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## Summary of Financial Results for the Six Months Ended February 28, 2025 (Japanese GAAP) (Non-consolidated)

April 4, 2025

Name of Listed Company: Marumae Co., Ltd. Stock Exchange Listing: Tokyo  
 Security Code: 6264  
 URL: <https://www.marumae.com/en/>  
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Scheduled date for submission of the semi-annual report: April 11, 2025

Scheduled start date for dividend payments: April 17, 2025

Preparation of supplementary materials for financial results: Yes

Earnings release conference: Yes (for institutional investors)

Note: Amounts are rounded down to the nearest million yen.

### 1. Financial Results for the Six Months Ended February 28, 2025 (September 1, 2024 to February 28, 2025)

#### (1) Operating Results (Cumulative)

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

	Six months ended			
	February 29, 2024		February 28, 2025	
		%		%
Net sales (millions of yen)	2,040	(51.9)	3,911	91.7
Operating profit (millions of yen)	(78)	-	952	-
Ordinary profit (millions of yen)	(134)	-	944	-
Profit (millions of yen)	(101)	-	664	-
Earnings per share of common stock (yen)				
Basic	(8.06)		52.48	
Diluted	-		-	

**(2) Financial Position**

	As of	
	August 31, 2024	February 28, 2025
Total assets (millions of yen)	11,464	13,141
Net assets (millions of yen)	7,163	7,586
Equity ratio (%)	62.5	57.7
Reference:	Equity: 7,586 million yen (as of February 28, 2025)	
	7,163 million yen (as of August 31, 2024)	

**2. Dividends**

	Fiscal year ended	Fiscal year ending
	August 31, 2024	August 31, 2025
1Q-end dividends per share (yen)	-	-
2Q-end dividends per share (yen)	10.00	15.00
3Q-end dividends per share (yen)	-	- (Forecast)
Year-end dividends per share (yen)	20.00	15.00 (Forecast)
Annual dividends per share (yen)	30.00	30.00 (Forecast)

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

**3. Financial Forecasts for the Fiscal Year Ending August 31, 2025 (September 1, 2024 to August 31, 2025)**

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

	Fiscal year ending	
	August 31, 2025	
		%
Net sales (millions of yen)	7,600	60.0
Operating profit (millions of yen)	1,600	922.2
Ordinary profit (millions of yen)	1,500	-
Profit (millions of yen)	1,065	-
Earnings per share (yen)	84.16	

Note: Revision to the most recently announced financial forecasts: None

## Notes:

(1) Adoption of special accounting methods for the preparation of interim financial statements: None

(2) Changes in accounting policies, changes in accounting estimates and restatements

1. Changes in accounting policies in line with changes in accounting standards: None

2. Changes in accounting policies other than those included in 1. above: None

3. Changes in accounting estimates: None

4. Restatements: None

(3) Number of shares issued and outstanding (common stock)

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

As of February 28, 2025:	13,053,000 shares
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As of August 31, 2024:	13,053,000 shares
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2. Number of treasury shares

As of February 28, 2025:	390,706 shares
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As of August 31, 2024:	399,162 shares
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3. Average number of shares outstanding (interim period)

Six months ended February 28, 2025:	12,656,174 shares
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Six months ended February 29, 2024:	12,644,608 shares
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\* The second quarter (interim) financial results summary is not subject to reviews by certified public accountants or audit firms.

\*Explanation regarding the appropriate use of financial forecasts and other notes

The financial forecasts and other forward-looking statements presented in this Summary of Financial Results are based on information available to the Company at the time of the issuance of this report and certain assumptions that the Company judges to be reasonable. Actual financial results may differ significantly due to various factors. Please refer to “1. Qualitative Information on the Interim Financial Results, (3) Description of Financial Estimate Information such as Financial Forecasts” on page 3 for the assumptions underlying the financial forecasts and other notes on their use.

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## 1. Qualitative Information on the Interim Financial Results

### (1) Description of Operating Results

During the current interim accounting period, the Japanese economy showed signs of a gradual recovery against the backdrop of improvements in the employment and income environments. However, the future outlook remains uncertain due to factors such as the uncertainty of US policy and the rising geopolitical risk.

In the semiconductor sector, which is our main sales sector, while investment in logic foundries and DRAM continued, there was a trend towards the elimination of excess inventory at customers, which had been the cause of the stagnation in the semiconductor sector. As a result, orders for consumables recovered rapidly from September 2024 onwards, and orders from new customers also progressed steadily. In the flat panel display (FPD) sector, capital investment for Generation 8 (G8) Organic Light Emitting Diode (OLED) continued, and the Company expects this to continue for the time being. In the other sectors, there were no new developments due to the lack of spare production capacity.

In terms of expenses, variable costs such as material costs and subcontracting costs increased in line with the increase in orders. Labor costs also rose due to the expansion of personnel to meet the increased production. In addition, although inventories grew in line with the increase in orders, the provision for loss on orders received and loss on valuation of inventories decreased due to the increase in the factory operating rate. The expenses related to the M&A announced on March 4, 2025 are expected to be included in the consolidated financial statements starting from the third quarter.

As a result of these factors, the business results for the current interim accounting period were as follows: net sales of 3,911 million yen (an increase of 91.7% compared to the same period of the previous year), operating profit of 952 million yen (operating loss of 78 million yen in the same period of the previous year), ordinary profit of 944 million yen (ordinary loss of 134 million yen in the same period of the previous year), and interim net profit of 664 million yen (interim net loss of 101 million yen in the same period of the previous year).

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

### (2) Description of Financial Position

#### 1. Assets, Liabilities, and Net Assets

##### Assets

Assets increased by 1,677 million yen from the end of the previous fiscal year to 13,141 million yen. This was mainly due to rises of 685 million yen in cash and deposits, 475 million yen in electronically recorded monetary claims - operating, 296 million yen in notes and accounts receivable - trade, and 260 million yen in work in process, partially offset by a decrease of 89 million yen in other current assets.

##### Liabilities

Liabilities increased by 1,254 million yen from the end of the previous fiscal year to 5,554 million yen. The primary reasons for this increase included rises of 806 million yen in long-term borrowings, 330 million yen in income taxes payable, 82 million yen in other current liabilities, and 79 million yen in the current portion of long-term borrowings.

##### Net Assets

Net assets rose by 423 million yen from the end of the previous fiscal year to 7,586 million yen. This was mainly attributable to an increase of 411 million yen in retained earnings, reflecting interim net profit of 664 million yen, which was partially offset by dividend payments of 253 million yen.

As a result, the equity ratio was 57.7%, compared to 62.5% at the end of the previous fiscal year.

## **2. Cash Flows**

Cash and cash equivalents (hereafter, "cash") for the current interim accounting period increased by 685 million yen compared to the end of the previous fiscal year, to 3,713 million yen.

The status and factors regarding cash flows for the current interim accounting period are as follows.

### **Cash flows from operating activities**

Cash generated from operating activities was 507 million yen (compared to 411 million yen provided in the same period of the previous fiscal year). The increase was primarily due to increases in profit before income taxes of 944 million yen, depreciation of 433 million yen, and other current liabilities of 73 million yen. The decrease was primarily due to increases in trade receivables of 772 million yen and inventories of 262 million yen.

### **Cash flows from investing activities**

Cash used in investing activities was 456 million yen (compared to 308 million yen used in the same period of the previous fiscal year). This was mainly due to payments of 451 million yen for the purchase of property, plant and equipment.

### **Cash flows from financing activities**

Cash generated from financing activities was 631 million yen (compared to 540 million yen used in the same period of the previous fiscal year). The increase mainly arose from long-term borrowings of 1,200 million yen, partially offset by repayments of long-term borrowings of 313 million yen and dividend payments of 252 million yen.

## **(3) Description of Financial Estimate Information such as Financial Forecasts**

The results for the current interim period occurred in an improving trend compared to initial projections, mainly due to the strong performance of the semiconductor sector. As a result, as stated in the "Notice Concerning Revisions to Financial Results Forecasts" disclosed on March 4, 2025, the Company has made an upward revision. However, as there are still some uncertainties in the market environment, it has not changed its full-year earnings forecasts at this time. As stated in the "Notice Concerning Acquisition of Shares of KM Aluminium Co., Ltd. (Making it a Subsidiary)" disclosed on March 4, 2025, the Company plans to disclose consolidated financial results from the third quarter of the fiscal year ending August 2025. Upon the acquisition of these shares, the profit and loss statement for the five months from April 2025 to August 2025 of KM Aluminium will be consolidated into the consolidated profit and loss statement for the period ending August 2025. The Company will announce the consolidated earnings forecast as soon as it is calculated.

## 2. Interim Financial Statements and Primary Notes

### (1) Interim Balance Sheet

(thousands of yen)

	As of August 31, 2024	As of February 28, 2025
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits	3,028,196	3,713,606
Notes and accounts receivable – trade	918,641	1,215,134
Electronically recorded monetary claims – operating	673,175	1,149,036
Merchandise and finished goods	21,767	20,735
Work in process	771,309	1,031,468
Raw materials and supplies	33,635	37,110
Other	128,943	39,910
Allowance for doubtful accounts	(3,343)	(4,971)
Total current assets	5,572,325	7,202,032
<b>Non-current assets</b>		
Property, plant, and equipment		
Buildings, net	1,665,664	1,619,903
Structures, net	102,689	97,142
Machinery and equipment, net	2,638,932	2,652,495
Vehicles, net	7,753	5,776
Tools, furniture, and fixtures, net	15,445	20,790
Land	788,067	788,067
Leased assets, net	17,586	15,355
Construction in progress	434,081	492,342
Total property, plant, and equipment	5,670,220	5,691,875
Intangible assets	16,489	17,267
Investments and other assets	205,180	230,215
Total non-current assets	5,891,889	5,939,358
<b>Total assets</b>	<b>11,464,215</b>	<b>13,141,390</b>

(thousands of yen)

	As of August 31, 2024	As of February 28, 2025
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Notes and accounts payable – trade	274,997	241,230
Current portion of long-term borrowings	596,030	675,590
Income taxes payable	-	330,393
Provision for loss on order received	28,700	15,500
Provision for share-based payments	12,000	12,000
Other	436,344	518,822
Total current liabilities	1,348,071	1,793,535
<b>Non-current liabilities</b>		
Long-term borrowings	2,863,520	3,670,000
Provision for retirement benefits	70,691	75,253
Asset retirement obligations	1,069	1,069
Other	17,575	15,093
Total non-current liabilities	2,952,856	3,761,416
<b>Total liabilities</b>	4,300,928	5,554,951
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Share capital	1,241,157	1,241,157
Capital surplus	1,963,384	1,964,301
Retained earnings	4,481,880	4,893,031
Treasury shares	(523,134)	(512,052)
Total shareholders' equity	7,163,287	7,586,438
<b>Total net assets</b>	7,163,287	7,586,438
Total liabilities and net assets	11,464,215	13,141,390

## (2) Interim Statement of Income

(thousands of yen)

	Six months ended February 29, 2024	Six months ended February 28, 2025
Net sales	2,040,280	3,911,407
Cost of sales	1,793,511	2,564,634
Gross profit	246,768	1,346,772
Selling, general, and administrative expenses	325,762	393,783
Operating profit (loss)	(78,993)	952,988
Non-operating income		
Interest income	83	1,175
Foreign exchange gains	3,004	4,176
Insurance claim income	3,329	2,145
Other	2,583	2,820
Total non-operating income	9,000	10,318
Non-operating expenses		
Interest expenses	10,901	11,856
Depreciation	53,267	6,571
Other	133	741
Total non-operating expenses	64,303	19,169
Ordinary profit (loss)	(134,296)	944,137
Extraordinary income		
Gain on sale of non-current assets	66	-
Total extraordinary income	66	-
Extraordinary losses		
Loss on retirement of non-current assets	0	-
Total extraordinary losses	0	-
Profit (loss) before income taxes	(134,229)	944,137
Income taxes – current	1,633	304,621
Income taxes – deferred	(33,980)	(24,711)
Total income taxes	(32,346)	279,909
Profit (loss)	(101,882)	664,228

## (3) Interim Statement of Cash Flows

(thousands of yen)

	Six months ended February 29, 2024	Six months ended February 28, 2025
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	(134,229)	944,137
Depreciation	470,229	433,308
Increase (decrease) in allowance for doubtful accounts	135	1,628
Increase (decrease) in provision for loss on order received	(12,900)	(13,200)
Increase (decrease) in provision for share-based payments	6,000	12,000
Increase (decrease) in provision for retirement benefits	5,549	4,562
Interest and dividend income	(83)	(1,175)
Insurance claim income	(3,329)	(2,145)
Interest expenses	10,901	11,856
Foreign exchange losses (gains)	(2,469)	(3,141)
Gain (loss) on sale of non-current assets	(66)	-
Loss on retirement of non-current assets	0	-
Decrease (increase) in trade receivables	(57,289)	(772,354)
Decrease (increase) in inventories	58,745	(262,602)
Increase (decrease) in trade payables	7,249	(33,767)
Increase (decrease) in accrued consumption taxes	9,112	40,918
Decrease (increase) in other current assets	94,241	(5,680)
Increase (decrease) in other current liabilities	(20,688)	73,328
Other	(26,759)	(5,979)
Subtotal	404,348	421,694
Interest and dividends received	83	1,175
Interest paid	(10,695)	(14,984)
Proceeds from insurance income	3,329	2,145
Income taxes refund	17,563	99,446
Income taxes paid	(3,062)	(1,633)
Net cash provided by operating activities	411,567	507,843

	Six months ended February 29, 2024	Six months ended February 28, 2025
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(307,177)	(451,611)
Proceeds from sale of property, plant and equipment	66	-
Purchase of intangible assets	(1,795)	(4,996)
Payments of guarantee deposits	(5)	-
Net cash used in investing activities	(308,911)	(456,607)
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	-	1,200,000
Repayments of long-term borrowings	(310,916)	(313,960)
Dividends paid	(227,086)	(252,801)
Repayments of finance lease liabilities	(2,204)	(2,205)
Net cash provided by financing activities	(540,207)	631,033
<b>Effect of exchange rate change on cash and cash equivalents</b>	2,469	3,141
<b>Net increase (decrease) in cash and cash equivalents</b>	(435,082)	685,410
<b>Cash and cash equivalents at beginning of period</b>	3,496,246	3,028,196
<b>Cash and cash equivalents at end of period</b>	3,061,164	3,713,606

**(4) Notes to the Interim Financial Statements****Going-concern assumptions: None****Significant changes in shareholders' equity: None****Segment information, etc.**

Segment information:

Six months ended February 29, 2024 (from September 1, 2023 to February 29, 2024) and six months ended February 28, 2025 (from September 1, 2024 to February 28, 2025)

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

**Notes on significant subsequent events****Business combination through acquisition of shares**

At a meeting of the Board of Directors held on March 4, 2025, the Company resolved to enter into a share transfer agreement with funds managed, operated and otherwise involved by Japan Industrial Partners, Inc. and others, under which the Company will acquire 100% of the shares of KM Aluminium Co., Ltd. (hereinafter, "KMAC") through a special purpose company (SPC) established by the Company. The share transfer agreement was signed on March 4, 2025, and the acquisition of all shares of KMAC is scheduled to take place on April 8, 2025, based on the terms of the agreement.

**1. Overview of the business combination****(1) Name and business of the acquired company**

Name of acquired company	KM Aluminium Co., Ltd.
Business activities	Manufacture and sale of aluminum ingots, billets, slabs and alloys Manufacture and sale of high-purity aluminum ingots

**(2) The main reason for the business combination**

The Company's business fields include the semiconductor sector, the FPD sector, and other sectors, and it is currently aiming for growth in the semiconductor sector in particular. In its current medium-term business plan, the Company has a strategy to expand sales of consumables for semiconductor manufacturing equipment. While it has achieved some success in winning orders for parts for cutting-edge equipment, it has been unable to break the market share of the pioneering companies in the field of legacy semiconductor manufacturing equipment parts due to industry rules such as Change Control (CC) and Copy Exactly (CE!).

KMAC, which has just been approved for acquisition of shares, is a company with its head office in Omuta City, Fukuoka Prefecture, and its origins in Kyushu Mitsui Aluminium Co., Ltd. It is currently mainly engaged in the manufacture and sale of ultra-high purity aluminum products for semiconductor sputtering targets, high purity aluminum products for aluminum electrolytic capacitors, low-pressure casting products, anodized aluminum products, and forged materials. For ultra-high purity aluminum products, KMAC melts down ingots and scrap with a purity of 99.99% or more in-house, refines them to the purity (99.999% or more) required by the customer, and then casts and sells them. Refining aluminum requires advanced technology, and KMAC possesses advanced refining technology that has led to a high global market share. In addition, since aluminum

sputtering targets for semiconductors are also used in the manufacture of legacy semiconductors, this acquisition will enable the Company to achieve both its strategy in the semiconductor sector of expanding consumables and supplementing the legacy field. Furthermore, KMAC's low-pressure casting products are used in the transport systems and process chambers of semiconductor manufacturing etching equipment, and they hold a high market share.

KMAC's anodized products also feature a type of surface treatment (special hard anodizing) that is mainly used for parts of semiconductor manufacturing etching equipment. KMAC's special hard anodizing is applied to many consumable parts of etching equipment and is highly rated by customers. Therefore, increasing KMAC's production capacity is expected to generate high growth.

Forgings are mainly used as the base materials for the above-mentioned anodized products (materials before product processing and anodizing), and they provide long service life. In addition, KMAC helps to reduce customers' costs because its forgings exhibit high corrosion resistance even without surface treatment in the semiconductor CVD process.

In recent years, KMAC has been reviewing its business, and has been reducing orders for its materials business (such as production of aluminum alloy billets and slabs by consignment) which has produced high sales but low added value.

As a result, KMAC's business is highly compatible with the Company's semiconductor business, so it decided to acquire KMAC's shares in the belief that it could build a relationship of mutual growth.

(3) Date of business combination

April 8, 2025 (scheduled)

(4) Legal form of business combination

Acquisition of shares in exchange for cash

(5) Name of company after combination

No change

(6) Ratio of voting rights acquired

100.0%

(7) Main basis for determining the acquiring company

The Company acquired 100% of the voting rights through the acquisition of shares in exchange for cash through a special purpose company (SPC) established by the Company.

2. Breakdown of the acquisition cost and types of consideration for the acquired company

The acquisition cost will be determined by taking into account the valuation and other factors provided by a third-party calculation agent.

3. Details and amount of main acquisition-related expenses

Advisory fees, etc. (approximate amount): 90 million yen

4. Amount of goodwill generated, reason for generation, amortization method and amortization period

This has not yet been determined.

5. Amount of assets and liabilities accepted on the date of the business combination and their main breakdown

This has not yet been determined.

6. Method of procuring funds for payment

The following bank loans are scheduled to be procured by KMX Co., Ltd., a newly established SPC (special purpose company) wholly owned by the Company.

	Term Loan A	Term Loan B	Credit facility
Borrower	KMX Co., Ltd.: SPC wholly owned by the Company		
Lender	The Kagoshima Bank, Ltd.		
Contract date	March 21, 2025		
Borrowing date	April 8, 2025 (scheduled)		
Amount borrowed	4,850,000,000 yen	4,850,000,000 yen	Maximum amount: 600,000,000 yen
Use of funds	Funds for purchasing shares in KM Aluminium Co., Ltd. and related funds		Operating capital for KM Aluminium Co., Ltd.
Interest rate	Base interest rate + spread*		
Final repayment date	End of January 2032		
Repayment method	In equal installments	Due in full	Repay at any time
Collateral	Real estate (land and buildings) owned by KM Aluminium Co., Ltd. (planned after the acquisition of shares)		
Guarantee	Joint guarantee by the Company and KM Aluminium Co., Ltd. (planned after the acquisition of shares)		

\* The Company plans to set up an interest rate swap for part of its borrowings, which will effectively fix the interest rate on that portion.

#### 7. Other

As a result of this share acquisition, the Company plans to move to consolidated accounting from the third quarter of the August 2025 fiscal year.