

Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 [Japan GAAP]

Name of Company:	The Furukawa Battery Co., Ltd.
Stock Code:	6937
Stock Exchange Listing:	Tokyo Stock Exchange, First Section
URL:	https://www.furukawadenchi.co.jp
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 of ordinary general meeting of shareholders:	June 25, 2021
Scheduled date for commencement of dividend payment:	June 28, 2021
Scheduled date for filing of securities report:	June 25, 2021
Supplementary documents for financial results:	Yes
Financial results briefing:	Yes (Financial results briefing via video streaming on the Company's website)

(Yen in millions, rounded down)

1. Consolidated financial results for the fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(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	%
Fiscal year ended March 31, 2021	59,958	(7.0)	4,397	33.5	4,480	38.4	3,614	61.5
Fiscal year ended March 31, 2020	64,486	1.4	3,293	17.5	3,237	20.0	2,238	(1.3)

Note: Comprehensive income

Fiscal year ended March 31, 2021:	3,821 million yen [yoy 148.0 %]
Fiscal year ended March 31, 2020:	1,541 million yen [yoy 59.8 %]

	Earnings per share (basic)	Earnings per share (diluted)	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2021	110.29	—	12.8	8.0	7.3
Fiscal year ended March 31, 2020	68.31	—	8.7	6.0	5.1

Reference: Equity in earnings (losses) of affiliates

Fiscal year ended March 31, 2021:	8 million yen
Fiscal year ended March 31, 2020:	1 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2021	57,686	31,388	52.2	918.59
As of March 31, 2020	54,035	27,637	49.1	808.59

Reference: Equity

As of March 31, 2021: 30,109 million yen

As of March 31, 2020: 26,504 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2021	7,379	(2,096)	(663)	8,776
Fiscal year ended March 31, 2020	3,339	(2,438)	(1,732)	4,295

2. Dividends

	Annual dividends per share					Total dividends (annual)	Payout ratio (Consolidated)	Dividends/to net assets (Consolidated)
	End of Q1	End of Q2	End of Q3	End of Q4	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2020	—	—	—	13.00	13.00	426	19.0	1.7
Fiscal year ended March 31, 2021	—	—	—	22.00	22.00	721	19.9	2.6
Fiscal year ending March 31, 2022 (forecast)	—	—	—	22.00	22.00		20.9	

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(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, 2022	62,500	4.2	4,000	(9.0)	4,000	(10.7)	3,450	(4.6)	105.25

Notes:

- (1) Changes in significant subsidiaries during the fiscal year ended March 31, 2021 (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): Newly included: None Excluded: None
- (2) 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
- (3) Number of shares outstanding (common stock)
 - (a) Shares outstanding (including treasury shares)

As of March 31, 2021: 32,800,000 shares As of March 31, 2020: 32,800,000 shares
 - (b) Treasury shares

As of March 31, 2021: 22,086 shares As of March 31, 2020: 22,059 shares
 - (c) Average number of shares outstanding during the period

Fiscal year ended March 31, 2021: 32,777,926 shares Fiscal year ended March 31, 2020: 32,777,941 shares

(For reference) Non-consolidated financial results

1. Financial results for the fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(1) Non-consolidated operating results

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2021	40,619	(4.5)	2,504	15.6	3,065	11.6	2,521	56.5
Fiscal year ended March 31, 2020	42,548	(0.2)	2,166	(3.3)	2,746	(42.1)	1,611	8.5

	Earnings per share (basic)	Earnings per share (diluted)
	Yen	Yen
Fiscal year ended March 31, 2021	76.94	—
Fiscal year ended March 31, 2020	49.15	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2021	39,172	19,646	50.2	599.37
As of March 31, 2020	35,699	16,669	46.7	508.56

Reference: Equity

As of March 31, 2021: 19,646 million yen

As of March 31, 2020: 16,669 million yen

<Reasons for differences between non-consolidated financial results and the actual values of the previous fiscal year>

The differences between the actual values of the previous fiscal year and the actual values of the fiscal year under review are due to recording a loss on valuation of investment securities and an impairment loss in the previous fiscal year.

* Financial results reports are exempt from audit 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. Overview of Operating Results and Others, (4) Future Outlook” on page 5 of the Attachment.

(Obtaining the supplementary documents for financial results and the financial results briefing)

The Company plans to stream the financial results briefing via video for institutional investors and analysts on Thursday, May 27, 2021.

The video and the supplementary documents for financial results will be posted on the Company’s website.

Index of the Attachment

1. Overview of Operating Results and Others	2
(1) Overview of Operating Results	2
(2) Overview of Financial Position	4
(3) Overview of Cash Flows	4
(4) Future Outlook.....	5
(5) Basic Policy for Profit Distributions and Dividends for Current and Next Fiscal Years	5
2. Corporate Group	6
3. Management Policy	7
(1) Basic Management Policy	7
(2) Targeted Performance Indicators	7
(3) Medium to Long-term Strategies and Pending Issues	7
4. Basic Views on the Selection of Accounting Standards.....	8
5. Consolidated Financial Statements and Related Notes	9
(1) Consolidated Balance Sheets	9
(2) Consolidated Statements of Income and Comprehensive Income	11
(Consolidated Statements of Income).....	11
(Consolidated Statements of Comprehensive Income).....	12
(3) Consolidated Statements of Changes in Equity	13
(4) Consolidated Statements of Cash Flows.....	15
(5) Notes on Consolidated Financial Statements.....	17
(Going Concern Assumptions).....	17
(Segment Information).....	17
(Per Share Information)	22
(Important Subsequent Events).....	23
6. Other	24
(Trend in Quarterly Consolidated Results).....	24

1. Overview of Operating Results and Others

(1) Overview of Operating Results

(Business Environment)

During the fiscal year ended March 31, 2021, the global economy remained in an extremely serious situation due to the impact of the global outbreak of the novel coronavirus disease (COVID-19).

Looking ahead, we assume that there is a risk that business conditions will worsen further due to the impact of the infectious disease.

The Japanese economy remains in a difficult situation, although there are signs of a partial pick-up due to the effects of various policy measures taken to prevent the spread of COVID-19.

Looking forward, we assume that there is a risk that business conditions will deteriorate further in the same way as the global economy was affected by the infectious disease.

In the storage battery industry, the growth rate of the automotive field is expected to slow down in developed countries over the long term, while the market for lead-acid storage batteries in emerging countries is expected to remain strong and grow in importance.

In the industrial field as well, long-term demand is expected to remain firm in such areas as data centers and smart grids.

On the other hand, in the short and medium term, the prevalence of the infectious disease will have an impact on supply chains, and we project that both automobiles and industry will face difficult conditions.

Furukawa Battery Co., Ltd. (the "Company") and its group companies (the "Group") has set "stable growth at overseas units," "the generation of new business through the development of new products, including next-generation batteries," "increased profitability in the core business of lead-acid storage batteries," and "the accumulation of innovative capability through the development of human resources" as its priority measures, aiming to increase its corporate value over the medium to long term, and, with regard to the infectious disease, made efforts to continue its business by flexibly implementing measures to prevent the spread of infection, such as regular disinfection at each unit and telework.

(Operating Results)

The Group recorded 59,958 million yen of consolidated net sales for the fiscal year ended March 31, 2021, a decrease of 4,528 million yen (7.0%), year on year. This was mainly due to a decrease in sales for new vehicles in Japan and Thailand. Overseas sales were 20,043 million yen and accounted for 33.4% of total sales.

Operating profit increased by 1,103 million yen year on year to 4,397 million yen (compared with operating profit of 3,293 million yen in the fiscal year ended March 31, 2020). This was mainly due to steady demand for automotive replacements and improved profitability of our subsidiary in Indonesia. Ordinary profit increased by 1,243 million yen year on year to 4,480 million yen (compared to ordinary profit of 3,237 million yen in the fiscal year ended March 31, 2020).

Profit attributable to owners of parent came to 3,614 million yen, increasing 1,376 million yen year on year (compared with profit attributable to owners of parent of 2,238 million yen in the fiscal year ended March 31, 2020).

Business segment performance was as follows.

Segment sales include intersegment internal sales or transfers totaling 2,806 million yen and the figures for segment profit are given on an operating profit (pre-goodwill amortization) basis.

In the automotive segment, sales were 43,974 million yen, a decrease of 3,271 million yen (6.9%) year on year and segment profit was 3,094 million yen, an increase of 1,100 million yen (55.2%). This was mainly due to steady sales for replacement demand and improved profitability in Indonesia, despite a decrease in sales for new vehicles in Japan and Thailand.

In the industrial segment, sales were 17,612 million yen, a decrease of 1,252 million yen (6.6%) year on year. Segment profit was 1,085 million yen, a decrease of 38 million yen (3.4%). This was mainly due to a decrease in sales

caused by COVID-19.

In the real estate segment, sales were 384 million yen, an increase of 47 million yen (14.1%) year on year and segment profit was 186 million yen, an increase of 51 million yen (37.9%).

In the others segment, sales were 793 million yen, an increase of 22 million yen (2.9%) year on year, while segment profit was 31 million yen, a decrease of 12 million yen (27.8%).

(2) Overview of Financial Position

Total assets were 57,686 million yen as of March 31, 2021, which is 3,650 million yen more than at the end of the previous fiscal year. Current assets increased by 3,884 million yen from the end of the previous fiscal year to 29,023 million yen, while non-current assets decreased by 233 million yen to 28,662 million yen.

The main factor leading to the increase in current assets was an increase in cash and deposits and securities.

There was a 1,329 million yen decrease in property, plant and equipment to 23,123 million yen. The main factor leading to the decrease was that the amount of depreciation exceeded the amount of acquisition of property, plant and equipment.

Investments and other assets increased by 899 million yen to 5,207 million yen.

Total liabilities as of March 31, 2021 decreased by 100 million yen to 26,297 million yen.

Current liabilities decreased by 166 million yen to 14,688 million yen, and non-current liabilities increased by 65 million yen to 11,609 million yen.

Interest-bearing debt, which is the sum of short-term borrowings and long-term borrowings, decreased by 650 million yen to 6,079 million yen.

Equity increased by 3,605 million yen to 30,109 million yen, resulting in an increase in the equity ratio from 49.1% at the end of the previous fiscal year to 52.2% at the end of the fiscal year under review.

(3) Overview of Cash Flows

a) Cash flows

Net cash provided by operating activities during the fiscal year under review was 7,379 million yen as a whole. Major sources of cash were profit before income taxes of 4,520 million yen, depreciation of 2,736 million yen, and there was a 1,226 million yen payment of interest and income taxes.

Net cash used in investing activities was 2,096 million yen due to purchase of property, plant and equipment amounting to 2,049 million yen.

Net cash used in financial activities was 663 million yen due to repayments of short-term borrowings of 929 million yen.

As a result, cash and cash equivalents at end of period increased 4,480 million yen from the previous year to 8,776 million yen.

b) Trends of performance indicators associated with cash flows

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Equity ratio (%)	37.5	42.4	45.7	49.1	52.2
Market value basis equity ratio (%)	45.4	58.9	42.2	33.1	97.1
Cash flow/interest-bearing debt ratio (years)	3.6	4.4	1.7	2.0	0.8
Interest coverage ratio (x)	5.1	4.6	11.7	8.6	27.8

*Equity ratio: equity/total assets

Market value basis equity ratio: market capitalization/total assets

Cash flow/interest-bearing debt ratio: interest-bearing debt/cash flows

Interest coverage ratio: cash flow/paid interest

Notes: 1. All figures are calculated based on consolidated financial data.

2. Market capitalization is calculated by multiplying the closing share price at the end of the period by the number of issued shares as of the end of the period.

3. Cash flows are Cash flows from operating activities as shown in the consolidated statements of cash flows.

4. Interest-bearing liabilities are the sum of borrowings shown on the consolidated balance sheets. Interest expenses are interest expenses as shown in the consolidated statements of cash flows.

(4) Future Outlook

The Group will continue to make collective efforts to expand its business and increase profits.

For the next consolidated fiscal year, we expect net sales of 62,500 million yen, operating profit of 4,000 million yen, ordinary profit of 4,000 million yen, and profit attributable to owners of parent of 3,450 million yen.

Since there is no uniform opinion regarding the assumptions on the spread of COVID-19, the timing of the settlement of COVID-19, etc. we assume that certain limits will continue to be set regarding economic activity in the next fiscal year (ending March 31, 2022) as well.

(5) Basic Policy for Profit Distributions and Dividends for Current and Next Fiscal Years

Our basic policies as to profit distributions are to pay stable and ongoing return to shareholders and to invest in enhancing our facilities in Japan and overseas and in strengthening research and development, etc. that lead to improved corporate value, and are designed to achieve sustainable growth and improved profitability in the future. For the dividend, the policy is to determine these payments based on the operating results and the strengthening of our financial soundness and we believe we must consider the per-share dividend and payout ratio in a balanced way to express our appreciation to shareholders for their support.

We plan to increase the year-end dividend by 9 yen per share from the previous year to 22 yen per share for the fiscal year ended March 31, 2021. For the next fiscal year, although we expect the business environment to remain severe, we plan to pay a dividend of 22 yen per share, the same amount as the current fiscal year.

2. Corporate Group

The corporate group consists of the Company, its parent company, nine consolidated subsidiaries, five non-consolidated subsidiaries and one affiliated company accounted for by the equity method, and two affiliated companies not accounted for by the equity method. The primary business activities are the manufacture and sale of storage batteries and associated activities. The roles of the group companies concerning these activities are as follows.

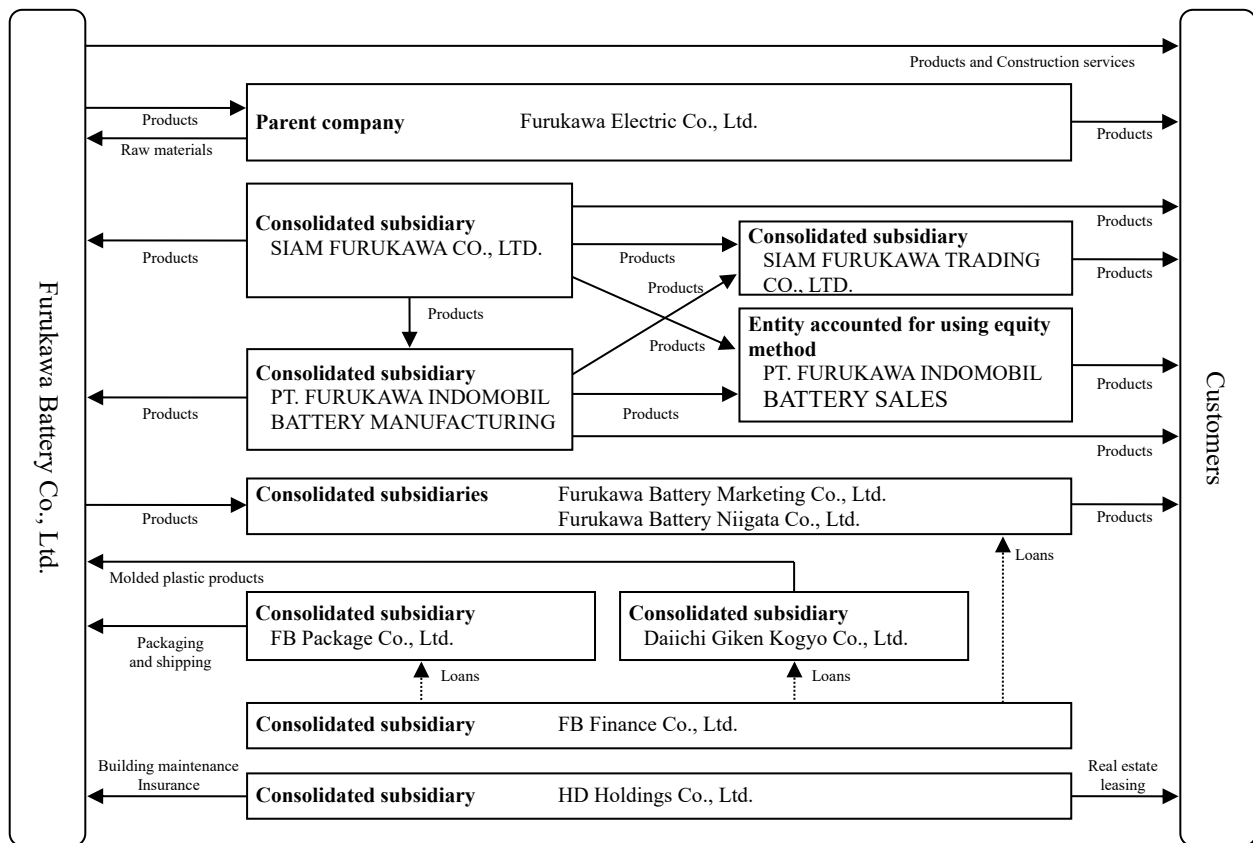
The Company manufactures and sells lead-acid storage batteries, alkaline storage batteries, and rectifiers and other power supply devices and performs installations and inspections for these batteries. Consolidated subsidiaries Siam Furukawa Co., Ltd., and PT. Furukawa Indomobil Battery Manufacturing, with the technical support of the Company, manufacture lead-acid storage batteries.

Consolidated subsidiary Furukawa Battery Marketing Co., Ltd. sells some of the lead-acid storage batteries and alkaline storage batteries manufactured by the Company.

Consolidated subsidiary FB Package Co., Ltd. performs packaging and shipping operations as well as on-site transport services for the Company. Consolidated subsidiary FB Finance Co., Ltd. extends loans to consolidated subsidiaries and affiliated companies.

Some products are sold to parent company Furukawa Electric Co., Ltd. In addition, the Company purchases some raw materials and other items from Furukawa Electric.

A flowchart of these business activities is shown below.



3. Management Policy

(1) Basic Management Policy

The Group conducts its management in accordance with the Corporate Philosophy formed from the following Guiding Principle and the Credo.

Guiding Principle

In order to meet the expectations of our diverse stakeholders, including our shareholders, employees, customers and local communities, Furukawa Battery will implement continuous innovation based on the technological capabilities we have fostered over many years, under a slogan of “always seeking to be challengers” and a corporate motto of “fairness and integrity.” We will contribute to the realization of a truly rich and sustainable society as we seek to achieve sustainable growth and improve our corporate value in the medium to long term.

Furukawa Battery Group Credo

We are challengers.

- a) Maintain high ethical standards, and value honesty and integrity above all.
- b) Continually improve, innovate, and lead, in every area of endeavor.
- c) Take a hands-on approach that addresses the reality of every situation - in the office, at the factory, and on site.
- d) Be proactive - take the initiative and work with others, persevering until a solution is found.
- e) Maintain open channels of communication between departments and divisions so that we can share ideas and help each other grow.

(2) Targeted Performance Indicators

On May 14, 2019, the Company announced the “Furukawa Battery 2019-2021 Medium-Term Management Plan,” under which it has set “stable growth at overseas units,” “the generation of new business through the development of new products, including next-generation batteries,” “increased profitability in the core business of lead-acid storage batteries,” and “the accumulation of innovative capability through the development of human resources” as its priority measures, aiming to increase its corporate value over the medium to long term. During this period, although concrete progress was made in each of the initiatives, especially in the Thailand market, which had been the center of the Company’s overseas growth, due to the impact of the spread of COVID-19, sales of the business mainly for new vehicles fell far short of the initial plan. In addition, the future market environment is expected to remain uncertain due to such factors as a reemergence of COVID-19 infections. Based on these circumstances, we have set the target for FY 2021 (fiscal year ending March 31, 2022), which is the final year of the Medium-Term Management Plan, at the same level as the consolidated earnings forecasts for FY 2021. The aforementioned priority measures and other qualitative strategies remain unchanged, and we will continue to aim to achieve them.

(3) Medium to Long-term Strategies and Pending Issues

1. Medium to Long-term Strategies

We are formulating a long-term vision that will set goals for 2030, and express what we want Furukawa Battery to be in 2030, based on the current state of the company and recent changes in society. This will replace “Dynamic Innovation 2020,” which has been our long-term management vision since FY2011. As for the content, we will make a careful and detailed investigation into the impact on the business of the spread of COVID-19, and make an announcement as soon as everything is in place. In addition, we plan to announce a new medium-term management plan starting with the FY 2022 (fiscal year ending March 31, 2023) within the FY 2021 (fiscal year ending March 31, 2022), taking into consideration such factors as changes in the market environment.

2. Pending issues

With regard to the outlook going forward, in the short term we foresee the COVID-19 pandemic, which has been continuing since last fiscal year, having an impact on all aspects of procurement, production, supply, and demand, and we project that the environment in which the Group operates will remain difficult. For some time we have treated the

strengthening of risk management in relation to natural disasters, etc. as a pending issue, but now we will work to reinforce it even further. In the longer term, we also forecast that for existing businesses such as lead-acid storage batteries, the rate of growth in the domestic market will slow, while the importance of emerging markets overseas will increase further. In this kind of environment, we perceive the expansion of the overseas business and the development of human resources for research and development to be important issues, and will implement various measures to address these.

The pending issues by business are shown below.

For the automotive business, although motorization is proceeding in emerging markets, we forecast that developed markets such as Japan will see the advance of structural changes in the industry along the themes of electrification, automation and servitization. In this kind of environment, we perceive the issues for emerging countries and developed countries to be the development of products that realize competitive quality and cost as well as new functionality, and the strengthening of marketing capabilities to drive their growth in the market.

In the industrial business, we predict that while demand for such markets as renewable energy, data centers and smart grid will expand, price competition will intensify further. In an environment like this, we perceive the issues to be striving to expand the lithium-ion battery business, which it took over from Maxell, Ltd. with the aim of strengthening its technological capabilities, to further develop and commercialize competitive lead-acid storage batteries including bipolar storage batteries, as well as the storage batteries of the next generation, and will address these accordingly.

Through these initiatives, the Furukawa Battery Group will maximize the capabilities it possesses, expanding into new business domains that transcend the framework of existing products, and supporting, through partnerships, inclusive, safe, robust and sustainable lifestyles for people. In doing so, we aim to become a company whose presence is even more familiar, and deemed even more necessary to society.

4. Basic Views on the Selection of Accounting Standards

The policy of the Group for the time being is to prepare its consolidated financial statements using Japan GAAP, taking into consideration the fact that this allows the consolidated financial statements to be compared between periods and compared between companies.

Note that the Group will closely monitor the trend related to the introduction of the International Financial Reporting Standards (IFRS) going forward and endeavor to develop systems to appropriately respond.

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

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	2,662	5,852
Securities	1,632	2,923
Notes and accounts receivable - trade	12,255	12,080
Electronically recorded monetary claims - operating	1,080	1,049
Merchandise and finished goods	2,540	2,288
Work in process	2,856	2,862
Raw materials and supplies	1,363	1,285
Other	761	689
Allowance for doubtful accounts	(13)	(7)
Total current assets	25,139	29,023
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,754	18,144
Accumulated depreciation	(10,710)	(11,105)
Buildings and structures, net	7,044	7,038
Machinery, equipment and vehicles	36,530	36,379
Accumulated depreciation	(28,319)	(29,135)
Machinery, equipment and vehicles, net	8,211	7,244
Tools, furniture and fixtures	7,842	7,724
Accumulated depreciation	(7,194)	(7,019)
Tools, furniture and fixtures, net	648	704
Land	7,372	7,256
Leased assets	995	939
Accumulated depreciation	(371)	(418)
Leased assets, net	623	521
Construction in progress	553	358
Total property, plant and equipment	24,453	23,123
Intangible assets		
Leased assets	10	11
Other	124	320
Total intangible assets	135	331
Investments and other assets		
Investment securities	2,137	3,130
Deferred tax assets	2,026	1,928
Other	166	171
Allowance for doubtful accounts	(23)	(22)
Total investments and other assets	4,307	5,207
Total non-current assets	28,896	28,662
Total assets	54,035	57,686

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,698	3,926
Electronically recorded obligations - operating	2,360	2,170
Short-term borrowings	4,261	3,410
Lease obligations	135	117
Income taxes payable	520	743
Accrued consumption taxes	430	478
Provision for bonuses	672	890
Provision for environmental measures	2	0
Notes payable - facilities	17	18
Electronically recorded obligations - facilities	243	327
Other	2,510	2,604
Total current liabilities	14,854	14,688
Non-current liabilities		
Long-term borrowings	2,467	2,668
Lease obligations	568	477
Deferred tax liabilities	795	793
Provision for environmental measures	2	1
Retirement benefit liability	7,021	7,036
Asset retirement obligations	53	54
Other	634	577
Total non-current liabilities	11,543	11,609
Total liabilities	26,398	26,297
Net assets		
Shareholders' equity		
Share capital	1,640	1,640
Capital surplus	653	653
Retained earnings	22,847	26,036
Treasury shares	(11)	(11)
Total shareholders' equity	25,130	28,318
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	578	1,386
Deferred gains or losses on hedges	(71)	10
Foreign currency translation adjustment	949	398
Remeasurements of defined benefit plans	(82)	(4)
Total accumulated other comprehensive income	1,373	1,790
Non-controlling interests	1,133	1,279
Total net assets	27,637	31,388
Total liabilities and net assets	54,035	57,686

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	64,486	59,958
Cost of sales	49,132	43,537
Gross profit	15,354	16,420
Selling, general and administrative expenses		
Selling expenses	2,910	2,901
General and administrative expenses	9,150	9,122
Total selling, general and administrative expenses	12,060	12,023
Operating profit	3,293	4,397
Non-operating income		
Interest income	28	13
Dividend income	126	100
Company house rent employee load money income	65	65
Share of profit of entities accounted for using equity method	1	8
Foreign exchange gains	-	48
Gain on investments in investment partnerships	2	64
Other	163	94
Total non-operating income	389	395
Non-operating expenses		
Interest expenses	382	269
Loss on sale of investment securities	9	-
Foreign exchange losses	2	-
Other	51	42
Total non-operating expenses	445	312
Ordinary profit	3,237	4,480
Extraordinary income		
Gain on sale of non-current assets	0	26
Gain on sale of investment securities	259	34
Total extraordinary income	259	60
Extraordinary losses		
Loss on sale of non-current assets	-	14
Loss on disposal of non-current assets	3	6
Impairment losses	153	-
Loss on disaster	54	-
Loss on valuation of investment securities	516	-
Total extraordinary losses	729	20
Profit before income taxes	2,767	4,520
Income taxes - current	1,134	1,210
Income taxes - deferred	(49)	(158)
Total income taxes	1,084	1,051
Profit	1,682	3,469
Loss attributable to non-controlling interests	(556)	(145)
Profit attributable to owners of parent	2,238	3,614

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	1,682	3,469
Other comprehensive income		
Valuation difference on available-for-sale securities	(540)	817
Deferred gains or losses on hedges	(61)	81
Foreign currency translation adjustment	579	(619)
Remeasurements of defined benefit plans, net of tax	(119)	77
Share of other comprehensive income of entities accounted for using equity method	1	(5)
Total other comprehensive income	(141)	351
Comprehensive income	1,541	3,821
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,054	4,031
Comprehensive income attributable to non- controlling interests	(513)	(210)

(3) Consolidated Statements of Changes in Equity
 Previous fiscal year (From April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,640	653	20,969	(11)	23,251
Changes during period					
Dividends of surplus			(360)		(360)
Profit attributable to owners of parent			2,238		2,238
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,878	-	1,878
Balance at end of period	1,640	653	22,847	(11)	25,130

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,112	(9)	418	36	1,558	948	25,758
Changes during period							
Dividends of surplus							(360)
Profit attributable to owners of parent							2,238
Net changes in items other than shareholders' equity	(534)	(61)	530	(118)	(184)	185	1
Total changes during period	(534)	(61)	530	(118)	(184)	185	1,879
Balance at end of period	578	(71)	949	(82)	1,373	1,133	27,637

Current fiscal year (From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,640	653	22,847	(11)	25,130
Changes during period					
Dividends of surplus			(426)		(426)
Profit attributable to owners of parent			3,614		3,614
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	3,188	(0)	3,188
Balance at end of period	1,640	653	26,036	(11)	28,318

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	578	(71)	949	(82)	1,373	1,133	27,637
Changes during period							
Dividends of surplus							(426)
Profit attributable to owners of parent							3,614
Purchase of treasury shares							(0)
Net changes in items other than shareholders' equity	808	81	(551)	77	416	145	562
Total changes during period	808	81	(551)	77	416	145	3,750
Balance at end of period	1,386	10	398	(4)	1,790	1,279	31,388

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	2,767	4,520
Depreciation	2,716	2,736
Impairment losses	153	-
Loss on disaster	54	-
Increase (decrease) in allowance for doubtful accounts	13	(6)
Interest and dividend income	(155)	(113)
Interest expenses	382	269
Share of loss (profit) of entities accounted for using equity method	(1)	(8)
Loss (gain) on sale of investment securities	(249)	(34)
Loss (gain) on valuation of investment securities	516	-
Loss (gain) on investments in investment partnerships	(2)	(64)
Loss on retirement of property, plant and equipment	3	6
Loss (gain) on sale of property, plant and equipment	(0)	(12)
Decrease (increase) in trade receivables	(1,143)	118
Decrease (increase) in inventories	554	207
Increase (decrease) in trade payables	(752)	101
Increase (decrease) in provision for bonuses	23	218
Increase (decrease) in provision for environmental measures	(8)	(2)
Increase (decrease) in retirement benefit liability	32	65
Increase (decrease) in accrued consumption taxes	89	55
Other, net	(217)	433
Subtotal	4,778	8,491
Interest and dividends received	155	113
Interest paid	(387)	(265)
Income taxes paid	(1,161)	(961)
Payments associated with disaster loss	(45)	-
Net cash provided by (used in) operating activities	3,339	7,379
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,860)	(2,049)
Purchase of intangible assets	(12)	(198)
Proceeds from sale of property, plant and equipment	0	33
Purchase of investment securities	(35)	(11)
Proceeds from sale of investment securities	345	47
Proceeds from distributions from investment partnerships	31	89
Other, net	92	(7)
Net cash provided by (used in) investing activities	(2,438)	(2,096)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	706	(929)
Proceeds from long-term borrowings	-	2,000
Repayments of long-term borrowings	(2,624)	(1,525)
Repayments of lease obligations	(153)	(138)
Dividends paid	(360)	(426)
Proceeds from share issuance to non-controlling shareholders	701	357
Dividends paid to non-controlling interests	(2)	(2)
Other, net	-	(0)
Net cash provided by (used in) financing activities	(1,732)	(663)
Effect of exchange rate change on cash and cash equivalents	159	(138)
Net increase (decrease) in cash and cash equivalents	(672)	4,480
Cash and cash equivalents at beginning of period	4,968	4,295
Cash and cash equivalents at end of period	4,295	8,776

(5) Notes on Consolidated Financial Statements
(Going Concern Assumptions)

Not applicable.

(Segment Information)

[Segment information]

1. Description of reportable segments

Reporting segments of the Furukawa Battery Group are individual units for which separate financial information is available and that are subject to a periodic review by the Board of Directors for the purposes of evaluating performance and determining the allocation of resources.

The headquarters of business operations are at the Company's head office and there are separate organizational units to oversee operations for specific products and services. Each unit establishes comprehensive strategies for Japan and overseas countries for its products and services and performs operations based on these strategies.

Consequently, business segments of the Company are based on products and services in accordance with these administrative units. Operations are divided into three reportable segments: automobile, industrial and real estate.

The automobile segment manufactures storage batteries for automobiles and motorcycles. The industrial segment manufactures storage batteries for the operation of equipment, uninterruptible power systems and other products. The real estate segment leases space in buildings to tenants.

2. Method of calculating net sales, profit (loss), assets, liabilities and other items for each reportable segment

Accounting methods for reportable segments are in accordance with the accounting policies used to prepare the consolidated financial statements.

Reportable segment profit represents operating profit before adjustment for amortization of goodwill.

Intersegment internal sales and transfers are based upon actual market prices.

3. Net sales, profit (loss), assets, liabilities and other items for each reportable segment

Previous fiscal year (From April 1, 2019 to March 31, 2020)

(Million yen)

	Reportable segments				Other (note)	Total
	Automobile	Industrial	Real estate	Total		
Net sales						
Sales to external customers	45,626	18,531	317	64,474	12	64,486
Intersegment internal sales and transfers	1,620	333	20	1,973	758	2,732
Total	47,246	18,864	337	66,448	770	67,219
Segment profit	1,993	1,123	135	3,252	43	3,295
Other items						
Depreciation and amortization	2,118	556	30	2,705	11	2,716

Notes: 1. The "Other" category is a business segment that is not included in the reportable segments and includes insurance and other activities.

2. Assets are not allocated to business segments.

Current fiscal year (From April 1, 2020 to March 31, 2021)

(Million yen)

	Reportable segments				Other (note)	Total
	Automobile	Industrial	Real estate	Total		
Net sales						
Sales to external customers	42,250	17,333	364	59,948	9	59,958
Intersegment internal sales and transfers	1,723	279	20	2,023	783	2,806
Total	43,974	17,612	384	61,972	793	62,765
Segment profit	3,094	1,085	186	4,366	31	4,397
Other items						
Depreciation and amortization	2,107	580	38	2,725	10	2,736

Notes: 1. The “Other” category is a business segment that is not included in the reportable segments and includes insurance and other activities.

2. Assets are not allocated to business segments.

4. Differences between reportable segment totals and amounts in consolidated financial statements and major components of these differences (adjustments for differences)

(Million yen)

Net sales	Previous fiscal year	Current fiscal year
Reportable segment total	66,448	61,972
Net sales of “Other” category	770	793
Elimination of intersegment transactions	(2,732)	(2,806)
Net sales in consolidated financial statements	64,486	59,958

(Million yen)

Profit	Previous fiscal year	Current fiscal year
Reportable segment total	3,252	4,366
Profit of “Other” category	43	31
Elimination of intersegment transactions	(2)	(0)
Operating profit in consolidated financial statements	3,293	4,397

Note: Operating expenses are all allocated to each segment.

[Associated information]

Previous fiscal year (From April 1, 2019 to March 31, 2020)

1. Information for individual products and services

Since the information relating to specific products and services is presented in the same way in [3. Net sales, profit (loss), assets, liabilities and other items for each reportable segment] in [Segment information], it is omitted here.

2. Information for individual regions

(a) Net sales

(Million yen)

Japan	Asia		Other	Total
	Thailand	Other Asian regions		
40,652	17,193	5,787	852	64,486

Note: Net sales are based on the locations of customers and categorized in accordance with countries or regions.

(b) Property, plant and equipment

(Million yen)

Japan	Asia		Total
	Thailand	Indonesia	
14,243	5,859	4,350	24,453

3. Information on major customers

Because there is no major external customer who accounts for 10% or more of the net sales on the consolidated statements of income, this information is omitted.

Current fiscal year (From April 1, 2020 to March 31, 2021)

1. Information for individual products and services

Since the information relating to specific products and services is presented in the same way in [3. Net sales, profit (loss), assets, liabilities and other items for each reportable segment] in [Segment information], it is omitted here.

2. Information for individual regions

(a) Net sales

(Million yen)

Japan	Asia		Other	Total
	Thailand	Other Asian regions		
39,915	15,487	3,868	687	59,958

Note: Net sales are based on the locations of customers and categorized in accordance with countries or regions.

(b) Property, plant and equipment

(Million yen)

Japan	Asia		Total
	Thailand	Indonesia	
14,060	5,294	3,768	23,123

3. Information on major customers

(Million yen)

Client name	Net sales	Related segment name
General Motors overseas distribution corporation	6,294	Automobile

[Segment information for impairment of non-current assets]

Previous fiscal year (From April 1, 2019 to March 31, 2020)

Although it has not been allocated to individual reportable segments, an impairment loss of 153 million yen was recorded.

Current fiscal year (From April 1, 2020 to March 31, 2021)

Not applicable.

[Segment information for goodwill amortization and remaining goodwill]

Previous fiscal year (From April 1, 2019 to March 31, 2020)

Not applicable.

Current fiscal year (From April 1, 2020 to March 31, 2021)

Not applicable.

[Segment information for gains from negative goodwill]

Previous fiscal year (From April 1, 2019 to March 31, 2020)

Not applicable.

Current fiscal year (From April 1, 2020 to March 31, 2021)

Not applicable.

(Per Share Information)

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Net assets per share	808.59 yen	918.59 yen
Earnings per share	68.31 yen	110.29 yen

Notes: 1. Diluted earnings per share are not shown because there were no common stock equivalents.

2. The basis for calculating earnings per share is as follows.

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Amount of profit attributable to owners of parent (million yen)	2,238	3,614
Amount not attributed to common stockholders	—	—
Amount of profit attributable to owners of parent attributable to common stock (million yen)	2,238	3,614
Average number of outstanding shares of common stock during the fiscal year (hundred shares)	327,779	327,779

(Important Subsequent Events)

(Succession of business through a company split)

At the meeting of the Board of Directors held on October 27, 2020, the Company resolved to conclude a basic agreement (hereinafter, the “Basic Agreement”) regarding the succession of the laminated lithium-ion battery business (hereinafter, the “Business”), which is a part of the businesses conducted by Maxell, Ltd. (hereinafter, “Maxell”), to the Company through a company split (simplified absorption-type company split) (hereinafter, the “Company Split”). The company Split was executed on April 1, 2021.

1. Purpose of the Company Split

As part of measures to expand into new business domains, the Company will succeed the Business from Maxell for the following purposes, and will work to further improve the corporate value of the Company.

- Technological development of the Company’s lithium-ion batteries
- Promote the expansion of applications, and the technical capabilities cultivated by both companies
- Strengthen competitiveness by merging the R&D capabilities

2. Overview of the Company Split

(1) Schedule of the Company Split

Date resolved by the Board of Directors (the Company): October 27, 2020

Date resolved by the Board of Directors (Maxell): October 29, 2020

Date of conclusion of the Basic Agreement: October 29, 2020

Date of conclusion of the agreement related to the absorption-type company split: November 30, 2020

Effective date: April 1, 2021

(2) Type of the Company Split

An absorption-type company split where Maxell is the splitting company and the Company is the succeeding company (simplified absorption-type company split).

3. Reasoning behind the calculation of the details of allotments pertaining to the Company Split

The money to be granted by the Company for the Company Split has been decided upon negotiations with Maxell based on the result of calculations of the value of the business by the Company and a third party after considering the assets, liabilities and net assets to be succeeded in addition to the trend of operating results (revenue, expenses, profit and cash flows) of the Business and other factors. The impact on consolidated results is negligible.

4. Overview of the business segment subject to succession

Business related to the laminated lithium-ion battery conducted by the Energy Division of Maxell

5. Amounts of assets and liabilities to be transferred

Currently being evaluated.

6. Other

(Trend in Quarterly Consolidated Results)

Fiscal year ended 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	13,143	16,354	18,146	25,457	41,812	59,958
Operating profit	282	566	1,824	1,723	849	2,674	4,397
Ordinary profit	353	513	1,834	1,778	866	2,701	4,480
Profit attributable to owners of parent	281	393	1,430	1,509	674	2,105	3,614

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