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Action to Implement Management that is Conscious of Cost of Capital and Stock Price (Updates)

FURUNO ELECTRIC CO., LTD. (hereinafter “the Company”) hereby announces that it has analyzed and evaluated the current status of the “Action to Implement Management that is Conscious of Cost of Capital and Stock Price,” and decided on its future actions at the board meeting on April 9, 2025.

1. Current Status Analysis

In comparison to its recognized shareholder capital cost of approximately 9% (*1), the Company’s Return on Equity (ROE) has been maintaining a level above it since last year. On the other hand, while its Price to Book Ratio (PBR) is above 1, the Company recognizes that despite a significant improvement in ROE from the previous year, its Price to Earnings Ratio (PER) has recently been below 10%, which has prevented further improvement in PBR. The Company will continue to strive for a sustained market evaluation and further improvement in PBR, in accordance with the policy outlined in the next section.

| | | Fiscal year 2020 | Fiscal year 2021 | Fiscal year 2022 | Fiscal year 2023 | Fiscal year 2024 |
|-----------------------------|------|---------------------|---------------------|---------------------|---------------------|---------------------|
| PBR | X | 0.7 | 0.7 | 0.6 | 1.2 | 1.0 |
| ROE | % | 9.0 | 6.0 | 2.7 | 11.0 | 17.2 |
| PER | X | 8.4 | 11.6 | 22.7 | 11.5 | 6.2 |
| Stock Price (End of Period) | ¥ | 1,053 | 1,032 | 971 | 2,268 | 2,234 |
| Net Asset Value Per Share | ¥ | 1,438.9 | 1,518.0 | 1,651.0 | 1,932.3 | 2,284.5 |
| Earnings Per Share (EPS) | ¥ | 125.2 | 89.2 | 42.7 | 197.6 | 362.6 |
| Dividend Per Share (DPS) | ¥ | 40 | 40 | 25 | 60 | 110 |
| Dividend Payout Ratio | % | 32.0 | 44.8 | 58.5 | 30.4 | 30.3 |
| Revenue | ¥ 1M | 82,255 | 84,783 | 91,325 | 114,850 | 126,953 |
| Operating Profit | ¥ 1M | 3,740 | 2,532 | 1,523 | 6,519 | 13,181 |
| Operating Profit Margin | % | 4.5 | 3.0 | 1.7 | 5.7 | 10.4 |
| Net Income | ¥ 1M | 3,946 | 2,814 | 1,348 | 6,238 | 11,457 |
| Net Profit Margin | % | 4.8 | 3.3 | 1.5 | 5.4 | 9.0 |
| Shareholders' Equity | ¥ 1M | 45,360 | 47,880 | 52,113 | 61,041 | 72,186 |
| Equity Ratio | % | 55.1 | 55.7 | 49.0 | 53.4 | 58.4 |

*1: CAPM (Risk-Free Rate + $\beta \times$ Market Risk Premium) Reference Value

*2: ROE = Net Income / Shareholders' Equity (Average of Current and Previous Period End)

2. Future actions

1) Execution of the Medium-Term Management Plan (hereinafter referred to as the “Medium-Term Plan”)

The Company achieved the growth targets for the fiscal year 2030, which were set in the “FURUNO GLOBAL VISION NAVI NEXT 2030” formulated in December 2018, six years ahead of schedule. These targets included consolidated sales of 120 billion yen and an operating profit margin of 10%. For the fiscal year 2025, which is the final year of Phase 2 of the Medium-Term Plan, the Company aims to maintain the levels of sales and profit targets set in “NAVI NEXT 2030” and will continue to promote the following initiatives to further strengthen the foundation that enables the sustainable growth of its Group.

The Company plans to start Phase 3 of the Medium-Term Plan in the fiscal year 2026. As mentioned below, it is currently formulating this plan and expects to disclose it around late January to February 2026.

Main Initiatives:

■Improving Profitability

In addition to thoroughly continuing the initiatives from Phase 1 of the Medium-Term Plan, such as improving quality standards, optimizing inventory, product development functions, and comprehensive manufacturing functions, the Company will also aim to improve profitability through sales expansion. In particular, in the Marine business, the Company will expand the aftermarket business by utilizing its robust

maintenance service system, and in the Industrial business, the Company will further promote overseas sales of time synchronization products, aiming to consistently maintain a profit with an ROE of 10% or more.

■Investments for further Growth

The Company has built a global sales and service network, and its products are used on various vessels worldwide. Amid dramatic changes in the maritime communication environment, the Company is leveraging this strength to advance its initiatives in Marine DX (Digital Transformation) by collecting and utilizing various data. In March 2025, the Company obtained certification as a “DX Certified Business Operator” based on the DX certification system established by the Ministry of Economy, Trade and Industry. By utilizing digital technologies, the Company will actively invest in providing high-quality services through remote management, developing products and services that contribute to sustainable fisheries, and offering new value to solve social issues, thereby enhancing corporate value. Additionally, the Company will invest in research and development related to autonomous navigation and allocate resources to defense equipment and time synchronization products, which are expected to grow, to achieve further growth.

■Capital Policy

The Company’s shareholder return policy aims to build a management foundation that consistently maintains a dividend payout ratio over 30%. With shareholders in mind, profits are allocated to growth investments aimed at enhancing corporate value (particularly investments in human resources, such as creating opportunities for employee skill development, recruiting diverse talent, and enriching employee benefits), infrastructure improvements for factories and stores, including risk management, and internal reserves to stabilize the management foundation. The Company implements stable and continuous profit returns based on performance results.

2) Enhancement of Investors Relations (IR) Activities

The Company is strengthening its IR activities to deepen shareholders’ and investors’ understanding of its business and growth strategy, as well as to reduce shareholder capital costs and improve its PER. In the previous fiscal year, the Company held biannual financial results briefings, a factory tour for individual shareholders, and approximately 200 meetings with institutional investors. The Company will continue to enhance communication with investors through proactive information disclosure and active dialogue, share opinions obtained from these dialogues with management, and utilize them for sustainable growth and corporate value enhancement. Additionally, the Company will work to expand coverage by sell-side analysts to increase the provision of objective evaluations.

3) Formulation of the New Medium-Term Management Plan (Phase 3)

Based on the achievement of the goals set in “NAVIXNEXT 2030” ahead of schedule, the Company is advancing the formulation of Phase 3 of the Medium-Term Plan, which will start in the fiscal year 2026. In the new Medium-Term Plan, the Company aims to improve profitability with a focus on invested capital, introduce ROIC (Return on Invested Capital) management, and disclose cash allocation, including future growth investments and shareholder returns, to present its desired future state.