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February 14, 2025

## Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (Under Japanese GAAP)

Company name: MARUKA FURUSATO Corporation  
Listing: Tokyo Stock Exchange  
Securities code: 7128  
URL: <https://www.unisol-gr.com/en>  
Representative: Ryohei Furusato, President and Representative Director  
Inquiries: Taketsugu Fujii, Executive Officer, Head of Corporate Administration Unit  
Telephone: +81-6-6946-1600  
Scheduled date of annual general meeting of shareholders: March 28, 2025  
Scheduled date to commence dividend payments: March 31, 2025  
Scheduled date to file annual securities report: March 28, 2025  
Preparation of supplementary material on financial results: Yes  
Holding of financial results briefing: Yes (for analysts and institutional investors)

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

### 1. Consolidated financial results for the fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	161,716	(6.5)	3,860	(32.3)	4,659	(30.0)	4,613	(1.8)
December 31, 2023	172,980	6.5	5,705	(3.2)	6,652	(5.7)	4,698	3.7

Note: Comprehensive income For the fiscal year ended December 31, 2024: ¥3,463 million [(41.0)%]  
For the fiscal year ended December 31, 2023: ¥5,866 million [8.6%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
December 31, 2024	190.77	–	6.4	3.9	2.4
December 31, 2023	188.26	–	6.6	5.5	3.3

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended December 31, 2024: ¥– million

For the fiscal year ended December 31, 2023: ¥– million

## (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
December 31, 2024	<u>120,821</u>	73,373	<u>59.9</u>	3,008.84
December 31, 2023	120,342	72,719	59.7	2,945.65

Reference: Equity

As of December 31, 2024: ¥72,339 million

As of December 31, 2023: ¥71,838 million

## (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2024	7,863	1,433	(3,368)	26,129
December 31, 2023	6,031	(4,670)	(5,370)	20,174

## 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended December 31, 2023	Yen –	Yen 10.00	Yen –	Yen 56.00	Yen 66.00	Millions of yen 1,630	% 35.1	% 2.3
Fiscal year ended December 31, 2024	–	30.00	–	77.00	107.00	2,601	56.1	3.6
Fiscal year ending December 31, 2025 (Forecast)	–	30.00	–	71.00	101.00		–	

Note: Breakdown of year-end dividends for the fiscal year ended December 31, 2024

Ordinary dividend: 45.00 yen, Special dividend: 32.00 yen

## 3. Consolidated earnings forecasts for the fiscal year ending December 31, 2025 (from January 1, 2025 to December 31, 2025)

(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, 2025 (Cumulative)	80,000	1.5	1,800	5.5	2,100	(2.8)	1,420	(50.4)	58.72
Fiscal year ending December 31, 2025	170,000	5.1	4,500	16.6	5,100	9.4	3,300	(28.5)	136.46

**\* Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) 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

(3) Number of issued shares (common shares)

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

As of December 31, 2024	25,143,642 shares
As of December 31, 2023	25,174,214 shares

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

As of December 31, 2024	1,101,368 shares
As of December 31, 2023	786,349 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2024	24,182,478 shares
Fiscal year ended December 31, 2023	24,957,171 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 December 31, 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.

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

\* 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.

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## 1. Results of operations

### (1) Overview of consolidated financial results

During the fiscal year ended December 31, 2024, the Japanese economy experienced a moderate recovery given improvements in employment and income as well as the effects of various policies, and personal consumption and capital investment also showed signs of recovery. The economic outlook continues to remain uncertain given concerning factors such as the trend in interest rate differentials between Europe, the US and Japan, as well as the prolonged slowdown in the Chinese economy, geopolitical risk, and the US administration's shift towards protectionist policies.

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 increased 3.0% year on year and external demand increased 10.7% year on year in October-December. Industrial production index fell 1.6% year on year in October-December.

In the construction-related sector, total building starts based on floor area for the October-December quarter fell 9.0% year on year, and new housing starts for the October-December quarter decreased 2.4% year on year.

Under these circumstances, the MARUKA FURUSATO Group has set forth the VISION of the future we aim to realize: "Toward a society full of dreams that come true." As we strive to realize management that is conscious of capital costs and stock prices, we are promoting measures aimed at enhancing economic value as well as social value. With regard to these initiatives for increasing corporate value over the medium to long term, under a basic policy of providing appropriate and timely information to stakeholders, explaining our initiatives clearly using plain language and discussion, and engaging in constructive dialogue that includes reflecting the opinions that we receive in management, we are promoting measures including ROIC management, strengthening shareholder returns, and developing human capital management.

As a result of the above, for the fiscal year ended December 31, 2024, net sales amounted to ¥161,716 million, decreasing by ¥11,263 million, or 6.5% year on year, operating profit was ¥3,860 million, decreasing by ¥1,844 million, or 32.3% year on year, and ordinary profit was ¥4,659 million, decreasing by ¥1,922 million, or 30.0% year on year. Profit attributable to owners of parent was ¥4,613 million, decreasing by ¥85 million, or 1.8% year on year, due to recording of gain on sale of investment securities, impairment losses and other factors.

The operating results by segment are as follows:

#### *Machinery & Tools Segment*

In the domestic machinery sector, net sales experienced a double-digit contraction year on year despite an increasing trend in orders for both direct and wholesale demand. In direct demand, capital investment is on a gradual increasing trend, centered on the automotive industry, and the Company is making progress on developing sales channels outside the automotive industry as well. In wholesale demand, orders showed an increasing trend, supported by an improvement in domestic demand for machine tools.

In the overseas machinery sector, a double-digit contraction year on year in net sales continued. Although the North America business remained affected by a reluctance to buy new machinery due to continued high interest rates and sentiment ahead of the presidential election, enquires have been gradually increasing. In the China business, amid the prolonged economic slump, there was no sign of a recovery in orders from Japanese-affiliated automakers in particular, and the business was affected by the reduction in and delay of capital investment projects. In the Southeast Asia business, results were clearly differentiated by country, with negative results in Indonesia and Malaysia, while results in Thailand increased year on year due to multiple investment projects.

Net sales in the domestic equipment tools sector experienced a slight decline year on year. Direct demand was impacted by a major production plan revision in the automotive industry, but wholesale

demand was up year on year due to environmental countermeasures and other capital investment projects, amid a slowdown in activity for consumable parts in the metal processing industry.

As a result of the above, net sales amounted to ¥104,767 million, decreasing by ¥12,361 million, or 10.6% year on year. Operating profit declined by ¥1,739 million, or 46.3% year on year, to ¥2,019 million.

#### *Construction Products Segment*

In the steel frame materials sector, net sales declined slightly due to factors including the soaring costs of raw materials, labor shortages, and construction industry work style reforms (eight days off every four weeks) had some impact, leading to a decline in demand for steel-framed construction.

In the piping material sector, orders were received for some major projects. However, overall, price competition was intense, and net sales decreased.

In the housing equipment and fixtures sector, net sales experienced a single-digit increase given factors including price revisions as well as the continuing focus on sales for major users and on remodeling projects that included installation work.

As a result of the above, net sales amounted to ¥44,947 million, decreasing by ¥294 million, or 0.7% year on year, and operating profit was ¥1,576 million, decreasing by ¥410 million, or 20.6% year on year.

#### *Construction Machinery Segment*

Orders increased, mainly for crawler cranes, and we were able to record sales for the majority of sales in the fourth quarter. Profitability of both new and second-hand vehicles showed signs of improvement.

As a result of the above, net sales amounted to ¥8,413 million, increasing by ¥808 million, or 10.6% year on year. Operating profit was ¥200 million, increasing by ¥118 million, or 144.8% year on year.

#### *IoT Solutions Segment*

Stabilization of the revenue structure is apparent given orders for ongoing projects and an increase in the number of higher value customers. Sales and profit increased due to continued cost reductions.

As a result of the above, net sales amounted to ¥3,588 million, increasing by ¥583 million, or 19.4% year on year, and operating profit was ¥188 million, increasing by ¥150 million, or 393.7% year on year.

## **(2) Overview of consolidated financial position**

### Total assets

Current assets and non-current assets as of December 31, 2024 were ¥86,599 million and ¥34,221 million, respectively, resulting in total assets of ¥120,821 million, an increase of ¥479 million from the end of the previous fiscal year. This was mainly due to increases in cash and deposits of ¥5,783 million and property, plant and equipment of ¥747 million, and decreases in notes and accounts receivable - trade of ¥2,757 million and investment securities of ¥2,028 million.

### Liabilities

Current liabilities as of December 31, 2024 were ¥45,350 million, and non-current liabilities were ¥2,097 million, resulting in total liabilities of ¥47,448 million, an decrease of ¥175 million from the end of the previous fiscal year. This was mainly due to increases in electronically recorded obligations - operating of ¥416 million and contract liabilities of ¥453 million, and decreases in short-term borrowings of ¥429 million and deferred tax liabilities of ¥892 million.

Net assets

Shareholders' equity and accumulated other comprehensive income as of December 31, 2024 were ¥69,937 million and ¥2,401 million, respectively, resulting in total net assets of ¥73,373 million, an increase of ¥654 million from the end of the previous fiscal year. This was mainly attributable to increases in retained earnings of ¥2,508 million due to profit attributable to owners of parent and dividends of surplus and treasury shares of ¥630 million, and a decrease in valuation difference on available-for-sale securities of ¥1,153 million.

**(3) Overview of consolidated cash flows**

Cash and cash equivalents (hereinafter referred to as "cash") as of December 31, 2024 were ¥26,129 million, an increase of ¥5,954 million year on year.

The breakdowns of consolidated cash flows for the reporting period are as follows:

## Net cash from operating activities

In the fiscal year ended December 31, 2024, net cash provided by operating activities was ¥7,863 million (compared with net cash provided of ¥6,031 million in the previous fiscal year). This was mainly owing to the recording of profit before income taxes of ¥6,914 million, depreciation of ¥1,707 million, a decrease in trade receivables of ¥3,209 million, a decrease in inventories of ¥654 million, and income taxes paid of ¥2,110 million.

## Net cash from investing activities

In the fiscal year ended December 31, 2024, net cash provided by investing activities was ¥1,433 million (compared with net cash used of ¥4,670 million in the previous fiscal year). This was mainly owing to purchase of property, plant and equipment of ¥2,053 million and proceeds from sale of investment securities of ¥3,058 million.

## Net cash from financing activities

In the fiscal year ended December 31, 2024, net cash used in financing activities was ¥3,368 million (compared with net cash used of ¥5,370 million in the previous fiscal year). This was mainly owing to dividends paid of ¥2,101 million, and purchase of treasury shares of ¥811 million.

## (Reference) Cash flow-related indicators

	1st Fiscal year ended December 31, 2021	2nd Fiscal year ended December 31, 2022	3rd Fiscal year ended December 31, 2023	4th Fiscal year ended December 31, 2024
Equity-to-asset ratio (%)	61.4	58.0	59.7	59.9
Equity-to-asset ratio based on market value (%)	56.1	74.0	53.4	44.7
Ratio of interest-bearing debt to cash flow (years)	–	0.3	0.2	0.1
Interest coverage ratio (times)	–	262.2	204.7	449.1

Equity-to-asset ratio: Equity / total assets

Equity-to-asset ratio based on market value: Total market capitalization / total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt / operating cash flows

Interest coverage ratio: operating cash flows / interest payment

- Notes
- All indicators are calculated using consolidated financial figures.
  - Total market capitalization was computed based on the closing stock price at the end of the period multiplied by the number of outstanding shares at the end of the period after deducting treasury shares.
  - Operating cash flows represent cash flows from operating activities on the consolidated statements of cash flows. Interest-bearing debts represent all debts on the consolidated balance sheets for which interest is paid. In addition, interest payment represents amount of interest paid on the consolidated statements of cash flows.
  - As operating cash flow was negative during the fiscal year ended December 31, 2021, the ratio of interest-bearing debt to cash flow and the interest coverage ratio were omitted.

**(4) Consolidated earnings forecasts for fiscal 2025**

While the Japanese economy is expected to recover gradually, the business environment surrounding the Group is expected to be impacted by factors such as stagnating domestic demand in China, the policy trends of the Trump administration in the United States, and fluctuations in the financial and capital markets.

In the Machinery & Tools Segment, increased production is expected in the automotive industry, but little capital investment is to be expected under the current situation, and trends regarding the emergence of new EV manufacturers and reorganization of automakers should also be monitored. The U.S. economy is expected to resume investment after a pause in spending due to the presidential election; however, it is currently difficult to determine the impact of policies such as tariffs. The Chinese economy is expected to continue to its slowdown amid a continued slump in the real estate market, with the Chinese EV industry also beginning to show signs of fatigue, while a downturn in automobile sales to the major Southeast Asian markets of Thailand and Indonesia is also a concern.

In the Construction Products Segment, the Company expects that an increase in construction starts, both housing and non-housing remains unlikely. Demand for steel-framed buildings has fallen below 4 million tonnes in both 2023 and 2024, and there remains little hope for a recovery in 2025 as well.

Under these conditions, the Group aims to strengthen its ability to respond to productivity increases utilizing DX and AI in the manufacturing field, maximize synergies that leverage the strengths of Group companies, and accelerate growth by promoting a platform strategy, which have been articulated in its Medium-Term Management Plan “UNISOL.”

Because of the aforementioned factors, for the earnings forecasts for the fiscal year ending December 31, 2025, we expect net sales of ¥170,000 million, operating profit of ¥4,500 million, ordinary profit of ¥5,100 million and profit attributable to owners of parent of ¥3,300 million. Forecast ROE will be 4.6%.

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.

G-NET CORPORATION and Maruka Corporation, the core companies of the Machinery & Tools Segment, are currently being integrated with a target date of January 2026. The two companies will promote discussions on issues such as organizational format, chain of command, and procurement and sales policies, and transition to a lean, efficient, and robust structure, thereby realizing stronger earnings for the entire segment.

**(5) Basic policy for distribution of profits, consolidated dividends for fiscal 2024 and consolidated dividends forecasts for fiscal 2025**

While placing emphasis on providing stable dividends to shareholders over the long term and realizing continuous increases in dividends, the Company has revised its dividend policy based on the dividend on equity ratio (DOE) as described in the “Notice Regarding Change in Shareholder Return Policy and Revision of Dividend Forecast” released on April 15, 2024.

[Details of change]

- Our basic policy for ordinary dividend shall be to continuously increase dividends in accordance with DOE (dividend on equity ratio). DOE will be raised in stages starting from the fiscal year ended December 31, 2024, aiming to achieve DOE of 3.5% within the next Mid-term Management Plan period (FY2027–FY2029).
- In addition to ordinary dividends, the Company will flexibly implement additional shareholder returns in accordance with profit levels and financial conditions through the use of special dividends and repurchase of treasury shares



For the current fiscal year (the fiscal year ended December 31, 2024), in addition to the ordinary dividend based on the abovementioned policy, the Group decided to sell investment securities owned by the Group in accordance with the “reduction of policy shareholdings,” which is part of its financial capital strategy within its initiatives for “capital cost management,” and to pay a special dividend on the gain on sale of investment securities in appreciation of the constant support of our shareholders.

	Interim (Yen)	Year-end (Yen)	Total (Yen)	Ratio of dividends to net assets	Dividend payout ratio
Ordinary dividend	30.00	45.00	75.00	2.5%	39.3%
Special dividend	—	32.00	32.00	—	—
Total dividend	30.00	77.00	107.00	3.6%	56.1%

Under the shareholder return policy, the Company aimed to achieve DOE of 3.5% between the fiscal year ending December 31, 2027 and the fiscal year ending December 31, 2029. However, the Company has decided to bring the period for achieving this target forward and to pay a dividend based on DOE of 3.5% for the next period (fiscal year ending December 31, 2025).

For the next period (fiscal year ending December 31, 2025), the Company is planning to pay the annual dividends of ¥101 per share.

## 2. Selection of accounting standards

The MARUKA FURUSATO Group compiled its consolidated financial statements in accordance with the generally accepted accounting principles and accounting standards in Japan (Japanese GAAP) taking into consideration availability to compare with competitors in Japan.

The Company is preparing to adopt International Financial Reporting Standards (IFRS) in consideration of various domestic and international circumstances.

### 3. Consolidated financial statements and significant notes thereto

#### (1) Consolidated balance sheet

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	21,750	27,533
Notes and accounts receivable - trade	31,365	28,608
Electronically recorded monetary claims - operating	11,743	11,736
Investments in leases	23	5
Merchandise and finished goods	11,535	10,832
Work in process	2,884	2,783
Raw materials and supplies	442	420
Other	4,487	4,703
Allowance for doubtful accounts	(24)	(24)
Total current assets	84,207	86,599
Non-current assets		
Property, plant and equipment		
Buildings and structures	16,494	19,678
Accumulated depreciation	(7,948)	(7,998)
Buildings and structures, net	8,546	11,680
Machinery, equipment and vehicles	4,670	4,950
Accumulated depreciation	(3,747)	(3,852)
Machinery, equipment and vehicles, net	922	1,097
Tools, furniture and fixtures	1,940	2,094
Accumulated depreciation	(1,372)	(1,400)
Tools, furniture and fixtures, net	567	694
Assets for rent	2,667	2,708
Accumulated depreciation	(1,617)	(1,652)
Assets for rent, net	1,049	1,056
Leased assets	511	269
Accumulated depreciation	(272)	(160)
Leased assets, net	239	109
Right-of-use assets	–	727
Accumulated depreciation	–	(45)
Right-of-use assets, net	–	681
Land	10,416	10,033
Construction in progress	2,887	21
Total property, plant and equipment	24,628	25,375
Intangible assets		
Goodwill	992	715
Trade right	960	800
Other	884	882
Total intangible assets	2,837	2,397
Investments and other assets		
Investment securities	5,145	3,116
Retirement benefit asset	1,082	1,138
Deferred tax assets	415	339
Other	2,112	1,972
Allowance for doubtful accounts	(87)	(119)
Total investments and other assets	8,669	6,448
Total non-current assets	36,134	34,221
<b>Total assets</b>	<b>120,342</b>	<b>120,821</b>

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

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	17,777	17,669
Electronically recorded obligations - operating	16,706	17,122
Short-term borrowings	896	466
Current portion of long-term borrowings	47	47
Lease liabilities	90	96
Income taxes payable	1,152	1,519
Contract liabilities	4,631	5,084
Provision for bonuses	703	770
Provision for bonuses for directors (and other officers)	57	41
Provision for share awards for employees	111	18
Provision for product warranties	68	57
Other	2,862	2,455
<b>Total current liabilities</b>	<b>45,105</b>	<b>45,350</b>
Non-current liabilities		
Long-term borrowings	451	404
Lease liabilities	189	715
Deferred tax liabilities	1,070	<u>178</u>
Provision for retirement benefits for directors (and other officers)	52	62
Provision for share awards for directors (and other officers)	49	51
Retirement benefit liability	158	183
Other	546	501
<b>Total non-current liabilities</b>	<b>2,517</b>	<b><u>2,097</u></b>
<b>Total liabilities</b>	<b>47,623</b>	<b><u>47,448</u></b>
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	27,334	27,261
Retained earnings	37,544	40,052
Treasury shares	(1,746)	(2,377)
<b>Total shareholders' equity</b>	<b>68,132</b>	<b>69,937</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,161	1,007
Deferred gains or losses on hedges	(1)	(33)
Foreign currency translation adjustment	1,462	1,334
Remeasurements of defined benefit plans	83	93
<b>Total accumulated other comprehensive income</b>	<b>3,705</b>	<b>2,401</b>
Non-controlling interests	881	1,034
<b>Total net assets</b>	<b>72,719</b>	<b>73,373</b>
<b>Total liabilities and net assets</b>	<b>120,342</b>	<b><u>120,821</u></b>

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

**(2) Consolidated statement of income and consolidated statement of comprehensive income**  
**Consolidated statement of income**

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Net sales	172,980	161,716
Cost of sales	145,985	136,050
Gross profit	26,994	25,666
Selling, general and administrative expenses	21,289	21,806
Operating profit	5,705	3,860
Non-operating income		
Interest income	77	90
Dividend income	175	176
Purchase discounts	454	422
Rental income	99	79
Foreign exchange gains	108	-
Other	182	212
Total non-operating income	1,097	981
Non-operating expenses		
Interest expenses	29	16
Rental costs	46	63
Litigation expenses	22	-
Foreign exchange losses	-	10
Other	51	90
Total non-operating expenses	150	181
Ordinary profit	6,652	4,659
Extraordinary income		
Gain on sale of investment securities	0	2,378
Gain on sale of non-current assets	272	304
Total extraordinary income	272	2,683
Extraordinary losses		
Loss on sale of non-current assets	2	0
Loss on retirement of non-current assets	20	9
Loss on valuation of investments in capital of subsidiaries and associates	7	-
Impairment losses	-	419
Total extraordinary losses	31	429
Profit before income taxes	6,894	6,914
Income taxes - current	2,188	2,523
Income taxes - deferred	(27)	(315)
Total income taxes	2,161	2,208
Profit	4,733	4,705
Profit attributable to non-controlling interests	34	92
Profit attributable to owners of parent	4,698	4,613

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

**Consolidated statement of comprehensive income**

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Profit	4,733	4,705
Other comprehensive income		
Valuation difference on available-for-sale securities	746	(1,153)
Deferred gains or losses on hedges	(7)	(32)
Foreign currency translation adjustment	208	(66)
Remeasurements of defined benefit plans, net of tax	185	10
Total other comprehensive income	1,133	(1,242)
Comprehensive income	5,866	3,463
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,788	3,309
Comprehensive income attributable to non-controlling interests	78	154

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

**(3) Consolidated statement of changes in shareholders' equity**

Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,000	28,299	35,734	(322)	68,712
Changes during period					
Dividends of surplus			(2,888)		(2,888)
Profit attributable to owners of parent			4,698		4,698
Purchase of treasury shares				(2,807)	(2,807)
Disposal of treasury shares		(2)		420	417
Cancellation of treasury shares		(962)		962	-
<u>Change in parent company's shares owned by subsidiaries</u>					=
Purchase of additional shares of consolidated subsidiaries		(0)			(0)
Net changes in items other than shareholders' equity					-
Total changes during period	-	(965)	1,810	(1,424)	(580)
Balance at end of period	5,000	27,334	37,544	(1,746)	68,132

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,414	6	1,296	(102)	2,615	810	72,139
Changes during period							
Dividends of surplus							(2,888)
Profit attributable to owners of parent							4,698
Purchase of treasury shares							(2,807)
Disposal of treasury shares							417
Cancellation of treasury shares							-
<u>Change in parent company's shares owned by subsidiaries</u>							=
Purchase of additional shares of consolidated subsidiaries							(0)
Net changes in items other than shareholders' equity	746	(7)	165	185	1,089	70	1,160
Total changes during period	746	(7)	165	185	1,089	70	580
Balance at end of period	2,161	(1)	1,462	83	3,705	881	72,719

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

Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,000	27,334	37,544	(1,746)	68,132
Changes during period					
Dividends of surplus			(2,105)		(2,105)
Profit attributable to owners of parent			4,613		4,613
Purchase of treasury shares				(811)	(811)
Disposal of treasury shares		(6)		7	0
Cancellation of treasury shares		(66)		66	-
Change in parent company's shares owned by subsidiaries				107	107
Purchase of additional shares of consolidated subsidiaries		-			-
Net changes in items other than shareholders' equity					
Total changes during period	-	(72)	2,508	(630)	1,804
Balance at end of period	5,000	27,261	40,052	(2,377)	69,937

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,161	(1)	1,462	83	3,705	881	72,719
Changes during period							
Dividends of surplus							(2,105)
Profit attributable to owners of parent							4,613
Purchase of treasury shares							(811)
Disposal of treasury shares							0
Cancellation of treasury shares							-
Change in parent company's shares owned by subsidiaries							107
Purchase of additional shares of consolidated subsidiaries							-
Net changes in items other than shareholders' equity	(1,153)	(32)	(128)	10	(1,303)	153	(1,150)
Total changes during period	(1,153)	(32)	(128)	10	(1,303)	153	654
Balance at end of period	1,007	(33)	1,334	93	2,401	1,034	73,373

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

**(4) Consolidated statement of cash flows**

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	6,894	6,914
Depreciation	1,626	1,707
Impairment losses	–	419
Amortization of goodwill	51	113
Increase (decrease) in provision for bonuses for directors (and other officers)	1	(15)
Increase (decrease) in retirement benefit liability	31	24
Decrease (increase) in retirement benefit asset	(284)	(55)
Increase (decrease) in provision for bonuses	(23)	66
Increase (decrease) in allowance for doubtful accounts	2	31
Increase (decrease) in provision for share awards for employees	(37)	(93)
Interest and dividend income	(252)	(267)
Interest expenses	29	16
Loss (gain) on sale of investment securities	(0)	(2,378)
Loss (gain) on sale of property, plant and equipment	(270)	(303)
Loss on retirement of non-current assets	20	9
Loss on valuation of investments in capital	7	–
Decrease (increase) in trade receivables	(1,428)	3,209
Decrease (increase) in inventories	1,476	654
Increase (decrease) in trade payables	316	178
Other, net	25	(505)
Subtotal	8,186	9,724
Interest and dividends received	252	266
Interest paid	(29)	(17)
Income taxes paid	(2,378)	(2,110)
Net cash provided by (used in) operating activities	6,031	7,863
<b>Cash flows from investing activities</b>		
Payments into time deposits	(859)	(1,665)
Proceeds from withdrawal of time deposits	1,013	1,898
Purchase of property, plant and equipment	(3,346)	(2,053)
Proceeds from sale of property, plant and equipment	608	869
Purchase of intangible assets	(148)	(462)
Purchase of investment securities	(54)	(105)
Proceeds from sale of investment securities	–	3,058
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,461)	–
Loan advances	(504)	(71)
Proceeds from collection of loans receivable	6	11
Other, net	75	(47)
Net cash provided by (used in) investing activities	(4,670)	1,433



(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	382	(407)
Repayments of long-term borrowings	(54)	(47)
Purchase of treasury shares	(2,807)	(811)
Dividends paid	(2,880)	(2,101)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(10)	–
Other, net	–	(1)
Net cash provided by (used in) financing activities	(5,370)	(3,368)
Effect of exchange rate change on cash and cash equivalents	51	25
Net increase (decrease) in cash and cash equivalents	(3,957)	5,954
Cash and cash equivalents at beginning of period	24,132	20,174
Cash and cash equivalents at end of period	20,174	26,129

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

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

Not applicable.

**Additional information**

Merger between consolidated subsidiaries

At the Board of Directors meeting held on December 16, 2024, the Company has resolved to integrate our wholly owned subsidiaries, Maruka Corporation (hereinafter, Maruka), and G-NET CORPORATION (hereinafter, G-NET).

## 1. Overview of business combination

## (1) Names and business descriptions of entities involved in the business combination

Name of combined company	Maruka Corporation
Details of business	Domestic and overseas sale of manufacturing machinery, domestic sale and rental, and export of construction machinery
Share capital	¥400,000 thousand

Name of combined company	G-NET CORPORATION
Details of business	Wholesale of machine tools, sale of housing construction equipment, and sale of intruder protection and surveillance equipment
Share capital	¥420,655 thousand

## (2) Date of business combination

January 2026 (planned)

## (3) Purpose of business combination

Currently, in the Machinery & Tools Business, which is our main business, Maruka and G-NET are at the core of the business, and the business management headquarters within the holding company is responsible for the entire business to pursue synergy effects by promoting cross-selling and expanding procurement opportunities across the entire Group.

However, in an increasingly challenging business environment driven by intensifying global competition and accelerating technological innovation, the Company has decided that in order to accurately grasp the increasingly sophisticated and diverse needs of our customers and provide them with even more optimal value, it is important to go beyond individual collaboration and become one company to enhance our overall capability.

By combining the strengths of both companies, the integration will enable us to provide customers with even more high-added, innovative solutions, further enhance the competitiveness of the Machinery & Tools Business, and achieve sustainable growth.

## (2) Name of merged company

UNISOL Corporation

## 2. Overview of accounting treatment adopted

In accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Implementation Guidance on Accounting Standard for Business

Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019), the Company will account for the business combination as a transaction under common control.

**Notes on segment information, etc.**

[Segment information]

1. Outline of reportable segments

The reportable segments are the segments of the MARUKA FURUSATO Group for which separate financial information is available and for which operating profit /loss amounts are evaluated regularly by executive management in deciding how to allocate resources and in assessing performance.

The MARUKA FURUSATO Group comprises of four segments, the “Machinery & Tools Segment,” the “Construction Products Segment,” the “Construction Machinery Segment,” and the “IoT Solutions Segment,” which are segmented by supplies, products and services the Group provides.

Segments are as follows:

Reportable segment	Segment overview
Machinery & Tools Segment	Sales of machinery, tools and consumable products for manufactures in Japan and overseas
Construction Products Segment	Partial manufacturing and sales of products including in house manufacturing products for construction sectors, sales of housing equipment
Construction Machinery Segment	Sales and rental of construction machinery, rental of construction machinery with operators
IoT Solutions Segment	Introduction of physical security* <sup>1</sup> system, sales of devices, providing subscription business and others

\*1. Physical security: Security measures that are designed to deny unauthorized access to facilities, equipment and resources and to protect personnel and property from damage or harm among information security

2. Method for calculating net sales, profit (loss), assets and other items by reportable segment

The method for accounting treatment for operating segments reported is a method that is compliant with the accounting policies adopted as a basis for preparing consolidated financial statements.

Profit of reportable segments represents a figure based on operating profit.

Intersegment revenues and transfers are based on prevailing market prices.

## 3. Information on net sales, profit (loss), assets and other items by reportable segment

Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Millions of yen)

	Reportable segment					Adjustment (Note 1)	Total amounts on the consolidated financial statements (Note 2)
	Machinery & Tools	Construction Products	Construction Machinery	IoT Solutions	Total		
Net sales							
Sales to external customers	117,128	45,241	7,605	3,004	172,980	–	172,980
Intersegment revenue or transfers	1,169	55	–	64	1,289	(1,289)	–
Total	118,297	45,296	7,605	3,069	174,269	(1,289)	172,980
Segment profit	3,758	1,987	81	38	5,865	(160)	5,705
Segment assets	65,297	30,403	5,524	1,602	102,829	17,513	120,342
Other items							
Depreciation	890	456	205	75	1,628	(2)	1,626
Amortization of goodwill	51	–	–	–	51	–	51
Increase in property, plant and equipment and intangible assets	2,006	1,419	207	56	3,690	–	3,690

Notes: 1. Adjustments are as follows:

- (1) Adjustment of segment profit, amounting to ¥(160) million, includes ¥(159) million from elimination of intersegment transactions, ¥(3) million from reconciliation of inventories, and ¥2 million from reconciliation of non-current assets.
  - (2) Adjustment of segment assets of ¥17,513 million includes elimination of intersegment transactions of ¥(129) million and corporate assets not allocated to each reportable segment of ¥17,642 million. The majority of corporate assets are surplus funds, long term investment funds and assets in Administration section, which do not belong to each reportable segment.
  - (3) The majority of adjustment of depreciation of ¥(2) million does not belong to reportable segments.
2. Segment profit is adjusted to operating profit on the consolidated financial statements.

## Fiscal Year Ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Millions of yen)

	Reportable segment					Adjustment (Note 1)	Total amounts on the consolidated financial statements (Note 2)
	Machinery & Tools	Construction Products	Construction Machinery	IoT Solutions	Total		
Net sales							
Sales to external customers	104,767	44,947	8,413	3,588	161,716	–	161,716
Intersegment revenue or transfers	1,141	54	–	66	1,262	(1,262)	–
Total	105,909	45,001	8,413	3,654	162,978	(1,262)	161,716
Segment profit	<u>2,019</u>	1,576	200	188	<u>3,985</u>	<u>(124)</u>	3,860
Segment assets	62,580	28,043	6,205	1,329	98,159	<u>22,662</u>	<u>120,821</u>
Other items							
Depreciation	923	529	211	45	1,709	(1)	1,707
Amortization of goodwill	<u>113</u>	–	–	–	<u>113</u>	=	113
Increase in property, plant and equipment and intangible assets	1,962	938	211	40	3,152	1	3,153

Notes: 1. Adjustments are as follows:

- (1) Adjustment of segment profit, amounting to ¥(124) million, includes ¥(123) million from elimination of intersegment transactions, ¥(2) million from reconciliation of inventories, and ¥2 million from reconciliation of non-current assets.
  - (2) Adjustment of segment assets of ¥22,662 million includes elimination of intersegment transactions of ¥(89) million and corporate assets not allocated to each reportable segment of ¥22,751 million. The majority of corporate assets are surplus funds, long term investment funds and assets in Administration section, which do not belong to each reportable segment.
  - (3) The majority of adjustment of depreciation of ¥(1) million does not belong to reportable segments.
  - (4) The majority of adjustment of increase in property, plant and equipment and intangible assets of ¥1 million does not belong to reportable segments.
2. Segment profit is adjusted to operating profit on the consolidated financial statements.

**Earnings per share**

(Yen)

	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal Year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
Net assets per share	2,945.65	3,008.84
Basic earnings per share	188.26	190.77

Notes: 1. Diluted earnings per share are omitted because there are no latent shares such as bonds with stock acquisition rights.

2. For the calculation of basic earnings per share, shares of the Company owned by a trust account, which are recorded as treasury shares in shareholders' equity, are included in the number of treasury shares excluded for the calculation of the average number of shares outstanding. And for the calculation of net assets per share, they are included in the number of treasury shares excluded from the number of shares outstanding at the end of the fiscal year.

For the fiscal year ended December 31, 2024, the excluded number of treasury shares from the average number of shares outstanding for the calculation of basic earnings per share is 270 thousand shares, compared with 196 thousand shares for the fiscal year ended December 31, 2023.

For the fiscal year ended December 31, 2024, the excluded number of treasury shares from the number of shares outstanding for the calculation of net assets per share is 259 thousand shares, compared with 169 thousand shares for the fiscal year ended December 31, 2023.

3. Basis for calculating net assets per share is as follows:

	As of December 31, 2023	As of December 31, 2024
Total net assets as reported in the consolidated balance sheets (millions of yen)	72,719	73,373
Amount to be deducted from total net assets (millions of yen)	881	1,034
(of which, non-controlling interests (millions of yen))	(881)	(1,034)
Net assets pertaining to common stock shareholders (millions of yen)	71,838	72,339
Number of common stock shares outstanding as of December 31 used to calculate net assets per share (thousands of shares)	24,387	24,042

4. Basis for calculating basic earnings per share are as follows:

	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal Year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
Profit attributable to owners of parent (millions of yen)	4,698	4,613
Profit not attributable to common shareholders (millions of yen)	–	–
Profit attributable to owners of parent pertaining to common shares (millions of yen)	4,698	4,613
Average number of outstanding common shares during the period (thousands of shares)	24,957	24,182

**Significant subsequent event**

Not applicable.