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August 8, 2022

## Consolidated Financial Results for the Six Months Ended June 30, 2022 (Under Japanese GAAP)

Company name: MARUKA FURUSATO Corporation  
 Listing: Tokyo Stock Exchange  
 Securities code: 7128  
 URL: <http://www.unisol-gr.com/en>  
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 Scheduled date to file quarterly securities report: August 10, 2022  
 Scheduled date to commence dividend payments: August 25, 2022  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (for analysts and institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the six months ended June 30, 2022 (from January 1, 2022 to June 30, 2022)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
June 30, 2022	76,911	—	2,760	—	3,311	—	2,183	—
June 30, 2021	—	—	—	—	—	—	—	—

Note: Comprehensive income For the six months ended June 30, 2022: ¥2,504 million [-%]  
 For the six months ended June 30, 2021: ¥— million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2022	86.21	—
June 30, 2021	—	—

Note: As the Company was established on October 1, 2021, through a joint share transfer, financial results of the corresponding period of the previous year and year-on-year changes are not indicated.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2022	114,208	69,497	60.2	2,713.09
December 31, 2021	108,594	67,361	61.4	2,632.94

Reference: Equity

As of June 30, 2022: ¥68,718 million  
 As of December 31, 2021: ¥66,680 million

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2021	–	0.00	–	14.50	14.50
Fiscal year ending December 31, 2022	–	10.00			
Fiscal year ending December 31, 2022 (Forecast)			–	97.00	107.00

- Notes: 1. Revisions to the forecast of cash dividends most recently announced: None
2. Breakdown of Year-end dividends for the fiscal year ending December 2022  
 Ordinary dividend: 47.00 yen, Commemorative dividend: 50.00 yen
3. As the Company was established on October 1, 2021, through a joint share transfer, no actual dividends exist for the third quarter of the fiscal year ended December 31, 2021 and prior periods.

## 3. Consolidated earnings forecasts for the fiscal year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2022	158,000	–	5,500	–	6,350	–	4,100	–	161.87

- Notes: 1. Revisions to the earnings forecasts most recently announced: None
2. As the Company was established on October 1, 2021, through a joint share transfer, year-on-year changes are not indicated.

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
  - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2022	25,563,814 shares
As of December 31, 2021	25,563,814 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2022	235,492 shares
As of December 31, 2021	238,487 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2022	25,326,239 shares
Six months ended June 30, 2021	– shares

Note: As the Company was established on October 1, 2021, through a joint share transfer, the average number of shares outstanding for the corresponding period of the previous year are not shown.

The number of treasury shares at the end of the period includes the number of the Company's shares owned by trust accounts of the "director stock ownership plan" and the "employee stock ownership plan" (231,684 shares as of June 30, 2022; 235,934 shares as of December 31, 2021). In addition, the number of the Company's shares owned by trust accounts of the "director stock ownership plan" and the "employee stock ownership plan" are included in the number of treasury shares, which are deducted in calculating the average number of shares outstanding during the period.

- \* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.
- \* Proper use of earnings forecasts, and other special matters
  - Forward-looking statements, including the earnings forecasts stated in these materials, are based on information currently available to the Company and certain assumptions deemed reasonable. Results may differ materially from the earnings forecasts due to various factors.

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## 1. Qualitative information on quarterly financial results for the period under review

MARUKA FURUSATO Corporation (the “Company”) was established on October 1, 2021, as the wholly owning parent company of both Furusato Industries, Ltd. and Maruka Corporation through a joint share transfer. At the time of establishment, Furusato Industries, Ltd. implemented accounting for business combinations as the acquiring company, and the consolidated operating results of the previous fiscal year (April 1, 2021 to December 31, 2021) were prepared by using the consolidated operating results of the previous fiscal year (April 1, 2021 to December 31, 2021) of Furusato Industries, Ltd., as the basis and consolidating that with the consolidated operating results of Maruka Corporation’s previous fiscal year (From December 1, 2021 to December 31, 2021). Accordingly, year on year changes are not shown.

### (1) Explanation on operating results

During the first six months ended June 30, 2022, the Japanese economy was on a gradual trend of recovery, primarily for personal consumption, as cases of the novel coronavirus disease (COVID-19) trended downward. However, it is necessary to pay attention to the risk of a downturn due to manufacturing not being able to keep up with demand as a result of rising raw material prices and supply-side restrictions because of geopolitical risks, such as friction between the U.S. and China and Russia’s invasion of Ukraine. Furthermore, uncertainties are also increasing for capital investment demand for corporations due to the actualization of the impact of interest rates and foreign exchange as a result of fluctuations in financial and capital markets.

In this economic situation, although internal demand increased 41.6% year on year and external demand increased 13.4% year on year from April to June due to steady machine tool orders, the industrial production index has slowed down recently and decreased 3.8% year on year from April to June. In the construction related sector, new construction starts based on floor area for April-June rose 0.6% year on year, and new housing starts for April-June decreased 1.3%.

The MARUKA FURUSATO Group formulated Medium-Term Management Plan “UNISOL” using its 10-year vision and disclosed it on March 30, 2022 with the mission to “Open up “now” with impressive proposals. Lead customers beyond the changes” on a daily basis. This plan is a five-year plan until 2026, and sets the quantitative targets for the next five years of net sales of ¥200 billion, operating profit of ¥10 billion, operating profit margin of 5.0%, adjusted EBITDA of ¥11.5 billion and ROE of 8.5%.

For the 1st stage, which is the first two years, the Group is building a foundation for recovery of growth tracks with the keywords of group-wide cooperation and unity. Furthermore, for the 2nd stage, which is the latter three years, the Group plans to accelerate growth with the keywords of group-wide change and co-creation. To achieve the target of operating profit of ¥10 billion, the Group will participate in growth businesses through proactive M&A in addition to realizing integrated synergies at an early stage, strengthening initiatives in strategic fields by combining knowledge, and expanding business fields through the creation of new added value.

To establish a growth foundation that supports sustainable growth, the Group will set the goals of differentiating in the existing business fields, developing new business fields, and strengthening SDG initiatives as the basic strategies in the plan, and for each of these strategies, the Group will exert integrated synergy, deepen platform strategy, create new solutions through the fusion of group functions, and work on smart factories.

As a result, for the first six months ended June 30, 2022, net sales amounted to ¥76,911 million, operating profit was ¥2,760 million, ordinary profit was ¥3,311 million, and profit attributable to owners of parent was ¥2,183 million.

The operating results by segment are as follows:

#### *Machinery & Tools Segment*

Amid demand in the semiconductor production equipment industry, construction machinery industry and food industry, we are performing strongly in the areas of machinery and tools. The machine tool industry also performed strongly due to capital investment demand. Automobile-related products declined due to the impact of the component shortage. As a result, net sales amounted to ¥51,381 million, and operating profit was ¥1,566 million.

#### *Construction Products Segment*

The increase in construction demand and high prices in the steel products market led to growth in sales for steel-framework construction, but housing equipment was impacted by supply bottlenecks. We are working to help customers understand price increases with regard to rising steel product prices. As a result, net sales amounted to ¥20,105 million, and operating profit was ¥1,077 million.

#### *Construction Machinery Segment*

Demand for construction machinery in Japan performed strongly, primarily in the logistics industry and civil engineering and construction industry, but recent earnings declined due to the delays in delivery schedule caused by the semiconductor shortage. As a result, net sales amounted to ¥4,158 million, and operating profit was ¥47 million.

#### *Security Segment*

Wholesale was on a recovery trend, but was impacted by upfront investments and difficulties in product procurement due to geopolitical risks and COVID-19. As a result, net sales amounted to ¥1,265 million, and despite efforts to reduce selling, general and administrative expenses, operating loss was ¥39 million.

## **(2) Explanation on financial position**

### Total assets

Total assets as of the end of the second quarter under review were ¥114,208 million, an increase of ¥5,614 million from the end of the previous fiscal year, due to an increase in current assets in conjunction with an increase in net sales.

### Liabilities

Liabilities as of the end of the second quarter under review were ¥44,711 million, an increase of ¥3,478 million from the end of the previous fiscal year, due mainly to an increase in notes and accounts payable - trade.

### Net assets

Net assets as of the end of the second quarter under review were ¥69,497 million, an increase of ¥2,136 million from the end of the previous fiscal year, due mainly to an increase in retained earnings.

## **(3) Explanation on consolidated earnings forecasts and other forward-looking statements**

Looking ahead to the nine months ending September 30, 2022 and beyond, earnings are expected to perform well amid steady recovery in machine tool orders. However, after taking into consideration the effect of resurgence of COVID-19, the production trends in the automotive industry, the effect of recent shortages in the supply of parts such as semiconductors and related components, which are expected to cause delays in the delivery schedule for machinery and equipment, along with the surging prices in the

steel products market and other material shortages that could affect the construction products segment, a considerable level of uncertainty exists regarding future impacts on the Company's earnings.

Because of the aforementioned factors, we do not have any changes for the earnings forecasts for the fiscal year ending December 31, 2022, that were announced on August 1, 2022 in the Notice of Revisions to Consolidated Earnings Forecasts and Dividend Forecasts.

The above earnings forecasts are based on information currently available to the Company and actual results may differ from the forecasts due to a variety of factors. Should any changes occur in the future, the relevant information will be duly disclosed.

## 2. Quarterly consolidated financial statements and significant notes thereto

### (1) Quarterly consolidated balance sheet

(Millions of yen)

	As of December 31, 2021	As of June 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	24,172	28,295
Notes and accounts receivable - trade	29,347	29,668
Electronically recorded monetary claims - operating	9,003	7,783
Investments in leases	204	136
Merchandise and finished goods	8,304	10,268
Work in process	1,499	1,978
Raw materials and supplies	408	604
Other	5,447	5,673
Allowance for doubtful accounts	(8)	(10)
Total current assets	78,378	84,398
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,657	7,713
Machinery, equipment and vehicles, net	914	906
Tools, furniture and fixtures, net	480	523
Assets for rent, net	1,107	1,103
Leased assets, net	107	105
Land	9,952	9,966
Construction in progress	263	165
Total property, plant and equipment	20,484	20,484
Intangible assets		
Goodwill	259	243
Trade right	1,280	1,200
Other	1,001	947
Total intangible assets	2,541	2,390
Investments and other assets		
Investment securities	4,074	3,829
Retirement benefit asset	1,178	1,194
Deferred tax assets	363	339
Other	1,662	1,643
Allowance for doubtful accounts	(90)	(72)
Total investments and other assets	7,189	6,935
Total non-current assets	30,215	29,810
Total assets	108,594	114,208

Note: All figures are rounded down to the nearest million yen.



(Millions of yen)

	As of December 31, 2021	As of June 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	17,057	19,237
Electronically recorded obligations - operating	14,761	14,479
Short-term borrowings	496	859
Current portion of long-term borrowings	25	50
Lease obligations	214	133
Income taxes payable	781	1,110
Provision for bonuses	457	535
Provision for bonuses for directors (and other officers)	37	27
Provision for product warranties	67	66
Provision for share awards for employees	-	41
Other	5,613	6,528
Total current liabilities	39,513	43,069
Non-current liabilities		
Long-term borrowings	378	328
Lease obligations	108	110
Deferred tax liabilities	760	725
Provision for retirement benefits for directors (and other officers)	67	69
Provision for share awards for directors (and other officers)	34	24
Retirement benefit liability	99	118
Other	269	266
Total non-current liabilities	1,720	1,641
Total liabilities	41,233	44,711
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	28,270	28,270
Retained earnings	31,829	33,642
Treasury shares	(321)	(320)
Total shareholders' equity	64,778	66,592
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,545	1,339
Deferred gains or losses on hedges	(3)	(16)
Foreign currency translation adjustment	137	602
Remeasurements of defined benefit plans	222	200
Total accumulated other comprehensive income	1,901	2,125
Non-controlling interests	681	779
Total net assets	67,361	69,497
Total liabilities and net assets	108,594	114,208

Note: All figures are rounded down to the nearest million yen.

**(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income****Quarterly consolidated statement of income  
[For the six months]**

(Millions of yen)

	Six months ended June 30, 2022
Net sales	76,911
Cost of sales	64,505
Gross profit	12,405
Selling, general and administrative expenses	9,644
Operating profit	2,760
Non-operating income	
Interest income	21
Dividend income	73
Purchase discounts	230
Rental income	59
Foreign exchange gains	60
Other	158
Total non-operating income	604
Non-operating expenses	
Interest expenses	7
Rental costs	21
Other	24
Total non-operating expenses	52
Ordinary profit	3,311
Extraordinary income	
Gain on sale of non-current assets	38
Total extraordinary income	38
Extraordinary losses	
Loss on retirement of non-current assets	10
Total extraordinary losses	10
Profit before income taxes	3,339
Income taxes - current	1,053
Income taxes - deferred	70
Total income taxes	1,124
Profit	2,215
Profit attributable to non-controlling interests	31
Profit attributable to owners of parent	2,183

Note: All figures are rounded down to the nearest million yen.

**Quarterly consolidated statement of comprehensive income**  
**[For the six months]**

(Millions of yen)

	Six months ended June 30, 2022
Profit	2,215
Other comprehensive income	
Valuation difference on available-for-sale securities	(206)
Deferred gains or losses on hedges	(12)
Foreign currency translation adjustment	530
Remeasurements of defined benefit plans, net of tax	(21)
Total other comprehensive income	289
Comprehensive income	2,504
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	2,406
Comprehensive income attributable to non-controlling interests	98

Note: All figures are rounded down to the nearest million yen.

**(3) Notes to quarterly consolidated financial statements****Notes on premise of going concern**

Not applicable.

**Notes when there are significant changes in amounts of equity**

Not applicable.

**Segment information, etc.**

[Segment information]

Information of sales and profit (loss) for each reportable segment

Six months ended June 30, 2022 (from January 1, 2022 to June 30, 2022)

(Millions of yen)

	Reportable segment					Adjustment (Note 1)	Amounts recorded in the quarterly consolidated statement of income (Note 2)
	Machinery & Tools	Construction Products	Construction Machinery	Security	Total		
Net sales							
Sales to external customers	51,381	20,105	4,158	1,265	76,911	–	76,911
Intersegment revenue or transfers	863	22	–	13	899	(899)	–
Total	52,244	20,127	4,158	1,279	77,810	(899)	76,911
Segment profit (loss)	1,566	1,077	47	(39)	2,652	108	2,760

Notes: 1. Adjustment of segment profit (loss), amounting to ¥108 million, includes ¥111 million from elimination of intersegment transactions and HD management cost not allocated to each business segment reported, negative ¥4 million from reconciliation of inventories, and ¥1 million from reconciliation of non-current assets.

2. Segment profit (loss) is adjusted to operating profit in the quarterly consolidated statement of income.