

Fiscal Year 2021 (Ended February 28, 2022)

Financial Results Briefing Materials

April 14, 2022

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**

- Sales recovery for Marine Business mainly in Europe and the Americas

◆ **Profit: Decrease**

- End of special demand for GIGA School for Wireless Access Point
- Improvement in overall profitability for core Marine Business

Consolidated Income Statement

FURUNO

Improvement in overall profitability for core Marine Business.

Continuous investments for the future.

(Unit: Millions of yen)

	FY 2019	FY 2020	FY 2021	Year-over-Year (amount)	Year-over-Year (ratio)
Net sales	83,066	82,255	84,783	+2,528	+3.1%
Gross profit (Sales ratio)	28,524 (34.3%)	30,839 (37.5%)	31,638 (37.3%)	+798	+2.6%
Operating profit (Sales ratio)	2,411 (2.9%)	3,740 (4.5%)	2,532 (3.0%)	-1,208	-32.3%
Ordinary profit (Sales ratio)	2,702 (3.3%)	4,779 (5.8%)	3,717 (4.4%)	-1,061	-22.2%
Profit attributable to owners of parent (Sales ratio)	2,041 (2.5%)	3,946 (4.8%)	2,814 (3.3%)	-1,132	-28.7%

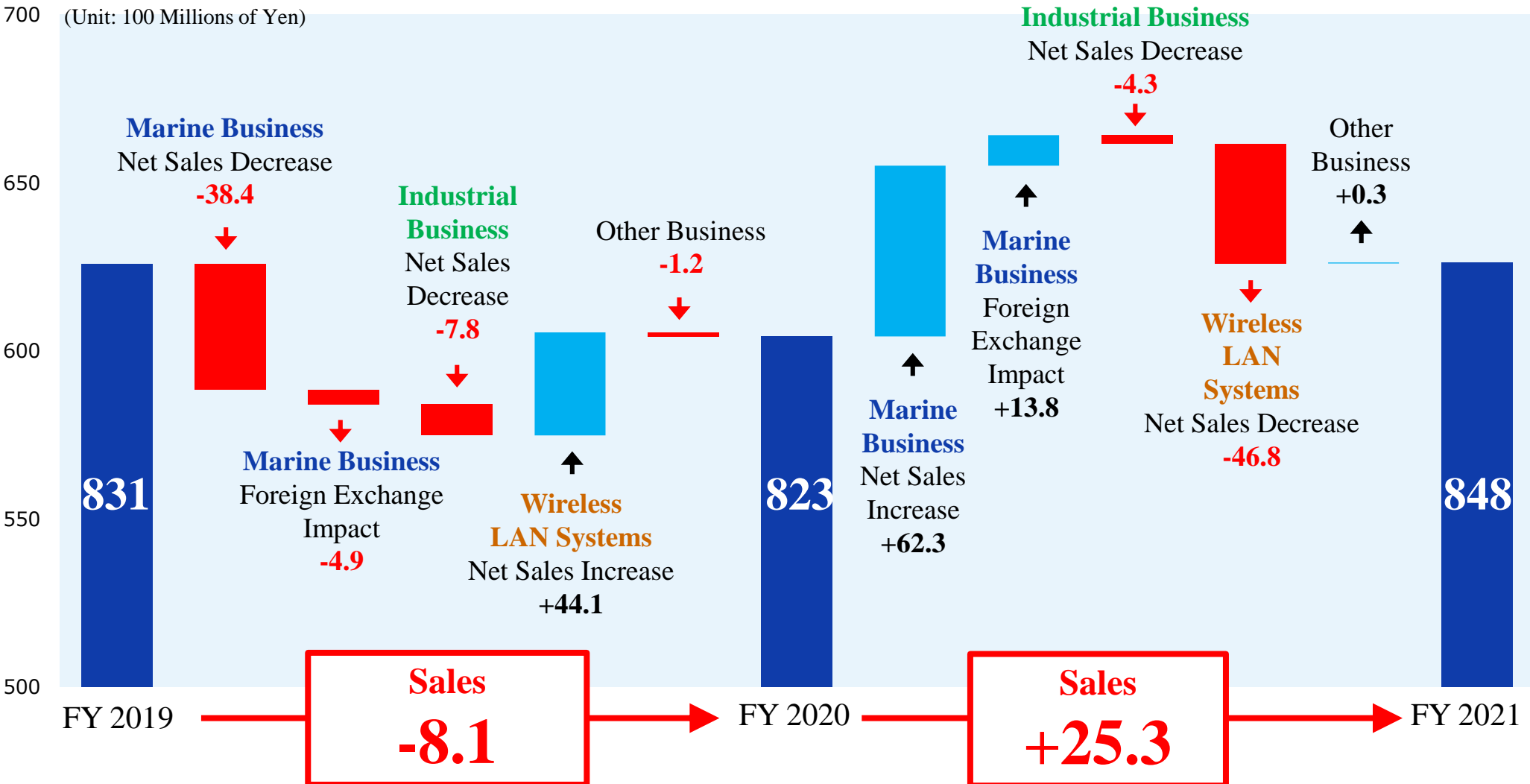
R&D expenses (Sales ratio)	4,266 (5.1%)	5,303 (6.4%)	5,458 (6.4%)	+155	+2.9%
Capital investment (Sales ratio)	3,245 (3.9%)	4,235 (5.1%)	4,670 (5.5%)	+434	+10.3%
Depreciation expenses (Sales ratio)	3,246 (3.9%)	3,160 (3.8%)	3,161 (3.7%)	+1	+0.1%

(Unit: Yen, annual average exchange rate)

1USD	110	107	109	+2	+1.7%
1EUR	123	122	130	+8	+6.6%

Analysis of Increase/Decrease in Net Sales

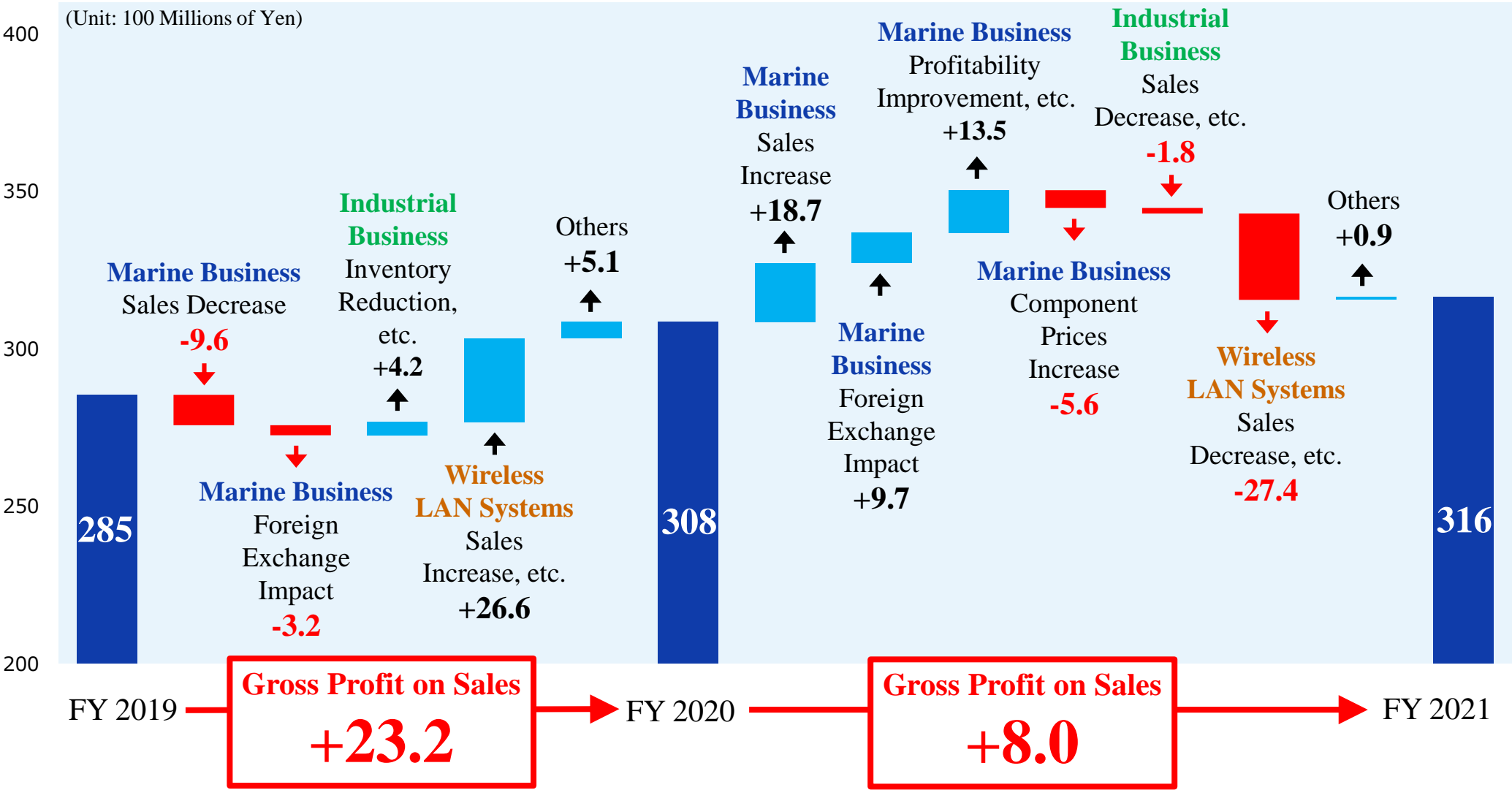
Sales recovery for Marine Business mainly in Europe and the Americas.



Analysis of Increase/Decrease in Gross Profit on Sales



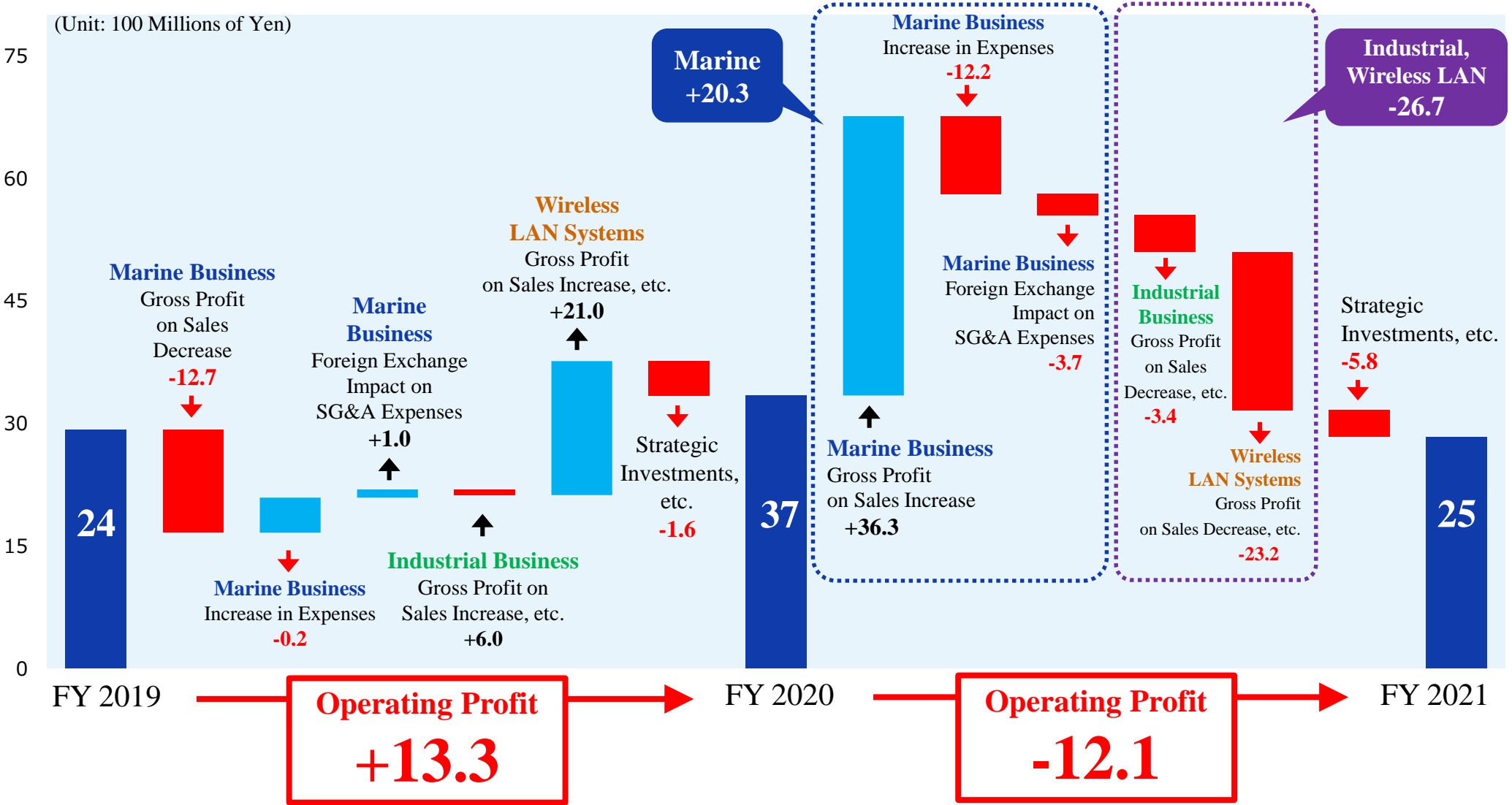
Despite Gross profit push down due to component prices increase, overall improvement in profitability for Marine Business.



Analysis of Increase/Decrease in Operating Profit

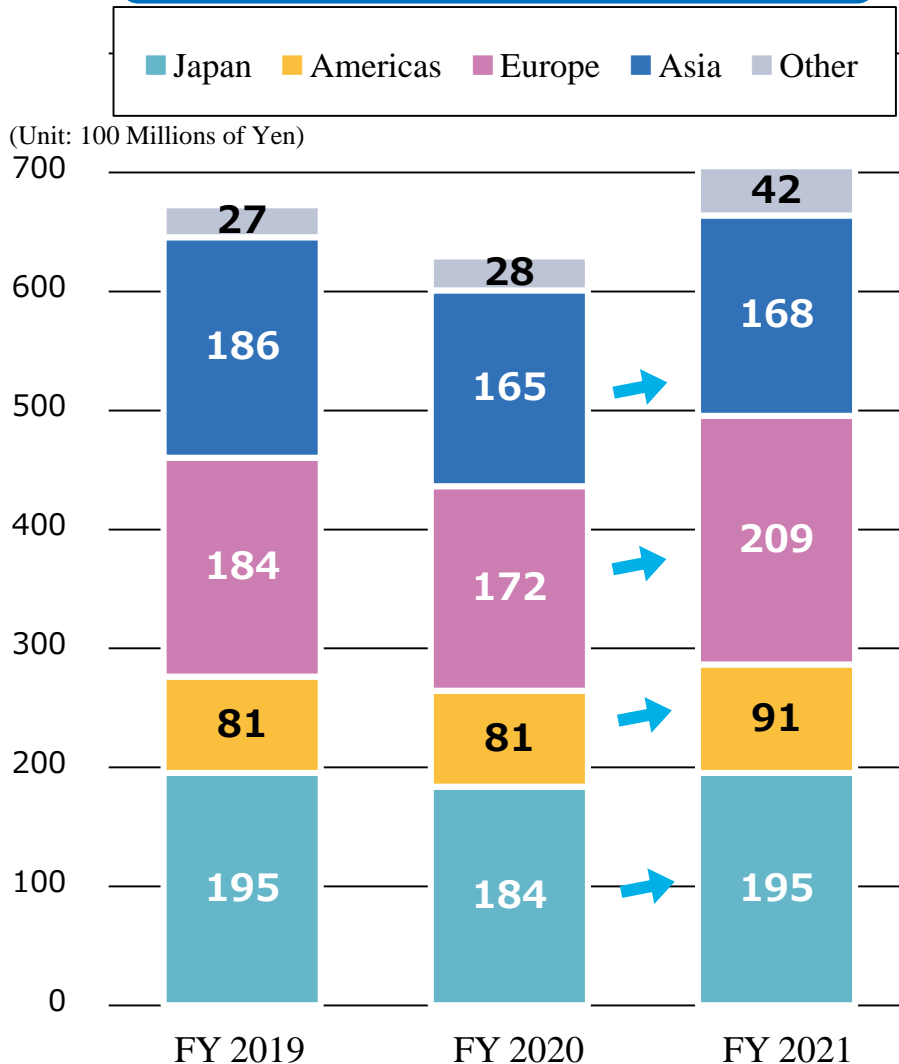
Increase in SG&A expenses in Marine Business with acquisition of overseas subsidiaries, etc.

(Unit: 100 Millions of Yen)



“100M” stands for 100 Million

Marine Business Consolidated Sales
(by Region)



Marine Business:

Net Sales **705** 100M yen (+12.1% year-over-year)

Segment Profit **27.7** 100M yen (+20.4 100M yen)

- **Recovery trend in new-build demand, strong retrofit demand, stability in demand in Fishery market, and strong sales for Pleasure Boats**

◆ **Japan:** Net sales **195** 100M yen (+6.3%)

- Steady growth of sales helped by projects eligible for business subsidy from Ministry of Agriculture, Forestry and Fisheries

◆ **Americas:** Net sales **91** 100M yen (+13.1%)

- Sales increase both for Pleasure Boats and Fishery market

◆ **Europe:** Net sales **209** 100M yen (+21.4%)

- Strong sales for Merchant Vessels, significant increase for Pleasure Boats

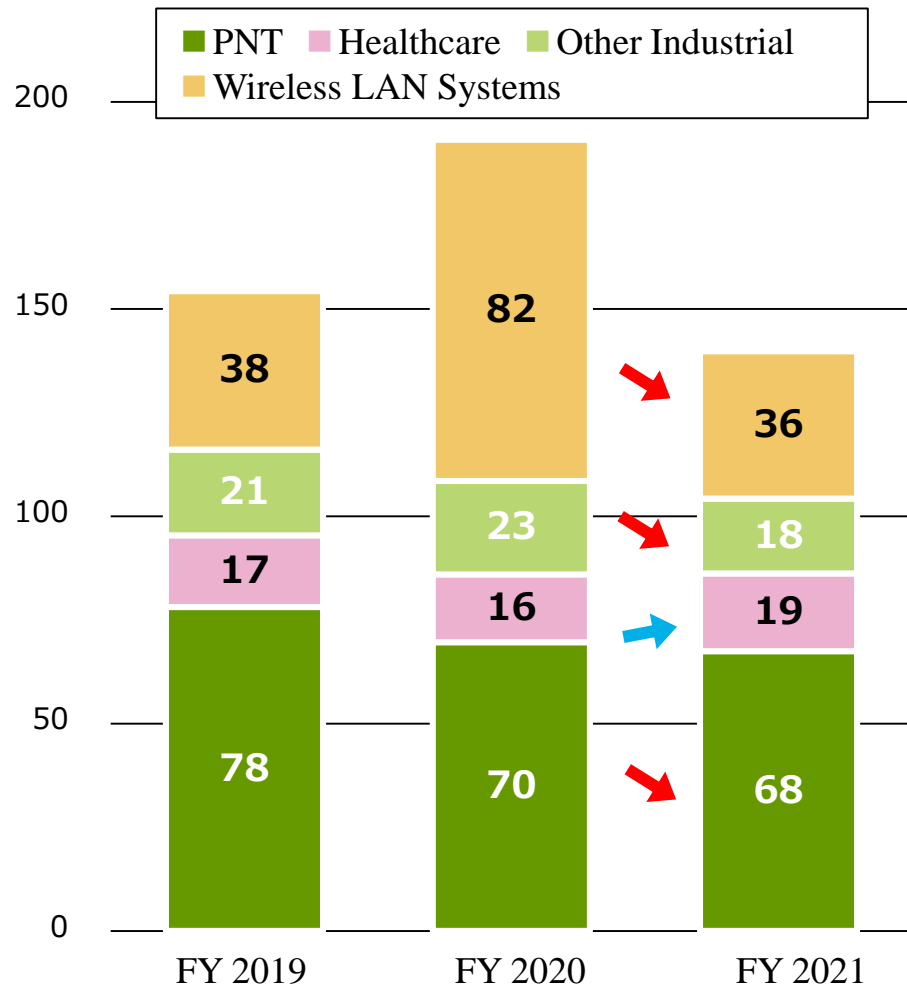
◆ **Asia:** Net sales **168** 100M yen (+2.3%)

- Sales increase for Merchant Vessels with higher sales in new-build market

Industrial Business Consolidated Sales (by Product)

“100M” stands for 100 Million

(Unit: 100 Millions of Yen)



Industrial Business:

Net Sales **104** 100M yen (-4.0% year-over-year)

Segment Loss **-0.2** 100M yen (-3.4 100M yen)

- **PNT Business: Sales increase for on-board ETC and GNSS Oscillator with 5G areas expansion**
- **Healthcare: Sales increase for Chemistry Analyzer and Reagent**
- **Sales decrease in contracted business due to lower renewal demand**

◆ **PNT Business: Net sales 68** 100M yen (-3.1%)

◆ **Healthcare: Net sales 19** 100M yen (+14.4%)

Wireless LAN Systems:

Net Sales **36** 100M yen (-56.8% year-over-year)

Segment Profit **4.5** 100M yen (-23.2 100M yen)

- **Wireless LAN Access Point: end of special demand for GIGA School**

Consolidated Balance Sheet

FURUNO

Continuous decrease in Commercial products but increase in raw materials.
Increase in “Tangible fixed assets” with construction of new R&D Building.

(Unit: Millions of yen)

	FY 2020	FY 2021	YoY (amount)	YoY (ratio)
Current assets	60,770	62,010	+1,239	+2.0%
(Cash and deposits)	(15,301)	(14,350)	(-950)	(-6.2%)
(Inventories)	(24,028)	(27,693)	(+3,664)	(+15.3%)
Fixed assets	21,478	23,963	+2,484	+11.6%
(Tangible fixed assets)	(11,184)	(13,400)	(+2,215)	(+19.8%)
(Intangible fixed assets)	(4,645)	(4,276)	(-369)	(-8.0%)
(Investments and other assets)	(5,648)	(6,286)	(+638)	(+11.3%)
Total assets	82,248	85,973	+3,724	+4.5%
Current liabilities	22,930	25,023	+2,093	+9.1%
Long-term liabilities	13,626	13,068	+557	-4.1%
Total liabilities	36,556	38,092	+1,536	+4.2%
Shareholders' equity	48,333	48,795	+461	+1.0%
Others	-2,973	-914	+2,059	-69.3%
Non-controlling interests	332	0	-332	-100.0%
Total net assets	45,692	47,880	+2,188	+4.8%
Total liabilities and net assets	82,248	85,973	+3,724	+4.5%
Equity ratio	55.1%	55.7%	+0.6P	

Consolidated Financial Results Forecast for FY 2022

FURUNO

Continuous initiatives to improve the structure and strength of the company for further profitability. Uncertainties regarding production delays and rising material prices but working on necessary measures to meet strong demand from customers.

(Unit: Millions of yen)	Fiscal Year 2021 Results	Fiscal Year 2022 Forecast
Net sales	84,783	82,000
Operating income (Sales ratio)	2,532 (3.0%)	2,000 (2.4%)
Ordinary income (Sales ratio)	3,717 (4.4%)	2,500 (3.0%)
Profit attributable to owners of parent (Sales ratio)	2,814 (3.3%)	2,000 (2.4%)

Dividend Forecast based on 30% Payout Ratio policy

(Unit: Millions of yen)	2 nd Quarter	End of Term	Full Year	Payout Ratio
FY 2021	20	20	40	44.8%
FY 2022 Forecast	10	10	20	31.5%

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.



Strengthening Capabilities and Improving Structure

- (1) Stronger inventory control and appropriate inventory levels
- (2) Further Increase in Quality Level
- (3) Optimization of Product Development Functions
- (4) Optimization of Comprehensive Manufacturing Functions
- (5) New Strategic Investment Quota

Targets for Fiscal Year 2022:

ROE (based on operating income): **10% or higher**
Payout Ratio: **30% or higher**

(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.

(2) Further Increase in Quality Level

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

(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.

(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.**

(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.



New R&D Workspace (completed September 2021)



Aquaculture Support Business

Full-scale sales of aquaculture equipment and services, using AI and other technologies, from 2022. System already introduced at bluefin tuna and yellowtail aquaculture sites, mainly by major fishery companies.



Supporting offshore wind power generation projects

With our ocean sensing technology and know-how in fisheries, resource surveys, and marine civil engineering cultivated over 70 years, we provide consistent support from assessment to construction management and post-completion maintenance for offshore wind power generation facilities.

Appendix: FURUNO's Business Outline

Appendix: Consolidated Cash Flow Statement

FURUNO

(Unit: Millions of yen)

	Fiscal Year 2020	Fiscal Year 2021	YoY (amount)
Cash Flow from Operating Activities	8,512	6,193	-2,319
Cash Flow from Investing Activities	-4,553	-4,389	+164
Free Cash Flow	3,959	1,803	-2,155
Cash Flow from Financing Activities	-850	-3,518	-2,667
Cash and cash equivalents (end of year)	14,804	13,864	-940

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, 2022



Nishinomiya Headquarter



New R&D Building

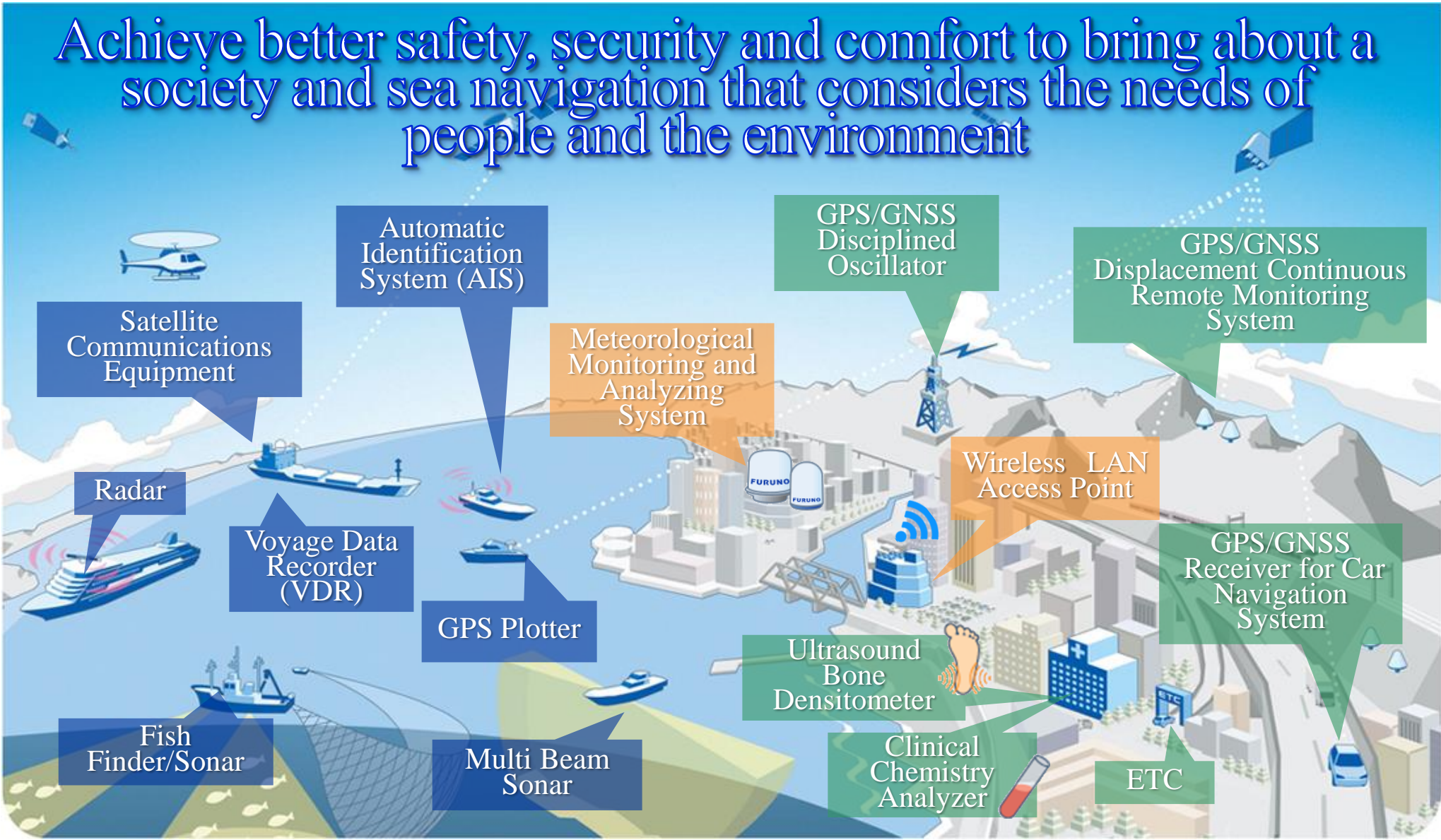
Company Name	FURUNO ELECTRIC CO., LTD.
Headquarters	Nishinomiya City, Hyogo, Japan
Incorporated	May 23, 1951
Business	Manufacturing and sale of maritime and industrial electronic products
Paid-in Capital	¥7,534 million
Number of Employees	3,065 (consolidated)
Consolidated Sales	¥84,783 million
President	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



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

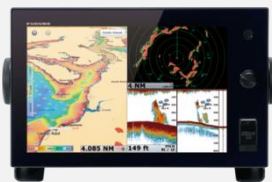


Radiotelephone

For Pleasure Boats



Radar



Multi-Function Display



GPS/WAAS
Chart Plotter



Autopilot

PNT



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*

