

Fiscal Year 2022 (Ended February 28, 2023)

Financial Results Briefing Materials

April 14, 2023

FURUNO ELECTRIC CO., LTD.

Cautions:

This document is a translation of the Japanese original, which is authoritative.

The information listed in these materials regarding the Company's forecasts are determined by management, based on the information available at the time of announcement, and potential risks and uncertainties. It should be noted that the actual results may differ substantially from these forecasts, due to these various elements.

The numerical values shown in these materials are the monetary amounts listed in the consolidated balance sheet, consolidated profit-and-loss statement, consolidated statement of changes in shareholders' equity, and notes to consolidated financial statements. Shown values of less than one unit are truncated, and ratios and other values are rounded off.

* "E" in this material represents that the figure is an estimation or a projection for operation.

** "FY" in this material indicates the fiscal year ending February 28 (29) of the succeeding year.

◆ Net Sales: Increase

- Increase in overseas sales for Marine Business helped by a weak yen, despite sales opportunities loss with production delays

◆ Gross Profit: Increase

- Increase in gross profit with increase in sales for Marine Business, despite soaring components prices

◆ Operating Profit: Decrease

- Decrease in profit due to increase in SG&A expenses

Consolidated Income Statement

FURUNO

Decrease in Profit with increase in SG&A expenses despite increase in overseas sales

(Unit: Millions of yen)	Fiscal Year 2021	Fiscal Year 2022	Year-over-Year (amount)	Year-over-Year (ratio)	Impact Amount*
Net sales	84,783	91,325	+6,541	+7.7%	+626
Gross profit (Sales ratio)	31,638 (37.3%)	34,377 (37.6%)	+2,739	+8.7%	-330
SG&A expenses (Sales ratio)	29,105 (34.3%)	32,853 (36.0%)	+3,747	+12.9%	-
Operating profit (Sales ratio)	2,532 (3.0%)	1,523 (1.7%)	-1,008	-39.8%	+295
Ordinary profit (Sales ratio)	3,717 (4.4%)	2,593 (2.8%)	-1,124	-30.2%	
Profit attributable to owners of parent (Sales ratio)	2,814 (3.3%)	1,348 (1.5%)	-1,466	-52.1%	
R&D expenses (Sales ratio)	5,458 (6.4%)	5,694 (6.2%)	+235	+4.3%	
Capital investment (Sales ratio)	4,670 (5.5%)	2,207 (2.4%)	-2,462	-52.7%	
Depreciation expenses (Sales ratio)	3,161 (3.7%)	3,061 (3.4%)	-100	-3.2%	

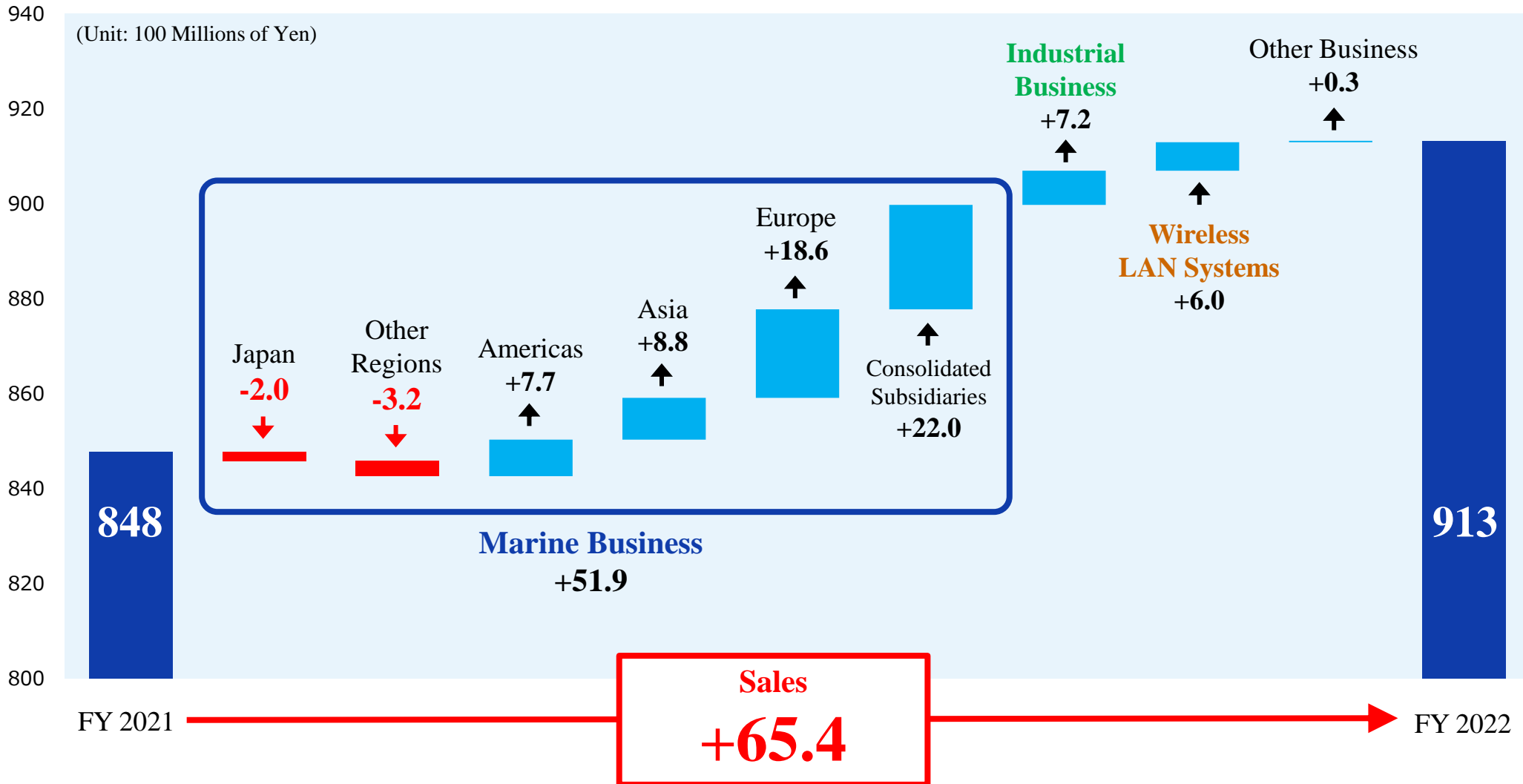
*Change in
accounting standard

(Unit: Yen, annual average exchange rate)

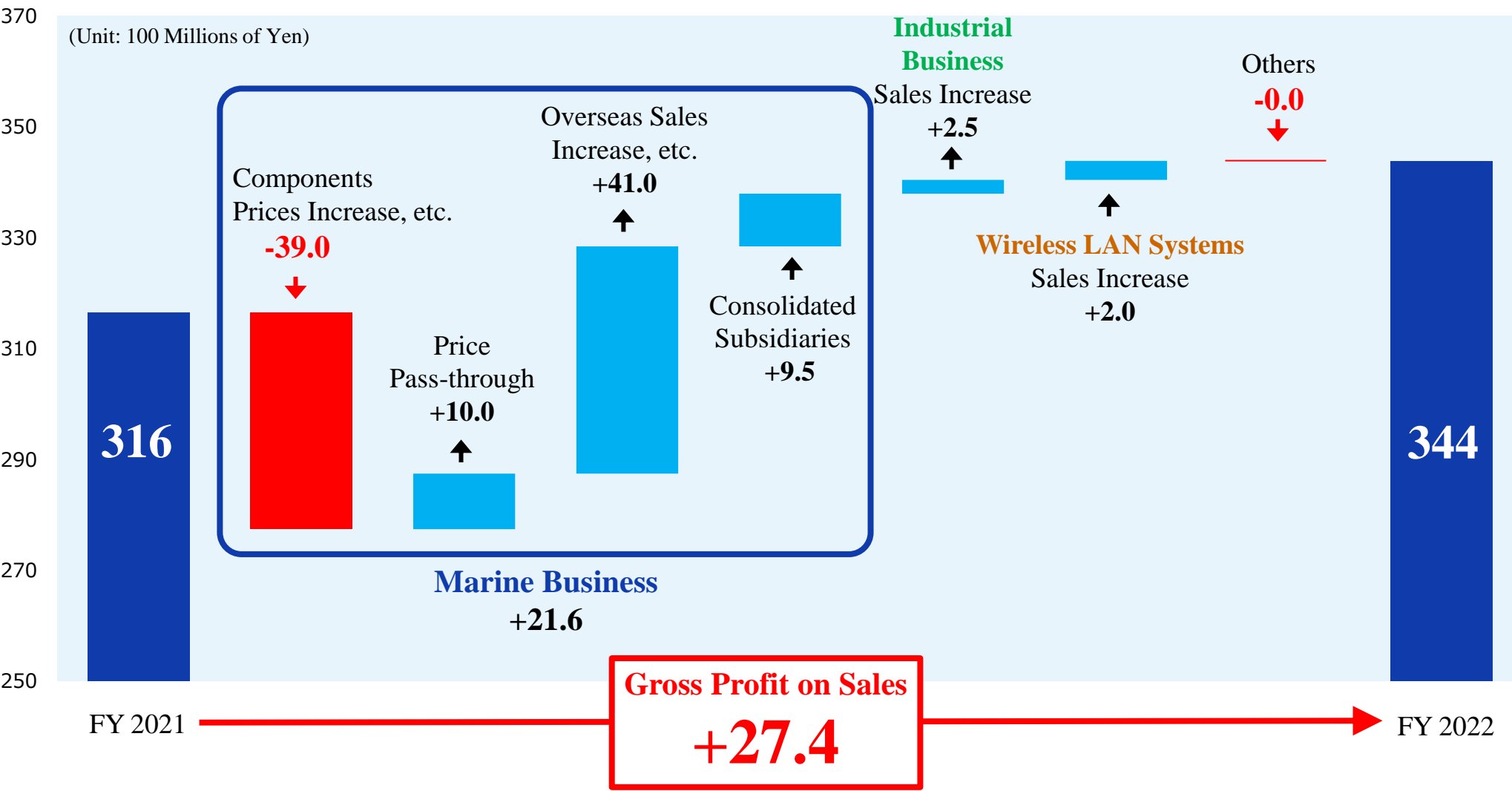
1 USD	109	129	+20	+18.7%
1 EUR	130	138	+8	+6.0%

Analysis of Increase/Decrease in Net Sales

Addition of consolidated subsidiaries and overseas sales increase in Marine Business



Increase in components prices but increase in overseas sales, etc. in Marine Business




Factors Increasing SG&A Expenses (YoY)

FURUNO

Increase mainly due to investments for future growth

(Unit: 100 Millions of Yen)

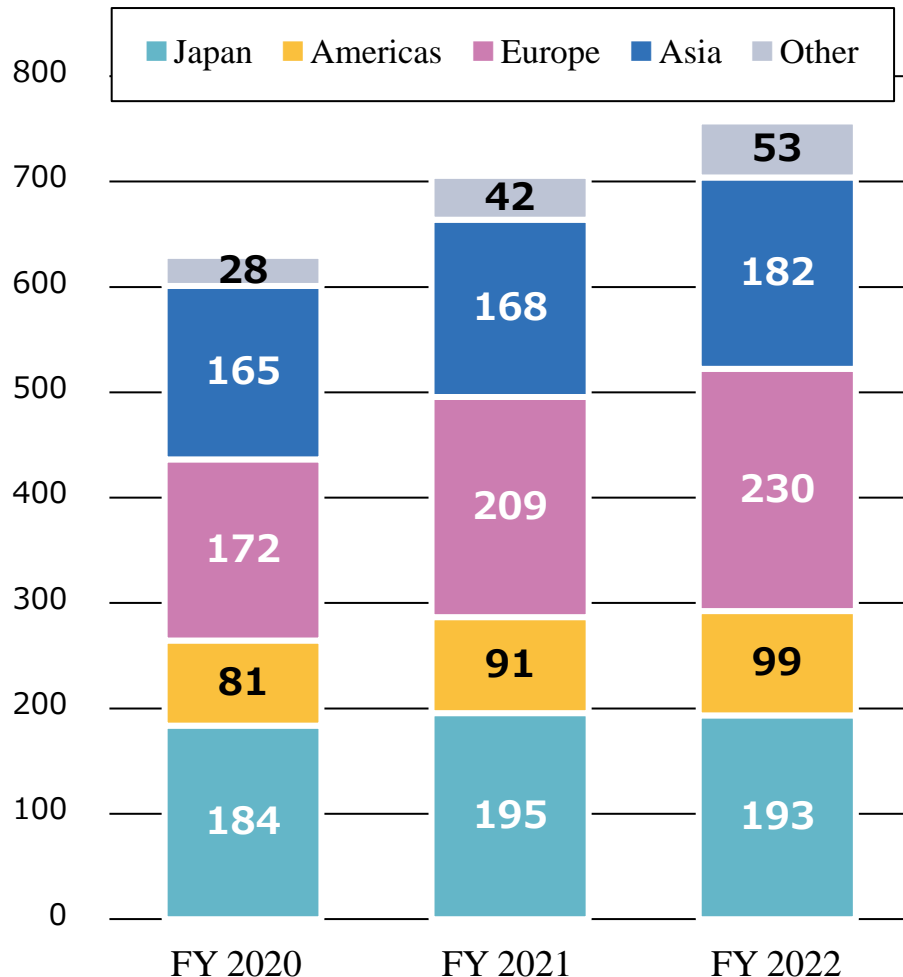
Addition of Consolidated overseas subsidiaries with R&D function	+11.3
Increase in personnel to strengthen service and R&D, etc.	+5.8
Increase in promotion expenses (exhibitions in new fields, etc.)	+4.8
Increase in strategic investments in new businesses, etc.	-0.5
Foreign exchange impact on SG&A expenses	+12.9
Increase in business-related expenses	+2.6
Others	+0.7
Increase in consolidated SG&A expenses	+37.5

 Investments for future growth

“100M” stands for 100 Million

Marine Business Consolidated Sales (by Region)

(Unit: 100 Millions of Yen)



Marine Business:

Change in accounting standard
Sales: +4.5, Profit: +3.7 (100M yen)

Net Sales **757** 100M yen (+7.4% year-over-year)

Segment Profit **12.5** 100M yen (-15.2 100M yen)

- Sales opportunities loss with production delays due to difficulties in obtaining parts and materials
- Increase in overseas sales with weak yen
- Decrease in profit due to increase in SG&A expenses for future growth (service, R&D, etc.)

◆ **Japan:** Net sales **193** 100M yen (-1.0%)

- Decrease in sales for Fishery market
- Steady sales for Merchant boats

◆ **Americas:** Net sales **99** 100M yen (+8.4%)

- Expansion of sales for pleasure boats

◆ **Europe:** Net sales **230** 100M yen (+10.2%)

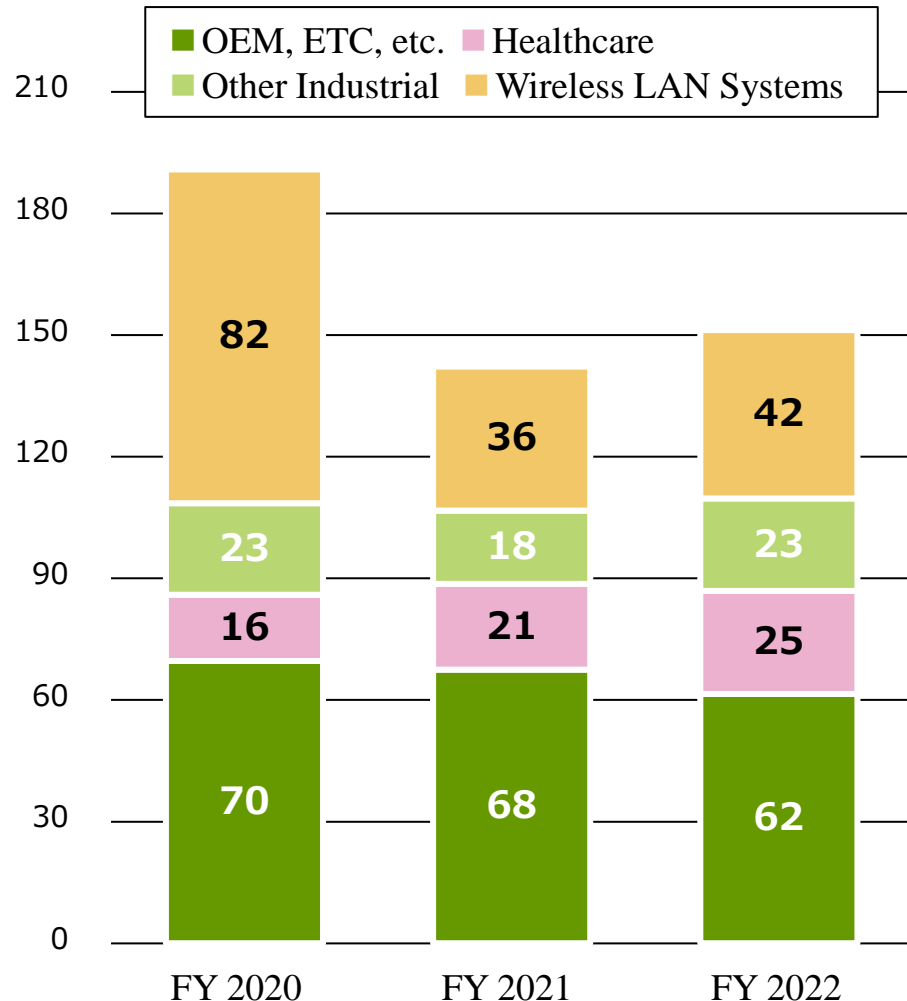
- Expansion of service sales, strong sales for Merchant and Pleasure boats

◆ **Asia:** Net sales **182** 100M yen (+7.9%)

- Increase in sales for Fishery market
- Merchant newbuild projects recovered

Industrial Business Consolidated Sales (by Product)

(Unit: 100 Millions of Yen)



“100M” stands for 100 Million

Industrial Business:

Change in accounting standard
Sales: +1.4, Profit: -1.0 (100M yen)

Net Sales **111** 100M yen (+**6.9%** year-over-year)

Segment Profit **1.3** 100M yen (+**1.5** 100M yen)

- **Decrease in sales of ETC on-board units and GNSS products**
- **Healthcare Business: Increase in sales of Clinical Chemistry Analyzers**
- **Return to profitability with decrease in R&D expenses and increase in sales in Healthcare Business**

◆ **OEM, ETC, etc.:** Net sales **62** 100M yen (-**8.9%**)

◆ **Healthcare:** Net sales **25** 100M yen (+**20.3%**)

Wireless LAN Systems:

Change in accounting standard
Sales: +0.4, Profit: +0.3 (100M yen)

Net Sales **42** 100M yen (+**17.0%** year-over-year)

Segment Profit **5.1** 100M yen (+**0.7** 100M yen)

- **Wireless LAN Access Point: Strong sales for replacement projects in the education market**

Appendix: Consolidated Balance Sheet

FURUNO

(Unit: Millions of yen)	Fiscal Year 2021	Fiscal Year 2022
Current assets	62,010	82,280
(Cash and deposits)	(14,350)	(15,376)
(Inventories)	(27,693)	(40,694)
Fixed assets	23,963	24,116
(Tangible fixed assets)	(13,400)	(13,914)
(Intangible fixed assets)	(4,276)	(4,034)
(Investments and other assets)	(6,286)	(6,167)
Total assets	85,973	106,396
Current liabilities	25,023	37,525
Long-term liabilities	13,068	16,368
Total liabilities	38,092	53,893
Shareholders' equity	48,795	50,023
Others	-914	2,089
Non-controlling interests	0	389
Total net assets	47,880	52,503
Total liabilities and net assets	85,973	106,396
Equity ratio	55.7%	49.0%

Appendix: Consolidated Cash Flow Statement

FURUNO

(Unit: Millions of yen)	Fiscal Year 2021	Fiscal Year 2022	YoY (amount)
Cash Flow from Operating Activities	6,193	-6,492	-12,685
Cash Flow from Investing Activities	-4,289	-3,027	+1,362
Free Cash Flow	1,803	-9,519	-11,322
Cash Flow from Financing Activities	-3,518	8,263	+11,781
Cash and cash equivalents (end of year)	13,864	14,683	+818

Forecast for Fiscal Year 2023

&

Medium to Long-term Business Development

FURUNO GLOBAL VISION **NAVINEXT 2030**

Business Vision:

Achieve better safety, security, and **comfort**, to bring about a society and sea navigation that considers the needs of **people** and the environment

Human Resources and Corporate Culture Vision:

VALUE through **GLOBALIZATION** and **SPEED**

SUSTAINABLE DEVELOPMENT **GOALS**



Growth Targets for FY 2030:

- **Consolidated Net Sales of 120 billion Yen**
- **Operating Margin of 10%**
- **New Business Composition Ratio of 30%**

We will progressively and promptly work toward realizing the FURUNO GLOBAL VISION “NAVI NEXT 2030” through the following three phases.



Targets for Fiscal Year 2025

ROE (based on ordinary income)
10% or higher

Payout Ratio
30% or higher

Main Measures

- (1) Improvement in profitability**
- (2) Expansion of sales**
- (3) Implementation of sustainable management**

(1) Improvement in profitability

Complete the measures of the Phase 1 for the Mid-Term Management Plan, focusing on improving profitability by increasing the quality level, optimizing inventories, and optimizing the product development function and the comprehensive manufacturing function.

(2) Expansion of sales

Provide high-quality services through remote management, promote DX for Marine field focusing on digitalization, and invest resources in businesses with growth potential in order to further generate resources for investment in growth.

(3) Implementation of sustainable management

Aim to realize a sustainable management by expressing a long-term policy that will guide our future business, strengthening business creation through strategic investments, promptly commercializing new and expanding businesses, investing in human resources, and promoting diversity.

(1) Stronger inventory control and appropriate inventory levels

Promote the reduction of inventories in all areas of the value chain by working together to refine production plans by improving the demand forecasts accuracy, review logistics systems by optimizing distribution bases, and shortening procurement and production lead times.

Results: Due to optimization of production volume and strengthening of inventory control, **expenses due to inventory disposal and write-downs decreased by 610 million yen compared to before the start of Phase 1.**

However, inventories increased significantly due to a sharp increase in production delays caused by difficulties in obtaining parts and materials.

Next: Work on the **early optimization of inventories** as well as the continuation of thorough management to control related costs incurred.

(2) Further Increase in Quality Level

Based on the “Quality Before Everything” mentality, **aim to reduce the cost of quality loss** by reviewing and steadily implementing back-to-basics quality processes in each business, fostering quality management human resources by upgrading the quality education system, and fostering the corporate culture.

Results: **Quality loss costs decreased by 430 million yen from the pre-Phase 1 level** through the promotion of cross-divisional quality improvement activities, etc. Furthermore, customer satisfaction improved due to a decrease in the number of complaints. Furthermore, customer satisfaction improved due to a decrease in the number of complaints.

Next: Committing to **further reducing quality loss costs** and improving quality, including **cyber security**.

(3) Optimization of Product Development Functions

Improve development efficiency by optimizing the global development system, promoting common design, utilizing simulation, and automating the inspection process.

Results: In addition to cost reduction activities through cost reduction design of existing products, **a cumulative cost reduction of 400 million yen was achieved during Phase 1 by streamlining development work, including the use of common design in the development of new products.**

Next: Horizontally deploy know-how in new product development and cost reduction design, and **continuously generate profit without lowering the quality level.**

(4) Optimization of Comprehensive Manufacturing Functions

Further evolve FPS* activities, which have been continuously implemented since 2012, to optimize the global production system, automate production processes, expand configured production, etc., and thoroughly eliminate waste and **promote 1/2 manufacturing.**

*FPS: Furuno Production System: Building a production system suitable for our characteristic “3 Multiples” (Multiple models, Multiple types, Multiple man-hours)

Results: Optimization of production and purchased parts and materials at domestic and overseas factories, promotion of automation of production processes, etc., and **implementation of the establishment of an optimal production and shipping system.** However, a situation that causes production delays and inconvenience to customers due to difficulties in obtaining parts.

Next: Work to restore normal production as soon as possible and build a system to **make better factory shorten lead times for procurement and production.**

(5) New Strategic Investment Quota

Investment for future growth in Phase 2 and beyond, including fostering new businesses, R&D including advanced technology areas, business expansion into peripheral areas of existing businesses, and infrastructure development.

Results: Creation and nurturing of new businesses, efforts to expand the domain of existing businesses, etc. Accelerate efforts to launch and commercialize aquaculture support business and construction tech business. **Aggressive investment in M&A to strengthen overseas development capabilities** and construction of a new R&D building, etc.

Next: Continue to invest in efforts to **create new businesses, promote R&D activities, and invest for future growth.**



New R&D Workspace



Aquaculture Support Business



Offshore Wind Power Generation Business

Forecast for Fiscal Year 2023

FURUNO

Continuous impact of components prices increase, but aiming to expand sales in Japan and overseas

(Unit: Millions of yen)

	Fiscal Year 2022	Fiscal Year 2023	Year-over-Year (amount)	Year-over-Year (ratio)
Net sales	91,325	97,000	+5,674	+6.2%
Operating profit (Sales ratio)	1,523 (1.7%)	2,000 (2.1%)	+476	+31.2%
Ordinary profit (Sales ratio)	2,593 (2.8%)	2,500 (2.6%)	-93	-3.6%
Profit attributable to owners of parent (Sales ratio)	1,348 (1.5%)	2,000 (2.1%)	+651	+48.4%

R&D expenses (Sales ratio)	5,694 (6.2%)	5,500 (5.7%)	-194	-3.4%
Capital investment (Sales ratio)	2,207 (2.4%)	2,500 (2.6%)	+292	+13.3%
Depreciation expenses (Sales ratio)	3,061 (3.4%)	3,100 (3.2%)	+38	+1.3%

(Unit: Yen, annual average exchange rate)

1 USD	129	125	-4	-3.3%
1 EUR	138	130	-8	-5.7%

Dividend Forecast based on 30% Payout Ratio policy

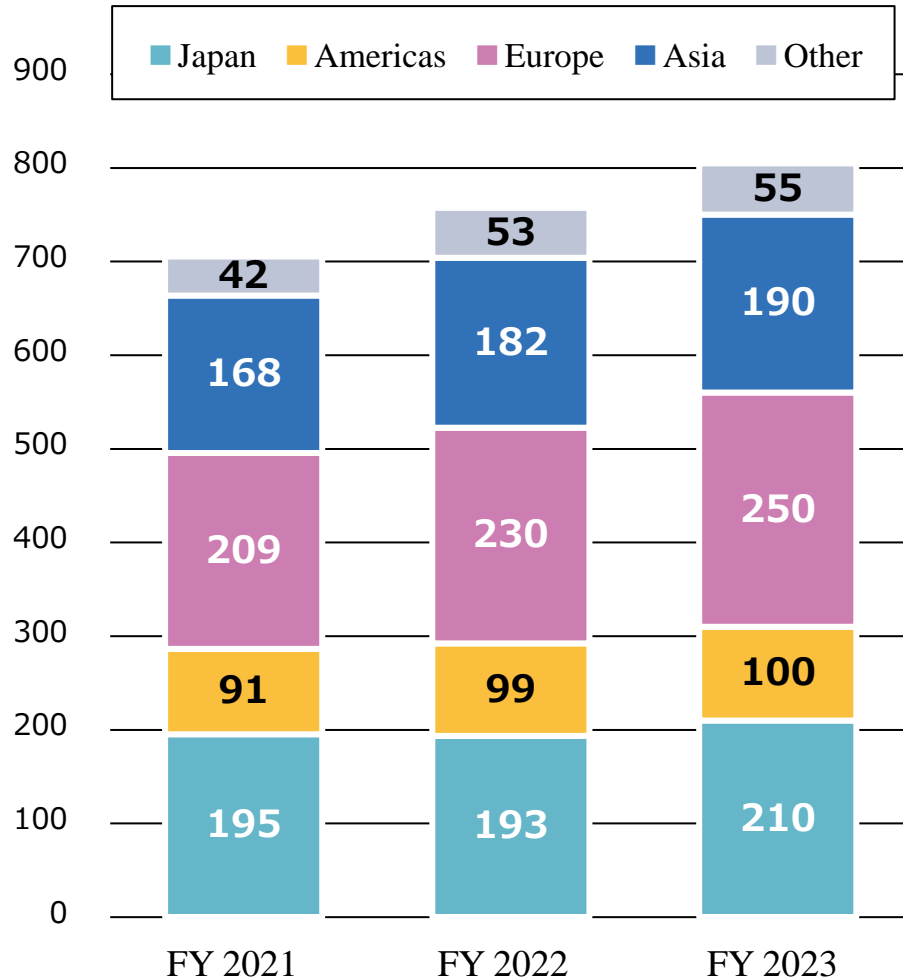
(Unit: Yen)

	2 nd Quarter	End of Term	Full Year	Payout Ratio
FY 2021	20	20	40	44.8%
FY 2022	10	15	25	58.5%
FY 2023 Forecast	10	10	20	31.6%

“100M” stands for 100 Million

Marine Business Consolidated Sales (by Region)

(Unit: 100 Millions of Yen)



Marine Business:

Net Sales **805** 100M yen

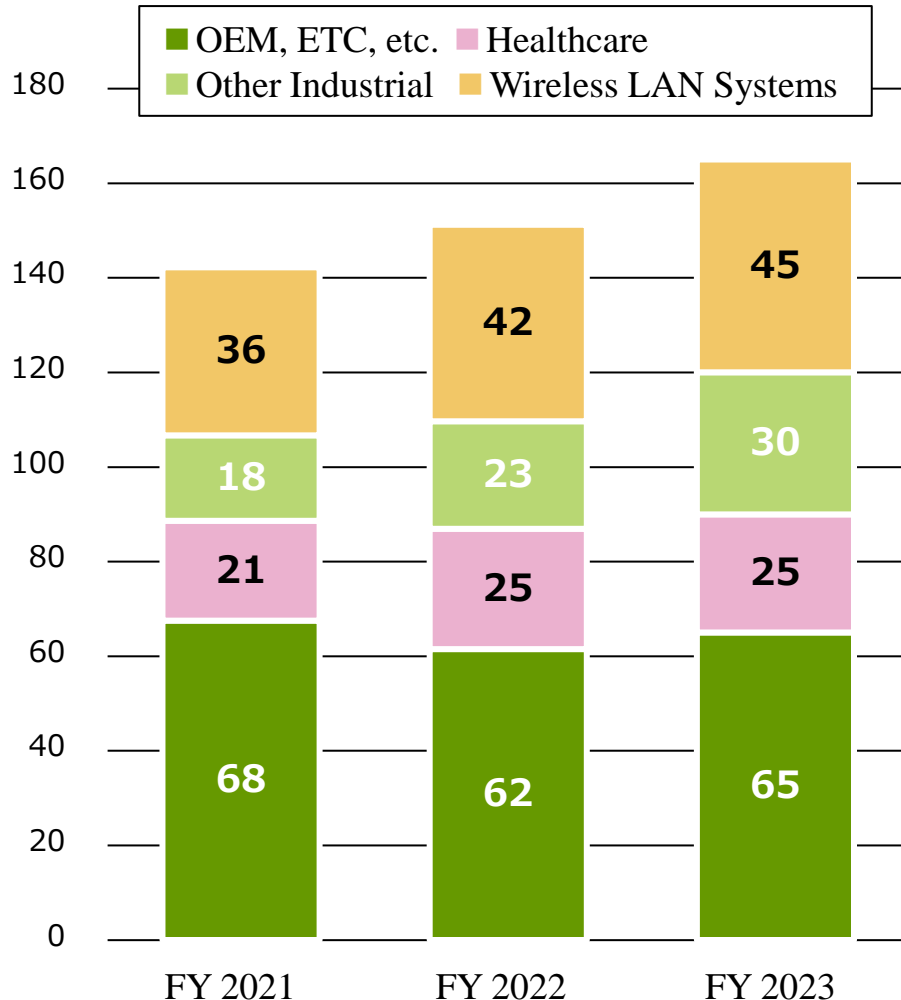
Segment Profit **15.0** 100M

- ◆ **Japan:** Net sales **210** 100M yen
 - Promotion of sales expansion for Fishery and Merchant newbuild
- ◆ **Americas:** Net sales **100** 100M yen
 - Steady demand for Pleasure boats
- ◆ **Europe:** Net sales **250** 100M yen
 - High demand for Service and Merchant Retrofit
- ◆ **Asia:** Net sales **190** 100M yen
 - Steady demand for Merchant newbuild

“100M” stands for 100 Million

Industrial Business Consolidated Sales (by Product)

(Unit: 100 Millions of Yen)



Industrial Business:

Net Sales **120** 100M yen

Segment Profit **2.0** 100M yen

◆ **OEM, ETC, etc.:** Net sales **65** 100M yen

➤ Recovery of ETC and GNSS products

◆ **Healthcare:** Net sales **25** 100M yen

➤ Steady demand for Clinical Chemistry Analyzers

◆ **Other Industrial:** Net sales **30** 100M yen

➤ Increase in government projects

Wireless LAN Systems:

Net Sales **45** 100M yen

Segment Profit **3.0** 100M yen

● **Wireless LAN Access Point:** Steady demand for replacement projects in the education market

Topics

Certified for 5 consecutive years and a “Health and Productivity Management Organization (White 500)”

The "Excellent Corporation for Health Management System" is a system to recognize large corporations, small and medium-sized companies, and other corporations that practice particularly excellent health management based on initiatives that address local health issues and promote health as promoted by the Japan Health Council. Among the corporations certified as "Excellent Corporations for Health Management (Large Corporation Category)", only the top 500 corporations in the results of the health management survey are recognized as "White 500".

Based on our management philosophy, we have been promoting efforts to raise employees' health awareness and create a workplace environment where they can continue to work with peace of mind, so that each one of our employees can work with a cheerful and active mind and body. In recognition of these health management efforts, **FURUNO has been recognized as a “Health and Productivity Management Organization (White 500)” for five consecutive years since fiscal 2019** in the large corporation category.



2023

健康経営優良法人

Health and productivity

ホワイト500

Appendix: FURUNO's Business Outline

Since commercializing the **world's first Fish Finder** in 1948, FURUNO has supplied many types of products for the marine electronics market. By using its exclusive knowledge of ultrasonic and electronics technologies, FURUNO has developed a wide array of products that have been world firsts and Japan firsts.

As of February 28, 2023



Nishinomiya Headquarter



New R&D Building SOUTH WING

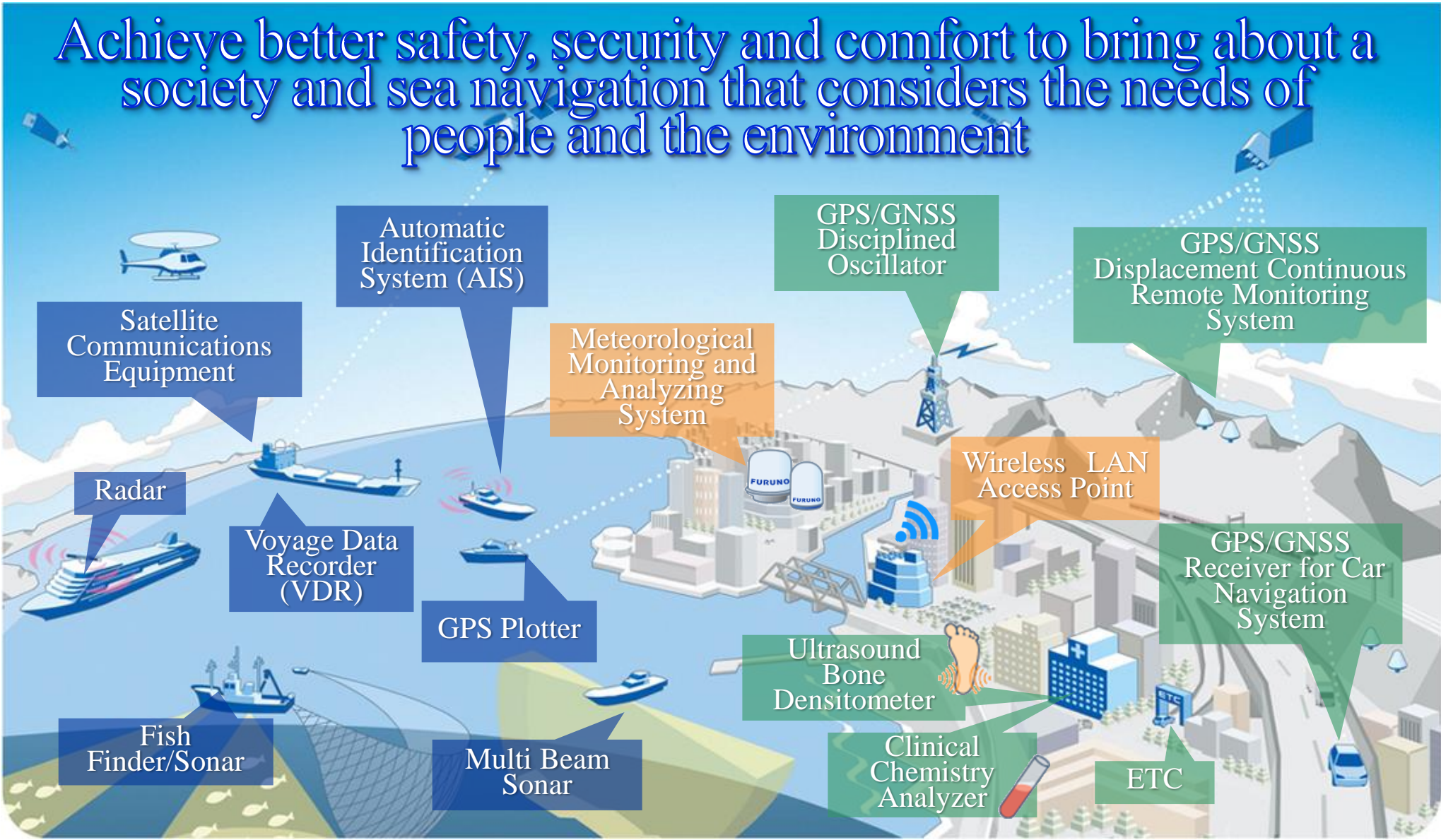
Company Name	FURUNO ELECTRIC CO., LTD.
Headquarters	Nishinomiya City, Hyogo, Japan
Incorporated	May 23, 1951
Business	Manufacturing and sale of maritime and industrial electronic products
Paid-in Capital	¥7,534 million
Number of Employees	3,310 (consolidated)
Consolidated Sales	¥91,325 million
President	Yukio Furuno
Stock Exchange Listing	Tokyo Stock Exchange, Prime Section

Investor Relations: <http://www.furuno.co.jp/en/ir/>

Products Site: <http://www.furuno.com/en/>

Corporate Movie: <http://www.furuno.com/special/en/corporatemovie/>

Achieve better safety, security and comfort to bring about a society and sea navigation that considers the needs of people and the environment



Appendix: FURUNO's Marine Business



For Merchant Vessels



Radar



ECDIS
(Electronic Chart Display and Information System)



Satellite Communications Equipment

For Fishing Vessels



Sonar



Fish Finder



Current Indicator

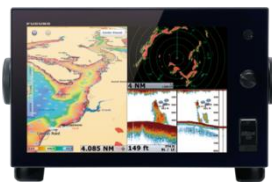


Radiotelephone

For Pleasure Boats



Radar



Multi-Function Display



GPS/WAAS
Chart Plotter



Autopilot

OEM, ETC, etc.



ETC2.0 / ETC *



ETC, Vehicle Management Solution*



GPS / GNSS Chips & Modules

Healthcare



Clinical Chemistry Analyzer & Reagent



Ultrasound Bone Densitometer

Wireless LAN Systems



Wireless LAN Access Point*



Wireless Handheld Terminal*

