

CEO MESSAGE

# FURUNO continues to serve society

In 1948, FURUNO was the first company in the world to successfully commercialize a fish finder, creating a stir in the fishing industry, which used to rely solely on intuition and experience. With our core technologies below, we have expanded our business from Japan to the rest of the world, not only modernizing the fishing industry, but also entering the market for merchant ships, other large vessels, and pleasure boats.

- Underwater acoustic technology
- Wireless communication technology
- Satellite positioning technology

The term “Genba-shugi” is widely used in our company. This phrase was coined by our founder, and it means that when we feel stuck for ideas in the development of new products and technologies, we can find the answers by going to the field and engaging in on-site dialogue with our customers. This is the DNA that has been passed down to us.

We have also expanded our business to the industrial and defense equipment sectors. Here, too, we have always been attentive to our customers’ voices.

In 2019, we announced our management vision “FURUNO GLOBAL VISION ‘NAVI NEXT 2030’,” which shows what we aim to become by 2030. We will continue to maintain our founding mindset of “contributing to society by creating new value.”

The world is changing faster and more rapidly, and it is becoming more difficult to predict the future. In order to continue to be an “indispensable FURUNO,” we believe that we need a major roadmap to guide us forward. This is our “100-Year Corporate VISION: Ocean Gift for ALL,” envisioning the future in 2050, 100 years after our founding in 1948. As a company that has been nurtured by the ocean since its establishment, we hope to give back to the ocean and create a future in which all living things can benefit from the ocean’s blessings.



Yukio Furuno  
President and CEO



## Management Principles

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

We, FURUNO group, feel it is our role to contribute to society by creating new value, which is clearly stipulated in our management principles and is regarded as our most important value to observe.

## Results for Fiscal Year 2023

In FY2023, we achieved net sales exceeding 100 billion yen for the first time, and recorded the highest net income in our history. In the shipbuilding field, marine cargo demand has increased since the coronavirus pandemic, and the number of orders for newbuildings, including alternative fuel vessels as a response to efforts to reduce GHG emissions, is increasing. Against this backdrop, we have built an unprecedented production system to respond to strong demand and we have been working to optimize selling prices in response to the rising cost of raw materials. We consider that this is a result of the cooperation of many stakeholders, including our suppliers, and the concerted efforts of the entire group, with cooperation from various divisions in Japan and overseas.

## Mid-term Management Plan

We recognize that improving profitability is particularly important in helping us achieve our management vision “NAVI NEXT 2030” and to further enhance our corporate value. Phase 2 of Mid-Term Management Plan, which covers the three-year period from FY2023 to FY2025, has three main measures: “Improvement in Profitability,” “Expansion of Sales,” and “Implementation of Sustainable Management.” For “Improvement in Profitability,” we are promoting cost reduction in production activities and in quality control loss costs,



as well as optimization of inventories. To realize “Expansion of Sales,” we are working to optimize selling prices, develop competitive new products through marine DX, and strengthen the profitability of the service business.

In order to increase sales in service business, we hope to provide efficient, high-quality service by utilizing remote monitoring, which will improve customer satisfaction.

With regard to the “Implementation of Sustainable Management,” we will promote sustainability initiatives, such as strengthening human capital and addressing climate change, to strengthen our competitiveness. In FY2023, we established a system to comprehensively manage our sustainability initiatives. Going forward, we are preparing to review our work styles, identify employee awareness and potential issues through engagement surveys, and set up a dedicated organization to plan and implement measures to promote D&I.

The KPIs of the Phase 2 are an ordinary income to shareholders’ equity ratio of 10% and a dividend payout ratio of 30% or more by FY2025. Although we were able to achieve our goals in FY2023, it is

essential to maintain this level of profitability to achieve our “NAVI NEXT 2030” goals of 120 billion yen in net sales and operating margin of 10%.

## Initiatives for FY2024

In FY2024, the second year of the Phase 2 Mid-Term Management Plan, we will focus on “promotion of marine DX” and “optimization of inventory.” We provide equipment and services to major ship-related markets, from merchant ships, like container ships and tankers, to fishing vessels and pleasure boats. We believe it is possible to provide new value by aggregating large amounts of ship navigation data, fish catch

information, and other sensing data, and analyzing this data through AI. In addition to the research and development of autonomous navigation, which is already underway, we hope to support efficient operations by sharing sensing data among fishing vessels, predicting catches and fishing grounds by combining fish species identification and sea state prediction, and managing catches by digitalizing operation records linked to sensing. We are working to realize new business development by utilizing digital technology that only we can offer.

In FY2023, we increased production to meet strong market demand, resulting in a significant increase in sales, but also in an increase in inventories for the entire group. In order to maintain a sound financial position, we will analyze and verify the factors behind the inventory increase, establish appropriate inventory levels, and promote operations to bring them down to where they should be.

### Action Guidelines

#### Face the future

While looking firmly ahead to the future and clarifying our ideals and vision, we strive to realize them.

#### Strive to be the best

We seek to achieve the highest level of quality at all times in all our corporate activities.

#### Be persistently original

Since the inception of our company, creativity has been regarded as our identity. We shall further strengthen our stance on creativity in all business segments.

#### Be sincere

We engage with society with utmost sincerity.

