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June 30, 2023

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Notice Concerning Revisions to Financial Results Forecasts

Marumae Co., Ltd. (the "Company"), in light of its recent business performance, has decided to revise its earnings forecast for the fiscal year ending August 31, 2023 (September 1, 2022 to August 31, 2023), which was disclosed on October 7, 2022, as described below.

1. Revisions to financial results forecasts for the current fiscal year (September 1, 2022 through August 31, 2023)

	Net sales (millions of yen)	Operating profit (millions of yen)	Ordinary profit (millions of yen)	Profit (millions of yen)	Earnings per share (yen)
Previously announced forecasts (A)	8,700	1,680	1,660	1,200	95.03
Revised forecasts (B)	6,803	730	655	612	48.43
Change (B-A)	(1,897)	(950)	(1,005)	(588)	
Change (%)	(21.8)	(56.5)	(60.5)	(49.0)	
(Reference) Actual results for the previous fiscal year (Fiscal year ended August 31, 2022)	8,585	2,361	2,366	1,817	142.58

2. Reason for revision

For the fiscal year ending August 31, 2023, the Company expects a significant decrease in semiconductor sector sales after May 2023, when it has cleared the backlog of orders, due to the prolonged deterioration of the market environment in the semiconductor sector and the large impact of the inventory adjustment in equipment parts beyond the stagnation of devices, against the previous assumption.

In this environment, the Company worked diligently to implement the following improvement measures: (1) obtain certification and receive new orders from a new customer in the semiconductor sector, (2) increase orders for solar cell equipment in the other sectors, and (3) make other improvements.

(1) The Company has obtained a certification for the new customer in the semiconductor sector, albeit later than initially planned, and the customer is expected to be a major driver of sales growth in the future. However, during the current fiscal year, sales were small due to an inventory

glut caused by the deteriorating market environment, and they are not expected to contribute fully to sales until the next fiscal year. As a result, net sales in the semiconductor sector are expected to stagnate at 4.51 billion yen for the current fiscal year.

(2) With respect to the expansion of orders for solar cell production equipment parts in the other sectors, a new assembly factory was established in the Izumi Factory to reinforce the assembly capacity for customer equipment manufacturers. Furthermore, the Company requested cooperation from domestic and overseas processing manufacturers to secure machining capacity for large parts. As a result, the monthly production (which is based on orders) capacity of large components for the FPD and other sectors has increased from approximately 200 million yen to over 300 million yen. With the current surge in production, sales in the other sectors are expected to reach 1.54 billion yen (including other sales) in the current fiscal year, and are expected to remain strong in the next fiscal year and beyond.

(3) As for other improvements, while the market environment remained stagnant in the FPD sector, the Company was able to make efforts that will lead to re-expansion in the next fiscal year and beyond, such as successfully receiving orders for parts for the new Generation 8 equipment while meeting cost reduction requests. However, the shipment volume stagnated in the current fiscal year, and net sales in the FPD sector for the current fiscal year are expected to be only 760 million yen.

Despite these efforts, the Company was unable to offset the impact of the stagnant market environment in the semiconductor sector this fiscal year, and has revised its sales forecast downward for the fiscal year ending August 31, 2023 to 6.803 billion yen.

On the other hand, in terms of profit and loss, despite various cost reductions due to lower capital investment compared to our previous forecast, lower personnel hiring, lower performance-linked employee bonuses and executive compensation, lower variable costs, and lower manufacturing costs associated with lower sales, May 2023 was the first significant operating loss in 10 years. The reason for this was the decline in sales, as well as a large loss on valuation of inventories due to higher unit processing costs resulting from a deterioration in factory utilization rates in the third quarter. In addition, due to a decline in plant utilization, there were idle facilities that were not yet in operation for new machinery installed during the period under review. For these facilities, the Company will record depreciation of idle assets in non-operating expenses retroactive to the time of acquisition. The impact is approximately 41 million yen at the end of the third quarter of the current fiscal year and approximately 71 million yen at the end of the current fiscal year.

Although the market environment is expected to improve moderately in the next fiscal year and beyond, and the effects of various measures are starting to emerge, the severe profit-and-loss situation is expected to continue through the fourth quarter of the current fiscal year.

As a result, the Company currently forecasts an operating profit of 730 million yen, an ordinary profit of 655 million yen, and a profit of 612 million yen for the fiscal year ending August 31, 2023.

We apologize for any inconvenience and concern this may cause to our shareholders.

The Company does not plan to revise the dividend amount at the end of the current fiscal year at this time.

Note: The Company’s full-year forecasts in this document are based on judgments and assumptions made in light of information available as of the date of this document, and actual results may differ from these forecasts due to various factors.