

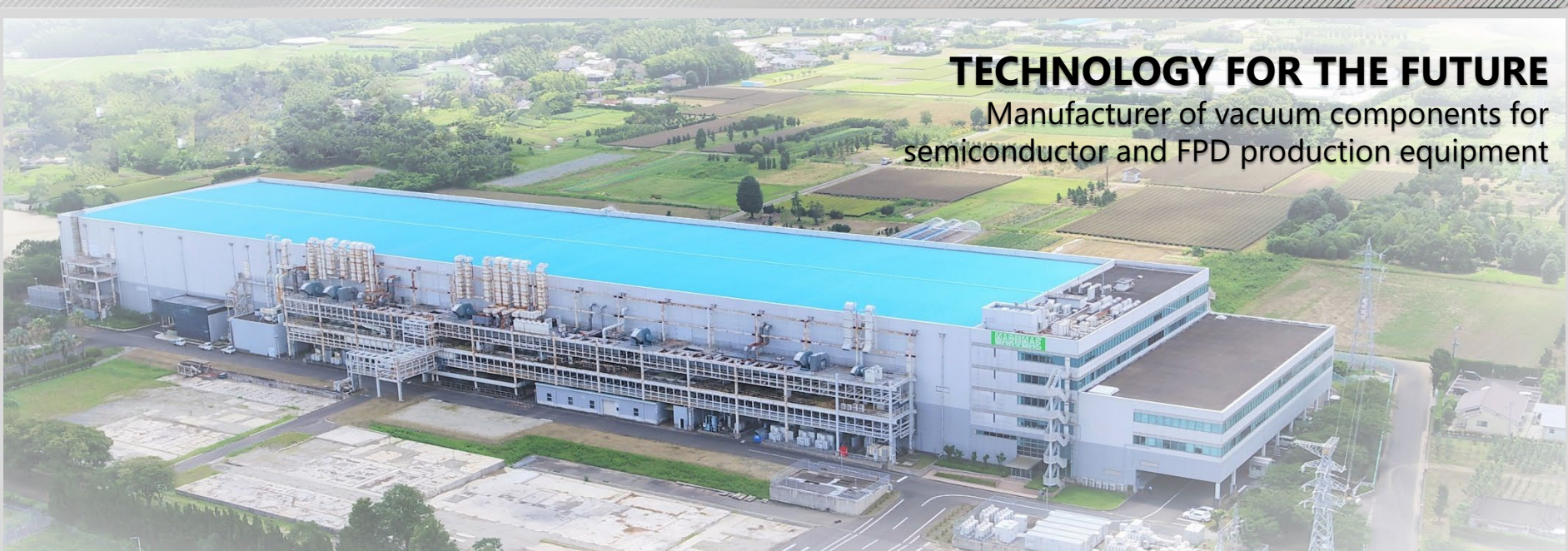
Tokyo Stock Exchange (TSE): 6264

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MARUMAE CO., LTD.

Summary of Q3 FY2023 Financial Results

June 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	Third Quarter of the Fiscal Year Ended August 31, 2022		Third Quarter of the Fiscal Year Ending August 31, 2023		
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	YoY change ratio (%)
Orders received*	7,218	—	4,045	—	(44.0)
Order backlogs*	3,054	—	1,383	—	(54.7)
Net sales	6,097	100.0	5,381	100.0	(11.7)
Cost of sales	3,780	62.0	4,043	75.1	7.0
Gross profit	2,317	38.0	1,337	24.9	(42.3)
Selling and administrative expenses	574	9.4	565	10.5	(1.6)
Operating profit	1,742	28.6	771	14.3	(55.7)
Ordinary profit	1,744	28.6	732	13.6	(58.0)
Extraordinary loss (income)	2	0.0	(2)	0.0	(205.7)
Profit	1,248	20.6	509	9.5	(59.2)
EPS (yen)	97.67	—	40.29	—	(58.7)

Point

1. Status of orders received*

- Semiconductor sector: 2,751 million yen (48.0% YoY decrease)
- FPD sector: 423 million yen (66.8% YoY decrease)
- Other sectors: 870 million yen (32.9% YoY increase)

2. Net sales

- 11.7% YoY decrease
(Details by sector are described on the next page.)

3. Cost of sales

- Material cost: 230-million-yen decrease (22.3% YoY decrease)
- Outsourcing expenses: 224-million-yen decrease (23.8% YoY decrease)
- Labor costs: 9-million-yen increase (0.9% YoY increase)
- Depreciation: 175-million-yen increase (34.4% YoY increase)

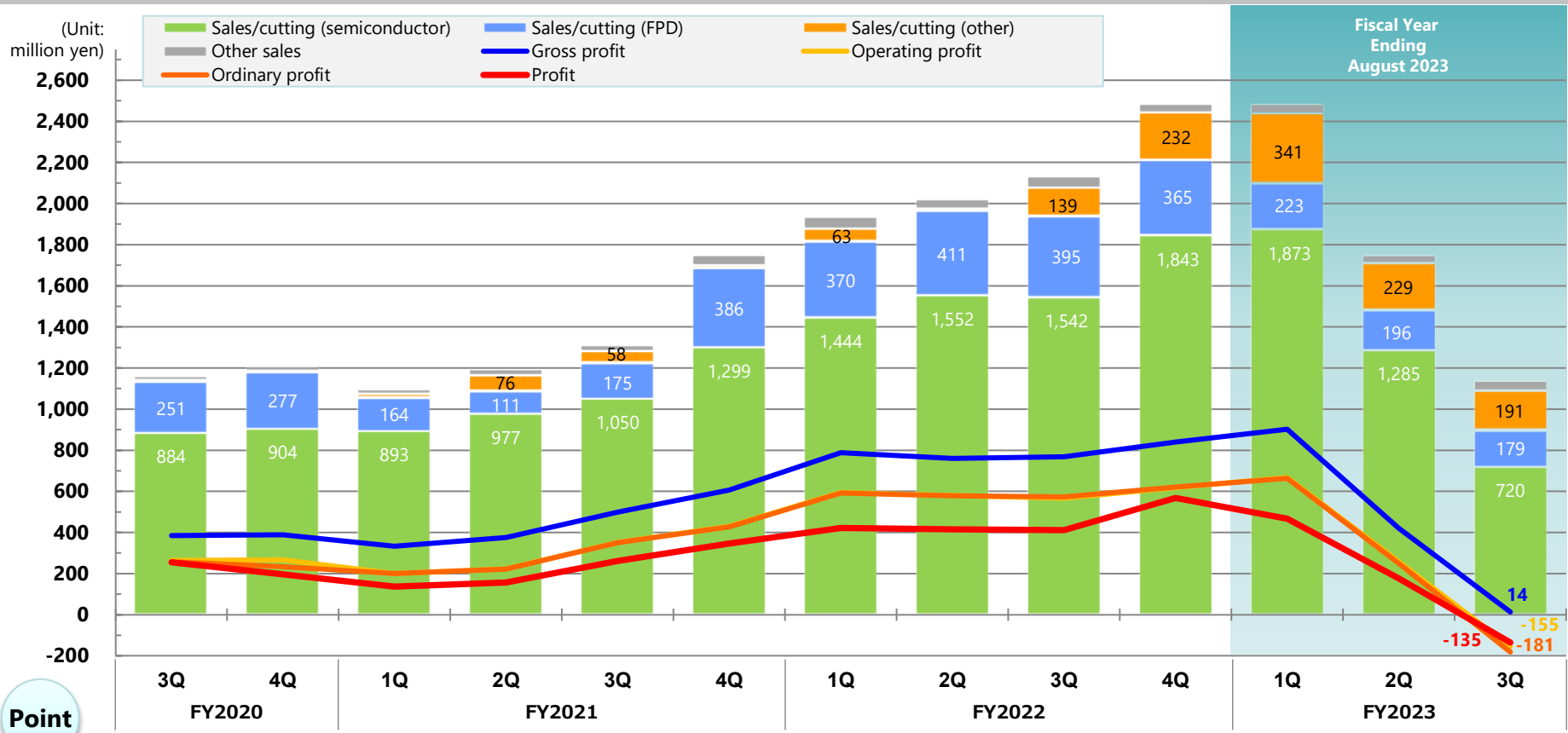
4. Selling and administrative expenses

- R&D expenses: 30-million-yen decrease
- Personnel expenses: 13-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 slowdown in the semiconductor sector intensified.

- Semiconductor sector: 3,879 million yen (14.5% YoY decrease)
 - Decreased due to deteriorating market conditions and higher-than-expected inventory adjustment.
- FPD sector: 598 million yen (49.1% YoY decrease)
 - Continued sales stagnation due to market slowdown.

- Other sectors: 761 million yen (258.9% YoY increase)

- Solar cell production equipment parts continued to perform well.

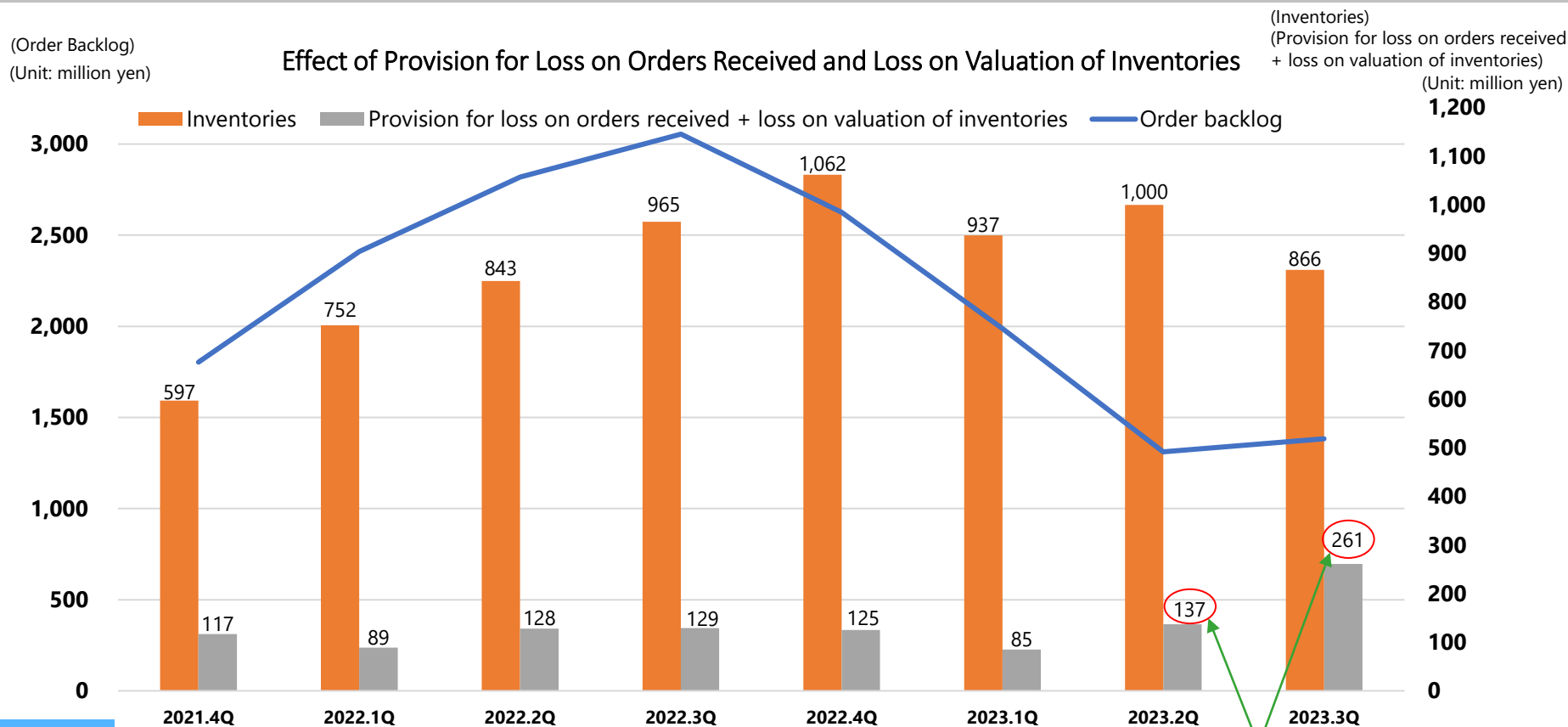
2. Profit declined due to a drop in sales, lower utilization ratio, etc.

- Significant increase in provision for loss on orders received and loss on valuation of inventories.
- Profit: 509 million yen (59.2% 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 123-million-yen difference is one cause of P/L deterioration.

- ✓ The provision for loss on orders received and loss on valuation of inventories increased due to the deteriorated utilization ratio in the third quarter, resulting in a 123 million yen deterioration in profit/loss.
- ✓ 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.**

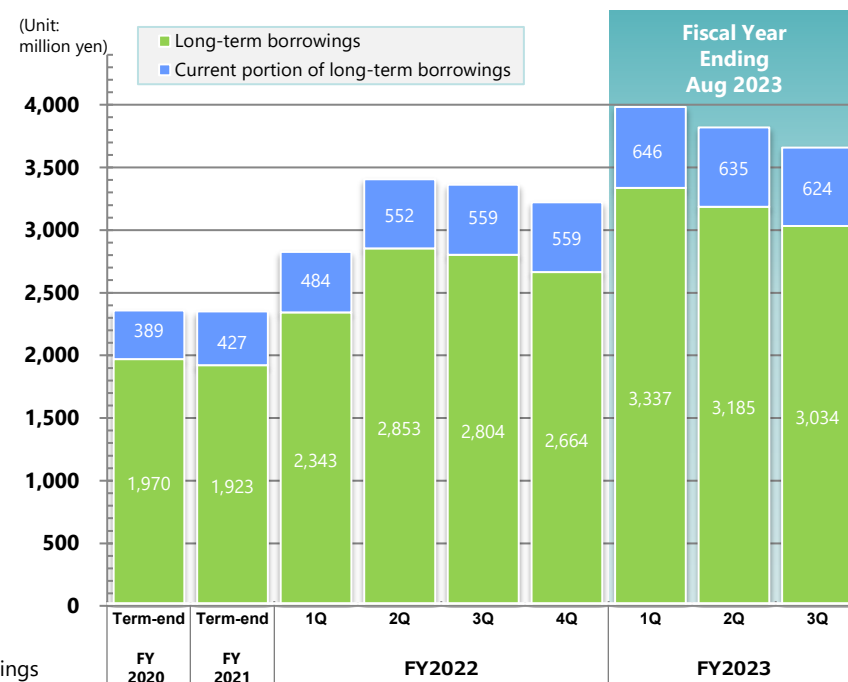
1. Overview of Financial Results

B/S Analysis

B/S	Fiscal year ended Aug 2022 End of Fiscal Year	Fiscal year ending Aug 2023 End of Q3
	(Unit: million yen)	
Current assets	6,591	5,353
Cash & deposits	3,011	3,035
Trade receivables (Notes receivable - trade, accounts receivable - trade, and electronically recorded monetary claims - operating)	2,493	1,309
Inventories	1,062	852
Non-current assets	5,961	6,376
Buildings & land	2,517	2,526
Machinery & equipment	2,971	3,485
Current liabilities	2,504	1,337
Interest-bearing liabilities (short-term)*	559	624
Non-current liabilities	2,749	3,116
Long-term borrowings	2,664	3,034
Total liabilities	5,253	4,453
Total net assets	7,299	7,276
Total assets	12,552	11,729

Point

- Assets: 11,729 million yen (822 million yen decrease from the end of the previous fiscal year)**
 - Trade receivables: 1,183 million yen decrease
 - Property, plant and equipment: 437 million yen increase
- Liabilities: 4,453 million yen (800 million yen decrease from the end of the previous fiscal year)**
 - Income taxes payable: 527 million yen decrease
 - Notes and accounts payable - trade: 158 million yen decrease
- Net assets: 7,276 million yen (22 million yen decrease from the end of the previous fiscal year)**
 - Retained earnings: 46 million yen decrease
 - Increase of 23 million yen due to disposal of treasury shares, etc.
 - Equity ratio: 58.1% → 62.0%



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

2. Business Environment

Future Environment and Policies by Sales Sector

Semiconductor

- ◆ Market conditions have deteriorated and inventory adjustment is taking longer than initially expected.
- ◆ Ongoing inventory adjustment is expected to continue until sometime between September and November. The market environment will improve moderately in the next fiscal year and beyond.
- ◆ A new customer certification has been obtained. Orders for prototypes from existing customers have increased.

Uncertainty and large impact, especially for memory

FPD

- ◆ G6 OLED are expected to expand again, albeit at a slow pace, after September 2023.
- ◆ G8 OLED are expected to expand after November 2023 (prototypes are already shipped).
- ◆ Acquire new models while responding to cost reduction requests from customers.

Others

- ◆ Orders for solar cell production equipment are strong and are expected to continue to exceed FPD sector sales in the next fiscal year.
- ◆ Secure a processing partner and establish a new assembly factory to bring some of the assembly work in-house.
- ◆ Expand large component production capacity to 300 million yen per month, including the FPD sector production capacity.

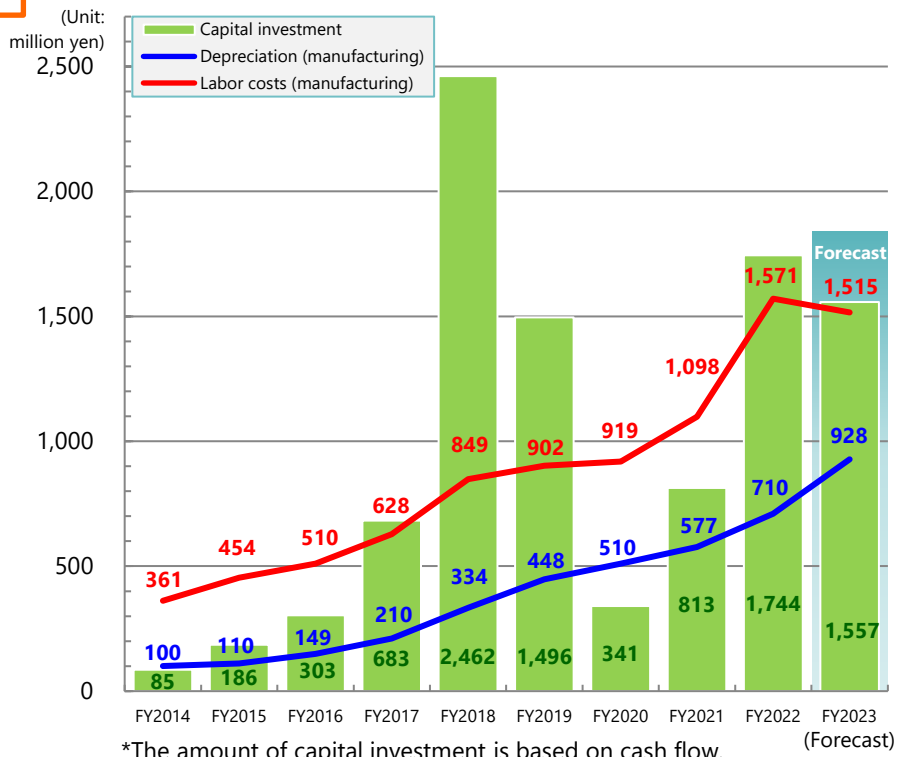
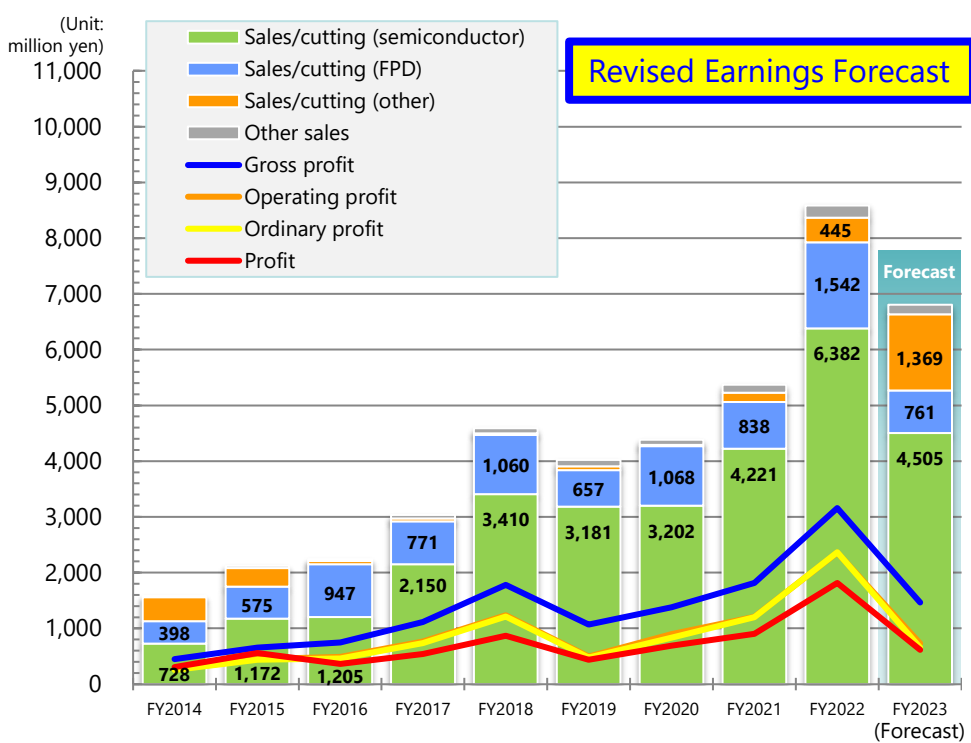
3. Financial Forecast for FY2023

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	6,803	730	655	612	48.43

Despite taking various measures to cope with worsening market conditions, we have revised the forecast because it will not be completed in time for the end of the current fiscal year. No revision to the year-end dividend is planned at this time.

- Point**
- ✓ Measures are being implemented in response to sluggish market conditions and protracted inventory adjustment.
 - ✓ Built a new assembly factory and expanded the capacity for solar cell production equipment.
 - ✓ Obtained certification from a new customer for semiconductors.
 - ✓ Postponed investments and implemented various measures, but the effects will be fully realized in the next fiscal year.



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

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 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.

For inquiries regarding this material, please contact the following:

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E-mail: inquiry_en@marumae.com

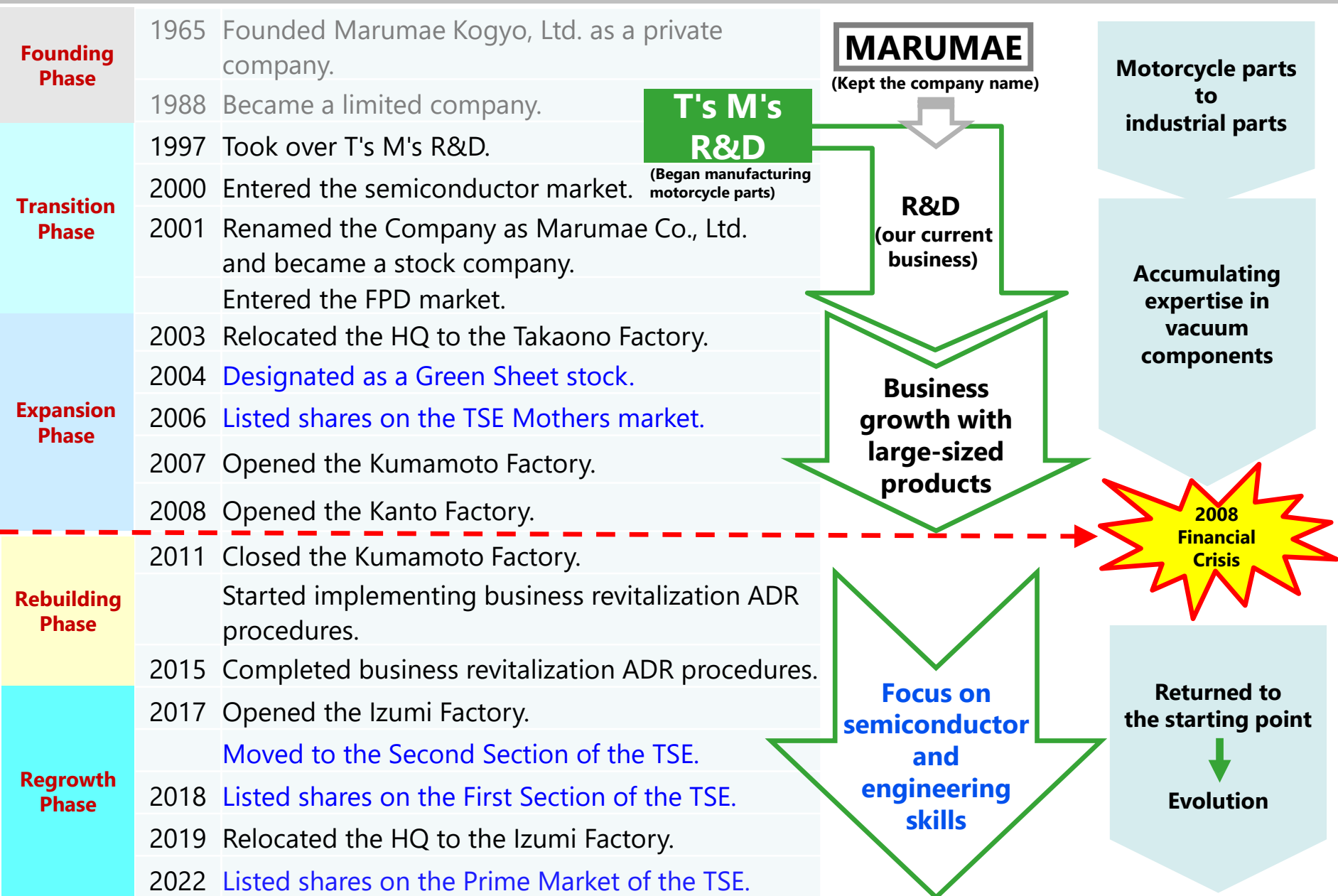
Company Profile

Reference (Our History)

We got our start in motorcycle racing.



Reference (Our History & Business Transition)

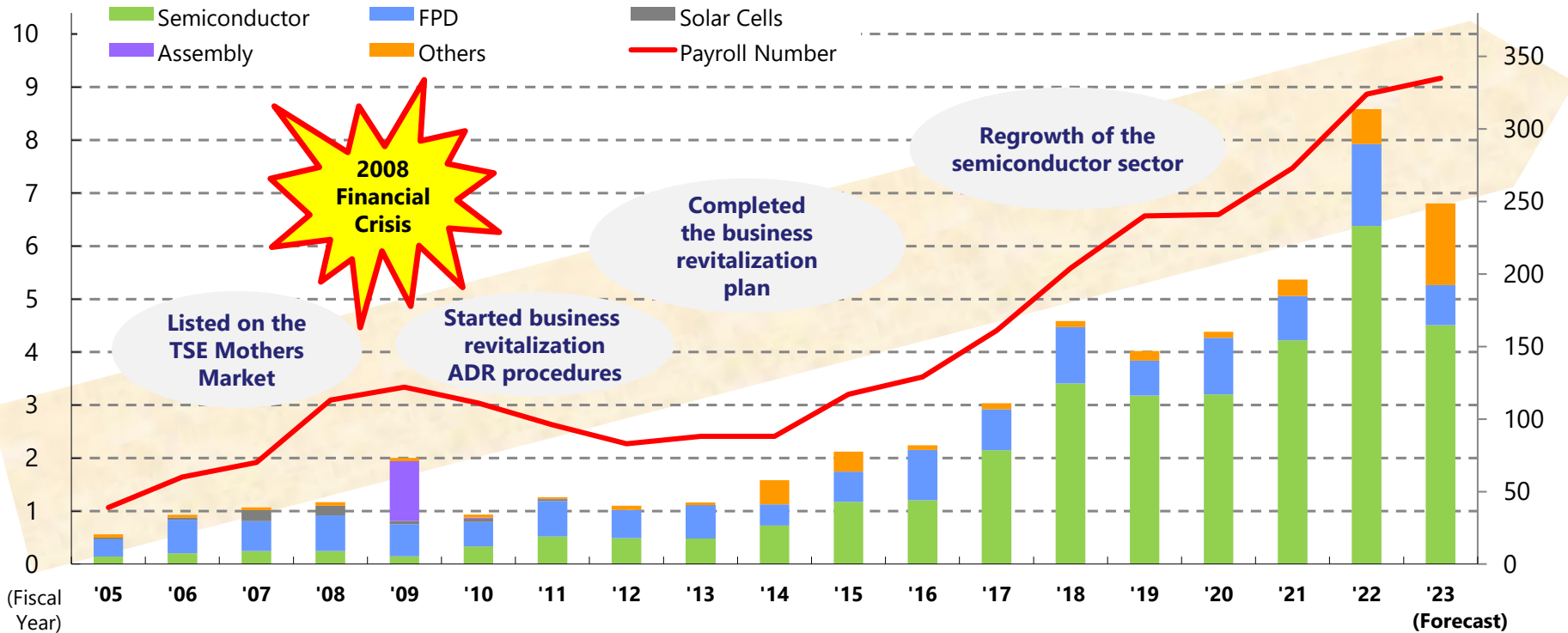


Reference (Our History & Business Transition)

Business Growth & Growth Drivers

Net Sales

(Unit: billion yen)



Expansion

Develop engineering skills

- Large-sized equipment
- Production capacity expansion
- Assembly business

FPD Solar Cell

Restructuring

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

Regrowth

Strengthening the semiconductor sector
Expanding capital investment once more

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 May 31, 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	330 (including 145 temporary workers) and 38 dispatched workers (as of May 31, 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 		<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 		
			Management philosophy