

Consolidated Financial Results for the Nine-month Period Ended December 31, 2023 [Japan GAAP]

Name of Company:	The Furukawa Battery Co., Ltd.
Stock Code:	6937
Stock Exchange Listing:	Tokyo Stock Exchange
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Scheduled date for filing of quarterly securities report:	February 9, 2024
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, 2023 (April 1, 2023 – December 31, 2023)

(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, 2023	53,319	10.6	1,058	697.8	1,177	269.4	1,261	–
Nine months ended December 31, 2022	48,224	11.7	132	(90.9)	318	(79.8)	(567)	–

Note: Comprehensive income

Nine months ended December 31, 2023:	2,141 million yen	[yoy 120.6%]
Nine months ended December 31, 2022:	970 million yen	[yoy (17.1)%]

	Earnings per share (basic)	Earnings per share (diluted)
	Yen	Yen
Nine months ended December 31, 2023	38.47	–
Nine months ended December 31, 2022	(17.31)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2023	65,963	36,463	53.3
As of March 31, 2023	63,278	34,947	53.3

Reference: Equity

As of December 31, 2023:	35,135 million yen
As of March 31, 2023:	33,708 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, 2023	–	–	–	19.00	19.00
Fiscal year ending March 31, 2024	–	–	–	–	–
Fiscal year ending March 31, 2024 (forecast)	–	–	–	21.00	21.00

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

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(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, 2024	73,000	5.0	2,400	26.3	2,500	14.0	2,200	175.8	67.12

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

Notes:

- (1) Changes in significant subsidiaries during the nine-month period ended December 31, 2023 (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 Quarterly Consolidated Financial Statements)” on page 7 of the 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, 2023: 32,800,000 shares As of March 31, 2023: 32,800,000 shares
 - (b) Treasury shares
As of December 31, 2023: 22,208 shares As of March 31, 2023: 22,208 shares
 - (c) Average number of shares outstanding during the period (cumulative)
Nine months ended December 31, 2023: 32,777,792 shares
Nine months ended December 31, 2022: 32,777,858 shares

* Quarterly financial results reports are exempt from 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, 2024” on page 2 of the 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 Nine-month Period

(1) Explanation of Operating Results

(Business Environment)

During the nine-month period ended December 31, 2023, the global economy experienced soaring energy costs due to the impact of the Russian-Ukrainian war, and instability in the global situation caused by the Israel-Hamas war. Additionally, there was a slowdown in the real estate market in China and monetary tightening in Europe and North America. Thus, the global economic outlook is uncertain mainly due to the downside risks on economic activities from those factors.

In the Japanese economy as well, the outlook continues to be uncertain due to the slowdown in the overseas economy becoming a downside risk for the domestic economy amid concerns for the future of the Chinese economy and continuing global monetary tightening in addition to rising raw material prices and energy costs.

(Operating Results)

The Group recorded net sales of 53,319 million yen for the nine-month period ended December 31, 2023, an increase of 5,095 million yen year on year. Overseas sales were 21,049 million yen and accounted for 39.5% of total sales.

In terms of profit and loss, operating profit came to 1,058 million yen, increasing by 925 million yen year on year, mainly due to strong sales performance in the Thai and Indonesian markets, despite the rise in the price of lead, a major raw material, and energy costs. Ordinary profit increased by 859 million yen year on year to 1,177 million yen.

Profit attributable to owners of parent came to 1,261 million yen (compared with loss attributable to owners of parent of 567 million yen in the same period of the previous fiscal year).

(2) Explanation of Financial Position

Total assets were 65,963 million yen as of December 31, 2023, which is 2,684 million yen more than at the end of the previous fiscal year. Current assets increased by 2,248 million yen from the end of the previous fiscal year to 36,917 million yen, while non-current assets increased by 436 million yen from the end of the previous fiscal year to 29,046 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 an 809 million yen increase from the end of the previous fiscal year to 24,700 million yen in property, plant and equipment in non-current assets. The main factor leading to the increase was capital investment.

Investments and other assets decreased by 333 million yen from the end of the previous fiscal year to 3,377 million yen.

Total liabilities as of December 31, 2023, increased by 1,169 million yen from the end of the previous fiscal year to 29,500 million yen.

Current liabilities increased by 4,413 million yen from the end of the previous fiscal year to 21,732 million yen, and non-current liabilities decreased by 3,244 million yen from the end of the previous fiscal year to 7,767 million yen.

Interest-bearing debt, which is the sum of short-term borrowings and long-term borrowings, increased by 3,054 million yen from the end of the previous fiscal year to 9,044 million yen.

Equity as of December 31, 2023, increased by 1,427 million yen from the end of the previous fiscal year to 35,135 million yen, and the equity ratio was 53.3%, the same as at the end of the previous fiscal year.

(3) Explanation of Forecast for the Fiscal Year Ending March 31, 2024

There is no change to the consolidated earnings forecast that was announced on May 11, 2023.

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

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	3,098	4,179
Notes and accounts receivable - trade	13,164	12,918
Electronically recorded monetary claims - operating	1,668	1,767
Securities	5,127	4,085
Merchandise and finished goods	3,059	4,905
Work in process	5,478	6,060
Raw materials and supplies	1,826	1,982
Other	1,253	1,025
Allowance for doubtful accounts	(8)	(7)
Total current assets	34,669	36,917
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,244	7,343
Machinery, equipment and vehicles, net	6,965	7,091
Tools, furniture and fixtures, net	732	614
Land	7,690	7,895
Leased assets, net	418	423
Construction in progress	839	1,331
Total property, plant and equipment	23,891	24,700
Intangible assets		
Leased assets	3	1
Other	1,003	966
Total intangible assets	1,007	967
Investments and other assets		
Investment securities	1,354	1,220
Deferred tax assets	2,250	2,048
Other	127	129
Allowance for doubtful accounts	(22)	(21)
Total investments and other assets	3,710	3,377
Total non-current assets	28,609	29,046
Total assets	63,278	65,963

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,655	5,618
Electronically recorded obligations - operating	1,987	1,925
Short-term borrowings	4,189	7,769
Lease liabilities	98	104
Income taxes payable	280	375
Accrued consumption taxes	82	205
Provision for bonuses	920	877
Notes payable - facilities	68	1
Electronically recorded obligations - facilities	352	385
Other	3,682	4,469
Total current liabilities	17,318	21,732
Non-current liabilities		
Long-term borrowings	1,800	1,275
Lease liabilities	373	369
Deferred tax liabilities	798	799
Retirement benefit liability	7,241	2,663
Asset retirement obligations	205	206
Other	592	2,452
Total non-current liabilities	11,012	7,767
Total liabilities	28,331	29,500
Net assets		
Shareholders' equity		
Share capital	1,640	1,640
Capital surplus	653	653
Retained earnings	29,133	29,771
Treasury shares	(11)	(11)
Total shareholders' equity	31,415	32,053
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	535	354
Deferred gains or losses on hedges	11	(25)
Foreign currency translation adjustment	1,707	2,740
Remeasurements of defined benefit plans	38	12
Total accumulated other comprehensive income	2,292	3,081
Non-controlling interests	1,239	1,328
Total net assets	34,947	36,463
Total liabilities and net assets	63,278	65,963

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income (Cumulative))

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	48,224	53,319
Cost of sales	40,093	43,953
Gross profit	8,130	9,366
Selling, general and administrative expenses	7,998	8,307
Operating profit	132	1,058
Non-operating income		
Interest income	12	38
Dividend income	78	66
Company house rent employee load money income	54	57
Share of profit of entities accounted for using equity method	31	16
Foreign exchange gains	45	61
Other	116	79
Total non-operating income	338	319
Non-operating expenses		
Interest expenses	132	174
Other	19	25
Total non-operating expenses	152	200
Ordinary profit	318	1,177
Extraordinary income		
Gain on sale of non-current assets	–	1
Gain on sale of investment securities	58	9
Gain on revision of retirement benefit plan	–	857
Total extraordinary income	58	867
Extraordinary losses		
Loss on disposal of non-current assets	6	18
Total extraordinary losses	6	18
Profit before income taxes	370	2,027
Income taxes	1,023	752
Income taxes for prior periods	–	95
Profit (loss)	(652)	1,180
Loss attributable to non-controlling interests	(85)	(80)
Profit (loss) attributable to owners of parent	(567)	1,261

(Consolidated Statements of Comprehensive Income (Cumulative))

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit (loss)	(652)	1,180
Other comprehensive income		
Valuation difference on available-for-sale securities	(98)	(178)
Deferred gains or losses on hedges	39	(36)
Foreign currency translation adjustment	1,612	1,175
Remeasurements of defined benefit plans, net of tax	42	(26)
Share of other comprehensive income of entities accounted for using equity method	28	27
Total other comprehensive income	1,623	961
Comprehensive income	970	2,141
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	839	2,049
Comprehensive income attributable to non-controlling interests	131	91

(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 Quarterly Consolidated Financial Statements)

Income taxes for the nine-month period are calculated by multiplying profit (loss) 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 current fiscal year including the nine-month period.

Deferred taxes are included in income taxes.

3. Other

(Trend in Quarterly Consolidated Results)

Fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Million yen)

	Accounting period				Cumulative period		
	Q1	Q2	Q3	Q4	6 months (Apr-Sep)	9 months (Apr-Dec)	Full year
Net sales	14,736	17,694	20,889	–	32,430	53,319	–
Operating profit (loss)	(309)	352	1,015	–	42	1,058	–
Ordinary profit (loss)	(211)	375	1,013	–	164	1,177	–
Profit attributable to owners of parent	429	165	666	–	594	1,261	–

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

	Accounting period				Cumulative period		
	Q1	Q2	Q3	Q4	6 months (Apr-Sep)	9 months (Apr-Dec)	Full year
Net sales	14,027	15,802	18,394	21,313	29,830	48,224	69,538
Operating profit (loss)	(174)	(206)	513	1,767	(381)	132	1,900
Ordinary profit (loss)	(89)	(141)	550	1,875	(231)	318	2,193
Profit (loss) attributable to owners of parent	(127)	(101)	(338)	1,365	(228)	(567)	797

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

	Accounting period				Cumulative period		
	Q1	Q2	Q3	Q4	6 months (Apr-Sep)	9 months (Apr-Dec)	Full year
Net sales	13,035	13,764	16,355	19,629	26,799	43,155	62,785
Operating profit	259	302	893	1,757	562	1,455	3,212
Ordinary profit	329	316	934	1,814	645	1,580	3,394
Profit attributable to owners of parent	355	207	736	2,537	563	1,299	3,837

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