



Annual Review 2017
(April 1, 2017—March 31, 2018)

Design the Future



STAND BY YOUR FUTURE
FURUSATO INDUSTRIES

- 02 Message from the President**
- 02 Management Policy**
- 03 Furusato Group Overview by Company**
- 04 Business Outline and Overview of Operations in Fiscal 2017 by Segment and Forecasts in Fiscal 2018**
 - Consolidated Results
 - Equipment and Tools Segment
 - Machine and Facility Segment
 - Construction and Piping Products Segment
 - Consolidated Forecasts in Fiscal 2018
 - Medium- to Long-Term Strategies and Tasks Ahead
- 18 Consolidated Financial Summary**
- 20 Topics**
 - Furusato Way of Work-Style Reform
- 21 Corporate Governance**
 - Corporate Governance Framework
 - Risk Factors
- 26 Stock Information**
- 28 The History of Furusato Group**
- 29 Corporate Data**

Forward-looking Statements

The forecasts involve our management's assumptions, prospects and plans based on the information currently available. Actual results may differ materially from the expectations depending on various factors.

To Shareholders, investors, and all stakeholders

During the 60th business term (From April 1, 2017 to March 31, 2018), in Furusato Industries, Ltd., major seven factories went into full operation, which resulted in an increase in a per-hour production volume and a reduction in processing costs. We continue to work on improving production efficiency to establish a stable earnings structure which is not affected by its business environment.

In addition, we established the Robot Technical Center (RTC) in Tokyo mainly to offer robot safety training programs and consulting services for an introduction of robots. We strive to establish a business structure to increase the consulting services by reinforcing approaches to the companies which are considering the introduction of robots.

We launched a new medium-term management plan starting from the fiscal year ended March 31, 2018 and finished the first year of it. By implementing various measures, net sales were favorable, while earnings fell short of projections. We all strive to implement every measures consistently, especially focusing on an improvement of profitability in the second year to achieve net sales of ¥108 billion and operating income of ¥4 billion in the year ending March 31, 2020.

In closing, I would like to express my appreciation to our shareholders and other stakeholders for your continued understanding and support for the Group.

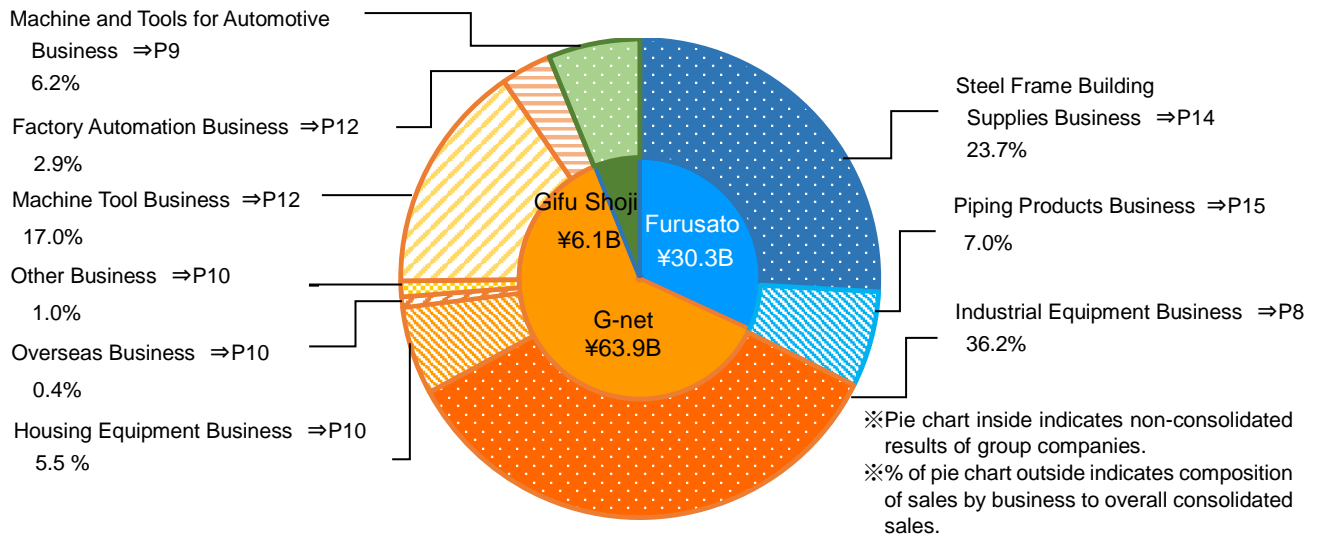


President and Director
Ryohei Furusato

Management policy

Furusato Group strongly recognizes ourselves as a corporate citizen and thinks we could be an indispensable corporate group for the society and secure sustainable profit structure. Furusato Group sets our management objective as “business continuity” to consistently fulfill our responsibilities to our stakeholders including shareholders, customers, and persons involved in Furusato Group.

◆Furusato Group Net Sales by Company (Non-consolidated) , by Business (Consolidated)



Furusato Group

Furusato Group consists of seven companies: Furusato Industries, Ltd., the parent company, G-net Corporation and Gifu Shoji Co., Ltd., wholly-owned subsidiaries of Furusato, Suzhou Retra Co., Ltd., Retra Engineering (Thailand) Co., Ltd. and Security Design, Inc, a non-consolidated subsidiary, and Robot Technical Center Co., Ltd., an affiliated company not accounted for by equity method.

Furusato Industries, Ltd.

Furusato, listing on the First Section of Tokyo Stock Exchange, engaged in the Steel Frame Building Supplies Business and the Piping Products Business. Both businesses directly provide users with our supplies. Furusato has our 50 sales offices, 10 factories and 2 distribution centers nationwide. Please refer to page 14-15 for details.

G-net Corporation

G-net is a wholly-owned subsidiary of Furusato, an unlisted company. The major business of G-net is the Industrial Equipment Business, offering various machines and tools at wholesale. Besides that, it operates the Machine Tool Business, the Factory Automation Business, the Housing Equipment Business, the Overseas Business and others.

G-net has 30 sales offices and 3 distribution centers nationwide and sells items to end-users through sales dealers. Please refer to page 8, 10 and 12 for details.

Gifu Shoji Co., Ltd.

Gifu Shoji is also a wholly-owned subsidiary of Furusato, an unlisted company. It directly purchases primarily industrial tools from manufacturers and sells them to automotive and automotive parts manufacturers based in Tokai Area, mainly headquarters in Gifu, and Kariya and Hamamatsu sales offices. Please refer to page 9 for details.

◆Correlation between companies, segments and businesses in Furusato Group

