

Six Months Ended September 30, 2020(FY2020) Result Briefing

November 18, 2020

GS Yuasa Corporation



Six Months Ended September 30, 2020(FY2020) Results

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Initiative in Industrial Batteries and Power Supplies

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Six Months Ended September 30, 2020(FY2020) Results

1. Net Sales, Profits

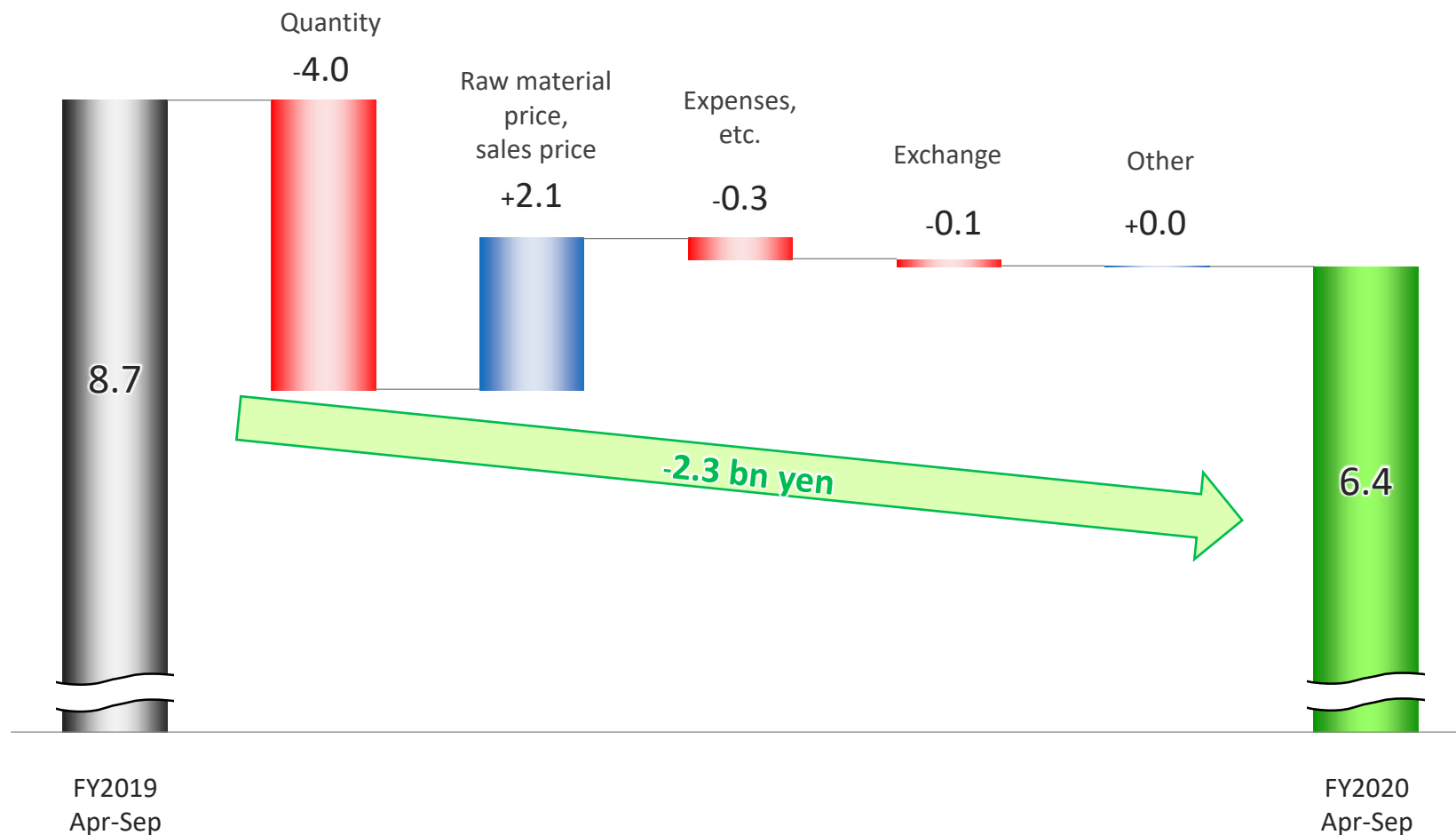


	FY2019 Apr-Sep	FY2020 Apr-Sep	Change	(Billion yen) (YoY%)
Net Sales	190.4	172.3	-18.1	(-9.5%)
Operating income (Operating income ratio)	7.5 4.0%	5.3 3.1%	-2.2 -0.9P	(-29.9%)
Operating income before amortization of goodwill (Operating income ratio before amortization of goodwill)	8.7 4.6%	6.4 3.7%	-2.3 -0.9P	
Ordinary income	8.4	6.5	-1.9	(-22.8%)
Extraordinary income	2.3	0.0	-2.3	
Extraordinary loss	1.8	3.1	+1.3	
Profit before income taxes	8.9	3.4	-5.5	
Income taxes	2.8	3.3	+0.5	
Profit attributable to non-controlling interests	1.4	0.0	-1.4	
Profit attributable to owners of parent (Net profit ratio)	4.8 2.5%	0.1 0.1%	-4.7 -2.4P	(-97.5%)
Profit attributable to owners of parent before amortization of goodwill (Net profit ratio before amortization of goodwill)	5.9 3.1%	1.2 0.7%	-4.7 -2.4P	
Domestic lead price quote	¥276,200/t	¥252,900/t	-23,300/t	
LME	1,958US\$/t	1,773US\$/t	-185US\$/t	
Exchange rate	¥108.67/US\$	¥106.32/US\$	-¥2.35/US\$	

1. Net Sales, Profits

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

(Billion yen)



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

2. Segment Results

(Billion yen)

		FY2019 Apr-Sep		FY2020 Apr-Sep		Change	
		Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: pp)
Automotive Batteries	Japan	40.9	2.1 (5.1)	35.9	2.7 (7.4)	-5.0	+0.6 (+2.3)
	Overseas	81.7	4.9 (6.0)	78.1	5.3 (6.8)	-3.6	+0.4 (+0.8)
Industrial Batteries and Power Supplies		37.6	2.3 (6.2)	35.5	0.2 (0.5)	-2.1	-2.1 (-5.7)
Automotive Lithium-ion Batteries		21.4	-0.7 (-3.4)	14.1	-1.9 (-13.1)	-7.3	-1.2 (-9.7)
Others		8.8	0.1 (1.0)	8.7	0.1 (1.4)	-0.1	+0.0 (+0.4)
Total		190.4	8.7 (4.6)	172.3	6.4 (3.7)	-18.1	-2.3 (-0.9)

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

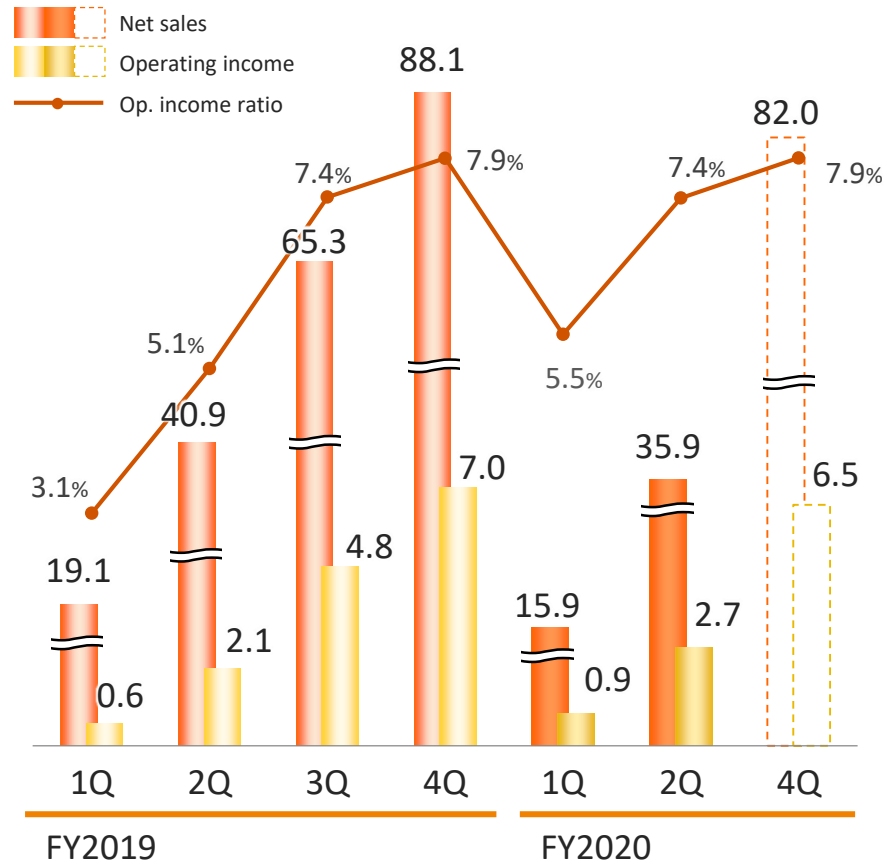
2. Segment Results (Automotive Batteries (Japan))

Sales declined,
profit increased

(Billion yen)

Automotive Batteries (Japan)

Net Sales, Operating income, Op. income ratio



FY2020 2Q Sales Overview

- Due to the impact of COVID-19, sales of batteries for new automobiles decreased especially because amount of car production has decreased drastically in 1st quarter
- Sales of replacement batteries increased due to increase of use of private cars avoided using public transportation and increase of delivery systems

Main Profit Change Factors

Quantity	-0.2
Lead prices, sales prices	+0.6
Streamlining, expenses, etc.	+0.2

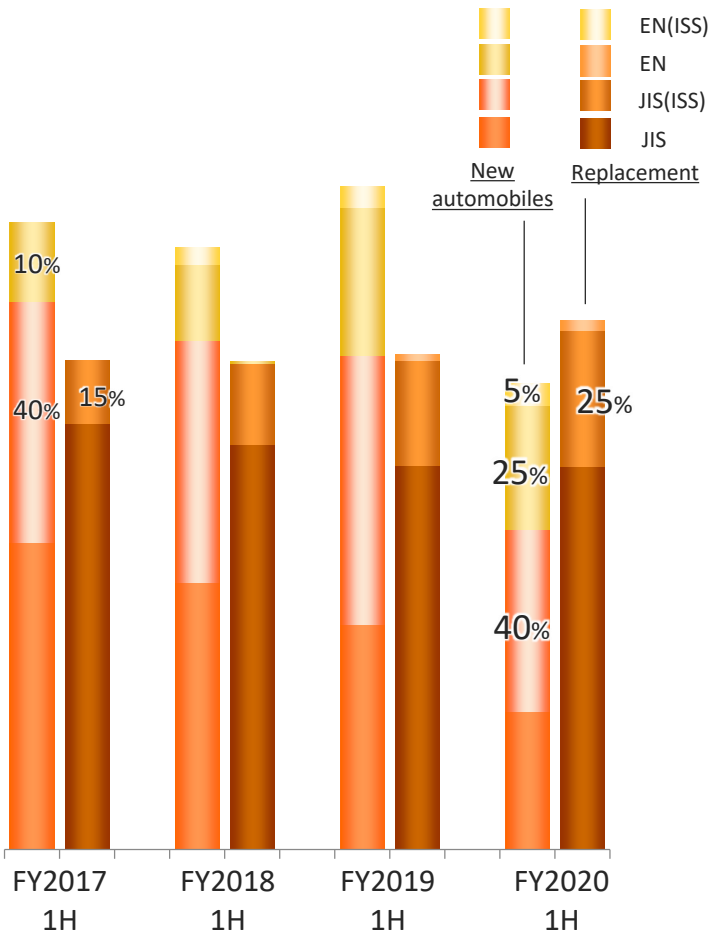
Note: Operating income is operating income before amortization of goodwill and Op. income ratio is Op. income ratio before amortization of goodwill.

2. Segment Results (Automotive Batteries (Japan))

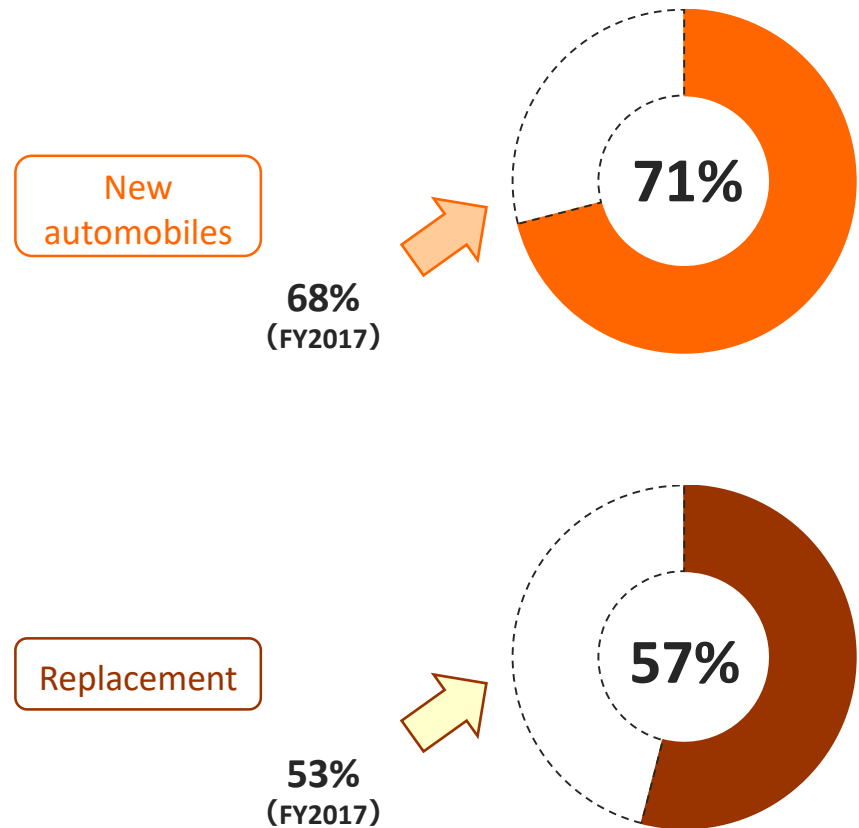
Ratio of shipped batteries for new automobiles and replacement / Market share (quantity)



Ratio of shipped batteries



Market share (FY2019/Group total)



*In-house research (excluding imported batteries)

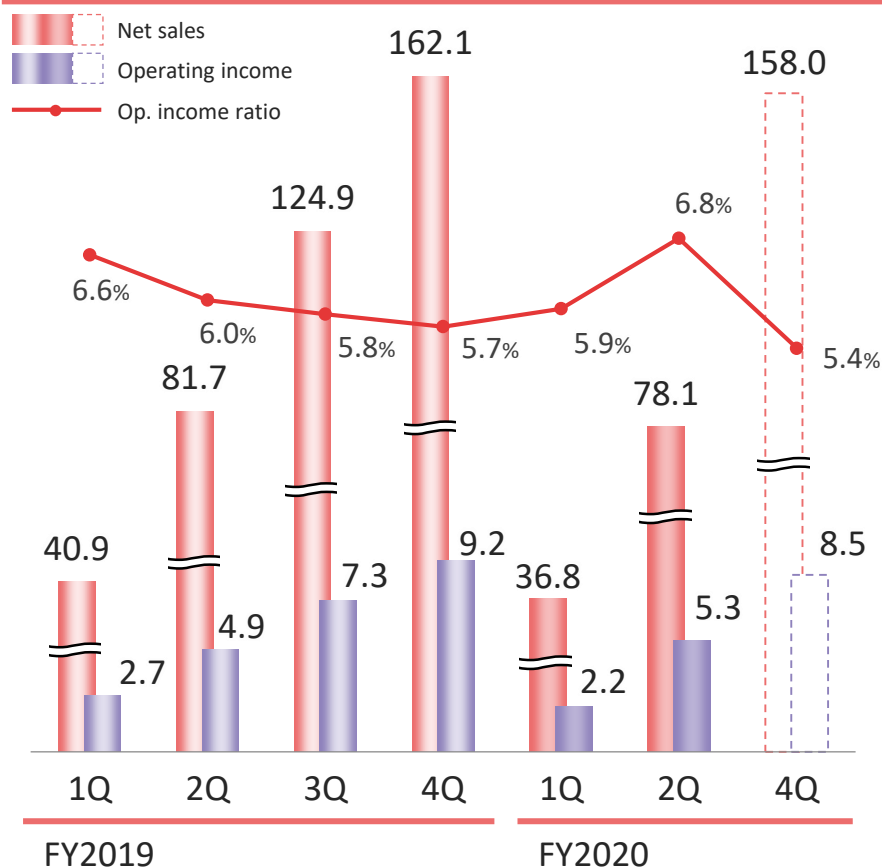
2. Segment Results (Automotive Batteries (Overseas))

Automotive Batteries (Overseas)

Sales declined,
profit increased

(Billion yen)

Net Sales, Operating income, Op. income ratio



FY2020 2Q Sales Overview

- Sales of batteries for automobiles and motorcycles decreased due to the large impact of COVID-19 in Southeast Asia such as Indonesia or Thailand especially in 1st quarter
- In China, Europe and Australia, sales of replacement batteries for automobiles increased mainly
- Impact of lower product prices owing to fall in lead prices
- Impact from foreign currency translation due to stronger yen

Main Profit Change Factors

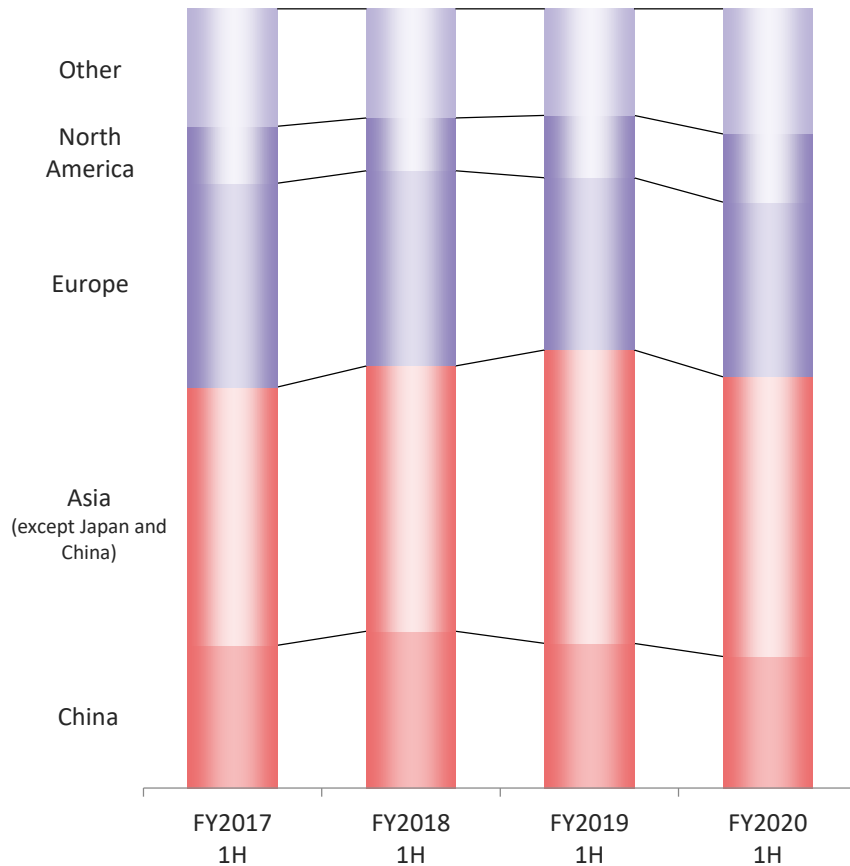
Quantity	-0.3
Lead prices, sales prices	+0.7
Streamlining, expenses, etc.	-0.1
Exchange	-0.1

2. Segment Results (Automotive Batteries (Overseas))

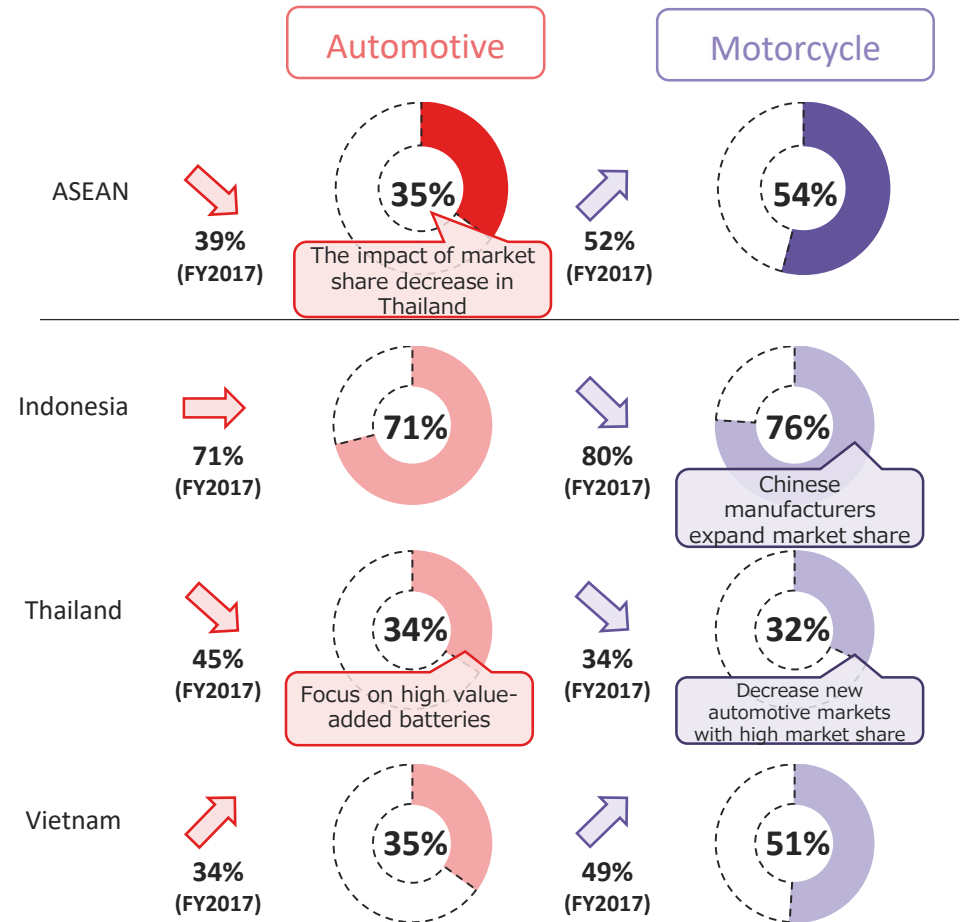
Sales / Market share by region



Sales by region (include industrial)



Market share by region (FY2019/Group total)



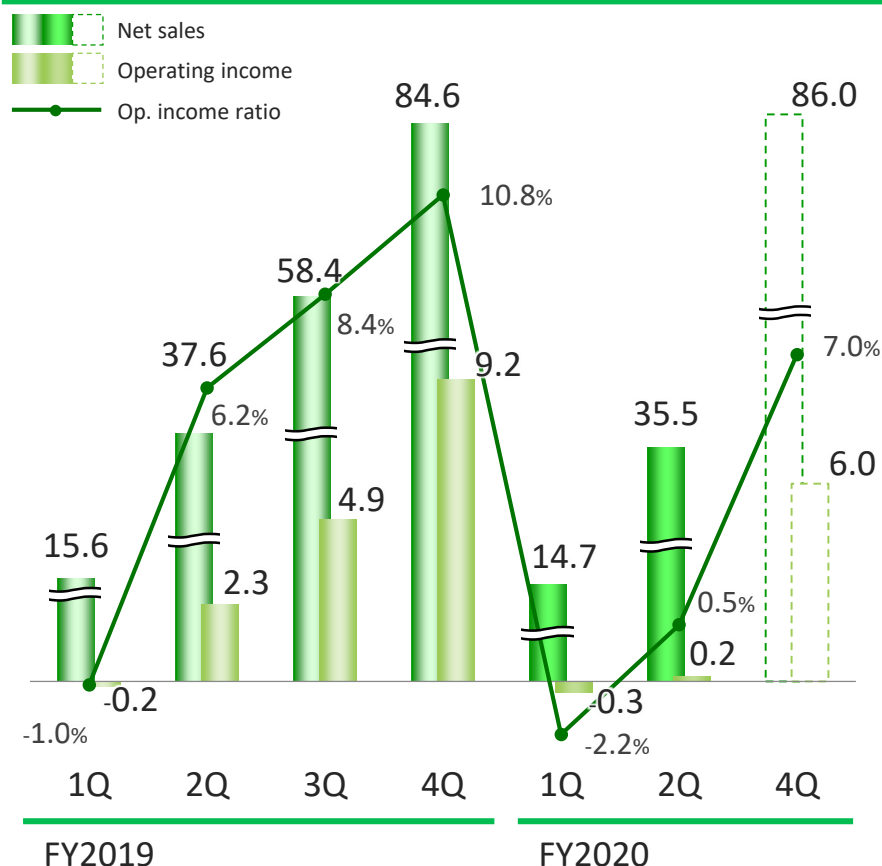
*In-house research

Industrial Batteries and Power Supplies

Sales and profit declined

(Billion yen)

Net Sales, Operating income, Op. income ratio



FY2020 2Q Sales Overview

- In Japan, in addition to completion matters of power supplies for communication business, sales of lead-acid batteries for forklifts decreased due to the impact of COVID-19, despite sales increased because supply for large wind power generation project has started
- In Thailand, sales of batteries for forklifts decreased and sales of batteries for backup decreased in North America

Main Profit Change Factors

Quantity	-2.8
Lead prices, sales prices	+0.5
Streamlining, expenses, etc.	+0.2

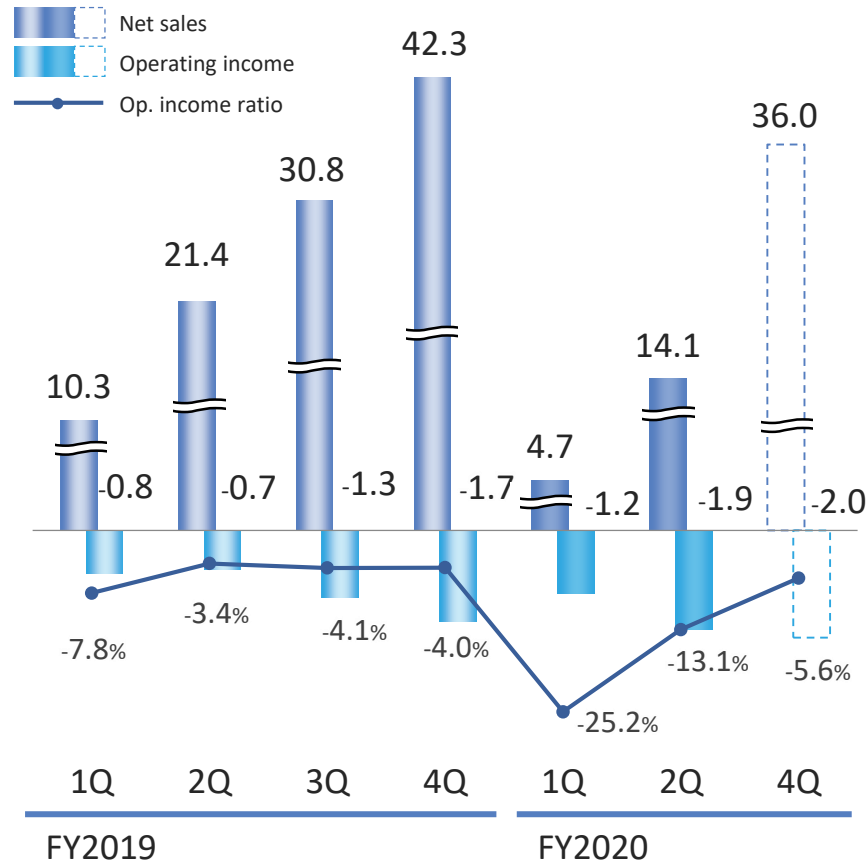
2. Segment Results (Automotive Lithium-ion Batteries)

Sales and profit declined

(Billion yen)

Automotive Lithium-ion Batteries

Net Sales, Operating income, Op. income ratio



FY2020 2Q Sales Overview

- [Lithium Energy Japan]
Due to the impact of COVID-19, production volume of main customers drastically decreased therefore sales of lithium-ion batteries for plug-in hybrid electric vehicles(PHEVs) decreased
- [Blue Energy]
Sales of batteries for Honda Motor Co., Ltd. increased due to supply for new vehicle model from the end of 1st quarter. In addition, supply for Toyota Motor Co., Ltd. has started from 2nd quarter
- [GS Yuasa Hungary]
However the launch of new plant was delayed due to impact of COVID-19, from this November mass production has already started

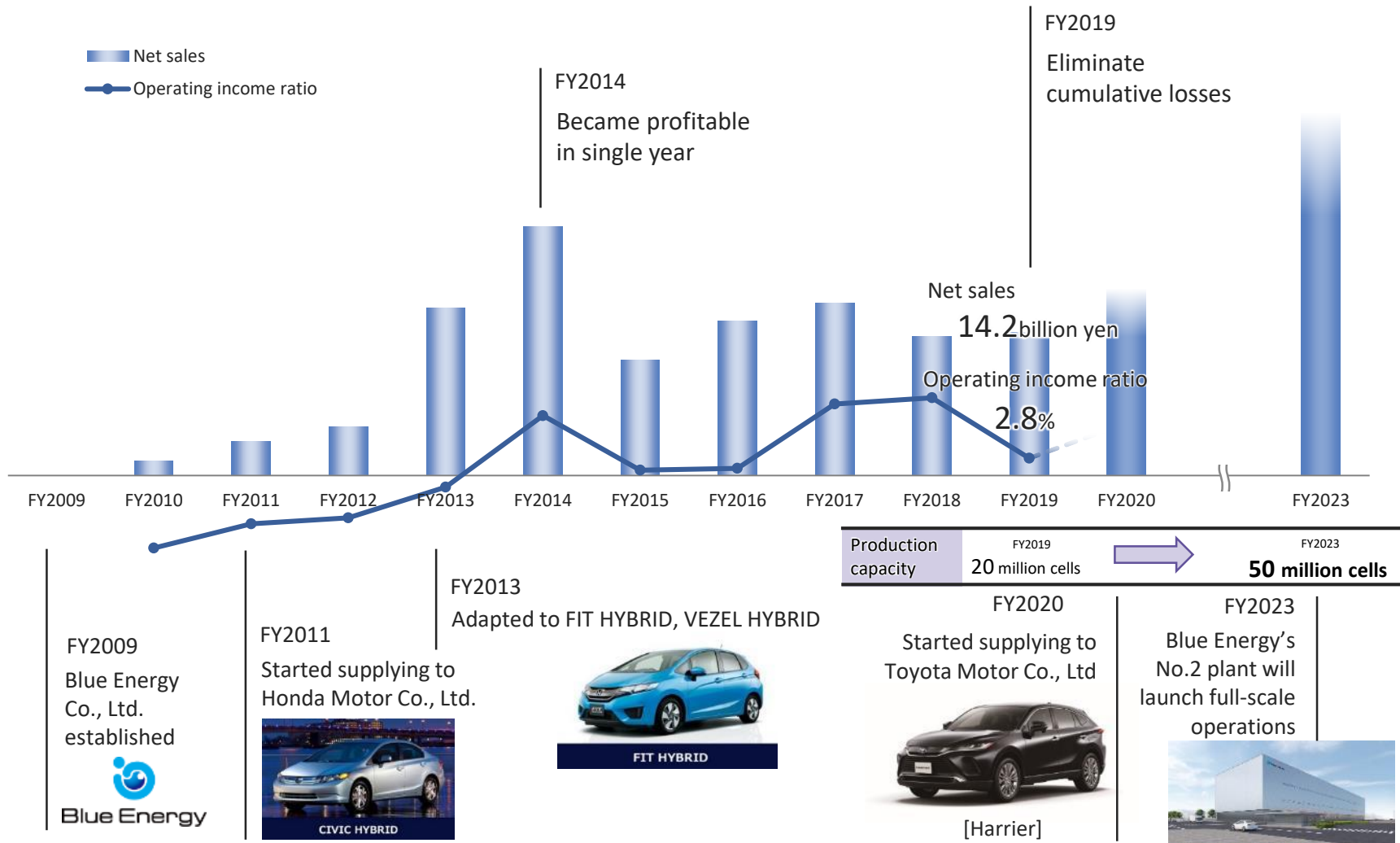
Main Profit Change Factors

Profit of BEC increased due to increase of sales
Profit of LEJ declined from difference in operating rate due to decrease of sales volume

2. Segment Results (Automotive Lithium-ion Batteries)



Blue Energy Co., Ltd. (BEC)



2. Segment Results (Automotive Lithium-ion Batteries)

Lithium Energy Japan (LEJ)



Changes in the environment surrounding LEJ

Strategies of car manufacturers changed

The environment surrounding PHEVs has changed significantly, affecting the strategies of automobile manufacturers.

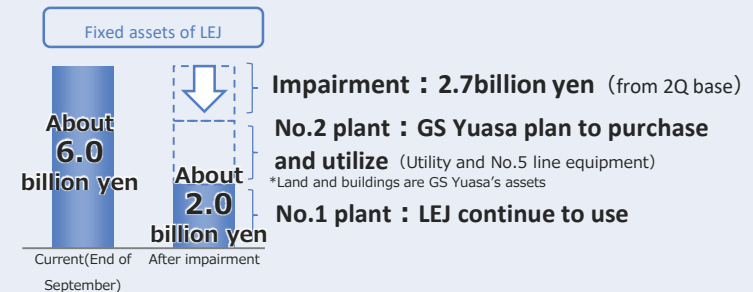
Competition has intensified in the world

The competition in the world has become intensified due to large-scale capital in Japan, China and South Korea.



Our response

Decrease fixed assets



Promote revolution of profit structure

Expand sales of ESS*

*ESS : Energy Storage System

Our strategies of business

GS Yuasa's strategies of lithium-ion batteries

- Concentrate resources on HEVs, ESS, 12V LiB
- Rebuild strategies for lithium-ion batteries for 2030

GS Yuasa will own LEJ's No.2 plant in Ritto city

- No.5 line : Utilize to production for ESS, 12V LiB
- No.6 line : Continue use for 12V LiB cells production for Europe

Start considering utilization of other space in LEJ by GS Yuasa

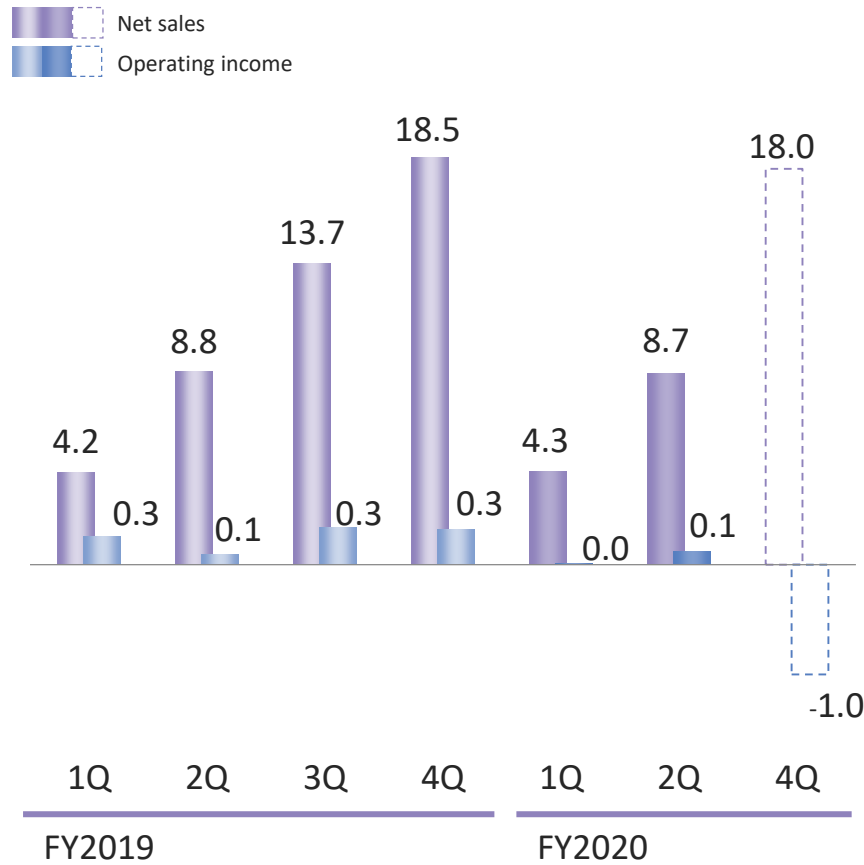
2. Segment Results (Others)

Others

Sales increased,
profit declined

(Billion yen)

Net Sales, Operating income



FY2020 2Q Sales Overview

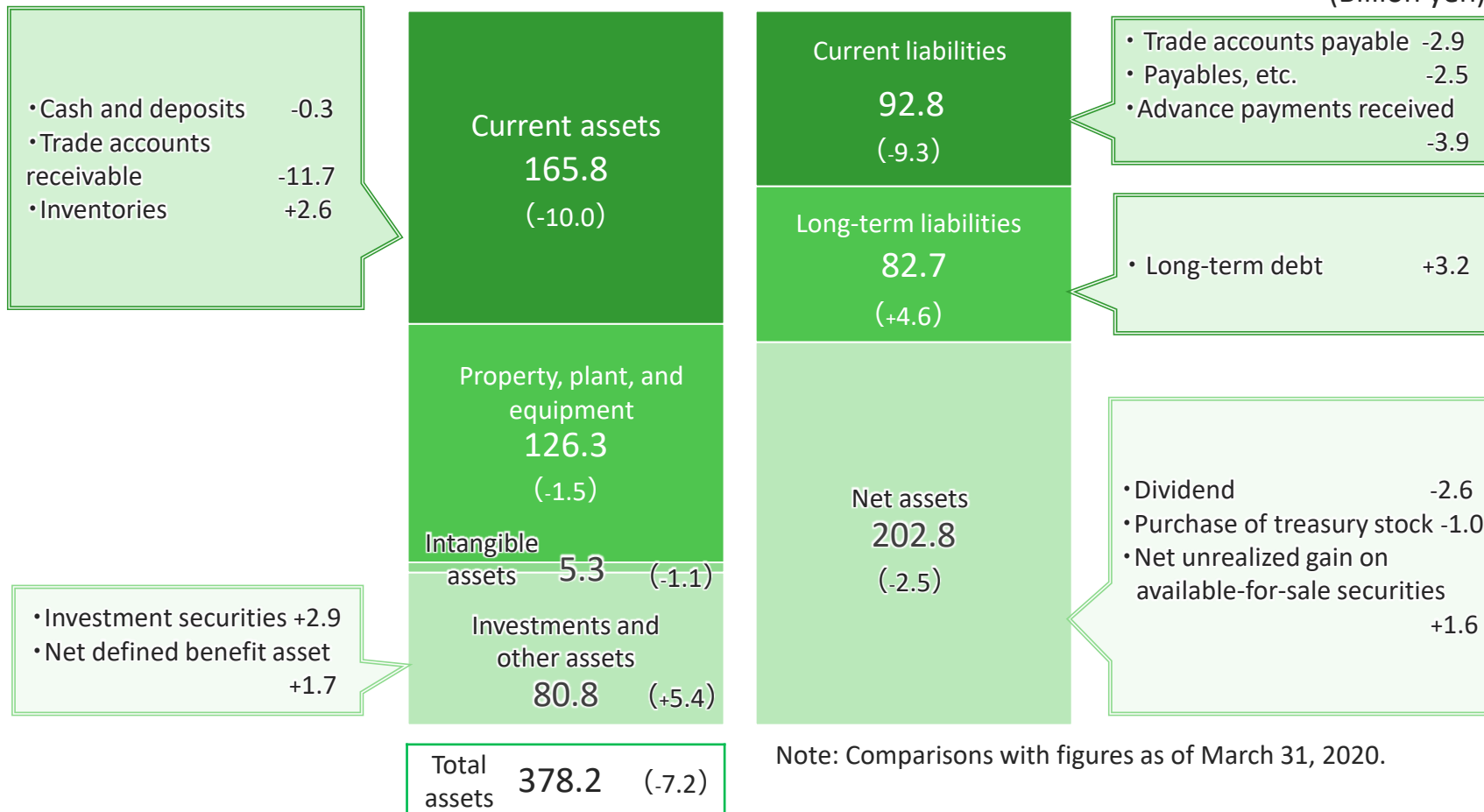
- Production of lithium-ion batteries for submarines progressed smoothly
- Sales of lithium-ion batteries for aircrafts decreased due to the impact of COVID-19

Main Profit Change Factors

Cost cuts of corporate expenses

3. Balance Sheet

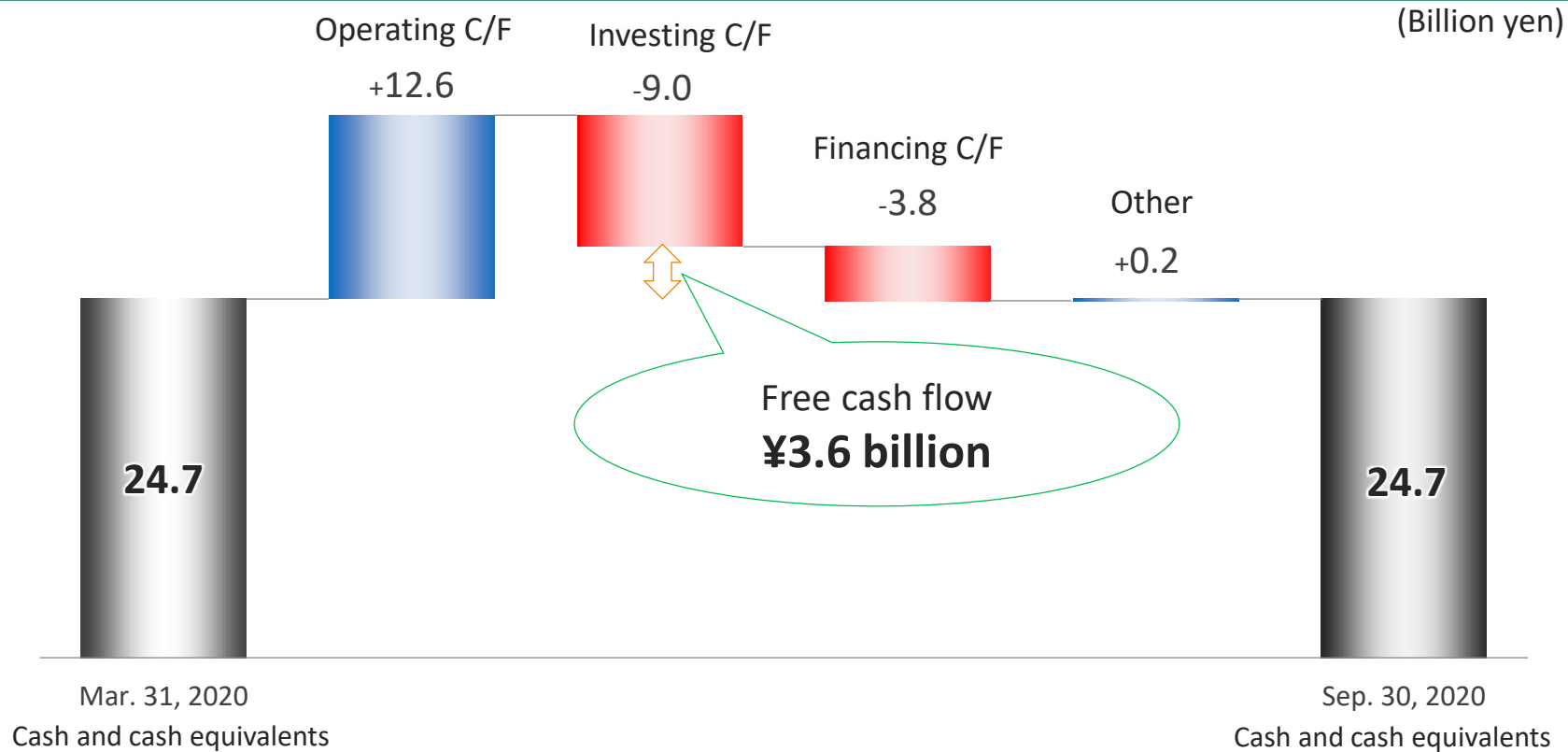
(Billion yen)



Note: Comparisons with figures as of March 31, 2020.

	3/31/2020	9/30/2020
Equity ratio	45.8%	46.3%
Total borrowings	¥64.5bn	¥67.4bn

4. Cash Flow Statements



Highlights

- Operating C/F totaled ¥12.6 billion due to ¥3.4 billion profit before income taxes and decrease of account receivable or depreciation despite there were payment of income taxes
- In spite of payment for acquisition of property, plant and equipment, free cash flow came to ¥3.6 billion, which was allocated to fund shareholder returns or others

5. Capital Investment, Depreciation, R&D Costs



(Billion yen)

		FY2019 1H	FY2020 1H	Change
Capital Investment		8.6	8.8	+0.2
Automotive Batteries	Japan	0.8	1.3	+0.5
	Overseas	3.2	2.4	-0.8
Industrial Batteries and Power Supplies		0.6	0.5	-0.1
Automotive Lithium-ion Batteries		2.8	1.0	-1.8
Others		1.3	3.6	+2.3
Depreciation		7.9	8.3	+0.4
Automotive Lithium-ion Batteries		1.5	1.9	+0.4
R&D Costs		4.8	5.1	+0.3
(Ratio of R&D expenses to net sales)		2.5%	2.9%	+0.4P

6. Revision to Consolidated Results Forecast



				(Billion yen)	
	FY2019 Actual	FY2020 Forecast in August (A)	FY2020 Revised forecast (B)	Change ((B) – (A))	
Net sales	395.6	370.0	380.0	+10.0	
Operating income (Operating income ratio)	21.7 5.5%	14.0 3.8%	16.0 4.2%	+2.0 +0.4P	
Operating income before amortization of goodwill (Operating income ratio before amortization of goodwill)	23.9 6.1%	16.0 4.3%	18.0 4.7%	+2.0 +0.4P	
Ordinary income	23.1	15.0	17.0	+2.0	
Profit attributable to owners of parent (Net profit ratio)	13.7 3.5%	6.0 1.6%	7.0 1.8%	+1.0 +0.2P	
Profit attributable to owners of parent before amortization of goodwill (Net profit ratio before amortization of goodwill)	15.9 4.0%	8.0 2.2%	9.0 2.4%	+1.0 +0.2P	
Conditions	Domestic lead price quote	¥275,600/t	1H ¥250,000/t 2H ¥270,000/t	¥270,000/t	±0
	LME	1,950US\$/t	1H 1,750US\$/t 2H 1,800US\$/t	1,900US\$/t	+100
	Exchange rate	¥108.96/US\$	¥105.0/US\$	¥105.0/US\$	±0

Reason for revision

- Revised net sales to 10.0 billion yen over considering that in addition to steady sales of automotive replacement batteries in overseas, recovery from sales decline due to COVID-19 such as recovery of sales of new automobiles
- Revised operating income to 2.0 billion yen over because of recovery of sales in overseas and sales of automotive replacement batteries in Japan.

6. Revision to Consolidated Results Forecast



(Billion yen)

		FY2019 Actual		FY2020 Forecast in August (A)		FY2020 Revised Forecast (B)		Charge ((B) – (A))	
		Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income (Op. income ratio: %)	Net sales	Operating income
Automotive Batteries	Japan	88.1	7.0 (7.9)	82.0	6.0 (7.3)	82.0	6.5 (7.9)	-	+0.5
	Overseas	162.1	9.2 (5.7)	153.0	7.0 (4.6)	158.0	8.5 (5.4)	+5.0	+1.5
Industrial Batteries and Power Supplies		84.6	9.2 (10.8)	84.0	6.0 (7.1)	86.0	6.0 (7.0)	+2.0	-
Automotive Lithium- ion Batteries		42.3	-1.7 (-4.0)	33.0	-2.0 (-6.1)	36.0	-2.0 (-5.6)	+3.0	-
Others		18.5	0.3 (1.7)	18.0	-1.0 (-5.6)	18.0	-1.0 (-5.6)	-	-
Total		395.6	23.9 (6.1)	370.0	16.0 (4.3)	380.0	18.0 (4.7)	+10.0	+2.0

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

7. ESG Initiatives (Environment)

Task Force on Climate-related Financial Disclosures (TCFD)

Initiatives for TCFD

We are promoting analysis of risks and opportunities in respective scenarios taking as basis the 2°C scenario, which assumes that a low-carbon society has been realized through the achievement of the goal related to the increasing global average temperature, and the 4°C scenario, which assumes that this goal has not been achieved and global warming has progressed.



■ Risks and opportunities being examined as potential candidates

Classification		Content	
Opportunities	Products and Services	Sales	<ul style="list-style-type: none"> Increased demand for large storage batteries to stabilize power supply due to the spread of renewable energy Expand sales by developing power storage systems and product development that meet market needs
	Products and Services	Sales	(The below 2°C and the 2°C scenario) <ul style="list-style-type: none"> Gasoline cars will expand in the medium term HEVs and EVs will become popular in the long term By launching products that meet the market needs at the right time, we expect to see an increase in market share
Transition Risks	Regulations	Procurement	(The 2°C scenario) <ul style="list-style-type: none"> Carbon tax increased to achieve CO² reduction targets in each country Increased cost of procuring energy from fossil fuels
	Markets	Sales	(The below 2°C and the 2°C scenario) <ul style="list-style-type: none"> Gasoline cars regulations in Europe Gasoline vehicle market shrinks significantly in the long run
Physical Risks	Short-term Risks	Direct Operations, Procurement	<ul style="list-style-type: none"> Concerns about shutdowns and supply chain disruptions due to floods caused by abnormal weather
	Long-term Risks	Direct Operations	(The 4°C scenario) <ul style="list-style-type: none"> Drought risk is a concern at some overseas group companies

7. ESG Initiatives (Environment)

Environment

Developing and popularizing environmentally considered products

Indicator	Actual (FY2019)	Target (FY2021)
Percentage of environmentally considered products in total sales of all products	34%	35% or more

Environmentally considered products (example)



[Batteries for ISS vehicles]



[Storage battery systems]



[Automotive lithium-ion batteries]

Promoting environmental protection

Indicator	Actual (FY2019)	Target (FY2021)
CO ₂ emissions (compared to fiscal 2018)	2% reduction	6% reduction
Water consumption (compared to fiscal 2018)	2% reduction	8% reduction
Ratio of recycled lead used as lead raw materials in lead-acid batteries	42%	35% or more

Diversity

Initiatives for Diversity

Promotion of women's roles

GS Yuasa has received "Platinum Kurumin*" certification



*A system that allows you to receive special certification from the Minister of Health, Labor and Welfare as a company that carries out high-level efforts for child-rearing support.

Action plan promoting women's roles (April 1, 2019 to March 31, 2022)

<p>Raise ratio of women</p> <p>New graduates recruited for career-track positions over 30%</p>	<p>Encourage male employees to participate in childcare</p> 	<p>Raise the maximum limit for taking half-day paid leave</p> 
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Employment rate of people with disabilities

2.53%*

(As of April 1, 2020)

*The legally mandated employment rate is 2.2%

Employment of foreigners

We are promoting activities to hire foreigners with technical and specialized knowledge regardless of nationality.

Work style reform

Examples of initiatives to provide variation in work style

- Setting no "overtime days" once a week
- Making it compulsory to take at least 10 days of annual paid leave
- Prohibiting two consecutive days of work on prescribed holidays
- Prohibiting overtime late at night (10 p.m. to 5 a.m.)
- Introducing a system to monitor employees working in excess of the standard hours, and providing advice to supervisors on how to deal with overtime issues

Percentage of annual paid leave taken



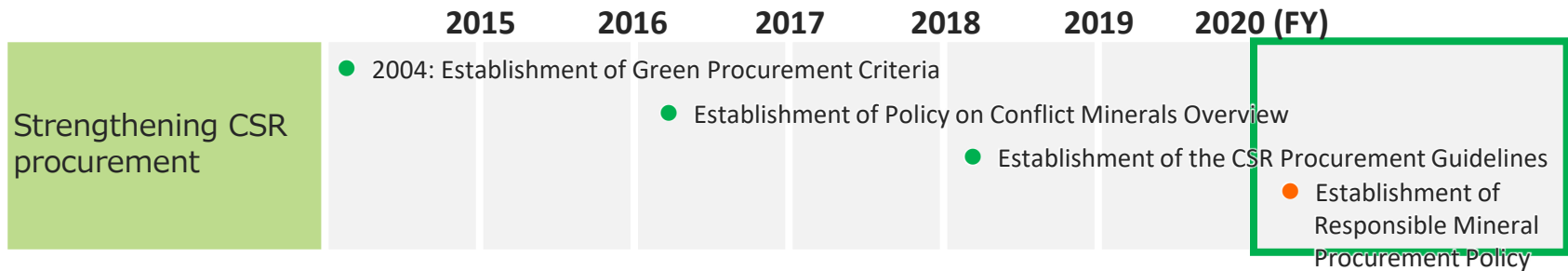
*Notes : Employees do not include personnel on leave or those transferred to workplaces overseas.

*Period : September to August

7. ESG Initiatives (Social)

CSR procurement

CSR procurement promotion



Strengthening CSR procurement

■ Conflict mineral* survey implementation ratio (global)



100%

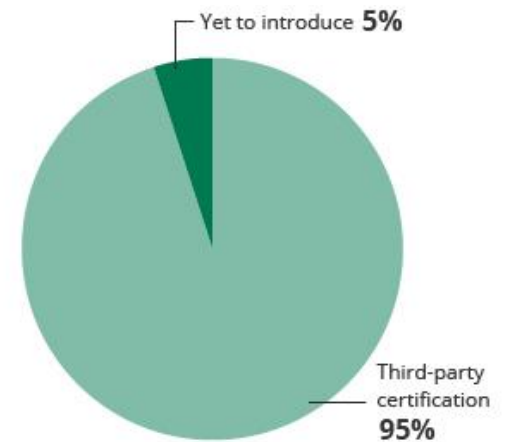
*Minerals that are extracted in conflict regions and provide financial resources to armed groups.

■ Achievement ratio of supplier CSR issues improvement plan (global)



100%

■ Introduction of environmental management system by business partners (FY2019, transaction amount base)



7. ESG Initiatives (Governance)

Strengthening corporate governance

Steps to strengthen corporate governance

		2015	2016	2017	2018	2019	2020 (FY)	
Strengthening internal control		<ul style="list-style-type: none"> ● 2004 : Establishment of the Auditing Office ● 2005: Establishment of the GS Yuasa Group Corporate Ethics Hotline ● 2009: Start of employee compliance questionnaire (once a year) 					<ul style="list-style-type: none"> ● Change of independent auditor 	
Enhancing the objectivity of managerial decisions		<ul style="list-style-type: none"> ● Appointment of one outside director 		<ul style="list-style-type: none"> ● Number of outside directors increased to two 			<ul style="list-style-type: none"> ● Number of outside directors increased to three 	
Enhancing the diversity of the Board of Directors		<ul style="list-style-type: none"> ● Start of evaluating the effectiveness of the Board of Directors (once a year) 					<ul style="list-style-type: none"> ● Implementation of executive training 	
Clarification of management responsibility (nomination and remuneration of directors)		<ul style="list-style-type: none"> ● 2013: Term of directors shortened to one year 			<ul style="list-style-type: none"> ● Introduction of performance-linked stock remuneration scheme 		<ul style="list-style-type: none"> ● Establishment of Nomination and Compensation Committee 	
Board of Directors	Internal	(2014)11person	11	11	5	5	5	4
	Outside	0person	1	1	2	2	2	3
	Outside ratio	0%	8%	8%	29%	29%	29%	43%

Strengthening corporate governance

Implementation of executive training

«FY2020 Training theme»

- About return on invested capital
- About competition law



We held a workshop for executives includes officers of GS Yuasa Co., Ltd. , to foster next generation managers

Policy on the appointment of directors

We select, in a well-balanced manner, persons with knowledge, experience, skills, and so on relating to the business of our Group as a whole and persons who can make statements and act from an objective standpoint and a long-term, wide-ranging perspective.

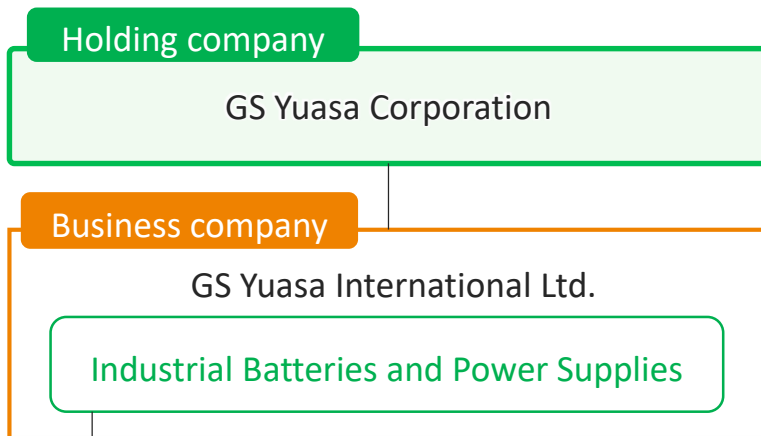
Distribution of skills of directors and auditors (FY2020)

● : Indicates number of persons possessing the said skills

Specialty/experience	● : Indicates number of persons possessing the said skills									
Corporate management	●	●	●	●	●	●	●	●	●	●
Financial accounting	●	●	●	●	●					
Legal affairs	●									
IT	●	●	●							
International affairs	●	●	●	●						
Sales	●	●	●	●						
Manufacturing	●	●	●	●						
Technology	●	●								

Initiative in Industrial Batteries and Power Supplies

1. Overview of Industrial Batteries and Power Supplies



« Main group companies: Japan »

- GS Yuasa Fieldings Ltd.
General engineering services for industrial storage batteries, power supply systems and power convention systems
(Scheduled to be transferred in April 1, 2021)

- Sanken Densetsu Co., Ltd

« Main group companies: Overseas »

- GS Battery (China) Co., Ltd.
Mainly manufactures and sells lead-acid batteries for forklifts
- GS Yuasa Siam Industry Ltd. (Thailand)
Mainly manufactures and sells lead-acid batteries for forklifts
- GS Yuasa Energy Solutions, Inc. (America)
Mainly sells industrial power supply systems and batteries

■ Business content

Manufactures and sells industrial batteries for backup power supply systems in use of public infrastructure including mobile phone base stations, buildings, public water supply systems, sewer systems and power generation systems. The other, manufactures and sells supply units, power conditioners in use of renewable energy, lighting equipment, lead-acid batteries for forklifts or other motor-driven vehicles and other products.

■ List of customers by products



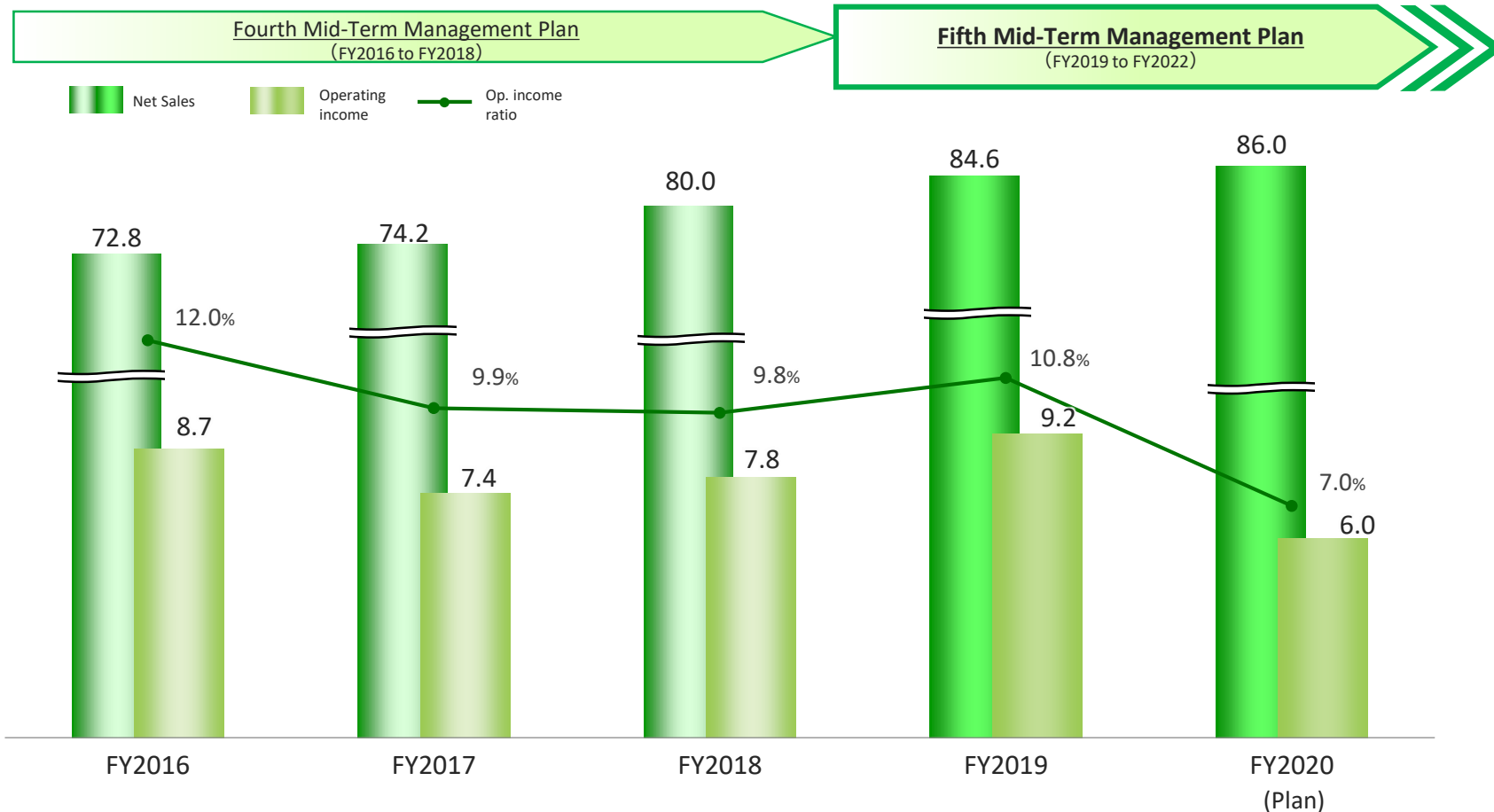
		Industrial batteries	Power systems			
Industrial batteries power supply systems	Private sector	◎	◎			◎ ◎
	Communications	◎	○			◎ ○
	Government agencies	◎	○			◎ ◎
	Electric power	◎	○			◎ ○
	Railways	◎	◎			◎ ◎
Forklifts		○	◎			
Electric vehicles (ex.AGV)		◎		◎		

Notes : ◎ / Main demanders, ○ / Demanders with supplies

2. Changes in Net sales, Operating income, and ratio

Net Sales, Operating income, Op. income ratio

(Billion yen)



Note: Due to the impact of the novel coronavirus pandemic, fiscal 2020 is covered by a single-fiscal-year plan.

3. Opportunities of development

For emergency use

Building National Resilience

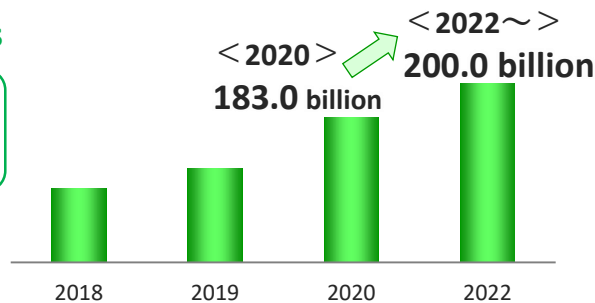
Keep power supplies to maintain infrastructure systems

- Sewerage facilities(about 200 points)
- Road facilities(about 1,600 points)
- Weather or earthquake forecast facilities(about 1,100 points)
- Hydrological observatories(about 1,100 points)
- River surveillance cameras(about 500 points)

Source: "Three-year emergency measures for disaster prevention / mitigation and national resilience" by Ministry of Land, Infrastructure, Transport and Tourism

Data centers

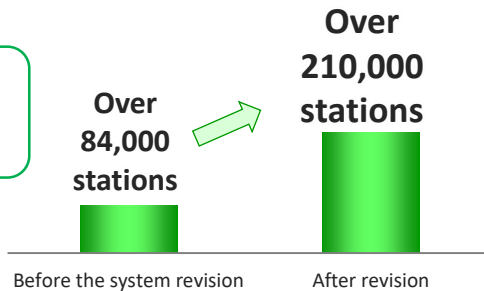
Forecast of investment for data centers in Japan



Source: "June 18, 2019 Announced domestic data center construction investment forecast" "July 7, 2020 Announced domestic data center construction investment forecast" by IDC Japan (includes some estimates)

5G

Number of 5G communication base station (end of FY2023)



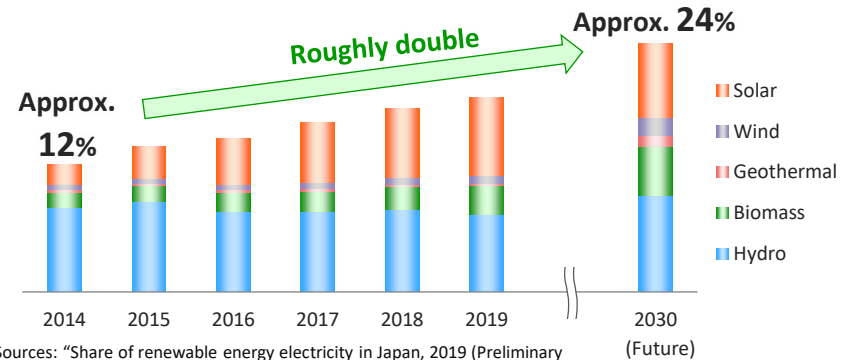
Move up the plan to establish more than 20% of stations

Source: "ICT Infrastructure Regional Deployment Master Plan Progress Report" by Ministry of Internal Affairs and Communications

For non-emergency use

Renewable energy

Ratio of renewable energy



Sources: "Share of renewable energy electricity in Japan, 2019 (Preliminary report)" of the Institute for Sustainable Energy Policies; "Response to Realization of Energy Mix for 2030" of the Agency for Natural Resources and Energy

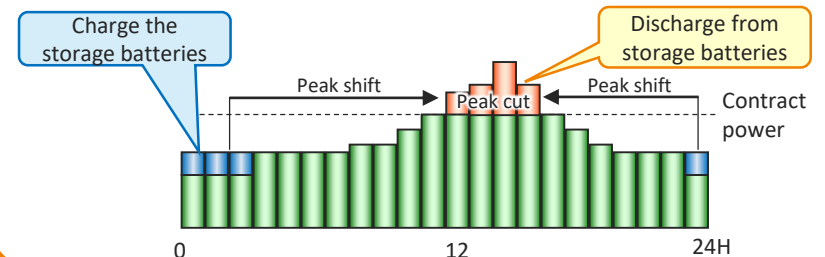
Peak shift / Peak cut

Peak shift

To use electric power in the time except peak time of electric power demand in factories

Peak cut

To suppress to use electric power in peak time in factories



The environments of business

□ Building National Resilience / Data centers / 5G

Demand of industrial batteries and power supplies as backup devices of social infrastructure is increasing. For example, building national resilience by fierce and frequent occurrence of national disasters, data centers or 5G due to development of IoT , work style reform, and diversity of contents.

Our strength

□ Various products line up

Our suggestion can meet customers' needs from make to order type or regular type

□ High market share and brand

No.1 domestic share of industrial batteries

□ Safe and secure service systems for customers

Provide services in service points all over Japan so that customers can use our products safely



Strategies

□ Suggestion of new business by “Koto Zukuri”

Suggest new business model of checking deterioration and monitoring every time of storage batteries by changing sales strategy as one time fee business

□ Acquisition of infrastructure business from Sanken Electric Co., Ltd.

Strengthen current business by acquiring infrastructure business that has strength of building national resilience, data centers and 5G from Sanken Electric Co., Ltd.

Acquisition of infrastructure business from Sanken Electric Co.,Ltd.

Market conditions

New construction or expansion of data centers

Expansion demand for emergency power supplies

Intensification of competition due to market entry by competitors

Purpose of the acquisition

- To reinforce competitiveness through integration of the technological and developmental capabilities
- To expand sales channel mainly in the communication business fields
- To strengthen operational frameworks in preparation for the emergence of new markets

Create various short-term and long-term synergies

Net sales
(FY2019 · simple sum)



Synergies effect



SanKen
Infrastructure business
12.5 billion yen

GSYUASA
Industrial batteries and power supplies business
84.6 billion yen

Procurement (Cost reduction)	
Short-term	<ul style="list-style-type: none"> • Self manufacture of storage batteries • Expand sales of storage batteries
Medium-to long-term	<ul style="list-style-type: none"> • Reinforce supply capabilities or reduce costs due to joint purchase or increase suppliers • Model consolidation and optimization of production system
Development/Manufacturing (Productivity improvement)	
Short-term	<ul style="list-style-type: none"> • Technical exchange meetings
Medium-to long-term	<ul style="list-style-type: none"> • Develop to other products used miniaturization or high density technologies • Expand use of modularization • Strengthen development and design capabilities
Sales/Service (Expansion of customer and market)	
Short-term	<ul style="list-style-type: none"> • Enrich line up of products • Strengthen customer base and sales channels
Medium-to long-term	<ul style="list-style-type: none"> • Strengthen maintenance and service systems • Self manufacture of demand to replace storage batteries

The environment of business

□ Renewable Energy

- In Japan, a country surrounded by sea or mountains, so wind power generation is expected to reduce green house gas, enhance self-efficiency rate of energy and generate electricity anytime.
- Minister of Economy, Trade and Industry announced that we will make renewable energies such as solar power or wind power generation high-ranked power supplies compared to others.

Source : Nikkei morning edition in 14th, October 2020

Our strength

□ Various sales and maintenance systems

We have long-term maintenance systems not only sales due to long-term stable operation

□ Order the world-largest-class system

Production and construction of 720Mwh large capacity batteries for facility in Toyotomi-cho, Hokkaido

□ Mass-produced technologies from automotive lithium-ion batteries

Utilize production facilities of Lithium Energy Japan and we can correspond large-scale orders



Strategies

□ Strengthen service by collaboration and O&M* with energy companies or electric manufacturers

Strengthen collaboration and O&M services and differentiate from competitors by utilizing relationship of current business with energy companies or electric manufacturers

*O&M : Operation and Maintenance

□ Strengthen power of cost competition

Reduce costs and increase capacity and safety more than current products, and now we are developing new model by utilizing technologies of lithium-ion batteries supplied for the world-largest-class system

4. Strategies(for non-emergency use)

The environment of business

□ Peak shift / Peak cut

Introduction of renewable energy increases for decarbonization. Therefore, some cases of installation of storage batteries also increase for the purpose of self-consumption, emergency Business Continuity Plan(BCP), or energy management such as peak shift and peak cut

Our strength

□ Serve products made in Japan with same packages

Customers can choose from various products at their ease due to in-house domestic production of not only storage batteries but also power conditioners

□ Reliable support system

More than 100 service points in Japan enable to support immediately both before and after. We can serve safety and relief to customers



Strategies

□ Serve products that meets customers' needs

Meets various customers' needs in drastically changing market of renewable energy due to expand products line up of storage batteries or power conditioners

□ Plan to serve remote monitoring service

In addition to wide range of service system, we plan to serve remote monitoring system for 24 hours and PPA*service adopted to new ownership

*PPA : Power Purchase Agreement

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



Reference

External ratings of CSR activities

CSR evaluations

	ESG rating by MSCI (U.S.) ^{*1}	CSR assessment by Toyo Keizai Inc. ^{*2}				CSR assessment by EcoVadis (France) ^{*3}
		HR utilization	Environment	Corporate governance	Sociality	
2020	A	AA	AAA	AA	AA	60 points (rank: silver)
2019	A	AA	AA	AA	AA	57 points (rank: silver)
2018	AA	AA	AA	AA	AA	50 points (rank: silver)
2017	AA	AA	AA	AA	AA	50 points (rank: silver)
2016	A	C	C	B	C	37 points (rank: bronze)

*1: ESG rating of MSCI (U.S.) is done by Japan ESG Select Leaders Index and is seven-grade evaluation of AAA, AA, A, BBB, BB, B and CCC.

*2: Toyo Keizai Inc.'s CSR assessment is five-grade evaluation of AAA, AA, A, B and C.

*3: EcoVadis (France): Total marks for CSR assessment is 100 points. The average score of the companies surveyed is 44.0 points (as of September 2020)

Evaluation, certification and accreditation for GS Yuasa's CSR-related efforts



- Selected as a certified company of the Company with Excellent Health Management 2020 by the Ministry of Economy, Trade and Industry



- Received Platinum Kurumin certification as a company that supports child care by the Ministry of Health, Labour and Welfare



- Received the highest rank "particularly excellent in terms of initiatives for employees' health" from DBJ Employees' Health Management Rating

External ratings of IR activities

➤ **Won First Award for Excellence at 22nd NIKKEI Annual Report Awards**



GS Yuasa received its first-ever Award for Excellence at the 22nd NIKKEI Annual Report Award.

The “GS Yuasa Report 2019” won the award in light of its “clear future-oriented value creation” and “good balance between financial and nonfinancial information and high degree of completeness as an integrated report”.

➤ **Bronze Prize in “Gomez IR Site Ranking”**

GS Yuasa’s website received a bronze prize in the IR website ranking by Gomez Consulting Co., Ltd., which evaluates the ease of use and extensiveness of the investor relations sections of company websites. (December 2019)

➤ **Ranked “A” in Overall Ranking of All Japanese Listed Companies’ Website Ranking by Nikko Investor Relations**

GS Yuasa’s website was ranked “A” in the Overall Ranking of the 2019 All Japanese Listed Companies’ Website Ranking by Nikko Investor Relations. (December 2019)

ESG indices that include GS Yuasa

➤ MSCI Japan ESG Select Leaders Index

Developed by Morgan Stanley Capital International (MSCI), the index compiles companies with high ESG evaluations in each industry category. The index is used for ESG investment managed by the Government Pension Investment Fund (GPIF), an entity managing and investing pension reserve funds in Japan. GS Yuasa has been selected for the index, acquiring an “A” rating (there are seven ratings: AAA, AA, A, BBB, BB, B and C). (As of March 2020)

2020 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

➤ FTSE4Good Index Series

GS Yuasa has been selected for inclusion in this world-leading ESG investment index series developed by FTSE Russell, a subsidiary of the London Stock Exchange. The FTSE4Good Index Series is a series of stock market indices made up of corporations that satisfy global criteria for ESG management and performance. (As of June 2020)



FTSE4Good

➤ FTSE Blossom Japan Index

GS Yuasa has been selected by FTSE Russell, a subsidiary of the London Stock Exchange, for inclusion in the FTSE Blossom Japan Index, a stock market index made up of Japanese corporations with outstanding ESG practices. The index is used for ESG investment managed by the Government Pension Investment Fund (GPIF), an entity managing and investing pension reserve funds in Japan. (As of June 2020)

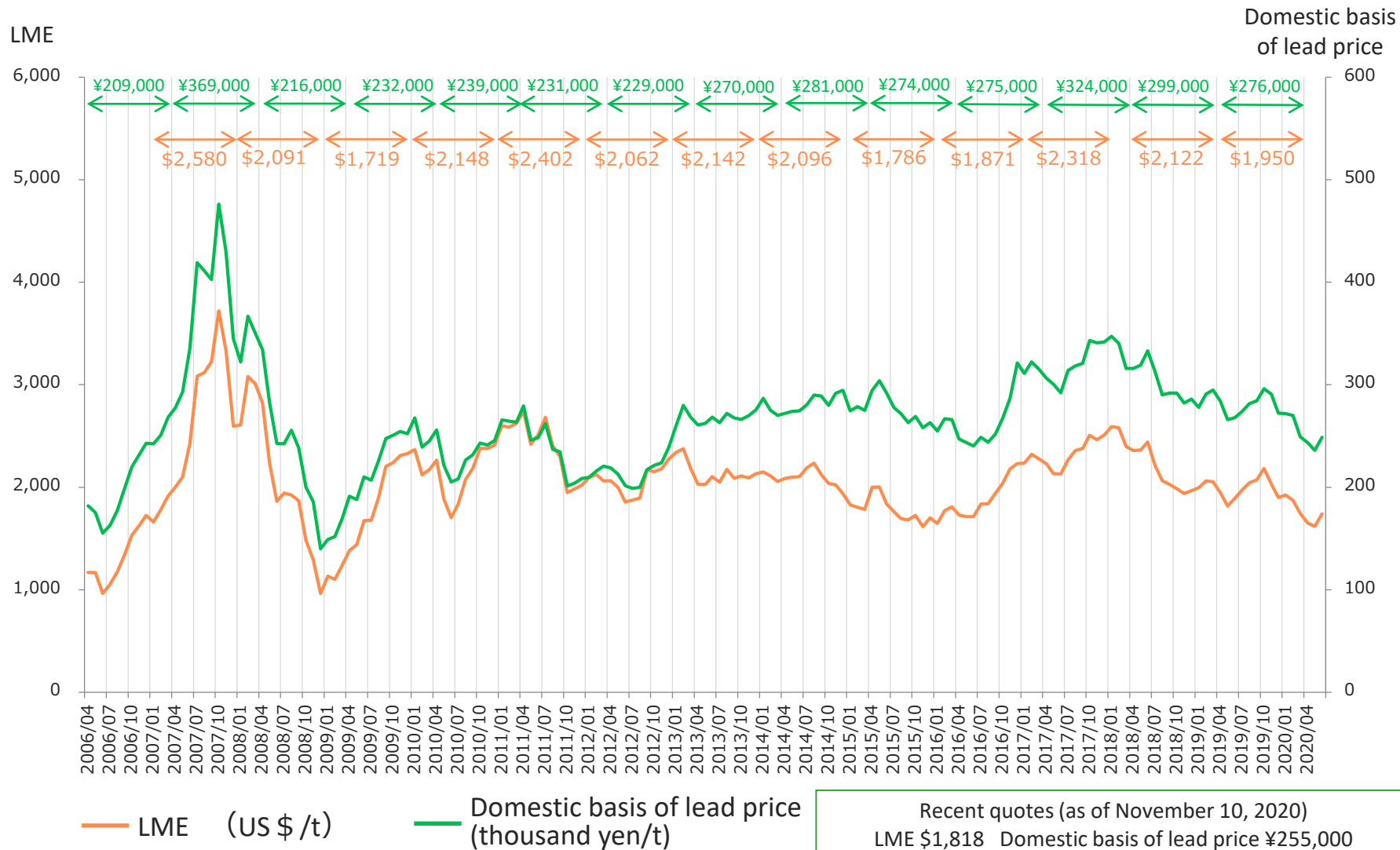


FTSE Blossom
Japan

*1 The inclusion of GS Yuasa in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute support, endorsement, or promotion of GS Yuasa by MSCI or any of its affiliates. The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI Index names and logos are trademarks or service marks of MSCI and/or its affiliates.

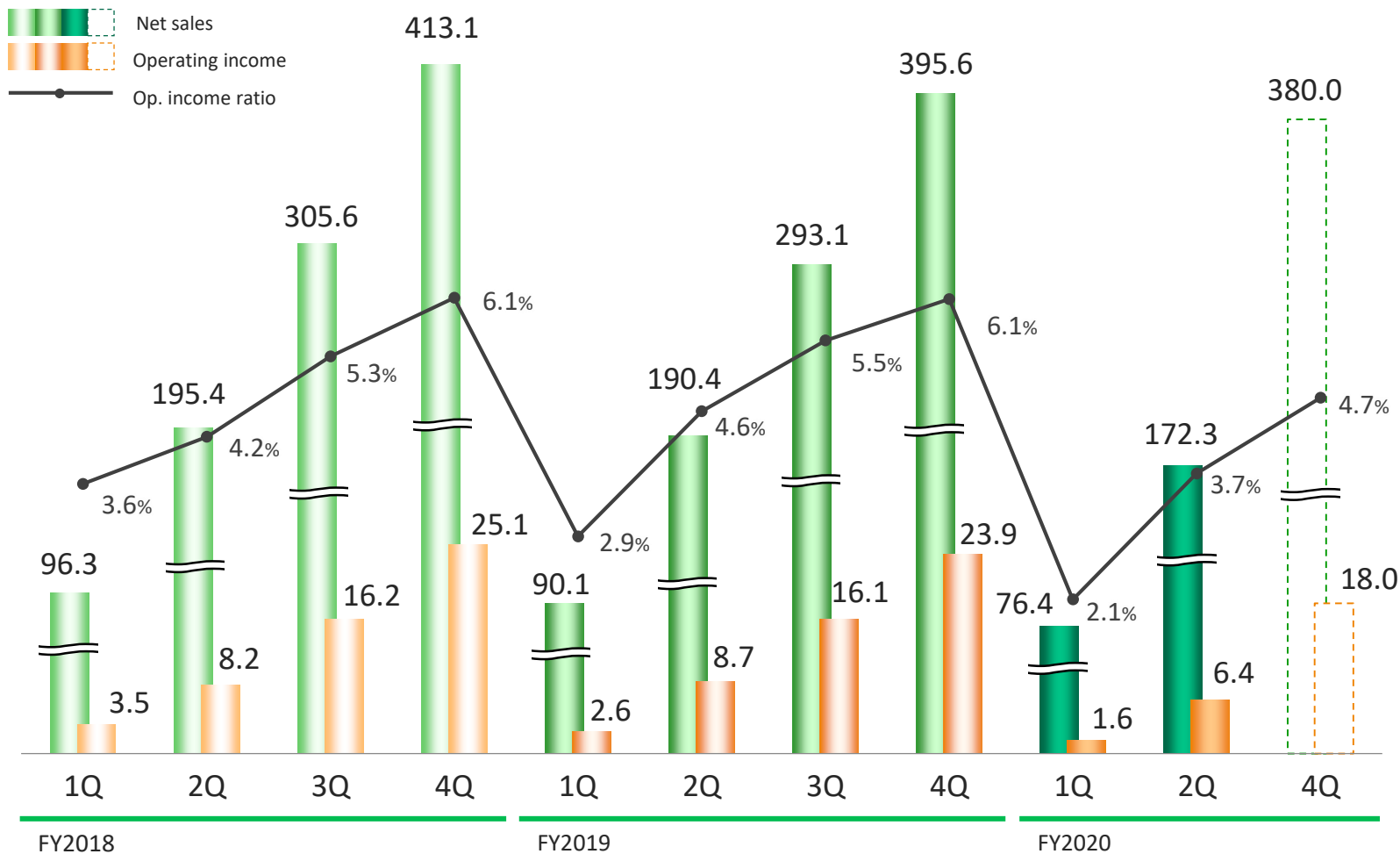
*2 FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that GS Yuasa has been independently assessed according to the FTSE4Good and FTSE Blossom Japan criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series and FTSE Blossom Japan Index. Created by the global index provider FTSE Russell, the FTSE4Good Index Series and FTSE Blossom Japan Index are designed to measure the performance of companies and Japanese companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good and FTSE Blossom Japan indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

Raw Materials Prices



Net Sales, Operating Income, Op. Income Ratio

(Billion yen)



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