

INTEGRATED REPORT 2023

2023.1.1 – 2023.12.31



Brand and Group Philosophy

SLOGAN

Vows and password for society

“Why didn’t we think of this?” one after another.

VISION

The future we want to realize

Society filled with “I want to make it happen.”

MISSION

Mission we should fulfill every day

Open up “the present” with impressive proposals, and accompany customers beyond the changes.

3 VALUES

Three values we possess

“Co-creative spirit,” “Growth motivation,” and “Thinking of issues as our own matters”

7 STANDARDS

Seven standards when we think and act as group members

- 1 We comply with all relevant laws and social rules, and maintain a high sense of ethics.
- 2 We respect human rights, protect the dignity of the individual, and recognize and accept diversity.
- 3 We recognize the importance of environmental and social activities for the realization of sustainability, and deal with them actively.
- 4 We value honesty and always try to be fair and equitable.
- 5 We always consider the option of taking a risk and consider challenging opportunities.
- 6 We strive to enhance public and private trust and value relationships in which we trust others based on appropriate information.
- 7 We understand the significance of our work and activities and see them as opportunities for self-fulfillment in order to continue to grow.



UNISOL

“Open up ‘the present’ with impressive proposals,
and accompany customers beyond the changes.”

The “UNIQUE SOLUTIONS” we pursue to achieve this
The brand name UNISOL is derived from this way of thinking.

Basic Policy on Sustainability

Achieve Harmony and Coexistence with the Global Environment

We believe that the global environment is a common asset of humankind, and we will strive to respond to climate change issues and conserve resources by visualizing and reducing the environmental load factors in our various business processes.

Support Sustainability in the Manufacturing Industry

We aim to be the “solution partner” with unique ideas that is chosen first to address the various social issues that manufacturing sites face, such as the declining labor force due to the declining birthrate and aging population, and responding to evolving technologies.

Realize a Secure, Safe, and Comfortable Society

We will promote business activities that take into account the safety, security, and comfort of not only our business partners, but also end users, by developing a stable supply system for our products and merchandise and applying cutting-edge technologies such as IoT.

Increase Job Motivation, and Promote Growth and Social Contribution

We will develop human resources by recognizing the importance of respecting human rights and practicing diversity management that emphasizes the individuality of each employee, so that each employee has motivation to work, grows autonomously, and contributes to society.

Promote Fair and Honest Corporate Activities

Guided by our corporate philosophy and as a public instrument for the benefit of society, we will abide by all laws and regulations, our code of conduct, and the spirit thereof, and promote compliance practices with a strong sense of ethics. We will also aim to continuously improve corporate value by undertaking activities to properly manage internal and external business risks.

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Preparation of the Integrated Report

In October 2021, MARUKA FURUSATO Corporation was founded through a business integration between the Maruka Group and the Furusato Group.

We work to create environmental, social and economic value through our business activities and collaboration with solution partners in four operating segments.

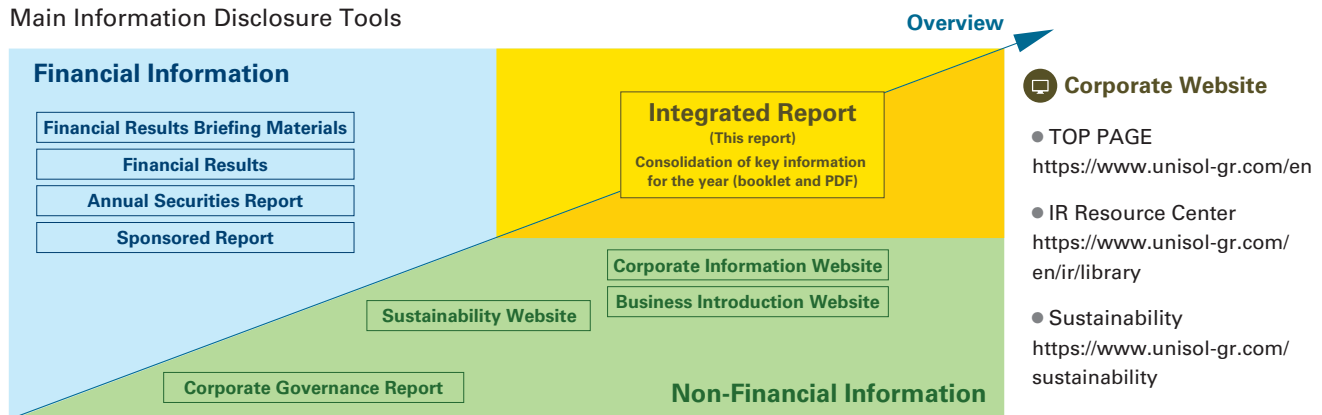
In this document, we consolidate and report on the UNISOL Group’s overall medium- to long-term value creation, management strategy, business performance, ESG information, and other financial and non-financial information in order to help shareholders, investors, and other stakeholders better understand our efforts to sustainably enhance our corporate value.

President and Representative Director **Ryohei Furusato**

Disclosure System (Tool Map)

To communicate with our stakeholders, we use a variety of tools to share various information. In addition to the information contained in this report, our website provides access to a wide variety of information on the UNISOL Group, including corporate information, general business information, IR information, and sustainability initiatives. We will continue to proactively disclose information so that our stakeholders can better understand the UNISOL Group.

Main Information Disclosure Tools



Details

Referenced Guidelines, etc.	<ul style="list-style-type: none"> ● Guidance for Collaborative Value Creation, Ministry of Economy, Trade and Industry ● IFRS (International Financial Reporting Standards) Foundation, International Integrated Reporting Framework ● GRI Standards, Global Reporting Initiative
Coverage Period	<p>Fiscal year 2023 (January 1 to December 31, 2023)</p> <p>* Some content is from outside of the coverage period.</p>
Reporting Scope	<p>MARUKA FURUSATO Corporation and its consolidated subsidiaries (as of December 31, 2023)</p> <p>* Matters for which the scope of reporting differs, such as non-financial information, are specified as such.</p>
Disclaimer	<p>This report includes future forecasts based on plans, forecasts, management plans, and policies as of the time of publication. Future forecasts are based on information available as of the time of writing and the results and outcomes of future business activities may differ from those forecasts due to changes in circumstances.</p>



Business

Established

October 1, 2021



Furusato Group and Maruka Group have integrated their management in order to complement each other's "challenges" with each other's "strengths" and to achieve further growth, starting a new history as the UNISOL Group.

Number of Group Companies (Consolidated Subsidiaries)



21 Companies

In August 2023, TS Precision joined the group, bringing the total number of group companies to 21.

Global Network



10 Countries/Regions

With offices in Japan and overseas, we will continue to support the manufacturing industry around the world.

Operating Segments



Machinery & Tools

Industrial machinery

Engineering

Machinery & Tools



Construction Products

Steel frame building materials

Piping materials

Housing equipment



Construction Machinery

Construction machinery



IoT Solutions

Camera solutions

Monitoring and sensing

The Company operates a portfolio business, which is comprised of four segments: Machinery & Tools, Construction Products, Construction Machinery, and IoT Solutions. While diversifying management to generate stable profits, we will create synergies by promoting collaboration among segments.

Performance

Net sales



JPY **172.9** billion

Overseas net sales ratio



18.3%

Operating profit



JPY **5.7** billion

ROE



6.6%

The Medium-Term Management Plan UNISOL, which will conclude in the fiscal year ending December 31, 2026, sets quantitative targets of JPY200 billion in net sales, JPY10 billion in operating profit, and 8.5% ROE. To achieve our goals, we will steadily implement measures and invest in facilities and human resources.

Non-financial

Employees



2,005 employees

The company employs a diverse workforce of more than 2,000 employees domestically and overseas.

Number of examinees who passed the eco test®



240 employees

We encourage our employees to take the test to improve their understanding of environmental issues.

* The Certification Test for Environmental Specialists (eco test)® is a registered trademark of the Tokyo Chamber of Commerce and Industry

The Beginning of the UNISOL Group

Furusato Group and Maruka Group support manufacturing and construction in Japan and overseas to meet a wide variety of social issues and customer needs.

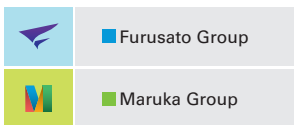
Furusato Group developed its business portfolio by diversifying its management from construction materials to machinery and tools, and furthermore to security and system integration.

Maruka Group has grown into a global company with high-quality design and engineering functions by advancing a unique strategy that includes expanding its business as a machinery trading company, building a strong cooperative system with cooperating companies (MM Association*), and acquiring excellent machine manufacturers as Group companies.

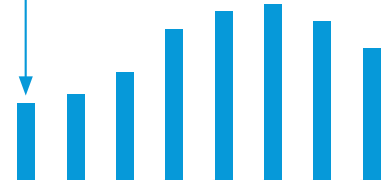
* MM Association

It consists of machinery manufacturers with unique technologies in specialized fields, and jointly develops and sells new products.

Sales Trends in Both Groups (Since listing on the stock exchange)



1986
Furusato Industries was listed on the stock exchange



1940

1950

1980

1990

1946

Establishment of Maruka Co., Ltd.

Established to sell and import/export paper, woolen fabrics, bicycles, bearings, tools, etc.

1962

Clarification of direction as a trading company specializing in machinery

Changed the company name to Maruka Machinery Co., Ltd. in 1962, and clarified its direction as a trading company specializing in machinery to meet growing demand during the period of rapid economic growth in the 1960s.

1959

Start of global expansion

The company began its overseas expansion in 1959 with the establishment of a representative office in Bangkok. To date, there are 28 locations in the North America and Asia. (as of December 31, 2023)

Beginning of value creation

Establishment of business foundation

1946

Furusato Tekkosho Ltd. was founded

Started manufacturing turnbuckles. Reorganized as a corporation in 1959.

1977

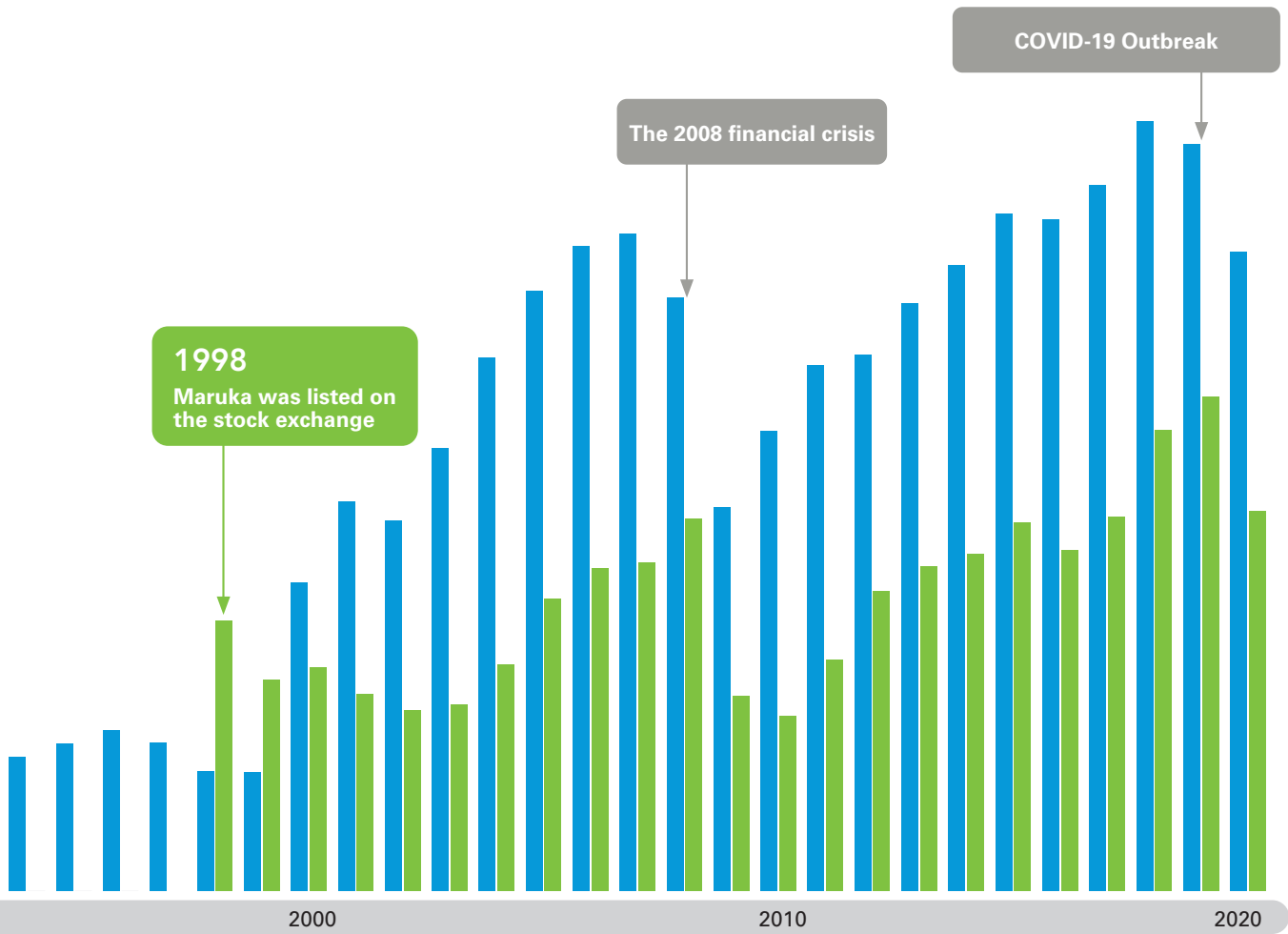
Became a construction materials manufacturer that also functioned as a trading company

In 1977, in addition to construction fasteners, the company started selling a wide variety of materials for steel frame construction, including rust-proof paints, cutting wheels, welding rods, and other construction hardware.

1963

Established a position as a brace manufacturer

In 1963, the Shiga Plant was built and began manufacturing braces for steel-frame building components. After standardization and mass production, the first JIS approval for braces was obtained in 1986.



1997

Built manufacturer networks and strengthened engineering functions

Since 1997, it has been building a network (MM Association) with manufacturers who have unique technologies in specialized fields, promoting joint development and sales of new products. It has also been actively conducting M&A to expand the scale of the Group.

2003

Expanded in the construction machinery field

Japan Rental, a company engaged in rental of vehicles for high lift work and other equipment, was made a subsidiary in 2003. In 2006, Maruka merged with Maruka Rental Service and integrated its rental business into Maruka's sales division.



New challenges for further growth

2000

Expansion into machinery & tools and security fields

Entered the machinery and tools trading industry in 2000 when G-NET CORPORATION became a subsidiary. Security Design Inc., a security system development and sales company, was made a subsidiary in 2016.

2016

Pursued expertise to strengthen engineering functions

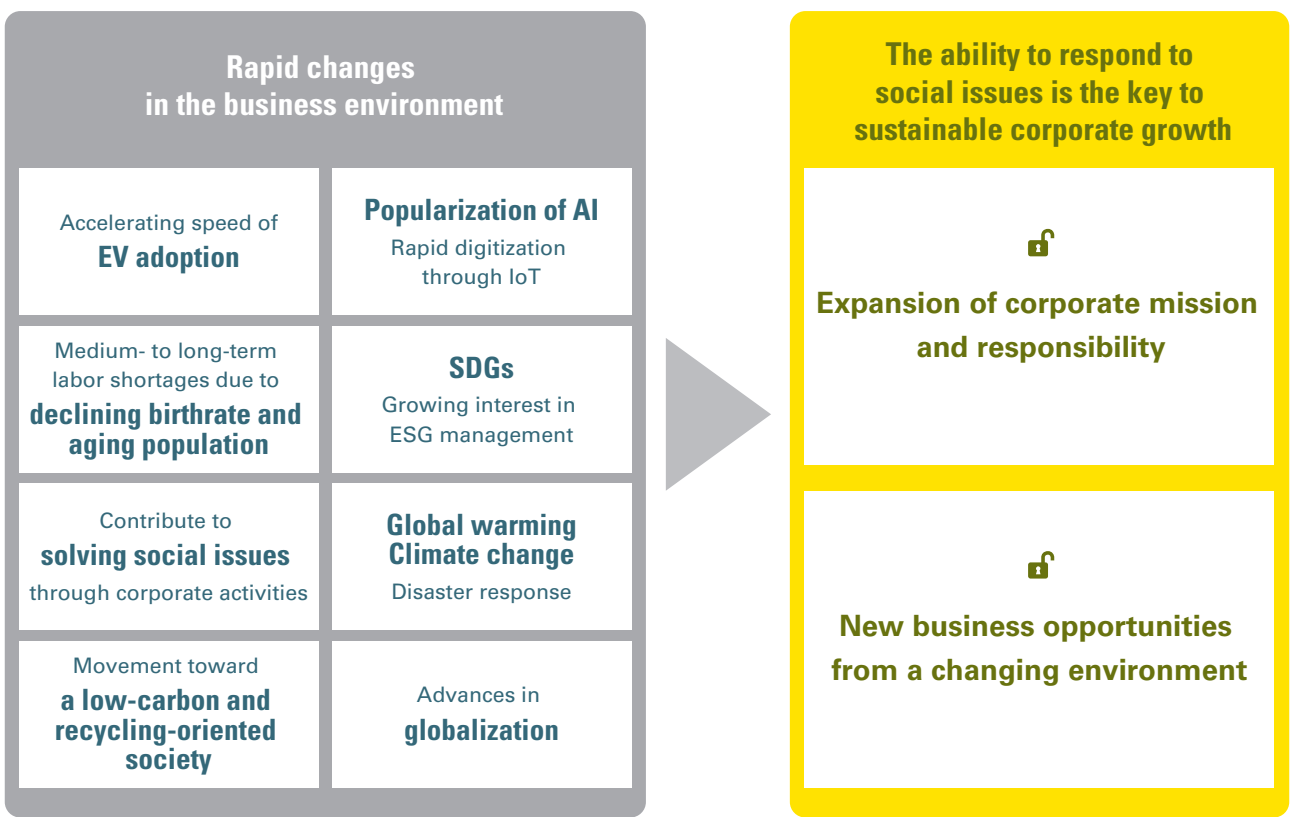
Formed a business alliance with Takamaru Engineers, a robot system integrator, in 2016. Taking this opportunity, the company is strengthening its engineering functions to further enhance its ability to meet the labor-saving, automation, and efficiency needs of small and medium-sized manufacturing companies.



Background of Business Integration

Furusato Industries is centered around manufacturing, while also working in various other fields such as trading and IoT. MARUKA had established a global network as a machinery trading company. The two companies had been making steady progress separately, but chose to pursue business integration to help achieve sustainable growth. The decision to integrate management was not only a defensive one to respond to changes in the business environment and social issues, but an aggressive decision to provide more valuable solutions. Our strengths are complementary, so integrating offers mutual benefits and will allow us to create a growth scenario that is unique to the MARUKA FURUSATO Group, or UNISOL Group.

The changing roles of companies



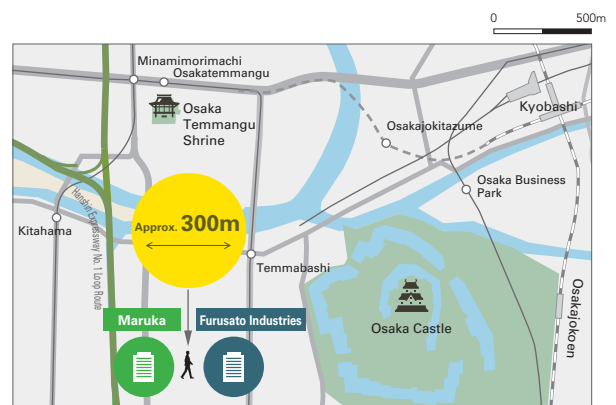
COLUMN



Location of the headquarters of the two groups

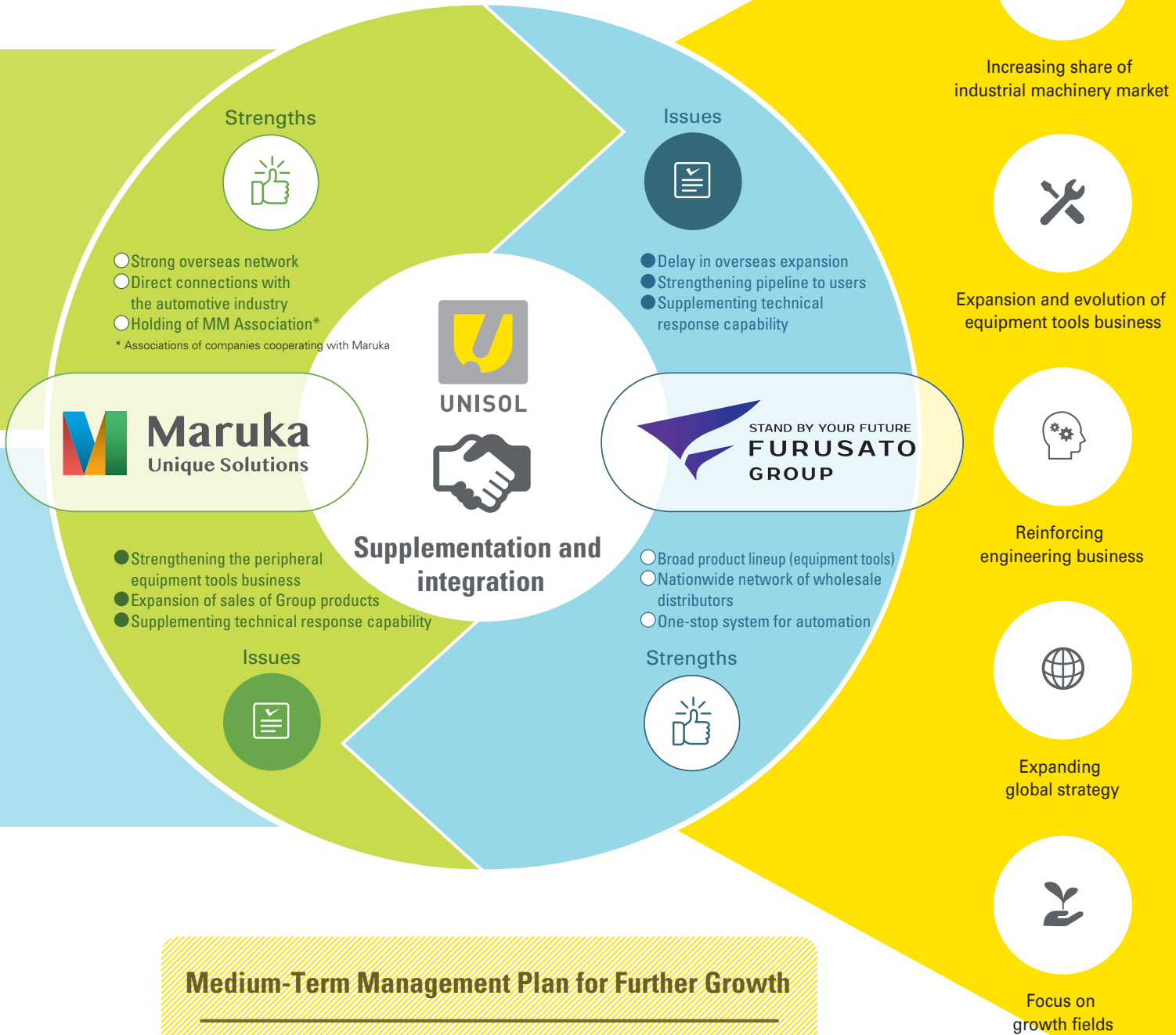
Only **300m** apart

Furusato Industries and Maruka have been headquartered in Chuo-ku, Osaka since 2003 and 2017, respectively. The distance between the two companies is only around 300 meters. The similarities in business scale and areas of the two companies, our shared approach to valuing customers, and close proximity to each other facilitated close communication between the management teams. This led to smooth business integration and subsequent development of a growth strategy.



The Beginning of UNISOL Group

In 2021, Furusato Group and Maruka Group integrated their businesses to form MARUKA FURUSATO Corporation.



Medium-Term Management Plan for Further Growth

See [➔](#) P.19 for information on this year's initiatives.



We will improve the quality of our dialogue with stakeholders so that they can better understand the uniqueness of our group.

Ryohei Furusato
President and Representative Director

We will make UNISOL a technology trading company like no other, and deliver proposals that will impress our customers, leaving them thinking "Why didn't we think of this?"

Kunihiko Iida
Chairperson and Representative Director

Two years have passed since the business integration, and MARUKA FURUSATO Corporation has completed the final year of the first stage of the UNISOL Medium-Term Management Plan, which is based on the themes of collaboration and integration. We interviewed Chairperson Iida (concurrently serving as Representative Director of Maruka) and President Furusato (concurrently serving as Representative Director of Furusato Industries) about the current status of their efforts to create synergies among group companies and businesses and achieve further growth, as well as future prospects.

Aims of Business Integration and Progress of Collaboration and Integration

Chairperson Iida: A little more than two years have passed since the two companies merged in October 2021. The two companies, which position themselves as technology trading companies, have united to solve various social issues and take the next step forward by opening up new fields of business. While exchanging opinions in preparation for the integration, we came to understand each other's shortcomings and areas where we could be complementary. Furthermore, the two companies shared a common philosophy of doing business from the customer's perspective, which I believe led to the rapid integration.

President Furusato: Although there are some differences in the corporate cultures under which our companies grew, I feel that by working together and sharing our thoughts and ideas, we have fostered a sense of mutual trust and are becoming united as a group. The establishment of the new UNISOL brand and its adoption by all companies in the group was another step toward integration, and the development and clarification of a new philosophy has led to a shared sense of values and direction. We are currently working on a company-wide project to instill our philosophy and promote a deeper understanding of our philosophy as an organization. In addition, integration and sharing of offices has naturally led to communication among group companies, and they have begun to share a common awareness of our shared problems. During the business integration, Chairperson Iida and I shared a philosophy of working

with a sense of swiftness to achieve overall optimization, and collaboration and integration, in a business scene, are progressing better than we had imagined.

Chairperson Iida: The brand name, UNISOL, is short for Unique Solutions, which Maruka was using as its business slogan. Furusato Industries had also been emphasizing the keyword "unique" in its business. As such, both companies had long embraced the aim of serving as technology trading companies capable of proposing unparalleled and distinctive solutions to their customers. Under the new UNISOL brand, which inherits the ideas of both companies, we intend to further develop our business that will impress our customers through the Group's unique proposals.

Producing the Best Solutions as a Technology Trading Company

President Furusato: Traditionally, the role of a trading company has been to sell products manufactured by manufacturers, but we expect that in the future, technology trading companies like our group will play a larger role than other company simply selling products. For example, in the smart factories that are currently on drawing boards, production systems will be built by interconnecting various machinery and systems. The construction of these system will inevitably be limited if working with a single manufacturer. And solution providers that offer IoT devices may have difficulty understanding the basics of manufacturing. Thanks to our experience in sales of machinery and peripheral goods, we are able to work with a variety of

Top Message



manufacturers and users. We are also focusing our efforts on IoT technologies, particularly in the IoT Solutions segment. Our position as a technology trading company allows us both to help our customers build their manufacturing lines with the best solutions from a variety of internal and external options, and to provide ideal solutions as a package with a holistic understanding of technology.

Chairperson Iida: In this sense, our group has an incredible opportunity. Although Furusato Group and Maruka Group shared some common suppliers, there was fortunately little overlap in customers. By consolidating the knowledge of all of our group companies, we have been able to take a broader, more holistic, and more sophisticated approach to our customers, which is a major achievement. We aim to be a technology trading company like no other, with a unique ability to produce the best solutions based on our understanding of the voices, thinking, and direction of manufacturing sites.

For example, in recent years, the manufacturing industry, major customers of our group, has faced stringent requirements to comply with the Task Force on Climate-related Financial Disclosures (TCFD) and to reduce greenhouse gas emissions. To accommodate these requirements, they need to understand which manufacturing facilities are consuming power and when, in order to take measures to reduce Scope 2, but visualizing power consumption for this purpose is no easy task. Our group is working to provide solutions that

allow for visualization and analysis of which lines are consuming how much power, at what times. This will let us propose improvements to the layouts of machinery and equipment in plants while presenting the benefits of reduced electricity consumption and costs, which in turn will lead to reductions in greenhouse gas emissions for our customers. In the future, we hope to contribute to our customers efforts toward both connectivity and sustainability.

The Future of the UNISOL Medium-Term Management Plan for Accelerating Growth

President Furusato: The two fiscal years through the fiscal year ended December 31, 2023 were positioned as the first stage of the UNISOL Medium-term Management Plan. We have accordingly been developing new solutions and platforms while seeking to achieve early realization of integration synergies underpinned by the theme of returning to a growth track in wake of the COVID-19 pandemic and building the management base. We are now seeing the emergence of integration synergies, with Furusato Industries selling mechanical equipment, which is one of Maruka's strengths, and Maruka offering a wide range of products originally owned by the Furusato Group as solutions that were not available in the past.

We are also making steady progress in expanding our solution platform. For example, in August 2023, we included TS Precision in a group. TS Precision is a set manufacturer that makes constant velocity joint processing machines and forming machines mainly for the automotive industry. Expanding the group has allowed us to build an engineering chain that integrates the functions of a trading company with those of a manufacturer, and to enhance our platform that strengthen our offerings in EV-related fields, which is one of our medium- to long-term strategies.

Chairperson Iida: In addition to EVs, our medium- to long-term strategy positions other themes such as the environment, energy saving, and food-related fields as

strategic fields. To present a related initiative, Mtass Ref Corporation was established last April as a joint venture by Maruka and Matsubishi Reinetsu Co., LTD, and is now fully engaged in the import and sales business of CO₂ refrigeration equipment with an eye to capitalizing on the trend toward zero-carbon. Although it's just the start, we believe that we are making steady progress in line with the policies set forth in our Medium-Term Management Plan.

In addition, we are expanding our efforts into new business areas such as smart factories and IoT. In March 2023, we signed a business alliance agreement for exclusive domestic sales of ARUM Factory365, a new service for automating NC programming, with ARUM Inc., which specializes in AI software development. This is being developed as a new measure for the Machinery & Tools segment with the aims of improving productivity and promoting DX in the cutting and processing industry. In October, the IoT Solutions segment launched UNIMOW, a smart livestock farming system based on AI analysis. We will also use our know-how particularly with respect to surveillance and monitoring technologies for the manufacturing industry to solve social issues in other business areas, such as IT for dairy and livestock farming.

President Furusato: In the first stage of UNISOL, we have been working on various initiatives to build a foundation, and in the second stage, we will accelerate our growth and reap the rewards of the seeds sown in the first stage. The reorganization of the group implemented last September was also a strategic move toward this end. We recognize that this is an important time for us to take action and plant new seeds for the future to show our stakeholders that integrating our groups was the right call.

Priority Strategies for Building a Foundation and Promoting Sustainability

Chairperson Iida: To illustrate our key strategies for building a strong foundation, I would like to touch on

some examples of our efforts regarding financial capital and human resources. In addition to ROE, which is set forth in the Medium-Term Management Plan, ROIC was introduced as a KPI to promote capital efficiency in the financial capital strategy. However, we did not simply introduce ROIC. We also provide educational opportunities such as e-learning so that all employees can understand the significance of capital efficiency improvement. In particular, increasing understanding among division managers and top management is essential to ensure that each business division is aware of capital efficiency and incorporates it into its business activities. Through these efforts, we intend to work together as a group to improve capital efficiency. In terms of human resources, we believe that the most important thing is to develop more human resources who can make unique proposals that will satisfy our customers. The ability to propose the best solutions that combine customers and markets with diverse perspectives and commercial products different from other companies depends on securing and training human resources that can make these proposals. In securing and developing human resources, my focus is on inclusion in D&I (Diversity & Inclusion), an important theme in our approach to sustainability management. In the future, I believe that we will be engaged in recruitment of diverse human resources, regardless of gender or nationality, and regardless of whether they are from Japan or abroad. In doing so, the new ideas and perspectives of the people who have chosen our group will be the driving force behind the growth of the future. We need to promote D&I while carefully considering the true meaning of inclusion.





President Furusato: In July 2023, we established the Sustainability Promotion Preparation Office (reorganized as the Sustainability Promotion Office in January 2024) to holistically promote our vision, sustainability policy, management plan, and individual measures. To convince our stakeholders that the Group's business activities lead to solutions to social issues, we emphasize that our business activities and sustainability management represent a continuum. For example, in addressing climate change, we believe it is important to contribute to the reduction of greenhouse gases in the world through our group's business activities. Regarding the TCFD recommendations, we intend to carefully digest their content and significance and make them our own to enhance the quality of our information disclosure. Regarding risk response, the Risk Control Committee, which I chair, classifies risks, creates a risk matrix by assigning order of priority, and discusses risks and countermeasures. In the risk management, we envision a system in which the first line is the worksite, the second line is the management headquarters, and the third line is the internal audit department. The leaders of the first line, the worksite, must understand that they are the absolute risk owner, and it is important to thoroughly implement this system to reduce risks that may occur at worksites.

Message to Our Stakeholders

President Furusato: With the Tokyo Stock Exchange's request for improvement for companies with P/B ratios below 1x in mind, we recognize that it is essential to improve the quality of dialogue with our stakeholders in order for them to understand what we are aiming for and how we are currently working to achieve those goals.

I also believe that it is necessary for employees themselves to see management and the business more as something that have ownership of. In December 2023, we granted restricted stock to our Employees' Stockholding Association in the hopes that our employees will deepen their understanding of our company as stakeholders and share in our growth. We believe that these efforts will lead to improvements in PBR and, ultimately, to further enhancement of corporate value.

Chairperson Iida: We believe that we can enhance the corporate value of our group by raising awareness of the UNISOL brand, which was created as a result of the corporate integration, and by promoting understanding of use as a corporate group that aims to grow by leveraging its truly unique aspects. We are committed to growing together with our stakeholders as we move forward to become a technology trading company like no other.



Value creation strategies

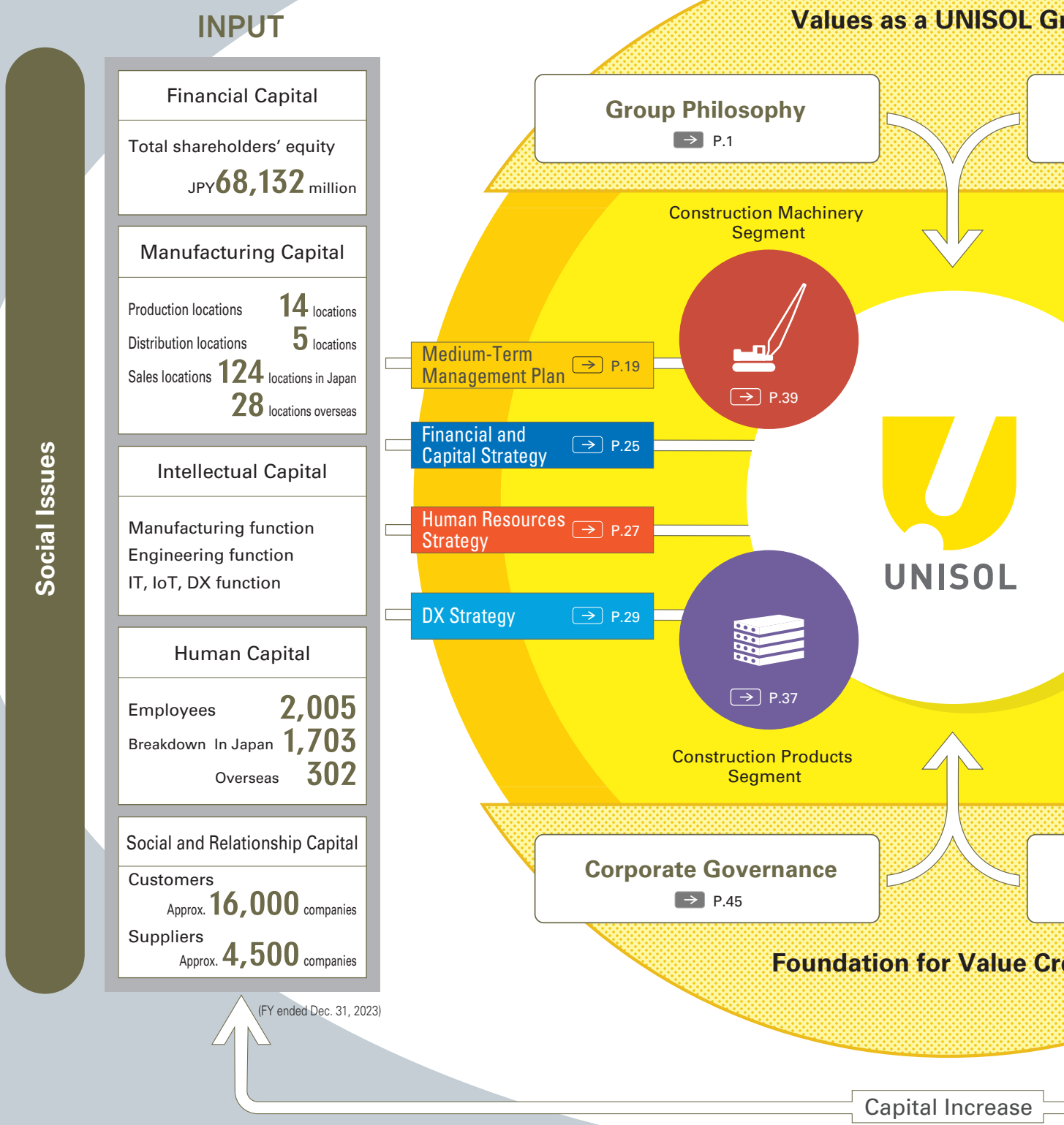
To be a company that continues to grow by solving problems for society and our customers. We report on the UNISOL Group's core strategies and their progress.

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Value Creation Process (Overview)

Aiming to contribute to the earth, society, and the manufacturing industry, and to continuously improve our corporate value.

The UNISOL Group is pursuing the creation of environmental, social and economic value through business activities and collaboration with solution partners in four segments, based on the five types of capital that were enhanced by the business integration. We will strive to provide unique services and products that anticipate the challenges faced by the global environment and society and the future of manufacturing industry, and appropriately circulate the value generated from these efforts to create sustainable value.



Group

Sustainability

→ P.2, P.23

Machinery & Tools Segment



→ P.35



→ P.41

IoT Solutions Segment

Risk management

→ P.53

Creation

Contribution to Resolving Social Issues

OUTPUT

OUTCOME

Net Sales by Segment

Machinery & Tools Segment

Net sales JPY **117,128** million

Profit JPY **3,758** million

Construction Products Segment

Net sales JPY **45,241** million

Profit JPY **1,987** million

Construction Machinery Segment

Net sales JPY **7,605** million

Profit JPY **81** million

IoT Solutions Segment

Net sales JPY **3,004** million

Profit JPY **38** million

Output (profit) of synergies between segments

Integration synergy JPY **440** million

Social value

Promotion of measures against global warming through efforts to reduce greenhouse gas emissions

Further improvement of added value to our customers through solution platforms

Response to labor shortages due to the declining birthrate and aging population through production innovations such as automation and labor saving

Realization of supply system through building collaborative relationships with partner companies

Realization of diversity through building systems to secure diverse human resources

Economic value

Net sales JPY **172,980** million

Operating profit margin **3.3%**

Ordinary profit margin **3.8%**

ROE **6.6%**

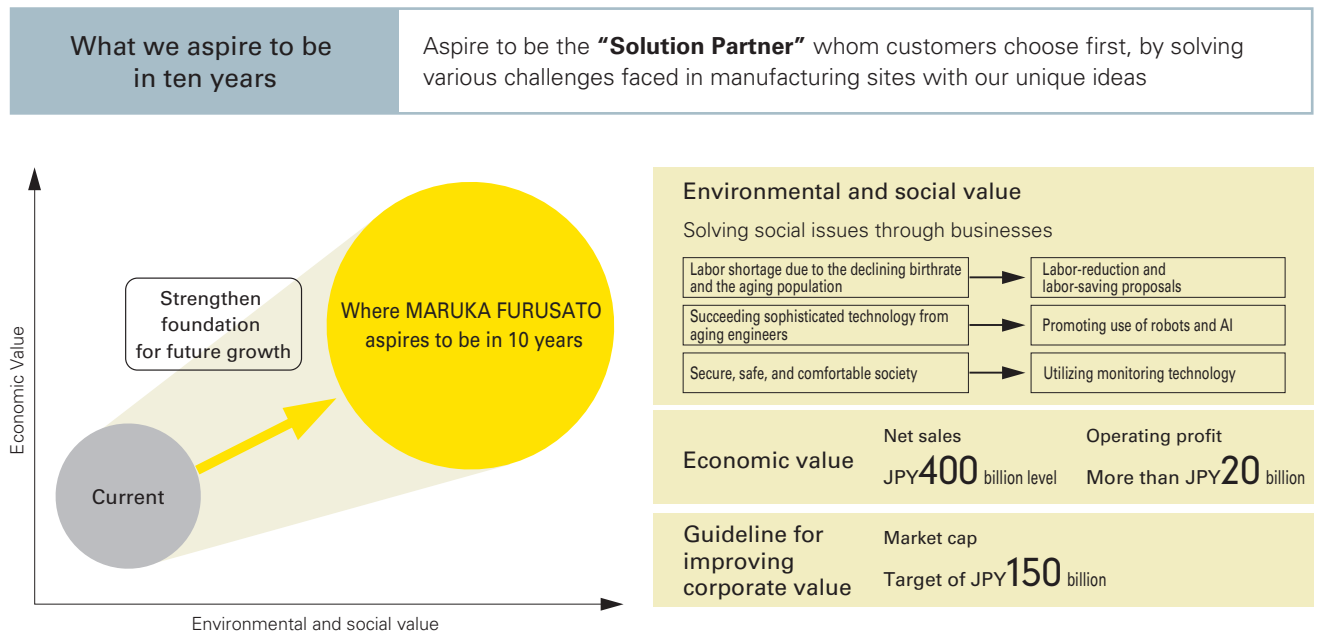
(FY ended Dec. 31, 2023)

* Segment profit results do not include adjustments for inter-segment transactions.

Medium-Term Management Plan

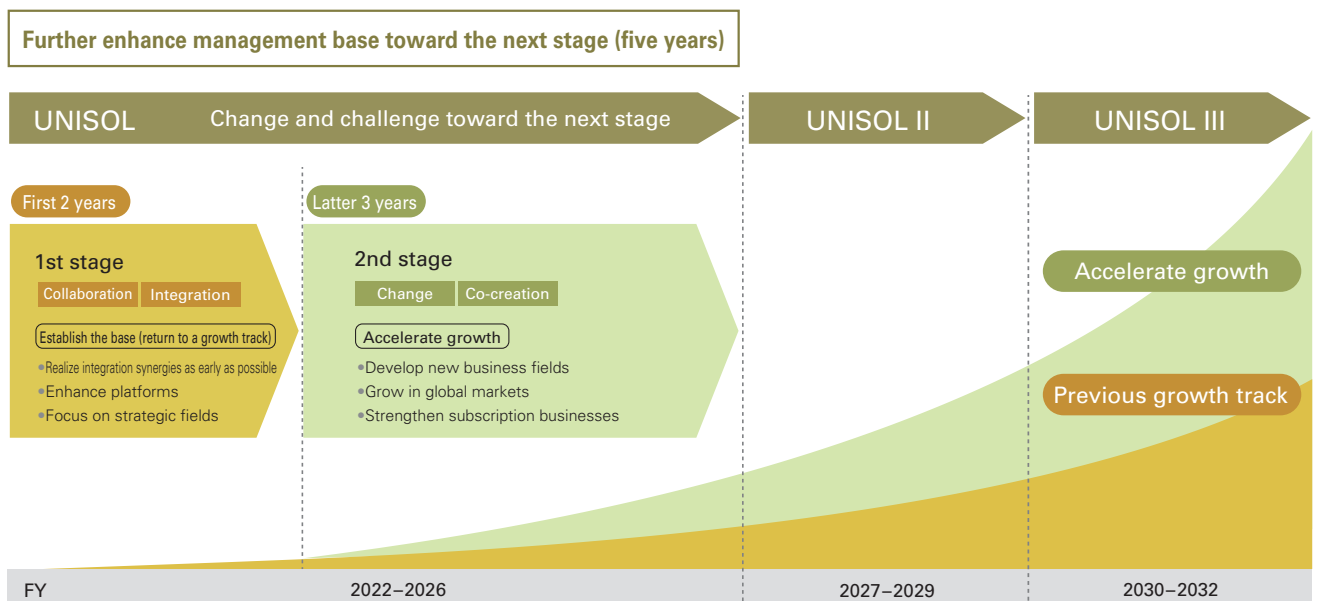
What We Aspire to Be and Where We Are Heading

Based on our MISSION, “Open up ‘the present’ with impressive proposals, and accompany customers beyond the changes,” we have established a vision of what we aspire to be in ten years from now, starting in 2022. We will work to realize our vision and maximize environmental, social, and economic value.



Positioning of This Medium-Term Management Plan

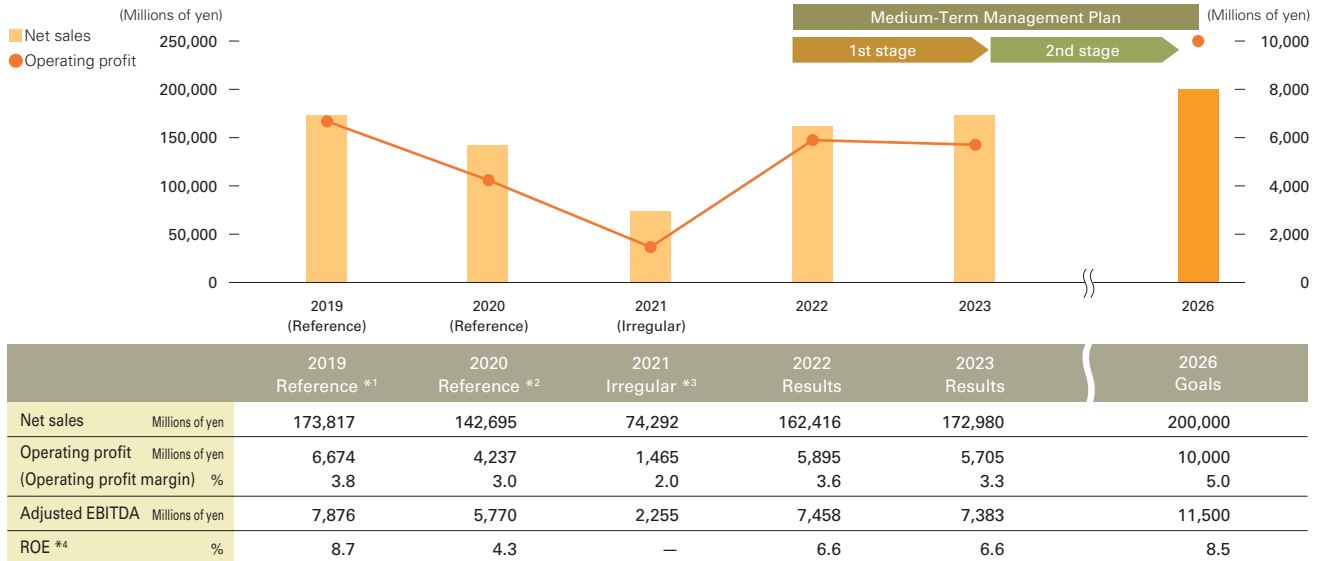
In order to realize our vision, we are dividing our goals into multiple steps. For the current Medium-Term Management Plan “UNISOL” (2022–2026), under the theme of further expansion of the management base, the first two years are the 1st stage to establish the base (return to a growth track), and the latter three years are the 2nd stage to accelerate growth.



Progress of Medium-Term Management Plan

During the two years (2022–2023) of the 1st stage of the Medium-Term Management Plan, positioned as “base establishment,” we have focused on early realization of integration synergies and enhancement of solution platforms. Both sales and operating profit exceeded the plan, due in part to improved earnings in existing businesses, including market recovery from the COVID-19 pandemic.

Group Achievements



(*1) Since the year 2019 was before the integration, these values are for reference only, calculated as a simple sum of various financial data for Furusato Industries’ fiscal year ended March 31, 2020 and Maruka’s fiscal year ended November 30, 2019.

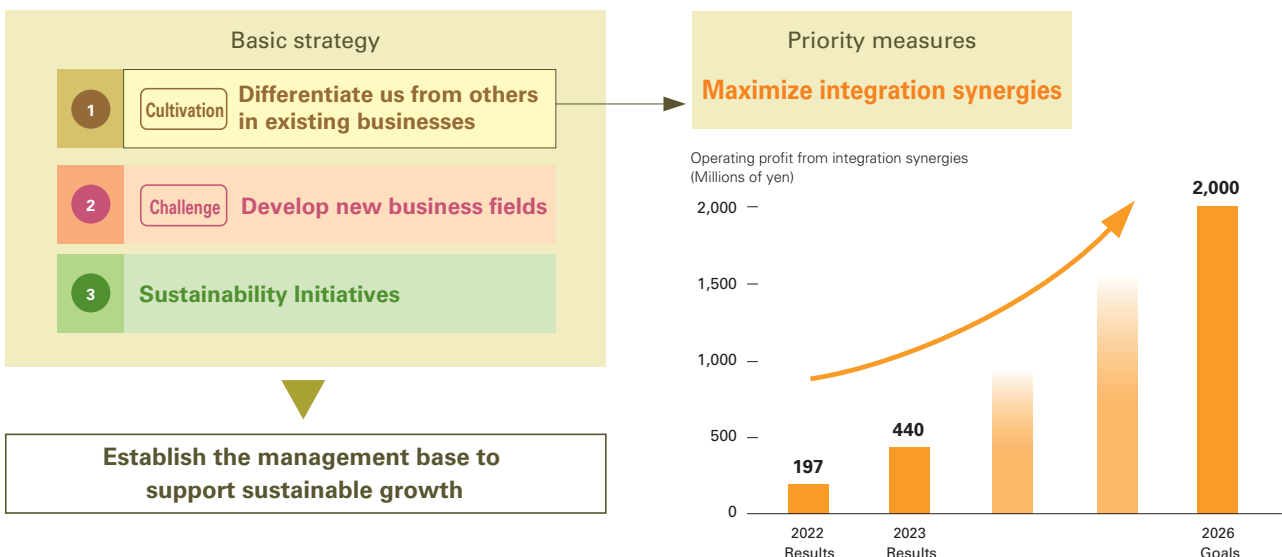
(*2) Since 2020 was before the integration, these values are for reference only, calculated as a simple sum of various financial data for Furusato Industries’ fiscal year ended March 31, 2021 and Maruka’s fiscal year ended November 30, 2020.

(*3) Results for fiscal year ended December 31, 2021 are the consolidated business results of Furusato Industries for April to December 2021 (9 months) and Maruka’s consolidated business results for December 2021 (1 month).

(*4) ROE for the fiscal year ended December 31, 2021 is not shown because the calculation results deviate from the actual results due to the reasons in *3.

Basic Strategy and Integration Synergies

In this Medium-Term Management Plan, the basic strategies for expanding the management base are: (1) differentiate us from others in existing businesses, (2) develop new business fields, and (3) sustainability initiatives. Among these, one of the priority measures for (1) differentiate us from others in existing businesses, is “Maximize integration synergies.” In the 1st stage of this, synergies were developed especially in the fields of EV, automation, and labor saving.



Medium-Term Management Plan

Review of Basic Strategies in the 1st Stage and Preparing for the 2nd Stage

In this Medium-Term Management Plan, priority measures are set and promoted for each basic strategy. In the 1st stage, based on these measures, we expanded our new business base by making TS Precision a Group company and establishing Mtass Ref. We are also launching new solutions, such as ARUM Factory365, a subscription-type service of

Basic Strategies/Priority Measures

Cultivation

Differentiate us from others in existing businesses

Maximize integration synergies

- Maximize synergies from the business integration in each of the “4 pillars of collaboration” and “5 strategic fields”

Short-term strategy
4 pillars of collaboration

- 1 Increase share of industrial machinery market
- 2 Expand machinery & tools business
- 3 Reinforce engineering business
- 4 Increase overseas sales



Medium-to long-term strategy
5 strategic fields

- 1 EV-related
- 2 Automation and labor saving
- 3 Environment and energy saving
- 4 Food-related
- 5 Globalization

Deepen platform strategy

- Strengthen “ability to respond to customer needs” by complementing functions and services that are lacking in each business area
- Enhance “comprehensive solution capabilities” by building flexible cooperative frameworks (capital and business alliances, etc.)

Challenge

Develop new business fields

Create new solutions through integration of group functions

- Create new added value by combining functions, knowledge and advantages
- Develop solutions not only for manufacturing sites but also in new fields such as nursing care, agriculture and food-related

Smart factory initiatives

- Strengthen smart factory business, utilizing IoT and AI
- Shift business model from “products-oriented” to “solution-oriented”

Sustainability Initiatives

→ P.23

Contribution to a sustainable society

- Initiatives for each materiality related to the Basic Policy on Sustainability

Basic Policy on Sustainability	Materiality
1 Achieve Harmony and Coexistence with the Global Environment	Reducing the environmental impact in our business activities
2 Support Sustainability in the Manufacturing Industry	Improving productivity through proposals for automation and saving labor of production equipment and construction sites
3 Realize a Secure, Safe, and Comfortable Society	A safe, secure, and stable supply system for products and merchandise
4 Increase Job Motivation, and Promote Growth and Social Contribution	Promotion of diversity & inclusion
5 Promote Fair and Honest Corporate Activities	Strengthen the risk management and crisis management systems

ARUMCODE that automates NC programming, and the development and sale of UNI-MOW, a cow calving predictive detection system that contributes to labor savings in the livestock industry (➔ P.43).

In the 2nd stage, we will steadily nurture the seeds sown in the 1st stage, while building up further measures.

1st Stage Major Initiatives/Results

2nd Stage Direction

Establishment of Mtass Ref Corporation

POINT Strengthen “food-related” and “environment and energy saving” strategic fields

- Established with Matsuhashi Reinetsu to expand sales of CO₂ refrigeration systems manufactured by SCM Frigo
- Contribute to addressing customers’ environmental issues as a merchandise with high environmental performance

Grouping of TS Precision Co., Ltd.

POINT Strengthen “EV-related” strategic fields and enhance platforms

- Manufacture of forming machines for mass production of motors and battery parts for EVs
- Strong customer base in the automotive manufacturing industry and products with high production efficiency

Implementation of reorganization

POINT Integration of group functions ➔ P.43

- Accelerate creation of synergies and new solutions among core companies of each operating segment by changing the Group company structure

Business alliance agreement with ARUM Inc.

POINT Strengthen the smart factory field

- Exclusive sales launched in Japan of ARUM Factory365, an ARUMCODE subscription-type service that automates NC programming provided by ARUM

Accelerate growth

Ensure reaping the results of measures implemented in the 1st stage



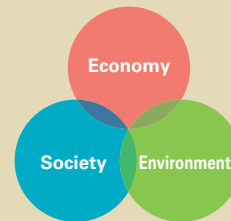
Sow seeds for the future

Continuation of actions such as M&A for solution platform building and new business areas



Increase corporate value

Promote efforts to increase corporate value by integrating financial and capital strategy with sustainability initiatives



Maximize “Sustainability Sales”

Solve social issues through our business activities

- Visualize sales of products and services in areas related to environmental responses, automation, and labor saving as “sustainability sales” and maximize them through the promotion of the Medium-Term Management Plan

Sustainability Sales Theme

Environment	<ul style="list-style-type: none"> • Reducing the environmental impact • Energy-saving • Managing safety and health • EV-related
Automation and labor saving	<ul style="list-style-type: none"> • Reduction of labor shortages • Improve productivity

Sustainability sales ratio



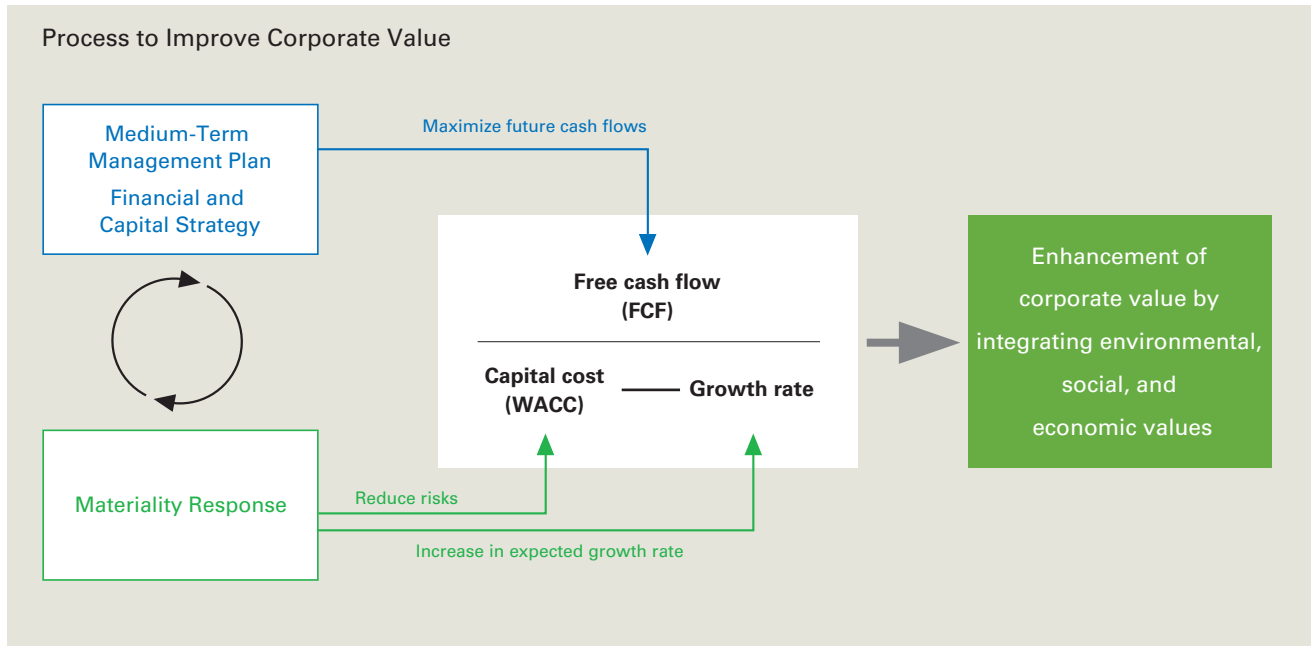
* Sustainability sales are calculated as a simple sum.
* Sustainability sales ratio is the ratio of sustainability sales to Group sales.
* Continuing to refine the scope and method of aggregating sustainability sales.

Sustainability

Sustainability Initiatives

In order to realize its vision of a “society filled with ‘I want to make it happen,’” the UNISOL Group has formulated its Basic Policy on Sustainability (→ P.2). We have also identified five priority issues (materiality) related to sustainability as social responsibilities that we should fulfill towards realizing the Basic Policy on Sustainability.

We aim to improve our corporate value as a total of environmental, social, and economic value by addressing materiality.



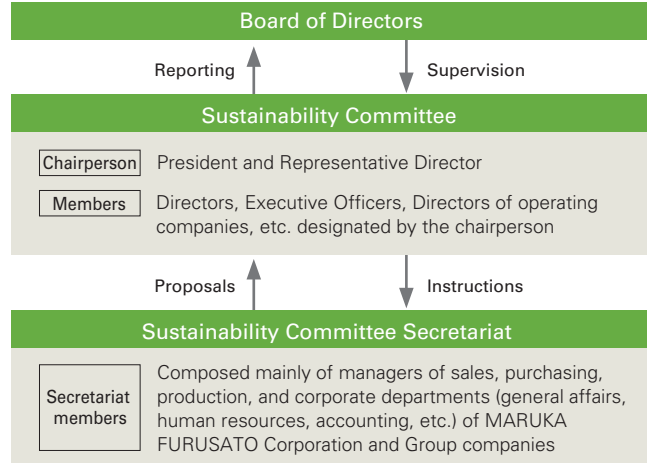
Goals

We will set targets for each materiality and work on them in conjunction with the Medium-Term Management Plan.

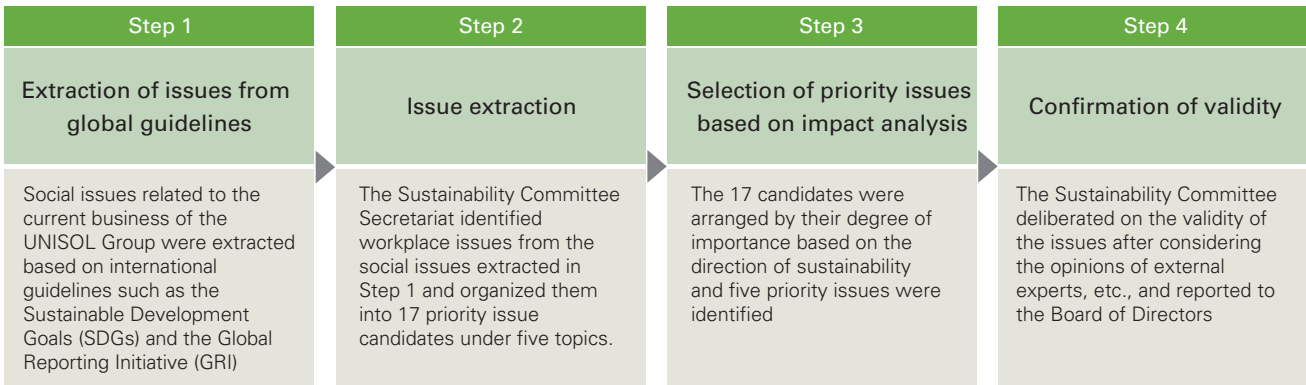
	1	2
Basic Policy on Sustainability	Achieve Harmony and Coexistence with the Global Environment	Support Sustainability in the Manufacturing Industry
Materiality	Reducing the environmental impact in our business activities	Improving productivity through proposals for automation and saving labor of production equipment and construction sites
Approach to Materiality	We have begun to reduce Scope 1 and 2 emissions and are committed to reducing the environmental impact of the Group. In addition, we will continue to monitor Scope 3 as well.	We will work to solve social issues through our core business by promoting business strategies including the strategic items (“environment and energy saving,” “EV-related,” and “automation and labor saving”) set forth in the Medium-Term Management Plan.
FY12/2026 Numerical Goals/Activity Policies	Scope 1 and 2 emissions 6,893 t (-21.2% compared to 2022)	Sustainability sales ratio 10%
	* The target indicator of Materiality 1 is “Scope 1 and 2 emissions” and “sustainability sales ratio,” while for Materiality 2, it is “sustainability sales ratio” (the sustainability sales ratio target is set as the sum of Materialities 1 and 2).	

Sustainability Promotion System

The UNISOL Group established a Sustainability Committee to discuss and decide upon responses to issues related to sustainability. The Committee is chaired by the President and Representative Director, and is composed of members who are deemed appropriate, including Directors, Executive Officers, and Directors of each operating company that are designated by the chairperson. Important matters discussed by the Committee are reported to the Board of Directors at least once a year and are subject to supervision. In addition, a secretariat has been established under the Committee for the purpose of assisting the operation of the Committee. The secretariat formulates policies and measures related to sustainability, deliberates and examines their consistency with the strategies of each operating company, each department, etc., and submits proposals to the Committee.



Materiality Identification Process



3

Realize a Secure, Safe, and Comfortable Society

A safe, secure, and stable supply system for products and merchandise

We will develop and maintain a system that enables us to continue to respond to the social needs of our customers, and disclose information appropriately as a trusted partner.

Organize and strengthen internal policies and guidelines related to CSR

Information disclosure to stakeholders

→ P.59

4

Increase Job Motivation, and Promote Growth and Social Contribution

Promotion of diversity & inclusion

Through the creation of an environment in which human resources with various skills and backgrounds can play an active role, we aim to become an innovative organization that generates impressive proposals.

Ratio of female managers **3.0%** Number of employees with foreign nationality **30**
 Ratio of human resources hired from the scientific field **9.0%**

→ P.27

5

Promote Fair and Honest Corporate Activities

Strengthen the risk management and crisis management systems

We will establish and enhance the group risk management system and ensure compliance to build an indispensable foundation for sustainable corporate growth.

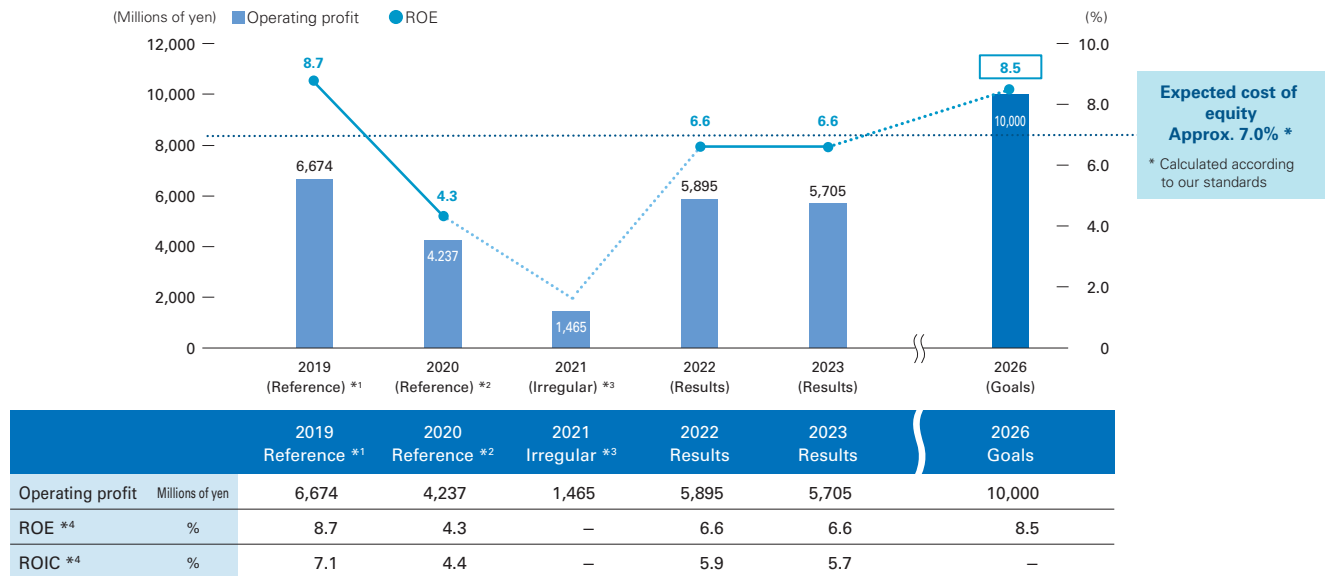
Compliance training participation rate **100%**
 Develop and strengthen risk management systems led by the Risk Control Committee

→ P.53, P.61

Financial and Capital Strategy

Basic Policy on Financial and Capital Strategies

The UNISOL Group adopts the principles of capital cost management to maximize corporate value by enhancing capital efficiency alongside growth in net sales and profit. To that end, we are introducing ROIC as one of KPIs with the aim of strengthening B/S management to achieve an optimal capital structure policy and continuously generating returns in excess of capital costs.



(*1) Since the year 2019 was before the integration, these values are for reference only, calculated as a simple sum of various financial data for Furusato Industries' fiscal year ended March 31, 2020 and Maruka's fiscal year ended November 30, 2019.

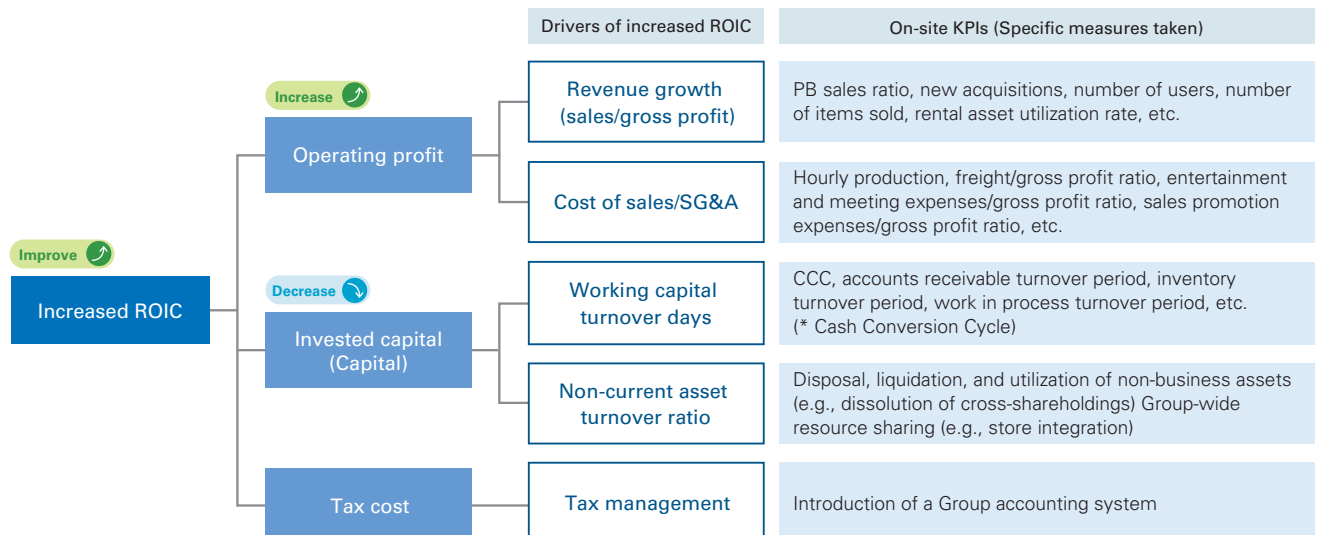
(*2) Since 2020 was before the integration, these values are for reference only, calculated as a simple sum of various financial data for Furusato Industries' fiscal year ended March 31, 2021 and Maruka's fiscal year ended November 30, 2020.

(*3) Results for fiscal year ended December 31, 2021 are the consolidated business results of Furusato Industries for April to December 2021 (9 months) and Maruka's consolidated business results for December 2021 (1 month).

(*4) ROE and ROIC for the fiscal year ended December 31, 2021 are not shown because the calculation results deviate from the actual results due to the reasons in *3.

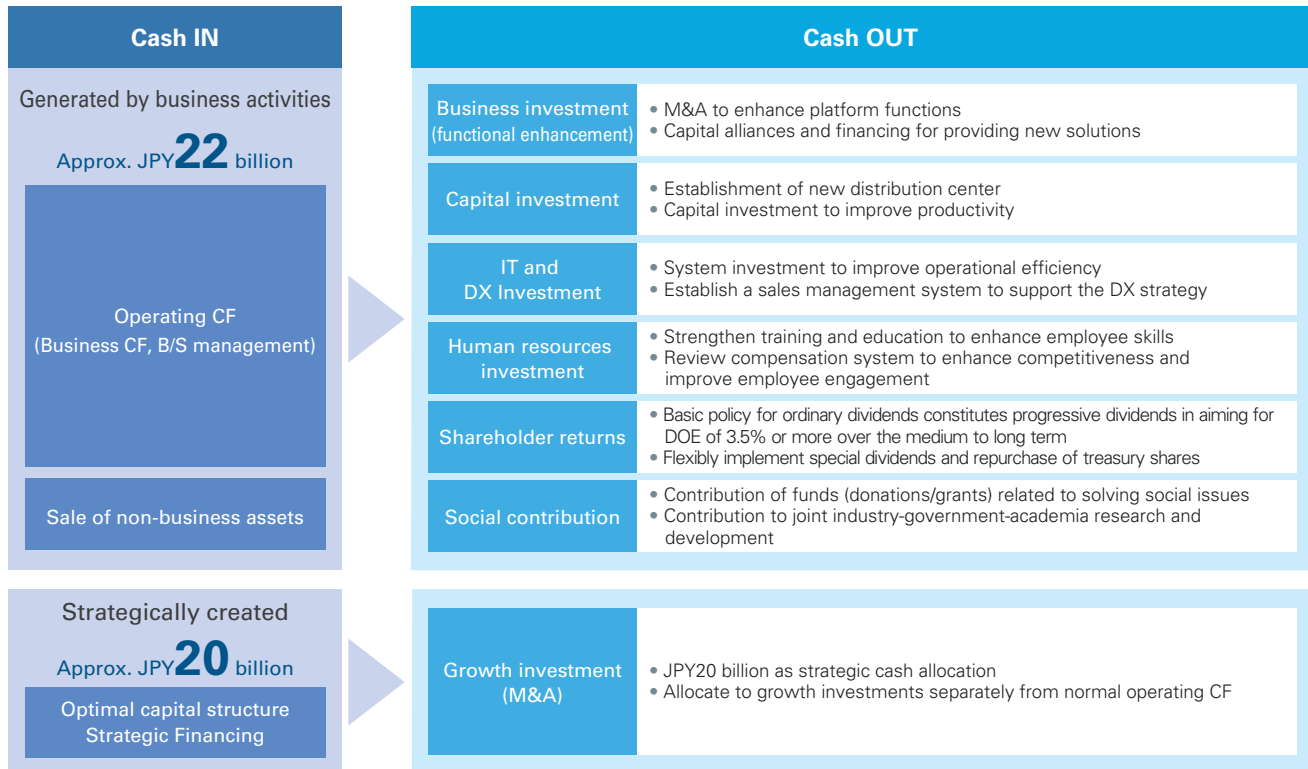
Efforts to Improve ROIC

In promoting the financial capital strategy, we are setting KPIs for each segment and incorporating them so that each employee can make increasing ROIC their own issue and management and worksites work together as one.



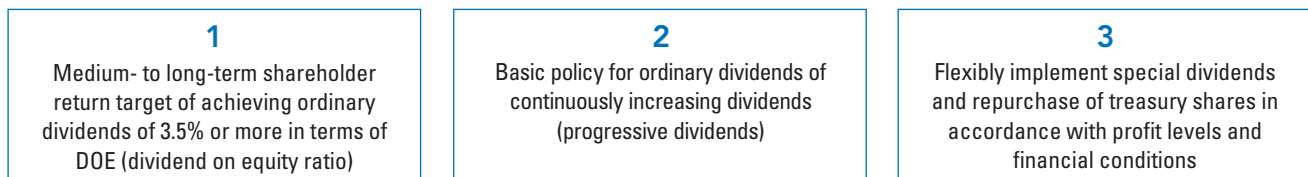
Cash Allocation

We will effectively utilize the capital generated through business CF and balance sheet management for business investment, capital investment, IT/DX investment, human resources investment, and social contribution, while flexibly and actively implementing shareholder returns through dividend policy and acquisition of treasury shares. In addition, as a strategic cash allocation, the funds generated from the optimal capital structure and strategic financing will be used for growth investments.



Shareholder Return Policy

The UNISOL Group will strive to increase dividends through medium- to long-term profit growth, while placing emphasis on providing stable dividends to shareholders over the long term. The Company's shareholder return policy is as follows.



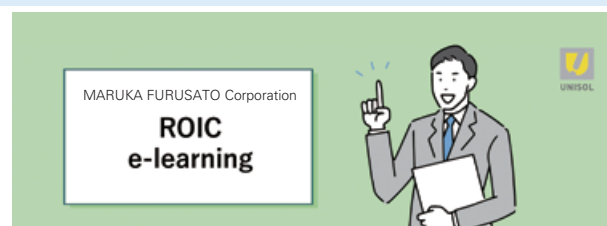
(*) Details that are presented with respect to the shareholder return policy are those available subsequent to its revision in April 2024.

(**) The Company aims to achieve its medium- to long-term shareholder return target of 3.5% DOE or more during the term of the next Medium-Term Management Plan (fiscal year ending December 31, 2027 to fiscal year ending December 31, 2029).

Main Initiatives

Internal penetration of ROIC

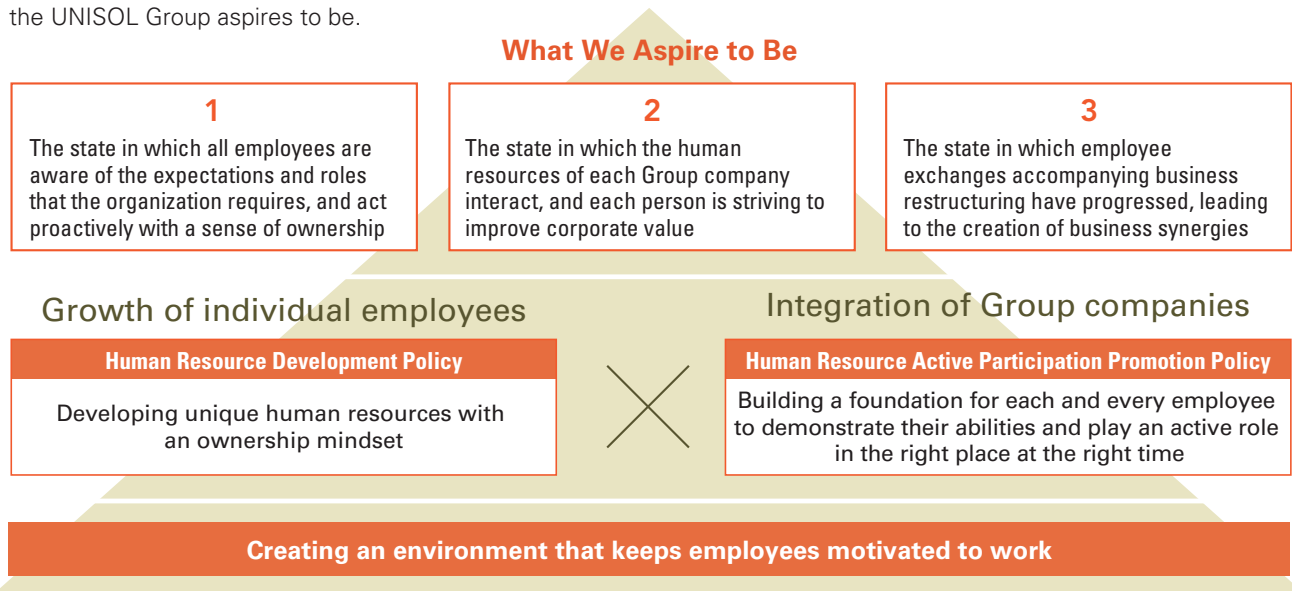
We have created and delivered an e-learning course on ROIC with the aim of instilling capital efficiency-conscious management in each and every employee. Questions from employees who have viewed the program are checked in a questionnaire and answered to promote understanding.



Human Resources Strategy

Basic Policy on Human Resources Strategy

In formulating and promoting our human resources strategy, we recognize that corporate growth is achieved through the growth of individual employees and the integration of group companies, and have established the following vision of what the UNISOL Group aspires to be.



Human Resource Development Policy

Also within the rapidly changing economic climate, in order to explore customer issues and propose new solutions, the UNISOL Group has set “Developing unique human resources with an ownership mindset” as our human resource development policy and are promoting the three pillars of creating an organization that “utilizes diversity,” fostering awareness that “encourages challenges,” and developing human resource that “fosters autonomy.”

In addition, we have set “promotion of diversity & inclusion” as a materiality based on the Basic Policy on Sustainability, and we will set individual goals and promote initiatives in these areas.

Goals in the promotion of diversity & inclusion

	Results 2022	Results 2023	Goals 2026	Initiatives to Achieve Goals
Ratio of female managers	2.1%	2.5%	3.0%	Promotion of measures for women’s active participation, including career design training and unconscious bias training
Number of employees with foreign nationality	15	14	30	Diversify recruitment channels and implement personnel retention measures
Ratio of human resources hired from the scientific field	7.2%	7.6%	9.0%	

* Actual and goal figures cover MARUKA FURUSATO Corporation, Furusato Industries, Maruka Corporation, and G-NET Corporation.

Main Initiatives

Career Training for Female Employees

The purpose of this training aimed at female employees is to help them envision working for the UNISOL Group in the long term with a view to future life events, and to enhance horizontal connections among female core employees. In FY2023, this event was held for new graduates in their third to sixth year and mid-career female general employees (core personnel) at Furusato Industries, Maruka, G-NET, Security Design, and Gifu Shoji.



Human Resource Active Participation Promotion Policy

The UNISOL Group recognizes that it is essential to build a foundation for each and every employee to fully demonstrate their abilities and play an active role. To this end, we will promote the creation of an optimal human resources portfolio and the integration of internal systems to achieve the placement of the right people in the right positions within the group.

Main Initiatives



Development of an integrated group personnel system

Discussions on its institutional design and practical aspects are underway. The new system, effective from July 2024, will unify the personnel systems of the Company and major group companies (Furusato Industries, Maruka, and G-NET) and will encourage further personnel interaction.



Improvement of innovation environment through integration of major offices

July 2023: Integration in Nagoya area (Maruka, G-NET, and Security Design)

December: Integration in Tokyo area (HD, Furusato Industries, Maruka, G-NET, and Security Design)



Implementation of personnel transfers across company boundaries

(G-NET ⇒ Maruka, Maruka ⇒ Furusato Industries)

Creating an Environment That Keeps Employees Motivated to Work

In order to create an environment in which employees can continue to work with a sense of purpose, we will continue to promote diversity and equal opportunity initiatives, including women's active participation, promote reforms in work styles, and ensure occupational safety and health. In addition, we will also focus on establishing systematic educational programs under our Human Resource Development Policy and Human Resource Active Participation Promotion Policy.

Main Initiatives

Restricted Stock Incentive Plan for Employees' Stockholding Association

The UNISOL Group has introduced a restricted stock incentive system for Employees' Stockholding Association. This system is to create opportunities for employees to acquire shares of the Company's common stock as restricted stock through the Employees' Stockholding Association.

Purpose of Introduction

- 1 Enhance employee welfare (as an aid to asset formation)
- 2 Provide incentives to sustainably increase the Group's corporate value
- 3 Further value sharing with our shareholders

Health Management and Occupational Safety and Health

In order to achieve sustainable improvements in corporate value for the entire UNISOL Group, a Health Management Declaration has been established to promote the creation of an environment in which all employees of the Group can work actively and in good physical and mental health. We were certified as a KENKO Investment for Health Outstanding Organization (large enterprise category) under the Certified KENKO Investment for Health Outstanding Organizations Recognition Program by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi (we were also certified as a KENKO Investment for Health Outstanding Organization in 2024, following our certification in 2023).

Main Initiatives

- Ensure that all employees receive regular health checkups and improve the rate of stress checkups (100% of employees will receive health checkups in FY2023)
- Measures to prevent passive smoking (smoking is completely banned or smoking is separated in all business locations)



DX Strategy

Basic Policy of DX Strategy

Having established its DX strategy on the basis of its Group Philosophy (What We Aspire to Be), the UNISOL Group formulates and promotes measures toward achieving such objectives. In the realization of our ongoing Medium-Term Management Plan, we have positioned digital transformation as one of the key factors and are strengthening our efforts in this area.



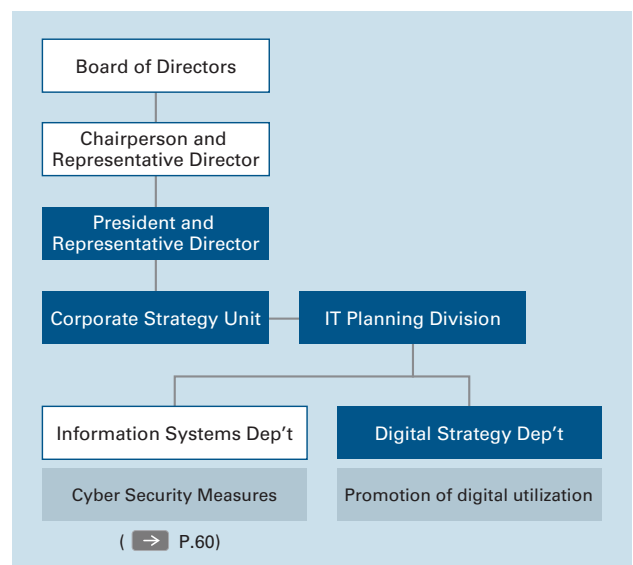
DX Promotion Structure

The Digital Strategy Section was established within the IT Planning Div. of the Corporate Strategy Unit to promote the use of digital technology throughout the company, with the President and Representative Director as the Chief Operating Officer. We are working with each department to promote these efforts.

Evaluation of DX Strategy and DX Measures

The DX strategy will be managed and promoted through periodic evaluations of the status of initiatives. In addition, for DX measures based on the DX strategy (see the next page), the Company will evaluate their contribution to the DX strategy and the basic strategies of the Medium-Term Management Plan through individual progress management. We plan to disclose each evaluation on a regular basis. Similarly, we will report and disclose any changes in our DX strategy and DX measures, as well as any other matters deemed necessary for immediate disclosure, on our website and other media.

Promotion Structure



DX Measures

To achieve the basic strategy, we have further established and are promoting six specific DX measures.

Specific measures taken

① AI utilization

- Optimization based on various demand forecasts
- Creation of an environment where AI assistants are present for all employees

③ Application

- Increased speed of problem solving by deploying no-code development tools in the field
- Leveling of operations and development by introducing an ERP package

⑤ Human Resource Education

- Knowledge and technology acquisition support for on-site personnel
- Implementation of DX literacy education for all employees in addition to existing IT literacy education

② Smart factory

- Development of monitoring solutions using IoT know-how
- Collaboration with vendors to automate and reduce labor

④ Data analysis

- Utilization of data integration foundation that transcends the boundaries of the Group
- Support for decision making using BI tools
- Support for new business development by utilizing the user database

⑥ Foundation development and digitalization

- Development of foundation across the group
- Ongoing digitalization of operations and optimization of processes, and realization of diverse work styles through the use of digital technology

Major Initiatives

Human Resource Education (DX Training)

In addition to education on information security and each business system, we provide education for each employee to acquire abilities related to DX promotion. Regarding education in the DX area, we will make greater use than ever of discussion-based training, e-learning, and external training, aiming to develop human resources who can create new added value by linking business to digital applications, and who can promote new areas.

In FY2023, we held four training sessions on no-code development using AppSheet, a service provided by Google, with the aim of enabling employees at each site to create and roll out on their own applications that reduce workload and improve productivity.



**“Visit Management App”
created using AppSheet**

* AppSheet is a trademark of Google LLC.

TOPICS
1

Workshops for Department Heads to Instill the Group's Philosophy

The UNISOL Group is working to further instill the Group's philosophy within the company. In FY2023, we held workshops for department heads nationwide to discuss ideal "impressive proposals" that leverage the strengths of their own departments and to formulate specific activity goals, based on our mission of "Open up 'the present' with impressive proposals, and accompany customers beyond the changes."

To date, a total of more than 100 department heads have participated in the workshops, and efforts have begun at each site to achieve the activity goals set. We will continue to promote our philosophy, and under the slogan of bringing out the voices of "Why didn't we think of this?" one after another, we will strive to create a society in which all customers and all employees are able to achieve their dreams.



TOPICS
2

Promote Sustainability and Foster Environmental Awareness

In July 2023, the UNISOL Group established the Sustainability Management Preparation Office (Sustainability Management Office from January 2024) in the Corporate Strategy Unit as the main headquarters for sustainability initiatives, and is working to promote company-wide activities.

Based on the recognition that acquiring broad and systematic knowledge will foster awareness of environmental issues around us and promote the environmental activities, we promote environmental education using the Certification Test for Environmental Specialists (eco test)[®] sponsored by the Tokyo Chamber of Commerce and Industry.

In FY2023 (the 34th and 35th tests), 240 people including executives passed the test, ranking 5th in the number of successful examinees in the category of 300 or more employees in the "2023 ranking of the number of successful examinees of the eco test" announced by the Tokyo Chamber of Commerce and Industry. We will continue our efforts to promote further environmental activities, with the goal of having a cumulative total of 1,000 successful examinees.



The Certification Test for Environmental Specialists (eco test)[®]

Number of examinees who passed the test in FY2023

240 employees

* The Certification Test for Environmental Specialists (eco test)[®] is a registered trademark of the Tokyo Chamber of Commerce and Industry

Our businesses

Under portfolio management, we are developing diverse business models in four business areas that vary in the degree to which they are affected by the economy.

Overall Picture of the Businesses	33
Segment Status	
– Machinery & Tools	35
– Construction Products	37
– Construction Machinery	39
– IoT Solutions	41
Topics	43

Overall Picture of the Businesses

The UNISOL Group operates in four operating segments based on the concept of portfolio management.

Segment	Machinery & Tools		
Segment classification	Industrial machinery	Engineering	Equipment tools
Business fields	Automobile Machinery Electronic equipment Other manufacturing	Automobile Machinery Food	Automobile Semiconductor Railway Other manufacturing
Main finished goods and merchandise handled	<ul style="list-style-type: none"> Merchandise Machine tools Merchandise Injection molding machines Merchandise Forging machinery Merchandise Industrial robot Merchandise Distribution machinery Merchandise Measuring instrument Merchandise Environmental facilities 	<ul style="list-style-type: none"> Finished goods Shear line Finished goods Food machines Finished goods Cleaning machines Finished goods Special purpose machinery Finished goods Constant velocity joint processing machine Finished goods Forming machines 	<ul style="list-style-type: none"> Merchandise Cutting tools Merchandise Material handling equipment Merchandise Compressor Merchandise Pump Merchandise Hydraulic and pneumatic equipment Merchandise Bearing
Sales ratio	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p>Total</p> <p>67.7%</p> </div> <div style="text-align: center;"> <p>Industrial machinery, engineering</p> <p>42.0%</p> </div> <div style="text-align: center;"> <p>Equipment tools</p> <p>25.7%</p> </div> </div>		
FY	FY2022	FY2023	
Net sales (Millions of yen)	107,077	117,128	
Segment profit (Millions of yen)	3,235	3,758	
Segment profit margin (%)	2.8	3.2	
Employees (people)	1,145	1,221	
Target companies (Network → P.67-68)	Maruka G-NET Gifu Shoji Co., Ltd. Sonoruka Engineering Kan Manufactory Kitakyu Machines and Tools ArPlus Corporation	TS Precision Maruka USA Industrial Tool Inc. Maruka Mexico Maruka Shanghai Maruka Guangzhou Maruka Thailand	Maruka Indonesia PT. UNIQUE SOLUTIONS INDONESIA Maruka Malaysia Maruka Vietnam



Construction Products

Steel frame building materials
Piping materials



Housing equipment



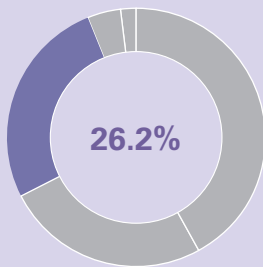
Construction Steel



Construction Architecture

- Finished goods** Full brace
- Merchandise** High-tension bolts
- Merchandise** Nuts and bolts
- Merchandise** Steel frame-related
- Merchandise** Painting supplies
- Merchandise** Welding supplies
- Merchandise** Plumbing materials

- Merchandise** Kitchen equipment
- Merchandise** Bathroom equipment
- Merchandise** Washroom equipment
- Merchandise** Gas equipment
- Merchandise** Sanitary equipment
- Merchandise** Exterior material



FY2022	FY2023
43,787	45,241
2,606	1,987
6.0	4.4
634	620

Furusato Industries



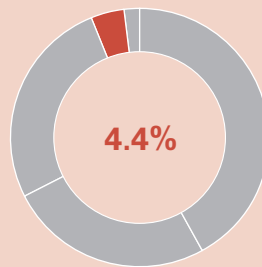
Construction machinery

Construction machinery



Construction Services

- Merchandise** Cranes
- Merchandise** Foundation machinery
- Merchandise** Excavators
- Merchandise** Vehicles for high lift work
- Merchandise** Charter, rental
- Merchandise** Used machinery sales
- Merchandise** Insurance



FY2022	FY2023
8,839	7,605
142	81
1.6	1.1
76	72

Maruka
Japan Rental



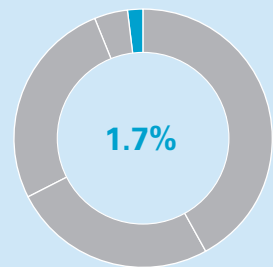
IoT Solutions

Camera solutions
Monitoring and sensing



Retail Communication Services

- Merchandise** Surveillance camera
- Merchandise** Security camera
- Merchandise** Smart camera
- Merchandise** Physical security
- Merchandise** Security system
- Merchandise** Shoplifting prevention system
- Merchandise** AGV/AMR
- Merchandise** SMART FACTORY
- Merchandise** SMART FARM



FY2022	FY2023
2,711	3,004
(57)	38
(2.1)	1.3
96	92

Security Design

Segment Status

SEGMENT

Machinery & Tools



As a technical trading company of industrial machinery and equipment tools that continuously support daily production for the purpose of solving issues such as new technology and automation and labor saving, we contribute to the maintenance and development of the manufacturing industry by proposing optimal solutions to factories and sales outlets in Japan and overseas.

Executive Officer
 General Manager of Machinery & Tools Business Headquarters
Takahisa Watanabe

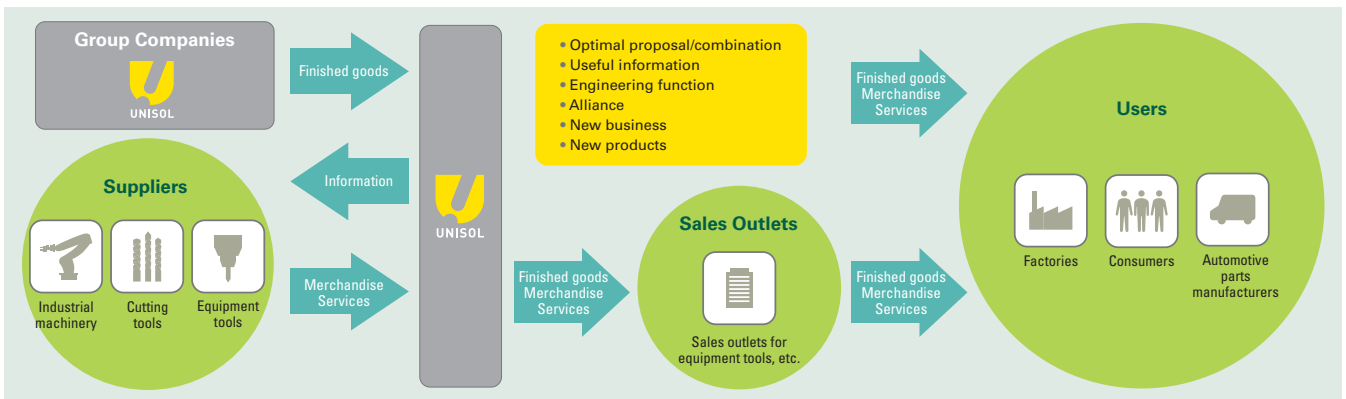
Business Outline

The Machinery & Tools segment consists of the fields of industrial machinery, engineering, and equipment tools. Although each field handles different products and has different commercial distribution channels, we are able to offer proposals backed by a diverse range of commercial products and advanced technical capabilities through mutual collaboration, regardless of the region, both domestically and internationally.

 <p>Industrial machinery</p>	<ul style="list-style-type: none"> • The sale of industrial machinery such as machine tools, injection molding machines, forging machines, and industrial robots to the domestic and overseas factories of automotive, construction machinery, agricultural machinery, railroad, and food industries and sales outlets nationwide. • Overseas, we are expanding our business in North America and Asia, serving customers mainly in the automotive, aircraft, medical, and energy industries in North America and the Japanese automotive industry in Asia.
 <p>Engineering</p>	<ul style="list-style-type: none"> • Development and manufacture of specialized machines such as cleaning machines, food machines, packaging machines, forming machines, etc. • Propose optimal machine combinations for automobile production lines and various parts manufacturing, and provide solutions including design and installation.
 <p>Machinery & tools</p>	<ul style="list-style-type: none"> • The sale of machine tool equipment, cutting tools, consumables, and machine embedded products such as hydraulic and pneumatic equipment, as well as material handling products, to sales outlets throughout Japan. • Some of our subsidiaries sales special cutting tools mainly for automotive Tier1 parts manufacturer.

Business Flow

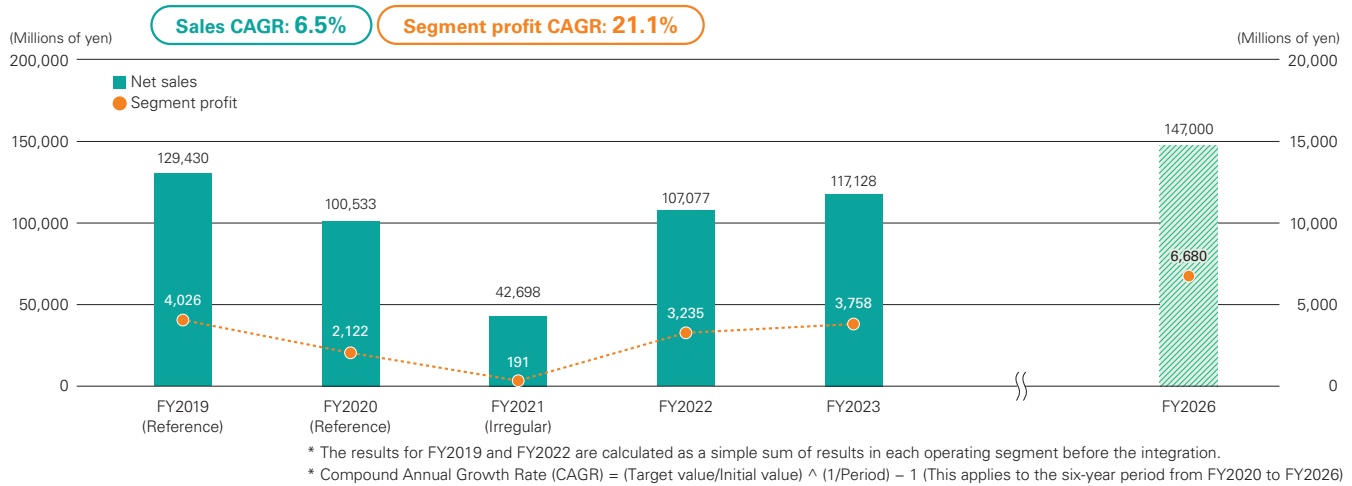
Group companies in the Machinery & Tools segment work together to address various concerns at manufacturing sites. By collaborating with various solution partners such as sales outlets and suppliers, we are able to provide end users with added value through a variety of commercial channels and approaches.



Progress of Medium-Term Management Plans and Overview of Financial Results for FY2023

In the Machinery & Tools Segment, domestic demand for the key indicator of machine tool orders from January to December decreased by 21.0% year on year. External demand fell by 12.7% year on year. The Indices of Industrial Production from January to December slowed down, decreasing by 1.1% year on year.

Sales and segment profit amounted to JPY117,128 million and JPY3,758 million, respectively, due to capital investment in the automotive industry centered on the EV-related field along with strong demand from North America.



Business Environment and Business Strategy

STRENGTHS	<ul style="list-style-type: none"> • Synergies realized through business integration, with products and services expanding • Enhancement of responsiveness to automation and labor-saving needs • Progress of smart factory initiatives by utilizing the Group's internal functions • Global information network enables us to develop markets in growing fields • Expanding the Group's products by leveraging the global network we have cultivated to date
OPPORTUNITIES	<ul style="list-style-type: none"> • The need for improved efficiency in the production process, such as automation and labor saving, is rapidly increasing in order to solve labor shortages • Initiatives by the machine tool manufacturing companies are progressing due to growing interest in smart factories • Growing presence of emerging countries in the market • Increased demand for environmentally friendly products against a backdrop of growing environmental awareness
THREATS	<ul style="list-style-type: none"> • Changes in mounted parts and reduction in the number of parts due to the shift to EVs • Transformation of the parts supply chain due to new entrants from different industries • The value of the Company's presence as a trading company declines due to the growing influence of e-commerce sites, etc. • Changes in the supply chain supported by small and medium-sized enterprises due to lack of successors • Restructuring of network due to global relocation of production sites

Initiatives, Policies, and Topics in FY2023

ARUM Factory365 sales launch	EV-related development	Synergies in group companies
<p>We released the ARUM Factory365 subscription service of the ARUMCODE AI application for automatic generation of machining programs.</p>	<p>We are offering optimal proposals including those for manufacturing motor coils and battery-related parts by applying our knowledge of the industrial machinery field amid escalating EV-related investment.</p>	<p>Information sharing and collaboration within the segment will continue, transcending the boundaries between the Furusato Group and the Maruka Group. Mutual exchanges have increased, and proposals have been implemented by leveraging strengths in each commercial distribution of products. Solution proposals that leverage the knowledge of the IoT solutions segment also increased.</p>

Segment Status

SEGMENT

Construction Products

We provide support for construction and manufacturing sites by supplying steel frame building materials and piping equipment to customers in Japan such as steel frame fabricators and major housing manufacturers who produce the frameworks of buildings, and plant piping installation contractors.

Executive Officer
Director of Construction Products Business

Hideyasu Taniguchi

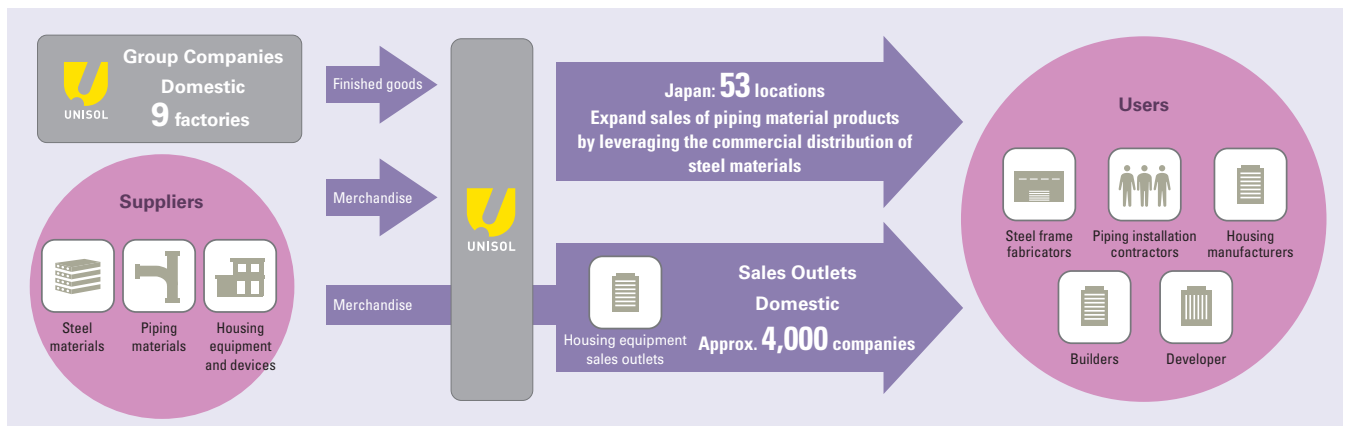
Business Outline

We have established a just-in-time supply system by manufacturing, purchasing, importing, and otherwise procuring materials required by the construction industry.

Steel frame building materials	<ul style="list-style-type: none"> Supply of necessary materials to steel fabricators and major housing manufacturers nationwide with the attitude of "what you need, when you need it, where you need it, in the quantities you need." As a brace manufacturer, our product, Full brace, is a top product in a niche market and produced in our own factory.
Piping materials	<ul style="list-style-type: none"> Started business in 2002, utilizing steel frame building materials base facilities and systems. Sales of pipe fittings, valves, flanges, pipes, equipment and devices to meet the demand for new installation, renewal and maintenance of piping facilities mainly in factories and production plants.
Housing equipment	<ul style="list-style-type: none"> Sales of housing equipment and devices to sales outlets nationwide. A wide range of housing equipment and devices is available for new construction as well as for remodeling. Products for energy saving and environmental facilities are also being strengthened.

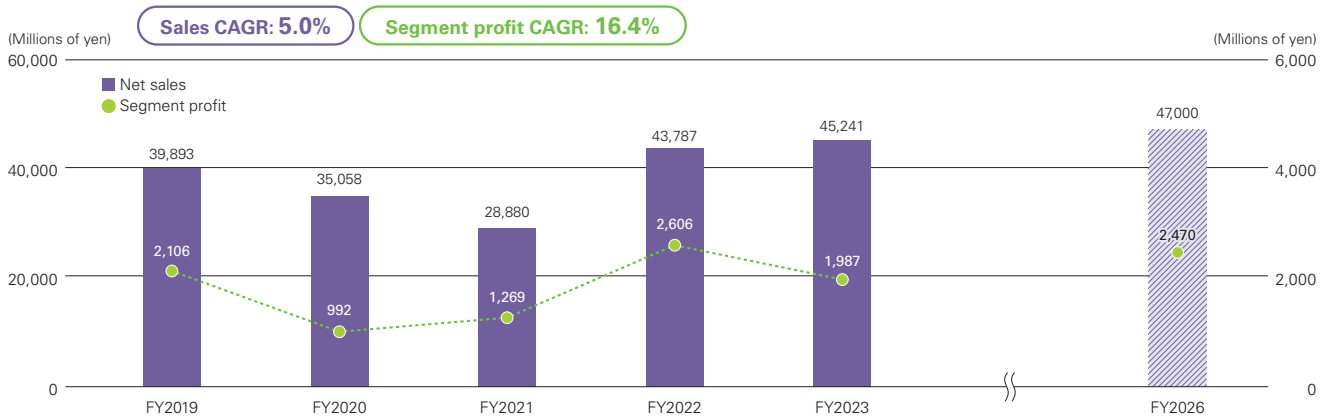
Business Flow

We maintain appropriate inventory levels and a flexible delivery system, having developed community-based locations for more than 10,000 customers. We contribute as a supplier to support our customers' sites, especially for steel frame fabricators.



Progress of Medium-Term Management Plans and Overview of Financial Results for FY2023

Construction starts (floor area), a key indicator in the Construction Products segment, declined by 6.9% year on year in the January to December period, while new housing starts fell by 4.6% year on year. Net sales of steel materials increased due to strong construction demand and increased steel prices, but the supply of housing equipment was restrained. Due to rising construction prices, the number of projects for small and medium-sized properties has decreased, and even for large properties, some plans and construction schedules have been revised, resulting in intensified competition and a declining profit margin. Net sales were JPY45,241 million and segment profit was JPY1,987 million.



* The results for FY2019 and FY2022 are calculated as a simple sum of results in each operating segment before the integration.
 * Compound Annual Growth Rate (CAGR) = (Target value/Initial value) ^ (1/Period) - 1 (This applies to the six-year period from FY2020 to FY2026)

Business Environment and Business Strategy

STRENGTHS	<ul style="list-style-type: none"> • Since there is manufacturing function, can respond from a manufacturer's standpoint as well as a trading company's • Development function of products and services that meet the needs for labor saving and labor reduction • Continuous improvement of features and product lineup to enable growth and increase market share within the industry • Construction functions that create added value
OPPORTUNITIES	<ul style="list-style-type: none"> • Construction of logistics warehouses is increasing against the backdrop of the revitalization of the mail-order industry due to the expansion of e-commerce • The need for commercial facilities such as conference halls and hotels is being invigorated due to the Expo 2025 Osaka, Kansai, Japan and the invitation for integrated resort facilities • Growing demand for labor-reduction and labor-saving products and services that address social issues such as the aging of society and labor shortages
THREATS	<ul style="list-style-type: none"> • Housing starts are on a downward trend as the domestic population declines • Demand for rebuilding by local companies is declining due to the increasing size of commercial facilities • The required standards for the environment are also becoming stricter due to the growing interest in security, safety and SDGs

Initiatives, Policies, and Topics in FY2023

Column coupler	LaserKEREN by robotic operation	Sales of industrial machinery
The product "Column coupler" that eliminates on-site welding work and shortens column splicing work is used in various buildings. Contributing to the restoration of cultural assets by enabling construction on buildings where using tools that produce sparks is not allowed	We promote LaserKEREN equipment capable of removing adhered rust and other such substances from steel materials used in bridges over long periods of time. We are considering new solutions combining robotics, taking advantage of synergies and knowledge among our Group companies.	In cooperation with Maruka (Machinery & Tools segment), a top distributor of Komatsu Industries Corp., we started sales of welding robots and other industrial machinery to business partners in the construction materials industry. We are aiming to become a supplier that can propose labor saving and labor reduction solutions to customers.

Segment Status

SEGMENT

Construction machinery






We work on a daily basis toward our aim of facilitating development of social infrastructure and industry through sales and rental of construction machinery. This includes mobile cranes for general cargo handling operations, foundation machinery for ground improvement and piling work, and vehicles for high lift work such as that entailing installation and replacement of signage.

Executive Officer
Director of Construction Machinery Business
Keita Okamura

Business Outline

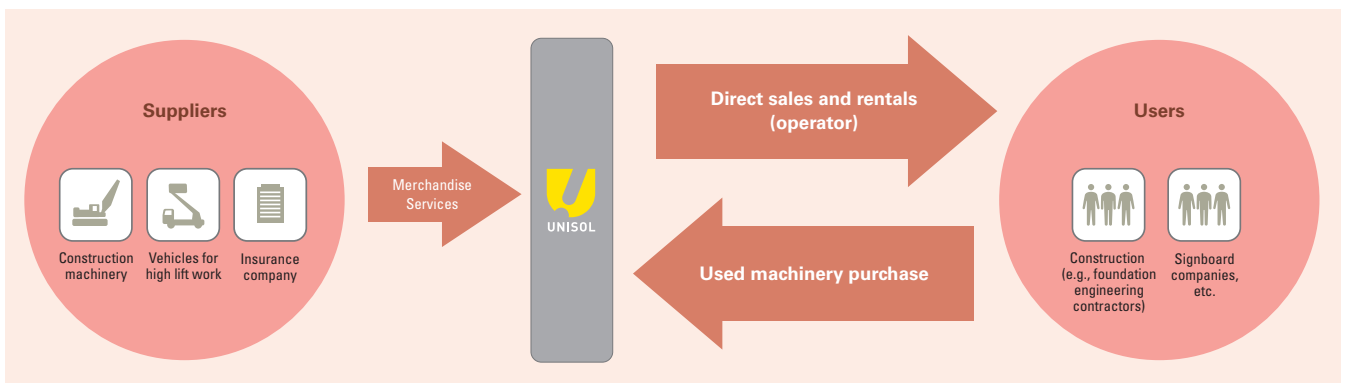
We deal in state-of-the-art machinery, equipment, and devices that help streamline and reduce labor for work in the logistics field, including construction and civil engineering work, as well as transportation and stevedoring, and also contribute to improved productivity.

We also rent construction machinery, and propose rental of vehicles for high lift work with operators. Moreover, we design insurance policies that are optimal in terms of coverage and cost, and reduce our clients' business risks.

 <p>Construction machinery</p>	<ul style="list-style-type: none"> We provide a wide range of new and used products from various manufacturers to meet the diverse needs of our customers. In overseas expansion, we are expanding our sales channels to Southeast Asia.
 <p>Rental</p>	<ul style="list-style-type: none"> We also provide various services from construction machinery-only rental to operator dispatch services for vehicles for high lift work, to meet a wide range of customer needs, from construction-related work to civil engineering, foundation work, signboard work, exterior work, painting, plant repair, demolition, TV coverage, landscaping, etc.
 <p>Insurance business</p>	<ul style="list-style-type: none"> We design insurance policies that are optimal in terms of coverage and cost, and reduce our clients' business risks. Our strength lies in risk consulting to reduce industry-specific risks. We do not merely design insurance, but also provide consultation to prevent and protect against accidents.

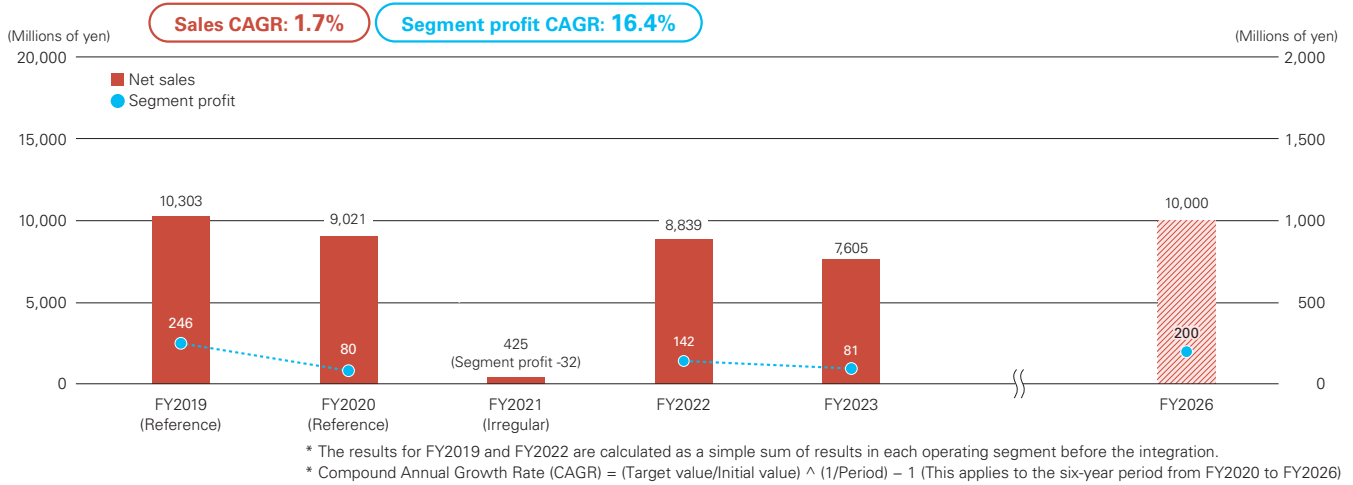
Business Flow

The Construction Machinery segment has a direct sales system, which allows the Company to directly monitor market conditions and user trends, enabling it to respond quickly. We also know the status of machinery owned by our customers, which facilitates used machinery transactions.



Progress of Medium-Term Management Plans and Overview of Financial Results for FY2023

Demand for construction machinery in Japan performed strongly, primarily in the civil engineering and construction industry and logistics industry. However, sales of our mainstay products declined due to the impact of the suspension of shipments caused by the engine problem. The number of new inquiries is declining due to the increase in prices for construction machinery and concerns about increased labor costs for the 2024 problem. Net sales were JPY7,605 million and segment profit was JPY81 million.



Business Environment and Business Strategy

STRENGTHS	<ul style="list-style-type: none"> • More than 60 years of sales experience as a distributor for major construction machinery manufacturers • In addition to new cars, can also purchase and sell used cars
OPPORTUNITIES	<ul style="list-style-type: none"> • Solid demand for redevelopment of large cities, logistics warehouses, high-rise residential buildings, factories, commercial facilities, etc. • Public works for earthquake resistance, disaster prevention, and mitigation measures is maintaining a certain level
THREATS	<ul style="list-style-type: none"> • The construction machinery industry in Japan is a mature industry, and innovation is difficult to come by • Steel, materials, and transportation costs have risen, and the price of imported equipment has also increased due to the impact of foreign exchange rates • Concerns about labor shortages due to the 2024 problem in the construction and logistics industries

Initiatives, Policies, and Topics in FY2023

Increase in sales volume of foundation machinery	Stevedoring equipment	Expansion of insurance business
<p>The business has become a two-pillar business by increasing the sales volume of foundation machinery from its mainstay business of cranes. With the increase in foundation machinery, opportunities for expansion into new trade areas have increased.</p> <p>Construction of venues and infrastructure for Osaka/Kansai Expo is in full swing.</p>	<p>Enhanced marketing strengths through tie-ups with overseas manufacturers with the aim of expanding sales of foreign-made cargo handling equipment to stevedores and logistics companies.</p>	<p>Expand sales of insurance exclusively for cranes and insurance exclusively for civil engineering. In addition, we have developed an insurance policy specifically designed for vehicles for high lift work for major rental companies.</p>

Segment Status

SEGMENT
IoT Solutions



We are expanding into the IoT field, including monitoring and sensing, leveraging the knowledge we have amassed in the security business. We provide various solutions encompassing everything from controlling, preventing, and minimizing risks encountered by companies to facilitating implementation of smart factories.

President & Representative Director
Director of IoT Solution Business
Ryohei Furusato

Business Outline

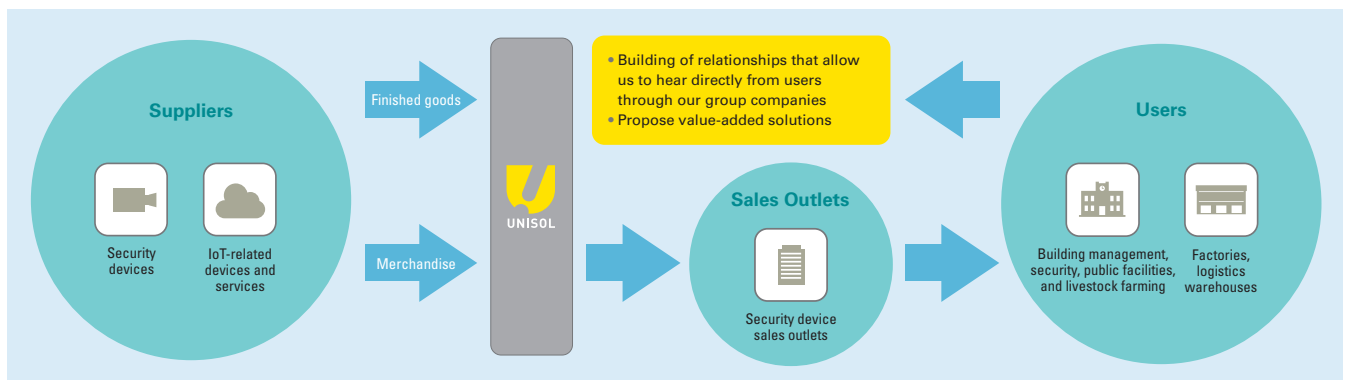
Leveraging our expertise as a system integrator of physical security, we provide our customers with critical and effective security, surveillance cameras, AGV/AMR and IoT equipment sales, as well as OT equipment monitoring services, while maintaining an accurate grasp of the world's ever-evolving technology.

Distribution	<ul style="list-style-type: none"> As an authorized distributor for major companies in the surveillance camera market, we provide state-of-the-art security equipment to meet a variety of needs. In addition to our original brand of surveillance cameras, we also offer merchandise management and shoplifting prevention systems. Patented technology that activates an alarm in the event of unauthorized taking out of goods.
Project sales	<ul style="list-style-type: none"> We are developing integrations adapted to domestic demand, focusing on physical security systems with a long history of success in large markets in Europe and the United States. From design to post-implementation operations, we consistently deliver the world's most advanced, global standard solutions.
One-stop service	<ul style="list-style-type: none"> We provide one-stop services related to system design, construction, implementation, and maintenance, as well as related cloud services. In addition, we provide monitoring services for OT equipment devices.

Business Flow

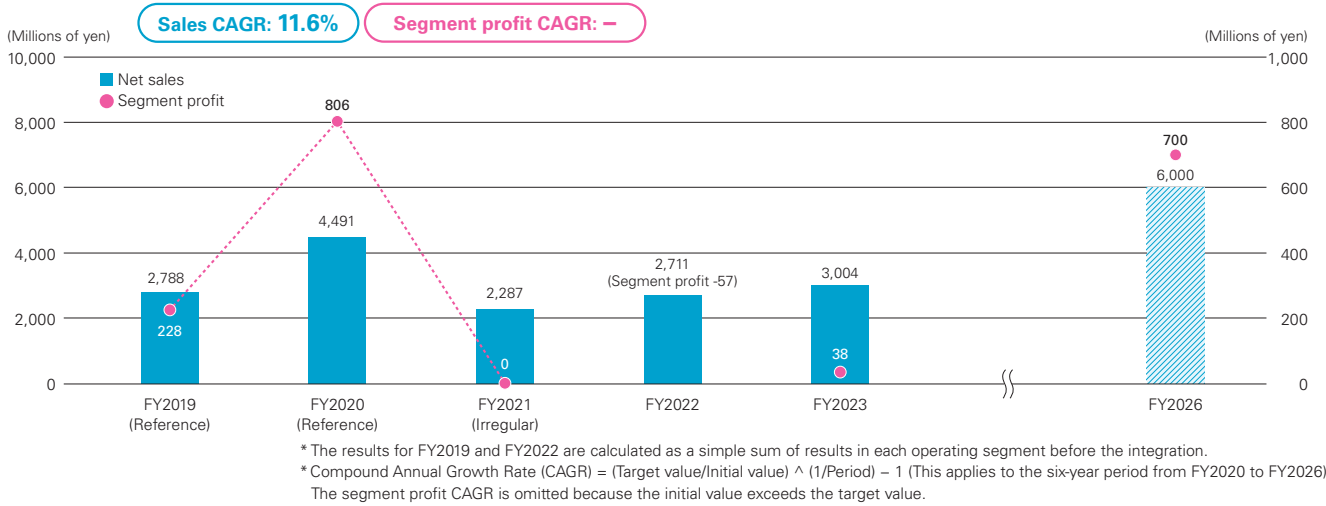
The Company can construct and operate solution services that make use of the knowledge accumulated from a large number of prior installations.

We support reducing the workload and improving efficiency on site by automating and monitoring production lines using IoT devices and networking technology.



Progress of Medium-Term Management Plans and Overview of Financial Results for FY2023

With the increasing commoditization of security devices, there has been a shift to project work. The Company will continue to focus on value-added solution business through collaboration with the Machinery & Tools segment and Group companies. Net sales were JPY3,004 million and segment profit was JPY38 million, due in part to the Company having strengthened cost controls resulting from the integration of business locations and other such factors.



Business Environment and Business Strategy

STRENGTHS	<ul style="list-style-type: none"> • Provide not only sales of stand-alone cameras, but also cloud-based services linked to the network • Provide products and services that incorporate biometric authentication technology, image recognition technology, and ICT • Provide added value to the Group's products and information network with business partners
OPPORTUNITIES	<ul style="list-style-type: none"> • Creation of new business areas through image analysis using cameras • Increased demand for cameras and sensors for maintenance purposes, such as remote monitoring and breakdown/malfunction detection for factory equipment
THREATS	<ul style="list-style-type: none"> • Increased demand for high-performance network cameras has led to an increase in the number of overseas manufacturers and commoditization • Shortage of human resources for IT engineers due to rapid progress of DX

Initiatives, Policies, and Topics in FY2023

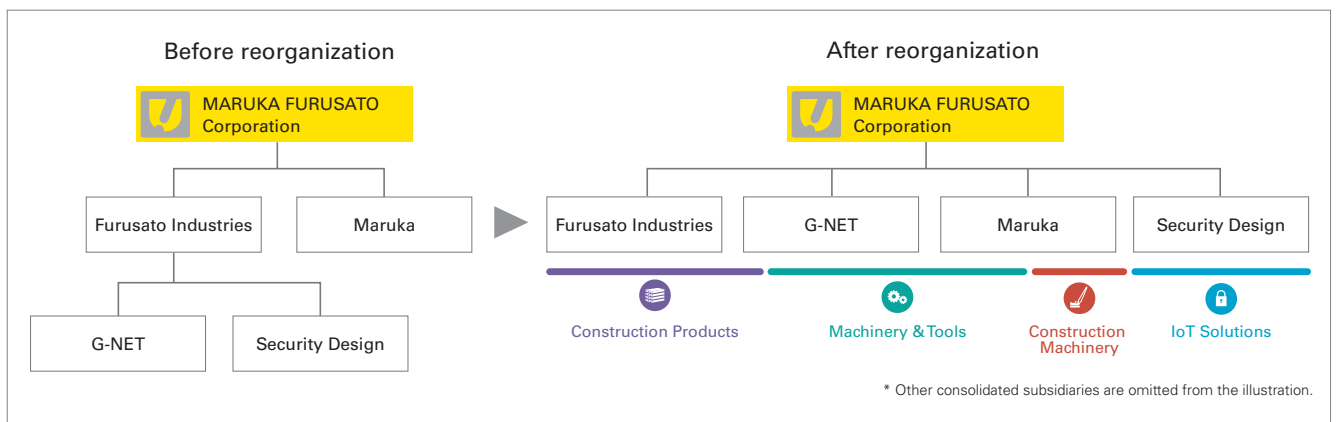
Capturing demand for AI cameras	UNI-MOW (→ P.43)	Solutions with Group companies
Demand for AI cameras capable of analyzing images is gaining momentum, and surveillance system technology, including the use of AI technology, is improving. Issues related to the handling of personal information and privacy by facial recognition	Released UNI-MOW, a cow calving prediction detection system. A demonstration experiment was started with cooperating farmers as a system to solve the social problem of labor shortage among livestock farmers	Through Group companies, we are now able to hear directly from users about their issues and needs, and we are developing value-added solution proposals in various locations

TOPICS
1

Efforts to further integrate group functions

Since the UNISOL Group was created through the integration of different corporate groups (→ P.7-10), the basic strategy of the Medium-Term Management Plan (→ P.21-22) includes to maximize integration synergies and, at the same time, to create new solutions by integrating group functions.

Based on this policy, in order to achieve further growth in the 2nd stage of the Medium-Term Management Plan, we implemented an organizational restructuring and made the core operating companies in each operating segment into subsidiaries directly owned by the Company. We will further accelerate the execution of measures and further promote the strengthening of inter-business alliances.

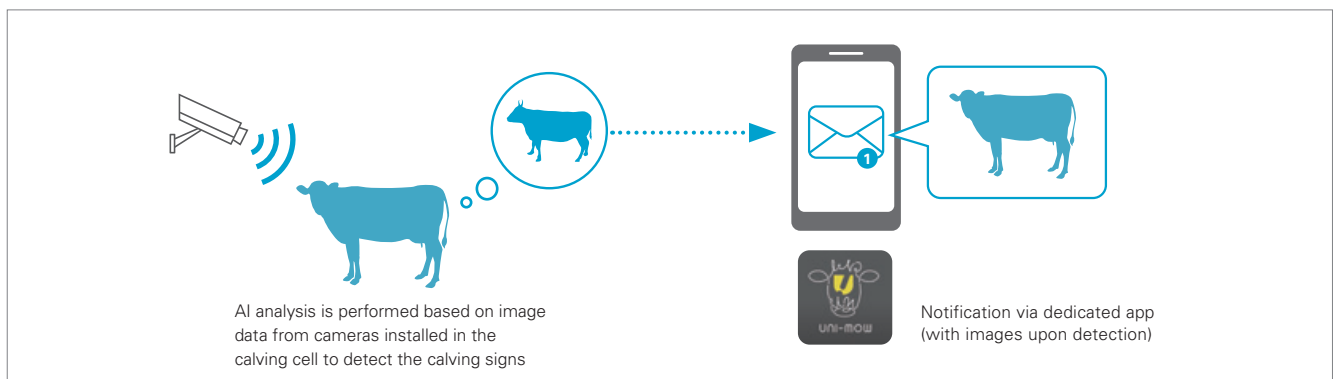


TOPICS
2

Contribution to a sustainable livestock industry

In recent years, the Japanese livestock industry has been facing a chronic shortage of labor and an aging population, resulting in deteriorating productivity due to disease and accidents. In order to transform the livestock industry into a sustainable form under these circumstances, in October 2022, we concluded an industry-academia collaboration agreement with the Graduate School of Agriculture of Kyoto University, and the IoT Solution segment has been playing a central role in joint research to realize IT.

Based on this demonstration experiment, we developed and launched the UNI-MOW cow calving prediction detection system in October 2023. AI analysis of camera image data and notifications via a dedicated application will contribute to safe deliveries and more efficient livestock management.



Foundation of value creation

Toward corporate management trusted by stakeholders.

We are working to strengthen the supervisory function of the Board of Directors and risk management, and to disclose information in a timely and appropriate manner.

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Overall Picture of Corporate Governance

Basic approach to corporate governance

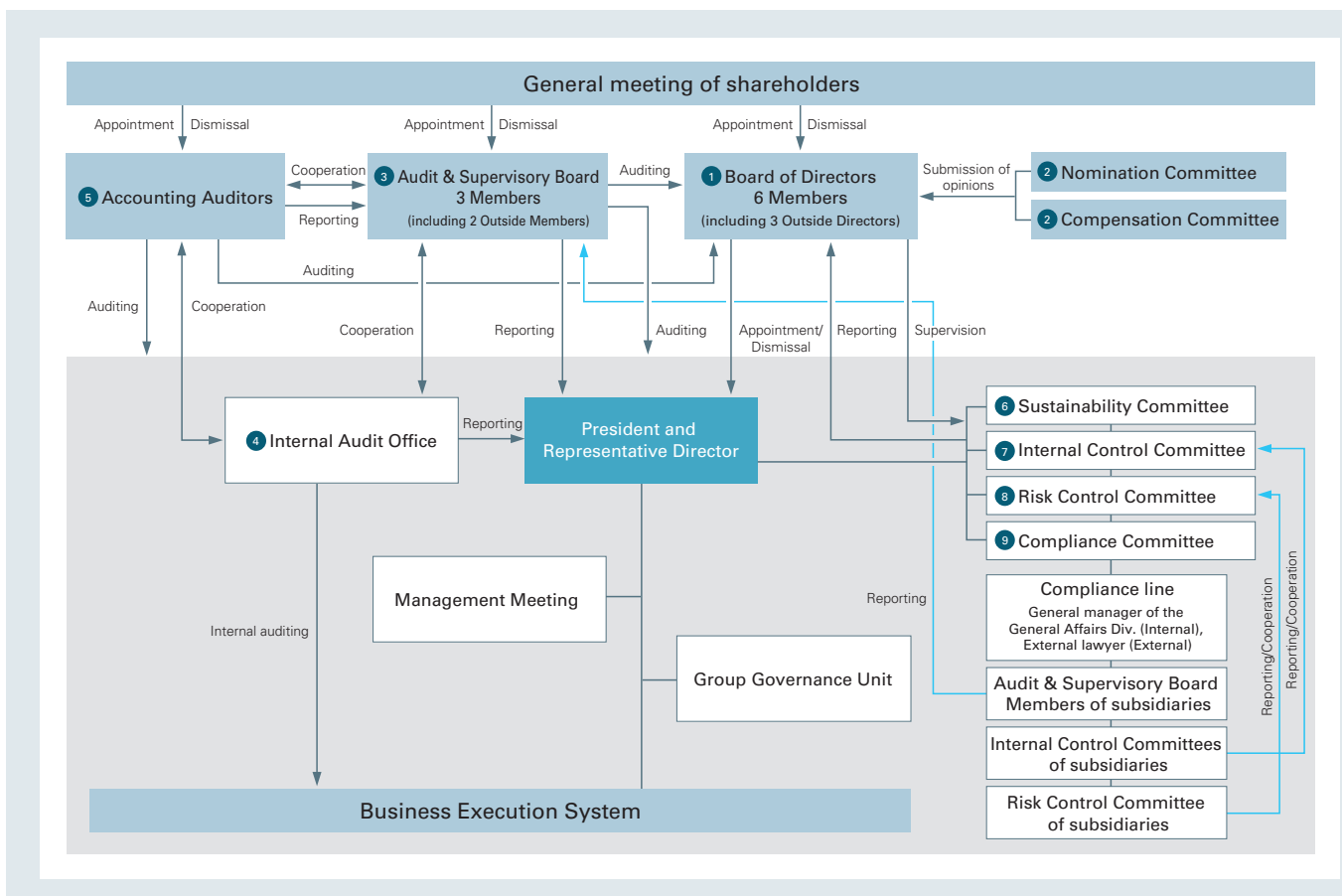
The Company's basic approach to corporate governance is to realize unifying group management through agile and efficient decision-making under a fair and highly transparent management system, and aim for sustainable growth and medium- to long-term improvement in corporate value, in order to fulfill the Company's responsibilities to our stakeholders and the future society.

In addition to setting the strategic direction of the Group and performing its role in the efficient securing and appropriate allocation of the Group's management resources, and the formulation and implementation of capital policies, the Company's Board of Directors is working to build a group business management system that will accurately grasp the management risks in the Group and thoroughly manage the profits and risks of the entire group, by establishing an internal control system for the entire Group, including the Company, and supervising its operation.

In addition, the Company has established the MARUKA FURUSATO Group Principle that consists of a Slogan, Vision, Mission, 3 Values and 7 Standards as the basic management principles shared by all employees of the Group, and will continue to work to enhance corporate governance through the practice of this philosophy.

Corporate governance structure

The Company is a company with an Audit & Supervisory Board, and it has a Board of Directors, an Audit & Supervisory Board, and Accounting Auditors. Further, an Internal Audit Office is established to cooperate with the Audit & Supervisory Board members to strengthen the monitoring function for all day-to-day operations. Also, as a management supervision function, the Company has one Standing Audit & Supervisory Board Member and two Outside Audit & Supervisory Board Members that audit the Directors' performance of their duties. The two Outside Audit & Supervisory Board Members are designated as independent officers, and they attend the Board of Directors meetings and other important meetings from the standpoint of outsiders with a certain distance from management, which enhances the effectiveness of the management supervision. The current system is in place since the Company has a governance system in which Outside Directors and Outside Audit & Supervisory Board Members monitor the performance of each Director's duties from an independent and fair standpoint.



1 Board of Directors

The Company's Board of Directors consists of six Directors, three of whom are Outside Directors. In addition to regular monthly meetings of the Board of Directors, extraordinary meetings are held flexibly as necessary to ensure accurate and prompt decision-making based on sufficient discussion. In addition, the Board of Directors decides matters stipulated by laws and regulations and important matters related to management, and also discusses the progress of business performance and considers countermeasures.

2 Nomination Committee and Compensation Committee

The Company has established a Nomination Committee and a Compensation Committee under the Board of Directors (each an advisory committee) and chaired by an Outside Director, with the aim of strengthening the independence, objectivity, and accountability of the Board of Directors regarding matters related to the nomination and remuneration of Directors. The Nomination Committee discusses, at the request of the Board of Directors, proposals for the General Meeting of Shareholders regarding the election and dismissal of Directors, while the Compensation Committee discusses matters concerning remuneration of individual directors, and reports on the details of these discussions to the Board of Directors. The Nomination Committee and the Compensation Committee each consists of five members, three of whom are Outside Directors.

3 Audit & Supervisory Board

The Company's Audit & Supervisory Board consists of three members, two of whom are Outside Audit & Supervisory Board Members. The activities of the Audit & Supervisory Board are to attend Board of Directors meetings and conduct audits of the Directors' performance and their duties and the Company's business and financial conditions. Further, they participate in opinion exchange meetings with the Representative Directors, and conduct the inspection and monitoring of important documents such as resolution documents.

4 Internal Audit Office

The Company has established an Internal Audit Office for the purpose of thoroughly implementing internal control, optimizing business processes, complying with laws and regulations, and ensuring due execution of procedures, among others, and conducts on-site audits on an ongoing basis.

5 Accounting Auditors

The Company has concluded a contract with Deloitte Touche Tohmatsu LLC as its Accounting Auditors, and is subject to accounting audits from the position of independent professionals. Further, the Company has been subject to continuous audits by the executive members of this audit firm for a period of 22 years. The Company is a holding company that was established in October 2021 through a joint share transfer by Furusato Industries, Ltd. and Maruka Corporation, and this continuous audit period includes the continuous auditing of Furusato Industries, Ltd.

3 4 5 Mutual cooperation between internal audit, audit by Audit & Supervisory Board Members, and accounting audits

Audit & Supervisory Board Members receive the policies,

implementation plans, and results reports for internal audits from the Internal Audit Office, and mutually exchange opinions as needed when formulating plans at the beginning of the fiscal year and when inspecting the periodic internal audit reports and follow-up audit reports, in order to ensure the effectiveness of audits and improve their efficiency. Further, the Audit & Supervisory Board is working to ensure the effectiveness of audits by conducting hearings on the Accounting Auditors' audit plans, quarterly review reports and audit reports, and attending inventory audits conducted by the Accounting Auditors, etc., and periodically exchanging information when they visit for an audit. In addition to witnessing inventory audits conducted by the Accounting Auditors, the Internal Audit Office mutually cooperates with the Accounting Auditors by sharing the audit results and other information through timely and appropriate exchanges of opinions and meetings.

6 Sustainability Committee

The Company established the Sustainability Committee in February 2022 to discuss and make decisions regarding responses to issues related to sustainability. The Sustainability Committee is chaired by the President and Representative Director, and its members include Directors, Executive Officers, and Directors of each operating company that are designated by the chairperson, and important proposals are reported to the Board of Directors and subject to supervision.

7 Internal Control Committee

The Company has established an Internal Control Committee, whose purpose is to develop an internal control system for the entire Group, and the appropriateness of the financial reporting and effectiveness of internal control audits are being confirmed based on the Financial Instruments and Exchange Act.

8 Risk Control Committee

The Company has established a Risk Control Committee, under the President and Representative Director, in accordance with internal regulations. The Committee oversees all risk management activities of the Group, including the collection of risk information, risk control, policies for addressing company-wide material risks during the fiscal year and measures to reduce risks, and necessary instructions and support to business units.

9 Compliance Committee

The Company has established a Compliance Committee to examine and formulate basic policies and measures to ensure thorough compliance, and continuously conducts education on compliance to employees through in-house training and meetings. In addition, in order to prevent and correct illegal acts, and acts that violate social norms or corporate ethics, a "compliance line" has been established with the general manager of the General Affairs Div. as the internal point of contact and a law firm as the external point of contact, and we have specified in the Whistleblowing Regulations that employees will not be treated unfavorably for the reason of making a report to these points of contact. There were four cases of whistleblowing during the fiscal year, but no serious incidents.

Leadership (as of April 30, 2024)

Directors



Chairperson and Representative Director

Kunihiko Iida

Attendance status at Board of Directors meetings 12/12

- April 1980 Joined Maruka Machinery Co., Ltd. (currently Maruka Corporation)
- December 2008 Commissioner of Maruka Machinery Co., Ltd.
- December 2009 Deputy Chief of Administrative Headquarters of Maruka Machinery Co., Ltd.
- December 2012 Executive Officer of Maruka Machinery Co., Ltd.
- February 2013 Director, Executive Officer, and Chief of Administrative Headquarters of Maruka Machinery Co., Ltd.
- April 2018 Chief Financial Officer of Maruka Machinery Co., Ltd.
- February 2019 Director and Managing Executive Officer of Maruka Machinery Co., Ltd.
- March 2020 Director, Vice President and Executive Officer of Maruka Corporation
- February 2021 President of Maruka Corporation (to present) Chief Executive Officer of Maruka Corporation (to present)
- October 2021 Chairperson and Representative Director of the Company (to present)
- March 2024 Director of G-NET CORPORATION (to present)



President and Representative Director

Ryohei Furusato

Attendance status at Board of Directors meetings 12/12

- September 1985 Joined Furusato Industries, Ltd.
- June 1995 Director and General Manager of Purchasing & Marketing Department of Furusato Industries, Ltd.
- April 1997 Managing Director, Chief of Purchasing & Marketing Headquarters, and General Manager of Purchasing & Marketing Department of Furusato Industries, Ltd.
- April 2000 Representative Director and Senior Managing Director of Furusato Industries, Ltd.
- June 2004 President and Representative Director of Furusato Industries, Ltd. (to present) President of G-NET CORPORATION (to present)
- November 2016 Director & Chairperson of Security Design Inc.
- June 2021 President & Representative Director of Security Design Inc. (to present)
- October 2021 President and Representative Director of the Company (to present)
- March 2022 Director of Maruka Corporation (to present)



Director and Senior Managing Executive Officer

Katsuhiro Yamashita

Attendance status at Board of Directors meetings 12/12

- April 1991 Joined the Sanwa Bank, Limited (currently MUFG Bank, Ltd.)
- March 1999 Deputy General Manager of Kyoto Corporate Business Department 1 of Global Large Enterprise Line of the Sanwa Bank, Limited
- June 2004 Assistant General Manager of Hong Kong Kowloon Branch of the Sanwa Bank, Limited
- August 2006 Joined Merrill Lynch & Co. Japan, Inc. (currently BofA Securities Japan Co., Ltd.) Global Markets Division Vice President
- January 2008 Business Corporation Origination Department of Investment Banking Unit of Merrill Lynch & Co. Japan, Inc. Director
- September 2015 Advisor to Furusato Industries, Ltd.
- June 2016 Senior Managing Director of Furusato Industries, Ltd. (to present) Director of G-NET CORPORATION (to present)
- October 2021 Director and Senior Managing Executive Officer of the Company (to present)



Outside Director

Hiroyuki Nakatsukasa

Attendance status at Board of Directors meetings 12/12

Outside Independent

- October 1981 Joined Deloitte Haskins and Sells LLC (currently Deloitte Touche Tohmatsu LLC)
- September 1984 Registered as a Certified Public Accountant
- October 1988 Registered as a tax accountant
- November 1989 Established Nakatsukasa Certified Public Accountant and Tax Accountant Office, Representative of the same Office (to present)
- June 2007 Chairman and President of The Japanese Institute of Certified Public Accountant Kinki Chapter
- July 2007 Deputy President of The Japanese Institute of Certified Public Accountant
- June 2009 Outside Audit and Supervisory Board Member of Osaka Stock Exchange, Inc.
- February 2012 Outside Audit & Supervisory Board Member of Furusato Industries, Ltd.
- January 2013 Outside Director of Japan Exchange Group, Inc.
- June 2015 Outside Audit and Supervisory Board Member of The Nippon Synthetic Chemical Industry Co., Ltd. (currently Mitsubishi Chemical Corporation) Outside Director of Furusato Industries, Ltd.
- June 2021 Outside Audit & Supervisory Board Member of The Bank of Kyoto, Ltd.
- October 2021 Outside Director of the Company (to present)
- October 2023 Outside Director (Audit & Supervisory Board Member) of Kyoto Financial Group, Inc. (to present)



Outside Director

Junko Takechi

Attendance status at Board of Directors meetings 12/12

Outside Independent

- April 1999 Completed legal training Registered with the Osaka Bar Association Joined Midosuji Legal Profession Corporation
- January 2003 Associated with Midosuji Legal Profession Corporation
- January 2006 Partner of Midosuji Legal Profession Corporation (to present)
- April 2012 Councilor of Assumption Academy
- June 2014 Outside Director of Furusato Industries, Ltd.
- October 2021 Outside Director of the Company (to present)
- June 2023 Independent Outside Director of IwaiCosmo Holdings, Inc. (to present)



Outside Director

Hisao Takahashi

Attendance status at Board of Directors meetings -/-

Outside Independent

- April 1983 Joined Toyo Kogyo Co., Ltd. (currently Mazda Motor Corporation)
- January 1989 Joined Honda R&D Co., Ltd.
- April 2010 President of Honda R&D Asia Pacific Co., Ltd.
- April 2014 Managing Officer of Honda R&D Co., Ltd.
- April 2015 Representative of Production of Regional Operation (China) of Honda Motor Co., Ltd., Executive Vice President of Honda Motor (China) Investment Co., Ltd., and Executive Vice President of Honda Motor (China) Technology Co., Ltd.
- April 2018 Director and Managing Officer of Honda R&D Co., Ltd.
- April 2019 Director and Senior Managing Officer of Honda R&D Co., Ltd.
- April 2020 Director of Honda R&D Co., Ltd. and Managing Officer of Honda Motor Co., Ltd.
- April 2022 Director of Honda R&D Co., Ltd. and Senior Managing Officer of Honda Motor Co., Ltd.
- April 2023 Senior Partner of CO-SAKU GK (to present)
- August 2023 Specially Appointed Professor at Nagaoka University of Technology (to present)
- March 2024 Outside Director of the Company (to present)

(*) Attendance at the Board of Directors meetings shows results in FY2023.

Audit & Supervisory Board Members



April 1979 Joined the Sanwa Bank, Limited (currently MUFG Bank, Ltd.)

May 2008 Joined Furusato Industries, Ltd., served as General Manager of the Administration Department

June 2008 Director and General Manager of Administrative Headquarters of Furusato Industries, Ltd.

June 2010 Managing Director, General Manager of Administrative Headquarters and General Manager of General Affairs Department of Furusato Industries, Ltd.

June 2011 Director and General Manager of Administrative Headquarters, G-NET CORPORATION

June 2013 Managing Director and General Manager of Administrative Headquarters of G-NET CORPORATION

November 2016 Audit & Supervisory Board Member of Security Design Inc.

June 2017 Audit & Supervisory Board Member of Gifu Shoji Co., Ltd.

June 2017 Standing Audit & Supervisory Board Member of Furusato Industries, Ltd.

October 2021 Standing Audit & Supervisory Board Member of the Company (to present)

Standing Audit & Supervisory Board Member

Satoshi Onishi

Attendance status at Board of Directors meetings 12/12
Attendance status at meetings of Audit & Supervisory Board 13/13



October 1991 Joined Ota Showa Audit Corporation (currently EY Ernst & Young ShinNihon LLC)

August 1995 Registered as a Certified Public Accountant

July 2019 General Manager of Hikita Certified Public Accountant Office (to present)

February 2021 Audit & Supervisory Board Member of Maruka

April 2021 Professor at the Institute of Business and Accounting, Professional Graduate School, Kansai Gakuin University (to present)

October 2021 Audit & Supervisory Board Member of the Company (to present)

July 2022 Council Member of The Japanese Institute of Certified Public Accountant (to present)

June 2023 Outside Audit & Supervisory Board Member of PALTAC CORPORATION (to present)

Outside Audit & Supervisory Board Member

Kyoko Hikita

Attendance status at Board of Directors meetings 11/12
Attendance status at meetings of Audit & Supervisory Board 12/13

Outside Independent



April 1979 Joined Toyota Motor Corporation

January 2003 General Manager of the Planning Office, Accounting Department of Toyota Motor Corporation

July 2004 Senior Vice President of Toyota Motor Corporation of Thailand

January 2008 General Manager of the Global Audit Office of Toyota Motor Corporation

January 2009 Executive Officer of Futaba Industrial Co., Ltd.

June 2009 Managing Director of Futaba Industrial Co., Ltd.

June 2012 Senior Managing Director of Futaba Industrial Co., Ltd.

June 2014 Representative Director and Senior Managing Executive Officer of Futaba Industrial Co., Ltd.

June 2015 Vice President of Primearth EV Energy Co., Ltd.

October 2021 Audit & Supervisory Board Member of the Company (to present)

Outside Audit & Supervisory Board Member

Yasuo Sasaki

Attendance status at Board of Directors meetings 12/12
Attendance status at meetings of Audit & Supervisory Board 13/13

Outside Independent

(*) Attendance at the Board of Directors meetings and the Audit & Supervisory Board meetings shows results in FY2023.

Executive Officer

Senior Managing Executive Officer

General Manager of Corporate Strategy Unit
Katsuhiro Yamashita

Executive Officer

General Manager of Administrative Headquarters
Taketsugu Fujii

General Manager of Group Governance Unit and General Manager of Risk Control Division
Naoto Shimabayashi

Director of Construction Products Business
Hideyasu Taniguchi

Deputy Chief of Machinery & Tools Business Headquarters
Hidenori Otani

Director of Construction Machinery Business
Keita Okamura

General Manager of Corporate Planning Department and General Manager of PR Department, Corporate Strategy Unit
Yasuhiro Fujimoto

General Manager of Business Development Department, Corporate Strategy Unit
Seiichi Masui

General Manager of Machinery & Tools Business Headquarters
Takahisa Watanabe

Director of Overseas Business, Machinery & Tools Business Headquarters
Koichiro Ikari

Outside Officers' Comments



Outside Director (Independent Officer)

Junko Takechi

Partner of Midosuji Legal Profession Corporation. Possesses knowledge and experience nurtured through her career as an attorney-at-law, and also has a great awareness about compliance.

Q.1

Based on your experience and expertise, how do you see your role as an outside officer?

Based on my experience as an attorney involved in establishing corporate compliance systems and responding to misconduct, I would like to play a role in supervising and monitoring management, particularly by actively expressing my opinions on risk management systems and their proper operation. I also hope to contribute to the enhancement of corporate value through the promotion of wellbeing management, based on my experience as the chairperson of the "Working Group on Research of Happiness and Values in the New Era" at a business organization in Kansai in FY2021, and as the co-chairperson of a subcommittee on "Sustainable Engagement between Companies and Employees" at the Kansai Zaikai Seminar.

Q.2

The first stage of the Medium-Term Management Plan has been completed. How do you evaluate the UNISOL Group's efforts so far?

In the 1st stage, where we focused on early realization of integration synergies, platform enhancement, and focus on strategic fields under the slogan of collaboration and fusion through business integration, we are pleased that we were able to achieve our numerical goals such as operating profit, and that we were able to implement M&A to strengthen key strategic areas. Although synergies from the integration, including cost reductions, have been achieved, challenges remain in terms of further accelerating collaboration among group companies, including human interactions. In addition, I believe that the development of human resources capable of promoting the realization of the Medium-Term Management Plan from a bird's eye view of each operating company and the group as a whole is also an issue.

Q.3

What are your expectations for the UNISOL Group in the future?

We are a corporate group with a good culture of "family-like trust and solidarity among employees," "incorporating a 'playful' spirit into our work," and "thinking about and providing services that customers truly demand." The organization could become more vibrant when management optimizes the placement of employees who share the same vision for the future. I would like to see the company develop sustainably by realizing the following: "Employees feel the positive impact of promoting diversity and inclusion, and work with a sense of purpose" and "The company and its business are positively regarded by society, and employees take pride in the company."

Toward Sustainable Development

Q.1

Based on your experience and expertise, how do you see your role as an outside officer?

Since I have been working in the manufacturing industry for many years, I make conscious effort to provide proposals from a “manufacturing” perspective. In the production activities of the manufacturing industry, there is material purchasing, a manufacturing site, and inventory, which lead to sale. Then, after the sale, there are ancillary tasks such as collection of accounts receivable and payment of accounts payable to suppliers. We are always on the lookout for problems in this series of events. In addition, with regard to agenda items to be brought up at Board of Directors meetings and other meetings, especially “those that cost a lot of money” and “those for which we feel the procedures and considerations are inadequate,” we will objectively judge them through the eyes of outside officers and give our opinions exactly as we see fit.



Outside Audit & Supervisory Board Member
(Independent Officer)

Yasuo Sasaki

Possesses great insight through his ample experience at Toyota Motor Corporation, Futaba Industrial Co., Ltd., and Primearth EV Energy Co., Ltd.

We asked the two outside officers, who play an important role in achieving fair and transparent governance, about their evaluation of the UNISOL Group’s efforts, their expectations for the future, and their perception of issues.

Q.3

What are your expectations for the UNISOL Group in the future?

We are in the process of building a new culture that combines the best aspects of both companies, but I think we need to clarify our corporate portfolio and send a clear message that we will grow the segments that need growing. We believe that management’s determination of which operating segments to grow and by how much and when, and proactive allocation of management resources such as human resources, will lead to higher motivation for the company as a whole. We need to take on new challenges in order for the company to change. I would like to see the company steadily grow its core business while creating a corporate culture that is not afraid to take on new challenges.

Q.2

About three years have passed since the management integration. How do you evaluate the governance structure of the UNISOL Group?

I am fully aware of the intention and desire to put in place a group governance structure for such important issues as internal control, nomination and compensation, risk management, and sustainability. What is strongly required of listed companies is a high level of compliance awareness as the foundation of governance, and no amount of focus is too much. Instilling an awareness of compliance among employees will result in control of group governance. It is essential to educate each employee, not only managers, on a regular basis, but I believe that this is still insufficient.

Information on Directors and Officers

Remuneration of officers

In order to ensure transparency and objectivity when determining remuneration of officers, the Compensation Committee, which is established under the Board of Directors and chaired by an Outside Director and is composed of a majority of Outside Directors, considers remuneration and reports to the Board of Directors, which makes a decision after deliberation.

Basic policy	<ol style="list-style-type: none"> ① It is appropriate to the scope of the role and responsibilities of each position ② It is linked to company performance ③ Increases awareness of the contribution to medium- to long-term corporate value ④ Focuses on sharing profit awareness with shareholders ⑤ Ensures transparency and objectivity in the process of determining remuneration ⑥ It is at level that can secure excellent management personnel
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Remuneration system framework

Basic remuneration	Consists of the basic remuneration according to the Director's position, etc. and a responsibility allowance that is paid to Directors with representation rights, and is paid monthly in cash.
Non-monetary remuneration, etc.	In order to motivate eligible Directors to achieve sustainable our group's growth and medium- to long-term improvement in corporate value of the Group, and to increase their awareness of contributing to increasing corporate value by sharing with shareholders the alignment of interests due to share price fluctuations, points are granted according to the degree of achievement of the operating profit and ROE to the forecasts on a consolidated basis at the beginning of each fiscal year. And a quantity of the Company shares, etc. that is equivalent to the number of points granted will be issued at the time of the Director's retirement.
Performance-linked remuneration, etc.	The standard amount is 20% of the basic remuneration for each position (25% for the President and Representative Director), and the amount obtained by multiplying the standard amount by 0% to 30% depending on the performance results in the fiscal year will be paid, in principle, on the first business day of April in the following fiscal year. The degree of achievement of the consolidated operating profit plan (internal target value) is adopted as the performance coefficient.

Total amount of remuneration, etc. for FY2023

Category	Total remuneration, etc. (Millions of yen)	Total remuneration, etc. by type (Millions of yen)			Number of eligible officers (officers)
		Basic remuneration	Performance-linked remuneration, etc.	Non-monetary remuneration, etc.	
Directors	232	180	43	8	8
(of these, Outside Directors)	(18)	(18)	(-)	(-)	(3)
Audit & Supervisory Board Members	24	24	-	-	3
(of these, Outside Audit & Supervisory Board Members)	(10)	(10)	(-)	(-)	(2)
Total	256	205	43	8	11
(of these, outside officers)	(28)	(28)	(-)	(-)	(5)

Skill Matrix

Name	Position	Attributes	Management and Business Strategy	Solution Development (Technology)	Global	Sustainability and SDGs	Legal & Governance	Finance & Accounting	Human Resources & Organization
Kunihiko Iida	Chairperson and Representative Director	Male	●		●	●	●	●	●
Ryohei Furusato	President and Representative Director	Male	●	●	●	●	●		●
Katsuhiro Yamashita	Director and Senior Managing Executive Officer	Male	●		●	●		●	●
Hiroyuki Nakatsukasa	Director	Male Outside Independent	●				●	●	●
Junko Takechi	Director	Female Outside Independent				●	●		
Hisao Takahashi	Director	Male Outside Independent	●	●	●				●
Satoshi Onishi	Standing Audit & Supervisory Board Member	Male						●	●
Kyoko Hikita	Audit & Supervisory Board Members	Female Outside Independent				●		●	
Yasuo Sasaki	Audit & Supervisory Board Members	Male Outside Independent	●					●	●

Effectiveness assessment of officers

Through verifying whether the Board of Directors is functioning by fulfilling its role and responsibilities, and improving the function depending on the result, the Company conducts an assessment of the effectiveness of the Board of Directors as a whole on the basis of each business year in order to build an enhanced corporate governance system and increase medium- to long-term corporate value. The assessment method for the fiscal year ended December 31, 2023 and an overview of the results are as follows.

Assessment method

Implementation period	November to December 2023
Respondents	Total of 10 executives who were officers of the Company during the assessment period, comprising 7 Directors (including 3 Outside Directors) and 3 Audit & Supervisory Board Members
Guidelines for implementation	Assessments are performed by a third-party organization The assessment method consists of a questionnaire survey of all directors and Audit & Supervisory Board Members (each person is asked to rate each item on a 5-point scale, and each person provides comments) and an individual interview lasting approximately one hour per participant, which is analyzed and assessed by a third-party organization based on its expertise, and a report is prepared and submitted to our Board of Directors Secretariat
Questionnaire items	<ul style="list-style-type: none"> ❶ The Nature and Composition of the Board of Directors ❷ Operation of the Board of Directors ❸ Deliberations of the Board of Directors ❹ Monitoring Function of the Board of Directors ❺ Dialogue with Shareholders ❻ Responsibilities and Support System of Directors and Audit & Supervisory Board Members ❼ Operation of the Nomination Committee and Compensation Committee

Assessment results

An overview of the results of the third-party assessment of the effectiveness of the Board of Directors is as follows.

Assessment ❶	The Board of Directors is made up of a diverse group of members, and the outside directors have diverse areas of expertise and experience, resulting in a lively exchange of opinions. In addition, monitoring of management is functioning and an environment is in place that allows for a variety of discussions to take place.
Assessment ❷	As for strengthening the supervisory function of the entire Group, which was raised as an issue in the results of the effectiveness assessment in the previous fiscal year, the direction of the supervision and its relationship with the execution were discussed several times, and it has been confirmed that the direction has been determined and will be put into practice.
Assessment ❸	Meanwhile, there was an indication for the need for further discussion on topics such as business strategy, capital strategy, and succession planning, and it is desirable to incorporate these topics into the annual agenda, in addition to reviewing the criteria for discussion at Board of Directors meetings and enhancing items for discussion and consultation.

Future Initiatives

Based on the results of the above assessment and the discussion at the Board of Directors meeting following the assessment results, we confirmed that the effectiveness of the Company's Board of Directors is generally ensured. Meanwhile, from the viewpoint of "further improvement of effectiveness," the Board of Directors is aware that some meaningful opinions and suggestions were expressed in the results, and will work on the following contents in the future based on them.

Enhancement of monitoring functions	<ul style="list-style-type: none"> • Further strengthen the supervisory function to be fulfilled by the Board of Directors of the Group's headquarters • Enhance the monitoring function of business portfolio, sustainability activities, and risk management
Further invigoration of the Nomination Committee	<ul style="list-style-type: none"> • Re-consultation on policies, criteria, and procedures for selecting candidates for Directors and Audit & Supervisory Board Members, based on the separation of execution and supervision • Examine the succession planning for members of the Board of Directors, including the Chief Executive Officer
Enhancement of discussions on improving corporate value	<ul style="list-style-type: none"> • Allow time for discussion of "strategic topics" not included in the agenda • Select discussion topics that will contribute to improving corporate value and clarify the discussion schedule

Risk management

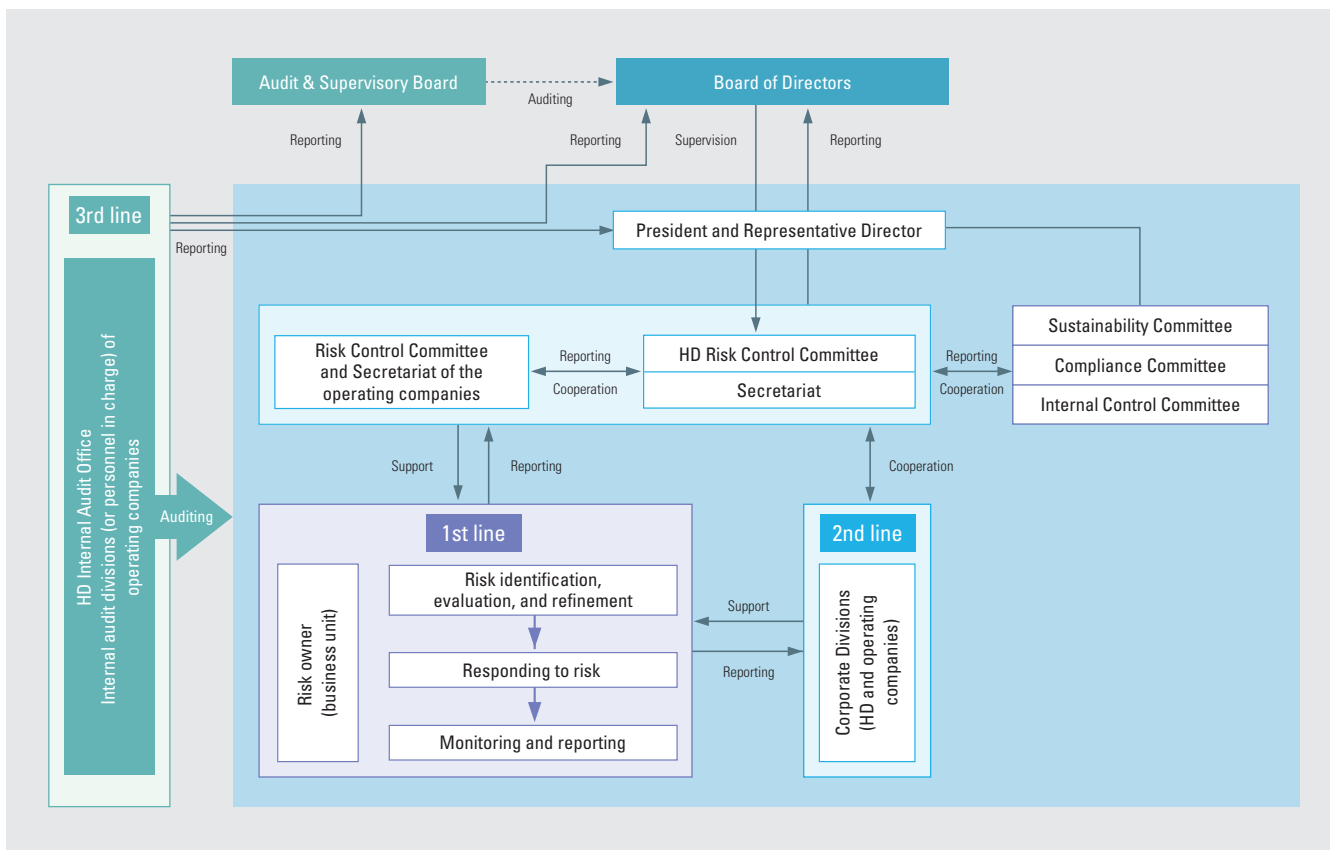
Basic Approach to Risk Management

The UNISOL Group enlists a basic policy whereby it identifies and manages various risks surrounding its business, which involves establishing a system prescribed by the Ministry of Justice and other relevant laws and regulations necessary to ensure the effectiveness and efficiency of its operations and the appropriateness of its financial reporting, underpinned by an emphasis on compliance.

Risk Management System

The Company has established a Risk Control Committee, chaired by the President and Representative Director, in accordance with internal regulations. The Committee oversees all risk management activities, including the collection of risk information, risk control, policies for addressing company-wide material risks during the fiscal year and measures to reduce risks, and necessary instructions and support to business units. The Board of Directors also oversees the effectiveness of risk management through reports on company-wide material risks.

Company-wide Risk Management System Chart



Role of each organization

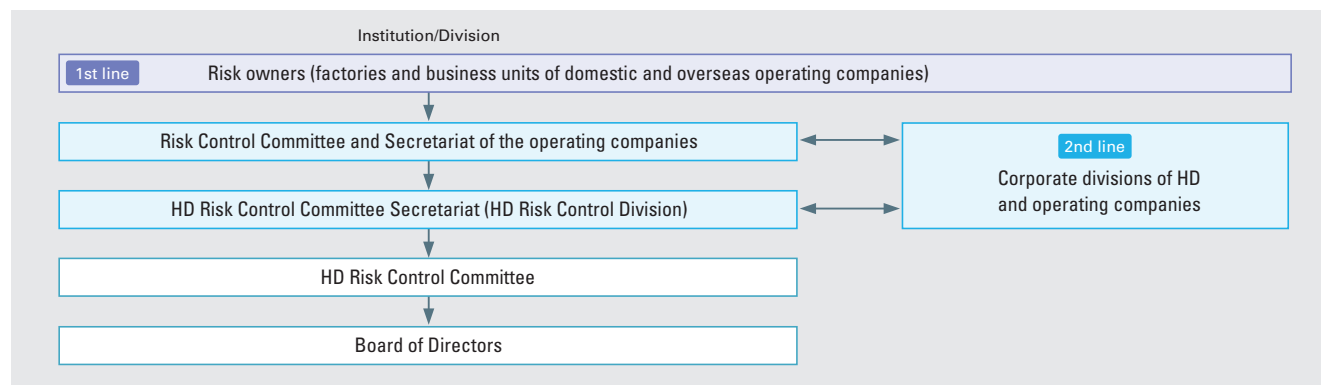
The UNISOL Group's risk management system enhances effectiveness of risk management through implementation of Company-wide risk management centered on the Risk Control Committee by clarifying roles within the organization and making the three-line model functional. In addition, the system strengthens the operation of risk management processes and ensures that these functions are appropriately coordinated with monitoring by the Board of Directors.

Institution/Division	Role Details
Board of Directors	<ul style="list-style-type: none"> High priority risks raised by the HD Risk Control Committee are recognized as company-wide material risks from the executives' perspective, and the necessary control activities are directed.
HD Risk Control Committee	<ul style="list-style-type: none"> The business-specific company-wide material risks aggregated by the secretariat are comprehensively assessed from the perspective of company-wide management for risks that have a large impact as a Group, and risks with a high priority are deliberated based on the likelihood of occurrence. The Committee deliberates and submits important company-wide risks to the Board of Directors.
HD Risk Control Committee Secretariat (Risk Administration Division)	<ul style="list-style-type: none"> Risk information from the first line is consolidated with risk information under the jurisdiction of the second line, and discussions are held to clarify the departments with primary responsibility for risk, and efforts are made to strengthen risk control.
Risk Control Committee and Secretariat of the operating companies	<ul style="list-style-type: none"> The meeting is held to receive reports on the status of responses to risks specific to each company and to share information on material risks for the Group as a whole. Discussions are held around new material risks to deepen the discussion.
1st line: Risk Owners Factories and business units of domestic and overseas operating companies	<ul style="list-style-type: none"> We conduct control activities by examining and identifying strategic and business execution risks and risks that could turn into major crises in our business units, and by conducting primary assessments of the identified risks using the degree of influence and likelihood of occurrence as indicators.
2nd line: Corporate divisions of HD and operating companies	<ul style="list-style-type: none"> We monitor a series of risk management conducted by the first line and consolidate risk information from the first line and that under the jurisdiction of the second line, report to and consult with the HD Risk Control Committee Secretariat, and promote and strengthen company-wide risk management through mutual collaboration.
3rd line: HD Internal Audit Office Internal audit divisions (or personnel in charge) of operating companies	<ul style="list-style-type: none"> Internal audit division and personnel in charge verify the status of company-wide risk management, including the risk control status by the first line and whether the support by the second line is functioning effectively, and report to the President, the Board of Directors and the Audit & Supervisory Board.

Process for determining company-wide material risks

Based on the Company's risk catalog (checklist), the first and second lines discuss, review, and consolidate risks, which are then checked by the Risk Control Committee of the operating companies and scrutinized by the Risk Administration Division, which is the secretariat of HD Risk Control Committee.

From the viewpoint of company-wide management, the Risk Control Committee of HD comprehensively assesses risks that have a significant impact on the Group, such as economic loss, business continuity, and reputation damage, from both quantitative and qualitative perspectives, and in light of the likelihood of occurrence, the Committee deliberates and determines them as company-wide material risks and reports them to the Board of Directors.



Disclosure of Information Based on Business and Other Risks and TCFD Recommendations

Risk management

Major Risks Associated with Business Activities (Company-wide Material Risks)

Among matters related to the business and accounting conditions of the UNISOL Group, as for the major risks recognized by managements that may have a material impact on business performance, please see the table below. Please refer to “Business and Other Risks” (P.20-24) in the Annual Securities Report (FY2023) for details of each risk and countermeasures.

Business and Other Risks

Risk event	Description of possible risk events and countermeasures	Degree of influence	Likelihood of occurrence
1 Market Trends	 Trends in private capital investment have an important impact on business. Intensifying competition with competitors (price wars and demand shift to lower-priced products) affects business results, etc.	Large	High
	 Diversify business fluctuation risks by promoting portfolio management. Gain customer satisfaction through quality improvement, cost reduction, and provision of high value-added products.		
2 Sustainability	 If sustainability efforts are deemed insufficient by stakeholders, corporate value will be damaged, competitiveness will decline, etc.	Large	High
	 Establish the Basic Policy on Sustainability. Sustainability promotion is led by the Sustainability Committee, which discusses and decides issues and discloses information.		
3 Legal Regulations, etc.	 Loss of social credibility in the event of various compliance violations (harassment, employment-related, human rights, etc.) and violations of various environment-related laws.	Large	High
	 Establishment of compliance manual and whistleblowing rules. Install the Compliance Line. Environmental laws are also addressed promptly.		
4 Strategic Investment	 Strategic investment does not go as planned. Dissolution of alliances, etc. due to a conflict of interest. Synergies in business, human resources, etc. are not achieved.	Large	High
	 Verify investment plans in terms of profitability and growth risk. Improve the speed and accuracy of investment decisions by enhancing consistency with management strategies and investment effectiveness.		
5 Business Strategy Management Plan	 Medium-Term Management Plan “UNISOL” was formulated in March 2022. Various factors, including changes in the business environment, misprediction, and this “Business and Other Risks,” affect our business performance.	Large	High
	 Prepare management strategies and management plans for each operating segment. Set KPIs and strengthen promotion and progress management. If revisions are necessary, invest management resources and strengthen the organizational structure.		
6 Management of Subsidiaries and Associates	 Group control organization and various systems were not properly designed, resulting in unclear authority, poor business performance, and internal control problems.	Large	High
	 To control Group companies, we established the Basic Policy of Corporate Governance, Group Management Regulations, etc. Audits conducted by the Internal Audit Office.		
7 Information Security	 System shutdown due to malicious third-party attacks, unintentional attacks on other companies, and products being removed from the market due to security problems being detected.	Large	High
	 Establish information security policy and other related rules and regulations, and define a code of conduct regarding information assets. Conduct seminars and training on information security for executives and employees.		
8 Information Leakage	 In the event of an accident or incident in which extremely important business information is leaked due to unforeseen circumstances, there will be a loss of trust, claims for damages, etc.	Large	High
	 Establish Compliance Manual, Information Management Regulations, Document Management Regulations, etc. Establish compliance requirements for business partners and conduct security training.		
9 Disaster	 Large-scale natural disasters or accidents (fire, explosion, etc.) resulting in personal injury, property damage, loss of business opportunities, etc., including to executives, employees, and their families.	Large	Medium
	 Regularly conduct facility inspections, disaster drills, safety confirmation tests, etc. to minimize damage in the event of a disaster. In the event of a serious crisis event, a crisis task force is established under the direction of the president.		
10 Securing Human Resources	 Competition for human resources acquisition will intensify, increasing the risk of not being able to secure talented human resources at the appropriate time as planned, or having them leave the Group.	Large	Medium
	 Focus not only on hiring new graduates, but also on securing human resources with specialized skills and foreign nationals. Promote the creation of a system that can accommodate a diverse workforce.		
11 Industrial Accidents Serious traffic accident	 Accidents at major facilities in manufacturing operations and serious traffic accidents in sales operations lead to loss of public trust, loss of human assets, financial compensation, lawsuits, etc.	Medium	High
	 In manufacturing operations, risk assessments are conducted in advance and countermeasures are taken. In sales operations, the company is working to prevent traffic accidents by holding safe driving seminars and providing thorough individual guidance.		

Response to Climate Change (TCFD Initiatives)

One of the policies in the Basic Policy on Sustainability is to “Achieve Harmony and Coexistence with the Global Environment” and we are working on the related materiality of “reducing the environmental impact in our business activities.”



As part of its efforts, the Group expressed its support for the TCFD

recommendations in November 2022. Based on the recognition that addressing environmental issues is an indispensable factor for the survival and growth of a company, we are committed to addressing climate change and disclosing information about it.

The disclosure of information based on the TCFD recommendations in the last fiscal year’s Integrated Report covered MARUKA FURUSATO Corporation and its four domestic consolidated subsidiaries (Maruka Corporation, G-NET Corporation, Gifu Shoji Co. Ltd. and Furusato Industries, Ltd.), but this Integrated Report expands the scope to include other Group companies. Please refer to each item for details on targeted scope.

We have newly expanded our disclosures to include a process for identifying material risks and opportunities and climate-related risk/opportunity management indicators and targets (CO₂ reduction targets set using total emissions as an indicator).

Governance

The governance of climate change in the UNISOL Group is integrated into the overall governance of sustainability. For details, please refer to “Sustainability Promotion System” (→ P.24). Under this governance structure, the Group will formulate targets and plans, select key issues to address, and confirm progress on plans as necessary, as well as disclosing risks and opportunities and impacts on its financial position to stakeholders.

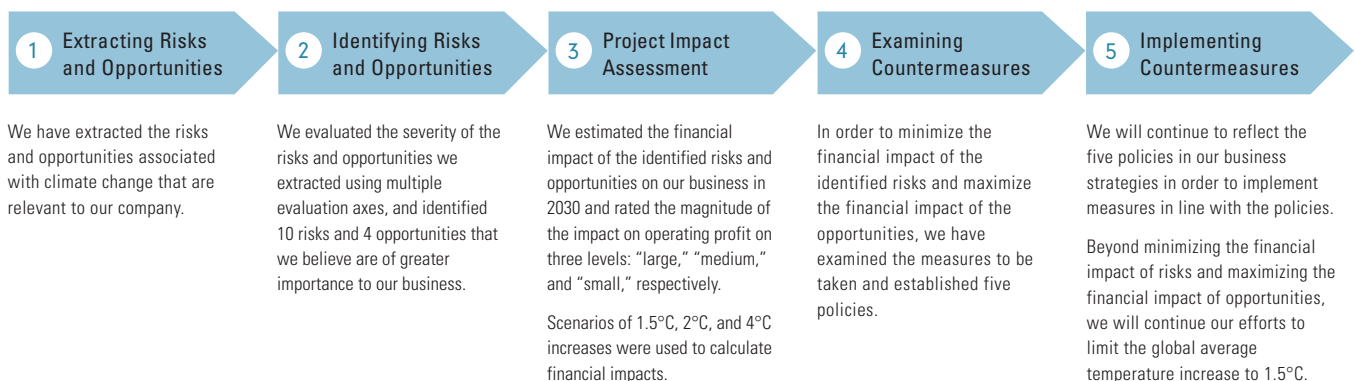
Strategy

Scenario Analysis

The UNISOL Group has conducted scenario analysis for 2030 and 2050 that assume rises in global temperatures of 1.5°C, 2°C, and 4°C in the year 2100. The scenario analysis covers the headquarters of MARUKA FURUSATO Corporation and its domestic consolidated subsidiaries (as of December 31, 2023). We have evaluated the materiality and analyzed the financial impact with reference to the scenarios disclosed by the government agencies and research institutes shown below.

IEA	World Energy Outlook 2022 (2022)	NZE2050 APS STEPS
IPCC	AR6	SSP1-1.9 (1.5°C scenario) SSP1-2.6 (2°C scenario) SSP5-8.5 (4°C scenario)

Process for identifying material risks and opportunities, and examining and implementing countermeasures



Disclosure Based on TCFD Recommendations

Risks and Opportunities

The Company has disclosed ten risks and four opportunities that are expected to have a particularly large impact and have a high probability of actually occurring.

Type	Cause of risk/opportunity occurring	Specific details	Financial effect in 2030		
			1.5°C/2°C	4°C	
Transition risks	Policies and Regulations	Pricing of greenhouse gas emission progresses	Purchasing costs and energy costs such as electricity will increase due to the progress of pricing of greenhouse gas emissions, such as a carbon tax	Large	–
		Expansion of information disclosure obligations	Increased costs due to the establishment of an internal management system and data infrastructure in response to the expansion of the scope of information to be disclosed	Small	–
	Technology	Replacement of existing products/services with low carbon options	Sales decrease due to the inferiority of the company's products in terms of environmental performance and related owned technologies compared to other companies, resulting in a decline in competitiveness	Medium	–
			Decrease in sales of products and services that are inferior in terms of environmental performance	Large	–
	Market	Changes in consumer behavior	Decrease in sales due to decreased demand for metal processing parts and machine tools related to internal combustion engines as a result of the ongoing switchover to EVs	Small	–
			If a company is seen as inadequate in terms of environmental responsiveness, it will be singled out by its customers and overall business sales will decrease	Large	–
Reputation	Criticism of the sector Increased concerns of stakeholders	Decrease in corporate value due to delays in responding to climate change and asymmetry of information with investors regarding environmental responses	Large	–	
Physical risks	Acute	Increase in severity and frequency of abnormal weather events such as typhoons and floods	Increase in damage to the Company and suppliers due to typhoons, floods, etc., resulting in increased recovery costs and decreased sales due to lost opportunities	Small	Medium
		Chronic	Increase in average temperatures	Increase in energy costs due to the increase in the amount of electricity required to operate air conditioning	Small
	Increase in capital investment costs as a countermeasure to the increase in the health risk of heatstroke, etc., mainly for employees engaged in manufacturing in the summer and decrease in productivity			Small	Small
Opportunities	Products and services	Stronger demand for low-carbon products/services Changes in consumer preferences	Increase in demand for environmentally friendly products/services and increase in sales that accompanies the increased need for low-carbon and low-cost when using energy	Medium	–
			With the progress of the switchover to EVs, the related market will grow and sales will increase	Small	–
	Responses and countermeasures to changes in rainfall patterns, extreme changes in weather patterns, and increased severity and frequency of abnormal weather events	Increased sales of products related to disaster prevention, mitigation, recovery, and reconstruction that contribute to improved resilience against the increase and intensification of natural disasters	Increased sales of labor-saving products that contribute to stable operations under severe conditions such as rising average temperatures	Medium	Medium
			Increased sales of labor-saving products that contribute to stable operations under severe conditions such as rising average temperatures	Medium	Medium

Countermeasures

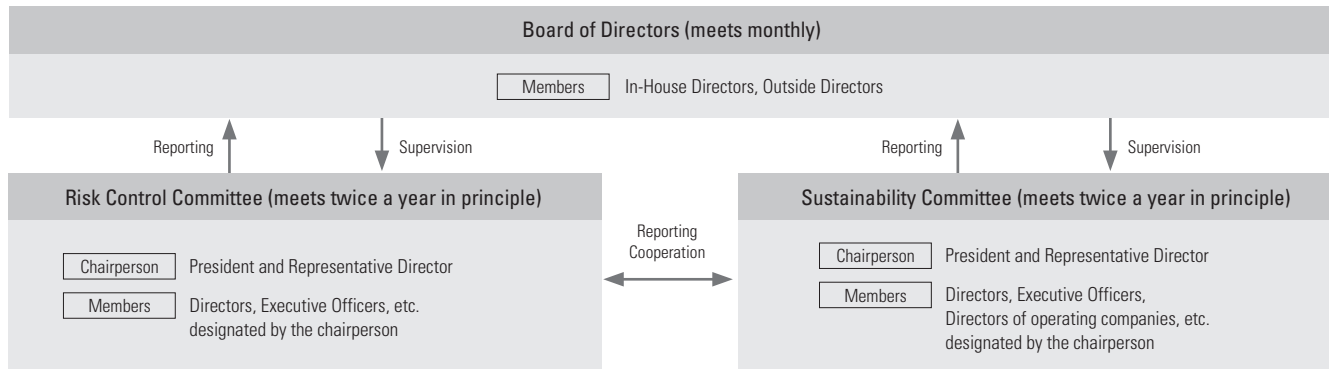
The Company will continue to implement and evaluate the effects of medium- to long-term countermeasures against the identified risks and opportunities to enhance the resilience of our business activities.

	Countermeasures	Specific details
1	Decarbonize products and packaging materials through collaboration in the supply chain	<ul style="list-style-type: none"> Development, exploration, and provision of products and services with superior environmental performance that meet customer demand for energy conservation, etc. Development, exploration, and provision of products that support the popularization of EV vehicles
2	Promote customers' automation, labor saving, and improved resilience in light of climate change	<ul style="list-style-type: none"> Strengthen the proposal on automation and labor saving Explore possible disaster prevention/mitigation products Develop systems to swiftly provide disaster recovery/reconstruction products
3	Promote decarbonization of business activities	<ul style="list-style-type: none"> Reduce energy consumption at major offices and factories (introduction of energy-saving equipment, paperless office, switching to eco-cars for company cars, etc.) Promote the use of renewable energy
4	Improve resilience of business activities	<ul style="list-style-type: none"> Reduce physical and employee health risks due to climate change, including strengthening business continuity plans (BCP)
5	Strengthen appropriate information disclosure and communication with stakeholders	<ul style="list-style-type: none"> Appropriately disclose TCFD disclosures, annual environmental data, and the implementation status of the above countermeasures, etc.

Risk management

The Sustainability Committee is central to the formulation of policies and drafting of countermeasures for avoidance, mitigation, and control of identified climate change-related risks and the prompt commencement of opportunities, reporting to and being supervised by the Board of Directors, and conducting risk management throughout the Company. It also monitors the implementation status of countermeasures and their effects.

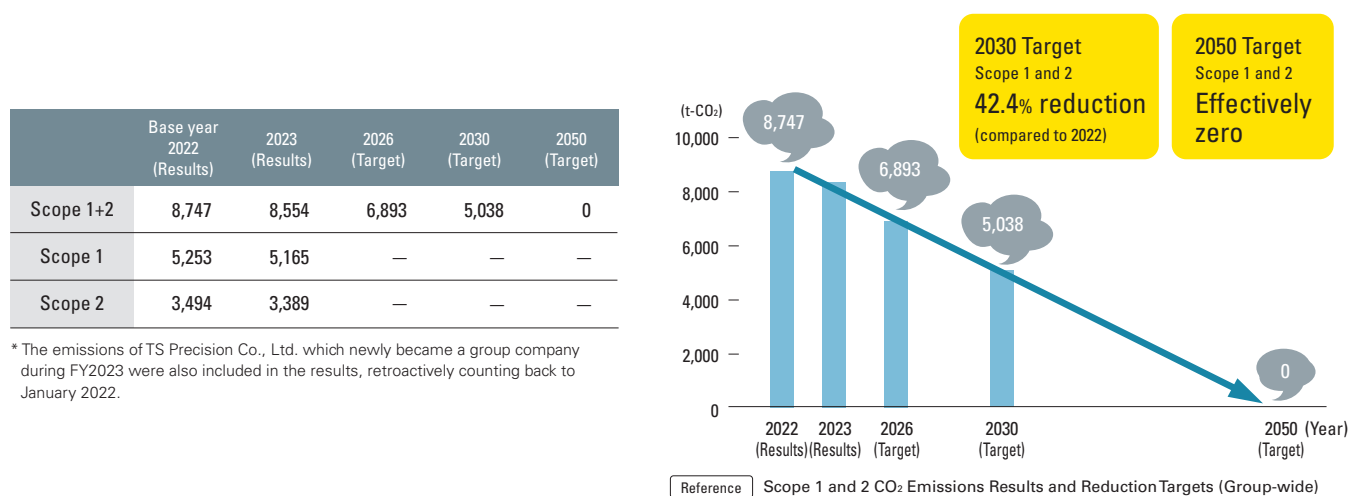
Regarding overall risks that the Group faces, a Risk Control Committee (convenes twice a year in principle) has been established to identify and assess the risks, and identify and review material risks, while taking into consideration the impact on management and financial status. The material risks related to climate change are also reported to the Risk Control Committee at least once a year, and coordination with the company-wide risks is planned.



Indicators and targets

From 2022, the UNISOL Group has started work to ascertain the CO₂ emissions in our business activities (“Scope 1 and 2”) and the CO₂ emissions that are in our supply chain, including the procurement of raw materials and the use of products which are sold (“Scope 3”). The scenario analysis covered the head office of MARUKA FURUSATO Corporation and its domestic consolidated subsidiaries (as of December 31, 2023), but the CO₂ emissions were determined for the entire Group, including overseas consolidated subsidiaries (as of December 31, 2023).

Scope 1 and 2 are used as indicators of the Group’s efforts regarding climate change. The table below shows actual results and targets. The target is set based on the reduction level required by the Science Based Targets initiative (SBTi) with 2022 as the base year and 2030 as the target year (42.4% reduction from the 2022 level in 2030).



* The emissions of TS Precision Co., Ltd. which newly became a group company during FY2023 were also included in the results, retroactively counting back to January 2022.

We will also proceed to disclose our Scope 3 emissions results and 2030 CO₂ emission reduction targets in the future. Specifically, we will develop, search for, and provide products with superior environmental performance, thereby contributing to the reduction of environmental burdens.

Initiatives on Stakeholders

Sustainable Procurement Policy

Under the group philosophy “UNISOL,” it is the UNISOL Group’s principle to invite our customers to the wide world which lies beyond the challenges by accompanying customers beyond the changes with unique people and ideas, towards a “society filled with ‘I want to make it happen.’”

The Company considers it an important responsibility to consider all aspects of the environment, society, and economy, respond to requests, work to solve problems, and create new value in order to be a company that grows together with our customers and various stakeholders in society.

In terms of procurement activities as well, the Company has formulated the following procurement policy and will fulfill our social responsibility through dialogue and collaboration with the partner companies that make up the supply chain, in order to achieve sustainable procurement throughout the supply chain.

Sustainable Procurement Policy

1	Legal compliance	We comply with the laws and social norms that apply in the countries and regions where business activities are conducted.
2	Fair, equitable and honest transactions	When conducting transactions, we seek suppliers from around the world and provide fair and equitable trading opportunities based on transactions through free competition.
3	Respect for human rights	Based on the spirit of respect for human rights, we will eliminate forced labor, child labor, harassment, and all forms of discrimination from the entire supply chain.
4	Securing safety and health	We strive to improve the working environment and maintain and improve safety and health in the countries and regions where we operate.
5	Consideration of the environment	We will work to reduce our environmental impact, use resources efficiently, and prevent pollution in the promotion of our business activities.
6	Securing quality	We will ensure the safety and quality that are required of our products and services, strive for further improvement, and ensure they are continually provided.
7	Building a disaster risk management system	We will strive to develop a risk management system in preparation for emergencies such as large-scale disasters, so that we can continue our business activities.
8	Securing information security	We will thoroughly manage and protect personal information, confidential information, customer information, etc., and prevent unauthorized or improper use, disclosure, and leakage.
9	Promotion of green procurement	We will strive to procure goods and services that have a low environmental impact and take into consideration the various environmental impacts in the life cycle of products and services.

Established February 7, 2023

Major Initiatives for FY2023

In FY2023, we conducted a self-assessment questionnaire based on our sustainable procurement policy to 159 major suppliers of the Group, and received responses from 93 companies.

In addition to strengthening internal efforts to maintain and improve a system that will enable the UNISOL Group to continue to respond to social demands, we also intend to engage in various forms of dialogue with companies that make up our supply chain through appropriate information disclosure and other means.



Information Security Initiatives

The UNISOL Group has created various regulations for information security management, and has taken measures against the risks of system failures and information leaks due to cyber-attacks. The Company is working to improve employees' knowledge of information security by conducting e-learning on security and regular cyberattack email drills.

Led by the IT Planning Div. of the Corporate Strategy Unit, the Company aims to build security infrastructure that can respond to changes in the business and organizations by implementing centralized management of networks, IT assets, and IDs. The Company plans to increase our security investment and further strengthen our information security management for the early detection and early recovery of security incidents.

Major Initiatives for FY2023

- Introduce NGAV (Next-generation anti-virus software) and EDR
- Replace with NGFW (Next-generation Firewall)
- Conduct targeted e-mail training for domestic consolidated subsidiaries
- Implement security e-learning
100% e-learning participation rate (for domestic consolidated subsidiaries)



Tax Policy

The UNISOL Group has established the following tax policy.

<p>Basic policy</p>	<p>The UNISOL Group makes every effort to abide by relevant laws and societal rules and engage in sound corporate conduct based on its 7 Standards—the seven criteria for judging the thoughts and actions of every Group employee—with the aim of realizing our vision of a “society filled with ‘I want to make it happen’,” as called for in the “UNISOL” principle. Regarding taxation as well, the Company recognizes that fair and appropriate tax filing and tax payment are important social responsibilities, complies with tax-related laws and regulations in all countries and regions where we operate, and strives to improve corporate value through the proper payment of tax.</p>
<p>1 Tax compliance</p>	<p>The UNISOL Group complies with the tax laws and regulations of each country and region, as well as OECD Transfer Pricing Guidelines, etc., and implements appropriate tax processes. In addition, the Group raises awareness of legal compliance and maintains and improves tax compliance through the Compliance Manual.</p>
<p>2 Tax governance</p>	<p>The UNISOL Group works to develop a governance system to properly execute the business based on this policy and internal regulations. In addition, the Group strives to maintain and improve the tax awareness of the entire Group through active communication with external experts.</p>
<p>3 Tax risk mitigation</p>	<p>The UNISOL Group conducts a thorough preliminary examination in the event of transactions whose tax interpretation is unclear, and when necessary, obtains prior confirmation from the tax authorities and obtains advice and guidance from external experts in order to reduce tax risks.</p>
<p>4 Tax planning</p>	<p>The UNISOL Group does not engage in transactions that do not involve a legitimate business purpose or are not actual business, and does not engage in tax planning that uses tax havens for the purpose of tax avoidance.</p>
<p>5 Transfer pricing</p>	<p>The UNISOL Group appropriately distributes profits at arm's length prices for international transactions within the Group, in accordance with the OECD Transfer Pricing Guidelines. In addition, the Group prepares appropriate transfer pricing documentation based on each country's transfer pricing taxation system.</p>
<p>6 Relationship with tax authorities</p>	<p>The UNISOL Group provides tax information in a timely and appropriate manner in response to requests from the tax authorities of each country and region, and strives to build and maintain healthy and good relationships.</p>

Initiatives on Stakeholders

Compliance

Basic concept

The UNISOL Group has established the Compliance Manual as a basic principle that all officers and employees must follow without exception. This Compliance Manual summarizes matters that require attention with regard to issues of particular importance in the conduct of the Company's business, and is based on the Group's philosophy as the basic principle, under which the following compliance items (code of conduct) are stipulated.

1	Respect for Human Rights	We respect the fundamental human rights of all people, including our business partners, officers and employees.
2	Legal Compliance	Based on our pride and awareness as members of MARUKA FURUSATO Corporation, we will act sensibly and in compliance with laws, regulations and internal rules, and strive to make our company one that is trusted by society.
3	Promotion of Communication	We will thoroughly practice the mantra of "Ho-Ren-So" (Report-Inform-Consult) so that information, whether good or bad, obtained from inside or outside the company will be promptly disseminated and shared throughout the company.
4	Participation in Local Social Activities	As members of the community, we will actively participate in local activities and contribute to the creation of a comfortable and prosperous community.
5	Consideration of the Environment	In our daily operations, each of us strives to eliminate "muri, mura, and muda" (unreasonableness, inconsistency, and inefficiency), and we aim to provide environmentally friendly products by thoroughly conserving resources and energy.
6	Winning the Trust of Business Partners	We will always listen to the needs of our business partners, respond with sincerity, incorporate their requests, and strive to put our business partners first.
7	Establishing Relationships of Trust with Business Partners	We will respect and fulfill our contractual obligations to our business partners and strive to build and maintain a relationship of mutual trust through adequate communication.
8	Workplace Environment	We will provide a safe and comfortable work environment so that all workers can work with peace of mind and perform their duties efficiently.
9	Sound Relationships with Business Partners	We will provide mid-year gifts, year-end gifts, congratulations, condolences, parting gifts, etc. to our business partners within the scope of socially accepted norms, and will prohibit entertainment and gifts to public officials, whether business or personal.
10	Dealing with Anti-Social Forces	We shall have no relationship with antisocial forces that threaten social order and safety, and shall take a resolute stance against any unreasonable demands without compromise.

Compliance system

For the purpose of establishing, fostering, and consolidating a compliance system for the entire Group, the Compliance Committee, consisting of the President, officers and employees appointed by the President, has been set up to effectively and efficiently promote compliance.

The Committee was convened as appropriate by the Chairperson and met three times in FY2023.

Specific initiatives

1	Whistleblowing System	In accordance with the Whistleblower Protection Act, the UNISOL Group has established a "Compliance Line" to handle anonymous reporting. In addition to the internal contact point, we have contracted with a legal consultation firm to provide an external contact point.
2	Harassment Prevention Training	The UNISOL Group has established "Internal Rules for the Prevention of Harassment" and is working to prevent harassment. In FY2023, we conveyed the top message and held an online seminar by an outside attorney (video delivery made at a later date) in order to further foster awareness of harassment prevention. Harassment training participation rate 100% (FY2023 results)

Stakeholder Engagement

The UNISOL Group contributes to manufacturing that considers the efficiency of production lines, the safety of factories, and the improvement of working environments, centered around our role as a machinery and tools trading company. In addition, the Company manufactures and sells construction materials and utilizes its network in Japan to respond in a timely manner. The Company also engages in dialogue with various stakeholders through the sale and rental of construction machinery and the sale of security products. Utilizing the UNISOL Group’s community, and having “‘Why didn’t we think of this?’ one after another” as our slogan, we aim to improve sustainable corporate value by receiving issues from our stakeholders and working on solutions as if they are our own issues.

Suppliers and customers	The Company complies with laws and regulations and conducts fair and impartial transactions with business partners.	<ul style="list-style-type: none"> • Company websites
Shareholders, investors, financial institutions	The UNISOL Group engages in wide-ranging dialogue with stakeholders, including shareholders and investors, and strives to raise awareness of our business. We take onboard opinions about management to improve corporate value.	<ul style="list-style-type: none"> • General meeting of shareholders • Financial results briefing
Employees and their families	The Company faces each and every employee as a company where all employees are motivated to work.	<ul style="list-style-type: none"> • Information provision through the company intranet and magazine • Various training and seminars • Employee awards system • Employees’ Stockholding Association system • Internal free agent system

Social contribution

Sponsorship

The UNISOL Group is committed to sponsorships as part of its social contribution activities based on its desire to “contribute to society through sports.” In October 2022, we signed a sponsorship agreement with “Hitachi Astemo Rivale,” a member of the women’s volleyball V Premier League, and our activities entered the second year. The logo of our brand name “UNISOL” on the uniforms is a symbol that represents our employees’ desire to fight together with the players of Rivale. In addition, we are expanding the scope of our activities by holding in-house events in which, with the aim of interacting with the players and enhancing a sense of unity among the Group, employees and their families watched “Ibaraki Home Opening Game of the 2023 Season” together.

Moreover, from December 2022, we have been an official supporter and sponsor of the Kobelco Kobe Steelers, a member of the NTT Japan Rugby League One. Whenever a home game is held in the Kansai region, more than 10 employees from the Osaka Headquarters and other Group companies travel to the event to cheer on the team. Our Group will work together with supporters and the local community to boost both teams and support all those involved in sports.



©Hitachi Astemo Rivale



©KOBELCO STEEL, LTD.

Implementation of donations

The UNISOL Group is also committed to local economic development and environmental preservation through social contribution activities. In FY2023, we donated 10 million yen to the “University’s Urban Innovation Kobe,” a research grant program for young researchers operated by the City of Kobe, in support of the program’s ability to help solve social issues and to foster young researchers and support their research.





Data

This section contains the latest information on various corporate data, shareholders, and IR activities to help readers understand the UNISOL Group.

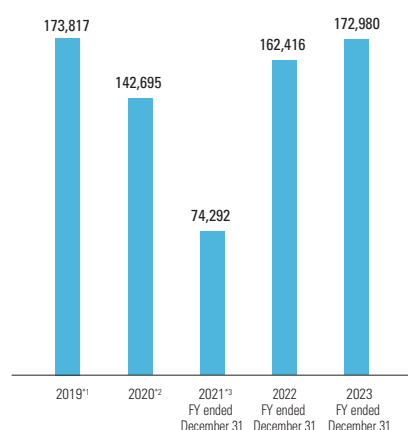
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Financial Statements

		(Reference) 2019 ⁽¹⁾	(Reference) 2020 ⁽²⁾	(Irregular) Fiscal year ended December 31, 2021 ⁽³⁾	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Business performance						
Net sales	Millions of yen	173,817	142,695	74,292	162,416	172,980
Operating profit	Millions of yen	6,674	4,237	1,465	5,895	5,705
Operating profit margin	%	3.8	3.0	2.0	3.6	3.3
Profit attributable to owners of parent	Millions of yen	5,502	2,827	1,037	4,531	4,698
Financial status						
Total assets	Millions of yen	118,612	109,143	108,594	122,914	120,342
Shareholders' equity ⁽⁴⁾	Millions of yen	64,694	66,463	66,680	71,328	71,838
Shareholders' equity ratio	%	54.5	60.9	61.4	58.0	59.7
Cash flow						
Cash flows from operating activities	Millions of yen	3,206	6,030	(853)	3,795	6,031
Cash flows from investing activities	Millions of yen	(2,318)	(3,756)	(112)	(2,286)	(4,898)
Free cash flow ⁽⁵⁾	Millions of yen	887	2,273	(966)	1,509	1,132
Per share information						
Net profit per share	JPY	240	124	67	179	188
Net assets per share	JPY	2,823	2,911	2,633	2,816	2,946
Management indicators						
Return on Equity (ROE) ⁽⁶⁾	%	8.7	4.3	–	6.6	6.6
Return on Invested Capital (ROIC) ⁽⁶⁾	%	7.1	4.4	–	5.9	5.7
Dividend payout ratio	%	23.6	34.0	21.6	63.2	35.1
Non-financial data						
Number of consolidated subsidiaries	companies	20	20	20	20	21
Number of employees at end of year	employees	–	–	1,972	1,951	2,005
CO ₂ emissions (Scope 1) ⁽⁷⁾	t-CO ₂	–	–	–	5,253	5,165
CO ₂ emissions (Scope 2) ⁽⁷⁾	t-CO ₂	–	–	–	3,494	3,389

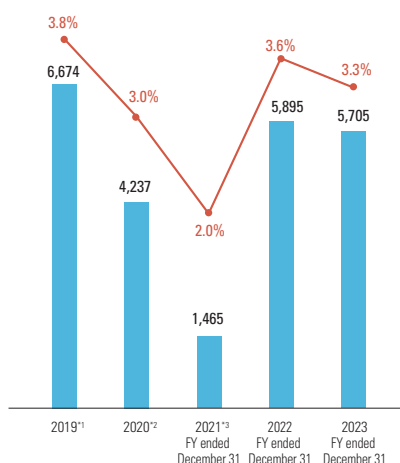
Net sales

(Millions of yen)



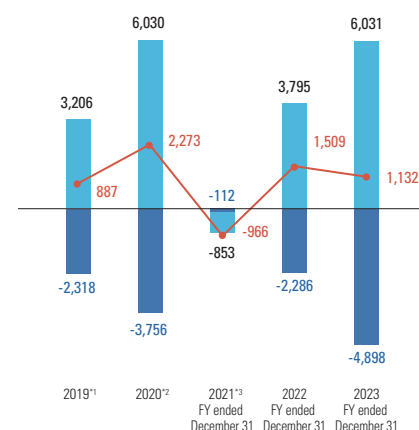
Operating profit/Operating profit margin

■ Operating profit (Millions of yen)
● Operating profit margin (%)



Cash flow

■ Cash flows from operating activities (Millions of yen)
■ Cash flows from investing activities (Millions of yen)
● Free cash flows (Millions of yen)



(*1) Since the year 2019 was before the integration, these values are for reference only, calculated as a simple sum of various financial data for Furusato Industries' fiscal year ended March 31, 2020 and Maruka's fiscal year ended November 30, 2019.

(*2) Since 2020 was before the integration, these values are for reference only, calculated as a simple sum of various financial data for Furusato Industries' fiscal year ended March 31, 2021 and Maruka's fiscal year ended November 30, 2020.

(*3) Due to our business integration in October 2021, results for fiscal year ended December 31, 2021 are the consolidated business results of Furusato Industries for April to December 2021 (9 months) and Maruka's consolidated business results for December 2021 (1 month).

(*4) Calculated by deducting "stock acquisition rights" and "minority interests" from the total "net assets" in the balance sheet.

(*5) Calculated by combining "cash flows from operating activities" and "cash flows from investing activities" in the Statement of Cash Flows.

(*6) ROE and ROIC for the fiscal year ended December 31, 2021 are not shown because the calculation results deviate from the actual results due to the reasons in *3.

(*7) Calculated based on the scope of consolidation as of December 31, 2023, and the emissions of TS Precision Co., Ltd., which newly became a Group company in August 2023, are retroactively calculated to January 2022.

Financial Statements

Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	25,648	21,750
Notes and accounts receivable - trade	34,085	31,365
Electronically recorded monetary claims - operating	9,424	11,743
Investments in leases	100	23
Merchandise and finished goods	11,778	11,535
Work in process	3,133	2,884
Raw materials and supplies	382	442
Other	7,550	4,487
Allowance for doubtful accounts	(25)	(24)
Total current assets	92,077	84,207
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,343	16,494
Accumulated depreciation	(7,589)	(7,948)
Buildings and structures, net	7,753	8,546
Machinery, equipment and vehicles	4,490	4,670
Accumulated depreciation	(3,571)	(3,747)
Machinery, equipment and vehicles, net	918	922
Tools, furniture and fixtures	1,870	1,940
Accumulated depreciation	(1,326)	(1,372)
Tools, furniture and fixtures, net	543	567
Assets for rent	2,648	2,667
Accumulated depreciation	(1,618)	(1,617)
Assets for rent, net	1,030	1,049
Leased assets	362	511
Accumulated depreciation	(204)	(272)
Leased assets, net	157	239
Land	9,995	10,416
Construction in progress	1,636	2,887
Total property, plant and equipment	22,036	24,628
Intangible assets		
Goodwill	227	992
Trade right	1,120	960
Other	912	884
Total intangible assets	2,260	2,837
Investments and other assets		
Investment securities	4,003	5,145
Retirement benefit asset	797	1,082
Deferred tax assets	281	415
Other	1,540	2,112
Allowance for doubtful accounts	(83)	(87)
Total investments and other assets	6,540	8,669
Total non-current assets	30,837	36,134
Total assets	122,914	120,342

(Millions of yen)

	As of December 31, 2022	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,250	17,777
Electronically recorded obligations - operating	15,508	16,706
Short-term borrowings	511	896
Current portion of long-term borrowings	54	47
Lease obligations	115	90
Income taxes payable	1,306	1,152
Contract liabilities	6,602	4,631
Provision for bonuses	647	703
Provision for bonuses for Directors (and other officers)	56	57
Provision for share awards for employee	148	111
Provision for product warranties	42	68
Other	3,771	2,862
Total current liabilities	49,016	45,105
Non-current liabilities		
Long-term borrowings	498	451
Lease obligations	145	189
Deferred tax liabilities	617	1,070
Provision for retirement benefits for Directors (and other officers)	75	52
Provision for share awards for Directors (and other officers)	49	49
Retirement benefit liability	126	158
Other	246	546
Total non-current liabilities	1,759	2,517
Total liabilities	50,775	47,623
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	28,299	27,334
Retained earnings	35,734	37,544
Treasury shares	(322)	(1,746)
Total shareholders' equity	68,712	68,132
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,414	2,161
Deferred gains or losses on hedges	6	(1)
Foreign currency translation adjustment	1,296	1,462
Remeasurements of defined benefit plans	(102)	83
Total accumulated other comprehensive income	2,615	3,705
Non-controlling interests	810	881
Total net assets	72,139	72,719
Total liabilities and net assets	122,914	120,342

Consolidated Statement of Income (Summary)

(Millions of yen)

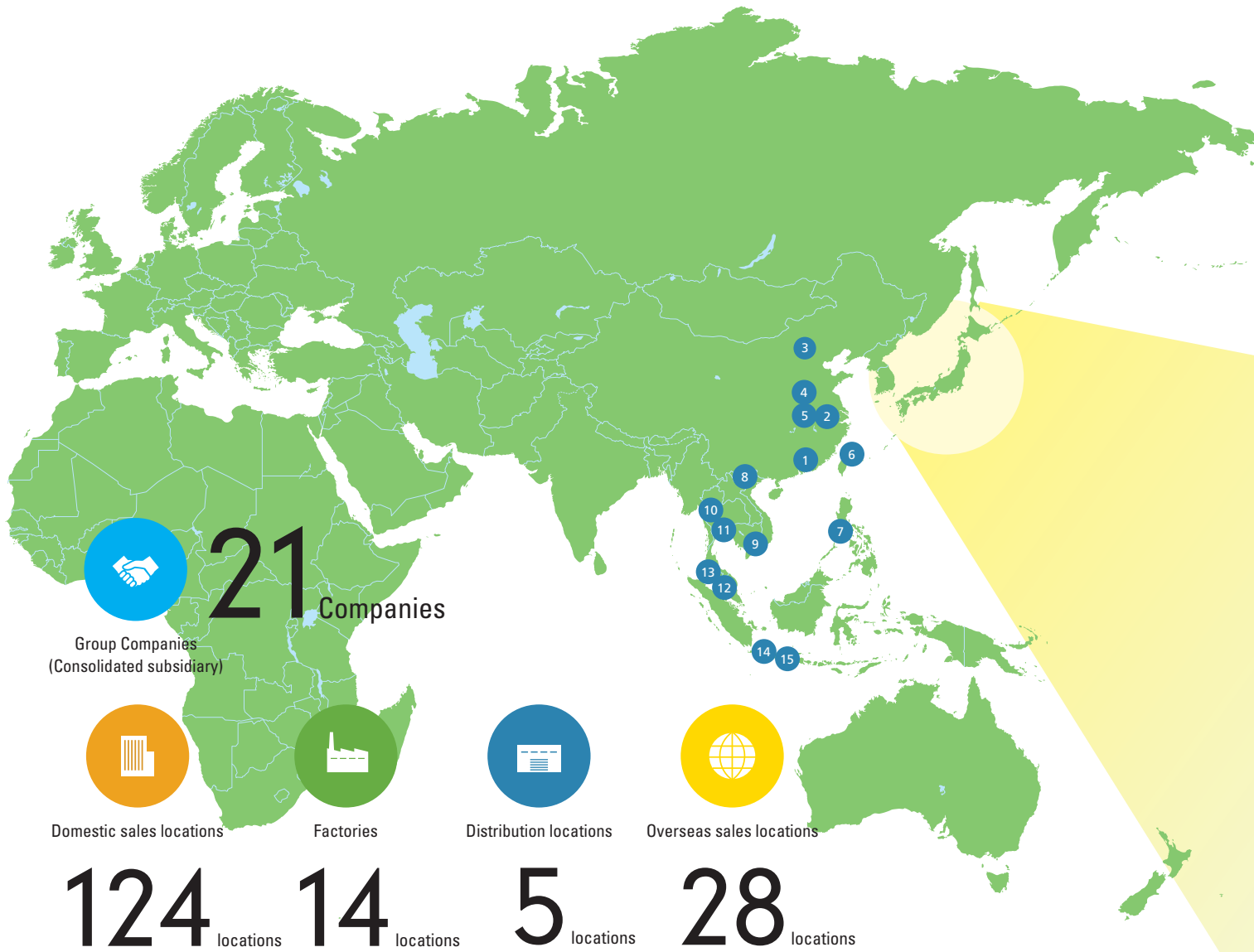
	Fiscal period ended December 31, 2022 <small>(From January 1, 2022 to December 31, 2022)</small>	Fiscal year ended December 31, 2023 <small>(From January 1, 2023 to December 31, 2023)</small>
Net sales	162,416	172,980
Cost of sales	136,137	145,985
Gross profit	26,278	26,994
Selling, general and administrative expenses	20,383	21,289
Operating profit	5,895	5,705
Non-operating income		
Dividend income	140	175
Purchase discounts	466	454
Foreign exchange gains	172	108
Other	487	359
Total non-operating income	1,268	1,097
Non-operating expenses		
Total non-operating expenses	107	150
Ordinary profit	7,055	6,652
Extraordinary income		
Gain on sale of investment securities	-	0
Gain on sale of non-current assets	42	272
Total extraordinary income	42	272
Extraordinary losses		
Total extraordinary losses	17	31
Profit before income taxes	7,080	6,894
Total income taxes	2,490	2,161
Profit	4,590	4,733
Profit attributable to non-controlling interests	59	34
Profit attributable to owners of parent	4,531	4,698

Consolidated Statement of Cash Flows (Summary)

(Millions of yen)

	Fiscal period ended December 31, 2022 <small>(From January 1, 2022 to December 31, 2022)</small>	Fiscal year ended December 31, 2023 <small>(From January 1, 2023 to December 31, 2023)</small>
Cash flows from operating activities		
Profit before income taxes	7,080	6,894
Depreciation and amortization	1,532	1,626
Decrease (increase) in trade receivables	(1,090)	(1,428)
Decrease (increase) in inventories	(4,381)	1,476
Increase (decrease) in trade payables	1,879	316
Cash flows from other operating activities	(1,224)	(2,853)
Cash flows from operating activities	3,795	6,031
Cash flows from investing activities		
Expenditure from purchase of property, plant and equipment	(2,486)	(3,346)
Expenditure from purchase of subsidiary shares resulting in change in scope of consolidation	-	(1,461)
Cash flows from other investing activities	199	137
Cash flows from investing activities	(2,286)	(4,670)
Cash flows from financing activities		
Expenditure from purchase of treasury shares	(5)	(2,807)
Dividends paid	(624)	(2,880)
Cash flows from other financing activities	133	316
Cash flows from financing activities	(495)	(5,370)
Effect of exchange rate changes on cash and cash equivalents	246	51
Net increase (decrease) in cash and cash equivalents	1,260	(3,957)
Cash and cash equivalents at beginning of fiscal year	22,872	24,132
Cash and cash equivalents at end of fiscal year	24,132	20,174

Network



* The numbers are based on the number of individual companies, including locations with the same address.

Asia

China

- 1 MARUKA TRADING GUANGZHOU CO., LTD.
- 2 MARUKA TRADING SHANGHAI CO., LTD.
- 3 Tianjin Branch
- 4 Wuxi Office
- 5 Maruka Corporation Suzhou Office

Taiwan

- 6 Maruka Corporation Taipei Branch

Philippines

- 7 MARUKA ENTERPRISES, INC.

Vietnam

- 8 MARUKA VIETNAM CO., LTD.
- 9 Ho Chi Minh Office

Thailand

- 10 MARUKA MACHINERY (THAILAND) CO., LTD.
- 11 Pinton Office

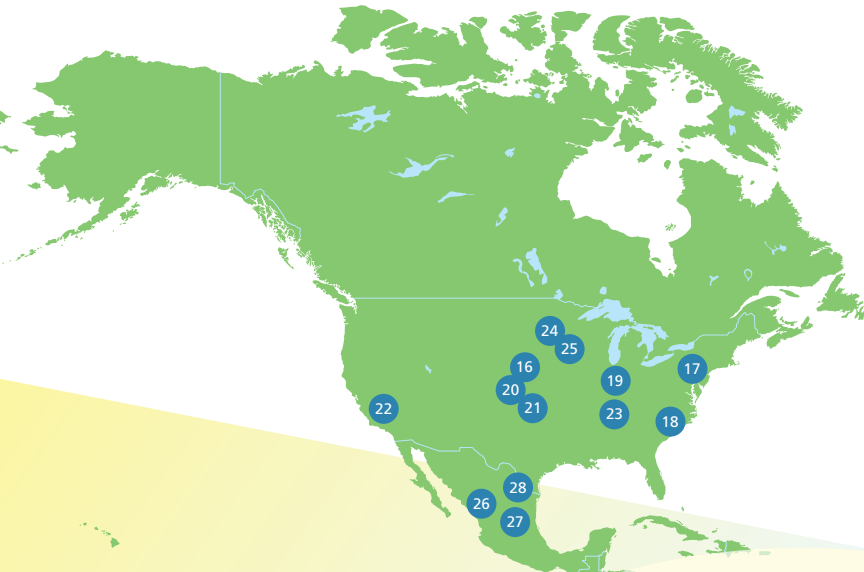
Malaysia

- 12 MARUKA (M) SDN. BHD.
- 13 Penang Office

Indonesia

- 14 PT. MARUKA INDONESIA
- 15 PT. UNIQUE SOLUTIONS INDONESIA

North America



United States

- MARUKA U.S.A. INC.
- 16 Kansas City Head Office
- 17 New Jersey Office
- 18 Charlotte Office
- 19 Chicago Office
- 20 Kansas Office
- 21 Oklahoma Office
- 22 Los Angeles Office
- 23 Kentucky Office
- 24 Minnesota Office
- 25 INDUSTRIAL TOOL, INC.

Mexico

- 26 MARUKA MEXICO S.A. de C.V.
- 27 Queretaro Office
- 28 Monterrey Office



Yamagata Head office of Kan Manufactory

Nagano ArPlus Corporation Head Office

Osaka Head office of Furusato Industries
Head office of Maruka
Head office of G-NET
Head office of Sonoruka Engineering

Tokyo Head office of Security Design Inc.

Kanagawa Head office of Japan Rental

Gifu Head office of Gifu Shoji Co., Ltd.

Yamaguchi Head office of TS Precision

Fukuoka Head office of Kitakyu Machines and Tools

Factory locations

Furusato Industries

- Chitose
- Utsunomiya
- Saitama
- Sendaikita
- Matsumoto
- Toyama
- Shiga
- Kagawa
- Kurume

Kan Manufactory

- Yamagata

ArPlus Corporation

- Nagano

Sonoruka Engineering

- Osaka

TS Precision

- Yamaguchi
- Matsuyama

As of December 31, 2023

Company Information/Stock Information

Corporate Profile

Company name	MARUKA FURUSATO Corporation
Chairperson and Representative Director	Kunihiko Iida
President and Representative Director	Ryohei Furusato
Established	October 1, 2021
Details of business	Formulation and promotion of Group management strategies, business management of Group companies, and related operations
Employees	Non-consolidated: 102 (as of December 31, 2023) Group: 2,005 (as of December 31, 2023)
Share capital	JPY5 billion
Fiscal year	January 1 to December 31

List of Affiliated Associations

Furusato Industries	Kansai Economic Federation The Osaka Chamber of Commerce and Industry Japanese Standards Association Construction Turn Buckle Council of Japan Japan Foundation Bolt Manufacturers Association Association of Structural Design Office
G-NET	Japan Machine Tool Federation Japan Machine Tool Distributors Association
Maruka	Miyagi Branch, Japan Crane Construction Constructors Association Tokyo Construction Machinery Association (under the Japan Crane Construction Constructors Association) Japan Press-in Association Japan Machine Tool Distributors Association Japan External Trade Organization The Osaka Chamber of Commerce and Industry The Japan Food Machinery Manufacturers' Association Center for Information on Security Trade Controls Japan Bakery and Confectionery Machinery Manufacturers' Association International Press-in Association Tohoku Kiso Kogyo Kyodo Kumiai Chushikoku Kiso Kogyo Kyodo Kumiai Kansai Bearing Hanbai Kyokai

Stock Information

Stock status (as of December 31, 2023)

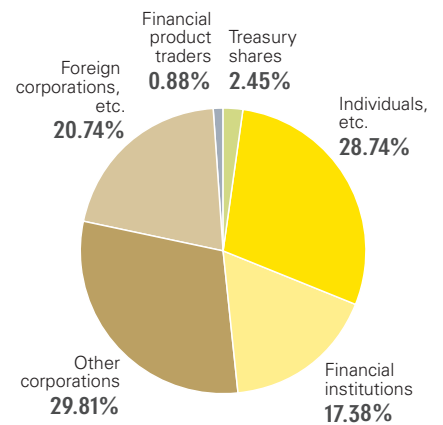
Number of shares authorized	100,000,000 shares
Number of shares issued	25,174,214 shares
Number of shareholders	12,411

Major Shareholders (Top 10) (as of December 31, 2023)

Name of shareholder	Shares held	Shareholding ratio (%)
FRT, Ltd.	2,753,861	11.21
THE SFP VALUE REALIZATION MASTER FUND LTD.	2,508,200	10.21
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,003,600	8.15
THE CHASE MANHATTAN BANK, N. A. LONDON SPECIAL OMNIBUS SECS LENDING ACCOUNT	853,493	3.47
Kobelco Construction Machinery Co., Ltd.	766,260	3.12
NACHI-FUJIKOSHI CORP.	743,040	3.02
Custody Bank of Japan, Ltd. (Trust Account)	632,584	2.57
MARUKA FURUSATO Corporation Employees' Stockholding Association	598,635	2.43
MUFG Bank, Ltd.	518,390	2.11
Nippon Life Insurance Company	496,640	2.02

(Note) The shareholding ratio is calculated after the deduction of treasury shares (616,765).

Share distribution by shareholder (as of December 31, 2023)



About the Cover Photos



The cover pages of each section of this integrated report use photographs of the KNOWLEDGE COMMONS located on the first floor of the Company's Osaka Headquarters.

KNOWLEDGE COMMONS, consisting of meeting rooms and working booths, was established prior to the merger as an open space for thinking beyond the conventional framework. Even today, as MARUKA FURUSATO Corporation, being „unique“ continues to be a value we hold dear. The UNISOL Group will continue to take on challenges with the aim to bring out the voices of “‘Why didn't we think of this?’ one after another.”



UNISOL

MARUKA FURUSATO Corporation

1-2-10 Minamishinmachi, Chuo-ku, Osaka 540-0024