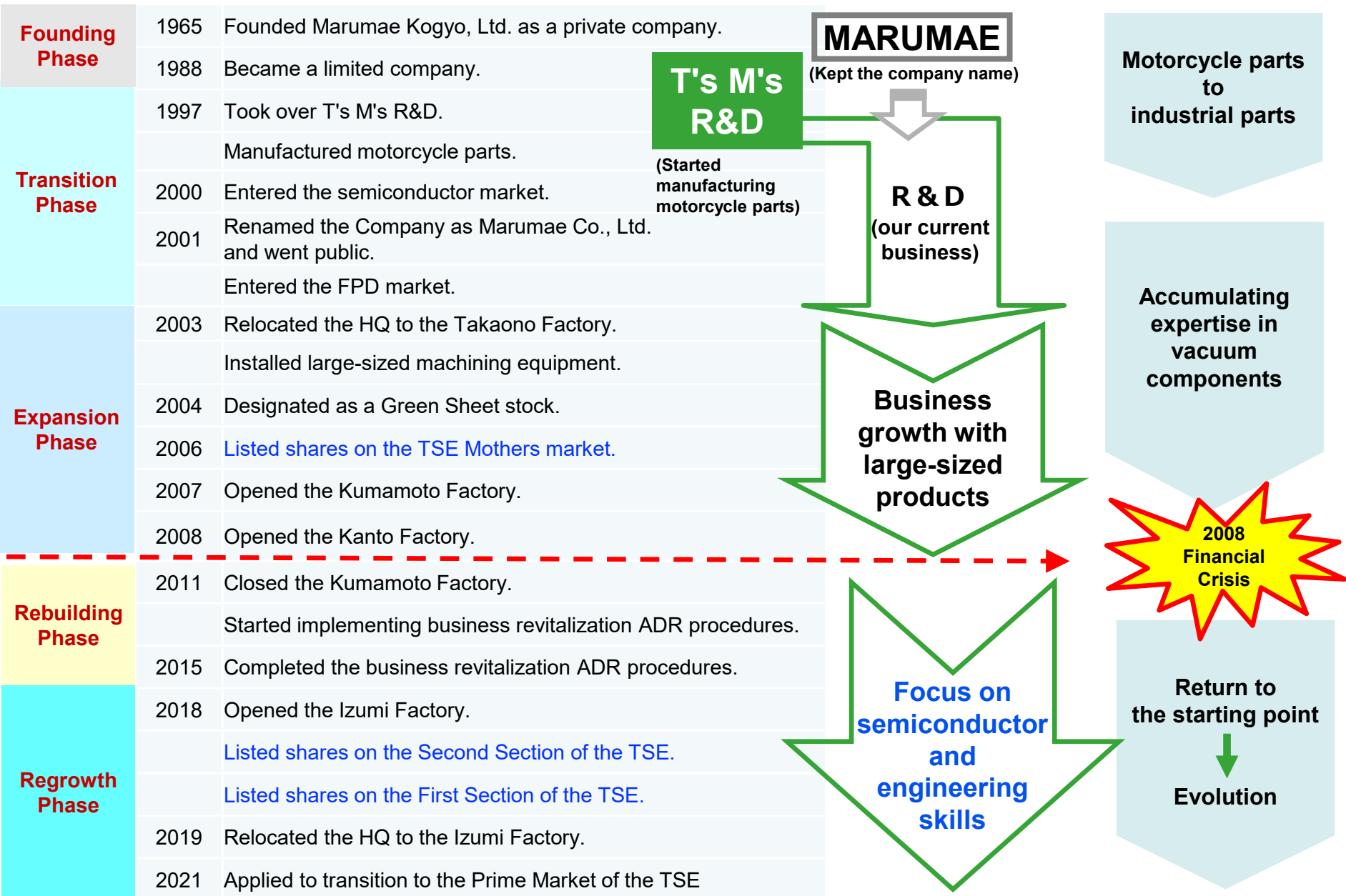
Company Profile

Reference (Our History)

We got our start in motorcycle racing.

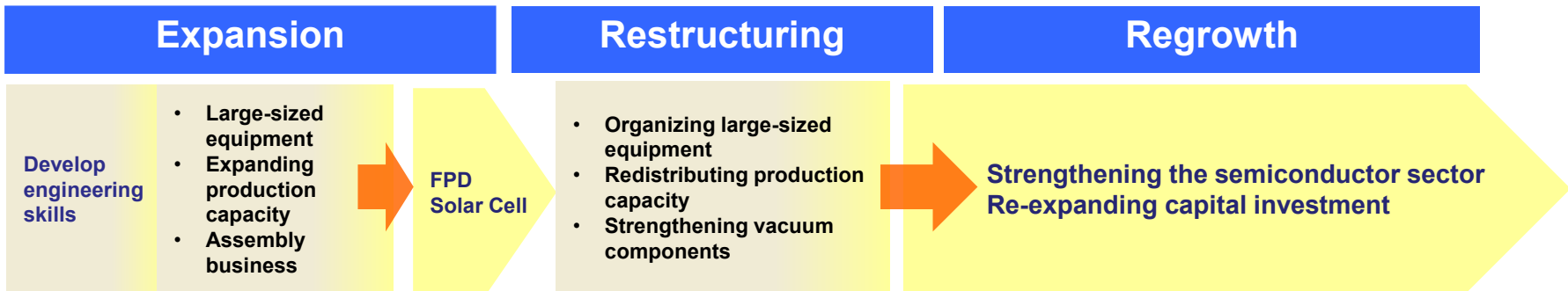
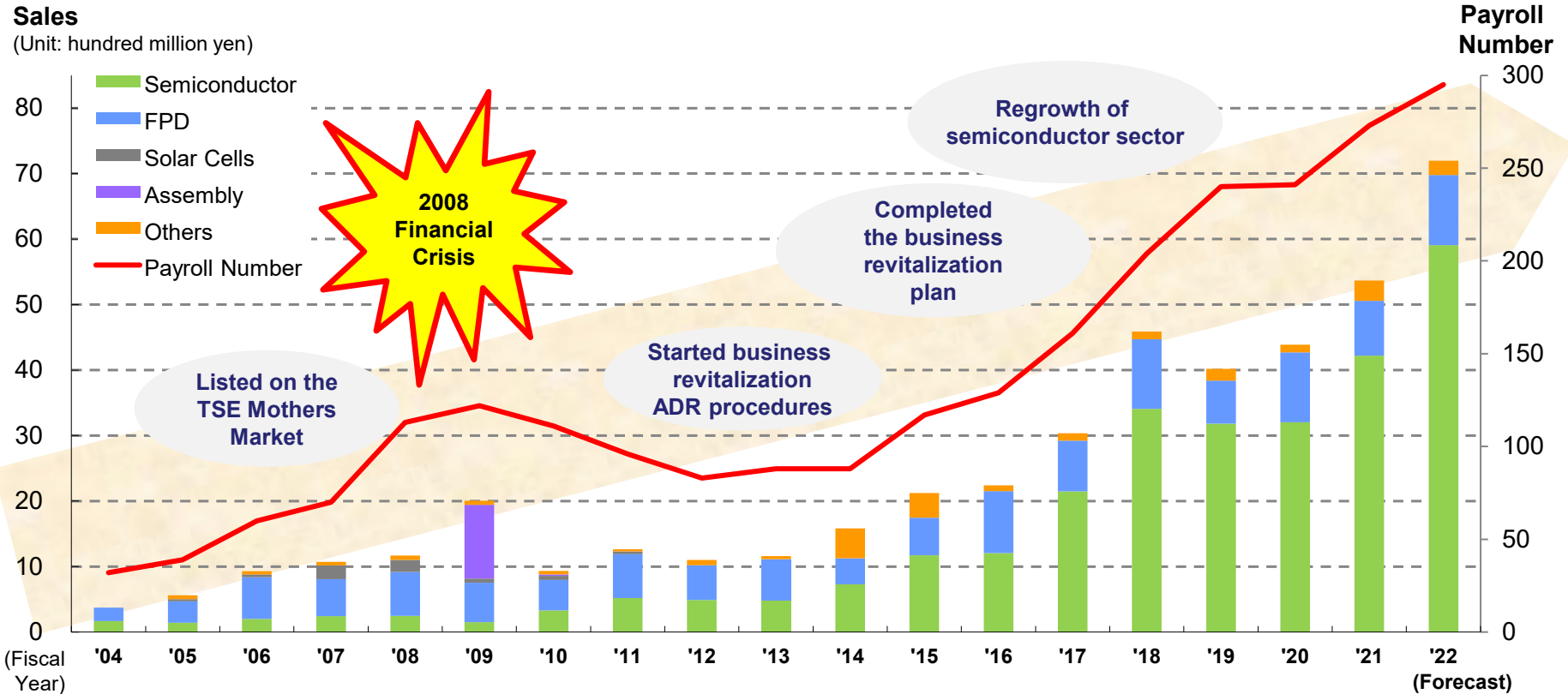


Reference (Our History & Business Transition)



Reference (Our History & Business Transition)

Business Growth & Growth Drivers



Reference (Business Overview)

Our products provide core support to semiconductor and LCD production equipment worldwide.

Main purposes our customers use our products for:

- 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 February 28, 2022)	Total number of shareholders	9,873
Executives	<ul style="list-style-type: none"> Toshikazu Maeda, President and Representative Director Kota Kaizaki, Director Hiroto Ando, Director Akiko Kadota, Outside Director 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 4,821,815 shares The Master Trust Bank of Japan, Ltd. (trust account) 992,300 shares Misako Maeda 504,000 shares MSCO CUSTOMER SECURITIES 415,059 shares Tadao Kawamoto 193,400 shares Yoshiko Maeda 180,000 shares STATE STREET BANK AND TRUST COMPANY FOR STATE STREET BANK INTERNATIONAL GMBH, LUXEMBOURG BRANCH ON BEHALF OF ITS CLIENTS: CLIENT OMNI OM25 176,025 shares Koei Igarashi 168,000 shares STATE STREET BANK AND TRUST COMPANY 505019 160,700 shares Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. 130,500 shares
Number of employees	295 (including 138 temporary workers) and 70 dispatched workers (as of February 28, 2022)		(Note) There are 244,624 treasury shares (as of February 28, 2022).
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 		<ul style="list-style-type: none"> Seek technological perfection Respect competition and cooperation Contribute to society as a company that focuses on technology
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, manufacture, and sale of industrial and medical equipment Development and sale of software Plate working Plumbing Transportation Real estate leasing 		<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>