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Summary of Financial Results for the Nine Months Ended May 31, 2021 (Japanese GAAP) (Non-consolidated)

June 30, 2021

Name of Listed Company:	Marumae Co., Ltd.	Stock Exchange Listing: Tokyo
Security Code:	6264	
URL:	https://www.marumae.com/	
Representative:	Toshikazu Maeda, President and Representative Director	
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Scheduled date for submission of the quarterly report: July 14, 2021

Scheduled start date of dividends payment: –

Preparation of supplementary materials for the quarterly financial results: Yes

Quarterly earnings release conference: None

Note: Amounts are rounded down to the nearest million yen.

1. Financial Results for the Nine Months Ended May 31, 2021 (September 1, 2020 to May 31, 2021)

(1) Operating Results (Cumulative)

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

	Nine months ended			
	May 31, 2020		May 31, 2021	
		%		%
Net sales (Millions of yen)	3,182	7.9	3,615	13.6
Operating profit (Millions of yen)	629	75.8	776	23.4
Ordinary profit (Millions of yen)	600	73.8	772	28.7
Profit (Millions of yen)	493	119.1	556	12.7
Earnings per share of common stock (Yen)				
Basic	37.97		43.43	
Diluted	-		-	

(2) Financial Position

	As of	
	August 31, 2020	May 31, 2021
Total assets (Millions of yen)	8,894	9,115
Net assets (Millions of yen)	5,706	5,980
Equity ratio (%)	64.2	65.6

Reference: Equity: 5,980 million yen (as of May 31, 2021)
5,706 million yen (as of August 31, 2020)

2. Dividends

	Fiscal year ended	Fiscal year ending
	August 31, 2020	August 31, 2021
1Q-end dividends per share (Yen)	-	-
2Q-end dividends per share (Yen)	5.00	10.00
3Q-end dividends per share (Yen)	-	-
Year-end dividends per share (Yen)	12.00	12.00 (Forecast)
Annual dividends per share (Yen)	17.00	22.00 (Forecast)

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

3. Financial Forecasts for the Fiscal Year Ending August 31, 2021 (September 1, 2020 to August 31, 2021)

Note: Percentages for the fiscal year ending August 31, 2021 indicate changes from the previous fiscal year.

	Fiscal year ending August 31, 2021	
		%
Net sales (Millions of yen)	5,270	20.1
Operating profit (Millions of yen)	1,240	38.4
Ordinary profit (Millions of yen)	1,231	47.6
Profit (Millions of yen)	900	30.4
Earnings per share (Yen)	70.30	

Note: Revision to the most recently announced financial forecasts: Yes

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 (common stock)

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

As of May 31, 2021:	13,053,000 shares
As of August 31, 2020:	13,053,000 shares

2. Number of shares of treasury shares

As of May 31, 2021:	250,196 shares
As of August 31, 2020:	250,196 shares

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

Nine months ended May 31, 2021:	12,802,804 shares
Nine months ended May 31, 2020:	12,993,745 shares

* Status of implementation of quarterly review procedures

This Summary of Financial Results is exempt from the 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, (3) Description of Financial Estimates Information such as Financial Forecasts” on page 3 for the assumptions used for financial forecasts and other notes.

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1. Qualitative Information on Quarterly Financial Results

(1) Description of Operating Results

For the nine months ended May 31, 2021, the Japanese economy was picking up even under the severe situation due to the Novel Coronavirus (COVID-19). However, the economy became weaker in some respects, and there was a tendency toward polarization.

In the semiconductor sector, which is our main sales sector, demand for logic is expanding rapidly amidst a growing demand for memory, and the market environment is currently at a record high level. Moreover, this high-level market environment is expected to continue for some time. Although the flat panel display (FPD) sector was temporarily stagnant, investment in Generation 6 Organic Light Emitting Diode (OLED) for the Chinese market is recovering rapidly, while another investment in Generation 10.5 LCD panels is also showing signs of recovery. The trend toward recovery in the FPD investment is expected to continue for some time, albeit at a sluggish rate.

Under these economic circumstances, the semiconductor sector saw robust orders due to a ramp-up in orders for bulk production from a new customer, as well as an increase in orders from existing customers. In the FPD sector, orders are expected to remain strong due to increasing orders from the new customer as well as existing customers, amid the recovery trend in the market. Expenses remained almost in line with initial expectations.

As a result, the operating results for the nine months ended May 31, 2021 were net sales of 3,615 million yen (year-on-year growth of 13.6%), operating profit of 776 million yen (year-on-year growth of 23.4%), ordinary profit of 772 million yen (year-on-year growth of 28.7%), and profit of 556 million yen (year-on-year growth of 12.7%).

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

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

The Semiconductor Sector

In the semiconductor sector, orders received increased by 32.1% year-on-year to 3,321 million yen, and net sales increased by 27.1% year-on-year to 2,921 million yen.

The FPD Sector

In the FPD sector, orders received increased by 4.7% year-on-year to 777 million yen, and net sales decreased by 42.9% year-on-year to 451 million yen.

The Other Sectors

In the other sectors, orders received increased by 972.4% year-on-year to 174 million yen, and net sales increased by 800.1% year-on-year to 153 million yen.

(2) Description of Financial Position

Assets

Assets increased by 221 million yen compared to the end of the previous fiscal year, to 9,115 million yen. This was mainly due to increases in electronically recorded monetary claims – operating, inventories and construction in progress of 171 million yen, 152 million yen and 122 million yen, respectively, offsetting a decrease in notes and accounts receivable – trade of 185 million yen.

Liabilities

Liabilities decreased by 53 million yen compared to the end of the previous fiscal year, to 3,135 million yen. This was mainly due to a decrease in income taxes payable of 144 million yen, offsetting increases in long-term borrowings and notes and accounts payable – trade of 57 million yen and 56 million yen, respectively.

Net assets

Net assets increased by 274 million yen compared to the end of the previous fiscal year, to 5,980 million yen. This was mainly due to an increase in retained earnings of 274 million yen from the recording of profit of 556 million yen, offsetting a decrease resulting from the payment of dividends of 281 million yen.

As a result, the equity ratio increased to 65.6%, from 64.2% in the previous fiscal year.

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

The Company, as of today (June 30, 2021), has revised the financial forecasts based on recent trends in financial results and orders received. For details, see “Notice concerning Revision of Financial Results,” announced today.

2. Quarterly Financial Statements and Notes

(1) Quarterly Balance Sheet

(Thousands of yen)

	As of August 31, 2020	As of May 31, 2021
ASSETS		
Current assets		
Cash and deposits	2,540,381	2,587,335
Notes and accounts receivable – trade	719,505	533,801
Electronically recorded monetary claims – operating	656,828	828,740
Merchandise and finished goods	6,402	16,720
Work in process	426,814	560,098
Raw materials and supplies	5,256	14,361
Other	17,369	34,641
Allowance for doubtful accounts	(2,888)	(2,859)
Total current assets	4,369,671	4,572,838
Non-current assets		
Property, plant and equipment		
Buildings, net	1,593,303	1,542,436
Structures, net	69,877	64,158
Machinery and equipment, net	1,775,284	1,749,280
Vehicles, net	25,068	19,690
Tools, furniture and fixtures, net	14,874	13,790
Land	766,549	766,549
Leased assets	3,735	3,226
Construction in progress	109,163	232,022
Total property, plant and equipment	4,357,856	4,391,155
Intangible assets	65,244	54,683
Investments and other assets	101,694	97,146
Total non-current assets	4,524,795	4,542,984
Total assets	8,894,466	9,115,823

(Thousands of yen)

	As of August 31, 2020	As of May 31, 2021
LIABILITIES		
Current liabilities		
Notes and accounts payable – trade	115,698	172,203
Current portion of long-term borrowings	389,512	429,512
Provision for loss on order received	19,500	22,100
Income taxes payable	244,704	100,644
Provision for share-based remuneration	-	12,000
Other	414,299	331,998
Total current liabilities	1,183,714	1,068,457
Non-current liabilities		
Long-term borrowings	1,970,706	2,028,572
Provision for retirement benefits	18,953	23,925
Asset retirement obligations	1,069	1,069
Other	13,928	13,276
Total non-current liabilities	2,004,658	2,066,843
Total liabilities	3,188,372	3,135,301
NET ASSETS		
Shareholders' equity		
Share capital	1,241,157	1,241,157
Capital surplus	1,938,342	1,938,342
Retained earnings	2,688,566	2,962,994
Treasury shares, at cost	(161,971)	(161,971)
Total shareholders' equity	5,706,094	5,980,522
Total net assets	5,706,094	5,980,522
Total liabilities and net assets	8,894,466	9,115,823

(2) Quarterly Statement of Income

(Nine-month period)

(Thousands of yen)

	Nine months ended May 31, 2020	Nine months ended May 31, 2021
Net sales	3,182,250	3,615,664
Cost of sales	2,191,544	2,406,089
Gross profit	990,706	1,209,574
Selling, general and administrative expenses	361,600	433,155
Operating profit	629,105	776,419
Non-operating profit		
Interest income	458	19
Foreign exchange gains	699	3,558
Insurance claim income	-	4,392
Other	1,294	1,945
Total non-operating profit	2,452	9,914
Non-operating expenses		
Interest expenses	13,625	12,108
Other	17,699	1,507
Total non-operating expenses	31,324	13,616
Ordinary profit	600,233	772,717
Extraordinary income		
Gain on sales of non-current assets	4,272	19
Subsidy income	105,343	18,814
Total extraordinary income	109,615	18,833
Extraordinary losses		
Loss on retirement of non-current assets	22	2
Total extraordinary losses	22	2
Profit before income taxes	709,826	791,548
Income taxes – current	221,636	231,776
Income taxes – deferred	(5,199)	3,682
Total income taxes	216,437	235,459
Profit	493,389	556,089

(3) Notes to the Quarterly Financial Statements

Going concern assumptions: None

Additional information

Accounting estimates associated with the COVID-19 pandemic

The worldwide spread of COVID-19 has had a widespread impact on the economy and business activities. The Company estimates that the outlook for the domestic economy remains uncertain.

In light of the external information available as of the end of the third quarter of the fiscal year ending August 31, 2021, the Company makes accounting estimates based on the assumption that the effect on the Company's financial results will be immaterial.

However, if the infection status of COVID-19 is prolonged, or if its effect on the economic environment changes, it is possible that it could impact the Company's financial position and operating results for the fourth quarter onward.

Significant changes in shareholders' equity: None

Adoption of special accounting methods for preparation of quarterly financial statements: None

Segment information, etc.

Segment information

Nine months ended May 31, 2020 (from September 1, 2019 to May 31, 2020) and nine months ended May 31, 2021 (from September 1, 2020 to May 31, 2021)

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