

Consolidated Financial Results for the Nine-month Period Ended December 31, 2022 [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
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Scheduled date for filing of quarterly securities report:	February 8, 2023
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, 2022 (April 1, 2022 – December 31, 2022)

(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, 2022	48,224	11.7	132	(90.9)	318	(79.8)	(567)	–
Nine months ended December 31, 2021	43,155	3.2	1,455	(45.6)	1,580	(41.5)	1,299	(38.3)

Note: Comprehensive income

Nine months ended December 31, 2022:	970 million yen [yoy (17.1)%]
Nine months ended December 31, 2021:	1,171 million yen [yoy (35.2)%]

	Earnings per share (basic)	Earnings per share (diluted)
	Yen	Yen
Nine months ended December 31, 2022	(17.31)	–
Nine months ended December 31, 2021	39.65	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2022	65,555	34,071	49.8
As of March 31, 2022	60,681	33,826	53.6

Reference: Equity

As of December 31, 2022:	32,661 million yen
As of March 31, 2022:	32,546 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, 2022	–	–	–	22.00	22.00
Fiscal year ending March 31, 2023	–	–	–	–	–
Fiscal year ending March 31, 2023 (forecast)	–	–	–	19.00	19.00

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

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(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, 2023	69,000	9.9	1,850	(42.4)	2,100	(38.1)	1,000	(73.9)	30.51

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

Notes:

- (1) Changes in significant subsidiaries during the nine-month period ended December 31, 2022 (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 8 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, 2022: 32,800,000 shares As of March 31, 2022: 32,800,000 shares
 - (b) Treasury shares
As of December 31, 2022: 22,208 shares As of March 31, 2022: 22,134 shares
 - (c) Average number of shares outstanding during the period (cumulative)
Nine months ended December 31, 2022: 32,777,858 shares Nine months ended December 31, 2021: 32,777,899 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, 2023” on page 3 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, 2022, the global economy saw the economic impact of COVID-19 starting to relax, but the outlook is uncertain due to economic slowdown caused by turmoil from the situation in Ukraine, rising energy costs, 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, supply-side restrictions and rising raw material prices.

(Operating Results)

The Group recorded net sales of 48,224 million yen for the nine-month period ended December 31, 2022, an increase of 5,069 million yen year on year. Overseas sales were 17,992 million yen and accounted for 37.3% of total sales.

In terms of profit and loss, operating profit came to 132 million yen, decreasing by 1,322 million yen year on year due to the impact of the rise in the price of lead, a major raw material, and energy costs. Ordinary profit came to 318 million yen due to an increase in foreign exchange gains and other income, despite a year-on-year decrease of 1,261 million yen.

Loss attributable to owners of parent came to 567 million yen (profit attributable to owners of parent of 1,299 million yen in the same period of the previous fiscal year) as a result of recording deferred taxes of 719 million yen as tax effects pertaining to retained surplus of overseas subsidiaries.

(2) Explanation of Financial Position

Total assets were 65,555 million yen as of December 31, 2022, which is 4,874 million yen more than at the end of the previous fiscal year. Current assets increased by 4,332 million yen from the end of the previous fiscal year to 36,881 million yen, while non-current assets increased by 541 million yen from the end of the previous fiscal year to 28,674 million yen.

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

There was a 1,082 million yen increase from the end of the previous fiscal year to 24,164 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 778 million yen from the end of the previous fiscal year to 3,490 million yen.

Total liabilities as of December 31, 2022, increased by 4,629 million yen from the end of the previous fiscal year to 31,484 million yen. Current liabilities increased by 5,111 million yen from the end of the previous fiscal year to 21,562 million yen, and non-current liabilities decreased by 482 million yen from the end of the previous fiscal year to 9,921 million yen.

Interest-bearing debt, which is the sum of short-term borrowings and long-term borrowings, increased by 4,290 million yen from the end of the previous fiscal year to 9,366 million yen.

Equity as of December 31, 2022, increased by 114 million yen from the end of the previous fiscal year to 32,661 million yen, resulting in a decrease in the equity ratio from 53.6% at the end of the previous fiscal year to 49.8%.

(3) Explanation of Forecast for the Fiscal Year Ending March 31, 2023

There have been changes to the consolidated forecast for the fiscal year ending March 31, 2023 from the consolidated forecast that was announced on May 12, 2022 based on results, etc. in the nine-month period ended December 31, 2022.

For details, please refer to the “Notice Regarding Revisions to Consolidated Forecast for the Fiscal Year Ending March 31, 2023 and Revisions to Dividend Forecast” announced on February 7, 2023 (Japanese only).

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

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	6,911	5,663
Notes and accounts receivable - trade	12,309	11,295
Electronically recorded monetary claims - operating	1,353	1,511
Securities	3,257	3,807
Merchandise and finished goods	2,883	4,796
Work in process	3,160	5,859
Raw materials and supplies	1,606	1,744
Other	1,072	2,209
Allowance for doubtful accounts	(7)	(7)
Total current assets	32,548	36,881
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,316	7,545
Machinery, equipment and vehicles, net	6,555	6,956
Tools, furniture and fixtures, net	810	679
Land	7,603	7,843
Leased assets, net	441	441
Construction in progress	354	699
Total property, plant and equipment	23,081	24,164
Intangible assets		
Leased assets	7	4
Other	775	1,015
Total intangible assets	782	1,019
Investments and other assets		
Investment securities	1,787	1,643
Deferred tax assets	2,369	1,737
Other	135	132
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	4,268	3,490
Total non-current assets	28,133	28,674
Total assets	60,681	65,555

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,252	6,198
Electronically recorded obligations - operating	2,199	1,753
Short-term borrowings	3,641	8,597
Lease liabilities	102	108
Income taxes payable	747	171
Accrued consumption taxes	302	13
Provision for bonuses	909	782
Provision for environmental measures	1	–
Notes payable - facilities	1	76
Electronically recorded obligations - facilities	303	304
Other	2,987	3,556
Total current liabilities	16,451	21,562
Non-current liabilities		
Long-term borrowings	1,434	769
Lease liabilities	400	390
Deferred tax liabilities	797	797
Retirement benefit liability	7,175	7,225
Asset retirement obligations	73	203
Other	523	535
Total non-current liabilities	10,404	9,921
Total liabilities	26,855	31,484
Net assets		
Shareholders' equity		
Share capital	1,640	1,640
Capital surplus	653	653
Retained earnings	29,057	27,765
Treasury shares	(11)	(11)
Total shareholders' equity	31,339	30,047
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	672	573
Deferred gains or losses on hedges	87	126
Foreign currency translation adjustment	484	1,909
Remeasurements of defined benefit plans	(37)	4
Total accumulated other comprehensive income	1,207	2,614
Non-controlling interests	1,279	1,409
Total net assets	33,826	34,071
Total liabilities and net assets	60,681	65,555

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income (Cumulative))

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	43,155	48,224
Cost of sales	34,393	40,093
Gross profit	8,762	8,130
Selling, general and administrative expenses	7,306	7,998
Operating profit	1,455	132
Non-operating income		
Interest income	9	12
Dividend income	80	78
Company house rent employee load money income	51	54
Share of profit of entities accounted for using equity method	21	31
Foreign exchange gains	18	45
Other	76	116
Total non-operating income	258	338
Non-operating expenses		
Interest expenses	128	132
Other	5	19
Total non-operating expenses	133	152
Ordinary profit	1,580	318
Extraordinary income		
Gain on sale of investment securities	-	58
Gain on bargain purchase	96	-
Total extraordinary income	96	58
Extraordinary losses		
Loss on disposal of non-current assets	7	6
Total extraordinary losses	7	6
Profit before income taxes	1,669	370
Income taxes	478	1,023
Profit (loss)	1,191	(652)
Loss attributable to non-controlling interests	(108)	(85)
Profit (loss) attributable to owners of parent	1,299	(567)

(Consolidated Statements of Comprehensive Income (Cumulative))

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit (loss)	1,191	(652)
Other comprehensive income		
Valuation difference on available-for-sale securities	179	(98)
Deferred gains or losses on hedges	12	39
Foreign currency translation adjustment	(219)	1,612
Remeasurements of defined benefit plans, net of tax	(3)	42
Share of other comprehensive income of entities accounted for using equity method	11	28
Total other comprehensive income	(19)	1,623
Comprehensive income	1,171	970
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,196	839
Comprehensive income attributable to non-controlling interests	(25)	131

(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, 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	–	29,830	48,224	–
Operating profit (loss)	(174)	(206)	513	–	(381)	132	–
Ordinary profit (loss)	(89)	(141)	550	–	(231)	318	–
Profit (loss) attributable to owners of parent	(127)	(101)	(338)	–	(228)	(567)	–

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