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Summary of Financial Results for the Nine Months Ended May 31, 2023 (Japanese GAAP) (Non-consolidated)

June 30, 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	
Contact:	Takeshi Shimomai, General Manager of the Administration Department Email: inquiry_en@marumae.com	

Scheduled date for submission of the quarterly report: July 13, 2023

Scheduled start date of dividend 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, 2023 (September 1, 2022 to May 31, 2023)

(1) Operating Results (Cumulative)

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

	Nine months ended			
	May 31, 2022		May 31, 2023	
		%		%
Net sales (millions of yen)	6,097	68.6	5,381	(11.7)
Operating profit (millions of yen)	1,742	124.4	771	(55.7)
Ordinary profit (millions of yen)	1,744	125.8	732	(58.0)
Profit (millions of yen)	1,248	124.5	509	(59.2)
Earnings per share of common stock (yen)				
Basic	97.67		40.29	
Diluted	-		-	

(2) Financial Position

	As of	
	August 31, 2022	May 31, 2023
Total assets (millions of yen)	12,552	11,729
Net assets (millions of yen)	7,299	7,276
Equity ratio (%)	58.1	62.0

Reference: Equity: 7,276 million yen (as of May 31, 2023)
7,299 million yen (as of August 31, 2022)

2. Dividends

	Fiscal year ended	Fiscal year ending
	August 31, 2022	August 31, 2023
1Q-end dividends per share (yen)	-	-
2Q-end dividends per share (yen)	22.00	18.00
3Q-end dividends per share (yen)	-	-
Year-end dividends per share (yen)	26.00	18.00 (Forecast)
Annual dividends per share (yen)	48.00	36.00 (Forecast)

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

3. Financial Forecasts for the Fiscal Year Ending August 31, 2023 (September 1, 2022 to August 31, 2023)

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

	Fiscal year ending August 31, 2023	
		%
Net sales (millions of yen)	6,803	(20.8)
Operating profit (millions of yen)	730	(69.1)
Ordinary profit (millions of yen)	655	(72.3)
Profit (millions of yen)	612	(66.3)
Earnings per share (yen)	48.43	

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, 2023:	13,053,000 shares
As of August 31, 2022:	13,053,000 shares

2. Number of treasury shares

As of May 31, 2023:	412,494 shares
As of August 31, 2022:	426,051 shares

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

For the nine months ended May 31, 2023:	12,634,201 shares
For the nine months ended May 31, 2022:	12,782,964 shares

* Status of quarterly review procedure implementation

This Summary of Financial Results is exempt from quarterly review 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 that the Company judges to be reasonable. 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 underlying the 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 nine months ended May 31, 2023, the outlook for the Japanese economy remained uncertain due to such factors as the prolonged situation in Ukraine, although the economy has been recovering moderately since the status of COVID-19 was moved to class 5 under the Infectious Disease Control Law.

In the semiconductor sector, which is our main sales sector, the market remained sluggish due to continued inventory adjustment of semiconductor production equipment components in response to slowing semiconductor demand. In the FPD sector, the market stagnated due to a decrease in investment for Generation 10.5 LCD panels, although investment plans continued for Generation 6 Organic Light Emitting Diodes (OLED), albeit weakly.

Under these economic conditions, the semiconductor sector remained sluggish due to the inventory adjustment that exceeded expectations, and the FPD sector remained weak due to stagnant market conditions. In the other sectors, orders for solar cell production equipment parts continued to be strong. In terms of expenses, despite a decrease in material and subcontracting costs and a decrease in labor costs due to personnel cutbacks, there were increases in provision for loss on orders received and loss on valuation of inventories because of higher unit processing costs due to worsening factory utilization rates. In addition, non-operating expenses increased due to idle equipment in new facilities acquired during the period.

As a result, the operating results for the nine months ended May 31, 2023, comprised net sales of 5,381 million yen (year-on-year decline of 11.7%), operating profit of 771 million yen (year-on-year decline of 55.7%), ordinary profit of 732 million yen (year-on-year decline of 58.0%), and quarterly profit of 509 million yen (year-on-year decline of 59.2%).

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

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

The Semiconductor Sector

In the semiconductor sector, orders received decreased by 48.0% year-on-year to 2,751 million yen, and net sales declined by 14.5% year-on-year to 3,879 million yen. Please note that figures for orders received include materials supplied for a fee.

The FPD Sector

In the FPD sector, orders received dropped by 66.8% year-on-year to 423 million yen, and net sales decreased by 49.1% year-on-year to 598 million yen.

Other Sectors

In the other sectors, orders received rose by 32.9% year-on-year to 870 million yen, and net sales increased by 258.9% year-on-year to 761 million yen.

(2) Description of Financial Position

Assets

Compared to the end of the previous fiscal year, assets decreased by 822 million yen to 11,729 million yen. This was mainly due to an increase in property, plant and equipment of 437 million yen, and decreases in notes and accounts receivable – trade of 722 million yen, electronically recorded monetary claims – operating of 461 million yen, and work in process of 197 million yen.

Liabilities

Compared to the end of the previous fiscal year, liabilities declined by 800 million yen to 4,453 million yen. This was mainly due to increases in long-term borrowings of 369 million yen and the current portion of long-term borrowings of 65 million yen, and decreases in income taxes payable of 527 million yen, other current liabilities of 499 million yen, and notes and accounts payable – trade of 158 million yen.

Net assets

Compared to the end of the previous fiscal year, net assets decreased by 22 million yen to 7,276 million yen. This was mainly due to a decline in retained earnings of 46 million yen from the recorded profit of 509 million yen for the quarter, against the payment of 555 million yen in dividends, and an increase of 23 million yen due to the disposal of treasury shares.
As a result, the equity ratio increased to 62.0% from 58.1% of the previous fiscal year.

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

The Company has revised the financial forecasts for the fiscal year ending August 31, 2023 in the “Notice Concerning Revisions to Financial Results Forecasts,” released on June 30, 2023, based on the current business performance and trends in orders. For details, see “Notice Concerning Revisions to Financial Results Forecasts,” released today.

2. Quarterly Financial Statements and Primary Notes

(1) Quarterly Balance Sheet

(Thousands of yen)

	As of August 31, 2022	As of May 31, 2023
ASSETS		
Current assets		
Cash and deposits	3,011,795	3,035,030
Notes and accounts receivable – trade	1,292,633	569,998
Electronically recorded monetary claims – operating	1,200,815	739,464
Merchandise and finished goods	16,152	6,377
Work in process	1,027,314	830,129
Raw materials and supplies	19,256	15,517
Other	29,177	160,096
Allowance for doubtful accounts	(5,241)	(2,766)
Total current assets	6,591,903	5,353,848
Non-current assets		
Property, plant and equipment		
Buildings, net	1,750,722	1,744,928
Structures, net	85,910	103,017
Machinery and equipment, net	2,971,585	3,485,711
Vehicles, net	11,008	6,688
Tools, furniture and fixtures, net	18,993	17,456
Land	766,549	782,004
Leased assets, net	26,510	23,164
Construction in progress	126,137	31,778
Total property, plant and equipment	5,757,418	6,194,749
Intangible assets	38,822	28,842
Investments and other assets	164,801	152,527
Total non-current assets	5,961,042	6,376,119
Total assets	12,552,945	11,729,967

(Thousands of yen)

	As of August 31, 2022	As of May 31, 2023
LIABILITIES		
Current liabilities		
Notes and accounts payable – trade	331,972	173,158
Current portion of long-term borrowings	559,512	624,932
Advances received	328,035	271,777
Provision for loss on orders received	32,200	39,500
Income taxes payable	527,417	-
Provision for share-based payments	16,000	18,000
Other	709,560	210,238
Total current liabilities	2,504,697	1,337,606
Non-current liabilities		
Long-term borrowings	2,664,182	3,034,128
Provision for retirement benefits	48,179	57,059
Asset retirement obligations	1,069	1,069
Other	35,727	23,900
Total non-current liabilities	2,749,158	3,116,157
Total liabilities	5,253,856	4,453,763
NET ASSETS		
Shareholders' equity		
Share capital	1,241,157	1,241,157
Capital surplus	1,950,687	1,956,856
Retained earnings	4,665,603	4,618,796
Treasury shares	(558,359)	(540,607)
Total shareholders' equity	7,299,089	7,276,203
Total net assets	7,299,089	7,276,203
Total liabilities and net assets	12,552,945	11,729,967

(2) Quarterly Statement of Income

(Nine-month period)

(Thousands of yen)

	Nine months ended May 31, 2022	Nine months ended May 31, 2023
Net sales	6,097,723	5,381,457
Cost of sales	3,780,085	4,043,790
Gross profit	2,317,637	1,337,666
Selling, general and administrative expenses	574,983	565,718
Operating profit	1,742,653	771,948
Non-operating profit		
Interest income	20	52
Insurance claim income	1,969	6,747
Outsourcing service income	4,151	14,283
Other	18,869	7,948
Total non-operating profit	25,009	29,031
Non-operating expenses		
Interest expenses	14,337	17,679
Depreciation	-	40,552
Other	8,335	10,611
Total non-operating expenses	22,673	68,842
Ordinary profit	1,744,990	732,137
Extraordinary income		
Subsidy income	2,479	-
Total extraordinary income	2,479	-
Extraordinary losses		
Impairment losses	-	2,280
Loss on retirement of non-current assets	122	211
Total extraordinary losses	122	2,491
Profit before income taxes	1,747,346	729,646
Income taxes – current	525,610	209,194
Income taxes – deferred	(26,832)	11,429
Total income taxes	498,777	220,623
Profit	1,248,568	509,023

(3) Notes on the Quarterly Financial Statements

Going-concern assumptions: None

Significant changes in shareholders' equity: None

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

Segment information, etc.

Segment information

For the nine months ended May 31, 2022 (from September 1, 2021 to May 31, 2022) and the nine months ended May 31, 2023 (from September 1, 2022 to May 31, 2023)

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