

November 8, 2022

GS Yuasa Corporation
Consolidated Earnings Report for the
Six Months ended September 30, 2022
(Japanese GAAP)

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

Filing of statutory quarterly financial report (*Shihanki hokokusho*): November 8, 2022

Dividend payout: December 1, 2022

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, 2022 (April 1, 2022 to September 30, 2022)

(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, 2022	235,224	20.6	8,224	57.3	6,015	(8.4)	1,713	(22.4)
Six Months ended September 30, 2021	195,124	13.2	5,226	(1.3)	6,569	1.1	2,207	–

Note: Comprehensive income: Six Months ended September 30, 2022:¥15,324 million, 135.6%
 Six Months ended September 30, 2021:¥6,504 million, 96.4%

	Basic earnings per share	Diluted earnings per share
	yen	yen
Six Months ended September 30, 2022	21.30	–
Six Months ended September 30, 2021	27.42	–

Reference: Operating profit before amortization of goodwill:

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

Six Months ended September 30, 2021:¥6,356 million, (1.1)%

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, 2022	523,636	262,303	43.1
As of March 31, 2022	480,763	249,938	44.8

Reference: Total equity: As of September 30, 2022: ¥225,616 million
 As of March 31, 2022: ¥215,233 million

2. Dividends

	Dividend per share				
	End-Q1	End-Q2	End-Q3	Year-end	Total
	yen	yen	yen	yen	yen
Year ended March 31, 2022	–	15.00	–	35.00	50.00
Year ending March 31, 2023	–	15.00			
Year ending March 31, 2023 (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, 2023 (April 1, 2022 to March 31, 2023)

(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, 2023	520,000	20.3	28,000	23.5	28,000	13.4	12,000	41.7	149.17

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

***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: Yes
 - 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, 2022	As of March 31, 2022
1) Number of shares issued (including treasury shares)	80,599,442	80,599,442
2) Number of treasury shares	145,986	159,410
	Six Months ended September 30, 2022	Six Months ended September 30, 2021
3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)	80,442,910	80,510,181

*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, 2023, the global economy showed signs of a gradual recovery as the stagnation in economic activities caused by the novel coronavirus pandemic (COVID-19) began to ease. However, the economic outlook remains uncertain due to shortages of components and China's ongoing zero-COVID policy, as well as rising raw material prices and rising energy costs caused by the situation in Ukraine and other factors. In addition, since the U.S. accelerated the pace of monetary tightening in order to curb inflation, the yen weakened due to the widening interest rate differential between the U.S. and Japan.

In this economic environment, the GS Yuasa Group's consolidated net sales for the first six months of the fiscal year ending March 31, 2023 totaled ¥235,224 million, up ¥40,099 million or 20.6%, 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 effect of the consolidation of İnci GS Yuasa Akü Sanayi ve Ticaret Anonim Şirketi of the Republic of Turkey, as well as the effect of yen depreciation on foreign exchange rate. In line with this, operating profit came to ¥8,224 million (operating profit before goodwill amortization came to ¥8,762 million), up ¥2,997 million or 57.3% from the same period of the previous fiscal year. Ordinary profit came to ¥6,015 million, down ¥553 million or 8.4% from the same period of the previous fiscal year, due to deterioration in share of profit of entities accounted for using equity method and recording foreign exchange losses. Profit attributable to owners of parent came to ¥1,713 million, down ¥493 million or 22.4% from the same period of the previous fiscal year.

2) Business Segment Results

(Automotive Batteries)

Net sales in Japan for the first six months of the fiscal year ending March 31, 2023 totaled ¥37,669 million, a year-on-year increase of ¥2,441 million or 6.9%, due to revising sales prices, despite the decrease in sales volume of batteries for new vehicles in line with the decline in new vehicle sales compared to the same period of the previous fiscal year. Domestic segment profit (before amortization of goodwill) came to ¥1,757 million, down ¥22 million or 1.2% from the same period of the previous fiscal year, due to the decrease in sales volume.

Overseas net sales totaled ¥121,839 million, a year-on-year increase of ¥34,267 million or 39.1%, due to the consolidation of İnci GS Yuasa Akü Sanayi ve Ticaret Anonim Şirketi and the effect of yen depreciation on foreign exchange rate. Overseas segment profit came to ¥6,087 million, up ¥1,757 million or 40.6% from the same period of the previous fiscal year, thanks to increased net sales, despite the impact of higher costs including distribution costs.

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, 2023 totaled ¥159,509 million, a year-on-year increase of ¥36,709 million or 29.9%. Overall automotive batteries segment profit (before goodwill amortization) came to ¥7,844 million, up ¥1,735 million or 28.4% 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 ¥40,387 million, a year-on-year decrease of ¥5,616 million or 12.2%, due to the completion of the delivery of lithium-ion batteries for large-scale wind power generation facilities in the previous fiscal year. The segment

posted an operating profit of ¥772 million, a year-on-year improvement of ¥932 million, owing to changes in our sales mix.

(Automotive Lithium-ion Batteries)

Net sales in the automotive lithium-ion batteries segment totaled ¥27,336 million, a year-on-year increase of ¥8,934 million or 48.5%, due to the increase in sales volume of lithium-ion batteries for hybrid vehicles. The segment posted an operating profit of ¥181 million, up ¥6 million or 3.8% from the same period of the previous fiscal year.

(Other)

Net sales in the other segment totaled ¥7,991 million, a year-on-year increase of ¥72 million or 0.9%. The segment posted an operating loss after adjustments for corporate expenses, etc. of ¥36 million, a year-on-year deterioration of ¥268 million.

(2) Financial Condition

Total assets as of September 30, 2022, amounted to ¥523,636 million, ¥42,873 million more than at the end of the previous fiscal year, due to an increase in inventories and the new consolidation of İnci GS Yuasa Akü Sanayi ve Ticaret Anonim Şirketi, despite a decrease from the collection of trade receivables.

Liabilities increased to ¥261,333 million, up ¥30,509 million from the end of the previous fiscal year, due to an increase in borrowings and the new consolidation of İnci GS Yuasa Akü Sanayi ve Ticaret Anonim Şirketi.

Net assets totaled ¥262,303 million, an increase of ¥12,364 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, 2022, amounted to ¥25,727 million, a decrease of ¥117 million, or 0.5%, from the end of the previous fiscal year.

Net cash provided by operating activities in the first half of the fiscal year, amounted to ¥1,939 million, compared with net cash provided of ¥6,112 million in the same period of the previous fiscal year. There were main contributions from profit before income taxes, depreciation and the collection of trade receivables, partially offset by an increase in inventories, a decrease in trade payables and the payment of income taxes.

Net cash used in investing activities totaled ¥15,656 million, compared with net cash used of ¥16,850 million a year earlier. The main cash outflow from investments was the purchase of property, plant, and equipment.

Net cash provided by financing activities amounted to ¥11,860 million, compared with net cash used of ¥1,809 million in the first half of the previous fiscal year. The main cash outflow was dividends paid. An increase in borrowings was the main source of inflows.

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

No revisions have been made to the consolidated earnings forecast announced on May 12, 2022.

5. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2022	As of September 30, 2022
	Amount	Amount
Assets		
Current assets		
Cash and deposits	25,855	25,966
Notes and accounts receivable - trade, and contract assets	85,399	85,940
Electronically recorded monetary claims - operating	7,163	5,786
Merchandise and finished goods	54,986	67,683
Work in process	19,236	24,140
Raw materials and supplies	18,828	26,341
Other	15,249	13,861
Allowance for doubtful accounts	(418)	(337)
Total current assets	226,300	249,382
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	56,279	60,917
Machinery, equipment and vehicles, net	37,108	42,897
Land	23,335	24,535
Leased assets, net	284	251
Right-of-use assets, net	5,398	5,323
Construction in progress	15,315	17,318
Other, net	5,284	5,972
Total property, plant and equipment	143,007	157,216
Intangible assets		
Goodwill	-	4,305
Leased assets	825	701
Other	2,069	2,091
Total intangible assets	2,894	7,097
Investments and other assets		
Investment securities	66,319	65,498
Retirement benefit asset	32,954	33,440
Deferred tax assets	2,338	3,815
Lease receivables	2,635	2,648
Other	4,595	4,824
Allowance for doubtful accounts	(322)	(321)
Total investments and other assets	108,520	109,906
Total non-current assets	254,423	274,221
Deferred assets	39	33
Total assets	480,763	523,636

	As of March 31, 2022	(Millions of yen) As of September 30, 2022
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable - trade	44,174	53,211
Electronically recorded obligations - operating	19,861	19,687
Short-term borrowings	18,782	40,849
Commercial papers	2,000	6,000
Accounts payable - other	12,041	10,542
Income taxes payable	2,857	2,931
Notes payable - facilities	274	444
Electronically recorded obligations - facilities	6,821	6,813
Provision for bonuses for directors (and other officers)	120	-
Other	22,444	22,270
Total current liabilities	129,376	162,750
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	41,696	37,978
Lease liabilities	6,100	5,800
Deferred tax liabilities	19,910	19,588
Deferred tax liabilities for land revaluation	928	928
Provision for retirement benefits for directors (and other officers)	67	71
Retirement benefit liability	4,892	5,758
Other	7,852	8,457
Total non-current liabilities	101,447	98,582
Total liabilities	230,824	261,333
Net assets		
Shareholders' equity		
Share capital	33,021	33,021
Capital surplus	55,292	55,292
Retained earnings	93,661	92,155
Treasury shares	(351)	(320)
Total shareholders' equity	181,623	180,149
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,180	14,193
Deferred gains or losses on hedges	(794)	(441)
Revaluation reserve for land	2,137	2,137
Foreign currency translation adjustment	7,163	20,915
Remeasurements of defined benefit plans	8,922	8,663
Total accumulated other comprehensive income	33,609	45,467
Non-controlling interests	34,705	36,687
Total net assets	249,938	262,303
Total liabilities and net assets	480,763	523,636

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

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
	Amount	Amount
Net sales	195,124	235,224
Cost of sales	152,788	186,049
Gross profit	42,335	49,175
Selling, general and administrative expenses	37,108	40,951
Operating profit	5,226	8,224
Non-operating income		
Interest and dividend income	421	652
Share of profit of entities accounted for using equity method	1,528	–
Gain on net monetary position	–	971
Other	320	263
Total non-operating income	2,270	1,887
Non-operating expenses		
Interest expenses	441	1,291
Share of loss of entities accounted for using equity method	–	466
Foreign exchange losses	138	1,830
Other	347	508
Total non-operating expenses	928	4,096
Ordinary profit	6,569	6,015
Extraordinary income		
Gain on sale of non-current assets	498	14
Gain on sale of investment securities	34	7
Gain on step acquisitions	–	1,010
Gain on liquidation of subsidiaries	–	473
Gain on bargain purchase	989	–
Total extraordinary income	1,523	1,505
Extraordinary losses		
Loss on retirement of non-current assets	153	303
Loss on sale of non-current assets	24	3
Impairment losses	518	–
Factory relocation expenses	964	–
Total extraordinary losses	1,661	306
Profit before income taxes	6,430	7,214
Income taxes	2,059	3,202
Profit	4,371	4,012
Profit attributable to non-controlling interests	2,164	2,299
Profit attributable to owners of parent	2,207	1,713

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Six months ended September 30, 2021	Six months ended September 30, 2022
	Amount	Amount
Profit	4,371	4,012
Other comprehensive income		
Valuation difference on available-for-sale securities	1,076	(1,943)
Deferred gains or losses on hedges	22	17
Foreign currency translation adjustment	(287)	10,147
Remeasurements of defined benefit plans, net of tax	167	(257)
Share of other comprehensive income of entities accounted for using equity method	1,153	3,348
Total other comprehensive income	2,133	11,312
Comprehensive income	6,504	15,324
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,765	11,551
Comprehensive income attributable to non-controlling interests	1,738	3,772

(3) Consolidated Statements of Cash Flows

	(Millions of yen)	
	Six months ended September 30, 2021	Six months ended September 30, 2022
	Amount	Amount
Cash flows from operating activities		
Profit before income taxes	6,430	7,214
Depreciation	9,277	9,818
Impairment losses	518	–
Amortization of goodwill	659	478
Loss (gain) on sale of investment securities	(34)	(7)
Loss (gain) on liquidation of subsidiaries	–	(473)
Increase (decrease) in allowance for doubtful accounts	(71)	(102)
Increase (decrease) in retirement benefit asset and liability	(327)	(604)
Interest and dividend income	(421)	(652)
Interest expenses	441	1,291
Foreign exchange losses (gains)	(301)	644
Loss (gain) on sale of non-current assets	(474)	(10)
Loss on retirement of non-current assets	153	303
Gain on bargain purchase	(989)	–
Factory relocation expenses	964	–
Share of loss (profit) of entities accounted for using equity method	(1,528)	466
Gain on net monetary position	–	(971)
Loss (gain) on step acquisitions	–	(1,010)
Decrease (increase) in trade receivables and contract assets	8,539	8,645
Increase (decrease) in contract liabilities	128	186
Decrease (increase) in inventories	(11,935)	(17,534)
Increase (decrease) in trade payables	(246)	(2,759)
Other, net	169	(1,260)
Subtotal	10,952	3,661
Interest and dividends received	1,241	1,542
Interest paid	(441)	(1,291)
Factory relocation expenses paid	(428)	–
Income taxes paid	(5,211)	(1,973)
Net cash provided by (used in) operating activities	6,112	1,939

	Six months ended September 30, 2021	Six months ended September 30, 2022
	Amount	Amount
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,302)	(14,532)
Proceeds from sale of property, plant and equipment	536	18
Purchase of intangible assets	(76)	(196)
Purchase of investment securities	(152)	–
Proceeds from sale of investment securities	44	9
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,825)	(447)
Loan advances	(5)	(0)
Proceeds from collection of loans receivable	49	32
Other, net	(118)	(539)
Net cash provided by (used in) investing activities	(16,850)	(15,656)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	1,517	21,188
Proceeds from long-term borrowings	11,596	42
Repayments of long-term borrowings	(2,727)	(1,759)
Purchase of treasury shares	(502)	(1)
Proceeds from disposal of treasury shares	6	32
Dividends paid	(4,033)	(2,817)
Dividends paid to non-controlling interests	(3,248)	(4,195)
Other, net	(798)	(629)
Net cash provided by (used in) financing activities	1,809	11,860
Effect of exchange rate change on cash and cash equivalents	239	1,589
Adjustment for hyperinflation	–	149
Net increase (decrease) in cash and cash equivalents	(8,688)	(117)
Cash and cash equivalents at beginning of period	35,807	25,845
Cash and cash equivalents at end of period	27,118	25,727

(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, 2022, 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.

(Changes in accounting policy)

(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 "Guidance on Accounting Standard for Fair Value Measurement") from the beginning of the first quarter of the fiscal year ending March 31, 2023, and in accordance with the transitional measures set forth in paragraph 27-2 of the Guidance on Accounting Standard for Fair Value Measurement, the new accounting policy stipulated in Guidance on Accounting Standard for Fair Value Measurement shall be applied going forward.

The above standards have no material impact on the quarterly consolidated financial statements.

(Segment and other information)
Segment information

I. Six months ended September 30, 2021 (April 1 to September 30, 2021)

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	35,228	87,571	122,800	46,003	18,402	187,205	7,919	195,124
Transactions with other segments	619	1,566	2,185	6,833	7,440	16,459	(16,459)	–
Total	35,847	89,137	124,985	52,836	25,842	203,665	(8,540)	195,124
Segment profit (loss)	1,779	4,330	6,109	(160)	174	6,124	232	6,356

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 (loss) was ¥(515) million, which includes ¥(50) million elimination of inter-segment transactions and ¥(464) 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 (loss) in the table above and operating profit of ¥5,226 million on the consolidated statements of income represents amortization of goodwill and other intangible assets of ¥1,129 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

(Material impairment losses on non-current assets)

With the decision to withdraw from the Odawara Plant, the book values of non-current assets owned by consolidated subsidiaries have been reduced to the recoverable amounts with impairment losses recorded as extraordinary losses for the automotive batteries-Japan segment, the industrial batteries and power supplies segment and the other segment.

The amount of such impairment losses for the first six months of the fiscal year are ¥104 million for the automotive batteries-Japan segment, ¥10 million for the industrial batteries and power supplies segment and ¥403 million for the other segment.

(Material gain on bargain purchase)

In the industrial batteries and power supplies segment, a material gain on bargain purchase was recognized through the acquisition of all shares of Sanken Densetsu Co., Ltd. (company name changed to GS Yuasa Infrastructure Systems Co., Ltd. on May 1, 2021) and said company's subsequent consolidation as a subsidiary. The amount of gain on bargain purchase recorded in the first six months of the fiscal year ended March 31, 2022, due to this event was ¥989 million. Additionally, as the distribution of acquisition cost has not been completed, the amount shown above is a tentative calculation.

II. 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	40,387	27,336	227,232	7,991	235,224
Transactions with other segments	650	2,274	2,924	9,292	228	12,445	(12,445)	–
Total	38,319	124,113	162,433	49,679	27,564	239,677	(4,453)	235,224
Segment profit (loss)	1,757	6,087	7,844	772	181	8,798	(36)	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 (loss) 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 (loss) 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 ending 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 ending 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.

(Additional information)

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

In the first quarter of the fiscal year ending March 31, 2023, İnci GS Yuasa Akü Sanayi ve Ticaret Anonim Şirketi was included in the scope of consolidation following the acquisition of additional shares in the company and making it a subsidiary.

In the second quarter of the fiscal year ending March 31, 2023, YTTL International Holding Ltd., which was a consolidated subsidiary, was excluded from the scope of consolidation following its liquidation.

(Application of the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System)

From the first quarter of the fiscal year ending March 31, 2023, the Company and some of its domestic consolidated subsidiaries have transitioned from the consolidated taxation system to the group tax sharing system. In accordance with this, the accounting procedures and disclosure of corporate 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” (Practical Solution No. 42, August 12, 2021; hereinafter “Practical Solution No. 42”). Also, in accordance with paragraph 32 (1) of Practical Solution No. 42, the Company has assumed that there is no impact of the change in accounting policy due to the application of Practical Solution No. 42.

(Accounting estimates connected to the spread of COVID-19 infections)

With respect to the assumptions underlying accounting estimates for the impact of COVID-19 infections on the GS Yuasa Group’s business in the financial statements for the first six months of the fiscal year ending March 31, 2023, there are no material differences with the content stated in the (Additional information) section of the statutory financial report for the fiscal year ended March 31, 2022.

(Accounting procedures in hyperinflationary economies)

Effective from the first quarter of the fiscal year ending March 31, 2023, the quarterly financial statements of İnci GS Yuasa Akü Sanayi ve Ticaret Anonim Şirketi, a consolidated subsidiary in the Republic of Turkey, have been adjusted in accordance with IAS 29, “Financial Reporting in Hyperinflationary Economies.”

In line with this, the cumulative effect of retrospective application of this accounting standard was a decrease of ¥401 million in the beginning balance of retained earnings and an increase of ¥2,019 million in the beginning balance of foreign currency translation adjustments for the first quarter of the fiscal year ending March 31, 2023.

(Significant subsequent events)

Not applicable

6. Supplementary Information

(1) Quarterly profit/loss

Fiscal year ending 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	–	–	235,224	–	–
Operating profit	3,570	4,653	–	–	8,224	–	–
Ordinary profit	2,246	3,769	–	–	6,015	–	–
Profit attributable to owners of parent	612	1,100	–	–	1,713	–	–

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

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(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	96,256	99,158	110,230	107,442	195,415	305,646	413,089
Operating profit	2,917	4,038	7,358	8,339	6,956	14,315	22,654
Ordinary profit	3,165	4,327	8,308	8,927	7,492	15,800	24,728
Profit attributable to owners of parent	1,430	2,023	6,636	3,433	3,454	10,090	13,524

(2) Overview of Results for the Six Months ended September 30, 2022

(Millions of yen, unless otherwise stated)

	Six months ended			Change (b) – (a)	Full year ended/ending		
	September 30, 2020	September 30, 2021 (a)	September 30, 2022 (b)		March 31, 2021	March 31, 2022	March 31, 2023 (forecast)
Net sales	172,325	195,124	235,224	40,099	386,511	432,133	520,000
Automotive Batteries-Japan	35,915	35,228	37,669	2,441	83,639	81,494	88,000
Automotive Batteries-Overseas	78,068	87,571	121,839	34,267	165,296	186,743	240,000
Industrial Batteries and Power Supplies	35,528	46,003	40,387	(5,616)	84,037	99,465	108,000
Automotive Lithium-ion Batteries	14,146	18,402	27,336	8,934	35,950	47,637	69,000
Other	8,666	7,919	7,991	72	17,587	16,791	15,000
Operating profit	5,294	5,226	8,224	2,997	24,810	22,664	28,000
Operating profit before amortization of goodwill	6,424	6,356	8,762	2,405	27,069	23,853	29,000
Automotive Batteries-Japan	2,652	1,779	1,757	(22)	8,669	5,878	5,000
Automotive Batteries-Overseas	5,342	4,330	6,087	1,757	12,225	9,965	14,000
Industrial Batteries and Power Supplies	163	(160)	772	932	6,890	5,775	9,000
Automotive Lithium-ion Batteries	(1,855)	174	181	6	(852)	1,654	1,000
Other	122	232	(36)	(268)	136	579	0
Ordinary profit	6,500	6,569	6,015	(553)	27,279	24,684	28,000
Profit attributable to owners of parent	121	2,207	1,713	(493)	11,455	8,468	12,000
Profit attributable to owners of parent before amortization of goodwill	1,220	3,195	2,233	(962)	13,538	9,498	13,000
Basic earnings per share (yen)	1.50	27.42	21.30	(6.12)	141.91	105.23	149.17
Interim (full-year) dividend per share (yen)	0.00	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) (%)	–	–	–	–	29.80	42.38	–
Capital investment	8,825	13,315	13,884	569	23,159	28,575	32,000
Depreciation/amortization	8,259	8,347	9,326	979	16,210	16,775	18,000
Research and development expenses	5,077	6,051	6,444	393	11,201	12,383	13,500
Cash flows from operating activities	12,623	6,112	1,939	(4,173)	35,817	12,879	–
Cash flows from investing activities	(8,971)	(16,850)	(15,656)	1,193	(19,327)	(30,204)	–
Cash flows from financing activities	(3,804)	1,809	11,860	10,051	(7,018)	5,203	–
Cash and cash equivalents at end of period	24,705	27,118	25,727	* (117)	35,807	25,845	–

	Six months ended			Change (b) – (a)	Full year ended/ending		
	September 30, 2020	September 30, 2021 (a)	September 30, 2022 (b)		March 31, 2021	March 31, 2022	March 31, 2023 (forecast)
Total assets	378,223	439,377	523,636	* 42,873	431,913	480,763	–
Net assets	202,803	232,689	262,303	* 12,364	234,570	249,938	–
Total debt	67,418	75,907	104,828	* 22,349	65,420	82,478	–
Equity ratio (%)	46.3	45.9	43.1	* (1.7)	46.8	44.8	–
Return on equity (profit before amortization of goodwill) (%)	–	–	–	–	7.2	4.6	–
Net assets per share (yen)	2,173.41	2,509.17	2,804.31	* 128.61	2,509.08	2,675.70	–
Overseas sales ratio (%)	49.7	49.2	57.0	* 9.7	47.4	47.4	–
Number of employees, end of period (persons)	13,600	13,553	14,521	* 950	13,305	13,571	–
Number of consolidated subsidiaries	54	54	53	* 1	54	52	–
Japan	22	22	22	* –	22	22	–
Overseas	32	32	31	* 1	32	30	–

* The asterisks indicate change over the end of the previous fiscal year (March 31, 2022).