

2nd Quarter of FY 2/2021

Financial Results Briefing Materials

October 13, 2020

FURUNO ELECTRIC CO., LTD.

Points to Note:

This document is a translation of the Japanese original. The Japanese original is authoritative.

The information listed in these materials the Company's future prospects as 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.

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

** "2Q" or "2nd Quarter" in this material represents the six-month period beginning on March 1 and ending on.

◆ **Performance: Decrease in sales and profit**

Revenue and profit decreased due to factors such as the impact of economic stagnation associated with measures for stopping the spread of the novel coronavirus infection COVID-19.

However, business started to recover during the 2nd quarter (June to August).

◆ **Full-year earnings forecast: Upward revision**

Based on actual results in the 2nd quarter and the outlook for business conditions, we have revised upwards the net sales and profit figures announced on August 19. We have left the annual dividend forecast as is.

FY 2/2021 2nd Quarterly Results Highlights

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| Unit: Millions of Yen | FY 2/2020 2nd Quarter | FY 2/2021 2nd Quarter | Year-over-year (amount) | Year-over-year (ratio) |
|---|----------------------------|----------------------------|------------------------------|-----------------------------|
| Net sales | 43,040 | 39,274 | -3,765 | -8.7% |
| Gross profit (Sales ratio) | 15,557 (36.1%) | 14,553 (37.1%) | -1,004 (-1.0) | -6.5% |
| Operating income (Sales ratio) | 2,297 (5.3%) | 1,667 (4.2%) | -630 (-1.1) | -27.4% |
| Ordinary income (Sales ratio) | 2,430 (5.6%) | 1,956 (5.0%) | -474 (-0.6) | -19.5% |
| Profit attributable to owners of parent (Sales ratio) | 2,188 (5.1%) | 1,546 (3.9%) | -642 (-1.2) | -29.3% |
| R&D expenses (Sales ratio) | 2,234 (5.2%) | 2,353 (6.0%) | + 120 (+0.8) | + 5.4% |
| Capital investment expenses (Sales ratio) | 1,028 (2.4%) | 1,467 (3.7%) | + 439 (+ 1.3) | + 42.7% |
| Depreciation expenses (Sales ratio) | 1,562 (3.6%) | 1,540 (3.9%) | -22 (+0.3) | -1.4% |

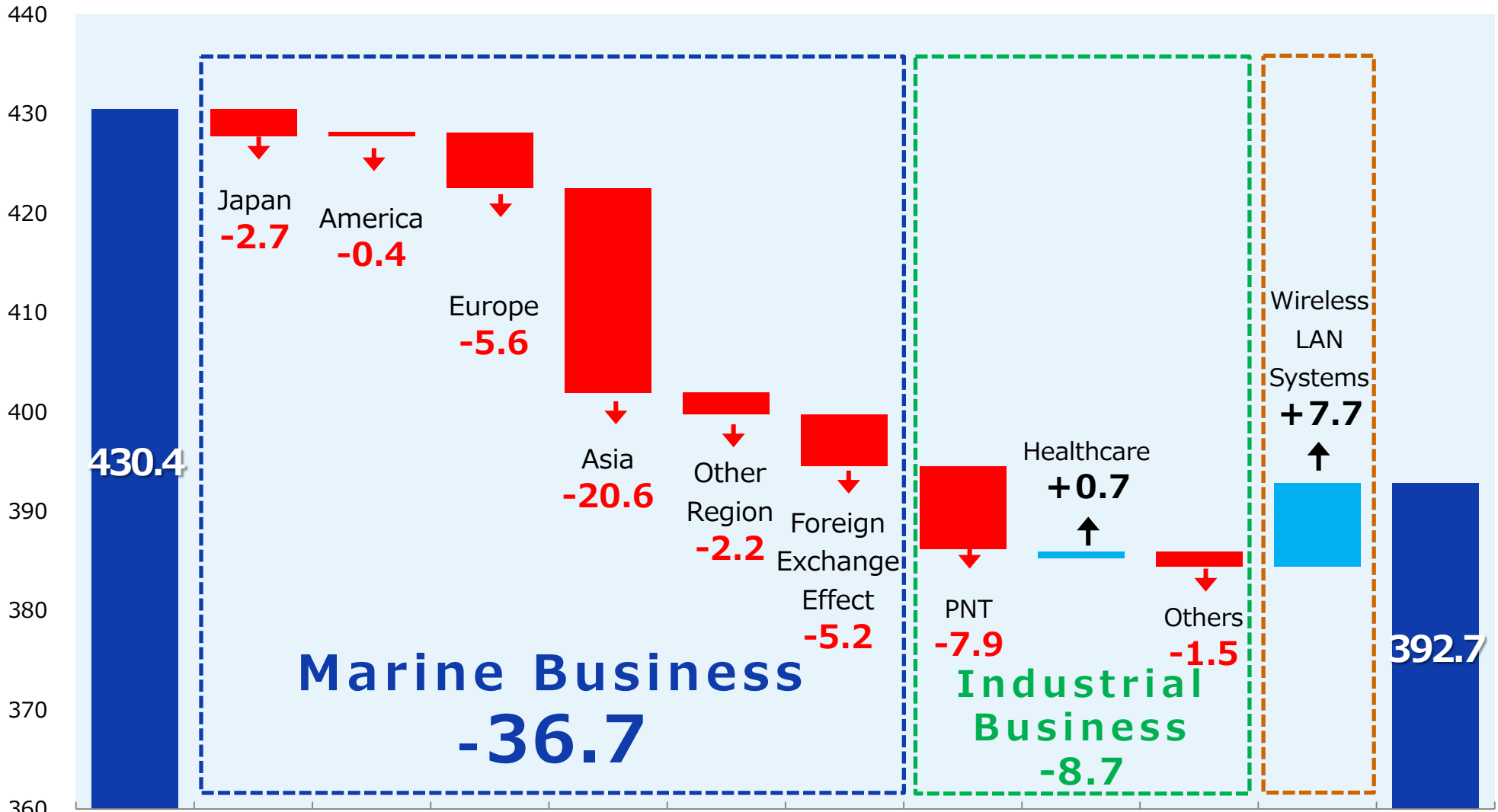
Unit: Yen, annual average exchange rate

| | | | | |
|-------------|-----|-----|----|-------|
| 1USD | 111 | 109 | -2 | -2.0% |
| 1EUR | 124 | 120 | -5 | -3.7% |

Analysis of Increase/Decrease in Net Sales

(Unit: 100 Millions of Yen)

"100M" in this material indicates 100 Million

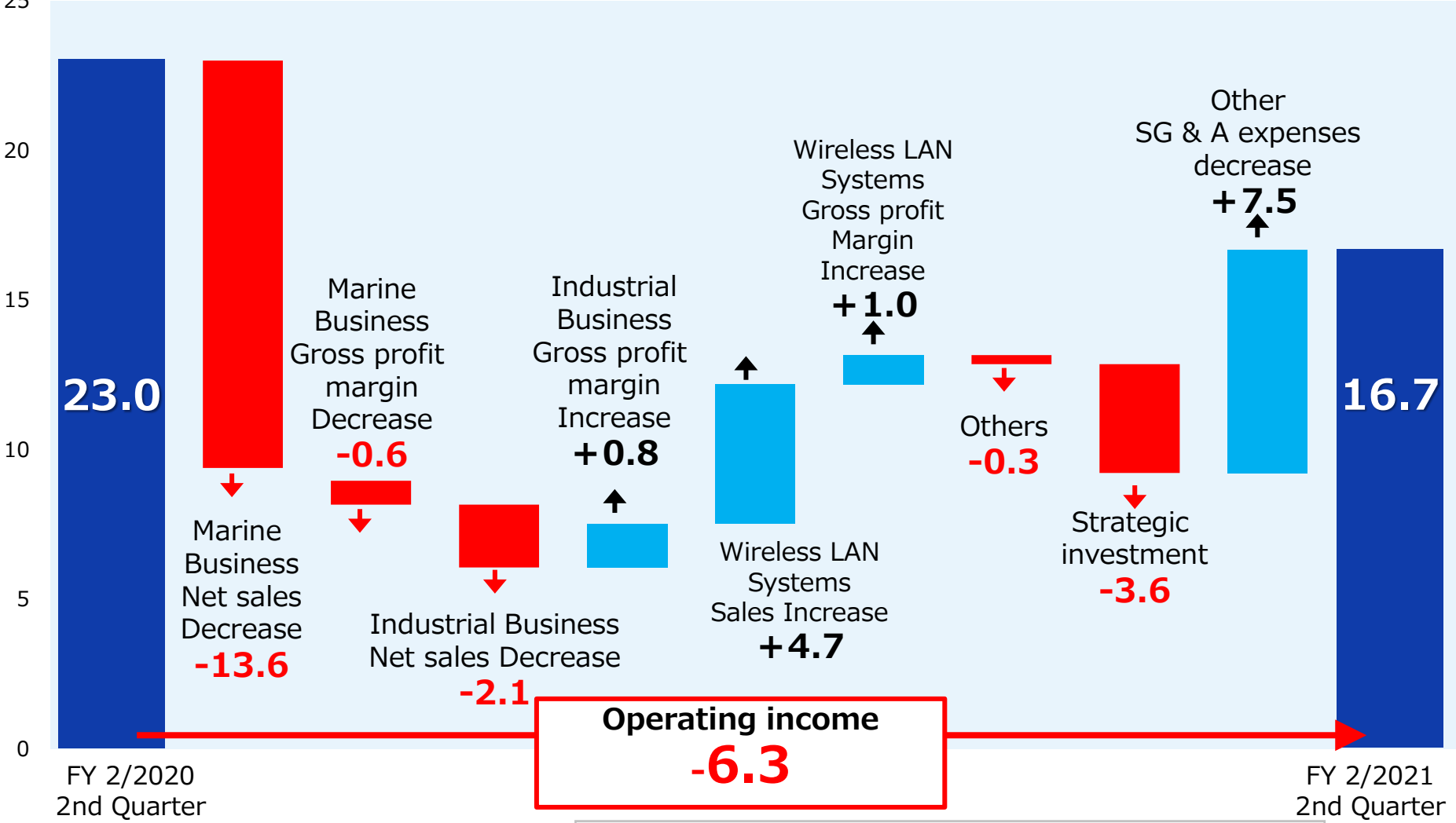


*Exchange Rate Sensitivity (actual results as of February 29, 2020)
 [USD] Net sales 1.1 100M yen , Operating income 0.5 100M yen
 [Euro] Net sales 1.6 100M yen , Operating income 0.7 100M yen

Analysis of Increase/Decrease in Operating income

A fall in revenue in the Marine Business and the impact of a decline in profits associated with strategic investments and other factors were covered to some extent by a rise in revenue in Wireless LAN Systems and a decrease in sales, general, and administrative expenses, etc.

(Unit: 100 millions of Yen)
25



※ Foreign exchange impact on operating income: -2.4 100M yen

Analysis of Operating Income

(Increase/Decrease Comparison in Same Business Year) **FURUNO**

Smaller decline in profits in the Marine Business, and a substantial rise in profits in Wireless LAN Systems

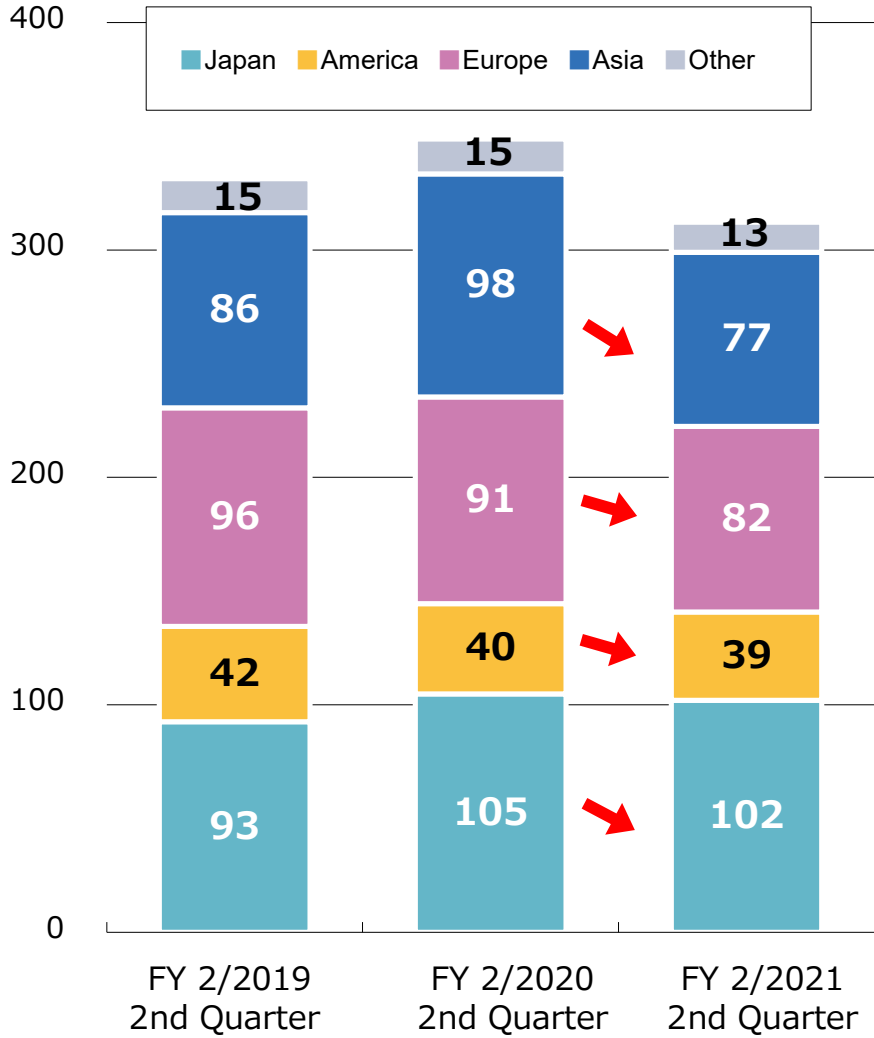
(Unit: 100 million of Yen)

| | 1st Quarter period | | | 2nd Quarter period | | |
|-----------------------------|--------------------|-----------|------------------------------------|--------------------|-----------|------------------------------------|
| | FY 2/2020 | FY 2/2021 | Increase/ Decrease (ratio) | FY 2/2020 | FY 2/2021 | Increase/ Decrease (ratio) |
| Marine Business | 626 | 50 | -576 (-92.0%) | 921 | 516 | -405 (-43.9%) |
| Industrial Business | 144 | 56 | -88 (-61.1%) | 21 | 46 | 25 (119.0%) |
| Wireless LAN Systems | -13 | -98 | -85 - | 543 | 1,047 | 504 (92.8%) |
| Others | 21 | -7 | -28 | 32 | 55 | 23 |
| Total | 779 | 2 | -777 (-99.7%) | 1,518 | 1,665 | 147 (9.7%) |

"100M" in this material indicates 100 Million

Net sales by Marine Business /Sales by Region

(Unit: 100Millions of Yen)



Marine Business :

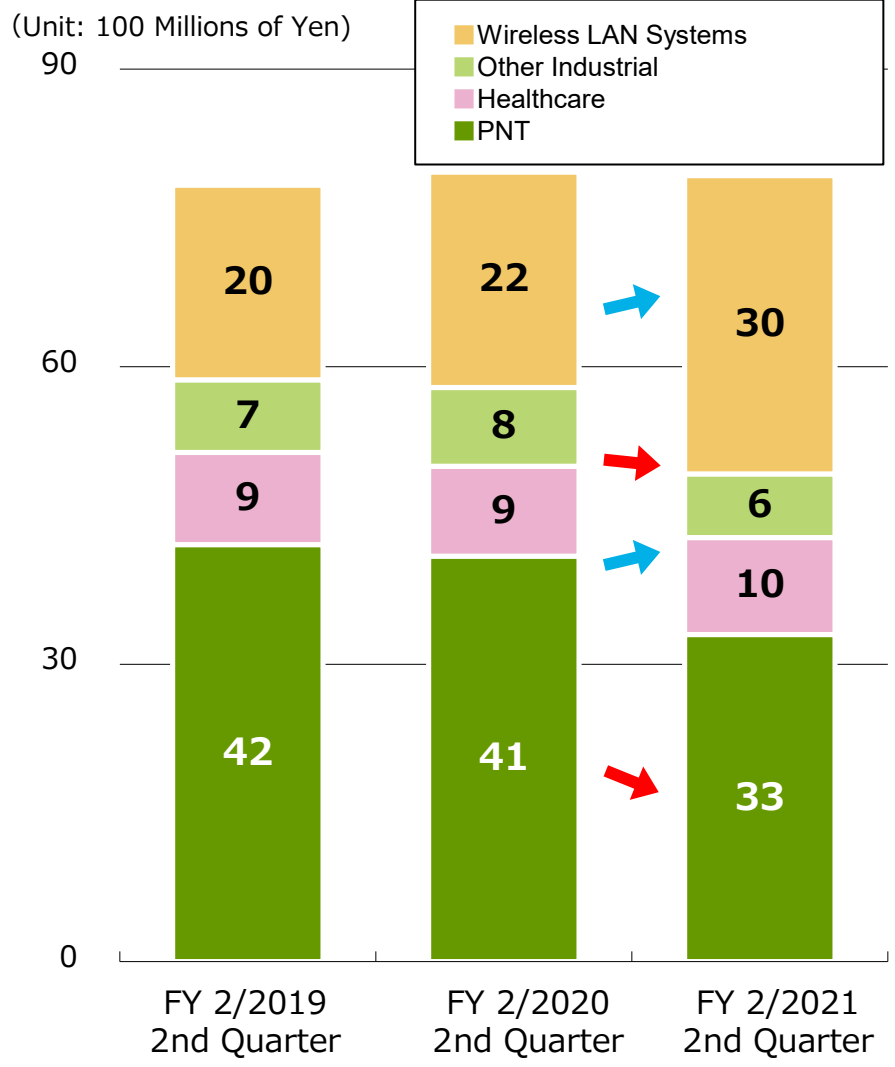
Net sales **312** 100M yen (-10.5% year on year)

Segment Profit **5.7** 100M yen (-9.8 100M yen)

⇒ **Most of the fall in revenue and subsequent decrease in profits were in Asia and Europe; however, business started to recover during the 2nd quarter**

- ◆ **Japan: Net sales 102** 100M yen (-2.6%)
 - Business started to recover during the 2nd quarter, and performance remains at the previous year's levels
- ◆ **America: Net sales 39** 100M yen (-2.3%)
 - The impact of the novel coronavirus was limited, and performance remains at the previous year's levels
- ◆ **Europe: Net sales 82** 100M yen (-10.2%)
 - Revenue fell due to the impact of foreign exchange and the novel coronavirus; however, the decline stopped during the 2nd quarter
- ◆ **Asia: Net sales 77** 100M yen (-22.0%)
 - Revenue fell mostly due to the impact of reduced operations at manufacturing sites during the 1st quarter; however, business started to recover during the 2nd quarter

Net sales by Industrial Business & Wireless LAN Access Point/ Sales by Products



Industrial Business:

Net sales **49** 100M yen (-15.0% year on year)
 Segment profit **1.0** 100M yen (-0.6 100M yen)

- ⇒ PNT Business recorded a fall in sales of ETC on-board devices, due to factors such as refraining from long-distance travel as a result of the novel coronavirus
- ⇒ Healthcare recorded strong sales of clinical chemistry analyzers

- ◆ PNT Business: Net sales **33.0** 100M yen (-19.3%)
- ◆ Healthcare: Net sales **9.8** 100M yen (+7.7%)

Wireless LAN Systems:

Net sales **30.1** 100M yen (+38.5% year on year)
 Segment profit **9.5** 100M yen (+4.2 100M yen)

- ⇒ Wireless LAN Access Point sales grew substantially in the educational market, where the Global and Innovation Gateway for All (GIGA) school project is being promoted
- ⇒ Substantial rise in both revenue and profit

Marine Business

【Merchant Vessel】 Will remain weak
【Fishing Vessel】 Already recovering overall, even with the impact of temporary economic stagnation
【Pleasure Boat】 Benefiting from a strong global pleasure boat market

Industrial Business

【PNT】 ETC on-board devices are recovering Time synchronization and other markets are generally strong
【Healthcare】 Not particularly impacted by the novel coronavirus
【Other Industrial】 Generally performing as planned

Wireless LAN Systems

【Wireless LAN Access Point】 Substantial growth in demand this period coming from the GIGA school project
【Handheld Terminal】 Some customer-based variability, but generally slow growth

Full year earnings forecast and dividend forecast of FY 2/2021

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Based on the cumulative actual results of the 2nd quarter and our understanding of business conditions from the 3rd quarter onwards, we have revised upwards our previous forecasts (announced on August 19, 2020)

| (Unit: 100 Millions of Yen) | FY 2/2021 Last forecast | FY 2/2021 Forecast this time | Increase/ Decrease (amount) | Increase/ Decrease (ratio) |
|---|----------------------------|---------------------------------|------------------------------------|-----------------------------------|
| Net sales | 79,000 | 82,000 | + 3,000 | + 3.8% |
| Operating income (Sales ratio) | 1,500 (1.8%) | 3,000 (3.6%) | + 1,500 (+1.8) | + 100.0% |
| Ordinary income (Sales ratio) | 2,000 (2.5%) | 3,500 (4.2%) | + 1,500 (+1.7) | + 75.0% |
| Profit attributable to owners of parent (Sales ratio) | 1,500 (1.9%) | 3,000 (3.6%) | + 1,500 (+1.7) | + 100.0% |

Dividend forecast

| (Unit: Yen) | End of 2nd Quarter | Year end | Year round | Consolidated payout ratio |
|---------------------------|-----------------------|-----------|------------|------------------------------|
| FY 2/2020 | 10 | 10 | 20 | 30.9% |
| FY 2/2021 forecast | 10 | 10 | 20 | 21.0% |

Corporate Profile

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 Feb 29, 2020

| | |
|------------------------|---|
| 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 |
| President | Yukio Furuno |

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

