



**MARUMAE
GROUP REPORT
2026**

FUSION



From fusion to uncharted growth.

At Marumae, we stand at a historic turning point on the way to realizing Our Vision 2030.

With KM Aluminum Co., Ltd. (KMAC) becoming part of the Group in 2025, we shifted course from standalone management to group management.

The precision components business and functional materials business.

This meant converging two distinct entities with different strengths, creating a chemical reaction that was more than simple addition.

The term that epitomizes that challenge and is also the theme of our new Medium-term Business Plan is “fusion.”

This marks the beginning of a story that is not a continuation of the past, but one of uncharted growth.

Editorial Policy The MARUMAE GROUP 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, the Marumae Group's 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 Group'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, 2025 (September 1, 2024 to August 31, 2025). This report covers Marumae Co., Ltd. and its consolidated subsidiary (KM Aluminum Co., Ltd.), and also includes information about some topics which have already been disclosed at the time of publication regarding matters after the target period. Thank you in advance for your understanding.

*The title of this report, Marumae Group Report 2026, is based on the year when it was issued. Up until the 2025 edition, it was published under the title “Marumae Report.”

The Key Messages of Marumae Group Report 2026

A

The shift to group management and dramatic transformation

With KMAC joining the Group in April 2025, Marumae shifted to a group management structure for the first time since its founding. As a result, we have evolved into a diversified corporate group operating along two axes, the precision components business and functional materials business, and are working to develop multiple growth drivers.

B

Business portfolio diversification and growth potential

Under our two-pillared structure comprising the precision components business and functional materials business, we are building a business structure that is resilient to market fluctuations by maintaining balanced operations in business fields with different market characteristics. In the final year of Fusion 2028, we aim to establish a framework in which both businesses will drive growth in tandem.

C

The competitiveness of high-precision machining and an ongoing investment footing

We boast a top-class track record in Japan in the area of vacuum components for semiconductor manufacturing equipment, with our integrated manufacturing approach comprising multiple processes, and the prototyping capabilities of our experienced engineers serving as the sources of our competitive strength. To reliably capture the demand recovery phase, we have continued to make upfront investments in facilities and human resources.

D

Growth potential and competitive advantage of the functional materials business

In the functional materials business, under an integrated manufacturing structure that incorporates aluminum refining, casting and surface treatment, we supply ultra-high purity aluminum with a purity of 99.999% or higher, and large castings. We will establish a unique position in fields where only a limited number of companies around the world are capable of operating, and capture growth in semiconductor-related markets.

E

Clear strategies and KPIs for our business segments

In the Medium-term Business Plan "Fusion 2028," we have set consolidated net sales of ¥25.0 billion, operating profit of ¥5.6 billion, and consolidated ROIC of 15% as final targets. We have also set individual strategies and KPIs for the precision components and functional materials businesses, and clearly laid out the path for achieving them.

F

Acceleration of growth through the integration with KMAC

By combining Marumae's high-precision machining technology with KMAC's material technology, we are working to strengthen the ability to win orders through integrated proposals spanning materials to processing, while also pursuing cross-selling that leverages the customer bases of both companies and the joint development of new materials. We are aiming for group growth that surpasses market growth.

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What Marumae has been



Since its founding, Marumae has been refining the very best technologies and continually solving customers' problems. In this section, we introduce Marumae's growth trajectory to date and our current position after shifting to group management, together with insight into our values, strengths and track record.

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The Future We Aim to Create



We aim to be a corporate group leading innovation with cutting-edge technology. Through a message from the CEO and two special features, we will express the thinking behind Our Vision 2030 and paint a picture of the vision for new growth the integration with KMAC will make possible.

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Strategies for realizing the vision



How do we achieve our vision? The answer is Marumae's strategies and the ability to take action on site. In this section, using our Long-term Vision, "Our Vision 2030," as a starting point, we provide an overview of the measures that will support value creation, spanning the Medium-term Business Plan "Fusion 2028" to our business-specific, financial and sustainability strategies.

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Corporate Governance



Sustainable value creation is supported by sound decision-making, and a promise to be trustworthy that all of our employees keep. In this section, we offer an overview of our management base, spanning a new governance structure that takes into account the shift to group management, and extends to risk management, stock information and financial data.

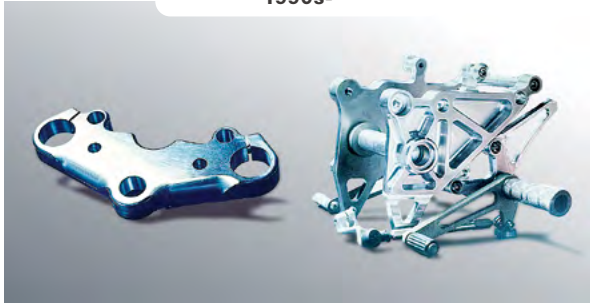
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Our Story

Marumae has forged its unique path by solving customers' problems.

Business launch and establishment of technological foundations

1990s-



In 1992, Toshikazu Maeda, the current president, founded T'sM's R&D with the aim of developing and manufacturing motorcycle parts. This was the beginning of Marumae's current business. The experiences gained from learning about the properties of materials and refining machining technologies to meet the extreme precision demanded of racing-grade parts became the foundation of Marumae's technological capabilities today.

Shifting to the precision machining field and expanding the business

1997 to the early 2000s



In 1997, the T'sM's R&D business was integrated with Marumae and embarked on the full-scale business expansion of the company as its R&D division. The technologies cultivated in the machining of motorcycle parts were leveraged in an expansion to industrial components, marking Marumae's entry into the field of high value-added products such as semiconductors and flat-panel displays (FPDs). Marumae began manufacturing vacuum components, laying the foundation for what would later become a mainstay business.

Establishing foundations for growth with capital investment and a listing

2003-2008



With demand for FPD manufacturing equipment expanding against the backdrop of widespread LCD television adoption, Marumae began focusing on the manufacturing of large products following the start of operations at its new factory in 2003. In 2006, Marumae was listed on the TSE Mothers index and strengthened its capital base, while actively pursuing business expansion including the new establishment of multiple sites and entry into the solar battery field.

Rebuilding the business structure following the Global Financial Crisis

2008-2015



The Global Financial Crisis drove a sharp decline in demand for the solar battery and FPD sectors, and in 2011, Marumae entered into Business Revitalization ADR (Alternative Dispute Resolution) procedures. We carefully selected businesses and revised our fixed cost structure while shifting from growth reliant on equipment strength and facility capacity to a policy leveraging technological capabilities. We focused management resources on the semiconductor sector and built a revenue structure that was resilient to economic fluctuations.

Establishing growth drivers with a focus on the semiconductor sector

2016-2024



Marumae completed the Business Revitalization ADR at an early stage and began focusing management resources on the semiconductor sector. We strengthened technological capabilities and our production systems to meet the needs of advanced equipment manufacturers, establishing competitiveness in the area of high value-added products. In 2022, Marumae was transferred to the TSE's Prime Market, and built the business foundations to realize stable growth.

Capturing business in the materials sector and expanding growth areas

2025-



With KMAC becoming a Group company, the Marumae Group incorporated a technological base in the materials domain into its business, in addition to precision machining. Under a new structure made up of two pillars, the precision components business and functional materials business, we have developed a business foundation capable of integrated proposals that span materials to processing, entering a new phase of growth.

Growth Trajectory

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 drastically, 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.

Changes we have made

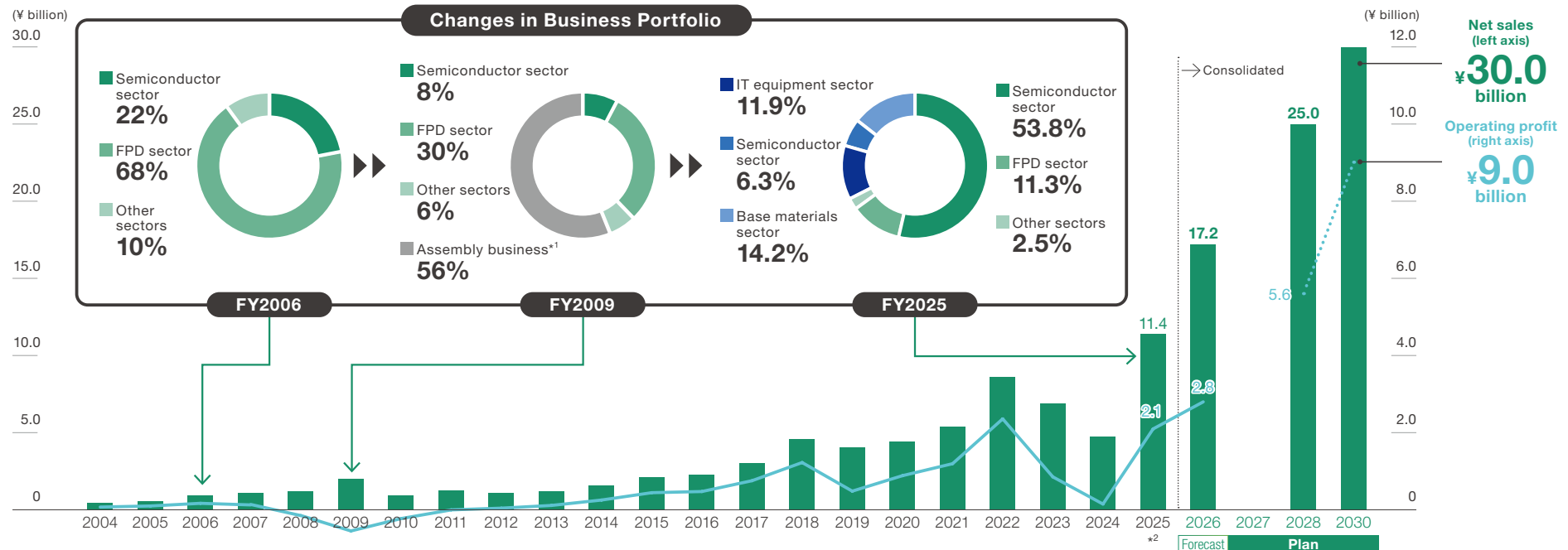
Since going into our current business, we have become involved in a wide range of operating activities to keep pace with the times.

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

What we have kept unchanged

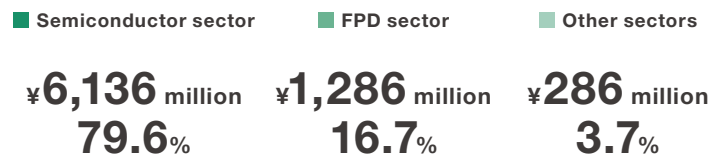
Since going into business, we have always kept in mind and held dear the following.

- 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





Precision components business



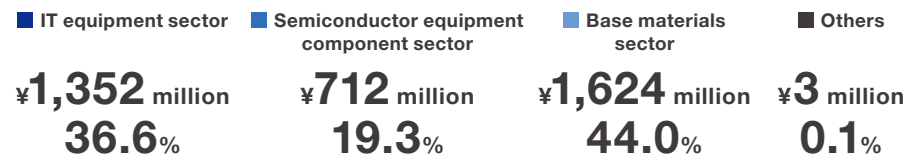
In the precision components business, Marumae manufactures vacuum parts that support the core components of semiconductor and FPD manufacturing equipment. We are involved with equipment manufacturers from the development stages, where our greatest strength is our ability to solve customers' technical issues by proposing machining plans based on design intent. Through an integrated manufacturing approach that combines multiple manufacturing technologies, we have established a competitive advantage with highly complex products, and pursued the development of a stable revenue model based around demand for consumables, with a focus on the advanced semiconductor sector. Going forward, we will further strengthen our proposal-making capabilities by taking into account material properties through coordination with KMAC.

Net sales
¥11,403 million

Year-on-year increase of 40.1%▲



Functional materials business



This business segment was added when KMAC became a Group company in 2025. This segment provides sputtering targets for semiconductors and equipment components for vacuum chambers and other equipment, leveraging the strengths of integrated manufacturing structure based on world-class ultra-high purity aluminum refining technologies and large-scale low-pressure casting technologies. The business has established a stable revenue base in a wide range of industrial sectors, including the legacy semiconductor sector, and by coordinating with the customer base of Marumae, will develop new applications and expand sales channels.

*Results from the functional materials business reflect only the five-month period from April through August 2025.

Operating profit

¥2.1 billion

Earnings per share

¥107.11

ROE

16.62 %

ROIC

6.7 %

Payout ratio

37.5 %

Number of Group employees

Marumae	353
KMAC	241

Our Current Position

Precision components business

From 12th to 1st. No. 1 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. Thereafter, as a result of ongoing investments in technological capabilities and an integrated manufacturing approach, we attained a leading market share in the fiscal year ended August 31, 2022. Since a high percentage of the parts we supply are for advanced equipment, we are less able to benefit from legacy investment in China, and from FY2023 to FY2024, our market share dipped temporarily. However, in the fiscal year ended August 31, 2025, the market began to expand once more and orders for consumables for advanced equipment rebounded strongly. As a result, we regained our No. 1 market share. 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 further increase our share of growth markets.

Industry share	FY2022	FY2023	FY2024	FY2025
Net sales	¥8.59 billion	¥6.87 billion	¥4.75 billion	¥7.71 billion
Market share by net sales	8.8%	7.1%	5.6%	8.1%
Market share rank	1st	2nd	4th	1st

*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. The 2025 data includes Marumae estimates.

Strategically winning orders for consumables to respond to the silicon cycle

The semiconductor manufacturing equipment market is significantly influenced by the semiconductor demand cycle. To deal with this structural risk, Marumae has strategically expanded the orders it receives for consumable parts (consumables), which generate periodic replacement demand. Consumables require advanced technologies to meet very stringent customer requirements. However, since demand for replacement parts arises at a stable rate every 3-12 months, we have developed a revenue base that is not influenced by increases or decreases in sales of equipment. In the fiscal year ended August 31, 2025, the sales weighting of consumables in the semiconductor sector reached 71.8%, further reinforcing our resistance to economic fluctuations.

Sales weighting of consumables in the semiconductor sector (FY2025)

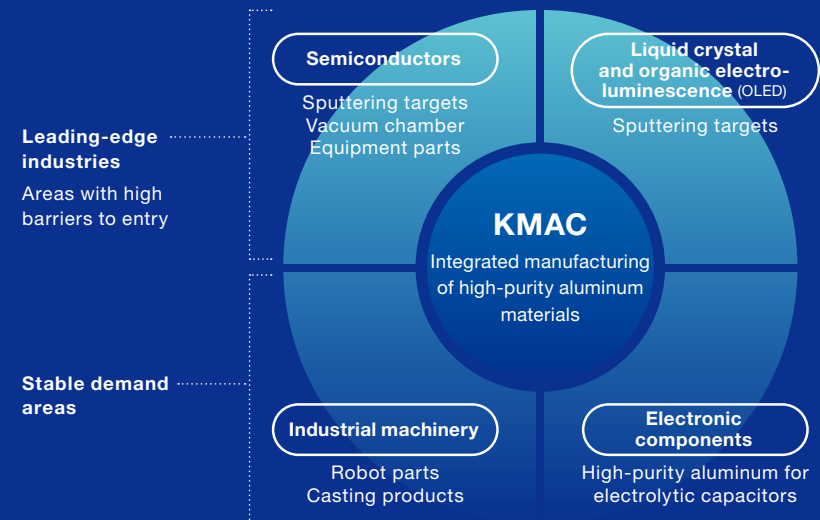


Functional materials business

One of a limited number of suppliers supporting leading-edge industries

The ultra-high purity aluminum materials handled by KMAC are essential materials in manufacturing processes for semiconductors, as well as LCD and organic electro-luminescence (OLED). As extremely high levels of quality with purity of 99.999% and higher are required, only a limited number of material producers around the world can meet the standards. As one of that limited number of companies, KMAC has supplied its materials to leading-edge industries for many years.

Industrial fields supplied with KMAC's materials



Toward new market domains by combining materials with precision machining

With KMAC becoming a Group company in April 2025, Marumae's high-precision machining technology and KMAC's material technologies were brought together within a single group. By gaining the ability to deliver proposals that involve not only the supply of materials but also their machining and other processing, we have started to expand our business domains as a Group in a way that is not merely an extension of past practices.

pp.13-14 Harnessing the Power of Materials to Expand Growth Possibilities



TOSHIKAZU MAEDA

President and Representative Director

Driving a Structural Transformation Toward Our ¥30.0 Billion Vision

By making KM Aluminum Co., Ltd. (KMAC) a subsidiary, Marumae's growth paradigm has shifted from that of a standalone company to a corporate group.

In the Medium-term Business Plan "Fusion 2028," we divided our one business segment into the precision components segment and the functional materials segment, and set steady targets while continuing to monitor the recovery phase.

By simultaneously pursuing productivity improvements and post-merger integration (PMI) measures, we will solidify the foundations toward Our Vision 2030.

Envisioning the next stage of growth through the integration of Marumae and KMAC

We now stand at a major turning point. By welcoming KMAC to the Group in April 2025, management shifted to a phase premised on “growth as a group.” The Medium-term Business Plan “Fusion 2028” that was formulated in July 2025 is based around that structural transformation. 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.

Our Vision 2030, in which we set out our long-term targets, aims to achieve net sales of ¥30.0 billion, operating profit of ¥9.0 billion, and an operating margin of 30%. In retrospect, the time when the previous Medium-term Business Plan “Fusion 2026” was formulated was the best period for the market environment. After that, market conditions deteriorated significantly, and with the semiconductor market in particular in a prolonged adjustment phase, it was not easy to steadily achieve figures as planned. It was under these conditions that we welcomed KMAC to the Group. At the same time, we started to get a sense that market conditions had bottomed out, and we formulated Fusion 2028 during a time when we had begun to see signs of a gradual recovery. Under this new plan, in order to disclose the management outlook and our progress in a way that reflects business realities, we divided our one business segment into two segments: the precision components segment (Marumae’s business) and the functional materials segment (KMAC’s business).

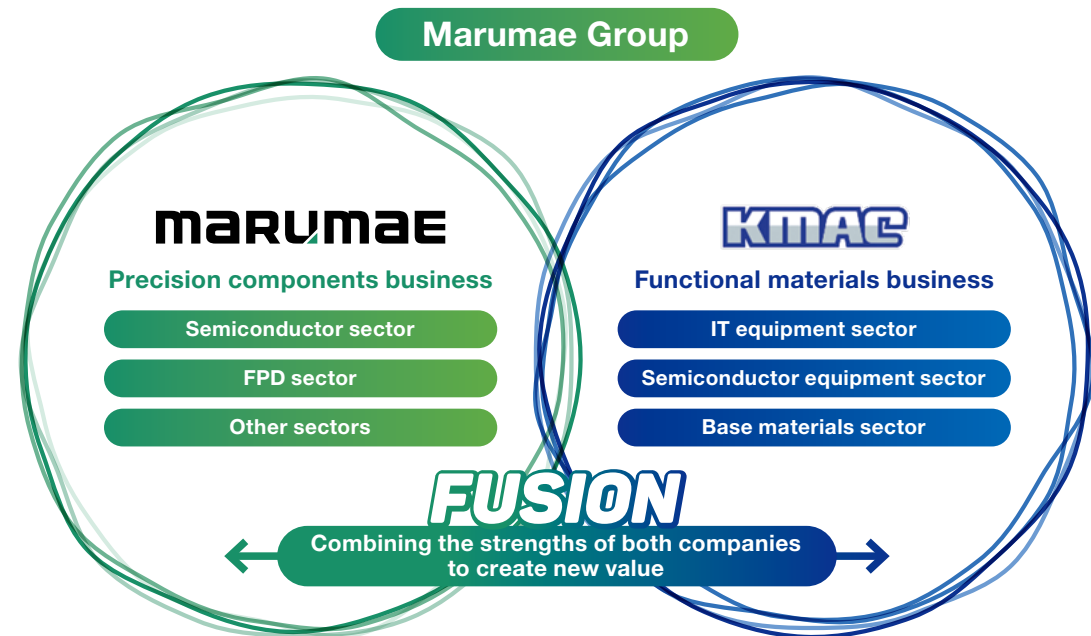
A solid business plan formulated with a market recovery phase in mind

Looking at the market environment, capital investment is gradually returning, particularly in some areas of the semiconductor sector. However, in certain fields and for certain customers, adjustments are still ongoing, and we cannot be optimistic about the situation overall. Going forward, we need to continue to look at the situation calmly.

First, in the precision components segment, we have set net sales of ¥12.0 billion and operating profit of ¥3.6 billion in the fiscal year ending August 31, 2028 as one target. In terms of the

market environment, we forecast that the market will recover to the 2022 level in regions other than China. However, the recovery of demand from some integrated device manufacturers (IDMs) in North America has not been factored into the plan. We have incorporated relatively conservative assumptions, believing that capital investment by manufacturers of semiconductors, including memory, will recover in a phased manner. In this environment, to expand our market share in the semiconductor sector in this segment, we will continue to focus our efforts on enhancing our prototyping capabilities and winning PORs (standard process) from new customers.

Group Structure (Segments)





In the medium term, we have set a target of acquiring 30 new PORs, and in the short term we will continue with activities aimed at achieving this. In addition to aluminum, an area that has been a core strength of ours, we are also advancing mass-production activities in the processing of other materials, and we have already started to receive a certain amount of recognition from customers in the prototyping stage.

Further, in initiatives outside the semiconductor sector, we have been working to expand orders received for artificial satellite-related projects in the space sector, and defense-related projects in the defense sector. Although projects in these sectors do not represent large volumes in the short term, in terms of enhancing the stability of our business portfolio in the medium- to long-term, they are areas we are looking to steadily cultivate.

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. As the main sources of sales are products for semiconductor equipment, we assume the market environment will generally be the same as in the precision components segment.

Within this segment, how well we can reduce our dependence on specific customers in the IT equipment sector will be a key theme. For our customers who are currently evaluating systems, we will continue with proposal activities that include price strategies, with the aim of progressing to mass production. Regarding processes such as anodization, we hope that improving processing capabilities through cooperation between KMAC and Marumae will lead to expanded sales.

In the semiconductor equipment components sector, we expect to return to a growth track

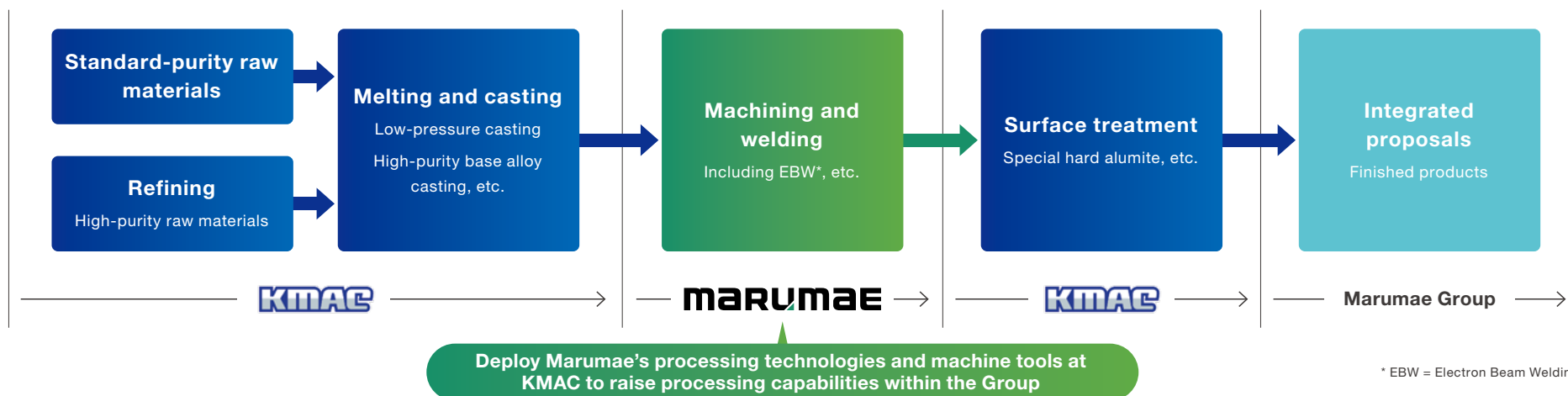
alongside a recovering market environment once customer-side inventory adjustments have run their course over a certain period. This is another sector where, through cooperation with Marumae, we will work to increase added value, including processing, beyond simply supplying materials.

In the base materials sector, while we have favorable conditions with our market share increasing due to competitors withdrawing from the market, we will emphasize business management that includes setting prices that enable us to maintain production volume while also watching the movements of overseas players in the market. In addition, regarding small-lot materials, we will work to expand sales channels by enhancing sales partnerships.

Accordingly, we will combine and leverage the strengths of each segment, and aim for net sales of ¥25.0 billion and an operating profit of ¥5.6 billion in 2028 as one of our Group-wide targets. This is not merely an effort to scale up our operations. We have set these targets mindful of the need to achieve growth in a way that reflects the nature of our business.

Of the figures stated in Fusion 2028, the plans for KMAC are premised on the normalization of semiconductor market conditions and the steady implementation of the measures we already have underway. Our assumptions are based on a cumulative set of factors: that semiconductor inventories will eventually clear and return to normal levels, that business for the target materials we are already working on will see steady growth, and that sales of base materials will also expand in cooperation with Marumae. However, Marumae now needs to expand these figures. To continue to achieve the same growth as before, it will be necessary to raise productivity while also increasing

One-stop manufacturing as a Group



customers. We are now at the stage of pursuing two time-intensive endeavors in parallel: rebuilding Marumae's standalone productivity and revenue structure, and turning KMAC into a core strength of the Group.

The Issue With Marumae's Non-Consolidated Structure and Measures to Address It

The issue with Marumae on a non-consolidated basis is productivity. From 2021 to 2022, when the market environment was extremely favorable, we decided on capital investments aimed at future growth. However, the market environment deteriorated thereafter, and from 2023 onward, there were timing mismatches, with the facilities and equipment decided upon in that prior period arriving or coming online one after another. As a result, in its current form Marumae is well equipped

with facilities, but there are parts of those facilities that are not necessarily being used or operated in optimized ways. The fact that profitability has not grown as expected despite sales scaling up is seen as one of the effects of this problem. I believe the fundamental issue we face is not how to increase the equipment we operate or people we employ, but to determine how to fully utilize the equipment we have, and enhance the added value generated by each employee.

Looking at the situation internally, even though our facilities have similar configurations, there are clear variations in how they are operated from site to site. For example, the Kanto Factory has achieved high productivity by making innovative use of its limited space. By taking these positive examples from inside the company and applying them across the organization, we will work to review the utilization rates and usage of our existing facilities.

Another structural issue is a business structure

that is susceptible to the silicon cycle. With semiconductor manufacturing equipment, when a demand gap emerges, capital investment tends to surge all at once, and then shuts down in a similar way during an adjustment phase. These waves are unavoidable. However, even if customers stop investing in new equipment, the demand for consumables tends to remain relatively firm, in order to keep the current equipment running.

During the last adjustment phase, we built up excessive inventories, including in the consumables segment, which was somewhat irregular. As a result, there was a temporary period of significant declines. In light of this experience, to build a business structure that is more resilient to the silicon cycle, we are currently working to raise the percentage of products that are consumables. Many consumables are replaced at the rate of once every six months to a year, and they are subject to relatively smaller fluctuations in demand.

In fact, in the previous fiscal year the percentage of products that are consumables had risen to around 71%, and more recently it has grown to around 77%, with the 80% range now in sight. This direction is also a core part of the Fusion 2028 plan. Consumables have a high barrier to entry, and test the abilities of companies to deliver proposals that include materials and surface treatments that keep pace with equipment advances. With KMAC joining the group, we have broadened the scope for developing integrated proposals that include everything from materials to processing and surface treatment. I believe this is significant, not in terms of efficiency, but in terms of securing the technologies and processes needed to win orders in the first place.

PMI focused on effectiveness, aiming to boost competitiveness as a Group

KMAC becoming a part of the Group has significantly broadened its options for growth; it has also brought new management issues. That is post-merger integration, or “PMI.”

We recognize that KMAC faced periods in which it was difficult to make investment decisions when it was under the umbrella of a fund. In fact, many parts of KMAC’s factory buildings and facilities had become significantly aged. However, our impression of KMAC was that it employed many talented engineers in the field, and was a company with high-level manufacturing capabilities. That is why we believe there is still ample room for growth. I currently visit KMAC several times a week and am involved with what is happening on site. In the course of speaking one-on-one with all of the manager-class personnel there, I have gained a picture of the organization, both in terms of its



strengths and its weaknesses. I also participate in projects, checking their progress and details while sharing insight about our medium- to long-term policies and priorities. However, this is still just a transitional phase. In the future, I believe the ideal structure will be for KMAC’s management team to run the company autonomously, with a holding company-type structure sitting above it.

Another big issue for KMAC is the rebuilding of its facilities and production system. To start with, factory deterioration has reached a point that can no longer be put off. I have also heard that in the past, there were efforts based on the idea that automation means introducing robots, and this did not always go well. When we actually look at the situation, there are many cases where the process design itself should be reviewed before the introduction of robots. It is necessary to start by redesigning processes and only then introducing automation where it is needed, as part of an approach focused on steadily building upon well-grounded improvements.

For its part, Marumae is a company whose strength lies in machining. By leveraging those technologies and expertise while supporting KMAC’s process improvement efforts, I hope we can enhance our competitiveness as a Group. For the time being, the focus of investments will likely be on the KMAC side. Given its aging facilities, we will pursue capital investment, including renovations and new building construction. As part of those efforts, we will proceed with capital investment, including new building construction aimed at ultra-high purity aluminum for semiconductors, in order to strengthen our supply structure. In terms of production capacity, we plan to raise monthly production to the 140-ton range in about a year’s time.

One of the important themes over the course of Fusion 2028 will be the creation of synergies between Marumae and KMAC. We have set up subcommittees, including sales, technology and DX, to implement specific coordination activities. Our customers have also started to express interest in integrated proposals combining Marumae’s



machining expertise with KMAC's materials, and the two companies have also begun cooperative efforts to develop new materials. We intend to make steady progress in this area, including cross-selling efforts. We have already started to raise processing capabilities with the transfer of two Marumae machining units to KMAC.

What we envisage by achieving Long-term Vision 2030 has also changed with the inclusion of KMAC in the Group. Previously, we assumed that 60% of growth would be from Marumae, with the other 40% covered by M&A and other activities, but now on a profit basis, we see a structure where both companies contribute roughly half each. In the field, we have also pursued human resource exchanges and continued to foster a sense of unity as an organization. At the same time, some issues remain, such as the handling of information related to intellectual property and the development of managerial personnel. While there are many engineers, the number of people who aspire to managerial positions is by no means large, and this

is something we need to address over the long term as a shared Group issue.

Strengths in people, technological capabilities and a management base supporting Fusion 2028

We will also continue to closely monitor the balance between growth investments and shareholder returns. Our policy is to maintain a dividend payout ratio of 35% or higher. Regarding capital investment, we have set annual investments of around ¥2.0 billion as a Group-wide benchmark, around ¥1.0 billion of which we plan to allocate to KMAC. This will mainly be funded with operating cash flow, while borrowings will be used to cover 50% to 60% of investment amounts. With KMAC joining the Group, our financial composition has changed on a consolidated basis, but we believe that our cash flow is well balanced, and that there is no immediate need to forcefully increase the equity ratio. We will continue to manage our financial

position while ensuring options for medium- to long-term growth investments.

Marumae's greatest strengths are people and technological capabilities. We hire good people, retain them, and continually develop their skills. Repeating that cycle is a source of our competitiveness. That is why we have focused our efforts to date on improving the workplace environment and enhancing welfare benefits. The opening of cafeterias is part of those efforts. It may not be something that can be measured with numbers alone, but I feel that these efforts have definitely produced positive effects, such as encouraging more active communication within the company. Meanwhile, on the KMAC side, we face challenges such as difficulties in retaining younger human resources, in part due to the field environment. However, we are committed to building upon our capabilities as a Group.

We also face a need to reassess our approach to sustainability. Since KMAC employs aluminum welding processes, its energy usage tends to be large. However, through technologies that reuse scrap, it also has the advantage of being able to curb energy consumption compared with production using virgin materials. We aim to achieve net-zero emissions by 2040, and we will formulate indicators suitable for KMAC that will help us reach that goal.

Our stated long-term target is net sales of ¥30.0 billion. Previously, we envisioned achieving the majority of that through Marumae alone, but we began to realize that there are limits to continued growth only within the same market. With KMAC joining the Group, I feel the path to this goal has become even more realistic. I hope you will join us in viewing the integrated growth of Marumae and KMAC from a medium- to long-term perspective.

Unlocking the Marumae Group's new competitiveness with KM Aluminum (KMAC)

For Marumae, KMAC becoming a Marumae Group company is not simply an expansion in business scale.

Incorporating materials as a new function is a key step to advance the existing high-precision machining business and broaden the growth potential of the entire Group. In this special feature, we will take a fresh look at KMAC's strengths and business foundations, and also explore what kinds of competitive strengths will be created through its integration with Marumae.

KMAC's history



- 1989**
 - Feb.** Following the decision to dissolve Mitsui Aluminum Co., Ltd., its surviving casting division was split off and established as Kyushu Mitsui Aluminum Co., Ltd., with investment from the Mitsui Group (shareholders: Mitsui Mining, Mitsui Kinzoku, Mitsui & Co, Mitsui Toatsu Chemicals, and Mitsui Bank)
 - Apr.** KMAC begins operations
 - Jul.** The Casting Group is spun off from the Materials Business Division as the Casting Business Division
 - Aug.** The manufacture and sale of secondary alloys is started
- 1997**
 - Sep.** Anodized clean room is completed
- 2006**
 - Dec.** Ultra-high purity (5N) plant is completed
- 2007**
 - Jun.** No. 3 Casting Plant for casting chambers is completed
- 2008**
 - Mar.** No. 2 Refining Plant is completed
- 2015**
 - Oct.** The Mitsui Group companies (Mitsui Kinzoku Co., Ltd., Nippon Coke & Engineering Co., Ltd., Mitsui Chemicals, Inc., Sumitomo Mitsui Banking Corporation) transfer all shares of KMAC to KMJ Holdings 2 Co., Ltd., a wholly owned subsidiary of KMJ Holdings Co., Ltd.
KMAC is renamed from Kyushu Mitsui Aluminum Co., Ltd. to KM Aluminum Co., Ltd.
 - Dec.** KM Aluminum Co., Ltd. completes an absorption-type merger with KMJ Holdings 2 Co., Ltd.
- 2020**
 - Dec.** No. 4 Casting Plant for casting chambers is completed
- 2022**
 - Oct.** Dedicated ultra-high purity aluminum melting furnace is installed
- 2023**
 - Jan.** KMAC completes an absorption-type merger with KMJ Holdings Co., Ltd. as the surviving company

Main products



IT equipment

High-purity aluminum products: Ultra-high purity aluminum materials with a purity of at least 99.999%, used as sputtering target materials for semiconductors, as well as LCD and OLED. Anodized aluminum products: Special hard anodized aluminum developed for the vacuum chambers of semiconductor manufacturing equipment. Used in harsh environments exposed to corrosive gases and plasma.

Casting materials: A casting material that uses high-purity aluminum as the base material, used in applications such as components for semiconductor manufacturing equipment. The material features excellent corrosion resistance and durability.



Semiconductor equipment components

Gravity casting: Casting products used in a wide range of applications, including robot parts and components for agricultural equipment, with a focus on semiconductor manufacturing equipment components.

Low-pressure casting: Casting products used for applications such as vacuum chambers, a key component for semiconductor manufacturing equipment. Mass production of large and high-quality components is supported.



Base materials

Billets, slabs and small-lot materials: In addition to aluminum materials for extrusion and rolling, small-lot materials that have been cut or drilled with holes for various machinery or semiconductor manufacturing equipment are provided. Small-lot and short-lead-time deliveries are also supported. High-purity aluminum products: High-purity aluminum slabs and refined blocks are manufactured. These are used for aluminum electrolytic capacitor parts and various memory disk applications.

KMAC's competitive advantages

The strengths of KMAC are not just the wide range of products it supports, from high-purity aluminum to large casting products. Behind these strengths lie material knowledge and analysis capabilities cultivated over many years, a customer base that is primarily semiconductor-related, and a production system that supports stable supply. KMAC's depth as a material manufacturer is what has shaped its unique qualities.



Strengths in products and technologies



Strengths in business foundations

- KMAC manufactures ultra-high-purity aluminum with a purity of 99.999% for use with high-purity 5N ("five-nine"). This grade of aluminum meets the stringent quality requirements of the semiconductor and electronic material sectors.
- Large cast products over 400 kg in weight are manufactured, supporting the large-sized materials required for semiconductor manufacturing equipment and other applications. KMAC commands a presence in a field where only a limited number of companies are able to operate.
- KMAC has a deep understanding of material knowledge and properties of the materials for analytical ability and has amassed the knowledge required to precisely control the composition and quality of materials. This supports material proposals designed to meet customer requirements.
- KMAC has a track record of business dealings with a wide range of applications and customers, with a customer base that is primarily in the semiconductor field. Relationships of trust built over many years have developed strength in KMAC's business foundations.
- KMAC possesses manufacturing facilities and a production structure capable of supporting a wide range of products across various production scales. KMAC has leveraged this structure to develop strengths in both stable supply and business expansion.

New competitive advantages developed through integration with Marumae

The value created through the integration between Marumae and KMAC is not merely an expansion of business fields. By linking differing strengths in materials and high-precision machining, the ability to win orders and deliver proposals, and even the scope for future growth, will broaden significantly. A structure allowing the Marumae Group to not only supply materials but also offer proposals with the entire process, including processing, enhances convenience for customers and raises our competitiveness as a Group to a higher level. The combination of the two companies has the potential to elevate the Marumae Group to a unique position even by global standards.

● Establishing a truly integrated production structure from materials to processing

By linking KMAC's material technologies with Marumae's high-precision machining technologies, we will build a structure enabling end-to-end proposals spanning materials to processing. This will eliminate the fragmentation between processes and enable us to deliver proposals with optimum specifications from the material level, leading to an improved ability to win orders.

● Expanded customer base

While there are some overlaps, the two companies have developed different customer bases. Through the integration of Marumae and KMAC, each company will be able to make proposals to customer segments with which it previously had no contact, significantly broadening sales opportunities across the Group.

● A positioning that is unique even by global standards

Few companies around the world are equipped with both high-level material expertise and high-precision machining capabilities. By integrating the two companies, it is now possible to build a unique position that neither a standalone material manufacturer nor a machining provider can offer. This is highly significant as a source of future competitive advantages.

FUSION

The integration has already started to yield results.

The integration between Marumae and KMAC is not a future concept. Both companies have already launched concrete initiatives on the management, technology and sales fronts. Thus, the integration has already progressed from expectations to the implementation phase.

Four initiatives pursued ahead of integration

1

Both companies have set up subcommittees, including technology, sales, DX and sustainability to consider specific coordination themes. By having field personnel directly consult one another, a deeper level of mutual understanding has been achieved, and we have already started to see positive effects on the sales and technology fronts. Even in its integrated report, Marumae has clearly identified synergies, including cross-selling and proposals for finished products leveraging technologies and sales channels with KMAC.

2

By having three officers from Marumae, including President Maeda, serve concurrently as officers of KMAC, we have put in place a decision-making structure that operates from the perspective of Group-wide optimization, rather than looking at each company separately. This framework is significant in that it not only speeds up management decision-making but also makes it easier to prioritize investment, human resources and business operation. Reducing the distance between the top management teams of both companies is important for ensuring effective PMI.

3

Two Marumae machining units have already been transferred to KMAC, with plans for the transfer of an additional unit underway. By adding machining functions to KMAC as a material manufacturer, proposals that were previously limited to the supply of materials can now be expanded to include machining services. This improves procurement convenience for customers and expands the room to capture added value for the Group. By rolling out Marumae's machining technologies on the KMAC side, we will narrow the gap between materials and their machining, moving closer to a truly integrated production system. In its integrated report, Marumae has already disclosed its policy aimed at improving profitability by transferring machining tools to enhance the machining capabilities and processing capacity of KMAC.

4

Doubling production capacity with investment in a new plant KMAC is investing in a new plant aimed at strengthening its supply system of ultra-high-purity aluminum for the semiconductor sector. According to Nikkei, the investment amount is about ¥2.0 billion, with plans to roughly double production capacity. This is not just about expanding capacity; it represents growth investment in anticipation of an expansion in future demand, and an effort that will significantly enhance the Group's supply capacity and room for business expansion. Enhancing these materials capabilities will directly lead to improved competitiveness for the entire Group.



KM Aluminum website: <https://www.kmac-web.com/>

Special Feature: Conversation between Directors

The new competitiveness generated by the integration of materials and high-precision machining

— changes on the front lines that started from a “sibling relationship” —

KM Aluminum (KMAC) becoming a group company went beyond the mere integration of the capital relationship between Marumae and KMAC. By connecting the respective strengths of materials and high-precision machining from the development stages, the companies are taking on the challenge of creating new value.

In this conversation, the technical heads of each company speak about the changes that occurred following the integration, the results they are now seeing, and the outlook for the future.

A : Ando H : Hirakawa



HIROTO ANDO

Director, Marumae Co., Ltd.



HIROYUKI HIRAKAWA

Director, KM Aluminum Co., Ltd.

Seeking a sibling relationship rather than one of parent and child

A When you visited a Marumae site for the first time, what was your impression?

H I first took a look at Marumae on-site before the decision was made for KMAC to join the group, and at first I was surprised by the size. More than a hundred machining units were neatly lined up in a large space, and it gave me the impression of a company that is continually making capital investments based around machining technologies. Later, I visited one of Marumae's sites after KMAC had joined the group; I was able to see the movements of people more clearly. Decisions made by management are properly communicated to and carried out by those working on site. The strength of that control is a part I only realized after we joined the group. How did you feel when you saw KMAC's operations on-site?

A To be honest, the first thing that caught my attention was the aging state of the equipment. However, I didn't see that simply in a negative sense. The quality of the casting process is more influenced by field decisions and experience than the equipment in place. After seeing the actual work underway and how the process is assembled, I gained an appreciation for the depth of technological expertise that must have been cultivated over many years. In that sense, one indeed gets different impressions when watching from the outside, and from being on the inside. Even after engaging with the site

again after KMAC joined the group, that impression remains unchanged. As we proceeded with discussions in the technology subcommittee, etc., I increasingly got the sense that those initial impressions were also backed up at the practical level.

H The relationship our two companies have might be quite unique. When KMAC joined the group, President Maeda communicated internally that “this is not the parent-child relationship you see with regular M&A; it's more like a sibling relationship.” As KMAC has experienced changes to its management structure in the past as well, at first there were many employees responding cautiously, but I feel the mood changed with those remarks by the president.

Collaboration spans concept to implementation

A I feel that those remarks not only changed the mood on the front lines, but have also emerged in people's actions. The launch of the subcommittees was symbolic of that. To ensure that KMAC joining the group did not end up being simply a capital relationship, the first thing we discussed was “how do we connect the technologies of both companies?”

H The subcommittees have played a significant role in driving collaboration at the practical level.

A The manufacturing subcommittee meets once every two weeks, with the necessary personnel taking part for each equipment, process or development theme. We have opened up technical information between both companies, and there has been progress with discussions identifying machining

aspects in an integrated manner from the material development stages. Having actually taken part in these meetings, have you sensed any changes at the field level?

H Allowing field personnel to discuss things directly with one another has significantly changed the depth of mutual understanding. There have also been developments on the equipment side. One horizontal machining center and one five-axis machining center owned by Marumae were transferred to KMAC. The aim was to shift machining processes that had previously been outsourced in-house to improve profitability. During the transfer process, President Maeda and workers from both companies went back and forth to provide training on unit programming and start-up, and now that equipment is being operated by the KMAC side. When that equipment actually began operating, I got a sense that our collaboration had moved beyond concept and become a reality.

A The next theme is labor-saving measures. We are reviewing process design itself to explore the prospect of whether labor-intensive processes such as casting finishing can be replaced with mechanical processing. We are also considering the relocation of large-scale equipment in the future, and we plan to proceed while verifying the burden it places on workers.

H I also sense there have been changes on the sales side in addition to manufacturing.

A In the sales subcommittee, progress has been made developing cross-selling proposals that combine materials

and high-precision machining. We have already started to see consultations and business inquiries from the customer side premised on our new group structure, and I get a sense that the nature of the expectations is changing.

H As a material manufacturer, we had not adequately ventured into the area of added value, such as machining or surface treatment. But with the addition of Marumae's machining technologies, we are increasingly able to provide not just differently shaped materials but enhanced value in a form that is closer to a finished product.

A It feels as though the concept of integrated production is taking shape as an actual system.

H Yes, it does. It feels like approaches we have been advocating for many years are finally getting to the stage of working in reality.

Our strengths and the challenges we face will both lead to future competitiveness.

A I believe our competitive advantage on the technical side is the ability to simultaneously consider materials and machining from the development stage. For existing mass-produced products, the processes are fixed as standard processes, but with new projects, since we are at a stage before the mass production process has been fixed, material selection and process design can be assembled from scratch. How does this change look to you from the materials side?

H There are an increasing number of cases where even on projects where the material alone is not enough to secure adoption, offering a proposal that includes machining can serve as a basis for being considered. I am often surprised by the progress of machining technologies, and there have even been times when I have thought, "Maybe it is more rational to machine a whole piece from the start." But when you consider weight, costs and customer-side machining capacity, there continues to be a large value in casting a piece to an approximate shape. The approach of using casting and machining as appropriate to find the optimum solution has also taken shape in chamber-related fields.

A In other words, we have put in place a system that

allows us to select the optimum design philosophy to suit each project.

H Yes, it does. Expanding the options has also changed the degree of freedom we have in developing proposals.

A At the same time, KMAC faces issues that need to be improved on the equipment side. From this fiscal year we are pursuing a policy of capital investment, and those efforts are starting with basic improvements, including 2S initiatives (Sorting and Setting in Order) and the development of the workplace environment.

H There are also concepts for a new plant, but we need to carefully examine the size of the market when making investment decisions. We are considering both improvements to the work environment and production efficiency gains while analyzing whether demand is aligned with our investment levels. Due to the high-temperature processes involved, casting plants are not a simple matter, but optimizing plant size and reducing labor requirements are also important points at issue.

A You are also prioritizing investments.

H Yes, it does. To start with, we will start construction on the core 5N (99.999% ultra-high-purity aluminum) plant in the current fiscal year, and as the next phase, we plan to work on a BS (bullet and slab) plant.

A How is the response on the front lines?

H Honestly, at first it was a sense of uncertainty. But when President Maeda visited the site and decided that "we should start by introducing a large ride-on sweeper vehicle to reduce the cleaning burden," and then the equipment was actually delivered afterward, we started to hear positive feedback from the front lines that "maybe this time things will really change." This gave a renewed appreciation for the importance of demonstrating change in tangible ways.

Engineers are the determining factor in competitiveness

A Marumae has declared its aim of increasing the number of engineers to 100 by 2030, and as of January 31, 2026, that number has climbed to 77. But the emphasis is not so much on the number of engineers but

on developing them into engineers capable of interpreting drawings and turning them into something real. I think the equipment transfers with KMAC and technical exchanges are an important opportunity to raise the level of engineers across the group.

H The same goes for casting. To pass on technologies to future generations, it is not enough to simply explain what steps to follow; we have to explain the underlying meaning to answer the question, "Why do we have to perform this task?" Joining forces with Marumae produced an opportunity to reexamine the essence of that thinking.

A In terms of passing down technical expertise, I think both companies have quite a similar approach.

H I agree. Since KMAC has traditionally focused on providing materials on a standalone basis, there were cases where we could not fully cater to certain requests, like "Can you deliver the products with machining included?" But after joining the group, I get a sense that we have been able to surpass the limitations that we could previously not overcome by dealing with materials alone.

A The very scope across which we can provide value has expanded.

H Yes, it does. Aluminum casting plants are few in number, even in Japan, and that is part of why the plant itself has long-term value. We want to create a future in which the business remains viable 10 or 20 years from now and engineers can continue working here for years to come. That is part of the reason we are working to develop more compact and highly competitive plants, while developing systems to pass on both technical expertise and ways of thinking to younger generations.



The vision we aim to achieve by 2030

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**

Operating margin **30 %**

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

This is a period to prepare for changes in semiconductor production methods from 2030 which will cause demand to dry up

We will secure business in new fields leveraging a diverse range of key technologies

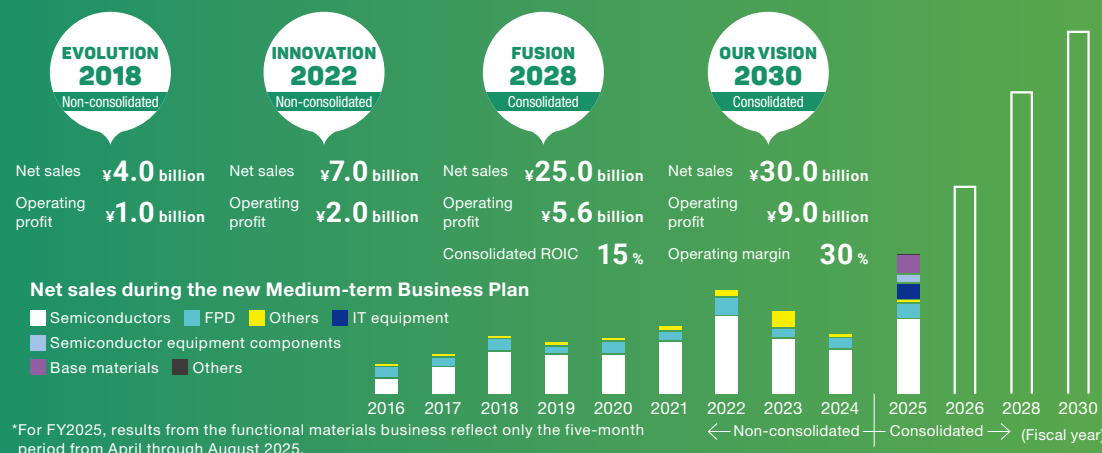
Our Vision

- 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

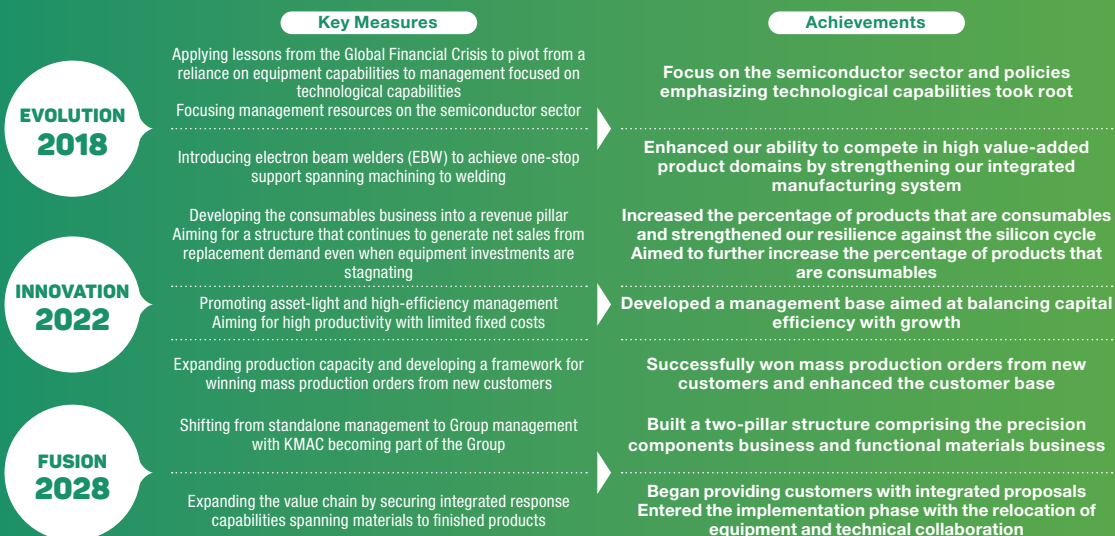
Based on its Group management policy of contributing to society through technological capabilities in materials and machining, the Marumae Group aims to become a corporate group that is able to provide integrated solutions to customer problems. In leading-edge industries, particularly the semiconductor manufacturing equipment sector, we will evolve to become a solution partner that works with customers from the development stages.

Our vision is taking shape.

Since we announced our long-term vision “Our Vision 2030” in 2022, we have consistently positioned the “expansion of key technologies” as an axis of growth. Our goal has been to enhance and diversify those technologies and be chosen by the market on the strength of those technological capabilities. Through successive Medium-term Business Plans, we have continually sought to expand our key technologies, from the integration of process technologies before and after the machining process, to operating new technologies internally. In April 2025, with KMAC joining the Marumae Group, those efforts entered a new phase. We have significantly expanded our value chain as a group to extend from material refining to surface treatment, elevating the breadth of our key technologies and our competitive advantage to an unprecedented level. We go into detail about the concrete advances brought about by this integration in the KMAC special feature on **pp.13-14**



Measures and Achievements from Past Medium-term Business Plans: How We Managed to Double Net Sales



Market environment analysis

Market prediction

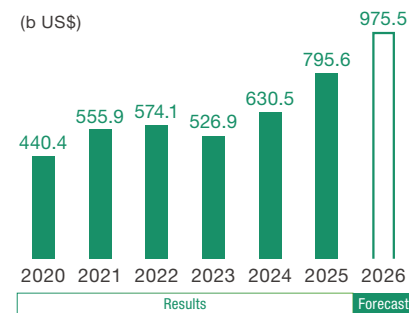
The global semiconductor market broke record highs for two consecutive years, generating revenues of \$630.5 billion in 2024 and \$795.6 billion in 2025, and is forecast to reach \$975.5 billion in 2026 (source: WSTS). It is becoming increasingly likely that the market will pass the \$1 trillion mark well ahead of the initially forecast timing of 2030.

Sales of Japan-made semiconductor manufacturing equipment are expected to reach a record high of ¥5.5004 trillion in FY2026 (source: SEAJ). In addition to the ongoing expansion of DRAM investment, investment in advanced logic for AI servers is driving growth.

The market for vacuum components and materials for semiconductor manufacturing equipment, which is the core market of the Marumae Group, is expected to expand in line with growth in the equipment market. Due to the increased performance of this equipment, quality requirements for vacuum chambers and consumables have become increasingly stringent, expanding the areas in which the Group's high-precision machining and material technologies are both needed.

Global semiconductor market results and current forecast

(b US\$)



Source: Based on public announcements from World Semiconductor Trade Statistics (WSTS) and the Semiconductor Industry Association (SIA)

Japan-made Semiconductor and FPD Manufacturing Equipment Sales Forecasts

	FY2024 Results	FY2025 Forecast	FY2026 Forecast	FY2027 Forecast
Sales of Japan-made equipment*	¥5.1069 trillion (+29.1%)	¥5.2601 trillion (+3.0%)	¥5.8494 trillion (+11.2%)	¥6.0397 trillion (+3.3%)
Sales of Japan-made semiconductor manufacturing equipment only	¥4.7681 trillion (+29.0%)	¥4.9111 trillion (+3.0%)	¥5.5004 trillion (+12.0%)	¥5.6104 trillion (+2.0%)

* The total includes FPD manufacturing equipment.
Source: SEAJ (released January 15, 2026)

Growth drivers

1 Accelerating AI and data center investment

Demand for AI server GPUs and high-bandwidth memory (HBM) has rapidly expanded due to the widespread adoption of generative AI. The supply of DRAM has become significantly constrained, making the building of production capacity, including the purchase and startup of equipment, a pressing issue. In the future, "on-device AI," where smartphones and PCs are equipped with localized AI functions, is expected to gain widespread adoption, and the scope of equipment investment is expected to further expand as a result.

Relationship with the Marumae Group's business

Marumae's core products include vacuum chambers for etching and CVD equipment and various electrodes, while KMAC's key product lines include low-pressure casting products for etching equipment process chambers and ultra-high-purity aluminum for sputtering targets. The expansion of demand for equipment is directly linked to demand for the products offered by these two businesses.

2 Generational shifts in cutting-edge processes and increasingly sophisticated requirements for vacuum components

The adoption of the GAA structure for 2nm-generation logic processes has begun, and the adoption of next-generation technologies such as BSPDN is also coming into view. Similarly on the memory front, with the increased stack density of HBM, higher NAND capacities and the arrival of new technologies, new technical requirements are emerging for both equipment and components.

Relationship with the Marumae Group's business

With the ongoing miniaturization in semiconductor manufacturing, vacuum parts need to meet strict quality standards. In addition, the number of etching processes is expected to increase due to the increased stack density of HBM, and this is expected to produce spillover effects in demand for consumables. The consumables supplied by Marumae generate replacement demand at the rate of once every six months to a year.

3 Expanded equipment demand due to supply chain disruptions

Supply chain decoupling has developed due to geopolitical factors, accelerating moves in the United States, Europe, Japan and elsewhere to construct domestic semiconductor plants. By shifting from intensive production in a single region to distributed production across multiple countries, the required number of semiconductor manufacturing equipment worldwide will increase, raising the overall level of the equipment market as a result. In fiscal 2027, investments in mass production for the 2nm process are also expected to hit full stride in Japan.

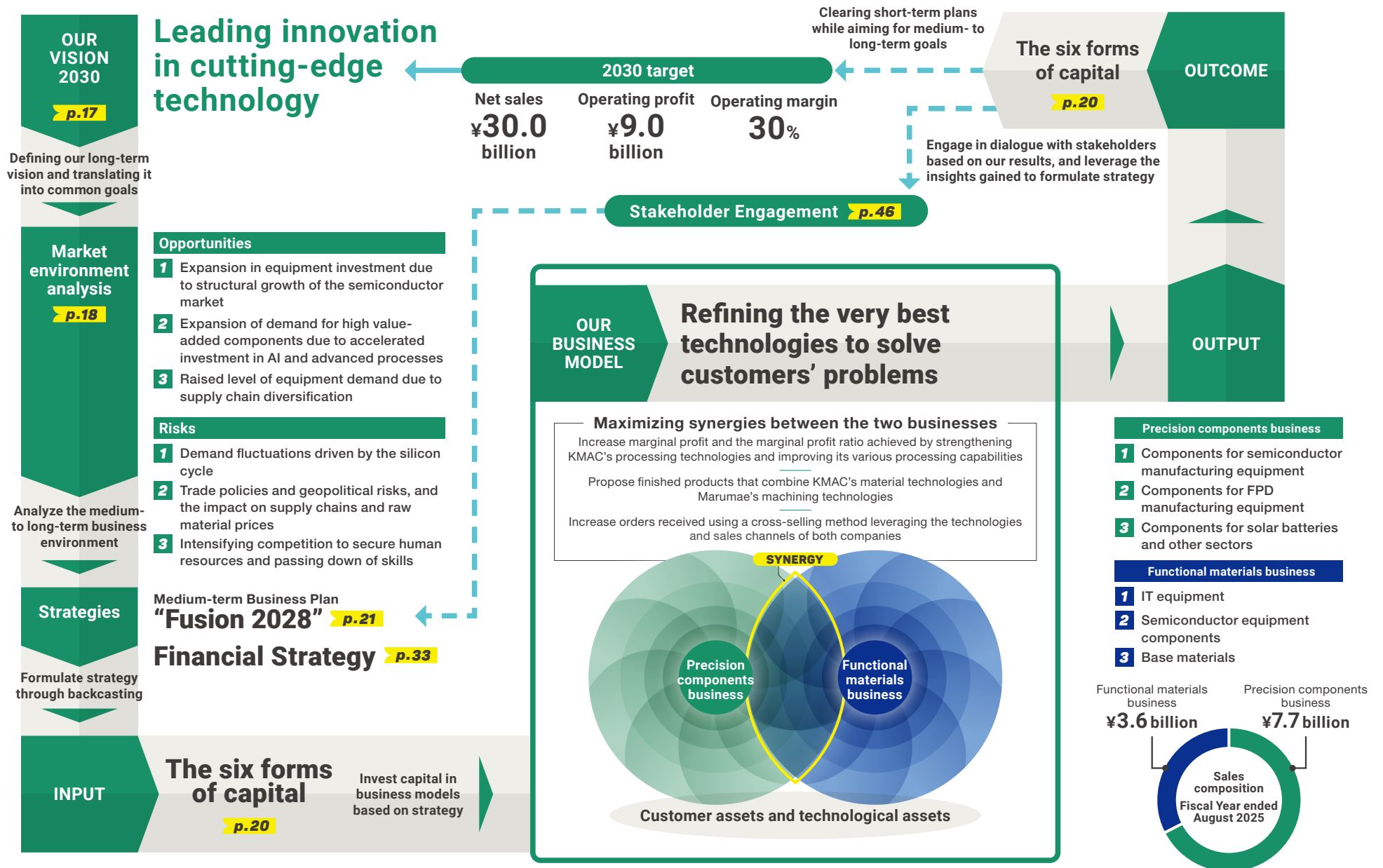
Relationship with the Marumae Group's business

Our direct customers are semiconductor manufacturing equipment manufacturers, and expanded equipment demand due to the construction of new semiconductor plants in various countries is directly linked to higher demand for the components we produce. In addition, with manufacturing sites being dispersed worldwide, there is a need for stability in supply networks. Recognizing these conditions, the Marumae Group has built an integrated manufacturing system capable of performing everything from materials to precision machining and surface treatment entirely within Japan. This system will serve as a competitive advantage, as it can help equipment manufacturers operating globally mitigate procurement risks due to a reliance on overseas suppliers.

Opportunities and risks

Category	Opportunities	Risks	The Marumae Group's response
Market situation	Expansion in equipment investment due to structural growth of the semiconductor market (to over \$1 trillion by 2030)	Demand fluctuations every 3-4 years driven by the silicon cycle. Probability of entering a post-peak adjustment phase	Strengthening cycle resilience by increasing the percentage of products that are consumables. Capturing business for consumables designed for legacy equipment through the integration with KMAC. Stabilization of the business portfolio through an expansion into new domains
Technologies and products	Expansion of demand for high value-added products due to accelerated investment in AI and advanced processes. Expansion of orders received due to integrated proposals that span materials to finished products	Obsolescence risk for existing technologies due to changes to manufacturing processes (shift to non-vacuum technologies, etc.) Leak of technologies or delays in the passing down of skills	Diversification of key technologies. Acquisition of material refining, casting and surface treatment as Group technologies. Ongoing development and integration of new technologies. Thorough management of technical information
Geopolitics and trade policies	Expanded equipment investment due to semiconductor support policies of each country and the dispersion of manufacturing sites	Trends in US semiconductor-related tariffs and the strengthening or prolongation of export regulations imposed on China. Instability of supply chains and fluctuations in energy and raw material prices driven by geopolitical risks	Reinforcement of the export management system, diversification of procurement routes and monitoring of the situation. Diversification of energy procurement through the introduction of solar power generation and storage batteries
Human resources and organizations	Organizational revitalization through human resources exchanges across a unified group. Productivity improvements due to DX and automation	Intensifying competition to secure human resources. Risk of the passing down of skills not keeping up with expanded demand. Lack of management personnel	Implementation of technical workshops across the group. Enhancement of performance-linked compensation and welfare programs. Visualization of organizational issues through engagement surveys

Value Creation Process



* Five months of sales are shown for functional materials.

The Six Forms of Capital

With KMAC joining the Marumae Group in April 2025, the Group's management resources were significantly enhanced. Those resources comprise Marumae, with a base in high-precision machining technology, and KMAC, which excels in material refining, casting and surface treatment. By integrating the six forms of capital accumulated by each company, we have strengthened the foundations for value creation. This page provides an overview of capital across the Marumae Group and explains how it is utilized.

	 Human Capital Marumae engineers and KMAC technicians. By gathering human resources with different experiences under a single group, we have evolved into a technical group whose expertise spans materials to finished products. The growth of human resources represents a driving force of the group.	 Social Capital Order opportunities as a group will expand based on mutual access to the different customer segments cultivated by each company. Relationships have been built through domestic sites, including the Kanto region, working from a base in Kyushu.	 Intellectual Capital Marumae's advanced high-precision machining and welding technologies and its unique production systems are being integrated with KMAC's aluminum refining, casting and surface treatment technologies. This has significantly extended the technical scope that can be provided across the group.	 Manufacturing capital KMAC's Omuta Plant (covering approx. 122,000 m²), which houses refining furnaces, casting machines and inspection equipment, has been added to Marumae's large-scale cutting equipment and 24/7 automated production lines. This forms a group-integrated manufacturing system that spans material refining to high-precision machining.	 Natural Capital The primary input resources are raw materials such as aluminum and stainless steel, as well as energy. Marumae has promoted the adoption of solar power generation, while KMAC has reduced its raw material costs and recycled resources with in-house scrap reuse technologies.	 Financial Capital Due to the shift from standalone to consolidated management, the Group's overall asset base was enhanced. We will work to balance growth investment with shareholder returns through a sound financial structure and improved capital efficiency.
INPUT FY8/2025	Total number of employees:^{*1} 594 Engineers:^{*1} 75 Training hours: 5,249 hours	Relationships of trust with customers Business foundations in local communities Manufacturing industry in Kagoshima Prefecture listed on the Prime Market of the TSE	Marumae Manufacturing System Achievement of both prototyping and mass production at a high level Programming know-how Ultra-high-purity aluminum refining and casting technology (KMAC)	Capital investment: ¥1,881.01 million Machine tools owned: 238 units 24/7 automated production line Manufacturing staff: 461 (plus 28 temporary employees) Number of Safety Committee meetings: 41	Raw materials (aluminum, stainless steel, etc.) Energy consumption: 14,105.1MWh LPG and city gas: 611,039t Kerosene: 151,929.8L Generated solar power included in the above: 1,439.2MWh Investment in solar power generation: ¥0 million Water usage: 92,425t	Total assets: ¥25,423.44 million Shareholders' equity: ¥8,088.26 million Interest-bearing debt: ¥9,278.00 million
OUTCOME FY8/2025	Average annual salary: ¥5,646 thousand Number of new hires: 52 (men: 34, women: 18) Turnover rate of regular employees: 2.67% (Average turnover rate in Japan: 14.2%) Ratio of female employees (to total employees): 19.36% Ratio of female managers^{*2}: 10.99% Employment ratio of people who have disabilities: 2.60% Well-being of employees and their families Areas for improvement and goals Implementation of Group human resource strategy Training of engineers and technicians Promotion of human resource exchanges across the group or between Group companies and PMI collaboration Improvements to the work environment, evaluations and welfare programs	Number of customers dealt with during the period: 138 Tax payment: ¥579.66 million Outsourced processing costs: ¥1,166.96 million Number of subcontractors: 87 Areas for improvement and goals Development and strengthening of relationships from a customer perspective Improving quality and preventing defective products throughout the manufacturing process Expanding order opportunities through cross-selling within the group	Improvement of marginal profit per employee^{*1} ¥13.09 million Number of new prototypes:^{*1} 226 Areas for improvement and goals Diversification of key technologies Implementation of technical workshops across the group Strengthening of technical information management	Newly introduced manufacturing equipment: 20 units Safety indicator: TRIFR^{*3} 8.22 Scope1 2,046 t-co² Scope2^{*4} 6,320 t-co² Areas for improvement and goals Implementation of safety training and work safety measures Promotion of medium- to long-term capital investment Sharing of knowledge between group sites Ongoing improvements to quality assurance and quality management	Rate of reduction through renewable energy: 9.3% Amount of waste: 129t CDP score: B Areas for improvement and goals Reduction of GHG emissions to achieve net zero emissions by 2040 Analysis and disclosure of climate-related risks Maintaining and improving the CDP score	Net sales: ¥11,403.40 million Operating margin: 18.4% Operating profit: ¥2,103.00 million EPS: 107.11 yen Total dividends: ¥316.55 million Marginal profit per employee:^{*1} ¥13.09 million ROIC 6.7% Areas for improvement and goals Consolidated net sales of ¥25,000 million / operating profit of ¥ 5,600 million (Fusion 2028) Marginal profit per employee: ¥20.00 million Consolidated ROIC: 15% Dividend payout ratio of 35% or higher / minimum dividend of ¥30

^{*1} The figure represents Marumae on a non-consolidated basis. ^{*2} This is the number ranked section chief and higher. ^{*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} The method for calculating Scope 2 emissions was changed from the fiscal year ended August 31, 2024. From the fiscal year ended August 31, 2025, KM Aluminum Co., Ltd. became a consolidated subsidiary. Year-end balance sheet items are on a consolidated basis, and cumulative items for the period (profit/loss, energy, etc.) include five months of KM Aluminum data (April 2025 to August 2025).

FUSION

2028

Medium-term Business Plan Fusion 2028

Fiscal Year ended August 2025	Fiscal Year ended August 2028
Net Sales and Operating Profit (consolidated)	
Net sales ¥11.4 billion	Net sales ¥25.0 billion
Operating profit ¥2.1 billion	Operating profit ¥5.6 billion
Segment profit margin	
Precision components business 23.7%	Precision components business 30%
Functional materials business 10.4%*1	Functional materials business 18%
ROIC	
Consolidated ROIC 6.7%	Consolidated ROIC 15%
Payout ratio	
Payout ratio 37.5%	Payout ratio 35% or more
Minimum annual dividend ¥20*2	Minimum annual dividend Target of ¥15 or higher *3

* FY2025 results from the functional materials business cover the five-month period from the start of consolidation (April to August 2025).

*1 Goodwill amortization deduction

*2 Annual dividend of ¥40 per share for the fiscal year ended August 31, 2025. Taking into account a two-for-one stock split effective April 1, 2026, figures are presented on a post-split basis.

*3 Minimum annual dividend is ¥15 on a post-split basis (¥30 before split).

A Critical Three Years to Achieve the Long-term Vision

With KMAC joining the Group in April 2025, Marumae shifted to a group management structure for the first time since its founding. With a functional materials business joining the existing precision components business, Marumae evolved into a corporate group operating in multiple business domains, and now has multiple business growth drivers.

In response to this structural shift, in July 2025 Marumae formulated the Medium-term Business Plan “Fusion 2028.” The word “Fusion” in the name of the plan embodies the idea of two companies with different technological bases—high-precision machining and functional materials—working together to demonstrate synergies in various areas, such as product development, applied technologies and customer proposals. To achieve our long-term vision for 2030 (net sales of ¥30.0 billion, operating profit of ¥9.0 billion and operating margin of 30%), we have positioned Fusion 2030 as a key three-year period for solidifying our foundations as a group.

Business Portfolio

Under Fusion 2028, we aim to form a new business structure based on two pillars, the precision components business and functional materials business, and combine Marumae’s high-precision machining technology with KMAC’s material technology to achieve Group growth that exceeds market growth.

In the precision components business, we will work to expand our supply base by capturing medium- to long-term growth from the semiconductor market while reinforcing our prototyping capabilities and accumulating new mass production certifications. In the functional materials business, we will enhance the customer base and pursue improved added value based on ultra-high-purity aluminum refining and casting technologies. In addition, leveraging the ability to develop integrated proposals from materials to machining as a Group strength, we will expand orders through proposals for finished products and cross-selling, while also working on the joint development of new materials.

In the fiscal year ending August 31, 2028, we aim to establish a framework in which both businesses will drive growth in tandem.

POINT

The fusion of high-precision machining and material technologies

We aim to create value that surpasses market growth by combining the technological bases of both companies.

Creating a business structure that is resilient against market fluctuations

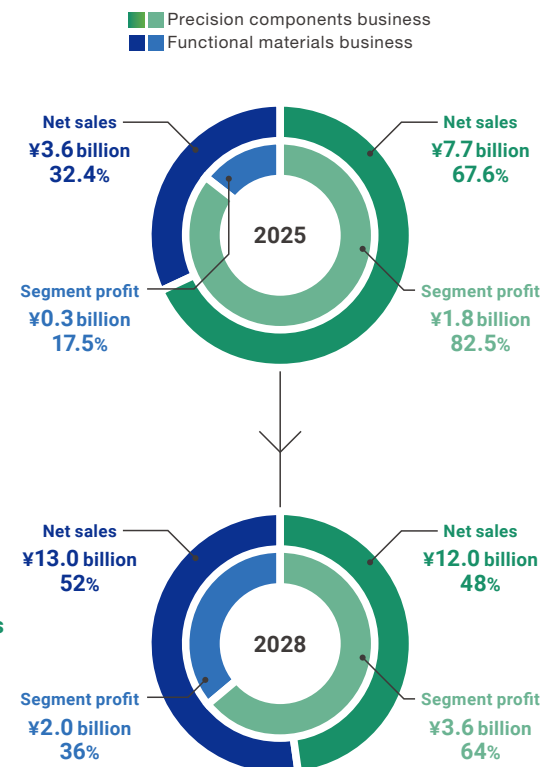
We will strengthen the revenue bases of both businesses and work to achieve stable growth through risk diversification under a two business framework.

Ongoing upfront investment in human resources and equipment facilities

We will accelerate the development of a structure that balances technological capabilities with production capacity.

Becoming a group driven by two businesses

We will shift from standalone management to group management, promoting the development of multiple growth drivers.

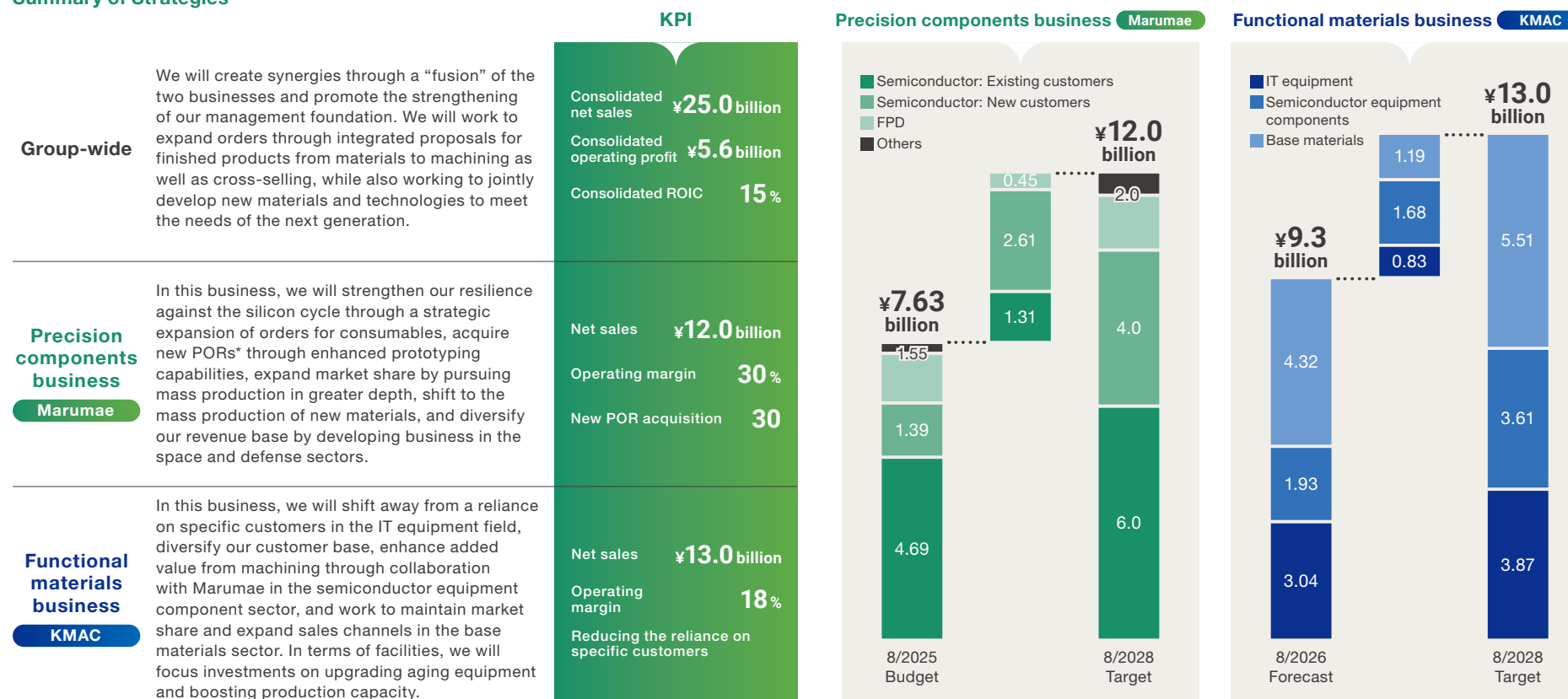


*Results from the functional materials business in FY2025 reflect only the five-month period from April through August 2025.

Overview of strategies

Under the Medium-term Business Plan “Fusion 2028,” we will aim to achieve Group-wide sustainable growth and maximize corporate value, premised on a structural transformation from standalone to group management. While advancing the growth of both businesses, including strengthening supply capabilities to capture semiconductor demand in the precision components business and enhancing the customer base in the functional materials business, we will focus on the biggest theme of “fusion,” striving to create synergies between the businesses. Overall, we will improve Group-wide growth capacity and capital efficiency through proactive investments in human resources and facilities to support these goals.

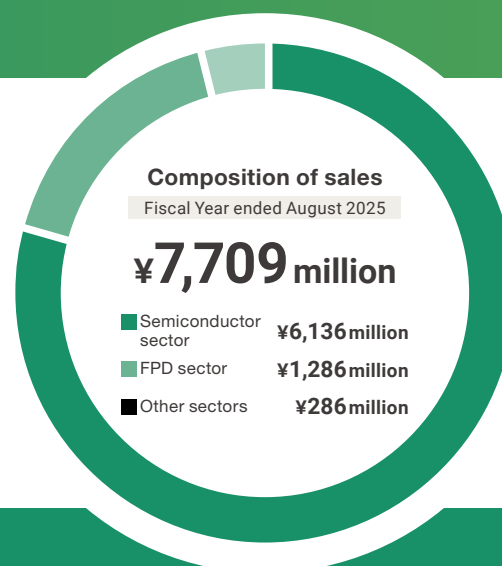
Summary of Strategies



* POR: Process of record, a form of certification for manufacturing processes

* Prepared by Marumae based on the supplementary materials for the financial results for the third quarter of the fiscal year ended August 31, 2025 (released on July 11, 2025)

PRECISION COMPONENTS BUSINESS

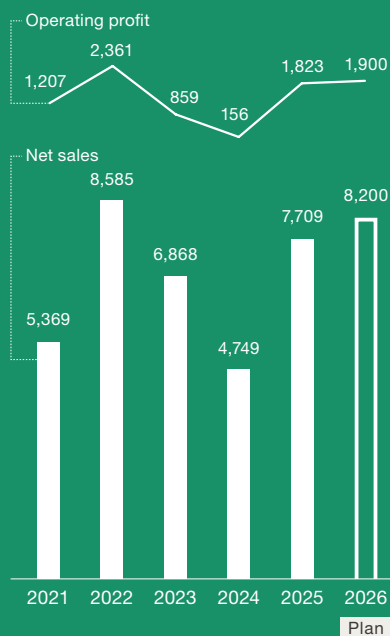


Business overview This segment mainly manufactures the vacuum components that make up systems such as semiconductor manufacturing equipment and flat panel display (FPD) manufacturing equipment. The main products are vacuum chambers, which are used under harsh plasma environments with high temperatures and high voltages, such as dry etching processes and CVD processes, as well as showerheads, electrodes and electrostatic chucks, which are equipped inside such chambers. As these products are used in extremely precise processes, we supply key components with very strict quality and safety requirements, including high voltage withstand performance and tough flatness and positional accuracy standards.

Business conditions

In the fiscal year ended August 31, 2025, the precision components business achieved year-on-year increases in sales and profit, primarily due to the rapid recovery in the key semiconductor sector. In the semiconductor sector, orders for consumable parts rapidly recovered against a backdrop of excess inventories being cleared out, and progress was also made in acquiring manufacturing process certifications (POR) from customers. In the FPD sector, despite a temporary slowdown, orders have returned to a recovery track since the beginning of 2026. In the fiscal year ending August 31, 2026, we expect to expand our market share and maintain or improve our high profit structure by capturing expanded investment in advanced logic, HBM DRAM, and other products.

Trends in net sales and operating profit
(¥ million)



Main risks and opportunities

Sector classification	Opportunities	Risks	Measures
Semiconductor sector	- Expanded investment in equipment due to structural growth in the semiconductor market - Growth in demand for high value-added components designed for AI and advanced processes - Acquisition of integrated proposal capabilities due to the integration with KMAC	- Demand fluctuations due to the silicon cycle - Business impact due to trade policies and geopolitical risks - Rising cost of raw materials and unstable supply	- Strengthening cycle resilience by increasing the percentage of products that are consumables - Strengthening prototyping systems and acquiring POR from new customers - Diversifying procurement sources and strengthening export management systems
FPD sector	- Ongoing investment in G8 OLEDs and reinvestment in large LCDs - Integrated supply of large components through EBW	- Demand fluctuations driven by ups and downs in capital investment - Flat performance of the FPD equipment market	- Receiving more orders for consumables and repeat orders - Applying our technologies in other large equipment fields
Other sectors	- Market growth and progress in new technologies in the renewable energy sector - Expansion of space and defense-related markets - Stabilization achieved through diversification of the business portfolio	- Instability of the solar cell market - Taking time to build a manufacturing system which realizes mass production in a new sector - Risks arising from dependence on major sectors	- Evaluating profitability on a per-project basis - Phased entry leveraging large machines - Diversifying business risks by expanding into multiple sectors

Precision components business

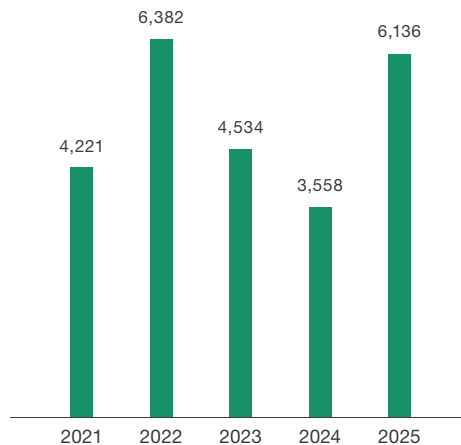
Semiconductor sector

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.

Advantages Why customers choose Marumae

- 1 We shorten delivery lead times, reduce costs and provide stable quality through an integrated production system that incorporates multiple processes in-house
- 2 We have integrated a large number of elementary technologies, enabling us to respond to customer design changes and requirements flexibly and within short delivery windows
- 3 We enjoy high barriers to entry created by a track record of working for many years on vacuum components requiring high precision and durability
- 4 We have the ability to create multiple prototypes in a short time, enabling a swift transition from prototyping to mass production
- 5 We reliably seize growth opportunities in market recovery phases by implementing upfront capital investment based on demand forecasts

Net Sales Trend (¥ million)



Growth strategy Path to achieving the Medium-Term Business Plan

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

As consumable parts for semiconductor manufacturing equipment need to be periodically replaced every six to twelve months, they possess a stable demand structure that is less susceptible to new equipment sales. Marumae has focused on this structural characteristic and honed its supply and response capabilities for consumables to make progress building a revenue model that is resistant to fluctuations in the silicon cycle. In addition, with KMAC becoming a Group company, aluminum consumables for legacy equipment have also been added to the product portfolio, further broadening the scope of the consumables business.

2 Further strengthening prototyping capabilities and acquiring POR from new customers

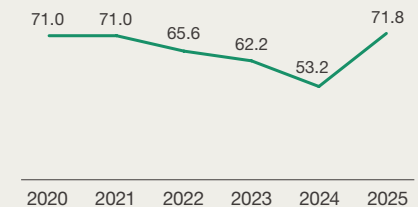
While components for semiconductor manufacturing equipment require a great deal of time for prototyping and evaluation, once a component is adopted for a type of equipment (POR acquisition), orders will continue to be received for a long period of time. Leveraging the strengths of a prototyping system with more than 75 engineers, Marumae drives efforts aimed at POR acquisition, and has set the target of acquiring 30 PORs from new customers during Fusion 2028. In addition to separating production systems for the mass production of repeat-order products and prototype development while dedicating highly skilled personnel to prototyping work, we promote the continuous development of engineers to build a system capable of handling multiple customers and multiple product launches simultaneously.

3 Shifting new materials to mass production

In addition to our traditional focus on aluminum, we are also making progress in the handling of new material properties that meet the requirements of semiconductor manufacturing processes. KMAC develops materials that meet customer needs, while Marumae establishes the technologies to machine those materials from scratch, and a group-integrated framework of pursuing material development and machining technology establishment in parallel supports these initiatives. We have already seen some positive results at the prototyping and customer evaluation stages, and we aim to transition to mass production early by developing proposals from when customers are in the initial development stages.



Trend in the percentage of products that are consumables, semiconductor sector (%)



Explained in the semiconductor and FPD production processes

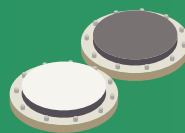
Our Main Products

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.



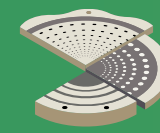
Vacuum chamber

A A vacuum chamber is a container used to create a vacuum. A vacuum is created by using a vacuum pump fitted to the vacuum chamber to suck the air out of the vacuum chamber. Vacuum chambers are used in many semiconductor production processes, such as exposure, film formation, etching and sputtering.



Electrostatic chuck

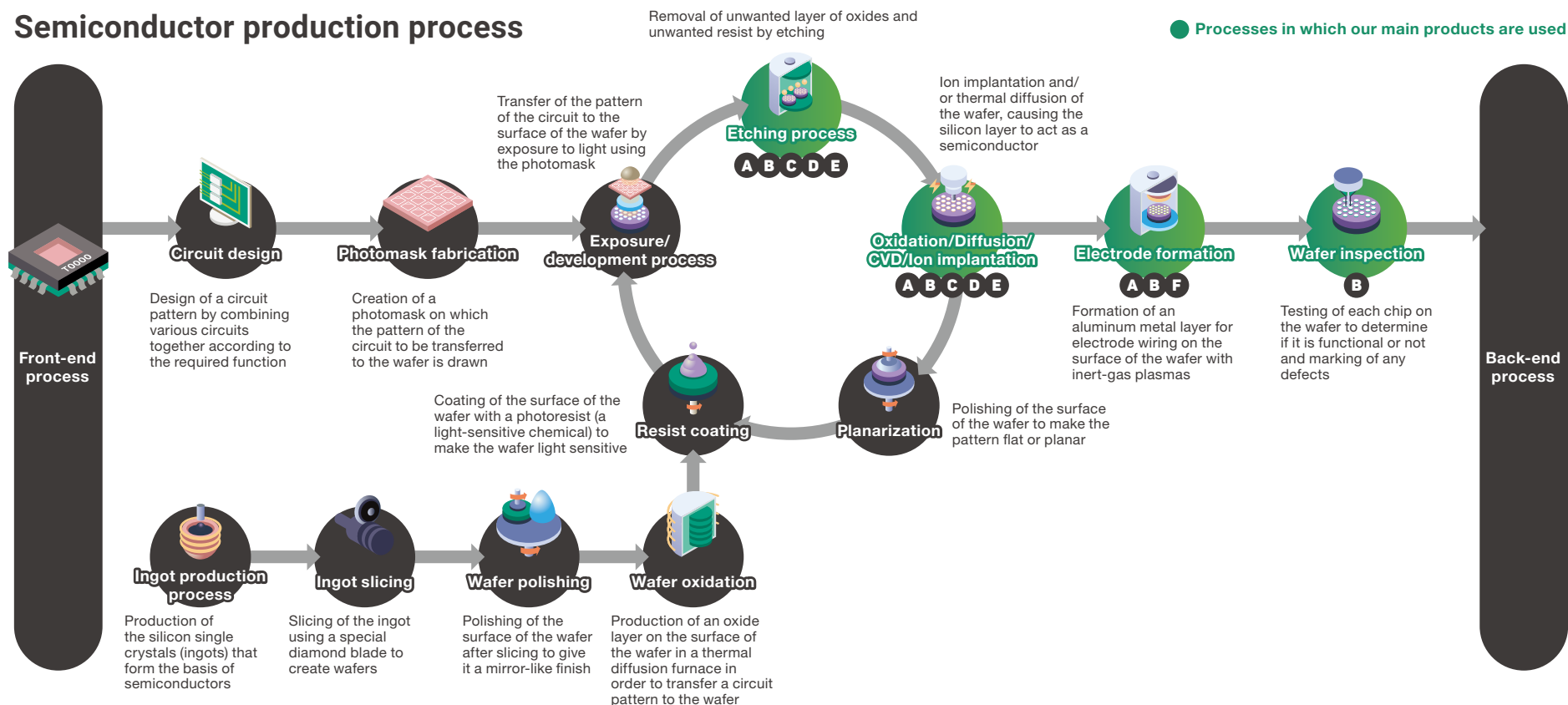
B An electrostatic chuck (ESC) is a chuck used in semiconductor process chambers when shaping, according to the design, the silicon wafers, which are to be used as semiconductor substrate materials. The ESC holds the wafers using an electrostatic force and is an important component that influences semiconductor production efficiency.



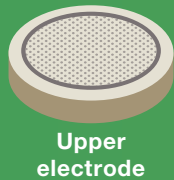
Semiconductor showerhead

C A showerhead is a component that evenly supplies gas to the wafer/glass substrate as needed in the semiconductor production process/FPD production process. It, therefore, has many high-precision pores and a complex arrangement of gas channels inside it.

Semiconductor production process



Semiconductor sector Precision components business



D

The upper electrode is directly above the wafer in semiconductor production equipment and directly above the glass substrate in FPD production equipment, and it is the electrode that discharges gas through the hole and generates plasma at high frequencies.



E

Diverse heaters are used in the semiconductor production process as the process requires strict temperature control. In the CVD process and etching process, film formation and oxide layer removal take place in high-temperature environments and a stage heater is used to achieve high-precision temperature control of wafers.

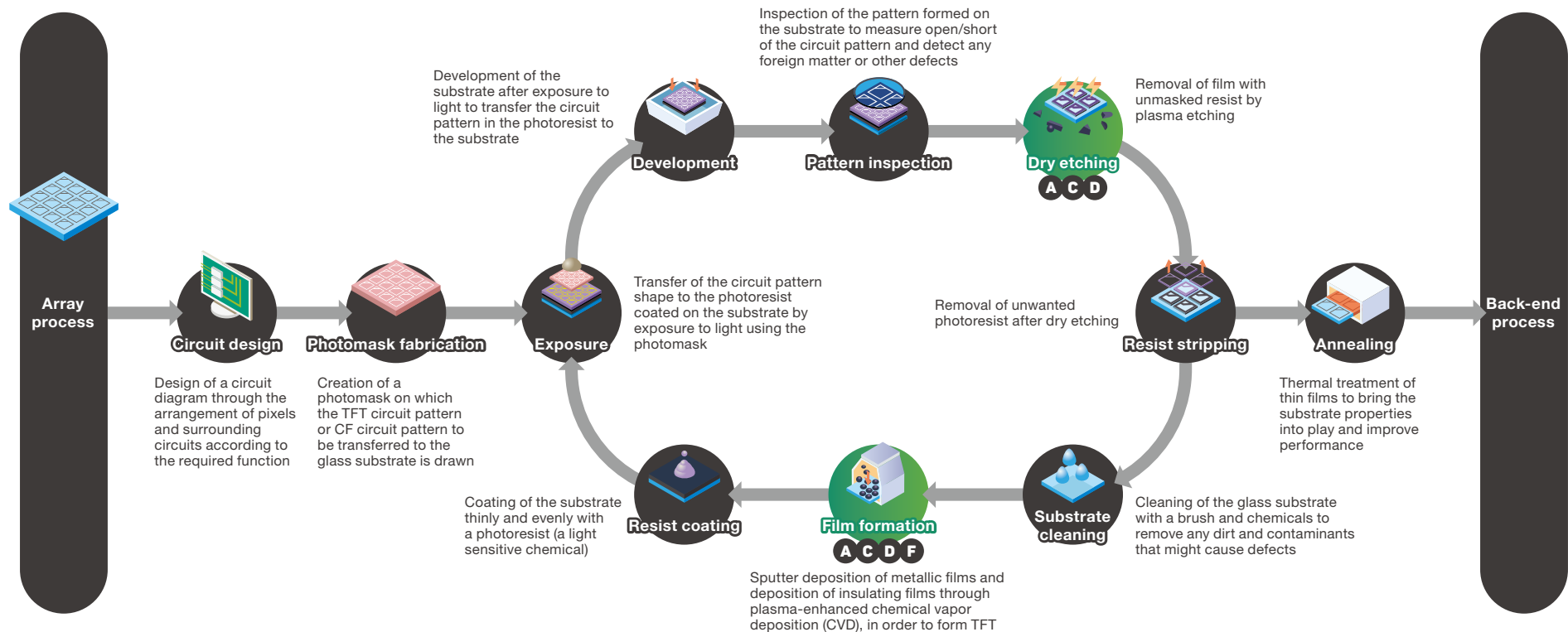


F

Sputtering or sputter deposition is a technique to deposit thin films on substrates by introducing an inert gas to a vacuum chamber, charging negative voltage into the target material to form a glow discharge, and causing the ejection of atoms from the surface of the target to form a film on the substrate. High-purity aluminum and titanium are used as sputtering targets.

LCD manufacturing process

Processes in which our main products are used



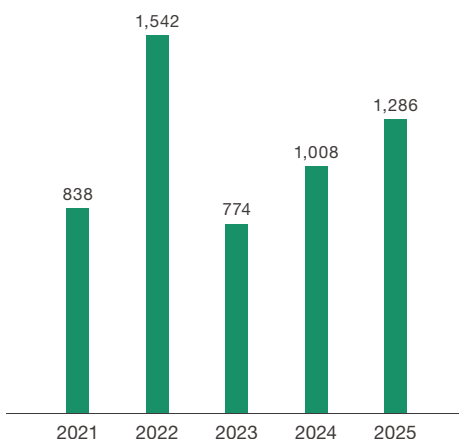
FPD sector

In the FPD sector, we manufacture vacuum components for the manufacturing and inspection equipment for flat panel displays, such as liquid crystal displays (LCDs) and organic electro-luminescence displays (OLEDs). These components are characteristically large and complex shapes with sizes of more than 3 meters, and it is necessary to control for distortion while ensuring tough flatness and positional accuracy. Through an integrated production system that includes EBW* and Japan's largest processing machines, we are able to fulfill size, precision and delivery time requirements that are difficult for other companies to meet.

Advantages Why customers choose Marumae

- 1 We support ultra-large components of more than 3 meters in size through Japan's largest processing machines
- 2 We possess machining technologies to achieve tough flatness and positional accuracy requirements for components with large and complex shapes
- 3 Through integrated production made up of multiple processes including EBW, we achieve short delivery lead times, stable quality and cost competitiveness for large vacuum components

Net Sales Trend (¥ million)



Growth strategy Path to achieving the Medium-Term Business Plan

1 Expanding our market share by leveraging an integrated production system

Through an integrated production system for key processes such as EBW that is maintained in-house, we are able to fulfill requirements regarding size, precision and delivery date that are difficult for other companies to meet. We will work to expand orders during the market recovery phase, which includes ongoing investments in OLEDs and the resumption of investment in large LCDs.

2 Stabilizing revenue by expanding orders for consumables and repeat orders

There are ups and downs in capital investment in the FPD market, and the sector is susceptible to the fluctuation of demand. We are working to strengthen orders for consumables that could be a source of stable revenue and prototypes that lead to repeat orders, in an effort to equalize operations and profit.



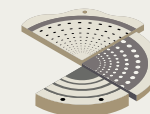
Our Main Products

Vacuum chamber



These are the containers used to create vacuum spaces inside FPD manufacturing equipment. They are used in film formation and etching processes and require high levels of air-tightness and precision.

Semiconductor showerhead



This component uniformly supplies process gas to glass substrate. It has many high-precision pores and a complex arrangement of gas channels inside it.

Sputtering targets (for semiconductors and LCDs)



Sputtering or sputter deposition is a technique to deposit thin films on substrates by introducing an inert gas to a vacuum chamber, charging negative voltage into the target material to form a glow discharge, and causing the ejection of atoms from the surface of the target to form a film on the substrate. High-purity aluminum and titanium are used as sputtering targets.

* 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.

Precision components business

Other sectors

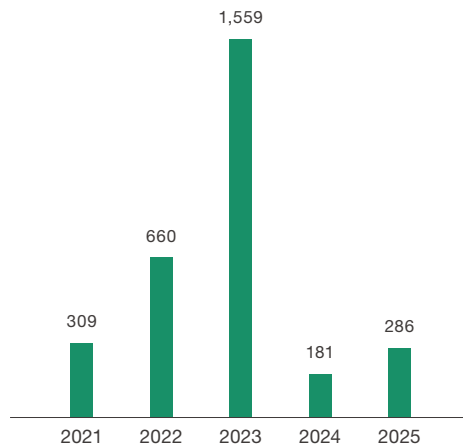
We position the other sectors as opportunities for exploring and working on creating future growth engines following the growth engines in the semiconductor sector. Leveraging the high-precision machining technologies we have cultivated and our production base, we are advancing initiatives in various domains, including solar cell manufacturing equipment, as well as the defense and space sectors. We are working to diversify our business portfolio in preparation for future technological innovations and changes in the market structure.

Advantages

A base that allows us to take on challenges in new fields

- 1 The high-precision machining technologies we have cultivated in the semiconductor and FPD sectors and our track record in integrated production can also be applied to other sectors
- 2 We have an ability to deal with highly challenging materials and complex shapes, and a track record of orders for a wide range of products
- 3 Our structure allows us to approach fields that are difficult to enter alone, thanks to collaboration with partner companies

Net Sales Trend (¥ million)



Growth strategy

Path to achieving the Medium-Term Business Plan

1

Entry into defense-related sectors

We see increasing defense-related budgets as a business opportunity and have been advancing activities to secure orders in this field. We have already been collaborating with partner companies who have business dealings with the Ministry of Defense, and aim to secure orders by leveraging our high-precision machining technologies.

2

Phased entry into the space sector

Due to the expansion of demand in the commercial space sector, demand for the mass production of components for artificial satellites and similar applications is expected to grow. We are working on gradually entering the sector and on developing customers taking advantage of our high-precision machining technologies.

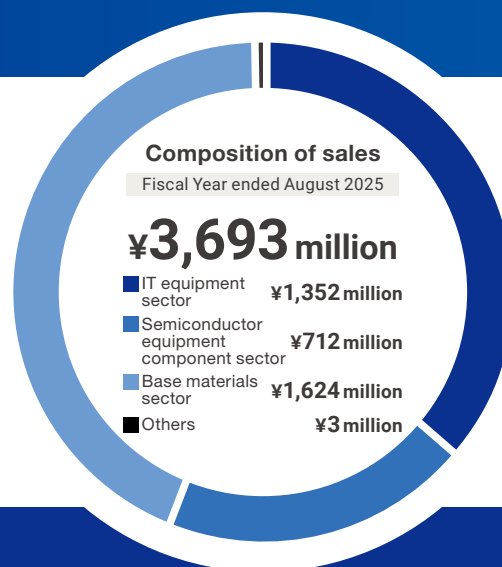
3

Selective initiatives in the solar cell sector

While the renewable energy sector is expected to grow over the medium to long term, there is a sense of instability in the recent market environment. We will utilize our high-precision machining and vacuum technologies to focus on added-value proposals while carefully examining the market environment and profitability on a per-project basis.



FUNCTIONAL MATERIALS BUSINESS

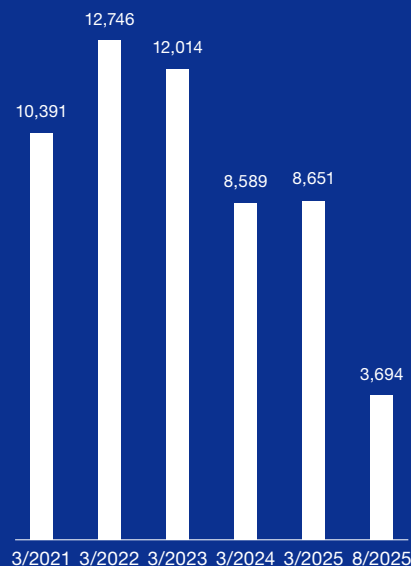


Business overview This segment, which was added when KMAC became a Group company in 2025, develops products in the following three fields, based on an integrated manufacturing system that spans aluminum refining and casting to surface treatment. Refining technologies capable of manufacturing ultra-high-purity aluminum to 5N grade (“five nines,” meaning purity of 99.999% or higher), and low-pressure casting technologies capable of the stable supply of large components weighing over 400 kg are both areas in which only a limited number of companies are able to operate, even worldwide. We have a diverse customer base ranging from legacy semiconductors to advanced memory in this business.

Business conditions

In the fiscal year ended August 31, 2025, the business achieved steady results that exceeded initial expectations, chiefly driven by performance in the IT equipment field. In the IT equipment field, one of the core products, sputtering target materials for semiconductors, performed strongly, including applications for advanced memory such as HBM DRAM. In addition, demand for surface treatment of consumables for semiconductor equipment also recorded solid results. In the semiconductor equipment component field, customers continued to work through the excess inventory they had accumulated and shipments remained at a low level. More recently, however, the inventory has been cleared and the business has switched to a production ramp-up phase. In the base materials field, a stable trading base has been maintained, chiefly in the supply of base materials for electrolytic capacitors and HDDs. The fiscal year ending August 31, 2026 will be the first full year in which KMAC is consolidated, and we expect continued strong performance in the IT equipment field, with a full-scale ramp-up of production in the semiconductor equipment component field.

Net Sales Trend (¥ million)



* Figures up to the fiscal year ended March 31, 2025 are standalone financial results for KMAC (outside Group audit)
* For the fiscal year ended August 31, 2025, only a five-month period from April to August is included

Main risks and opportunities

Sector classification	Opportunities	Risks	Measures
IT equipment sector	- Growth in target materials due to expanded AI and HBM demand - Room to expand market share for ultra-high-purity products	- Reliance on sales from specific customers and geopolitical risks - Limited worldwide supply sources for ultra-high-purity raw materials	- Diversify the customer base by rolling out mass production for new customers - Reinforce in-house refining technologies, diversify raw materials, and construct new plants
Semiconductor equipment sector	- Normalization of orders and market growth following the clearance of inventory - Customer development driven by new product development	- Reliance on key customers and effects of the equipment investment cycle - Time taken to obtain customer certification for new products	- Gain a detailed understanding of order trends and build a flexible production structure to accommodate it - Strengthen the integrated production system through technological collaboration with Marumae
Base materials sector	- Collaboration with Marumae to shift from “selling materials” to “selling components” - Expanded market share due to the withdrawal of competitors	- Low purity requirements compared with other fields, making it difficult to secure a competitive advantage - Market slowdown and intensity of price competition	- Enhance sales partnerships and promote proposal-driven sales - Appropriate price pass-through and securing of marginal profit

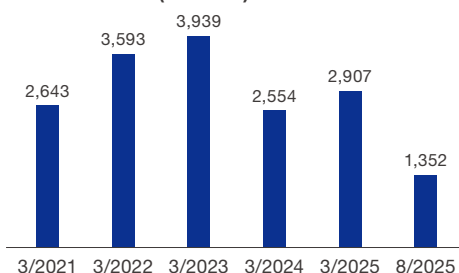
Functional materials business

IT equipment sector

Advantages Why customers choose us

- Among the world's leading ultra-high-purity refining technologies**
We can refine aluminum from 5N0 to 5N5 grade using refining technologies that apply proprietary improvements to the Pechiney segregation method. Only a limited number of companies around the world possess this technology.
- Integrated manufacturing system from refining to casting and analysis**
By performing integrated raw material refining, melting, casting and component analysis in-house, we achieve stable quality and highly unique product development not seen at other companies.
- Stable demand as consumables**
Target materials are consumable materials used in the sputtering process, and produce continuous replacement demand based on the operation of semiconductor plants. This provides a revenue structure that is less impacted by changes in equipment investment.
- Expansion into the area of equipment consumables through a special hard alumite process**
Special hard alumite, which has been developed for the vacuum chamber components used in etching equipment, possesses strong durability that can withstand corrosive gases and plasma, and roughly 90% of these products are used in etching equipment.

Net Sales Trend (¥ million)



* Figures up to the fiscal year ended March 31, 2025 are non-consolidated financial results for KMAC (outside Group audit).

* For the fiscal year ended August 31, 2025, only a five-month period from April to August is included.

In the IT equipment field, we manufacture ultra-high-purity aluminum materials for the aluminum targets used in the semiconductor manufacturing sputtering process, and sell these materials to target manufacturers. 5N5 grade (purity of 99.9995%) aluminum is used as a sputtering target material for semiconductors, while the 5N0 grade (purity of 99.999%) aluminum is used as a sputtering target material for LCD and OLED displays. To cast ultra-high-purity aluminum raw materials without contamination, it is necessary to use cleaned and coated tools, control molten metal at a specific temperature and rate, and employ advanced analysis technologies to assure product quality. The number of manufacturers capable of providing similar products is extremely limited, even worldwide. We also provide special hard anodized aluminum products developed for the vacuum chambers of semiconductor manufacturing equipment, and casting materials that use high-purity aluminum as the base material (HPAA* series).

Growth strategy Path to achieving the Medium-Term Business Plan

- New customer development and diversification of the customer base**
Under the current structure, sales are highly reliant on specific customers. We have already made progress providing prototype materials to multiple new customers for evaluation, and we are working to convert those initiatives into orders for mass production. By diversifying the customer base, we will work to balance business stability with growth potential.
- Increased production capacity to meet expanded demand for ultra-high-purity products**
We expect demand for target materials, particularly those for AI and advanced memory, to expand. To reliably seize this growth opportunity, we plan to make capital investments including the construction of a next-generation 5N plant, raising monthly production capacity to the 140-ton level.
- Reducing raw material costs by enhancing in-house refining technologies**
We have established a technology for manufacturing high-purity blocks in-house from 3N raw materials available on the market, thus reducing the amount of expensive virgin metals that need to be purchased. In conjunction with the utilization of recycled materials, we will work to diversify raw material sources and improve cost competitiveness.



Our Main Products

Ultra-high purity aluminum products

Ultra-high-purity aluminum materials with purity of 99.999% or higher. These products are supplied to target manufacturers as raw materials for sputtering targets designed for semiconductor, LCD and OLED manufacturing.

Anodized aluminum products

Special hard anodized aluminum developed for the vacuum chambers of semiconductor manufacturing equipment. These products feature the high durability needed to withstand the corrosive gases and plasma present in etching equipment.

Casting materials (HPAA series)

Our proprietary casting materials that use high-purity aluminum (purity of 99.99%) as a base material. With these materials, we are able to extend the life of anodized aluminum by 2-3 times, and in CVD equipment and similar systems, the materials can be used without the need for surface treatment, thanks to the inherent corrosion resistance of the material itself.

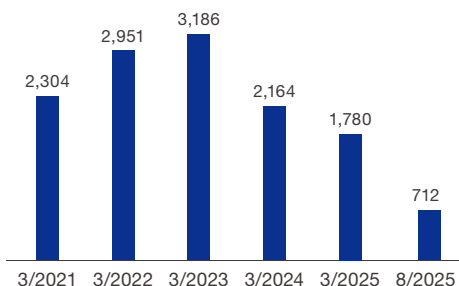
*HPAA: High Purity Aluminum Alloy

Semiconductor equipment component sector

Advantages Why customers choose us

- 1 **Rare and stable supply capacity for large, low-pressure casting products weighing more than 400 kg**
Through our large melting furnace and casting furnace infrastructure developed through integrated manufacturing from the material stage, combined with molten metal management technologies, we consistently manufacture large-sized vacuum chambers that other companies cannot easily handle.
- 2 **High cost efficiency due to low-pressure casting**
As low-pressure casting allows a piece to be formed near to its final desired shape, it produces high material yields, enabling large components to be efficiently manufactured. In addition, the ability to reuse machining scrap in-house as a raw material supports our cost competitiveness.
- 3 **Development of proprietary casting alloys based on component analysis expertise**
Leveraging component analysis technologies cultivated over many years of material manufacturing, we develop and optimize casting alloys to suit each application in-house. Our ability to handle material design for semiconductor equipment subject to stringent quality requirements serves as a barrier to entry for potential competitors.

Net Sales Trend (¥ million)



* Figures up to the fiscal year ended March 31, 2025 are non-consolidated financial results for KMAC (outside Group audit).

* For the fiscal year ended August 31, 2025, only a five-month period from April to August is included.

In the semiconductor equipment component field, we manufacture casting products through low-pressure casting and gravity casting, with a focus on vacuum chambers that are a key component of semiconductor etching equipment. Our core low-pressure casting product produces higher material yields than processes that machine components from solid stock, and is noted for its ability to supply large components at low cost and at high quality. The number of manufacturers able to consistently manufacture large low-pressure casting products weighing more than 400 kg is extremely limited, and KMAC has a proven track record of supply established in this area. Due to the recovery of the semiconductor manufacturing equipment market, we have entered a phase of capturing growth in demand. We have also developed a lineup of gravity casting products used in semiconductor manufacturing equipment components, robot components, and other equipment.

Growth strategy Path to achieving the Medium-Term Business Plan

- 1 **Recovery of orders following inventory normalization and capturing of market growth**
Recently, the excess inventory customers had continued to hold from 2023 onward was cleared out, and the business shifted to a production ramp-up phase. Due to the recovery of the semiconductor manufacturing equipment market, we expect a full-scale expansion of orders linked with actual demand.
- 2 **Enhancing added value through technological collaboration with Marumae**
Utilizing the machine tools transferred from Marumae, progress has been made in integrating machining processes that were previously outsourced. With proposals that go beyond the supply of materials and offer products in a near-to-finished state including machining, we will work to incorporate added value and enhance profitability.
- 3 **Customer development driven by new product development**
We have made progress with the development of next-generation slab machining chambers, building a structure that enables us to reuse machining scrap as a raw material through integrated in-house manufacturing and offer machined products more cheaply than other companies. In addition to our existing low-pressure casting products, we will aim to expand the customer base with a new product lineup.



Our Main Products

Low-pressure casting products

These products are used as vacuum chambers (process chambers, transfer chambers), a key component in semiconductor etching equipment. We consistently supply large casting products with excellent durability and high quality.

Gravity casting products

These products are used for semiconductor manufacturing equipment components, industrial robot components, and similar equipment. Due to the use of wooden pattern-based sand molds, we can handle a wide range of products accommodating flexible design changes.

Functional materials business

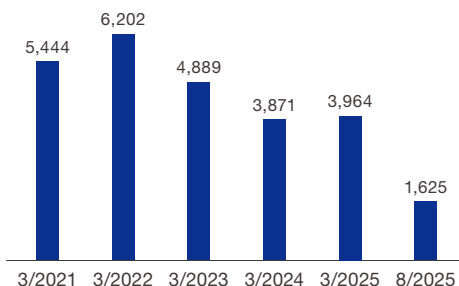
Base materials sector

In the base materials field, we manufacture and sell high-purity aluminum products (purity of 99.99%) as well as small-lot materials. High-purity aluminum products are mainly used as aluminum electrolytic capacitor parts and as slabs or refined blocks used for hard disks. Small-lot materials are used as component materials for various machine tools and semiconductor manufacturing equipment. We also support small-lot and short delivery lead times, cutting and machining products to sizes that meet customer requirements. While profit margins are structurally lower in this field than in the IT equipment or semiconductor equipment component fields, the transaction amount is large and stable, and they are a core business of the Group that also contributes to performance by utilizing excess materials from other fields.

Advantages Why customers choose us

- 1 **Materials for electrolytic capacitors that are highly rated by users**
High-purity aluminum slabs for mid-to-high voltage electrolytic capacitors designed (rated voltage of 200-400V) have been highly rated by users for their excellent quality, and have established an important position in the supply chain.
- 2 **Flexible supply structure supporting small lots and short delivery lead times**
We cut, turn and drill small-lot materials to sizes that meet customer requirements, delivering them in small lots under short delivery deadlines. We have a customer base of more than 80 companies, winning stable business from peripheral equipment manufacturers for semiconductor manufacturing equipment and FPD manufacturing equipment, among others.
- 3 **Improved business efficiency by utilizing excess materials from other fields**
By reusing excess materials generated by the manufacturing processes used in the IT equipment field and semiconductor equipment component fields (scrap, used target materials, etc.) as the raw materials for base materials, we have improved material efficiency.

Net Sales Trend (¥ million)



* Figures up to the fiscal year ended March 31, 2025 are non-consolidated financial results for KMAC (outside Group audit).

* For the fiscal year ended August 31, 2025, only a five-month period from April to August is included.

Growth strategy Path to achieving the Medium-Term Business Plan

- 1 **Maintaining profitability by continuing selective order acceptance**
Since 2021, we have been fully implementing a selective order policy designed to strategically reduce the receipt of low added value orders, and the marginal profit ratio has significantly improved as a result. Going forward, we will continue with profitability-focused order receipt policies and maintain a stable profit base.
- 2 **Collaboration with Marumae to shift from “selling materials” to “selling components”**
We will advance proposals for components that go beyond the traditional supply of materials by integrating Marumae's machining technologies. We will work to compound added value and further boost profitability through proposal-based sales activities.



Our Main Products

High-purity aluminum products

Aluminum slabs with 99.99% purity and refined blocks. These products are used in electrolytic capacitor components and for hard disks. Our focus is on materials for medium-to-high voltage electrolytic capacitors.

Small-lot materials

We cut and machine aluminum alloy billets and slabs to meet customer size requirements for sale. These products are used as component materials for semiconductor manufacturing equipment, FPD manufacturing equipment, and similar equipment.



Financial Strategy

Basic Stance

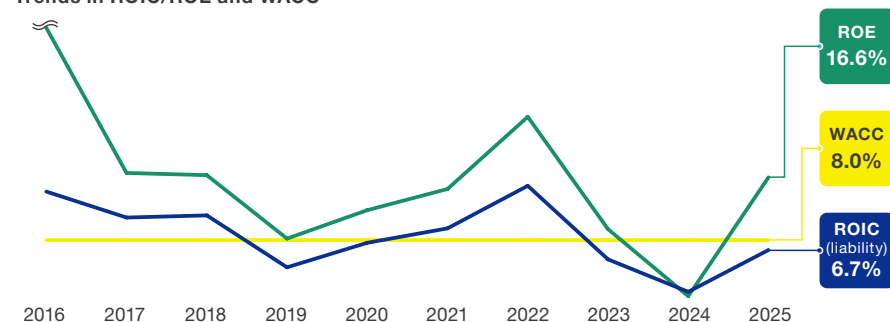
In light of having acquired KMAC in April 2025 and becoming a corporate group centered around Marumae, we undertook a review of our financial strategy. Previously, KMAC had arranged funding for capital investment and working capital internally, but going forward, we will shift to a structure in which the parent company Marumae will handle fundraising for the entire group, supplying funds to Group subsidiaries as needed. In addition to repaying loans, Group subsidiaries will follow a policy of distributing their entire profit to the parent company.

In terms of the Marumae Group's financial strategy, we have set the basic goal of maintaining an equity ratio of 50% (this figure was 32.1% in the fiscal year ended August 31, 2025), in an effort to balance financial health with growth investment. It is also our policy to ensure around ¥3.0 billion in readily convertible liquid assets (including operating receivables, and cash and deposits) in case of economic fluctuations or in readiness for agile M&A, and we are committed to maintaining a financial composition that is able to sufficiently preserve short-term payment capacity. Our capital investment policy is to make investments that ensure we do not miss out on opportunities, provided such investments are financially safe. We meet our funding needs through a combination of expenditures from cash flows from operating activities and borrowings from financial institutions, and we make investment decisions based on whether an investment will contribute to improved ROIC as criteria. 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, in an effort to ensure on-hand liquidity. Additionally, with respect to fundraising, in light of the recent environment of rising interest rates, we partially incorporate variable rate fundraising in situations where it is difficult to procure long-term fixed rate loans, but also utilize hedging such as interest rate swaps to procure funds while appropriately managing the risk of rising interest rates. During periods of recession, our policy is to actively consider M&A and use on-hand liquidity as funds, while carefully reassessing financial balance on an individual project basis.

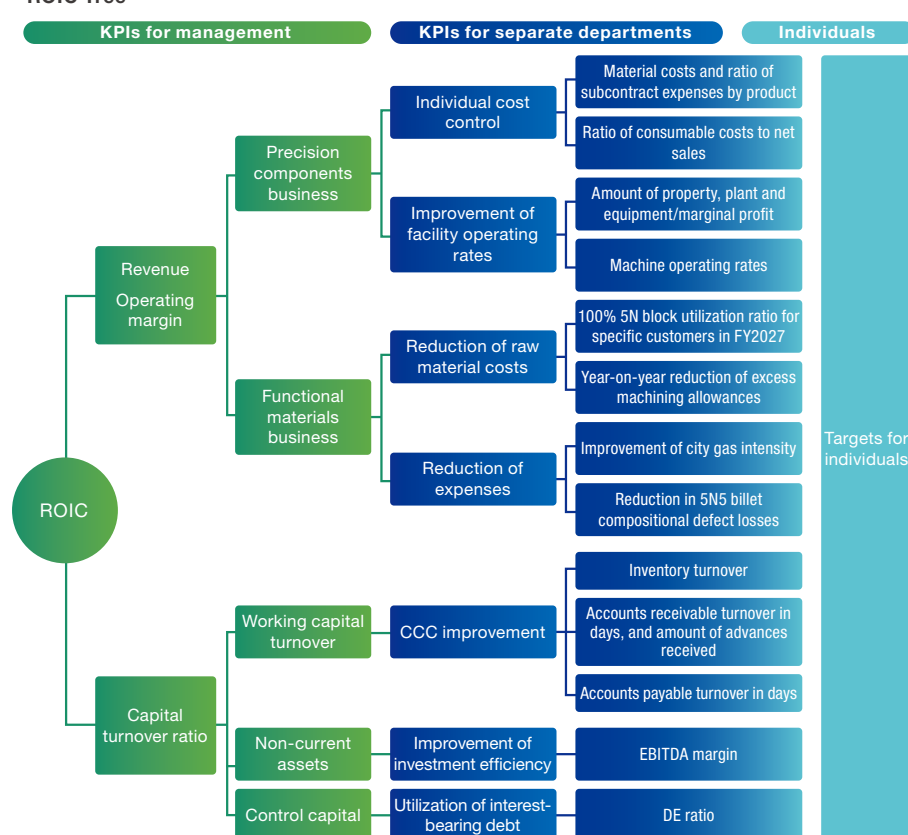
Initiatives to enhance capital efficiency

Under the Marumae Group's Medium-term Business Plan "Fusion 2028," we have set an ROIC target of 15%. We also revised the target to coincide with becoming a consolidated group. At Marumae Co., Ltd. (precision components business), 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 the cost of invested capital, all personnel from management to working-level staff are working to increase their own awareness of ROIC-focused management. 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. At KMAC (functional materials business), we are also driving multiple cost reduction projects in the manufacturing division. We have been working to reduce raw material expenses by using 5N blocks and reducing excess machining allowances, reduce defects and losses, and cut outsourcing expenses by performing outsourced machining work in-house. Each month, the progress of these initiatives toward targets and any issues encountered are reported to the Board of Directors. The Marumae Group has positioned ROIC as an important indicator for capital investments. We assume a weighted average cost of capital (WACC) of 8%, and our policy is to proactively implement capital investments (excluding ESG investments) as long as our ROIC is above our WACC. In the fiscal year ended August 31, 2025, the first year of consolidated operation, the inclusion of five months of financial results from KM Aluminum had an impact, and an ROIC of 6.7% was recorded. We will continue to monitor capital efficiency while aiming for an equity ratio of at least 50%. In the fiscal year ended August 31, 2025, the ROE of the Marumae Group was 16.6%. 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.

Trends in ROIC/ROE and WACC



ROIC Tree



Cash Allocation

Creation of cash flows

Within the Marumae Group, the precision components business (Marumae Co., Ltd.) has been pursuing proactive capital investment as well as 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. Looking ahead, we will also set an ROIC target for the functional materials business and pursue the further generation of cash flow.

Net cash provided by operating activities for the fiscal year ended August 31, 2025 was ¥3.05 billion. This was affected by an increase in profit before income taxes and increases in trade receivables and inventories. In the fiscal year under review, due to an expenditure of ¥9.0 billion as share acquisition costs, free cash flow, or cash flows from operating activities less cash flows from investing activities, were ¥6.65 billion.

Cash allocation policy

The Marumae Group has established a basic policy of disciplined cash allocation based on generated operating cash flow, with the aim of achieving sustainable enhancement to corporate value. Operating cash flow will be allocated in a well-balanced manner between organic growth investment supporting future growth, and stable, ongoing shareholder returns. Over the course of our Medium-term Business Plan, which runs to the fiscal year ending August 31, 2028, we plan to generate a cumulative ¥10.0 billion in operating cash flow, and this will primarily fund growth investments and shareholder returns. On the investment front, we plan to make capital investments totaling ¥6.3 billion group-wide, consisting of ¥3.4 billion in the precision components business and ¥2.9 billion in the functional materials business. In the precision components business, we will make investments focused on enhancing production capacity in anticipation of medium- to long-term growth in the semiconductor manufacturing equipment market.

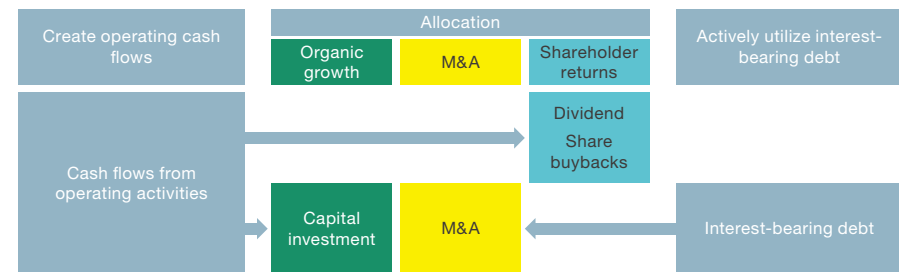
Specifically, we will spend ¥2.5 billion on expanding production facilities, ¥0.8 billion on plant renovations and the construction of auxiliary facilities, and ¥0.1 billion on welfare facilities, advancing efforts to reinforce stable supply systems, boost productivity and invest in human capital. In the functional materials business, we will allocate ¥1.2 billion to upgrading aging facilities to deal with the deterioration of existing facilities and anticipate future demand growth, ¥1.2 billion in expanding production facilities, ¥0.4 billion in enhancing inspection capacity, and ¥0.1 billion in other investments for efficiency improvements, as part of efforts to boost competitiveness on the quality front while strengthening the earnings base. In terms of funding for capital investment, we plan to procure around half of the total investment amount with ¥3.3 billion in borrowing from financial institutions. While remaining mindful of the EBITDA level expected to be achieved in the future, Marumae will make strategic investments that consider the balance between the cost of capital and financial health by focusing on the use of operating cash flow and making use of interest-bearing debt as appropriate. Over the course of our Medium-Term Business Plan, our policy is to continue making active capital investment in order to properly capitalize on growth opportunities. Regarding M&A, we will monitor the business environment including phases of economic slowdown, and assess potential acquisitions from the perspectives of enhancing corporate value and the creation of business synergies. In making investment decisions, we will fully consider the balance between shareholders' equity and interest-bearing debt and ensure disciplined capital allocations. Our policy on shareholder returns is to maintain a dividend payout ratio of around 35%, funding dividends within the scope of operating cash flow as a general rule. By striking a balance between growth investment and shareholder returns, we aim to improve capital efficiency while creating medium- to long-term shareholder value. Note that in the fiscal year ended August 31, 2025, we implemented capital investments totaling ¥1.50 billion, which corresponds to 66.1% of cash flows from operating activities.

We also procured ¥0.9 billion in funds through interest-bearing debt. In addition, we invested ¥8.18 billion as expenditures related to the acquisition of shares in subsidiaries, borrowing ¥9.7 billion in interest-bearing debt. We allocated ¥0.44 billion to shareholder returns, which is 24.6% of cash flows from operating activities. Going forward, we will continue to pursue the right balance between growth investment, financial health and shareholder returns, implementing cash allocations that support sustainable value creation.

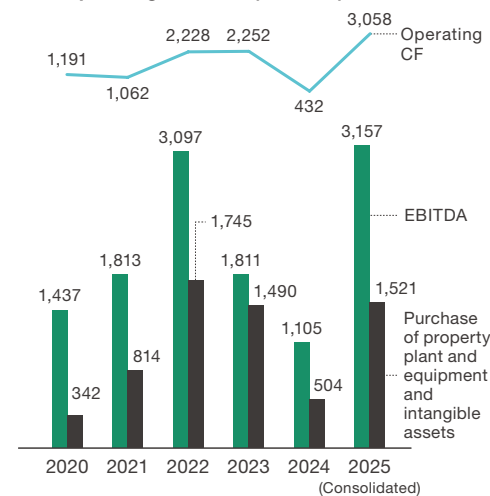
Shareholder returns

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 "Fusion 2028" 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 ¥30. 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^{*1}. 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).

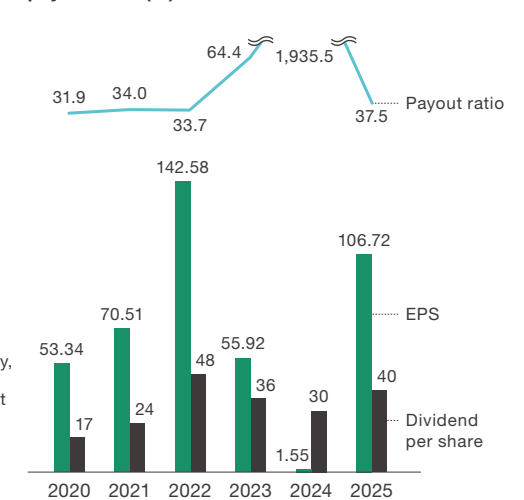
Cash Allocation



EBITDA, purchase of property, plant and equipment and intangible assets, and cash flow from operating activities (¥ million)



EPS, dividend per share^{*2} (Yen) and payout ratio (%)



^{*1} The signaling effect is when investors perceive dividend measures, etc. as a signal and try to infer from them the information held by management and management's true intentions.

^{*2} Dividend per share 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 FY2013.



Marumae Group Materiality

In this year's report, in anticipation of the future adoption of sustainability disclosure standards, we have incorporated information that will serve as a reference when considering responses to the requirements regarding "significant sustainability-related risks and opportunities" required by the Sustainability Standards Board of Japan.

Basic Approach to Formulating Material Issues

To strike a balance between sustainable growth through the fusion of technological bases and the medium- to long-term enhancement of corporate value, the Marumae Group has identified material issues to be tackled by management on a priority basis as materiality topics.

These material issues represent a management compass that integrates our business strategy with sustainability.

We have formulated these material issues in consideration of both our social responsibility as a provider of infrastructure for advanced industries, and their financial impact.

Basic Approach to Formulating Material Issues

The following three perspectives served as key pillars when formulating the Marumae Group's material issues.

1

The link between financial materiality (outside-in) and business strategy

Based on the SSBJ standards, we have assessed the impact that sustainability-related risks and opportunities will have on future cash flows, the cost of capital, and return on invested capital (ROIC). In particular, we place an emphasis on stabilizing our revenue base through expanding the consumables business and enhancing productivity.

2

Chain of impact materiality (inside-out)

We consider the concept of "dynamic materiality," where the impact that our business activities have on the environment and society (reducing the burden placed on the environment, for example) translates into a competitive advantage over the long term through compliance with regulations, enhancements to reputation, and the retention of talented human resources.

3

The realities of consolidated management and enhancing resilience

We have incorporated expanded products and sales channels due to the combination of technologies with KMAC and company-wide risk management, in pursuit of business model resilience against market fluctuations.

Assumptions Underlying the Formulation of Material Issues

Our process for identifying these material issues incorporates the following four assumptions to ensure the reliability of information and compatibility with strategy.

Compatibility with the Marumae Group's actual business activities, technological base and management policies

Current state of business after transitioning from non-consolidated management to consolidated management (including KMAC)

Connection with key risks recognized in company-wide risk management

Reflecting the thinking of the "significant sustainability-related risks and opportunities" required by the SSBJ standards and industry characteristics specified by SASB and other organizations

Process for Identifying Material Issues

We identified material issues through the following process.

1

Assessment of the business environment and social expectations

We assessed the external environment surrounding the Marumae Group in light of various factors, including market and technological trends, regulator trends, and changes in environmental and social issues.

2

Identification of company-wide risks and opportunities

We identified key management-related risks and opportunities based on our existing company-wide risk management table, and in light of our business strategies and the impact of shifting to consolidated management.

3

Referencing the SASB standards

We referenced the SASB industry-specific standards that correspond to the key business activities of the Marumae Group, and verified whether the identified risks and opportunities aligned with material issues that are characteristic of those industries.

4

Assessment of materiality from a management perspective

We conducted a qualitative assessment based on management decision-making, focusing on the impacts on business continuity, competitiveness and growth potential.

5

Integration and consolidation as material issues

We avoided duplication and excessive segmentation, consolidating material issues to a level of granularity that enables business management and monitoring.

Monitoring and Governance Systems

The status of our initiatives on these material issues is being continuously monitored under the following framework.

ESG Committee (convened monthly) The committee reviews progress toward the metrics and targets of each material issue, and summarizes issues and matters for improvement. The committee comprises the President and Representative Director, one inside and one outside director, and the Marumae Group's employees. From the KMAC side, the General Manager of the Administrative Division participates as a committee member and shares information on the status of initiatives Group-wide.

Board of Directors (convened monthly) At Board of Directors meetings held immediately after the ESG Committee convenes, the chairperson (an outside director) reports on the status of activities. The Board of Directors conducts oversight to ensure that the response to material issues aligns with management strategy and the Medium-term Business Plan. When necessary, the Board will direct revisions to response policies and a reassessment of the allocation of management resources.

KMAC Sustainability Committee (convened monthly) The committee rolls out the Group policies and challenges determined by the ESG Committee within KMAC, driving their implementation by each department.

Progress on metrics linked to materiality are disclosed via the Integrated Report and other media.

Materiality Review Policy

As a general rule, these material issues are reviewed once a year by the ESG Committee, with revisions made as needed. The following perspectives are considered when reviewing them.

- Significant changes in the business environment (market trends, technological change, regulatory trends, etc.)
- When significant changes have been made to the composition of the Group's business (including M&A activities and business restructuring)
- Fluctuating assessment results in company-wide risk management
- Feedback from outside stakeholders (customers, investors, ESG assessment bodies, etc.)
- Revisions and application of disclosure standards such as SSBJ standards

The results of reviews are reported to the Board of Directors, and if revisions are made, the details of changes and the underlying reasons are disclosed.



Marumae Group Materiality

Definitions of Time Frames

Short term	Within one year (budget for a single fiscal year)
Medium term	3 to 5 years (Medium-term Business Plan period, up to the fiscal year ending August 31, 2028)
Long term	5 to 10 years and beyond (2030, 2040 net-zero emission target)

Classification	Definition	Estimated monetary impact (loss basis)
Large	Major damage including significant financial losses, suspension of trade and damage to a company's credibility	¥1.0 billion or more
Medium	Possibility of a moderate impact on company-wide management results and credibility	¥0.1 billion range
Small	Impact at the departmental level but limited severity at the company-wide level	¥10 million range

Materiality	Degree of Impact (Score)	Time Frame	Financial Impact	Risks of Not Taking Action	Metrics	Targets
01 Expansion of high added value and the consumables business through the fusion of technologies	Large	Medium term to long term	Operating margin ↑ ROIC ↑ Sales volatility ↓	Significant deterioration in the operating margin due to sales of products other than consumables rapidly declining during a market slowdown phase Ongoing volatility in financial results due to a lack of resilience against the silicon cycle Difficulty in achieving the ROIC target (15%), leading to a risk of the rising cost of capital	Sales weighting of consumables (%) Marumae	Ongoing improvement
02 Establishment of a sustainable growth model focusing on productivity and capital efficiency	Medium	Medium term	ROIC ↑ Marginal profit per employee ↑ Fixed cost ratio ↓	Consistently high breakeven point during deteriorating market conditions due to ballooning fixed costs and personnel expenses Failure to meet the 2028 target (¥20 million) due to a lack of growth in marginal profit per employee Lower rating from capital markets due to a decline in ROIC	Consolidated ROIC (%) Marginal profit per employee (¥ ten thousand)	FY8/28 15% ¥20 million
03 Enhancement of the business portfolio by leveraging multiple base technologies	Large	Long term	Sales growth rate ↑ Degree of concentration in specific customers and applications ↓ ROIC ↑	Sharp changes in financial results due to changes in the investment plans or procurement policies of key customers, due to an ongoing reliance on the top three companies Solidification of a structure in which financial results are influenced by the trends of specific customers, due to an ability to resolve KMAC's reliance on single customers in each field Missed long-term growth opportunities from the failure to avoid being impacted by the semiconductor silicon cycle Erosion of unique competitive advantages due to delays in expanding into new fields	Net sales from cross-selling (¥ million) * Degree of concentration of sales among top customers by field KMAC	Phased expansion Decline in level of reliance on top-ranked customers in each field

* Monthly monitoring of net sales from new customers at each company

Definitions of Time Frames

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	Materiality	Degree of Impact (Score)	Time Frame	Financial Impact	Risks of Not Taking Action	Metrics	Targets
04	Action on resource circulation and reduced environmental impact	Small	Medium term to long term	Energy costs ↓ Costs to comply with carbon taxes and other regulations ↓ Risk to ongoing business with customers ↓	Increased operating costs due to carbon taxes and stepped up emissions regulations Ongoing business with customers being put at risk due to a failure to comply with Scope 3 disclosure requests from key customers Impact on evaluation from institutional investors and the cost of capital due to a decline in ESG evaluation	Group GHG emissions Scope 1, 2, 3 (t-CO ₂)	Aiming to achieve net-zero GHG emissions by 2040
		Present				Understanding of water usage	Ongoing implementation of water risk assessments and disclosures
		Medium				Implementation status of chemical substance management	Appropriate management and compliance with relevant laws and regulations
		Medium term and beyond				Waste emissions (t)	Reduction
						Percentage of internally refined raw materials used (%)	Phased improvement
05	Passing down of technologies and skills, strengthening of human resource and organizational foundations	Large	Medium term to long term	Marginal profit per employee ↑ Technological competitiveness ↑ ROIC ↑	Loss of opportunities to receive orders and decline in competitiveness due to shortages of engineers and leaks of technical expertise Difficulty in winning high value-added orders due to a deterioration in prototyping capabilities, stemming from stalled efforts to pass down technical knowledge Risk of damage to a company's credibility and operational shutdowns due to occupational accidents	Number of serious and fatal accidents	0
						Engagement score (point)	Industry average or higher *1
						Ratio of female employees (%)	Ongoing improvement *2
						Rate of parental leave taken by male and female employees (%)	Maintain 75% or higher
						Human risk assessment and response	Assessment and response implementation
06	Enhancement of Group management and governance	Medium Large at the time of materialization	Medium term to long term	Risk of losses or suspension of operations ↓ Cash flow stability ↑	Materialization of operational shutdown and liability risks due to cyberattacks or information leaks Risks of inability to procure raw materials or production stoppages due to supply chain disruptions Damage to credibility from scandals or compliance violations stemming from inadequate governance	Company-wide risk management framework	Group operation of company-wide risk management
						Number of information security incidents	0
						Information security management framework	Development and operation
						BCP development and review status	Group BCP development and operation
						Losses from defects (¥ million)	Reduction
						Supply chain and procurement management	Development and operation of management framework (including the diversification of procurement sources)

*1 KMAC began conducting company-wide engagement surveys from April 2026. Group targets will be set after verifying the results from KMAC. "Industry average" refers to the benchmark figures provided by the company conducting the survey.

*2 Group targets will be set after verifying the results from KMAC. Target figures for engagement score are set by referencing the benchmark figures provided by the company conducting the survey.



MATERIALITY

01

Expansion of high added value and the consumables business through the fusion of technologies

Background and Challenges

The semiconductor manufacturing equipment market is prone to wild swings in market conditions, making it important to build a business structure capable of securing revenue even during slowdown phases of equipment investment. Adding to its precision cutting and processing operations, the Marumae Group has shifted to a consolidated structure that incorporates the material, casting and surface treatment technologies of KMAC. Going forward, whether we can combine these multiple base technologies while expanding the high value-added and consumables businesses will become a significant management challenge affecting revenue stability and our competitive advantages.

Risks and opportunities

Risks	Fluctuations in sales and profit due to the volatility of semiconductor market conditions, and a revenue structure that is reliant on investment in equipment
Opportunities	Establishment of a high value-added and consumables business that is difficult to substitute, leveraging KMAC's ultra-high-purity aluminum refining technologies and proprietary surface treatment technologies

Strategy and Action Policy

We will strengthen the development and proposal of high-performance long-life consumables that combine multiple base technologies in an effort to build a stable revenue base by expanding the percentage of consumables business.

Specific Measures and Actions	■ Strengthen proposals incorporating high value-added products and consumables that combine multiple technologies
	■ Develop new materials and products designed for new applications
Indicators	■ Sales weighting of consumables (%) (Marumae)
Targets	■ Sales weighting of consumables: Ongoing improvement * (Marumae)

Financial impact

By expanding the sales of consumables, which generate high profit margins, we will continue to improve ROIC and enhance corporate value in the medium- to long-term through the stabilization of net sales and an improved operating margin.

Assessment of financial impact

Degree of impact	Time Frame	Impact on key indicators
Large	Medium term to long term	Operating margin ↑, ROIC ↑, sales volatility ↓



* As KMAC operates under a different business model, a shared numerical target has not been set for this material issue. KMAC's customer diversification is managed under MATERIALITY 03.

* As of the fiscal year ended August 31, 2025, the percentage of products that are consumables in the semiconductor sector for Marumae was a high level of 71.8%. As an order acquisition strategy, we place an emphasis on winning business to supply consumables, and we will work to maintain or improve from current levels.

MATERIALITY

02

Establishment of a sustainable growth model focusing on productivity and capital efficiency

Background and Challenges

Amid growing supply constraints in the workforce, a growth model that relies on simply increasing the numbers of personnel and expanding fixed costs has issues with sustainability. At the Marumae Group, we believe it is important to build a management model that optimizes people, equipment and fixed costs while striking a balance between high added value and productivity. Additionally, in light of our transition to a consolidated management structure, there is a need across the entire group to develop more sophisticated business management that pays attention to capital efficiency.

Risks and opportunities

Risks

Deteriorating profitability due to increased fixed costs, inefficiency of capital investment, rising cost of capital

Opportunities

Boosting productivity and improving capital efficiency by introducing labor saving and developing high added value through DX and production process reforms

Strategy and Action Policy

We are driving business streamlining and labor saving through capital investment, production process reforms and DX, and working to establish a management model that “generates high added value with minimal staff, equipment and fixed costs,” while practicing capital efficiency-oriented management that emphasizes ROIC.

Specific Measures and Actions

- Improving capital efficiency with an awareness of ROIC
- Promoting business streamlining and labor saving by leveraging DX

Indicators

- Consolidated ROIC (%)
- Marginal profit per employee

Targets

- Consolidated ROIC: FY2028 15%
- Marginal profit per employee ¥20 million

Financial impact

By boosting productivity and improving capital efficiency, we will achieve a higher operating margin and the optimization of invested capital, facilitating sustainable cash flow generation and the medium- to long-term enhancement of corporate value.

Assessment of financial impact

Degree of impact
Medium

Time Frame
Short term to medium term

Impact on key indicators
ROIC↑, Marginal profit per employee↑, fixed cost rate↓





MATERIALITY

03

Enhancement of the business portfolio by leveraging multiple base technologies

Background and Challenges

A business structure that has a high level of dependence on specific sectors or specific customers is inherently exposed to the risks of market fluctuations. The semiconductor sector in particular is susceptible to economic cycles, and the customer mix and concentration on specific applications can be factors that increase the volatility of financial results. However, the Marumae Group possesses multiple base technologies including high-purity aluminum materials, precision cutting and processing and surface treatment, and has the technological base to create new added value by combining them.

In our long-term vision "Our Vision 2030," we have set the goals of expanding key technologies based on general-purpose technologies, while creating new sources of sales that are not dependent on the semiconductor sector and driving an expansion into multiple sectors. Through this fusion of technologies and sectoral expansion, we need to advance the diversification of customers, applications and industrial sectors, striving to stabilize our revenue structure and enhance our business portfolio.

Risks and opportunities

Risks	Risk of fluctuations in financial results due to a dependence on specific customers or sectors
Opportunities	Stabilization of the revenue base due to the creation of high value-added products that combine multiple base technologies and expansion into new applications and industrial sectors that are not reliant on the semiconductor sector

Strategy and Action Policy

We will pursue the development of products and solutions that combine multiple base technologies and work to enhance the resilience of our business portfolio by expanding applications within the semiconductor sector and expanding into new sectors from a medium- to long-term perspective.

Specific Measures and Actions

- Expand applications for our products and step up cross-selling proposals among existing customers
- Diversify the customer portfolio in the semiconductor sector and acquire new customers
- KMAC: Reduce the reliance on the top ranked customers in each business field (including the development of new customers)
- Promote the application of technologies in growth areas outside the semiconductor sector (space, defense, industrial equipment, etc.)

Strategic action that takes uncertainty into account

We have organized the above initiatives into the following three layers, taking into account uncertainty in the market environment and technological trends.

- 1 Initiatives we are currently implementing: Expansion of applications among existing customers, cross-selling proposals, expansion of the consumables business, and diversification of customers in each of KMAC's business fields
- 2 Initiatives being prepared for the next stage of growth: application of our technologies in different sectors including space, defense and industrial equipment. We are advancing preparations to develop a multi-faceted future business portfolio with a high level of technological compatibility. We will pursue a policy of gradually expanding the scale of investments based on the market environment and changing customer needs.
- 3 Domains we will not pursue due to a misalignment with our technological base: Expansion into sectors that have a weak alignment with the Marumae Group's technological base, and the volume expansion of low value-added products aimed at the expansion of short-term sales

Indicators

- Net sales through cross-selling*
- Reduced degree of concentration of sales among top customers by field (KMAC)

Targets

- KMAC: Reduction of sales weighting of top-ranked customers in each field
- Sales expansion through cross-selling

Financial impact

Diversifying customers, applications and the sectors in which we operate will bring stabilization to our revenue structure, and also lead to improved profitability due to the creation of high value-added products integrating multiple technologies. In addition, this will enable the development of new applications and forays into new sectors through an expansion of key technologies based on general-purpose technologies, supporting medium- to long-term sales growth and expanded market opportunities

By building a revenue base that is less exposed to the effects of the silicon cycle, these initiatives will facilitate the sustainable enhancement of corporate value and better capital efficiency, including improved ROIC.

Assessment of financial impact

Degree of impact	Time Frame	Impact on key indicators
		Sales growth rate ↑, degree of concentration in specific customers and applications ↓, ROIC ↑
Large	Long term	

* Monthly monitoring of net sales from new customers at both companies

MATERIALITY

04

Action on resource circulation and reduced environmental impact

Background and Challenges

The Marumae Group's production processes involve certain amounts of energy usage and greenhouse gas emissions, as well as the use of water resources, handling of chemical substances, and generation of waste. Due to the nature of the business, water risks are relatively low. However, in light of customer requests and external requirements such as CDP, we have positioned the reduction of environmental impact, with a focus on climate change, resource circulation, water and chemical substances including water risk assessments and disclosure, as key management issues for the entire Group.

In addition, in light of business characteristics that involve the extensive use of aluminum resources, the development of more sophisticated resource circulation and reductions in the amount of virgin metal consumption are key challenges, both in terms of reducing environmental impact and improving resource efficiency. In particular, in-house refining technologies that take advantage of used materials and scrap are positioned as a core initiative that achieves resource circulation.

Risks and opportunities

Risks	Transition risks such as rising energy prices and carbon taxes, stricter environmental regulations, and impact on operations and business with customers due to inadequate management of chemical substances
Opportunities	Development of long-life products, recycling, reducing environmental impact by enhancing resource circulation utilizing in-house refining technologies, enhancing credibility with customers through the disclosure of environmental data

Strategy and Action Policy

We will monitor and control actual conditions concerning greenhouse gas emissions (Scopes 1, 2 and 3), water consumption, waste generation and chemical substances group-wide, realign our climate change strategy with a view toward achieving net-zero emissions in 2040, and drive initiatives aimed at resource circulation and a reduced environmental impact.

Specific Measures and Actions

- Calculation and management of Group GHG emissions (Scopes 1, 2 and 3)
- Understanding water consumption and running water risk assessments
- Promotion of waste reduction and recycling
- Proper management of chemical substances and compliance with relevant laws and regulations
- Examination of renewable energy adoption
- Development of more sophisticated resource circulation by expanding the utilization of internally refined raw materials



(Japanese only)

2040 Net Zero

https://www.marumae.com/sus_5.html



TCFD disclosure

https://www.marumae.com/sus_4.html



CDP response

<https://www.marumae.com/img/sustainability/pdf/cdp.pdf>



Indicators

- Group GHG emissions (Scopes 1, 2 and 3)
- Water consumption and wastewater generation
- Waste generation
- Implementation status of chemical substance management

Targets

- Aiming to achieve net zero GHG emissions by 2040
- Ongoing implementation of water risk assessments and disclosures
- Reduction of waste generation
- Phased increase in percentage of internally refined raw materials used

Financial impact

We will strive to improve the cost structure and reduce the risks to continuation of business with customers by reducing energy consumption and resource inputs, while ensuring appropriate compliance with environmental regulations and customer requirements. In addition, expanding the utilization of internally refined raw materials enhances resource input efficiency by reducing the amount of virgin metal consumption, while also helping to curb raw material costs in the medium- to long-term and soften the impact of price fluctuations.

These initiatives facilitate the stabilization of cash flow in the medium- to long-term and improved ROIC.

Assessment of financial impact

Degree of impact		Time Frame	Impact on key indicators
Small (at present)	Medium (medium term and beyond)	Medium term to long term	Energy costs ↓ Costs to comply with carbon taxes and other regulations ↓ Risk to continuation of business with customers ↓



Passing down of technologies and skills, strengthening of human resource and organizational foundations

Background and Challenges

To sustainably develop the advanced technologies maintained by the Marumae Group, including precision machining, materials, casting and surface treatment, the proper passing down of technologies and skills, and the strengthening of underlying human resource and organizational foundations to support it, are essential. In addition, addressing aspects related to human resources, including human rights, DEI, occupational safety and working styles, is another key factor that serves as a foundation for business continuity and corporate value.

Risks and opportunities

Risks	Lack of engineers with advanced skills, stagnation of skill transfer, occurrence of occupational accidents
Opportunities	Higher productivity and stronger technological competitiveness through enhanced human resource development

Strategy and Action Policy

We will work to build human resource and organizational foundations supporting sustainable growth by driving the systematic passing down of skills and technologies, securing and training engineering personnel, and promoting human capital-oriented measures including human rights, DEI, occupational safety and working styles.

Specific Measures and Actions	■ Developing human resources
	■ Improvements to the working environment and promotion of measures to enhance engagement
	■ Accomplishing occupational health and safety
	■ Human risk assessment and response

TOPICS Opening of a staff cafeteria (November 2025)

The source of our competitiveness is our people and technological capabilities. Based on the belief that it is essential to develop an environment that allows employees to work with peace of mind while encouraging long-term retention, in November 2025 we opened a staff cafeteria at the Izumi Factory. The cafeteria not only functions as a place to provide meals but also a forum for internal communication across different departments and age groups, providing a base that supports human resource retention and technological transfer.

Welfare expenditure per employee
¥111,023 (Performance in FY2025) / Target: ¥120,000 per year



Indicators	■ Number of lost-time injuries	■ Safety training implementation rate
	■ Engagement score	■ Ratio of female employees
	■ Rate of childcare leave taken	

Targets	■ Number of serious and fatal accidents: 0-Definition: Fatal accidents, accidents that result in permanent impairment, long-term hospitalization
	■ Engagement score*: Ongoing improvement
	■ Ratio of female employees (target for the current fiscal year under review)
	■ Maintain a percentage of all eligible male and female employees taking childcare leave at 75% or higher (including leave for childcare purposes)

* KMAC began conducting company-wide engagement surveys from April 2026. Group targets will be set after verifying the results from KMAC.

Financial impact

Ongoing investment in human resource development and occupational safety will help raise productivity and technological competitiveness, enhance medium- to long-term profitability by improving the ability to create added value, and contribute to improved ROIC.

Assessment of financial impact

Degree of impact	Time Frame	Impact on key indicators
Large	Medium term to long term	Marginal profit per employee ↑, technological competitiveness ↑, ROIC ↑

MATERIALITY

06

Enhancement of Group management and governance

Background and Challenges

Under our consolidated management structure, risks that seriously impact business continuity or corporate value could materialize unless we strengthen governance and risk management encompassing the entire Group. Particularly in areas such as information security, supply chains, quality and BCP, integrated management is needed as a prerequisite for ensuring business continuity.

In addition, across the Group's businesses, there are some key raw materials that could be impacted by supply constraints or price fluctuations, and addressing supply chain risks related to those materials is a key challenge from the perspective of ensuring management resilience.

Risks and opportunities

Risks	Scandals, information leaks or suspension of operations stemming from poor governance or inadequate risk management, and business continuity risks attributable to raw material supply constraints and price fluctuations
Opportunities	Improved management transparency from stronger Group-wide governance and enhanced risk management, faster decision-making and strengthened business resilience

Strategy and Action Policy

We will strengthen our Group-wide governance and risk management framework, and pursue the integrated management of key risks, including information security, supply chain, quality and BCP. For supply chain risks in particular, we will work to improve the resilience of the entire supply chain by diversifying our supply structure including raw material procurement, and conducting ongoing risk assessments.

Specific Measures and Actions

- Enterprise risk management (ERM)
- Improvements to quality management systems
- Strengthening of the compliance system
- Enhancement of supply chain management
- Reinforcement of the information security system

Indicators

- Number of information security incidents
- BCP development and review status
- Losses from defects
- Supply chain management status

Targets

- Development and operation of an information security management framework
- Group BCP development and operation
- Reduction of losses from defects
- Development and operation of a supply chain management system

Financial impact

We reduce the risks of losses from the suspension of operations or reduced credibility through the integrated management of key risks including information security, quality, supply chain and BCP. In addition, we have enhanced resilience against changes in the external environment such as raw material supply constraints and price fluctuations by strengthening our response to supply chain risks, while ensuring business continuity and cash flow stability and helping to maintain and improve corporate value in the medium- to long-term.

Assessment of financial impact

Degree of impact
Moderate
(large when risks materialize)

Time Frame
Medium term to long term

Impact on key indicators
Risks of losses or suspension of operations ↓, cash flow stability ↑



Message from the Chair of the ESG Committee

Sustainability driven by fusion



**AKIKO
KADOTA**

Chair of ESG Committee
(Outside Director)

Seeing another side of manufacturing on on-site in Omuta

The first winter after KMAC joined the Marumae Group, I had the opportunity to visit its factory in Omuta in January. The site, which handles aluminum at temperatures up to around 800 degrees Celsius, was a harsher world than I had expected. Unlike steel, which glows red to indicate heat, silvery aluminum sparkles with a cool brilliance. The heat is not conveyed visually, but if you are careless enough to touch it, you could suffer serious burns. In this environment where people are constantly working beside unseen hazards, my attention turned to the factory entrance with a sign declaring, “117 days without accidents.” I was deeply touched by the high awareness of safety that the workers on site had cultivated through their daily efforts.

The employees who guided me on the tour may have been somewhat shy or reserved, but they took meticulous care to ensure the visit went smoothly. Among them was a veteran of more than three decades. I got a sense for their spirit of craftsmanship and professional pride, and the time gave me a keen sense of the affinity KMAC has with Marumae as a fellow company handling metal. This was a day that gave me certainty, that if we pursued exchanges between personnel and fostered a relationship of trust, a true fusion could be created.



Launch of the Group ESG Committee

In November 2025, we welcomed members from KMAC to the ESG Committee, taking a new step forward as a Group. Having operated under Marumae on a non-consolidated basis to date, the Committee has started to gradually expand its scope of governance and risk management to encompass the entire Group.

At the beginning of each Committee meeting, I particularly value what we term as “check-in,” a time for each person to briefly share their current status. The aim is to start by creating the psychological safety that will allow members to speak frankly with one another, despite their different positions and assigned sections. I believe this is the foundation of dialogue.

We have had the opportunity to hear candid views from the KMAC members on various topics, such as uncertainty regarding ESG disclosures and difficulties with recruitment and cultivating managerial positions. Marumae has also come up against similar hurdles in its past, and found a path forward through trial and error. That is why we want to work together with the KMAC members and formulate materiality and goals as a Group rather than deciding on things in a one-sided fashion. I want to value that process itself, and not just the outcomes.

Integrating our cultures through sustainability

On the technical side, we have started to produce integrated proposals combining Marumae’s precision cutting and processing with KMAC’s refining, casting and surface treatment technologies, spanning materials to machining. However, to become a unified Group in a true sense, integrating our technologies alone is insufficient. I feel that the significance of sustainability management will only be truly embodied when we respect one another’s corporate cultures and drive engagement between people.

Creating a comfortable workplace for women leads to a comfortable workplace for all employees, men included. Mechanisms to accept a diverse range of human resources have the potential to produce unexpected innovations. I hope that we can carefully share the lessons Marumae has learned over the years with the members of KMAC, while becoming a group whose members can inspire one another. Interpersonal engagement through local festivals, company events and other activities in addition to working-level collaboration is something I hope we can gradually expand going forward.

Through sustainability initiatives, we will drive the fusion between Marumae and KMAC on both the technical and cultural fronts. I believe this will translate into enhanced corporate value over the medium- to long-term, and going forward I will continue to engage in dialogue while making steady and grounded progress.

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. Even now, after welcoming KMAC to the Group and embarking on a journey as a unified group, we want to continue dialogue with our stakeholders and advance forward together while building relationships of trust.



Customers

Why we engage The Marumae Group has achieved growth by solving the challenges faced by world-class customers in the semiconductor, FPD and industrial machinery sectors. We always seek to communicate closely with customers so that we can quickly notice the challenges they face and propose solutions.



Providers of capital and funds

Why we engage The Group's business has achieved growth through flexible capital investment supported by capital from our shareholders and loans from financial institutions. We regularly engage in dialogue with our investors to ensure that we live up to their expectations, and also share information with financial institutions in a timely manner.



Partner companies

Why we engage Marumae Group conducts 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.



Employees and their families

Why we engage The Group's businesses are supported by technological capabilities that represent the collective knowledge, experiences and skills of each individual employee. We emphasize the development of work environments that enable employees to work with peace of mind over the long-term while demonstrating their capabilities.



Society

Why we engage The Group sees paying taxes and employment creation through its business activities as its fundamental contribution to society, and also values the building of relationships of trust with the local communities where its factories are located, as well as compliance with laws and regulations. Through initiatives that are closely aligned with local communities, we aim to drive growth in tandem with the regions in which we operate.

Our stakeholders' interests

High quality and stable supply
High-precision machining and material technologies
Proposals that help solve issues

Our stakeholders' interests

Sustainable growth
Sound financial structure
Appropriate shareholder returns
ESG initiatives

Our stakeholders' interests

Stable transactions
Reasonable pricing and terms
Ongoing improvements to technological capabilities
Maintenance of sound corporate governance

Our stakeholders' interests

Job satisfaction and growth opportunities
Fair evaluation and compensation
Pleasant workplaces

Our stakeholders' interests

Employment creation and contributions to local economies
Safe environment
Reduction of environmental impact
Compliance with laws and regulations

Main means of dialogue

Technical proposals and communication with designers
Customer visits and dialogue
Interactions through the prototyping process
Customer service spanning both businesses

Main means of dialogue

Quarterly earnings release conference, individual meetings for institutional investors and analysts
Disclosures through the Integrated Reports, financial results summaries, IR websites, etc.
General Shareholders' Meeting
Periodic sharing of information with financial institutions

Main means of dialogue

Organization of briefings for partner companies
Sharing of information related to demand trends
Everyday business communications

Main means of dialogue

Opportunities for dialogue between employee representatives and management executives
On-site interviews and engagement surveys (also started at KMAC from April 2026)
Health examinations, stress check interviews and various training

Main means of dialogue

Cooperation with regional and local governments
Academia-industry partnerships with educational institutions (universities and technical colleges)
Interactions with local communities
Acceptance of visitors for factory and facility tours

Initiatives and results

Continuation of flexible capital investment aligned to market trends
Development of new technologies and materials that cater to customer needs
Launch of end-to-end proposals for customers that leverage the Group integration to extend services from materials to machining

Initiatives and results

Formulation and announcement of the Medium-term Business Plan Fusion 2028
Updating the shareholder return policy (raising of minimum dividends and enhancement of shareholder special benefit plan)
Enhanced disclosures of sustainability-related information
Ongoing evolution of information disseminated through the Integrated Report

Initiatives and results

Maintenance of equitable, fair and transparent business partnerships
Diversification of suppliers and BCP support
Ongoing compliance and insider trading training

Initiatives and results

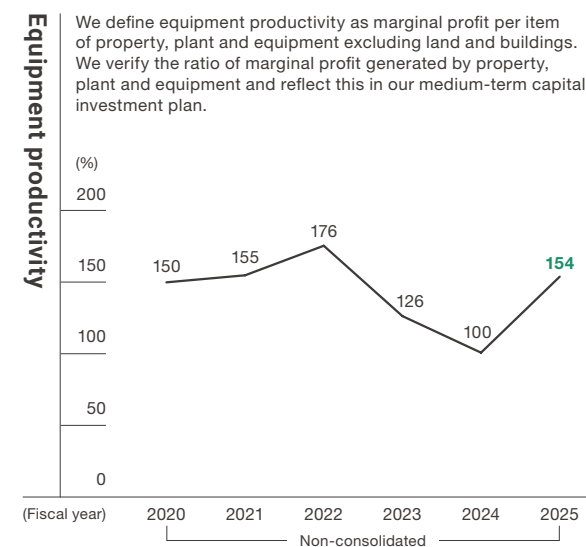
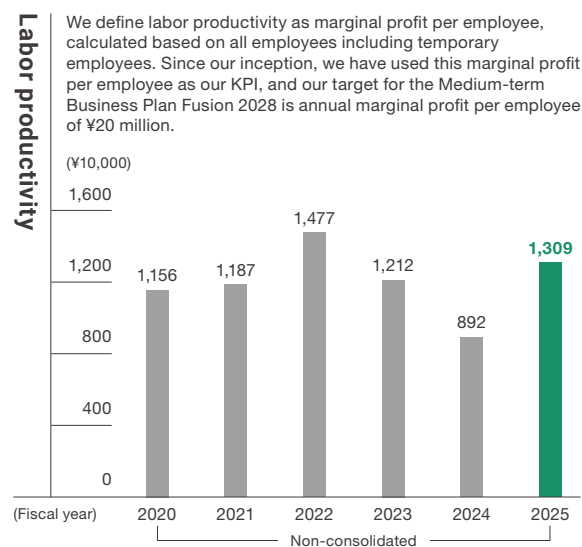
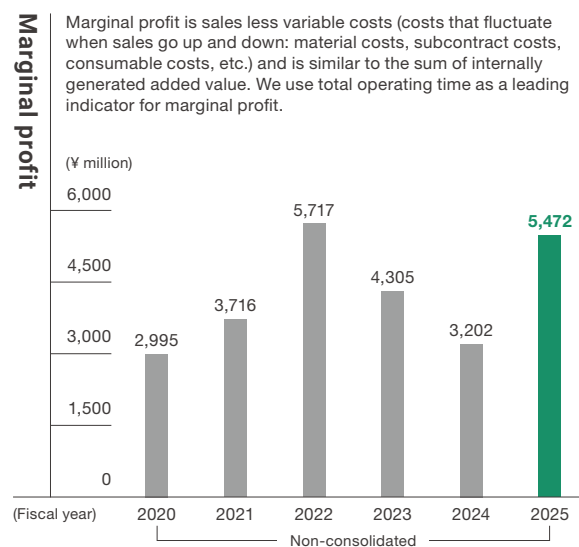
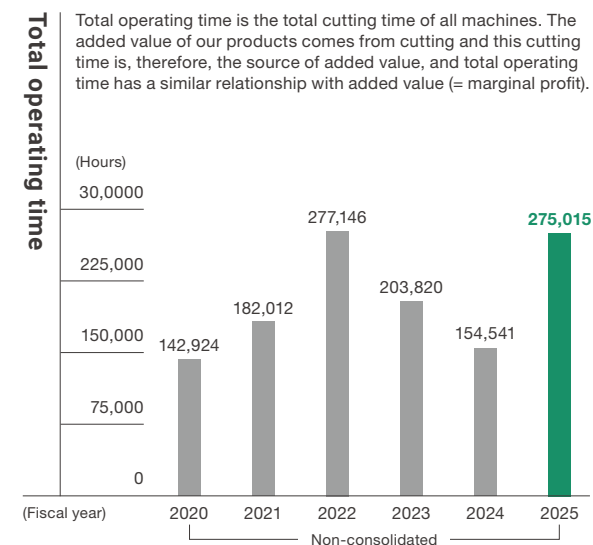
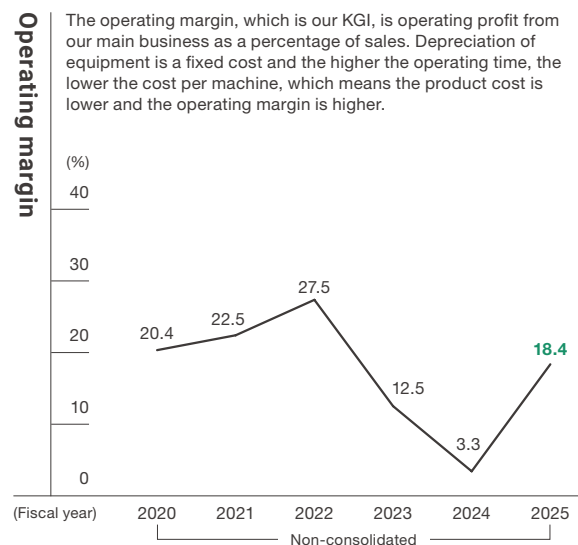
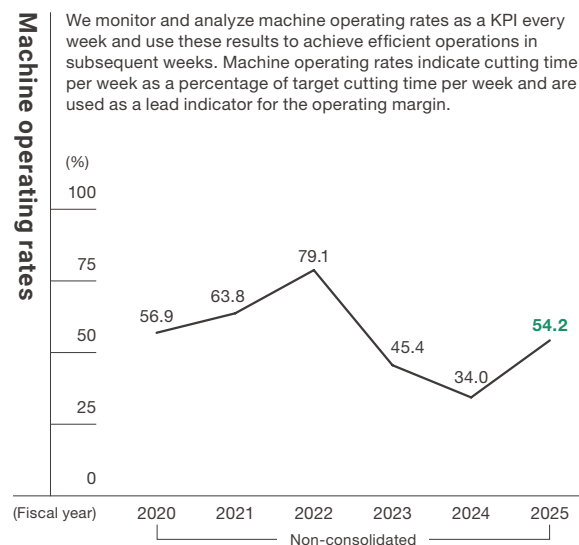
Ongoing review of compensation scheme
Operation of a staff cafeteria (Marumae headquarters), etc.
Improvement of work environments
Support for balancing childcare or nursing care with work responsibilities, provision of diversity training
To coincide with KMAC's consolidation, we began promoting human resource exchanges across the Group and PMI collaboration

Initiatives and results

Regional sports promotion activities
Provision of naming rights for educational and cultural facilities
Ongoing initiatives to reduce environmental impact
Compliance system and running of safety education
Blood donation activities

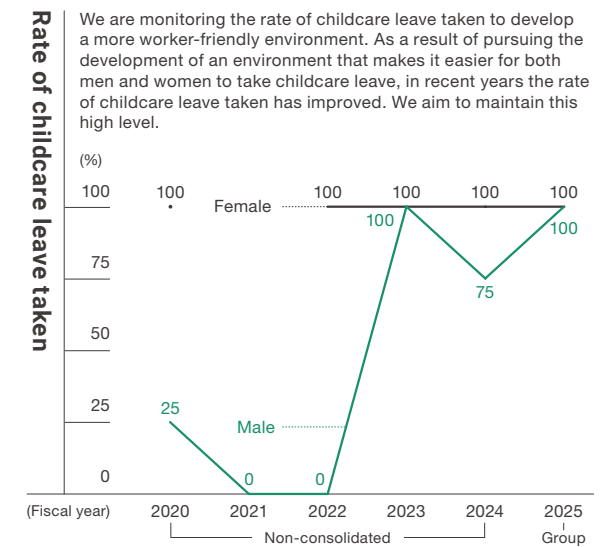
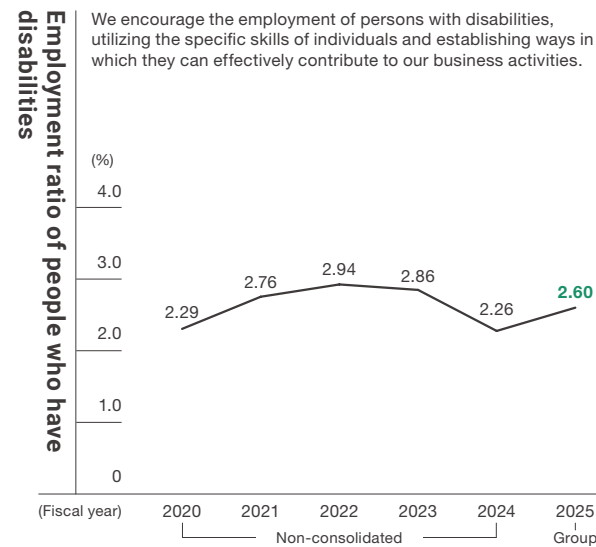
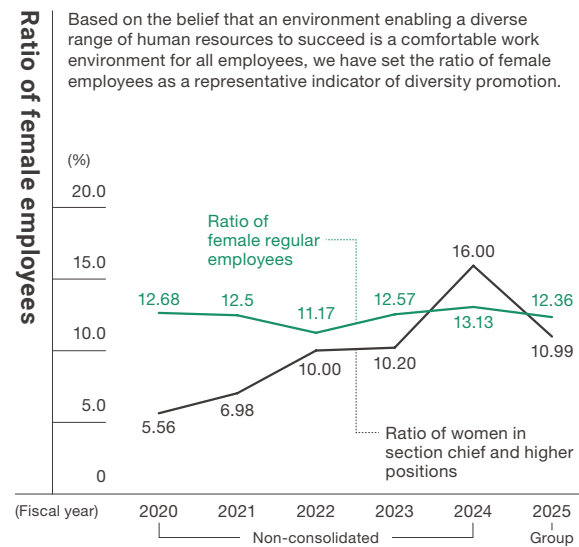
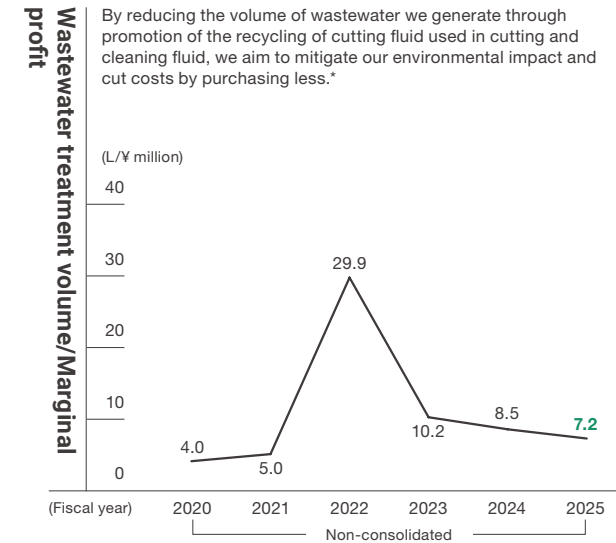
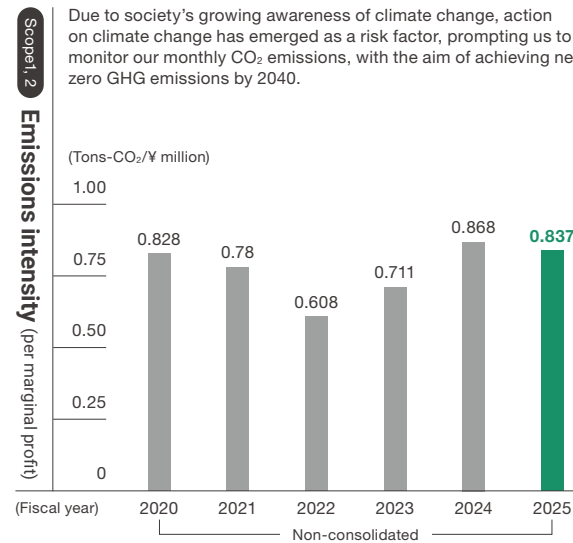
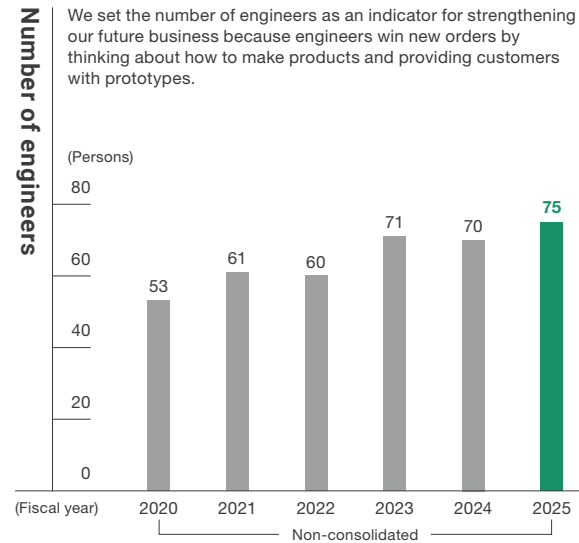
Financial KPIs

This page lists KPIs utilized for Marumae's non-consolidated business management. Financial KPIs are indicators on a non-consolidated basis for Marumae, which operates the precision components business. As KMAC joined the Group part-way through the fiscal period, we plan to disclose common Group-wide management indicators in the Integrated Report for the following fiscal year and beyond. Group figures are listed alongside non-consolidated figures for some non-financial KPIs (ratio of female employees, employment ratio of people who have disabilities, rate of parental leave taken).



Non-financial KPIs

* In the fiscal year ended August 31, 2022, our wastewater emissions increased due to wastewater accumulated for reuse being released.



Directors

as of November 27, 2025



TOSHIKAZU MAEDA

President and Representative Director
(Responsible for overall coordination/ Administration Headquarters)
President and Representative Director, KM Aluminum Co., Ltd.
(concurrent position)

Advisory Committee Member

Term of office: 37

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.



KOTA KAIZAKI

General Manager, Sales Headquarters
(Responsible for Sales Headquarters)

Term of office: 21

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.



HIROTO ANDO

General Manager, Manufacturing & Technology Headquarters
(Responsible for Manufacturing and Technology Headquarters)
Director, KM Aluminum Co., Ltd. (concurrent position)

Term of office: 7

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.



Outside

AKIKO KADOTA

Outside Director (Part-time)
Representative, Go! Kagoshima Corporation
President and Representative Director, Fuchigami Printing Co., Ltd.
(concurrent position)

Independent (Outside)

Term of office: 5

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. She was elected as Director because the Company expects her to use this experience to play a role in supervising the execution of business operations.



Outside

KUMIKO SEKO

Outside Director (Part-time)

Independent (Outside)

Term of office: 3

Ms. Kumiko Seko has extensive experience gained through her involvement in national politics as a member of the Diet and Parliamentary Vice-Minister of Education, Culture, Sports, Science and Technology, and broad, expert insights into international matters. She was elected as Director because the Company expects her to use this experience to play a role in supervising the execution of business operations.



KEIJI HOKANISHI

Director, Audit and Supervisory Committee Member (Full-time)
Audit & Supervisory Committee Member, KM Aluminum Co., Ltd.
(concurrent position)

Audit and Supervisory Committee Member

Term of office: 5

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 judgments on matters such as the exercise of voting rights.

**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: 8

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 was elected as Director because the Company expects him, to comment objectively on the management of operating companies and to help improve its corporate governance.

**TAKAAKI YAMAMOTO**

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

Independent (Outside)

Advisory Committee Member

Audit and Supervisory Committee Member

Term of office: 6

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. He was elected as Director because the Company expects him to continue playing such roles.

**HIROTSUGU MIYAKAWA**

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

Independent (Outside)

Advisory Committee Member

Audit and Supervisory Committee Member

Term of office: 6

Mr. Hirotugu Miyakawa has professional knowledge and broad experience as a certified public accountant. He was elected as Director because the Company expects him to supervise the execution of duties by the Directors, and to provide advice from a professional perspective.

Specific knowledge and experience that we expect

Name	Term of office	Corporate management and management strategy	Development, technology and quality	Planning and sales	Finance and accounting	Risk management and legal affairs	International experience	Government experience
Toshikazu Maeda	37	▲	▲	▲	▲	▲		
Kota Kaizaki	21	▲		▲				
Hiroto Ando	7	▲	▲					
Akiko Kadota	5	▲					▲	
Kumiko Seko	3	▲						▲
Keiji Hakanishi	5				▲			
Satoshi Momokino	8					▲	▲	
Takaaki Yamamoto	6	▲				▲		
Hirotugu Miyakawa	6				▲			

Corporate Governance

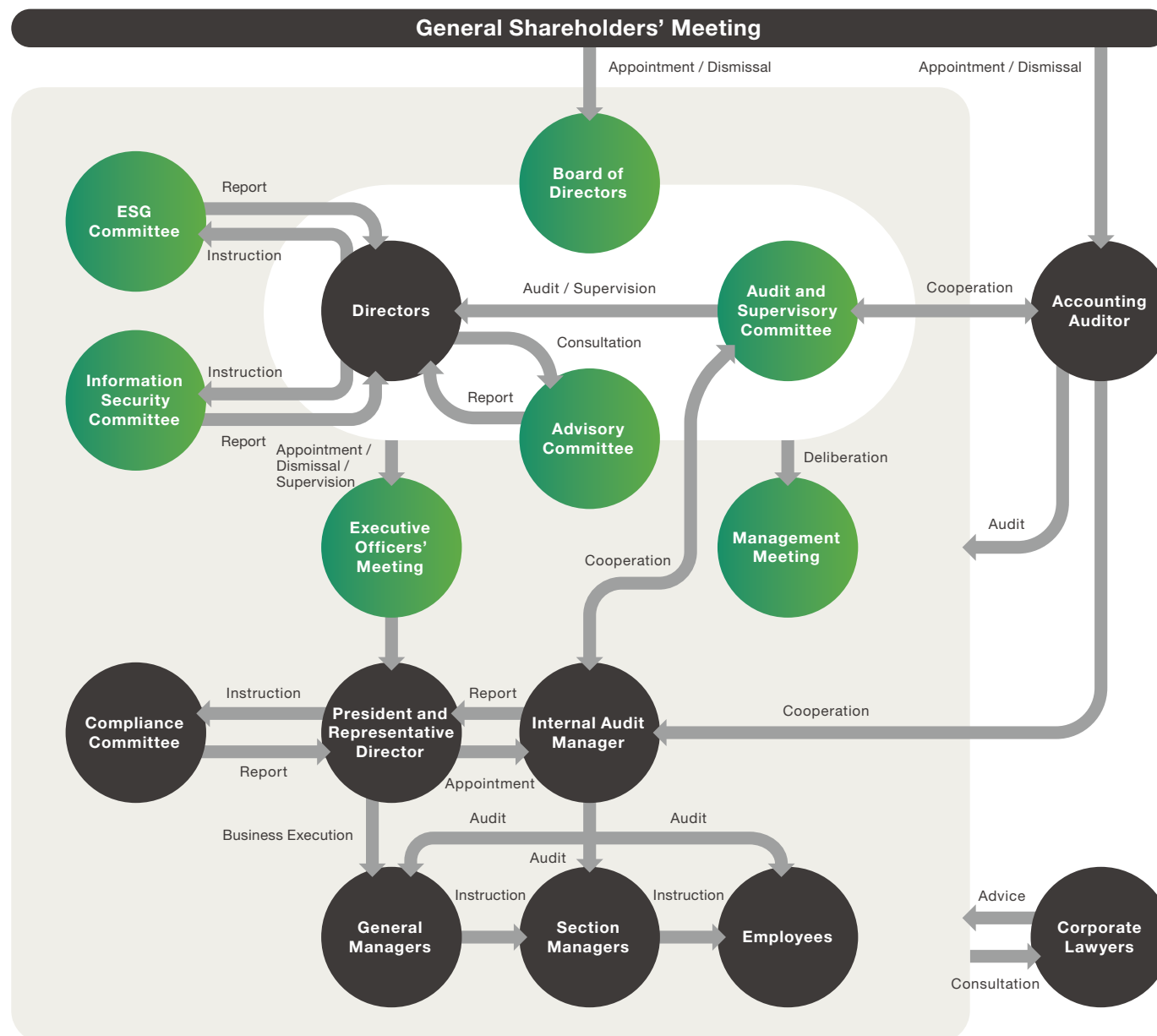
Basic Stance

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.

Group Company Management Systems

In response to KM Aluminum Co., Ltd. (KMAC) joining the Group in April 2025, a subsidiary management system was established based on the Affiliate Company Management Regulations. In addition to having the representatives of subsidiaries attend the Company's Board of Directors meetings to report on monthly performance and the status of risk management, the compliance system is operated on a unified Group-wide basis in coordination with the Company's Compliance Committee.

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



Management Meeting

Chairperson

Toshikazu Maeda
President and Representative Director

 Number of meetings
held in FY2025

12

The management meeting consists of nine directors and 31 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.

 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

Chairperson

Toshikazu Maeda
President and Representative Director

 Number of meetings
held in FY2025

23

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.

 Major deliberation
themes

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

Executive Officers' Meeting

Chairperson

Takeshi Shimomai
General Manager of the Administration Headquarters

 Number of meetings
held in FY2025

16

The Executive Officers' Meeting comprises the President and Representative Director, two Executive Directors, one General Manager of Headquarters and one 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 of Directors by deliberating and resolving important management-related matters in accordance with basic management policies determined by the Board of Directors.

 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 and Supervisory Committee

Chairperson

Keiji Hakanishi
Audit and Supervisory Committee Member (Full-time)

 Number of meetings
held in FY2025

15

The Audit and Supervisory Committee is comprised of four directors, including three outside directors. It meets every month, 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

 Major deliberation
themes

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

Advisory Committee

Chairperson

Satoshi Momokino
Outside Director, Audit and Supervisory Committee Member (Part-time)

 Number of meetings
held in FY2025

5

The Advisory Committee comprises the President and Representative Director and three 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.

 Major deliberation
themes

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

ESG Committee

Chairperson

Akiko Kadota
Outside Director

 Number of meetings
held in FY2025

12

The ESG Committee is composed of the President and Representative Director, two directors and 12 employees (one of whom is from KMAC)*. 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.

 Major deliberation
themes

- ▲ Identification of materiality and setting of KPIs
- ▲ Formulation of sustainability-related policies
- ▲ Group-wide risk assessment and responses
- ▲ Action on climate change
- ▲ Monitoring of ESG targets

*As of March 31, 2026

Information Security Committee

Chairperson

Kota Kaizaki
Director

 Number of meetings
held in FY2025

12

The Information Security Committee consists of one director who is the chief information officer (CIO) and eight employees. It holds meetings every month in principle. 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 is informed of resolutions passed by the committee at its monthly meetings and gives instructions on matters that need to be improved or studied.

 Major deliberation
themes

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

Evolution of Governance

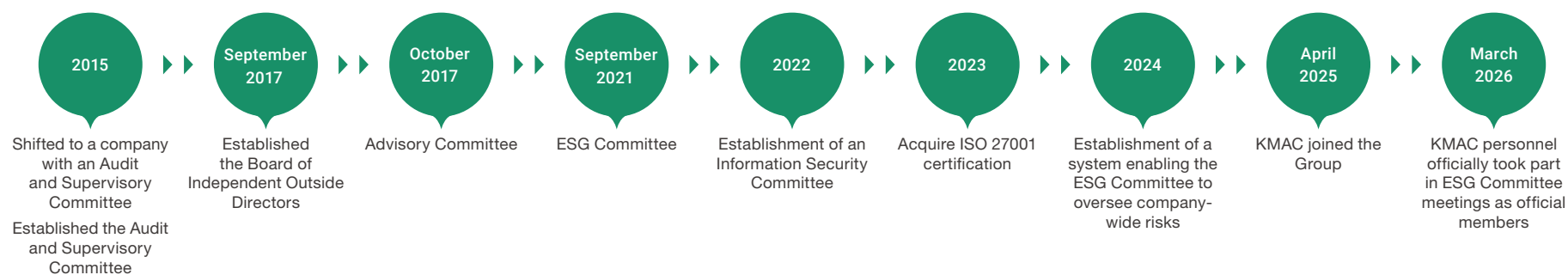
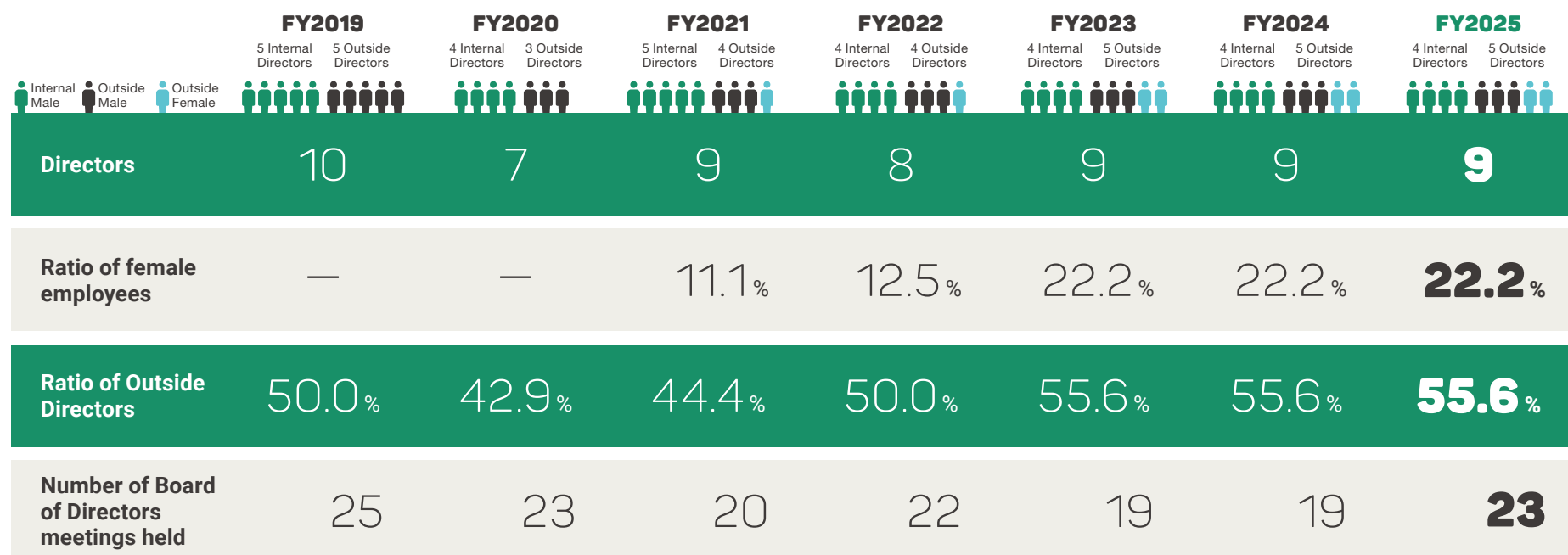
- Ongoing strengthening of supervisory functions and a structure to support Group-wide value creation -

Based on lessons learned from a past management crisis, Marumae has continually strived to enhance supervisory functions of the Board of Directors. By confronting management issues head-on and making the necessary reforms to systems in a phased manner, we have ensured the flexibility to deal with changes while upholding accountability towards shareholders and other stakeholders.

In the fiscal year ended August 31, 2025, the Company maintained its Board of Directors

structure which comprises a majority of Outside Directors, and continued to implement an evaluation of the effectiveness of the Board of Directors. To coincide with KMAC joining the Group in April 2025, we also began developing a governance system that anticipates Group-wide value creation in the future.

Going forward, we will enhance the quality of discussions at Board of Directors, the continuous improvement of our systems based on effectiveness evaluation, and the role of Group-wide supervisory functions. We will work to incorporate constructive dialogue with capital markets and a diverse range of stakeholders in our management, aiming to enhance corporate value over the long term.



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 concerning the General Shareholders' Meeting
- Matters concerning Directors
- Matters concerning shares and corporate bonds
- Matters concerning financial results
- Important matters concerning business operations
- Important matters concerning affiliated companies
- Matters concerning the Executive Officers' Meeting
- Other important matters

Matters to be resolved by the Executive Officers' Meeting

- Acquisition or forfeiture of assets (including lease agreements)
- Establishment of credit limit
- Processing of overdue receivables
- Testing, research and development
- Revision of fiscal year budget
- Borrowing (including deposit of collateral)
- Utilization of securities
- 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. The fiscal year ended August 31, 2025 was a third-party assessment year that occurs once every three years. Implementation of the assessment was delegated to an outside expert (Mori Hamada & Matsumoto). We were generally highly rated on all evaluation criteria including the composition, operation and meeting agendas of the Board of Directors, the systems supporting the Board of Directors, confirming that our Board of Directors is well-balanced and effective. The evaluation of the Board of Directors was particularly high for the points below. As a result, the evaluation demonstrated that the Company's Board of Directors adequately functions, particularly with regard to supervisory functions concerning the Directors tasked with the execution of business, and that a high level of effectiveness has been maintained.

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.

Provision of sufficient information

In addition to ensuring that Board of Directors meeting materials are sent out 3-5 days prior to the date of meetings, Outside Directors attend Management Meetings held the day prior to Board of Directors meetings to directly confirm discussions of management issues, and then exchange views at a meeting of the Board of Independent Outside Directors held immediately after the Management Meeting. This supports the high-quality deliberation and decision making of the Board of Directors.

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.

Strategic agenda setting

Having transferred authority to the Executive Officers' Meeting, the Board of Directors ensures sufficient time for the deliberation of important matters such as corporate strategy. Strategic decisions such as KMAC being made a subsidiary in April 2025 were decided on following multi-faceted discussions.

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

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- to 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.

Performance-linked Remuneration for Directors

We introduced performance-linked remuneration in September 2007.

Currently, remuneration is calculated using the three indicators specified on the following page. 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 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.

01		02		03	
Indicators	Purpose	Indicators	Purpose	Indicators	Purpose
Bonus per employee	Improving employee satisfaction	Ordinary profit to total assets	Implementing management to increase ROA	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 profit margin of 20%)

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

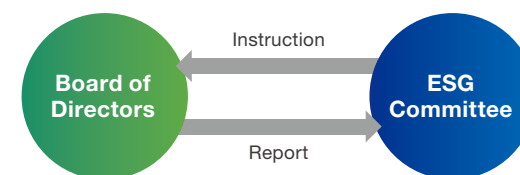
- From a non-consolidated company to a consolidated group. Developing a more sophisticated risk management system that reflects materiality -

The Marumae Group has identified and assessed the factors that could impede the achievement of its business goals, and tackles enterprise risk management with the aim of safeguarding management stability and corporate value. The ESG Committee is in the charge of risk management. It reports its deliberations on this matter to the Board of Directors and receives instructions from the Board of Directors. We have advanced efforts to develop a more sophisticated Group-wide risk management system that operates in tandem with materiality.

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



History and future direction

Past
Building a framework on a non-consolidated basis

On a non-consolidated basis, the ESG Committee has played a central role in efforts to build an enterprise risk management framework. In addition to identifying major risks, we have formulated assessment standards that take into account degree of impact, likelihood of occurrence and the effectiveness of countermeasures, and continually verified the effectiveness of response measures through dialogue with each department.

Present
Group integration

In response to KMAC joining the Group in April 2025, the scope of risk management was extended to the entire Group. The recognition of Group-level risks has been disclosed in our Annual Securities Report by integrating the key risks assessed by our ESG Committee with the key risks recognized by KMAC.

Future
Development into Group ERM

From June 2026, we will begin the full-scale implementation of enterprise risk management (ERM) that spans the entire Group. We will phase in enhanced disclosures that specify financial impacts and time spans, monitoring linked with materiality, and the standardization of risk management operation at Group companies.

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 business and loss of trust	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 ₂ emission reduction targets, and ensuring thorough water management

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	FY2021	FY2022	FY2023	FY2024	FY2025
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
Number of times the contact points were contacted ^{*1}		0	0	10	11	8

Compliance education Once a year, we provide all employees with compliance training on each of the following themes. After each training program, we give participants a test 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. 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.

■ Harassment prevention training ■ Training on the code of conduct and rules on rewards and punishments ■ Human rights education ■ DE&I^{*2} education

^{*1} 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. ^{*} This table represents figures for the parent company (Marumae Co., Ltd.) on a non-consolidated basis.

^{*2} Diversity, Equity, and Inclusion

Information Security

Information security target for the fiscal year ending August 31, 2026

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

- **Building information monitoring mechanisms**
In anticipation of both external attacks and internal misconduct from the inside, we have established access log monitoring systems and back-up operations, seeking to uncover signs of misconduct at the early stages and minimize any damages.
- **Enhancing the information security training program to make it easier to understand**
In addition to repeated drills on dealing with targeted email attacks, we have put in place a training program that enables each employee to act with an awareness of the risks, through awareness raising activities that make use of the latest examples of cyber crime, and the development of an environment that ensures the safe utilization of generative AI.

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.

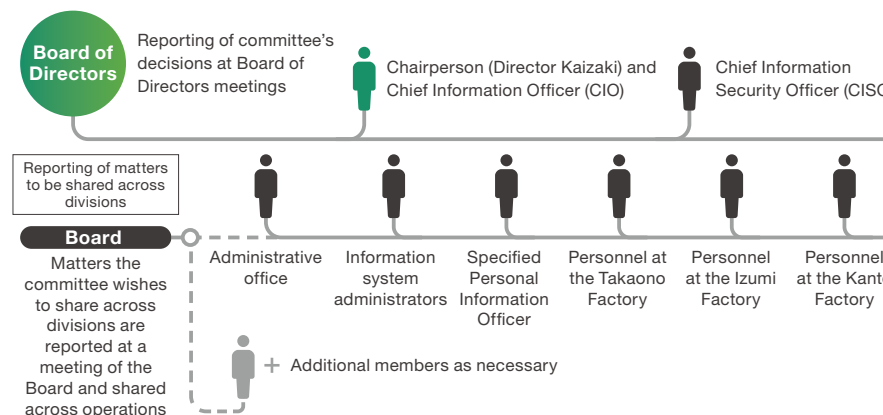
Information security policy Marumae Co., Ltd. (hereinafter the “Company”) will make information security efforts across the organization in accordance with the policy set out below to protect information assets acquired from customers and those that we own from accidents, disasters, crimes and other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

Information security policy

01	Management responsibility	The Company will endeavor to improve its information security on the initiative of the management team in a systematic and continuous manner.
02	Development of internal systems	The Company will set up an organization to maintain and improve information security and formulate information security measures as official internal rules.
03	Employees' efforts	The Company's employees will acquire the knowledge and skills necessary for information security to make sure its information security efforts are successful.
04	Compliance with laws, regulations and contractual requirements	The Company will comply with laws, regulations, norms and contractual obligations relating to information security to live up to customers' expectations.
05	Response to violations and incidents	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, 2025

- Maintained ISO 27001 certification (zero non-conformities found during a March 2025 surveillance audit)
- Made ongoing improvements by conducting internal audits and taking corrective action
- Continued the track record of zero information security incidents (2024 and 2025)
- Strengthened measures to deal with file server ransomware attacks
- Developed an environment ensuring the safe utilization of generative AI (rolled out Group-wide)
- Continued implementation of training to address targeted email attacks
- Continuous improvement to operational rules based on internal audits
- Revised the information security manual (complying with revised ISO standards)

* This page describes initiatives undertaken by the parent company (Marumae Co., Ltd.) on a non-consolidated basis.

Message from the Outside Director

The key to growing the organization and business lies in people

Fusion 2028 is the Company's Medium-term Business Plan that has set the ambitious goal of ¥25.0 billion in net sales. This is by no means a simple plan when you consider the uncertainties of the external environment, with fluctuating semiconductor market conditions, geopolitical risks and tariff issues. That is why the feasibility of this plan and its assumptions have been carefully discussed in a multi-faceted way at Board of Directors meetings.

This plan anticipates growth, not on a non-consolidated basis but on a consolidated Group-wide basis. Discussions at Board of Directors meetings have revolved around a number of points, including the creation of synergies with KMAC, deeper relationships with overseas customers, and diversification of the revenue structure. This is positioned as the starting point of the "new Marumae" making a full-scale foray into group management.

To realize this ambitious plan, on-site technological capabilities and decision-making capabilities at the organizational level will be essential. Having personally engaged in direct dialogue with engineers, I feel a strong sense of both confidence and pride in the Group's products. In addition, the meetings at Marumae embody a culture of reaching conclusions as a result of substantive discussions that are not constrained by formalities or performative conventions. I have a sense that this organizational culture has the driving force to turn these ambitious goals into reality.

However, by shifting to a de facto Group management stance by making KMAC a subsidiary, governance has become increasingly difficult. The success or failure of M&A activities hinges on the post-merger integration (PMI) process, and the Group

is currently making progress in fleshing out themes for cooperation in addition to monitoring via monthly reports and the technical and sales-oriented sub-committees. As an Outside Director, I intend to pay close attention to ensure that no gaps in recognition form between the front lines and the Board of Directors, by personally visiting sites and gaining a deeper understanding of the organizational culture and people on site or employees within the Group.

On the financial front, the decrease in the equity ratio due to borrowing associated with M&A activities is recognized as a material risk. However, what I would like to emphasize from my perspective as an accountant is that management decisions should not be made on the basis of numerical fluctuations alone. Going forward, the questions are what kind of cash flow design will be implemented to repay those borrowings, and how the company will secure revenue by doing so. It is necessary to continually monitor the balance between the cost of capital and capital efficiency, as well as the soundness of management through financial indicators such as ROIC and ROE. I believe it is the role of the Board of Directors to carefully support such endeavors.

The management theme I consider the most important, however, is people. Even if you refine your technological capabilities, in the end, delivering that value to customers comes down to people. Marumae's growth to date has been supported by the power of human resources who share the same aspirations. The question is how we can attract, cultivate and retain talented human resources in a location such as Izumi. The next question is how to design succession plans for management personnel. The enhancement of corporate



Outside Director and Audit and Supervisory Committee Member

value over the long term is crucial to strengthening our human resources strategy in those ways.

It is people that bring about growth in an organization, and I believe that Marumae's strengths lie in a corporate culture with a strong human element, and the willingness to work together in taking on the challenge of solving issues. Will the Marumae Group, newly formed with the addition of KMAC, integrate and carry out sustainable corporate growth in a true sense? As an Outside Director, I am committed to closely following that journey to its fruition.

Financial Information

Financial statements for 11 years											(¥ million)
	8/2015	8/2016	8/2017	8/2018	8/2019	8/2020	8/2021	8/2022	8/2023	8/2024	8/2025
Net sales	2,124	2,242	3,035	4,588	4,019	4,388	5,369	8,585	6,868	4,749	11,403
Operating profit	450	488	764	1,234	495	896	1,207	2,361	859	156	2,103
Ordinary profit	435	458	737	1,211	477	834	1,200	2,366	789	42	1,936
Profit	559	363	538	866	436	690	902	1,817	706	19	1,355
Total assets	2,188	2,569	5,418	8,088	8,329	8,894	9,742	12,552	11,612	11,464	25,423
Total liabilities	1,473	1,590	2,281	2,955	3,021	3,188	3,415	5,253	4,138	4,300	17,271
Net assets	715	978	3,137	5,132	5,307	5,706	6,327	7,299	7,473	7,163	8,151
Cash flows from operating activities	626	556	626	829	1,052	1,190	1,062	2,227	2,252	431	3,058
Cash flows from investing activities	(185)	(296)	(681)	(2,458)	(1,496)	(337)	(809)	(1,744)	(1,489)	(504)	(9,708)
Cash flows from financing activities	(206)	(141)	1,966	1,814	96	(575)	(291)	8	(286)	(395)	7,875
Cash and cash equivalents at end of period	397	513	2,425	2,612	2,263	2,540	2,505	3,011	3,496	3,028	4,252
Earnings per share (¥)	53.16	34.50	50.74	72.01	33.45	53.34	70.51	142.58	55.92	1.55	107.11
Net assets per share (¥)	67.9	92.9	263.4	393.2	406.7	445.7	494.2	578.0	591.2	566.1	643.76
Annual dividends per share (¥)	6.0	7.5	10.0	20.0	15.0	17.0	24.0	48.0	36.0	30.0	40.0
Operating profit to net sales (%)	21.2	21.8	25.2	26.9	12.3	20.4	22.5	27.5	12.5	3.3	18.4
Ordinary profit to total assets (%)	22.0	19.3	18.5	17.9	5.8	9.7	12.9	21.2	6.5	0.4	7.8
Return on equity (%)	100.7	42.9	26.2	20.9	8.4	12.5	15.0	26.7	9.6	0.3	16.6
Asset-based ROIC (%)	18.2	16.9	18.8	16.3	5.9	10.0	12.1	17.9	7.7	1.4	—
Liability-based ROIC (%)	14.7	14.8	11.2	11.5	4.3	7.7	9.7	15.6	5.4	0.9	6.7
Equity ratio (%)	32.7	38.1	57.9	63.5	63.7	64.2	64.9	58.1	64.4	62.5	32.1
Payout ratio (%)	11.3	21.7	19.7	27.8	44.8	31.9	34.0	33.7	64.4	1,935.5	37.5

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 2014.

3. From the fiscal year ended August 31, 2025, reporting has transitioned to consolidated financial results. Note that the functional materials business was within the scope of consolidation for the five-month period from April through August 2025.

4. Figures in parentheses indicate negative figures.

ESG data	8/2015	8/2016	8/2017	8/2018	8/2019	8/2020	8/2021	8/2022	8/2023	8/2024	8/2025
Marginal profit (¥ million)	—	—	—	3,103	2,596	2,995	3,716	5,717	4,305	3,202	5,472
Total number of employees	—	—	—	230	252	259	313	387	323	333	353
Marginal profit per employee* (productivity indicator) (¥ ten thousand)	—	—	—	1,349	1,030	1,156	1,187	1,477	1,212	892	1,309
Scope 1 and 2 emissions Intensity (per marginal profit) (t-CO ₂ /¥ million)	—	—	—	0.594	0.712	0.828	0.780	0.608	0.711	0.868	0.837
Number of programmers (person)	—	—	—	36	41	53	61	60	71	70	75
Ratio of female regular employees (%)	—	—	—	12.15	13.33	12.68	12.50	11.17	12.57	13.13	13.96
Turnover rate of regular employees (%)	—	—	—	4.67	2.50	0.70	1.25	3.91	3.28	2.02	2.25
Ratio of Female Directors of the Board of Directors (%)	—	—	—	0.0	0.0	0.0	11.1	12.5	22.2	22.2	22.2
Ratio of Outside Directors of the Board of Directors (%)	—	—	—	44.4	40.0	42.9	44.4	50.0	55.6	55.6	55.6

*Marginal profit per employee, calculated based on all employees including temporary employees.

Notes 1. The figure for fiscal 2025 is calculated based on the figure for fiscal 2024 as the emission factor has yet to be determined.

2. The above ESG data represents Marumae on a non-consolidated basis. Due to KMAC joining the Group from April 2025, a system for aggregating and disclosing ESG data on a consolidated basis is being developed.



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



Stock Information/Company Overview

Stock Information (as of August 31, 2025)

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 390,706 are shares of treasury stock)
Number of Shareholders*	10,431
Shareholder Registry Administrator	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo

* The number of shareholders represents the number of shareholders holding at least one share unit (100 shares).

Major Shareholders

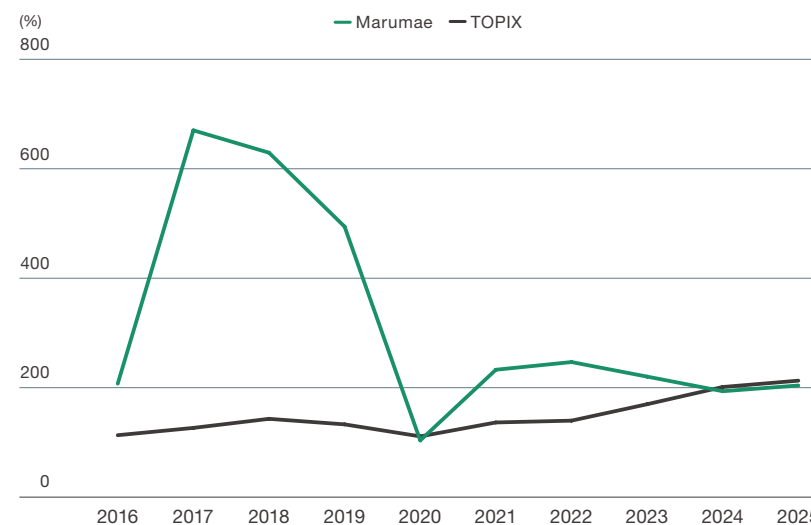
Name	Number of Shares Held	Shareholding Ratio (%)
Toshikazu Maeda	4,449,011	35.14
The Master Trust Bank of Japan, Ltd. (Trust Account)	788,800	6.23
Misako Maeda	504,000	3.98
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (Standing proxy)	241,964	1.91
Custody Bank of Japan, Ltd. (Trust Account)	200,600	1.58
Yoshiko Maeda	180,000	1.42
Koei Igarashi	169,000	1.33
Marumae Kyoeikai	109,500	0.86
BNP PARIBAS LUXEMBOURG/2S/JASDEC SECURITIES/UCITS ASSETS (Standing proxy)	95,988	0.76
Hirayoshi Ozakai	93,000	0.73

Notes 1. Although the Company holds 390,706 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 August 31, 2025)

Company Name	Marumae Co., Ltd.
Representative	Toshikazu Maeda
Headquarters	2141 Onohara, Izumi, Kagoshima 899-0216, Japan
Established	October 1988
Fiscal Year-End	August 31
Share capital	¥1,241,150,000
Consolidated subsidiaries	KMX Co., Ltd., KM Aluminum Co., Ltd.
Number of Employees	594 (including 70 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.

- Design, manufacture, processing, and assembly of high-precision machinery
- Design and manufacture of high-precision machine parts
- Design, manufacture, and sale of industrial and medical equipment
- Inspection and repair of high-precision machine parts and machine equipment
- Development and sales of software
- Plate working
- Plumbing
- Transportation
- Real estate leasing

KM Aluminum Co., Ltd

- Manufacture and sale of aluminum ingots, billet, slabs, and alloys
- Manufacture and sale of high-purity aluminum ingots
- Fitting and sheet-metal work
- All businesses incidental or related to one of the preceding items

* In January 2026, KMX Co., Ltd. was absorbed by Marumae Co., Ltd. by way of an absorption-type merger.



Master the Way, Shape the Future.

marumae

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

Marumae Co., Ltd.

2141 Onohara, Izumi, Kagoshima 899-0216, Japan

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MARUMAE GROUP REPORT 2026

