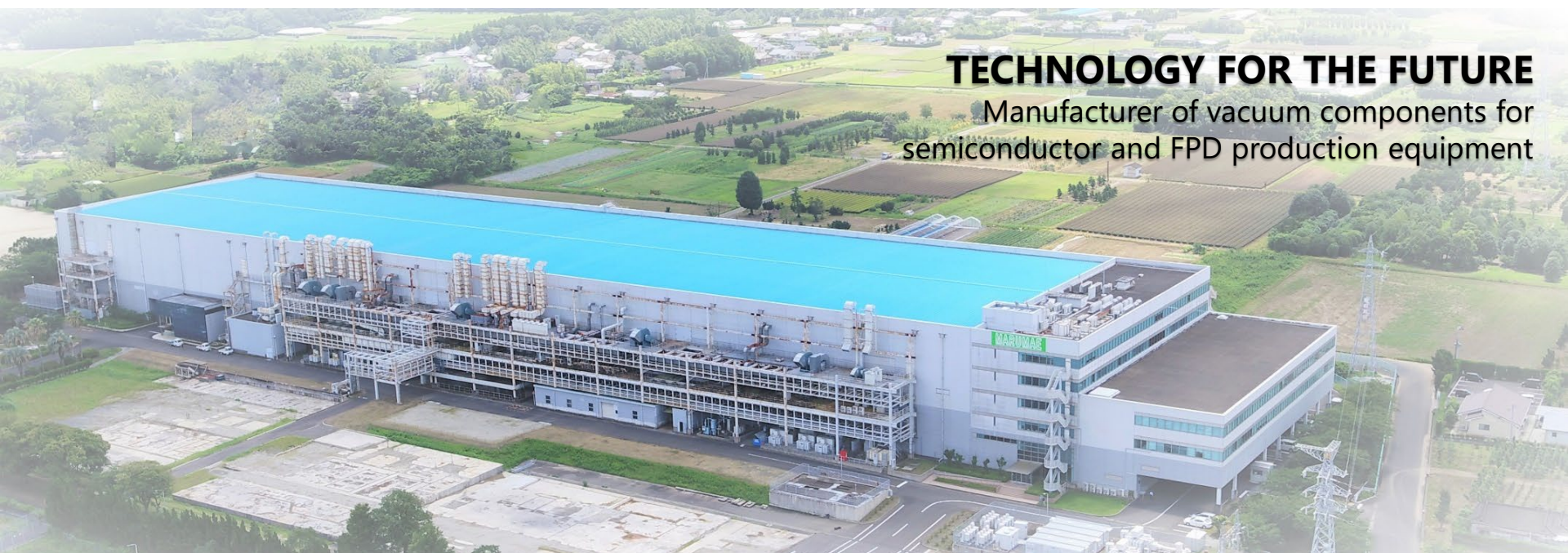


TSE Prime Market : 6264

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

# Medium-term Business Plan “Innovation 2025”

June 3, 2022  
MARUMAE CO., LTD.



**TECHNOLOGY FOR THE FUTURE**  
Manufacturer of vacuum components for  
semiconductor and FPD production equipment

1. Business Overview	...	3
2. Summary of the previous Medium-term Business Plan	...	6
3. Market Environment	...	7
4. New Plan "Innovation 2025"	...	8
➤ Policy	...	8
➤ Numerical Plan	...	9
➤ Environment	...	12
➤ Strategies	...	14
➤ Capital Investment	...	16
5. ESG Management	...	19
6. Shareholder Returns	...	23

**Our products provide core support for semiconductor and LCD production equipment worldwide.**

**Main processes of customers that use our products**  
(Semiconductors)

Etching  
CVD

Coating/developing  
Cleaning

(FPD)

Etching  
CVD

Coating/developing  
Sputtering  
Cleaning  
Ion implantation

**Our main products**

Vacuum chambers  
Shower heads  
Exhaust plates  
Electrostatic chucks  
Heaters

Upper electrodes  
Targets  
Parts for transfer systems  
Various vacuum components

\* This photo is a sample image

## Marumae's Long-term Vision

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

## Marumae's Strengths

### ✓ Technological Capabilities

**Expertise in making vacuum parts** for semiconductor/FPD production equipment

**Lower costs by taking advantage of higher productivity than other companies in the industry**

**\* Manufacturing expertise of our engineers is our strength.**

### ✓ Production Capacity

**Flexible capital investment to address volatile demand in the semiconductor and FPD markets**

**Multi-process production capacity for one-stop orders**

**Capital strength through public listing that enables decisive investment**

### Goals and Evaluation —Numerical Targets—

# Medium-term Business Plan Innovation 2022

Numerical Targets

Net sales of **7.0B** yen  
Operating profit of **2.0B** yen

Expected achievement for FY2022  
(Net sales of 8.3B yen, operating profit of 2.3B yen)

ROIC

Asset-based ROIC of **18%**  
Liability-based ROIC of **14%**

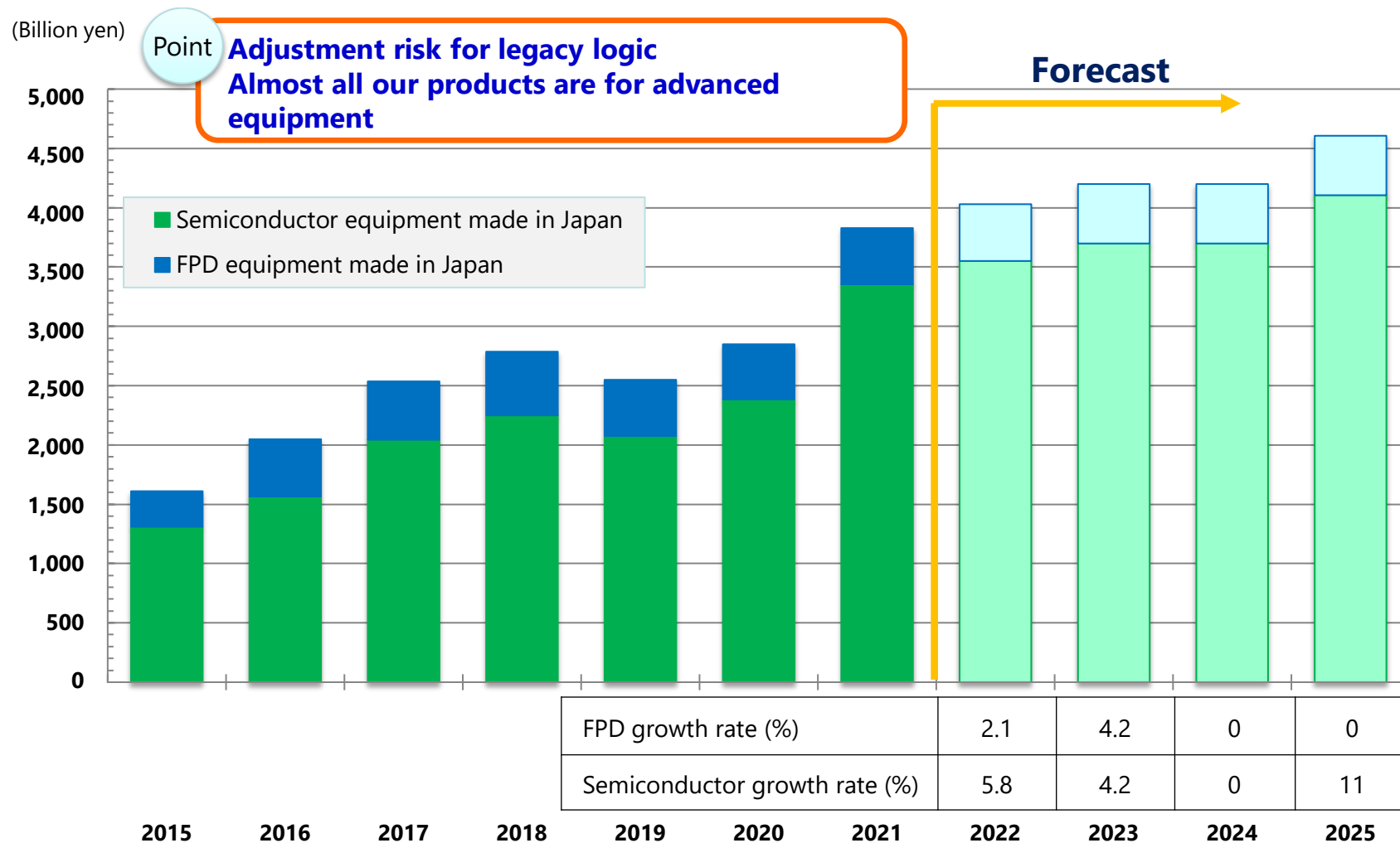
Expected achievement Good progress

Shareholders Returns

Dividend payout ratio of **30% or above**

Estimated achievement (44.8% → 31.9% → 34% → 33.8%)

## Market Outlook



\* See SEAJ figures for 2022–2023  
2024–2025 is our forecast.

## Medium-term Business Plan Policy

### Innovation

**Aim to achieve a stable business structure through high productivity**

**Realize DX for not only manufacturing technologies, but also for all company operations**

**HR development is our top priority to develop engineers' skills**



## Quantitative Objectives

### Medium-term Business Plan Innovation 2025

#### Numerical Targets

Net sales of **14B** yen

Operating profit of **4.2B** yen

#### ROIC

Asset-based ROIC of **23%**

Liability-based ROIC of **19%**

#### Shareholders Returns

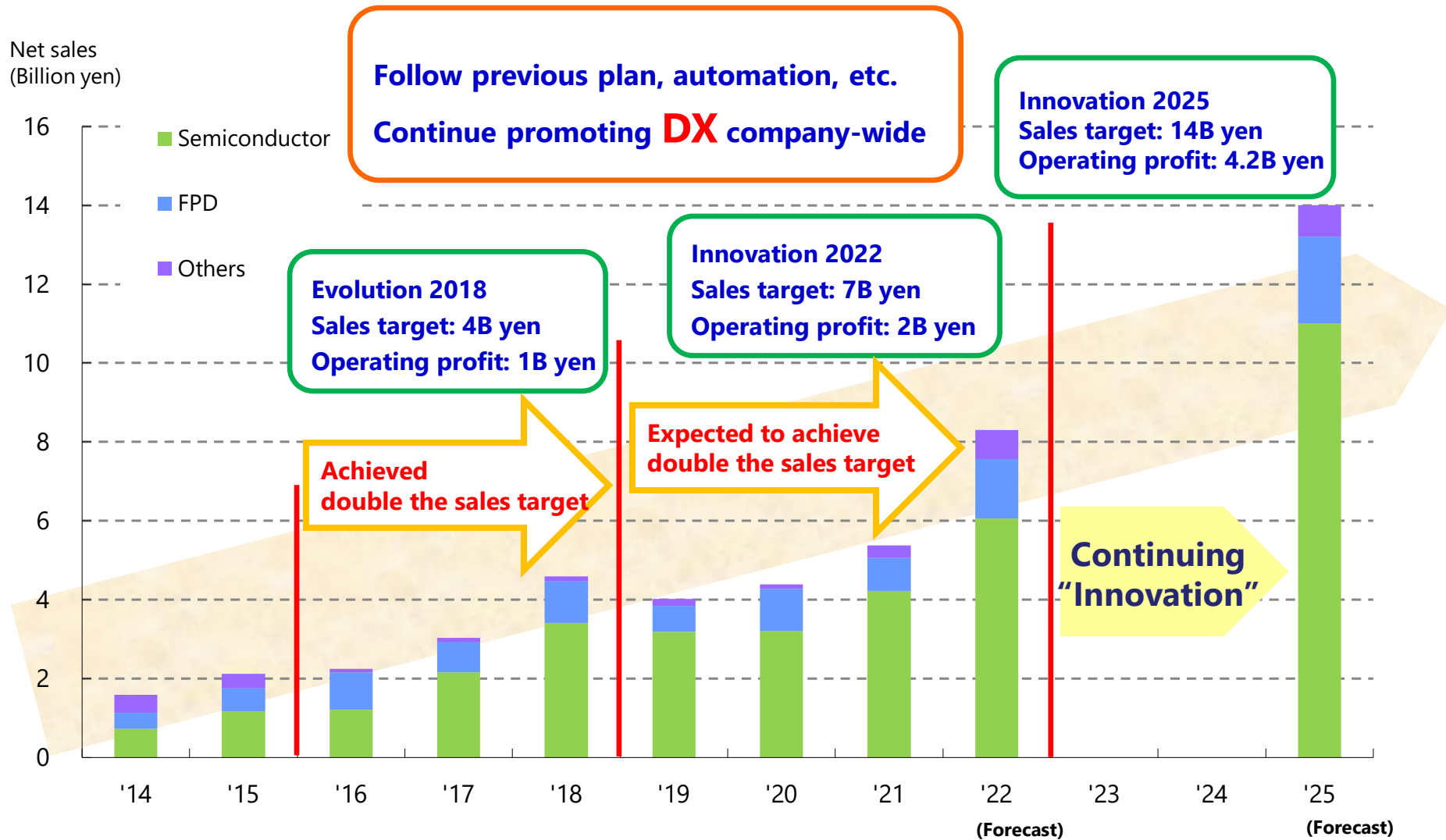
Dividend payout ratio of **35%** or above

Minimum annual dividend per share of **20.0** yen\*

\* If the final profit/loss is in the red, the minimum annual dividend per share may be revised.

# 4. New Medium-term Business Plan "Innovation 2025"

## Business Growth

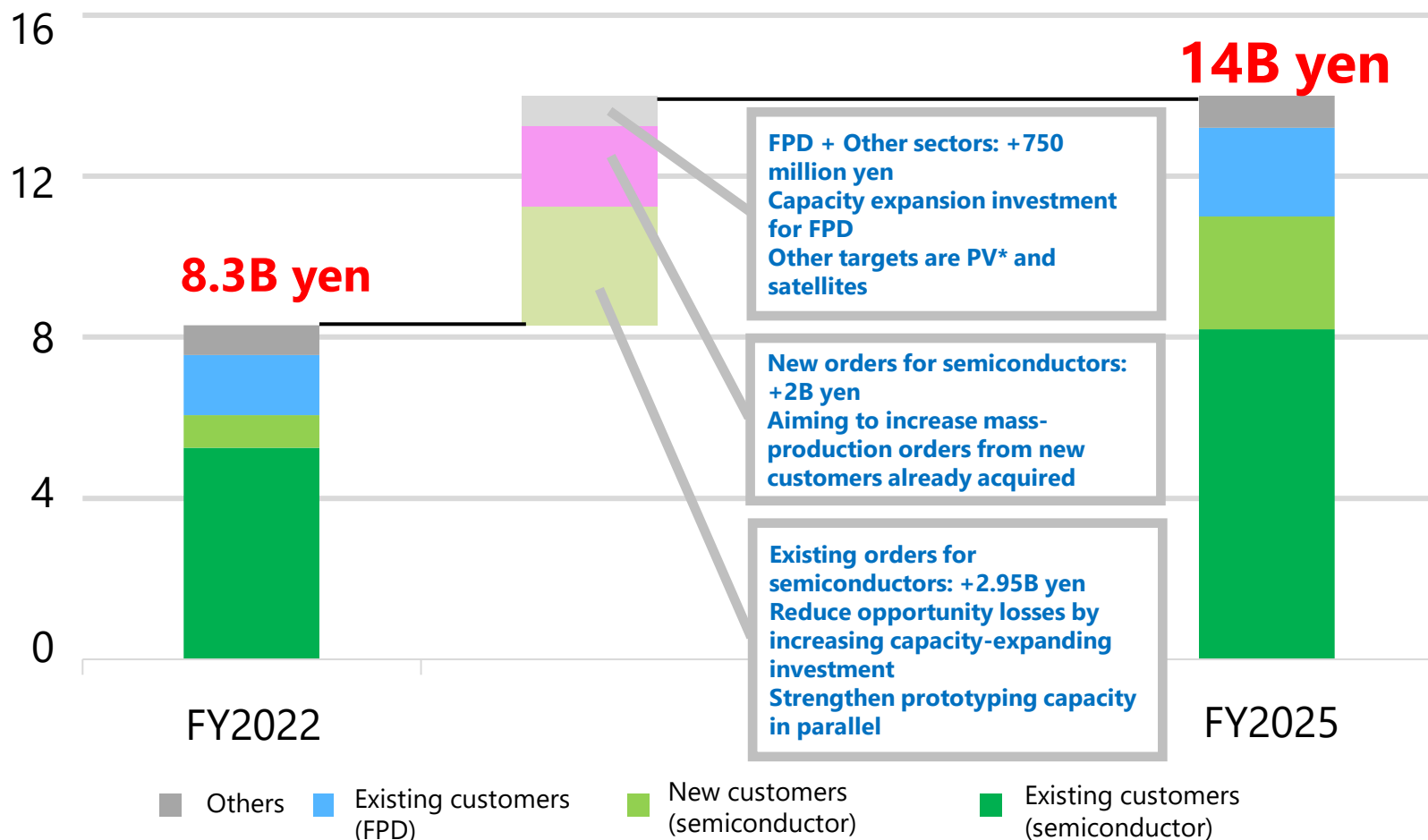


# 4. New Medium-term Business Plan "Innovation 2025"

## Numerical Targets

### Net Sales

(Billion yen)



\* PV is the abbreviation for photovoltaic. It refers to photovoltaic power generation.

## Strategies

### Environment

### Semiconductor Sector Outlook and Strategies

Increased political demand and a rise in structural demand

Logic demand changes cyclically, due in part to political factors

+

Memory for servers is being pulled along but remains in the silicon cycle.

Point

**Targeted processes**  
- Etching  
- CVD

IoT devices

Semiconductor decoupling

Automotive IoT

Global expansion of data centers

Video delivery

Game market expansion  
App development + Cloud

Shift toward EVs

- ✓ Processes showing healthy growth in semiconductor manufacturing
  - ✓ Chronic supplier shortages
  - ✓ Deeper relationships with existing customers
  - ✓ Start of mass-production for new customers
- Market-share growth to exceed market growth

## Strategies

### Environment

### FPD Sector Outlook and Strategies

**Expanding orders  
by leveraging our strengths**

**If surplus capacity is  
available, it can be used  
for other sectors, such as  
PV**

**Expand market share by utilizing EBW\*<sub>1</sub>**

**Positive**

**Larger OLED panels (G8)**

**Positive**

**LCD for TVs until the end of 2023  
G10.5 capex expected to stagnate**

**Negative**

**SDGs**

**Rise in  
PV demand**

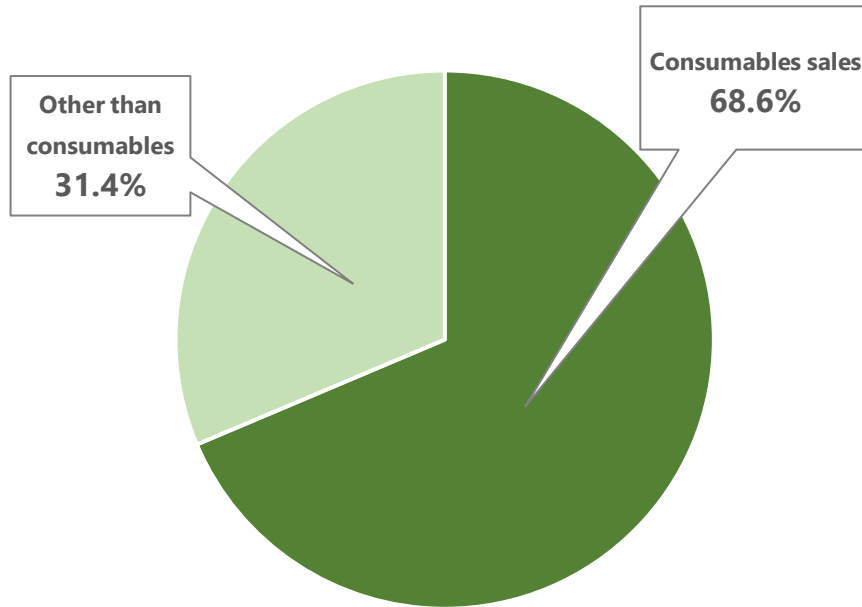
\*1: Welding equipment that accelerates a beam of electrons at high speed and irradiates them onto the workpiece, causing the target area to heat up and melt.

\* Production capacity for FPD can be converted to PV

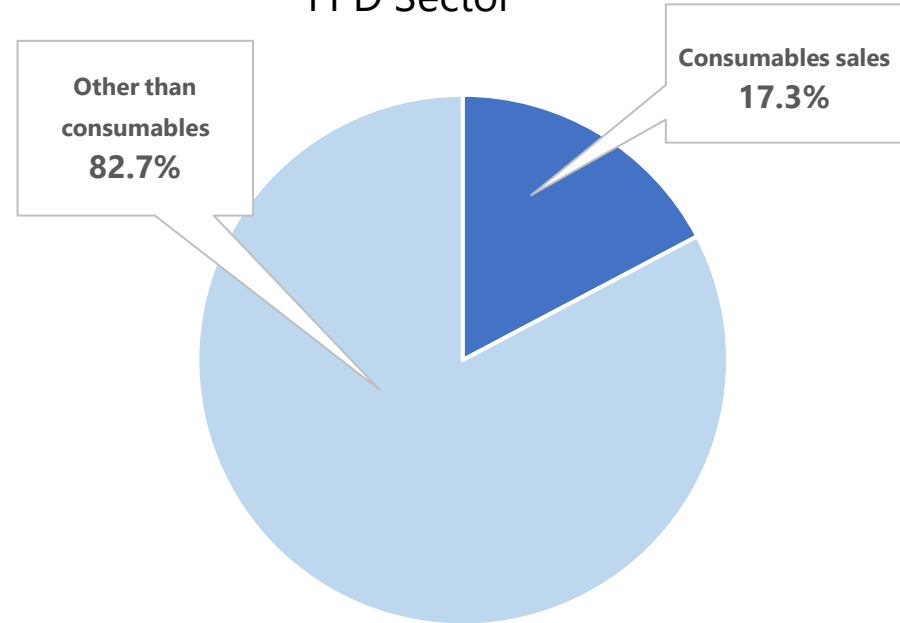
# 4. New Medium-term Business Plan “Innovation 2025”

## Strategies —Expansion of Consumables—

First half of FY2022  
Semiconductor Sector



First half of FY2022  
FPD Sector



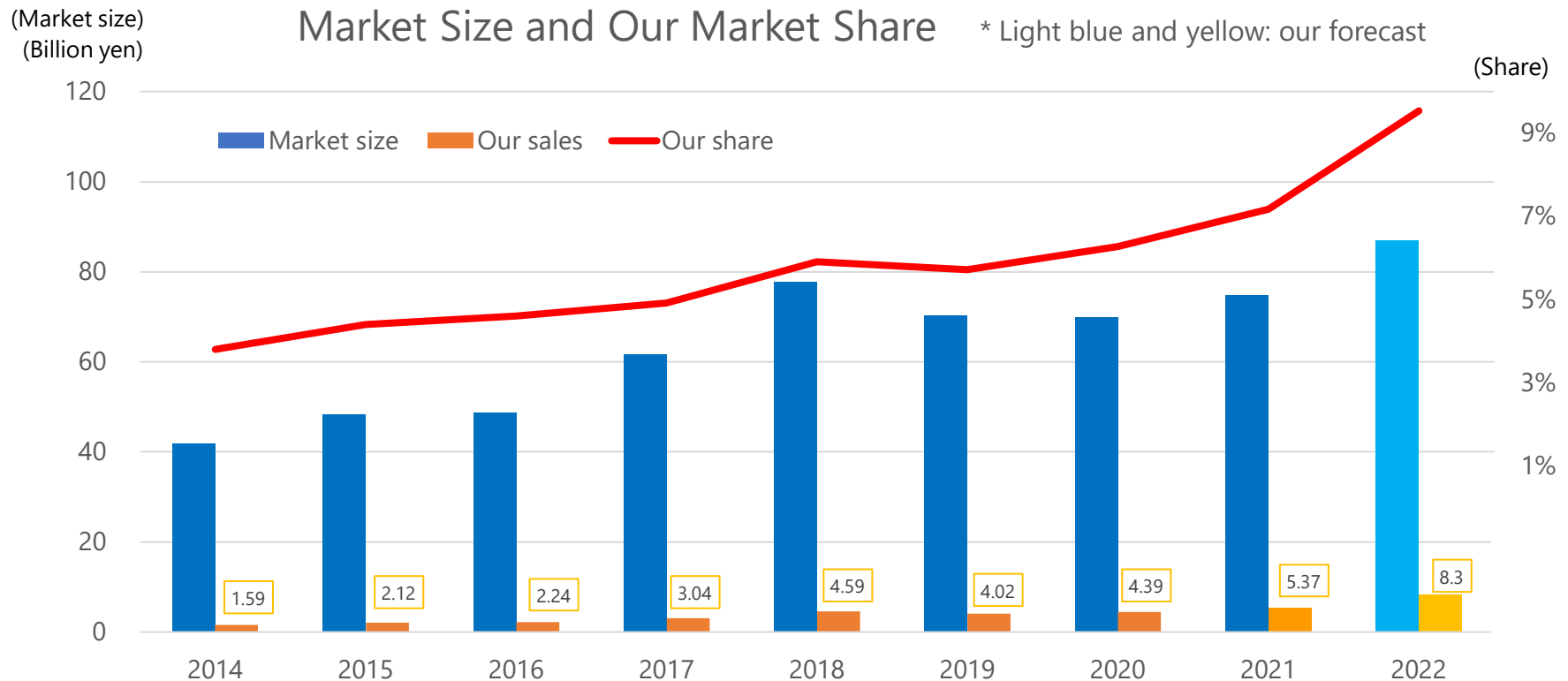
Stabilization  
Strategy

### Aiming to stabilize orders by strengthening consumables

\* The consumables ratio fell slightly due to increased shipments of new equipment

# 4. New Medium-term Business Plan "Innovation 2025"

## Our Markets and Share Trends



### Growth

### ✓ Accelerate our market share growth when the market expands

- The market size data above reflects the sales data we have compiled on a reference group of 30 companies (including us) we have identified that make vacuum components similar to those we supply. Obtained from a research institution, the sales data for each calendar year is based on figures at the end of each fiscal year for each company.
- We estimate the market size of vacuum parts in Japan, including companies we are unaware of, **exceeds 200 billion yen**. This is based on the sales of equipment manufacturers.
- The data for 2022 includes our forecasts, based on fiscal months and orders received by each company.

## Strategies to Achieve Goals —Capital Investment Forecast—

### Capital Investment

### Capacity Planning

Fiscal Year	FY2023	FY2024	FY2025
Capital Expenditure (Forecast) CF basis	<b>2B yen</b>	<b>2B yen</b>	<b>1.2B yen</b>
Depreciation (Current forecast) (Cost of products manufactured)	<b>1.07B yen</b>	<b>1.16B yen</b>	<b>1.07B yen</b>
Manufacturing capacity (Monthly production)* Forecast as of the end of the fiscal year	<b>Semiconductor</b> <b>750M yen</b> <b>FPD</b> <b>200M yen</b>	<b>Semiconductor</b> <b>950M yen</b> <b>FPD</b> <b>250M yen</b>	<b>Semiconductor</b> <b>1B yen</b> <b>FPD</b> <b>250M yen</b>

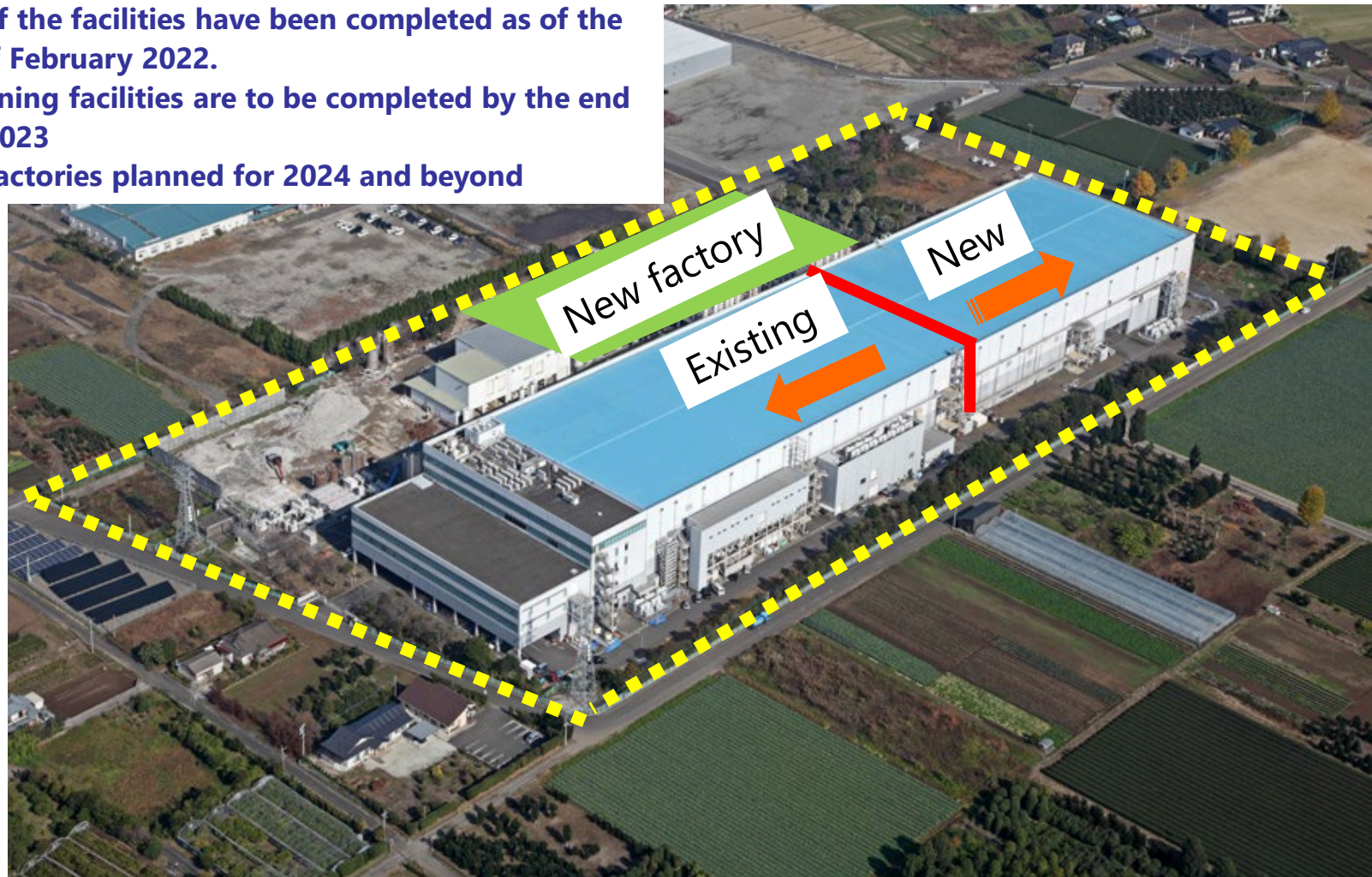
- The production capacity is the maximum, which is simply added to the machine capacities, so it differs from actual production.
- Expanding capacity also requires securing and training human resources in a timely manner.
- This investment amount includes investments in solar panels and storage batteries toward achieving carbon neutrality.



# 4. New Medium-term Business Plan “Innovation 2025”

## Izumi Factory (Headquarters) Capital Investment

- First floor of the main factory: approx. 13,000 m<sup>2</sup>
- 60% of the facilities have been completed as of the end of February 2022.
- Remaining facilities are to be completed by the end of FY2023
- New factories planned for 2024 and beyond



# 4. New Medium-term Business Plan “Innovation 2025”

## Izumi Factory (Headquarters) Capital Investment



**Existing facilities at head office**  
**Approx. 8,000 m<sup>2</sup>**



**New expansion**  
**(under construction)**  
**Approx. 5,000 m<sup>2</sup>**

# 5. ESG Management

## Integrated Report

Released the “Marumae Report” on April 1, 2022\*

- ✓ This is the first report focusing on explaining our origins and businesses.
- ✓ An English version has been published to promote understanding among overseas investors.



MARUMAE REPORT

Marumae Co., Ltd.

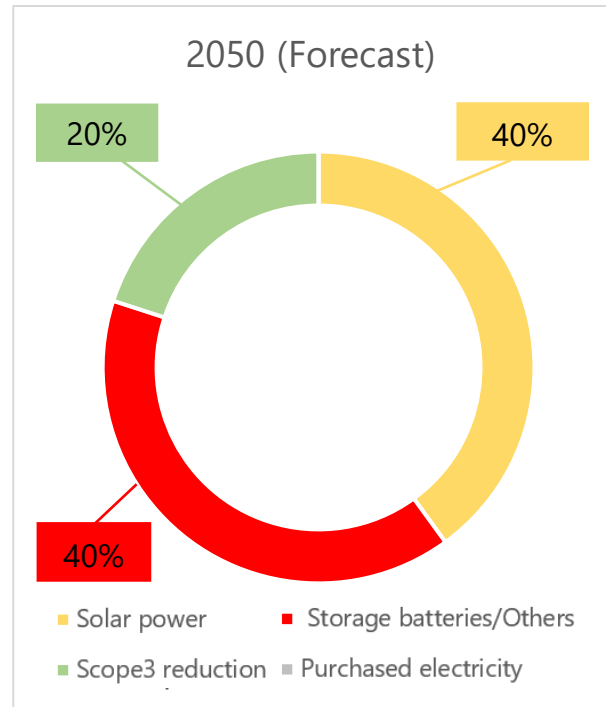
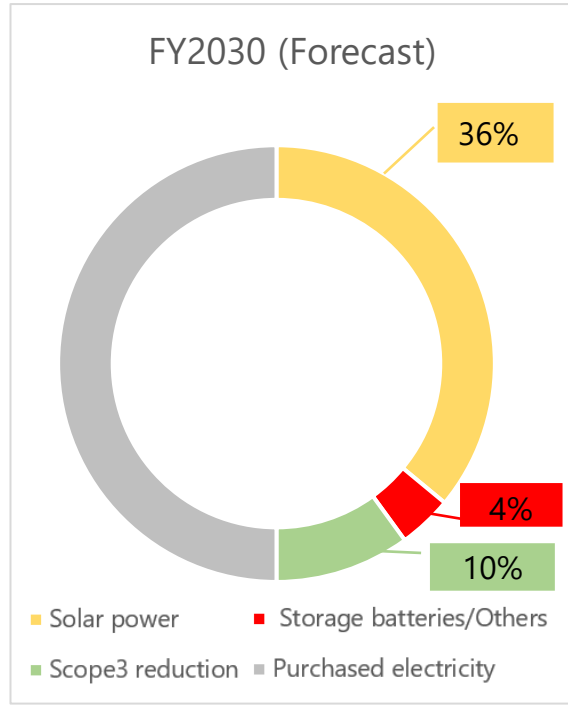
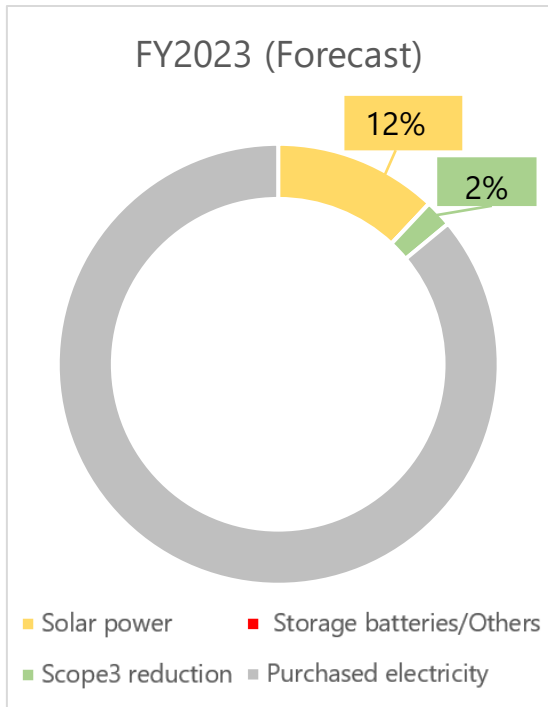
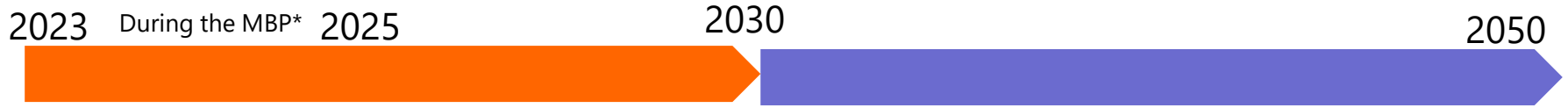
ESG plans linked to the SDGs in place

Key ESG Issues and Achievement Targets			
Key ESG Issues	Achievement Target	Target	SDG Items
Realization of Sustainable Society	2030	Reduce CO <sub>2</sub> emissions per marginal profit by 50% or more compared with fiscal 2021 by 2030 by generating renewable energy to curb electricity consumption.	13, 7, 13, 13, 13
	Started in 2021	Obtain support for the recommendations of the TCFD and implement information disclosure based on its framework.	13, 7, 13, 13, 13
	2025	Reduce the volume of cutting loss waste by 50% compared with fiscal 2021.	13, 7, 13, 13, 13
Product competitiveness	2025	Reduce the percentage of the marginal profit ratio accounted for by packaging materials by 10% compared with fiscal 2021.	13, 7, 13, 13, 13
	2030	Reduce the percentage of the marginal profit ratio accounted for by items arising from remanufacturing due to defects by 40% compared with fiscal 2021.	13, 7, 13, 13, 13
	2030	Improve both prototype production and programming capabilities (unit: 100 prototypes).	13, 7, 13, 13, 13
Increase in productivity	2022	Improve ROI.	13, 7, 13, 13, 13
	2027	Achieve labor-based ROI of 18%.	13, 7, 13, 13, 13
	2032	Achieve liability-based ROI of 14%.	13, 7, 13, 13, 13
Technological innovation	2022	Achieve marginal profit per employee of ¥0.0 million by fiscal 2022.	13, 7, 13, 13, 13
	2025	Promote digital transformation (implement complete operation of schedulers).	13, 7, 13, 13, 13
	2025	Establish a team dedicated to developing human resources (make a personnel action).	13, 7, 13, 13, 13
Development of human resources	2025	Formulate and implement a human resource development plan and increase investment in training per employee.	13, 7, 13, 13, 13
	2025	Achieve a rate of parental leave by female employees of more than 70% (Encourage diversity (parental leave and parental-related annual paid leave by male employees) of 100% (20%)).	13, 7, 13, 13, 13
	2025	Encourage diversity (recruit minorities, LGBTQ individuals, and other socially disadvantaged individuals, foster understanding of diversity, create friendly work environments, and offer platforms where everyone can thrive).	13, 7, 13, 13, 13
People and the workplace	2030	Promote the active participation of women (increase the percentage of female employees and women in management positions).	13, 7, 13, 13, 13
	2023	Achieve a 2% employment ratio of people who have disabilities.	13, 7, 13, 13, 13
	2023	Ensure a 100% participation rate in safety training.	13, 7, 13, 13, 13
Corporate governance	2023	Promote diversity in the Board of Directors.	13, 7, 13, 13, 13
	2023	Base the role of outside directors.	13, 7, 13, 13, 13
	2022	Establish a remuneration system for directors that functions as an incentive.	13, 7, 13, 13, 13
Others	2030	Promote research and development related to physical rehabilitation equipment.	13, 7, 13, 13, 13

\* Japanese version is published on March 3, 2022 while the English one is on April 1, 2022

# 5. ESG Management

## Going Carbon-Neutral



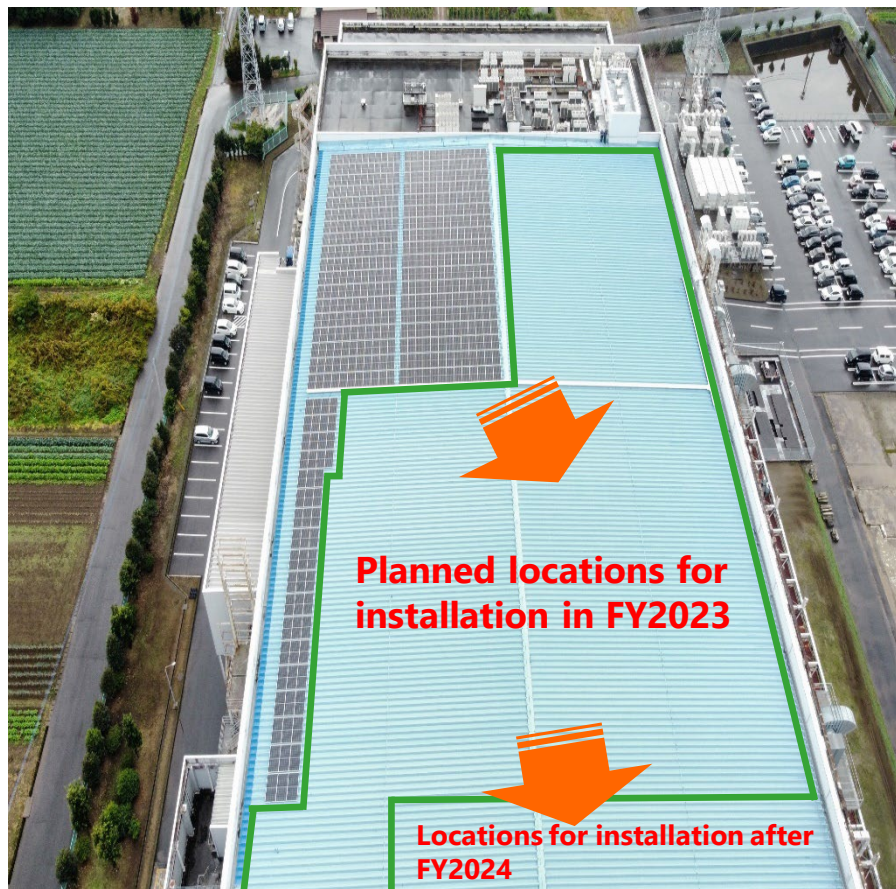
**2023 Estimate** → 14% Reduction    **2030 Target** → 50% Reduction    **2050 Target** → 100% Reduction

- ✓ Reduce CO<sub>2</sub> emissions through in-house renewable energy
- ✓ Scope3 added to reduction targets, aiming for carbon neutrality by 2050

\* Medium-term Business Plan

# 5. ESG Management

## Global Environment



Izumi Factory (HQ) in October 2021  
Installation of solar panels



Kanto Factory in January 2022  
Installation of solar panels

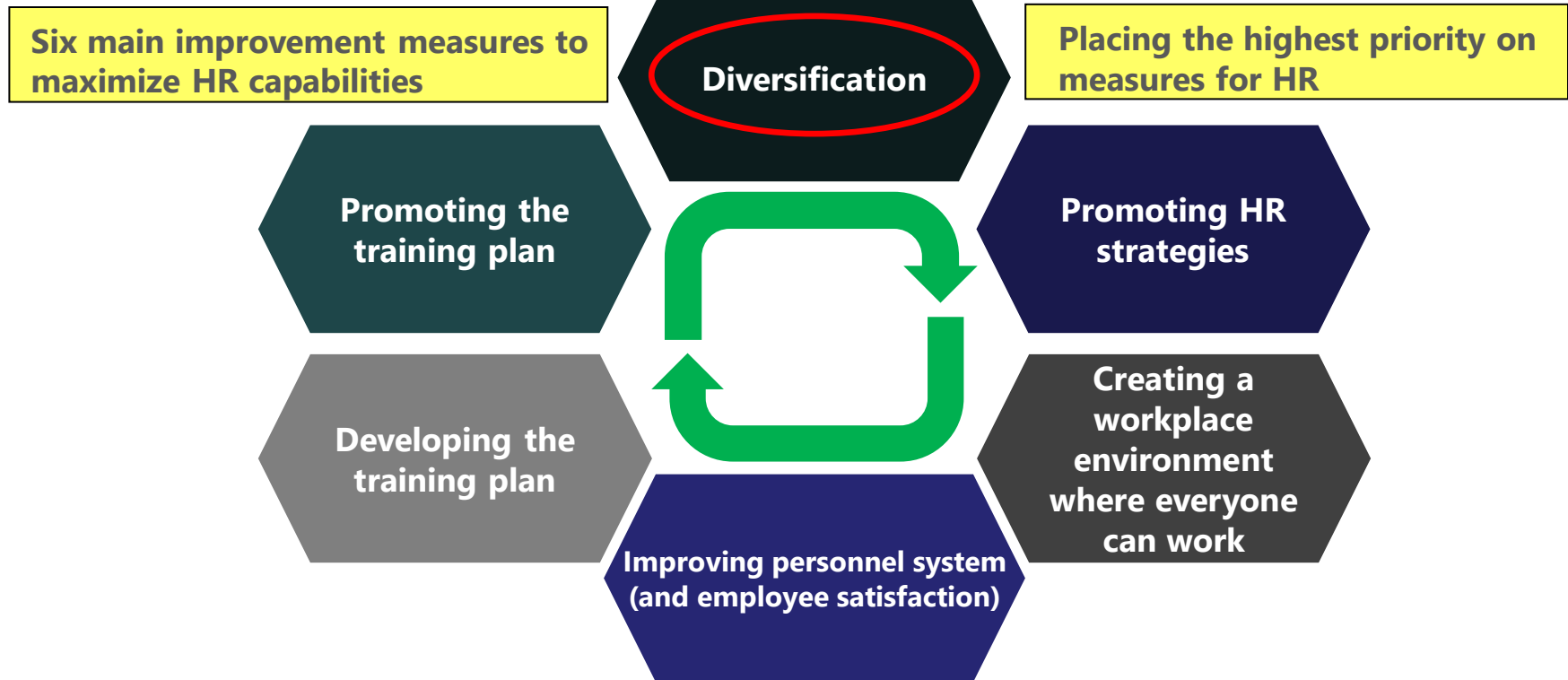
FY2022 Already installed at Izumi and Kanto Factories

Orders placed

FY2023 Additional panels installed at Izumi (scheduled to start operation in Sep. 2022)

## Diversification and Governance

### ■ The technological capabilities supporting Marumae's strengths are a collection of human abilities



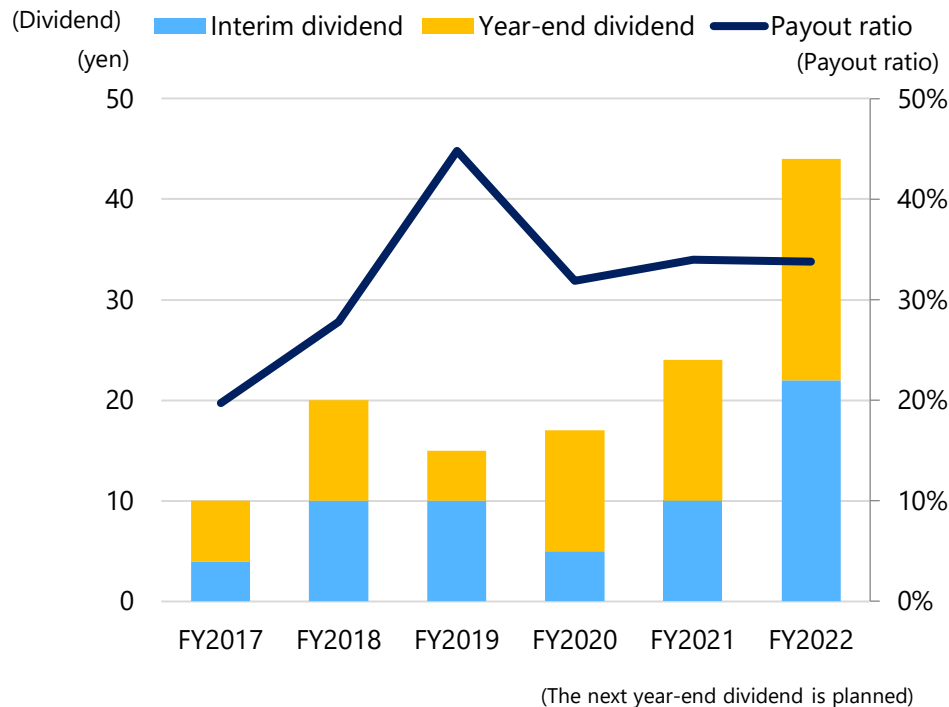
- ✓ Maximize HR strength by improving the working environment and personnel evaluation system and promoting diversification
- ✓ Aim to increase corporate value by strengthening HR capabilities to drive innovation
- ✓ Strengthen governance and improve management capabilities by promoting diversification of the management

## Shareholder Returns

### Dividends and Share Buybacks

#### Shareholder Returns

#### Dividend per share and Payout Ratio



(The stock was split in two in March 2017. The graph has been revised.)

#### Payout Ratio

#### Change in Payout Ratio

- ✓ Maintained a dividend payout ratio of 30% or more in line with the policy during the previous MBP period. It was 44.8% in FY2019, with an eye to stable dividends.
- ✓ The new MBP includes a payout ratio of 35% or more and a minimum annual dividend of 20 yen.  
\* If the final profit/loss is in the red, the minimum annual dividend per share may be revised.

#### Share Buybacks

#### Policy

- ✓ Implement share buybacks of 160 million yen in FY2020 and 400 million yen in FY2022.
- ✓ Basically, our priority is to return profits to shareholders through dividends.
- ✓ In case of sudden share price fluctuations that are not based on fundamentals, share buybacks are our option.

Our goal as a company is for our technology to make a social contribution through sustainable management.



Information that refers to future events, including the information listed in this material and content that has been orally explained, are outlooks based on certain assumptions, which include variable elements such as evaluations by Marumae's management.

This material has been prepared for shareholders and investors for them to grasp the current status and management policies of Marumae, and does not provide readers with a basis for making any investment decision such as the purchase or sale of Company shares. The Company bears no responsibility for any investment decision.

Although the Company has taken care in preparing the listed information, including the numerical figures, this material contains many numerical figures that have not been audited. Therefore, the Company does not assure their accuracy. Moreover, the Company does not bear any responsibility for the information listed nor for any errors contained herein for any reason.

For inquiries regarding this material, please contact the following:

Person in charge of IR, General Affairs Section, Administration Department, Marumae Co., Ltd.

E-mail: [inquiry\\_en@marumae.com](mailto:inquiry_en@marumae.com)



# Company Profile

# Reference (Company Overview)



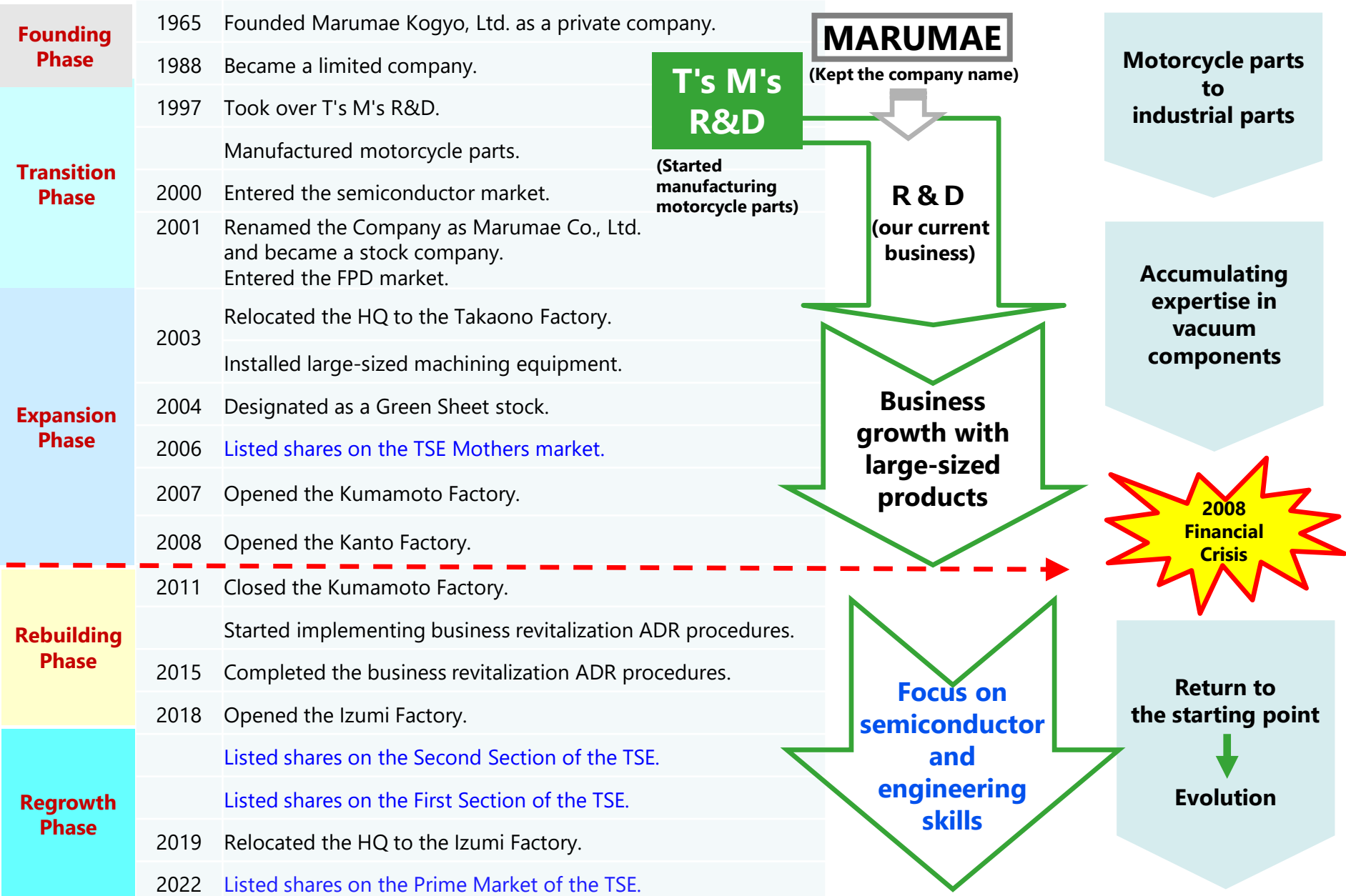
MARUMAE CO.,LTD.

<b>Company name</b>	Marumae Co., Ltd.	<b>Total number of issued shares</b>	13,053,000 shares
<b>Established</b>	October 1988	<b>Share unit number</b>	100 shares
<b>Capital</b>	1,241,150,000 yen (as of May 31, 2022)	<b>Total number of shareholders</b>	9,873
<b>Executives</b>	<ul style="list-style-type: none"> <li>Toshikazu Maeda, President and Representative Director</li> <li>Kota Kaizaki, Director</li> <li>Hiroto Ando, Director</li> <li>Akiko Kadota, Outside Director</li> <li>Keiji Hokanishi, Director (Audit and Supervisory Committee Member)</li> <li>Satoshi Momokino, Outside Director (Audit and Supervisory Committee Member)</li> <li>Takaaki Yamamoto, Outside Director (Audit and Supervisory Committee Member)</li> <li>Hirotsugu Miyakawa, Outside Director (Audit and Supervisory Committee Member)</li> </ul>	<b>Major shareholders (Common shares)</b>	<ul style="list-style-type: none"> <li>Toshikazu Maeda 4,821,815 shares</li> <li>The Master Trust Bank of Japan, Ltd. (trust account) 992,300 shares</li> <li>Misako Maeda 504,000 shares</li> <li>MSCO CUSTOMER SECURITIES 415,059 shares</li> <li>Tadao Kawamoto 193,400 shares</li> <li>Yoshiko Maeda 180,000 shares</li> <li>STATE STREET BANK AND TRUST COMPANY FOR STATE STREET BANK INTERNATIONAL GMBH, LUXEMBOURG BRANCH ON BEHALF OF ITS CLIENTS: CLIENT OMNI OM25 176,025 shares</li> <li>Koei Igarashi 168,000 shares</li> <li>STATE STREET BANK AND TRUST COMPANY 505019 160,700 shares</li> <li>Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. 130,500 shares</li> </ul>
<b>Number of employees</b>	319 (including 140 temporary workers) and 65 dispatched workers (as of May 31, 2022)		
<b>Locations</b>	<ul style="list-style-type: none"> <li>Izumi Factory (Headquarters): 2141 Onohara, Izumi, Kagoshima 899-0216, Japan</li> <li>Takaono Factory: 3816-41 Okubo, Takaono, Izumi, Kagoshima 899-0401, Japan</li> <li>Kanto Factory: 2-17-15 Hizaori, Asaka, Saitama 351-0014, Japan</li> </ul>		
<b>Business description</b>	<ul style="list-style-type: none"> <li>Design, manufacture, and machining of precision machinery and equipment</li> <li>Design and manufacture of precision machine components</li> <li>Design, manufacture, and sale of industrial and medical equipment</li> <li>Development and sale of software</li> <li>Plate working</li> <li>Plumbing</li> <li>Transportation</li> <li>Real estate leasing</li> </ul>	<b>Management philosophy</b>	<p>(Note) There are 244,624 treasury shares (as of February 28, 2022).</p> <ul style="list-style-type: none"> <li>Seek technological perfection</li> <li>Respect competition and cooperation</li> <li>Contribute to society as a company that focuses on technology</li> </ul> <p>We focus on parts machining, which is the foundation of the <i>monozukuri</i> (manufacturing) that supports our economy. To become a company that can support comprehensive manufacturers in various areas, we aim to be a leading parts machining company with advanced technology and supply capabilities.</p>

# Reference (Our History & Business Transition)



MARUMAE CO.,LTD.





## Business Growth & Growth Drivers

