

Consolidated Financial Results for the Six-month Period Ended September 30, 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
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Scheduled date for filing of quarterly securities report:	November 10, 2023
Scheduled date for commencement of dividend payment:	–
Supplementary documents for quarterly financial results:	Yes
Quarterly 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 six months ended September 30, 2023 (April 1, 2023 – September 30, 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	%
Six months ended September 30, 2023	32,430	8.7	42	–	164	–	594	–
Six months ended September 30, 2022	29,830	11.3	(381)	–	(231)	–	(228)	–

Note: Comprehensive income

Six months ended September 30, 2023:	1,719 million yen	[yoy 28.3%]
Six months ended September 30, 2022:	1,340 million yen	[yoy 63.9%]

	Earnings per share (basic)	Earnings per share (diluted)
	Yen	Yen
Six months ended September 30, 2023	18.15	–
Six months ended September 30, 2022	(6.98)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2023	64,368	36,041	53.9
As of March 31, 2023	63,278	34,947	53.3

Reference: Equity

As of September 30, 2023:	34,665 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 six-month period ended September 30, 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 September 30, 2023: 32,800,000 shares As of March 31, 2023: 32,800,000 shares
 - (b) Treasury shares
As of September 30, 2023: 22,208 shares As of March 31, 2023: 22,208 shares
 - (c) Average number of shares outstanding during the period (cumulative)
Six months ended September 30, 2023: 32,777,792 shares Six months ended September 30, 2022: 32,777,866 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 Six-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.

(Obtaining the supplementary documents for quarterly financial results)

The Company plans to stream the financial results briefing via video streaming for institutional investors and analysts on Tuesday, November 21, 2023.

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

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

(1) Explanation of Operating Results

(Business Environment)

During the six-month period ended September 30, 2023, the global economy experienced soaring energy costs caused by Russia's invasion of Ukraine, a slowdown in the real estate market in China and monetary tightening in Europe and North America, and thus its 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, despite socio-economic activities getting back to normal following the reclassification of COVID-19 to a class 5 infectious disease. Other factors contributing to the uncertainty include the soaring prices of raw materials and energy costs.

(Operating Results)

The Group recorded net sales of 32,430 million yen for the six-month period ended September 30, 2023, an increase of 2,600 million yen year on year. Overseas sales were 13,434 million yen and accounted for 41.4% of total sales.

In terms of profit and loss, operating profit came to 42 million yen, increasing by 423 million yen year on year despite the rise in the price of lead, a major raw material, and energy costs. Ordinary profit came to 164 million yen, owing to an improvement of 395 million yen year on year as a result of foreign exchange gains, despite increased costs such as interest expenses.

Profit attributable to owners of parent came to 594 million yen, increasing by 823 million yen year on year as a result of recording a gain on revision of retirement benefit plan of 857 million yen due to the transition from the previous defined benefit corporate pension plan to the defined contribution pension plan on June 1, 2023.

(2) Explanation of Financial Position

Total assets were 64,368 million yen as of September 30, 2023, which is 1,090 million yen more than at the end of the previous fiscal year. Current assets increased by 378 million yen from the end of the previous fiscal year to 35,047 million yen, while non-current assets increased by 711 million yen from the end of the previous fiscal year to 29,321 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 898 million yen increase from the end of the previous fiscal year to 24,789 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 139 million yen from the end of the previous fiscal year to 3,570 million yen.

Total liabilities as of September 30, 2023, decreased by 3 million yen from the end of the previous fiscal year to 28,327 million yen. Current liabilities increased by 2,130 million yen from the end of the previous fiscal year to 19,449 million yen, and non-current liabilities decreased by 2,134 million yen from the end of the previous fiscal year to 8,877 million yen.

Interest-bearing debt, which is the sum of short-term borrowings and long-term borrowings, increased by 2,405 million yen from the end of the previous fiscal year to 8,394 million yen.

Equity as of September 30, 2023, increased by 957 million yen from the end of the previous fiscal year to 34,665 million yen, resulting in an increase in the equity ratio from 53.3% at the end of the previous fiscal year to 53.9%.

(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 September 30, 2023
Assets		
Current assets		
Cash and deposits	3,098	5,098
Securities	5,127	3,050
Notes and accounts receivable - trade	13,164	10,486
Electronically recorded monetary claims - operating	1,668	1,500
Merchandise and finished goods	3,059	5,337
Work in process	5,478	6,258
Raw materials and supplies	1,826	2,013
Other	1,253	1,308
Allowance for doubtful accounts	(8)	(7)
Total current assets	34,669	35,047
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,244	7,472
Machinery, equipment and vehicles, net	6,965	7,115
Tools, furniture and fixtures, net	732	652
Land	7,690	7,893
Leased assets, net	418	431
Construction in progress	839	1,224
Total property, plant and equipment	23,891	24,789
Intangible assets		
Leased assets	3	1
Other	1,003	958
Total intangible assets	1,007	960
Investments and other assets		
Investment securities	1,354	1,347
Deferred tax assets	2,250	2,117
Other	127	127
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	3,710	3,570
Total non-current assets	28,609	29,321
Total assets	63,278	64,368

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,655	5,696
Electronically recorded obligations - operating	1,987	1,572
Short-term borrowings	4,189	6,944
Lease liabilities	98	104
Income taxes payable	280	334
Accrued consumption taxes	82	22
Provision for bonuses	920	1,136
Notes payable - facilities	68	3
Electronically recorded obligations - facilities	352	449
Other	3,682	3,185
Total current liabilities	17,318	19,449
Non-current liabilities		
Long-term borrowings	1,800	1,450
Lease liabilities	373	379
Deferred tax liabilities	798	798
Retirement benefit liability	7,241	2,660
Asset retirement obligations	205	206
Other	592	3,381
Total non-current liabilities	11,012	8,877
Total liabilities	28,331	28,327
Net assets		
Shareholders' equity		
Share capital	1,640	1,640
Capital surplus	653	653
Retained earnings	29,133	29,105
Treasury shares	(11)	(11)
Total shareholders' equity	31,415	31,387
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	535	500
Deferred gains or losses on hedges	11	74
Foreign currency translation adjustment	1,707	2,678
Remeasurements of defined benefit plans	38	23
Total accumulated other comprehensive income	2,292	3,277
Non-controlling interests	1,239	1,376
Total net assets	34,947	36,041
Total liabilities and net assets	63,278	64,368

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income (Cumulative))

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	29,830	32,430
Cost of sales	25,068	26,964
Gross profit	4,761	5,466
Selling, general and administrative expenses	5,142	5,424
Operating profit (loss)	(381)	42
Non-operating income		
Interest income	8	23
Dividend income	48	51
Share of profit of entities accounted for using equity method	20	10
Foreign exchange gains	47	80
Other	127	99
Total non-operating income	251	265
Non-operating expenses		
Interest expenses	86	119
Other	15	24
Total non-operating expenses	102	143
Ordinary profit (loss)	(231)	164
Extraordinary income		
Gain on sale of non-current assets	–	1
Gain on sale of investment securities	1	9
Gain on revision of retirement benefit plan	–	857
Total extraordinary income	1	867
Extraordinary losses		
Loss on disposal of non-current assets	6	7
Total extraordinary losses	6	7
Profit (loss) before income taxes	(236)	1,024
Income taxes	77	461
Profit (loss)	(314)	562
Loss attributable to non-controlling interests	(85)	(31)
Profit (loss) attributable to owners of parent	(228)	594

(Consolidated Statements of Comprehensive Income (Cumulative))

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit (loss)	(314)	562
Other comprehensive income		
Valuation difference on available-for-sale securities	20	(33)
Deferred gains or losses on hedges	(73)	63
Foreign currency translation adjustment	1,643	1,115
Remeasurements of defined benefit plans, net of tax	43	(16)
Share of other comprehensive income of entities accounted for using equity method	20	27
Total other comprehensive income	1,654	1,156
Comprehensive income	1,340	1,719
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,256	1,580
Comprehensive income attributable to non-controlling interests	83	139

(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 six-month period are calculated by multiplying profit (loss) before income taxes for the six-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 six-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	–	–	32,430	–	–
Operating profit (loss)	(309)	352	–	–	42	–	–
Ordinary profit (loss)	(211)	375	–	–	164	–	–
Profit attributable to owners of parent	429	165	–	–	594	–	–

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