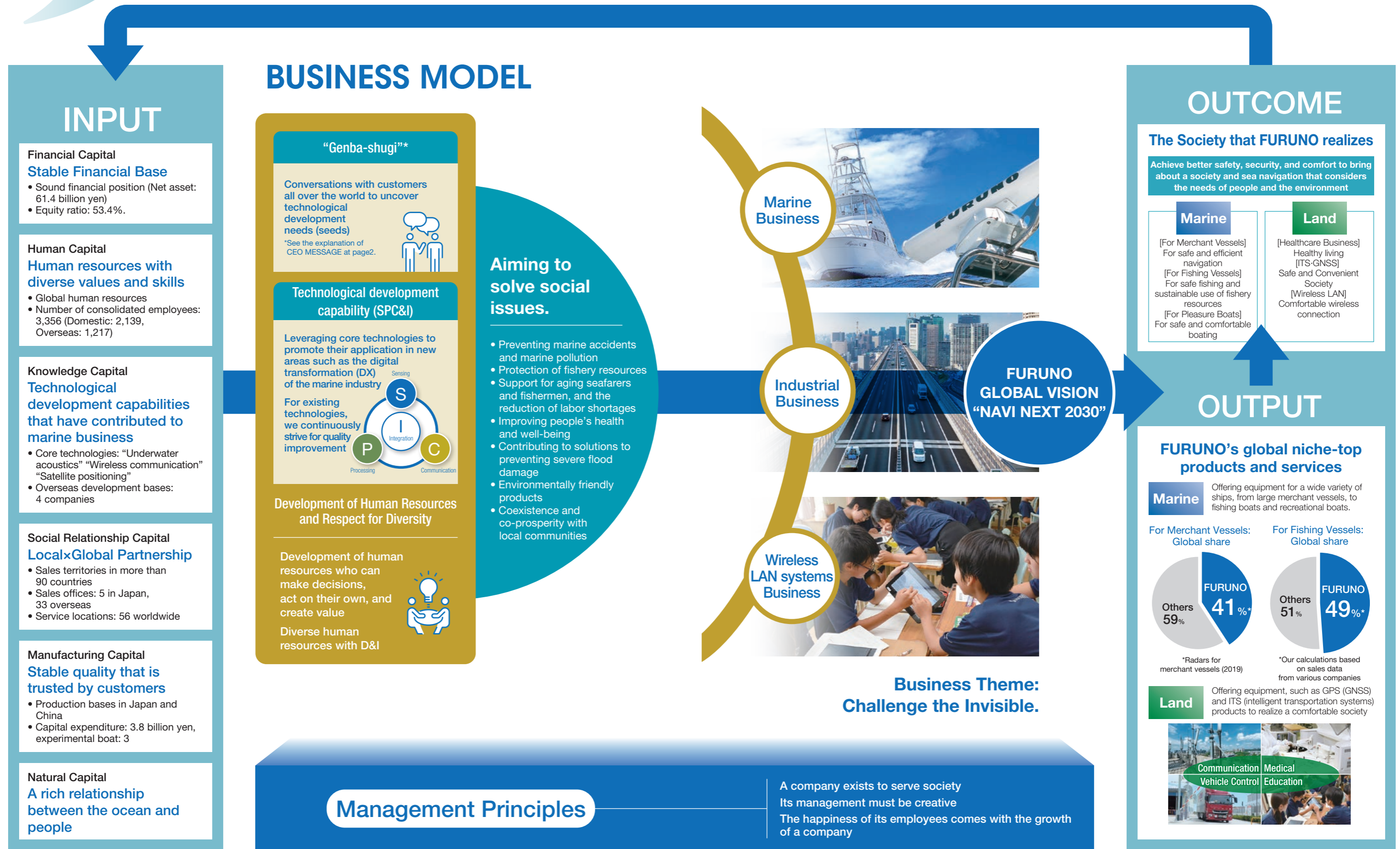


02

For Sustainable Growth The Value Creation Process of FURUNO

FURUNO will continue to realize the resolution of social issues and its own growth through realizing our management principles "A company exists to serve society," "Its management must be creative," "The happiness of its employees comes with the growth of a company."



INPUT

- Financial Capital**
Stable Financial Base
 - Sound financial position (Net asset: 61.4 billion yen)
 - Equity ratio: 53.4%.
- Human Capital**
Human resources with diverse values and skills
 - Global human resources
 - Number of consolidated employees: 3,356 (Domestic: 2,139, Overseas: 1,217)
- Knowledge Capital**
Technological development capabilities that have contributed to marine business
 - Core technologies: "Underwater acoustics" "Wireless communication" "Satellite positioning"
 - Overseas development bases: 4 companies
- Social Relationship Capital**
Local×Global Partnership
 - Sales territories in more than 90 countries
 - Sales offices: 5 in Japan, 33 overseas
 - Service locations: 56 worldwide
- Manufacturing Capital**
Stable quality that is trusted by customers
 - Production bases in Japan and China
 - Capital expenditure: 3.8 billion yen, experimental boat: 3
- Natural Capital**
A rich relationship between the ocean and people

BUSINESS MODEL

"Genba-shugi"*

Conversations with customers all over the world to uncover technological development needs (seeds)

**See the explanation of CEO MESSAGE at page2.*

Technological development capability (SPC&I)

Leveraging core technologies to promote their application in new areas such as the digital transformation (DX) of the marine industry

For existing technologies, we continuously strive for quality improvement

Development of Human Resources and Respect for Diversity

Development of human resources who can make decisions, act on their own, and create value

Diverse human resources with D&I

Aiming to solve social issues.

- Preventing marine accidents and marine pollution
- Protection of fishery resources
- Support for aging seafarers and fishermen, and the reduction of labor shortages
- Improving people's health and well-being
- Contributing to solutions to preventing severe flood damage
- Environmentally friendly products
- Coexistence and co-prosperity with local communities

Marine Business

Industrial Business

Wireless LAN systems Business

FURUNO GLOBAL VISION "NAVI NEXT 2030"

Business Theme: Challenge the Invisible.

Management Principles

A company exists to serve society
Its management must be creative
The happiness of its employees comes with the growth of a company

OUTCOME

The Society that FURUNO realizes

Achieve better safety, security, and comfort to bring about a society and sea navigation that considers the needs of people and the environment

Marine	Land
[For Merchant Vessels] For safe and efficient navigation [For Fishing Vessels] For safe fishing and sustainable use of fishery resources [For Pleasure Boats] For safe and comfortable boating	[Healthcare Business] Healthy living [ITS-GNSS] Safe and Convenient Society [Wireless LAN] Comfortable wireless connection

OUTPUT

FURUNO's global niche-top products and services

Marine Offering equipment for a wide variety of ships, from large merchant vessels, to fishing boats and recreational boats.

For Merchant Vessels: Global share

For Fishing Vessels: Global share

Others 59%	FURUNO 41%*	Others 51%	FURUNO 49%*
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*Radars for merchant vessels (2019) *Our calculations based on sales data from various companies

Land Offering equipment, such as GPS (GNSS) and ITS (intelligent transportation systems) products to realize a comfortable society



Materiality

Basic policy for Sustainability

FURUNO has provided value in various ways by realizing its management principles. In particular, “A company exists to serve society” is one of FURUNO’s core values. By creating new innovations that contribute to solving social issues and providing social and economic value, we believe that FURUNO will also grow sustainably, and that continuing and expanding this cycle is a form of sustainable management for our Group.

Governance structure

A “Sustainability Committee,” chaired by the President, will assess FURUNO’s sustainability initiatives and provide instructions to each responsible department to promote initiatives to resolve social issues.

Note: See Corporate Governance Structure on p. 41

FURUNO’s Materiality for Sustainable Growth

Materiality Identification Process

FURUNO reviewed the 169 targets contained within the 2030 Agenda for Sustainable Development, as well as various social issues within the fisheries and marine transportation industries. FURUNO then selected issues to be addressed for a sustainable growth in consistency with its management philosophy and Global Vision NAVI NEXT 2030.



Elements	Initiatives	Actions
Promotion of Diversity & Inclusion	<ul style="list-style-type: none"> Develop diverse human resources, and enhance more productive work styles 	<ul style="list-style-type: none"> Formation of a dedicated organization for D&I promotion Conduct company-wide training
Utilization of DX	<ul style="list-style-type: none"> Promote DX to create new businesses, such as marine DX 	<ul style="list-style-type: none"> DX Samurai Project (Efficient fisheries, aquaculture support, remote monitoring, etc)
Utilization of intellectual assets	<ul style="list-style-type: none"> Strengthen corporate competitiveness by acquiring and utilizing intellectual property 	<ul style="list-style-type: none"> Preventing patent infringement through examination Intellectual property portfolio expansion to support new business Strengthening of overseas intellectual property rights
Corporate governance	<ul style="list-style-type: none"> Implement governance that pursues legality, appropriateness, efficiency, and risk management, while being accountable to stakeholders. 	<ul style="list-style-type: none"> Governance structure to enhance management and execution functions Ensuring the effectiveness of the Board of Directors and the Board of Corporate Auditors Development of a risk management system including sustainability
Sustainable procurement promotion	<ul style="list-style-type: none"> Share strategies with business partners to deepen mutual understanding Promote CSR activities throughout the supply chain 	<ul style="list-style-type: none"> Holding CSR study sessions for suppliers Request for cooperation in GHG reduction
Thorough security export control	<ul style="list-style-type: none"> Comply and transact based on relevant laws and regulations, international economic sanctions, etc. 	<ul style="list-style-type: none"> Deploying the latest information to the internal organization Cooperation with ministries

Marine and global environmental conservation

Elements	Initiatives	Actions
Prevention of marine accidents and pollution	<ul style="list-style-type: none"> Avoid collisions through autonomous navigation Prevent pollution caused by maritime accidents 	<ul style="list-style-type: none"> R&D activities through participation in MEGURI2040
Protection of fishery resources and response to increasing food demand	<ul style="list-style-type: none"> Support for managed fisheries using catch information Support for increasing aquaculture fish production 	<ul style="list-style-type: none"> Practical application of monitoring set-netting system, collaboration with fishermen’s cooperatives Supporting Aquaculture Farmers
Environment-friendly production	<ul style="list-style-type: none"> Create products based on the “preservation of the global environment,” “formation of a recycling-oriented society,” and “maintenance of biodiversity.” 	<ul style="list-style-type: none"> Setting GHG reduction targets and taking action Reducing power consumption in the development process Reduction of materials, waste in factories

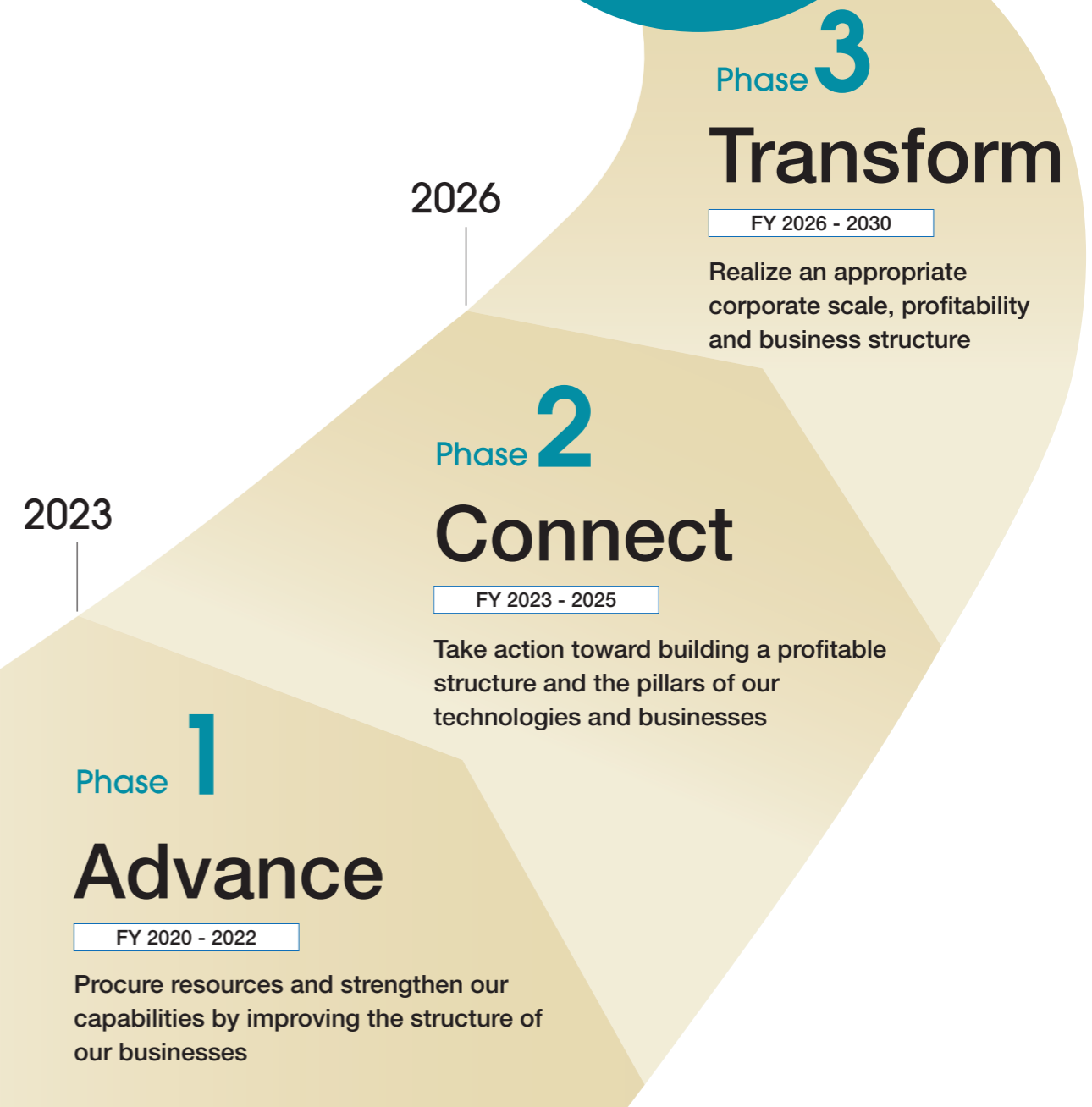
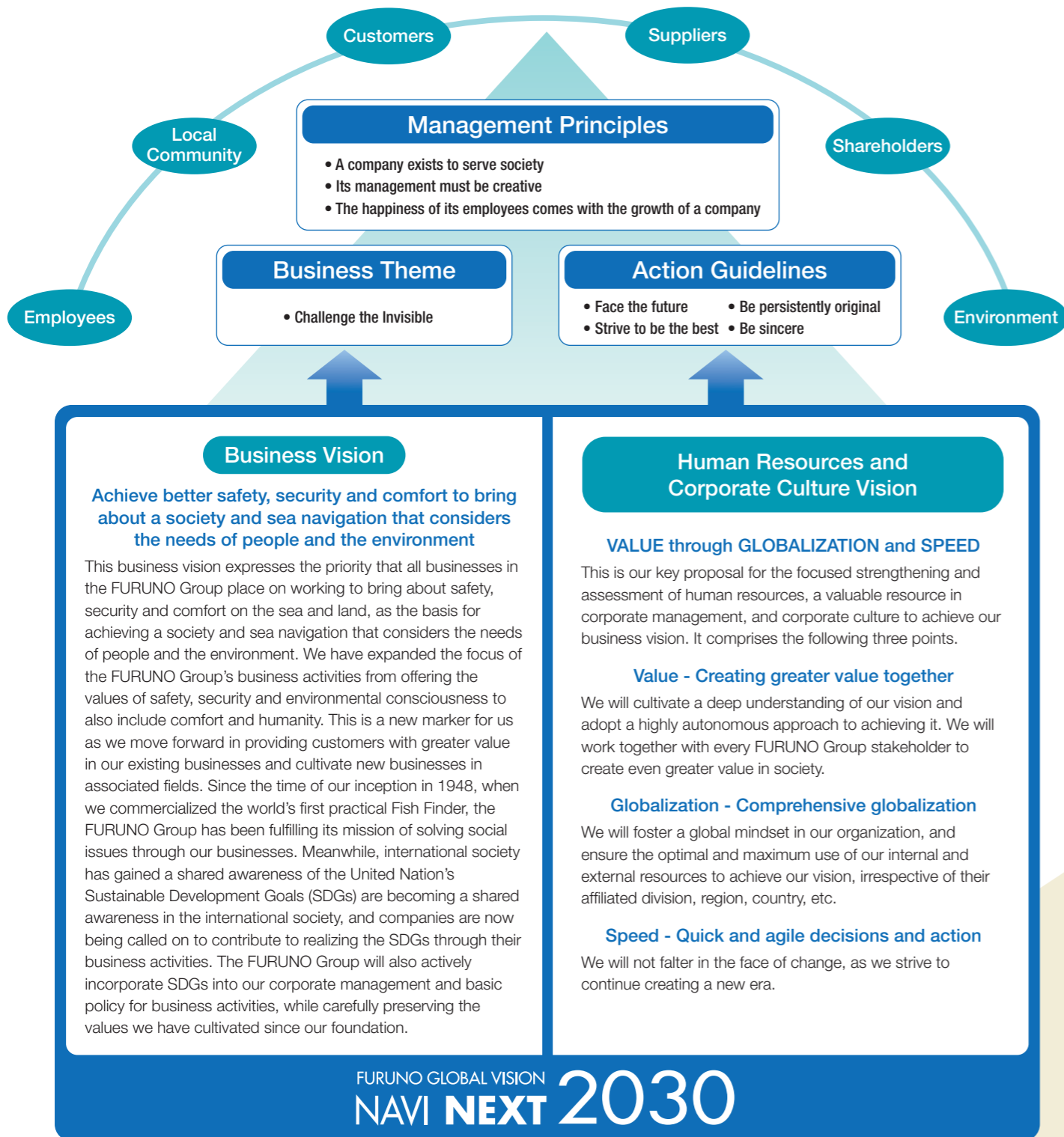


Elements	Initiatives	Actions
Aging staff and manpower shortages	<ul style="list-style-type: none"> Reduce workload with unmanned vessels, providing support for vessel operation with remote management Support the realization of smart fisheries using data that do not rely on intuition and experience 	<ul style="list-style-type: none"> R&D activities through participation in MEGURI2040 Practical application of monitoring set-netting system, collaboration with fishermen’s cooperatives
Coexistence and co-prosperity	<ul style="list-style-type: none"> Support fishermen with sustainable fisheries Contribute to local communities in areas such as cultural promotion and environmental preservation 	<ul style="list-style-type: none"> Provide offshore wind power solutions Project: Taking the Sea to the Future

Corporate Vision

FURUNO GLOBAL VISION “NAVI NEXT 2030”

While respecting the management philosophy and code of conduct as universal values, we have clearly stated the vision we aim to achieve by 2030 as a new management vision consisting of a “Business Vision” and a “Vision for Human Resources and Corporate Culture,” and we intend to continuously and progressively increase both customer value and corporate value by developing various activities to realize this vision.



2020 — Mid-term Management Plan

The realization of “NAVI NEXT 2030” will be divided into the above three phases.

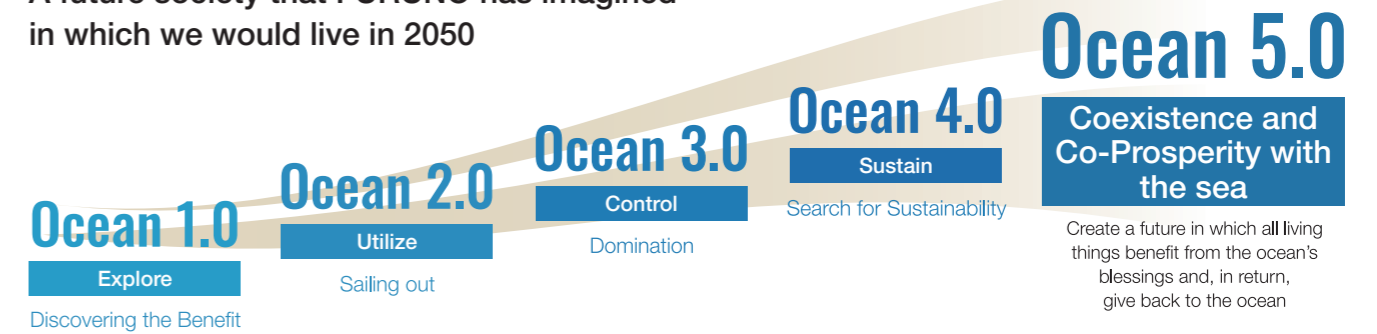
Ultra Long-term Policy

Ocean Gift for All 100-year Company VISION

FURUNO has set forth its 100-year Company VISION "Ocean Gift for ALL" as its ultra long-term policy for the year 2050, which coincides with FURUNO's 100th anniversary. For the purpose of visualizing our aspirations for the future, we have

imagined the future society "Ocean 5.0" for the year 2050. Our goal is "to create a future in which all living things benefit from the ocean's blessings and, in return, give back to the ocean."

A future society that FURUNO has imagined in which we would live in 2050



Important Themes

Maritime Data

Utilize the data collected from the seabed to the surface of the Ocean.

Economic Value

Foster businesses such as disaster prediction and weather forecasting by collecting ocean-related data.

Social Value

Enhance maritime safety and security through effective data utilization.

Maritime Distribution

Making the ocean a safer, freer place for trade.

Economic Value

Enhanced logistics with improved economic efficiency in marine distribution.

Social Value

Eliminate accidents and distress at sea, creating a society where everyone can safely and securely participate in marine distribution.

Marine Resources

Delicious seafood for everyone, forever!

Economic Value

Achieve a fishery where everyone can consistently enjoy high-quality seafood.

Social Value

Achieve a sustainable ocean that negates the risk of marine life extinction and protects biodiversity.

*Values here are intentionally the same as "Marine Biodiversity"

Marine Disaster

Preventing disasters at sea and on land.

Economic Value

Develop disaster prevention businesses by analyzing data from both land and sea.

Social Value

Create a society where everyone is safe amidst increasing disasters and extreme weather events and where everyone can adapt to an uncertain future.

Marine Environment

Appreciate the blessings of the sea and fulfill our responsibilities.

Economic Value

Develop businesses focused on preventing marine pollution and achieving a sustainable ocean.

Social Value

Benefit from the ocean while making it sustainable and abundant.

Marine Biodiversity

Passing on the rich biodiversity of the ocean to the future.

Economic Value

Achieve a fishery where everyone can consistently enjoy high-quality seafood.

Social Value

Achieve a sustainable ocean that prevents the risk of marine life extinction and preserves biodiversity.

*Values here are intentionally the same as "Marine Resources"

Maritime Health and Lifestyle

Freeing people from fear of the ocean and making it a comfortable place to live.

Economic Value

Develop businesses that foster new living spaces on the sea.

Social Value

Create a society where mankind can live safely and securely on the ocean, realizing a lifestyle of freedom.

Special website

FURUNO Ocean 5.0
<https://future-vision.furuno.co.jp/en/index.html>



For the latest information, please visit the website.

Mid-term Management Plan

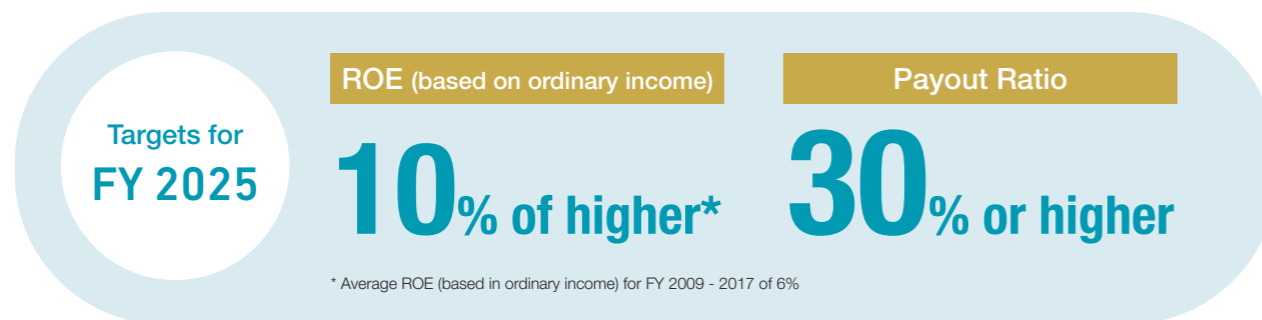
Phase 2 “Connect” of Mid-term Management Plan

In February 2023, FURUNO formulated the Mid-term Management Plan (Phase 2) for three-year period from FY 2023 to FY 2025. In Phase 2, we will complete the measures that were not achieved in Phase 1 to improve

profitability, and at the same time, we will secure profits by expanding sales. We will also promote investments for future growth to enhance corporate value. In addition, we will strive to improve the ratio of ordinary income to shareholders' equity.

Key Performance Indicators (KPI)

In FY 2025, FURUNO will build a management foundation that will enable it to sustain the followings.



Main Measures

1 Improvement in Profitability

Aim to reduce costs through completing the measures of Phase 1, focusing on improving profitability by increasing the quality level, optimizing inventories, and optimizing the product development function and the comprehensive manufacturing function.

2 Expansion of Sales

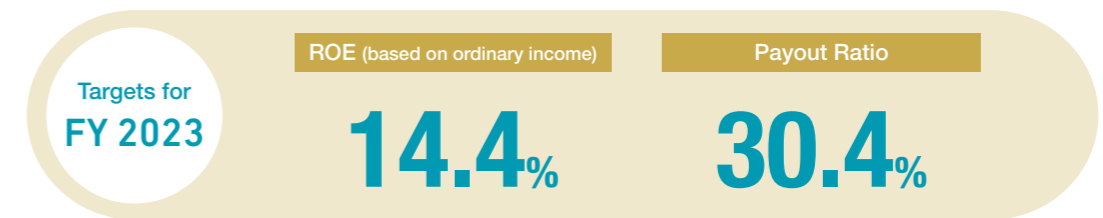
Provide high-quality services through remote management, promote DX for Marine field focusing on digitalization, and invest resources in businesses with growth potential to further generate resources for investment in growth

3 Implementation of Sustainable Management

Aim to realize a sustainable management by expressing a long-term policy that will guide our future business, strengthening business creation through strategic investments, promptly commercializing new and expanding businesses, investing in human resources, and promoting diversity.

Review of Phase 2 “Connect” of Mid-term Management Plan

In FY2023, we have been working on the first year of Phase 2.



Actions to build business and technology pillars, and profit structure

1 Improvement in Profitability

We improved factory utilization rates by deploying measures aimed at reducing production lead times, as well as adjusting selling prices to appropriate levels and selecting projects based on profitability. We also strengthened efforts to improve quality stability and prevent product failure, while also strengthening our systems to address cyber security and product safety. In FY2024, we will continue to promote smart initiatives to improve factory production efficiency and strive to maintain stable quality. Furthermore, we will proceed with optimizing inventory levels to reduce inventory-related costs.

2 Expansion of Sales

We created opportunities to expand sales of services by promoting remote services and promoted new businesses, including the aquaculture business. We also acquired a European distributor to strengthen our direct relationships with customers. In FY2024 we will launch strategic products for pleasure boats to expand sales mainly in the United States. In Europe and Asia, we will strengthen our competitiveness with our sales subsidiaries. For maintenance services, we will work to build a database that consolidates the Group's unique service know-how.

3 Implementation of Sustainable Management

In order to contribute to a sustainable society and achieve a sustainable enhancement of our corporate values, we have identified “Materialities” that we should address as a group. In addition to setting GHG emission reduction targets, we also established a policy for human resource development, formulating a medium-term human resource strategy, and establishing a Sustainability Committee for these initiatives. In FY2024, we will strengthen our human capital under a new governance structure.

CFO MESSAGE

Achieving Management Growth

Yutaka Wada
Director, Managing Executive Officer and CFO



Basic Policy on Financial Strategy

FURUNO takes a long-term perspective in investment and risk management. Our policy is not to sacrifice opportunities for future growth.

Review

We have worked to generate management resources and enhance our strength by improving the structure of our business. As a next phase, we will aim to overcome the effects of the global shortage of materials and the prolonged delivery times.

In FY2023, we focused on catching up with unproduced products and improving factory utilization rates, thereby pushing forward with the digestion of order backlogs.

Sales were 114.8B yen (up 25.8% from the previous year), operating income was 6.5B yen (up 327.8%), and net income was 6.2B yen (up 362.8%).

The marine and industrial segments reported higher sales and profits, while the wireless LAN/handy terminal segment reported lower sales and profits.

We adjusted selling prices to appropriate levels and selected projects to ensure profitability. In addition, we acquired a European distributor to strengthen our relationship with end-customers through direct transactions.

Our ROE was 11.0% as of the end of FY2023, exceeding our perceived cost of shareholders' equity, and as a result, our P/B ratio exceeded 1x. We will continue to strive for continued market recognition.

Financial Goals

For the FY2024, we forecast sales of 117.0B yen. Operating income is projected at 6.5B yen and net income at 4.0B yen. In December 2018, we formulated our management vision, "NAVI NEXT 2030," which outlines our goals for 2030. Our growth targets for FY2030 include consolidated sales of 120B yen, an operating margin of

10%, and a 30% contribution from new businesses. Under Phase 2 of the plan (FY2023-2025), we aim to improve profit levels and expand the scale of sales to maintain a stable ROE (based on ordinary income) of 10% or more and build a management foundation capable of sustaining a dividend payout ratio of 30% or more.

PBR Improvements

We will introduce ROIC management and improve profits using remote services/monitoring, in order to further improve ROE and PBR. In addition, we will continue to expand sales of services and equipment by

promoting remote services and new businesses such as aquaculture, autonomous navigation support systems and cloud services related systems that utilize fishery data.

ROIC Management

We are introducing ROIC management. Currently, we are working on the establishment of an education program and management system, and plan to

introduce it in Phase 3 of our medium-term management plan.

Growth Investment and Capital Policy

We will continue to contribute to society by leveraging our technological strengths. We recognize the importance of strategic investment, research and development, capital investment, human resource investment, and promotion of diversity. Specifically, we will promote remote management, DX for marine vessels, and allocate resources to growing areas such as aquaculture and construction tech. We will continue to review the allocation of resources by scrutinizing profitability, and concentrate resources on the defense equipment and healthcare businesses, in order to improve profitability. As part of our shareholder return policy, we aim to maintain a stable dividend payout ratio of 30% or more. We will provide stable and continuous returns to shareholders in line with the results of our business performance, taking into consideration the balance of investment needed for human resources and infrastructure development.

