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Summary of Financial Results for the Nine Months Ended May 31, 2024 (Japanese GAAP) (Non-consolidated)

June 28, 2024

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 the quarterly report: July 12, 2024

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, 2024 (September 1, 2023 to May 31, 2024)

(1) Operating Results (Cumulative)

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

	Nine months ended			
	May 31, 2023		May 31, 2024	
		%		%
Net sales (millions of yen)	5,381	(11.7)	3,344	(37.8)
Operating profit (millions of yen)	771	(55.7)	24	(96.9)
Ordinary profit (millions of yen)	732	(58.0)	(58)	-
Profit (millions of yen)	509	(59.2)	(51)	-
Earnings per share of common stock (yen)				
Basic	40.29		(4.05)	
Diluted	-		-	

(2) Financial Position

	As of	
	August 31, 2023	May 31, 2024
Total assets (millions of yen)	11,612	11,375
Net assets (millions of yen)	7,473	7,092
Equity ratio (%)	64.4	62.3

Reference: Equity: 7,092 million yen (as of May 31, 2024)
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 dividends per share (yen)	-	-
2Q-end dividends per share (yen)	18.00	10.00
3Q-end dividends per share (yen)	-	-
Year-end dividends per share (yen)	18.00	20.00 (Forecast)
Annual dividends per share (yen)	36.00	30.00 (Forecast)

Note: Revision to the most recently announced dividends 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.

	Fiscal year ending August 31, 2024	
		%
Net sales (millions of yen)	4,680	(31.9)
Operating profit (millions of yen)	77	(91.0)
Ordinary profit (millions of yen)	(39)	-
Profit (millions of yen)	(34)	-
Earnings per share (yen)	(2.69)	

Note: Revision to the most recently announced financial forecasts: 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 (common stock)

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

As of May 31, 2024:	13,053,000 shares
As of August 31, 2023:	13,053,000 shares

2. Number of treasury shares

As of May 31, 2024:	399,162 shares
As of August 31, 2023:	412,494 shares

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

For the nine months ended May 31, 2024:	12,647,707 shares
For the nine months ended May 31, 2023:	12,634,201 shares

* Implementation status of quarterly review procedures

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.

Contents

1. Qualitative Information on Quarterly Financial Results 2
(1) Description of Operating Results 2
(2) Description of Financial Position 3
(3) Description of Financial Estimates Information such as Financial Forecasts 3
2. Quarterly Financial Statements and Primary Notes 4
(1) Quarterly Balance Sheet 4
(2) Quarterly Statement of Income 6
(3) Notes on the Quarterly Financial Statements 7

1. Qualitative Information on Quarterly Financial Results

(1) Description of Operating Results

During the nine months ended May 31, 2024, the outlook for the Japanese economy remained uncertain due to the prolonged situation in Ukraine, the deteriorating situation in the Middle East, soaring resource prices, and rising prices due to the weak yen, despite the gradual recovery in the domestic economy as socioeconomic activities normalized.

In the semiconductor sector, our main sales sector, there were some postponed investments for logic devices, but plans for memory devices are increasing. There was a slight delay in some Generation 8 Organic Light Emitting Diode (OLED) investments in the FPD sector, but overall OLED investment plans are on an increasing trend.

Under these economic conditions, the recovery trend in the semiconductor sector became more pronounced, with orders from existing customers on the rise as inventory clearance progressed, and orders from new customers also growing steadily. In the FPD sector, the market remained firm as investment plans for OLEDs continued, although a resumption of investment for LCDs was not expected, and our orders remained steady. In the other sectors, inquiries for solar cell production equipment parts continued, but orders have not yet been received. The cost ratio improved only to a limited extent due to one-time expenses incurred for products developed for new customers. However, the provision for loss on orders received and loss on valuation of inventories decreased due to higher factory utilization rates.

As a result, the operating results for the nine months ended May 31, 2024, comprised net sales of 3,344 million yen (year-on-year decline of 37.8%), operating profit of 24 million yen (year-on-year decline of 96.9%), ordinary loss of 58 million yen (compared with an ordinary profit of 732 million yen in the same period of the previous fiscal year), and quarterly net loss of 51 million yen (compared with a quarterly net profit of 509 million yen in the same period of the previous fiscal year).

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 3.0% year-on-year to 2,668 million yen, and net sales declined by 36.1% year-on-year to 2,477 million yen. Please note that figures for orders received include materials supplied for a fee.

The FPD Sector

In the FPD sector, orders received soared by 106.2% year-on-year to 873 million yen, and net sales increased by 23.2% year-on-year to 738 million yen.

Other Sectors

In the other sectors, orders received dropped by 94.2% year-on-year to 50 million yen, and net sales decreased by 96.2% year-on-year to 28 million yen.

(2) Description of Financial Position

Assets

Compared to the end of the previous fiscal year, assets decreased by 236 million yen to 11,375 million yen. This was mainly due to increases in notes and accounts receivable – trade of 333 million yen and other current assets of 33 million yen, and decreases in property, plant and equipment of 284 million yen, cash and deposits of 231 million yen, and work in process of 77 million yen.

Liabilities

Compared to the end of the previous fiscal year, liabilities increased by 144 million yen to 4,282 million yen. This was mainly due to increases in long-term borrowings of 112 million yen, other current liabilities of 42 million yen, the current portion of long-term borrowings of 10 million yen, and a decrease in provision for share-based payments of 15 million yen.

Net assets

Compared to the end of the previous fiscal year, net assets decreased by 381 million yen to 7,092 million yen. This was mainly due to a decline in retained earnings of 405 million yen resulting from the posting of a net loss of 51 million yen for the quarter in addition to the dividend payment of 354 million yen, and an increase of 24 million yen due to the disposal of treasury shares.
As a result, the equity ratio decreased to 62.3% from 64.4% at the end of the previous fiscal year.

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

There is no change to the earnings forecast announced in the “Notice Concerning the Difference between the Financial Forecast and Actual Results for the Second Quarter and the Revision of the Full-Year Financial Forecast” released on March 28, 2024.
If changes become necessary, the Company will disclose them promptly.

2. Quarterly Financial Statements and Primary Notes

(1) Quarterly Balance Sheet

(Thousands of yen)

	As of August 31, 2023	As of May 31, 2024
ASSETS		
Current assets		
Cash and deposits	3,496,246	3,265,207
Notes and accounts receivable – trade	467,109	800,130
Electronically recorded monetary claims – operating	515,384	519,546
Merchandise and finished goods	15,583	4,113
Work in process	769,950	692,014
Raw materials and supplies	27,502	23,303
Other	158,700	192,033
Allowance for doubtful accounts	(2,085)	(2,787)
Total current assets	5,448,393	5,493,561
Non-current assets		
Property, plant and equipment		
Buildings, net	1,755,905	1,666,730
Structures, net	100,071	105,916
Machinery and equipment, net	3,271,296	2,699,333
Vehicles, net	5,248	9,091
Tools, furniture and fixtures, net	15,028	13,416
Land	782,004	788,067
Leased assets, net	22,048	18,702
Construction in progress	6,190	372,316
Total property, plant and equipment	5,957,794	5,673,574
Intangible assets	26,285	18,863
Investments and other assets	179,551	189,313
Total non-current assets	6,163,631	5,881,750
Total assets	11,612,024	11,375,312

(Thousands of yen)

	As of August 31, 2023	As of May 31, 2024
LIABILITIES		
Current liabilities		
Notes and accounts payable – trade	188,585	185,204
Current portion of long-term borrowings	607,132	617,168
Provision for loss on orders received	29,500	22,900
Provision for share-based payments	24,000	9,000
Other	315,928	358,442
Total current liabilities	1,165,146	1,192,714
Non-current liabilities		
Long-term borrowings	2,889,550	3,001,880
Provision for retirement benefits	59,871	68,372
Asset retirement obligations	1,069	1,069
Other	22,625	18,809
Total non-current liabilities	2,973,116	3,090,132
Total liabilities	4,138,263	4,282,846
NET ASSETS		
Shareholders' equity		
Share capital	1,241,157	1,241,157
Capital surplus	1,956,856	1,963,384
Retained earnings	4,816,354	4,411,058
Treasury shares	(540,607)	(523,134)
Total shareholders' equity	7,473,761	7,092,465
Total net assets	7,473,761	7,092,465
Total liabilities and net assets	11,612,024	11,375,312

(2) Quarterly Statement of Income

(Nine-month period)

(Thousands of yen)

	Nine months ended May 31, 2023	Nine months ended May 31, 2024
Net sales	5,381,457	3,344,987
Cost of sales	4,043,790	2,820,410
Gross profit	1,337,666	524,576
Selling, general and administrative expenses	565,718	500,458
Operating profit	771,948	24,117
Non-operating income		
Interest income	52	83
Foreign exchange gains	477	7,849
Insurance claim income	6,747	3,329
Other	21,753	4,185
Total non-operating income	29,031	15,447
Non-operating expenses		
Interest expenses	17,679	16,962
Depreciation	40,552	79,915
Other	10,611	1,053
Total non-operating expenses	68,842	97,931
Ordinary profit (loss)	732,137	(58,366)
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	211	0
Total extraordinary losses	2,491	0
Profit (loss) before income taxes	729,646	(58,300)
Income taxes – current	209,194	2,450
Income taxes – deferred	11,429	(9,522)
Total income taxes	220,623	(7,072)
Profit (loss)	509,023	(51,228)

(3) Notes on the Quarterly Financial Statements

Going-concern assumptions: None

Significant changes in shareholders' equity: None

Segment information, etc.

Segment information

For the nine months ended May 31, 2023 (from September 1, 2022 to May 31, 2023) and the nine months ended May 31, 2024 (from September 1, 2023 to May 31, 2024)

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