

**FOR IMMEDIATE RELEASE:**

**Furusato Announces Financial Results  
for the Year Ended March 31, 2020 [Japan GAAP]**

Osaka, Japan, May 7, 2020 – Furusato Industries, Ltd. announced its financial results for the year ended March 31, 2020. All financial information has been prepared in accordance with accounting principles generally accepted in Japan. The following summary of the financial results is unaudited and for reference only.

Stock Exchange Listing : The First Section of the Tokyo Stock Exchange  
Securities Code : 8087

All figures are rounded down to the nearest million yen.

**CONSOLIDATED FINANCIAL RESULTS**

**1. Business Results**

	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Operating Results:</b>	(Millions of Yen)	(Millions of Yen)
Net Sales	¥ 104,619	¥ 107,873
Operating Income	3,973	4,040
Ordinary Income	4,334	4,416
Net Income Attributable to Owners of Parent	2,808	2,893
ROE (Net Income to Net Assets)	6.8%	7.3%
ROA (Ordinary Income to Total Assets)	6.4%	6.8%
Operating Income to Net Sales	3.8%	3.7%
<b>Per Share Data:</b>	(Yen)	(Yen)
Net Income Attributable to Owners of Parent	¥ 193.71	¥ 199.57
	<b>As of March 31, 2020</b>	<b>As of March 31, 2019</b>
<b>Financial Position:</b>	(Millions of Yen)	(Millions of Yen)
Total Assets	¥ 66,888	¥ 66,988
Net Assets	42,302	40,690
Equity Ratio	63.0%	60.7%
<b>Per Share Data:</b>	(Yen)	(Yen)
Net Assets	¥ 2,908.60	¥ 2,806.90
<b>Cash Flows:</b>	(Millions of Yen)	(Millions of Yen)
Net Cash Provided by Operating Activities	¥ 4,750	¥ 3,757
Net Cash Used in Investing Activities	(3,550)	(1,216)
Net Cash Used in Financing Activities	(1,520)	(796)
Cash and Cash Equivalents at End of Period	12,883	13,056

Notes:

1. Comprehensive income
  - Year ended March 31, 2020: ¥2,288 million, (0.6)%
  - Year ended March 31, 2019: ¥2,302 million, (16.6)%
2. Equity capital
  - March 31, 2020: ¥42,163 million
  - March 31, 2019: ¥40,690 million
3. Changes in major subsidiaries during the period under review  
(Change in specific subsidiaries due to changes in the scope of consolidation): No
4. Changes in accounting principles, changes in accounting estimates, and retrospective restatements
  - 1) Changes in accounting principles resulting from revisions in accounting standards: No
  - 2) Changes in accounting policies other than 1) above based on revisions of accounting standard: No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatements: No
5. Number of issued and outstanding shares (common stock)
  - 1) Number of issued and outstanding shares at the end of period (including treasury stock)
    - March 31, 2020: 14,574,366 shares
    - March 31, 2019: 14,574,366 shares
  - 2) Number of treasury stock at the end of period
    - March 31, 2020: 78,120 shares
    - March 31, 2019: 77,721 shares
  - 3) Average number of shares (consolidated, cumulative)
    - March 31, 2020: 14,496,509 shares
    - March 31, 2019: 14,496,843 shares

## 2. Dividends

	Dividends Per Share (Yen)					Total Dividends (Annual)	Dividend Payout Ratio (Consolidated)	Dividend on Net Assets (Consolidated)
	1Q	2Q	3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
Fiscal Year Ended March 31, 2019	-	5.00	-	55.00	60.00	871	30.1	2.2
Fiscal Year Ended March 31, 2020	-	5.00	-	53.50	58.50	849	30.2	2.1
Fiscal Year Ending March 31, 2021 (Forecast)	-	5.00	-	-	-		-	

Note: Furusato has not determined the dividend forecast for the fiscal year ending March 31, 2021 at this point.

## CONSOLIDATED EARNINGS FORECAST FOR FISCAL 2020, ENDING MARCH 31, 2021

Furusato has not determined its consolidated earnings forecast for fiscal 2020, ending March 31, 2021 at this point. Please refer to “4. Earnings Forecast for fiscal 2020, ending March 31, 2021” in the section “RESULTS OF OPERATIONS AND FINANCIAL POSITION (YEAR ENDED MARCH 31, 2020)” on P4 for its earnings forecasts.

**[REFERENCE] NON-CONSOLIDATED FINANCIAL RESULTS**

	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Operating Results:</b>	(Millions of Yen)	(Millions of Yen)
Net Sales	¥ <b>34,289</b>	¥ 33,873
Operating Income	<b>2,022</b>	1,928
Ordinary Income	<b>2,219</b>	2,167
Net Income	<b>1,469</b>	1,469
<b>Per Share Data:</b>	(Yen)	(Yen)
Net Income	¥ <b>101.34</b>	¥ 101.39
	<b>As of March 31, 2020</b>	As of March 31, 2019
<b>Financial Position:</b>	(Millions of Yen)	(Millions of Yen)
Total Assets	¥ <b>33,413</b>	¥ 33,731
Net Assets	<b>24,444</b>	24,028
Net Assets to Total Assets	<b>73.2%</b>	71.2%
<b>Per Share Data:</b>	(Yen)	(Yen)
Net Assets	¥ <b>1,686.24</b>	¥ 1,657.54

\*This material contains forward-looking statements that reflects Furusato's plans and expectations. These forward-looking statements are based on information currently available and a rational evaluation based on certain assumptions that may cause Furusato's future results to be materially different from any future results expressed or implied by these forward-looking statements due to various factors including change of business environment, market trend and others.

## RESULTS OF OPERATIONS AND FINANCIAL POSITION (YEAR ENDED MARCH 31, 2020)

### 1. Analysis of Operating Results

#### (1) Overview of Results

During the year ended March 31, 2020, the Japanese economy showed a downward trend due primarily to the consumer tax hike in October 2019. Moreover, it has been negatively impacted by the outbreak of the COVID-19 since January this year. The extreme uncertainty over the economy in Japan and foreign countries is expected to persist as the situation is constantly changing.

Regarding the business environment surrounding Furusato Group's operation, the Statistics of the Orders Received for Machine Tools substantially decreased throughout fiscal 2019, down 34.9% year over year. The Index of the Industrial Production has been on a downward trend since October 2019. According to the survey of the Construction Starts, non-residential buildings by floor area recorded a year-over-year decrease in 2019 and will be expected to be stagnant due mainly to a pause in construction projects under the state of emergency.

Regarding the medium-term management plan "Design the Future 2020", three-year business plan from fiscal 2017 to 2019, we aimed for further growth by comprehensive capabilities of the Group and strived to implement each initiative. However, we could not achieve the target, net sales of ¥108 billion and operating income of ¥4 billion, in the final year.

Accordingly, consolidated net sales decreased by 3.0% year over year to ¥104,619 million. On the earnings front, operating income decreased by 1.7% year over year to ¥3,973 million, resulting from an increase in gross profit and selling, general and administrative expenses by 4.7% and 7.0% year over year, respectively. Ordinary income decreased by 1.9% year over year to ¥4,334 million. Consequently, net income attributable to owners of parent was ¥2,808 million, down 2.9% year over year.

Regarding the announcement of its new medium-term management plan, Furusato has determined to postpone it, considering the possibility that may cause confusion among shareholders and investors by announcing it in an uncertain situation at this point.

#### (2) Analysis of Results by Segment

##### 1) Equipment and Tools Segment

In the Equipment and Tools Segment, the Industrial Equipment Business decreased by 8.2% year over year, especially impacted by a substantial drop in the second half of fiscal 2019, while the Machine and Tools for Automotive Business increased by 1.2% year over year. The Housing Equipment Business increased by 6.2% year over year. As a result of an addition of the Security Business to the above businesses, overall net sales decreased by 0.5% year over year to ¥49,633 million. Overall operating income was ¥1,229 million, down 5.2% year over year.

##### 2) Machine and Facility Segment

In the Machine and Facility Segment, the Machine Tool Business decreased by 9.5% year over year due to turning to a year-over-year decrease in sales in the second half of fiscal 2019, reflecting decreasing orders received, while the Factory Automation Business decreased by 41.5% year over year. Accordingly, overall net sales decreased by 14.2% year over year to ¥20,706 million. Overall operating income decreased by 12.2% year over year to ¥601 million.

##### 3) Construction and Piping Products Segment

In the Construction and Piping Products Segment, the Building Supplies Business increased by 1.6% year over year based on robust performance in the first half of fiscal 2019, while the Piping Products Business was flat year over year. Accordingly, net sales increased by 1.3% year over year to ¥34,279 million, and overall operating income was ¥2,022 million, up 4.9% year over year.

### 2. Overview of Consolidated Financial Position

#### 〈Total assets〉

As of March 31, 2020, total assets decreased by ¥99 million to ¥66,888 million from the end of the previous fiscal year. According to a breakdown of the change, total current assets decreased by ¥3,080 million from the fiscal 2018 year-end. That was due primarily to a decrease in cash and deposits of ¥172 million, a decrease in notes and accounts receivable-trade of ¥3,947 million, a decrease in electronically recorded monetary claims-operating of ¥313 million, and an increase in inventories by ¥931 million. Total non-current assets increased by ¥2,980 million. That was due primarily to an increase in property, plant and equipment of ¥1,307 million and a decrease in investment securities of ¥1,068 million.

〈Total liabilities〉

Total liabilities decreased by ¥1,710 million to ¥24,586 million from the fiscal 2018 year-end. According to a breakdown of the change, total current liabilities decreased by ¥1,527 million from the fiscal 2018 year-end. That was due primarily to a decrease in notes and accounts payable-trade by ¥5,230 million, an increase in electronically recorded obligations-operating of ¥2,426 million and a decrease in income taxes payable by ¥341 million. Total noncurrent liabilities decreased by ¥183 million from the fiscal 2018 year-end. That was due primarily to a decrease in deferred tax liabilities of ¥191 million.

〈Net assets〉

Net assets increased by ¥1,611 million to ¥42,302 million from the end of the previous fiscal year. This was attributed to net income attributable to owners of parent of ¥2,808 million, dividends from surplus of ¥871 million and a decrease in valuation difference on available-for-sale securities of ¥413 million.

### 3. Overview of Consolidated Cash Flows

〈Cash flows〉

Cash and cash equivalents (hereinafter referred to as “cash”) as of March 31, 2020 decreased by ¥320 million from the beginning of fiscal 2019 to ¥12,883 million (in fiscal 2018, ¥13,056 million) due to an increase in cash from operating activities and a decrease in cash from investment activities and financing activities.

〈Net cash from operating activities〉

Net cash provided by operating activities was ¥4,750 million (in fiscal 2018, net cash provided by operating activities ¥3,757 million). Factors behind the result were income before income taxes of ¥4,309 million, depreciation and amortization of ¥698 million, a decrease in notes and accounts receivable-trade of ¥5,088 million, an increase in inventories of ¥305 million, a decrease in notes and accounts payable-trade of ¥3,127 million and income taxes paid of ¥1,835 million.

〈Net cash from investing activities〉

Net cash used in investing activities totaled ¥3,550 million (in fiscal 2018, net cash used in investing activities ¥1,216 million), mainly resulting from purchases of property, plant and equipment of ¥1,845 million, purchase of intangible assets of ¥1,674 million and purchase of investment securities of ¥14 million.

〈Net cash from financing activities〉

Net cash used in financing activities was ¥1,520 million (in fiscal 2018, net cash provided by financing activities ¥796 million). That was mainly owing to cash dividends paid of ¥869 million, a decrease in short-term borrowings of ¥550 million and repayments of long-term loans payable of ¥100 million.

### 4. Earnings Forecast for fiscal 2020, ending March 31, 2021

Regarding the consolidated earnings forecast for fiscal 2020, ending March 31, 2021, Furusato has not determined as it is difficult to reasonably estimate any impact of COVID-19 at this point. Furusato will promptly announce it as soon as the estimate can be made.

### 5. Basic Policy for Distribution of Profits, Dividends for FY2019 and Dividends Forecasts for FY2020

Furusato regards our dividend policy as one of the critical management issues and adopts the following policy:

- (1) In order to increase the returns to shareholders over the long term, we strive to reinforce our profit structure. Internal capital resources will be secured for active investment in growing businesses.
- (2) The target annual dividend payout ratio is approximately 30% of consolidated net income. In case that the annual dividend per share based on the above dividend payout ratio is less than ¥10, we aim to continue to pay ¥10 as the stable dividend returns to our shareholders.

Note: Amount is rounded up by ¥0.5.

¥0.01 - ¥0.49; ¥0.5

¥0.51 - ¥0.99; ¥1.0

In accordance with this policy, Furusato plans to pay a year-end dividend of ¥53.5 per share, resulting in an annual dividend of ¥58.5 per share together with the interim dividend of ¥5.0 per share already paid.

Regarding the year-end dividend and the annual dividend for fiscal 2020, ending March 31, 2021, Furusato has not determined as it is difficult to reasonably estimate the consolidated earnings forecast.

**CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2020**

**CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

	Thousands of Yen	
	March 31, 2019 Amounts	March 31, 2020 Amounts
<b>Assets</b>		
<b>Current assets:</b>		
Cash and deposits	¥ 13,056,546	¥ 12,883,804
Notes and accounts receivable-trade	25,971,621	22,024,449
Electronically recorded monetary claims-operating	4,084,921	3,771,629
Merchandise and finished goods	4,120,571	4,952,449
Work in process	372,033	468,470
Raw materials and supplies	151,713	155,165
Other	454,070	864,252
Allowance for doubtful accounts	(61,396)	(50,303)
<b>Total current assets</b>	<b>48,150,082</b>	<b>45,069,918</b>
<b>Non-current assets:</b>		
<b>Property, plant and equipment:</b>		
Buildings and structures	9,979,792	10,541,644
Accumulated depreciation	(5,322,589)	(5,564,851)
Buildings and structures, net	4,657,202	4,976,792
Machinery, equipment and vehicles	3,206,184	3,181,082
Accumulated depreciation	(2,358,511)	(2,422,171)
Machinery, equipment and vehicles, net	847,672	758,911
Land	7,304,033	7,487,330
Construction in progress	160,958	1,010,686
Other	851,381	1,017,472
Accumulated depreciation	(621,697)	(744,607)
Others, net	229,683	272,865
<b>Total property, plant and equipment</b>	<b>13,199,551</b>	<b>14,506,586</b>
<b>Intangible assets:</b>		
Goodwill	-	1,171,097
Trade right	-	1,560,000
Other	205,552	255,305
<b>Total intangible assets</b>	<b>205,552</b>	<b>2,986,402</b>
<b>Investments and other assets:</b>		
Investment securities	3,584,315	2,515,991
Retirement benefit asset	804,856	678,911
Deferred tax assets	-	61,804
Other	1,267,154	1,292,203
Allowance for doubtful accounts	(223,333)	(222,860)
<b>Total investments and other assets</b>	<b>5,432,993</b>	<b>4,326,051</b>
<b>Total non-current assets</b>	<b>18,838,096</b>	<b>21,819,040</b>
<b>Total assets</b>	<b>¥ 66,988,179</b>	<b>¥ 66,888,958</b>

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

	Thousands of Yen	
	March 31, 2019	March 31, 2020
	Amounts	Amounts
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Notes and accounts payable-trade	¥ 18,805,516	¥ 13,575,244
Electronically recorded obligations-operating	3,753,065	6,179,966
Current portion of long-term borrowings	100,000	25,000
Income taxes payable	1,049,304	707,467
Provision for bonuses	657,365	730,495
Provision for bonuses for directors	29,900	14,875
Provision for removal expenses of noncurrent assets	6,000	-
Other	1,177,131	2,817,789
<b>Total current liabilities</b>	<b>25,578,283</b>	<b>24,050,837</b>
<b>Non-current liabilities:</b>		
Long-term borrowings	25,000	-
Deferred tax liabilities	436,947	245,815
Provision for share-based remuneration for directors	10,196	10,196
Retirement benefit liability	48,403	72,932
Other	198,702	206,841
<b>Total noncurrent liabilities</b>	<b>719,249</b>	<b>535,786</b>
<b>Total liabilities</b>	<b>26,297,532</b>	<b>24,586,624</b>
<b>Net Assets</b>		
<b>Shareholders' equity:</b>		
Share capital	5,232,413	5,232,413
Capital surplus	5,997,217	5,997,217
Retained earnings	28,195,735	30,221,251
Treasury shares	(84,407)	(85,062)
<b>Total shareholders' equity</b>	<b>39,340,959</b>	<b>41,365,820</b>
<b>Accumulated other comprehensive income:</b>		
Valuation difference on available-for-sale securities	1,214,201	800,902
Deferred gains or losses on hedges	-	(11)
Remeasurements of defined benefit plans	135,485	(2,864)
<b>Total accumulated other comprehensive income</b>	<b>1,349,687</b>	<b>798,026</b>
<b>Non-controlling interests</b>	<b>-</b>	<b>138,487</b>
<b>Total net assets</b>	<b>40,690,646</b>	<b>42,302,334</b>
<b>Total liabilities and net assets</b>	<b>¥ 66,988,179</b>	<b>¥ 66,888,958</b>

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

**CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

	Thousands of Yen	
	Year ended March 31, 2019	Year ended March 31, 2020
	Amounts	Amounts
Net sales	¥ 107,873,730	¥ 104,619,924
Cost of sales	92,763,948	88,805,058
Gross profit	15,109,782	15,814,866
Selling, general and administrative expenses:		
Freight and packing costs	1,505,424	1,472,753
Provision of allowance for doubtful accounts	197,701	(11,713)
Provision for bonuses for directors	29,900	14,875
Provision for share-based remuneration for directors	10,196	-
Salaries, allowances and bonuses	4,599,325	5,040,453
Provision for bonuses	582,997	647,941
Retirement benefit expenses	169,469	187,346
Other	3,974,039	4,489,497
Total selling, general and administrative expenses	11,069,052	11,841,153
Operating income	4,040,729	3,973,712
Non-operating income:		
Interest income	5,385	5,228
Dividend income	76,783	79,022
Purchase discounts	545,149	515,140
Rent income	53,020	65,882
Other	49,997	38,051
Total non-operating income	730,336	703,325
Non-operating expenses:		
Interest expenses	630	3,074
Sales discounts	311,138	289,212
Rental cost	5,474	4,953
Other	37,088	45,172
Total non-operating expenses	354,332	342,413
Ordinary income	4,416,734	4,334,624
Extraordinary income:		
Gain on sales of investment securities	19,800	-
Reversal of provision for environmental measures	4,725	-
Total extraordinary income	24,525	-
Extraordinary loss:		
Loss on abandonment of inventories	-	21,851
Loss on disposal of inventories	74,079	-
Removal expenses of noncurrent assets	4,980	-
Provision for removal expenses of noncurrent assets	6,000	-
Loss on valuation of investment securities	-	3,228
Total extraordinary loss	85,059	25,080
Income before income taxes	4,356,199	4,309,544
Income taxes-current	1,520,488	1,440,937
Income taxes-deferred	(57,375)	27,950
Total income taxes	1,463,113	1,468,887
Net income	2,893,086	2,840,657
Net income attributable to non-controlling interests	-	32,527
Net income attributable to owners of parent	¥ 2,893,086	¥ 2,808,129

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

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**

	Thousands of Yen	
	Year ended March 31, 2019	Year ended March 31, 2020
	Amounts	Amounts
Net income	¥ 2,893,086	¥ 2,840,657
Other comprehensive income:		
Valuation difference on available-for-sale securities	(570,255)	(413,299)
Deferred gains or losses on hedges	495	(11)
Remeasurements of defined benefit plans, net of tax	(20,768)	(138,350)
Total other comprehensive income	(590,528)	(551,660)
Comprehensive income:	2,302,557	2,288,996
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,302,557	2,256,468
Comprehensive income attributable to non-controlling interests	¥ -	¥ 32,527

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

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**

Year Ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Thousands of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at April 1, 2018	5,232,413	5,997,217	25,999,618	(83,785)	37,145,464
Changes of items during the period					
Dividends from surplus			(696,969)		(696,969)
Net income attributable to owners of parent			2,893,086		2,893,086
Change in scope of consolidation					
Purchases of treasury stock				(622)	(622)
Net changes in items other than shareholders' equity					
Total changes of items during the period	-	-	2,196,117	(622)	2,195,495
Balance at March 31, 2019	5,232,413	5,997,217	28,195,735	(84,407)	39,340,959

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at April 1, 2018	1,784,457	(495)	156,254	1,940,216	-	39,085,680
Changes of items during the period						
Dividends from surplus						(696,969)
Net income attributable to owners of parent						2,893,086
Change in scope of consolidation						-
Purchases of treasury stock						(622)
Net changes in items other than shareholders' equity	(570,255)	495	(20,768)	(590,528)	-	(590,528)
Total changes of items during the period	(570,255)	495	(20,768)	(590,528)	-	1,604,966
Balance at March 31, 2019	1,214,201	-	135,485	1,349,687	-	40,690,646

Year Ended March 31, 2020 (from April 1, 2019 to March 31, 2020) (Thousands of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at April 1, 2019	5,232,413	5,997,217	28,195,735	(84,407)	39,340,959
Changes of items during the period					
Dividends from surplus			(871,190)		(871,190)
Net income attributable to owners of parent			2,808,129		2,808,129
Change in scope of consolidation			88,577		88,577
Purchases of treasury stock				(654)	(654)
Net changes in items other than shareholders' equity					
Total changes of items during the period	-	-	2,025,516	(654)	2,024,861
Balance at March 31, 2020	5,232,413	5,997,217	30,221,251	(85,062)	41,365,820

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at April 1, 2019	1,214,201	-	135,485	1,349,687	-	40,690,646
Changes of items during the period						
Dividends from surplus						(871,190)
Net income attributable to owners of parent						2,808,129
Change in scope of consolidation						88,577
Purchases of treasury stock						(654)
Net changes in items other than shareholders' equity	(413,299)	(11)	(138,350)	(551,660)	138,487	(413,173)
Total changes of items during the period	(413,299)	(11)	(138,350)	(551,660)	138,487	1,611,687
Balance at March 31, 2020	800,902	(11)	(2,864)	798,026	138,487	42,302,334

**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

	Thousands of Yen	
	Year ended March 31, 2019	Year ended March 31, 2020
	Amounts	Amounts
<b>Cash flows from operating activities:</b>		
Income before income taxes	¥ 4,356,199	¥ 4,309,544
Depreciation	611,432	698,764
Amortization of goodwill	-	54,295
Increase (decrease) in provision for bonuses for directors	4,222	(15,025)
Increase (decrease) in provision for share-based remuneration for directors	10,196	-
Increase (decrease) in retirement benefit liability	3,333	10,079
Decrease (increase) in retirement benefit asset	(26,334)	(35,108)
Increase (decrease) in provision for bonuses	61,527	29,619
Increase (decrease) in allowance for doubtful accounts	183,884	(14,301)
Interest and dividends income	(82,168)	(84,251)
Interest expenses	630	3,074
Loss (gain) on sales of investment securities	(19,800)	-
Decrease (increase) in trade receivables	(2,592,232)	5,088,096
Decrease (increase) in inventories	(455,871)	(305,544)
Increase (decrease) in trade payables	2,802,674	(3,127,710)
Other	(51,534)	(112,065)
Subtotal	4,806,159	6,499,468
Interest and dividend income received	85,339	88,869
Interest paid	(690)	(2,441)
Income taxes paid	(1,133,679)	(1,835,883)
<b>Net cash provided by (used in) operating activities</b>	<b>3,757,128</b>	<b>4,750,013</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(1,075,580)	(1,845,258)
Payments for removal of noncurrent assets	(21,483)	(6,000)
Purchase of intangible assets	(72,664)	(1,674,312)
Purchase of investment securities	(14,042)	(14,845)
Proceeds from sales of investment securities	44,497	-
Payments for guarantee deposits	(67,809)	(10,248)
Other	(9,230)	51
<b>Net cash provided by (used in) investing activities</b>	<b>(1,216,313)</b>	<b>(3,550,614)</b>
<b>Cash flows from financing activities:</b>		
Net increase (decrease) in short-term borrowings	-	(550,000)
Repayments of long-term borrowings	(100,000)	(100,000)
Purchase of treasury shares	(622)	(654)
Dividends paid	(695,796)	(869,677)
<b>Net cash provided by (used in) financing activities</b>	<b>(796,418)</b>	<b>(1,520,332)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,744,396</b>	<b>(320,933)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>11,312,150</b>	<b>13,056,546</b>
<b>Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation</b>	<b>-</b>	<b>148,190</b>
<b>Cash and cash equivalents at end of the period</b>	<b>¥ 13,056,546</b>	<b>¥ 12,883,804</b>

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

## SEGMENT INFORMATION

### 1. Outline of business segments reported

The business segments reported are the segments of Furusato Group for which separate financial information is available and for which operating income/loss amounts are evaluated regularly by executive management in deciding how to allocate resources and in assessing performance.

Furusato Group comprises of three segments, the “Equipment and Tools Segment”, the “Machine and Facility Segment” and the “Construction and Piping Products Segment”.

The Equipment and Tools Segment offers mainly equipment and tools to the manufacturing industry and equipments to the housing market.

The Machine and Facility Segment offers primarily machine tools and facilities installed in production lines.

The Construction and Piping Products Segment sells fastening products, hardware, welding materials, piping supplies, etc. and manufactures and sells turnbuckle braces and foundation bolts, etc.

### 2. Information on net sales, operating income (loss), assets, liabilities and other items by business segment reported

Year Ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Thousands of Yen)

	Net sales			Operating income	Assets	Other items	
	To customers	Intersegment	Total			Depreciation, amortization	Increase in tangible and intangible fixed assets
Business segment reported							
Equipment and Tools	¥ 49,873,377	¥ 1,115,229	¥ 50,988,606	¥ 1,297,354	¥ 22,773,862	¥ 122,945	¥ 394,439
Machine and Facility	24,145,557	407,706	24,553,264	685,304	6,788,463	25,711	65,292
Construction and Piping Products	33,854,795	18,437	33,873,232	1,928,239	23,181,080	458,538	734,020
Subtotal	107,873,730	1,541,372	109,415,103	3,910,898	52,743,407	607,195	1,193,752
Adjustment (*1)	-	(1,541,372)	(1,541,372)	129,831	14,244,772	4,237	-
Total amounts on the consolidated statements of income (*2)	¥ 107,873,730	-	¥ 107,873,730	¥ 4,040,729	¥ 66,988,179	¥ 611,432	¥ 1,193,752

Note:

#### 1. Adjustment

(1) Adjustment of operating income amounted to ¥129,831 thousand, which includes elimination of intersegment transaction of ¥131,719 thousand, adjustment of inventory of ¥(4,284) thousand and adjustment of noncurrent assets of ¥2,395 thousand.

(2) Adjustment of assets amounted to ¥14,244,772 thousand, which includes elimination of intersegment transaction of ¥(437,008) thousand and corporate assets not allocated to each business segment reported of ¥14,681,780 thousand. The majority of corporate assets are surplus funds, long-term investment funds and assets in Administration section, which do not belong to each business segment reported.

(3) The majority of adjustment of depreciation and amortization are ¥4,237 thousand, do not belong to business segments reported.

2. Segment operating income is adjusted with operating income on the consolidated statements of income.

Year Ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Thousands of Yen)

	Net sales			Operating income	Assets	Other items	
	To customers	Intersegment	Total			Depreciation, amortization	Increase in tangible and intangible fixed assets
Business segment reported							
Equipment and Tools	¥ 49,633,148	¥ 1,251,848	¥ 50,884,997	¥ 1,229,625	¥ 23,681,836	¥ 203,119	¥ 2,812,212
Machine and Facility	20,706,886	212,599	20,919,485	601,857	5,808,717	31,194	242,444
Construction and Piping Products	34,279,889	9,121	34,289,010	2,022,602	22,906,859	461,504	1,551,558
Subtotal	104,619,924	1,473,568	106,093,493	3,854,085	52,397,413	695,819	4,606,215
Adjustment (*1)	-	(1,473,568)	(1,473,568)	119,626	14,491,544	2,945	-
Total amounts on the consolidated statements of income (*2)	¥ 104,619,924	-	¥ 104,619,924	¥ 3,973,712	¥ 66,888,958	¥ 698,764	¥ 4,606,215

Note:

#### 1. Adjustment

(1) Adjustment of operating income amounted to ¥119,626 thousand, which includes elimination of intersegment transaction of ¥120,846 thousand, adjustment of inventory of ¥(3,598) thousand and adjustment of noncurrent assets of ¥2,379 thousand.

(2) Adjustment of assets amounted to ¥14,491,544 thousand, which includes elimination of intersegment transaction of ¥(849,967) thousand and corporate assets not allocated to each business segment reported of ¥15,341,512 thousand. The majority of corporate assets are surplus funds, long-term investment funds and assets in Administration section, which do not belong to each business segment reported.

(3) The majority of adjustment of depreciation and amortization are ¥2,945 thousand, do not belong to business segments reported.

2. Segment operating income is adjusted with operating income on the consolidated statements of income.