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May 9, 2022

## Consolidated Financial Results for the Three Months Ended March 31, 2022 (Under Japanese GAAP)

Company name: MARUKA FURUSATO Corporation  
 Listing: Tokyo Stock Exchange  
 Securities code: 7128  
 URL: <http://www.fm-hd.co.jp/en>  
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 Scheduled date to file quarterly securities report: May 13, 2022  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: None  
 Holding of quarterly financial results briefing: None

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

### 1. Consolidated financial results for the three months ended March 31, 2022 (from January 1, 2022 to March 31, 2022)

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2022	38,819	–	1,469	–	1,785	–	1,159	–
March 31, 2021	–	–	–	–	–	–	–	–

Note: Comprehensive income For the three months ended March 31, 2022: ¥1,233 million [–%]  
 For the three months ended March 31, 2021: ¥– million [–%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2022	45.79	–
March 31, 2021	–	–

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

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2022	111,970	68,202	60.3	2,664.75
December 31, 2021	108,594	67,361	61.4	2,632.94

Reference: Equity

As of March 31, 2022: ¥67,484 million  
 As of December 31, 2021: ¥66,680 million

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2021	–	0.00	–	14.50	14.50
Fiscal year ending December 31, 2022	–				
Fiscal year ending December 31, 2022 (Forecast)		10.00	–	81.50	91.50

- Notes: 1. Revisions to the forecast of cash dividends most recently announced: None
2. As the Company was established on October 1, 2021, through a joint share transfer, no actual dividends exist for the third quarter of the fiscal year ended December 31, 2021 and prior periods.

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending June 30, 2022 (Cumulative)	77,000	–	1,700	–	1,950	–	1,250	–	49.36
Fiscal year ending December 31, 2022	157,000	–	4,100	–	4,600	–	3,000	–	118.46

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

**\* Notes**

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

(4) Number of issued shares (common shares)

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

As of March 31, 2022	25,563,814 shares
As of December 31, 2021	25,563,814 shares

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

As of March 31, 2022	239,127 shares
As of December 31, 2021	238,487 shares

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

Three months ended March 31, 2022	25,325,006 shares
Three months ended March 31, 2021	—

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

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

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

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

- Forward-looking statements, including the earnings forecasts stated in these materials, are based on information currently available to the Company and certain assumptions deemed reasonable. Results may differ materially from the earnings forecasts due to various factors.

**Attached Material**

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

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

### (1) Explanation on operating results

During the first three months ended March 31, 2022, although the Japanese economy saw continued movement toward recovery, difficult conditions remain due to COVID-19, and caution is required regarding possible downside risks posed by rising raw material prices, fluctuations in financial and capital markets, and distribution bottlenecks amid uncertainty surrounding the Ukraine situation, etc.

In this economic environment, in the manufacturing sector, industrial production showed a slight decline of -0.6% year on year for January-March after a mild recovery track, machine tool orders were steadily recovering with internal demand and external demand for January-March rose 57.2% and 31.4% year on year, respectively. In the construction related sector, new construction starts based on floor area for January-March rose 0.8% year on year, and new housing starts for January-March rose 9.0%.

The MARUKA FURUSATO Group established its shared brand UNISOL to provide optimal value to customers. Looking to take full advantage of our unique eye for value, we will provide solutions that only we provide with the aim of realizing our slogan: ““Why didn’t we think of this?’ one after another.” Based on this philosophy, we are deploying platform strategies to continually add to our offering of crucial functions and services to our main areas of business, comprising machinery and tools, targeting manufacturers in Japan and the rest of the world; construction products and construction machinery, related mainly to construction in Japan; and security, where we are expanding in the field of security surveillance.

As a result, net sales for the period under review amounted to ¥38,819 million, operating profit was ¥1,469 million, ordinary profit was ¥1,785 million, and profit attributable to owners of parent was ¥1,159 million.

The operating results by segment are as follows:

#### *Machinery & Tools Segment*

Amid strong demand, we are growing robustly in the areas of machinery and tools. Net sales amounted to ¥26,406 million, and operating profit was ¥771 million.

#### *Construction Products Segment*

The increase in construction demand and high prices in the steel products market led to growth in sales for steel-framework construction, but housing equipment was impacted by supply bottlenecks. Net sales amounted to ¥9,359 million, and operating profit was ¥449 million.

*Construction Machinery Segment*

Sales of Construction Machinery saw a rush in demand to beat price rises, albeit temporary, while contracts increased for rentals. Net sales amounted to ¥2,373 million, and operating profit was ¥43 million.

*Security Segment*

Sales decreased due to the pullback from last year's special demand for thermal cameras. Net sales amounted to ¥679 million, and despite efforts to reduce selling, general and administrative expenses, operating loss was ¥26 million.

**(2) Explanation on financial position**Total assets

Total assets as of the end of the first quarter under review were ¥111,970 million, an increase of ¥3,376 million from the end of the previous fiscal year, due mainly to increases in cash and deposits, and notes and accounts receivable - trade.

Liabilities

Liabilities as of the end of the first quarter under review were ¥43,768 million, an increase of ¥2,534 million from the end of the previous fiscal year, due mainly to an increase in notes and accounts payable - trade.

Net assets

Net assets as of the end of the first quarter under review were ¥68,202 million, an increase of ¥841 million from the end of the previous fiscal year, due mainly to an increase in retained earnings.

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

Looking ahead to the six months ending June 30, 2022 and beyond, earnings are expected to perform well amid steady recovery in machine tool orders. However, after taking into consideration the effect of COVID-19, the production trends in the automotive industry, the effect of recent shortages in the supply of parts such as semiconductors and related components, which are expected to cause delays in the delivery schedule for machinery and equipment, along with the surging prices in the steel products market and other material shortages that could affect the construction products segment, a considerable level of uncertainty exists regarding future impacts on the Company's earnings.

Because of the aforementioned factors, we do not have any changes for the earnings forecasts for the six months ending June 30, 2022 and the fiscal year ending December 31, 2022, that were announced on February 14, 2022 in the Consolidated Financial Results for the Fiscal Year Ended December 31, 2021 (Under Japanese GAAP).

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

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

### (1) Quarterly consolidated balance sheet

(Millions of yen)

	As of December 31, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	24,172	26,247
Notes and accounts receivable - trade	29,347	30,734
Electronically recorded monetary claims - operating	9,003	8,345
Investments in leases	204	236
Merchandise and finished goods	8,304	9,704
Work in process	1,499	1,596
Raw materials and supplies	408	522
Other	5,447	4,535
Allowance for doubtful accounts	(8)	(7)
Total current assets	78,378	81,915
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,657	7,785
Machinery, equipment and vehicles, net	914	956
Tools, furniture and fixtures, net	480	505
Assets for rent, net	1,107	1,148
Leased assets, net	107	109
Land	9,952	9,956
Construction in progress	263	152
Total property, plant and equipment	20,484	20,614
Intangible assets		
Goodwill	259	250
Trade right	1,280	1,240
Other	1,001	968
Total intangible assets	2,541	2,459
Investments and other assets		
Investment securities	4,074	3,942
Retirement benefit asset	1,178	1,186
Deferred tax assets	363	314
Other	1,662	1,628
Allowance for doubtful accounts	(90)	(90)
Total investments and other assets	7,189	6,980
Total non-current assets	30,215	30,055
Total assets	108,594	111,970

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

(Millions of yen)

	As of December 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	17,057	19,763
Electronically recorded obligations - operating	14,761	14,208
Short-term borrowings	496	610
Current portion of long-term borrowings	25	50
Lease obligations	214	220
Income taxes payable	781	753
Provision for bonuses	457	975
Provision for bonuses for directors (and other officers)	37	30
Provision for product warranties	67	68
Provision for share awards for employees	-	16
Other	5,613	5,484
Total current liabilities	39,513	42,181
Non-current liabilities		
Long-term borrowings	378	341
Lease obligations	108	133
Deferred tax liabilities	760	641
Provision for retirement benefits for directors (and other officers)	67	64
Provision for share awards for directors (and other officers)	34	27
Retirement benefit liability	99	110
Other	269	269
Total non-current liabilities	1,720	1,586
Total liabilities	41,233	43,768
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	28,270	28,270
Retained earnings	31,829	32,598
Treasury shares	(321)	(323)
Total shareholders' equity	64,778	65,545
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,545	1,448
Deferred gains or losses on hedges	(3)	(10)
Foreign currency translation adjustment	137	288
Remeasurements of defined benefit plans	222	211
Total accumulated other comprehensive income	1,901	1,938
Non-controlling interests	681	718
Total net assets	67,361	68,202
Total liabilities and net assets	108,594	111,970

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



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

(Millions of yen)

	Three months ended March 31, 2022
Net sales	38,819
Cost of sales	32,629
Gross profit	6,189
Selling, general and administrative expenses	4,720
Operating profit	1,469
Non-operating income	
Interest income	10
Dividend income	17
Purchase discounts	114
Rental income	27
Foreign exchange gains	53
Other	119
Total non-operating income	343
Non-operating expenses	
Interest expenses	2
Rental costs	10
Other	13
Total non-operating expenses	26
Ordinary profit	1,785
Extraordinary income	
Gain on sale of non-current assets	35
Total extraordinary income	35
Extraordinary losses	
Loss on retirement of non-current assets	10
Total extraordinary losses	10
Profit before income taxes	1,810
Income taxes - current	699
Income taxes - deferred	(63)
Total income taxes	636
Profit	1,174
Profit attributable to non-controlling interests	14
Profit attributable to owners of parent	1,159

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

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

(Millions of yen)

	Three months ended March 31, 2022
Profit	1,174
Other comprehensive income	
Valuation difference on available-for-sale securities	(97)
Deferred gains or losses on hedges	(7)
Foreign currency translation adjustment	174
Remeasurements of defined benefit plans, net of tax	(10)
Total other comprehensive income	58
Comprehensive income	1,233
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	1,195
Comprehensive income attributable to non-controlling interests	37

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

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

Not applicable.

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

Not applicable.

**Segment information**

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

Three months ended March 31, 2022 (from January 1, 2022 to March 31, 2022)

(Millions of yen)

	Reportable segment					Adjustment (Note 1)	Amounts recorded in the quarterly consolidated statement of income (Note 2)
	Machinery & Tools	Construction Products	Construction Machinery	Security	Total		
Net sales							
Sales to external customers	26,406	9,359	2,373	679	38,819	–	38,819
Intersegment revenue or transfers	402	11	–	6	421	(421)	–
Total	26,808	9,371	2,373	686	39,240	(421)	38,819
Segment profit (loss)	771	449	43	(26)	1,237	231	1,469

Notes: 1. Adjustment of segment profit (loss), amounting to ¥231 million, include ¥235 million from elimination of intersegment transactions totaling, negative ¥4 million from reconciliation of inventories, and ¥0 million from reconciliation of non-current assets.

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