

## Consolidated Financial Results for the Three-month Period Ended June 30, 2022 [Japan GAAP]

Name of Company:	The Furukawa Battery Co., Ltd.
Stock Code:	6937
Stock Exchange Listing:	Tokyo Stock Exchange
URL:	<a href="https://www.furukawadenchi.co.jp">https://www.furukawadenchi.co.jp</a>
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Scheduled date for filing of quarterly securities report:	August 5, 2022
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, 2022 (April 1, 2022 – June 30, 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	%
Three months ended June 30, 2022	14,027	7.6	(174)	–	(89)	–	(127)	–
Three months ended June 30, 2021	13,035	5.9	259	(8.1)	329	(6.9)	355	26.4

Note: Comprehensive income

Three months ended June 30, 2022:	710 million yen [yoy (16.6) %]
Three months ended June 30, 2021:	851 million yen [yoy – %]

	Earnings per share (basic)	Earnings per share (diluted)
	Yen	Yen
Three months ended June 30, 2022	(3.89)	–
Three months ended June 30, 2021	10.84	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2022	61,012	33,839	53.3
As of March 31, 2022	60,681	33,826	53.6

Reference: Equity

As of June 30, 2022:	32,533 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)	–	–	–	22.00	22.00

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

### 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	70,000	11.5	2,400	(25.3)	2,400	(29.3)	1,950	(49.2)	59.49

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

#### Notes:

- (1) Changes in significant subsidiaries during the three-month period ended June 30, 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 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, 2022: 32,800,000 shares As of March 31, 2022: 32,800,000 shares
  - (b) Treasury shares  
As of June 30, 2022: 22,134 shares As of March 31, 2022: 22,134 shares
  - (c) Average number of shares outstanding during the period (cumulative)  
Three months ended June 30, 2022: 32,777,866 shares Three months ended June 30, 2021: 32,777,914 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, 2023” 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, 2022, the global economy was expected to recover due to the loosening of restrictions on economic activity caused by the impact of the novel coronavirus disease (COVID-19), but the outlook is uncertain due to the prolonged situation in Ukraine and the impact of restraint on economic activity in China and other factors.

Despite signs of recovery due to the loosening of restrictions on economic activity caused by the impact of COVID-19 in the Japanese economy as well, the situation requires close attention to a risk of an economic downturn due to rising raw material prices and supply-side restrictions resulting from the situation in Ukraine, etc.

#### (Operating Results)

The Group recorded net sales of 14,027 million yen for the three-month period ended June 30, 2022, an increase of 992 million yen year on year. Overseas sales were 5,800 million yen and accounted for 41.3% of total sales.

In terms of profit and loss, operating loss came to 174 million yen, deteriorating by 434 million yen year on year due to the impact of the rise in the price of lead, a major raw material, etc. Ordinary loss came to 89 million yen, deteriorating by 418 million yen year on year due to the operating loss, despite an increase in foreign exchange gains and other income and a decrease in interest expenses and other expenses.

Loss attributable to owners of parent came to 127 million yen, deteriorating by 482 million yen year on year.

### (2) Explanation of Financial Position

Total assets were 61,012 million yen as of June 30, 2022, which is 330 million yen more than at the end of the previous fiscal year. Current assets decreased by 186 million yen from the end of the previous fiscal year to 32,362 million yen, while non-current assets increased by 516 million yen from the end of the previous fiscal year to 28,649 million yen.

The main factors leading to the decrease in current assets were a decrease in accounts receivable - trade, etc.

There was a 218 million yen increase from the end of the previous fiscal year to 23,300 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 increased by 134 million yen from the end of the previous fiscal year to 4,403 million yen.

Total liabilities as of June 30, 2022, increased by 317 million yen from the end of the previous fiscal year to 27,173 million yen. Current liabilities increased by 553 million yen from the end of the previous fiscal year to 17,005 million yen, while non-current liabilities decreased by 236 million yen from the end of the previous fiscal year to 10,168 million yen.

Interest-bearing debt, which is the sum of short-term borrowings and long-term borrowings, increased by 687 million yen from the end of the previous fiscal year to 5,763 million yen.

Equity as of June 30, 2022, decreased by 13 million yen from the end of the previous fiscal year to 32,533 million yen, resulting in a decrease in the equity ratio from 53.6% at the end of the previous fiscal year to 53.3%.

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

There is no change to the consolidated earnings forecast that was announced on May 12, 2022.

Moreover, regarding the spread of COVID-19 and the timing of the settlement of COVID-19, etc., no changes have been made to the assumptions (that this situation will continue in the fiscal year ending March 31, 2023 and certain limits will be set regarding economic activity as there is no uniform opinion regarding the spread of COVID-19, the timing of the settlement of COVID-19, etc.) announced on May 12, 2022.

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

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	6,911	7,335
Securities	3,257	3,127
Notes and accounts receivable - trade	12,309	8,871
Electronically recorded monetary claims - operating	1,353	1,228
Merchandise and finished goods	2,883	4,314
Work in process	3,160	4,231
Raw materials and supplies	1,606	1,592
Other	1,072	1,668
Allowance for doubtful accounts	(7)	(7)
Total current assets	32,548	32,362
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,316	7,343
Machinery, equipment and vehicles, net	6,555	6,592
Tools, furniture and fixtures, net	810	750
Land	7,603	7,700
Leased assets, net	441	426
Construction in progress	354	486
Total property, plant and equipment	23,081	23,300
Intangible assets		
Leased assets	7	6
Other	775	939
Total intangible assets	782	945
Investments and other assets		
Investment securities	1,787	1,863
Deferred tax assets	2,369	2,429
Other	135	133
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	4,268	4,403
Total non-current assets	28,133	28,649
Total assets	60,681	61,012

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	5,252	5,213
Electronically recorded obligations - operating	2,199	2,162
Short-term borrowings	3,641	4,600
Lease liabilities	102	101
Income taxes payable	747	285
Accrued consumption taxes	302	14
Provision for bonuses	909	570
Provision for environmental measures	1	1
Notes payable - facilities	1	23
Electronically recorded obligations - facilities	303	486
Other	2,987	3,546
Total current liabilities	16,451	17,005
Non-current liabilities		
Long-term borrowings	1,434	1,162
Lease liabilities	400	384
Deferred tax liabilities	797	797
Retirement benefit liability	7,175	7,224
Asset retirement obligations	73	74
Other	523	525
Total non-current liabilities	10,404	10,168
<b>Total liabilities</b>	<b>26,855</b>	<b>27,173</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,640	1,640
Capital surplus	653	653
Retained earnings	29,057	28,233
Treasury shares	(11)	(11)
Total shareholders' equity	31,339	30,515
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	672	717
Deferred gains or losses on hedges	87	(21)
Foreign currency translation adjustment	484	1,348
Remeasurements of defined benefit plans	(37)	(26)
Total accumulated other comprehensive income	1,207	2,017
Non-controlling interests	1,279	1,305
<b>Total net assets</b>	<b>33,826</b>	<b>33,839</b>
<b>Total liabilities and net assets</b>	<b>60,681</b>	<b>61,012</b>

## (2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income (Cumulative))

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	13,035	14,027
Cost of sales	10,387	11,663
Gross profit	2,647	2,364
Selling, general and administrative expenses	2,388	2,538
Operating profit (loss)	259	(174)
Non-operating income		
Interest income	2	3
Dividend income	50	31
Share of profit of entities accounted for using equity method	6	14
Foreign exchange gains	3	26
Other	54	50
Total non-operating income	118	127
Non-operating expenses		
Interest expenses	46	39
Other	2	2
Total non-operating expenses	48	42
Ordinary profit (loss)	329	(89)
Extraordinary income		
Gain on sale of investment securities	–	0
Gain on bargain purchase	96	–
Total extraordinary income	96	0
Extraordinary losses		
Loss on disposal of non-current assets	0	0
Total extraordinary losses	0	0
Profit (loss) before income taxes	425	(90)
Income taxes	114	87
Profit (loss)	310	(177)
Loss attributable to non-controlling interests	(44)	(49)
Profit (loss) attributable to owners of parent	355	(127)

(Consolidated Statements of Comprehensive Income (Cumulative))

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit (loss)	310	(177)
Other comprehensive income		
Valuation difference on available-for-sale securities	153	44
Deferred gains or losses on hedges	12	(109)
Foreign currency translation adjustment	373	930
Remeasurements of defined benefit plans, net of tax	(1)	10
Share of other comprehensive income of entities accounted for using equity method	3	11
Total other comprehensive income	541	887
Comprehensive income	851	710
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	849	682
Comprehensive income attributable to non-controlling interests	1	27

(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, 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	–	–	–	–	–	–
Operating profit (loss)	(174)	–	–	–	–	–	–
Ordinary profit (loss)	(89)	–	–	–	–	–	–
Profit (loss) attributable to owners of parent	(127)	–	–	–	–	–	–

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