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Summary of Financial Results for the Three Months Ended November 30, 2023 (Japanese GAAP) (Non-consolidated)

December 28, 2023

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

Security Code: 6264

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

Representative: Toshikazu Maeda, President and Representative Director

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Scheduled date for submission of quarterly report: January 12, 2024

Scheduled start date of dividend payment: –

Supplementary materials for quarterly financial results prepared: 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, 2023 (September 1, 2023 to November 30, 2023)

(1) Operating Results (Cumulative)

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

| | Three months ended | | | |
|--|--------------------|------|-------------------|--------|
| | November 30, 2022 | | November 30, 2023 | |
| | | % | | % |
| Net sales (millions of yen) | 2,487 | 28.3 | 1,117 | (55.1) |
| Operating profit (millions of yen) | 668 | 12.4 | (22) | - |
| Ordinary profit (millions of yen) | 663 | 11.8 | (49) | - |
| Profit (millions of yen) | 467 | 10.7 | (39) | - |
| Earnings per share of common stock (yen) | | | | |
| Basic | 37.00 | | (3.10) | |
| Diluted | - | | - | |

(2) Financial Position

| | As of | |
|--------------------------------|-----------------|-------------------|
| | August 31, 2023 | November 30, 2023 |
| Total assets (millions of yen) | 11,612 | 11,190 |
| Net assets (millions of yen) | 7,473 | 7,207 |
| Equity ratio (%) | 64.4 | 64.4 |

Reference: Equity: 7,207 million yen (as of November 30, 2023)
7,473 million yen (as of August 31, 2023)

2. Dividends

| | Fiscal year ended | Fiscal year ending |
|-----------------------------------|-------------------|--------------------|
| | August 31, 2023 | August 31, 2024 |
| 1Q-end dividend per share (yen) | - | - |
| 2Q-end dividend per share (yen) | 18.00 | 10.00 (forecast) |
| 3Q-end dividend per share (yen) | - | - (forecast) |
| Year-end dividend per share (yen) | 18.00 | 20.00 (forecast) |
| Annual dividend per share (yen) | 36.00 | 30.00 (forecast) |

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

3. Financial Forecasts for the Fiscal Year Ending August 31, 2024 (September 1, 2023 to August 31, 2024)

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

| | Six months ending February 29, 2024 | | Fiscal year ending | |
|------------------------------------|-------------------------------------|--------|--------------------|--------|
| | (cumulative) | | August 31, 2024 | |
| | | % | | % |
| Net sales (millions of yen) | 2,400 | (43.4) | 7,000 | 1.9 |
| Operating profit (millions of yen) | (82) | - | 680 | (20.9) |
| Ordinary profit (millions of yen) | (160) | - | 562 | (28.8) |
| Profit (millions of yen) | (113) | - | 400 | (43.4) |
| Earnings per share (yen) | (8.94) | | 31.64 | |

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

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: None

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

3. Change in accounting estimates: None

4. Restatements: None

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

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

| | |
|--------------------------|-------------------|
| As of November 30, 2023: | 13,053,000 shares |
|--------------------------|-------------------|

| | |
|------------------------|-------------------|
| As of August 31, 2023: | 13,053,000 shares |
|------------------------|-------------------|

2. Number of treasury shares

| | |
|--------------------------|----------------|
| As of November 30, 2023: | 412,494 shares |
|--------------------------|----------------|

| | |
|------------------------|----------------|
| As of August 31, 2023: | 412,494 shares |
|------------------------|----------------|

3. Average number of shares outstanding (cumulative quarterly period)

| | |
|---------------------------------------|-------------------|
| Three months ended November 30, 2023: | 12,640,506 shares |
|---------------------------------------|-------------------|

| | |
|---------------------------------------|-------------------|
| Three months ended November 30, 2022: | 12,626,949 shares |
|---------------------------------------|-------------------|

* Status of implementation of quarterly review procedures:

This Summary of Financial Results is exempt from 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

(1) Description of Operating Results

During the three months ended November 30, 2023, the Japanese economy showed signs of a gradual recovery trend due to the normalization of economic activities following the COVID-19 situation, as the status of the novel coronavirus under the Infectious Disease Control Law has been moved to category 5. However, the outlook remains uncertain due to rising prices, persistently high energy costs, and the risk of economic recession from global monetary tightening.

In the semiconductor sector, which is our main sales sector, the semiconductor production equipment market continued to show signs of stagnation as demand for semiconductors remained sluggish. Despite the difficult market environment, there was a rapid increase in investment in advanced DRAM. In addition, the development projects that the Company has been working on with new customers have made significant progress, and as of today, mass-production orders have begun. On the other hand, in the flat panel display (FPD) sector the market remained firm, albeit sluggish, as investment plans for Generation 6 and Generation 8.5 organic light-emitting diodes (OLEDs) continued, while investment in LCD panels was not expected to resume. In the other sectors, after handling order backlogs for solar cell production equipment, new orders were slower than planned, and the plan was not achieved. Regarding expenses, while factory operations remained stagnant, loss on orders received and loss on valuation of inventories decreased due to a decline in inventories.

As a result, the operating results for the three months ended November 30, 2023 were net sales of 1,117 million yen (year-on-year decline of 55.1%), an operating loss of 22 million yen (operating income of 668 million yen in the same period of the previous fiscal year), an ordinary loss of 49 million yen (ordinary income of 663 million yen), and a net loss of 39 million yen (net income of 467 million yen).

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

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

Semiconductor Sector

In the semiconductor sector, orders received decreased by 51.1% year-on-year to 639 million yen, and net sales declined by 58.9% year-on-year to 769 million yen. Please note that figures for orders received include materials supplied for a fee.

FPD Sector

In the FPD sector, orders received increased by 102.9% year-on-year to 277 million yen, and net sales rose by 35.7% year-on-year to 303 million yen.

Other Sectors

In the other sectors, orders received decreased by 92.2% year-on-year to 28 million yen, and net sales declined by 96.4% year-on-year to 12 million yen.

(2) Description of Financial Position

Assets

Compared to the end of the previous fiscal year, assets decreased by 421 million yen to 11,190 million yen. This was mainly due to an increase in accounts receivable – trade (up 78 million yen) and falls in property, plant and equipment (down 215 million yen), work in process (down 150 million yen), other current assets (down 89 million yen), cash and deposits (down 23 million yen) and electronically recorded monetary claims – operating (down 22 million yen).

Liabilities

Compared to the end of the previous fiscal year, liabilities decreased by 154 million yen to 3,983 million yen. This was mainly due to an increase in other current liabilities (up 54 million yen) and declines in long-term borrowings (down 144 million yen) and accounts payable - trade (down 50 million yen).

Net Assets

Compared to the end of the previous fiscal year, net assets decreased by 266 million yen to 7,207 million yen. This was mainly due to a 266 million yen fall in retained earnings from the recording of a 39 million yen loss, in addition to the decline that resulted from the 227 million yen dividend payment.

As a result, the equity ratio was 64.4%.

(3) Description of Financial Estimate Information such as Financial Forecasts

The first quarter's performance was better than initially expected, and going forward, the Company expects that mass-production orders from new customers in the semiconductor field will contribute to sales. On the other hand, orders for solar cell production equipment for China in the other sector have shifted more significantly than expected, which may lead to a revision of the sales plan. However, at this point, while inquiries continue to come in, the start of the investment plan is not clear and a highly probable plan has not been established. Therefore, there are no changes to the current financial forecasts for the six months ending February 29, 2024, and the fiscal year ending August 31, 2024. 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, 2023 | As of November 30, 2023 |
|---|-----------------------|-------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and deposits | 3,496,246 | 3,472,423 |
| Accounts receivable – trade | 467,109 | 545,736 |
| Electronically recorded monetary claims – operating | 515,384 | 492,824 |
| Finished goods | 15,583 | 6,762 |
| Work in process | 769,950 | 619,264 |
| Raw materials and supplies | 27,502 | 29,090 |
| Other | 158,700 | 69,065 |
| Allowance for doubtful accounts | (2,085) | (2,196) |
| Total current assets | 5,448,393 | 5,232,971 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings, net | 1,755,905 | 1,729,800 |
| Structures, net | 100,071 | 97,166 |
| Machinery and equipment, net | 3,271,296 | 3,081,374 |
| Vehicles, net | 5,248 | 5,395 |
| Tools, furniture and fixtures, net | 15,028 | 14,899 |
| Land | 782,004 | 782,004 |
| Leased assets, net | 22,048 | 20,933 |
| Construction in progress | 6,190 | 10,820 |
| Total property, plant and equipment | 5,957,794 | 5,742,394 |
| Intangible assets | 26,285 | 24,407 |
| Investments and other assets | 179,551 | 190,811 |
| Total non-current assets | 6,163,631 | 5,957,613 |
| Total assets | 11,612,024 | 11,190,585 |

(thousands of yen)

| | As of August 31, 2023 | As of November 30, 2023 |
|---|-----------------------|-------------------------|
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable - trade | 188,585 | 138,115 |
| Current portion of long-term borrowings | 607,132 | 592,352 |
| Income taxes payable | - | 6,145 |
| Provision for loss on orders received | 29,500 | 19,600 |
| Provision for share-based payments | 24,000 | 27,000 |
| Other | 315,928 | 370,370 |
| Total current liabilities | 1,165,146 | 1,153,583 |
| Non-current liabilities | | |
| Long-term borrowings | 2,889,550 | 2,745,052 |
| Provision for retirement benefits | 59,871 | 62,800 |
| Asset retirement obligations | 1,069 | 1,069 |
| Other | 22,625 | 20,995 |
| Total non-current liabilities | 2,973,116 | 2,829,918 |
| Total liabilities | 4,138,263 | 3,983,502 |
| NET ASSETS | | |
| Shareholders' equity | | |
| Share capital | 1,241,157 | 1,241,157 |
| Capital surplus | 1,956,856 | 1,956,856 |
| Retained earnings | 4,816,354 | 4,549,676 |
| Treasury shares | (540,607) | (540,607) |
| Total shareholders' equity | 7,473,761 | 7,207,083 |
| Total net assets | 7,473,761 | 7,207,083 |
| Total liabilities and net assets | 11,612,024 | 11,190,585 |

(2) Quarterly Statement of Income

(Three-month period)

(thousands of yen)

| | Three months ended November 30, 2022 | Three months ended November 30, 2023 |
|--|---|---|
| Net sales | 2,487,648 | 1,117,429 |
| Cost of sales | 1,585,643 | 971,090 |
| Gross profit | 902,005 | 146,338 |
| Selling, general and administrative expenses | 233,040 | 169,100 |
| Operating profit (loss) | 668,964 | (22,762) |
| Non-operating profit | | |
| Foreign exchange gains | - | 446 |
| Insurance claim income | - | 3,329 |
| Other | 1,932 | 1,537 |
| Total non-operating profit | 1,932 | 5,313 |
| Non-operating expenses | | |
| Interest expenses | 5,070 | 5,585 |
| Depreciation | - | 26,620 |
| Other | 2,728 | 0 |
| Total non-operating expenses | 7,799 | 32,205 |
| Ordinary profit (loss) | 663,097 | (49,653) |
| Extraordinary income | | |
| Gain on sale of non-current assets | - | 66 |
| Total extraordinary income | - | 66 |
| Extraordinary losses | | |
| Impairment losses | 2,280 | - |
| Loss on retirement of non-current assets | - | 0 |
| Total extraordinary losses | 2,280 | 0 |
| Profit (loss) before income taxes | 660,817 | (49,587) |
| Income taxes – current | 163,392 | 816 |
| Income taxes – deferred | 30,188 | (11,255) |
| Total income taxes | 193,580 | (10,438) |
| Profit (loss) | 467,236 | (39,148) |

(3) Notes on Quarterly Financial Statements

Going-concern assumptions: None

Significant changes in shareholders' equity: None

Segment information, etc.

Segment information:

Three months ended November 30, 2022 (from September 1, 2022 to November 30, 2022) and three months ended November 30, 2023 (from September 1, 2023 to November 30, 2023)

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