

## 1. Management policy

〈Management objective〉

Furusato Group sets our management objective as “business continuity” to consistently fulfill our responsibilities to our stakeholders including shareholders, customers, business partners, employees, etc. We will identify our core competencies and exercise our unique competitive advantages. Then, we will be an indispensable corporate group for the society and secure sustainable profit structure. As a result, we believe that we can realize to become the “sustainable corporate group”.

〈Basic management principle and code of conduct〉

The basic management principle of Furusato Group is “customer first”, the origin of thoughts and conduct of all officers and employees. Based on this principle, we deal with anything our customers, the steel fabricators, need. Furthermore, Furusato provides customers anything they need, in the amounts, in the timing, and to the place as requested. This is our code of conduct.

With the aim of execution of the code of conduct, we take steady actions to improve infrastructures by efficient allocation of human resources, an increase in inventory items and a review of distribution net

work. In addition, we upgrade systems for order-taking, reporting and settlement management and foster a mindset of employees in order to respond to customers’ immediate needs. This is the basic management policy of Furusato Group.

## 2. Target management indicator

Furusato Group sets returns on equity (ROE) as our target management indicator. We strive to improve our corporate value and the returns of profits to shareholders with the aim of achieving the ROE of more than 10%.

## 3. Medium- to long-term corporate management strategy

Furusato Group sets Machine Tools segment, Procured Construction Supplies segment and In-house Construction Supplies segment as our core businesses. We will set up appropriate strategies for each segment, execute them steadily and build sustainable growth track based on the concept of the “customer first”.

(1) Maintaining and enhancing stable profit structure

In the Procured Construction Supplies segment and the In-house Construction Supplies segment, which enjoy high market share, we strive to develop and stabilize sales base to maintain solid profit structure and to increase sales volume by marketing new supplies and services. We aim to

secure core fields as stable sources of income for Furusato Group through these measures.

(2) Increasing market share by proactive investment

In the Machine Tools segment, targeting at the manufacturing industry with substantial market size, we aim to increase market share by reinforcing purchasing power through expansion of supplier base; by improving customer service with extension of inventory items and restructuring of distribution network and by proactively investing management resources in development of marketing methods and tools.

(3) Fostering the new business

In order to diversify risks arising from concentration on a specific business and realize well-balanced profit structure and growth as Furusato Group, we consistently screen a new business field that can develop efficiently like the business related to the existing businesses.

(4) Improving corporate value by organizational reform and proactive use of human resources

We work hard to improve social value and shareholder value as Furusato Group by enhancing the corporate governance; by getting rid of dishonesty and antisocial activism through reinforcement of compliance and by improving operational efficiency based on the proactive use of management resources.

## 4. Tasks ahead

Unexpected events may happen amid a process of rapid change as business environment is getting harsh. Under the circumstances, challenging issues to be solved is reinforcement of compliance. As one of our top priorities, we will work hard to establish the framework to obey regulations as a corporate citizen and to get rid of dishonesty and anti-social activism.