



FURUKAWA BATTERY

# Report 2018



Management Principles

# We are the challenger.

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.

### Rapid Response

We tackle the things no one else does with a sense of speed.

### Capacity for Change

We create new value by adapting to change with a flexible mindset.

### Recovery from Setbacks

Firm in the belief that failures lead to success, we boldly take on challenges.

Combining these three forces, we will always be the challenger.

Corporate Mission

We will support society with our ability to store, convert and monitor energy.

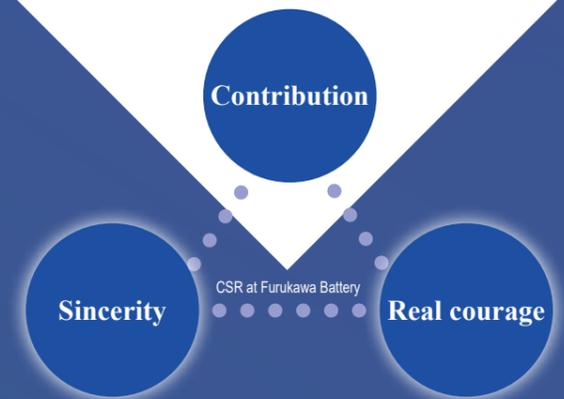
Corporate Style

## Sincerity Real Courage Contributions

**We strive to continually develop in step with customers and society**  
A company that achieves profitable growth and advancement by adopting a sincere approach to fulfilling the expectations of customers and society, and building an unshakeable foundation of trust

**We will continue to shine as a corporate leader**  
A company that demonstrates the real courage to create new things as it employs world-leading technical innovation and seeks transformation across the gamut of corporation activities

**Establishing a corporate culture that breeds a willingness to contribute**  
A vibrant and warmhearted company assembling a diverse range of human resources in a corporate culture that allows employees to experience how their work contributes to and circulates in society



# Our History

Including the years when its predecessor Furukawa Electric Co., Ltd. operated a battery factory, for more than a century Furukawa Battery has been consistently providing the value of temporarily storing energy and releasing it when needed through the manufacturing and sale of storage batteries and power supply products.

To continually support society with the ability to store, convert and monitor the energy that storage batteries and power supply systems possess, we have been fully leveraging our strengths in technological development to develop and evolve in a profitable way.

**1955** Commercialized storage batteries for aircraft



**1966** Developed storage batteries for artificial satellites

**1971** Developed power supplies for fire protection systems

**1977** Developed the Hi Dash MFZ maintenance-free automotive lead-acid battery

**1986** Released the MSE series of maintenance-free high capacity sealed stationary lead-acid batteries

## 1950-1989

Split from Predecessor and Stock Exchange Listing Upgrading and Expanding Production Sites

**1997** Release of the FVL series of long-lasting sealed stationary lead-acid batteries

**2003** Successfully developed the world's first lithium-ion battery for use in space, which was installed in the *Hayabusa* asteroid exploration craft



**2006** Developed UltraBattery, representing a significantly improved in lead-acid battery performance



## 1990-2009

Overseas Expansion Enhancing Quality and Environmental Activities

**2012** Released ECHNO HV and IS lead-acid batteries for use in hybrid and idling stop



**2014** Developed MgBOX magnesium-air battery for emergency use



## 2010-2014

Recovery from the Earthquake Gaining a Solid Footing

| Results of the 2015 Mid-term Management Plan (FY2014 to FY2016) |   |
|---|---|
| <b>Management Indicators (FY2016 Results)</b>                   |   |
| Net Sales   | <b>54.1 billion yen</b><br>Up 21.9% from FY2013 results |
| Operating Profit  | <b>2.8 billion yen</b><br>Up 7.2% from FY2013 results   |
| Ratio of Overseas Sales   | <b>33.1%</b><br>Up 6.9 pt from FY2013 results           |

### Growth Strategy

- Overseas growth (Thailand and new markets)
- Domestic automotive business: streamline and expand manufacturing and sales
- Domestic industrial business: secure profitability, make forays into new fields and consider expanding overseas

## 2015-2020

Five-year Campaign Accelerating Growth

### Final Targets for FY2019

| Management Indicators (Planned) |   |
|---------------------------------|---|
| Net Sales                       | <b>64 billion yen</b><br>Up 18.3% from FY2016 results |
| Operating Profit                | <b>3.2 billion yen</b><br>Up 9.3% from FY2016 results |
| Ratio of Overseas Sales         | <b>40.0%</b><br>UP 6.9 pt from FY2016 results         |

### Growth Strategy

- Sustainable growth overseas (stable growth in Indonesia, development in new markets and industries)
- Domestic automotive business: boost competitiveness on cost and quality through mass production of batteries for eco-friendly cars and development of new manufacturing methods
- Domestic industrial business: boost competitiveness on cost and quality by cultivating new domestic markets such as renewable energy and investing in production sites

1914 Furukawa Electric Co., Ltd. established battery factory in Amagasaki City, Hyogo Prefecture

1937 Furukawa Electric Co., Ltd. relocated its battery factory to Yokohama City



1941 Lead-acid batteries for Chevrolet cars

1950 Spun off from Furukawa Electric Co., Ltd. and Founded as The Furukawa Battery Co., Ltd.

1961 Listed in the 2nd section of the Tokyo Stock Exchange

1970 Constructed the Imaichi Plant (Nikko City)

1972 Listing changed to the 1st section of the Tokyo Stock Exchange

1978 Constructed the Iwaki Plant

1986 Constructed the FP Plant (Nikko City) Dismantled the Yokohama Plant

1992 Merged with Thailand-based Siam Cement to establish Siam Furukawa Co., Ltd. (SFC)

1995 Obtained ISO 9001 certification (Nickel and hydrogen battery operating divisions)

1999 Obtained ISO 14001 certification (Iwaki and Imaichi business sites)

2001 Acquired company-wide certification under ISO 9001:2000

2002 Turned SFC into a subsidiary

2011 Obtained the highest environmental rating from the Development Bank of Japan, the first time that rating has been awarded in the lead-acid storage battery industry Iwaki plant suffered damage due to the Great East Japan Earthquake

2012 Established executive officer system

2013 Merged with Indonesia's Indomobil Group and established PT. Furukawa Indomobil Battery Manufacturing (FIBM) Iwaki plant beefs up equipment at its automotive lead-acid storage battery plant as part of its recovery and to boost competitiveness

2015 Indonesia-based FIBM completes construction of automotive lead-acid storage battery plant Five domestic sales companies are consolidated and established as Furukawa Battery Marketing Co., Ltd.

2016 Acquired 10.5% of issued shares of Vietnam-based storage battery manufacturer Dry Cell and Storage Battery Joint Stock Company Awarded the "Kurumin" mark, certifying Furukawa Battery as a company supporting the rearing of children

2017 Established next-generation lithium-ion battery development company (ABRI Co., Ltd.)

## Business Domains

### Furukawa Battery's Fields of Business

Since its founding, Furukawa Battery has continued to grow by providing the ability to store, convert and monitor energy maintained by our storage batteries and power supply systems in a way that meets diverse needs.

Lead-acid storage batteries support the running of cars and motorcycles. Backup power supply systems look over various facets of our advanced information-oriented society to offer powerful support in an emergency. Industrial storage batteries enable the efficient utilization of energy across repeated charge-discharge cycles. Lithium-ion batteries for artificial satellites demonstrate exceptional performance in the harsh environment of space.

Using the technical expertise we have accumulated in each business, we continually fulfill the expectations of customers and society. This is a point of pride for us at Furukawa Battery, and represents the source from which we maximize our corporation value.

## The ability to store, convert and monitor energy

High capacity and safe designs. Batteries designed for use in **Toyota vehicles** employing **European Norms**

▶ ECHNO EN

Capacitor hybrid type **valve-regulated lead-acid battery** for cycle use

▶ UltraBattery UB-1000

**Lithium-ion battery** for artificial satellites supporting space-borne endeavors

▶ Lithium-ion battery equipped in the *Hayabusa2* asteroid exploration craft

**Power supply and reserve power supply units** to backup fire protection systems, emergency lighting systems and more

▶ DC power supply (above) DC power supply for firefighting equipment and built-in nickel-cadmium storage battery (below)

**Valve-regulated stationary lead-acid batteries** for fixed power storage

▶ High-capacity power storage system using the FVL-500 (left), MSE-500 (right)

**Multi-parallel battery energy storage systems** encouraging the effective utilization of renewable energy storage

Long-life **alkaline storage batteries for railway equipment** with a robust design that stands up to harsh usage conditions

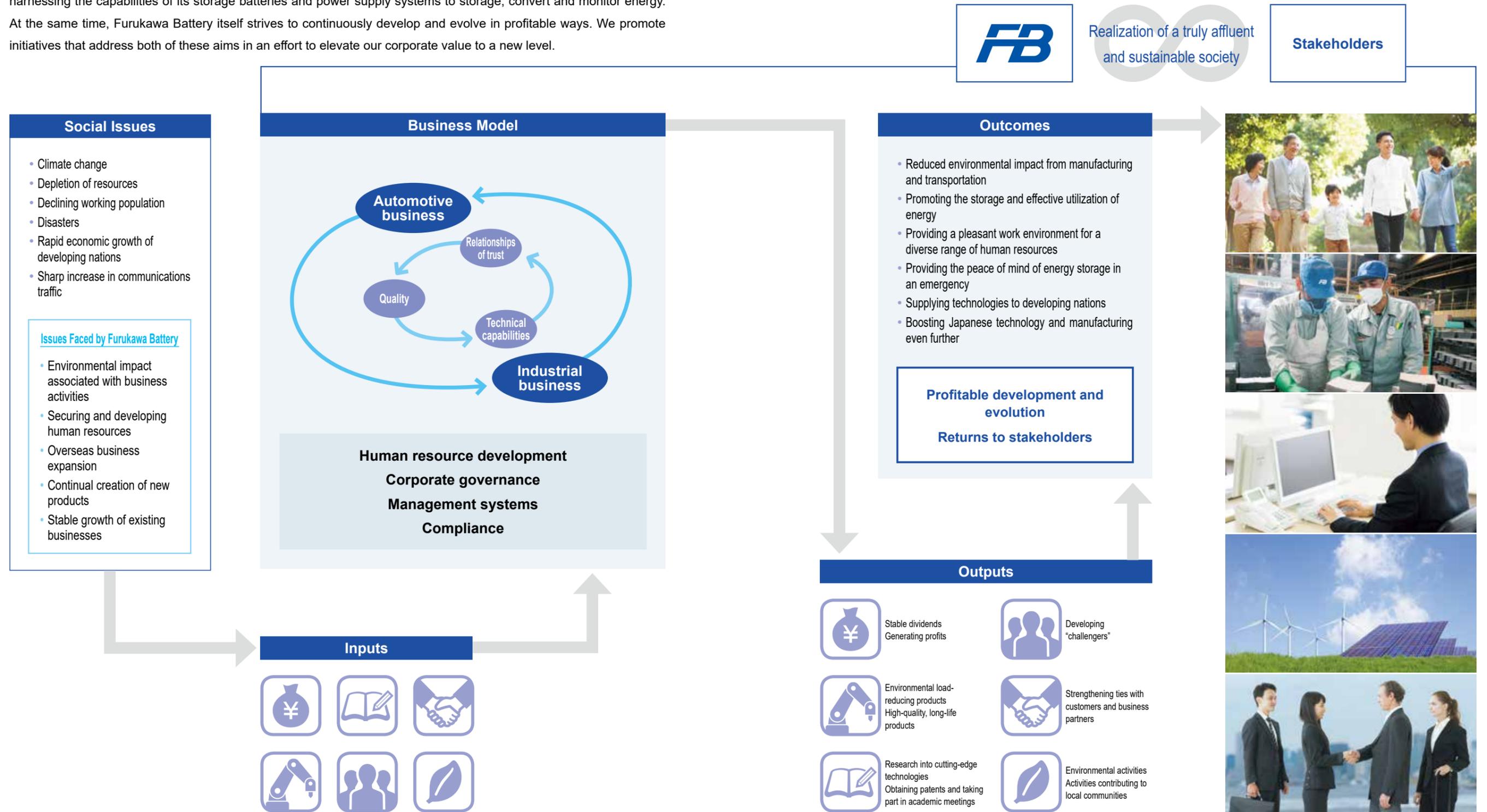
▶ MT series

**Emergency magnesium-air battery,** able to generate electricity by simply adding water to charge mobile phones

▶ MgBOX

# Value Creation Process

Furukawa Battery seeks to support communities and help realize a truly affluent and sustainable society while fully harnessing the capabilities of its storage batteries and power supply systems to storage, convert and monitor energy. At the same time, Furukawa Battery itself strives to continuously develop and evolve in profitable ways. We promote initiatives that address both of these aims in an effort to elevate our corporate value to a new level.



# Management Team (as of June 26, 2018)

## Members of the Board of Directors

### Shinichi Ono

President & CEO

- 1978 Joined the Defense Agency
- 1991 Joined The Furukawa Battery Co., Ltd.
- 2012 Director & Corporate Officer and Head of Research & Development Institution
- 2016 Senior Managing Director & Executive Corporate Officer and Head of Research & Development Institution
- 2017 President & CEO (Representative Director) (incumbent)



### Koichiro Yamamoto

Director & Corporate Officer

- 1981 Joined The Furukawa Battery Co., Ltd.
- 2012 Corporate Officer and Div. General Manager, Production Technology Division and General Manager, Imaichi Sector Dept.
- 2015 Director & Corporate Officer and Div. General Manager, Production Technology Division (incumbent)



### Yuji Shioda

Director & Corporate Officer

- 1980 Joined Tashiro Electro-Plating Engineers CO., LTD.
- 1991 Joined Itabashi Seiki Co., Ltd.
- 1992 Joined Keio Denka Kogyo co., Ltd.
- 1994 Joined The Furukawa Battery Co., Ltd.
- 2017 Senior Corporate Officer and Deputy Head of Automotive Battery Group and Div. General Manager, Production Division, Automotive Battery Group
- 2018 Director & Corporate Officer (incumbent)



## Audit & Supervisory Board Members (A&SBMs)

### Ryosuke Matsui

Full-Time Audit & Supervisory Board Member

- 1980 Joined The Furukawa Battery Co., Ltd.
- 2014 General Manager, Corporate Risk Management Dept.
- 2016 Fellow and General Manager, Sales Dept., Sales & Marketing Division, Automotive Battery Group
- 2017 Full-Time A&SBM (incumbent)



### Hideaki Ogawa

Senior Managing Director & Executive Corporate Officer

- 1978 Joined Kamakura Ham Co., Ltd.
- 1987 Joined Central Japan Furukawa Battery Sales Co., Ltd. (currently Furukawa Battery Marketing Co., Ltd.)
- 1997 Transferred to The Furukawa Battery Co., Ltd.
- 2017 Managing Director & Executive Corporate Officer and Head of Automotive Battery Group and Div. General Manager, Sales & Marketing Division, Automotive Battery Group
- 2018 Senior Managing Director & Executive Corporate Officer and Head of Automotive Battery Group (incumbent)



### Shinichiro Ota

Director & Corporate Officer

- 1983 Joined Furukawa Electric Co., Ltd.
- 2015 Transferred to The Furukawa Battery Co., Ltd. Director & Corporate Officer and Div. General Manager, Corporate Planning & Strategy Division and Div. General Manager, Global Business Strategy Division
- 2016 Director & Corporate Officer and Div. General Manager, Global Business Strategy Division (incumbent)



### Kenichi Kobayashi

Outside and Independent Director

- 1975 Joined DENTSU INC.
- 2006 General Manager, Integrated Marketing Bureau, DENTSU INC.
- 2009 President & CEO (Representative Director), DENTSU RESEARCH INC. (currently DENTSU MACROMILL INSIGHT, INC.)
- 2014 Professor, Faculty of Business Administration, Hosei University (incumbent)
- 2016 Director, The Furukawa Battery Co., Ltd. (incumbent)



### Naoyuki Fukasawa

Outside and Independent Audit & Supervisory Board Member

- 1974 Registered Daini Tokyo Bar Association
- 2002 Outside Director, Emachu Holdings Co., Ltd. (incumbent)
- 2009 Manager, Legal Service Planning and Promotion Center, Japan Federation of Bar Associations
- 2010 A&SBM, The Furukawa Battery Co., Ltd. (incumbent)
- 2017 Outside Auditor, INFOBAHN Group Inc. (incumbent)



### Shigeru Takaku

Managing Director & Executive Corporate Officer

- 1979 Joined The Nippon Credit Bank, Ltd. (currently Aozora Bank, Ltd.)
- 2009 Joined The Furukawa Battery Co., Ltd.
- 2012 Director & Corporate Officer and General Manager, Finance & Accounting Dept.
- 2015 Managing Director & Executive Corporate Officer (incumbent)



### Eizo Sakagami

Director & Corporate Officer

- 1980 Joined The Furukawa Battery Co., Ltd.
- 2014 Corporate Officer and Deputy Head of Industrial Equipment Group and Div. General Manager, Production Division, Industrial Equipment Group and General Manager, Power Supply System Production Dept.
- 2017 Director & Corporate Officer and Deputy Head of Industrial Equipment Group and Div. General Manager, Production Division, Industrial Equipment Group
- 2018 Director & Corporate Officer and Head of Industrial Equipment Group and General Manager, Production Division, Industrial Equipment Group (incumbent)



### Toshio Yanagi

Director

- 1988 Joined Furukawa Electric Co., Ltd.
- 2013 Outside Director, Furukawa Circuit Foil Taiwan Corporation
- 2016 General Manager, Corporate Planning Dept., Strategy Division, Furukawa Electric Co., Ltd. (incumbent)
- Director, The Furukawa Battery Co., Ltd. (incumbent)



### Keiichi Tsuda

Outside and Independent Audit & Supervisory Board Member

- 1969 Joined The Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation)
- 1996 Manager, Head Office of The Sumitomo Bank, Limited
- 2004 President & CEO (Representative Director), SMBC International Operations Co., Ltd.
- 2010 Advisor, SMBC International Operations Co., Ltd.
- 2012 A&SBM, The Furukawa Battery Co., Ltd. (incumbent)



### Shigeru Fukuhara

Managing Director & Executive Corporate Officer

- 1980 Joined Furukawa Electric Co., Ltd.
- 2013 Transferred to The Furukawa Battery Co., Ltd. Director & Corporate Officer and Div. General Manager, Corporate Planning & Strategy Division
- 2015 Managing Director & Executive Corporate Officer and Head of Industrial Equipment Group
- 2018 Managing Director & Executive Corporate Officer (incumbent)



### Shigenori Moue

Director & Corporate Officer

- 1977 Joined Yoshikawa Oil and Fat Co., Ltd. (currently NIPPON FINE CHEMICAL CO., LTD.)
- 1986 Joined The Furukawa Battery Co., Ltd.
- 2013 Corporate Officer
- President, SIAM FURUKAWA CO., LTD. (incumbent)
- 2018 Director & Corporate Officer and Deputy Head of Automotive Battery Group and Div. General Manager, Production Division, Automotive Battery Group (incumbent)



### Naoya Eguchi

Outside and Independent Director

- 1980 Joined Fuji Electric Manufacturing Co., Ltd. (currently Fuji Electric Co., Ltd.)
- 2011 Director & Executive Officer and Corporate General Manager, Corporate R&D Headquarters, Fuji Electric Co., Ltd.
- 2017 Advisor, Fuji Electric Co., Ltd. (incumbent), Outside Director (Audit and Supervisory Committee Member), FDK Corporation (incumbent)
- Director, The Furukawa Battery Co., Ltd. (incumbent)



### Masako Tanaka

Audit & Supervisory Board Member

- 1981 Joined Furukawa Electric Co., Ltd.
- 2013 General Manager, CSR Dept., Administration & CSR Division, Furukawa Electric Co., Ltd. A&SBM, The Furukawa Battery Co., Ltd. (incumbent)
- 2015 Corporate Officer and Deputy General Manager, Administration & CSR Division and Head of Working-style Reform Project Team, Administration & CSR Division, Furukawa Electric Co., Ltd.
- 2017 Corporate Officer and Deputy General Manager, Strategy Division and General Manager, Human Resource Dept. of Strategy Division and General Manager, Corporate Business Research Department, Furukawa Electric Co., Ltd. (incumbent)



\* The Company notified the Tokyo Stock Exchange of its two independent Directors and two independent A&SBMs. Independent Directors include: Mr. Kenichi Kobayashi and Mr. Naoya Eguchi. Independent A&SBMs include: Mr. Naoyuki Fukasawa and Mr. Keiichi Tsuda.

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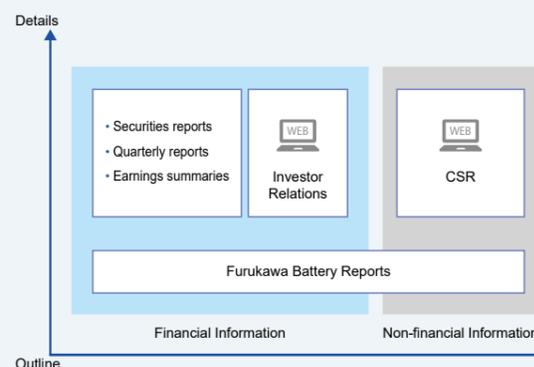
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### Editorial Policy

As a company whose mission is to support society with the ability to store, convert and monitor energy, Furukawa Battery is committed to taking on even greater challenges as it strives to expand its business, boost profitability and create social value moving forward.

We have edited this report with the aim of communicating this sentiment to stakeholders and promoting a more in-depth understanding of Furukawa Battery while providing an integrated report of financial information such as management strategies, business activities and earnings results and non-financial information including the environment surrounding the company and engagement with society.

The latest information is also available on our website, which we encourage readers to peruse in tandem with this report.



### Reporting Period

Fiscal 2018 (April 1, 2017 to March 31, 2018)

\* Includes some information from before and after this period.

### Scope of this report

The Furukawa Battery Co., Ltd. and its consolidated subsidiaries

\* Environmental data relates to Furukawa Battery's Iwaki and Imaichi Plants.

### Reference guideline

- Global Reporting Initiative (GRI) "Sustainability Reporting Guidelines 4.0"
- ISO26000

**Date of Publication:** July 2018

### 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 natural disasters

## CEO Message

**As a company that supports society with our ability to store, convert and monitor energy, Furukawa Battery will continue to pursue greater heights and achieve solid growth.**

Including the years when its predecessor Furukawa Electric Co., Ltd. operated a battery factory, Furukawa Battery has been manufacturing and selling storage batteries and power supply products for more than a hundred years. In effect, we have been providing society with the value of temporarily storing energy and releasing it when needed for over a century.

Looking ahead, Furukawa Battery will need to develop and evolve in a profitable way if it is to be acknowledged as an indispensable company and establish a presence that persists for the next hundred years.

By further refining the technological capabilities we have established to date, taking on the challenges of developing new products and markets and providing society with value that better meets the needs of the times, we will continue to grow in size and in strength.

July 2018

Shinichi Ono  
President & CEO

小野真一



## Ensuring our Corporate Mission and Corporate Style Take Root

A year has passed since I was appointed president & CEO in June 2017. I feel that in just one year, the environment surrounding Furukawa Battery has changed considerably. For instance, with the advancing shift to electric vehicles in various countries, and the widespread promotion of renewable energy, we need to respond as a storage battery manufacturer in an even more appropriate and speedy fashion.

As Furukawa Battery drives towards the next stage of growth while responding to major changes, I believe we need to again clarify and share with all employees the value that we are uniquely positioned to provide to society, the vision we embrace and the strengths we demonstrate. This is to combine the strengths of all employees and further reinforce the will to advance

forward as a monolithic force.

Our clearly stated corporate mission to “support society with our ability to store, convert and monitor energy” and corporate style of “sincerity, real courage and contributions” describes in condensed form how the true value of the storage battery and power supply business Furukawa Battery has passed down to this day is translated to reach all of our stakeholders and enhance our corporate value, and how each employee should act to that end. To ensure that our corporate mission and corporate style take root and Furukawa Battery develops into a company integral to society that continues on for the next hundred years, I will lead the charge with 120% of effort.

## Looking back on the fiscal year ended March 2018 (FY2018)

Looking at our financial results for FY2018, we recorded net sales of 60.5 billion yen, operating profit of 2.9 billion yen, ordinary profit of 2.8 billion yen, and profit attributable to owners of parent of 2.1 billion yen. While sales of automotive lead-acid batteries were strong, due to surging prices for the main raw material lead, we posted higher revenue and reduced profits.

Among these results, with regard to the industrial business and our Indonesian subsidiary FIBM, we recognize there is room for improvement until we can meet our initial plans and targets.

To address issues in the industrial business Furukawa Battery will utilize its strengths, namely technical

capabilities cultivated over many years of operation and a structure designed to provide comprehensive services from installation to maintenance and inspection. We will also drive business reforms by developing new applications for our products and new markets, while also stepping up our partner strategies and technical coordination in Japan and overseas. To tackle the issues faced by FIBM, we have dispatched personnel from Japan, thoroughly follow up on the entire business from manufacturing and sales to operation and management, and make strides forward to resume a growth trajectory and achieve full strength at an early stage.

## Financial Results for FY2017 and FY2018, Forecast for FY2019

(millions of yen)

|   | FY2017 Results | FY2018 Results |             |               | FY2019 Forecasts |             |               | Change (b-a) | Percentage Change |
|---|----------------|----------------|-------------|---------------|------------------|-------------|---------------|--------------|-------------------|
|   | Full Year      | First Half     | Second Half | Full Year (a) | First Half       | Second Half | Full Year (b) |              |                   |
| Net Sales                               | 55,320         | 26,247         | 34,289      | 60,536        | 29,000           | 35,000      | 64,000        | +3,463       | +5.7%             |
| Operating Profit                        | 3,336          | 419            | 2,561       | 2,980         | 400              | 2,800       | 3,200         | +219         | +7.4%             |
| Ordinary Profit                         | 2,892          | 216            | 2,594       | 2,810         | 250              | 2,750       | 3,000         | +189         | +6.7%             |
| Profit Attributable to Owners of Parent | 2,373          | 249            | 1,887       | 2,136         | 200              | 2,000       | 2,200         | +63          | +3.0%             |
| Overseas Sales Ratio                    | 33.3%          | 37.5%          | 32.9%       | 34.9%         | —                | —           | 40.0%         |              |                   |

### Exchange Rates

· FY2018 (End of Year) 1 Thai Baht = 3.45 yen 100 Indonesian Rupiah = 0.84 yen  
 · FY2019 (Expected) 1 Thai Baht = 3.30 yen 100 Indonesian Rupiah = 0.85 yen

### Quoted Lead Prices

· FY2018 (Average): 323,500 yen / ton  
 · FY2019 (Expected): 295,000 yen / ton

## FY2019 Earnings Forecast and Basic Management Policies

Looking at the worldwide economy for FY2019, concerns include fluid policy trends in the United States and a sense of uncertainty concerning economic trends primarily in East Asia. On the Japanese economic front, there is continued uncertainty about the future, with concerns over rising personnel expenses due to the tight supply and demand of labor, and resource prices remaining at high levels.

For FY2019, Furukawa Battery forecasts net sales of 64.0 billion yen, operating profit of 3.2 billion yen, ordinary profit of 3.0 billion yen, and profit attributable to

owners of parent at 2.2 billion yen. As for dividends per share, we plan to offer 11 yen, marking a 1-yen increase.

Our basic management policies for FY2019 are “investing management resources in an efficient and focused manner through selection and concentration,” and “increasing the speed at which we do business.” We will carry out measures to resolve remaining issues from FY2018 with a constant sense of speed. Additionally, we will work to boost profitability by reducing costs and efficiently manufacturing high-margin products in both the automotive and industrial businesses.



# Message from the Director in Charge of Overseas Business

For Furukawa Battery to develop in the medium-to-long term, overseas business expansion, including new markets, is essential.

In the fiscal year ended March 2018, we pursued initiatives to clarify the growth trajectory of Indonesian subsidiary FIBM. We also sought overseas expansion in anticipation of the next markets and operating bases, and endeavored to strengthen ties with technical support and capital tie-up partners.

I see my roles as working to solve immediate issues while finding new overseas markets for our “next move,” and substantiating our strategies.



**Shinichiro Ota**

Director & Corporate Officer and Div. General Manager of Global Business Strategy Division

## Towards Medium-to-Long-Term Growth

In May 2016, Furukawa Battery announced Medium-term Vision 2018, a three year plan starting from FY2017. For the final year of the plan (FY2019), we set the ambitious goals of 80 billion yen in net sales, 6 billion yen in operating profit and an overseas sales ratio of 53.1%, and principally through overseas business expansion including M&A and plans predicated on the creation of new businesses, we have taken steps in that direction. However, in light of external factors such as steep increases in the prices of our main raw materials and slowing economic growth of the markets in which we operate, combined with what we see as room for improvement in our domestic and overseas businesses, we revised the target values for FY2019.

While this has resulted in more realistic targets, we have not halted our progress towards growth. As we make progress in responding to and resolving outstanding issues, we will continue to pursue overseas partnerships and more in-depth technical coordination (see figure below) while accelerating R&D efforts and strengthening the potential for commercialization. In this

way, we are establishing a solid basis for growth over the medium to long terms.

The capabilities of our human resources are another essential element to continued growth. We recently launched a new project designed to fully harness the potential of our human resources through internal staff reshuffling, dispatch to subsidiaries in Japan and overseas and to other companies, and initiatives to revitalize employees through study abroad and other activities. Our aim is for each employee to actively apply the various experiences and knowledge gained in these new environments to the running of our business, and to expand the value that Furukawa Battery offers as a result.

We are currently formulating the next medium-term management plan incorporating these initiatives. When complete, we will promptly announce the new plan to all stakeholders to clearly demonstrate Furukawa Battery’s future growth trajectory.

I would like to offer my sincere thanks to all our valued stakeholders for your continuing support and encouragement.

### Current Status of Overseas Expansion



### Actions to Achieve Medium-to-Long-Term Growth

|   |  |
|---|--|
| Responding to and Resolving Issues                                    | <ul style="list-style-type: none"> <li>Shifting toward and maintaining growth track for Indonesian subsidiary FIBM</li> <li>Strengthening profitability of industrial business</li> </ul>  |
| Overseas partnerships<br>Deeper technical coordination                | <ul style="list-style-type: none"> <li>Expanding business opportunities using local partners and technical collaborators as starting points</li> <li>Creating synergistic efforts by combining production technologies with local networks</li> </ul>  |
| Accelerating R&D<br>Strengthening the potential for commercialization | <ul style="list-style-type: none"> <li>Targeting niche markets for the launch of differentiating products that utilize our patents for next-generation lithium secondary batteries and technological advantages (market for construction machinery and infrastructure, etc.)</li> <li>Cater to the need to switch from lead-acid and alkaline storage batteries in the commercial sphere of the current industrial business</li> </ul> |
| Maximize the capabilities of human resources                          | <ul style="list-style-type: none"> <li>Internal staff reshuffling, dispatching employees to subsidiaries in Japan and overseas and to other companies, revitalizing employees through study abroad and other activities</li> </ul>   |

**Q** What does Furukawa Battery need today in order to grow through overseas growth in the future?

**A** First, we need to put FIBM on track and establish solid foundations in the Indonesian market, which has high growth potential. I also believe that utilizing our experiences from launching FIBM as the cornerstone of further expanding our overseas business will serve as a breakthrough for the growth of Furukawa Battery.

Thailand and Indonesia are the two major producers and exporters of cars in Southeast Asia. Furukawa Battery has gained over 20 years of experience since it expanded into Thailand, and our Thailand-based subsidiary is continuing to achieve stable operation. Meanwhile at FIBM, which has only been operating for around three years, we are continuing to make progress, including the use of our products in new cars produced locally.

Since FIBM is an overseas location starting completely from scratch, we are working to impart Japanese-style management skills. Personnel dispatched from Furukawa Battery in Japan are currently providing local support and thorough follow-ups. As it strives to achieve further

growth, I believe that laying solid foundations in Indonesia at an early stage and establishing a decisive two-pronged structure in Southeast Asia will be crucial to Furukawa Battery. I am also confident that utilizing the experience gained from launching FIBM to set up new operating sites and pursue an overseas partnership strategy will accelerate the growth of Furukawa Battery.



**Q** What exactly is meant by pursuing “overseas growth?”

**A** Furukawa Battery aims to establish both its automotive and industrial businesses as “businesses useful to society,” particularly in the Asia region where future market expansion is expected, and to grow in step with the development of those regions to which it has expanded.

The storage batteries and power supply equipment produced by Furukawa Battery has evolved to adapt to changes in the world, such as the rise of eco-friendly cars and other new vehicles, and the widespread adoption of renewable energies. In recent years, the environment surrounding the storage battery market has changed at a dizzying global scale in line with action on climate change. Even if the speed of change continues to increase in the future, we want the businesses maintained by Furukawa Battery to be “useful to society” in how they contribute to social infrastructure and regional development. With

this in mind, we are making every effort to enhance our local presence so as to grow in tandem with the communities alongside which we operate.



Overview of Aquarius MRE (Marine Renewable Energy) Project with Eco Marine Power Co., Ltd.

# Financial and Non-Financial Highlights (as of March or end of March of each indicated fiscal year)

## Financial Highlights

In the fiscal year ended March 2018 (FY2018), Furukawa Battery Group continued to invest in activities to improve quality and reduce costs in its existing lead-acid battery business. Additionally, as part of efforts to create new businesses, in April 2017 we jointly established Advanced Battery Research Institute (ABRI) with Tokyo Metropolitan University to accelerate the development of next-generation lithium-ion batteries. We also actively expanded our business activities, with accomplishments including the delivery of a storage sub-system for solar power generation in Indonesia and certification as the

battery supplier for Aquarius MRE (Marine Renewable Energy) project run by Eco Marine Power Co., Ltd.

For FY2018, we recorded our highest ever net sales thanks to strong automotive lead-acid battery sales in Japan and overseas, but due factors including the rising price of lead, a main raw material, operating profit fell compared with the previous period. Ordinary profit and profit attributable to owners of parent were also down from the previous period due to factors including the decline in operating profit, resulting in increased revenue and decreased profit.

### Net Sales and Ratio of Overseas Sales



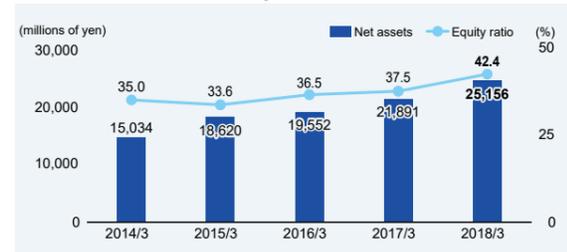
### Operating Profit and Operating Profit Ratio



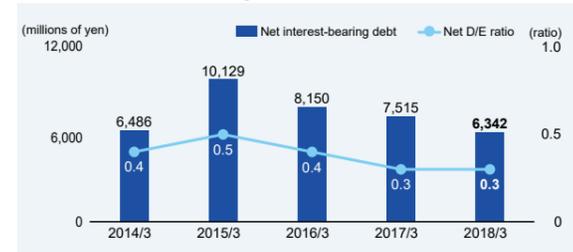
### Profit Attributable to Owners of Parent and ROE



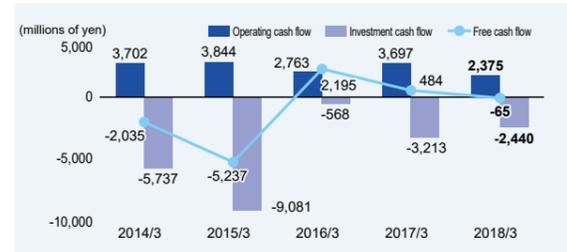
### Net Assets and Equity Ratio



### Net Interest-bearing Debt and Net D/E Ratio



### Cash Flows



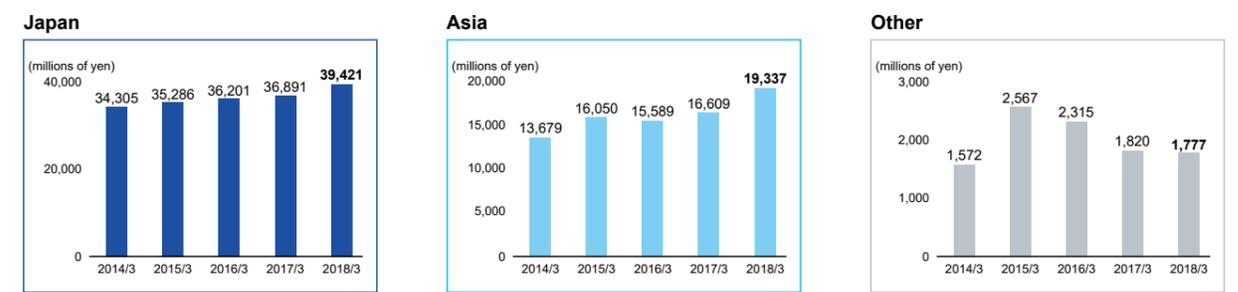
### Earnings Per Share and Net Assets Per Share



### Dividends Per Share and Payout Ratio



### Net Sales by Region

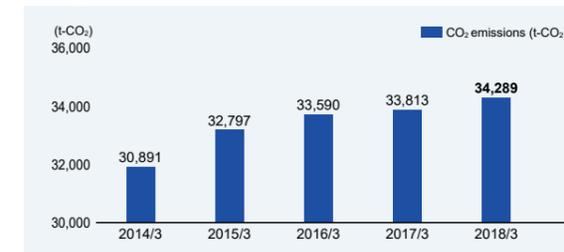


### Percentage of Net Sales by Region (FY2018)

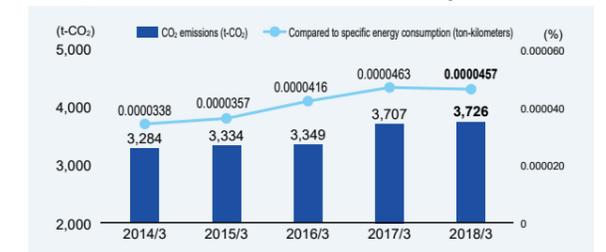


## Non-Financial Highlights

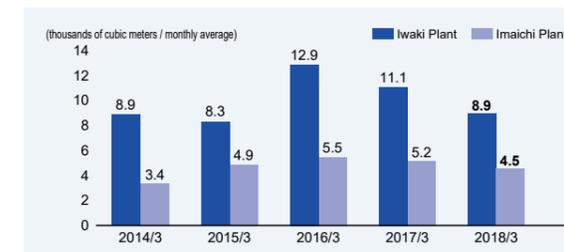
### CO<sub>2</sub> Emissions



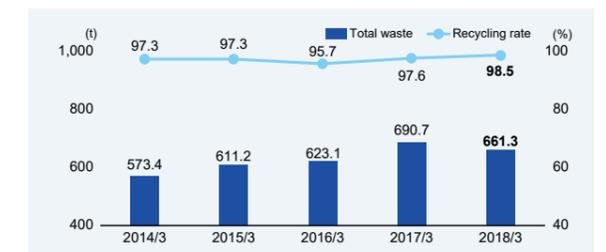
### CO<sub>2</sub> Emissions due to Product Transportation



### Wastewater



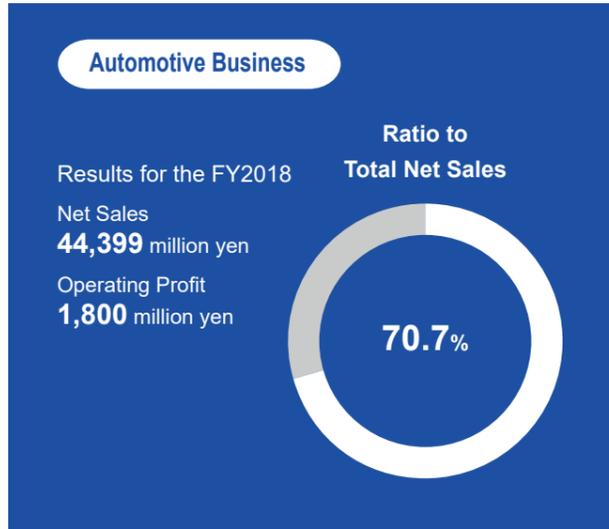
### Waste Emissions



\* Data in the non-financial highlights applies to the Iwaki and Imaichi Plants of Furukawa Battery on a non-consolidated basis.

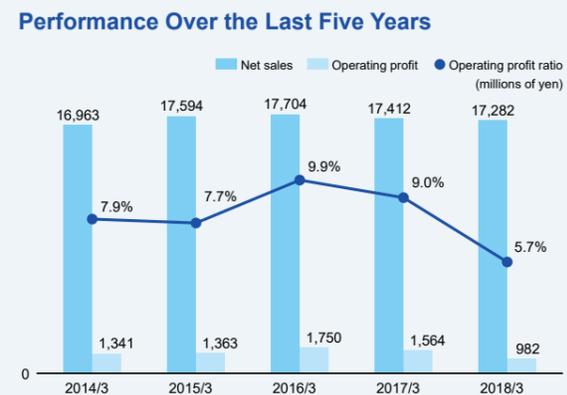
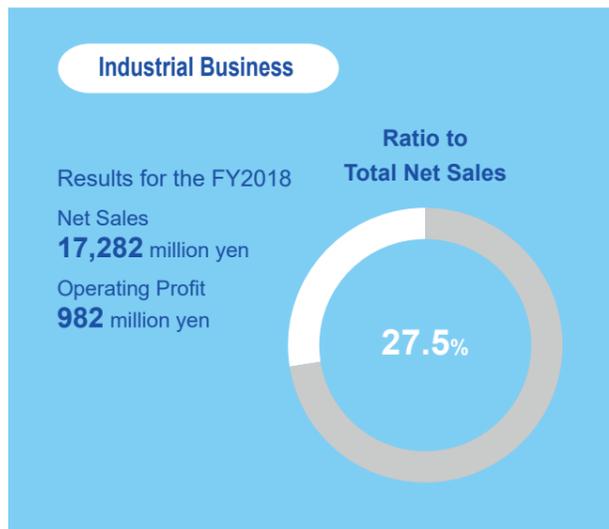
# At a Glance

Furukawa Battery endeavors to boost its corporate value and create new value by developing its core businesses in automotive lead-acid batteries and industrial storage batteries primarily in Asia.



### Business Overview

- Manufacturing and sale of automotive lead-acid batteries (including for eco-friendly cars) supplied to Japanese automotive manufacturers and lead-acid batteries for meeting demand for replacement and repair
- Manufacturing and sale of automotive lead-acid batteries through subsidiaries in Thailand (SFC) and Indonesia (FIBM)



### Business Overview

- Manufacturing and sale of industrial storage batteries (lead-acid batteries, alkaline storage batteries, lithium-ion batteries for space development), power supply units (DC and AC power supply units)

#### Main Customers:

Local governments, railway companies, electric power companies, telecommunications carriers, electric machine manufacturers and communication equipment manufacturers



### Real Estate Business

#### Results for the FY2018

Net Sales **384** million yen

#### Ratio to Total Net Sales

**0.6%**

- Real estate leasing and building management through consolidated subsidiary HD Holdings Co., Ltd.

### Other

#### Results for the FY2018

Net Sales **726** million yen

#### Ratio to Total Net Sales

**1.2%**

- Manufacturing of resin molded products through consolidated subsidiary Daiichi Giken Kogyo Co., Ltd.

\* The net sales in each segment on this page include inter-segment sales and transfers.

# Business Overview by Segment

## Automotive Business Segment



**In the Automotive Business Segment, Furukawa Battery manufactures and sells lead-acid batteries for the automotive and motorcycles with a focus on Asia, including Japan, Thailand and Indonesia. In addition to conventional passenger vehicles, we supply high-performance and long-life batteries for eco-friendly vehicles including idling stop and hybrid vehicles, and contribute to improving user experiences and reducing the impact of climate change, which has attracted increased worldwide attention.**

**Hideaki Ogawa**  
Senior Managing Director & Executive Corporate Officer and Head of the Automotive Battery Group

|  |                           |                        |   |
|--|---------------------------|------------------------|---|
| <ul style="list-style-type: none"> <li>Technological and development capabilities gained through the equipping of products in new vehicles</li> <li>Expanded equipment at the Iwaki Plant</li> <li>Organizational size and structure able to handle small quantities and large varieties</li> <li>Network of overseas production plants (building a structure for business continuity)</li> <li>Active in an industry with high barriers to entry</li> </ul> | <b>S</b><br>Strengths     | <b>W</b><br>Weaknesses | <ul style="list-style-type: none"> <li>Delayed brand penetration in overseas markets apart from Thailand</li> <li>Impact of price fluctuations for lead as a main raw material</li> </ul>   |
| <ul style="list-style-type: none"> <li>Expansion of eco-friendly vehicles overseas</li> <li>Development of next-generation lithium-ion batteries</li> <li>Expansion of motorization in developing countries</li> </ul>   | <b>O</b><br>Opportunities | <b>T</b><br>Threats    | <ul style="list-style-type: none"> <li>Low growth in the domestic market</li> <li>Industry restructuring and accelerated growth of competitors through M&amp;A activities</li> <li>Intensifying price competition and falling market prices</li> <li>Strengthened law regulations regarding lead in Europe and elsewhere</li> </ul> |

### Market Environment

In the Japanese domestic market, vehicle ownership has remained flat due to population decline and other factors, and for this reason there is a low likelihood of a significant expansion in the automotive lead-acid battery market. However, the widespread adoption of eco-friendly vehicles has advanced, resulting in rising demand for high-performance storage batteries including batteries for idling stop vehicles and auxiliary batteries for hybrid vehicles. Even in developing countries where batteries for conventional gasoline-powered vehicles are the most common, a switch to eco-friendly vehicles

is expected over the medium-to-long term.

Furukawa Battery continues to focus on catering to the demand for conventional batteries primarily in Thailand and Indonesia. At the same time, given market changes over the medium-to-long term, we are trying to beef up production capacity through domestic and overseas capital investment and improve business efficiency. Moving forward, we will continue to pursue cost reductions and production system optimization as we strive to boost profitability.

### Achievements and Issues in the Fiscal Year Ended March 2018

During FY2018, the Automotive Business Segment achieved increased sales and profit due to strong sales of automotive lead-acid batteries in Japan and overseas, posting net sales of 44.399 billion yen and operating profit of 1.8 billion yen. In particular, improved business efficiency due to the stable operation of equipment at the Iwaki Plant, and brisk sales of lead-acid batteries for eco-friendly vehicles drove the performance.

On the other hand, as the FIBM (Indonesia) plant that commenced operations in 2015 was started from scratch, there is a need to strengthen the structure on the sales side while striking a balance between Japanese quality levels and cost control on the manufacturing side. Due to these factors, Furukawa Battery (Japan) dispatched personnel

to FIBM and began thorough monitoring of integrated manufacturing and sales during FY2018. These initiatives will be continually strengthened during FY2019.



### Priority Measures for Future Growth

#### Indonesia-based FIBM

Various initiatives are being pursued at the initiative of Furukawa Battery (Japan) in order to clarify the growth trajectory of FIBM.

#### Further Strengthening the Sales Structure

On the task of strengthening the local sales network, we have been working with local partner the Salim Group at their initiative. From FY2018 we have promoted stronger partnerships and accelerated more in-depth activities to quickly establish an effective sales structure. We have also focused on sales exhibitions and campaigns to boost brand recognition and differentiate our products.

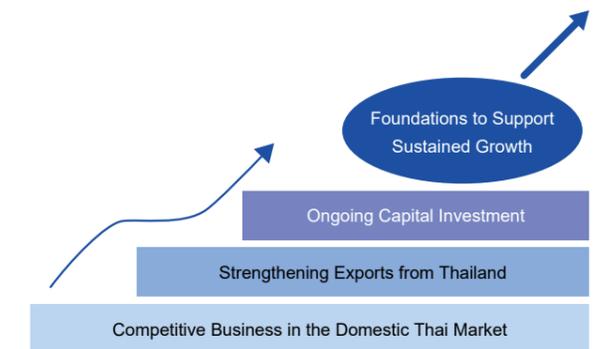
#### Striking a Balance Between Quality and Cost Control on the Manufacturing Side

FIBM represents the first overseas plant that Furukawa Battery has established from scratch, and it is taken time for plant operations to become stabilized. In FY2018, we have promoted initiatives to help resolve issues with a strong resolve, including the appropriate management of production plans, reducing the costs of procured materials, system optimization and improving back-office operations. Moving forward, we will delve deeper into these activities and strive to achieve quality recognized by the market along with cost-competitive manufacturing.

#### Thailand-based SFC

#### Boost exports to achieve further growth and lay the foundations for sustainable development through ongoing capital investment

SFC has already established stable operations catering to the demand for battery replacements in the domestic Thai market and a battery business for new vehicles. In addition, SFC is also exporting products across the ASEAN Middle East regions, strengthening partnerships with customers and business associates, and actively driving an expansion of its operations. SFC has also laid the foundations for sustained growth with investment in advanced technologies and equipment enabling efficient production that is second only to the Iwaki Plant.



### COLUMN

#### Holding of Technical Seminars in Japan and Overseas

Furukawa Battery is focused on the manufacturing and sales of lead-acid batteries for eco-friendly vehicles including idling stop vehicles and hybrid vehicles. We believe that having Furukawa Battery products more widely recognized and continually chosen will lead to growth of the company and help solve environmental and social issues. Accordingly, since FY2015 we have been holding Battery Advisor System seminars for clients in Japan and automotive battery technology seminars for overseas distributors to enhance recognition of our products, the sense of trust in quality, penetrate markets and expand adoption. We take information on the expectations and requests that emerge through dialog with Japanese and overseas customers and business partners and reflect that feedback in future product development and sales activities to continually create social value through our business activities.



Scenes from a Battery Advisor System seminar

## Industrial Business Segment



**Furukawa Battery manufactures emergency and back-up power supply systems for new energy-related facilities, buildings, plants, data centers and so on, lead-acid batteries and power supply equipment for storage systems, as well as alkaline batteries. We also provide integrated services that include installation work and maintenance. In addition, we supply batteries with excellent performance and reliability including alkaline storage batteries for rail, aerospace and aviation, and lithium-ion batteries for aerospace and aviation. In this way, we support social infrastructure in a variety of ways.**

**Eizo Sakagami**  
Director & Corporate Officer and Head of Industrial Equipment Group

|  |                           |                        |   |
|--|---------------------------|------------------------|---|
| <ul style="list-style-type: none"> <li>An integrated system for storage batteries and power supply systems from manufacturing to installation work, maintenance and inspection</li> <li>The well-honed ability to respond to customer needs to a precise degree</li> </ul>                                       | <b>S</b><br>Strengths     | <b>W</b><br>Weaknesses | <ul style="list-style-type: none"> <li>Infrastructure for global support not yet established</li> <li>Insufficient products to address peripheral needs for storage batteries and power supply systems</li> </ul>           |
|  | <b>O</b><br>Opportunities | <b>T</b><br>Threats    |   |
| <ul style="list-style-type: none"> <li>Expansion of renewable energy markets overseas</li> <li>2050 Long-Term Energy Strategy<br/>→ Policy to Make Renewable Energies the Primary Source of Power → Expanded Need for Storage Batteries</li> <li>Development of next-generation lithium-ion batteries</li> </ul> |                           |                        | <ul style="list-style-type: none"> <li>Low growth in the domestic market</li> <li>Impact of price fluctuations for lead as a main raw material</li> <li>Intensifying price competition for lithium-ion batteries</li> </ul> |

### Market Environment

While the Japanese market is stagnating in response to factors such as lower demand for solar power generation due to a revised feed-in tariff system for renewable energies, due to a policy to make renewable energies the major source of people established in the 2050 Long-term Energy Strategy, demand for storage batteries will likely expand in the future.

In overseas markets, we are seeing moves to improve the electric power conditions in rural locations and remote islands in connection with growth in developing countries. New challenges are expected to emerge, such as the development of independent small-scale power grids for each region, and the stable supply of

electric power when combined with renewable energy sources.

Furukawa Battery is currently building a fully integrated service structure in Japan that encompasses the manufacturing and sales of industrial storage batteries along with installation work, maintenance and inspections. Moving forward, Furukawa Battery will look to substantiate its overseas partner strategies so that it can provide similar services overseas in a bid to realize growth in new markets and business domains while utilizing its technologies and track record in lead-acid batteries, power supply systems, alkaline storage batteries and lithium-ion batteries.

### COLUMN

#### Lithium-ion batteries produced by Furukawa Battery have even been equipped in Hayabusa2

*Hayabusa2* is an asteroid exploration craft that was launched in December 2014 and is expected to return to earth in 2020. In 2018, *Hayabusa2* is scheduled to arrive at and land (touch down) on the target asteroid Ryugu, which it will survey over the course of about eighteen months. Like its predecessor *Hayabusa*, *Hayabusa2* is fitted with a lithium-ion battery developed by Furukawa Battery. Furukawa Battery will utilize the technological capabilities and expertise gained through space development to accelerate the development of safe and high-performance next-generation lithium-ion batteries.

**NEWS** On June 27, 2018, *Hayabusa2* arrived at the Ryugu asteroid.



Akihiro Ikeshita

### Achievements and Issues in the Fiscal Year Ended March 2018

During FY2018 the Industrial Business Segment generated net sales of 17.282 billion yen, down 130 million yen (0.7%) from the previous year. Due to factors including rising lead prices, operating profit was 982 million yen, down 581 million yen (37.2%) from FY2017.

On the other hand, it was a year of achievements in new applications and markets, including the supply of dual-use type lead-acid batteries for street lighting in Kien Giang Province, Vietnam, the delivery of power storage sub-systems for solar power generation on remote Indonesian islands, and the provision of UltraBattery as a renewable energy solution for marine vessels.



Solar LED street lights installed in Vietnam

### Priority Measures for Future Growth

#### Producing synergy between existing business, new markets and new businesses to achieve sustained growth

The Industrial Business Segment will pursue back-up technologies and strengthen efforts aimed at new markets and new businesses in response to trends to reinforce social infrastructure in Japan and overseas. In particular, our approach to the global market is to focus on sales expansion and the creation of new businesses while leveraging the superior technological capabilities of our existing businesses together with overseas partnerships.



### TOPICS

#### Furukawa Battery delivered a 1MWh power storage sub-system for the Kyudenko EMS supplying stable electric power generated from solar power on a remote Indonesian island

Furukawa Battery developed and delivered a power storage sub-system comprising Japanese-made cycle use lead-acid batteries and a battery monitoring unit (BMU) for an energy management system (EMS). The EMS, which combines solar power generation and storage batteries, is part of a demonstration started in January 2018 by Kyudenko Corporation on Sumba Island a remote island in eastern Indonesia.

Moving forward, Furukawa Battery will endeavor to provide significant value to society through a global rollout of high-performance, long-life industrial lead-acid batteries combined with BMUs as a new form of value in systems and services.



Cycle use lead-acid battery installation work underway

## Basic Approach

With society changing at unprecedented speed, Furukawa Battery is committed to enhancing its corporate value by providing products and services that meet the true needs of society and customers at the appropriate time in its capacity as a “challenger” spreading exceptional technologies around the world. While reinforcing our own technologies, we also work

on research and development in coordination with universities and other industries, the outcomes of which lead to new products, businesses and process innovations. We also have our sights set beyond the conventional, suggesting new applications for our products that maximize our value proposition.

 **R&D**  
<https://www.furukawadenchi.co.jp/english/research/>

## Priority Measures

### 1 Reinforcing In-house Technologies

In the fiscal year ended March 2018, we pursued initiatives based on the following basic policy.

#### Basic Policy

- Focus on the development of number-one and one-of-a-kind technologies and develop commercially viable new products
- Further enhance elemental development technologies and evaluation techniques and realize unique technologies with the ability to solve issues
- Improve the functionality and marketability of existing products

#### Main Initiatives from FY2018 to FY2019

- Lithium-ion Batteries: develop technologies that balance safety with high capacity and high output. Generate and enter new markets  
 ⇒ Produce results that will translate into future business growth
- UltraBattery (lead-acid battery): Reduce costs, extend service life and improve charge-discharge behavior  
 ⇒ Establish differentiating technologies and strengthen competitiveness ahead of an overseas rollout

### 2 Coordination with Universities and Other Industries

In April 2017, Furukawa Battery, in conjunction with the Kanamura Laboratory of Tokyo Metropolitan University (Professor, Kiyoshi Kanamura, Department of Applied Molecular Chemistry, Division of Applied Chemistry) established the joint venture Advanced Battery Research Institute (ABRI) to conduct research and development into highly safe, high-performance lithium secondary batteries. The company is combining research results with a technology to enhance safety using a new type of separator developed by the Kanamura Laboratory. One of its aims is to commercialize a competitive lithium secondary battery.



### 3 Process Innovation

To continually contribute to business through research and development, it is necessary to go beyond the development of the technologies themselves and achieve innovation in the processes as well. At Furukawa Battery, the Process Technologies R&D Department of

Research & Development Institution plays a key role in development that simultaneously improves functionality and reduces costs, and promotes the application of processes that substantiate technologies which meet the needs of customers.

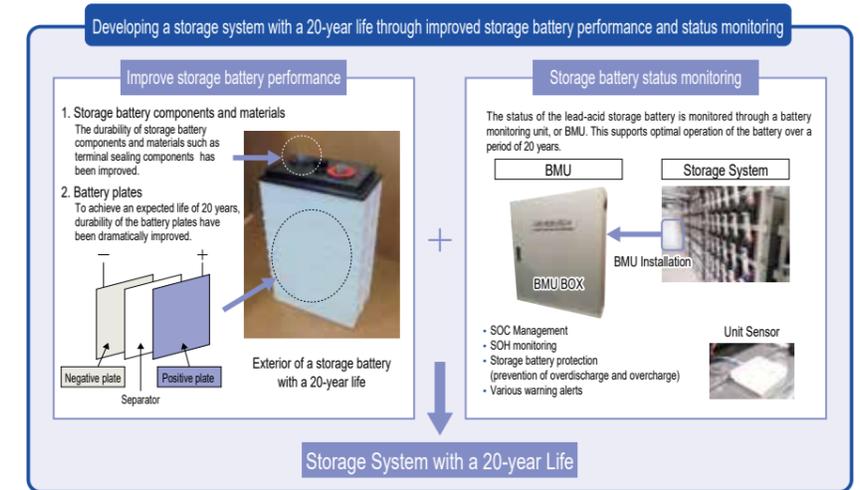
## COLUMN

### Example of a Developed Product

#### Taking on the Challenge of a Lead Carbon Battery: Developing a Battery with a 20-year Life for Renewable Energy

Scheduled for Release in Spring 2019

With worldwide agreements on climate change measures being established, Japan has set its own target: to have 22-24% of its energy needs met by renewable energy by 2030. Reducing the costs associated with generation is an essential part of encouraging the effective utilization of renewable energies. Furukawa Battery is working on developing a storage battery that extends the maximum 15-year life of lead carbon batteries to 20 years, the regular service life of power generating equipment. By successfully developing batteries with a 20-year life, we hope to reduce costs associated with replacing storage batteries in renewable energy equipment, and by extension help to encourage the adoption of renewable energies. As storage batteries for renewable energy support harsh cycle use of alternating charge and discharge cycles, they need to be highly durable. Furukawa Battery has conducted extensive research into lead-acid batteries that have carbon added to the anodes (lead carbon batteries), achieving excellent discharge properties and succeeding in drastically improving durability of the battery plates. While long-life lead carbon batteries that last up to 15 years have already been commercialized, Furukawa Battery plans to devise a high-capacity battery system with a 20-year life by developing a battery with an ultra-long life of 20 years and combining it with storage battery status monitoring through a battery monitoring unit (BMU) and technologies that support optimal operation over the 20-year lifespan.



Based on Furukawa Battery usage conditions. Draft specifications are subject to change without notice.

\* Source: Ministry of Economy, Trade and Industry Long-Term Energy Supply and Demand Outlook, July 2015

## TOPICS

### MgBOX emergency magnesium-air battery certified as a Kanagawa Nadeshiko Brand product for 2018

Kanagawa Nadeshiko Brand is a project implemented by Kanagawa Prefecture to certify products developed by women from Kanagawa-based companies as “Kanagawa Nadeshiko Brand” products. The development of MgBOX, which was certified under the scheme, was initiated in 2011. Female developers made repeated improvements while tapping into hints and sensibilities from their daily lives. The product went on sales in 2014. As part of the development, attention was paid to simplifying the usage procedures and ease of disposal. The product is also designed to be friendly to the global environment by using a container made from paper without including any harmful substances.

 **MgBOX**  
<https://www.furukawadenchi.co.jp/mgbox/mgbox.htm>



Kanagawa Nadeshiko Brand 2018 certification ceremony

## 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 manufacturing, service and administrative operations. We continually iterate on a PDCA-based management cycle that is

factually based 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 the management principles and goals of Furukawa Battery.

## History of Quality Control at Furukawa Battery

Furukawa Battery was established when it was spun off from Furukawa Electric Co., Ltd. in 1950. Recognizing our responsibility as a manufacturing business, we have taken quality control seriously since our founding. In 1952 we obtained Japanese Industrial Standards certification for automotive storage batteries, and won the 2nd Deming Prize for the results of our quality control implementation. Later, from 1989 we incorporated the FB Production System inspired by the Toyota Production System, and promoted various improvement activities including PI\*1, SI\*2, and RI\*3 on a unified company-wide basis. In 1994, Furukawa Battery established the "3 BEST FB" slogan and thoroughly implemented the approach of quality supremacy.

As part of driving overseas expansion, we also sought to obtain the international ISO9001 certification for quality management systems (QMS). In 1995, the certification was obtained by Furukawa Battery's nickel-metal-hydride battery division, which was the highest

priority for overseas expansion at the time, and the company made internal and external commitments to operate a QMS. This was a forward-thinking move for a Japanese company. Certification was later expanded to other divisions, and in 2000 Furukawa Battery obtained company-wide certification, including its nationwide branch offices.



The composition of "3 BEST FB"

- \*1 Production Activity Improvement
- \*2 Sales and Supporting Activity Improvement
- \*3 Research and Development Activity Improvement

## Integration of ISO9001/ISO14001 management systems

Following ISO9001 certification, in 1999 the Iwaki and Imaichi Plants each obtained ISO14001 certification for environmental management systems (EMS). In February 2017, the certification was extended to the head office and nationwide brand offices, with the certification now covering the entire company to realize higher-level activities.

Furukawa Battery originally operated its ISO9001 QMS and ISO14001 EMS separately. In April 2016, however, we established a policy of unifying its environmental and quality initiatives with operations and actively working to not only improve customer satisfaction but also preserve the global environment and build a sustainable society. Accordingly, we built and began operating a Business Management System that integrates the QMS and EMS.

Furukawa Battery has added environmental aspects to the focus on quality it has embraced since its founding, and applies these initiatives to the business procedures each division and organization based on the Business Management System. Moving forward, we will continue



An internal audit underway

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.

## Furukawa Battery's Environmental Activities

Through its eco-conscious business activities, Furukawa Battery provides environmentally friendly products such as batteries for eco-friendly vehicles and industrial storage batteries for renewable energy. We have also established a recycling system for lead, a major raw material for

battery production, and we make efforts to ensure that our business itself creates value in environmental terms through total product recycling initiatives.



## History of Environmental Activities

In 1999, Furukawa Battery obtained ISO14001 certification for environmental management systems at its Iwaki and Imaichi Plants. By putting environmental considerations into practice from the design to manufacturing processes, we have also strived to improve corporate value from an environmental perspective.

In 2010, we established an Environmental Contribution Department to strengthen our response to increasingly diverse environmental issues and global regulations. As a company that continues its business while utilizing resources and as a member of an energy-related industry, we strongly recognize our responsibility to the global environment and have committed to engaging in a wider range of environmental activities. In the years since, Furukawa Battery has focused on reducing CO<sub>2</sub> emissions and waste, preserving the global environment and developing eco-friendly products through a range of activities including environmental assessments at each business site and recycling promotion initiatives. We also conduct awareness-raising efforts and public relations activities on an ongoing basis, including information dissemination campaigns through environmental

education and exhibitions aimed at students and children who will represent the next generation.

The head office and branch offices of Furukawa Battery have currently obtained ISO14001 (environmental management system; EMS) certification, expanding the scope of our environmental activities from sales to usage and the recycling of used articles. We have also established and begun operation of a Business Management System, which integrates the EMS with an ISO9001-certified quality management system. Furukawa Battery will continue to create environmental value by reducing its environmental impact and providing environmentally friendly products and technologies, and accelerate management approaches that better integrate its business with environmental activities.



Environmentally friendly Product: The UltraBattery series of extended-life batteries

## Major Initiatives in FY2018

|  | Priority Issues   | Targets  | Initiatives   | FY2019 Policy  |
|--|---|--|---|--|
| Foundations of Environmental Management                  | Firmly Establishing Operation of the Business Management System     | <ul style="list-style-type: none"> <li>Maintaining and strengthening management systems for environmental aspects</li> </ul>   | <ul style="list-style-type: none"> <li>Conducting internal auditor training</li> <li>Ongoing implementation of internal audits</li> <li>Review of environmental standards and Environmental Management Committee standards</li> </ul>   | <ul style="list-style-type: none"> <li>Accelerating environmental management that is integrated with business activities through continual improvements to the Business Management System</li> </ul> |
|  | Compliance with laws, ordinances, agreements and other requirements | <ul style="list-style-type: none"> <li>Eliminating deviations from agreed values (wastewater, air)</li> <li>Reducing the use of harmful substances (substances subject to legal regulations)</li> </ul>  | <ul style="list-style-type: none"> <li>Review of methods and systems for collating environmental data</li> <li>Organization of Safety Data Sheets (SDS) and web publication</li> <li>Environmental audits to business associates</li> </ul>   | <ul style="list-style-type: none"> <li>Ongoing strengthening of response to laws and other regulations through coordination between health &amp; safety and facility-related divisions</li> </ul>    |
| Creating environmental value through business activities | Developing environmentally friendly products                        | <ul style="list-style-type: none"> <li>Commercializing at least seven products per fiscal year across the company</li> <li>Reducing the size and weight of products</li> <li>Expanding the range of products that use recycled raw materials</li> <li>Developing long-life products</li> </ul> | <ul style="list-style-type: none"> <li>Progress towards the development and commercialization of 7 environmentally friendly products across 6 categories</li> </ul>   | <ul style="list-style-type: none"> <li>Ongoing development of eco-friendly products utilizing the technological features of Furukawa Battery</li> </ul>  |
|  | Resource saving and recycling                                       | <ul style="list-style-type: none"> <li>Reducing process scrap by at least 1% (compared with the previous year)</li> <li>Processing at least 95% of all waste for recycling (including heat recovery)</li> </ul>  | <ul style="list-style-type: none"> <li>Reducing defective goods by decreasing equipment failures (reducing items to be recycled)</li> <li>Internal collection and re-use of some process scrap</li> </ul>   | <ul style="list-style-type: none"> <li>Maintaining and upgrading recycling systems</li> </ul>  |
|  | Energy savings to prevent global warming                            | <ul style="list-style-type: none"> <li>Improved electricity consumption per unit of production by least 1% (compared with the previous year)</li> <li>Reduced CO<sub>2</sub> emissions per unit of production by at least 1% (compared with the previous year)</li> </ul>                      | <ul style="list-style-type: none"> <li>Improvements to exhaust equipment</li> <li>Energy visualization</li> </ul>   | <ul style="list-style-type: none"> <li>Promoting energy savings by developing mechanisms to control per-unit energy consumption on a production line basis</li> </ul>                                |
| Environmental contribution activities                    | Contributing to the environment in way unique to Furukawa Battery   | <ul style="list-style-type: none"> <li>Implementing activities that contribute to the global environment</li> <li>Ongoing environmental education and awareness-raising activities</li> </ul>  | <ul style="list-style-type: none"> <li>Clean-up activities conducted at least once a year at each business site</li> <li>Conducting education on environmental standards for all employees</li> <li>Conducting ongoing environmental education for children and students</li> </ul> | <ul style="list-style-type: none"> <li>Ongoing social contribution activities and environmental awareness-raising activities inside and outside the company</li> </ul>                               |

## Basic Approach

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 our management principles, namely that “we are challengers.” Maximizing the abilities of each employee while maintaining

and enhancing their motivation as challengers is the foundation that supports the growth of Furukawa Battery. To continuously strengthen these efforts, we conduct various training activities and also encourage employees to pursue personal development.

## Priority Measures

At Furukawa Battery, we view the cultivation and strengthening of human resources as an overriding issue, and make a particular point of responding to a

diverse range of human resources and working styles, while promoting the retention and development of the human resources that underpin our global expansion.

### 1 Promoting the Successes of Diverse Human Resources

Stable global expansion and sustainable growth require the development of a corporate culture that effectively reflects a diverse range of views in management. We believe that having diverse human resources accept one another’s individual qualities and cooperate with a sense of fulfillment creates a foundation for growth, both for employees and the company. With this in mind, in May 2016 we appointed a diversity promotion officer as part of the Human Resource & General Affairs Department.

to gain insight into the increasingly diverse needs of employees, and have made progress in considering the design of detailed programs promoting the continued employment of female employees, whose careers can easily be interrupted by life events. As for stabilizing the employment of employees with disabilities, we have strengthened support for these employees to become well established at the company and stepped up hiring efforts. For example, we have encouraged employees to obtain qualifications as occupational and lifestyle counselors for persons with disabilities, paid visits to special-needs schools and accepted persons with disabilities for internships.

During the fiscal year ended March 2018, we concentrated on encouraging female participation and stabilizing the employment of employees with disabilities. On the topic of promoting female participation, we have made improvements to human resource programs, such as expanding the scope of those eligible for shorter working hours for childcare in as part of a cooperative effort between labor and management. At the same time, we have conducted interviews and questionnaires

Furukawa Battery aims to create a vigorous organization where a diverse range of human resources come together, and we will make every effort to realize a corporate culture where all motivated employees, regardless of gender or disabilities, can flourish.

### 2 Workstyle Reforms Focused on Promoting a Healthy Work-Life Balance

Furukawa Battery respects the lifestyles of every employee. To ensure that employees can continue to work with peace of mind while demonstrating their full potential, we have pursued a cooperative labor-management relationship to enhance programs that support a balance between work and daily life, encourage employees to take leave, and shorten working hours.

#### Key Measures Undertaken from FY2017 Onwards

- Extended of child care leave periods
- Extended eligibility period of shorter working hours for child care
- Short-term child care leave system for male employees (newly established)
- System allowing the split use of family care leave
- Extended eligibility period of shorter working hours for family care
- Family care leave system (newly established)
- System for reemployment of employees who have resigned due to family circumstances



### 3 Overseas Training for Junior Employees

Furukawa Battery has positioned the expansion of its overseas business as a pillar of its medium-to-long-term growth. As initial steps to retain and cultivate human resources to support our future global expansion, we conduct short-term training at our Thailand-based subsidiary for employees in their 3rd to 7th years at the company. During the training, the employees are given an explanation about the company’s business operations in Thailand, participate in group discussions with local staff and take a tour of the production site. The program condenses the experiences necessary for the growth of the company and its human resources, such as cultivating an awareness as a member of the Furukawa Battery Group, recognizing the importance of overseas markets and spurring a motivation to improve one’s communication skills.



### 4 Internal MBA Training

To ensure the sustainable development and growth of Furukawa Battery, we conduct Internal MBA Training with prospective next-generation managers to discuss and deepen their understanding of the company’s approaches and direction. During the training, participants share a vision of the company 10 and 20 years in the future through discussions beyond their respective departments centered on Furukawa Battery’s position and management issues. They then propose to senior management a specific process to accomplish these visions. The employees who take part in the training are those flourishing in positions as the heads of departments and groups at head office and other business sites. While these employees are

gaining experience in the field through actual work, the training fosters a broader perspective of the company as a whole, allowing them to take a step towards controlling the direction of Furukawa Battery.



## COLUMN

### 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

### Health and Safety Initiatives

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 FY2018, we focused

on the pursuit of essential safety (developing mechanisms that ensure safety, for instance), improving the safety levels exhibited by individuals through communication, improving work environments at business sites, and maintaining the physical and mental health of employees.

# Contribution to Society

## Basic Approach

Furukawa Battery, as a member of the Furukawa Electric Group, carries out CSR activities in keeping with the Furukawa Electric Group Basic Policy reproduced below.

### Furukawa Electric Group Basic Policy on CSR (Revised March, 2011)

Based on the Furukawa Electric Group Corporate Philosophy,

- We will operate our businesses in harmony with society and the environment and endeavor to create social value through technological innovation, complying with laws, social norms, and ethics as a member of the international community.
- We will strive to maintain and build sound and friendly relationships with all of our stakeholders and contribute to the sustainable development of society.

 [Furukawa Electric Group CSR Basic Policy](https://www.furukawa.co.jp/en/csr/guideline/)  
https://www.furukawa.co.jp/en/csr/guideline/

Furukawa Battery aspires to continually contribute to society through its business activities by meeting the expectations of customers and society with sincerity and building an unshakeable foundation of trust. To achieve this, we emphasize dialogue with various stakeholders including customers, business partners, shareholder, investors, employees and local communities, and make every effort to reflect the fruits of that communication in management.

## Furukawa Battery's Engagement with Society

### Support for School Education Ongoing

To increase the number of people who are able to use energy effectively and consider the global environment, Furukawa Battery supports education for the students and children who represent the next generation on an ongoing basis.

In the fiscal year ended March 2018, we held a total of six environmental classes at elementary schools in the cities of Iwaki and Nikko where our plants are located, and at event venues in regional cities. In total 273 students learned about the mechanisms underlying power generation and batteries under the themes of "Utilizing Renewable Energy" and "Manufacturing and the Environment." Additionally, eight employees from our R&D Institution participated as lecturers at the Iwaki Global Academy: 2nd Iwaki-Shijuku, an educational program chiefly designed for junior high school students. Under the theme of "pioneering the future with the power of science," lectures and workshops about the possibilities of batteries, the power of science and problem solving techniques were conducted.



Environmental classes for high school students at the Iwaki Plant

\* Iwaki-Shijuku: A career-oriented educational program for junior high school students in Iwaki City organized by the Iwaki City Board of Education.

### CSR Management at our Thailand Subsidiary Siam Furukawa (SFC) Ongoing

SFC practices CSR management with the aim of providing products and services that enrich society and people's lives while complying with social norms and corporate ethics, reducing the environmental impact associated with its business activities, ensuring product safety and providing safety and peace of mind to employees and local communities. SFC's CSR activities contribute to areas consistent with the seven core subjects of the ISO26000 standard, namely organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development. In recognition of this, SFC has received the CSR-DIW Continuous Award from the Thai Ministry of Industry's Department of Industrial Works for seven years running. SFC is also focused on creating a healthy relationship between labor and management, and in recognition of its efforts in this regard, has received the Excellent Establishment on Labour Relations and Welfare Award from Thailand's Department of Labour Protection and Welfare for 12 years running. In the future, SFC will continue to make contributions to the environment and society through improvement activities in its core business and by securing sustainable profits.



CSR-DIW Continuous Award 2017 award ceremony

# 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.

Moreover, with society in a perpetual state of change, it is important for Furukawa Battery to provide new technologies and products in a timely manner in order to develop in a sustainable way. However, ventures into new technologies and businesses always come with risk. Determining and mitigating compliance violations and other risks with the right degree of sensitivity is essential to stabilize business performance and achieve

sustainable growth.

Furukawa Battery defines risks as "uncertain elements that carry the danger of seriously impacting the Group's ability to achieve its business goals." We have summarized related matters including risk identification and evaluation in business activities, how to respond when a risk becomes reality, measures to prevent occurrence or recurrence and the departments responsible for risk management in Risk Management Regulations and a Risk Response Manual. We also strive to foster a corporate culture that maintains an awareness of risk management under normal circumstances.

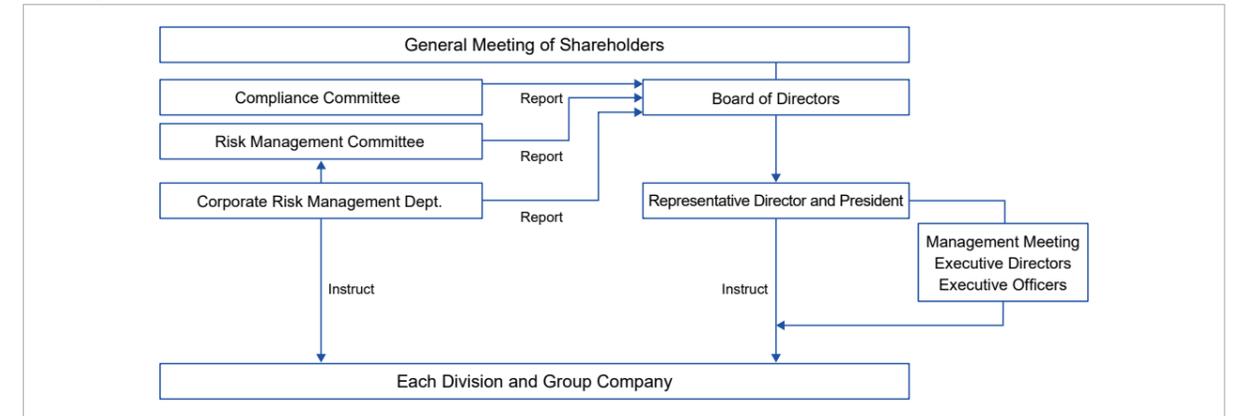
## Compliance Promotion Structure

Furukawa Battery regards compliance as one of the most important management issues in the process of fulfilling its social responsibility, maintaining and improving social credibility and increasing corporate value. With a Compliance Committee comprising Management Meeting members playing a central role, we have worked to create a structure that firmly establishes compliance and prevents compliance issues from being overlooked.

### Main Initiatives in the Fiscal Year Ended March 2018

- Compliance-related education
  - Insider trading prevention seminar
  - Workshop on the Unfair Competition Prevention Act and anti-corruption regulations (organized by Furukawa Electric Co. Ltd.)
- Internal dissemination of results of the Compliance Awareness Survey conducted in FY2017 and measures in response
  - Implementation of training for harassment issues

### Compliance Promotion System Diagram



## Business Continuity Planning (BCP)

At Furukawa Battery, we accept our corporate mission, to support society with the capabilities to store, convert and monitor energy inherent in storage batteries and power supply systems, with the seriousness it deserves. Even in the event of a disaster, we recognize that we not only need to quickly resume production to minimize the impact of damages, but also promptly restore and supplement the provision of our products. To achieve this, we have summarized matters such as ensuring employee safety and coordination with our supply chain in a Business Continuity Plan (BCP), and periodically conduct BCP drills to ensure that each employee will be able to take action in a proactive way in the event of an emergency.



## 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 the 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 creates a system of corporate governance that seeks to establish a balance between management oversight and business execution and ensures transparency and fairness in company decision-making.

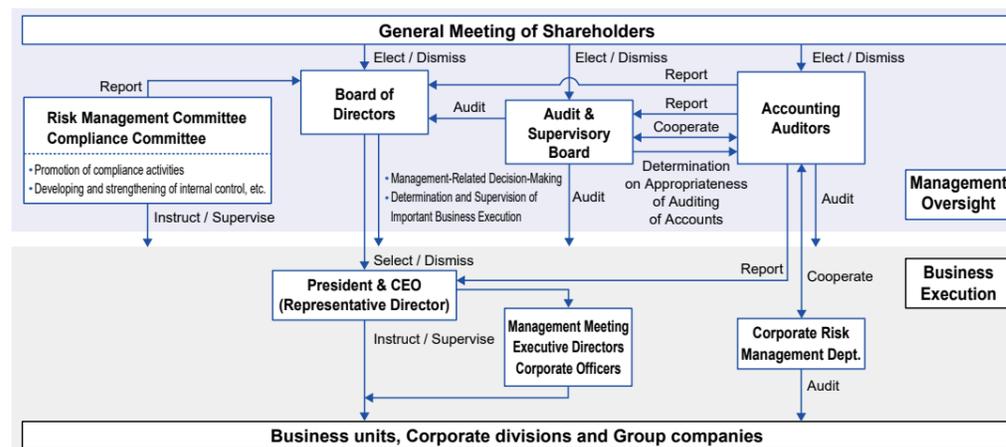


Corporate Governance  
<https://corp.furukawadenchi.co.jp/en/ir/overview/governance.html>

### ■ Overview of the System of Governance

|  |                   |   |
|--|-------------------|---|
| Form of Organization                       |                   | Company with an Audit and Supervisory Board             |
| Directors                                  | Number of Members | 12 (two of whom are outside directors)                  |
|  | Term              | 1 year  |
| Audit & Supervisory Board Members (A&SBMs) | Number of Members | 4 (two of whom are outside A&SBMs)                      |
|  | Term              | 4 years   |
| Measures to Grant Incentives to Directors  |                   | Introduction of a Performance-Based Compensation System |

## Diagram of the Corporate Governance System



### Board of Directors

The Board of Directors is convened once a month as a general rule, and convened at other times as needed (the Board convened 17 times during the fiscal year ended March 2018). The Board of Directors makes decisions concerning important issues including management plans, basic policies, organizational restructuring, funding plans, investments and loans.

#### Status of the Board of Directors in the Fiscal Year Ended March 2018

The Board of Directors deliberated over the progress of the company's management plan, measures targeting areas with issues and initiatives aimed at medium-to-long-term growth. Advice from a diverse range of perspectives based on experience in company management and university education combined with broad insight were received from the outside directors. Additionally, at regularly held Board of Directors meetings, the directors responsible for specific company businesses reported on the monthly financial status as well as plans, progress and results for each business.

### Management Meeting

The Management Meeting is held twice a month in principle and at other times as needed (the Management Meeting met 24 times in the fiscal year ended March 2018). The Management Meeting makes decisions concerning general execution policies and plans concerning execution of the basic policies determined by the Board of Directors.

### Audit & Supervisory Board

The Audit & Supervisory Board is held periodically based on an annual schedule and other times as needed (the Board met 10 times in the fiscal year ended March 2018). In addition to receiving reports on the status of audits from each member and sharing information, the Board makes decisions on matters including auditing policies, standards and an annual audit plan.

## Approach to Corporate Governance and Related Initiatives

Furukawa Battery currently employs the structure of a company with an Audit & Supervisory Board. By combining this with an executive officer system, the selection of multiple outside directors and the establishment of optional committees and seeking to separate management oversight functions from business execution functions, we have established a

system that functions as corporate governance.

We also recognize the importance of further strengthening corporate governance to ensure corporate value continues to be enhanced in the future. In light of the Corporate Governance Code that was applied from June 2015, we established the Basic Policy on Corporate Governance.

### COLUMN

#### Initiatives in the Fiscal Year Ended March 2018

##### Early disclosure of notice calling the General Meeting of Shareholders

Prior to June 6, 2017, which was the date for sending out the convocation notice of the 82nd General Meeting of Shareholders (held on June 27, 2018), we made an early disclosure of convocation notice on the company website.

##### Evaluating the Effectiveness of the Board of Directors

Based on Supplementary Principle 4-11-3 of the Corporate Governance Code, an evaluation of the effectiveness of the Board of Directors was undertaken in the interest of enhancing its functionality.

##### 1 Evaluation Method

- Questionnaires were distributed to all 12 directors and 4 Audit & Supervisory Board Members. Responses were anonymous.
- The questionnaires comprised a total of 16 questions falling under 10 items to be answered on a five-point scale, and an optional section for comments.

The response rate was 100%. The administrative office collated the responses, summarized the evaluation results and reported to the Board of Directors. In light of the evaluation results, the Board of Directors exchanged views and held discussions on further enhancing its functions and reflecting the feedback in actual operations.

##### 2 Main Evaluation Points

- Balance between the Board of Directors' business execution decision-making functions and management oversight functions
- Operations enabling outside directors to share opinions from an independent stance
- Efficient operation of meetings (time, frequency, materials, etc.)
- Director affairs
- Training for directors
- Dialogue with shareholders (effectiveness and opportunities, etc. for information disclosure)

##### 3 Summary of Results

As a result of discussions held by the Board of Directors in light of the evaluation results, Furukawa Battery confirmed that the roles and responsibilities of the Board of Directors as defined in the Basic Policy on Corporate Governance are being fulfilled, and that operations allow outside directors to share opinions from an independent stance. On the other hand, there was a shared recognition that there is room for improvement in the details of training for directors. In light of the above, we will focus on measures including ongoing training to help enhance the effectiveness of the Board of Directors in the future.



Communicating with an Outside Audit & Supervisory Board Member at a trade show (top)  
 Scene from company officers training (bottom)

# Corporate Information (as of March 31, 2018)

|                                 |  |
|---------------------------------|--|
| Corporate Name                  | The Furukawa Battery Co., Ltd.   |
| Established                     | September 1, 1950  |
| Capital                         | ¥1,640 million   |
| Number of Employees             | Consolidated: 2,372 Non-consolidated: 935  |
| Fiscal Year                     | From April 1 to March 31   |
| Head Office                     | 2-4-1, Hoshikawa, Hodogaya-ku, Yokohama city, Kanagawa 240-0006, Japan<br>Telephone: +81-45-336-5034 |
| Stock Exchange Listing          | Tokyo Stock Exchange   |
| Securities Identification Code  | 6937   |
| Transfer Agent for Common Stock | Mizuho Trust & Banking Co., Ltd.<br>2-1, Yaesu 1-chome, Chuo-ku, Tokyo, Japan                        |

## Principal Businesses

### Lead-acid Batteries

For automobiles, motorcycles, trains, aircraft, ships, industrial uses and solar power generating systems

### Alkaline Storage Batteries

For office and office automation equipment, measurement instruments, UPS, satellites, disaster prevention equipment, aircraft, etc.

### Power Supply Systems

DC power supply systems, uninterruptible power supplies, etc.

### Other Items

Converters, battery chargers, batter testers, electrical work, telecommunications work, etc.

## Website

<https://www.furukawadenchi.co.jp/english/index.htm>

## Stock Information (as of March 31, 2018)

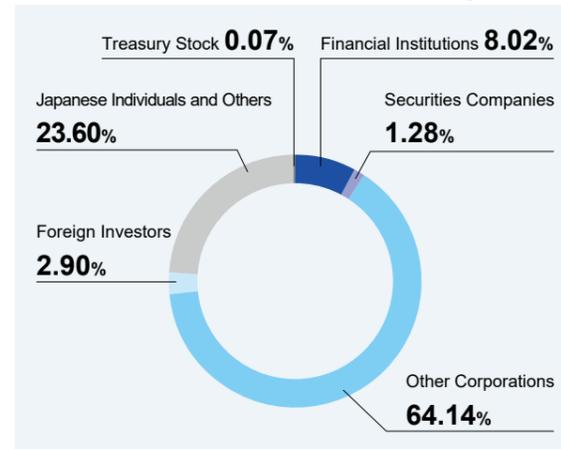
|                                   |            |
|-----------------------------------|------------|
| Total Number of Authorized Shares | 80,000,000 |
| Total Number of Shares Issued     | 32,800,000 |
| Number of Shareholders            | 7,047      |

## Major Shareholders

| Name of Shareholders                                      | Number of Shares Held (Thousands of Shares) | Shareholding Ratio (%) |
|---|---|------------------------|
| Furukawa Electric Co., Ltd.                               | 18,781                                      | 57.30                  |
| TOYOTA MOTOR CORPORATION                                  | 550   | 1.68                   |
| Furukawa Battery Trading-Partner Shareholding Association | 524   | 1.60                   |
| UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT           | 514   | 1.57                   |
| Asahi Mutual Life Insurance Company                       | 352   | 1.07                   |
| Sompo Japan Nipponkoa Insurance Inc.                      | 337   | 1.03                   |
| Hino Motors, Ltd.   | 330   | 1.01                   |
| Japan Trustee Services Bank, Ltd. (Trust Account No. 5)   | 272   | 0.83                   |
| THE TOHO BANK, LTD.                                       | 230   | 0.70                   |
| Tokio Marine & Nichido Fire Insurance Co., Ltd.           | 220   | 0.67                   |
| FUJITSU LIMITED   | 220   | 0.67                   |
| FUJI ELECTRIC CO., LTD.                                   | 220   | 0.67                   |

Note: The shareholding ratio is calculated by excluding the number of treasury stock (22,055 shares).

## Shareholder Composition (Shareholding Ratio)



## Main Group Companies (as of June 26, 2018)

### SIAM FURUKAWA CO., LTD.

33 Moo 4 Nongplakradee Rd, Bualoy Sub-District, Nongkhae, Saraburi Province, 18140, THAILAND  
TEL: +66-36-373-573

Furukawa Battery Marketing Co., Ltd.  
Furukawa Battery Niigata Co., Ltd.  
FB Finance Co., Ltd.  
FB Package Co., Ltd.  
Daiichi Giken Kogyo Co., Ltd.  
HD Holdings Co., Ltd.  
ABRI Co., Ltd.

### PT. FURUKAWA INDOMOBIL BATTERY MANUFACTURING

Kawasan Industri Kota Bukit Indah  
Blok O-1 No.1A Dangdeur, Bungursari, Purwakarta, Jawa Barat-41181, Indonesia  
TEL: +62-264-864-2087

## Company Officers (as of June 26, 2018)

|  |                   |  |                  |
|--|-------------------|--|------------------|
| President & CEO (Representative Director)                                  | Shinichi Ono      | Full-Time Audit & Supervisory Board Member               | Ryosuke Matsui   |
| Senior Managing Director, Member of the Board, Executive Corporate Officer | Hideaki Ogawa     | Outside and Independent Audit & Supervisory Board Member | Naoyuki Fukasawa |
| Managing Director, Member of the Board, Executive Corporate Officer        | Shigeru Takaku    | Outside and Independent Audit & Supervisory Board Member | Keiichi Tsuda    |
| Managing Director, Member of the Board, Executive Corporate Officer        | Shigeru Fukuhara  | Audit & Supervisory Board Member                         | Masako Tanaka    |
| Director, Member of the Board, Corporate Officer                           | Koichiro Yamamoto | Senior Corporate Officer                                 | Shinobu Kaneko   |
| Director, Member of the Board, Corporate Officer                           | Shinichiro Ota    | Corporate Officer  | Syunji Ishizaki  |
| Director, Member of the Board, Corporate Officer                           | Eizo Sakagami     | Corporate Officer  | Toshiro Yamamoto |
| Director, Member of the Board, Corporate Officer                           | Shigenori Moue    | Corporate Officer  | Toru Chiba       |
| Director, Member of the Board, Corporate Officer                           | Yuji Shioda       | Corporate Officer  | Hitoshi Taguchi  |
| Outside and Independent Director, Member of the Board                      | Kenichi Kobayashi | Senior Fellow  | Jun Furukawa     |
| Director, Member of the Board  | Toshio Yanagi     |  |                  |
| Outside and Independent Director, Member of the Board                      | Naoya Eguchi      |  |                  |

## 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 natural disasters

