

2nd Quarter of Fiscal Year 2023 (Ending February 28, 2024)

Financial Results Briefing Materials

October 16, 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.

*** "1Q" in this material represents the three-month period beginning on March 1 and ending on May 31.

◆ Net Sales: Increase

- Increase in overseas sales for Marine business with increase in production to catch-up high backlog and normalize delivery dates

◆ Operating Profit: Increase

- Gross profit increased with improved production efficiency, etc.
- Strengthening of sales and service, continued investment in R&D

◆ Financial Results Forecast: Upward Revision

- Strong overseas sales, weaker-than-expected yen, and progress in efforts to improve profitability

* Foreign Exchange Sensitivity (actual results for FY 2022)
[USD] Net sales: 130M yen, Operating income: 50M yen
[EUR] Net sales: 180M yen, Operation income: 90M yen

Consolidated Income Statement

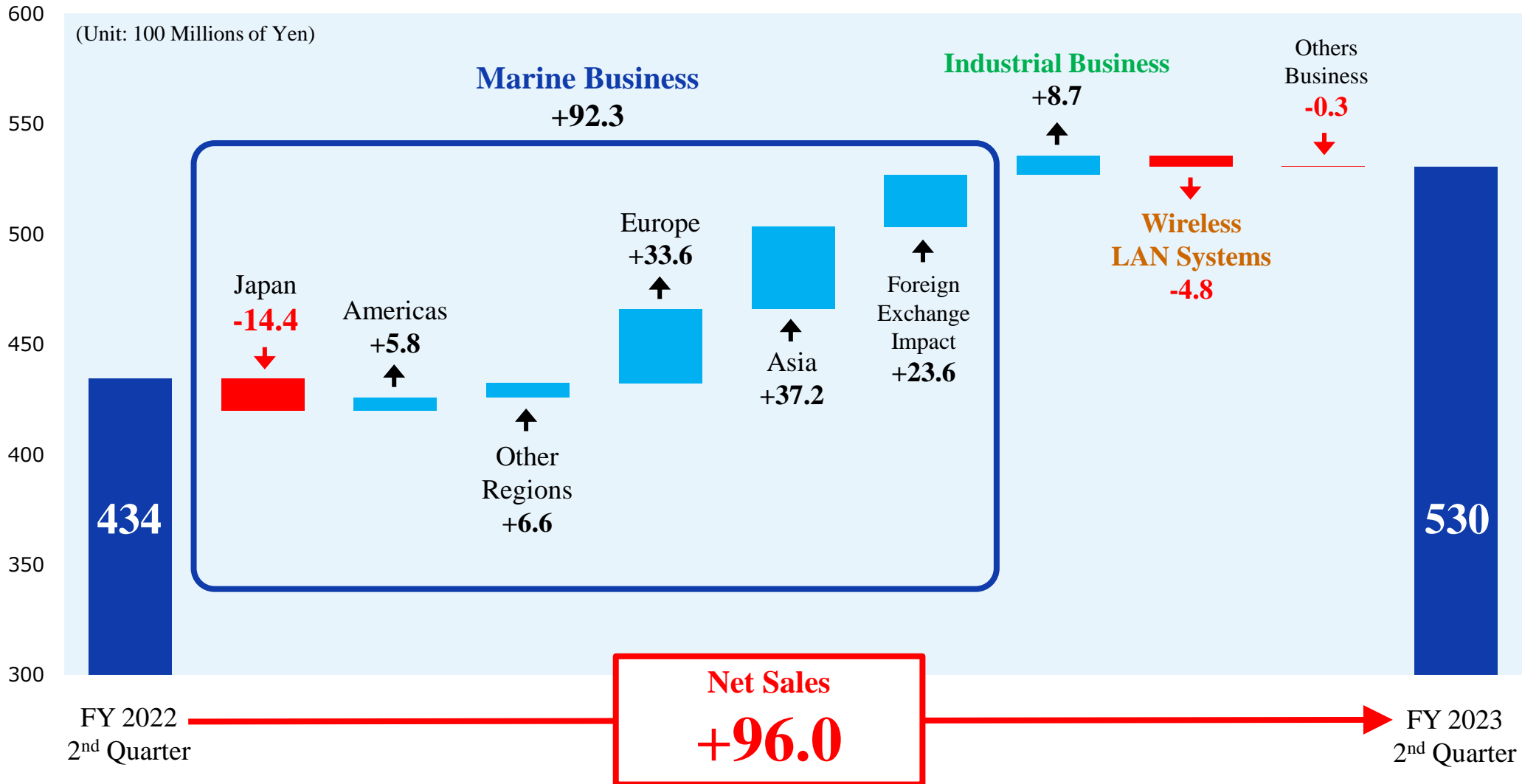
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Increase in overseas sales for Marine business with production increased to catch-up high backlog
Better profit margin due to efforts to improve profitability, despite the impact of rising costs

(Unit: Millions of yen)	FY 2022 2 nd Quarter	FY 2023 2 nd Quarter	Year-over-Year (amount)	Year-over-Year (ratio)
Net Sales	43,425	53,022	+9,597	+22.1%
Gross Profit (Sales ratio)	16,606 (38.2%)	20,788 (39.2%)	+4,181	+25.2%
SG&A Expenses (Sales ratio)	15,809 (36.4%)	17,058 (32.2%)	+1,248	+7.9%
Operating Profit (Sales ratio)	796 (1.8%)	3,729 (7.0%)	+2,933	+368.2%
Ordinary Profit (Sales ratio)	1,722 (4.0%)	4,525 (8.5%)	+2,803	+162.7%
Profit Attributable to Owners of Parent (Sales ratio)	1,537 (3.5%)	3,280 (6.2%)	+1,743	+113.4%
R&D Expenses (Sales ratio)	2,604 (6.0%)	2,772 (5.2%)	+168	+6.5%
Capital Investment (Sales ratio)	1,348 (3.1%)	1,443 (2.7%)	+95	+7.1%
Depreciation Expenses (Sales ratio)	1,514 (3.5%)	1,648 (3.1%)	+134	+8.9%
(Unit: Yen, annual average exchange rate)				
1 USD	120	135	+15	+12.7%
1 EUR	135	147	+13	+9.3%

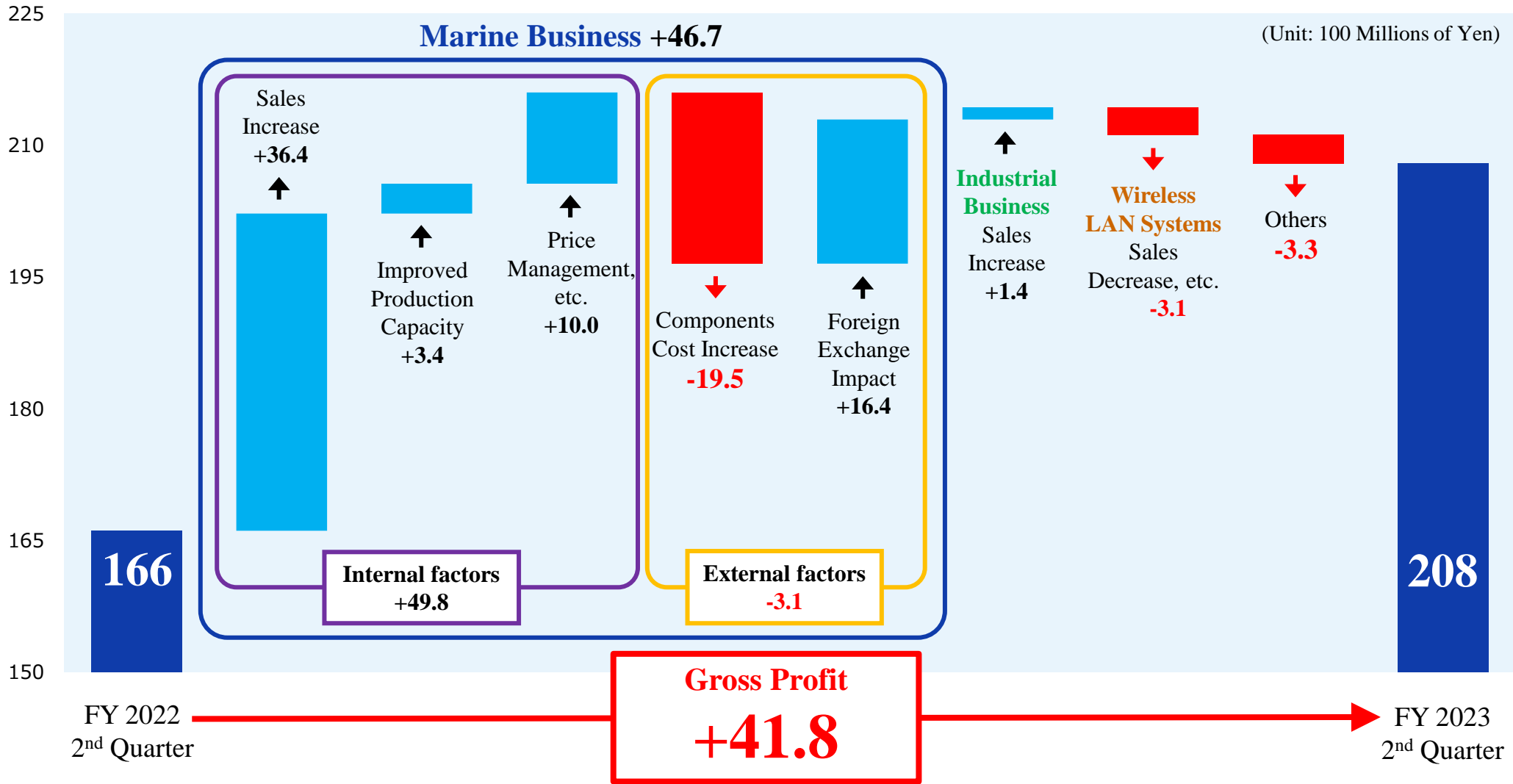
Analysis of Increase/Decrease in Net Sales

Decrease in domestic sales, but increase in overseas sales mainly in merchant vessels



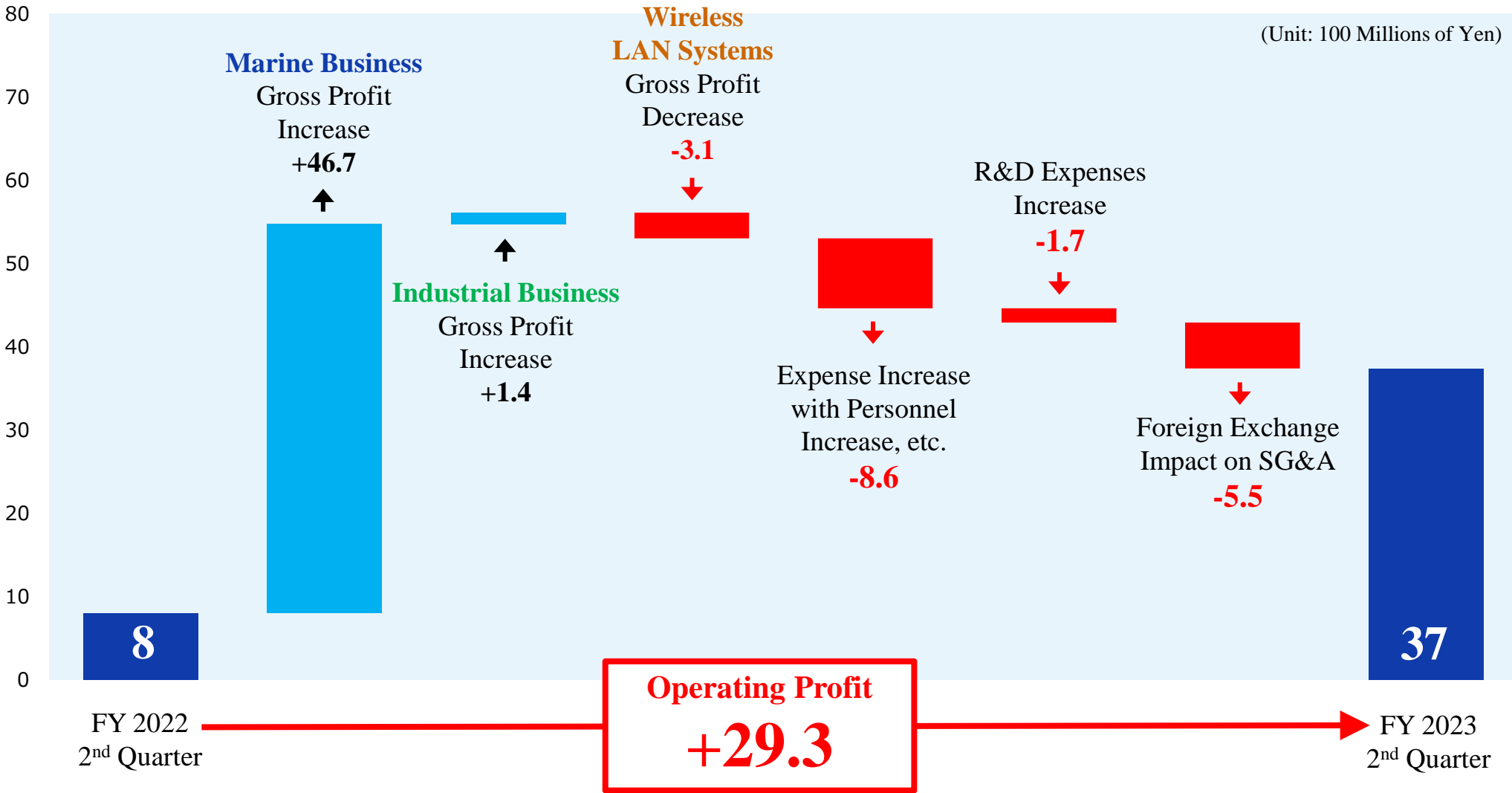
Analysis of Increase/Decrease in Gross Profit

Increase in gross profit with increase in sales for Marine business and efforts to improve profitability (improved production capacity, price management, etc.), despite higher cost



Analysis of Increase/Decrease in Operating Profit

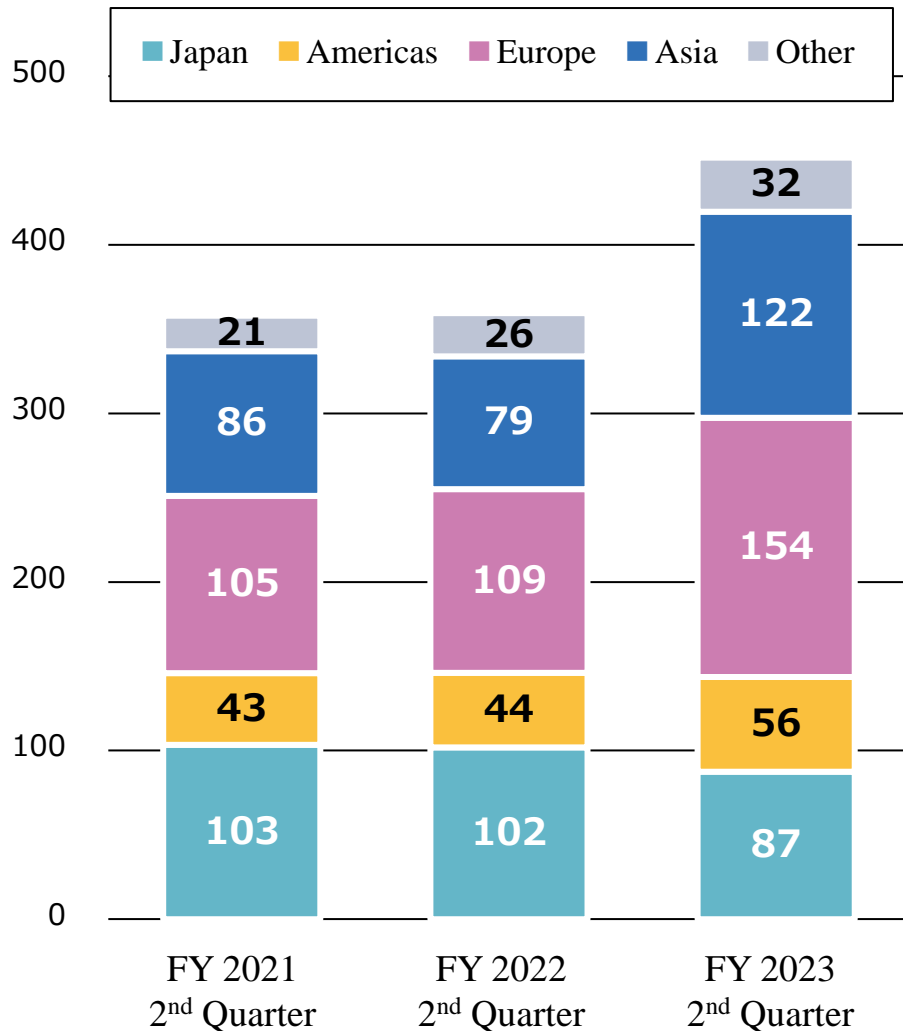
Increase in profit with higher gross profit in Marine business, despite increase in SG&A expenses with strengthened sales and service structure and continued investment in R&D



“100M” stands for 100 Million

Marine Business Consolidated Sales (by Region)

(Unit: 100 Millions of Yen)



Marine Business

Net Sales **452** 100M yen (+**25.7%** year-over-year)

Segment Profit **41.7** 100M yen (+**31.9** 100M yen)

- **Initiatives to eliminate high level of orders backlog**
- **Price management, etc., and yen depreciation**
- **Selection of projects based on profitability**

◆ **Japan:** Net sales **87** 100M yen (-**14.2%**)

- Steady sales for Merchant newbuild projects
- Decrease in sales for public sector

◆ **Americas:** Net sales **56** 100M yen (+**27.4%**)

- Increase in sales for pleasure boats

◆ **Europe:** Net sales **154** 100M yen (+**41.0%**)

- Expansion in sales for Merchant, Fishery and Pleasure boats
- Steady increase in sales of maintenance services

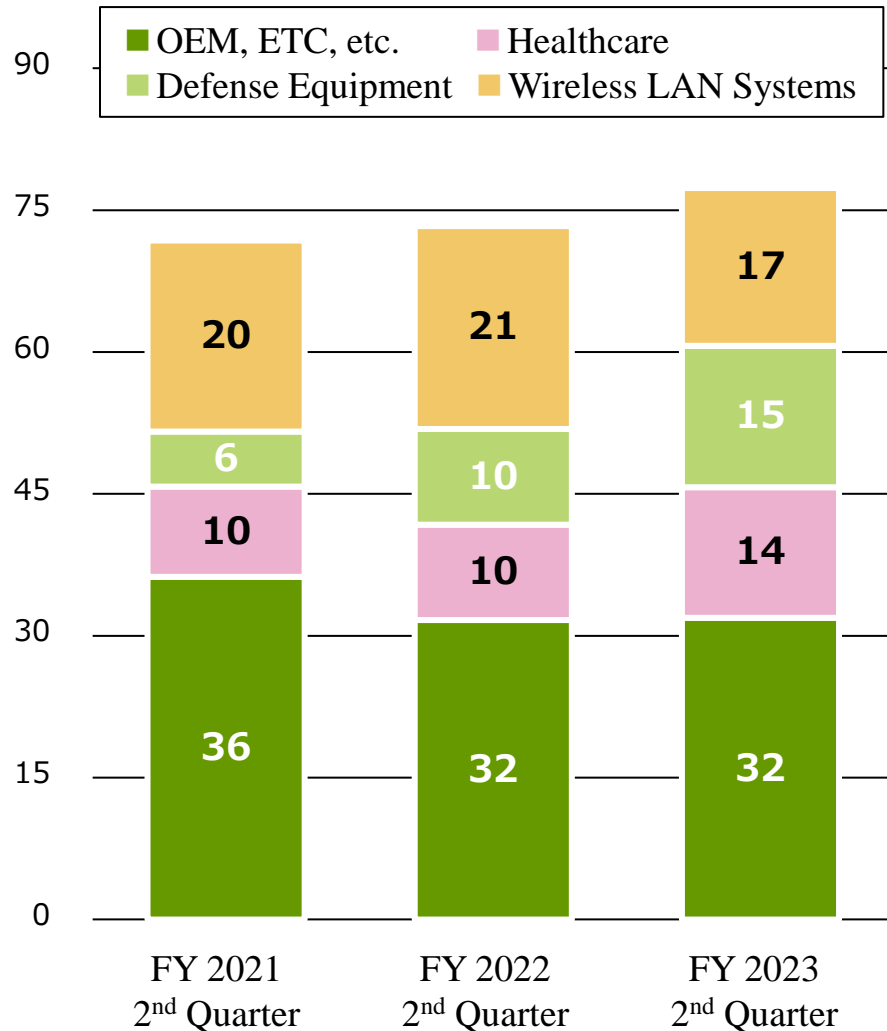
◆ **Asia:** Net sales **122** 100M yen (+**55.1%**)

- Steady sales for Merchant newbuild projects

Industrial Business Consolidated Sales (by Product)

“100M” stands for 100 Million

(Unit: 100 Millions of Yen)



Industrial Business

Net Sales **60** 100M yen (+**16.9%** year-over-year)

Segment Profit **+0.4** 100M yen (+**0.8** 100M yen)

- Increase in sales for each sector of Industrial business
- Manufacturing cost increase for Defense Equipment

◆ **OEM, ETC, etc.:** Net sales **32** 100M yen (+**0.8%**)

- Decrease in sales for OEM products
- Increase in sales for ETC and GNSS products

◆ **Healthcare:** Net sales **14** 100M yen (+**37.1%**)

- Increase in sales for clinical chemistry analyzers

◆ **Defense Equipment:** Net sales **15** 100M yen (+**47.2%**)

Wireless LAN Systems

Net Sales **17** 100M yen (-**22.2%** year-over-year)

Segment Profit **-0.0** 100M yen (-**2.9** 100M yen)

- Decrease in sales for wireless LAN access point in the education market

Efforts to improve profitability, impact of yen depreciation, and expected firm demand environment in the Marine business

(Unit: Millions of yen)

	FY 2022 Results	FY 2023 Previous Forecast	FY 2023 Revised Forecast
Net Sales	91,325	100,000	105,000
Operating Profit (Sales ratio)	1,523 (1.7%)	3,000 (3.0%)	5,000 (4.8%)
Ordinary Profit (Sales ratio)	2,593 (2.8%)	4,000 (4.0%)	6,000 (5.7%)
Profit Attributable to Owners of Parent (Sales ratio)	1,348 (1.5%)	2,500 (2.5%)	4,500 (4.3%)

Revision of dividend with revision of financial results forecast

(Unit: Millions of yen)

	2 nd Quarter	End of Term	Full Year	Payout Ratio
FY 2022	10	15	25	58.5%
FY 2023 Previous Forecast	10	15	25	31.6%
FY 2023 Revised Forecast	20	25	45	31.6%

Appendix: Consolidated Balance Sheet

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(Unit: Millions of yen)	Full Year FY 2022	2 nd Quarter FY 2023
Current assets	82,280	85,487
(Cash and deposits)	(15,376)	(12,348)
(Inventories)	(40,694)	(44,915)
Fixed assets	24,116	24,731
(Tangible fixed assets)	(13,914)	(14,129)
(Intangible fixed assets)	(4,034)	(4,091)
(Investments and other assets)	(6,167)	(6,511)
Total assets	106,396	110,219
Current liabilities	37,525	36,872
Long-term liabilities	16,368	15,441
Total liabilities	53,893	52,313
Shareholders' equity	50,023	52,858
Others	2,089	4,643
Non-controlling interests	389	404
Total net assets	52,503	57,905
Total liabilities and net assets	106,396	110,219
Equity ratio	49.0%	52.2%

Topics

Participation in the second stage of the Nippon Foundation's Unmanned Vessel Project: Social Implementation

Program Overview

1. Demonstration Experiment

Design next-generation vessels and conduct ship-land operation demonstrations envisioning the future coastal shipping industry.

2. Standardization of developed technologies

Refine the unmanned ship operation technologies developed in the first stage and standardize them internationally.

3. Reinforcement of development process infrastructure

Advance simulation technology and generalize risk assessment based on the development process infrastructure established in the first stage.

4. Social implementation

Commercialize the automatic navigation and establish a certification scheme necessary for commercialization.

FURUNO Initiatives

Autonomous navigation functions on board the vessel: information recognition, automatic navigation avoidance, etc.



FURUNO dominates 2023 NMEA Product of Excellence Awards

About NMEA (National Marine Electronics Association)

The awards are given every fall to the products with the best design, performance, and reliability among marine electronic equipment released that year. FURUNO has received the NMEA Best Manufacturer Award in the "Fish Finder Category" for **53 consecutive years** since 1971.

FURUNO's awards at the 2023 NMEA



Best New Product

Fish Finder
FCV-800



Marine Specialty*

Scanning Sonar
CSH-8L MARK-2

Awards in other categories*

Radar
NMEA2000 Sensor
Fish Finder
Marine Software
Commercial

***: consecutive awards for multiple years**

Publishment of FURUNO's Integrated Report 2023

Toward a sustainable society and further corporate value

This report focuses on our 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," and introduces our vision and efforts to realize a sustainable society.

We will continue to promote constructive dialogue with our stakeholders and aim to further enhance our corporate value through better information disclosure in this Integrated Report and on our website.

For details, please refer to the "Integrated Report" page on our official website.

<https://www.furuno.co.jp/en/csr/report/>



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



R&D Building SOUTH WING

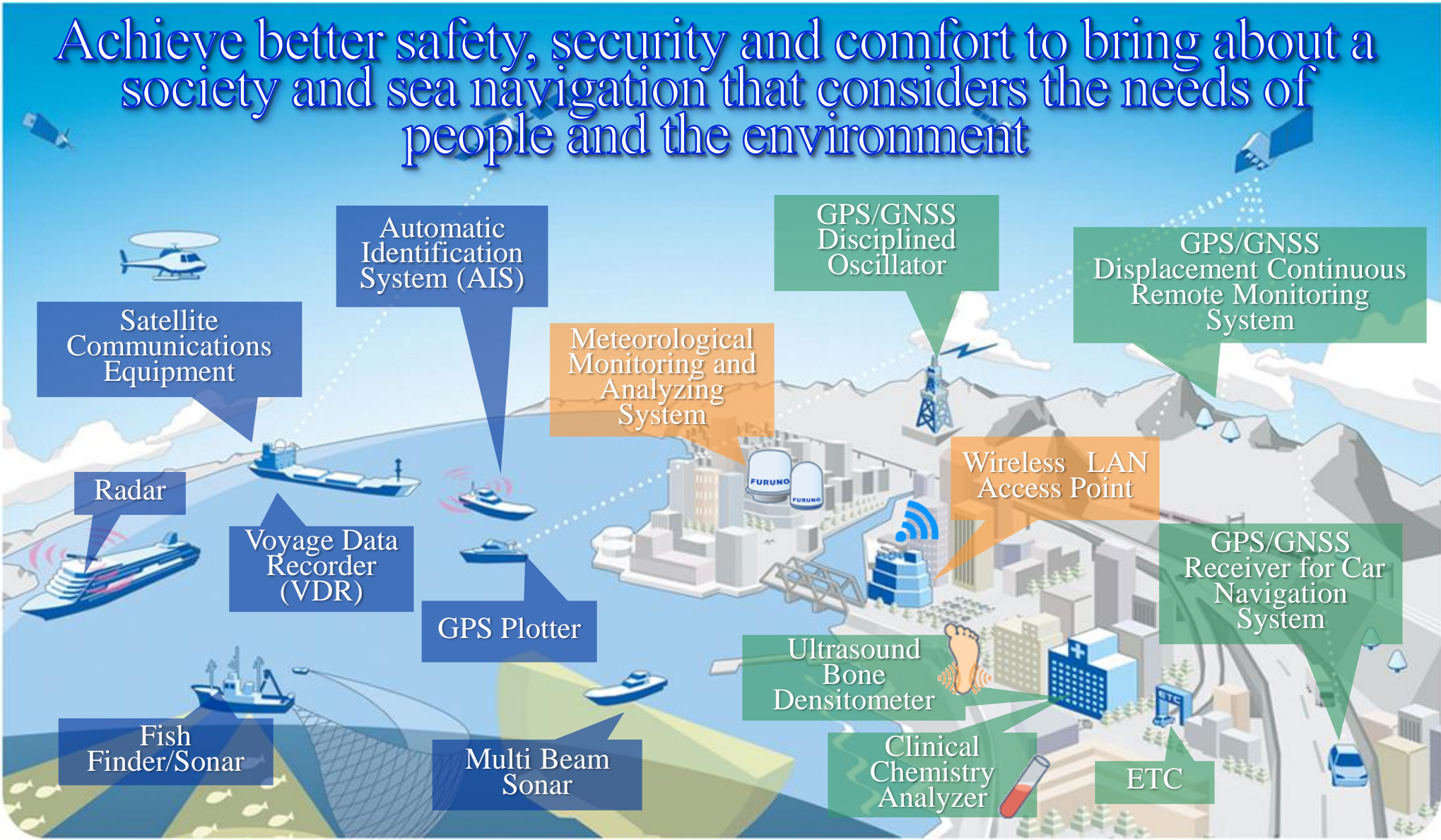
Company Name	FURUNO ELECTRIC CO., LTD.
Headquarters	Nishinomiya City, Hyogo, Japan
Incorporated	May 23, 1951
Business	Manufacturing and sale of maritime and industrial electronic products
Paid-in Capital	¥7,534 million
Number of Employees	3,310 (consolidated)
Consolidated Sales	¥91,325 million
President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



For Merchant Vessels



Radar



ECDIS
(Electronic Chart Display
and Information System)



Satellite Communications
Equipment

For Fishing Vessels



Sonar



Fish Finder



Current Indicator

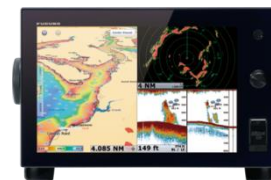


Radiotelephone

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*

