

**Consolidated Financial Statements**

**GS Yuasa Corporation**

*Year Ended March 31, 2022*

## **Financial information**

### **1. Preparation of consolidated financial statements**

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

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

### **2. Note on independent audit**

As stipulated in Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Company received an audit of its consolidated financial statements for the fiscal year ended March 31, 2022 (April 1, 2021–March 31, 2022) by KPMG AZSA LLC.

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

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

# 1. Consolidated Financial Statements and Other Information

## (1) Consolidated Financial Statements

### (i) Consolidated Balance Sheets

	(Millions of yen)		(Thousands of U.S. dollars)			
	As of	As of	As of			
	March 31, 2022	March 31, 2021	March 31, 2022			
	Amount	Amount	Amount			
<b>Assets</b>						
<b>Current assets</b>						
Cash and deposits	*4	25,855	*4	36,280	*4	211,251
Notes and accounts receivable - trade		–	*4	74,269		–
Notes and accounts receivable - trade, and contract assets	*2, *4	85,399		–	*2, *4	697,761
Electronically recorded monetary claims - operating		7,163		5,039		58,526
Merchandise and finished goods	*4	54,986	*4	37,236	*4	449,269
Work in process	*4	19,236	*4	14,973	*4	157,170
Raw materials and supplies	*4	18,828	*4	15,658	*4	153,836
Other		15,249		11,189		124,594
Allowance for doubtful accounts		(418)		(315)		(3,415)
<b>Total current assets</b>		<b>226,300</b>		<b>194,332</b>		<b>1,849,007</b>
<b>Non-current assets</b>						
<b>Property, plant and equipment</b>						
Buildings and structures, net	*4, *9	56,279	*4, *9	52,837	*4, *9	459,833
Machinery, equipment and vehicles, net	*4, *9	37,108	*4, *9	38,703	*4, *9	303,195
Land	*8	23,335	*4, *8	22,737	*8	190,661
Leased assets, net		284		296		2,320
Right-of-use assets, net		5,398		5,075		44,105
Construction in progress	*9	15,315	*9	9,699	*9	125,133
Other, net		5,284	*4, *9	5,180		43,173
<b>Total property, plant and equipment</b>	*1	<b>143,007</b>	*1	<b>134,530</b>	*1	<b>1,168,453</b>
<b>Intangible assets</b>						
Goodwill		–		659		–
Leased assets		825		1,078		6,741
Other	*4	2,069		2,681	*4	16,905
<b>Total intangible assets</b>		<b>2,894</b>		<b>4,419</b>		<b>23,646</b>
<b>Investments and other assets</b>						
Investment securities	*5	66,319	*5	64,349	*5	541,866
Investments in capital	*5	940	*5	1,657	*5	7,680
Long-term loans receivable		1,116		707		9,118
Retirement benefit asset		32,954		23,920		269,254
Deferred tax assets		2,338		3,497		19,103
Lease receivables		2,635		2,616		21,530
Other		2,538		2,152		20,737
Allowance for doubtful accounts		(322)		(323)		(2,631)
<b>Total investments and other assets</b>		<b>108,520</b>		<b>98,578</b>		<b>886,674</b>
<b>Total non-current assets</b>		<b>254,423</b>		<b>237,528</b>		<b>2,078,789</b>
<b>Deferred assets</b>						
Bond issuance costs		39		52		319

	As of March 31, 2022	As of March 31, 2021	As of March 31, 2022
	Amount	Amount	Amount
Total deferred assets	39	52	319
<b>Total assets</b>	<b>480,763</b>	<b>431,913</b>	<b>3,928,123</b>

	(Millions of yen)		(Thousands of U.S. dollars)	
	As of March 31, 2022	As of March 31, 2021	As of March 31, 2022	As of March 31, 2022
	Amount	Amount	Amount	Amount
<b>Liabilities</b>				
<b>Current liabilities</b>				
Notes and accounts payable - trade	44,174	34,742	360,928	
Electronically recorded obligations - operating	19,861	16,367	162,276	
Short-term borrowings	*4 18,782	*4 13,440	*4 153,460	
Commercial papers	2,000	-	16,341	
Accounts payable - other	12,041	15,976	98,382	
Income taxes payable	2,857	4,761	23,343	
Notes payable - facilities	274	358	2,239	
Electronically recorded obligations - facilities	6,821	3,270	55,732	
Provision for bonuses for directors (and other officers)	120	120	980	
Other	*3 22,444	18,802	*3 183,381	
Total current liabilities	129,376	107,839	1,057,080	
<b>Non-current liabilities</b>				
Bonds payable	20,000	20,000	163,412	
Long-term borrowings	41,696	31,980	340,681	
Lease liabilities	6,100	6,041	49,841	
Deferred tax liabilities	19,910	18,045	162,677	
Deferred tax liabilities for land revaluation	*8 928	*8 928	*8 7,582	
Provision for retirement benefits for directors (and other officers)	67	64	547	
Retirement benefit liability	4,892	4,562	39,971	
Other	7,852	7,880	64,156	
Total non-current liabilities	101,447	89,503	828,883	
Total liabilities	230,824	197,342	1,885,971	
<b>Net assets</b>				
<b>Shareholders' equity</b>				
Share capital	33,021	33,021	269,801	
Capital surplus	55,292	55,301	451,769	
Retained earnings	93,661	95,869	765,267	
Treasury shares	(351)	(4,654)	(2,868)	
Total shareholders' equity	181,623	179,537	1,483,969	
<b>Accumulated other comprehensive income</b>				
Valuation difference on available-for-sale securities	16,180	17,171	132,200	
Deferred gains or losses on hedges	(794)	(115)	(6,487)	

	As of March 31, 2022	As of March 31, 2021	As of March 31, 2022
	Amount	Amount	Amount
Revaluation reserve for land	2,137	2,137	17,461
Foreign currency translation adjustment	7,163	417	58,526
Remeasurements of defined benefit plans	8,922	3,098	72,898
Total accumulated other comprehensive income	33,609	22,708	274,606
<b>Non-controlling interests</b>	34,705	32,324	283,561
<b>Total net assets</b>	249,938	234,570	2,042,144
<b>Total liabilities and net assets</b>	480,763	431,913	3,928,123

## (ii) Consolidated Statements of Income and Comprehensive Income

## Consolidated Statements of Income

	(Millions of yen)		(Thousands of U.S. dollars)	
	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2022	
	Amount	Amount	Amount	
<b>Net sales</b>	*1 432,133	386,511	*1 3,530,787	
Cost of sales	*3 335,359	*3 289,944	*3 2,740,085	
Gross profit	96,773	96,566	790,694	
<b>Selling, general and administrative expenses</b>	*2, *3 74,108	*2, *3 71,755	*2, *3 605,507	
<b>Operating profit</b>	22,664	24,810	185,179	
<b>Non-operating income</b>				
Interest income	198	207	1,618	
Dividend income	483	419	3,946	
Share of profit of entities accounted for using equity method	2,590	2,471	21,162	
Foreign exchange gains	–	595	–	
Other	722	890	5,899	
Total non-operating income	3,995	4,584	32,642	
<b>Non-operating expenses</b>				
Interest expenses	946	818	7,729	
Sales discounts	–	119	–	
Foreign exchange losses	103	–	842	
Equipment relocation expenses	227	260	1,855	
Other	698	917	5,703	
Total non-operating expenses	1,976	2,115	16,145	
<b>Ordinary profit</b>	24,684	27,279	201,683	
<b>Extraordinary income</b>				
Gain on sale of non-current assets	*4 668	*4 1,350	*4 5,458	
Gain on sale of investment securities	116	299	948	
Gain on bargain purchase	710	–	5,801	
Gain on sale of investments in capital of subsidiaries	547	–	4,469	
Gain on reversal of loss on liquidation of subsidiaries and associates	325	–	2,655	
Other	5	–	41	
Total extraordinary income	2,372	1,650	19,381	
<b>Extraordinary losses</b>				
Loss on retirement of non-current assets	*5 715	*5 569	*5 5,842	
Loss on sale of non-current assets	*6 47	*6 14	*6 384	
Impairment losses	*7 5,779	*7 2,760	*7 47,218	
Loss on valuation of investment securities	28	15	229	
Factory relocation expenses	1,239	713	10,123	
Other	–	7	–	
Total extraordinary losses	7,810	4,081	63,812	
<b>Profit before income taxes</b>	19,246	24,847	157,251	
Income taxes - current	5,583	7,948	45,616	

	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
	Amount	Amount	Amount
Income taxes - deferred	1,066	2,107	8,710
<b>Total income taxes</b>	<b>6,650</b>	<b>10,056</b>	<b>54,335</b>
<b>Profit</b>	<b>12,595</b>	<b>14,791</b>	<b>102,909</b>
<b>Profit attributable to non-controlling interests</b>	<b>4,127</b>	<b>3,336</b>	<b>33,720</b>
<b>Profit attributable to owners of parent</b>	<b>8,468</b>	<b>11,455</b>	<b>69,189</b>

## Consolidated Statements of Comprehensive Income

	(Millions of yen)		(Thousands of U.S. dollars)
	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2022
	Amount	Amount	Amount
<b>Profit</b>	12,595	14,791	102,909
<b>Other comprehensive income</b>			
Valuation difference on available-for-sale securities	(1,016)	5,236	(8,301)
Deferred gains or losses on hedges	22	234	180
Foreign currency translation adjustment	6,825	7,891	55,764
Remeasurements of defined benefit plans, net of tax	5,822	6,145	47,569
Share of other comprehensive income of entities accounted for using equity method	796	813	6,504
Total other comprehensive income	* 12,451	* 20,320	* 101,732
<b>Comprehensive income</b>	25,047	35,112	204,649
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	19,369	29,650	158,256
Comprehensive income attributable to non-controlling interests	5,678	5,461	46,393



## (iii) Consolidated Statements of Changes in Net Assets

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

(Millions of yen)

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

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

Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	33,021	55,301	87,180	(3,680)	171,823
Changes during period					
Dividends of surplus			(2,842)		(2,842)
Profit attributable to owners of parent			11,455		11,455
Purchase of treasury shares				(1,003)	(1,003)
Disposal of treasury shares		(0)		30	29
Increase by merger			76		76
Net changes in items other than shareholders' equity					
Total changes during period	-	(0)	8,688	(973)	7,714
Balance at end of period	33,021	55,301	95,869	(4,654)	179,537

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	11,933	(244)	2,137	(6,265)	(3,047)	4,513	28,982	205,318
Changes during period								
Dividends of surplus								(2,842)
Profit attributable to owners of parent								11,455
Purchase of treasury shares								(1,003)
Disposal of treasury shares								29
Increase by merger								76
Net changes in items other than shareholders' equity	5,237	129		6,682	6,145	18,194	3,342	21,537
Total changes during period	5,237	129	-	6,682	6,145	18,194	3,342	29,252
Balance at end of period	17,171	(115)	2,137	417	3,098	22,708	32,324	234,570

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

(Thousands of U.S. dollars)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	269,801	451,842	783,307	(38,026)	1,466,925
Cumulative effects of changes in accounting policies			(5,254)		(5,254)
Restated balance at beginning of period	269,801	451,842	778,046	(38,026)	1,461,664
Changes during period					
Dividends of surplus			(42,822)		(42,822)
Profit attributable to owners of parent			69,189		69,189
Purchase of treasury shares				(4,110)	(4,110)
Disposal of treasury shares		0		49	49
Cancellation of treasury shares		(39,211)		39,211	–
Transfer from retained earnings to capital surplus		39,145	(39,145)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	(65)	(12,779)	35,150	22,298
Balance at end of period	269,801	451,769	765,267	(2,868)	1,483,969

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	140,297	(940)	17,461	3,407	25,313	185,538	264,107	1,916,578
Cumulative effects of changes in accounting policies						–		(5,254)
Restated balance at beginning of period	140,297	(940)	17,461	3,407	25,313	185,538	264,107	1,911,324
Changes during period								
Dividends of surplus								(42,822)
Profit attributable to owners of parent								69,189
Purchase of treasury shares								(4,110)
Disposal of treasury shares								49
Cancellation of treasury shares								–
Transfer from retained earnings to capital surplus								–
Net changes in items other than shareholders' equity	(8,089)	(5,540)		55,119	47,577	89,068	19,446	108,514
Total changes during period	(8,089)	(5,540)	–	55,119	47,577	89,068	19,446	130,820
Balance at end of period	132,200	(6,487)	17,461	58,526	72,898	274,606	283,561	2,042,144

## (iv) Consolidated Statements of Cash Flows

	(Millions of yen)		(Thousands of U.S. dollars)
	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2022
	Amount	Amount	Amount
<b>Cash flows from operating activities</b>			
Profit before income taxes	19,246	24,847	157,251
Depreciation	18,207	18,031	148,762
Impairment losses	5,779	2,760	47,218
Amortization of goodwill	659	1,335	5,384
Loss (gain) on valuation of investment securities	28	15	229
Loss (gain) on sale of investment securities	(116)	(299)	(948)
Gain on sale of investments in capital of subsidiaries	(547)	–	(4,469)
Increase (decrease) in allowance for doubtful accounts	40	(74)	327
Increase (decrease) in retirement benefit liability	(86)	(1,907)	(703)
Interest and dividend income	(681)	(627)	(5,564)
Interest expenses	946	818	7,729
Foreign exchange losses (gains)	(956)	(589)	(7,811)
Loss (gain) on sale of non-current assets	(621)	(1,335)	(5,074)
Loss on retirement of non-current assets	715	569	5,842
Gain on bargain purchase	(710)	–	(5,801)
Factory relocation expenses	1,239	713	10,123
Share of loss (profit) of entities accounted for using equity method	(2,590)	(2,471)	(21,162)
Decrease (increase) in trade receivables	–	315	–
Decrease (increase) in trade receivables and contract assets	(5,579)	–	(45,584)
Increase (decrease) in advances received	–	(5,646)	–
Increase (decrease) in contract liabilities	740	–	6,046
Decrease (increase) in inventories	(18,794)	(162)	(153,558)
Increase (decrease) in trade payables	7,597	3,388	62,072
Other, net	(2,658)	3,503	(21,717)
Subtotal	21,856	43,184	178,577
Interest and dividends received	1,524	1,250	12,452
Interest paid	(946)	(818)	(7,729)
Factory relocation expenses paid	(237)	(713)	(1,936)
Income taxes paid	(9,318)	(7,085)	(76,134)
Net cash provided by (used in) operating activities	12,879	35,817	105,229

	Year ended March 31, 2022		Year ended March 31, 2021		Year ended March 31, 2022	
	Amount		Amount		Amount	
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment		(27,024)		(19,019)		(220,802)
Proceeds from sale of property, plant and equipment		706		1,286		5,768
Purchase of intangible assets		(143)		(99)		(1,168)
Purchase of investment securities		(2)		(3)		(16)
Proceeds from sale of investment securities		149		375		1,217
Purchase of shares of subsidiaries resulting in change in scope of consolidation	*2	(2,819)		–	*2	(23,033)
Payments for investments in capital of subsidiaries and associates		–		(214)		–
Purchase of shares of subsidiaries and associates		(150)		(600)		(1,226)
Loan advances		(480)		(750)		(3,922)
Proceeds from collection of loans receivable		185		4		1,512
Other, net		(624)		(307)		(5,098)
Net cash provided by (used in) investing activities		(30,204)		(19,327)		(246,785)
<b>Cash flows from financing activities</b>						
Increase (decrease) in short-term borrowings and commercial papers		10,657		(2,719)		87,074
Proceeds from long-term borrowings		12,365		9,050		101,029
Repayments of long-term borrowings		(7,481)		(6,371)		(61,124)
Purchase of treasury shares		(503)		(1,003)		(4,110)
Proceeds from disposal of treasury shares		6		29		49
Dividends paid		(5,241)		(2,842)		(42,822)
Dividends paid to non-controlling interests		(3,271)		(2,085)		(26,726)
Other, net		(1,328)		(1,074)		(10,851)
Net cash provided by (used in) financing activities		5,203		(7,018)		42,512
Effect of exchange rate change on cash and cash equivalents		2,159		1,586		17,640
Net increase (decrease) in cash and cash equivalents		(9,962)		11,057		(81,396)
Cash and cash equivalents at beginning of period		35,807		24,748		292,565
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries		–		1		–
Cash and cash equivalents at end of period	*1	25,845	*1	35,807	*1	211,169

## Notes

### *Basis of preparation of consolidated financial statements*

The consolidated financial statements are stated in Japanese yen, rounded down to the nearest million yen. Also, solely for the convenience of readers outside Japan, yen amounts have been translated into U.S. dollars at the rate of ¥122.39 to U.S. \$1.00, the approximate exchange rate at March 31, 2022. The translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate.

#### 1. Scope of consolidation

##### (1) Number of consolidated subsidiaries: Fifty-two (52) companies

In the fiscal year ended March 31, 2022, following the acquisition of all shares of Sanken Densetsu Co., Ltd. and the company's subsequent consolidation as a subsidiary, it was included in the scope of consolidation. Additionally, Sanken Densetsu Co., Ltd. changed its name to GS Yuasa Infrastructure Systems Co., Ltd. on May 1, 2021.

GS Yuasa Accounting Service Ltd., which was a consolidated subsidiary, merged with GS Yuasa International Ltd., which was the surviving company, and was therefore excluded from the scope of consolidation.

Tianjin Yuasa Batteries Co., Ltd., which was a consolidated subsidiary, was excluded from the scope of consolidation due to the transfer of all of its shares.

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

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

The name of GS Chuo Battery Ltd. was changed to GS Yuasa Chuo Sales Ltd.

The name of GS Environmental Science Laboratory Co., Ltd. was changed to GS Yuasa Environmental Science Laboratory Co., Ltd.

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

#### 2. Application of the equity method

##### (1) Number of non-consolidated subsidiaries and associates accounted for using the equity method: Twenty (20) companies

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

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

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

Yuasa Battery (Thailand) Pub. Co., Ltd. and one (1) other company

The fiscal year-end date for the two companies is December 31. Consolidated financial statements were prepared using their financial statements as of their fiscal year-end date instead of using their financial statements provisionally closed at the consolidated fiscal year-end date. However, for important transactions that took place between the fiscal year-end date of those companies and the consolidated year-end date, adjustments necessary for consolidation were performed.

#### 4. Accounting policies

##### (1) Valuation standards and methods for principal assets

###### (i) Securities

###### a Subsidiaries' and associates' shares

The moving-average method is used.

###### b Available-for-sale securities

###### *Marketable securities:*

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

###### *Non-marketable securities:*

The moving-average method is used.

###### (ii) Derivatives

Derivatives are measured at fair value.

###### (iii) Inventories

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

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

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

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

The straight-line method is used.

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

The principal useful lives are as follows.

Buildings and structures: 5 to 50 years

Machinery, equipment and vehicles: 2 to 18 years

###### (ii) Intangible assets (except for leased assets)

The straight-line method is used.

###### (iii) Leased assets

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

###### (iv) Right-of-use assets

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

##### (3) Amortization method for deferred assets

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

(4) Accounting standards for principal provisions and allowances

(i) Allowance for doubtful accounts

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

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

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

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

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

(5) Accounting treatment for retirement benefits

To prepare for the payment of employee retirement benefits, retirement benefit liability was recorded in the amount calculated by subtracting the value of plan assets from the amount of retirement benefit obligations estimated on March 31, 2022.

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

For the calculation of retirement benefit obligations, a benefit formula is applied to attribute expected pension benefits for the period up to the end of the fiscal year under review (March 31, 2022).

(ii) Actuarial gains or losses and past service cost

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

Actuarial gains or losses are amortized from the fiscal year that starts after the accrual of the gains or losses using the straight-line method over a certain number of years (mainly 10 to 14 years) within the average remaining service periods of the employees who will receive the benefits.

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

(6) Standards for recognition of principal revenues and expenses

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

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

(i) Sale of goods and products

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



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

(ii) Provision of services

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

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

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

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

(8) Significant hedge accounting

(i) Hedge accounting method

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

(ii) Hedging instruments and hedged items

Hedging instruments: Interest rate swaps, foreign exchange forward contracts, commodity price swaps, and foreign currency swaps

Hedged items: Interest on borrowings, foreign currency denominated receivables and payables, and trade payables

(iii) Hedging policy

- a In accordance with internal rules and in order to reduce the risk of interest rate fluctuations, the Company utilizes interest rate swaps hedging instruments in which the notional amounts, conditions for receiving and paying interests, and the contract terms match those for the hedged items.
- b The Company utilizes foreign exchange forward contracts and foreign currency swap contracts with an aim to reduce the risks associated with future interest rate fluctuations against import/export transactions and foreign currency denominated debt that are conducted or incurred in the ordinary course of business.
- c The Company utilizes commodity price swaps to reduce price fluctuation risks for lead, etc., the principal raw material for its business.

(iv) Method for evaluating hedge effectiveness

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

(9) Amortization method and period for goodwill

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

(10) Research and Development Expenses

Research and development expenses are charged to income as incurred.

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

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

The maximum amount that a company can distribute as dividends is calculated based on its non-consolidated financial statements in accordance with the Law.

(12) Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

Under Accounting Standards Board of Japan (“ASBJ”) Practical Issues Task Force (“PITF”) No. 18, Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements, the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards (“IFRS”) or generally accepted accounting principles in the United States of America (Financial Accounting Standards Board Accounting Standards Codification) tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a)

amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (e) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument when a foreign subsidiary elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

(13) Business Combinations

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

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

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

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

(i) Application of consolidated taxation system

The Company and some of its domestic consolidated subsidiaries have applied the consolidated taxation system since the fiscal year ended March 31, 2022.

(ii) Application of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system

From the fiscal year ending March 31, 2023, the Company and some of its domestic consolidated subsidiaries will transition from the consolidated taxation system to the group tax sharing system. However, the Company applies the treatment under the provisions of Paragraph 3 of the Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (ASBJ Practical Issues Task Force No. 39, March 31, 2020) in relation to items that are revised for the transition to the group tax sharing system established under the Act for Partial Revision of the Income Tax Act, etc. (Act No. 8 of 2020) and for the non-consolidated tax payment system in conjunction with the transition to the group tax sharing system, but does not apply the provisions of Paragraph 44 of the Implementation Guidance on Accounting Standards for Tax Effect Accounting, etc. (ASBJ Implementation Guidance No. 28, February 16, 2018) and the amount of deferred tax assets and deferred tax liabilities are determined in accordance with the provisions of tax act before the revision.

From the beginning of the fiscal year ending March 31, 2023, the Company plans to apply Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (ASBJ PITF No. 42, August 12, 2021), which establishes the treatment for income taxes and local income taxes as well as accounting treatment and disclosure for tax effect accounting in the application of the group tax sharing system.

## Significant accounting estimates

### Valuation of non-current assets

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

	(Millions of yen)		(Thousands of U.S. dollars)
	Current fiscal year	Previous fiscal year	Current fiscal year
Property, plant and equipment	143,007	134,530	1,168,453
Intangible assets	2,894	4,419	23,646
Impairment losses	5,779	2,760	47,218

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

##### (i) Method in making the accounting estimates

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

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

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

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

##### (ii) Key assumptions used in accounting estimates

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

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

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

Indications of impairment of non-current assets and recognition and measurements of impairment losses are based on management's best estimates, but there is the uncertainty in management's assumptions and judgments. If future stricter environmental regulations, the impact on the market environment of fiercer price competition with rivals in the same

industry, or other developments result in significant changes in the assumptions and conditions incorporated into business plans, appraisal values, and other items that are part of the assumptions used for estimates, this could have a significant impact on the valuation of non-current assets in the following fiscal year.

### *Changes in accounting policies*

#### Application of Accounting Standard for Revenue Recognition, etc.

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ) Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the current fiscal year, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange for transferring promised goods or services to a customer.

For finished goods that require installation work, certain consolidated subsidiaries previously recorded sales at the point the installation work was completed. However, as a result of the above change, the Company is identifying delivery of finished goods and the installation work as distinct performance obligations and is therefore recognizing revenue at the point that each performance obligation is satisfied. For discounts, etc., these were previously excluded from net sales at the point that the price was determined, but were included in the transaction price only to the extent that it was highly probable that a significant reversal in the amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration is subsequently resolved. Furthermore, promotion expenses and sales discounts, etc., paid to customers which had been included in selling, general and administrative expenses and non-operating expenses are excluded from net sales.

The application of such changes in accounting policies follows the transitional treatment prescribed in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition such that the new accounting policy was applied from the beginning balance of retained earnings of the current consolidated fiscal year to add to or deduct from the amount of beginning balance of retained earnings of the current consolidated fiscal year the cumulative effects of applying retrospectively the new accounting policy from the beginning of the current consolidated fiscal year. “Notes and accounts receivable - trade” under “current assets” on the consolidated balance sheet for the previous fiscal year has been included in “Notes and accounts receivable - trade, and contract assets” in the current fiscal year. In accordance with the transitional treatment provision set out in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, “Notes and accounts receivable - trade” for the previous fiscal year has not been reclassified in “Notes and accounts receivable - trade, and contract asset.”

As a result, in comparison with the amounts that would have been reported without applying Accounting Standard for Revenue Recognition and relevant ASBJ regulations, the amounts on the consolidated statements of income for the current fiscal year changed as follows: net sales decreased by ¥1,611 million (USD \$13,163 thousand); cost of sales increased by ¥425 million (USD \$3,473 thousand); selling, general and administrative expenses fell ¥2,021 million (USD \$16,513 thousand); operating profit declined ¥16 million (USD \$131 thousand); and ordinary profit and profit before income taxes each increased by ¥78 million (USD \$637 thousand).

This had an insignificant impact on the consolidated statements of cash flows for the current fiscal year.

Having reflected the cumulative effects on the beginning balance of net assets of the previous consolidated fiscal year, the beginning balance of retained earnings in the consolidated statements of changes in net assets decreased by ¥643 million (USD \$5,254 thousand).

The effects on per share information are explained in the Note “Per share information.”

In accordance with the transitional treatment provision set out in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, relevant information for the previous fiscal year is not provided in the Note “Revenue recognition.”

#### Application of Accounting Standard for Fair Value Measurement, etc.

The Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) and relevant revised ASBJ regulations from the beginning of the current fiscal year, and has prospectively applied the new accounting policies under ASBJ Statement No. 30 in accordance with the transitional treatment provision set out in Paragraph 19 of the standard, as well as Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019).

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

In addition, within the Notes of “Financial instruments,” disclosure is made by level of the fair values of financial instruments. However, in accordance with the transitional treatment provision set out in Paragraph 7-4 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, July 4, 2019), related notes for the previous fiscal year are not provided.

#### *Changes in presentation*

##### Consolidated statement of cash flows

“Factory relocation expenses,” which was included in “Other” under “cash flows from operating activities” in the previous fiscal year, has been presented separately in the current fiscal year due to its increased financial materiality. To reflect this change, “Factory relocation expenses” included in “Other” has been reclassified as a separate account in the consolidated statements for the prior fiscal year.

As a result, on the consolidated statement of cash flows for the previous fiscal year, “Factory relocation expenses” of ¥713 million and “Factory relocation expenses paid” of ¥(713) million under “Cash flows from operating activities” have been presented independently, and the subtotal was changed from ¥42,470 million to ¥43,184 million.

#### *Additional information*

##### Accounting estimates related to COVID-19

The Group conducts impairment accounting for fixed assets based on the information available at the time the financial statements are prepared. It is difficult to reasonably predict the future impact of COVID-19 on our business at this time. However, with the progress made in vaccinations, it is expected that the spread will gradually decline, and the economy will recover due to the economic measures taken in each country. Therefore, we are considering accounting estimates etc., on the assumption that sales of new cars, including electric vehicles in Japan and overseas, will gradually recover. Since there are many uncertainties regarding the impact of COVID-19, future changes in the situation may affect the financial position and operating results of the Group.

*Consolidated balance sheet*

\*1. Accumulated depreciation of property, plant and equipment

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2022	As of March 31, 2021	As of March 31, 2022
Accumulated depreciation of property, plant and equipment	242,531	236,387	1,981,624

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

	(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2022	As of March 31, 2022
Notes receivable - trade	4,385	35,828
Accounts receivable - trade	74,638	609,837
Contract assets	6,375	52,088

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

	(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2022	As of March 31, 2022
Contract liabilities	2,181	17,820

\*4. Assets pledged as collateral and secured liabilities

Assets pledged as collateral were as follows.

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2022	As of March 31, 2021	As of March 31, 2022
Cash and deposits	305	136	2,492
Accounts receivable - trade	989	493	8,081
Merchandise and finished goods	730	421	5,965
Work in process	43	37	351
Raw materials and supplies	184	91	1,503
Buildings and structures	70	57	572
Machinery, equipment and vehicles	85	82	695
Land	–	16	–
Other property, plant and equipment	–	4	–
Other intangible assets	3	–	25
<b>Total</b>	<b>2,413</b>	<b>1,340</b>	<b>19,716</b>

Secured liabilities were as follows.

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2022	As of March 31, 2021	As of March 31, 2022
Short-term borrowings	1,006	333	8,220
Total	1,006	333	8,220

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

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2022	As of March 31, 2021	As of March 31, 2022
Investment securities (stocks)	37,704	34,168	308,064
[of which is investment in jointly controlled entities]	[3,630]	[3,146]	[29,659]
Investments in capital	770	1,509	6,291

## 6. Guarantee obligations

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

	(Millions of yen)			
	As of March 31, 2022	As of March 31, 2021		
Tianjin Toho Lead Recycling Co., Ltd.	1,014	Tianjin Toho Lead Recycling Co., Ltd.	902	
Total	1,014	Total	902	

(Thousands of U.S. dollars)	
As of March 31, 2022	
Tianjin Toho Lead Recycling Co., Ltd.	8,285
Total	8,285

## 7. Trade notes receivable endorsed

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2022	As of March 31, 2021	As of March 31, 2022
Trade notes receivable endorsed	1,845	872	15,075

## \*8. Land revaluation

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

(1) Date of revaluation: March 31, 2002

(2) Revaluation method

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

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2022	As of March 31, 2021	As of March 31, 2022
Difference between the fair value of revalued land at the end of the fiscal year and the post-revaluation carrying amount	(1,130)	(1,328)	(9,233)



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

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2022	As of March 31, 2021	As of March 31, 2022
Buildings and structures	1,018	1,078	8,318
Machinery, equipment and vehicles	7,374	9,985	60,250
Construction in progress	–	83	–
Other	35	69	286

*Consolidated statement of income*

\*1. Revenue from contracts with customers

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

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

	(Millions of yen)		(Thousands of U.S. dollars)
	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2022
Packing and freight expenses	11,502	10,369	93,978
Employee salaries and bonuses	22,068	20,498	180,309
Welfare expenses	3,608	3,451	29,480
Retirement benefit expenses	1,049	1,445	8,571
Rent expenses on real estate	974	967	7,958
Depreciation	2,963	3,200	24,209
Research and development expenses	9,299	7,997	75,978

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

	(Millions of yen)		(Thousands of U.S. dollars)
	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2022
	12,383	11,201	101,177

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

	(Millions of yen)			
	Year ended March 31, 2022		Year ended March 31, 2021	
Buildings and structures	608	Buildings and structures	385	
Machinery, equipment and vehicles	43	Machinery, equipment and vehicles	82	
Land	–	Land	870	
Other	16	Other	11	
Total	668	Total	1,350	

(Thousands of U.S. dollars)

Year ended March 31, 2022	
Buildings and structures	4,968
Machinery, equipment and vehicles	351
Land	–
Other	131
Total	5,458

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

(Millions of yen)

Year ended March 31, 2022		Year ended March 31, 2021	
Buildings and structures	195	Buildings and structures	377
Machinery, equipment and vehicles	201	Machinery, equipment and vehicles	98
Other	318	Other	94
Total	715	Total	569

(Thousands of U.S. dollars)

Year ended March 31, 2022	
Buildings and structures	1,593
Machinery, equipment and vehicles	1,642
Other	2,598
Total	5,842

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

(Millions of yen)

Year ended March 31, 2022		Year ended March 31, 2021	
Buildings and structures	0	Buildings and structures	0
Machinery, equipment and vehicles	17	Machinery, equipment and vehicles	10
Other	29	Other	4
Total	47	Total	14

(Thousands of U.S. dollars)

Year ended March 31, 2022	
Buildings and structures	0
Machinery, equipment and vehicles	139
Other	237
Total	384

\*7. Impairment losses

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

The Group recorded impairment losses on the following asset groups.

Location	Use	Type	(Millions of yen)	(Thousands of U.S. dollars)
			Impairment loss	Impairment loss
Tianjin, China Note 1	Production facilities, etc.	Buildings and structures	2,767	22,608
		Machinery, equipment and vehicles	1,977	16,153
		Other	197	1,610
		Total	4,943	40,387
Odawara, Kanagawa, Japan Note 2	Production facilities, etc.	Buildings and structures	484	3,955
		Land	29	237
		Other	4	33
		Total	518	4,232
Fukuchiyama, Kyoto, Japan Note 3	Production facilities, etc.	Construction in progress	318	2,598
		Total	318	2,598

Grouping method

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

Real estate for rent and idle assets are grouped individually.

Recognizing impairment losses and methods used to calculate recoverable value

- Note 1. The consolidated subsidiary Tianjin GS Battery Co., Ltd. under the Automotive Batteries-Overseas segment is expected to recognize recurring operating losses because its performance deteriorates due to intensification of competition with competitors, and such conditions would constitute an impairment indicator. Therefore, the impairment test was performed and the carrying amount was reduced to the recoverable amount, and the resulting decrease in the carrying amount was recognized as an impairment loss under extraordinary losses. The recoverable amount was calculated using the fair value less cost of disposal in accordance with International Financial Reporting Standards (IFRS), and the fair value was calculated using valuation expert.
- Note 2. When it was decided to withdraw from the Odawara Plant, the carrying amount of non-current assets owned by consolidated subsidiaries that are part of the automotive batteries-Japan, industrial batteries and power supplies, and other segments was lowered to the recoverable value, and that decline was recorded as an impairment loss under extraordinary losses. The recoverable value was calculated using net selling price, and the net selling price was calculated by deducting expected disposals costs from the valuation amount based on roadside value and other factors.
- Note 3. When it was no longer expected that some non-current assets under development would be commercialized in the future, the carrying amount of those non-current assets owned by consolidated subsidiaries that are part of the Other segment was lowered to the recoverable value, and that decline was recorded as an impairment loss under extraordinary losses. The recoverable value was calculated using net selling price, and the net selling price was valued to be zero because it would be difficult to sell or make other use of those assets.

Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

The Group recorded impairment losses on the following asset groups.

Location	Use	Type
Ritto, Shiga, Japan	Production facilities, etc.	Buildings and structures; machinery, equipment and vehicles; and construction in progress

#### Grouping method

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

Real estate for rent and idle assets are grouped individually.

#### Recognizing impairment loss

During the second quarter of the fiscal year ended March 31, 2021, the consolidated subsidiary Lithium Energy Japan, which is part of the automotive lithium-ion batteries segment, expected to see a dramatic decline in sales volume and prominent deterioration in the business environment as a result of a major client's new business strategy. Because this corresponds to a sign of an impairment of non-current assets such as production equipment, etc., it was decided to measure and recognize an impairment loss. As a result, an impairment loss on owned production equipment (pre-impairment loss carrying value of ¥6,216 million) of ¥2,760 million was recorded.

#### Breakdown of impairment losses

The impairment losses consisted of ¥1,683 million on buildings and structures; ¥864 million on machinery, equipment and vehicles; ¥84 million on construction in progress; and ¥127 million on other.

#### Methods used to measure recoverable value

The recoverable value is based on value in use and is measured using the present discounted value of future after-tax cash flows based on business plans, including sales volume forecasts formulated by managers, and a discount rate of 5%, which is based on the after-tax weighted average cost of capital. Future cash flows are calculated from past sales results and business plans based on capturing new orders for lithium-ion batteries used in cars and industry and taking into consideration the possibility of sales for each group of finished goods.

Consolidated statement of comprehensive income

\* Reclassification adjustments and tax effects related to other comprehensive income

	(Millions of yen)		(Thousands of U.S. dollars)
	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2022
Valuation difference on available-for-sale securities:			
Amount for current fiscal year	(1,420)	7,775	(11,602)
Reclassification adjustments	(87)	(284)	(711)
Before tax effect adjustments	(1,508)	7,491	(12,321)
Tax effect	492	(2,254)	4,020
Valuation difference on available-for-sale securities	(1,016)	5,236	(8,301)
Deferred gains or losses on hedges:			
Amount for current fiscal year	6	118	49
Reclassification adjustments	15	116	123
Before tax effect adjustments	22	235	180
Tax effect	–	(0)	–
Deferred gains or losses on hedges	22	234	180
Foreign currency translation adjustment:			
Amount for current fiscal year	6,311	7,891	51,565
Reclassification adjustments	514	–	4,200
Before tax effect adjustments	6,825	7,891	55,764
Tax effect	–	–	–
Foreign currency translation adjustment	6,825	7,891	55,764
Remeasurements of defined benefit plans, net of tax:			
Amount for current fiscal year	7,849	7,535	64,131
Reclassification adjustments	616	1,285	5,033
Before tax effect adjustments	8,465	8,821	69,164
Tax effect	(2,642)	(2,675)	(21,587)
Remeasurements of defined benefit plans, net of tax	5,822	6,145	47,569
Share of other comprehensive income of entities accounted for using equity method:			
Amount for current fiscal year	796	813	6,504
Share of other comprehensive income of entities accounted for using equity method	796	813	6,504
Total other comprehensive income	12,451	20,320	101,732

Consolidated statements of changes in net assets

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

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

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

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

2. Dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends		Dividend per share		Record date	Effective date
		(Millions of yen)	(Thousands of U.S. dollars)	(Yen)	(U.S. dollars)		
June 29, 2021, annual general meeting of shareholders	Common stock	4,033	32,952	50	0.41	March 31, 2021	June 30, 2021
November 5, 2021, Board of Directors meeting	Common stock	1,207	9,862	15	0.12	September 30, 2021	December 1, 2021

Note The total amount of dividends of ¥4,033 million (USD \$32,952 thousand) and ¥1,207 million (USD \$9,862 thousand) includes ¥3 million (USD \$25 thousand) and ¥1 million (USD \$8 thousand) in dividends for treasury shares held in trust.

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

Resolution	Class of shares	Total amount of dividends		Dividend source	Dividend per share		Record date	Effective date
		(Millions of yen)	(Thousands of U.S. dollars)		(Yen)	(U.S. dollars)		
June 29, 2022, annual general meeting of shareholders	Common stock	2,817	23,017	Retained earnings	35	0.29	March 31, 2022	June 30, 2022

Note The total amount of dividends includes ¥2 million (USD \$16 thousand) in dividends for treasury shares held in trust.

Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

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

	Number of shares at the beginning of the current fiscal year (thousand)	Increase in number of shares during the current fiscal year (thousand)	Decrease in number of shares during the current fiscal year (thousand)	Number of shares at the end of the current fiscal year (thousand)
Issued shares				
Common stock	82,714	–	–	82,714
Total	82,714	–	–	82,714
Treasury shares				
Common stock Notes 1, 2, and 3	1,579	542	13	2,109
Total	1,579	542	13	2,109

- Notes
1. The increase in number of treasury shares (common stock) of 542 thousand shares was because of the purchase of 540 thousand treasury shares based on a Board of Directors' resolution and one thousand shares from the purchase of shares less than one share unit.
  2. The decrease in the number of treasury shares (common stock) of 13 thousand shares was because of the provision of 13 thousand shares for performance-linked share-based payment system.
  3. The number of treasury shares (common stock) at the beginning and end of the current fiscal year includes treasury shares held in trust (82 thousand shares at the beginning and 69 thousand shares at the end of the current fiscal year).

2. Dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
June 26, 2020, annual general meeting of shareholders	Common stock	2,842	35	March 31, 2020	June 29, 2020

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

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

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend source	Dividend per share (Yen)	Record date	Effective date
June 29, 2021, annual general meeting of shareholders	Common stock	4,033	Retained earnings	50	March 31, 2021	June 30, 2021

Note The total amount of dividends includes ¥3 million in dividends for treasury shares held in trust.

### Consolidated statement of cash flows

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

	(Millions of yen)		(Thousands of U.S. dollars)
	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2022
Cash and deposits	25,855	36,280	211,251
Time deposits (term exceeds three months)	(10)	(473)	(82)
Cash and cash equivalents	25,845	35,807	211,169

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

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

	(Millions of yen)	(Thousands of U.S. dollars)
Current assets	8,016	65,496
Non-current assets	518	4,232
Negative goodwill	(710)	(5,801)
Current liabilities	(4,149)	(33,900)
Non-current liabilities	(440)	(3,595)
Acquisition cost of GYIS shares	3,235	26,432
GYIS cash and cash equivalents	(416)	(3,399)
Balance: Expenditures for the acquisition of GYIS	2,819	23,033

### Leases

1. Finance lease transactions (as lessee)

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

(i) Description of leased assets

a Property, plant and equipment

Mainly production facility (machinery, equipment and vehicles)

b Intangible assets

Software

(ii) Depreciation/amortization of leased assets

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

2. Operating lease transactions (as lessee)

Future minimum lease payments under non-cancelable operating leases

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2022	As of March 31, 2021	As of March 31, 2022
Within one year	68	62	556
Exceeding one year	240	206	1,961
Total	309	268	2,525



### 3. Lease transactions under International Financial Reporting Standards

#### (i) Right-of-use assets

Mainly office leasing, vehicles and transportation equipment

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

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

### *Financial instruments*

#### 1. Matters concerning the status of financial instruments

##### (1) Policy for financial instruments

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

##### (2) Financial instruments, their risks and risk management

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

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

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

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

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

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

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

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

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

Since variable factors are incorporated in the measurement of the fair value of financial instruments, such values may change due to the adoption of different assumptions and other factors. In addition,

the contract amounts of derivative transactions, set forth in these Notes do not indicate the market risk involved in derivative transactions themselves.

## 2. Fair value of financial instruments and related matters

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

As of March 31, 2022

(Millions of yen)

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

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

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

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

As of March 31, 2021

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
(1) Investment securities	46,652	47,284	632
Total assets	46,652	47,284	632
(2) Bonds payable	20,000	20,034	34
(3) Long-term borrowings (including current portion)	39,419	38,791	(627)
(4) Lease liabilities (including current portion)	7,809	7,526	(282)
Total liabilities	67,228	66,352	(875)
Derivatives (*2)	(0)	(0)	—

(\*1) “Cash and deposits,” “notes and accounts receivable - trade,” “electronically recorded monetary claims - operating,” “notes and accounts payable - trade,” “electronically recorded obligations - operating,” “short-term borrowings,” “accounts payable - other,” “income taxes payable,” “notes payable - facilities,” and “electronically recorded obligations - facilities” are omitted because their fair value approximates their book value due to their short maturities.

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

(\*3) The following financial instruments are not included in (1) Investment securities because they do not have market prices and it is extremely difficult to determine their fair value. The consolidated balance sheet amounts of such financial instruments are as follows.

(Millions of yen)

Categories	Previous fiscal year
Unlisted shares	17,697
Investments in capital	1,657

As of March 31, 2022

(Thousands of U.S. dollars)

	Consolidated balance sheet amount	Fair value	Difference
(1) Investment securities	382,646	359,711	(22,927)
Total assets	382,646	359,711	(22,927)
(2) Bonds payable	163,412	163,077	(335)
(3) Long-term borrowings (including current portion)	367,824	362,334	(5,491)
(4) Lease liabilities (including current portion)	63,739	60,413	(3,325)
Total liabilities	594,983	585,824	(9,151)
Derivatives (*2)	580	580	-

- (\*1) "Cash and deposits," "notes and accounts receivable - trade, and contract assets," "electronically recorded monetary claims - operating," "notes and accounts payable - trade," "electronically recorded obligations - operating," "short-term borrowings," "commercial papers," "accounts payable - other," "income taxes payable," "notes payable - facilities," and "electronically recorded obligations - facilities" are omitted because they are in cash or their fair value approximates their book value due to their short maturities.
- (\*2) Net receivables and payables arising from derivative transactions are shown as net amounts, and items that are net liabilities in total are shown in parentheses.
- (\*3) Unlisted shares, etc., (consolidated balance sheet amount: USD \$159,212 thousand) and investments in capital (USD \$7,680 thousand) are not included in (1) Investment securities in the table above because they are stocks and other securities without market prices.

Note 1. Scheduled redemptions for monetary claims and securities with maturity dates after the consolidated fiscal year-end date

As of March 31, 2022

(Millions of yen)

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

As of March 31, 2021

(Millions of yen)

	One year or less	One to five years	Five to ten years	Over ten years
Cash and deposits	36,280	-	-	-
Notes and accounts receivable - trade	74,269	-	-	-
Electronically recorded monetary claims - operating	5,039	-	-	-
Investment securities				
Available-for-sale securities with maturity dates				
Bonds	-	28	-	-
Total	115,590	28	-	-

As of March 31, 2022

(Thousands of U.S. dollars)

	One year or less	One to five years	Five to ten years	Over ten years
Cash and deposits	211,251	–	–	–
Notes and accounts receivable - trade, and contract assets	697,761	–	–	–
Electronically recorded monetary claims - operating	58,526	–	–	–
Total	967,546	–	–	–

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

As of March 31, 2022

(Millions of yen)

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

As of March 31, 2021

(Millions of yen)

	One year or less	One to two years	Two to three years	Three to four years	Four to five years	Over five years
Short-term borrowings	6,112	–	–	–	–	–
Bonds payable	–	–	10,000	–	–	10,000
Long-term borrowings	7,327	2,764	11,005	8,623	7,894	1,692
Lease liabilities	1,768	806	646	568	848	3,171
Total	15,208	3,570	21,652	9,191	8,743	14,863

As of March 31, 2022

(Thousands of U.S. dollars)

	One year or less	One to two years	Two to three years	Three to four years	Four to five years	Over five years
Short-term borrowings	126,309	–	–	–	–	–
Commercial papers	16,341	–	–	–	–	–
Bonds payable	–	81,706	–	–	–	81,706
Long-term borrowings	27,143	94,419	79,230	66,166	74,442	26,399
Lease liabilities	13,898	6,087	5,556	6,414	3,848	27,919
Total	183,700	182,221	84,795	72,579	78,299	136,032

### 3. Fair value hierarchy of financial instruments

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

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

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

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

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

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

As of March 31, 2022

(Millions of yen)

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

(Thousands of U.S. dollars)

Categories	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Equity securities	228,957	–	–	228,957
Derivatives				
Currency related	–	580	–	580
Total assets	228,957	580	–	229,537

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

As of March 31, 2022

(Millions of yen)

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

(Thousands of U.S. dollars)

Categories	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Equity securities	130,754	–	–	130,754
Total assets	130,754	–	–	130,754
Bonds payable	–	163,077	–	163,077
Long-term borrowings (including current portion)	–	362,334	–	362,334
Lease liabilities (including current portion)	–	60,413	–	60,413
Total liabilities	–	585,824	–	585,824

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

## (1) Investment securities

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

## (2) Derivatives

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

## (3) Bonds payable

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

## (4) Long-term borrowings

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

## (5) Lease liabilities

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

## Securities

### 1. Available-for-sale securities

As of March 31, 2022

(Millions of yen)

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

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

As of March 31, 2021

(Millions of yen)

	Class	Consolidated balance sheet amount	Acquisition cost	Difference
Securities whose consolidated balance sheet amount exceeds acquisition cost	Equity securities	29,457	4,832	24,625
Securities whose consolidated balance sheet amount does not exceed acquisition cost	Equity securities	103	198	(95)
Total		29,560	5,031	24,529

Note Unlisted shares, etc., (consolidated balance sheet amount: ¥620 million) are not included in available-for-sale securities in the above table because they do not have market prices, and it is significantly difficult to determine their fair value.

As of March 31, 2022

(Thousands of U.S. dollars)

	Class	Consolidated balance sheet amount	Acquisition cost	Difference
Securities whose consolidated balance sheet amount exceeds acquisition cost	Equity securities	228,107	39,235	188,872
Securities whose consolidated balance sheet amount does not exceed acquisition cost	Equity securities	842	1,618	(776)
Total		228,957	40,861	188,087

Note Unlisted shares, etc., (consolidated balance sheet amount: USD \$4,829 thousand) are not included in available-for-sale securities in the table above because they are stocks and other securities without market prices.

### 2. Available-for-sale securities sold

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

(Millions of yen)

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

Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

Class	Sale amount	Total gain on sale	Total loss on sale
Equity securities	375	299	0
Total	375	299	0

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

(Thousands of U.S. dollars)

Class	Sale amount	Total gain on sale	Total loss on sale
Equity securities	1,217	948	0
Total	1,217	948	0

### 3. Securities for which impairment losses were recognized

In the previous fiscal year, impairment loss of ¥15 million (¥15 million for stocks of available-for-sale securities) was recognized on securities.

In the current fiscal year, impairment loss of ¥28 million (USD \$229 thousand) (¥28 million on bonds of available-for-sale securities) was recognized on securities.

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

### Derivatives

#### 1. Derivative transactions for which hedge accounting is not applied

##### (1) Currency related

As of March 31, 2022

(Millions of yen)

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



As of March 31, 2021

(Millions of yen)

Categories	Class of transaction	Contract amount, etc.	Contract amount, etc., exceeding one year	Fair value	Valuation gains/losses
Non-market transactions	Exchange forward contracts				
	Short (sale)				
	GBP	2,324	–	31	31
	AUD	199	–	(3)	(3)
	NZD	18	–	(0)	(0)
	USD	126	–	(5)	(5)
Total		2,669	–	21	21

Note Method used to measure fair value

Fair value is based on prices, etc., provided by financial institutions, etc., with which the Company does business.

As of March 31, 2022

(Thousands of U.S. dollars)

Categories	Class of transaction	Contract amount, etc.	Contract amount, etc., exceeding one year	Fair value	Valuation gains/losses
Non-market transactions	Exchange forward contracts				
	Short (sale)				
	GBP	42,495	–	417	417
	AUD	4,028	–	131	131
	NZD	1,177	–	49	49
	USD	376	–	(16)	(16)
Total		48,092	–	580	580

(2) Interest rate related

As of March 31, 2022

Not applicable

As of March 31, 2021

Not applicable

2. Derivative transactions for which hedge accounting is applied

(1) Currency related

As of March 31, 2022

(Millions of yen)

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

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

As of March 31, 2021

(Millions of yen)

Method of hedge accounting	Class of transaction	Main hedged item(s)	Contract amount, etc.	Contract amount, etc., exceeding one year	Fair value
Principle method of accounting	Exchange forward contracts Long (buy) USD	Accounts payable - trade	324	-	(2)
Principle method of accounting	Currency option(s) Short call USD Long put USD	Accounts payable - trade	99 99	- -	(1) 0
Appropriation treatment for exchange forward contracts	Currency swap(s) Received in JPY - paid in USD	Long-term loans receivable	738	683	(49) (Note 2)
Total			1,262	683	(52)

Notes 1. Method used to measure fair value

Fair value is based on prices, etc., provided by financial institutions, etc., with which the Company does business.

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

As of March 31, 2022

(Thousands of U.S. dollars)

Method of hedge accounting	Class of transaction	Main hedged item(s)	Contract amount, etc.	Contract amount, etc., exceeding one year	Fair value
Appropriation treatment for exchange forward contracts	Currency swap(s) Received in JPY - paid in USD	Long-term loans receivable	5,581	5,123	(670) (Note)
Total			5,581	5,123	(670)

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

(2) Interest rate related

As of March 31, 2022

(Millions of yen)

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

Note The fair value of interest rate and currency swaps accounted for as a single unit (special treatment / appropriation treatment) is included in the fair value of the relevant long-term borrowings because they are accounted for as a single unit with the long-term borrowings that are the hedged items. The Practical Solution on the Treatment of

Hedge Accounting for Financial Instruments that Reference LIBOR (ASBJ Practical Issues Task Force No. 40, March 17, 2022) is applied to these hedging relationships.

As of March 31, 2021

(Millions of yen)

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

Note The fair value of interest rate and currency swaps accounted for as a single unit (special treatment / appropriation treatment) is included in the fair value of the relevant long-term borrowings because they are accounted for as a single unit with the long-term borrowings that are the hedged items. The “Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” (ASBJ Practical Issues Task Force No. 40, September 29, 2020) is applied to these hedging relationships.

As of March 31, 2022

(Thousands of U.S. dollars)

Method of hedge accounting	Class of transaction	Main hedged item(s)	Contract amount, etc.	Contract amount, etc., exceeding one year	Fair value
Integration of interest rate and currency swaps (Special treatment / appropriation treatment)	Interest rate and currency swap(s) Variable receipt / fixed payment Received in USD / paid in JPY	Long-term borrowings	15,132	15,132	(Note)

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

### (3) Commodities

As of March 31, 2022

Not applicable

As of March 31, 2021

(Millions of yen)

Method of hedge accounting	Class of transaction	Main hedged item(s)	Contract amount, etc.	Contract amount, etc., exceeding one year	Fair value
Principle method of accounting	Commodity price swap(s) Variable receipt / fixed payment	Nickel purchase(s)	87	–	(19)

Note Method used to measure fair value  
Fair value is based on prices, etc., provided by financial institutions, etc., with which the Company does business.

## Retirement Benefit Plans

### 1. Outline of current retirement benefit plans

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

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

### 2. Defined benefit plans

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

	(Millions of yen)		(Thousands of U.S. dollars)
	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2022
Retirement benefit obligations balance at beginning of period	48,646	47,499	397,467
Service cost	2,014	2,057	16,456
Interest cost	103	93	842
Actuarial gains (losses) accrued	(1,873)	1,105	(15,304)
Retirement benefits paid	(2,950)	(2,127)	(24,103)
Increase due to merger	–	33	–
Increase due to new consolidation	3,382	–	27,633
Other	48	(17)	392
Retirement benefit obligations balance at end of period	49,371	48,646	403,391

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

	(Millions of yen)		(Thousands of U.S. dollars)
	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2022
Plan assets at beginning of period	68,003	56,350	555,625
Expected return on assets	1,097	854	8,963
Actuarial gains (losses) accrued	5,976	8,641	48,828
Employer contribution	1,407	3,854	11,496
Retirement benefits paid	(2,713)	(1,765)	(22,167)
Increase due to new consolidation	3,605	–	29,455
Other	55	68	449
Plan assets at end of period	77,433	68,003	632,674

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

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2022	As of March 31, 2021	As of March 31, 2022
Retirement benefit obligations of funded plans	45,248	44,846	369,703
Plan assets	(77,433)	(68,003)	(632,674)
	(32,185)	(23,157)	(262,971)
Retirement benefit obligations of unfunded plans	4,122	3,799	33,679
Net liabilities and assets recognized in the consolidated balance sheet	(28,062)	(19,357)	(229,283)
Retirement benefit liability	4,892	4,562	39,971
Retirement benefit asset	(32,954)	(23,920)	(269,254)
Net liabilities and assets recognized in the consolidated balance sheet	(28,062)	(19,357)	(229,283)

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

- (4) Amount of retirement benefit expenses and their breakdown

	(Millions of yen)		(Thousands of U.S. dollars)
	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2022
Service cost (Note)	2,014	2,057	16,456
Interest cost	103	93	842
Expected return on assets	(1,097)	(854)	(8,963)
Amortization of past service cost	(112)	(162)	(915)
Amortization of actuarial gains (losses)	729	1,448	5,956
Retirement benefit expenses related to defined benefit plan	1,636	2,582	13,367

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

- (5) Amounts recognized in other comprehensive income for the years ended March 31, 2022 and 2021 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2022
Past service cost	(112)	(162)	(915)
Actuarial gains (losses)	8,578	8,983	70,087
Total	8,465	8,821	69,164

- (6) Amounts recognized in accumulated other comprehensive income as of March 31, 2022 and 2021 were as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2022	As of March 31, 2021	As of March 31, 2022
Unrecognized past service cost	306	419	2,500
Unrecognized actuarial gains (losses)	12,610	4,031	103,031
Total	12,916	4,451	105,531

(7) Matters related to plan assets

(i) Breakdown of plan assets

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

	As of March 31, 2022	As of March 31, 2021
Equity securities	46%	41%
General account	24	26
Bonds	13	14
Investment trust(s)	10	8
Cash and deposits	5	7
Short-term assets	1	2
Other	1	2
Total	100	100

Note Total plan assets include 36% of the retirement benefit trusts established in corporate pension plans for the previous fiscal year and 37% of that for the current fiscal year.

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

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

(8) Actuarial basis of accounting

Principal actuarial basis

	As of March 31, 2022	As of March 31, 2021
Discount rate	(0.0)-0.1%	(0.0)-0.1%
Expected long-term rate of return on assets	0.7-2.0%	0.7-2.0%

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

3. Defined contribution plan

Required contributions to the defined contribution plan by the Company and its consolidated subsidiaries were ¥538 million in the previous fiscal year and ¥572 million (USD \$4,674 thousand) in the current fiscal year.

*Stock Options, etc.*

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

Not applicable

Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

Not applicable

## Income Taxes

### 1. Significant components of deferred tax assets and liabilities

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2022	As of March 31, 2021	As of March 31, 2022
<b>Deferred tax assets</b>			
Accrued bonuses	1,523	1,423	12,444
Enterprise tax payable	298	285	2,435
Unrealized gain	452	107	3,693
Loss on valuation of inventories	1,376	730	11,243
Retirement benefit liability	3,820	4,118	31,212
Allowance for doubtful accounts	163	537	1,332
Impairment losses	2,117	1,216	17,297
Investment securities	255	261	2,084
Tax loss carryforwards (Note 2)	10,421	12,721	85,146
Other	2,840	3,384	23,205
<b>Subtotal of deferred tax assets</b>	<b>23,270</b>	<b>24,786</b>	<b>190,130</b>
Valuation allowance for tax loss carryforwards (Note 2)	(9,415)	(11,735)	(76,926)
Valuation allowance for total deductible temporary differences, etc.	(4,772)	(4,453)	(38,990)
<b>Subtotal of valuation allowance (Note 1)</b>	<b>(14,188)</b>	<b>(16,189)</b>	<b>(115,925)</b>
<b>Total deferred tax assets</b>	<b>9,082</b>	<b>8,597</b>	<b>74,205</b>
<b>Deferred tax liabilities</b>			
Reserve for tax purpose reduction entry of non-current assets	(8)	(10)	(65)
Valuation difference on available-for-sale securities	(6,876)	(7,369)	(56,181)
Valuation excess of property	(1,175)	(1,270)	(9,600)
Undistributed earnings of foreign affiliates	(7,298)	(6,534)	(59,629)
Retirement benefit asset	(10,091)	(7,333)	(82,450)
Other	(1,204)	(626)	(9,837)
<b>Total deferred tax liabilities</b>	<b>(26,654)</b>	<b>(23,144)</b>	<b>(217,779)</b>
<b>Net deferred tax assets (liabilities)</b>	<b>(17,572)</b>	<b>(14,547)</b>	<b>(143,574)</b>

Notes 1. The amount of valuation allowance decreased by ¥2,000 million (USD \$16,341 thousand). The decrease was mainly due to a ¥3,393 million (USD \$27,723 thousand) decrease in valuation allowance for loss carryforwards at a consolidated subsidiary due to the partial expiration of loss carryforwards and a ¥1,073 million (USD \$8,767 thousand) increase in valuation allowance for loss carryforwards at another consolidated subsidiary in the current fiscal year.

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

As of March 31, 2022

(Millions of yen)

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

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

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

As of March 31, 2021

(Millions of yen)

	One year or less	One to two years	Two to three years	Three to four years	Four to five years	Over five years	Total
Tax loss carryforwards (a)	3,624	3,819	2,284	735	114	2,143	12,721
Valuation allowance	(3,475)	(3,754)	(2,284)	(735)	(86)	(1,398)	(11,735)
Deferred tax assets	148	64	–	–	27	744	(b) 986

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

(b) Deferred tax assets of ¥986 million were recognized for tax loss carryforwards of ¥12,721 million (multiplied by the statutory tax rate). No valuation allowance is recognized for the portion of such tax loss carryforwards that are deemed recoverable based on expected future taxable income and other factors.

As of March 31, 2022

(Thousands of U.S. dollars)

	One year or less	One to two years	Two to three years	Three to four years	Four to five years	Over five years	Total
Tax loss carryforwards (a)	30,672	18,662	7,117	989	6,545	21,146	85,146
Valuation allowance	(30,672)	(18,662)	(7,117)	(989)	(6,545)	(12,918)	(76,926)
Deferred tax assets	–	–	–	–	–	8,220	(b) 8,220

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

(b) Deferred tax assets of USD \$8,220 thousand were recognized for tax loss carryforwards of USD \$85,146 thousand (multiplied by the statutory tax rate). No valuation allowance is recognized for the portion of such tax loss carryforwards that are deemed recoverable based on expected future taxable income and other factors.



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

	<u>As of March 31, 2022</u>	<u>As of March 31, 2021</u>
Statutory tax rate	30.5%	30.5%
(Adjustments)		
Expenses not deductible for income tax purposes, such as entertainment expenses	0.4	0.3
Inhabitant per capita taxes	0.4	0.3
Increase/decrease in valuation allowance	(11.4)	5.5
Lower income tax rates applicable to income in certain foreign countries	(2.4)	(4.0)
Increase/decrease in undistributed earnings of foreign affiliates	4.0	3.1
Amortization of goodwill	1.1	1.6
Gain on bargain purchase	(1.1)	–
Share of profit of entities accounted for using equity method	(4.4)	(3.0)
Expiration of tax loss carryforwards	18.1	3.4
Expiration of foreign tax credit carryforwards	1.7	2.5
Unrecognized tax effects on eliminated intercompany unrealized profit	(0.8)	1.2
Foreign withholding taxes, etc.	3.7	2.7
Tax credit for R&D, etc.	(2.9)	(3.2)
Consolidation adjustments for loss/gain on sales of investments in subsidiaries	(0.9)	–
Other	<u>(1.4)</u>	<u>(0.3)</u>
Effective tax rate	<u>34.6</u>	<u>40.5</u>

### *Business Combinations*

#### Business combination through acquisition

##### 1. Outline of business combination

###### (1) Name and business of acquired company

Name of acquired company: Sanken Densetsu Co., Ltd.

Description of business: Development, manufacture, sales, construction planning, delivery, installation, wiring work, on-site adjustment testing, maintenance, inspection, battery replacement and other work and repair of power supply equipment products

###### (2) Reason for business combination

In the market environment surrounding our industrial batteries and power supplies business, while demand for emergency power supplies is expected to grow due to the new construction and expansion of data centers as a result of the spread of IoT and national resilience policies, competition is intensifying against the backdrop of aggressive market entry by competitors and is expected to intensify in the future. Therefore, we have determined that we can strengthen our competitiveness and achieve sustainable growth by combining the technological and developmental capabilities that Sanken Densetsu and the GS Yuasa Group have cultivated.

###### (3) Date of business combination

May 1, 2021

###### (4) Legal structure of the business combination

Purchase of shares with cash

###### (5) Name of company after the business combination

GS Yuasa Infrastructure Systems Co., Ltd.

###### (6) Share of voting rights acquired

100%

(7) Main grounds for determining the acquiring company

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

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

May 1, 2021 to March 31, 2022

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

		(Millions of yen)	(Thousands of U.S. dollars)
Consideration for acquisition	Cash	3,235	26,432
Acquisition cost		3,235	26,432

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

Advisory fees, etc.: ¥199 million (USD \$1,626 thousand)

5. Amount and cause of gain on bargain purchase

(1) Amount of gain on bargain purchase

¥710 million (USD \$5,801 thousand)

(2) Cause of gain

Since the acquisition cost was less than the net amount allocated to the assets and liabilities received, the difference was recognized as a gain on bargain purchase.

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

	(Millions of yen)	(Thousands of U.S. dollars)
Current assets	8,016	65,496
Non-current assets	518	4,232
Total assets	8,535	69,736
Current liabilities	4,149	33,900
Non-current liabilities	440	3,595
Total liabilities	4,589	37,495

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

Omitted as immaterial

*Revenue recognition*

1. Disaggregation of revenue from contracts with customers

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

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

(Millions of yen)

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

Note “Other” comprises businesses that are not included in any of the reportable segments, such as the special batteries business.

(Thousands of U.S. dollars)

	Reportable segment						Other	Total
	Automotive Batteries			Industrial Batteries and Power Supplies	Automotive Lithium-ion Batteries	Total		
	Japan	Overseas	Subtotal					
Major regional markets								
Japan	661,647	621	662,268	697,345	373,928	1,733,548	123,115	1,856,663
Asia	3,987	799,730	803,726	55,315	–	859,041	2,067	861,116
Europe	221	393,292	393,513	2,100	15,295	410,924	7,255	418,180
North America	–	78,609	78,609	46,041	–	124,659	2,566	127,224
Other	–	253,534	253,534	11,864	–	265,406	139	265,545
Revenue from contracts with customers	665,855	1,525,803	2,191,658	812,689	389,223	3,393,586	135,158	3,528,744
Other revenues	–	–	–	–	–	–	2,034	2,034
Revenues from external customers	665,855	1,525,803	2,191,658	812,689	389,223	3,393,586	137,193	3,530,787

Note “Other” comprises businesses that are not included in any of the reportable segments, such as the special batteries business.

## 2. Understanding revenue from contracts with customers

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

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

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

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

	(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2022	As of March 31, 2022
Receivables from contracts with customers (balance at beginning of period)	73,347	599,289
Receivables from contracts with customers (balance at end of period)	86,187	704,200
Contract assets (balance at beginning of period)	5,962	48,713
Contract assets (balance at end of period)	6,375	52,088
Contract liabilities (balance at beginning of period)	1,780	14,544
Contract liabilities (balance at end of period)	2,181	17,820

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

Contract liabilities primarily relate to advances received from customers under the terms of contracts for the sale of batteries and power supplies, lighting fixtures, and other battery and electrical equipment to customers for which revenue is recognized upon the satisfaction of performance obligations. Contract liabilities are reversed upon the recognition of revenue.

The amount of revenue recognized in the current fiscal year that was included in the contract liability balance at the beginning of the period was ¥1,148 million (USD \$9,380 thousand). Changes in contract assets resulted primarily from revenue recognition and transfers to receivables. Changes in contract liabilities resulted primarily from receipt of advances received and recognition of revenue. The amount of revenue recognized in the current fiscal year from performance obligations that were satisfied (or partially satisfied) in prior periods was not material.

#### (2) Transaction price allocated to remaining performance obligations

The Company and its consolidated subsidiaries apply the practical expedient method in noting the transaction price allocated to the remaining performance obligations and do not include contracts with an initial expected contract term of one year or less in notes. The aggregate transaction price allocated to unsatisfied performance obligations as of the end of the current fiscal year, and the period over which revenue is expected to be recognized were as follows. The maximum period over which revenue is expected to be recognized is 21 years or less.

	(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2022	As of March 31, 2022
One year or less	13,096	107,002
Exceeding one year	16,853	137,699
Total	29,949	244,701

## *Segment and other information*

### **[Segment information]**

#### 1. Overview of reportable segments

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

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

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

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

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

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

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

As described in "Changes in accounting policies," the Company has applied the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations beginning with the consolidated financial statements for the current fiscal year, and has changed its accounting method for revenue recognition, thus changing its method for calculating profit or loss by business segment in the same manner.

As a result of this change, compared with the amounts that would have been reported using the previous method, the Automotive Batteries-Japan segment decreased by ¥2,140 million (USD \$17,485 thousand) in net sales and ¥118 million (USD \$964 thousand) in segment profit, Industrial Batteries and Power Supplies increased by ¥538 million (USD \$4,396 thousand) in net sales and ¥111 million (USD \$907 thousand) in segment profit, and net sales and segment profit of Other decreased by ¥9 million (USD \$74 thousand) and ¥9 million (USD \$74 thousand), respectively.

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

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

(Millions of yen)

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

- Notes
- “Other” comprises a) businesses that are not included in any of the reportable segments, such as special batteries business, and b) segment profit adjustment.
  - Adjustments were as follows:
    - Adjustment for segment profit was ¥(857) million, which included ¥37 million elimination of intersegment transactions and ¥(894) million of unallocated corporate expenses. The main component of these unallocated corporate expenses was general and administrative expenses not attributable to reportable segments.
    - Adjustment for segment assets was ¥83,569 million, which included ¥(117,095) million elimination of intersegment receivables and payables, and ¥200,664 million of unallocated corporate assets. The main components of these unallocated corporate assets were working funds, long-term investment funds, assets allocated to administrative departments and some laboratory facilities.
    - Adjustment for depreciation/amortization was ¥4,143 million, consisting of depreciation and amortization charges for corporate assets.
    - Adjustment for increase in property, plant and equipment, and intangible assets was ¥6,766 million, consisting of the acquisition price of property, plant and equipment, and intangible assets classified as corporate assets.
  - The difference between the total segment profit in the table above and the operating profit of ¥22,664 million on the consolidated statements of income represents amortization of goodwill and other intangible assets of ¥(1,188) million. These goodwill and other intangible assets included identifiable assets acquired on the effective date of the business combination.

Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(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	83,639	165,296	248,936	84,037	35,950	368,924	17,587	386,511
Transactions with other segments	1,252	2,879	4,132	11,921	7,050	23,104	(23,104)	–
Total	84,892	168,176	253,068	95,958	43,001	392,028	(5,517)	386,511
Segment profit (loss)	8,669	12,225	20,895	6,890	(852)	26,932	136	27,069
Segment assets	59,759	167,901	227,660	56,593	52,640	336,894	95,018	431,913
Other items								
Depreciation/amortization	3,137	4,467	7,604	1,688	3,525	12,818	5,212	18,031
Investments in entities accounted for using equity method	1,256	31,855	33,112	288	–	33,401	3,146	36,547
Increase in property, plant and equipment, and intangible assets	2,660	4,327	6,987	1,398	4,245	12,631	6,473	19,104

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.

2. Adjustments were as follows:

- (1) Adjustment for segment profit (loss) was ¥(2,263) million, which included ¥(1,364) million elimination of intersegment transactions and ¥(898) million of unallocated corporate expenses. The main component of these unallocated corporate expenses was general and administrative expenses not attributable to reportable segments.
- (2) Adjustment for segment assets was ¥81,407 million, which included ¥(100,470) million elimination of intersegment receivables and payables, and ¥181,878 million of unallocated corporate assets. The main components of these unallocated corporate assets were working funds, long-term investment funds, assets allocated to administrative departments and some laboratory facilities.
- (3) Adjustment for depreciation/amortization was ¥3,826 million, consisting of depreciation and amortization charges for corporate assets.
- (4) Adjustment for increase in property, plant and equipment, and intangible assets was ¥5,877 million, consisting of the acquisition price of property, plant and equipment, and intangible assets classified as corporate assets.

3. The difference between the total segment profit (loss) in the table above and the operating profit of ¥24,810 million on the consolidated statements of income represents amortization of goodwill and other intangible assets of ¥(2,258) million. These goodwill and other intangible assets included identifiable assets acquired on the effective date of the business combination.

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

(Thousands of U.S. dollars)

	Reportable segment						Other (Note)	Total
	Automotive Batteries			Industrial Batteries and Power Supplies	Automotive Lithium-ion Batteries	Total		
	Japan	Overseas	Subtotal					
Net sales								
Revenues from external customers	665,855	1,525,803	2,191,658	812,689	389,223	3,393,586	137,193	3,530,787
Transactions with other segments	11,022	32,102	43,124	136,784	73,176	253,093	(253,093)	–
Total	676,885	1,557,905	2,234,790	949,473	462,407	3,646,687	(115,892)	3,530,787
Segment profit	48,027	81,420	129,447	47,185	13,514	190,154	4,731	194,893
Segment assets	500,057	1,523,106	2,023,172	595,800	514,241	3,133,213	794,902	3,928,123
Other items								
Depreciation/amortization	23,384	40,101	63,486	13,269	26,800	103,562	45,192	148,762
Investments in entities accounted for using equity method	10,507	277,825	288,341	3,726	–	292,066	29,659	321,734
Increase in property, plant and equipment, and intangible assets	31,016	43,133	74,156	11,006	89,648	174,810	58,665	233,475

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.

2. Adjustments were as follows:

- (1) Adjustment for segment profit was USD \$(7,002) thousand, which included USD \$302 thousand elimination of intersegment transactions and USD \$(7,305) thousand of unallocated corporate expenses. The main component of these unallocated corporate expenses was general and administrative expenses not attributable to reportable segments.
- (2) Adjustment for segment assets was USD \$682,809 thousand, which included USD \$(956,737) thousand elimination of intersegment receivables and payables, and USD \$1,639,546 thousand of unallocated corporate assets. The main components of these unallocated corporate assets were working funds, long-term investment funds, assets allocated to administrative departments and some laboratory facilities.
- (3) Adjustment for depreciation/amortization was USD \$33,851 thousand, consisting of depreciation and amortization charges for corporate assets.
- (4) Adjustment for increase in property, plant and equipment, and intangible assets was USD \$55,282 thousand, consisting of the acquisition price of property, plant and equipment, and intangible assets classified as corporate assets.

3. The difference between the total segment profit in the table above and the operating profit of USD \$185,179 thousand on the consolidated statements of income represents amortization of goodwill and other intangible assets of USD \$(9,707) thousand. These goodwill and other intangible assets included identifiable assets acquired on the effective date of the business combination.



**[Information associated with reportable segments]**

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

## 1. Information for each product and service

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

## 2. Information for each region

## (1) Net sales

(Millions of yen)

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

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

(Thousands of U.S. dollars)

Japan	Asia	Europe and North America	Other	Total
1,858,698	861,116	545,412	265,545	3,530,787

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

## (2) Property, plant and equipment

(Millions of yen)

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

(Thousands of U.S. dollars)

Japan	China	Asia (other)	Europe and North America	Other	Total
809,078	82,180	185,775	57,398	34,006	1,168,453

## 3. Information for each main customer

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

Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

## 1. Information for each product and service

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

## 2. Information for each region

## (1) Net sales

(Millions of yen)

Japan	Asia	Europe and North America	Other	Total
205,430	95,893	57,394	27,792	386,511

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

## (2) Property, plant and equipment

(Millions of yen)

Japan	China	Asia (other)	Europe and North America	Other	Total
88,791	14,702	20,757	6,554	3,724	134,530

### 3. Information for each main customer

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

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

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

(Millions of yen)

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

Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Automotive Batteries-Japan	Automotive Batteries-Overseas	Industrial Batteries and Power Supplies	Automotive Lithium-ion Batteries	Other	Total
Impairment losses	–	–	–	2,760	–	2,760

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

(Thousands of U.S. dollars)

	Automotive Batteries-Japan	Automotive Batteries-Overseas	Industrial Batteries and Power Supplies	Automotive Lithium-ion Batteries	Other	Total
Impairment losses	850	40,387	82	–	5,891	47,218

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

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

(Millions of yen)

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

Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Automotive Batteries-Japan	Automotive Batteries-Overseas	Industrial Batteries and Power Supplies	Automotive Lithium-ion Batteries	Other	Total
Amortization during the period	1,319	16	–	–	–	1,335
Balance at end of period	659	–	–	–	–	659

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

(Thousands of U.S. dollars)

	Automotive Batteries-Japan	Automotive Batteries-Overseas	Industrial Batteries and Power Supplies	Automotive Lithium-ion Batteries	Other	Total
Amortization during the period	5,384	–	–	–	–	5,384
Balance at end of period	–	–	–	–	–	–

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

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

In the Industrial Batteries and Power Supplies segment, a material gain on bargain purchase was recognized through the acquisition of all the shares of Sanken Densetsu Co., Ltd. (company name changed to GS Yuasa Infrastructure Systems Co., Ltd. on May 1, 2021) and the company's subsequent consolidation as a subsidiary. The total gain on bargain purchase recorded in the current fiscal year due to this transaction was ¥710 million (USD \$5,801 thousand).

Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

Not applicable

*Related party(ies) information*

## 1. Related party transactions

Not applicable

## 2. Notes on parent company and significant affiliates

Not applicable

*Per share information*

Item	(Yen)		(U.S. dollars)
	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2022
Net assets per share	2,675.70	2,509.08	21.86
Basic earnings per share	105.23	141.91	0.86

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

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

3. As stated in "Changes in accounting policies," the Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations and followed the transitional treatment stipulated in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition. As a result, net assets per share for the current fiscal year decreased by ¥7.33 (USD \$0.06), and basic earnings per share increased by ¥0.68 (USD \$0.01).

	(Millions of yen)		(Thousands of U.S. dollars)
	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2022
Basic earnings per share			
Profit attributable to owners of parent	8,468	11,455	69,189
Amount not attributable to common stockholders	—	—	—
Profit attributable to common stockholders of parent	8,468	11,455	69,189
Average number of common stock shares during term (thousands of shares)	80,475	80,720	

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

The average number of treasury shares during the term deducted in the calculation of basic earnings per share was 73,948 shares in the previous fiscal year and 68,247 shares in the current fiscal year. For the calculation of net assets per share, the number of treasury shares deducted at the end of the period was 69,900 shares in the previous fiscal year and 67,200 shares in the current fiscal year.

## Significant subsequent events

### Business combination through acquisition

GS Yuasa International Ltd. (Headquarters: Minami-ku, Kyoto; hereinafter referred to as “GS Yuasa”), a consolidated subsidiary of the Company, entered into a basic agreement with joint venture partner İnci Holding A.Ş. (Headquarters: İzmir Province; hereinafter referred to as “IH”) to acquire additional shares in İnci GS Yuasa Akü Sanayi ve Ticaret Anonim Şirketi (Headquarters: Manisa Province; hereinafter referred to as “IGYA”), an equity-method affiliate in the Republic of Turkey, and signed a stock purchase and sale agreement on April 28, 2022.

As a result, the Company acquired an additional 10% the issued shares of IGYA held by IH and made IGYA a consolidated subsidiary.

#### 1. Outline of business combination

##### (1) Name and business of acquired company

Name of acquired company: İnci GS Yuasa Akü Sanayi ve Ticaret Anonim Şirketi

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

##### (2) Reason for business combination

GS Yuasa and IH started the IGYA joint venture in 2015. A new plant manufacturing lead-acid batteries for automobiles started operations in January 2019, and manufacturing and sales were expanded mainly for high-performance lead-acid batteries targeting environmentally-friendly applications such as idling stop systems and fuel-efficient vehicles for which demand was expected to increase sharply in Europe.

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

##### (3) Date of business combination

April 1, 2022 (Deemed acquisition date)

May 24, 2022 (Share acquisition date)

##### (4) Legal structure of the business combination

Purchase of shares with cash

##### (5) Name of company after the business combination

Unchanged.

##### (6) Share of voting rights to be acquired

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

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

Share of voting rights owned after the acquisition: 60%

##### (7) Main grounds for determining the acquiring company

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

#### 2. Acquisition costs of the acquired company and consideration by class

	(Millions of yen)	(Thousands of U.S. dollars)
Fair value of common stock shares of IGYA held before the business combination	5,993	48,966
Cash paid for additional acquisition	1,198	9,788
Acquisition costs	7,192	58,763

3. Difference between the acquisition costs of the acquired company and total amount of acquisition costs of each transaction

Gain on step acquisitions ¥1,010 million (USD \$8,252 thousand)<sup>4</sup>.

Goodwill to be recognized, reason for recognition, and amortization method and period

- 1) Goodwill to be recognized

¥4,121 million (USD \$33,671 thousand)

The goodwill to be recognized is calculated on a provisional basis as the distribution of acquisition costs has not been completed.

- 2) Reason for recognition

The goodwill is risen from a rational estimate of future excess earnings power that is expected from future business development.

- 3) Amortization method and period

Depreciated using the straight-line method over five years.

## (v) Consolidated supplemental schedules

**[Schedule of bonds payable]**

(Millions of yen)

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

(Thousands of U.S. dollars)

Company name	Issue	Date of issue	Balance at beginning of period	Balance at end of period	Interest rate (%)	Secured/unsecured	Maturity
GS Yuasa Corporation	1st unsecured bonds	September 13, 2017	81,706	81,706	0.44	Unsecured	September 13, 2027
GS Yuasa Corporation	2nd unsecured bonds	December 10, 2018	81,706	81,706	0.20	Unsecured	December 8, 2023
Total	—	—	163,412	163,412	—	—	—

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

(Millions of yen)

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

(Thousands of U.S. dollars)

One year or less	One to two years	Two to three years	Three to four years	Four to five years
—	81,706	—	—	—

**[Schedule of borrowings]**

(Millions of yen)

Categories	Balance at beginning of period	Balance at end of period	Average interest rate (%)	Repayment deadline
Short-term borrowings	6,112	15,459	1.75	–
Commercial papers	–	2,000	(0.00)	–
Current portion of long-term borrowings	7,327	3,322	2.39	–
Current portion of lease liabilities	1,768	1,701	2.13	–
Long-term borrowings (Excluding current portion)	31,980	41,696	0.81	2023 to 2028
Lease liabilities (Excluding current portion)	6,041	6,100	2.14	2023 to 2042
Total	53,230	70,280	–	–

(Thousands of U.S. dollars)

Categories	Balance at beginning of period	Balance at end of period
Short-term borrowings	49,939	126,309
Commercial papers	–	16,341
Current portion of long-term borrowings	59,866	27,143
Current portion of lease liabilities	14,446	13,898
Long-term borrowings (Excluding current portion)	261,296	340,681
Lease liabilities (Excluding current portion)	49,359	49,841
Total	434,921	574,230

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

(Millions of yen)

	One to two years	Two to three years	Three to four years	Four to five years
Long-term borrowings	11,556	9,697	8,098	9,111
Lease liabilities	745	680	785	471

(Thousands of U.S. dollars)

	One to two years	Two to three years	Three to four years	Four to five years
Long-term borrowings	94,419	79,230	66,166	74,442
Lease liabilities	6,087	5,556	6,414	3,848

**[Schedule of asset retirement obligations]**

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