

Progress in capital efficiency-focused management

Executive summary

- In 1H FY23/12, MARUKA FURUSATO reported a number of noteworthy developments in both its business and financial results, including an upward revision of its earnings forecast, M&A activity, progress in the Smart Factory field, and a share buyback announcement. In particular, since the company announced its first share buyback of up to ¥4 bn on August 21, its share price has clearly risen, indicating that the equity market has begun to recognize the progress of management focused on improving capital efficiency. On the other hand, the share price remains negative at -15% since the beginning of the year, and considering that other machinery trading company stocks are generally +20% and machinery stocks are +50-60%, the company's shares have underperformed the peers by a considerable margin. As a result, the stock has begun to appear less expensive when looking at the P/E ratio and other multiples, offering an easier entry point for investors than before.

- In the short term, we believe that investors need to be mindful of the risk of earnings weakening given the current downward trend in orders. In addition to the higher than expected fulfillment of the machinery order backlog that had accumulated due to supply constraints caused by the semiconductor shortage, tool sales were also strong thanks to high factory utilization rates in Japan, especially in the automotive industry, which led to the company exceeding its 1H forecast and upwardly revising its full-year plan. However, its 2H forecast has been slightly cut from its initial plan. At the earnings briefing, the company also expressed a less optimistic outlook, noting that the downward trend in orders has not yet bottomed out, and the shortened delivery times seen in previous cycles when orders declined are not present this time, creating a challenge for the company to come up with ways to boost earnings in 1H FY24/12. However, despite this external environment, the TOPIX Machinery Index has outperformed the TOPIX, suggesting that the equity market has already taken into account the bottoming out and reversal of orders in the sector. Even if earnings were to weaken in the future, the impact on share prices may be limited.

- As the company enters the second stage of its medium-term management plan in FY24/12, investors can look forward to accelerated growth through further execution of each medium-term plan measures undertaken in the first stage and improved clarity regarding measures to improve capital efficiency. In 2Q, the company made

FY	Net sales (¥mn)	YoY (%)	OP (¥mn)	YoY (%)	NP (¥mn)	YoY (%)	EPS (¥)	DPS (¥)
FY2019	175,395	-	6,892	-	5,620	-	-	-
FY2020	145,028	-17.3	4,539	-34.1	2,996	-	-	-
FY2021	143,180	-1.3	3,178	-30.0	3,065	-	-	-
2022/12	162,416	13.4	5,895	85.5	4,531	47.8	178.9	113.0
2023/12 CE	171,000	5.3	6,000	1.8	4,700	3.7	185.1	65.0
2022/12 2Q	76,911	-	2,760	-	3,311	-	86.2	-
2023/12 2Q	85,159	10.7	3,186	15.4	2,598	19.0	102.6	-

Source: SIR from the company materials

Note: Before FY2021, The adjusted amount of the two groups' revenues for the period.

The DPS for FY22/12 includes a commemorative dividend of ¥50.

2Q Follow-up



Focus Points:

Launched through the management integration of two machine and tool trading companies. Focus is on progress in implementing technology trading measures that allow it to leverage its diverse functions to make in-depth proposals including areas in engineering, manufacturing, and factory management. Synergy generation is also a key focus.

Key Indicators

Share price (9/28)	2,708
YH (23/1/4)	3,335
YL (23/6/30)	2,277
10YH (22/5/23)	4,165
10YL (21/10/14)	1,906
Shrs out. (mn shrs)	25.564
Mkt cap (¥ bn)	72.9
EV (¥ bn)	48.6
Shr equity ratio (3/31)	58.0%
23.12 P/E (CE)	15.42x
22.12 EV/EBITDA (act)	1.01x
23.12 DY (CE)	2.28%

Stock Price and Vol. since Listing



Source: SPEEDA data

Shohei Hasegawa Analyst

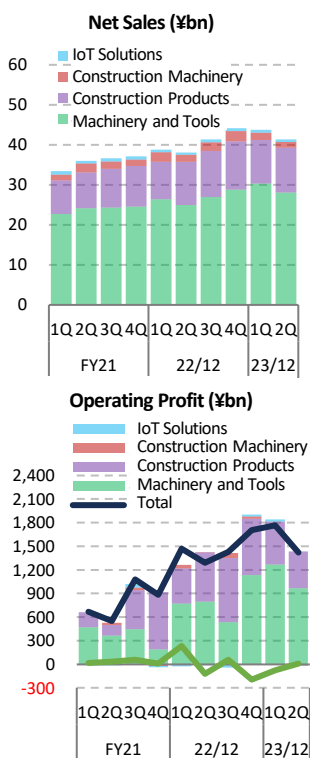
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some key moves, including the acquisition of TS Precision, which manufactures and sells forming machines and constant velocity joint processing machines; the establishment of Mtas Ref, a joint venture with Matsubishi Reinetsu that imports, sells, and provides technical support for SCM Frigo's CO2 refrigeration equipment; and a factory traceability solution that Maruka and Security Design began providing together. Furthermore, in the company's first integrated report released on May 31st, the company presented a policy that went one step further than previous disclosures, expressing its aim of strengthening balance sheet management based on an optimal capital structure policy and continuously generating returns in excess of capital costs. The share buyback announcement was likely the first step in implementing this policy, and investors will likely pay close attention to the company's financial strategy going forward.

FY2023/12 2Q results



Source: Compiled by SIR from the company IR material.
 Note: Before FY2021, The adjusted amount of the two groups' revenues for the period.

Upwardly revised forecast thanks to strong sales of machinery and tools, but orders have not bottomed out yet

In the January-June FY23/12 earnings results announced on August 8, 2023, sales grew 10.7% YoY to ¥85.16 bn, and operating profit rose 15.4% YoY to ¥3.19 bn. Compared to the 1H plan disclosed at the beginning of the period, net sales were up by ¥1.16 bn, and operating profit was up by ¥0.69 bn. In light of the strong progress, the company upwardly revised its full-year earnings forecast on the same day, raising projected net sales from ¥170 to ¥171.0 bn (+¥1.0 bn) and operating profit from ¥5.7 bn to ¥6.0 bn (+¥0.3 bn).

The mainstay Machinery & Tools segment drove the uptick with sales reaching ¥58.33 bn, up by ¥0.93 bn from the initial 1H forecast, and segment profit coming in at ¥2.24 bn, coming in ¥0.94 bn higher. In 2022, the company accumulated orders due to supply constraints caused by the semiconductor shortage and lagged behind on recording sales, while it has been making progress in filling its order backlog in 2023. In addition, tool sales were also strong thanks to high factory utilization rates driven by increased production by automobile manufacturers.

Overseas sales, which accounts for about 30% of the segment's total sales, rose sharply by 38.3% YoY to ¥17.49 bn. In addition to the strong sales of machine tools and injection molding machines, which had enjoyed robust orders in 2022, the weaker yen helped boost earnings mainly in North America, which accounts for about 50% of overseas sales, and China, which accounts for 25% of overseas sales. Although the company does not disclose the foreign exchange rate assumptions used in its forecasts, the divergence between the timing of the forecasts and recent trends suggests that the yen's depreciation was a factor in the upward revision of its forecasts.

The Construction Products segment, the next largest in terms of earnings volume, posted sales of ¥22.13 bn, ¥1.13 bn higher than the initial 1H forecast, while segment profit came in ¥140 mn lower than the initial 1H forecast. Although gross construction demand itself was firm, driven by major projects, demand for small and medium-sized facilities, the company's core business, did not appear particularly strong.

Quarterly Financial Results

Maruka Furusato Corporation	unit	FY21				22/12				23/12		22/12	23/12 CE
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	Full Year	Full Year
Net sales	¥mn	33,452	36,014	36,631	37,081	38,819	38,092	41,347	44,157	43,781	41,378	162,416	171,000
YoY	%	-18.9	8.8	3.3	5.3	16.0	5.8	12.9	19.1	12.8	8.6	-	5.3
Machinery and Tools	¥mn	22,662	24,113	24,277	24,522	26,406	24,974	26,935	28,760	30,295	28,031	107,077	113,900
YoY	%	-21.4	13.3	3.7	9.6	16.5	3.6	10.9	17.3	14.7	12.2	-	6.4
Construction Products	¥mn	8,403	8,977	9,724	10,178	9,359	10,745	11,551	12,131	10,908	11,222	43,787	44,700
YoY	%	-6.7	4.5	11.6	9.1	11.4	19.7	18.8	19.2	16.6	4.4	-	2.1
Construction Machinery	¥mn	1,441	2,221	1,845	1,578	2,373	1,785	2,164	2,516	1,825	1,423	8,839	8,500
YoY	%	-40.2	11.7	-13.5	-29.4	64.7	-19.6	17.3	59.4	-23.1	-20.3	-	-3.8
Security	¥mn	945	701	784	801	679	586	695	750	751	703	2,711	2,900
YoY	%	19.0	-40.6	-28.7	-34.2	-28.1	-16.4	-11.4	-6.4	10.6	20.0	-	7.0
Cost of Sales	¥mn	-	-	-	-	32,629	31,876	34,814	36,818	36,896	34,692	136,137	-
sales ratio	%	-	-	-	-	84.1	83.7	84.2	83.4	84.3	83.8	83.8	-
Gross Profit	¥mn	-	-	-	-	6,189	6,216	6,534	7,339	6,885	6,685	26,278	-
sales ratio	%	-	-	-	-	15.9	16.3	15.8	16.6	15.7	16.2	16.2	-
SG&A	¥mn	-	-	-	-	4,720	4,924	5,107	5,632	5,118	5,266	20,383	-
sales ratio	%	-	-	-	-	12.2	12.9	12.4	12.8	11.7	12.7	12.5	-
Operating Profit	¥mn	666	549	1,080	883	1,469	1,291	1,428	1,707	1,767	1,419	5,895	6,000
sales ratio	%	2.0	1.5	2.9	2.4	3.8	3.4	3.5	3.9	4.0	3.4	3.6	3.5
Machinery and Tools	¥mn	471	364	445	188	771	795	533	1,135	1,269	967	3,235	2,770
Segment sales ratio	%	2.1	1.5	1.8	0.8	2.9	3.2	2.0	3.9	4.2	3.4	3.0	2.4
Construction Products	¥mn	190	134	499	726	449	628	815	713	540	467	2,606	2,800
Segment sales ratio	%	2.3	1.5	5.1	7.1	4.8	5.8	7.1	5.9	5.0	4.2	6.0	6.3
Construction Machinery	¥mn	-2	29	32	-22	43	4	63	31	4	-13	142	100
Segment sales ratio	%	-0.1	1.3	1.7	-1.4	1.8	0.2	2.9	1.2	0.2	-0.9	1.6	1.2
Security	¥mn	-8	-13	44	-17	-26	-13	-41	24	29	-10	-57	30
Segment sales ratio	%	-0.8	-1.9	5.6	-2.1	-3.8	-2.2	-5.9	3.2	3.9	-1.4	-2.1	1.0
Adjustments	¥mn	15	34	57	9	231	-123	56	-196	-77	9	-32	0

Source: SIR from the company IR materials

Note: At FY2021, The adjusted amount of the two groups' revenues for the period. Segment sales refer to "sales to external customers".

Overseas Net Sales Quarterly Trends

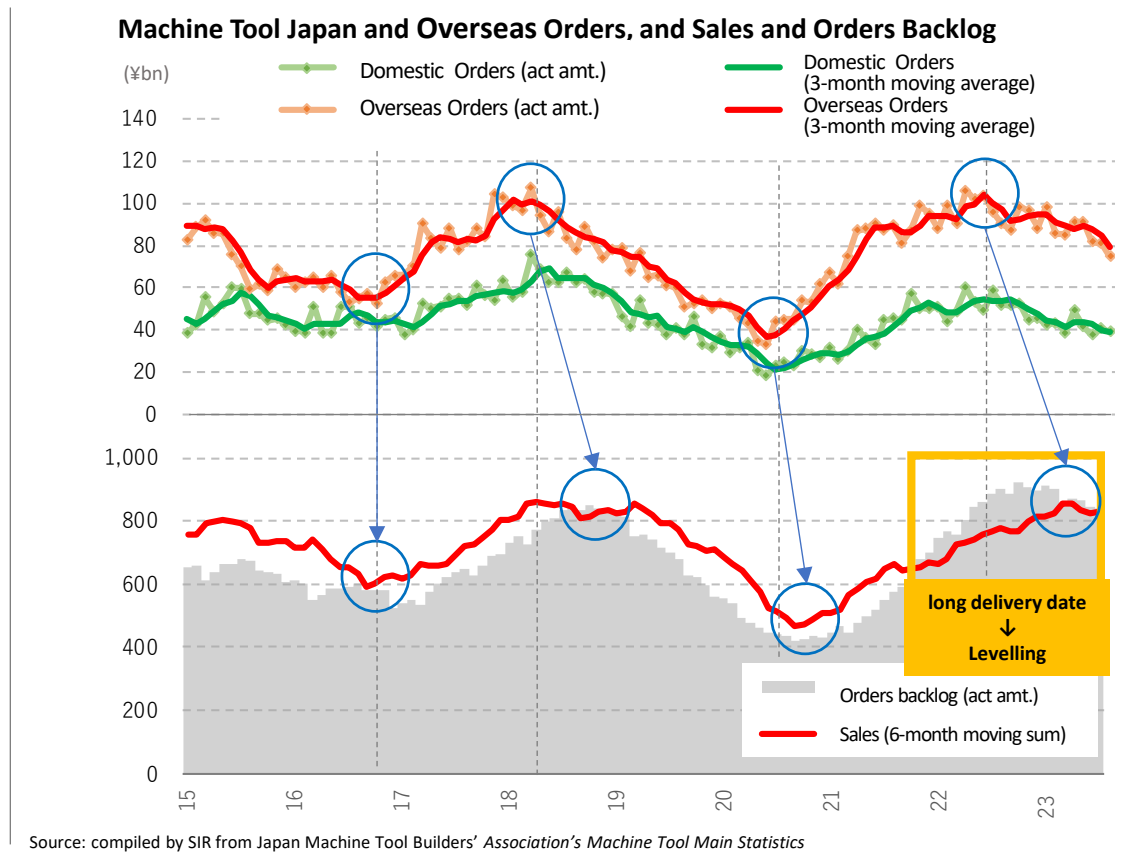
After integration	21/12					22/12						23/12			
	3Q	4Q	2QYTD	3QYTD	4QYTD	1Q	2Q	3Q	4Q	2QYTD	3QYTD	4QYTD	1Q	2Q	2QYTD
Overseas net sales Total	5,759	5,108	11,199	16,958	22,066	5,414	7,226	9,023	8,250	12,640	21,663	29,913	9,167	8,319	17,486
YoY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
The Americas	2,884	2,709	5,925	8,809	11,518	3,257	3,754	6,289	5,497	7,011	13,300	18,797	4,436	4,825	9,261
YoY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
North America	2,702	2,495	5,280	7,982	10,477	2,514	3,380	5,882	5,158	5,894	11,776	16,934	4,171	4,601	8,772
YoY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mexico	182	214	645	827	1,041	743	374	407	339	1,117	1,524	1,863	265	224	489
YoY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	799	585	2,215	3,014	3,599	836	719	901	1,135	1,555	2,456	3,591	3,157	1,309	4,466
YoY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Indonesia	1,178	990	738	1,916	2,906	370	1,142	601	559	1,512	2,113	2,672	497	1,008	1,505
YoY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Malaysia	353	63	1,101	1,454	1,517	266	781	400	364	1,047	1,447	1,811	469	477	946
YoY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Thailand	351	355	834	1,185	1,540	439	572	377	352	1,011	1,388	1,740	410	331	741
YoY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vietnam	136	320	209	345	665	162	215	367	221	377	744	965	169	277	446
YoY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Philippines	59	53	156	215	268	38	42	83	114	80	163	277	19	86	105
YoY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
India	2	24	14	16	40	42	1	5	2	43	48	50	5	7	12
YoY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-3	9	7	4	13	4	0	0	6	4	4	10	5	-1	4
YoY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: Compiled by SIR from the company IR material.

With respect to earnings trends in 2H and beyond, it will be important to gauge when orders for machine tools will bottom out and rebound. Since peaking in mid-2022, orders have been on a downward trend at the macro level, and this appears to be the case for the company as well. Until recently, the company had been able to secure a certain level of profitability by working through a sizable order backlog that had accumulated over the previous years. However, the order backlog as a percentage of sales has begun to settle down to normal levels, and securing earnings now requires a rebound in orders. The market consensus is that the industry as a whole will bottom out at the end of 2023 or early 2024, but investors need to pay attention to the situation in each country as well as the company-specific factors.

By country, investors need to be wary of downside risks in China. Although many expected to see an upturn in the economy following the end of the zero-COVID policy three to four months ago, there has been no recovery in the manufacturing sector to date, and there is also concern about the risk of a slowdown in the real estate sector. China is the company's second largest overseas sales destination after North America. Nevertheless, China accounts for only about 5% of total company sales, and its direct impact on earnings is relatively minor compared to other peers that have more exposure to China.

Next, in terms of the company-specific factors, it should be noted that about half of the sales to North America are for injection molding machines. There are several target industries, but until 2022, demand from the pharmaceutical sector was strong on the back of COVID-19, which led to an increase in orders. However, the special demand has now subsided, and orders for injection molding machines are on a downward trend. The US economy is beginning to show signs of a turnaround compared to the previous quarter, with the high inflation rate settling down, pent-up automobile demand gaining momentum, and new housing starts bottoming out, but investors should keep in mind that the company's skewed product portfolio may cause its performance to diverge slightly from macroeconomic trends.



Machine Tool Order Statistic

Year	Month	Total orders				Sales amount				Order backlog					
		(¥mn)	YoY, %	(¥mn)	YoY, %	(¥mn)	YoY, %	(¥mn)	YoY, %	(¥mn)	YoY, %				
2018	1-12	1,815,771	110.3	750,343	119.2	1,065,428	104.8	287,140	121.9	285,044	82.1	1,684,768	114.8	826,197	119.0
		1,229,900	67.7	493,188	65.7	736,712	69.1	215,819	75.2	163,418	57.3	1,501,633	89.1	561,265	67.9
2019	1-12	901,835	73.3	324,455	65.8	577,380	78.4	156,381	72.5	201,877	123.5	1,033,616	68.8	430,794	76.8
2020	1-12	1,541,419	170.9	510,324	157.3	1,031,095	178.6	252,263	161.3	358,041	177.4	1,283,499	124.2	701,005	162.7
2021	1-12	1,759,601	114.2	603,231	118.2	1,156,370	112.1	311,904	123.6	376,996	105.3	1,568,350	122.2	896,813	127.9
2022	1-12	448,179	139.1	153,267	157.4	294,912	131.2	79,922	174.9	95,910	102.8	391,490	127.9	757,694	169.7
	1-3	463,043	121.9	161,313	141.6	301,730	113.4	82,450	141.2	100,196	95.8	362,729	117.4	858,008	165.7
	4-6	432,587	106.7	156,164	105.9	276,423	107.2	73,149	106.6	90,576	113.0	402,230	121.2	888,365	150.2
	7-9	415,792	95.8	132,487	87.5	283,305	100.3	76,383	96.0	90,314	112.9	411,901	122.3	896,813	127.9
2023	10-12	394,201	88.0	131,703	85.9	262,498	89.0	69,575	87.1	83,513	87.1	441,920	112.9	849,094	112.1
	1-3	374,236	80.8	120,380	74.6	253,856	84.1	69,158	83.9	68,476	68.3	380,609	104.9	842,594	98.2
	10	141,062	94.5	44,560	88.6	96,502	97.5	27,401	97.7	31,114	128.8	109,338	106.3	920,089	144.3
	11	134,186	92.3	45,665	91.3	88,521	92.8	22,418	84.8	29,495	111.3	148,545	141.4	905,730	133.6
2023	12	140,544	100.9	42,262	82.6	98,282	111.6	26,564	106.0	29,705	101.3	154,018	119.5	896,813	127.9
	1	129,087	90.3	43,402	98.3	85,685	86.8	22,733	84.6	24,012	73.7	112,262	112.9	913,638	122.7
	2	124,095	89.3	38,932	79.7	85,163	94.5	21,312	92.8	29,417	98.2	136,450	117.4	901,283	117.5
	3	141,019	84.8	49,369	82.0	91,650	86.4	25,530	84.9	30,084	90.2	193,208	109.9	849,094	112.1
	4	132,688	85.6	41,723	78.5	90,965	89.3	24,672	90.7	25,876	80.5	113,084	105.8	868,509	107.8
	5	119,523	77.9	37,807	76.4	81,716	78.7	22,207	72.0	23,509	70.7	124,804	107.9	863,228	102.3
	6	122,025	78.9	40,850	69.6	81,175	84.5	22,279	91.2	19,091	54.9	142,721	101.8	842,594	98.2
	7	114,340	80.3	39,385	75.8	74,955	82.9	19,479	85.7	17,783	63.6	118,436	104.6	838,498	94.5
8	114,746	82.4	35,680	68.9	79,066	90.3	-	-	-	-	-	-	-	-	

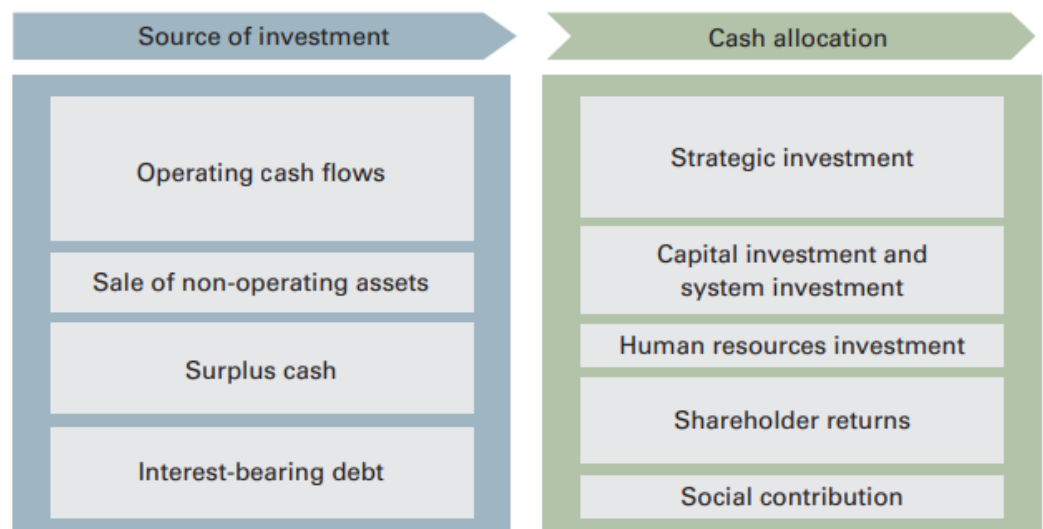
Source: compiled by SIR from Japan Machine Tool Builders' Association's Machine Tool Main Statistics

Financial and capital strategy

Aiming to generate a sustainable return in excess of the cost of capital with ROIC as a key performance indicator

Maruka Furusato plans to use the cash it generates for the following five purposes: (1) strategic growth investment to enhance platform functions, (2) human capital investment to secure talented human resources, (3) shareholder returns through dividend policy and share buybacks, (4) social contributions through development investment and donations for solving social issues, and (5) investment in facilities and systems to improve the workplace environment and operational efficiency. The resolution for the share buyback of up to ¥4 bn announced on August 21 was aimed at not only (3) shareholder returns but also for (2) human capital investment (corresponding to the introduction of incentive programs such as restricted stock compensation for the employee stock ownership plan announced on the same day to improve employee engagement), and (1) strategic investment (M&A and capital tie-ups using treasury shares).

Cash allocation shown in the Integrated Report



Source: Compiled by SIR from the company IR material.
 Note: Figures shown in the Integrated Report are excerpted directly in order to share an accurate image of the allocation for each item.

Until now, the company had set a quantitative target of achieving ROE of 8.5% in FY26/12 in its medium-term management plan, but had not clearly stated, including in qualitative terms, the guidelines for achieving this target in balance sheet and cash flow terms. However, its first Integrated Report issued on May 31, 2023 revealed the company's progress in this area, and its share buyback announcement demonstrated its feasibility, which should be viewed favorably. Although the company has not yet disclosed quantitative targets, it has incorporated ROIC as one of its key management indicators, and has mentioned that it will promote management by incorporating ROIC into segment-specific KPIs, and will also work to disseminate cost of capital management across the company. The characteristics of each segment are different, with Machinery & Tools securing a certain level of asset efficiency due to relatively high turnover despite low profit margins, and Construction Products delivering high value-add with factories despite not having a high turnover rate. Therefore, it is hoped that concrete ROIC improvement measured suitable for each segment will be initiated and realized.

ROA by segment and related factors (FY22/12 actual)

Item (FY22/12)	ROA(%)	OPM(%)	Asset Turnover(times)
All companies	5.1	3.6	1.40
Machinery and Tools	5.6	3.0	1.87
Construction Products	9.3	6.0	1.56
Construction Machinery	2.4	1.6	1.46
IoT Solutions	(3.7)	(2.1)	1.79

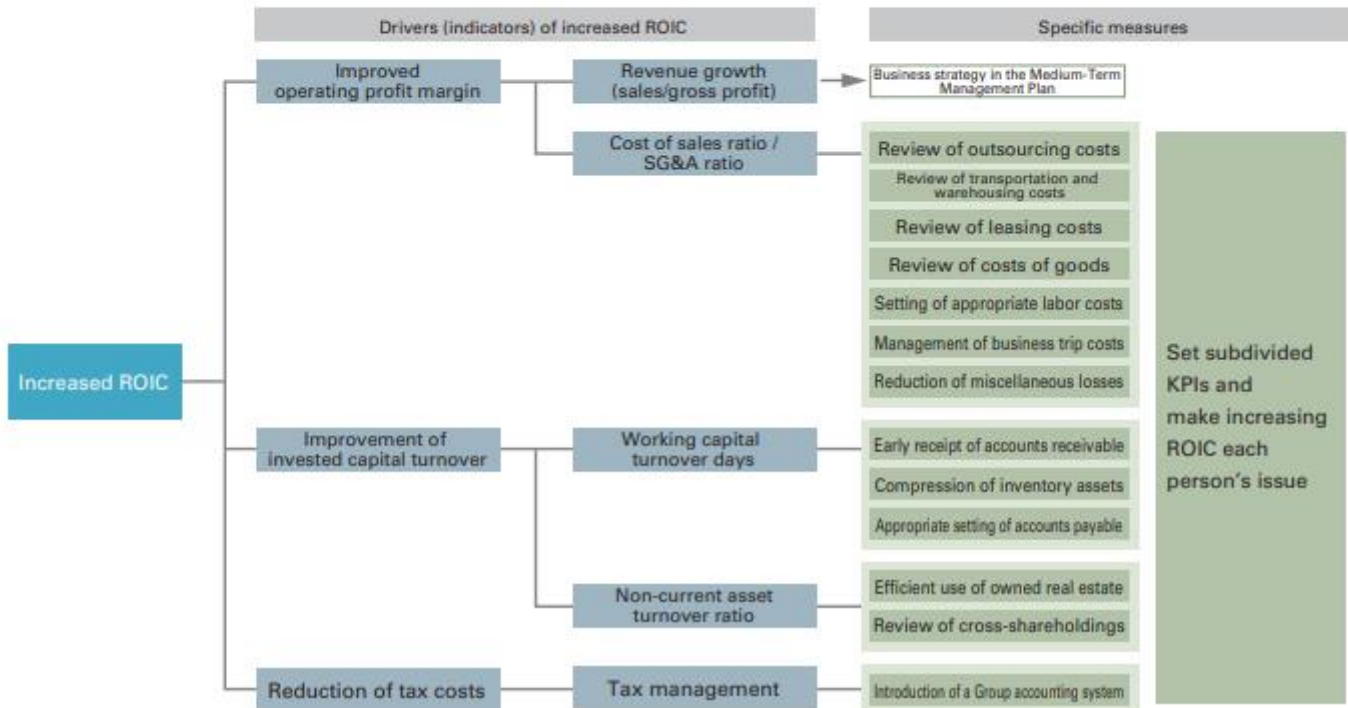
Source: SIR from the company IR materials

Overview of financial capital strategy and measures to improve ROIC



Measures aimed at increasing ROIC

The Group will promote the incorporation of specific initiatives so that each employee can make increasing ROIC their own issue and management and worksites work together as one.



Source: Compiled by SIR from the company IR material.

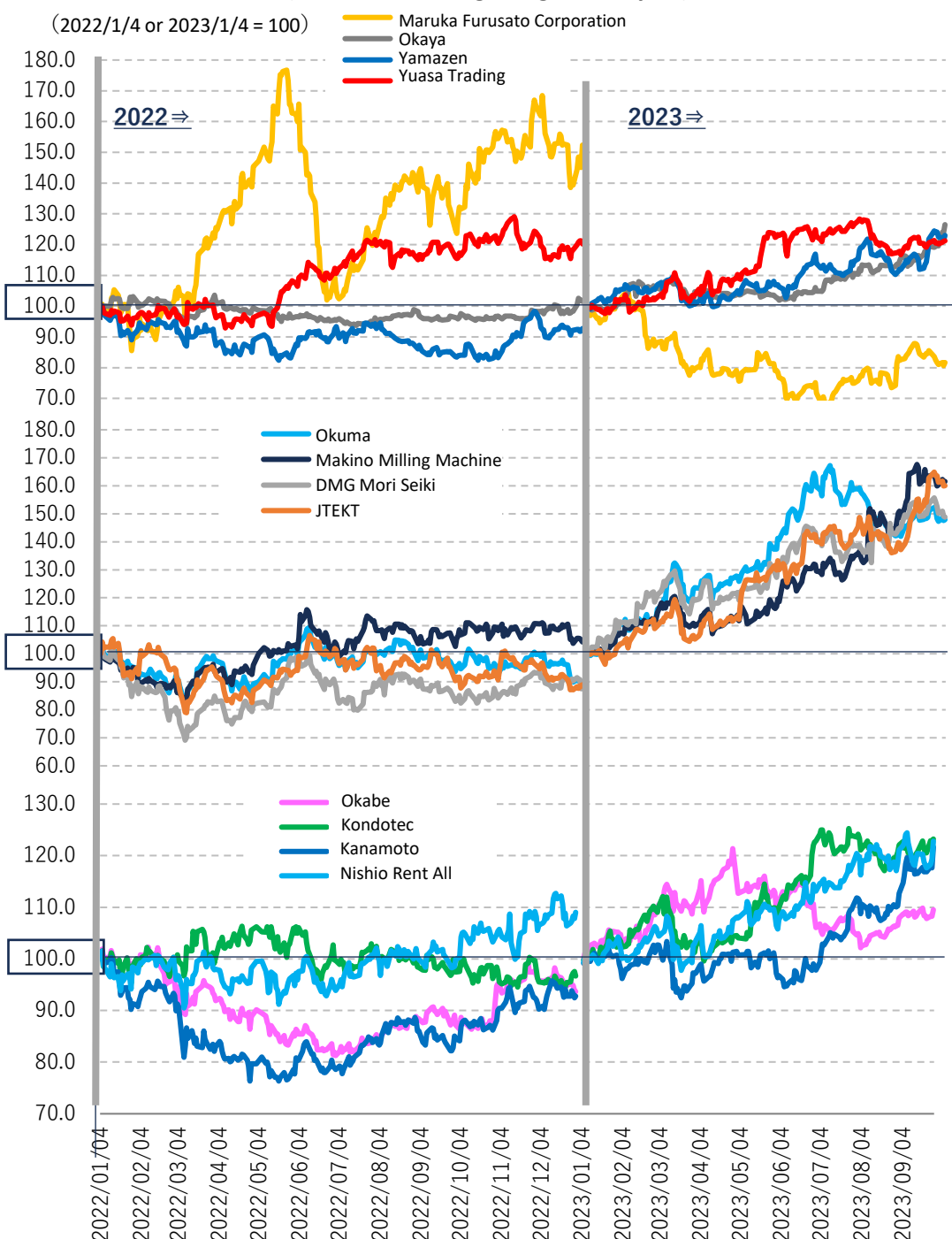
Note: Figures shown in the Integrated Report are excerpted directly in order to share an accurate image of the allocation for each item.

Valuation

Still largely underperforming, with less expensive multiples

The company's share performance since the beginning of the year is still far off from that of broad-based peers, although the share price has begun to bottom out and recover as a result of new developments in its financial and capital strategy. The company's forward P/E ratio is currently 15.4x (lower if factoring in the impact of share buybacks), a slight discount to the TOPIX P/E ratio of over 16x, and a level that does not diverge too much from the 11-15x ratio for machinery stocks. Although there is still a gap from the 6 to 11 times of machinery trading stocks, a certain premium is warranted in light of the relatively high shareholder returns and management changes.

Share prices relative to that of broad-defined comparable companies (indexed at the beginning of each year)



Valuation Sheet for Broadly-defined Comparable Companies

Code	Company	EOFY	Stock price	Market value	P/E			PBR	Net Cash	Operating profit	Operating profit margin		
			(9/27)	(9/27)	FY21	FY22E	FY23E	Most recent FY	Most recent FY	FY22E	FY21	FY22	FY23E
-	-	-	yen	¥mn	X			X	¥mn		%		
7128	MARUKA FURUSATO Corporation	Dec.	2,724	69,636	22.5	15.2	14.7	0.97	24,325	5,895	(30.0)	85.5	1.8
-	Machinery and tool trading company	-	-	-	9.1	7.7	8.2	0.78	-	-	50.7	16.4	(3.0)
7485	Okaya & Co., Ltd.	Feb.	12,450	121,014	6.2	5.1	6.0	0.42	(146,405)	29,448	67.2	29.6	(4.9)
8051	Yamazén	Mar.	1,220	116,273	9.1	8.7	10.8	0.96	56,181	16,563	52.5	(3.3)	(9.4)
8074	Yuasa Trading	Mar.	4,315	95,362	11.8	9.3	7.7	0.96	48,530	14,599	32.2	22.9	5.5
-	Machine tool manufacturers	-	-	-	21.4	12.5	12.1	0.99	-	-	160.8	63.2	6.4
6103	Okuma Corporation	Mar.	6,901	232,944	18.8	11.2	11.0	1.05	64,703	24,804	200.0	71.5	2.8
6135	Makino Milling Machine Co., Ltd.	Mar.	6,850	170,523	13.7	10.2	12.9	0.83	(7,784)	17,492	TB	54.8	(24.2)
6141	DMG Mori Seiki Co.	Dec.	2,632	331,447	28.7	14.0	10.4	1.34	(54,101)	41,213	116.1	78.7	27.4
6473	JTEKT Corporation	Mar.	1,461	501,541	24.2	14.6	14.3	0.75	(131,319)	62,658	166.1	48.0	19.7
-	Construction product manufacturers	-	-	-	13.9	11.0	23.8	0.75	-	-	1.8	21.4	(9.4)
5959	Okabe Co. Ltd.	Dec.	758	37,362	14.0	9.3	36.9	0.53	5,936	5,271	(3.6)	21.6	(22.2)
7438	Kondotec Inc.	Mar.	1,204	31,719	13.8	12.7	10.6	0.98	6,387	4,355	7.2	21.2	3.3
-	Construction machinery rental company	-	-	-	11.6	11.6	11.4	0.83	-	-	11.6	(0.5)	4.2
9678	Kanamoto Co. Ltd.	Oct.	2,726	105,611	11.6	12.1	11.8	0.76	(6,610)	13,229	2.6	(9.5)	5.8
9699	Nishio Rent All Co., Ltd.	Sep.	3,680	104,481	11.6	11.1	11.1	0.89	(46,022)	14,884	20.6	8.5	2.6

Code	Company	EOFY	ROE		Operating profit margin		Asset turnover		Equity ratio		Payout ratio		Dividend return
			FY21	FY22E	FY21	FY22E	FY21	FY22E	FY21	FY22E	FY21	FY22E	current period
-	-	-	%		%		times		%		%		%
7128	MARUKA FURUSATO Corporation	Dec.	4.6	6.6	2.2	3.6	1.32	1.40	61.4	58.0	-	63.2*	2.39
-	Machinery and tool trading company	-	9.2	10.0	2.8	3.0	1.84	1.74	39.9	39.2	23.9	22.8	3.23
7485	Okaya & Co., Ltd.	Feb.	7.7	8.5	2.4	3.1	1.75	1.46	44.5	40.2	11.7	10.0	2.01
8051	Yamazén	Mar.	10.9	10.6	3.4	3.1	1.90	1.85	39.9	42.6	26.2	28.4	3.69
8074	Yuasa Trading	Mar.	8.9	10.8	2.6	2.9	1.86	1.90	35.5	34.9	33.7	30.0	3.99
-	Machine tool manufacturers	-	6.0	8.7	5.8	7.7	0.78	0.86	51.7	52.5	27.5	29.7	2.58
6103	Okuma Corporation	Mar.	6.5	9.9	8.4	10.9	0.72	0.83	71.5	70.8	24.5	29.2	2.90
6135	Makino Milling Machine Co., Ltd.	Mar.	7.1	8.6	6.1	7.7	0.62	0.68	54.6	56.6	12.0	22.3	2.19
6141	DMG Mori Seiki Co.	Dec.	6.8	11.1	5.8	8.7	0.70	0.74	35.7	36.1	43.6	37.1	3.04
6473	JTEKT Corporation	Mar.	3.5	5.3	3.0	3.7	1.07	1.19	45.0	46.3	29.8	30.0	2.19
-	Construction product manufacturers	-	6.1	7.0	6.1	6.3	0.98	1.05	59.7	59.2	36.8	32.7	3.31
5959	Okabe Co. Ltd.	Dec.	4.4	6.0	6.7	6.9	0.71	0.78	65.6	64.6	36.9	29.5	3.30
7438	Kondotec Inc.	Mar.	7.7	7.9	5.4	5.8	1.25	1.32	53.7	53.8	36.7	35.9	3.32
-	Construction machinery rental company	-	7.9	7.4	8.1	7.9	0.65	0.64	42.4	43.5	28.2	31.8	2.73
9678	Kanamoto Co. Ltd.	Oct.	7.2	6.4	7.7	7.0	0.63	0.62	41.8	43.2	29.7	33.4	2.75
9699	Nishio Rent All Co., Ltd.	Sept.	8.5	8.3	8.5	8.7	0.68	0.67	43.1	43.8	26.7	30.3	2.72

Source: compiled by SIR from the company's IR material

Note: The value for MARUKA FURUSATO Corporation is the simple sum for the two groups before the integration, adjusted for the fiscal year. It is provided as reference. Furthermore, keep in the mind that the annual dividend per share for fiscal 2022 is ¥113 yen, of which ¥50 is a commemorative dividend. In place of the various IFRS operating profit-related figures for JTEKT Corporation, business profit is used.

*TB= Turn Black

Full year results table(1)

MARUKA FURUSATO Corporation		Actual											Co's	
	unit	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	2021/12*	2022/12	2023/12 CE	2026/12 CE
Net Sales	¥mn	117,053	127,760	134,942	146,451	141,818	151,246	172,385	173,818	142,696	74,292	162,416	171,000	200,000
YoY	%	10.4	9.1	5.6	8.5	(3.2)	6.6	14.0	0.8	(17.9)	-	-	5.3	-
Machinery and Tools	¥mn	83,677	88,582	92,927	102,875	98,685	106,273	124,359	121,033	94,381	43,635	109,059	-	147,000
		83,677	88,582	92,927	102,875	98,685	106,273	124,359	121,033	94,381	42,698	107,077	114,000	-
YoY	%	11.6	5.9	4.9	10.7	(4.1)	7.7	17.0	(2.7)	(22.0)	-	-	6.5	-
Construction Products	¥mn	27,247	31,972	33,599	34,464	34,619	35,833	39,129	39,879	35,038	28,893	43,847	-	47,000
		27,247	31,972	33,599	34,464	34,619	35,833	39,129	39,879	35,038	28,880	43,787	46,000	-
YoY	%	8.6	17.3	5.1	2.6	0.4	3.5	9.2	1.9	(12.1)	-	-	5.1	-
Construction Machinery	¥mn	6,126	7,201	8,412	9,109	8,505	9,133	8,894	10,121	8,830	425	8,839	-	10,000
		6,126	7,201	8,412	9,109	8,505	9,133	8,894	10,121	8,830	425	8,839	7,800	-
YoY	%	1.7	17.5	16.8	8.3	(6.6)	7.4	(2.6)	13.8	(12.8)	-	-	(11.8)	-
Security	¥mn	0	0	0	0	0	0	0	2,779	4,442	2,300	2,738	-	6,000
		0	0	0	0	0	0	0	2,779	4,442	2,287	2,711	3,000	-
YoY	%	-	-	-	-	-	-	-	-	59.8	-	-	10.7	-
Adjustments	¥mn	0	0	0	0	0	0	0	0	0	(963)	(2,068)	-	(10,000)
Cost of Sales	¥mn	100,089	108,990	115,147	125,554	121,800	130,046	148,429	148,861	120,400	62,551	136,137	-	-
Gross Profit	¥mn	16,981	18,769	19,795	20,876	20,027	21,196	23,923	24,888	22,251	11,741	26,278	-	-
sales ratio	%	14.5	14.7	14.7	14.3	14.1	14.0	13.9	14.3	15.6	15.8	16.2	-	-
SGA	¥mn	12,456	13,468	14,232	14,985	15,206	16,176	17,272	18,214	18,013	10,275	20,383	-	-
Operating Profit	¥mn	4,525	5,301	5,563	5,891	4,821	5,020	6,652	6,674	4,237	1,465	5,895	6,000	10,000
sales ratio	%	3.9	4.1	4.1	4.0	3.4	3.3	3.9	3.8	3.0	2.0	3.6	3.5	5.0
Machinery and Tools	¥mn	-	-	-	-	-	-	-	-	-	191	3,235	3,560	6,680
Segment sales ratio	%	-	-	-	-	-	-	-	-	-	0.4	3.0	3.1	4.5
Construction Products	¥mn	-	-	-	-	-	-	-	-	-	1,269	2,606	2,370	2,470
Segment sales ratio	%	-	-	-	-	-	-	-	-	-	4.4	6.0	5.2	5.3
Construction Machinery	¥mn	-	-	-	-	-	-	-	-	-	-32	142	50	200
Segment sales ratio	%	-	-	-	-	-	-	-	-	-	(7.5)	1.6	0.6	2.0
Security	¥mn	-	-	-	-	-	-	-	-	-	0	-57	20	700
Segment sales ratio	%	-	-	-	-	-	-	-	-	-	0.0	(2.1)	0.7	11.7
Adjustments	¥mn	-	-	-	-	-	-	-	-	-	36	-32	0	-50
Non-Operating Income	¥mn	775	970	988	984	878	941	1,056	970	877	627	1,268	-	-
Non-Operating Expenses	¥mn	317	336	348	377	543	401	441	568	407	59	107	-	-
Ordinary Profit	¥mn	4,983	5,935	6,203	6,498	5,155	5,560	7,267	7,076	4,708	2,033	7,055	6,830	-
Extraordinary Gain	¥mn	17	51	92	4	40	81	47	1,269	43	92	42	-	-
Extraordinary Loss	¥mn	187	573	31	115	264	192	102	27	23	72	17	-	-
Pretax Profit	¥mn	4,920	5,100	5,286	5,290	2,904	4,040	5,711	8,018	3,161	2,053	7,080	-	-
Income Taxes	¥mn	2,074	2,464	2,380	2,215	1,715	1,891	2,373	2,775	1,784	999	2,490	-	-
Tax rate	%	42	48	45	42	59	47	42	35	56	49	35	-	-
Net Profit	¥mn	2,740	2,948	3,884	4,172	3,217	3,559	4,838	5,543	2,943	1,054	4,590	-	-
Net Profit Attribute to non-controlling shareholders	¥mn	85	73	40	26	-48	12	23	40	116	16	59	-	-
Net Profit Attribute to parent company shareholders	¥mn	2,655	2,875	3,844	4,147	3,265	3,547	4,816	5,503	2,827	1,038	4,531	4,700	-

Note: Sales by segment in past years were prepared by adding up sub-segment sales disclosed by rounding down to the nearest million yen, and the fractional amount is inconsistent with the company-wide sales.

21/12 is discontinuous due to an irregular accounting period that includes April-December (9 months) for the Furusato Group and December (1 month) for the Maruka Group.

See the Initiation Report for a detailed breakdown of prior year results prior to the merger.

Full year results table(2)

MARUKA FURUSATO Corporation	unit	Actual										Co's		
		FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	2021/12*	2022/12	23/12CE	26/12 CE
EPS	yen	-	-	-	-	-	-	-	-	-	67.1	178.9	185.1	-
BPS	yen	-	-	-	-	-	-	-	-	-	2,632.9	2,816.2	-	-
DPS	yen	-	-	-	-	-	-	-	-	-	14.5	113.0	65.0	-
Payout ratio	%	-	-	-	-	-	-	-	-	-	21.6	63.2	35.1	About 35%
ROE	%	6.3	6.4	7.9	8.0	6.0	6.2	8.1	8.7	4.3	-	6.6	-	8.5
ROA (Operating Profit)	%	6.1	6.7	6.4	6.3	5.0	5.0	6.0	5.7	3.7	-	5.1	-	-
Equity ratio	%	57.5	56.6	55.4	55.3	56.7	55.7	52.6	54.5	60.9	61.4	58.0	-	-
EBITDA	¥mn	4,525	5,301	5,563	5,891	4,821	5,020	6,652	6,674	4,237	2,254	7,458	-	11,500
sales ratio	%	3.9	4.1	4.1	4.0	3.4	3.3	3.9	3.8	3.0	3.0	4.6	-	5.8
Capital expenditures	¥mn	1,175	1,619	1,033	2,234	2,551	3,419	1,896	5,419	2,063	566	2,777	-	-
Net Cash	¥mn	15,686	16,420	19,376	20,272	19,879	18,053	22,404	19,902	21,445	22,951	24,325	-	-
Total Assets	¥mn	75,707	82,879	91,252	96,395	97,368	104,815	116,163	118,612	109,143	108,594	122,914	-	-
Cash & Cash Equivalents	¥mn	15,985	16,864	20,051	20,902	20,724	19,281	23,262	22,071	23,944	24,172	25,648	-	-
Accounts Receivables	¥mn	32,416	36,640	39,792	42,923	41,222	46,232	52,707	51,454	39,150	38,554	43,609	-	-
Inventories	¥mn	5,222	6,080	7,081	6,821	6,735	7,228	7,981	9,896	9,123	10,211	15,293	-	-
Other Current Assets	¥mn	2,603	2,279	2,589	3,137	3,505	4,360	4,695	3,730	4,675	5,441	7,527	-	-
Property, Plant & Equipment	¥mn	13,359	13,980	14,197	15,865	17,479	19,135	19,597	21,083	21,826	20,484	22,036	-	-
Intangible Assets	¥mn	479	496	487	499	629	640	544	3,618	3,334	2,541	2,260	-	-
Investments and Other Assets	¥mn	5,643	6,540	7,055	6,248	7,074	7,940	7,376	6,760	7,091	7,189	6,540	-	-
Total Liabilities	¥mn	31,801	35,436	40,101	42,424	41,656	45,868	54,398	53,061	41,721	41,233	50,775	-	-
Trade Payables	¥mn	25,230	28,629	33,021	35,800	34,586	36,970	44,913	41,335	32,157	31,818	35,758	-	-
Interest-bearing Debt	¥mn	299	445	675	630	845	1,227	859	2,168	2,499	1,221	1,323	-	-
Other Liabilities	¥mn	6,272	6,363	6,404	5,994	6,226	7,670	8,626	9,558	7,066	8,194	13,694	-	-
Total Net Assets	¥mn	43,907	47,443	51,152	53,971	55,712	58,948	61,765	65,551	67,422	67,361	72,139	-	-
Capital Stock	¥mn	43,515	46,905	50,547	53,320	55,173	58,342	61,127	64,695	66,464	66,679	71,327	-	-
Other Net Assets	¥mn	392	538	605	651	539	606	637	856	958	682	812	-	-
Cash Flows from Operating Activities	¥mn	-	-	-	-	-	-	-	-	-	(853)	3,795	-	-
Cash Flows from Investing Activities	¥mn	-	-	-	-	-	-	-	-	-	(112)	(2,286)	-	-
Free Cash Flow (FCF)	¥mn	-	-	-	-	-	-	-	-	-	(965)	1,509	-	-
Cash Flows from Financial Activities	¥mn	-	-	-	-	-	-	-	-	-	(541)	(495)	-	-
Changes in Cash Flow	¥mn	-	-	-	-	-	-	-	-	-	16	246	-	-
Increase in Cash Equivalents	¥mn	-	-	-	-	-	-	-	-	-	(1,491)	1,260	-	-
Cash Equivalent - Beginning	¥mn	-	-	-	-	-	-	-	-	-	14,093	22,872	-	-
Increase from newly consolidated subsidiary	¥mn	-	-	-	-	-	-	-	-	-	10,270	-	-	-
Cash Equivalent - Ending	¥mn	-	-	-	-	-	-	-	-	-	22,872	24,132	-	-

Source: compiled by SIR from the Company's IR material

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