Consolidated Financial Statements

GS Yuasa Corporation

Year Ended March 31, 2023

Financial information

1. Preparation of consolidated financial statements

   The accompanying consolidated financial statements of GS Yuasa Corporation (the “Company”) have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to the application and disclosure requirements from International Financial Reporting Standards.

   The Company’s consolidated financial statements are prepared in line with “Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Order No. 28 of 1976).

   The consolidated financial statements are stated in Japanese yen, rounded down to the nearest million yen. Also, solely for the convenience of readers outside Japan, yen amounts have been translated into U.S. dollars at the rate of ¥133.5 to U.S. $1.00, the approximate exchange rate at March 31, 2023. The translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate.

2. Note on independent audit

   As stipulated in Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Company received an audit of its consolidated financial statements for the fiscal year ended March 31, 2023 (April 1, 2022–March 31, 2023) by KPMG AZSA LLC.

3. Special efforts to ensure fair presentation of consolidated financial statements, etc.

   The Company has taken remarkable efforts to ensure the fair presentation of its consolidated financial statements, etc. Concrete efforts include joining the Financial Accounting Standards Foundation and participating in seminars in order to properly ascertain the details of accounting standards and other items and create a system that makes it possible to appropriately respond to changes in accounting standards and other items.

4. Summary of significant accounting policies

   a. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements – Under Accounting Standards Board of Japan (“ASBJ”) Practical Issues Task Force (“PITF”) No. 18, Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements, the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards (“IFRS”) or generally accepted accounting principles in the United States of America (Financial Accounting Standards Board Accounting Standards Codification) tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (e) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument when a foreign subsidiary elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

   b. Business Combinations – Business combinations are accounted for using the purchase method. Acquisition related costs, such as advisory fees and professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of a non-controlling interest is adjusted to reflect a change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the non-controlling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

1. Consolidated Financial Statements and Other Information

(1) Consolidated Financial Statements

(i) Consolidated Balance Sheets

		(Millions of yen)			(Thousands of U.S. dollars)	
	As of March 31, 2023		As of March 31, 2022		As of March 31, 2023	
	Amount		Amount		Amount	
Assets						
Current assets						
Cash and deposits	*4	36,272	*4	25,855	*4	271,700
Notes and accounts receivable - trade, and contract assets	*2, *4	97,591	*2, *4	85,399	*2, *4	731,019
Electronically recorded monetary claims - operating		6,855		7,163		51,348
Merchandise and finished goods	*4	60,127	*4	54,986	*4	450,390
Work in process		21,848	*4	19,236		163,655
Raw materials and supplies	*4	28,094	*4	18,828	*4	210,442
Other		15,722		15,249		117,768
Allowance for doubtful accounts		(387)		(418)		(2,899)
Total current assets		266,125		226,300		1,993,446
Non-current assets						
Property, plant and equipment						
Buildings and structures, net	*4, *9	60,135	*4, *9	56,279	*4, *9	450,449
Machinery, equipment and vehicles, net	*4, *9	51,036	*4, *9	37,108	*4, *9	382,292
Land	*8	28,390	*8	23,335	*8	212,659
Leased assets, net		222		284		1,663
Right-of-use assets, net		7,946		5,398		59,521
Construction in progress		10,985		15,315		82,285
Other, net	*4, *9	6,326	*9	5,284	*4, *9	47,386
Total property, plant and equipment	*1	165,043	*1	143,007	*1	1,236,277
Intangible assets						
Goodwill		1,233		–		9,236
Leased assets		673		825		5,041
Other		3,333	*4	2,069		24,966
Total intangible assets		5,240		2,894		39,251
Investments and other assets						
Investment securities	*5	63,254	*5	66,319	*5	473,813
Investments in capital	*5	839	*5	940	*5	6,285
Long-term loans receivable		1,076		1,116		8,060
Retirement benefit asset		31,894		32,954		238,906
Deferred tax assets		2,077		2,338		15,558
Lease receivables		2,694		2,635		20,180
Other		2,977		2,538		22,300
Allowance for doubtful accounts		(344)		(322)		(2,577)
Total investments and other assets		104,470		108,520		782,547
Total non-current assets		274,754		254,423		2,058,082
Deferred assets						
Bond issuance costs		26		39		195
Total deferred assets		26		39		195

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2023	As of March 31, 2022	As of March 31, 2023
	Amount	Amount	Amount
Total assets	540,906	480,763	4,051,730

	(Millions of yen)				(Thousands of U.S. dollars)	
		As of March 31, 2023		As of March 31, 2022		As of March 31, 2023
		Amount		Amount		Amount
Liabilities						
Current liabilities						
Notes and accounts payable - trade		51,691		44,174		387,199
Electronically recorded obligations - operating		25,327		19,861		189,715
Short-term borrowings	*4	42,318	*4	18,782	*4	316,989
Commercial papers		–		2,000		–
Current portion of bonds payable		10,000		–		74,906
Accounts payable - other		14,225		12,041		106,554
Income taxes payable		4,081		2,857		30,569
Notes payable - facilities		192		274		1,438
Electronically recorded obligations - facilities		3,539		6,821		26,509
Provision for bonuses for directors (and other officers)		120		120		899
Other	*3	23,816	*3	22,444	*3	178,397
Total current liabilities		175,312		129,376		1,313,199
Non-current liabilities						
Bonds payable		10,000		20,000		74,906
Long-term borrowings		41,357		41,696		309,790
Lease liabilities		8,510		6,100		63,745
Deferred tax liabilities		20,474		19,910		153,363
Deferred tax liabilities for land revaluation	*8	777	*8	928	*8	5,820
Provision for retirement benefits for directors (and other officers)		78		67		584
Retirement benefit liability		5,372		4,892		40,240
Other		8,133		7,852		60,921
Total non-current liabilities		94,704		101,447		709,393
Total liabilities		270,016		230,824		2,022,592
Net assets						
Shareholders' equity						
Share capital		33,021		33,021		247,348
Capital surplus		53,201		55,292		398,509
Retained earnings		103,503		93,661		775,303
Treasury shares		(321)		(351)		(2,404)
Total shareholders' equity		189,404		181,623		1,418,757
Accumulated other comprehensive income						
Valuation difference on available-for-sale securities		14,173		16,180		106,165

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2023	As of March 31, 2022	As of March 31, 2023
	Amount	Amount	Amount
Deferred gains or losses on hedges	(450)	(794)	(3,371)
Revaluation reserve for land	*8 1,794	*8 2,137	*8 13,438
Foreign currency translation adjustment	18,727	7,163	140,277
Remeasurements of defined benefit plans	7,026	8,922	52,629
Total accumulated other comprehensive income	41,272	33,609	309,154
Non-controlling interests	40,213	34,705	301,221
Total net assets	270,890	249,938	2,029,139
Total liabilities and net assets	540,906	480,763	4,051,730

(ii) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

	(Millions of yen)				(Thousands of U.S. dollars)	
	Year ended March 31, 2023		Year ended March 31, 2022		Year ended March 31, 2023	
	Amount		Amount		Amount	
Net sales	*1	517,735	*1	432,133	*1	3,878,165
Cost of sales	*3	404,506	*3	335,359	*3	3,030,007
Gross profit		113,228		96,773		848,150
Selling, general and administrative expenses	*2, *3	81,728	*2, *3	74,108	*2, *3	612,195
Operating profit		31,500		22,664		235,955
Non-operating income						
Interest income		390		198		2,921
Dividend income		634		483		4,749
Share of profit of entities accounted for using equity method		–		2,590		–
Gain on net monetary position		585		–		4,382
Other		746		722		5,588
Total non-operating income		2,357		3,995		17,655
Non-operating expenses						
Interest expenses		3,295		946		24,682
Share of loss of entities accounted for using equity method		2,832		–		21,213
Foreign exchange losses		1,677		103		12,562
Equipment relocation expenses		–		227		–
Other		1,837		698		13,760
Total non-operating expenses		9,643		1,976		72,232
Ordinary profit		24,213		24,684		181,371
Extraordinary income						
Gain on sale of non-current assets	*4	2,876	*4	668	*4	21,543
Gain on sale of investment securities		2,185		116		16,367
Insurance claim income		43		–		322
Gain on receipt of national subsidies		352		–		2,637
Gain on step acquisitions		1,010		–		7,566
Gain on liquidation of subsidiaries		473		–		3,543
Gain on bargain purchase		–		710		–
Gain on sale of investments in capital of subsidiaries		–		547		–
Gain on reversal of loss on liquidation of subsidiaries and associates		–		325		–
Other		–		5		–
Total extraordinary income		6,941		2,372		51,993
Extraordinary losses						
Loss on retirement of non-current assets	*5	576	*5	715	*5	4,315
Loss on sale of non-current assets	*6	14	*6	47	*6	105
Loss on tax purpose reduction entry of non-current assets		384		–		2,876
Impairment losses	*7	2,912	*7	5,779	*7	21,813
Loss on business liquidation of subsidiaries and associates		113		–		846

	(Millions of yen)		(Thousands of U.S. dollars)
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023
	Amount	Amount	Amount
Loss on valuation of investment securities	–	28	–
Factory relocation expenses	–	1,239	–
Other	18	–	135
Total extraordinary losses	4,018	7,810	30,097
Profit before income taxes	27,137	19,246	203,273
Income taxes - current	7,571	5,583	56,712
Income taxes - deferred	1,027	1,066	7,693
Total income taxes	8,599	6,650	64,412
Profit	18,537	12,595	138,854
Profit attributable to non-controlling interests	4,611	4,127	34,539
Profit attributable to owners of parent	13,925	8,468	104,307

Consolidated Statements of Comprehensive Income

	(Millions of yen)		(Thousands of U.S. dollars)
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023
	Amount	Amount	Amount
Profit	18,537	12,595	138,854
Other comprehensive income			
Valuation difference on available-for-sale securities	(2,009)	(1,016)	(15,049)
Deferred gains or losses on hedges	3	22	22
Foreign currency translation adjustment	8,547	6,825	64,022
Remeasurements of defined benefit plans, net of tax	(1,901)	5,822	(14,240)
Share of other comprehensive income of entities accounted for using equity method	2,412	796	18,067
Total other comprehensive income	* 7,052	* 12,451	* 52,824
Comprehensive income	25,590	25,047	191,685
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	19,912	19,369	149,154
Comprehensive income attributable to non-controlling interests	5,678	5,678	42,532

(iii) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	33,021	55,292	93,661	(351)	181,623
Hyperinflation adjustment			(401)		(401)
Beginning balance reflecting hyperinflation adjustments	33,021	55,292	93,259	(351)	181,222
Changes during period					
Dividends of surplus			(4,025)		(4,025)
Profit attributable to owners of parent			13,925		13,925
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		(0)		32	32
Transfer from retained earnings to capital surplus		0	(0)		–
Purchase of investments in capital of consolidated subsidiaries		(2,091)			(2,091)
Reversal of revaluation reserve for land			342		342
Net changes in items other than shareholders' equity					–
Total changes during period	–	(2,091)	10,243	30	8,182
Balance at end of period	33,021	53,201	103,503	(321)	189,404

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	16,180	(794)	2,137	7,163	8,922	33,609	34,705	249,938
Hyperinflation adjustment				2,019		2,019		1,617
Beginning balance reflecting hyperinflation adjustments	16,180	(794)	2,137	9,182	8,922	35,628	34,705	251,556
Changes during period								
Dividends of surplus								(4,025)
Profit attributable to owners of parent								13,925
Purchase of treasury shares								(2)
Disposal of treasury shares								32
Transfer from retained earnings to capital surplus								–
Purchase of investments in capital of consolidated subsidiaries								(2,091)
Reversal of revaluation reserve for land								342
Net changes in items other than shareholders' equity	(2,006)	343	(342)	9,544	(1,895)	5,643	5,507	11,151
Total changes during period	(2,006)	343	(342)	9,544	(1,895)	5,643	5,507	19,333
Balance at end of period	14,173	(450)	1,794	18,727	7,026	41,272	40,213	270,890

Year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	33,021	55,301	95,869	(4,654)	179,537
Cumulative effects of changes in accounting policies			(643)		(643)
Restated balance at beginning of period	33,021	55,301	95,225	(4,654)	178,893
Changes during period					
Dividends of surplus			(5,241)		(5,241)
Profit attributable to owners of parent			8,468		8,468
Purchase of treasury shares				(503)	(503)
Disposal of treasury shares		0		6	6
Cancellation of treasury shares		(4,799)		4,799	–
Transfer from retained earnings to capital surplus		4,791	(4,791)		–
Net changes in items other than shareholders' equity					–
Total changes during period	–	(8)	(1,564)	4,302	2,729
Balance at end of period	33,021	55,292	93,661	(351)	181,623

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	17,171	(115)	2,137	417	3,098	22,708	32,324	234,570
Cumulative effects of changes in accounting policies						–		(643)
Restated balance at beginning of period	17,171	(115)	2,137	417	3,098	22,708	32,324	233,927
Changes during period								
Dividends of surplus								(5,241)
Profit attributable to owners of parent								8,468
Purchase of treasury shares								(503)
Disposal of treasury shares								6
Cancellation of treasury shares								–
Transfer from retained earnings to capital surplus								–
Net changes in items other than shareholders' equity	(990)	(678)		6,746	5,823	10,901	2,380	13,281
Total changes during period	(990)	(678)	–	6,746	5,823	10,901	2,380	16,011
Balance at end of period	16,180	(794)	2,137	7,163	8,922	33,609	34,705	249,938

Year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Thousands of U.S. dollars)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	247,348	414,172	701,581	(2,629)	1,360,472
Hyperinflation adjustment			(3,004)		(3,004)
Beginning balance reflecting hyperinflation adjustments	247,348	414,172	698,569	(2,629)	1,357,468
Changes during period					
Dividends of surplus			(30,150)		(30,150)
Profit attributable to owners of parent			104,307		104,307
Purchase of treasury shares				(15)	(15)
Disposal of treasury shares		(0)		240	240
Transfer from retained earnings to capital surplus		0	(0)		–
Purchase of investments in capital of consolidated subsidiaries		(15,663)			(15,663)
Reversal of revaluation reserve for land			2,562		2,562
Net changes in items other than shareholders' equity					–
Total changes during period	–	(15,663)	76,727	225	61,288
Balance at end of period	247,348	398,509	775,303	(2,404)	1,418,757

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	121,199	(5,948)	16,007	53,655	66,831	251,753	259,963	1,872,195
Hyperinflation adjustment				15,124		15,124		12,112
Beginning balance reflecting hyperinflation adjustments	121,199	(5,948)	16,007	68,779	66,831	266,876	259,963	1,884,315
Changes during period								
Dividends of surplus								(30,150)
Profit attributable to owners of parent								104,307
Purchase of treasury shares								(15)
Disposal of treasury shares								240
Transfer from retained earnings to capital surplus								–
Purchase of investments in capital of consolidated subsidiaries								(15,663)
Reversal of revaluation reserve for land								2,562
Net changes in items other than shareholders' equity	(15,026)	2,569	(2,562)	71,491	(14,195)	42,270	41,251	83,528
Total changes during period	(15,026)	2,569	(2,562)	71,491	(14,195)	42,270	41,251	144,816
Balance at end of period	106,165	(3,371)	13,438	140,277	52,629	309,154	301,221	2,029,139

(iv) Consolidated Statements of Cash Flows

	(Millions of yen)		(Thousands of U.S. dollars)
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023
	Amount	Amount	Amount
Cash flows from operating activities			
Profit before income taxes	27,137	19,246	203,273
Depreciation	20,954	18,207	156,959
Impairment losses	2,912	5,779	21,813
Amortization of goodwill	308	659	2,307
Loss (gain) on valuation of investment securities	–	28	–
Loss (gain) on sale of investment securities	(2,185)	(116)	(16,367)
Gain on sale of investments in capital of subsidiaries	–	(547)	–
Loss (gain) on liquidation of subsidiaries	(473)	–	(3,543)
Increase (decrease) in allowance for doubtful accounts	(16)	40	(120)
Increase (decrease) in retirement benefit liability	(1,477)	(86)	(11,064)
Interest and dividend income	(1,024)	(681)	(7,670)
Interest expenses	3,295	946	24,682
Foreign exchange losses (gains)	433	(956)	3,243
Loss (gain) on sale of non-current assets	(2,862)	(621)	(21,438)
Loss on retirement of non-current assets	576	715	4,315
Gain on bargain purchase	–	(710)	–
Factory relocation expenses	–	1,239	–
Loss on tax purpose reduction entry of non-current assets	384	–	2,876
Gain on receipt of national subsidies	(352)	–	(2,637)
Share of loss (profit) of entities accounted for using equity method	2,832	(2,590)	21,213
Gain on net monetary position	(585)	–	(4,382)
Loss (gain) on step acquisitions	(1,010)	–	(7,566)
Decrease (increase) in trade receivables and contract assets	(5,378)	(5,579)	(40,285)
Increase (decrease) in contract liabilities	73	740	547
Decrease (increase) in inventories	(10,857)	(18,794)	(81,326)
Increase (decrease) in trade payables	2,934	7,597	21,978
Other, net	(139)	(2,658)	(1,041)
Subtotal	35,478	21,856	265,753
Interest and dividends received	1,912	1,524	14,322
Interest paid	(3,295)	(946)	(24,682)
Factory relocation expenses paid	–	(237)	–
Income taxes paid	(5,764)	(9,318)	(43,176)
Net cash provided by (used in) operating activities	28,330	12,879	212,210

	(Millions of yen)		(Thousands of U.S. dollars)
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023
	Amount	Amount	Amount
Cash flows from investing activities			
Purchase of property, plant and equipment	(30,928)	(27,024)	(231,670)
Proceeds from sale of property, plant and equipment	4,050	706	30,337
Purchase of intangible assets	(623)	(143)	(4,667)
Purchase of investment securities	(2)	(2)	(15)
Proceeds from sale of investment securities	2,926	149	21,918
Purchase of shares of subsidiaries resulting in change in scope of consolidation	*2 (447)	*2 (2,819)	*2 (3,348)
Payments for investments in capital of subsidiaries and associates	(1,560)	–	(11,685)
Purchase of shares of subsidiaries and associates	–	(150)	–
Subsidies received	352	–	2,637
Loan advances	(5)	(480)	(37)
Proceeds from collection of loans receivable	77	185	577
Other, net	(405)	(624)	(3,034)
Net cash provided by (used in) investing activities	(26,567)	(30,204)	(199,004)
Cash flows from financing activities			
Increase (decrease) in short-term borrowings and commercial papers	13,516	10,657	101,243
Proceeds from long-term borrowings	10,774	12,365	80,704
Repayments of long-term borrowings	(3,857)	(7,481)	(28,891)
Purchase of treasury shares	(2)	(503)	(15)
Proceeds from disposal of treasury shares	32	6	240
Dividends paid	(4,025)	(5,241)	(30,150)
Dividends paid to non-controlling interests	(4,366)	(3,271)	(32,704)
Purchase of investments in capital of subsidiaries not resulting in change in scope of consolidation	(2,230)	–	(16,704)
Other, net	(1,014)	(1,328)	(7,596)
Net cash provided by (used in) financing activities	8,826	5,203	66,112
Effect of exchange rate change on cash and cash equivalents	692	2,159	5,184
Adjustment for hyperinflation	(1,099)	–	(8,232)
Net increase (decrease) in cash and cash equivalents	10,182	(9,962)	76,270
Cash and cash equivalents at beginning of period	25,845	35,807	193,596
Cash and cash equivalents at end of period	*1 36,027	*1 25,845	*1 269,865

Notes

Basis of preparation of consolidated financial statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: Fifty-three (53) companies

In the fiscal year ended March 31, 2023, following the additional acquisition of shares in İnci GS Yuasa Akü Sanayi ve Ticaret Anonim Şirketi and the company's subsequent consolidation as a subsidiary, it was included in the scope of consolidation.

In addition, YTTL International Holding Ltd., which was a consolidated subsidiary, was liquidated, and was therefore excluded from the scope of consolidation.

(2) Number of non-consolidated subsidiaries: Five (5) companies

The main non-consolidated subsidiary is GS Yuasa Chuo Sales Ltd.

These non-consolidated subsidiaries are small in scale and their operations have no material impact on the consolidated financial statements in terms of total assets, net sales, profit/loss (amounts attributable to the equity) and retained earnings (amounts attributable to the equity) and are therefore excluded from the scope of consolidation.

2. Application of the equity method

(1) Number of non-consolidated subsidiaries and associates accounted for using the equity method: Twelve (12) companies

Following the acquisition of additional shares in İnci GS Yuasa Akü Sanayi ve Ticaret Anonim Şirketi and the company's subsequent consolidation as a subsidiary, it was excluded from the scope of application of the equity method.

(2) Five (5) non-consolidated subsidiaries and five (5) associates are not accounted for under the equity method because they are insignificant in terms of their impact on the Company's consolidated profit/loss (amounts attributable to the equity) and consolidated retained earnings (amounts attributable to the equity), as well as in terms of their importance to the Group.

(3) For companies accounted for by the equity method with fiscal year-end dates that differ from the consolidated fiscal year-end date, the financial statements that were closed at their fiscal year-end dates or provisionally closed at the consolidated fiscal year-end date were used for consolidation.

3. Fiscal year-end date of consolidated subsidiaries and related matters

The fiscal year-end date for Yuasa Battery (Thailand) Pub. Co., Ltd. is December 31. Consolidated financial statements were prepared using its financial statements as of its fiscal year-end date instead of using its financial statements provisionally closed at the consolidated fiscal year-end date. However, for important transactions that took place between the fiscal year-end date of this company and the consolidated year-end date, adjustments necessary for consolidation were performed.

4. Accounting policies

(1) Valuation standards and methods for principal assets

(i) Securities

a Subsidiaries' and associates' shares

The moving-average method is used.

b Available-for-sale securities

Marketable securities:

Marketable securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported as a separate component of net assets. The cost of securities sold is determined based on the moving average method.

Non-marketable securities:

The moving-average method is used.

(ii) Derivatives

Derivatives are measured at fair value.

(iii) Inventories

Merchandise and finished goods, work in process, raw materials and supplies:

Inventories are principally stated at the lower of cost, determined by the average method, or net realizable value.

(2) Depreciation/amortization of principal non-current assets

(i) Property, plant and equipment (except for leased assets)

The straight-line method is used.

Assets held by the Company or its domestic consolidated subsidiaries with an acquisition price of ¥100 thousand or more and less than ¥200 thousand are depreciated using the straight-line method over three years.

The principal useful lives are as follows.

Buildings and structures:	5 to 50 years
Machinery, equipment and vehicles:	2 to 18 years

(ii) Intangible assets (except for leased assets)

The straight-line method is used.

(iii) Leased assets

Finance leases for which ownership of the leased assets does not transfer to the lessees, these assets are depreciated using the straight-line method with the lease term as the useful life and assuming no residual value.

(iv) Right-of-use assets

The straight-line method is used based on the lease term.

(3) Amortization method for deferred assets

Bond issuance costs are amortized with the straight-line method over the bond redemption period (5 and 10 years) in accordance with ASBJ PITF No. 19, Tentative Solution on Accounting for Deferred Assets, which was issued by the ASBJ in August 2006.

(4) Accounting standards for principal provisions and allowances

(i) Allowance for doubtful accounts

The Company and its domestic consolidated subsidiaries provide allowances for the amount not expected to be recovered from doubtful receivables based on the historical loan-loss ratio. For loans and receivables requiring special attention, an allowance is provided for the estimated uncollectible amounts after reviewing the collectability of receivables individually. Foreign consolidated subsidiaries provide allowances for doubtful accounts estimated mainly through the analysis of individual receivables.

(ii) Provision for bonuses for directors (and other officers)

To prepare for the payment of bonuses to directors, a provision is recorded based on the amount expected to be paid.

(iii) Provision for retirement benefits for directors (and other officers)

To prepare for the payment of retirement benefits for directors and executive officers, the necessary amount at the end of the fiscal year is recorded in accordance with internal regulations of certain consolidated subsidiaries.

(5) Accounting treatment for retirement benefits

To prepare for the payment of employee retirement benefits, retirement benefit liability was recorded in the amount calculated by subtracting the value of plan assets from the amount of retirement benefit obligations estimated on March 31, 2023.

(i) The method for attributing expected pension benefits to periods of employee service

For the calculation of retirement benefit obligations, a benefit formula is applied to attribute expected pension benefits for the period up to the end of the fiscal year under review (March 31, 2023).

(ii) Actuarial gains or losses and past service cost

The amounts of retirement benefit plans of some subsidiaries with an established retirement benefits trust are recorded to expenses.

Past service cost is amortized using mainly the straight-line method over a certain number of years (14 years), which is within the average remaining service periods of employees at the time when the service cost was incurred.

Actuarial gains or losses are amortized from the fiscal year that starts after the accrual of the gains or losses using the straight-line method over a certain number of years (mainly 9 to 14 years) within the average remaining service periods of the employees who will receive the benefits.

Unrecognized actuarial gains or losses and unrecognized past service cost are recorded in accumulated other comprehensive income of the net assets under the account “remeasurements of defined benefit plans” after being adjusted with tax effects.

(6) Standards for recognition of principal revenues and expenses

The details of the main performance obligations related to revenues from contracts with customers of the Company and its consolidated subsidiaries and the timing when the Company typically satisfies its performance obligations (typical timing of revenue recognition), etc., are as follows.

Consideration for these performance obligations is received within approximately one year after they are satisfied, and does not include any significant financial component.

(i) Sale of goods and products

The main business of the Company and its consolidated subsidiaries is the manufacture and sale of batteries, power supplies, lighting equipment and other battery and electrical equipment. The Company recognizes revenue from the sale of such merchandise and finished goods once its obligations have been satisfied and control has been transferred to the customer. As a rule, this is at the point in time at which the merchandise and finished goods have been delivered or at the point in time as specified in International Commercial Terms. The Company recognizes revenue upon shipment for domestic transactions when control over the finished goods is transferred to customers in a typical period after the shipment, in line with Paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition.

Sales contracts for batteries and other items include variable consideration because they are sold with discounts based on the sales volume. When selling with a discount, the transaction price is calculated by deducting the estimated amount of the discount, etc., from the consideration promised with the customer in the contract.

(ii) Provision of services

The Company and its consolidated subsidiaries provide services, such as work related to the installation of batteries and power supplies. With regard to such installation work, etc., the performance obligation is considered to be satisfied when the provision of services is completed, and revenue is recognized at that time.

Batteries, equipment, etc., and contract work, etc., are usually sold together. For transactions in which delivery and installation work are identified as separate performance obligations, transaction prices are allocated to each performance obligation by using the observable prices such as the contractually stated price or the stand-alone selling price estimated by the sum of the expected cost of the finished goods plus an appropriate margin.

(7) Standards for translating principal assets or liabilities denominated in foreign currencies into Japanese yen

Foreign currency denominated receivables and payables are translated into Japanese yen at the spot rate prevailing on the consolidated balance sheet date. Foreign exchange gains or losses are recorded on the statement of income. The assets and liabilities of foreign consolidated subsidiaries are also translated into Japanese yen at the spot rate prevailing on the balance sheet date, while their revenues and expenses are translated into Japanese yen at the average rate for the period. Any translation gains or losses are recorded in the net assets under the account "foreign currency translation adjustment" and "non-controlling interests."

However, revenues and expenses of subsidiaries operating in hyperinflationary economies are translated into Japanese yen at the spot rate prevailing on the consolidated balance sheet date, as hyperinflationary accounting will be applied.

(8) Significant hedge accounting

(i) Hedge accounting method

If derivatives used for hedging purposes qualify for hedge accounting because of the high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on those derivatives are deferred until the maturity of the hedged transactions. When a foreign exchange forward contract meets certain conditions, the hedged item is stated at the forward exchange contract rate. Interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense (a specific accounting method).

(ii) Hedging instruments and hedged items

Hedging instruments:	Interest rate swaps, foreign exchange forward contracts, commodity price swaps, and foreign currency swaps
Hedged items:	Interest on borrowings, foreign currency denominated receivables and payables, and trade payables

(iii) Hedging policy

a In accordance with internal rules, the Company utilizes interest rate swaps whose notional amounts, conditions for receiving and paying interests, and contract terms, etc. match those of the hedged items, as hedging instruments in order to reduce the risk of interest rate fluctuations.

b The Company utilizes foreign exchange forward contracts and foreign currency swap contracts with an aim to reduce the risks associated with future foreign exchange rate fluctuations against import/export transactions and foreign currency denominated debt that are conducted or incurred in the ordinary course of business.

c The Company utilizes commodity price swaps to reduce price fluctuation risks for lead, etc., the principal raw material for its business.

(iv) Method for evaluating hedge effectiveness

The Company evaluates hedge effectiveness by comparing the accumulated change in market values of the hedging instrument and of the hedged item over the period from the inception of the hedging relationship to the time for evaluation. For interest rate swaps which adopt a specific accounting method, evaluation of hedge effectiveness is omitted.

(9) Amortization method and period for goodwill

Goodwill is amortized on a straight-line basis over a period of five years.

(10) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits able to be withdrawn on demand, and short-term investments with maturities of three months or less at the date of acquisition that represent a minor risk of fluctuation in value.

(11) Research and Development Expenses

Research and development expenses are charged to income as incurred.

(12) Increases/Decreases and Transfer of Common Stock, Reserve, and Surplus

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as capital stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus. The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

(13) Other important information on preparation of the Consolidated Financial Statements

Accounting procedures in hyperinflationary economies

During the fiscal year ended March 31, 2023, since the cumulative three-year inflation rate in Turkey exceeded 100%, the GS Yuasa Group determined that its subsidiary in Turkey, whose functional currency is the Turkish lira, is operating in a hyperinflationary economy. Therefore, the GS Yuasa Group has made accounting adjustments to the financial statements of its Turkish subsidiary in accordance with the requirements set forth in IAS 29 “Financial Reporting in Hyperinflationary Economies.” IAS 29 requires that the financial statements of subsidiaries in a hyperinflationary economy be restated by applying the unit of measurement as of the end of the reporting period before inclusion in the consolidated financial statements. The Group uses conversion factors calculated from the Consumer Price Index (CPI) of Turkey published by the Turkish Statistical Institute (TURKSTAT) for the purpose of adjusting the financial statements of its subsidiary in Turkey. For the subsidiary in Turkey, non-monetary items such as property, plant, and equipment presented at cost are adjusted using conversion factors based on the acquisition date or the reevaluation date. Monetary and non-monetary items presented at current cost are not adjusted, since they are considered to be presented in the unit of measurement as of the end of the reporting period. The effect of inflation on net monetary items is presented in non-operating income/expense in the consolidated statements of income. The financial statements of the Turkish subsidiary are translated into Japanese yen at the spot rate prevailing on the consolidated balance sheet date and reflected in the consolidated financial statements of the GS Yuasa Group.

In line with this, the cumulative effect of retrospective application of this accounting standard was a decrease of ¥401 million (US$3,004 thousand) in the beginning balance of retained earnings and an increase of ¥2,019 million (US$15,124 thousand) in the beginning balance of foreign currency translation adjustments for the fiscal year ended March 31, 2023.

Significant accounting estimates

Valuation of non-current assets

(1) Amount recorded on consolidated financial statements for the current fiscal year

	(Millions of yen)		(Thousands of U.S. dollars)
	Current fiscal year	Previous fiscal year	Current fiscal year
Property, plant and equipment	165,043	143,007	1,236,277
Intangible assets	5,240	2,894	39,251
Impairment losses	2,912	5,779	21,813

(2) Information on the nature of significant accounting estimates for identified items

(i) Method in making the accounting estimates

The Group applies Japanese accounting standards for Japanese bases and International Financial Reporting Standards, etc., for overseas bases in line with Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc., for Consolidated Financial Statements (PITF No. 18).

When considering impairment losses on non-current assets, for assets used for business, the assets are grouped based on a unit such as a business category used for managerial accounting, the smallest unit that generates an independent cash flow. Real estate for rent and idle assets are grouped individually.

The Company assesses whether there is any indication that non-current assets may be impaired at the end of the current fiscal year. An indication of impairment is determined if operating profit or loss will result in continued loss, there is a prominent deterioration in the business environment, and there is a prominent decline in the market value of non-current assets, etc. However, when new businesses are launched, if a rational business plan is formulated, and from the beginning, it is projected that sales activities will result in sustained losses, this is not an indication of impairment unless actual losses are dramatically greater than the projected losses in the business plan.

Asset groups are tested for impairment when there is an indication that an asset may be impaired. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. The recoverable amount is the higher of the asset's value in use and net realizable value (for Japanese accounting standards) or the asset's fair value less costs of disposal (for International Financial Reporting Standards). When calculating the value in use, there are certain assumptions regarding future cash flows, discount rate, etc.

(ii) Key assumptions used in accounting estimates

The business plan and other items used to determine indications of impairment and calculate the value in use are based on forecasts of sales and sales expense, etc., that take into consideration sales volume and unit selling price projections and other items. The discount rate used to calculate value in use is based on the weighted average cost of capital.

Furthermore, the net realizable value or the asset's fair value less costs of disposal used to recognize and measure impairment losses is based on the roadside price, appraisal value obtained from an external asset appraisal expert, and other items.

(iii) Impact on the consolidated financial statements for the following fiscal year

Indications of impairment of non-current assets and recognition and measurements of impairment losses are based on management's best estimates, but there is the uncertainty in management's assumptions and judgments. If future stricter environmental regulations, the impact on the market environment of fiercer price competition with rivals in the same industry, or other developments result in significant changes in the assumptions and conditions incorporated into business plans, appraisal values, and other items that are part of the assumptions used for estimates, this could have a significant impact on the valuation of non-current assets in the following fiscal year.

Changes in accounting policies

Application of Implementation Guidance on Accounting Standard for Fair Value Measurement

The Company has applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereinafter "Implementation Guidance No. 31") from the beginning of the fiscal year ended March 31, 2023, and in accordance with the transitional measures set forth in paragraph 27-2 of Implementation Guidance No. 31, the new accounting policy stipulated in Implementation Guidance No. 31 shall be applied going forward.

The application of the above policy has no material impact on the consolidated financial statements.

Accounting standards issued but not yet applied

Accounting Standard for Current Income Taxes, etc.

・Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022)

・Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, October 28, 2022)

・Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022)

(1) Overview

The Accounting Standard for Current Income Taxes and relevant ASBJ regulations stipulate the categories for calculation of income taxes when levied on other comprehensive income and the treatment of tax effects related to the sale of shares of subsidiaries, etc. when the group income tax system is applied.

(2) Scheduled date of application

These accounting standards and relevant ASBJ regulations will be applied from the beginning of the fiscal year ending March 31, 2025.

(3) Effects of application of the accounting standards, etc.

The effects of applying the Accounting Standard for Current Income Taxes and relevant ASBJ regulations on the consolidated financial statements are currently under evaluation.

Additional information

Accounting estimates related to COVID-19

The Group conducts impairment accounting for fixed assets based on the information available at the time the financial statements are prepared. It is difficult to reasonably predict the future impact of COVID-19 on our business at this time. However, with the progress made in reconciling measures to counter COVID-19 with social and economic activities, economic activities are gradually recovering. Therefore, we are considering accounting estimates etc., on the assumption that the impact on sales of new cars, including electric vehicles in Japan and overseas, will be limited.

Since there are many uncertainties regarding the impact of COVID-19, future changes in the situation may affect the financial position and operating results of the Group.

Consolidated balance sheet

*1. Accumulated depreciation of property, plant and equipment was as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2023	As of March 31, 2022	As of March 31, 2023
Accumulated depreciation of property, plant and equipment	261,327	242,531	1,957,506

*2. Notes and accounts receivable - trade and contract assets that are receivables or contract assets arising from contracts with customers were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2023	As of March 31, 2022	As of March 31, 2023
Notes receivable - trade	4,287	4,385	32,112
Accounts receivable - trade	87,393	74,638	654,629
Contract assets	5,911	6,375	44,277

*3. Other current liabilities that are contract liabilities were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2023	As of March 31, 2022	As of March 31, 2023
Contract liabilities	2,176	2,181	16,300

*4. Assets pledged as collateral and secured liabilities

Assets pledged as collateral were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2023	As of March 31, 2022	As of March 31, 2023
Cash and deposits	69	305	517
Accounts receivable - trade	847	989	6,345
Merchandise and finished goods	681	730	5,101
Work in process	–	43	–
Raw materials and supplies	9	184	67
Buildings and structures	70	70	524
Machinery, equipment and vehicles	15	85	112
Other property, plant and equipment	47	–	352
Other intangible assets	–	3	–
Total	1,740	2,413	13,034

Secured liabilities were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2023	As of March 31, 2022	As of March 31, 2023
Short-term borrowings	727	1,006	5,446
Total	727	1,006	5,446

*5. Items related to unconsolidated subsidiaries and associates were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2023	As of March 31, 2022	As of March 31, 2023
Investment securities (stocks)	38,125	37,704	285,581
[of which is investment in jointly controlled entities]	[233]	[3,630]	[1,745]
Investments in capital	693	770	5,191

6. Guarantee obligations

Guarantee obligations for affiliates' borrowings from banks, etc., were as follows:

(Millions of yen)

As of March 31, 2023		As of March 31, 2022	
Tianjin Toho Lead Recycling Co., Ltd.	706	Tianjin Toho Lead Recycling Co., Ltd.	1,014
Total	706	Total	1,014

(Thousands of U.S. dollars)

As of March 31, 2023	
Tianjin Toho Lead Recycling Co., Ltd.	5,288
Total	5,288

7. Trade notes receivable endorsed

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2023	As of March 31, 2022	As of March 31, 2023
Trade notes receivable endorsed	1,841	1,845	13,790

*8. Land revaluation

Land used for business by some consolidated subsidiaries was revaluated, and the difference in land revaluation was recorded under net assets based on the Act on Revaluation of Land (Act No. 34 of 1998).

(1) Date of revaluation: March 31, 2002

(2) Revaluation method

Revaluation is calculated by making rational adjustments to the "price recorded in the land tax ledger of Article 341, Item 10 of the Local Tax Act or Item 11 of the supplementary land tax ledger of the same article," stipulated in Article 2, Paragraph 3 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119 of 1998).

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2023	As of March 31, 2022	As of March 31, 2023
Difference between the fair value of revalued land at the end of the fiscal year and the post-revaluation carrying amount	(249)	(1,130)	(1,865)

*9. Tax purpose reduction entry deducted from the purchase price because national subsidies were received

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2023	As of March 31, 2022	As of March 31, 2023
Buildings and structures	1,077	1,018	8,067
Machinery, equipment and vehicles	7,659	7,374	57,371
Other	42	35	315

Consolidated statements of income

*1. Revenue from contracts with customers

The revenue from contracts with customers and other revenue are not separately presented at the net sales. The amount of revenue from contracts with customers is provided in Note "Revenue Recognition 1. Disaggregation of revenue from contracts with customers."

*2. Main selling, general and administrative expense items were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023
Packing and freight expenses	12,280	11,502	91,985
Employee salaries and bonuses	24,433	22,068	183,019
Welfare expenses	4,007	3,608	30,015
Retirement benefit expenses	521	1,049	3,903
Rent expenses on real estate	1,072	974	8,030
Depreciation	3,252	2,963	24,360
Research and development expenses	10,526	9,299	78,846

*3. Total research and development expenses included in general and administrative expenses and manufacturing costs for the period

(Millions of yen)		(Thousands of U.S. dollars)
Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023
12,622	12,383	94,547

*4. Breakdown of gain on sale of non-current assets is as follows:

(Millions of yen)

Year ended March 31, 2023		Year ended March 31, 2022	
Buildings and structures	1,249	Buildings and structures	608
Machinery, equipment and vehicles	18	Machinery, equipment and vehicles	43
Land	1,602	Land	–
Other	7	Other	16
Total	2,876	Total	668

(Thousands of U.S. dollars)

Year ended March 31, 2023	
Buildings and structures	9,356
Machinery, equipment and vehicles	135
Land	12,000
Other	52
Total	21,543

*5. Breakdown of loss on retirement of non-current assets is as follows:

(Millions of yen)

Year ended March 31, 2023		Year ended March 31, 2022	
Buildings and structures	306	Buildings and structures	195
Machinery, equipment and vehicles	53	Machinery, equipment and vehicles	201
Other	216	Other	318
Total	576	Total	715

(Thousands of U.S. dollars)

Year ended March 31, 2023	
Buildings and structures	2,292
Machinery, equipment and vehicles	397
Other	1,618
Total	4,315

*6. Breakdown of loss on sale of non-current assets is as follows:

(Millions of yen)

Year ended March 31, 2023		Year ended March 31, 2022	
Buildings and structures	3	Buildings and structures	0
Machinery, equipment and vehicles	4	Machinery, equipment and vehicles	17
Other	6	Other	29
Total	14	Total	47

(Thousands of U.S. dollars)

Year ended March 31, 2023	
Buildings and structures	22
Machinery, equipment and vehicles	30
Other	45
Total	105

*7. Impairment losses

Year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

The Group recorded impairment losses on the following asset groups.

			(Millions of yen)	(Thousands of U.S. dollars)
Location	Use	Type	Impairment losses	Impairment losses
Ritto, Shiga, Japan	Production facilities, etc.	Buildings and structures	272	2,037
		Machinery, equipment and vehicles	1,264	9,468
		Tools, furniture and fixtures	1	7
		Construction in progress	80	599
		Intangible assets	0	0
		Total	1,619	12,127
Miskolc, Hungary	Production facilities, etc.	Buildings and structures	689	5,161
		Machinery, equipment and vehicles	351	2,629
		Tools, furniture and fixtures	20	150
		Land	10	75
		Construction in progress	84	629
		Intangible assets	136	1,019
		Total	1,293	9,685

Grouping method

Assets used for business are grouped based on a unit, such as business category, used for managerial accounting, the smallest unit that generates an independent cash flow.

Real estate for rent and idle assets are grouped individually.

Recognizing impairment losses and methods used to calculate recoverable value

The 12V lithium-ion batteries business (hereinafter referred to as the "12VLIB business") under the Automotive Lithium-ion Batteries segment comprised the two asset groups of the 12VLIB business under the lithium-ion batteries division of consolidated subsidiary GS Yuasa International Ltd. and GS Yuasa Hungary Ltd. As both asset groups have consistently recorded operating losses and have deviated significantly downward from the business plan formulated at the time of business launch, the Group judged there were indications of impairment, and decided to recognize and measure impairment losses. Therefore, the impairment test was performed and the carrying amount was reduced to the recoverable amount, and the resulting decrease in the carrying amount was recognized as an impairment loss under extraordinary losses.

The recoverable amount was measured as the asset's net realizable value (for Japanese accounting standards) or the asset's fair value less costs of disposal (for International Financial Reporting Standards) and was calculated using valuation expert.

Year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

The Group recorded impairment losses on the following asset groups.

(Millions of yen)

Location	Use	Type	Impairment losses
Tianjin, China Note 1	Production facilities, etc.	Buildings and structures	2,767
		Machinery, equipment and vehicles	1,977
		Other	197
		Total	4,943
Odawara, Kanagawa, Japan Note 2	Production facilities, etc.	Buildings and structures	484
		Land	29
		Other	4
		Total	518
Fukuchiyama, Kyoto, Japan Note 3	Production facilities, etc.	Construction in progress	318
		Total	318

Grouping method

Assets used for business are grouped based on a unit, such as business category, used for managerial accounting, the smallest unit that generates an independent cash flow.

Real estate for rent and idle assets are grouped individually.

Recognizing impairment losses and methods used to calculate recoverable value

Note 1. The consolidated subsidiary Tianjin GS Battery Co., Ltd. under the Automotive Batteries-Overseas segment is expected to recognize recurring operating losses because its performance deteriorates due to intensification of competition with competitors, and such conditions would constitute an impairment indicator. Therefore, the impairment test was performed and the carrying amount was reduced to the recoverable amount, and the resulting decrease in the carrying amount was recognized as an impairment loss under extraordinary losses.
The recoverable amount was calculated using the fair value less cost of disposal in accordance with International Financial Reporting Standards (IFRS), and the fair value was calculated using valuation expert.

Note 2. When it was decided to withdraw from the Odawara Plant, the carrying amount of non-current assets owned by consolidated subsidiaries that are part of the automotive batteries-Japan, industrial batteries and power supplies, and other segments was lowered to the recoverable value, and that decline was recorded as an impairment loss under extraordinary losses.
The recoverable value was calculated using net selling price, and the net selling price was calculated by deducting expected disposals costs from the valuation amount based on roadside value and other factors.

Note 3. When it was no longer expected that some non-current assets under development would be commercialized in the future, the carrying amount of those non-current assets owned by consolidated subsidiaries that are part of the Other segment was lowered to the recoverable value, and that decline was recorded as an impairment loss under extraordinary losses.
The recoverable value was calculated using net selling price, and the net selling price was valued to be zero because it would be difficult to sell or make other use of those assets.

Consolidated statements of comprehensive income

* Reclassification adjustments and tax effects related to other comprehensive income

	(Millions of yen)		(Thousands of U.S. dollars)
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023
Valuation difference on available-for-sale securities:			
Amount for the current fiscal year	(561)	(1,420)	(4,202)
Reclassification adjustments	(2,185)	(87)	(16,367)
Before tax effect adjustments	(2,746)	(1,508)	(20,569)
Tax effect	737	492	5,521
Valuation difference on available-for-sale securities	(2,009)	(1,016)	(15,049)
Deferred gains or losses on hedges:			
Amount for the current fiscal year	(988)	6	(7,401)
Reclassification adjustments	794	15	5,948
Before tax effect adjustments	(194)	22	(1,453)
Tax effect	197	–	1,476
Deferred gains or losses on hedges	3	22	22
Foreign currency translation adjustment:			
Amount for the current fiscal year	7,182	6,311	53,798
Reclassification adjustments	1,365	514	10,225
Before tax effect adjustments	8,547	6,825	64,022
Tax effect	–	–	–
Foreign currency translation adjustment	8,547	6,825	64,022
Remeasurements of defined benefit plans, net of tax:			
Amount for the current fiscal year	(1,950)	7,849	(14,607)
Reclassification adjustments	(734)	616	(5,498)
Before tax effect adjustments	(2,685)	8,465	(20,112)
Tax effect	783	(2,642)	5,865
Remeasurements of defined benefit plans, net of tax	(1,901)	5,822	(14,240)
Share of other comprehensive income of entities accounted for using equity method:			
Amount for the current fiscal year	2,412	796	18,067
Share of other comprehensive income of entities accounted for using equity method	2,412	796	18,067
Total other comprehensive income	7,052	12,451	52,824

Consolidated statements of changes in net assets

Year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

1. Class and total number of issued shares and class and number of treasury shares

	Number of shares at the beginning of the current fiscal year (thousand)	Current fiscal year Increase in number of shares (thousand)	Current fiscal year Decrease in number of shares (thousand)	Number of shares at the end of the current fiscal year (thousand)
Issued shares				
Common stock	80,599	–	–	80,599
Total	80,599	–	–	80,599
Treasury shares				
Common stock Notes 1, 2, and 3	159	1	13	146
Total	159	1	13	146

Notes 1. The increase in the number of treasury shares (common stock) of one thousand shares was from the purchase of shares less than one share unit.
2. The decrease in the number of treasury shares (common stock) of 13 thousand shares was because of the provision of shares for performance-linked share-based payment system.
3. The number of treasury shares (common stock) at the beginning and end of the current fiscal year includes treasury shares held in trust (67 thousand shares at the beginning and 53 thousand shares at the end of the current fiscal year).

2. Dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends		Dividend per share		Record date	Effective date
		(Millions of yen)	(Thousands of U.S. dollars)	(Yen)	(U.S. dollars)		
June 29, 2022, annual general meeting of shareholders	Common stock	2,817	21,101	35	0.26	March 31, 2022	June 30, 2022
November 8, 2022, Board of Directors meeting	Common stock	1,207	9,041	15	0.11	September 30, 2022	December 1, 2022

Note The total amount of dividends of ¥2,817 million (US$21,101 thousand) and ¥1,207 million (US$9,041 thousand) includes ¥2 million (US$15 thousand) and ¥0 million (US$0 thousand) in dividends for treasury shares held in trust.

(2) Those with a record date in the current fiscal year but effective date in the following fiscal year

Resolution	Class of shares	Total dividends		Dividend source	Dividend per share		Record date	Effective date
		(Millions of yen)	(Thousands of U.S. dollars)		(Yen)	(U.S. dollars)		
June 29, 2023, annual general meeting of shareholders	Common stock	2,817	21,101	Retained earnings	35	0.26	March 31, 2023	June 30, 2023

Note The total amount of dividends includes ¥1 million (US$7 thousand) in dividends for treasury shares held in trust.

Year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

1. Class and total number of issued shares and class and number of treasury shares

	Number of shares at the beginning of the current fiscal year (thousand)	Current fiscal year Increase in number of shares (thousand)	Current fiscal year Decrease in number of shares (thousand)	Number of shares at the end of the current fiscal year (thousand)
Issued shares				
Common stock Note 1	82,714	–	2,115	80,599
Total	82,714	–	2,115	80,599
Treasury shares				
Common stock Notes 2, 3, and 4	2,109	168	2,118	159
Total	2,109	168	2,118	159

Notes
1. The decrease in the number of issued common shares was because of the cancellation of treasury shares based on a Board of Directors' resolution.
2. The increase in the number of treasury shares (common stock) of 168 thousand shares was because of the purchase of 167 thousand treasury shares based on a Board of Directors' resolution and one thousand shares from the purchase of shares less than one share unit.
3. The decrease in the number of treasury shares (common stock) of 2,118 thousand shares was because of the cancellation of 2,115 thousand treasury shares based on a Board of Directors' resolution and the provision of two thousand shares for performance-linked share-based payment system.
4. The number of treasury shares (common stock) at the beginning and end of the current fiscal year includes treasury shares held in trust (69 thousand shares at the beginning and 67 thousand shares at the end of the current fiscal year).

2. Dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
June 29, 2021, annual general meeting of shareholders	Common stock	4,033	50	March 31, 2021	June 30, 2021
November 5, 2021, Board of Directors meeting	Common stock	1,207	15	September 30, 2021	December 1, 2021

Note The total amount of dividends of ¥4,033 million and ¥1,207 million includes ¥3 million and ¥1 million in dividends for treasury shares held in trust.

(2) Those with a record date in the current fiscal year but effective date in the following fiscal year

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend source	Dividend per share (Yen)	Record date	Effective date
June 29, 2022, annual general meeting of shareholders	Common stock	2,817	Retained earnings	35	March 31, 2022	June 30, 2022

Note The total amount of dividends includes ¥2 million in dividends for treasury shares held in trust.

Consolidated statements of cash flows

*1. Relationship between cash and cash equivalents at end of period and amounts stated on the consolidated balance sheet

	(Millions of yen)		(Thousands of U.S. dollars)
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023
Cash and deposits	36,272	25,855	271,700
Time deposits (term exceeds three months)	(244)	(10)	(1,828)
Cash and cash equivalents	36,027	25,845	269,865

*2. Major breakdown of assets and liabilities of the company that became a newly consolidated subsidiary due to the acquisition of shares

Year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

The breakdown of assets and liabilities of İnci GS Yuasa Akü Sanayi ve Ticaret Anonim Şirketi (hereinafter referred to as "IGYA") at the time of its consolidation due to the acquisition of additional shares, and the relationship between the acquisition cost of IGYA shares and the expenditure for the acquisition of IGYA (net amount) are as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
Current assets	12,544	93,963
Non-current assets	13,763	103,094
Goodwill	1,280	9,588
Current liabilities	(12,873)	(96,427)
Non-current liabilities	(3,580)	(26,816)
Non-controlling interests	(3,941)	(29,521)
Acquisition cost of IGYA shares	7,192	53,873
Equity method valuation of IGYA up to acquisition of control	(4,983)	(37,326)
Gain on step acquisitions	(1,010)	(7,566)
Acquisition cost of additional IGYA shares	1,198	8,974
IGYA cash and cash equivalents	(750)	(5,618)
Balance: Expenditures for the acquisition of IGYA	447	3,348

Year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

The breakdown of assets and liabilities of GS Yuasa Infrastructure Systems Co., Ltd. (hereinafter referred to as "GYIS") at the time of its consolidation due to the acquisition of shares, and the relationship between the acquisition cost of GYIS shares and the expenditure for the acquisition of GYIS (net amount) are as follows:

	(Millions of yen)
Current assets	8,016
Non-current assets	518
Negative goodwill	(710)
Current liabilities	(4,149)
Non-current liabilities	(440)
Acquisition cost of GYIS shares	3,235
GYIS cash and cash equivalents	(416)
Balance: Expenditures for the acquisition of GYIS	2,819

Leases

1. Finance lease transactions (as lessee)

   Finance leases for which ownership of the leased assets does not transfer to the lessees

   (i) Description of leased assets

   a Property, plant and equipment

   Mainly production facility (machinery, equipment and vehicles)

   b Intangible assets

   Software

   (ii) Depreciation/amortization of leased assets

   See: Basis of preparation of consolidated financial statements; 4. Accounting policies; (2) Depreciation/amortization of principal non-current assets.

2. Operating lease transactions (as lessee)

   Future minimum lease payments under non-cancelable operating leases

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2023	As of March 31, 2022	As of March 31, 2023
Within one year	33	68	247
Exceeding one year	20	240	150
Total	54	309	404

3. Lease transactions under International Financial Reporting Standards

   (i) Right-of-use assets

   Mainly office leasing, vehicles and transportation equipment

   (ii) Depreciation/amortization of right-of-use assets

   See: Basis of preparation of consolidated financial statements; 4. Accounting policies; (2) Depreciation/amortization of principal non-current assets.

Financial instruments

1. Matters concerning the status of financial instruments

   (1) Policy for financial instruments

   The Group’s funds are invested in highly secure financial assets. Funding is procured mainly through borrowings from banks and other financial institutions, bonds, and commercial papers, based on demand in capital investment, investment and financing plans and other capital needs. Derivatives are used to avoid the risks described below, and speculative transactions are prohibited.

   (2) Financial instruments, their risks and risk management

   Notes and accounts receivable - trade and electronically recorded monetary claims - operating are exposed to customer credit risk. The Company manages the risk by, among other things, monitoring due dates and outstanding balances for each customer and periodically evaluating the status of major customers in order to identify and mitigate collection concerns at an early stage.

   Investment securities are mainly stocks of companies with which the Company has business relationships and are exposed to market price fluctuations and other risks. However, the Company regularly monitor market conditions, market prices, and the financial status and business relationships of the issuing companies and review its holdings on an ongoing basis.

   Most notes and accounts payable - trade and electronically recorded obligations are due within five months, and the Company manages liquidity risk by preparing monthly funding plans for each group company and division.

Of borrowings, short-term borrowings and commercial papers are used mainly for working capital, while long-term borrowings and bonds payable are mainly for capital investment. Some long-term borrowings are vulnerable to interest rate fluctuations because they are procured at floating interest rates. However, the Company uses interest rate swaps and currency swap transactions to limit the risk of fluctuations in interest rates payable and foreign currency exchange rate fluctuations.

Receivables and payables denominated in foreign currencies related to operating transactions are vulnerable to exchange rate fluctuations, against which foreign exchange forward contracts are used to hedge the risk of exchange rate fluctuations, except for receivables and payables denominated in the same foreign currencies within the balance of the receivables and payables.

These derivative transactions are executed and managed by the department in charge in accordance with internal rules, and the Auditing Office conducts audits to determine whether they are executed and managed in accordance with the rules.

Hedging instruments and hedged items, hedging policy, and methods for evaluating the effectiveness of hedging with respect to hedge accounting are described in "Basis of preparation of consolidated financial statements; 4. Accounting policies; (8) Significant hedge accounting."

Consolidated subsidiaries operate under the principle of self-management and self-responsibility based on their own rules and regulations, and the Company is aware of such rules and regulations. In addition, the Company receives regular risk management reports and conducts monitoring and control.

(3) Supplementary explanation on fair value of financial instruments and related matters

Since variable factors are incorporated in the measurement of the fair value of financial instruments, such values may change due to the adoption of different assumptions and other factors. In addition, the contract amounts of derivative transactions, set forth in these Notes do not indicate the market risk involved in derivative transactions themselves.

2. Fair value of financial instruments and related matters

Consolidated balance sheet amounts, fair values and their differences are as follows:

As of March 31, 2023

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
(1) Investment securities	45,837	37,779	(8,058)
Total assets	45,837	37,779	(8,058)
(2) Bonds payable (including current portion)	20,000	19,976	(24)
(3) Long-term borrowings (including current portion)	52,941	53,039	98
(4) Lease liabilities (including current portion)	10,355	9,988	(367)
Total liabilities	83,297	83,005	(292)
Derivatives (*2)	(114)	(114)	–

(*1) "Cash and deposits," "notes and accounts receivable - trade, and contract assets," "electronically recorded monetary claims - operating," "notes and accounts payable - trade," "electronically recorded obligations - operating," "short-term borrowings," "accounts payable - other," "income taxes payable," "notes payable - facilities," and "electronically recorded obligations - facilities" are omitted because they are in cash or their fair value approximates their book value due to their short maturities.

(*2) Net receivables and payables arising from derivative transactions are shown as net amounts, and items that are net liabilities in total are shown in parentheses.

(*3) Unlisted shares, etc., (consolidated balance sheet amount: ¥17,417 million) and investments in capital (¥839 million) are not included in (1) Investment securities in the table above because they are stocks and other securities without market prices.

As of March 31, 2022

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
(1) Investment securities	46,832	44,025	(2,806)
Total assets	46,832	44,025	(2,806)
(2) Bonds payable	20,000	19,959	(41)
(3) Long-term borrowings (including current portion)	45,018	44,346	(672)
(4) Lease liabilities (including current portion)	7,801	7,394	(407)
Total liabilities	72,820	71,699	(1,120)
Derivatives (*2)	71	71	–

(*1) "Cash and deposits," "notes and accounts receivable - trade, and contract assets," "electronically recorded monetary claims - operating," "notes and accounts payable - trade," "electronically recorded obligations - operating," "short-term borrowings," "commercial papers," "accounts payable - other," "income taxes payable," "notes payable - facilities," and "electronically recorded obligations - facilities" are omitted because they are in cash or their fair value approximates their book value due to their short maturities.

(*2) Net receivables and payables arising from derivative transactions are shown as net amounts, and items that are net liabilities in total are shown in parentheses.

(*3) Unlisted shares, etc., (consolidated balance sheet amount: ¥19,486 million) and investments in capital (¥940 million) are not included in (1) Investment securities in the table above because they are stocks and other securities without market prices.

As of March 31, 2023

(Thousands of U.S. dollars)

	Consolidated balance sheet amount	Fair value	Difference
(1) Investment securities	343,348	282,989	(60,360)
Total assets	343,348	282,989	(60,360)
(2) Bonds payable (including current portion)	149,813	149,633	(180)
(3) Long-term borrowings (including current portion)	396,562	397,296	734
(4) Lease liabilities (including current portion)	77,566	74,816	(2,749)
Total liabilities	623,948	621,760	(2,187)
Derivatives (*2)	(854)	(854)	–

(*1) "Cash and deposits," "notes and accounts receivable - trade, and contract assets," "electronically recorded monetary claims - operating," "notes and accounts payable - trade," "electronically recorded obligations - operating," "short-term borrowings," "accounts payable - other," "income taxes payable," "notes payable - facilities," and "electronically recorded obligations - facilities" are omitted because they are in cash or their fair value approximates their book value due to their short maturities.

(*2) Net receivables and payables arising from derivative transactions are shown as net amounts, and items that are net liabilities in total are shown in parentheses.

(*3) Unlisted shares, etc., (consolidated balance sheet amount: US$130,464 thousand) and investments in capital (US$6,285 thousand) are not included in (1) Investment securities in the table above because they are stocks and other securities without market prices.

Note 1. Scheduled redemptions for monetary claims after the consolidated fiscal year-end date

As of March 31, 2023

(Millions of yen)

	One year or less	One to five years	Five to ten years	Over ten years
Cash and deposits	36,272	–	–	–
Notes and accounts receivable - trade, and contract assets	97,591	–	–	–
Electronically recorded monetary claims - operating	6,855	–	–	–
Total	140,719	–	–	–

As of March 31, 2022

(Millions of yen)

	One year or less	One to five years	Five to ten years	Over ten years
Cash and deposits	25,855	–	–	–
Notes and accounts receivable - trade, and contract assets	85,399	–	–	–
Electronically recorded monetary claims - operating	7,163	–	–	–
Total	118,418	–	–	–

As of March 31, 2023

(Thousands of U.S. dollars)

	One year or less	One to five years	Five to ten years	Over ten years
Cash and deposits	271,700	–	–	–
Notes and accounts receivable - trade, and contract assets	731,019	–	–	–
Electronically recorded monetary claims - operating	51,348	–	–	–
Total	1,054,075	–	–	–

Note 2. Scheduled repayments of bonds payable, long-term borrowings, lease liabilities and other interest-bearing liabilities after the consolidated fiscal year-end date

As of March 31, 2023

(Millions of yen)

	One year or less	One to two years	Two to three years	Three to four years	Four to five years	Over five years
Short-term borrowings	30,733	–	–	–	–	–
Bonds payable	10,000	–	–	–	10,000	–
Long-term borrowings	11,584	9,949	8,332	9,824	166	13,083
Lease liabilities	1,844	1,020	992	865	632	5,000
Total	54,162	10,969	9,325	10,689	10,799	18,083

As of March 31, 2022

(Millions of yen)

	One year or less	One to two years	Two to three years	Three to four years	Four to five years	Over five years
Short-term borrowings	15,459	–	–	–	–	–
Commercial papers	2,000	–	–	–	–	–
Bonds payable	–	10,000	–	–	–	10,000
Long-term borrowings	3,322	11,556	9,697	8,098	9,111	3,231
Lease liabilities	1,701	745	680	785	471	3,417
Total	22,483	22,302	10,378	8,883	9,583	16,649

As of March 31, 2023

(Thousands of U.S. dollars)

	One year or less	One to two years	Two to three years	Three to four years	Four to five years	Over five years
Short-term borrowings	230,210	–	–	–	–	–
Bonds payable	74,906	–	–	–	74,906	–
Long-term borrowings	86,772	74,524	62,412	73,588	1,243	98,000
Lease liabilities	13,813	7,640	7,431	6,479	4,734	37,453
Total	405,708	82,165	69,850	80,067	80,891	135,453

3. Fair value hierarchy of financial instruments

The fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

Level 1: Calculated based on quoted market prices in an active market for the assets or liabilities for which the observable fair value is calculated.

Level 2: Calculated using inputs with observable fair values other than Level 1 inputs.

Level 3: Calculated using inputs with unobservable fair value measurements.

When multiple inputs that have a significant impact on the measurement of fair value are used, the fair value is classified at the Level from which the lowest levels of inputs were used.

(1) Financial instruments carried on the consolidated balance sheet at fair value

As of March 31, 2023

(Millions of yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Equity securities	24,538	–	–	24,538
Total assets	24,538	–	–	24,538
Derivatives				
Currency related	–	114	–	114
Total liabilities	–	114	–	114

As of March 31, 2022

(Millions of yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Equity securities	28,022	–	–	28,022
Derivatives				
Currency related	–	71	–	71
Total assets	28,022	71	–	28,093

As of March 31, 2023

(Thousands of U.S. dollars)

	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities Available-for-sale securities Equity securities	183,805	–	–	183,805
Total assets	183,805	–	–	183,805
Derivatives Currency related	–	854	–	854
Total liabilities	–	854	–	854

(2) Financial instruments not carried on the consolidated balance sheet at fair value

As of March 31, 2023

(Millions of yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities Available-for-sale securities Equity securities	13,241	–	–	13,241
Total assets	13,241	–	–	13,241
Bonds payable (including current portion)	–	19,976	–	19,976
Long-term borrowings (including current portion)	–	53,039	–	53,039
Lease liabilities (including current portion)	–	9,988	–	9,988
Total liabilities	–	83,005	–	83,005

As of March 31, 2022

(Millions of yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities Available-for-sale securities Equity securities	16,003	–	–	16,003
Total assets	16,003	–	–	16,003
Bonds payable	–	19,959	–	19,959
Long-term borrowings (including current portion)	–	44,346	–	44,346
Lease liabilities (including current portion)	–	7,394	–	7,394
Total liabilities	–	71,699	–	71,699

As of March 31, 2023

(Thousands of U.S. dollars)

	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities Available-for-sale securities Equity securities	99,184	–	–	99,184
Total assets	99,184	–	–	99,184
Bonds payable (including current portion)	–	149,633	–	149,633
Long-term borrowings (including current portion)	–	397,296	–	397,296
Lease liabilities (including current portion)	–	74,816	–	74,816
Total liabilities	–	621,760	–	621,760

Note Valuation techniques and inputs used in the measurement of fair value

(1) Investment securities

The fair value of listed equity securities is estimated using quoted market prices. Since listed equity securities are traded in active markets, their fair value is classified as Level 1.

(2) Derivatives

The fair value of foreign exchange forward contracts is determined using the discounted present value method with observable inputs such as exchange rates and is classified as Level 2.

(3) Bonds payable

The fair value of bonds payable is calculated by discounting the total amount of principal and interest at the interest rate that would be applicable if similar new financing were procured, and is classified as Level 2.

(4) Long-term borrowings

The fair value of long-term borrowings is calculated by discounting the total amount of principal and interest at the interest rate that would be applicable if similar new borrowings were arranged and is classified as Level 2. The fair value of long-term borrowings that qualify for specific treatment in interest rate swaps is calculated by discounting the total amount of principal and interest accounted for together with the interest rate swaps by the reasonably estimated interest rate that would be applicable to similar borrowings and is classified as Level 2.

(5) Lease liabilities

The fair value of lease liabilities is calculated by discounting the total amount of principal and interest using the interest rate that would apply to a new lease contract with the same remaining term and conditions, and is classified as Level 2.

Securities

1. Available-for-sale securities

As of March 31, 2023

(Millions of yen)

	Class	Consolidated balance sheet amount	Acquisition cost	Difference
Securities whose consolidated balance sheet amount exceeds acquisition cost	Equity securities	24,417	4,065	20,351
Securities whose consolidated balance sheet amount does not exceed acquisition cost	Equity securities	121	198	(77)
Total		24,538	4,264	20,273

Note Unlisted shares, etc., (consolidated balance sheet amount: ¥590 million) are not included in available-for-sale securities in the table above because they are stocks and other securities without market prices.

As of March 31, 2022

(Millions of yen)

	Class	Consolidated balance sheet amount	Acquisition cost	Difference
Securities whose consolidated balance sheet amount exceeds acquisition cost	Equity securities	27,918	4,802	23,116
Securities whose consolidated balance sheet amount does not exceed acquisition cost	Equity securities	103	198	(95)
Total		28,022	5,001	23,020

Note Unlisted shares, etc., (consolidated balance sheet amount: ¥591 million) are not included in available-for-sale securities in the table above because they are stocks and other securities without market prices.

As of March 31, 2023

(Thousands of U.S. dollars)

	Class	Consolidated balance sheet amount	Acquisition cost	Difference
Securities whose consolidated balance sheet amount exceeds acquisition cost	Equity securities	182,899	30,449	152,442
Securities whose consolidated balance sheet amount does not exceed acquisition cost	Equity securities	906	1,483	(577)
Total		183,805	31,940	151,858

Note Unlisted shares, etc., (consolidated balance sheet amount: US$4,419 thousand) are not included in available-for-sale securities in the table above because they are stocks and other securities without market prices.

2. Available-for-sale securities sold

Year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

Class	Sale amount	Total gain on sale	Total loss on sale
Equity securities	2,926	2,185	–
Total	2,926	2,185	–

Year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

Class	Sale amount	Total gain on sale	Total loss on sale
Equity securities	149	116	0
Total	149	116	0

Year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Thousands of U.S. dollars)

Class	Sale amount	Total gain on sale	Total loss on sale
Equity securities	21,918	16,367	–
Total	21,918	16,367	–

3. Securities for which impairment losses were recognized

In the previous fiscal year, an impairment loss of ¥28 million (¥28 million on bonds of available-for-sale securities) was recognized on securities.

In the current fiscal year, there were no securities on which an impairment loss was recognized.

If the fair value at the end of the fiscal year has declined by 50% or more compared to the acquisition cost, the securities are recognized as impaired. If the fair value has declined by 30-50%, an impairment loss is recognized for the amount deemed necessary in consideration of the possibility of recovery and other factors.

Derivatives

1. Derivative transactions for which hedge accounting is not applied

(1) Currency related

As of March 31, 2023

(Millions of yen)

Categories	Class of transaction	Contract amount, etc.	Contract amount, etc., exceeding one year	Fair value	Valuation gains/losses
Non-market transactions	Foreign exchange forward contracts				
	Short (sale)				
	GBP	1,863	–	16	16
	AUD	579	–	0	0
	NZD	130	–	1	1
	USD	78	–	(0)	(0)
	Long (buy)				
	TRY	3,405	–	(131)	(131)
Total		6,056	–	(114)	(114)

As of March 31, 2022

(Millions of yen)

Categories	Class of transaction	Contract amount, etc.	Contract amount, etc., exceeding one year	Fair value	Valuation gains/losses
Non-market transactions	Foreign exchange forward contracts				
	Short (sale)				
	GBP	5,201	–	51	51
	AUD	493	–	16	16
	NZD	144	–	6	6
	USD	46	–	(2)	(2)
Total		5,886	–	71	71

As of March 31, 2023

(Thousands of U.S. dollars)

Categories	Class of transaction	Contract amount, etc.	Contract amount, etc., exceeding one year	Fair value	Valuation gains/losses
Non-market transactions	Foreign exchange forward contracts				
	Short (sale)				
	GBP	13,955	–	120	120
	AUD	4,337	–	0	0
	NZD	974	–	7	7
	USD	584	–	(0)	(0)
	Long (buy)				
	TRY	25,506	–	(981)	(981)
Total		45,363	–	(854)	(854)

(2) Interest rate related

As of March 31, 2023

Not applicable

As of March 31, 2022

Not applicable

2. Derivative transactions for which hedge accounting is applied

(1) Currency related

As of March 31, 2023

(Millions of yen)

Method of hedge accounting	Class of transaction	Main hedged item(s)	Contract amount, etc.	Contract amount, etc., exceeding one year	Fair value
Appropriation treatment for foreign exchange forward contracts	Currency swap(s) Received in JPY - paid in USD	Long-term loans receivable	627	572	(117) (Note)
Total			627	572	(117)

Note The fair value of currency swap transactions is treated as appropriation for foreign exchange forward contracts to long-term loans receivable and is not included in "Financial instruments, 2. Fair value of financial instruments and related matters."

As of March 31, 2022

(Millions of yen)

Method of hedge accounting	Class of transaction	Main hedged item(s)	Contract amount, etc.	Contract amount, etc., exceeding one year	Fair value
Appropriation treatment for foreign exchange forward contracts	Currency swap(s) Received in JPY - paid in USD	Long-term loans receivable	683	627	(82) (Note)
Total			683	627	(82)

Note The fair value of currency swap transactions is treated as appropriation for foreign exchange forward contracts to long-term loans receivable and is not included in "Financial instruments, 2. Fair value of financial instruments and related matters."

As of March 31, 2023

(Thousands of U.S. dollars)

Method of hedge accounting	Class of transaction	Main hedged item(s)	Contract amount, etc.	Contract amount, etc., exceeding one year	Fair value
Appropriation treatment for foreign exchange forward contracts	Currency swap(s) Received in JPY - paid in USD	Long-term loans receivable	4,697	4,285	(876) (Note)
Total			4,697	4,285	(876)

Note The fair value of currency swap transactions is treated as appropriation for foreign exchange forward contracts to long-term loans receivable and is not included in "Financial instruments, 2. Fair value of financial instruments and related matters."

(2) Interest rate related

As of March 31, 2023

(Millions of yen)

Method of hedge accounting	Class of transaction	Main hedged item(s)	Contract amount, etc.	Contract amount, etc., exceeding one year	Fair value
Interest rate and currency swap(s) accounted for as a single unit Specific treatment / appropriation treatment	Interest rate and currency swap(s) Variable receipt/fixed payment Received in USD / paid in JPY	Short-term borrowings	1,852	–	(Note)

Note The fair value of interest rate and currency swaps accounted for as a single unit (specific treatment / appropriation treatment) is included in the fair value of the relevant short-term borrowings because they are accounted for as a single unit with the short-term borrowings that are the hedged items. The Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR (ASBJ Practical Solution No. 40, March 17, 2022) is applied to these hedging relationships.

As of March 31, 2022

(Millions of yen)

Method of hedge accounting	Class of transaction	Main hedged item(s)	Contract amount, etc.	Contract amount, etc., exceeding one year	Fair value
Interest rate and currency swap(s) accounted for as a single unit Specific treatment / appropriation treatment	Interest rate and currency swap(s) Variable receipt/fixed payment Received in USD / paid in JPY	Long-term borrowings	1,852	1,852	(Note)

Note The fair value of interest rate and currency swaps accounted for as a single unit (specific treatment / appropriation treatment) is included in the fair value of the relevant long-term borrowings because they are accounted for as a single unit with the long-term borrowings that are the hedged items. The Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR (ASBJ Practical Solution No. 40, March 17, 2022) is applied to these hedging relationships.

As of March 31, 2023

(Thousands of U.S. dollars)

Method of hedge accounting	Class of transaction	Main hedged item(s)	Contract amount, etc.	Contract amount, etc., exceeding one year	Fair value
Interest rate and currency swap(s) accounted for as a single unit Specific treatment / appropriation treatment	Interest rate and currency swap(s) Variable receipt/fixed payment Received in USD / paid in JPY	Short-term borrowings	13,873	–	(Note)

Note The fair value of interest rate and currency swaps accounted for as a single unit (specific treatment / appropriation treatment) is included in the fair value of the relevant short-term borrowings because they are accounted for as a single unit with the short-term borrowings that are the hedged items. The Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR (ASBJ Practical Solution No. 40, March 17, 2022) is applied to these hedging relationships.

(3) Commodities

As of March 31, 2023

Not applicable

As of March 31, 2022

Not applicable

Retirement benefit plans

1. Outline of current retirement benefit plans

   Certain domestic consolidated subsidiaries have defined benefit plans, such as corporate pension fund plans and lump-sum retirement benefit plans, and have established retirement benefit trusts. Certain overseas consolidated subsidiaries also have defined benefit plans.

   In addition, certain consolidated subsidiaries have adopted defined contribution pension plans.

2. Defined benefit plans

(1) Reconciliation of the beginning and ending balance of the retirement benefit obligations

	(Millions of yen)		(Thousands of U.S. dollars)
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023
Retirement benefit obligations balance at beginning of period	49,371	48,646	369,820
Service cost	2,036	2,014	15,251
Interest cost	111	103	831
Actuarial gains (losses) accrued	(413)	(1,873)	(3,094)
Retirement benefits paid	(3,604)	(2,950)	(26,996)
Increase due to new consolidation	245	3,382	1,835
Other	(35)	48	(262)
Retirement benefit obligations balance at end of period	47,711	49,371	357,386

(2) Reconciliation of the beginning and ending balance of plan assets

	(Millions of yen)		(Thousands of U.S. dollars)
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023
Plan assets at beginning of period	77,433	68,003	580,022
Expected return on assets	1,152	1,097	8,629
Actuarial gains (losses) accrued	(2,363)	5,976	(17,700)
Employer contribution	1,125	1,407	8,427
Retirement benefits paid	(3,073)	(2,713)	(23,019)
Increase due to new consolidation	–	3,605	–
Other	(41)	55	(307)
Plan assets at end of period	74,233	77,433	556,052

(3) Reconciliation of retirement benefit obligations and plan assets at the end of the period to retirement benefit liability and retirement benefit asset recognized in the consolidated balance sheet

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2023	As of March 31, 2022	As of March 31, 2023
Retirement benefit obligations of funded plans	43,102	45,248	322,861
Plan assets	(74,233)	(77,433)	(556,052)
	(31,130)	(32,185)	(233,184)
Retirement benefit obligations of unfunded plans	4,608	4,122	34,517
Net liabilities and assets recognized in the consolidated balance sheet	(26,522)	(28,062)	(198,667)
Retirement benefit liability	5,372	4,892	40,240
Retirement benefit asset	(31,894)	(32,954)	(238,906)
Net liabilities and assets recognized in the consolidated balance sheet	(26,522)	(28,062)	(198,667)

Note Certain consolidated subsidiaries use the simplified method to calculate retirement benefit obligations.

(4) Amount of retirement benefit expenses and their breakdown

	(Millions of yen)		(Thousands of U.S. dollars)
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023
Service cost (Note)	2,036	2,014	15,251
Interest cost	111	103	831
Expected return on assets	(1,152)	(1,097)	(8,629)
Amortization of past service cost	(109)	(112)	(816)
Amortization of actuarial gains (losses)	(625)	729	(4,682)
Retirement benefit expenses related to defined benefit plan	260	1,636	1,948

Note Retirement benefit expenses of the consolidated subsidiaries using the simplified method are included in “service cost.”

(5) Amounts recognized in other comprehensive income (before tax effect adjustments) for the years ended March 31, 2023 and 2022 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023
Past service cost	(109)	(112)	(816)
Actuarial gains (losses)	(2,576)	8,578	(19,296)
Total	(2,685)	8,465	(20,112)

(6) Amounts recognized in accumulated other comprehensive income (before tax effect adjustments) for the years ended March 31, 2023 and 2022 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2023	As of March 31, 2022	As of March 31, 2023
Unrecognized past service cost	197	306	1,476
Unrecognized actuarial gains (losses)	10,034	12,610	75,161
Total	10,231	12,916	76,637

(7) Matters related to plan assets

(i) Breakdown of plan assets

The following table shows the main categories of plan assets by ratio of total plan assets.

	As of March 31, 2023	As of March 31, 2022
Equity securities	44%	46%
General account	25	24
Bonds	13	13
Investment trust(s)	12	10
Cash and deposits	4	5
Short-term assets	1	1
Other	1	1
Total	100	100

Note Total plan assets include 37% of the retirement benefit trusts established in corporate pension plans for the previous fiscal year and 35% of that for the current fiscal year.

(ii) Method used to determine the expected long-term rate of return on plan assets

To determine the expected long-term rate of return on plan assets, the Company considers the current and projected allocation of plan assets and the current and expected long-term rate of return from the various assets comprising the plan assets.

(8) Actuarial basis of accounting

Principal actuarial basis

	As of March 31, 2023	As of March 31, 2022
Discount rate	(0.0)-0.1%	(0.0)-0.1%
Expected long-term rate of return on assets	0.7-2.0%	0.7-2.0%

The projected rate of salary increase is based on the salary increase index of service points and qualification points calculated on the last day of the fiscal year.

3. Defined contribution plan

Required contributions to the defined contribution plan by the Company and its consolidated subsidiaries were ¥572 million in the previous fiscal year and ¥580 million (US$4,345 thousand) in the current fiscal year.

Stock options, etc.

Year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

Not applicable

Year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

Not applicable

Income taxes

1. Significant components of deferred tax assets and liabilities

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2023	As of March 31, 2022	As of March 31, 2023
Deferred tax assets			
Accrued bonuses	1,878	1,523	14,067
Enterprise tax payable	343	298	2,569
Unrealized gain	522	452	3,910
Loss on valuation of inventories	1,245	1,376	9,326
Retirement benefit liability	3,914	3,820	29,318
Allowance for doubtful accounts	185	163	1,386
Impairment losses	2,478	2,117	18,562
Investment securities	1,157	255	8,667
Tax loss carryforwards (Note 2)	7,033	10,421	52,682
Other	3,140	2,840	23,521
Subtotal of deferred tax assets	21,901	23,270	164,052
Valuation allowance for tax loss carryforwards (Note 2)	(5,957)	(9,415)	(44,622)
Valuation allowance for total deductible temporary differences, etc.	(5,851)	(4,772)	(43,828)
Subtotal of valuation allowance (Note 1)	(11,808)	(14,188)	(88,449)
Total deferred tax assets	10,092	9,082	75,596
Deferred tax liabilities			
Reserve for tax purpose reduction entry of non-current assets	(7)	(8)	(52)
Valuation difference on available-for-sale securities	(6,139)	(6,876)	(45,985)
Valuation excess of property	(2,873)	(1,175)	(21,521)
Undistributed earnings of foreign affiliates	(7,716)	(7,298)	(57,798)
Retirement benefit asset	(9,970)	(10,091)	(74,682)
Other	(1,781)	(1,204)	(13,341)
Total deferred tax liabilities	(28,489)	(26,654)	(213,401)
Net deferred tax assets (liabilities)	(18,397)	(17,572)	(137,805)

Notes 1. The amount of valuation allowance decreased by ¥2,379 million (US$17,820 thousand). The main factors were a ¥3,663 million (US$27,438 thousand) decrease in valuation allowance for loss carryforwards at a consolidated subsidiary due to the partial expiration of loss carryforwards, a ¥304 million (US$2,277 thousand) increase in valuation allowance for loss carryforwards at a consolidated subsidiary in the current fiscal year, and an additional recognition of ¥1,416 million (US$10,607 thousand) in valuation allowance related to loss on valuation of shares of subsidiaries and associates.

2. Tax loss carryforwards and deferred tax assets by carryforward period

As of March 31, 2023

(Millions of yen)

	One year or less	One to two years	Two to three years	Three to four years	Four to five years	Over five years	Total
Tax loss carryforwards (a)	2,284	865	108	817	290	2,667	7,033
Valuation allowance	(2,284)	(865)	(108)	(817)	(275)	(1,606)	(5,957)
Deferred tax assets	–	–	–	–	14	1,061	(b) 1,076

(a) Tax loss carryforwards are multiplied by the statutory tax rate.

(b) Deferred tax assets of ¥1,076 million were recognized for tax loss carryforwards of ¥7,033 million (multiplied by the statutory tax rate). No valuation allowance is recognized for the portion of such tax loss carryforwards that are deemed recoverable based on expected future taxable income and other factors.

As of March 31, 2022

(Millions of yen)

	One year or less	One to two years	Two to three years	Three to four years	Four to five years	Over five years	Total
Tax loss carryforwards (a)	3,754	2,284	871	121	801	2,588	10,421
Valuation allowance	(3,754)	(2,284)	(871)	(121)	(801)	(1,581)	(9,415)
Deferred tax assets	–	–	–	–	–	1,006	(b) 1,006

(a) Tax loss carryforwards are multiplied by the statutory tax rate.

(b) Deferred tax assets of ¥1,006 million were recognized for tax loss carryforwards of ¥10,421 million (multiplied by the statutory tax rate). No valuation allowance is recognized for the portion of such tax loss carryforwards that are deemed recoverable based on expected future taxable income and other factors.

As of March 31, 2023

(Thousands of U.S. dollars)

	One year or less	One to two years	Two to three years	Three to four years	Four to five years	Over five years	Total
Tax loss carryforwards (a)	17,109	6,479	809	6,120	2,172	19,978	52,682
Valuation allowance	(17,109)	(6,479)	(809)	(6,120)	(2,060)	(12,030)	(44,622)
Deferred tax assets	–	–	–	–	105	7,948	(b) 8,060

(a) Tax loss carryforwards are multiplied by the statutory tax rate.

(b) Deferred tax assets of US$8,060 thousand were recognized for tax loss carryforwards of US$52,682 thousand (multiplied by the statutory tax rate). No valuation allowance is recognized for the portion of such tax loss carryforwards that are deemed recoverable based on expected future taxable income and other factors.

2. Significant components of the difference between the statutory tax rate and the effective tax rate

	As of March 31, 2023	As of March 31, 2022
Statutory tax rate	As the difference between the statutory tax rate and the effective tax rate is less than 5% of the statutory tax rate, it is not disclosed.	30.5%
(Adjustments)		
Expenses not deductible for income tax purposes, such as entertainment expenses		0.4
Inhabitant per capita taxes		0.4
Increase/decrease in valuation allowance		(11.4)
Lower income tax rates applicable to income in certain foreign countries		(2.4)
Increase/decrease in undistributed earnings of foreign affiliates		4.0
Amortization of goodwill		1.1
Gain on bargain purchase		(1.1)
Share of profit/loss of entities accounted for using equity method		(4.4)
Expiration of tax loss carryforwards		18.1
Expiration of foreign tax credit carryforwards		1.7
Unrecognized tax effects on eliminated intercompany unrealized profit		(0.8)
Foreign withholding taxes, etc.		3.7
Tax credit for R&D, etc.		(2.9)
Consolidation adjustments for loss/gain on sales of investments in subsidiaries		(0.9)
Other		(1.4)
Effective tax rate		34.6

3. Accounting procedures of income taxes and local income taxes and the related tax effect accounting

From the fiscal year ended March 31, 2023, the Company and some of its domestic consolidated subsidiaries have transitioned from the consolidated tax return filing system to the group tax sharing system. In accordance with this, the accounting procedures and disclosure of income taxes and local income taxes and tax effect accounting are based on the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ Practical Solution No. 42, August 12, 2021).

Business combinations

Business combination through acquisition

1. Outline of business combination

(1) Name and business of acquired company

Name of acquired company: İnci GS Yuasa Akü Sanayi ve Ticaret Anonim Şirketi (hereinafter referred to as "IGYA")

Description of business: Manufacture and sale of lead-acid batteries for automobiles and forklifts

(2) Reason for business combination

GS Yuasa International Ltd. (hereinafter referred to as "GS Yuasa"), a consolidated subsidiary of the Company, and Inci Holding A.S., the Company's joint venture partner, launched IGYA, a joint venture company, in 2015. A new plant manufacturing lead-acid batteries for automobiles started operations in January 2019, and manufacturing and sales were expanded mainly for high-performance lead-acid batteries targeting environmentally-friendly applications such as idling stop systems and fuel-efficient vehicles, for which demand was expected to increase sharply in Europe.

By making IGYA a consolidated subsidiary, we aim to expand sales of lead-acid batteries for automobiles by positioning IGYA as a production and supply base for Europe and the Middle East. Along with this, in the forklift battery business centered on Europe, we plan to strengthen the business in the future by selling lithium-ion batteries in addition to existing lead-acid batteries.

(3) Date of business combination

April 1, 2022 (Deemed acquisition date)

May 24, 2022 (Share acquisition date)

(4) Legal structure of the business combination

Purchase of shares with cash

(5) Name of company after the business combination

Unchanged.

(6) Share of voting rights acquired

Share of voting rights owned immediately before the acquisition: 50%

Share of voting rights acquired on the business combination date: 10%

Share of voting rights owned after the acquisition: 60%

(7) Main grounds for determining the acquiring company

Cash acquisition of shares by the Company's consolidated subsidiary GS Yuasa.

2. Period of the acquired company's results included in the consolidated financial statements

April 1, 2022 to March 31, 2023

3. Acquisition costs of the acquired company and consideration by class

	(Millions of yen)	(Thousands of U.S. dollars)
Fair value of IGYA ordinary shares owned immediately before the business combination	5,993	44,891
Cash paid for acquisition of additional shares	1,198	8,974
Acquisition cost	7,192	53,873

4. Description and amounts of major relevant costs for the acquisition

Advisory fees, etc.: ¥40 million (US$300 thousand)

5. Difference between the acquisition cost of the acquired company and the total amount of acquisition cost of each transaction

Gain on step acquisitions ¥1,010 million (US$7,566 thousand)

6. Amount of goodwill recognized, reason for recognition, amortization method and period

(1) Amount of goodwill

¥1,280 million (US$9,588 thousand)

(2) Reason for recognition

The goodwill arises from a reasonable estimate of the future excess earning power that is expected from future business development.

(3) Amortization method and period

Goodwill is amortized over five years on a straight-line basis.

7. Amount of assets acquired and liabilities assumed on the date of the business combination

	(Millions of yen)	(Thousands of U.S. dollars)
Current assets	12,544	93,963
Non-current assets	13,763	103,094
Total assets	26,308	197,064
Current liabilities	12,873	96,427
Non-current liabilities	3,580	26,816
Total liabilities	16,453	123,243

8. Amounts allocated to intangible assets other than goodwill, breakdown by principal type and amortization period by principal type

Breakdown by principal type	(Millions of yen)	(Thousands of U.S. dollars)	Amortization period
Marketing related assets	1,173	8,787	Ten years

9. Estimated amount and method used to calculate the effect of the business combination on the consolidated statements of income for the current fiscal year as if the business combination had been completed at the beginning of the fiscal year

Not applicable as the deemed acquisition date is the beginning of the current fiscal year.

Revenue recognition

1. Disaggregation of revenue from contracts with customers

   Net sales of the Company and its consolidated subsidiaries consist primarily of revenue recognized from contracts with customers, broken down by geographic region of the Company and its consolidated subsidiaries as follows:

   Year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segment						Other	Total
	Automotive Batteries			Industrial Batteries and Power Supplies	Automotive Lithium-ion Batteries	Total		
	Japan	Overseas	Subtotal					
Major regional markets								
Japan	87,418	160	87,578	81,614	59,872	229,065	15,804	244,869
Asia	384	134,989	135,373	7,968	–	143,342	93	143,436
Europe	–	61,359	61,359	911	5,483	67,755	1,357	69,113
North America	–	12,349	12,349	7,898	–	20,248	531	20,779
Other	–	38,469	38,469	810	–	39,280	–	39,280
Revenue from contracts with customers	87,802	247,329	335,131	99,204	65,355	499,691	17,786	517,478
Other revenues	–	–	–	–	–	–	256	256
Revenues from external customers	87,802	247,329	335,131	99,204	65,355	499,691	18,043	517,735

Note “Other” comprises operating segments that are not included in any other reportable segments. Operating segments that are not included in reportable segments include the special batteries business among others.

Year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segment						Other	Total
	Automotive Batteries			Industrial Batteries and Power Supplies	Automotive Lithium-ion Batteries	Total		
	Japan	Overseas	Subtotal					
Major regional markets								
Japan	80,979	76	81,055	85,348	45,765	212,169	15,068	227,237
Asia	488	97,879	98,368	6,770	–	105,138	253	105,392
Europe	27	48,135	48,162	257	1,872	50,293	888	51,181
North America	–	9,621	9,621	5,635	–	15,257	314	15,571
Other	–	31,030	31,030	1,452	–	32,483	17	32,500
Revenue from contracts with customers	81,494	186,743	268,237	99,465	47,637	415,341	16,542	431,883
Other revenues	–	–	–	–	–	–	249	249
Revenues from external customers	81,494	186,743	268,237	99,465	47,637	415,341	16,791	432,133

Note “Other” comprises operating segments that are not included in any other reportable segments. Operating segments that are not included in reportable segments include the special batteries business among others.

Year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Thousands of U.S. dollars)

	Reportable segment						Other	Total
	Automotive Batteries			Industrial Batteries and Power Supplies	Automotive Lithium-ion Batteries	Total		
	Japan	Overseas	Subtotal					
Major regional markets								
Japan	654,816	1,199	656,015	611,341	448,479	1,715,843	118,382	1,834,225
Asia	2,876	1,011,154	1,014,030	59,685	–	1,073,723	697	1,074,427
Europe	–	459,618	459,618	6,824	41,071	507,528	10,165	517,700
North America	–	92,502	92,502	59,161	–	151,670	3,978	155,648
Other	–	288,157	288,157	6,067	–	294,232	–	294,232
Revenue from contracts with customers	657,693	1,852,652	2,510,345	743,101	489,551	3,743,004	133,228	3,876,240
Other revenues	–	–	–	–	–	–	1,918	1,918
Revenues from external customers	657,693	1,852,652	2,510,345	743,101	489,551	3,743,004	135,154	3,878,165

Note “Other” comprises operating segments that are not included in any other reportable segments. Operating segments that are not included in reportable segments include the special batteries business among others.

2. Understanding revenue from contracts with customers

For a fundamental understanding of revenue, see: “Basis of preparation of consolidated financial statements, 4. Accounting policies, (6) Standards for recognition of principal revenues and expenses.”

3. Understanding the amount of revenue in the current and subsequent fiscal years

(1) Remaining balance, etc., of contract assets and liabilities

The balances of receivables, contract assets and contract liabilities arising from contracts with customers were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2023	As of March 31, 2022	As of March 31, 2023
Receivables from contracts with customers (balance at beginning of period)	86,187	73,347	645,596
Receivables from contracts with customers (balance at end of period)	98,536	86,187	738,097
Contract assets (balance at beginning of period)	6,375	5,962	47,753
Contract assets (balance at end of period)	5,911	6,375	44,277
Contract liabilities (balance at beginning of period)	2,181	1,780	16,337
Contract liabilities (balance at end of period)	2,176	2,181	16,300

Contract assets are rights to consideration received in exchange for satisfaction of a portion of the performance obligations at the balance sheet date for the sale and installation of batteries and power supply equipment, excluding receivables. Upon completion of installation, etc., conditions other than the passage of time are resolved and the assets are transferred to receivables. Contract assets are transferred to receivables arising from contracts with customers when the rights of the Company and its consolidated subsidiaries become unconditional. Consideration for such installation work, etc., is

invoiced at the time of fulfillment of the performance obligations in accordance with the terms of the contract and is generally received within one year.
Contract liabilities primarily relate to advances received from customers under the terms of contracts for the sale of batteries and power supplies, lighting fixtures, and other battery and electrical equipment to customers for which revenue is recognized upon the satisfaction of performance obligations. Contract liabilities are reversed upon the recognition of revenue.
The amount of revenue recognized in the previous fiscal year that was included in the contract liability balance at the beginning of the period was ¥1,148 million. Changes in contract assets resulted primarily from revenue recognition and transfers to receivables. Changes in contract liabilities resulted primarily from receipt of advances received and recognition of revenue.
The amount of revenue recognized in the previous fiscal year from performance obligations that were satisfied (or partially satisfied) in prior periods was not material.
The amount of revenue recognized in the current fiscal year that was included in the contract liability balance at the beginning of the period was ¥1,095 million (US$8,202 thousand). Changes in contract assets resulted primarily from revenue recognition and transfers to receivables. Changes in contract liabilities resulted primarily from receipt of advances received and recognition of revenue.
The amount of revenue recognized in the current fiscal year from performance obligations that were satisfied (or partially satisfied) in prior periods was not material.

(2) Transaction price allocated to remaining performance obligations

The Company and its consolidated subsidiaries apply the practical expedient method in noting the transaction price allocated to the remaining performance obligations and do not include contracts with an initial expected contract term of one year or less in notes. The aggregate transaction price allocated to unsatisfied performance obligations as of the end of the previous fiscal year and the end of the current fiscal year, and the period over which revenue is expected to be recognized were as follows. The maximum period over which revenue is expected to be recognized is 20 years or less.

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2023	As of March 31, 2022	As of March 31, 2023
One year or less	13,263	13,096	99,348
Exceeding one year	17,111	16,853	128,172
Total	30,375	29,949	227,528

Segment and other information

[Segment information]

1. Overview of reportable segments

   The Company's reportable segments are components of the Company about which separate financial information is available. These segments are subject to periodic examinations to enable the Company's Board of Directors to decide how to allocate resources and assess performance.

   The GS Yuasa Group consists of segments based on business units. The reportable segments comprised Automotive Batteries-Japan, Automotive Batteries-Overseas, Industrial Batteries and Power Supplies, and Automotive Lithium-ion Batteries.

   The Automotive Batteries-Japan segment consists of the manufacturing and marketing of lead-acid batteries for automobiles. The Automotive Batteries-Overseas segment consists of the manufacturing and marketing of batteries overseas. The Industrial Batteries and Power Supplies segment consists of the manufacturing and marketing of industrial batteries and power supplies. The Automotive Lithium-ion Batteries segment consists of the manufacturing and marketing of lithium-ion batteries for automobiles.

2. Measurement of net sales, profit/loss, assets, and other amounts by reportable segment

   Accounting methods applied in the reportable segments are largely consistent with those presented in the Notes under "Basis of preparation of consolidated financial statements."

   Reportable segment profit is based on operating profit before goodwill amortization.

   Intersegment sales and transfers are based mainly on market price and cost of goods manufactured.

3. Net sales, profit/loss, assets, and other amounts by reportable segment

   Year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segment						Other (Note)	Total
	Automotive Batteries			Industrial Batteries and Power Supplies	Automotive Lithium-ion Batteries	Total		
	Japan	Overseas	Subtotal					
Net sales								
Revenues from external customers	87,802	247,329	335,131	99,204	65,355	499,691	18,043	517,735
Transactions with other segments	1,271	4,412	5,684	15,931	2,842	24,458	(24,458)	–
Total	89,073	251,741	340,815	115,136	68,197	524,149	(6,414)	517,735
Segment profit	6,547	13,345	19,892	8,808	1,986	30,687	1,387	32,074
Segment assets	63,687	214,772	278,459	75,731	70,280	424,472	116,434	540,906
Other items								
Depreciation/amortization	2,646	6,725	9,372	1,750	4,103	15,226	5,728	20,954
Investments in entities accounted for using equity method	1,364	36,741	38,106	509	–	38,616	233	38,849
Increase in property, plant and equipment, and intangible assets	2,764	10,952	13,717	4,262	7,166	25,146	7,654	32,800

Notes 1. "Other" comprises operating segments that are not included in any other reportable segments and adjustment for segment profit. Operating segments that are not included in reportable segments include the special batteries business among others.

2. Adjustments were as follows:

   (1) Adjustment for segment profit was ¥(1,229) million, which included ¥(158) million elimination of intersegment transactions and ¥(1,070) million of unallocated corporate expenses. The main component of

these unallocated corporate expenses was general and administrative expenses not attributable to reportable segments.

(2) Adjustment for segment assets was ¥105,407 million, which included ¥(106,179) million elimination of intersegment receivables and payables, and ¥211,587 million of unallocated corporate assets. The main components of these unallocated corporate assets were working funds, long-term investment funds, assets allocated to administrative departments and some laboratory facilities.

(3) Adjustment for depreciation/amortization was ¥4,396 million, consisting of depreciation and amortization charges for corporate assets.

(4) Adjustment for increase in property, plant and equipment, and intangible assets was ¥7,291 million, consisting of the acquisition price of property, plant and equipment, and intangible assets classified as corporate assets.

3. The difference between the total segment profit in the table above and the operating profit of ¥31,500 million on the consolidated statements of income represents amortization of goodwill and other intangible assets of ¥(574) million. These goodwill and other intangible assets included identifiable assets acquired on the effective date of the business combination.

Year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segment						Other (Note)	Total
	Automotive Batteries			Industrial Batteries and Power Supplies	Automotive Lithium-ion Batteries	Total		
	Japan	Overseas	Subtotal					
Net sales								
Revenues from external customers	81,494	186,743	268,237	99,465	47,637	415,341	16,791	432,133
Transactions with other segments	1,349	3,929	5,278	16,741	8,956	30,976	(30,976)	–
Total	82,844	190,672	273,516	116,206	56,594	446,318	(14,184)	432,133
Segment profit	5,878	9,965	15,843	5,775	1,654	23,273	579	23,853
Segment assets	61,202	186,413	247,616	72,920	62,938	383,474	97,288	480,763
Other items								
Depreciation/amortization	2,862	4,908	7,770	1,624	3,280	12,675	5,531	18,207
Investments in entities accounted for using equity method	1,286	34,003	35,290	456	–	35,746	3,630	39,377
Increase in property, plant and equipment, and intangible assets	3,796	5,279	9,076	1,347	10,972	21,395	7,180	28,575

Notes 1. "Other" comprises operating segments that are not included in any other reportable segments and adjustment for segment profit. Operating segments that are not included in reportable segments include the special batteries business among others.

2. Adjustments were as follows:

(1) Adjustment for segment profit was ¥(857) million, which included ¥37 million elimination of intersegment transactions and ¥(894) million of unallocated corporate expenses. The main component of these unallocated corporate expenses was general and administrative expenses not attributable to reportable segments.

(2) Adjustment for segment assets was ¥83,569 million, which included ¥(117,095) million elimination of intersegment receivables and payables, and ¥200,664 million of unallocated corporate assets. The main components of these unallocated corporate assets were working funds, long-term investment funds, assets allocated to administrative departments and some laboratory facilities.

(3) Adjustment for depreciation/amortization was ¥4,143 million, consisting of depreciation and amortization charges for corporate assets.

(4) Adjustment for increase in property, plant and equipment, and intangible assets was ¥6,766 million, consisting of the acquisition price of property, plant and equipment, and intangible assets classified as corporate assets.

3. The difference between the total segment profit in the table above and the operating profit of ¥22,664 million on the consolidated statements of income represents amortization of goodwill and other intangible assets of ¥(1,188) million. These goodwill and other intangible assets included identifiable assets acquired on the effective date of the business combination.

Year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Thousands of U.S. dollars)

	Reportable segment						Other (Note)	Total
	Automotive Batteries			Industrial Batteries and Power Supplies	Automotive Lithium-ion Batteries	Total		
	Japan	Overseas	Subtotal					
Net sales								
Revenues from external customers	657,693	1,852,652	2,510,345	743,101	489,551	3,743,004	135,154	3,878,165
Transactions with other segments	9,521	33,049	42,577	119,333	21,288	183,206	(183,206)	–
Total	667,213	1,885,700	2,552,921	862,442	510,839	3,926,210	(48,045)	3,878,165
Segment profit	49,041	99,963	149,004	65,978	14,876	229,865	10,390	240,255
Segment assets	477,056	1,608,779	2,085,835	567,273	526,442	3,179,566	872,165	4,051,730
Other items								
Depreciation/amortization	19,820	50,375	70,202	13,109	30,734	114,052	42,906	156,959
Investments in entities accounted for using equity method	10,217	275,213	285,438	3,813	–	289,258	1,745	291,004
Increase in property, plant and equipment, and intangible assets	20,704	82,037	102,749	31,925	53,678	188,360	57,333	245,693

Notes 1. "Other" comprises operating segments that are not included in any other reportable segments and adjustment for segment profit. Operating segments that are not included in reportable segments include the special batteries business among others.

2. Adjustments were as follows:
   (1) Adjustment for segment profit was US$(9,206) thousand, which included US$(1,184) thousand elimination of intersegment transactions and US$(8,015) thousand of unallocated corporate expenses. The main component of these unallocated corporate expenses was general and administrative expenses not attributable to reportable segments.
   (2) Adjustment for segment assets was US$789,566 thousand, which included US$(795,348) thousand elimination of intersegment receivables and payables, and US$1,584,921 thousand of unallocated corporate assets. The main components of these unallocated corporate assets were working funds, long-term investment funds, assets allocated to administrative departments and some laboratory facilities.
   (3) Adjustment for depreciation/amortization was US$32,929 thousand, consisting of depreciation and amortization charges for corporate assets.
   (4) Adjustment for increase in property, plant and equipment, and intangible assets was US$54,614 thousand, consisting of the acquisition price of property, plant and equipment, and intangible assets classified as corporate assets.

3. The difference between the total segment profit in the table above and the operating profit of US$235,955 thousand on the consolidated statements of income represents amortization of goodwill and other intangible assets of US$(4,300) thousand. These goodwill and other intangible assets included identifiable assets acquired on the effective date of the business combination.

[Information associated with reportable segments]

Year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

1. Information for each product and service

   A description is omitted because the product and service categories are the same as the reportable segment categories.

2. Information for each region

(1) Net sales

(Millions of yen)

Japan	Asia	Europe and North America	Other	Total
245,126	143,436	89,892	39,280	517,735

Note Net sales are based on the location of customers and are classified by country or region.

(Thousands of U.S. dollars)

Japan	Asia	Europe and North America	Other	Total
1,836,150	1,074,427	673,348	294,232	3,878,165

Note Net sales are based on the location of customers and are classified by country or region.

(2) Property, plant and equipment

(Millions of yen)

Japan	China	Asia (other)	Europe and North America	Other	Total
103,572	9,023	25,231	23,182	4,032	165,043

(Thousands of U.S. dollars)

Japan	China	Asia (other)	Europe and North America	Other	Total
775,820	67,588	188,996	173,648	30,202	1,236,277

3. Information for each main customer

   Revenues from external customers are omitted because no specific customer accounted for 10% or more of the net sales in the consolidated statements of income.

Year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

1. Information for each product and service

   A description is omitted because the product and service categories are the same as the reportable segment categories.

2. Information for each region

(1) Net sales

(Millions of yen)

Japan	Asia	Europe and North America	Other	Total
227,486	105,392	66,753	32,500	432,133

Note Net sales are based on the location of customers and are classified by country or region.

(2) Property, plant and equipment

(Millions of yen)

Japan	China	Asia (other)	Europe and North America	Other	Total
99,023	10,058	22,737	7,025	4,162	143,007

3. Information for each main customer

Revenues from external customers are omitted because no specific customer accounted for 10% or more of the net sales in the consolidated statements of income.

[Information about impairment losses of non-current assets for each reportable segment]

Year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Automotive Batteries-Japan	Automotive Batteries-Overseas	Industrial Batteries and Power Supplies	Automotive Lithium-ion Batteries	Other	Total
Impairment losses	–	–	–	2,912	–	2,912

Year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Automotive Batteries-Japan	Automotive Batteries-Overseas	Industrial Batteries and Power Supplies	Automotive Lithium-ion Batteries	Other	Total
Impairment losses	104	4,943	10	–	721	5,779

Year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Thousands of U.S. dollars)

	Automotive Batteries-Japan	Automotive Batteries-Overseas	Industrial Batteries and Power Supplies	Automotive Lithium-ion Batteries	Other	Total
Impairment losses	–	–	–	21,813	–	21,813

[Amortization and unamortized balance of goodwill for each reportable segment]

Year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Automotive Batteries-Japan	Automotive Batteries-Overseas	Industrial Batteries and Power Supplies	Automotive Lithium-ion Batteries	Other	Total
Amortization during the period	–	308	–	–	–	308
Balance at end of period	–	1,233	–	–	–	1,233

Year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Automotive Batteries-Japan	Automotive Batteries-Overseas	Industrial Batteries and Power Supplies	Automotive Lithium-ion Batteries	Other	Total
Amortization during the period	659	–	–	–	–	659
Balance at end of period	–	–	–	–	–	–

Year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Thousands of U.S. dollars)

	Automotive Batteries-Japan	Automotive Batteries-Overseas	Industrial Batteries and Power Supplies	Automotive Lithium-ion Batteries	Other	Total
Amortization during the period	–	2,307	–	–	–	2,307
Balance at end of period	–	9,236	–	–	–	9,236

[Information about gain on bargain purchase for each reportable segment]

Year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

Not applicable

Year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

In the Industrial Batteries and Power Supplies segment, a material gain on bargain purchase was recognized through the acquisition of all the shares of Sanken Densetsu Co., Ltd. (company name changed to GS Yuasa Infrastructure Systems Co., Ltd. on May 1, 2021) and the company's subsequent consolidation as a subsidiary. The total gain on bargain purchase recorded due to this transaction was ¥710 million.

Related party(ies) information

Year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

1. Related party transactions

   Not applicable

2. Notes on parent company and significant affiliates

(1) Information on parent company

   Not applicable

(2) Summary financial information of significant affiliates

   From the current fiscal year, equity-method affiliate PG Holdings Co., Ltd. became a significant affiliate due to an increase in materiality, and the company's summary financial statement is as below.

	(Millions of yen)	(Thousands of U.S. dollars)
Total current assets	15,873	118,899
Total non-current assets	3,175	23,783
Total current liabilities	15,947	119,453
Total non-current liabilities	–	–
Total net assets	3,101	23,228
Net sales	4,354	32,614
Loss before income taxes	(5,833)	(43,693)
Loss attributable to owners of parent	(5,816)	(43,566)

Year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

1. Related party transactions

   Not applicable

2. Notes on parent company and significant affiliates

(1) Information on parent company

   Not applicable

(2) Summary financial information of significant affiliates

   Not applicable

Per share information

Item	Year ended March 31, 2023 (Yen)	Year ended March 31, 2022 (Yen)	Year ended March 31, 2023 (U.S. dollars)
Net assets per share	2,867.23	2,675.70	21.48
Basic earnings per share	173.11	105.23	1.30

Notes 1. Diluted earnings per share is not provided here, as there are no residual securities.

2. Calculation of basic earnings per share was as follows:

	Year ended March 31, 2023 (Millions of yen)	Year ended March 31, 2022 (Millions of yen)	Year ended March 31, 2023 (Thousands of U.S. dollars)
Basic earnings per share			
Profit attributable to owners of parent	13,925	8,468	104,307
Amount not attributable to common stockholders	–	–	–
Profit attributable to common stockholders of parent	13,925	8,468	104,307
Average number of common stock shares during term (thousands of shares)	80,448	80,475	

Note The Company has introduced a performance-linked share-based payment system for its directors (excluding outside directors) and has set up an Officer Stock Grant Trust. The Company's own shares held by the trust are included in the number of treasury shares presented in the consolidated financial statements. In line with this, for the calculation of basic earnings per share, the number of the Company's own shares held by the trust was included in the number of treasury shares that is subtracted from the average number of common stock shares during the term. In addition, for the calculation of net assets per share, the number of the Company's own shares held by the trust was included in the number of treasury shares that is deducted from the total number of shares issued at the end of the period.

The average number of treasury shares during the term deducted in the calculation of basic earnings per share was 68,247 shares in the previous fiscal year and 58,723 shares in the current fiscal year. For the calculation of net assets per share, the number of treasury shares deducted at the end of the period was 67,200 shares in the previous fiscal year and 53,300 shares in the current fiscal year.

Significant subsequent events

Basic agreement toward establishment of a joint venture company

GS Yuasa International Ltd. (hereinafter referred to as "GS Yuasa"), a consolidated subsidiary of the Company, has reached a basic agreement with Honda Motor Co., Ltd. (hereinafter referred to as "Honda") toward collaboration for a high-capacity, high-output lithium-ion battery, and progress has been made in putting this collaboration into practice.

GS Yuasa passed its resolution on the establishment of the joint venture company of both parties at its meeting of the Board of Directors held on April 24, 2023, and concluded the joint venture basic agreement.

(1) Purpose of the establishment of the joint venture company

The new joint venture company will research and develop lithium-ion batteries and battery production methods that will be highly competitive at a global level. Moreover, the new company will strive to establish a supply chain for key raw materials and a highly-efficient battery production system in order to address the rapidly growing demand for batteries.

(2) Overview of the joint venture company

(i) Company name	Honda GS Yuasa EV Battery R&D Co., Ltd.
(ii) Head office	1, Inobanba-cho, Nishinosho, Kisshoin, Minami-ku, Kyoto, Japan
(iii) Title and name of the representative	Koichi Yamamoto, Representative Director and President
(iv) Capital and legal capital surplus at establishment	Capital: ¥2.0 billion Legal capital surplus: ¥2.0 billion
(v) Description of business	Research and development of a high-capacity, high-output lithium-ion battery, primarily for EV use, and the required production methods To construct and manage and intellectual property portfolio comprising patents, etc. relating to the research and development Planning for products that utilize technologies resulting from the research and development, and planning for the required sales channels Designing of an efficient production operation including the supply chain for key raw materials, etc.
(vi) Date of establishment	Dates for the establishment and commencement of business operations are scheduled during 2023.
(vii) Ownership (%)	Honda 50%, GS Yuasa 50%

(v) Consolidated supplemental schedules

[Schedule of bonds payable]

(Millions of yen)

Company name	Issue	Date of issue	Balance at beginning of period	Balance at end of period	Interest rate (%)	Secured/ unsecured	Maturity
GS Yuasa Corporation	1st unsecured bonds	September 13, 2017	10,000	10,000	0.44	Unsecured	September 13, 2027
GS Yuasa Corporation	2nd unsecured bonds	December 10, 2018	10,000	10,000 (10,000)	0.20	Unsecured	December 8, 2023
Total	–	–	20,000	20,000 (10,000)	–	–	–

(Thousands of U.S. dollars)

Company name	Issue	Date of issue	Balance at beginning of period	Balance at end of period	Interest rate (%)	Secured/ unsecured	Maturity
GS Yuasa Corporation	1st unsecured bonds	September 13, 2017	74,906	74,906	0.44	Unsecured	September 13, 2027
GS Yuasa Corporation	2nd unsecured bonds	December 10, 2018	74,906	74,906 (74,906)	0.20	Unsecured	December 8, 2023
Total	–	–	149,813	149,813 (74,906)	–	–	–

Notes 1. Amounts in parentheses indicate the current portion of bonds payable.

2. The redemption schedule for the five years following the consolidated fiscal year-end date is as follows.

(Millions of yen)

One year or less	One to two years	Two to three years	Three to four years	Four to five years
10,000	–	–	–	10,000

(Thousands of U.S. dollars)

One year or less	One to two years	Two to three years	Three to four years	Four to five years
74,906	–	–	–	74,906

[Schedule of borrowings]

(Millions of yen)

Categories	Balance at beginning of period	Balance at end of period	Average interest rate (%)	Repayment deadline
Short-term borrowings	15,459	30,733	7.60	–
Commercial papers	2,000	–	–	–
Current portion of long-term borrowings	3,322	11,584	1.11	–
Current portion of lease liabilities	1,701	1,844	2.15	–
Long-term borrowings (excluding current portion)	41,696	41,357	0.77	2024 to 2030
Lease liabilities (excluding current portion)	6,100	8,510	2.19	2024 to 2042
Total	70,280	94,030	–	–

(Thousands of U.S. dollars)

Categories	Balance at beginning of period	Balance at end of period
Short-term borrowings	115,798	230,210
Commercial papers	14,981	–
Current portion of long-term borrowings	24,884	86,772
Current portion of lease liabilities	12,742	13,813
Long-term borrowings (excluding current portion)	312,330	309,790
Lease liabilities (excluding current portion)	45,693	63,745
Total	526,442	704,345

Notes 1. The “average interest rate” is the weighted average interest rate on the balance at the end of the period.
2. The aggregate annual maturities of long-term borrowings and lease liabilities (excluding the current portion) within five years of the consolidated fiscal year-end date are as follows.

(Millions of yen)

	One to two years	Two to three years	Three to four years	Four to five years
Long-term borrowings	9,949	8,332	9,824	166
Lease liabilities	1,020	992	865	632

(Thousands of U.S. dollars)

	One to two years	Two to three years	Three to four years	Four to five years
Long-term borrowings	74,524	62,412	73,588	1,243
Lease liabilities	7,640	7,431	6,479	4,734

[Schedule of asset retirement obligations]

Since the amount of asset retirement obligations at the beginning and end of the current fiscal year was 1/100 or less of the total liabilities and net assets at the beginning and end of the current fiscal year, the description is omitted pursuant to Article 92-2 of the Regulations for Consolidated Financial Statements.

Independent Auditor's Report on the Financial Statements and Internal Control Over Financial Reporting

June 29, 2023

To the Board of Directors of GS Yuasa Corporation:

KPMG AZSA LLC
Kyoto Office, Japan

Motohiro Tanaka
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Tetsuo Yamada
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Report on the Audit of the Consoliadted Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of GS Yuasa Corporation ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group") provided in the "Financial Information" section in the GS Yuasa Report 2023, which comprise the consolidated balance sheets as at March 31, 2023 and the consolidated statements of income and comprehensive income, statements of changes in net assets and statements of cash flows for the year then ended, and a basis of preparation of consolidated financial statements, other explanatory information and supplemental schedules, in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of the amount of impairment loss recognized on long-lived assets used in the 12V lithium-ion batteries business	
The key audit matter	How the matter was addressed in our audit
As described in the Notes on “Consolidated Statement of Income, *7. Impairment Losses” to consolidated financial statements, the Company recognized in the consolidated statement of income an impairment loss of ¥2,912 million on long-lived assets of the 12V lithium-ion batteries business (hereinafter the “12VLIB business”) within the Automotive Lithium-ion batteries segment. Long-lived assets are tested for impairment whenever there is an impairment indicator. In the impairment testing, when the recoverable amount of an asset or group of assets is less than its carrying amount, the carrying amount is reduced to the recoverable amount, and the resulting decrease in carrying amount is recognized as an impairment loss. The recoverable amount is the higher of either the value in use or the net realizable value (or the fair value less costs of disposal under International Financial Reporting Standards, as applicable). The 12VLIB business is composed of two asset groups: the 12VLIB business in the Lithium-ion Batteries Business Unit at GS Yuasa International Ltd., a consolidated subsidiary (hereinafter “GYLI-12VLIB”), and GS Yuasa Hungary Ltd. (hereinafter “GYHU”). The 12VLIB business had recognized recurring operating losses with a significant downward trend when compared to the business plan formulated at the time the business was originally launched. Accordingly, it was determined that such conditions would constitute an impairment indicator for both of the asset groups. Therefore, an impairment test was performed based on the net realizable value as the recoverable amount. In estimating the net realizable value, selecting the appropriate valuation models and applying applicable valuation techniques to measure the net realizable value required a high degree of expertise in valuation. We, therefore, determined that our assessment of the appropriateness of the amount of impairment loss recognized on long-lived assets used in the 12VLIB business was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	The primary procedures we performed to assess the appropriateness of the amount of impairment loss recognized on long-lived assets used in the 12VLIB business included the following audit procedures: (1) Internal control testing Test of the design and operating effectiveness of certain internal controls relevant to the recognition of an impairment loss on long-lived assets. (2) Assessment of the reasonableness of estimated net realizable value (i) Long-lived assets used in GYLI-12VLIB We primarily performed the following procedures with the assistance of valuation specialists within our network firms: ● Assessed the competency, capabilities, and objectivity of the external experts engaged by the Company based on information about their experience and qualifications, membership status with professional organizations, and whether any conflicts of interest exist with the Company; and ● Assessed whether the valuation models selected, the valuation techniques applied and the measurement of the net realizable value by the external experts engaged by the Company were appropriate by inquiring of the experts, inspecting the valuation results prepared by them and comparing the results with external data. (ii) Long-lived assets used in GYHU We requested the component auditor of GYHU to perform an audit. We then evaluated the report received from the component auditor to conclude on whether sufficient and appropriate audit evidence was obtained from their audit procedures, including those listed in (i) above, performed with the assistance of valuation specialists within the network firms of the component auditor.

Other Information

The other information comprises the information included in the GS Yuasa Report 2023, but does not include the consolidated financial statements, the financial statements, and our auditor’s reports thereon. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors’ performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Internal Control Report

Opinion

We also have audited the accompanying internal control report of GS Yuasa Corporation as at March 31, 2023, in accordance with Article 193-2(2) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying internal control report, which states that the internal control over financial reporting was effective as at March 31, 2023, presents fairly, in all material respects, the results of the assessments of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our audit of the internal control report in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Internal Control Report* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the internal control report in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing and examining the design and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

Auditor’s Responsibilities for the Audit of the Internal Control Report

Our objectives are to obtain reasonable assurance about whether the internal control report is free from material misstatement based on our audit of the internal control report and to issue an auditor’s report that includes our opinion.

As part of our audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor’s judgment, based on significance of effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the appropriateness of the scope, procedures and results of the assessments that management presents.
- Obtain sufficient appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision and performance of the audit of the internal control report. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of our audit of the internal control report, the results thereof, material weaknesses in internal control identified during our audit of internal control report, and those that were remediated.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Audit Report:
The Independent Auditor’s Report herein is the English translation of the Independent Auditor’s Report as required by the Financial Instruments and Exchange Act of Japan.