



UNISOL

FY2022
Earnings Presentation

February 2023

MARUKA FURUSATO Corporation

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01

Consolidated Financial Results



FY2022 Consolidated Financial Results Summary

Net sales

162,416 million yen
Year on year : 113.4%

Operating profit

5,895 million yen
Year on year : 185.5%

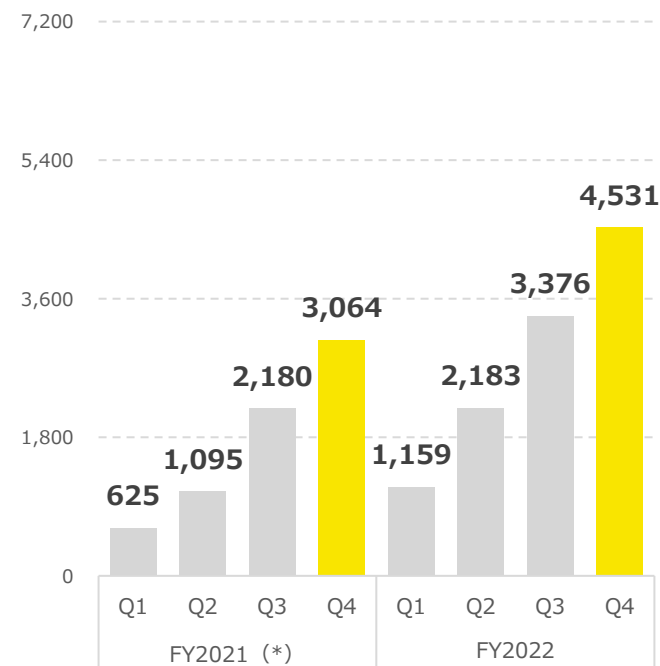
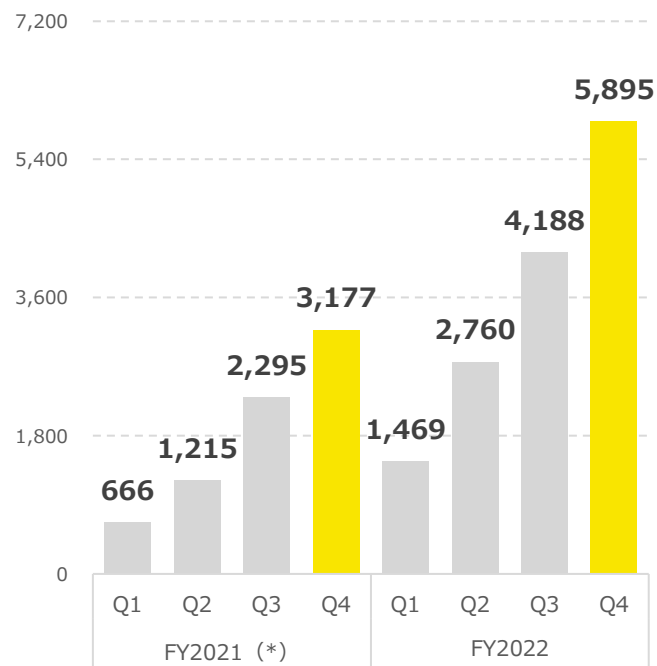
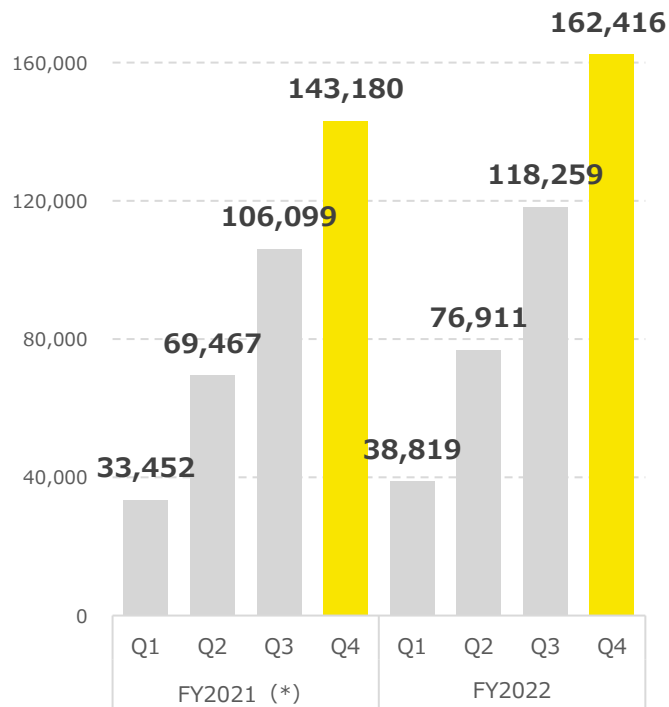
Profit attributable to owners of parent

4,531 million yen
Year on year : 147.9%

(JPY million)

(JPY million)

(JPY million)

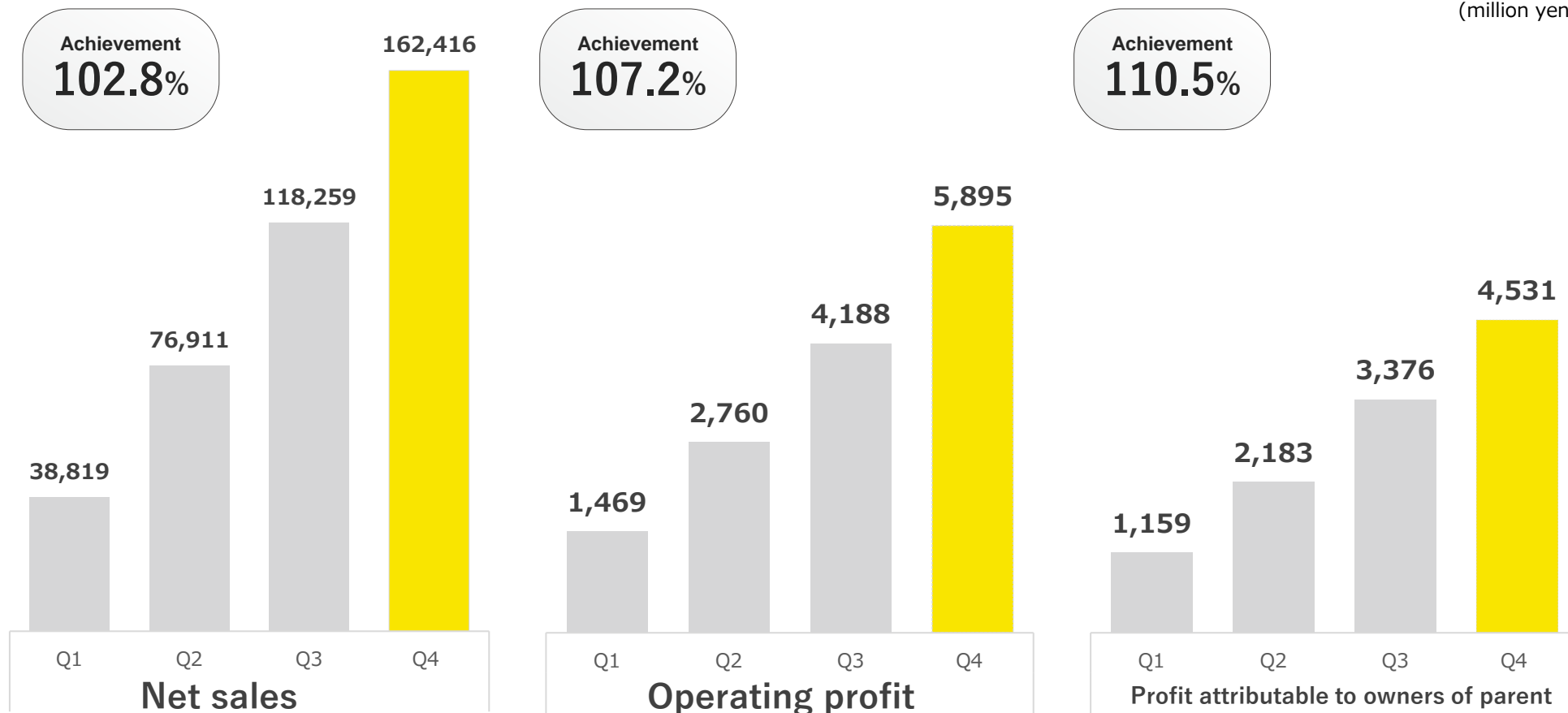


* Reference values by summing financial results of four quarters (January to March, April to June, July to September, and October to December) of the Furusato Group in 2021 and four quarters (December to February, March to May, June to August, and September to November) of the Maruka Group in FY2021.

Consolidated Profit and Loss (in contrast with the full-year forecast)

- Net sales: Slightly exceeded the forecast in the Machinery & Tools and Construction Products segments partly as a result of price rises.
- Operating profit: Exceeded the forecast due to a decrease in the cost of sales ratio, which was greater than estimates.
- Profit: Exceeded the forecast mainly due to the foreign exchange gain as a result of the yen's depreciation.

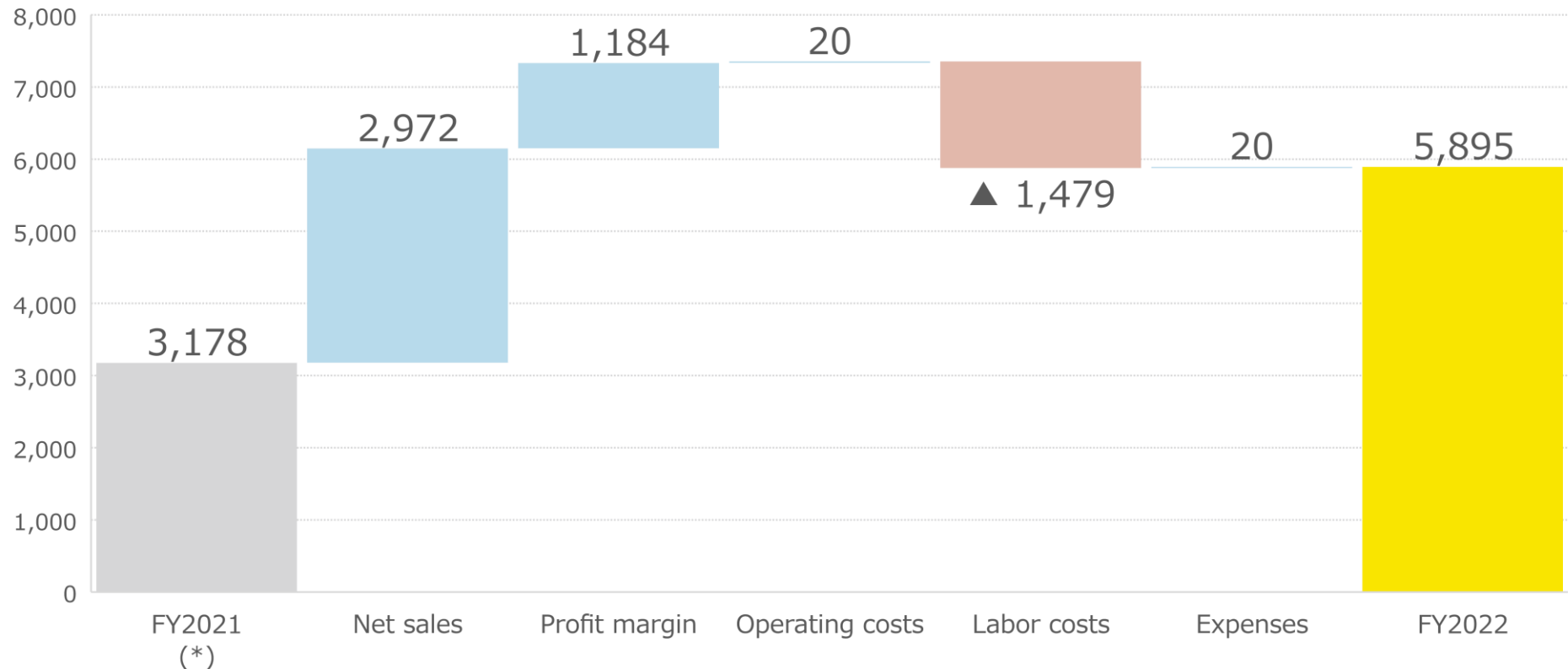
(million yen)



Factors Affecting Operating Profit

- Net sales: The effect of increased income was largely as expected in the results forecast.
- Profit margin: Influenced by the price rise in products as a result of the raw materials price rise.
- Labor costs: Effect of increase in overseas wages, bonuses, and the change in Furusato Group's personnel management system

(million yen)

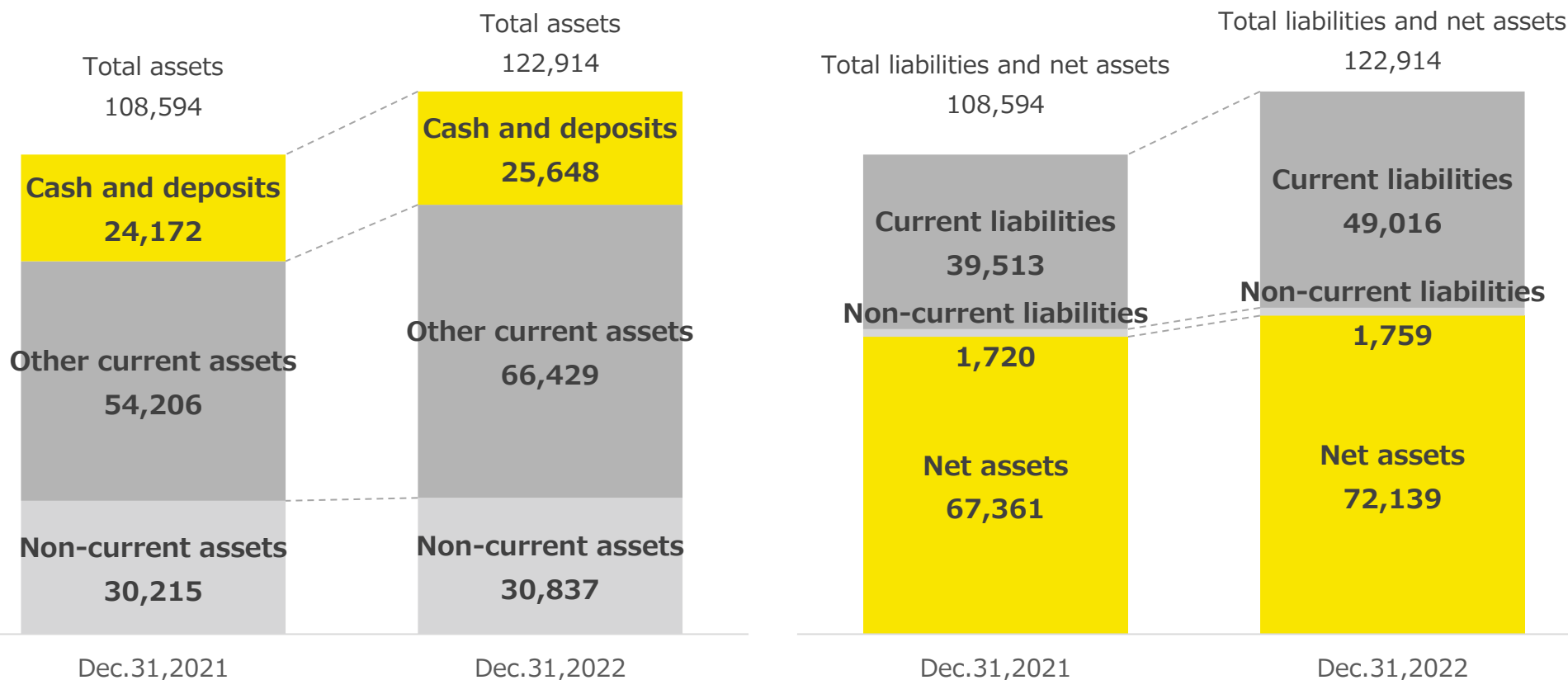


* Reference values by summing financial results of the Furusato Group from January to December 2021 and the Maruka Group from December 2020 to November 2021.

Consolidated Balance Sheet

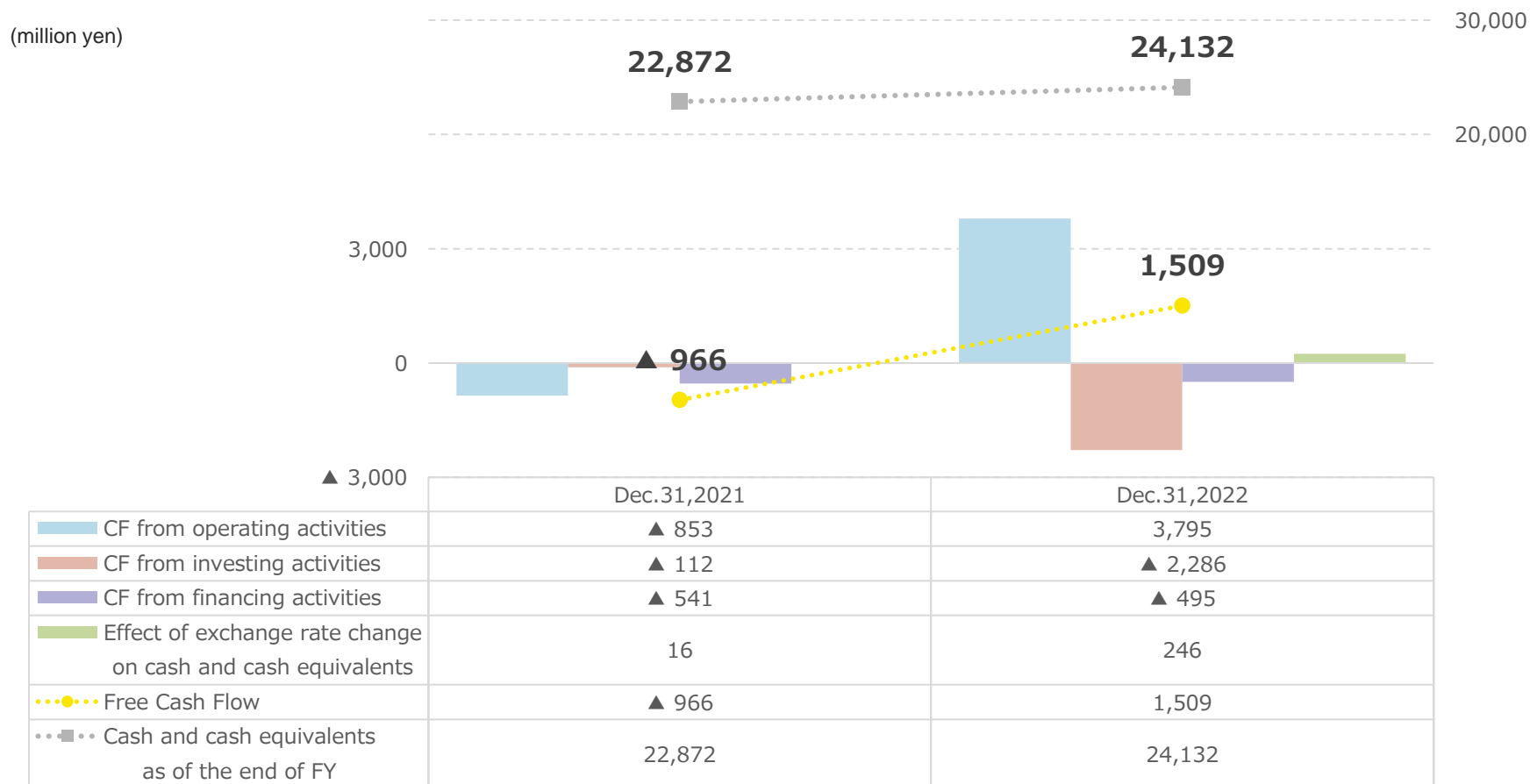
- Current assets: Notes and accounts receivable and inventory assets increased as net sales increased.
- Current liabilities: Notes and accounts payable increased as purchasing increased.
- Total net assets: Retained earnings increased. The equity-to-asset ratio is 58.0%.

(million yen)



Cash flow

- CF from operating activities increased over the full year as profit increased.
- Recorded 2,486 million yen in CF from investing activities due to purchase of property, plant and equipment, including the construction of a new distribution center for the Group.
- Dividends paid of 624 million yen is recorded in CF from financing activities.





02

Segments







Segments by Business Company

MARUKA FURUSATO Corporation Segments		Furusato Group		Maruka Group			
		G-NET	Gifu Shoji	Maruka Corp.	KAN MANUFACTORY	Miyazawa	
Machinery & Tools Segment	Machinery	Machine tools, FA devices Industrial machinery, etc.	FA devices	Machine tools Industrial machinery, etc.	Washers	Food machinery Security, etc.	Kitakyu Machine and Tools
	Tools	Machinery & tools Pneumatic devices, etc.	Automotive tools	Machinery & tools	Sonoruka		Machinery & tools
	Engineering	Engineering ES business		Engineering ES business	Engineering		
Construction Products Segment		Housing equipment system	Furusato Industries Building products Piping products Construction product rental		Japan Rental		
Construction Machinery Segment				Construction Machinery	Construction machinery rental Construction product rental		
Security Segment		Security Design General security Factory management					

- Inter-group and inter-segment synergy effects
- Management with a view to business reorganization

Characteristics of Segments

	Market	Share	Industry Characteristics, etc.
 Machinery and Tools Segment	Big	Low	Area with demands for transformations such as new mobility and automation Fiercely competitive, and affected by economic changes
 Building Products Segment	Small ~Mid	High	Stable share despite a niche market High capacity for generating cash flows
 Construction Machinery Segment	Mid	Low	A relatively mature industry Affected by domestic public works and construction investment
 Security Segment	Big	Low	Production automation, smart factory, etc. High synergy with other segments

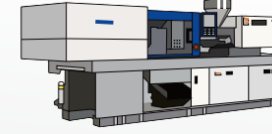
Machinery & Tools Segment

*Results of the previous year indicates the sum of the results of the Furusato Group from January to December in 2021 and the results of the Maruka Group from December 2020 to November 2021.

- Japan: There are signs of capital investment in the automotive industry. The semiconductor industry and machine tool industry are holding steady.
- Overseas: Healthy growth thanks to sales activity expansion and the weak yen.



Machine tools



Injection molding machines

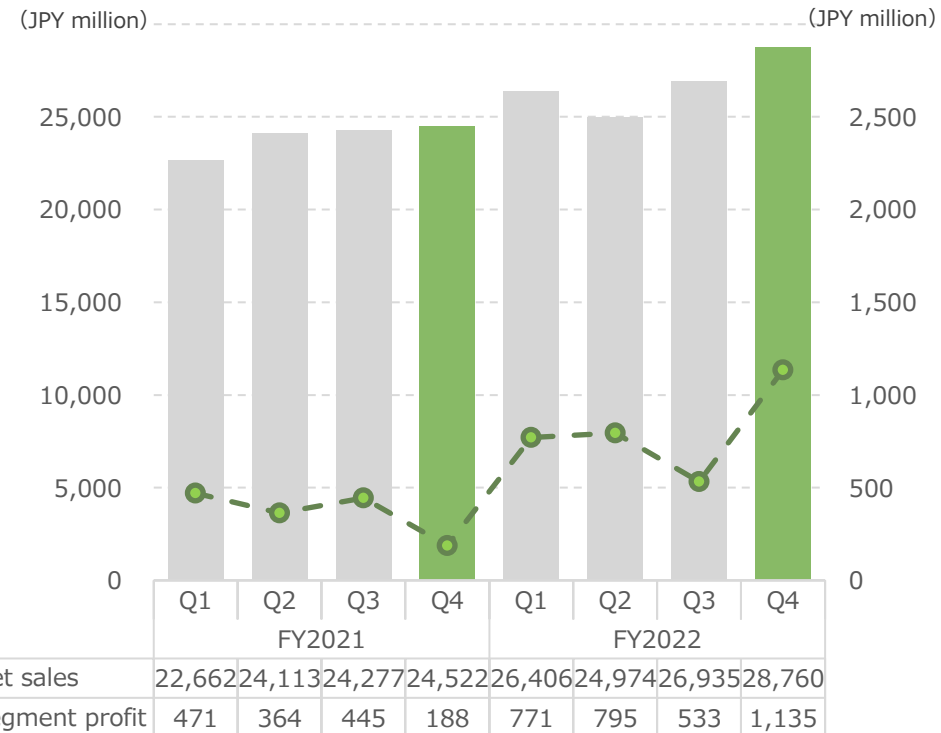
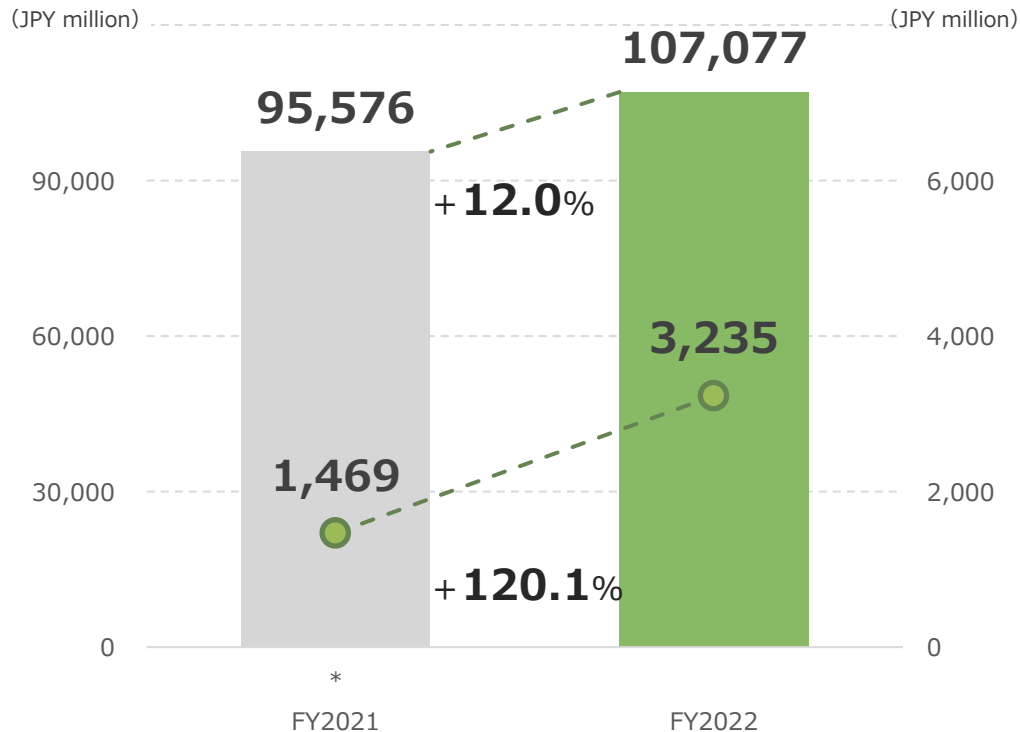


Pneumatic devices

Cumulative quarterly results year on year

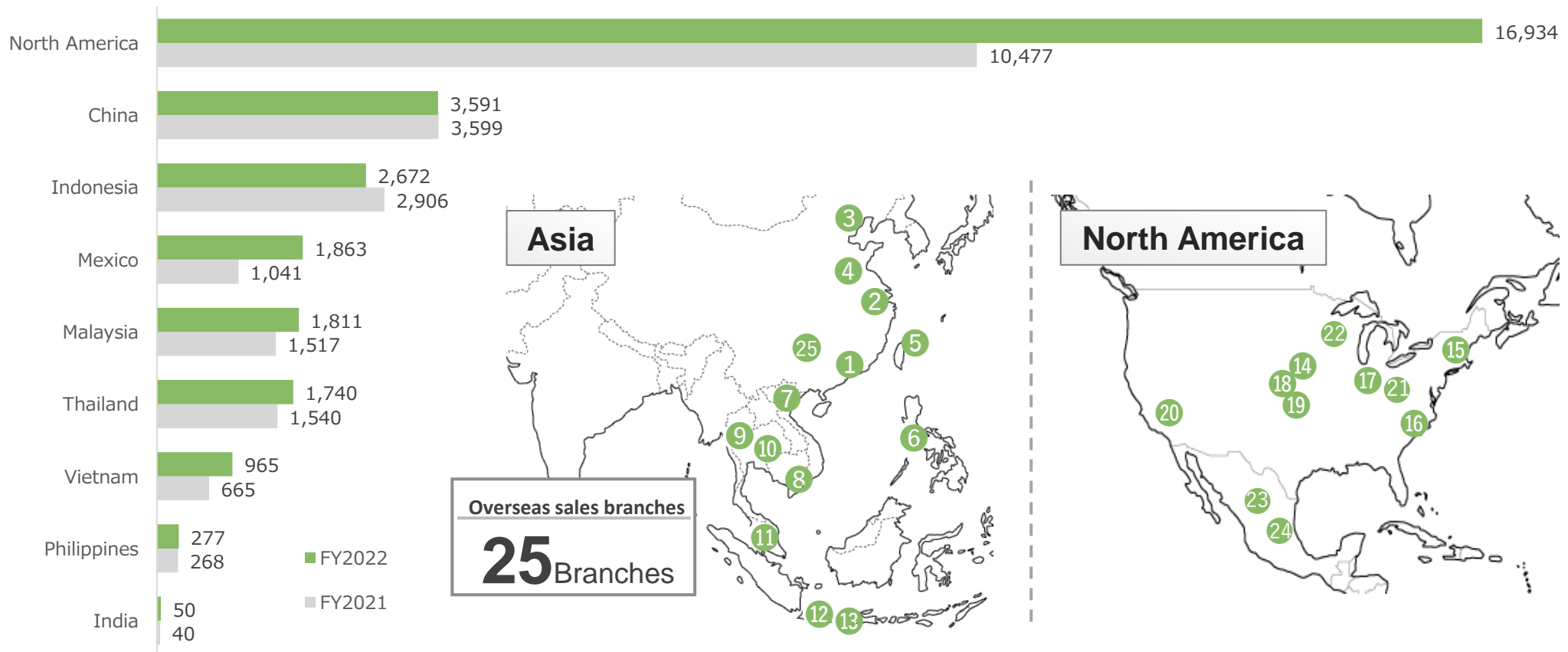
■ Net sales ● Segment profit

Quarterly transition



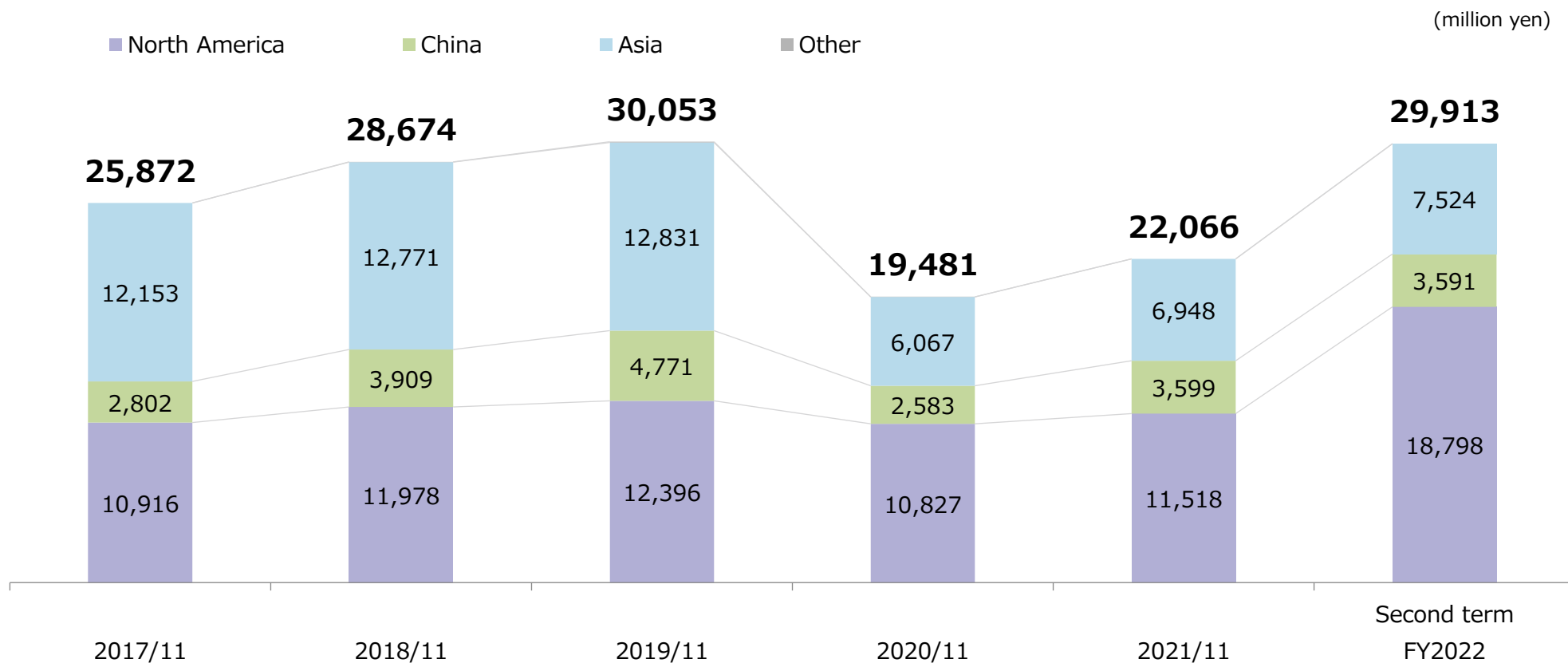
Machinery & Tools Segment Consolidated Overseas Net Sales

- Overseas net sales : 29,913 million yen
(Year on year : Increased by 7,847 million yen (35.6% increase))
- Proportion of overseas net sales : 18.4%
- Performance in the North America is going strong due to the solid demand and favorable foreign exchange rates.



Trends in Consolidated Overseas Net Sales

- Increased significantly in North America, supported by the weak yen and solid demand.
- Overseas net sales heading toward recovery from decline during COVID-19 pandemic.



* Overseas net sales include domestic sales and overseas shipments.

* FY2020/11: Withdrew from the automotive parts export business in Thailand (FY2019/11 net sales: 5.3 billion yen)

Construction Products Segment

*Results of the previous year indicates the sum of the results of the Furusato Group from January to December in 2021

- The year-end is the height of demand, and construction projects were strong.
- Supplies of housing equipment partially recovered.
- Negotiations over price rises continue as the steel price stays high.



Braces



High tension bolts



Joints

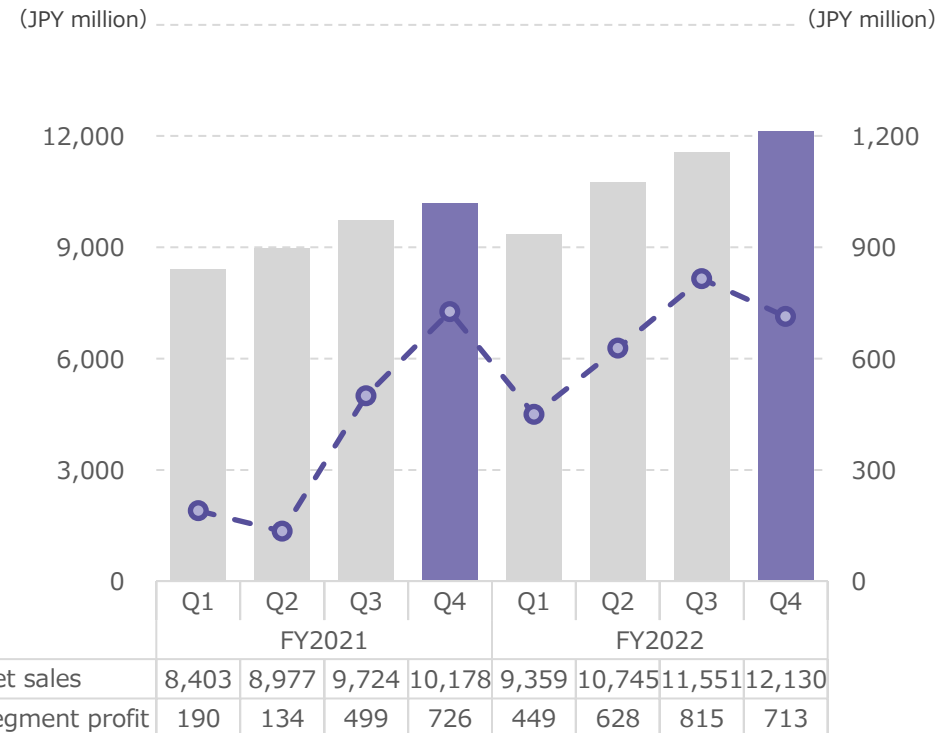
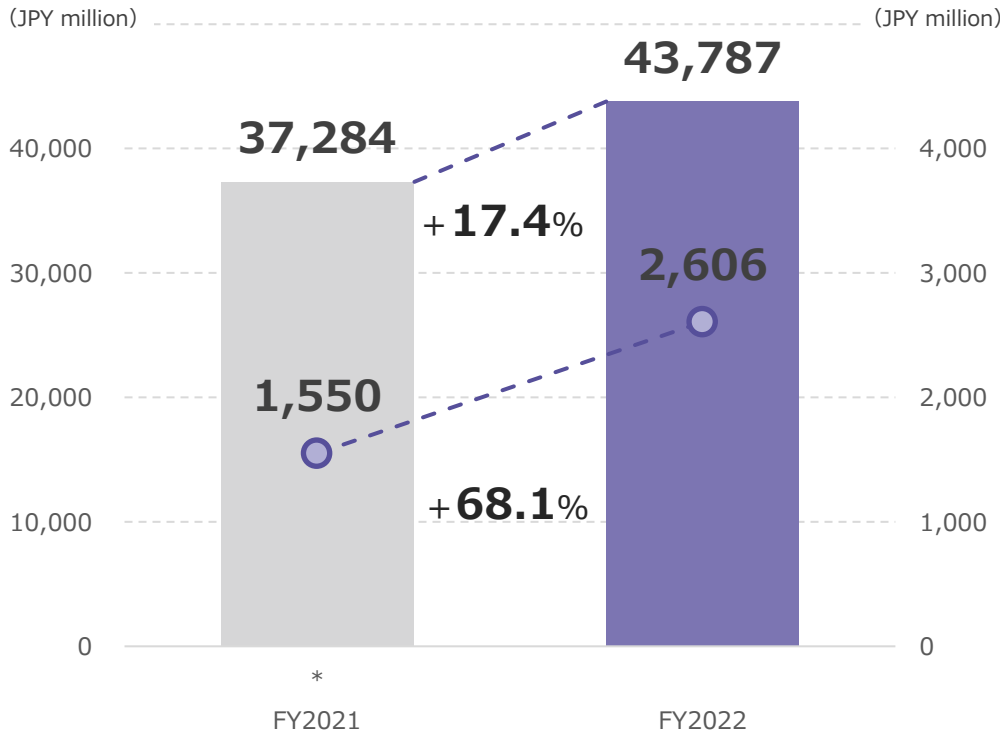


Housing equipment devices

Cumulative quarterly results year on year

■ Net sales -○- Segment profit

Quarterly transition



Construction Machinery Segment

*Results of the previous year indicates the sum of the results of the results of the Maruka Group from December 2020 to November 2021.

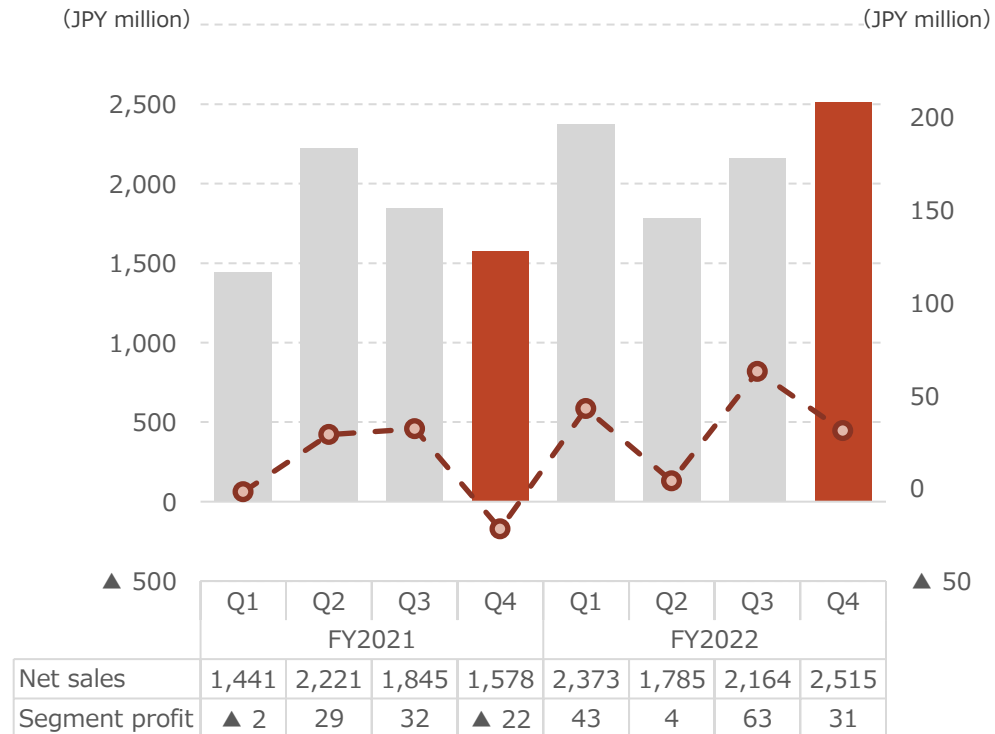
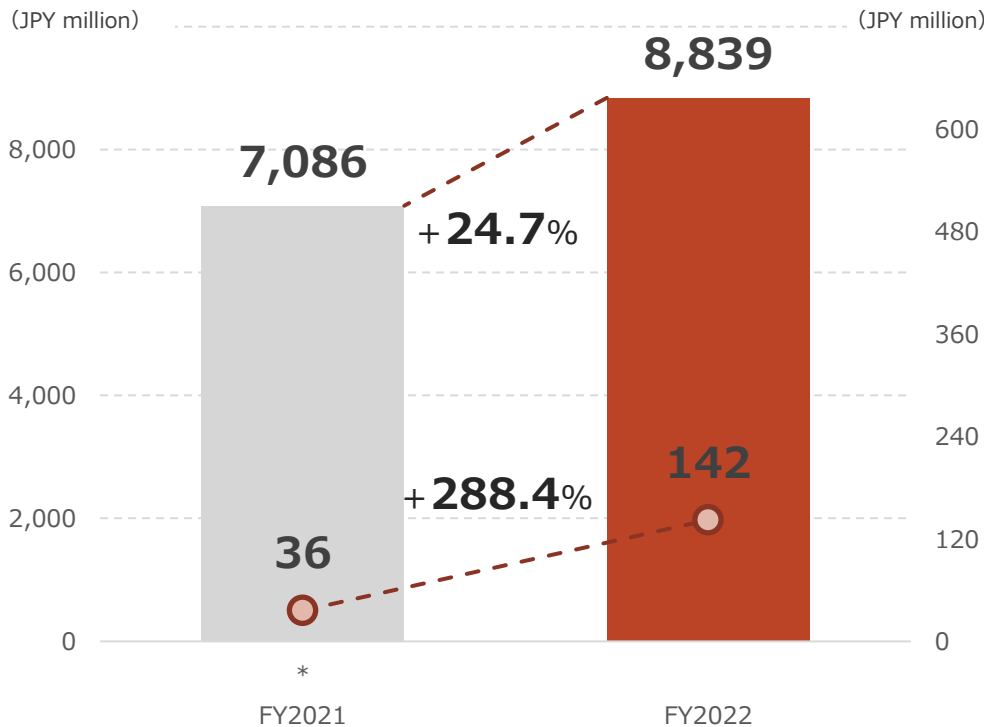
- Domestic demand for construction machinery is holding steady.
- New inquiries decreased due to price rises for construction machinery.
- Used machinery sales, rental, and insurance business are strong.



Cumulative quarterly results year on year

■ Net sales -○- Segment profit

Quarterly transition



Security Segment

*Results of the previous year indicates the sum of the results of the Furusato Group from January to December in 2021

- Surge in demand for thermal cameras has settled down.
- Mandatory use of breathalyzers indefinitely postponed.
- New projects are sluggish due to entry of new competitors.



Security cameras



Face recognition readers with thermometers



Automatic transportation robots

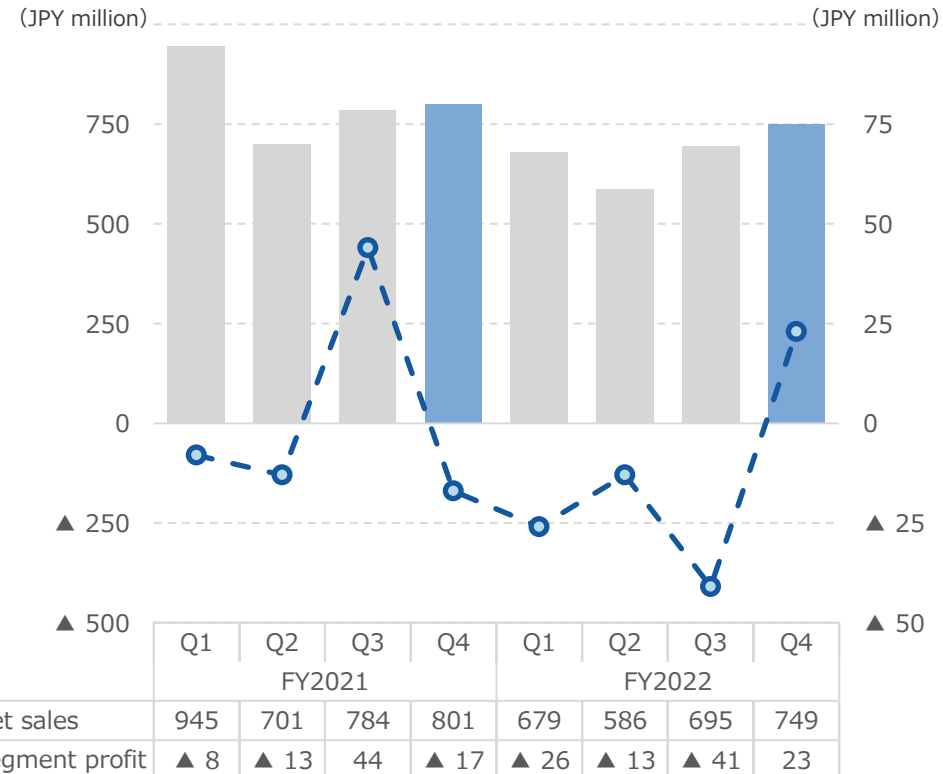
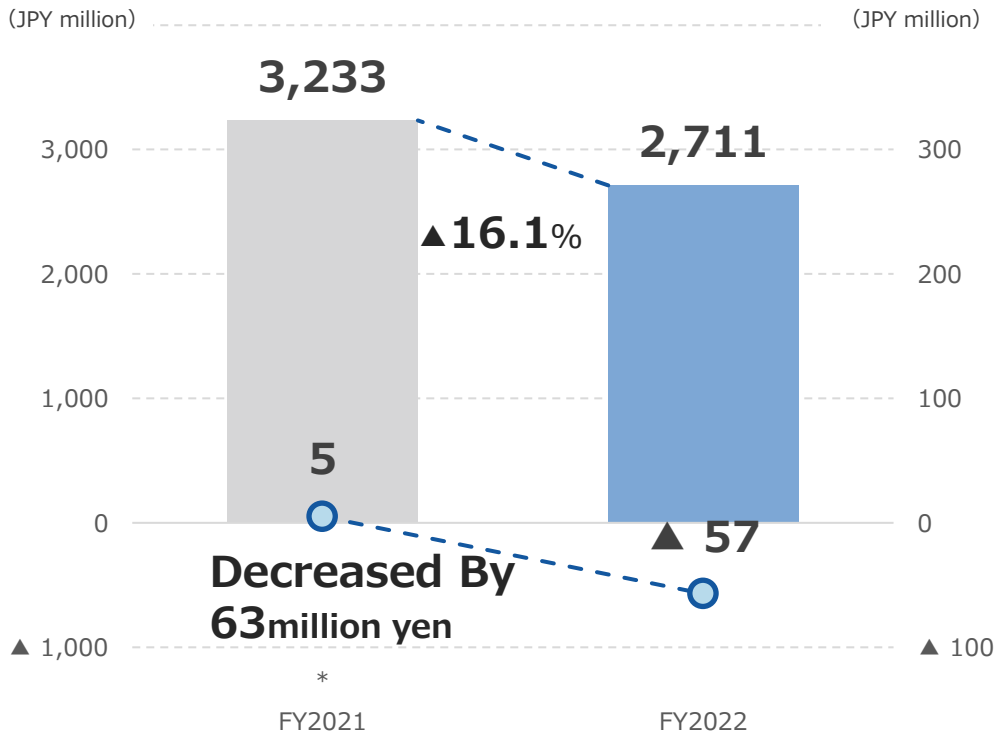


Conveyor robots

Cumulative quarterly results year on year

■ Net sales -○- Segment profit

Quarterly transition





03

Medium-Term Management Plan



Medium-term Management Plan - Basic Strategy and Priority Measures

Establish management base to support sustainable growth

Basic Strategy

Cultivation:
Differentiate us from others in existing businesses

- Reinforce functions (supplies, technology, service) to respond to diversified needs of customers
- Raise comprehensive solution by flexible equity alliance and operation alliance
- Mutually utilize group customers base and domestic and international network
- Reinforce strategic field by integrating knowledge in the Group

Challenge:
Develop new business field

- Create new added value by combining functions, knowledge and advantages of group companies
- Develop solutions in not only manufacturing sites but also new fields such as nursing care, agriculture and food-related
- Strengthen smart factory business, utilizing IoT and AI
- Shift business model from “supply-oriented” to “solution-oriented”

Sustainability:
Strengthen our SDGs initiatives

- Solve social issues through our businesses
- Reduce CO₂ emission
- Organize working environment to secure decent work

Priority Measures

Integration synergies

- [4 pillars of collaboration]
Materialize short-term synergies
- [5 strategic fields]
Pursue mid- and long-term synergies

Deepen platform strategy

Create new solutions through integration of group functions

Deal with smart factory business



Achievement in this term

- G-NET staff seconded to Maruka Corporation.
- Indirect division and sales division consolidated in the Furusato building and Maruka building.
- Cross-selling started.
- New Chinese base established.

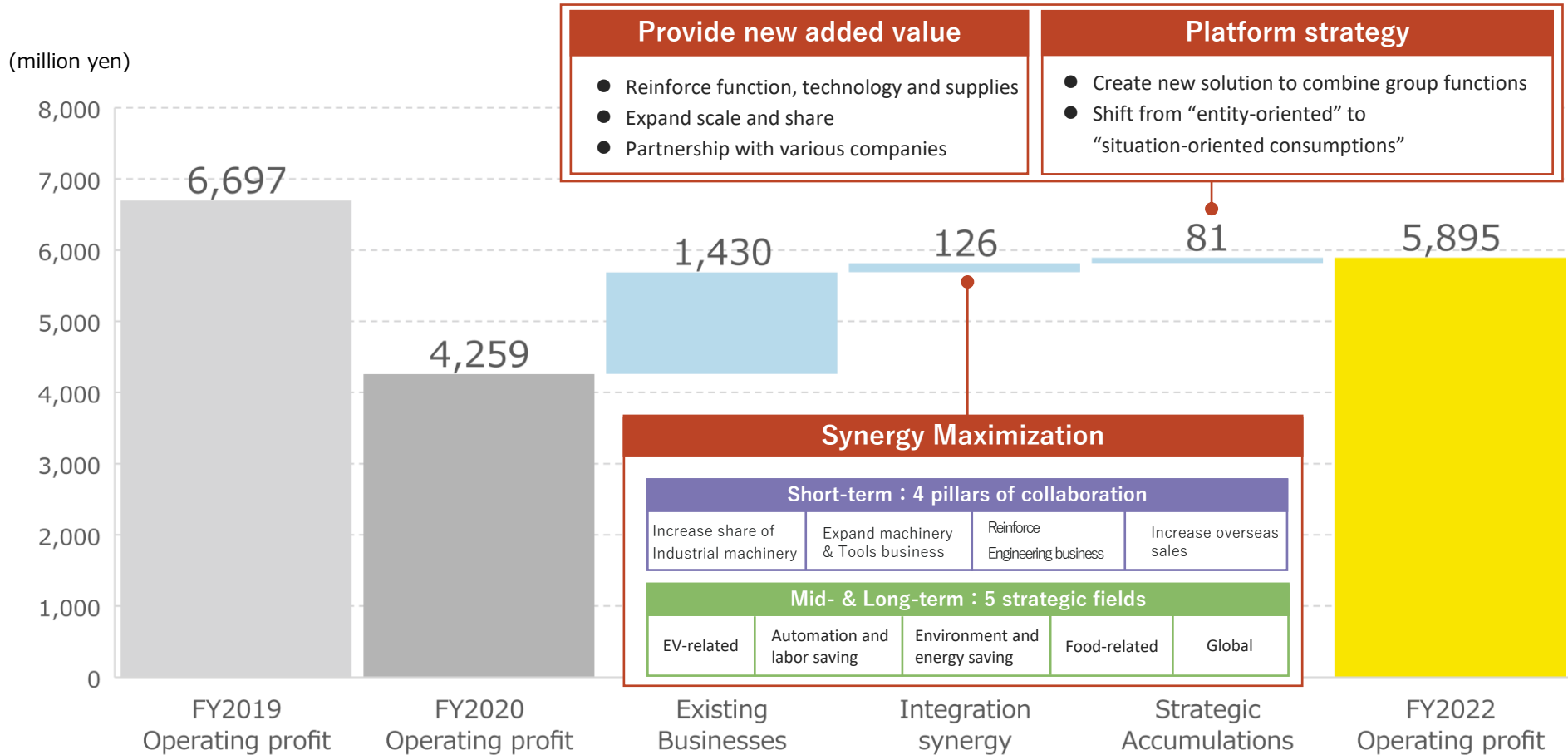
- Began construction of a new distribution center for the Group
- Joint exhibition at Japan International Machine Tool Fair (JIMTOF) between G-NET and MARUKA

- Smart farm
Joint research with Kyoto University
Establishment of an integrated monitoring system of cattle behavior and vital information

- Identify materiality issues
Select the priority issues in line with the Group's vision and themes, and identify the materiality issues.

Progress on Roadmap to Achieving Earnings Targets

- Profit improving through recovery from COVID-19 pandemic and implementation of pre-existing measures.
- Integrated synergies and accumulated strategies will produce greater results from the 2nd Stage.



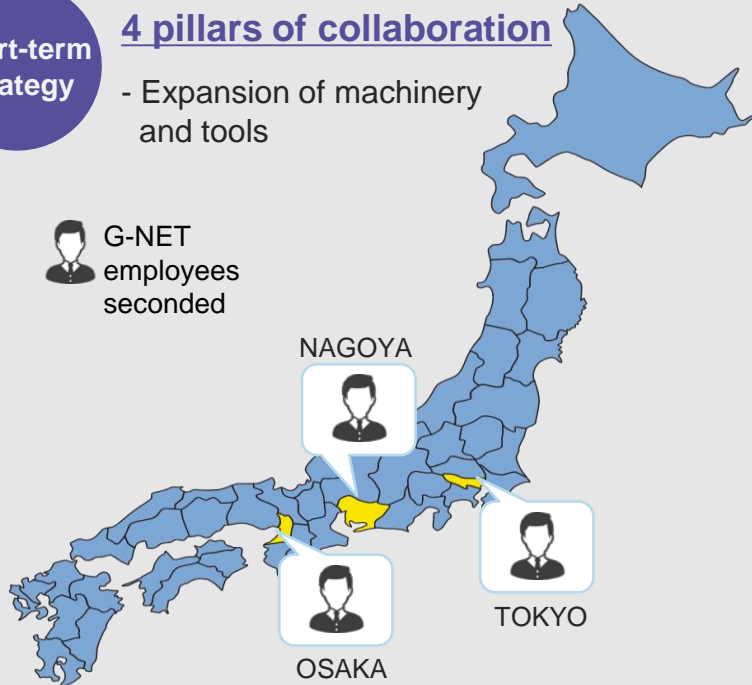
Highlights of Integration Synergies

Short-term strategy

4 pillars of collaboration

- Expansion of machinery and tools

G-NET employees seconded



- One G-NET employee seconded to each of MARUKA's offices in Tokyo, Nagoya, and Osaka.
- Achieved steady sales in each area.
- Plan to increase the number of employees by 2026.

Mid- and long-term strategy

5 strategic fields

- Automation and labor savings



<http://www.g-net.co.jp/hansrobot/>

- Acquired sales rights for Shenzhen Han's Robot Co., Ltd.
- Collaborative robots which are highly safe and can operate near people.
- A dedicated website is scheduled to open in 2023.

Sustainability

- Adopted a Sustainability Basic Policy in the Sustainability Committee.
- Announced our endorsement of the disclosure framework proposed by the TCFD.

Sustainability Promotion Structure



Theme	Priority issues (Materiality)
Achieve harmony and coexistence with the global environment	Reduce environmental loads in business activities
Support sustainability in the manufacturing industry	Improve productivity through automation and labor savings proposals for manufacturing equipment and construction sites
Realize a secure, safe, and comfortable society	A secure, safe and stable product supply structure
Increase job motivation, and promote growth and social contribution	Promote diversity
Promote fair and honest corporate activities	Enhance risk management and crisis management structures

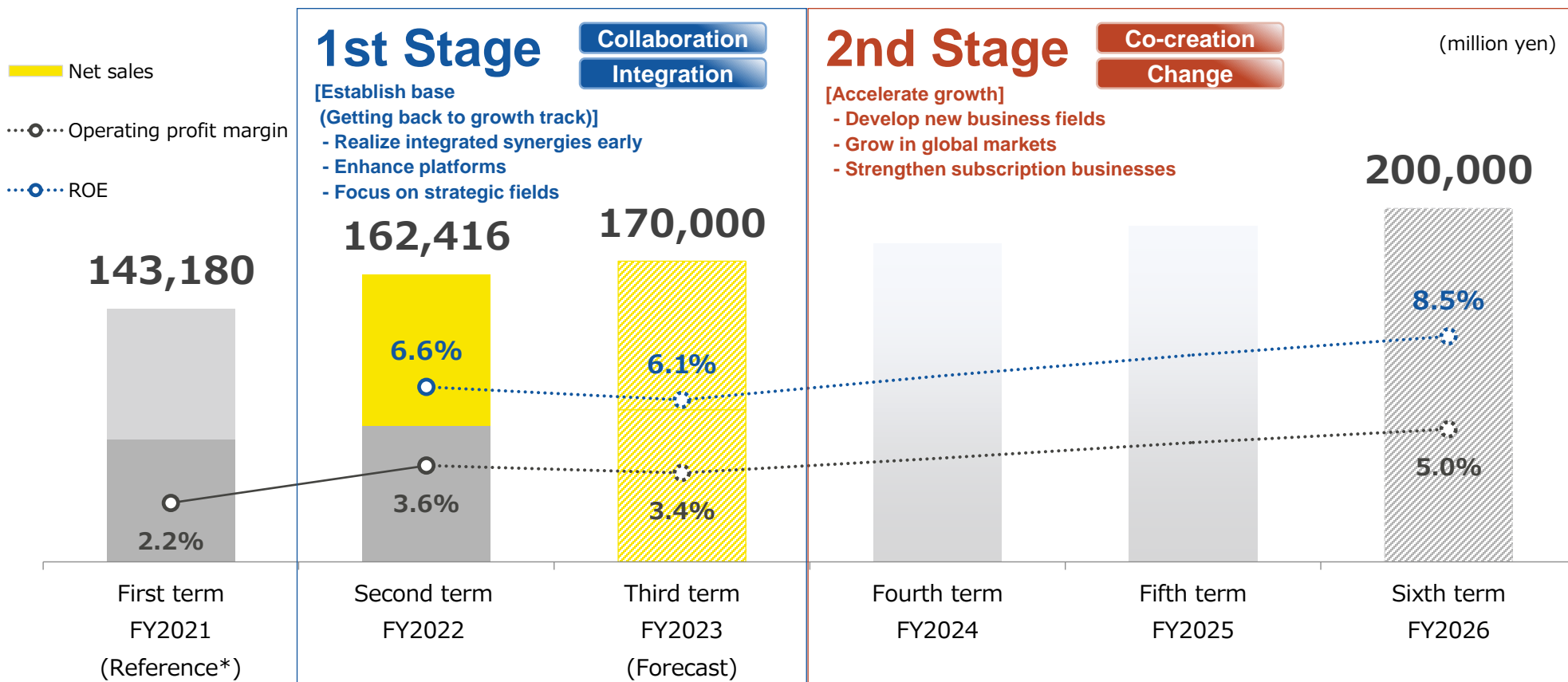
Medium-term Management Plan “UNISOL”

- FY2022 results exceeded the forecast at the time of formulation (157,000 million yen net sales, 4,100 million yen operating profit, and 4.3% ROE).
- In the second year of the 1st Stage, we will establish a base (getting back to growth track) and lead into the 2nd Stage.

Management integration

“UNISOL”

~ Change and Challenge toward the Next Stage ~



* Results of FY2021 are reference values by summing financial results of the Furusato Group from January to December 2021 and the Maruka Group from December 2020 to November 2021.



04

Result Forecasts and Dividend Policy



Result Forecasts

- In 1H, net sales are expected to be steady against the backdrop of accumulated balance of orders received.
- In 2H, there are concerns about sluggish capital investment by major manufacturers and declining corporate strength of small- and medium-sized companies.
- Net sales are forecast to increase 4.7% year on year. Operating profit is forecast to decrease 3.3% year on year.

Account items	FY2022 Results (JPY million)			FY2023 Forecasts (JPY million)			Change (JPY million)	Change (%)
	1H Results	2H Results	Full-year Results	1H Results	2H Forecast	Full-year Results		
Net sales	76,911	85,505	162,416	84,000	86,000	170,000	7,584	4.7
Machinery & Tools	51,381	55,696	107,077	57,400	56,500	113,900	6,823	6.4
Construction Products	20,105	23,682	43,787	21,000	23,700	44,700	913	2.1
Construction Machinery	4,158	4,680	8,839	4,200	4,300	8,500	▲ 339	▲ 3.8
Security	1,265	1,445	2,711	1,400	1,500	2,900	189	6.9
Operating profit	2,760	3,134	5,895	2,500	3,200	5,700	▲ 195	▲ 3.3
Machinery & Tools	1,566	1,669	3,235	1,300	1,470	2,770	▲ 465	▲ 14.4
Construction Products	1,077	1,529	2,606	1,150	1,650	2,800	194	7.4
Construction Machinery	47	95	142	40	60	100	▲ 42	▲ 30.1
Security	▲ 39	▲ 17	▲ 57	10	20	30	87	▲ 152.1
Adjustment	108	▲ 141	▲ 32	0	0	0	32	▲ 100.0
Ordinary profit	3,311	3,743	7,055	2,880	3,590	6,470	▲ 585	▲ 8.3
Profit attributable to owners of parent	2,183	2,348	4,531	1,900	2,480	4,380	▲ 151	▲ 3.3

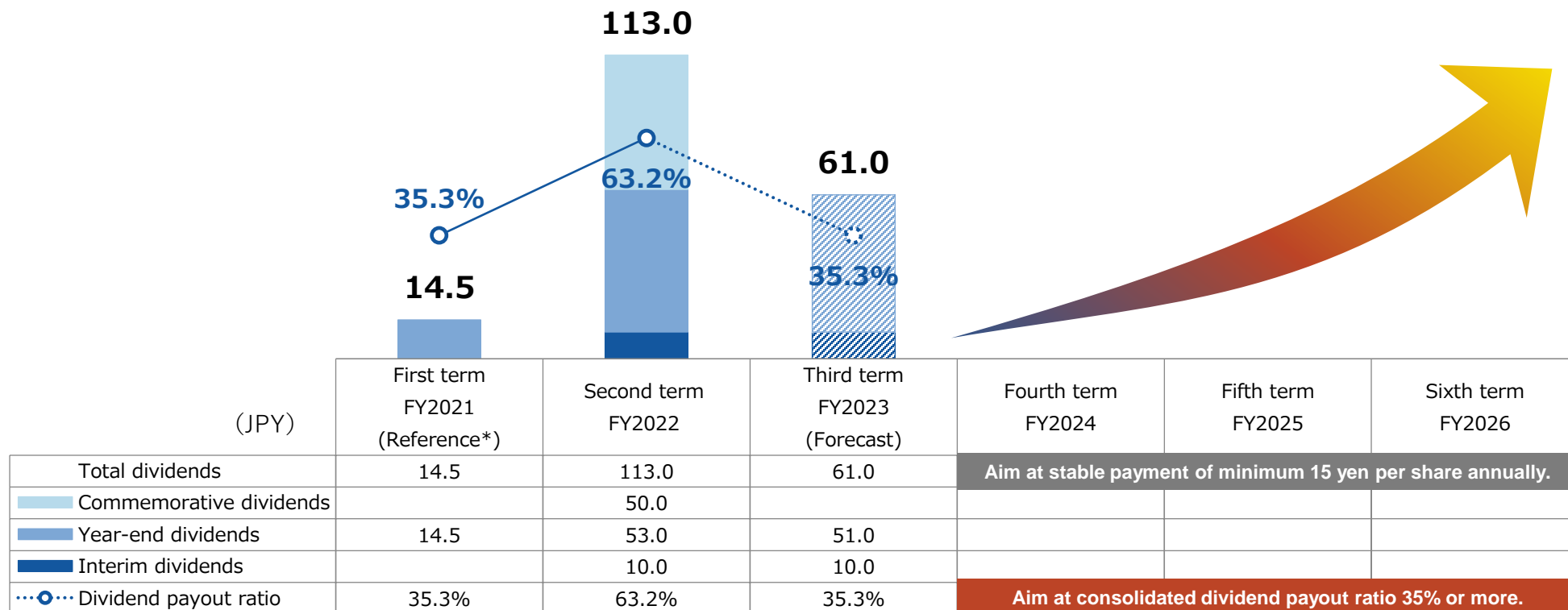
Dividend Policy

- In FY2023, based on our shareholders return policy, we forecast dividends of 61 yen per share
- Shareholders return policy during the medium-term management plan:
Profit distribution is based on the consolidated results. The consolidated dividend payout ratio is approximately 35% of the profit attributable to owners of parent, and we aim for stable annual payment of minimum 15 yen per share.

Management
integration

“UNISOL”

— Change and Challenge toward the Next Stage —





05

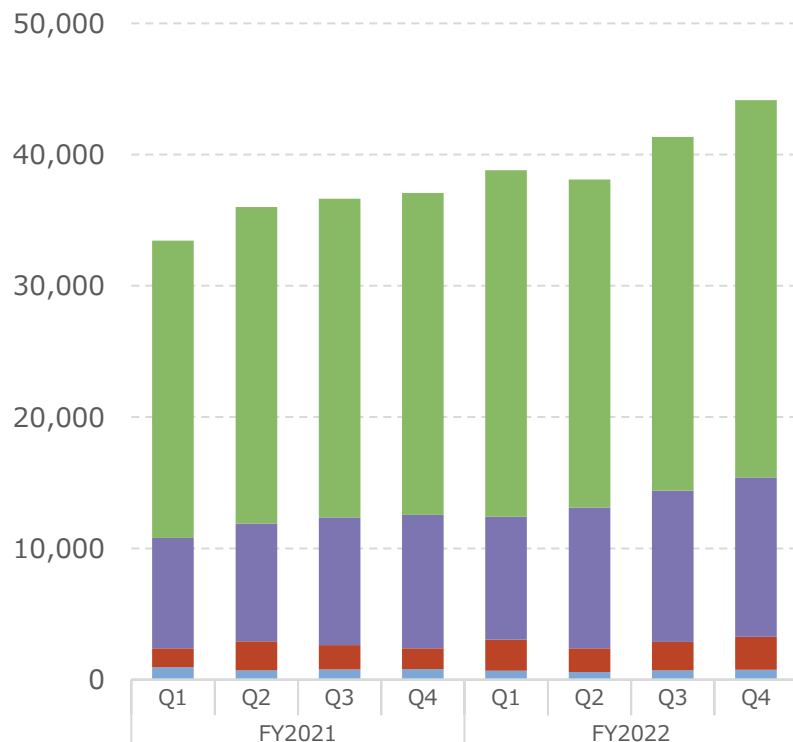
Appendix



Consolidated Segment Quarterly Data

Net sales

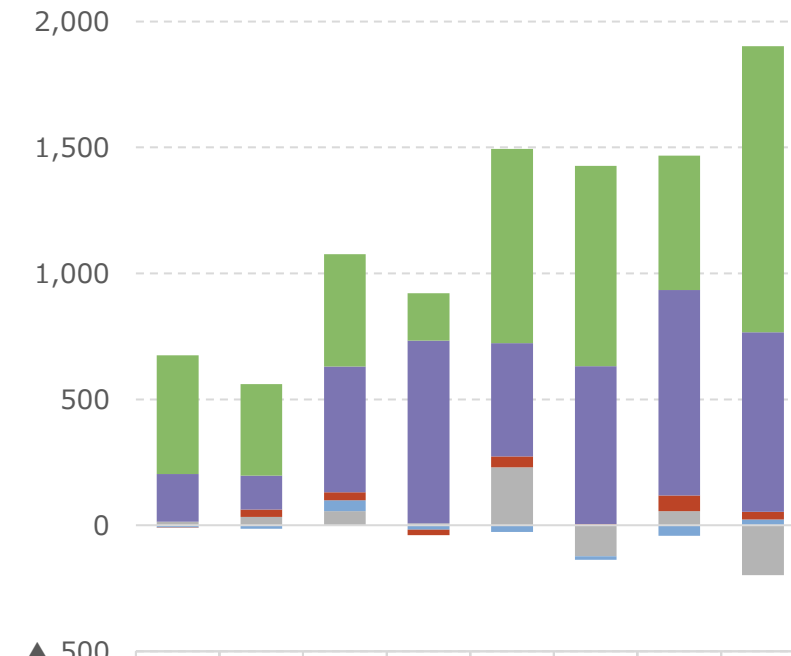
(million yen)



TOTAL	33,452	36,014	36,631	37,081	38,819	38,092	41,347	44,157
Machinery & Tools	22,662	24,113	24,277	24,522	26,406	24,974	26,935	28,760
Construction Products	8,403	8,977	9,724	10,178	9,359	10,745	11,551	12,130
Construction Machinery	1,441	2,221	1,845	1,578	2,373	1,785	2,164	2,515
Security	945	701	784	801	679	586	695	749

Segment profits

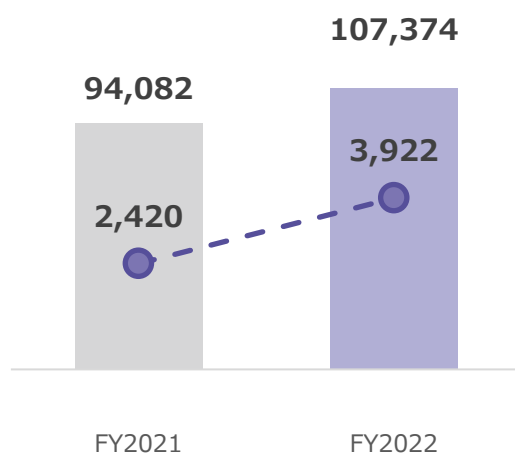
(million yen)



	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	FY2021				FY2022			
TOTAL	666	549	1,079	882	1,469	1,291	1,427	1,707
Machinery & Tools	471	364	445	188	771	795	533	1,135
Construction Products	190	134	499	726	449	628	815	713
Construction Machinery	▲ 2	29	32	▲ 22	43	4	63	31
Security	▲ 8	▲ 13	44	▲ 17	▲ 26	▲ 13	▲ 41	23
Adjustment Amount	14	34	56	8	231	▲ 123	56	▲ 197

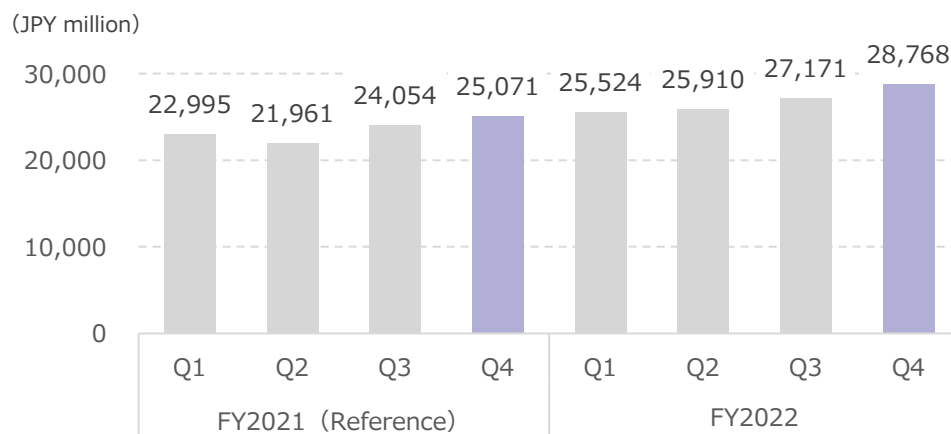
Furusato Group Profit and Loss

Cumulative quarterly results year on year

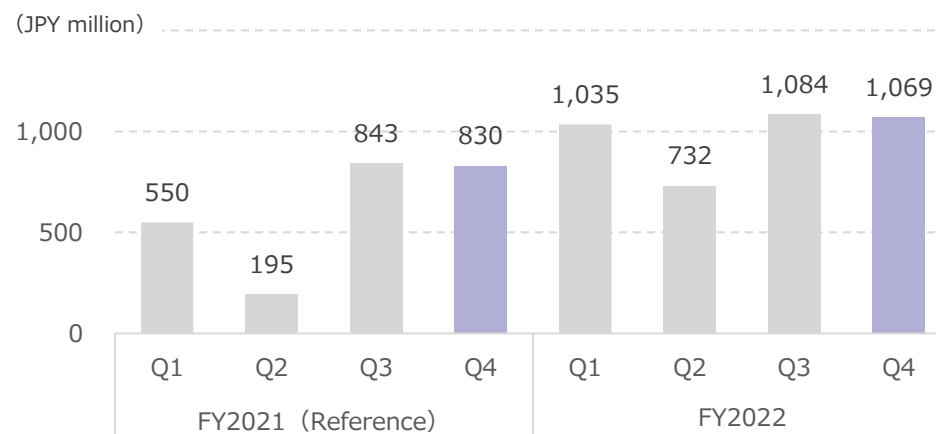


	Reference 21/1-21/12 (JPY million)	Proportion	FY2022 22/1-22/12 (JPY million)	Proportion	Change (JPY million)	Change (%)
Furusato Group						
Net sales	94,082	100.0	107,374	100.0	13,292	14.1
Cost of sales	79,186	84.2	90,577	84.4	11,390	14.4
Gross profit	14,895	15.8	16,797	15.6	1,902	12.8
SG & A expense	12,474	13.3	12,875	12.0	400	3.2
Operating profit	2,420	2.6	3,922	3.7	1,501	62.0

Quarterly net sales transition

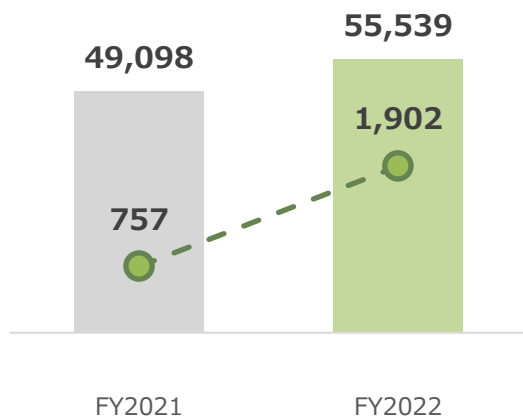


Quarterly operating profit transition



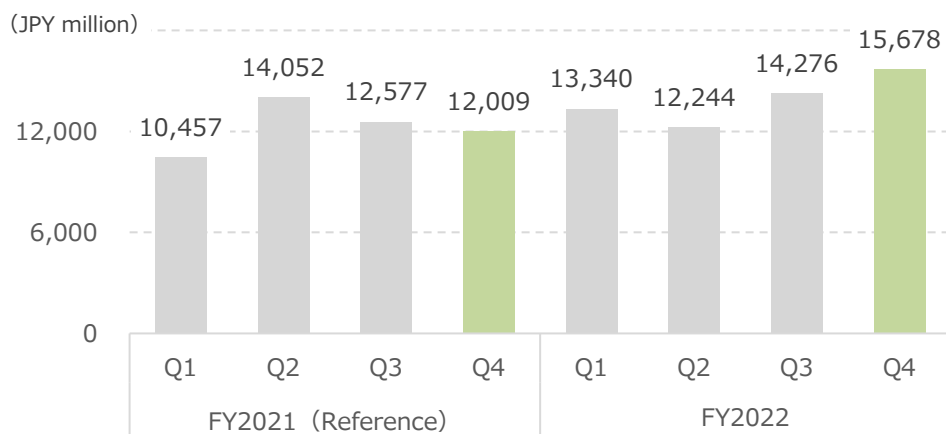
Maruka Group Profit and Loss

Cumulative quarterly results year on year

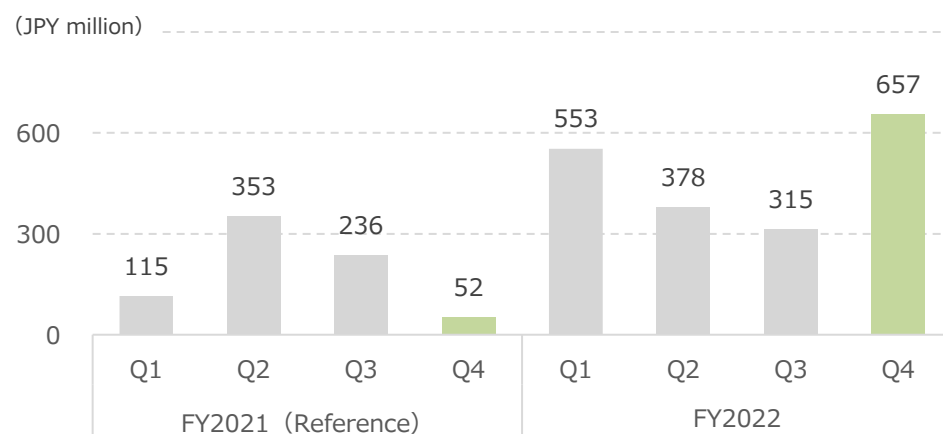


	Reference 20/12-21/11 (JPY million)	Proportion	FY2022 22/1-22/12 (JPY million)	Proportion	Change (JPY million)	Change (%)
Maruka Group						
Net sales	49,098	100%	55,539	100%	6,441	13.1
Cost of sales	41,871	85.3%	46,056	82.9%	4,184	10.0
Gross profit	7,226	14.7%	9,483	17.1%	2,256	31.2
SG & A expense	6,469	13.2%	7,580	13.6%	1,111	17.2
Operating profit	757	1.5%	1,902	3.4%	1,145	151.3

Quarterly net sales transition



Quarterly operating profit transition



- **Notes on this material**

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