

## Consolidated Financial Results for the Nine-month Period Ended December 31, 2019 [Japan GAAP]

Name of Company:	The Furukawa Battery Co., Ltd.
Stock Code:	6937
Stock Exchange Listing:	Tokyo Stock Exchange, First Section
URL:	<a href="https://www.furukawadenchi.co.jp">https://www.furukawadenchi.co.jp</a>
Representative	
Title:	President & CEO
Name:	Shinichi Ono
Contact Person	
Title:	Corporate Officer, General Manager of Finance & Accounting Department
Name:	Susumu Meida
Tel:	+81-45-336-5034
Scheduled date for filing of quarterly securities report:	February 7, 2020
Scheduled date for commencement of dividend payment:	—
Supplementary documents for quarterly financial results:	None
Quarterly financial results briefing:	None

(Yen in millions, rounded down)

### 1. Consolidated financial results for the nine months ended December 31, 2019 (April 1, 2019 – December 31, 2019)

#### (1) Consolidated operating results

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2019	45,669	(0.9)	1,732	(2.6)	1,760	(0.4)	1,379	(6.5)
Nine months ended December 31, 2018	46,064	7.3	1,779	9.6	1,767	19.8	1,474	21.3

Note: Comprehensive income

Nine months ended December 31, 2019:	772 million yen [yoy 16.2 %]
Nine months ended December 31, 2018:	664 million yen [yoy (60.3) %]

	Earnings per share (basic)	Earnings per share (diluted)
	Yen	Yen
Nine months ended December 31, 2019	42.09	—
Nine months ended December 31, 2018	44.99	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2019	54,334	26,868	47.3
As of March 31, 2019	54,266	25,758	45.7

Reference: Equity

As of December 31, 2019:	25,690 million yen
As of March 31, 2019:	24,809 million yen

### 2. Dividends

	Annual dividends per share				
	End of Q1	End of Q2	End of Q3	End of Q4	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2019	—	—	—	11.00	11.00
Fiscal year ending March 31, 2020	—	—	—	—	—
Fiscal year ending March 31, 2020 (forecast)	—	—	—	13.00	13.00

Note: Revisions to the forecasts of dividends most recently announced: None

### 3. Forecast of consolidated financial results for the fiscal year ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending March 31, 2020	66,500	4.6	3,300	17.8	3,100	14.9	2,400	5.8	73.22

Note: Revisions to the consolidated earnings forecasts most recently announced: None

#### Notes:

- (1) Changes in significant subsidiaries during the nine-month period ended December 31, 2019 (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): Newly included: None Excluded: None
- (2) Use of accounting methods that are specific to the preparation of the quarterly consolidated financial statements: Yes  
Note: For details, please refer to “2. Consolidated Financial Statements and Related Notes (3) Notes on Consolidated Financial Statements (Application of Special Accounting for Preparing Consolidated Financial Statements)” on page 7 of Attachment.
- (3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements:
  - (a) Changes in accounting policies accompanying revisions in accounting standards: None
  - (b) Changes other than in (a): None
  - (c) Changes in accounting estimates: None
  - (d) Retrospective restatements: None
- (4) Number of shares outstanding (common stock)
  - (a) Shares outstanding (including treasury shares)  
As of December 31, 2019: 32,800,000 shares As of March 31, 2019: 32,800,000 shares
  - (b) Treasury shares  
As of December 31, 2019: 22,059 shares As of March 31, 2019: 22,059 shares
  - (c) Average number of shares outstanding during the period (cumulative)  
Nine months ended December 31, 2019: 32,777,941 shares Nine months ended December 31, 2018: 32,777,943 shares

\* Quarterly financial results reports are not required to be subjected to quarterly reviews conducted by certified public accountants or an audit corporation.

\* Appropriate use of performance forecasts and other special items:

(Disclaimer on forward-looking statements, etc.)

Forward-looking statements in these materials are based on information available to management at the time this report was prepared, and on assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons. Please refer to “1. Qualitative Information on Consolidated Financial Results for the Nine-month Period (3) Explanation of Forecast for the Fiscal Year Ending March 31, 2020” on page 2 of Attachment for details on the assumptions used and other related matters concerning the forecast of consolidated financial results.

Index of the Attachment

1. Qualitative Information on Consolidated Financial Results for the Nine-month Period .....	2
(1) Explanation of Operating Results .....	2
(2) Explanation of Financial Position .....	2
(3) Explanation of Forecast for the Fiscal Year Ending March 31, 2020.....	2
2. Consolidated Financial Statements and Related Notes .....	3
(1) Consolidated Balance Sheets .....	3
(2) Consolidated Statements of Income and Comprehensive Income .....	5
(Consolidated Statements of Income (Cumulative)) .....	5
(Consolidated Statements of Comprehensive Income (Cumulative)) .....	6
(3) Notes on Consolidated Financial Statements .....	7
(Going Concern Assumptions) .....	7
(Material Changes in the Amount of Shareholders' Equity).....	7
(Application of Special Accounting for Preparing Consolidated Financial Statements).....	7
3. Other .....	8
(Trend in Quarterly Consolidated Results).....	8

## 1. Qualitative Information on Consolidated Financial Results for the Nine-month Period

### (1) Explanation of Operating Results

#### (Business Environment)

During the nine-month period ended December 31, 2019, the speed of recovery of the global economy slowed due to concerns about such issues as the economic outlook in China and other emerging countries in Asia, and situations over trade issues, despite the economy moderately recovering.

In the Japanese economy, weakness increased mainly in manufacturing, due to concerns about the impact of the global economic situation on the economic outlook, despite the economy continuing on a moderate recovery track.

#### (Operating Results)

The Furukawa Battery Group recorded consolidated sales of 45,669 million yen for the nine-month period ended December 31, 2019, a decrease of 394 million yen (-0.9%) year on year. Overseas sales were 17,254 million yen and accounted for 37.8% of total sales.

Operating profit decreased by 46 million yen year on year to 1,732 million yen, while ordinary profit decreased by 7 million yen year on year to 1,760 million yen, mainly due to sluggish sales of automobile batteries as a result of the impact of natural disasters that occurred in the nine-month period, a mild winter, etc., despite continued favorable sales of industrial-use batteries.

Profit attributable to owners of parent came to 1,379 million yen, decreasing 95 million yen year on year.

### (2) Explanation of Financial Position

Total assets were 54,334 million yen as of December 31, 2019, which is 68 million yen more than at the end of the previous fiscal year. Current assets decreased by 70 million yen from the end of the previous fiscal year to 24,888 million yen, while non-current assets increased by 138 million yen to 29,446 million yen.

The main factors leading to the increase in current assets were increases in merchandise and finished goods and work in process.

There was a 362 million yen increase in property, plant and equipment to 24,217 million yen. The main factor leading to the increase was the investment in manufacturing equipment in the subsidiary in Thailand.

Investments and other assets decreased by 243 million yen to 5,059 million yen.

Total liabilities as of December 31, 2019, decreased by 1,042 million yen to 27,466 million yen.

Current liabilities decreased by 180 million yen to 15,665 million yen, and non-current liabilities decreased by 862 million yen to 11,800 million yen.

Interest-bearing debt, which is the sum of short-term borrowings and long-term borrowings, decreased by 534 million yen to 8,007 million yen.

Equity increased by 881 million yen to 25,690 million yen, resulting in an increase in the equity ratio from 45.7% at the end of the previous fiscal year to 47.3% at the end of the nine-month period.

### (3) Explanation of Forecast for the Fiscal Year Ending March 31, 2020

There is no change to the consolidated forecast that was announced on May 14, 2019.

2. Consolidated Financial Statements and Related Notes  
(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2019	As of December 31, 2019
<b>ASSETS</b>		
Current assets		
Cash and deposits	2,617	2,426
Notes and accounts receivable - trade	11,317	10,583
Electronically recorded monetary claims - operating	800	939
Securities	2,351	1,552
Merchandise and finished goods	2,612	3,761
Work in process	3,314	3,503
Raw materials and supplies	1,263	1,253
Other	684	869
Allowance for doubtful accounts	(2)	(1)
Total current assets	24,959	24,888
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,517	6,823
Machinery, equipment and vehicles, net	7,657	8,111
Tools, furniture and fixtures, net	661	523
Land	7,442	7,318
Leased assets, net	643	641
Construction in progress	932	798
Total property, plant and equipment	23,855	24,217
Intangible assets		
Leased assets	11	11
Other	138	156
Total intangible assets	149	168
Investments and other assets		
Investment securities	3,515	3,233
Deferred tax assets	1,642	1,681
Other	166	168
Allowance for doubtful accounts	(21)	(23)
Total investments and other assets	5,302	5,059
Total non-current assets	29,307	29,446
Total assets	54,266	54,334

(Million yen)

	As of March 31, 2019	As of December 31, 2019
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable - trade	4,488	4,254
Electronically recorded obligations - operating	2,240	2,387
Short-term borrowings	4,753	5,259
Lease obligations	129	137
Income taxes payable	540	101
Accrued consumption taxes	344	224
Provision for bonuses	649	495
Provision for environmental measures	4	–
Notes payable - facilities	27	64
Electronically recorded obligations - facilities	208	314
Other	2,459	2,426
Total current liabilities	15,845	15,665
Non-current liabilities		
Long-term borrowings	3,788	2,748
Lease obligations	598	588
Deferred tax liabilities	756	756
Provision for environmental measures	9	5
Retirement benefit liability	6,888	7,057
Asset retirement obligations	9	10
Other	612	633
Total non-current liabilities	12,663	11,800
Total liabilities	28,508	27,466
<b>NET ASSETS</b>		
Shareholders' equity		
Share capital	1,640	1,640
Capital surplus	653	653
Retained earnings	20,969	21,988
Treasury shares	(11)	(11)
Total shareholders' equity	23,251	24,270
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,112	832
Deferred gains or losses on hedges	(9)	(11)
Foreign currency translation adjustment	418	670
Remeasurements of defined benefit plans	36	(70)
Total accumulated other comprehensive income	1,558	1,420
Non-controlling interests	948	1,177
Total net assets	25,758	26,868
Total liabilities and net assets	54,266	54,334

## (2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income (Cumulative))

(Million yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net sales	46,064	45,669
Cost of sales	35,849	35,147
Gross profit	10,215	10,522
Selling, general and administrative expenses	8,436	8,789
Operating profit	1,779	1,732
Non-operating income		
Interest income	19	20
Dividend income	183	125
Share of profit of entities accounted for using equity method	–	2
Foreign exchange gains	35	7
Gain on sales of investment securities	–	33
Other	144	142
Total non-operating income	382	332
Non-operating expenses		
Interest expenses	312	286
Share of loss of entities accounted for using equity method	37	–
Other	43	18
Total non-operating expenses	393	305
Ordinary profit	1,767	1,760
Extraordinary income		
Gain on sales of non-current assets	0	0
Total extraordinary income	0	0
Extraordinary losses		
Impairment loss	–	121
Loss on disaster	–	54
Loss on disposal of non-current assets	1	3
Total extraordinary losses	1	179
Profit before income taxes	1,766	1,580
Income taxes	601	654
Profit	1,164	926
Loss attributable to non-controlling interests	(310)	(453)
Profit attributable to owners of parent	1,474	1,379

## (Consolidated Statements of Comprehensive Income (Cumulative))

(Million yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit	1,164	926
Other comprehensive income		
Valuation difference on available-for-sale securities	(263)	(283)
Deferred gains or losses on hedges	2	(1)
Foreign currency translation adjustment	(239)	239
Remeasurements of defined benefit plans, net of tax	(2)	(107)
Share of other comprehensive income of entities accounted for using equity method	3	(0)
Total other comprehensive income	(499)	(153)
Comprehensive income	664	772
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,148	1,241
Comprehensive income attributable to non-controlling interests	(483)	(469)



(3) Notes on Consolidated Financial Statements

(Going Concern Assumptions)

Not applicable.

(Material Changes in the Amount of Shareholders' Equity)

Not applicable.

(Application of Special Accounting for Preparing Consolidated Financial Statements)

Income taxes for the nine-month period are calculated by multiplying profit before income taxes for the nine-month period by a reasonable estimate of the effective tax rate, after application of tax effect accounting, for estimated profit before income taxes in the nine-month period of the current fiscal year. Deferred taxes are included in income taxes.

### 3. Other

(Trend in Quarterly Consolidated Results)

Fiscal year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Million yen)

	Accounting period				Cumulative period		
	Q1	Q2	Q3	Q4	6 months (Apr-Sep)	9 months (Apr-Dec)	Full year
Net sales	13,933	15,434	16,301	–	29,367	45,669	–
Operating profit (loss)	(40)	727	1,046	–	686	1,732	–
Ordinary profit (loss)	(54)	721	1,093	–	666	1,760	–
Profit attributable to owners of parent	33	541	804	–	575	1,379	–

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Million yen)

	Accounting period				Cumulative period		
	Q1	Q2	Q3	Q4	6 months (Apr-Sep)	9 months (Apr-Dec)	Full year
Net sales	13,320	14,862	17,881	17,536	28,182	46,064	63,600
Operating profit	52	261	1,464	1,022	314	1,779	2,801
Ordinary profit	78	233	1,455	931	312	1,767	2,698
Profit attributable to owners of parent	84	251	1,139	792	335	1,474	2,267

Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Million yen)

	Accounting period				Cumulative period		
	Q1	Q2	Q3	Q4	6 months (Apr-Sep)	9 months (Apr-Dec)	Full year
Net sales	12,712	13,534	16,680	17,609	26,247	42,927	60,536
Operating profit	192	226	1,204	1,357	419	1,623	2,980
Ordinary profit	179	37	1,259	1,335	216	1,475	2,810
Profit attributable to owners of parent	155	93	967	920	249	1,216	2,136

Fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(Million yen)

	Accounting period				Cumulative period		
	Q1	Q2	Q3	Q4	6 months (Apr-Sep)	9 months (Apr-Dec)	Full year
Net sales	11,505	12,250	14,104	17,459	23,756	37,861	55,320
Operating profit	226	572	1,009	1,528	798	1,808	3,336
Ordinary profit	102	521	938	1,330	623	1,561	2,892
Profit attributable to owners of parent	113	402	754	1,103	515	1,269	2,373