

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japan GAAP]

Name of Company:	The Furukawa Battery Co., Ltd.
Stock Code:	6937
Stock Exchange Listing:	Tokyo Stock Exchange
URL:	https://www.furukawadenchi.co.jp
Representative	
Title:	President & CEO
Name:	Shinichi Ono
Contact Person	
Title:	Corporate Officer, General Manager of Finance & Accounting Department
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Scheduled date of ordinary general meeting of shareholders:	June 28, 2023
Scheduled date for commencement of dividend payment:	June 29, 2023
Scheduled date for filing of securities report:	June 28, 2023
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, 2023 (April 1, 2022 – March 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	%
Fiscal year ended March 31, 2023	69,538	10.8	1,900	(40.9)	2,193	(35.4)	797	(79.2)
Fiscal year ended March 31, 2022	62,785	4.7	3,212	(26.9)	3,394	(24.2)	3,837	6.1

Note: Comprehensive income

Fiscal year ended March 31, 2023:	1,843 million yen [yoy (43.4) %]
Fiscal year ended March 31, 2022:	3,254 million yen [yoy (14.8) %]

	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, 2023	24.34	–	2.4	3.5	2.7
Fiscal year ended March 31, 2022	117.07	–	12.3	5.7	5.1

Reference: Equity in earnings (losses) of affiliates

Fiscal year ended March 31, 2023:	34 million yen
Fiscal year ended March 31, 2022:	24 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, 2023	63,278	34,947	53.3	1,028.38
As of March 31, 2022	60,681	33,826	53.6	992.95

Reference: Equity

As of March 31, 2023: 33,708 million yen

As of March 31, 2022: 32,546 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, 2023	375	(2,885)	(53)	8,226
Fiscal year ended March 31, 2022	4,257	(808)	(2,075)	10,169

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, 2022	–	–	–	22.00	22.00	721	18.8	2.3
Fiscal year ended March 31, 2023	–	–	–	19.00	19.00	622	78.1	1.9
Fiscal year ending March 31, 2024 (forecast)	–	–	–	21.00	21.00		31.3	

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

Notes:

- (1) Changes in significant subsidiaries during the fiscal year ended March 31, 2023 (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, 2023: 32,800,000 shares As of March 31, 2022: 32,800,000 shares
 - (b) Treasury shares

As of March 31, 2023: 22,208 shares As of March 31, 2022: 22,134 shares
 - (c) Average number of shares outstanding during the period

Fiscal year ended March 31, 2023: 32,777,843 shares Fiscal year ended March 31, 2022: 32,777,891 shares

(For reference) Non-consolidated financial results

1. Financial results for the fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(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, 2023	45,327	6.8	273	(82.3)	3,876	85.4	3,484	24.4
Fiscal year ended March 31, 2022	42,437	4.5	1,547	(38.2)	2,090	(31.8)	2,801	11.1

	Earnings per share (basic)		Earnings per share (diluted)	
	Yen		Yen	
Fiscal year ended March 31, 2023	106.30		—	
Fiscal year ended March 31, 2022	85.46		—	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of March 31, 2023	44,508		23,561		52.9		718.82	
As of March 31, 2022	40,869		21,012		51.4		641.04	

Reference: Equity

As of March 31, 2023: 23,561 million yen

As of March 31, 2022: 21,012 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 mainly to an increase in dividend income from consolidated subsidiaries in the fiscal year under review compared to 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 25, 2023.

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

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1. Overview of Operating Results and Others

(1) Overview of Operating Results

(Business Environment)

During the fiscal year ended March 31, 2023, the global economy saw the economic impact of COVID-19 starting to relax, but the outlook is uncertain due to economic downturn caused by rising energy costs resulting from Russia's invasion of Ukraine, the acceleration of global inflation, and an increase in interest rates.

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 continuing global monetary tightening in addition to rising commodity prices, semiconductor supply shortages, and rising raw material prices.

For the storage battery industry, although motorization is proceeding in emerging markets in the automotive field, we are advancing structural changes in the industry in developed markets such as Japan along the themes of electrification, automation and servitization. In the industrial field, we are expanding demand for such markets as renewable energy, data centers and smart grids.

Looking ahead, challenging conditions are expected for the automotive and industrial segments due to the rise in raw material and energy costs.

Furukawa Battery Co., Ltd. (the "Company") and its group companies (the "Group") have been working on the promotion of "global strategies to help achieve the SDGs," "increased profitability in the core business of lead-acid storage batteries," "generation of new solution business through the development of new products, including next-generation batteries," and "the accumulation of innovative capability through the development of human resources for sustainable management."

(Operating Results)

The Group recorded net sales of 69,538 million yen for the fiscal year ended March 31, 2023, an increase of 6,752 million yen (10.8%) year on year. This was mainly due to strong automotive sales. Overseas sales were 24,723 million yen and accounted for 35.6% of total sales.

Operating profit decreased by 1,312 million yen year on year to 1,900 million yen (compared with operating profit of 3,212 million yen in the fiscal year ended March 31, 2022). This was mainly due to the rising price of raw materials such as lead and rising energy costs even with the steady sales in Japan and overseas. Ordinary profit decreased by 1,200 million yen year on year to 2,193 million yen (compared to ordinary profit of 3,394 million yen in the fiscal year ended March 31, 2022).

Profit attributable to owners of parent came to 797 million yen, decreasing 3,039 million yen year on year (compared with profit attributable to owners of parent of 3,837 million yen in the fiscal year ended March 31, 2022).

Business segment performance was as follows.

Segment sales include intersegment internal sales or transfers totaling 2,371 million yen and the figures for segment profit are given on an operating profit (pre-goodwill amortization) basis.

In the automotive segment, sales were 50,643 million yen, an increase of 5,628 million yen (12.5%) year on year and segment profit was 1,921 million yen, a decrease of 259 million yen (11.9%). Although the net sales were supported by strong sales performance in the Thai and Indonesian markets, profit decreased due to the rise in the price of lead, a major raw material, and energy costs.

In the industrial segment, sales were 20,390 million yen, an increase of 1,682 million yen (9.0%) year on year. Segment profit was 271 million yen, a decrease of 856 million yen (75.9%) year on year. This was mainly due to the rise in the price of lead and other major raw materials.

In the lithium segment, sales were 70 million yen, an increase of 13 million yen (23.8%) year on year, while segment losses were 279 million yen (segment loss for the previous fiscal year was 203 million yen). While sales of lithium-ion batteries mainly for drones increased, the loss occurred because the market is still in its infancy.

In the real estate segment, sales were 244 million yen, a decrease of 78 million yen (24.3%) year on year and

segment profit was 34 million yen, a decrease of 83 million yen (70.6%). This was due to a decrease in rent income caused by tenants moving out.

In the others segment, sales were 561 million yen, a decrease of 202 million yen (26.5%) year on year, while segment losses were 48 million yen (segment loss for the previous fiscal year was 11 million yen).

As the lithium segment, which was previously included in “others” segment, has increased in quantitative importance, it has changed to being posted as a reportable segment from the fiscal year under review.

For details, please refer to “5. Consolidated Financial Statements and Related Notes (5) Notes on Consolidated Financial Statements (Segment Information).”

(2) Overview of Financial Position

Total assets were 63,278 million yen as of March 31, 2023, which is 2,597 million yen more than at the end of the previous fiscal year. Current assets increased by 2,120 million yen from the end of the previous fiscal year to 34,669 million yen, while non-current assets increased by 476 million yen from the end of the previous fiscal year to 28,609 million yen.

The main factors leading to the increase in current assets were increases in accounts receivable - trade and work in process.

There was an 809 million yen increase from the end of the previous fiscal year to 23,891 million yen in property, plant and equipment in non-current assets. The main factor leading to this increase was capital investment.

Investments and other assets decreased by 558 million yen from the end of the previous fiscal year to 3,710 million yen.

Total liabilities as of March 31, 2023 increased by 1,475 million yen from the end of the previous fiscal year to 28,331 million yen.

Current liabilities increased by 867 million yen from the end of the previous fiscal year to 17,318 million yen, while non-current liabilities increased by 608 million yen from the end of the previous fiscal year to 11,012 million yen.

Interest-bearing debt, which is the sum of short-term borrowings and long-term borrowings, increased by 913 million yen from the end of the previous fiscal year to 5,989 million yen. Equity increased by 1,161 million yen from the end of the previous fiscal year to 33,708 million yen, resulting in a decrease in the equity ratio from 53.6% at the end of the previous fiscal year to 53.3% 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 375 million yen as a whole. Major sources of cash were profit before income taxes of 1,850 million yen, depreciation of 2,884 million yen, and there was a 1,732 million yen payment of interest and income taxes.

Net cash used in investing activities was 2,885 million yen due to purchase of property, plant and equipment amounting to 2,102 million yen.

Net cash used in financial activities was 53 million yen due to repayments of long-term borrowings of 1,066 million yen.

As a result, cash and cash equivalents at end of period decreased 1,942 million yen from the previous fiscal year to 8,226 million yen.

b) Trends of performance indicators associated with cash flows

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Equity ratio (%)	45.7	49.1	52.2	53.6	53.3
Market value basis equity ratio (%)	42.2	33.1	97.1	69.4	55.4
Cash flow/interest-bearing debt ratio (years)	1.7	2.0	0.8	1.2	15.9
Interest coverage ratio (x)	11.7	8.6	27.8	24.1	2.2

*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 73,000 million yen, operating profit of 2,400 million yen, ordinary profit of 2,500 million yen, and profit attributable to owners of parent of 2,200 million yen.

(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 pay a year-end dividend of 19 yen per share for the fiscal year ended March 31, 2023. For the next fiscal year, we plan to pay a dividend of 21 yen per share.

2. Corporate Group

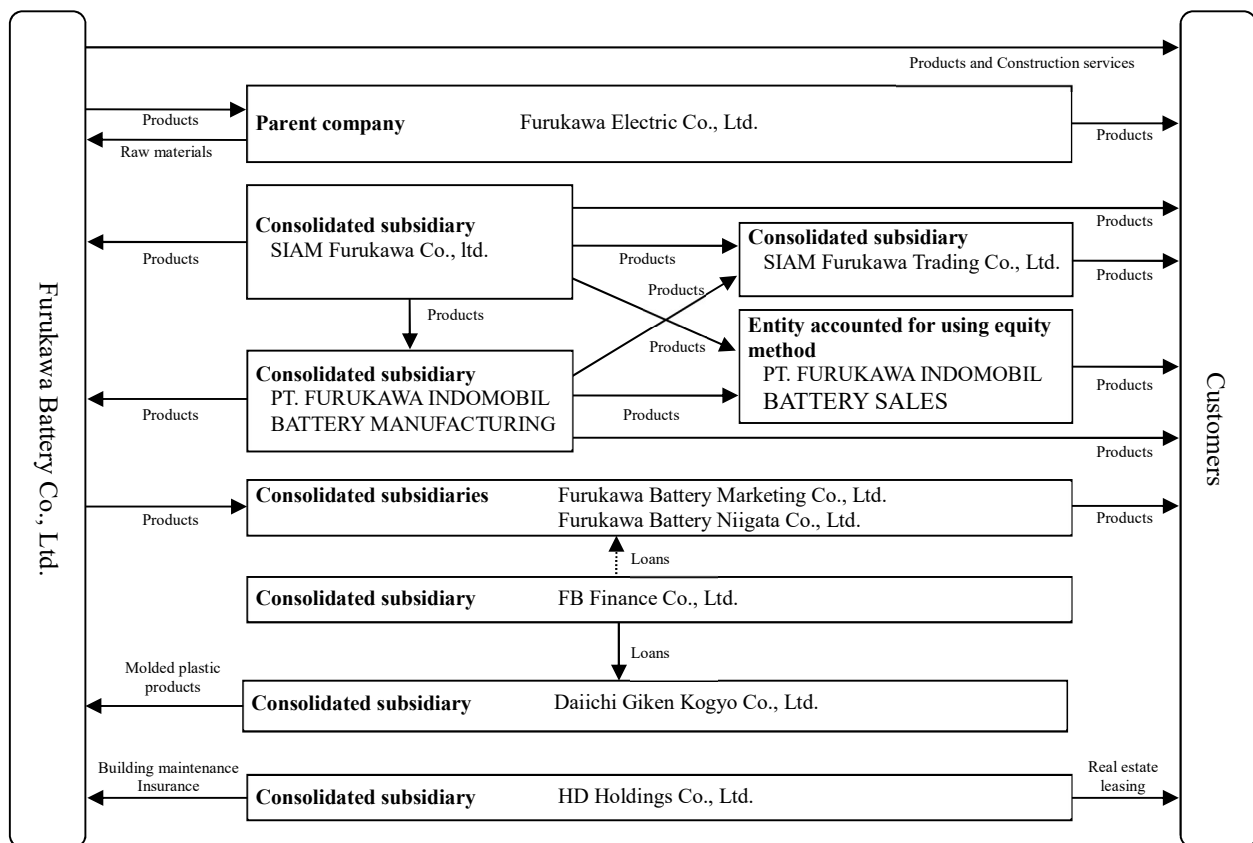
The corporate group consists of the Company, its parent company, eight consolidated subsidiaries, five non-consolidated subsidiaries and one affiliated company accounted for by the equity method, and two affiliated companies not accounted for by the equity method. The primary business activities are 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 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.

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

(2) Targeted Performance Indicators

The medium-term management plan for fiscal 2022 to fiscal 2025 lays out the performance indicators below as targets.

Indicator		Consolidated Results for the Fiscal Year Ended March 31, 2023	Forecast for the Fiscal Year Ending March 31, 2024	Target FY2025 consolidated results
Net sales	(Million yen)	69,538	73,000	83,000
Operating profit	(Million yen)	1,900	2,400	5,500
Operating profit ratio	(%)	2.7	3.3	6.6
ROIC	(%)	3.5	4.0	8.0

The above management indicators have been set based upon the preconditions below.

		Consolidated Results for the Fiscal Year Ended March 31, 2023	Forecast for the Fiscal Year Ending March 31, 2024	Target FY2025 consolidated results
LME lead price	(US\$/t)	2,153	2,100	2,100
Lead market price	(Thousand yen/t)	346	333	291
Exchange rate	(yen/US\$)	136	130	110

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

1. Medium to Long-term Strategies

The company is strengthening and expanding its business from the medium to long-term perspective of sustainability and has defined (1) the promotion of global strategies to help achieve the SDGs, (2) improvement of profitability in the core business of lead-acid storage batteries business, (3) generation of new solution business through the development of new products, including next-generation batteries, and (4) the accumulation of innovative capability through the development of human resources for sustainable management as its basic policy to become a

company living up to the expectations of its customers and society.

As specific measures, the Company will focus on developing new products and launching new businesses, such as bipolar lead storage batteries and the Energy Storage Systems (ESS) solution business, as well as expanding overseas partnerships.

For details, please refer to the “Notice Regarding the Formulation of the Medium-term Management Plan from FY2022 to FY2025” announced on May 12, 2022 (Japanese only).

2. Pending issues

With regard to the outlook going forward in the short term, although the impact of COVID-19 is waning, we project that the environment in which the Group operates will remain difficult because the economic slowdown due to rising interest rate by central banks in each country against inflation and continuing rise in raw material prices and energy costs due to the impact of Russia’s invasion of Ukraine have become negative factors for the business. In the longer term, although markets such as renewable energy are expected to expand, we anticipate that the rate of growth will slow overall for our core domestic lead-acid storage battery business and forecast even fiercer competition. In this kind of environment, in addition to the strengthening of the competitiveness of our existing businesses through improving manufacturing efficiency, we perceive the expansion of business overseas mainly in emerging markets, the development of new competitive batteries, the launch of new businesses, and the development of human resources for the achievement of these goals to be important issues, and will implement measures accordingly.

The pending issues by business are shown below.

For the automotive business, in the short term, increased demand is expected in reaction to the automobile supply shortage caused by semiconductor shortages in the previous fiscal year. Although motorization is proceeding in emerging markets, we forecast that developed markets such as Japan will see further restructuring in the industry along the themes of electrification, automation and servitization. In this kind of environment, in addition to the provision of competitive products, quality, and services in each market, we perceive that overseas market expansion based on our strength in batteries for eco-friendly vehicles, as well as the improvement of the profitability of our business in Indonesia, and the development of human resources to achieve these goals to be important issues, and will implement measures accordingly.

In the industrial business, we forecast that while demand for such markets as renewable energy, data centers and smart grid will expand, price competition will intensify further. In this kind of environment, we consider the development of competitive batteries, expansion into overseas markets, the advancement of the Energy Storage Systems (ESS) solution business, which leverages the characteristics of batteries, and the development of human resources to achieve these goals to be important issues, and we are working to realize them.

Through these initiatives, the Furukawa Battery Group will maximize the capabilities it possesses, and by expanding its business domain through the dual axes of markets and products, seek to achieve sustainable growth and improve medium to long-term corporate value while contributing to the realization of a truly rich and sustainable society through partnerships. 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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	6,911	3,098
Securities	3,257	5,127
Notes and accounts receivable - trade	12,309	13,164
Electronically recorded monetary claims - operating	1,353	1,668
Merchandise and finished goods	2,883	3,059
Work in process	3,160	5,478
Raw materials and supplies	1,606	1,826
Other	1,072	1,253
Allowance for doubtful accounts	(7)	(8)
Total current assets	32,548	34,669
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,989	19,744
Accumulated depreciation	(11,673)	(12,499)
Buildings and structures, net	7,316	7,244
Machinery, equipment and vehicles	37,200	39,795
Accumulated depreciation	(30,644)	(32,829)
Machinery, equipment and vehicles, net	6,555	6,965
Tools, furniture and fixtures	7,820	8,028
Accumulated depreciation	(7,009)	(7,296)
Tools, furniture and fixtures, net	810	732
Land	7,603	7,690
Leased assets	876	872
Accumulated depreciation	(434)	(453)
Leased assets, net	441	418
Construction in progress	354	839
Total property, plant and equipment	23,081	23,891
Intangible assets		
Leased assets	7	3
Other	775	1,003
Total intangible assets	782	1,007
Investments and other assets		
Investment securities	1,787	1,354
Deferred tax assets	2,369	2,250
Other	135	127
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	4,268	3,710
Total non-current assets	28,133	28,609
Total assets	60,681	63,278

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,252	5,655
Electronically recorded obligations - operating	2,199	1,987
Short-term borrowings	3,641	4,189
Lease liabilities	102	98
Income taxes payable	747	280
Accrued consumption taxes	302	82
Contract liabilities	0	153
Provision for bonuses	909	920
Provision for environmental measures	1	–
Notes payable - facilities	1	68
Electronically recorded obligations - facilities	303	352
Other	2,987	3,529
Total current liabilities	16,451	17,318
Non-current liabilities		
Long-term borrowings	1,434	1,800
Lease liabilities	400	373
Deferred tax liabilities	797	798
Retirement benefit liability	7,175	7,241
Asset retirement obligations	73	205
Other	523	592
Total non-current liabilities	10,404	11,012
Total liabilities	26,855	28,331
Net assets		
Shareholders' equity		
Share capital	1,640	1,640
Capital surplus	653	653
Retained earnings	29,057	29,133
Treasury shares	(11)	(11)
Total shareholders' equity	31,339	31,415
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	672	535
Deferred gains or losses on hedges	87	11
Foreign currency translation adjustment	484	1,707
Remeasurements of defined benefit plans	(37)	38
Total accumulated other comprehensive income	1,207	2,292
Non-controlling interests	1,279	1,239
Total net assets	33,826	34,947
Total liabilities and net assets	60,681	63,278

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	62,785	69,538
Cost of sales	49,671	56,784
Gross profit	13,113	12,754
Selling, general and administrative expenses		
Selling expenses	2,611	2,952
General and administrative expenses	7,289	7,902
Total selling, general and administrative expenses	9,900	10,854
Operating profit	3,212	1,900
Non-operating income		
Interest income	14	21
Dividend income	107	78
Company house rent employee load money income	69	73
Share of profit of entities accounted for using equity method	24	34
Foreign exchange gains	44	84
Gain on sale of scraps	36	60
Subsidy income	–	73
Other	66	58
Total non-operating income	362	486
Non-operating expenses		
Interest expenses	169	170
Other	11	22
Total non-operating expenses	180	192
Ordinary profit	3,394	2,193
Extraordinary income		
Gain on sale of non-current assets	141	0
Gain on bargain purchase	96	–
Gain on sale of investment securities	1,307	72
Total extraordinary income	1,544	73
Extraordinary losses		
Loss on disposal of non-current assets	20	16
Impairment losses	–	175
Loss on sale of investment securities	3	–
Loss on valuation of investment securities	–	225
Total extraordinary losses	23	416
Profit before income taxes	4,915	1,850
Income taxes - current	1,304	937
Income taxes - deferred	(110)	215
Total income taxes	1,194	1,153
Profit	3,721	696
Loss attributable to non-controlling interests	(115)	(100)
Profit attributable to owners of parent	3,837	797

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	3,721	696
Other comprehensive income		
Valuation difference on available-for-sale securities	(716)	(138)
Deferred gains or losses on hedges	77	(76)
Foreign currency translation adjustment	196	1,269
Remeasurements of defined benefit plans, net of tax	(31)	76
Share of other comprehensive income of entities accounted for using equity method	7	15
Total other comprehensive income	(466)	1,146
Comprehensive income	3,254	1,843
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,254	1,882
Comprehensive income attributable to non-controlling interests	0	(38)

(3) Consolidated Statements of Changes in Equity
 Previous fiscal year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,640	653	26,036	(11)	28,318
Cumulative effects of changes in accounting policies			(95)		(95)
Restated balance	1,640	653	25,940	(11)	28,223
Changes during period					
Dividends of surplus			(721)		(721)
Profit attributable to owners of parent			3,837		3,837
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	3,116	(0)	3,116
Balance at end of period	1,640	653	29,057	(11)	31,339

	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	1,386	10	398	(4)	1,790	1,279	31,388
Cumulative effects of changes in accounting policies							(95)
Restated balance	1,386	10	398	(4)	1,790	1,279	31,292
Changes during period							
Dividends of surplus							(721)
Profit attributable to owners of parent							3,837
Purchase of treasury shares							(0)
Net changes in items other than shareholders' equity	(713)	77	86	(32)	(582)	0	(582)
Total changes during period	(713)	77	86	(32)	(582)	0	2,533
Balance at end of period	672	87	484	(37)	1,207	1,279	33,826

Current fiscal year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,640	653	29,057	(11)	31,339
Changes during period					
Dividends of surplus			(721)		(721)
Profit attributable to owners of parent			797		797
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	76	(0)	76
Balance at end of period	1,640	653	29,133	(11)	31,415

	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	672	87	484	(37)	1,207	1,279	33,826
Changes during period							
Dividends of surplus							(721)
Profit attributable to owners of parent							797
Purchase of treasury shares							(0)
Net changes in items other than shareholders' equity	(137)	(76)	1,222	75	1,084	(39)	1,044
Total changes during period	(137)	(76)	1,222	75	1,084	(39)	1,121
Balance at end of period	535	11	1,707	38	2,292	1,239	34,947

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	4,915	1,850
Depreciation	2,747	2,884
Increase (decrease) in allowance for doubtful accounts	0	0
Interest and dividend income	(121)	(100)
Interest expenses	169	170
Share of loss (profit) of entities accounted for using equity method	(24)	(34)
Subsidy income	–	(73)
Loss (gain) on sale of investment securities	(1,303)	(72)
Loss (gain) on valuation of investment securities	–	225
Loss on retirement of property, plant and equipment	9	16
Loss (gain) on sale of property, plant and equipment	(141)	(0)
Loss on retirement of intangible assets	10	0
Impairment losses	–	175
Decrease (increase) in trade receivables	(602)	(1,016)
Decrease (increase) in inventories	(1,191)	(2,513)
Increase (decrease) in trade payables	1,482	39
Increase (decrease) in provision for bonuses	17	10
Increase (decrease) in provision for environmental measures	(0)	(1)
Gain on bargain purchase	(96)	–
Increase (decrease) in retirement benefit liability	110	57
Increase (decrease) in accrued consumption taxes	(190)	(200)
Other, net	(113)	617
Subtotal	5,676	2,033
Interest and dividends received	96	75
Interest paid	(176)	(170)
Income taxes paid	(1,339)	(1,562)
Net cash provided by (used in) operating activities	4,257	375
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,080)	(2,102)
Purchase of intangible assets	(477)	(1,000)
Proceeds from sale of property, plant and equipment	141	0
Purchase of investment securities	(19)	(8)
Proceeds from sale of investment securities	1,583	131
Proceeds from distributions from investment partnerships	16	13
Subsidies received	–	73
Other, net	28	5
Net cash provided by (used in) investing activities	(808)	(2,885)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	450	352
Proceeds from long-term borrowings	–	1,500
Repayments of long-term borrowings	(1,682)	(1,066)
Repayments of lease liabilities	(119)	(117)
Dividends paid	(721)	(721)
Dividends paid to non-controlling interests	(2)	(1)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(2,075)	(53)
Effect of exchange rate change on cash and cash equivalents	19	620
Net increase (decrease) in cash and cash equivalents	1,393	(1,942)
Cash and cash equivalents at beginning of period	8,776	10,169
Cash and cash equivalents at end of period	10,169	8,226

(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 four reportable segments: automobile, industrial, real estate, and lithium.

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 lithium segment manufactures lithium-ion batteries, mainly for drones. The real estate segment leases space in buildings to tenants.

(Disclosure of changes in reportable segments, etc.)

As the lithium segment, which was previously included in "others" segment, has increased in quantitative importance, it has changed to being posted as a reportable segment from the fiscal year under review.

Segment information for the previous fiscal year is presented based on the segment classification after this change.

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 and the information on disaggregation of revenue

Previous fiscal year (From April 1, 2021 to March 31, 2022)

(Million yen)

	Reportable segments					Other (note)	Total
	Automobile	Industrial	Lithium	Real estate	Total		
Net sales							
Japan	23,581	18,131	56	–	41,769	8	41,778
Thailand	15,362	–	–	–	15,362	–	15,362
Other Asian regions	3,892	459	–	–	4,352	–	4,352
Other	975	14	–	–	990	–	990
Revenue from contracts with customers	43,812	18,605	56	–	62,474	8	62,483
Other revenue	–	–	–	302	302	–	302
Sales to external customers	43,812	18,605	56	302		8	62,785
Intersegment internal sales and transfers	1,202	102	–	20	1,325	755	2,081
Total	45,015	18,708	56	322	64,102	764	64,866
Segment income (loss)	2,181	1,127	(203)	118	3,223	(11)	3,212
Other items							
Depreciation and amortization	2,077	611	2	45	2,737	10	2,747

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, 2022 to March 31, 2023)

(Million yen)

	Reportable segments					Other (note)	Total
	Automobile	Industrial	Lithium	Real estate	Total		
Net sales							
Japan	24,894	19,606	70	–	44,571	19	44,591
Thailand	18,985	1	–	–	18,987	–	18,987
Other Asian regions	4,529	647	–	–	5,177	–	5,177
Other	545	13	–	–	559	–	559
Revenue from contracts with customers	48,955	20,269	70	–	69,295	19	69,314
Other revenue	–	–	–	223	223	–	223
Sales to external customers	48,955	20,269	70	223	69,518	19	69,538
Intersegment internal sales and transfers	1,687	120	–	20	1,829	542	2,371
Total	50,643	20,390	70	244	71,347	561	71,909
Segment income (loss)	1,921	271	(279)	34	1,948	(48)	1,900
Other items							
Depreciation and amortization	2,058	750	18	49	2,876	7	2,884

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	64,102	71,347
Sales of “Others” category	764	561
Elimination of intersegment transactions	(2,081)	(2,371)
Net sales in consolidated financial statements	62,785	69,538

(Million yen)

Income	Previous fiscal year	Current fiscal year
Reportable segment total	3,223	1,948
Income (loss) of “Others” category	(11)	(48)
Operating profit in consolidated financial statements	3,212	1,900

Note: Operating expenses are all allocated to each segment.

[Associated information]

Previous fiscal year (From April 1, 2021 to March 31, 2022)

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 and the information on disaggregation of revenue] 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		
42,080	15,362	4,352	990	62,785

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	
14,472	4,761	3,847	23,081

3. Information on major customers

(Million yen)

Client name	Net sales	Related segment name
General Motors Overseas Distribution Corporation	6,622	Automobile

Current fiscal year (From April 1, 2022 to March 31, 2023)

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 and the information on disaggregation of revenue] 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		
44,814	18,987	5,177	559	69,538

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	
15,197	4,923	3,770	23,891

3. Information on major customers

Information on major customers has been omitted because no specific external customers accounted for 10% or more of the sales in the consolidated income statement.

[Segment information for impairment of non-current assets]

Previous fiscal year (From April 1, 2021 to March 31, 2022)

Not applicable.

Current fiscal year (From April 1, 2022 to March 31, 2023)

Impairment loss of 175 million yen has been recorded although it is not allocated to reportable segments.

[Segment information for goodwill amortization and remaining goodwill]

Previous fiscal year (From April 1, 2021 to March 31, 2022)

Not applicable.

Current fiscal year (From April 1, 2022 to March 31, 2023)

Not applicable.

[Segment information for gains from negative goodwill]

Previous fiscal year (From April 1, 2021 to March 31, 2022)

[Important gains on bargain purchases]

96 million yen in gains on bargain purchases have been allocated as extraordinary income in the [Other] segment following the transfer of business.

Current fiscal year (From April 1, 2022 to March 31, 2023)

Not applicable.

(Per Share Information)

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Net assets per share	992.95 yen	1,028.38 yen
Earnings per share	117.07 yen	24.34 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, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Amount of profit attributable to owners of parent (million yen)	3,837	797
Amount not attributed to common stockholders (million yen)	—	—
Amount of profit attributable to owners of parent attributable to common stock (million yen)	3,837	797
Average number of outstanding shares of common stock during the fiscal year (hundred shares)	327,778	327,778

(Important Subsequent Events)

Not applicable.

6. Other

(Trend in Quarterly Consolidated Results)

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

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 (loss) attributable to owners of parent	33	541	804	859	575	1,379	2,238