Consolidated Financial Results for the Fiscal Year Ended February 28, 2025 [Japanese GAAP]

April 9, 2025

Company name: FURUNO ELECTRIC CO., LTD.
Listing: Tokyo Stock Exchange
Securities code: 6814
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Scheduled date of annual general meeting of shareholders: May 22, 2025
Scheduled date to commence dividend payments: May 23, 2025
Scheduled date to file annual securities report: May 22, 2025
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Fiscal Year Ended February 28, 2025 (March 1, 2024 to February 28, 2025)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2025	126,953	10.5	13,181	102.1	14,158	73.3	11,457	83.6
February 29, 2024	114,850	25.8	6,521	327.9	8,171	215.0	6,240	362.9

(Note) Comprehensive income: Fiscal year ended February 28, 2025: ¥ 13,648 million [36.3%]
Fiscal year ended February 29, 2024: ¥ 10,011 million [128.2%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
February 28, 2025	362.64	-	17.2	11.9	10.4
February 29, 2024	197.61	-	11.0	7.4	5.7

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended February 28, 2025: ¥ 189 million
Fiscal year ended February 29, 2024: ¥ 98 million

(Notes) Calculation of results for fiscal 2023, previously based on provisional accounting treatment related to business combinations, has been finalized.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 28, 2025	123,519	72,619	58.4	2,284.52
February 29, 2024	114,409	61,436	53.4	1,932.38

(Reference) Equity: As of February 28, 2025: ¥ 72,186 million
As of February 29, 2024: ¥ 61,042 million

(Notes) Calculation of results for fiscal 2023, previously based on provisional accounting treatment related to business combinations, has been finalized.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 28, 2025	10,820	(4,588)	(2,696)	15,413
February 29, 2024	2,713	(3,589)	(3,557)	11,158

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
February 29, 2024	-	20.00	-	40.00	60.00	1,895	30.4	3.3
February 28, 2025	-	35.00	-	75.00	110.00	3,475	30.3	5.2
Fiscal year ending February 28, 2026 (Forecast)	-	55.00	-	55.00	110.00		38.6	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2026 (March 1, 2025 to February 28, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2025	64,500	2.7	6,500	(10.9)	7,000	(6.8)	5,000	(1.3)	158.24
Full year	127,500	0.4	11,500	(12.8)	12,500	(11.7)	9,000	(21.4)	284.86

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

(2) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
2) Changes in accounting policies due to other reasons: None
3) Changes in accounting estimates: None
4) Restatement: None

(3) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

February 28, 2025: 31,894,554 shares
February 29, 2024: 31,894,554 shares

2) Number of treasury shares at the end of the period:

February 28, 2025: 296,571 shares
February 29, 2024: 305,209 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended February 28, 2025: 31,594,768 shares
Fiscal Year ended February 29, 2024: 31,579,529 shares

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended February 28, 2025 (March 1, 2024 to February 28, 2025)

(1) Non-consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2025	82,084	0.8	5,557	(10.4)	9,064	(5.1)	7,785	(18.3)
February 29, 2024	81,419	35.3	6,204	-	9,551	159.0	9,532	152.8

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
February 28, 2025	246.42	-
February 29, 2024	301.86	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 28, 2025	86,708	46,516	53.6	1,472.13
February 29, 2024	86,306	40,775	47.2	1,290.80

(Reference) Equity: As of February 28, 2025: ¥ 46,516 million
As of February 29, 2024: ¥ 40,775 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

- Cautionary note concerning forward-looking statements
  The financial results forecast and other forward-looking statements contained herein are based on information available to the Company as of the date of publication of this document. Actual results may differ from these forecasts due to various factors going forward. For the assumptions, etc. used in the financial results forecasts, please refer to "1. Overview of Operating Results and Financial Position, (1) Overview of Operating Results, 3) Future outlook" on page 3 of the attached documents.

- Method of obtaining briefing materials
  The Company plans to hold a financial results briefing for institutional investors on Thursday, April 17, 2025.
  The supplementary briefing materials on financial results will be posted on the Company's website on Wednesday, April 9, 2025.

Table of Contents - Attachments

1. Overview of Operating Results and Financial Position

The business combination with SARL ROBIN MARINE, which was conducted on July 4, 2023, had been subject to provisional accounting treatment in the fiscal year ended February 29, 2024. However, as the accounting treatment was finalized in the fiscal year ended February 28, 2025, the comparison and analysis with the fiscal year ended February 29, 2024, utilize amounts reflecting the revisions from the finalization of the provisional accounting treatment.

(1) Overview of Operating Results

1) General overview

During the fiscal year ended February 28, 2025, the global economy was on a gradual recovery trend, although its outlook continued to be surrounded by uncertainty, due to the situation with prices reflecting the monetary policies of each country and growing geopolitical risks including the prolonged conflict in Ukraine and the intensifying tension in the Middle East. In the U.S., despite efforts to lower the policy interest rates, they remain high resulting in a high level of inflation. Meanwhile, the U.S. economy was firm, shored up by increased personal spending against the backdrop of a robust employment and income environment. The European economy was on a moderate recovery trend backed by firm personal spending. However, growth has been slow due to the effects of the protracted slowdown in the manufacturing industry, among other factors. In China, despite a recovery trend toward the end of 2024 backed by economic stimulus measures and the increase in last-minute exports ahead of the tariff sanctions against China by the U.S., the economy has slowed down due to stagnant real estate investments and personal spending. The Japanese economy has been on a moderate recovery, thanks to factors including solid personal spending and inbound demand.

In the current economic climate, the FURUNO Group has established the management vision, “FURUNO GLOBAL VISION ‘NAVI NEXT 2030’,” to guide its direction through 2030. This vision promotes a business strategy focused on “Achieving better safety, security, and comfort to foster a society and sea navigation that considers the needs of people and the environment.” Additionally, it emphasizes a human resources and corporate culture vision of “VALUE through GLOBALIZATION and SPEED.” As part of that process, we are headed into the second year of Phase 2 (FY2023 to FY2025) of the Mid-term Management Plan, which upholds the basic measures of improvement in profitability, generating resources for investment in growth through the expansion of sales, and implementation of sustainable management.

In such an economic climate, in the markets in which the FURUNO Group operates, merchant vessels in the Marine Business maintained high ship prices due to the rising prices of materials and personnel costs. Nevertheless, the demand for alternatively fueled vessels for the purpose of reducing GHG (greenhouse gas) emissions was high. The annual volume of orders received for these vessels from January to December 2024 was at the highest levels since the shipbuilding boom of the late 2000s. Consequently, shipbuilders maintained a high level of construction work already acquired. In the market for fishing vessels, demand was low in Europe and Japan. In the pleasure boat market, demand mainly for small and medium-sized boats slowed down in North America due to the effects of rising interest rates on loans for purchasing boats and the high prices of goods.

In the Industrial Business, domestic automobile sales in the Intelligent Transportation System (ITS)/Global Navigation Satellite System (GNSS) market were slow due to the effects of a decrease in the sales of compact cars. A significant increase in the number of mobile phone base stations was maintained in conjunction with the expansion of the 5G areas. In the healthcare market, there was a strong demand for the installation of machines such as IVDs (in-vitro diagnostics equipment). In defense equipment business, the domestic defense-related market expanded due to an increase in the defense budget.

In the domestic educational ICT market for the Wireless LAN systems/handheld terminal business, the demand for upgrading communication infrastructure equipment related to ICT development remained sluggish.

As a result, in the fiscal year ended February 28, 2025, the Company reported consolidated net sales of ¥126,953 million (up 10.5% year on year) and gross profit of ¥52,969 million (up 24.4% year on year). Operating profit was ¥13,181 million (up 102.1% year on year), ordinary profit ¥14,158 million (up 73.3% year on year), and profit attributable to owners of parent ¥11,457 million (up 83.6% year on year).

FUNURO exceeded its forecasted figures in terms of net sales and profits at all stages, achieving significant year-over-year increase. For the second consecutive year, FURUNO achieved record-high sales and profits, while at the same time achieving the net sales and operating income margin targets set in its Management Vision “FURUNO GLOBAL VISION NAVI NEXT 2030,” formulated in December 2018, of ¥120,000 million in consolidated net sales and 10% in operating income margin. In addition, ROE (Return on Equity) improved significantly to 17.2% with the significant growth in net income.

The average yen to U.S. dollar and yen to euro exchange rates applied in the fiscal year ended February 28, 2025 were USD 1=JPY 151 and EUR 1=JPY 164, respectively, and compared to the same period of the previous fiscal year, the yen depreciated by approximately 7.3% against the U.S. dollar and by approximately 7.6% against the euro.

2) Business performance by segment

Business performance by segment is as follows. Segment profit is based on operating profit and adjusted based on operating profit reported in the Consolidated Statements of Income.

(i) Marine Business

In the Marine Business, demand increased for new merchant vessel building projects to reduce GHG emissions. Furthermore, the demand for retrofitting of older vessels increased as a result of the existing vessels built during the shipbuilding boom in the late 2000s approaching the period for retrofitting and also due to longer shipyard delivery times for new vessels. In conjunction, sales of equipment for newly built and existing merchant vessels increased significantly, while maintenance services also performed favorably. In the Americas, sales of equipment mainly for large pleasure boats increased but those for fishing vessels decreased. In Europe, sales of equipment for existing merchant vessels remained at a high level, and maintenance services were also strong. In Asia, sales of equipment for newly built merchant vessels and maintenance services increased. In Japan, although sales of equipment for fishing vessels decreased, those for existing merchant vessels and maintenance services increased.

As a result, in the Marine Business, net sales were ¥108,678 million (up 10.7% year on year) and segment profit was ¥13,334 million (up 87.7% year on year).

(ii) Industrial Business

In the Industrial Business, although sales of biochemical analyzers decreased in Healthcare segment, sales of OEM products and time synchronization products increased in ITS/GNSS segment. Sales in the defense equipment business also increased, driven by the rise in the defense budget.

As a result, in the Industrial Business, net sales were ¥14,214 million (up 11.0% year on year) and segment profit was ¥496 million (up 103.6% year on year).

(iii) Wireless LAN Systems/Handheld Terminal Business

In the Wireless LAN Systems/Handheld Terminal Business, despite the downturn in the demand environment, sales of wireless LAN access points increased slightly.

As a result, in the Wireless LAN Systems/Handheld Terminal Business, net sales were ¥3,694 million (up 3.9% year on year) and segment profit was ¥197 million (up 49.0% year on year).

(iv) Others

Others sales amounted to ¥365 million (up 13.1% year on year) and segment loss was ¥125 million (a segment loss of ¥122 million was reported in the same period of the previous fiscal year).

3) Future outlook

As for the global economy going forward, declining inflation rates in each country and the gradual lowering of policy interest rates are expected to exert upward pressure. Nevertheless, the outlook remains uncertain due to the trends in U.S. tariff policy and heightened geopolitical risks in each region. In the Marine Business, the FURUNO Group's mainstay market, a high level of order backlog remains. In the merchant vessel market, escalating demand for alternatively fueled vessels for the purpose of reducing GHG emissions has prompted many shipbuilders to continuously secure several years' worth of construction work already acquired and consequently, the new shipbuilding market is expected to remain robust. In maintenance services, performance has also been solid mainly in Europe, and we plan to promote high-quality services through remote management by leveraging digital technology, thereby capturing the demand for retrofitting, and even greater demand. For fishing vessels, we will promote the introduction of high-value-added systems that support commercial fishing based on sustainable resource management mainly in the industrialized countries, while also upgrading our product lineup to cultivate the fishery markets of developing countries and further increase sales. As for pleasure boats, we will launch new products and carry out sales promotions specific to each region primarily in North America, the largest market.

In the Industrial Business, we will proactively sell and install biochemical analyzers in Southeast Asia to increase sales of reagents for these devices. We will also strive to further increase overseas sales of time synchronization products for mobile phone base stations. In defense equipment, we will upgrade our development and production system to meet increasing demand and improve profitability.

In the Wireless LAN Systems/Handheld Terminal Business, we will steadily capture the replacement demand for wireless LAN access points in the education market as well as develop new markets such as the nursing care market.

For the fiscal year ending February 28, 2026, we forecast consolidated net sales of ¥127,500 million (up 0.4% year on year), consolidated operating profit of ¥11,500 million (down 12.8% year on year), consolidated ordinary profit of ¥12,500 million (down 11.7% year on year), and profit attributable to owners of parent of ¥9,000 million (down 21.4% year on year). The consolidated financial results forecast assumes exchange rates of USD 1=JPY 145 and EUR 1=JPY 157.

(2) Overview of Financial Position

1) Assets, liabilities and net assets

(i) Assets

Current assets increased by ¥5,320 million from the end of the previous fiscal year to ¥91,605 million. This was mainly due to an increase of ¥4,327 million in cash and deposits.

Non-current assets increased by ¥3,789 million from the end of the previous fiscal year to ¥31,913 million. This was mainly due to increases of ¥1,008 million in other, net under property, plant and equipment and ¥1,259 million in software.

As a result, total assets at the end of the fiscal year ended February 28, 2025 increased by ¥9,110 million from the end of the previous fiscal year to ¥123,519 million.

(ii) Liabilities

Current liabilities decreased by ¥3,694 million from the end of the previous fiscal year to ¥35,690 million. This was mainly due to a decrease of ¥4,086 million in electronically recorded obligations - operating, despite an increase of ¥1,106 million in notes and accounts payable - trade.

Non-current liabilities increased by ¥1,621 million from the end of the previous fiscal year to ¥15,209 million. This was mainly due to increases of ¥1,001 million in other under non-current liabilities and ¥494 million in long-term borrowings.

As a result, total liabilities at the end of the fiscal year ended February 28, 2025 decreased by ¥2,073 million from the end of the previous fiscal year to ¥50,899 million.

(iii) Net assets

Net assets increased by ¥11,183 million from the end of the previous fiscal year to ¥72,619 million. This was mainly due to increases of ¥9,088 million in retained earnings and ¥1,821 million in foreign currency translation adjustment. As a result, the equity ratio rose 5.1 percentage points from 53.4% in the previous fiscal year to 58.4%. Furthermore, the ROE based on ordinary profit set as a KPI in the Mid-term Management Plan (FY2023 to FY2025) rose 6.8 percentage points from 14.4% in the previous fiscal year to 21.3%.

(ROE based on ordinary profit of the FURUNO Group)

	FY2020	FY2021	FY2022	FY2023	FY2024
ROE based on ordinary profit (%)	11.0	8.0	5.2	14.4	21.3

(Note) ROE based on ordinary profit = Ordinary profit / Equity

2) Overview of cash flows

Cash and cash equivalents (“cash”) at the end of the fiscal year ended February 28, 2025 increased by ¥4,255 million from the end of the previous fiscal year to ¥15,413 million. This was due to an increase of ¥10,820 million in cash flows from operating activities, while cash flows from investing activities and cash flows from financing activities decreased by ¥4,588 million and ¥2,696 million, respectively.

The status of each cash flow and the factors contributing thereto are as follows.

(i) Cash flows from operating activities

Net cash provided by operating activities in the fiscal year ended February 28, 2025 came to ¥10,820 million (net cash provided by operating activities in the fiscal year ended February 29, 2024 was ¥2,713 million). This was primarily due to an increase in profit before income taxes.

(ii) Cash flows from investing activities

Net cash used in investing activities in the fiscal year ended February 28, 2025 came to ¥4,588 million (net cash used in investment activities in the fiscal year ended February 29, 2024 was ¥3,589 million). This was primarily due to the purchase of property, plant and equipment and the purchase of intangible assets.

(iii) Cash flows from financing activities

Net cash used in financing activities in the fiscal year ended February 28, 2025 came to ¥2,696 million (net cash used in financing activities in the fiscal year ended February 29, 2024 was ¥3,557 million). This was primarily due to dividends paid.

(Main cash flow indicators of the FURUNO Group)

	FY2020	FY2021	FY2022	FY2023	FY2024
Equity ratio (%)	55.1	55.7	49.0	53.4	58.4
Equity-to-asset ratio based on market value (%)	40.4	37.9	28.8	62.6	57.1
Cash flow to interest-bearing debt (Year)	1.2	1.6	(3.0)	6.4	1.6
Interest coverage ratio (Times)	86.8	67.4	(75.1)	41.7	41.7

(Notes) 1. The indicators are calculated in the following manner.

Equity-to-asset ratio: Equity / Total assets

Equity-to-asset ratio based on market value (%): Market capitalization / Total assets

Cash flow to interest-bearing debt (year): Interest-bearing debt / Operating cash flow

Interest coverage ratio (times): Operating cash flow / Interest payments

2. The indicators are calculated on a consolidated basis.
3. Market capitalization is calculated by multiplying the closing share price at the end of the year by the total number of shares issued (excluding treasury shares).
4. Operating cash flow equals net cash provided by (used in) operating activities in the Consolidated Statements of Cash Flows.
5. Interest-bearing debt refers to short-term borrowings, current portion of long-term borrowings, and long-term borrowings recorded in the Consolidated Balance Sheets.
6. Interest payments refer to the amount of interest paid in the Consolidated Statements of Cash Flows.

3) Capital resources and liquidity

The FURUNO Group, while basically sourcing its working capital for ensuring stable profits and the funds required for investments into future growth from its cash flows from operating activities, also procures funds, as necessary, through borrowings from financial institutions, upon comprehensively taking into account capital costs, the equity-to-asset ratio, and other factors.

As of February 28, 2025, the balance of cash and cash equivalents was ¥15,413 million and the balance of interest-bearing debt was ¥17,808 million.

Additionally, to prepare for disruptions in the financial and capital markets and emergency funding requirements, the FURUNO Group has entered into agreements for commitment lines and overdraft facilities with multiple financial institutions to ensure the liquidity of funds.

(3) Basic Policy for Distribution of Profit and Dividends for Fiscal 2024 and 2025

The Company considers its dividend policy to be one of its most critical management policies. The current Mid-term Management Plan (FY2023 to FY2025) aims to build a management foundation capable of sustaining a payout ratio of 30% or higher.

As the year-end dividend for the fiscal year ended February 28, 2025, the Company, based on the above policy, will pay a dividend of ¥75 per share. As a result, the annual dividend for the fiscal year ended February 28, 2025 will be ¥110 including the interim dividend (¥35 per share) already paid.

Additionally, for the fiscal year ending February 28, 2026, the Company is planning on an annual dividend of ¥110 per share.

2. Management Policies

(1) Basic Management Policy

The FURUNO Group upholds the Management Principles of “A company exists to serve society,” “Its management must be creative,” and “The happiness of its employees comes with the growth of a company.” The FURUNO Group’s Action Guidelines also exhort its employees to “Face the future,” “Strive to be the best,” “Be persistently original” and “Be sincere.” While continuing to respect these Management Principles and Action Guidelines as universal values, in December 2018, the Company, in commemorating its 70th anniversary, formulated a new management vision, “FURUNO GLOBAL VISION ‘NAVI NEXT 2030,’” to carry the Company through to 2030. The Company has articulated the vision that it aims to achieve by 2030 as a new management vision consisting of a “Business Vision” and a “Vision for Human Resources and Corporate Culture,” and it will continuously and progressively increase both its value proposition to customers and corporate value by developing various activities to realize these visions.

The following is a summary of “FURUNO GLOBAL VISION ‘NAVI NEXT 2030.’”

(i) 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

This business vision expresses the highest priority of the FURUNO Group, which is working to bring about safety, security, and comfort on the sea and land, as the basis for achieving a society and sea navigation that considers the needs of people and the environment. We have expanded the focus of the FURUNO Group’s business activities from offering the values of safety, security, and environmental consciousness to also include comfort and humanity. This is a new marker for us as we move forward in providing a greater value proposition to our customers in our existing businesses and cultivating new businesses in associated fields.

Since the time of our inception in 1948, when we commercialized the world’s first practical fish finder, the FURUNO Group has been fulfilling its mission of solving social issues through our businesses. Meanwhile, the United Nation’s Sustainable Development Goals (SDGs) are becoming a shared awareness in the international society, and companies are now being called on to contribute to realizing the SDGs through their business activities. The FURUNO Group will also actively incorporate SDGs into our corporate management and basic policy for business activities, while carefully preserving the values we have cultivated since our foundation.

(ii) Human Resources and Corporate Culture Vision: VALUE through GLOBALIZATION and SPEED

VALUE through GLOBALIZATION and SPEED is our key proposal for the focused strengthening and assessment of human resources, a valuable resource in corporate management, and corporate culture to achieve our business vision, while respecting the Management Principles and Action Guidelines as universal values. It comprises the following three points.

(VALUE) Creating greater value together

We will cultivate a deep understanding of our vision and adopt a highly autonomous approach to achieving it. We will work together with every FURUNO Group stakeholder to create even greater value in society.

(GLOBALIZATION) Comprehensive globalization

We will foster a global mindset* in our organization, and ensure the optimal and maximum use of our internal and external resources to achieve our vision, irrespective of their affiliated division, region, country, etc.

* Global mindset: A way of thinking that allows for the influence of people and groups with different cultures, customs, and values.

(SPEED) Quick and agile decisions and action

We will not falter in the face of change, as we strive to continue creating a new era.

In 1955, only years after its foundation, the FURUNO Group declared its goal of achieving global recognition and has since been accelerating its global development. Currently, overseas sales account for more than 60 percent of consolidated net sales, with development, production, sales, and service centers in over 80 countries around the world. Aiming to maximize both its value proposition to customers and corporate value, the FURUNO Group going forward will organically utilize its human resources and organizational functions to align with each business and market from the standpoint of globalization while also proactively promoting cooperation with customers and business partners to achieve global recognition both in name and substance.

We will progressively and promptly work toward realizing the "FURUNO GLOBAL VISION 'NAVI NEXT 2030'" through the following three phases.

- Phase 1: Advance
  Procure resources and strengthen our capabilities by improving the structure of our businesses
  (FY2020-FY2022)
- Phase 2: Connect
  Take action toward building a profitable structure and the pillars of our technologies and businesses
  (FY2023-FY2025)
- Phase 3: Transform
  Realize an appropriate corporate scale, profitability, and business structure
  (FY2026-FY2030)

(2) Mid-term Management Plan and Key Performance Indicators

In February 2023, FURUNO Group formulated a Phase 2 of the medium-term management plan (hereinafter referred to as "mid-term plan"), covering the three-year period from the fiscal year 2023 to the fiscal year 2025. FURUNO is striving to improve its corporate value by raising the level of profits by improving its constitution and strengthening our strength, securing profits by expanding the scale of sales, and simultaneously promoting investments for future growth. In addition to securing profits as a management indicator, from the viewpoint of capital efficiency, FURUNO aims to build a management foundation that will enable it to achieve an ROE of 10% or more and a stable dividend payout ratio of 30% or more in the final year 2025.

Under these medium-term management plan and management targets, FURUNO Group achieved its growth targets of ¥120,000 million in consolidated net sales and 10% operating margin for the fiscal year 2030, six years ahead of schedule, as stated in its Management Vision "FURUNO GLOBAL VISION NAVI NEXT 2030," which were a growth target of ¥120,000 million in consolidated net sales and an operating margin of 10%. In the fiscal year 2025, which is the final year of Phase 2 of the medium-term management plan covering the three-year period from the fiscal year 2023 to the fiscal year 2025, FURUNO aims to maintain the sales and profit targets set forth in "NAVI NEXT 2030" while continuing to implement each of the measures.

Based on the achievement of the goals ahead of schedule, FURUNO is now in the process of formulating the Phase 3 of the medium-term management plan to be launched in the fiscal year 2026. The new medium-term management plan will show a new vision for the company, including the introduction of ROIC (Return on Invested Capital) management and disclosure of cash allocation, including future growth investments and shareholder returns, in an effort to improve profitability with an awareness of capital investment. Disclosure is scheduled for late January to February 2026.

*The average ROE based on ordinary profit for FY2009-FY2017 was 6%.

As for the KPIs, for the fiscal year ended February 28, 2025, the ROE based on ordinary profit was 21.3% and the payout ratio was 30.3%.

Main Measures

(i) Improvement in profitability

Aim to reduce costs through continuing and strengthening the measures of Phase 1 that focus on improving profitability through improving the business structure and strengthening capabilities (improving profitability by increasing the quality level, optimizing inventories, and optimizing the product development function and the comprehensive manufacturing function, as well as expanding the scope of these measures).

(ii) Expansion of sales

Provide high-quality services through remote management, promote DX for marine vessels focusing on digitalization, and invest resources in businesses with growth potential to further generate resources for investment in growth, thereby aiming to expand sales.

(iii) Implementation of sustainable management

Aim to realize sustainable management by articulating 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.

Individual Business Strategies

- Marine Business

The Marine Business upholds the common principle of “Lifecycle Support,” in which we lean into our customers throughout the lifecycle of the vessel from new vessel construction to maintenance and retrofitting, and promotes global sales and services backed by market- and region-specific strategies and tactics. We are also accelerating our efforts to expand sales in new areas and the promotion of DX for marine vessels.

(i) We will optimize our sales structure for global expansion while upgrading our new global strategies by strengthening onsite development of products and solutions closer to the markets.

(ii) We will raise customer satisfaction and improve profitability by further improving the quality of our services as well as promoting predictive services and remote maintenance.

(iii) We will accelerate business development in new areas such as aquaculture and offshore wind power generation.

(iv) We will promote the market launch of data-driven products and services and aim to create new customer value. Through the spread of the self-navigation support technology already acquired, we will contribute to achieving “better safety, security, and comfort to bring about a society and sea navigation that considers the needs of people and the environment.”

- Industrial Business

We will review our business portfolio, concentrate our resources on promising businesses in markets with growth potential such as Defense Equipment and the time synchronization business which provides products to mobile phone base stations, and improve profitability.

- Wireless LAN Systems/Handheld Terminal Business

We will roll out new system solutions that will contribute to the DX sought by our customers, expand our share of wireless LAN access points in the education market, and expand our business domain by cultivating new markets.

Phase 2: Results of Implementing the Main Measures

(i) Improvement in profitability

We improved the production efficiency of factories with the promotion of smart factories by deploying streamlining measures to reduce production lead times, adjusting selling prices to appropriate levels, and selecting projects based on profitability. We also strengthened efforts to prevent product failures, improve the stability of quality, and control loss costs through the deployment of reliability assessments, while also strengthening our systems to address cybersecurity and product safety. In terms of inventories, while valuation losses continue to be recorded due to efforts to secure parts with long delivery times amid this recent favorable market, we will determine the appropriate levels of inventory to cut back on such costs.

(ii) Expansion of sales

In the Marine Business, we created opportunities to expand sales of services and equipment and promoted new initiatives for future sales expansion. By adding remote services to our maintenance services that leverage our strong global networks, we aggressively drove our service offerings forward. We also built a database aggregating the FURUNO Group's unique service expertise to enhance service quality and operational efficiency. In terms of pleasure boats, we launched strategic new products and worked to increase sales mainly in the Americas. Additionally, we continued development as well as put into practice self-navigation support systems and cloud services utilizing fishery data.

In the Industrial Business, we worked to increase sales of time synchronization products, a business slated for future growth, to overseas customers. Additionally, in Defense Equipment, we strengthened our production system in line with rising demand, and increased sales.

(iii) Implementation of sustainable management

In order to contribute to a sustainable society and continuously enhance our corporate values, we have identified "Materialities" that we should address as a group. In dealing with climate change, we have set GHG emission reduction targets and are working to make disclosures of environmental information based on the TCFD recommendations. To keep up societal shifts and the changes in the environment surrounding the Company, we have formulated a new human resources vision and have been driving measures based on human resources strategies. In specific terms, we are promoting the maximization of the abilities of each employee, the assignment of human resources in accordance with their capabilities, and the revision of the workstyles and benefits of the sales and services staff who work on the front lines, among other initiatives. We have also established a D&I promotion section and have been carrying out initiatives to secure diverse human resources and to foster a corporate culture where human resources can grow and demonstrate their abilities, including leadership development programs for female employees. To practice governance over these initiatives, a Sustainability Committee has also been established.

3. Basic Approach to the Selection of Accounting Standards

The Group intends to prepare consolidated financial statements based on Japanese accounting standards for the time being to facilitate comparability between periods and with other companies. Regarding the application of the International Financial Reporting Standards (IFRS), the Company will consider their application depending on various circumstances inside and outside Japan.

4. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of February 29, 2024	As of February 28, 2025
Assets		
Current assets		
Cash and deposits	11,786	16,113
Notes and accounts receivable - trade, and contract assets	24,621	28,333
Electronically recorded monetary claims - operating	1,054	1,027
Merchandise and finished goods	26,979	27,627
Work in process	3,624	3,226
Raw materials and supplies	15,483	12,719
Other	3,104	2,811
Allowance for doubtful accounts	(369)	(254)
Total current assets	86,285	91,605
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,904	7,386
Machinery, equipment and vehicles, net	925	1,005
Land	3,639	3,653
Construction in progress	263	539
Other, net	3,018	4,026
Total property, plant and equipment	14,751	16,611
Intangible assets		
Goodwill	942	839
Software	3,719	4,979
Other	278	268
Total intangible assets	4,940	6,087
Investments and other assets		
Investment securities	4,101	4,548
Retirement benefit asset	1,685	1,647
Deferred tax assets	1,300	1,638
Other	1,359	1,395
Allowance for doubtful accounts	(15)	(14)
Total investments and other assets	8,432	9,215
Total non-current assets	28,124	31,913
Total assets	114,409	123,519

(Millions of yen)

	As of February 29, 2024	As of February 28, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,582	6,689
Electronically recorded obligations - operating	9,011	4,924
Short-term borrowings	6,001	6,100
Current portion of long-term borrowings	3,208	3,006
Income taxes payable	2,610	1,853
Contract liabilities	2,483	2,312
Provision for bonuses	2,696	2,980
Provision for product warranties	830	779
Other	6,961	7,045
Total current liabilities	39,385	35,690
Non-current liabilities		
Long-term borrowings	8,207	8,702
Deferred tax liabilities	242	250
Retirement benefit liability	3,211	3,329
Other	1,925	2,926
Total non-current liabilities	13,587	15,209
Total liabilities	52,972	50,899
Net assets		
Shareholders' equity		
Share capital	7,534	7,534
Capital surplus	9,304	9,284
Retained earnings	38,510	47,598
Treasury shares	(162)	(158)
Total shareholders' equity	55,186	64,259
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,638	1,921
Foreign currency translation adjustment	4,546	6,367
Remeasurements of defined benefit plans	(328)	(361)
Total accumulated other comprehensive income	5,856	7,927
Non-controlling interests	393	433
Total net assets	61,436	72,619
Total liabilities and net assets	114,409	123,519

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Millions of yen)

	For the fiscal year ended February 29, 2024	For the fiscal year ended February 28, 2025
Net sales	114,850	126,953
Cost of sales	72,255	73,983
Gross profit	42,594	52,969
Selling, general and administrative expenses	36,073	39,787
Operating profit	6,521	13,181
Non-operating income		
Interest income	104	216
Dividend income	147	193
Share of profit of entities accounted for using equity method	98	189
Foreign exchange gains	621	-
Subsidy income	514	594
Other	390	378
Total non-operating income	1,878	1,572
Non-operating expenses		
Interest expenses	132	173
Foreign exchange losses	-	239
Loss on fire	25	-
Other	70	182
Total non-operating expenses	228	595
Ordinary profit	8,171	14,158
Extraordinary income		
Gain on sale of investment securities	-	61
Gain on sale of non-current assets	30	161
Other	1	-
Total extraordinary income	32	222
Extraordinary losses		
Loss on sale of non-current assets	7	2
Loss on valuation of investment securities	7	22
Impairment losses	12	43
Other	3	-
Total extraordinary losses	31	68
Profit before income taxes	8,171	14,313
Income taxes - current	3,469	3,231
Income taxes - deferred	(1,528)	(493)
Total income taxes	1,940	2,737
Profit	6,230	11,575
Profit (loss) attributable to non-controlling interests	(9)	118
Profit attributable to owners of parent	6,240	11,457

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For the fiscal year ended February 29, 2024	For the fiscal year ended February 28, 2025
Profit	6,230	11,575
Other comprehensive income		
Valuation difference on available-for-sale securities	662	283
Foreign currency translation adjustment	2,562	1,833
Remeasurements of defined benefit plans, net of tax	532	(33)
Share of other comprehensive income of entities accounted for using equity method	23	(11)
Total other comprehensive income	3,780	2,072
Comprehensive income	10,011	13,648
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,007	13,528
Comprehensive income attributable to non-controlling interests	4	119

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended February 29, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,534	9,289	33,375	(175)	50,023
Changes during period					
Dividends of surplus			(1,105)		(1,105)
Profit attributable to owners of parent			6,240		6,240
Purchase of treasury shares				(0)	(0)
Restricted stock payment		14		13	27
Change in ownership interest of parent due to transactions with non-controlling interests					-
Capital increase of consolidated subsidiaries					-
Net changes in items other than shareholders' equity					
Total changes during period	-	14	5,135	13	5,162
Balance at end of period	7,534	9,304	38,510	(162)	55,186

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	975	1,974	(860)	2,089	389	52,503
Changes during period						
Dividends of surplus						(1,105)
Profit attributable to owners of parent						6,240
Purchase of treasury shares						(0)
Restricted stock payment						27
Change in ownership interest of parent due to transactions with non-controlling interests						-
Capital increase of consolidated subsidiaries						-
Net changes in items other than shareholders' equity	662	2,571	532	3,766	3	3,770
Total changes during period	662	2,571	532	3,766	3	8,933
Balance at end of period	1,638	4,546	(328)	5,856	393	61,436

For the fiscal year ended February 28, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,534	9,304	38,510	(162)	55,186
Changes during period					
Dividends of surplus			(2,369)		(2,369)
Profit attributable to owners of parent			11,457		11,457
Purchase of treasury shares				(1)	(1)
Restricted stock payment		13		4	18
Change in ownership interest of parent due to transactions with non-controlling interests		(11)			(11)
Capital increase of consolidated subsidiaries		(20)			(20)
Net changes in items other than shareholders' equity					
Total changes during period	-	(19)	9,088	3	9,072
Balance at end of period	7,534	9,284	47,598	(158)	64,259

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,638	4,546	(328)	5,856	393	61,436
Changes during period						
Dividends of surplus						(2,369)
Profit attributable to owners of parent						11,457
Purchase of treasury shares						(1)
Restricted stock payment						18
Change in ownership interest of parent due to transactions with non-controlling interests						(11)
Capital increase of consolidated subsidiaries						(20)
Net changes in items other than shareholders' equity	283	1,821	(33)	2,071	39	2,110
Total changes during period	283	1,821	(33)	2,071	39	11,183
Balance at end of period	1,921	6,367	(361)	7,927	433	72,619

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended February 29, 2024	For the fiscal year ended February 28, 2025
Cash flows from operating activities		
Profit before income taxes	8,171	14,313
Depreciation	3,417	3,592
Impairment losses	12	43
Increase (decrease) in allowance for doubtful accounts	51	(132)
Increase (decrease) in provision for bonuses	434	227
Increase (decrease) in retirement benefit liability	144	153
Decrease (increase) in retirement benefit asset	44	(71)
Increase (decrease) in provision for product warranties	(60)	(57)
Interest and dividend income	(251)	(410)
Interest expenses	132	173
Decrease (increase) in accounts receivable - trade, and contract assets	(1,616)	(3,040)
Decrease (increase) in inventories	(3,678)	3,706
Increase (decrease) in trade payables	(2,510)	(3,684)
Increase (decrease) in accounts payable - other	(595)	183
Increase (decrease) in accrued expenses	566	46
Decrease (increase) in consumption taxes refund receivable	154	(76)
Increase (decrease) in contract liabilities	(393)	(260)
Increase (decrease) in debt related to paid transactions	(407)	(245)
Other, net	740	(123)
Subtotal	4,358	14,338
Interest and dividends received	309	514
Interest paid	(65)	(259)
Income taxes refund (paid)	(1,889)	(3,772)
Net cash provided by (used in) operating activities	2,713	10,820
Cash flows from investing activities		
Payments into time deposits	(43)	(92)
Proceeds from withdrawal of time deposits	131	46
Purchase of property, plant and equipment	(1,678)	(2,520)
Proceeds from sale of property, plant and equipment	35	338
Purchase of intangible assets	(1,672)	(2,323)
Other, net	(361)	(37)
Net cash provided by (used in) investing activities	(3,589)	(4,588)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,008)	98
Proceeds from long-term borrowings	300	3,500
Repayments of long-term borrowings	(210)	(3,208)
Dividends paid	(1,105)	(2,369)
Repayments of lease liabilities	(527)	(594)
Other, net	(5)	(122)
Net cash provided by (used in) financing activities	(3,557)	(2,696)
Effect of exchange rate change on cash and cash equivalents	909	720
Net increase (decrease) in cash and cash equivalents	(3,524)	4,255
Cash and cash equivalents at beginning of period	14,683	11,158
Cash and cash equivalents at end of period	11,158	15,413

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Business combinations, etc.)

(Finalization of the provisional accounting treatment for business combinations)

In the fiscal year ended February 29, 2024, the business combination with SARL ROBIN MARINE, which was conducted on July 4, 2023, had been subject to provisional accounting treatment. However, the accounting treatment was finalized in the fiscal year ended February 28, 2025.

With the finalization of the provisional accounting treatment, the comparative information included in the consolidated financial statements for the fiscal year ended February 28, 2025 reflects a significant revision of the initial allocation of acquisition costs. As a result, in the Consolidated Balance Sheets for the fiscal year ended February 29, 2024, goodwill decreased by ¥104 million, while other under intangible assets increased by ¥143 million, deferred tax liabilities increased by ¥37 million and retained earnings increased by ¥1 million. In the Consolidated Statements of Income for the fiscal year ended February 29, 2024, selling, general and administrative expenses decreased by ¥1 million, while operating profit, ordinary profit, and profit before income taxes increased by ¥1 million, respectively.

(Segment information, etc.)

[Segment information]

With the revisions described in (Finalization of the provisional accounting treatment for business combinations) under (Business combinations, etc.), the segment information for the fiscal year ended February 29, 2024 is presented reflecting the said revisions.

1. Information on net sales and profit (loss) by reportable segment

For the fiscal year ended February 29, 2024 (from March 1, 2023 to February 29, 2024)

(Millions of yen)

	Reportable segment				Others	Total	Adjustment	Amount recorded in Consolidated Statements of Income
	Marine Business	Industrial Business	Wireless LAN /Handheld Terminal Business	Total				
Net sales								
Net sales to external customers	98,160	12,811	3,555	114,527	322	114,850	—	114,850
Inter-segment net sales or transfers	103	67	205	376	645	1,021	(1,021)	—
Total	98,264	12,878	3,761	114,904	968	115,872	(1,021)	114,850
Segment profit (loss)	7,103	243	132	7,480	(122	7,357	(836)	6,521

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For the fiscal year ended February 28, 2025 (from March 1, 2024 to February 28, 2025)

(Millions of yen)

	Reportable segment				Others	Total	Adjustment	Amount recorded in Consolidated Statements of Income
	Marine Business	Industrial Business	Wireless LAN /Handheld Terminal Business	Total				
Net sales								
Net sales to external customers	108,678	14,214	3,694	126,587	365	126,953	—	126,953
Inter-segment net sales or transfers	205	43	286	535	635	1,171	(1,171)	—
Total	108,884	14,258	3,980	127,123	1,001	128,125	(1,171)	126,953
Segment profit (loss)	13,334	496	197	14,028	(125	13,902	(720)	13,181

2. Information on net sales by region

For the fiscal year ended February 29, 2024 (from March 1, 2023 to February 29, 2024)

(Millions of yen)

Japan	Americas	Europe	Asia	Other regions	Total
36,569	12,467	33,259	25,649	6,904	114,850

For the fiscal year ended February 28, 2025 (from March 1, 2024 to February 28, 2025)

(Millions of yen)

Japan	Americas	Europe	Asia	Other regions	Total
37,699	12,062	36,943	32,598	7,648	126,953

(Per share information)

	For the fiscal year ended February 29, 2024	For the fiscal year ended February 28, 2025
Net assets per share	¥1,932.38	¥2,284.52
Basic earnings per share	¥197.61	¥362.64

(Notes) 1. Diluted earnings per share is not stated as there are no shares with dilutive effects.

2. The basis for the calculation of basic earnings per share is as follows.

	For the fiscal year ended February 29, 2024	For the fiscal year ended February 28, 2025
Profit attributable to owners of parent (Millions of yen)	6,240	11,457
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent relating to common shares (Millions of yen)	6,240	11,457
Average number of common shares outstanding during the period (Shares)	31,579,529	31,594,768

3. The basis for the calculation of net assets per share is as follows.

	As of February 29, 2024	As of February 28, 2025
Total net assets (Millions of yen)	61,436	72,619
Amount deducted from net assets (Millions of yen)	393	433
(of which non-controlling interest) (Millions of yen)	(393)	(433)
Net assets applicable to common shares at the end of the period (Millions of yen)	61,042	72,186
Number of common shares at the end of the period used for calculation of net assets per share (Shares)	31,589,345	31,597,983

4. Basic earnings per share and net assets per share for the fiscal year ended February 29, 2024 are calculated based on the amounts that reflect the revisions described in (Finalization of the provisional accounting treatment for business combinations) under (Business combinations, etc.).

(Significant subsequent events)

Not applicable.

5. Others

Changes in Officers

(i) Changes in representative

Not applicable.

(ii) Changes in other officers

Not applicable.