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February 13, 2023

## Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (Under Japanese GAAP)

Company name: MARUKA FURUSATO Corporation  
 Listing: Tokyo Stock Exchange  
 Securities code: 7128  
 URL: <https://www.unisol-gr.com/en>  
 Representative: Ryohei Furusato, President and Representative Director  
 Inquiries: Taketsugu Fujii, Executive Officer, Head of Corporate Administration Unit  
 Telephone: +81-6-6946-1600  
 Scheduled date of annual general meeting of shareholders: March 30, 2023  
 Scheduled date to commence dividend payments: March 31, 2023  
 Scheduled date to file annual securities report: March 30, 2023  
 Preparation of supplementary material on financial results: Yes  
 Holding of 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 fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

#### (1) Consolidated operating results

(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	%
Fiscal year ended								
December 31, 2022	162,416	–	5,895	–	7,055	–	4,531	–
December 31, 2021	74,292	–	1,465	–	2,033	–	1,037	–

Note: Comprehensive income For the fiscal year ended December 31, 2022: ¥5,403 million [–%]  
 For the fiscal year ended December 31, 2021: ¥1,145 million [–%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2022	178.91	–	6.6	6.1	3.6
December 31, 2021	67.11	–	3.1	1.9	2.0

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended December 31, 2022: ¥– million

For the fiscal year ended December 31, 2021: ¥– million

Note: Year-on-year percentage changes for the fiscal year ended December 31, 2022 are not indicated due to a difference in the duration between the previous fiscal year and the fiscal year under review, as the Company was established on October 1, 2021, through a joint share transfer, and the fiscal year-end was changed accordingly.

## (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
December 31, 2022	122,914	72,139	58.0	2,816.21
December 31, 2021	108,594	67,361	61.4	2,632.94

Reference: Equity

As of December 31, 2022: ¥71,328 million

As of December 31, 2021: ¥66,680 million

## (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2022	3,795	(2,286)	(495)	24,132
December 31, 2021	(853)	(112)	(541)	22,872

## 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended December 31, 2021	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
	–	–	–	14.50	14.50	370	21.6	1.1
Fiscal year ended December 31, 2022	–	10.00	–	103.00	113.00	2,888	63.2	4.2
Fiscal year ending December 31, 2023 (Forecast)	–	10.00	–	51.00	61.00		35.3	

Notes: 1. As the Company was established on October 1, 2021, through a joint share transfer, there are no financial results up to the third quarter of the fiscal year ended December 31, 2021.

2. Breakdown of year-end dividends for the fiscal year ended December 2022

Ordinary dividend: ¥53.00, Commemorative dividend: ¥50.00

## 3. Consolidated earnings forecasts for the fiscal year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

(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
Six months ending June 30, 2023 (Cumulative)	84,000	9.2	2,500	(9.4)	2,880	(13.0)	1,900	(13.0)	75.02
Fiscal year ending December 31, 2023	170,000	4.7	5,700	(3.3)	6,470	(8.3)	4,380	(3.3)	172.93

\* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) 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
- (3) Number of issued shares (common shares)

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

As of December 31, 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 December 31, 2022	236,017 shares
As of December 31, 2021	238,487 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2022	25,327,127 shares
Fiscal year ended December 31, 2021	15,458,917 shares

Note: The average number of shares outstanding during the period from April 1, 2021 to September 30, 2021 is the weighted-average number of shares outstanding for the respective accounting periods of Furusato (nine months) and Maruka (one month) since the Company was established on October 1, 2021.

The number of treasury shares at the end of the period includes shares of the Company owned by trust accounts of the “board benefit trust” and the “employee stock ownership plan” (231,684 shares as of December 31, 2022, 235,934 shares as of December 31, 2021).

Shares of the Company owned by trust accounts of the “director stock ownership plan” and the “employee stock ownership plan” are included in the number of treasury shares excluded for the calculation of the weighted-average number of ordinary shares.

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

- Descriptions regarding the future are estimated based on the information that the Company is able to obtain at the present point in time and assumptions which are deemed to be reasonable. However, actual results may be different due to various factors.
- The Company was established on October 1, 2021 as the wholly owning parent company of both Furusato and Maruka Corporation (“Maruka”) through a joint share transfer. As the Company adopted business combination method deeming Furusato as an acquiring company, the consolidated earnings results for the fiscal year ended December 31, 2021 (from April 1, 2021 to December 31, 2021) was calculated based on the consolidated earnings results of Furusato, an acquiring company, (April 1, 2021 to December 31, 2021) combined with the consolidated earnings results of Maruka (from December 1, 2021 to December 31, 2021).
- Furusato, a wholly-owned subsidiary of the Company changed its accounting period to the January-December period from the April-March period in line with the establishment of the Company. According to this change, Furusato’s fiscal year 2021 was from April 1, 2021 to December 31, 2021. As the Company adopted accounting standard for business combination defining Furusato as an acquiring company, the Company had an irregular nine-month accounting period from April 1, 2021 to December 31, 2021.
- Maruka, a wholly-owned subsidiary of the Company, changed its accounting period to the January-December period from the December November period in line with the establishment of the

Company. According to this change, the Company consolidated its results during the 1-month period from December 1, 2021 to December 31, 2021.

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## 1. Results of Operations

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 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 fiscal year (From December 1, 2021 to December 31, 2021). Accordingly, year-on-year changes are not shown.

### (1) Overview of Consolidated Financial Results

During the fiscal year ended December 31, 2022, the Japanese economy was recovering due largely to significant relaxation of various restrictions in association with the novel coronavirus disease (COVID-19) and the government’s economic package. However, production activities were not enough due mainly to the resurgence in COVID-19 infections with the new variant of the virus as well as rapid fluctuations of exchange rates, soaring raw material prices, logistics disruption, etc. stemming from turmoil in global affairs. Consequently, commodity prices rose and the policy interest rate also increased substantially. Under the unstable environment, SMEs had no choice but to review capital expenditure and construction investment, and were forced to stand at a crossroad where the direction of economic activities changes depending on government policy and required to make flexible responses.

In this economic situation, as for machine tool orders index, internal demand decreased 12.5% year on year and external demand increased 0.3% year on year from October to December. Furthermore, the industrial production index is slowing, and decreased 0.3% year on year from October to December. In the construction related sector, new construction starts based on floor area for October-December decreased 13.5% year on year, and new housing starts for October-December increased 0.0% year on year.

The MARUKA FURUSATO Group has set its mission to “Open up “now” with impressive proposals. Lead customers beyond the changes” on a daily basis and has formulated Medium-Term Management Plan “UNISOL,” covering up until the end of 2026, by backcasting from its 10-year vision. The fiscal year ending December 31, 2023 is the second year for the 1st stage and is positioned as the year in which we establish a base to go back to growth track. We will realize integrated synergy early, enhance platform, and focus on strategic fields. We plan on providing timely updates as future developments worth disclosing unfold.

As a result, for the fiscal year ended December 31, 2022, net sales amounted to ¥162,416 million, operating profit was ¥5,895 million, ordinary profit was ¥7,055 million, and profit attributable to owners of parent was ¥4,531 million. In addition, although a forecast for ROE of 4.3% was set at the beginning of the fiscal year ended December 31, 2022, the actual ROE was 6.6%.

The operating results by segment are as follows:

#### *Machinery & Tools Segment*

In the automotive industry, although investments for new-model cars are increasing, the trend has not led to full-scale investments due partly to the impact of the component shortage. In the semiconductor industry, while the situation where production has been unable to keep up with demand is being alleviated, demand still remains at a high level. As for demand for industrial machinery from the construction industry, the food industry, etc., strong performance was achieved in the areas of machinery and tools.

In addition, as for the situation overseas, in North America, although both sales and services related to machinery were strong, boosted by the foreign exchange effect, the number of inquiries was on the decrease due to increasing uncertainty in the economic outlook. In China, some recovery was made due

to automobile-related capital expenditure projects, but there remains effect from the lockdowns. As a result, net sales amounted to ¥107,077 million, and operating profit was ¥3,235 million.

#### *Construction Products Segment*

Steady construction demand and steel product prices remaining high led to growth in sales of construction products, but housing equipment has continued to be impacted by supply bottlenecks. As global demand for iron and steel is strong, steel product prices are expected to remain at a high level. While we have raised prices to respond to this situation, we have also been making efforts to make necessary explanations to customers in a timely manner to achieve their understanding. As a result, net sales amounted to ¥43,787 million, and operating profit was ¥2,606 million.

#### *Construction Machinery Segment*

Demand for construction machinery in Japan performed strongly, primarily in the logistics industry and civil engineering and construction industry. On the other hand, the number of new inquiries is on the decrease due to increases in prices of construction machinery. Sales of used machinery and the insurance business are strong and this trend is expected to continue for a while. As a result, net sales amounted to ¥8,839 million, and operating profit was ¥142 million.

#### *Security Segment*

The sale of thermal cameras has reached its end. Although the sale of alcohol checkers was planned to become full-fledged, it was decided to indefinitely delay making the use of the checkers obligatory and therefore the sale was not advanced. Expectations for sales of access control system were raised amid the resumption of social activities, but the number of inquiries for new projects was also low. As a result, net sales amounted to ¥2,711 million, and despite efforts to reduce selling, general and administrative expenses, operating loss was ¥57 million.

## **(2) Overview of Consolidated Financial Position**

### Total assets

Total assets as of December 31, 2022, were ¥122,914 million, an increase of ¥14,320 million from the end of the previous fiscal year. This was mainly owing to an increase in notes and accounts receivable - trade of ¥4,738 million from the end of the previous fiscal year accompanying increased business, and an increase in merchandise and finished goods of ¥3,474 million from the end of the previous fiscal year.

### Liabilities

Liabilities as of December 31, 2022, were ¥50,775 million, an increase of ¥9,542 million from the end of the previous fiscal year. This was mainly owing to an increase in notes and accounts payable - trade of ¥3,192 million from the end of the previous fiscal year accompanying increased business, and an increase in Contract liabilities of ¥3,692 million from the end of the previous fiscal year.

### Net assets

Net assets as of December 31, 2022, were ¥72,139 million, an increase of ¥4,777 million from the end of the previous fiscal year. This was mainly owing to the recording of profit attributable to owners of parent of ¥4,531 million, and dividends of surplus of ¥626 million.

## **(3) Overview of Consolidated Cash Flows**

Cash and cash equivalents (hereinafter referred to as “cash”) as of December 31, 2022 were ¥24,132 million, an increase of ¥1,260 million year on year.

The breakdowns of consolidated cash flows for the reporting period are as follows:

#### Net cash from operating activities

In the fiscal year ended December 31, 2022, net cash provided by operating activities was ¥3,795 million. This was mainly owing to the recording of profit before income taxes of ¥7,080 million, depreciation of ¥1,532 million, increases in trade receivables of ¥1,090 million, inventories of ¥4,381 million and trade payables of ¥1,879 million, and income taxes paid of ¥1,548 million.

#### Net cash from investing activities

In the fiscal year ended December 31, 2022, net cash used in investing activities was ¥2,286 million. This was mainly owing to purchase of property, plant and equipment of ¥2,486 million.

#### Net cash from financing activities

In the fiscal year ended December 31, 2022, net cash used in financing activities was ¥495 million. This was mainly owing to dividends paid of ¥624 million, and proceeds from long-term borrowings of ¥204 million.

#### (Reference) Cash flow-related indicators

	1st Fiscal year ended December 31, 2021	2nd Fiscal year ended December 31, 2022
Equity-to-asset ratio (%)	61.4	58.0
Equity-to-asset ratio based on market value (%)	56.1	74.0
Ratio of interest-bearing debt to cash flow (years)	–	0.3
Interest coverage ratio (times)	–	262.2

Equity-to-asset ratio: Equity / total assets

Equity-to-asset ratio based on market value: Total market value of stock / total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt / cash flows from operating activities

Interest coverage ratio: cash flows from operating activities / interest payment

- Notes
- All indicators are calculated using consolidated financial figures.
  - Total market capitalization was computed based on the closing stock price at the end of the period multiplied by the number of outstanding shares at the end of the period after deducting treasury shares
  - Operating cash flows represent cash flows from operating activities on the consolidated statements of cash flows. Interest-bearing debts represent all debts on the consolidated financial position for which interest is paid. In addition, interest payment represents amount of interest paid on the consolidated statements of cash flows.
  - As operating cash flow was negative during the fiscal year ended December 31, 2021, the ratio of interest-bearing debt to cash flow and the interest coverage ratio were omitted.

#### (4) Consolidated Earnings Forecasts for Fiscal 2023

In the first half of the fiscal year ending December 31, 2023, net sales are expected to remain strong against the backdrop of the accumulated order backlog of machine tools and components in the Machinery & Tools Segment. However, in the second half, there are concerns about reduction of the investment scale through review of production strategies of major manufacturers in the automotive industry and other industries, decreased strengths of SMEs, and other matters. In the Construction Products Segment, there is also a worry about refraining from construction investments due to declining profitability stemming from a rise in interest rates and soaring material prices.

Because of the aforementioned factors, for the earnings forecasts for the fiscal year ending December 31, 2023, we expect net sales of ¥170,000 million, operating profit of ¥5,700 million, ordinary profit of ¥6,470 million and profit attributable to owners of parent of ¥4,380 million. Forecast ROE will be 6.1%.

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.



**(5) Basic Policy for Distribution of Profits, Consolidated Dividends for Fiscal 2022 and Consolidated Dividends Forecasts for Fiscal 2023**

The Company regards our dividend policy as one of the critical management issues.

The target annual dividend payout ratio is approximately 35% of consolidated net profit. Also, the Company aims to maintain ¥15.00 of dividends per share annually as minimum for the stable dividend returns to our shareholders.

(Note) Amount is rounded up by ¥0.5.  
From ¥0.01 to ¥0.49; ¥0.5  
From ¥0.51 to ¥0.99; ¥1.0

The amount of annual dividend paid for the reporting period is planned to be resolved to be ¥113.00 per share (including the commemorative dividends of ¥50.00).

The total dividends payment will be ¥2,888 million and the Payout Ratio calculated from the profit attributable to owners of parent of ¥4,531 is higher than 35%.

For the next period, the Company is planning to pay the annual dividends of ¥61.00 per share based on the earnings forecasts.

## **2. Selection of Accounting Standards**

The MARUKA FURUSATO Group compiled its consolidated financial statements in accordance with the generally accepted accounting principles and accounting standards in Japan (Japanese GAAP) taking into consideration availability to compare with competitors in Japan.

The Company is preparing to adopt International Financial Reporting Standards (IFRS) in consideration of various domestic and international circumstances.

### 3. Consolidated Financial Statements and Primary Notes

#### (1) Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2021	As of December 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	24,172	25,648
Notes and accounts receivable - trade	29,347	34,085
Electronically recorded monetary claims - operating	9,003	9,424
Investments in leases	204	100
Merchandise and finished goods	8,304	11,778
Work in process	1,499	3,133
Raw materials and supplies	408	382
Other	5,447	7,550
Allowance for doubtful accounts	(8)	(25)
Total current assets	78,378	92,077
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,688	15,343
Accumulated depreciation	(7,030)	(7,589)
Buildings and structures, net	7,657	7,753
Machinery, equipment and vehicles	4,274	4,490
Accumulated depreciation	(3,360)	(3,571)
Machinery, equipment and vehicles, net	914	918
Tools, furniture and fixtures	1,722	1,870
Accumulated depreciation	(1,241)	(1,326)
Tools, furniture and fixtures, net	480	543
Assets for rent	2,648	2,648
Accumulated depreciation	(1,540)	(1,618)
Assets for rent, net	1,107	1,030
Leased assets	230	362
Accumulated depreciation	(122)	(204)
Leased assets, net	107	157
Land	9,952	9,995
Construction in progress	263	1,636
Total property, plant and equipment	20,484	22,036
Intangible assets		
Goodwill	259	227
Trade right	1,280	1,120
Other	1,001	912
Total intangible assets	2,541	2,260
Investments and other assets		
Investment securities	4,074	4,003
Retirement benefit asset	1,178	797
Deferred tax assets	363	281
Other	1,662	1,540
Allowance for doubtful accounts	(90)	(83)
Total investments and other assets	7,189	6,540
Total non-current assets	30,215	30,837
Total assets	108,594	122,914

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

(Millions of yen)

	As of December 31, 2021	As of December 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	17,057	20,250
Electronically recorded obligations - operating	14,761	15,508
Short-term borrowings	496	511
Current portion of long-term borrowings	25	54
Lease liabilities	214	115
Income taxes payable	781	1,306
Contract liabilities	2,909	6,602
Provision for bonuses	457	647
Provision for bonuses for directors (and other officers)	37	56
Provision for share awards for employee	-	148
Provision for product warranties	67	42
Other	2,703	3,771
<b>Total current liabilities</b>	<b>39,513</b>	<b>49,016</b>
Non-current liabilities		
Long-term borrowings	378	498
Lease liabilities	108	145
Deferred tax liabilities	760	617
Provision for retirement benefits for directors (and other officers)	67	75
Provision for share awards for directors (and other officers)	34	49
Retirement benefit liability	99	126
Other	269	246
<b>Total non-current liabilities</b>	<b>1,720</b>	<b>1,759</b>
<b>Total liabilities</b>	<b>41,233</b>	<b>50,775</b>
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	28,270	28,299
Retained earnings	31,829	35,734
Treasury shares	(321)	(322)
<b>Total shareholders' equity</b>	<b>64,778</b>	<b>68,712</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,545	1,414
Deferred gains or losses on hedges	(3)	6
Foreign currency translation adjustment	137	1,296
Remeasurements of defined benefit plans	222	(102)
<b>Total accumulated other comprehensive income</b>	<b>1,901</b>	<b>2,615</b>
Non-controlling interests	681	810
<b>Total net assets</b>	<b>67,361</b>	<b>72,139</b>
<b>Total liabilities and net assets</b>	<b>108,594</b>	<b>122,914</b>

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

**(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income**  
**Consolidated Statement of Income**

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net sales	74,292	162,416
Cost of sales	62,551	136,137
Gross profit	11,741	26,278
Selling, general and administrative expenses	10,275	20,383
Operating profit	1,465	5,895
Non-operating income		
Interest income	6	46
Dividend income	69	140
Purchase discounts	344	466
Surrender value of insurance policies	89	33
Rental income	45	116
Foreign exchange gains	13	172
Other	57	291
Total non-operating income	627	1,268
Non-operating expenses		
Interest expenses	0	14
Rental costs	5	38
Amortization of organization expenses	35	-
Other	17	54
Total non-operating expenses	59	107
Ordinary profit	2,033	7,055
Extraordinary income		
Gain on sale of investment securities	91	-
Gain on sale of non-current assets	1	42
Total extraordinary income	92	42
Extraordinary losses		
Loss on sale of non-current assets	-	1
Loss on retirement of non-current assets	-	15
Loss on valuation of investments in capital of subsidiaries and associates	31	-
Loss on abolishment of stock ownership plan	40	-
Total extraordinary losses	72	17
Profit before income taxes	2,053	7,080
Income taxes - current	821	2,362
Income taxes - deferred	177	127
Total income taxes	999	2,490
Profit	1,054	4,590
Profit attributable to non-controlling interests	16	59
Profit attributable to owners of parent	1,037	4,531

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

**Consolidated Statement of Comprehensive Income**

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Profit	1,054	4,590
Other comprehensive income		
Valuation difference on available-for-sale securities	10	(131)
Deferred gains or losses on hedges	(0)	10
Foreign currency translation adjustment	45	1,258
Remeasurements of defined benefit plans, net of tax	34	(324)
Total other comprehensive income	90	813
Comprehensive income	1,145	5,403
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,144	5,245
Comprehensive income attributable to non-controlling interests	1	158

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

**(3) Consolidated Statement of Changes in Shareholders' Equity**

Fiscal Year Ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total
Balance at beginning of period	5,232	5,997	31,307	(85)	42,451
Changes during period					
Increase by share transfers	(232)	22,358		(280)	21,845
Dividends of surplus			(515)		(515)
Profit attributable to owners of parent			1,037		1,037
Purchase of treasury shares				(6)	(6)
Cancellation of treasury shares		(50)		50	—
Purchase of additional shares of consolidated subsidiaries		(34)			(34)
Net changes in items other than shareholders' equity					
Total changes during period	(232)	22,273	521	(236)	22,326
Balance at end of period	5,000	28,270	31,829	(321)	64,778

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

(Millions of yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,357	—	—	204	1,561	248	44,261
Changes during period							
Increase by share transfers							21,845
Dividends of surplus							(515)
Profit attributable to owners of parent							1,037
Purchase of treasury shares							(6)
Cancellation of treasury shares							—
Purchase of additional shares of consolidated subsidiaries							(34)
Net changes in items other than shareholders' equity	188	(3)	137	17	339	432	772
Total changes during period	188	(3)	137	17	339	432	23,099
Balance at end of period	1,545	(3)	137	222	1,901	681	67,361

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



Fiscal Year Ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total
Balance at beginning of period	5,000	28,270	31,829	(321)	64,778
Changes during period					
Increase by share transfers					—
Dividends of surplus			(626)		(626)
Profit attributable to owners of parent			4,531		4,531
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares				5	5
Cancellation of treasury shares					—
Purchase of additional shares of consolidated subsidiaries		29			29
Net changes in items other than shareholders' equity					
Total changes during period	—	29	3,905	(0)	3,934
Balance at end of period	5,000	28,299	35,734	(322)	68,712

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

(Millions of yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,545	(3)	137	222	1,901	681	67,361
Changes during period							
Increase by share transfers							–
Dividends of surplus							(626)
Profit attributable to owners of parent							4,531
Purchase of treasury shares							(5)
Disposal of treasury shares							5
Cancellation of treasury shares							–
Purchase of additional shares of consolidated subsidiaries							29
Net changes in items other than shareholders' equity	(131)	10	1,159	(324)	714	129	843
Total changes during period	(131)	10	1,159	(324)	714	129	4,777
Balance at end of period	1,414	6	1,296	(102)	2,615	810	72,139

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

**(4) Consolidated Statement of Cash Flows**

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,053	7,080
Depreciation	748	1,532
Amortization of goodwill	41	31
Increase (decrease) in provision for bonuses for directors (and other officers)	2	18
Increase (decrease) in retirement benefit liability	3	27
Decrease (increase) in retirement benefit asset	(128)	380
Increase (decrease) in provision for bonuses	(282)	187
Increase (decrease) in allowance for doubtful accounts	14	1
Increase (decrease) in provision for share awards for employee	-	148
Interest and dividend income	(75)	(187)
Interest expenses	0	14
Loss (gain) on sale of investment securities	(91)	-
Loss (gain) on sale of property, plant and equipment	1	(41)
Loss on retirement of non-current assets	-	15
Loss on valuation of investments in capital	31	-
Loss (gain) on cancellation of insurance policies	(89)	(33)
Loss (gain) on abolishment of stock ownership plan	40	-
Decrease (increase) in trade receivables	(2,596)	(1,090)
Decrease (increase) in inventories	(1,293)	(4,381)
Increase (decrease) in trade payables	1,008	1,879
Other, net	(260)	(407)
<b>Subtotal</b>	<b>(871)</b>	<b>5,175</b>
Interest and dividends received	78	183
Interest paid	(0)	(14)
Income taxes paid	(60)	(1,548)
<b>Net cash provided by (used in) operating activities</b>	<b>(853)</b>	<b>3,795</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	-	(1,093)
Proceeds from withdrawal of time deposits	-	1,179
Proceeds from redemption of securities	300	-
Purchase of property, plant and equipment	(434)	(2,486)
Proceeds from sale of property, plant and equipment	-	179
Purchase of intangible assets	(131)	(107)
Purchase of investment securities	-	(120)
Proceeds from sale of investment securities	61	94
Other, net	91	68
<b>Net cash provided by (used in) investing activities</b>	<b>(112)</b>	<b>(2,286)</b>

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(14)	(14)
Repayments of long-term borrowings	(28)	(55)
Proceeds from long-term borrowings	23	204
Purchase of treasury shares	(6)	(5)
Dividends paid	(516)	(624)
Net cash provided by (used in) financing activities	(541)	(495)
Effect of exchange rate change on cash and cash equivalents	16	246
Net increase (decrease) in cash and cash equivalents	(1,491)	1,260
Cash and cash equivalents at beginning of period	14,093	22,872
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	10,270	–
Cash and cash equivalents at end of period	22,872	24,132

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

**(5) Notes to Consolidated Financial Statements****Notes on premise of going concern**

Not applicable.

**Segment information,**

## 1. Outline of reportable segments

The reportable segments are the segments of the MARUKA FURUSATO Group for which separate financial information is available and for which operating profit /loss amounts are evaluated regularly by executive management in deciding how to allocate resources and in assessing performance.

The MARUKA FURUSATO Group comprises of four segments, the “Machinery & Tools Segment,” the “Construction Products Segment,” “Construction Machinery Segment,” and the “Security Segment,” which are segmented by supplies, products and services the Group provides.

Segments are as follows:

Reportable segment	Segment overview
Machinery & Tools Segment	Sales of machinery, tools and consumable products for manufactures in Japan and overseas
Construction Products Segment	Partial manufacturing and sales of products including in-house manufacturing products for construction sectors, sales of housing equipment
Construction Machinery Segment	Sales and rental of construction machinery, rental of construction machinery with operators
Security Segment	Introduction of physical security*1 system, sales of devices, providing subscription business and others

\*1. Physical security: Security measures that are designed to deny unauthorized access to facilities, equipment and resources and to protect personnel and property from damage or harm among information security.

## 2. Method for calculating net sales, profit (loss), assets and other items by reportable segment

The method for accounting treatment for operating segments reported is a method that is compliant with the accounting policies stated in “The important items as a basis for preparing consolidated financial statements.”

Profit of reportable segments represents a figure based on operating profit.

Intersegment revenues and transfers are based on prevailing market prices.

## 3. Information on net sales, profit (loss), assets and other items by reportable segment

Fiscal year ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

(Millions of yen)

	Reportable segment					Adjustment (Note 1)	Total amounts on the consolidated statement of income (Note 2)
	Machinery & Tools	Construction Products	Construction Machinery	Security	Total		
Net sales							
Sales to external customers	42,698	28,880	425	2,287	74,292	–	74,292
Intersegment revenue or transfers	937	13	–	12	963	(963)	–
Total	43,635	28,893	425	2,300	75,255	(963)	74,292
Segment profit (loss)	191	1,269	(32)	0	1,428	36	1,465
Segment assets	53,881	26,075	6,163	1,537	87,658	20,936	108,594
Other items							
Depreciation	329	350	19	47	747	1	748
Amortization of goodwill	14	–	–	27	41	–	41
Increase in property, plant and equipment and intangible assets	208	271	12	72	565	0	566

Notes: 1. Adjustments are as follows:

- (1) Adjustment of segment profit (loss), amounting to ¥36 million, includes ¥39 million from elimination of intersegment transactions, ¥(3) million from reconciliation of inventories, and ¥1 million from reconciliation of non-current assets.
  - (2) Adjustment of assets amounted to ¥20,936 million includes elimination of intersegment transaction of ¥(412) million and corporate assets not allocated to each reportable segment of ¥21,348 million. The majority of corporate assets are surplus funds, long term investment funds and assets in Administration section, which do not belong to each reportable segment.
  - (3) The majority of adjustment of depreciation of ¥1 million does not belong to reportable segments.
2. Segment profit (loss) is adjusted to operating profit on the consolidated statement of income.

Fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(Millions of yen)

	Reportable segment					Adjustment (Note 1)	Total amounts on the consolidated statement of income (Note 2)
	Machinery & Tools	Construction Products	Construction Machinery	Security	Total		
Net sales							
Sales to external customers	107,077	43,787	8,839	2,711	162,416	–	162,416
Intersegment revenue or transfers	1,981	59	–	26	2,068	(2,068)	–
Total	109,059	43,847	8,839	2,738	164,484	(2,068)	162,416
Segment profit (loss)	3,235	2,606	142	(57)	5,928	(32)	5,895
Segment assets	62,665	30,219	5,906	1,526	100,319	22,595	122,914
Other items							
Depreciation	789	458	216	67	1,532	0	1,532
Amortization of goodwill	31	–	–	–	31	–	31
Increase in property, plant and equipment and intangible assets	663	1,894	119	97	2,775	1	2,777

Notes: 1. Adjustments are as follows:

- (1) Adjustment of segment profit (loss), amounting to ¥(32) million, include ¥(31) million from elimination of intersegment transactions, ¥(4) million from reconciliation of inventories, and ¥2 million from reconciliation of non-current assets.
  - (2) Adjustment of assets amounted to ¥22,595 million includes elimination of intersegment transaction of ¥(179) million and corporate assets not allocated to each reportable segment of ¥22,775 million. The majority of corporate assets are surplus funds, long term investment funds and assets in Administration section, which do not belong to each reportable segment.
  - (3) The majority of adjustment of depreciation of ¥0 million does not belong to reportable segments.
2. Segment profit (loss) is adjusted to operating profit on the consolidated statement of income.

**Earnings per share**

(Yen)

	Fiscal year ended December 31, 2021 (from April 1, 2021 to December 31, 2021)	Fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)
Net assets per share	2,632.94	2,816.21
Basic earnings per share	67.11	178.91

Notes: 1. Diluted earnings per share are omitted because there are no latent shares such as bonds with stock acquisition rights.

2. For the calculation of basic earnings per share, shares of the Company owned by a trust account, which are recorded as treasury shares in shareholders' equity, are included in the number of treasury shares excluded for the calculation of the average number of shares outstanding. And for the calculation of Net Assets per share, they are included in the number of treasury shares excluded from the number of shares outstanding at the end of the fiscal year.

For the fiscal year ended December 31, 2022, the excluded number of treasury shares from the average number of shares outstanding for the calculation of basic earnings per share is 233 thousand shares, compared with 267 thousand shares for the fiscal year ended December 31, 2021.

For the fiscal year ended December 31, 2022, the excluded number of treasury shares from the number of shares outstanding for the calculation of Net Assets per share is 231 thousand shares, compared with 235 thousand shares for the fiscal year ended December 31, 2021.

3. Basis for calculating net assets per share is as follows:

	As of December 31, 2021	As of December 31, 2022
Total net assets as reported in the consolidated balance sheet (Millions of yen)	67,361	72,139
Amount to be deducted from total net assets (Millions of yen)	681	810
[of which, non-controlling interests (Millions of yen)]	[681]	[810]
Net assets pertaining to common stock shareholders (Millions of yen)	66,680	71,328
Number of common stock shares outstanding as of December 31 used to calculate net assets per share (Thousands of shares)	25,325	25,327

4. Basis for calculating basic earnings per share is as follows:

	Fiscal year ended December 31, 2021 (from April 1, 2021 to December 31, 2021)	Fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)
Profit attributable to owners of parent (Millions of yen)	1,037	4,531
Profit not pertaining to common stock shareholders (Millions of yen)	—	—
Profit attributable to owners of parent pertaining to common stock shareholders (Millions of yen)	1,037	4,531
Average number of common stock shares outstanding during the period (Thousands of shares)	15,458	25,327

**Significant subsequent event**

Not applicable.