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UNISOL



May 12, 2025

Consolidated Financial Results for the Three Months Ended March 31, 2025 (Under Japanese GAAP)

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 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 three months ended March 31, 2025 (from January 1, 2025 to March 31, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	41,234	2.2	882	(7.1)	1,114	(1.9)	567	(18.7)
March 31, 2024	40,362	(7.8)	950	(46.2)	1,135	(39.1)	698	(43.6)

Note: Comprehensive income For the three months ended March 31, 2025: ¥1,229 million [20.6%]
 For the three months ended March 31, 2024: ¥1,019 million [(0.1)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2025	23.60	—
March 31, 2024	28.62	—

(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, 2025	120,529	72,734	59.4	2,978.65
December 31, 2024	120,821	73,373	59.9	3,008.84

Reference: Equity

As of March 31, 2025: ¥71,621 million
 As of December 31, 2024: ¥72,339 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, 2024	—	30.00	—	77.00	107.00
Fiscal year ending December 31, 2025	—				
Fiscal year ending December 31, 2025 (Forecast)		30.00	—	71.00	101.00

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

2. 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

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 March 31, 2025	25,143,642 shares
As of December 31, 2024	25,143,642 shares

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

As of March 31, 2025	1,098,833 shares
As of December 31, 2024	1,101,368 shares

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

Three months ended March 31, 2025	24,042,289 shares
Three months ended March 31, 2024	24,387,835 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" (256,001 shares as of March 31, 2025; 259,801 shares as of December 31, 2024). In addition, the number of the Company's shares owned by trust accounts of the "director 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.

- * 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**

1. Results of operations for the period under review	2
(1) Overview of consolidated financial results for the period under review	2
(2) Overview of consolidated financial position for the period under review	4
(3) Explanation on consolidated earnings forecasts and other forward-looking statements	4
2. Quarterly consolidated financial statements and significant notes thereto	5
(1) Quarterly consolidated balance sheet	5
(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income	7
Quarterly consolidated statement of income	7
[For the three months]	7
Quarterly consolidated statement of comprehensive income	8
[For the three months]	8
(3) Notes to quarterly consolidated financial statements	9
Notes on segment information, etc.	9
Notes when there are significant changes in amounts of equity.....	10
Notes on premise of going concern.....	10
Notes on quarterly consolidated statement of cash flows.....	10

1. Results of operations for the period under review

(1) Overview of consolidated financial results for the period under review

During the first three months ended March 31, 2025, the Japanese economy continued on a gradual recovery trend. Capital investment is expected to increase in the manufacturing industry's capital investment plans for FY2025, according to the Bank of Japan's Tankan survey. Signs of recovery are also apparent in the manufacturing industry, with a fifth consecutive month of year-on-year increases in orders according to the "Machinery Orders" report, a leading indicator for equipment and machinery. Corporate production returned to year-on-year growth in February, according to the "Indices of Industrial Production." The construction sector showed signs of improvement with new housing starts and the total floor area of building starts returning to year-on-year growth in February, according to the "Building Starts" statistics.

Looking ahead, a moderate recovery is expected due to improvements in the employment and income environment. Yet uncertainty is expected to persist given the impacts of factors such as concerns about continued price increases and policy developments in the U.S.

Also, in overseas economies, there are signs of slowing consumer spending growth despite continued economic expansion in the U.S. Capital investment remains flat, although production is on an upward trend due to the impacts of a last minute surge in demand associated with tariff increases. However, attention should be paid to the impacts of future developments in trade policy.

In China, although the effects of various policies are visible, the economy has come to a standstill. In Southeast Asia, the economic situation varies from country to country. For example, Indonesia's economy is on a gradual recovery trend while Thailand's economy appears slightly weaker. Looking ahead, there are concerns about the impacts of trade issues with the U.S.

Under these circumstances, the MARUKA FURUSATO Group has set forth the VISION of the future we aim to realize: "Towards a world overflowing with 'I want to make this happen!'" 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 and environmental value. With regard to these initiatives for increasing corporate value over the medium to long term, we aim to achieve our goals in the final year of the Medium-Term Management Plan "UNISOL" (fiscal year ending December 31, 2026).

As a result of the above, in the first three months ended March 31, 2025, net sales were ¥41,234 million, increasing by 2.2% year on year. Operating profit was ¥882 million, decreasing by 7.1% year on year, due to a 4.0% year-on-year increase in selling, general and administrative expenses. Ordinary profit was ¥1,114 million, decreasing by 1.9% year on year. Profit attributable to owners of parent was ¥567 million, decreasing by 18.7% year on year, due to recording of removal expenses of non-current assets of ¥95 million in extraordinary losses.

The operating results by segment are as follows:

(Millions of yen)

Segments	Net sales			Segment profit		
	Amount	Year-on-year change (amount)	Year-on-year change (%)	Amount	Year-on-year change (amount)	Year-on-year change (%)
Machinery & Tools	27,741	1,107	4.2	563	11	2.1
Construction Products	9,860	(440)	(4.3)	183	(118)	(39.3)
Construction Machinery	2,653	171	6.9	97	14	18.1
IoT Solutions	979	32	3.5	101	5	5.3
Subtotal	41,234	871	2.2	946	(87)	(8.5)
Adjustment	—	—	—	(63)	19	—
Total	41,234	871	2.2	882	(67)	(7.1)

Machinery & Tools Segment

In the machinery sector, orders for machine tools, a key indicator, returned to positive year-on-year growth in domestic demand in October-December after eight quarters of negative year-on-year growth, and increased by 2.3% in January-March. External demand returned to positive year-on-year growth from April-June of the prior year and increased by 8.9% in January-March.

In this environment, the machinery sector in this segment experienced double-digit growth in net sales year on year, supported by the strong performance of some automakers in the direct-sale business in domestic market, and active capital investment in non-automotive sectors, including construction machinery and agricultural machinery. In wholesale business in domestic market, net sales experienced a double-digit decrease year on year, as the appetite for capital investment among SMEs, the main end-users, remained weak due to uncertainty about the future outlook.

Overseas, the North America business saw signs of a recovery in orders, supported by improved U.S. economic conditions since the latter half of last year, which resulted in double-digit growth in net sales year on year. Equipment orders from several Japanese-affiliated automakers contributed to the increase in sales. In the China business, sales have continued to decline, influenced by factors such as Japanese-affiliated automakers struggling to keep up with the discounting strategies of Chinese manufacturers amid the economic downturn. Overall, the Southeast Asia business recorded double-digit growth in net sales year on year. In Indonesia and Thailand, net sales increased year on year, driven by repair services, as well as capital investment projects related to motorcycles, agricultural machinery, and food products. In Malaysia, net sales decreased year on year, mainly due to the suspension of local projects given the impact of certification irregularities in the automotive industry in Japan.

The automotive industry component of the Indices of Industrial Production, a key indicator in the tools sector, returned to year-on-year growth in January after four quarters of negative year-on-year growth, and increased by 11.0% year on year in January-March. Similarly, the machinery industry component, which had experienced four quarters of negative year-on-year growth, turned around in January and increased by 3.5% year on year in January-March.

In this environment, sales in the direct-sale business of the tools sector of this segment experienced a slight decline year on year. This was due to the impact from reduced production by major automakers, which led to decreased production among Tier 1 suppliers. In the wholesale business, although demand for machining and embedded systems was sluggish, demand for energy-saving and labor-saving equipment increased and, with the additional sales promotion effects of large-scale trade events, sales remained flat year on year.

Construction Products Segment

In the building products sector, the total floor area of building starts for steel frame structures (S + SRC), a key indicator, has exhibited ten consecutive quarters of negative year-on-year growth since October-December 2022 and also declined by 9.0% in January-March.

In this environment, the building products sector within the segment experienced sluggish demand for steel frame construction due to factors including the soaring costs of raw materials, labor shortages, and construction industry work style reforms. Despite some positive results in sales of equipment and machinery, net sales recorded a double-digit decline year on year.

In the piping products sector, steady albeit modest sales to the semiconductor and electronic component industries drove single-digit growth in net sales year on year.

In the housing products sector, although new housing starts rebounded after having remained in negative territory for the past two years, remodeling projects experienced a slight decline. In this environment, net sales experienced double-digit growth year on year given factors such as the focus on projects that included installation work and the sale of high value-added products.

Construction Machinery Segment

Although shipments of crawler cranes remained flat according to the “Statistics of domestic shipments of construction machinery,” results in this segment exceeded the prior year’s and remained strong. Sales of basic machinery also increased, reflecting strong orders in the prior year. Sales of second-hand vehicles and construction machinery rentals also contributed to single-digit growth in sales year on year.

IoT Solutions Segment

In the physical security market, demand remained strong in areas including data centers.

In this environment, the segment saw strong sales for the equipment sales business, particularly for cameras, driven by collaboration with major security firms. In the systems integration business, focused on implementing access control solutions, orders for large-scale projects from foreign-affiliated customers contributed to sales. The subscription service business exhibited a slight increase in sales, and in IoT solutions business there was an uptrend in enquiries around automated conveyor systems, and there are high expectations for future developments. Due to these circumstances, net sales exhibited single-digit growth year on year.

(2) Overview of consolidated financial position for the period under reviewAssets

Current assets and non-current assets as of March 31, 2025 were ¥86,264 million and ¥34,264 million, respectively, resulting in total assets of ¥120,529 million, a decrease of ¥292 million from the end of the previous fiscal year. This was mainly due to increases in cash and deposits of ¥2,446 million and work in process of ¥449 million, and decreases in notes and accounts receivable - trade of ¥2,203 million and electronically recorded monetary claims - operating of ¥1,587 million.

Liabilities

Current liabilities as of March 31, 2025 were ¥45,750 million, and non-current liabilities were ¥2,044 million, resulting in total liabilities of ¥47,795 million, an increase of ¥346 million from the end of the previous fiscal year. This was mainly due to increases in contract liabilities of ¥1,474 million and provision for bonuses of ¥449 million, and a decrease in electronically recorded obligations - operating of ¥797 million.

Net assets

Shareholders’ equity and accumulated other comprehensive income as of March 31, 2025 were ¥68,637 million and ¥2,983 million, respectively, resulting in total net assets of ¥72,734 million, a decrease of ¥639 million from the end of the previous fiscal year. This was mainly attributable to a decrease in retained earnings of ¥1,303 million due to the recording of profit attributable to owners of parent and dividends of surplus, as well as a decrease in valuation difference on available-for-sale securities of ¥205 million.

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

There are no changes in consolidated earnings forecasts for the fiscal year ending December 31, 2025, released on February 14, 2025.

Actual results may vary significantly due to various factors in the future. In the event that revisions to the forecast results become necessary, they will be disclosed promptly.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of December 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	27,533	29,979
Notes and accounts receivable - trade	28,608	26,404
Electronically recorded monetary claims - operating	11,736	10,149
Investments in leases	5	1
Merchandise and finished goods	10,832	11,176
Work in process	2,783	3,233
Raw materials and supplies	420	412
Other	4,703	4,925
Allowance for doubtful accounts	(24)	(17)
Total current assets	86,599	86,264
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,680	11,657
Machinery, equipment and vehicles, net	1,097	1,089
Tools, furniture and fixtures, net	694	673
Assets for rent, net	1,056	1,139
Leased assets, net	109	102
Right-of-use assets, net	681	735
Land	10,033	10,045
Construction in progress	21	72
Total property, plant and equipment	25,375	25,515
Intangible assets		
Goodwill	715	694
Trade right	800	760
Other	882	864
Total intangible assets	2,397	2,318
Investments and other assets		
Investment securities	3,116	2,893
Retirement benefit asset	1,138	1,296
Deferred tax assets	339	382
Other	1,972	1,979
Allowance for doubtful accounts	(119)	(120)
Total investments and other assets	6,448	6,430
Total non-current assets	34,221	34,264
Total assets	120,821	120,529

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

(Millions of yen)

	As of December 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,669	17,943
Electronically recorded obligations - operating	17,122	16,325
Short-term borrowings	466	446
Current portion of long-term borrowings	47	47
Lease liabilities	96	98
Income taxes payable	1,519	532
Contract liabilities	5,084	6,558
Provision for bonuses	770	1,220
Provision for bonuses for directors (and other officers)	41	23
Provision for share awards for employees	18	18
Provision for product warranties	57	65
Other	2,455	2,470
Total current liabilities	45,350	45,750
Non-current liabilities		
Long-term borrowings	404	395
Lease liabilities	715	758
Deferred tax liabilities	178	81
Provision for retirement benefits for directors (and other officers)	62	65
Provision for share awards for directors (and other officers)	51	47
Retirement benefit liability	183	194
Other	501	501
Total non-current liabilities	2,097	2,044
Total liabilities	47,448	47,795
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	27,261	27,261
Retained earnings	40,052	38,748
Treasury shares	(2,377)	(2,372)
Total shareholders' equity	69,937	68,637
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,007	802
Deferred gains or losses on hedges	(33)	(7)
Foreign currency translation adjustment	1,334	1,996
Remeasurements of defined benefit plans	93	192
Total accumulated other comprehensive income	2,401	2,983
Non-controlling interests	1,034	1,113
Total net assets	73,373	72,734
Total liabilities and net assets	120,821	120,529

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, 2024	Three months ended March 31, 2025
Net sales	40,362	41,234
Cost of sales	34,177	34,906
Gross profit	6,185	6,328
Selling, general and administrative expenses	5,234	5,445
Operating profit	950	882
Non-operating income		
Interest income	23	31
Dividend income	18	10
Purchase discounts	106	95
Rental income	19	25
Foreign exchange gains	–	44
Other	102	50
Total non-operating income	269	257
Non-operating expenses		
Interest expenses	9	2
Rental costs	11	13
Foreign exchange losses	46	–
Other	17	10
Total non-operating expenses	84	25
Ordinary profit	1,135	1,114
Extraordinary income		
Gain on sale of non-current assets	0	6
Gain on sale of investment securities	98	–
Total extraordinary income	99	6
Extraordinary losses		
Loss on sale of non-current assets	–	0
Loss on retirement of non-current assets	–	0
Removal expenses of non-current assets	–	95
Total extraordinary losses	–	95
Profit before income taxes	1,234	1,024
Income taxes - current	666	496
Income taxes - deferred	(151)	(69)
Total income taxes	514	427
Profit	719	597
Profit attributable to non-controlling interests	21	30
Profit attributable to owners of parent	698	567

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, 2024	Three months ended March 31, 2025
Profit	719	597
Other comprehensive income		
Valuation difference on available-for-sale securities	693	(205)
Deferred gains or losses on hedges	(34)	25
Foreign currency translation adjustment	(356)	712
Remeasurements of defined benefit plans, net of tax	(3)	99
Total other comprehensive income	299	631
Comprehensive income	1,019	1,229
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	989	1,148
Comprehensive income attributable to non-controlling interests	29	80

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

(3) Notes to quarterly consolidated financial statements**Notes on segment information, etc.**

[Segment information]

I 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, includes ¥(80) million from elimination of intersegment transactions and HD management cost not allocated to each business segment reported, ¥(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, 2025 (from January 1, 2025 to March 31, 2025)**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	27,741	9,860	2,653	979	41,234	–	41,234
Intersegment revenue or transfers	231	17	–	17	267	(267)	–
Total	27,973	9,878	2,653	997	41,501	(267)	41,234
Segment profit	563	183	97	101	946	(63)	882

Notes: 1. Adjustment of segment profit, amounting to ¥(63) million, includes ¥(61) million from elimination of intersegment transactions and corporate expenses not allocated to each business segment reported, ¥(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.

Notes when there are significant changes in amounts of equity

Not applicable.

Notes on premise of going concern

Not applicable.

Notes on quarterly consolidated statement of cash flows

The Company has not prepared quarterly consolidated statement of cash flows for the first three months ended March 31, 2025. In addition, the amounts of depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the first three months ended March 31, 2025 and 2024 are as stated below.

	(Millions of yen)	
	Three months ended March 31, 2024	Three months ended March 31, 2025
Depreciation	374	430
Amortization of goodwill	28	20