

Tokyo Stock Exchange (TSE): 6264

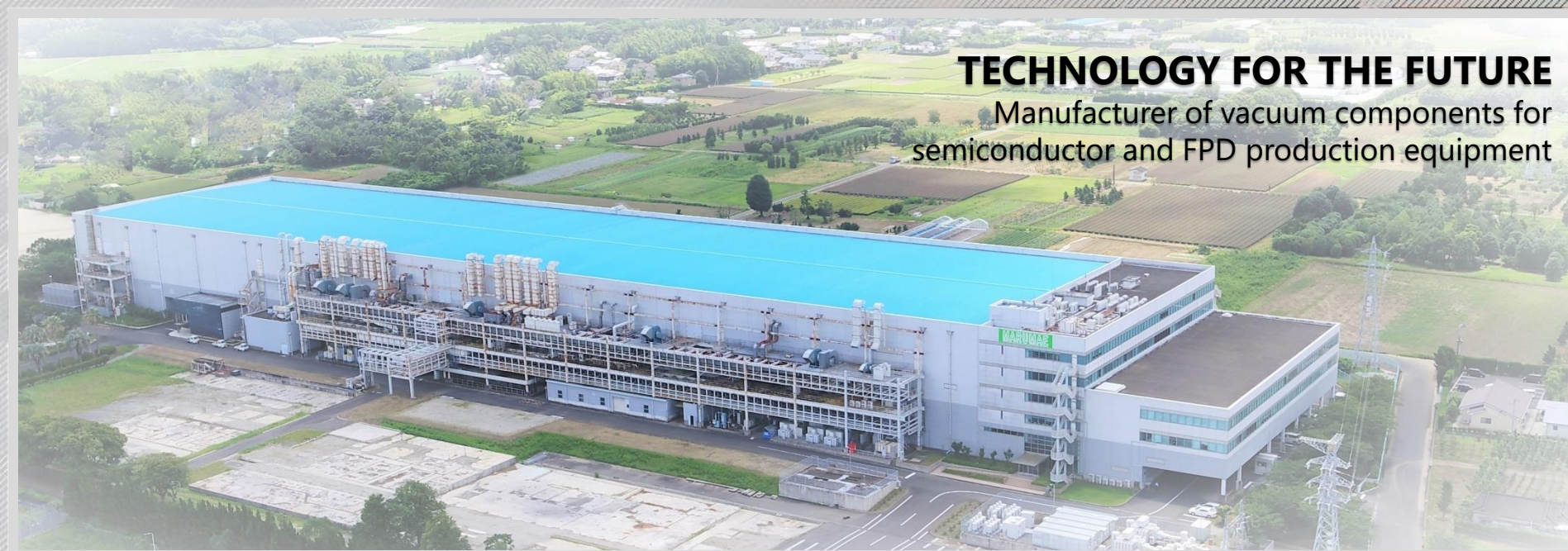
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# MARUMAE CO., LTD.

## FY2023 Financial Results Summary and Revised Medium-term Business Plan

October 6, 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	FY2022		FY2023		
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	YoY change ratio (%)
Orders received	9,190	—	5,167	—	(43.8)
Order backlogs	2,616	—	1,101	—	(57.9)
Net sales	8,585	100.0	6,868	100.0	(20.0)
Cost of sales	5,426	63.2	5,284	76.9	(2.6)
Gross profit	3,158	36.8	1,583	23.1	(49.9)
Selling and administrative expenses	796	9.3	723	10.5	(9.1)
Operating profit	2,361	27.5	859	12.5	(63.6)
Ordinary profit	2,366	27.6	789	11.5	(66.7)
Extraordinary loss (income)	66	0.8	208	3.0	215.4
Profit	1,817	21.2	706	10.3	(61.1)
EPS (yen)	142.58	—	55.92	—	(60.8)

### Point

#### 1. Status of orders received

- Semiconductor sector: 3,346 million yen (52.4% YoY decrease)
- FPD sector: 761 million yen (47.9% YoY decrease)
- Other sectors: 1,059 million yen (51.3% YoY increase)

#### 2. Net sales

- 20.0% YoY decrease  
(The details for each sector are listed on the next page.)

#### 3. Cost of sales

- Outsourcing expenses: 451-million-yen decrease (34.6% YoY decrease)
- Depreciation: 217-million-yen increase (30.6% YoY increase)

#### 4. Selling and administrative expenses

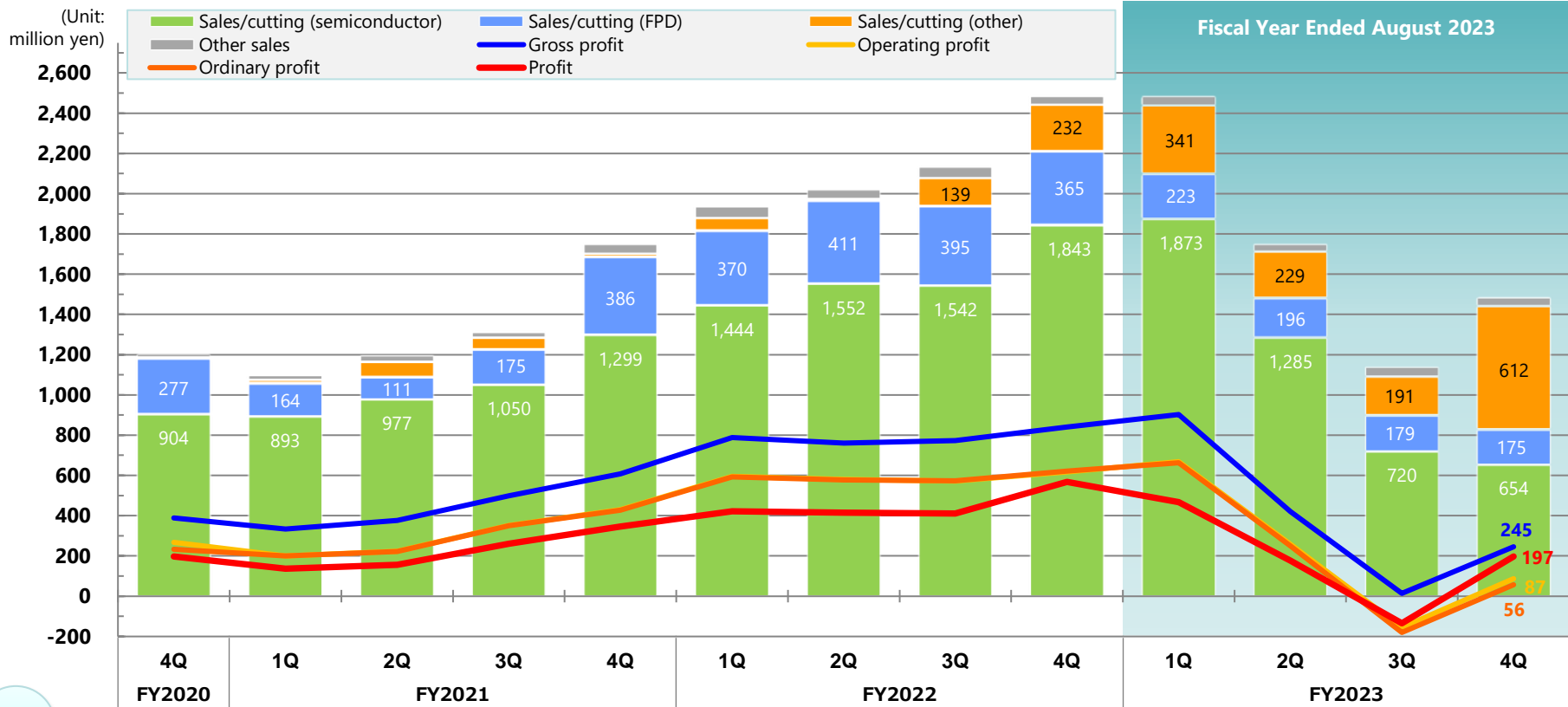
- R&D expenses: 52-million-yen decrease (38.4% YoY decrease)
- Taxes and dues: 14-million-yen decrease (26.3% YoY decrease)

#### 5. Extraordinary income

- Subsidy income: 211 million yen

# 1. Overview of Financial Results

## Trends in Quarterly Business Results



### Point

#### 1. Sales continued to stagnate in the semiconductor sector

- Semiconductor sector: 4,534 million yen (29.0% YoY decrease)
  - Bottomed out due to a stagnant market environment.
- FPD sector: 774 million yen (49.8% YoY decrease)
  - Continued sales stagnation due to a market slowdown.

- Other sectors: 1,374 million yen (208.7% YoY increase)

- Solar cell production equipment components expanded rapidly.

#### 2. Profits declined due to lower sales and utilization ratio, etc.

- Provision for loss on orders received, etc., increased by 137 million yen from the end of the previous period. Although the impact of the 3Q increase remained, the increase in the 4Q was limited to about 2 million yen from 3Q.

\* 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

## B/S Analysis

<b>B/S</b>	Fiscal year ended Aug 2022 End of Fiscal Year	Fiscal year ended Aug 2023 End of Fiscal Year
	(Unit: million yen)	
Current assets	6,591	5,448
Cash & deposits	3,011	3,496
Trade receivables (Notes receivable - trade, accounts receivable - trade, and electronically recorded monetary claims - operating)	2,493	982
Inventories	1,062	813
Non-current assets	5,961	6,163
Buildings and land	2,517	2,537
Machinery and equipment	2,971	3,271
Current liabilities	2,504	1,165
Interest-bearing liabilities (short-term)*	559	607
Non-current liabilities	2,749	2,973
Long-term borrowings	2,664	2,889
Total liabilities	5,253	4,138
Total net assets	7,299	7,473
Total assets	12,552	11,612

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

### Point

**1. Assets: 11,612 million yen (940-million-yen decrease from the end of the previous fiscal year)**

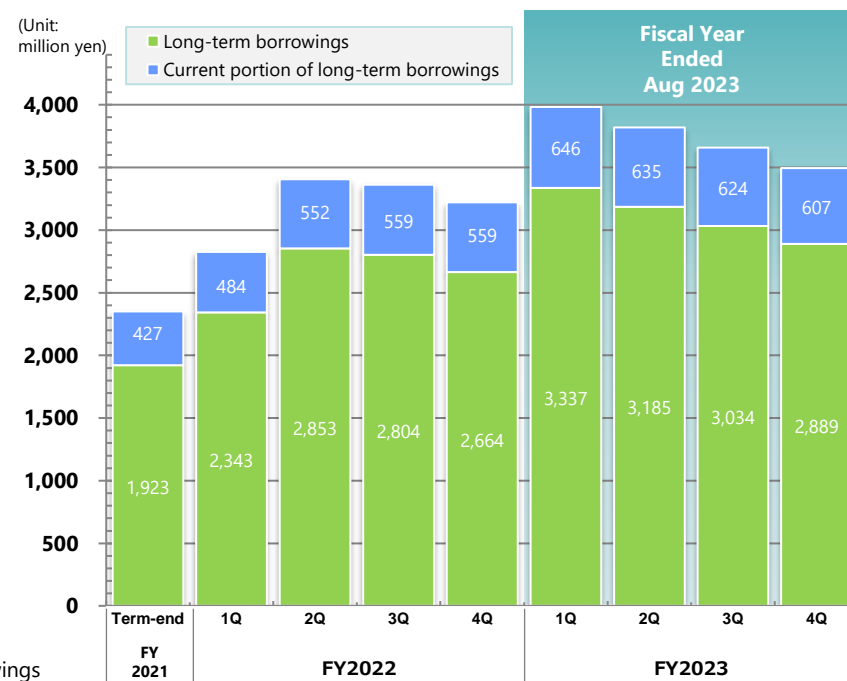
- Trade receivables: 1,510-million-yen decrease
- Machinery and equipment: 299-million-yen increase

**2. Liabilities: 4,138 million yen (1,115-million-yen decrease from the end of the previous fiscal year)**

- Income taxes payable: 527-million-yen decrease
- Accounts payable - other: 302-million-yen decrease

**3. Net assets: 7,473 million yen (174-million-yen increase from the end of the previous fiscal year)**

- Retained earnings: 150-million-yen increase
- Increase of 23 million yen due to disposal of treasury shares, etc.
- Equity ratio: 58.1% → 64.4%



## 2. Business Environment

### Future Environment and Policies by Sales Sector

#### Semiconductor

- ◆ Sluggish market environment due to the postponement for North America, etc. Plans for DRAM begin to emerge.
- ◆ Inventory adjustment for production equipment is on track, but inventory clearance of consumables is uncertain.
- ◆ Increase in orders for prototypes from existing and new customers (for development and evaluation for acquiring competitors' customers).

#### FPD

- ◆ Increase in investment plans for OLED G6 and G8.
- ◆ OLED G8 capex is expected to continue beyond 2024.
- ◆ Continue the strategy of expanding market share by leveraging EBW.

#### Others

- ◆ Active business in solar cell production equipment, which exceeds sales in the FPD sector, but it is unstable.
- ◆ Policy to expand sales by securing processing partner companies and bringing some assembly operations in-house.
- ◆ Expand large component production capacity to 300 million yen per month, including the FPD sector production capacity.

# 3. Financial Results Forecast for FY2024

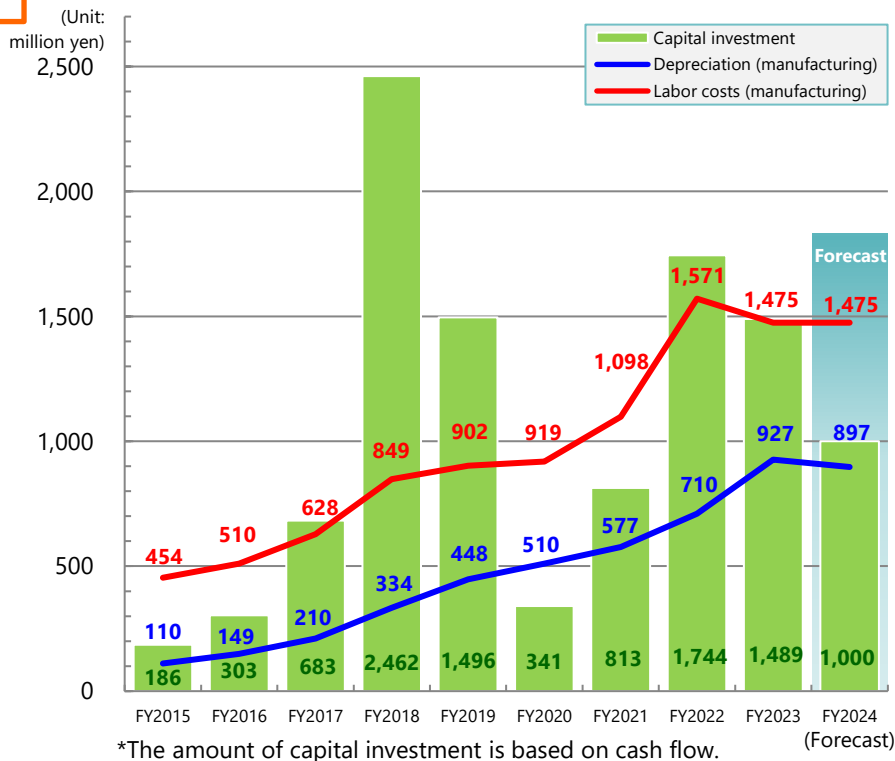
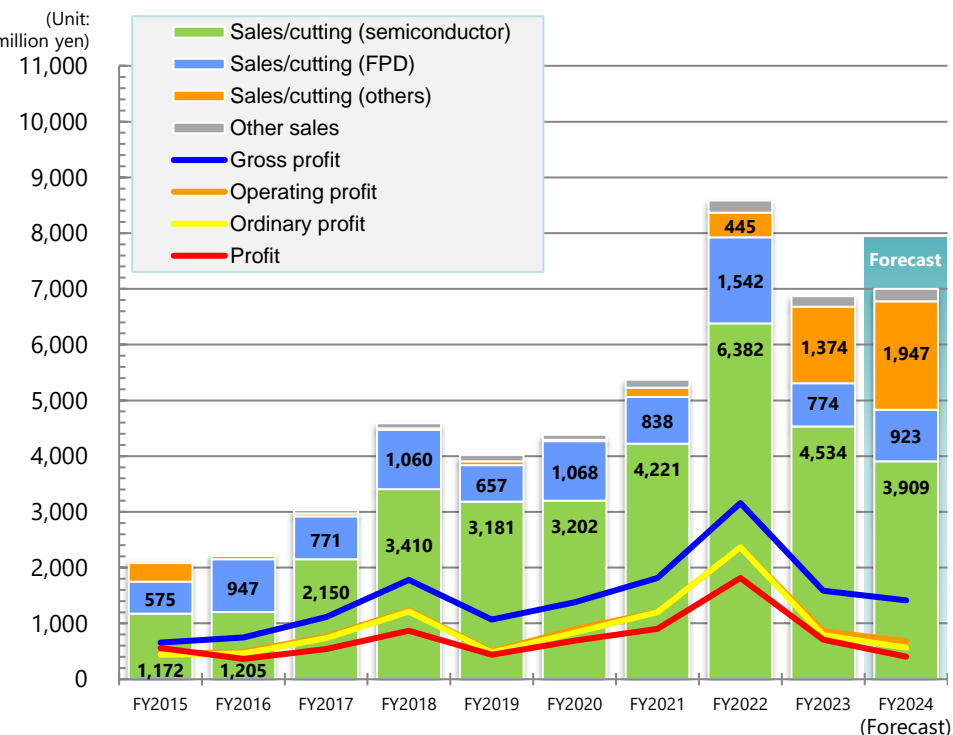
## Forecast for FY2024 (Profit/Loss, Capital Investment, and Fixed Cost)

Financial forecast for FY2024	Net sales (million yen)	Operating profit (million yen)	Ordinary profit (million yen)	Profit (million yen)	Earnings per share (yen)
Q2 (Cumulative)	2,400	(82)	(160)	(113)	(8.94)
Full year	7,000	680	562	400	31.64

No improvement in the semiconductor market is expected in 1H. In particular, it is expected to slow down further and photovoltaic power generation would be in a trough in 1Q.

**Point**

- ✓ Prolonged sales stagnation in the semiconductor sector.
- ✓ Orders for solar cell production equipment continue, but they are unstable.
- ✓ Increase in the number of process of record (POR) although we have not yet received mass production orders from new semiconductor-related customers.
- ✓ Defer investments in increased production. Prioritize development and employee satisfaction.



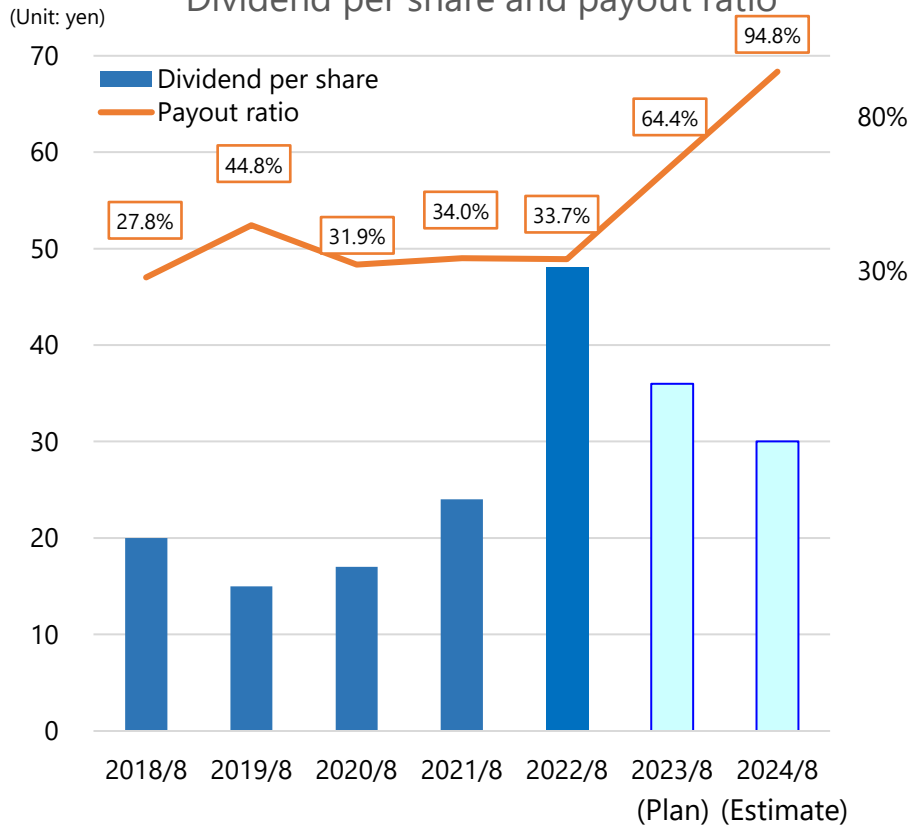
\*The amount of capital investment is based on cash flow.

# 3. Financial Results Forecast for FY2024

## Shareholder Returns

### Dividend Results and Forecasts

Dividend per share and payout ratio



#### Dividend Policy

- ✓ Dividend payout ratio of 35% or above as planned in the medium-term business plan.
- ✓ Stabilizing with a minimum annual dividend per share of 20 yen (10 yen per half year)

#### Shareholder Benefits

- ✓ QUO gift card with a value equivalent to 1,000 yen for shareholders who hold at least one share unit of the Company continuously for at least six months.

#### Current Dividends

- ✓ 18 yen per share for the first half of FY2023 (dividend paid) and 18 yen per share for the end term for a total of 36 yen per share (plan).
- ✓ 10 yen per share for the first half of FY2024 and 20 yen per share for the end term for a total of 30 yen per share (estimate).
- ✓ Despite the difficult business environment, the dividend amount was decided in consideration of improvement in the second half of FY2024, capital efficiency, and stable dividends.

# 4. Medium-term Business Plan

## Initial Plan

### Medium-term Business Plan Innovation 2025

#### Numerical Targets

Net sales of **14B** yen  
Operating profit of **4.2B** yen

#### ROIC

Asset-based ROIC of **23%**  
Liability-based ROIC of **19%**

#### Payout Ratio

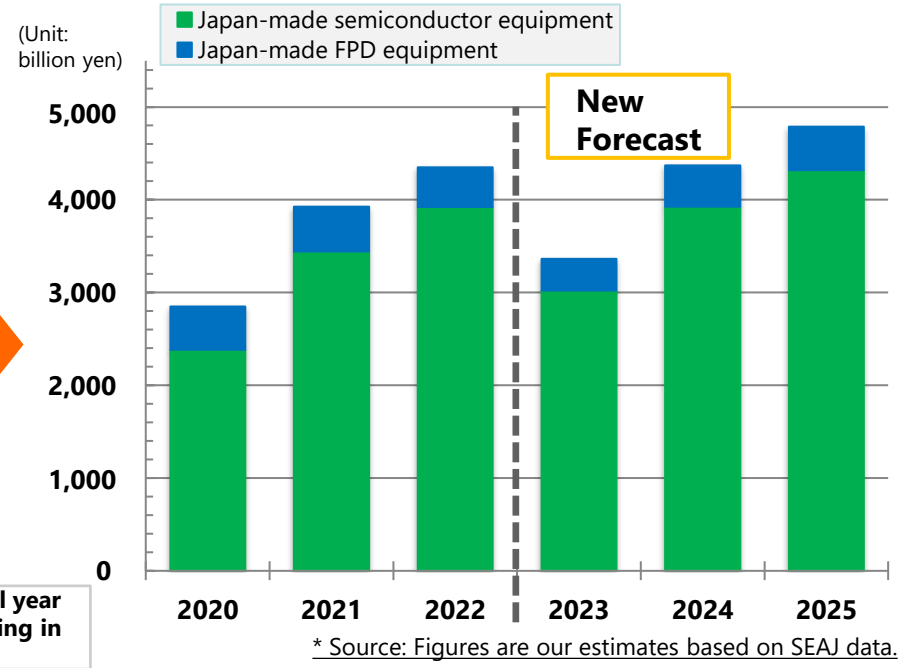
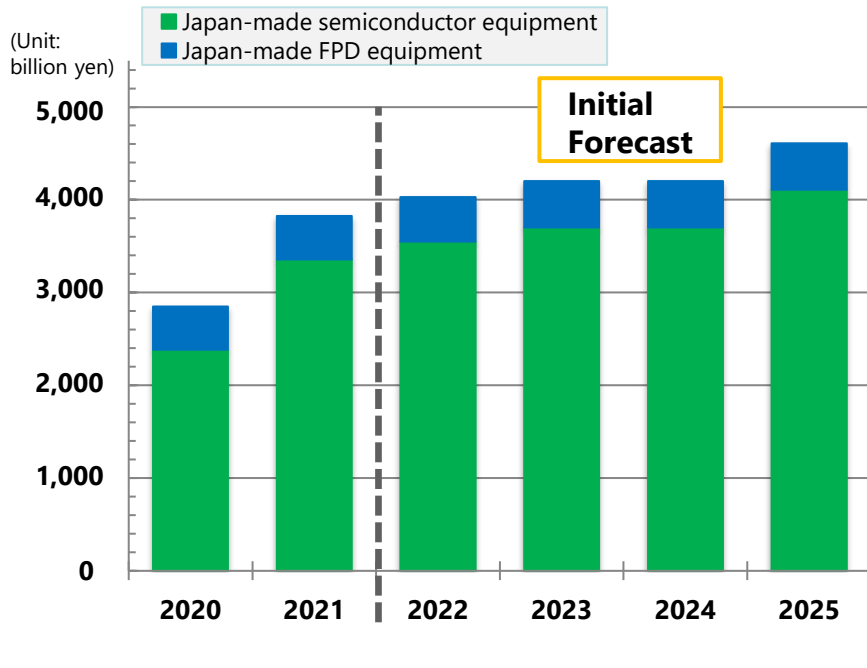
Dividend payout ratio of **35%** or more  
Minimum annual dividend of **20.0** yen per share\*

\* If the final profit/loss is negative, the minimum annual dividend per share may be revised.



# 4. Medium-term Business Plan

## Review of Plan



- ✓ Unexpectedly severe market stagnation in 2023 relative to the initial market forecast.
- ✓ In response to the stagnation, the Company postponed its capital investment plans and curbed personnel hiring.
- ✓ Assumes that the market will grow again, but the Company is not expected to make capital investments and train personnel in time to achieve the current plan of 14 billion yen in sales by the fiscal year ending August 2025.
- ✓ Extended the plan period and changed **the final year of the medium-term business plan to the fiscal year ending August 2026**. Targets remain unchanged. The Board of Directors' meeting on October 6, 2023, resolved to revise the medium-term business plan.

## 4. Medium-term Business Plan

### Quantitative Targets

The profit plan is maintained, and the ROIC target is slightly lower.  
(Non-current assets will increase due to the extension of the plan period.)

#### Medium-term Business Plan Innovation 2026

##### Numerical Targets

Net sales of **14B** yen  
Operating profit of **4.2B** yen

##### ROIC

Asset-based ROIC of **21%**  
Liability-based ROIC of **18%**

##### Payout Ratio

Dividend payout ratio of **35%** or more  
Minimum annual dividend of **20.0** yen per share\*

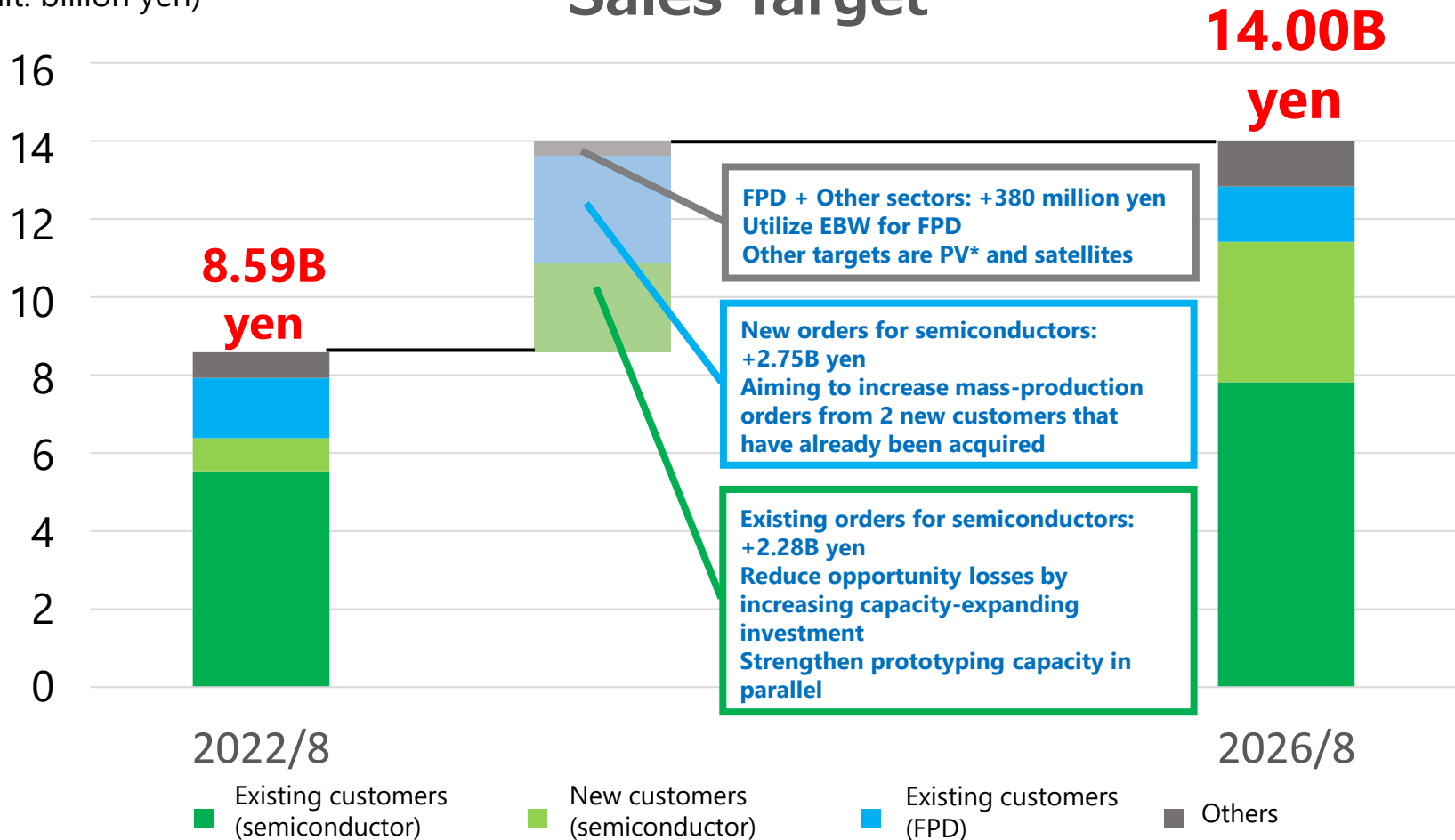
\* If the final profit/loss is negative, the minimum annual dividend per share may be revised.

# 4. Medium-term Business Plan

## Numerical Targets

### Sales Target

(Unit: billion yen)



In addition to market growth, growth is expected to come from increased market share with existing customers and increased orders from new customers.

\* PV is the abbreviation for photovoltaic. It refers to photovoltaic power generation.

## 4. Medium-term Business Plan

### Izumi Factory (Headquarters) Capital Investment

The construction of a new factory at the HQ site is under consideration, given the current outlook for the SPE\* market. Scheduled to be completed in August 2025



\* SPE refers to Semiconductor Production Equipment.

# 4. Medium-term Business Plan

## Strategies to Achieve Goals

### Production Capacity

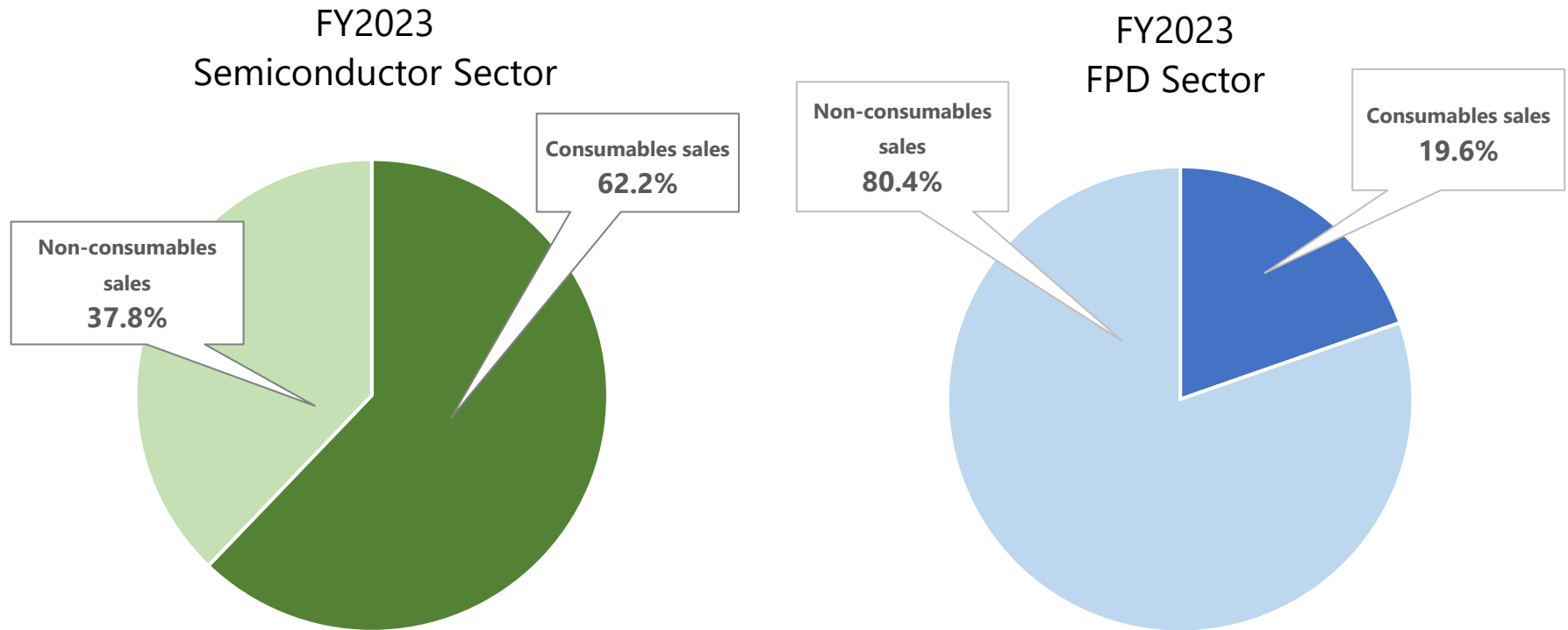
### Capacity Planning

Fiscal Year	FY2024	FY2025	FY2026
Capital Expenditure (Forecast) CF basis	<b>1.00B yen</b>	<b>2.40B yen</b>	<b>1.80B yen</b>
Depreciation (Current forecast) (Cost of products manufactured)	<b>897M yen</b>	<b>Approx. 1.04B yen</b>	<b>Approx. 1.18B yen</b>
Manufacturing Capacity (Monthly production)* Forecast as of the end of the fiscal year	<b>Semiconductor 800M yen FPD, etc. 300M yen</b>	<b>Semiconductor 900M yen FPD, etc. 300M yen</b>	<b>Semiconductor 1.10B yen FPD, etc. 300M yen</b>

- The production capacity is a simple sum of individual machine capacities. It is necessary to secure and train human resources in line with capacity expansion.
- Figures for FY2024 include investment for development and investment in the company cafeteria to improve employee satisfaction.
- Figures for FY2025 and FY2026 include approximately 1.5 billion yen for new factory construction costs, etc.
- This investment amount includes investments in solar panels and storage batteries for achieving carbon neutrality.

# 4. Medium-term Business Plan

## Strategies - Expansion of Consumables -



**Stabilization Strategy**

**Aiming to stabilize orders by strengthening consumables**

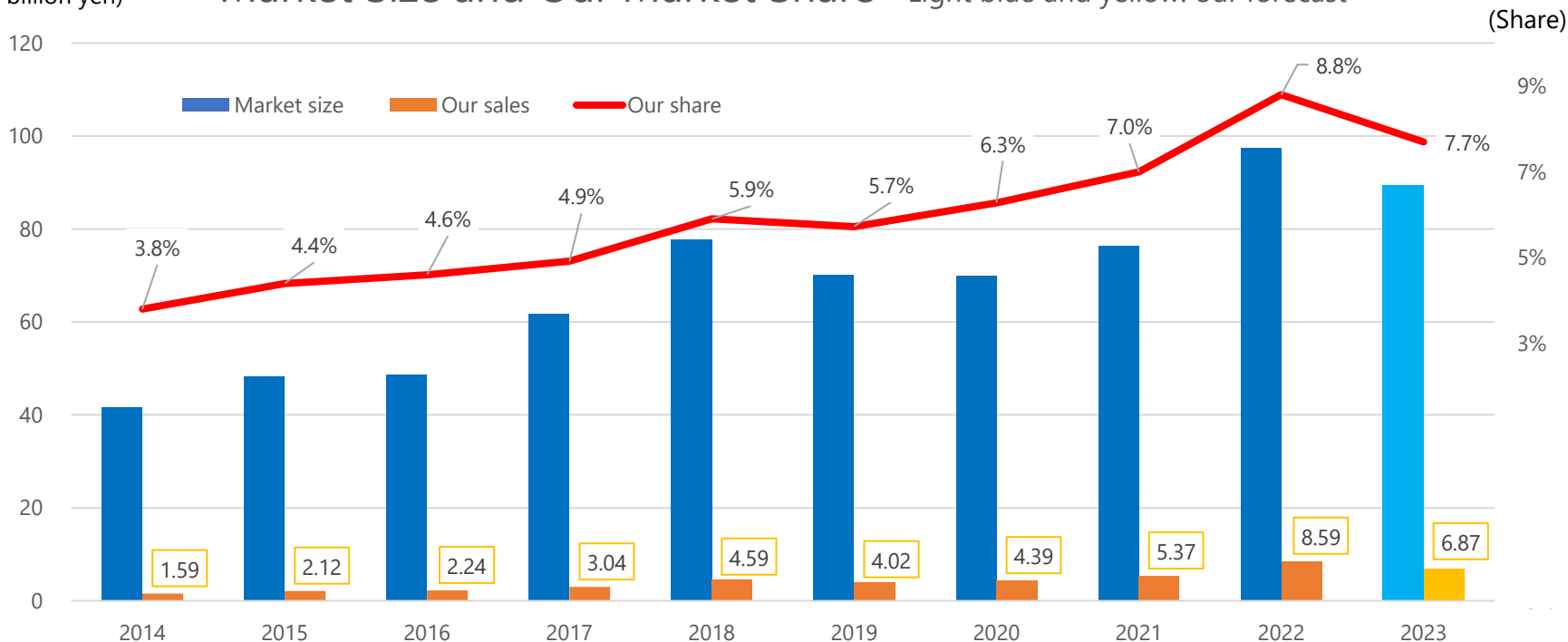
\* In the period under review, the ratio of semiconductor consumables declined due to inventory backlogs of consumables.

# 4. Medium-term Business Plan

## Our Markets and Share Trends

(Market size)  
(Unit: billion yen)

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



### Growth

- ✓ In our market, both the semiconductor and FPD sectors performed well in 2022, but slowed down sharply in 2023.
- ✓ Among companies in the same industry, the Company, whose fiscal year ends in August compared to March, was severely affected by the economic slowdown, and our market share shrank in the year under review.

- The market size data above reflects the sales data we have compiled on a reference group of 30 companies (including us) that we have identified as making vacuum components similar to those 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.
- For companies that have not disclosed data for 2023 due to differences in their fiscal year-end, the data for 2023 includes our forecasts, based on the order environment of each company.





# 5. Sustainable Management

## Addressing Climate Change



- ✓ Installed solar cells in all offices
- ✓ Reduced GHG by 15.5% (Actual results for FY2023)
- ✓ 50% reduction by 2030

**Our policy is to generate our own power using renewable energy and consume it ourselves.**

# 5. Sustainable Management

## Human Resources and Others

ESG

### Human Resources Development, Improvement in Work Style, and Contribution to the Community

Progress

#### Programmer training PJ in full swing

- Creation and implementation of human resources curriculum
- Establishment of a system for certifying programmers

#### Creating a workplace environment that is easy for everyone to work in

- Implementation of workplace activities to improve working conditions led by the ESG committee, such as holding meetings with female employees
- Achieved **100%** male childcare leave utilization rate (FY2023)

#### Acquisition of additional naming rights (to increase name recognition in the region)

- Acquired Marumae Stadium Izumi (Izumi City Sports Park Athletic Field) (a total of 4 locations, including existing facilities)

Future

#### Human resources development and cafeteria establishment

- Promoting the early development of programmers
- Plans to establish a cafeteria to maintain and promote employee health

# 5. Sustainable Management

## Governance

**ESG**

### Information Security, Diversity Promotion, and Risk Management

#### Progress

#### Establishment of an information security committee

- Establishment of information security basic policy and management regulations
- Implementation of information security education

#### Increase in the ratio of female board members [12.5% → 22%] 2 out of 9

- Strengthening the supervisory board of directors by increasing the number of diverse outside directors
- Proactively promoting sustainability management

#### Future

#### Risk management

- Promote company-wide risk management

#### ISO certification acquisition

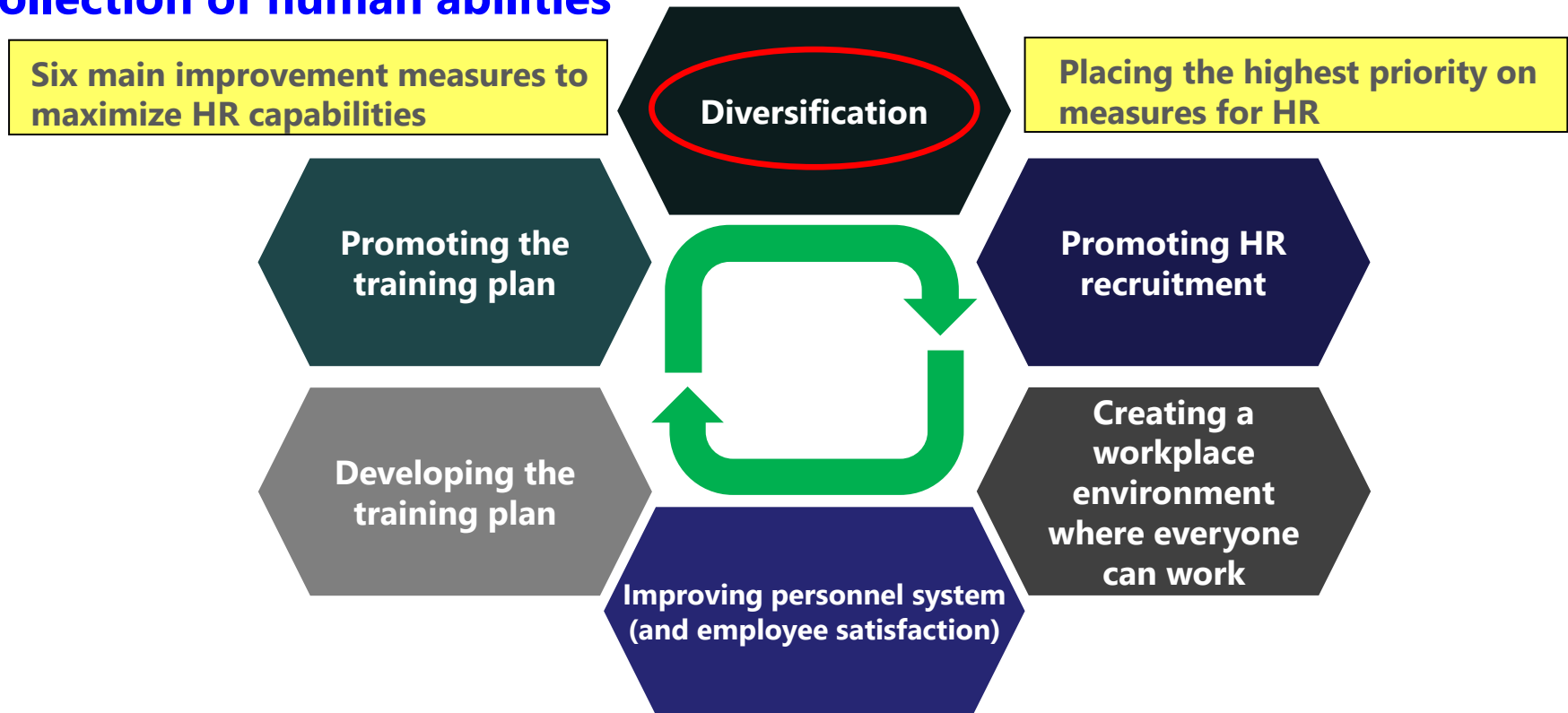
- ISO/IEC 27001\* to be obtained by August 2024

\* International standard for Information Security Management System (ISMS)

# 5. Sustainable Management

## Human Capital

■ The technological capabilities supporting Marumae's strengths are a collection of human abilities



- ✓ Improvement of the working environment and personnel evaluation system, as well as diversity considerations to improve the retention rate
- ✓ Aim to increase corporate value by strengthening recruitment and fostering innovative development personnel
- ✓ Strengthen governance and improve management capabilities by promoting management diversification

# 5. Sustainable Management

## Integrated Report

Marumae Report released on April 28, 2023

- ✓ Revealing our first long-term vision
- ✓ Promoting corporate understanding to multi-stakeholders



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[https://www.marumae.com/en/sus\\_report.html](https://www.marumae.com/en/sus_report.html)

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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.

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:

Person in charge of IR, General Affairs Section, Administration Department, Marumae Co., Ltd.

E-mail: [inquiry\\_en@marumae.com](mailto:inquiry_en@marumae.com)

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# Company Profile

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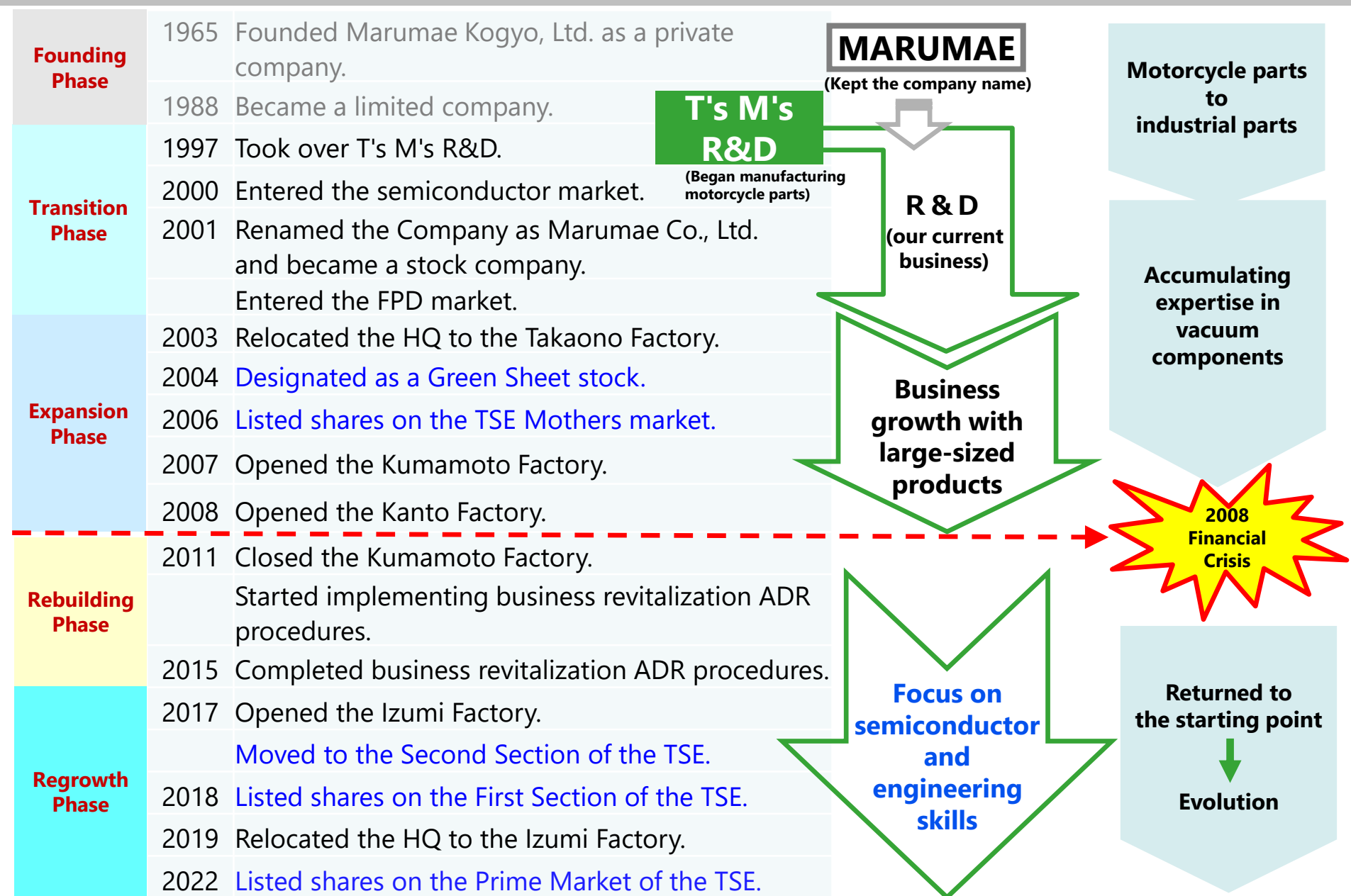


# Reference (Our History)

We got our start in motorcycle racing.

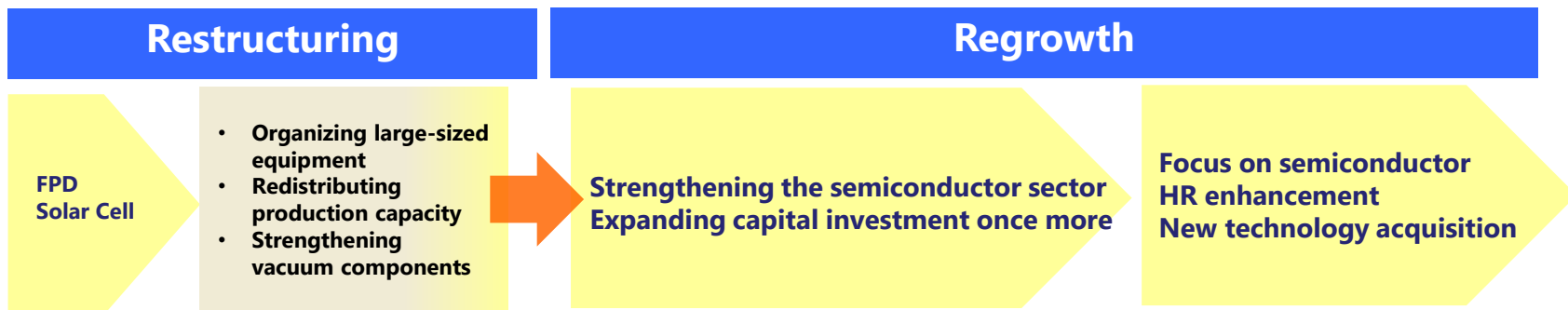
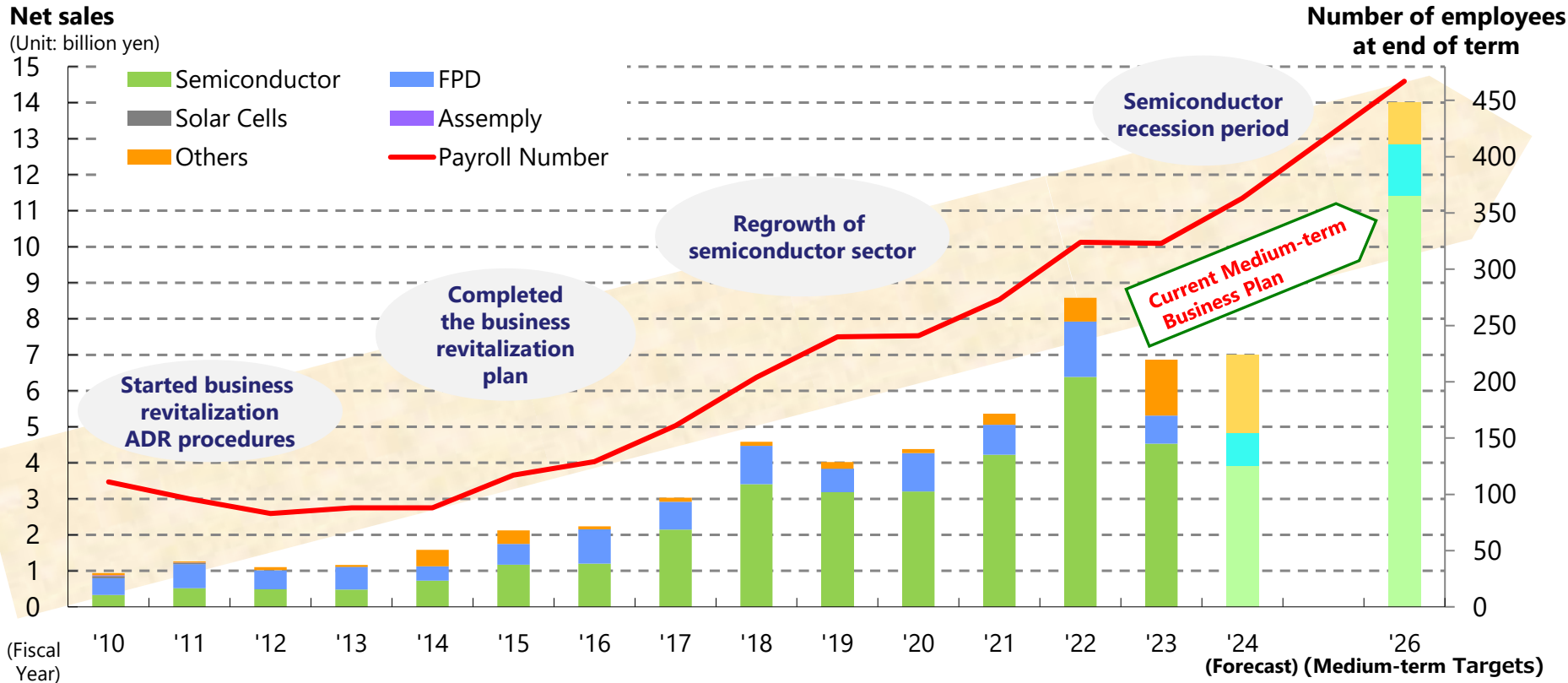


# Reference (Our History & Business Transition)



# 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

\* This photo is a sample image

# Reference (Company Overview)

<b>Company name</b>	Marumae Co., Ltd.	<b>Total number of issued shares</b>	13,053,000 shares
<b>Established</b>	October 1988	<b>Share unit number</b>	100 shares
<b>Capital</b>	1,241,150,000 yen (as of August 31, 2023)	<b>Total number of shareholders</b>	11,914
<b>Executives</b>	<ul style="list-style-type: none"> <li>Toshikazu Maeda, President and Representative Director</li> <li>Kota Kaizaki, Director</li> <li>Hiroto Ando, Director</li> <li>Akiko Kadota, Outside Director</li> <li>Kumiko Seko, Outside Director</li> <li>Keiji Hokanishi, Director (Audit and Supervisory Committee Member)</li> <li>Satoshi Momokino, Outside Director (Audit and Supervisory Committee Member)</li> <li>Takaaki Yamamoto, Outside Director (Audit and Supervisory Committee Member)</li> <li>Hirotsugu Miyakawa, Outside Director (Audit and Supervisory Committee Member)</li> </ul>	<b>Major shareholders (Common shares)</b>	<ul style="list-style-type: none"> <li>Toshikazu Maeda 4,829,117 shares</li> <li>The Master Trust Bank of Japan, Ltd. (trust account) 806,600 shares</li> <li>Misako Maeda 504,000 shares</li> <li>Custody Bank of Japan, Ltd. (trust account) 202,500 shares</li> <li>STATE STREET BANK AND TRUST COMPANY FOR STATE STREET BANK INTERNATIONAL GMBH, LUXEMBOURG BRANCH ON BEHALF OF ITS CLIENTS: CLIENT OMNI OM25 197,161 shares</li> <li>Nomura Securities Co., Ltd. 182,758 shares</li> <li>Yoshiko Maeda 180,000 shares</li> <li>Koei Igarashi 169,000 shares</li> <li>NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB) 142,700 shares</li> <li>Marumae Kyoeikai 128,600 shares</li> </ul>
			(Note) There are 412,494 treasury shares (as of August 31, 2023).
<b>Number of employees</b>	323 (including 140 temporary workers) and 32 dispatched workers (as of August 31, 2023)	<b>Management philosophy</b>	<ul style="list-style-type: none"> <li>Seek technological perfection</li> <li>Respect competition and cooperation</li> <li>Contribute to society as a company that focuses on technology</li> </ul> <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>
<b>Locations</b>	<ul style="list-style-type: none"> <li>Izumi Factory (Headquarters): 2141 Onohara, Izumi, Kagoshima 899-0216, Japan</li> <li>Takaono Factory: 3816-41 Okubo, Takaono, Izumi, Kagoshima 899-0401, Japan</li> <li>Kanto Factory: 2-17-15 Hizaori, Asaka, Saitama 351-0014, Japan</li> </ul>		
<b>Business description</b>	<ul style="list-style-type: none"> <li>Design, manufacture, and machining of precision machinery and equipment</li> <li>Design and manufacture of precision machine components</li> <li>Design, manufacture, and sale of industrial and medical equipment</li> <li>Development and sale of software</li> <li>Plate working</li> <li>Plumbing</li> <li>Transportation</li> <li>Real estate leasing</li> </ul>		