

Consolidated Financial Results for the Six-month Period Ended September 30, 2024 [Japan GAAP]

Name of Company:	The Furukawa Battery Co., Ltd.
Stock Code:	6937
Stock Exchange Listing:	Tokyo Stock Exchange
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Title:	President & CEO
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Scheduled date for filing of semi-annual securities report:	November 8, 2024
Scheduled date for commencement of dividend payment:	–
Supplementary documents for financial results:	Yes
Financial results briefing:	None

(Yen in millions, rounded down)

1. Consolidated financial results for the six months ended September 30, 2024 (April 1, 2024 – September 30, 2024)

(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, 2024	37,381	15.3	1,269	–	1,374	737.6	(731)	–
Six months ended September 30, 2023	32,430	8.7	42	–	164	–	594	–

Note: Comprehensive income

Six months ended September 30, 2024:	278 million yen	[yoy (83.8)%]
Six months ended September 30, 2023:	1,719 million yen	[yoy 28.3%]

	Earnings per share (basic)	Earnings per share (diluted)
	Yen	Yen
Six months ended September 30, 2024	(22.31)	–
Six months ended September 30, 2023	18.15	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2024	67,395	37,492	53.7
As of March 31, 2024	65,461	37,906	56.0

Reference: Equity

As of September 30, 2024:	36,214 million yen
As of March 31, 2024:	36,666 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, 2024	–	–	–	21.00	21.00
Fiscal year ending March 31, 2025	–	–	–	–	–
Fiscal year ending March 31, 2025 (forecast)	–	–	–	0.00	0.00

Notes: 1. Revisions to the dividends forecasts most recently announced: None

2. As stated in the “Notice Regarding Revisions to Year-End Dividend Forecast for the Fiscal Year Ending March 31, 2025 (No Dividend)” released on July 23, 2024, the Company will not pay a year-end dividend for the fiscal year ending March 31, 2025, given that a tender offer for the Company’s common shares by AP78 Co., Ltd. is scheduled to take place.

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(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, 2025	80,000	6.0	4,000	23.7	4,100	20.0	1,760	(31.6)	53.70

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

Notes:

- (1) Significant changes in the scope of consolidation during the six-month period ended September 30, 2024:
Newly included: None Excluded: None
- (2) Use of accounting methods that are specific to the preparation of the semi-annual 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 Semi-annual 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: Yes
 - (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, 2024: 32,800,000 shares As of March 31, 2024: 32,800,000 shares
 - (b) Treasury shares
As of September 30, 2024: 22,414 shares As of March 31, 2024: 22,332 shares
 - (c) Average number of shares outstanding during the period (cumulative)
Six months ended September 30, 2024: 32,777,648 shares Six months ended September 30, 2023: 32,777,792 shares

* Semi-annual financial results reports are exempt from 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, 2025” 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 financial results)

The Company plans to post the supplementary documents for financial results on the Company’s website for institutional investors and analysts on Friday, November 15, 2024.

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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, 2024, the global economy experienced monetary tightening in Europe and North America and a stagnant real estate market in China, and thus its outlook is uncertain mainly due to the downside risks on economic activities from those factors.

In the Japanese economy, the economy showed a gradual recovery trend due to the effects of various policies amid an improved employment and income environment. On the other hand, the outlook continues to be uncertain due to the slowdown in the overseas economy becoming a downside risk for the domestic economy mainly due to the impacts from the global monetary tightening and the stagnant real estate market in China, in addition to rising raw material prices and other factors.

(Operating Results)

The Group recorded net sales of 37,381 million yen for the six-month period ended September 30, 2024, an increase of 4,950 million yen year on year. Overseas sales were 15,658 million yen and accounted for 41.9% of total sales.

In terms of profit and loss, operating profit came to 1,269 million yen, increasing by 1,226 million yen year on year despite the rise in the price of lead, a major raw material. Ordinary profit came to 1,374 million yen, increasing by 1,210 million yen year on year.

Loss attributable to owners of parent came to 731 million yen (compared with profit attributable to owners of parent of 594 million yen in the same period of the previous fiscal year) mainly due to recording product warranty expenses of 1,662 million yen under extraordinary losses as warranty expenses related to the leakage of liquid in some lots of batteries for emergency use (FLH1220SL small lead-acid storage batteries for industrial use).

(2) Explanation of Financial Position

Total assets were 67,395 million yen as of September 30, 2024, which is 1,933 million yen more than at the end of the previous fiscal year. Current assets increased by 908 million yen from the end of the previous fiscal year to 37,695 million yen, while non-current assets increased by 1,024 million yen from the end of the previous fiscal year to 29,699 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 464 million yen increase from the end of the previous fiscal year to 25,151 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 increased by 510 million yen from the end of the previous fiscal year to 3,504 million yen.

Total liabilities as of September 30, 2024, increased by 2,348 million yen from the end of the previous fiscal year to 29,902 million yen. Current liabilities increased by 3,912 million yen from the end of the previous fiscal year to 22,763 million yen, and non-current liabilities decreased by 1,564 million yen from the end of the previous fiscal year to 7,139 million yen.

Interest-bearing debt, which is the sum of short-term borrowings and long-term borrowings, increased by 1,877 million yen from the end of the previous fiscal year to 8,533 million yen.

Equity as of September 30, 2024, decreased by 452 million yen from the end of the previous fiscal year to 36,214 million yen, resulting in a decrease in the equity ratio from 56.0% at the end of the previous fiscal year to 53.7%.

(3) Explanation of Forecast for the Fiscal Year Ending March 31, 2025

There is no change to the consolidated earnings forecast that was announced on September 26, 2024.

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

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	4,062	4,762
Securities	4,747	5,446
Notes and accounts receivable - trade	13,789	11,377
Electronically recorded monetary claims - operating	1,706	1,661
Merchandise and finished goods	3,802	4,715
Work in process	5,836	6,593
Raw materials and supplies	1,930	2,086
Other	926	1,064
Allowance for doubtful accounts	(15)	(12)
Total current assets	36,787	37,695
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,249	7,422
Machinery, equipment and vehicles, net	7,626	7,276
Tools, furniture and fixtures, net	787	698
Land	7,827	7,877
Leased assets, net	424	423
Construction in progress	770	1,452
Total property, plant and equipment	24,686	25,151
Intangible assets		
Leased assets	2	2
Other	991	1,041
Total intangible assets	994	1,043
Investments and other assets		
Investment securities	1,467	1,904
Deferred tax assets	1,423	1,493
Other	124	129
Allowance for doubtful accounts	(21)	(22)
Total investments and other assets	2,993	3,504
Total non-current assets	28,674	29,699
Total assets	65,461	67,395

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,725	5,168
Electronically recorded obligations - operating	1,848	2,125
Short-term borrowings	4,356	6,733
Lease liabilities	109	118
Income taxes payable	310	383
Accrued consumption taxes	474	166
Provision for bonuses	968	1,273
Provision for product warranties	186	1,694
Electronically recorded obligations - facilities	391	573
Other	4,478	4,525
Total current liabilities	18,850	22,763
Non-current liabilities		
Long-term borrowings	2,300	1,800
Lease liabilities	366	351
Deferred tax liabilities	799	799
Retirement benefit liability	2,609	2,546
Asset retirement obligations	207	188
Other	2,421	1,453
Total non-current liabilities	8,703	7,139
Total liabilities	27,554	29,902
Net assets		
Shareholders' equity		
Share capital	1,640	1,640
Capital surplus	653	653
Retained earnings	31,085	29,666
Treasury shares	(12)	(12)
Total shareholders' equity	33,367	31,947
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	580	863
Deferred gains or losses on hedges	9	(62)
Foreign currency translation adjustment	2,697	3,458
Remeasurements of defined benefit plans	10	6
Total accumulated other comprehensive income	3,298	4,266
Non-controlling interests	1,240	1,278
Total net assets	37,906	37,492
Total liabilities and net assets	65,461	67,395

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income (Cumulative))

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	32,430	37,381
Cost of sales	26,964	30,361
Gross profit	5,466	7,020
Selling, general and administrative expenses	5,424	5,751
Operating profit	42	1,269
Non-operating income		
Interest income	23	60
Dividend income	51	59
Share of profit of entities accounted for using equity method	10	15
Foreign exchange gains	80	–
Other	99	102
Total non-operating income	265	237
Non-operating expenses		
Interest expenses	119	113
Foreign exchange losses	–	13
Other	24	4
Total non-operating expenses	143	132
Ordinary profit	164	1,374
Extraordinary income		
Gain on sale of non-current assets	1	–
Gain on sale of investment securities	9	–
Gain on revision of retirement benefit plan	857	–
Total extraordinary income	867	–
Extraordinary losses		
Loss on disposal of non-current assets	7	4
Loss on sale of non-current assets	–	65
Compensation for damage	–	210
Product warranty expenses	–	1,662
Total extraordinary losses	7	1,942
Profit (loss) before income taxes	1,024	(568)
Income taxes	461	211
Profit (loss)	562	(780)
Loss attributable to non-controlling interests	(31)	(49)
Profit (loss) attributable to owners of parent	594	(731)

(Consolidated Statements of Comprehensive Income (Cumulative))

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit (loss)	562	(780)
Other comprehensive income		
Valuation difference on available-for-sale securities	(33)	282
Deferred gains or losses on hedges	63	(72)
Foreign currency translation adjustment	1,115	836
Remeasurements of defined benefit plans, net of tax	(16)	(3)
Share of other comprehensive income of entities accounted for using equity method	27	16
Total other comprehensive income	1,156	1,059
Comprehensive income	1,719	278
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,580	236
Comprehensive income attributable to non-controlling interests	139	42

(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 Semi-annual 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.

(Changes in Accounting Policies)

(Application of "Accounting Standard for Current Income Taxes," etc.)

The Company has applied the "Accounting Standard for Current Income Taxes" (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the "Revised Accounting Standard of 2022") and other relevant ASBJ regulations from the beginning of the six-month period ended September 30, 2024.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of paragraph 65-2(2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; the "Revised Guidance of 2022"). This change in accounting policy has no impact on the semi-annual consolidated financial statements.

In addition, for revisions related to the review of the treatment in consolidated financial statements when a gain or loss on sale arising from the sale of shares of subsidiaries, etc. among consolidated companies is deferred for tax purposes, the Company has applied the Revised Guidance of 2022 from the beginning of the six-month period ended September 30, 2024. The change in the accounting policy has been applied retrospectively. Therefore, the new accounting policy was reflected in the consolidated financial statements for the same period of the previous fiscal year and for the previous fiscal year. This change in accounting policy has no impact on the consolidated financial statements for the same period of the previous fiscal year and for the previous fiscal year.

3. Other

(Trend in Quarterly Consolidated Results)

Fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Million yen)

	Accounting period				Cumulative period		
	Q1	Q2	Q3	Q4	6 months (Apr-Sep)	9 months (Apr-Dec)	Full year
Net sales	17,169	20,211	–	–	37,381	–	–
Operating profit (loss)	(246)	1,515	–	–	1,269	–	–
Ordinary profit (loss)	(129)	1,504	–	–	1,374	–	–
Loss attributable to owners of parent	(270)	(460)	–	–	(731)	–	–

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

(Million yen)

	Accounting period				Cumulative period		
	Q1	Q2	Q3	Q4	6 months (Apr-Sep)	9 months (Apr-Dec)	Full year
Net sales	14,736	17,694	20,889	22,135	32,430	53,319	75,455
Operating profit (loss)	(309)	352	1,015	2,175	42	1,058	3,233
Ordinary profit (loss)	(211)	375	1,013	2,239	164	1,177	3,417
Profit attributable to owners of parent	429	165	666	1,313	594	1,261	2,574

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