

Consolidated Financial Results for the Three-month Period Ended June 30, 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:	August 7, 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 three months ended June 30, 2023 (April 1, 2023 – June 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	%
Three months ended June 30, 2023	14,736	5.1	(309)	–	(211)	–	429	–
Three months ended June 30, 2022	14,027	7.6	(174)	–	(89)	–	(127)	–

Note: Comprehensive income

Three months ended June 30, 2023:	911 million yen [yoy 28.3%]
Three months ended June 30, 2022:	710 million yen [yoy (16.6)%]

	Earnings per share (basic)	Earnings per share (diluted)
	Yen	Yen
Three months ended June 30, 2023	13.09	–
Three months ended June 30, 2022	(3.89)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2023	63,684	35,233	53.4
As of March 31, 2023	63,278	34,947	53.3

Reference: Equity

As of June 30, 2023:	33,973 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 three-month period ended June 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 June 30, 2023: 32,800,000 shares As of March 31, 2023: 32,800,000 shares
 - (b) Treasury shares
As of June 30, 2023: 22,208 shares As of March 31, 2023: 22,208 shares
 - (c) Average number of shares outstanding during the period (cumulative)
Three months ended June 30, 2023: 32,777,792 shares Three months ended June 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 Three-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 Three-month Period

(1) Explanation of Operating Results

(Business Environment)

During the three-month period ended June 30, 2023, the global economy saw the impact of COVID-19 weaken, but the outlook is uncertain due to the 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.

(Operating Results)

The Group recorded net sales of 14,736 million yen for the three-month period ended June 30, 2023, an increase of 708 million yen year on year. Overseas sales were 6,364 million yen and accounted for 43.2% of total sales.

In terms of profit and loss, operating loss came to 309 million yen (operating loss of 174 million yen in the same period of the previous fiscal year) due to the rise in the price of lead, a major raw material, and energy costs. Ordinary loss came to 211 million yen (ordinary loss of 89 million yen in the same period of the previous fiscal year) due to the operating loss, despite an increase in foreign exchange gains and other income.

Profit attributable to owners of parent came to 429 million yen (loss attributable to owners of parent of 127 million yen in the same period of the previous fiscal 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.

(2) Explanation of Financial Position

Total assets were 63,684 million yen as of June 30, 2023, which is 405 million yen more than at the end of the previous fiscal year. Current assets increased by 283 million yen from the end of the previous fiscal year to 34,952 million yen, while non-current assets increased by 122 million yen from the end of the previous fiscal year to 28,732 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 157 million yen increase from the end of the previous fiscal year to 24,048 million yen in property, plant and equipment in non-current assets. The main factor leading to the increase was foreign currency translation differences of non-current assets owned by overseas subsidiaries.

Investments and other assets decreased by 1 million yen from the end of the previous fiscal year to 3,708 million yen.

Total liabilities as of June 30, 2023, increased by 120 million yen from the end of the previous fiscal year to 28,451 million yen. Current liabilities increased by 2,049 million yen from the end of the previous fiscal year to 19,368 million yen, and non-current liabilities decreased by 1,929 million yen from the end of the previous fiscal year to 9,083 million yen.

Interest-bearing debt, which is the sum of short-term borrowings and long-term borrowings, increased by 748 million yen from the end of the previous fiscal year to 6,737 million yen.

Equity as of June 30, 2023, increased by 265 million yen from the end of the previous fiscal year to 33,973 million yen, resulting in an increase in the equity ratio from 53.3% at the end of the previous fiscal year to 53.4%.

(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 June 30, 2023
Assets		
Current assets		
Cash and deposits	3,098	5,878
Securities	5,127	2,149
Notes and accounts receivable - trade	13,164	10,248
Electronically recorded monetary claims - operating	1,668	1,471
Merchandise and finished goods	3,059	5,014
Work in process	5,478	6,146
Raw materials and supplies	1,826	2,019
Other	1,253	2,032
Allowance for doubtful accounts	(8)	(8)
Total current assets	34,669	34,952
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,244	7,356
Machinery, equipment and vehicles, net	6,965	6,981
Tools, furniture and fixtures, net	732	686
Land	7,690	7,759
Leased assets, net	418	411
Construction in progress	839	853
Total property, plant and equipment	23,891	24,048
Intangible assets		
Leased assets	3	2
Other	1,003	971
Total intangible assets	1,007	974
Investments and other assets		
Investment securities	1,354	1,420
Deferred tax assets	2,250	2,181
Other	127	128
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	3,710	3,708
Total non-current assets	28,609	28,732
Total assets	63,278	63,684

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,655	5,710
Electronically recorded obligations - operating	1,987	1,673
Short-term borrowings	4,189	5,112
Lease liabilities	98	96
Income taxes payable	280	445
Accrued consumption taxes	82	20
Provision for bonuses	920	564
Notes payable - facilities	68	4
Electronically recorded obligations - facilities	352	583
Other	3,682	5,155
Total current liabilities	17,318	19,368
Non-current liabilities		
Long-term borrowings	1,800	1,625
Lease liabilities	373	365
Deferred tax liabilities	798	798
Retirement benefit liability	7,241	2,707
Asset retirement obligations	205	206
Other	592	3,380
Total non-current liabilities	11,012	9,083
Total liabilities	28,331	28,451
Net assets		
Shareholders' equity		
Share capital	1,640	1,640
Capital surplus	653	653
Retained earnings	29,133	28,939
Treasury shares	(11)	(11)
Total shareholders' equity	31,415	31,221
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	535	576
Deferred gains or losses on hedges	11	33
Foreign currency translation adjustment	1,707	2,105
Remeasurements of defined benefit plans	38	36
Total accumulated other comprehensive income	2,292	2,751
Non-controlling interests	1,239	1,259
Total net assets	34,947	35,233
Total liabilities and net assets	63,278	63,684

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income (Cumulative))

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	14,027	14,736
Cost of sales	11,663	12,347
Gross profit	2,364	2,388
Selling, general and administrative expenses	2,538	2,698
Operating loss	(174)	(309)
Non-operating income		
Interest income	3	9
Dividend income	31	31
Share of profit of entities accounted for using equity method	14	7
Foreign exchange gains	26	42
Other	50	59
Total non-operating income	127	151
Non-operating expenses		
Interest expenses	39	54
Other	2	(0)
Total non-operating expenses	42	53
Ordinary loss	(89)	(211)
Extraordinary income		
Gain on sale of non-current assets	–	1
Gain on sale of investment securities	0	–
Gain on revision of retirement benefit plan	–	857
Total extraordinary income	0	858
Extraordinary losses		
Loss on disposal of non-current assets	0	6
Total extraordinary losses	0	6
Profit (loss) before income taxes	(90)	640
Income taxes	87	245
Profit (loss)	(177)	394
Loss attributable to non-controlling interests	(49)	(34)
Profit (loss) attributable to owners of parent	(127)	429

(Consolidated Statements of Comprehensive Income (Cumulative))

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit (loss)	(177)	394
Other comprehensive income		
Valuation difference on available-for-sale securities	44	42
Deferred gains or losses on hedges	(109)	22
Foreign currency translation adjustment	930	444
Remeasurements of defined benefit plans, net of tax	10	(3)
Share of other comprehensive income of entities accounted for using equity method	11	11
Total other comprehensive income	887	516
Comprehensive income	710	911
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	682	888
Comprehensive income attributable to non-controlling interests	27	23

(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 three-month period are calculated by multiplying profit (loss) before income taxes for the three-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 three-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	–	–	–	–	–	–
Operating loss	(309)	–	–	–	–	–	–
Ordinary loss	(211)	–	–	–	–	–	–
Profit attributable to owners of parent	429	–	–	–	–	–	–

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