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## Summary of Financial Results for the Three Months Ended November 30, 2021 (Japanese GAAP) (Non-consolidated)

December 28, 2021

Name of Listed Company: Marumae Co., Ltd. Stock Exchange Listing: Tokyo

Security Code: 6264

URL: <https://www.marumae.com/en/>

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Scheduled date for submission of the quarterly report: January 13, 2022

Scheduled start date of dividends payment: –

Preparation of supplementary materials for the quarterly financial results: Yes

Quarterly earnings release conference: None

Note: Amounts are rounded down to the nearest million yen.

### 1. Financial Results for the Three Months Ended November 30, 2021 (September 1, 2021 to November 30, 2021)

#### (1) Operating Results (Cumulative)

Note: Percentages indicate changes from the same period of the previous fiscal year.

	Three months ended			
	November 30, 2020		November 30, 2021	
		%		%
Net sales (Millions of yen)	1,100	16.9	1,938	76.1
Operating profit (Millions of yen)	200	35.9	595	197.0
Ordinary profit (Millions of yen)	200	39.1	592	196.0
Profit (Millions of yen)	137	40.6	422	206.5
Earnings per share of common stock (Yen)				
Basic	10.76		32.98	
Diluted	-		-	

Note: From the beginning of the first quarter of the fiscal year ending August 31, 2022, the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. Figures for the first quarter of the fiscal year ending August 31, 2022 include the effects of the new standards. However, the percentages of changes from the same period of the previous fiscal year are calculated based on the financial results for the same period of the previous fiscal year prior to the application of the standards, as their impact is immaterial.

**(2) Financial Position**

	As of	
	August 31, 2021	November 30, 2021
Total assets (Millions of yen)	9,742	10,794
Net assets (Millions of yen)	6,327	6,570
Equity ratio (%)	64.9	60.9

Reference: Equity: 6,570 million yen (as of November 30, 2021)  
6,327 million yen (as of August 31, 2021)

Note: From the beginning of the first quarter of the fiscal year ending August 31, 2022, the Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. Figures for the first quarter of the fiscal year ending August 31, 2022 include the effects of the new standards.

**2. Dividends**

	Fiscal year ended	Fiscal year ending
	August 31, 2021	August 31, 2022
1Q-end dividends per share (Yen)	-	-
2Q-end dividends per share (Yen)	10.00	18.00 (Forecast)
3Q-end dividends per share (Yen)	-	- (Forecast)
Year-end dividends per share (Yen)	14.00	18.00 (Forecast)
Annual dividends per share (Yen)	24.00	36.00 (Forecast)

Note: Revision to the most recently announced dividends forecast: None

**3. Financial Forecasts for the Fiscal Year Ending August 31, 2022 (September 1, 2021 to August 31, 2022)**

Note: Percentages indicate changes from the corresponding period of the previous fiscal year.

	Six months ending February 28, 2022		Fiscal year ending	
	(Cumulative)		August 31, 2022	
		%		%
Net sales (Millions of yen)	3,540	54.0	7,200	34.1
Operating profit (Millions of yen)	900	112.2	1,800	49.1
Ordinary profit (Millions of yen)	890	110.6	1,780	48.3
Profit (Millions of yen)	623	111.6	1,245	38.0
Earnings per share (Yen)	48.68		97.30	

Note: Revision to the most recently announced financial forecasts: None

From the beginning of the first quarter of the fiscal year ending August 31, 2022, the Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. The financial forecasts presented above include the effects of the new standards. However, the percentages of changes from the corresponding period of the previous fiscal year are calculated based on the financial results for the same period of the previous fiscal year prior to the application of the standards, as their impact is immaterial.

## Notes

(1) Adoption of special accounting methods for preparation of quarterly financial statements: None

(2) Changes in accounting policies, changes in accounting estimates and restatements

1. Changes in accounting policies along with changes in accounting standards: Yes

2. Changes in accounting policies, other than those included in 1. above: None

3. Change in accounting estimates: None

4. Restatements: None

Note: For further information, please refer to "2. Quarterly Financial Statements and Primary Notes, (3) Notes to the Quarterly Financial Statements, Changes in accounting policies" on page 7.

(3) Number of shares issued and outstanding (common stock)

1. Number of shares issued and outstanding (including treasury shares)

As of November 30, 2021:	13,053,000 shares
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As of August 31, 2021:	13,053,000 shares
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2. Number of shares of treasury shares

As of November 30, 2021:	250,253 shares
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As of August 31, 2021:	250,196 shares
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3. Average number of shares outstanding (cumulative quarterly period)

Three months ended November 30, 2021:	12,802,785 shares
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Three months ended November 30, 2020:	12,802,804 shares
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\* Status of implementation of quarterly review procedures

This Summary of Financial Results is exempt from the quarterly review procedures by certified public accountants or audit firms.

\* Explanation regarding the appropriate use of financial forecasts and other notes

The financial forecasts and other forward-looking statements presented in this Summary of Financial Results are based on information available to the Company at the time of the issuance of this report, and certain assumptions judged to be reasonable by the Company. Actual financial results may differ significantly due to various factors. Please refer to "1. Qualitative Information on Quarterly Financial Results, (1) Description of Operating Results" on page 2 for the assumptions used for financial forecasts and other notes on their use.

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## 1. Qualitative Information on Quarterly Financial Results

From the beginning of the first quarter of the fiscal year ending August 31, 2022, the Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. Comparisons with the same period of the previous fiscal year in the description of operating results and comparisons with the end of the previous fiscal year in the description of financial position are based on figures for the same period of the previous fiscal year and at the end of the previous fiscal year prior to the application of the standards, as their impact is immaterial.

For further information, please refer to "2. Quarterly Financial Statements and Primary Notes, (3) Notes to the Quarterly Financial Statements, Changes in accounting policies."

### (1) Description of Operating Results

During the three months ended November 30, 2021, the severe situation due to the Novel Coronavirus (COVID-19) was gradually easing and private consumption was picking up recently in the Japanese economy.

In the semiconductor sector, which is our main sales sector, demand for logic devices expanded rapidly amid growing demand for memory, with business activity reaching a record high. Regarding the flat panel display (FPD) sector, investment in Generation 6 organic light-emitting diodes (OLEDs) for the Chinese market was on a recovery trend. In addition, investment in Generation 10.5 LCD panels also showed signs of recovery. Under these economic circumstances, in the semiconductor sector, orders from both new and existing customers increased. In the FPD sector, an expansion of orders for large vacuum chambers (vacuum containers) contributed to generally favorable business performance. Regarding expenses, cost of sales was reduced mainly due to increased factory operation rates and a decrease in provision for loss on order received and inventory write-down.

As a result, the operating results for the three months ended November 30, 2021 were net sales of 1,938 million yen (year-on-year growth of 76.1%), operating profit of 595 million yen (year-on-year growth of 197.0%), ordinary profit of 592 million yen (year-on-year growth of 196.0%), and quarterly net profit of 422 million yen (year-on-year growth of 206.5%).

Since the Company has only one segment, the precision parts business, a description by segment is omitted.

The operating results of the precision parts business, by sales sector are described below.

#### The Semiconductor Sector

In the semiconductor sector, orders received increased by 107.4% year-on-year to 1,873 million yen, and net sales increased by 61.6% year-on-year to 1,444 million yen. Please note that figures for orders received include materials supplied for a fee.

#### The FPD Sector

In the FPD sector, orders received increased by 300.6% year-on-year to 619 million yen, and net sales increased by 125.2% year-on-year to 370 million yen.

#### The Other Sectors

In the other sectors, orders received decreased by 93.0% year-on-year to 3 million yen, and net sales increased by 257.2% year-on-year to 63 million yen.

**(2) Description of Financial Position****Assets**

Assets increased by 1,051 million yen compared to the end of the previous fiscal year, to 10,794 million yen. This was mainly due to increases in notes and accounts receivable – trade, property, plant and equipment, work in process and cash and deposits of 332 million yen, 330 million yen, 134 million yen and 123 million yen, respectively.

**Liabilities**

Liabilities increased by 808 million yen compared to the end of the previous fiscal year, to 4,224 million yen. This was mainly due to increases in long-term borrowings, advances received and notes and accounts payable – trade of 420 million yen, 105 million yen and 100 million yen, respectively.

**Net assets**

Net assets increased by 242 million yen compared to the end of the previous fiscal year, to 6,570 million yen. This was mainly due to an increase in retained earnings of 243 million yen from the recording of profit of 422 million yen, offsetting a decrease resulting from the payment of dividends of 179 million yen.

As a result, the equity ratio decreased to 60.9%, from 64.9% in the previous fiscal year.

**(3) Description of Financial Estimates Information such as Financial Forecasts**

Currently, there are no changes to the financial forecasts for the six months ending February 28, 2022 and fiscal year ending August 31, 2022. The Company will promptly disclose any changes, as necessary.

## 2. Quarterly Financial Statements and Primary Notes

### (1) Quarterly Balance Sheet

(Thousands of yen)

	As of August 31, 2021	As of November 30, 2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits	2,505,018	2,628,351
Notes and accounts receivable – trade	745,637	1,077,765
Electronically recorded monetary claims – operating	940,160	1,048,257
Merchandise and finished goods	15,410	14,898
Work in process	570,241	704,325
Raw materials and supplies	12,226	33,734
Other	28,368	39,295
Allowance for doubtful accounts	(3,537)	(4,489)
Total current assets	4,813,526	5,542,139
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings, net	1,591,688	1,589,582
Structures, net	78,152	76,012
Machinery and equipment, net	2,273,591	2,538,838
Vehicles, net	15,916	14,156
Tools, furniture and fixtures, net	12,775	13,479
Land	766,549	766,549
Leased assets, net	3,056	2,886
Construction in progress	14,922	85,670
Total property, plant and equipment	4,756,653	5,087,177
Intangible assets	51,803	46,935
Investments and other assets	120,646	117,832
Total non-current assets	4,929,102	5,251,945
<b>Total assets</b>	<b>9,742,628</b>	<b>10,794,085</b>

(Thousands of yen)

	As of August 31, 2021	As of November 30, 2021
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Notes and accounts payable – trade	249,270	349,644
Current portion of long-term borrowings	427,012	484,512
Advances received	48,067	153,541
Income taxes payable	219,853	181,722
Provision for loss on order received	36,046	18,900
Provision for share-based remuneration	16,000	24,000
Other	456,122	627,534
Total current liabilities	1,452,372	1,839,854
<b>Non-current liabilities</b>		
Long-term borrowings	1,923,694	2,343,816
Provision for retirement benefits	25,251	26,380
Asset retirement obligations	1,069	1,069
Other	13,106	12,936
Total non-current liabilities	1,963,121	2,384,202
<b>Total liabilities</b>	<b>3,415,494</b>	<b>4,224,057</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Share capital	1,241,157	1,241,157
Capital surplus	1,938,342	1,938,342
Retained earnings	3,309,607	3,552,625
Treasury shares	(161,971)	(162,097)
Total shareholders' equity	6,327,134	6,570,028
<b>Total net assets</b>	<b>6,327,134</b>	<b>6,570,028</b>
Total liabilities and net assets	9,742,628	10,794,085



**(2) Quarterly Statement of Income**

(Three-month period)

(Thousands of yen)

	Three months ended November 30, 2020	Three months ended November 30, 2021
Net sales	1,100,975	1,938,333
Cost of sales	767,451	1,150,238
Gross profit	333,523	788,094
Selling, general and administrative expenses	133,186	193,029
Operating profit	200,336	595,065
Non-operating profit		
Interest income	2	2
Foreign exchange gains	-	3,059
Commission income	81	1,094
Other	4,979	186
Total non-operating profit	5,063	4,342
Non-operating expenses		
Interest expenses	4,149	4,301
Foreign exchange losses	904	-
Compensation expenses	-	2,128
Other	0	0
Total non-operating expenses	5,054	6,430
Ordinary profit	200,345	592,977
Extraordinary income		
Gain on sales of non-current assets	19	-
Total extraordinary income	19	-
Extraordinary losses		
Loss on retirement of non-current assets	2	0
Total extraordinary losses	2	0
Profit before income taxes	200,363	592,977
Income taxes – current	55,048	168,195
Income taxes – deferred	7,536	2,525
Total income taxes	62,585	170,720
Profit	137,777	422,257

**(3) Notes to the Quarterly Financial Statements****Changes in accounting policies****Application of the Accounting Standard for Revenue Recognition, etc.**

From the beginning of the first quarter of the fiscal year ending August 31, 2022, the Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc., and recognizes revenue at the amounts expected to be received in exchange for promised goods or services, at the point when the control of such goods or services is transferred to customers.

The primary changes due to the application of the accounting standard, etc. are as follows:

The Company engages in buy-sell transactions, in which the Company purchases materials from customers, processes said materials, and sells the resulting products to the said customers at a price that includes the purchase price and added processing costs. In cases where the customers that supply the materials for a fee are substantially obligated to repurchase the goods supplied for a fee, the Company has previously presented net sales and cost of sales on a gross basis at the time of resale to the customers. However, due to the application of the accounting standard, etc., the Company has changed to a method of presenting only the amount equivalent to the processing fee as revenue on a net basis, which excludes the purchase price of goods supplied for a fee from net sales.

The Company has applied the new accounting policy from the beginning balance of the period under review, in accordance with the transitional treatment prescribed in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition. However, the Company has not applied the new accounting policy retrospectively to contracts for which nearly all revenue amounts were recognized in accordance with the previous treatment prior to the beginning of the first quarter of the fiscal year ending August 31, 2022, based on the method prescribed in Paragraph 86 of the Accounting Standard for Revenue Recognition. There is no cumulative effect on retained earnings at the beginning of the period, if the new accounting policy is applied retrospectively to the periods prior to the beginning of the first quarter of the fiscal year ending August 31, 2022.

As a result, net sales and cost of sales for the three months ended November 30, 2021 decreased by 12,701 thousand yen and 12,701 thousand yen, respectively.

In addition, due to the application of the accounting standard, etc., inventories of goods supplied for a fee and goods supplied for a fee included in work in process are no longer presented as "Raw materials and supplies," "Merchandise and finished goods," or "Work in process," but are instead presented as "Other" under current assets. In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been reclassified using the new presentation method. Furthermore, in accordance with the transitional treatment prescribed in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), the Company has not presented information on disaggregated revenue from contracts with customers for the three months ended November 30, 2020.

**Application of the Accounting Standard for Fair Value Measurement, etc.**

From the beginning of the first quarter of the fiscal year ending August 31, 2022, the Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019), etc. In accordance with the transitional treatment prescribed in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the new accounting policies prescribed by the Accounting Standard for Fair Value Measurement, etc. will be applied prospectively. There is no effect of the new standards on the quarterly financial statements.

**Going concern assumptions: None**

**Additional information**

Accounting estimates associated with the COVID-19 pandemic

The worldwide spread of COVID-19 has had a widespread impact on the economy and business activities. The Company forecasts that the outlook for the domestic economy remains uncertain.

In light of the external information available as of the end of the first quarter of the fiscal year ending August 31, 2022, the Company makes accounting estimates based on the assumption that the effect on the Company's financial results will be immaterial.

However, if the infection status of COVID-19 is prolonged, or if its effect on the economic environment changes, it is possible that it could impact the Company's financial position and operating results for the second quarter onward.

**Significant changes in shareholders' equity: None**

**Segment information, etc.**

Segment information

Three months ended November 30, 2020 (from September 1, 2020 to November 30, 2020) and three months ended November 30, 2021 (from September 1, 2021 to November 30, 2021)

Since the Company has only one segment, the precision parts business, a description of segment information is omitted.