

November 7, 2023

GS Yuasa Corporation
Consolidated Earnings Report for the
Six Months ended September 30, 2023
(Japanese GAAP)

Stock listing: Tokyo Stock Exchange Securities code: 6674
 URL: <https://www.gs-yuasa.com/en/>
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 Director and CFO

Scheduled dates

Filing of statutory quarterly financial report (*Shihanki hokokusho*): November 7, 2023

Dividend payout: December 1, 2023

Supplementary materials to quarterly earnings report available: Yes
 Quarterly earnings presentation held: Yes (targeted at institutional investors and analysts)

(Amounts rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months ended September 30, 2023 (April 1, 2023 to September 30, 2023)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Six Months ended September 30, 2023	256,805	9.2	12,674	54.1	11,993	99.4	5,958	247.7
Six Months ended September 30, 2022	235,224	20.6	8,224	57.3	6,015	(8.4)	1,713	(22.4)

Note: Comprehensive income: Six Months ended September 30, 2023: ¥20,836 million, 36.0%
 Six Months ended September 30, 2022: ¥15,324 million, 135.6%

	Basic earnings per share	Diluted earnings per share
	yen	yen
Six Months ended September 30, 2023	74.06	–
Six Months ended September 30, 2022	21.30	–

Reference: Operating profit before amortization of goodwill:

Six Months ended September 30, 2023: ¥12,932 million, 47.6%

Six Months ended September 30, 2022: ¥8,762 million, 37.8%

The Company uses “operating profit before amortization of goodwill” as an important indicator for management.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of September 30, 2023	559,323	286,697	43.6
As of March 31, 2023	540,906	270,890	42.6

Reference: Total equity: As of September 30, 2023: ¥243,874 million
 As of March 31, 2023: ¥230,677 million

2. Dividends

	Dividend per share				
	End-Q1	End-Q2	End-Q3	Year-end	Total
	yen	yen	yen	yen	yen
Year ended March 31, 2023	–	15.00	–	35.00	50.00
Year ending March 31, 2024	–	15.00			
Year ending March 31, 2024 (forecast)			–	35.00	50.00

Note: No revision has been made to the latest dividends forecast.

3. Earnings Forecast for the Year ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ending March 31, 2024	560,000	8.2	37,000	17.5	32,000	32.2	16,000	14.9	198.87

Note: The latest earnings forecast has been revised.

***Notes**

- (1) Changes affecting the status of material subsidiaries (scope of consolidation): None
- (2) Use of accounting procedures specific to preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement
 - 1) Changes in accordance with revisions to accounting and other standards: None
 - 2) Changes other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None

(4) Number of shares issued (common stock)

	As of September 30, 2023	As of March 31, 2023
1) Number of shares issued (including treasury shares)	80,599,442	80,599,442
2) Number of treasury shares	142,472	146,539
	Six Months ended September 30, 2023	Six Months ended September 30, 2022
3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)	80,453,453	80,442,910

*Quarterly financial reports are not subject to audit procedures to be conducted by certified public accountants or an audit firm.

***Appropriate Use of Earnings Forecast and Other Important Information**

The above forecasts are based on the assumptions of management in light of information available as of the release date of this report. GS Yuasa Corporation makes no assurances as to the actual results, which may differ from forecasts due to various factors such as changes in the business environment.

4. Qualitative Information on Quarterly Financial Results

(1) Results of Operations

1) Overview

In the first six months of the fiscal year ending March 31, 2024, the global economy continued to experience inflation due to rising commodity prices despite showing signs of a gradual recovery thanks to factors such as the progression of the recovery of the supply chain and automobile production volume heading toward recovery. Monetary tightening policies are implemented globally, and the outlook continues to be uncertain, with the risk of an economic downturn, financial market volatility, etc.

In this economic environment, the GS Yuasa Group's consolidated net sales for the first six months of the fiscal year ending March 31, 2024 totaled ¥256,805 million, up ¥21,581 million or 9.2%, from the same period of the previous fiscal year. This increase in Group sales mainly reflects an increase in sales volume of lithium-ion batteries for hybrid vehicles and the progression of measures to revise sales prices. In line with this, operating profit came to ¥12,674 million (operating profit before amortization of goodwill came to ¥12,932 million), up ¥4,450 million or 54.1% from the same period of the previous fiscal year. Ordinary profit came to ¥11,993 million, up ¥5,978 million or 99.4% from the same period of the previous fiscal year, due to improvement in share of profit of entities accounted for using equity method and foreign exchange losses. Profit attributable to owners of parent came to ¥5,958 million, up ¥4,244 million or 247.7% from the same period of the previous fiscal year.

2) Business Segment Results

Effective from the first quarter of the fiscal year ending March 31, 2024, the Company changed the segments of some consolidated subsidiaries. Consequently, the year-on-year comparisons and analysis for the first six months of the fiscal year ending March 31, 2024 are based on the classifications after the change. For further details, please see (4) Notes on the Consolidated Financial Statements of 5. Consolidated Financial Statements and Notes.

(Automotive Batteries)

Net sales in Japan for the first six months of the fiscal year ending March 31, 2024 totaled ¥41,081 million, a year-on-year increase of ¥3,412 million or 9.1%, due to the increase in sales volume of batteries for new vehicles in line with the recovery in new vehicle sales compared to the same period of the previous fiscal year, and the progression of measures to revise sales prices. Domestic automotive batteries segment profit (before goodwill amortization) came to ¥2,176 million, up ¥418 million or 23.8% from the same period of the previous fiscal year.

Overseas net sales totaled ¥125,420 million, a year-on-year increase of ¥3,580 million or 2.9% as a result of the progression of measures to revise sales prices. Segment profit came to ¥7,599 million, up ¥1,512 million or 24.8% from the same period of the previous fiscal year.

As a result of the above factors, the automotive batteries segment's combined net sales in Japan and overseas in the first six months of the fiscal year ending March 31, 2024 totaled ¥166,501 million, a year-on-year increase of ¥6,992 million or 4.4%. Overall automotive batteries segment profit (before goodwill amortization) came to ¥9,776 million, up ¥1,931 million or 24.6% from the same period of the previous fiscal year.

(Industrial Batteries and Power Supplies)

Net sales in the industrial batteries and power supplies segment totaled ¥39,505 million, a year-on-year increase of ¥10 million or 0.0%. As a result of the progression of measures to revise sales prices, segment profit totaled ¥1,368 million, a year-on-year increase of ¥769 million or 128.5%.

(Automotive Lithium-ion Batteries)

Net sales in the automotive lithium-ion batteries segment totaled ¥40,590 million, a year-on-year increase of ¥13,254 million or 48.5%, due to the increase in sales volume of lithium-ion batteries for hybrid vehicles. Segment profit came to ¥735 million, up ¥554 million or 305.6% from the same period of the previous fiscal year.

(Other)

Net sales in the other segment totaled ¥10,207 million, a year-on-year increase of ¥1,323 million or 14.9%, due to the strong sales of batteries for aircrafts. Segment profit after adjustments for corporate expenses, etc. came to ¥1,051 million, up ¥915 million or 669.2% from the same period of the previous fiscal year.

(2) Financial Condition

Total assets amounted to ¥559,323 million, an increase of ¥18,416 million from the end of the previous fiscal year. This mainly reflects an increase in inventories and an increase in the market value of owned shares, despite a decrease from the collection of trade receivables.

Liabilities increased to ¥272,626 million, up ¥2,609 million from the end of the previous fiscal year. This mainly reflects increases in trade payables and electronically recorded obligations - facilities, despite a decrease in borrowings.

Net assets totaled ¥286,697 million, an increase of ¥15,807 million from the end of the previous fiscal year. This mainly reflects an increase due to the recording of profit attributable to owners of parent and an increase in the foreign currency translation adjustment due to forex rate fluctuations, which outweighed outflows from dividends paid.

[Cash Flows]

Cash and cash equivalents as of September 30, 2023, amounted to ¥27,694 million, a decrease of ¥8,332 million or 23.1%, from the end of the previous fiscal year.

Net cash provided by operating activities in the first half of the fiscal year, amounted to ¥19,346 million, compared with net cash provided of ¥1,939 million in the same period of the previous fiscal year. There were main contributions from profit before income taxes, depreciation, the collection of trade receivables, and an increase in trade payables, partially offset by an increase in inventories and the payment of income taxes.

Net cash used in investing activities totaled ¥17,524 million, compared with net cash used of ¥15,656 million a year earlier. The main cash outflow from investments was the purchase of property, plant, and equipment and purchase of shares of subsidiaries and associates.

Net cash used in financing activities amounted to ¥11,712 million, compared with net cash provided of ¥11,860 million in the first half of the previous fiscal year. The main cash outflows were the repayment of borrowings and dividends paid.

(3) Note on Consolidated Earnings Forecast and Other Forward-looking Statements

The consolidated earnings forecast for the fiscal year ending March 31, 2024, announced on August 3, 2023, has been revised to reflect the Company's recent earnings performance.

For details, please see the "Notice Regarding First-Half Results and Difference from Previous Forecast, and Revision to Full-year Earnings Forecast" also released by the Company today (November 7, 2023).

5. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

	As of March 31, 2023 Amount	(Millions of yen) As of September 30, 2023 Amount
Assets		
Current assets		
Cash and deposits	36,272	27,950
Notes and accounts receivable - trade, and contract assets	97,591	90,687
Electronically recorded monetary claims - operating	6,855	6,717
Merchandise and finished goods	60,127	71,289
Work in process	21,848	25,351
Raw materials and supplies	28,094	28,470
Other	15,722	14,956
Allowance for doubtful accounts	(387)	(388)
Total current assets	266,125	265,035
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	60,135	59,514
Machinery, equipment and vehicles, net	51,036	50,767
Land	28,390	29,165
Leased assets, net	222	257
Right-of-use assets, net	7,946	8,557
Construction in progress	10,985	17,706
Other, net	6,326	7,169
Total property, plant and equipment	165,043	173,137
Intangible assets		
Goodwill	1,233	1,160
Leased assets	673	612
Other	3,333	3,280
Total intangible assets	5,240	5,053
Investments and other assets		
Investment securities	63,254	73,340
Retirement benefit asset	31,894	32,313
Deferred tax assets	2,077	2,360
Lease receivables	2,694	2,950
Other	4,894	5,455
Allowance for doubtful accounts	(344)	(343)
Total investments and other assets	104,470	116,076
Total non-current assets	274,754	294,268
Deferred assets	26	20
Total assets	540,906	559,323

	As of March 31, 2023 Amount	(Millions of yen) As of September 30, 2023 Amount
Liabilities		
Current liabilities		
Notes and accounts payable - trade	51,691	55,045
Electronically recorded obligations - operating	25,327	27,890
Short-term borrowings	42,318	41,672
Commercial papers	-	5,500
Current portion of bonds payable	10,000	10,000
Accounts payable - other	14,225	9,802
Income taxes payable	4,081	3,217
Notes payable - facilities	192	140
Electronically recorded obligations - facilities	3,539	8,032
Provision for bonuses for directors (and other officers)	120	-
Other	23,816	24,870
Total current liabilities	175,312	186,173
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	41,357	30,227
Lease liabilities	8,510	9,370
Deferred tax liabilities	20,474	21,908
Deferred tax liabilities for land revaluation	777	777
Provision for retirement benefits for directors (and other officers)	78	64
Retirement benefit liability	5,372	5,691
Other	8,133	8,412
Total non-current liabilities	94,704	86,452
Total liabilities	270,016	272,626
Net assets		
Shareholders' equity		
Share capital	33,021	33,021
Capital surplus	53,201	53,201
Retained earnings	103,503	106,643
Treasury shares	(321)	(312)
Total shareholders' equity	189,404	192,553
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,173	16,784
Deferred gains or losses on hedges	(450)	(533)
Revaluation reserve for land	1,794	1,794
Foreign currency translation adjustment	18,727	26,656
Remeasurements of defined benefit plans	7,026	6,618
Total accumulated other comprehensive income	41,272	51,321
Non-controlling interests	40,213	42,822
Total net assets	270,890	286,697
Total liabilities and net assets	540,906	559,323

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

	(Millions of yen)	
	Six months ended September 30, 2022	Six months ended September 30, 2023
	Amount	Amount
Net sales	235,224	256,805
Cost of sales	186,049	201,698
Gross profit	49,175	55,107
Selling, general and administrative expenses	40,951	42,432
Operating profit	8,224	12,674
Non-operating income		
Interest and dividend income	652	721
Share of profit of entities accounted for using equity method	–	1,290
Gain on net monetary position	971	453
Other	263	419
Total non-operating income	1,887	2,885
Non-operating expenses		
Interest expenses	1,291	1,973
Share of loss of entities accounted for using equity method	466	–
Foreign exchange losses	1,830	41
Loss on sale of receivables	147	913
Other	360	637
Total non-operating expenses	4,096	3,566
Ordinary profit	6,015	11,993
Extraordinary income		
Gain on sale of non-current assets	14	7
Gain on sale of investment securities	7	–
Gain on receipt of national subsidies	–	137
Surrender value of insurance policies	–	240
Gain on step acquisitions	1,010	–
Gain on liquidation of subsidiaries	473	–
Gain on change in equity	–	101
Total extraordinary income	1,505	486
Extraordinary losses		
Loss on retirement of non-current assets	303	501
Loss on sale of non-current assets	3	8
Loss on tax purpose reduction entry of non-current assets	–	137
Retirement benefit expenses	–	121
Total extraordinary losses	306	768

	Six months ended September 30, 2022	Six months ended September 30, 2023
	Amount	Amount
Profit before income taxes	7,214	11,711
Income taxes	3,202	2,874
Profit	4,012	8,836
Profit attributable to non-controlling interests	2,299	2,878
Profit attributable to owners of parent	1,713	5,958

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Six months ended September 30, 2022	Six months ended September 30, 2023
	Amount	Amount
Profit	4,012	8,836
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,943)	2,693
Deferred gains or losses on hedges	17	(138)
Foreign currency translation adjustment	10,147	7,499
Remeasurements of defined benefit plans, net of tax	(257)	(407)
Share of other comprehensive income of entities accounted for using equity method	3,348	2,353
Total other comprehensive income	11,312	11,999
Comprehensive income	15,324	20,836
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,551	16,006
Comprehensive income attributable to non-controlling interests	3,772	4,829

(3) Consolidated Statements of Cash Flows

	(Millions of yen)	
	Six months ended September 30, 2022	Six months ended September 30, 2023
	Amount	Amount
Cash flows from operating activities		
Profit before income taxes	7,214	11,711
Depreciation	9,818	11,346
Amortization of goodwill	478	128
Loss (gain) on sale of investment securities	(7)	–
Loss (gain) on liquidation of subsidiaries	(473)	–
Increase (decrease) in allowance for doubtful accounts	(102)	30
Increase (decrease) in retirement benefit liability	(604)	(664)
Interest and dividend income	(652)	(721)
Interest expenses	1,291	1,973
Foreign exchange losses (gains)	644	(121)
Loss (gain) on sale of non-current assets	(10)	0
Loss on retirement of non-current assets	303	501
Loss on tax purpose reduction entry of non-current assets	–	137
Gain on receipt of national subsidies	–	(137)
Surrender value of insurance policies	–	(240)
Share of loss (profit) of entities accounted for using equity method	466	(1,290)
Gain on net monetary position	(971)	(453)
Loss (gain) on step acquisitions	(1,010)	–
Decrease (increase) in trade receivables and contract assets	8,645	9,029
Increase (decrease) in contract liabilities	186	615
Decrease (increase) in inventories	(17,534)	(12,112)
Increase (decrease) in trade payables	(2,759)	5,706
Other, net	(1,260)	(1,758)
Subtotal	3,661	23,681
Interest and dividends received	1,542	1,678
Interest paid	(1,291)	(1,973)
Income taxes paid	(1,973)	(4,041)
Net cash provided by (used in) operating activities	1,939	19,346

	Six months ended September 30, 2022	Six months ended September 30, 2023
	Amount	Amount
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,532)	(13,011)
Proceeds from sale of property, plant and equipment	18	88
Purchase of intangible assets	(196)	(194)
Purchase of investment securities	–	(1)
Proceeds from sale of investment securities	9	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(447)	–
Payments for investments in capital of subsidiaries and associates	–	(968)
Purchase of shares of subsidiaries and associates	–	(3,600)
Subsidies received	–	137
Loan advances	(0)	–
Proceeds from collection of loans receivable	32	43
Proceeds from cancellation of insurance funds	–	539
Other, net	(539)	(557)
Net cash provided by (used in) investing activities	(15,656)	(17,524)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	21,188	2,187
Proceeds from long-term borrowings	42	–
Repayments of long-term borrowings	(1,759)	(8,293)
Purchase of treasury shares	(1)	(2)
Proceeds from disposal of treasury shares	32	12
Dividends paid	(2,817)	(2,817)
Proceeds from share issuance to non-controlling shareholders	–	1,215
Dividends paid to non-controlling interests	(4,195)	(3,348)
Other, net	(629)	(665)
Net cash provided by (used in) financing activities	11,860	(11,712)
Effect of exchange rate change on cash and cash equivalents	1,589	1,520
Adjustment for hyperinflation	149	38
Net increase (decrease) in cash and cash equivalents	(117)	(8,332)
Cash and cash equivalents at beginning of period	25,845	36,027
Cash and cash equivalents at end of period	25,727	27,694

(4) Notes on the Consolidated Financial Statements

(Note on the going-concern assumption)

Not applicable

(Note on significant change in shareholders' equity)

Not applicable

(Use of accounting procedures specific to preparation of quarterly consolidated financial statements)

(Tax expense calculation)

The Company calculates tax expenses by rationally estimating its effective tax rate after application of tax effect accounting to profit before income taxes for the current fiscal year, which includes the second quarter ended September 30, 2023, and multiplying profit before income taxes by said estimated effective tax rate. However, in cases where calculations using said estimated effective tax rate yield a result that is notably lacking rationality, tax expenses are calculated using the statutory effective tax rate.

(Segment and other information)
Segment information

I. Six months ended September 30, 2022 (April 1 to September 30, 2022)

1. Net sales and profit/loss by reportable segment

(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	37,669	121,839	159,509	39,494	27,336	226,340	8,884	235,224
Transactions with other segments	650	2,274	2,924	9,289	228	12,442	(12,442)	–
Total	38,319	124,113	162,433	48,784	27,564	238,782	(3,558)	235,224
Segment profit	1,757	6,087	7,844	599	181	8,625	136	8,762

Notes: 1. "Other" comprises a) businesses that are not included in any of the reportable segments such as special batteries business and b) segment profit adjustment. Adjustment for segment profit was ¥(678) million, which includes ¥(141) million elimination of inter-segment transactions and ¥(536) million of unallocated corporate expenses. The main component of these unallocated corporate expenses is general and administrative expenses that are not attributable to reportable segments.

2. The difference between the total segment profit in the table above and operating profit of ¥8,224 million on the consolidated statements of income represents amortization of goodwill and other intangible assets of ¥537 million. These goodwill and other intangible assets include identifiable assets acquired on the effective date of business combination.

2. Information about impairment losses of non-current assets or goodwill, etc. for each reportable segment

(Significant changes in the amount of goodwill)

In the "Automotive Batteries-Overseas" segment, İnci GS Yuasa Akü Sanayi ve Ticaret Anonim Şirketi was included in the scope of consolidation from the first quarter of the fiscal year ended March 31, 2023, due to the acquisition of its shares, making it a consolidated subsidiary.

The amount of goodwill increased by ¥4,121 million during the first six months of the fiscal year ended March 31, 2023 as a result of this acquisition. Additionally, the amount of goodwill is a tentative calculation, as the distribution of acquisition cost has not been completed.

II. Six months ended September 30, 2023 (April 1 to September 30, 2023)

1. Net sales and profit/loss by reportable segment

(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	41,081	125,420	166,501	39,505	40,590	246,598	10,207	256,805
Transactions with other segments	620	2,227	2,848	6,605	4,999	14,453	(14,453)	–
Total	41,702	127,647	169,350	46,111	45,590	261,051	(4,246)	256,805
Segment profit	2,176	7,599	9,776	1,368	735	11,880	1,051	12,932

- Notes: 1. "Other" comprises a) businesses that are not included in any of the reportable segments such as special batteries business and b) segment profit adjustment. Adjustment for segment profit was ¥(1,071) million, which includes ¥(523) million elimination of inter-segment transactions and ¥(547) million of unallocated corporate expenses. The main component of these unallocated corporate expenses is general and administrative expenses that are not attributable to reportable segments.
2. The difference between the total segment profit in the table above and operating profit of ¥12,674 million on the consolidated statements of income represents amortization of goodwill and other intangible assets of ¥257 million. These goodwill and other intangible assets include identifiable assets acquired on the effective date of business combination.

2. Matters concerning changes in reportable segments, etc.

From the first quarter of the fiscal year ending March 31, 2024, the GS Yuasa Group revised the management classifications of organizations in order to obtain a more appropriate grasp of the business performance of segments that are classified by product type. As a result, some consolidated subsidiaries previously included in "Industrial Batteries and Power Supplies" have had their segment changed to "Other."

Segment information for the six months ended September 30, 2022 has been stated using the reportable segments as they exist after the change.

(Additional information)

(Changes in scope of consolidation or application of equity method)

(1) Significant changes in scope of consolidation

In the first quarter of the fiscal year ending March 31, 2024, GS Yuasa Infrastructure Systems Co., Ltd., which was a consolidated subsidiary, was excluded from the scope of consolidation after its liquidation through an absorption-type merger with GS Yuasa International Ltd., which is also a consolidated subsidiary, as the surviving company.

(2) Significant changes in scope of application of equity method

In the second quarter of the fiscal year ending March 31, 2024, GS Yuasa International Ltd., which is a consolidated subsidiary, established Honda·GS Yuasa EV Battery R&D Co., Ltd. through a joint venture basic agreement with Honda Motor Co., Ltd., so it is included in the scope of subsidiaries and associates accounted for under equity method.

(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” from the first quarter of the fiscal year ended March 31, 2023. 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/loss 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 last day of the quarter and reflected in the consolidated financial statements of the GS Yuasa Group.

(Significant subsequent events)

(Transfer of investment in subsidiaries)

The Company resolved at the meeting of its Board of Directors held on July 25, 2023 that its consolidated subsidiary GS Yuasa International Ltd. (“GS Yuasa”) would transfer 70% of the shares of GS Yuasa’s Chinese consolidated subsidiaries Tianjin GS Battery Co., Ltd. (“TJGS”) and Yuasa Battery (Shunde) Co., Ltd. (“YBSD”) respectively to Leoch International Technology Limited (“Leoch International”)’s wholly owned subsidiary Leoch Battery Company Limited (“Leoch Battery”), which is an operating company in China, and has signed an equity transfer agreement and a joint venture agreement with Leoch Battery. Additionally, on September 25, 2023, the Company concluded a modification agreement to change the scheduled transfer date to October 2023.

Based on this, the share transfer was executed on October 31, 2023. As a result of this share transfer, TJGS and YBSD will be changed from consolidated subsidiaries to equity method affiliates of the Company from the third quarter of the fiscal year ending March 31, 2024.

1. Reason for the share transfer

Since TJGS started operations in 1993 and YBSD in 2003, the Company has invested GS Yuasa’s technological development capabilities and established a certain position in the market as a manufacturer of high-quality automotive lead-acid batteries.

On the other hand, the environment surrounding the automotive lead-acid battery business in China is changing at an ever-increasing speed year by year, and in recent years in particular, the Company has been facing major changes such as the tightening of environmental regulations, the zero-COVID policy and its lifting. Under these circumstances, as a result of our careful consideration of the business growth strategy in China, while continuing technical

support from the GS Yuasa Group, transferring the management rights to Leoch Battery under the umbrella of Leoch International, which has been successful in the same business in China, will best contribute to the growth of TJGS and YBSD. By cooperating with Leoch International Group, the market share of GS Yuasa Group together with Leoch International Group in China for automotive lead-acid batteries will rise, and synergies are expected in terms of sales and logistics.

2. Outline of the transferee of the shares

- (1) Counterparty name: Leoch Battery Company Limited
- (2) Relationship with the counterparty: There are no capital, personnel, or business relationships to report.

3. Timing of the share transfer

Execution date of the share transfer: October 31, 2023

4. Names of the subsidiaries, business description, and details of transactions with the Company

- TJGS

- (1) Name: Tianjin GS Battery Co., Ltd.
- (2) Business: Manufacture and sale of lead-acid batteries for automobiles and sale of lead-acid batteries for motorcycles
- (3) Transactions with the Company: There are no transactions with the Company.
GS Yuasa has concluded a technical license agreement and a trademark license agreement, as well as a loan agreement with said company.

- YBSD

- (1) Name: Yuasa Battery (Shunde) Co., Ltd.
- (2) Business: Manufacture and sale of lead-acid batteries for automobiles
- (3) Transactions with the Company: There are no transactions with the Company.
GS Yuasa has concluded a technical license agreement and a trademark license agreement with said company.

5. Percentage of shares transferred, transfer price, gain or loss on transfer, and percentage of shares held after transfer

- TJGS

	Shares owned by GS Yuasa	Shares owned by Yuasa Battery (Guangdong) Co., Ltd.	GS Yuasa Group total
(1) Percentage of shares held before transfer	92.50%	7.50%	100.00%
(2) Percentage of shares transferred	70.00%	–%	70.00%
(3) Percentage of shares held after transfer	22.50%	7.50%	30.00%
(4) Transfer price	The transfer price has not been finalized at this time, as it will be calculated based on the net assets as of October 31, 2023, the date of completion of the transfer, in accordance with the equity transfer agreement.		
(5) Gain or loss on transfer	Gain or loss on transfer has not been finalized at this time.		

- YBSD

	Shares owned by GS Yuasa
(1) Percentage of shares held before transfer	100.00%
(2) Percentage of shares transferred	70.00%
(3) Percentage of shares held after transfer	30.00%
(4) Transfer price	The transfer price has not been finalized at this time, as it will be calculated based on the net assets as of October 31, 2023, the date of completion of the transfer, in accordance with the equity transfer agreement.
(5) Gain or loss on transfer	Gain or loss on transfer has not been finalized at this time.

6. Supplementary Information

(1) Quarterly profit/loss

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

(Millions of yen)

	Q1 (Apr. – Jun.)	Q2 (Jul. – Sep.)	Q3 (Oct. – Dec.)	Q4 (Jan. – Mar.)	Q2 YTD (Apr. – Sep.)	Q3 YTD (Apr. – Dec.)	Full year
Net sales	120,540	136,264	–	–	256,805	–	–
Operating profit	4,836	7,838	–	–	12,674	–	–
Ordinary profit	4,935	7,057	–	–	11,993	–	–
Profit attributable to owners of parent	1,649	4,308	–	–	5,958	–	–

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Q1 (Apr. – Jun.)	Q2 (Jul. – Sep.)	Q3 (Oct. – Dec.)	Q4 (Jan. – Mar.)	Q2 YTD (Apr. – Sep.)	Q3 YTD (Apr. – Dec.)	Full year
Net sales	111,429	123,794	139,655	142,854	235,224	374,880	517,735
Operating profit	3,570	4,653	10,770	12,505	8,224	18,994	31,500
Ordinary profit	2,246	3,769	10,048	8,150	6,015	16,063	24,213
Profit attributable to owners of parent	612	1,100	6,135	6,076	1,713	7,849	13,925

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Q1 (Apr. – Jun.)	Q2 (Jul. – Sep.)	Q3 (Oct. – Dec.)	Q4 (Jan. – Mar.)	Q2 YTD (Apr. – Sep.)	Q3 YTD (Apr. – Dec.)	Full year
Net sales	95,458	99,666	118,022	118,986	195,124	313,146	432,133
Operating profit	3,210	2,016	8,675	8,761	5,226	13,902	22,664
Ordinary profit	4,268	2,301	9,507	8,607	6,569	16,076	24,684
Profit attributable to owners of parent	2,681	(473)	1,141	5,119	2,207	3,348	8,468

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Q1 (Apr. – Jun.)	Q2 (Jul. – Sep.)	Q3 (Oct. – Dec.)	Q4 (Jan. – Mar.)	Q2 YTD (Apr. – Sep.)	Q3 YTD (Apr. – Dec.)	Full year
Net sales	76,376	95,949	105,691	108,494	172,325	278,016	386,511
Operating profit	1,002	4,292	9,089	10,426	5,294	14,383	24,810
Ordinary profit	1,699	4,800	10,123	10,655	6,500	16,623	27,279
Profit attributable to owners of parent	(27)	149	5,546	5,787	121	5,667	11,455

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Q1 (Apr. – Jun.)	Q2 (Jul. – Sep.)	Q3 (Oct. – Dec.)	Q4 (Jan. – Mar.)	Q2 YTD (Apr. – Sep.)	Q3 YTD (Apr. – Dec.)	Full year
Net sales	90,082	100,331	102,662	102,476	190,414	293,077	395,553
Operating profit	2,040	5,508	6,872	7,254	7,549	14,421	21,676
Ordinary profit	2,873	5,551	7,499	7,185	8,424	15,924	23,109
Profit attributable to owners of parent	1,473	3,300	4,430	4,469	4,774	9,204	13,674

(2) Overview of Results for the Six Months ended September 30, 2023

(Millions of yen, unless otherwise stated)

	Six months ended			Change (b) – (a)	Full year ended/ending		
	September 30, 2021	September 30, 2022 (a)	September 30, 2023 (b)		March 31, 2022	March 31, 2023	March 31, 2024 (forecast)
Net sales	195,124	235,224	256,805	21,581	432,133	517,735	560,000
Automotive Batteries-Japan	35,228	37,669	41,081	3,412	81,494	87,802	95,000
Automotive Batteries-Overseas	87,571	121,839	125,420	3,580	186,743	247,329	247,000
Industrial Batteries and Power Supplies	46,003	39,494	39,505	10	99,465	97,611	110,000
Automotive Lithium-ion Batteries	18,402	27,336	40,590	13,254	47,637	65,355	88,000
Other	7,919	8,884	10,207	1,323	16,791	19,636	20,000
Operating profit	5,226	8,224	12,674	4,450	22,664	31,500	37,000
Operating profit before amortization of goodwill	6,356	8,762	12,932	4,170	23,853	32,074	37,500
Automotive Batteries-Japan	1,779	1,757	2,176	418	5,878	6,547	7,000
Automotive Batteries-Overseas	4,330	6,087	7,599	1,512	9,965	13,345	16,000
Industrial Batteries and Power Supplies	(160)	599	1,368	769	5,775	8,549	9,500
Automotive Lithium-ion Batteries	174	181	735	554	1,654	1,986	4,000
Other	232	136	1,051	915	579	1,646	1,000
Ordinary profit	6,569	6,015	11,993	5,978	24,684	24,213	32,000
Profit attributable to owners of parent	2,207	1,713	5,958	4,244	8,468	13,925	16,000
Profit attributable to owners of parent before amortization of goodwill	3,195	2,233	6,180	3,946	9,498	14,435	16,500
Basic earnings per share (yen)	27.42	21.30	74.06	52.76	105.23	173.11	198.87
Interim (full-year) dividend per share (yen)	15.00	15.00	15.00	–	50.00	50.00	50.00
Acquisition of treasury shares (planned for the following fiscal year)	–	–	–	–	–	–	–
Total return ratio (profit before amortization of goodwill) (%)	–	–	–	–	42.38	27.88	–
Capital investment	13,315	13,884	15,152	1,268	28,575	32,800	51,000
Depreciation/amortization	8,347	9,326	10,830	1,503	16,775	20,954	22,000
Research and development expenses	6,051	6,444	5,849	(594)	12,383	12,622	14,000
Cash flows from operating activities	6,112	1,939	19,346	17,406	12,879	28,330	–
Cash flows from investing activities	(16,850)	(15,656)	(17,524)	(1,868)	(30,204)	(26,567)	–
Cash flows from financing activities	1,809	11,860	(11,712)	(23,573)	5,203	8,826	–
Cash and cash equivalents at end of period	27,118	25,727	27,694	*(8,332)	25,845	36,027	–

	Six months ended			Change (b) – (a)	Full year ended/ending		
	September 30, 2021	September 30, 2022 (a)	September 30, 2023 (b)		March 31, 2022	March 31, 2023	March 31, 2024 (forecast)
Total assets	439,377	523,636	559,323	* 18,416	480,763	540,906	–
Net assets	232,689	262,303	286,697	* 15,807	249,938	270,890	–
Total debt	75,907	104,828	97,399	* (6,275)	82,478	103,675	–
Equity ratio (%)	45.9	43.1	43.6	* 1.0	44.8	42.6	–
Return on equity (profit before amortization of goodwill) (%)	–	–	–	–	4.6	6.5	–
Net assets per share (yen)	2,509.17	2,804.31	3,031.12	* 163.89	2,675.70	2,867.23	–
Overseas sales ratio (%)	49.2	57.0	54.2	* 1.5	47.4	52.7	–
Number of employees, end of period (persons)	13,553	14,521	14,074	* (243)	13,571	14,317	–
Number of consolidated subsidiaries	54	53	52	* (1)	52	53	–
Japan	22	22	21	* (1)	22	22	–
Overseas	32	31	31	* –	30	31	–

* The asterisks indicate change over the end of the previous fiscal year (March 31, 2023).