



UNISOL

**Second Quarter of FY2023
Earnings Presentation**

A u g u s t 2023

MARUKA FURUSATO Corporation

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01

Consolidated Financial Results



Second Quarter of FY2023 Consolidated Financial Results Summary

Net sales

85,159 million yen
Year on year : 10.7% increase

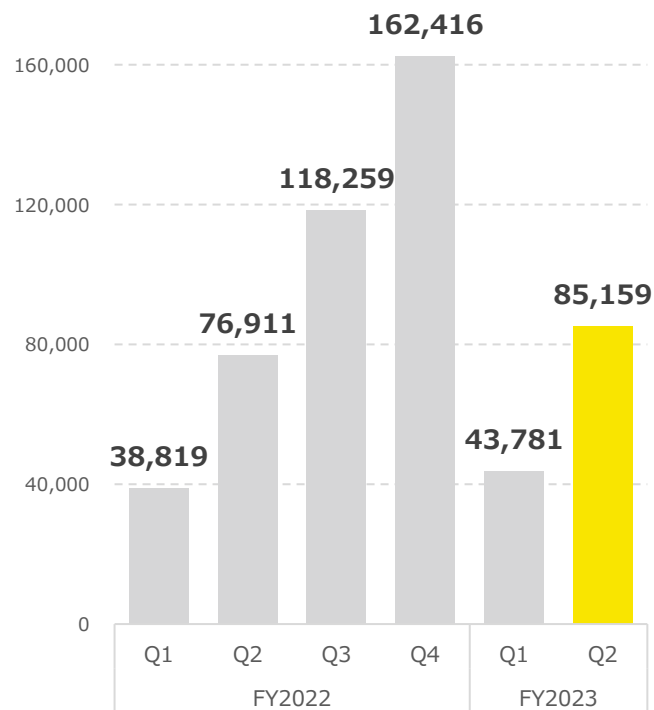
Operating profit

3,186 million yen
Year on year : 15.4% increase

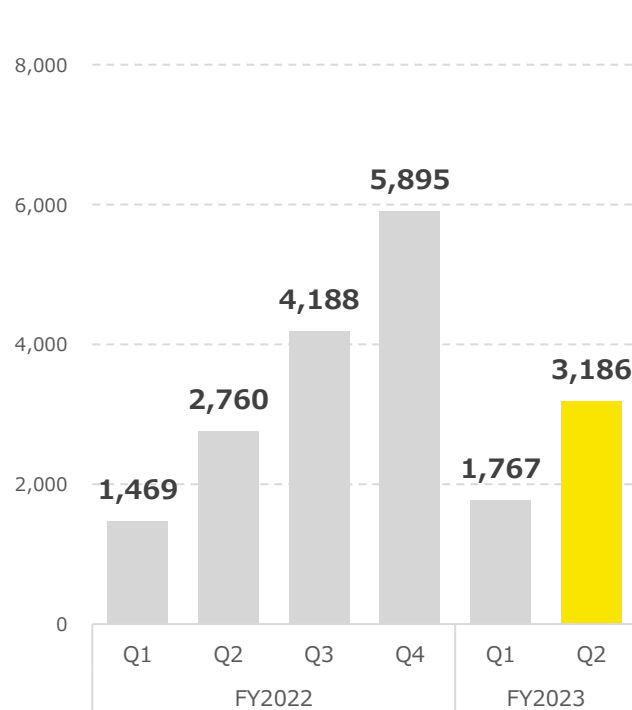
Profit attributable to owners of parent

2,598 million yen
Year on year : 19.0% increase

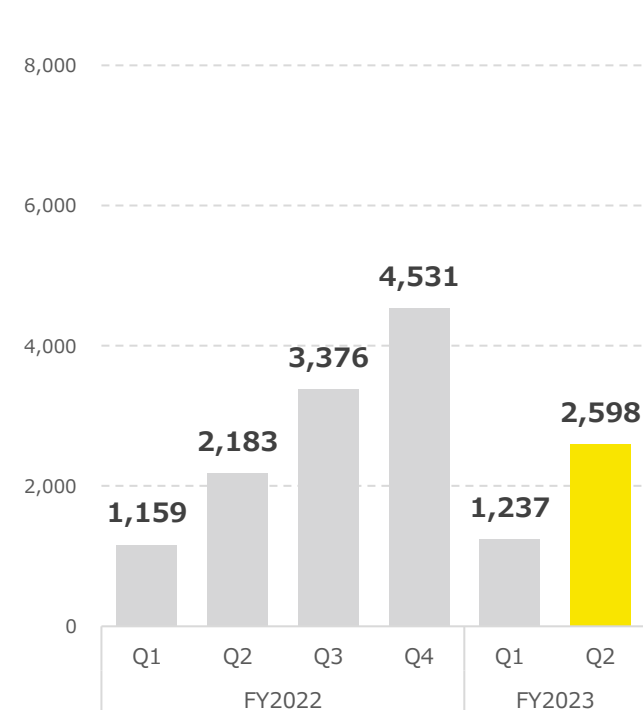
(JPY million)



(JPY million)



(JPY million)



Second Quarter of FY2023 Consolidated net sales

Net sales

85,159 million yen

Year on year

10.7% increase

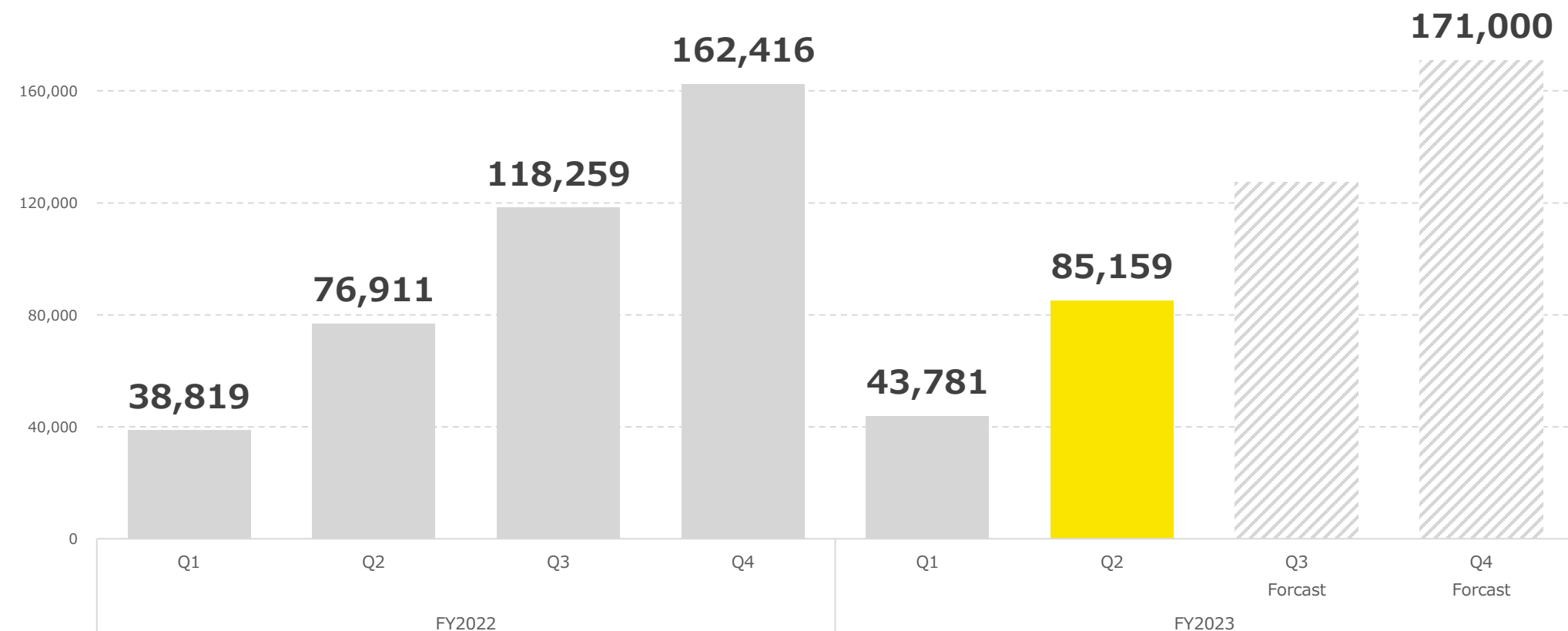
8,248 million yen increase

Achievement

49.8%

Q2 Forecasts : 84,000 million yen

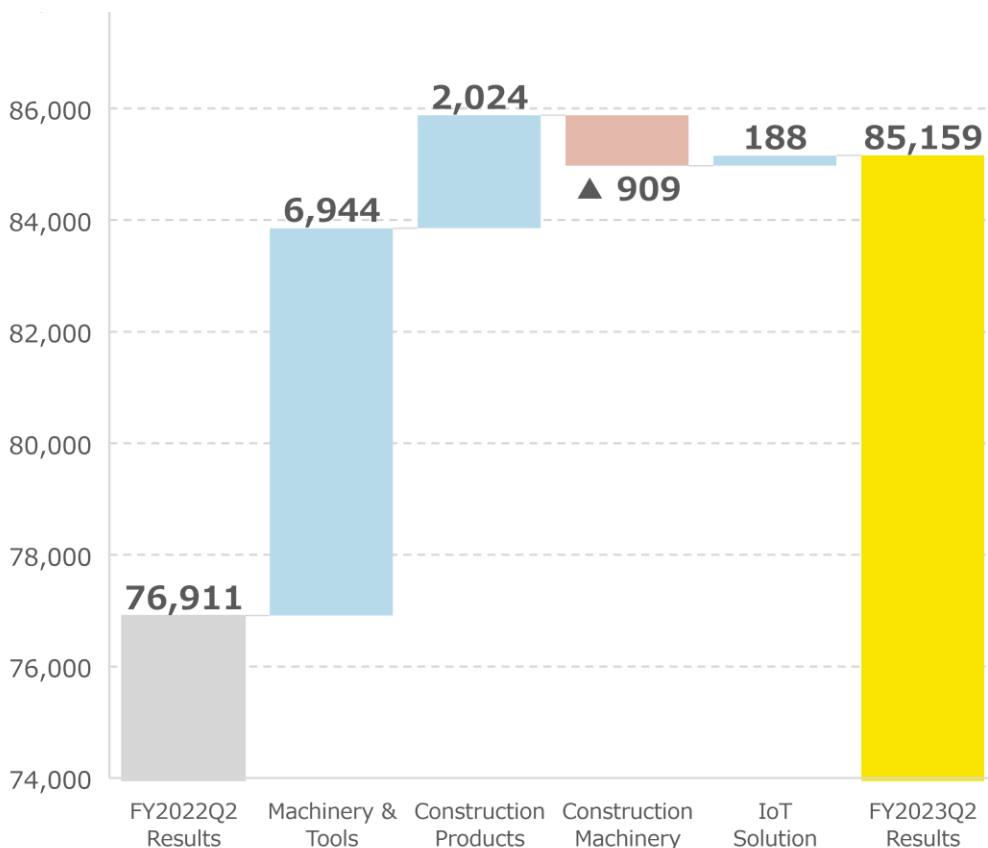
(JPY million)



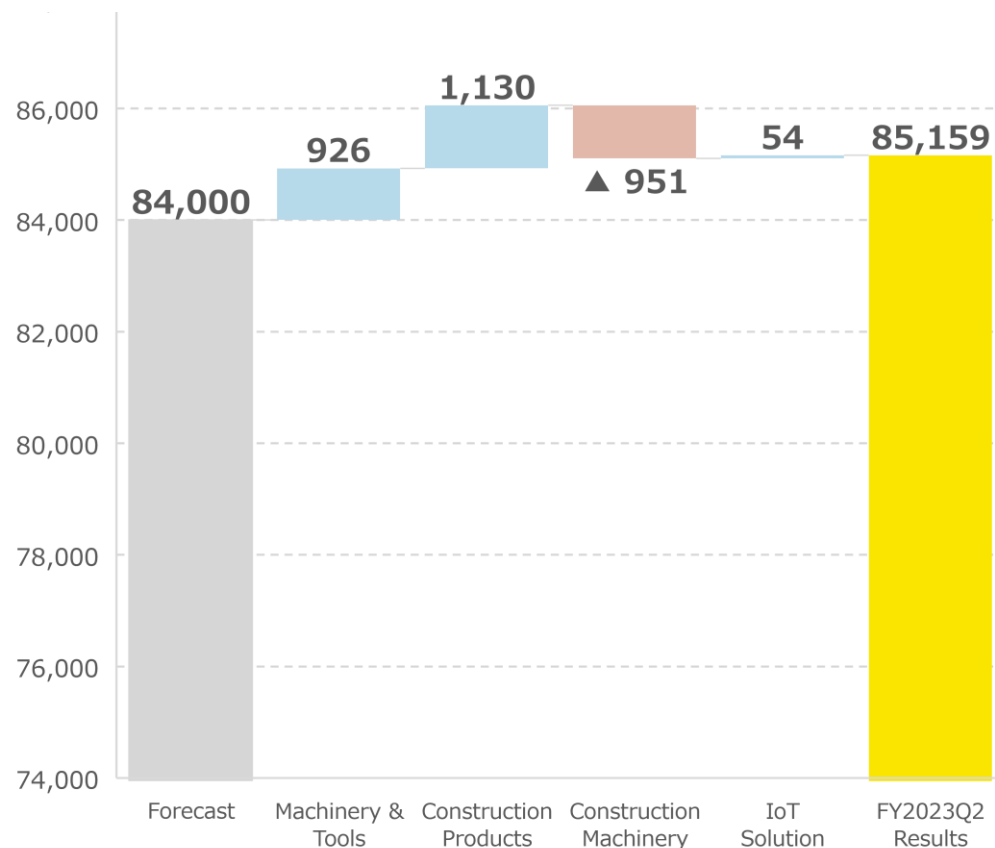
Factors Affecting Segment Net Sales (Market Conditions)

- Internal demand of the Machine Tool Builders' Association decreased 25.4% year on year and external demand decreased 15.9% year on year. (April to June)
- There were signs of a gradual pickup and the industrial production index increased 0.9% year on year. (April to June)
- The number of new construction starts decreased 11.1% year on year based on floor area and decreased 4.7% based on the number of new housing starts. (April to June)

(JPY million)



(JPY million)



Second Quarter of FY2023 Consolidated operating profit

Operating profit

3,186 million yen

Year on year

15.4% increase

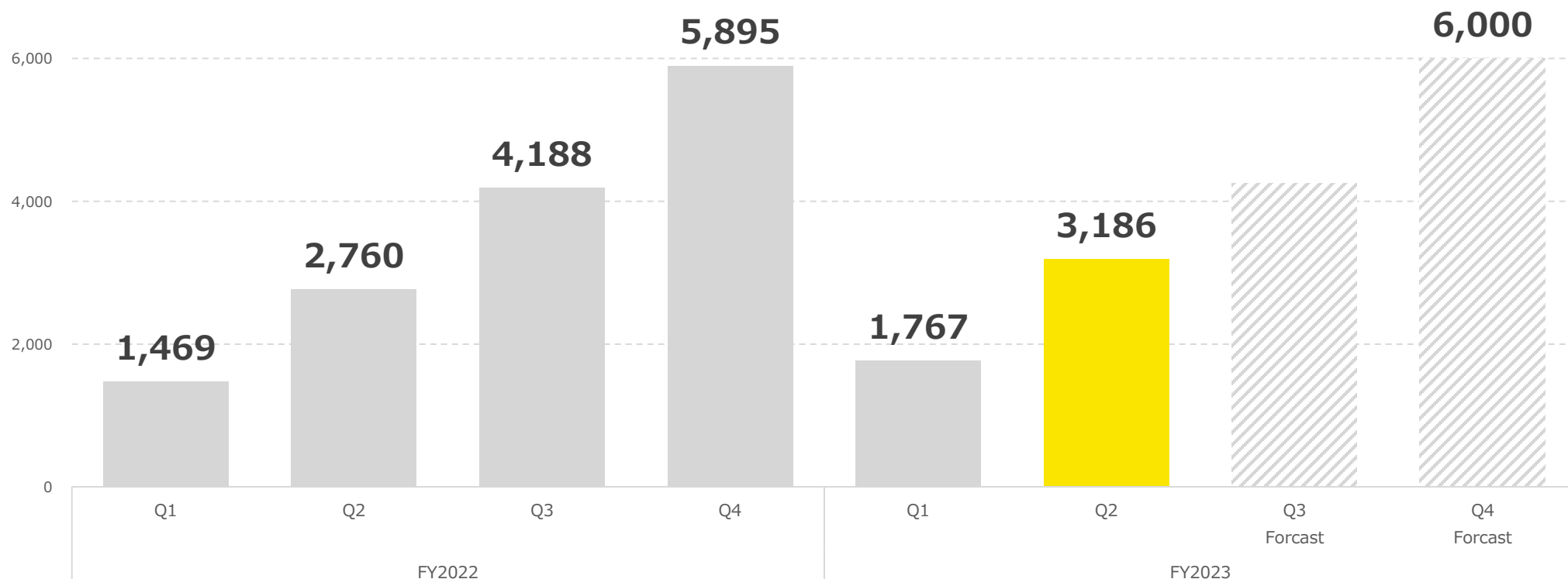
425 million yen increase

Achievement

53.1%

Q2 Forecasts : 2,500 million yen

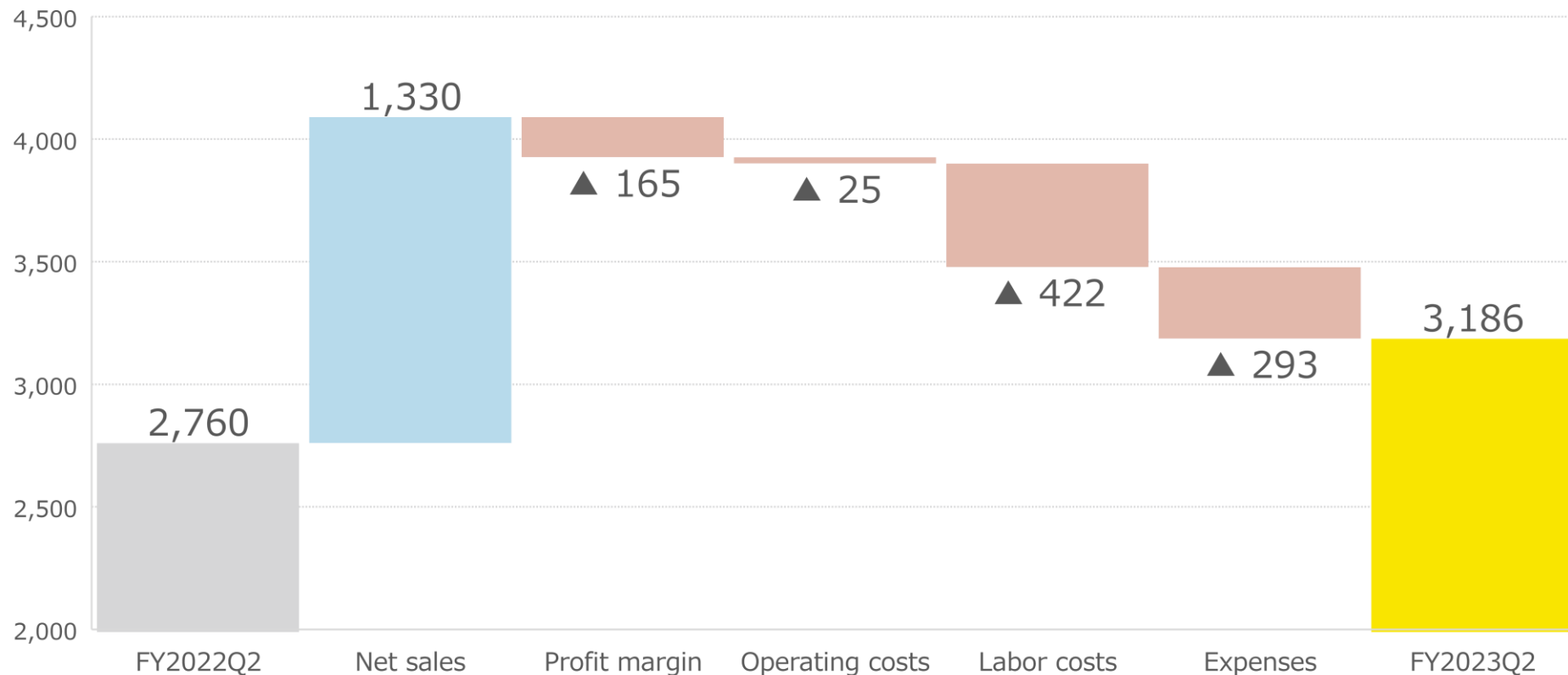
(JPY million)



Factors Affecting Operating Profit (Year on year)

- **Net sales:** Machinery & Tools and Construction Products segments are going strong.
- **Profit margin:** Profit decreased due to rising costs such as materials and energy costs.
- **Labor costs:** Effect of increases in overseas wages and bonuses, and in the number of personnel in Japan.
- **Expenses:** Increased due to the normalization of sales activities because of the easing of behavior restrictions.

(JPY million)



Second Quarter of FY2023 Consolidated profit attributable to owners of parent

Profit attributable to owners of parent

2,598 million yen

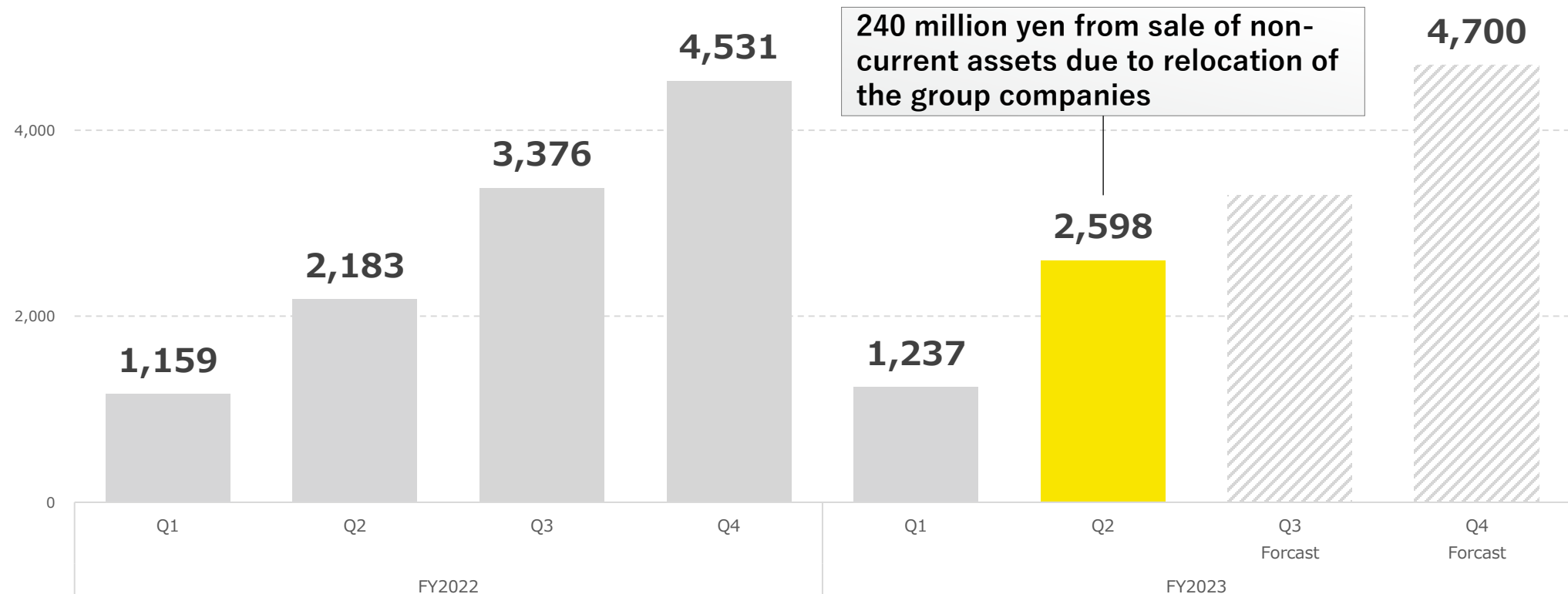
Year on year

19.0% increase
414 million yen increase

Achievement

55.3%
Q2 Forecast : 1,900 million yen

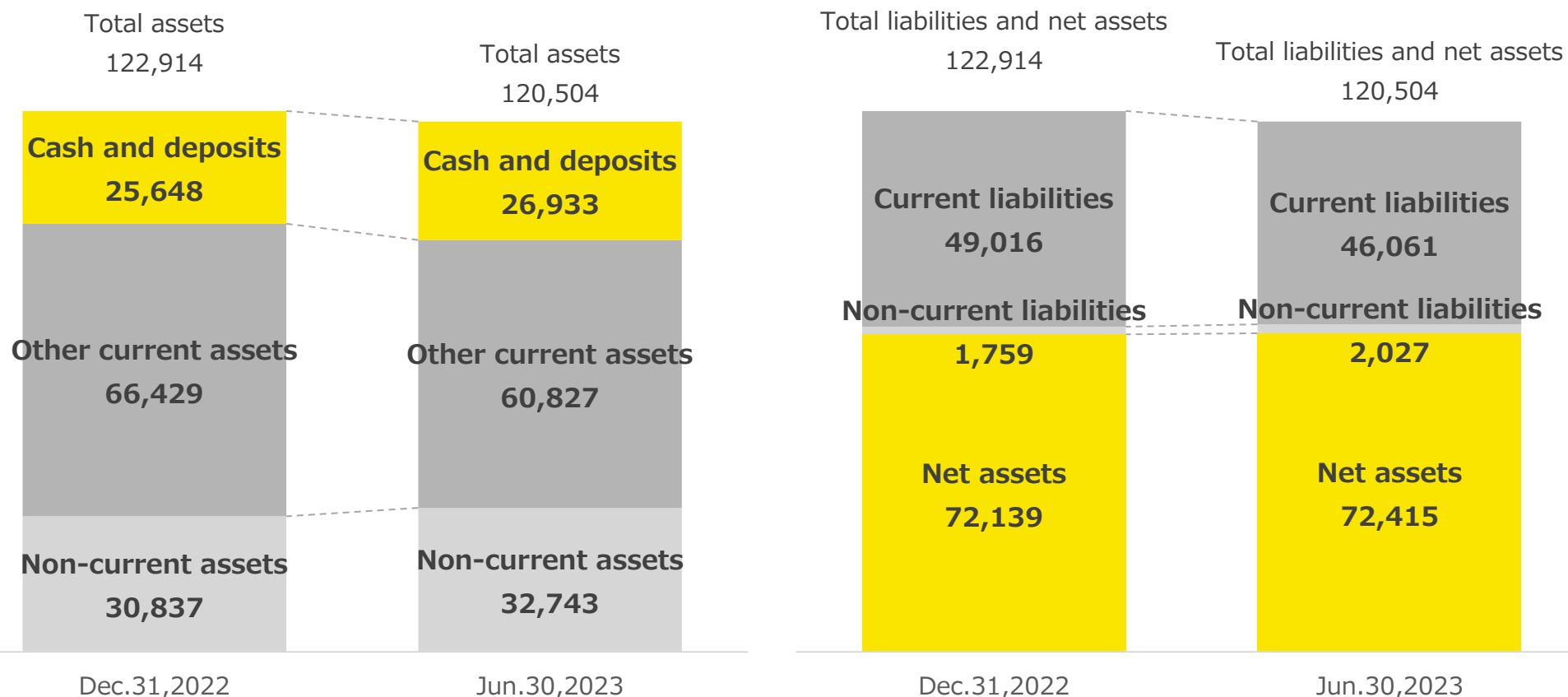
(JPY million)



Consolidated Balance Sheet

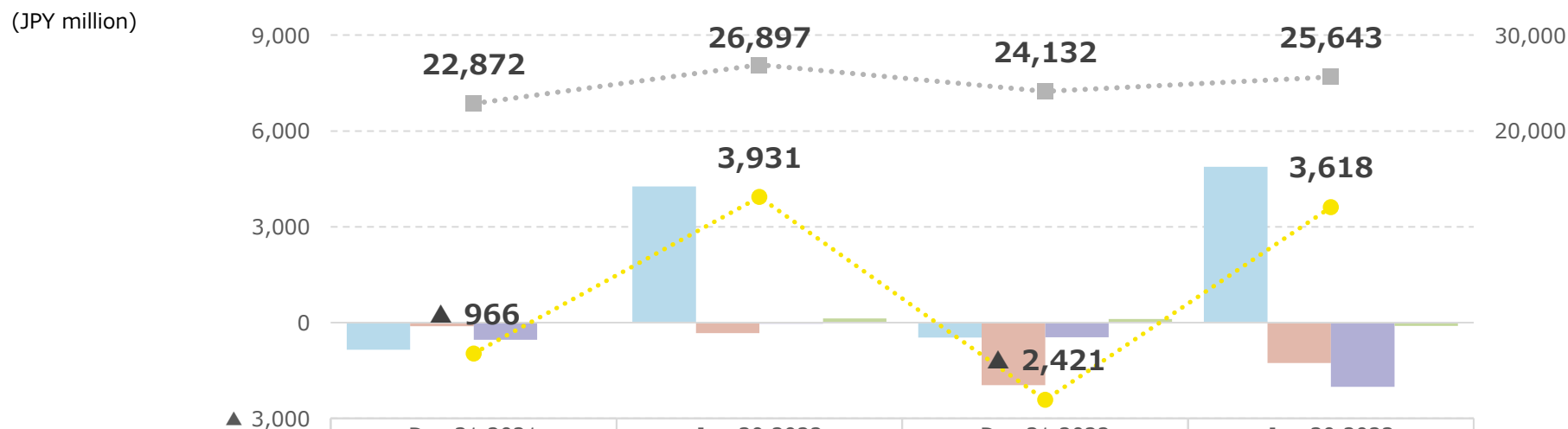
- **Current assets:** Decreased due to payment of dividends, and cash and deposits increased due to conversion of accounts receivable – trade into cash.
- **Non-current assets:** Increase in non-current assets following relocation, construction of group company building.
- **Current liabilities:** Contract liabilities decreased due to the decrease in backlog.

(JPY million)



Cash flow

- Depreciation in CF from operating activities was 741 million yen.
- Proceeds from sale of property, plant and equipment was 1,440 million yen due to relocation of group companies
- 2,623 million yen was recorded as CF from financing activities due to payment of dividends



| | Dec.31,2021 2021 | Jun.30,2022 2022 | Dec.31,2022 | Jun.30,2023 2023 |
|---|---------------------|---------------------|-------------|---------------------|
| CF from operating activities | ▲ 853 | 4,261 | ▲ 465 | 4,880 |
| CF from investing activities | ▲ 112 | ▲ 329 | ▲ 1,956 | ▲ 1,262 |
| CF from financing activities | ▲ 541 | ▲ 35 | ▲ 460 | ▲ 2,006 |
| Effect of exchange rate change on cash and cash equivalents | 16 | 129 | 117 | ▲ 100 |
| Free Cash Flow | ▲ 966 | 3,931 | ▲ 2,421 | 3,618 |
| Cash and cash equivalents as of the end of FY | 22,872 | 26,897 | 24,132 | 25,643 |



02

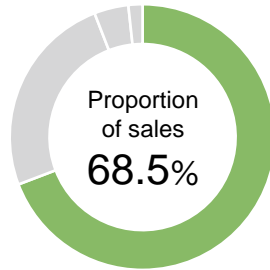
Segments



Characteristics of Segments

Machinery and Tools

A machinery technology trading company with the technical skills and proposal capabilities for providing, as well as designing, the optimum machinery and tools for the manufacturing industry in Japan and overseas



| Market | Share |
|--------|-------|
| Big | Low |



Machine tools



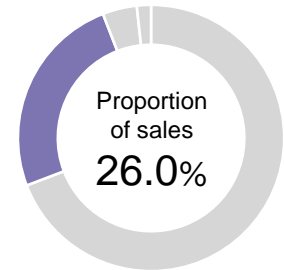
Injection molding machines



Pneumatic devices

Construction Products

A construction products trading company with manufacturing functions that provides building products, piping products and housing equipment devices just in time to the construction industry in Japan



| Market | Share |
|------------|-------|
| Small -Mid | High |



Braces



High tension bolts



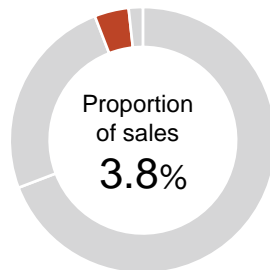
Joints



Housing equipment devices

Construction Machinery

Sales of cargo handling machinery, construction machinery, etc., sales of insurance, and rental of elevating work vehicles, including operators, to public works contractors, etc. in Japan



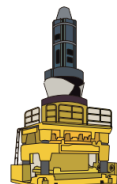
| Market | Share |
|--------|-------|
| Mid | Low |



Crawler cranes



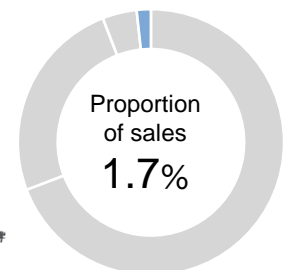
Hydraulic shovels



Large diameter full-perimeter rotary drills

IoT Solution

Provision of total solutions tailored to needs related to offices, factories, warehouses, etc., and realization of controlling, preventing and mitigating various risks



| Market | Share |
|--------|-------|
| Mid | Low |



Security cameras



Face recognition readers with thermometers





Automatic Transportation robots



Segments by Business Company

MARUKA FURUSATO Corporation

| | | G-NET | Gifu Shoji | Maruka Corp. | Over seas : 7 Company | KAN MANUFACTORY | ArPlus | Mtass Ref | TS Precision |
|--|-------------|---|--|--|--|--|----------------|---|---|
| Machinery & Tools Segment | Machinery | Machine tools, FA devices Industrial machinery, etc. | FA devices | Machine tools Industrial machinery, etc. | Machine tools Industrial machinery, etc. | Washers | Food machinery | CO ₂ refrigeration systems | Forming machine, CVJ, etc. |
| | Engineering | Engineering ES business | | | Sonoruka : Japan ITI : America USI : Indonesia | | |  |  |
| | Tools | Machinery & tools Pneumatic devices, etc. | Automotive tools | Machinery & tools | | Kitakyu Machine and Tools Machinery & tools | | | |
| Construction Products Segment | | Housing equipment system | Furusato Industries Building products Piping products Construction product rental | | | | | | |
| Construction Machinery Segment | | | | Construction Machinery | Japan Rental Construction machinery rental Construction product rental | | | | |
| IoT Solution Segment (Former Security Segment) | | Security Design General security Factory management | | | | | | | |

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

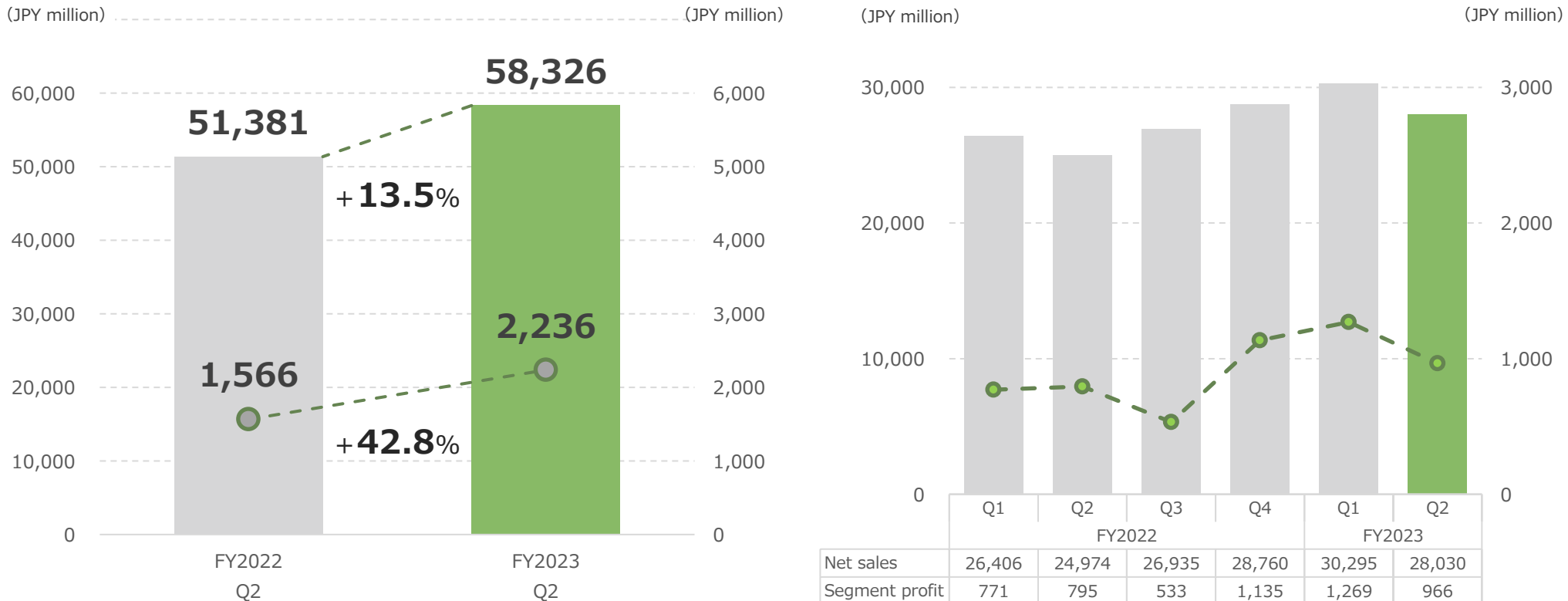
Machinery & Tools Segment

- Japan (Machinery) : EV and other environment-related investments for large companies and the automotive industry going well
Small- and medium-sized companies are refraining from capital investment due to future uncertainties
- Japan (Tools) : Factory capacity utilization was high, and sales in peripheral equipment of machine tools were holding steady

Cumulative quarterly results year on year

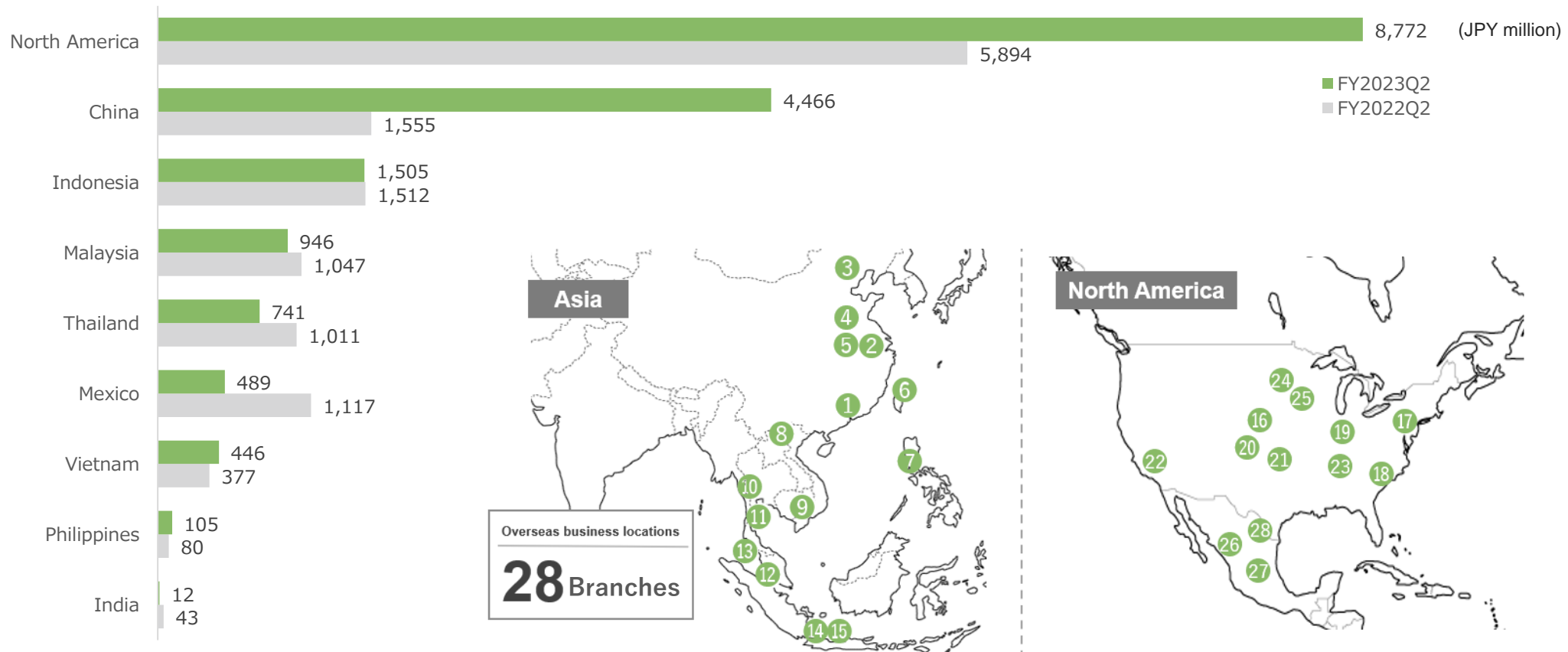
■ Net sales -●- Segment profit

Quarterly transition



Machinery & Tools Segment Consolidated Overseas Net Sales

- Overseas net sales: 17,486 million yen
(Year on year: Increased by 4,845 million yen (38.3% increase))
- Proportion of overseas net sales: 20.5% (16.4% in the last year)
- Machine tools and injection molding machines firm for both North America and China due to capital investment projects



Construction Products Segment

- Demand was holding steady for large-scale redevelopment projects, logistics facilities, etc., but there was a decrease in projects for small- to medium-sized properties
- Inquiries were concentrated on large-scale properties, and sales price competition has intensified
- For housing equipment, inquiries were on a downward trend due to the fallback following the COVID-19 pandemic

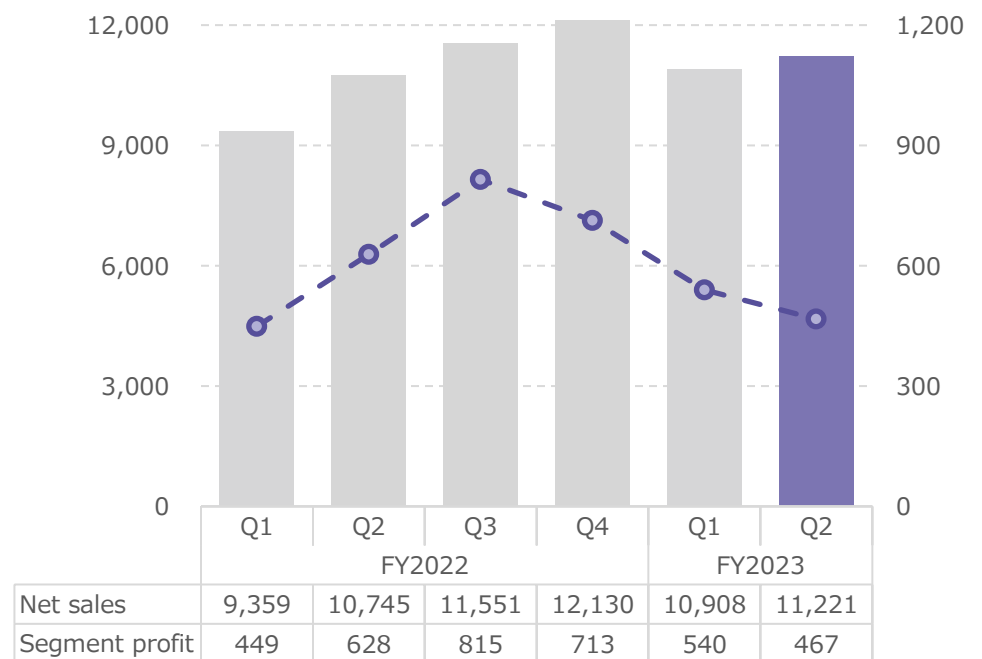
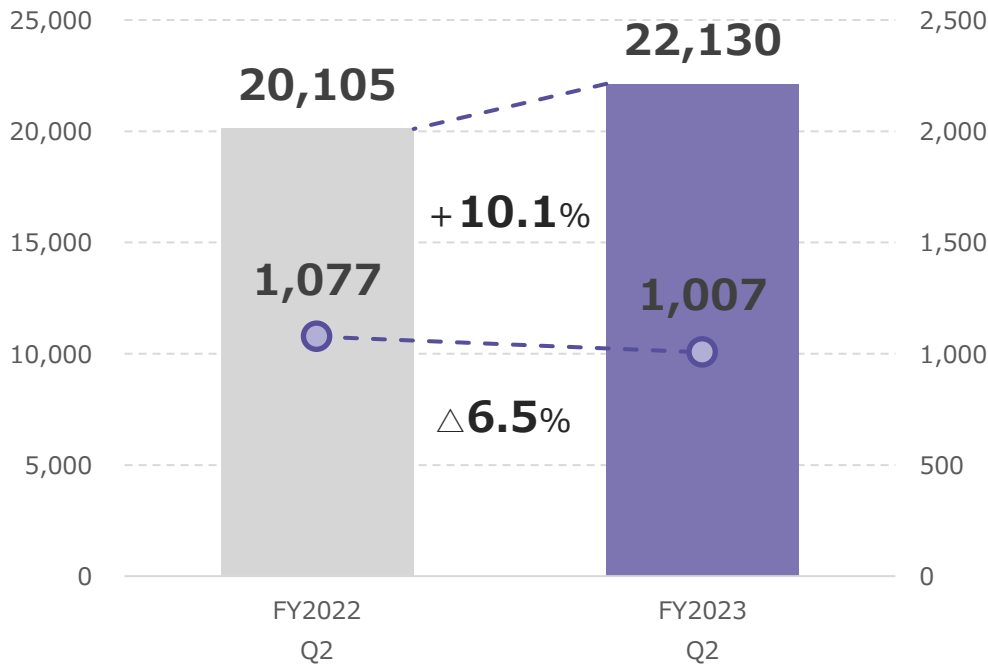
Cumulative quarterly results year on year

Net sales Segment profit

Quarterly transition

(JPY million)

(JPY million)



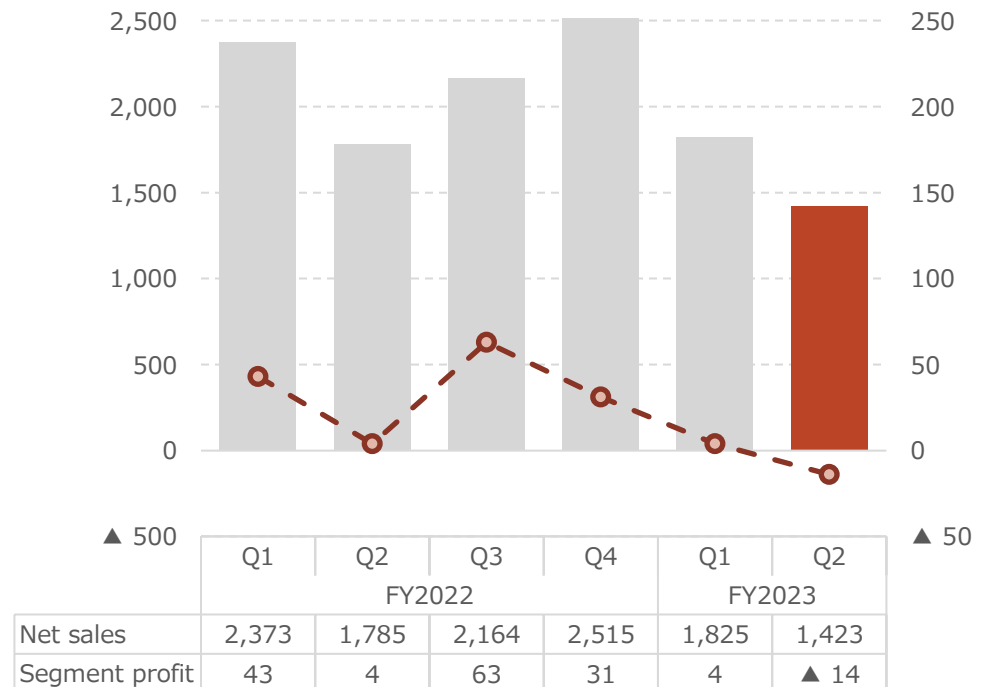
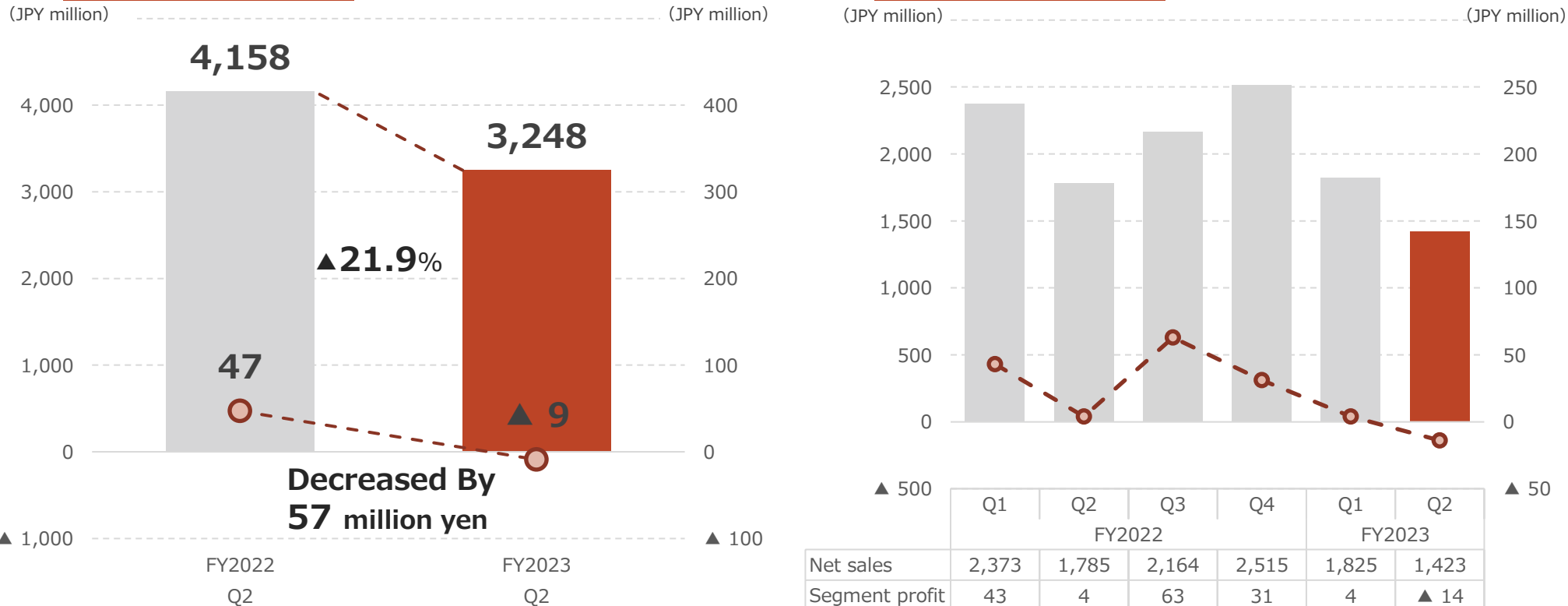
Construction Machinery Segment

- Net sales declined due to pull-back in demand following the demand rush before price increases.
- There was an impact from delivery problems caused by engine and steel product issues, machinery problems, etc.
- Outsourcing costs and repair costs increased for the rental business.

Cumulative quarterly results year on year

■ Net sales -○- Segment profit

Quarterly transition



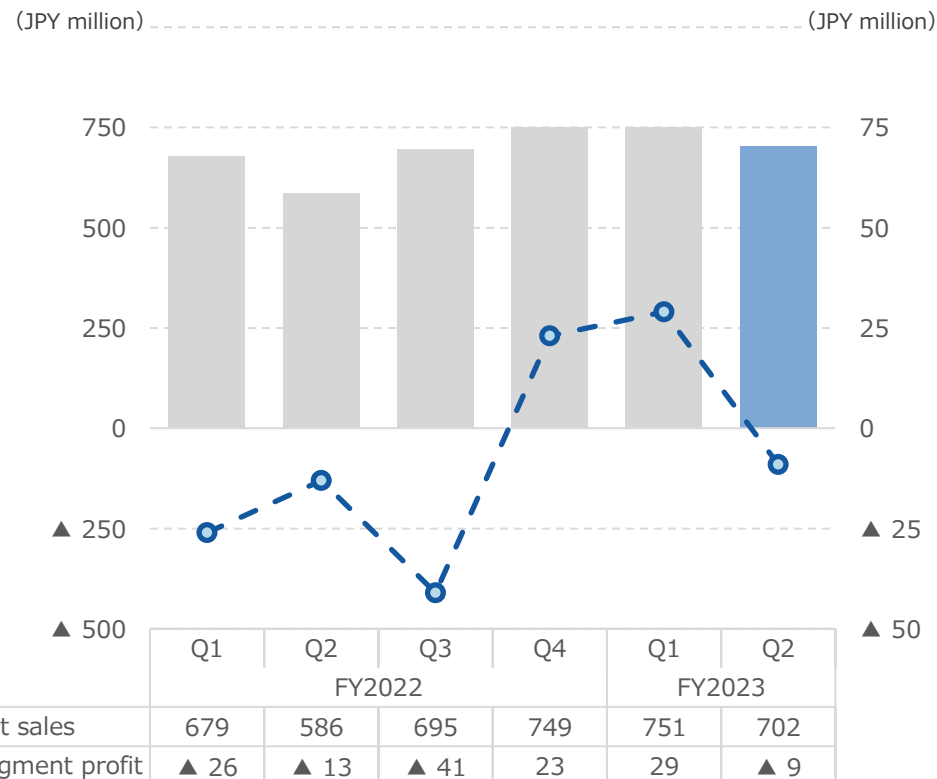
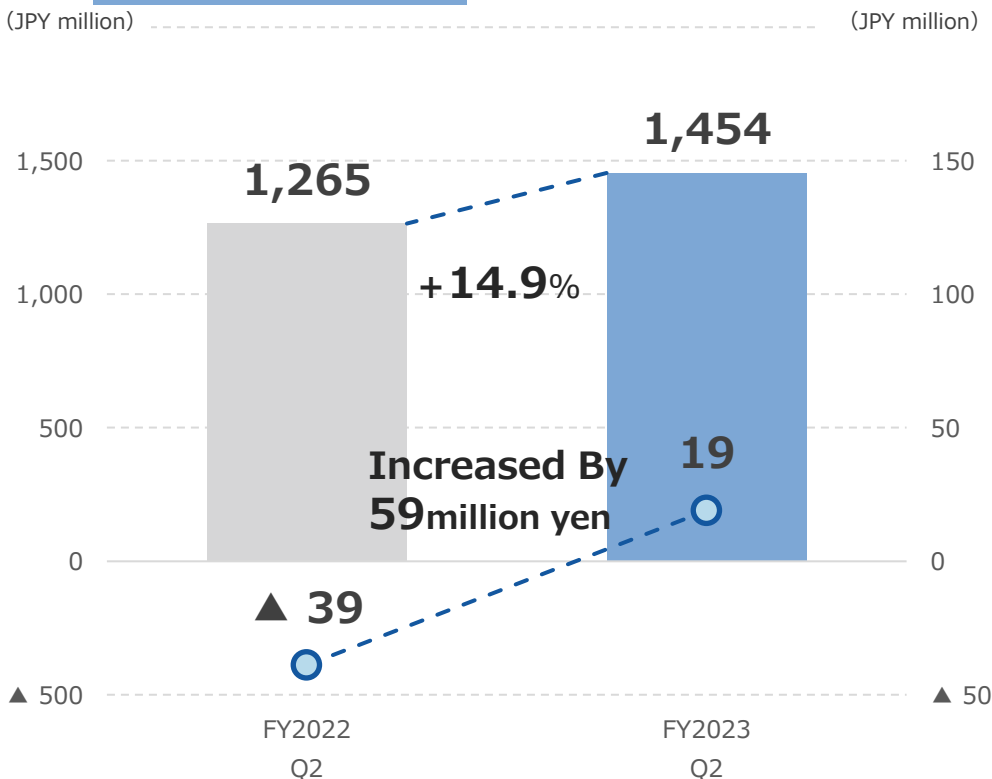
IoT Solution Segment (Former Security Segment)

- Selling prices for IP camera (NW camera) units were on a downward trend
- Use of AI cameras for customer analysis, monitoring, and marketing was on an upward trend
- Due to intensifying competition, however, it continues to be difficult to secure profits

Cumulative quarterly results year on year

Net sales Segment profit

Quarterly transition





03

Medium-Term Management Plan



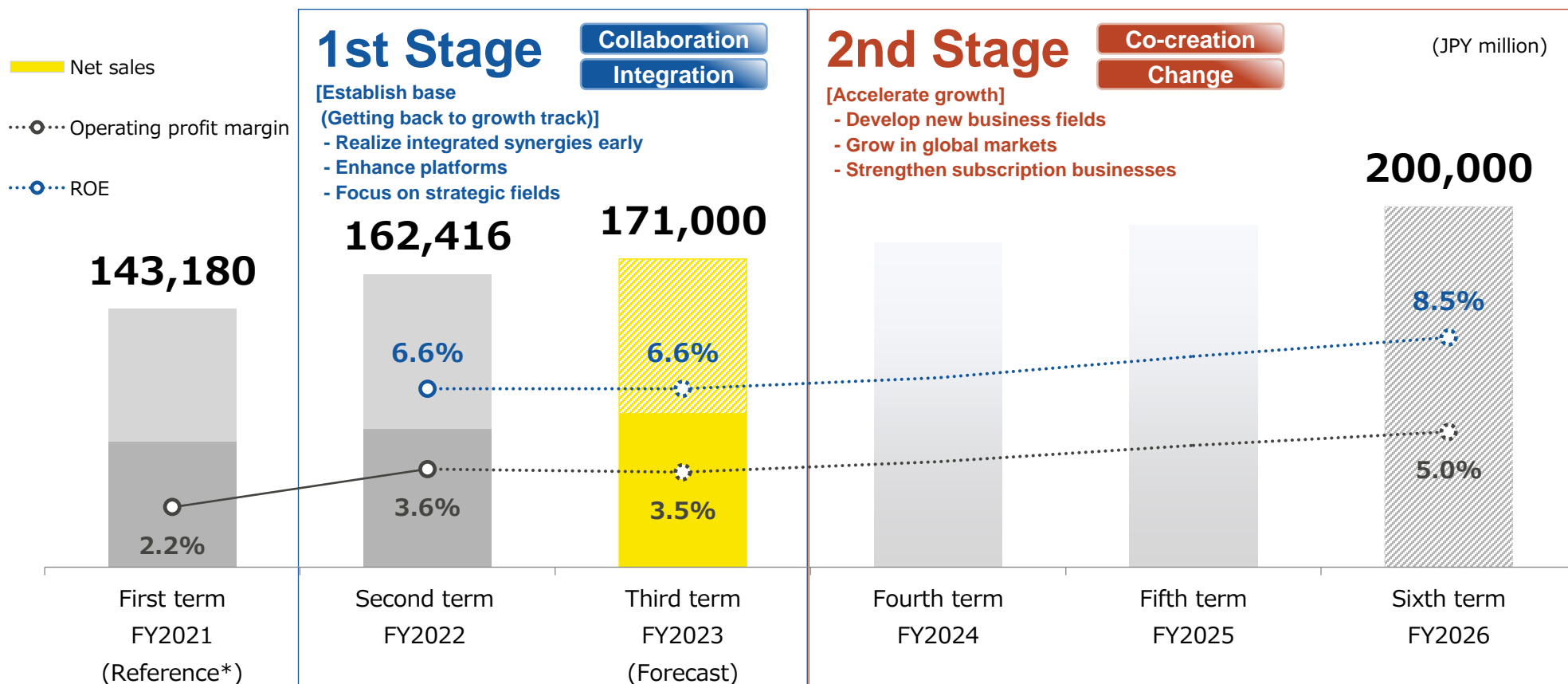
Medium-term Management Plan “UNISOL”

- 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 ~

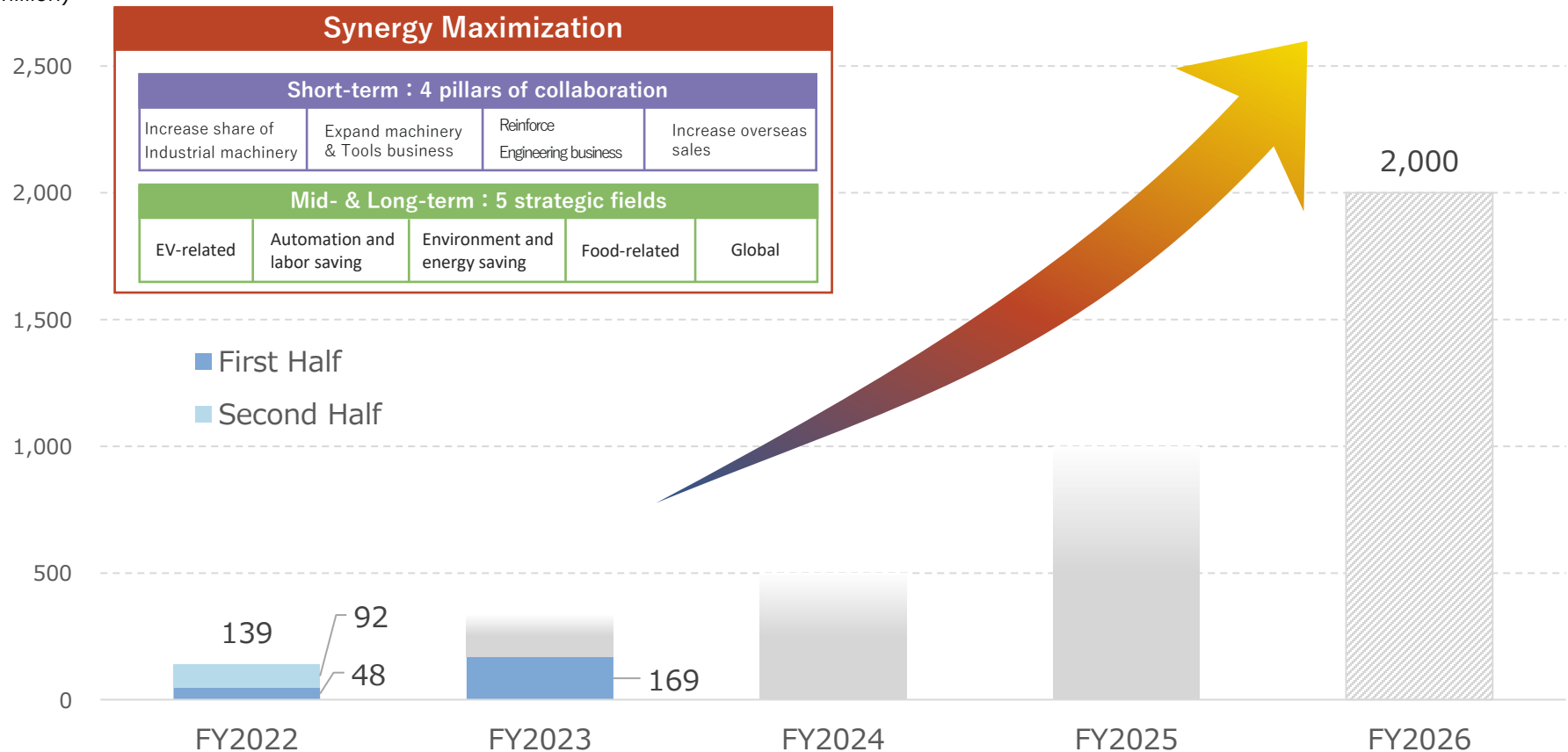


* Results of FY2021 are reference values by summing financial results of the Furusato Group from January to December 2021 and the Maruka Group from December 2020 to November 2021.

Roadmap to Achieving Earnings Targets: Progress on Synergy

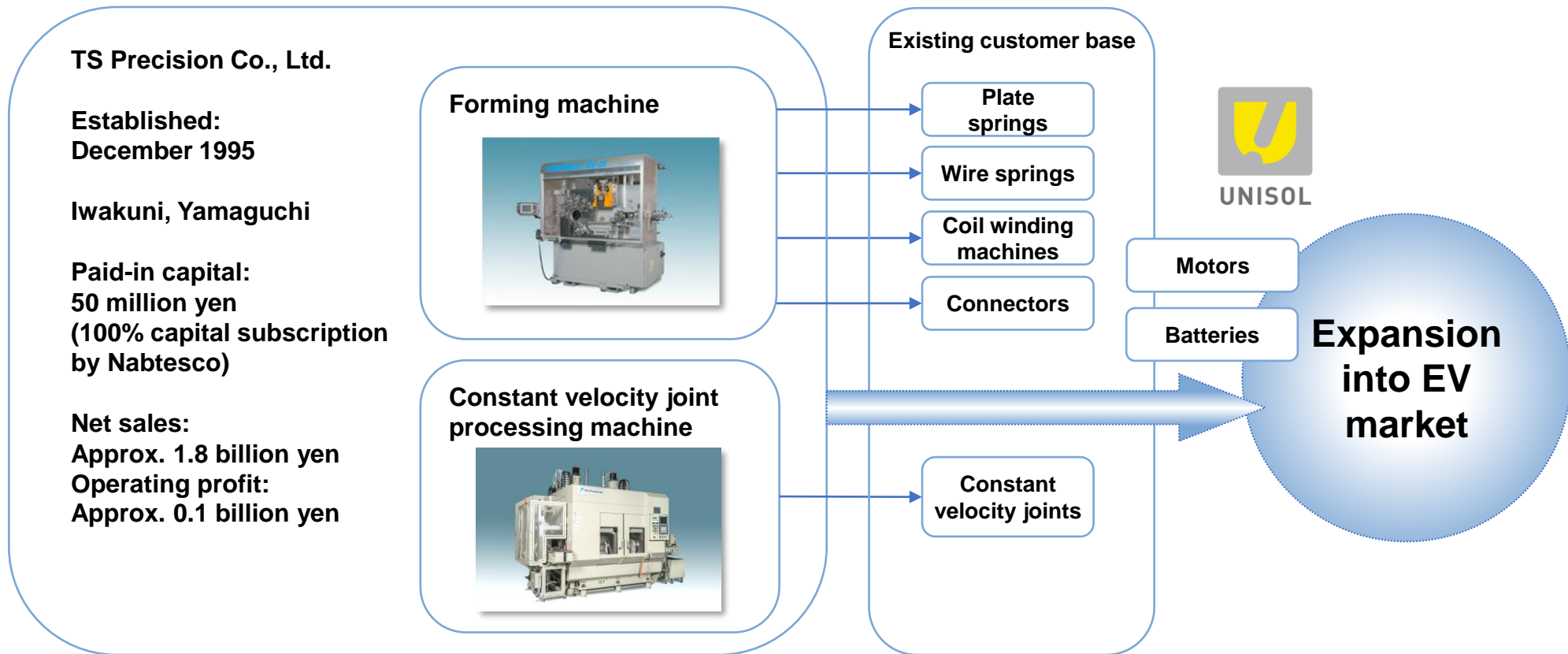
- First-half earnings increased from 48 million yen to 169 million yen, and EV-related in the 5 strategic fields grew significantly
- AF365 launched its services in July, and results are expected for automation and labor saving in the 5 strategic fields

(JPY million)



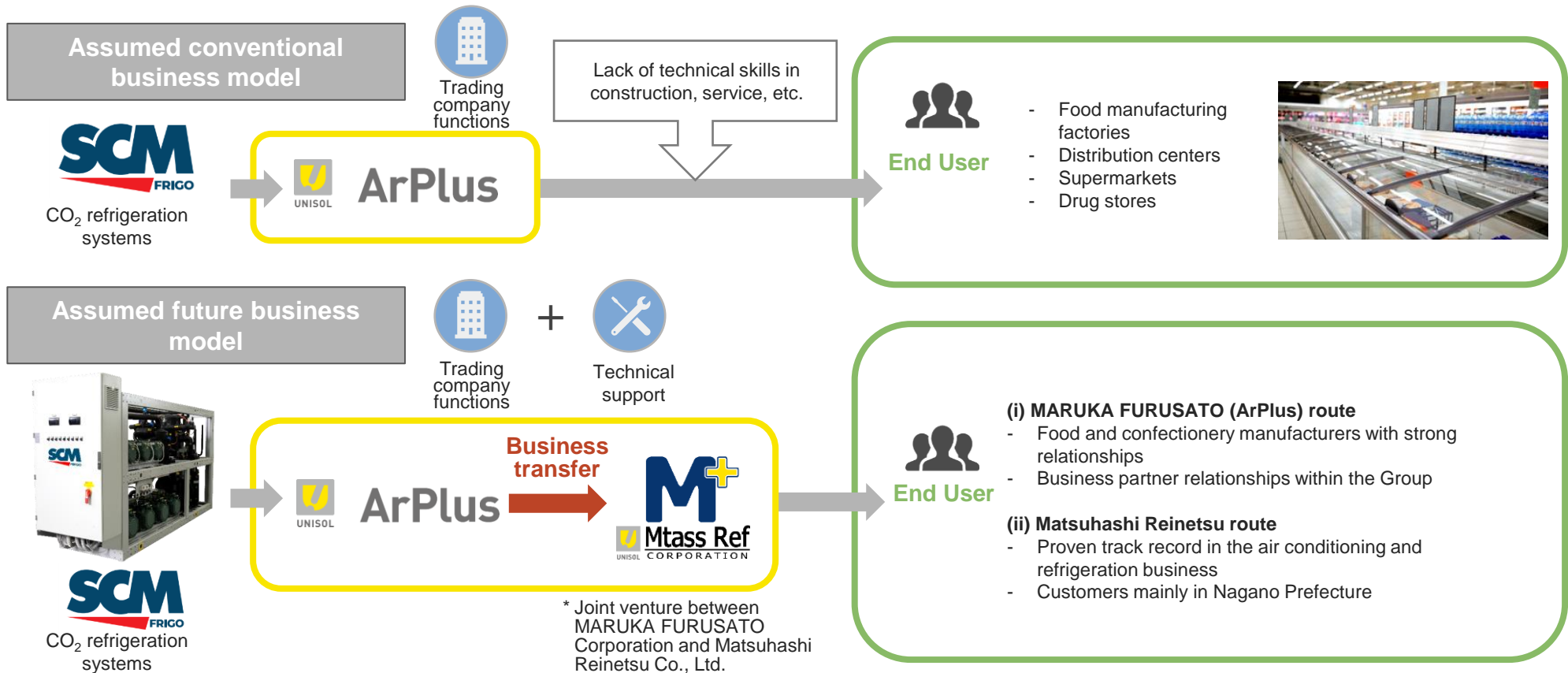
Platform Strategy (Making TS Precision a Subsidiary)

- Build an engineering chain that integrates trading company functions and manufacturer functions
- Cooperation and advancement in EV-related fields
- Develop operations overseas using Group's network



Platform Strategy (Establishment of Mtass Ref Corporation)

- Concluded a sole agency agreement for sales in Japan with SCM Frigo in February 2020.
- Import and sales of CO₂ refrigeration systems capable of meeting European greenhouse gas emission regulations in Japan
- Collaborate with Matsuhashi Reinetsu to not only sell products, but also boost capabilities in construction techniques as a manufacturer



Synergy Success Story (1)

Providing Traceability Solutions in Factories

Responsible Companies



MARUKA



Security Design

Needs

- Many assembly and part packaging errors occurred in the manual assembly and packaging processes for several hundred different parts
- As traceability was not established, the causes were not identified and countermeasures were not taken.



Countermeasures

i-PRO
(i-PRO)

Camera System 2.1 million yen all-in
(to provide a solution capable of storing one year's worth of data)

Key Points

- **Expanded sales territory** by taking advantage of **new commercial products** that could be proposed through business integration
- **Promptly shared information with customers** who were considering cameras from other manufacturers and proposed products that better meet their needs
- **Conducted accompanied demonstrations** and active product promotions

Order Flow

1. Needs identification



MARUKA User
Expanding sales of proposed commercial products such as security cameras. Introduced to the site by the customer's production engineering manager, and propose surveillance cameras.

2. Information sharing



MARUKA SD
Shared information on competing products. Selected products that meet needs and cost considerations.

3. Accompanied demonstration



MARUKA/SD User
Accompanied customers to site for demonstration. Proposed a solution for storing one year's worth of data in order to solve the problem.

4. Order receipt



User SD
Received order for nine units (one unit supports one process). Number of units expected to increase going forward as there are about 100 target processes in total.

Scalable products that can also improve work efficiency through work analysis by visualizing work processes with the purchase of additional work analysis applications

➤ **Proposals can be made to factories in a variety of industries because products can be used by anyone**

Synergy Success Story (2)

Early Reservations of ARUM Factory365 (Sales Starting in July)

Responsible Companies



Needs

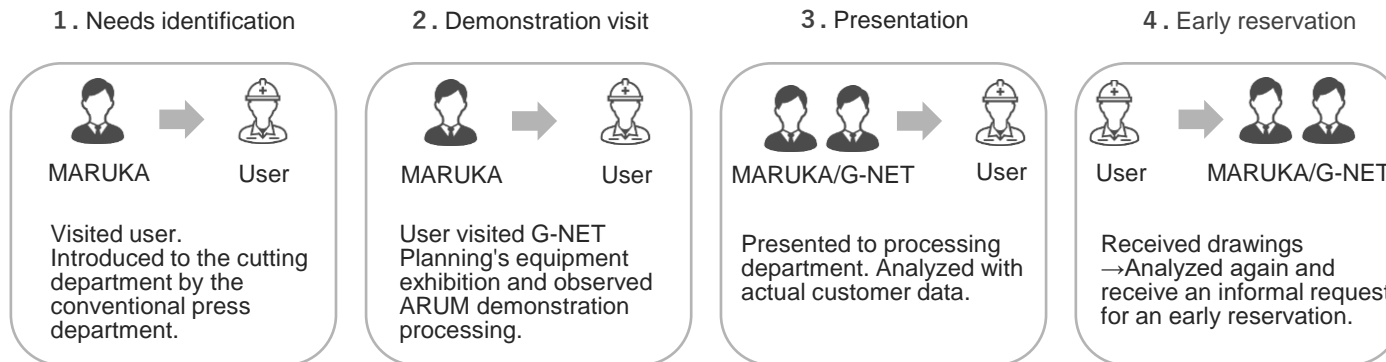
- Limited number of machine operators and work (mainly NC programming) is allocated to specific people
- ARUM Factory365 meets the need for a solution that can cover a portion of the man-hours

Key Points

- Sought points of contact not only in the conventional pressies field but also in the cutting and processing field in order to **expand sales to existing customers**
- Steadily expanded ARUMCODE1 proposal activities **in cooperation with G-NET**
- The ARUMCODE Promotion Office in Nagoya was also actively involved in providing **detailed explanations, including demonstrations**

ARUM Factory365

Order Flow



Currently proposing tool changeover by Giga Selection and replacement of two aging machining centers currently in use to create further cross-selling opportunities

Exhibitions

- Became possible to exhibit at exhibitions in a wider range of fields following the integration
- Using exhibitions as an opportunity to directly grasp end-users' needs

MARUKA/G-NET

Point

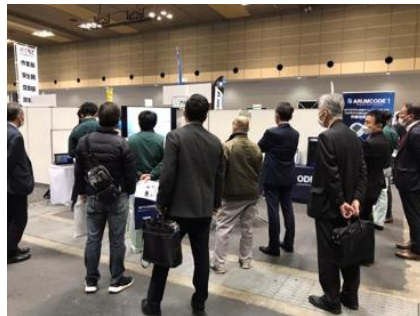
Valuable opportunity to **talk directly with end-users**, especially for G-NET, which is mainly wholesale.

MARUKA's **EV Business Promotion Office** exhibited at **AUTOMOTIVE WORLD** for the first time.

- Osaka Machine Processing System Exhibition
- Chubu Machine Processing System Exhibition
- 15th AUTOMOTIVE WORLD
- FOOMA JAPAN 2023, etc.



FOOMA JAPAN2023



Osaka Machine Processing System Exhibition

ARUMCODE

Point

Exhibiting at numerous exhibitions as a product that can be **promoted to a wide range of markets**

- Digital and Tech Ministers' Meeting in Takasaki, Gunma
- Future Monozukuri International EXPO 2023
- 5th IoT / AI / Robot Exhibition, etc.



Han's Robot

- 7th RoboDEX, etc.



Group Strategy for Human Resources

- Started recruitment for FY2024 new graduates at MARUKA FURUSATO, and created new Group recruitment page
- Certified as Health & Productivity Management Outstanding Organization 2023 (large enterprise category)
- Held skills training together with Group companies and promoted common skills training system

Group recruitment page

Point

Coordination of FY2024 new-graduate recruitment in HD.
New recruitment page intends to explain corporate principle and future career opportunities



どこにもない。
まねできない。
ひとあじ違う。
ソリューション

Unique,
Unmatchable, and
Different Solutions



モノづくりと
街づくりに
おどろきを。

Surprises
in Manufacturing and
Urban Planning



<https://www.unisol-gr.com/recruit/>

Promotion of health management



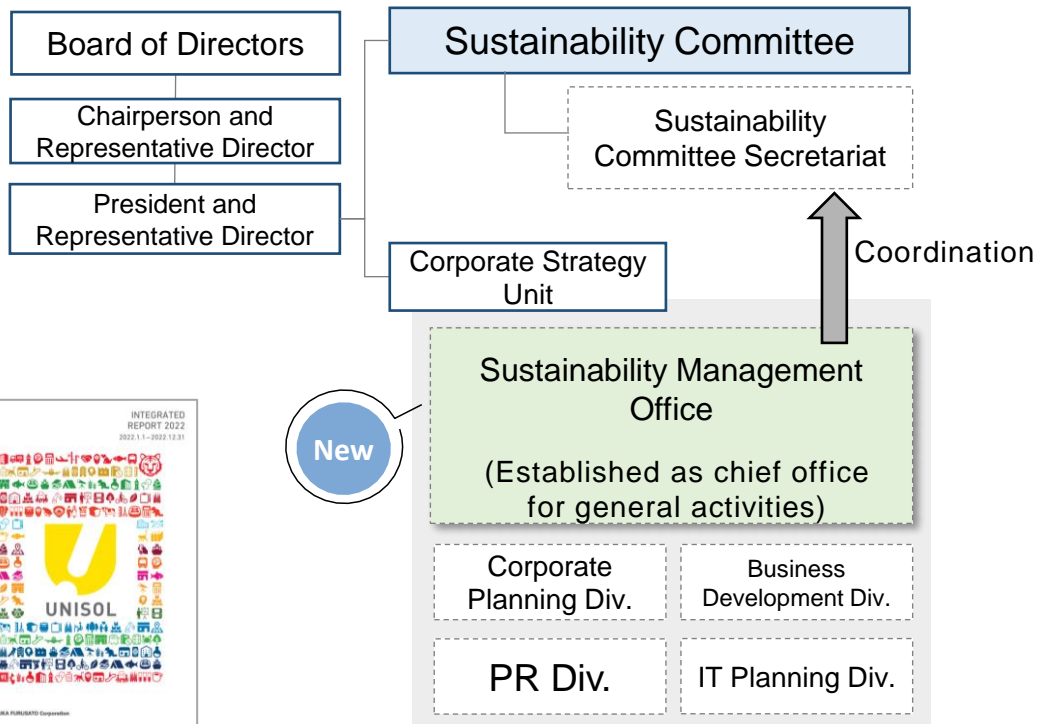
Group-wide skill training system

| Ownership mind development | Career development | Diversity training | Objective-specific training | OJT | Global human resource development | Qualifications/specialist knowledge | Self-development support |
|------------------------------|--------------------|-------------------------|---|-----|-----------------------------------|-------------------------------------|--------------------------|
| Executive training | | Senior training | | | | | |
| Manager training | 40-49yo training | | | | | | |
| Mid-career employee training | 30-39yo training | | | | | | |
| Elective voluntary training | 20-29yo training | | | | | | |
| Follow-up training | | | | | | | |
| New employee training | | Women's career training | | | | | |
| | | | Compliance training | | | | |
| | | | DX training | | | | |
| | | | Employees' Stockholding Association study session | | | | |
| | | | Workplace guidance | | | | |
| | | | Workplace study session | | | | |
| | | | Various experience through job rotation | | | | |
| | | | Overseas posting | | | | |
| | | | Language training | | | | |
| | | | Qualification incentive reward system | | | | |
| | | | E-learning fee subsidy | | | | |

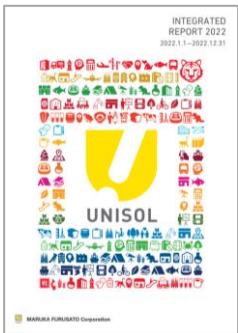
Sustainability (Integrated Report)

- Sustainability Promotion Preparatory Office established in July 2023 as chief office
- Promote system that interlinks everything, encompassing vision, sustainability policy, management plan, and individual initiatives
- Currently focused on total grasp of GHG emissions from business operations

Promotion Structure



Relationship Between the Vision and Policies/Strategies



Annual Report



https://www.unisol-gr.com/wp-content/uploads/2023/06/ir_2022_en_browse.pdf



04

Result Forecasts and Dividend Policy



Result Forecasts

- In light of the recent trend in financial results, we adjusted the full-year result forecast on August 8, 2023
- Gain on sale of non-current assets associated with the relocation of group companies, which had been planned for the second half of the fiscal year, was recorded in the first half of the fiscal 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 | 85,159 | 85,840 | 171,000 | 8,584 | 5.3 |
| Machinery & Tools | 51,381 | 55,696 | 107,077 | 58,326 | 55,673 | 114,000 | 6,923 | 6.5 |
| Construction Products | 20,105 | 23,682 | 43,787 | 22,130 | 23,869 | 46,000 | 2,213 | 5.1 |
| Construction Machinery | 4,158 | 4,680 | 8,839 | 3,248 | 4,551 | 7,800 | ▲ 1,039 | ▲ 11.8 |
| IoT Solution | 1,265 | 1,445 | 2,711 | 1,454 | 1,545 | 3,000 | 289 | 10.6 |
| Operating profit | 2,760 | 3,134 | 5,895 | 3,186 | 2,813 | 6,000 | 105 | 1.8 |
| Machinery & Tools | 1,566 | 1,669 | 3,235 | 2,236 | 1,323 | 3,560 | 325 | 10.0 |
| Construction Products | 1,077 | 1,529 | 2,606 | 1,007 | 1,362 | 2,370 | ▲ 236 | ▲ 9.1 |
| Construction Machinery | 47 | 95 | 142 | ▲ 9 | 59 | 50 | ▲ 92 | ▲ 65.0 |
| IoT Solution | ▲ 39 | ▲ 17 | ▲ 57 | 19 | 0 | 20 | 77 | ▲ 134.7 |
| Adjustment | 108 | ▲ 141 | ▲ 32 | ▲ 68 | 68 | 0 | 32 | ▲ 100.0 |
| Ordinary profit | 3,311 | 3,743 | 7,055 | 3,631 | 3,198 | 6,830 | ▲ 225 | ▲ 3.2 |
| Profit attributable to owners of parent | 2,183 | 2,348 | 4,531 | 2,598 | 2,101 | 4,700 | 169 | 3.7 |

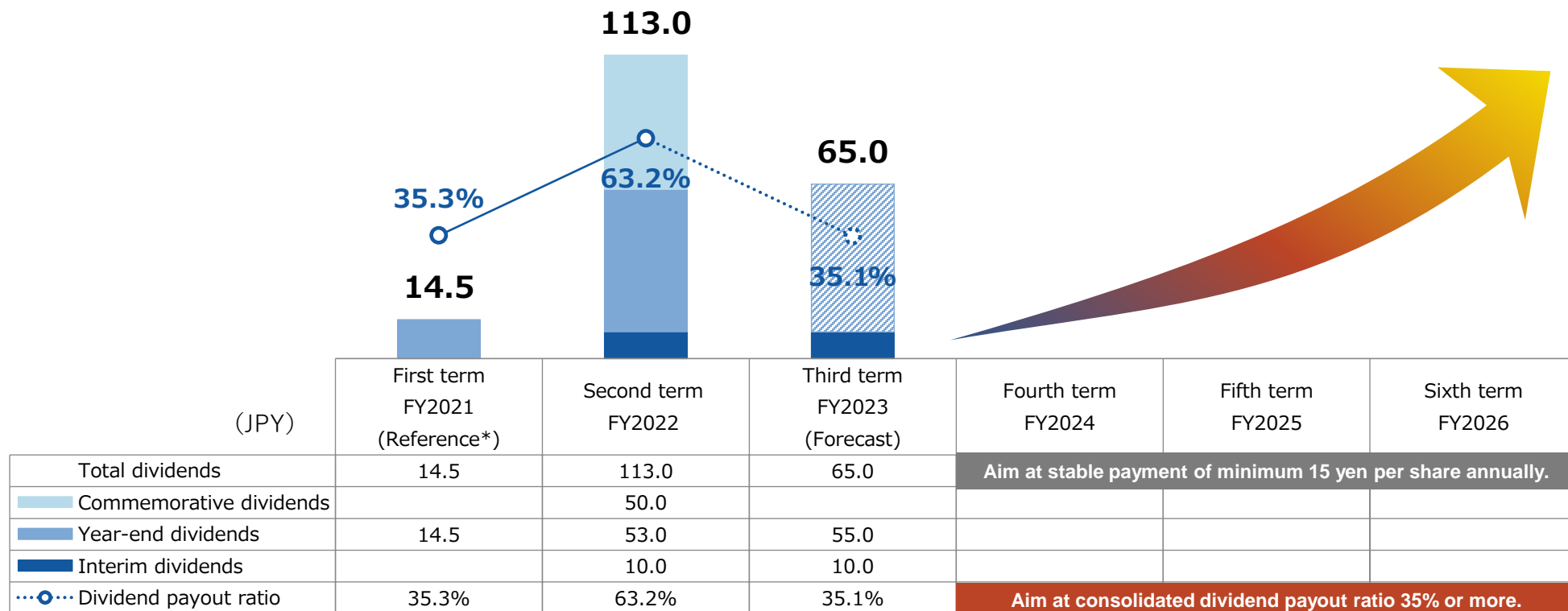
Dividend Policy

- Disclosure took place on August 8, 2023 to update the year-end dividend forecast from 51 yen to 55 yen
- 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

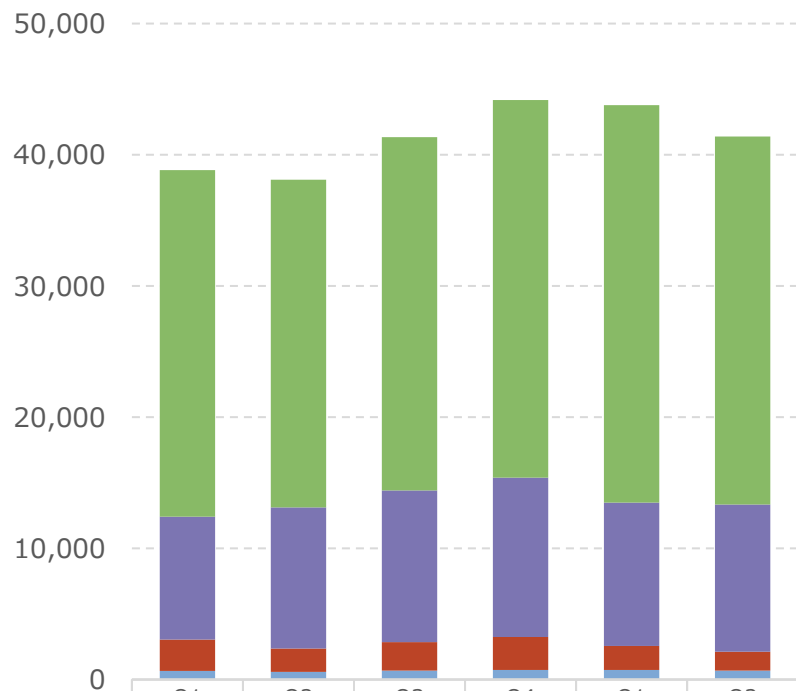
Appendix



Consolidated Segment Quarterly Data

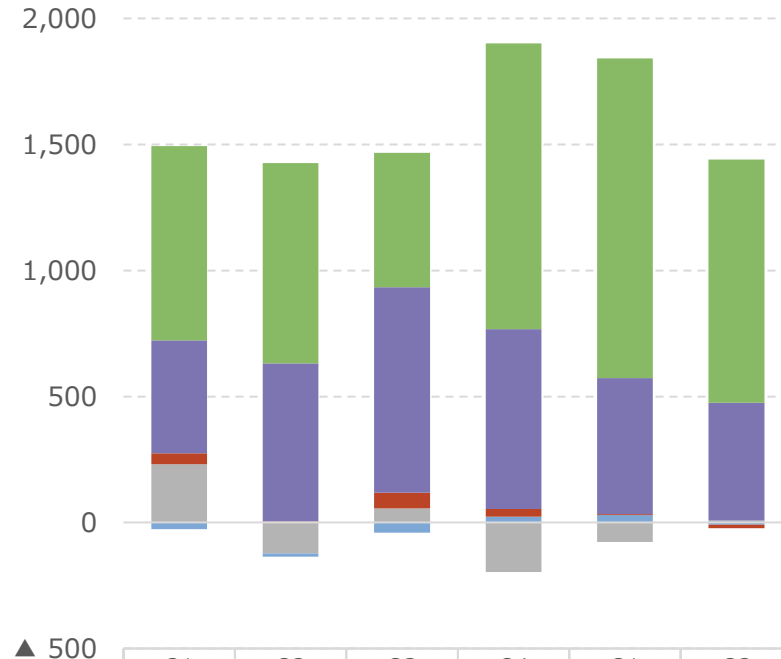
Net sales

(JPY million)



Segment profits

(JPY million)



| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
|------------------------|-------|-------|-------|-------|-------|-------|
| FY2022 | | | | | | |
| TOTAL | 1,469 | 1,291 | 1,427 | 1,707 | 1,767 | 1,418 |
| Machinery & Tools | 771 | 795 | 533 | 1,135 | 1,269 | 966 |
| Construction Products | 449 | 628 | 815 | 713 | 540 | 467 |
| Construction Machinery | 43 | 4 | 63 | 31 | 4 | ▲ 14 |
| IoT Solution | ▲ 26 | ▲ 13 | ▲ 41 | 23 | 29 | ▲ 9 |
| Adjustment Amount | 231 | ▲ 123 | 56 | ▲ 197 | ▲ 77 | 8 |

- **Notes on this material**

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