



# **Nine Months Ended December 31, 2022(FY2022) Result Briefing**

February 7, 2023

GS Yuasa Corporation

## FY2022 3rd Quarter Financial Results

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## **FY2022 3rd Quarter Financial Results**

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- The outlook for the global economy remains uncertain, with prices rising due to higher raw material prices and increased energy costs arising from the situation in Ukraine and other factors. However, the stagnation in economic activity caused by COVID-19 is easing, and the Zero-COVID Policy has been revised in China. In addition, the Bank of Japan expanded the allowable volatility of long-term interest rates, which has changed the rapid depreciation of yen.
- Group sales and operating income increased mainly thanks to sales volume increase of lithium-ion batteries for hybrid vehicles (HEVs) and the impact of consolidation of our site in Turkey, and the impact of weaker yen of the exchange. On the other hand, ordinary income decreased due to deterioration in equity in earnings of affiliates and foreign exchange losses.
- Profit attributable to owners of parent increased due to the loss of the impact of impairment losses recorded in the previous fiscal year.

Regarding our financial results, net sales and operating income increased mainly due to an increase in sales volume of lithium-ion batteries for hybrid vehicles and the consolidation of our Turkish site as a consolidated subsidiary, as well as the effect of yen depreciation on foreign exchange rates.

Ordinary income remained at the same level as the previous year due to the deterioration of equity in earnings of affiliates and foreign exchange losses in some countries.

On the other hand, profit attributable to owners of the parent increased due to the absence of impairment losses recorded in the previous year.

## 2. Net Sales, Profits



	FY2021 Apr-Dec (Nine Months)	FY2022 Apr-Dec (Nine Months)	Change	(Billion yen) (YoY%)
Net Sales	313.1	Record 374.9	+61.8	(+19.7%)
Operating income (Operating income ratio)	13.9 4.4%	Record 19.0 5.1%	+5.1 +0.7P	(+36.6%)
Operating income before amortization of goodwill (Operating income ratio before amortization of goodwill)	15.1 4.8%	Record 19.8 5.3%	+4.7 +0.5P	
Ordinary income	16.1	16.1	-0.0	(-0.1%)
Extraordinary income	2.3	1.6	-0.7	
Extraordinary loss	7.4	0.5	-6.9	
Profit before income taxes	11.0	17.2	+6.2	
Income taxes	4.9	5.7	+0.8	
Profit attributable to non-controlling interests	2.7	3.6	+0.9	
Profit attributable to owners of parent (Net profit ratio)	3.3 1.1%	7.8 2.1%	+4.5 +1.0P	(+134.4%)
Profit attributable to owners of parent before amortization of goodwill (Net profit ratio before amortization of goodwill)	4.3 1.4%	8.6 2.3%	+4.3 +0.9P	
Domestic lead price quote	¥312,000/t	¥347,100/t	+¥35,100/t	
LME	2,266US\$/t	2,093US\$/t	-173US\$/t	
Exchange rate	¥111.45/US\$	¥136.85/US\$	+¥25.40/US\$	

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Consolidated net sales for the third quarter of FY2022 are 374.9 billion yen, an increase of 61.8 billion yen from the previous year.

Operating income is 19.0 billion yen, an increase of 5.1 billion yen, and operating income before amortization of goodwill is 19.8 billion yen, an increase of 4.7 billion yen.

Net sales and operating income reached record highs for the third quarter.

On the other hand, ordinary income remained almost unchanged from the previous year at 16.1 billion yen due to the deterioration of equity in earnings of affiliates and foreign exchange losses recorded in non-operating income.

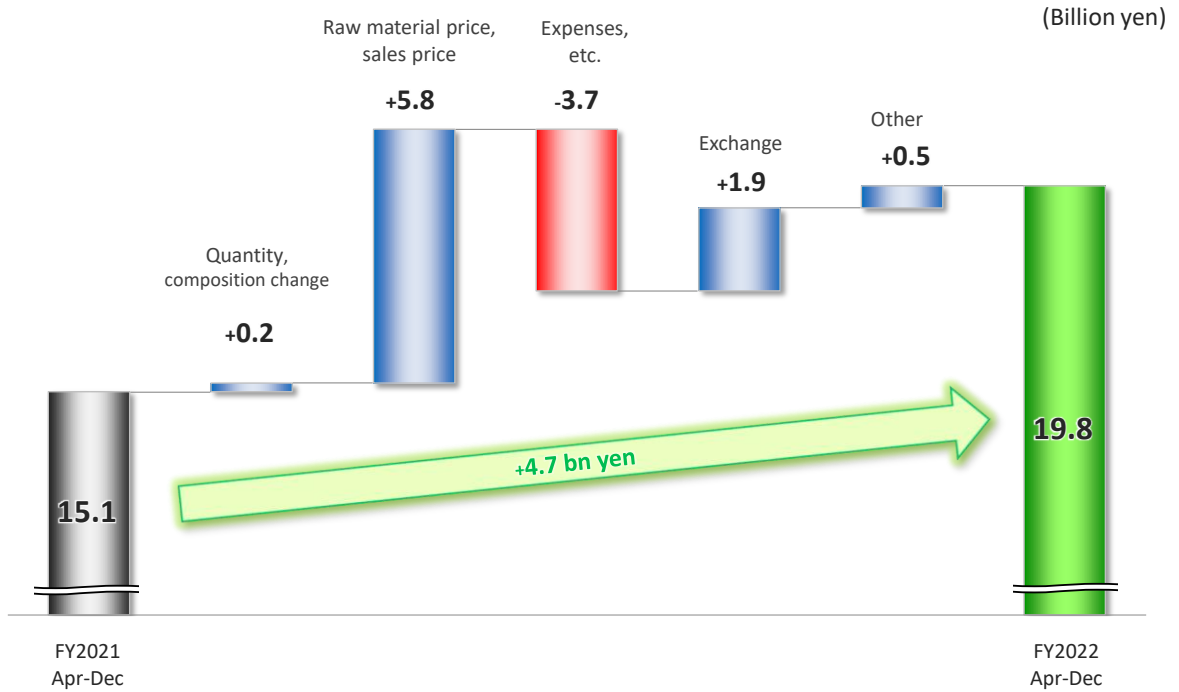
As for extraordinary losses, impairment losses were posted mainly in China in the previous year.

This fiscal year, the impact of that loss has been eliminated, resulting in a significant improvement.

Net income for the quarter was 7.8 billion yen, an increase of 4.5 billion yen.

## 2. Net Sales, Profits

### Factors for Operating Income Change ( year-on-year comparison)



Note : Operating income is operating income before amortization of goodwill.

Operating income before amortization of goodwill was 19.8 billion yen, an increase of 4.7 billion yen.

Although there was a certain impact of high raw material prices, price increases are progressing steadily, resulting in a positive factor of 5.8 billion yen in raw material prices and sales prices.

On the other hand, expenses and others were a negative factor of 3.7 billion yen. This is due to an increase in distribution, energy, and other expenses, mainly overseas, as well as an increase in expenses associated with higher sales of lithium-ion batteries for hybrid vehicles.

In addition, there is a 1.9 billion yen lift effect from exchange rates due to the generally weaker yen.

### 3. Segment Results



(Billion yen)

		FY2021 Apr-Dec (Nine Months)		FY2022 Apr-Dec (Nine Months)		Change	
		Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: pp)
Automotive Batteries	Japan	58.8	4.3 (7.3)	63.1	4.2 (6.7)	+4.3	-0.1 (-0.6)
	Overseas	138.0	7.1 (5.2)	186.9	10.2 (5.5)	+48.9	+3.1 (+0.3)
Industrial Batteries and Power Supplies		71.0	2.0 (2.9)	67.2	3.5 (5.2)	-3.8	+1.5 (+2.3)
Automotive Lithium-ion Batteries		33.2	1.3 (3.9)	45.2	1.0 (2.2)	+12.0	-0.3 (-1.7)
Specialized Batteries and Others		12.1	0.3 (2.7)	12.4	0.8 (6.8)	+0.3	+0.5 (+4.1)
Total		313.1	15.1 (4.8)	374.9	19.8 (5.3)	+61.8	+4.7 (+0.5)

Note : Operating income is operating income before amortization of goodwill and operating income ratio is operating income ratio before amortization of goodwill.

Net sales of automotive batteries (Japan) increased by 4.3 billion yen from the previous year, but operating income was almost unchanged from the previous year.

Net sales of automotive batteries (overseas) were 48.9 billion yen higher than the previous year. Operating income also increased by 3.1 billion yen.

Net sales of industrial batteries and power supplies decreased by 3.8 billion yen year-on-year, but operating income increased by 1.5 billion yen.

Net sales of automotive lithium-ion batteries increased by 12.0 billion yen, while operating income declined by 0.3 billion yen.

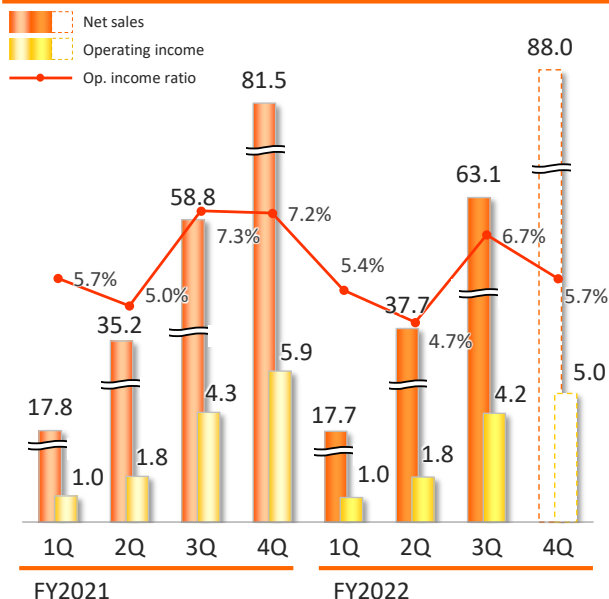
Net sales of specialized batteries and others increased by 0.3 billion yen year-on-year, while operating income increased by 0.5 billion yen.

## Automotive Batteries (Japan)

Sales increased,  
Profit declined

(Billion yen)

#### Net Sales, Operating income, Op. income ratio



#### FY2022 3Q Sales Overview

- Sales volume of batteries for new automobiles progressed at the same level as the previous year because of the impact of production decrease of automakers due to semiconductor shortage, etc.
- Net sales increased due to price increases and other factors, despite a slight decrease in sales volume of batteries for replacement

#### Main Profit Change Factors

Quantity, composition change	-0.8
Raw material prices, sales prices	+0.7
Streamlining, expenses, etc.	+0.0

Note: Operating income is operating income before amortization of goodwill and Op. income ratio is Op. income ratio before amortization of goodwill.

Net sales of automotive batteries (Japan) increased by 4.3 billion yen over the previous year.

Sales volume for new vehicles is still affected by the semiconductor shortage this fiscal year. The last fiscal year was also affected, resulting in the same level of sales as the previous year.

On the other hand, sales increased due to the correction of sales prices following the rise in lead prices.

Net sales increased as a result of price increases, etc., despite a slight decline in the sales volume for replacement.

Operating income remained at the same level as the previous year.

The impact of the sharp rise in raw material prices was compensated for to a certain extent by sales prices.



### 3. Segment Results (Automotive Batteries (Overseas))

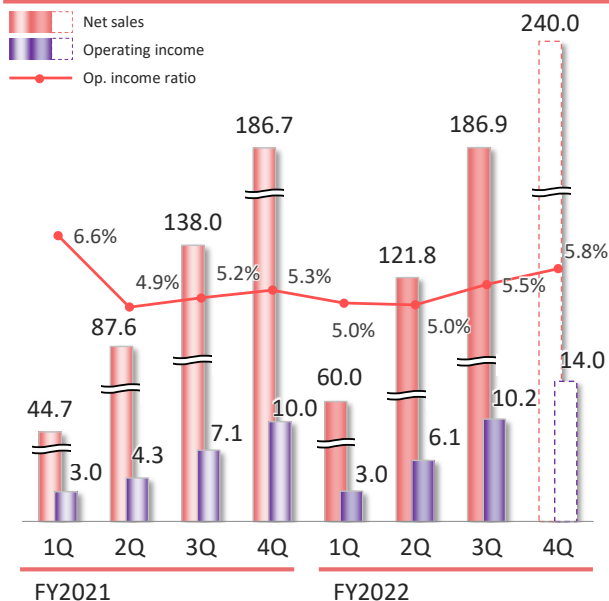


## Automotive Batteries (Overseas)

Sales and profit increased

(Billion yen)

#### Net Sales, Operating income, Op. income ratio



#### FY2022 3Q Sales Overview

- Sales volume of batteries for automobiles and motorcycles in Southeast Asia remained strong
- Sales volume of batteries for automobiles increased due to consolidation of Turkish site
- Sales increased due to the revision of selling prices in response to soaring raw material prices, etc. and the impact of yen depreciation

#### Main Profit Change Factors

Quantity, composition change	-1.2
Raw material prices, sales prices	+4.0
Expenses, etc.	-1.6
Exchange	+1.9

Note: Operating income is operating income before amortization of goodwill and Op. income ratio is Op. income ratio before amortization of goodwill.

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Net sales of automotive batteries (overseas) increased by 48.9 billion yen over the previous year.

The volume of batteries for automobiles and motorcycles, mainly in Thailand and Vietnam in Southeast Asia, is firm.

The main reason for increase in sales of this segment was the consolidation of the Turkish site.

Net sales increased due to the effect of sales price adjustments in response to soaring raw material prices and the effect of conversion due to the yen depreciation.

Operating income increased by 3.1 billion yen over the previous year.

Although there was a partial negative impact due to the change in the product mix, this was compensated for by raw material prices and sales prices, due in part to the progress of sales price adjustments in response to the sharp rise in raw material prices.

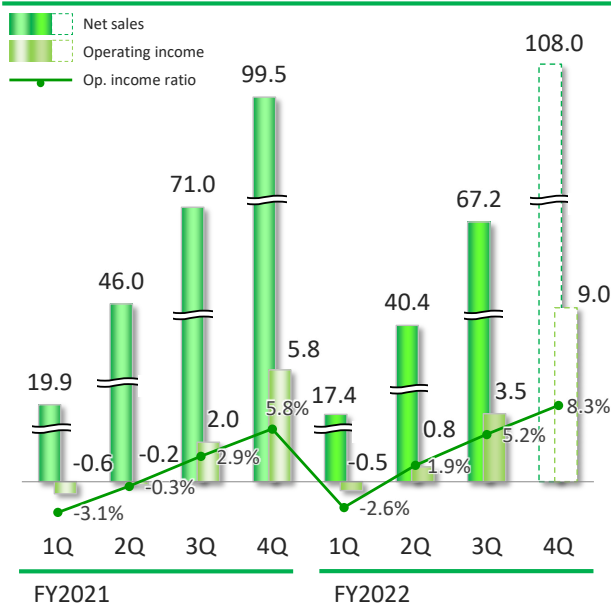
In addition, operating income increased due to the consolidation of the Turkish site and the effect of the yen depreciation.

## Industrial Batteries and Power Supplies

Sales declined,  
Profit increased

(Billion yen)

#### Net Sales, Operating income, Op. income ratio



#### FY2022 3Q Sales Overview

- Sales decreased because supply of lithium-ion batteries for interconnected system of large wind power generation in Hokkaido finished in the previous fiscal year
- Sales of lithium-ion batteries for renewable energies increased
- Sales of backup batteries and power supplies decreased due to long delivery times for mini-UPS components
- Sales volume of new and replacement batteries for forklifts progressed steadily

#### Main Profit Change Factors

Quantity, composition change	+1.4
Raw material prices, sales prices	+0.2
Streamlining, expenses, etc.	-0.1

Net sales of industrial batteries and power supplies decreased by 3.8 billion yen compared to the previous year.

Net sales decreased as the same situation as 2Q because deliveries of lithium-ion batteries for large-scale wind power generation in Hokkaido were completed in the previous fiscal year.

On the other hand, sales of lithium-ion batteries for renewable energies have been increasing very much, and there is an aspect of increase due to shipments in the current fiscal year.

Net sales of batteries and power supplies for backup, classified as emergency use field, are declining due to the long delivery times of parts resulting from the impact of COVID-19.

Sales of batteries for forklifts remained steady for both new models and replacement.

While sales decreased, operating income increased.

The impact of the disappearance of lithium-ion batteries for a large-scale wind power generation project in Hokkaido, which was a negative factor, was a major factor in the positive result.

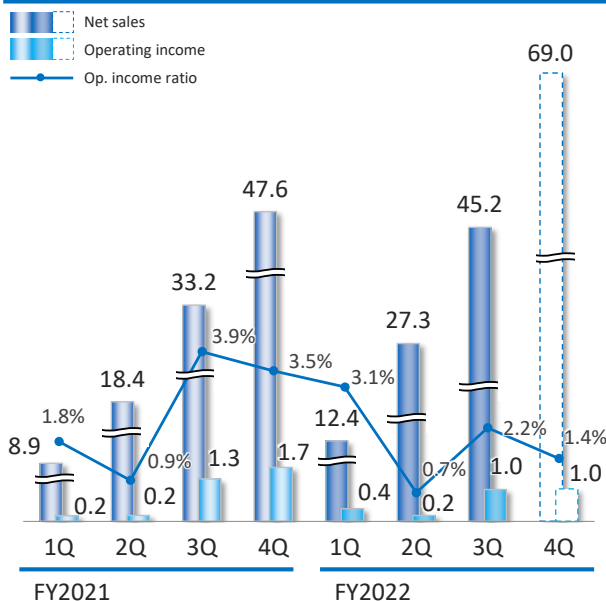
In addition, the company was able to make a price correction in response to the sharp rise in raw material prices.

## Automotive Lithium-ion Batteries

Sales increased,  
profit declined

(Billion yen)

#### Net Sales, Operating income, Op. income ratio



#### FY2022 3Q Sales Overview

- [Blue Energy]  
Sales volume of lithium-ion batteries for hybrid vehicles (HEVs) increased because No.2 plant started operation
- [Lithium Energy Japan]  
Sales volume of plug-in hybrid vehicles (PHEVs) models equipped with our lithium-ion batteries decreased

#### Main Profit Change Factors

Quantity, composition change	+0.8
Raw material prices, sales prices	+0.9
Expenses, etc.	-2.0

Net sales of automotive lithium-ion batteries increased by 12.0 billion yen over the previous year.

Regarding Blue Energy, quantity increased due to higher sales of lithium-ion batteries for hybrid vehicles.

The second plant is now starting operation in earnest, and the increase in sales due to higher volume is a factor behind the increase in sales.

On the other hand, Lithium Energy Japan's sales volume of lithium-ion batteries for plug-in hybrid vehicles is slightly decreasing due to the impact of customer's side.

However, we have been able to adjust sales prices to reflect recent high raw material prices.

We have secured positive results in terms of raw material prices and sales prices.

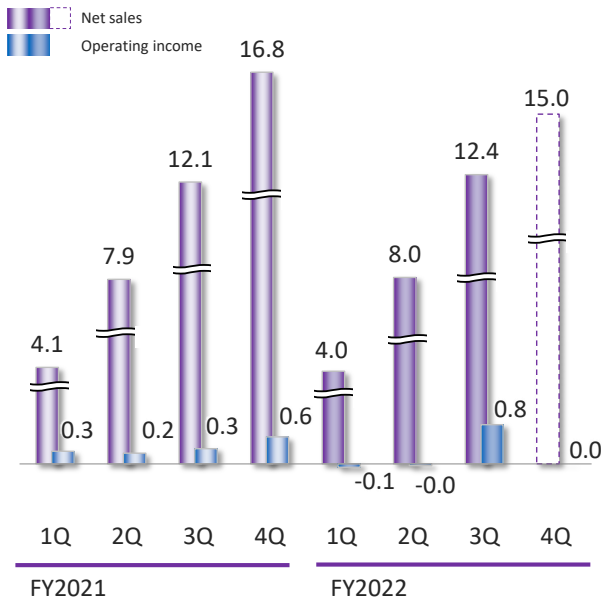
Expenses have increased due to higher variable and fixed costs associated with increased sales of Blue Energy. In addition, the BEV Battery Development Department was established in the automotive lithium-ion battery division in May, resulting in higher R&D expenses. As a result of these factors, the segment as a whole has experienced a slight decrease in profit.

## Specialized Batteries and Others

Sales and profit increased

(Billion yen)

#### Net Sales, Operating income



#### FY2022 3Q Sales Overview

- Sales volume of lithium-ion batteries for aircrafts mainly to airlines (for replacement) increased

#### Main Profit Change Factors

Profit increased due to increase in sales volume of lithium-ion batteries for aircrafts and decrease in expenses

Sales volume of lithium-ion batteries for aircraft mainly to airlines (for replacement batteries) increased.

Profit has also improved due to the impact of increased sales and a decrease in administrative overhead expenses of head office.

## 4. Balance Sheet

(Billion yen)

<ul style="list-style-type: none"> <li>• Cash and deposits -0.7</li> <li>• Notes and accounts receivable +6.4</li> <li>• Inventories +22.7</li> <li>• Other -0.5</li> </ul>	<b>Current assets</b> <b>254.2</b> (+27.9)	<b>Current liabilities</b> <b>177.5</b> (+48.1)	<ul style="list-style-type: none"> <li>• Trade accounts (including equipment) +12.9</li> <li>• Short-term borrowings +22.5</li> <li>• Commercial paper +6.5</li> <li>• Bonds payable +10.0</li> <li>• Payables, etc. -2.6</li> </ul>
<ul style="list-style-type: none"> <li>• Buildings and structures, net +3.2</li> <li>• Machinery, equipment and vehicles, net +7.4</li> <li>• Land +0.6</li> <li>• Construction in progress +0.9</li> </ul>		<b>Property, plant, and equipment</b> <b>155.1</b> (+12.1)	<b>Long-term liabilities</b> <b>87.1</b> (-14.4)
<ul style="list-style-type: none"> <li>• Investment securities -0.9</li> <li>• Retirement benefit asset +0.7</li> <li>• Deferred tax assets +0.4</li> </ul>	<b>Intangible assets</b> 6.7 (+3.8)	<b>Net assets</b> <b>260.7</b> (+10.7)	<ul style="list-style-type: none"> <li>• Retained earnings +3.0</li> <li>• Valuation difference on available-for-sale securities -2.0</li> <li>• Foreign currency translation adjustments +8.1</li> <li>• Non-controlling interests +1.5</li> </ul>
	<b>Investments and other assets</b> <b>109.1</b> (+0.6)		
	<b>Total assets</b> <b>525.2</b> (+44.5)		

Note: As of December 31, 2022  
Comparisons with figures as of March 31, 2022.

	3/31/2022	12/31/2022
Equity ratio	44.8%	42.7%
Total borrowings	¥82.5bn	¥107.4bn

Total assets totaled 525.2 billion yen, a 44.5 billion yen increase in assets over the end of March.

Current assets increased by 27.9 billion yen, reflecting a very large increase in inventories.

Tangible fixed assets increased by 12.1 billion yen, mainly due to the progress in the construction of Blue Energy's second plant.

Current liabilities increased by 48.1 billion yen.

Although some loans were reclassified from fixed liabilities to current liabilities because they are due within a year, overall interest-bearing debt has ballooned. As of the end of December, total borrowings amounted to 107.4 billion yen, a considerable increase in interest-bearing debt compared to the end of March.

Total equity increased by 10.7 billion yen after taking into account the impact of net income for the quarter, valuation difference on available-for-sale securities, and other factors.

As a result, the shareholders' equity ratio has dropped about 2 percentage points, but we believe the situation remains stable at 42.7%.

### Signing of Memorandum of Understanding with Honda Motor Co., Ltd. for collaboration



#### Purpose of collaboration

In order to address the rapidly growing demand for batteries, the two companies reached this agreement to work toward the joint research and development of lithium-ion batteries and battery production methods that will be highly competitive in the global market, as well as the establishment of a supply chain for key raw materials and a highly-efficient battery production system.

#### Discussing a broad scope of collaborations

- Research and development of a high-capacity, high-output lithium-ion battery, primarily for EV use, and the required production methods
- Establishment and management of intellectual properties including patents related to the joint research and development
- Planning for products that utilize technologies resulting from the joint research and development, and planning for the required sales channels
- Designing of an efficient production operation including the supply chain for key raw materials

We have signed a basic agreement with Honda Motor Co., Ltd. for collaboration. The purpose of the collaboration is to address the rapidly growing demand for batteries, the two companies reached this agreement to work toward the joint research and development of lithium-ion batteries and battery production methods that will be highly competitive in the global market, as well as the establishment of a supply chain for key raw materials and a highly-efficient battery production system.

The scope of the study includes the four items mentioned above.

We hope that you will continue to warmly watch over us.

Although this document has been prepared with information believed to be correct, GS Yuasa Corporation does not guarantee the accuracy or the completeness of such information. Also, the information herein contains forward-looking statements regarding the Company's plans, outlooks, strategies and results for the future. All the forward-looking statements are based on judgments derived from information available to the Company at the time of release. Certain risks and uncertainties could cause the Company's actual results to differ materially from any projections presented herein.



Net sales and operating income in the 3Q were the highest ever for 3Q due to increased sales of lithium-ion batteries for hybrid vehicles and the consolidation of Turkish site.

Since this fiscal year is the final year of our Fifth Mid-Term Management Plan, we have not revised the forecast figures that we set forth at the beginning of the fiscal year.

So far, we have been able to achieve results largely in line with plans.

On the other hand, the current business environment is changing rapidly due to the effects of material shortages and the production and sales conditions of car manufacturers.

There are also concerns about interest rate hikes to curb inflation and economic recession in various countries.

Although there is only a short period of time remaining, we will continue our efforts to further reduce costs and adjust selling prices as much as possible.

In particular, with regard to automotive lithium-ion batteries, we will first of all ensure the expansion of production capacity for hybrid vehicles in order to respond to the growing demand for electric vehicles.

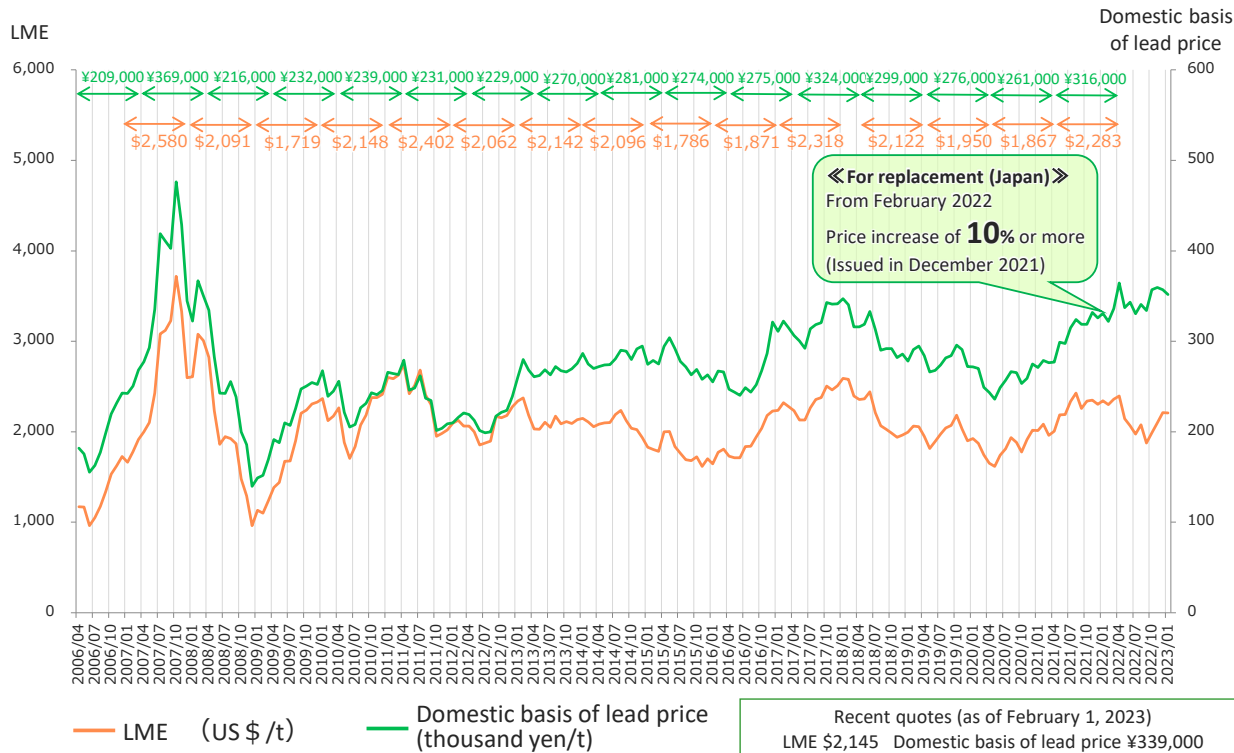
In collaboration with Honda Motor Co., Ltd., we will accelerate the development of batteries mainly for use in EVs to contribute to the further spread of electric vehicles and to deliver comfort and peace of mind to customers worldwide, thereby promoting value creation toward achieving carbon neutrality.

## Reference

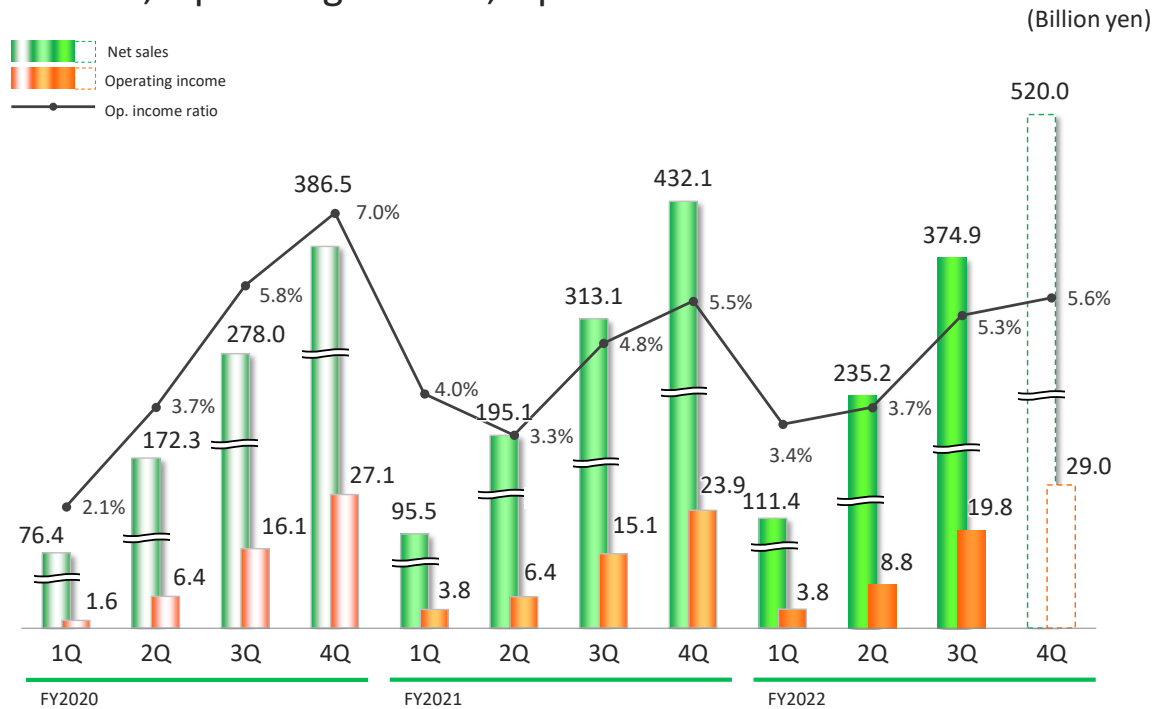
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## Raw Materials Prices



## Net Sales, Operating Income, Op. Income Ratio



Note: Operating income is operating income before amortization of goodwill and op. income ratio is op. income ratio before amortization of goodwill.