

FOR IMMEDIATE RELEASE

Furusato Industries, Ltd.

Notice Regarding Consolidation of Security Design, Inc. via Acquisition of Shares

Furusato Industries, Ltd. has acquired shares in Security Design, Inc., making it a consolidated subsidiary. Details are as follows.

1. Reasons for share acquisition

The Furusato Group is involved in the sale of surveillance cameras and security equipment through a business operated by subsidiary G-NET Corporation.

The market for surveillance cameras and other security products has been attracting growing attention worldwide due to the rising number of terrorist incidents in recent years and the increasingly diverse nature of criminal activity. Japan is also likely to see growth in the number of installed surveillance cameras as steps are taken to strengthen security in the lead up to the 2020 Tokyo Olympics.

Given this market outlook, Furusato Industries entered into negotiations with Security Design, Inc., which has expertise in security systems centered on surveillance cameras, with a view to forming a partnership to expand its business in the security field. Furusato Industries also sees the potential to increase sales opportunities by expanding sales routes for products made by HIKVISION, for which Security Design, Inc. holds the distribution rights. HIKVISION is one of the world's largest makers of security cameras. Based on these factors, Furusato Industries has decided to acquire shares in Security Design, Inc.

In addition, Furusato Industries plans to target business growth in the future by combining Security Design, Inc.'s expertise in access control with the Group's operations in the Housing Equipment Business, the Factory Automation Business and other business fields.

2. Details of share acquisition

Furusato Industries has agreed to acquire 544 shares of Security Design, Inc., equating to 80% of shares outstanding (excluding treasury stock), from the shareholders of Security Design, Inc.

3. Overview of Security Design, Inc.

Address: 3F Column Minami Aoyama Building, 7-1-5 Minami Aoyama, Minato Ward,
Tokyo

Representative: Katsue Murakami, President

Business: Sale of surveillance cameras, access control equipment and other security products and the provision of related consulting and technical services

Capital: ¥100 million

Established: May 18, 1999

4. Accounting treatment of Security Design, Inc.

Based on the principle of materiality, Furusato Industries does not plan to include Security Design, Inc. in the scope of consolidation due to limited impact on the Group's earnings.