

FURUKAWA BATTERY

# Report 2019

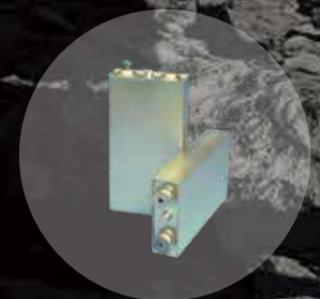


Management Principles

# 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.

# Challenge



In the morning of February 22, 2019, the Hayabusa 2 probe successfully touched down on the Ryugu asteroid. Like its predecessor Hayabusa, the Hayabusa 2 probe is equipped with a lithium-ion battery produced by Furukawa Battery.

*A. Ikeshita*

Akihiro Ikeshita

# Expand

# Global

For Furukawa Battery to develop in the medium to long term, it is essential to expand its businesses not only in Japan but overseas, including new markets. Along with current efforts to develop solid foundations in the Indonesian market, we are making every effort to offer technical support and strengthen ties with capital partners with the aim of promoting overseas development in anticipation of the next markets and operating sites.

With a focus on Asia and its potential for future market growth, we aim to establish our businesses as being of use to society and grow in step with the development of the regions in which we do business.



Taking into account the period when its predecessor, the battery division of Furukawa Electric Co., Ltd. operated the business, Furukawa Battery has been operating for over a century. During this time, we have sought to create a truly affluent and sustainable society through the manufacture and sale of storage batteries and power supply products.

To advance our untiring efforts to develop in partnership with society, we will place an even greater emphasis on businesses that contribute to the environment and society as we progress and evolve in profitable ways.

# Store



Solar panels

Energy storage system using lead-acid batteries

# Store



Furukawa Battery provides one-stop solutions covering everything from the standalone batteries used in energy storage systems to circuit design and installation work as part of its contributions to the effective utilization of renewable energies. We also roll out the technologies we have accumulated to overseas companies through technical support agreements and have supported the development of large-scale energy storage systems in China and elsewhere.

## Contents

### Who we are

- 01 Introduction
- 07 The Source of Value Creation
- 09 Value Creation Process
- 11 Financial and Non-Financial Highlights

### Our Vision

- 13 CEO Message
- 19 Mid-Term Management Plan
- 20 Management Interview

### Special Feature

- 21 New Product

### The Foundations Supporting Value Creation

- 23 Human Resources
- 25 Environment
- 26 Contribution to Society
- 27 Quality
- 28 Corporate Governance
- 31 Management Team

### State of Business

- 33 At a glance
- 35 Automotive business
- 36 Industrial business
- 37 Corporate Information
- 38 Our History

### Editorial Policy

We aim to provide 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, and to provide our stakeholders with a more in-depth understanding of Furukawa Battery. In compiling this report, we have consulted the International Integrated Reporting Framework advocated by the International Integrated Reporting Council.

### Reporting Period

Fiscal 2019 (April 1, 2018 to March 31, 2019)

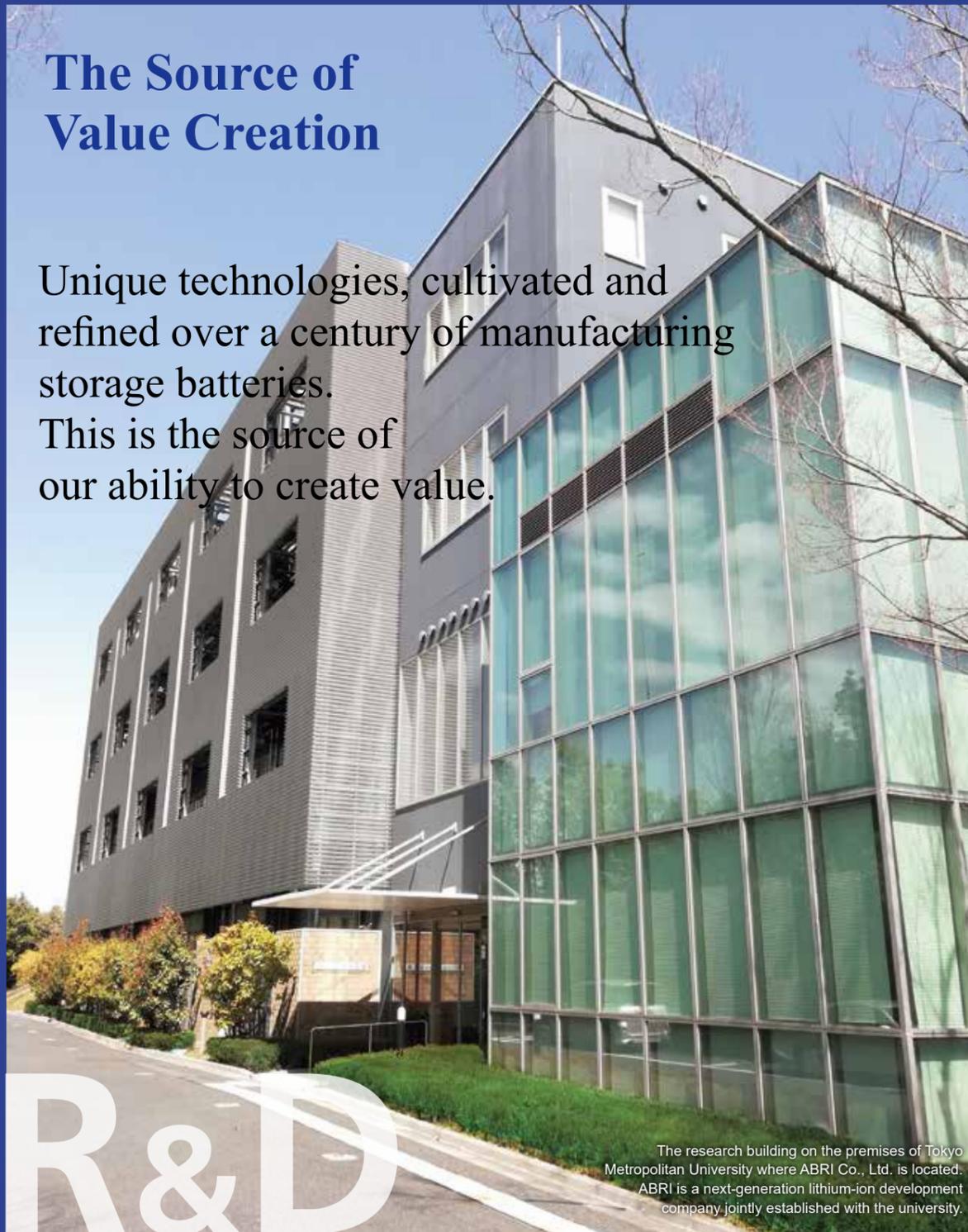
\* Includes some information from before and after this period.

### Scope of This Report

The Furukawa Battery Co., Ltd. and its consolidated subsidiaries  
 \* Environmental data relates to Furukawa Battery's Iwaki and Imaichi Plants.

## The Source of Value Creation

Unique technologies, cultivated and refined over a century of manufacturing storage batteries. This is the source of our ability to create value.

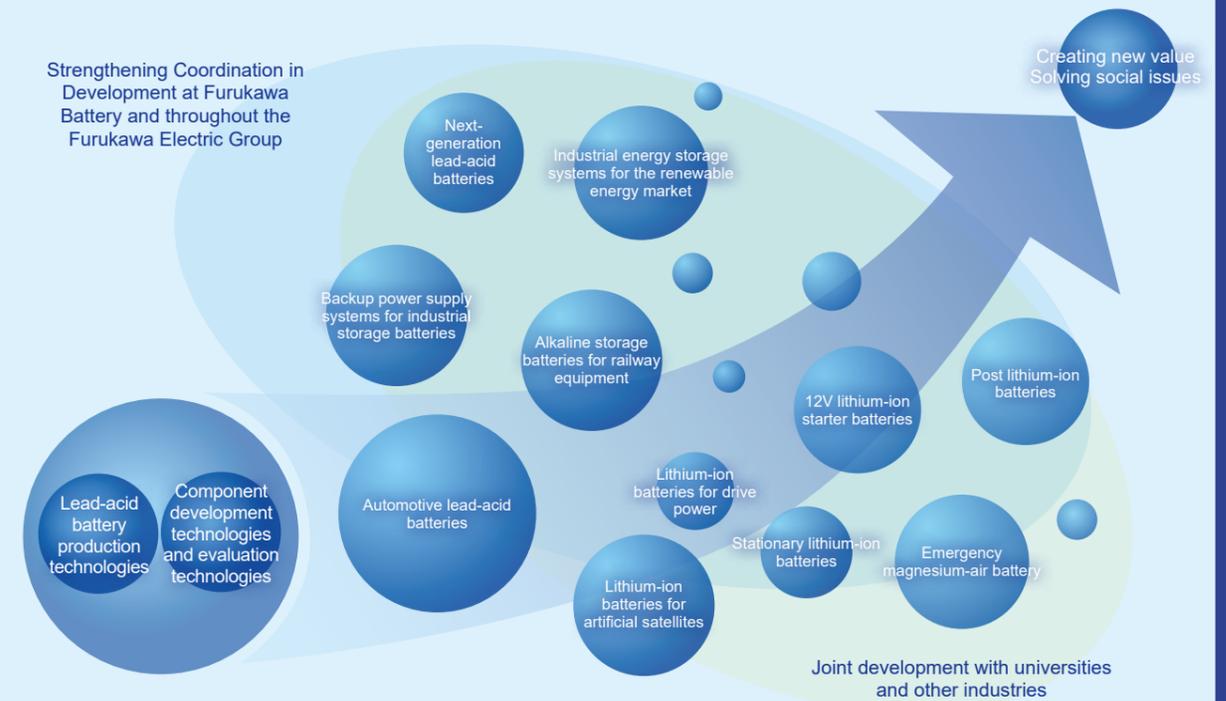


# R&D

The research building on the premises of Tokyo Metropolitan University where ABRI Co., Ltd. is located. ABRI is a next-generation lithium-ion development company jointly established with the university.

In 1914, our predecessor, the battery division of Furukawa Electric Co., Ltd. was established. From this time up to the present, we have been manufacturing lead-acid batteries through techniques long passed down while iterating on improvements to meet the times and market needs. The unique technologies cultivated and refined for more than a century are the source of Furukawa Battery's ability to create value. Placing our technological capabilities front and center, Furukawa Battery will continue its relentless pursuit of innovation and spread its distinctive and high-quality products around Japan and the world in its quest to create new value.

Strengthening Coordination in Development at Furukawa Battery and throughout the Furukawa Electric Group



### Furukawa Battery's Approach to Core Technologies and R&D

Furukawa Battery has developed distinctive products and businesses including automotive and industrial lead-acid batteries, alkaline storage batteries, backup power supplies and lithium-ion batteries by positioning the lead-acid battery production technologies, component development technologies and evaluation technologies cultivated over many years through its flagship automotive business. With all of our products and businesses, we strive to contribute to research and development efforts on an ongoing basis, placing an emphasis not only on the technology itself but in advancing innovation in the processes involved. Led by the Process Development Department of the R&D Division, development is focused on simultaneously improving functionality and reducing costs, while applying

processes to realize technologies that meet customer needs. We believe that research and development is significant because of its connection to outcomes that benefit society, and we make it our goal to develop products and commercialize services with a sense of speed, employing unique technologies that are able to solve social issues and yield results. To that end, we are working to strengthen coordination in our development efforts at Furukawa Battery and throughout the Furukawa Electric Group, and also pursue joint research initiatives with universities and other industries to create new products and businesses, while furthering process innovation. We are also committed to maximizing the value we provide by anticipating the needs to propose new outside-the-box applications.

### TOPICS

#### Senior Fellow Dr. Jun Furukawa selected as a member of The $\alpha/\beta$ Society

Senior Fellow Dr. Jun Furukawa (Doctor of Science and Engineering) has been selected as the 25th member of The  $\alpha/\beta$  Society, which comprises researchers and engineers who have made notable contributions to the development of lead-acid batteries. Dr. Furukawa is the first person of Asian ethnicity to be selected as a member of the organization.

Eleven of the society's members are recipients of the Gaston Planté Medal, which is awarded to individuals and organizations globally recognized as having contributed to the scientific and technological development of lead-acid batteries. Additionally, twelve of the members are also listed in the book "Innovators in Battery Technology," which introduces researchers who have developed more efficient storage batteries. Dr. Furukawa is the tenth member to hold both of these accolades.



Award ceremony held at the European Lead Battery Conference in Vienna

# Value Creation Process



The force of continually refined storage battery technologies combined with R&D capabilities power the engine creating corporate value

The corporate value of Furukawa Battery has been formed by fully harnessing the force of storage battery technologies cultivated over many years combined with R&D capabilities to achieve sustained innovation.

## Social issues

- |                   |                        |   |
|-------------------|------------------------|---|
| Climate change    | Depletion of resources | More stringent environmental regulations and legislation in various countries |
| Natural disasters | Trade conflicts        | Declining working-age population in developed countries                       |

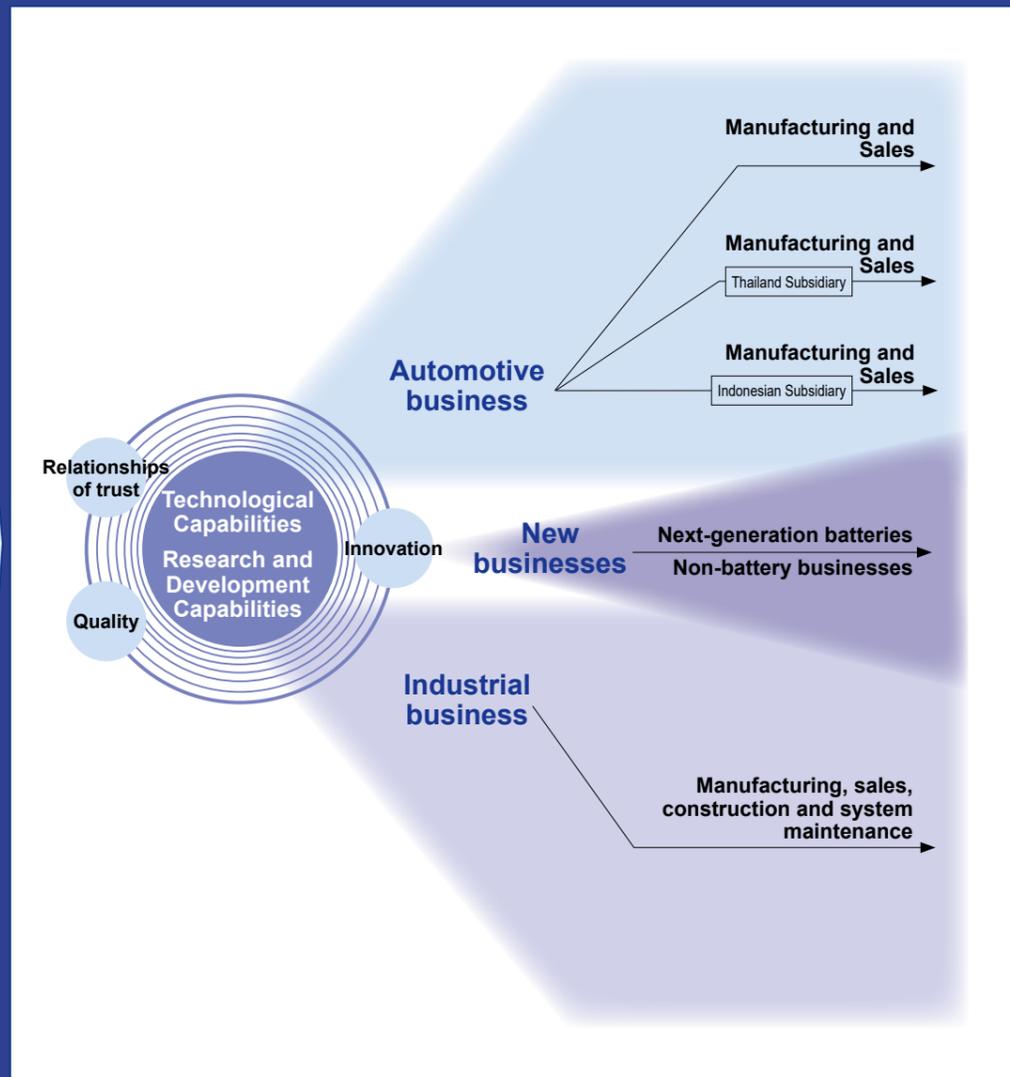
## Points of Contact between Furukawa Battery and Society

Stable Supply of Eco-friendly Products

Response to the Diversification of Human Resources and More Varied Working Styles

Constructive Dialogue and Management that Engages Directly with Society

## Business Model



- |                            |                      |   |            |
|----------------------------|----------------------|---|------------|
| Human resource development | Corporate governance | Management systems (ISO9001 / ISO14001) | Compliance |
|----------------------------|----------------------|---|------------|

## Outputs



## Growth Indicators and Strategies

### Mid-term Management Plan 2021

#### Management Indicators (Consolidated)

##### Net Sales

70.8 billion yen

##### Operating Profit

4.6 billion yen

##### Ratio of Overseas Sales

41.0%

▶ P.19

## Value Created

### Economic Value

- Achieve record sales, operating profit and ratio of overseas sales
- Achieve stable dividends and increases

### Social Value

- Reducing environmental impact in manufacturing and transportation
- Promoting the effective utilization of energy
- Developing a comfortable working environment for a diverse range of human resources
- Providing the peace of mind of disaster preparedness

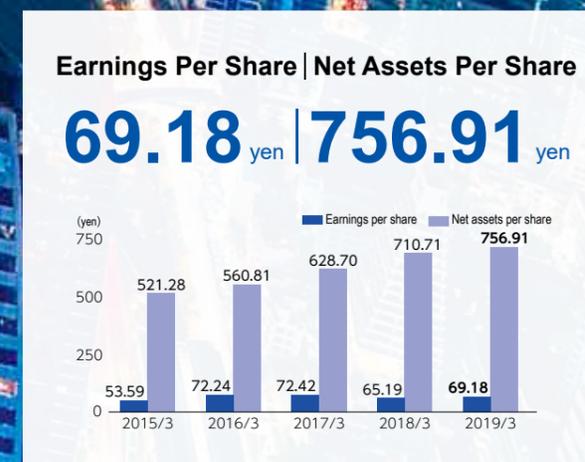
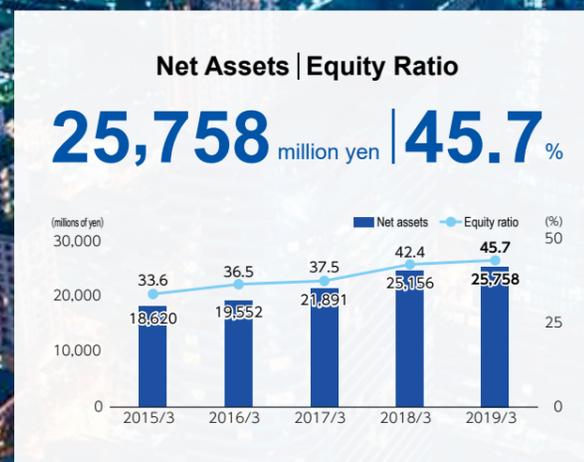
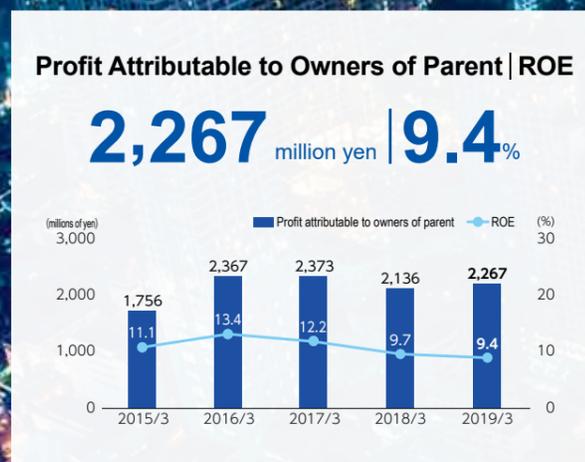
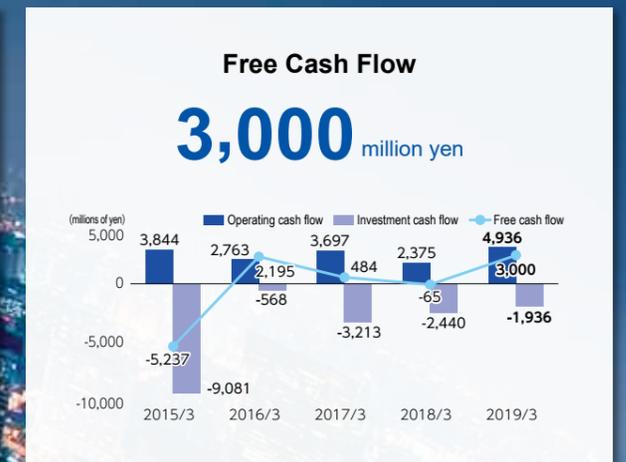
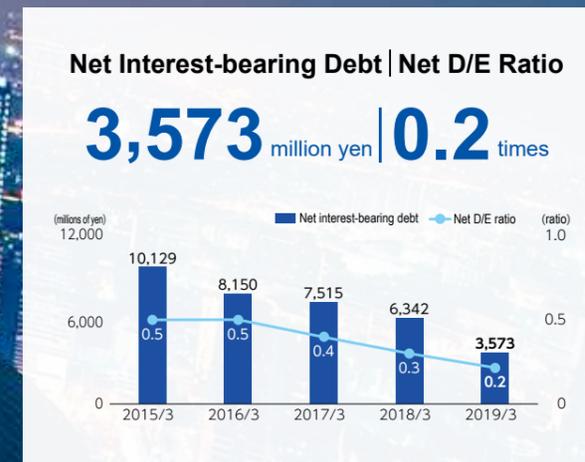
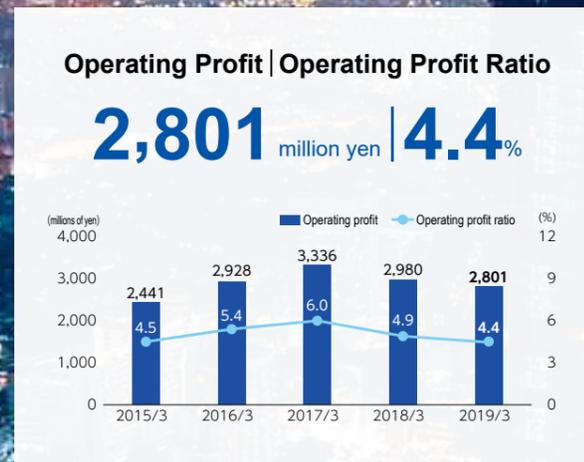
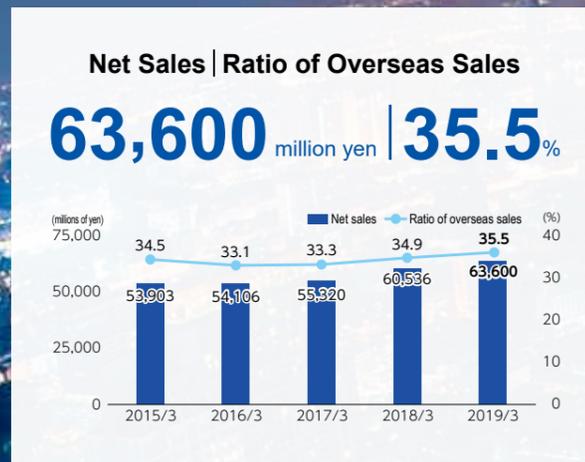
Contributing to society through our core business  
Profitable development and evolution  
Returns to stakeholders

Stakeholders

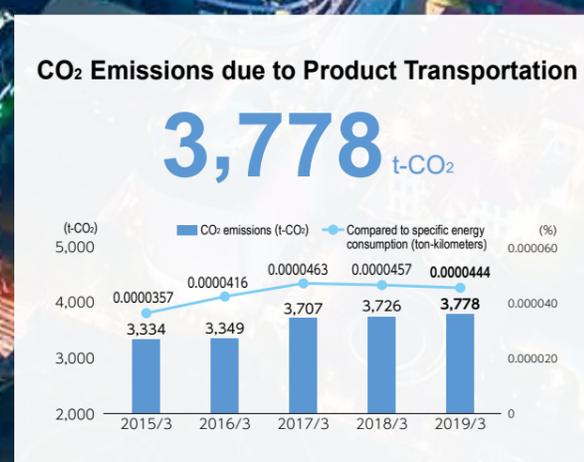
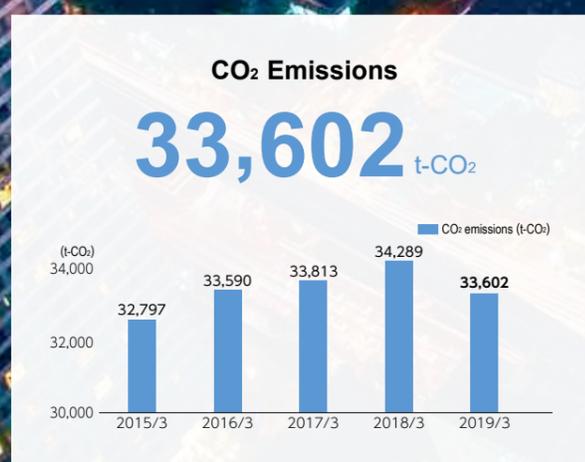
Realizing a truly affluent and sustainable society

# Financial and Non-Financial Highlights

## Financial Highlights



## Non-Financial Highlights



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



We will embrace true courage without fear of change, and continue to take on challenges towards a new stage of growth.

Taking into account the period when its predecessor, the battery division of Furukawa Electric Co., Ltd. operated the business, Furukawa Battery has been operating for over a century. During this time, we have continued to manufacture and sell storage batteries and power supply products. It is our valued stakeholders who have made this possible through their continued support over the years, and I would like to express my gratitude to all of you.

In May 2019, Furukawa Battery unveiled Mid-term Management Plan 2021, its new plan that will run from the fiscal year ending March 2020 through to the fiscal year ending March 2022. Through this plan, we will tackle domestic and overseas issues with a sense of speed, find reliable solutions, and at the same time focus on developing new products and cultivating human resources in anticipation of the future. In FY2022 (fiscal year ending March 2022), the final year of the plan, we will aim to achieve record sales, operating profit and ratio of overseas sales.

As we work to achieve the mid-term management plan and realize sustainable long-term development, my emphasis will be on “true courage without fear of change.” I believe that having a willingness to attempt innovation, reform and improvements in every aspect of business and the strong desire to continue those efforts will make it possible to progress to a higher stage of growth.

Looking ahead, this will be necessary for Furukawa Battery to be acknowledged as an indispensable company and establish a presence that persists for the next hundred years. We are committed to taking on even greater challenges and achieving sustained development together with you.

July 2019

Shinichi Ono 小野真一  
President & CEO

Looking Back on the Fiscal Year ended March 2019 (FY2019)

Looking at our financial results for FY2019, we recorded net sales of 63.6 billion yen, operating profit of 2.8 billion yen, ordinary profit of 2.6 billion yen, and profit attributable to owners of parent of 2.2 billion yen. Although sales of automotive lead-acid batteries were healthy in Japan and Thailand and revenue increased, due to factors such as sluggish performance at our Indonesian subsidiary (FIBM), changes to the product line-up in our

industrial business up to the first half of the fiscal year and higher logistics costs, we recorded declines in operating profit and ordinary profit. To address the issues at FIBM, we are thoroughly following up on every aspect from manufacturing and sales to management by dispatching and stationing personnel from Japan, and are making headway towards quickly stabilizing the situation and returning to full strength.

Future Direction of the Storage Battery Industry and Furukawa Battery

With worldwide agreements on measures to tackle climate change, gathering momentum in the setting of targets and accelerating efforts to make effective use of renewable energies, I believe the demand for storage batteries will become even greater. Furukawa Battery will continue working to provide renewable energy markets with energy storage systems using lead-acid batteries that are superior both in terms of technology and power generating costs. Particularly in Southeast Asia where the demand for electric power has increased rapidly, we hope to establish a track record of installations on the strength of the superior maintainability and long life of our lead-acid batteries. Looking to the future, meanwhile, we expect demand for eco-friendly

vehicles to expand, particularly in developing countries, and will concentrate on the manufacturing and development of lead-acid batteries designed for idling stop vehicles.

Furukawa Battery will leverage its technological advantages in lead-acid batteries and other products in the short-term while developing more in-depth elemental technologies for next-generation batteries (lead-acid and lithium-ion) in the medium-to-long term. This demonstrates our continual market-centric emphasis on delivering the technologies and products needed by the markets experiencing demand in a timely fashion. We also want to be a company that helps solve climate change and other social issues through our business activities.

FY2020 Earnings Forecast

For the fiscal year ending March 2020, we forecast sales of 66.5 billion yen, operating profit of 3.3 billion yen, ordinary profit of 3.1 billion yen, and profit attributable to owners of parent at 2.4 billion yen. We plan to issue annual dividends of 13 yen per share, a 2-yen increase over the previous period, making six consecutive terms of increased dividends.

Buoyed by the ongoing capital investments it has made, our Thai subsidiary SFC will increase manufacturing and sales volume of automotive lead-acid batteries. While exports from Thailand to the Middle East have recently been stagnant, expanded

sales to ASEAN and other regions will be accelerated moving forward.

In the industrial business, we previously failed to meet planned profit levels due to changes to the product line-up and other factors. For this period, however, we have gone back to the market-centric approach and developed a plan to pursuit profit through expanded sales and aggressive cost reductions with the aim of resuming a growth trajectory. Organizational revisions have already been implemented, and in the future we plan to focus on expanding overseas operations as well.

Mid-term Management Plan 2021

In the Mid-Term Management Plan 2021, our new three-year mid-term management plan running from FY2020 to FY2022, we aim to achieve record sales of 70.8 billion yen, record operating profit of 4.6 billion yen and a record percentage of overseas sales at 41.0%, all in FY2022 (fiscal year ending March 2022), the final year of the plan.

Under the plan, we will strive to boost corporate value by pursuing four priority measures: (1) stable growth of overseas sites, (2) business creation

through the development of new products including next-generation batteries, (3) improved revenue earned from our core lead-acid battery business, and (4) building the capacity for innovation through human resource development. In terms of shareholder return, we will pursue an optimal balance between growth potential and financial health, realize shareholder return through stable dividends, and prioritize increased dividends per share for the duration of the plan.

Financial Results for FY2018 and FY2019, Forecast for FY2020

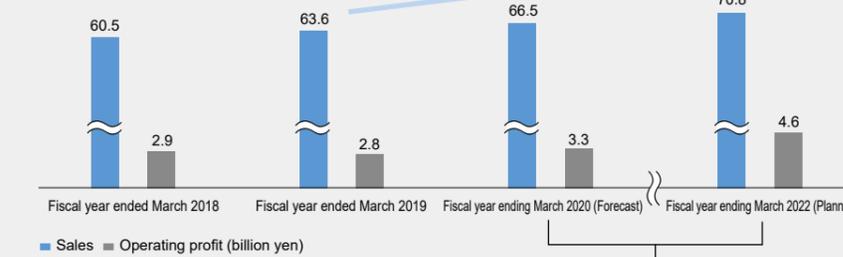
(millions of yen)

	FY2018 Results	FY2019 Results (a)	FY2020 Forecasts (b)	Change (b-a)	Percentage Change
Net Sales	60,536	63,600	66,500	+2,900	+4.6%
Operating Profit	2,980	2,801	3,300	+499	+17.8%
Ordinary Profit	2,810	2,698	3,100	+402	+14.9%
Profit Attributable to Owners of Parent	2,136	2,267	2,400	+133	+5.8%
Ratio of Overseas Sales	34.9%	35.5%	—		

**Exchange Rates**  
 • FY2019 (End of Year)  
 1 Thai Baht = 3.41 yen  
 100 Indonesian Rupiah = 0.77 yen  
 • FY2020 (Expected)  
 1 Thai Baht = 3.50 yen  
 100 Indonesian Rupiah = 0.76 yen

**Quoted Lead Prices**  
 • FY2019 (Average): 298,900 yen / ton  
 • FY2020 (Expected): 295,000 yen / ton

Change in Business Results



- Priority Measures**
- (1) Stable growth of overseas sites
  - (2) Creation of businesses through the development of new products including next-generation batteries
  - (3) Improve revenue earned from our core lead-acid battery business
  - (4) Build the capacity for innovation through human resource development

**Final targets for FY2022**

Net Sales  
**70.8 billion yen**  
 (Up 11.3% from the fiscal year ended March 2019)

Operating Profit  
**4.6 billion yen**  
 (Up 64.2% from the fiscal year ended March 2019)

### Our Approach to CSR

Looking ahead, I hope to seriously pursue the questions of “how we can contribute to society and provide value through the core businesses of Furukawa Battery in storage batteries and power supply” on a company-wide basis. To that end, I think it is important to learn about the expectations of and issues faced by society through constructive dialogue with stakeholders, and to help solve issues that respond to market-centric concerns with a sense of speed. In addition, I think that the time has come where we must re-organize our management information in terms of the relationship between our business and the SDGs and from an ESG perspective in light of demands from the global community such as the Paris Agreement and the Sustainable

Development Goals (SDGs), while also giving concrete consideration to how we disseminate information externally. The role demanded of a company by society changes with the times. To respond to change in a dynamic way, I want us to place an even greater emphasis on continually embracing the courage to change for ourselves.

As a business manager, I want to spread the sentiment that “facing social issues in a broad sense and helping to solve them through business activities is an important part of a company’s social responsibility (CSR)” throughout the company, while advancing efforts to build mechanisms and foster a culture allowing us to maximize the ability to solve social issues and the courage to transform ourselves.

### Strengthening Management Foundations

On April 1, 2019, we kicked off an organization restructure to achieve the new mid-term management plan and position the company for sustainable long-term growth thereafter. Moving forward, we plan to implement restructuring in a phase manner. On the same day that the restructuring was announced, we decided to bring our Indonesian subsidiary FIBM under the umbrella of the Automotive Business Segment. This step was taken to spread the manufacturing and sales expertise of overseas automotive lead-acid batteries that had been accumulated throughout the Furukawa Battery Group and to allocate human and other resources in a more dynamic way, advancing one of the pillars of the mid-term plan to stabilize the operations of FIBM. Looking to the future, we are also exploring decision-making from a Group-wide perspective with regard to globally optimized production and sales. On another front, we have unified our automotive sales divisions while upgrading and expanding divisions that fulfill R&D functions. While realizing efficiency in operations consistent with the

policies of the mid-term management plan, we intend to invigorate organizations and encourage stronger capabilities on the part of human resources through a flexible personnel rotation system. Additionally, we will continue to work on cooperation between labor and management with the aim of developing working environments where people can concentrate on their work and designing personnel systems.

In the area of strengthening governance, in February 2019 the first Board of Directors meeting was held overseas. More than a dozen of the officers in attendance took the opportunity to observe local facilities at the same time, and gained a deeper understanding of overseas operations at the local level as a result.

Furukawa Battery believes that the strengthening of its management foundations is an investment in sustained medium-to-long-term growth. In the years ahead, we will continue to pursue a variety of initiatives that maximize the potential of our human resources and strengthen governance.

### In Conclusion

We have now begun to consider the formulation of a long-term vision targeting the year 2030. This new long-term vision will inherit the basic policies of the Dynamic Innovation 2020 long-term management vision started in FY2012, namely overseas growth and the creation and cultivation of new businesses, while looking to the vision for what Furukawa Battery should be in the year 2030 in light of changing social conditions and where the company currently stands.

To all our valued stakeholders, I sincerely appreciate your continued support that takes the medium-to-long-term perspective into account.



Our Vision

Boost corporate value in the medium to long terms through growth in our core business and by meeting the expectations of society

Targets

In the fiscal year ending March 2022, we will achieve record sales, operating profit and ratio of overseas sales



Priority Measures

<p>Stable growth of <b>overseas</b> sites</p>  <ul style="list-style-type: none"> <li>Enhance the sales and manufacturing capabilities of existing sites</li> <li>Promote the development of future sites</li> </ul>	<p>Creation of businesses through the development of new products including <b>next-generation</b> batteries</p>  <ul style="list-style-type: none"> <li>Clearly define milestones and strengthen coordination in development with the relevant divisions</li> <li>Develop and mass produce lithium-ion and next-generation batteries</li> </ul>	<p>Improve revenue earned from our core <b>lead-acid</b> battery business</p>  <ul style="list-style-type: none"> <li>Develop solutions to reduce the cost of lead-acid batteries</li> <li>Further pursue mass production technologies</li> </ul>	<p>Build the capacity for innovation through <b>human resource</b> development</p>  <ul style="list-style-type: none"> <li>Revise organization and assessment systems, reinvigorate personnel rotations</li> <li>Develop human resource development projects including external secondment and in-house MBA training</li> </ul>
---	---	--	--

Management Interview

We will actively pursue strategies in terms of technology, quality, sales and human resources, and drive the overseas growth of the Furukawa Battery Group.



**Sirichai Saengthongphithak,**  
President, SIAM FURUKAWA CO., LTD.

**Q** In the Thai market, I have heard that the Furukawa brand enjoys a high level of recognition and has extensively taken root. The company has also grown steadily, but what do you think are the factors behind its success?

**A** Over the last ten years, Siam Furukawa (SFC) has focused on a number of marketing activities under the banner of the “FB Battery Brand Building Project.” Our efforts to encourage a positive brand image take root in Thailand have yielded results. In addition to the products themselves, the users of our products recognize the excellent user experience from the high-quality peripheral services they receive via our dealers and sales networks, which we see as another of our strengths. Moving forward, SFC will make progress under the following policies in order to sustain and improve upon these kinds of positive developments.

- (1) Continually maintaining, enhancing and improving the reliability of products. Providing new products and new services incorporating the latest technologies
- (2) Periodically implementing marketing activities. Recognizing our weaknesses and continuing to address them
- (3) Building good teamwork between existing business partners and across internal divisions. “FB battery” promotions pursued in conjunction with business partners
- (4) Placing an importance on sharing values between employees and the local community through employee-led social contribution activities, sponsorship of local marathon events, and more

**Q** What areas will SFC focus on to realize even greater growth in the future?

**A** In Thailand, stores selling automotive supplies are on the increase. Up until now, SFC’s battery replacement business has focused on sales to dealers, wholesalers and retailers, but in the future we hope to increase sales to stores selling automotive supplies. In light of sluggish exports from Thailand to the Middle East, we are also looking to accelerate initiatives targeting new channels, such as promoting exports and sales to Asia and other regions, and opening up business transactions with new automotive manufacturers. To enhance the reliability of our products and boost cost competitiveness, we will also continue to make capital investments. At the same time, we are investing in the human resources that will support the growth of the company, and have planned leadership and teamwork training as well as education dealing with new fields such as IoT.



**Sirichai Saengthongphithak**

Saengthongphithak joined Siam Cement in 1990. After being seconded to two Japanese companies operating in Thailand, he was transferred to Siam Furukawa (SFC). After gaining experience as a sales engineer and in materials procurement and sales, he took on positions as a head sales manager and vice president. In 2018, he assumed the post as president of SFC.

# Automotive Batteries Complying with New Standards that Incorporate Unique Technologies

# ECHNO

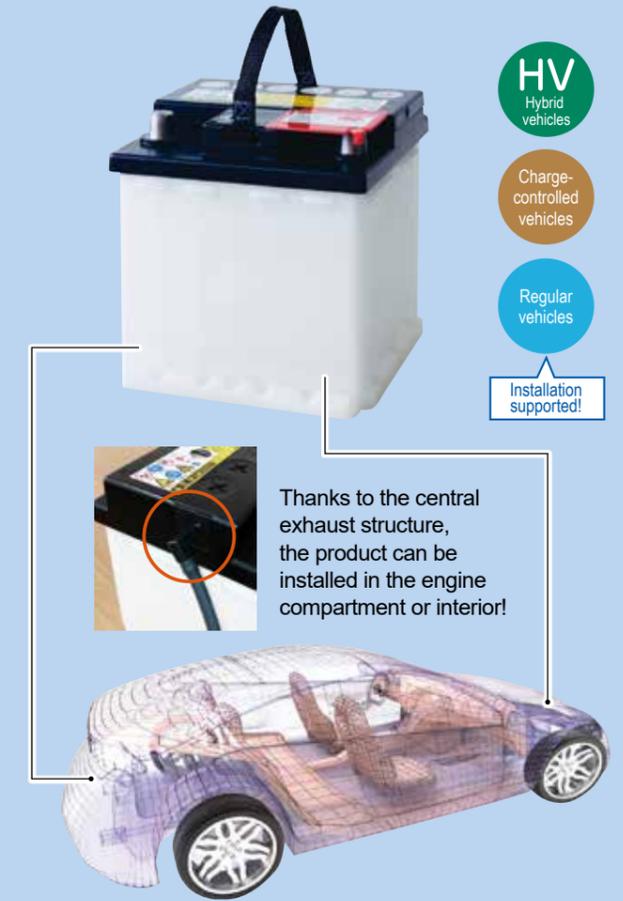
# イワノ EN



ECHNO EN is an automotive lead-acid battery that employs European (EN) standards. In the Japanese car market also, EN standard batteries is being adopted by car manufacturers due to the global procurement strategies. This new product was designed and developed based on the EN standards with added safety specifications optimum for Japanese cars.

### What are the EN standards?

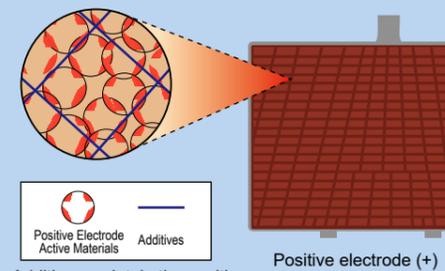
- EN standards are uniform standards that apply to the region of the European Union (EU).
- The standards contain the same details as those of the International Electrotechnical Commission (IEC).



## The Unique Technologies of Furukawa Battery

### Two technologies enabling high durability and long life

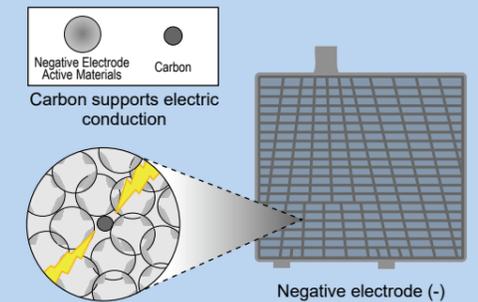
1. Achieving long life by optimizing positive electrode active materials (high durability paste)
2. Alloys exhibiting excellent durability and corrosion resistance are used for positive electrode grids



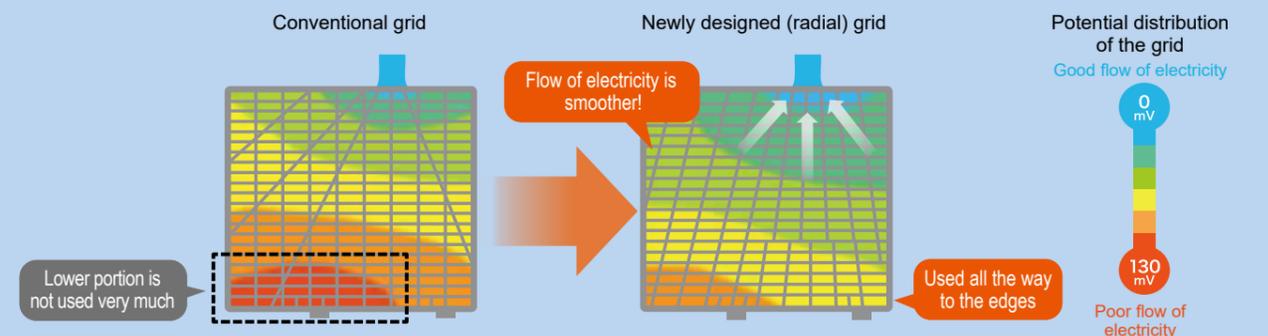
Positive electrode (+)  
Additives maintain the positive electrode active materials

### Two technologies improving start-up and charging acceptance

1. Use of highly-conductive carbon with negative electrode active materials
2. Use of the book mold production method that emphasizes durability  
Grid design optimization also greatly reduces electrical resistance



Negative electrode (-)  
Carbon supports electric conduction





## Human Resources

We strive to respect diversity and become a company where motivated human resources can flourish on the global stage

### 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.

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.

### Enhancing and Expanding our Human Resource Development Systems

Furukawa Battery has established human resource development systems at various levels of the organization and continually works to upgrade and expand them. For example, we offer an overseas training program to develop junior employees with the aim of cultivating human resources to support our global expansion, offer in-house MBA training to discuss the approaches and

direction of the company and deepen understanding on the part of the next generation of management, allow outside secondment, support programs to study at business schools, and also design training programs based on different organizational levels and company seniority.

### 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 FY2018 Onwards

- Short-term child care leave system for male employees
- Family Care Leave System (Improved)
- Self-care Leave System (Newly Established)

### 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 FY2019,

we focused on building mechanisms to ensure safety, improving the safety levels of individuals through communication, enhancing the work environments at our operating sites, and maintaining the physical and mental health of employees.

### TOPICS

#### Certified as a Kanagawa Support Care Company

A “Kanagawa Support Care Company” is a company that operates premises in Kanagawa Prefecture which has been certified by the Kanagawa Prefectural Government as a company that actively supports its employees in striking a balance between work and family care responsibilities. Criteria for certification include the establishment of internal systems dealing with family care leave and short-term family care leave, the presence of in-house personnel facilitating a balance between work and family care responsibilities (promoter for balancing work life and family life), special measure to re-employ persons who have resigned for family care reasons, and efforts to encourage employees to make use of the various available systems. The certification scheme was established in June 2018, and Furukawa Battery received certification in the first round of its implementation.



Certification Ceremony (December 19, 2018)



## Environment

Through the provision of eco-friendly products and technologies, the pursuit of initiatives to reduce environmental impact, we make every effort to ensure that our business itself creates economic value.

### Furukawa Battery's Environmental Policy

Furukawa Battery has established its environmental approach in the form of The Furukawa Battery Co., Ltd. Environmental Policy. The policy spells out various matters including the promotion of environmental conservation activities spanning everything from orders and contracts to sales, services, disposal and recycling, in addition to areas such as compliance with environment-related laws, regulations, agreements and other requirements, initiatives

to address biodiversity, the thorough management of harmful substances, and environmental education provided to employees and affiliate companies.



<https://corp.furukawadenchi.co.jp/en/csr/guideline.html>

### Activities in FY2019

#### Reducing Environmental Impact through Solar Power Generation

The roof of a new charging plant for automotive batteries completed in 2013, and the roof of the employee parking lot carport have been used for solar power generation. As well as covering some of the electricity used at the plant with solar power generation, we also sell the electricity in an effort to advance the use of renewable energy. Combined power generation at the Iwaki Plant, Imaichi Plant and FB Plant was approximately 124,000kWh for the fiscal year ended March 2019.



Solar panels installed on carport roof and multi-parallel energy storage system (FB Plant)

#### Initiatives to Recycle Storage Batteries and Other Materials

Furukawa Battery not only manufactures and sells eco-friendly products but also recycles used products as part of its proactive lifecycle assessment\*1 initiatives. In addition to participating in industry activities to recycle automotive lead-acid batteries and compact secondary batteries, Furukawa Battery also performs the proper disposal of industrial lead-acid batteries and similar products at the request of customers and installation contractors as a business designated under the National Permit System\*2. In addition, Furukawa Battery recycles

all of the storage batteries and similar products it sells, as well as the storage batteries and similar products sold by other businesses designated under the National Permit System. Through these initiatives, we prevent environmental pollution caused by the improper disposal of storage batteries and similar products, and contribute to the recycling of domestic resources.

\*1: Raw material procurement, manufacturing and sale of products, use, recycling, utilization of recycled raw materials

\*2: National Permit System: A system where manufacturers and other businesses designated by the Minister of the Environment collect used products generated around Japan and recycle them into raw materials for products, etc., or dispose of them properly.

## Contribution to Society

We will learn about social issues and the expectations of society through dialogue with various stakeholders, and continue to contribute to society by tackling issues and meeting expectations on a company-wide basis.

### Activities in FY2019

#### Supporting the Education of Children who will Represent the Next Generation

##### Battery Classes

We held battery classes at elementary schools in the cities of Iwaki and Nikko where our plants are located, and at regional event venues over the summer holidays. The classes are held to provide the children with a deeper understanding of effective energy utilization and preservation of the global environment in the future while they have fun conducting experiments.



#### Provision of MgBOX emergency magnesium-air batteries to disaster affected regions

When the Hokkaido Eastern Iburi earthquake struck on September 6, 2018, Furukawa Battery urgently supplied 1,000 MgBOX emergency magnesium-air batteries.



#### Providing Support for Nationwide Tree Planting Festival

Out of a desire to facilitate recovery from the Great East Japan Earthquake and rehabilitate the rich greenery of its hometown, Furukawa Battery provided support for the 69th Nationwide Tree Planting Festival in Fukushima 2018, the first nationwide tree planting festival to be held in a disaster-affected region since the earthquake.



#### Strengthening Regional Exchanges and Health & Productivity Management

##### Providing Support for Regional Sports

With the aim of facilitating regional exchange through sports and advancing the health of employees and local communities, the Head Office supports the Yokohama Marathon and Yokohama Triathlon, and its employees take part in the events as runners and volunteer staff. Furukawa Battery also provides support in regions where its plants are located. In addition to co-sponsoring the Iwaki Sunshine Marathon, we support soccer and ice hockey teams as a corporate sponsor.



#### CSR Management at Thailand-based Subsidiary Siam Furukawa (SFC)

SFC practices CSR management in an effort to provide products and services that better enrich society while spreading a culture of compliance, reducing the impact on the environment, enhancing quality and delivering safety and peace of mind to employees and local communities. In June 2018, a group of roughly 70 people visited the old school of an employee to help improve the learning environment by paving school routes, refurbishing toilets and so on. SFC has received the CSR-DIW Continuous Award from the Thai Ministry of Industry's Department of Industrial Works for eight years running. SFC has also received the Excellent Establishment on Labor Relations and Welfare Award from Thailand's Department of Labour Protection and Welfare for 12 years running in recognition of its efforts to create a healthy relationship between labor and management.





## Quality

We aim to be number one in the industry for providing the technology, quality and service that customers expect.

### 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.

### Integration of ISO9001/ISO14001 management systems

After obtaining ISO9001 certification for quality management systems (QMS) in our nickel and hydrogen battery operating divisions in 1995, 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 of each division and organization based on the Business Management System. Moving forward, we will continue to cultivate an awareness of the PDCA cycle in all our business operations including back-office functions, and build upon ongoing and proactive improvements through reciprocal checks by way of internal audits, management reviews and other activities.



An internal audit underway

全員の英知とチームワークで築く **3BEST** **FB**

1. <b>Best Technology</b>	お客様から・・・期待される技術
2. <b>Best Quality</b>	信頼される品質
3. <b>Best Service</b>	満足されるサービス

を提供する **FB 古河電池**

Quality slogan (established in 1994)

## Corporate Governance (as of June 26, 2019)

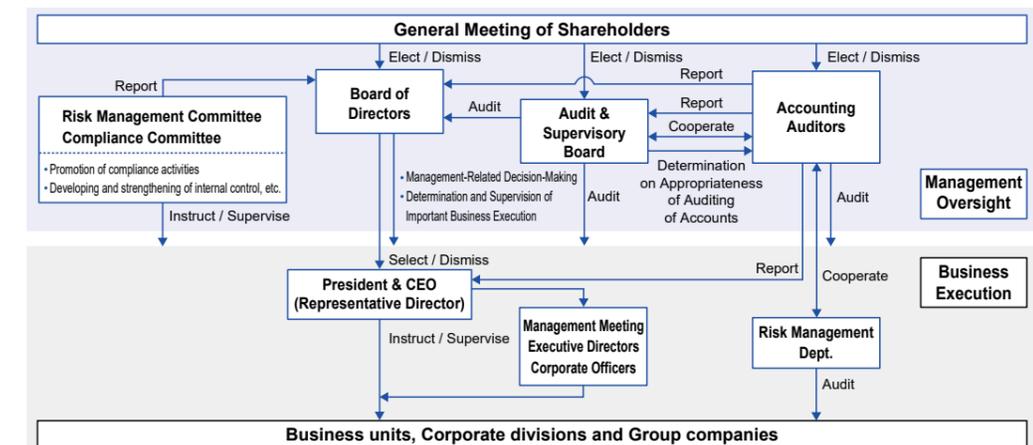
### Basic Approach

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

Additionally, by splitting management oversight functions from business execution functions, we have positioned the Board of Directors as the body responsible

for making management decisions and supervising business execution. This has allowed us to strike a balance between management oversight and business execution to achieve our management vision and mid-term management plans, while creating a system of corporate governance that ensures transparency and fairness in company decision-making.

### Diagram of the Corporate Governance System



	Description	Members	Number of Meetings in FY2019
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 of Directors makes decisions concerning important issues including management plans, basic policies, organizational restructuring, funding plans, investments and loans.	Directors: 12 Audit & Supervisory Board Members (A&SBMs): 4	17 times
Management Meeting	The Management Meeting is convened twice a month as a general rule, and convened at other times as needed. The Management Meeting makes decisions concerning general execution policies and plans concerning execution of the basic policies determined by the Board of Directors.	Executive Officers: 16 Full-Time A&SBMs: 1	24 times
Audit & Supervisory Board	The Audit & Supervisory Board is held periodically based on an annual schedule and other times as needed. 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.	A&SBMs: 4	10 times



## 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.

## Initiative to Evaluate the Effectiveness of the Board of Directors

Based on the Supplementary Principle 4-11-3 of the Corporate Governance Code, evaluations of the effectiveness of the Board of Directors are undertaken periodically in the interest of enhancing its functionality. As with the previous year, in FY2019 questionnaires were distributed to all directors and Audit & Supervisory Board Members to conduct the evaluation. Responses were anonymous. Additionally, the following initiatives were carried out to address "Details of Training for Directors," which was identified as an area for improvement in the

previous year's evaluation.

- e-learning style management training to enhance corporate value
- Plant tours for outside directors
- Group discussions at training camp
- Discussions on the strategic utilization of IT with an outside instructor

### TOPICS

#### Board of Directors Meeting Held in Indonesia

On January 28, 2019, a regular Board of Directors meeting was held at PT. Furukawa Indomobil Battery Manufacturing (FIBM), an Indonesian subsidiary of Furukawa Battery. This was the first time Furukawa Battery has held a Board of Directors meeting overseas.

Furukawa Battery regards overseas growth as one of the pillars of the company's sustained development and is working to raise the percentage of overseas sales to the next level. To this end, there is a growing need for directors and Audit & Supervisory Board Members to gain a deeper understanding of company operations overseas at the local and field level, and to make appropriate management decisions from a global perspective. 10 directors (including two outside directors) and three Audit & Supervisory Board Members (including two outside Audit & Supervisory Board Members) traveled to Indonesia to attend the meeting. In addition to holding the Board of Directors meeting locally, the attendees took part in other activities including tours of the FIBM plant and local sales location, and exchanges with employees.



## 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 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 and Education

With a Compliance Committee playing a central role, Furukawa Battery has worked to create a structure that firmly establishes compliance and prevents compliance issues from being overlooked. We also utilize methods including e-learning and group training to provide employees with compliance education to cultivate corporate ethics and enhance risk management capabilities.

### Main Initiatives in the Fiscal Year Ended March 2019

- Compliance-related education
  - J-SOX workshop
  - Harassment prevention campaign
  - Workshop on the Unfair Competition Prevention Act and anti-corruption regulations (organized by Furukawa Electric Co. Ltd.)
  - Audits to verify understanding
- We conducted a Compliance Awareness Survey and disseminated the results internally
- Strengthening compliance at overseas subsidiaries

## Initiatives to Ensure Management Transparency

Furukawa Battery conducts various IR activities from the detailed statutory information disclosure to the holding of financial results briefings, the development of informational websites for shareholders and investors, and the voluntary publication of materials for shareholders.

In the fiscal year ended March 2019, we used the "Action Towards Developing Environments Making it Easier to Make Integrated Disclosures" published by the Financial Services Agency and Ministry of Justice as an opportunity to unify some of the items displayed in materials such as business reports and the financial statements in annual

securities reports. This development was cited as a good example of revising disclosures to coincide with the announcement of measures related to integrated disclosures in Issue No. 3377 of the Weekly Report on Financial Accounting published on October 1, 2018.

To utilize feedback gained from shareholders and investors through these IR activities and reflect it internally, reports on these activities are made to the Board of Directors on a periodic basis. We also hold briefings for employees at Head Office and our plants after the announcement of full-year and half-yearly financial results.

# Management Team (as of June 26, 2019)

## Members of the Board of Directors

 <p><b>Shinichi Ono</b> President &amp; CEO</p>	 <p><b>Hideaki Ogawa</b> Senior Managing Director Executive Corporate Officer</p>
 <p><b>Shigeru Fukuhara</b> Managing Director Executive Corporate Officer</p>	 <p><b>Keizo Okamoto</b> Managing Director Executive Corporate Officer</p>
 <p><b>Koichiro Yamamoto</b> Director Corporate Officer</p>	 <p><b>Shinichiro Ota</b> Director Corporate Officer</p>
 <p><b>Eizo Sakagami</b> Director Corporate Officer</p>	 <p><b>Shigenori Moue</b> Director Corporate Officer</p>
 <p><b>Yuji Shioda</b> Director Corporate Officer</p>	 <p><b>Kenichi Kobayashi</b> Outside and Independent Director</p>
 <p><b>Toshio Yanagi</b> Director</p>	 <p><b>Naoya Eguchi</b> Outside and Independent Director</p>

## Audit & Supervisory Board Members

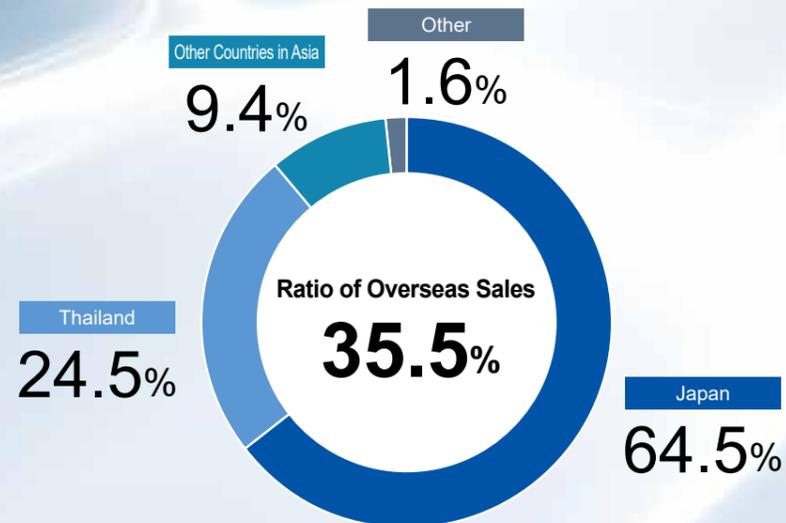
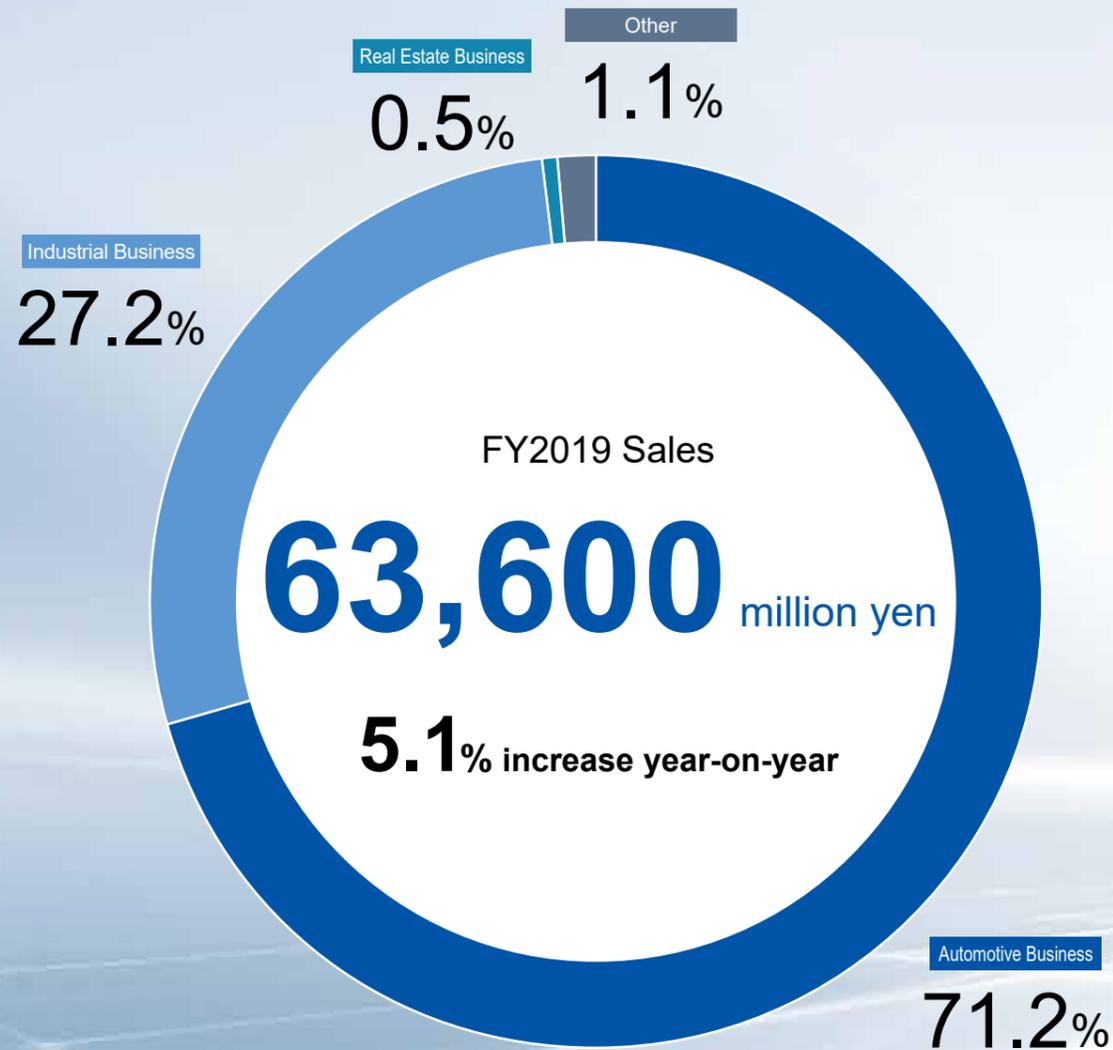
 <p><b>Ryosuke Matsui</b> Full-Time Audit &amp; Supervisory Board Member</p>	 <p><b>Naoyuki Fukasawa</b> Outside and Independent Audit &amp; Supervisory Board Member</p>
 <p><b>Keiichi Tsuda</b> Outside and Independent Audit &amp; Supervisory Board Member</p>	 <p><b>Masako Tanaka</b> Audit &amp; Supervisory Board Member</p>

## Corporate Officers

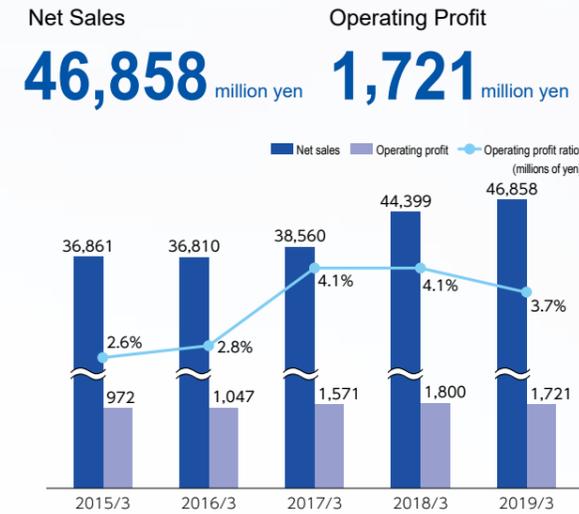
<p><b>Shinobu Kaneko</b> Senior Corporate Officer Deputy Head of Industrial Equipment Group and General Manager, Industrial Equipment Sales &amp; Marketing Division</p>	<p><b>Syunji Ishizaki</b> Corporate Officer Deputy Head of Planning &amp; Strategy Division</p>
<p><b>Toshiro Yamamoto</b> Corporate Officer Head of Research &amp; Development Institution</p>	<p><b>Toru Chiba</b> Corporate Officer President, PT. FURUKAWA INDOMOBIL BATTERY MANUFACTURING</p>
<p><b>Hitoshi Taguchi</b> Corporate Officer Head of Sales &amp; Marketing Division, Automotive Battery Group and General Manager, Automotive Battery Sales &amp; Marketing Dept.</p>	<p><b>Fumihiko Niitsuma</b> Corporate Officer General Manager, Iwaki Plant, Corporate Management Division</p>
<p><b>Susumu Meida</b> Corporate Officer General Manager, Finance &amp; Accounting Dept., Corporate Management Division</p>	

\* 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.

At a glance



Automotive Business

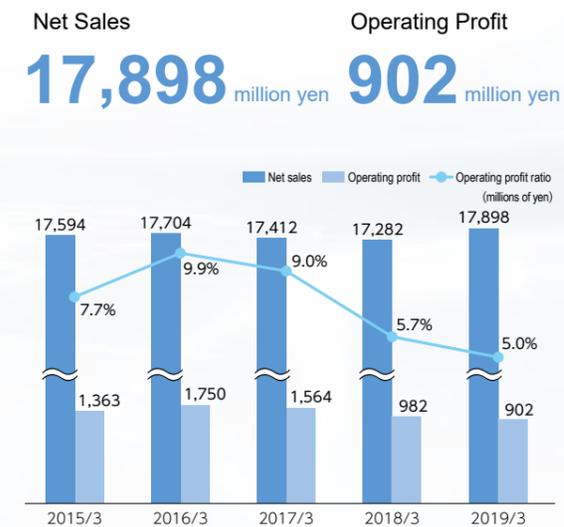


Business Overview

- Manufacturing and sale of automotive lead-acid batteries (including for ecofriendly 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)



Industrial Business



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
  - Electric power companies
  - Electric machine manufacturers
  - Railway companies
  - Telecommunications carriers
  - Communication equipment manufacturers



Real Estate Business

Net Sales **352** million yen

Business Overview

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

Other

Net Sales **747** million yen

Business Overview

- 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.



We are striving to become a battery manufacturer that **exerts a global presence** in the rapidly changing automotive market.



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

**Towards Future Growth**

Opportunities	Strategy
<ul style="list-style-type: none"> <li>• Increase in cars using EN standards-compliant batteries</li> <li>• Expansion of the eco-friendly vehicle market in Japan and overseas</li> <li>• Development of next-generation lithium-ion batteries</li> <li>• Expansion of motorization in developing countries</li> </ul>	<ul style="list-style-type: none"> <li>• Leverage the technological and development capabilities cultivated through installation in new vehicles to promote the manufacturing and sale of products that meet needs.</li> <li>• Augment production capacity and improve business efficiency through capital investment</li> <li>• Enhance earnings potential by reducing costs and optimizing production systems</li> </ul>
Threats	
<ul style="list-style-type: none"> <li>• Intensifying price competition and fall in market prices</li> <li>• Strengthened law regulations regarding lead in Europe and elsewhere</li> </ul>	

**Medium-to-Long-Term Initiatives**

In the Automotive Business, we have positioned the three-year period from FY2020 to FY2022 as a period for laying the groundwork for long-term growth. Over these three years, we will make improvements to our website dealing with the procedures for battery replacements and other information to further improve customer satisfaction levels in Japan. We will also carry out capital investment to establish optimum plant layouts while boosting investment efficiency as part of efforts to strengthen cost reduction activities. At SFC (Thailand) overseas, we will continue with capital investments directed at processes to accommodate the production of lead-acid

batteries for eco-friendly vehicles, which should lead to expanded sales in Thailand. At FIBM (Indonesia), we will make improvements to systems on the sales front, and in terms of manufacturing, focus on striking a balance between quality on par with Japan and cost management.

In addition to our existing three plants, we aim to build supply structures that can adapt flexibly to the needs in each country, and become an automotive battery manufacturer with a worldwide presence that supplies products geared to the times and operating environment.

**Results in the Fiscal Year Ended March 2019 and Future Action**

Achievements	Issues	Responding to Issues
<ul style="list-style-type: none"> <li><b>Japan</b> Strong sales of auxiliary hybrid vehicle batteries for repairs and lead-acid batteries for idling stop vehicles</li> <li><b>Japan</b> Sales of ECHNO EN standards compliant batteries</li> <li><b>Thailand</b> Adoption by new car manufacturers and growing market share</li> <li><b>Thailand</b> Increase exports to the ASEAN region and acquisition of new customers</li> </ul>	<ul style="list-style-type: none"> <li><b>Indonesia</b> Further quality improvements and stronger sales in the Indonesian market</li> <li><b>Japan</b> Building production systems adapted to workstyle reforms</li> <li><b>Thailand</b> Exports to the Middle East, Africa and other areas</li> </ul>	<ul style="list-style-type: none"> <li>• Continued plant improvements</li> <li>• Higher sales volumes thanks to bolstered sales efforts (expanding sales networks, etc.)</li> <li>• Building operating structures that enhance the utilization ratio of equipment at Iwaki</li> <li>• Considering optimum production and sales from a global perspective</li> <li>• Focus on developing new customers and expanding sales primarily in the ASEAN region with competitive products in anticipation of a global expansion</li> </ul>



We will respond to market changes with a **speedy, market-centric approach** and actively take on challenges without being restricted by past results to contribute to customers and society.



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

**Towards Future Growth**

Opportunities	Strategy
<ul style="list-style-type: none"> <li>• Expansion of renewable energy markets overseas</li> <li>• Development of next-generation lithium-ion batteries</li> <li>• Needs for distributed energy sources and virtual power plants</li> </ul>	<ul style="list-style-type: none"> <li>• Integrating our technological advantages with systems that comprehensively handle storage battery manufacturing, sales, installation work, maintenance and inspections to promote needs-based manufacturing and sales</li> <li>• Promoting development of the Southeast Asian market based on collaboration and technical alliances</li> <li>• Accelerating the time-to-market for new products, expanding product line-ups and building new business models emphasizing services (technical and installation)</li> </ul>
Threats	
<ul style="list-style-type: none"> <li>• Intensifying price competition and fall in market prices</li> <li>• Impact from fluctuations in raw material prices</li> </ul>	

**Medium-to-Long-Term Initiatives**

In the Industrial Business, over the three-year period from FY2020 to FY2022 we will focus on "profit-oriented business development that contributes to society through the storage battery business" and on "improving sales capabilities, quality, cost competitiveness and speed." During this period, we will develop manufacturing and design systems to upgrade and enhance our product lineup, build manufacturing and sales systems to expand overseas sales, and advance the transition to business models that emphasize service (technical and installation). In addition, we will strengthen our cost

competitiveness through cost reductions and improve the product mix in an effort to enhance profitability across the entire Industrial Business Segment.

With its accumulated storage battery technologies, Furukawa Battery is uniquely equipped to refine its development and proposal capabilities. We will gain a grasp of the changes occurring in society and the market, and actively take on the challenge of new product, markets and businesses we were not previously involved with in conjunction with partnerships in Japan and overseas.

**Results in the Fiscal Year Ended March 2019 and Future Action**

Achievements	Issues	Responding to Issues
<ul style="list-style-type: none"> <li><b>Japan</b> Expanding sales and accelerated development of new products due to higher demand for data centers</li> <li><b>Japan</b> Successful touchdown of the Hayabusa 2 probe on the Ryugu asteroid</li> <li><b>Overseas</b> Orders for renewable energy-related projects (China, ASEAN)</li> <li><b>Overseas</b> Installation of UltraBattery in large cargo freighter in Singapore</li> </ul>	<ul style="list-style-type: none"> <li><b>Japan</b> Balancing higher market share and improved profit margins in low-growth markets</li> <li><b>Overseas</b> Enhancing competitiveness in the market for electricity storage systems where lithium-ion batteries enjoy an advantage</li> <li><b>Overseas</b> Laying the groundwork for a global sales expansion</li> </ul>	<ul style="list-style-type: none"> <li>• Building efficient production systems through process automation and other advancements</li> <li>• Focusing on strengthening human resource development and technology transfer</li> <li>• Improving the performance of storage batteries (improved durability) and enhancing the added value of subsystems such as 1MWh storage battery packages</li> <li>• Bolstering efforts to highlight the advantages of lead-acid batteries in terms of safety, recyclability and cost</li> <li>• Plans to commercialize services through improved technological capabilities and alliances with affiliate companies</li> </ul>

## Corporate Information (as of March 31, 2019)

Corporate Name	The Furukawa Battery Co., Ltd.
Established	September 1, 1950
Capital	¥1,640 million
Number of Employees	Consolidated: 2,406 Non-consolidated: 946
Fiscal Year	From April 1 to March 31
Head Office	2-4-1, Hoshikawa, Hodogaya-ku, Yokohama city, Kanagawa 240-0006, Japan Telephone: +81-45-336-5034
Stock Exchange Listing	Tokyo Stock Exchange
Securities Identification Code	6937
Transfer Agent for Common Stock	Mizuho Trust & Banking Co., Ltd. 2-1, Yaesu 1-chome, Chuo-ku, Tokyo, Japan

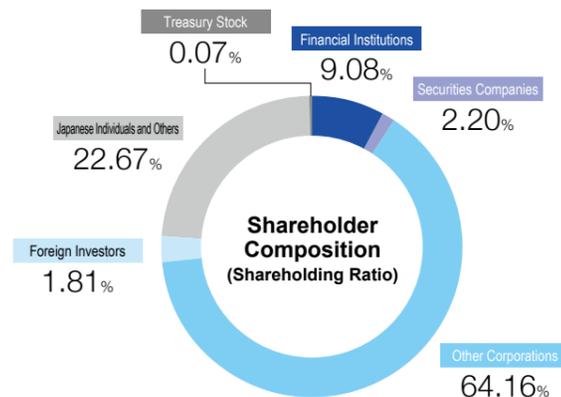
 <https://www.furukawadenchi.co.jp/english/index.htm>

### ■ Main Group Companies (as of June 26, 2019)

- 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.
- SIAM FURUKAWA CO., LTD. [Thailand]
- PT. FURUKAWA INDOMOBIL BATTERY MANUFACTURING [Indonesia]

## Stock Information (as of March 31, 2019)

Total Number of Authorized Shares	80,000,000
Total Number of Shares Issued	32,800,000
Number of Shareholders	6,772



### 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

### ■ Major Shareholders

Name of Shareholders	Number of Shares Held (Hundreds of Shares)	Shareholding Ratio (%)
Furukawa Electric Co., Ltd.	187,812	57.30
TOYOTA MOTOR CORPORATION	5,500	1.68
Furukawa Battery Trading-Partner Shareholding Association	5,310	1.62
Credit Suisse Co., Ltd.	4,831	1.47
The Master Trust Bank of Japan, Ltd. (Account in Trust)	4,093	1.25
Asahi Mutual Life Insurance Company	3,520	1.07
Hino Motors, Ltd.	3,300	1.01
Japan Trustee Services Bank, Ltd. (Trust Account No. 5)	2,780	0.85
Japan Trustee Services Bank, Ltd. (Trust Account)	2,692	0.82
Sompo Japan Nipponkoa Insurance Inc.	2,370	0.72

Note: The shareholding ratio is calculated by excluding the number of treasury stock (22,059 shares).

## Our History

- 1914** Furukawa Electric Co., Ltd. established battery factory in Amagasaki City, Hyogo Prefecture 
- 1937** Relocated its battery factory to Yokohama City
- 1950** Spun off from Furukawa Electric Co., Ltd. Founded as The Furukawa Battery Co., Ltd.
- 1952** Obtain permission to display the Japan Industrial Standards mark for automotive storage batteries 
- 1955** Commercialized storage batteries for aircraft 
- 1961** Established a capital alliance with Honda Denki Co., Ltd. Began sales of pocket-type alkaline storage batteries
- 1970** Constructed automotive lead-acid battery plant in Imaichi City (now Nikko City)
- 1977** Developed the Hi Dash MFZ maintenance-free automotive lead-acid battery
- 1978** Constructed automotive lead-acid battery plant in Iwaki City 
- 1992** Merged with Thailand-based Siam Cement to establish Siam Furukawa Co., Ltd. (SFC) 
- 1995** Obtained ISO 9001 certification
- 1999** Obtained ISO 14001 certification
- 2003** Successfully developed the world's first lithium-ion battery for use in space, which was installed in the Hayabusa asteroid exploration craft 

Akihiro Ikeshita

- 2006** Developed UltraBattery, representing a significantly improved performance in lead-acid battery 
- 2012** Released ECHNO HV and IS lead-acid batteries for use in hybrid and idling stop
- 2013** Merged with Indonesia's Indomobil Group and established PT. Furukawa Indomobil Battery Manufacturing (FIBM) 
- Augmented equipment at automotive lead-acid battery plant in Iwaki** 
- 2014** Developed MgBOX magnesium-air battery for emergency use
- Lithium-ion batteries equipped in the Hayabusa 2 asteroid probe**
- 2016** Acquired 10.5% of issued shares of Vietnam-based storage battery manufacturer Dry Cell and Storage Battery Joint Stock Company
- 2017** Established next-generation lithium-ion battery development company (ABRI Co., Ltd.)
- Gaston Planté Medal awarded to an employee** 
- 2018** Awarded Excellence Prize at "New Tohoku" Restoration Business Contest 2018 
- 2019** Hayabusa 2 probe equipped with lithium-ion batteries manufactured by Furukawa Battery successfully touches down on the Ryugu asteroid 

Akihiro Ikeshita

