

FURUKAWA BATTERY

Report 2022

Purpose of the Furukawa Battery Report

Through sharing the story of value creation for achieving Furukawa Battery's vision in an easy-to-understand manner, we aim to co-create value with shareholders, investors, and other stakeholders by facilitating a constructive dialogue with them.

Report Details

This report shares stories about value creation with the goal of achieving Furukawa Battery's vision and explains its mid-term management plan and initiatives for achieving sustainable growth, with messages from members of management.

Changes from the Report for FY2022

The report focuses on the formulation of the mid-term management plan, the identification of material issues, and activities related to sustainability, aiming to describe initiatives for the achievement of Furukawa Battery's vision in an even more easy-to-understand manner.

Reporting Period

Fiscal year ended March 31, 2022
(April 1, 2021 to March 31, 2022)

* Includes some information from before and after this period.

Forward-Looking Statements

This report contains forecasts, predictions, plans and other forward-looking statements, in addition to information about past and present events at Furukawa Battery. These forecasts, predictions and plans are assumptions or judgments based on information that was available when they were described, and therefore involve uncertainty. Accordingly, the actual results of future business activities and actual future events may differ from the forecasts, predictions and plans described in this report.

FB Report 2022

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Scope of This Report
Furukawa Battery Co., Ltd. and its consolidated subsidiaries

* The scope is described separately when it is limited.

Furukawa Battery corporate website
<https://www.furukawadenchi.co.jp/>

Furukawa Battery Corporate Philosophy

Vision

We support society and create the future with our power of storage, motive and sustainability.

Basic Philosophy

To meet the expectations of our various stakeholders, including shareholders, employees, customers and local communities, at Furukawa Battery we are committed to continuous innovation supported by a core technological strength cultivated over many years. As we embrace our slogan of “always being the challenger” and corporate motto of fairness and strength, we contribute to the realization of a truly affluent and sustainable society as we strive for sustainable growth and enhanced corporate value over the medium and long terms.

Code of Conduct

We are the challenger.

Maintain high ethical standards, and value honesty and integrity above all.

Continually improve, innovate, and lead, in every area of endeavor.

Take a hands-on approach that addresses the reality of every situation - in the office, at the factory, and on site.

Be proactive - take the initiative and work with others, persevering until a solution is found.

Maintain open channels of communication between departments and divisions so that we can share ideas and help each other grow.

Mid-Term Management Plan 2025

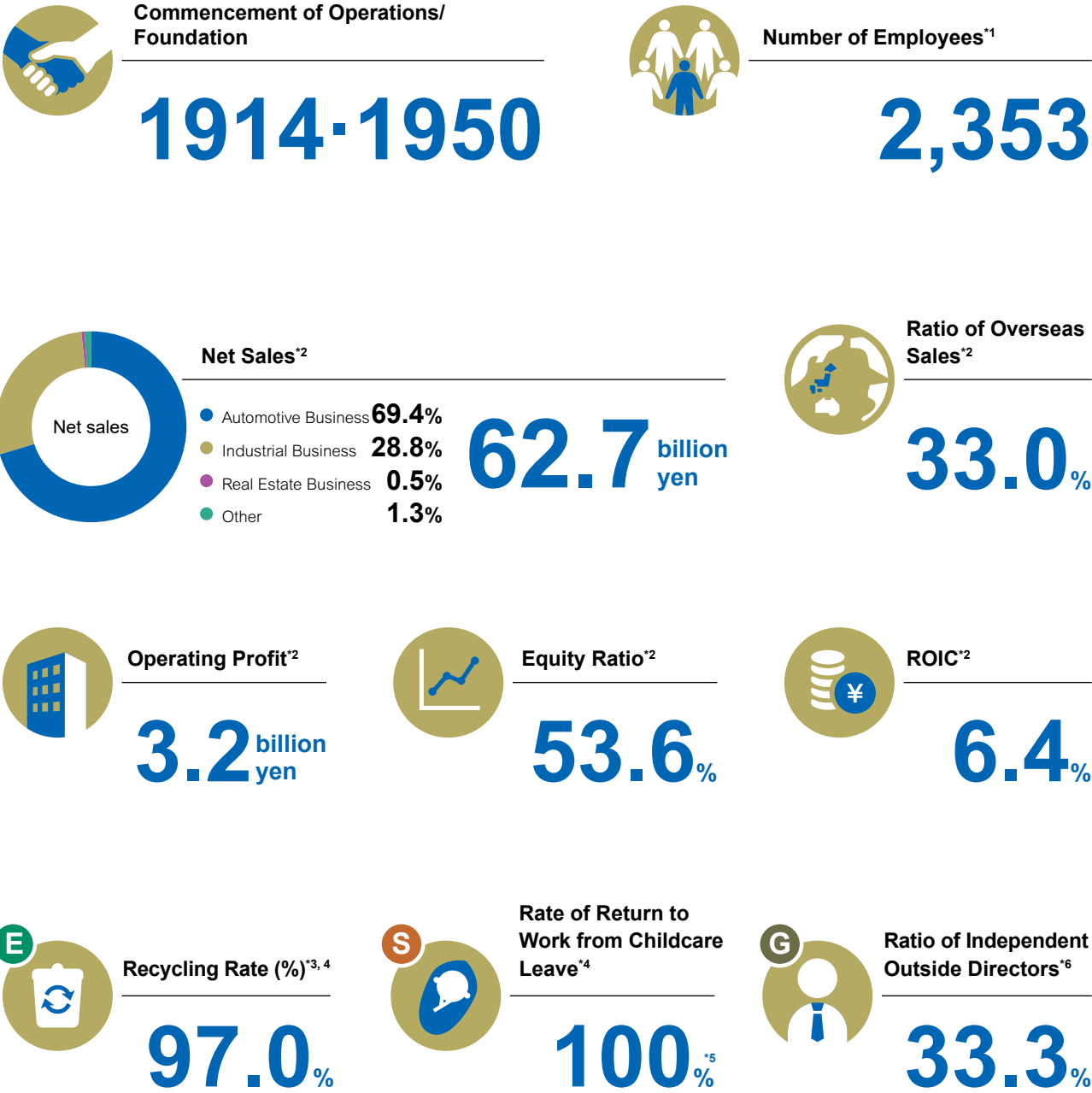
Exciting Challenge 2025

Tomorrow will not come if you adhere to yesterday's mindset.

As of April 2022, Furukawa Battery is working on a specific action plan.

Group Overview

We began operations in 1914 and were spun off as an independent company in 1950. Since our beginnings, Furukawa Battery has engaged in the manufacturing and sales of storage batteries and power supply units while continuing to evolve to respond to the needs and issues of the times. We work constantly to innovate, achieve sustainable growth, and contribute to society by fully leveraging our technological and research and development capabilities cultivated over many years and the trust we have built through the years.



^{*1} Figure as of March 31, 2022 ^{*2} Results for the fiscal year ended March 31, 2022 ^{*3} Ratio of recycled waste to all waste in the fiscal year ended March 31, 2022 ^{*4} Furukawa Battery Co., Ltd. only ^{*5} This means that all employees who took childcare leave returned to work after specific periods. ^{*6} As of June 24, 2022

Business Overview

At Furukawa Battery, we have established a vision which states, “We support society and create the future with our power of storage, motive and sustainability.” Our storage batteries and power supply units are used in diverse fields, including electric power, communications, railway, disaster control, renewable energy, and space aeronautics. They are contributing to the establishment of a safe, secure and affluent society.





At Furukawa Battery, we detect the changes of the times and help build a better future with our power of storage, motive, and sustainability.

President & CEO

小野真一

Review of the fiscal year ended March 31, 2022 and the Mid-term Management Plan 2021

The fiscal year ended March 31, 2022 was the final year of our Mid-term Management Plan 2021. I have to say that results for the fiscal year were extremely unfavorable. While we continued to achieve profit target until the fiscal year ended March 31, 2021, both sales and profit declined year on year in the fiscal year ended March 31, 2022, mainly reflecting the impact of COVID-19, a decline in new car sales attributed to shortage of semiconductors and other electronic parts, soaring raw material prices, and the impact of the Russian invasion of Ukraine. Consequently, we could not achieve sales and profit targets under the Mid-term Management Plan 2021.

In particular, we were greatly impacted by the soaring prices of lead and other raw materials. Lead-acid batteries, our mainstay products, are likely to be affected directly by an increase in the price of lead. In addition, the upward trend of the cost of energy for production also negatively impacted us. While these cost increases have partially been reflected in prices, the price gap remained larger than was forecast in the fiscal year ended March 31, 2022, partly because the lead price remained relatively low in the fiscal year ended March 31, 2021 and partly because it takes several months before a price pass-through begins to have an effect. We expect that the price pass-through will begin to effect us in the second half of the fiscal year ending March 31, 2023 at the earliest.

The difficulty of procuring parts developed into customers stopping production or construction and controlling their capital expenditures. It has also caused great delays in the supply of the parts necessary to manufacture our products. The number of parts we use differs according to the application, which makes it difficult to prepare spare parts in advance. This has been our issue, and I have to say that these circumstances have clarified our weaknesses regarding the supply chain. In response, we have begun to review our supply chain by in anticipation of procurement in an emergency situation.

We were also again made aware of the impact of world affairs. While the Ukrainian situation had only a minor impact on our financial results for the fiscal year ended March 31, 2022, we expect it to negatively affect

our performance for the fiscal year ending March 31, 2023 to a certain degree, partly because we have suspended exports to Russia. Further, while cobalt is necessary in the manufacturing lithium-ion batteries, the use of child labor in cobalt mining in the Democratic Republic of the Congo has been a global issue. Therefore, we believe that, going forward, we will need to increase our consideration of human rights issues.

Budding new possibilities for the future

While results for the fiscal year ended March 31, 2022 and the Mid-term Management Plan 2021 were harsh, we were also able to record promising achievements.

One achievement is the bipolar lead-acid battery, a next-generation storage battery that we developed jointly with Furukawa Electric Co., Ltd. We have high hopes for this battery as a product that can provide new value to rival lithium-ion batteries, which have been introduced in many cases in the expanding renewable energy market. We believe that we can contribute to community development and the improvement of the resilience of the electricity supply in emergencies by supplying bipolar lead-acid batteries to many customers, such as the Community Development Project Focused on EVs through a collaborative arrangement with the government of Kamimine-cho, Saga Prefecture and the Kyushu Electric Power Group.

In addition, in April 2021, we completed our takeover of Maxell, Ltd.'s laminated lithium-ion battery business. We expect that this will enable us to combine our technologies which we have cultivated for satellites such as Hayabusa 2, and the transferred technologies to demonstrate the competitiveness of our products in the drone market, which is expected to expand in the future, and in other applications, such as industrial robots. In the drone market in particular, it is presumed that the ban on Level 4 (beyond visual line-of-sight, or BVLOS drone flights over populated areas will be lifted in 2022, which is expected to lead to the development of infrastructure and an increase in the number of drones. We will pay close attention to these moves and advance initiatives, including our development of a system for producing lithium-ion batteries for drones in collaboration with drone manufacturers.

Continuing to try new things while valuing safety and health, which are basic.

The circumstances in the period up to the fiscal year that ended March 31, 2022 reaffirmed for me the importance of ensuring the corporate culture of prioritizing safety and health over anything else becomes firmly entrenched. Furukawa Battery has been engaged in initiatives with a determination to ensure zero accident and zero disease, and our internal communications start with the greeting, “Stay safe.” Each employee has been contributing to the development of this culture over many years for the establishment of a safe, secure and comfortable workplace environment, and I am proud of it. Additionally, in 2021, we added the greeting, “Stay healthy,” to increase health awareness. I believe that, to remain aware of safety and health all the time, we need to ensure that this awareness is reflected in our daily habits. In my messages I share in the newsletters sent to employees, I always start with, “Stay safe! Stay healthy!”

While valuing these basics, we will work to strengthen existing businesses, foray into overseas markets and create new businesses in the fiscal year ending March 31, 2023. To strengthen existing businesses, we will advance R&D without adhering to existing methods, including efforts to achieve the same performance using a smaller amount of lead. I hope this will also contribute to profitability. Our forays into overseas markets were also a target in the Mid-term Management Plan 2021. We will continue to work on them partly because some of our actions have been delayed due to the COVID-19 pandemic. The Southeast Asian market is expected to grow remarkably due to motorization. Therefore, we will aim to steadily foray into this market by forming partnerships with influential local companies. To create new businesses, in the field of solution businesses we will have the energy storage system (ESS) business take off. We are determined to make ourselves available to customers for consultation regarding diverse energy-related matters and to provide comprehensive services including tangible, intangible and maintenance services. Independent systems combining renewable energy and storage batteries supply electricity without power outages, even if a problem has occurred with transmission systems due to a disaster, resulting in increased regional resilience. Therefore, I believe that these systems will attract more attention going forward.

Our determination is reflected in the Mid-term Management Plan 2025

We put the slogan, “Exciting Challenge 2025 — Tomorrow will not come if you adhere to yesterday’s mindset.” in the Mid-term Management Plan 2025, which started in the fiscal year ending March 31, 2023. The slogan reflects our determination to ensure that all of us remain far-sighted, keep our spirits high, and work as one to overcome high barriers, aiming to create a bright future. Batteries are often treated as products that play a background role. However, amid the big shift of society overall to lower GHG emissions and the conservation of energy, I feel that the time has come when batteries will play a leading role. One example is the proposals we present in the ESS business. To respond to this situation, we must also change our mindset as a company operating the battery business that is our mainstay business. Because we have been in a background role for 100 years, it is not easy for us to change the category of our business and reform our awareness. However, I believe that we have steadily take steps for our own development and continue to grow as a business that contributes to society.

We have set four basic policies in the Mid-term Management Plan 2025: Push forward with a global strategy which contributes to the achievement of the SDGs, improve the revenue earned from our core lead-acid battery business, develop new products including next-generation batteries and launch a new solution business and build the capacity for innovation through human resource development for sustainable management. Through these policies, we will strengthen our businesses from the perspective of sustainability and cater to diversifying customer needs in our efforts to increase corporate value.

This is us clearly restating that we will address material issues through our business and contribute to solutions to social issues as a part of our activities to ensure sustainable management. At the same time we were formulating the Mid-term Management Plan 2025, we organized existing initiatives into eight material issues and established the Sustainability Committee and the working groups that are subordinate to the committee. We have thus formed the infrastructure for sustainable management. I feel that these initiatives have clarified our focus on the things that we should do.

In particular, we are keenly aware of our contribution to the realization of a decarbonized society. We have set

the target of reducing CO₂ emissions 25% from the level in FY2018 by 2025. We are planning to transition to alternative fuels and install solar power generation equipment to achieve this target. While our business consumes a huge amount of electricity, the truth is that approx. 40% of the electricity we use is used in charging the batteries that we ship out. It is difficult to reduce the electricity we use for this purpose because we cannot ship insufficiently charged batteries. Therefore, we are improving the efficiency of the manufacturing and charging processes as much as possible. The installation of solar power generation equipment involves a certain level of necessary expenses, but we will continue to promote the installation of this equipment as a necessary measure for the achievement of our target.

Also, to foray into overseas markets and create new businesses, we need to develop the human resources who will play practical roles in these efforts. We will enhance training to develop global talent. We are also considering the resumption of the Cherry Salmon Project (an initiative transferring employees to major manufacturers, etc. temporarily to enable them to gain experience outside the company), which has been



suspended due to the COVID-19 pandemic. In addition, we also remain committed to promoting the active participation of women. At Furukawa Battery, the percentage of female employees itself was low, and the absolute number of female candidates for managerial positions was small, which was an issue. In the last ten years or so, however, the number of women playing an active role in R&D and sales has been increasing gradually, resulting in a larger number of women candidates for managerial positions. Therefore, I believe that more diverse role models will be developed internally. I think it is important to see senior comrades working successfully in managerial positions or continue working after giving birth to and raising children.

It is not easy to instill an awareness of sustainability in every employee and enable them to act. I hope, however, that they will be highly motivated to implement this initiative from a broad perspective and an awareness of what the initiative will contribute to society and how it will benefit society.

To Our Stakeholders

In the fiscal year ending March 31, 2023, the starting year of the Mid-term Management Plan 2025, we will increase revenue from existing businesses based on electricity storage technologies that we have cultivated and create new businesses with the goal of achieving medium- to long-term growth. We will also expand our perspective globally as we work hard to achieve our targets. I wish to ask for the continued support of all our stakeholders moving forward.

We will keep the social responsibilities that a company should fulfill in mind, such as the enhancement of measures to control COVID-19 infections, proactive initiatives for the establishment of a decarbonized society, and the promotion of the diversity of human resources, as we leverage our technological capabilities to contribute to the happiness of society and our employees under the motto, “We support society and create the future with our power of storage, motive and sustainability,” and continue working with the goal of contributing to the realization of a sustainable society. We will also achieve growth in overseas markets, develop topical new products, and implement other initiatives to be a company where employees enjoy working and which is deemed promising by stakeholders.

We will continue striving to create value under the themes of challenge and awareness reform and the slogan of the new Mid-term Management Plan, “Exciting Challenge 2025 — Tomorrow will not come if you adhere to yesterday’s mindset.”

Value Creation Process

Vision

We support society and create the future with our power of storage, motive and sustainability.



Mid-Term Management Plan

At Furukawa Battery, we aim to achieve sustainable growth in the medium and long run by working to solve social issues, which are growing increasingly complicated and diverse, through our businesses. For this purpose, we have adopted the Mid-term Management Plan 2025 and created a slogan to express our strong determination to our stakeholders. This slogan reflects our determination that all of us will remain far-sighted, keep our spirits high, and work as one to overcome high barriers, aiming to create a bright future. We will advance initiatives to improve our corporate value by quickly identifying changes in the social and economic environment.

Mid-Term Management Plan Slogan 2025

Exciting Challenge 2025
Tomorrow will not come if
you adhere to yesterday's
mindset.



Review of the Mid-term Management Plan 2021

At Furukawa Battery, we adopted the Mid-term Management Plan 2021 in 2019 as a plan for initiatives to take in the three-year period. We developed this plan with the aim of being a globally outstanding entity by contributing to society through our core business and achieving profitable development and evolution.

We took initiatives to achieve the plan under the basic policies of: (1) stable growth of overseas sites, (2) creation of businesses through the development of new products including next-generation batteries, (3) improve revenue earned from our core lead-acid battery business, and (4) build the capacity for innovation through human resource development.

Mid-term Management Plan 2021: Managerial Goals and Results

Items		FY2022 Targets	FY2022 Results
Net sales	Millions of yen	70,800	62,785
Operating profit	Millions of yen	4,600	3,212
Operating profit ratio	%	6.5	5.1
Ratio of overseas sales	%	41.0	33.0
Capital investment	Millions of yen	10,000*	7,457*
Equity Ratio	%	58.0	53.6
ROA (Operating profit basis)	%	8.0	5.3
Interest-bearing debt	Millions of yen	5,000	5,075

* Cumulative total values for the three years from FY2020 to FY2022

Mid-term Management Plan 2021: Basic Policies and Review

We could not achieve our management goals for the period until the fiscal year ended March 31, 2022 due to the impact of COVID-19 and soaring prices of lead and other raw materials attributable in part to the situation in Ukraine. On the other hand, regarding our basic policies, we made strategic moves leading to the Mid-term Management Plan 2025.

We believe that, among them, the development of the bipolar lead-acid battery and commercialization of lithium-ion batteries are important strategic moves that will contribute to solving social issues at a time when sustainability initiatives are demanded.

Basic Policies	Reviews
Stable growth of overseas sites	At our sites in Thailand and Indonesia, profitability improved despite a decline in demand attributed to the COVID-19 pandemic and the soaring raw material prices.
Creation of businesses through the development of new products including next-generation batteries	We began full-scale commercialization of the lithium-ion battery business that we took over.
Improve revenue earned from our core lead-acid battery business	We developed the bipolar lead-acid battery, which has advantages in safety, cost, and recyclability.
Build the capacity for innovation through human resource development	We revised our personnel evaluation system and enhanced our training programs.

Mid-Term Management Plan 2025

Under the Mid-term Management Plan 2025, we will focus our efforts on strengthening the revenue base and business expansion and sustainable social contribution by applying the perspective of sustainability, including SDGs and ESG, while reviewing the previous mid-term management plan.

Mid-Term Management Plan 2025 Basic Policies

1 Drive a global strategy that contributes to achieving the SDGs.	2 Improve revenue earned from our core lead-acid battery business.
3 Develop new products including next-generation batteries and launch a new solution business.	4 Build the capacity for innovation through human resource development for sustainable management.

Mid-Term Management Plan 2025 Key Activities

1 Drive a global strategy that contributes to achieving the SDGs.

To achieve medium- to long-term growth, we need to drive overseas business by broadening our perspective to look at the world while keeping the SDGs in mind. We will drive expansion into overseas markets by using partnerships while also reinforcing the foundations of SFC in Thailand and FIBM in Indonesia as our existing sites.

2 Improve revenue earned from our core lead-acid battery business.

In our core lead-acid battery business, we will introduce bipolar lead-acid batteries in earnest. We have set a target of achieving 3 billion yen in net sales in FY2026. We will also develop automotive batteries with high-temperature endurance mainly for Southeast Asia and introduce the as batteries that cater to local needs.

We will continue to improve productivity and achieve higher profitability of our core business through cost reduction activities and other initiatives.

3 Develop new products including next-generation batteries and launch a new solution business.

We will launch new businesses by expanding from our existing business of selling batteries and by building systems using characteristic storage batteries, such as the bipolar lead-acid battery. We will launch the energy storage system (ESS) business, aiming to achieve net sales of 500 million yen in FY2026.

We will drive the development of next-generation batteries and new products with greater awareness of cost competition than before.

4 Build the capacity for innovation through human resource development for sustainable management.

We will develop leaders in a well-planned manner by establishing a roadmap for human resources development and career paths. We will also develop training programs for diversifying leaders.

Mid-Term Management Plan 2025: Managerial Goals

Items		FY2022 Results	FY2022 Forecast	FY2025 Targets
Net Sales	Millions of yen	62,785	70,000	83,000
Operating Profit	Millions of yen	3,212	2,400	5,500
Operating profit ratio	%	5.1	3.4	6.6
ROIC	%	6.4	4.5	8.0

Material Issues

The Identified Materialities

At Furukawa Battery, we have identified material issues to address, aiming to solve social issues and achieve medium- to long-term growth by providing products and services with our electricity storage technologies at the core.

Recent years have seen the adoption of the Sustainable Development Goals (SDGs), the expansion of ESG investment, and the growing importance of

sustainability in international norms and guidelines. Because these trends affect our businesses, we have reflected eight material issues in the Mid-term Management Plan 2025 and set relevant targets. The progress will be monitored by the Sustainability Committee on a regular basis. We will also have dialogues with our stakeholders continually and take initiatives to solve the issues.

Number	Material issues	Scope of application	KPI	FY2022 targets	FY2025 targets	SDGs that apply
1	Contributing to the realization of a decarbonized society	Japan	CO ₂ emission reduction rate	13% reduction (in comparison with FY2018)	25% reduction (in comparison with FY2018)	7 AFFORDABLE AND CLEAN ENERGY, 11 SUSTAINABLE CITIES AND COMMUNITIES, 13 CLIMATE ACTION
2	Promoting a recycling-oriented society	Japan	Increasing the rate of use of recycled materials	75% or higher	80% or higher	7 AFFORDABLE AND CLEAN ENERGY, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
3	Provide eco-friendly products	Japan	Percentage of sales of environmentally friendly products to sales of all products	30% or higher	35% or higher	7 AFFORDABLE AND CLEAN ENERGY, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
4	Contributing to building resilient infrastructure	Inside and outside Japan	Percentage of sales of products for social infrastructure	90% or higher ^{*1}	90% or higher ^{*1}	3 GOOD HEALTH AND WELL-BEING, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 17 PARTNERSHIPS FOR THE GOALS
5	Promotion of technology innovation and research and development	Japan	Driving development plans	Implementing promotion plans at a rate of 100% ^{*2}	Implementing promotion plans at a rate of 100% ^{*2}	7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
6	Respect for human rights	Japan	Promoting human rights due diligence	Developing a promotion plan	Implementing human rights due diligence by including group companies in Japan among the targets	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 17 PARTNERSHIPS FOR THE GOALS
7	Promotion of diversity	Japan	Percentage of female employees in management posts	2% or higher	5% or higher	4 QUALITY EDUCATION, 5 GENDER EQUALITY, 10 REDUCED INEQUALITIES
8	Promotion of the development of human resources	Japan	Rate of target employees' participation in job-class-specific training	100%	100%	4 QUALITY EDUCATION, 8 DECENT WORK AND ECONOMIC GROWTH

^{*1} Industrial segment (including lithium-ion batteries)

^{*2} We manage the rate of progress of promotion plans based on a comprehensive judgment.

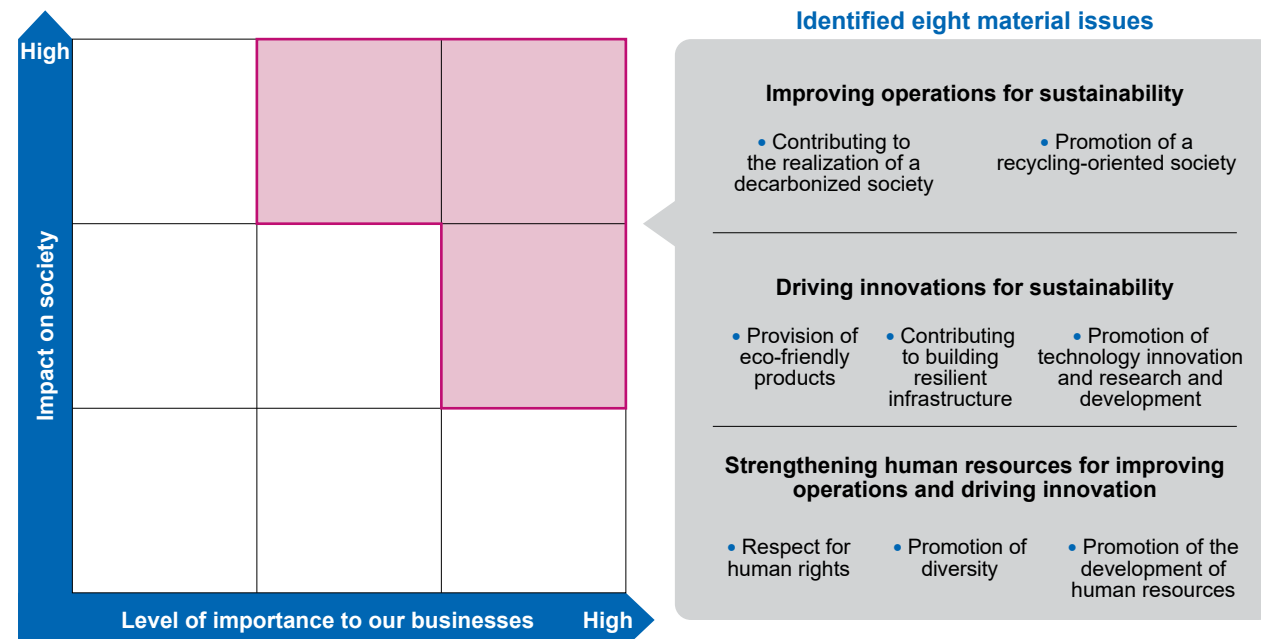
Material Issues Identification Process

To identify material issues, we linked social issues with our own issues based on SDGs, GRI Standards, and other international guidelines, and identified 45 themes for social issues that are relevant to us. We narrowed these down to eight material issues by incorporating opinions from internal and external stake-

holders and through repeated discussions at the Material Issue Study Group, in which executive managers participated, before the Board of Directors decided to adopt them. Later, KPIs for the period until FY2026 were set through discussions with the relevant departments.

Step 1 Identification and organization of social issues	We thoroughly reviewed our businesses and initiatives, linked social issues with our own issues based on SDGs, GRI Standards, and other international guidelines, and identified 45 themes for social issues that are relevant to us.
Step 2 Creation of materiality matrix	We evaluated the importance of themes of social issues related to us with two axes, that is, the level of impact on society and the level of materiality in business. Based on this materiality matrix, we identified the eight material issues.
Step 3 Validation	We exchanged opinions with two external experts.
Step 4 Identifying Materiality	A formal decision was made through the Management Meeting and the Board of Directors' meeting held in October 2021.
Step 5 Setting KPIs for material issues	We considered and set KPIs for the material issues.



Method we applied to identify material issues



Exchange of opinions with experts (Step 3)

In "Validation" as Step 3 in the process of identifying material issues, we exchanged opinions with two experts about the identification of material issues. We

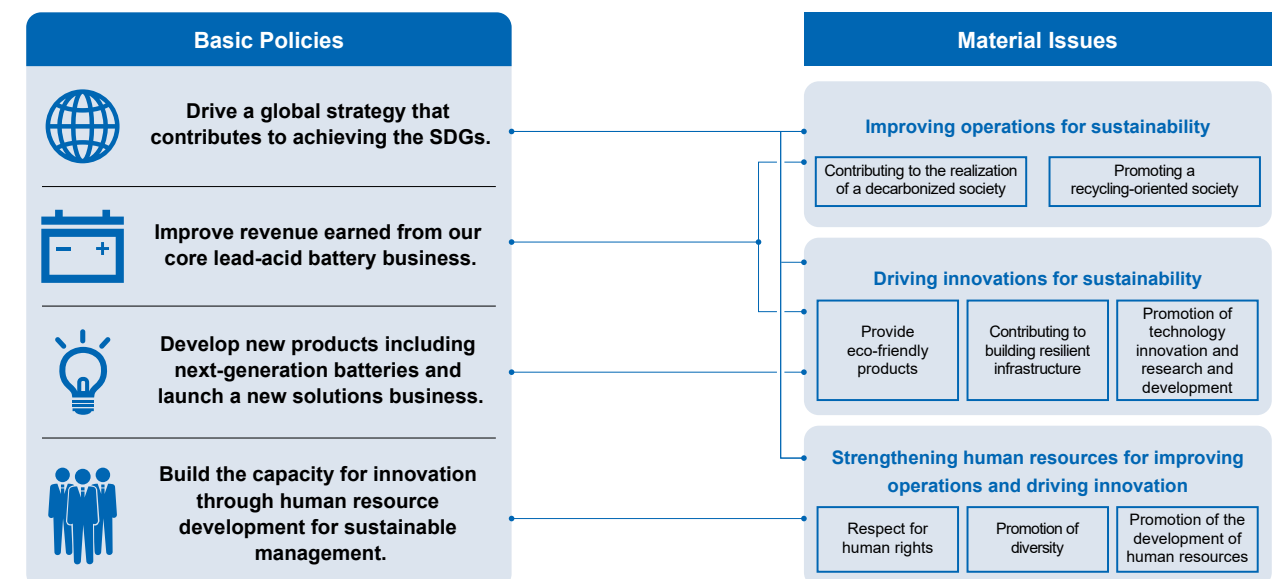
received valuable opinions based on the expertise of each.

Profile	Outline of his opinions
 <p>Mr. Peter D. Petersen Professor, Graduate School of Leadership and Innovation, Shizenkan University Chairman, Transagent Inc. Representative Director of NELIS, an NPO</p>	<ul style="list-style-type: none"> Regarding the "realization of a carbon-free society," "Provide eco-friendly products," and "Contributing to building resilient infrastructure" among material issues, you need to clarify the value creation process by utilizing partnerships, with a focus on R&D. Promotion of the development of human resources is implemented by all companies. Therefore, Furukawa Battery needs to clarify its own ideas.
 <p>Mr. Masao Seki Visiting Professor, The Open University of Japan Senior Advisor, Sustainability Promotion Department, Sampo Japan Insurance Inc.</p>	<ul style="list-style-type: none"> You should set material issues by looking far into the future, or 2030 and 2050, and with awareness of your targets, instead of just doing what you should do for now. You also need to pay attention to biodiversity, for which an information disclosure standard is being created by TNFD. You should advance relevant initiatives. In the fields of human rights and labor, you need to take initiatives in accordance with international principles as well theories.

Relevance between material issues and the Mid-term Management Plan 2025

The identified material issues are linked to the four basic policies of the Mid-term Management Plan 2025. We will address the eight material issues by

driving the Mid-term Management Plan 2025, in an effort to solve social issues and achieve business growth at the same time.





Automotive Business

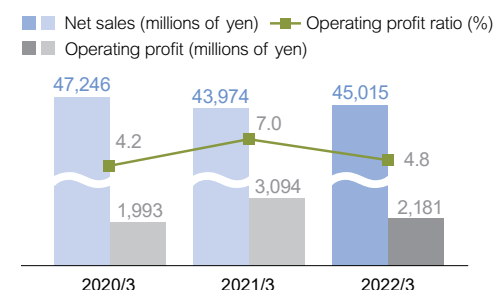
We strive to be a battery manufacturer that can contribute globally to creating a sustainable society in the rapidly changing market environment.

Hitoshi Taguchi
Managing Director, Executive Corporate Officer, and Head of the Automotive Battery Group



Review of FY2022

During FY2022 (fiscal year ended March 31, 2022), replacement demand remained strong in the overall automotive industry. However, profit declined despite an increase in net sales due to rising prices of lead, other raw materials, and energy. In Japan, sales of batteries for automakers decreased due to the parts supply shortage, but replacement demand remained strong. SFC in Thailand and FIBM in Indonesia enjoyed year-on-year growth in sales volume of batteries, both for automakers and for the replacement market.



Strengths and Weaknesses

Strengths

- Recyclability of lead-acid batteries that enable to create a sustainable society
- Quality and technological capabilities cultivated through batteries for Japanese automakers

Weaknesses

- Necessity to develop sales network and brand power globally

External environment (opportunities and risks)

Opportunities

- Increase in demand for lead-acid batteries attributable to the global expansion of motorization
- Expansion of local production for local consumption attributable to supply chain restructuring
- Increase in lead-acid batteries for auxiliary systems reflecting the rise of eco-friendly vehicles

Risks

- Concerns over soaring raw material prices and parts shortage attributed to geopolitical risks
- Fall in market prices resulting from intensifying global competition
- Shift from lead-acid batteries to next-generation batteries

Growth strategy towards 2025

Towards 2025, we will drive improvements in the profitability of this core business. While measures to tackle climate change are taken proactively, which is a social trend, progress in the electrification of automobiles is expected to differ among regions according to the level of economic development. The demand for lead-acid batteries will remain steady in Japan, Thailand, and Indonesia, where we operate this business. To cater to needs that differ among regions, however, we will build an optimal communication strategy and

provide products geared to the characteristics of each region. Further, at individual sites, we will strive to build sustainable production systems that will be interlocked with each other, so as to address geopolitical risks, and provide low-cost, high-quality, highly safe products with high added value in our effort to improve profitability. To achieve medium- to long-term growth, we will make our business foundation even more solid and contribute to achieving carbon neutrality.



Industrial Business

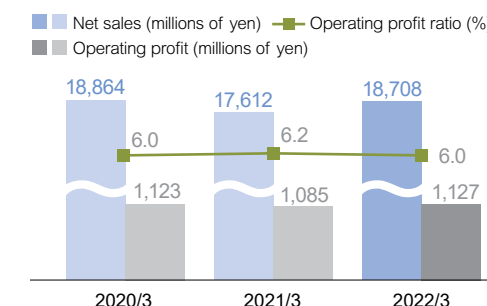
We contribute to solving social issues to realize a safe, secure, resilient society.

Toru Chiba
Managing Director, Executive Corporate Officer, and Head of the Industrial Equipment Group



Review of FY2022

We sought to improve productivity and endeavored to secure profits in a tough operating environment, which included difficulty procuring parts caused by COVID-19 and rising raw material prices. Market trends include a recovery in capital spending by private enterprises and the steady demand for products for data centers. In addition, both sales and profit increased year on year thanks to growing demand for renewable energy, which is attributed to moves to achieve carbon neutrality.



Strengths and Weaknesses

Strengths

- Comprehensive services including power supplies and installation
- High level of capability to ensure high quality and extensive product lineup
- Stable portfolio that responds to diverse demand

Weaknesses

- Global expansion
- Price competitiveness compared to overseas manufacturers from Asia, China, etc.

External environment (opportunities and risks)

Opportunities

- Expansion of markets related to renewable energy
- Growing momentum to improve disaster resilience
- Expanded use of IoT and DX technologies

Risks

- Shift from lead-acid batteries to next-generation batteries
- Concerns over soaring raw material prices and parts shortage attributed to geopolitical risks
- Intensifying price competition attributed to entry of players from other industries and overseas manufacturers

Growth strategy towards 2025

Towards 2025, we will identify markets to target and launch products and services precisely tailored to those markets. In recent years we have stepped up initiatives to improve resilience in response to growing disaster risks. In addition, in light of the widespread introduction of renewable energy for achieving carbon neutrality, we will realize the market launch of bipolar lead-acid battery, which is currently under development, in addition to expanding sales of cycle-use

lead-acid batteries. In addition, we will expand our existing business domains to provide energy solutions, ranging from the battery supply business to the construction of systems using batteries, thus contributing to building resilient infrastructure and to decarbonization. On the other hand, regarding global expansion that has been a challenge, we will scrutinize markets and business categories to target and drive activities that will contribute to medium- to long-term growth.



Overseas Business

Basic Approach

For Furukawa Battery to develop in the medium to long term, growth in overseas markets including new markets will hold an important key. For this purpose, we are striving to provide products that contribute to solving social issues and build a sustainable business foundation by emphasizing the policy “Drive a global strategy which contributes to achieving SDGs.”

Regarding new markets, we give priority to improving the competitiveness of our existing sites in Thailand and Indonesia and aim to achieve growth in step with the development of regions we enter and their neighboring regions. Expansion of motorization and growth of the renewable energy market are expected mainly in emerging markets. We are therefore expanding sales of automotive lead-acid batteries and lead-acid batteries for renewable energy.

Moving forward, we will differentiate ourselves by providing products that cater to different needs in dif-

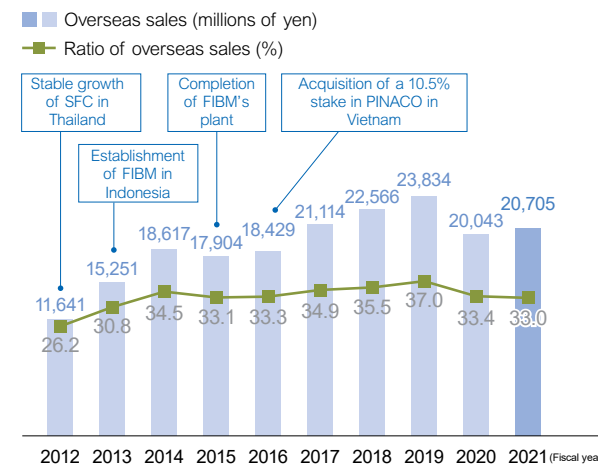
System for Advancing Initiatives Overseas

At Furukawa Battery, we have built a system for advancing initiatives to achieve the stable growth of our overseas bases and transforming into a battery manufacturer that exerts a global presence.

At present, we operate the automotive business and industrial business overseas. SFC in Thailand and FIBM in Indonesia, our overseas bases for the automotive business, our mainstay business, have both production and sales functionality for automotive lead-acid batteries. They export the products globally in addition to producing and selling them locally.

In April 2022, we established a new department for driving global strategy, as a reorganization for achieving the medium- to long-term growth of the automotive business. We would organize systems for using existing resources in optimal, agile manners. However, a system for advancing initiatives by managing internal and external conditions from a comprehensive

Change in Overseas Sales



ferent regions and rebuild a partnership strategy, thus reinforcing our foundation for achieving sustainable growth in overseas markets.

perspective is essential for achieving further growth. Moving forward, we will drive our global strategy under the new system in an effort to expand our businesses.

In the industrial business, we are advancing overseas expansion by exporting storage batteries and power supply systems from Japan to other countries and forming alliances with local partners. We are also focusing our efforts on the strengthening of partnerships with local agents and customers. We help solve the issues faced by destination regions by providing value, including the superior maintainability, long life, and safety. Moving forward, we will expand our overseas businesses by strengthening relationships with our existing partners and building systems for cooperation with new partners in promising fields, aiming to achieve medium- to long-term growth.

SFC in Thailand

Review of FY2022

In the fiscal year ended March 31, 2022 (FY2022), the market was recovering from the impact of COVID-19, and demand for products both for new cars and for replacement remained strong. We achieved record sales volumes of products both for automobiles and for motorcycles, mainly reflecting the effect of the promotional activities that we have continued to undertake. Regarding profits, we took steps in response to soaring raw material prices to ensure fair prices and reduce costs. As a result, both sales and profit increased.

Growth strategy towards 2025

We will build a resilient business foundation toward 2025. Environmental regulations in Thailand are expected to be developed as in Japan, and electrification of automobiles has also been expanding. Automotive lead-acid batteries for gasoline-powered vehicles are also seeing intensified competition due to the rise of China, South Korea, and other Asian

External environment (opportunities and risks)

Opportunities

- Expansion of local production for local consumption attributable to supply chain restructuring
- Industry reorganization in Thailand

Risks

- Shift from lead-acid batteries to next-generation batteries
- Intensification of price competition in the export market attributed to the rise of Southeast Asian countries

FIBM in Indonesia

Review of FY2022

In the fiscal year ended March 31, 2022 (FY2022), the market was recovering from the impact of COVID-19, and demand for products for both new cars and for replacement remained strong. Efforts to improve productivity, which continued from the previous fiscal year, have produced some results. However, profit decreased despite efforts to ensure fair prices and reduce costs that were made in response to soaring raw material prices.

Growth strategy towards 2025

Toward 2025, we will build a production and sales system that is appropriate for an emerging market. With the largest population in the ASEAN region, Indonesia is expected to achieve further economic growth. While the ownership ratio of motorcycles is high in the market, that of automobiles is expected to grow as a result of economic development. FIBM in

External environment (opportunities and risks)

Opportunities

- A consumer market with the largest population in the ASEAN market
- Expansion of local production for local consumption attributable to supply chain restructuring

Risks

- Shift from lead-acid batteries to next-generation batteries
- Intensification of price competition in the export market attributed to the rise of Southeast Asian countries

Indonesia will enhance the lineup of automotive lead-acid batteries and consider launching cost-competitive products into the market at the appropriate time. The company will also strive to increase its marketing power to further improve the visibility of the FB brand in the Indonesian market.



R&D and Technology Development

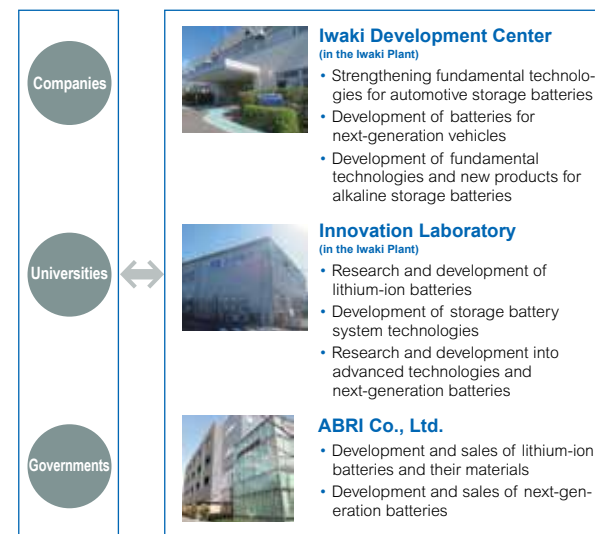
Basic Approach

At Furukawa Battery, we position R&D and technology development, which support value creation, as a material issue on management. We believe that research and development is the foundation of providing society with products and services that enrich people's lives and create a safe and secure world. We make it our goal to be quick in developing and commercializing unique technologies that are able to solve social issues and to yield spe-

cific results. To that end, we are working to strengthen coordination in our development efforts at Furukawa Battery and throughout the Furukawa Electric Group, and are also focused on initiatives that go beyond the scope of our existing businesses, such as joint research with universities and companies in other industries. We are committed to maximizing the value we provide to society by anticipating the needs to propose new outside-the-box applications.

R&D Structure

At Furukawa Battery, we have positioned the Iwaki Plant as our main development base. Our R&D division and technology division are working together, focusing their efforts on the development of fundamental technologies and products for the automotive and industrial batteries and equipment that support our business, the development of new products which will form the core of our business in the future, and research and development regarding next-generation batteries, among other activities. In addition, at ABRI Co., Ltd., which we founded in 2017 in partnership with Tokyo Metropolitan University, we are working on the research and development of leading-edge technologies aimed at the creation of large-capacity next-generation batteries, including lithium-sulfur batteries. This is a part of our efforts to create new value through industry-academia cooperation.

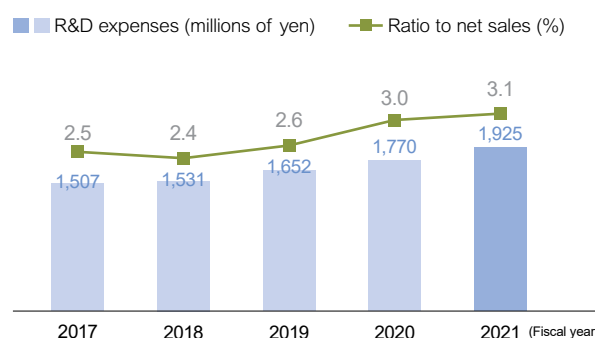


R&D investment

At Furukawa Battery, we have continued to make R&D investments for improving and innovating our existing technologies further and developing next-generation batteries, so as to provide value demanded by customers and society. Reflecting the business growth that we have achieved since FY2018, we accelerated R&D investment to prepare for future growth. As a result, we made a record investment in FY2022.

Moving forward, we will work on R&D that will contribute to achieving business growth and solving social issues, by proceeding with the development of the bipolar lead-acid battery and next-generation batteries including lithium-ion batteries and by making use of partnerships.

R&D Expenses and Ratio to Net Sales



R&D and Technology Development for Tackling Social Issues

We face numerous social issues, from an increase in natural disasters brought about by global warming to the depletion of fossil fuels. At Furukawa Battery, we will continue to increase the added value that we provide to society through our businesses and con-

tribute to solving environmental and social issues, by harnessing our electricity storage technologies, which we have cultivated so far, as a core tool, and through our constant quest for new technologies.

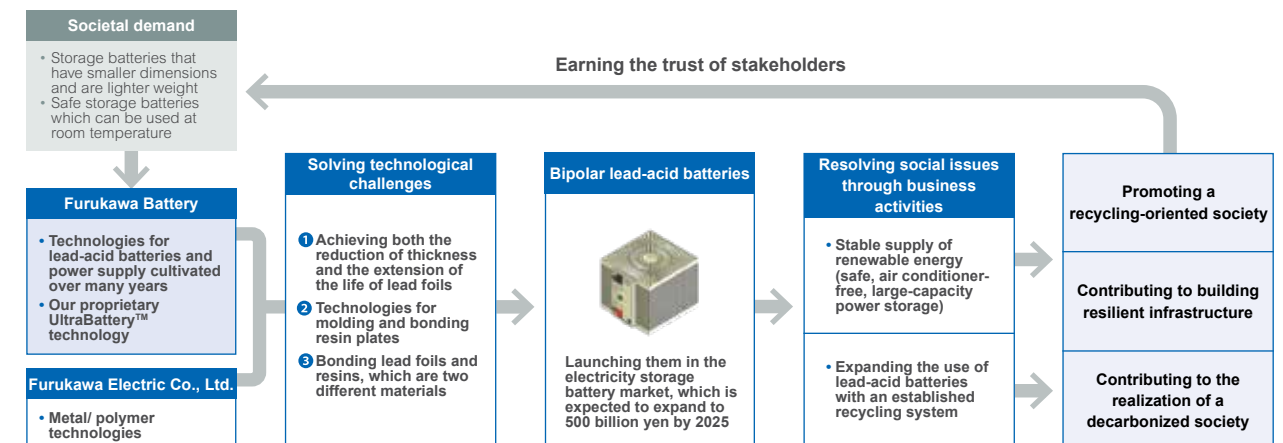
Examples of R&D for Solving Social Issues

Bipolar lead-acid batteries

The bipolar lead-acid battery, which we are developing through the integration of technology with Furukawa Electric Co., Ltd., is a lead-acid battery for electricity storage. This battery has many advantages including safety, space-saving dimensions, maintainability, low total cost, and recyclability. In FY2022, we advanced our development plan and worked on collaborations with multiple projects.

Toward FY2026, we will strive to achieve its commercialization as soon as possible, mainly in the field of electricity storage in the renewable energy market, which is expected to expand in the future. We will contribute to creating a decarbonized society by placing importance on communications with customers and developing products which will be most suitable or market needs.

Solving Social Issues with Bipolar Lead-Acid Batteries



Partially edited excerpt from the ESG briefing materials of Furukawa Electric Co., Ltd.

Industrial lithium-ion batteries

On April 1, 2021, we took over Maxell, Ltd.'s laminated lithium-ion battery business and began operating this business. We have also been driving R&D on lithium-ion batteries for drones, robots, and industrial equipment.

We are driving the development of batteries for social implementation of drones. In a subsidized project under the Drones and Robots for Ecologically Sustainable Societies project (DRESS project), which is implemented by the New Energy and Industrial Technology Development Organization (NEDO), we have

developed a high-precision battery gauge, which features higher precision than conventional products, and a battery with higher energy density featuring both high output and high capacity, which are directly linked to a drone's flight distance. Moving forward, we will aim to ship samples around the summer of 2022 and commercialize them within FY2024.

We will accelerate R&D efforts to build resilient infrastructure, believing that highly safe, reliable batteries will be demanded while the applications of drones are expanded.

Promotion of Sustainability

In recent years, the importance of sustainability has been growing, which is apparent from the adoption of the Sustainable Development Goals (SDGs) and the expansion of ESG investments as well as from international norms and guidelines. Regarding climate change in particular, there are strong demands for the disclosure of information about initiatives. It has become important to disclose how we identify climate-change-related risks and opportunities and how we manage them. At Furukawa Battery, we have set “Contributing to the realization of a decarbonized society,” “Promoting a recycling-oriented society,” “Providing eco-friendly products,” and “Promoting technology innovation and research and development” as our material issues related to climate change, and are striving to realize a sustainable society through business.

Sustainability Policy

At Furukawa Battery, our mission is to “contribute to the realization of a truly affluent and sustainable society” as stated in our Corporate Philosophy. We have clearly stated our basic policy for maintaining the environment, society, and economy for the medium to long term, achieving sustainable growth, and improving our corporate value in the medium and long run.

Furukawa Battery’s Sustainability Policy

We look to the future of the environment and society and address material issues on management in the aspects of both profit opportunities and risks, aiming to help build a truly affluent and sustainable society.

We use our technological capabilities, which we have cultivated to strengthen businesses for solving social issues, as core tools in making ongoing efforts to achieve innovations that fulfill the expectations of diverse stakeholders and in striving to achieve sustainable growth and higher corporate value, thus contributing to realizing a sustainable society.

We follow social norms and ethics and maintain and improve our relationships with diverse stakeholders by disclosing information appropriately and communicating proactively with them, thereby contributing to sustainable development of society.

* Furukawa Battery’s Sustainability Policy is based on the Furukawa Electric Group Basic Policy on Sustainability.

Response to the TCFD recommendations

At Furukawa Battery, in May 2022 we expressed our support for the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD), which was created by the Financial Stability Board (FSB). Based on the TCFD recommendations, we will analyze the risks and opportunities that climate change will represent for our businesses, and work to disclose information related to the areas of governance, strategy, risk management, and metrics and targets.

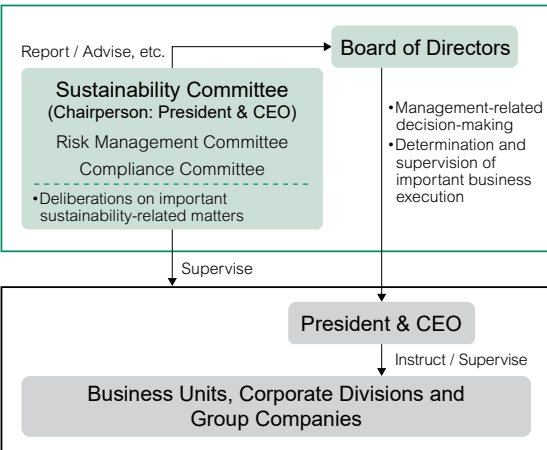
*1 Financial Stability Board

*2 Task Force on Climate-related Financial Disclosures



Governance

We position problems related to climate change as one of the most important issues. We have set up the Sustainability Committee, which is chaired by the President & CEO. This committee deliberates on important matters related to sustainability and material issues. Contents of matters deliberated on by this committee are reported regularly to the Board of Directors. We have set up a working group as the Sustainability Committee’s subordinate organization which manages and drives climate-change-related initiatives.



Strategy

We identified scenarios and made evaluations by classifying climate-change-related risks and opportunities into transition risks, physical risks, and opportunities. We evaluated and studied the impact on business and the probability of actualization based on the IPCC/RCP8.5 (average temperature rise of 4 degrees Celsius or higher) and IPCC/SR1.5 (average temperature rise of 1.5 degrees Celsius or lower) and other internal and external information.

Position	Category	Time	Impact on business	Response	1.5°C scenario	4°C scenario
Transition risk	Regulations	Short-term	•Impact of introduction and expansion of carbon pricing on business profit	•Control of CO ₂ emissions enabled by expanding solar power generation facilities and changing some of the electricity we use to green power (renewable energy)	Probability of actualization: High Impact: Great	Probability of actualization: Low Impact: Small
	Technology and market	Mid-term	•Impact on business profit of cost of introducing equipment for taking sustainability initiatives	•Introduction of equipment which leads to profit in the medium to long term, and rebuilding of factories •Extending the service life of battery products and providing bipolar lead-acid batteries (including ESS)		
Physical risk	Chronic	Long-term	•Increase in energy costs for maintaining workplace environment, which is worsened due to rise in the average temperature	•Improving workplace environment in response to temperature rise by using green power and low-carbon equipment	Probability of actualization: Medium Impact: Small	Probability of actualization: High Impact: Great
	Acute		•The higher frequency of abnormal weather, which is attributed to climate change, increases the seriousness of damage, causing disruptions to the upstream supply chain and other events that lead to the suspension of production, resulting in an expansion of losses.	•Having multiple suppliers as a countermeasure against disruptions to the upstream supply chain •Considering securing suppliers from other countries for supply chains of our overseas sites		
Opportunities	Products and services	Mid-term	•Increase in demand for high-efficiency storage batteries and power storage systems that can contribute to stable power supply, resulting from spread and expansion of renewable energy	•Productivity improvement, including consideration of outsourcing of production of power storage systems •Commercialization of bipolar lead-acid batteries and ESS products with high versatility	Probability of actualization: High Impact: Great	Probability of actualization: Low Impact: Small

Risk management

We define a risk as an uncertainty involving a risk of loss that may significantly affect the achievement of the Group’s business targets. A working group studies climate-change-related risks in business activities. Those risks are deliberated on by the Sustainability Committee and approved by the Board of Directors before they are managed in cooperation with the Risk Management Committee.

Indicators and targets

We have defined our climate-change-related metric as greenhouse gas (GHG) emissions*, which we have set as one of our material issues. We have set a target of reducing GHG emissions from our business sites in Japan by 46% from the FY2018 level in 2030.

To help create a decarbonized society, we have formulated a mid-term management plan on reducing CO₂, under which we will take initiatives including the introduction of green power and low-carbon equipment and drive energy-saving activities, such as reducing emissions, to achieve the GHG emissions reduction target in 2030.

* GHG emissions from business activities (Scope 1 and 2)

Human Resources

Basic Approach

At Furukawa Battery, we believe that human resources are the foundation for our growth. We protect the safety and health of every employee and attach importance to maximizing the capabilities of each individual and maintaining and increasing their motivation to take on challenges. Operating under the premise that safety is the first priority, we have set “Respect for human rights,” “Promotion of diversity,” and “Promotion of the development of human resources” as our material issues on management and focus our efforts on developing an environment, systems, and other frameworks for permitting diverse human resources to work autonomously.

Respect for Human Rights

Due to significant changes in the social situations and the external environment in recent years, companies see an increase in various ESG-related requests from stakeholders, including those on respect for human rights. We position human rights as a material issue on management. Based on the Furukawa Electric Group Human Rights Policy, we understand the need to respect human rights of those affected by our businesses as we expand globally. We respect human dignity and internationally recognized human rights. We also provide training to officers and employees, raise their awareness, and drive other educational activities so that human rights will be respected effectively in their daily operations.

Items Related to Human Rights Set Forth in the Furukawa Electric Group CSR Code of Conduct

1	Respect human rights / Prohibit discrimination
2	Prohibit harassment
3	Prohibit child labor and forced labor
4	Respect the basic rights of employees
5	Promotion of diversity and inclusion (securing and acceptance of diversity)

Initiatives Related to Human Rights Involving Supply Chain

There are growing concerns over human rights risks in the overall supply chain, including forced labor (including child labor and problems on foreign workers and work hours), the gender gap, various forms of harassment, and the impact on local communities. In response to the growing changes in social requests on human rights, we began to take initiatives related to human rights due diligence in FY2023 in accordance with the Furukawa Electric Group CSR Code of Conduct and the Furukawa Electric Group Human Rights Policy. We conduct Self-Assessment Questionnaire (SAQ) surveys in accordance with the CSR Procurement Guidelines, together with group companies and our partners, thus evaluating matters related to human rights and moving forward activities to reduce the negative impacts of our business activities.

Internal Reporting System

In order to address violations of the Furukawa Electric Group CSR Code of Conduct, which includes provisions related to human rights, and concern over potential violations in the Group's business activities, the Group established an internal whistleblower desk and an external whistleblower desk, which uses an outside independent organization. When information about a potential violation has been reported, we take remedial actions against its negative impact through an appropriate procedure, in an effort to prevent the expansion of human rights risks.

Promotion of Diversity

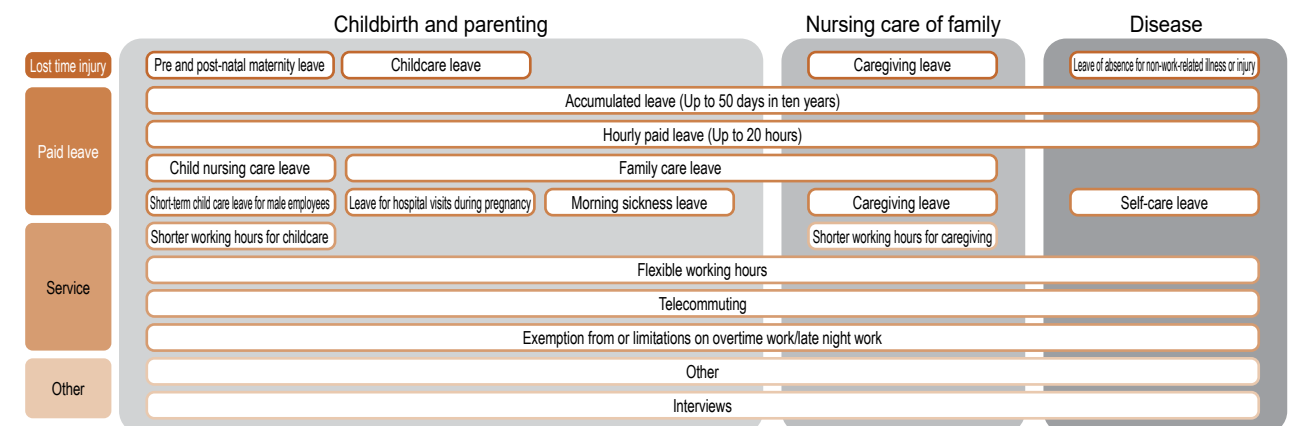
To promote diversity, we have been striving to build an environment that enables each person to demonstrate their capabilities to the full, improve productivity, and produce the best possible results. We also attach importance to the diversity of our human resources in terms of experience and skills as well as gender, nationality, and other attributes.

We position the promotion of diversity as a material issue on management and set a target of increasing the percentage of female employees in managerial posts to 5% by FY2026. To increase the percentage, we will focus our efforts on activities for promoting the

active participation of women and developing female candidates for managers.

We have introduced and been operating various programs, which are designed to serve each lifestyle and be used in each life event. We have thus improved the environment to enable diverse workstyles. In April 2022, we expanded the flexible working hours and the work-from-home program to all employees. We will continue to improve the environment so that each one employee can demonstrate their motivation and capabilities with autonomy, without missing opportunities to grow through work.

Programs Supporting Workstyles



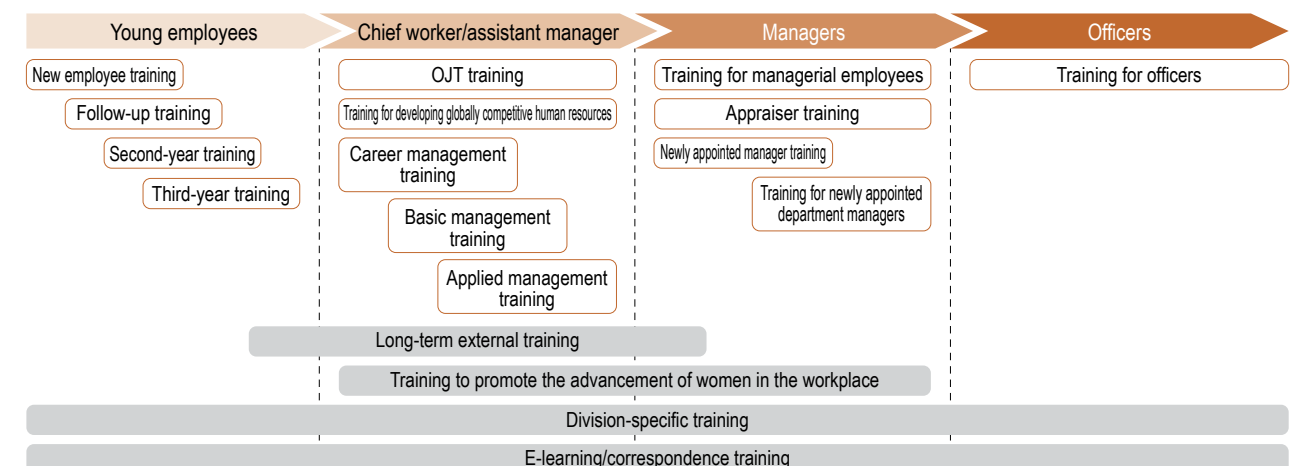
Employees Training

We believe that in order to continually create corporate value, it is essential that each and every employee regularly put into practice our corporate style and code of conduct based on the spirit of “we are challengers.” Maximizing the abilities of each employee while enhancing their motivation as challengers is the foundation that supports the growth of Furukawa Bat-

tery. To continuously strengthen the base, we conduct various training activities and also encourage employees to pursue personal development. We position human resource development as a material issue on management and implement various employee training programs.

Human Resource Development System/Training Programs

Our training system consists of job-class-specific training, which is intended for all or selected employees, and departmental training, which is provided on a department-by-department basis. To help all employees achieve personal development, we also implement programs, including e-learning programs for acquiring English skills and obtaining an MBA and a program for obtaining an MBA by attending a graduate school.

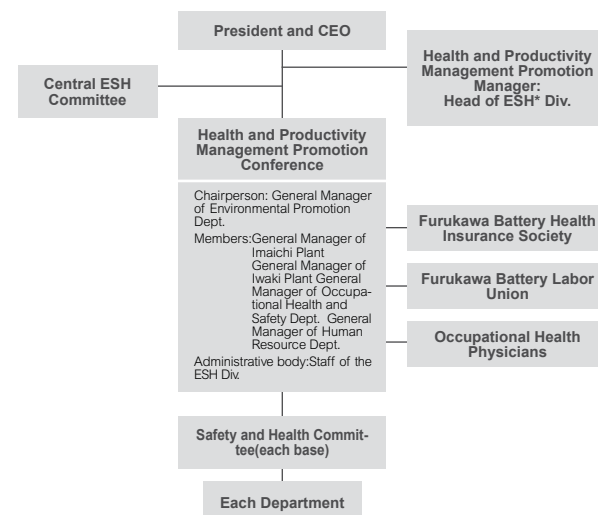


Safe, Secure Workplace and Health and Productivity Management

Basic Approach to Health and Productivity Management

At Furukawa Battery, we announced the Furukawa Battery Health and Productivity Management Declaration in 2020 based on our belief that *the health of our employees is an important foundation*. We thus expressed our determination to more powerfully promote health and productivity management and strategically approach the promotion of employee health. At the same time, we established a health and productivity management promotion system, under which we are accelerating company-wide efforts to promote employees' health by expanding our existing occupational health and safety activities. We have also established guidelines on health and productivity management, thus clarifying major tasks. These guidelines have enabled us to drive more effective health activities for employees.

Health and Productivity Management Promotion System



* ESH: Environment (E), Safety (S) and Health (H)

Furukawa Battery Health and Productivity Management Declaration

Furukawa Battery Co., Ltd. has made "the health of our employees is an important foundation" a management issue and has been working on it as part of our health and safety management. Going forward, we will strengthen industrial health by promoting activities that are conscious of health management.

We recognize that the mental and physical health of each and every employee is fundamental to fulfill our guiding principle, "We are the challenger." We will make safety and health our first priority in all areas and strive to become a company in which everyone can continue to work with enthusiasm and take on challenges.

The term "health and productivity management" is a registered trademark of the Workshop for the Management of Health on Company and Employee.

Health and Productivity Management Initiatives

At Furukawa Battery, we take various measures for realizing health and productivity management by working together with Furukawa Battery Health Insurance Society. In recognition of this initiative, in FY2022, we were certified/selected under the Certified Health & Productivity Management Outstanding Organizations Recognition Program, as a Class AAA company under the Yokohama Health Management Certification program, as a Sports Yell Company, and as the winner of the *Kenko Choju Tochigi Zukuri Saiyushu-sho* (health and longevity grand prize) from the prefectural government of Tochigi.

To support employees trying to balance disease treatment and work, we have set up an office related to the support. We are also advancing initiatives to create a barrier-free work environment for accepting employees with physical disabilities. Thus, we aim to create a company where anyone can enjoy working and continue to take on challenges.

Key Initiative

• Improving health literacy (short health declarations)

In 2021, we began to have the president and all employees state their health goals in short health declarations, so as to improve their health literacy. Each one employee considers what to do to improve their health and states their health declaration at the workplace of each.

• Mental health

As one of our mental health measures, we outsource counselling services to an external EAP service provider. We also provide various forms of mental health training.

• Prevention of passive smoking

As our countermeasures against passive smoking, we have reduced smoking areas and limited the time during which those areas can be used. We also help employees quit smoking by providing financial assistance for those who receive smoking cessation therapy.

Occupational Health and Safety

Furukawa Battery establishes a corporate health and safety activity policy on a yearly basis and pursues company-wide initiatives to firmly establish a culture that places the highest priority on safety, and develop a safety, secure and comfortable workplace. In FY2022, we drove: initiatives to reduce the risk of accidents by becoming safety-conscious persons and realizing fundamental safety through communications; safety management based on dialogues, sharing of feelings, and standardization through the SIDIS cycle*; and measures to improve work environment and maintain and improve employees' physical and mental health.

* SIDIS cycle: SIDIS stands for: (1) seeing and imitating (SI), (2) dialogue (D), (3) improvement (I), and (4) standardization (S). It refers to safety activities focused on identifying hazard sources and dangerous behaviors by imitating working postures from workers' perspectives and talking with workers to identify the causes so as to develop fundamental countermeasures.

Initiatives to Deepen Mutual Trust Between Labor and Management

Communication between labor and management is crucial to achieve smooth management and business development while improving working conditions at the same time.

Furukawa Battery provides the following opportunities for dialogue between labor and management in an effort to deepen mutual trust.

Central management briefings:	explanations about business plans and financial results (twice a year)
Divisional labor-management meetings:	briefings on monthly results held at the divisional level (once a month)
Labor-management subcommittee meetings:	discussions to achieve a comfortable working environment (once a month)
Labor-management health and safety patrols:	workplace patrols conducted by top labor and management representatives, and reviews of health and safety activities (twice a year)



A labor-management health and safety patrol underway

Quality

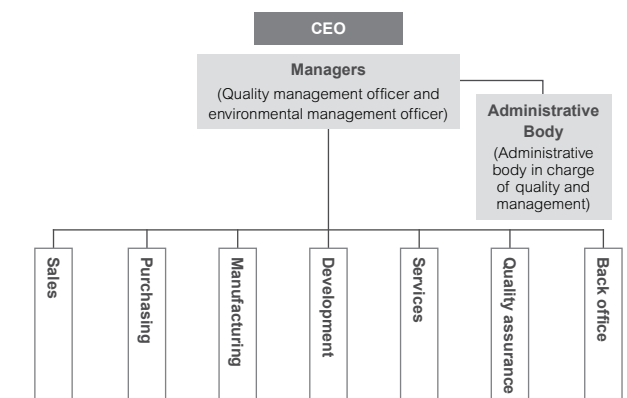
Basic Approach

Quality at Furukawa Battery applies not only to the products themselves, but to every stage, every category, and every level of our corporate activities, from research and development to service and administrative operations. We continually iterate on a PDCA-based management cycle that is factually based, so as to maintain and improve the quality of our products, services, and business operations. Moreover, we recognize that building trust from society by guaranteeing quality in a comprehensive fashion is essential to achieving our basic principles and goals.

Business Management System

Since 2016, Furukawa Battery has been operating the Business Management System, which integrates the ISO 9001 Quality Management System (QMS) and ISO 14001 Environmental Management System (EMS). As a result of our efforts to strengthen and evolve the Business Management System, we obtained the Stage II certification under the management system integration program of Japan Quality Assurance Organization (JQA) in FY2022. Moving forward, we will continue to cultivate an awareness of the PDCA cycle in all our business operations including back-office functions, and build upon ongoing and proactive improvements through reciprocal checks by way of internal audits, management reviews and other activities.

Structure for Promoting the Business Management System



Corporate Governance

Basic Approach

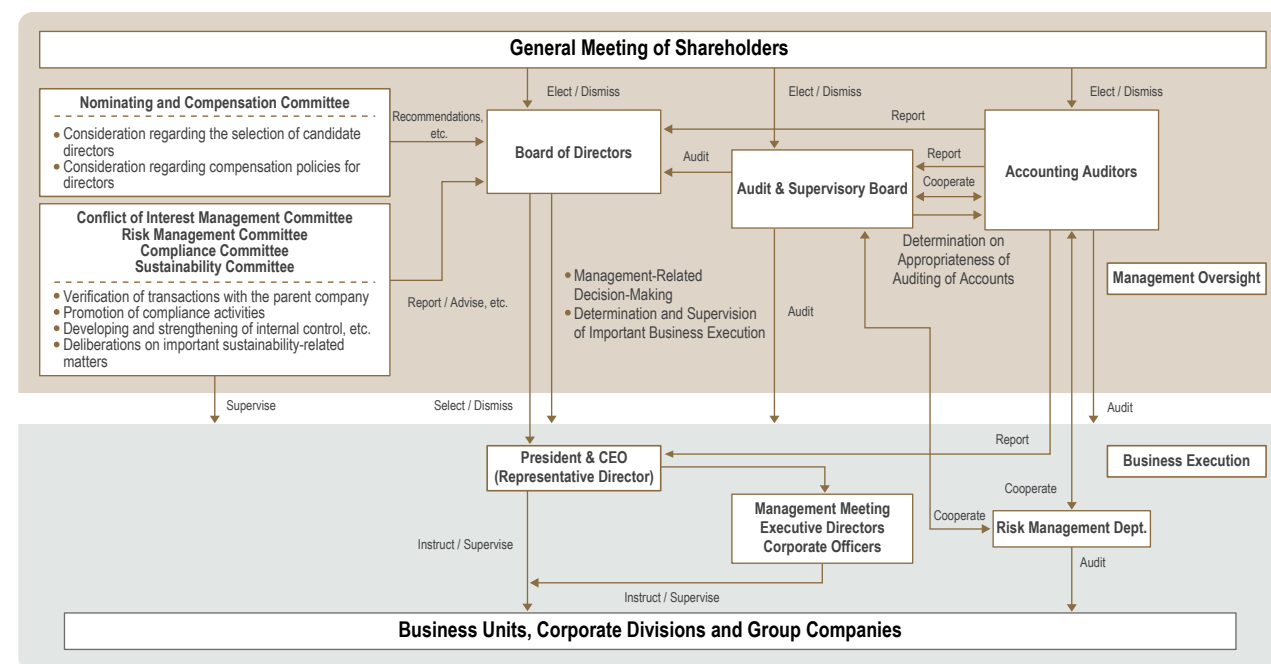
Furukawa Battery improves corporate value while ensuring sustained company growth and fulfilling its social responsibilities through communication with stakeholders, including shareholders, customers, employees, business partners, local communities and government.

Additionally, by splitting management oversight functions from business execution functions, we have positioned the Board of Directors as the body responsible for making management decisions and supervising business execution. This has allowed us to strike a balance between management oversight and business execution to achieve our management vision and mid-term management plan, while creating a system of corporate governance that ensures transparency and fairness in company decision-making.

Basic Policy on Corporate Governance

1. Respect the rights of shareholders and ensure equality.
2. Consider the interests of stakeholders, including shareholders, and cooperate appropriately with them.
3. Appropriately disclose Company information and ensure transparency.
4. In recognition of its fiduciary responsibilities and accountability to shareholders, the Board of Directors will effectively fulfill its function of supervising business execution from an objective standpoint while attaching importance to roles of independent outside directors.
5. Directors will strive to have well-balanced understanding of and take appropriate measures about standpoints of stakeholders, including shareholders.

Corporate Governance System



Roles and Activities of Meeting Bodies and Committees

Board of Directors

We have positioned the Board of Directors as the body responsible for making management decisions and supervising business execution. The Board of Directors meets once a month, in principle. Attendance of multiple outside directors and outside Audit & Supervisory Board members ensures that objective deliberations are made and the auditing function of Audit & Supervisory Board members is exercised appropriately.

Nominating and Compensation Committee

The Nominating and Compensation Committee meets before the nomination and compensation of executive management and candidate directors are discussed by the Board of Directors. Regarding nomination and compensation, this committee considers personnel selection, compensation policies, and other matters which are optimal for improving the corporate value of Furukawa Battery while also considering the protection of the interests of minority shareholders. The committee also makes recommendations to the Board of Directors.

Audit & Supervisory Board

The Company has adopted the company with an Audit & Supervisory Board. Audit & Supervisory Board members audit the directors' execution of their duties in all aspects by complying with the standards on auditor's audit established by the Audit & Supervisory Board and following the audit policy, audit plan, and others. Each Audit & Supervisory Board member attends the Board of Directors' meetings and other important meetings, exchange opinions with the representative director as necessary, and takes other measures to audit execution of duties in all aspects.

Accounting Auditors

We have appointed Deloitte Touche Tohmatsu LLC as our accounting auditor. This auditing firm states its opinions about our financial statements and others from an independent standpoint as an auditor.

Conflict of Interest Management Committee

The committee verifies matters such as the reasonableness of transactions with the parent company, and if it determines that the interests of minority shareholders have been prejudiced, it takes steps such as recommending corrective action to the Board of Directors.

Management Meeting

Important matters, measures related to the overall group, and other issues are discussed in accordance with basic policies, plans, and strategies determined by the Board of Directors.

Risk Management Committee

We have established this committee to stipulate basic matters related to risk management, have comprehensive understanding of risks in business activities, and manage such risks appropriately. This committee meets regularly every six months and whenever necessary. The status of risk management is reported to the Board of Directors.

Compliance Committee

We have established this committee to drive our compliance activities. It comprises all members of the Management Meeting. The committee drives awareness-raising activities and training, operates the Internal Reporting System and other systems, and suggests measures to prevent non-compliance, handle cases of non-compliance, and prevent their recurrence.

Sustainability Committee

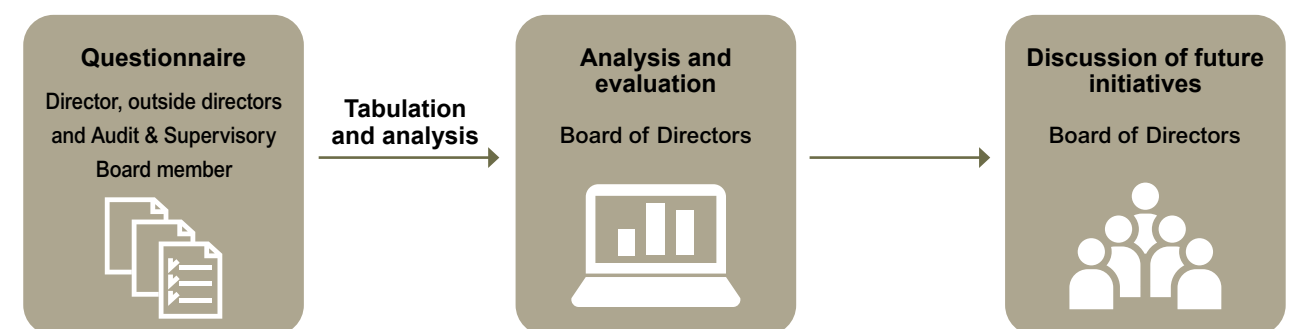
We have established this committee to drive sustainability-related initiatives continuously and in well-planned manners. Chaired by President & CEO, this committee discusses and makes decisions on important matters. The status of its activities is reported to the Board of Directors on a regular basis.

Analyzing and Evaluating the Effectiveness of the Board of Directors

We annually analyze and evaluate the effectiveness of the Board of Directors and disclose the outline of results of the evaluation for the purpose of improving the effectiveness of the Board of Directors.

Process of Analysis and Evaluation

We conducted an anonymous questionnaire of all directors and Audit & Supervisory Board members. A total of 16 questions were asked on a five-point scale, with a comment field attached to each.



Future Tasks and Responses

As a result of the analysis and evaluation of the questionnaire results, it was judged that the Board of Directors is functioning effectively in light of its roles and duties. In particular, it was confirmed that the Board of Directors is operated in a way that permits outside directors to state their opinions from an independent standpoint.

On the other hand, further improvements are expected in activities, policies, and other matters that contribute to sustainable growth, including initiatives on ESG and SDGs. In FY2023, we will improve the operation of the Board of Directors to permit sufficient discussion to be made from a medium- to long-term perspective.

Approach to the Appointment of Directors and Audit & Supervisory Board Members

Furukawa Battery appoints its directors and Audit & Supervisory Board members by comprehensively considering the personality, insight, ability, experience, achievements, and other elements of each candidate in light of the evaluation of the company's business performance and similar information, so that appropriate human resources are nominated to assume the posts.

Candidate directors are appointed by the Board of Directors after full discussion by the Nominating and Compensation Committee. Achievements regarding systematically implemented human resource development measures are also taken into consideration in making appointment decisions. Candidate outside directors appointed by the company are expected to contribute frankly, actively, and constructively to the company's

management decision making, supervision of the execution of its businesses, and other operations from an independent standpoint. Candidates for Audit & Supervisory Board members appointed by the company have sufficient knowledge and experience to fairly audit the directors' execution of their duties. Candidates for outside Audit & Supervisory Board members appointed by the company have the ability to appropriately provide advice and suggestions and appropriately audit the company's business activities from an independent standpoint, in addition to the above knowledge and experience.

Reasons for nominating all candidates for directors and Audit & Supervisory Board members are disclosed in reference documents for the General Meeting of Shareholders.

Compensation of Directors and Audit & Supervisory Board Members

At Furukawa Battery, the compensation, etc. of its directors is designed under the basic conditions that the compensation contributes to improvement of the company's business performance and corporate value, that the level of compensation enables the company to secure diverse and excellent human resources, and that it is determined through a highly transparent process.

Amount of Compensation for the Fiscal Year Ended March 31, 2022

Position	Total compensation (millions of yen)	Total compensation by type(millions of yen)			Number of applicable persons
		Basic compensation	Performance-linked compensation	Non-monetary compensation	
Directors (Outside directors)	151 (15)	132 (15)	18 (–)	–	12 (3)
Audit & Supervisory Board members (Outside members)	26 (10)	26 (10)	–	–	3 (2)

Note 1: The company has not introduced a non-monetary compensation system.

Note 2: The above figures include three directors who resigned at the end of the Annual General Meeting of Shareholders that was held on June 25, 2021.

Fixed Compensation

Fixed monetary compensation includes compensation received as director, compensation received as representative director, and compensation related to business execution. Of the above, the amount of the compensation received as corporate officer is determined based on the position and duties and by evaluating performance in the previous fiscal year and other factors.

Performance-Linked Compensation

The amount of performance-linked compensation is determined based on the duties of the executive directors in each position and other criteria. In principle, the higher one's position as a corporate officer is, the more closely linked to performance indicators their compensation is.

As performance indicators, we have selected the year-on-year growth rate of profit attributable to owners of parent, to secure stable dividend resources and growth potential, and the level of achievement of

the targeted consolidated operating profit (lower than 100% / 100% or higher and lower than 105% / 105% or higher), to secure profitability of our main businesses. The amount of performance-linked compensation is determined based on a score calculated by combining these indicators.

The year-on-year growth rate of profit attributable to owners of parent, which is a performance indicator, was 161% while the level of achievement of the targeted consolidated operating profit was 133%.

Non-monetary Compensation (Stock Compensation)

Furukawa Battery has not introduced a stock compensation plan as a medium-to long-term incentive plan. However, the introduction of a plan is being considered as part of the overhaul of its director compensation plan.

Composition of Compensation of Individual Director

At present, directors of Furukawa Battery receive fixed compensation and performance-linked compensation. As part of the overhaul of the director compensation plan, however, the company is considering the introduction of a system under which the higher one's position as a corporate officer is, the higher the ratio of performance-linked compensation and stock compensation to their overall compensation is.

Expertise and Activities of outside Directors and outside Audit & Supervisory Board Members

Outside directors and outside Audit & Supervisory Board members have a wealth of experience, extensive track record, and broad knowledge as managers of operating companies, or a high level of expertise and a wealth of knowledge and experience in fields such as law, finance, accounting, and university education. The Board of Directors respects its outside directors' opinions provided from diverse perspectives based on each director's experience in its efforts to encourage uninhibited, constructive discussion.

Position	Name	Independent Officers	Attendance rate(Fiscal year ended March 31, 2022)				Field of expertise
			Board of Directors	Audit & Supervisory Board	Conflict of Interest Management Committee	Nominating and Compensation Committee	
Outside Director	Naoya Eguchi (Took office in June 2017)	○	16/16 (100%)	–	2/2 (100%)	3/3 (100%)	Mr. Eguchi has a wealth of experience and an extensive track record in the field of advanced technologies and the technology development sector and broad knowledge as a business manager in the manufacturing industry.
	Somuku Iimura (Took office in June 2020)	○	16/16 (100%)	–	2/2 (100%)	3/3 (100%)	Mr. Iimura has a wealth of experience and broad knowledge, which he has acquired from a fair, neutral perspective as a lawyer.
	Tatsuro Sato (Took office in June 2020)	○	15/16 (94%)	–	2/2 (100%)	3/3 (100%)	Mr. Sato has a wealth of experience and broad knowledge in the advertising industry and the field of university education. He has also been engaged in a wide range of activities, including writing, lecturing, training, planning, and consulting.
Outside Audit & Supervisory Board Member	Yukinobu Ogawa (Took office in June 2020)	○	16/16 (100%)	12/12 (100%)	–	–	Mr. Ogawa has a wealth of experience and broad knowledge about audit services as an auditor from an audit firm. He also has knowledge about finance and accounting as a certified public accountant.
	Makiko Kigawa (Took office in June 2020)	○	16/16 (100%)	12/12 (100%)	–	–	Ms. Kigawa has a wealth of experience and broad knowledge on audit services as an auditor at Shueisha Inc. and its group companies.

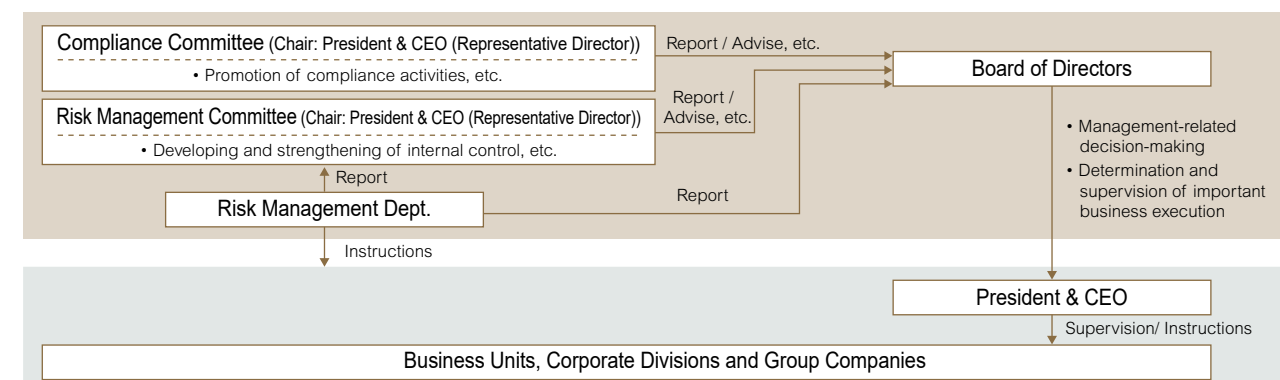
Compliance and Risk Management

At Furukawa Battery, we do not only view compliance as having all officers and employees comply with various laws, regulations and rules; to us, it also means to always act with social and moral obligations at the forefront and to deal with all people in a fair and sincere way.

To achieve sustainable growth, it is essential that we determine and mitigate risks with the right degree of sensitivity even as society is in a perpetual state of change. Every year, we identify risks in a company-wide manner, understand and assess the risks in our business activities, and update our risk handling manual, which

details methods for handling risks, measures for preventing their occurrence or recurrence, the divisions in charge of managing them, and other information. Matters to be addressed intensively are selected when we update this manual. In FY2022, we took measures proactively by attaching importance to enhancing security at each business location and establishing a manual for responding to natural disasters, which are occurring more frequently, as well as to the risks related to occupational health and safety and human resource management, among other things.

Compliance Promotion Framework



Management Team (As of June 24, 2022)

Members of the Board of Directors



Shinichi Ono
President & CEO



Toru Chiba
Managing Director
Executive Corporate Officer



Hitoshi Taguchi
Managing Director
Executive Corporate Officer



Tetsuya Kawai
Director Senior
Corporate Officer



Nobuaki Shimizu
Director Senior
Corporate Officer



Naoya Eguchi
Outside Director



Somuku Iimura
Outside Director



Tatsuro Sato
Outside Director



Akifumi Nakajima
Members of the Board of
Directors

Audit & Supervisory Board Members



Syunji Ishizaki
Full-Time Audit &
Supervisory Board
Member



Yukinobu Ogawa
Outside Audit &
Supervisory Board
Member



Makiko Kigawa
Outside Audit &
Supervisory Board
Member

The Company notified the Tokyo Stock Exchange of its three independent Directors and two independent A&SBMs. Independent Directors include: Mr. Naoya Eguchi, Mr. Somuku Iimura and Mr. Tatsuro Sato. Independent A&SBMs include: Mr. Yukinobu Ogawa and Ms. Makiko Kigawa.

For profiles of the directors and Audit & Supervisory Board members, please refer to the securities report.



Securities reports / quarterly reports
<https://corp.furukawadenchi.co.jp/ja/ir/library/securities.html>

Business Execution System

President	Shinichi Ono	In charge of President's Office Department and risk management
Vice President and Corporate Officer	Osamu Kuroda	In charge of sales activities of the overall company and marketing strategies
Executive Corporate Officer	Toru Chiba	Head of Industrial Equipment Group/In charge of industrial innovation at Imaichi Plant
	Hitoshi Taguchi	Head of Automotive Battery Group/In charge of sales subsidiaries and PT. Furukawa Indomobil Battery Manufacturing
	Takatoshi Kamimura	Head of ESH Division/In charge of quality assurance and start-up
Senior Corporate Officer	Tetsuya Kawai	Head of Corporate Management Division/In charge of accounting, legal affairs, and affiliates (excluding sales subsidiaries)
	Nobuaki Shimizu	Head of Strategic Planning Division and CIO/In charge of materials and IR
	Toshiro Yamamoto	Head of Battery Technology & Innovation Headquarters/In charge of the BIP Project
Corporate Officers	Fumihiro Niitsuma	Environmental Safety & Health Promotion Division/General Manager of Iwaki Plant/In charge of plants
	Susumu Meida	General Manager of Finance & Accounting Dept., Corporate Management Division
	Takeshi Kawana	General Manager of Sales & Marketing Division, Industrial Equipment Group, and General Manager of ESS Business Promotion Department
	Toshiya Hikami	Head of Research & Development Division/In charge of lithium business
	Takeshi Hisa	General Manager of Production Division, Automotive Battery Group
	Takamitsu Suzuki	General Manager of Production Division, Industrial Equipment Group, and General Manager of Industrial Overseas Technology Planning Department
	Tomoki Hiruta	President, PT. Furukawa Indomobil Battery Manufacturing
	Masayuki Ide	Chief Product Officer (CPO)
	Yoshikazu Yoshida	General Manager of Strategic Planning Department, Strategic Planning Division

Skill matrix

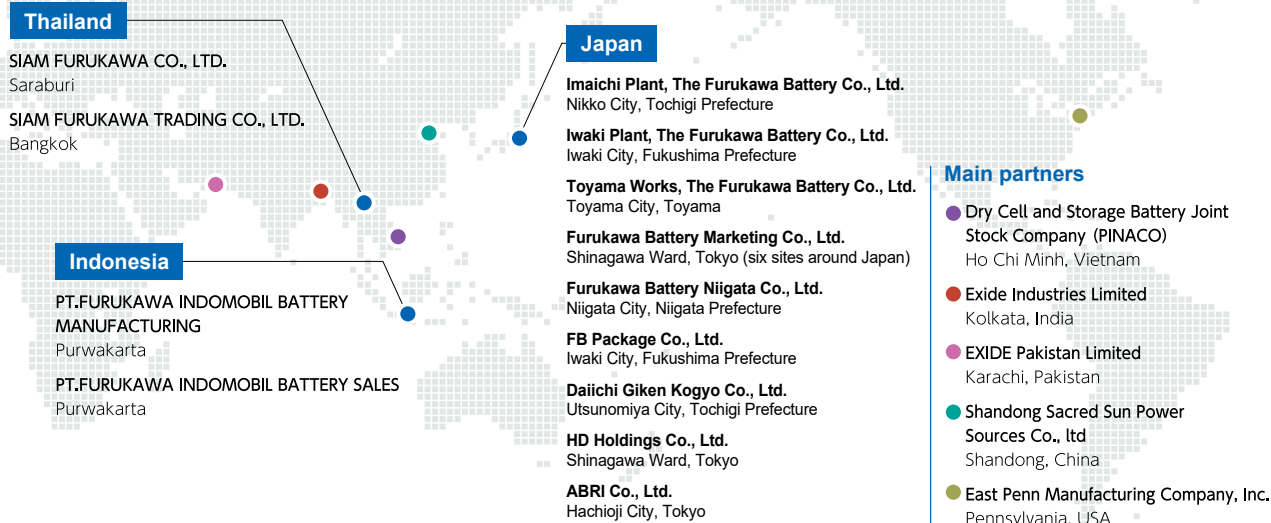
★ Chairperson ○ Member

	Name	Knowledge and experience expected by the company							Nominating and Compensation Committee	Conflict of Interest Management Committee
		Corporate management	Legal affairs, compliance and risk management	Human resource development and diversity	Technologies and development	International affairs	Manufacturing and quality management	Sales and marketing		
Members of the Board of Directors	Shinichi Ono	●		●	●		●		○	○
	Toru Chiba	●		●		●		●		
	Hitoshi Taguchi	●		●				●		
	Tetsuya Kawai	●	●	●		●			●	
	Nobuaki Shimizu	●		●		●	●			
	Naoya Eguchi Outside Independent	●		●	●		●		★	★
	Somuku Iimura Outside Independent		●	●		●			○	○
	Tatsuro Sato Outside Independent	●	●	●		●		●	○	○
	Akifumi Nakajima	●			●		●			
	Syunji Ishizaki	●	●			●	●			
Audit & Supervisory Board Members	Yukinobu Ogawa Outside Independent		●	●		●		●		
	Makiko Kigawa Outside Independent		●	●						

The above table does not indicate all the knowledge and experience possessed by each director or Audit & Supervisory Board member.

Corporate Information

Main Group Companies and Production Sites



Company Profile (as of March 31, 2022)

Corporate Name: The Furukawa Battery Co., Ltd.

Established: September 1, 1950

Capital: ¥1,640 million

Number of Employees: Consolidated: 2,353 Non-consolidated: 1,010

Fiscal Year: From April 1 to March 31

Head Office: 2-4-1, Hoshikawa, Hodogaya-ku, Yokohama city, Kanagawa, 240-0006, Japan Telephone: +81-45-336-5034

Stock Exchange Listing: Tokyo Stock Exchange Prime Market

Securities Identification Code: 6937

Transfer Agent for Common Stock: Mizuho Trust & Banking Co., Ltd.
1-3-3 Marunouchi, Chiyoda-ku, Tokyo

Major Shareholders

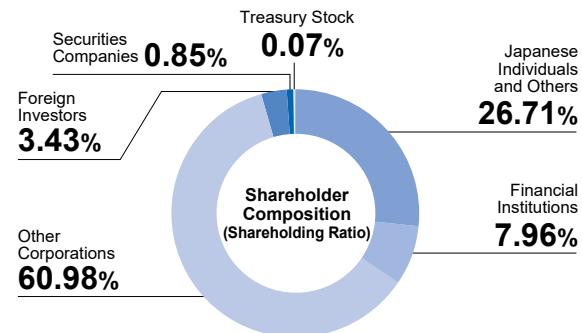
Name of Shareholders	Number of Shares Held (Hundreds of shares)	Shareholding Ratio (%)
Furukawa Electric Co., Ltd.	187,812	57.30
The Master Trust Bank of Japan, Ltd. (Account in Trust)	13,283	4.05
Ryuhei Tanaka	10,000	3.05
Furukawa Battery Trading-Partner Shareholding Association	5,226	1.59
Asahi Mutual Life Insurance Company	3,520	1.07
Akio Yoneda	2,460	0.75
NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB)	2,313	0.71
The Toho Bank, Ltd.	2,300	0.70
Tokyo Marine & Nichido Fire Insurance Co., Ltd.	2,200	0.67
Fuji Electric Co., Ltd.	2,200	0.67

Note: Shareholding ratio is calculated excluding treasury stock (22,134 shares).

Stock Information (as of March 31, 2022)

Total Number of Authorized Shares: 80,000,000
Total Number of Shares Issued: 32,800,000
Number of Shareholders: 10,097

Share Distribution by Shareholder



The details of this report are also available from the Furukawa Battery website.

Website: <https://www.furukawadenchi.co.jp/>

Investor Relations: <https://corp.furukawadenchi.co.jp/ja/ir.html>











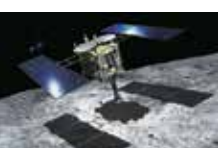
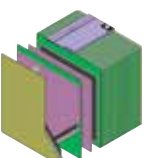

Sustainability: <https://corp.furukawadenchi.co.jp/ja/csr.html>

Disclaimer

Mentions of forward-looking information including future plans, forecasts and strategies of Furukawa Battery and the Furukawa Battery Group are based on certain assumptions deemed reasonable by Furukawa Battery in light of currently available information, and results including actual business performance may vary significantly from expectations. These forward-looking statements incorporate various risks and uncertainties, including but not limited to the key aspects described below.

- Impact due to exchange rate fluctuations
- Changes to pricing of the raw materials used in major products
- Overseas political and social risks
- Deteriorating business performance, etc. on the part of business partners
- Impact from large-scale disasters including earthquakes, typhoons, floods and other natural disasters, and infectious diseases

Our History

1914	Furukawa Electric Co., Ltd. establishes battery factory in Amagasaki City, Hyogo Prefecture	
1950	Spun off from Furukawa Electric Co., Ltd. Founded as The Furukawa Battery Co., Ltd.	
1952	Obtains permission to display the Japan Industrial Standards mark for automotive storage batteries	
1955	Commercializes storage batteries for aircraft	
1961	Establishes a capital alliance with Honda Denki Co., Ltd. Begins sales of pocket-type alkaline storage batteries	
1970	Constructs automotive lead-acid battery plant in Imaichi City (now Nikko City)	
1978	Constructs automotive lead-acid battery plant in Iwaki City	
1992	Establishes Siam Furukawa Co., Ltd. (SFC) through a merger with Thailand based Siam Cement	
1995	Obtains ISO 9001 certification	
1999	Obtains ISO 14001 certification	
2003	Successfully develops the world's first lithium-ion battery for use in space, which is installed in the Hayabusa asteroid exploration craft	 Illustration: Akihiro Ikeshita
2006	Develops UltraBattery, representing a significantly improved performance in lead-acid battery	
2012	Releases ECHNO HV and IS lead-acid batteries for use in hybrid and idling stop	
2013	Merges with Indonesia's Indomobil Group and established PT. Furukawa Indomobil Battery Manufacturing (FIBM)	
	Augments equipment at automotive lead-acid battery plant in Iwaki	
2014	Develop MgBOX magnesium-air battery for emergency use	
	Lithium-ion batteries equipped in the Hayabusa 2 asteroid probe	
2016	Acquires 10.5% of issued shares of Vietnam-based storage battery manufacturer Dry Cell and Storage Battery Joint Stock Company	
2017	Establishes the next-generation lithium-ion battery development company ABRI Co., Ltd. in partnership with Tokyo Metropolitan University	
2018	Awarded Excellence Prize at "New Tohoku" Restoration Business Contest 2018	
2019	Hayabusa 2 probe equipped with lithium-ion batteries manufactured by Furukawa Battery successfully touches down on the Ryugu asteroid	 Illustration: Akihiro Ikeshita
2020	Develops a bipolar lead-acid battery that satisfies performance, safety and cost-effectiveness requirements	
2021	Takes over Maxell, Ltd.'s laminated lithium-ion battery business	

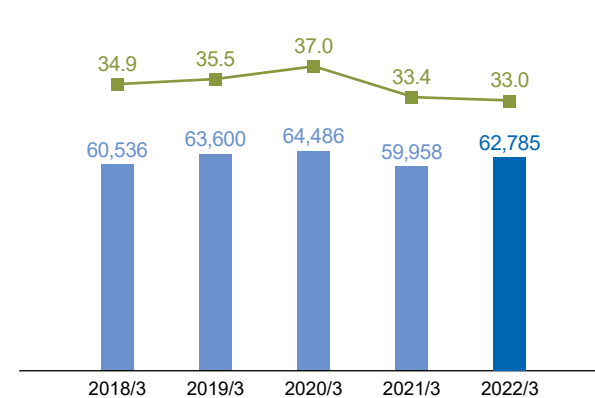
Financial and Non-Financial Highlights

*1 Overall emissions of Furukawa Battery Co., Ltd. calculated using the CO₂ emission factor of each electric power provider
*2 Data range: Iwaki and Imaichi Plants of Furukawa Battery on a non-consolidated basis

Net Sales / Ratio of Overseas Sales

62,785 million yen / **33.0%**

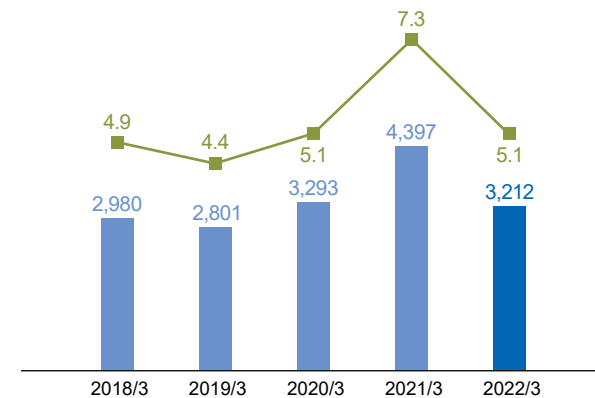
■ Net Sales (millions of yen) ■ Ratio of Overseas Sales (%)



Operating Profit / Operating Profit Ratio

3,212 million yen / **5.1%**

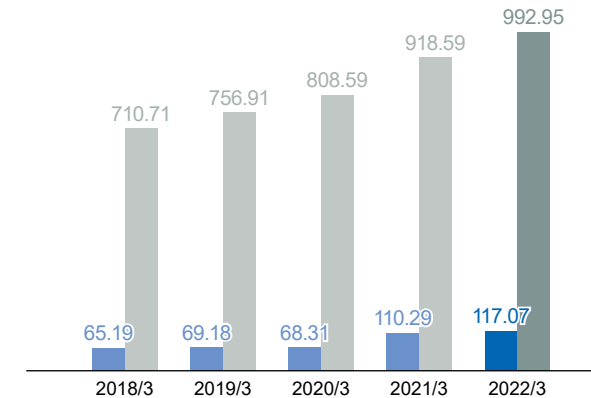
■ Operating Profit (millions of yen) ■ Operating Profit Ratio (%)



Earnings per Share / Net Assets per Share

117.07 yen / **992.95** yen

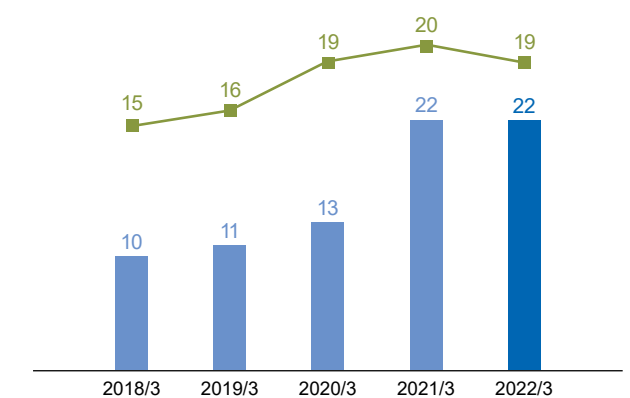
■ Earnings per Share ■ Net Assets per Share (yen)



Dividends per Share / Payout Ratio

22 yen / **19%**

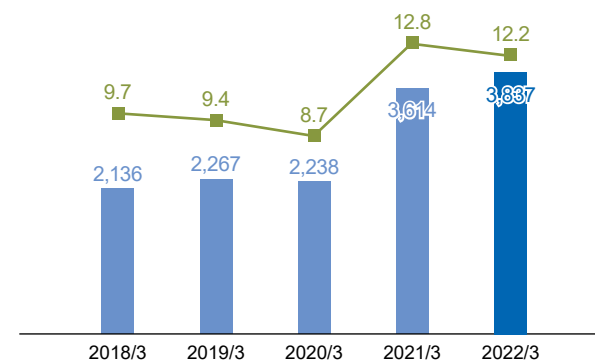
■ Dividend Per Share (yen) ■ Payout Ratio (%)



Profit Attributable to Owners of Parent / ROE

3,837 million yen / **12.2%**

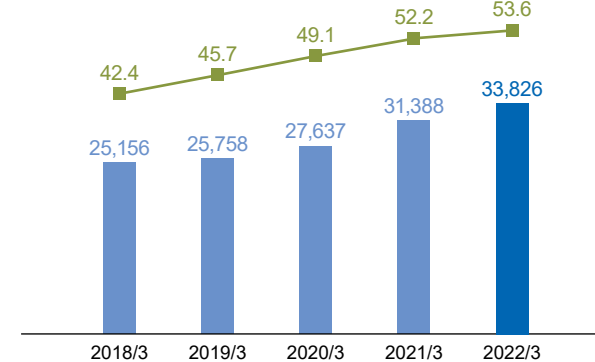
■ Profit Attributable to Owners of Parent (millions of yen) ■ ROE (%)



Net Assets / Equity Ratio

33,826 million yen / **53.6%**

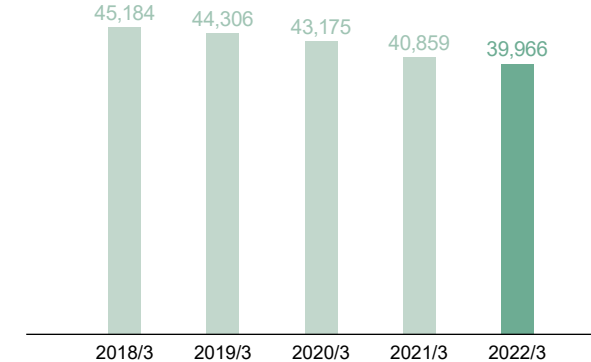
■ Net Assets (millions of yen) ■ Equity Ratio (%)



CO₂ Emissions^{*1}

39,966 t-CO₂

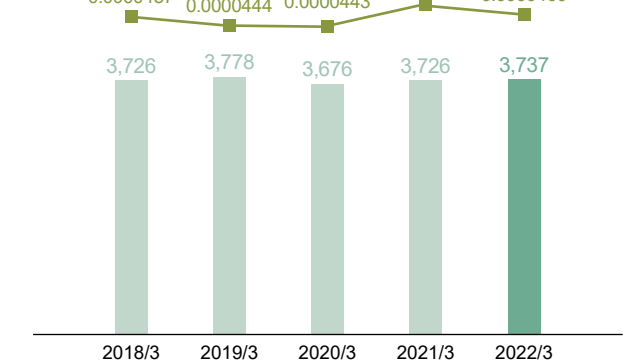
■ CO₂ Emissions (t-CO₂)



CO₂ Emissions due to Product Transportation^{*2}

3,737 t-CO₂

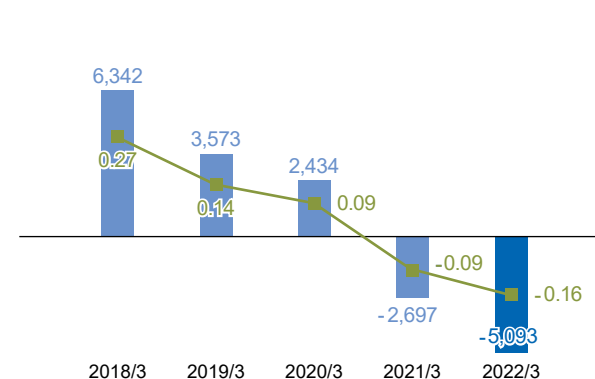
■ CO₂ Emissions due to Product Transportation (t-CO₂)
■ Compared to Specific Energy Consumption (ton-kilometers) (%)



Net Interest-Bearing Debt / Net D/E Ratio

-5,093 million yen / **-0.16** times

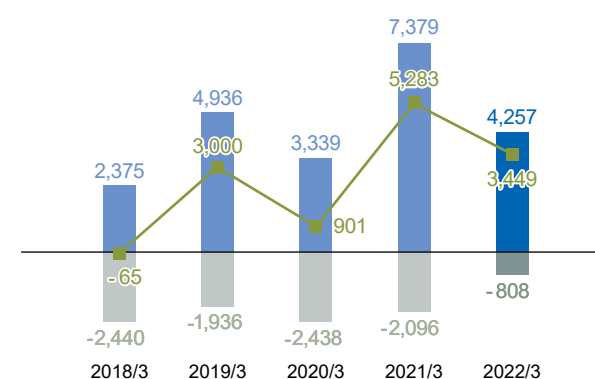
■ Net Interest-Bearing Debt (millions of yen) ■ Net D/E Ratio



Free Cash Flow

3,449 million yen

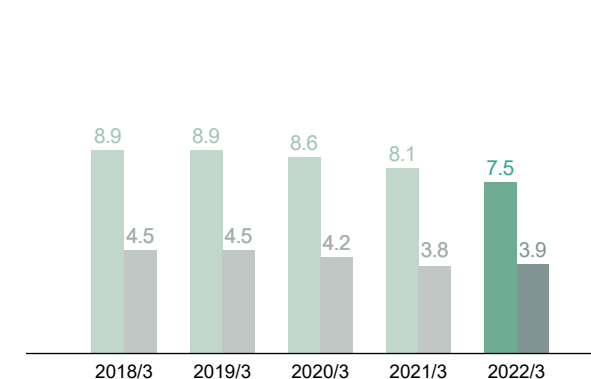
■ Operating Cash Flow ■ Free Cash Flow (millions of yen)
■ Investment Cash Flow



Wastewater^{*2}

11.4 thousand cubic meters/month

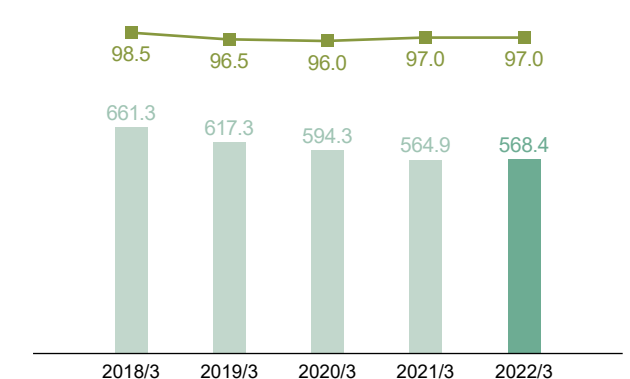
■ Iwaki Plant ■ Imaichi Plant (thousands of cubic meters/month)



Waste Emissions^{*2}

568.4 t

■ Total Waste (t) ■ Recycling Rate (%)



Key Financial Data

Key Consolidated Financial Indicators (Fiscal year ended March 31, 2013 to fiscal year ended March 31, 2022)

(millions of yen)

Fiscal year-end	2013/03	2014/03	2015/03	2016/03	2017/03	2018/03	2019/03	2020/03	2021/03	2022/03
Profit										
Net Sales	44,380	49,556	53,903	54,106	55,320	60,536	63,600	64,486	59,958	62,785
Operating Profit	2,731	2,673	2,441	2,928	3,336	2,980	2,801	3,293	4,397	3,212
Operating Profit Margin	6.2%	5.4%	4.5%	5.4%	6.0%	4.9%	4.4%	5.1%	7.3%	5.1%
Ordinary Profit	2,870	2,882	2,702	2,898	2,892	2,810	2,698	3,237	4,480	3,394
Ratio of Ordinary Profit to Net Sales	6.5%	5.8%	5.0%	5.4%	5.2%	4.6%	4.2%	5.0%	7.5%	5.4%
Profit Attributable to Owners of Parent	1,847	1,990	1,756	2,367	2,373	2,136	2,267	2,238	3,614	3,837
Ratio of Net Income to Net Sales	4.2%	4.0%	3.3%	4.4%	4.3%	3.5%	3.6%	3.5%	6.0%	6.1%
Capital and Assets										
Net Assets	12,820	15,034	18,620	19,552	21,891	25,156	25,758	27,637	31,388	33,826
Net Assets per Share (yen)	377.03	444.08	521.28	560.81	628.70	710.71	756.91	808.59	918.59	992.95
Total Assets	35,057	41,597	50,879	50,409	55,023	54,994	54,266	54,035	57,686	60,681
Equity Ratio	35.3%	35.0%	33.6%	36.5%	37.5%	42.4%	45.7%	49.1%	52.2%	53.6%
Investment Related										
Capital Expenditures	1,896	5,533	8,805	3,661	2,660	2,375	2,054	3,022	2,059	2,375
Depreciation	1,705	1,620	1,789	2,015	2,363	2,543	2,587	2,716	2,736	2,747
Research and Development Expenses	1,518	1,504	1,401	1,417	1,463	1,507	1,531	1,652	1,770	1,925
Cash Flow Indicators										
Cash Flow from Operating Activities	3,606	3,702	3,844	2,763	3,697	2,375	4,936	3,339	7,379	4,257
Cash Flows from Investing Activities	-1,974	-5,737	-9,081	-568	-3,213	-2,440	-1,936	-2,438	-2,096	-808
Cash Flows from Financing Activities	-1,131	2,246	4,354	-943	1,938	-1,530	-2,197	-1,732	-663	-2,075
Free Cash Flow	1,632	-2,035	-5,237	2,195	484	-65	3,000	901	5,283	3,449
Financial Indicators										
Return on Assets (ROA)	7.8%	6.4%	4.8%	5.8%	6.1%	5.4%	5.2%	6.1%	7.6%	5.3%
Return on Equity (ROE)	16.4%	14.8%	11.1%	13.4%	12.2%	9.7%	9.4%	8.7%	12.8%	12.2%
Other										
Earning per Share (yen)	56.36	60.70	53.59	72.24	72.42	65.19	69.18	68.31	110.29	117.07
Dividend Per Share (yen)	6.00	6.00	7.00	8.00	9.00	10.00	11.00	13.00	22.00	22.00
Payout Ratio	10.6%	9.9%	13.1%	11.1%	12.4%	15.3%	15.9%	19.0%	19.9%	18.8%
Number of Employees as of the End of the Fiscal Year	1,945	1,999	2,188	2,313	2,393	2,372	2,406	2,408	2,369	2,353



FB FURUKAWA BATTERY