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Furuno Electric: Record-High Sales and Profits for the Third Consecutive Year; New Mid-Term Management Plan: Focused Investments in Maintenance Services and Defense Equipment

FY2025 Financial Results Briefing

Yukio Furuno (President & CEO):

Good afternoon. I am Yukio Furuno, President, Executive Officer and CEO of Furuno Electric. Thank you very much for your continued interest in our company. I would now like to give a brief overview of our performance.

Over the past three years, including the previous fiscal year, our business has expanded steadily and delivered strong results. There are three main factors behind this.

First, market conditions in the maritime sector have been favorable. Shipbuilders, as well as marine electronics manufacturers like us, benefited from this environment, and demand increased steadily. The maritime and shipbuilding segment accounts for close to 40% of our total sales.

Second, foreign exchange has been a positive factor. Over the past three years, the yen depreciated from the 130-yen level to the 150-yen level against the U.S. dollar, representing an approximately 20% depreciation.

Third, we implemented pricing adjustments. This was driven by the global shift toward inflation, which has become especially pronounced in Japan. After more than 30 years of deflation following the collapse of the economic bubble in the early 1990s, inflation accelerated, triggered by a sharp rise in energy prices after Russia's invasion of Ukraine. In addition, labor shortages in Japan have pushed personnel costs higher.

Under these conditions, while responding to increased demand, we carried out price revisions to reflect inflation, while also being affected by the weaker yen due to our high export ratio. As a result, we achieved solid performance over the past three years.

Looking ahead, shipbuilding typically follows a cycle of around 20 to 25 years, and we are currently in the upward phase of this cycle. We therefore expect favorable demand conditions to continue for some time. As for foreign exchange, even if the yen appreciates somewhat, we anticipate it will remain at relatively weak levels compared with past trends.

Following this overview, two presenters will explain our outlook for FY2025 and the forecast of FY2026 in more detail.

Key Highlights of FY2025 Financial Results

Summary of FY2025

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◆FY2025 Results: Increase in Sales and Profit

- Double-digit growth achieved for both Marine business and Industrial business
- Profit growth driven primarily by increased sales in the Marine business, while promoting growth investments such as investment in human capital
 - Continuous growth of newbuilds and retrofits for merchant vessels
 - Strong sales for pleasure boats in the Americas throughout the year
 - Steady growth for Maintenance services both domestically and internationally
 - Significant increase in Defense equipment, even with shortfall in the first half

◆FY2026 Forecast

- Increase in sales driven by strong demand in Marine business, as well as expansion in Industrial business, primarily in Defense equipment
- Decrease in net profit margin due to decrease in non-operating income (subsidy revenue, etc.) and expiration of tax benefits, but ROE expected to remain over 10%

* Foreign Exchange Sensitivity (actual results for FY 2024)
[USD] Net sales: 130M yen, Operating profit: 40M yen
[EUR] Net sales: 250M yen, Operation profit: 110M yen

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Yutaka Wada (Director, Managing Executive Officer and CFO):

Good afternoon, everyone. I am Yutaka Wada, Director, Managing Executive Officer and CFO. I will explain the financial results of FY2025 and our full year forecast of FY2026.

In addition, the mid-term management plan announced last month will be explained by Mr. Takagi from the Corporate Planning Department. This will be followed by a question-and-answer session.

Please note that my explanation of the financial overview is based on the content presented by me on April 9 in Kitahama, Osaka.

I will now outline the key points of our full-year results for FY2025. This slide provides a qualitative overview, and details of profit and loss will be explained on the next page.

Both the Marine Business and the Industrial Business achieved double-digit revenue growth, with total net sales increasing 10.8% year on year.

On the profit side, growth in the Marine Business was the main contributor.

There are four key factors.

First, sales of newbuild vessels in the merchant ship market increased, and aftermarket sales, including replacement radar units, continued to expand. In Asia, we recorded sales of ¥35.4 billion, which we consider a solid result.

Second, in the Americas, sales of high-performance sonar for competitive and sports-type pleasure boats were strong.

Third, maintenance and service revenues increased steadily.

Fourth, defense equipment deliveries, which were delayed in the first half due to system changes, recovered in the fourth quarter and concluded as planned.

Next, I will briefly touch on the performance forecast for FY2026, focusing on three points, as details will be explained from page 11 onward.

First, demand for newbuild vessels in the Marine Business remains firm, and we expect sales volumes to be at the same level as the previous fiscal year.

Second, we expect revenue growth in the Industrial Business, mainly driven by defense equipment.

Third, net income attributable to owners of the parent will be slightly different from the previous year. FY2025 benefited from subsidies and tax incentives, while for FY2026 we expect a return to normal tax benefits. We are planning an ROE of over 10%.

Consolidated Income Statement

Consolidated Income Statement

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Record-high results for 3 consecutive years. Profit margins improved with increase in gross profit exceeding increase of SG&A. Net income margin over 10% with deferred tax during first half.

(Unit: Millions of yen)	FY2024	FY2025	Year-over-Year (amount)	Year-over-Year (percentage)
Net Sales	126,953	140,616	+13,663	+10.8%
Gross Profit (Sales ratio)	52,969 (41.7%)	58,338 (41.5%)	+5,368	+10.1%
SG&A Expenses (Sales ratio)	39,787 (31.3%)	42,091 (29.9%)	+2,303	+5.8%
Operating Profit (Sales ratio)	13,181 (10.4%)	16,246 (11.6%)	+3,064	+23.3%
Ordinary Profit (Sales ratio)	14,158 (11.2%)	18,291 (13.0%)	+4,132	+29.2%
Profit Attributable to Owners of Parent (Sales ratio)	11,457 (9.0%)	16,735 (11.9%)	+5,277	+46.1%
R&D Expenses (Sales ratio)	6,303 (5.0%)	6,014 (4.3%)	-289	-4.6%
Capital Investments (Sales ratio)	4,921 (3.9%)	4,708 (3.3%)	-213	-4.3%
Depreciation Expenses (Sales ratio)	3,592 (2.8%)	3,920 (2.8%)	+327	+9.1%
(Unit: Yen, annual average exchange rate)				
1 USD	151	150	-1	-0.4%
1 EUR	164	169	+5	+3.3%

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I will now explain the highlights of the consolidated statement of profit and loss. We achieved record-high sales and profits for the third consecutive year.

Operating profit increased by 23.3% year on year, and ordinary profit rose by 29.2%. Net income attributable to owners of the parent increased by 46.1% to ¥16.735 billion, and the net profit margin reached 11.9%, marking the first time we have exceeded 10% on a full-year basis.

Turning to the detailed figures, consolidated net sales totaled ¥140.616 billion, representing a 10.8% increase year on year.

Operating profit amounted to ¥16.246 billion, up 23.3%, with an operating margin of 11.6%.

Over the past few years, we have consistently aimed for operating profit growth of at least 10% year on year, and we consider this a solid result. Ordinary profit increased 29.2% to ¥18.291 billion.

Research and development expenses totaled ¥6.014 billion, representing an R&D ratio of 4.3%. We continue to invest steadily in R&D, typically allocating between 4.5% and 5.0% of net sales each year.

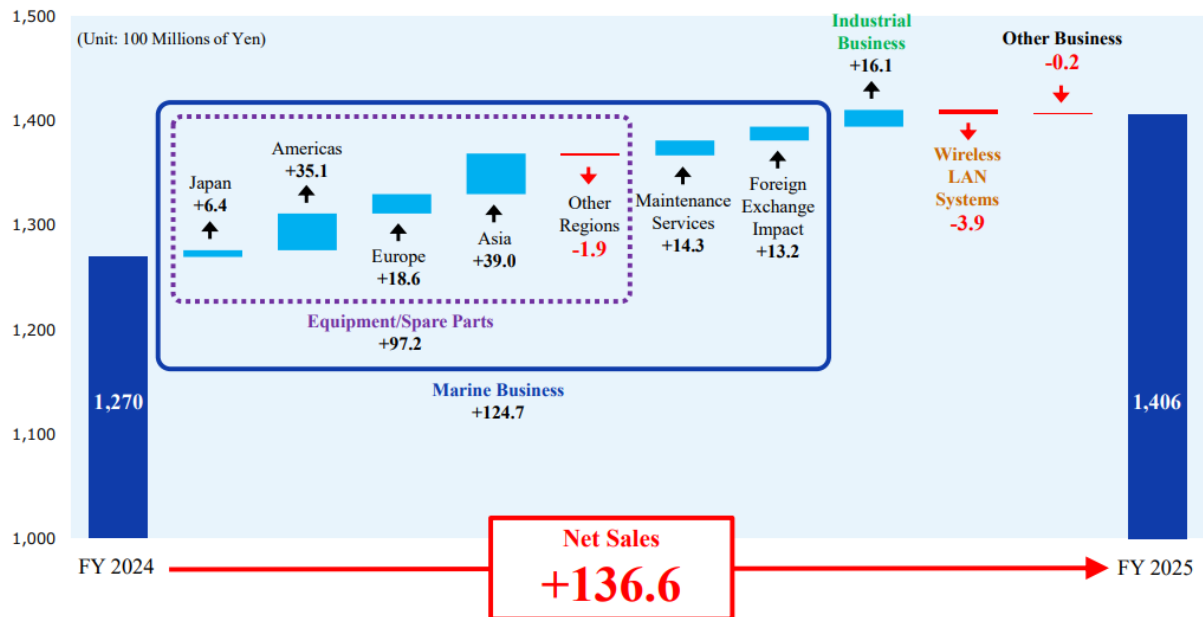
The exchange rates assumed were ¥150 to the U.S. dollar and ¥169 to the euro. Please refer to the bottom right of the previous page for details on exchange rate sensitivity.

Variation Analysis of Net Sales

Variation Analysis of Net Sales

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Sales growth driven by increase in newbuilds in China. Strong sales for pleasure boats in the Americas throughout the year. Growth in sales for Maintenance services and Defense equipment.



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I will now explain the factors behind the change in net sales. The Marine Business was the main contributor, with an increase of ¥12.470 billion.

By region, sales increased by ¥3.51 billion in the Americas and ¥1.86 billion in Europe. In addition, maintenance service revenues grew by ¥1.43 billion, and foreign exchange effects contributed an increase of ¥1.32 billion.

Meanwhile, the Industrial Business increased by ¥1.61 billion, mainly driven by defense equipment.

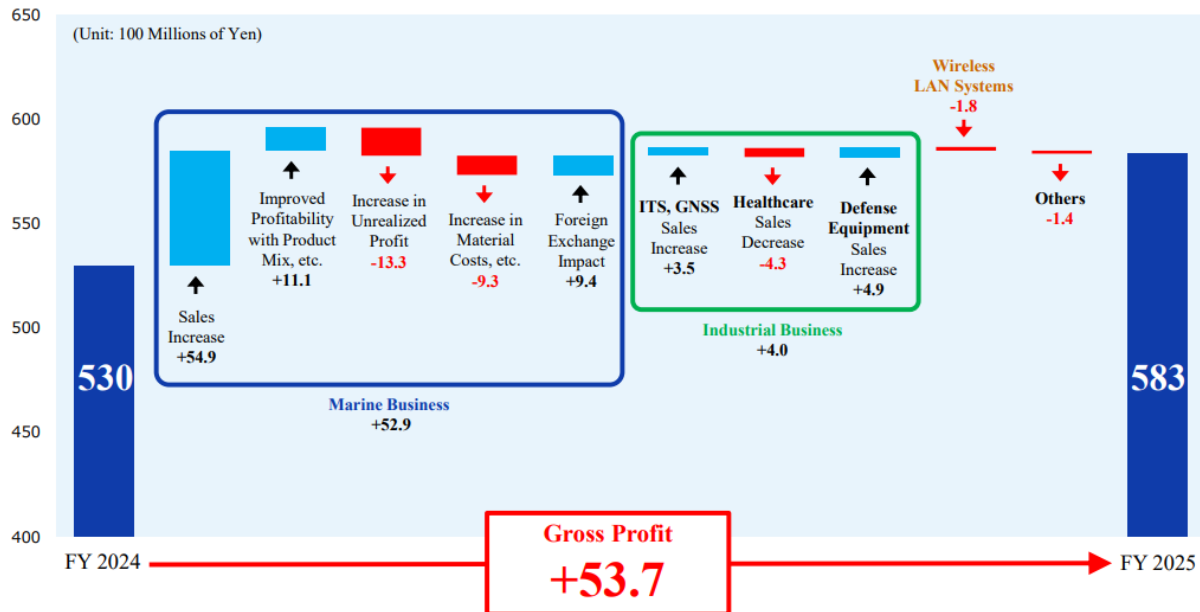
As a result, net sales increased by ¥13.66 billion from ¥127.0 billion in the previous fiscal year to ¥140.6 billion. Approximately 91% of the total increase in sales was attributable to the Marine Business.

Variation Analysis of Gross Profit

Variation Analysis of Gross Profit

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Higher profit in Marine business with sales increase and changes in product mix, despite unrealized profit from inventory management strategy to capitalize on market conditions.



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I will now explain the changes in gross profit. The main factors were an increase in sales of ¥5.49 billion and an improvement in profitability of ¥1.11 billion, driven by changes in product mix and other factors. As previously explained, ¥1.11 billion of this improvement reflects higher profitability from services and related businesses.

In the Industrial Business, increased sales of defense equipment contributed ¥490 million, offsetting the decline in healthcare sales, resulting in a net increase of ¥400 million.

As a result, gross profit increased by ¥5.37 billion year on year, reaching ¥58.3 billion.

Variation Analysis of Operating Profit

Variation Analysis of Operating Profit

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Continuous strategic investments in human resources and digital transformation to support future growth. Profit growth driven primarily by Marine business.



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Next, I will explain the changes in operating profit. An increase in gross profit from the Marine Business contributed ¥5.29 billion, while higher personnel costs reduced profit by ¥860 million. Increases in other expenses resulted in a decrease of ¥1.08 billion, and foreign exchange effects on SG&A lowered profit by ¥370 million.

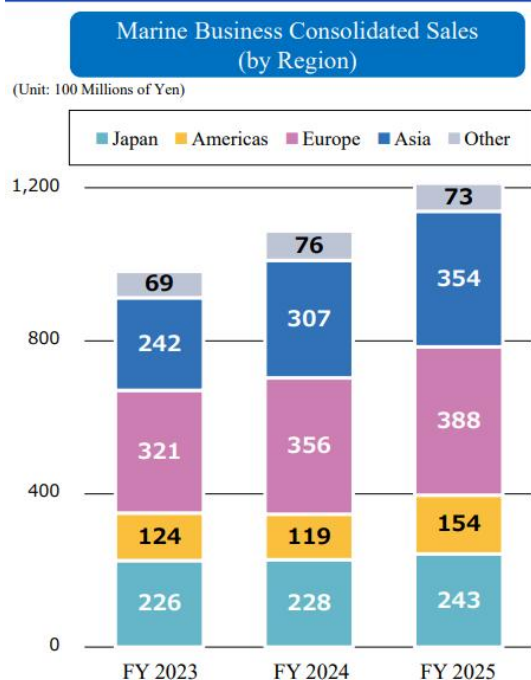
Although SG&A expenses, including personnel costs and R&D expenses, increased, we secured sufficient profit through higher gross profit. As a result, operating profit increased by ¥3.06 billion year on year, totaling ¥16.2 billion.

With regard to personnel costs, we have continued to invest in human capital, including workforce expansion overseas, promotion of AI and DX initiatives, talent development, and education programs such as internal reskilling.

Overview of Marine Business

Overview of Marine Business

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"100M" stands for 100 Million

Marine Business

Net Sales **1,211** 100M yen (+11.5% year-over-year)

Segment Profit **167.6** 100M yen (+34.3 100M yen)

- Continued strong demand for merchant vessels
- Overall weak Pleasure boats market, but strong sales of strategic product for high-end boats
- Maintenance services sales higher globally

◆ **Japan:** Net sales **243** 100M yen (+6.5%)

- Sales decrease for Fishery market
- Sales increase for Merchant newbuild projects and maintenance services

◆ **Americas:** Net sales **154** 100M yen (+29.2%)

- High level of sales for Pleasure boats with launch of strategic product

◆ **Europe:** Net sales **388** 100M yen (+8.9%)

- High level of sales mainly for existing merchant vessels and maintenance services

◆ **Asia:** Net sales **354** 100M yen (+15.2%)

- Sales increase for Merchant newbuilds
- Steady sales for maintenance services

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I will now explain the consolidated results by business segment.

Net sales of the Marine Business amounted to ¥121.1 billion, an increase of 11.5% year on year. Domestic sales were ¥24.3 billion and overseas sales were ¥89.6 billion, resulting in a ratio of 20% domestic and 80% overseas. Segment profit totaled ¥16.76 billion, up ¥3.43 billion from the previous fiscal year.

In terms of business conditions, demand in the merchant ship market remained strong.

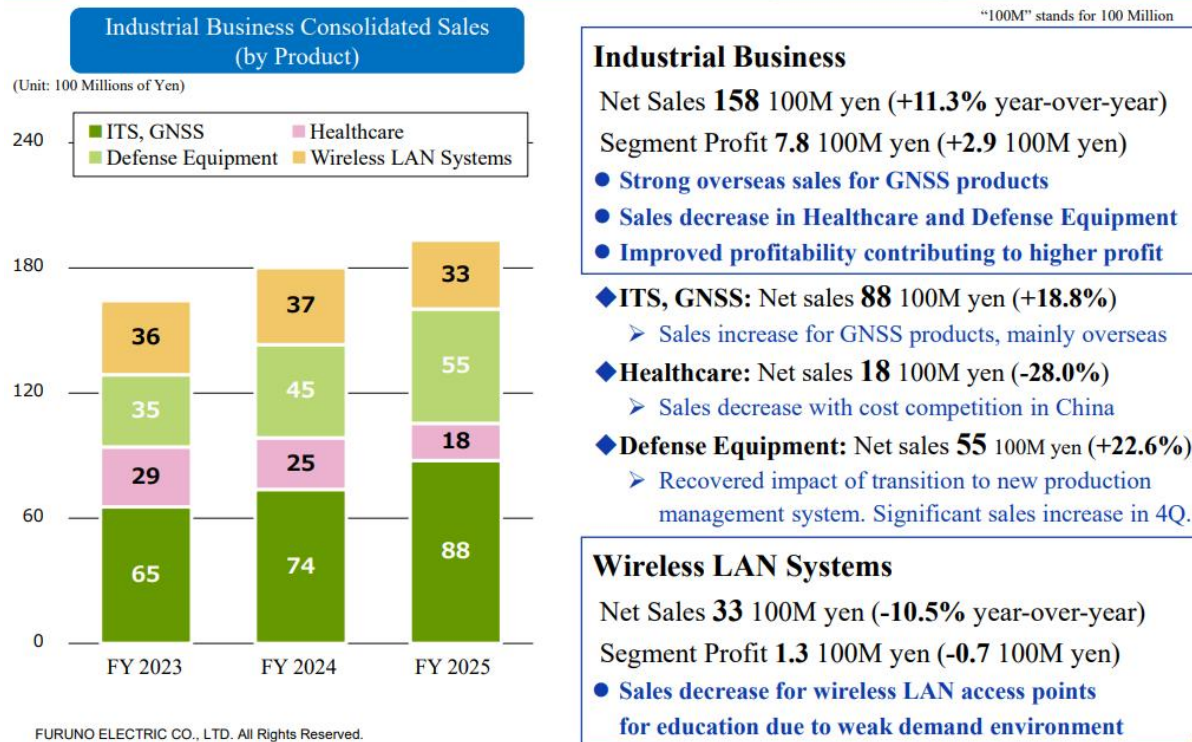
While the pleasure boat market as a whole was subdued, sales of sonar products continued to perform well, particularly for sports fishing and marlin-fishing vessels, following the previous fiscal year. In addition, maintenance service revenues increased both in Japan and overseas. By region, sales grew steadily in Europe and Asia.

The year-on-year growth of 29.2% in the Americas was mainly driven by contributions from the strategic pleasure boat products mentioned earlier.

Overview of Industrial Business

Overview of Industrial Business

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Next, I will explain the results of the Industrial Business and the Wireless LAN and Handy Terminal Business.

Net sales of the Industrial Business totaled ¥15.8 billion, up 11.3% year on year, while segment profit increased slightly by ¥290 million to ¥780 million.

Within this segment, sales of ITS (Intelligent Transport Systems) and GNSS (Global Navigation Satellite System) products amounted to ¥8.8 billion. ITS refers to in-vehicle ETC units and highway-installed equipment, while GNSS includes highly precise time-synchronization products used in digital terrestrial broadcasting, mobile relay stations, and ground stations, achieving accuracy of approximately one nanosecond.

Sales of defense equipment reached ¥5.5 billion, representing a 22.6% increase year on year. While sales had previously been around the ¥2.0 billion level, they rose significantly in FY2025. I will discuss the outlook for FY2026 later.

The Wireless LAN and Handy Terminal Business faced a challenging market environment, and net sales declined to ¥3.3 billion.

Appendix: Consolidated Balance Sheet

Appendix: Consolidated Balance Sheet

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(Unit: Millions of yen)	FY2024	FY2025
Current assets	91,605	102,496
(Cash and deposits)	(16,113)	(24,283)
(Inventories)	(43,573)	(45,056)
Fixed assets	31,913	38,868
(Tangible fixed assets)	(16,611)	(17,957)
(Intangible fixed assets)	(6,087)	(6,644)
(Investments and other assets)	(9,125)	(14,266)
Total assets	123,519	141,364
Current liabilities	35,690	34,320
Long-term liabilities	15,209	17,272
Total liabilities	50,899	51,592
Shareholders' equity	64,259	76,310
Others	7,927	13,035
Non-controlling interests	433	426
Total net assets	72,619	89,772
Total liabilities and net assets	123,519	141,364
Equity ratio	58.4%	63.2%
ROE	17.2%	20.7%
ROIC	12.7%	15.5%

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Next, I will explain the consolidated balance sheet. While our policy is to optimize inventory levels, inventories increased slightly. Product inventories rose, while inventories of materials and supplies remained largely flat. The increase in shareholders' equity reflects the accumulation of retained earnings resulting from higher profits.

As a result, the equity ratio improved to 63.2%, ROE rose to 20.7%, and ROIC increased to 15.5%, with all indicators showing improvement from the previous fiscal year.

Appendix: Consolidated Cash Flow Statement

Appendix: Consolidated Cash Flow Statement **FURUNO**

(Unit: Millions of yen)	Fiscal Year 2024	Fiscal Year 2025
Cash Flow from Operating Activities	10,820	21,373
Cash Flow from Investing Activities	-4,588	-3,278
Free Cash Flow	6,231	18,094
Cash Flow from Financing Activities	-2,696	-11,439
Cash and cash equivalents (end of year)	15,413	23,544

Next, regarding cash flows, although we temporarily used a significant amount of cash to secure materials and components, we made a substantial catch-up and improvement in FY2024 and FY2025.

Forecast for Fiscal Year 2026

Notice

This forecast does not factor in uncertainties such as fluctuations in crude oil prices resulting from the escalating situation in the Middle East, rising raw material prices, and supply chain disruptions, as it is difficult to reasonably estimate the impact of these factors. FURUNO will continue to closely monitor future developments and will promptly disclose any information if we determine that these factors will have a material impact on our financial performance.

Now, turning to our earnings forecast. As indicated in red on the slide, the assumptions underlying the figures I am about to explain do not reflect the impact of the situation in the Middle East. You may have questions on this point, but please note this assumption as I proceed with the explanation.

Forecast Fiscal Year 2026

Marine Business: same sales volume as last fiscal year with steady demand despite global constraints on newbuilds capacity. Industrial Business: sales increase mainly in Defense equipment. ROE expected to remain over 10% despite decrease in non-operating income and normalization of tax rate.

(Unit: Millions of yen)	Fiscal Year 2025	Fiscal Year 2026	Year-over-Year (amount)	Year-over-Year (percentage)
Net sales	140,616	148,500	+7,883	+5.6%
Operating profit (Sales ratio)	16,246 (11.6%)	17,000 (11.4%)	+753	+4.6%
Ordinary profit (Sales ratio)	18,291 (13.0%)	17,000 (11.4%)	-1,291	-7.1%
Profit attributable to owners of parent (Sales ratio)	16,735 (11.9%)	13,000 (8.8%)	-3,735	-22.3%
R&D expenses (Sales ratio)	6,014 (4.3%)	6,500 (4.4%)	+485	+8.1%
Capital investment (Sales ratio)	4,708 (3.3%)	5,000 (3.4%)	+291	+6.2%
Depreciation expenses (Sales ratio)	3,920 (2.8%)	4,300 (2.9%)	+379	+9.7%
(Unit: Yen, annual average exchange rate)				
1 USD	150	153	+3	+2.3%
1 EUR	169	183	+14	+8.3%
ROE	20.7%	over 10%	* Foreign Exchange Sensitivity (actual results for FY 2025) [USD] Net sales: 140M yen, Operating profit: 90M yen [EUR] Net sales: 270M yen, Operation profit: 130M yen	
ROIC	15.5%	over 10%		

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I will now explain our consolidated earnings forecast for FY2026. The points to note regarding the forecast are as explained earlier.

We expect net sales to increase modestly by 5.6% year on year to ¥148.5 billion. Operating profit is forecast at ¥17.0 billion, and we aim to maintain an operating margin of 11.4%.

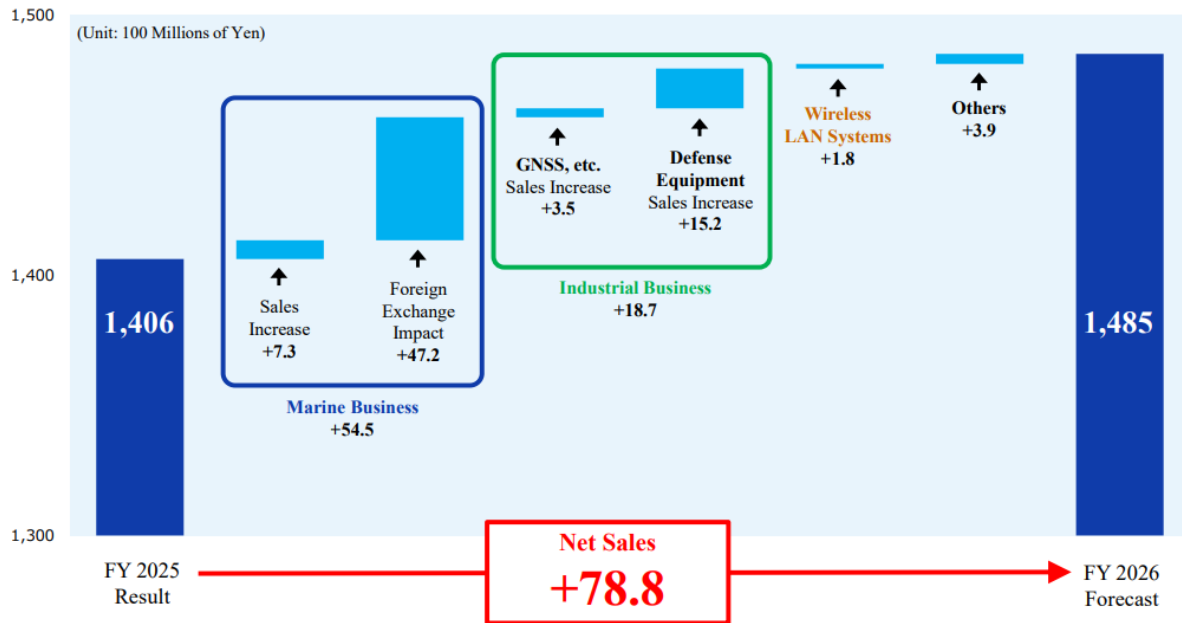
Net income attributable to owners of the parent is projected to be ¥13.0 billion, representing a year-on-year decrease of 22.3%. As mentioned earlier, due to a reduction in tax benefits and government subsidies, results are gradually returning to a more normalized level, and we expect a net profit margin of 8.8%.

The assumed exchange rates are ¥153 to the U.S. dollar and ¥183 to the euro. Please also refer to the exchange rate sensitivity shown in the bottom right of the slide.

Forecast FY2026: Variation Analysis of Net Sales

Forecast FY2026: Variation Analysis of Net Sales **FURUNO**

Marine business: steady sales with robust demand for merchant vessels.
Industrial business: sales increase in GNSS products and Defense equipment.



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This slide shows the breakdown of changes in net sales for our consolidated earnings forecast.

In the Marine Business, supported by steady demand, we expect stable sales growth, with an increase of ¥730 million from volume growth and a ¥4.72 billion positive impact from foreign exchange. In terms of unit volume, sales are expected to be at roughly the same level as in FY2025.

In the Industrial Business, we plan sales increases of ¥1.52 billion from defense equipment and ¥350 million from GNSS and time-synchronization products, among others.

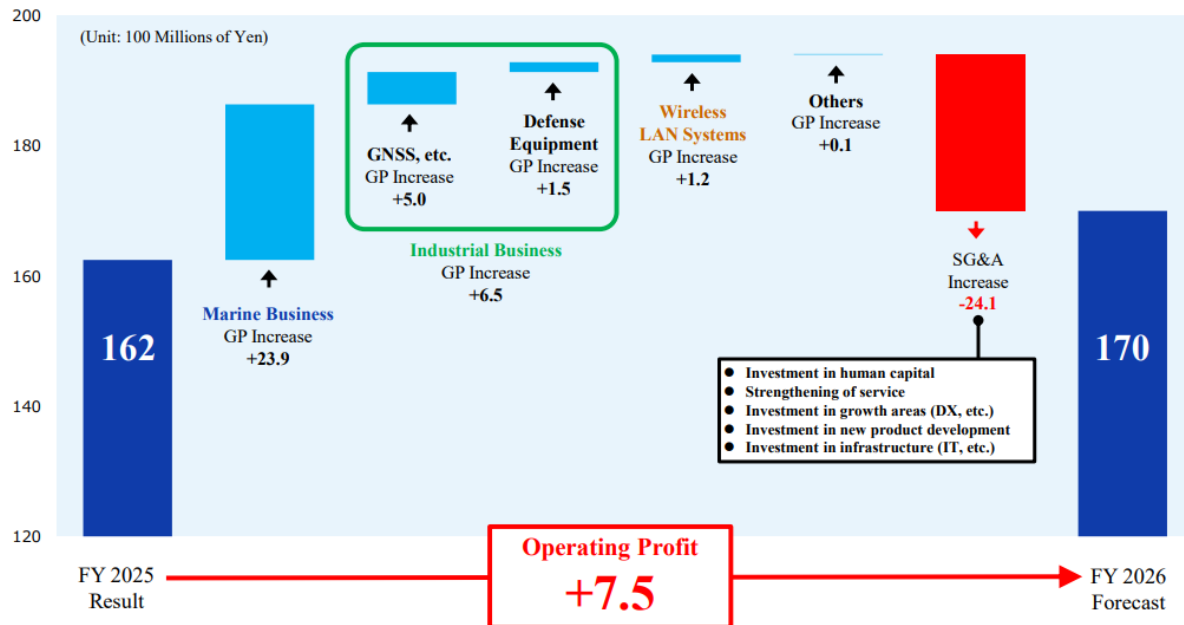
As a result, we are forecasting a modest increase in net sales of ¥7.88 billion year on year.

Forecast FY2026: Variation Analysis of Profit

Forecast FY2026: Variation Analysis of Profit

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**Gross profit increase with higher sales in Marine and Industrial businesses.
Operating profit increase despite SG&A increase with investments in HR and for growth.**



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This slide shows the breakdown of changes in operating profit for our consolidated earnings forecast.

In the Marine Business, we expect to generate ¥2.39 billion in additional gross profit. On the other hand, SG&A expenses, shown in red on the right-hand side of the slide, are expected to increase by ¥2.4 billion. In addition, defense equipment and GNSS-related products are expected to make a modest positive contribution.

As a result, after accounting for higher SG&A expenses, we are planning a net increase in operating profit of ¥750 million year on year, with operating profit projected at ¥17.0 billion.

As for the factors behind the increase in SG&A expenses, the first item highlighted in the boxed section is “investment in human capital to strengthen competitiveness,” with a focus on AI-related talent and cybersecurity.

The second item is “strengthening the service structure.” As vessels are already connected to networks, the introduction of satellite communications such as Starlink is bringing ships closer to an office-like environment. We expect cybersecurity risks to increase further, and in response, we will focus on developing specialized personnel while considering services that ensure the security of onboard networks.

The third item, “investment in growth areas (DX, etc.),” includes support for coastal fisheries and construction sites, as well as service enhancements. We will develop talent in these areas and position them as future growth drivers.

The fourth item is “investment in new product development.” Improving development efficiency has been a key focus led by our CTO in recent years, and we aim to further enhance efficiency at this stage.

The slight increase in fixed assets on the consolidated balance sheet reflects investments in PLM (Product Lifecycle Management), which we will use to improve development efficiency from upstream to downstream processes.

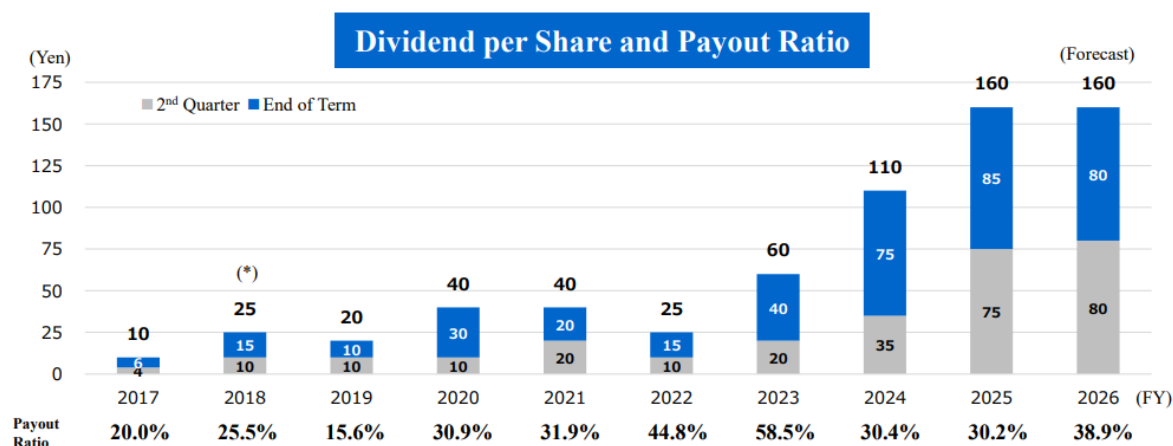
Finally, under “investment in infrastructure (IT, etc.),” we are actively investing across various areas to improve productivity and efficiency in manufacturing. While IT-related costs are significant, we will continue to make the necessary investments.

Forecast FY2026: Dividend of Retained Earnings

Forecast FY2026: Dividend of Retained Earnings **FURUNO**

Dividend maintained at 160 yen despite decrease in Profit attributable to owners of parent

(Unit: Yen)	2 nd Quarter	End of Term	Full Year	Payout Ratio
FY 2024	35	75	110	30.3%
FY 2025	75	85	160	30.2%
FY 2026 Forecast	80	80	160	38.9%



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*: Includes a commemorative dividend

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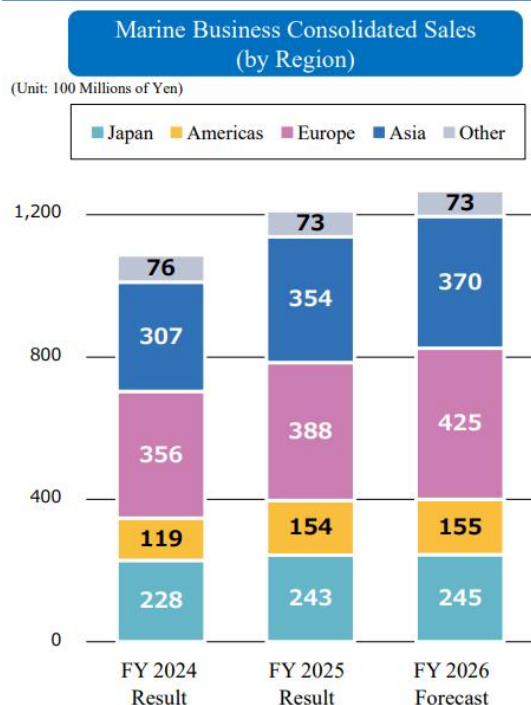
Now, turning to dividends. For FY2025, we plan to propose an increased dividend at the General Meeting of Shareholders in May, resulting in a full-year dividend of ¥160 per share.

For FY2026, although net income attributable to owners of the parent is expected to decline, we plan to maintain the dividend at ¥160 per share. This would result in a payout ratio of 38.9%.

Overview of Marine Business

Overview of Marine Business

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"100M" stands for 100 Million

Marine Business

Net Sales **1,268** 100M yen

Segment Profit **172.0** 100M yen

- Positive foreign exchange impact, especially in Europe
- Continuous robust demand for Merchant vessels
- Strong sales for Maintenance services globally

- ◆ **Japan:** Net sales **245** 100M yen
 - Steady sales for Merchant newbuild projects
- ◆ **Americas:** Net sales **155** 100M yen
 - Steady sales for Pleasure boats (sport fishing)
- ◆ **Europe:** Net sales **425** 100M yen
 - Steady sales for Merchant vessels retrofit
 - Steady sales for maintenance services
- ◆ **Asia:** Net sales **370** 100M yen
 - Steady sales for Merchant newbuild projects, supported by robust demand

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Next, I will explain the performance outlook by business segment.

Net sales of the Marine Business are expected to be ¥126.8 billion, remaining at a level broadly comparable to the previous fiscal year. We expect steady demand in the European market, with some contribution from the weaker yen.

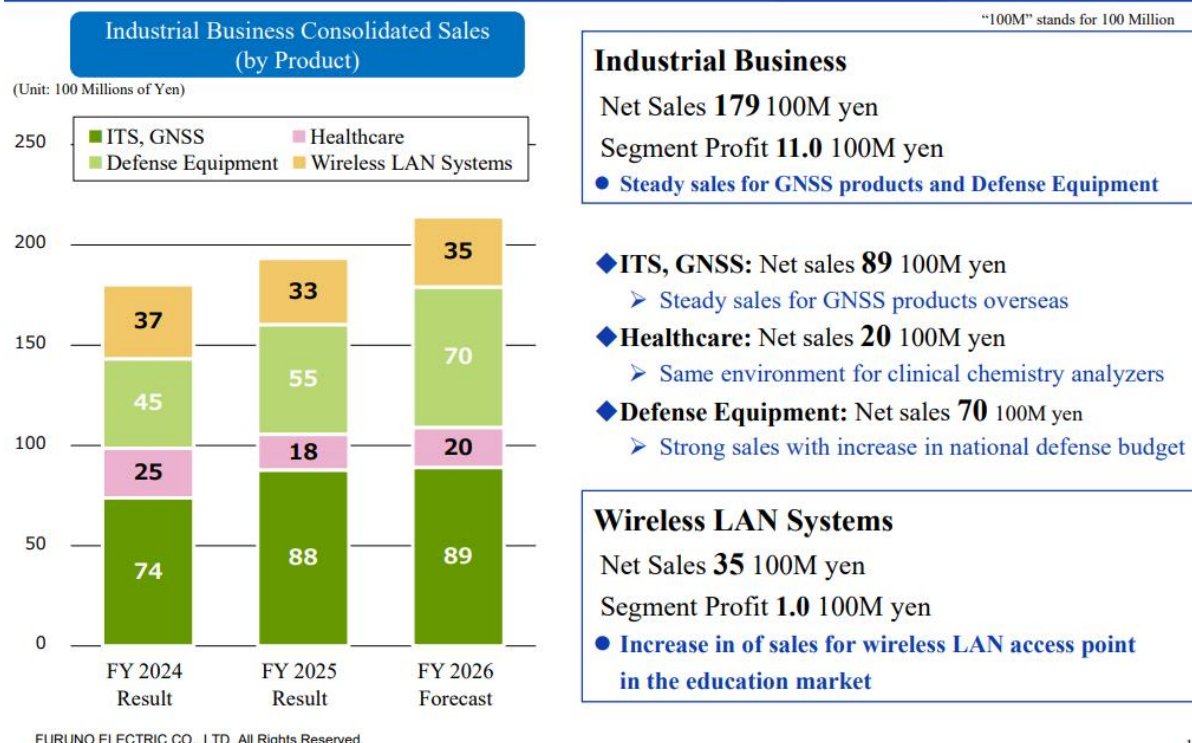
In the merchant ship market, including newbuild vessels, we continue to expect a favorable business environment, although we believe the market is approaching its peak. With ship prices remaining high, available shipyard slots are being filled quickly, and we expect this peak level to persist for some time. Against this backdrop, maintenance and service revenues are also expected to remain solid both domestically and overseas.

By region, we forecast sales of ¥24.5 billion in Japan, ¥15.5 billion in the Americas, ¥42.5 billion in Europe, ¥37.0 billion in Asia, and ¥7.3 billion in other regions. Overall, we assume that business conditions will remain broadly similar to those of FY2025.

Overview of Industrial Business

Overview of Industrial Business

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Next, I will discuss the outlook for the Industrial Business and the Wireless LAN and Handy Terminal Business.

For the Industrial Business, we expect net sales of ¥17.9 billion and segment profit of ¥1.1 billion. As explained earlier, we will focus on growing two key areas: ITS and GNSS, and defense equipment. The key drivers are increased sales of time-synchronization products and defense-related equipment.

The Wireless LAN and Handy Terminal Business continues to face challenging conditions, with net sales remaining flat in the range of ¥2.0 to ¥3.0 billion. Under the previous "GIGA School Program," we once recorded sales of more than ¥8.0 billion in the access point market. However, we expect the "NEXT GIGA School Program" to begin in two to three years and to progress gradually. In the meantime, we are making steady preparations.

This concludes my presentation. On the following pages, we have included several topics, such as our selection for the "Health and Productivity Stock Selection 2026." We would appreciate it if you could take a look.

Mid-Term Management Plan

01 FY2026-2028 Mid-Term Management Plan Goals

Introduction

What We Want to Communicate Today = Our “WHAT”

**Who Furuno serves,
what value we provide,
and how we will achieve our next
stage of growth**

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1

Atsushi Takagi (Executive Officer and General Manager of Corporate Planning Department):
Good afternoon, everyone. I am Atsushi Takagi, Executive Officer and General Manager of Corporate Planning Department.

I will now explain the Mid-Term Management Plan that we have just announced. Today's presentation follows the structure shown on the slide.

Under the theme of “Our WHAT”—namely, who Furuno serves, what we provide, and how we will achieve our next phase of growth—we have maintained very strong performance over the past few years. Building on this momentum, I would like to discuss what we believe is necessary to achieve sustainable growth going forward.

Placement of Mid-Term Plan

01 FY2026-2028 Mid-Term Management Plan Goals

Placement of Mid-Term Plan

FURUNO GLOBAL VISION “NAVI NEXT 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

KPIs for FY2030

- Net Sales : 120 billion yen
- Operating Margin : 10%
- New Business Composition Ratio : 30%

Results : Revenue and Operating Margin Achieved Ahead of Plan

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I would like to explain the positioning of our Mid-Term Management Plan.

As our long-term management vision toward FY2030, we have established “NAVI NEXT 2030,” which sets targets of ¥120.0 billion in net sales, an operating margin of 10%, and a 30% contribution from new businesses. The Mid-Term Management Plan, on the other hand, outlines how we will move forward step by step toward achieving the goals of “NAVI NEXT 2030.”

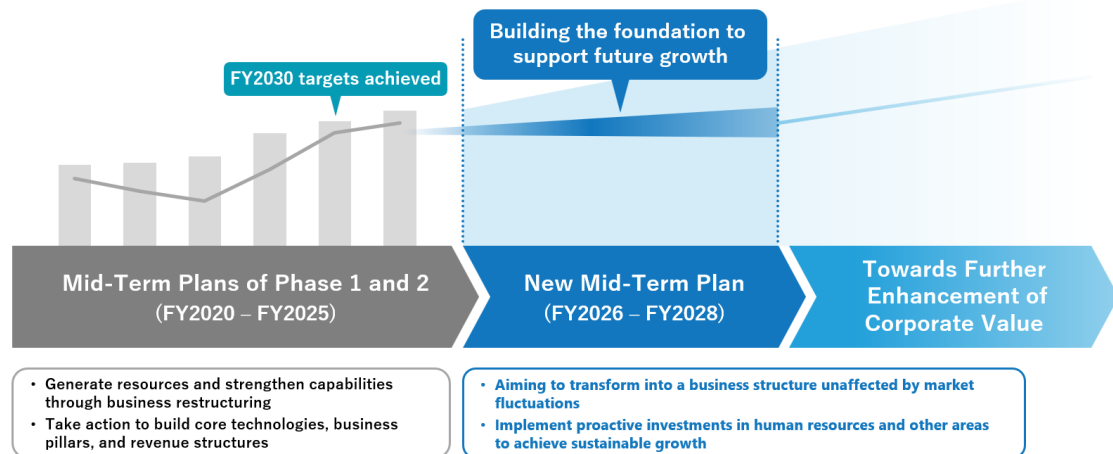
As mentioned previously, we achieved “NAVI NEXT 2030” ahead of schedule. At the time, when I was also deeply involved in developing the plan, our net sales were in the range of ¥75.0 to ¥80.0 billion, and our operating margin was in the single-digit range.

Against this backdrop, we set highly ambitious targets—and ultimately achieved them.

Initially, we proposed that net sales of around ¥90.0 billion would be achievable. However, the management team, including the President, challenged this view, saying it was too conservative and should be raised further. As a result, we set a net sales target of ¥120.0 billion. In discussing how to achieve this level, we concluded that new initiatives would be essential, which led us to set a target of 30% for new business contributions.

Placement of Mid-Term Plan

A three-year plan to build the foundation for future growth through proactive investments



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3

Next, I will explain the positioning of our new Mid-Term Management Plan.

By leveraging the strength gained from achieving record-high performance, we will reinvest those results into future growth and build a solid foundation through proactive investments.

This is a key focus for us. As our President mentioned earlier, while we are currently heavily centered on the maritime industry, this business inherently involves a certain level of volatility. To mitigate this volatility as much as possible, we believe it is necessary to strengthen businesses that operate on cycles different from those of the maritime sector.

To support this strategy, we plan to continue making active investments in human capital and related areas.

Management Targets and Results

02 FY2026-2028 Mid-Term Management Plan Goals

Management Targets and Results

	Net Sales	Operating Margin	ROE (based on ordinary income)	Payout Ratio
FY2025 Targets	¥97.5B	8% or more	10% or more	30% or more
FY2025 Results	¥1,406B	11.6%	22.6%	30.2%



Results : All Targets Achieved!

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The top section of the slide shows the targets set under the previous Mid-Term Management Plan, while the bottom section presents the results for FY2025.

As mentioned earlier, we achieved our net sales target. The operating margin also reached 11.6%, meeting the target.

In addition, we achieved all other key targets we had set, including ROE and the dividend payout ratio.

FY2026-2028 Mid-Term Management Plan Goals

03 FY2026-2028 Mid-Term Management Plan Goals

Basic Policy

Corporate Vision FURUNO GLOBAL VISION “NAVI NEXT 2030”

Phase3: <Transform> Realize an appropriate corporate scale, profitability and business structure

Company Size

1. Supported by core markets, expand scale through investment in growth markets
2. Strengthen customer responsiveness by leveraging global network (100+ countries)

Profitability

1. Ensure profitability through further global expansion of maintenance services
2. Enhance productivity by smartening manufacturing systems and restructuring operations using AI and DX* technologies

Business Structure

1. Achieving higher profitability in core business segments while expanding areas designated for strategic investment
2. Creating synergies across business units by leveraging the Company's global sales channels

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Against this backdrop, the key question is: what will we do over the next three years? The slide summarizes our basic policy.

Under “NAVI NEXT 2030,” we aim to further scale up our current business size by FY2030. We position the three-year period of the Mid-Term Management Plan as an investment phase to achieve that goal.

In terms of business scale, we will continue to rely on our core Marine Business while actively investing in growth markets.

Regarding profitability, as explained earlier, maintenance service operations are a key driver, and we will pursue a strategy to further expand this area. In addition, we will promote smarter manufacturing as well as operational reforms through the use of AI and digital technologies.

To transform our business structure, we will aim to further enhance profitability in our core domains while making focused investments in priority growth areas.

Management Goals for FY2028

04 FY2026-2028 Mid-Term Management Plan Goals

Management Goals for FY2028

Corporate Vision FURUNO GLOBAL VISION “NAVI NEXT 2030”

Phase3: <Transform> Realize an appropriate corporate scale, profitability and business structure

Company Size Sales	Profitability Operating Profit Margin	Profitability ROE/ROIC	Shareholder Returns Total Payout Ratio equivalent
¥150B	over 10%	over 10%	40%

Transforming the Business Structure to Reduce Exposure to Market Volatility

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As our management targets, we have set the figures shown on the slide: net sales of ¥150.0 billion, an operating margin of 10% or higher, ROE and ROIC of 10% or higher, and a total shareholder return ratio of approximately 40%.

After announcing these targets, some investors commented that the figures appeared conservative. While the Mid-Term Management Plan is intended for investors, it is also a roadmap for our employees.

When we formulated “NAVI NEXT 2030,” our operating margin was still in the single-digit range. Despite delivering valuable products and earning strong customer appreciation, profitability remained low. The target of “an operating margin of 10% or higher” therefore represents our firm commitment that we will not return to single-digit margins and will consistently secure a double-digit level.

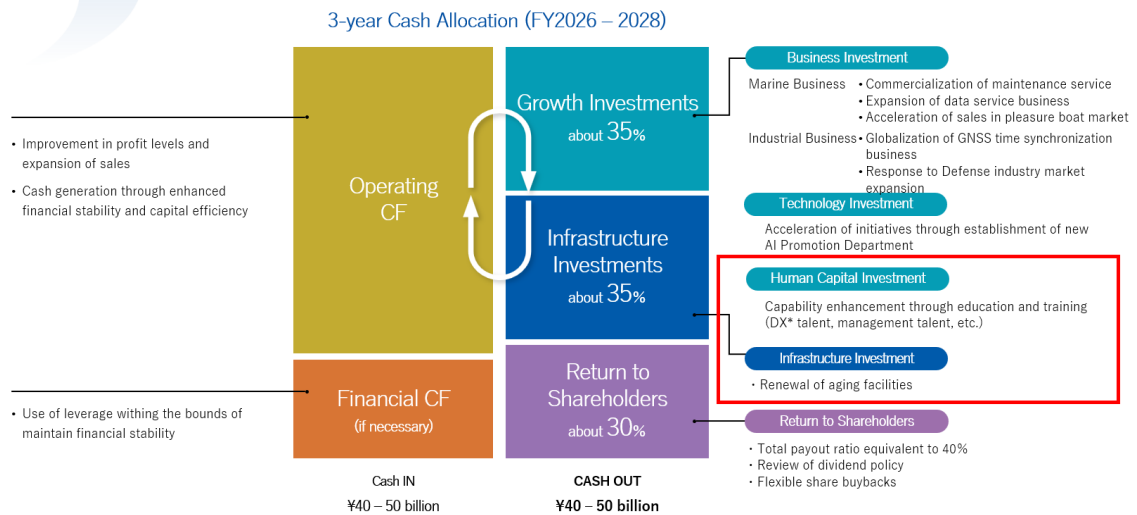
Some investors have pointed out that the operating margin for FY2025 was already 11.6% and asked whether we are lowering our target. That is not our intention. Looking ahead to 2030, we aim to reach a level comparable to peers with higher margins, such as Garmin, which achieves margins above 20%, and global niche leaders, which typically post margins of around 13% to 14%.

Accordingly, we will steadily implement measures to reliably achieve an operating margin in the range between 10% and 20%. Further details, including our growth story toward 2030, will be explained in additional materials to be released later this year.

Cash Allocation

05 FY2026-2028 Mid-Term Management Plan Goals

Cash Allocation



Next, I will explain our cash allocation. The slide shown here is the same as one we have presented previously. As Mr. Wada mentioned earlier, we believe we have entered a phase in which we should steadily execute investments in human capital and infrastructure.

Of course, as a manufacturer, we will continue to make disciplined investments in our businesses and technologies. However, we consider the reliable execution of human capital and infrastructure investments to be essential prerequisites for our next stage of growth. I will elaborate on this point on the next slide.

Growth Story

06 FY2026-2028 Mid-Term Management Plan Goals

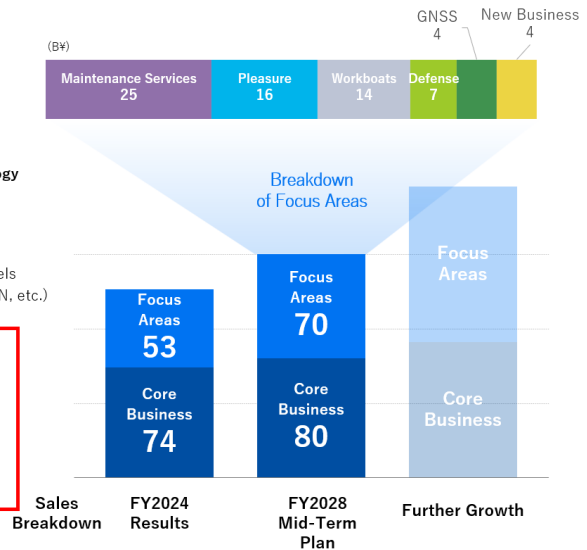
Growth Story

Transformation into a business structure unaffected by market fluctuations

- Core Business**
- Maintain global top share with deepening of SPC&I* technology
 - Strengthen customer responsiveness to become "The Indispensable FURUNO"
 - Ensure robust response to strong demand for merchant vessels
 - Adjust product development to regional demand for fishing vessels
 - Achieve stable profitability in domestic sectors (ITS, wireless LAN, etc.)

- Focus Areas**
- Further global expansion of maintenance services business
 - Execution and strengthening of U.S.-based strategy for Pleasure boats
 - Address expanding demand across Land, Sea, and Air in Defense equipment business
 - Global expansion of promising time synchronization business
 - Increased investment in new businesses

* SPC&I : Sensing, Processing, Communication & Integration



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Next, I would like to explain our growth story. The areas labeled "strengthened investment" on the slide represent the fields in which we will intensify investment under the Mid-Term Management Plan.

In addition to maintenance and services, our investment focus areas include pleasure boats, where our market share is still low; workboats, which are benefiting from geopolitical tailwinds; defense equipment; and GNSS. Together with new businesses, these five areas have been designated as priority investment fields.

06 FY2026-2028 Mid-Term Management Plan Goals

Growth Story

Maintenance Services: A Key Driver Enhancing Revenue Stability, Growth, and Capital Efficiency

1. Strengthening Stability as a Recurring Revenue Model (Enhancing Earnings Quality)
2. Transitioning to Value-Added Maintenance Services through Digital Enablement
3. Expanding Recurring Revenue by Leveraging the Global Operating Platform

Pleasure Boats: Focusing on Areas Where Technology Can Be Monetized as "Experiential Value" to Achieve Scale through Market Share Expansion

1. Focusing on domains where technological strengths can be monetized as "experiential value"
2. A hybrid revenue model combining hardware × software × services
3. Stable growth in global markets and portfolio diversification benefits

Workboats: A Stable Growth Domain Driven by Non-Price Competition and Long-Term Recurring Revenue

1. Differentiation through reliability and value, rather than price-based competition
2. Establishing a sustainable recurring revenue base anchored in long-term projects and lifecycle operations

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The first element of our growth story is maintenance and services. We consider this area to be the most important driver for enhancing earnings stability, growth, and capital efficiency.

This is a stock-based business model, and the results of many years of deploying a large number of our products on newly built vessels are now becoming visible.

As these vessels accumulate as an installed base, they create a solid foundation for generating revenues through maintenance services, annual inspections, and equipment replacement. Now that this base has grown to a meaningful scale, we aim to further strengthen the maintenance and service business and improve its profitability. Given that maintenance and services are more profitable than hardware sales, reinforcing this area allows us to achieve both higher profitability and greater earnings stability.

In addition, we intend to enhance value through the use of digital technologies. As vessels become increasingly connected, also in line with developments such as Starlink, the environment is being created in which new digitally enabled services can be offered.

The second growth driver is pleasure boats. Our market share in this segment remains relatively low, at around 10%. Competition is intense, with five major players in the market, and given our current position, it is difficult to regain share at once. Therefore, we plan to steadily expand our presence by focusing on smaller segments and niche areas.

Specifically, by leveraging our technological strengths—such as the scanning sonars that saw strong demand recently—and delivering this technology as a compelling user experience, we aim to gradually increase market share and improve profitability. Rather than relying solely on one-time hardware sales, we will pursue an integrated offering that combines hardware, software, and services.

The third growth area is workboats. There are large numbers of coast guard vessels, patrol boats, and similar ships worldwide, and we view this segment as capable of delivering stable revenues. It is also less exposed to price-based competition, allowing for a non-price competitive business approach.

Moreover, workboat projects typically have longer planning cycles. By building revenue models based on long-term operation and lifecycle support, we will steadily develop this business in a sustainable manner.

Growth Story

Defense Equipment: A Strategic Business Symbolizing Furuno's Technological Excellence and Reliability

1. High medium- to long-term growth visibility underpinned by global security needs
2. Clear differentiation through advanced technologies and high barriers to entry
3. Company-wide synergies generated through technology spillover to other business areas

GNSS: A Distinctive Global Niche-Leading Business that Embodies the Company's Core Strengths

1. A high-value growth domain that supports critical social infrastructure
2. Establishing clear barriers to entry through high-precision, high-reliability, and robust technologies
3. Expanding sales scale by leveraging the Company's global sales network

New Businesses: Future Growth Options

1. Creating the next pillars of earnings by leveraging existing technological assets
2. Nurturing medium- to long-term growth opportunities and strengthening the business portfolio

The fourth growth area is defense equipment, which we see as a business that symbolizes our technological capabilities and reliability. As this business is supported by national defense budgets, we view it as having a very high level of certainty for mid- to long-term growth, and we intend to steadily promote and expand this field.

Specifically, we aim to differentiate ourselves by leveraging our proprietary acoustic technologies and GNSS-related technologies, while expanding each defense-related business area. Although this has not yet been realized, we also see potential to apply advanced technologies developed in the defense equipment business back into our Marine Business over the medium to long term.

The fifth growth area is GNSS, as previously explained. This is a business that strongly reflects Furuno's identity: global in scope, niche in nature, and a field in which we are a leading player. We will continue to allocate resources to this area with the aim of further expanding sales. In particular, we believe that technologies related to robustness and reliability will be key differentiators. In parallel, we will also continue to steadily develop new businesses.

Summary

09 FY2026-2028 Mid-Term Management Plan Goals

Summary

Marine Business: Stable Growth and Value Enhancement as the Core Earnings Foundation

1. A broad and comprehensive marine product portfolio
2. Lifecycle-based revenue model combining hardware × software × services, with safety and reliability at its core
3. Continuous improvement in earnings quality through the accumulation of recurring (stock-based) revenue

Industrial Business: A Growth Driver in Non-Marine Domains Supporting Social Infrastructure

1. Providing an essential product lineup for critical social infrastructure markets
2. Focusing on markets with high barriers to entry and strong resilience to economic cycles
3. Contributing to overall earnings stability

R&D and New Businesses: The Company's Growth Engine

1. Exploring new business domains built on existing core technologies
2. Continuing strategic growth investments with a medium- to long-term growth perspective

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In summary, the Marine Business represents our core earnings base. As such, we aim to achieve stable growth while further enhancing its sophistication. This business covers a wide range of segments, including merchant ships, fishing vessels, pleasure boats, and coast guard vessels as discussed earlier, and our objective is to strengthen stability across all of these areas.

As mentioned, we will continue to shift away from the traditional business model centered on one-time hardware sales. Instead, we will strengthen an integrated offering that combines hardware, software, and services throughout the vessel lifecycle. Expanding recurring, stock-based revenues through services will remain a key strategic pillar.

In the Industrial Business, we will pursue growth by focusing on areas that are resilient to economic fluctuations. As an R&D-driven manufacturer, we plan to further enhance our technological capabilities, expand into new domains, and make strategic investments to support long-term growth.

Summary

- ✓ **Reinvesting financial strength built on performance into growth investments**
- ✓ **Transforming toward a business structure resilient to market volatility**
- ✓ **Balancing sustainable growth with enhanced shareholder returns**

To reiterate, by utilizing the cash and financial strength we have built over the past several years, we will make growth investments to elevate the company to the next level. Through these efforts, we aim to build a more resilient business structure that can withstand market fluctuations and reduce volatility.

At the same time, over the next three years, we will work toward achieving these goals while considering a well-balanced shareholder return policy. We intend to strike an appropriate balance between investment for growth and shareholder returns. Discussions on this matter have already begun at the management level, and we will share further details with you once decisions have been finalized.

Source: <https://finance.logmi.jp/articles/384272>