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November 11, 2024

## Consolidated Financial Results for the Nine Months Ended September 30, 2024 (Under Japanese GAAP)

Company name: MARUKA FURUSATO Corporation  
 Listing: Tokyo Stock Exchange  
 Securities code: 7128  
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 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: None

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

### 1. Consolidated financial results for the nine months ended September 30, 2024 (from January 1, 2024 to September 30, 2024)

#### (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	%
Nine months ended September 30, 2024	119,968	(7.2)	2,718	(42.0)	3,404	(36.9)	3,948	2.3
September 30, 2023	129,311	9.3	4,683	11.8	5,391	6.5	3,859	14.3

Note: Comprehensive income For the nine months ended September 30, 2024: ¥3,576 million [(21.8)%]  
 For the nine months ended September 30, 2023: ¥4,576 million [9.4%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
September 30, 2024	162.94	–
September 30, 2023	153.21	–

#### (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
September 30, 2024	118,924	73,486	60.9	3,006.45
December 31, 2023	120,342	72,719	59.7	2,945.65

Reference: Equity

As of September 30, 2024: ¥72,467 million  
 As of December 31, 2023: ¥71,838 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, 2023	–	10.00	–	56.00	66.00
Fiscal year ending December 31, 2024	–	30.00	–		
Fiscal year ending December 31, 2024 (Forecast)				77.00	107.00

Notes: 1. Revisions to the forecast of cash dividends most recently announced: None

2. Breakdown of year-end dividends for the fiscal year ending December 31, 2024  
 Ordinary dividend: 45.00 yen, Special dividend: 32.00 yen

## 3. Consolidated earnings forecasts for the fiscal year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

(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
Fiscal year ending December 31, 2024	163,200	(5.7)	3,800	(33.4)	4,600	(30.9)	4,550	(3.2)	187.08

Note: Revisions to the earnings forecasts most recently announced: None

\* **Notes**

- (1) Significant changes in the scope of consolidation during the period: 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 September 30, 2024	25,204,786 shares
As of December 31, 2023	25,174,214 shares

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

As of September 30, 2024	1,100,721 shares
As of December 31, 2023	786,349 shares

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

Nine months ended September 30, 2024	24,229,612 shares
Nine months ended September 30, 2023	25,192,180 shares

Note: 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 "stock-granting ESOP trust" (259,801 shares as of September 30, 2024; 169,584 shares as of December 31, 2023). In addition, the number of the Company's shares owned by trust accounts of the "director stock ownership plan," the "employee stock ownership plan" and the "stock-granting ESOP trust" are included in the number of treasury shares, which are deducted in calculating the average number of shares outstanding during the period. The employee stock ownership plan was terminated on December 30, 2023.

- \* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit corporation: None

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

*Caution regarding forward-looking statements and others*

- 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.

*Means of access to supplementary material on financial results*

The supplementary material on financial results will be available on the Company's website.

**Attached Material****Index**

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

### (1) Explanation of operating results

During the first nine months ended September 30, 2024, while the Japanese economy as a whole continued to show a moderate recovery, improvement in personal consumption stalled, and the recovery in capital investment in the manufacturing sector also appears to have stalled. Meanwhile, in the U.S. economy during the same period, with a change of course from tightening to relaxing monetary policy, the country is expected to avoid a recession. Looking ahead, demand is expected to recover in industries that are sensitive of interest rates, such as housing, automobiles, and durable consumer goods. The Chinese economy continues to experience an economy slowdown due to a slump in internal demand, with recovery expected to take some time. The economic outlook remains uncertain with many concerning factors, such as the political situation and an unstable international situation.

Statistical indices closely related to the MARUKA FURUSATO Group are as follows.

In the machine tools related sector, as for the machine tool orders index, domestic demand decreased 8.9% year on year and external demand increased 3.2% year on year in July-September. Industrial production fell 1.5% year on year in July-September, but there were signs of a recovery.

In the construction-related sector, total building starts based on floor area for the July-September quarter fell 6.7% year on year, the eleventh consecutive monthly decline through September. The number of new housing starts has continued on a negative trend from May, and decreased 2.0% year on year in July-September.

Under these circumstances, the MARUKA FURUSATO Group has set its sights on a future in which we aim to achieve both economic value and social and environmental value as we move “Toward a society full of dreams that come true.” Under the policy of “capital cost management” that seeks to sustainably enhance corporate value, we promote ROIC management, strengthen shareholder returns, and develop our human capital management.

As a result, in the first nine months ended September 30, 2024, net sales were ¥119,968 million, decreasing by ¥9,343 million, or 7.2% year on year. In terms of profit, operating profit was ¥2,718 million, decreasing by ¥1,965 million, or 42.0% year on year, due to effects of the lower net sales, and increases in operating expenses and labor costs. Ordinary profit was ¥3,404 million, decreasing by ¥1,986 million, or 36.9% year on year. Profit attributable to owners of parent was ¥3,948 million, increasing by ¥88 million, or 2.3% year on year, due to recording of extraordinary income upon sale of policy shareholdings and other factors.

The operating results by segment are as follows:

#### *Machinery & Tools Segment*

In the domestic machinery sector, both direct demand and wholesale demand fell, leading to a single-digit drop in net sales year on year. Although there was an impact from a decrease in capital investment in Japan, mainly for automobiles and semiconductors, an increasing trend was seen in orders, mostly for investment projects for labor savings and streamlining.

In the overseas machinery sector, a double-digit contraction year on year in net sales continued as a marked improvement was not seen in the North America, China and Southeast Asia businesses. Although the North America business was affected by a reluctance to buy new machinery due to high interest rates and also ahead of the presidential election, orders mainly for Japanese companies were on a recovery trend. In the China business, the situation was quite difficult as there has been no recovery in orders, especially from Japanese automakers, which has continued from the first six months ended June 30, 2024. In the Southeast Asia business, although the conditions vary by country, the overall results were down.

In the domestic equipment tools sector, net sales experienced slight growth due to the recovery in wholesale sales, which comprise a large volume of sales. Although direct demand did not show a recovery trend due to the remaining impact mainly for automobiles, wholesale demand saw positive movement for environmental countermeasures and other facility projects, despite the lingering sluggishness for machine tools and other main industrial fields.

As a result of the above, net sales in the Machinery & Tools Segment amounted to ¥78,447 million, decreasing by ¥9,884 million, or 11.2% year on year, and operating profit declined by ¥1,888 million, or 59.1% year on year, to ¥1,305 million.

#### *Construction Products Segment*

In the steel frame materials sector, mainly due to weakness for small and medium-sized projects and for local projects as well as the drop in prices for major products as a result of the impact of intensified competition, net sales changed to a slight decrease from the slight increase in the first six months ended June 30, 2024.

In the piping material sector, there were signs of improvement as the impact of the decline in major projects and falling prices for stainless steel products and other products eased, and the decline in net sales year on year narrowed to a single-digit drop.

In the housing equipment and fixtures sector, net sales experienced a single-digit increase year on year, moving significantly further into the positive range compared to the growth in the first six months ended June 30, 2024, due to increases in sales for major users and in remodeling projects that included installation work, the resolution of the previous year's shortage of water heaters, and other factors amid the decline in new construction.

As a result of the above, net sales in the Construction Products Segment amounted to ¥33,147 million, decreasing by ¥428 million, or 1.3% year on year, and operating profit declined by ¥307 million, or 19.6% year on year, to ¥1,256 million.

#### *Construction Machinery Segment*

For new vehicles, although there was an increasing trend in orders, mostly for mainstay products, net sales were affected mainly by delays in deliveries. Revenue declined due to competition despite the strong demand for second-hand vehicles as a result of increased prices for new vehicles.

As a result of the above, net sales in the Construction Machinery Segment amounted to ¥5,598 million, increasing by ¥463 million, or 9.0% year on year, although sales are growing at a slower pace than in the first six months ended June 30, 2024. Operating profit was ¥87 million, increasing by ¥65 million, or 293.7% year on year.

#### *IoT Solutions Segment*

Sales and profit increased due to securing large-scale projects and strong orders for cloud services as well as due to the effect of cost reductions.

As a result of the above, net sales in the IoT Solutions Segment amounted to ¥2,775 million, increasing by ¥505 million, or 22.3% year on year, and operating profit was ¥175 million, increasing by ¥141 million, or 418.8% year on year.

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

Current assets and non-current assets as of September 30, 2024 were ¥84,335 million and ¥34,589 million, respectively, resulting in total assets of ¥118,924 million, a decrease of ¥1,417 million from the end of the previous fiscal year. This was mainly due to increases in cash and deposits of ¥5,285 million and property, plant and equipment of ¥383 million, and decreases in notes and accounts receivable - trade of ¥5,201 million and investment securities of ¥1,970 million.

Liabilities

Current liabilities as of September 30, 2024 were ¥43,533 million, and non-current liabilities were ¥1,904 million, resulting in total liabilities of ¥45,437 million, a decrease of ¥2,185 million from the end of the previous fiscal year. This was mainly due to an increase in contract liabilities of ¥1,784 million, and decreases in notes and accounts payable - trade of ¥1,221 million, electronically recorded obligations - operating of ¥1,442 million and short-term borrowings of ¥206 million.

Net assets

Total net assets as of September 30, 2024 were ¥73,486 million, an increase of ¥767 million from the end of the previous fiscal year. This was mainly due to an increase in retained earnings of ¥1,842 million, and decreases in valuation difference on available-for-sale securities of ¥1,072 million.

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

With regard to the earnings forecasts for the fiscal year ending December 31, 2024, there have been no revisions to the figures published in the “Notice Regarding Revision of the Consolidated Earnings Forecasts for the Six Months Ended June 30, 2024 and for the Fiscal Year Ending December 31, 2024” announced on July 26, 2024. 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, 2023	As of September 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	21,750	27,035
Notes and accounts receivable - trade	31,365	26,164
Electronically recorded monetary claims - operating	11,743	10,481
Investments in leases	23	10
Merchandise and finished goods	11,535	11,895
Work in process	2,884	2,815
Raw materials and supplies	442	425
Other	4,487	5,529
Allowance for doubtful accounts	(24)	(23)
Total current assets	84,207	84,335
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,546	11,889
Machinery, equipment and vehicles, net	922	1,114
Tools, furniture and fixtures, net	567	703
Assets for rent, net	1,049	1,000
Leased assets, net	239	212
Land	10,416	10,047
Construction in progress	2,887	43
Total property, plant and equipment	24,628	25,011
Intangible assets		
Goodwill	992	908
Trade right	960	840
Other	884	1,147
Total intangible assets	2,837	2,895
Investments and other assets		
Investment securities	5,145	3,174
Retirement benefit asset	1,082	1,093
Deferred tax assets	415	538
Other	2,112	1,981
Allowance for doubtful accounts	(87)	(107)
Total investments and other assets	8,669	6,681
Total non-current assets	36,134	34,589
Total assets	120,342	118,924

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

(Millions of yen)

	As of December 31, 2023	As of September 30, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	17,777	16,556
Electronically recorded obligations - operating	16,706	15,263
Short-term borrowings	896	689
Current portion of long-term borrowings	47	47
Lease liabilities	90	59
Income taxes payable	1,152	1,228
Contract liabilities	4,631	6,415
Provision for bonuses	703	1,225
Provision for bonuses for directors (and other officers)	57	34
Provision for product warranties	68	66
Provision for share awards for employees	111	–
Other	2,862	1,947
<b>Total current liabilities</b>	<b>45,105</b>	<b>43,533</b>
Non-current liabilities		
Long-term borrowings	451	415
Lease liabilities	189	179
Deferred tax liabilities	1,070	529
Provision for retirement benefits for directors (and other officers)	52	60
Provision for share awards for directors (and other officers)	49	48
Retirement benefit liability	158	172
Other	546	498
<b>Total non-current liabilities</b>	<b>2,517</b>	<b>1,904</b>
<b>Total liabilities</b>	<b>47,623</b>	<b>45,437</b>
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	27,334	27,261
Retained earnings	37,544	39,387
Treasury shares	(1,746)	(2,376)
<b>Total shareholders' equity</b>	<b>68,132</b>	<b>69,272</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,161	1,089
Deferred gains or losses on hedges	(1)	6
Foreign currency translation adjustment	1,462	2,026
Remeasurements of defined benefit plans	83	72
<b>Total accumulated other comprehensive income</b>	<b>3,705</b>	<b>3,195</b>
Non-controlling interests	881	1,019
<b>Total net assets</b>	<b>72,719</b>	<b>73,486</b>
<b>Total liabilities and net assets</b>	<b>120,342</b>	<b>118,924</b>

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 nine months]**

(Millions of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Net sales	129,311	119,968
Cost of sales	108,886	100,754
Gross profit	20,425	19,214
Selling, general and administrative expenses	15,741	16,495
Operating profit	4,683	2,718
Non-operating income		
Interest income	51	79
Dividend income	110	110
Purchase discounts	340	317
Rental income	75	63
Foreign exchange gains	70	47
Other	165	181
Total non-operating income	814	800
Non-operating expenses		
Interest expenses	26	21
Rental costs	36	36
Other	43	56
Total non-operating expenses	106	114
Ordinary profit	5,391	3,404
Extraordinary income		
Gain on sale of non-current assets	260	327
Gain on sale of investment securities	-	2,269
Total extraordinary income	260	2,597
Extraordinary losses		
Loss on sale of non-current assets	1	0
Loss on retirement of non-current assets	7	2
Loss on valuation of investments in capital of subsidiaries and associates	7	-
Total extraordinary losses	17	3
Profit before income taxes	5,634	5,997
Income taxes - current	1,902	2,138
Income taxes - deferred	(157)	(176)
Total income taxes	1,744	1,962
Profit	3,889	4,035
Profit attributable to non-controlling interests	30	87
Profit attributable to owners of parent	3,859	3,948

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

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

(Millions of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Profit	3,889	4,035
Other comprehensive income		
Valuation difference on available-for-sale securities	684	(1,072)
Deferred gains or losses on hedges	(32)	8
Foreign currency translation adjustment	31	616
Remeasurements of defined benefit plans, net of tax	3	(11)
Total other comprehensive income	686	(458)
Comprehensive income	4,576	3,576
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,508	3,437
Comprehensive income attributable to non-controlling interests	67	139

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**

In accordance with a resolution of the meeting of the Board of Directors held on August 21, 2023, the Company purchased 378,700 treasury shares.

In addition to the above, treasury shares increased by ¥630 million during the first nine months ended September 30, 2024, due to purchase of odd-lot shares and disposal and cancellation of treasury shares, resulting in treasury shares of ¥2,376 million as of September 30, 2024.

**Notes on quarterly consolidated statement of cash flows**

The Company has not prepared quarterly consolidated statement of cash flows for the first nine months ended September 30, 2024. In addition, the amounts of depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the first nine months ended September 30, 2024 and 2023 are as stated below.

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Depreciation	1,094	1,236
Amortization of goodwill	23	84

**Notes on segment information, etc.**

[Segment information]

I Nine months ended September 30, 2023 (from January 1, 2023 to September 30, 2023)

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

	Reportable segment					Adjustment (Note 1)	Amounts recorded in the quarterly consolidated statement of income (Note 2)
	Machinery & Tools	Construction Products	Construction Machinery	IoT Solutions	Total		
Net sales							
Sales to external customers	88,331	33,575	5,134	2,269	129,311	-	129,311
Intersegment revenue or transfers	837	36	-	41	915	(915)	-
Total	89,169	33,612	5,134	2,311	130,227	(915)	129,311
Segment profit	3,194	1,563	22	33	4,813	(129)	4,683

Notes: 1. Adjustment of segment profit, amounting to ¥(129) million, includes ¥(128) million from elimination of intersegment transactions and HD management cost not allocated to each business segment reported, ¥(2) million from reconciliation of inventories, and ¥1 million from reconciliation of non-current assets.

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

## II Nine months ended September 30, 2024 (from January 1, 2024 to September 30, 2024)

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

(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	IoT Solutions	Total		
Net sales							
Sales to external customers	78,447	33,147	5,598	2,775	119,968	–	119,968
Intersegment revenue or transfers	811	42	–	48	903	(903)	–
Total	79,259	33,190	5,598	2,824	120,871	(903)	119,968
Segment profit	1,305	1,256	87	175	2,825	(106)	2,718

Notes: 1. Adjustment of segment profit, amounting to ¥(106) million, includes ¥(105) million from elimination of intersegment transactions and HD management cost not allocated to each business segment reported, ¥(2) million from reconciliation of inventories, and ¥1 million from reconciliation of non-current assets.

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