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May 13, 2024

## Consolidated Financial Results for the Three Months Ended March 31, 2024 (Under Japanese GAAP)

Company name: MARUKA FURUSATO Corporation  
 Listing: Tokyo Stock Exchange  
 Securities code: 7128  
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 Scheduled date to file quarterly securities report: May 14, 2024  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 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, 2024 (from January 1, 2024 to March 31, 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	%
Three months ended March 31, 2024	40,362	(7.8)	950	(46.2)	1,135	(39.1)	698	(43.6)
March 31, 2023	43,781	12.8	1,767	20.3	1,863	4.4	1,237	6.7

Note: Comprehensive income For the three months ended March 31, 2024: ¥1,019 million [(0.1)%]  
 For the three months ended March 31, 2023: ¥1,020 million [(17.3)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2024	28.62	–
March 31, 2023	48.86	–

#### (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, 2024	119,717	72,362	59.7	2,929.81
December 31, 2023	120,342	72,719	59.7	2,945.65

Reference: Equity

As of March 31, 2024: ¥71,452 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	–				
Fiscal year ending December 31, 2024 (Forecast)		30.00	–	67.00	97.00

- 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 2024  
Ordinary dividend: 45.00 yen, Special dividend: 22.00 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
Six months ending June 30, 2024 (Cumulative)	83,500	(1.9)	2,300	(27.8)	2,700	(25.6)	2,870	10.5	117.68
Fiscal year ending December 31, 2024	174,000	0.6	5,500	(3.6)	6,300	(5.3)	5,270	12.2	216.09

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

\* **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, 2024	25,174,214 shares
As of December 31, 2023	25,174,214 shares

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

As of March 31, 2024	786,129 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)

Three months ended March 31, 2024	24,387,835 shares
Three months ended March 31, 2023	25,327,784 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," the "employee stock ownership plan" and the "stock-granting ESOP trust" (329,284 shares as of March 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.

\* 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  
*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 quarterly financial results*

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

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

### (1) Explanation of operating results

During the first three months ended March 31, 2024, the Japanese economy's recovery came to a standstill due in part to the effects of the Noto Peninsula earthquake and automobile certification test data falsification issue, among other factors, amid high prices continuing to restrain consumption. Capital investment remained firm, with overseas semiconductor-related companies and others announcing investments in Japan, despite the impact of production and shipment suspensions by some automakers.

Meanwhile, the U.S. economy continues to expand due to increased consumption and capital investment, which has been a factor in the dollar's appreciation against the yen. The rise of the inflation rate under tight monetary policy has increased expectations that the timing of interest rate cuts will be delayed, and the prevailing view is that there is little hope for a correction of the yen's depreciation in the near term. The Chinese economy is being supported by the effects of policy measures, but the prolonged slump in the real estate market is slowing the pace of economic recovery.

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 14.7% year on year and external demand decreased 5.4% year on year in January-March, but the declines were smaller than those in the previous October-December quarter. The industrial production index decreased 4.5% year on year in January-March, despite the uptick in March, following declines in January and February for production of motor vehicles due to the impact of plant shutdowns.

In the construction related sector, total building starts based on floor area for January-March fell 10.8% year on year, the fifth consecutive monthly decline through March, while non-dwelling starts increased for the first time in three months. New housing starts for January-March decreased 9.6% year on year, the tenth consecutive monthly decline.

In light of these social conditions and the business environment, the MARUKA FURUSATO Group is conducting daily corporate activities that aim to achieve both economic value and social and environmental value based on the Group's VISION "Toward a society full of dreams that come true."

The fiscal year ending December 31, 2024 is the first year of the second stage of the Medium-Term Management Plan "UNISOL" and is positioned as an important year for accelerating the speed of growth toward achieving the final year goal. In particular, steady progress has been made in realizing synergies of management integration in mid- & long-term strategic fields including "EV promotion" and "Automation and labor saving," which are set forth in our long-term strategy.

Amid these conditions, in terms of operating results for the three months ended March 31, 2024, net sales were ¥40,362 million, decreasing by ¥3,418 million, or 7.8% year on year. In terms of profit, operating profit was ¥950 million, decreasing by ¥816 million, or 46.2% year on year, due to the impact of the decline in sales and the decline in profit margins caused by the decline in sales of major products. Ordinary profit was ¥1,135 million, decreasing by ¥728 million, or 39.1% year on year, and profit attributable to owners of parent was ¥698 million, decreasing by ¥539 million, or 43.6% year on year.

The operating results by segment are as follows:

#### *Machinery & Tools Segment*

In the machinery sector, the environment for capital investment in Japan deteriorated due to the automobile certification test data falsification issue, but nevertheless, investment in electrification technology is continuing. In the automotive industry, production at plants that had been shut down began to resume operations, and investment is expected to resume going forward. Aside from the automotive industry, investment remained at a steady level. In North America, the manufacturing industry was affected by monetary tightening measures to curb inflation, strikes, etc., and both machine tools and injection molding machines faced difficult conditions to successfully conclude contracts. In China, both automobile production and sales lacked a sense of stability, and price competition is

intensifying for new energy vehicles. In the meantime, if the trend for hybrid vehicles, which is on the rise, continues, there can be expectations for Japanese automakers.

In the equipment tools sector, the decline in industrial production in January and February led to a decrease in demand. The decline in demand in the semiconductor-related field had a major impact, but semiconductor sales turned positive in March, and production is expected to increase going forward. The impact of the suspension of production and shipments due to the automobile certification test data falsification issue is also expected to gradually recover.

As a result of the above, net sales in the Machinery & Tools segment decreased by ¥3,661 million, or 12.1% year on year, to ¥26,634 million, as Japan sales of machinery declined, and overseas sales of machinery declined substantially due to the impact of a large project in China in the previous year, while equipment tools sales rose slightly. Operating profit fell by ¥717 million, or 56.5% year on year, to ¥552 million

### *Construction Products Segment*

In the steel frame materials sector, the downward trend in demand for steel-framed buildings continued, with particularly large declines in small and medium-sized buildings, which affected sales of major products. The high cost of construction due to rising steel and building material prices and labor costs has also affected capital investment plans in the manufacturing industry, and conditions remain challenging.

The piping materials sector was affected by a decline in new construction and renovation projects for production facilities and a drop in prices of some products, such as stainless steel-related products.

In the housing equipment and fixtures sector, conditions for new housing construction continued to be difficult due to a decline in demand. In the remodeling market, projects are starting to move thanks to the effect of subsidies, but there are concerns about the impact of soaring material prices going forward.

As a result of the above, net sales in the Construction Products segment decreased by ¥608 million, or 5.6% year on year, to ¥10,300 million, as sales of both steel frame materials and piping materials declined while housing equipment and fixtures increased. Operating profit declined by ¥237 million, or 44.0% year on year, to ¥302 million

### *Construction Machinery Segment*

Shipments of construction machinery in Japan increased slightly on the back of increased public works investment. Both sales and rentals increased due to a combination of increased demand during the fiscal year-end accounting period and a recovery in machinery shipments due to the resolution of manufacturing issues. Increased demand for large foundation machines and large cranes due to larger diameter piles in redevelopment projects, etc. also contributed to higher earnings.

As a result, net sales in the Construction Machinery Segment amounted to ¥2,481 million, increasing by ¥656 million, or 35.9% year on year, and operating profit was ¥82 million, increasing by ¥78 million, or 1687.9% year on year.

### *IoT Solutions Segment*

Demand for security equipment as a whole has remained firm despite capital investment restraint in some areas, and recovered to the same level as in 2019. By product type, IP cameras are the main products, and demand is strong due to their high convenience and low prices, and is expected to continue to grow steadily going forward. In project-related business, orders for security projects for large data centers, etc. have been firm. The use of AI image analysis is increasing due to the trend toward DX and labor saving measures caused by labor shortages, and the market is expected to continue to expand going forward.

As a result, net sales in the IoT Solutions Segment amounted to ¥947 million, increasing by ¥195 million, or 26.0% year on year, and operating profit was ¥95 million, increasing by ¥66 million, or 222.7% year on year.

## **(2) Explanation on financial position**

### Total assets

Current assets and non-current assets at the end of the first quarter under review were ¥81,595 million and ¥38,121 million, respectively, resulting in total assets of ¥119,717 million, a decrease of ¥625 million from the end of the previous fiscal year. The main reasons for the increase were an increase in property, plant and equipment of ¥998 million and an increase in investments and other assets of ¥1,002 million, and the main reasons for the decrease were a decrease in cash and deposits of ¥1,024 million, a decrease in notes and accounts receivable - trade of ¥922 million and a decrease in electronically recorded monetary claims - operating of ¥930 million.

### Liabilities

Current liabilities at the end of the first quarter under review were ¥44,700 million, and non-current liabilities were ¥2,655 million, resulting in total liabilities of ¥47,355 million, a decrease of ¥267 million from the end of the previous fiscal year. The main reason for the increase was an increase in notes and accounts payable - trade of ¥981 million, and the main reasons for the decrease were a decrease in electronically recorded obligations - operating of ¥925 million and a decrease in short-term borrowings of ¥467 million.

### Net assets

Total net assets as of March 31, 2024, were ¥72,362 million, a decrease of ¥357 million from the end of the previous fiscal year. The main reasons for the increase were recording of profit attributable to owners of parent of ¥698 million and an increase in valuation difference on available-for-sale securities of ¥693 million, and the main reasons for the decrease were dividends of surplus of ¥1,375 million and a decrease in foreign currency translation adjustment of ¥363 million.

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

Based on the “Reduction of Policy Shareholdings” resolution announced on March 28, 2024, we have revised our consolidated earnings forecasts for the six months ending June 30, 2024 and for the fiscal year ending December 31, 2024, which were announced on February 13, 2024, in light of the expectation to record a gain on sale of investment securities held by the Group as extraordinary income in the second quarter of the fiscal year ending December 31, 2024.

For details, please see “Notice Regarding Expected Recording of Extraordinary Income, Revision of Earnings Forecasts, and Revision of Dividend Forecast (Special Dividend)” announced on April 23, 2024.

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

### (1) Quarterly consolidated balance sheet

(Millions of yen)

	As of December 31, 2023	As of March 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	21,750	20,725
Notes and accounts receivable - trade	31,365	30,443
Electronically recorded monetary claims - operating	11,743	10,812
Investments in leases	23	19
Merchandise and finished goods	11,535	11,598
Work in process	2,884	3,228
Raw materials and supplies	442	442
Other	4,487	4,343
Allowance for doubtful accounts	(24)	(19)
Total current assets	84,207	81,595
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,546	8,556
Machinery, equipment and vehicles, net	922	910
Tools, furniture and fixtures, net	567	552
Assets for rent, net	1,049	988
Leased assets, net	239	212
Land	10,416	10,406
Construction in progress	2,887	3,998
Total property, plant and equipment	24,628	25,626
Intangible assets		
Goodwill	992	964
Trade right	960	920
Other	884	939
Total intangible assets	2,837	2,823
Investments and other assets		
Investment securities	5,145	6,148
Retirement benefit asset	1,082	1,085
Deferred tax assets	415	422
Other	2,112	2,121
Allowance for doubtful accounts	(87)	(106)
Total investments and other assets	8,669	9,671
Total non-current assets	36,134	38,121
Total assets	120,342	119,717

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



(Millions of yen)

	As of December 31, 2023	As of March 31, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	17,777	18,758
Electronically recorded obligations - operating	16,706	15,780
Short-term borrowings	896	429
Current portion of long-term borrowings	47	47
Lease liabilities	90	77
Income taxes payable	1,152	717
Contract liabilities	4,631	4,936
Provision for bonuses	703	1,258
Provision for bonuses for directors (and other officers)	57	21
Provision for share awards for employees	111	111
Provision for product warranties	68	66
Other	2,862	2,494
Total current liabilities	45,105	44,700
Non-current liabilities		
Long-term borrowings	451	439
Lease liabilities	189	169
Deferred tax liabilities	1,070	1,234
Provision for retirement benefits for directors (and other officers)	52	55
Provision for share awards for directors (and other officers)	49	48
Retirement benefit liability	158	158
Other	546	549
Total non-current liabilities	2,517	2,655
Total liabilities	47,623	47,355
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	27,334	27,327
Retained earnings	37,544	36,867
Treasury shares	(1,746)	(1,739)
Total shareholders' equity	68,132	67,455
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,161	2,854
Deferred gains or losses on hedges	(1)	(35)
Foreign currency translation adjustment	1,462	1,098
Remeasurements of defined benefit plans	83	79
Total accumulated other comprehensive income	3,705	3,997
Non-controlling interests	881	909
Total net assets	72,719	72,362
<b>Total liabilities and net assets</b>	<b>120,342</b>	<b>119,717</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 three months]**

(Millions of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Net sales	43,781	40,362
Cost of sales	36,896	34,177
Gross profit	6,885	6,185
Selling, general and administrative expenses	5,118	5,234
Operating profit	1,767	950
Non-operating income		
Interest income	16	23
Dividend income	22	18
Purchase discounts	111	106
Rental income	26	19
Other	57	102
Total non-operating income	234	269
Non-operating expenses		
Interest expenses	6	9
Rental costs	9	11
Foreign exchange losses	111	46
Other	9	17
Total non-operating expenses	138	84
Ordinary profit	1,863	1,135
Extraordinary income		
Gain on sale of non-current assets	1	0
Gain on sale of investment securities	–	98
Total extraordinary income	1	99
Extraordinary losses		
Loss on retirement of non-current assets	2	–
Total extraordinary losses	2	–
Profit before income taxes	1,862	1,234
Income taxes - current	780	666
Income taxes - deferred	(159)	(151)
Total income taxes	620	514
Profit	1,242	719
Profit attributable to non-controlling interests	4	21
Profit attributable to owners of parent	1,237	698

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, 2023	Three months ended March 31, 2024
Profit	1,242	719
Other comprehensive income		
Valuation difference on available-for-sale securities	271	693
Deferred gains or losses on hedges	(3)	(34)
Foreign currency translation adjustment	(490)	(356)
Remeasurements of defined benefit plans, net of tax	1	(3)
Total other comprehensive income	(221)	299
Comprehensive income	1,020	1,019
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,025	989
Comprehensive income attributable to non-controlling interests	(5)	29

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, etc.****I Three months ended March 31, 2023 (from January 1, 2023 to March 31, 2023)****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	30,295	10,908	1,825	751	43,781	–	43,781
Intersegment revenue or transfers	272	10	–	13	297	(297)	–
Total	30,568	10,919	1,825	765	44,078	(297)	43,781
Segment profit	1,269	540	4	29	1,844	(77)	1,767

Notes: 1. Adjustment of segment profit, amounting to ¥(77) million, include ¥(75) million from elimination of intersegment transactions, ¥(2) million from reconciliation of inventories, and ¥0 million from reconciliation of non-current assets.

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

**II Three months ended March 31, 2024 (from January 1, 2024 to March 31, 2024)****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	26,634	10,300	2,481	947	40,362	–	40,362
Intersegment revenue or transfers	241	11	–	12	265	(265)	–
Total	26,875	10,311	2,481	959	40,628	(265)	40,362
Segment profit	552	302	82	95	1,033	(82)	950

Notes: 1. Adjustment of segment profit, amounting to ¥(82) million, include ¥(80) million from elimination of intersegment transactions, ¥(2) million from reconciliation of inventories, and ¥0 million from reconciliation of non-current assets.

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