

# MARUMAE

Marumae Co., Ltd. Integrated Report

# REPORT 2025



**Master the Way,  
Shape the Future.**



## Moving on to the next stage

We are about to take our first step toward a new stage of growth. Precision parts processing technologies form the core of our growth, and we are determined to expand them into many fields, aiming to be the leading parts processing company supporting the basis of a wide range of industries. Reflecting this determination, we have redesigned our corporate logo, which has been familiar to us for many years, and created a new brand concept and slogan. To create the new logo, brand concept and slogan, we formed a cross-generational project with members from various departments. The president played a leading role on this project. For more than six months, project members exhaustively discussed the corporate culture that we should maintain and the position that Marumae will need to have in the future. These dialogues led to the creation of the new slogan, Master the Way, Shape the Future, and a brand concept that embodies this slogan.

**We will venture into the next stage of our growth with this new corporate logo and brand slogan.**

New Corporate Logo

# MARUMAE

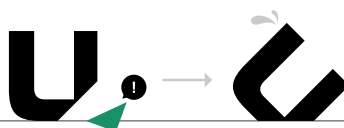
### The thinking behind the logo

**We have expressed our determination to remain an entity that supports society by solving customers' issues.**

The new logo depicts the essence of Marumae, a provider of solving customers' problems.

The green triangle expresses the parts created because of Marumae's passion and cutting and processing technologies. Without this part, the "U" will collapse to the right. By filling in this space with Marumae's passion to support customers and its proprietary technologies, we can play an important role as the last stronghold supporting the other parts.

The combined use of upper- and lower-case letters and the use of rectangular shapes as the basic element facilitates the logo's expression of stability and reliability.





Brand Slogan

# Master the Way, Shape the Future.

We desire to contribute to society through technologies.

We desire to support customers through cutting-edge technologies.

There are many issues that can only be overcome through technologies.

The moment we give up on overcoming them, we will no longer be able to surpass our past achievements.

We would like to move forward by focusing on and thinking through the fundamental essences of things ourselves.

We will move forward on this path that no one has walked as one team while we support others.

At Marumae, we continue to pursue cutting-edge technologies.

We contribute to society through technologies.

The brand slogan consists of easy-to-remember words summarizing our management philosophy, which we value most in our business activities, and the position that we should take, which we have continued to value since our founding. Not only engineers but all of the people working for the Marumae Group will master their ways (technologies) and endeavor to shape the future. This slogan, which is intended to inspire us, also expresses our commitment to society. Marumae has a promising future ahead of it.

## Management Philosophy

1

Seek technological perfection

2

Respect competition and collaboration

3

Contribute to society as a company focused on technology

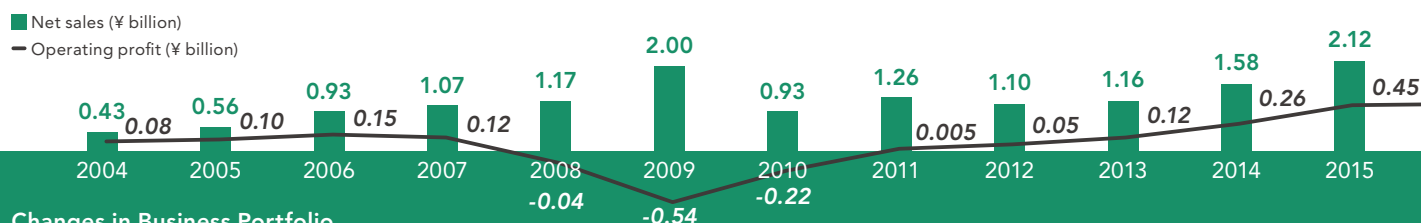
# Growth Achieved by Continually Taking on Challenges, Learning, and Improving

There once was a time when we achieved growth by leveraging our strength in terms of plant and equipment to capture demand. However, the management crisis we experienced as a result of the 2008 Global Financial Crisis prompted us to change our business strategy, and we reverted to our policy at the time of our founding of carefully selecting business from the viewpoint of profitability and efficiency and not relying on expansion of plant, equipment and employees. Believing that we will always have work provided we have technology, we sought business growth driven by technological capabilities.

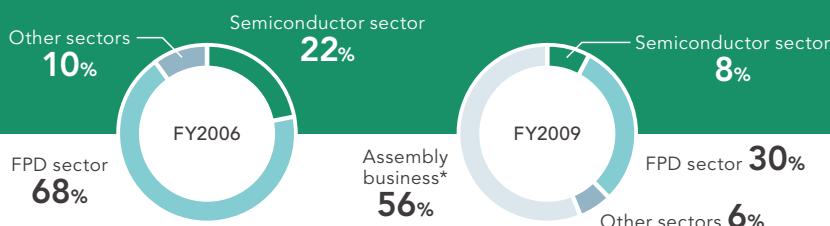
### Our origin

## Technologies based on motorcycle parts

The origin of Marumae's technologies goes back to the days when Toshikazu Maeda, Marumae's founder, made motorcycle parts himself to use in motorcycle races. To produce parts able to endure the extreme conditions when motorcycles exceed 300 km/h, Maeda studied the properties of materials and honed high-precision machining technologies. This experience was later applied in the manufacturing of core parts of semiconductor manufacturing equipment, which became the foundation of Marumae's current strengths. Our stance of pursuing technologies to the extreme is still a part of Marumae's DNA. Our path from motorcycle parts to the semiconductor industry is our history of taking on challenges and our constant pursuit of higher-level technologies. We will continue to take on challenges to continue to innovate technologically with no pause in our evolution.



### Changes in Business Portfolio (Pie chart)



### Lessons learned from crisis

When we started out in business, we harnessed our technological capabilities to win more orders; however, in the years before the Global Financial Crisis, we won orders that relied on equipment strength in terms of large-scale machinery and we neglected to improve our technological capabilities. After the Global Financial Crisis, technological capabilities were necessary, but we expanded the semiconductor sector where less investment was required. We also endeavor to make investments that are commensurate to our capital strength and have also increased our on-hand liquidity in case of market fluctuation.

### 2009

#### Global Financial Crisis

The market downturn triggered by the Global Financial Crisis led to the cancellation of large orders in the solar sector and to the loss of market share. Due to the increased cost of upfront investments and dramatic fluctuations in exchange rates, we reported losses.

### 2011

#### Application for Business Revitalization ADR

To get us out of the financial difficulties caused by capital expenditure and the financial crisis, we applied for the Business Revitalization ADR (Alternative Dispute Resolution) procedure. Our new policy was to carefully select business and not rely on the expansion of plant, equipment and employees. We implemented a turnaround plan focused on pivoting towards the semiconductor sector and developing technological capabilities.

### 2018

#### Expansion of demand for semiconductor memory

A shift to three dimensional semiconductor memory devices resulted in growing demand for vacuum components in our field of expertise. Other new trends were high server demand amid cloud growth and demand for the replacement of HDD with SSD.

\* The assembly business was discontinued with the closure of the Kumamoto Factory

## Changes we have made

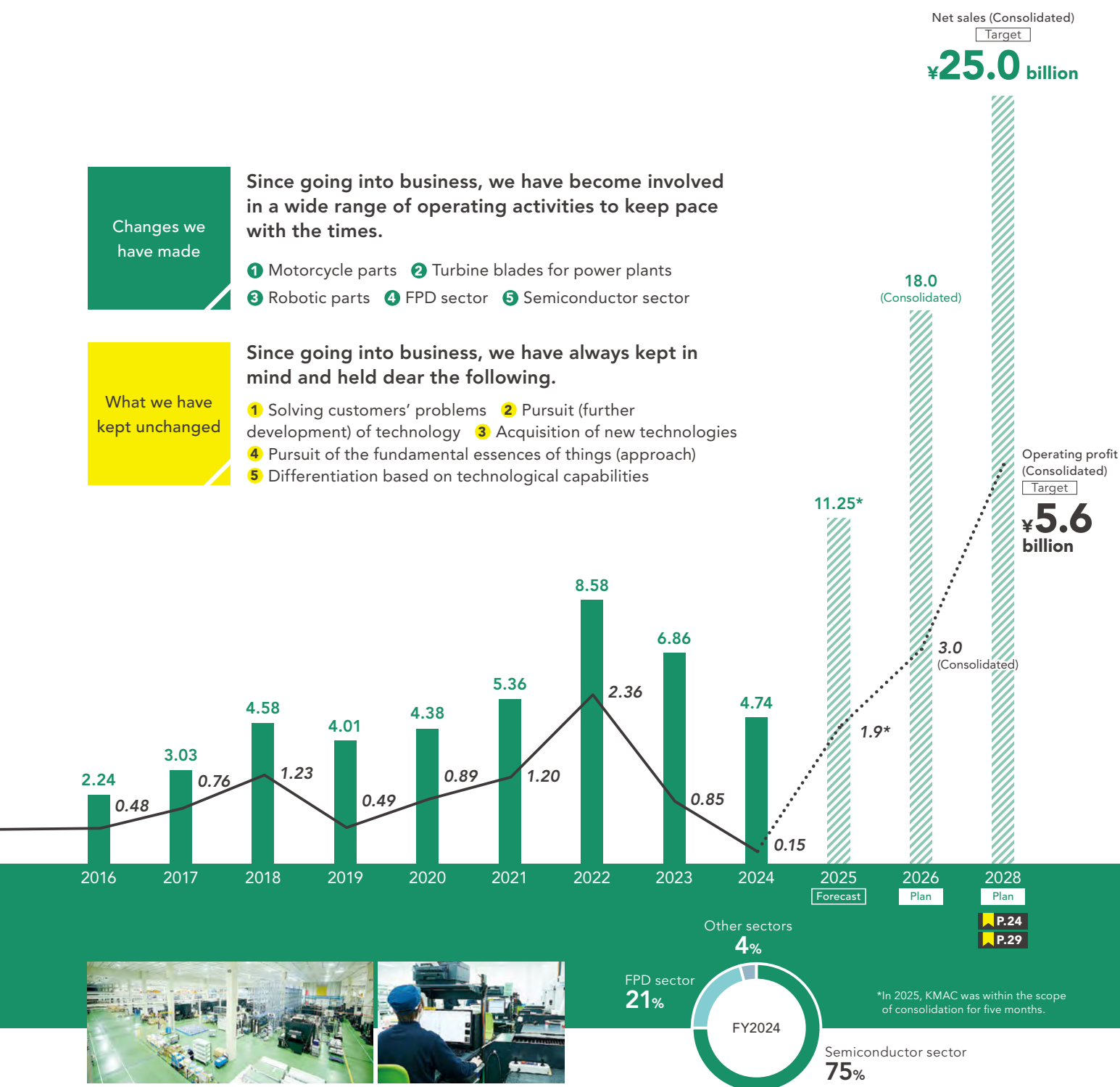
Since going into business, we have become involved in a wide range of operating activities to keep pace with the times.

- ① Motorcycle parts   ② Turbine blades for power plants
- ③ Robotic parts   ④ FPD sector   ⑤ Semiconductor sector

## What we have kept unchanged

Since going into business, we have always kept in mind and held dear the following.

- ① Solving customers' problems   ② Pursuit (further development) of technology   ③ Acquisition of new technologies
- ④ Pursuit of the fundamental essences of things (approach)
- ⑤ Differentiation based on technological capabilities



### 2021

#### Special demand for semiconductors during the COVID crisis

The spread of remote work during the COVID crisis gave a further boost to the semiconductor sector, which was already booming thanks to server demand.

### 2022

#### The semiconductor market hit a record high

Amid the global shortage of semiconductors, demand for logic semiconductor manufacturing equipment grew. The market hit a record high following the growth of demand for cloud server memory.

### 2023

#### The semiconductor market slowed and inventories were adjusted

Net sales and orders slid as the market slowed and inventories were adjusted due to the stagnation of investments in server equipment and a reactionary fall following the extraordinary demand during the COVID-19 pandemic.

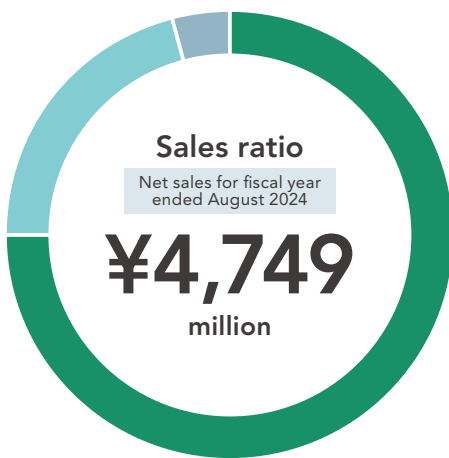
### 2025

#### KM Aluminum Co., Ltd. becomes a Group company

We made KM Aluminum Co., Ltd. a Group company to acquire a foundation for the growth of the functional materials business.



# We are professionals in cutting and processing who have the leading share of vacuum parts for semiconductor production equipment in Japan.



Semiconductor sector **75%**  
**¥3,558 million**

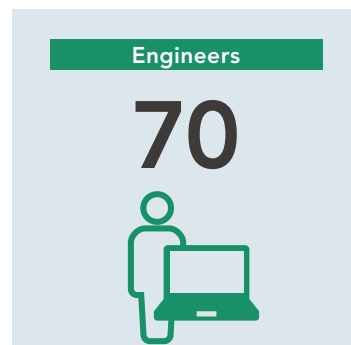
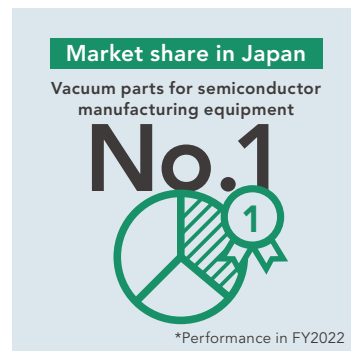
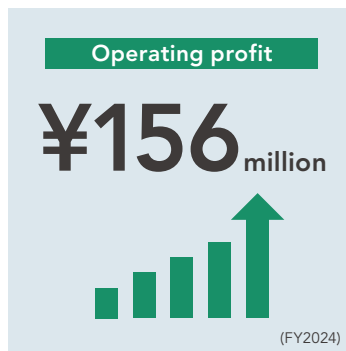
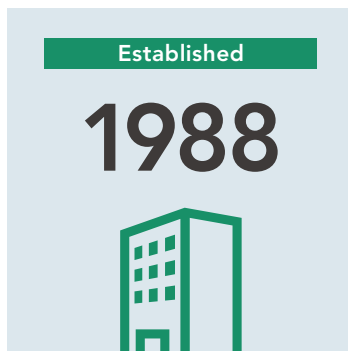
We manufacture vacuum parts used in the semiconductor manufacturing process. Because they contact semiconductor substrates, called wafers, we need to stably produce highly precise and durable products. This requires advanced technologies and product management capabilities.

FPD sector **21%**  
**¥1,008 million**

We own one of Japan's largest processing machines in the area of flat panel displays (FPDs) to carry out comprehensive multiple process operations, including electron beam welder (EBW). With our strengths in equipment and technologies, we supply highly precise high quality vacuum parts on a large scale with high efficiency supporting our market competitiveness.

Other sectors **4%**  
**¥181 million**

In other sectors, we receive orders for many different products. In recent years, we have been producing parts for solar cell manufacturing equipment with the use of surplus production capacity in the FPD sector. In line with our medium- and long-term growth strategy, we will diversify key technologies on the basis of our foundation for multi-purpose technologies in a bid to step into new sectors.



## Market share

### Leading share of the Japanese market for vacuum parts used in semiconductor production equipment\*

When we began operating in 2014, we were 12th in terms of market share. In the fiscal year ended August 31, 2022, we had the largest share of the market in Japan. Later, in FY2023, we were second due to the difference between the period of the recovery of the market environment and the end of our fiscal year. Further, in FY2024, our market share dipped temporarily because we deal in a smaller number of legacy parts for the Chinese market, and other companies with established track records in the field increased their market shares.

In contrast, we have strengths in fields where the shift to leading-edge equipment is progressing and the difficulty is increasing. We have continued to receive orders stably in those fields. We believe there are four factors behind the increase of our market share: (1) our ability to solve customers' problems, (2) our engineers' prototyping capabilities, (3) our ability to flexibly invest capital to meet the demand in the semiconductor sector, and (4) our one-stop manufacturing capabilities. Moving forward, we will leverage these strengths as we strive to increase our share of growth markets. P.07

#### Industry share

	Net sales	Profit	Market share by net sales	Market share rank
FY2020	¥4.38 billion	¥0.69 billion	6.3%	3rd
FY2021	¥5.36 billion	¥0.90 billion	7.0%	2nd
FY2022	¥8.58 billion	¥1.81 billion	8.8%	1st
<b>FY2023</b>	<b>¥6.86 billion</b>	<b>¥0.70 billion</b>	<b>7.5%</b>	<b>2nd</b>

\*Performance in FY2022

The market share data in this section is based on calculations using net sales data from research agencies regarding some of the companies, including Marumae, which we recognize as manufacturing vacuum components for semiconductor and FPD manufacturing equipment that are similar to our products (30 companies in total) for the fiscal years ended on the dates that fall within the individual calendar years.

## Growth strategy

### Strategically winning orders for consumables to respond to the silicon cycle

The semiconductor production equipment market is significantly impacted by the semiconductor demand cycle. We have therefore taken strategic action to win orders for consumables. Consumables require advanced technologies to meet stringent customer requirements; however, since demand for replacement parts arises every 3-12 months, we can expect to receive orders in a stable manner, regardless of production equipment sales.

#### Sales weighting of consumables in semiconductor sector (FY2024)

Other products

**46.8%**

Sales of consumables

**53.2%**

## Manufacturing system

### Integrated manufacturing system for solving customers' problems

Under our integrated manufacturing approach, Marumae single handedly carries out multiple individual production processes which were formerly shared out among different companies. We make products according to customer requirements and provide a service in the form of a factory system.

#### Why does Marumae acquire new technologies and adopt an integrated manufacturing approach?

Among our many processes, we aim to integrate the key technologies that influence product strength as much as possible. If we do not possess the key technologies, management is less stable: our customers may switch to another supplier, for example. Further, the acquisition of new technologies not only enables integrated manufacturing but also opens up new business areas and orders for new components. Naturally, the technologies involved in each process is highly specialized and it takes time to master them. Nonetheless, once technologies are deemed to be key technologies, we adopt a medium- and long-term perspective and commit to investing our management resources including funds, people and equipment into the technologies.

#### Four benefits of integrated manufacturing

**01**

Workers at each production process can understand each others' processes closely

**02**

Saves the customers a great deal of trouble, as delivery adjustments among multiple processes are unnecessary

**03**

Shortens transportation lead times

**04**

Marumae also takes care of transportation where necessary, reducing the cost of transporting large components in particular

Why did we succeed in increasing our market share?

# Why We Remain Chosen

Ten years ago, Marumae posted ¥1.58 billion in net sales and was 12th in the industry's market share ranking. After that, we steadily increased our net sales. In 2022, we obtained the largest share of the market. This section investigates the factors behind Marumae's success in expanding its market share and why it is chosen by customers.



01

## The accumulation of achievements and reliability through the solving of customers' problems

### Using Marumae's comprehensive strengths to solve customers' problems

Marumae has been growing by solving customers' problems. Originally, the business was run by its founder Tsutomu Maeda alone. In response to customers' remarks that they could find no manufacturer producing specific products, he started to make new products. For most of them, there were no established manufacturing methods. He continued to research and experiment to achieve successful production. The accumulation of efforts to solve customers' problems resulted in the improvement of Marumae's technological strengths, an increase in orders and the expansion of the business. Our

business is based on an underlying spirit of solving customers' problems based on the experience mentioned above. Technology is important, but technology alone cannot resolve issues. Issues can be resolved leveraging production facilities, capacity, stable quality and the people who maintain them. In addition, manufacturing cannot be done without identifying customers' problems. At Marumae, the Sales Division acts as a bridge between customers and the Manufacturing Section. It will identify customers' issues and find solutions.

#### Solutions to problems that cannot be achieved by competitors

Technology	Capacity	Delivery time and price
We respond to customers' issues that could not be handled by competitors. We have thus created products for which manufacturing methods were not established. We have managed to produce unknown products through research and experimentation.	Especially in the semiconductor sector, demand occasionally rises sharply in the expansion phase of the business cycle. To fulfill customer demand in periods like this, we anticipate market conditions and prepare the necessary facilities and production capacity. We have funds on hand to invest in land and buildings for factories to ensure that we are ready to invest capital flexibly.	We have experience working with products and manufacturing methods in many different areas. This helps us ensure extensive technological strengths and high productivity. In addition, we conduct one-stop manufacturing that includes multiple processes to reduce delivery periods and costs. We possess multiple elemental technologies internally enabling us to perform multiple processes internally, reducing the time and costs necessary.



02

## Constantly improving prototyping capabilities over the past decade as a source of future earnings

### Ability to create multiple prototypes in a short time

Prototypes created by Engineers lead to future orders. Therefore, we increase our prototyping capabilities with a view toward increasing our market share. Prototyping is an initial step in the process leading up to our receiving orders.

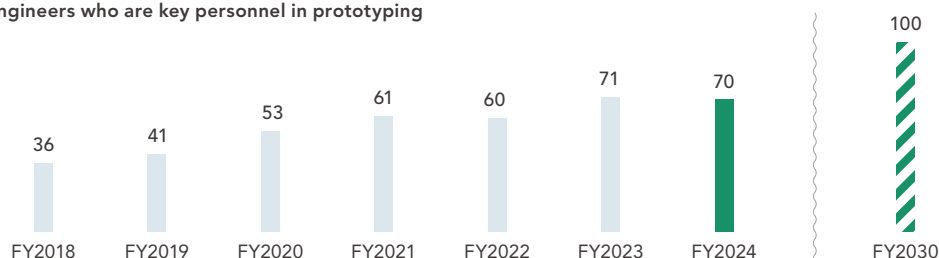
Our Engineers create prototypes based on customers' drawings and requirements. We receive orders after the prototypes are approved. Producing a number of prototypes in a short time while ensuring quality aids future earnings.

To achieve future growth, we have drawn up the two

measures below to improve our prototyping capabilities. One is to launch an Engineer development project. It establishes a training system to increase Engineers' skills and increase the number of programming personnel. The other is to rebuild our production structure. Highly skilled personnel are assigned to prototyping so that they can continuously concentrate on prototyping. In addition, we organize teams to ensure that multiple products can be launched in parallel to serve individual significant customers.

#### Number of Engineers who are key personnel in prototyping

(Persons)





### How are difficult products created?

Our products have complex shapes and high precision. In the prototyping phase, we fully leverage programmers' knowledge and experience and the know-how that has been passed down inside Marumae. Even so, the manufacturing of some products can be difficult due to the complexity of their form, the characteristics of their metals and demanding requirements. In this case, our staff study, think and utilize the technologies shared within the R&D group to complete the project. We will strive to improve the capabilities of individual programmers while carrying out production that does not solely depend on them. This is the basic concept that shapes Marumae's manufacturing. We will thus ensure that every single engineer will develop their skills and continue to improve the technological strengths of the whole company.



03

## Quick decision-making and proactive capital investment to expand business

### Strengths in market analysis to make decisions about upfront investments

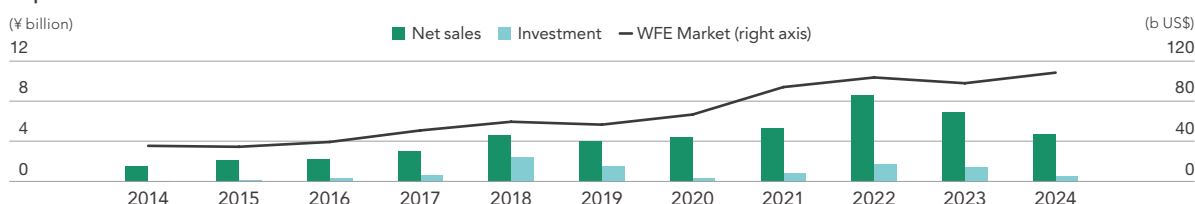
To receive more orders, it is important that we possess the necessary production capacity when market demand is growing. Customers examine production capacity as well as price and delivery time when asking business partners to prototype equipment. Capacity is therefore a key element in the expansion of business.

The market fluctuations in the semiconductor industry are so intense that it is believed to be particularly difficult to make investment decisions to meet sharp increases in demand. It is vital that companies prepare every day and make quick investment decisions. It takes several months to a year from the placement of an order for equipment to the installation of the equipment. If a decision is made when demand is rising,

the equipment will not be operating in time for the increase in demand, resulting in our missing an order. However, if we invest too early, we will own equipment that is not matched to the order level. The growth of fixed costs will result directly in the deterioration of profitability. To respond to the growth of demand in a timely manner, we always forecast market conditions based on multiple sources and monitor the operation ratio of machinery and the delivery time of equipment in order to make investment decisions.

In addition, it is necessary to secure the funds and land that make it possible to flexibly invest capital. We have established a financial strategy of maintaining liquid funds on hand and using areas where sufficient land is available like the city of Izumi in Kagoshima Prefecture for the agile investment of capital.

#### Capital investment and net sales



Source: Prepared by the Research Equity Division of Mizuho Securities Co., Ltd. based on data from SEMI and companies. The figures concerning Marumae are actual results for fiscal years ending August 31. \*The amounts of capital investments are based on cash flows.



04

## Possessing multiple elemental technologies to increase cost competitiveness

### One-stop manufacturing achieved after several breakthroughs

The products we produce require many different elemental technologies. When making finished goods, competitors commission different processes to several outside companies. We have worked to develop and acquire technologies to internally possess different elemental technologies that are necessary for the products that are ordered and technologies we find useful to own in view of the technical trends in the industry. We operate important processes and their preceding and subsequent processes internally to reduce transport and packing expenses and to limit the coordination between companies. This reduces costs and delivery periods. In terms of quality management, one-stop manufacturing is a big advantage. The

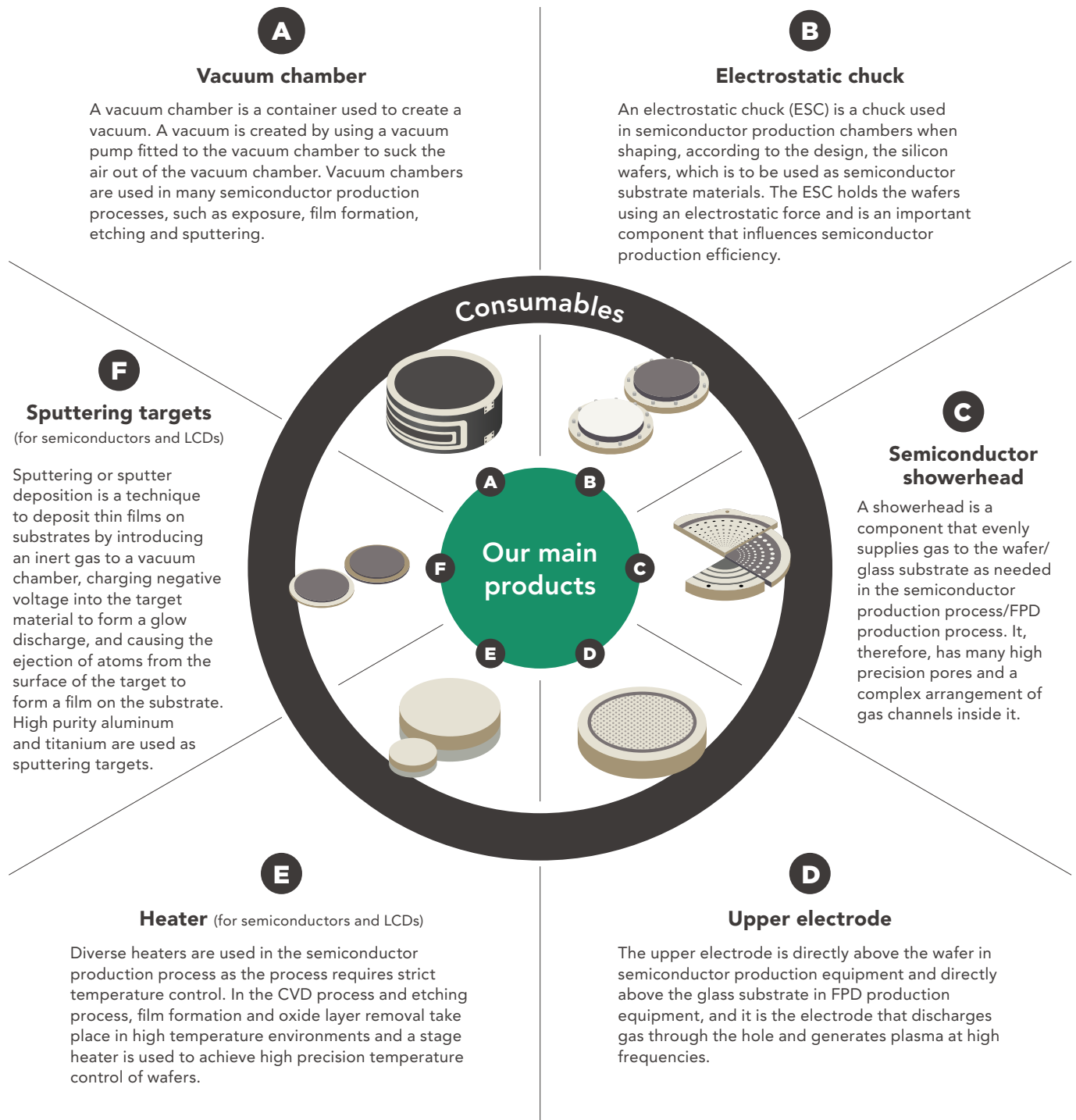
quality management representative stationed in proximity to the shop floor and the close communication between people involved in different processes makes it easy to maintain proper quality. The one-stop manufacturing structure also aids the implementation of the Marumae Manufacturing System. This system has adopted a push-type production method moving from a preceding process to the next process. Coordinating the capacity of the preceding process with the capacity of the following enables production to be leveled and the reduction of fixed costs. The one-stop manufacturing system decreases dependency on outside organizations regarding middle processes and facilitates the leveling of work.

#### Advantages of one-stop manufacturing

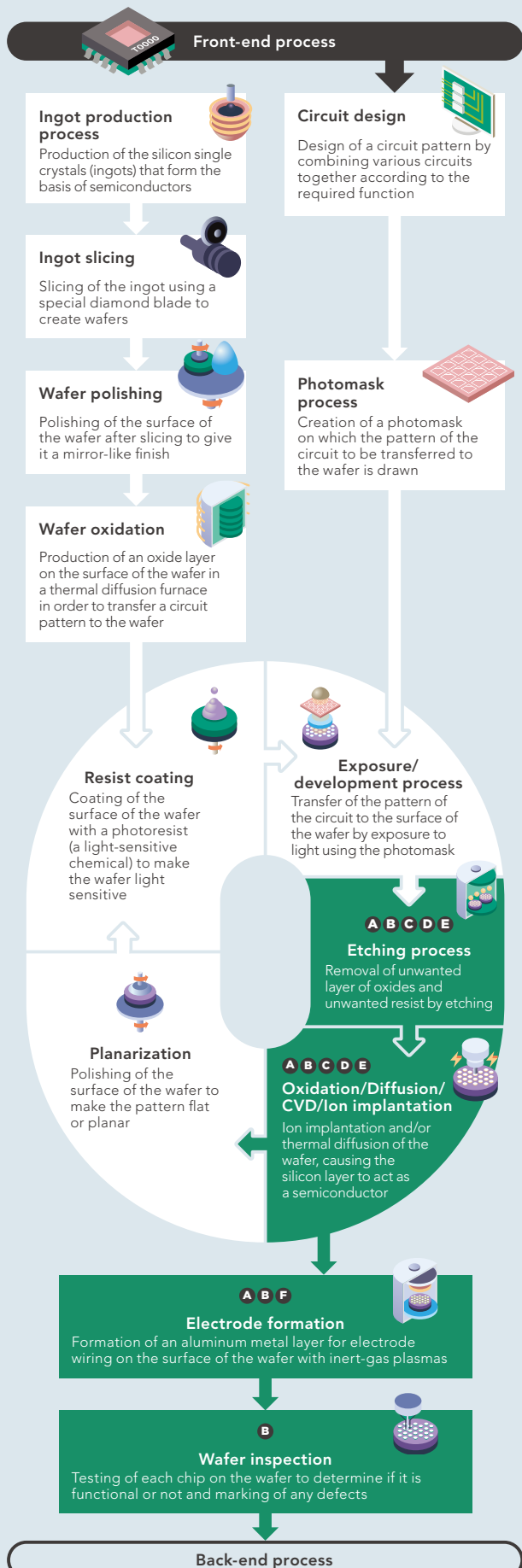
Customer	Shorter procurement periods	Lower procurement costs	Stable quality	Larger order quantities
Marumae	Quicker deliveries	Lower expenses related to outsourcing, transport and consumables / Fewer person-hours / Optimized costs	Higher level quality management	Larger production volume/ Stable supply

# Our Main Products

Semiconductors and liquid crystal screens are essential components of electronic devices. Our products play a very important part in their production process. Here, we highlight our main products, together with the production processes in which they are used.

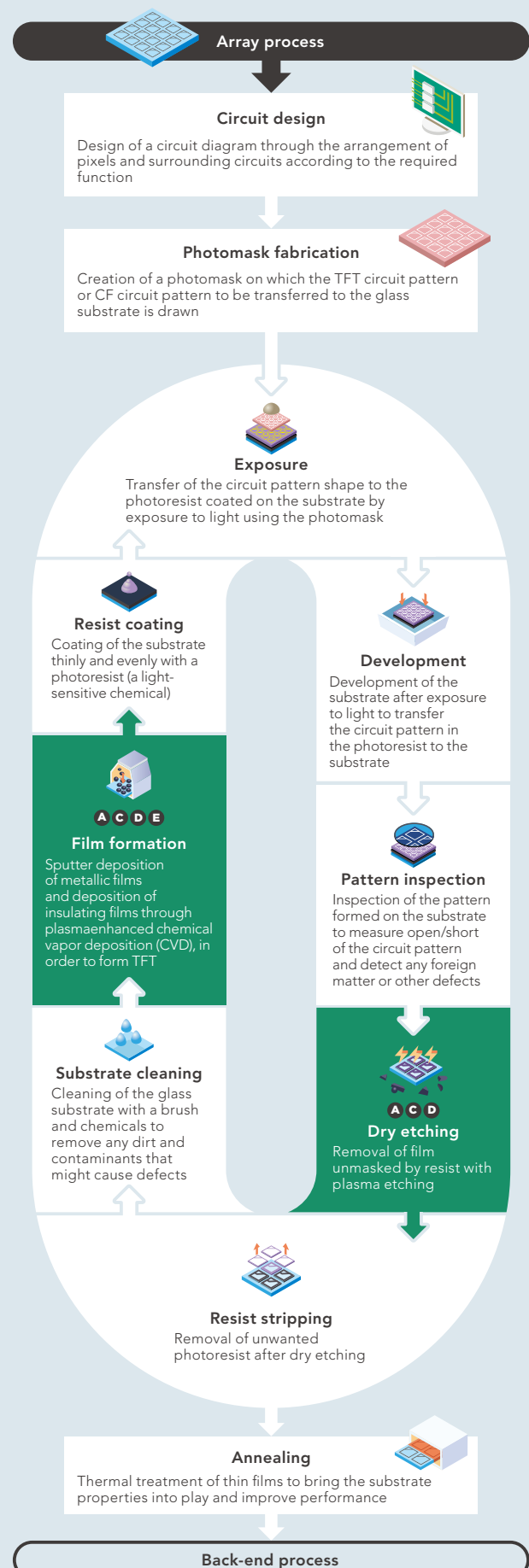


## Semiconductor production process



Processes in which our main products are used

## LCD manufacturing process



Processes in which our main products are used

## What We Aim to Achieve With This Integrated Report

Marumae's goals in compiling this integrated report are not merely to disclose information but to achieve the sustainable creation of value and a sincere dialogue with society.

The integrated report is the starting point of our dialogue with our stakeholders. Using this report, we share information about our current position and the path that we should follow.

In creating this report, we also attached importance to giving our full attention to facts and being sincere and honest in the disclosure of them including our issues and weaknesses. This is because we believe that trust is the foundation of corporate value.

At the same time, we worked to carefully visualize stories about how the technologies, people and spirit of Marumae contribute to the development of society and industries in a way that would enable readers to understand them.

Our goal is for the integrated report to enable all of our employees to have pride in Marumae, learn new things and be the bridge to investors, customers, and local communities to facilitate constructive dialogue and the development of trust.

Most importantly, our goal is to have the report embody the unique qualities of Marumae and our mental orientation toward evolution and taking on challenges that facilitate our opening the path to our future.

## MARUMAE REPORT 2025

**Editorial Policy** The MARUMAE REPORT has been designed for shareholders, investors, and other stakeholders. Viewing it as a communication tool for engaging in dialogue with all of our stakeholders, we have prepared this report with the aim of presenting, in a clear and coherent manner, our initiatives for achieving sustainable growth in both financial and non-financial terms, such as our environmental, social, and governance initiatives. In the process of editing this report, we referred to the Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation, the International Financial Reporting Standards (IFRS) Foundation's IFRS Sustainability Disclosure Standards and other guidance documents.

**Disclaimer** The information contained in this report includes forecasts of Marumae's business results in the future. They are based on the information currently available, and actual business results and other results may differ from these forecasts. The period covered by this report is the fiscal year ended August 31, 2024 (September 1, 2023 to August 31, 2024). However, information about some topics which have already been disclosed at the time of the publication (including M&A activities and the new Medium-term Business Plan), have also been disclosed ahead of schedule. Thank you in advance for your understanding.

\*The title of this report, Marumae Report 2025, is based on the year when it was issued.







What Marumae  
has been



The Future We  
Aim to Create



Strategies for  
realizing the  
vision



Corporate  
Governance

## Contents

### 01-12

Since our founding, we have been honing our unique strengths, specifically, our advanced processing technologies, integrated production system, and ability to solve issues, through repeated efforts and transformation, guided by our philosophy: Contribute to society with technologies. In this section, we introduce the values that we keep unaffected by this era of change and the reasons why we have continued to be chosen, along with our history and our journey of value creation.

- 01 New Corporate Logo/ Brand Slogan
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- 05 Our Current Position
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We aim to be a leading manufacturing company that contributes to the future of industry and society.

We embody this mission not only in our management team and business strategy but by recognizing that our engineers are the source of our growth and developing greater insights into the challenges they take on and the onsite capabilities they possess.

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Engineers (Programmers) Who Hold the Key to Our Growth

### 23-52

How do we achieve our dreams and vision? The answer is our strategies and ability to take action on site.

In this section, we introduce all of the challenges that Marumae has begun to take on as a continually evolving company.

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### 53-66

The systems that make the Company work and the promise to be trustworthy that all of our employees keep form the foundation for Marumae's growth. We introduce the creative governance measures we have devised to make the Company strong, including the Board of Directors, diverse meeting bodies, and compliance initiatives.

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## Message from the CEO

# Master the V Shape the F

### In pursuit of our long-term vision

We are steadily moving forward towards the achievement of net sales of ¥30.0 billion, operating profit of ¥9.0 billion, and an operating margin of 30%, which are targets we set under Our Vision 2030, our long-term vision. We are working to expand key technologies based on general-purpose technologies and also to create new sources of sales. While diversifying our technologies, we are also focusing our efforts on the acquisition of new customers, aiming to grow steadily. We are also proactively implementing M&A activities that involve acquiring companies which are expected to produce synergy with our existing businesses. One example is KM Aluminum Co., Ltd. ("KMAC"). We announced it became part of the Group in March 2025. Headquartered in Omuta

City, Fukuoka, KMAC is a time-honored company that has its origins in Kyushu Mitsui Aluminium Co., Ltd. It is mainly engaged in the manufacturing and sale of ultra-high purity aluminum products for semiconductor sputtering targets, high-purity aluminum products for aluminum electrolytic capacitors, and low-pressure casting products. In particular, KMAC has a large share of the aluminum refining market, and it is also very competitive in the area of the transport systems and process chambers for semiconductor manufacturing etching equipment. As a result of this M&A activity, we have established a system for simultaneously achieving two strategies, strengthening consumables in the semiconductor sector (which is a strength of Marumae), and supplementing the legacy semiconductor market.

We will create reliable synergy and continue to accelerate our efforts in pursuit of Our Vision 2030.



# Way, uture.



**Toshikazu Maeda**

President and  
Representative Director

## Expected synergy

**1**

**Increase marginal profit and the marginal profit ratio achieved by strengthening KMAC's processing and improving its various processing capabilities**

Improving its capabilities in the area of aluminum target materials and anodized aluminum for IT equipment, an area where we can target an operating margin of 30% or higher

Adding Marumae's processing capabilities in the area of semiconductor equipment components, where KMAC's strengths are in materials, to increase the added value of the semiconductor equipment components.

**2**

**Propose finished products which leverage materials from KMAC and Marumae's processing capabilities to semiconductor equipment manufacturers**

**3**

**Increase orders received using a cross-selling method leveraging the technologies and sales channels of both companies**

## Aiming to create new value under “Fusion 2028,” the new Medium-term Business Plan

We have been operating business in accordance with our Medium-term Business Plan “Innovation 2026” for the three-year period beginning with FY2024. However, we used KMAC becoming a part of the Group in April 2025 as an opportunity to review our plans and formulated a new Medium-term Business Plan “Fusion 2028” for the period up to FY2028.

The name of the new plan, Fusion, reflects our intent to create new value by combining the strengths of Marumae and KMAC and thus integrating their value. Accordingly, we divided our one business segment into two segments: the precision components segment (Marumae’s business) and the functional materials segment (KMAC’s business). Going forward, we will disclose our strategies and progress in each segment.

First, in the precision components segment, we aim to achieve net sales of ¥12.0 billion and operating profit of ¥3.6 billion in the fiscal year ending August 31, 2028. Regarding our medium-term market outlook, we forecast that the market will recover to the 2022 level in regions other than China. However, the recovery of demand from integrated device manufacturers (IDMs) in North America has not been factored into the plan. We assume that there the capital investments made by manufacturers of memory, including NAND flash memory, will recover. In this environment, we will focus our efforts on enhancing our prototyping capabilities and winning PORs (standard process) from new customers with a target of acquiring 30 new PORs, aiming to increase our markets share in the semiconductor sector. We are also advancing mass-production activities in the processing of materials other than aluminum, an area which has been a strength of ours, and we have already received a certain amount of recognition from customers in the prototyping stage. Further, in the space sector, we will implement initiatives related to artificial satellites and strengthen efforts to receive orders for projects for the Ministry of Defense, aiming to build a stable revenue base.

Next, in the functional materials segment, we aim to achieve net sales of ¥13.0 billion and operating profit of ¥2.3 billion in the fiscal year ending August 31, 2028. Because our main sources of sales are products for semiconductor equipment, we assume the market environment will be the same as in the precision components segment.

In the IT equipment sector, the key lies in how we reduce our dependence on specific customers. For our customers who are currently evaluating systems, we are implementing initiatives for mass production

through aggressive proposal activities that include price strategies. Regarding anodization, etc., it is expected that we will expand sales by improving processing capabilities through cooperation with Marumae. In the semiconductor equipment components sector, it is expected that customers will end their inventory adjustments by around February 2026. After that, growth is expected alongside the recovery of the market, and we will work to increase added value through processing and collaboration with Marumae in this sector as well. In the base materials sector, while our market share is increasing due to competitors withdrawing from the market, we will implement a strategy that includes setting prices that enable us to maintain production volume while also watching the movements of overseas players in the market. Regarding small-lot materials, our policy is to expand sales channels by enhancing sales partnerships.

Accordingly, we will leverage the strengths of the two companies and pursue synergy through the integration of their businesses, aiming to achieve net sales of ¥25.0 billion and an operating profit of ¥5.6 billion in 2028 for the Group as a whole.

## Shifting to ROIC-focused management

We have now adopted return on invested capital (ROIC) as a key management indicator. We did this based on lessons we have learned from past hard experience.

In 2011, we implemented business revitalization alternative dispute resolution (ADR) procedures. At that time, we took out loans in response to an increase in orders and proactively secured human resources and made capital investments. However, when the growth of orders slowed, those investments were fixed costs that began to put pressure on the management of the Group and seriously impact its finances.

To avoid repeating this mistake, we have focused on capital efficiency and changed our direction toward ROIC-focused management. While return on equity (ROE) is only an indicator of the efficiency of profits relative to equity, ROIC is the ratio of profit to total capital, including liabilities. This makes it possible to more comprehensively assess profitability in a way that better reflects reality. We believe that this indicator is useful to shareholders and investors in determining corporate value.





Item	FY8/2022 Results Non-consolidated	FY8/2023 Results Non-consolidated	FY8/2024 Results Non-consolidated	FY8/2028 Targets Consolidated
Net sales	¥8,500 million	¥6,868.4 million	¥4,749 million	¥25,000 million
Operating profit	¥2,300 million	¥859.48 million	¥156.51 million	¥5,600 million
ROIC	Asset-based 17.9%	13.4%	5.6%	Consolidated ROIC 15%
	Liability-based 15.6%	11.4%	5.1%	

Under our new Medium-term Business Plan “Fusion 2028,” we have set a consolidated ROIC target of 15% or higher. We will improve the efficiency of our invested capital, aiming to achieve sustainable corporate growth and increase profitability.

### Engineers (programmers) as the source of Marumae’s competitiveness

When I was competing in races as a motorcyclist with an FIM A-class international competition license, I made motorcycle frames and parts on my own and sold them to earn money for my racing activities. This was the beginning of Marumae. Motorcycle parts are critical to protecting the lives of motorcyclists. It was necessary to be highly precise when manufacturing those parts to ensure reliability. Based on the technologies and experience that were cultivated in this process, I began to manufacture high-precision vacuum parts used in the vacuum chambers of semiconductor manufacturing equipment.

At that time, Kota Kaizaki, who is now our Director General Manager, Sales Headquarters (Responsible for Sales Headquarters), saw the strong potential of my technologies and he publicized them widely around the world, opening our way forward. We steadily improved our technological capabilities while addressing the issues (solving problems) that customers brought to us one after another.

In that time when the company was founded and we were honing our technological capabilities, I was the only engineer (programmer). I was painfully aware that what I could do alone to grow the business was limited, so I began to focus my efforts on developing engineers on-site in earnest. Through repeated experimentation, we improved our skills gradually. Before long, the system for the small-lot production of a wide variety of high-precision products which supports Marumae now began to take shape. Now I feel once again that our efforts during that period were very valuable because

we built the foundation of Marumae. In those days, employees told me that I taught so fast that they could not understand me. I was frustrated because things did not work out as intended. I feel that developing engineers is difficult. This is why Marumae’s engineers are the source of our competitiveness and the most important element supporting our growth.

### Enhancing the engineer training system

It is difficult to develop engineers because technologies cannot be transferred just through classroom lectures. I believe that the most important thing is that engineers achieve their own development by experimenting in actual tasks and learning from failure. Further, a willingness to think about issues when facing a challenge and to consult with colleagues to solve issues broadens the range of an engineer’s skills and their knowledge and supports their personal development. There are three fundamental elements that are essential for personal development: willingness to take on challenges, passion for manufacturing, and motivation. Engineers are the source of our profit and added value. We position the recruitment and development of the engineers who support our competitive advantage as our most important tasks. This is what led us to launch the Engineer Development Project. We clearly divided the roles of operators from those of engineers. For operators, we have established a training system for learning manufacturing systematically from the basics. In addition, to recruit excellent human resources locally from Izumi City, where our headquarters are located, and from within Kagoshima Prefecture, we are endeavoring to improve our work environment and enhance our welfare programs. We are also committed to increasing our visibility, aiming to be a company that is selected by people, leading them to say that they want to work for Marumae.

## **In the semiconductor market, a proactive approach to capital investment is essential**

In FY2024, we invested around ¥0.5 billion of capital. We plan to invest around ¥1.6 billion in FY2025 and to engage in aggressive capital investment again in FY2026.

Of course, increasing capital investment means increasing depreciation and involves risks that it will put pressure on management if the market environment worsens. It is not easy to maintain a balance in this respect. However, it is not possible to seize opportunities in the semiconductor market if we do not take a proactive approach to capital investment. In other businesses in general, it may be normal to evaluate demand before investing capital. In the semiconductor market, however, when the demand exists, it is too late to take an action. If we cannot respond immediately to orders, we will lose opportunities to increase our market share. This is why we have been pre-emptively making capital investments, examining risks appropriately and leveraging our fund-raising capabilities which are underpinned by the trust of banks and investors. I believe it is this promptness and our foresight are the strength of Marumae. Under our new Medium-term Business Plan “Fusion 2028,” we will avoid building new factories and concentrate on investments in machinery and equipment using vacant spaces at Izumi Factory.

## **Enhancing productivity by introducing robotics and pushing forward with digital transformation**

To reinforce the foundation of Marumae, it is important that we implement initiatives to maintain our stable production structure while protecting employment even when orders have decreased. To do this, we are committed to aggressively moving forward with automation and digital transformation (DX). Specifically, we are introducing robots in warehouse work, and we are establishing automated lines that work in conjunction with machine tools. At present, these pieces of equipment maintain high operating rates. However, our aspirations go beyond mere mechanization. True automation is important for us to ensure higher productivity with a smaller staff. We will continue to pursue the fundamental streamlining of our work process and the ability to flexibly respond to conditions by reviewing our entire work process, instead of resting content with perfunctory automation efforts.

## **Achieving net-zero by 2040**

We are engaged in full-scale efforts to reduce the greenhouse gas (GHG) emissions from our entire supply chain. In 2024, we reviewed our GHG reduction

plan and created a plan for achieving our targets ten years earlier than initially planned. Specific measures include the installation of solar panels on factory roofs and the introducing storage batteries, and we plan to complete the installations in the fiscal year ending August 31, 2028. Through these measures, we will not only address risks regarding the increase of energy prices but also promote the local production and local consumption of energy. We have also set a target of reducing CO<sub>2</sub> emissions per marginal profit by at least 50% from the level in the fiscal year ended August 31, 2021 by 2030. We will do this by reducing power consumption and using power generated from renewable energy. We believe that harmony with local communities and the in-house consumption of renewable energy are important. As part of the measures to achieve this, we have acquired the naming rights to facilities, focusing on local facilities in Izumi City, including Marumae Hall Izumi, Marumae Concert Hall Izumi, and Marumae Sports Center Izumi. We have named a lecture room used by Kagoshima University's Faculty of Engineering Marumae Hall. Through these activities, we would like to strengthen our relationships with local communities and increase the number of opportunities that local residents and members of the younger generations have to learn about Marumae. We believe that what is really valuable is not temporary initiatives but ongoing initiatives that are sustainable corporate activities for the future. We will act based on this belief.

### **We will achieve our vision with our philosophy in mind**

At Marumae, we have been working under the following management philosophy since our founding.



To achieve this philosophy, we continue to work untiringly every day. However, this philosophy cannot be accomplished overnight. I would like our shareholders and investors to continue to watch our growth from a medium- to long-term perspective. With this thought, we have launched a cross-sectoral

project and have discussed the branding of Marumae for six months. In this process, we were able to visualize and reaffirm our true competitive advantage. The goal of this initiative is to provide correct knowledge about Marumae's intrinsic strengths to all of our stakeholders, including our employees, the people who will be our colleagues in the future, people in local communities, customers, and business partners, not to mention our shareholders and investors. Having reaffirmed this desire, we have redesigned our logo and brand slogan.

### **The new slogan: Master the Way, Shape the Future**

Each one of us will master our own way and shape our own future. This slogan reflects our oath, which is similar to "Seek technological perfection," a part of our corporate philosophy. The new logo reflects our desire to support customers as a parts manufacturer and continue to contribute to society as a company focused on technology. This willingness to take on technological challenges is the Group's common cause and its intent—shared not only by our engineers but by all our employees as professionals in their respective fields. With this philosophy in mind, we will continue to move forward steadily and take on challenges to achieve sustainable growth and our vision. Please look forward to the future of Marumae.

**Master the Way, Shape the Future.**

# **marumae**

Special Feature **Q&A**

# Getting the Whole Picture Engineers (Programmers) Who Hold the Key to Our Growth



**Our engineers are the key people supporting Marumae's growth strategy.**

They play a core role in all of our manufacturing processes, from prototype development to mass-production, and they directly impact product quality and productivity.

They are the source of the added value of products and our sales in the future.

In particular, success in prototyping leads to new orders and increased customer satisfaction, which substantially affects profit and the competitiveness of the company.

## **Name changed from "programmers" to "engineers"**

Starting in this report, we use the name "engineers" for the people we previously called "programmers." The goals of this change are to avoid confusion with the IT-related job category and to communicate the actual content of their work and their expertise more correctly. Because it is a high-tech job that includes, in addition to NC programming, a wide range of duties from the consideration of machining methods to the start of mass production, we have started calling them engineers, a more precise expression.

## **Q1**

### **What are the roles of Marumae's engineers?**

They consider the optimal machining method based on the drawings of the product and develop an efficient process. In prototype development, they experiment with various machining methods to give shape to the customers' requests. Leveraging their knowledge and experience, they create efficient mass production programs and continue to make improvements to increase quality and productivity in cooperation with people working in the manufacturing sites.



**In this job, engineers must consider processes on their own, develop prototypes, succeed in competition with other companies, and realize the transition to mass production.**

#### **Roles of engineers**



**1** Consideration of processes



**2** Creation of programs for each process



**3** Creation of prototypes



**4** Creation of manuals and transition to mass production



**5** Start of production



## Q2

### Why are engineers important?

Prototype development is a particularly important process where the technological skills of engineers substantially affect the value of products. We can say that successful prototyping leads directly to sales. Even when the same materials and machines are used, the machining time and quality differ greatly depending on the quality of the program. When products have complicated shapes or require special machining methods, the technological skills of our engineers determine whether we are able to receive an order.



#### Features of excellent engineers

Flexible process design capabilities that make it possible to handle high-level machining tasks

A correct understanding of key points to ensure the accuracy of processes

The ability to determine the cutting method that is more unlikely to result in distortion with the same product dimensions

Ability to develop machining processes from scratch based on new drawings

Ability to work on highly difficult machining tasks leveraging their knowledge and experience

## Q3

### What are the features of an excellent engineer?

At Marumae, we believe that both sophisticated technological knowledge and extensive experience developed through product development are vital. Engineers experiment when developing products, including products with complicated shapes or products they have never developed before, to learn how to make them commercially viable products. They apply the expertise of other engineers or information they learned from previous projects as necessary to identify the optimal machining method and process. Our excellent engineer human resources create products that exceed customers' requests through a combination of practical experience and broad knowledge. Having more of these human resources will increase our successful prototyping percentage and be the force driving the enhancement of our corporate value.

**Engineers must have a comprehensive ability to give shape to customers' ideas which do not yet exist physically based on a comprehensive understanding of multiple processes and advanced processing technologies.**

#### Masters



#### Leading-edge skills

They have a comprehensive ability to develop optimal manufacturing methods from scratch even when they have never worked on a product before or the product's shape is very difficult. They fulfill the difficult requests of customers using proprietary process design skills.

#### Future masters

**They have advanced technological skills and also pass down their skills**

They solve various issues by developing prototypes that are very difficult to produce and discussing technological issues with customers. Because they possess high-level technological skills, they also pass down their skills to the next generation of engineers.

#### General engineers

**The source of the growth of our business in the future**

Beginning with drawings, they are engaged in the process from design to programming, prototyping and mass production to create products with standard shapes and very difficult products. They are honing their skills for the creation of more complicated products.

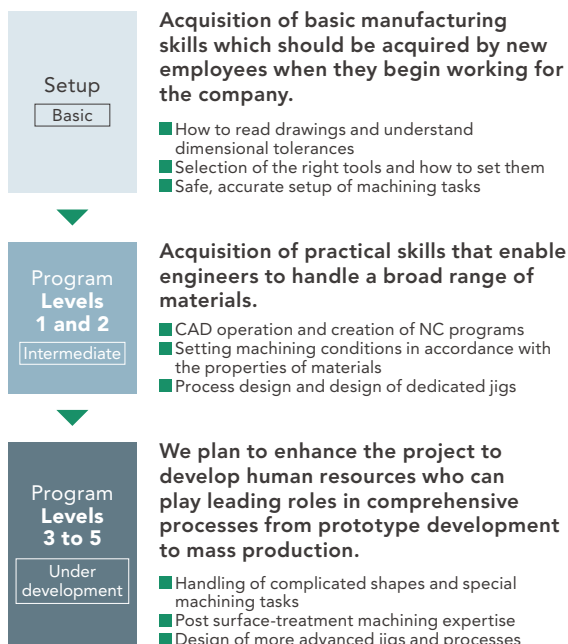
# Q4

## How are excellent engineers developed?

A feature of Marumae's engineer development policy is a practical approach that values thinking, addressing problems, and overcoming them. The engineer development process begins with careful coaching on the basics. When a trainee has reached a certain skill level, we provide them with opportunities to think on their own and find solutions. Based on the idea that practical technological skills cannot be acquired through classroom lectures alone, we have them take on real issues to facilitate their development of problem-solving skills. When they face a difficult challenge, people senior to them address it together with them to help them acquire high-level skills. Through this cycle of thinking, addressing problems, and overcoming those problems, we develop creative engineers with technological skills.

**We have developed and teach an original systematic Engineer Development Project curriculum which enables engineers to improve their technological skills in steps, from basic processing technologies to the development of complicated prototypes.**

### Overview of the development project



# Q5

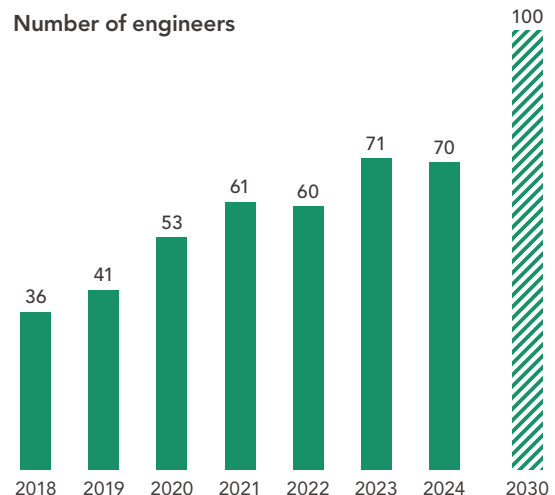
## A plan to increase the number of engineers to 100 by 2030 has been announced. How will this be achieved?

First, regarding the development of human resources, we visualized and standardized technological skills and systematized the expertise of seasoned engineers to shorten the development period from five years to two or three. By doing this, we have established an environment which enables young engineers to acquire skills efficiently and participate actively as industry-ready human resources.

Next, regarding the recruitment of employees, we are focusing our efforts on hiring excellent human resources and increasing our existing engineer retention rate. Based on our strong technological skills, we have strengthened our PR activities and increased points of contact with human resources who have aptitudes related to engineering tasks, thus expanding our recruitment opportunities. We are also working to develop a comfortable workplace environment to support the development of long-term careers and increase the retention rate.

By enhancing both quality and quantity, we will handle prototyping in a short time with the goal of receiving even more orders.

**Marumae is pushing forward with a strategy focused on the improvement of technological skills and the recruitment of human resources to achieve its goal of increasing the number of engineers to 100 by 2030**



# Q6

## Interview with a master engineer

### What parts of engineering enable you to have job satisfaction?

#### Passing on technologies to engineers (programmers) for their development and the future

##### Joining Marumae with a passion for manufacturing

The core of my job-hunting activities was my desire to get a job related to manufacturing.

Since I was a child, I have loved making things with my hands. When I was a junior high and high school student, I participated in robotics competitions. I wanted to work in my hometown, Izumi City, Kagoshima. My high school teacher introduced me to Marumae, telling me that I could be involved in manufacturing there. I decided to join the company without hesitation.

##### The pleasure of giving shape to things that I have envisioned

An attractive point of engineering jobs is the pleasure of giving shape to the programs that I create and completing them as I envisioned. When something that I attempt is unsuccessful, I try again and again and repeatedly test and correct the project. This is why I feel a great sense of achievement when I complete an optimal product. I take pride in the fact that it is a star position in manufacturing. Once, a customer directly thanked me when I was working on an important project. At that moment, I felt that my job was useful to someone. It made me feel a large amount of job satisfaction as an engineer.

##### A unique Marumae project to develop the next generation of engineers

At present, as the manager of the Technology Section, I am working on the development of junior engineers, with a focus on processing technologies. Seeing the people junior to me become able to do things that they could not do by gaining experience over six months or a year makes me happy, as if it were my own personal development. Engineers develop by actually using their hands and by experimenting. No matter how much can be explained using words, there is no better way to learn than experience. This is why I always think hard about how to tell them about my own experiences and devise creative measures to facilitate the development of the people junior to me. Marumae



has launched its Engineer Development Project and has begun to establish original training programs. While the system is still being developed, I believe that people who want to be engaged in manufacturing and who want to increase their expertise as engineers can make their dreams come true at Marumae.

##### Developing into a group of true engineers by passing down technologies

Our goal is to continue to expand the scale of engineer training and put the Technology Section at the forefront of manufacturing at Marumae. I would like to create an environment where engineers at each site can share skills and knowledge and improve each other. My own development benefited from the support of many senior engineers. They continued to support Marumae's manufacturing sites when it was experiencing hard times.

I would like to pass on the technologies and spirit to the next generation.

With this desire in mind, I am working together with the people junior to me. By developing engineers, we will evolve into a group of true engineers supporting Marumae. We will continue to move forward to this future.

**Shoji Uemura**  
(Section Manager)

Technology Section  
Joined the company in 2009



What we seek to be in the future

# Our Vision & Strategy

Focus on our origins in high-precision machining technology and become a leading parts manufacturer by using our advanced technologies and supply capacity to support comprehensive manufacturers in a wide range of areas.



Marumae leverages the high-precision machining technologies in which we have our origins to support the development of the semiconductor industry and other leading-edge industries. Looking ahead to 2030 and beyond, we will continue to strengthen the core technologies we have cultivated to date. At the same time, we will acquire new key technologies and aggressively take on challenges in new markets, such as the solar cell and space markets. We will expand the scope of our work from upstream processes, including materials and casting, to downstream ones, such as surface treatment. We will improve our comprehensive strengths by enhancing technologies and the foundation of our business through M&A. We will develop dramatically into a leading company that supports manufacturing around the world by leveraging our machining technologies which are difficult for other companies to achieve and our ability to maintain a stable supply of products, as Marumae is a synonym of technology.

## Vision

We will continue to improve the high-precision machining technologies that we have cultivated since our foundation, aiming to become the no. 1 company in the industry with our leading-edge technological capabilities and outstanding supply capacity. We will also continue to aggressively take on challenges in new areas as a reliable partner that possesses diverse technologies and supports manufacturing around the world, enabling us to evolve into a company with comprehensive strength that helps solve issues in a wide range of industries.

### Our Vision

A group of highly productive engineers with high-level technological capabilities

Stable management base that unaffected by market fluctuations

Extensive supply capacity that makes it possible for the Group to cater to a wide range of industrial needs

A trusted partner that supports manufacturing around the world

### Achievements during Evolution 2018 and Innovation 2022

The management reforms during previous Medium-term Business Plans contributed greatly to the establishment of our current resilient foundation. During Evolution 2018, we introduced advanced machining and welding technologies, including electron beam welding (EBW). This increased our advantage over our competitors. During Innovation 2022, we pushed forward with the enhancement of the consumable parts business, which is tolerant of supply-demand fluctuations, and management that is not dependent on assets (asset-light, high-efficiency management). As a result of the initiatives under these medium-term plans, we reinforced our financial base, expanded our production capacity, and diversified our technological capabilities. This has enabled us to establish a foundation for growth that will enable us to act flexibly to expand our business in the future and enter new areas.



(¥ billion)  
300

## Our Vision 2030

Simultaneous achievement of growth and preparation for next growth period

# Leading innovation in cutting edge technology

**Net sales**  
¥ **30.0** billion

**Operating profit**  
¥ **9.0** billion

**Profit margin**  
**30%**

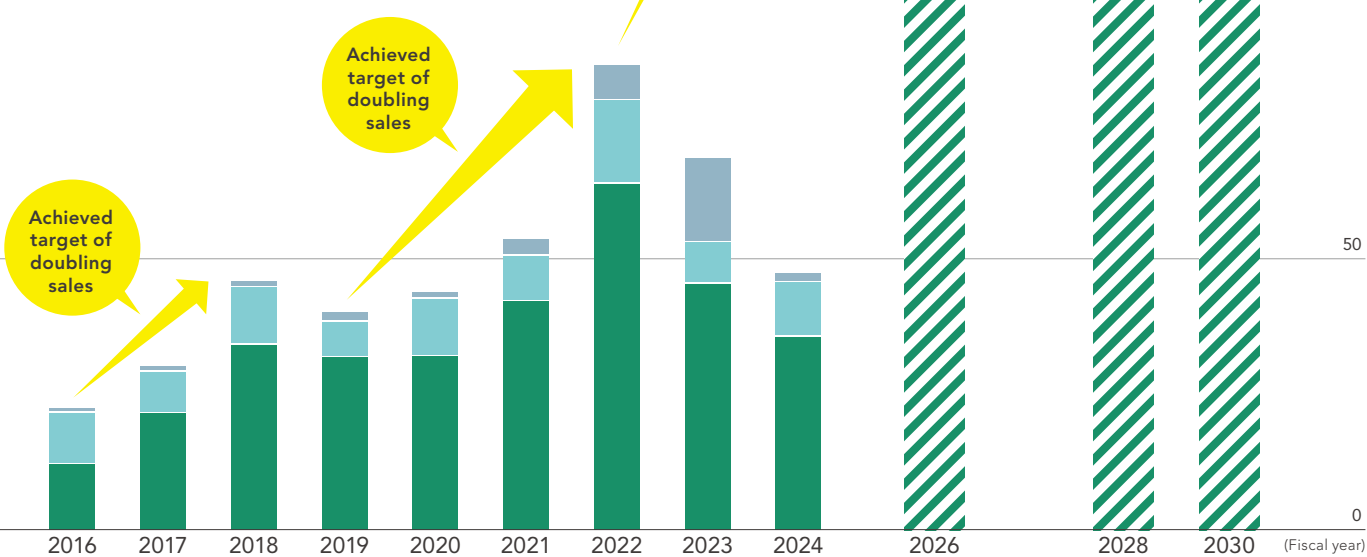
Between now and 2030, majority of sales will come from semiconductor business

Period for preparing for changes in semiconductor production methods from 2030 which will cause demand to dry up

Harnessing of key technologies owned to develop new business areas

## Net sales during the new Medium-term Business Plan

■ Semiconductors ■ FPD ■ Others



Evolution2018		Innovation2022		Fusion2028	
Non-consolidated		Non-consolidated		Consolidated	
Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
¥4.0 billion	¥1.0 billion	¥7.0 billion	¥2.0 billion	¥25.0 billion	¥5.6 billion

■ P.29

## Market environment analysis by 2030

The global semiconductor market will grow to \$1 trillion by 2030. Its growth is accelerating due to an increase in demand for AI, 5G technologies, automobiles, data centers, and other technologies. In response, the semiconductor manufacturing equipment market is also expected to grow steadily in the medium to long term. The global semiconductor manufacturing equipment market is expected to grow from approx. \$106.3 billion in 2023 to approx. \$144.2 billion in 2030. This will be the largest it has ever been, exceeding its value in the 2010s.

Regarding the technological aspects of the market, companies are proactively investing in new technologies in the equipment industry as well. A particularly important theme in the area of equipment related to vacuum processes (such as etching and film formation) is the achievement of increased-performance vacuum parts. For plasma etching devices and other equipment, it is necessary to have high-level control of the vacuum environment in the chamber, so it is necessary to improve the precision and durability of the equipment. Accordingly, the vacuum parts market is also expanding.

In addition, there has been progress in the geographical dispersion of semiconductor manufacturing sites, mainly due to geopolitical risks and government policies. In major countries and regions including the United States, Europe, and Japan, regulations and support measures have continued to be considered or implemented, and the market environment may continue to change. These trends are factors increasing the importance of supply chain diversification and the stable supply of products.

### Strengths

- ▶ Advanced expertise in high-precision machining technology
- ▶ One-stop completion of processes from manufacturing to shipping
- ▶ High-efficiency, low-cost manufacturing system
- ▶ Stable financial base and ability to procure funds for growth

### Opportunities

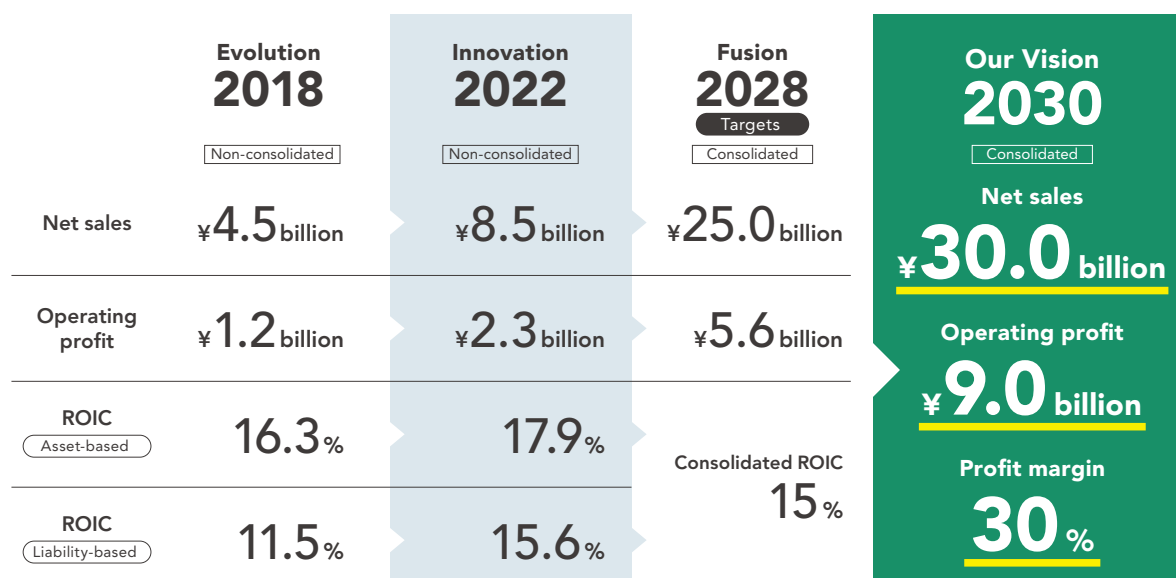
- ▶ Creation of high value-added products through collaborations with customers
- ▶ Steady growth of the semiconductor market and increase of new investments
- ▶ Development of engineers and increasing the number of them to increase competitiveness
- ▶ Use of our technological capabilities to enter new areas and diversify our businesses
- ▶ M&A activities and collaborations to expand our business

### Risks

- ▶ Regular fluctuations of the semiconductor market and political risks
- ▶ Difficulty securing production capacity and human resources
- ▶ Uncertain capital investment plans
- ▶ Supply chain risks

## Outline of the strategy

In our anticipation of the expansion and structural change of the global semiconductor market, we make assumptions regarding certain uncertainties related to the market cycle and technological innovation. We will expand the foundation of our business by diversifying key technologies and implementing M&A activities to overcome risks regarding our dependence on vacuum parts and other existing technologies, and we will achieve high growth by 2030. We will diversify our technologies, develop new fields, and enhance our ability to work on the entire process, from upstream to downstream, aiming to be a leading company that is selected by customers in a wide range of industries. We will achieve sustainable growth while also preparing for next-generation industries by maximizing added value, productivity, and versatility.





## Possibilities expanding toward the achievement of the vision

In April 2025, we made KM Aluminum Co., Ltd. (KMAC) our subsidiary.

This has resulted in KMAC and Marumae collaborating on projects to expand our Group's value chain and its comprehensive strengths. KMAC's strengths are in the areas of materials and surface treatment technologies, and Marumae's advantages are in high-precision machining and welding technologies.

Moving forward, the two companies will complement each other's technologies and customer bases, aiming to achieve sustainable growth and increase their capacity to supply high value-added parts, mainly to the semiconductor manufacturing equipment sector.

**About KMAC** | Established in 1989, KM Aluminum Co., Ltd. originated from the casting department of Kyushu Mitsui Aluminum Co., Ltd. It is an aluminum material manufacturer headquartered in Omuta City, Fukuoka. This company mainly manufactures and sells ultra-high purity aluminum for semiconductor sputtering targets, high-purity aluminum for aluminum electrolytic capacitors, low-pressure cast products, anodized aluminum products, and casting materials. In particular, its ultra-high purity aluminum with a purity of 99.999% or higher is used mainly for semiconductor sputtering targets and legacy semiconductor manufacturing equipment. On the back of its advanced refining and casting technologies, KMAC has established a certain market share and degree of trust in the industry.

In addition, its low-pressure cast products and anodized aluminum products are used for etching and other semiconductor manufacturing equipment processes. It has earned praise from its customers for its casting materials, which are used to reduce costs because of their high corrosion resistance and long-life span. These products play an important role directly linked to the enhancement of the Marumae Group's consumables for semiconductor manufacturing equipment business area and complementing the legacy sector.

### Synergy between KMAC and Marumae

In making KMAC part of the Group, the goals are to enhance the foundation of the Group's business with a focus on the semiconductor sector and to strengthen the value chain of the Group as a whole, both based on our Medium-term Business Plan Innovation 2026 "Leading Innovation in Cutting-Edge Technology." KMAC has strengths in materials and surface treatments while Marumae's strengths are in the area of materials processing, including high-precision machining and welding. The two companies have different areas of specialty in each process. They also have customer bases that do not overlap. It is expected that the two companies cooperating will enable them to handle a wide range of processes within the Group and build a framework that enables the Group to respond flexibly to needs for high value-added parts and new customer needs, which would be difficult for each company to handle alone. We will also combine the two companies' materials and machining technologies to propose finished products to semiconductor equipment manufacturers and increase the number of orders received through cross-selling leveraging our technologies and sales channels.

### Major progress made in the conversion of KMAC into a subsidiary and future schedule

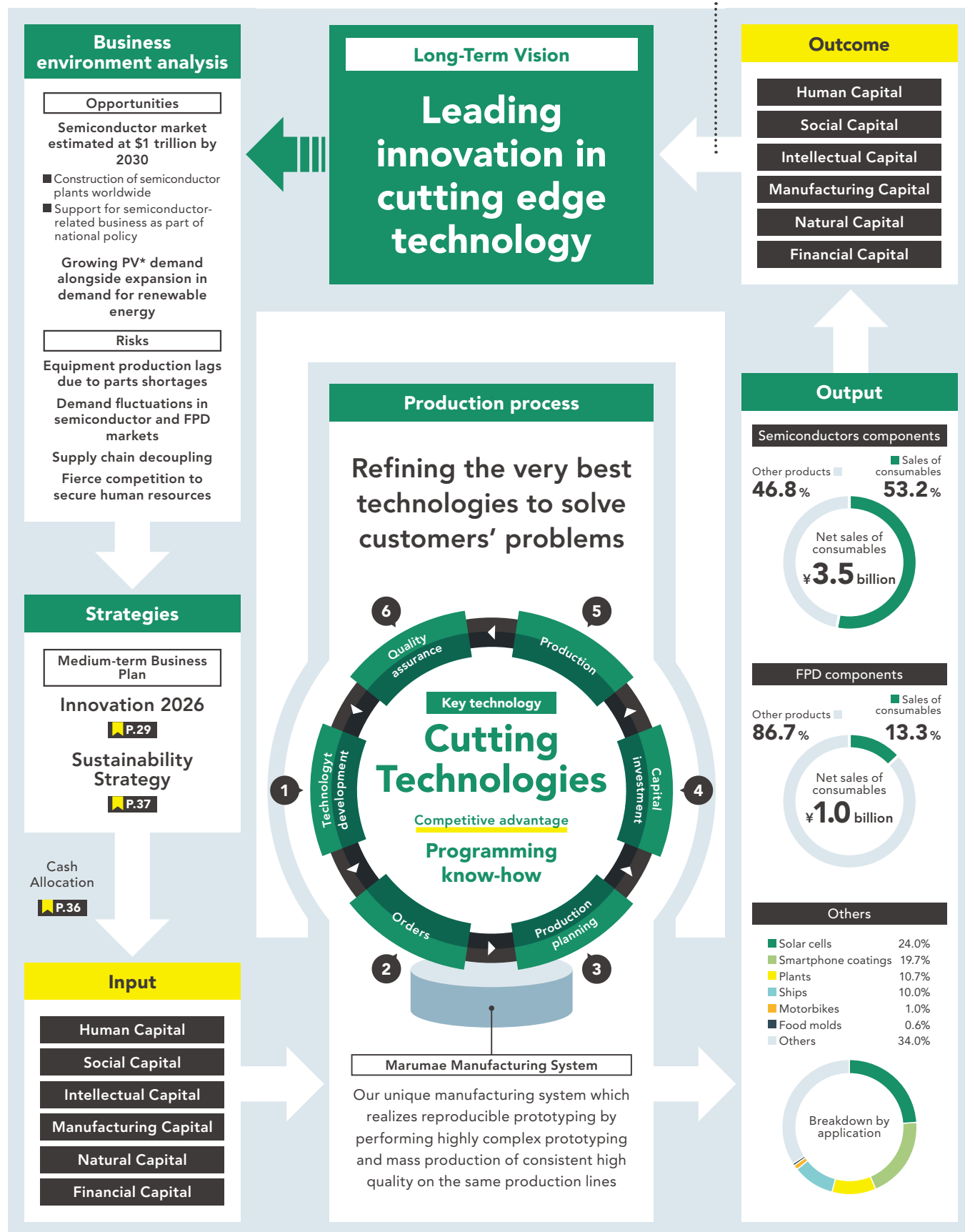
\*The companies protect their sales and technology information from each other for the time being to maintain their relationships with existing business partners.

- April 8, 2025: The share transfer was conducted.
- April 2025: A project team involving sales, technology, manufacturing, and administrative departments was launched as part of the post-merger integration (PMI)\* measures.
- 2025 Q3: Beginning with KMAC's profit-and-loss statement for April 2025, KMAC's results are included in the consolidated results (with data regarding five months of results included in the current fiscal year's results).
- KMAC's fiscal year-end has been changed to August 31.

# Value Creation Process

Continuous and constructive dialogue  
Stakeholder Engagement

P.49



\* PV stands for "Photovoltaics" and refers to solar power generation



Input FY8/2024		Outcome FY8/2024	
Human Capital	<ul style="list-style-type: none"> <li>Total number of employee: 333</li> <li>Engineer: 70</li> <li>Training hours: 4,968 hours</li> </ul>	<ul style="list-style-type: none"> <li>Preparation for establishment of HR section</li> <li>Establishment of HR Strategy Committee</li> <li>Additional 20 days of annual paid leave</li> <li>Average annual salary: <b>¥4,746 thousand</b></li> <li>Number of new hires: <b>26 (men: 19, women: 7)</b></li> <li>Number of regular employees who left their jobs: 4</li> </ul>	<ul style="list-style-type: none"> <li>Turnover rate of regular employees: <b>2.02%</b> (Average turnover rate in Japan: 15.4%)</li> <li>Ratio of female employees: <b>23.12%</b></li> <li>Ratio of female managers*: <b>16.0%</b></li> <li>Employment ratio of people who have disabilities: <b>2.26%</b></li> <li>Well-being of employees and their families</li> </ul>
		<div>Areas for improvement and goals</div> <ul style="list-style-type: none"> <li>Establishment of HR strategy linked to management strategy</li> <li>Companywide implementation of strategic HR development plan</li> <li>Cultivating engineers</li> </ul>	<ul style="list-style-type: none"> <li>Continuous improvements to create pleasant work environments</li> <li>Continuous improvement of the evaluation system</li> <li>Provision of welfare benefits</li> <li>Diversity training</li> </ul>
Social Capital	<ul style="list-style-type: none"> <li>Relationships of trust with customers</li> <li>Business foundations in local communities</li> <li><b>Manufacturing industry in Kagoshima Prefecture listed on the Prime Market of the TSE</b></li> </ul>	<ul style="list-style-type: none"> <li>Number of customers dealt with during the period: <b>40</b></li> <li>Tax payment: <b>¥137.35 million</b></li> </ul>	<ul style="list-style-type: none"> <li>Outsourced processing costs: <b>¥590.7 million</b></li> <li>Number of subcontractors: <b>50</b></li> </ul>
		<div>Areas for improvement and goals</div> <ul style="list-style-type: none"> <li>Development and strengthening of relationships from a customer perspective</li> </ul>	<ul style="list-style-type: none"> <li>Quality improvement measures to improve customer satisfaction</li> <li>Prevention of release of defective products through inspection</li> </ul>
Intellectual Capital	<ul style="list-style-type: none"> <li>Marumae Manufacturing System- <b>Achievement of both prototyping and mass production at a high level</b></li> <li>Programming knowhow- <b>Unrivalled and unique manufacturing expertise based on business experience</b></li> <li>R&amp;D expenses: <b>¥55.05 million</b></li> <li>Number of patents held: <b>4</b></li> </ul>	<ul style="list-style-type: none"> <li>Improvement of marginal profit per employee (¥8.92 million)*<sup>2</sup></li> <li>Accumulation of know-how and experience</li> </ul>	<ul style="list-style-type: none"> <li>Number of new prototypes: <b>264</b></li> <li>Rework ratio per marginal profit: <b>2.53%</b></li> </ul>
		<div>Areas for improvement and goals</div> <ul style="list-style-type: none"> <li>Diversification of key technologies</li> </ul>	
Manufacturing Capital	<ul style="list-style-type: none"> <li>Capital investment: <b>¥543.3 million</b></li> <li>Machine tools owned: <b>188 units (industry-leading)</b></li> <li>24/7 automated production line</li> <li>Manufacturing staff: <b>268 (plus 26 temporary employees)</b></li> <li>Number of Safety Committee meetings: <b>36</b></li> </ul>	<ul style="list-style-type: none"> <li>Newly introduced manufacturing equipment: <b>7 units</b></li> <li>Monthly production capacity: <b>¥1,100 million</b></li> </ul>	<ul style="list-style-type: none"> <li>Safety indicator: <b>TRIFR 6.63*<sup>3</sup></b></li> </ul>
		<div>Areas for improvement and goals</div> <ul style="list-style-type: none"> <li>Development of environment enabling concentration on prototyping</li> <li>Improvement of quality through strengthening of Quality Assurance Department</li> </ul>	<ul style="list-style-type: none"> <li>Knowledge sharing through collaboration between factories</li> <li>Provision of effective safety training</li> <li>Work safety analysis and measures</li> </ul>
Natural Capital	<ul style="list-style-type: none"> <li>Raw materials (aluminum, stainless steel, etc.)</li> <li>Energy consumption: <b>6,581.0MWh</b></li> <li>Generated solar power included in the above: <b>1,282.9MWh</b></li> <li>Investment in solar power generation: <b>¥30 million</b></li> <li>Water usage: <b>27,073t</b></li> </ul>	<ul style="list-style-type: none"> <li>GHG emissions per marginal profit: <b>6.1 t-CO<sub>2</sub>/¥ million*<sup>4</sup></b></li> <li>Rate of reduction through renewable energy: <b>16.3%</b></li> <li>Wastewater treatment volume per marginal profit: <b>8.5 L/¥ million</b></li> </ul>	<ul style="list-style-type: none"> <li>Rework ratio per marginal profit: <b>2.53%</b></li> <li>Recycling volume: <b>670t</b></li> <li>CDP score: <b>B (highest score in the SME category)</b></li> </ul>
		<div>Areas for improvement and goals</div> <ul style="list-style-type: none"> <li>Initiatives to achieve carbon neutrality</li> <li>Analysis of climate-related risks</li> </ul>	
Financial Capital	<ul style="list-style-type: none"> <li>Total assets: <b>¥11,464.21 million</b></li> <li>Shareholders' equity: <b>¥7,163.28 million</b></li> <li>Interest-bearing debt: <b>¥3,477.54 million</b></li> </ul>	<ul style="list-style-type: none"> <li>Net sales: <b>¥4,749 million</b></li> <li>Operating profit: <b>¥156.51 million</b></li> <li>Marginal profit per employee: <b>¥8.92 million*<sup>2</sup></b></li> <li>Operating margin: <b>3.3%</b></li> </ul>	<ul style="list-style-type: none"> <li>EPS: <b>¥1.55</b></li> <li>Achieve asset-based ROIC: <b>1.4%</b></li> <li>Achieve liability-based ROIC: <b>0.9%</b></li> <li>Total dividends: <b>¥379.61 million</b></li> </ul>
		<div>Areas for improvement and goals (By FY2026)</div> <ul style="list-style-type: none"> <li>Net sales: ¥12.0 billion / Operating profit: ¥3.6 billion</li> <li>Marginal profit per employee: <b>¥20 million</b></li> </ul>	<ul style="list-style-type: none"> <li>Achieve asset-based ROIC: <b>20% or higher</b></li> <li>Achieve liability-based ROIC: <b>18% or higher</b></li> </ul>

\*1 Ratio in position of Group Manager or higher \*2 Includes temporary employees \*3 TRIFR is the rate of recordable injuries that occur per million hours worked calculated as follows: total number of occupational accidents ÷ total actual working hours × 1,000,000 \*4 Scope 1 and Scope 2 emissions

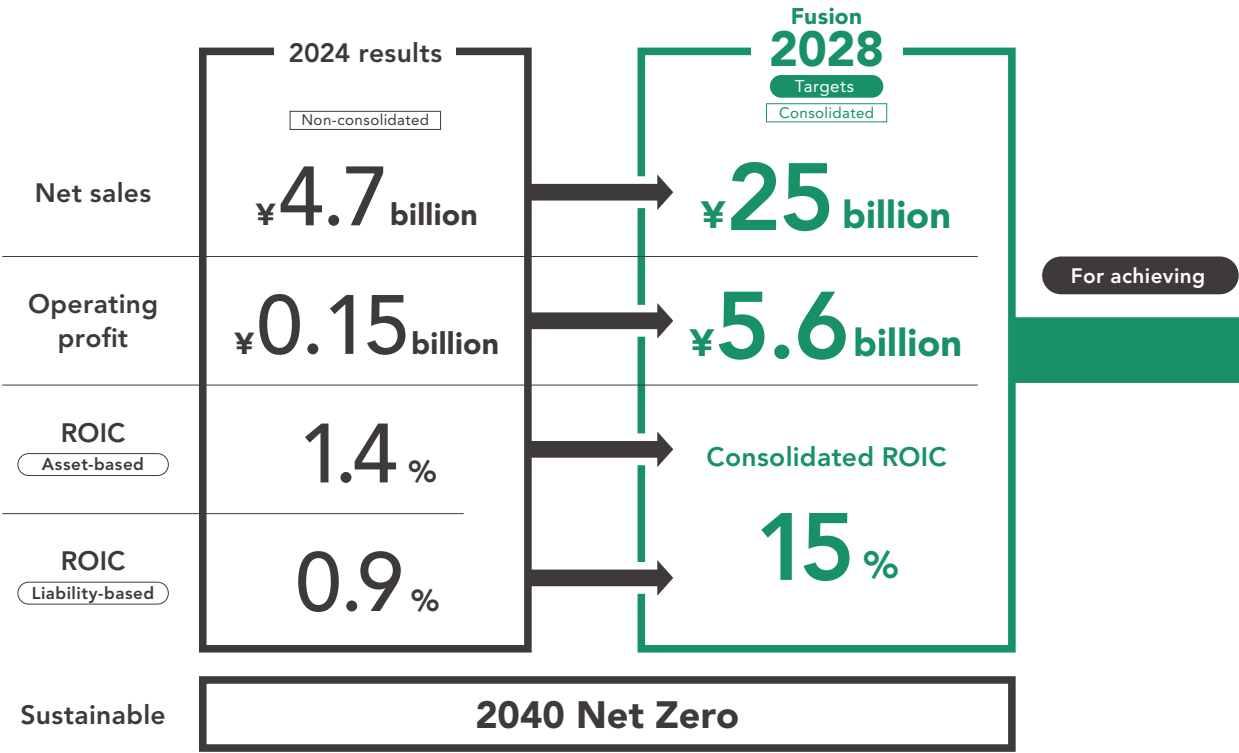
# Medium-term Business Plan



We will evolve into an entity that supports the growth of leading-edge industries and the sustainability of society.

In April 2025, we made KM Aluminum Co., Ltd. our subsidiary and transitioned to a consolidation system. We used this opportunity to clarify the Group’s growth strategy by formulating the new Medium-term Business Plan, “Fusion 2028” in July 2025.


With an awareness of its connection to our long-term vision whose target year is 2030, we will expand into new domains and reinforce the foundation of our business through M&A activities, in addition to deeply exploring existing businesses, to achieve both sustainable growth and the improvement of our capital efficiency.




## Formulation of the new Medium-term Business Plan “Fusion 2028”

We took the opportunity of KM Aluminum Co., Ltd. becoming a part of the Group to formulate our new Medium-term Business Plan. “Fusion 2028” in July 2025. The goal of the plan is to achieve sustainable growth and increase our profitability within a framework where the precision components business and functional materials business are two pillars of our business, and leveraging the features and strengths of both businesses which are under the consolidated management of the Group. In the precision components business, we will push forward with the increase of our market share and the mass production of new materials, mainly in the semiconductor sector. In the functional materials business, we will strive to increase our competitiveness in multiple domains, including the fields of IT equipment, semiconductor equipment components, and base materials. We will strive to increase the corporate value of the Group by responding flexibly to changes in the market environment and the needs of our customers while achieving synergy between our businesses.

\*As a result of our M&A activities, we have transitioned to group management (consolidation and a new segment system), but the data on this page is based on the previous business sectors of Marumae alone (semiconductors, FPD, and others). For more information about our latest consolidation system and key measures, please see the IR site.



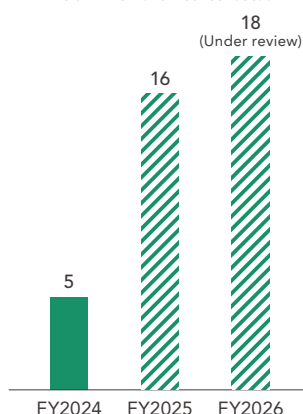
IR site  
[https://www.marumae.com/en/ir\\_4.html](https://www.marumae.com/en/ir_4.html)



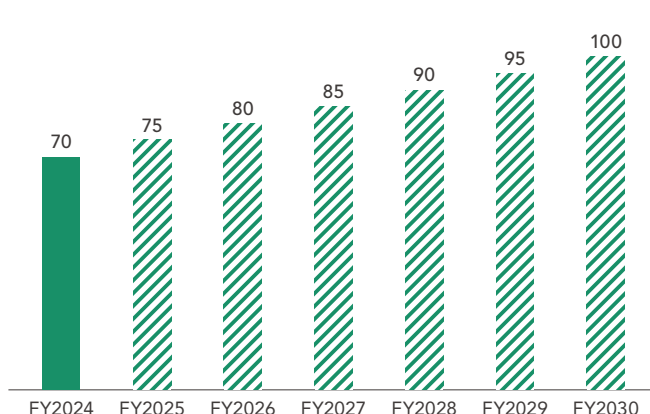
## Investment plan Total over 3 years

### Capital investment (¥ billion)

\*As of FY2024/non-consolidated



### Forecast numbers of engineers (Persons)



### Sustainable investment

Solar power generation equipment

Estimated total amount

**¥0.64 billion**

Investment as a basis for

## Key Measures

### Business strategies

#### Semiconductor sector

P.31

- 1 Establishing the consumables business as a stable revenue base
- 2 Expanding the customer base
- 3 Supplementing technologies and expanding the value chain through M&A activities

#### FPD sector

P.33

- 1 Stably supplying repeat orders and consumables
- 2 Receiving more orders for new large-scale projects
- 3 Expanding share in the organic electro-luminescence (OLED) and large liquid crystal markets

#### Other sectors

P.34

- 1 Diversifying portfolio
- 2 Strengthening measures to receive orders in the renewable energy and space sectors

### Human resources strategies

Developing engineers

Improving hiring and retention rates

Improving engagement

Fair evaluation and foundation for growth

P.43

### Sustainability Strategy

Pushing forward with the introduction of renewable energy and the reduction of GHG emissions to achieve net zero emissions by 2040

P.41

Monitoring of measures

## KPI

### Business strategies

Marginal profit per employee

Targets

**20 million**

### Human resources strategy

Number of engineers developed

Targets

**Develop 100 engineers**

Ratio of female managers

Targets

**18% or higher**

Ratio of female regular employees

Targets

**20% or higher**

Welfare expenditure per employee

Targets

**¥120,000 per year**

Turnover rate of regular employees

Targets

**1% or less**

Employment ratio of people who have disabilities

Targets

**3.0%**

### Sustainability Strategy

Solar power generation at factories

Targets

**50% or higher**



## Business strategies

# Semiconductor Sector

In the semiconductor sector, we mainly produce vacuum components which are core parts of semiconductor manufacturing equipment.

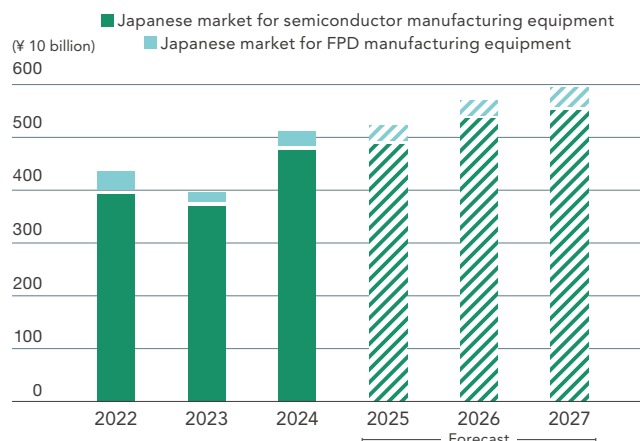
These components must be highly precise and durable, without unevenness to generate stable plasma in a vacuum. The semiconductor manufacturing process is so fine that it takes a long time to prototype and evaluate products. Once a part is selected for the equipment, orders for the part will be continuously received for a long time, without change.

## Business environment analysis

There were temporary adjustments in the semiconductor manufacturing equipment market in 2023. Since 2024, the market has been recovering. The recovery has been remarkable mainly in the area of products for advanced memory and logic products. Sales of Japan-made equipment are expected to increase from approx. ¥3.7 trillion in FY2023 to approx. ¥5.3498 trillion in FY2026, a record high. Accordingly, it is expected that investments will resume in the medium term (projection by SEAJ).

While we need to continue monitoring geopolitical risks associated with the U.S.-China trade conflict and changes in policies, the growth of the equipment market is underpinned by the growth of the demand for advanced semiconductors, which is supported by their use in AI and other high-performance computing tasks and the practical application of process technologies for the 2-nanometer generation of chips and beyond.

## Market prediction



Source: Market Forecast Report: Semiconductor and FPD Manufacturing (FY2025 - FY2027) Equipment Released in July 2025 by Semiconductor Equipment Association of Japan (SEAJ)

## Opportunities and risks

Category	Opportunities	Risks	Measures
Geopolitics and trade policies	<ul style="list-style-type: none"> <li>■ Increase in investments in front-end processes as a result of the semiconductor support policies of each country</li> </ul>	<ul style="list-style-type: none"> <li>■ Impact of export regulations and tariffs on business</li> <li>■ Rising cost of raw materials/unstable supply</li> <li>■ Decrease in demand for equipment attributed to geopolitical or economic factors</li> </ul>	<ul style="list-style-type: none"> <li>■ Reinforce the export management system and monitor the situation</li> <li>■ Diversify suppliers and optimize inventory</li> <li>■ Diversify sales channels</li> </ul>
Market situation	<ul style="list-style-type: none"> <li>■ Another expansion of investment in advanced logic semiconductors and continuous demand for consumables</li> </ul>	<ul style="list-style-type: none"> <li>■ Fluctuation of investments due to the silicon cycle and inventory adjustments</li> <li>■ Stagnation of the equipment market due to the worsening of the economy or exchange rates</li> </ul>	<ul style="list-style-type: none"> <li>■ Stabilize revenue by increasing the percentage of products that are consumables</li> <li>■ Develop new business</li> </ul>
Products, technologies, and supply chains	<ul style="list-style-type: none"> <li>■ Enhancement of the ability to develop high-value-added products</li> <li>■ Stable growth in demand for consumables</li> <li>■ Vertical integration/proposal of finished products coordinated with KMAC materials</li> </ul>	<ul style="list-style-type: none"> <li>■ Risks regarding the leak of technologies or delays in the passing down of skills</li> <li>■ Risks related to the high cost or unstable supply of raw materials</li> </ul>	<ul style="list-style-type: none"> <li>■ Strengthen the development of engineers and the protection of technology data</li> <li>■ Strengthen the connections between prototyping and manufacturing</li> <li>■ Have multiple suppliers</li> </ul>
Human resources and organizations	<ul style="list-style-type: none"> <li>■ Prototyping on dedicated production lines for consumables → Increased mass production throughput</li> <li>■ Developing engineers to enhance the ability to prototype and deliver products quickly</li> <li>■ Reduction of labor and streamlining of production through DX and automation</li> </ul>	<ul style="list-style-type: none"> <li>■ Difficulty securing human resources and delays in the passing down of skills</li> <li>■ Loss of opportunities to receive orders due to insufficient prototyping capacity</li> </ul>	<ul style="list-style-type: none"> <li>■ Organized the development of engineers</li> <li>■ Separate mass production and prototyping and allocate process specialists to tasks</li> <li>■ Use performance-linked remuneration to increase motivation</li> </ul>
Financial and business management	<ul style="list-style-type: none"> <li>■ Diversification of businesses and expansion of revenue sources through strategic M&amp;A activities</li> <li>■ Support for growth investments leveraging subsidies and interest rate hedging</li> </ul>	<ul style="list-style-type: none"> <li>■ Delay in the recovery of investments and the recording of impairment due to a failure to achieve the planned results from capital investments</li> <li>■ Deterioration of the Company's financial position, excess inventories, and deterioration of cash flows due to a failure to achieve synergy following M&amp;A, or unsuccessful PMI, and interest rates, Exchange rate fluctuation risks</li> </ul>	<ul style="list-style-type: none"> <li>■ ROI validation before investment, staged investments, and asset monitoring</li> <li>■ Implement strict due diligence activities, PMI planning, and using specialists to reduce M&amp;A risks</li> <li>■ Demand forecasting and inventory control DX</li> </ul>



## Basic policies for the strategy

In the highly volatile semiconductor market, we are working to achieve both growth and stable profit with a focus on the establishment of a business structure that is tolerant of change. In particular, we are pressing forward with our evolution into a business with an operating structure that is tolerant of market fluctuations by strengthening our consumables business and multi-layering our customer base.

# 01

## Establishing the consumables business as a stable revenue base

The consumables business could be a source of stable revenue for us because continuous demand is expected even when equipment investments are stagnating. In particular, vacuum parts for CVD and etching devices have a high abrasion frequency, and high precision and quality are required in this domain. Focusing on this structural property, we are improving our ability to handle and supply consumables, in an attempt to build a revenue model that is less likely to be affected by economic fluctuations.

### Progress

- In the semiconductor sector in 2025, the shipment of consumables has been recovering.
- By making KMAC our subsidiary, we have added parts for legacy equipment to our portfolio, enhancing our range of consumables.

### Issue and countermeasures

**Issues** While customers are increasingly demanding quick delivery every year, our total supply capacity becomes a problem when demand fluctuates violently. A major part of this issue is human resources, but it also includes equipment and production processes.

**Measures** Separation of the manufacturing system for repeat-order products from the system for prototypes, allocation of dedicated staff to prototyping, and acceleration of the development of engineers to meet needs related to quicker deliveries and to address the fluctuation of demand.

# 02

## Expanding the customer base

We are reinforcing our relationships with existing customers and enhancing our prototyping capabilities to increase transactions with new customers we have acquired. In particular, in the semiconductor sector, the accuracy and speed of prototyping are extremely important so that products can be evaluated prior to their adoption for mass production. Therefore, in our strategy, we are focused on ensuring the prompt launch of products and increasing the number of prototyping projects.

### Progress

- In the second half of the fiscal year ended August 31, 2024, the semiconductor market was recovering. In particular, orders for mass produced parts from new customers increased.

### Issue and countermeasures

**Issues** The development of human resources and systems that support the processes from prototyping to the shift to mass production has not caught up with the increase in prototyping projects. This has created a risk of losing opportunities to receive orders due to delays in responding to requests, which is an issue.

**Measures** Increasing the speed of prototyping and enhancing the ability to shift to mass production by developing engineers and building a system for launching multiple products in parallel for each customer.

# 03

## Supplementing technologies and expanding the value chain through M&A activities

In April 2025, we made KM Aluminum Co., Ltd. (hereafter, "KMAC") our subsidiary. This has enabled us to propose products that include all of the processes from material procurement to machining and surface treatment, including a wider upstream domain. KMAC's strengths are in the areas of high-purity aluminum materials, alumite treatment, and casting technologies for semiconductor manufacturing equipment. These strengths are very complementary to our high-precision machining and welding technologies. Moving forward, the two companies will use each other's technologies and sales channels to propose finished products to equipment manufacturers and expand our customer bases.

### Progress

- The acquisition of the shares of KMAC was completed in April 2025.

### Issue and countermeasures

**Issues** The project is in the post-merger integration (PMI) phase, and a framework for integrating and sharing the information, operations and customer bases of the two companies is still being developed.

**Measures** A project team including people from the sales, technology, manufacturing, and administration departments was established in April 2025, and the PMI is being implemented in a staged manner.

## TOPICS

- By **making KMAC our subsidiary**, we will acquire and expand our materials, alumite treatment, and casting technologies, with the goal of expanding our semiconductor business value chain.
- We are incorporating KMAC's aluminum consumables for legacy semiconductors into our product portfolio, enhancing it.
- We will combine KMAC's technologies and customer base and our machining capabilities **with a view toward proposing finished products** to equipment manufacturers.



## Business strategies

# FPD Sector

In the FPD sector, we manufacture vacuum components for manufacturing and inspection equipment for liquid crystal, organic electro-luminescence (OLED) and other panels. These components are large in size, measuring three meters or more. They have complicated forms and are susceptible to deformation.

However, they must meet tough flatness and precision requirements. They cannot be produced without special attention and technologies.

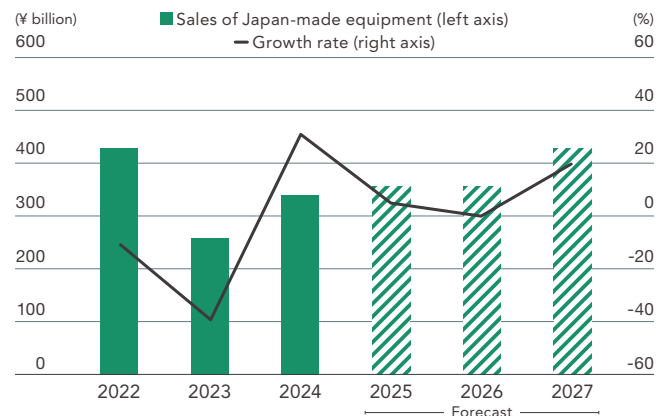
## Business Environment

The FPD sector is divided into investments for large LCD panels for TVs and investments for medium- and small-sized organic electro-luminescence (OLED) for smartphones and tablets.

In the first half of FY2024, investment for LCDs was suspended, but investments for G8 OLEDs used in tablets and other IT equipment increased. As a result, the market environment began to recover rapidly in the second half of the fiscal year.

Investments for G8 OLEDs are expected to continue until 2026. We are also seeing movement toward the resumption of investments for LCDs for TVs in 2026. Further, it is expected that the market will start to grow steadily around 2027 in anticipation of an increase in demand for TVs before the 2028 Olympic and Paralympic Games in Los Angeles.

## Forecast of demand for FPD manufacturing equipment



Source: Market Forecast Report: Semiconductor and FPD Manufacturing (FY2025 - FY2027) Equipment Released in July 2025 by Semiconductor Equipment Association of Japan (SEAJ)

## Opportunities and risks

### Opportunities

- Capital investments for G8 OLEDs are trending toward a recovery
- Reinvestments for large LCDs (G10.5)
- Supply of large parts using EBW

### Risks and measures

There are ups and downs in capital investment in the FPD sector, and the sector is susceptible to the fluctuation of demand. We increase orders received for consumables and apply our technologies in other fields to equalize operations and profit and improve our fluctuation tolerance.

\* EBW = Electron Beam Welding. EBW is a welding technology in which an electron beam is used to heat metals locally to a high temperature, enabling the metals to be joined with extremely high-precision and strength. This technology is less likely to create distortions, so it can be used for thick plates and large parts.

## Basic policies for the strategy

In the FPD sector, we are pushing forward with a growth strategy by leveraging our unique technology infrastructure and implementation capabilities in the face of changes in the market, such as the continuation of investments for OLEDs and the resumption of investments for large LCDs. In particular, our strengths lie in our integrated system for manufacturing large vacuum parts using electron beam welding (EBW), which enables us to fulfill requirements regarding size, precision, and delivery date that are difficult for other companies to meet. In the FPD market, which features ups and downs in capital investment and fierce competition in the market growth phase, the equalization of configuration to order and the enhancement of profit durability are also important points. We have positioned the following three measures as priorities and are acting.

### Receive more repeat orders and orders for consumables

Receive orders for prototypes that lead to repeat orders

### Develop new business

Make active use of large facilities and integrated manufacturing system in the cultivation of new markets

### Expand market share

Increase sales by planning new plants in light of the market environment

### Progress

In FY2024, we strengthened our use of EBW and large machines on the back of the recovery in demand for products for G8 OLEDs. As a result, net sales in the FPD sector rose 30.2% year on year to ¥1,008 million.



## Business strategies

# Other Sectors

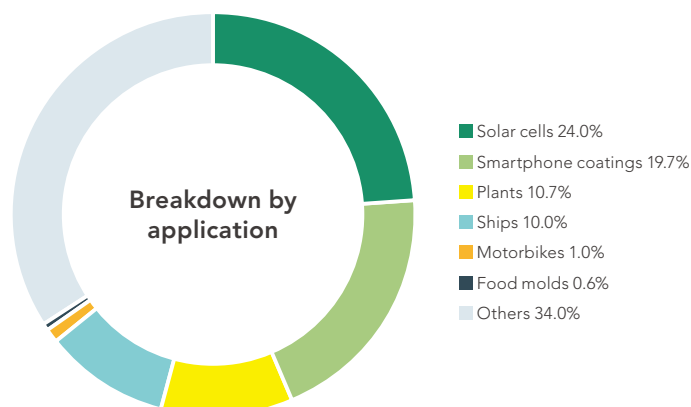
We position the other sectors as places for exploring and working on creating future growth engines following the growth engines in the semiconductor sector by leveraging the high-precision machining technologies and production bases that we have cultivated over many years. While taking steps alongside the growth of the semiconductor market, we are pushing forward with the diversification of our business portfolio in preparation for future technological innovations and changes in the market structure.

We are implementing initiatives in diverse domains, including the existing solar cell and space-related sectors, aiming to sustainably enhance our corporate value and diversify risk.

## Business Environment

The renewable energy sector is expected to grow over the medium to long term due to the progress in decarbonization and government support. However, in this sector, the intense market competition, volatile supply-demand balance, and instability of market conditions are issues.

In the space sector, private-sector demand is growing globally, and there is an increase in venture firms in Japan. We are monitoring the trend in the industry regarding high-precision processed parts for artificial satellites and rockets as future business opportunities.



## Opportunities and risks

Opportunities	Risks	Measures
<ul style="list-style-type: none"> <li>Expansion into new sectors through the diversification of the applications of technologies and production bases</li> <li>Market growth and progress in new technologies in the renewable energy sector</li> <li>Opportunities to receive new orders associated with expansion of the space industry and satellite-related market</li> <li>Medium-and long-term stabilization achieved through the diversification of the business portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Medium-and long-term structural risks arising from dependence on major sectors (such as semiconductors)</li> <li>Risks related to the instability of the solar cell manufacturing equipment market and excess investment in it</li> <li>Probability that it will take time to build a manufacturing system which realizes mass production in a new sector</li> <li>Volatility of the market, supply-demand balance and global risks</li> </ul>	<ul style="list-style-type: none"> <li>Evaluate market trends and profitability on a project-by-project basis</li> <li>Continue to improve existing technologies and acquire new technologies, thus reinforcing our technology infrastructure</li> <li>Diversify business risks by expanding into multiple sectors</li> </ul>

## Basic policies for the strategy

Our strategy in the other sectors is focused on the discovery and development of future mainstay businesses following the semiconductor sector and the promotion of the diversification of our business portfolio. Specifically, in the solar cell sector, we are focusing our efforts on the proposal of added value leveraging our proprietary high-precision machining and vacuum technologies while scrutinizing the market environment and profitability on a project-by-project basis, with a focus on high-efficiency equipment and new technologies. We are working on gradually entering the space sector and on developing customers taking advantage of our expertise in large machines and high-precision machining. Through these initiatives, we will balance preparations for future uncertainties and the creation of new growth opportunities to sustainably enhance our corporate value. We will continue to develop technologies and human resources and build collaboration frameworks in a company-wide manner, in our efforts to improve our ability to expand into new sectors and our competitive advantages.

# Financial Strategy

## Basic Stance

Our basic approach is to adopt financial strategies that will allow us to maintain an equity ratio of 50%. It is also our policy to ensure around ¥3.0 billion in readily convertible liquid assets (combined total of electronically recorded monetary claims - operating, accounts receivable and other operating receivables, and cash and deposits) in case of economic fluctuation or in readiness for agile M&A.

Our capital investment policy is to invest to ensure we do not miss out on opportunities, in light of market trends, under the principle that these investments are financially safe (around 50% of the net cash generated by operating activities).

We make individual capital investment decisions based on criteria regarding whether the investment will contribute to increasing ROIC over the long term and whether ROIC will exceed the weighted average cost of capital (WACC).

If we borrow for capital investment, we make it a rule to align the borrowing period with the depreciation period and fund half of the capital investment ourselves and the other half with borrowing, thereby ensuring on-hand liquidity.

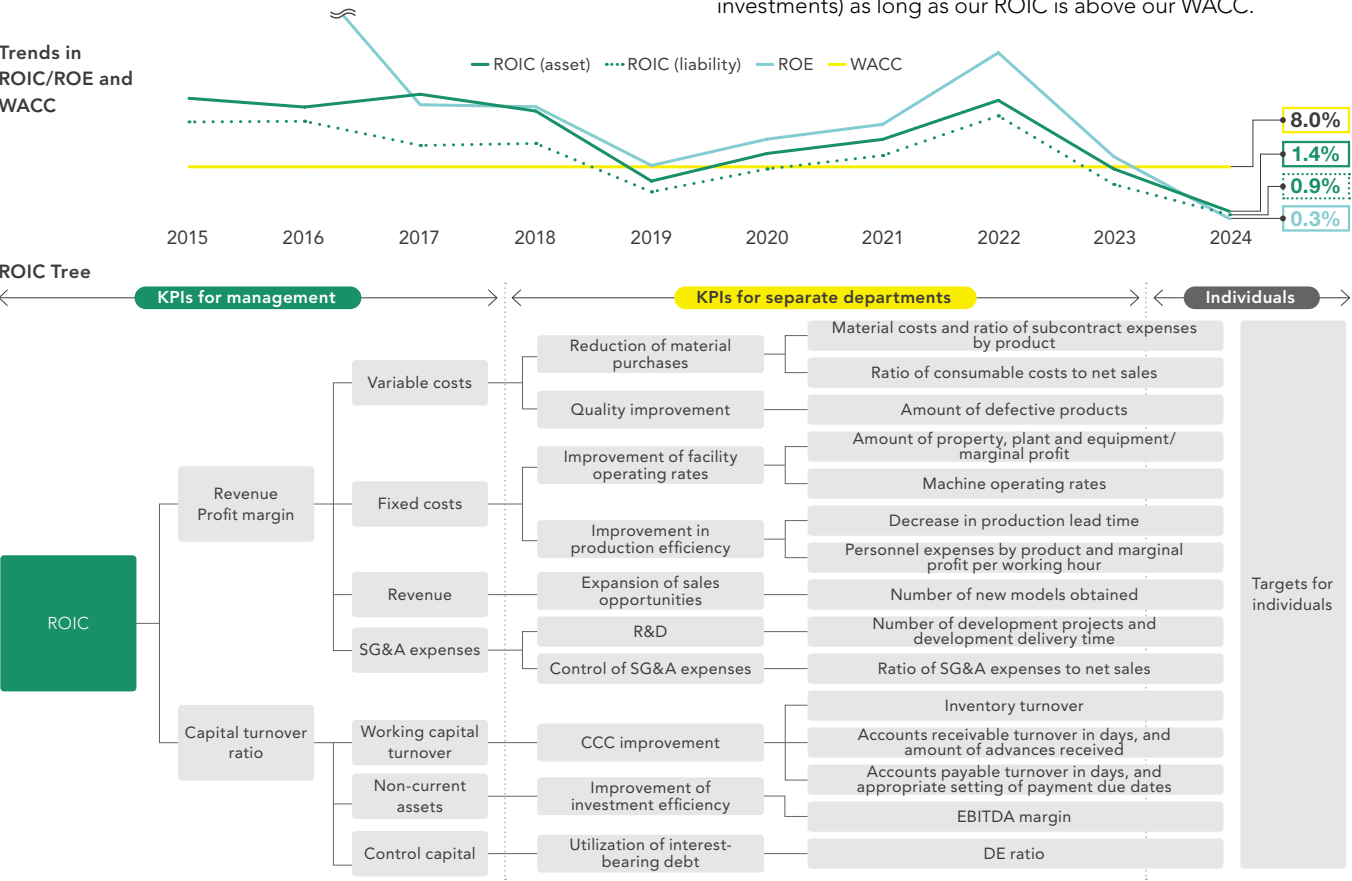
Further, to hedge the risk of the fluctuations of the semiconductor market, we will proactively consider M&A activities involving businesses where a large amount of synergy is expected to be produced with us. This is not limited to other companies in our same industry. We will finance the investments using funds procured from external sources and on-hand liquidity. Our policy is to make a careful reassessment to balance our finances when considering M&A.

## Deepening of ROIC-focused management

Under our Medium-term Business Plan “Innovation 2026,” we set a liability-based ROIC target of 18% and an asset-based ROIC target of 20%. In the fiscal year ended August 31, 2024, liability-based ROIC was 0.9% while asset-based ROIC was 1.4%, a year-on-year decrease. We are working to reform management to improve capital efficiency towards the achievement of the Medium-term Business Plan. In pursuit of an ROIC that exceeds our WACC, all personnel from management to working-level staff are working to increase their own awareness of ROIC-focused management. To increase awareness of the improvement of ROIC at the working level, we are taking measures to link the corporate ROIC target to the working-level key performance indicators (KPIs).

Specifically, we define KPIs every year for separate levels ranging from management to the working level. At the working level, indicators are further set for separate groups and individuals. Progress management is implemented in each department with manageable improvement targets set for individual products and functions. The status of the achievement of the KPI targets of individual departments is reported in monthly Management Meetings and best practices are shared with other organizations. This is how we are working to ensure that ROIC-focused management becomes entrenched.

We have positioned ROIC as an important indicator for capital investments. We assume a WACC of 8%, and our policy is to proactively implement capital investments (excluding ESG investments) as long as our ROIC is above our WACC.





## Cash Allocation

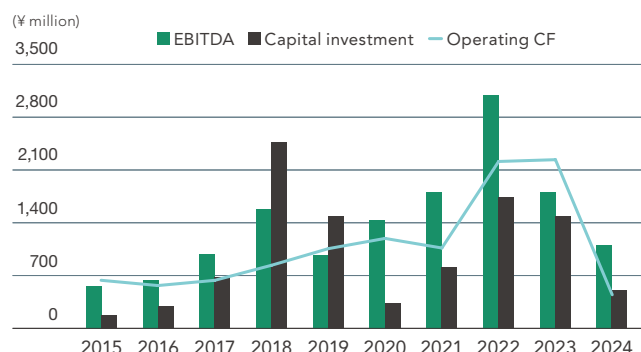
### Creation of cash flows

In addition to proactive capital investment, we have implemented original initiatives including Marumae Manufacturing Systems aiming to increase production efficiency. Moreover, we adopted ROIC as our corporate key goal indicator (KGI) and carried out management paying attention to investment efficiency. We thus succeeded in increasing our EBITDA. Net cash provided by operating activities for the fiscal year ended August 31, 2024 was ¥0.43 billion. This was affected by a decrease in profit before income taxes and an increase in trade receivables. Free cash flows, or cash flows from operating activities less cash flows from investing activities, were ¥0.07 billion.

### Cash allocation

Net cash generated by operating activities will be appropriated to funds for investing capital in organic growth and to shareholder returns. We will invest capital strategically with an eye on the future possible EBITDA and using interest-bearing debt mainly in cash flows from operating activities. Regarding M&A transactions, we will comprehensively consider corporate value, business synergy and other factors, and invest in view of the balance between shareholders' equity and interest-bearing debt.

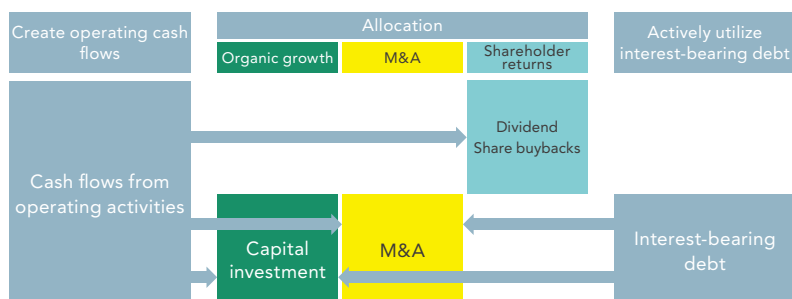
### EBITDA, capital investment and cash flow from operating activities



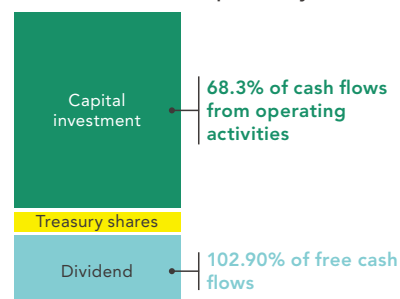
We will basically use the net cash provided by operating activities to pay shareholder return.

In accordance with this policy, we implemented capital investments totaling ¥0.5 billion, which is 116.7% of the net cash generated by operating activities, and procured funds worth ¥0.6 billion by means of interest-bearing debt in the fiscal year ended August 31, 2024. Shareholder return was ¥0.35 billion, which is 81.6% of the net cash generated by operating activities.

### Cash Allocation



### Cash allocation in the past five years (results)

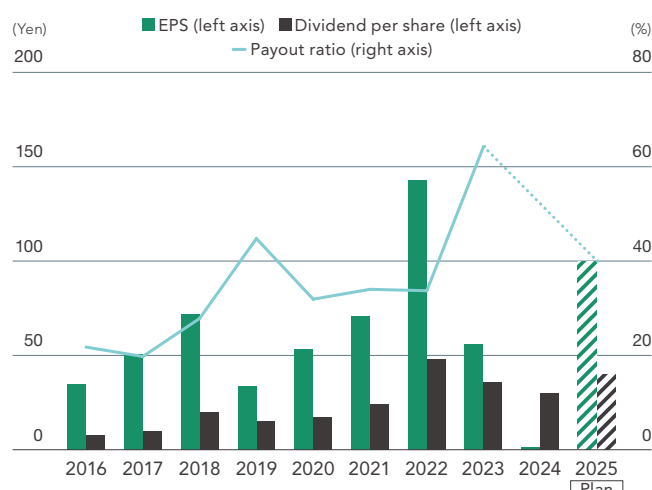


## Shareholder returns

Our profit distribution policy is to make investments from a long-term perspective and to aim for profit distribution based on profitability, taking operating results and financial conditions into consideration. We consider the dividend payout ratio when calculating dividends. Our Medium-term Business Plan "Innovation 2026" states that if the bottom line is a loss, the minimum annual dividend per share may be revised; however, we have set a target dividend payout ratio of 35% or more and a minimum annual dividend of ¥20.

We also implement share buybacks flexibly and in the event of sudden share price fluctuations that are not based on fundamentals, we implement share buybacks for the signaling effect. Most recently, we implemented share buybacks of ¥161 million in FY2020 and ¥400 million in FY2022. The share buybacks aid the improvement of return on equity (ROE) as well as earnings per share (EPS) and book value per share (BPS).

### EPS, dividend per share and payout ratio



# Sustainability

Aiming to Build a Sustainable Society

## The evolution of sustainability management

— To both enhance corporate value and fulfill our responsibility to society —

Marumae is a company which contributes to society through technologies that is promoting sustainability management aimed at achieving both sustainable growth and the creation of social value. We have developed a corporate culture that enables all employees to continue to make change happen and take on challenges, and we are working to create value with our technological capabilities at our core under our brand slogan, Master the Way, Shape the Future.

### Basic Sustainability Policy

1

Contribute to our information-driven society by supplying parts for semiconductor and flat panel display manufacturing equipment.

2

Aim to realize a sustainable society.

3

Build on and improve the workplace environment to enable everyone to actively participate.

4

Establish a robust management foundation.

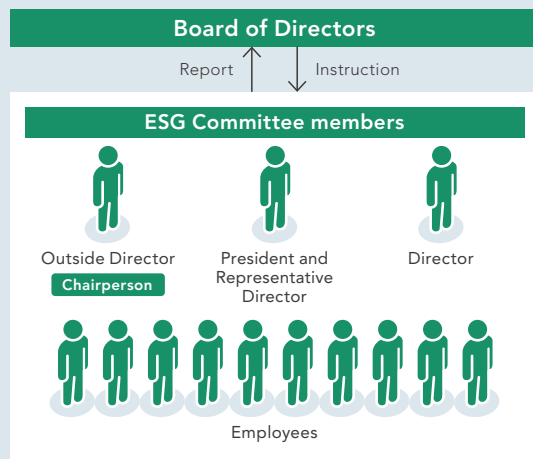
## ESG Committee

### Sustainability Promotion System

The Board of Directors has delegated sustainability matters to the ESG Committee. The committee's role is to identify and address material issues (materiality) that should be addressed for management purposes to increase corporate value. It constantly monitors business conditions to identify medium- and long-term issues. It then works out and implements response measures in collaboration with relevant organizations.

In principle, it meets monthly to incorporate business circumstances into its activities in a timely manner. In these meetings, it discusses and reviews its activities. The deliberations of the ESG Committee are reported to the Board of Directors every month. The Board of Directors comments on the activities of the committee and provides guidance to the committee.

### Diagram of the structure of the ESG Committee



### Member

Management executives and diverse personnel

The ESG Committee is chaired by an outside director and composed of the president and representative director, other directors, and ten employees. In total, the committee has 13 members. Given that sustainability efforts address medium- and long-term management issues, management executives are members of the committee to increase its impact on the management of Marumae. The committee's chairperson is a woman who is an outside director. This helps introduce the knowledge of people outside the company into the committee's deliberations and energize these deliberations.

The employees participating in the committee are selected from all of the factories and from a wide variety of organizations. They include people from the manufacturing, production management, sales, facility engineering, personnel, accounting and development sections. The purpose of appointing these employees is to incorporate their understanding of problems and their opinions from their individual perspectives into the actions for solving issues.





## Major points of Marumae's evolution and deepening

### Environment



Solar power generation equipment

- ▶ Moved the net zero target year forward from 2050 to 2040
- ▶ Obtained a CDP climate change score of B (highest score of an SME at present)
- ▶ Introduced a wastewater reduction and water discharge measurement system
- ▶ Certified as a Green Partner of Tokyo Electron Ltd. (two consecutive years)

### Human Capital



A manufacturing site

- ▶ Established a human resource development and internal environment development policy for the first time and disclosed it
- ▶ Promotion of the active participation of women: Registered with the Kagoshima prefectural government as a "company vowing to promote the active participation of women," revised our action plan, and began to subsidize cancer screenings for all employees
- ▶ Introduced an engagement survey
- ▶ Maintained a rate of childcare leave taken of 75% and a rate of paid leave taken of 80% or higher

### Local communities and society



Local professional basketball game (title sponsor)

- ▶ Registered as an SDG partner of Izumi City
- ▶ Expanded joint research with universities and student support
- ▶ Provided factory tours to local students, provided the use of factory facilities to a fire company, acquired naming rights of public facilities, and carried out lecture activities in cooperation with a disability organization

### Governance



A Management Meeting

- ▶ Acquired ISO27001 (information security) certification
- ▶ Developed criteria for assessing company-wide risks and began to examine countermeasures
- ▶ The ESG Committee discussed the progress in important KPIs every month and improvements were made toward achieving targets based on feedback from the Board of Directors



# Material Issues (Materiality)

Materiality	Themes of initiatives	Risks if not achieved	Opportunities if achieved
Increase in productivity	■ Strengthening of prototyping capabilities	■ Decline in technological capabilities ■ Decrease in new orders	■ Improvement of technological capabilities ■ Increase in orders ■ Gain of customer trust
	■ Capital investment	■ Loss of opportunities to expand orders	■ Expansion of orders
Improvement of customer satisfaction	■ Quality, cost, delivery (QCD) improvements	■ Loss of customer trust ■ Decreased orders and decreased sales	■ Building of customer trust ■ Increase orders and increased sales
Human resources strategy	■ Human resources development	■ Decline in technological capabilities	■ Improvement in technological capabilities
	■ Development of work environments	■ Decline in motivation and performance ■ Drain of human resources	■ Reduction in employee stress/strain ■ Improvement of commitment ■ Enhancement of motivation and performance
	■ Realization of diversity and equal opportunity	■ Decline in competitiveness ■ Loss of reputation	■ Demonstration of the skills of individuals through equal opportunity ■ Creation of innovation ■ Elimination of discrimination and exclusion
	■ Analysis of human rights risks and protection of human rights	■ Risks associated with human rights violations ■ Loss of public trust	■ Avoidance of the risk of human rights violations ■ Peace of mind stemming from visualization of human rights risks ■ Anticipatory compliance with regulations
Action on climate change	■ Reduction of GHG emissions ■ Understanding of total energy consumption	■ Risk of incurring carbon taxes ■ Risk of decline in business with business partners ■ Business risks stemming from tighter regulation	■ Fundraising advantages ■ Ability to cope with rising energy prices
Minimization of environmental impact	■ Reduction of consumables	■ Increased waste disposal costs ■ Delayed compliance with regulations ■ Environmental impacts	■ Reduction of costs ■ Mitigation of environmental impact
	■ Assessment of water risk and water stress ■ Effective use of water	■ Decreased production volume in the event of drought	■ Proposal of countermeasures in the event of drought
Safe and secure work environment	■ Reduction of occupational accidents ■ Appropriate management of chemical substances ■ Effective safety education	■ Damage to employees' health ■ Loss of reputation ■ Incurrence of penalties due to infringements and costs for corrective measures	■ Safe and secure work environment ■ Compliance with regulations
Supply chain management	■ Stable procurement and supply	■ Production difficulties ■ Reputational risks	■ Stable supply
Utilization of digital technologies	■ Improvement of business efficiency	■ Decline in competitiveness	■ Cost reductions through business streamlining
Robust corporate governance systems	■ Development of effective risk management system	■ Vulnerability stemming from changes in the environment	■ Preparation for a crisis ■ Improvement of resilience
	■ Information security measures	■ Stoppage of operations due to the suspension of systems ■ Leakage of information	■ Stable operation ■ Avoidance of financial losses and loss of trust

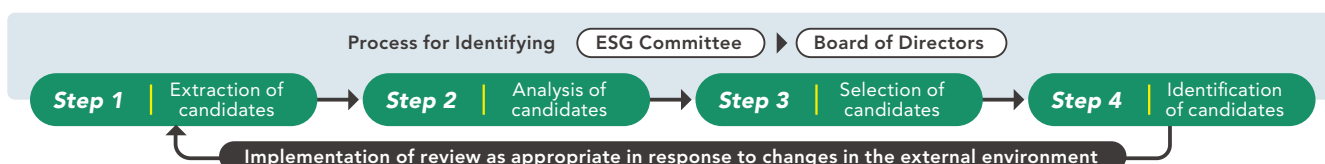
## Process for Identifying Key ESG Issues

When identifying material issues, the ESG Committee classified "issues (materiality candidates)" based on consideration of industry-specific issues, impact on sustainable business growth, and financial impact, referencing the ISSB, the SASB standards and ESG evaluation criteria. The extracted issues were given scores from the perspectives of "impact on our value creation" and "impact for five main stakeholder groups" to identify material issues. The committee established countermeasures and targets for material issues, which were then deliberated and approved by the Board of Directors.



\*1 Includes temporary employees \*2 Refers to position of Group Manager or higher \*3 Employees taking a leave of absence are excluded from the calculation.

Timing of achievement	Targets	Progress
FY2030	■ Engineers (Programmers) <b>Develop 100 programmers</b>	■ Number of engineers <b>70</b>
FY2026	■ Achieve asset-based ROIC <b>20% or higher</b> ■ Achieve liability-based ROIC <b>18% or higher</b> ■ Marginal profit per employee <b>¥20 million</b>	■ Achieve asset-based ROIC <b>1.4%</b> ■ Achieve liability-based ROIC <b>0.9%</b> ■ Marginal profit per employee <b>¥8.92 million*1</b>
Every year FY2026 (for quality items)	■ Customer satisfaction (overall) <b>More than 4.57 out of 5</b> ■ Quality assessments by all customers <b>More than 4 out of 5</b>	■ Customer satisfaction (overall) <b>4.8</b> ■ Percentage of customers who achieved a quality assessment score of 4 or more <b>83%</b>
FY2025	■ Establish a team dedicated to developing human resources (create a personnel section) ■ Prepare and implement a human resource development plan and increase investment in training per employee ■ 10 hours per year per employee	■ Created a personnel section ■ Training hours per person <b>14.9 hours/person</b>
FY2025	■ Rate of parental leave taken by male and female employees <b>Maintain 75% or higher level</b> ■ Reduce turnover rate, achieving a regular employee turnover rate <b>1% or less</b> ■ Welfare expenditure per employee <b>¥120,000 per year</b>	■ Rate of parental leave taken by female employee <b>100%</b> ■ Rate of parental leave taken by male employees <b>75%</b>
FY2030 (Ratio of female employees) Continued target (Employment of persons who have disabilities) Diversity education	■ Ratio of female regular employees <b>20% or higher</b> ■ Ratio of women in group leader and higher positions*2 <b>18% or higher</b> ■ Employment ratio of people who have disabilities <b>13%</b> ■ Provide training on diversity and LGBTQ issues once a year	■ Ratio of female regular employees <b>13.1%</b> ■ Ratio of women at section manager and higher positions <b>15.0%</b> ■ Ratio of women in group leader and higher positions <b>16.0%</b> ■ Employment ratio of people who have disabilities <b>2.26%</b> ■ Percentage of employees participating in diversity training <b>100%</b>
FY2025	■ Analyze, take measures against and disclose human rights risks ■ Provide human rights training once a year	■ Conducted a survey at a briefing for partner companies ■ Percentage of employees participating in human rights training <b>100%</b>
FY2050	■ Aim for carbon neutrality ■ Reduce CO <sub>2</sub> emissions per marginal profit by 50% or more compared with fiscal 2021 by 2030	■ Rate of reduction through renewable energy <b>16.3%</b>
FY2030	■ Reduce the volume of cutting fluid waste by 40% compared with fiscal 2021 ( <b>target level of not more than 11,160L</b> ) ■ Reduce the percentage of the marginal profit ratio accounted for by packaging materials by 10% compared with FY2021 ( <b>target level of 0.394%</b> ) ■ Reduce the percentage of the marginal profit ratio accounted for by costs arising from remanufacturing due to defects by 40% compared with fiscal 2021 ( <b>target level of 0.98%</b> )	■ Volume of waste fluid <b>27,240L</b> ■ Percentage of the marginal profit ratio accounted for by packaging materials <b>0.75%</b> ■ Percentage of the marginal profit ratio accounted for by costs arising from remanufacturing due to defects <b>2.53%</b>
FY2026	■ Conduct water risk and water stress assessments, take action on water risk and water stress, and make water risk and water stress disclosures	■ Total amount of water supplied from the municipal water system <b>6,337t</b> ■ Total groundwater consumption <b>20,736t</b>
Continued target	■ Participation rate in safety training <b>100%</b>	■ Participation rate in safety training <b>100%*3</b>
FY2026	■ Identify supply chain risks and take measures to address them	■ Conducted an RBA questionnaire
FY2024	■ DX business improvements <b>24 per year</b> (18 in the previous year) ■ Innovate training methods using digital technologies	■ DX business improvements <b>41</b>
FY2025	■ Develop an effective enterprise risk management system	■ Formulated risk assessment criteria ■ Began to assess measures
FY2024	■ Acquire ISO27001 certification ■ Zero external incidents	■ Information security training <b>100%</b>



# Sustainability Management

Taking on challenges regarding climate change and net zero greenhouse gas emissions

## 1

### Long-term vision and position of actions on climate change

We position the reduction of GHG emissions from our entire supply chain as an important management task, and we have set the new long-term goal of achieving net zero GHG emissions by 2040. We regard climate change as a risk and opportunity that is directly connected to business continuity, the establishment of relationships of trust with customers and the market, and further, the reduction of the cost of capital.

Actions on climate change are not only to fulfill our responsibilities to society. They also enable us to conform to the procurement standards of major customers and maintain and increase opportunities to receive new orders. We understand that this will contribute to the growth of our business, stabilization of profitability, reduction of the cost of capital, and eventually, to the sustainable enhancement of our corporate value. Actions on climate change also lead to higher external evaluations and more ESG investment opportunities, thus helping increase the trust that the capital market has in us.

#### Road map to net zero GHG emissions

#### 2040 Aiming to achieve net zero GHG emissions by 2040

- Continued investment in renewable energy
- Target percentage of electricity used that is generated in house from renewable sources of energy: 50% or higher

#### 2028

- Installing solar power generation and storage batteries ahead of schedule
- Installing solar panels on roofs of all factories

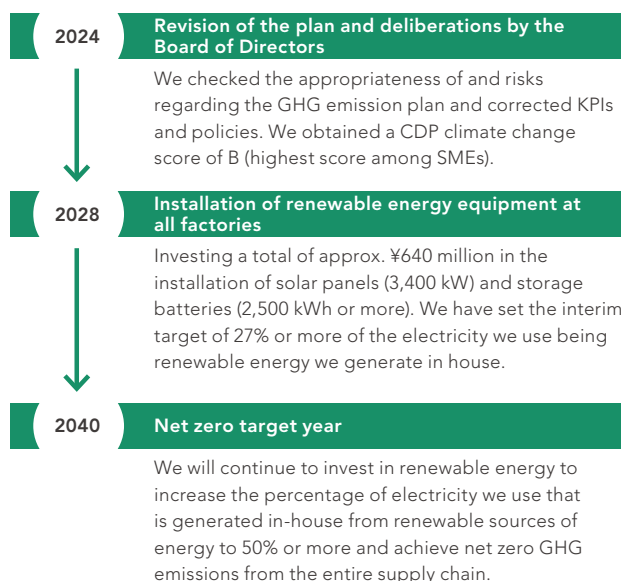
- Deliberations by the Board of Directors
- Revision of the GHG reduction plan

- Total amount of investments: ¥0.64 billion
- Target percentage of electricity generated in house that is from renewable energy: 27% or higher
- Solar panels: 3,400kW or more
- Storage batteries: Around 2,500 kWh

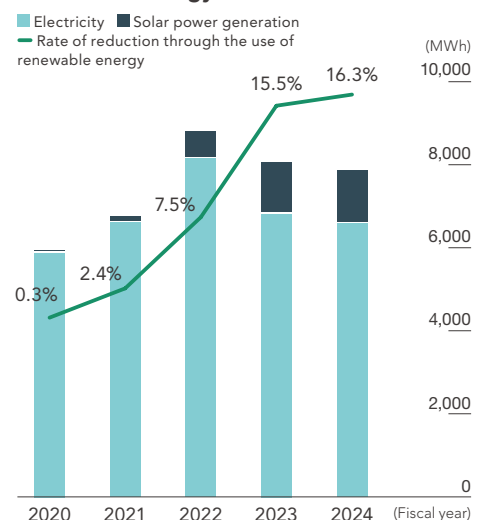
## 2

### Strategy, targets, and progress

We have set achieving net zero GHG emissions by 2040 as the target for our entire supply chain. Our priority management policy is to increase the percentage of electricity generated in house that is from renewable energy while also responding to requests from major customers. We have set phased targets and are managing our progress in steps as follows, centering on the visualization and reduction of CO<sub>2</sub> emissions and the introduction of renewable energy.



#### Amount of power generated from renewable energy and reduction rate



Through these initiatives, we have built a system for stable, flexible energy management that is not overly dependent on external procurement under a policy of sourcing as much power as possible from in-house power generation equipment using renewable energy. We thus conform to the requirements of major customers and the market to maintain our competitiveness over the long term.

### 3 Governance and promotion system

We are promoting initiatives to address climate change issues. The ESG Committee, which is supervised by the Board of Directors, plays a leading role in this. The ESG Committee is chaired by an outside director and composed of the president and representative director and responsible people from relevant departments. They review the progress, risks, and achievement of targets on a monthly basis, and important issues are deliberated by the Board of Directors. The combination of the commitment of management and our on-site capabilities has made it possible to flexibly and agilely review and manage targets.

### 4 Response to external evaluations and customer requests



In FY2024, we acquired a score of B (the highest score among small and medium-sized enterprises) in CDP's climate change questionnaire, an external recognition of the level of our systematic management.

We were certified as a Green Partner by a major customer (Tokyo Electron Ltd.) for two consecutive years. We are taking actions regarding the E-COMPASS environmental supply chain initiative based on customer requests, and other measures.

We regularly disclose data including data about CO<sub>2</sub> emissions, volumes of waste fluid, and water consumption, on our website. We strive to keep the data up to date by revising it to reflect the revisions of electric power companies' emission factors.

### 5 Recognition of and response to climate change risks and opportunities

#### Transition risks

Tightening of environmental regulations, customer demand for decarbonization, and delays in introducing energy-efficient and environmentally friendly equipment

#### Physical risks

Impact of climate disasters (such as typhoons and heavy rains) on production and distribution  
➡ We are increasing our resilience through business continuity plan (BCP), regular drills, and facility dispersion.

#### Business opportunities

Continuation of business with major customers and improvement of external evaluations and the trust the capital market has in us, which are achieved by implementing actions to address climate change



We have disclosed detailed risks and opportunities and our action policy in CDP Corporate Questionnaire 2024. (Japanese only)  
<https://www.marumae.com/img/sustainability/pdf/2024.pdf>



# Human Resources Strategy

Mastering technologies to evolve with human resources as the core of value creation

We pursue the sustainable enhancement of our corporate value under the following Management Philosophy: **Seek technological perfection. Respect competition and collaboration. Contribute to society as a company focused on technology.**

People are the power that helps us achieve this Management Philosophy. We understand that our technologies and production capacity are created through the combination of the knowledge, experience, and skills of each individual employee, and our technological capabilities are a collection of the capabilities of people.

Based on this idea, we equate human resources strategy with management strategy, and we have continued to enhance our investment in and development of people as top priority tasks.

## Connecting the Long-term Vision and Medium-term Business Plan with the human resources strategy

We have set the long-term vision of achieving net sales of ¥30.0 billion and an operating profit of ¥9.0 billion in 2030 and aiming to become a leading parts manufacturer by using our advanced technologies and supply capacity to support comprehensive manufacturers in a wide range of areas. We believe that, to achieve this vision, it is essential that we develop human resources who can think and act independently.

In the new Medium-term Business Plan "Fusion2028," we have set the quantitative targets of net sales of ¥25.0 billion and operating profit of ¥5.6 billion. Efforts to achieve these targets are supported by the innovation of production and management methods through DX and the exhaustive development of the human resources who can drive this innovation.

Therefore, one of the material issues we have set is the development and stable recruitment of human resources in high positions. We are operating a company-wide strategy of completing the entire process from the recruitment to the development, retention, and promotion of the active participation of human resources in an integrated manner.

## System for promoting the human resources strategy

### Core of practical operations

### Human Resources and Planning Section (Newly established in September 2024)

#### Roles

This section is in charge of practical operations for the overall management of human resources, including recruitment, development, institutional design, and work style reforms. As a new organization, the Human Resources and Planning Section is working on the strategic acquisition and development of human resources and the planning and operation of work environments.

### Reflecting employees' intentions and discussing on-site issues

### HR Strategy Committee

#### Purpose of its establishment

The committee was established in the fiscal year ended August 31, 2022. It is a place for dialogue to improve employees' working environments. It is aimed at improving employee engagement and recruiting and retaining excellent human resources through the improvement of work environments and evaluation and performance-based compensation systems.

#### Composition

The committee comprises an employee representative from each factory, the president and representative director, directors, and some department managers.

#### Example activities

Increasing the number of holidays, proposing recruitment strategies, improving working environments, and reviewing the salary and performance-based compensation systems.

### Strategy and KPI management

### Board of Directors and ESG Committee

#### Board of Directors

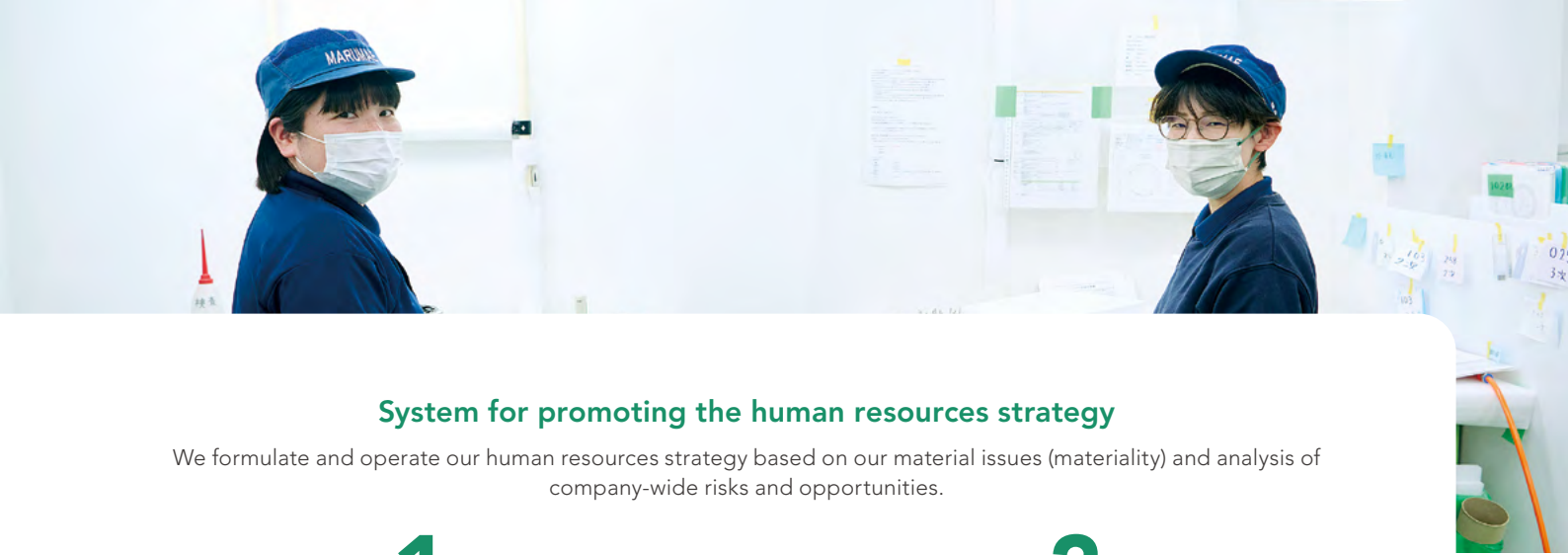
The Board of Directors provides feedback and direction based on reports from the ESG Committee, thus clarifying the direction of overall management. Practical operations within the personnel section and at work sites reflect the content of this feedback, establishing a PDCA cycle.

#### ESG Committee

This committee is in charge of monitoring human resources strategy KPIs. It reports to the Board of Directors every month and proposes issues and points that need improvement.

In addition, our Advisory Committee is engaged in an ongoing discussion about succession plans related to the selection and development of successors to senior executives. (Discussion started in the fiscal year ended August 31, 2024)





## System for promoting the human resources strategy

We formulate and operate our human resources strategy based on our material issues (materiality) and analysis of company-wide risks and opportunities.

### 1

#### Developing engineers who underpin our technological edge

The competitive advantages of Marumae lie in our high-level technological capabilities. They are founded on the well-planned development and advancement of engineers.

To increase the number of engineers to 100 (our 2030 target), we continue to invest in the development of a systematic curriculum, the improvement of the level of their skills, and the shortening of the development period (from five years to two or three years).

The goal of changing the name of this position from programmers to engineers is to increase the brand power of our specialist human resources, who are able to handle process design, mass production, and prototyping tasks.

The training system has a five-level structure. Increasing the number of level 3 or higher engineers is the core task.

##### KPI

Number of engineers **2030 target: 100**  
Marginal profit per employee **¥20 million/year**

##### Business impact

Improving the ability to receive orders for prototypes, serve existing customers, and act in new markets, and continuing to increase marginal profit per employee (a productivity KPI)

### 2

#### Strengthening recruitment and improving the retention rate

Securing and retaining excellent human resources forms the foundation of our stable supply system and sustainable growth.

Expansion of our recruitment and corporate branding efforts (increasing our recognition and appeal), and prevention of mismatch (communicating work content accurately)

Increasing the number of holidays, performance-based compensation system (profit-based evaluation), development of comfortable work environment, promotion of fixed-term employees to regular employees, and measures to improve engagement

##### KPI

Turnover rate of regular employees  
**FY2025 target: 1% or lower**

##### Business impact

Reduction of labor shortage risks, maintenance of production capacity and avoidance of loss of opportunities, and long-term accumulation of technological capabilities

### 3

#### Building comfortable work environment Improving engagement

We are pushing forward with the enhancement of health and productivity management and welfare benefits and the improvement of engagement by valuing the creation of an environment where employees can perform at their highest level with peace of mind.

Continuing improvement of the work environment, including the regular review of systems and the opening of staff cafeterias

Regular engagement surveys and the introduction of a site improvement cycle based on the results of the surveys

Maintenance and promotion of good health through initiatives including health examinations, stress check, and subsidies for medical examinations

##### KPI

Rate of paid leave taken **80% or higher**  
Rate of parental leave taken by male and female employees **75% or higher**  
Welfare expenditure per employee **¥120,000 per year**

##### Business impact

Improvement of productivity and retention rate, the sustainable growth of the company and the maximization of its profitability by bolstering organizational strength and teamwork

### 4

#### Promotion of diversity and support for balancing work and childcare/nursing care Fair evaluation and foundation for sustainable growth

Marumae values fair evaluations based on the capabilities of people and the results they achieve (equity), and we are developing an environment where inequity and barriers do not exist.

Promotion of women and employees who have disabilities, support for balancing work and childcare or nursing care (target rate of parental leave taken by male and female employees: 75% or higher), and annual diversity training

Registration as a "company vowing to promote the active participation of women" by the Kagoshima prefectural government under the Act on the Promotion of Women's Active Engagement in Professional Life, and the ongoing renewal of the action plan

Continuation of KPI progress management and improvement of systems for promotion of fair evaluations and diversity under the guidance of the ESG Committee

##### KPI

Ratio of female regular employees **20% or higher**  
Ratio of women in group leader and higher positions **18% or higher**  
Employment ratio of people who have disabilities **3%**

##### Business impact

Securing the sustainable growth and competitiveness of the organization, even in the era of a decreasing population and hiring difficulty, through the fair utilization of human resources and the active participation of diverse human resources

# Coexistence with Society and Local Communities

Stepping forward and creating the future with local communities

## Stepping forward with local communities

Since its founding, Marumae has been operating its business from its base in Kagoshima. As a member of our local communities, we understand that the sustainable development of local communities is inseparable from our own growth. That is why we value the perspective of harmonious coexistence with local communities. We want to be a company that looks at issues from the same perspective as local communities do, and that seeks and implements solutions together with them.

## Mutual support initiatives

### Development of the next generation and revitalization of local communities

We are deepening our relationship with local residents through sports and cultural activities, including the supporting of the Marumae Cup tournament for local boys' soccer teams and Kagoshima Rebnise, a professional B. League basketball team. Instead of engaging only in sponsorship activities, we work with local communities to create opportunities to support the mutual development of the local community leaders of the future as well as the communities themselves.

A color by numbers event for children held at a professional basketball venue sponsored by Marumae



### Academia-industry partnerships for solving social issues

Through joint research projects in the fields of rockets and robots that we are advancing with Kagoshima University and the National Institute of Technology's Kagoshima College, and through factory tours and technology exchange events held for them, we are expanding opportunities for learning together with academia, where local knowledge meets our on-site technologies. Through activities such as these, we are co-creating new technologies and services to help develop students and young human resources and solve local issues.

Support of the Kagoshima University Automobile Club (photo taken at a university festival)

### Promoting and practicing diversity and inclusion

Jointly with local communities, we pursue initiatives to build societies where anyone can demonstrate their capabilities, including our employment of people who have disabilities, employee talks at local welfare organizations, our promotion of the active participation of women, and our support of employees balancing work with their childcare or nursing care responsibilities. Our provision of equipment to a local fire company and registration as an SDG partner are also among our activities to fulfill our responsibilities and roles as members of an inclusive society where people support each other.

An employee presenting at a Japanese Association of Speech-Language-Hearing Therapists meeting



We will remain a company that creates a virtuous circle of corporate growth and the development of local communities and steps forward with all of its stakeholders.

## Map of activities for coexisting with local communities

Field/activity	Major partners/areas	Major contents and support	Major purposes and social benefits
Support for sports in local communities and promotion of exchange with local communities	Izumi City, Hokusatsu-chiku Shonen Soccer Renmei (Hokusatsu-chiku boys' soccer association), and local restaurants	Sponsorship of boys' soccer tournaments and planning of a food truck event	Development of the next generation, interactions with local communities, and economic revitalization
Academia-industry partnerships and development of scientific human resources	Kagoshima University and National Institute of Technology, Kagoshima College	Joint research, support for robot contests, support for the Automobile Club, and factory tours	Enhancement of technological capabilities, support for education, and promotion of recruitment and understanding
Regional disaster control and cooperation with local communities	Izumi City Fire Department, the local government, and a local fire company	Provision of a space on the factory premises for drilling, participation in firefighting training and the exchange of opinions, and activities as a board member of the Association for Hazardous Materials Safety	Support for regional disaster control measures, measures to address risks, and trust-based relationships
Promotion of diversity and cooperation in welfare	Local welfare organizations and local government	Employment and promotion of the active participation of diverse human resources, including people who have disabilities and women	Promotion of an inclusive society and the diversification of work styles
Support for educational and cultural facilities (including naming rights)	Izumi City and Kagoshima University	Maintenance for and support of lecture room and public facility operations, financial support for facilities, etc.	Support for education and culture and increasing the visibility of Marumae



Message from the Chair of the ESG Committee

## Challenges taken on by Marumae as a locally based, future-oriented company

**Akiko Kadota**

Chair of ESG Committee (Outside Director)

This is my fifth year as an outside director of Marumae. When I inspected the factory at the headquarters for the first time, I saw the serious look of the employees, who were working in an atmosphere in which the enthusiasm of the on-site workers was mixed with silence. I am still impressed with that.

I feel that corporate value of Marumae lies in not only its visible growth, such as the growth of the business and the diversification of its technologies, but also the accumulation of the daily efforts that supports its growth. Marumae has continued to make solid investment decisions and respond flexibly as an organization in the face of changes in the market environment and waves of demand. I think this stance of the company proves that it is very aware of corporate sustainability.

Having been involved in the activities of Marumae's ESG Committee, I have reaffirmed that harmonious coexistence with local communities is an important foundation of corporate value. I think that contributing through culture, education, and sports at the same time as providing technologies and employment as an entity rooted in the local community of Izumi City, Kagoshima Prefecture, is also an important mission of Marumae.

In recent years, the company has been proactively involved in community engagement activities, including joint research with Kagoshima University and the National Institute of Technology's Kagoshima College, and also the acquisition of naming rights for a university lecture room and Izumi City public facilities, the co-sponsorship of the Marumae Cup tournament for local boys' soccer teams, and support for local sports teams.

In parallel with these external engagement activities, improvements are also progressing internally. Most notably, the company decided to introduce an engagement survey in FY2025. This is a step forward in the creation of a system where

management reflects the opinions of employees. This is a specific initiative for promoting the social (S) portion of ESG. It will help facilitate each individual employee's well-being.

Further, as an initiative to enhance compliance, Marumae is also focusing its efforts on low-profile areas, such as the development of an information security system, the strengthening of its BCP measures, and a review of safety training, thereby improving its ability to manage risks as a company.

I believe that the ESG Committee should be an "awareness-raising device" for the entire company, although we are still only halfway down that road. ESG activities are not mere governance items. They underpin the sustainability of a company as the foundation for the establishment of trust to prepare for critical moments.

To ensure that Marumae will keep stepping forward, I will continue to engage in dialogue with people from local communities and its employees and implement initiatives to enable the company to continue to grow solidly.



A dialogue between the outside director and an employee at the Kanto Factory



# Quality and the Supply Chain

## Quality, customer satisfaction, and supply chain management

Quality and customer satisfaction are core elements that underpin our sustainable growth and the reliability of our whole supply chain. They also form the foundation for our continuing our businesses with major customers over the long term and developing new markets.

### 1 Overview of our quality management system

- ✓ We have built a company-wide quality assurance system based on ISO9001/14001, a standard for quality management systems.
- ✓ We established the Quality Assurance Division and Quality Assurance Section in the Manufacturing & Technology Department to ensure quality at all sites and in the entire supply chain.
- ✓ Continuous improvements made through regular internal audits, training, and outsourcing management
- ✓ We conduct quality audits of our partner companies in the supply chain.

### 2 KPIs for quality and customer satisfaction and their progress

We have set customer satisfaction and quality assessment as important indicators and conduct a questionnaire survey of all customers every year. We have set an overall satisfaction of more than 4.57 out of 5 and quality assessment score of more than 4 from all customers as our targets.

In the fiscal year ended August 31, 2024, customer satisfaction (overall) score improved from 4.5 to 4.8, and a quality assessment score of more than 4 was obtained from 83% of all customers. We will continue company-wide improvement activities to achieve the targets.

KPI	Targets	Results in FY8/24	Remarks
Customer satisfaction (overall/average)	More than 4.57 out of 5 *Measured every year	<b>4.8 points</b> FY8/23: 4.5 points FY8/22: 4.2 points	Questionnaire of all customers
Percentage of customers whose quality assessment score was more than 4 out of 5	100% (out of 5) *Targets in FY8/26	<b>83%</b>	Quality assessment item

### 3 Improvement cycle and problems to be addressed in the future

- ✓ Standardization of processes, departure from dependence on individual skills, and strengthening of training are remaining issues.
- ✓ We are also addressing each customer's needs and technological issues together with people working on site.
- ✓ Accelerating the implementation of the PDCA cycle under the initiative of the Quality Assurance Division





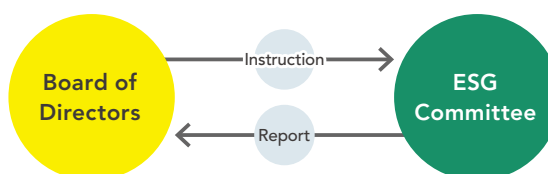
# Risk Management and Information Security

## Risk Management

Our risk management system, list of risks, and countermeasures against them are as follows.

The ESG Committee is in charge of enterprise risk management (ERM). It reports its deliberations on this matter to the Board of Directors and receives instructions from the Board of Directors. Separate divisions analyze individual risks and take measures to address them. The ESG Committee monitors material risks and the state of the response actions to address them that are taken by these divisions.

Risk management system diagram



### List of Risks

Category	Examples of major risks	Risk overview	Impact	Measures
Strategic risks	Market/economic fluctuation risks, geopolitical risks, risks of delays in responding to new technologies, risks of dependence on a specific business partner, and M&A risks	Risks related to market fluctuations, international affairs, technological innovations, dependence on major business partners, and failure to achieve synergy after M&A activities	Fluctuations in sales and profit, decrease in competitiveness, and deterioration of financial balance	Developing new fields, developing new technologies, diversifying the customer base, ensuring thorough due diligence, and strengthening PMI
Operational risks	Manufacturing process/quality management risks, supply chain risks, and inventory control risks	Risk of production problems, quality defects, and supply chain disruptions	Delays in delivery, quality problems, and decrease in customer confidence	Ensuring thorough quality management, securing multiple suppliers, and improving supply-demand management
Business continuity and disaster risks	Natural disaster risks, pandemic risks, and power/infrastructure supply risks	Risk of natural disasters such as earthquakes and typhoons, the spread of pandemics, and the shutdown of infrastructure	Suspension of production and increase in recovery costs	Establishing BCPs, introducing remote work, and developing alternative production systems
Treasury risks	Financing risks, exchange risks, and cost increase risks	Financial impact of interest rate increases, exchange rate fluctuations, and sharp rise in raw materials prices	Increase in cost of fundraising and decrease in profitability	Reinforcing financial foundation, maintaining on-hand liquidity, fixing some interest rates regarding borrowings, and strengthening cost control
Legal and compliance risks	Risk of violating various regulations, internal misconduct risks, and intellectual property risks	Risk of legal violations, infringement of intellectual property rights, improper conduct, etc.	Suspension of business and loss of trust	Compliance training, strengthening internal audits, and intellectual property management
IT and Information security risks	Cyberattack/information leakage risks and system failure risks	Risk of system stoppage caused by information leakage or cyberattack	Suspension of production and damage to corporate credibility	Reinforcing the security system and developing a backup system
Human risks	Risks related to securing and developing of a workforce, labor safety risks, and harassment risks	Risk of delays in securing a workforce, accidents or harassment	Difficulty of passing down skills, productivity decline, and employee turnover	Strengthening recruitment and development, labor safety training, and harassment prevention measures
Sustainability related risks	Environmental regulation risks, water risks, and risk of a decrease in sustainability scores	Risk of the tightening of environmental regulations, water resource shortages, and delays in sustainability initiatives	Damage to corporate image and loss of opportunities to receive orders	Introducing renewable energy, setting CO <sub>2</sub> emission reduction targets, and ensuring thorough water management

## Award related to occupational health and safety granted by an external organization

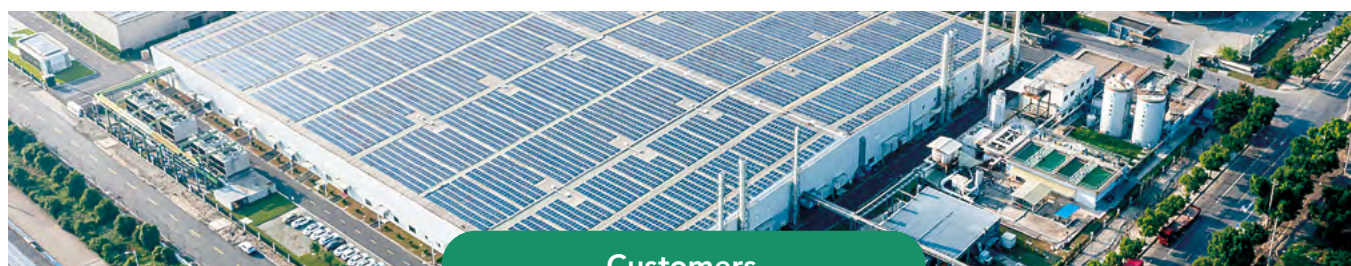
In July 2024, our Takaono Factory (Izumi City, Kagoshima Prefecture) was granted the Director of Kagoshima Labor Bureau Encouragement Award during Kagoshima Occupational Health and Safety Conference 2024. This award was granted in recognition of our significant reduction in occupational accidents, thorough daily safety management, and a high level of workplace safety and health. We have positioned on-site safety as the foundation of our corporate activities and are working to increase every employee's awareness of safety and improve the workplace environment on an ongoing basis. We will continue to create safe and secure workplaces, aiming to achieve the sustainable growth of business and increase the trust that local communities have in us.



# Stakeholder Engagement

Our name “Marumae” conveys our desire to move forward (mae in Japanese) with business smoothly and peacefully (maruku in Japanese).

Our business has moved forward in the past thanks to the support of our various stakeholders. In the future, we intend to build win-win relationships with our stakeholders through continued dialogue and to collaborate with them as we continue advancing forward.



## Customers

### Why we engage

Marumae has achieved growth by solving customers' problems, who are world-class equipment manufacturers. We always seek to communicate closely with customers so that we can quickly notice the challenges they face and propose solutions.

#### Our stakeholders' interests

- High-precision machining of complex shapes
- Production capacity to meet spikes in demand
- System allowing integration of multiple processes
- Stable supply of high quality products at reasonable prices

#### How we respond

- Communication with designers and proposals
- Flexible capital investment
- Development of new technology
- Continual improvement activities

#### Improvement activities

- Strengthening of information security measures
- Enhancement of BCP implementation
- Organization of training on labor human rights and diversity
- Action on climate change



## Providers of capital and funds

### Why we engage

Our business is supported by capital from our shareholders and loans from financial institutions and, thanks to these funds, we can meet customer demand through flexible capital investment. We regularly engage in dialogue with our investors to ensure we live up to their expectations and we share information with financial institutions as appropriate to fulfill our responsibility to keep them informed.

#### Our stakeholders' interests

- Stable growth, rising stock price, and dividends
- Sound financial structure
- ESG initiatives

#### How we respond

- Preparation of medium-term business plans and other equity plans
- Information sharing with financial institutions
- Establishment and implementation of ESG plans

#### Improvement activities

- Formulation of strategy for carbon neutrality in 2050
- Disclosure of GHG emissions from the supply chain
- Disclosure of water consumption
- Promotion of understanding through integrated reports





## Partner companies

### Why we engage

We conduct our business activities in collaboration with partner companies. To achieve stable supply and high quality, we communicate closely with our partner companies. Furthermore, in the interests of maintaining sound corporate governance, we build equitable, fair and transparent partnerships with them.

#### Our stakeholders' interests

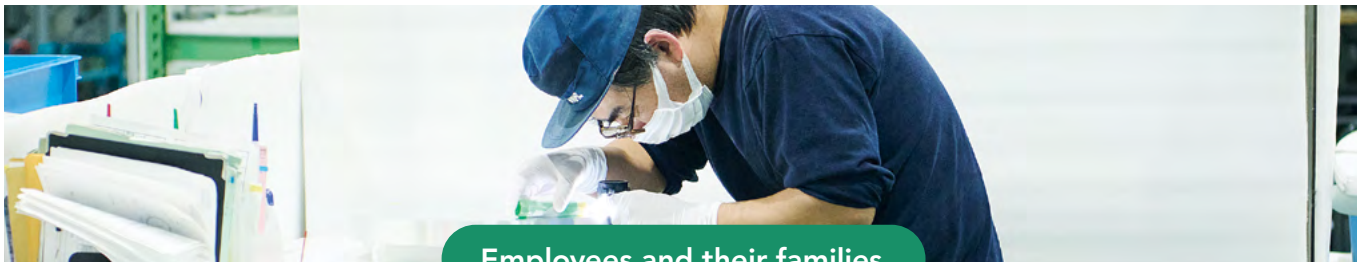
- Stable orders
- Maintenance of financial soundness
- Maintenance of competitiveness
- Reasonable prices

#### How we respond

- Expansion of repeat orders
- Maintenance of a certain equity ratio
- Improvement of technological capabilities
- Orders for high added value products

#### Improvement activities

- Organization of briefings for partner companies
- Explanations of demand trends
- Organization of training on copy exactly and change control (CE! CC)
- Organization of training on insider trading and compliance



## Employees and their families

### Why we engage

Our business depends on our technological capabilities, in other words, the knowledge and skills of all our divisions. To steadily accumulate and improve such technological capabilities, we intend to improve our working environment and evaluation system to increase employees satisfaction, make it easier to recruit talent, and maintain and improve our retention rate. To this end, we are engaged in dialogue with employees and implementing improvements through the HR Strategy Committee.

#### Our stakeholders' interests

- Better work-life balance
- Higher pay
- Job satisfaction
- Pleasant workplaces

#### How we respond

- Additional holidays
- Pay increases and performance-based pay system
- Improvement of evaluation system
- Improvement of work environments

#### Improvement activities

- On-site interviews and environmental improvements
- Increase in base pay
- Improvement of rules of employment to ensure fairness
- Improvement of internal public relations



## Society

### Why we engage

Marumae is committed to fulfilling its corporate social responsibility by paying its taxes and contributing to cultural activities. We also recognize the importance of building relationships of trust with local communities and complying with laws and regulations. Consequently, we are focusing on social activities such as acquiring naming rights and providing compliance training.

#### Our stakeholders' interests

- Creation of employment/Contribution to development of local economies
- Safe environment
- Reduction of environmental impact
- Compliance with laws and regulations

#### How we respond

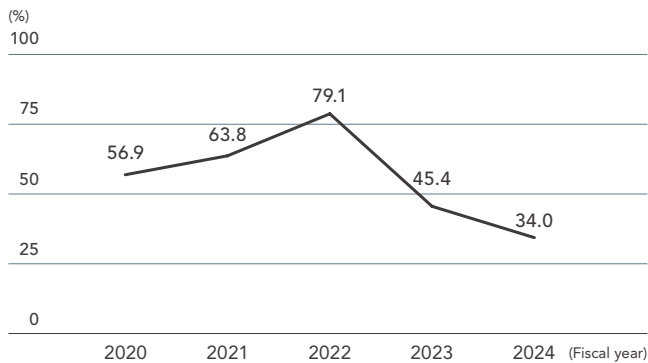
- Increased employment, payment of taxes, and naming rights
- Enhancement of safety training
- Reduction of consumables, and use of renewable energy
- Encouragement of acquisition of various licenses and permits, and compliance training

#### Improvement activities

- Additional acquisition of naming rights for facilities
- Regional sports promotion activities
- Reduction of environmental impact
- Blood donation activities

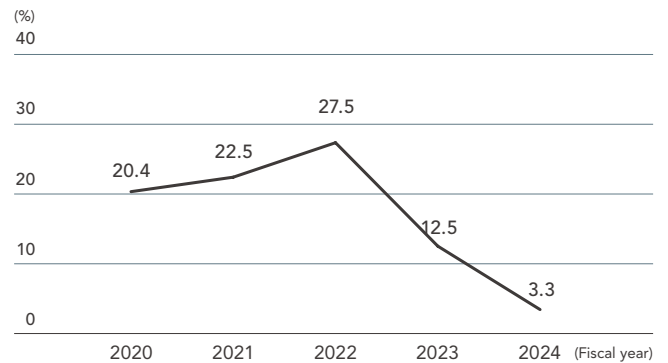
# Financial KPIs

## Machine operating rates



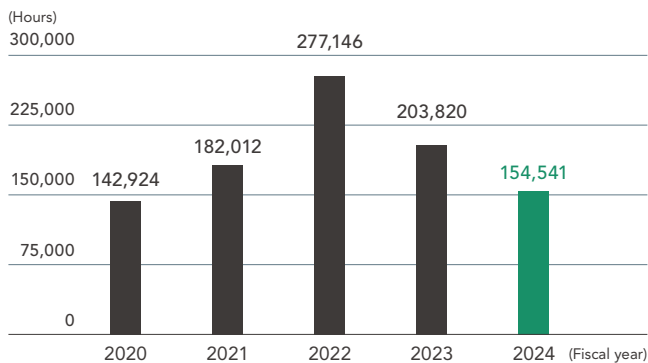
We monitor and analyze machine operating rates as a KPI every week and use these results to achieve efficient operations in subsequent weeks. Machine operating rates indicate cutting time per week as a percentage of target cutting time per week and are used as a lead indicator for the profit margin.

## Profit margin



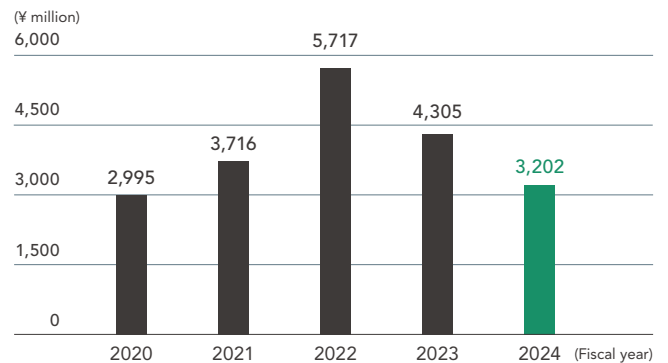
The profit margin, which is our KGI, is operating profit from our main business as a percentage of sales. Depreciation of equipment is a fixed cost and the higher the operating time, the lower the cost per machine, which means the product cost is lower and the profit margin is higher.

## Total operating time



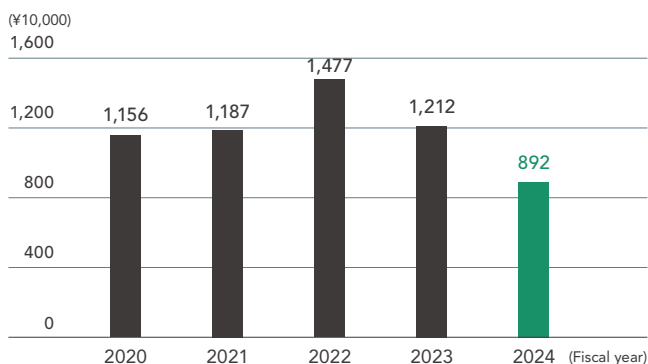
Total operating time is the total cutting time of all machines. The added value of our products comes from cutting and this cutting time is, therefore, the source of added value, and total operating time has a similar relationship with added value (= marginal profit).

## Marginal profit



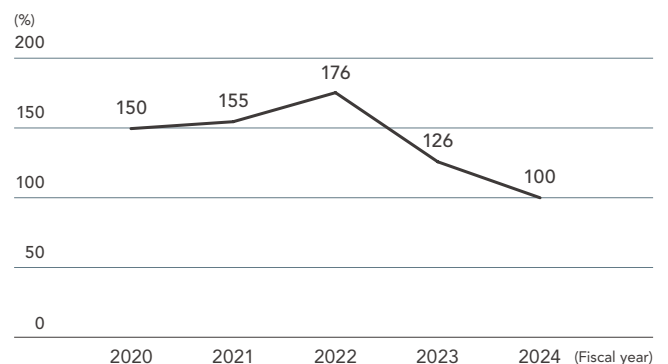
Marginal profit is sales less variable costs (costs that fluctuate when sales go up and down: material costs, subcontract costs, consumable costs, etc.) and is similar to the sum of internally generated added value. We use total operating time as a leading indicator for marginal profit.

## Labor productivity



We define labor productivity as marginal profit per employee, calculated based on all employees including temporary employees. Since our inception, we have used this marginal profit per employee as our KPI, and our 2026 target is annual marginal profit per employee of ¥20 million.

## Equipment productivity



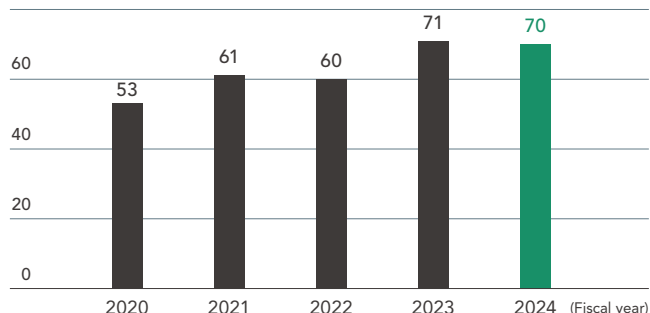
We define equipment productivity as marginal profit per item of property, plant and equipment excluding land and buildings. We verify the ratio of marginal profit generated by property, plant and equipment and reflect this in our medium-term capital investment plan.



# Non-financial KPIs

## Number of engineers

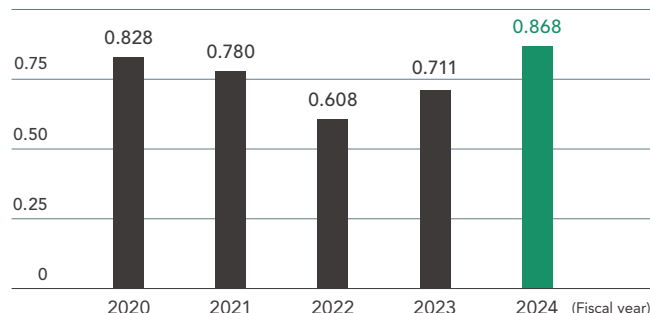
(Persons)  
80



We set the number of engineers as an indicator for strengthening our future business because engineers win new orders by thinking about how to make products and providing customers with prototypes.

## Scope 1 and 2 emissions intensity (per marginal profit)

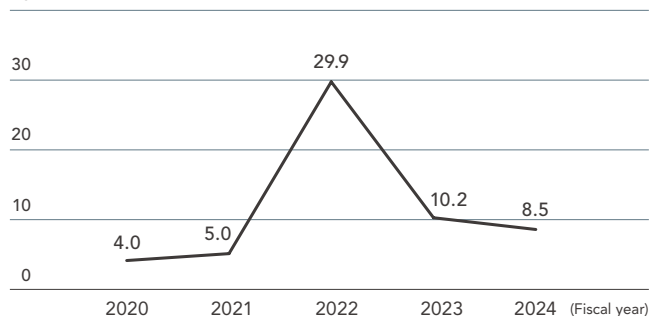
(Tons-CO<sub>2</sub>/¥ million)  
1.00



Due to society's growing awareness of climate change, action on climate change has emerged as a risk factor, prompting us to monitor our monthly CO<sub>2</sub> emissions, with the aim of achieving carbon neutrality by 2050.

## Wastewater treatment volume/Marginal profit

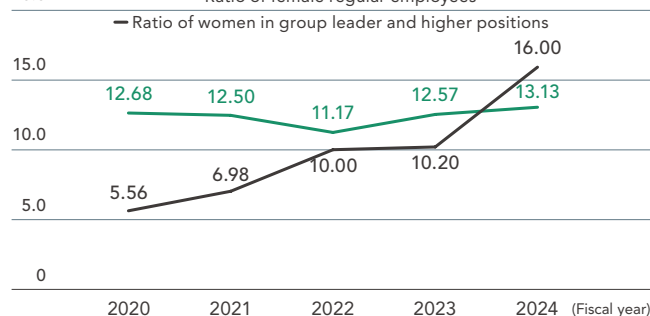
(L/¥ million)  
40



By reducing the volume of wastewater we generate through promotion of the recycling of cutting fluid used in cutting and cleaning fluid, we aim to mitigate our environmental impact and cut costs by purchasing less.\*1

## Ratio of female employees

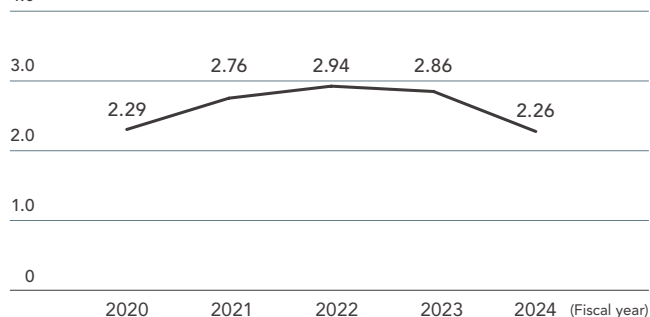
(%)  
20.0



Believing that a workplace which encourages diversity is beneficial for everyone, we adopted the ratio of female employees, who are the biggest minority group, as an indicator and aim to increase the ratio of female regular employees to 20% or more and the ratio of female managers\*2 to 18% or more by fiscal 2030.

## Employment ratio of people who have disabilities

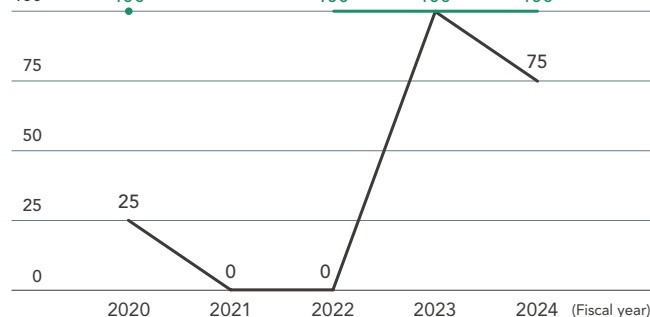
(%)  
4.0



We encourage the employment of persons with disabilities, utilizing the specific skills of individuals and establishing ways in which they can effectively contribute to our business activities.

## Rate of childcare leave taken

(%)  
100



We began monitoring the rate of childcare leave taken to develop a more worker-friendly environment. The rate of childcare leave taken by men has remained at a low level in the past; however, we are implementing initiatives to make it easier for those eligible to take leave by considering how they feel.

\*1 In fiscal 2022, our wastewater emissions increased due to wastewater accumulated for reuse; however, wastewater emissions are expected to decrease in the future

\*2 The number in managerial positions means the number in the position of group leader or higher, excluding chief technician, technician and assistant technician

# Directors

as of November 22, 2024

Specific knowledge and  
experience that we expect



**Toshikazu Maeda**

President and Representative Director  
(Responsible for overall coordination/  
Administration Headquarters)

**Advisory Committee Member**

Term of office: 36

Mr. Toshikazu Maeda founded the Company's business, mastered our core business technologies, and handed them down to employees. Moreover, as a manager, he steered the company's management, strategically changing our business portfolio according to the market environment, and also overcoming a financial crisis to achieve growth. He was elected as Representative Director because, in view of his track record, he is necessary for the Company's growth.

**Corporate management and management strategy**

Development, technology and quality

Planning and sales

Finance and accounting

**Risk management and legal affairs**

International experience

Government experience



**Kota Kaizaki**

Director General Manager, Sales  
Headquarters  
(Responsible for Sales Headquarters)

Term of office: 20

Mr. Kota Kaizaki has been involved in the semiconductor production equipment market for many years and knowledgeable about the industry. In his role in charge of sales, he built strong relationships of trust with our business partners and made a huge contribution to our entry to the semiconductor business and the expansion of orders. He was, therefore, elected as Director because he is essential for the Company's future growth in the semiconductor business.

**Corporate management and management strategy**

Development, technology and quality

**Planning and sales**

Finance and accounting

Risk management and legal affairs

International experience

Government experience



**Hiroto Ando**

Director  
General Manager, Manufacturing &  
Technology Headquarters (Responsible  
for Manufacturing and Technology  
Headquarters)

Term of office: 6

Mr. Hiroto Ando is experienced in the machining business and very knowledgeable about testing and product finishing. Additionally, due to his many years of production management experience gained through involvement in quality assurance operations, Mr. Ando is also currently serving as General Manager of Manufacturing & Technology Headquarters, overseeing all our manufacturing operations. He was elected as Director because he is essential for execution of the Company's production operations.

**Corporate management and management strategy**

**Development, technology and quality**

Planning and sales

Finance and accounting

Risk management and legal affairs

International experience

Government experience

**Outside**



**Akiko Kadota**

Outside Director  
Outside Director (Part-time)  
Representative, Go! Kagoshima  
Corporation

**Independent (Outside)**

Term of office: 4

Ms. Akiko Kadota has profound insights regarding the promotion of diversity, including the active participation of women in the workforce, in addition to her extensive career, international experience and profound insights as a manager. The Company expects her to use this experience to play a role in supervising the execution of business operations.

**Corporate management and management strategy**

Development, technology and quality

Planning and sales


Finance and accounting

Risk management and legal affairs

**International experience**

Government experience

**Outside**



**Kumiko Seko**

Outside Director  
Outside Director (Part-time)

**Independent (Outside)**

Term of office: 2

Ms. Kumiko Seko has a wealth of experience and broad insights gained through her involvement in national politics as a member of the Diet and Parliamentary Vice-Minister of Education, Culture, Sports, Science and Technology, as well as profound insights regarding the promotion of diversity, including the active participation of women in the workforce. The Company expects her to use this experience to play a role in supervising the execution of business operations.

**Corporate management and management strategy**

Development, technology and quality

Planning and sales

Finance and accounting

Risk management and legal affairs

International experience

**Government experience**



## Keiji Hokanishi

Director  
Audit and Supervisory  
Committee Member (Full-time)

**Audit and Supervisory  
Committee Member**

Term of office: 4

Mr. Keiji Hokanishi has professional financial expertise, and the Company believes this knowledge will be useful for accounting audits and cooperation with the audit firm and internal audits. He also has management experience, having worked as branch manager at a financial institution, and was elected as Audit and Supervisory Committee member because he has the ability to bring the Outside Directors together and the ability to make appropriate judgements on matters such as the exercise of voting rights.

Corporate management and management strategy
Development, technology and quality
Planning and sales
<b>Finance and accounting</b>
Risk management and legal affairs
International experience
Government experience

### Outside



## Satoshi Momokino

Outside Director  
Audit and Supervisory  
Committee Member (Part-time)  
Lawyer (Momokino Law Office)

**Independent (Outside)**

**Advisory Committee Member**

**Audit and Supervisory  
Committee Member**

Term of office: 7

Mr. Satoshi Momokino has professional knowledge and broad experience as a lawyer and is familiar with corporate legal affairs. He also has international experience, and the Company expects him, to comment objectively on the management of operating companies and to help improve its corporate governance.

Corporate management and management strategy
Development, technology and quality
Planning and sales
Finance and accounting
<b>Risk management and legal affairs</b>
<b>International experience</b>
Government experience

### Outside



## Takaaki Yamamoto

Outside Director  
Audit and Supervisory Committee  
Member (Part-time)  
Advisor, Seiko Solutions Inc.

**Independent (Outside)**

**Advisory Committee Member**

**Audit and Supervisory  
Committee Member**

Term of office: 5

Mr. Takaaki Yamamoto has abundant experience and broad insight serving as a manager for many years. He has contributed to enhancing the corporate value of the Company, by providing appropriate advice on the Company's management and supervising the execution of business operation as an Outside Director. The Company expects him to continue playing such roles.

<b>Corporate management and management strategy</b>
Development, technology and quality
Planning and sales
Finance and accounting
<b>Risk management and legal affairs</b>
International experience
Government experience

### Outside



## Hirotsugu Miyakawa

Outside Director  
Audit and Supervisory Committee Member (Part-time)  
Certified Public Accountant (Miyakawa Certified Public Accountant Office)

**Independent (Outside)**

**Advisory Committee Member**

**Audit and Supervisory  
Committee Member**

Term of office: 5

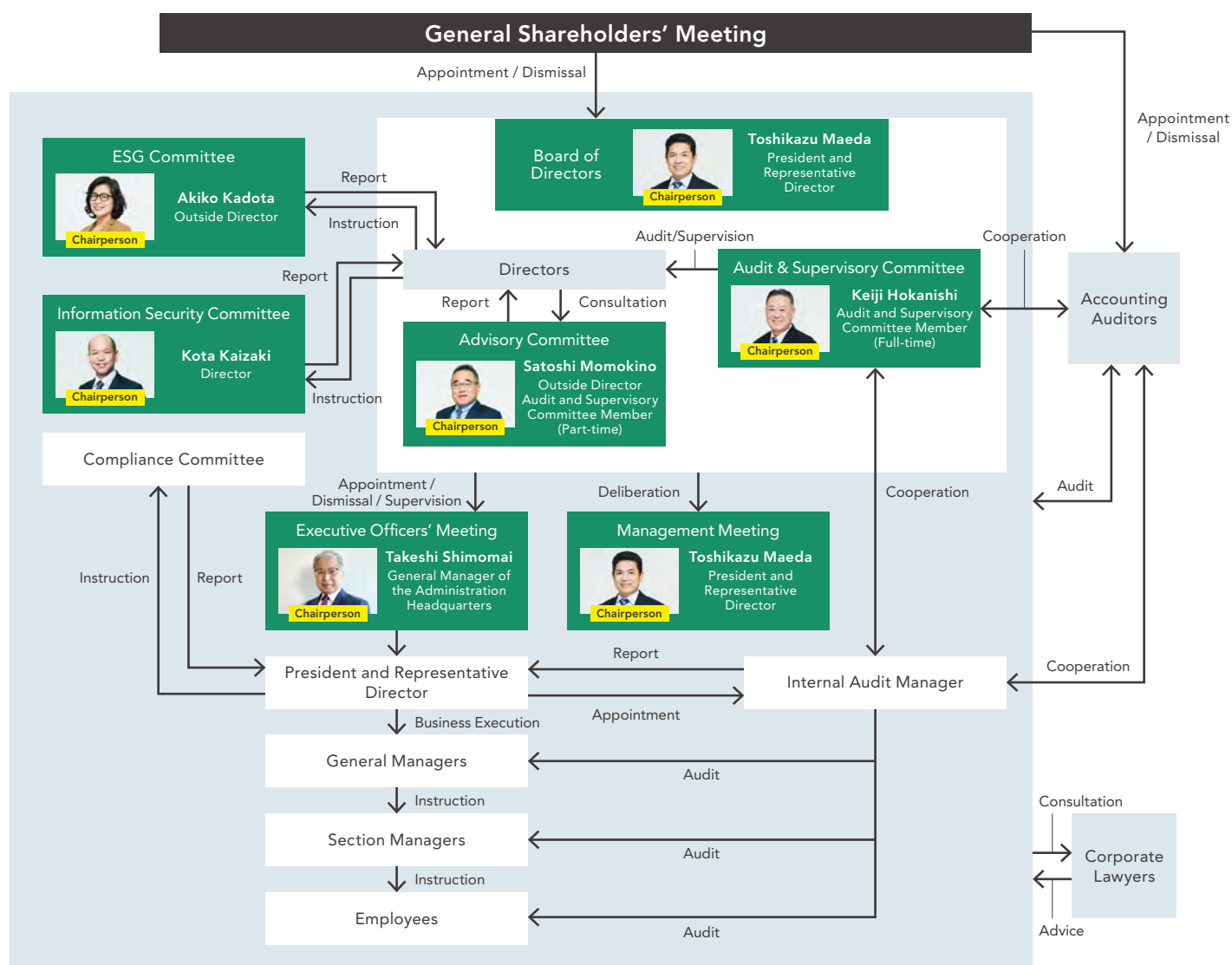
Mr. Hirotsugu Miyakawa has professional expertise and broad experience as a certified public accountant. The Company expects him to supervise the execution of duties by the Directors, and to provide advice from a professional perspective.

Corporate management and management strategy
Development, technology and quality
Planning and sales
<b>Finance and accounting</b>
Risk management and legal affairs
International experience
Government experience

# Corporate Governance

## Basic Stance

In order to increase management transparency and make corporate governance work effectively based on compliance with laws and regulations, the Company acknowledges the importance of establishing and maintaining not only an organizational structure that responds quickly and accurately to major changes in the business environment but also a sound management system that places importance on shareholders.



Organizational Form	Maximum Number of Directors Stipulated in the Articles of Incorporation	Term of Office of Directors Stipulated in the Articles of Incorporation	Chairperson of the Board	Number of Directors	Appointment Status of Outside Directors	Number of Outside Directors	Number of Independent Outside Directors
Company with an Audit and Supervisory Committee	12	1 year	President and Representative Director	9	Appointed	5	5



For details of internal control systems, please see our Corporate Governance Report.  
<https://ssl4.eir-parts.net/doc/6264/tdnet/2544748/00.pdf>





## Management Meeting

The management meeting consists of the 38 members who are at the deputy manager position or above. It is held monthly in principle to share perceptions and exchange opinions on business strategy and business operation. Among the matters discussed and resolved at the Board of Directors, those that are particularly necessary are also discussed at this meeting to enhance the deliberations at the Board of Directors. Directors who are Audit and Supervisory Committee members also attend various critical internal meetings, including this management meeting, and express their opinions.

12

Number of meetings held in FY2024:

### Major deliberation themes

- Reporting on the status of management and countermeasures to address any issues
- Reporting on KPIs and countermeasures to address any issues
- Reporting by each arm of operations and countermeasures to address any issues

## Board of Directors

The Board of Directors comprises nine directors, including four directors who are Audit and Supervisory Committee members, and five of whom are outside directors. The Company holds regular monthly meetings of the Board of Directors and strives to further enhance the corporate governance system by including directors who are Audit and Supervisory Committee members with voting rights.

19

Number of meetings held in FY2024:

### Major deliberation themes

- Medium-and long-term company policies
- Budget formulation
- Matters concerning transactions with related parties
- Matters concerning the General Shareholders' Meeting
- Matters concerning restricted stock compensation
- Matters concerning financial results and other matters

## Executive Officers' Meeting

The Executive Officers' Meeting comprises the President and Representative Director, two Executive Directors, a General Manager of Headquarters and the standing Audit and Supervisory Committee member (who does not have voting rights). Meetings are held on Mondays directly before regular meetings of the Board of Directors, in principle, to assist the President and Representative Director and the Board and Directors by deliberating and resolving important management-related matters in accordance with basic management policies determined by the Board of Directors.

15

Number of meetings held in FY2024:

### Major deliberation themes

- Deliberation of agenda items to be submitted to the Board of Directors
- Deliberation of revisions to the fiscal year budget
- Determination of internal regulations
- Deliberation of important capital investment and other matters based on approving authority thresholds

## Audit & Supervisory Committee

The Audit and Supervisory Committee is comprised of four directors, including three outside directors. It meets once a week, in principle, and extraordinary meetings are held as necessary. The Committee exchanges information with internal audit staff and accounting auditors as needed to enhance the effectiveness and efficiency of audits.

14

Number of meetings held in FY2024:

### Major deliberation themes

- Discussion of audit reports
- Appointment and dismissal of accounting auditors
- Internal audit reports

## Advisory Committee

The Advisory Committee comprises the President and Representative Director and three Independent Outside Directors who are Audit and Supervisory Committee members. The committee is convened when necessary and reports as an advisory body to the Board of Directors on matters such as the nomination of directors, policies for determining the remuneration of directors and the appropriateness of remuneration levels from an independent and objective perspective.

5

Number of meetings held in FY2024:

### Major deliberation themes

- Proposals relating to the election or dismissal of directors to be resolved at General Shareholders' Meetings
- Amount or remuneration of individual Directors
- Policies, etc. for determining officers' remuneration

## ESG Committee

The ESG Committee is composed of the President and Representative Director, two directors (one of whom is an outside director) and ten employees. The committee identifies material issues (materiality), sets KPIs, checks the status of achievement, reviews plans, and reports the status of these to the Board of Directors in order to deal with the various challenges related to ESG in corporate management from a long-term perspective.

12

Number of meetings held in FY2024:

### Major deliberation themes

- Identification of materiality and setting of KPIs
- Monitoring of ESG targets
- Deliberation of ESG issues

## Information Security Committee

The Information Security Committee consists of one director who is the chief information officer (CIO) and eight employees. It holds meetings every month. It is a decision-making body that determines security measures and policies for the entire company. Its objective is to effectively use information assets in management activities and handle the administration of the business. The Board of Directors are informed of resolutions passed by the committee at its monthly meetings and gives instructions on matters that need to be improved or studied.

12

Number of meetings held in FY2024:

### Major deliberation themes

- Reporting incidents
- Reporting the status of information security
- Preventive measures to address information security risks

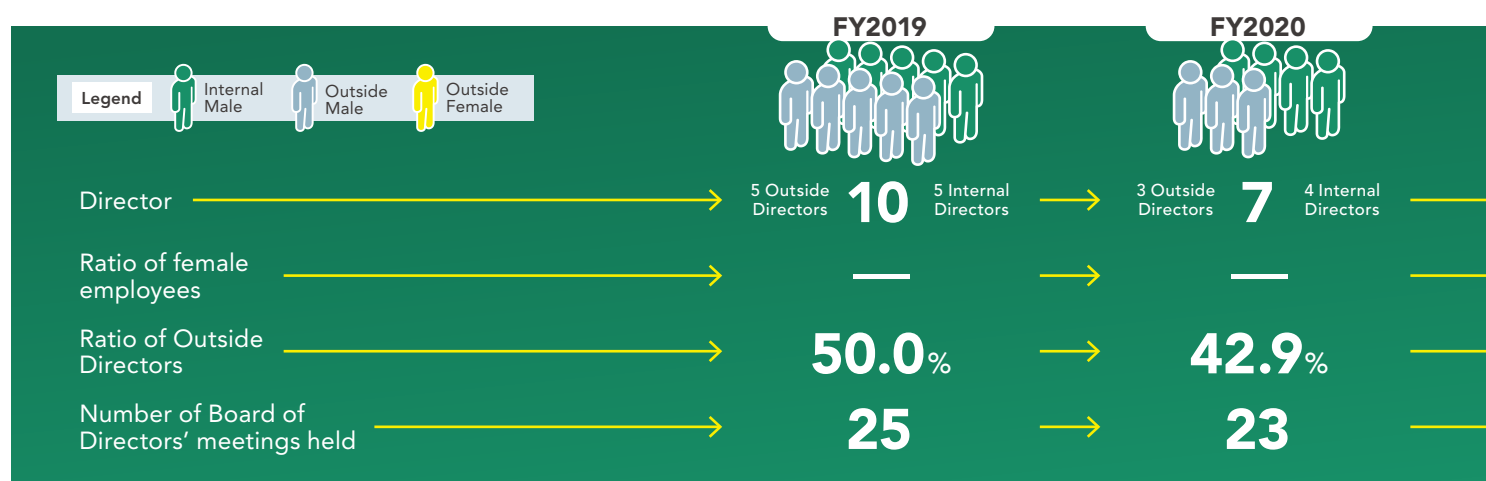
## Evolution of Governance

### — Building a structure that supports the sustainable enhancement of corporate value centered on diverse perspectives and the enhancement of supervisory functions —

Based on lessons learned from our past management crisis, Marumae has continued to enhance the supervisory functions of our Board of Directors and improve its governance system, in support of sustainable organizational growth. Since our transition to being a company with an Audit and Supervisory Committee (in 2015), we have continued to pursue initiatives such as proactively appointing outside directors, bolstering the functions of major committees, and improving the effectiveness of the Board of Directors, ensuring that management remains fair and transparent.

In the fiscal year ended August 31, 2024, five of our nine directors (a majority) were outside directors, and two of them were women. We have thus built a structure with increased diversity of composition and greater independence. Our governance has evolved. Progress has been made in the evaluation of the effectiveness, with outside directors playing a leading role, in the ESG Committee's updating of the risk management framework, and in the strengthening of our information security and compliance structures.

We will continue to strive to achieve the sustainable



## Main Matters Deliberated at Board of Directors' Meetings and Executive Officers' Meetings

### Roles of Board of Directors and Executive Officers' Meeting

We aim for a supervisory Board of Directors, with Outside Directors accounting for almost half of the Board. The Board delegates some authority to the Executive Officers' Meeting, which hold discussions on matters related to business execution.

Matters resolved by the Board of Directors		Matters to be resolved by the Executive Officers' Meeting	
Matters concerning the General Shareholders' Meeting	Important matters concerning business operations	Acquisition or forfeiture of assets (including lease agreements)	Revision of fiscal year budget
Matters concerning Directors	Important matters concerning affiliated companies	Establishment of credit limit	Borrowing (including deposit of collateral)
Matters concerning shares and corporate bonds	Matters concerning the Executive Officers' Meeting	Processing of overdue receivables	Utilization of securities
Matters concerning financial results	Other important matters	Testing, research and development	Change of accounting policy

## Evaluation of effectiveness of the Board of Directors

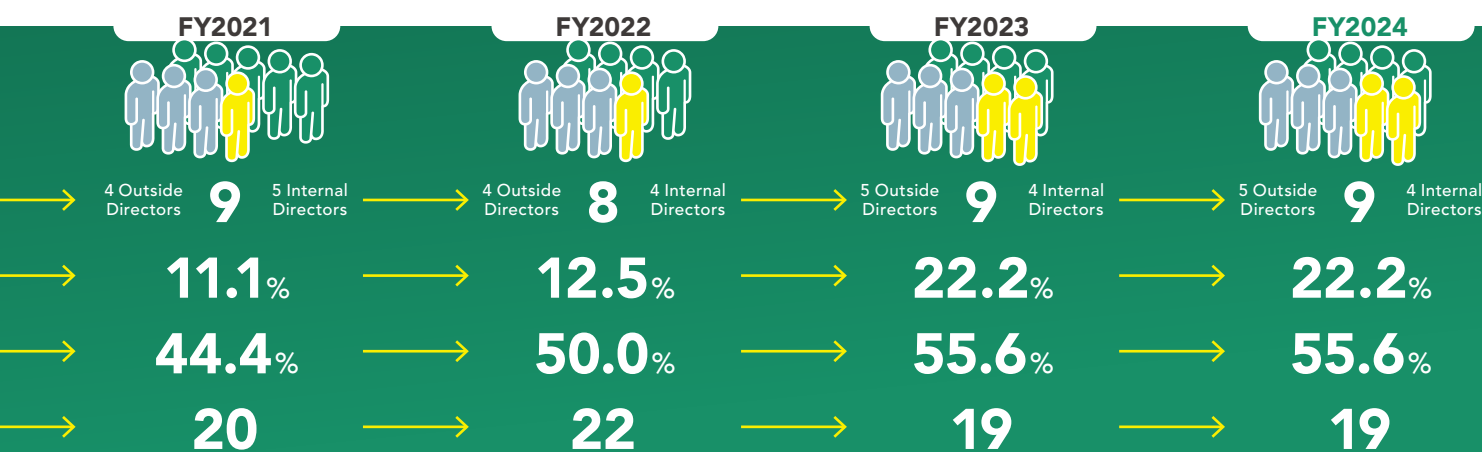
We objectively evaluate the operations of the Board of Directors every year to improve its effectiveness. From the results of the 2024 survey, we confirmed that the Board of Directors has ensured its effectiveness and that various aspects of it are well-balanced, including its composition, operational structure, and the quality of its discussions.

The evaluation of the Board of Directors was particularly high for the points at right.

We believe that, due to these initiatives, the check functions. controlling the executive directors are fully demonstrated, and our Board of Directors maintains a high level of effectiveness.

enhancement of our corporate value through constructive dialogue with our shareholders and other stakeholders, while

also improving our governance in response to changes in the business environment and the needs of society.



### Enhancing the supervisory function

A majority of the Board of Directors being outside directors has enhanced the independence and the supervisory functions of the Board of Directors. In addition, we have established committees composed of independent outside directors (nomination, remuneration, etc.) and the Board of Independent Outside Directors. This has enabled us to enhance the check functions that support the company's execution of business.

### Open discussions

At meetings of the Board of Directors, the chairperson encourages all members to speak, and the members of the management team respond sincerely to questions from the outside directors. This has created an atmosphere that permits all directors to speak proactively without hesitation, ensuring that discussions are energetic.

### Provision of sufficient information

Necessary materials are prepared to be provided as needed, and sufficient information is shared with outside directors. This supports the high-quality deliberation and decision making of the Board of Directors.

### Strategic agenda setting

Having transferred authority to the Executive Officers' Meeting, the Board of Directors spends sufficient time deliberating important matters, such as corporate strategies.

### Direction of improvement and future tasks

We are working to strengthen our governance system on an ongoing basis. At present, we are mainly considering the following tasks.

#### Balance between the knowledge, experience and skills of the executive directors

Above all, the absence of a director in charge of finance remains an issue. At present, the president is concurrently the director in charge of finance, and there are no major problems in operations. To reinforce the system over the medium-and long-term, however, we will continue to discuss this issue.

#### Diversity of Directors

While enhancement of diversity has been a task, certain progress has been made since 2023 due to appointment of new outside directors, which has enhanced the check function.

#### Succession Plan

To sustainably enhance corporate value, we have identified the clarification of succession plans as an important task, and the Advisory Committee has been discussing it.

We will continue to evaluate and identify issues and work to reinforce our system further based on the results of effectiveness evaluations.

## Performance-linked Remuneration for Directors

We introduced performance-linked remuneration in September 2007.

Currently, remuneration is calculated using the three indicators specified on the right. Initially, an indicator linked to the share price was also used to calculate remuneration.

The goal of introducing performance-linked remuneration was to incorporate a system of self-discipline into the remuneration for directors. Generally, the remuneration for a specific director stays flat. This is due to tax rules according to which any variable portion of director remuneration cannot be treated as expenses. This rule is intended to prohibit using director remuneration to manipulate profit. This is why it is a common practice to reward directors with bonuses via a resolution at the General Shareholders' Meetings for fiscal years where the company performed strongly. However, when business results are poor, remuneration is not reduced unless the Remuneration Committee or other organization decides to reduce it. In reality, no decision to decrease the remuneration is made.

We had already adopted a performance-related pay scheme for employees, and we thought that we needed a system that linked director remuneration to performance.

With this concept, we have introduced a mechanism in which directors' monthly remuneration reflects the previous month's performance, even though this increases our tax burdens.

We have also selected three indicators for linking performance to remuneration. The first is the indicator used for the performance-related pay (bonuses) of employees. This is to link performance to employee satisfaction. The second indicator is the ordinary profit to net assets ratio. This is to seek capital efficiency from the shareholders' point of view. The third indicator is the ordinary profit to total assets ratio. This is to discourage directors from relying on liabilities and neglecting the productivity of all of the company's assets.

An indicator linking remuneration to the share price was initially used but it was eliminated on the occasion of the rehabilitation of the business. At that time, our share price was so low that it was expected to produce a greater effect pushing remuneration upwards beyond actual performance. The goal of eliminating this indicator was ensuring that remuneration is linked to real business growth.

After experiencing a management crisis following the Global Financial Crisis, we are more eager to increase productivity. At that time, we failed to make good use of our production facilities which were sharply increased through capital investment and we plunged into a difficult situation. In addition, that investment was mainly funded by interest-bearing debt. We renewed our awareness of the importance to manufacturers of management to increase not only ROE but also ROA.

The management indicators that we selected later include ROIC. This is because we thought that increasing the

productivity of all of the capital invested, including liabilities, was an appropriate goal.

The indicator for which we have set a corporate goal, ROIC, may appear to deviate from the indicators used to calculate performance-linked remuneration for directors, but they are based on the same goal. We intend to continually improve ROIC by increasing productivity and then the operating profit margin. If we use ROIC as the sole indicator for performance-linked remuneration, we may incorrectly manage the company, reducing capital to increase ROIC. The indicators used to calculate performance-linked remuneration for directors are necessary for avoiding this and achieving essential goals.

	Indicators	Purpose
01	Bonus per employee	Improving employee satisfaction
02	Ordinary profit to total assets	Implementing management to increase ROA
03	Ordinary profit to net assets	Implementing management to increase ROE

### Policy on determining the ratio of the amount of monetary remuneration, performance-linked remuneration or non-monetary remuneration to the amount of individual remuneration for each director

The Advisory Committee reviews the ratio of remuneration for each type of executive director based on the benchmark remuneration levels of companies of a similar business scale and operating in related industries and business categories as the Company, with the weight of performance-linked remuneration increasing for higher positions. The Board of Directors respects the Advisory Committee report and decides the individual remuneration of directors within the percentage range of remuneration types indicated in said report.

The approximate ratio of each type of remuneration is as follows: (if the Company achieves a consolidated operating profit ratio of 20%)

Position	Representative Director	Director
Base remuneration	40%	50%
Performance-linked remuneration	40%	30%
Non-monetary remuneration, etc.	20%	20%

### Matters concerning decisions on the details of remuneration paid to individual directors

Regarding the amount of a director's individual remuneration, the Advisory Committee receives an explanation from the President and Representative Director on the status of business performance and the degree of target achievement. The Committee also hears the President's remuneration proposal, discusses it, makes any necessary adjustments to the content, and reports the results to the Board of Directors, which then passes a resolution. Furthermore, for stock-based compensation, the Board of Directors determines the number of shares allocated to each director based on the report from the Advisory Committee.



# Risk Management/Compliance

## Risk Management

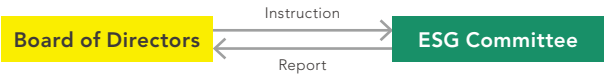
### Purpose

The principal purposes of risk management are to protect our assets and profitability and to help achieve organizational targets through the identification, assessment, monitoring and control of risks. Appropriately responding to risks will minimize latent losses and the impact of crises and accelerate sustainable growth.

### Risk management system

The ESG Committee is in the charge of enterprise risk management (ERM). It reports its deliberations on this matter to the Board of Directors and receives instructions from the Board of Directors. Separate divisions analyze individual risks and take measures to address them. The ESG Committee monitors material risks and the state of the response actions to address them that are taken by these divisions.

Risk management system diagram



### Risk management flow



### Progress and future process flow

Progress	<ul style="list-style-type: none"><li>· Revelation and identification of risks</li><li>· Formulation of risk assessment criteria and quantitative determination</li><li>· Implementation of risk mitigation measures based on their prioritization</li></ul>
Future tasks and outlook	<ul style="list-style-type: none"><li>· Strengthening measures for many different scenarios</li><li>· Evaluating and improving risk handling measures</li><li>· Reinforcing monitoring systems and internal cooperation</li></ul>

## Compliance

### Purpose

The purposes of our compliance structure are to ensure compliance with laws, regulations, industrial standards and corporate ethics and to improve corporate reliability and transparency. Its goal is to avert risks, to protect corporate value and to live up to stakeholders' expectations. Through compliance activities, we will prevent illegal acts and misconduct, quickly learn of them and take appropriate actions to address them.

### Compliance structure

We have the Compliance Committee whose roles are to improve our compliance structure and direct and supervise investigations into illegal acts and the corrective actions to address these acts. This committee is directly controlled by our President and Representative Director. It is chaired by the General Manager of the Administration Headquarters and its members are full-time directors.

### Internal whistleblowing system

We established a whistleblowing system to effectively identify and handle compliance violations, illegal acts and other matters of concern. Its purpose is to maintain organizational transparency and ethical standards. This system can be used by directors, employees (including employees who have left the company) and temporary staff members. Whistleblowing contact points are provided inside and outside the company. Within the company, the Administration Headquarters and the Audit and Supervisory Committee act as contact points. Externally, this function is fulfilled by the office of our corporate lawyer.

We have a system in place that strictly protects the privacy of whistleblowers and that helps to ensure they are not disadvantaged because of their notifying the whistleblowing system of a matter or consulting it. When it has been notified of a matter, the contact point will report the details of the matter swiftly to the Compliance Committee. The Administration Headquarters checks if the lawyer has been notified of any matters quarterly. We will respect the privacy of whistleblowers and victims in the process of investigating the facts of matters. The results of investigations will be communicated to the Compliance Committee and to whistleblowers. If any violation is confirmed, the committee will take corrective measures and measures to prevent any recurrence of the matter, and the Administration Headquarters will regularly follow up on the implementation of these measures.

Item	Breakdown	FY2020	FY2021	FY2022	FY2023	FY2024
Number of violations	Corruption or bribery	0	0	0	0	0
	Discrimination or harassment	0	0	0	0	0
	Breach of data about customers	0	0	0	0	0
	Conflicts of interest	0	0	0	0	0
	Money laundering or insider trading	0	0	0	0	0
	Information leakage	0	0	0	0	0
Breakdown		FY2020	FY2021	FY2022	FY2023	FY2024
Number of times the contact points were contacted*		0	0	0	10	11

### Compliance education

Once a year, we provide all employees with compliance training on each of the following themes. After each training program, we give test participants to check their level of understanding and confirm how well the knowledge has been absorbed. We then review the content and also conduct follow-up studies.

- Harassment prevention training
- Training on the code of conduct and rules on rewards and punishments
- Human rights education
- DE&I (Diversity, Equity, and Inclusion) education

Through these initiatives, we encourage each individual employee to change their awareness and behaviors, aiming to establish a sound organizational culture. We will continue to review our training programs on a regular basis in our efforts to further increase compliance awareness.

\*Until the fiscal year ended August 31, 2022, the number of reports submitted to the Board of Directors was disclosed. From the fiscal year ended August 31, 2023 onwards, the number of times the contact points were contacted is disclosed. No violations of laws, regulations or the Articles of Incorporation were confirmed.

## Information Security

Information security target for the fiscal year  
ended August 31, 2025

**Department target**  
**Zero serious incidents**

\*A serious incident is defined as a 30-minute or longer shutdown or the leakage of information outside the boundary of confidentiality.

### Key Measures

Strengthening measures to tackle cyberattack risks  
Continuous improvement of training and operations  
Enhancing emergency response and reporting rules  
Early risk detection and improvement through internal audits

### Purpose

The goals of our implementation of information security are to protect our corporate value and ensure our business continuity. This includes the construction of a structure to prevent the failure of IT systems and information security or cybersecurity incidents, and properly respond to incidents in the event of their occurrence. Ensuring information security protects the company from technical failures, human error, malicious attacks and many other risks.

### Information security policy

Marumae Co., Ltd. (hereinafter the "Company") will make information security efforts across the organization in accordance with the policy set out below to protect information assets acquired from customers and those that we own from accidents, disasters, crimes and other threats and to live up to the trust of customers and society.

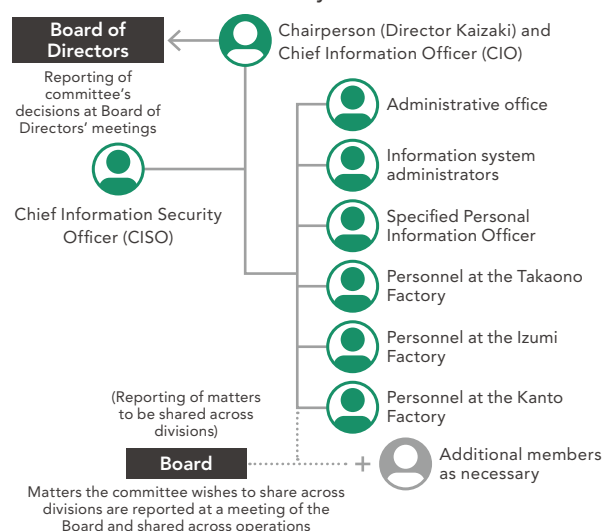
#### Information security policy

01	<b>Management responsibility</b> The Company will endeavor to improve its information security on the initiative of the management team in a systematic and continuous manner.
02	<b>Development of internal systems</b> The Company will set up an organization to maintain and improve information security and formulate information security measures as official internal rules.
03	<b>Employees' efforts</b> The Company's employees will acquire the knowledge and skills necessary for information security to make sure its information security efforts are successful.
04	<b>Compliance with laws, regulations and contractual requirements</b> The Company will comply with laws, regulations, norms and contractual obligations relating to information security to live up to customers' expectations.
05	<b>Response to violations and incidents</b> Should any violation of law, regulation or contract relating to information security or any incident relating thereto occur, the Company will deal with it properly and strive to prevent recurrence.

### Information security system

In our information security system, the Information Security Committee develops security action policies and rules for the entire company and the information systems group implements and operates them. The committee is chaired by the director who is also the Chief Information Officer (CIO) responsible for information systems and overall information strategies. The person in charge of the information systems team shall be the Chief Information Security Officer (CISO), who will supervise and control our information security systems and measures. The information systems group will act as the committee's administrative office. The members of the committee include information system administrators, personal information protection representatives and the relevant personnel at individual factories. The committee holds meetings once a month in principle. Upon receipt of reports from the chair of the committee, the Board of Directors discusses the appropriateness of the information security measures. The CIO communicates the items to be observed in the implementation of security measures to the heads of divisions. We make them known to all employees using training materials. To increase the effectiveness of our information security measures, our outside director specializing in legal affairs presents example security measures and violations and makes proposals. We listen to advice provided from the perspective of people outside the Company to optimize our security measures.

#### Structure of the Information Security Committee



#### Information security results for the fiscal year ended August 31, 2024

- Acquire ISO 27001 certification
- Achieved zero non-compliance incidents identified by internal audits
- Began the labeling of electronic files and strengthened the management of paper media
- Ensured the clear desk and clear screen policy is followed
- Significant improvement of the SECURITY ACTION score
- Implemented a drill to address targeted email attacks and continued training
- Strengthened physical security and access control
- Promoted vulnerability management and system upgrades

## Message from the Outside Director

# Growing sustainably and accumulating corporate value through aggressive and defensive initiatives

I am Satoshi Momokino, an outside director. I started my career as a bank employee. In that era, I was temporarily assigned to the Ministry of Finance, to study overseas, and to other opportunities. At Columbia University's Columbia Law School, I studied corporate law, banking law, and more as an international student. At present, I work on corporate legal affairs as a lawyer, with a special focus on governance and compliance, among other areas. As an outside director of Marumae, I will leverage my experience and professional perspectives (on money, banking and legal affairs in Japan and other countries) in my commitment to Marumae's sustainable creation of corporate value.

## Discussions of the Board of Directors on the revision of targets under the Medium-term Business Plan and the postponement of capital investments

In closing its book for the fiscal year ended August 31, 2024, Marumae announced that it would revise the net sales target under the Medium-term Business Plan from ¥14.0 billion to ¥12.0 billion and postpone its capital investment plan, reflecting the prolongation of customers' inventory adjustments and changes in the market environment. Before reaching these decisions, the Board of Directors repeatedly discussed and carefully considered the issues from the perspective of corporate governance focused on the sustainable growth of the company and the medium- to long-term enhancement of corporate value. Marumae's Board of Directors is a supervisory one. It is also a place for discussing the company's long-term vision before the execution of that vision. We therefore considered the issues multilaterally, including the further expansion of our business domains and the measures to take to respond to changes in the market, keeping in mind the long-term targets of achieving net sales of ¥30.0 billion, operating profit of ¥9.0 billion, and an operating profit ratio of 30% in 2030. At this time, we decided to revise the sales target under the Medium-term Business Plan and postpone capital investments. This does not mean that we have given up on achieving our long-term targets. I believe that it is a strategic decision so that we can act flexibly and agilely in the market recovery phase.

## A Supervisory Board of Directors balancing aggressive and defensive initiatives

While supporting aggressive internal initiatives, I am also focused on playing a role in defensive measures for removing the seeds of incompliance at an early stage. When there are gaps between common sense within a company and the common sense of society, a scandal happens. It is therefore important to take the position that not even seemingly minor incidents, such as occupational injuries and complaints, should be overlooked from the perspectives of the law and society. Scandals can damage a company's credibility in society and seriously affect its corporate value and the profit of investors. Therefore, the Board of Directors proactively makes recommendations regarding necessary actions and measures to reinforce structures based on examples from other companies and the perspectives of the law and society in its efforts to control risks before they materialize.

## Satoshi Momokino

Outside Director and Audit and Supervisory Committee Member

## Recruitment and development of the human resources who play the key role in the enhancement of corporate value

Another key to the enhancement of corporate value lies in the recruitment and development of human resources. My understanding is that securing not only engineers, the people providing support in the area of cutting and processing, but also high-level human resources, who acquire new technologies and support sustainable growth, will remain the most important task. Marumae has acquired the naming rights of local public facilities and strengthened its joint research and cooperation with a university, benefitting from the improvement of its recognition and credibility that was a result of its listing on the Prime Market, although these efforts are by no means easy with Marumae's location in Izumi City, Kagoshima Prefecture. I think it is important to continue to accumulate these initiatives and establish a system for passing down and developing technologies.

## Marumae's value and its significance in society

Marumae's strength lies in it being able to respond promptly to the demands of the market regarding technologies and supply and, as a supplier, it can keep up with the speed of the changes in and growth of the market. Called the "rice of industry," semiconductors are an extremely important element that supports modern society's infrastructure. A stockout in the supply chain affects not only the semiconductor industry, but also many other industries. Marumae plays an extremely critical role in this context. We can say that the company supports a part of social infrastructure through stable, continuous supply of parts.

## To our stakeholders

Marumae has been leaping forward in response to the changes of the times while living up to its founding spirit: Seek technological perfection. Its path reveals possibilities like the American dream. That is, you can make your dreams come true if you work hard with passion. I believe that aggressive expansion into new sectors other than semiconductors and FPDs will further expand our medium- to long-term growth opportunities. I hope that all stakeholders will watch the technological capabilities of Marumae and its initiatives for the future. I promise that, as an outside director, I will strive to improve Marumae's corporate value, particularly by ensuring the effectiveness of its governance system and thorough compliance. I would be very grateful for your continued support.

# Financial Information

## Financial statements for 11 years

	2014/8	2015/8	2016/8	2017/8
Net sales	1,585	2,124	2,242	3,035
Operating profit	267	450	488	764
Ordinary profit	255	435	458	737
Profit	302	559	363	538
Total assets	1,765	2,188	2,569	5,418
Total liabilities	1,369	1,473	1,590	2,281
Net assets	396	715	978	3,137
Cash flows from operating activities	88	626	556	626
Cash flows from investing activities	(14)	(185)	(296)	(681)
Cash flows from financing activities	(239)	(206)	(141)	1,966
Cash and cash equivalents at end of period	162	397	513	2,425
Earnings per share (¥)	28.90	53.16	34.50	50.74
Net assets per share (¥)	14.3	67.9	92.9	263.4
Annual dividends per share (¥)	—	6.0	7.5	10.0
Operating profit to net sales (%)	16.9	21.2	21.8	25.2
Ordinary profit to total assets (%)	14.9	22.0	19.3	18.5
Return on equity (%)	123.6	100.7	42.9	26.2
Asset-based ROIC (%)	10.8	18.2	16.9	18.8
Liability-based ROIC (%)	10.3	14.7	14.8	11.2
Equity ratio (%)	22.4	32.7	38.1	57.9
Payout ratio (%)	—	11.3	21.7	19.7

Notes 1. Figures are rounded down to the nearest million yen.

2. Per share data has been calculated as if stock splits conducted on March 1, 2014 (100-for-1 split), September 1, 2015 (3-for-1 split), and March 1, 2017 (2-for-1 split) had taken place at the beginning of fiscal 2011.

3. Figures in parentheses indicate negative figures.

## ESG data

	2014/8	2015/8	2016/8	2017/8
Marginal profit (¥ million)	—	—	—	—
Total number of employees (including temporary employees)	—	—	—	—
Marginal profit per employee (productivity indicator) (¥ ten thousand)	—	—	—	—
Scope 1 and 2 emissions Intensity (per marginal profit) (t-CO <sub>2</sub> /¥ million)	—	—	—	—
Number of programmers (person)	—	—	—	—
Ratio of female regular employees (%)	—	—	—	—
Turnover rate of regular employees (%)	—	—	—	—
Ratio of Female Directors of the Board of Directors (%)	—	—	—	—
Ratio of Outside Directors of the Board of Directors (%)	—	—	—	—

Notes 1. The figure for fiscal 2024 is calculated based on the figure for fiscal 2023 as the emission factor since it has yet to be determined.



(¥ million)

2018/8	2019/8	2020/8	2021/8	2022/8	2023/8	2024/8
4,588	4,019	4,388	5,369	8,585	6,868	4,749
1,234	495	896	1,207	2,361	859	156
1,211	477	834	1,200	2,366	789	42
866	436	690	902	1,817	706	19
8,088	8,329	8,894	9,742	12,552	11,612	11,464
2,955	3,021	3,188	3,415	5,253	4,138	4,300
5,132	5,307	5,706	6,327	7,299	7,473	7,163
829	1,052	1,190	1,062	2,227	2,252	431
(2,458)	(1,496)	(337)	(809)	(1,744)	(1,489)	(504)
1,814	96	(575)	(291)	8	(286)	(395)
2,612	2,263	2,540	2,505	3,011	3,496	3,028
72.01	33.45	53.34	70.51	142.58	55.92	1.55
393.2	406.7	445.7	494.2	578.0	591.2	566.1
20.0	15.0	17.0	24.0	48.0	36.0	30.0
26.9	12.3	20.4	22.5	27.5	12.5	3.3
17.9	5.8	9.7	12.9	21.2	6.5	0.4
20.9	8.4	12.5	15.0	26.7	9.6	0.3
16.3	5.9	10.0	12.1	17.9	7.7	1.4
11.5	4.3	7.7	9.7	15.6	5.4	0.9
63.5	63.7	64.2	64.9	58.1	64.4	62.5
27.8	44.8	31.9	34.0	33.7	64.4	1,935.5

2018/8	2019/8	2020/8	2021/8	2022/8	2023/8	2024/8
3,103	2,596	2,995	3,716	5,717	4,305	3,202
230	252	259	313	387	323	333
1,349	1,030	1,156	1,187	1,477	1,212	892
0.594	0.712	0.828	0.780	0.608	0.711	0.868
36	41	53	61	60	71	70
12.15	13.33	12.68	12.50	11.17	12.57	13.13
4.67	2.50	0.70	1.25	3.91	3.28	2.02
0.0	0.0	0.0	11.1	12.5	22.2	22.2
44.4	40.0	42.9	44.4	50.0	55.6	55.6



Please refer to our website for the latest ESG data. (Japanese only)  
[https://www.marumae.com/sus\\_3.html](https://www.marumae.com/sus_3.html)



# Stock Information/Company Overview

## Stock Information (as of August 31, 2024)

Securities Code	6264
Stock Exchange Listing	Prime Market of the Tokyo Stock Exchange
Annual Shareholders' Meeting	November
Total Number of Shares Authorized	52,212,000
Total Number of Shares Outstanding	13,053,000 (of which 399,162 are shares of treasury stock)
Number of Shareholders	10,387
Shareholder Registry Administrator	JAPAN SECURITIES AGENTS, LTD. 1-2-4 Kayabacho, Nihonbashi, Chuo-ku, Tokyo

## Major Shareholders

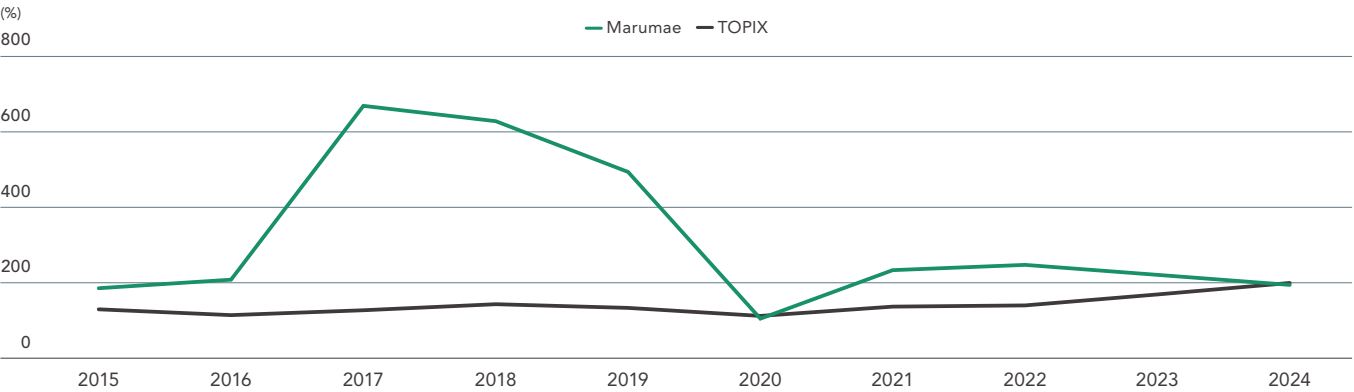
Name	Number of Shares Held	Shareholding Ratio (%)
Toshikazu Maeda	4,836,083	38.2
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,030,600	8.1
Misako Maeda	504,000	4.0
Nomura Securities Co., Ltd.	430,100	3.4
BNP PARIBAS LUXEMBOURG/2S/JASDEC SECURITIES/UCITS ASSETS (Standing proxy)	191,202	1.5
Yoshiko Maeda	180,000	1.4
Koei Igarashi	169,000	1.3
Custody Bank of Japan, Ltd. (Trust Account)	141,200	1.1
Marumae Kyoeikai	131,000	1.0
Nomura Securities Co., Ltd. (Standing proxy)	87,476	0.7

Notes 1. Although the Company holds 399,162 shares of treasury stock, it is excluded from the above list of major shareholders  
2. The shareholding ratio is calculated by subtracting treasury stock.

## Share Price Trend



## Total Shareholder Return (TSR) Trend



## Company Profile (as of May 31, 2025)

Company Name	Marumae Co., Ltd.	Fiscal Year-End	August 31
Representative	Toshikazu Maeda	Share capital	¥1,241,150,000
Headquarters	2141 Onohara, Izumi, Kagoshima 899-0216, Japan	Consolidated subsidiaries	KMX Co., Ltd., KM Aluminum Co., Ltd.
Established	October 1988	Number of Employees	596 (including 156 contingent workers and 62 temporary employees)
Locations of Group companies	Izumi Factory (Headquarters)	2141 Onohara, Izumi, Kagoshima 899-0216, Japan	
	Takaono Factory	3816-41 Okubo, Takaono-cho, Izumi, Kagoshima 899-0401, Japan	
	Kanto Factory	2-17-15 Hizaori-cho, Asaka, Saitama 351-0014, Japan	
	KM Aluminum Co., Ltd. (headquarters and factory)	80 Yotsuyama-machi, Omuta, Fukuoka 836-0067, Japan	
The Group's Business	Marumae Co., Ltd.	<ul style="list-style-type: none"> <li>■ Design, manufacture, processing, and assembly of high-precision machinery</li> <li>■ Design and manufacture of high-precision machine parts</li> <li>■ Design, manufacture, and sale of industrial and medical equipment</li> <li>■ Inspection and repair of high-precision machine parts and machine equipment</li> <li>■ Development and sales of software</li> <li>■ Plate working</li> <li>■ Plumbing</li> <li>■ Transportation</li> <li>■ Real estate leasing</li> </ul>	
	KM Aluminum Co., Ltd	<ul style="list-style-type: none"> <li>■ Manufacture and sale of aluminum ingots, billet, slabs, and alloys</li> <li>■ Manufacture and sale of high-purity aluminum ingots</li> <li>■ Fitting and sheet-metal work</li> <li>■ All businesses incidental or related to one of the preceding items</li> </ul>	



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<https://www.marumae.com/en/index.html>



**Marumae Co., Ltd.**

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