

## Consolidated Financial Results for the Three-month Period Ended June 30, 2020 [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
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Scheduled date for filing of quarterly securities report:	August 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 three months ended June 30, 2020 (April 1, 2020 – June 30, 2020)

#### (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	%
Three months ended June 30, 2020	12,314	(11.6)	282	—	353	—	281	744.0
Three months ended June 30, 2019	13,933	4.6	(40)	—	(54)	—	33	(60.4)

Note: Comprehensive income

Three months ended June 30, 2020:	(440) million yen [yoy – %]
Three months ended June 30, 2019:	(92) million yen [yoy – %]

	Earnings per share	
	(basic)	(diluted)
	Yen	Yen
Three months ended June 30, 2020	8.58	—
Three months ended June 30, 2019	1.02	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2020	52,660	26,768	49.1
As of March 31, 2020	54,035	27,637	49.1

Reference: Equity

As of June 30, 2020:	25,831 million yen
As of March 31, 2020:	26,504 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, 2020	—	—	—	13.00	13.00
Fiscal year ending March 31, 2021	—	—	—	—	—
Fiscal year ending March 31, 2021 (forecast)	—	—	—	13.00	13.00

Note: Revisions to the forecasts of dividends most recently announced: Yes

### 3. Forecast of consolidated financial results for the fiscal year ending March 31, 2021 (April 1, 2020 – March 31, 2021)

(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, 2021	56,000	(13.2)	2,300	(30.2)	2,200	(32.0)	1,600	(28.5)	48.81

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes

#### Notes:

- (1) Changes in significant subsidiaries during the three-month period ended June 30, 2020 (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 June 30, 2020: 32,800,000 shares	As of March 31, 2020: 32,800,000 shares
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  - (b) Treasury shares
 

As of June 30, 2020: 22,059 shares	As of March 31, 2020: 22,059 shares
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  - (c) Average number of shares outstanding during the period (cumulative)
 

Three months ended June 30, 2020: 32,777,941 shares	Three months ended June 30, 2019: 32,777,941 shares
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\* 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 Three-month Period (3) Explanation of Forecast for the Fiscal Year Ending March 31, 2021” on page 2 of Attachment for details on the assumptions used and other related matters concerning the forecast of consolidated financial results.

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

### (1) Explanation of Operating Results

#### (Business Environment)

During the three-month period ended June 30, 2020, the global economy has been in an extremely serious situation due to the impact of the global outbreak of the novel coronavirus disease (COVID-19).

Despite this extremely serious situation due to the impact of COVID-19, the Japanese economy is expected to pick up due to the effects of various policy measures.

#### (Operating Results)

The Furukawa Battery Group recorded consolidated sales of 12,314 million yen for the three-month period ended June 30, 2020, a decrease of 1,619 million yen year on year. Overseas sales were 4,784 million yen and accounted for 38.9% of total sales.

Operating profit increased by 323 million yen year on year to 282 million yen mainly due to the impact of COVID-19 being limited as overseas subsidiaries used the financial statements from January to March 2020 in consolidated results, and one-time expenses were recorded at the Indonesia subsidiary in the previous fiscal year though sales in Japan have decreased due to the impact of COVID-19. Ordinary profit increased by 407 million yen year on year to 353 million yen mainly due to a decrease of interest expenses and foreign exchange gains.

Profit attributable to owners of parent came to 281 million yen, increasing 247 million yen year on year.

### (2) Explanation of Financial Position

Total assets were 52,660 million yen as of June 30, 2020, which is 1,374 million yen less than at the end of the previous fiscal year. Current assets decreased by 341 million yen from the end of the previous fiscal year to 24,797 million yen, while non-current assets decreased by 1,033 million yen to 27,863 million yen.

The main factors leading to the decrease in current assets were decreases in notes and accounts receivable - trade and securities.

There was a 1,368 million yen decrease in property, plant and equipment to 23,085 million yen. The main factor leading to the decrease was foreign currency translation differences of non-current assets owned by overseas subsidiaries.

Investments and other assets increased by 259 million yen to 4,567 million yen.

Total liabilities as of June 30, 2020, decreased by 505 million yen to 25,892 million yen. Current liabilities decreased by 62 million yen to 14,792 million yen, and non-current liabilities decreased by 443 million yen to 11,099 million yen.

Interest-bearing debt, which is the sum of short-term borrowings and long-term borrowings, increased by 1,103 million yen to 7,832 million yen.

Equity decreased by 672 million yen to 25,831 million yen, while the equity ratio was in line with the end of the previous fiscal year at 49.1% at the end of the three-month period.

### (3) Explanation of Forecast for the Fiscal Year Ending March 31, 2021

The consolidated forecast for the fiscal year ending March 31, 2021 was undecided as it was difficult to perform a reasonable calculation because of the spread of COVID-19. The Company has announced the consolidated forecast for the fiscal year ending March 31, 2021 as it has been calculated under the assumption that this situation will continue in the fiscal year ending March 31, 2021 and fixed limits will be set regarding economic activity as the timing of the settlement of COVID-19 is uncertain. For details regarding the announcement of this forecast, please refer to the "Notice Regarding the Consolidated Forecast and Dividends Forecast" announced today (August 6, 2020).

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

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
<b>ASSETS</b>		
Current assets		
Cash and deposits	2,662	4,238
Securities	1,632	1,536
Notes and accounts receivable - trade	12,255	9,247
Electronically recorded monetary claims - operating	1,080	1,133
Merchandise and finished goods	2,540	3,163
Work in process	2,856	3,001
Raw materials and supplies	1,363	1,313
Other	761	1,176
Allowance for doubtful accounts	(13)	(12)
Total current assets	25,139	24,797
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,044	6,804
Machinery, equipment and vehicles, net	8,211	7,510
Tools, furniture and fixtures, net	648	603
Land	7,372	7,170
Leased assets, net	623	585
Construction in progress	553	411
Total property, plant and equipment	24,453	23,085
Intangible assets		
Leased assets	10	15
Other	124	195
Total intangible assets	135	210
Investments and other assets		
Investment securities	2,137	2,511
Deferred tax assets	2,026	1,917
Other	166	162
Allowance for doubtful accounts	(23)	(23)
Total investments and other assets	4,307	4,567
Total non-current assets	28,896	27,863
Total assets	54,035	52,660

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable - trade	3,698	3,359
Electronically recorded obligations - operating	2,360	1,865
Short-term borrowings	4,261	5,669
Lease obligations	135	128
Income taxes payable	520	250
Accrued consumption taxes	430	174
Provision for bonuses	672	307
Provision for environmental measures	2	2
Notes payable - facilities	17	44
Electronically recorded obligations - facilities	243	208
Other	2,510	2,781
Total current liabilities	14,854	14,792
Non-current liabilities		
Long-term borrowings	2,467	2,163
Lease obligations	568	540
Deferred tax liabilities	795	798
Provision for environmental measures	2	2
Retirement benefit liability	7,021	6,952
Asset retirement obligations	53	53
Other	634	588
Total non-current liabilities	11,543	11,099
Total liabilities	26,398	25,892
<b>NET ASSETS</b>		
Shareholders' equity		
Share capital	1,640	1,640
Capital surplus	653	653
Retained earnings	22,847	22,702
Treasury shares	(11)	(11)
Total shareholders' equity	25,130	24,985
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	578	860
Deferred gains or losses on hedges	(71)	8
Foreign currency translation adjustment	949	48
Remeasurements of defined benefit plans	(82)	(70)
Total accumulated other comprehensive income	1,373	846
Non-controlling interests	1,133	937
Total net assets	27,637	26,768
Total liabilities and net assets	54,035	52,660

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

(Consolidated Statements of Income (Cumulative))

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales	13,933	12,314
Cost of sales	11,136	9,240
Gross profit	2,797	3,073
Selling, general and administrative expenses	2,838	2,791
Operating profit (loss)	(40)	282
Non-operating income		
Interest income	9	4
Dividend income	67	61
Share of profit of entities accounted for using equity method	0	6
Foreign exchange gains	-	22
Other	33	49
Total non-operating income	110	144
Non-operating expenses		
Interest expenses	109	67
Foreign exchange losses	7	-
Other	7	5
Total non-operating expenses	124	73
Ordinary profit (loss)	(54)	353
Extraordinary losses		
Loss on disposal of non-current assets	0	0
Total extraordinary losses	0	0
Profit (loss) before income taxes	(55)	353
Income taxes	170	109
Profit (loss)	(225)	243
Loss attributable to non-controlling interests	(258)	(37)
Profit attributable to owners of parent	33	281

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

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit (loss)	(225)	243
Other comprehensive income		
Valuation difference on available-for-sale securities	(57)	293
Deferred gains or losses on hedges	(9)	79
Foreign currency translation adjustment	209	(1,058)
Remeasurements of defined benefit plans, net of tax	(11)	12
Share of other comprehensive income of entities accounted for using equity method	0	(11)
Total other comprehensive income	132	(684)
Comprehensive income	(92)	(440)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	156	(246)
Comprehensive income attributable to non- controlling interests	(248)	(194)



### (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 three-month period are calculated by multiplying profit before income taxes for the three-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 three-month period of the current fiscal year. Deferred taxes are included in income taxes.

#### (Additional Information)

It is difficult to read the outlook due to uncertainty regarding the timing of the settlement of COVID-19. However, the Group made accounting estimates such as the recoverability of deferred tax assets based on information available at the time of preparation of the quarterly consolidated financial statements, and under the assumption that the impact will continue at least through the current fiscal year. There are no significant changes to these estimates from the details presented in annual securities report from the previous fiscal year.

Although these estimates are the best current estimates, there may be deviation between the above estimates and subsequent results in the event that there occur changes to the timing of the settlement of COVID-19 and the impact on the economic environment.

### 3. Other

(Trend in Quarterly Consolidated Results)

Fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Million yen)

	Accounting period				Cumulative period		
	Q1	Q2	Q3	Q4	6 months (Apr-Sep)	9 months (Apr-Dec)	Full year
Net sales	12,314	-	-	-	-	-	-
Operating profit	282	-	-	-	-	-	-
Ordinary profit	353	-	-	-	-	-	-
Profit attributable to owners of parent	281	-	-	-	-	-	-

Fiscal year ended 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	18,817	29,367	45,669	64,486
Operating profit (loss)	(40)	727	1,046	1,560	686	1,732	3,293
Ordinary profit (loss)	(54)	721	1,093	1,476	666	1,760	3,237
Profit attributable to owners of parent	33	541	804	859	575	1,379	2,238

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