

Tokyo Stock Exchange (TSE): 6264

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# MARUMAE CO., LTD. FY2022 Financial Results Summary

October 7, 2022

**TECHNOLOGY FOR THE FUTURE**  
Manufacturer of vacuum components for  
semiconductor and FPD production equipment



# 1. Overview of Financial Results

## P/L Analysis

P/L	FY2021		FY2022		
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	YoY change ratio (%)
Orders received	6,241	—	9,190	—	47.2
Balance of orders received	1,804	—	2,616	—	45.0
Net sales*	5,369	100.0	8,585	100.0	59.9
Cost of sales*	3,552	66.2	5,426	63.2	52.8
Gross profit	1,817	33.8	3,158	36.8	73.8
Selling and administrative expenses	610	11.4	796	9.3	30.6
Operating profit	1,207	22.5	2,361	27.5	95.6
Ordinary profit	1,200	22.4	2,366	27.6	97.2
Extraordinary loss (income)	22	0.4	66	0.8	196.6
Profit	902	16.8	1,817	21.2	101.3
EPS (yen)	70.51	—	142.58	—	102.2

### Point

#### 1. Status of orders received

- Semiconductor sector: 7,027 million yen (44.9% YoY increase)
- FPD sector: 1,461 million yen (25.9% YoY increase)
- Other sectors: 700 million yen (204.9% YoY increase)

#### 2. Net sales\*

- 59.9% YoY increase  
(The details for each sector are listed on the next page.)

#### 3. Cost of sales\*

- Material costs\*: 726-million-yen increase (86.0% YoY increase)
- Outsourcing expenses: 639-million-yen increase (96.1% YoY increase)
- Labor costs: 473-million-yen increase (43.1% YoY increase)
- Depreciation: 132-million-yen increase (23.0% YoY increase)

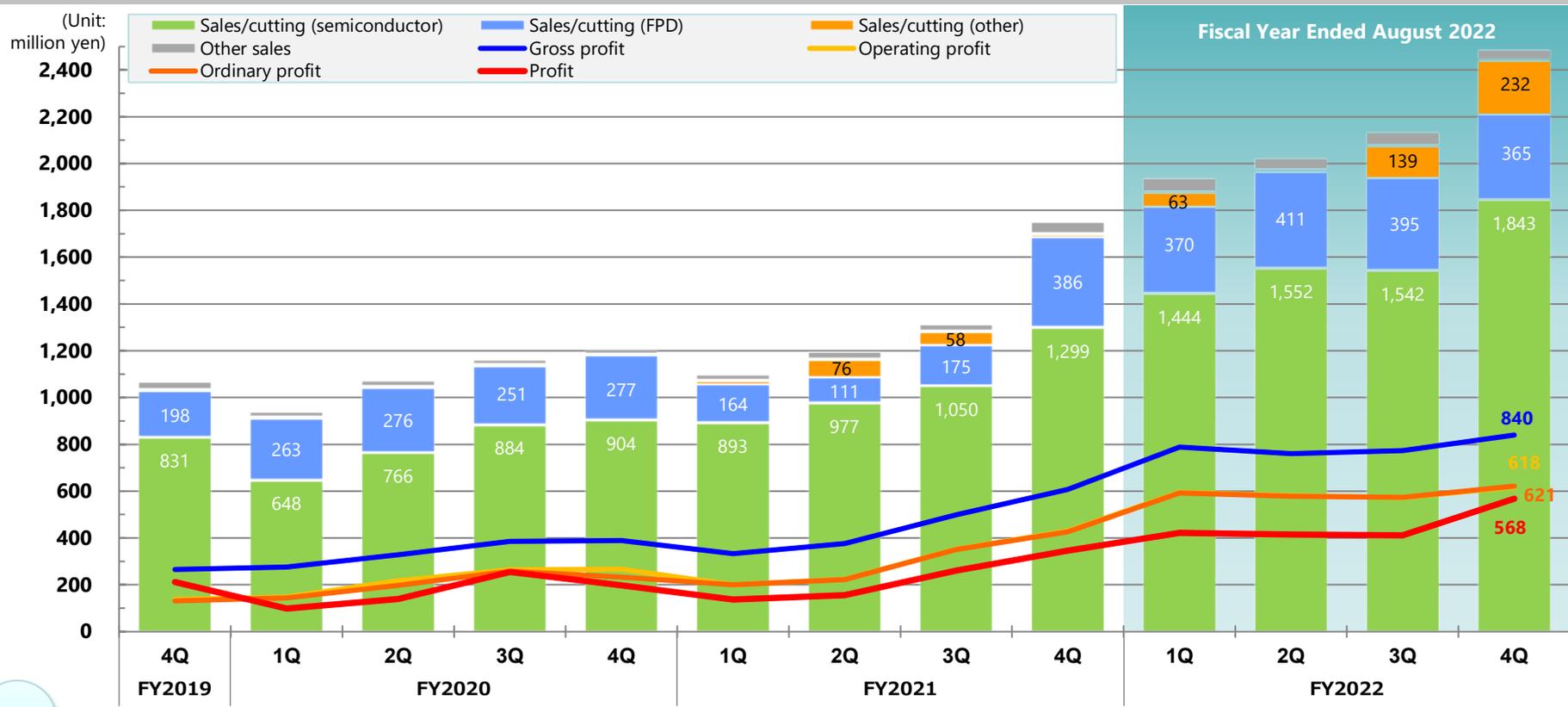
#### 4. Selling and administrative expenses

- Research and development expenses: 74-million-yen increase
- Personnel expenses: 59-million-yen increase

\* The changes in percent from the same period of the previous fiscal year in net sales, cost of sales, and material costs for the fiscal year ended August 31, 2022, are calculated based on the actual results for the same period of the previous fiscal year before the application of the "Accounting Standard for Revenue Recognition." The same manner of calculation is used on the following pages.

# 1. Overview of Financial Results

## Trends in Quarterly Business Results



### Point

#### 1. Strong sales for semiconductors with sales for solar cell equipment also contributing

- Semiconductor sector: 6,382 million yen (51.2% YoY increase)
  - Record highs due to a favorable semiconductor market environment.
- FPD sector: 1,542 million yen (84.0% YoY increase)
  - The market remained flat, but the sector sales maintained a high level due to market share expansion.

- Other sectors: 445 million yen (164.7% YoY increase)

- Increase in orders received for solar cell production equipment components.

#### 2. Profits increased due to improved machine utilization

- 4Q increase due to subsidy income for capital investment and tax credits.
- Profit: 1,817 million yen (101.3% YoY increase)

\*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

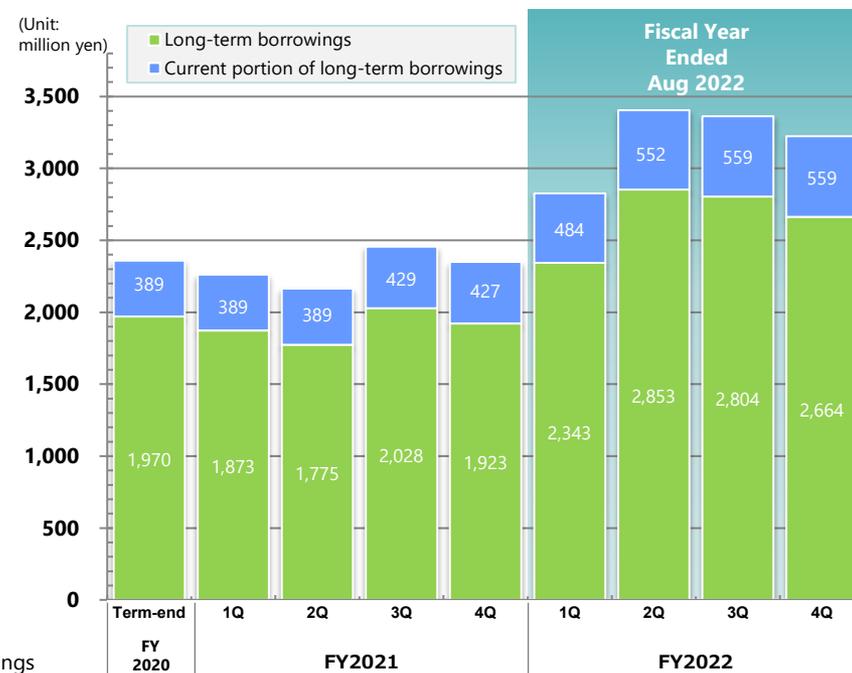
## B/S Analysis

<b>B/S</b>	Fiscal year ended Aug 2021 End of Fiscal Year	Fiscal year ended Aug 2022 End of Fiscal Year
	(Unit: million yen)	
Current assets	4,813	6,591
Cash & deposits	2,505	3,011
Trade receivables (Notes receivable - trade, accounts receivable - trade, and electronically recorded monetary claims - operating)	1,685	2,498
Inventories	597	1,062
Non-current assets	4,929	5,961
Buildings & land	2,358	2,517
Machinery & equipment	2,273	2,971
Current liabilities	1,452	2,504
Interest-bearing liabilities (short-term)*	427	559
Non-current liabilities	1,963	2,749
Long-term borrowings	1,923	2,664
Total liabilities	3,415	5,253
Total net assets	6,327	7,299
Total assets	9,742	12,552

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

### Point

- Assets: 12,552 million yen (2,810-million-yen increase from the end of the previous fiscal year)**
  - Property, plant and equipment: 1,000-million-yen increase
  - Trade receivables: 812-million-yen increase
- Liabilities: 5,253 million yen (1,838-million-yen increase from the end of the previous fiscal year)**
  - Long-term borrowings: 740-million-yen increase
  - Income taxes payable: 307-million-yen increase
- Net assets: 7,299 million yen (971-million-yen increase from the end of the previous fiscal year)**
  - Retained earnings: 1,355-million-yen increase
  - Decrease of 396 million yen due to purchases of treasury shares, etc.
  - Equity ratio: 64.9% → 58.1%



## 2. Business Environment

### Future Environment and Policies by Sales Sector

#### Semiconductor

- ◆ Equipment market environment tends to stand still due to slowing demand in the semiconductor market.
- ◆ Expect robust performance in 1Q for FY2023 but anticipate a market slowdown in 2-3Q.
- ◆ Strategically focus on increasing consumables and orders from new customers with the aim of expanding orders.

#### FPD

- ◆ OLED is planned for G6 and G8, while G10.5 LCD will remain slow until the second half of next year.
- ◆ Overall market tends to be stagnant.
- ◆ Aiming to expand market share by acquiring orders of new varieties despite the sluggish market.

#### Others

- ◆ Strong market for solar cell production equipment including expected orders for large panels of G8 and larger.
- ◆ Energize sales activities by leveraging excess capacity in the FPD sector.
- ◆ Improve in-house production ratio while some outsourcing continues.

# 3. Financial Results Forecast for FY2023

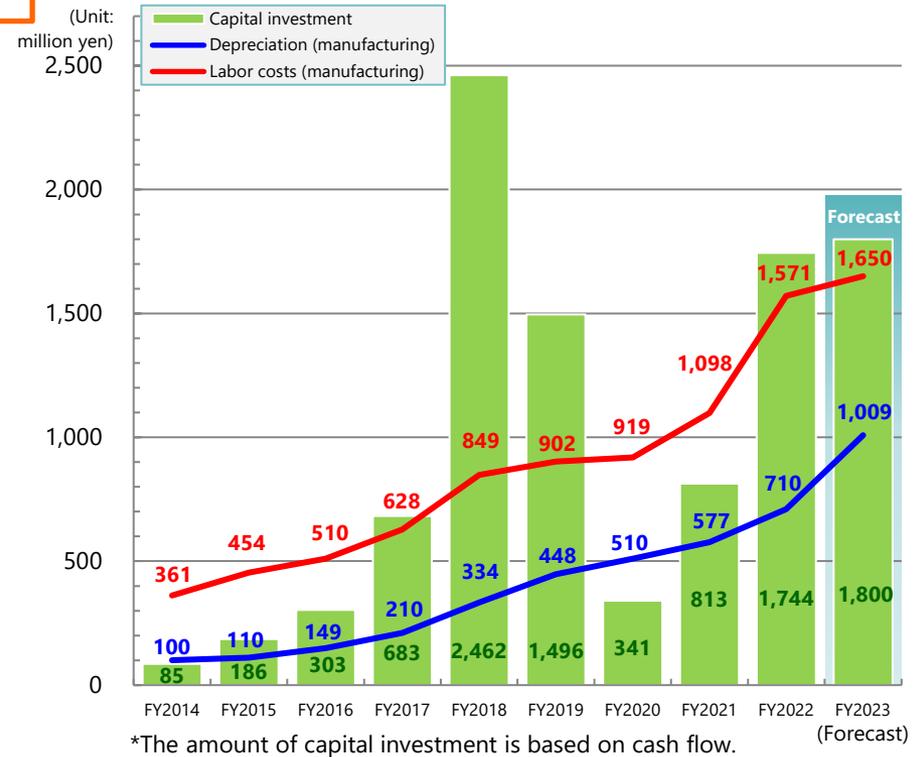
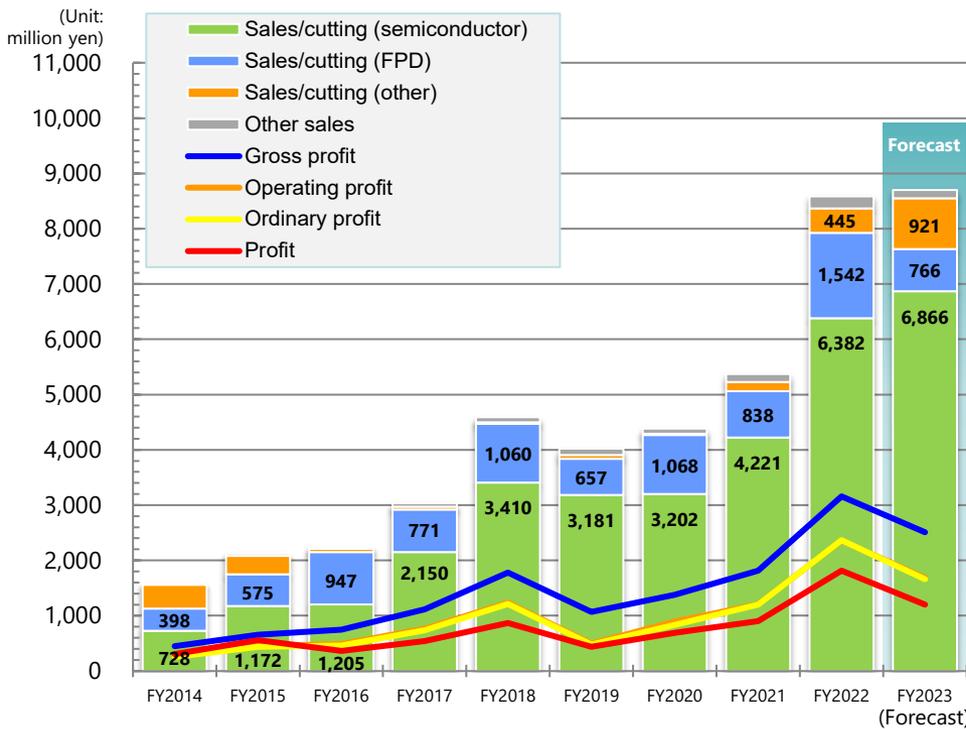
## Forecast for FY2023 (Profit/Loss, Capital Investment, and Fixed Cost)

Financial forecast for FY2023	Net sales (million yen)	Operating profit (million yen)	Ordinary profit (million yen)	Profit (million yen)	Earnings per share (yen)
Q2 (Cumulative)	4,180	780	770	556	44.03
Full year	8,700	1,680	1,660	1,200	95.03

Profit margin is expected to decline due to a rise in the depreciation burden resulting from the aggressive capital investment of FY2022, which is in line with what we planned in our medium-term business plan.

**Point**

- ✓ Market stagnation, yet sales maintain a high level.
- ✓ Decline in profit margin due to capital expenditures and upfront personnel increases.
- ✓ Expand market share through increased production capacity.
- ✓ Execute new capital investments in line with market conditions.



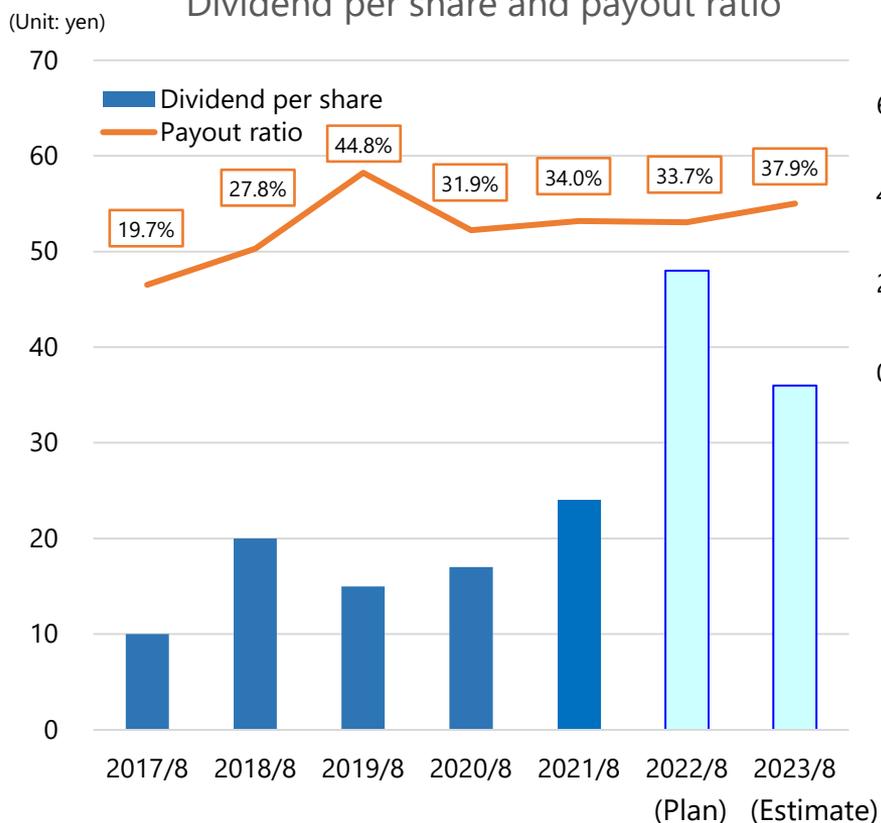
\*The amount of capital investment is based on cash flow.

# 3. Financial Results Forecast for FY2023

## 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.
- ✓ Minimum annual dividend per share of 20 yen (10 yen per half year); Dividend stabilization.

#### 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

- ✓ Change in dividend plan (increase): 22 yen per share for the first half of FY2022 and 26 yen per share for the end term; 48 yen per share in total.
- ✓ 18 yen per share for the first half of FY2023 and 18 yen per share for the end term; 36 yen per share in total (estimate).
- ✓ Despite continuing capital investment, planning a high-level return to shareholders while taking improving capital efficiency into account.

# 4. Medium-term Business Plan “Innovation 2025”

## Quantitative Objectives

### 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%**

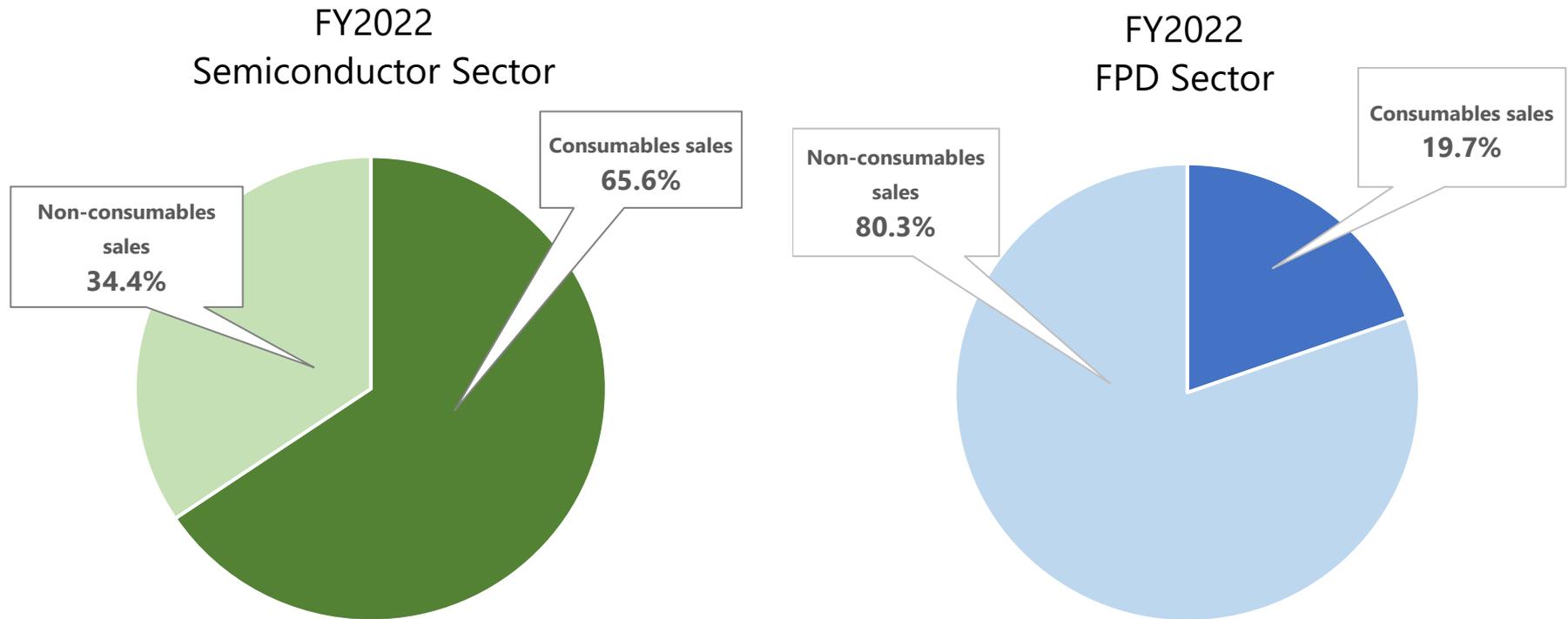
#### Payout Ratio

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 "Innovation 2025"

## Strategies - Expansion of Consumables -



**Stabilization Strategy**

**Aiming to stabilize orders by strengthening consumables**

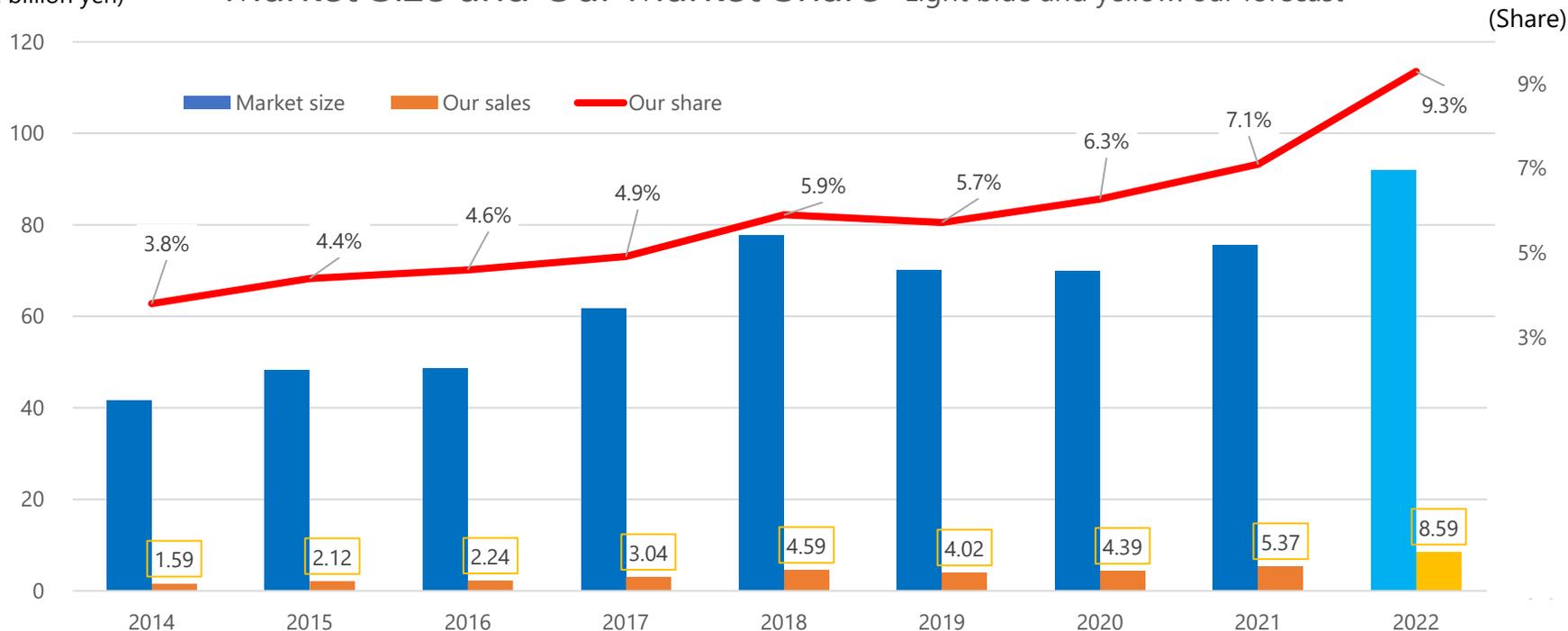
**\*The consumables ratio in the semiconductor sector fell slightly due to increases in new customers and shipments of new equipment.**

# 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 and yellow: our forecast



### Growth

- ✓ The market we belong to is expected to reach a record high since the both semiconductor and FPD markets were strong in 2022.
- ✓ Although the figures in 2022 have not yet been determined, we expect to have the top market share in 2022 with continuous market share expansion through increases in production capacity while facing down competition from other companies in the same industry.

- The market size data above reflects the sales data we have compiled on a reference group of 30 companies (including us) we have identified that make 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 2022 due to differences in their fiscal year-end, the data for 2022 includes our forecasts, based on the order environment of each company.

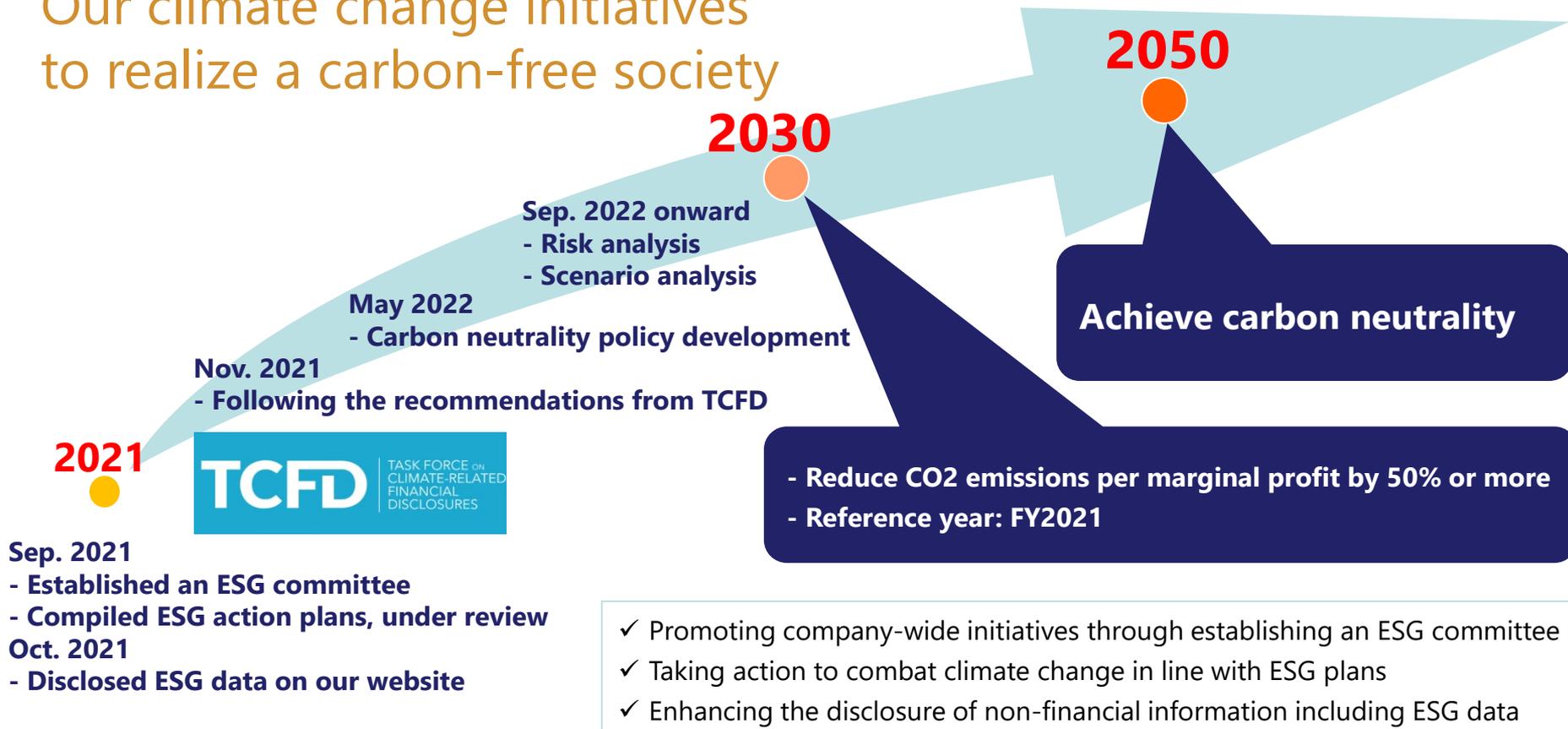
# 5. Sustainable Management

## Addressing Climate Change

# ESG

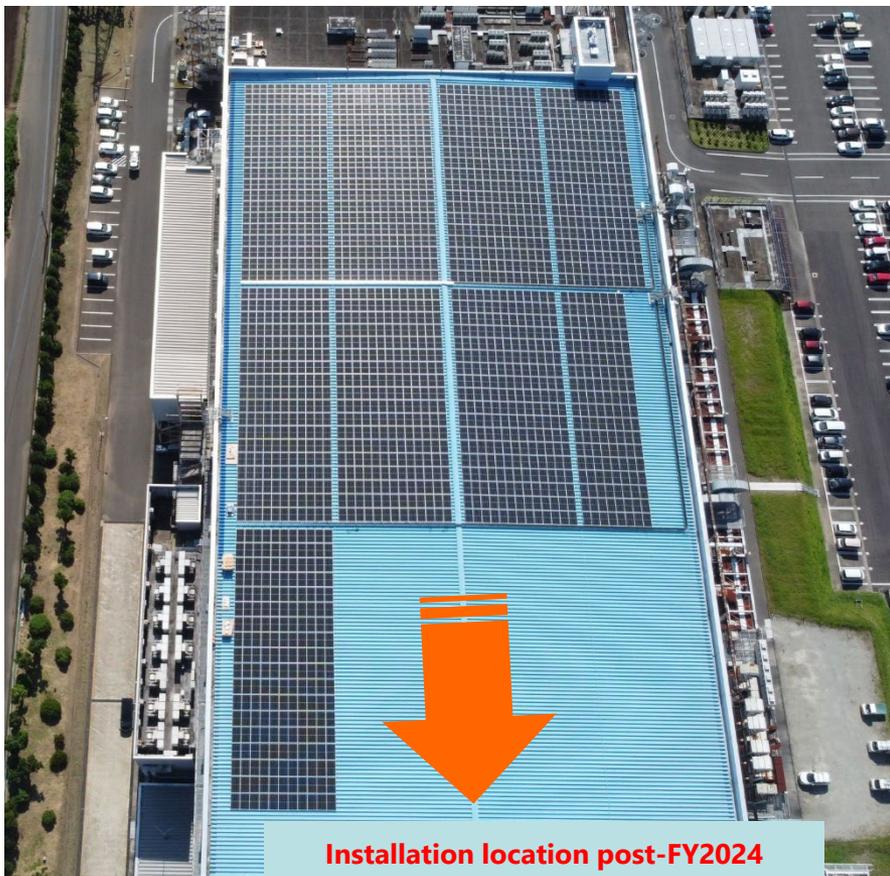
## Roadmap to Carbon Neutrality

Our climate change initiatives to realize a carbon-free society



# 5. Sustainable Management

## Caring for the Global Environment



Installation location post-FY2024

Izumi Factory (HQ) in September 2022  
Installation of solar panels



Kanto Factory in January 2022  
Installation of solar panels

- Installed solar panels for in-house use at all factories in Izumi, Takaono, and Kanto
- Panel expansion prioritized until FY2026, with additional storage batteries planned from FY2027 onward

# 5. Sustainable Management

## Human Resources

ESG

### Improvement in Work Style, Policy Making, and Human Resources Development

Progress

#### Establishing the Human Resources Strategy Committee

- Human resources development to support technology
  - **Securing and retaining high-level human resources**
- Aiming for both employee satisfaction and engineer training
  - Open dialog with employee representatives from each factory



#### Increase in Annual Number of Holidays (Improve work-life balance)

FY2022 101 Days  FY2023 121 Days

- New shift system started in parallel to maintain machine uptime

#### Policy Disclosure

- Corporate Citizenship/Philanthropy Strategy, Diversity Policy, RBA Basic Policy
  - Added to the "Sustainability" page of our website

Future

#### Human Resources Development

- Launching programmer training PJ from FY2023

# 5. Sustainable Management

## Governance

**ESG**

**ESG Score, Risk Management, Diversity Promotion**

Progress

### ESG Score

- Scored of **29** (out of 100) on S&P Global's Corporate Sustainability Assessment (CSA) in 2022  
[Our previous score was 11/100. Average score was 22/100 for the same industry]

Future

### Strengthen Risk Management

- Establish an Information Security Committee to prevent risks (information leaks, insider activities, accident prevention, etc.) and prevent damage to corporate value by establishing a strict management system for confidential information

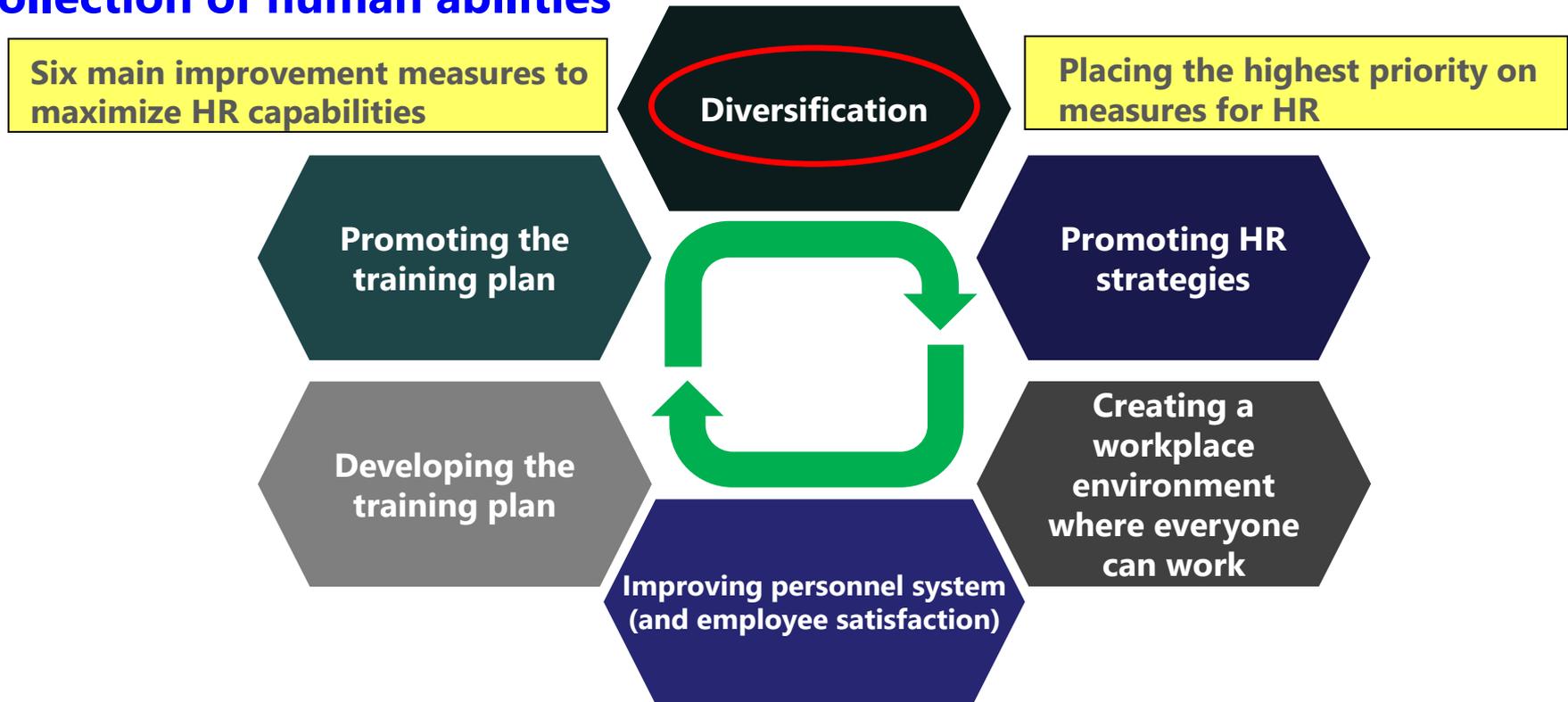
### Promoting Board Diversity

- Strengthen the supervisory board of directors by increasing the number of diverse outside directors
- Proactively promote sustainability management

# 5. Sustainable Management

## Human Capital

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



- ✓ Maximize HR strength by improving the working environment and personnel evaluation system while promoting diversification
- ✓ Aim to increase corporate value by strengthening HR capabilities to drive innovation
- ✓ Strengthen governance and improve management capabilities by promoting management diversification

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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.

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# Company Profile

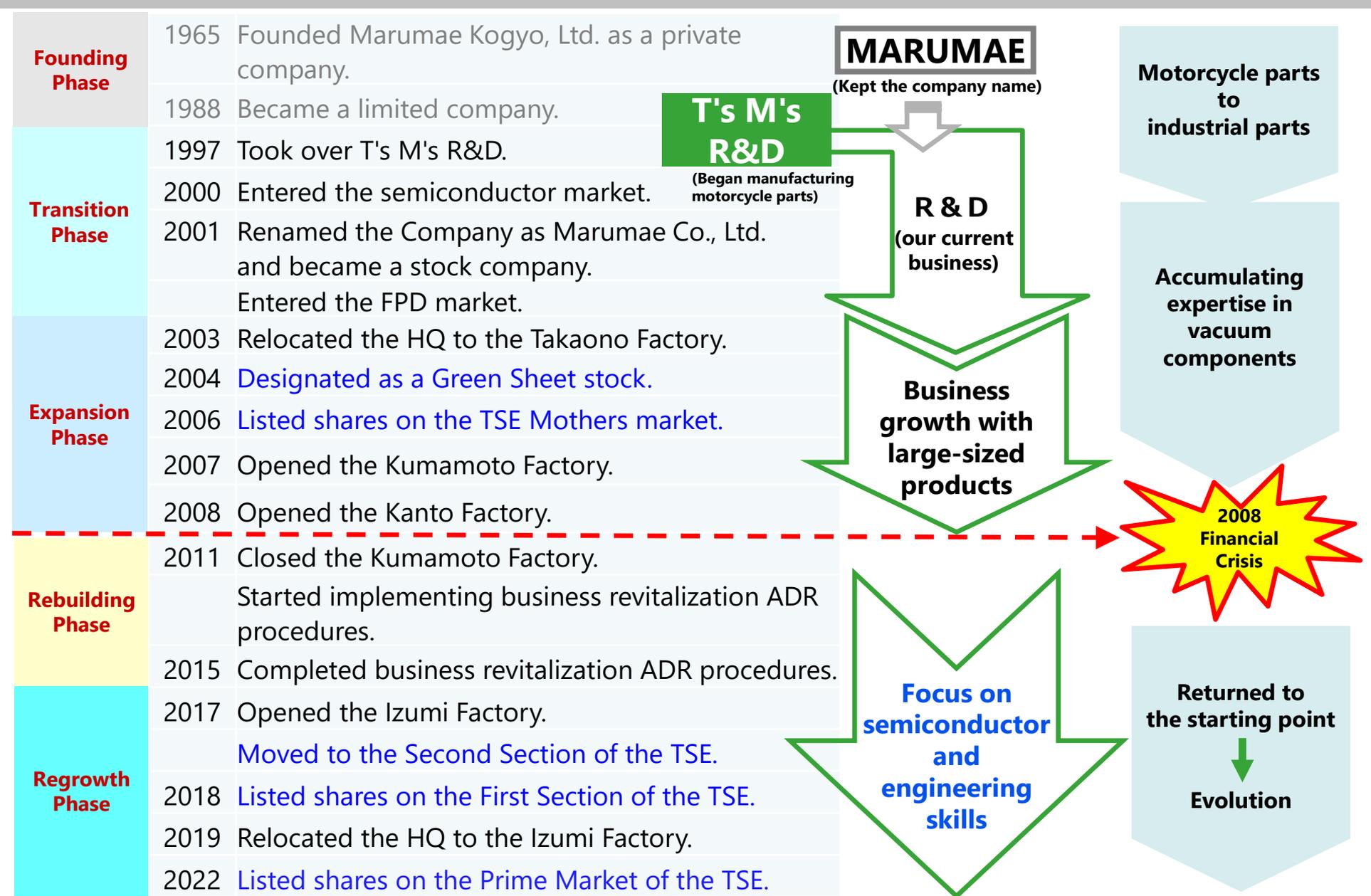
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# Reference (Our History)

We got our start in motorcycle racing.

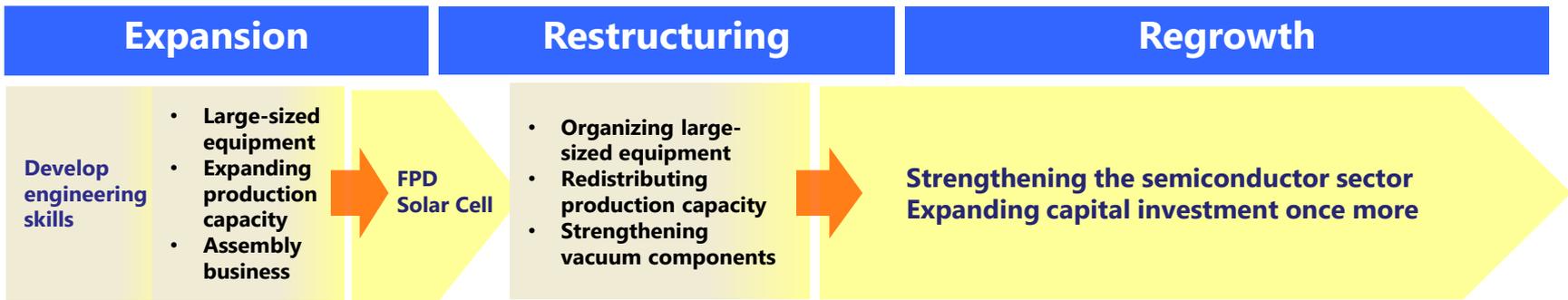
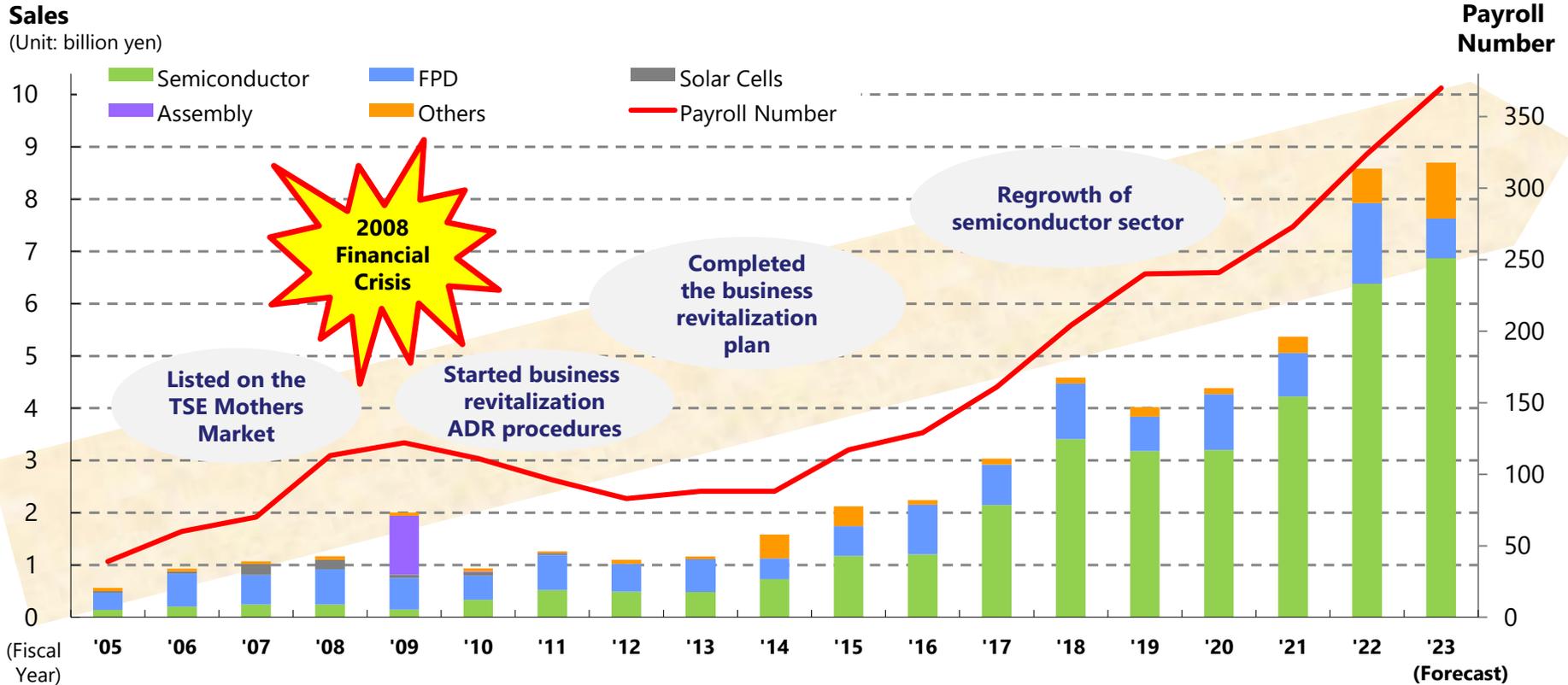


# Reference (Our History & Business Transition)



# 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, 2022)	<b>Total number of shareholders</b>	12,777
<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>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 4,822,015 shares</li> <li>The Master Trust Bank of Japan, Ltd. (trust account) 772,500 shares</li> <li>Misako Maeda 504,000 shares</li> <li>Tadao Kawamoto 212,900 shares</li> <li>Yoshiko Maeda 180,000 shares</li> <li>Koei Igarashi 168,000 shares</li> <li>Marumae Kyoeikai 124,700 shares</li> <li>STATE STREET BANK AND TRUST COMPANY 505019 120,200 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 98,215 shares</li> <li>Nomura Securities Co., Ltd. 78,500 shares</li> </ul>
<b>Number of employees</b>	324 (including 145 temporary workers) and 63 dispatched workers (as of August 31, 2022)	(Note) There are 426,051 treasury shares (as of August 31, 2022).	
<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>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>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>		