

One “Why didn’t we think of this?” after another

Technology trading company using unique ideas to confront various factory issues

Summary: (1) With a core competence in machinery and tools commerce, MARUKA FURUSATO Corporation is involved in (2) production and sales of construction and piping products, (3) sales and rental of construction machinery, and (4) installation and maintenance of surveillance and security systems. Established by a management integration in October 2021 of, Furusato Industries and Maruka Corporation, both primarily operating as machinery trading companies, the company boasts FY2021 net sales of ¥143.18 bn (figures adjusted for the fiscal year). Nearly 70% of sales were from the sales of machinery and tools and 25% from the production and sales of construction and piping products.

Competitive advantages: The firm possesses a wide range of trading company prowess that contribute to improvements to customers’ factories, such as ones related to engineering, manufacturers, and factory management. It also has a competitive advantage of the ability to make in-depth proposals. Before the integration, the two reinforced their related functions through M&As and alliances in order to expand. Centered on the major wholesale trading company G-net Corporation and Maruka Corporation, which possess strengths overseas, the group also includes Gifu Shoji Co., Ltd., a trading company that conducts direct sales to tier 1 Toyota companies. The group also consists of Japanese and overseas engineering companies such as SONORUKA Engineering Co., Ltd., and Industrial Tool Inc., machinery manufacturers including Kan Manufactory and Miyazawa, and Security Design, which provides factory and production line management systems. The company has also run the Maruka-Manufacturer Group (hereafter MM association) for more than twenty years. MM association is a community of manufacturers of products such as machine tools. The firm has established a cooperative relationship with ARUM Inc., which develops AI software to fully automated NC programing, in recent years. Although both groups have been implementing technology trading company measures with limited human resources and capital, focus should be targeted on the synergistic benefits of the group integration to expand its earnings in the medium and long term.

Earnings trends: In its medium-term management plan, MARUKA FURUSATO Corporation touts FY12/2026 targets of (1) ¥200.0 bn in net sales, (2) ¥10.0 bn in operating profit, (3) ¥11.5 bn in adjusted EBITDA, and (4) ROE of 8.5%. Compared to its pre-integration operating profit of ¥4.24 bn (FY2020, simple sum), the company expects to increase profit a total of ¥5.8 bn (1) +¥2.8 bn owing to a recovery from the Covid-19 pandemic as well as progress in implementing various group policies, (2) +¥2.0 bn through efforts such as generating integration synergies, including those from overseas, and (3) +¥1.0 bn from new added value by promoting M&A and alliances and combining group functions.

FY	Net sales	YoY	OP	YoY	RP	YoY	EPS	DPS
	¥ mn	%	¥ mn	%	¥ mn	%	¥	¥
FY19	175,395	-	6,892	-	5,620	-	-	-
FY20	145,028	(17.3)	4,539	(34.1)	2,996	-	-	-
FY21	143,180	(1.3)	3,178	(30.0)	3,065	-	-	-
12/2022CE	158,000	10.4	5,500	73.1	4,100	33.8	161.9	107.0

Source: compiled by SIR from company IR material

Note: For FY2021 and before, earnings were compiled for the period and then adjusted. The Dec. 2022 CE DPS includes a commemorative dividend of 50 yen.

INITIATION



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 (23/1/20)	3,300
YH (23/1/4)	3,335
YL (23/1/12)	3,155
10YH (22/5/23)	4,165
10YL (21/10/14)	1,906
Shrs out. (mn shrs)	25.564
Mkt cap (¥ bn)	84.4
EV (¥ bn)	61.4
Shr equity ratio (9/30)	59.5%
22.12 P/E (CE)	20.39x
21.12 EV/EBITDA (act)	1.25x
22.12 DY (CE)	3.24%

Stock Price and Volume since Listing



Source: SPEEDA data

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Valuation risk: While primarily a machinery and tool trading company, MARUKA FURUSATO Corporation is involved in many businesses, and its P&L and BS structure is somewhat different than that of such major machinery and tool trading companies Yamazen and Yuasa Trading. Therefore, its valuation was checked against multiple sectors, including the machining tool sector, the construction product manufacturing sector, and the construction machinery rental sector. The group has won high praise for its multiples due to the expectations of profit growth in the medium and long term, and it is important to determine the probability of achieving its projection of ROE and operating profit of ¥10.0 bn in its medium-term management plan. Although the company is working to diversify its business portfolio, it is worth noting the business sector risk in industries that the company has large exposure to such as the automobile, machine tools, and steel frame structure industries, as well as foreign exchange rate risks.

Summary

Company Profile p.4

- Summary: Launched through management integration of two listed companies that primarily operate as machinery and tool trading companies
- History: Faced changing business environment and customer needs
- Past earnings: Both groups achieved mid-single-digit annualized growth over the past twenty years or so
- Recent business conditions: Temporary deterioration in earnings due to the Covid-19 pandemic

Segment Details p.11

Machinery and Tools and Security p.11

- Overview: Gradually broadened business, centered on machine tools and tools
- Competitive advantages: Possesses engineering, manufacturer, and factory management functions
- Growth Potential: Accelerating Furusato Group's overseas expansion through Maruka's overseas foundation
- Macro environment: Linked to machine tool sales, risk of reversal of recent orders, and substantial order backlog

Construction Products p.21

- Overview: Revenue steadily grew despite stagnant overseas environment
- Distinguishing features: Relatively high profitability due to value added in terms of production and logistics

Construction Machinery p.23

- Overview: Small share, but generally tracks construction machinery shipments in Japan

Growth Strategy and Earnings Trend p.24

- Summary: Aiming for net sales of ¥200.0 bn and operating profit of ¥10.0 bn in FY12/2026
- Existing businesses: Still recovering from Covid-19 pandemic
- Integration synergy: ¥2.0 bn boost from "4 pillars of cooperation" and "five strategic fields."
- Strategic accumulation: Strengthening functions through M&As, etc., and focusing on new solutions

Valuation and Risks p.30

- Overview: Comparable companies include not only machinery and tool trading companies
- Multiples: Praise for high P/E and PBR compared to comparable companies
- P/E: Current stock price justified due to the medium-term management plan operating profit target of ¥10.0 billion
- PBR: Critical to ascertain medium- to long-term ROE level
- Risks: Keep in mind business condition risks for automobile, machine tool, and steel-frame structure companies and exchange rate risks

Governance p.36

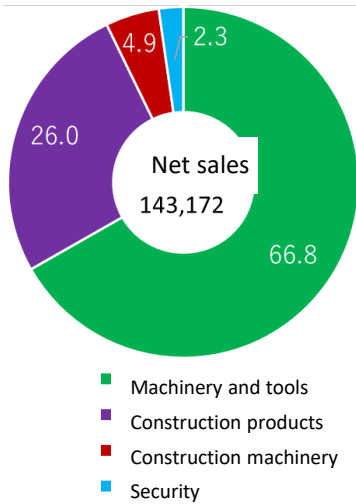
Shareholders p.38

Finance Data (new company and two groups) p.39

Company Profile



Net Sales Composition (FY21)



Source: compiled by SIR from company IR material
 Note: Adjusted pre-integration earnings.

Summary: Launched through management integration of two listed companies that primarily operate as machinery and tool trading companies

MARUKA FURUSATO Corporation was founded on October 1, 2021, through the management integration of Furusato Industries (formerly 8087) and Maruka Corporation (formerly 7594). (1) Centered on its functions as a trading company specializing in machinery and tools, such as machine tools, injection molding machines, forging machines, and cutting tools, the corporate group is involved in (2) the manufacturing and sales of construction and piping products, (3) sale and rental of construction machinery, and (4) introduction and maintenance of surveillance and security systems at manufacturing factories and similar venues. Having formed through the integration of two corporate groups that had expanded their businesses into peripheral fields through such activities as M&As, the group boasts numerous affiliated companies, including twenty consolidated subsidiaries, six non-consolidated subsidiaries, and two non-equity method affiliated companies as of the end of December 2021.

Its machinery and tools segment, which accounts for almost 70% of net sales, is centered on the major wholesale machinery and tool trading company **G-net Corporation** (formerly 8033 but delisted in August 2002 when it was transformed into a wholly-owned subsidiary by Furusato Industries), **Gifu Shoji**, which primarily conducts direct sales of cutting tools and machine tools to tier 1 Toyota companies, and **Maruka Corporation**, which has a strong overseas network and conducts direct sales of machine tools and injection molding machines to such customers as automobile and parts manufacturers. In addition, through **Kan Manufactory Co., Ltd.**, and **Miyazawa Co., Ltd.**, which Maruka acquired in 2016, the group is involved in the manufacturing of machinery for particular fields. Also, the group includes **Kitakyu Machines and Tools, Co., Ltd.**, which sells cutting tool supplies, and **SONORUKA Engineering Co., Ltd.**, which offers FA systems. One can argue that these are businesses that simple to generate synergies from the integration since both groups are undertaking similar and overlapping businesses.

As for other segments, there was no strong relation at the time of the integration. Its construction products business, which accounts for 20%-30% of net sales for the whole company, is centered on **Furusato Industries, Ltd.**, which manufactures and sells various types of screws, braces, and similar products for steel frame building businesses, and G-net Corporation, which also sells housing equipment wholesale. For the construction machinery segment, Maruka and Japan Rental sell and rent construction machinery and products, primarily cranes, and **Security Design Inc.** provides such products as facility management and security systems and similar products.

Businesses and Functions of Main Group Companies

Companies	① Machinery & Tools			② Constructions Products	③ Construction Machinery	Security	Functions
	Machinery	Tools	Engineering				
Furusato Group							
G-net Corporation (August 2000**)	Machine tools, FA devices Industrial machinery, etc.	Machinery & tools Pneumatic devices, etc.	Engineering service	Housing equipment system	-	-	Wholesale and direct sales
Gifu Shoji (October 2007**)	FA devices	Automotive tools	-	-	-	-	Wholesale and direct sales
Furusato Industries	-	-	-	Building products Piping products Construction product rental	-	-	Manufacturing and Sales
Security Design (October 2016**)	-	-	-	-	-	security monitoring systems	Other
Maruka Group							
Maruka Corporation	Machine tools Industrial machinery	Machinery & tools	Engineering service	-	Construction Machinery (cranes, etc)	-	Wholesale and direct sales
KAN MANUFACTORY (April 2016**)	Washers	-	-	-	-	-	Manufacturing and Sales
Miyazawa (September 2019**)	Food machinery Security, etc.	-	-	-	-	-	Manufacturing and Sales
Kitakyu Machines and Tools (December 2017**)	-	Machinery & tools	-	-	-	-	Sales
SONORUKA Engineering (established in February 1974)	-	-	Engineering service	-	-	-	Other
Japan Rental (September 2003**)	-	-	-	-	Construction equipment and materials rental	-	Rental and Sales

Source: compiled by SIR from company IR material

Note: Affiliates not listed include Maruka overseas subsidiaries (US, Malaysia, Thailand, Indonesia, China, Mexico, Vietnam) and US-based engineering company Industry Tools (acquired in October 2012) which automates machinery for tier 1 and tier 2 companies of major US car manufacturers such as GM

Note**: the year became a subsidiary company

History: Faced changing business environment and customer needs over the years

Although MARUKA FURUSATO Corporation's business is primarily based on its function as a machinery and tool trading company, its expertise extends to manufacturing, secondary trading, primary trading, engineering, rentals, and factory management. It serves diverse industries that range from the automobile, construction equipment, and agricultural equipment industries to the electrical equipment, housing equipment, food machine, and precision medical equipment industries. The company thus possesses a business portfolio that is as wide as possible. This is probably because both groups have faced business environments and customer needs that change with the times and pursued value-added services while maintaining a desire to grow. Furusato Industries was actually founded in October 1946, and Maruka was established in December 1946. They both played a role in Japan's reconstruction after the Second World War.

Furusato Industries: Established to manufacture construction products and materials, fully became a machinery and tool trading company through M&As

Founded in Osaka in October 1946 to produce turnbuckles, Furusato Industries started to handle general types of screws, including braces, anchor bolts, and bolt nuts, in September 1963. One of the distinguishing aspects of the company is that shortly after it was founded, it expanded its business not only as a trading company but also as a manufacturer of construction products. In April 1964, in response to the opinion of users, it launched mass production of uniform, standard braces and introduced them throughout Japan. As Furusato Industries was the only company at that time that had standardized braces and sold them nationwide, the company participated in standardization deliberations with the Ministry of International Trade and Industry, and in 1986, it obtained the first JIS certification for braces. During the process of expanding sales of its products throughout Japan, it discovered that customers wanted it to handle the logistics of other companies' products, which was the start of its work as a trading company. In 1980, the company reinforced its logistics system by creating a distribution center in Osaka.

Although there was strong demand for construction products from the high growth period in the 1960s through the collapse of the bubble at the beginning of the 1990s, the market has contracted since then. At its peak, the weight of newly constructed steel frame buildings exceeded 10 mn tons, but this fell to 6 mn tons during the 2000s. Therefore, the company started to search for a second priority industry. During the process, the company happened to come across the rescue plan for G-net Corporation. The company focused on the fact that compared to the market for construction products, the market for machinery and tools was large, and major machinery and tool trading companies, such as Yamazen and Yuasa Trading, did not have large market shares. Although the business would not directly generate strong synergies with its core business, the company invested in G-net Corporation and ultimately transformed it into a wholly-owned subsidiary.

G-net Corporation was one of the major machinery and tool wholesalers, but it was not proficient at capturing user needs as its core business was not direct sales. However, with the acquisition of Gifu Shoji in October 2007, the company started to strengthen its initiatives to shift from "product out" to "market in." The company has made inroads into tier 1 Toyota companies and is outstanding in terms of making proposals based on collaboration with manufacturers.

Full Brace



Source: company's product material

Main History of Furusato Industries

Year	Month	Details
1946	Oct.	Launched under the name of Furusato Tekkosho and started to produce turnbuckles
1959	May	Founded as Furusato Tekkosho Ltd.
1963	Sept.	Constructed Shiga Factory in Muzukuchicho, Shiga Prefecture and launched production of braces for steel-frame structure. Launched sales of braces, anchor bolts, and anchor nut through direct sales to users
1964	Apr.	Established standards and launched mass production of braces.
1977	Apr	Launched sales of anti-rust coating, cutting grindstone, welding rod, and other construction hardware
1980	Mar.	Established the Logistics Center in Fukusaki, Minato-ku Osaka
1986	Oct.	Listed on the Second Section of the Osaka Stock Exchange (specially designated company)
2000	Aug.	Underwrote a third-party allocation for G-net Corporation and transformed the company into a subsidiary
2002	Aug.	Transformed the G-net Corporation into a wholly owned subsidiary
2007	Oct.	Acquired shares of Gifu Shoji and transformed the company into a subsidiary
2016	10	Acquired shares of Security Design and transformed the company into subsidiary

Source: compiled by SIR from company IR material

Note: Excerpt of history included in securities report.

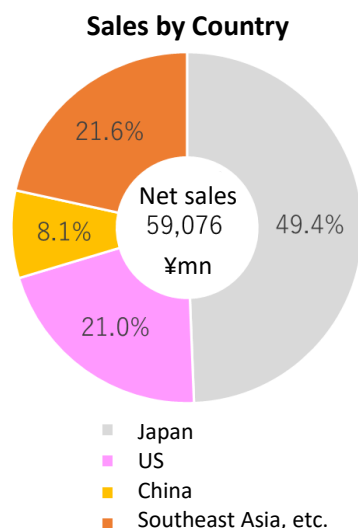
Maruka: Expanded overseas in the 50s and focuses on collaboration with manufacturers and engineering

Maruka Corporation was established in Osaka in December 1946 in order to import, export, and sell paper, wool goods, cars, bearings, tools, and similar products. Although Initially handling a wide range of products, the company started to focus on machinery during the high-growth period of the 1960s as there was strong demand for various types of machinery and tools, such as bearings and tools.

One distinguishing characteristic of Maruka is that it quickly launched a full overseas expansion. After first opening a representative office in Bangkok in November 1959, Maruka then established ones in Jakarta, Manila, and New York during the 60s, which were later transformed into local subsidiaries. Maruka's founder had been dispatched to Southeast Asia during the war, and it was this knowledge of the local area that was the impetus for quickly expanding overseas. At first, business with local firms accounted for a large percentage of revenues, but the amount of business supporting the overseas expansion of Japanese companies increased as one Japanese company after another started to establish factories overseas. Even after that, the number of countries where operations were launched grew to including Taiwan, Malaysia, China, Vietnam, India, and Mexico. For FY11/2019, the fiscal year before the impact of the Covid-19 pandemic, about 50% of sales from the former industrial equipment segment, which accounts for 85% of group sales, came from overseas sales.

In January 1987, the company founded Maruka Rental Services to offer rentals and leases for items such as construction machinery (Maruka Rental Services was ultimately merged into the business in March 2006). At that time, sales of construction machinery were mainly based on installment payments over 4–5 years, and there were many cases when the company was left with the actual product for various reasons, including a deterioration in fundraising capabilities and bankruptcy. Therefore, the company started to offer rental leases that leveraged its balance sheet so that it could make use of its inventory. This can be considered an example of flexibly expanding the scope of business when business conditions change. The company worked to further expand its business by acquiring Japan Rental, which undertook similar type of business in the Kanto Region, in September 2003.

Since the launch of the MM Association in 1997, Maruka has seriously worked to collaborate with manufacturers in order to make proposals that incorporate user needs, and in the 2010s, the company acquired the washing machine manufacturer Kan Manufactory and the food machine manufacturer Miyazawa. The company also transformed the US-based Industrial Tool, which provides FA systems to tier 1 US car manufacturers, into a subsidiary in order to reinforce its engineering functions.



Source: compiled by SIR from company IR material
 Notes: Using FY11/19 sales of Maruka's former industrial machinery segment as universe. Other businesses are only for Japan.

Key Points in Maruka' History

Year	Month	Details
1946	Dec.	Founded Maruka Co., Ltd., in order to conduct domestic sales of paper, woven goods, cars, bearings, tools, etc., and import and export various goods.
1959	Nov.	Established office in Bangkok (established Thai subsidiary in Jan. 1988).
1962	Mar.	Established Jakarta Office (established Indonesia subsidiary in November 1980).
1965	Mar.	Established Manila Office (established Philippine subsidiary in March 1979).
1966	Feb.	Established New York Office (established US subsidiary in May 1968).
1971	Jan.	Established Taipei Office.
1974	Feb.	Established SONORUKA Engineering Co., Ltd.
1987	Jan.	Established Maruka Rental Service to rent/lease construction machinery, etc.
1993	Jan.	Established Malaysia subsidiary.
1998	Sept.	Listed on Second Section of the Osaka Stock Exchange.
2001	Oct.	Established Guangzhou Office in Guangzhou, China (established China subsidiary in March 2003).
2002	Dec.	Established Ho Chi Minh Office (established the Vietnam subsidiary in September 2013).
2003	Sept.	Acquire all shares of Japan Rental and transformed the company into a subsidiary.
2007	Sept.	Established subsidiaries in China and India
2012	Oct.	Acquired all shares of Industrial Tool and transformed the company into a subsidiary.
2012	Nov.	Established Mexico subsidiary.
2016	Apr.	Acquired all shares of Kan Manufactory Co., Ltd., and transformed the company into a subsidiary.
2017	Dec.	Acquired all shares of Kitakyu Machine and Tools Co., Ltd. and transformed the company into a subsidiary.
2019	Jul.	Acquired some of the shares of Miyazawa Co., Ltd. and transformed the company into a subsidiary.

Source: compiled by SIR from company IR material Note: Excerpt of history included in securities report.

Past earnings: Both groups achieved mid-single-digit annualized growth over the past twenty years or so

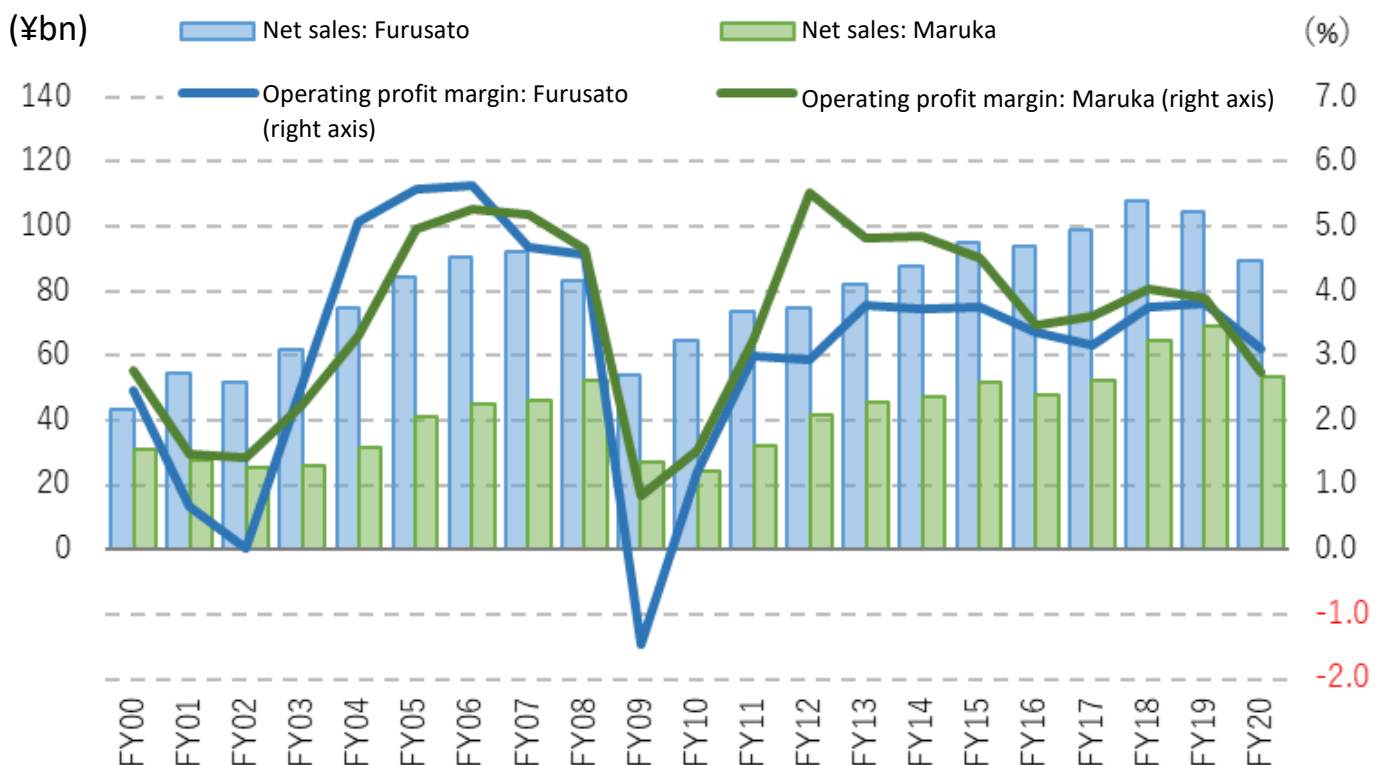
Although earnings declined for a short time during the 2008 financial crisis, both groups have steadily increased net sales and profit over the long term. For the 19 years through FY2019, the year before the Covid-19 pandemic, Furusato Group saw sales grow at an annual rate of 4.8% to ¥104.62 bn and operating profit rise at an annual rate of 7.2% to ¥3.97 bn while the Maruka Group recorded growth in nets sales of 4.3% to ¥69.2 bn and in operating profit of 6.1% to ¥2.69 bn.

A detailed look at earnings from FY2012 through FY2019, a period in which earnings recovered to a certain degree, reveals that Furusato Group sales increased ¥29.54 bn as earnings for all businesses rose—sales of machine tools and FA systems grew ¥6.51 bn, sales of various types of tools, etc., rose ¥11.59 bn, and sales of construction and piping products it manufactured and traded increased ¥11.43 bn. As for machinery and tools, it appears that the expansion in overseas environment contributed to a certain degree, and this was because of sharing know-how within the group, shifting from a “product out” to “market in” focus, and expanding business by deepening relationships with existing customers. On the other hand, growth in operating profit was flat at about 3%–4%. It fell 1-2 ppt compared to the peak before the 2008 financial crisis for various reasons,

such as a decline in the percentage of sales accounted for by high margin products and a slight increase in the labor cost ratio in employee compensation.

Over the same period, Maruka Group net sales rose ¥27.2 bn, of which ¥20.36 bn was from sales to the automobile and motorcycle industry. There were various reasons for the rise including the focus on capturing new customers with an eye toward highly stable businesses, which contrasted the cyclical nature of construction machinery and other industrial machinery. Furthermore, as for other factors behind the increase in net sales, M&As and greater demand for construction machinery rentals due to events such as the Tokyo Olympics contributed to a certain degree. On the other hand, OP margin has trended downward after peaking out in FY2012, and this was primarily the result of an increase in business with large lot orders that have relatively low profit margins. It appears that this type of business fell in FY2019, however at the same time Covid-19 started to have an impact, and this resulted in the continuing decline in profitability.

Long-term Trend in Net Sales and Operating Profit Margin for the Two Group Companies



Source: compiled by SIR from company IR material

Note: The Furusato Group closes its books in March, while the Maruka Group closes its books in November. Therefore, it is necessary to keep in mind that there is a four-month difference the two fiscal years.

Recent business conditions: Temporary deterioration in earnings due to the Covid-19 pandemic

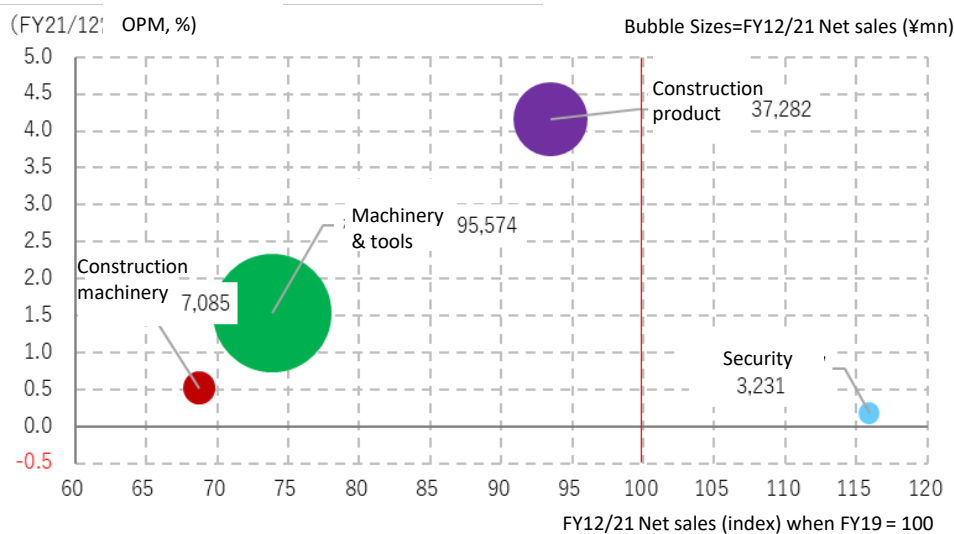
In FY2021, sales reached ¥143.18 bn and operating profit hit ¥3.18 bn (adjusted figures using simple sum of pre-integration earnings.). If looking only at the simple sum for the Furusato Group (FY3/2020) and Maruka Group (FY11/2019), net sales totaled ¥173.82 bn, and operating profit ¥6.66 bn, FY2021 is only 82.4% and 47.7% of the level of that for FY2019, respectively, and this was primarily because of a temporary decline in demand as a result of the Covid-19 pandemic.

Broken down by segment, the impact on the machinery and tools and construction machinery segment was substantial. The group posted net sales of ¥95.57 bn (73.8% the amount in FY2019) for machinery and tools and ¥7.08 bn for construction machinery (68.8% of that in FY2019), while non-current expense margins fell. Therefore, operating profit (operating profit margin) was ¥1.47 bn (1.5%) and ¥0.4 bn (0.5%), respectively. In FY2019, the group posted ¥4.03 bn (3.1%) and ¥0.25 bn (2.4%), respectively, and if sales improve, company-wide earnings will probably rise in the short term because of an increase in marginal profit.

On the other hand, the pandemic did not have a major impact on construction product segment, and the company recorded ¥37.28 bn in sales, 93.5% of that in FY2019, and operating profit of ¥1.55 bn (operating profit margin of 5.3%). For a small percentage of sales, profitability is relatively high because the company is involved from the manufacturing stage, although sales from this business contribute little to group-wide sales, the profit is not small.

As for the security business, demand for thermal cameras suddenly rose because of the Covid-19 pandemic, resulting in net sales of ¥3.23 bn, 115.9% of those for FY2019. However, net sales have recently fallen to their original level as the special demand has run its course. When compared to group earnings, the current scale of business is not that large, and it will probably require a lot of effort and monitoring from a medium to long-term perspective to generate synergies with the machinery and tools business. This would allow the firm to make progress in transforming it into a business with recurring earnings.

Net sales and Operating Profit by Segment and Recovery from COVID-19 Pandemic

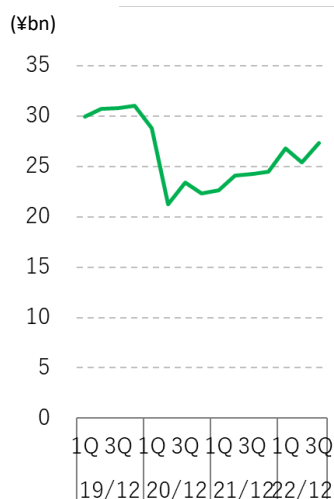


Source: compiled by SIR from company IR material

Note: Net Sales for FY2019 is the simple sum of Furusato Group's FY3/2003 net sales and Maruka Group's FY11/2019 sales and is provided as reference. The same applies to sales by segment. FY12/2012 operating profit reflects the company-wide costs allocated to the segment, but have not been adjusted in other ways.

**Machinery and tools:
Segment Overview**

**Machinery and Tools
Segment Quarterly Net Sales**



Source: Compiled by SIR from company IR material

Overview: Gradually broadened business, centered on machine tools and tools

This is a core business that generates quarterly sales of ¥25.0 bn–¥30.0 bn and annual sales of ¥100.0 bn–¥120.0 bn. This includes part of the Furusato Group’s former *machinery, the equipment segment* and former *device and tool segment*, and the Maruka’s Group former *industrial equipment segment*. In the machinery field, there is a large volume of machine tools, injection molding machine, and forging machine, but the company also handles other machinery, including food machines, and provides FA systems and engineering services. On the other hand, in the tools field, the group handles various products that range from parts and supplies used in the manufacturing industry, machinery and tools, and small and medium-sized machines, and because there is a group company (Gifu Shoji) that mainly conducts business with tier 1 Toyota companies, the company handles a certain amount of cutting tools, related tools, inspection equipment, etc., for the automobile industry.

Both groups are steadily expanding sales and growth in non-machine tools, such as those related to automobiles, robotic logistic equipment, environmental equipment, and food machines, and appear to have made certain contributions to earnings. Although this is gradually having an impact, in pursuit of business stability and sustainable growth, the company has expanded the scope of its business from the machine tool field, which is easily impacted by the external environment.

Momentum is gradually recovering. Net sales for the 2022 July–Sept. quarter rose 12.7% to 27.36 bn. It appears that the order backlog, which had accumulated, particularly for machine tools for small and medium-size enterprises, is gradually being eliminated. Looking at individual industries, products for the semiconductor and food product industries were firm,

Machinery and Tools Segment Sales and Composition

Segment	Actual			Percent			Growth	
	FY12	FY19	FY20	FY12	FY19	FY20	FY12→19	FY19→20
	Mn yen			%			CAGR,%	y-y, %
Machinery & Tools Net sales	83,677	121,033	94,381	100.0	100.0	100.0	5.4	(22.0)
Machinery	50,035	73,888	58,258	59.8	65.9	62.2	6.9	(26.4)
Furusato Group	14,193	20,706	14,319	17.0	17.1	15.2	5.5	(30.8)
Industrial machinery	11,188	18,611	11,847	13.4	15.4	12.6	7.5	(36.3)
FA system	3,005	2,095	2,472	3.6	1.7	2.6	(5.0)	18.0
Maruka Group	35,842	53,182	43,939	42.8	48.8	47.0	7.4	(24.9)
Machine tools	17,950	20,501	16,604	21.5	16.9	17.6	1.9	(19.0)
injection molding machines	3,557	5,676	6,373	4.3	4.7	6.8	6.9	12.3
Forging machines	5,495	5,907	5,374	6.6	4.9	5.7	1.0	(9.0)
Industrial machinery	2,172	5,542	4,081	2.6	4.6	4.3	14.3	(26.4)
Tools/Bearings/hydraulics	1,750	2,773	2,719	2.1	2.3	2.9	6.8	(1.9)
Environmental equipment	1,389	4,109	2,686	1.7	3.4	2.8	16.8	(34.6)
Robots/Logistics Machinery	916	3,098	1,681	1.1	2.6	1.8	19.0	(45.7)
Food machinery	-	547	1,651	-	0.5	1.7	-	201.8
Industrial equipment	-	5,894	448	-	4.9	0.5	-	(92.4)
Other machinery	2,613	5,029	2,770	3.1	4.2	2.9	9.8	(44.9)
Tools	33,642	47,145	36,123	40.2	34.1	37.8	3.0	(13.5)
Furusato Group	33,642	41,251	35,675	40.2	34.1	37.8	3.0	(13.5)
Industrial Equipment	27,994	34,031	30,452	33.5	28.1	32.3	2.8	(10.5)
Machine tools for automotive	4,740	6,825	4,993	5.7	5.6	5.3	5.3	(26.8)
Other machine and tools	908	395	230	1.1	0.3	0.2	(11.2)	(41.8)

Source: compiled by SIR from company IR material

Note: Furusato Group closes its books in March, but the Maruka Group closes its books in November. Therefore, there is a four-month difference for the simple sum. The table reclassifies the two group’s former segments into current segment to the extent possible. There are some inconsistencies.

Machinery and tools: Competitive advantage

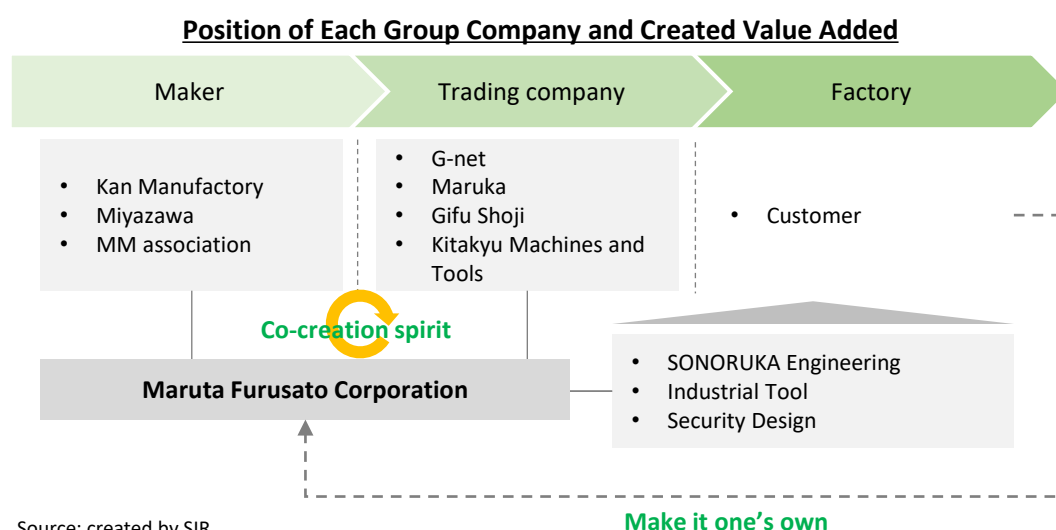
but those for the automobile industry softened for several reasons, including shortages in semiconductors. Furthermore, because overseas sales account for slightly less than 30% of total sales, earnings look better when translated to yen due to the recent yen weakness. However, overseas earnings are reflected in the P&L with a three-month lag (Apr.–June earnings are reflected in Jul.–Sept. quarter.)

Diverse functionality: Possesses engineering, manufacturer, and factory management functions

Having confronted the business environment and customer needs that change with the times and reinforced its diverse functions out of a desire to grow while primarily focusing on its trading company functions, MARUKA FURUSATO Corporation is a technology trading company that possesses numerous functions related to engineering, manufacturers, and factory management, which is one of its competitive advantages. Despite the technology trading company measures that both groups have promoted with their limited human resources and finances, focus is on the fact that the group has the makings to flourish through plans to grow its earnings in the medium and long term by making use of its rich resources and possibilities due to the integration.

Manufacturing factories face numerous issues. For example, processing factories that handle automobile and hydraulic parts purchase parts made using molds through casting, forging, etc., and these go through multiple processes, both primary and secondary ones, such as lathing, machining, and washing. Even when a single machine is used, it is necessary to examine not only which manufacturer's equipment is appropriate for processing the product but also various other aspects, including what the state of existing equipment is, what combination of machinery will optimize the cycle time for the whole process, and what choices offer the best cost performance considering future demand trends and model cycle for products handled. Even if a lathe that boasts high production capabilities is introduced, it will not improve cycle time if cleaning is the bottleneck process on the production line. In this case, the introduced machine spec is probably too high.

One type of value added offered by trading companies is being able to ascertain the distinguishing aspects of the machinery and tools that manufacturers sell and to make comprehensive proposals appropriate for the production line and budget of customers. Therefore, it is necessary to make the business one's own assuming a deep understanding of customers, and to make "market-in" type proposals and co-create with manufacturers. The group includes (1) **Gifu Shoji** a direct-sales trading company (primary trading company) that has made inroads into tier 1 Toyota companies, (2) **SONORUKA Engineering** and US-based **Industrial Tool**, which handle engineering related to FA systems, etc., and (3) the equipment manufacturers **Kan Manufactory** and **Miyazawa**. Furthermore, the company operates **MM association** established in 1997, which has a group of manufacturers possessing outstanding technology in specialized fields. Maruka cooperates with the group and conducts product development and sales, making it possible to create proposals closely linked to frontline operations. The group also includes **Security Design Inc.**, which is involved in various activities, such as selling security cameras and providing and maintaining a physical access management cloud, which has resulted in a system that makes it possible to comprehensively create value added, including from the perspective of factories and production line management (Security Design is independent as part of the security segment but is discussed here as it is strongly related).



Direct sales trading company: Making inroads into various tier 1 Toyota companies with sales of cutting tools and machine tools

Gifu Shoji Co., Ltd., which Furusato Industries acquired in October 2007, primarily sells cutting tools and machine tools to major companies in the car industry, such as tier 1 Toyota companies, including Denso (6902) and Aisin Corporation (7259). When these companies are included in competition, the introduction of machines is examined by having a team consisting of both manufacturers and trading companies that conduct direct sales conduct “presentations on production line and processes that employ these products,” not “product introductions.” This is a business field that secondary trading companies (wholesale trading companies) such as G-net Corporation cannot make inroads, and the know-how acquired by continually making proposals to top companies in the automobile industry contributes to a certain extent to realizing in-depth proposals in the medium and long term by laterally expanding to the Maruka Group.

Gifu Shoji Earnings and Main Customers

Net sales(FY3/2-21) : ¥4,999 mn

Employees (Dec. 31, 2021) : 65

Balance sheet (Dec. 31, 2021) (¥mn)

Total assets	5,171
Current assets	3,285
Non-current assets	1,885
Total liabilities	1,558
Current liabilities	1,245
Non-current liabilities	313
Net assets	3,613
Shareholders equity	3,103
Capital	10
Retained earnings	3,093
Valuation and translation adjustments	510

Main Purchasers

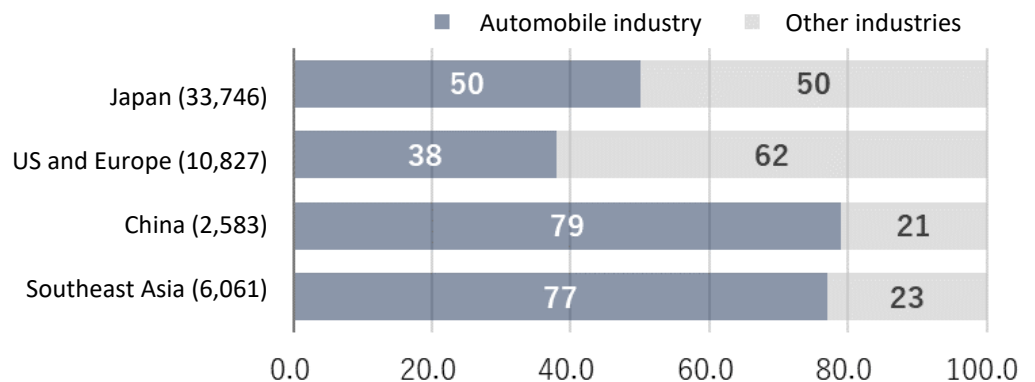
Code	Company name
6201	Toyota Industries Corporation
6448	Brother Industries
6473	JTEKT Corporation
7012	Kawasaki Heavy Industries
7242	KYB
7245	Daido Metal
7250	Pacific Industrial
7259	Aisin Corporation
7269	Suzuki Motor Corporation
4183	Mitsui Chemicals
5938	LIXIL
5947	Rinnai Corporation

Source: compiled by SIR from company's public material, etc.

Note: The main purchasers are some of the main public companies given on the company's website.

The important point is that for the Maruka Group, sales to the automobile industry account for almost 50% of sales, and there is potential to generate synergies through the sharing of knowhow. For the group, sales in the fields of machine tools has accounted for a certain percentage of total sales, but from the perspective of business portfolio stability, the group is expanding business that targets the automobile industry, which has relatively small changes in demands compared to the machine tool industry and is expected to grow.

Maruka Group’s Sales by Region and Industry (FY11/2020)



Source: compiled by SIR from company’s IR material
 Note: Figures in parenthesis after the region are the FY11/2020 net sales (million yen)

FA Line



Source: the Company’s IR material

Engineering: Possesses specialist companies both in Japan and overseas

Both G-net Corporation and Maruka possess engineering-related functions. Furthermore, both SONORUKA Engineering, which was established in February 1974 and conducts business in Japan, and US-based Industrial Tool, which was also founded in 1974, operate as specialist companies. Industrial Tool was acquired by Maruka in October 2012, and conducts business overseas.

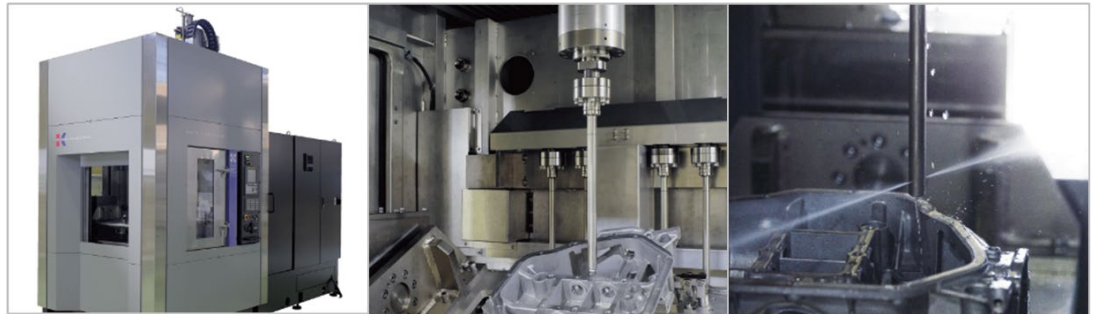
SONORUKA Engineering provides FA systems, including automation equipment for automobile coil lines, shearing lines, and presses, to Toyota Group companies and similar customers. Despite operating in a rather limited number of fields, the company has experience providing support with more than 50 production lines both in Japan and overseas. On the other hand, US-based Industrial Tool offers robotic automation to companies in both the automobile industry, such as GM, Ford, and TESLA, and aerospace and defense industry, including Honeywell and 3M. Both companies have a certain amount of experience, and there is probably the possibility of opportunities to expand earnings by mutual sharing their know-how in the field of engineering.

Manufacturers: Possess an environment for cocreation with numerous machinery manufacturers

There are situations when it is necessary to cocreate with manufacturers, including customizing machinery and tools, to make proposals that meet user needs. It is also probably noteworthy that the company possesses a system that makes it possible to propose improvements from a manufacturer perspective, and to implement the improvement because it (1) has numerous manufacturers in the group and (2) possesses a wide network of manufacturers that undertake cocreation through the MM association.

Kan Manufactory is a manufacturer of processing, assembly, measuring devices, and CNC high-pressure washing machines used to wash car parts, such as crankshafts and valve bodies. The company, which was a member of the MM association and had close relations, was acquired in April 2016 because it manufactures machinery closely linked to the industries that Maruka’s main customers operate in. The company can probably be expected to generate value added by sharing know-how, which includes Furusato Group.

Kan Manufactory’s Main Products (CNC High-Pressure Washer)



Source: Compiled by SIR from company material

Vertical round blade slicers



Source: the Company’s IR material

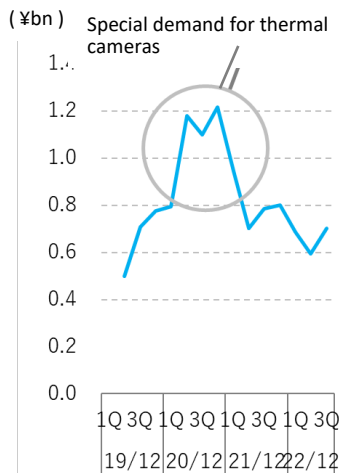
Miyazawa, which was acquired in July 2019, is also a machinery manufacturer. Shortly after being established in 1979 to undertake precision sheet metal processing, it entered the field of food processing equipment, and food machines, such as vertical round blade slicers, ultrasonic half-cut machines, and bowl inverting machines, which have recently become its core product. Despite having different core industries, such as automobiles and industrial equipment, Maruka was focused on launching a division to handle food machine since before the acquisition to expand its business portfolio and stabilize profits.

In addition, the MM association consists of 20–30 companies that manufacture and sell a range of processing, assemble, and inspection equipment, including shot-blasting, beveling, and deburring machines, NC lathes, and machining centers, which as created a broad network of machinery manufacturers. Both Kan Manufactory and Miyazawa make limited contributions to group earnings as each company posts net sales of about ¥1.0–¥2.0 bn. Furthermore, MM association members also probably include small and medium-size enterprises. However, as a technology trading company, it is likely creating a system to propose improvements from the perspective of a manufacturer.

Factory management: Making use of Security Design services for factory and production line management

When selling equipment and other products, MARUKA FURUSATO Corporation wants to concentrate on not only making proposals from an engineering and manufacturer perspective but also providing factories and production line management systems. Having previously established a security division to expand the products it handles away from equipment and sold surveillance cameras wholesale and retailed to such customers as Korea-based LG Electronics Inc., the Furusato Group fully moved in that direction when it acquired Security Design Inc. in October 2016.

Security Segment Quarterly Net Sales



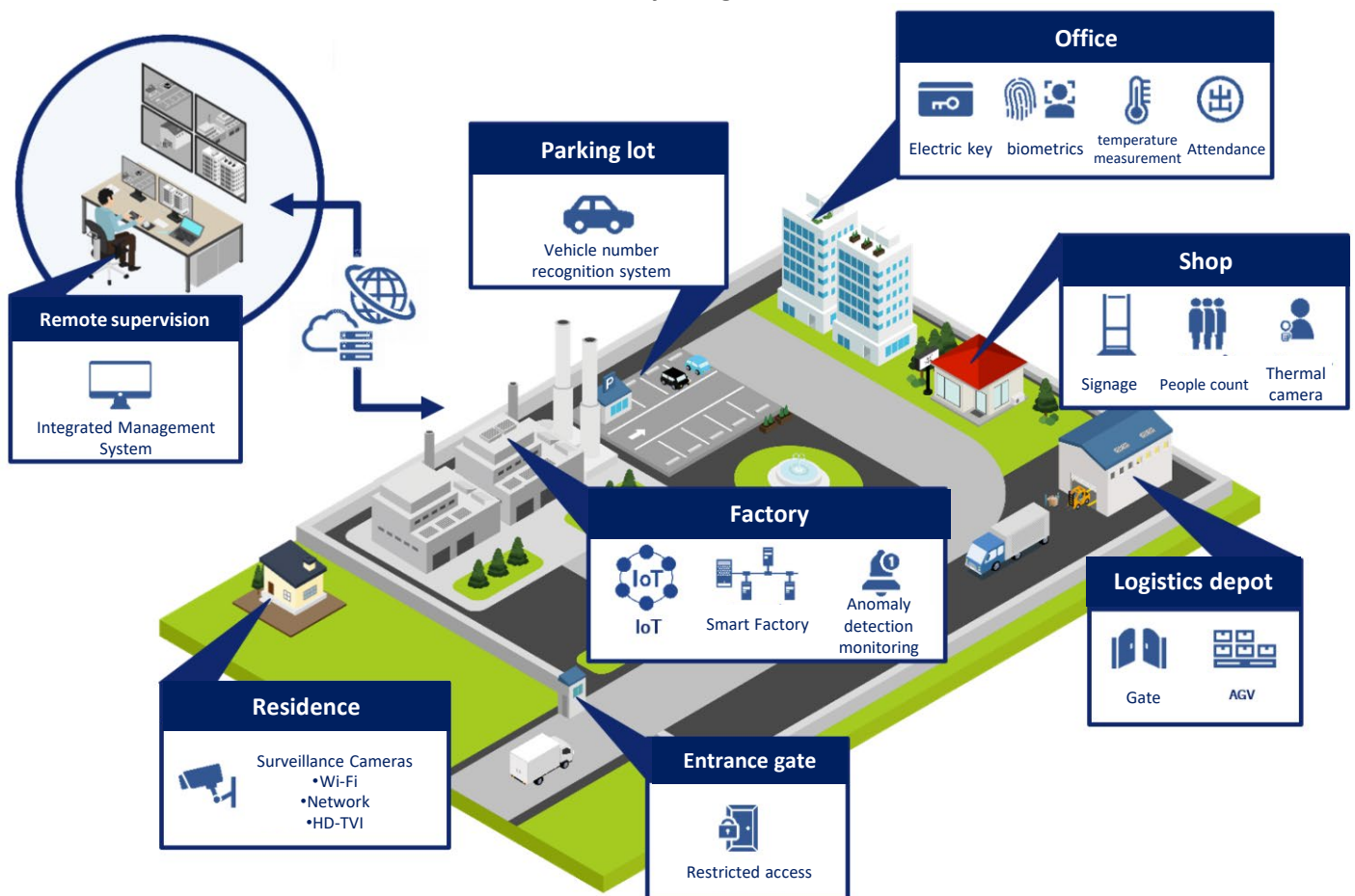
Source: compiled by SIR from company IR material

The company started its business as a domestic distributor in Japan of products from HIKVISION, which boasts the top market share as a surveillance camera manufacturer, and provides numerous original surveillance camera solutions. It also conducts various other activities, including providing and maintaining several types of security systems, including a physical access control cloud and automatic license plate recognition systems. One of its goals is to improve productivity at group companies, customer factories, and similar locations by deepening these kinds of technologies and services, particularly for factory and production line management.

For example, Miyazawa’s bread slicer makes use of Security Design technology and incorporates built-in sensors, which makes it possible for staff to confirm the status of equipment and make improvements when there is a problem with production equipment. It can do this without having to visit the factory where the equipment is installed, which improves productivity. Another distinguishing aspect of this group company is that it has established a flow for external sales of systems after testing and measuring the impact of installing equipment at factories within the group.

In this way, the MARUKA FURUSATO Corporation is unique in that it is a machinery and tool trading company that has incorporated numerous functions within its group from various perspectives, such as that of engineering, manufacturer, and factory management, which can be expected to be a competitive edge for growing earnings in the medium and long term.

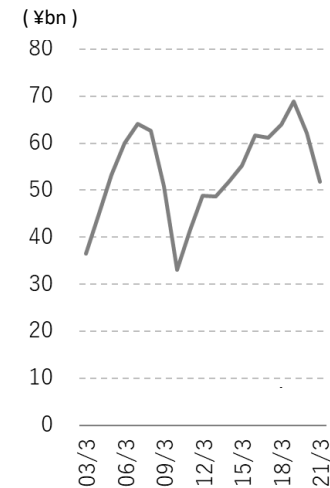
Security Design Services



Source: compiled by SIR from company IR material

**Machinery and tools:
Growth potential**

G-net Corporation Net Sales



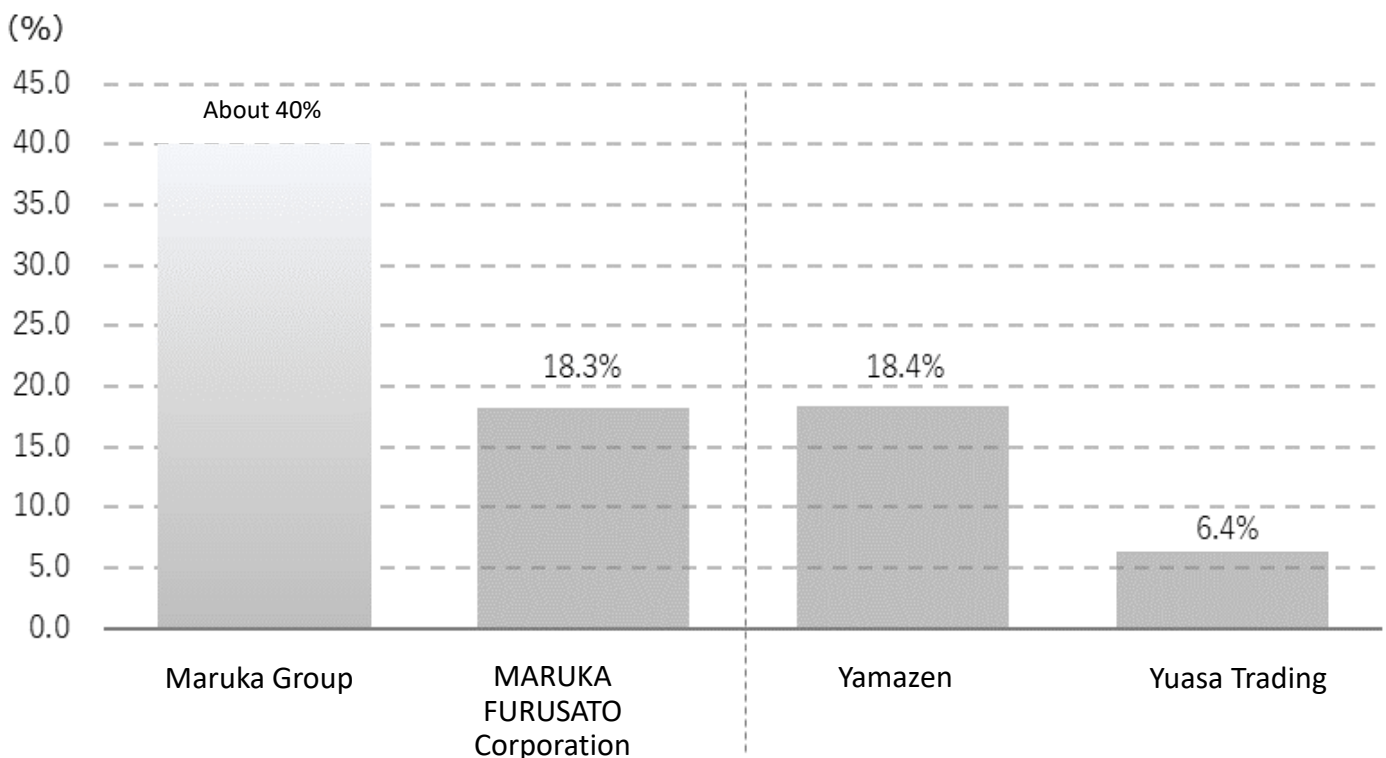
Overseas: Accelerating Furusato Group’s overseas expansion through Maruka’s overseas foundation

The Furusato Group’s overseas expansion, which leverages the Maruka Group’s overseas business and offices, offers upside potential in the short and medium term. While overseas sales account for about 40% of Maruka Group’s sales, the Furusato Group conducts almost no sales overseas, and it is easy to envision greater earnings through cross sales. For example, Maruka handles almost none of the tools that are G-net Corporation’s main products, but these products are necessary at all manufacturing factories, and one can expect that existing customers would switch products.

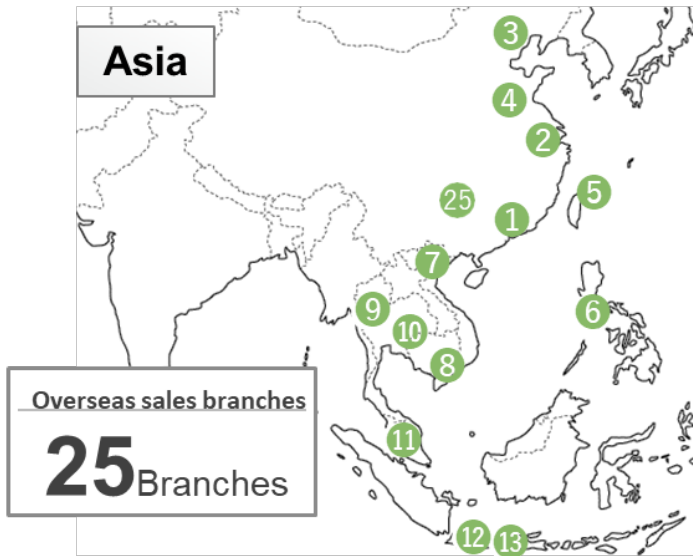
The major machinery trading companies Yamazen Corporation and Yuasa Trading Co., Ltd., each have total sales of about ¥500.0 bn, of which about ¥200.0–¥300.0 bn is from the machinery and tool field. While there are certain differences in scale, including in Japan, Yamazen generates about ¥60.0–¥90.0 bn in sales overseas, and Yuasa Trading about ¥30.0 bn. This is not that different from the Maruka Group, which boasts sales of about ¥30.0 bn, and this is a field that the group can further increase its competitiveness through synergies.

The focus should be on an expansion trend in Southeast Asia. Japanese companies previously focused on the low labor costs in this region and established factories overseas to reduce production costs. However, labor costs are rising as Asian economies grow, and there may be growing demand for greater productivity through revisions to processes and production lines. Rather than partial optimization that proposes machines with the required performance, total optimization provided by the provision of engineering, manufacturing, and factory management functions will increase its superiority, and demand may increase.

Machinery Trading Company Overseas Sales as Percentage of Total Sales



Overseas Sales Office and Regional Net Sales Long-term Trends



Before integration	Maruka Group															
	11/05	11/06	11/07	11/08	11/09	11/10	11/11	11/12	11/13	11/14	11/15	11/16	11/17	11/18	11/19	11/20
Overseas net sales Total	19,422	20,386	20,683	22,783	10,001	10,914	17,133	24,677	27,391	26,160	27,885	23,234	25,804	28,632	29,909	19,471
YoY	-	5.0	1.5	10.2	(56.1)	9.1	57.0	44.0	11.0	(4.5)	6.6	(16.7)	11.1	11.0	4.5	(34.9)
North America	7,993	10,314	11,570	9,693	5,330	4,292	6,993	9,056	12,548	10,612	11,527	11,279	10,916	11,978	12,396	10,827
YoY	-	29.0	12.2	(16.2)	(45.0)	(19.5)	62.9	29.5	38.6	(15.4)	8.6	(2.2)	(3.2)	9.7	3.5	(12.7)
China	2,105	2,810	2,849	3,909	1,454	2,372	3,998	3,601	4,023	4,191	3,805	2,679	2,829	3,909	4,766	2,583
YoY	-	33.5	1.4	37.2	(62.8)	63.1	68.5	(9.9)	11.7	4.2	(9.2)	(29.6)	5.6	38.2	21.9	(45.8)
Indonesia	2,221	1,669	1,181	865	491	1,102	2,229	2,291	2,684	5,204	1,846	1,225	1,900	1,368	1,629	992
YoY	-	(24.9)	(29.2)	(26.8)	(43.2)	124.4	102.3	2.8	17.2	93.9	(64.5)	(33.6)	55.1	(28.0)	19.1	(39.1)
Malaysia	1,420	653	389	617	539	383	387	325	1,184	1,328	5,463	4,725	5,403	6,538	6,531	1,545
YoY	-	(54.0)	(40.4)	58.6	(12.6)	(28.9)	1.0	(16.0)	264.3	12.2	311.4	(13.5)	14.3	21.0	(0.1)	(76.3)
Thailand	3,900	3,151	2,569	3,889	1,380	1,396	2,288	7,645	5,270	3,630	3,523	1,995	2,770	2,093	2,300	2,379
YoY	-	(19.2)	(18.5)	51.4	(64.5)	1.2	63.9	234.1	(31.1)	(31.1)	(2.9)	(43.4)	38.8	(24.4)	9.9	3.4
Vietnam	-	-	-	-	-	-	-	-	698	499	497	630	833	1,142	593	406
YoY	-	-	-	-	-	-	-	-	(28.5)	(0.4)	26.8	32.2	37.1	(48.1)	(31.5)	-
Philippines	177	445	157	383	129	331	284	421	428	264	554	372	406	1,034	1,287	656
YoY	-	151.4	(64.7)	143.9	(66.3)	156.6	(14.2)	48.2	1.7	(38.3)	109.8	(32.9)	9.1	154.7	24.5	(49.0)
India	-	-	16	1,152	203	89	162	470	171	179	394	326	730	442	305	82
YoY	-	-	-	7100.0	(82.4)	(56.2)	82.0	190.1	(63.6)	4.7	120.1	(17.3)	123.9	(39.5)	(31.0)	(73.1)
Other(or fraction)	1,606	1,344	1,952	2,275	475	949	792	868	385	253	276	3	17	128	102	1
YoY	-	(16.3)	45.2	16.5	(79.1)	99.8	(16.5)	9.6	(55.6)	(34.3)	9.1	(98.9)	466.7	652.9	(20.3)	(99.0)

After integration	12/21				12/22									
	1Q	2Q	3Q	4Q	2QYTD	3QYTD	4QYTD	1Q	2Q	3Q	4Q	2QYTD	3QYTD	4QYTD
Overseas net sales Total	-	-	5,759	-	11,199	16,958	-	-	-	9,023	-	12,640	21,663	-
YoY	-	-	-	-	-	-	-	-	-	56.7	-	12.9	27.7	-
The Americas	-	-	2,884	-	5,925	8,809	-	-	-	6,289	-	7,011	13,300	-
YoY	-	-	-	-	-	-	-	-	-	118.1	-	18.3	51.0	-
North America	-	-	2,702	-	5,280	7,982	-	-	-	5,882	-	5,894	11,776	-
YoY	-	-	-	-	-	-	-	-	-	117.7	-	11.6	47.5	-
Mexico	-	-	182	-	645	827	-	-	-	407	-	1,117	1,524	-
YoY	-	-	-	-	-	-	-	-	-	123.6	-	73.2	84.3	-
China	-	-	799	-	2,215	3,014	-	-	-	901	-	1,555	2,456	-
YoY	-	-	-	-	-	-	-	-	-	12.8	-	-29.8	-18.5	-
Indonesia	-	-	1,178	-	738	1,916	-	-	-	601	-	1,512	2,113	-
YoY	-	-	-	-	-	-	-	-	-	-49.0	-	104.9	10.3	-
Malaysia	-	-	353	-	1,101	1,454	-	-	-	400	-	1,047	1,447	-
YoY	-	-	-	-	-	-	-	-	-	13.3	-	-4.9	-0.5	-
Thailand	-	-	351	-	834	1,185	-	-	-	377	-	1,011	1,388	-
YoY	-	-	-	-	-	-	-	-	-	7.4	-	21.2	17.1	-
Vietnam	-	-	136	-	209	345	-	-	-	367	-	377	744	-
YoY	-	-	-	-	-	-	-	-	-	169.9	-	80.4	115.7	-
Philippines	-	-	59	-	156	215	-	-	-	83	-	80	163	-
YoY	-	-	-	-	-	-	-	-	-	40.7	-	-48.7	-24.2	-
India	-	-	2	-	14	16	-	-	-	5	-	43	48	-
YoY	-	-	-	-	-	-	-	-	-	150.0	-	207.1	200.0	-
Other	-	-	-3	-	7	4	-	-	-	0	-	4	4	-
YoY	-	-	-	-	-	-	-	-	-	-100.0	-	-42.9	0.0	-

Source: the Company's IR material

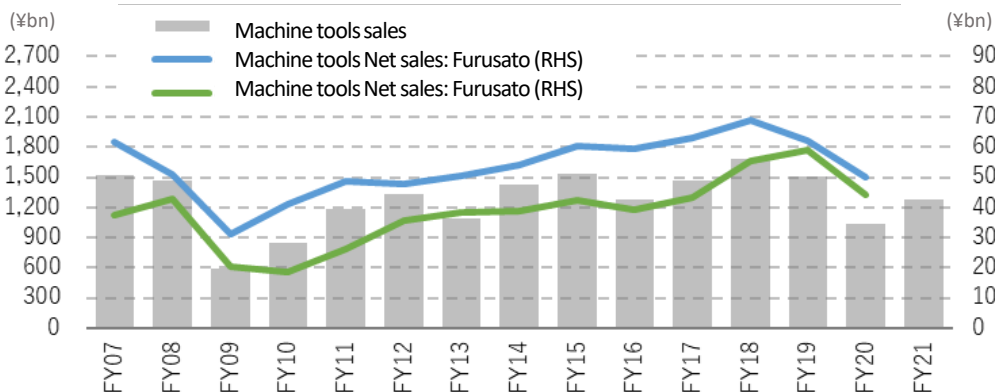
**Machinery and tools:
Macro environment**

Business environment: Linked to machine tool sales, risk of reversal of recent orders, and substantial order backlog

In the past, machinery and tool sales for both Furusato Industries and Maruka were generally linked to general industry machine tool sales. While there are changes in the macro environment and factors that lead to differences such as changes in the sub-sectors, domestic and overseas mix, and greater share due to independent efforts, this is probably one reference indicator for predicting short and long-term earnings.

Note: While machine tool orders are from Jan.-Dec., there is a difference of months because Furusato Group closes its books in March and the Maruka Group closes its books in November. Figures have been adjusted for sales from former Furusato segments that belong to the current machine and tool segment, and some eliminations have been made.

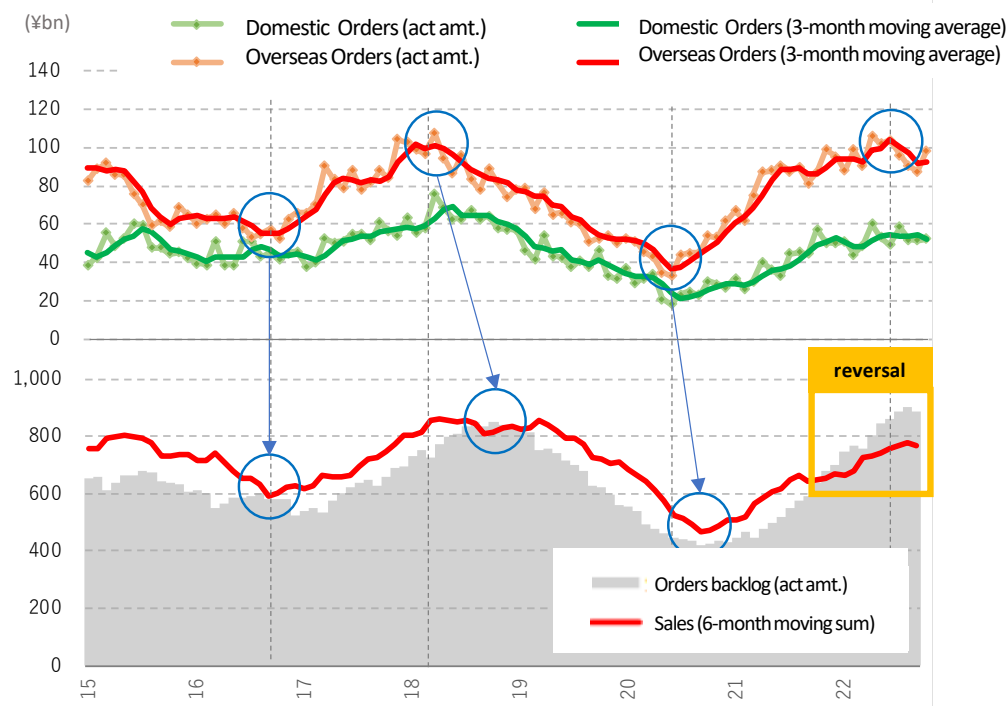
Machining Tool Sale and Each Group's Machinery and Tool Net Sales (Annual)



Source: compiled by SIR from Japan Machine Tool Builders' Association's *Machine Tool Main Statistics* and the company's IR material

As for momentum, it is important to keep in mind that orders, a leading indicator of sales, shows signs of a reversal, particularly in overseas demand. However, unlike for previous downward trends, there was strong demand for capital expenditures, while outstanding orders are increasing as supply cannot keep up for various reasons, including semiconductor shortages. There is normally an order backlog of five months, but that has recently been seven months, and even though orders may fall slightly, sales are unlikely to decline. The order backlog may increase in a similar way.

Machine Tool Japan and Overseas Orders and Sales and Orders Backlog



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

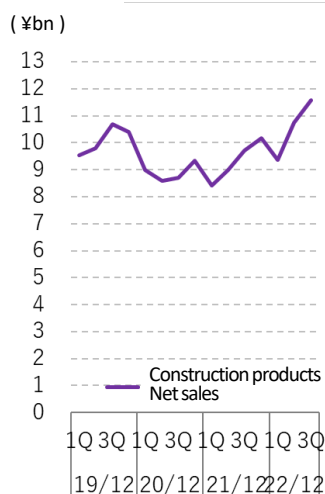
Machine Tool Order Statistic Sheet

Year	Month	Total orders				Sales amount				Order backlog	
		¥ mn	y-y, %	Domestic ¥ mn	y-y, %	Overseas ¥ mn	y-y, %	¥ mn	y-y, %	¥ mn	y-y, %
2006	-	1,436,970	5.4	733,009	(1.8)	703,961	14.2	1,407,258	10.3	684,266	6.2
2007	-	1,589,991	10.6	726,424	(0.9)	863,567	22.7	1,522,632	8.2	758,815	10.9
2008	-	1,301,147	(18.2)	566,820	(22.0)	734,327	(15.0)	1,472,029	(3.3)	574,383	(24.3)
2009	-	411,809	(68.4)	159,648	(71.8)	252,161	(65.7)	596,920	(59.4)	382,592	(33.4)
2010	-	978,622	137.6	307,527	92.6	671,095	166.1	851,272	42.6	508,446	32.9
2011	-	1,326,188	35.5	421,599	37.1	904,589	34.8	1,179,316	38.5	653,138	28.5
2012	-	1,212,445	(8.6)	375,822	(10.9)	836,623	(7.5)	1,329,650	12.7	543,736	(16.8)
2013	-	1,117,049	(7.9)	400,803	6.6	716,246	(14.4)	1,094,673	(17.7)	566,113	4.1
2014	-	1,509,397	35.1	496,391	23.8	1,013,006	41.4	1,422,184	29.9	652,213	15.2
2015	-	1,480,592	(1.9)	586,240	18.1	894,352	(11.7)	1,532,603	7.8	607,499	(6.9)
2016	-	1,250,003	(15.6)	530,545	(9.5)	719,458	(19.6)	1,280,584	(16.4)	522,527	(14.0)
2017	-	1,645,554	31.6	629,369	18.6	1,016,185	41.2	1,467,285	14.6	694,231	32.9
2018	-	1,815,771	10.3	750,343	19.2	1,065,428	4.8	1,684,768	14.8	826,197	19.0
2019	-	1,229,900	(32.3)	493,188	(34.3)	736,712	(30.9)	1,501,633	(10.9)	561,265	(32.1)
2020	-	901,835	(26.7)	324,455	(34.2)	577,380	(21.6)	1,033,616	(31.2)	430,794	(32.2)
2021	-	1,541,419	70.9	510,324	57.3	1,031,095	78.6	1,283,499	24.2	701,005	62.7
2019	1	125,401	(18.8)	46,772	(15.9)	78,629	(20.4)	115,549	(1.0)	836,049	14.2
	2	109,742	(29.3)	41,668	(28.4)	68,074	(29.8)	130,770	(5.1)	815,021	8.8
	3	130,664	(28.5)	53,938	(28.6)	76,726	(28.5)	194,502	(4.9)	751,183	3.3
	4	108,656	(33.4)	43,524	(36.5)	65,132	(31.1)	104,410	(12.7)	755,429	(2.0)
	5	108,535	(27.3)	42,710	(32.1)	65,825	(23.8)	121,706	(0.8)	742,258	(6.9)
	6	98,928	(37.9)	37,700	(40.1)	61,228	(36.4)	125,448	(15.1)	715,738	(11.5)
	7	101,278	(33.0)	41,171	(38.9)	60,107	(28.2)	114,849	(7.8)	702,167	(16.0)
	8	88,487	(37.0)	37,541	(39.8)	50,946	(34.7)	112,872	(11.3)	677,782	(20.1)
	9	98,973	(35.5)	46,065	(28.5)	52,908	(40.6)	148,088	(11.9)	628,667	(24.6)
	10	87,453	(37.4)	33,423	(42.0)	54,030	(34.1)	95,698	(22.5)	620,422	(27.0)
	11	81,669	(37.9)	31,369	(45.5)	50,300	(32.1)	105,787	(24.5)	596,304	(29.2)
	12	90,114	(33.5)	37,307	(34.7)	52,807	(32.6)	131,954	(13.2)	561,265	(32.1)
2020	1	80,777	(35.6)	29,586	(36.7)	51,191	(34.9)	88,094	(23.8)	553,948	(33.7)
	2	77,224	(29.6)	31,997	(23.2)	45,227	(33.6)	92,301	(29.4)	539,905	(33.8)
	3	77,447	(40.7)	34,246	(36.5)	43,201	(43.7)	126,681	(34.9)	490,671	(34.7)
	4	56,143	(48.3)	21,149	(51.4)	34,994	(46.3)	67,769	(35.1)	479,045	(36.6)
	5	51,239	(52.8)	18,192	(57.4)	33,047	(49.8)	66,801	(45.1)	463,483	(37.6)
	6	67,190	(32.1)	23,362	(38.0)	43,828	(28.4)	83,578	(33.4)	447,095	(37.5)
	7	69,788	(31.1)	24,808	(39.7)	44,980	(25.2)	75,749	(34.0)	441,134	(37.2)
	8	67,980	(23.2)	23,069	(38.5)	44,911	(11.8)	71,173	(36.9)	437,941	(35.4)
	9	84,099	(15.0)	30,270	(34.3)	53,829	1.7	102,636	(30.7)	419,404	(33.3)
	10	82,211	(6.0)	28,892	(13.6)	53,319	(1.3)	74,529	(22.1)	427,086	(31.2)
	11	88,680	8.6	27,042	(13.8)	61,638	22.5	81,818	(22.7)	433,948	(27.2)
	12	99,057	9.9	31,842	(14.6)	67,215	27.3	102,487	(22.3)	430,794	(23.2)
2021	1	88,627	9.7	26,405	(10.8)	62,222	21.5	73,345	(16.7)	445,803	(19.5)
	2	105,593	36.7	30,470	(4.8)	75,123	66.1	85,596	(7.3)	465,800	(13.7)
	3	127,876	65.1	40,487	18.2	87,389	102.3	147,094	16.1	446,582	(9.0)
	4	123,974	120.8	36,078	70.6	87,896	151.2	94,526	39.5	476,030	(0.6)
	5	123,936	141.9	33,223	82.6	90,713	174.5	101,506	52.0	498,460	7.5
	6	132,081	96.6	44,656	91.1	87,425	99.5	112,834	35.0	517,707	15.8
	7	134,983	93.4	45,385	82.9	89,598	99.2	104,298	37.7	548,392	24.3
	8	125,903	85.2	44,575	93.2	81,328	81.1	101,111	42.1	573,184	30.9
	9	144,596	71.9	57,560	90.2	87,036	61.7	126,370	23.1	591,410	41.0
	10	149,222	81.5	50,289	74.1	98,933	85.5	102,860	38.0	637,772	49.3
	11	145,401	64.0	50,001	84.9	95,400	54.8	105,037	28.4	678,136	56.3
	12	139,227	40.6	51,195	60.8	88,032	31.0	128,922	25.8	701,005	62.7
2022	1	142,918	61.3	44,169	67.3	98,749	58.7	99,472	35.6	744,451	67.0
	2	138,998	31.6	48,859	60.4	90,139	20.0	116,243	35.8	767,206	64.7
	3	166,263	30.0	60,239	48.8	106,024	21.3	175,775	19.5	757,694	69.7
	4	154,998	25.0	53,180	47.4	101,818	15.8	106,862	13.1	805,830	69.3
	5	153,334	23.7	49,481	48.9	103,853	14.5	115,711	14.0	843,453	69.2
	6	154,711	17.1	58,652	31.3	96,059	9.9	140,156	24.2	858,008	65.7
	7	142,412	5.5	51,970	14.5	90,442	0.9	113,233	8.6	887,187	61.8
	8	139,327	10.7	51,775	16.2	87,552	7.7	125,881	24.5	900,633	57.1
	9	150,848	4.3	52,419	(8.9)	98,429	13.1	163,116	29.1	888,365	50.2
	10	141,062	(5.5)	44,560	(11.4)	96,502	(2.5)	109,338	6.3	920,089	44.3
	11	134,186	(7.7)	45,665	(8.7)	88,521	(7.2)	148,545	41.4	905,730	33.6

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

**Construction products:
Segment overview**

Quarterly Sales



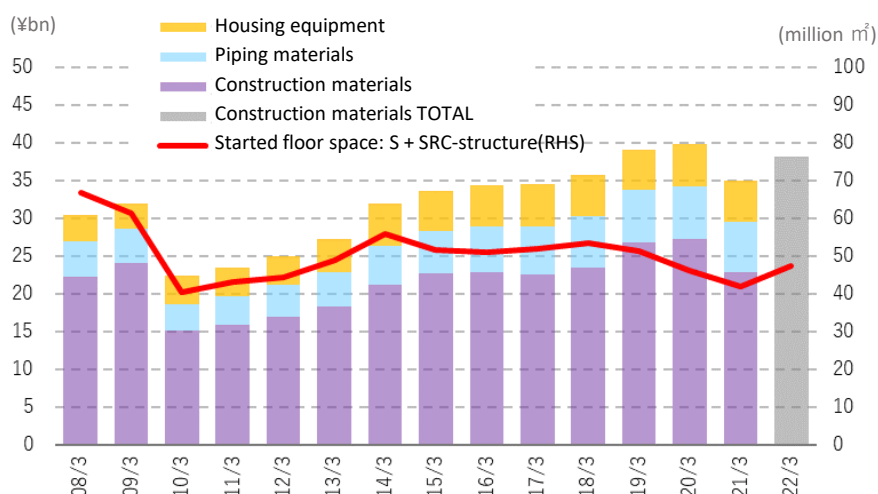
Source: compiled by SIR from company IR material

Overview: Revenue steadily grew despite stagnant external environment

The business brings in quarterly net sales of about ¥10.0 bn and annual net sales of about ¥40.0 bn. This includes Furusato Industries’ sales from its former construction and piping products segment and G-net Corporation’s housing equipment sales. As for construction products, the company handles many high-tension bolts and braces, bolt nuts, and welding supplies, and the company posts annual net sales of about ¥5.0 bn for products that it produces in addition to the sales of other companies’ products. As for housing equipment, the company handles products from a wide range of manufacturers, including major housing equipment companies, such as LIXIL, Rinnai Corporation, and Noritz Corporation.

Although completed floorspace of steel-frame structures and steel-frame reinforced concrete structures, which use many of the products the company manufacturers and handles, was flat after falling since the 2008 financial crisis, net sales have steadily increased at an annual pace of about 5%. The price of steel has risen at an annual rate of 2-3% over the same period, and corresponding price increases have had a certain impact, but sales of machinery and tools to the same customers also contributed to the greater earnings. Quarterly net sales are trending upward, but this is primarily because the increases in the price of steel has been passed on to customers.

Construction Start Floor Space (S+SRC) and Construction Products and Materials Net Sales (Annual)



Source: compiled by SIR from Ministry of Land, Infrastructure, Transport and Tourism’s Building Starts and company’s IR material
Notes: Figures include some inhouse transactions before eliminations.

Construction Products and Material Segment Net Sales and Composition

item	Actual			Percent			Growth	
	FY12	FY19	FY20	FY12	FY19	FY20	FY12→19	FY19→20
	¥mn			%			CAGR,%	y-y, %
Construction products and materials net sales	27,247	39,879	35,038	100.0	100.0	100.0	5.6	(12.1)
Furusato Group	27,247	39,879	35,038	100.0	100.0	100.0	5.6	(12.1)
Construction materials	18,340	27,255	22,917	67.3	68.3	65.4	5.8	(15.9)
Of which are company’s products	-	5,783	4,988	-	14.5	14.2	-	(13.7)
Of which are other company’s products	-	21,472	17,929	-	53.8	51.2	-	(16.5)
Piping materials	4,510	7,024	6,706	16.6	17.6	19.1	6.5	(4.5)
Housing equipment	4,397	5,600	5,415	16.1	14.0	15.5	3.5	(3.3)
Maruka Group	0	0	0	0.0	0.0	0.0	-	-

Source: compiled by SIR from company IR material

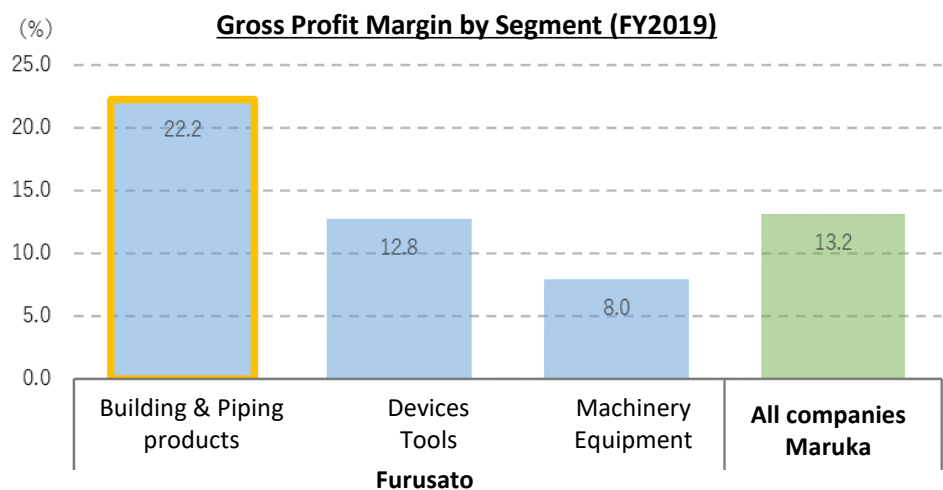
Note: Furusato Group closes its books in March, but the Maruka Group closes its books in November. Therefore, there is a four-month difference. The table reclassifies the two group’s former segments into current segment to the extent possible. There are some inconsistencies.

**Construction products:
Distinguishing feature**

Distinguishing features: Relatively high profitability due to value added in production and logistics

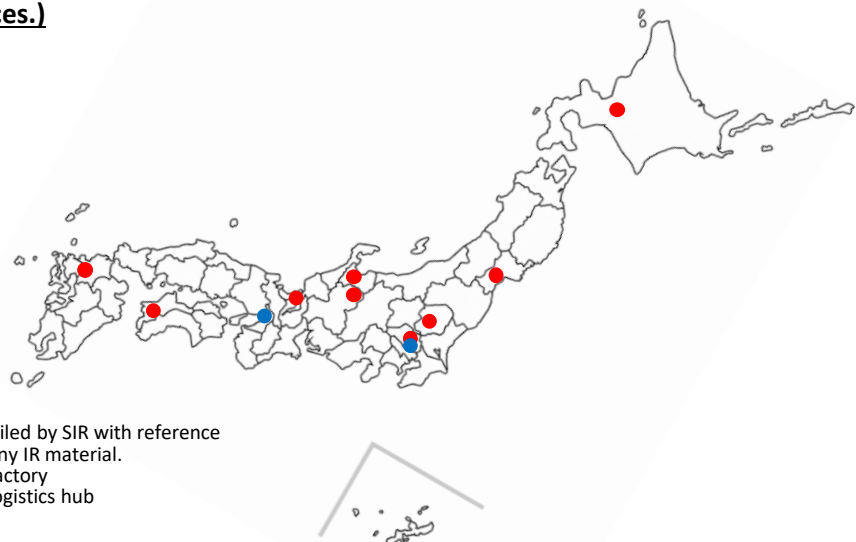
Of the various segments in MARUKA FURUSATO Corporation’s business portfolio, the construction products segment offers the greatest gross profit margin. Gross profit margin by segment in FY2019 for Furusato Group’s construction and piping products was 22.2% which is almost 10 percentage points greater than the 12.8% profit margin for its machinery and tools business and that for the overall Maruka Group. The gross profit margin for the new construction product segment probably fell slightly because it includes housing equipment, which had been included in the former machinery and tool segment, but following the integration, the company appears to have been able to ensure a strong profitability.

This was because sales of value-added products that the company produces account for a certain percentage of sales, and value added in terms of logistics, which makes use of the company’s production and logistics bases throughout Japan, also makes contributions. Because the company handles iron products that are heavy and bulky, there tends to be greater value in manufacturing products closer to construction sites and shipping them with other company’s products and necessary materials. Furusato Industries itself has nine factories, which stretch from northern Japan (Chitose, Hokkaido) to southern Japan (Kurume, Fukuoka) and is centered on its Shiga factory, along with logistics centers in Saitama and Osaka, ensuring a certain level of competitive advantage.



Source: compiled by SIR from company IR material
 Note: Figures for Furusato Group are for FY3/2020 and those for Maruka Group are for FY11/2019. For the Maruka Group, the gross profit margin for all companies as the figure for individual segments is not provided.

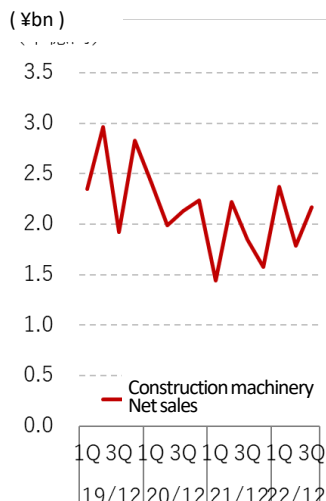
Furusato Industries’ Business Locations (factories and logistic center but excluding sales offices.)



Note: The overall group has twelve factories in Japan. In addition to the nine factories related to Furusato Industries, Kan Manufactory, Miyazawa, and SONORUKA Engineering each have a plant. Furthermore, Furusato Industries has two logistics centers, and G-net Corporation possesses three. Only Furusato Industries’ bases are shown on the map.

Construction Machinery: Segment overview

Quarterly Net Sales



Source: compiled by SIR from company IR material

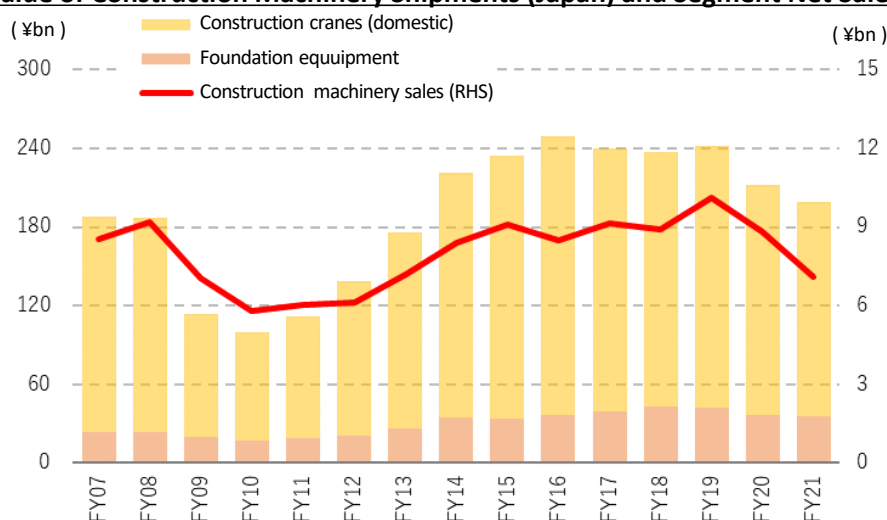
Note: "Construction cranes" include not only crawler cranes, the company's core products, and rough terrain cranes and truck cranes. See construction crane statistics, which are more inclusive, because they do not give domestic shipments separately. Construction machinery sales are the total for Dec.–Nov., but statistics are for the period Nov.–Dec.

Overview: Small share, but generally tracks construction machinery shipments in Japan

MARUKA FURUSATO Corporation's construction machinery segment generates quarterly net sales of ¥2.0 bn and annual net sales of ¥8.0 bn. As for Maruka Group's former construction machinery net sales, more than 30% came from construction cranes, 20%–30% from foundation machinery, slightly less than 20% from used equipment, and slightly less than 20% from construction rentals.

The value of domestic shipments of construction cranes and foundation machinery in Japan trends to generally track to net sales. Construction cranes (crawler cranes, etc.), which see major demand waves, account for a relatively small percentage of net sales compared to percentage of domestic shipments. Therefore, changes in sales are only slightly correlated to changes in macro statistics, but there has been a fall-off from the increase in shipments linked to greater demand due to government spending and the massive supply of offices since 2013 and the 2020 Tokyo Olympics. Looking at momentum on a quarterly basis, there are signs that declines due to weak economic conditions as a result of the Covid-19 pandemic have already bottomed out, and one can argue following that, there are now expectations of a rebound. As for construction machinery rental services, by employing a business model of "machine and people," which differs from the "machine lending" business of Kanamoto Co., Ltd., (9678) and Nishio Rent All Co., Ltd. (9699), MARUKA FURUSATO Corporation enjoys a certain level of demand despite being smaller than the two major companies.

Value of Construction Machinery Shipments (Japan) and Segment Net Sales



Source: compiled by SIR from Japan Construction Equipment Manufacturers Association Trends in Construction Machinery and company IR material

Construction Product Segment and Net Sales and Composition

item	Actual			Percent			Growth	
	FY12	FY19	FY20	FY12	FY19	FY20	FY12→19	FY19→20
			¥mn			%	CAGR,%	y-y, %
Construction machinery sales	6,126	10,121	8,830	100.0	100.0	100.0	7.4	(12.8)
Furusato Group	0	0	0	0.0	0.0	0.0	-	-
Maruka Group	6,126	10,121	8,830	100.0	100.0	100.0	7.4	(12.8)
Construction cranes	1,745	3,137	3,079	28.5	31.0	34.9	8.7	(1.8)
Foundation equipment	1,343	2,825	1,903	21.9	27.9	21.6	11.2	(32.6)
Construction equipment rentals	1,123	1,756	1,575	18.3	17.3	17.8	6.6	(10.3)
Used machines	1,556	1,780	1,551	25.4	17.6	17.6	1.9	(12.9)
Hydraulic shovels	32	40	111	0.5	0.4	1.3	3.2	177.5
Tractors	-	0	77	-	0.0	0.9	-	-
Other construction machinery	-	515	467	-	5.1	5.3	-	(9.3)
Other	48	66	64	0.8	0.7	0.7	4.6	(2.8)

Source: compiled by SIR from company IR material

Note: Furusato Group closes its books in March, but the Maruka Group closes its books in November. Therefore, there is a four-month difference.

Growth Strategy

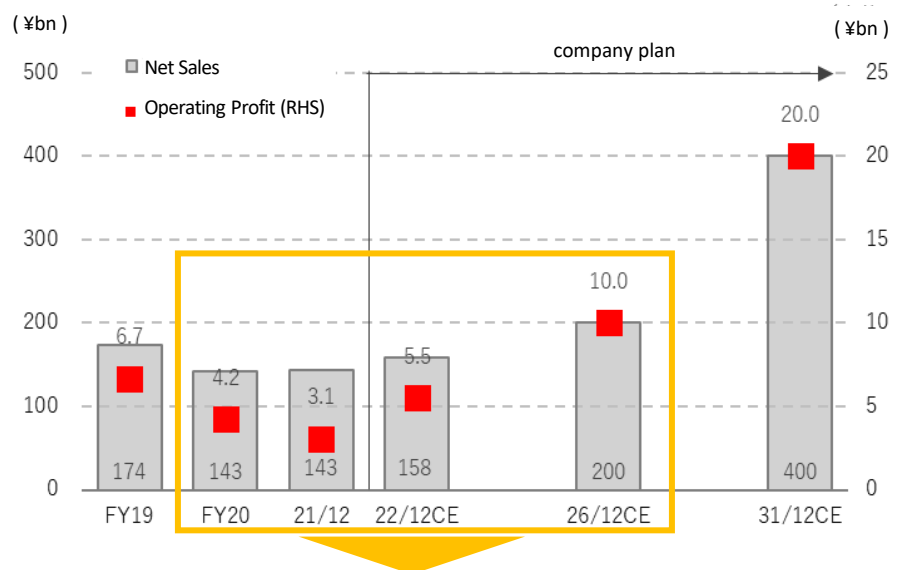
Summary: Aiming for net sales of ¥200.0 bn and operating profit of ¥10.0 bn in FY12/2026

As a technology trading company that touts the slogan “one ‘why didn’t we think of this?’ after another,” and possesses diverse functions, MARUKA FURUSATO Corporation confronts various issues that workplaces face with unique ideas and aims to become the top selected solution partner in ten years. Quantitatively, the company has long-term targets of posting at least ¥400.0 bn in net sales and ¥20.0 bn in operating profit and achieving a market capitalization of ¥150.0 bn. In its medium-term management plan, which outlines the measures to achieve those long-term targets, the company aims to record (1) net sales of ¥200.0 bn, (2) operating profit of ¥10.0 bn (gross profit margin of 5.0%), (3) adjusted EBITDA of ¥11.5 bn, and ROE of 8.5% in FY12/2026.

Compared to its pre-integration operating profit of ¥4.24 bn (FY2020, simple sum), the company forecasts a total increase in profit of ¥5.8 bn (1) +¥2.8 bn due to a recovery from the Covid-19 pandemic and progress in implementing various group policies, (2) +¥2.0 bn through efforts such as generating merger synergies, including those from overseas, and (3) +¥1.0 bn from new added value by promoting platform strategy and combining group functions.

The company is also searching for entry into growth businesses through M&As that leverage its sound finances and abundant net cash.

Medium- to long-term Earnings Targets and Growth Strategy



Fiscal year	Operating profit (¥ mn)	Growth measures	
		Main items	Summary
FY20	4,237-	-	-
	+ 2,800	Existing businesses	<ul style="list-style-type: none"> Market recovery from COVID-19 pandemic Execute existing measures
	+ 2,000	Integration synergy	<ul style="list-style-type: none"> Realize integration synergy Strengthen strategic field by integrating knowledge
	+ 1,000	Strategic accumulation	<ul style="list-style-type: none"> Create new added value Expand business area
	+ α	Growth area	<ul style="list-style-type: none"> Entry into growth businesses through proactive M&As
26/12CE	10,000	-	-

Source: compiled by SIR from company's IR material
 Note: For FY2019 and FY2020, simple sum for the two groups

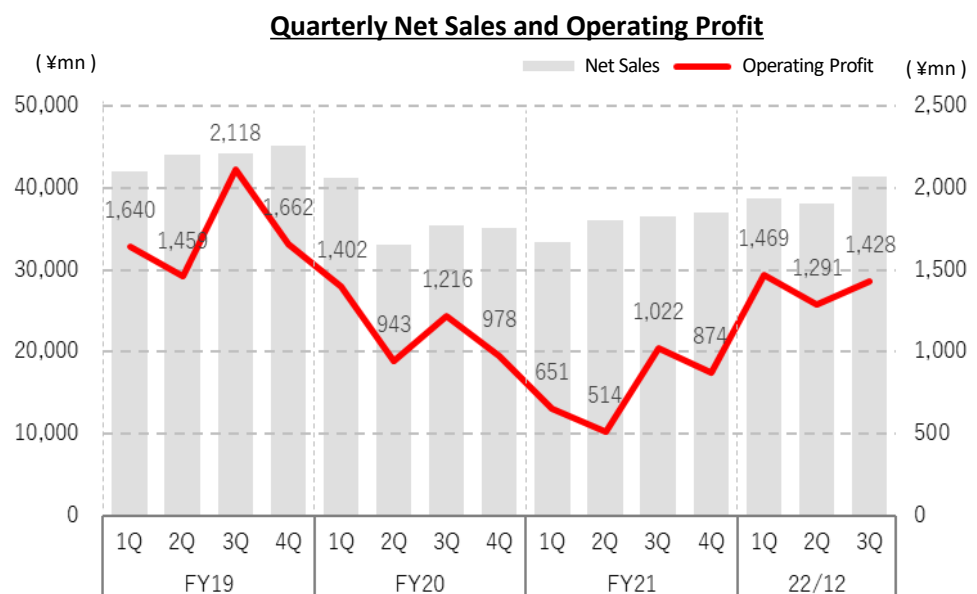
Growth Strategy:
(1) Existing businesses

Still recovering from Covid-19 pandemic

Having fallen due to the Covid-19 pandemic and hitting bottom in 1H of 2021, earnings are still recovering. Sales for the 2022 June–Sept. quarter totaled ¥41.35 bn, which shows that they have recovered to 94% the average for FY2019, but in terms of volume, the recovery is slightly less, 90%, considering such factors as the boost in earnings from the translation to yen due to the weak yen and the pass-through of price increases in items such as iron. The marginal profit margin for the business model is not high, and the burden of fixed costs compared to the pre-Covid-19 period is high, which has weighed down profitability.

As for machinery and tools, its core products, conditions will likely improve slowly. If referring only to the Japan Machine Tool Builders’ Association statistics, there is a certain level of demand, but supply has not kept up with demand for such reasons as the shortage of parts and semiconductors, and the total order backlog has recently grown to ¥900.0 bn after falling to ¥450.0 bn at the beginning of 2021. The company does not disclose order data, but despite orders rising to a similar level and little risk in terms of medium to long-term earnings-related data, it is difficult to see a rapid improvement in earnings unless total production capacity increases. There is an upside to short-term earnings as the impact of the April–May 2022 lockdown in China are reflected in July–September earnings. There is also expected to be rebound and boost in earnings translated to yen due to the weak yen, which will be fully reflected in earnings starting in the October–December quarter.

In the short term, focus should be on price pass-through for the various businesses and improvement in profitability. While costs for a wide range of products, including not only machinery and tools but also construction and piping products, housing equipment, and construction machinery, are rising due to cost-push inflation, the company sells products at a certain mark up, marginal profit will improve due to price pass-through, and the reduction in the burden of fixed costs will contribute to improved profitability to a certain extent. On the other hand, it is important to keep in mind sales trends for HIKVISION products, which are affected by trade friction between the US and China, although they have little impact on earnings.



Source: compiled by SIR from company’s IR material
Note: Pre-integration are simple sums. One-month difference for Maruka Group is not adjusted.

Maruka Furusato Corporation		FY21				22/12		
	unit	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Net sales	¥mn	33,452	36,014	36,631	37,081	38,819	38,092	41,347
YoY	%	(18.9)	8.8	3.3	5.3	16.0	5.8	12.9
Machinery and Tools	¥mn	22,662	24,113	24,277	24,522	26,808	25,436	26,935
YoY	%	(21.4)	13.3	3.7	9.6	18.3	5.5	10.9
Building Products	¥mn	8,403	8,977	9,724	10,178	9,371	10,756	11,551
YoY	%	(6.7)	4.5	11.6	9.1	11.5	19.8	18.8
Construction Machinery	¥mn	1,441	2,221	1,845	1,578	2,373	1,785	2,164
YoY	%	(40.2)	11.7	(13.5)	(29.4)	64.7	(19.6)	17.3
Security	¥mn	945	701	784	801	686	593	695
YoY	%	19.0	(40.6)	(28.7)	(34.2)	(27.4)	(15.4)	(11.4)
Cost of Sales	¥mn	-	-	-	-	32,629	31,876	34,814
sales ratio	%	-	-	-	-	84.1	83.7	84.2
Gross Profit	¥mn	-	-	-	-	6,189	6,216	6,534
sales ratio	%	-	-	-	-	15.9	16.3	15.8
SG&A	¥mn	-	-	-	-	4,720	4,924	5,107
sales ratio	%	-	-	-	-	12.2	12.9	12.4
Operating Profit	¥mn	666	549	1,079	882	1,469	1,291	1,428
sales ratio	%	2.0	1.5	2.9	2.4	3.8	3.4	3.5
Machinery and Tools	¥mn	471	364	445	188	771	795	533
Segment sales ratio	%	2.1	1.5	1.8	0.8	2.9	3.1	2.0
Building Products	¥mn	190	134	499	726	449	628	815
Segment sales ratio	%	2.3	1.5	5.1	7.1	4.8	5.8	7.1
Construction Machinery	¥mn	-2	29	32	-22	43	4	63
Segment sales ratio	%	(0.1)	1.3	1.7	(1.4)	1.8	0.2	2.9
Security	¥mn	-8	-13	44	-17	-26	-13	(41)
Segment sales ratio	%	(0.8)	(1.9)	5.6	(2.1)	(3.8)	(2.2)	(5.9)
Adjustments	¥mn	14	34	56	8	231	-123	56
Non-Operating Income	¥mn	-	-	-	-	343	261	354.0
Non-Operating Expenses	¥mn	-	-	-	-	26	26	31
Ordinary Profit	¥mn	-	-	-	-	1,785	1,526	1,752.0
sales ratio	%	-	-	-	-	5	4	4
Extraordinary Gain	¥mn	-	-	-	-	35	3	1.0
Extraordinary Loss	¥mn	-	-	-	-	10	0	0
Pretax Profit	¥mn	-	-	-	-	1,810	1,529	1,752.0
Income Taxes	¥mn	-	-	-	-	636	488	545
tax rate	%	-	-	-	-	35	32	31.0
Net Profit	¥mn	-	-	-	-	1,174	1,041	1,206
Net Profit Attribute to non-controlling shareholders	¥mn	-	-	-	-	14	17	13.0
Net Profit Attribute to parent company shareholders	¥mn	-	-	-	-	1,159	1,024	1,193
Total Assets	¥mn	-	-	-	108,594	111,970	114,208	117,902
Cash & Cash Equivalents	¥mn	-	-	-	24,172	26,247	28,295	27,499
Accounts Receivables	¥mn	-	-	-	38,554	39,315	37,587	39,487
Inventories	¥mn	-	-	-	10,211	11,822	12,850	15,259
Other Current Assets	¥mn	-	-	-	5,441	4,531	5,666	5,660
Property, Plant & Equipment	¥mn	-	-	-	20,484	20,614	20,484	20,755
Intangible Assets	¥mn	-	-	-	2,541	2,459	2,390	2,339
Investments and Other Assets	¥mn	-	-	-	7,189	6,980	6,935	6,901
Total Liabilities	¥mn	-	-	-	41,233	43,768	44,711	46,983
Trade Payables	¥mn	-	-	-	31,818	33,971	33,716	34,979
Interest-bearing Debt	¥mn	-	-	-	1,221	1,354	1,480	1,065
Other Liabilities	¥mn	-	-	-	8,194	8,443	9,515	10,939
Total Net Assets	¥mn	-	-	-	67,361	68,202	69,497	70,918
Capital Stock	¥mn	-	-	-	66,679	67,483	68,717	70,121
Other Net Assets	¥mn	-	-	-	682	719	780	797

Growth strategy:
(2) Integration synergy

¥2.0 bn boost from “4 pillars of cooperation” and “five strategic fields.”

Turning to integration synergies, MARUKA FURUSATO Corporation is working to generate a total of ¥2.0 bn in operating profit from these synergies—¥900 mn from the “4 pillars of cooperation,” which aim for a short-term impact, and ¥1.1 bn from “five strategic fields,” which aims to increase earnings in the medium and long term.

One of the 4 pillars of cooperation is “increase share of industrial machinery,” a focus for both groups. There are strong expectations for such activities as meeting diverse user needs and expanding sales opportunities by expanding products handled, reducing intermediary margin for intra-group purchase of some products, and increasing bargaining power through large volume purchases from these manufacturers. MARUKA FURUSATO Corporation is already moving forward with optimization, such as bringing purchasing routes for some products and materials into G-net Corporation.

It is easy to see the benefits from “expanding the machinery and tools business.” The Maruka Group handles almost no equipment and tools, but possesses numerous core customers and partners. Therefore, it is possible to see sales of equipment and tools increasing by leveraging G-net’s lineup of products. There are plans to strengthen sales to suppliers (machinery manufacturers), such as MM association members, sales of paired equipment, and sales of built-in products.

This offers great potential not only in Japan but also as a way to strengthen overseas sales. As it has almost no overseas sales, the Furusato Group has adopted a strategy to expand sales, particularly of equipment and tools, by leveraging the Maruka Group’s customer network, overseas offices and sales route. Many of the company’s current customers are the overseas factories of Japanese manufacturers, but it will expand sales opportunities by refocusing on sales to non-Japanese and local companies, which the company used to be strong at. Furthermore, the company aims to capture exclusive distribution rights in specific regions or particular manufacturers when the opportunity arises.

To be more deeply committed to customer needs, it is necessary to “reinforce the engineering business,” and MARUKA FURUSATO Corporation is working to share know-how, increase the efficiency of functions, and strengthen response capabilities through the integration so that both groups possess engineering functions. Efforts are also being made to improve its ability to propose unique solutions as a technology trading company by reinforcing collaboration with the MM association and robot Sler because small and medium-sized manufacturing companies are expected to introduce fully automated production line.

By promoting the above “4 pillars of cooperation,” MARUKA FURUSATO Corporation is moving forward with building a foundation as a group company and fully expanding business in the “5 strategic fields,” which are expected to see growth. In terms of industries, there are plans to aggressively expand (1) globally, which offers massive potential compared to Japan,

Integration Synergy Table

4 pillars of cooperation	Increase share of Industrial machinery	5 strategic fields	EV-related
	Expand machinery & tools business		Food-related
	Reinforce engineering business		Automation and labor saving
	Increase overseas sales		Environment and energy saving
			Global

Source: Compiled by SIR from company’s IR material.

**Growth strategy:
(3) Strategic accumulations**

by strengthening efforts related to (2) automation and labor savings and (3) environment and energy savings in growth fields such as (4) EV-related ones and (5) food machines from the perspective of social structure and sustainability. The company is moving forward with an in-house examination to generate synergies between these “4 pillars of cooperation,” but there are no signs of substantial movements regarding the “5 strategic fields.” We would like to focus on the factors for growth in the medium and long term.

Strengthening functions through M&As, etc., and focusing on new solutions

MARUKA FURUSATO Corporation touts (1) deepening platform strategy (expanding and reinforcing functions as a technology trading company through M&As and alliances), (2) creating new solutions through integration of group functions, and (3) strengthening initiatives related to smart factories as ways to further increase earnings.

Deepening the platform strategy refers to maintaining M&A and alliance measures to increase its competitive advantage as a technical trading company, which both groups have promoted. While strengthening functions through M&As and alliances, which have totaled more than ten deals over the past two decades or so, it looks as if the company is leveraging its access to people and funds created through the merger.

M&As Over the Past 20 Years, Post-Merger BS and Number of Employees

No.	Year	M&A and tie-up and details	Implementing entity
1	1997	Launched Maruka-Manufacturer Group	Maruta Group
2	2000	Transformed machinery and tool trading company G-net into subsidiary	Furusato Group
3	2007	Transformed machinery and tool trading company Gifu Shoji into subsidiary	Furusato Group
4	2016	Transformed washer manufacturer Kan Manufactory into subsidiary	Maruta Group
5	2016	Transformed Security Design, which develops and sells security systems, into subsidiary	Furusato Group
6	2016	Established the tie-up with Takamaru Engineers and the joint venture Robot Technical Center	Furusato Group
7	2017	Transformed the machinery and tool trading company Kitakyu Machines and Tools into subsidiary	Maruta Group
8	2019	Transformed the food product equipment manufacturer Miyazawa into subsidiary	Maruta Group
9	2019	Founded F-Maruka-Manufacturer Group (Food-Maruka-Manufacturer Group)	Maruta Group
10	2020	Acquired (1) gear sales and (2) engineering business from Nidec-Shimpo Corporation	Furusato Group
11	2021	Concluded exclusive distributor agreement with the AI software development company ARUM Inc.	MARUKA FURUSATO Corporation

Item	Furusato Group	Maruka Group	MARUKA FURUSATO Corporation	
	21/3 (¥ mn)	20/11 (¥ mn)	22/9 (¥ mn)	(percent)
Total assets	66,512	42,631	117,902	100.0
Cash	14,093	9,851	27,499	23.3
Accounts receivable	22,742	16,408	39,487	33.5
Inventor	5,139	3,984	15,259	12.9
Other current assets	1,204	3,470	5,662	4.8
Tangible non-current assets	15,274	6,552	20,755	17.6
Intangible non-current assets	2,827	508	2,339	2.0
Investments and other assets	5,233	1,858	6,901	5.9
Total liabilities	22,250	19,471	46,983	39.8
Accounts payable	18,348	13,809	34,979	29.7
Interest-bearing debt	0	2,499	1,065	0.9
Other liabilities	3,902	3,163	10,939	9.3
Net assets	44,262	23,160	70,918	60.1
Shareholder’s equity	44,013	22,450	70,121	59.5
Other net assets	249	709	797	0.7
Net Cash	14,093	7,352	26,434	22.4
Capital ratio (%)	66.2	52.7	59.5	-
Employees (people)	1,098	698	1,972*	-

Source: compiled by SIR from company’s IR material
Note: MARUKA FURUSATO Corporation did not disclose number of employees as of the end of September 2022. Therefore, the number as of the end of December is provided instead.

As of the end of September 2022, the company had net cash of more than ¥26.0 bn and a capital ratio of 60%. Furthermore, PMI requires a certain amount of time to implement multiple M&As with a limited management team. However, the number of employees has recently increased to 2,000, and by streamlining overlapping divisions, and it may be possible for the company to secure the human resources needed to more quickly implement measures.

Cultivating customers while adding new NC program automation software to its lineup

One of MARUKA FURUSATO Corporation's recent endeavors that is expected to contribute to earnings in the medium-term is its efforts to increase sales of ARUCODE, AI software that makes it possible to fully automate NC programming. In December 2021, the company concluded a general distributor agreement related to exclusive sales in Japan of the ARUMCODE series, which was developed by ARUM Inc., a developer of AI software for manufacturers.

Much of the machinery used in metal processing processes employs numerical controls, not human or analog processing, in order to lower defect rates to an extremely low rate. It is mainly used for NC lathes and machining centers. At many small and medium-sized factories, workers familiar with frontline operations program machinery, and a reason that it is difficult to apply this to small-lot production is the time constraints and the knowledge and skills required of the responsible party.

ARUMCODE makes it possible to automate a range of processes, from selecting tools, determining the optimal production methods, including setting process conditions, and automating the creation of programs to making corresponding estimates by simply reading in product designs (CAD data). It is expected that this will have such benefits as (1) reducing labor costs and increasing productivity through programming, (2) reducing opportunity losses by meeting the needs for small-lot production, (3) maximizing marginal profit through improved machinery utilization rates, and (4) standardizing margins by increasing the precision of estimates.

Rival products include *meviy* by MISUMI Group Inc. (9962), but at CEATEC AWARD 2022, the largest IT international convention in Asia, ARUMCODE won the Digital Minister's Award, which means the product is competitive to a certain degree. It appears that the company will leverage its depth and understanding of customers as a technology trading company and expand sales to such customers as factories and manufacturers, many of which conduct business with the group.

Re-examining group's functions and products and searching for new composite solutions

MARUKA FURUSATO Corporation is searching for multiple new solutions while re-examining the functions and products within the group. For example, Japan Rental, a Maruka Group subsidiary that rents construction cranes with operators, is also examining launching rentals of the laser cleaner Laser Karen, which Furusato Industries handles, with operator. In addition, the food machine manufacturer Miyazawa, a Maruka Group subsidiary, is moving forward with researching and developing food machines that make remote monitoring possible without massive system develop, which includes manufacturing and selling a bread slicer with internal sensor in collaboration with Security Design Inc., another Furusato Group subsidiary.

There are also expectations for smart factory-related initiatives. The company is looking for medium to long-term growth through the application of automated creation of process programs through collaboration with ARUCODE and factory and equipment information from Security Design's business knowledge, sensors, and cameras to measuring, operation, and monitoring solutions. It will be possible to create a stock-type earnings structure, not flow-type one, through the creation of a business model, and if earnings from this grow, it will contribute to the stability of the company's overall earnings.

Valuation

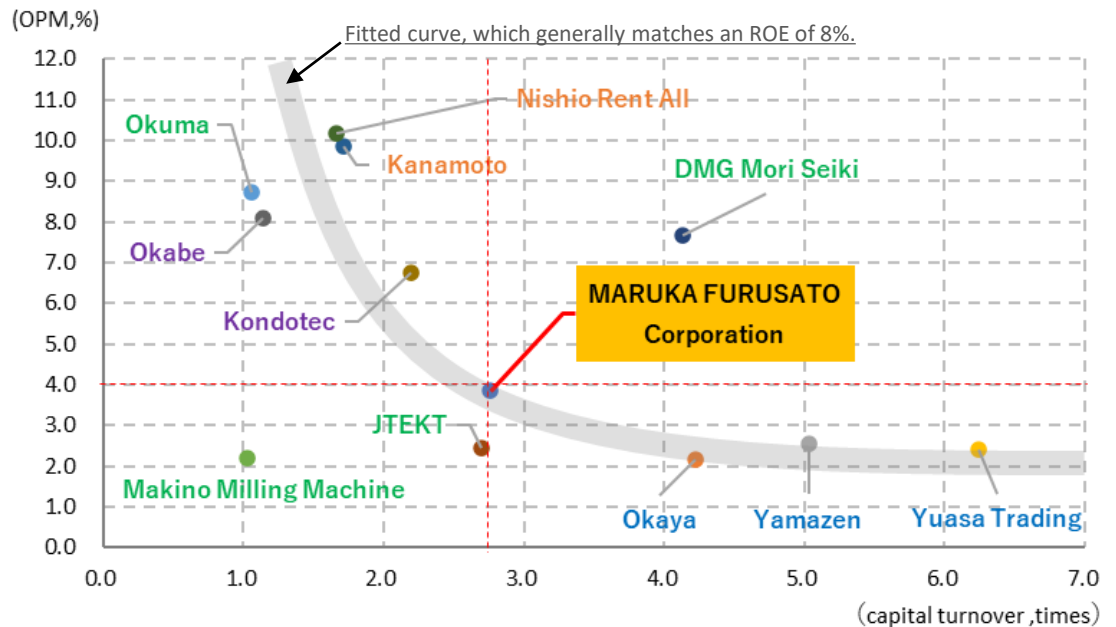
Overview: Comparable companies include not only machinery and tool trading companies but also such companies as manufacturers of machine tools and construction material

Because MARUKA FURUSATO Corporation is positioned as a machinery and tool trading company within general industry groups, the company often is compared against not only rivals but also such machinery and tool trading companies as Yamazen and Yuasa Trading, which are comparable companies in terms of the value chain. One should keep in mind, however, that there are differences in their P&L and BS structures because the company has functions and earnings unrelated to a trading company, such as not only those of Furusato Industries, Kan Manufactory, and Miyazawa, which generate earnings from manufacturing at their own factories, but also Japan Rental, which both holds and rents construction machinery.

It is easy to understand differences by analyzing capital efficiency factors. Major corporate groups with a strong trading company background, such as Yamazen, Yuasa Trading, and Okaya & Co., Ltd., (7485), have an operating profit margin of about 2.5%, and capital turnover of 4.0x or greater (see below table). A distinguishing characteristic of companies with relatively thin margins but high turnover. Despite owning some fixed assets, such as its own logistics centers, many of its assets are inventories purchased based on orders and accounts receivable for sales that included a certain margin, which theoretically make it easy to achieve a high turnover and high financial leverage and are distinguishing aspects of these companies.

On the other hand, MARUKA FURUSATO Corporation has a capital turnover of less than 3x as it has to maintain low capital turnover and financial leverage compared to major machinery and tool trading companies because it possesses twelve factories and five logistics centers throughout Japan, rental equipment, etc. As it provides strong value added, such as providing diverse functions, the company ensures an operating profit margin of about 4% during regular times. The company does not have such strong earnings and low turnover compared to production/rental corporate groups that undertake some similar businesses, such as the major machine tool manufacturer Okuma Corporation (6103), the construction product manufacturers Kondotec Inc. (7438) and Okabe Co., Ltd., (5959), and the major construction machinery rental companies Kanamoto Co., Ltd., (9678) and Nishio Rent All (9699). However, it is positioned exactly midway between those companies in terms of P&L/BS structure on account of its business mix. Considering growth potential and risk premium, it is necessary to refer to four industries ((1) machinery and tool trading company, (2) machine tool manufacturers, (3) construction product manufacturers, and (4) construction machinery rental companies), which are broadly defined comparable companies, when comparing valuations. Although diverging from the fitted curve in the below figure because of the deterioration in earnings due to US-China trade friction in FY2019 and high leverage, large machine tool manufactures such as not only Okuma Corporation but also Makino Milling Machine Co., Ltd. (6135), DMG Mori Seiki Co.(6141), and JTEKT Corporation (6473) are included in comparable companies.

FY2019 Operating Profit Margin and Capital Turnover for Broadly-Defined Comparable Companies



Source: compiled by SIR from company's IR material

Note: Figures for the MARUKA FURUSATO Corporation are the simple sum of data from financial statements for the 2 former group companies. Figures for all companies exclude the impact of Covid-19 pandemic. FY2019 figures are provided for reference.

Multiples: High P/E and PBR compared to peer companies

Based on its November 24, 2022, stock price, MARUKA FURUSATO Corporation is relatively highly valued with a FY12/2022 P/E ratio of 20.4x, and PBR of 1.25x while the average for machinery and tool trading companies is 7.3x and 0.70x; for machine tool manufacturers, 9.5x and 0.75x; for construction product manufacturers, 9.6x and 0.71x; and for construction machinery rental companies, 9.4x and 0.50x.

This is probably because of relatively high expectations for an increase in the company's profit level in the medium term due to recovery from the Covid-19 pandemic and synergies with other businesses. While the operating profit growth rate in FY2022 for other machinery and tool trading companies, construction product manufacturers, and construction machinery rental companies lack strength, MARUKA FURUSATO Corporation expects growth of almost 80%, which makes it easy to envision growth in profit for individual companies next year and beyond as noted above. Machine tool manufacturers recorded strong profit growth through FY2022 because profit fell dramatically in FY2020 on account of trade disputes between the US and China, the impact of Covid-19, and an earnings structure tilted toward non-current expenses. However, considering recent business conditions, a trend toward a reversal in momentum for machine tool orders, particularly overseas demand, conditions are ripe for to have a higher valuation because of its many profit growth factors for individual companies.

Valuation Sheet for Broadly-defined Comparable Companies

Code	Company	EOFY	Stock price	Market value	P/E			PBR	Net Cash	Operating profit	Operating profit margin		
			(1/20)	(1/20)	FY21	FY22E	FY23E	Most recent FY	Most recent FY	FY22E	FY21	FY22	FY23E
-	-	-	yen	¥mn				X	X	¥mn			
7128	MARUKA FURUSATO Corporation	Dec.	3,300	84,361	27.3	20.4	-	1.25	22,951	5,500	-30.0	73.1	-
-	Machinery and tool trading company	-	-	-	7.6	7.4	-	0.69	-	-	50.7	1.3	-
7485	Okaya & Co., Ltd.	Feb.	9,830	95,548	4.9	4.6	-	0.35	(113,945)	28,500	67.2	25.4	-
8051	Yamazzen	Mar.	1,064	101,405	8.0	8.6	-	0.84	55,722	16,000	52.5	(6.6)	-
8074	Yuasa Trading	Mar.	3,745	86,719	10.3	8.6	-	0.90	49,827	13,500	32.2	13.6	-
-	Machine tool manufacturers	-	-	-	15.2	10.2	-	0.79	-	-	160.8	60.0	-
6103	Okuma Corporation	Mar.	4,805	162,193	13.1	8.9	-	0.82	63,827	24,000	200.0	66.0	-
6135	Makino Milling Machine Co., Ltd.	Mar.	4,360	108,537	8.7	7.8	-	0.59	21,549	15,500	turned profitable	37.2	-
6141	DMG Mori Seiki Co.	Dec.	1,847	232,636	20.1	8.8	-	1.08	(48,094)	45,000	116.1	95.1	-
6473	JTEKT Corporation	Mar.	905	310,674	15.0	12.4	-	0.50	(137,507)	60,000	166.1	41.7	-
-	Construction product manufacturers	-	-	-	12.3	9.6	-	0.71	-	-	1.8	13.0	-
5959	Okabe Co. Ltd.	Dec.	713	35,144	13.2	8.8	-	0.57	12,638	5,200	-3.6	20.0	-
7438	Kodotec Inc.	Mar.	993	26,160	11.4	10.3	-	0.85	4,993	3,810	7.2	6.0	-
-	Construction machinery rental company	-	-	-	9.5	9.4	9.1	0.50	-	-	11.6	0.4	-
9678	Kanamoto Co. Ltd.	Oct.	2,248	87,093	9.5	9.7	-	0.67	6,437	13,500	2.6	-7.7	-
9699	Nishio Rent All Co., Ltd.	Sep.	3,025	85,884	9.5	9.2	9.1	0.34	(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	Machinery and tool trading company Okaya & Co., Ltd.	Dec.	4.6	-	2.1	3.5	1.32	-	61.4	-	-	66.1	3.24
-	Yamazzen	-	9.2	-	2.8	2.8	1.84	-	39.9	-	23.9	25.8	3.33
7485	Yuasa Trading	Feb.	7.7	-	2.4	2.6	1.75	-	44.5	-	11.7	12.8	2.49
8051	Machine tool manufacturers	Mar.	10.9	-	3.4	3.0	1.90	-	39.9	-	26.2	32.3	3.76
8074	Okuma Corporation	Mar.	8.9	-	2.6	2.8	1.86	-	35.5	-	33.7	32.3	3.74
-	Makino Milling Machine Co., Ltd.	-	6.0	-	5.8	7.9	0.78	-	51.7	-	27.5	29.0	3.14
6103	DMG Mori Seiki Co.	Mar.	6.5	-	8.4	11.4	0.72	-	71.5	-	24.5	25.9	2.91
6135	JTEKT Corporation	Mar.	7.1	-	6.1	7.0	0.62	-	54.6	-	12.0	26.8	3.44
6141	Construction product manufacturers	Dec.	6.8	-	5.8	9.7	0.70	-	35.7	-	43.6	33.4	3.79
6473	Okabe Co. Ltd.	Mar.	3.5	-	3.0	3.5	1.07	-	45.0	-	29.8	30.2	2.43
-	Kodotec Inc.	-	6.1	-	6.1	6.1	0.98	-	59.7	-	36.8	32.5	3.40
5959	Construction machinery rental company	Dec.	4.4	-	6.7	6.9	0.71	-	65.6	-	36.9	29.5	3.37
7438	Kanamoto Co. Ltd.	Mar.	7.7	-	5.4	5.4	1.25	-	53.7	-	36.7	35.4	3.42
-	Nishio Rent All Co., Ltd.	-	7.9	5.1	8.1	8.0	0.65	0.67	42.4	95.1	28.2	31.4	3.32
9678	Machinery and tool trading company	Oct.	7.2	-	7.7	7.2	0.63	-	41.8	-	29.7	32.5	3.34
9699	Okaya & Co., Ltd.	Sept.	8.5	5.1	8.5	8.7	0.68	0.67	43.1	95.1	26.7	30.3	3.31

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

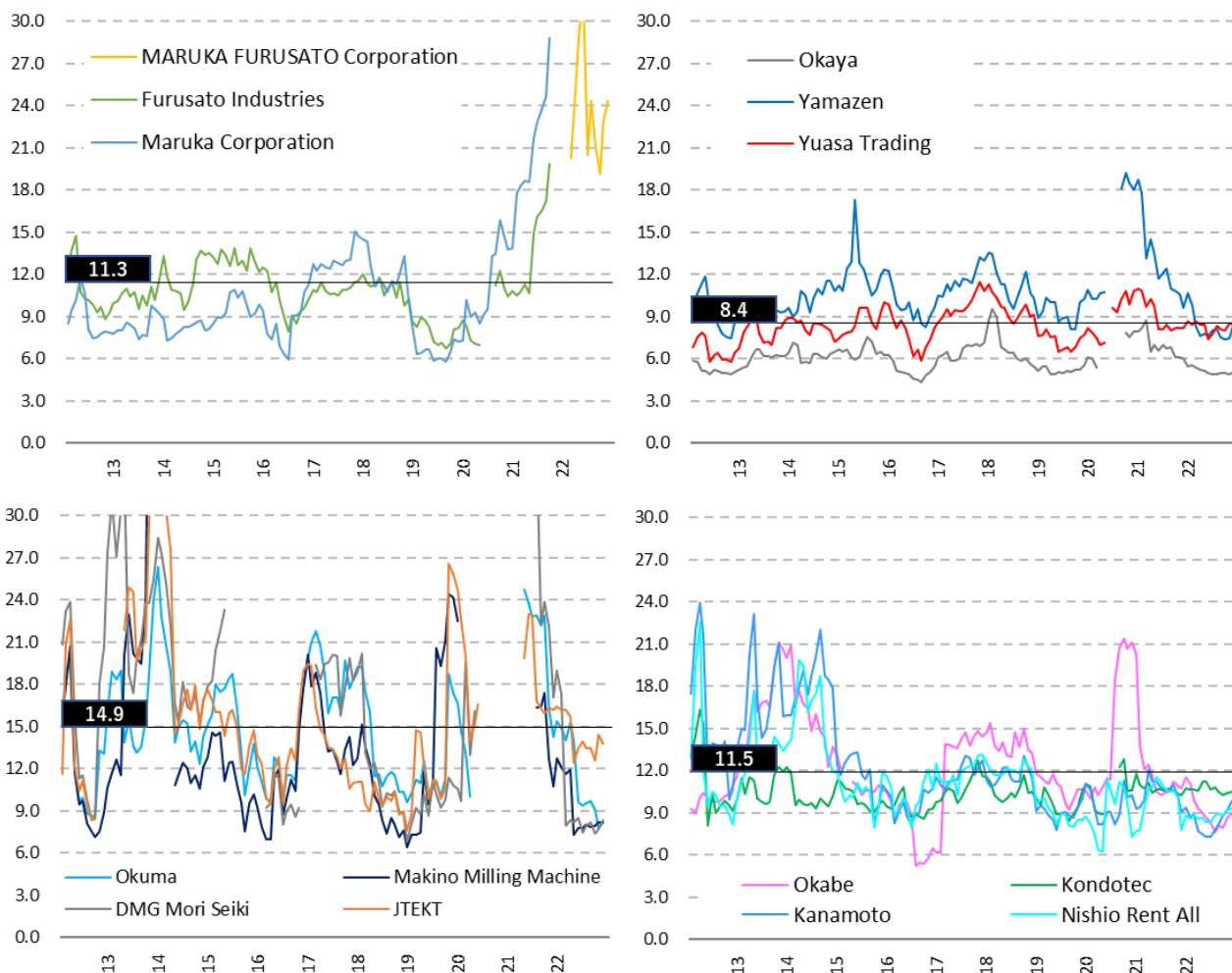
Note: The value for MARUKA FURUSATO Corporation is the simple sum for the two groups before the integration, adjusted for the fiscal year. It is provided as reference. Furthermore, keep in the mind that the annual dividend per share for fiscal 2022 is ¥107 yen, of which ¥50 is a commemorative dividend. In place of the various IFRS operating profit-related figures for JTEKT Corporation, business profit is used.

P/E: Current stock price possible because of the medium-term management plan operating profit target of ¥10.0 billion

Over the past ten years, the P/E level by sector is 8.4x for machinery and tool trading companies, averaging 14.9x for machine tool manufacturers despite substantial variations due to dramatic changes in profit level on account of the macro environment, and 11.5x for construction product manufacturers and construction equipment rental companies. A target P/E level of 10-13x is possible considering the average for both companies was 11.3x before the integration, and if one excludes factors behind the expectation of profit growth due for individual companies.

Since the announcement of the management integration of the two groups in May 2021, P/E rose to 20-30x for both Furusato Industries and Maruka Corporation, and recently, both companies have maintained a P/E of more than 20x. Assuming operating profit of ¥10.0 bn, the target in the medium-term management plan, the current stock price corresponds to a P/E of 13.2x if one converts to EPS using the same ratio as that for the FY12/2022 projections. Operating profit of ¥10.0 bn is one target, and determining whether it exceeds or falls short of that from a medium- to long-term perspective is an important point for the company's stock to maintain its current level.

Projected 1Q P/E for Past 10 Years and Segment Average (x)



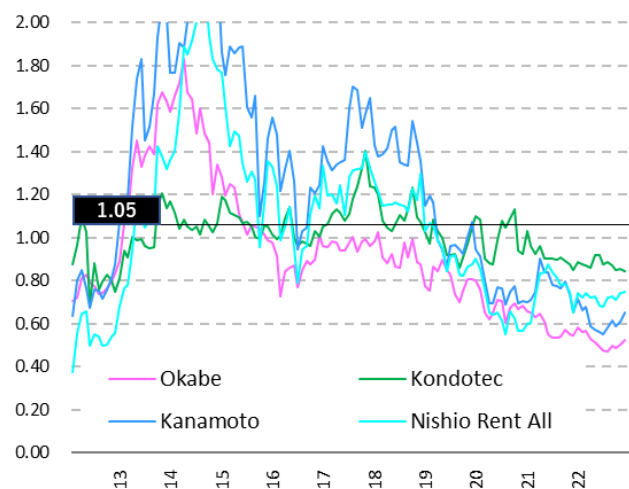
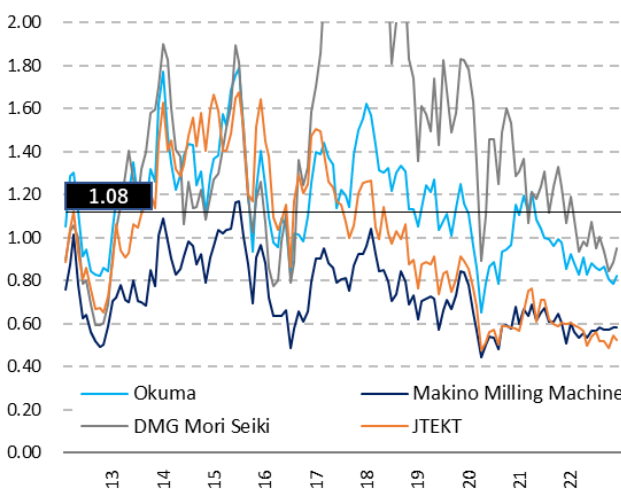
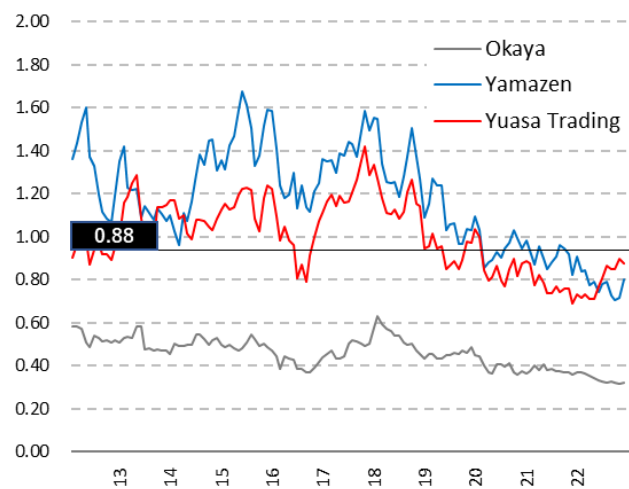
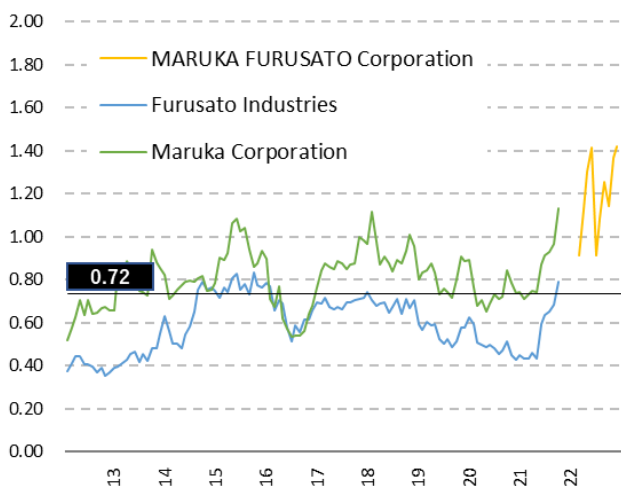
Source: compiled by SIR from SPEEDA
 Note: PBR is based on the most recent capital for the quarter.

PBR: Critical to ascertain medium- to long-term ROE level

The average PBR over the past ten years for individual sectors is 0.88x for machinery and tool trading companies, 1.08x for machine tool manufacturers, and 1.05x for construction product manufacturers and construction machinery rental companies. The average for the two companies, which includes before the integration, is 0.72, a valuation that is substantially less than its breakup value, but it has recently been about 1.2x. As for comparable companies, PBR for all comparable companies has fallen below 1.0x, which means that the valuation of the two companies appears relatively high, but from a historical perspective, there are times when many companies were valued at a PBR of 1.2x, which indicates it is not a particularly high valuation.

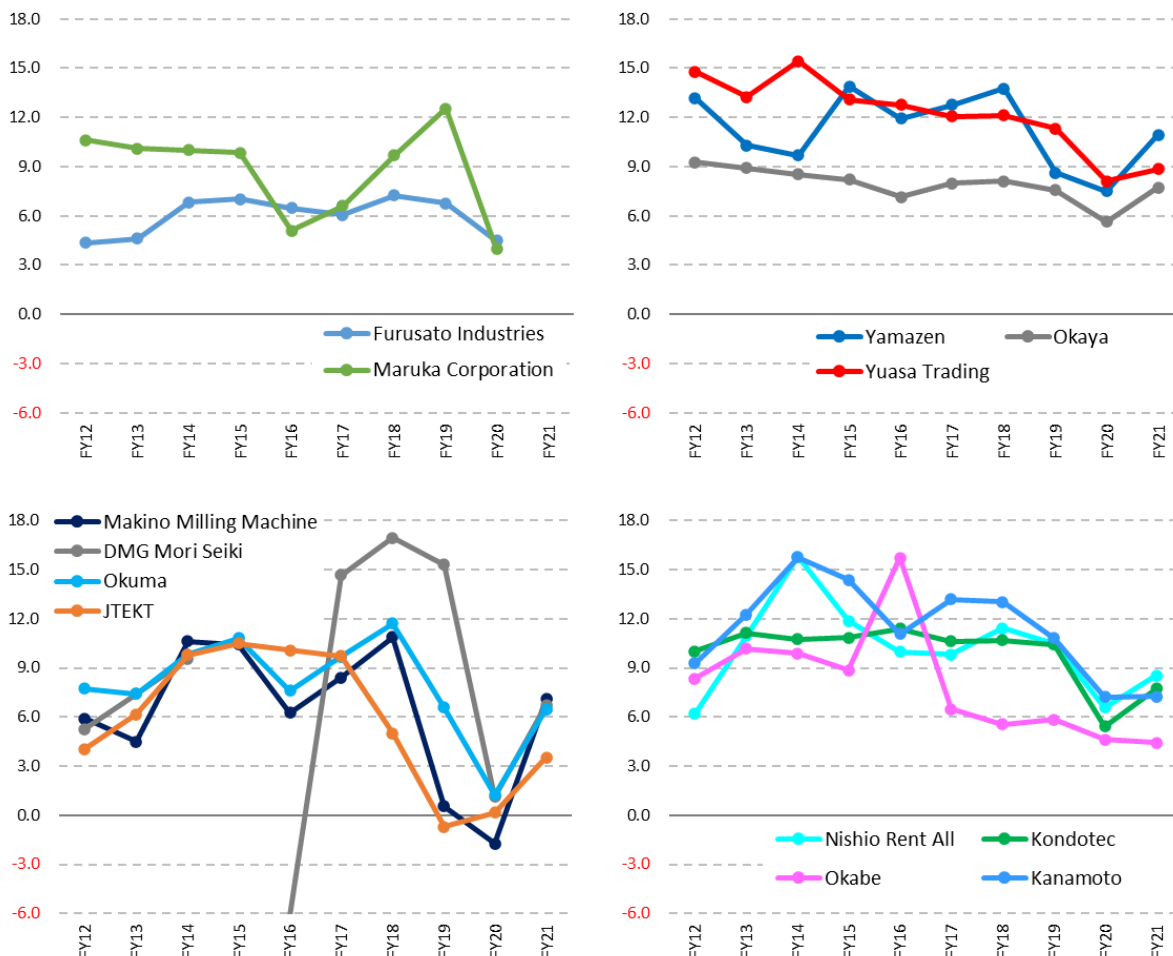
To ascertain the general PBR level, let's look at the possible ROE level in the medium and long term. For the group of companies with a PBR below their historic level, such as machinery and tool trading companies, construction product companies, and machinery rental companies, ROEs have generally trended downward (see the figure on the next page). On the flip side, as for MARUKA FURUSATO Corporation, although both technology trading companies facing human resource and financial constraints, the measures promoted by both groups make it easy to generate synergies, and there is growing expectation for an improvement in ROE. The company has set a target ROE of 8.5% in the medium-term management plan.

PBR Based on Most Recent Actual Earnings for Past 10 Years and Segment Average (x)



Source: compiled by SIR from SPEEDA
 Note: PBR is based on the most recent capital for the quarter.

ROE for Past 10 Years (%)



Source: compiled by SIR from SPEEDA
 Note: PBR is based on the most recent capital for the quarter.

Risks

Keep in mind business conditions for automobile, machine tool, and steel-frame structure companies and exchange rate risks

As for earnings, it is probably important to keep in mind a possible deterioration in the outside business environment for businesses and product destination of customers that account for a large percentage of sales. Focus should be on the fact that earnings are linked to a certain extent to machine tool demand, particularly related to automobiles, and trends in the steel-frame structure industry, which is highly profitable. Because the company owns manufacturing and logistics bases, there is also a certain amount of risk related to supply difficulties if there are problems at facilities for some reason such as disaster. As for technical issues, about 20% of sales are overseas sales, and it should be kept in mind that earnings from currency translation change as exchange rates fluctuate.

Turning to valuations, it is probably necessary to focus on the loss of a premium valuation compared to comparable companies. Expectations of medium and long-term profit growth may have already been factored into the stock price, and if something were to happen, such as the above earnings-related risks materializing or it taking longer than expected to generate synergies, the valuation may change.

Governance

Summary: Created a system that ensures a certain level of governance with outside directors accounting for 5/11 (45.5%) of directors

MARUKA FURUSATO Corporation has adopted a company design that incorporates an Audit and Supervisory Board. Of the 11 directors, which include Audit & Supervisory Board members, five (45.5%) are outside directors, which is greater than that for Yamazen and Yuasa Trading, rivals in the same industry, and one can argue that the company has a governance system that imposes constraints.

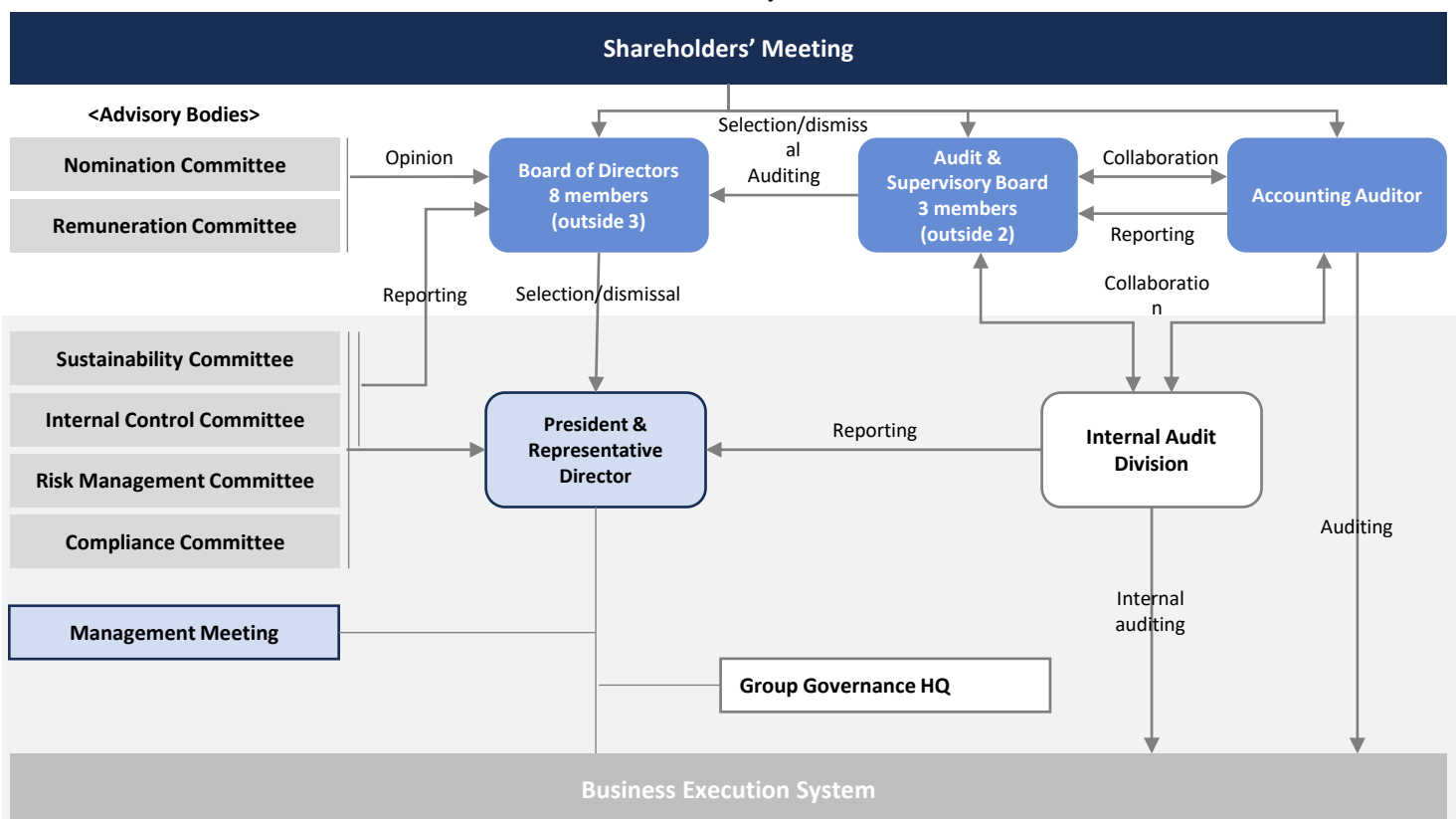
In addition to having created a *Group Governance HQ* in order to reinforce governance for the overall group, the company also proposes and implements measures to improve internal controls throughout the group.

Comparison of Governance System among Main Companies

Item		MARUKA FURUSATO Corporation	Yamazen	Yuasa Trading
Directors (including Audit & Supervisory Board members)	people	11	11	11
Of which are outside directors	people	5	4	4
% of outside directors	%	45.5	36.4	36.4
Directors (excluding Audit & Supervisory Board members)	people	8	8	8
Of which are outside directors	people	3	2	3
% of outside directors	%	37.5	25.0	37.5
Audit & Supervisory Board and committee	people	3	3	3
Of which are outside directors	people	2	2	1
% of outside directors	%	66.7	66.7	33.3

Source: compiled by SIR from company's IR material

Governance System



Source: compiled by SIR from company's IR material

Directors of MARUKA FURUSATO Corporation

No.	Position	Name	Main Career		
			Year	Month	Note
1	Chairperson and Representative Director	Kunihiko Iida	1980	4	Joined MARUKA Corporation
			2013	2	Director and Executive General Manager, Administration Division
			2018	4	CFO
			2021	2	Representative Director
			2021	10	Representative Director of MARUKA FURUSATO Corporation
2	President and Representative Director	Ryohei Furusato	1985	9	Joined FURUSATO INDUSTRIES,LTD.
			1995	6	Director and General Manager of Operations Department
			2000	4	Representative Director and Senior Managing Executive Officer
			2004	6	Representative Director
			2021	10	Representative Director of MARUKA FURUSATO Corporation
3	Director (Senior Managing Executive Officer)	Toshiaki Takeshita	1976	4	Joined MARUKA Corporation
			2001	12	Executive officers
			2004	2	Director
			2011	2	Representative director
			2021	2	Chairman of board of directors
4	Director (Senior Managing Executive Officer)	Katsuhiro Yamashita	1991	4	Joined MUFG* Bank
			2006	8	Joined Merrill Lynch Japan Securities Co.
			2015	9	Joined FURUSATO INDUSTRIES,LTD., Advisor
			2016	6	Senior Managing Director
			2021	10	Senior Managing Executive Officer of MARUKA FURUSATO Corporation
5	Director (Managing Executive Officer)	Tsunehisa Namba	1979	4	Joined MARUKA Corporation
			2006	12	Representative Director, Division Director of Osakasanki Corporation
			2019	2	Director and Managing Executive Officer, General Manager of Industrial Machinery Division
			2021	10	Director, Managing Executive Officer of MARUKA FURUSATO Corporation
6	Outside Director (Independent)	Kazuaki Kotani	2009	6	Chairman of the Board of Nabtesco Corporation
			2010	6	Director and General Manager of Planning Division
			2011	6	Representative director
			2017	6	Chairman of board of directors
			2021	10	Director of MARUKA FURUSATO Corporation
7	Outside Director (Independent)	Hiroyuki Nakatsukasa	1981	10	Joined Deloitte Touche Tohmatsu LLC*
			1989	11	Established Nakatsukasa CPA and Tax Accountant Office, the president
			2012	2	Auditor of FURUSATO INDUSTRIES,LTD.
			2013	1	Outside Director of Japan Exchange Group
			2015	6	Outside Auditor of Mitsubishi Chemical Corporation*
			2015	6	Board of directors of FURUSATO INDUSTRIES,LTD.,
			2021	6	Outside auditor of Bank of Kyoto
2021	10	Director of MARUKA FURUSATO Corporation			
8	Outside Director (Independent)	Junko Takechi	1999	4	Registered Osaka Bar Association, Joined Midosuji LPC
			2014	6	Board member of FURUSATO INDUSTRIES,LTD.
			2021	10	Director of MARUKA FURUSATO Corporation
9	Standing Audit & Supervisory Board member	Satoshi Onishi	1979	4	Joined MUFG* Bank
			2008	5	Joined FURUSATO INDUSTRIES,LTD. General Manager, Administration Division
			2008	6	Director and General Manager, Administration Division
			2017	6	Full-time Auditor of FURUSATO INDUSTRIES,LTD.,
			2021	10	Full-time Auditor of MARUKA FURUSATO Corporation
10	Outside Audit & Supervisory Board member(Independent)	Kyoko Hikita	1991	10	Joined Ernst & Young ShinNihon LLC*
			2019	7	General Manager, Hikita Certified Public Accountant Office
			2021	2	Auditor of MARUKA Corporation
			2021	4	Professor, Institute of Business and Accounting, Professional Graduate School, Kwasei Gakuin University
11	Outside Audit & Supervisory Board member(Independent)	Yasuo Sasaki	1979	4	Joined Toyota Motor Corporation
			2008	1	General Manager, Global Audit Office of Toyota Motor Corporation
			2009	1	Executive Officer of Futaba Industrial Co., Ltd.
			2014	6	Representative Director, Senior Managing Executive Officer of the company
			2015	6	Representative Director and Vice President of Prime Earth EV Energy Corporation
			2021	10	Auditor of MARUKA FURUSATO Corporation

*current name

Source: Compiled by SIR from the company IR material

Shareholders

Top 10 Shareholders

No.	Name or designation	No. of shares (Thousand shares)	holding (%)*
1	FRT, Ltd. (Asset management company)	2,753	10.77
2	THE SFP VALUE REALIZATION MASTER FUND LIMITED	2,534	9.92
3	The Master Trust Bank of Japan, Ltd. (Trust Account)	1,965	7.69
4	MUFG Bank, Ltd.	1,036	4.06
5	Kobelco Construction Machinery Co., Ltd.	766	3.00
6	NACHI-FUJIKOSHI CORP.	743	2.91
7	THE CHASE MANHATTAN BANK, N.A. LONDON SPECIAL OMNIBUS SECS LENDING ACCOUNT	694	2.72
8	Resona Bank, Limited	562	2.20
9	Custody Bank of Japan, Ltd. (Trust Account)	554	2.17
10	Aioi Nissay Dowa Insurance Co., Ltd.	516	2.02
TOTAL		12,127	47.45

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

Shareholder Breakdown by Investor Type

item	No. of share holders (people)	No. of shares (unit)	holding (%)
TOTAL	9,869	253,894	100.00
Government and local authorities	-	-	-
Financial institutions	19	54,590	21.50
Securities companies	17	2,929	1.15
Other corporations	271	76,567	30.16
Foreign corporations	76	50,244	19.79
Non-individuals	68	50,228	19.78
Individuals	8	16	0.01
Individuals, other	9,486	69,564	27.40

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

Note: A trading unit is 100 shares. The number of odd-lot shares is 174,414. The 2,553 treasury shares include 25 trading units under "Individual other" and 53 odd-lot shares.

MARUKA FURUSATO Corporation		Actual										Co's	
	unit	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	12/2021*	12/2022CE	12/2026CE
Net Sales	¥mn	117,053	127,760	134,942	146,451	141,818	151,246	172,385	173,818	142,696	74,292	158,000	200,000
YoY	%	10.4	9.1	5.6	8.5	(3.2)	6.6	14.0	0.8	(17.9)	-	-	-
Machinery and Tools	¥mn	83,677	88,582	92,927	102,861	98,685	106,273	124,359	121,033	94,381	43,635	114,300	147,000
YoY	%	11.6	5.9	4.9	10.7	(4.1)	7.7	17.0	(2.7)	(22.0)	-	-	-
Furusato Group	¥mn	47,835	50,348	54,082	60,377	59,482	63,041	68,741	61,957	49,994	-	-	-
Machinery	¥mn	14,193	14,868	16,647	20,428	19,329	19,686	24,145	20,706	14,319	-	-	-
Tools	¥mn	33,642	35,480	37,435	39,949	40,153	43,355	44,596	41,251	35,675	-	-	-
Maruka Group	¥mn	35,842	38,234	38,845	42,484	39,203	43,231	55,618	59,076	44,387	-	-	-
Machinery	¥mn	35,842	38,234	38,845	38,679	34,992	38,226	49,570	53,182	43,939	-	-	-
Tools	¥mn	-	-	-	3,805	4,211	5,005	6,048	5,894	448	-	-	-
Building Products	¥mn	27,247	31,972	33,599	34,464	34,619	35,833	39,129	39,879	35,038	28,893	38,600	47,000
YoY	%	8.6	17.3	5.1	2.6	0.4	3.5	9.2	1.9	(12.1)	-	-	-
Furusato Group	¥mn	27,247	31,972	33,599	34,464	34,619	35,833	39,129	39,879	35,038	-	-	-
Maruka Group	¥mn	0	0	0	0	0	0	0	0	0	-	-	-
Construction Machinery	¥mn	6,126	7,201	8,412	9,109	8,505	9,133	8,894	10,121	8,830	425	8,700	10,000
YoY	%	1.7	17.5	16.8	8.3	(6.6)	7.4	(2.6)	13.8	(12.8)	-	-	-
Furusato Group	¥mn	0	0	0	0	0	0	0	0	0	-	-	-
Maruka Group	¥mn	6,126	7,201	8,412	9,109	8,505	9,133	8,894	10,121	8,830	-	-	-
Security	¥mn	0	0	0	0	0	0	0	2,779	4,442	2,300	3,600	6,000
YoY	%	-	-	-	-	-	-	-	-	59.8	-	-	-
Furusato Group	¥mn	-	-	-	-	-	-	-	2,779	4,442	-	-	-
Maruka Group	¥mn	0	0	0	0	0	0	0	0	0	-	-	-
Adjustments	¥mn	0	0	0	0	0	0	0	0	0	-	-7,200	-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	-	-
Gross Profit	¥mn	16,981	18,769	19,795	20,876	20,027	21,196	23,923	24,888	22,251	11,741	-	-
sales ratio	%	14.5	14.7	14.7	14.3	14.1	14.0	13.9	14.3	15.6	15.8	-	-
SGA	¥mn	12,456	13,468	14,232	14,985	15,206	16,176	17,272	18,214	18,013	10,275	-	-
Operating Profit	¥mn	4,525	5,301	5,563	5,891	4,821	5,020	6,652	6,674	4,237	1,465	5,500	10,000
sales ratio	%	3.9	4.1	4.1	4.0	3.4	3.3	3.9	3.8	3.0	2.0	3.5	5.0
Machinery and Tools	¥mn	-	-	-	-	-	-	-	-	-	191	2,470	6,680
Segment sales ratio	%	-	-	-	-	-	-	-	-	-	0.4	2.2	4.5
Building Products	¥mn	-	-	-	-	-	-	-	-	-	1,269	1,350	2,470
Segment sales ratio	%	-	-	-	-	-	-	-	-	-	4.4	3.5	5.3
Construction Machinery	¥mn	-	-	-	-	-	-	-	-	-	-32	100	200
Segment sales ratio	%	-	-	-	-	-	-	-	-	-	-7.5	1.1	2.0
Security	¥mn	-	-	-	-	-	-	-	-	-	0	250	700
Segment sales ratio	%	-	-	-	-	-	-	-	-	-	0.0	6.9	11.7
Adjustments	¥mn	-	-	-	-	-	-	-	-	-	36	1,330	-50
Non-Operating Income	¥mn	775	970	988	984	878	941	1,056	970	877	627	-	-
Non-Operating Expenses	¥mn	317	336	348	377	543	401	441	568	407	59	-	-
Ordinary Profit	¥mn	4,983	5,935	6,203	6,498	5,155	5,560	7,267	7,076	4,708	2,033	6,350	-
Extraordinary Gain	¥mn	17	51	92	4	40	81	47	1,269	43	92	-	-
Extraordinary Loss	¥mn	187	573	31	115	264	192	102	27	23	72	-	-
Pretax Profit	¥mn	4,920	5,100	5,286	5,290	2,904	4,040	5,711	8,018	3,161	2,053	-	-
Income Taxes	¥mn	2,074	2,464	2,380	2,215	1,715	1,891	2,373	2,775	1,784	999	-	-
Tax rate	%	42	48	45	42	59	47	42	35	56	49	-	-
Net Profit	¥mn	2,740	2,948	3,884	4,172	3,217	3,559	4,838	5,543	2,943	1,054	-	-
Net Profit Attribute to non-controlling shareholders	¥mn	85	73	40	26	-48	12	23	40	116	16	-	-
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	4,100	-
EPS	yen	-	-	-	-	-	-	-	-	-	67.1	161.9	-
BPS	yen	-	-	-	-	-	-	-	-	-	2,632.9	-	-
DPS	yen	-	-	-	-	-	-	-	-	-	14.5	107.0	-
Payout ratio	%	-	-	-	-	-	-	-	-	-	21.6	66.1	About 35%
ROE	%	6.3	6.4	7.9	8.0	6.0	6.2	8.1	8.7	4.3	-	-	8.5
ROA (Operating Profit)	%	6.1	6.7	6.4	6.3	5.0	5.0	6.0	5.7	3.7	-	-	-
Equity ratio	%	57.5	56.6	55.4	55.3	56.7	55.7	52.6	54.5	60.9	61.4	-	-
EBITDA	¥mn	4,525	5,301	5,563	5,891	4,821	5,020	6,652	6,674	4,237	2,254	-	11,500
sales ratio	%	3.9	4.1	4.1	4.0	3.4	3.3	3.9	3.8	3.0	-	-	5.8
Capital expenditures	¥mn	1,175	1,619	1,033	2,234	2,551	3,419	1,896	5,419	2,063	566	-	-
Net Cash	¥mn	15,686	16,420	19,376	20,272	19,879	18,053	22,404	19,902	21,445	22,951	-	-
Total Assets	¥mn	75,707	82,879	91,252	96,395	97,368	104,815	116,163	118,612	109,143	108,594	-	-
Cash & Cash Equivalents	¥mn	15,985	16,864	20,051	20,902	20,724	19,281	23,262	22,071	23,944	24,172	-	-
Accounts Receivables	¥mn	32,416	36,640	39,792	42,923	41,222	46,232	52,707	51,454	39,150	38,554	-	-
Inventories	¥mn	5,222	6,080	7,081	6,821	6,735	7,228	7,981	9,896	9,123	10,211	-	-
Other Current Assets	¥mn	2,603	2,279	2,589	3,137	3,505	4,360	4,695	3,730	4,675	5,441	-	-
Property, Plant & Equipment	¥mn	13,359	13,980	14,197	15,865	17,479	19,135	19,597	21,083	21,826	20,484	-	-
Intangible Assets	¥mn	479	496	487	499	629	640	544	3,618	3,334	2,541	-	-
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	-	-
Total Liabilities	¥mn	31,801	35,436	40,101	42,424	41,656	45,868	54,398	53,061	41,721	41,233	-	-
Trade Payables	¥mn	25,230	28,629	33,021	35,800	34,586	36,970	44,913	41,335	32,157	31,818	-	-
Interest-bearing Debt	¥mn	299	445	675	630	845	1,227	859	2,168	2,499	1,221	-	-
Other Liabilities	¥mn	6,272	6,363	6,404	5,994	6,226	7,670	8,626	9,558	7,066	8,194	-	-
Total Net Assets	¥mn	43,907	47,443	51,152	53,971	55,712	58,948	61,765	65,551	67,422	67,361	-	-
Capital Stock	¥mn	43,515	46,905	50,547	53,320	55,173	58,342	61,127	64,695	66,464	66,679	-	-
Other Net Assets	¥mn	392	538	605	651	539	606	637	856	958	682	-	-

Furusato Group		Actual									
	unit	3/2012	3/2013	3/2014	3/2015	3/2016	3/2017	3/2018	3/2019	3/2020	3/2021
Net Sales	¥mn	73,626	75,084	82,325	87,685	94,858	94,110	98,882	107,874	104,620	89,479
YoY	%	14.2	2.0	9.6	6.5	8.2	(0.8)	5.1	9.1	(3.0)	(14.5)
Device and tools	¥mn	39,396	38,973	42,020	43,845	46,663	47,357	49,980	50,989	50,885	46,570
YoY	%	11.4	(1.1)	7.8	4.3	6.4	1.5	5.5	2.0	(0.2)	(8.5)
Industrial Equipment	¥mn	29,055	27,994	28,984	30,456	32,570	33,012	35,832	37,055	34,031	30,452
Machinery and Tools for Automotive	¥mn	4,654	4,740	5,439	5,420	5,860	5,889	6,150	6,745	6,825	4,993
Housing Equipment	¥mn	3,875	4,397	5,524	5,220	5,549	5,651	5,473	5,275	5,600	5,415
Security	¥mn	-	-	-	-	-	-	-	-	2,779	4,442
Other	¥mn	1,812	1,842	2,073	2,749	2,684	2,805	2,525	1,914	1,650	1,268
Machinery and equipment	¥mn	14,057	14,474	15,208	16,852	20,822	19,741	20,105	24,553	20,919	14,686
YoY	%	37.6	3.0	5.1	10.8	23.6	(5.2)	1.8	22.1	(14.8)	(29.8)
Machine tools	¥mn	10,543	11,188	12,187	13,636	16,783	16,361	16,794	20,565	18,611	11,847
FA System	¥mn	3,272	3,005	2,681	3,011	3,657	2,968	2,892	3,580	2,095	2,472
Construction and Piping products	¥mn	21,225	22,867	26,477	28,401	28,939	29,017	30,375	33,873	34,289	29,638
YoY	%	7.5	7.7	15.8	7.3	1.9	0.3	4.7	11.5	1.2	(13.6)
Construction equipment	¥mn	17,014	18,340	21,297	22,706	22,888	22,645	23,479	26,830	27,255	22,917
Piping equipment	¥mn	4,194	4,510	5,151	5,673	6,027	6,323	6,881	7,024	7,024	6,706
Adjustments	¥mn	(1,052)	(1,229)	(1,380)	(1,413)	(1,567)	(2,006)	(1,578)	(1,541)	(1,474)	(1,415)
Cost of Sales	¥mn	63,099	64,172	70,240	74,993	81,554	81,000	85,264	92,764	88,805	74,914
sales ratio	%	85.7	85.5	85.3	85.5	86.0	86.1	86.2	86.0	84.9	83.7
Gross Profit	¥mn	10,526	10,912	12,085	12,692	13,304	13,109	13,618	15,110	15,815	14,565
sales ratio	%	14.3	14.5	14.7	14.5	14	13.9	13.8	14	15.1	16.3
Equipment and tools	¥mn	4,701	4,606	4,871	5,064	5,362	5,375	5,581	5,715	6,518	-
Segment sales ratio	%	11.9	11.8	11.6	11.5	11.5	11.3	11.2	11.2	12.8	-
Machinery and equipment	¥mn	1,092	1,220	1,209	1,390	1,663	1,548	1,543	1,922	1,666	-
Segment sales ratio	%	7.8	8.4	7.9	8.2	8	7.8	7.7	7.8	8	-
Construction equipment	¥mn	4,731	5,084	6,007	6,235	6,279	6,205	6,492	7,469	7,627	-
Segment sales ratio	%	22.3	22.2	22.7	22	21.7	21.4	21.4	22	22.2	-
SGA	¥mn	8,311	8,699	8,978	9,419	9,748	9,946	10,493	11,069	11,841	11,787
sales ratio	%	11.3	11.6	10.9	10.7	10.3	10.6	10.6	10.3	11.3	13.2
Personnel expenses*	¥mn	4,303	4,417	4,504	4,689	4,901	4,996	5,181	5,392	5,891	5,903
sales ratio	%	5.8	5.9	5.5	5.3	5.2	5.3	5.2	5	5.6	6.6
Freight and Packing expenses	¥mn	928	994	1,102	1,198	1,227	1,272	1,425	1,505	1,473	1,376
sales ratio	%	1.3	1.3	1.3	1.4	1.3	1.4	1.4	1.4	1.4	1.5
Other SGA	¥mn	3,080	3,288	3,371	3,532	3,621	3,678	3,887	4,172	4,478	4,507
sales ratio	%	4.2	4.4	4.1	4	3.8	3.9	3.9	3.9	4.3	5
Operating Profit	¥mn	2,215	2,213	3,108	3,272	3,556	3,163	3,125	4,041	3,974	2,778
sales ratio	%	3	2.9	3.8	3.7	3.7	3.4	3.2	3.7	3.8	3.1
Equipment and tools	¥mn	1,047	898	1,010	949	1,220	1,176	1,143	1,297	1,230	1,461
Segment sales ratio	%	2.7	2.3	2.4	2.2	2.6	2.5	2.3	2.5	2.4	3.1
Machinery and equipment	¥mn	275	385	361	479	719	560	532	685	602	306
Segment sales ratio	%	2	2.7	2.4	2.8	3.5	2.8	2.6	2.8	2.9	2.1
Construction and Piping products	¥mn	783	940	1,691	1,729	1,510	1,333	1,378	1,928	2,023	900
Segment sales ratio	%	3.7	4.1	6.4	6.1	5.2	4.6	4.5	5.7	5.9	3
Adjustments	¥mn	110	-10	45	115	107	94	72	130	120	112
Non-Operating Income	¥mn	542	537	544	593	616	620	670	730	703	621
Non-Operating Expenses	¥mn	257	262	267	288	318	338	330	354	342	282
Ordinary Profit	¥mn	2,500	2,488	3,385	3,578	3,854	3,446	3,465	4,417	4,335	3,116
Extraordinary Gain	¥mn	30	1	47	65	0	39	75	25	0	31
Extraordinary Loss	¥mn	269	136	569	21	111	5	110	85	25	0
Pretax Profit	¥mn	2,261	2,353	2,863	3,621	3,742	3,479	3,430	4,356	4,310	3,147
Income Taxes	¥mn	1,089	1,064	1,446	1,391	1,326	1,145	1,119	1,463	1,469	1,101
Tax rate	¥mn	48	45	51	38	35	33	33	34	34	35
Net Profit	¥mn	1,172	1,289	1,417	2,230	2,417	2,335	2,311	2,893	2,841	2,046
Net Profit Attribute to non-controlling shareholders	¥mn	0	0	0	0	0	0	0	0	33	110
Net Profit Attribute to parent company shareholders	¥mn	1,172	1,289	1,417	2,230	2,417	2,335	2,311	2,893	2,808	1,936
ROE	%	4.1	4.4	4.6	6.8	7	6.5	6.1	7.3	6.8	4.5
ROA (Operating Profit)	%	4.8	4.6	6.2	6	6.3	5.4	5.1	6.2	5.9	4.2
Operating Profit Margin	%	3	2.9	3.8	3.7	3.7	3.4	3.2	3.7	3.8	3.1
Asset turnover	times	1.59	1.57	1.64	1.6	1.67	1.6	1.6	1.66	1.56	1.34
Equity ratio	%	60.8	63.2	59.3	59.9	60.8	61.7	61.8	60.7	62.9	66.2
Payout ratio	%	25.4	25.5	30.2	30.2	30.3	30.1	30.1	30.1	30.2	30.3
CCC	day	45.4	46.2	39.2	35.3	32.7	32.2	32.4	31.5	31.5	32.3
EBITDA	¥mn	2,534	2,571	3,389	3,596	3,948	3,697	3,791	4,652	4,727	3,805
sales ratio	%	3.4	3.4	4.1	4.1	4.2	3.9	3.8	4.3	4.5	4.3
Capital expenditures	¥mn	147	180	1,191	735	1,663	1,711	1,158	1,194	4,801	1,443
Net Cash	¥mn	7,016	8,440	9,393	10,751	10,698	11,338	10,887	12,932	12,859	14,093

* Personnel and other expenses are the total amount of salaries and bonuses, provision for bonuses, retirement benefit expenses, and provision for directors' bonuses, excluding some personnel cost-related items.

Maruka Group		Actual										
	unit	11/2011	11/2012	11/2013	11/2014	11/2015	11/2016	11/2017	11/2018	11/2019	11/2020	
Net Sales	¥mn	32,433	41,968	45,435	47,257	51,593	47,708	52,364	64,512	69,198	53,217	
	YoY	%	32.5	29.4	8.3	4.0	9.2	-7.5	9.8	23.2	7.3	(23.1)
Industrial machinery	¥mn	26,409	35,842	38,234	38,845	42,484	39,203	43,231	55,618	59,076	44,387	
	YoY	%	41.3	35.7	6.7	1.6	9.4	-7.7	10.3	28.7	6.2	(24.9)
<By Products>												
Machine tools	¥mn	10,234	17,950	17,575	17,697	17,111	13,022	14,646	18,837	20,501	16,604	
Injection molding machinery	¥mn	2,880	3,557	4,337	4,651	5,202	5,895	5,093	6,735	5,676	6,373	
Forging machines	¥mn	5,513	5,495	5,271	2,996	3,256	3,208	4,633	4,685	5,907	5,374	
Industrial machinery	¥mn	2,011	2,172	2,274	3,556	4,151	3,810	4,223	4,378	5,542	4,081	
Tools/Bearings/hydraulics	¥mn	1,825	1,750	1,814	2,033	2,006	1,979	2,122	3,149	2,773	2,719	
Environmental equipment	¥mn	1,328	1,389	2,421	1,758	1,930	2,198	2,805	3,859	4,109	2,686	
Robots/Logistics Machinery	¥mn	651	916	1,193	1,648	1,217	1,877	924	3,533	3,098	1,681	
Other machinery	¥mn	1,967	2,613	3,349	4,506	7,611	7,214	8,785	10,442	11,470	4,869	
<By Region>												
Japan	¥mn	9,999	13,319	12,607	15,288	17,217	17,144	19,224	29,176	29,167	24,916	
the Americas	¥mn	6,993	9,056	12,548	10,612	11,527	11,279	10,916	11,978	12,396	10,827	
China	¥mn	3,998	3,601	4,023	4,191	3,805	2,679	2,829	3,909	4,766	2,583	
Southeast Asia, etc.	¥mn	5,419	9,866	9,055	8,753	9,935	8,100	10,262	10,555	12,747	6,061	
Construction Machinery	¥mn	5,981	6,078	7,147	8,355	9,044	8,403	9,026	8,825	10,055	8,766	
	YoY	%	3.9	1.6	17.6	16.9	8.2	(7.1)	7.4	(2.2)	13.9	(12.8)
<By Products>												
Construction cranes	¥mn	2,082	1,745	2,553	3,258	3,884	3,723	3,195	3,725	3,137	3,079	
Foundation machinery	¥mn	851	1,343	1,490	2,196	1,932	1,479	2,341	1,493	2,825	1,903	
Construction rentals	¥mn	1,205	1,123	1,123	1,253	1,284	1,339	1,522	1,683	1,756	1,575	
Used equipment	¥mn	1,517	1,556	1,595	1,258	1,398	1,191	1,262	1,222	1,780	1,551	
Other equipments	¥mn	326	311	386	390	546	671	706	702	557	658	
Others	¥mn	43	48	54	57	66	102	106	68	66	64	
Cost of Sales	¥mn	27,998	35,908	38,751	40,154	44,011	40,795	44,784	55,682	60,090	45,508	
	sales ratio	%	86.3	85.6	85.3	85.0	85.3	85.5	86.3	86.8	85.5	
Gross Profit	¥mn	4,435	6,060	6,684	7,104	7,583	6,913	7,580	8,830	9,108	7,709	
	sales ratio	%	13.7	14.4	14.7	15.0	14.7	14.5	13.7	13.2	14.5	
SGA	¥mn	3,392	3,757	4,490	4,813	5,238	5,260	5,683	6,203	6,373	6,227	
	sales ratio	%	10.5	9.0	9.9	10.2	10.2	11.0	9.6	9.2	11.7	
Personnel expenses	¥mn	1,971	2,166	2,548	2,738	3,196	3,131	3,272	3,649	3,844	3,793	
	sales ratio	%	6.1	5.2	5.6	5.8	6.2	6.6	5.7	5.6	7.1	
Other SGA	¥mn	1,421	1,591	1,942	2,075	2,042	2,129	2,411	2,554	2,529	2,434	
	sales ratio	%	4.4	3.8	4.3	4.4	4.0	4.5	4.0	3.7	4.6	
Operating Profit	¥mn	1,056	2,312	2,193	2,291	2,335	1,658	1,895	2,611	2,701	1,459	
	sales ratio	%	3.3	5.5	4.8	4.8	4.5	3.5	3.6	4.0	3.9	2.7
Industrial machinery	¥mn	1,693	2,815	2,602	2,793	2,784	2,254	2,597	3,249	3,296	2,297	
	Segment sales ratio	%	6.4	7.9	6.8	7.2	6.6	5.8	6.0	5.8	5.6	5.2
Construction Machinery	¥mn	119	270	391	397	373	321	380	442	419	254	
	Segment sales ratio	%	2.0	4.4	5.5	4.8	4.1	3.8	4.2	5.0	4.2	2.9
Other	¥mn	22	22	30	33	40	24	43	36	36	36	
Adjustments	¥mn	-778	-794	-830	-932	-863	-942	-1,125	-1,116	-1,051	-1,128	
Non-Operating Income	¥mn	254	238	426	395	368	258	272	326	267	257	
Non-Operating Expenses	¥mn	80	55	70	61	59	205	71	87	226	124	
Ordinary Profit	¥mn	1,230	2,495	2,550	2,625	2,644	1,710	2,095	2,850	2,741	1,592	
Extraordinary Gain	¥mn	24	16	4	28	4	1	6	22	1,269	12	
Extraordinary Loss	¥mn	18	51	4	10	3	259	82	17	2	23	
Pretax Profit	¥mn	1,236	2,460	2,550	2,643	2,645	1,452	2,020	2,855	4,009	1,580	
Income Taxes	¥mn	537	1,009	1,018	989	889	570	773	910	1,307	683	
	Tax rate	¥mn	43.5	41.0	39.9	37.4	33.6	39.2	38.3	31.9	32.6	43.2
Net Profit	¥mn	698	1,451	1,531	1,653	1,755	882	1,247	1,945	2,702	897	
Net Profit Attribute to non-controlling shareholders	¥mn	19	85	73	40	26	-48	12	23	8	6	
Net Profit Attribute to parent company shareholders	¥mn	679	1,366	1,458	1,614	1,730	930	1,236	1,922	2,695	892	
ROE	%	5.6	10.6	10.1	10.0	9.8	5.1	6.6	9.7	12.5	4.0	
ROA (Operating Profit)	%	4.7	8.9	7.6	7.1	6.3	4.4	4.8	5.8	5.4	3.1	
Operating Profit Margin	%	3.3	5.5	4.8	4.8	4.5	3.5	3.6	4.0	3.9	2.7	
Asset turnover	times	1.44	1.62	1.57	1.46	1.40	1.25	1.33	1.42	1.37	1.13	
Equity ratio	%	51.7	47.8	51.8	48.2	47.1	48.6	46.4	41.6	43.7	52.7	
Payout ratio	%	20.0	13.3	14.3	14.6	17.9	34.9	27.7	19.8	16.3	41.2	
CCC	day	3.5	0.6	6.0	10.1	5.7	5.0	10.0	8.2	17.2	35.6	
EBITDA	¥mn	1,335	2,495	2,439	2,587	2,589	1,967	2,286	3,004	3,149	1,966	
	sales ratio	%	4.1	5.9	5.4	5.5	5.0	4.1	4.4	4.7	4.6	3.7
Capital expenditures	¥mn	314	995	428	298	571	840	2,261	702	619	620	
Net Cash	¥mn	5,833	7,246	7,026	8,625	9,575	8,541	7,166	9,472	7,043	7,352	

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