

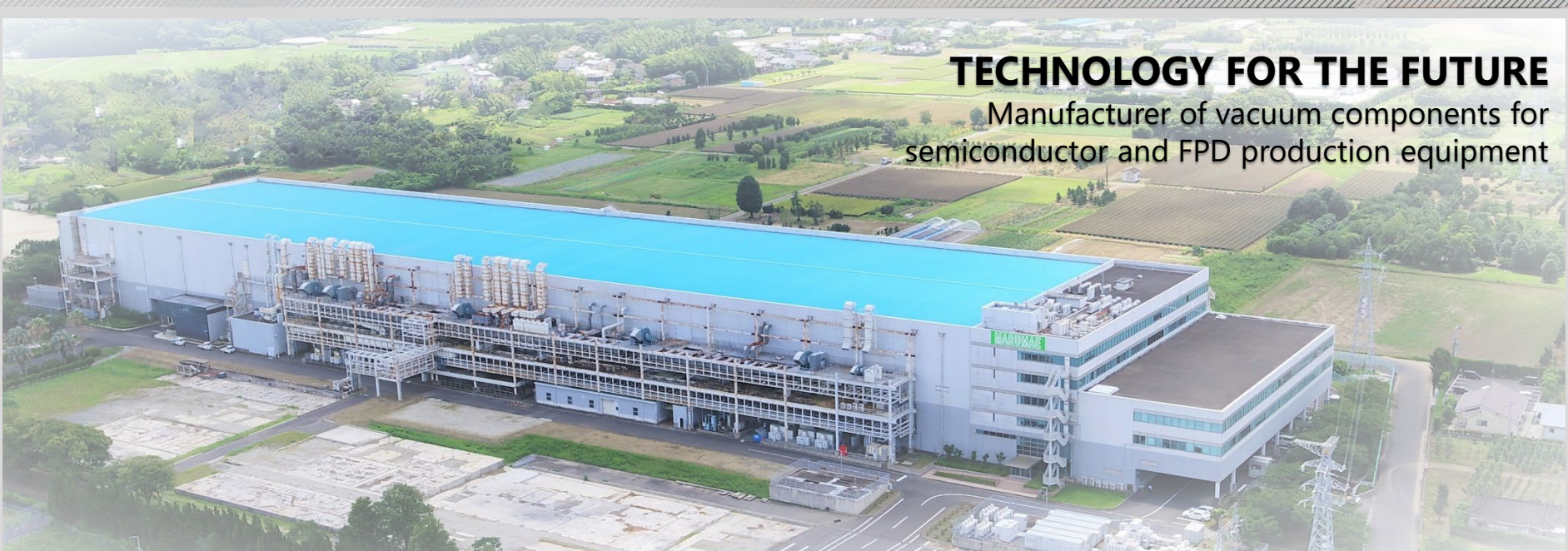
Tokyo Stock Exchange (TSE): 6264

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MARUMAE CO., LTD.

Summary of Q2 FY2023 Financial Results

March 30, 2023



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, 2022		Second Quarter of the Fiscal Year Ending August 31, 2023		
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	YoY change ratio (%)
Orders received*	4,893	—	2,865	—	(41.4)
Order backlogs*	2,819	—	1,311	—	(53.5)
Net sales	3,962	100.0	4,240	100.0	7.0
Cost of sales	2,413	60.9	2,917	68.8	20.9
Gross profit	1,548	39.1	1,322	31.2	(14.6)
Selling and administrative expenses	373	9.4	395	9.3	5.9
Operating profit	1,175	29.7	927	21.9	(21.1)
Ordinary profit	1,171	29.6	913	21.5	(22.0)
Extraordinary loss (income)	(0)	0.0	(2)	0.1	—
Profit	837	21.1	644	15.2	(23.1)
EPS (yen)	65.40	—	51.00	—	(22.0)

Point

1. Status of orders received*

- Semiconductor sector: 2,170 million yen (41.8% YoY decrease)
- FPD sector: 257 million yen (74.7% YoY decrease)
- Other sectors: 438 million yen (197.7% YoY increase)

2. Net sales

- 7.0% YoY increase
(Details by sector on the next page)

3. Cost of sales

- Material cost: 10-million-yen increase (1.6% YoY increase)
- Outsourcing expenses: 39-million-yen decrease (6.3% YoY decrease)
- Labor costs: 81-million-yen increase (11.2% YoY increase)
- Depreciation: 126-million-yen increase (39.5% YoY increase)

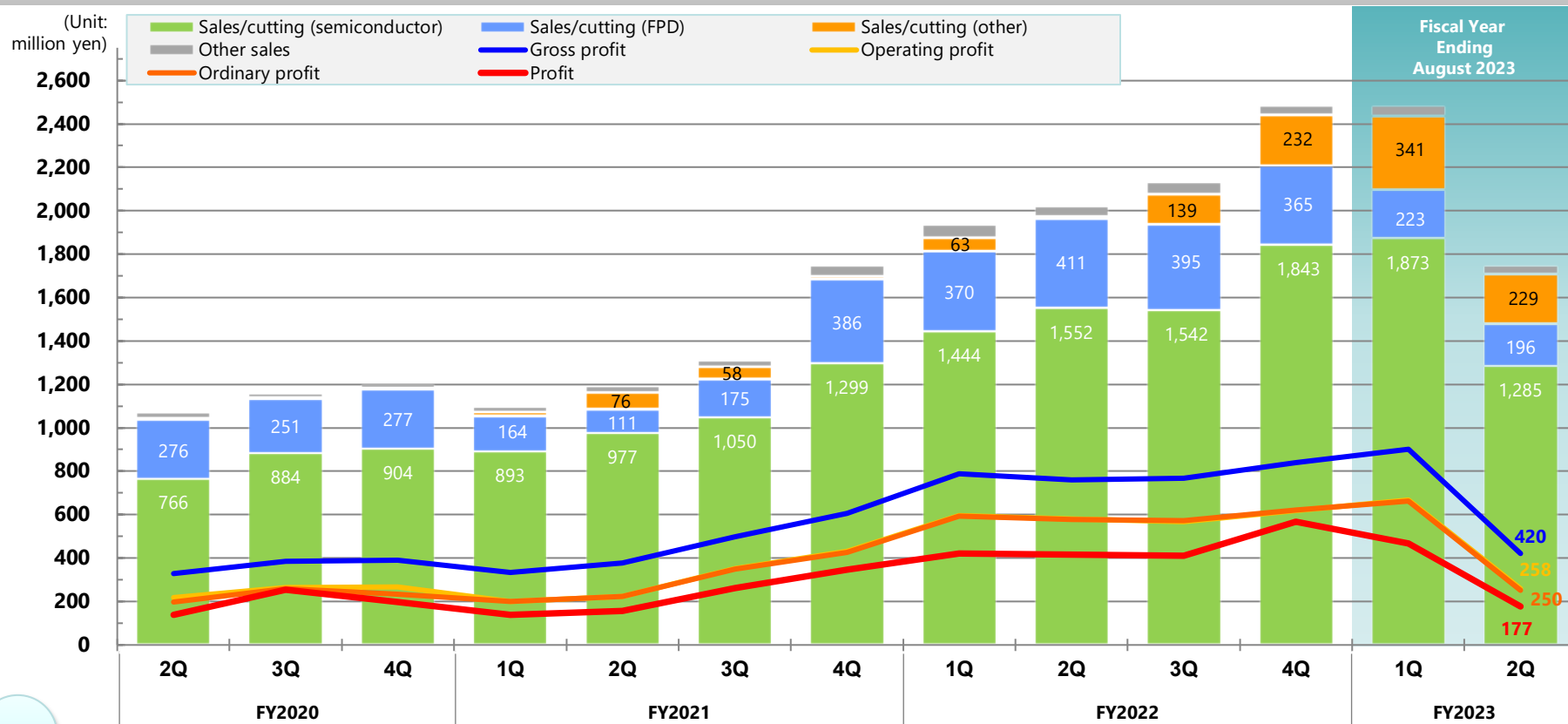
4. Selling and administrative expenses

- Personnel expenses: 24-million-yen increase
- Commission expenses: 6-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. Sales increased year-on-year, but semiconductor sales stagnated.

- Semiconductor sector: 3,159 million yen (5.4% YoY increase)
 - The semiconductor sector declined due to inventory adjustments.
- FPD sector: 419 million yen (46.3% YoY decrease)
 - Sales stagnated due to the sluggish market.

■ Other sectors: 570 million yen (681.4% YoY increase)

- Solar cell production equipment parts continued to be strong.

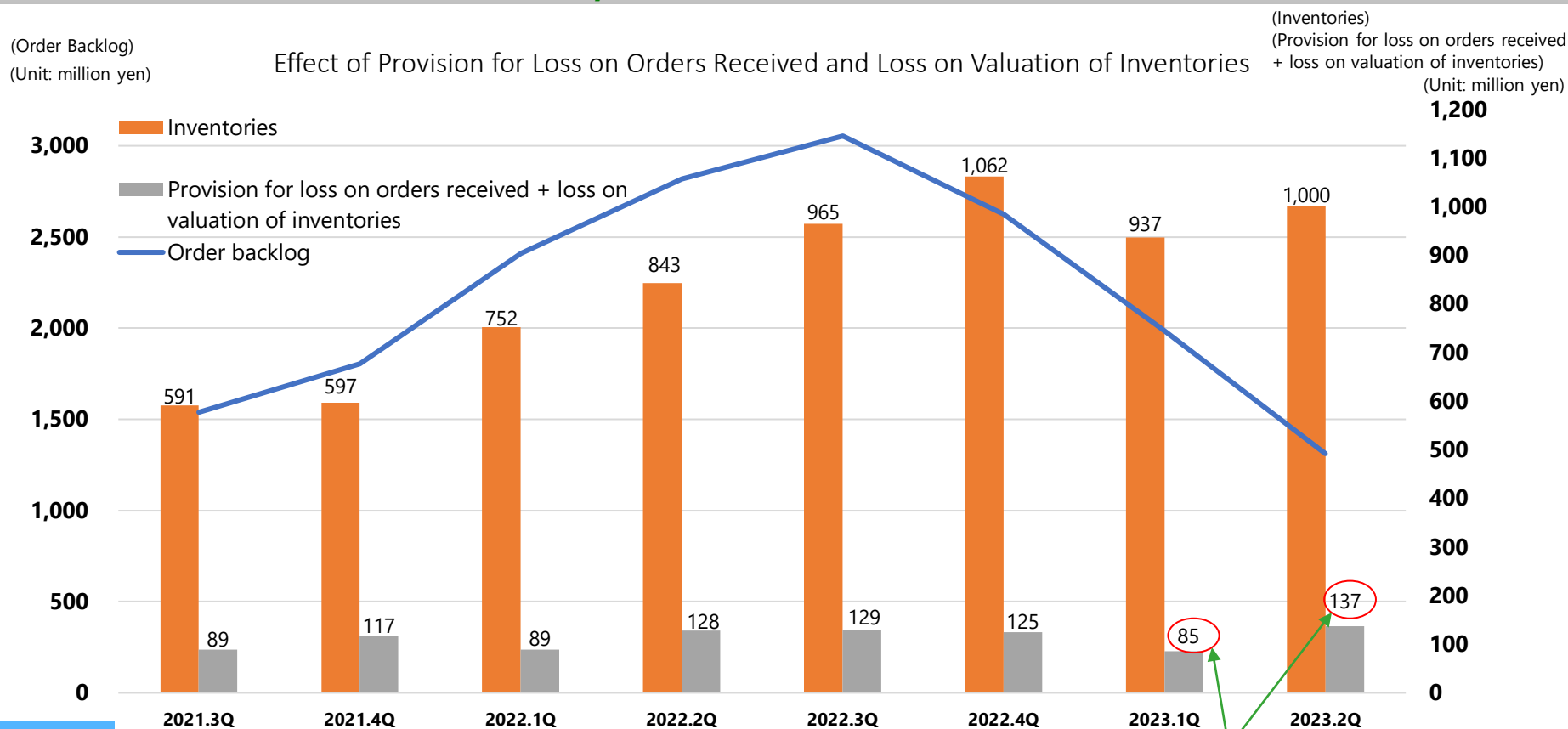
2. Profit declined due to a drop in sales, lower utilization ratio, etc.

- Loss on valuation of inventories rose.
- Profit: 644 million yen (23.1% YoY decrease)

*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, Loss on Valuation of Inventories, etc.



Point

This 51-million-yen difference is one cause of P/L deterioration.

- ✓ In the second quarter, the 51-million-yen difference was a factor in profit/loss deterioration due 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 is 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/S	Fiscal year ended Aug 2022 End of Fiscal Year	Fiscal year ending Aug 2023 End of Q2
	(Unit: million yen)	
Current assets	6,591	6,268
Cash & deposits	3,011	2,989
Trade receivables (Notes receivable - trade, accounts receivable - trade, and electronically recorded monetary claims - operating)	2,493	2,248
Inventories	1,062	1,000
Non-current assets	5,961	6,457
Buildings & land	2,517	2,547
Machinery & equipment	2,971	3,452
Current liabilities	2,504	1,821
Interest-bearing liabilities (short-term)*	559	635
Non-current liabilities	2,749	3,266
Long-term borrowings	2,664	3,185
Total liabilities	5,253	5,087
Total net assets	7,299	7,638
Total assets	12,552	12,726

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

Point

1. Assets: 12,726 million yen (173-million-yen increase from the end of the previous fiscal year)

- Property, plant and equipment: 522-million-yen increase
- Trade receivables: 245-million-yen decrease

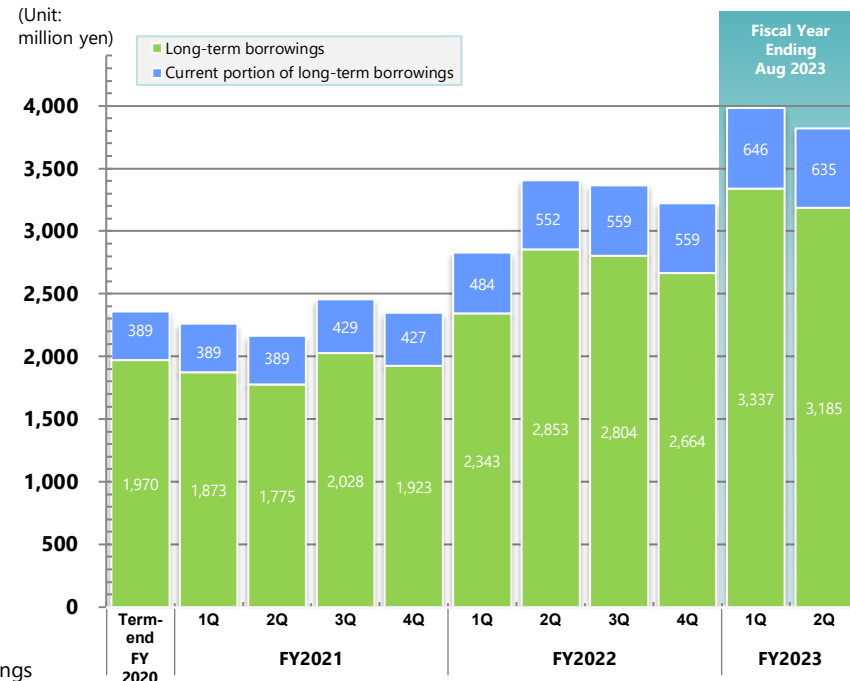
2. Liabilities: 5,087 million yen (166-million-yen decrease from the end of the previous fiscal year)

- Long-term borrowings: 521-million-yen increase
- Income taxes payable: 253-million-yen decrease

3. Net assets: 7,638 million yen (339-million-yen increase from the end of the previous fiscal year)

- Dividends paid: 328 million yen
- Profit for the quarter: 644 million yen
- Equity ratio: 58.1% → 60.0%

(Unit:
million yen)



2. Business Environment

Future Environment and Policies by Sales Sector

Semiconductor

- ◆ The market environment has deteriorated rapidly since January 2023.
- ◆ In addition to market stagnation, inventory adjustments and order adjustments went beyond expectations (decrease in long lead time orders).
- ◆ Inventory adjustment is expected to continue until June, after which gradual improvement is expected.

FPD

- ◆ G6 OLED is expected to expand again, albeit at a slower pace, after September 2023.
- ◆ G8 OLED is expected to expand after November 2023 (prototypes have already been delivered).
- ◆ The aim is to expand market share by acquiring new varieties despite market stagnation.

Others

- ◆ The solar cell production equipment market is active, and business inquiries are increasing.
- ◆ Energizing sales activities by leveraging excess capacity in the FPD sector and securing a large assembly factory is an issue.
- ◆ Improve the in-house production ratio while continuing to outsource to some extent.

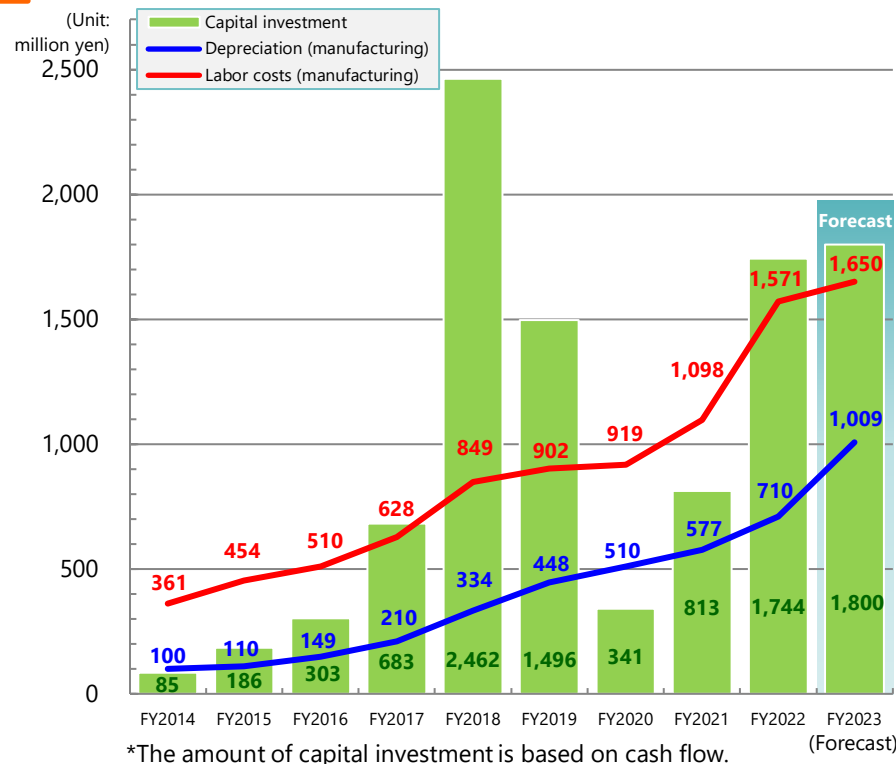
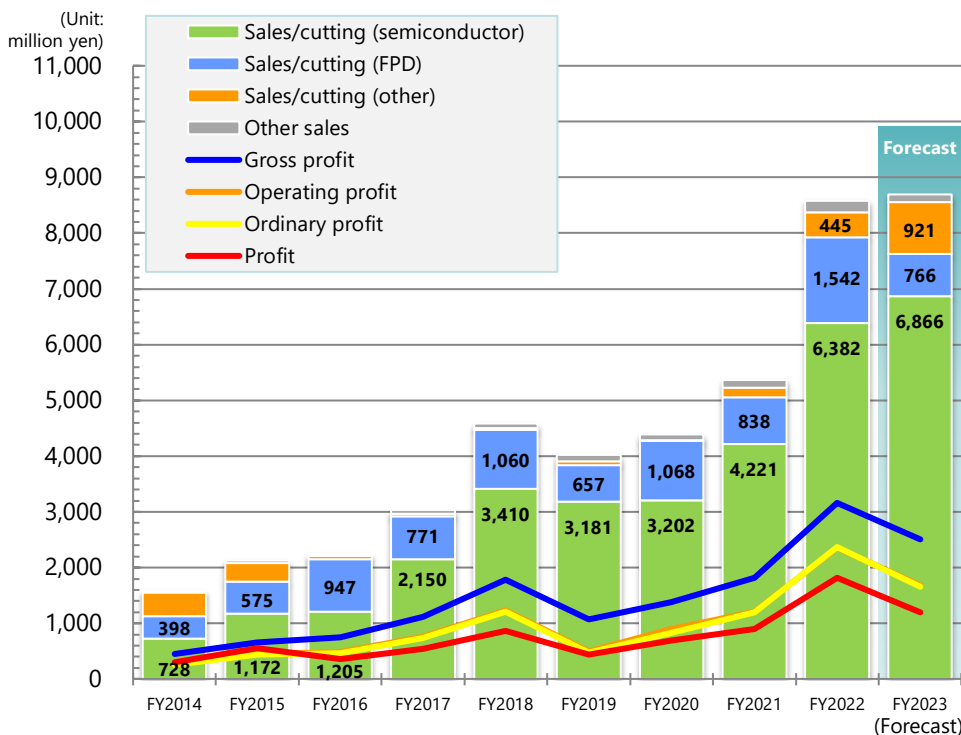
3. Financial Forecast for FY2023

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

Strong 1Q and favorable first half, but the full-year financial forecast remains unchanged due to inventory adjustments in 2Q-3Q that exceeded expectations.

- Point**
- ✓ **Decrease in profit margin due to temporary market stagnation.**
 - ✓ **Investment to increase production is expected to be partially postponed in accordance with the business environment.**
 - ✓ **Inventory adjustment exceeds expectations but is expected to bottom out in 3Q.**
 - ✓ **Sustain and improve production capacity for the next market expansion.**



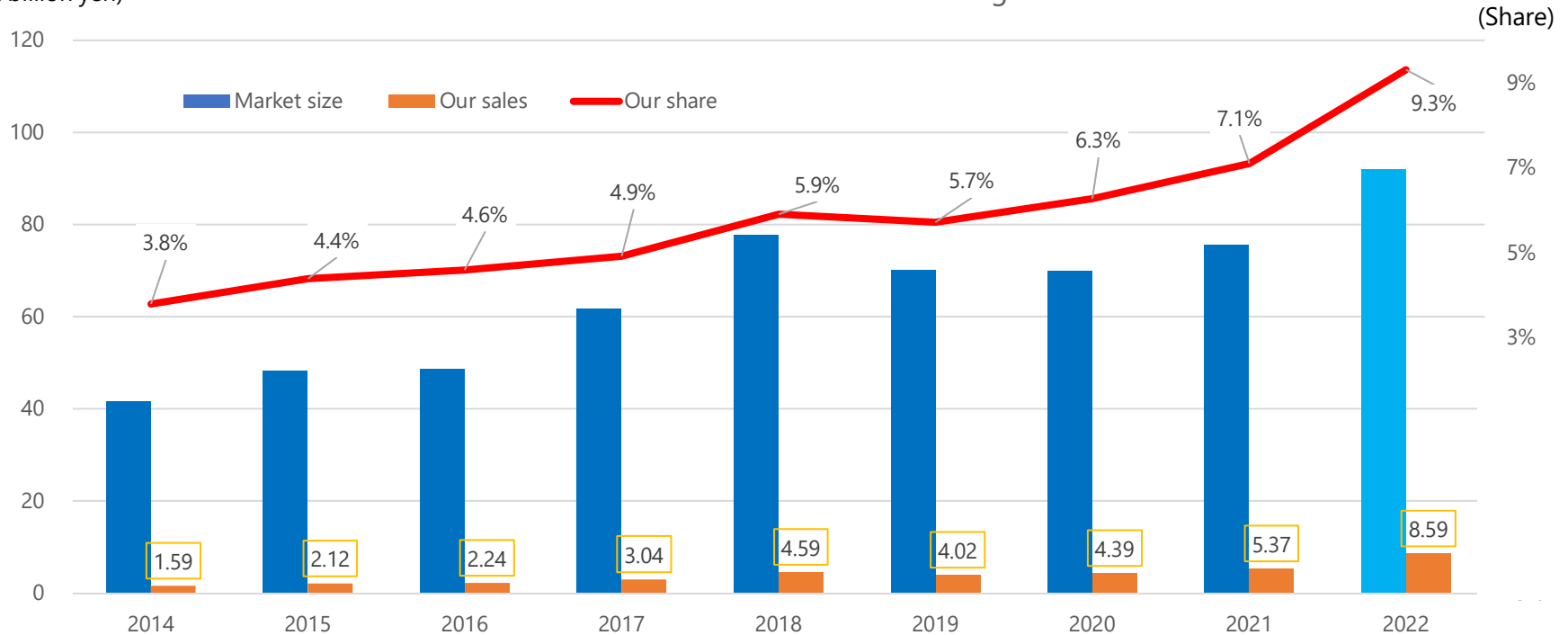
*The amount of capital investment is based on cash flow.

4. Medium-term Business Plan "Innovation 2025"

Our Markets and Share Trends

(Market size)
(Unit: billion yen)

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



Growth

- ✓ Our market expanded rapidly due to the strong semiconductor and FPD markets in 2022.
- ✓ We achieved top market share in 2022 by continuously expanding our market share through increases in production capacity and facing down competition from other companies in the same industry.

- The market size data above reflects the sales data we have compiled from a reference group of 30 companies (including ours) that we have identified as manufacturing vacuum components similar to those that we supply. The sales data for each calendar year was obtained from a research institution and is based on figures at the end of each fiscal year for each company.
- For companies that have not disclosed data for 2022 due to differences in their fiscal year-end, the data for 2022 includes our forecasts, based on the order environment of 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 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.

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For inquiries regarding this material, please contact the following:

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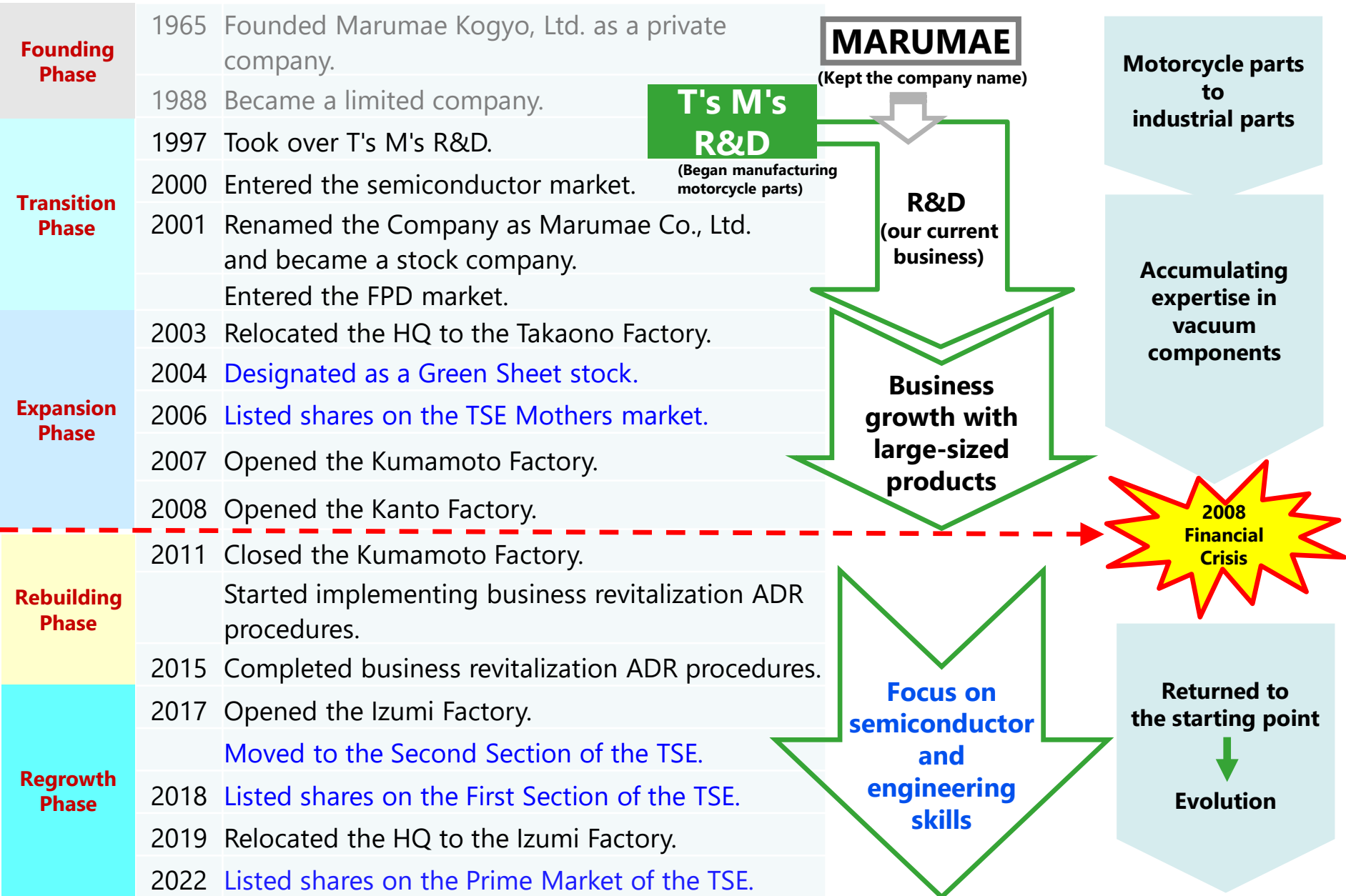
Company Profile

Reference (Our History)

We got our start in motorcycle racing.

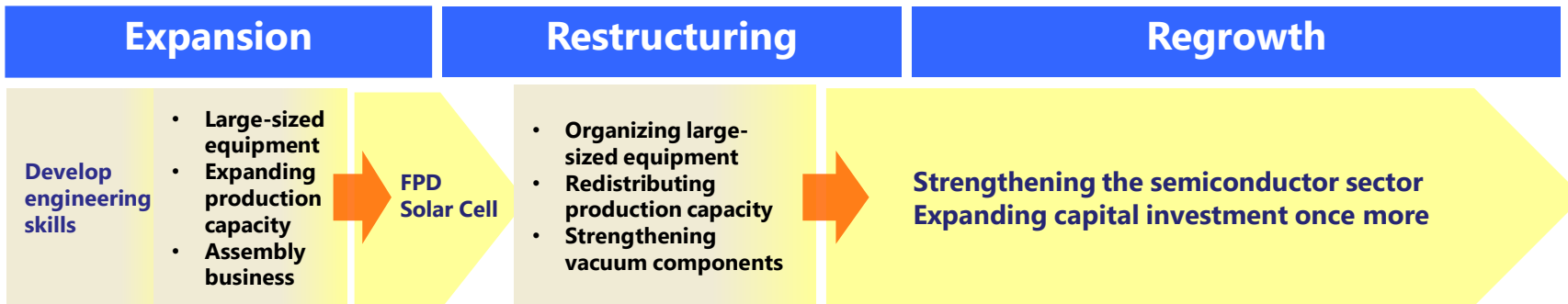
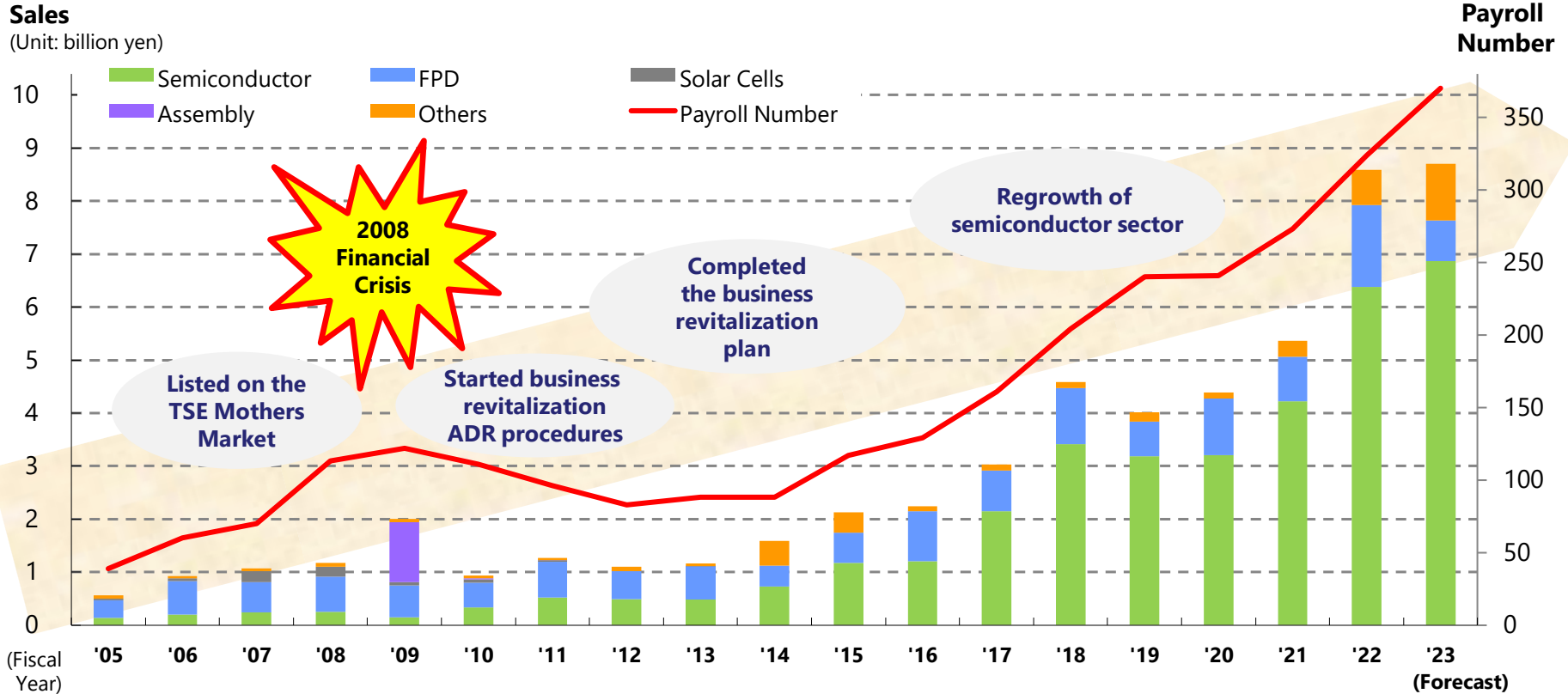


Reference (Our History & Business Transition)



Reference (Our History & Business Transition)

Business Growth & Growth Drivers



Reference (Business Overview)

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)

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, 2023)	Total number of shareholders	12,006
Executives	<ul style="list-style-type: none"> Toshikazu Maeda, President and Representative Director Kota Kaizaki, Director Hiroto Ando, Director Akiko Kadota, Outside Director Kumiko Seko, 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 4,828,817 shares The Master Trust Bank of Japan, Ltd. (trust account) 809,600 shares Misako Maeda 504,000 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 179,858 shares Koei Igarashi 169,000 shares Custody Bank of Japan, Ltd. (trust account) 147,800 shares Marumae Kyoekai 126,900 shares STATE STREET BANK AND TRUST COMPANY 505019 102,500 shares Tadao Kawamoto 88,900 shares
Number of employees	335 (including 161 temporary workers) and 54 dispatched workers (as of February 28, 2023)	(Note) There are 412,494 treasury shares (as of February 28, 2023).	
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. 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, manufacture, and sale of industrial and medical equipment Development and sale of software Plate working Plumbing Transportation Real estate leasing 		